



Palestine

Population ¹	N/A
Area (km ²) ¹	N/A
GDP per capita (USD) ¹	N/A
TPES (Mtoe) ²	N/A
Energy intensity (toe/10 ³ 2010 USD) ²	N/A
CO ₂ emissions - energy (MtCO ₂) ³	N/A

Data from Orbis Crossborder Investment on energy projects and deals completed between 2015-2020⁴

Target industry	Number of projects and deals	Project/deal type	Project CapEx and deal value (million EUR)
Electric power generation, transmission and distribution	1 project	new project	Total project CapEx n.a.

Sources:

1. The World Bank 2018. According to the Palestinian Central Bureau of Statistics, the population of Gaza and West Bank in 2019 was 4,976,684; the area of Gaza was 5,660 sq. km and of West Bank 365 sq. km; GDP per capita in the fourth quarter of 2019 was USD 849.
2. ©IEA, World energy balances, 2020, www.iea.org/data-and-statistics, webstore.iea.org/key-world-energy-statistics-2019
3. ©IEA 2020, CO₂ emissions from fuel combustion, www.iea.org/data-and-statistics, webstore.iea.org/key-world-energy-statistics-2019
4. Orbis Crossborder Investment (2020), Bureau Van Dijk. Palestine is the destination country of the investment. Data represents the period 1 April 2015 - 1 April 2020. For more information see Annex II of this report. According to the Palestinian Energy and Natural Resources Authority, it granted licenses of up to 53 MW to private investors between 2015 – 2020. For more information on this data, please contact the Palestinian Energy and Natural Resources Authority.

Palestine's overall risk level against the assessed areas is **moderate**.

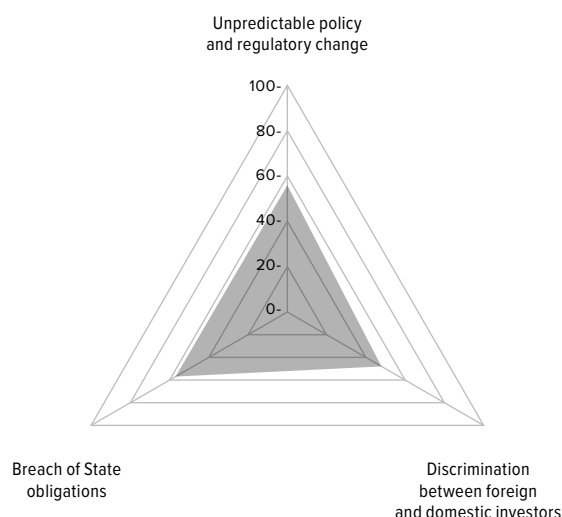
Among the three risks assessed in EIRA, *discrimination between foreign and domestic investors* is lower compared to *unpredictable policy and regulatory change* and *breach of State obligations*.

Palestine's performance is moderate on three indicators, and it is low on one. It has scored 57 on the indicator *regulatory environment and investment conditions*, and 56 on *management of decision-making processes*. On *rule of law*, its score is 43. Its performance on the indicator *foresight of policy and regulatory change* has improved by six points and stands at 34.

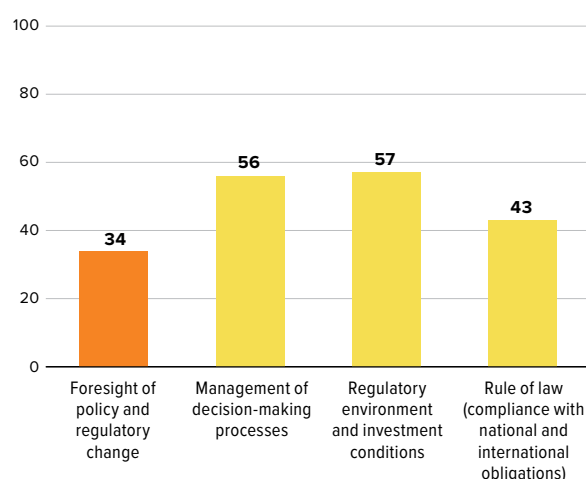
On a more detailed level, Palestine's overall sub-indicator performance is moderate. The highest-scoring sub-indicator is *restrictions on FDI* with a good score of 70. It has maintained the scores from last year on the sub-indicators *institutional governance* (69), *management and settlement of investor-State disputes* (60), and *regulatory effectiveness* (44). On *transparency*, its score has increased by a point and stands at 42. Its score has improved by 13 points on the sub-indicator *robustness of policy goals and commitments* and is now 38. It has a score of 31 on the sub-indicator *communication of vision and policies*. *Respect for property rights* continues to be the lowest-scoring sub-indicator at 25.

While there are some improvements in Palestine's performance compared to 2019, further steps must be taken to build on the work done. Particular attention should be given to strengthening respect for property rights.

RISK LEVEL



INDICATOR PERFORMANCE

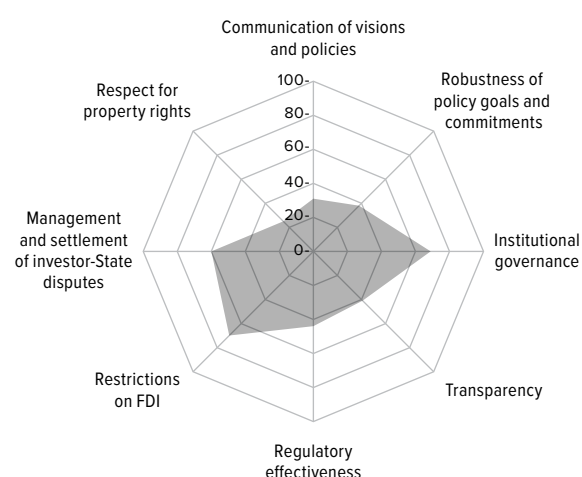


YEAR-ON-YEAR COMPARISON

RISK AREAS	2019	2020
Unpredictable policy and regulatory change	58	56
Discrimination between foreign and domestic investors	48	48
Breach of State obligations	58	57

INDICATORS	2019	2020
Foresight of policy and regulatory change	28	34
Management of decision-making processes	55	56
Regulatory environment and investment conditions	57	57
Rule of law	43	43

SUB-INDICATOR PERFORMANCE



Foresight of policy and regulatory change

QUICK FACTS

The Comprehensive National Strategy for the Energy Sector in Palestine (2017-2022) sets the priorities for the energy sector.

The first Work Plan for the 18th Government (Work Plan) was approved through Cabinet Session Decisions no. 6 on 25 May 2019.

STRENGTHS

Palestine's main energy priorities are reducing energy dependency and attaining self-sufficiency. To this end, it has made some progress on the interventions planned up to 2020. In 2019, its first-ever solar power station of 7.5 MW was inaugurated at the Noor Jericho Photovoltaic Park. There are plans to utilise landfills for developing waste-to-energy projects. Rooftop solar panels will be installed in 500 public schools to generate an additional 35 MW of power. The Palestinian Energy and Natural Resources Authority (PENRA) is currently undertaking studies to frame a comprehensive energy sector plan for 2019-2035. The study aims to provide a long-term methodology for developing the electricity sector at least cost. It will include approaches for expanding the electricity generation, transmission and distribution segments in the Gaza Strip to meet the future load.

The 18th Government's first Work Plan lists the ministries and public institutions that are responsible for its implementation. It establishes special committees that will follow up on the progress made, collect data on projects and activities, and submit monthly reports to the Council of Ministers. On 22 September 2019, the Council of Ministers published the First Summary of Government Performance (April-August 2019). In 2019, the Palestine Central Bureau of Statistics (PCBS) released a survey to measure the utilisation of statistics in decisions taken by the public and private sector. The results show that the percentage of public entities using statistical data in policy-making and planning has increased from 71% in 2012 to around 80% in 2018. Similarly, the rate of private institutions relying on the PCBS data for taking business decisions has increased from 21% in 2014 to 42% in 2018.

AREAS FOR IMPROVEMENT

There should be evidence-based targets and performance indicators set for benchmarking the progress made towards achieving the energy objectives. Regular data collection, follow up, and evaluation should be strengthened in the administrative units of the ministries and public institutions.

Collection and availability of energy statistics should be improved, so public authorities can use up-to-date and accurate data for structuring policy analysis and strategies. Training the public sector administrative staff on improving data quality, maintaining and updating public records and understanding statistical indicators can enhance the production and usage of data.

Management of decision-making processes

QUICK FACTS

PENRA is the main policy-making body for the electricity sub-sector.

The Palestinian Electricity Regulatory Council (PERC) and PENRA are the central authorities responsible for formulating energy policies.

STRENGTHS

The 18th Government's first Work Plan was set in 2019 through the coordinated efforts of the Cabinet Secretariat of the Council of Ministers, all the ministries, and national institutions. The Work Plan contains the main policy interventions, time schedules, and estimated financial costs. The Cabinet Secretariat will give the ministries technical and administrative support in preparing monthly progress reports that highlight the implementation rate of the national objectives. There are 28 new committees formed to enhance the roles of ministries and public departments in implementing the Work Plan. The committees have issued 55 recommendations that contributed towards preparing, implementing, and achieving the overarching objectives of Palestine.

Public participation in decision-making received an impetus in the last year. Per official records, there were more than 150 public meetings held with the governorates and 150 with civil society institutions and universities. Forty press statements were released by public authorities to disseminate critical information. Since the commencement of the 18th Government's term, more than 2,900 complaints have been received by all public institutions through the electronic complaint system. Approximately 75% of these complaints have been addressed. In 2019, the Cabinet of Ministers adopted a resolution to protect whistleblowers, witnesses, informants, and experts in corruption cases. The Anti-Corruption Commission published the National Cross-sectoral Strategy to Enhance Integrity and Combat Corruption 2020-2022.

AREAS FOR IMPROVEMENT

The draft law on access to information should be enacted as soon as possible. It should define the scope of application, the procedure for obtaining information and the obligation of public authorities to facilitate the flow of information. There should also be definitive timelines set for receiving suggestions, comments and feedback from the public. The timeframe of the consultation should depend on the issues raised and the number of affected people.

An amendment to the Anti-Corruption Law requires that the President's to appoint the Anti-Corruption Commission's Head based upon the recommendation of the Council of Ministers. However, the decision does not need the approval of the Palestinian Legislative Council's absolute majority. While this change may be to prevent the office from falling vacant if the Legislative Council is not in session, it may undermine the Commission's independence.

Regulatory environment and investment conditions

QUICK FACTS

PERC regulates the electricity, renewables and energy efficiency sub-sectors.

Law no. 1 of 1998 on the Encouragement of Investment in Palestine (Investment Law), as amended, establishes the legal framework for investment activities.

STRENGTHS

In 2019, PERC evaluated the mid-term results of the electricity distribution companies' performance indicators. It also reviewed the requirements issued by the Cabinet Secretariat for preparing the final report in the first quarter of 2020, and for auditing the reports issued by the distribution companies. There are Special Committees formed to examine the financial status of the Jerusalem District Electricity Company, and to study the electricity debts due to the local councils. There are plans to make PENRA the lead policymaker of the hydrocarbon sub-sector and to establish a separate entity for regulating the related commercial activities. In terms of renewable energy sources, its share in total energy production reached 28% in 2019. 3% of the total energy demand in West Bank and Gaza is currently being met by local solar PV systems.

In 2018, the total stocks of non-residents invested in Palestine were USD 4,969 million. FDI contributed to 55.5% of the total stocks, while portfolio investments accounted for 14.7%. The higher share of FDI indicates growing interest from investors in exploring long-term business prospects in Palestine. In 2019, 54 projects received incentives as per the Investment Law. The projects are worth nearly USD 65 million, with an increase of 68% compared to 2018, and generate or maintain 1,400 direct jobs. The renewable energy sector accounted for around 10% of the total investment in 2019. Fixed assets are exempt from customs duties. Imported spare parts are exempt from customs duties provided that their value does not exceed 15% of the fixed assets.

AREAS FOR IMPROVEMENT

Palestine has undertaken commendable work towards modernising its investment regime. However, reinvestment and newly registered investment continue to be primarily by local investors. To increase the share of foreign investment, a unified and updated legal framework should be created to regulate the establishment and registration of companies, bankruptcy, competition, and IP rights.

The share of renewable energy in the total final energy consumption has gone down from 13.8% in 2014 to 10.7% in 2018. Palestine's commitment to step up renewable energy production and consumption will yield better results if there is a legal framework underpinning work in this direction. PENRA and distribution companies should support this prospective framework by ensuring that the technical aspects, such as the training of technical staff and the availability of power meters, are in place.

Rule of law

QUICK FACTS

Palestine acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards on 2 February 2015.

Conditions for the expropriation of land are envisaged in the Acquisition Law no. 2 of 1953, as amended.

STRENGTHS

Comprehensive reforms are being undertaken to improve the domestic judicial system. Resolution no. 17 of 2019 forms a seven-member transitional Supreme Judicial Council that is entrusted with developing the judiciary in a way that guarantees the rule of law, the independence of the judiciary, access to justice, and the separation of powers. Decree no. 7 of 2019 forms a High Coordination Council (HCC) for the Justice Sector that is headed by the President of the Supreme Judicial Council. The HCC will work towards unifying and harmonising different aspects of the justice sector in accordance with the Basic Law and international standards. The Ministry of Justice is also looking to promote alternative dispute resolution mechanisms so that the caseload of the judiciary is reduced. For this purpose, amendments to the arbitration Act are undergoing discussion in the Cabinet of Ministers.

The Basic Law 2003, as amended, states that private property, both real estate and movable assets, can be expropriated only for reasons of public interest, upon the payment of fair compensation, and following the due process of law. The Acquisition Law stipulates the procedure for estimating the compensation amount. If the expropriating authority and the landowner cannot agree on the compensation amount, either of them may approach the court for a decision. The Law also lays down the rules domestic courts should apply in determining the amount of compensation. Plans are currently underway to introduce new criteria for the purchase of real estate by non-Palestinian nationals.

AREAS FOR IMPROVEMENT

The establishment of specialised commercial courts will give investors more confidence, foster trust, and increase the efficiency of the legal system. Additionally, an ombudsman institution may be established to deal with conflicts arising in the course of investment activities.

Efforts towards creating a comprehensive land registry should be expedited. The process of issuing land registrations should also be simplified. The Acquisition Law 1953 should be updated to reflect best practices and grant investors more protection. It should stipulate the authorities which will decide whether a case for expropriation exists. A timeline for paying compensation to the affected investor and an explanation for the intended use of the acquired property can also be included.

IMPLEMENTATION STATUS



Palestine

PROPOSED IN	EIRA AREAS FOR IMPROVEMENT	IMPLEMENTATION STATUS AS OF 1 APRIL 2020
Indicator 1		
2019	Set evidence-based targets and performance indicators to benchmark the progress made towards achieving the energy objectives.	Work ongoing. PENRA is working on a comprehensive energy sector plan for 2019-2035. The first Work Plan for the 18th Government, approved in 2019, lists more than 100 interventions, 207 activities, and 277 measurement indices for the national targets.
	Define the roles and tasks of the policy implementation agencies and the monitoring authorities.	Work ongoing. The first Work Plan for the 18th Government, approved in 2019, lists the ministries and public institutions that are responsible for its implementation. It establishes special committees that will follow up on the progress achieved, collect data on projects and activities, and submit monthly reports to the Council of Ministers.
	Ensure that the authorities implementing the national energy policy are different from those evaluating the progress made towards achieving the policy.	Pending
2020	Train the public sector administrative staff on data collection, maintenance of public records, and understanding statistical indicators.	Improvement suggested in 2020. Status will be updated in 2021.
Indicator 2		
2019	Enact the draft law on access to information.	Pending
	Conduct regular public consultations and introduce legal provisions making consultation on draft laws and regulations mandatory.	Work ongoing. Per official records, in 2019, more than 150 meetings were held with the governorates and 150 with civil society institutions and universities. 40 press statements were released by public authorities to disseminate relevant information to the public. Legal provisions on mandatory public consultation are pending.
	Establish a translation unit within the Office of the Advisory and Legislation Bureau of Palestine, which will produce official translations of laws and policies in foreign languages.	Pending
2020	Reinstate the original language of Article 3 in the Anti-Corruption Law of 2005, which requires approval by an absolute majority of the Palestinian Legislative Council to the appointment of the Anti-Corruption Commission's Head.	Improvement suggested in 2020. Status will be updated in 2021.
Indicator 3		
2019	Unify and update the legal framework on the establishment and registration of companies and IP rights.	Pending
2020	Unify and update the legal framework regulating issues of bankruptcy and competition.	Improvement suggested in 2020. Status will be updated in 2021.
	Develop a legal framework to underpin the growth of the renewables sub-sector, the incentive schemes, and the tariff methodology.	Improvement suggested in 2020. Status will be updated in 2021.
	PENRA and distribution companies should give the necessary technical training to their staff and make electricity metering available to promote renewable energy consumption.	Improvement suggested in 2020. Status will be updated in 2021.
Indicator 4		
2019	Establish specialised commercial courts.	Pending
	Set up a foreign investment ombudsman authority to resolve conflicts arising in the course of projects.	Pending
	Define "public purpose or in the public interest" in the 1953 Acquisition Law.	Pending
	Set a timeline in the 1953 Acquisition Act for paying compensation to the affected investor in the case of expropriation.	Pending
2020	Create a comprehensive land registry and simplify the process of issuing land registrations.	Improvement suggested in 2020. Status will be updated in 2021.