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PALESTINE ECONOMIC POLICY
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Background Paper
Round Table (4)

Government Expenditure Reduction Strategies: What Policies does the Government have Available for Fiscal Consolidation?

June 2023

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Prepared by: Palestine Economic Policy Research Institute (MAS)

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1- Background and Rationale:

The budget serves as the Ministry of Finance's practical plan to achieve economic, financial, and social objectives outlined in the development plans. It is formulated based on studies and estimates conducted by the ministry, utilizing assumption-based data to determine budgetary items. The budget structure comprises three main categories of financial tools. Firstly, it includes public expenditures, encompassing spending on goods and services, wages, salaries (including simi-salaries and non-salaries), net lending, social services, security, and current, development, and investment expenditures. Secondly, public revenues are derived from various local and external sources, including tax and non-tax revenues, fees, and profits. Lastly, the budget addresses the deficit and outlines strategies to finance it, including net lending, revenue collection, external assistance, and domestic and external borrowing to bridge the financing gap.

The budget of the Palestinian Authority encounters various internal constraints and negative structural developments. One significant constraint is the allocation of a considerable portion of the current budget, exceeding 68% in recent years, to the health and education sectors. This prioritization has resulted in a reduced share for the agriculture sector, as sectors like health, education, and security have been given precedence. It is worth noting that the security sector alone accounts for 28% of public expenditure, further limiting spending on other sectors.

In conclusion, the Palestinian Ministry of Finance strives to develop a budget aligned with economic and financial aspirations. It takes into account political variables and internal developments with the ultimate aim of achieving gradual self-sufficiency and relying on the local economy to increase revenues. These efforts build upon previous initiatives that primarily began in 2010(2), introducing new approaches such as program budgets. These approaches were further consolidated in the 2014 and 2015 budgets through policy, procedural, and legal measures. The post-2015 approaches and policies have significantly differed from the previous budget development approach. However, unforeseen negative developments and counter conditions have diverted all budget components along an undesirable and unexpected trajectory, leading to the adoption of emergency budgets, as seen in the case of the 2023 budget.

It can be noted that the Ministry of Finance has made exhaustive efforts to address the severe financial crisis. These efforts have included borrowing from banks, deferring private sector arrears, accessing funds from various sources, issuing deferred payment bonds, and other measures. However, despite these efforts, the government has been unable, both in the past and currently, to fully pay the salaries of public servants. Instead, it has been able to pay approximately 80% of their salaries along with a portion of their dues, based on available cash flows. This crisis primarily stems from the structural imbalance between the revenues and expenditures of the Palestinian National Authority.

Therefore, the development of the 2023 budget comes amid more complex economic and political circumstances than any previous period. These circumstances arise from internal challenges as well as challenges resulting from the Israeli occupation. The most prominent challenges include difficulties in budget allocation due to fluctuating revenues and declining international aid, which create uncertainties in revenue projections. These uncertainties arise from two main factors: first, Israel's dominance over a significant share of all types of clearance tax revenues, which represent about two-thirds of the total revenues of the Palestinian Authority. An evident illustration of this challenge is the prolonged withholding of Palestinian clearance funds for political reasons in recent years, which extended for approximately 48 months, as well as the withholding of funds allocated to the families of martyrs from clearance revenues(3). Second, there is uncertainty and instability in external aid and grants channeled to support the budget due to political stances, which have been declining in recent years.

(1) Note: This paper relied on several references, including data from the Ministry of Finance, Palestine Monetary Authority, MAS studies, AMAN reports.

(2) In 2010, a fundamental change was made to the budget development methodology by transitioning from item-based budgeting to program-based budgeting, under a decision by the Cabinet in this regard. The program-based budget was partially appeared in 2012 and was further reflected in 2013. The budget statement has stated more explicit objectives in 2014, and this approach continued with subsequent policy amendments as the foundation and starting point for subsequent budgets, as it has linked the budget to the 2014-2016 Treble Development Plan. (For more information, see MAS, 2017)

(3) On February 17, 2019, Israel decided to deduct $11.3 million from tax revenues (clearance revenues). This decision was taken as a punitive measure by Israel in response to the Palestinian Authority allocation of a portion of these revenues to Palestinian prisoners and the families of martyrs.

The Palestinian Authority continues to face a severe financial crisis due to the significant gap between realized revenues and high expenditures. The government is making concerted efforts to bridge this gap using available resources and implementing policies aimed at achieving financial reform and reducing expenditures. These policies encompass measures such as reducing the payroll bill, controlling healthcare costs (especially external medical referrals), implementing net lending reduction strategies, and introducing various reforms. However, even after the end of 2022, the financial crisis continues to persist[4], as indicated by the inability to fully pay salaries and the significant net lending amount.

Considering these significant data, it is necessary to explore the causes of these crises and identify additional policies and solutions that can contribute to addressing this chronic crisis. This can be achieved through careful consideration of ways to reduce expenses and adopt optimal policies considering the available resources and capabilities. Therefore, this paper will focus on potential policies for reducing public spending with the aim of alleviating the long-standing financial gap.

2- The Chronic Challenges Facing the Development of Palestinian Budgets and the Scope of Policies that can be Followed

In general, budgets have been developed after 2014 within the context of new approaches aimed at enhancing public finance management reforms. These reforms began in 2014-2015, which involved the development of a revised manual on terminology and concepts, as well as the establishment of ceilings for medium-term budgets for ministries and institutions. This was done as part of the overall review of program policies and expenditure planning.

In 2016, a new framework was followed to reform the public finance management process in a different manner by adopting new policies and instructions for a three-year medium-term period, within the development of a detailed medium-term program budget. It is worth noting here that the budget statement for 2016 focused on developing a budget that considers gender and marginalized categories.

The budget for 2016 was based on a cautious approach, which included increased prudence in estimation, expenditure austerity, and a reduction in net lending. The focus was also on increasing local revenues through the horizontal expansion of the tax base, enhancing tax compliance, combating tax evasion, and improving the relationship with the private sector. These principles were continued and emphasized in the budget statement of 2018 and remain in effect to this day.

However, despite these efforts, Palestinian budgets continue to face ongoing challenges. Some of the key challenges include:

- Unstable Financial Sustainability[5]: Financial sustainability refers to the government's ability to implement fiscal policies related to expenditures and revenues without failure or deficit. It is measured against certain criteria, including the budget deficit not exceeding 5% of the gross domestic product (GDP), and the total public debt (external and internal) not exceeding 40% of the GDP, as stated in Article 30 of the Palestinian Public Debt Law No. (24) of 2005.
- Under Palestinian circumstances, these criteria are considered acceptable[6] compared to neighboring countries. However, the increase in other current expenditures and net lending (excluding salaries), which accounted for 40% of the total public expenditures, indicates an unstable financial sustainability. In contrast, development expenditures have not exceeded 6% of the total expenditures in Palestinian budgets over the past ten years.
- Continuous Overspending on Actual Cash Expenditures: Throughout the history of Palestinian budgets, there has

(4) According to the data of the Public Budget Law No. (19) of 2022, the total public expenditure and net lending amounted to approximately (19.1) billion shekels. The revenues were estimated at about (15.5) billion shekels, and external financing was approximately (1.8) billion shekels (subject to donor commitments). However, a financing gap of about (1.8) billion shekels persisting, in addition to the arrears of the private sector, loans of the Palestinian National Authority from various funds, and the public debt.

(5) It should be noted that financial sustainability is also related to political factors, especially in terms of budget support from donor countries. The International Monetary Fund relies on maintaining the public debt-to-GDP ratio stable for a period of five years as a condition for financial stability, which usually does not exceed 5%. This means that the country can bear debt without the need for major adjustments in fiscal policy in the future to achieve a balance between revenues and public expenditures. This is what is known as financial sustainability.

(6) When comparing the government›s public debt as a percentage of GDP, it is approximately 18% of the GDP, which is a low or acceptable ratio compared to some neighboring countries. For example, in Jordan, it reaches 94%, and in Israel, it is 62%. However, it should be noted that this low ratio in Palestine does not necessarily reflect the financial soundness in terms of ability to borrow and meet the obligations due to the limited Palestinian financial resources and other various factors that are difficult to be mentioned hereby.

been a persistent issue of overspending on actual cash expenditures beyond planned expenditures. This points to negative planning resulting from uncertainty about revenue collection, which reflects the difficulties the government faces in meeting its obligations. The growth rate of expenditures has consistently outpaced that of revenues, exacerbating the situation.

- Furthermore, the division and loss of Gaza's revenues, without a corresponding reduction in expenditures, limit the available options for bridging the financing gap, particularly in light of the declining external support to the budget. It is important to note that the COVID-19 pandemic has further strained the situation, leading to a decrease in revenues and an increased burden of healthcare expenditure.
- Revenue growth is heavily reliant on clearance tax revenues, which contributes to a reduced financial independence and increased dependence. It is essential to review tax policies and ensure fair tax imposition, as well as develop strategies to distribute the tax burden in a manner aligned with the Palestinian economy and promote tax compliance. However, this can be challenging due to the interdependence between the Palestinian economy and the Israeli tax system, necessitating careful consideration and innovative approaches.
- New challenges have emerged over the past three years, exacerbating the financial crisis for 2022-2023. These challenges include two major factors: the decline in external aids to the public budget, whether from foreign donor countries or Arab countries, and Israel's continued withholding and deduction of funds from tax revenues. This withholding is a result of enforcing an Israeli discriminatory legislation that allows for the deduction of funds equivalent to the amounts paid by the Palestinian Authority to the families of martyrs and prisoners.

As a result of all these circumstances, this paper is based on the available policy space for the Palestinian Authority to reduce expenditures. This space allows for more control and certainty in implementing policies related to expenditure rather than revenues. Unlike the biggest share of revenues that come from donors and through Israel, expenditures are internal affairs that can be controlled by the Palestinian Authority.

3- A Brief Review of Key Principles of Palestinian Budgets:

In general, the principles and strategies of Palestinian budget statements remain largely consistent from year to year, with specific adjustments made to address emergency or unforeseen political and economic circumstances. Most of these principles build upon and enhance the policies established in the 2014 budget statement and subsequent years. They aim to improve the financial stability of the Palestinian Authority, enhance self-sustainability, optimize spending, and reduce net lending. The key principles and strategies can be summarized as follows:

- Prioritizing the reduction of the tax burden on individuals, promoting the growth of start-ups and small businesses, and ensuring greater tax justice to establish a fair and equitable tax system, which considers the economic disparities between the southern and northern governorates.
- Adopting incentive tax policies for companies aimed at absorbing new graduates and encouraging banks and financial institutions to finance start-ups and small businesses.
- Strengthening financial sustainability through further streamlining or optimizing expenditures, eliminating unjustified expenses, minimizing borrowing as much as possible, and ensuring that borrowing is conditional on the ability to service the debt, with a focus on directing it towards development projects rather than current or consumption expenditures.
- Continue implementing the arrears reduction policy.
- Continue enhancing the financial position of the Palestine Pension Fund Authority (PPFA).
- Reduce net lending by 20% and implement strict austerity measures, including modifying or suspending job bonuses, reforming the medical referral system, localizing medical services, and implementing cost-saving measures in specific areas.
- Strengthen the relationship with the private sector through increased tax refunds.
- Reduce the payroll bill and current expenditures in targeted areas.

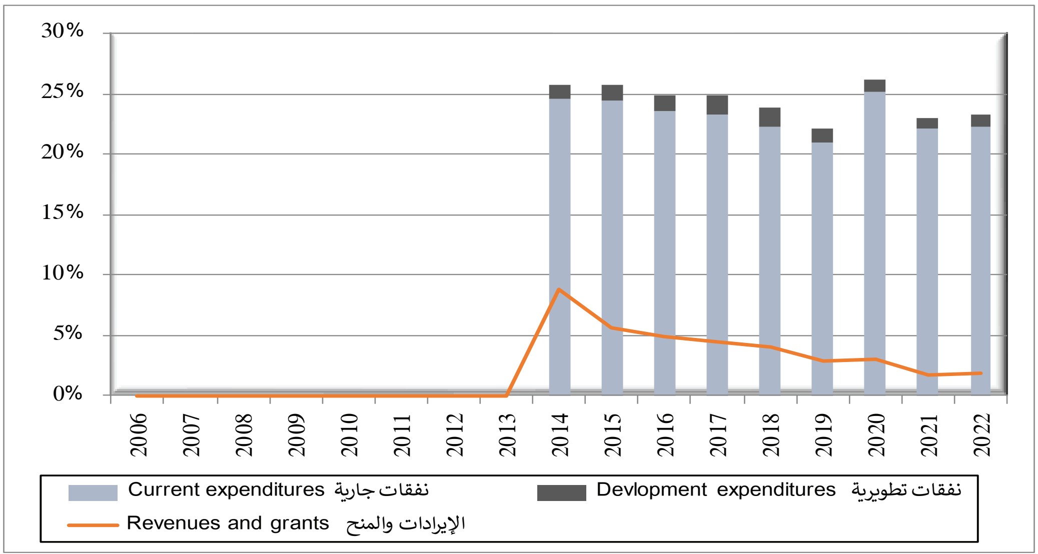
4- Key Observations on the Results and Performance of Budgets over the Past Ten Years

By reviewing the Palestinian budgets over the past ten years and examining their actual performance, the following observations can be made:

- In most years, the actual revenues have consistently been lower than expected. This can be attributed to factors such as tax evasion and avoidance, as well as a lack of commitment from donors to fulfill their expected contributions. These issues have played a significant role in the decline of the share of development expenditures.

- The growth rate of expenditure has consistently exceeded the growth rate of revenues, exacerbating the financial gap. Despite an increase in local revenues, their impact has been limited due to the decrease in the proportion of local revenues relative to total revenues.
- There is often a negative variance in expenditure estimates, as actual expenditures surpass the estimated figures in most years.
- The dilemma of net lending remains unresolved and has persisted to the present day.
- The budget reveals a clear structural imbalance characterized by inflationary current expenditures and a significant amount of net lending. In 2022, monthly figures indicate that over NIS 950 million is allocated to salaries and simi-salaries, around NIS 100 million is dedicated to net lending, and approximately NIS 90 million is spent on medical referrals. Despite progress in revenue, it has not kept pace with expenditure growth. To offset the slight increase in expenditures, a substantial increase in revenues is needed. This situation can be attributed to the emergence of the net lending dilemma after 2010, along with a substantial rise in current expenditures. In recent years, current expenditures, excluding salaries, have accounted for an average of 40% of total expenditures, while development expenditures have constituted only 6%.
- The existing imbalance is evident in the substantial proportion of current expenditures relative to the Palestinian Gross Domestic Product (GDP), averaging 23% during the period from 2014 to 2022. In contrast, development expenditures, which play a vital role in driving economic growth, have had a negligible share of the GDP, averaging merely 2% as illustrated in Figure 1 below.

Figure (1): Public Expendituers and Total net Revenues and Grants (in percent of GDP)



Source: Palestine Monetary Authority

Conclusions:

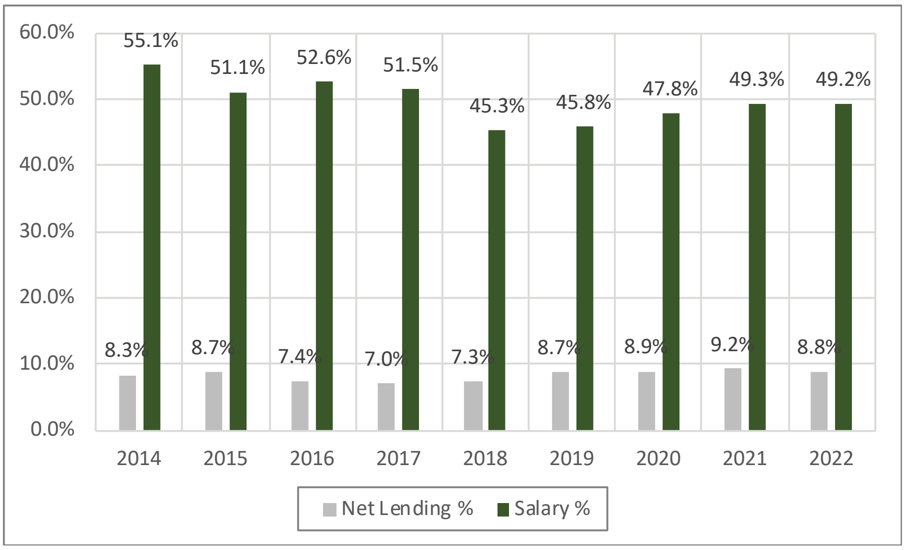
- As mentioned earlier, despite significant improvements in budget performance since 2014, the persistent challenge of revenue uncertainty continues to have adverse effects on budget planning. This challenge is further exacerbated by the clearance revenues crisis and the substantial withholding of these revenues by Israel for well-known reasons.
- Despite the persistent policy of reducing expenditures over the past decade, the challenges of managing current and operational expenditures, controlling net lending, and implementing necessary structural changes remain unresolved. One of the significant challenges is the burden posed by uncontrolled net lending, which puts a strain on the budget. Furthermore, there is an urgent need to reform development expenditures, which have historically heavily relied on external funding sources.
- On the other hand, there is potential for structural changes in revenue sources through measures such as reviewing the tax burden, improving tax compliance, combating customs and tax evasion more effectively, and fostering trust and partnerships between the private and public sectors.

5- Facts and Figures on Government Spending Policies and Expenditures in the Past Two

Years:/ Key Facts and Figures on Government Expenditures in the Past Two Years

- As previously stated, the government has prioritized expenditure control by adopting policies aimed at achieving the financial reforms package announced by the Minister of Finance. These reforms focus on three main areas: the salary bill, medical referrals bill, and net lending bill. Additionally, the government is committed to developing a comprehensive package of financial, administrative, and social reforms, including reforms in public security. This package was presented at the Donor Conference in Brussels in 2022.
- In this context, during 2022, the government implemented a package of measures and decisions aimed at mitigating inflationary pressures and price increases, particularly for energy and basic commodities. For instance, subsidizing petroleum prices incurred a cost of $215 million for the treasury, exempting basic commodities like grains from value-added tax amounted to approximately $57 million in government expenses, and subsidizing electricity and water prices reached around $80 million. These policies have further contributed to the expenditure burden on the public treasury.
- Public Expenditures and Net lending: In 2022, public expenditures remained at the same level as the actual expenditure in 2021, but there was an increase of approximately $100 million in salary expenses, representing a 4% rise compared to the previous year. This contradicts the 2021 plan, which aimed to decrease this expenditure by about $154 million, as stated in the 2022 budget statement. Refer to Figures 2 and 3 below for a visual representation of the direction, volume, and percentage of these expenditures from 2014 to 2022. These figures demonstrate a consistent growth in the proportion of salaries and net lending in relation to public expenditures.

Figure (2): Percentage of Salaries and Net lending from Public Expenditures

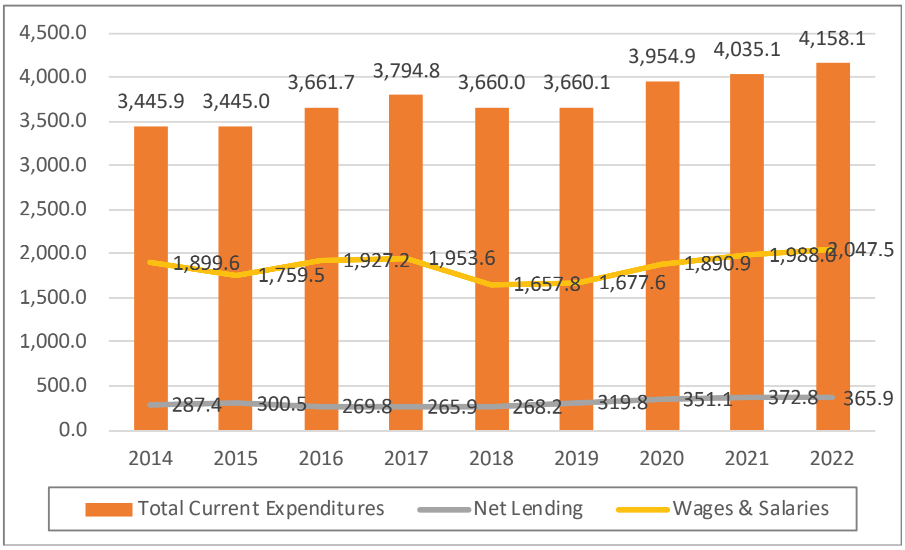


Source: Table 1 in the appendix

It is worth noting that there has been a consistent upward trend in public expenditures from 2014 to 2022, with a fixed percentage for the years 2021-2022 compared to the total expenditures. Meanwhile, net lending has remained relatively stable at approximately 9% of total expenditures from 2019 to 2022.

It is worth mentioning that net lending remains high, and its direction shows a continuous increase, rising by approximately 37% from 2017 until 2022. By tracking the deductions from clearance (including net lending), which amounted to NIS 1.7 billion, it is noted that these deductions are distributed as shown in Table 2, providing a breakdown of the distribution.

Figure (3): Public Expenditures, Salaries, and Net lending in million USD



Source: Table 1 in the appendix

Table (2): Breakdown of Deductions from Clearance in 2022 (Amount in million shekels)

Breakdown of Deductions from Clearance	Amount in Million Shekels	Percentage of Deductions
Electricity	881.7	51%
Water	375.1	22%
Sewage	114.1	7%
Hospitals	189.3	11%
Courts	22.2	1%
Court deduction refunds	-18.5	%-1
Other deductions (loan (payments	164.8	10%
Total	1728.7	

Source: AMAN Report of 2022

According to the table above, 51% of the deductions are allocated to electricity providers, 22% to water providers, and 7% to sewage services. It is important to highlight that 60% of the deducted amount for electricity (approximately 528 million New Israeli Shekels) covers the electricity provided to Gaza. The table also reveals that 11% of the deducted amounts, equivalent to 189 million New Israeli Shekels, are paid to Israeli hospitals for medical referrals.

- In relation to obligations to the private sector, the amount reached $718 million, with 75% of it concentrated in hospitals and pharmaceuticals. It is worth mentioning that health sector expenditures have been continuously increasing over the years. For instance, medical referrals expenditures were $144 million in 2014, and they subsequently increased to $260 million and $345 million in 2019 and 2022, respectively. In 2022, these expenditures accounted for 17% of the Ministry of Health's total expenditures, which amounted to $640 million."
- The public debt, as reported by the Palestinian Ministry of Finance, reached $3.3 billion in the first quarter of 2022. The data further indicated an additional increase of approximately $165 million by the end of the fiscal year.
- The cumulative total of public debt and accumulated arrears for 2022 have reached approximately $930 million, resulting in cumulative net arrears of about $3.1 billion by the end of 2022, excluding pension fund debts. Notably, the public debt alone stood at $3.3 billion in early 2022.

6- Emergency Budget for 2023

- The 2023 Emergency Budget, as outlined by the Minister of Finance, establishes key principles for effective budget management. These include prioritizing government spending based on cash certainty and verification, allocating sufficient funds to enhance healthcare services in government hospitals, supporting marginalized groups, and avoiding unnecessary expenditures on luxury items.
- Revenue estimates stand at $5.37 billion, while expenditures are projected to reach $6.17 billion, resulting in a revenue shortfall and a significant 11% increase in expenditures compared to 2022. As a result, an annual deficit of approximately $359 million, including grants, is expected.

7- Summary and Findings

- From an expenditure perspective, it is observed that public expenditures, (including salaries and wages, social contributions, operating expenses, medical referral expenses, capital expenses, interest, and net lending) , have shown an increase in expenditure pressure. Specifically, there is a rise in salaries, medical referral expenses, and operating expenses, while social contributions have been relatively lower.
- Moreover, the implementation of the emergency budget will exacerbate the challenges associated with meeting obligations, particularly due to the significant outstanding dues owed to the private sector that remain unfulfilled.
- It is evident that there exists a discrepancy between the actual expenditures and the planned expenditure stated for most budget items, highlighting inaccurate planning. This discrepancy has consequently resulted in an accumulation of arrears and an increase in public debt.
- The government's plans have not successfully reduced net lending, which continues to deplete the general budget. Therefore, addressing this issue requires implementing different measures.
- Salaries and wages still constitute 50% of the public budget, indicating insufficient action by the government to address this matter.
- The allocation of the largest portion of expenditure to the security sector, accounting for 23% of the total realized expenditure across responsibility centers, necessitates reconsideration.
- It is crucial to thoroughly review the Ministry of Health's expenditures and explore strategies to enhance revenue generation and reduce expenses.

8- Proposed Policies and Solutions

It is crucial to acknowledge that achieving financial sustainability is challenging without promoting economic growth, which necessitates removing restrictions on Palestinian economic activity. The World Bank's 2015 report[(7)] highlighted the importance of attaining a 7% economic growth rate, as it would lead to a 5% reduction in the payroll bill compared to GDP. Moreover, expanding the tax base, rather than solely focusing on reducing the payroll bill, and addressing the issue of public healthcare expenditure were identified as the chronic problems in the Palestinian budget. Similarly, the International Monetary Fund (IMF)[(8)] has emphasized these factors as contributing to the Palestinian budget deficit and has provided recommendations, including implementing austerity measures, rationalizing public expenditure, reducing the payroll bill, reforming the pension system, and curbing the informal economy's size.

Revenue growth plays a significant role in addressing the inflationary expenditure problem within the Palestinian budget. Achieving this growth is dependent on economic expansion, horizontal expansion of the tax base, and other measures. However, the current challenge of expenditure inflation is both temporary and chronic in nature. Relying solely on revenue changes to overcome this challenge requires a lengthy period. Therefore, it is crucial to speed up addressing expenditures without delay and without assuming that revenues will inevitably grow, as political circumstances can hinder or even decrease revenue growth. Nevertheless, efforts to increase revenues must persist under all circumstances.

(7) World Bank: State Building through better public expenditures – a reform agenda for the PA. Ad Hoc laision,2015

(8) International Monetary Fund: Regional Economic Prospects Report, Fiscal Public Policy for Growth Support - Middle East and Central Asia Department, 2018.

Based on the previously mentioned information, the problem of expenditure inflation within the budget can primarily be attributed to three key categories: the payroll bill, healthcare bill, and net lending. To address these issues, this paper proposes a set of policies directly targeting the underlying causes:

8-1 The actual implementation[9] of the reform plan related to addressing the payroll bill, announced by the Ministry of Finance, this plan aims to streamline government expenditure and improve the efficiency of public sector spending. The key measures outlined in the plan include:

- Regulating government positions and developing a bylaw on early retirement for public sector servants.
- Restructuring government entities and adapting them to the demands of the digital economy era.
- Implementing the principle of excellence and performance across various government positions.
- Ensuring the efficiency and quality of expenditure by increasing productivity and basing expenditure on results and performance. This will be achieved through practical and scientific evaluation of employees' performance.
- Reviewing the Civil Service Law to address nominal salaries that do not align with performance. For example, salaries of the Legislative Council, which are currently not effective.

8-2 Developing Innovative Solutions to Eliminate or Reduce Net lending

Net lending, a relatively recent addition to the budget since 2010, is a significant contributor to expenditure inflation. In order to address this issue effectively, the following steps are necessary:

- Develop strict laws and standards for local authorities and implement modern technological methods for the collection of electricity and water bills.
- Implement the government's proposed plan to intervene and address the net lending item. This can be achieved by establishing a specialized institutional unit in collaboration between the Ministry of Local Government and the Ministry of Finance. The unit's primary role will be to monitor and address all matters related to net lending, ensuring the sustainability of local authorities' operations and their ability to provide services to citizens. The unit should focus on the following:

  i. Coordinate with the Ministry of Health to conduct audits and review the validity of monthly deductions, ensuring the accuracy of invoices and financial claims issued by Israeli hospitals.
  ii. Review and audit Israeli water and electricity bills to verify their accuracy and identify any discrepancies.
  iii. Collaborate with local authorities to improve debt collection from citizens by implementing incentive programs for the settlement of old debts.
  iv. Conduct studies and analyses of local authorities to identify the underlying reasons for non-payment or non-reimbursement, both from the authority to the government and from the citizen to the authority. Use this information to identify the root causes and develop tailored solutions for each local authority.

8-3 Reassessing healthcare service fees and health insurance fees by raising them to an appropriate level, particularly for unaffected categories. This can be achieved by categorizing beneficiaries into three groups and establishing a fee schedule for each category, aimed at improving coverage and increasing the Ministry of Health's revenue. The current Budget Law for 2022 indicates that medical fees and health insurance only account for 16% of the Ministry of Health's total expenditures, highlighting the ongoing challenges faced by the health insurance system in meeting the beneficiaries' needs. Therefore, it is imperative to consider increasing healthcare fees for those who can afford it and ensuring a sustainable and effective healthcare financing system.

On the other hand, it is crucial to implement a reform plan for the healthcare system. This entails developing a sustainable and financially viable computerized system for patient referrals. Additionally, it involves introducing mandatory comprehensive health insurance and gradually localizing healthcare services by reducing external medical referrals. This can be achieved through strategic investments in healthcare projects within specialized departments of government hospitals."

Questions and Discussion Themes:

(9) During the year 2022, 1,500 employees were recruited in the security sector, which contradicts the policy of reducing expenses. Refer to the statement of Council of Ministers' Session No. 155 dated 4/4/2022. http://www.palestinecabinet.gov.ps/portal/meeting/details/51984

- Why hasn’t the salary system been restructured based on efficiency and merit for deserving personnel?
- Is net lending an insurmountable challenge that cannot be overcome?
- Why is there a lack of commitment to reform plans aimed at reducing costs and developing budgetary guidelines?
- How can the healthcare system be restructured to ensure the provision of reasonable services?
- Is it justifiable to increase healthcare fees for those who can afford it? And what are the barriers to implementing mandatory insurance?

Appendix

Table 1: Palestinian Authority Budgets for the Period 2014-2022 in Million US Dollars

Item	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total net public revenues and grants	4,021.7	3,688.2	4,318.2	4,371.9	4,127.7	3,782.7	3,990.3	4,546.1	5,029.9
Net revenues	2,791.2	2,891.4	3,551.9	3,651.5	3,462.9	3,290.6	3,526.2	4,224.7	4,685.1
Total revenues	2,928.9	2,959.6	3,649.3	3,704.6	3,601.2	3,428.8	3,610.0	4,315.9	4,921.7
Local collection revenues	874.5	912.8	1,316.9	1,221.6	1,345.9	1,209.6	1,210.0	1,539.0	1,775.5
Tax revenues	604.0	606.6	626.0	758.8	838.2	763.3	737.4	994.9	1,146.8
Non-tax revenues	270.5	249.8	607.1	390.8	430.3	355.7	374.6	402.5	458.1
* Specified revenues	0.0	56.4	83.8	72.0	77.3	90.6	98.1	141.6	170.6
Clearance revenues	2,054.3	2,046.9	2,332.4	2,483.0	2,255.3	2,219.2	2,399.9	2,776.9	3,146.2
Tax refunds	137.6	68.2	97.4	53.1	138.3	138.2	83.7	91.1	236.6
Grants and aids (foreign revenues) :including	1,230.4	796.8	766.3	720.4	664.8	492.1	464.1	321.4	344.8
Budget support grants	1,029.4	707.1	608.0	545.4	506.4	495.9	345.9	189.4	239.9
Development projects support grants	201.0	89.7	158.4	175.0	158.4	-3.7	118.1	132.0	104.9
Current expenditure and net lending	3,445.9	3,445.0	3,661.7	3,794.8	3,660.0	3,660.1	3,954.9	4,035.1	4,158.1
Wages and salaries	1,899.6	1,759.5	1,927.2	1,953.6	1,657.8	1,677.6	1,890.9	1,988.0	2,047.5
Civil servants	-	-	-	-	-	-	-	-	0.0
Military affiliates	-	-	-	-	-	-	-	-	0.0
Non-wage expenditures	1,259.0	1,352.3	1,421.0	1,533.4	1,688.0	1,589.6	1,659.4	1,624.4	1,613.9
Operational expenditures	388.9	390.2	356.6	424.9	435.5	358.2	294.4	362.4	358.7
Transformational expenditures	810.1	861.1	922.8	950.9	1,116.9	1,106.3	1,249.5	1,051.6	832.4
Capital expenditures	11.3	5.1	6.6	8.6	9.0	8.4	8.5	8.2	13.3
Social contributions	0.0	37.2	60.5	72.4	59.2	69.9	66.4	14.3	308.6
Interest	0.0	58.7	74.6	76.5	67.5	46.8	40.6	188.0	100.9
local	0.0	55.2	72.6	75.2	66.5	41.3	32.0	185.3	99.7
foreign	0.0	3.5	2.0	1.3	1.0	5.4	8.6	2.7	1.2
Net lending	287.4	300.5	269.8	265.9	268.2	319.8	351.1	372.8	365.9
*Specified payments	0.0	32.8	43.7	42.0	46.0	72.9	53.6	49.8	130.8
Property tax	0.0	21.4	17.6	27.9	25.3	38.2	21.9	26.2	22.3
Transportation	0.0	11.4	26.1	14.1	20.8	34.6	19.8	13.0	20.8
Development expenditures	160.9	176.4	216.5	257.9	276.9	200.0	168.8	168.1	178.1
Funded by the treasury	-40.1	86.8	58.2	82.9	118.5	203.7	50.7	36.1	73.1
Funded by grants and aids	201.0	89.7	158.4	175.0	158.4	-3.7	118.1	132.0	104.9
Current balance	-654.7	-553.6	-109.8	-143.3	-197.1	-369.5	-428.7	189.6	527.0
Total balance (including development (expenditures	-815.6	-730.0	-326.3	-401.3	-474.0	-569.5	-597.5	21.5	348.9
Total balance after the foreign support (deficit/ surplus	414.8	66.8	440.0	319.1	190.9	-77.3	-133.4	342.9	693.7
Financing budget	-414.8	-66.8	-440.0	-319.1	-190.9	77.3	133.4	-342.9	-693.7
Net financing from local expenses	-143.5	166.5	-124.6	94.0	145.8	501.2	597.1	87.1	-128.7
other	-280.8	-237.4	-319.5	-412.4	-349.0	-425.5	-463.3	-430.6	-566.7
Released clearance tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Remaining balance	9.4	4.1	4.1	-0.8	12.3	1.8	-0.2	0.6	1.7

Source: Palestinian Monetary Authority