

Third Quarter Report for the PRDP  
September 07, 2008  
Progress Report on the Reform Agenda

I.1

- a) attached is a table on PNA employment
- b) there was no general wage increase
- c) Following the pension mission which visited Ramallah in May, the terms of reference for this technical assistance have been agreed. Short term options for pension reform have been received by the PNA in October 2008 and are being reviewed. These options will be discussed with the forthcoming pension mission expected in November.

I.2a

- a) 45,000 prepaid meters have been installed till end September in West Bank, an increase of 3000 meters since June 2008. The Palestinian Electricity Authority signed an agreement with the supplier for a further 45,000 meters, with delivery starting in November. An additional 30,000 prepaid meters, financed by the PNA will be installed in the refugee camps in West Bank.
- b) The PNA has reinstated its Certificates of Payment “CoP” requests from people applying for government services. During August “net lending” has declined to \$ 27 million from \$ 60 million in July.
- c) MoF has been deducting overdue electricity bills from government employees. In July MoF has collected NIS 387,966 from these employees in Gaza, and 65,262 from West Bank employees, and in August has collected NIS 381,120 from Gaza employees and 60,252 from West Bank employees, and in September MoF has collected NIS 367,254 from Gaza employees, and 57,977 from West Bank employees.

Following the reduction of PNA debt to IEC, the new payment system with IEC has improved. Over 50% of PNA debt to the IEC has been paid directly through the municipalities in PA territories with the exception of Gaza .The Municipalities collection rate from people in the West Bank has now exceeded 70% and their payment to the IEC has reached 50%

## I.2b

- a) The draft Electricity Law has been approved by the Council Of Ministers which will create the Palestinian Electricity Regulations Commission (PERC) and the Palestinian transmission Company (PETL), This law will compel all municipalities and village councils to join the electricity distribution companies.

## I.2c

- a) Targeting of poor households has increased from 29,000 in June to 32.000 families so far out of 150,947 applicants. Of these, 20,000 are expected to receive social assistance.
- b) World Bank staff, in coordination with local staff have, visited sample households receiving assistance, confirming that social assistance is indeed directed to the most vulnerable households.

## I.2d

See attached note on Municipal Development and Lending Fund  
October 5<sup>th</sup>, 2008

## II.1+2

- a) Under the new Financial Management System the Accountant General Department has issued guidelines on financial regulations which. are now available in both hard and soft copies. Work on amending financial regulations is continuing.
- b) regarding the new budget circular issued on July 6<sup>th</sup> 2008, all ministries have now submitted their budgetary requests to MoF, articulating their objectives and strategies. MoF is reviewing these submissions and will engage each ministry and agency to determine their budgetary allocation by end October 2008. A draft budget would be submitted to the Council of Ministers by November 15, 2008.
- c) Following the failure of the donor community in providing systematic and consistent information to MoF on donor disbursements for development projects and humanitarian relief, the Council of Ministers

issued a decree on September 18, 2008 requesting all PNA ministries and agencies to report on project and humanitarian aid received from the donors. This will help in determining actual disbursements on development projects.

## II.3

a) The PNA Computer Department has integrated all ministries into its network.

b) The zero balance system for line ministries recurrent expenditures has been set up by MoF but is not operational yet due to technical problems.

c) Up till the end of September, MoF internal audit department has finished audits on the following ministries :

1. Ministry of Detainee's Affairs.
2. Ministry of Communication and Information Technology.
3. Ministry of Labor.
4. Ministry of Public Works and Housing.

The internal audit report is under final review, and is expected to be completed by end October.

The Internal Audit Department has commenced the internal audit for MoF since 2 weeks.

On a commitment basis of compliance, the internal audit with the Palestinian Broadcasting Corporation has been completed, but MoF Internal Audit Department, is still working on the audit report.