



# Palestine

Population <sup>1</sup>	N/A
Area (km <sup>2</sup> ) <sup>1</sup>	N/A
GDP per capita (USD) <sup>1</sup>	N/A
TES (Mtoe) <sup>2</sup>	1.71
Energy intensity (toe/10 <sup>3</sup> 2015 USD) <sup>2</sup>	0.11
CO <sub>2</sub> emissions - energy (MtCO <sub>2</sub> ) <sup>3</sup>	3.0

Data by Orbis Crossborder Investment on completed energy projects and deals from 2015-2021<sup>4</sup>

Target industry	Number of projects and deals	Project CapEx and deal value (million EUR) by source country
Electric power generation, transmission and distribution	1 new project	Turkey: 1 RE project of 0.13 mEUR

Sources:

1. The World Bank 2018
2. ©IEA (2021), World Energy Balances (<https://www.iea.org/data-and-statistics>). All rights reserved.
3. ©IEA (2021), CO<sub>2</sub> Emissions from Fuel Combustion (<https://www.iea.org/data-and-statistics>). All rights reserved.
4. Orbis Crossborder Investment (2021), Bureau Van Dijk. Palestine is the destination of the investment. Data represents the period 1 April 2015 - 1 April 2021 (accessed on 1 July 2021). For more information see Annex II of this report.

RE: Electricity generation from renewable resources

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

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

Palestine's performance against EIRA's four indicators is moderate. Its score is 57 on the indicators *regulatory environment and investment conditions* and *management of decision-making processes*. On *rule of law*, its score is 43. Its score on the indicator *foresight of policy and regulatory change* has improved by seven points and stands at 41.

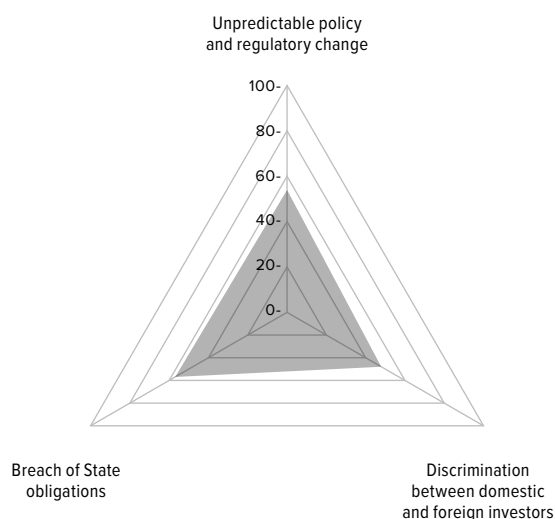
On a more detailed level, Palestine's overall sub-indicator performance is moderate. The highest-scoring sub-indicator is *restrictions on FDI* with a good score of 70. It has maintained the scores from last year on *institutional governance* (69) and *management and settlement of investor-State disputes* (60). The score on *robustness of policy goals and commitments* has improved by 12 points and now stands at 50. Its score is 44 on the sub-indicators *regulatory effectiveness* and *transparency*. On *communication of vision and policies*, it has the same scores as in EIRA 2020 (31). *Respect for property rights* is the lowest-scoring sub-indicator at 25.

While there are some improvements observed in Palestine's performance compared to EIRA 2020, further steps must be taken to build on the work done. Particular attention should be given to reinforcing the respect for property rights.

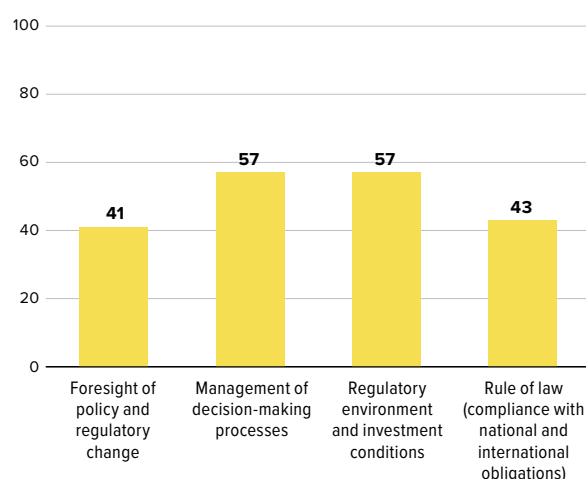
## YEAR-ON-YEAR COMPARISON

RISK AREAS	2019	2020	2021
Unpredictable policy and regulatory change	58	56	53
Discrimination between domestic and foreign investors	48	48	48
Breach of State obligations	58	57	57
INDICATORS	2019	2020	2021
Foresight of policy and regulatory change	28	34	41
Management of decision-making processes	55	56	57
Regulatory environment and investment conditions	57	57	57
Rule of law	43	43	43

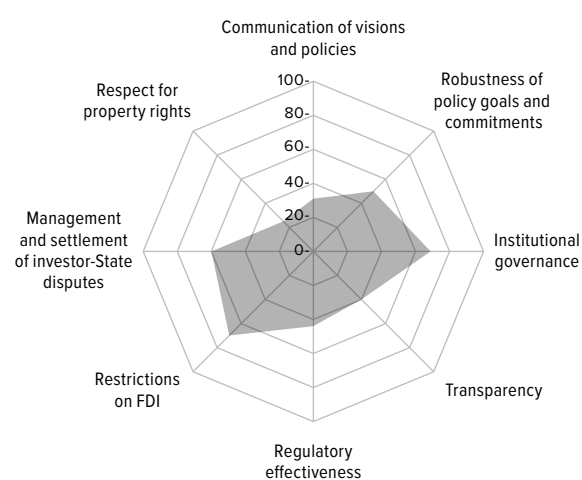
## RISK LEVEL



## INDICATOR PERFORMANCE



## 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 national priorities for the energy sector.

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

### STRENGTHS

To lower its electricity import and increase reliance on local energy sources, Palestine plans to generate 300-500 MW of power from domestic renewable sources by 2030. To this end, the Palestine Investment Fund recently inaugurated the Noor Jenin PV Solar Plant at an operating capacity of 5 MW. This power plant is part of the Noor Palestine Solar Energy Programme, which targets power generation of 200 MW exclusively from solar energy. The programme includes other critical projects, such as the Noor Jericho PV solar power plant. Moreover, in September 2020, the Palestinian Council of Ministers (CoM) issued its Decision no. 76 approving the Infrastructure Permanent Ministerial Committee's recommendations to prioritise the projects listed in the 2020 Palestinian Energy and Natural Resources Authority (PENRA) budget, especially those in marginalised areas.

In October 2020, the General Secretariat of the CoM published the performance report on the 18th Government's first year of work, from 15 April 2019 to 15 April 2020. It also made 890 assignment letters for different Government committees to take the necessary actions envisaged in the Work Plan. In February 2021, the Palestinian Central Bureau of Statistics (PCBS) published the statistics for 2019 on the energy balance online. It also uploaded data on the total energy supply by year and resource type from 2009-2019, the final energy consumption by sector and resource type from 2009-2019, and the population percentage with electricity access by year, region and locality from 2007-2019. In April 2020, the PCBS also launched the Sustainable Development Goals Statistical Report, and in May 2020, it published a report on the performance of the Palestinian economy during 2019.

### AREAS FOR IMPROVEMENT

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

Palestine needs a robust policy framework to underpin its efforts in scaling up renewable electricity production and consumption. As a starting point, it should revise the General Strategy for Renewable Energy to reflect the current needs, priorities, and realities of Palestine and provide for adequate procedures to ensure the revised strategy's implementation.

## Management of decision-making processes

### QUICK FACTS

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

The Ministry of National Economy is the central authority responsible for formulating energy policies.

### STRENGTHS

In 2019/2020, the CoM issued 285 recommendations on critical issues and took decisions on 147 of these recommendations. For instance, in December 2020, it approved the cancellation, merger and annexation of 30 non-ministerial Government institutions to enhance the quality of public services, improve coordination, remove duplication of roles and functions and rationalise Government expenditures. The General Secretariat of the CoM supported the different ministerial committees in carrying out their tasks and coordinated 364 meetings. It made recommendations for the CoM on decisions regarding these committees' work. In the energy sector, PENRA collaborated with the governorates to organise awareness programmes on solar technology. There are plans to conduct further trainings for qualified cadres on installing renewable energy systems and actions to reduce energy consumption costs.

In May 2020, the Palestinian Anti-Corruption Commission published the Cross-Sectoral National Strategy for Enhancing Integrity and Combating Corruption 2020-2022. The Commission also published, in September 2020, its annual report for 2019. Apart from this, monthly activity reports are available on its website for the first six months of 2020. The PCBS and the Palestine Monetary Authority published the preliminary results of the Foreign Investment Survey of Resident Enterprises in Palestine as of 2019. This survey is the main tool for collecting and analysing information on Palestine's international investment position.

### 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 to obtain 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.

A recent amendment to the Law on Anti-Corruption requires the Palestinian President to appoint the Head of the Anti-Corruption Commission based upon the recommendation of the CoM. However, the appointment does not need the approval of the Palestinian Legislative Council's absolute majority. The reduced role of the legislature may undermine the Commission's independence, though it will prevent the office from falling vacant if the Legislative Council is not in session.

## Regulatory environment and investment conditions

### QUICK FACTS

The Palestinian Electricity Regulatory Council (PERC) regulates the electricity, renewable and energy efficiency sub-sectors.

Law no. 1 of 1998 “On the Encouragement of Investment in Palestine” (Investment Law), as amended, provides the legal framework for investment activities.

### STRENGTHS

In 2020, PENRA’s leadership met with local authorities to discuss electricity access in the governorates. PENRA apprised them of the energy projects it intends to undertake to improve the electricity services. It is also preparing a study to measure the electricity needs of all population groups in the next 15 years. The study will outline the projects that will be implemented to address the electricity deficit and meet the demand volume. PERC recently published the solar energy purchase prices for 2020. It also amended the net metering instructions and set the calculation mechanism for the 2020 net metering system.

By the end of the third quarter of 2020, the total foreign investment stock in resident Palestinian enterprises was USD 5,395 million. Of this, FDI contributed to 51%, while portfolio investments accounted for 12%. Decree-Law no. 33 of 2020 amends the Investment Law to state that electricity generated from fossil fuel will no longer be eligible for tax incentives. PENRA is looking to increase investment in renewable electricity. In November 2020, it publicised investment opportunities for generating and distributing solar electricity in some Gaza Strip governorates. Moreover, in December 2020, it announced an investment programme to promote renewable electricity production and self-consumption by small and medium enterprises. To support this work, on 2 February 2021, the CoM approved recommendations on leasing, authorisation and investment of Government land for developing solar energy projects, among others.

### AREAS FOR IMPROVEMENT

Since reinvestment and newly registered investment continue to be primarily by local investors, more efforts are needed to increase the share of foreign investment. To this end, a unified legal framework should be created on the establishment and registration of companies, bankruptcy, competition and IP rights.

Improving power reliability and access will require considerable structural changes to regulatory procedures. Palestinian authorities must develop unified photovoltaic system installation standards and codes to harmonise operators’ practices. Moreover, before obtaining new licences, photovoltaic system operators must prepare and submit grid impact studies to assure that any additional capacities will not damage the grid. These studies should be evaluated and assessed by professional and experienced parties before approving any project.

## 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 Law no. 2 of 1953 “On Land Acquisition” as amended.

### STRENGTHS

The Palestinian judiciary is making efforts to improve its case management mechanisms and implement judicial reforms. In February 2021, the Supreme Judicial Council approved its organisational structure that has remained unchanged since 2006. The proposed structure aims to streamline the Council’s administrative work and allow for its horizontal expansion. It is also planning to link its electronic case management system, “Al-Mizan” with the Government data carrier managed by the Ministry of Telecommunications and Information Technology. The merger of the electronic systems will allow litigating parties to make electronic payments. The courts will also benefit from the postal coding system that can facilitate access to any third parties required for a legal case, thus shortening the proceedings’ length. In May 2020, the Court of Cassation authorities adjudicated on a record 241 civil appeals and five requests, whereas it received 40 civil appeals and seven requests during the same period.

The Basic Law continues to uphold the property rights of investors. The Law on Land Acquisition states that if the expropriating authority and the landowner are not in agreement regarding the compensation amount, the matter must be settled by a domestic court. It also lists conditions that the court must bear in mind while making its decision. The landowner should be compensated only based on a registration officer’s certificate, indicating that the land is not subject to debt insurance. If a debt secures the land, the amount will be deposited in the treasury fund. Plans are currently underway to place new criteria for the purchase of real estate by non-Palestinian nationals.

### AREAS FOR IMPROVEMENT

The establishment of specialised commercial courts will foster trust and build investors’ confidence in the legal system’s efficiency. An ombudsperson may also be established to deal with conflicts arising between investors and public authorities during projects.

Efforts towards creating a comprehensive land registry should be expedited. The process of issuing land registrations should also be simplified. The Law on Acquisition should be updated to reflect best practices and grant investors more protection. It should stipulate which authority 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 in this law.

# IMPLEMENTATION STATUS



## Palestine

PROPOSED IN	EIRA AREAS FOR IMPROVEMENT	IMPLEMENTATION STATUS AS OF 1 APRIL 2021
<b>Indicator 1</b>		
2019	Set evidence-based targets and performance indicators to benchmark the progress made towards achieving the energy objectives.	<b>Work ongoing.</b> The Palestinian Energy and Natural Resources Authority (PENRA) is developing a comprehensive energy sector plan for 2019-2035 and the National Renewable Energy Plan in Palestine 2021-2030. The latter will include objectives and annual targets for different types of renewable energy, performance indicators, and monitoring methods.
	Define the roles and tasks of the policy implementation agencies and the monitoring authorities.	<b>Work ongoing.</b> The first Work Plan for the 18th Government, approved in 2019, lists the ministries and public institutions that are responsible for its implementation.
2020	Train the public sector administrative staff on data collection, maintenance of public records, and understanding statistical indicators.	<b>Work ongoing.</b> On 25 January 2021, the Palestinian Central Bureau of Statistics inaugurated the Rehabilitation of Data Center to facilitate information dissemination through new interactive web applications. PENRA launched the EPECSOLAR project in February 2021 to create a database on (1) the existing renewable energy investors and (2) the location of solar systems installed so far in the governorates.
2021	Revise the General Strategy for Renewable Energy with policy targets and implementation mechanisms.	<b>Improvement suggested in 2021.</b> Status will be updated in 2022.
<b>Indicator 2</b>		
2019	Enact the draft law on access to information.	<b>Pending</b>
	Introduce legal provisions making consultation on draft laws and regulations mandatory.	<b>Work ongoing.</b> Per official records, in 2019, more than 150 meetings were held with the governorates and 150 with civil society institutions and universities.
	Establish a translation unit within the Office of the Advisory and Legislation Bureau of Palestine.	<b>Work ongoing.</b> The Ministry of Justice's Translation Unit is accrediting competent persons to translate documents from Arabic to foreign language and vice versa.
2020	Reinstate the original language of Article 3 in the Anti-Corruption Law of 2005, which requires Parliamentary approval in the appointment of the Anti-Corruption Commission's Head.	<b>Pending</b>
<b>Indicator 3</b>		
2019	Unify and update the legal framework on the establishment and registration of companies and IP rights.	<b>Pending</b>
2020	Unify and update the legal framework for regulating the issues of bankruptcy and competition.	<b>Pending</b>
	Develop a legal framework to underpin the growth of the renewables sub-sector, the incentive schemes, and the tariff methodology.	<b>Work ongoing.</b> The Palestinian Electricity Regulatory Council published solar energy purchase prices for 2020. It also amended the net metering instructions and set the calculation mechanism for 2020.
	PENRA and distribution companies should give the necessary technical training to their staff and make electricity metering available to promote renewable energy consumption.	<b>Work ongoing.</b> In 2020, PENRA's staff made field visits to targeted small and medium enterprises to create awareness on the installation of solar energy systems.
	Develop unified photovoltaic system installation standards and codes to harmonise operators' practices.	<b>Improvement suggested in 2021.</b> Status will be updated in 2022.
2021	Make it mandatory for photovoltaic system owners to provide grid impact studies to assure that any additional capacities will not damage the grid.	<b>Improvement suggested in 2021.</b> Status will be updated in 2022.
<b>Indicator 4</b>		
2019	Establish specialised commercial courts and a foreign investment ombudsperson to settle conflicts arising in the course of projects.	<b>Pending</b>
	Define "public purpose" in Law no. 2 of 1953 "On Land Acquisition" and set a timeline for paying compensation to the affected investor in the case of expropriation.	<b>Pending</b>
2020	Create a comprehensive land registry and simplify the process of issuing land registrations.	<b>Pending</b>