



MAS

PALESTINE ECONOMIC POLICY
RESEARCH INSTITUTE (MAS)

Background Paper

Round Table (5)



**The Dilemmas in Palestinian National
Planning in Light of the War on Gaza**

July 2024



MAS

**PALESTINE ECONOMIC POLICY
RESEARCH INSTITUTE (MAS)**

Tel No. +970 (2) 2987053/4

Fax No. +970 (2) 298055

info@mas.ps

ww.mas.ps

The Dilemmas in Palestinian National Planning in Light of the War on Gaza

Prepared by: the Palestine Economic Policy Research Institute (MAS)

Background Paper
Roundtable (5)
July, 2024

This paper was prepared with funding from Heinrich Boll Stiftung (Jordan and Palestine)

 **HEINRICH
BÖLL
STIFTUNG**
فلسطين والأردن

The views, interpretations and conclusions expressed in this paper are those of the authors and do not necessarily reflect the views of Heinrich Boll Stiftung (Jordan and Palestine).

Contents

1. Introduction	01
2. The PA's Strategic Planning and the Extent of its Responsiveness to Development	03
3. Sectoral and Cross-sectoral Plans	09
4. Plans and Policy Frameworks	09
5. Challenges Associated with Strategic Planning and the Implementation of Strategic Plans in Palestine	11
6. Reconsidering the Strategic Planning Cycle for 2024-2029 in Light of the Gaza War	14
Discussion Questions	16



1. Introduction

The strategic planning performed by the public sector directs financial, human, and material resources to achieve the overarching objectives set by countries' governments. Designed to maximize utility (benefit) of these resources, public strategic planning helps to determine national priorities and direct efforts towards the most important sectors and areas. Moreover, strategic plans improve the performance-efficiency of governments, setting clear goals and directing efforts to achieve them, while exercising transparency and accountability in their work. By setting performance indicators and then monitoring them, the government provides a clear vision for the future. This, in turn, promotes political and economic stability, contributing to a better quality of public services provided to citizens through the adoption of relevant governmental policies and programs. Effective and thoughtful strategic planning allows for the formulation of plans to manage political, health, and economic crises, enabling governments to deal with such crises effectively, to reduce their negative impact through effective emergency plans and responses. Effective strategic planning improves the investment environment at the macro level, attracting foreign investment that contributes to economic development.

Resultantly, one can observe that adopting strategic planning is not an option but a necessity for developing countries and businesses, especially in light of rapid technological development, and globalization that has significantly enhanced the intensity of competition between countries and companies around the world. These factors have resulted in major economic, social, and environmental upheavals, creating new challenges for governments. Herein, the major challenge is to manage economic resources and secure the required budgets to promote sustainable development, while containing occasional political and health crises. Therefore, strategic planning by countries and organizations is a vital tool in adapting to rapid changes, confronting crises, and moving towards achieving sustainable socio-economic development. Strategic planning mobilizes and directs resources towards priority projects and sectors, determining necessary budgets to enhance partnerships between various governmental institutions.

Following the Oslo Accords, the Palestinian National Authority (PA) offered a fragmented, weak, and fragile public services sector, limited (at that time) to health, education, and select economic services, while the economy suffered from a significant deterioration in infrastructure. Given its mandate to provide public services to citizens, the PA speedily established the first Palestinian ministries to facilitate the provision of basic services: the Ministry of Health (MoH), the Ministry of Social Affairs (now the Ministry of Social Development, or MoSD), the Ministry of Education and the Ministry of Higher Education.

Official interest in strategic planning began with the PA's establishment and the start of the development of official governmental structures. This was embodied in the creation of the Ministry of Planning and International Cooperation (1994-2014), mandated to govern the Palestinian government's internal and external planning affairs and enhance cooperation with other countries across various fields. This enabled this public body to assume responsibility for developing policies and strategic plans for economic and social development in Palestine. However, the government's strategic planning process did not reach the stage of organization and order until after 2007,

or during the 12th Palestinian government, commonly referred to as the 'caretaker' government given internal political divisions. Initially, the Palestinian government decided to adopt a three-year planning process plan, then switched to a five-year planning model (by some ministries).

Macro strategic planning plays an important role in promoting economic and social development, and in introducing tangible improvements in public services and standards of living in Palestine. These have been largely affected by the punitive challenges imposed by the Israeli occupation, not to mention the tight siege and successive wars on the Gaza Strip since 2006. This led to economic decline, further increasing social challenges. Over the past decade, the occupation has imposed a financial blockade on the Palestinian government under various pretexts, by continuously hijacking clearance funds. The end result is the suffocation of the PA's ability to secure the necessary budgets for developing infrastructure and providing basic services to citizens.¹

In mid-2023, the Prime Minister's Office (PMO) and the General Secretariat launched intensive efforts to prepare the National Development Plan (NDP) for 2024-29, in partnership and consultation with numerous government departments. These efforts resulted in the preparation of the general framework for the NDP, and the completion of first drafts of strategic plans for ministries and government institutions for 2024-29. Planning processes conformed to updated planning methodologies approved by the Council of Ministers. According to the initial plan, subsidiary plans were to be completed by the end of 2023 and then approved for implementation in 2024. However, as a result of the war on Gaza and Israeli occupation of the Gaza Strip and the West Bank, work on these plans and the NDP has been suspended, with the government redirecting its efforts to emergency planning for 2024.

Without a doubt, the current war has had major economic and social repercussions for both the Gaza Strip and the West Bank. In light of difficult economic and social realities, plans formulated as part of the government's strategic planning process (for 2024-29) no longer respond to new realities following October 7, 2023. Politically, subsistence and resistance to occupation characterize economic policy challenges today. Formulated plans were built based on a different economic and social reality of resilience and building. Their content needs revision, in order to factor in the need to respond to dramatic changes. The form, structure, and mechanisms of strategic planning must also be reconsidered in light of new realities (political, economic, and social) resulting from the war: the mass destruction of infrastructure; runaway unemployment, poverty, and food insecurity; all coinciding with an unprecedented crisis in the PA's finances.

The purpose of this background paper is to shed light on the reality of strategic planning in the government and within the public sector in Palestine, providing the historical background for the development of strategic planning, its duration, and challenges across each planning phase. The most prominent challenges that faced - and continue to face - strategic planning at the macro and sectoral levels are examined, given that these limit the ability of policymakers to implement strategic objectives and relevant programs and projects, within the timetable and budgets proposed by various public institutions.

1. www.wafa.ps/Pages/Details/62509

The paper also discusses the direction of future strategic planning, in light of unprecedented difficulties and complexities in current economic and social realities, as a result of the destruction caused by the war. The question that this paper attempts to answer is: Are existing strategic plans and frameworks capable of responding to current realities that are witnessing a significant deterioration across all economic, social, and environmental indicators? Is there a need to reconsider future planning processes at government that combine the West Bank and Gaza Strip into one unit and that anchor spatial, sectoral, and local/regional planning in one planning framework and institution?

2. The PA's Strategic Planning and the Extent of its Responsiveness to Development

I. 1992-2000: Initial Establishment of Official Government Structures

This phase was characterized by the PA's formulation of official government structures for the first time since the Oslo Accords, where ministries and affiliated government institutions were established in order to provide key basic services to citizens, manage public affairs, and coordinate development efforts. The ministries of economy, finance, planning, and international cooperation were created.

At the planning level, the Ministry of Planning and International Cooperation was created in 1994 to manage the government's planning, including financial, spatial, and priority planning. The PA relied on annual, public investment programs presented by donor countries, adopting the "Palestinian Investment Program for 1996-97", followed by the creation of short- or medium-term programs and plans as part of the national development process. A three-year development plan (1998-2000) was initially prepared, then superseded by the preparation of a five-year development plan (1999-2003) to serve as a general and comprehensive framework for economic development in Palestine. These plans focused on building basic infrastructure and improving public services such as education and health while strengthening the local economy. Across this period, the PA relied heavily on international aid to support its budget and implement development programs. However, these plans did not follow a systematic approach, goals were inaccurately defined, and methods for implementation, follow-up and monitoring proved to be lacking.

In fact, these plans were a compilation of projects and programs proposed for funding at various ministries and public institutions. At the ministerial level, numerous sectoral development plans emerged that generally focused on the efficiency and effectiveness of ministries' work and their ability to serve the public. However, the primary goal was to attract funding, by justifying proposed programs. This reflects the novelty of the Palestinian experience, its weakness in building strategic plans, and the state of improvisation that characterized several economic and developmental decisions.²

2. [Microsoft Word - Conference book 2016.doc \(mas.ps\)](#)

II. 2000-2006: The Second Intifada and Focus on Emergency Relief and Reconstruction Efforts

The second intifada led to the deterioration of the security and economic situation in Palestine and the serious destruction of Palestinian infrastructure and institutions. Numerous development projects were obstructed by the military escalation and siege. During this period, the PA's focus shifted to emergency relief and reconstruction, reducing attention to long-term strategic planning. The PA prepared an "Emergency Public Investment Plan", followed by "The Rapid Intervention Program" (2003) and then "The Social and Economic Stabilization Plan" (2004). Leveraging its experience in developing these plans and programs, the Ministry of Planning prepared the "Medium-Term Development Plan for 2002-05", followed by a subsequent "Medium-Term Development Plan for 2006-08". This evidences progress in preparing NDPs and drawing up social policies, enhancing the participation of the civil society and the public sectors in the development planning process.

At this stage, development plans aimed to invest in human and social capital and restart the process of economic regeneration, while enhancing the capacities of the private sector in raising their productivity and creating new - and sustainable - job opportunities. Furthermore, these plans' goals focused on achieving social protection, characterized by linking relief to development. These plans targeted the most affected groups, with attention paid to education, health, housing, and infrastructure. However, committing to the implementation of all these plans and programs was not possible, or over-ambitious, given Israel and the donor community boycott of the Hamas government starting in 2006. This led to deficiencies in the PA's financial resources, resulting in its inability to fulfill its obligations and pay operating liabilities, including the wages of public-sector employees. Numerous strategic development projects were shelved.

III. 2007-2014: Reform and Building State Institutions

After the end of the second intifada, the PA reactivated its strategic planning efforts, focusing on development, reform, and building state institutions. Strategic planning efforts were characterized by the development of two levels of plans. The first level represented development and reform plans at the government level as a whole, led by the Ministry of Planning and Administrative Development (MoPAD).³ Meanwhile, the second level focused on sectoral and cross-sectoral plans; efforts led by various ministries and government institutions.

- *The First Level: Central Development and Reform Plans*

Reform and Development Plan (2008-2010)⁴

In 2007, this plan was launched as the first governmental plan reflecting the PA's commitment

3. In 2009, with the inception of the 13th Palestinian government, the Ministry of Planning and International Cooperation became the Ministry of Planning and Administrative Development.

4. www.preventionweb.net/files/26380_prdp200820101.pdf

to adopting an integrated procedure for preparing policies, plans, and budgets. The plan set a medium-term agenda for reform and development in Palestine, based on a specified national policy agenda. It also presented an overview of policy priorities, plans, and the distribution of financial resources across sectors. In other words, this plan constituted a qualitative shift in the methodology of development planning in Palestine, as it started from a developmental vision based on a national policy agenda. The plan focused on programs that contribute to achieving financial, social, and economic stability, in addition to medium-term recovery.

At that time, a major motive for preparing this plan was to present it at a donor conference in order to secure foreign aid, especially in light of the PA's stifling financial crisis. Therefore, the plan was characterized by non-coordination and generalities, as government units prepared their section of the Plan individually, without significant consultation with the private and civil-society sectors (in contrast to previous and subsequent plans). It also did not provide specific policies, because it continued to allocate the general budget according to set provisions.

*National Development Plan (2011-2013): Ending the Occupation and Establishing the State*⁵

During the Salam Fayyad administration, the NDP represented an ambitious trend towards achieving political independence by building state institutions and achieving economic prosperity. It set lofty goals such as achieving equality and social justice. The NDP summarized the government's national policy agenda, macroeconomic framework, and macro-financial framework for 2011-13. Unlike the previous plan, this plan included broad and intensive consultation with a large number of stakeholders from various sectors.

The PA realized some achievements within the framework of this NDP, especially with regard to rehabilitating certain infrastructure and improving public transparency, integrity, and accountability. Perhaps the most important change was linking the planning process to sectoral economic policies. The most prominent challenges faced by this NDP (limiting its effectiveness) were the failure to link proposed interventions to available financial and human resources, its reliance on donor funds (which reached record levels between 2009 and 2012), not to mention adopting the unrealistic goal of ending the occupation.

*National Development Plan (2014-16)*⁶

This NDP was led by MoPAD before its dissolution (its functions were merged with three separate ministerial bodies in 2014). This NDP embodies 'state sovereignty', 'economic empowerment', 'sustainable and equitable development', 'effective institutions', and an 'international presence' for Palestine. Therefore, it focused on four main axes: the economic development and employment sector, the good governance and institution-building sector, the social protection-development sector, and the infrastructure sector. The plan also outlined numerous economic

5. www.preventionweb.net/files/26380_20112013.pdf

6. www.preventionweb.net/files/202014-2016.pdf

and social goals/priorities:

- Expanding control over natural resources, focusing on Area C, especially the Jordan Valley and the Dead Sea, identifying East Jerusalem and the Gaza Strip as priority development areas.
- Reviving the national economy as a knowledge-based economy, activating the role of the private sector and its social contribution, and raising its productive and competitive capacity, especially in the fields of agriculture, tourism, manufacturing, and Information and Communication Technology ICT.
- Combating poverty and unemployment while promoting social justice, taking into account differences in needs and conditions experienced by different population groups, based on gender, age, disability, or geographic area.

Although progress has been achieved in some infrastructure projects, such as roads, water, and electricity networks, several such projects were affected by Israeli restrictions, and delays to (or occasionally refusal of) aid transfers. This negatively affected the implementation of a host of projects included in this NDP. As with its predecessor, this NDP relied heavily on international financing. Implementation was also affected by the formation of the 17th Palestinian government, supposed to serve as the first national consensus government since 2007. This meant changing government priorities and strategies to focus on the Gaza Strip, alongside the West Bank, while addressing the major development challenges left by the long siege of the Gaza Strip, coinciding with three wars and the destructive actions of the Israeli occupation.

- The Second Level: Additional Policy Frameworks

In addition to the above three development plans, numerous other policy frameworks were developed to respond to emergency needs, sectoral challenges, or a specific geographical region. The most prominent are outlined below:

i. National Strategic Framework for Development Policies and Interventions in Areas C (2014)

This framework, prepared by MoPAD in 2014, outlines development interventions in Area C proposed by the Palestinian government to various partners, taking into account developmental issues and challenges, as well as sectoral priorities for that area. Linked to the framework for the National Development Plan 2014-16, this framework also aimed to promote sustainable, collective, local initiatives, in addition to supporting innovative means of resilience that can help overcome Israel's obstacles.

ii. Strategic Plan for Sectoral Development in East Jerusalem (2010)

This plan sought to strengthen the steadfastness of Palestinians in East Jerusalem, by presenting needs and development priorities for various local sectors, and methods to address these. The plan allocated development priorities to areas located within the Separation Wall. This plan covers 11 sectors divided into three main clusters: social protection and development, economic development, and human rights protection.

iii. National Plan for Early Recovery and Reconstruction of Gaza (2014)

The 'national consensus' administration developed this plan as a guide to alleviating the humanitarian crisis and destruction caused by the 2014 Israeli war on the Gaza Strip. The Plan relied on a rapid needs assessment for early recovery and reconstruction in the Gaza Strip, considering the situation as it prevailed before the war as its starting point. This plan sought to realize a paradigm shift from relief to development in the Gaza Strip targeting four sectors: social services, infrastructure, economics, and governance.

iv. National Climate Change Adaptation Strategy (2011)

This strategy was developed under the supervision of the Environmental Quality Authority (EQA) and with the support of UNDP. It also featured the participation of a large number of relevant stakeholders in response to the climatic challenges that Palestine is witnessing fluctuations in annual rainfall, a rise in average temperatures, 'severe weather' incidents, and a rise in sea levels.

v. Public Strategy for Renewable Energy (2012)

The first of its kind, this strategy was prepared by the Palestine Energy Authority (PEA), aiming to gradually obtain 240 gigawatt hours (at least) of electricity generated from renewable energy sources, equivalent to 10% of electric capacity generated locally by 2020.

vi. Sectoral and Cross-sectoral Plans

In response to the central government's development and reform plans (2008-10, 2011-13, 2014-16), the majority of ministries and government units developed their own strategic plans. For example, the NDP for 2011-13 was accompanied by the preparation of 23 sectoral and cross-sectoral strategies (18 horizontal sectoral strategies, including the social, economic, and governance sectors, and five inter-sectoral strategies in the social and governance sectors).

We find that the majority of governmental institutions started to respond to public development plans after the adoption of the second NDP for 2011-13. Before that, few ministries had developed a strategic framework. That said, the Ministry of Education and Higher Education prepared a (second) five-year plan for 2008-12; the Ministry of Transport and Communications drafted a strategic plan for 2009-11; as did the Ministry of Health for 2008-10.

Thereafter, with the launch of the national strategic planning cycle for 2011-13, the strategic planning process became a major part of the work of governmental institutions, through the adoption of sectoral and cross-sectoral planning processes.

Given the infancy of the strategic planning process and the lack of accumulated experience

across a large number of governmental institutions in the field of planning, we find numerous deficiencies and gaps in sectoral and cross-sectoral strategic plans for 2011-16. For example, some plans lack clear linkage within specific measurement indicators, as was the case with the second (2011-13) and third (2014-16) NDPs. Moreover, strategic objectives were rarely clearly defined, making it difficult to measure progress and achieve expected results, given the absence of effective monitoring and evaluation mechanisms to follow up on implementation.

IV. Strategic Planning after 2016

During the 2017-22 planning cycle, the government's strategic planning process witnessed a qualitative shift in terms of adopting a unified methodology for its planning processes, with a noticeable improvement in the institutionalization of these processes, the quality and consistency of plans, and direct linkages between sectoral, cross-sectoral and governmental plans and Sustainable Development Goals (SDGs). However, linkages with the general budget were absent. During this period, the planning process covered two axes: national development plans, and sectoral/cross-sectoral plans.

1. National Policy Agenda for 2017-2022: Citizens First⁷

The National Policy Agenda for 2017-22 constituted the fourth plan that the State of Palestine issued since 2008. While previous plans focused on building state institutions within the PA in order to enhance its capabilities in performing the tasks and powers entrusted to it, this Agenda (no longer a "Plan") centered on public institutions realigning their agendas with citizens' needs. This aimed to enhance the livelihoods and well-being of citizens through the provision of quality public services, creating job opportunities via the private sector, and providing social protection to weak and needy groups. That is, the Agenda focused mainly on developing public institutions for providing the best possible services, under the themes of 'citizen-responsive government' and 'effective governance'.

2. The National Development Plan: Steadfastness, Resistance, and Development of Clusters for Independence 2021-23 (National Policy Agenda for 2021-23)

This NDP (no longer an Agenda!) aimed to create a resistance economy that is immune to penetration and dependency, strengthening people's steadfastness in their land and country, contributing to realizing independence, and building national institutions that will lead to ending the occupation (while comprehensively reforming existing ones). The first axis of this NDP is the priority of disengaging from occupation and the empowerment of the state apparatus. The second axis aims to enhance the response of local governance units (LGUs) to citizens. This entails raising the quality of public services and reforming key land issues. Effective non-bureaucratic government is foreseen, by enhancing integrity, accountability, transparency, combating corruption, enhancing the efficiency of public institutions, and the efficiency and effectiveness of managing available resources. Finally,

7. Prime Minister's Office/National Development Plan 2017-22, Citizens First, State of Palestine, 2016.

the third axis prioritizes building components of the Palestinian economy based on cluster-based development, achieving a cohesive society capable of resilience and development. This entails advancing agriculture and rural communities, directing the economy towards productive sectors (especially agriculture and industry) while developing the physical and social infrastructure capable of strengthening and expanding the productive, economic base.

3. Sectoral and Cross-sectoral Plans

The NDP for 2017-22 was accompanied by the launch of 18 sectoral strategies and three cross-sectoral strategies, which formed an essential component of planning service delivery cycles. These are directly linked to the National Policy Agenda as the primary policy document adopted by the State of Palestine. It guides the government's programs, interventions, and policies across various ministries and institutions. That is, sectoral and cross-sectoral strategies determine the priorities and programs for implementation.

The government focused on eight main issues that must be taken into account in the process of upgrading sectoral and cross-sectoral strategies. These are: (i) cluster-based development; (ii) geographical dimensions taking into account distinctions between regions including Gaza and East Jerusalem; (iii) realistic and measurable outcomes; (iv) improved service delivery; (v) gender; (vi) youth; (vii) the environment; and (viii) ratification of treaties and international development agendas that the State of Palestine has joined, especially the UN's SDGs.

4. Plans and Policy+ Frameworks

In recent years, numerous ministries and governmental institutions have developed specialized plans and strategies for their specific sector, or to respond to specific challenges (economic, social, or environmental). A large part of these efforts secured funding and technical support from donors, so it can be argued that the impetus came mostly in response to the recommendations of international donors. Despite the importance of these various policy frameworks, a large number did not reference NDPs, and their goals and policies did not intersect with national sectoral and cross-sectoral plans. Moreover, these contain ambitious strategic goals that exceed the capacities of ministries or public authorities concerned with their implementation. This led to challenges in achieving integration across various government efforts, while the gap between stated goals and available capabilities led to major challenges in actual implementation. It should be noted that not all these were necessarily adopted by Cabinet decision and remain Ministerial level plans. The most prominent plans and policy frameworks are outlined below.

4.1 Commitment to the 2030 Sustainable Development Agenda

The State of Palestine announced its commitment to the 2030 Sustainable Development Agenda during the historic UN General Assembly meeting in September 2015. The State of Palestine began officially implementing the Agenda at the beginning of January 2016, when the Council of Ministers issued a decree to form a national committee for this purpose. The committee worked to identify national priorities for SDGs and sectoral strategic plans and interventions that would

achieve these priorities. The government also established a national statistical monitoring system led by the Palestinian Central Bureau of Statistics (PCBS), to monitor progress across all SDGs. Subsequently, the State of Palestine's commitment to achieving the SDGs formed a major pivot for all governmental development plans, as well as sectoral and cross-sectoral plans. The National Policy Agenda (2017-20) incorporated SDGs into the three main pillars (the path to independence; reforming and improving the quality of public services; and sustainable development). These are reflected in all strategic planning cycles (2017-22, 2021-23 and 2024-29).⁸

4.2 National Policy for Food and Nutrition Security by 2030 and the National Investment Plan for 2020-2022

The National Policy for Food and Nutrition Security consists of a comprehensive and coordinated set of measures required to underwrite food and nutrition security in Palestine from 2019 to 2030. The National Investment Plan (2020-22) is an operational tool for implementing the stated national policy in the short term. It is considered a unique opportunity for greater coordination, effectiveness, and efficiency in the use of public resources, clearly outlining a set of priority public investments for the next three years, given the closing of the current policy cycle. Prioritization is based on a combination of analytical evidence, from policy and strategy frameworks, and needs expressed by Palestinian stakeholders during the design of the implementation plan.

4.3 National Strategy for Financial Inclusion (2018-2025)

This strategy reviews the reality of financial inclusion in Palestine and the obstacles facing it. Its strategic goals and derivative objectives were defined as increasing the financial capabilities of targeted segments of society and enhancing their access to (and use of) formal financial services. It targets segments that suffer from low rates of financial inclusion, enhancing and protecting the rights of consumers of financial services and products, and optimally exploiting the role of ICT in expanding the reach of formal financial services. The strategy also defined the coordination structure for its fulfillment.

4.4 Urban Plan for the State of Palestine (2021)

This plan focuses on achieving a large number of environmental indicators, for example, providing access to safe drinking water, effective sanitation, and solid waste disposal, reducing the harmful impact of urbanization, paying special attention to air quality and municipal waste management, while adopting and implementing national strategies for disaster management.

4.5 National Plan for Sustainable Production and Consumption (2017-2022)

The EQA developed this plan in cooperation with relevant parties, aiming to protect the Palestinian environment and ensure its preservation through sustainable consumption and production patterns, combined with efficient and sustainable management of natural resources. Three priority areas

8. www.pcbs.gov.ps/Downloads/book2630.pdf

have been identified in terms of mainstreaming sustainable consumption-production based on environmental standards: social, economic, and institutional.

4.6 National Strategy to Combat Multi-Dimensional Poverty (2023-2030)

The preparation of this strategy relied on numerous governmental decisions, summarized by the urgent need to establish a poverty guide that accurately reflects the Palestinian reality of deprivation. The strategy serves as a distinct, national document. It takes into account the unique specificities of the State of Palestine and its exceptional status in the world. The strategy proposes five axes to reduce multi-dimensional poverty: (i) addressing monetary poverty, (ii) improving cash transfer programs, (iii) allocating a portion of public expenditures to addressing monetary dimensions; (iv) expanding physical space and (v) increased financing for expenditures required to reduce poverty.

4.7 Comprehensive Plan for Transport, Roads and Communications (2016-2045)

This comprehensive plan was developed as a long-term plan of action, capable of adapting to changes, complexities, and requirements of daily life, in order to provide effective transportation networks and services in Palestine. The plan was prepared in partnership with the Ministry of Transport and Communications, the Ministry of Public Works, the Ministry of Local Government, and the Palestine Police, in addition to contributions from a large number of experts and specialized professionals (local and international).⁹

4.8 Strategic Framework for Intelligent Transportation Systems (2019-2029)

The Ministry of Transport and Communications prepared this strategic framework. Its goal is to increase the operational efficiency of the transportation system and increase its capacity, improve traffic levels and passenger comfort, raise traffic safety levels, reduce energy consumption and reduce environmental damage, improve productivity, and secure sufficient capacity to accommodate future traffic growth efficiently and effectively, without the need for establishing new transportation facilities.

4.9 Comprehensive National Spatial Development Plan for the State of Palestine (2050)

This plan outlines a broad framework summarizing national goals after the end of the occupation, based on the right of Palestinians to self-determination and the establishment of an independent state on the 1967 borders, with East Jerusalem as its capital. This State must exercise full sovereignty over land, assets, and resources, free from walls and settlements. It emphasizes the need to activate effective strategic planning tools to establish sustainable urban centers, with effective basic infrastructure and equitable economic development.

5. Challenges Associated with Strategic Planning and the Implementation of Strategic Plans in Palestine

9. Ministry of Transport and Communications (2018). The comprehensive plan for transport, roads and communications in Palestine, 2016. Ramallah - Palestine.

It can be observed that there has been a noticeable development in the government's strategic planning process, whether at the aggregate or sectoral levels. The strategic plans adopted in recent years are characterized by quality participation and consultations in the planning process. The comprehensiveness of the planning process - and the extent to which sectoral and cross-sectoral plans are linked to government development plans and SDGs – has set strategic goals and policies that address gaps and meet the future aspirations of the government and its institutions. There is also consensus among experts and observers that various government institutions have strategic plans with a high degree of quality that take into account prominent and sound strategic planning processes, emulating Arab-world and international strategic plans.

Despite this, the reality is that the process of implementing strategic plans is very slow, which are not relied upon by ministries and government institutions and are not subject to systematic monitoring and evaluation. A quick review of select sectoral and cross-sectoral plans during the last decade indicates that there are repetitions in goals and policies at different stages of time, that is, the strategic goal or policy is transferred from one plan to another, with a slight change in some of its features. This is due to obstacles that stand in the way of implementation, and the commitment of concerned parties.

5.1 The Israeli Occupation and Resulting Crises and Challenges

Israeli occupation practices have a direct and negative impact on development and economic growth in Palestine and on resultant public revenues. The Israeli occupation has also created a state of uncertainty through successive wars targeting the Gaza Strip, accompanied by the systematic destruction of infrastructure and economic resources in the West Bank. This undermines the role of Palestinian government agencies, negating achievements made in previous development phases.¹

In addition to the great challenges created by the Coronavirus pandemic during 2020-21, Israeli measures against Palestinian public finances, especially in the last five years, have contributed to undermining the ability of the Palestinian government to implement its development plans and goals (including sectoral and non-sectoral strategic plans). The Israeli occupation has imposed a financial blockade on the Palestinian government under various pretexts, while indefinitely withholding clearance funds. All this has greatly limited the PA's ability to provide the necessary budgets to develop the services infrastructure and provide basic services to citizens.

Moreover, the economic costs of the occupation have increased significantly over the past two decades. In November 2021, a report by the UN Conference on Trade and Development (UNCTAD) estimated losses to the Palestinian economy of about USD 58 billion, as a result of Israeli closures of the Palestinian territories during 2000-2019.¹¹ The occupation's direct control over border crossings, in addition to the prevention of the PA's tax authorities from working at border crossings and customs clearance facilities in Area C, has contributed significantly to an increase in

10. www.trtarabi.com/now/9715365-

11. UNCTAD (2021). The Economic Costs of the Israeli Occupation for the Palestinian People: Arrested Development and Poverty in the West Bank. UNCTAD/GDS/APP/2021/2 and Corr. www.unctad.org/system/files/official-document/gdsapp2021d2_en.pdf

tax evasion (estimated at between 30%-40% of total taxes).¹²This has been accompanied by the spread of the phenomenon of smuggling goods from Israel, to avoid paying value-added tax (VAT).

5.2 Unrealistic Plans that are not Compatible with Available Financial Resources

Despite the financial crises faced by successive Palestinian governments, their strategic planning process continues to adopt a scientific approach in accordance with best practices, regardless of the availability of budgets for implementation. This causes the large-scale repetition of goals, projects, and programs across various strategic plans for the same sector over successive periods. For example, the goals and projects that were not implemented during the 2017-21 planning cycle were re-adopted in the 2021-23 mid-term review, and many of them were re-confirmed as priorities in the 2024-29 planning cycle. Furthermore, numerous plans adopt ambitious strategic goals that respond to the government's trends towards aligning itself with international, global trends such as knowledge economies, digitization, and green economics. While these practices appear on the surface to be sound and in line with global transformations, they entail significantly large financial and technical resources. In most cases, the general budget cannot cover such costs or the PA cannot source the requisite technical personnel from the public sector (for years, the PA has adopted a strict, conservative policy in its recruitment).

5.3 Excessive and Imprudent Reliance on International Support and Donor Funding

As previously mentioned, the strategic plans for 2008-10 and 2011-13 were largely a response to the PA's need for international financing, as it relied heavily on international support in implementing its projects. In that period, given the generous international support provided to the PA after 2007, projects were partially implemented to build public institutions and enhance their abilities in providing services and promoting economic and social development. However, the subsequent significant decline in international aid demonstrated the extent of the government's inability to implement various plans and programs. It is no secret that in recent years, public revenues have been almost entirely allocated to financing operational expenses, especially paying the salaries of public sector employees (typically, public revenues are insufficient and do not cover the public sector's payroll). Therefore, the government could not allocate budgets to finance development expenditures, especially projects included in sectoral and cross-sectoral plans, as their partial implementation relied on donor funding when available. Moreover, some funded projects were initiated by funders and were not part of strategic plans.

5.4 Challenges at the Administrative and Institutional Levels

The government's endeavors to deploy strategic planning methods in order to achieve its economic and political vision, build future state institutions, and improve (the quantity and quality) of basic services face many challenges and internal deficiencies, not all of which can realistically be tackled at once:

12. <https://www.palestineconomy.ps/ar/Article/18189/>

- At the administrative level: deficiencies in the public administration system and civil service and in the structure of government.
- At the financial level: weaknesses in public revenues and spending, in medical transfers and health insurance, in managing net lending, and in managing the water and electricity sectors.
- At the economic level: a moribund business environment, despite integration and building partnerships with the private sector and civil society organizations.
- At the social level: the absence of a social security system, a weak social safety net for the poor, the elderly, and the disabled. Deficiencies in the public and higher education sectors, including vocational and technical education. A weak environment for leadership and creativity, and the spread of negativity across the citizenry on societal issues such as corruption.¹³
- At the spatial level: The fragmentation of Palestinian lands results in disparities in access to opportunities and services, depending on where the individual resides in Palestine.

In the same context, according to a report issued by the World Bank in 2021, Palestine scored 22% in the Governance Effectiveness Index (ranging from 0% to 100%, the highest value).¹⁴ This Index reflects the quality of public services, the capabilities of the civil service and its independence from political pressure, as well as the quality of policymaking. Note that Index values have varied over the years, depending on the incumbent government, its formation, conditions, and practices. Despite the government's emphasis on the necessity of partnership and close cooperation in formulating strategic plans, especially with the adoption of sectoral and cross-sectoral planning methodologies during previous planning cycles, there remains a lack of coordination and partnership during implementation, occasionally even within the same ministry. This reflects a fundamental defect in the structure of public institutions, due to the state of fragmentation created by the occupation, accompanied by the deterioration of institutional realities and governance in the public sector in recent years. This is reflected in the weakness of monitoring and evaluation at entities responsible for implementing sectoral and cross-sectoral strategic plans.

6.Reconsidering the Strategic Planning Cycle for 2024-2029 in Light of the War on Gaza

At the beginning of 2023, various ministries began developing strategic plans for 2024-29. Subsequently, the strategic planning methodology was developed by the State of Palestine and circulated to all ministries, such that the planning process was unified and consistent across various ministries. The updated planning methodology focused on strengthening the policymaking and results-based management approach in the planning process and the content of strategic plans. Specific strategic goals have been set that can be measured and evaluated, and a continuous monitoring and evaluation system has been established to track progress, analyze performance, and relay data results to decision-makers, allowing them to modify strategies based on such periodic evaluations, helping to achieve the best results. One of the most notable modifications in the new methodology is the shift from sectoral planning to ministerial planning, aiming to ensure

13. Prime Minister's Office/Reform Agenda, State of Palestine, 2022.

14. https://databank.worldbank.org/reports.aspx?Report_Name=WGI-Table&Id=ccea4d8b

better implementation of upcoming strategies. In addition, cross-sectoral issues are identified (gender, youth, environment, integrity and anti-corruption).

With the beginning of the war on the Gaza Strip on October 7, the majority of ministries had completed (or were close to completing) their strategic plans for 2024-29. All these plans (even if they took into account a careful analysis of the current reality) contained a degree of flexibility to respond to current and future economic and social challenges. However, they did not take into account the results of this destructive war, which has not been limited to the Gaza Strip but also includes the West Bank and East Jerusalem.

There are pressing strategic issues across various economic and social fields resulting from the destructive war on the Gaza Strip and the West Bank. In the economic field, the first strategic issue that must be dealt with is the sharp rise in unemployment, and the need to create job opportunities. Widespread unemployment reached more than 30% in Q4 2023 and is expected to exceed 35% in the West Bank by the end of 2024.

Another strategic challenge is the significant deterioration in business activities by the private sector, covering a range of sectors, especially micro and small enterprises. Economic activities in the West Bank lost about 37% of their production, equivalent to USD 515 million, in just one month.¹⁵ Economic activities have been largely affected by the destruction of infrastructure, especially in the northern West Bank, as well as restrictions on movement and the spread of barriers and checkpoints, combined with the closure of crossings and disruption of supply chains for raw materials and commodity imports. Settler violence affects access to inputs and markets, delays shipments, and increases costs. The ban imposed on Palestinians working in Israel led to a decline in overall demand, which has had a significant impact on trade activities.

A third strategic issue is the significant rise in inflation and the decline in citizens' ability to access basic services. The Palestinian cost of living index records an increase of 11% during the past three years. The Palestinian economy had not yet recovered from the repercussions of the Corona pandemic and the Russian-Ukrainian war when the comprehensive aggression against the Gaza Strip and the West Bank commenced. This led to a sharp rise in the consumer price index in Palestine by 5.87% during 2023 compared to 2022 (10.53% in the Gaza Strip and 4.77% in the West Bank).¹⁶

As for the social dimension, the war led to widespread poverty and food insecurity primarily in the Gaza Strip, while also reaching unprecedented levels in the West Bank. An increasing number of families in the West Bank that were once considered middle class are now approaching poverty. Moreover, there has been a significant deterioration in health and education indicators.

In summary, the PA's programs and overall development priorities as formulated in the strategic

15. <https://www.smartproject.ps/public/files/server.0-1709637601/pdf>

16. www.pcbs.gov.ps/postar.aspx?lang=ar&ItemID=4681

plans for 2024-29 have become inappropriate, in light of the unprecedented challenges brought about by the war, and in light of the need for a comprehensive NDP that treats the West Bank and the Gaza Strip as a single unit. This is especially relevant given the existential threats faced by Palestinians in various areas of the West Bank, Gaza Strip, and Jerusalem.

What is required in this context is the development of a comprehensive NDP for all regions of Palestine (the Gaza Strip, the West Bank, and Jerusalem) integrated as one unit, despite the different circumstances and contexts within each area. This plan must set realistic goals, taking into account the current challenges and existential dangers facing Palestinians. The NDP cannot overlook the need to strengthen coordination between various public institutions, the private sector, civil society, and Arab and international donors. The economic and social challenges created by the war cannot be confronted by the Palestinian government alone, given its current capabilities, even if all clearance funds are transferred.

At the level of ministries, it is necessary for them to reformulate their strategic goals and programs within the comprehensive NDP, and to identify 3-4 realistic strategic goals. For example, one goal for MoNE and MoA could be reviving trade, industry, and agriculture. Other goals can reflect the priorities of other clustered sectors: tourism, social development, employment, women's empowerment, and infrastructural development (transportation, energy, communications, etc.). Restructuring and streamlining the NDP limits redundancy, mobilizing resources efficiently in a difficult wartime situation, aiming primarily to limit the deterioration of the most urgent economic and social indicators, preserving the lives of citizens, and meeting their basic needs. Then, in a parallel and complementary manner, reconstruction programs can be created in the Gaza Strip that respond to the strategic needs resulting from the current war.

Questions for Discussion

- A. How can the current strategic plan (2024-29) be modified to suit the economic and social changes brought about by the war?
- B. What are the urgent priorities in the 2024 National Development Plan?
- C. How can we ensure integration of efforts between the West Bank and Gaza Strip in the planning and implementation process?
- D. What are the appropriate strategies to enhance citizens' resilience in the face of current challenges?
- E. What are the proposed mechanisms to ensure sustainable financing for the implementation of strategic plans?
- F. Are there any possible strategies to manage the financial blockade, and restrictions imposed on the PA?
- G. What is required to make the strategic planning process more effective and responsive to current and future challenges? Should MoPIC regroup planning functions dispersed since 2014?