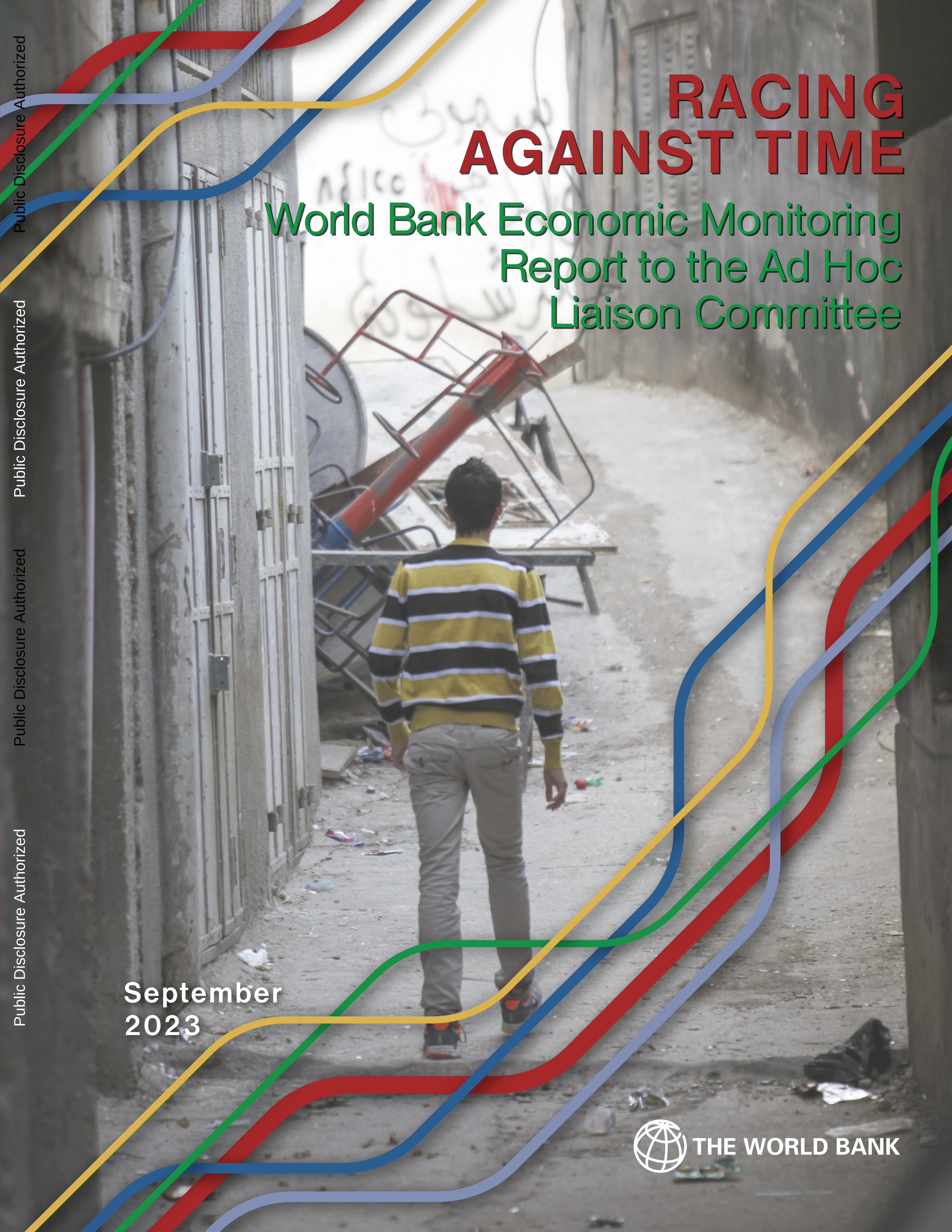

RACING AGAINST TIME

World Bank Economic Monitoring Report to the Ad Hoc Liaison Committee

September 2023

THE WORLD BANK

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This report is a product led by the Equitable Growth, Finance and Institutions (EFI) Practice Group of the World Bank's Middle East and North Africa (MENA) Region, in collaboration with the Human Development (HD) Practice Group of the MENA Region. It is part of a larger effort by the World Bank to contribute to the dialogue on economic monitoring and development policy coordination, in support to the people of the West Bank and Gaza, in its capacity of Rapporteur to the Ad Hoc Liaison Committee (AHLC). Visit www.worldbank.org/en/country/westbankandgaza for more information.

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PREFACE

Operating in environments marked by fragility, conflict, and violence poses complex and distinct challenges, and the Palestinian case is no different. A significant body of literature has emphasized the specific bottlenecks that exist, ranging from—in the first place—the movement, access, trade, and investment restrictions imposed by the Government of Israel (GoI) on the West Bank, and the near-blockade of Gaza, the noncontiguous geography of the territories, to the program advanced by the Palestinian Authority on structural reforms lacking momentum, and increasing penury of foreign aid. Numerous analytical and policy papers—spanning at least three decades, since the establishment of the AHLC forum—have emphasized the severity of the challenges at hand and the imperative of fostering cooperation among all parties. Despite relative clarity on the objectives, progress on the implementation of priorities has been modest, resulting in increased complexity and urgency at the present day. At the behest of the AHLC, this report aims to guide the renewed efforts of the PA and the GoI, the global community, and—more broadly—all relevant policymakers and stakeholders, as they lay the groundwork for sustainable growth and shared prosperity in the Palestinian territories and the wider region. In line with the above, the findings of this report are unsurprising. Unlocking the economic potential of the West Bank and Gaza requires urgent action, in order to spur per capita growth beyond near-stagnation levels, as well as to put the fiscal situation on a sounder footing. The removal, or at least a significant reduction, of restrictions by Israel is a vital prerequisite. Simultaneously, steadfast commitment by the PA to the implementation of a comprehensive reform agenda will be paramount to bolster both recovery and resilience, along with reinforcing institutional governance. In addition, as this report indicates, addressing shortfalls in the health sector will be pivotal to improve the efficiency of public spending, safeguarding human capital, improving service delivery, and revitalizing economic opportunities in a context marked by decades of fragility. While underscoring the burning pressure of these challenges, the World Bank remains fully committed to continuing its close technical collaboration with the PA, the GoI, and all relevant development partners, to help forging a path towards stability, security, economic progress and prosperity, and to contribute to the collective aspiration for a brighter future.

EXECUTIVE SUMMARY

The Palestinian economy slowed during the first months of 2023. Preliminary data for the first quarter (Q1) of 2023 indicate that growth slowed to 3.1 percent, year-on-year (y/y), largely due to the waning of post-pandemic recovery. Meanwhile, systemic restrictions imposed by the Government of Israel (GoI)[1] continue to curtail economic activity, especially in Gaza, where the economy contracted by 2.6 percent in Q1 2023, according to data by the Palestinian Central Bureau of Statistics (PCBS). This is largely on account of a decline in the agricultural, forestry, and fishing sector, which shrank by almost 30 percent following a decision by the GoI to restrict the sale of Gazan fish in the West Bank in August 2022.[2] On the other hand, in the West Bank the economy grew by 4.3 percent y/y in Q1 2023, thanks to continued expansion of private consumption which in turn supported the growth of wholesale and retail trade and services.

The economic context in the West Bank and Gaza continues to be marked by elevated risks. The economy will continue facing a combination of slow growth and high poverty rates, unless substantial policy change takes place. Under the baseline scenario, the Palestinian economy is expected to continue languishing under the multi-layered system of Israeli restrictions on movement access and trade in the West Bank, the near-blockade of Gaza, the internal divide, and a reform program lacking conclusiveness and momentum on the Palestinian Authority (PA) side. These constraints will continue to hinder economic activity and discourage private-sector development, preventing the Palestinian economy from reaching its potential. Under these assumptions, economic growth is expected to hover around 3 percent over the medium term, and due to rapid population growth, the real income per capita is expected to stagnate at best. Moreover, downside risks remain elevated. An escalation of Russia's invasion of Ukraine could further strain global supply chains and increase pressure on food and energy prices, slowing the growth of the Palestinian economy. Meanwhile, renewed clashes between Palestinians and Israeli forces in the West Bank and Gaza would increase the already elevated levels of political and economic uncertainty and could further

1 These restrictions are for the purpose of enhancing the security of Israel and Israeli citizens, according to the Government of Israel.

2 According to the Israeli NGO Gisha, the GoI imposed a total ban on the sale of fish from Gaza in the West Bank in August 2022 after a truck was caught transshipping Gazan fish into Israel. Several weeks later, a quota of 40 tons per month was imposed, which was raised to 80 tons per month in February 2023—just over half the monthly average of 150 tons prior to the initial ban. *https://gisha.org/en/israel-continues-to-restrict-sale-of-fish-from-gaza-10-months-on/*.

limit Palestinian workers' access to the Israeli labor market. The PA has little fiscal scope to counter such shocks, and political uncertainty in Israel could contribute to exacerbate the macroeconomic and fiscal risks facing the West Bank and Gaza.

The PA's fiscal situation is predicted to worsen as we move further into 2023, and financing options are more and more limited, worryingly raising fiscal sustainability risks. Public revenue is performing well and expected to grow by 6 percent, to around 24 percent of GDP in 2023, thanks to increased tax efforts and economic growth in the West Bank; however, expenditures are estimated to rise by 2.4 percent, reaching 26.5 percent of GDP. This increase is driven by as yet partial implementation of recent agreements with labor unions, leading to a significant rise in the wage bill. As a result, the overall deficit before grants is forecast to be US$561 million, equivalent to 2.8 percent of GDP. When accounting for Israeli deductions from clearance revenues, the deficit could reach US$817 million or 4.1 percent of GDP. Aid inflows are expected to partially narrow the deficit to US$493 million or 2.5 percent of GDP, with US$324 million coming in the form of budget support and development financing. If pressure from unions results in the full implementation of labor agreements by September 2023, the deficit could further increase to US$533 million. **In the absence of clear policy change, the fiscal deficit is anticipated to hover around 2.5 percent of GDP over the medium term, but financing options will become increasingly limited.** Domestic bank financing is no longer viable, leading to the deficit being financed through the accumulation of arrears to the private sector, public employees, and the pension fund. The accumulation of such arrears over time poses meaningful risks to macro-fiscal stability, as it reduces market liquidity and can reverberate in the banking sector.

PA reform efforts are necessary but not sufficient to establish the strong macroeconomic foundations required to achieve much-needed fiscal sustainability. The PA can and needs to continue its efforts to substantially decrease the fiscal deficit through reforms, while implementing further actions to enhance the business environment and foster private-sector expansion. Nonetheless, comprehensive analysis by the World Bank and other development institutions clearly reveals that the largest hindrances to growth and private-sector development[3] are related to the GoI-imposed restrictions on movement and economic activity in the West Bank, along with the near-total blockade of Gaza. Despite extensive and constructive dialogue among all parties about these issues, action continues to lag behind. Until the restrictions are removed, the Palestinian economy is projected to persist in operating below its full potential.

Meaningful cooperation by the GoI remains crucial to improve the PA's fiscal situation and enable the Palestinian economy to reach its full potential. For instance, the 1995 interim agreement states that the Israeli civil administration is expected to collect revenues from Israeli businesses operating in Area C and remit them to the PA.[4] While these funds are collected by the GoI, thus far they have not been transferred to the PA. The GoI must also work with the PA to implement institutional measures to sustainably reduce fiscal leakages from clearance revenues, which are vital to reinforce the PA's finances. The following recommendations (detailed on pages 11–12) can help advance these objectives while yielding a number of mutually beneficial outcomes:

A. Fully implement the e-VAT clearance system.
B. Transfer customs responsibilities to the PA and establish Palestinian bonded warehouses.
C. Remit all VAT on Israel-Gaza trade to the PA.

[3] Laursen, T.B, and N. Nasser Eddin (2017). *Prospects for growth and jobs in the Palestinian economy: a general equilibrium analysis (English).* Washington, D.C.: The World Bank Group. *http://documents.worldbank.org/curated/en/952571511351839375/Prospects-for-growth-and-jobs-in-the-Palestinian-economy-a-general-equilibrium-analysis.*

[4] See Annex III, Appendix I, Article 8, Paragraph 2(a), 2(b) and Article 18, Paragraph (4) of the Interim Agreement on the West Bank and the Gaza Strip, Washington, D.C., September 28, 1995 (the Interim Agreement) accessed here: *https://www.gov.il/en/Departments/General/the-israeli-palestinian-interim-agreement-annex-iii.*

D. Establish greater transparency regarding deductions from clearance revenues.
E. Renegotiate the fee charged by the GoI for handling Palestinian imports.
F. Exempt the PA's fuel imports from taxes.
G. Collaboratively determine the exit fee collected at the Allenby Bridge and allocate the resulting revenue according to the shares specified in the Paris Protocol.

Similarly, donor support is an irreplaceable factor to the success of the PA's reform agenda, particularly in the short and medium term. Despite broad-based agreement on this, there are few-to-no signs of increase on aid flows. To prevent adverse social and economic repercussions, the PA should adopt a gradual approach in reforming revenue and expenditure management, especially given the large fiscal multipliers. At the same time, ongoing fiscal consolidation efforts are susceptible to external shocks, and success will also depend on the political climate and cooperation by the GoI. In such a context—where ensuring a smooth fiscal consolidation path and mitigating political and economic uncertainty remain top of the agenda—having adequate and predictable budget support becomes a pivotal and indispensable element for attaining success. In the medium term, donor assistance should be redirected towards development projects that stimulate economic growth. Additionally, implementing further public financial management reforms and cross-cutting governance measures could attract additional donor resources. While discussions with the international community to increase foreign aid to the PA are ongoing, their ultimate materialization remains uncertain.

A recent positive development is a gradual stabilization of the Palestinian banking sector's direct exposure to the public sector, at pre-COVID levels. At the same time, the combination of direct and indirect exposure remains sizeable overall, and warrants continued monitoring by the authorities. During periods of heightened fiscal stress, the PA has repeatedly increased its borrowing from domestic banks, at times exceeding the public-sector exposure limits set by the PMA. Following several years in which annual PA borrowing remained broadly stable at about US$1.3–1.4 billion, the banking system's exposure to the public sector increased considerably, reaching US$2.5 billion in December 2021. By June 2023, PA borrowing had fallen to US$2.3 billion, slightly above the PMA-imposed prudential limit and pre-pandemic levels.[5] In addition to direct borrowing by the PA, bank loans to public employees, which are fully or partially backed by future PA salaries have created indirect exposure to the public sector. Together, borrowing by the PA and public employees amounts to about US$4.2 billion, representing almost 37 percent of total banking-sector credit.

Limited progress on securing stable correspondent banking relationships (CBRs) continues to threaten the stability of cross-border payments. In recent years, Israeli banks have signaled plans to curtail or terminate CBRs with Palestinian banks, citing concerns around potential money laundering and the financing of terrorism. Serious disruptions to CBRs would significantly impact the Palestinian economy. Both the West Bank and Gaza heavily rely on Israel as their primary trading partner, and their predominantly cash-based economies depend on the Israeli Shekel.[6] Limits on the repatriation of shekels from Palestinian banks to Israel has contributed to an estimated accumulation of NIS 4.5 billion in excess shekel-denominated liquidity in Palestinian banks, equivalent to 6.4 percent of their assets as of end-September 2022.[7,8] To mitigate the risk of immediate disruptions to CBRs between the two banking systems, the GoI approved a temporary indemnity and immunity package for Israeli banks engaging with Palestinian banks in 2017. This arrangement has been extended multiple times, most recently until March 2024, as the PA and GoI strive to establish a more stable framework for cross-border payments. However,

5 The COVID-19 pandemic was one of several factors driving the increase in PA borrowing during 2021.
6 The value of payment activity between Israel and the West Bank and Gaza is estimated at over NIS44 billion per year.
7 Banks in the West Bank and Gaza must manage large amounts of excess cash due to limits on the amount of cash that can be shipped to Israel.
8 IMF Selected Issues Paper on West Bank and Gaza, September 16, 2022.

progress has been limited due to several unresolved disagreements, including the status of proposed Israeli legislation and the pending due diligence process of participating Palestinian banks.

This report also offers a focus chapter on the Palestinian health system, demonstrating large resource constraints hinder the health system's ability to cope with the mounting burden of non-communicable diseases (NCDs). The rising incidence of NCDs such as cancer, cardiovascular conditions, diabetes, and kidney disease is increasing the cost of health services across the Palestinian population. Moreover, the Israeli occupation and the broader macro-fiscal context in the Palestinian territories have a significant impact on the Palestinian health system's ability to deliver services, by reducing investments in facilities and infrastructure and restricting the movement of people and goods. As a result, medicine stockouts are common, particularly in Gaza. A recent official joint WB-IMF mission to Gaza[9] directly observed the critical conditions of the hospitals in the Strip, and—in particular—the challenges faced by cancer patients, especially in relation to the availability of local treatment as well as to the acquisition of timely permits to travel outside Gaza. Such hurdles often make it impossible to provide adequate and/or timely healthcare, in several cases resulting in the serious worsening of health conditions or even the death of patients. Importantly, in recent years, the average availability of essential medicines in Gaza has been equivalent to just 55 percent of need, compared to 90 percent in the West Bank.[10] In addition, unfavorable work conditions and low salaries intensify human-resource constraints. Finally, recurrent armed conflict episodes have directly affected the delivery of health services: between 2019 and 2021, 563 attacks affected 151 health facilities and injured 463 health workers.[11]

Many patients are referred to hospitals that are not managed by the Palestinian Ministry of Health (PMOH), resulting in increasingly unsustainable health expenditures, which further exacerbates an already strained fiscal position. NCDs often require sustained treatment and continuous access to preventive, curative, and palliative care, which the Palestinian public health system is not able to offer. Since 2015, almost 90,000 cases per year (23 percent from Gaza and 73 percent from the West Bank) have been referred from public health facilities to private or NGO-run hospitals in the east Jerusalem Hospital Network (EJHN).[12] the West Bank, Gaza, or Israel, resulting in an average annual financial burden of about NIS 850 million (almost US$250 million), equivalent to one-third of annual PMOH health expenditures or roughly 1.3 percent of GDP (2022). This is in addition to over US$345 million in cumulative arrears to hospitals for services provided. Between 2020 and 2022, the top three conditions for these outside medical referrals (OMR) were cancer, cardiovascular conditions, and urological conditions. Together, these conditions represented a combined 60 percent of all referral expenditures.[13]

The Israeli and Palestinian authorities should coordinate more effectively to ensure access to essential health services, reduce the financial burden of healthcare, and strengthen the Palestinian health system. Significant physical constraints limit timely access to high-quality essential OMR services, and the PA's current spending on these services is unsustainable. The focus chapter of this report describes in detail the constraints on access to health services and the respective roles and respon-

9 The mission took place in August 2023, and included visits to local hospitals, schools, and private sector representatives.

10 World Health Organization, Regional Office for the Eastern Mediterranean, 2023. "Right to health: barriers to health and attacks on health care in the occupied Palestinian territory, 2019 to 2021". License: CC BY-NC-SA 3.0 IGO.

11 Ibid.

12 Hospitals in the east Jerusalem Hospital Network (EJHN) include Augusta Victoria Hospital, Makassed Hospital, Saint John Eye Hospital, Palestinian Red Crescent Society Hospital, Princess Basma Center for Children with Diabetes, and Saint Joseph's Hospital. While other hospitals in east Jerusalem also receive referrals, EJHN hospitals receive almost the totality of referrals.

13 All data pertaining to referral volumes and expenditures in this chapter, unless cited otherwise, is from a cumulative analysis of OMR for January 2020 – October 2022 using eReferrals data obtained from the PMOH. This analysis was conducted by the World Bank in 2023 as part a forthcoming Public Expenditure Review (PER) in early 2024.

Objective	Israeli authorities	Palestinian authorities	GoI + PA
Improve access to quality health services	Establish an expeditious, time-bound, systematic, and transparent process for granting travel permits to Palestinian patients and their companions. Offer multiple-entry permits to patients with chronic conditions. Strengthen the physical protection of medical personnel and facilities. Facilitate the entry of essential medicines, medical equipment, spare parts, and medical supplies, particularly to Gaza.	Clearly define patient care pathways and clinical guidelines for referrals, especially for Israeli hospitals. Build the SPU's capacity to manage and audit referral cases, and continue streamlining the OMR process.	Establish a coordination body to promote timely access to essential health services by reducing the frequency of permit delays and denials. Strengthen information systems and reporting to collect detailed patient, procedure, and case-specific data, and integrate data collection with existing information systems from all OMR-receiving hospitals, including those in Israel.
Enhance the fiscal sustainability of the health system	Improve the reporting of unit costs, total expenditures, and clearance deductions for OMR treatment provided in Israeli hospitals, and identify opportunities to reduce prices. Align Israeli Health Maintenance Organization reimbursement rates directed to hospitals in the East Jerusalem Hospital Network with those of comparable Israeli hospitals.	Formulate an investment plan for reducing expenditures by strengthening primary care and building hospital capacity at PMOH facilities, with investments to be funded by the PA and its development partners. Finalize contract negotiations with all referral-receiving hospitals and include provisions to address past arrears. Conduct a detailed costing of care for priority conditions to move from a procedure-based to a case-based provider payment system, and strengthen purchasing arrangements, to reduce costs.	Ensure the financial sustainability of service delivery in EJHN. Negotiate contracts stipulating the costs of services delivered in Israeli hospitals, and align those costs with service-delivery costs in hospitals in EJHN and in the West Bank.

sibilities of the Israeli and Palestinian authorities (Section 1 of Chapter 2), analyzes the fiscal implications of OMR expenditures (Section 2 of Chapter 2), and provides some actionable policy recommendations for all stakeholders to improve access to quality health services, as summarized in the table below.

1

RECENT ECONOMIC DEVELOPMENTS

1.1. Economic Activity

The Palestinian economy slowed during the first few months of 2023. Following a major contraction of −11.03 percent in 2020 due to the COVID-19 crisis, the GDP growth rate rebounded to 7.0 in 2021 and 3.9 percent and 2022. However, preliminary data for the first quarter (Q1) of 2023 indicate that growth slowed to 3.1 percent, year-on-year (y/y), due to the waning post-pandemic recovery coupled with spillovers from Russia's invasion of Ukraine (Figure 1). Meanwhile, systemic restrictions imposed by the Government of Israel (GoI) continue to curtail economic activity, especially in Gaza.

The West Bank drove growth in Q1-2023, while Gaza's economy contracted. Economic activity in the West Bank rose by 4.3 percent y/y in Q1-2023, as the continued expansion of private consumption supported the growth of wholesale and retail trade and services. The increase in private consumption was mostly financed through the earnings of Palestinian workers in Israel. Public consumption declined (y/y) as the PA has been paying partial wages since late 2021 and has also squeezed other spending items in 2023, given the fiscal stress. By contrast, according to the PCBS, Gaza's economy contracted by 2.6 percent due to the worsening performance of the agricultural, forestry, and fishing sector (Table 1), which shrank by almost 30 percent after the GoI restricted the sale of Gazan fish in the West Bank in August 2022.[14,15]

The unemployment rate increased in Q2-2023. It rose from 24.4 percent in 2022 to 24.7 percent in Q2 2023, mostly driven by an increase in Gaza's unemployment rate, which rose

[14] According to the Israeli NGO Gisha, the GoI imposed a total ban on the sale of fish from Gaza in West Bank in August 2022 after a truck was caught transshipping Gazan fish into Israel. Several weeks later, a quota of 40 tons per month was imposed, which was raised to 80 tons per month in February 2023—just over half the monthly average of 150 tons prior to the initial ban. *https://gisha.org/en/israel-continues-to-restrict-sale-of-fish-from-gaza-10-months-on/.*

[15] Gaza's economy contracted in Q1-2023, y/y, despite an increase in exports compared to the same quarter in the previous year and a rise in the number of Gazan workers exiting the Strip.

FIGURE 1 • GDP Continued Its Moderate Growth in 2022/23

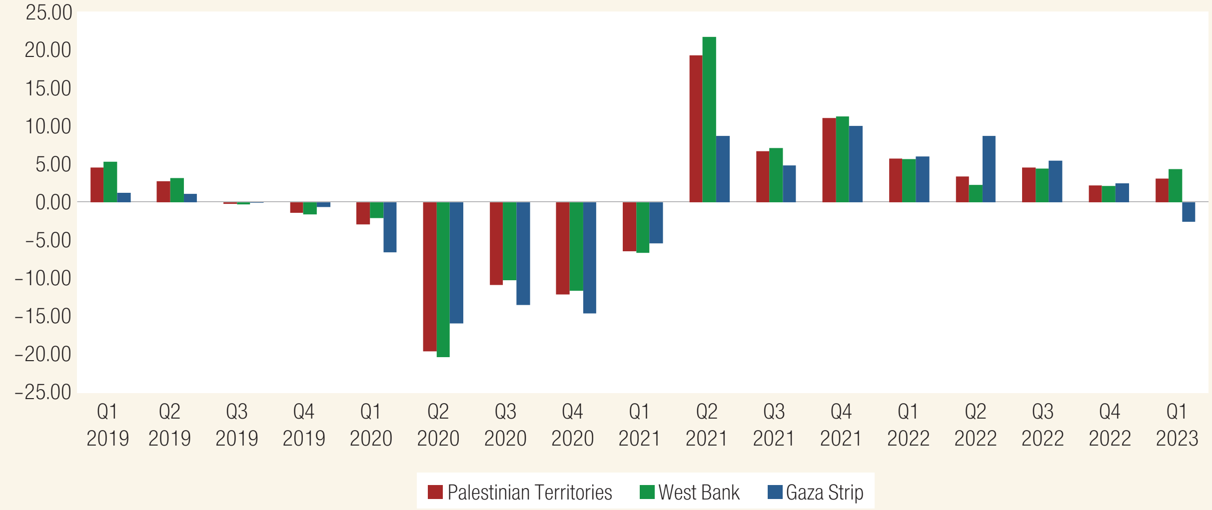


TABLE 1 • Contribution to y/y Growth by Sector, Q1-2023 (%)

Sector	West Bank	Gaza	Combined Average
Agriculture, Forestry and Fishing	−0.2	−3.1	−0.7
Mining, Manufacturing, Electricity and Water	0.1	0.3	0.1
Construction	0.1	−0.8	0.0
Wholesale and Retail Trade	1.3	0.6	1.2
Transportation and Storage	0.1	0.1	0.1
Financial and Insurance Activities	0.4	0.4	0.4
Information and Communication	0.0	0.0	0.0
Services	0.5	−1.3	0.2
Public Administration and Defense	−0.1	0.4	0.0
Households with Employed Persons	0.0	0.0	0.0
FISIM	0.0	0.0	0.0
Customs Duties	−0.1	−0.1	−0.1
VAT on Imports, net	2.2	1.1	2.0
GDP growth	4.3	−2.6	3.1

Source for Fig 1 and Table1: Palestinian Central Bureau of Statistics.

from 45.3 percent to 46.4 percent (Table 2). Rising unemployment in Gaza largely reflects the contraction in economic activity, as explained earlier in the report, and the lasting impact of the near-total Israeli blockade. In the West Bank, the unemployment rate reached 13.4 percent in Q2-2023, up from 13.1 percent in 2022.

Inflation remained relatively stable in the first half of 2023 at close to the 2022 average. The post-pandemic recovery and Russia's invasion of Ukraine have driven up food and fuel prices worldwide. In the Palestinian territories, the CPI increased to 3.7 percent (y/y) in 2022, from negative territory in 2020. It has since remained relatively stable with

TABLE 2 • Labor-Market Statistics, Q2-2023

Indicator (%)	West Bank	Gaza	Combined Average
Unemployment rate	13.4	46.4	24.7
Full employment	85.5	51.6	73.9
Underemployment	1.1	2.0	1.4
Labor force participation rate	47.8	39.9	44.8
Youth unemployment (15–29 years)	22.4	59.3	35.7
Male	17.0	54.0	30.1
Female	42.8	77.1	56.0

Source: Palestinian Central Bureau of Statistics.

the CPI reaching 3.8 percent in the first half of 2023. In Gaza, the inflation rate was just 1.8 percent in the first half of 2023, while in the West Bank it reached 4.4 percent, reflecting a continuous divergence in the cost of living between the two territories. The modest uptick in inflation was driven by an increase in all major expenditure groups, including food, tobacco, and transportation.

Rising consumption boosted imports, widening the current-account deficit. While imports and exports both increased during Q1-2023, exports remained low due to ongoing trade restrictions. Consequently, import growth widened the trade deficit from US$2.1 billion in Q1-2022 to US$2.4 billion in Q1-2023. Meanwhile, net foreign income improved, driven by increased private transfers and official transfers to the government. However, the increase in transfers was not sufficient to offset the growth of the trade deficit, and as a result the current-account deficit widened from US$602 million in Q1-2022 to US$754 million in Q1-2023.

The latest estimates indicate that the poverty rate peaked in 2020, then dropped slightly in 2022. In the West Bank, poverty rates are lower but sensitive to economic shocks, while in Gaza changes in social assistance flows significantly affect the population's wellbeing. Estimates based on the Upper Middle Income poverty line, and taking into account trends in real per capita GDP, suggest that the poverty rate peaked at 26.5 percent in 2020. As the impact of pandemic-related economic restrictions faded, the overall poverty rate dropped to an estimated 24.3 percent in 2022, representing almost 1.25 million people living below the poverty line. The poverty rate is projected to hold steady at around 24.2 percent until 2025.

In the absence of distinct policy change, the West Bank and Gaza are expected to continue facing a combination of slow growth and high poverty rates, in a context of elevated risks. Under the baseline scenario, the Palestinian economy is expected to continue languishing under the multi-layered system of Israel restrictions on movement access and trade in the West Bank, the near-total blockade of Gaza, the internal divide, and a reform program lacking conclusiveness and momentum on the PA side. These constraints will continue to hinder economic activity and discourage private-sector development, preventing the Palestinian economy from reaching its potential. Under this scenario, economic growth is expected to hover around 3 percent, and due to the rate of population growth, the average real income per capita is expected to stagnate. Moreover, downside risks remain elevated. An escalation of the war in Ukraine could further strain global supply chains and increase pressure on food and energy prices, slowing the growth of the Palestinian economy. Meanwhile, a further escalation of clashes between Palestinians and Israeli forces in the West Bank and Gaza would increase economic uncertainty and could further limit Palestinian workers' access to the Israeli labor market. The Palestinian Authority (PA) has little fiscal scope to counter such shocks, and uncertainty on the political front in Israel could contribute to exacerbate the macroeconomic and fiscal risks facing the West Bank and Gaza.

TABLE 3 • Key Macroeconomic Indicators, 2019-2025

	2019	2020	2021	2022	2023e	2024f	2025f
Real economy, annual percent change, unless indicated otherwise							
Real GDP	1.4	−11.3	7.0	3.9	3.2	3.0	2.7
Nominal GDP	5.3	−9.3	16.6	5.5	5.0	4.9	4.6
GDP Per Capita (nominal)	2.7	−11.6	13.8	3.0	2.5	2.4	2.2
Real GDP growth, at constant market prices							
Private Consumption	4.1	−13.1	7.5	20.5	4.0	3.8	3.7
Government Consumption	−3.5	0.3	10.3	−10.5	−3.0	4.0	3.7
Gross Fixed Capital Investment	−2.6	−20.9	13.7	11.8	3.0	2.8	2.2
Exports, Goods and Services	2.0	−11.2	17.3	6.2	5.0	5.0	5.0
Imports, Goods and Services	1.4	−14.2	14.8	25.7	5.0	5.0	5.0
Real GDP growth, at constant factor prices							
Agriculture	0.9	−9.1	−0.7	−5.7	−1.0	−1.0	−1.0
Industry	−0.5	−19.4	4.5	3.4	3.2	3.0	2.8
Services	2.0	−10.0	7.5	1.5	3.6	3.4	3.0
Labor force participation rate (%)	44.3	40.9	43.4	45.0	45.0	45.0	45.0
Unemployment Rate (%)	25.3	25.9	26.4	24.4	24.4	24.5	24.5
GDP Deflator	3.8	2.2	9.0	1.5	1.8	1.8	1.8
Consumer Price Index (year-average)	1.6	−0.7	1.2	3.7	3.8	3.0	2.7
Overall Fiscal Balance (% GDP)	−7.4	−7.5	−5.8	−1.8	−2.5	−2.5	−2.5
Current-Account Balance (% GDP)	−10.4	−12.3	−9.8	−15.0	−13.8	−13.2	−12.7
Memorandum items:							
Nominal GDP (US$ million)	17,134	15,532	18,109	19,112	20,073	21,049	22,013

Source: PCBS, PMA, and Palestinian Ministry of Finance. Note: e = estimate.

1.2. Public Finances

a) *Fiscal Performance, January-June 2023*

Most PA revenue is generated in the West Bank, and recent economic growth boosted tax collection in the first half (H1) of 2023. Domestic tax revenue grew by 13 percent, supported by a broad-based increase across most tax categories. Domestic customs revenue rose by 21 percent, while income tax increased by 6 percent. In addition, revenue from excise taxes on tobacco spiked by 82 percent in H1 2023 due to the receipt of a one-off payment from a local tobacco-distribution company that had been deferred from the previous year. Nontax revenue remained almost constant y/y as rising revenue from domestic fees and charges offset the decline in investment profits received by the PA during H1-2023, y/y.

Clearance revenues[16] also performed relatively well in H1-2023, increasing by 6 percent y/y despite additional GoI deductions. Customs duties,

16 "Clearance revenues" are revenues collected by the GoI and transferred to the PA after certain deductions have been made. Most clearance revenues are VAT and import duties, and they should be remitted on a monthly basis according to the Paris Protocol.

which are collected on imports from countries other than Israel,[17] fell by 4 percent as trade data for the first five months of 2023 show a slight decline in third-country imports. Unlike customs duties, VAT is collected on all imports, including those from Israel. Following an increase in imports from Israel by 9 percent in the first five months of 2023, VAT revenue grew by 15 percent y/y. In addition, petroleum excise taxes increased by about 18 percent. The GoI's deductions from clearance revenues to account for some of the payments made by the PA to Palestinian prisoners in Israeli prisons, ex-prisoners, and families of those deceased as a result of violence were doubled from NIS51 million to NIS102 million per month between February and July 2023. The increase, according to the GoI, was to account for funds not withheld during a temporary COVID-19 pandemic-related suspension in 2019. The deductions were reduced again to NIS51 million in July 2023. It has been reported, though, that the GoI may increase the monthly deductions again by NIS20 million to offset some of the electricity debt owed by the Jerusalem electricity distribution company to the Israeli supplier, the IEC.

Recurrent public spending rose on a commitment basis by 1.3 percent y/y in H1-2023, driven by increases in the wage bill and transfers, the PA's two largest expenditure categories. The wage bill increased by 4.9 percent y/y on a commitment basis due to the implementation of the yearly step increase and the recently agreed increases for specific professions, including 10 percent for medical doctors, 5 percent for medical support staff, 5 percent for engineers, and 5 percent for teachers.[18] However, on a cash basis the PA has been paying around 80–85 percent of the salaries of its public employees since November 2021 while protecting the lowest earners. Government transfers increased by 7 percent y/y in H1-2023 after a delayed National Cash Transfer Program (NCTP) payment from 2022 was executed in April. Due to the fiscal stress, the PA has not been making regular quarterly payments through the NCTP, which has had a large impact on the most vulnerable, especially in Gaza. Net lending, reflecting unplanned subsidies to Local Government Units (LGUs) covering accumulated utility bills to Israeli suppliers, increased by 3.5 percent during the first six months of 2023. In contrast, spending on goods and services was kept very close to the previous year's level as the PA priori-tized other budget categories. The cost of the fuel sub-sidy, which has been reclassified as an expenditure item rather than a negative revenue item since Janu-ary 2023, fell by about 18 percent y/y in the H1-2023, due in part to easing pressure on global fuel prices.

TABLE 4 • Budget Support to the Palestinian Authority, US$ Millions

Budget Support Partners	Jan–June 2022	Jan–June 2023
Arab Donors	**5**	**0**
Multilaterals	**37**	**118**
EU PEGASE	1	63
World Bank DPG	30	30
World Bank PURSE[a]	6	22
World Bank CTP	0	3
Total	**42**	**118**

Source: Palestinian Ministry of Finance.

[a] Some of the contributions from PURSE donors, including Norway, were committed in 2022 but materialized in 2023, hence they are reflected (above) in the H1 2023 figures and not in the H1 2022 figures.

Given expenditure constraint and high reve-nue growth, the PA faced a relatively small deficit in H1-2023, though it was significantly widened by Israeli deductions. The total deficit before grants reached US$82 million over the period, but the GoI's deductions from clearance revenues amounted to US$157 million, raising the overall deficit to US$239 million. Meanwhile, donor financing increased significantly to US$156 million from US$80 million during the same period in 2022 (US$118 million in budget support and US$38 million in development financing). After aid, the deficit reached US$83 mil-lion. While no funding was received from Arab donors in the first six months of 2023 (unlike the previous year), the y/y increase in budget support reflected

17 The 1994 Paris Protocol regulates economic relations between the GoI and the PA. It established a quasi-customs union between Israel and West Bank and Gaza under which the two parties apply the same import policy on trade with third countries and maintain free trade in all goods between them.

18 According to the Palestinian Ministry of Finance, the increases have so far been only partially implemented and will be paid in full once funds are available.

the reinstatement of EU funding and access to additional funding through the World Bank's Multi-Donor Trust Fund (PURSE) (Table 4). The remaining gap, as in previous years, was filled through the accumulation of arrears and additional borrowing from the domestic banking sector. In fact, the stock of domestic public

TABLE 5 • Key Fiscal Indicators, 2019-2025

	2019	2020	2021	2022	2023e	2024f	2025f
Figures expressed as percent of GDP							
Overall Balance	−7.4	−7.5	−5.8	−1.8	−2.5	−2.5	−2.5
Primary Balance	−7.1	−7.1	−5.1	−1.1	−1.8	−1.8	−1.8
Total Revenues and Grants	22.4	25.7	25.0	27.3	24.1	24.1	24.1
Domestic Tax Revenues	4.5	4.7	5.5	6.0	5.7	5.7	5.7
Income tax	1.2	1.2	1.2	1.5	1.4	1.4	1.4
Value added tax	1.8	2.0	2.0	2.2	2.0	2.0	2.0
Customs	1.1	1.0	1.6	1.7	1.7	1.7	1.7
Excises on beverages	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Excises on tobacco	0.4	0.5	0.6	0.6	0.6	0.6	0.6
Property tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-Tax Revenues	2.1	2.4	2.2	2.4	1.9	1.9	1.9
Earmarked collections[a]	0.5	0.6	0.8	0.9	0.7	0.7	0.7
Clearance Revenues[b]	12.8	15.1	15.3	16.5	14.4	14.4	14.4
Grants	2.8	3.1	1.7	1.8	1.6	1.6	1.6
Tax Refunds	−0.3	−0.3	−0.6	−0.2	−0.3	−0.3	−0.3
Total Expenditures	29.9	33.2	30.7	29.1	26.5	26.5	26.5
Current Expenditures	24.7	28.0	26.0	23.7	21.8	21.8	21.8
Wages and Compensation	13.0	14.2	14.6	13.9	12.9	12.9	12.9
Goods and Services	3.7	4.2	4.4	4.2	3.9	3.9	3.9
Interest Payments	0.3	0.4	0.7	0.7	0.7	0.7	0.7
Current Transfers	7.7	9.2	6.3	4.8	4.3	4.3	4.3
Capital Expenditures	2.1	2.0	1.5	1.6	1.3	1.3	1.3
Net lending	1.9	2.2	2.1	1.9	1.8	1.8	1.8
Earmarked Payments	0.5	0.6	0.8	0.9	0.7	0.7	0.7
Fuel subsidy	0.7	0.4	0.4	1.1	0.8	0.8	0.8
Government Financing	7.4	7.5	5.8	1.8	2.5	2.5	2.5
External Borrowing (net)	1.1	0.7	0.0	−0.1	0.0	0.0	0.0
Domestic Borrowing (net)	3.6	2.9	0.5	−0.5	−0.5	0.0	0.0
Domestic Arrears (net)	2.8	3.9	5.3	2.4	2.9	2.5	2.5
General Government Debt[c]	39.2	55.1	56.0	53.2	53.1	53.2	53.3

Note: e = estimate, f = forecast.
[a] Earmarked collections and payments are collections from taxes and revenues due to local government units.
[b] Revenue collected by Israel on behalf of and transferred to the Palestinian Authority.
[c] General government debt figures include foreign debt, domestic debt, and arrears.

debt increased from US$2.24 billion in December 2022 to US$2.42 billion in June 2023.

The stock of arrears owed by the PA to the private sector, public employees, and the pension fund remains large. According to the Ministry of Finance's monthly fiscal reports, the stock of arrears to the private sector stood at US$0.9 billion in June 2023. Wage arrears to public employees are currently estimated at US$0.6 billion. In addition, arrears to the pension fund for the civil service are estimated at about US$3 billion, while no data are available on the security-service pension schemes.

b) *Fiscal Forecast for 2023*

The PA's fiscal situation is expected to worsen during the latter part of 2023. According to World Bank estimates, public revenue will continue to perform well and is expected to grow by about 6 percent in 2023, reflecting rising tax effort and continued economic growth in the West Bank. Increased domestic and clearance revenues will both drive revenue growth. Meanwhile, expenditures are projected to rise by 2.4 percent as the partial implementation of recent agreements with labor unions drives a significant increase in the wage bill. As a result, the overall deficit before grants will reach US$561 million or 2.8 percent of GDP by end-2023. GoI deductions from clearance revenues are estimated at 1.3 percent of GDP and are expected to push the deficit to US$817 million or 4.1 percent of GDP. Aid inflows are expected to reach US$324 million (US$240 in budget support and US$84 in development financing) narrowing the deficit to US$493 million or 2.5 percent of GDP. If pressure from the unions results in the full implementation of the labor agreements by the start of the school year in September, the deficit could reach US$533 million or 3.7 percent of GDP by the end of the year. If current policies remain unchanged, the deficit is expected to hover around 2.5 percent of GDP over the medium term, while financing options will become even more limited. Given that domestic bank financing is no longer an option, the deficit is expected to be financed through the further accumulation of arrears to the private sector, public employees, and the pension fund. These additional arrears will eventually pose a risk to macroeconomic stability, as they pull liquidity from the market and may also weaken the banking sector.

c) *Toward Fiscal Sustainability: Policy Priorities for the PA, GoI, and Development Partners*

Fiscal sustainability requires a strong macroeconomic foundation, which the PA's reform efforts are necessary but not sufficient to establish, and additional actions by the GoI remain crucial to enable the Palestinian economy to reach its potential. Reforms by the PA could over time significantly reduce the size of the fiscal deficit, and additional measures to improve the business environment could accelerate private-sector growth. However, previous World Bank analytical work has shown that GoI restrictions on movement and economic activity in the West Bank and the near-blockade of Gaza remain the most important obstacles to growth and private-sector development.[19] Until these challenges are addressed, the Palestinian economy will continue to operate below its potential.

Reforms are urgently needed to strengthen the PA's fiscal position and to set the foundation for more robust growth once a long-term political resolution is in place. The unreliable funding of key public services and the high level of payment arrears to the private sector are inhibiting economic development and tightening liquidity constraints. Efforts to improve the equity, effectiveness, and efficiency of public spending must encompass the wage bill, the generous public pension system (see Box 1), and the allocation of transfers to avoid untargeted payments and ensure that transfers support the poorest and most vulnerable households. As described in Chapter 2, strengthening the management of referrals is a

[19] Laursen, T.B, and N. Nasser Eddin (2017). *Prospects for growth and jobs in the Palestinian economy: a general equilibrium analysis (English).* Washington, D.C.: The World Bank Group. *http://documents.worldbank.org/curated/en/952571511351839375/Prospects-for-growth-and-jobs-in-the-Palestinian-economy-a-general-equilibrium-analysis.*

BOX 1: FISCAL MULTIPLIERS

The short-term impact of discretionary fiscal policy on output is measured using fiscal multipliers. Fiscal multipliers are defined as the ratio of a change in output (ΔY) to a discretionary change in government spending or tax revenue (ΔG or ΔT). Put simply, the fiscal multiplier measures the effect of a $1 change in government spending or tax revenue on the level of GDP. Fiscal multipliers are not widely used by economists in operational work given the difficulty to isolate the direct effect of fiscal measures on GDP, because of the two-way relationships between these variables. In addition, data availability limits the scope for estimating multipliers. Econometric and model-based methods need 15 years of quarterly data to produce unbiased estimates.

There is an emerging consensus in economic literature that spending multipliers vary both across countries and across time. Recent research has shown that the size of government spending multipliers ($\Delta Y/\Delta G$) depend on the key characteristics of the economy in question. For example, the higher trade openness of a country leads to a lower multiplier as part of the extra demand can be met from abroad. Also, the nature of the exchange rate regime matters as countries with flexible exchange rate regimes tend to have lower multipliers. In addition to the structural characteristics of economies, temporary factors tend to increase or decrease multipliers from their "regular" levels as well. For example, the stage of the business cycle in which an economy finds itself affects the size of the multipliers as they tend to be larger in a recession.

Given lack of data, a simple approach outlined in Batini, et al. (2014) was utilized to calculate the fiscal multipliers for the Palestinian economy. These authors propose to group countries into three groups that are likely to have similar multiplier values based on their characteristics. They employ a three-step approach where they: i) assign scores based on the country's structural characteristics; ii) sum the scores to determine the likely level of the first-year multiplier (low, medium, or high) in "normal" times; iii) scale up or down the range assigned through the scoring method depending on whether the country is undergoing any of the "temporary" characteristics. Following this approach, the estimate for the government spending multiplier in the Palestinian territories is in the range of 0.2–0.6.

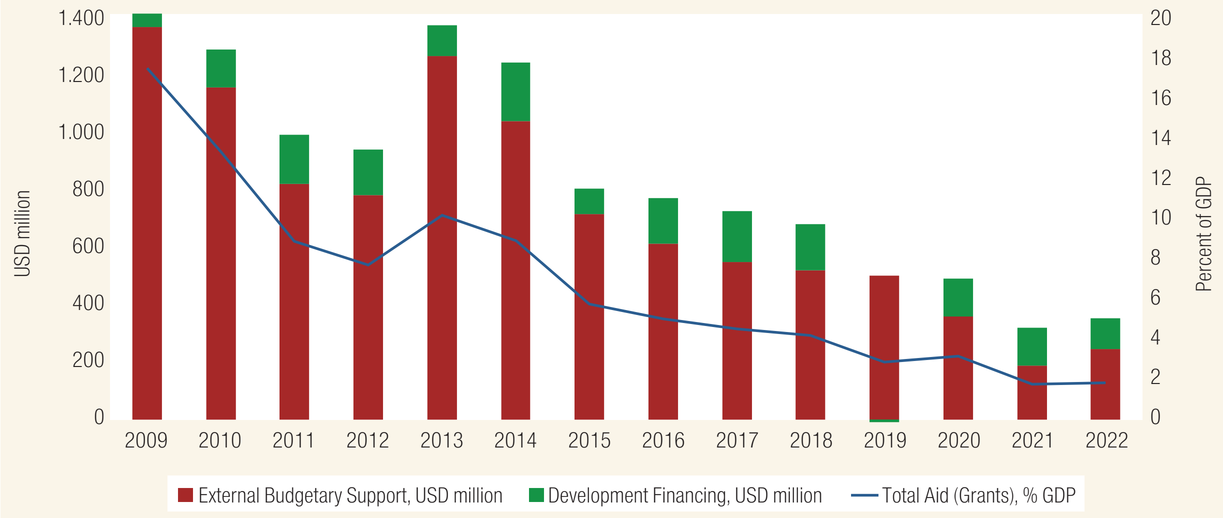
Source: The World Bank's report to the AHLC, September 2021.

key priority in the health sector. Reforms to reduce net lending are also urgent, as the current system results in large unplanned subsidies to local governments.

The PA's reform agenda has not advanced equally in all areas. The PA has made impressive gains in revenue mobilization, and in 2022 central government revenues (before grants) reached 25 percent of GDP, relatively high by the standards of an operating environment marked by decades of fragility. The PA continues to make progress in improving the public financial management system: the production and auditing of financial statements has accelerated, and the five-year backlog of audited financial statements has been fully cleared. The PA has also committed to implementing a commitment-control system for all expenditure categories by end-2023, which should strengthen arrears management. The passage of a new law has bolstered the anti-money-laundering and combating the financing of terrorism (AML/CFT) framework. The consistent implementation of this framework will require continued commitment from the PA and the donor community. To control the growth of the wage bill, the Cabinet adopted an attrition target for net public employment in 2023, under which recruitments should not exceed 50 percent of retirements and other departures. Data for the first half of 2023, however, show that the policy has not been enforced, as the ratio of recruitments to exits in the overall public sector reached 94 percent (131 percent in the security sector and 79 percent in the civilian sectors): urgent attention is required to ensure the consistent implementation of reforms in this and other areas where progress has been slower than expected.

Increased donor support will be vital to the success of the PA's reform agenda. However, there are few-to-no signs of significant increases from current two-decade lows. The PA's efforts to reform revenue and expenditure management must remain gradual to avoid adverse social or economic consequences. Large cuts in public spending would likely have a negative impact on economic activity given the existence of large fiscal multipliers (Box 1). The ongoing fiscal consolidation is also highly vulnerable to exogenous shocks, as economic growth and the fiscal balances continue to hinge on the political context and on cooperation with Israel. Adequate and predictable budget support will be necessary both to facilitate the fiscal consolidation and to hedge

FIGURE 2 • GDP Continued Its Moderate Growth in 2022/23



Source: Palestinian Ministry of Finance.

against political and economic uncertainty. Aid, however, has been on a steep declining trend (Figure 2). In the medium term, donor support should be redirected toward development projects that will bolster economic growth, and further public financial management reforms and cross-cutting governance measures could attract additional donor resources. Ongoing discussions with the international community about potentially expanding the volume of foreign aid to the PA are a positive development, but their ultimate impact on donor funding is not yet clear.

The GoI's cooperation is essential to improve the PA's fiscal situation. The 1995 interim agreement states that the Israeli civil administration is expected to collect revenues from Israeli businesses operating in Area C and remit them to the PA.[20] While these funds are collected by the GoI, thus far they have not been transferred to the PA. The GoI must also work with the PA to implement institutional measures to sustainably reduce fiscal leakages from clearance revenues, which is vital to reinforce the PA's finances. The following recommendations could advance these objectives while yielding other mutually beneficial outcomes:

A. **Fully implement the e-VAT clearance system.** The Palestinian and Israeli authorities both face fiscal leakages from bilateral trade, but the relative size of the issue is more significant for the PA since around two thirds of its trade is with Israel, while the volume of Israeli exports to the Palestinian territories is not significant. The Paris Protocol allows the parties to implement an "interconnected computer system for tax rebates to dealers and for VAT clearance between the two sides,"[21] and in 2022 they launched a pilot e-VAT system under which traders on both sides can voluntarily issue digital transaction receipts. The challenge now is to bring all traders and transactions into the system. The PA has made encouraging progress in updating digital systems and enrolling traders. However, the GoI has yet to legally mandate that traders use the system, and progress on this point is urgent. The GoI reports that the e-VAT legislation is scheduled to be presented at the Knesset during the Winter session. The ultimate goal should be to fully link the inter-

20 See Annex III, Appendix I, Article 8, Paragraph 2(a), 2(b) and Article 18, Paragraph (4) of the Interim Agreement on the West Bank and the Gaza Strip, Washington, D.C., September 28, 1995 (the Interim Agreement) accessed here: *https://www.gov.il/en/Departments/General/the-israeli-palestinian-interim-agreement-annex-iii.*

21 See article VI paragraph 9 of the protocol on economic relations.

BOX 2: THE PALESTINIAN PUBLIC PENSION SYSTEM: CHALLENGES AND RECOMMENDATIONS

The PA's public sector pension system is in transition from a fragmented to a unified scheme. The new, unified scheme (introduced in 2006), despite notable improvements, continues to confront major issues, notably a dramatic worsening of the dependency ratio in the long run, which will require policy adjustments. In addition, the main Defined Benefit (DB) component remains costly due to a combination of a generous formula (2 percent for each year of service), relatively low age of retirement (60), and early retirement privileges. The Defined Contribution (DC) component has never properly been implemented as the individual DC accounts held at the Palestine Pensions Authority (PPA) are notional (i.e.: there is no real money) and accrue no interest.

The schemes' financing mechanism is complex, lacks transparency and needs to be consistent with the Unified Pension Law. The MoF Treasury is required to cover the costs of pensions under the old schemes (I, III, and IV), and additionally, to pay contributions for all public sector employees that are part of the new Scheme (II). Both of these contributions are of the same magnitude, financially. However, the Treasury is *de facto* only financing the current pension payouts. The stock of contribution arrears is allegedly at over 15 percent of GDP (subject to reconciliation between the PPA and MoF), and on a growing trend.

Reform efforts should proceed on four parallel tracks:

Parametric adjustments to alleviate the costs of future pensions, including: a) gradually raise the retirement age to 63, for women and men, by three months annually, over a 12-year period, to keep pace with the increasing life expectancy, b) restrict early retirement to 5 years under the retirement age (initially 55), no matter what total service has been accumulated, c) gradually reduce the accrual rate of pension benefits from the current 2% down to 1.75%, d) reduce the minimum service from 15 to 10 years to enhance access to pensions, while the span of the pensionable wage at retirement could expand to cover at least 5 years of wages, and e) reform the benefit indexation policy, combining wage growth and inflation.

Systemic changes to split the DB benefit package into two. The DB scheme could be made partially non-contributory, by splitting it into two components: (i) one that is linked to regular contributions, while (ii) another component would be a non-contributory basic pension, building on the precedent of the personal allowance (NIS300), paid to all that have the right to the contributory component. Such an approach would allow for a more transparent budgeting process, better link to the wage bill policy, and would give more flexibility to the government in responding to various policy challenges.

Transforming the DC benefit into an early-separation (indemnity) payment. The DC component *de facto* operates now as an end-of-service indemnity scheme with a lump sum benefit linked to earnings. It is recommended to convert it into such *de jure*, so it becomes an unemployment and early separation insurance. Removing the matching 3 percent contribution of the government to that scheme—and possibly making the employee contributions to such scheme voluntary—is also an option.

Restructure and rationalize the institutional and financial responsibilities of PPA and MOF as regards the pension system. If the MoF financially guarantees all future pension payments, it could legally assume the full financial responsibility for all current and future pension obligations by financing any deficit of the consolidated system, without differentiating between schemes. In exchange, all the DB contribution arrears that the MoF has accumulated so far, along with interest and penalties, would be annulled. Among other things, this would result in a reduction of the current explicit public debt.

Source: Public Expenditure Review of The Palestinian Pension System: A Roadmap for Unfinished Reform, The World Bank, September 2022.

faces of both authorities, enabling them to reduce VAT leakage by exchanging real-time information on all purchases being made.[22]

B. **Transfer customs responsibilities to the PA and establish Palestinian bonded warehouses.** Recent meetings between the Palestinian and Israeli Ministries of Finance have produced a draft memorandum of understanding on the transfer of customs responsibility from the GoI to the PA. However, several contentious issues remain, including the type of goods that would be under the purview of the PA—specifically high-value goods such as cigarettes, tobacco, and alcohol—as well as the scope of the transfer of responsibilities and the number and location of the customs transfer points to be established as this would affect the transportation costs. On the PA side, assessments of the existing legal framework and customs capacity have shown that,

[22] According to the GoI, the Israeli and Palestinian tax authorities signed a memorandum of understanding in August 2023 to settle the dispute over VAT payments since 2016.

despite recent improvements, additional efforts are needed to successfully implement the transfer of responsibilities. According to the GoI, the parties may resume the talks soon to resolve outstanding issues.

C. **Remit all VAT on Israel-Gaza trade to the PA.** PA tax officials ceased operating in Gaza after the establishment of the Hamas-led government in 2007. Since then, the PA has rarely received information on purchases of Israeli imports by businesses in Gaza, making it impossible to collect VAT from the majority of those imports. As the GoI controls and approves the entry of all Israeli goods into Gaza via the sole commercial crossing at Karem Abu Salem, Israeli officials should be in a position to levy and transfer to the PA all VAT revenue collected from bilateral trade with Gaza. As a next step, PA officials could be present at Karem Abu Salem to collect trade invoices and formalize their claims on VAT revenue.

D. **Establish greater transparency regarding deductions from clearance revenues.** The GoI reports that it does exchange information with the PA about the monthly deductions from clearance revenues. The PA, however, reports that it has had difficulty reconciling Israeli deductions with actual LGU expenditures on energy, water, wastewater, and health services provided by Israeli suppliers due to the lack of detail provided by the GoI. These discrepancies have widened over the years, creating the need for a mechanism that would reconcile LGU data on service consumption with billing by Israeli providers and enable independent verification on an ongoing basis.

E. **Renegotiate the fee charged by the GoI for handling Palestinian imports.** In 1995, the parties agreed that the GoI would deduct 3 percent of the import taxes and VAT revenue it collects on Palestinian trade to cover its administrative costs.[23] Based on the size of Palestinian trade in 1995, the fee was considered acceptable to both parties. However, Palestinian imports have significantly increased over the last 30 years, and while the GoI's administrative costs have also increased, the current fees significantly exceed cost-recovery levels. Reducing the handling fee will result in additional revenues being remitted to the PA.

F. **Exempt the PA's fuel imports from taxes.** Under the Paris Protocol, fuel imported by the PA should meet specific standards that fuel produced by regional countries does not meet. As a result, the PA purchases all its fuel from Israeli companies on which it pays all applicable taxes. These taxes are then remitted to the PA after 45 days as part of the clearance process, minus the handling fee. Following recent meetings between the parties, the handling fee on fuel was reduced from 3 percent to 1.5 percent. While this is a positive step, the resulting savings are limited to about US$1.7 million per month. Enabling the PA to purchase fuel without the embedded taxes would help it maintain financial liquidity. The PA should also consider eliminating the subsidy on retail fuel prices, which are costly and regressive.[24]

G. **Collaboratively determine the exit fee collected at the Allenby Bridge and allocate the resulting revenue according to the shares specified in the Paris Protocol.** Under the protocol, revenue from exit fees shall be shared between the PA and the GoI on a 46/54 basis for the first 750,000 passengers and on a 62/38 basis for each passenger thereafter. The GoI should remit to the PA its full share of previously collected funds according to this formula, and future transfers should be made on a regular basis.

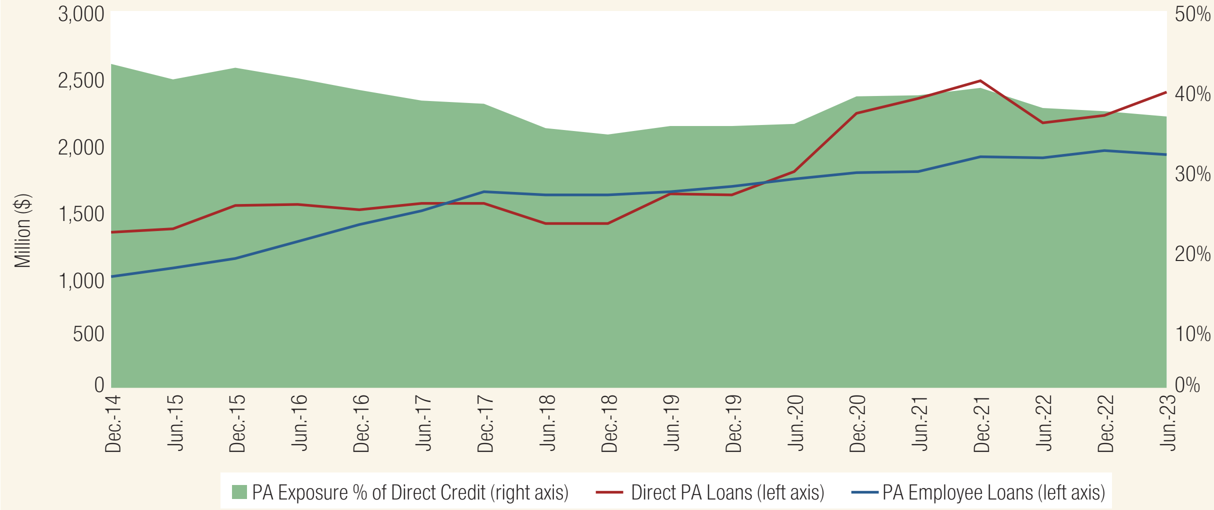
1.3. Money and Banking

Persistent risks notwithstanding, the financial sector in the West Bank and Gaza remains stable and increasingly profitable. According to preliminary reporting by the Palestine Monetary Authority (PMA) through Q2-2023, the profitability

[23] Paragraph 4 of the supplement to the Protocol on Economic relations, Annex V of the Interim Agreement.

[24] World Bank (2022) Economic Monitoring Report to the Ad Hoc Liaison Committee – September 2022. *https://www.worldbank.org/en/country/westbankandgaza/publication/economic-monitoring-report-to-the-ad-hoc-liaison-committee-september-2022.*

FIGURE 3 • Direct and Indirect Exposure to the Palestinian Authority (US$ Millions)



Source: Palestinian Monetary Authority.

of the banking sector has increased in line with the pace reported in previous periods. Return on equity and return on assets reached 14.98 percent and 2.22 percent, respectively, in Q2-2023, up from 10.42 percent and 1.45 percent in Q2-2022. Returns exceeded pre-pandemic levels in both periods, pointing to a stable recovery. Total banking-system assets slightly increased to US$20.9 billion, with owners' equity reaching US$2.3 billion in June 2023. Consistent with 2022 trends, deposit growth remained slow at 3.5 percent over the 12 months ending in June 2023. Credit growth stood at 10 percent during the period, exceeding its 2022 rate. Private-sector lending drove credit growth, while lending to the public sector remains substantial. Nonperforming loans (NPLs) stabilized at 4 percent of total loans,[25] while classified loans continued to increase in line with 2022 trends. The PA's growing reliance on private-sector arrears could increase the NPL ratio by disrupting the flow of liquidity to suppliers.

The banking sector's direct exposure to the public sector is gradually stabilizing near pre-COVID levels, while the combination of direct and indirect exposure remains sizeable and warrants continued monitoring by the authorities. During periods of heightened fiscal stress, the PA has repeatedly increased its borrowing from domestic banks, at times exceeding the public-sector exposure limits set by the PMA. Following several years in which annual PA borrowing remained broadly stable at about US$1.3–1.4 billion, the banking system's exposure to the public sector increased considerably, reaching US$2.5 billion in December 2021. By June 2023, PA borrowing had fallen to US$2.3 billion, slightly above the PMA-imposed prudential limit and exceeding pre-pandemic levels.[26] In addition to direct borrowing by the PA, bank loans to public employees, which are fully or partially backed by future PA salaries have created indirect exposure to the public sector. Together, borrowing by the PA and public employees amounts to about US$4.2 billion, representing almost 37 percent of total banking-sector credit.

Given the unstable economic context and other sources of risk, financial regulators should maintain their efforts to limit the banking system's direct and indirect exposure to the public sector. Sound prudential regulations and a robust supervision framework are critical to safeguard the stability of the financial system. Particular attention should

25 The NPL ratio for loans to the private sector likely exceeds the aggregate ratio of 4.2 percent.

26 The COVID-19 pandemic was one of several factors driving the increase in PA borrowing during 2021.

be devoted to the relationship between the fiscal balances and the stability of the financial sector, as multiple policy tools that are normally available to modern economies are not available to the PA. Respect for the PMA's independence as supervisor and prudential regulator of the banking system in the West Bank and Gaza is crucial to a stable financial framework.

Limited progress on securing stable correspondent banking relationships (CBRs) continues to threaten the stability of cross-border payments. In recent years, Israeli banks have signaled plans to curtail or terminate CBRs with Palestinian banks, citing concerns around potential money laundering and the financing of terrorism. Serious disruptions to CBRs would significantly impact the Palestinian economy. Israel is the primary trading partner of both the West Bank and Gaza, and their largely cash-based economies rely on the Israeli Shekel.[27] Limits on the repatriation of shekels from Palestinian banks to Israel has contributed to the accumulation of an estimated NIS 4.5 billion in excess shekel-denominated liquidity in Palestinian banks (equivalent to 6.4 percent of assets) as of end-September 2022.[28] In 2017, the GoI approved a temporary indemnity and immunity package for Israeli banks working with Palestinian banks to mitigate the risk of immediate disruptions to CBRs between the two banking systems. The GoI has repeatedly extended this arrangement, most recently to March 2024, while the PA and GoI are working to develop a more stable arrangement for cross-border payments. However, progress has been limited due to several unresolved points of disagreement, including the status of proposed Israeli legislation and the pending due diligence process of participating Palestinian banks.

The PMA and the Financial Follow-up Unit[29] are coordinating a national effort to bring the Palestinian AML/CFT system in line with international standards. The authorities are currently updating the 2018 AML/CFT National Risk Assessment (NRA). The Financial Follow-up Unit and the PMA are coordinating this effort with support from the National AML/CFT Committee.[30] The NRA update builds on a 2022 effort to modernize the legal framework by issuing new laws and regulations, including a new AML/CFT law (39/2022), a Presidential Decree (14/2022) on the implementation of UN Security Council sanctions, and several instructions aimed at strengthening AML/CFT controls. Prior to the pandemic, the Middle East and North Africa Financial Action Task Force (MENAFATF) agreed to conduct an external evaluation of the PA's AML/CFT regime. Along with the NRA, this represents a step toward implementing the standard conditions for MENAFATF membership. The evaluation was originally scheduled to start in 2020, but the onsite visit by MENAFATF assessors was repeatedly postponed, due first to the pandemic and then to security developments on the ground. Technical reports required for the assessment have been prepared by the PA and shared with the assessors, and the PA and MENAFATF are setting a new date for the onsite visit.

27 The value of payment activity between Israel and the West Bank and Gaza is estimated at over NIS44 billion per year.

28 IMF Selected Issues Paper on West Bank and Gaza, September 16, 2022.

29 This is the official name of the Financial Intelligence Unit in the West Bank and Gaza.

30 The committee includes representatives from the Ministries of Finance, National Economy, Justice, Interior, and Foreign Affairs, as well as the Public Prosecutor's Office, the Customs Services, and other relevant stakeholders.

2

IMPROVING ACCESS TO SUSTAINABLE, HIGH-QUALITY HEALTH SERVICES[31]

2.1. Health Services in the West Bank and Gaza: Quality and Access

The Israeli and Palestinian authorities have a joint responsibility to ensure access to quality health services in the West Bank and Gaza. Providing health services is a critical function, which faces unique structural challenges. Most of the 3.2 million Palestinians in the West Bank and east Jerusalem live in 165 noncontinuous enclaves (areas A and B), and checkpoints present substantial barriers to accessing health services, including for patients who need to leave the West Bank for OMR. The implementation of a complex permit regime, as well as the expansion of settlements in Area C, constrain movement within and across the territories. Two million Palestinians live in Gaza, which has been under a near-blockade and effectively cut off from the West Bank since 2007. The political divide between the West Bank and Gaza further complicates coordination in the delivery of essential health services. According to the WHO Israel has a responsibility to protect Palestinian civilians, which includes ensuring timely access to essential health services.[32]

The OMR process involves a complex system of patient and financial flows. The PMOH, through its Services Purchasing Unit (SPU), over-

[31] This chapter is an extract of a larger analytical effort that will be discussed in further detail - and encompassing more sectors - in an upcoming Public Expenditure Review (PER) by the World Bank.

[32] 76th World Health Assembly, provisional agenda item 18. "Health conditions in the occupied Palestinian territory, including east Jerusalem, and in the occupied Syrian Golan: Report by the Director-General." 17 May 2023. *https://apps.who.int/gb/ebwha/pdf_files/WHA76/A76_15-en.pdf.*

FIGURE 4 • Flowchart of Outside Medical Referral Permit and Reimbursement Process

Medical decision	Medical and financial reviewlapproval	Permit application and process	Access to care	Financial reconciliation
Medical staff at PMOH public hospital refer patient for treatment not available at the hospital	Regional Referral Committees (3 of them in West Bank and 1 in Gaza) and the Specialized Referral Committee within SPU review the application, and SPU provides decision & requests appointment if approved & provides an initial committed price amount	Patientslrelatives with approved appointment submit permit application to be reviewed by the Palestinian Health Liaison Office (HLO) in Gaza or the Palestinian General Authority of Civil Affairs (GAGA)	Crossing of Checkpoint(s), including intensive security in Gaza resulting in delays Most patients stay for inpatient care and cross multiple Checkpoints during their care journey	Billing received from referral receiving hospitals (except for in Israel); SPU reviews, audits, negotiates, and approves payment, which is disbursed by Ministry of Finance

Source: Authors' elaboration based on PMOH and WHO reports[a] (Red boxes indicate the involvement of Israeli authorities).
[a] PMOH, 2023. "Objectives-Work Mechanisms-Systems for medical referrals" & World Health Organization, Ibid.

sees the medical and financial aspects of the referral process with the involvement of public hospitals and regional coordination entities (Figure 4).[33] Once a referral has been approved by the SPU, the patient applies for a permit through coordination bodies. Upon issuance of the permit, which may arrive after the medical appointment date, the patient travels through checkpoints to access care and then returns home. The SPU also coordinates with the PMOH's Government Health Insurance (GHI) Directorate. For patients covered under the scheme, the SPU processes invoices for 90–100 percent of their treatment expenditures to be paid by the Ministry of Finance to the referral-receiving hospitals.[34] The process includes paper-based records as well as the eReferrals system, which enables PMOH hospitals to send referral applications to the SPU. It also allows the SPU to coordinate with referral-receiving hospitals and referral committees and to organize reimbursements through the Bisan system[35] for referrals used in the hospitals of the East Jerusalem Hospital Network, the West Bank, and Gaza. The cost of referrals to Israel is automatically deducted from the clearance revenues remitted by the GoI to the PA. However, cost reporting is inconsistent at the patient level.

As most patients need to obtain a permit to access OMR, coordination between Israeli and Palestinian authorities is essential. Seventy-six percent of OMR from Gaza and 45 percent of OMR from the West Bank require an exit permit (Figure 5). As a result, about 42,000 permit applications are filed each year by patients alone, excluding companions.[36] Fifty percent of referrals for cancer patients both from the West Bank and Gaza and almost 80 percent of referrals for cardiovascular conditions from Gaza require exit permits.

Movement restrictions, including an unpredictable Israeli permit system, negatively impact access to essential and basic health services. According to WHO data, between 2019 and 2021 only 65 percent of patient permit applications from Gaza and 84 percent of applications from the West Bank were approved on time. It should be noted, however, that timely approval of referrals from Gaza has increased since November 2022, at 80 percent of applications

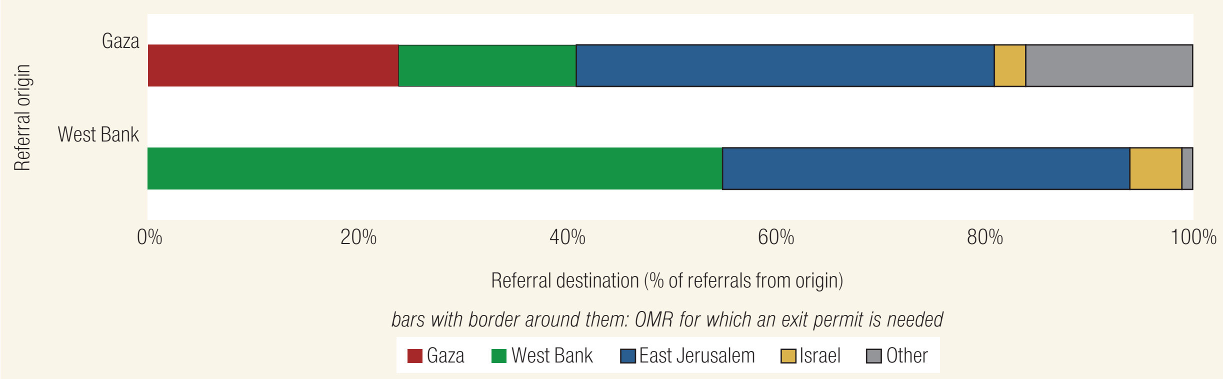
33 These include the Regional Referral Committees in the northern, central, and southern parts of the West Bank and in Gaza.

34 Almost all OMR patients are covered under GHI, or enroll prior to requiring OMR services, indicating that all OMR costs are covered by the PMOH, except any out-of-pocket spending related to non-medical expenses or pharmaceuticals purchased by private pharmacies.

35 Bisan is the financial management system used by the PA

36 As OMR data is available at the case level, not the patient level, this number refers to the number of cases, not patients.

FIGURE 5 • The Distribution of Outside Medical Referrals by Origin and Destination



Source: eReferrals data, January 2020-October 2022.

being approved on time, even as timely approval of patient referrals from West Bank has been declining, to 75 percent.[37] The rates for companions were even lower at 46 and 78 percent, respectively.[38] Timeliness is an essential to high-quality care, and these delays and denials pose a substantial health risk, particularly for cancer patients. A study assessing referral-permit applications for radiotherapy and chemotherapy in Gaza during 2015–17 found that even after adjusting for age, sex, type of procedure, and type of cancer, the mortality rate for patients with unsuccessful permit applications was 1.45 times higher than the rate for those with successful applications.[39] Between 2019 and 2021, the mortality rate six months after the first permit application was close to 10 percent, which underscores both the severity of medical conditions among referred patients and the consequences of any delay in processing applications.[40]

The rate of OMR permit approvals varies from year to year, and the same patient can be denied, delayed, or accepted at different phases of the care continuum, highlighting the arbitrariness of the evaluation process.[41] Permit approval rates also vary by condition, with a 75 percent rate for cancer patients but a 44 percent rate for urology patients. Between 2019 to 2021, only 20 percent of permit applications from Gaza were processed by Israeli authorities within a week, and 66 percent of the permits that were issued were for a single day, complicating care for conditions that might require an inpatient stay. The blockade of Gaza has increased mortality among the civilian population because patients die while waiting for the permit process or because they are unable to obtain quality care, as 69 percent of requests to allow the entry of medicines and spare parts for X-ray machines and computerized tomography scanners are denied.[42]

2.2. Fiscal Sustainability Implications of Outside Medical Referrals

Severe constraints on health spending by the PA result in a vicious cycle of underinvestment and high OMR rates. Since 2014, the PA has devoted over 10 percent of its budget to health, and health spending peaked at 13.2 percent in 2022, or US$126 per capita.[43]

37 World Health Organization, office for occupied Palestinian Territory, 2023. Monthly Health Access Report: Barriers for patients in the occupied Palestinian territory: July 2023" *https://www.emro.who.int/images/stories/July_2023_Monthly_2.pdf?ua=1.*

38 World Health Organization, Ibid.

39 Bouquet, B., Barone-Adesi, F., Lafi, M., Quanstrom, K., Riccardi, F., Doctor, H., Shehada, W., Nassar, J., Issawi, S., Daher, M., Rockenschaub, G., Rashidian, A., 2021. Comparative survival of cancer patients requiring Israeli permits to exit Gaza for health care: A retrospective cohort study from 2008 to 2017. PLoS ONE 16, e0251058. *https://doi.org/10.1371/journal.pone.0251058.*

40 World Health Organization, Ibid.

41 Ibid.

42 ibid

43 World Bank, 2023 (Forthcoming). Health Public Expenditure Review.

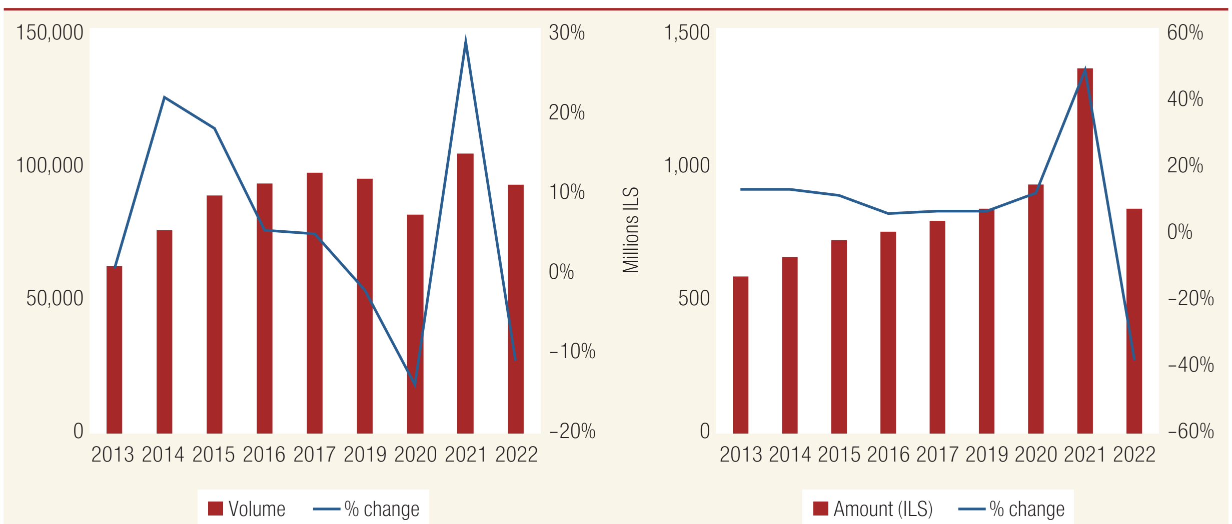
In 2022, the largest expenditure items were wages and salaries for health workers (42 percent), OMR (34 percent), and the purchase of medicines and supplies (20 percent). While offering NCD services in PMOH facilities is more cost-effective than referring patients to private or NGO-run facilities, OMR are unlikely to be reduced in the immediately near future, as less than 5 percent of the PA's limited health budget (or less than US$10 million per year) is allocated to investments in public hospital capacity. A recent UN analysis revealed the difficulty of increasing the PA's fiscal space, highlighting the impact of the GoI's withholding of tax clearance revenue, obstacles to the growth of agriculture and industry in the West Bank and Gaza, and an overreliance on the Israeli economy, which inflates prices and further constrains households' ability to save and contribute tax revenue.[44]

Driven by high OMR expenditures, health-sector arrears constitute over half of the PA's total arrears to the private sector. Since 2019, the total accumulated arrears on medicines and OMR amount to US$575 million, out of which US$345 million is due to OMR receiving hospitals and US$200 million to suppliers of medicines respectively. Cumulative health arrears are almost equal to annual public health spending, demonstrating the difficulty of increasing health spending within the current fiscal context. Arrears are expected to increase in a vicious cycle given the current fiscal constraints, as (i) unit costs for medicines remain elevated due to delays in payments, as well as limited use of reference pricing from comparator countries and import restrictions due to the Paris Agreement, and (ii) limited availability of medicines in public hospitals is one of the main drivers of OMR, resulting in larger unit costs per patient.

Given this fiscal context, OMR spending has continued to increase, even as investments and policy interventions have contained the rate of growth. OMR volumes and expenditures have grown steadily since 2014, though the movement restrictions adopted in response to the COVID-19 pandemic caused a temporary decline in OMR and disrupted the delivery of essential health services (Figure 6). OMR expenditures amount to about US$250 million a year for the government. Over 90 percent of OMR expenditures are paid by the GHI through the SPU, which manages the process for reimbursing hospitals in the east Jerusalem Hospital Network, the West Bank and Gaza through a mix of fee-for-service and case-based payments.

[44] United Nations Conference on Trade and Development, August 2022. "Report on UNCTAD assistance to the Palestinian people: Developments in the economy of the Occupied Palestinian Territory".

FIGURE 6 • OMR Volumes (left) and Expenditures in Nominal NIS (right), 2013-2022



Source: eReferrals data, January 2020-October 2022.

For referrals to Israeli hospitals, the PMOH and the SPU have no control over prices, as costs are deducted from the PA's clearance revenues with limited reporting and transparency at the case or patient level.[45] Investments in improving the efficiency of OMR processes and strategically purchasing equipment to build public-sector hospital capacity reduced the average annual growth rate of OMR expenditures from 17 percent between 2013 and 2015 to 2 percent between 2019 and 2022.

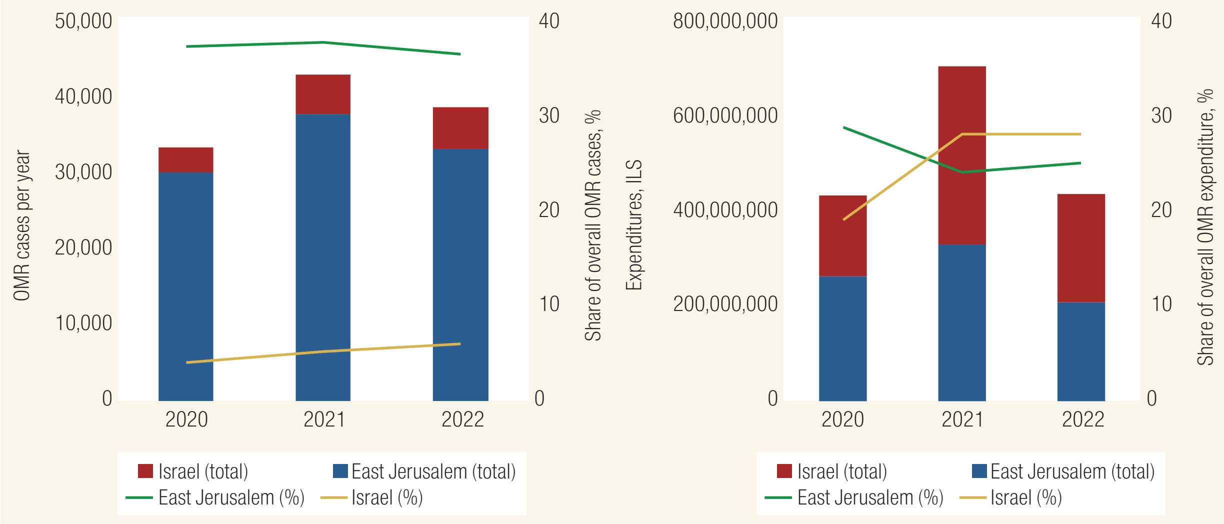
The PMOH has been making progress in strengthening OMR management and reducing expenditures, but challenges remain. Improved OMR management to enhance access to care remains a top policy priority for the PMOH.[46] Over the last five years, the SPU has updated clinical guidelines for all conditions, defined standard operating procedures for the OMR process, and standardizing auditing, financial management, and case management. The introduction of the eReferrals system has digitized the referral submission and evaluation process for all hospitals in the West Bank, the EJHN, and Gaza. The SPU has also signed memorandums of understanding with most referral-receiving hospitals in these areas negotiating and standardizing prices based on patient characteristics, flows, and geographic areas. Negotiations for priority conditions with referral-receiving hospitals are ongoing. With support from development partners, the SPU and the PMOH have been investing in priority medical equipment, such as for neonatal incubators, thus reducing maternal, neonatal, and child-health-related referrals by 50 percent.

OMR to EJHN and Israeli hospitals together constitute over 50 percent of total OMR expenditures, underscoring the importance of strengthening coordination between the parties. Most OMR to these hospitals is for cancers, cardiovascular conditions, and urinary conditions. Between 2020 and 2022, combined referrals to EJHN and Israeli hospitals represented about 40 percent of total referrals, and combined expenditures exceeded 50 percent of total expenditures (Figure 7). In 2022, EJHN hospitals received 36 percent of OMR and accounted for 25 percent of OMR expenditures, highlighting the impact of price negotiations between the SPU and these hospitals. By contrast, Israeli hospitals received

45 Costs per case for OMR to Israeli hospitals are not provided and are therefore estimated through using a multiplier on the basis of the variation between the maximum committed funds and final invoice amount.

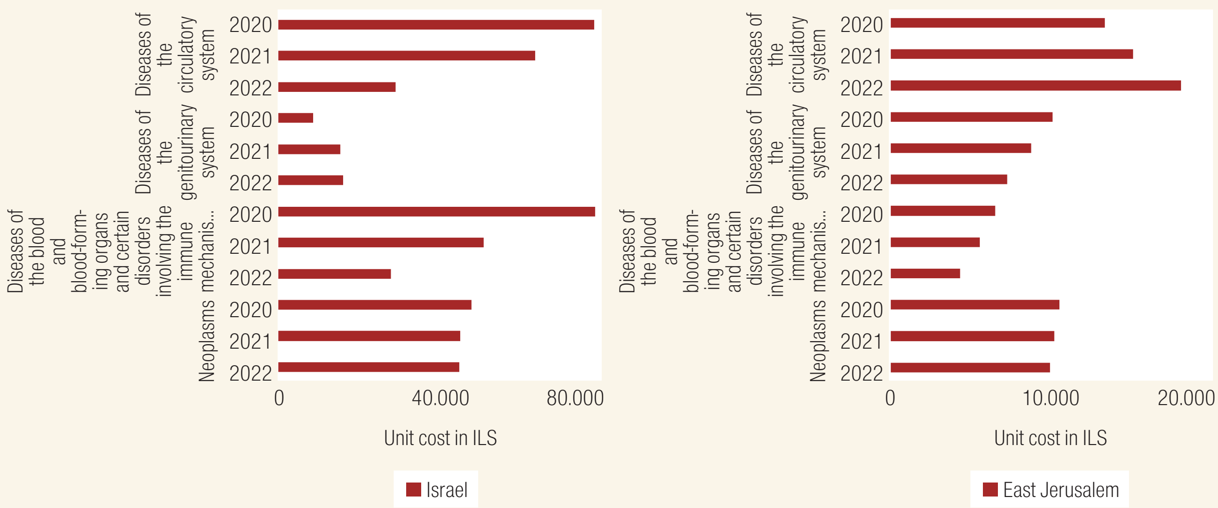
46 Duran et al., 2021. Towards Effective Chronic Case Management: Improving the Efficiency of Outside Medical Referrals in the West Bank and Gaza. *https://openknowledge.worldbank.org/handle/10986/37264.*

FIGURE 7 • OMR to Hospitals in the EJHN and Israel by Volume (left) and Expenditures in Nominal NIS (right), 2020-2022



Source: eReferrals data, January 2020-October 2022.

FIGURE 8 • Unit Costs of Top Drivers of Referrals in Israeli and EJHN, 2020-2022



Source: eReferrals data, January 2020-October 2022.

just 5 percent of OMR but accounted for 28 percent of OMR expenditures, demonstrating very high unit costs. As referrals to EJHN and Israeli hospitals require permits both for the West Bank and Gaza residents, and as these hospitals receive patients both from Palestinian and Israeli hospitals, there is a substantial need for additional coordination, as well as greater price transparency. Coordination for referrals to EJHN is particularly important, as these hospitals also rely on reimbursements from Israeli Health Maintenance Organizations, which reimburse them at less than half the rate of comparable Israeli hospitals.[47]

While average unit costs paid to Israeli hospitals have been declining for most conditions since 2020, they remain over four times that of EJHN hospitals or the West Bank. Average unit costs for most conditions have fallen since 2020 both in EJHN and Israeli hospitals (Figure 8), demonstrating the positive impact of price negotiations between the SPU and EJHN hospitals. However, unit costs for urinary conditions in Israel and cardiovascular conditions in EJHN increased during the period. Average cancer treatment costs NIS 51,000 in Israel, versus NIS 11,000 for EJHN. Additional data and analysis are needed to account for the case mix, as referrals to Israel likely tend to be for more complex conditions. **A 50 percent reduction in referral volumes to Israeli hospitals could save over NIS 120 million each year, or about 15 percent of annual referral expenditures. These savings would be equal to a 5 percent increase in the PMOH budget, creating new fiscal space for investment**.

2.3. Policy Options

Overcoming access and financial barriers to care, especially for NCDs, will require sustained coordination between Israeli and Palestinian authorities. Administrative and policy reforms can expand access to essential health services while improving the fiscal sustainability of the health system in the West Bank and Gaza (Table 6). Some measures are under the purview of either the Israeli or Palestinian authorities, while others can only be implemented through collaboration.

Easing movement restrictions for essential health services and strengthening the OMR management process can improve access to quality healthcare. GoI needs to ensure that patients and healthcare workers can access the appropriate facil-

47 Courey M, Keuffel E, Sharif D, 2023. east Jerusalem Hospital Network (EJHN) Assessment Report for the USAID West Bank and Gaza Mission.

TABLE 6 • Policy Recommendations to Improve Access to Health Essential Services

Objective	Israeli authorities	Palestinian authorities	GoI + PA
Improve access to quality health services	Establish an expeditious, time-bound, systematic, and transparent process for granting travel permits to Palestinian patients and their companions. Offer multiple-entry permits to patients with chronic conditions. Strengthen the physical protection of medical personnel and facilities. Facilitate the entry of essential medicines, medical equipment, spare parts, and medical supplies, particularly to Gaza.	Clearly define patient care pathways and clinical guidelines for referrals, especially for Israeli hospitals. Build the SPU's capacity to manage and audit referral cases, and continue streamlining the OMR process.	Establish a coordination body to promote timely access to essential health services by reducing the frequency of permit delays and denials. Strengthen information systems and reporting to collect detailed patient, procedure, and case-specific data, and integrate data collection with existing information systems from all OMR-receiving hospitals, including those in Israel.
Enhance the fiscal sustainability of the health system	Improve the reporting of unit costs, total expenditures, and clearance deductions for OMR treatment provided in Israeli hospitals, and identify opportunities to reduce prices. Align Israeli Health Maintenance Organization reimbursement rates directed to hospitals in the East Jerusalem Hospital Network with those of comparable Israeli hospitals.	Formulate an investment plan for reducing expenditures by strengthening primary care and building hospital capacity at PMOH facilities, with investments to be funded by the PA and its development partners. Finalize contract negotiations with all referral-receiving hospitals and include provisions to address past arrears. Conduct a detailed costing of care for priority conditions to move from a procedure-based to a case-based provider payment system, and strengthen purchasing arrangements, to reduce costs.	Ensure the financial sustainability of service delivery in EJHN. Negotiate contracts stipulating the costs of services delivered in Israeli hospitals, and align those costs with service-delivery costs in hospitals in EJHN and in the West Bank.

ities in a timely manner, as this is crucial to the successful provision of essential health services, while containing the fiscal costs of OMR as much as possible. Creating a swift and non-arbitrary process for granting permits to patients and their companions would be critical in that regard. The Israeli authorities should begin issuing multiple-entry permits for patients with chronic conditions, and the SPU should streamline medical approvals for routine patients while also integrating referral applications for patients and their companions. Permits for companions, especially for sick children, should be expedited. Checkpoints should also offer direct access for ambulances and healthcare staff, and the Israeli authorities should ensure the physical protection of medical personnel and facilities.[48] Given the substantial impact of the near-blockade on the availability of medicines and medical supplies, Israel should guarantee the entry of lifesaving medicines, equipment, spare parts, and medical supplies into Gaza. To reduce reliance on costly Israeli referrals, the SPU should define patient care pathways and clinical guidelines clearly stipulating eligible conditions and procedures for referrals to Israeli hospitals. There are two substantial opportunities for collaboration between Israeli and Palestinian authorities—specifically the Coordinator of Government Activities in the Territories (COGAT) and the Palestinian General Authority of Civil Affairs (GACA)—first, to improve coordination and reduce permit delays and denials; and second, to improve the scope and quality of data on OMR to Israeli hospitals, including detailed information on costs per procedure, which would inform further reductions in OMR to these hospitals.

Coordination is also essential to improve the fiscal sustainability of the health system. As previously discussed, OMR represent a major financial burden for the PA. To reduce the burden of OMR, Israeli authorities need to ensure the transparent reporting of OMR-related deductions from clearance

48 These recommendations on ensuring right to health are aligned with: World Health Organization, Ibid.

revenues and explore ways to reduce these prices, which should be formalized through contractual arrangements similar to those between the PMOH and hospitals in EJHN, the West Bank, and Gaza.

The PMOH must rapidly implement purchasing reforms to improve fiscal sustainability while ensuring consistent access to care. Given the PA's tight fiscal constraints, health-sector reform must focus on improving purchasing arrangements.[49] The first step is to finalize an investment plan prioritizing conditions that drive the largest shares of OMR expenditures, particularly in Israeli hospitals, such that these can be offered in PMOH hospitals. Development partners would need to continue to align their efforts with these plans and support the expansion of PMOH hospital capacity. The SPU also needs to finalize contract negotiations with all referral-receiving hospitals, including provisions to address past arrears. The SPU can leverage its bargaining power in this effort, as most patients at these facilities are referred by the PMOH. Prices should be defined to reflect fiscal sustainability as well as the cost of service delivery. Finally, ongoing capacity-building will be needed to implement purchasing reforms that can help maximize the quality of care. These measures could include introducing case-based payment methods; strengthening auditing, financial management, and provider-network management; and improving information and claims-management systems.

49 World Bank, 2023 (Forthcoming). Health Public Expenditure Review.

ANNEX (EXECUTIVE SUMMARY IN ARABIC[50])

تقرير المراقبة الاقتصادية المقدم من البنك الدولي إلى لجنة الارتباط الخاصة

(نُشر هذا الملخص التنفيذي في الأصل باللغة الإنجليزية. في حالة وجود اختلافات ، فإن اللغة الأصلية (الإنجليزية) هي التي تحكم).

ملخص تنفيذي

1. شهد الاقتصاد الفلسطيني تباطؤاً خلال الأشهر الأولى من عام 2023. وتشير البيانات الأولية للربع الأول من عام 2023 إلى أن النمو تباطأ إلى نسبة 3.1%، وذلك على أساس سنوي، ويرجع ذلك إلى حد كبير إلى التراجع الذي حصل في مرحلة ما بعد التعافي من جائحة كورونا. وبالتزامن مع ذلك، تُواصل الحكومة الإسرائيلية فرض قيود لإعاقة النشاط الاقتصادي، ولا سيما في غزة، حيث شهد الاقتصاد انكماشاً بنسبة 2.6% خلال الربع الأول من عام 2023. ويرجع ذلك إلى حد كبير إلى التدهور في القطاع الزراعي والحُرجي وصيد الأسماك، والذي انكمش بنسبة 30%، وذلك بعد قرار الحكومة الإسرائيلية تقييد بيع أسماك غزة في الضفة الغربية، وذلك في آب من العام 2022[51]. من ناحية أخرى، حقق الاقتصاد نمواً في الضفة الغربية بنسبة 4.3% على أساس سنوي وذلك في الربع الأول من عام 2023، ويرجع ذلك إلى التوسع المستمر في الاستهلاك الخاص والذي بدوره دعم نمو تجارة الجملة والتجزئة والخدمات.

2. لا يزال السياق الاقتصادي في الضفة الغربية وقطاع غزة محاطًا بمخاطر متزايدة. وما لم يحدث تغيير جوهري في الوضع السياساتي،

[50] This Executive Summary in Arabic is offered merely as a convenience version. The original Executive Summary is produced in English at the beginning of this report. In the event of discrepancies or errors, the original language will rule.

[51] وفقًا لمنظمة «مسلك» غير الحكومية الإسرائيلية، فقد فرضت الحكومة الإسرائيلية حظرًا تامًا على بيع الأسماك من غزة في الضفة الغربية خلال آب من عام 2022، وذلك بعد ضبط شاحنة تنقل أسماكًا من غزة إلى إسرائيل. وبعد عدة أسابيع، تم تحديد حصة قدرها 40 طنًا شهريًا، ثم تم زيادتها إلى 80 طنًا شهريًا خلال شباط من العام 2023 – بما يزيد قليلاً عن نصف المتوسط الشهري البالغ 150 طنًا قبل الحظر الأولي. https://gisha.org/en/israel-continues-to-restrict-sale-of-fish-from-gaza-10-months-on/.

فإن الاقتصاد سيواجه مزيجاً من التباطؤ في النمو إضافة إلى معدلات مرتفعة من الفقر. ووفقًا لسيناريو خط الأساس، فمن المتوقع أيضاً أن يواجه الاقتصاد الفلسطيني مزيداً من الضعف في ظل نظام متعدد المستويات من القيود التي تفرضها إسرائيل على حرية الوصول والتجارة في الضفة الغربية، إلى جانب الحصار شبه الكامل على قطاع غزة. وعليه، فإن هذه القيود ستستمر في إعاقة النشاط الاقتصادي وتثبيط تنمية القطاع الخاص؛ مما يمنع الاقتصاد الفلسطيني من الوصول إلى الأداء المحتمل . وفي ظل هذه الافتراضات، من المتوقع أن يصل النمو الاقتصادي إلى 3% على المدى المتوسط. من جانب آخر، ونظراً للنمو السكاني ا، فمن المتوقع أن يتباطأ الدخل الحقيقي للفرد في أحسن الأحوال. علاوة على ذلك، لا تزال المخاطر مرتفعة. إذ إن أي تصعيد في الحرب الروسية في أوكرانيا سيؤدي إلى زيادة الضغط على سلاسل التوريد العالمية وكذلك زيادة الضغط على أسعار الغذاء والطاقة، مما يؤدي إلى إبطاء نمو الاقتصاد الفلسطيني. في غضون ذلك، قد يؤدي تجدد الاشتباكات بين الفلسطينيين والقوات الإسرائيلية في الضفة الغربية وقطاع غزة إلى زيادة حالة عدم اليقين الاقتصادي وزيادة تقييد وصول العمال الفلسطينيين إلى سوق العمل الإسرائيلي. فضلاً عن أن السلطة الفلسطينية لديها نطاق مالي محدود لمواجهة مثل هذه الصدمات، وبالتالي فإن حالة انعدام اليقين على الجبهة السياسية في إسرائيل يمكن أن يساهم في تفاقم مخاطر الاقتصاد f youl لكلي وكذلك المخاطر المالية التي تواجه الضفة الغربية وقطاع غزة.

3. من المتوقع أن يزداد الوضع المالي للسلطة الفلسطينية سوءًا مع تقدم العام 2023، حيث تصبح خيارات إعادة التمويل محدودة أكثر فأكثر، مما يزيد من المخاطر المتعلقة بالاستدامة المالية بشكل مثير للقلق. وعلى الرغم من أن أداء الإيرادات العامة جيد ومن المتوقع أن ينمو إلى نسبة تتراوح 6% إلى 23.7٪ من إجمالي الناتج المحلي، وذلك بفضل جهود الاصلاحات الضريبية المتزايدة والنمو الاقتصادي في الضفة الغربية، إلا أن التقديرات تشير في المقابل إلى أن النفقات سترتفع بحوالي 2.4٪ لتصل إلى 26.5٪ من إجمالي الناتج المحلي. هذه الزيادة سببها التنفيذ الجزئي للاتفاقيات الأخيرة التي تم التوصل لها مع النقابات العمالية، مما أدى إلى ارتفاع كبير في فاتورة الأجور. ونتيجة لذلك، من المتوقع أن يبلغ العجز الإجمالي (قبل المنح) إلى 561 مليون دولار أمريكي، أي ما يعادل 2.8% من إجمالي الناتج المحلي. كما أن العجز يمكن أن يصل إلى 817 مليون دولار أو ما نسبته 4.1% من الناتج المحلي الإجمالي وذلك بما يشمل الاقتطاعات الإسرائيلية من عائدات المقاصة، ومع ذلك، فمن المتوقع أن يؤدي التدفق في المساعدات الوافدة إلى تضييق العجز جزئياً ليصل إلى 493 مليون دولار أمريكي أو ما يعادل 2.5% من إجمالي الناتج المحلي، حيث متوقع أن يصل ما مجموعه 324 مليون دولار أمريكي دعم للميزانية وتمويل التنمية. من ناحية أخرى، فإذا ما أدت ضغوط النقابات، وخاصة نقابة المعلمين، إلى التنفيذ الكامل لاتفاقيات العمل بحلول سبتمبر 2023، فإن هذا من شأنه أن يتسبب في زيادة العجز إلى 533 مليون دولار أمريكي. وفي ظل غياب تغيير واضح في المشهد السياسي، فمن المتوقع أن يدور عجز المالية العامة حول 2.5٪ من إجمالي الناتج المحلي على المدى المتوسط ، لكن خيارات التمويل ستصبح محدودة بشكل متزايد. كما أن التمويل من البنوك المحلية لم يعد قابلاً للاستمرار، مما أدى إلى اللجوء إلى تمويل العجز من خلال تراكم المتأخرات للقطاع الخاص والموظفين العموميين وصندوق المعاشات التقاعدية. ولكن تراكم هذه المتأخرات مع مرور الوقت سيشكل مخاطر كبيرة على الاستقرار الكلي للمالية العامة، لأنه يقلل من السيولة في السوق، كما يمكن أن يلقي ذلك بظلاله على القطاع المصرفي.

4. يعتبر تحقيق الاستدامة المالية أولوية قصوى: وهذا يتطلب أسساً قوية للاقتصاد الكلي، علماً أن جهود الإصلاح التي تبذلها السلطة الفلسطينية لإرساء دعائم هذه الأسس ضرورية ولكنها وحدها غير كافية. إن السلطة الفلسطينية تحتاج إلى مواصلة جهودها لتقليل العجز المالي بشكل كبير من خلال القيام بهكذا إصلاحات، وهي تستطيع ذلك، إلى جانب تنفيذ مزيد من الإجراءات الرامية إلى تعزيز بيئة الأعمال بما يفضي إلى المساهمة في توسع أعمال القطاع الخاص. ومع ذلك، فإن التحليل الشامل الذي أجراه البنك الدولي ومؤسسات التنمية الأخرى يكشف بوضوح أن بعض العوائق الرئيسية أمام تحقيق النمو وتنمية القطاع الخاص[52] مرتبط بالقيود التي تفرضها الحكومة الإسرائيلية على الحركة والنشاط الاقتصادي في الضفة الغربية، وذلك إلى جانب الحصار شبه الكامل على غزة. وعلى الرغم من الحوار المكثف بين جميع الأطراف حول هذه القضايا، إلا أن ثمة قصوراً في اتخاذ إجراء عملي بشأنها، وإلى أن يتم التعامل مع هذه القضايا بشكل فعال، فإن الاقتصاد الفلسطيني سيستمر في العمل دون إمكاناته وفاعليته الكاملة.

5. إن تعاون الحكومة الإسرائيلية يبقى أمرًا حاسمًا لتحسين الوضع المالي للسلطة الفلسطينية وتمكين الاقتصاد الفلسطيني من الوصول إلى إمكاناته الكاملة. فعلى سبيل المثال، تنص الاتفاقية المؤقتة لعام 1995 على أنه من المتوقع أن تقوم الإدارة المدنية الإسرائيلية بجمع الإيرادات من الشركات الإسرائيلية العاملة في المنطقة (ج) وتحويلها إلى السلطة الفلسطينية[53]. ولكن على أرض الواقع، يتم جمع هذه الأموال من قبل الحكومة الإسرائيلية، إلا أنه لم يتم تحويلها إلى السلطة الفلسطينية حتى الآن. وعليه يجب أن تعمل الحكومة الإسرائيلية أيضًا مع السلطة الفلسطينية لتنفيذ إجراءات مؤسسية للحد بشكل مستدام من التسرب المالي من عائدات المقاصة، وهو أمر

52 لورسن، ت.ب.، ونصر الدين (2017). آفاق النمو وفرص العمل في الاقتصاد الفلسطيني: دراسة تحليلية للتوازن العام (باللغة الإنجليزية). واشنطن العاصمة: مجموعة البنك الدولي. http://documents.worldbank.org/curated/en/952571511351839375/Prospects-for-growth-and-jobs-in-the-Palestinian-economy-a-general-equilibrium-analysis

53 انظر الملحق الثالث، الملحق الأول، المادة 8 ، الفقرة 2 (أ) ، 2 (ب) والمادة 18 ، الفقرة (4) من الاتفاقية المؤقتة للضفة الغربية وقطاع غزة، واشنطن العاصمة 28 سبتمبر 1995 (الاتفاقية المؤقتة) يمكن الوصول إليها هنا: https://www.gov.il/en/Departments/General/the-israeli-palestinian-interim-agreement-annex-iii

حيوي لتعزيز الموارد المالية للسلطة الفلسطينية. ويمكن للتوصيات التالية (المفصلة في صفحة 11–12) أن تساعد في تحقيق هذه الأهداف بما يسهم في الوصول إلى نتائج مفيدة للطرفين:

أ. التطبيق الكامل للنظام الإلكتروني لتسوية وتخليص ضريبة القيمة المضافة.
ب. نقل المسؤوليات الجمركية إلى السلطة الفلسطينية وإنشاء مستودعات جمركية فلسطينية.
ج. تحويل جميع ضريبة القيمة المضافة المفروضة على التجارة بين إسرائيل وغزة إلى السلطة الفلسطينية.
د. تحقيق قدر أكبر من الشفافية فيما يتعلق بالاقتطاعات من إيرادات المقاصة.
هـ. إعادة التفاوض بشأن الرسوم التي تفرضها الحكومة الإسرائيلية على تخليص الواردات الفلسطينية.
و. إعفاء واردات الوقود للسلطة الفلسطينية من الضرائب.
ز. تحديد رسوم المغادرة التي يتم تحصيلها عند جسر اللنبي بشكل تعاوني، وتخصيص الإيرادات الناتجة وفقًا للحصص المحددة في بروتوكول باريس.

6. وعلى نحو مماثل، فإن دعم المانحين هو عامل لا يمكن الاستغناء عنه لنجاح أجندة الإصلاح للسلطة الفلسطينية، وخاصة على المدى القصير والمتوسط. فعلى الرغم من الاتفاق الواسع على هذا الأمر، إلا أنه لا يلوح في الأفق مؤشرات على زيادة تدفق هذه المساعدات. ويمكن القول أنه من أجل منع التداعيات الاجتماعية والاقتصادية السلبية، فإن على السلطة الفلسطينية أولاً أن تتبنى نهجاً تدريجياً في إصلاح عملية إدارة الإيرادات والنفقات. لاسيما وأن جهود الضبط المالي المستمرة ما زالت عرضة للصدمات الخارجية، وعليه، فإن النجاح في هذا السياق يعتمد أيضًا على المناخ السياسي، وكذلك على تعاون الحكومة الإسرائيلية. وفي هذا السياق، يبقى من الأهمية بمكان المضي قدماً في مسار الضبط المالي على نحو سلس، وكذلك العمل على تخفيف حالة عدم اليقين السياسي والاقتصادي. فهذان الأمران يجب أن يبقيا على رأس جدول الأعمال. كما أن الحصول على دعم كافٍ للميزانية، على أن يكون دعماً يمكن التنبؤ به، يبقى أيضاً عنصرًا محوريًا ولا غنى عنه لتحقيق النجاح. أما على المدى المتوسط، فلا بد من إعادة توجيه مساعدات المانحين نحو مشاريع التنمية التي تحفز النمو الاقتصادي. وبالإضافة إلى ذلك، يمكن أن يؤدي تنفيذ المزيد من الإصلاحات في إدارة المالية العامة واتخاذ تدابير حوكمة شاملة إلى جذب موارد إضافية من المانحين. وفي حين أن المناقشات الجارية مع المجتمع الدولي لزيادة المساعدات الخارجية للسلطة الفلسطينية هي مناقشات واعدة، إلا أن تجسيدها النهائي بصورة عملية لا يزال أمراً غير مؤكد.

7. إن التطور الإيجابي الأخير هو التراجع التدريجي لانكشاف القطاع المصرفي الفلسطيني المباشر للقطاع العام. ولكن في الوقت نفسه، لا يزال هذا الانكشاف كبيراً بشكل عام سواء كان انكشافاً مباشراً أو غير مباشر. الأمر الذي يستدعي استمرار المراقبة من قبل السلطات. وقد زادت السلطة الفلسطينية بشكل متكرر من اقتراضها من البنوك المحلية، لاسيما في أوقات الضغط المالي، متجاوزة في بعض الأحيان حدود انكشاف القطاع العام التي وضعتها سلطة النقد الفلسطينية. وبعد عدة سنوات ظل فيها الاقتراض السنوي للسلطة الفلسطينية مستقرًا على نطاق واسع عند حوالي 1.3–1.4 مليار دولار أمريكي، إلا أن انكشاف النظام المصرفي للقطاع العام ازداد بشكل كبير، حيث وصل إلى 2.5 مليار دولار أمريكي في كانون أول 2021. وبحلول يونيو 2023، انخفض اقتراض السلطة الفلسطينية إلى 2.3 مليار دولار أمريكي، وهو مستوى أقل بقليل من الحد الذي تفرضه سلطة النقد الفلسطينية، ولكن لا يزال أعلى من مستويات ما قبل الجائحة[54]. وبالإضافة إلى الاقتراض المباشر من قبل السلطة الفلسطينية، فقد أسهمت كل من القروض المصرفية لموظفي القطاع العام، المدعومة كليًا أو جزئيًا من رواتب السلطة الفلسطينية، في انكشاف غير مباشر للقطاع العام. حيث يبلغ حجم اقتراض السلطة الفلسطينية وموظفي القطاع العام معًا حوالي 4.2 مليارات دولار أمريكي، وهو ما يمثل حوالي 37% من إجمالي ائتمان القطاع المصرفي.

8. التقدم المحدود في تعزيز علاقات البنوك المُراسلة (CBRs) لايزال يهدد استقرار عمليات الدفع المالي عبر الحدود. ففي السنوات الأخيرة، أشارت البنوك الإسرائيلية إلى خطط لتقليص أو إنهاء التعاملات المصرفية المعتمدة مع البنوك الفلسطينية، مشيرة إلى مخاوف بشأن احتمال غسل الأموال وتمويل الإرهاب. ومن شأن الاضطرابات الخطيرة التي تحدث في العلاقات المصرفية المراسلة أن تؤثر بشكل كبير على الاقتصاد الفلسطيني. حيث تعتمد كل من الضفة الغربية وقطاع غزة بشكل كبير على إسرائيل كشريك تجاري أساسي لهما، وفي الغالب تعتمد اقتصاداتهما في مجال النقد على الشيكل الإسرائيلي[55]. وقد ثبت مراراً أن إعادة الشيكل من البنوك الفلسطينية إلى إسرائيل هي عملية شاقة، مما أدى إلى تراكم يقدر بنحو 4.5 مليار شيكل، وقد تمثل هذا التراكم في سيولة زائدة للشيكل في البنوك الفلسطينية، أي ما يعادل 6.4% من أصولها وذلك حتى نهاية سبتمبر 2022[56]. وللتخفيف من مخاطر الانقطاع الفوري للبنوك المركزية بين النظامين البنكيين (الفلسطيني والإسرائيلي)، فقد وافقت الحكومة الإسرائيلية على حزمة تعويضات وحصانة مؤقتة للبنوك الإسرائيلية المتعاملة مع البنوك الفلسطينية في عام 2017. حيث تم تمديد هذا الترتيب عدة مرات، كان آخرها حتى آذار (مارس) 2024. من جانب آخر، تسعى السلطة الفلسطينية والحكومة الإسرائيلية جاهدتين إلى إنشاء إطار عمل أكثر

54 كانت جائحة كوفيد19- أحد العوامل العديدة التي أدت إلى زيادة اقتراض السلطة الفلسطينية خلال عام 2021.

55 تقدر قيمة عمليات الدفع بين إسرائيل والضفة الغربية وقطاع غزة بأكثر من 44 مليار شيكل في السنة.

56 يتعين على البنوك في الضفة الغربية وقطاع غزة إدارة مبالغ كبيرة من النقد الفائض بسبب القيود المفروضة على كمية النقد التي يمكن شحنها إلى إسرائيل.

استقرارًا للمدفوعات المالية التي تتم عبر الحدود. ومع ذلك، فقد كان التقدم في هذه المساعي محدودًا بسبب العديد من الخلافات التي لم يتم حلها، بما في ذلك التشريعات الإسرائيلية المقترحة، وكذلك أن عملية التحقق أو العناية التي بموجبها تقوم المصارف الإسرائيلية بتقييم نظيراتها الفلسطينية لا تزال معلقة.

9. يقدم هذا التقرير أيضًا فصلاً يركز على النظام الصحي الفلسطيني. ويُظهر التحليل المقدم في التقرير أن القيود على الموارد الكبيرة تعيق قدرة النظام الصحي على التعامل مع العبء المتزايد للأمراض غير المعدية (NCDs). إن ارتفاع معدلات الإصابة بالأمراض غير المعدية مثل السرطان وأمراض القلب والأوعية الدموية والسكري وأمراض الكلى من شأنه أن يؤدي إلى زيادة تكلفة الخدمات الصحية بين السكان الفلسطينيين. وعلاوة على ذلك، يقيد الاحتلال الإسرائيلي بالأضافه إلى السياق المالي الكلي الأوسع قدرة النظام الصحي الفلسطيني على تقديم الخدمات، وذلك عن طريق الحد من الاستثمارات في المرافق والبنية التحتية والحد من حركة الأشخاص والسلع. ونتيجة لذلك، تظهر مشكلة نفاد الأدوية، ولا سيما في غزة. وقد قامت، مؤخراً، بعثة رسمية مشتركة بين البنك الدولي وصندوق النقد الدولي إلى غزة[57]، بمراقبة الأوضاع الحرجة للمستشفيات في القطاع، وعلى وجه الخصوص التحديات التي يواجهها مرضى السرطان، ولا سيما فيما يتعلق بمدى توفر العلاج المحلي، وكذلك الحصول على تصاريح السفر خارج غزة في الوقت المناسب. ويمكن القول إن هذه العقبات غالباً ما تجعل من المستحيل توفير رعاية صحية كافية و / أوتوفيرها في الوقت المناسب، مما يؤدي في العديد من الحالات إلى تدهور خطير في الظروف الصحية – أو إلى وفاة المرضى بشكل كبيرأيضاً. والأهم من ذلك، أن متوسط توافر الأدوية الأساسية في السنوات الأخيرة في غزة بلغ 55% فقط، مقارنة بـ 90% في الضفة الغربية. وبالإضافة إلى ذلك، تؤدي ظروف العمل غير المواتية والأجور المنخفضة إلى تفاقم القيود التي تواجه الموارد البشرية. وأخيراً وليس آخراً فيما يتعلق بهذه التحديات، يؤثر الصرع المسل المتكرر بشكل مباشر على تقديم الخدمات الصحية: فبين عامي 2019 و 2021، تعرضت 151 منشأة صحية إلى 563 هجوماً، كما وجرح 463 من العاملين في القطاع الصحي.

10. يجري تحويل العديد من المرضى إلى مستشفيات لا تديرها وزارة الصحة الفلسطينية، مما يؤدي إلى زيادة النفقات الصحية الامر الذي يزيد تفاقم الوضع المالي. إن الأمراض غير المعدية تتطلب علاجًا مستدامًا وإمكانية للوصول المستمر إلى الرعاية الوقائية والعلاجية وكذلك الرعاية التلطيفية (هي الرعاية الهادفة إلى التخفيف من معاناة المصابين بالأمراض وتسكين آلامهم)، وهي أشكال من الرعاية لا يستطيع نظام الصحة العامة الفلسطيني تقديمها. ومنذ عام 2015، تم تحويل ما يقرب من 90،000 حالة سنويًا (23% من غزة و 73% من الضفة الغربية) من المرافق الصحية العامة إلى المستشفيات الخاصة أو التي تديرها المنظمات غير الحكومية في القدس الشرقية أو الضفة الغربية أو غزة أو إسرائيل، وقد بلغ المعدل الإجمالي للنفقات المترتبة على هذه الحوالات سنوياً حوالي 850 مليون شيكل إسرائيلي (ما يقرب من 250 مليون دولار أمريكي)، وهو ما يعادل ثلث النفقات الصحية السنوية في وزارة الصحة أو ما يقرب من 1.3% من الناتج المحلي الإجمالي (2022)، يضاف إليها أكثر من 345 مليون دولار أمريكي من المتأخرات المتراكمة لصالح المستشفيات مقابل الخدمات. وبين عامي 2020 و 2022، كانت هناك ثلاثة حالات مرضيه تمثل النسبة الأعلى لهذه الحوالات الطبية الخارجية، وهي 1. السرطان و2.أمراض القلب والأوعية الدموية و3.أمراض المسالك البولية. وتمثل هذه الشروط الطبية في مجموعها ما يقدر بـ60% من جميع نفقات الحوالات الطبية.[58]

11. يجب على السلطات الإسرائيلية والفلسطينية التنسيق بشكل أكثر فاعلية لضمان الوصول إلى الخدمات الصحية الأساسية، وتقليل العبء المالي المترتب على الرعاية الصحية، وتعزيز النظام الصحي الفلسطيني. ويمكن القول إن القيود الكبيرة تحد من الحصول في الوقت المناسب على الحوالات الطبية عالية الجودة، كما أن الإنفاق الحالي للسلطة الفلسطينية على هذه الخدمات غير مستدام. وفي هذا التقرير، يصف الفصل الأساسي على نحو موسع ومفصل القيود المفروضة على الوصول إلى الخدمات الصحية، وكذلك أدوار ومسؤوليات كل من السلطات الإسرائيلية والفلسطينية (المبحث 1 من الفصل 2) ، كما ويحلل الآثار المالية للحوالات الطبية الخارجية (المبحث 2 من الفصل 2) ، ويقدم بعض التوصيات في مجال السياسات ذات الصلة، وهي توصيات قابلة للتنفيذ من جميع الأطراف المعنية، وذلك من أجل تحسين الوصول إلى الخدمات الصحية الجيدة، والتي تم تلخيصها أيضًا في الجدول أدناه.

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57 تمت المهمة في أغسطس 2023 ، وتضمنت زيارات إلى المستشفيات المحلية والمدارس وممثلي القطاع الخاص.

58 جميع البيانات المتعلقة بحجم الحوالات ونفقاتها في هذا الفصل، ما لم يُذكر خلاف ذلك، مأخوذة من الحوالات الطبية لشهر يناير 2020 - أكتوبر 2022 باستخدام بيانات الحوالات الإلكترونية التي تم الحصول عليها من وزارة الصحة الفلسطينية. وقد أجرى البنك الدولي هذا التحليل في عام 2023 كجزء من مراجعة النفقات العامة المتوقعة.

الهدف	السلطات الإسرائيلية	السلطات الفلسطينية	الحكومة الإسرائيلية+ السلطة الفلسطينية+ أصحاب العلاقة
تحسين الوصول إلى الخدمات الصحية الجيدة	استحداث عملية سريعة ومحددة زمنياً وممنهجة وشفافة لمنح تصاريح التنقل للمرضى الفلسطينيين ومرافقيهم. تقديم تصاريح دخول متعددة للمرضى المصابين بأمراض مزمنة. تعزيز الحماية المادية للطواقم والمرافق الطبية. تسهيل دخول الأدوية الأساسية والمعدات الطبية والمعدات الاحتياطية وغيرها من المستلزمات الطبية، وخاصة إلى غزة.	تحديد مسارات رعاية المرضى والمبادئ التوجيهية السريرية للحوالات الطبية بوضوح، وخاصة للمستشفيات الإسرائيلية. تطوير قدرة وحدة شراء الخدمات فيما يخص إدارة ومراجعة وضع الحوالات، ومواصلة تبسيط إجراءات الحوالات الطبية الخارجية.	إنشاء هيئة تنسيق لتعزيز الوصول إلى الخدمات الصحية الأساسية في الوقت المناسب عن طريق تقليل الإجراءات التي من شأنها تأخير استصدار التصاريح ورفضها. تعزيز نُظُم المعلومات وأنظمة الإبلاغ، من أجل جمع بيانات مفصلة عن المرضى، والإجراءات ذات الصلة، وكذلك جمع البيانات الخاصة بالحوالات، ودمج ذلك كله في أنظمة المعلومات الحالية لدى جميع المستشفيات المستقبلة، بما في ذلك تلك الموجودة في إسرائيل.
تعزيز الاستدامة المالية للنظام الصحي	تحسين الإبلاغ عن تكاليف الوحدة، وإجمالي النفقات، وخصومات التخليص مقابل العلاج من خلال الحوالات الطبية في المستشفيات الإسرائيلية، وتحديد فرص خفض الأسعار. مواءمة معدلات السداد التي تقدمها منظمة الصيانة الصحية[1] الإسرائيلية لمستشفيات القدس الشرقية مع تلك الخاصة بالمستشفيات الإسرائيلية المماثلة.	صياغة خطة استثمارية لخفض النفقات من خلال تعزيز الرعاية الأولية وتطوير إمكانية المشافي في كل مرافق وزارة الصحة الفلسطينية، وذلك ضمن الاستثمارات التي سيتم تمويلها من قبل السلطة الفلسطينية وشركائها في التنمية. إنهاء المفاوضات الخاصة بالتعاقد مع جميع المستشفيات التي تتلقى الحوالات الطبية، وتضمين أحكام لمعالجة المتأخرات السابقة. إجراء تقدير تفصيلي لتكاليف الرعاية للحالات التي تحظى بالأولوية، وذلك للانتقال من نظام قائم على الإجراء الإداري إلى نظام دفع خاص بالمزود أو مقدم الخدمة على أساس الحالة، وتعزيز ترتيبات الشراء، من أجل تحسين التكاليف من خلال وفورات الحجم (التوفير بسبب حجم التوريدات الكبير).	ضمان استدامة تقديم الخدمات في مستشفيات القدس الشرقية. التفاوض على العقود التي تنص على تكاليف الخدمات المقدمة في المستشفيات الإسرائيلية، ومواءمة هذه التكاليف مع تكاليف تقديم الخدمات في مستشفيات القدس الشرقية ومستشفيات الضفة الغربية.

[1] منظمة الصيانة الصحية هي مجموعة تأمين طبي تقدم خدمات صحية مقابل رسوم سنوية ثابتة.

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