

The Palestinian National Authority

Monitoring Report of the Palestinian Reform and Development Plan (PRDP)

2008-2009

Ministry of Planning and Administrative Development

General Directorate of Monitoring and Evaluation

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1. Executive Summary

1.1 Introduction

The Palestinian Reform and Development Plan (PRDP) 2008-2010 seeks to materialise high-level national policy objectives and supporting targets. Essentially, these objectives intend to develop a future-oriented agenda that helps develop and reform Palestinian institutions and clearly identify reasons of activities carried out by ministries, government bodies, and other public institutions. Objectives provide the necessary foundation for prioritising the allocation of financial resources as well as identifying performance targets on the national level and on the level of ministries and government bodies.

PRDP 2008-2010 structure is based on relevant major sectors in order to facilitate the setting of priorities, consistent policy making and planning, allocation of financial resources, and promotion of financial discipline. This is congruent with the structure of the Aid Coordination Strategy Team, which was established in December 2005. These major sectors are Governance, Social, Infrastructure, and Economy. A total of 36 ministries and government bodies¹ implement programmes and projects provided by the PRDP in all the four major sectors.

This report covers the period from 1 January 2008 towards 31 December 2009. Developed for the purposes of monitoring and evaluation (M&E), it identifies the volume of projects implemented by various ministries, government bodies and relevant stakeholders as well as the financial amounts disbursed. It should be noted, however, that this report basically addresses projects that correlate with the PRDP 2008-2010 and projects which were implemented outside the scope of the PRDP. The report also includes budgets allocated to these projects. More precisely, the report shows the amounts which donors pledged along with those disbursed. Additionally, this report identifies the volume of actual projects which were implemented over the past two years. In order to address and avoid them in the future, major financial, administrative or technical obstacles and challenges, which implementing bodies encountered, are highlighted.

It is worth noting that this report primarily focuses on the government performance in the area of financial expenditure over the reporting period. To a lesser extent, the report addresses outputs of certain projects. It does not present a detailed analysis of performance indicators on the level of projects and programmes or the range of actual change introduced to these indicators because the PRDP 2008-2010 does not provide a detailed M&E framework. Accordingly, stakeholders lacked various measurement tools, including performance monitoring indicators, baseline data and specific targets.

¹ See Annex (1) to view these ministries and government bodies.

This report on the *Work Progress Made in PRDP Programmes and Projects* is compiled on grounds of data and information provided by respective bodies to the General Directorate of Monitoring and Evaluation (GDM&E) at the Ministry of Planning and Administrative Development (MoPAD).

In addition to this Executive Summary, the report includes an analysis of the economic situation based on variables, which affected the macroeconomic indicators from early 2008 to late 2009 in comparison to previous years. Furthermore, the report includes four sections, each of which addresses a major sector in detail. It is concluded with a set of challenges, which faced the team in the course of developing the report as well as ministries and government bodies in the context of implementing the PRDP over the past two years. The report also proposes recommendations for action over upcoming years.

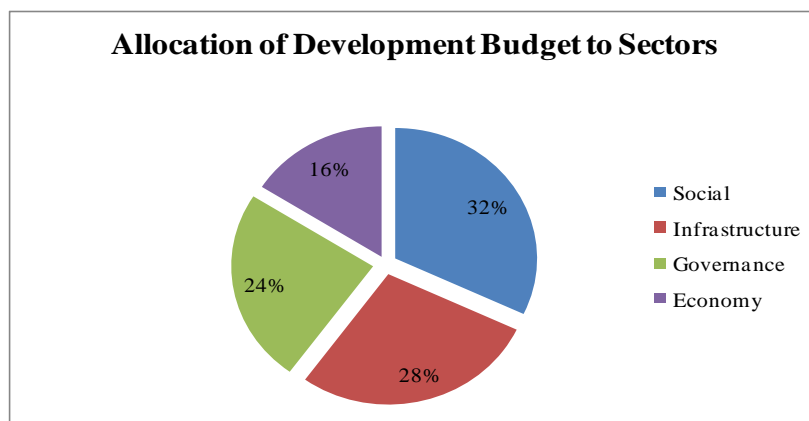
1.2 Expenditure on sector level

PRDP 2008-3010 defines a medium-term reform and development agenda for Palestine. It provides an integrated basis for the allocation of all government resources and reflects commitment of the Palestinian National Authority (PNA) to adopt integrated policy making, planning and budgeting processes. Furthermore, PRDP furnishes a comprehensive framework of goals, objectives, performance targets, and allocation of necessary resources for implementation.

The total three-year development budget amounts to USD 1895 million, including development of the major sectors: Governance, Social Development, Infrastructure, and Economy. This budget is allocated in line with Table (1.1) below:

Table (1.1): Development budget distributed to various sectors according to the PRDP 2008-10

Total value of the development budget (in USD million)	Social	Infrastructure	Governance	Economy
	612	525	453	305
%	32%	28%	24%	16%



According to the PRDP 2008-2010, the total development budget allocated to all major sectors is USD 1087 million over 2008 and 2009. See Table (1.2) below.

Table (1.2): Distribution of funds to the four major sectors, illustrating the amount of expenditure from the development budget and from financial commitments

Sector	Number of projects	Budget under PRDP (in USD million) 2008-9	Actual expenditure (in USD million) ²	% of actual expenditure from the budget	Financial commitment (USD million)	% of actual expenditure from financial commitments
Governance	9	283	80.74	%28.5	217.54	%37
Social Development	11	324	321	%99.5	464	%69
Infrastructure	7	287	203	%71	436	%47
Economy	6	193	8.3	%4.3	38.3	%22
Total	33	1087	613.52	%56.5	1155.84	%53

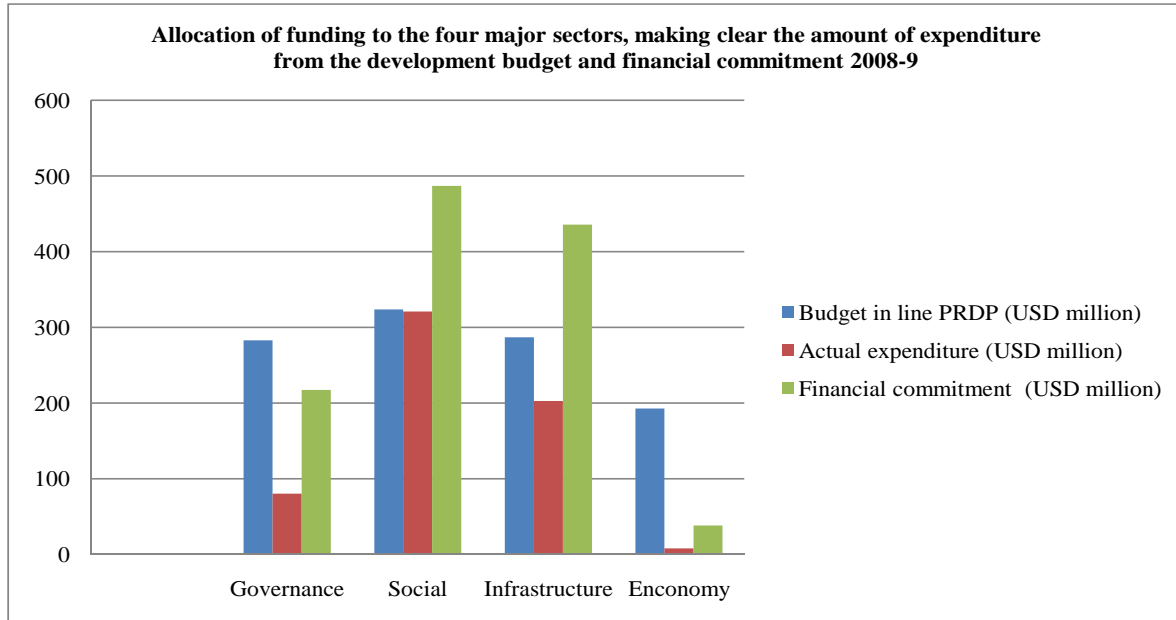
² MoPAD GDM&E received a list of projects, including actual budgets. However, the list did not show the budget anticipated for each project. Amounts spent on projects were calculated according to the date of completion or statement of the expenditure amount. Ministries' staff do not have any detailed information relating to expenditures over the period of implementation.

Table (1.3): Distribution of funding to sectors and sub-sectors, illustrating the amount of expenditure compared to the budget and financial pledges

Sector\ sub-sector	Number of programmes	Number of implemented projects/ Ongoing projects	Budget as in PRDP (USD million) 2008-09	Actual expenditure (USD million)	% of actual expenditure from the budget	Financial commitment (USD million)	% of actual expenditure from financial commitments
Governance	9	234	283	80.74	%28.5	217.54	37%
Security	1	162	148	50.6	%34	73.4	69%
Justice	1	12	26	4.95	%19	5.15	96%
Accountability and transparency	3	7	43	8.7	%20	13.24	65.7%
Public Admin & Civil Service Reform	3	46	36	2.73	%7.58	40.26	7%
Local Government	1	7	30	13.75	%46 %	85.49	16%
Social	11	214	324	321	%99.5	464	69%
Social Protection	1	19	10	193.3	%1933	169.6	114%
Education	4	72	193	83.4	%43	147.5	57%
Health	2	73	82	37	%45	132.5	55%
Women	1	6	15	0.57	%4	0.9	62%
The Youth	2	30	22	5.5	%46	11.4	48%
Culture and Entertainment	1	14	2	1.1	%52	2	56%
Infrastructure	7	956	287	181.6 ³	%63	413.3	44%
Housing	1	83	40	13.5	%34	15.9	85%
Transport	3	541	102	83.4	%82	96.7	86%
Electricity	1	107	42	28.2	%67	231.3	12%
Water and Wastewater	1	122	84	50.4	%60	62.7	80%
Solid Waste	1	103	19	6.1	%32	6.5	94%
Economy	6	17	193	7.6	%4	28.5	26.7%
Commerce/Investment Promotion/Developing Free Economy	3	1	80	1.4	%1.75	1.4	100%
Agriculture	1	3	42	0.38	%0.9	2.63	14.2%
Industry and Services	1	6	42	5.6	%13.3	24.1	23%
Tourism	1	7	29	0.19	%0.7	0.38	50%
Grand Total	33	1421	1087	591.46	%54.4	1123.34	52.6%

³ This amount does not include expenditures of the Ministry of Local Government (MoLG) on Bedouin locales because detailed data are not available. A total of USD 5 million was disbursed. Also, the table does not show expenditures of the Municipalities Development Fund and MoLG on public facilities – USD 6.4 million and USD 10 million respectively.

The graph below presents a comparison between actual expenditure in the four major sectors compared to financial commitments and 2008-09 development budget⁴:



1.3 Major achievements on the level of outputs and results of main programmes

Challenges impeded ministries and government bodies from realising programmes and projects defined in the PRDP. These predicaments included Israel’s arbitrary measures; Palestinian internal political situation; reliance on donors for financial support; underdeveloped mechanisms of coordination between ministries and donors; imposition of policies by respective ministries and government bodies; consideration of ministries and government bodies as ‘partners on paper’ without having a major role in project implementation; and inadequate coordination between the Ministry of Finance (MoF), donors, and implementing ministries and government bodies. Nevertheless, ministries and government bodies have made some important achievements in various sectors.

In relation to the Social Sector, major achievements in the health sector included constructing and rehabilitating hospitals throughout Palestinian governorates; implementing projects on mental health care, primary health care and non-communicable diseases; upsclaing the quality of health care services; constructing central warehouses; and developing capacities of the Ministry of Health (MoH). In the education sector, the Ministry of Education and Higher Education (MoEHE) constructed, expanded and enhanced infrastructure of schools throughout Palestinian governorates; supported the National Training Institute; raised the enrolment rate of students; built M&E capacities; and promoted consistent planning between MoEHE district offices. In addition to a major focus on delivering cash assistance, stakeholders in the social protection sector developed the *Law on Child Protection*; constructed Sheikha Fatima Bint Mubarak Centre for Rehabilitation of

⁴ See Annex (2) to view the list of donors of cross-cutting sectors.

Persons with Special Needs; developed a culture strategic plan; supported and promoted literature and art; built and rehabilitated playgrounds and youth clubs; established lending programmes for marginalised women; and implemented a comprehensive programme on the integration of women in public life and democratic process.

Major projects implemented in the Infrastructure Sector included rehabilitation of internal and regional road networks; construction and rehabilitation of licensing departments; expansion and rehabilitation of the electricity network in the West Bank and Gaza Strip; installation of prepaid electricity meters; construction of water supply facilities, including cisterns; rehabilitation of water networks; and restoration of houses. In addition, a feasibility study and designs were developed for construction of the Palestine International Airport in the city of Jericho.

Agricultural development of land in the Jordan Valley area was the most significant project implemented in the Economy Sector. Projects under implementation include the land settlement project in northern governorates of the West Bank as well as in Bethlehem; support and regulation of the telecommunications sector; Phase II of the Palestinian Industry Support Programme; construction of agricultural roads; Common Land Administration Project; capacity building at the Ministry of Agriculture, Ministry of National Economy and Palestine Standards Institute; construction of industrial real estates in Jenin, Jericho, Bethlehem and Beit Hanun; and development of archaeological sites in northern governorates; and development of museums in Dura and Bethlehem.

Most salient results achieved by the Governance Sector featured constructing prisons; rehabilitating security offices; providing equipment, telecommunications systems and vehicles; organising training seminars and building the Training School of the Civil Defence agency; and initiating construction of a number of *Muqata'as* (complexes of security agencies). Additionally, Governance actors furnished the Jenin Court; rehabilitated the Judicial Institute; established the National Justice Record and Certification Department at the Ministry of Justice (MoJ); developed a computerised documentation system; compiled the strategic plans of MoJ and MoLG and built capacities of respective employees; developed capacities of the judicial staff and members of the Public Prosecution; and developed the Jenin Public Prosecution office. Moreover, Governance stakeholders began constructing general offices, including the Ministries Compound; rehabilitated and maintained a number of public offices and buildings; and commenced implementation of the e-government programme, computerisation of ministries and enhancement of post offices.

1.4 Achievements on the level of performance monitoring indicators (policies)

This report provides a general assessment of progress made in the implementation of the PRDP 2008-2010 based on expenditure that is compared to development budgets estimated in the PRDP. As mentioned above, this is was a result of the lack of M&E tools and mechanisms in the PRDP. However, the report addresses achievements by highlighting the change introduced to certain national indicators associated with national goals and objectives prescribed by the PRDP. To this avail, PRDP defines four goals, each of which provides for two objectives. Hence, a total of eight objectives cover all four major sectors in an overlapping manner.

Information on national indicators are collated from the Palestinian Central Bureau of Statistics (PCBS) and a number of international organisations. Table (1.4) shows the progress made in relation to major indicators and their link to national goals and objective on the nation-wide level (West Bank and Gaza Strip)⁵.

Table (4): Major National Indicators

Goal	Indicator	Base		Progress	
		Year	Value	Year	Value
Goal 1: Safety and Security					
Enhance professional operation of security agencies	National crime rate per 1,000 residents	2005	6.46	2008	7.5 ⁶
Promote civil and criminal judicial system	Palestine's rank on the rule of law list of the World Bank ⁷ (0 worst and 100 best)	2007	22	2008	22
	Percentage of cases adjudicated and executed per month (adjudicated cases) of the total cases filed to courts	2006	40.9%	2007	38.7% ⁸
Goal 2: Achieve National Prosperity					
Develop the human and social capital: Education	8-grade students' results in Trends in International Mathematics and Science Study (TIMSS) (Average is 500)	2007	367 maths ⁹	Study not carried out yet	
			404 science ¹⁰		
	Government expenditure on education as a percentage of the total government expenditure	2007	15.8%	2008	16.7%
	Primary education enrolment rate	2007	97.7% females	2008	97.6% females
			94 7.% males		95.2% males
	Secondary education enrolment rate	2007	86.7% females	2008	85.3% females
72.7% males			72.2% males		

⁵ Refers to Areas of the West Bank and Gaza Strip except that part of Jerusalem that was occupied in 1967

⁶ For West Bank only.

⁷ <http://info.worldbank.org/governance/wgi/pdf/wgidataset.xls>

⁸ For West Bank only.

⁹ http://nces.ed.gov/timss/table07_1.asp

¹⁰ http://nces.ed.gov/timss/table07_3.asp

Develop the human and social capital: Health	Mortality rate of children under 5 years of age (0-5) per 1,000 children	2006	28.23	Study not carried out yet	
	Mortality rate of infants under 1 year of age per 1,000 live newborns	2006	25.34	Study not carried out yet	
	Maternity mortality rate as a result of pregnancy, delivery and postpartum complications per 100,000 mothers	1995	50-40	Study not carried out yet	
	Life expectancy at birth	2007	71.27	2009	71.84
	Percentage of individuals with health insurance, either governmental or private	2006	73.4% ¹¹	Study not carried out yet	
	Percentage of government expenditure on health of the total government expenditure	2007	7.2%	2008	7.9%
	Restore economic growth: Economy	GDP (at fixed prices; 2004 as the base year) (in USD million)	2007	4554.1	2008
Individual's share of the GDP (at fixed prices; 2004 as the base year) (in USD)		2007	1303.2	2008	1340.4
Living standard: percentage of food consumption out of the total consumption		2007	%34.5	Study not carried out yet	
Unemployment		2007	21.5%	2009	24.5 % ¹²
Restore economic growth: Public services	Percentage of households with access to the public water supply network	2008	88.2%	2009	88.4%
	Percentage of matching water quality samples to potable water specifications	2009	100% West Bank 5% Gaza	Study not carried out yet	
	Per capita water consumption	2007	73-66 litre\capita a day	Study not carried out yet	
	Percentage of households connected to the public sewerage network	2008	31% West Bank	2009	35.5% West Bank
	Percentage of households connected to electricity throughout the public network	2008	99.8%	2009	99.9%
	Per capita electricity consumption	2008	47.6 kw/hour/month	2009	49.6 kw/hour/month
	Percentage of households with access to the internet from home	2008	28.5%	2009	28.5%
	Road density (length of paved roads/1,000 people)	2006	0.13	Study not carried out yet	
Goal 3: Good Governance					
Promote public bodies and consolidate effective and efficient government operation	Palestine's percentile rank in the Government Effectiveness indicator (the World Bank) ¹³ (0 worst, 100 best)	2007	9	2008	7
	Palestine's percentile rank in Control of Corruption indicator (the World Bank) (0 worst, 100 best)	2007	24	2008	10

¹¹ For West Bank only.

¹² 17.8% in the West Bank and 38.6% in the Gaza Strip.

¹³ <http://info.worldbank.org/governance/wgi/pdf/wgidataset.xls>

A slim government apparatus and materialised financial stability	Size of the public sector (its share of total employment)	2007	23.3%	2009	25.2%
	Percentage of government expenditure in ratio to income (GDP)	2007	19.6%	2008	20%
	Size of the government sector's debt out of the total GDP	2007	8.55%	Study not carried out yet	
Goal 4: Promote the quality of life for citizens					
Provide social protection	Palestine's rank in the Human Development Index (HDI) (1 = best; 177 worst)	2007	106	2009	110
	Percentage of households living below the poverty line	2007	34.5%	Study not carried out yet	
	Share of national consumption by poorest 20% of population	2007	9.8%	Study not carried out yet	
Reinforce social coherence	Women's share of the total workforce	2007	15.2%	2009	15.5%
	Share of the youth (15-29) out of the total workforce	2007	34.3%	2009	34.4%
	Percentage of residential compounds with solid waste collection service	2008	81.5%	Study not carried out yet	

Through a quick analysis of the table above and by comparing the progress made to the base year, the reporting period witnessed some advancement in relation to a set of national indicators whereas a setback was visible in another set. Updated information is not available about a third set of indicators because the deadline of the compilation of relevant studies has not been due yet.

It can be noted that the majority of indicators on governance declined. These include crime rate, Palestine's rank in the Government Effectiveness indicator and Control of Corruption indicator in line with the World Bank report, percentage of cases adjudicated and size of the public sector. By contrast, government expenditure on the health and education sectors have increased.

With the exception of the unemployment indicator, which rose from 21.5% to 24.5%, most economic indicators marked some progress. Unemployment however, increased as a result of the deteriorating economic situation in the Gaza Strip, where unemployment scored 38.6%. For further information on economic indicators, see the section below.

The table above also shows that certain service indicators made progress. These include public services delivered by government bodies, such as public water network, sewerage network, per capita electricity consumption and percentage of households with access to the public electricity network.

2. Macroeconomic Indicators

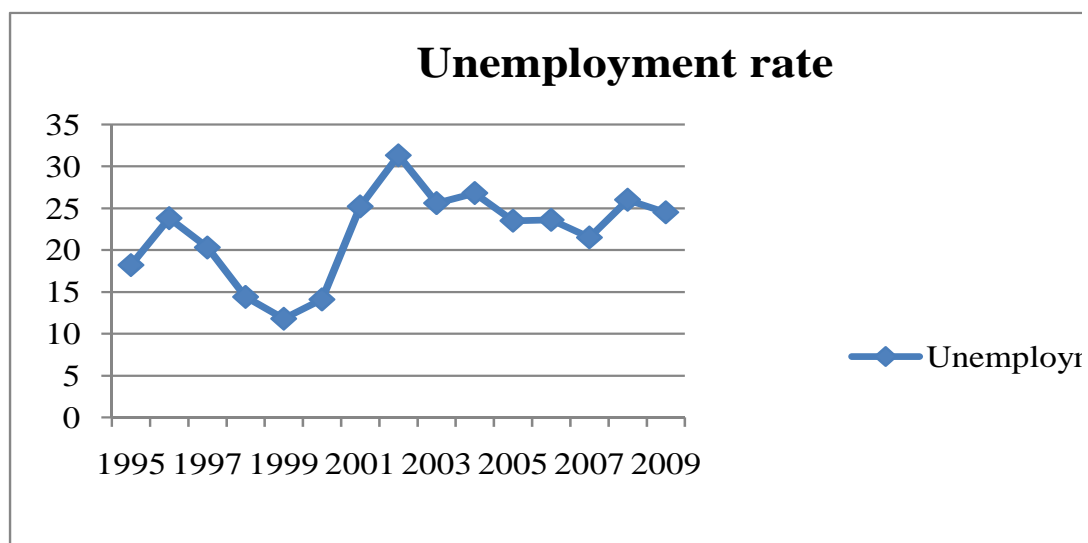
The Palestinian economy is nascent and somewhat small in light of constant political changes posed by the continued occupation. As it is difficult to exercise a national-owned control over it, the Palestinian economy is forced to depend on Israel.

After the PNA was established, however, distinct landmarks of the Palestinian economy have emerged. Though still inadequate, a new phase of self-reliance has been commenced, ensuring that full dependence on Israel is being reduced.

2.1 Unemployment and participation of the workforce

Rates of workforce participation and unemployment at a given point in time are major macroeconomic indicators of development and prosperity. According to PCBS workforce participation surveys, unemployment fluctuated over 1995-2009.

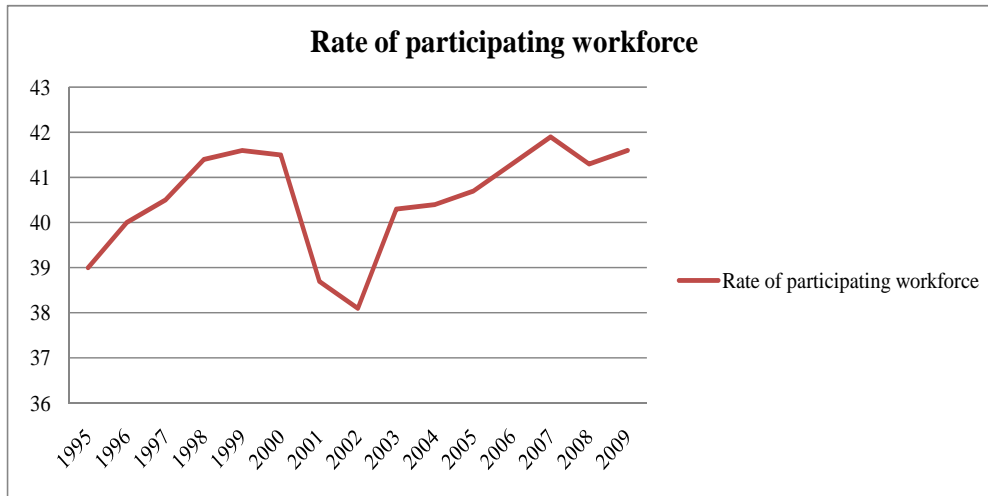
Graph (2.1) Unemployment rate in the Palestinian Territories over 1995-2009



The graph above shows that unemployment reached 24.5% in 2009, distributed as follows; 17.8% in the West Bank and 38.6% in the Gaza Strip, marking a considerable variance between both areas.

According to PCBS surveys, Palestinian workforce represented 41.6% in 2009 in comparison to 41.3% in 2008. Compared to 41.9% in 2007, the workforce dropped in 2008 and 2009.

Graph (2.2): Rate of workforce participation in the Palestinian Territories over 1995-2009



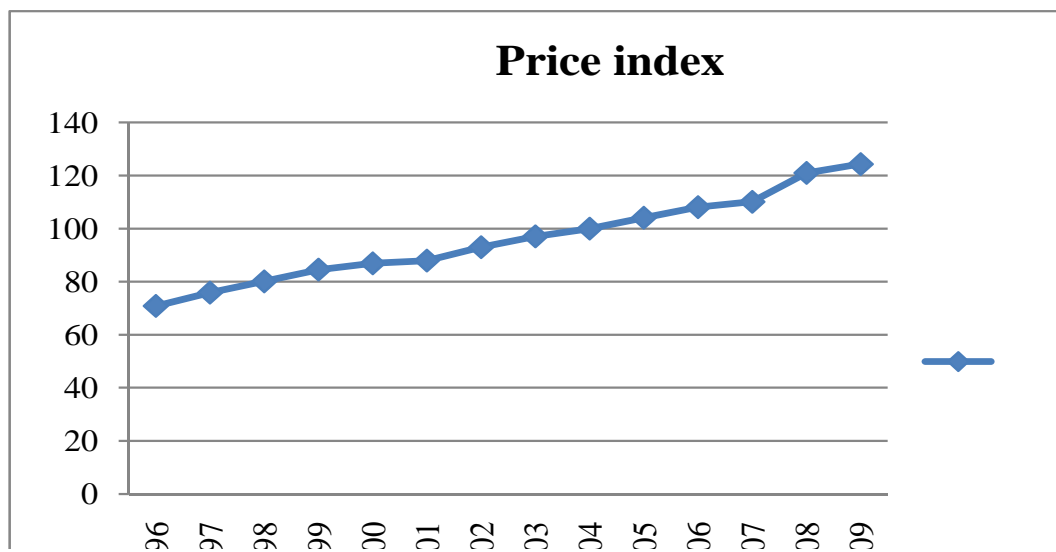
Significant Indicators

- The highest unemployment rate among the youth is in the 15-24 age category, where it reaches 38.9%, distributed as follows; 37.2% among males and 46.9% among females.
- In 2009, daily wage rate rose to NIS 91.3 compared to NIS 91.0 in 2008.

2.2 Price index

In 2008, consumer price index increased by 9.89%. Compared to 110.12 in 2007, the price index rose to 121.01 in 2008. The price index continued to rise throughout 2009, resting at 124.34 (or 2.75%).

Graph (2.3): Price index over 1996-2009

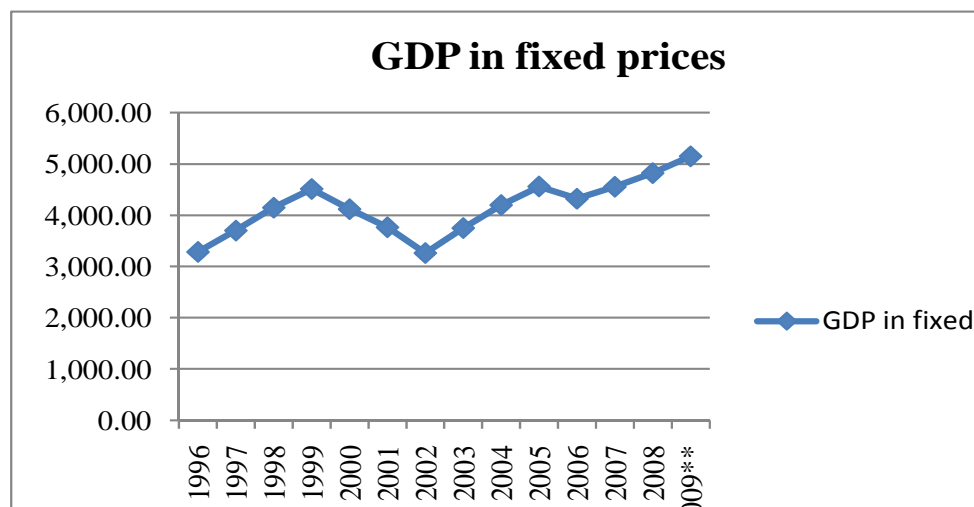


2.3 National accounts

2.3.1 GDP in fixed prices

With USD 5147.2 million, 2009 marked a tangible progress in the GDP in fixed prices throughout the Palestinian territory. In comparison, GDP scored USD 4820.9 million in 2008. As shown in Table (2.4) below, GDP witnessed a considerable drop in 2006 due to then deteriorated political conditions and economic siege imposed on the Palestinian territory. Starting to improve in 2007, GDP continued to rise towards 2009 due to the relatively calm political situation.

Graph (2.4): GDP in fixed prices over 1996-2009: Base year 2004

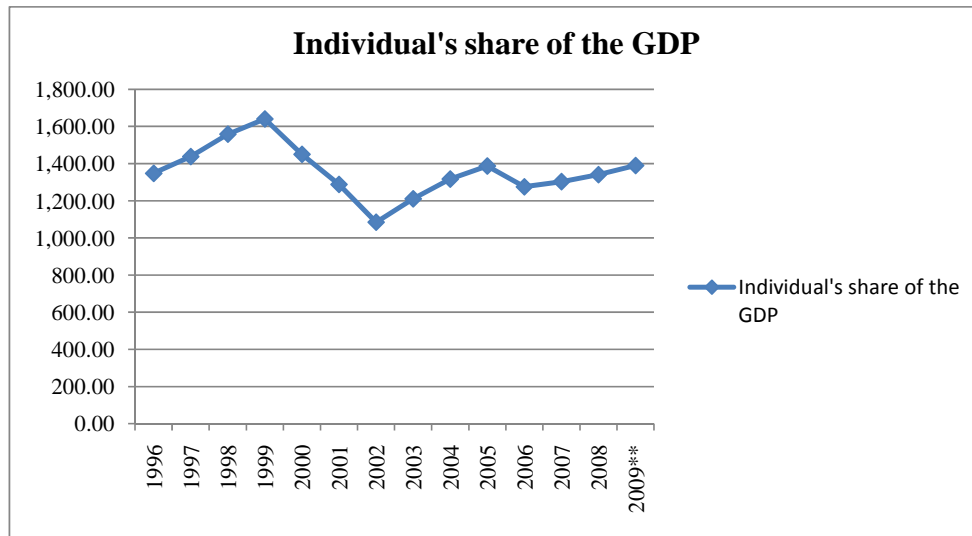


** Based on quarter estimates, data are initial and subject to revision and amendment.

2.3.2 Individual's share of the GDP in fixed prices

2009 marked an improved individual's share of the GDP in the Palestinian territory. Compared to 2007 and 2008, individual's GDP share amounted to USD 1303.2 and USD 1340.4 respectively. In 2009, the share rose to USD 1389.9. According to the graph below, 1999 scored the highest individual's share of the GDP with USD 1640.3.

Graph (2.5): Individual's share of the GDP in fixed prices over 1996-2009: Base year 2004

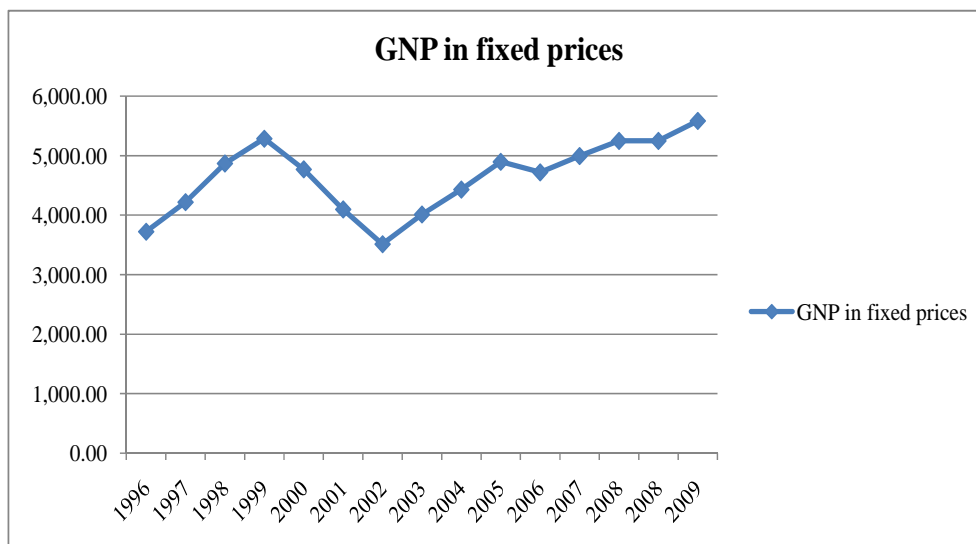


** Based on quarter estimates, data are initial and subject to revision and amendment.

2.3.3 GNP in fixed prices

GNP is another indicator of national accounts. As illustrated by graph (2.6) below, GNP marked the lowest rate in 2002. Thenceforth, it started to improve and climb. Though it slightly dropped in 2006, GNP resumed to rise again towards 2009, whereby it reached USD 5584.9 million – an increase of 6.3% in comparison to 2008.

Graph (2.6): GNP in fixed prices in the Palestinian territory over 1996-2009: Base year 2004



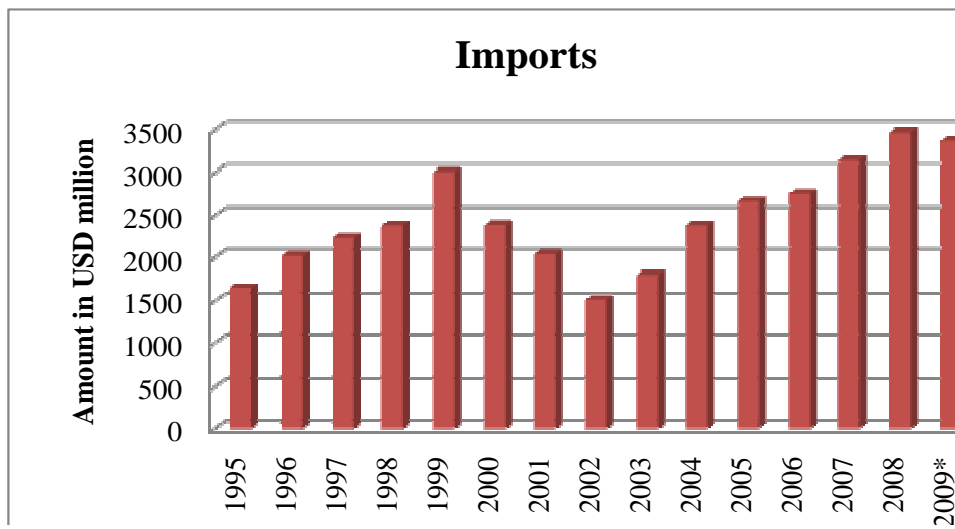
** Based on quarter estimates, data are initial and subject to revision and amendment.

2.4 Commerce indicators

2.4.1 Imports

Since 2002, imports indicator has been rising after it had dropped in 2000-1 as a result of the then degraded political situation. 2008 marked a considerable increase of USD 3466 million compared to USD 3284 million in 2007. This has been the largest rise since 1995.

Graph (2.7): Amount of imports to the Palestinian territory over 1995-2009

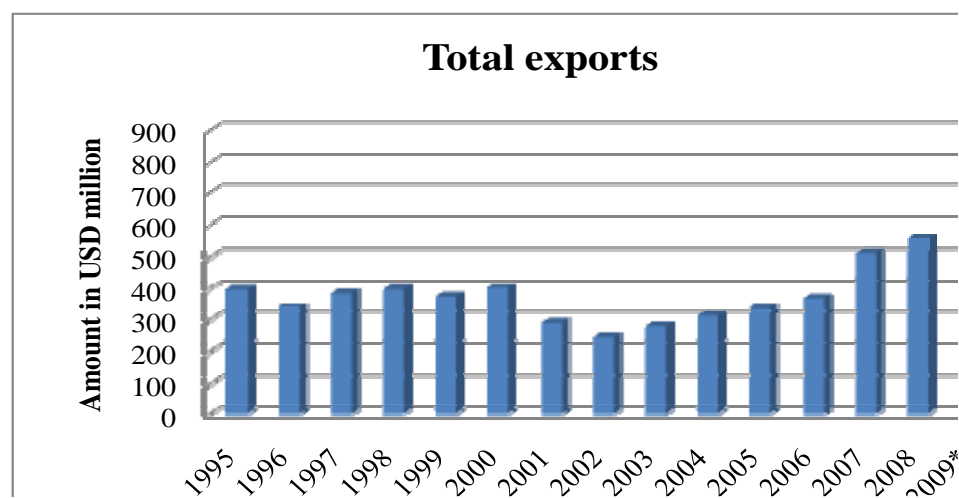


* Data estimated for 2009. Source: Economic Forecast Report 2010.

2.4.2 Exports

2009 marked a noticeable rise in exports. In comparison to USD 558.45 million in 2008, exports increased to USD 829.9 million in 2009.

Graph (2.8): Total amount of exports from the Palestinian territory over 1995-2009

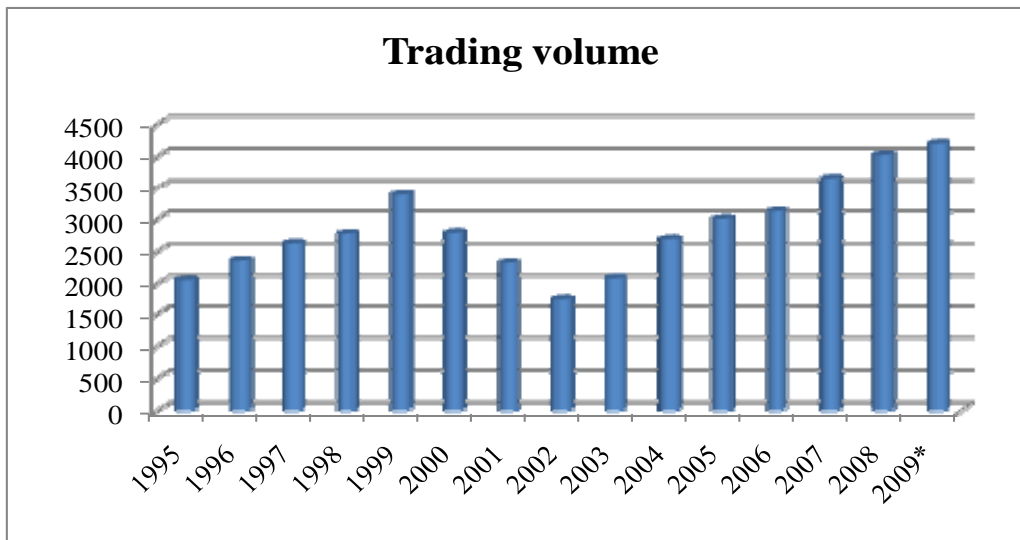


* Data estimated for 2009. Source: Economic Forecast Report 2010.

2.4.3 Trading volume

2009 witnessed a rise in the volume of trading, amounting to USD 4199.6 million compared to USD 4024 million in 2008 and approximately USD 3797 million in 2007. The volume of trading represents a variable of 6%.

Graph (2.9): . Trading volume over 1995-2009

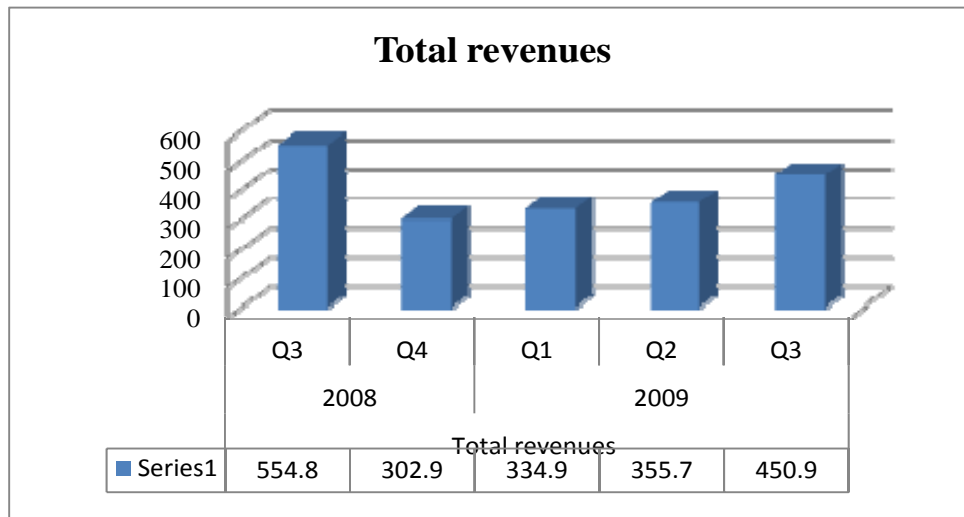


* Data estimated for 2009. Source: Economic Forecast Report 2010.

2.5 Government revenues

Especially in 3Q, 2009 marked a rise USD 450.9 million in revenues¹⁴ compared to USD 355.7 million in 2Q 2009 – an increase of 26.76%. With a rise of 10.56%, revenues scored USD 334.9 million in 1Q 2009 in comparison to USD 302.9 million in 4Q 2008.

Graph (2.10): Total government revenues over 1995-2009



The graph above shows total revenues throughout quarters. Compared to 3Q, revenues dropped by 45.4% in 4Q. Starting with 1Q, 2009 marked an improvement towards 3Q, reaching USD 450.9% million.

¹⁴ Because data on 2009 are unavailable, figures will be compared to quarters.