



Citizen Budget 2023



Vision: Contribution to the stability and growth of the national economy to achieve prosperity through sustainable development and a dignified life for citizens.

Mission statement: Efficient and effective management of public funds through revenue development and the rationalization of expenditures with the help of transparent and fair financial systems and supported by monitoring procedures.

Public Budget: A detailed program for PA expenditures and revenues for a specific fiscal year, which includes yearly estimates for PA revenues, grants, loans and other earnings, along with expenditures and various payments.

Citizen Budget: A simplified publication of the General Budget, which summarizes government ministries' policies and approaches for the coming year, expressed in numbers in this budget. It familiarizes citizens with how expenditures and revenues are distributed and allows them to track public spending. The average citizen can easily understand it because it is based on simple and organized data and uses charts, graphs and pictures.

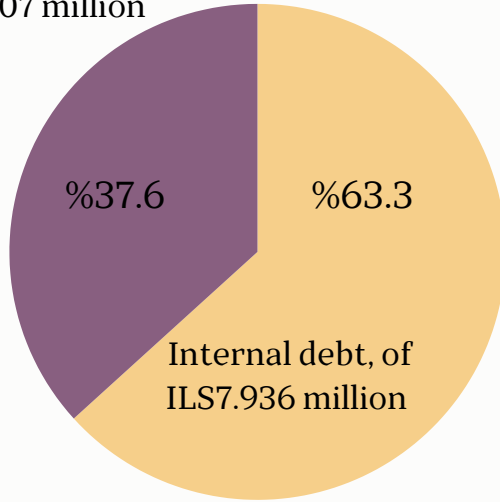
The 2023 general budget amounted to ILS 21,008 million while it was ILS 19,067 million in 2022, an increase of 10%.

Main 2023 budget data

Net revenues	ILS18.285 million
Overall expenditure	ILS21,008 million
Grants and external aid (support for general and development budget)	ILS1,505 million
Funding gap "deficit"	ILS1,219 million
Estimated Israeli deductions	ILS850 million
Deficit, including Israeli deductions	ILS2,069 million

Note: This year, the government adopted the budget as an emergency cash budget, from which spending was according to the available cash flows in the Treasury

External debt of
ILS4,607 million



The public debt at the beginning of 2023 was ILS12.543 million while it was ILS11.993 million at the beginning of 2022.

-At the beginning of 2023, the public debt could be distributed as follows:

- Internal debt, of ILS7.936 million
- External debt of ILS4,607 million

Net Lending: An amount of ILS1,262 million was allocated for net lending, deducted by Israel from clearance tax revenues, to cover electricity, water and sanitation bills, accumulated by local government units or service supply companies. The Ministry of Finance is forced to pay these debts due to the failure of local bodies, companies and service providers to pay their dues.

General Budget Articles:



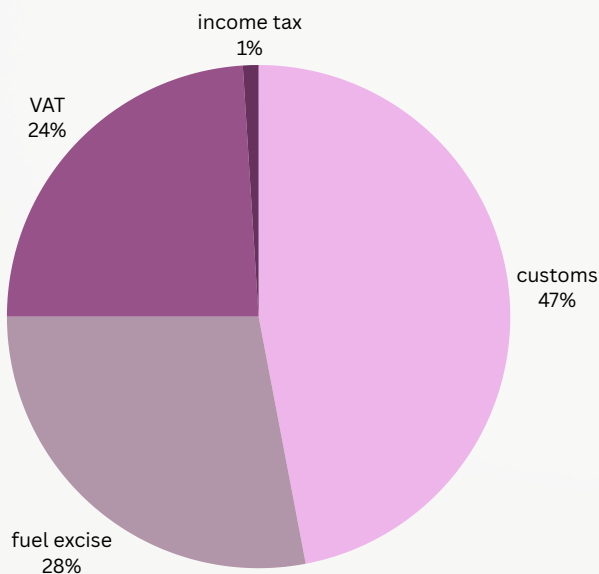
Grants and foreign aid is divided into:

- Grants and aid supporting the general budget: ILS824 million
- Estimated grants to fund developmental expenditures: ILS680 million

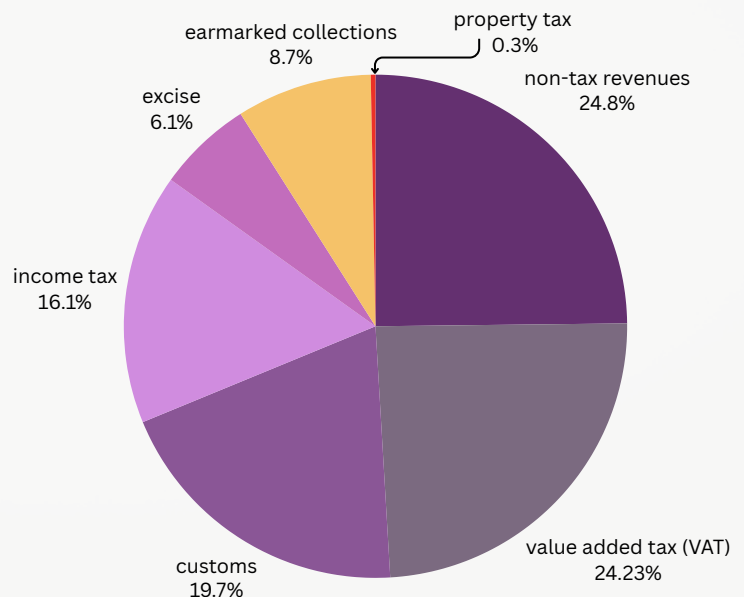
Sources of Revenue:

Clearance tax revenues constitute approximately 64% of overall revenues, while domestic revenues constitute 36%

**-Overall clearance tax revenues:
ILS12,003 million**

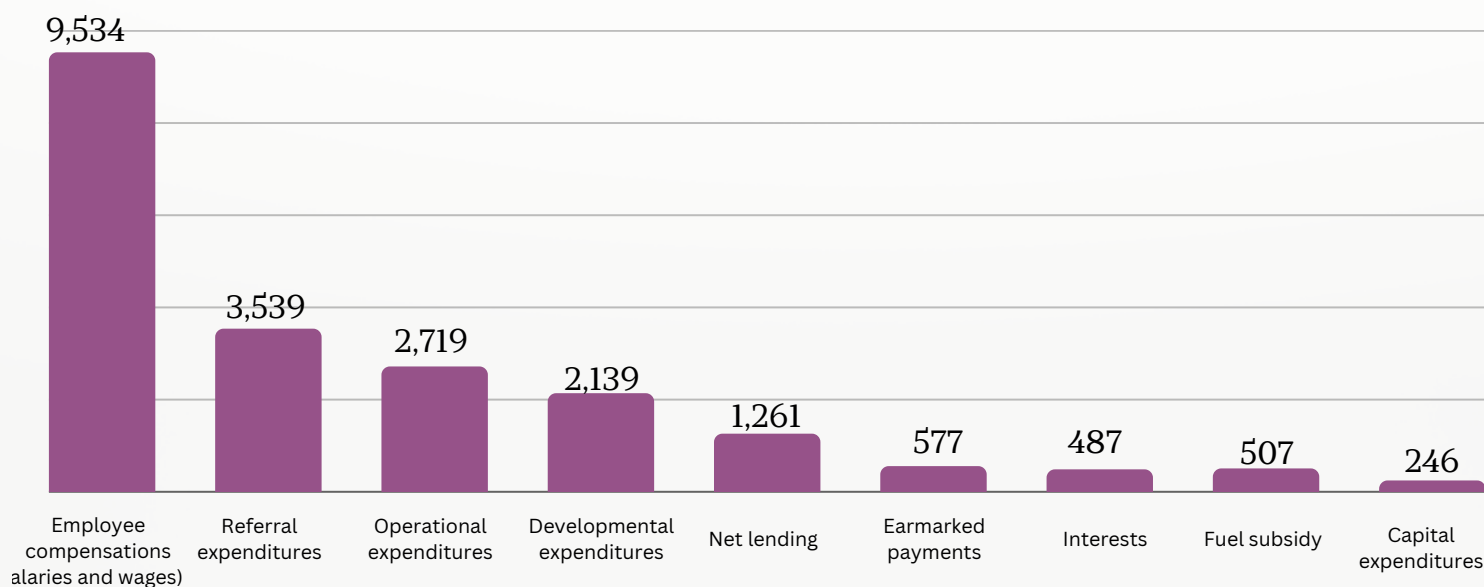


**-Overall domestic revenues:
ILS6,608 million**



Overhead Structure:

Article	Budget/million shekels	Percentage
Employee compensations (salaries and wages)	9,534	45.4%
Referral expenditures	3,539	16.8%
Operational expenditures	2,719	12.9%
Developmental expenditures	2,139	10.2%
Net lending	1,261	6.0%
Earmarked payments	577	2.7%
Interests	487	2.3%
Fuel subsidy	507	2.4%
Capital expenditures	246	1.2%
Total	21,008	100.0%



Distribution of percentages from the 2023 General Budget, according to the various sectors

Sector	Percentage	Sector	Percentage
Public order and safety	3.2%	Entertainment, culture and religion	3.0%
General public services	10.0%	Housing and community affairs	2.8%
Security	21.7%	Economic affairs	6.3%
Environmental protection	0.1%	Social protection	18.3%
Education	20.5%	Health	14.5%

The social protection sector includes: Prisoner Affairs Commission, Ministry of Social Development, Ministry of Women's Affairs, Commission against the Wall and Settlements, Palestinian Martyrs' Fund, Pension Fund, Refugee Affairs Department and the Jerusalem Affairs Ministry.

Gender-Responsive Budget Indicators



First indicator: CTP (Cash Transfer Program)

- Number of beneficiary families (125,000)
- The government offers a 55% contribution and the EU 45%
- Distribution of budget according to geographic region:**
- Gaza Strip (77%)
- West Bank Including Jerusalem (23%)

-Estimated budget (ILS490 million)

- Distribution of beneficiaries according to sex:**
- Male (58%) Female(42%)
- Number of families headed by women (52,000)

Second indicator: Support for Area C:

A budget of ILS136 million was earmarked to support developmental projects in Area C.

Fourth indicator: Gender support and women's empowerment:

An estimated budget of ILS13.6 million was earmarked for gender support and women's empowerment projects.

Third Indicator: Youth empowerment:

A budget of ILS105 million was earmarked for youth empowerment projects

Fifth indicator: social protection projects:

An estimated budget of ILS98 million was earmarked for social protection and poverty reduction projects

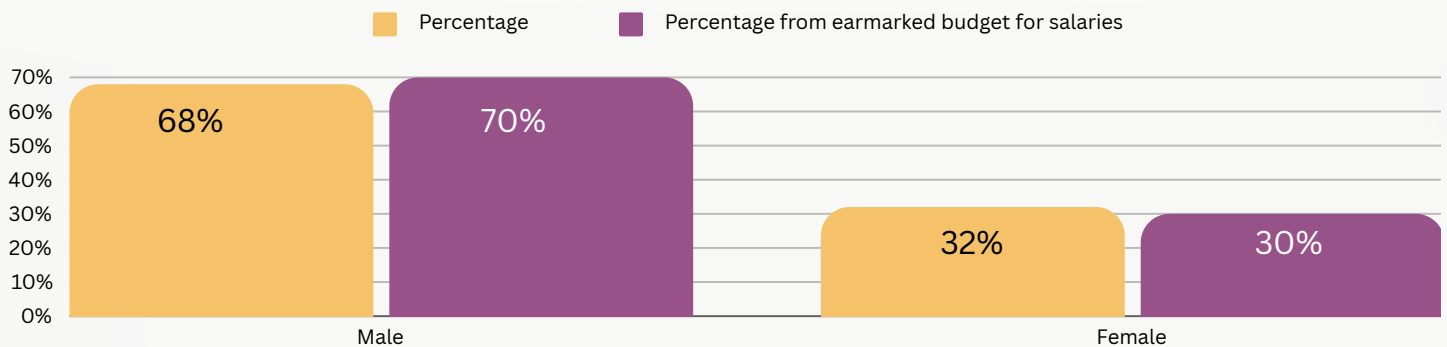
Sixth indicator: Emergency social protection project for combatting coronavirus pandemic

The project was launched in 2000 through to 2024 at an overall value of approximately ILS134 million, distributed among two components:

- Cash transfers to CTP beneficiaries
- Money for work, through providing temporary six-month job opportunities from which 3,940 people benefit, including 50% women and 20% of CPT beneficiaries while the remaining percentage is from disadvantaged and marginalized sectors.

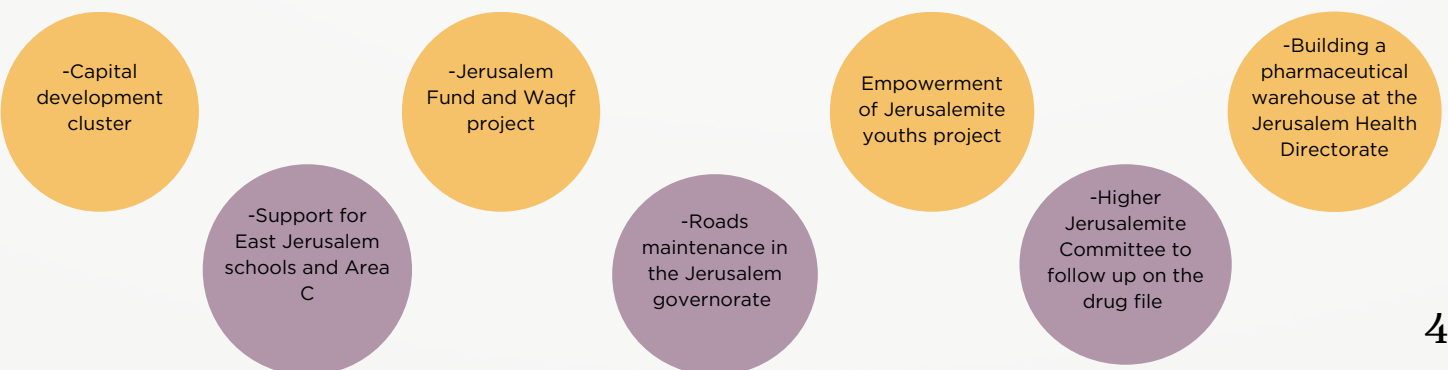
Public sector employee salaries

The bill for public sector employee salaries and beneficiary sectors at the start of 2023 was ILS 800 million a month.



Allocated budget for Jerusalem

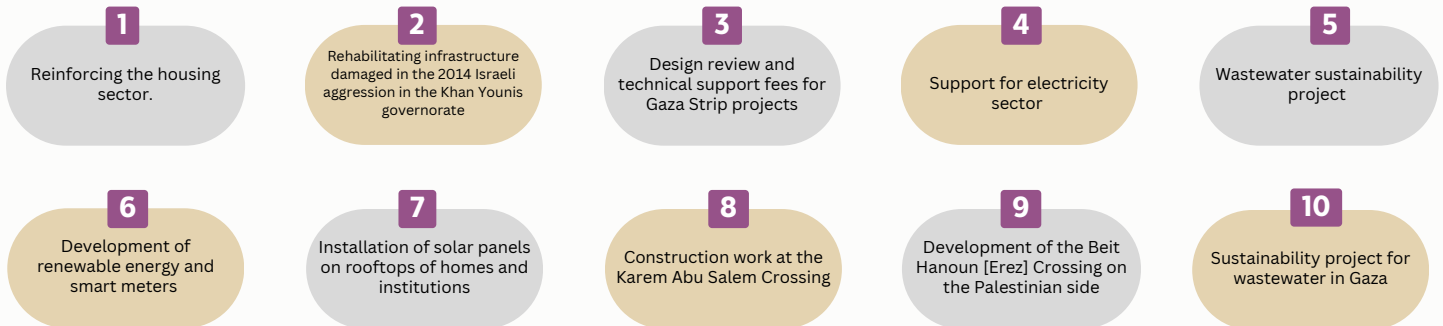
An amount of ILS68 million was allocated to the Ministry of Jerusalem Affairs and the Jerusalem governorate for 2023 to support the following developmental projects:



Spending on the Gaza Strip

The percentage of government spending on the Gaza Strip is between 35%-45% of the overall budget. The total cost in 2023 is estimated at ILS5.44 billion.

A developmental ceiling was set at ILS320 million, for the support of the following projects in the Gaza Strip:



Important Terms:

- **Revenues:** include tax revenues, non-tax revenues, grants, and all other revenues obtained by the State of Palestine.
- **Tax Revenues:** include taxes on income and profits, local taxes on goods and services, and any other taxes that are imposed occasionally.
- **Non-tax Revenues:** include profits from companies owned by the Palestinian Authority (PA) or their investors (directly or indirectly), as well as licensing, professional, and insurance fees and administrative fees, fines, seizures, and other non-tax revenues.
- **Clearance:** is the total revenue collected by Israel on behalf of the Palestinian National Authority and transferred to Palestine in Israeli Shekels. This includes income tax, value-added tax (VAT), purchase tax, and any other taxes and fees resulting from business exchange between Israel and the West Bank and Gaza Strip, in accordance with the Paris Protocol on Economic Relations.
- **Expenditures:** include current; capital; and developmental expenditures.
- **Current expenditures:** include salaries, wages, allowances, and the operational and transfer expenditures of ministries, public institutions, and executive bodies/agencies of the Palestinian state.
- **Operational expenditures (“Goods and Services”):** are the needed expenditures to operate public institutions (such as building-related fees, electricity fees, water, fuel, etc.). These expenditures are part of the current expenditures.
- **Transfer Expenditures:** are expenditures allocated from the General Budget for the benefit of third parties, such as aid provided through the Ministry of Social Development (MoSD) to poor families and other cases.
- **Capital Expenditures:** include the expenses paid for acquiring capital assets (e.g., buildings, lands, equipment, vehicles, etc.), as well as capital transfers related to projects. This item also includes expenses for capital development.
- **Developmental Expenditures:** are expenditures that have a different nature from current expenditures in terms of the life span and the return on expenditures (such as infrastructure projects).
- **Public Debt:** is the outstanding balance of unpaid financial dues that must be paid by the government.
- **External Public Debt:** are the financial dues to be paid by the government to repay the money lent from foreign countries and international organizations and bodies, in accordance with the law.
- **Internal Public Debt:** are financial dues to be paid by the government in return for loans acquired from government bonds, local banks, or other local financial institutions (Article (1) of Public Debt Law No. (24) of 2005).

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