



State of Palestine

National Policy Agenda 2017-2022



Putting Citizens First

December, 2016




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This English-language version of the State of Palestine’s 2017-22 National Policy Agenda: Putting Citizens First is based on the Arabic version approved by the Council of Ministers. Every attempt has been made to accurately reflect the intended meaning and spirit of that text. However, if any differences between the two versions exist, the Arabic version would take precedence.

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Foreword

It is my honour, as Prime Minister, to present the 2017-2022 National Policy Agenda: Putting Citizens First to the Palestinian people and our local and international partners. This National Plan strives to provide direction and reinforce resilience as we advance along the inevitable path to a free, independent and prosperous State of Palestine.

Prepared under the leadership of H.E. President Mahmoud Abbas, the National Policy Agenda draws on past achievements and extensive consultations across Palestine to create a plan that clearly does put citizens first. This overarching goal will, first and foremost, be achieved by the establishment of the State of Palestine. As we undertake our journey to freedom, this Agenda sets out a plan that will ensure the safety and security of our people, institutionalize democratic principles, enforce fairly the rule of law, preserve our shared identity and cultural heritage and strengthen the resilience of all Palestinians, while providing concerted support to citizens in Area C, the Gaza Strip and East Jerusalem, the future and eternal capital of the State of Palestine.

The government's reform and development strategy, outlined in this Agenda, aims to provide all Palestinians with an improved standard of living, better services accessible to all and responsive, accountable, transparent public institutions that put citizens' interests and needs first each and every day. By doing this, we strengthen our collective resilience and shared engagement in building a State that comes from and will faithfully serve the Palestinian people.

The National Policy Agenda lays the foundation for three pillars of the future Palestinian state: the Path to Independence; Government Reform; and Sustainable Development. However, we must acknowledge that sustainable development clearly cannot be achieved under occupation and without control

over Area C's vast resources. Moreover, significant cuts to Palestine's foreign aid by the international community, unless reversed, will adversely affect the pace of development and magnify hardships faced by Palestine's citizens.

Notwithstanding the challenges, we must make every effort within our means to advance economic independence through a robust investment environment that supports promising Palestinian industries and paves the way for future jobs and prosperity. Social justice must be steadfastly pursued by alleviating poverty and protecting the poor, marginalized and vulnerable. Women must be empowered to live and work in a Palestine free from discrimination. Our youth must be afforded rewarding job opportunities and hope for the future. Quality education and health care for all must be assured throughout all of Palestine.

We understand the deep, difficult challenges we face. The Israeli government's illegal occupation of Palestine's land is intensifying through ever-expanding settlements, annexation, enclosure behind the separation wall, the unending siege of Gaza and forced evictions of Palestinians from Jerusalem. Our human rights are being trampled daily by Israeli forces through widespread arrests, executions, administrative detentions, increased home demolitions and control and exploitation of Palestine's natural resources. We pledge to our citizens that every effort will be made along every avenue to strengthen local resilience and bring about a peaceful, just end to the occupation and achieve our long-denied, long overdue independence.

Here, I must take the opportunity to express my pride in our people for their ongoing resilience against the illegal, repressive Israeli actions and to thank all nations that continue to support Palestine's right to self-determination and independence in the United Nations General Assembly and Security Council.

Finally, I would like to express my sincere gratitude to Palestine's civil society organizations, private sector, international partners, public sector institutions and most importantly our citizens whose vision, ideas and commitment have shaped the National Policy Agenda and will motivate our resolute, unswerving and ultimately successful journey to freedom and independence.

*Rami Hamdallah,
Prime Minister*



Chapter 1: Putting Citizens First

The 2017-22 National Policy Agenda: Putting Citizens First and the Sector and Crosscutting Strategies will together constitute Palestine's fourth National Plan since 2008. The document's title signals our commitment to ensure that this Agenda serves Palestine's citizens.

First and foremost, Palestinians deserve their human rights as citizens of an independent, flourishing nation, co-existing peacefully with its neighbours, with full sovereignty over the West Bank and Gaza on the 1967 borders with East Jerusalem as its capital. Although this Agenda cannot chart the precise path to independence, it can ensure that perseverance is reinforced by readiness and that every public institution is fully prepared to extend its authority and services to all Palestinians.

Second, previous National Plans have focused on building the institutions of the Palestinian State and enhancing institutional capacity. The institution and capacity-building agenda must now move to the next phase, where our public institutions embrace a citizens' agenda in which every effort is made, notwithstanding the barriers of occupation, blockade and confiscation of our natural resources, to improve our citizens' quality of life by providing high-quality public services, fostering job creation in the private sector and protecting the vulnerable.

Box 1: Palestine's National Plans Since 2008

- 2008-10 Palestinian Reform and Development Plan
- 2011-13 National Development Plan: Establishing the State, Building Our Future
- 2014-16 National Development Plan: State-Building to Sovereignty

To achieve these goals, the 2017-22 National Policy Agenda: Putting Citizens First will establish a realistic policy and fiscal framework that keeps independence firmly in our sights while focusing our public institutions on the citizens they serve. This does not mean spending beyond our means; it does mean using the resources we have effectively and efficiently to improve the quality of citizens' lives.

The 2017-22 National Policy Agenda: Putting Citizens First sets out the strategic directions that will guide preparations for the end of occupation and development of strong, citizen-centred public institutions. To implement our Fourth National Plan successfully will require a collective effort by central and local governments with civil society organizations, the private sector, academic institutions and our international development partners. In presenting this Agenda, it is recognized that words are just a starting point. To be meaningful, they must be translated into sustainable actions that provide hope for tomorrow while improving the lives of our people today.



Chapter 2: Breaking the Vicious Circle

Although this Agenda sets out a pragmatic, hopeful path to the future, the fragility of the environment in which this Agenda is offered must be understood. Palestine finds itself locked within a series of vicious circles. The overarching and most vicious circle of all is, of course, the occupation. Meanwhile, Israel pursues its perilous annexation agenda unabated and unsanctioned.

- Settlements continue to spread across the West Bank. If the current rate of expansion continues, the settler population will surpass one million by 2030.
- Gaza remains under siege and in humanitarian crisis. With reconstruction slowed by ongoing Israeli attacks, only 18 percent of 18,000 displaced families have been able to return to reconstructed or repaired homes; 47 percent of households remain food insecure; 70 percent of Gaza's population suffer severe water shortages while 95 percent are at risk from water-borne diseases.
- Palestinians are increasingly shut out of Area C, which constitutes 64 percent of the West Bank. A mere 0.5 percent of Area C is now accessible for construction by Palestinians. Moreover, the Separation Wall will hive off over 9 percent of the West Bank and entrap over 335,000 Palestinians, including citizens of East Jerusalem, between the Wall and the Green Line.
- Confiscation of our natural resources intensifies. The most egregious example is water, where Israel continues to extract 80 percent of the West Bank's estimated potential water resources. Consequently, Palestinians encounter chronic water shortages with access to only 79 litres per capita per day, well below the WHO minimum health standard of 100 litres per capita per day.
- Violence Against Palestinians continues unabated. The monthly average of Palestinians killed by the Israeli Defence Forces nearly doubled between 2010 and 2015.
- Demolition of Palestinian properties reaches a new high. 2016 has seen the highest number of demolitions of West Bank and East Jerusalem homes and livelihood-related structures by Israeli Defence Forces on record, reaching more than 1,000.

For nearly a decade, an ambitious reform agenda, supported substantively by foreign aid, has been pursued to build national institutions in preparation for independence – it had been assumed that our reliance on foreign aid would diminish over time as the enormous economic benefits from ending the occupation materialized. Tragically, the occupation has intensified rather than relented while foreign aid, Palestine’s lifeline to fiscal stability, has declined a staggering 81 percent, in terms of contribution to GDP, since 2008. Since reform requires means, we need to engage the international community in a frank dialogue on the devastating impact of cuts that have been imposed during a tightening rather than, as originally intended, lifting of the occupation.

Another vicious circle under occupation is demographics. On its current path, Palestine’s population could double by 2050. A persistently high birth rate has created a “youth bulge” that will continue to exert massive pressure on the job market, education system and social programmes over the medium to longer term. Educational advances for girls, who remain significantly under-represented in the labour market, create further pressure for expanded, rewarding job opportunities that address under-representation in socioeconomic and political fields. Where will these jobs come from? How will the aspirations of our young graduates be fulfilled? With every passing month, ever-increasing numbers of young Palestinians face the frustrations arising from lack of opportunity that feed alienation and despair. A growing, educated, motivated, young work force should present a distinct advantage, rather than threat to future economic growth and quality of life. We must not miss this opportunity.

There is, of course, a path forward that would transform vicious into virtuous circles. If sufficient international pressure were applied, the consequent lifting of the occupation would not only unleash rapid economic growth and a jobs boom throughout Palestine, but bring a swift end to aid dependency. These multiple challenges cannot be met by Palestine alone. If the two-state solution is to remain viable, concerted international action is required to reverse Israel’s annexation agenda and, together with the Palestinian Government, restore fiscal stability.

The 2017-22 National Policy Agenda: Putting Citizens First attempts to identify realistic policy directions that will improve our citizens' quality of life during the critical period ahead while remaining fixed on the ultimate goal of freedom and independence. Both paths must run together and be mutually reinforcing. The vicious circle of occupation must be broken as we apply our strength and capacity to building the best possible Palestinian State for our citizens.



Chapter 3: National Policy Agenda

The National Policy Agenda is built upon the National Vision and three pillars:

- Path to Independence
- Government Reform
- Sustainable Development.

National Vision

Although the duration of the journey and precise route is uncertain, from the declaration of independence in 1988 and the 2003 Amended Basic Law to this new National Policy Agenda, the ultimate vision of freedom and independence remains clear.

Box 2: Palestine's National Vision

Our National Vision

Palestine is an independent Arab state with sovereignty over the West Bank and the Gaza Strip on the pre-June 1967 occupation borders and with East Jerusalem as its capital. Palestine is a stable democratic state that respects human rights and guarantees equal rights and duties for all citizens. Its people live in a safe and secure environment under the rule of law and it promotes equality between men and women. It is a state which values highly its social capital, social coherence and solidarity, and identifies itself with Arab Palestinian culture, humanistic values and religious tolerance. It is a progressive state that values cordial relationships with other states and people in the global community. The Palestinian government is open, inclusive, transparent and accountable. It is responsive to citizens' needs, delivers basic services effectively, and creates an enabling environment for a thriving private sector. Palestine's human resources are the driving force for national development. The Palestinian economy is open to other markets around the world and strives to produce high value-added, competitive goods and services, and, over the long term, to be a knowledge-based economy.

Pillar 1: Path to Independence

The National Vision, foreseeing an independent Palestine co-existing peacefully alongside its neighbours, can only be realized if substantive progress on the path to independence is achieved. At a certain point, the threshold for a viable two-state solution will be breached, potentially giving way to an apartheid solution where millions of Palestinians live without basic human and democratic rights. To avert such a catastrophe, we need to replace Israel’s “facts on the ground” with the Palestinian State as a “fact on the international stage.”

Pillar 1 of this Agenda, the Path to Independence, comprises the following National Priorities and National Policies.

| Pillar 1: Path to Independence | |
|---|--|
| National Priorities | National Policies |
| <ul style="list-style-type: none">Ending the Occupation; Achieving Our Independence | <ol style="list-style-type: none">Mobilizing National and International SupportHolding Israel to Account |
| <ul style="list-style-type: none">National Unity | <ol style="list-style-type: none">One Land; One PeopleUpholding Democratic Principles |
| <ul style="list-style-type: none">Strengthening Palestine’s International Status | <ol style="list-style-type: none">Broadening Palestine’s International ParticipationExpanding Palestine’s Bilateral Relations |

National Priority 1: Ending the Occupation; Achieving Our Independence

To counter the Israeli government’s relentless annexation agenda, we must augment our own efforts to achieve independence by enlisting the international community in bringing to an end the illegal, immoral occupation of our land. A peaceful path to independence not only requires perseverance by Palestinians, but a sustained effort by the rest of the world to hold Israel to account through

escalating pressure for its transgressions as an occupying regime.

National Policy 1: Mobilizing National and International Support

Every National Plan reiterates our national mission to reassert full Palestinian sovereignty over the whole of its territory on the 1967 borders, to end Israel's illegal, methodical and continuing expropriation of Palestinian land, resources and water, to lift the protracted siege of Gaza while ensuring a geographical link with the West Bank, to cease and reverse Israel's calculated attempts to dismember East Jerusalem from the rest of Palestine and to dismantle the illegal separation wall that entraps tens of thousands of Palestinians. If the two-state solution is to remain viable, the State of Palestine must emerge geographically, politically, legally, culturally and economically whole. Time is ticking, but we believe that the application of concerted pressure on Israel by the international community of nations, both collectively and individually, can, once and for all, bring an end to occupation.

In the absence of a willing partner to implement the two-state solution, Palestine intends to engage the international community in charting the path from occupied territory to sovereign state. To this end, Independence Transition Plans will be prepared to extend Palestinian authority over the full territory of Palestine on the 1967 borders with East Jerusalem as our capital, in all sectors of a sovereign state. We will be working with the international community to identify and implement the practical steps in establishing the full functions of a sovereign state, from border control to managing our airspace to regulating off-shore energy exploration and development.

Accordingly, National Policy #1 will comprise a wide range of measures to engage the international community in successfully remedying this longstanding injustice.

Box 3 – National Policy 1

Mobilizing National and International Support

This will be accomplished through the following measures:

- Reassert sovereignty over the whole territory of the State of Palestine on the 1967 borders including East Jerusalem.
- Establish and develop East Jerusalem as the capital of the State of Palestine.
- Internationalize the conflict and mobilize international support for the Palestinian people's inalienable rights, including the right to self-determination and right of return, and the release of prisoners.
- Increase political, legal, economic and grassroots pressure to end the occupation.
- Lift the siege of Gaza and establish a geographic link with the West Bank.
- Prepare Independence Transition Plans that chart the steps towards asserting full Palestinian authority over all of Palestine in all sectors of a sovereign state.

National Policy 2: Holding Israel to Account

The world has long acknowledged that the occupation of and aggression against Palestine contravenes international law. Numerous UN resolutions and international legal decisions repeatedly confirm its obvious illegality. To cite just a few examples:

- United Nations Security Council Resolution 2334, adopted December 23, 2016, condemns the continued building and expansion of Israeli settlements and deems all settlements on the 1967 borders illegal and illegitimate.

- The International Court of Justice 2004 Advisory Opinion declared that construction of the Wall contravened international law and should be discontinued, that completed portions should be dismantled and that reparations should be paid.
- The United Nations Human Rights Council 2014 resolution condemned “the widespread, systematic and gross violation of international human rights and fundamental freedoms arising from the Israeli military actions... that may amount to international crimes” arising from the Gaza War.

It is time for the world to implement the numerous resolutions condemning the occupation and take steps to ensure Israel’s compliance with international law. Israel’s self-designation as being somehow above the law cannot continue without consequence. As Palestine confronts the Israeli occupation and its own version of apartheid, South Africa’s historical journey to freedom and legitimacy offers a compelling parallel as to what can happen when the international community reinforces internal resistance to end a historical injustice.

Economic pressure arises globally from actions such as the European Union’s 2015 decision to require the labelling of goods produced in Israeli settlements, a welcome measure giving consumers the choice not to purchase goods produced in illegal settlements.

Imagine the impact if the international community bonded together to ratchet up pressure on Israel to decolonize and deoccupy our land. Steadfast resistance to occupation must be actively pursued on political, economic, legal and financial fronts not just by Palestinians, but by the world. In return, peaceful implementation of the two-state solution would dramatically alter the global geopolitical landscape for the better.

Box 4 – National Policy 2

Holding Israel to Account

This will be accomplished through the following measures:

- Utilize international tribunals and other mechanisms for opposing the occupation and apartheid against Palestine.
- Urge other nations to uphold their obligations under International Law with respect to ending the colonial Israeli occupation.

National Priority 2: National Unity

This historic journey is not just about land; it unites an indivisible Palestinian nation living inside and outside our geographic borders. One day, there will be no Area A, B or C or any regional divide. The West Bank will be connected to Gaza by land and every Palestinian will be able to visit, live and worship in our eternal capital of East Jerusalem. A just solution for Palestine's refugees will be found in accordance with international law. Our land and its abundant resources will be used to usher in a new era of growth and prosperity. Above all, the fragmentation imposed by occupation will be replaced by a united, sovereign Palestinian nation open to the world.

National Policy 3: One Land; One People

Our vision of one land, one people is not an elusive dream. Rather, it will be the consequence of the enduring steadfastness of the Palestinian people and unbreakable attachment to our land and to each other.

A united Palestine obviously requires the reunification of the West Bank and Gaza. In 2015, the National Consensus Government adopted a plan to consolidate the West Bank and Gaza civil services, an important initial step in ending the political and administrative divide. This critical initiative must and will be completed.

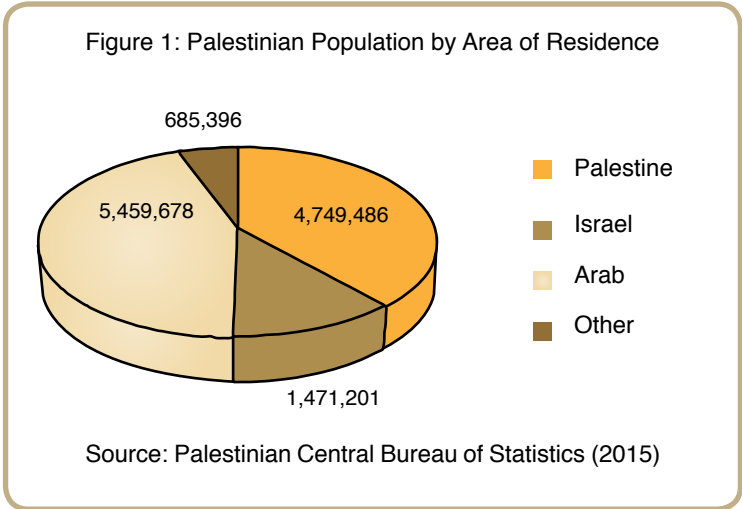
National unity extends far beyond a political and administrative solution. A future, united Palestine must enjoy the same economic opportunities and

quality of life throughout all its land. The ravages and devastation of nearly a decade of war and siege have left Gaza in ruins. Full implementation of the Gaza Early Recovery and Reconstruction Plan only represents a beginning to the long process of restoring Gaza’s economy, physical infrastructure and social cohesion.

Our national unity will be further advanced by establishing a modern, coherent body of law reflecting our international commitments and replacing the unwieldy mix of Palestinian, Jordanian, Egyptian and Ottoman laws that derives from colonization and occupation.

The Palestinian nation is not only defined by geography. 62 percent of Palestinians live outside Palestine’s borders, over 40 percent of which are registered refugees in Jordan, Syria and Lebanon. The government must work closely with host countries and international organizations to improve the quality of services provided to all Palestinian refugees and secure the right of return.

We will find ways to encourage and engage all Palestinians, inside and outside Palestine, in our national journey. Their contributions to advance state-building and independence, whether in the form of investment, financial assistance, expertise or advocacy, will be actively sought and encouraged.



Box 5 – National Policy 3

One Land; One People

This will be accomplished through the following measures:

- Reunify the West Bank and Gaza and implement the Gaza Early Recovery and Reconstruction Plan.
- Consolidate and modernize Palestine’s body of law, ensuring consistency with international obligations.
- Work with international organisations and host countries to improve the quality of services to Palestinian refugees.
- Strengthen ties between Palestinians, inside and outside Palestine, and expand their contributions to state-building and independence.

National Policy 4: Upholding Democratic Principles

Our National Vision commits to the establishment of a democratic, pluralistic Palestinian state. Cornerstones will include a new Constitution, free, fair elections and the rights of citizenship to free speech, media and expression .

Our 1988 Declaration of Independence set in motion Palestine’s Constitutional journey. The 2002 Basic Law, amended in 2003 and 2005, has served us well as a temporary Constitution. The time has come for a permanent Constitution that will enshrine Palestine as a democratic, pluralistic state observing the highest standards of human rights. Ultimately, nation-wide Presidential and Parliamentary elections must resume with local elections held throughout all of Palestine.

The new Constitution and supporting human rights legislation will safeguard the rights of all Palestinians. However, a rights-based society does not exist as

a legal construct; it must be lived and enjoyed on a daily basis by all citizens. Measures to ensure that our Constitutional commitments positively affect citizens everyday life will be consulted on and institutionalized.

Box 6 – National Policy 4

Upholding Democratic Principles

This will be accomplished through the following measures:

- Ratify a Palestinian Constitution consistent with international human rights treaties.
- Hold regular democratic elections at all levels across Palestine.
- Safeguard citizens' rights and promote respect for pluralism, equality and freedom from discrimination.

National Priority 3: Strengthening Palestine's International Status

Our commitment to the peaceful realization of the two-state solution remains firm. While international pressure must be enlisted to create the conditions where meaningful negotiations can occur, the State of Palestine will continue to take steps now to solidify its place among the community of nations.

National Policy 5: Broadening Palestine's International Participation

Palestine's march towards full international recognition continues unabated. The United Nations General Assembly welcomed Palestine into the community of nations in 2012 by conferring non-member observer State status. The flag of Palestine now flies proudly in front of the United Nations building. The next step, of course, will be full membership in the United Nations.

In 2011, Palestine became the 195th member of UNESCO. In 2015, Palestine joined 123 other countries as a State Party to the International Criminal Court. Through our international memberships, Palestine has acceded to 55 treaties and conventions including those related to international law, humanitarian law, anti-corruption, children's rights and eliminating discrimination against women. Palestine has also agreed to the United Nations' 17 Sustainable Development Goals, to be achieved by 2030, notwithstanding the limits on our economic capacity and access to resources imposed by occupation. Palestine must now align its legislation and policies with these international obligations.

Through careful deliberations, Palestine will continue to explore acceding to additional international treaties and conventions and seeking membership in international organizations.

Box 7 – National Policy 5

Joining the International Community

This will be accomplished through the following measures:

- Attain full membership in the United Nations.
- Fulfil obligations arising from Palestine's accession to international treaties and membership in international organisations.
- Actively participate in international forums.
- Gradually seek accession to additional international conventions and organisations.

National Policy 6: Expanding Palestine's Bilateral Relations

In 2014, Sweden became the tenth member of the European Union, joining Bulgaria, Cyprus, Czech Republic, Hungary, Malta, Montenegro, Poland, Romania and Slovakia, to extend formal recognition. We will vigorously

pursue expanded bilateral relations leading to full diplomatic recognition of the Palestinian State. Moreover, we will continue to deepen bilateral relations with the 137 countries that now recognize the State of Palestine.

Box 8 – National Policy 6

Expanding Palestine’s Bilateral Relations

This will be accomplished through the following measures:

- Expand bilateral recognition of the State of Palestine.
- Deepen bilateral relations with the State of Palestine.

Pillar 2: Government Reform

The institution-building agenda implemented over the past decade has established the national institutions required to effectively and efficiently govern an independent state. The 2017-22 National Policy Agenda: Putting Citizens First will implement the next generation of administrative reforms, designed to reshape and institutionalize the way in which government interacts with, involves and delivers services to its citizens.

Pillar 2 of this Agenda, Government Reform, comprises the following National Priorities and National Policies.

| Pillar 2: Government Reform | |
|------------------------------|--|
| National Priorities | National Policies |
| ● Citizen-Centred Government | 7. Responsive Local Government 8. Improving Services to Citizens |
| ● Effective Government | 9. Strengthening Accountability and Transparency 10. Effective, Efficient Public Financial Management |

National Priority 4: Citizen-Centred Government

Citizen-centred government means establishing service-oriented public institutions and public policies that focus on and are shaped by the people they serve. Over the next six years, two major nation-wide reforms will be launched to deliver this goal. First, local government will be restructured to give citizens a greater say in how they are governed. Second, a major initiative will be launched to improve the quality of services provided to our citizens.

National Policy 7: Responsive Local Government

With the necessary national institutions in place, the next step will be to determine the optimal governance arrangements and structures for local government. The local level currently comprises 136 Municipalities (111 in the West Bank and 25 in Gaza) and 243 Village Councils. A far-reaching governance reform, to be designed and implemented over the medium to longer term, will rethink and restructure local government with a view to bringing government closer to citizens. This national project will touch every community and citizen.

Currently, most Local Government Units (LGSs) deliver very few services, notwithstanding legislation that envisages a far greater role. When capability and fiscal capacity permit, LGUs should begin to deliver a much broader range of services. To fund additional, better quality services, local governments will require expanded authority to raise revenue, institute cost recovery and manage their resources. To underpin service improvement in LGUs, a fair, reliable system of intergovernmental transfers between central and local governments must be established. Finally, greater emphasis must be placed on stimulating local economic development as increased LGU revenues should ideally derive from expanded economic growth rather than taxation.

Box 9 – National Policy 7

Responsive Local Government

This will be accomplished through the following measures:

- Reform and restructure local government and its administration.
- Decentralize services to LGUs, while building their capability and fiscal capacity to carry out these services.
- Expand LGU taxation, revenue-raising and resource management mandates.
- Develop an effective system of intergovernmental transfers.
- Expand local economic development.

National Policy 8: Improving Services to Citizens

A national initiative, Better Services for Citizens, will be launched to instill a service culture where the needs of citizens shape the plans and actions of all public institutions. Working together, the public, private and non-governmental sectors will ensure that services are provided to citizens in a coherent manner and that those receiving the services are closely involved in determining how those services should be provided and institutionalized.

Better Services for Citizens will become a driver of the government's Strategic Results Framework, where service quality and access standards will be set out in the plans and budgets of all ministries and public institutions, closely monitored and publicly communicated. Citizens' feedback and grievance redress mechanisms will be strengthened. A particular focus will be placed on expanding and improving the quality of services delivered to Area C and East Jerusalem under occupation, notwithstanding the formidable barriers imposed by Israel. Implementation of e-government will increase the range and accessibility of on-line services, while access points for government services will be expanded and innovative ways to deliver services in remote areas found.

In Palestine, service delivery has never been considered an exclusive government function. A wide range of delivery partners, from NGOs to the private sector and international organizations, supplement government efforts. Over the next six years, partnerships and the role of non-governmental actors in service delivery will be strengthened as efforts are made to deliver services to citizens wherever they may be.

Finally, one particular service warrants mention: the reform of Palestine's land governance and land management system. The establishment of a land registry covering all of Palestine, creation of a nation-wide network of land registration offices and introduction of a national spatial data management system will support citizens' property rights, confer title deeds for purchased land, expand mortgage lending and create a clearer path to home ownership. To this end, a major initiative to create a land registry to be eventually rolled out across Palestine has been launched. This multi-year project paves the way for developing and implementing a comprehensive land management policy that will include maximizing the benefits from and usage of state lands.

Box 10 – National Policy 8

Improving Services to Citizens

This will be accomplished through the following measures:

- Develop and implement a government-wide service improvement strategy, with particular focus on “Area C” and East Jerusalem, in cooperation with our delivery partners.
- Develop and implement an e-government strategy, focusing on the delivery of on-line services to citizens.
- Strengthen service delivery through partnerships with the private sector and civil society.
- Establish a comprehensive approach to land administration that optimizes land use, completes land registration and efficiently manages state lands.

National Priority 5: Effective Government

Palestine's governance priority over the past decade has centred on establishing the full range of state institutions. With this Agenda, the focus turns to ensuring that government is not only fully functional, but functioning effectively.

Palestine's ranking on the World Bank Governance Indicator for Government Effectiveness improved significantly between 2012 and 2015, where Palestine rose from the 27th to the 36th percentile among all countries in the world. Compared to our neighbours, this places Palestine above the scores recorded for Egypt (22nd percentile) and Algeria (35th), but behind Lebanon (38th) and Jordan (59th). For Regulatory Quality, Palestine scores highest among its neighbours, just ahead of Jordan.

Although improved, there is obviously room for further advancement. Over the medium term, government effectiveness will be increased by strengthening accountability and transparency and implementing effective, efficient public financial management.

National Policy 9: Strengthening Accountability and Transparency

In government, being accountable means that the executive branch should be subject to oversight by the legislative and judicial branches and that public officials should be answerable to the public for implementing policies and delivering services that respond to the needs of the community. Being transparent means that the decisions and actions of government do not remain behind closed doors and public access to information is facilitated rather than blocked.

For citizens, corruption presents the blunt edge of unaccountable, unethical, non-transparent government. According to the World Bank's Control of Corruption Indicator, Palestine ranks in the 27th percentile of all countries, behind Jordan (64th percentile), Egypt (35th) and Algeria (28th), but ahead of Lebanon (17th). As a signatory to the United Nations Convention Against Corruption, Palestine must combat all forms of corruption and will do so by reinforcing the work of the Palestinian Anti-Corruption Commission and Corruption Crimes Court.

Since not all actions by or demands on public officials can be anticipated or known, it is essential that they operate at all times within an ethical framework. A Code of Conduct and Ethics for the Palestinian civil service will provide an institutional foundation for ethical government.

The foundation for open, transparent government is public access to information through an effective Access to Information Law. During the life of this Agenda, such a law will be approved and implemented.

A fundamental bulwark against corruption and waste is external and internal audit. The critical role of the State Audit and Administrative Control Bureau (SAACB) in detecting misuse and inefficient expenditure of public funds must continue to be supported. Within government, the capacity and authority of internal control units need to be strengthened.

A results-based management system (RBM) will be implemented across government. The new RBM system, described in more detail in chapter five of this Agenda, will provide citizens and stakeholders with a much wider range of performance information. To improve the quality of this information, an evidence-based public policy process and Strategic Results Framework will be designed and implemented.

The integration of planning and budgeting, a core element of RBM, has been expressed as a commitment in all National Plans since 2008. However, the 2017-22 national planning process will build on previous efforts to ensure that Sector and Crosscutting Strategies and ministry/agency Medium-Term Budgets are developed using the same fiscal forecast, assumptions and ceilings. Efforts will continue to integrate the planning and budgeting processes further through annual updates of the National Policy Agenda.

Better performance cannot be achieved simply by improving planning, budgeting and performance management processes. The quality of results equally depends on the professionalism and capacity of the civil service, supported by effective human resources management and development.

The capability of Palestine's civil service can only be optimized if women are provided with every opportunity to reach their potential. To do so, barriers to recruitment, promotion and retention must be eliminated. In particular, access

to senior management and important decision-making roles must be assured. Although the overall representation of women in the Palestinian civil service is encouraging (45 percent), the insufficient presence of women in senior ranks (12 percent) needs to be improved.

More broadly, government policies must be assessed in terms of their impact on women and girls and the ways in which they advance principles of gender equality. Gender mainstreaming practices provide tools to ensure that the principles of gender equality are integrated into the public policy, legislative drafting and related planning and budgeting processes.

Box 11 – National Policy 9

Strengthening Accountability and Transparency

This will be accomplished through the following measures:

- Combat corruption in all its forms.
- Implement the code of conduct for civil servants.
- Strengthen transparency in government, including the approval and implementation of access to information legislation.
- Strengthen the role of financial and administrative audit institutions.
- Strengthen results-based management and integrated planning and budgeting.
- Promote effective human resources management and development.
- Institutionalize gender mainstreaming in policy-making, planning and budgeting.

National Policy 10: Effective, Efficient Public Financial Management

Chapter four of this Agenda outlines in more detail the deep fiscal challenges facing Palestine arising from the occupation and steep cuts in foreign aid. Over the medium term, tough choices will need to be made with respect to returning Palestine to a fiscally sustainable path. To do so effectively, the Government will need to strengthen the quality of its public financial management. Areas of focus may include macroeconomic management, fiscal policy, debt management and procurement. More generally, the civil service must be capable of providing decision makers with evidence-based policy analysis and options that take into account their potential fiscal impact. In this way, the Government will be able to make informed policy decisions with respect to remedying fiscal imbalances, reducing arrears, mobilizing revenue and constraining expenditures.

Increasingly, the fiscal sustainability of the public sector pension system is at risk. To return the pension system to a sustainable path will require quick action to achieve reliable government contributions, a reduction in arrears and changes to the design of the pension system.

Our public institutions were built to deliver the full range of functions required by a national government. This has largely been achieved. The next step will be to reshape these public institutions to ensure that they increasingly emphasize service delivery over administration and deliver services in the most cost-effective way.

Local governments increasingly rely on the revenue collected from local distribution of electrical, water, sewerage and other utility services. Consequently, a “net lending” problem arises when providers are not paid in a timely manner by local governments and overdue bills plus penalties are consequently deducted from transfers to Palestine by Israel. To address this issue and provide better services to communities, Palestine will be restructuring and better regulating its utilities, with priority placed on the electricity and water sectors. This measure will complement the reform of local government and intergovernmental fiscal relations (see National Policy 7 above).

Box 12 – National Policy 10

Effective, Efficient Public Financial Management

This will be accomplished through the following measures:

- Ensure fiscal sustainability and improve public financial management, with a particular focus on strengthening macroeconomic/fiscal policy, public debt management and procurement.
- Mobilize revenue by expanding the tax base; enhancing tax collection, restoring foreign aid levels and rationalising expenditures.
- Reform the public sector pension system.
- Reform and restructure Palestine’s public institutions to increase efficiency and improve service quality.
- Establish Palestine’s utilities, prioritizing the electricity and water sectors.

Pillar 3: Sustainable Development

Pillar 3 of this Agenda, Sustainable Development, encompasses the majority of Palestine’s reform agenda. It will be delivered through five National Priorities and twenty National Policies.

| Pillar 3: Sustainable Development | |
|-----------------------------------|---|
| National Priorities | National Policies |
| ● Economic Independence | 11. Building Palestine’s Future Economy. 12. Creating Job Opportunities. 13. Improving Palestine’s Business Environment. 14. Promoting Palestinian Industry. |

| | |
|--|--|
| <ul style="list-style-type: none"> ● Social Justice and Rule of Law | 15. Escaping Poverty. |
| | 16. Strengthening Social Protection. |
| | 17. Improving Access to Justice. |
| | 18. Gender Equality and Women's Empowerment. |
| <ul style="list-style-type: none"> ● Quality Education for All | 19. Our Youth; Our Future. |
| | 20. Improving Early Childhood and Pre-School Education. |
| | 21. Improving Student Enrolment and Retention. |
| | 22. Improving Primary and Secondary Education. |
| <ul style="list-style-type: none"> ● Quality Health Care for All | 23. From Education to Employment. |
| | 24. Better Health Care Services. |
| <ul style="list-style-type: none"> ● Resilient Communities | 25. Improve Citizens' Health & Well-Being. |
| | 26. Ensuring Community and National Security, Public Safety and Rule of Law. |
| | 27. Meeting the Basic Needs of Our Communities. |
| | 28. Ensuring a Sustainable Environment and Adapting to Climate Change. |
| | 29. Revitalizing Agriculture and Strengthening Our Rural Communities. |
| | 30. Preserving Our National Identity and Cultural Heritage. |

Unquestionably, for Palestinians, the concept of sustainability is inextricably linked to independence. There is little purpose in discussing long-term economic sustainability if the large majority of our natural resources and land continue to be exploited by Israel, or if efforts to expand a business, export a product or build vital infrastructure routinely require permits from the occupying authority that are rarely granted.

Social sustainability will never be achieved if Palestinians continue to live a fractured existence where our youth fear for their future and doubt they will ever have a country to call their own. As long as the occupation persists, there can be no sustainable solutions.

Nonetheless, there must still be steady improvement. Through the Sector and Crosscutting Strategies, the measures required to deliver better services and improve our citizens' quality of life now will accompany those policies that can only be fully implemented with the end of occupation. The previous two pillars aimed at nation and government-wide reforms. This pillar comprises the majority of sector-specific policy interventions.

National Priority 6: Economic Independence

Economic policy under occupation must strike a balance between measures that will create jobs now and those required to lay the groundwork for a competitive, independent economy in the post-occupation era. With careful thought, these two objectives can be mutually reinforcing. Launching a nationwide campaign to promote national products can accelerate import substitution now while building future export industries. Removing cumbersome regulations and supporting business start-ups and micro, small and medium enterprises (MSMEs) will expand today's and tomorrow's private sector.

For our shared future, the development gap between the West Bank and Gaza must be bridged, beginning with recovery, reconstruction and rebuilding of Gaza's industrial base, but aiming towards a vibrant, integrated future Palestinian economy.

The Government will work closely with Palestine's private sector and research and academic institutions to develop an economic strategy that, while responsive to today's urgent economic and investment needs, provides a clear economic vision that looks beyond the inevitable withdrawal of Israel's extractive, colonial institutions to the day when Palestine's enormous economic potential can be unlocked.

The following National Policies and Policy Interventions to support Economic Independence will be elaborated in the relevant Sector and Crosscutting Strategies.

Table 1: National Policies and Policy Interventions under National Priority 6

| National Policy | Policy Interventions |
|--|--|
| <ul style="list-style-type: none"> ● Building Palestine's Future Economy | <ul style="list-style-type: none"> ● Rebuild Palestine's productive sectors, focusing on manufacturing, agriculture, tourism and restoring Gaza's industrial base. ● Attract domestic and foreign direct investment, focusing on construction, tourism, agriculture, energy and ICT sectors. ● Expand international trade and exports. ● Plan and invest in strategic infrastructure (water, electricity, transportation and telecom networks, airports, seaport and industrial parks). ● Strengthen the financial sector's role in supporting private sector growth. <p>Bridge the West Bank-Gaza development gap.</p> |
| <ul style="list-style-type: none"> ● Creating Job Opportunities | <ul style="list-style-type: none"> ● Expedite job creation through public-private partnerships. ● Develop job creation programs for graduates, ensuring equal opportunities for women. ● Expand the Palestinian Employment Fund. ● Ensure a safe work environment through application of health and occupational safety standards. |
| <ul style="list-style-type: none"> ● Improving Palestine's Business Environment | <ul style="list-style-type: none"> ● Support business start-ups and MSMEs. ● Support and expand co-operatives. ● Cut red tape for business through smart regulation. ● Support and promote the digital economy. ● Enhance ICT's role as a business enabler. ● Strengthen Palestine's cyber security and ensure the ICT sector's freedom from external threats and domination. |
| <ul style="list-style-type: none"> ● Promoting Palestinian Industry | <ul style="list-style-type: none"> ● Support and protect national products, increase competitiveness and expand import substitution. ● Increase Palestinian products' share of the local market. |

National Priority 7: Social Justice and Rule of Law

In Palestine, social justice and the rule of law must be viewed both from the perspective of an entire people denied even the most basic tenets of social justice and from the perspective of a state under occupation that must nonetheless meet its obligations to citizens by assuring basic freedoms, human rights, fairness, opportunity and equality while protecting the vulnerable. Since 2011, Palestine has acceded to 55 international treaties and conventions, many of which confer human rights and assign state responsibilities.

We will be implementing these commitments in spirit as well as in law. Despite the occupation, ways must be found to offer an exit strategy from poverty, provide equality of access to basic services, eliminate all forms of discrimination against women and girls and mainstream gender in all national and sector policies. We must assure that our youth can look to the future without despair and with prospects for a full, rewarding life.

The following National Policies and Policy Interventions to support Social Justice and Rule of Law will be elaborated in the relevant Sector and Crosscutting Strategies.

| Table 2: National Policies and Policy Interventions under National Priority 7 | |
|---|---|
| National Policy | Policy Interventions |
| <ul style="list-style-type: none"> Escaping Poverty | <ul style="list-style-type: none"> Strengthen economic and social empowerment programmes benefiting vulnerable groups and the poor. Ensure that economic and social policies address the needs of vulnerable groups and the poor. Promote social integration by establishing job creation programmes for excluded groups (disabled, youth, women, ex-prisoners). |
| <ul style="list-style-type: none"> Strengthening Social Protection | <ul style="list-style-type: none"> Improve the effectiveness and coherence of our social protection system. Ensure effective implementation of the social security law and regulations. Promote corporate social responsibility and tripartite social dialogue. |

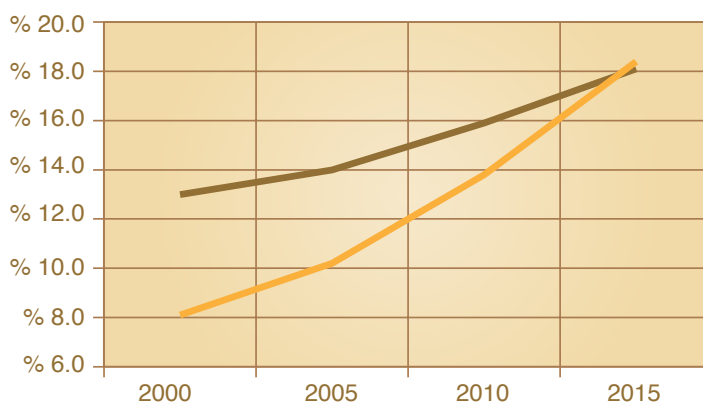
| | |
|---|--|
| <ul style="list-style-type: none"> ● Improving Access to Justice | <ul style="list-style-type: none"> ● Strengthen and implement human rights legislation. ● Ensure a fair, transparent, efficient and independent judicial system. ● Ensure effective implementation of court decisions. ● Ensure integrated delivery of and fair access to judicial services, particularly for women and children. ● Strengthen the institutional capacity and organization of the justice sector. |
| <ul style="list-style-type: none"> ● Gender Equality and Women's Empowerment | <ul style="list-style-type: none"> ● Eliminate all forms of discrimination and violence against women and girls. ● Remove barriers that prevent the full participation of women in community and economic development and public life. |
| <ul style="list-style-type: none"> ● Our Youth; Our Future | <ul style="list-style-type: none"> ● Empower and equip Palestine's youth to participate meaningfully in public life and state building ● Ensure that our youth are provided with opportunities for a successful future. ● Place a particular focus on assisting disadvantaged youth. |

National Priority 8: Quality Education for All

Quality Education for All builds on a longstanding commitment to quality and equality in education. Since 2000, Palestine has made significant strides in expanding access to education across the nation. Consequently, literacy has improved from 89 to 97 percent. The number of kindergartens and enrolled children has doubled. In secondary schools, the number of pupils per classroom has declined from 31.5 to 26.4.

As demonstrated by Figure 2, steady improvement in high school, college, and higher education attainment, particularly by girls, continues. The percentage of girls who obtained high school degrees and above has increased from 8 percent in 2000 to 18.4 percent in 2015. The Government will strive to maintain the rate of enrolment for boys and girls in basic education and make progress towards equitable, balanced enrolment in all streams of secondary education. Looking ahead, with near universal education provided, the Government will increasingly shift the focus to quality and relevance.

Figure 2: Percentage of persons (above 15 years) who obtained deploma and above by sex



Source: PCBS

BOYS

GIRLS

Curricula must be modernized, digitalization integrated and standards raised. Early childhood and pre-school education present a new frontier for building a solid foundation for learning and creativity. Our Technical and Vocational Education and Training (TVET) and higher education institutions need to be more aligned with labour market needs. Teacher education must continue to be strengthened. Science and research capacity must be raised.

Quality of education is not an exclusive state responsibility. Over 30 percent of our teachers work in private or UNRWA schools, the latter serving half a million students. The Education Sector Strategy must accordingly derive from a collaborative process aimed at ensuring coherence and excellence between all educational institutions.

The following National Policies and Policy Interventions to support Quality Education for All will be elaborated in the Education Sector Strategy.

Table 3: National Policies and Policy Interventions under National Priority 8

| National Policy | Policy Interventions |
|--|---|
| <ul style="list-style-type: none"> ● Improving Early Childhood and Pre-School Education | <ul style="list-style-type: none"> ● Develop early childhood education programmes. ● Expand and improve pre-school education. |
| <ul style="list-style-type: none"> ● Improving Student Enrolment and Retention. | <ul style="list-style-type: none"> ● Maintain high enrolment and improve retention of boys and girls in basic education. ● Improve enrolment and balance of boys and girls in all streams of secondary education. ● Improve enrolment in continuing education and literacy programs. ● Support and protect Palestinian education in East Jerusalem, Area C and Gaza. |
| <ul style="list-style-type: none"> ● Improving Primary and Secondary Education | <ul style="list-style-type: none"> ● Reform and modernise primary and secondary school curricula. ● Develop e-learning programmes. ● Ensure equitable access to education, particularly in marginalized areas and for vulnerable groups. ● Provide continuing training programmes for teachers and support staff. ● Upgrade educational facilities to ensure a safe, healthy learning environment. ● Expand extracurricular activities. |
| <ul style="list-style-type: none"> ● From Education to Employment | <ul style="list-style-type: none"> ● Align TVET and higher education with development and labour market needs, with equitable access to these opportunities. ● Upgrade and expand TVET infrastructure and facilities. ● Strengthen Palestine's scientific research capacity. |

National Priority 9: Quality Health Care for All

Health care has similarly experienced significant improvements since 2000. Palestine’s number of hospitals has increased from 65 to 80, primary health centres from 595 to 767. During this period, the number of nurses has nearly tripled while the number of physicians has increased by 56 percent. Infant mortality has declined from 27.8 to 18.2 per 1000 live births. In 2014, 90 percent of all children (aged 12-23 months) received the full set of recommended vaccinations versus 66 per cent (urban) and 46 percent (rural) in 2000. Although positive, further improvements are, of course, required.

Like education, health care is a collaborative venture between the Government, Non-Governmental Organizations, private providers and UNRWA. Looking ahead, focus will increasingly be placed on governance, quality, access, modernization and affordability. The public health insurance system will be reviewed. Preventive health care, chronic disease management and family and maternal health care will be strengthened.

The following National Policies and Policy Interventions to support Quality Health Care for All will be reflected in the Health Sector Strategy.

| Table 4: National Policies and Policy Interventions under National Priority 9 | |
|---|---|
| National Policy | Policy Interventions |
| <ul style="list-style-type: none"> Better Health Care Services | <ul style="list-style-type: none"> Reform the public health insurance system. Ensure the fiscally sustainability of the health care system. Improve the quality of health care services (infrastructure, equipment, drugs, IT, training of health care workers, standards) Increase equitable access to health care services. |
| <ul style="list-style-type: none"> Improving Citizens’ Health and Well-Being | <ul style="list-style-type: none"> Strengthen preventive health care, raise awareness and promote healthy lifestyles. Introduce a family health care approach. Improve and implement national policies on chronic disease management. |

National Priority 10: Resilient Communities

The State of Palestine is not only the homeland for all Palestinians inside and outside our borders, but for a mosaic of local communities. Occupation may restrict movement and access, build walls, entrap communities and impose geographical separation; it cannot, however, diminish the resilience of our communities not only within Palestine, but wherever they may be.

For now, we must support Palestine's communities and enhance their resilience by ensuring their safety and security, improving and expanding basic services, providing a clean, healthy and sustainable environment and empowering our communities to participate in state building and development. Notwithstanding the occupation and illegal settlement of Area C, we must support our rural and vulnerable communities to rehabilitate their agricultural lands, revitalize our once flourishing agricultural sector, expand tourism and strengthen our cultural heritage.

Finally, we must work to heal the scars of occupation and rebuild social cohesion. Although occupation attacks and fractures our society, breeding despair, hardship and alienation, particularly among our youth, it cannot deter us from drawing strength from our shared cultural heritage. Occupation can deny rights, fragment our lives and confiscate resources; it can never lay claim to our national identity.

The following National Policies and Policy Interventions to support Resilient Communities will be reflected in the relevant Sector and Crosscutting Strategies.

Table 5: National Policies and Policy Interventions under National Priority 10

| National Policy | Policy Interventions |
|---|--|
| <ul style="list-style-type: none"> ● Ensuring Community and National Security, Public Safety and Rule of Law | <ul style="list-style-type: none"> ● Implement measures to enhance community security and public safety. ● Strengthen capacity for disaster response and crisis management. ● Improve the governance of Palestine's security sector, strengthen institutional capacity and ensure efficient use of resources. |
| <ul style="list-style-type: none"> ● Meeting the Basic Needs of Our Communities | <ul style="list-style-type: none"> ● Expand community access to clean water and sanitation. ● Expand community access to reliable energy. ● Improve public transportation and road safety. ● Support affordable, safe housing. ● Ensure food security. |
| <ul style="list-style-type: none"> ● Ensuring a Sustainable Environment and Adapting to Climate Change. | <ul style="list-style-type: none"> ● Reduce and effectively control pollution and greenhouse gas emissions. ● Expand solid waste management and recycling. ● Expand wastewater management, treatment and reuse. ● Manage, protect and promote sustainable use and conservation of natural resources (land, water and energy). ● Keep Palestine green (conserve biodiversity, establish nature preserves and expand green spaces). ● Increase energy efficiency and reliance on renewable energy. |
| <ul style="list-style-type: none"> ● Revitalizing Agriculture and Strengthening Our Rural Communities | <ul style="list-style-type: none"> ● Increase agricultural plant and livestock production and develop value chains. ● Protect and support farmers, particularly in areas under threat. |
| <ul style="list-style-type: none"> ● Preserving Our National Identity and Cultural Heritage | <ul style="list-style-type: none"> ● Support cultural innovation and production. ● Implement initiatives to preserve and develop Palestine's cultural heritage. ● Develop traditional handicrafts. ● Promote Palestine as a tourist destination. |

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*Chapter 4: Managing Our Resources
Effectively and Efficiently*

This chapter outlines the process to be followed to ensure that the National Policy Agenda and Sector and Crosscutting Strategies will be implemented within a sustainable fiscal framework.

Macroeconomic and Fiscal Challenges

Palestine confronts an extremely challenging macroeconomic and fiscal environment where the vicious circle of prolonged occupation, limited economic growth and sharply declining foreign aid severely restricts the government's latitude to introduce or expand reforms requiring new spending.

The current economic and fiscal problems do not arise from poor economic choices. In fact, the Government has been praised for its efforts to control expenditures and increase domestic revenues. Accordingly, sharp declines in GDP growth since 2011 can be attributed not only to occupation, conflict and the resulting climate of uncertainty, but to Israeli restrictions on aid deployment and severe cuts to foreign aid by the donor community.

We are experiencing a foreign aid crisis: Until the occupation is lifted, foreign aid will continue to play an oversized role in supporting the delivery of services and functioning of government. Both the IMF and World Bank have underscored the need for additional, stable levels of foreign aid until access is gained to Palestine's vast economic potential; the development of Area C alone could produce an estimated 35 percent increase in GDP. However, given the tightening of the occupation, the devastating cuts in foreign aid between 2008 and 2015 have severely limited our ability to pursue reforms or improve services within the economic constraints imposed by occupation. To illustrate, as a percentage of GDP, foreign aid has been reduced from a high of 32 percent in 2008 to 6 percent in 2015, a staggering 81 percent reduction.

Palestinian revenues continue to be confiscated by Israel: The World Bank estimates that at least USD 285 million per year (equivalent to 2.3 percent GDP) is lost through Israeli policies regarding implementation of Paris Protocol arrangements. Moreover, Israel has retained revenues related to Allenby exit fees and pension contributions for Palestinians working in Israel that now total USD 669 million and continue to rise.

Self-reliance must be vigorously pursued, but is limited by occupation. There are tough decisions that can and will be made to ensure fiscal sustainability and further our self-reliance. However, since the overarching cause of our economic and fiscal problems remains the occupation of our land and confiscation of our resources, the financial and political support of the international community is required to maintain fiscal stability and pressure Israel to reverse their unrelenting annexation agenda and engage credibly to implement the two-state solution.

Achieving Fiscal Sustainability

The severe reductions in foreign aid in recent years have produced national budgets that rely on unfinanced deficits. These have been mostly managed through unplanned borrowing, in part through domestic banks but mainly through accumulation of substantial arrears to private sector suppliers and the public pension system. These undesirable measures remove liquidity from the private sector and threaten the near-term viability of the pension system. We do not view these actions as fiscally sustainable for the future.

It is important to emphasize that the optimum solution, would be an end to the crippling occupation. This would unleash Palestine's vast economic potential and reduce our dependence on foreign aid. Otherwise, unless the sharp cuts to foreign aid are reversed, the Government will be forced to implement an extremely difficult mix of revenue increases and expenditure reductions through new fiscal policies. Some of these measures represent good policy choices that should be pursued in any case, but many will exact hardships on various groups. The Government will make every effort to protect the vulnerable and poor. Over the coming months, the Government will review its options and work with our international development partners to confirm the level of foreign aid that will be provided over the next three years.

The severity of the economic and fiscal challenges facing Palestine requires the launch of a wide-ranging fiscal review to determine the optimum mix of revenue and expenditure measures that will return us to a fiscally sustainable path. The Government has identified the following list of issues to be examined

as possible contributors to resolving this problem over the near and medium term. The difficulty in implementing these tough decisions should not be underestimated; neither should the negative impact of these measures on the pace and scope of reform. In developing this fiscal strategy, every effort will be made to shield citizens' services and vulnerable groups from cuts. Issues to be examined will include:

- Controlling and/or reducing the government wage bill.
- Ensuring sustainability of the public pension plan by introducing policy reforms, resuming full transfers and repaying arrears.
- Eliminating non-payment of electricity and water utility charges by some Local Government Units (net lending).
- Fair, reliable fiscal transfers to Local Government Units.
- Reducing or eliminating fuel subsidies.
- Securing confiscated revenue from Israel.
- Restoring foreign aid levels.
- Expanding domestic revenue sources and collection.
- Reducing the level of arrears.
- Cutting administrative costs within government.
- Sustainable debt payments to and borrowing from Palestine's banking sector.
- Assessing the sustainability of donor-supported projects that would require additional staffing to implement.

Once finalized, decisions in relation to the above issues will be reflected in adjusted resource envelopes for Sector and Crosscutting Strategies and ministry/agency ceilings for Medium-Term Budget Preparation Requests. With these decisions, a Macroeconomic and Fiscal Strategy capable of supporting the delivery of the National Policy Agenda, Sector and Crosscutting Strategies and Medium-Term Budget will emerge.

Reform Priorities

The National Policy Agenda provides a strategic framework for designing new and implementing existing sector and cross-sector reforms. However, for the next three years, it appears that little if any additional funding will be available to advance these initiatives. However, this does not mean that the reform agenda must be suspended. On the contrary, every effort will be made to accelerate the pace of reform wherever it can be achieved within a fiscally sustainable framework.

- Numerous reforms are already underway. Efforts can be made to redesign implementation plans to postpone components that depend on additional funding to future years and focus on less costly components now.
- All ministries and agencies will be instructed to examine ways to transfer resources from administration to service delivery functions. In fact, the National Policy Agenda identifies Improving Services to Citizens as a National Policy.
- The Government will work with its international development partners to shift financial and technical assistance from lower to higher reform priorities and from projects that depend on future additional staffing to those that are self-sustaining.
- The new public investment management process will attempt to ensure that selected projects align with the National Policy Agenda, can be feasibly pursued and are well-conceived and accurately costed.
- The Government can collaborate more effectively with NGOs and the private sector to improve and ensure more coherence in service delivery.

It is recognized that the 2017-22 Sector and Crosscutting Strategies will be more constrained, include a much shorter list of proposed initiatives and set less ambitious targets than previous efforts. However, these Sector and Crosscutting Strategies will enjoy a much improved chance of being successfully implemented. Ultimately, what happens on-the-ground is more important to Palestine's citizens than what appears on paper.

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Chapter 5: Keeping Our Promises

National Plans constitute a series of promises to citizens. Unfortunately, many of the promises set out in past National Plans have not been realized. Most often, the implementation gap results from barriers imposed by occupation; in other cases, because of insufficient funding or overambitious planning. Whatever the cause, failure to deliver promises feeds the growing frustration of citizens. These unwelcome, inter-related trends must be reversed. This concluding chapter will identify how the 2017-22 National Policy Agenda can produce a different, more positive outcome.

First, this Agenda will be politically realistic. Little on the political horizon suggests that Israel's annexation agenda will change course without significant international pressure. This will take time to mobilize. This does not, in any way, infer that efforts to realize our National Vision will be relaxed; on the contrary, Palestine's drive to enlist international support and increase pressure on Israel will intensify.

Second, this Agenda will be fiscally realistic. The previous chapter outlined the deteriorating fiscal situation. Without any progress on lifting the occupation or restoring steep foreign aid cuts, the pace and scope of Palestine's reform agenda will be severely curtailed. In place of a lengthy list of unaffordable promises, we will need to identify a small number of spending priorities while establishing future policy directions in all sectors to be pursued as the fiscal situation improves.

Third, this Agenda will be operationally realistic. Although vision must guide actions, the National Plan must balance ambition with pragmatism and affordability. In the real world, progress is rarely accomplished through great leaps, but step-by-step through gradual, continuous improvement.

Fourth, this Agenda will be citizen-centred. In the near term, Palestine obviously faces fiscal challenges that require a series of difficult decisions to increase revenue and reduce expenditure. Although the necessary decisions to ensure fiscal sustainability must be taken, constraint will be implemented in a way that minimizes the impact on services to citizens and charts a sustainable path towards reforms that will improve quality of life for all Palestinians. Moreover,

the extensive consultations that informed the National Policy Agenda and Sector and Crosscutting Strategies will be extended to the implementation phase to ensure that the decisions taken to achieve fiscal sustainability consider all perspectives and tap all areas of expertise.

Strategic Results Framework

This new, integrated approach to planning and budgeting is based on two mutually reinforcing principles: planning for results and focus on implementation. Planning for results means identifying the concrete outputs and outcomes that support National Policies and can be delivered within available funding rather than setting aspirational performance targets that cannot possibly be achieved. Focus on implementation means establishing a performance monitoring system that ensures planned items are delivered on time, does not overburden ministries and agencies with excessive reporting requirements, produces regular reports on achieved versus planned results, responds to changes in the political or financial environment, and acts quickly to address emerging delivery problems. This new performance-focused planning and budgeting system will be the *Strategic Results Framework*.

The Strategic Results Framework will comprise three components:

- International Benchmarks.
- NPA Strategic Objectives.
- NPA Results and Action Plans.

The General Secretariat will develop the methodology for the Strategic Results Framework for approval by April 30, 2017. Linkages to the NPA are illustrated in Figure 3 below.

Figure 3: Strategic Results Framework



International benchmarks: These aggregate measures represent widely-used global indicators against which Palestine aims to make continuing progress. Examples may include World Bank Governance Indicators, the United Nations Human Development Index and Sustainable Development Goals.

NPA Strategic Objectives: The NPA contains 30 National Policies. For each National Policy, a limited number of NPA Strategic Objectives will be selected from Sector Strategic Objectives contained in relevant Sector and Crosscutting Strategies. Where appropriate, Sustainable Development Goals and targets may be selected as NPA Strategic Objectives.

For each NPA Strategic Objective, a baseline measure will be established for 2016 and targets identified for 2019 and 2022. During the first half of 2017, the General Secretariat will work with lead ministries and agencies to ensure that high quality NPA Strategic Objectives are identified that meet the following criteria:

- Must relate directly to one of the 30 National Policies.
- Must be established at a sector-wide rather than ministry level wherever appropriate.
- Must be SMART.¹

1. Both the Sector Strategy and Medium-Term Budget methodologies require the use of SMART (Specific; Measurable; Achievable; Relevant; Time Bound) objectives and standards.

NPA Results and Action Plans: The introduction of NPA Results and Action Plans (RAPs) underscores the Government's commitment to results and its focus on implementation. RAPs will identify the key results and major actions at an operational level to be achieved over the next three years. Ministers and Agency Heads will be accountable for achieving the results and delivering the actions set out in the RAPs. The General Secretariat will work closely with Ministries and Agencies to develop the initial RAPs. Ultimately, Ministries and Agencies will be responsible for preparing, updating, monitoring and implementing their respective RAPs.

The General Secretariat will consolidate the RAPs into a Government Work Plan that will enable the Government to track progress on a regular basis. The NPA monitoring and reporting cycle is summarized below:

- International Benchmarks – annually.
- NPA Strategic Objectives – annually.
- Government Work Plan (RAPs) – quarterly (for actions); at least annually (for results).

By strengthening monitoring and reporting of the NPA, the Government will be able to identify performance issues at an early stage and adopt remedial measures to avert potential problems. Moreover, the availability of more extensive, timely performance information will enhance dialogue with our local and international partners on how to deliver the best possible services and programmes for our citizens.

The Strategic Results Framework will be designed, tested and implemented in 2017. Training for Ministries and Agencies will be provided by the General Secretariat with instructions issued for the first RAPs in 2017. An annual progress report outlining achieved versus expected results will be produced and publicly released. By placing an unswerving focus on results and implementation, the Strategic Results Framework sets a high bar for judging the 2017-22 National Policy Agenda; success can only be claimed when promises are delivered.

As we establish a results-based system, Palestine's unique planning and budgeting environment must be taken into account. Our National Plans will never downplay the overarching goal of independence. Ultimately, success can only be declared when occupation ends and independence is achieved. In the near-term, however, success means making progress towards this ultimate goal while providing the best possible services to our citizens notwithstanding the occupation. In Palestine, planning inevitably proceeds on parallel tracks: one inalterably aimed at achieving independence, the other on enhancing resilience and ensuring that citizens receive high quality services and support within available means.

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