



# Citizen's Budget - General Budget of 2021

## Ministry of Finance



### Vision:

To manage public assets efficiently and effectively within the best possible financial and economic framework, in line with international standards. This will pave the way for attaining a stable financial system that enhances the economy and finances public services as deemed desirable for the Palestinian people.

### Mission:

Apply an integrated system for managing public assets in a legal and organizational manner, based on the efficient and equitable collection of public resources. The mission also involves preparing realistic budgets for medium-term programmes harmoniously with the national policy agenda and sectoral strategies, along with implementing a well-programmed public spending system that functions efficiently, effectively, and transparently and allows for accountability and public oversight.

### General Budget

A detailed presentation of the Palestinian Authority's expenditures and revenues for a certain fiscal year, including estimates of PA's revenues, grants, loans, receivables, expenditures, and various payments.

(General Budget Law No. (7) of 1998, Article 1)

### Citizen's Budget:

is a simplified document of the General Budget, which summarizes the government's policies and orientations for the coming year through the figures mentioned therein. It also familiarizes citizens about the ways of distributing expenditures on different sectors and developmental projects, as well as presenting the collected revenues and their sources. This enables citizens to keep abreast of government spending and be informed about budget deficits and public debt levels. The Citizen's Budget is published annually in parallel with issuing the approved General Budget (whereas the relevant law prescribes its full publication).

### Important Terminology:

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

## Main Features of the General Budget of 2021

The General Budget in 2021 was 19,561 million Shekels.

Net Revenues	13,579 million Shekels
General Expenditures and Net Lending	19,561 million Shekels
Grants and Foreign Aid (to support the General Budget and Developmental Budget)	2,298 million Shekels
Financing Gap ("Deficit")	3,684 million Shekels



**General Budget of 2021:  
19,561 million Shekels**

The public debt at the beginning of 2021 was 11,736 million Shekels, whereas it was 9,662 million Shekels in the beginning of 2020 (i.e., the previous year).

At the beginning of 2021, the public debt distribution was as follows:-

- Internal debt: 7,476 million Shekels
- External debt: 4,260 million Shekels



## Sectoral Allocations/Distribution of the 2021 General Budget:

Sector	Percentage of Allocation
General Public Services	23.2%
Security	19.3%
Education	17.4%
Health	13.0%
Social Protection	12.7%

Sector	Percentage of Allocation
Economic Affairs	6.5%
Housing and Local Community Affairs	2.8%
Entertainment, Culture, and Religion	2.6%
Public Order and Safety	2.4%
Environmental Protection	0.1%

## General Budget Item Details:

- Grants and foreign aid are divided as follows:
  1. Grants and aid to support the General Budget: 1,440 million Shekels
  2. Estimated grants for funding developmental expenditures: 858 million Shekels
- Revenue Sources:
  1. Total local revenues: 4,634 million Shekels
  2. Clearance revenues: 9,320 million Shekels

Clearance revenues constitute approximately 69% of Total Revenues, whereas Local Revenues constitute 31%.

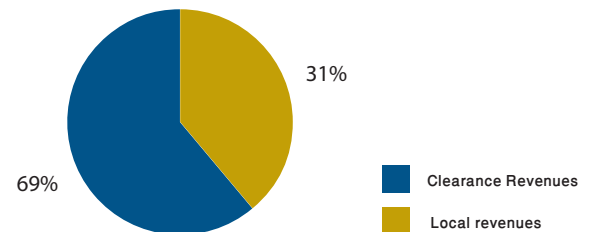
### Structure of Clearance Revenues:

Customs	45%
Petroleum Excise Tax (also called the "Blue Tax")	30%
Value-added tax (VAT)	24%
Income Tax	1%

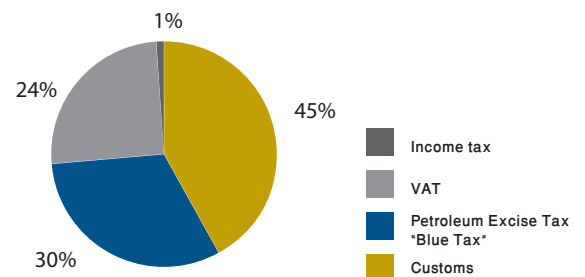
### Structure of Local Revenues:

Non-tax Revenues	30%
Value-added tax (VAT)	27%
Customs	14%
Income Tax	14%
Excise	8%
Earmarked Collections	7%
Property Tax	0.1%

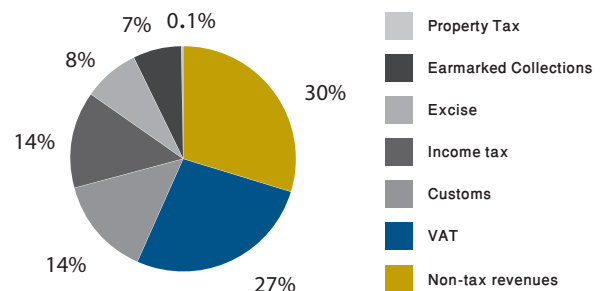
### Clearance Revenues



### Structure of Clearance Revenues



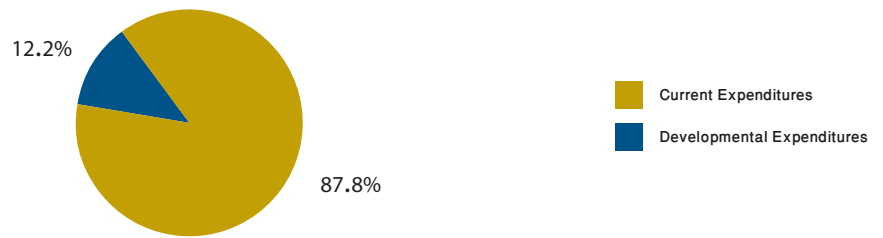
### Structure of Local Revenues



**Classification of Expenditures:**

- Current Expenditures: 87.8%
- Developmental Expenditures: 12.2%

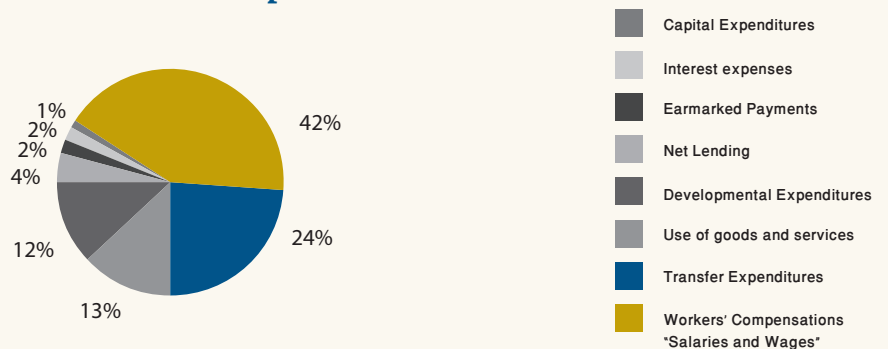
**Classification of Expenditures**



**Structure of General Expenditures:**

Item	Budget in millions of Shekels	Percentage
Workers' Compensations ("Salaries and Wages")	8,121	42%
Transfer Expenditures	4,784	24%
Use of Goods and Services	2,564	13%
Developmental Expenditures	2,392	12%
Net Lending	800	4%
Earmarked Payments	325	2%
Interest expenses	364	2%
Capital Expenditures	211	1%
<b>Total</b>	<b>19,561</b>	<b>100%</b>

**Structure of General Expenditures:**



It is worth noting that social sector expenditures reached 45% of total expenditures in the General Budget of 2021. This includes education, health, social development, labour, etc.

**Developmental Expenditures pertaining to a number of important sectors:**

	Percentage of Developmental Budget from the Overall Budget for the following ministries:
Health	10.4%
Education	7%
Social Protection	3.7%

## Gender Responsive Budget Indicators:

### First:

#### Cash Transfer Programme (CTP) – 2021

Through this programme, the Palestinian government provides cash assistance to tens of thousands of poor families in the Gaza Strip and West Bank, including Jerusalem, through the Ministry of Social Development (MoSD):

- The number of Palestinian beneficiary families is 115,683.
- The allocated budget is 517 million Shekels.
- The Palestinian government contributes 60% of it, whereas the European Union provides the rest (40%).
- The gender distribution of members of beneficiary families is as follows:

Gender	Percentage
Female	52%
Male	48%
<b>Total</b>	<b>100%</b>



Distribution of the Allocated Budget based on the Geographic Area:

Area	Percentage
Gaza Strip	24.1%
West Bank and Jerusalem	75.9%
<b>Total</b>	<b>100.0%</b>



### Second:

The allocated budget for developmental projects in Areas “C” amounted to 66.5 million Shekels.

### Third:

The number of salary-receiving male and female employees and marginalized families was 175,916 at the beginning of 2021, with a total monthly salary expense of 636.2 million Shekels.


	Percentage	Percentage from the Allocated Budget
Males	74%	72%
Females	26%	28%




The amount of 800 million Shekels was allocated for Net Lending, and this amount is deducted by Israel from the Clearance revenues to cover the accumulating electricity, water, and sewage expenses of local government units and service provider companies. The Palestinian Ministry of Finance pays these debts due to the failure of many local government bodies and service provider companies to pay their due amounts.

#### Contact Details of the Ministry of Finance:

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