



Position Paper On:

**Draft Budget Law for the Year 2026
Emergency Budget**

The Civil Team for Supporting the Transparency of the Public Budget

April, 2026

The Civil Team for Supporting the Transparency of the Public Budget appreciates the government's approach and its responsiveness to the team's demands in past years. This is reflected in its openness and collaboration with civil society institutions in presenting and discussing the draft Public Budget Law for 2026, as well as placing it on the legislation platform prior to its approval. The team also values the continued implementation of the reform plan, particularly regarding public financial management.

However, given the limited time available for the team to provide an effective contribution, and after reviewing the draft budget, we offer the following observations:

First: State of Emergency

It has become evident, in the aftermath of the genocide war, that delays in preparing the draft budget persist and recur. Precautions and readiness are required to prepare the budget according to the established timelines and procedures, in accordance with the provisions of Law No. (7) of 1998 on the Organization of the Public Budget. This law stipulates that the Council of Ministers must submit the draft Public Budget Law to the representatives of the citizens (the Legislative Council) at least two months before the start of the fiscal year, thereby allowing the draft to be presented and discussed before the new fiscal year begins, without exceeding the provisions of the law.

Second: Budget Publication

Relying on publishing only the budget orientations for review is not a substitute for releasing the full draft, as it limits the opportunity for dialogue with key financial units, particularly in priority sectors such as health, education, and social protection. A summarized publication does not clearly reflect the quantitative and qualitative indicators or the spending mechanisms within the 2026 budget, nor does it allow for an understanding of the allocations for each responsibility center individually. This limits the ability to make meaningful contributions and to understand the objectives behind each allocation, especially since the budget components for the various responsibility centers have not been published.

Third: The Issue of the Absence of the Legislative Council

The role of civil society cannot replace the essential function of the Legislative Council, nor serve as an alternative. Moreover, the President and his office have not shown sufficient openness in engaging with citizens' representatives and advocacy groups in managing the public treasury, largely funded by taxpayers. The ongoing delay in holding elections further erodes trust in public financial management and obstructs efforts to reform the public budget.

Fourth: Comprehensiveness of the Budget and Spending Priorities

The implementation of the 2025 budget in terms of expenditure reduction was not equitable, as the burden fell disproportionately on transfer expenditures intended for the

poor, as well as for the families of martyrs and the wounded. Cutting these expenditures directly undermines the rights of the most vulnerable groups, a factor that must be taken into account in the 2026 budget

Fifth: Budget Allocated for the Emergency Item

The Civil Team views the increase in allocations for the emergency item from 40 million shekels to 616 million shekels, approximately half a billion shekels, as a step aligned with current circumstances and reflective of reality. However, the allocation of such substantial amounts requires a clear explanation of the main spending directions, the identification of urgent priorities, and transparent communication of these priorities to the citizens.

Sixth: Net Lending Crisis

The Civil Team considers the measures taken to address and reduce net lending to be both important and necessary. Careful oversight by the Net Lending Unit of financial settlements with local authorities and distribution companies, including electricity, water, and sewage, along with auditing invoices submitted by the Israeli side, is expected to help control this item. It is also essential to address areas behind on payments through community dialogue that ensures a fair distribution of service costs.

Seventh: Health Sector Expenditures (Financial Crisis of Medical Service Costs)

The Civil Team remains concerned about the hesitation to decisively reform the health system and emphasizes the need to increase allocations for development expenditures and the improvement of public health services to stop the budget drain caused by excessive medical transfers. In 2025, the Ministry of Health's development expenditures amounted to only 58 million shekels. Reducing medical transfers therefore depends on enhancing services in government hospitals, which requires increasing development allocations while considering the priorities and needs of each responsibility center. The team also identifies the current health insurance system as a core problem, underscoring the need to establish a new compulsory and solidarity-based health insurance system.

Eighth: Financial Obligations

The financial crisis not only leads to the accumulation of debts and arrears but also increases the burden on the public treasury. Resorting to borrowing to address crises further exacerbates this burden, making it necessary to balance needs and borrowing in order to safeguard the rights of future generations.

Ninth: Security Sector Costs

The Civil Team expresses concern over the security sector continuing to receive the largest share of the budget at 22 percent, especially given the limited tasks in protecting citizens in some areas. Presenting the security budget as a single total without itemizing allocations for each agency fails to provide adequate transparency and hinders accountability. Accordingly, the team calls for detailed publication of the security agencies' budgets, the approval of administrative structures, addressing overstaffing, and correcting the hierarchical structure of human resources.

It is also noted that during 2025 the sector's budget was not reduced; on the contrary, operating expenses increased, and appointments continued despite "zero net employment" policies, which did nothing to reduce the payroll burden.

Tenth

The Civil Team welcomes the direction toward reducing operating expenses, particularly those related to travel, and stresses the need for strict enforcement without exceptions, while eliminating any signs of extravagance in public spending.

Conclusion

The Civil Team believes that, despite the government's efforts to control expenditures, the financial crisis is political and cumulative in nature. Accordingly, a serious plan must be implemented to regulate spending and align it with available resources, while reducing borrowing and arrears. The team also calls for the 2026 budget to be treated as a genuine austerity budget that prioritizes the sustainability of essential services, particularly in health, education, and social protection, avoids yielding to measures such as the freezing of clearing funds, confronts them through legal and diplomatic means, and strengthens national solidarity while ensuring the private sector contributes to bearing the burden.