



AMAN
Transparency Palestine

The Reform Process of the Nineteenth Palestinian Government

The Second Theme of the National Program for Development and Reform:

Legislative Environment Development and Institutional Performance Improvement

A Monitoring Report for the Period (March-October 2025)



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The Coalition for Accountability and Integrity (AMAN) has exerted effort to verify the information contained in this report and bears no responsibility for the use of the information for purposes outside the context of the report's objectives after its publication.

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Introduction

The governmental reform aims to develop the governance in public institutions, especially to review and reform of the administrative and financial systems. It aims at correcting public policies and developing them at all aspects. Moreover, it seeks to incorporate the values of integrity in the employees' conduct, promote compliance with the principles of transparency in the work operations and procedures and activate the internal and external accountability systems, to ensure building strong institutions capable of providing effective and fair public services with integrity, and enhance sustainable development. Hence, understanding the importance of government reform constitutes an important step to achieve a political economy that contributes to the steadfastness of the people and enhance public trust in public institutions.

Towards the end of March 2024, the 19th Palestinian government, under Prime Minister Mohammad Mustafa, announced its governmental program, consisting of seven themes, some have priority amid the genocidal war in Gaza Strip and the Occupation's practices in the West Bank, while others address the institutional and financial issues, and means of enhancing democracy and the rule of law. The first phase of the National Program for Development and Reform 2025-2026 fundamentally aimed at addressing the major imbalances in the structure of the national economy, accumulating throughout the past three years because of the occupation's policies, focusing on areas that may affect positive change on the ground. This phase has faced additional challenges because of the continued destructive war in Gaza Strip, the current settler aggression and the financial siege of the West Bank, which impeded achieving the goals and led to change in the nature of priorities and a confusion in policies.

This phase includes two main parts; the first includes seven strategic developmental initiatives aiming at supporting advancement and economic transformation, while the second part consists of four key pillars for development and institutional performance improvement, through adopting and implementing a set of reform and development measures in public financial management, legislative system, institutional structures and the rule of law.

Objective of the monitoring report

Within the framework of enhancing the role of the civil society organizations (CSOs) in developing sound public policies and accountability on their implementation, AMAN intends to prepare quarterly reports on the developments in the reform process, to monitor the major developments in accordance with the declared reform agenda, highlighting the areas that reveal progress or deterioration in the reform process. The monitoring process includes following up on government decisions, plans, and actions in this regard. Those reports serve as a compass that directs towards the progress in the reform process, and aims at demanding appropriate intervention in a timely manner and preventing deviation from the reform objectives. To accomplish the report, a systematic working methodology was adopted for monitoring decisions and data collected from various sources, and interviews were conducted with officials wherever decisions are made and whenever necessary.

Report themes

The report will focus on the second part of the National Development and Reform Program: developing the legislative environment and enhancing institutional performance. This part is built on several pillars, as follows:

First: Developing fiscal policies and public financial management

Second: Strengthening the governance system and the rule of law

Third: Improving the legislative and regulatory environment for investment and business

Fourth: Elevating the level of basic service delivery to citizens in vital sectors.

The report monitors each pillar in the second part as follows:

- Decisions and directives issued by the Palestinian Council of Ministers related to the indicators and pillars.
- Decisions and meetings of relevant government committees formed for the same purpose.
- Approved and ratified government strategic plans related to the pillars.
- Financial budgets allocated for implementing the plan related to the pillars.

Methodology

- Develop the proposed report structure in coordination with AMAN team.
- Develop and classify a set of indicators relevant to the four pillars.
- Gather information relevant to the indicators from various sources.
- Draw conclusions based on the indicators.
- Prepare the first draft.
- Discuss the first draft in workshops with stakeholders and edit it accordingly.
- Prepare the final draft of the report.
- Propose an advocacy and lobbying plan for implementing the remaining aspects of the second theme.

Sources of Information:

- Legislation (laws and regulations), procedures, and official and governmental decisions made on the subject.
- The comprehensive report and quarterly monitoring reports prepared by AMAN in 2024.
- Websites of Palestinian public institutions, international organizations, and specialized international bodies.
- Library references and sources, including related reports, studies, and research papers.
- Individual interviews with stakeholders and specialists.

First: the government decisions, directives and measures

The Council of Ministers held between March and October 2025 thirty-three meetings, and issued 273 decisions in various fields, including the four reform pillars presented in the following manner:

Pillar One: Developing Fiscal Policies and Public Financial Management

This pillar aims to enhance the efficiency of public financial management and ensure the sustainability of public finances by reforming the revenue and expenditure systems, and by developing tools for the preparation and implementation of the General Budget. The government is focusing within this pillar on equitably broadening the tax base, improving local revenue collection, rationalizing public expenditure by controlling the wage bill, enhancing oversight over spending, and developing the pension system. It also includes adopting a new Value-Added Tax (VAT) Law, reviewing the Income Tax Law, and promoting digital transformation in public financial management, which will limit waste and increase transparency and accountability. This pillar constitutes the foundation upon which the other reform themes rely for financing development, improving services, and ensuring the state's financial stability.

1- Enhancing Local Revenues, which includes a set of indicators: Improving tax administration performance, adopting a new Value-Added Tax Law, and reviewing the Income Tax Law.

Government Decisions and directives

The Council of Ministers (COM) issued a number of decisions related to the field of enhancing local revenues during the period from 1 March to 30 October 2025, outlined in Table (1) below:

Table (1): COM decisions and directives to enhance local revenues

Enhancing local revenues		
Indicator	COM Decisions and directives	Session number and date
Improve tax performance	-Approval of the recommendations of the special committee to develop an action plan and take the necessary measures to stop smuggling operations through the Al-Karama crossing.	COM Session No. (52) on 18/3/2025/
	-Granting local authorities the power to collect property tax directly.	COM Session No. (55) On 8/4/2025.
	-Granting a number of local authorities the authority to collect property tax and penalties for its delay ¹ .	COM Session No. (61) On 20/05/2025.
Adopt a new VAT LAW	The entry into force of Decision By Law No. (26) Of 2024 on Value-Added Tax on 30/06/2025 ² .	
Review Income Tax Law	Included under the item "Under study and preparation, pending submission to the Council of Ministers," with no progress made during the period.	

1 Decision in Session No. (61) on 20/05/2025 <https://pm.gov.ps/ar/details/664b21f84f9f7>

2 Official Gazette, Special Issue No. 30.

2-Rationalization of public expenditures, which includes the following set of indicators: conducting a functional review of ministries and public institutions, enhancing the control system over government expenditures, measures to control salary expenditures, adopting a plan to settle government arrears, reforming the pension system, and developing the medical referrals system at the Ministry of Health.

The government decisions and directives

The Palestinian Council of Ministers issued between 1 March and 30 October 2025 a set of decisions on rationalization of public expenditures as presented in Table (2):

Table (2): Government decisions and directives on the rationalization of public expenditures

Rationalization of public expenditures		
Indicator	COM decisions and directives	Session number and date
Governance of institutions and conducting a functional review of ministries and public institutions	-Adding the Ministry of Planning and International Cooperation (MOPIC) and the Institutional Development and Reform Office in the Prime Minister's Office, to the membership of the committee tasked with identifying all contract employees in the state.	Session No. (54) on 03/04/2025
	-Referring the draft "Decision By Law on the Governance of a Number of State Commissions and Institutions" to the President for issuing in accordance with due process. (The institutions are the Cooperative Work Commission, the National Commission for Vocational and Technical Education and Training, the Radiation and Nuclear Energy Regulatory Authority, the Public Health Institute, and the Land and Water Settlement Authority).	Session No. (54) on 03/04/2025 Session No. (57) on 22/4/2025
	-Adding MOPIC to the membership of the technical committee for studying organizational structures.	Decision on Session No. (62) on 27/5/2025
	-Approving the governance of a number of non-ministerial governmental institutions, as the legal personality of two non-ministerial government institutions has been revoked (the Palestine Center for Government Excellence and the Palestinian Cinema Authority).	Session No. (72) on 12/8/2025
	-Adopting the organizational structures of government departments as a single unit, and approving the structures of the Ministry of Economy, the Water Authority, and the Communications Regulation Commission.	Statement on Session No. (77) on 16/9/2025
	-COM discussed preparations for the functional review plan for government departments.	Statement on Session No. (79) on 1/10/2025
	-Launching the functional review process for government departments to enhance institutional development and improve services.	
Enhancing the system for monitoring government expenditures	-No direct decisions were made during the monitoring period on this matter.	

Rationalization of public expenditures		
Indicator	COM decisions and directives	Session number and date
Measures to control the salary expenditure item	<p>-COM decisions did not show clear and direct measures to control salary expenditures, except for the first reading of the draft amendment to COM Decision No. (5) Of 2018 regarding the regulations for purchasing secondment periods and unpaid leave for retirement purposes.</p> <p>-President Mahmoud Abbas issued a Decision by Law on referring officers holding the rank of Brigadier in the Security Forces, born on or before 1 May 1970, to early retirement, effective 1 April 2025³.</p> <p>-COM statement, within its deliberations on the draft 2025 Budget, indicated that, as part of austerity measures, the Draft Budget includes measures to reduce expenditures. These include reviewing organizational structures, completing the process of merging or abolishing unnecessary institutions, adhering to COM' decisions regarding appointments, and resorting to job rotation.</p> <p>-Issuing a Decision By Law on the 2025 Budget, described as rationalized/austere, and concentrating on controlling expenditure, especially Articles 13 and 14.</p> <p>-Structural reforms to reduce expenditures, such as merging/abolishing non-ministerial institutions to reduce recurrent costs (which are essentially a payroll and operational expenses).</p>	<p>Statement on Session No. (55) on 8/4/2025</p> <p>COM Statement issued on 6/4/2025</p>
Adopting a plan to settle government arrears	<ul style="list-style-type: none"> • COM decisions did not show any clear plan to settle government arrears, while indications in the statement of COM Session No. (70) pointed to some measures as follows: <ul style="list-style-type: none"> - Working to release funds withheld by the Israeli government in the near future, through immediate release of clearance funds for months 5, 6, and 7. - MOF shall prepare requirements for issuing sovereign bonds to provide financial resources as one of the solutions for paying employee and supplier debts. - Directing MOF to formalize salary entitlements by including them on the pay slip. - Amendments to the Public Debt Law to contribute to settling arrears as follows:* <ul style="list-style-type: none"> • Redefining public debt to include all arrears owed by the government, including employee and private sector arrears. • Based on the amended law, MOF will issue bonds to schedule the repayment of its due debts to employees and the private sector. • An agreement exists with the European Union to finance the "Settlement Account" at MOF, provided that the account's independence is maintained, it is subject to oversight and enjoys high transparency. • MOF established a new department named the "Public Debt Control Department," responsible for addressing various issues related to public debt and its restructuring. 	COM Statement on Session No. (70) on 22/07/2025

³ The database of Palestinian laws and court decisions (Maqam): <https://maqam.najah.edu/legislation/1876/>

* Mu'ayyad Afanah, Special interview with Sada News on amending the Public Debt Law, 28/10/2025. <https://www.sadanews.ps/news/244884.htm>

Rationalization of public expenditures		
Indicator	COM decisions and directives	Session number and date
Reforming the pension system	COM did not make any explicit decision or action related to pension system reform, except for what was mentioned in Session No. (73) in 08/2025, where COM approved an amendment to the regulations for purchasing secondment periods and unpaid leaves for retirement purposes.	
Developing the medical referrals system for the Ministry of Health	Approval of standards to regulate the medical referrals and stopping referrals to Israeli hospitals.	COM Session No. (69) On 15/07/2025.

3- Achieving financial sustainability, which includes the following set of indicators: Adopting a maximum budget deficit and restructuring public debt.

Government decisions and directives

The Palestinian COM issued the following set of decisions on financial sustainability between 1 March and 30 October 2025, presented in Table No (3).

Table No (3). Government decisions and directives on financial sustainability

Achieving financial sustainability		
Subject	COM decisions and directives	Session number and date
Adopting a maximum ceiling for budget deficit	<p>-The 2025 Public Budget Statement, or the Public Budget Decision By Law for 2025, did not include a specific maximum limit for the budget deficit.</p> <p>However, Article 5 of the 2025 General Budget Decision by Law stipulates that borrowing from the banking sector in 2025 is not permitted, except for the purpose of covering the financing gap if one exists, provided that the outstanding debt balance as of 31 December 2025 does not exceed what it was on 13 December 2024 except with COM approval.</p> <p>-Meanwhile, the Decision By Law amending the Public Debt Law No. (24) of 2005 allows the public debt ceiling to reach up to 80% of the Gross Domestic Product⁴.</p>	
Restructuring public debt	-The President issued Decision By Law No. 20 of 2025 amending the Public Debt Law No. 24 of 2005 ⁵ , with the aim of regulating public borrowing policy, regulating public debt management in line with the current financial reality, and restructuring existing debt.	

⁴ Official Gazette, Issue No. 231, 27/10/2025.

⁵ Ibid.

The extent of progress and deviation in the first pillar

Under the first pillar, the government showed a balanced legislative and executive level of activity between enhancing local revenues, rationalizing expenditures and achieving financial sustainability, evident in the following:

1. Enhancing domestic revenues: Under this theme, the government issued a package of COM decisions to improve tax administration performance. This included granting local authorities the mandate to collect property taxes and penalties for non-payment directly, in addition to approving debt settlements for electricity and water bills for a number of local authorities, and transferring the management of electrical connection points to the Palestinian Electricity Transmission Company. The entry into force of the new VAT Law (Decision By Law No. 26 of 2024) on 30 June 2025 constituted a major step towards reforming the tax system towards fairness and transparency. On the other hand, no progress was recorded in reviewing the Income Tax Law, despite its inclusion on the government's agenda, indicating a slowdown in the comprehensive tax reform track.

In general, these measures reflect a trend towards broadening the tax base and curbing evasion, but they still rely more on procedural steps than on a comprehensive reform of the tax structure.

2. Rationalizing public expenditures: The monitoring period witnessed clear moves towards restructuring the public sector and enhancing oversight over government spending. A comprehensive functional review of government departments was launched, as well as adopting new organizational structures for the ministries of National Economy, Water and the Telecommunications Regulatory Authority, as well as the abolition of the legal personality of a number of non-ministerial public institutions. Furthermore, MOPIC, and the Institutional Development and Reform Office were added to the committee for identifying contract employees, a step aimed at controlling the wage bill. At the level of the financial measures, the 2025 Budget Law was approved as an austerity budget focused on controlling spending and rotating human resources instead of hiring, with references to referring batches of military officers for early retirement. The 2025 semi-annual report of the Civil Society Team for Enhancing Public Budget Transparency indicated that the Palestinian government succeeded in reducing total expenditures to 44% of the estimated budget, specifically in operational and transfer expenditures, following some of the measures taken⁶.

Despite this activity, no comprehensive plan for settling arrears has emerged, except for expectations that MOF shall initiate the issuance of sovereign bonds to settle employee and supplier debts and amend the Public Debt Law to include arrears in the definition of public debt. Moreover, upon scrutiny, it is clear that the core issues requiring remedy have not yet been addressed. The wage bill remains high, constituting over 50% of the budget, and no work has been done to reduce salary expenditures. Therefore, reform on the expenditure side remains partial and of limited direct impact⁷. Furthermore, no serious measures have emerged to strengthen the control system on government expenditures.

3. Achieving Fiscal Sustainability: In this area, the government adopted a dual approach involving controlling borrowing and restructuring public debt. Article (5) of the 2025 Budget Law stipulates that borrowing from the banking sector is not permitted except to cover the financing gap, and that outstanding debt at year-end should not exceed its 2024 level.

Moreover, the Decision By Law No. 20 of 2025 amending the Public Debt Law No. 24 of 2005 was approved to allow for debt restructuring and regulating its management in line with the current financial reality, while setting a public debt ceiling not exceeding 80% of Gross Domestic Product. These steps reflect a serious attempt to adhere to fiscal discipline standards. However, they still lack a comprehensive national plan for medium and long-term debt management, especially in light of the continued withholding of clearance revenues.

⁶ The Civil Society Team for Enhancing Public Budget Transparency, 2025 semi-annual report, September 2025. Internal unpublished report as of this date.

⁷ Ibid.

Final evaluation

This pillar is the most advanced among the four reform pillars, as it combines legislative and procedural reforms in the areas of revenues, expenditures, and public debt. The government has succeeded in establishing the foundations of a more disciplined financial system through the Budget Law, restructuring decisions, and the adoption of the new VAT Tax.

However, the absence of a comprehensive plan for debts and arrears, the delay in reviewing the Income Tax Law, and the lack of disclosure of details of sectoral budgets keep the financial reform at the level of "procedural improvements" rather than "comprehensive structural reform." Nevertheless, this pillar constitutes the primary driver upon which the other reform pillars rely, as it provides the financial framework for the sustainability of public policies.

Pillar Two: Strengthening the governance system and the rule of law

This pillar addresses two main themes: achieving judicial justice by enhancing the efficiency of the judicial system and digitizing its procedures, and establishing democracy and freedom of expression by developing legislation that guarantees freedom of expression and instilling principles of transparency and accountability in government work. Through this, the government aims to build an effective governance system based on justice, community participation, and respect for citizens' rights, which enhances public trust in public institutions and reinforces the foundations of a state based on the rule of law.

1-Achieving Judicial Justice, which includes a set of indicators, namely, increasing the efficiency of the judicial system, and digitizing judicial procedures.

Government decisions and directives

During the period from 1 March to 30 October 2025, COM issued a number of decisions related to achieving judicial justice, as presented in Table No. (4).

Table no. (4): Decisions and directives on achieving judicial justice

Achieving judicial justice		
Subject	COM Decisions and Directives	Session number and date
Increasing efficiency of the judicial system	Statement by the Minister of Justice on the establishment of the Justice Observatory, which is a comprehensive legal database aimed at developing judicial policies based on accurate and updated data.	Weekly report of the Government Communications Center on 26/10/2025.
Digitalization of judicial procedures	Approval of judicial notifications via electronic means. The System for Judicial Notifications Via Electronic Means and Companies Law No. (8) Of 2025 was published in Issue 230 of the Official Gazette ⁸ . The instructions for using electronic means in Regulations No. (2) Of 2025 was published in Issue 231 of the Official Gazette ⁹ .	COM session No. (73) On 19/08/2025.

⁸ Official Gazette, Issue No. 230, on 28/9/2025.

⁹ Official Gazette, Issue No. 231, previous source.

2- Instilling democracy and freedom of expression, including the revision of the Electronic Crimes Law

Government decisions and directives

The Palestinian COM issued a set of decisions regarding instilling democracy and freedom of expression between 1 March and 30 October 2025, presented in Table No. (5) below:

Table No. (5): Decisions and directives regarding instilling democracy and freedom of expression

Instilling democracy and freedom of expression		
Subject	COM Decisions and Directives	Session number and date
Revision of the Electronic Crimes Decision By Law	<p>-A decision to form a committee to amend Decision By Law No. (10) Of 2018 regarding cybercrimes and telecommunications and information technology crimes.</p> <p>-A report of the Government Communications Center dated 7 July 2025 also indicated that the Decision By Law, with comments, was presented to COM in the first reading, and a specialized national committee was formed to amend the Decision By Law. The formed committee is working to incorporate the comments into the draft Decision By Law to complete its presentation to COM¹⁰.</p>	COM session No. (58) on 30/4/2025
Draft decision by law on the elections of local authorities	-First reading of the draft decision by law on the elections of local authorities, with instructions to publish it on the legislation platform to receive feedback.	COM session No. (56) On 17/4/2025.
	-Forming a committee to study the feedback received on the draft decision by law on the elections of local authorities.	COM session No. (62) On 27 May 2025.
	-Recommendation to the President to issue a decision by law on local authorities' elections after completing the readings, consultations, and publishing the draft on the legislation platform.	COM session No. (71) On 6 August 2025.
Draft decision by law amending the Law of Publications of 1995.	- Amendment of the Law by replacing the jurisdiction of the Ministry of Information with the Ministry of Culture, so that the latter oversees the requirements of the media sector, particularly after its assignment to the Ministry of Culture.	COM session No. (64) On 10/6/2025.
Participatory transparency	An official news item on COM webpage mentioned on 31 March 2025 that the Draft 2025 General Budget was published on the legislation platform for public participation ¹¹ .	

10 Report of the Government Communications Center. "Government communications issued the most prominent reform and development legislations the government made during its first year". 7/7/2025.

11 <https://www.palestinecabinet.gov.ps/portal/news/details/55833>

Progress and deviation in the second pillar

The monitoring period (March–October 2025) witnessed clear governmental activity in this field, represented by a set of decisions and regulatory and institutional measures at many levels, as follows:

1- Reforming the governance institutional framework: COM adopted the executive plan for the Cross-Sectoral National Strategy to Enhance Governance and Combat Corruption in its session No. (82) On 21 October 2025. This major step constituted a culmination of efforts that had been ongoing since the beginning of the year with the Anti-Corruption Commission (ACC).

2- Strengthening the rule of law and judicial justice: The justice sector witnessed several initiatives within the reform plan, focusing on expediting litigation procedures and the partial digitization of judicial systems, as part of efforts to modernize the judicial system and improve court efficiency. Despite these steps, a clear gap remains in issuing legislation supporting judicial independence or modernizing the Judicial Authority Law, as no substantive decisions were made in this regard during the monitoring period, rendering current efforts mere administrative in nature rather than substantive institutional legislative reform.

3- Instilling democracy and freedom of expression: The government continued its approach of enhancing communication with citizens through the Government Communications Center and publishing weekly reports documenting its decisions, as a step towards entrenching the principles of transparency and accountability. The draft Decision By law on the Elections of Local Authorities was also discussed and recommended to the President for approval after societal consultations, along with amendments to the Publications Law. However, despite these efforts, challenges persist on issuing a new cybercrime law that balances freedom of expression with privacy protection, a file under discussion since the beginning of the year without legislative resolution. Moreover, community oversight on the performance of public institutions remains limited, highlighting the need to activate the role of the civil society as a supporting party for governance.

Final evaluation

The government took an important step towards building an institutional framework for governance by adopting the Executive Plan to Combat Corruption and expanding the scope of administrative reform. However, the failure to modernize the legal frameworks regulating freedom of expression and cybercrimes makes progress in this pillar unbalanced between the administrative and regulatory aspect on one hand and the legislative aspect on the other. The government achieved tangible institutional success in the areas of oversight and transparency, but still needs to reflect this in legal reforms that ensure the sustainability of governance and enhance citizen trust in state institutions.

Pillar Three: Improving the legislative and regulatory environment for investment and business

This pillar focuses on preparing an attractive legal and regulatory environment for investment and enhancing the competitiveness of the national economy. This is achieved by modernizing the laws that regulate the business, streamlining procedures, and expanding partnership with the private sector. Through this pillar, the government aims to develop legislation concerning investment promotion, competition and anti-monopoly laws, public-private partnerships, and the companies law, ensuring transparency and equal opportunities in the Palestinian market. It also seeks to enhance the role of business-supporting institutions and empower the private sector as a key partner in development, which contributes to stimulating economic growth and creating sustainable job opportunities, making legislative and economic reform a fundamental lever for achieving national transformation goals.

1- Modernization of the Investment Promotion Law

Government Decisions and directives

The COM issued a group of decisions during the period between 1 March and 30 October 2025, related to the modernization of the Investment Promotion Law, as presented in Table No. (6) below:

Table No. (6): Decisions and directives on the modernization of the Investment Promotion Law

Subject	COM Decisions and Directives	Session number and date
Modernization of the Investment Promotion Law	- Announcement of approval in the second reading of the Decision By Law on Investment Promotion in Palestine ¹² .	COM statement of session No. (51) On 12/03/2025.
	- Announcement of the recommendation of the Decision By Law on Investment Promotion to the President.	COM statement of session No. (66) On 24/06/2025.

2- Private public partnership law (PPP)

Government decisions and directives

The Palestinian COM issued between 1 March and 30 October 2025 a set of decisions on the partnership between the private and public sectors, as presented in Table (7) below:

Table (7): decisions and directives on the Private-Public Partnership Law

Subject	COM Decisions and Directives	Session number and date
Draft Private-Public Partnership Law	A report issued by the Government Communications Center on 7/7/2025 ¹³ indicated that consultations are being held with the private sector through extensive workshops in preparation for presenting it to the COM. During the monitoring period, no final decision was taken in this regard.	

12 COM, COM statement of session No. (51) On 12/03/2025.

13 Government Communications Center report on 7/7/2025, previous source.

3- Adoption of the Competition and Anti-Monopoly Law

Government decisions and directives

The COM issued between 1 March and 30 October 2025 a set of decisions related to the adoption of the Competition and Anti-Monopoly Law, as presented in Table No. (8) below:

Table No. (8): decisions and directives on the adoption of the Competition and Anti-Monopoly Law

Subject	COM Decisions and Directives	Session number and date
Competition and Anti-Monopoly Law	-Decision to refer the draft Decision By Law on Competition to the President for issuance according to due procedures. -The President issued Decision By Law No. (11) Of 2025 on 29/04/2025 after submission by COM. It would enter into force on 27/11/2025.	COM statement of session No. (57) On 22/4/2025

4- Review of the Companies Law

Government decisions and directives

The Palestinian COM, issued between 1 March and 30 October 2025, a series of decisions related to reviewing the Companies Law, as presented in Table No. (9) below.

Table 9: Decisions and directives related to the review of the Companies Law

Subject	COM Decisions and Directives	Session number and date
Review of the Companies Law	The Companies Decision By Law No. (42) Of 2021 is under review through the issuance of regulations, such as Regulation No. (2) Of 2025 on the management, procedures and fees of the Companies Registry and electronic registration ¹⁴ .	COM statement of session No. (57) on 22\4\2025

Progress and deviation in the third pillar

The monitoring period (March – October 2025) revealed clear efforts toward unifying legal frameworks and enhancing transparency in commercial and investment transactions.

1. Investment Promotion Law: This law is the cornerstone of the economic reform system, as reviewed by COM. However, this step has not yet become an official decision for referral or final approval, meaning progress in this area is mere legislative preparation only.

2. Public-Private Partnership (PPP) Law: Work on this law was limited to a series of workshops and meetings, with no direct legislative development during the monitoring period.

3. Competition and Anti-Monopoly Law: This area witnessed limited activity, of completing the review of the draft Competition Law and its referral to COM for discussion. The aim of the amendment is to enhance competition and prevent monopolistic practices that limit market fairness. The law was issued by the President and would enter into force on 27/11/2025/

¹⁴ Official Gazette, Issue No. 227.

4. Companies Law: The review of the Companies Law is one of the most advanced legislative files during the monitoring period. COM discussed amendments to some articles in coordination with the Ministry of National Economy (MONE). Moreover, there was an indication of the government's intention to adopt an integrated electronic system for company registration immediately upon approving the amendments. This step constitutes one of the most prominent indicators of tangible progress in the third pillar, given its direct link to facilitating the business environment and improving Palestine's ranking in economic performance indicators.

Final evaluation

The third pillar is possibly the core of legislative and economic reform within the government's plan for 2025. It has successfully moved forward the files of four fundamental economic laws that constitute the legal foundation for regulating investment, competition, and public-private partnerships. However, most of the progress remains at the stage of drafts and reviews, with no new laws issued as of the end of October 2025. Hence, it is necessary to accelerate the legislative process and adopt a public, legally binding dissemination plan that clarifies the timelines for approval and implementation. This would enhance confidence within the business community and transform this trajectory from "preparatory" reform into actual "operational" reform within the Palestinian economic environment.

Pillar Four: Elevating the level of basic service delivery

This pillar focuses on improving the quality and efficiency of public services delivered to citizens in vital sectors such as water, energy, health, education, telecommunications, and social protection. Through this pillar, the government seeks to enhance equity in service distribution and develop their institutional structure through digital transformation, streamline procedures, and expand access, particularly in marginalized areas and those impacted by occupation measures. It also aims to rationalize the management of public resources in these sectors and ensure service sustainability through partnerships with the private sector and community institutions. This pillar constitutes the tangible dimension of the reform process, translating financial, legal, and administrative policies into a direct impact on citizens' lives and their quality of living.

1- The Water sector

Government decisions and directives

The COM issued, between 1 March and 30 October 2025, a set of decisions on the water sector, as presented in Table No. (10) below.

Table 10: Decisions and directives on the water sector

The water sector		
Subject	COM Decisions and Directives	Session number and date
National Response plan for water emergency in Gaza	Approval to facilitate the completion of Water Authority projects in the southern governorates.	COM decision of session No. (56) On 16/04/2025.
Adopting a new water and wastewater tariffs	No decisions were made to adopt new water and wastewater tariffs during the monitoring period.	

The water sector		
Subject	COM Decisions and Directives	Session number and date
Regulating the collection of water sales	-Settle the debts of 46 local authorities (first phase)	COM decision of session No. (55) On 08/04/2025.
Complete settlements	-Settle the debts of 18 municipalities and village councils (second phase).	COM statement of session No. (63) On 03/06/2025.
Additional settlements	-Settle the debts of 25 additional authorities (total 89 authorities).	COM statement of session No. (71) On 06/08/2025
	-Approval of the financial settlement agreement between the government and the "Water and Wastewater Authority" for (Bethlehem, Beit Jala, and Beit Sahour)	COM statement of session No. (66) On 24/06/2025.

2- The Energy Sector

Government decisions and directives

The COM issued, between 1 March and 30 October 2025, a set of decisions on the energy sector, as presented in Table No. (11) below.

Table No. (11): Government decisions and directives on the energy sector

Energy sector		
Subject	COM Decisions and Directives	Session number and date
Adopting a national energy sector strategy for the period 2025–2030	COM decision to approve the National Renewable Energy Plan 2025-2030.	COM statement of session No. (58) On 30/4/2025.
Improving the legal and legislative framework to encourage investment in renewable energy sources	Government Communications Center statement on 12/6/2025. The government, through specialized international and local consulting firms, is reviewing all the systems and laws regulating the energy sector, both conventional and renewable ¹⁵ .	
Setting an appropriate tariff for electricity producers from renewable sources	COM approved the system of connection of renewable energy projects to the electricity grid/net-billing system: (This system provides consumers with two flexible models. The first involves buying all electricity at the announced tariff and selling all generated electricity at the average voltage price. The second model allows for the option of self-consumption (with or without storage) and exporting surplus to the grid) ¹⁶ .	COM statement of session No. (81) On 14/10/2025.
Introducing a new system for renewable energy producers for self-consumption purposes	-The system of connection of renewable energy projects to the electricity grid/net-billing system regulates the connection of solar energy systems to electricity grids. It enables citizens, as well as commercial, industrial, and agricultural sectors, to cover their self-consumption of electricity and sell the surplus to the public grid.	COM statement of session No. (81) On 14/10/2025.

¹⁵ Government Communications Center statement, 12/6/2025.

¹⁶ COM statement of session No. (81) On 14/10/2025.

Energy sector		
Subject	COM Decisions and Directives	Session number and date
Incorporating an electrical energy storage program into renewable energy projects	-Government Communications Center Report on the Key Achievements of the Energy and Natural Resources Authority (PENRA) on 22/5/2025. -Signing agreements with Norway and the World Bank (for solar systems and storage).	
Allowing all electricity consumers and distributors to invest in renewable energy to meet their needs and adopting a national tariff that includes cost elements.	-Government Communications Center Report on the Key Achievements of PENRA on 22/5/2025. -67 licenses granted with a total capacity of 157 megawatts to projects in institutions and schools ¹⁷ .	
Regulating electricity sales revenue collection	-Approval to fix the electricity and water debts for a number of local authorities. - A decision in the same session to approve transferring the authority to manage electricity connection points from distribution companies, municipalities, and local authorities to the Palestinian Electricity Transmission Company. -Approval to fix the electricity and water debts for a number of local authorities. -Approval of a settlement agreement with the South Hebron Electric Company regarding long-outstanding financial rights	COM statement of session No. (55) On 8/4/2025. COM statement of session No. (63) On 3/6/2025. COM statement of session No. (69) On 15/7/2025.

Despite the progress the government made in the energy sector, numerous obstacles and challenges still hinder the required advancement, most prominently, as stated by the Director-General of the Energy and Environment Research Center at PENRA, are the following¹⁸:

- Classification of most West Bank lands as Area C, comprising around 60% of the West Bank, meaning it is under full Israeli control. This prevents establishing local electricity networks or obtaining the necessary permits to set up solar energy systems.
- Land in Areas A and B under the Palestinian Authority is predominantly residential, very limited in size, and expensive, making it economically unfeasible to establish energy projects on them.
- Limited capacity of local electricity grids to absorb the proposed goal of solar energy, estimated at about 1,430 megawatts. Hence, the distribution companies must develop their grids. He noted that the current grids could only accommodate up to 500 megawatts.

17 WAFA, Government Communications Center issues its Report on the Key Achievements of the Energy Authority in One Year of Government. (22/5/2025)

مركز الاتصال الحكومي يصدر تقريراً حول أبرز إنجازات سلطة الطاقة خلال عام من تولى الحكومة

18 Yaseen, Basel, Director General of the Palestinian Energy & Environment Research Center (PEC), interview with Al-Jazeera, A Palestinian tendency to rely on solar energy as a power source ("1/7/2025. توجه فلسطيني لتوسيع الاعتماد على الطاقة الشمسية كمصدر للكهرباء).

<https://www.aljazeera.net/ebusiness/2025/7/1/%D9%81%D9%84%D8%B3%D8%B7%D9%8A%D9%86-%D9%83%D9%87%D8%B1%D8%A8%D8%A7%D8%A1-%D8%B7%D8%A7%D9%82%D8%A9-%D8%B4%D9%85%D8%B3%D9%8A%D8%A9-%D8%A7%D9%84%D8%B3%D9%84%D8%B7%D8%A9>

3- Health Sector

Government decisions and directives

During the period between 1 March to 30 October 2025, COM issued a number of decisions related to the health sector, as outlined in Table No. (12) below:

Table No. (12): Government decisions and directives on the health sector

Subject	COM Decisions and Directives	Session number and date
Medical referrals	Stopping referrals to Israeli hospitals+ adopting new criteria	COM session No. (69) On 15/7/2025.
Restructuring health insurance	No explicit decision have emerged on this indicator during the monitoring period.	
Financial and technical audit of medical claims	No explicit decision have emerged on this indicator during the monitoring period.	

In the context of the decision to halt referrals to Israeli hospitals, the Palestinian Ministry of Health stated in a statement released on 21 September 2025 that it has formed new committees to regulate the work of the medical service purchasing nit (medical referrals), to provide the service with higher efficiency and to facilitate procedures for citizens. It rebuffed rumors about a complete stop of referrals for treatment, clarifying that medical referrals are limited to services unavailable within governmental medical facilities. In cases where healthcare services are not available in government centers, the Ministry of Health, in accordance with its contracts and agreements, seeks treatment in national private and non-governmental hospitals.

If unavailable there, recourse is made to regional hospitals. The Ministry explained that referrals to Israeli hospitals are made, according to the arrangements of the referral committees, through a special committee that assesses the patients' health conditions, their files, and medical reports. This committee refers cases for which treatment is not available in government or national hospitals, under conditions aimed at controlling referrals and providing efficient treatment to patients¹⁹.

Furthermore, no decisions related to the other two indicators were made: restructuring health insurance and the technical and financial audit of medical claims.

19 Sada News. Ministry of Health denies stopping medical referrals (21 September 2025). وزارة الصحة تنفي وقف تحويلات المرضى لتلقي العلاج.

4- Telecommunications Sector

Government decisions and directives

COM issued a number of decisions between 1 March and 30 October 2025, related to the telecommunications sector, as presented in Table No. (13) below.

Table (13): Decisions and directives related to the telecommunications sector

Telecommunications sector		
Subject	COM Decisions and Directives	Session number and date
National Digital Identity	Forming of a special committee to study and propose a governance model and technical architecture for the national digital identity	COM session No. (63) On 3/6/2025.
Data Protection Law	First reading approval of the draft law	COM session No. (56) On 17/04/2025.
Electronic payment	<ul style="list-style-type: none"> -Decision to adopt E-SADAD system + memoranda of understanding (MoU) with the Monetary Authority (PMA). - Mandate the Land Authority and the Petroleum Corporation to take necessary measures to reduce cash payments and promote the use of electronic payment methods, in coordination with MOF and PMA. - Approve granting an incentive discount for paying vehicle insurance installments using e-payment methods. -Approve exempting local authorities, unions, and federations from fees for connecting to the national data carrier (xroad). -The Ministry of Transport included the annual vehicle license renewal service within the "E-SADAD" electronic payment system, and an MoU was signed with PMA to launch an e-payment service for vehicle registration fees. -The Ministry of Justice included the service for paying the Ministry's transaction fees electronically via "E-SADAD" without commissions, to facilitate transaction completion. - The Ministry of National Economy launched an electronic signature service for company registration and automated the electronic payment services of the General Administration of Intellectual Property Rights via "E-SADAD". 	<p>COM session No. (62) On 28/05/2025.</p> <p>Statement of COM session No. (79) On 1/10/2025.</p> <p>COM session No. (79) On 30/9/2025.</p> <p>Statement of COM session No. (79) On 1/10/2025.</p> <p>Report of the Government Communications Center on 25/5/2025.</p> <p>Report of the Government Communications Center on 28/9/2025.</p>
Digital collection of VAT	No decisions related to the final indicator, the digital collection of VAT were made during the monitoring period.	

5- Education

Government decisions and directives

COM issued a number of decisions between 1 March and 30 October 2025, related to the education sector, as presented in Table No. (14) below.

Table No. (14): Decisions and directives on the education sector

Subject	COM Decisions and Directives	Session number and date
Increase pre-school enrolment	The most prominent Ministry of Education and Higher Education (MOEHE) interventions were furnishing and finishing of 29 schools and kindergartens.	Report of the Government Communications Center on 27/4/2025.
Develop public education	The Prime Minister chaired a meeting on 2/6/2025 to follow up on the progress of the plan and strategy of the MOEHE to improve education quality, through the 2025-2027 Education Development Strategy ²⁰ .	
Teachers' capacity building	Implementing a program to prepare 150 principals + teachers' graduation + workshops on using artificial intelligence	

6- Social protection

Government decisions and directives

COM issued a number of decisions between 1 March and 30 October 2025, related to the social protection sector, as presented in Table No. (15) below.

Table No. (15): Decisions and directives on the social protection sector

The social protection sector		
Subject	COM Decisions and Directives	Session number and date
Inclusive social protection system	.Implementing the social justice and inclusion program Approving an MoU between the Ministry of Social Development (MOSD) and the United Nations Development Programme/Programme of Assistance to the Palestinian People (UNDP/PAPP) to strengthen the emergency socio-economic response and develop the social protection system in Palestine	COM session Decision No. (83) On 29/10/2025
International co-operation	- An MoU was signed with Belarus concerning social protection. -MOSD signed 25 MoUs with international and local entities during 2024, the most prominent being an agreement with the UNDP worth US\$55 million, in addition to agreements with UNRWA, the World Bank, UN Women, and the World Food Programme (WFP). Coordination with civil society institutions and charitable associations was also enhanced.	COM session No. (65) On 17/06/2025. Report of the Government Communications Center on 23/06/2025.

20 MOEHE. Education Development Strategy 2025-2027.
https://www.moe.edu.ps/uploads/20250708135738_1.pdf?utm

The social protection sector		
Subject	COM Decisions and Directives	Session number and date
Cash assistance	<ul style="list-style-type: none"> - MOSD continued to disburse monthly assistance to approximately 31,490 families from the poorest categories, including persons with disabilities and the elderly, under the cash assistance program, with a total monthly amount exceeding NIS 11.7 million. Monthly food assistance was also provided to around 36,694 families, equivalent to 152,827 individuals, through the National Social Registry, with support from WFP. 	Report of the Government Communications Center on 23/06/2025.
Digital transformation	<ul style="list-style-type: none"> -Presidential Decree No. (9) Of 2025 on transferring the computerized cash assistance program from MOSD to the Palestinian National Institution for Economic Empowerment²¹. -Development of the complaints program. - MOSD completed the programming of the National Social Registry. -Modernizing and digitize the National Registry and linking it to financial transfer platforms, in coordination with the Ministry of Communications and PMA. -On its official page on 17 July 2025, MOSD announced²² the automation of the application form for the National Registry for Persons with Disabilities and the customs exemption services for persons with disabilities (personal and by proxy), which were adopted in their final form after the completion of the pilot period. - On 26 October 2025, the Ministry launched an electronic link to update the data of displaced and affected families in Gaza, as part of the digital transformation in managing emergency humanitarian aid. 	Report of the Government Communications Center on 23/06/2025.

Progress and deviation in the fourth pillar

COM decisions and the Government Communications Center statements indicate, during the monitoring period from March to October 2025, that this was among the most dynamic pillars regarding actual implementation on the ground.

1- Education Sector: The sector witnessed a number of notable interventions, most prominently the furnishing and finishing of schools and kindergartens and building the capacity of 150 school principals, graduating batches of teachers, and conducting workshops on the use of artificial intelligence in education. The Government Communications Center also referred to monitoring the Education Quality Development Plan within the reform plan, reflecting a clear tendency towards linking human development with the institutional reform track. However, the decisions did not specify criteria for measurement of educational quality or independent monitoring mechanisms, keeping the achievement in the phase of "improving operational efficiency" rather than "policy reform".

21 Official Gazette, Issue No. 222. 10/02/2025.

22 MOSD webpage: <https://www.mosd.gov.ps/ar/single-news>

2- Health Sector: Efforts were made to rationalize the medical referrals system by adopting new standards to stop unnecessary referrals, particularly to Israeli hospitals, as per COM session No. (69) On 15/7/2025. The monitoring also revealed weak progress in restructuring health insurance and conducting a technical and financial audit of medical claims.

3- Water and Energy Sector: The government approved the National Renewable Energy Plan (2025-2030) and the Energy Authority's Strategic Plan (2025-2027) during the second quarter of the year, in addition to settling electricity and water debts for local authorities. Initiatives to improve water networks and reduce losses were also launched, as part of a tendency towards enhancing the financial sustainability of the water and energy sectors. These steps reflect alignment between the fourth and first (public finance) pillars, in terms of controlling operational costs through the reform of vital utilities.

4- Social Protection Sector: MOSD achieved progress in updating the National Social Registry and improving targeting accuracy in the cash assistance program, in coordination with PMA and the Ministry of Telecommunications to experiment with payment via e-wallets as a gradual alternative to manual mechanisms. The Government Communications Center report for 14-20 June 2025 also monitored the Ministry's efforts in digitally linking the National Registry with financial transfer platforms. Furthermore, in the 2025 Citizen's Budget, 18% of total expenditures were allocated to social protection programs, indicating a clear priority for this sector within the reform plan.

Final evaluation

The fourth pillar is the one most directly connected to citizens' daily lives and has witnessed progress in the fields of education, health, energy, and social protection through clear field and operational projects. However, these efforts still require completion to reform the health insurance system, achieve modern water and wastewater tariffs, harmonize the institutional vision among relevant ministries, and develop a monitoring and performance measurement system that links achievements with quantitative indicators for public service. In general, it seems that the government has managed to shift reform from the administrative level to the level of actual improvement of service delivery. However, the absence of mechanisms for regular dissemination of results weakens the possibility of assessing the impact on citizens and limits the effectiveness of community accountability.

Second: The committees related to the four pillars of government reform formed between March and October 2025*

Pillar	Name of committee	Session Number and date	Comments/monitoring indicator
Developing financial policies and public financial management	The technical committee for studying organizational structures (expanding membership)	(54) 03/04/2025 3/4/2025	Expansion to include MOPIC
	Specialized committee to review the internal financial audit system	(54) 3/4/2025	Develop mechanisms for internal oversight and controlling expenditure.
	Committee to identify the number of contract employees	(57) 22/4/2025	Regulate contracts and control government expenditures.
	The Higher committee to secure digital sovereign assets	(78) 23/9/2025	Enhance the control of digital assets within the government's financial transformation.
Strengthening the governance system and the rule of law	Committee to amend The Decision By Law No. 10 of 2018 on Cybercrimes	(58) 30/4/2025	Update the law to balance freedoms and legal sovereignty.
	Committee to study comments on the draft Law for the Elections of Local Authorities	(62) 27/5/2025	Draft the final amendments before submitting the draft to the President.
	Permanent Ministerial Committee for Reform	(80) 7/10/2025	A permanent oversight framework to monitor the implementation of the four pillars.
Improving the legislative and regulatory environment and business for investment and	The steering committee for real estate registration project	(78) 23/9/2025	Prepare the legal framework to facilitate property registration and investment.
	The competition and anti-monopoly committee (activation)	Report of the Government Communications Center 3/8/2025	Prepare for the implementation of the Law in November 2025.
Elevating the level of basic service delivery	Special committee for studying and proposing a governance model for the digital national identity	(63) 3/6/2025	Develop a digital governance model as part of public service reform.
	Committee to developing an integrated plan to establish petroleum storage facilities	(65) 17/6/2025	Improve the energy sector infrastructure and ensure supply security.

* The source of this data is the official page of the Council of Ministers and the reports of the Government Communications Center.

The role of these committees in institutionalizing the government reform process

The table above shows that the government has activated twelve specialized committees serving the four reform pillars. The ministerial and technical committees formed during the period between March and October 2025 reflect the Palestinian government's transition from the theoretical planning of reform to the executive institutionalization. These committees have become a central tool for translating the four reform pillars into practical measures; whether by reviewing organizational structures and modernizing financial and control systems, or preparing draft laws and policies that support governance, transparency, and the investment environment.

The nature of these committees demonstrates diversity in levels; some are high-level coordination committees overseeing the general planning of reform (such as the Permanent Ministerial Committee for Reform), while others are specialized technical committees working on developing specific systems in the health, energy, digital transformation, and competition sectors. Most committees operate within the scope of preparation and groundwork (not yet implementation).

However, the effectiveness of these committees remains dependent on the regularity of their meetings, the establishment of clear timelines for completing their outputs, and their integration into governmental and community accountability systems. Thus, this institutional structure forms a central theme that ensures the sustainability and continuity of reform as a governance approach, not merely an interim program.

Third: Plans and strategies adopted by the Palestinian government during the monitoring period between March-October 2025

#	Plan/Strategy	Session Number	Date
1	The National Renewable Energy Plan 2025-2030.	Session No. (58)	30/4/2025
2	The Energy Authority's Strategic Plan (2025-2027)	Session No.(66)	24/6/2025
3	The strategic plans of ministries and institutions 2025-2027	Session No. (69)	10/8/2025
4	The Executive Plan for the Cross-Sectoral National Strategy to Enhance Governance and Combat Corruption	Session No.(82)	21/10/2025

The decisions issued in Government sessions (58, 66, 69, 82) reveal a clear tendency toward deepening the path of sectoral strategic planning within the broader framework of the government Reform Plan. These four plans constitute executive pillars in the fields of energy, governance, and public administration.

- **Renewable Energy: The approval of the National Renewable Energy Plan 2025–2030** reflects the government's commitment to the objectives of the third pillar (achieving financial and economic sustainability) by diversifying energy sources and reducing the electricity burden on the public treasury. Adopting it during the first quarter of the year constituted an early launch for the transition towards a green economy.

- **The Energy and Natural Resources Authority Strategic Plan (2025-2027):** This complemented the national plan by providing the institutional and technical framework for implementing renewable energy projects and regulating the electricity market. This alignment between the two plans within a short timeframe reflects successful institutional coordination between the planning and implementation levels, thereby reinforcing the themes of the third pillar on sustainability and rationalization of energy expenditures.

- **The strategic plans for ministries and government Institutions 2025–2027:** This package constitutes a direct application of the first pillar (Developing fiscal policies and public financial management) by connecting sectoral planning. However, this package was announced without publishing, or disseminating its sectoral details, which diminishes the level of public transparency and accountability and weakens the ability to monitor and assess progress in implementing reform plans within each ministry.

- **The executive plan for the Cross-Sectoral National Strategy to Enhance Governance and Combat Corruption:** This reflects the core of the second pillar (Strengthening the governance system and the rule of law). The timing of its adoption in the last quarter of the year shows that the government has moved from the preparation to the implementation phase in the governance file, which also supports the fourth pillar by strengthening institutional justice and public trust.

Fourth: The level of integration between the items of the Reform Plan Items and the General Budget for the Fiscal Year 2025

A review of the 2025 General Budget Law and the pillars of the second theme of the National Program for Development and Reform revealed the following:

1- The first pillar, developing fiscal policies and public financial management, showed partial alignment with the General Budget. The Budget was fiscally disciplined and austere; however, it did not achieve an actual reduction in debt, deficit, or the wage bill.

2- The second pillar, strengthening the governance system and the rule of law, was also partially aligned with the Budget items, as some non-ministerial institutions were either merged or abolished.

3- On the other hand, the third pillar showed a clear divergence from the reform objectives. The goals of developing and improving the legislative environment for investment were not translated into actual financial allocations or executive programs that had an impact on the General Budget. This reason is that the legislative package on investment and business remained under discussions and were not approved and implemented to date.

4- The fourth pillar, elevating the level of basic service delivery to citizens in vital sector, enjoyed the clearest financial and political alignment. The Budget allocated high rates to vital service sectors (education, health, social protection), reflecting the government's commitment to keeping services among its priorities despite the crisis. For example, the Citizen's Budget (2025) published by the MIFTAH indicated that the "Social Protection" item constitutes 18.4% of total government expenditures in 2025.

Final evaluation

The 2025 Budget was aligned with the Reform Plan in terms of its social and operational aspects, as well as in expenditure rationalization, as it was announced as an austerity budget.

However, it deviated from the structural and developmental path due to the financial blockade imposed on the State of Palestine by the Israeli government and the decline in international aid. However, there continues to be significant challenges and issues. Those include the increasing rates of expenditures on the security sector, the increasing debts for the Pension Agency because of the government's failure to pay its contributions and the employees' contributions to the Pension Agency, in addition to the lack of progress on improving tax justice by revising tax brackets and the failure to approve the new Value-Added Tax Law.

General Conclusions

The monitoring results indicated that, during the period from March to October 2025, the Palestinian government implemented a gradual and balanced reform program in its components, but with varying levels of achievement among the different pillars.

Nature of Progress: During the monitoring period (March-October 2025), reform was more practical and financial, rather than legislative. The government focused on fiscal discipline and expenditure management without completing legal reforms.

Obstacles to progress: The main challenges were financial distress, the continuation of the occupation and restricted access to resources, in addition to the absence of monitoring mechanisms and the periodic publication of reform results.

1. **At the Financial Level:** The first pillar reflected the government's ability to achieve relative fiscal control through decisions and legislations that reorganized the management of revenues, expenditures, and public debt. This established a more sustainable financial framework. However, the reform remained partial because of the lack of a comprehensive plan for repaying debts and arrears.
2. **The Second Pillar:** Significant institutional steps were achieved in the area of governance and the rule of law. However, progress remained restricted to the administrative structure without parallel legislative reforms that enhance justice and the rule of law. The legislative framework for the rule of law and freedoms remained limited, lacking substantial modernization to judicial or cybercrime laws.
3. **Concerning the Third Pillar:** It became evident that economic legislative reform is proceeding at a preparatory pace. The four economic laws (Investment, Companies, Competition, and Public-Private Partnership) were activated, but are still under review or in draft stages without final approval.
4. **The Fourth Pillar** reflected the tangible implementation aspect of the Reform Plan. Vital sectors (education, water, Energy, social protection) witnessed real activity in improving services and spending efficiency, with gradual introduction of digital tools in transfers and social programs. Reform was reflected in service improvement rather than policy change, making this track the closest to citizens.

In general, the overall direction of reform during the monitoring period was more practical and financial than legislative. The government succeeded in activating tools for fiscal discipline and institutional management. However, it still needs to complete the legislative and procedural framework in the areas of justice, governance, and investment promotion. Moreover, it is essential to enhance transparency mechanisms and regularly publish results to ensure community accountability and to transform the reform process from scattered financial measures into an integrated and sustainable reform system.

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AMAN
Transparency Palestine



AMAN was established in 2000 as a civil society organization that seeks to combat corruption and promote integrity, transparency and accountability in the Palestinian society. The Coalition was first formed by an initiative from a number of civil society organizations working in the field of democracy, human rights and good governance. In 2006, the Coalition was accredited as a national chapter for Transparency International.

AMAN is a Palestinian think tank and a specialized body providing knowledge on corruption at the local and regional level through producing specialized reports and studies. The periodic publications include: The annual Integrity and Anti-Corruption Report, the annual Palestinian Integrity Index and the National Integrity System studies and reports, in addition to the Coalition's continued contributions to produce reports and studies on the status of corruption in the Arab region.

As part of the global anti-corruption movement - and of international alliances and partnerships with relevant specialized coalitions and organizations - AMAN plays a key role in the transfer and contextualization of necessary international knowledge and tools to combat corruption in all sectors.

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