AMAN
Transparency Palestine

Research Paper ON:

Transparency and Accountability Challenges in the Relationship between Nonprofit Companies and Overseeing Authorities, in Gaza Strip

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Summery:

This paper will examine the challenges of transparency and accountability in the relationship between non-profit companies (NPC) in the Gaza Strip (GS) and their overseeing authorities, in light of the legislative developments occurring to the legal framework governing this sector. Specifically, the Decree Law No. (42) of 2021 on companies, the Non-Profit Companies Regulation No. (20) of 2022, and the amended Regulation No. (14) of 2025. The paper aims to analyze the effects of this legal and administrative system on the work environment of NPCs in the GS. It will also identify the gap between the legal texts and actual practice, and examine the impact of all this on the principles of transparency and accountability.

This paper relied on the descriptive-analytical approach by analyzing relevant legislation, reviewing legal and human rights literature, and conducting in-depth interviews with a legal expert and several directors of NPCs operating in the GS, in order to track the practical challenges these companies face in obtaining funds and projects' implementations. In addition, the researcher also conducted an interview with the Companies Registrar at the Ministry of National Economy (MoNE) in Ramallah. The aim of the interview was to understand his perspective, as the relevant authority, regarding fund approval procedures and the governing administrative system, as well as the challenges raised by the companies. Furthermore, we obtained the viewpoints of main parties involved, which contributed to more balance and objectivity in analyzing the paper's results.

The paper concluded that the main problem is not the existence of the government oversight system per se, but in the transformation of this oversight into a wide system of pre-approvals (i.e., numerous parties involved in the decision-making). It is also in the lack of transparency in the approval process, and weak accountability and grievance safeguards. These issues led to prolonging procedures, increased the uncertainty for these companies, and delayed the arrival of funding, hence negatively affecting the ability of these bodies to carry out their programs, especially in GS given the exceptional circumstances there. Also, according to the researcher, the legal texts aren't the only reason for some of these challenges, some have been attributed to administrative practices that went beyond the system's provisions, through procedures that became daily routine.

To address this gap, it is recommended that provisions of the non-profit companies' law be revisited and revised to include: Limiting approval procedures to the authorities specified by law, adding provisions that regulate the right to appeal and challenge administrative decisions, acknowledge legal effects concerning delay of decisions within the specified timeframes, and review restrictions related to salaries and operating expenses. The paper also suggested creating an online platform that operates under the "single window" concept to track requests and boost transparency, in away that balances between legitimate oversight requirements protection of NPCs rights and their ability to carry out their developmental and human rights roles.

Introduction:

In recent years, NPCs have become a main component of the Palestinian civil society sector. These institutions have been playing an increasing role in the areas of development, human rights, health, education, scientific research, and humanitarian relief. They benefited from a a legal framework that allowed them to combine the corporate legal personality with a non-profit social purpose. Therefore, a specific legal framework needed to be developed that would serve to monitor funding by meeting oversight requirements and taking into account funds intended for community purposes, while protecting the independence and operational flexibility of these bodies.

Based on the above, the Palestinian legislator was compelled to rewrite the legal framework governing NPC by ensuring that it no longer focused on organizing legal entities and registration procedures only, but also strengthening the tools used for monitoring and supervising funding, activities, and projects. This approach was manifested in the amendment of the Non-Profit Companies Law of 2015, and later the Non-Profit Companies Law No. (20) of 2022, and its amendment under Law No. (14) of 2025. All of which as part of strengthening the compliance and financial control system, and aligning national laws with international obligations related to anti-money laundering and counter-terrorism financing; and in line with related international standards.

Furthermore, these amendments were also in line with recommendations made by the State Audit and Administrative Control Bureau (SAACB) on the reality of NPCs, issued in 2018. They were: strengthening internal governance, addressing conflicts of interest, and developing monitoring and follow-up mechanisms, in light of the weaknesses and high corruption risks it identified that need to be addressed. This was a contributing factor in reviewing the governing framework. However, some questions arose concerning the extent of compliance of some regulatory measures were with the principles of freedom for civil society CSO and NPCs' work, stated in the Palestinian Basic Law and relevant international agreements.

This issue is even more complicated in the GS, where NPCs operate under overlapping effects of a severe blockade, political division, and geographic separation from decision-making centers, in addition to the on-going war on the GS since October 2023, which resulted in an unprecedented increase in humanitarian needs and reliance on external funding. Hence, the relationship between these companies and official authorities was directly affected, not to mention the effect it had on procedures related to administrative approvals such as receiving funding, and carrying out projects, which further weakened the ability of the legal framework's response to community needs.

This paper seeks to analyze the relationship between NPCs in the GS and official authorities from the perspective of transparency and accountability by studying the legislative development governing these companies and analyzing its motives and practical impact. It also seeks to review the current administrative procedures in place and to look at the main challenges facing these companies.

The paper starts from the assumption that the challenges facing NPCs in the GS aren't tied to existence of oversight per se, but rather to the legal organization and application on the ground. In this regard, legislative efforts focused more on expanding administrative oversight and prior approvals than on addressing institutional shortcomings and internal governance; issues that the SAACB's reports had revealed even before the Decree-Law No. 42 of 2021 on companies. This directly affected the efficiency of procedures related to NPC and their ability to carry out their developmental and rights-based missions, especially given the exceptional circumstances in the GS.

1. The legal and institutional framework governing non-profit companies in Palestine

In their effort to enhance governance and financial compliance, official parties made significant development to the legal framework governing NPCs. Mainly, the framework went from regulating formation and registration procedures to building a more comprehensive system for regulating finance, oversight, and disclosure. This chapter illustrates the legislative development that these companies have gone through, highlighting key legal milestones that helped shape the institutional framework, up to the issuance of the Non-Profit Companies Law No. (20) of 2022 and its amendment under Law No. (14) of 2025.

Official data from the Ministry of National Economy (MoNE) shows that currently there are 314 registered NPCs in the West Bank and Gaza strip (WB&GS), while in the GS, the number does not exceed 20 companies[1]. The scope of these bodies' work extends beyond legal and developmental work to include short-term lending and financing, private hospitals, specialized health centers, private schools, colleges and universities, research and study centers, cultural institutions, as well as women's empowerment and community development bodies.

The concept of NPCs began with the Palestinian legislator deciding to issue the Decree-Law No. (6) of 2008, which is considered an amendment to the Jordanian Companies Law No. (12) of 1964.The Law allowed for the registration of companies that do not aim to distribute profits to partners and shareholders, but to utilize their resources for the benefit of the public[2]. Based on that, the Cabinet issued the Non-Profit Companies Law No. (3) of 2010, which set the first regulatory framework for NPCs. This law specified registration procedures, management, disclosure, and oversight, hence granting such companies a legal entity alongside charities and CSOs[3].

Nonprofit organizations are defined as independent legal entities established to achieve social, human, developmental, cultural, educational, rights-related, or professional, without generating profit or distributing it to the founders or shareholders as one of their goals. However, these institutions are allowed to carry out income-generating activities as long as the proceeds are reinvested into the organization's mission. The creation of this legal form came as a response to a need brought about by the increase in CSOs work. However, the SAACB noted that there is a have a clear legal text for the establishment of this type of companies; one that distinctly sets them apart from other CSOs, amid the similarity of goals, funding sources, and areas of work. Hence, questions were raised concerning the usefulness of this legal form and its impact on the supervision and oversight system[4].

Within the same context, the legal framework governing these companies moved from organizing the legal form and registration procedures to a more complex stage that was characterized by expanding the tools for monitoring and supervising funding, activities, and projects, especially since the revision of the Non-Profit Companies Law in 2015 and the issuance of the Non-Profit Companies System No. (20) of 2022, and its amendment under Law No. (14) of 2025. This development came in the context of Palestine's efforts to strengthen its compliance and financial oversight system, and to align its laws with international obligations and standards related to anti-money laundering and counter-terrorism financing.

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1 Phone interview with Ms. Raja' Jawa'deh, Company Registrar at the Ministry of National Economy, on August 3, 2026.
2 The State of Palestine, The President, Decision by Law No. (6) of 2008 amending the Jordanian Companies Law No. (12) of 1964. Available on the website Link (accessed: June 8, 2026).
3 State of Palestine, Council of Ministers, 'Non-Profit Companies Law No. (3) of 2010,' Palestinian Gazette, Issue 85, 2010. Available on the website Link (accessed: June 8, 2026).
4 State of Palestine, SAACB, Report on the Reality of Nonprofit Companies in the State of Palestine, 2018. Available on the website: Link (accessed: July 17, 2026)

These legislative amendments were not isolated from the observations mentioned in the SAACB reports about the status of NPCs that included a number of recommendations related to internal governance, conflicts of interest, oversight and follow-up mechanisms, hence prompting the official authorities to review the legal framework governing this sector. However, this legislative sparked a legal and rights-based debate about some oversight procedures and their compliance with the principles of freedom of association, protection of NPCs' rights, and the safeguarding of civil work that is stipulated in the Basic Law and relevant international agreements.

Tracking of the legislative development for NPCs reveals that Palestinian regulatory policy has gone through two main stages. The first extended from 2008-2015, and focused on laying the legal foundation and on regulating registration and management procedures, although it was limited to the West Bank (WB). However, this policy started to gradually change in the second phase towards strengthening financial oversight tools, beginning with the issuance of the amended system No. (8) of 2015[5], which required pre-approval, from the Council of Ministers, for accepting gifts, donations, grants, and financial aid. This represented a shift from a model based on post-approval control to a model based on prior funding approvals.

This shift came in two parallel contexts: the first is Palestine's commitment to developing its financial compliance system and aligning its laws with international standards related to combating money laundering and terrorist financing, which is in line with commitments of Palestine joining the Middle East and North Africa Financial Action Task Force (MENAFATF) in 2015[6]. The second concerns the shortcomings in the legislative and regulatory environment for NPCs revealed in the SAACB 2018 report, which included internal governance, oversight and follow-up mechanisms, and administrative organization. All of which prompted the authorities to review the legal framework regulating this sector and to strengthen its oversight tools[7].

In the GS, neither the Non-Profit Companies Law No. (3) of 2010 nor the amended law No. (8) of 2015 was effective in practical terms. This was due to reliance on the Jordanian Companies Law No. (12) of 1964, which was in force in the WB, while the GS remained subject to the Mandate Companies Law No. (18) of 1929. The legal framework for NPC across both parts of the country (i.e., WB&GS) remained divided until the issuance of the Legislative Decree No. 42 of 2021 and its subsequent executive regulations.

The legal framework witnessed a new shift with the issuance of the Decree Law No. (42) of 2021 concerning companies, which comprehensively reorganized the Palestinian corporate sector, including NPCs, and referred the regulation of many executive matters to systems issued by the Cabinet[8]. In light of this law, the Non-Profit Companies Regulation No. (20) of 2022 was issued, which reorganized the relationship between NPCs and official authorities in a more detailed manner. It organized registration, funding, disclosure, and oversight procedures, and linked grants received and project implementation to a series of administrative steps and approvals[9]. This sparked a wide legal and rights debate about the limits of administrative oversight and how it affects the rights of NPCs[10].

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5 State of Palestine, Council of Ministers, 'Regulation No. (8) of 2015 Amending the Non-Profit Companies Regulation No. (3) of 2010', Palestinian Gazette, Issue 117, 2015. Available on the website: Link (accessed: June 8, 2026).

6 The Middle East and North Africa Financial Action Task Force (MENAFATF), 'The group welcomes Palestine as a member,' July 9, 2015, Available on the website: Link (Accessed: June 27, 2026).

7 The SAACB 2018 report. Previous source.

8 State of Palestine, President, "Decision by Law No. (42) of 2021 regarding companies," Palestinian Records, special issue (25), 2021. Available on the website: Link (Accessed: June 27, 2026).

9 State of Palestine, Council of Ministers, 'Non-Profit Companies Law No. (20) of 2022,' Palestinian Official Gazette, Issue 194, 2022. Available on the website: Link (Accessed: June 8, 2026).

10 Palestinian NGOs Network, "For the Abolition of the Non-Profit Companies System and the Protection of Its Rights and Independence," November 20, 2022, available at: Link (accessed: June 10, 2026).

In response to the criticisms raised about the system, the MoNE formed a joint committee at the end of 2024 that included representatives from NPC and CSOs to review its provisions. These reviews resulted in the issuance of Regulation No. (14) of 2025 amending the Non-Profit Companies Law. It aimed to address practical issues through setting timeframes for deciding on funding requests and gave the Minister of Economy the authority to approve grants that do not exceed a specific financial limit without having to present them to the Cabinet[11]. However, the amendment kept the old philosophy of the system, which is based on prior control over funding and activities, while reorganizing some administrative procedures without making any fundamental change to its structure.

Based on the view that grants, donations, and external funding require legal and administrative oversight to ensure proper use and to achieve the desired goals, the Non-Profit Companies Law No. 20 of 2022, amended by Law No. 14 of 2025, established a regulatory system that regulates the relationship between NPCs and official authorities.

The mentioned oversight system requires the company to obtain prior approval before accepting any external funding. the organization must submit a request to the company registrar that includes information on the: granting entity, funding amount, project goals, implementation plan, budget, and supporting documents. The Companies Registrar reviews the application and refers it to the relevant ministry for feedback, before completing the approval procedures according to the powers stipulated in the system.

Oversight isn't limited to approvals; it also includes management of the funds after receipt. This means that companies must use funds for approved purposes, submit regular technical, financial, and administrative reports, along with an annual report on their activities, funding sources, and budget. Oversight was also conducted on expenditures, as the system required companies to adopt a salary scale and link the total salaries and operating expenses to a ratio set annually by the Minister of Economy, so that it does not exceed (25%) of the company's budget in any case. This is to limit the growth of administrative expenses and direct the majority of funds to activities and programs. Also stipulated in the system, relevant authorities are to follow-up on project implementation and ensure that all actions are aligned with the approved objectives, and finally to submit reports on follow-up results to the Companies Registrar.

Moreover, Law No. (14) of 2025, amending the Non-Profit Companies Law No. (20) of 2022, aimed at simplifying administrative procedures while keeping the existing control system in place. It introduced a system for electronic donations, expanded approval powers of the Minister of Economy allowing for a higher limit on grants, set timeframes for reviewing funding requests, and established a mechanism for annual approval of fixed operational expenses.

This legislative development shows that the regulation of NPC in Palestine did not stop at organizing the legal personality and registration procedures, but also become a comprehensive framework for monitoring financing, activities, and projects. This kept the discussion open concerning the limits of legitimate oversight and its alignment with Article (26) of the Palestinian Basic Law, as well as the State of Palestine's obligations under the International Covenant on Civil and Political Rights, particularly on the freedom of associations and access to resources needed to carry out activities. Therefore, evaluating this system is not limited to studying only the legal texts, but also monitoring application on the ground, specifically in the GS where legal and administrative considerations clash with the unusual human conditions.

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11 State of Palestine, Council of Ministers, "System No. (14) of 2025 amending the Non-Profit Companies System No. (20) of 2022", Palestinian Official Gazette, Issue 232, 2025. Available online: Link (accessed: June 10, 2026).

2. Relationship Between Nonprofit Organizations in the Gaza Strip and Official Authorities

The relationship between NPCs and official authorities is a major factor that determines these organizations' ability to fulfill their social mission. It effects not only record-keeping or administrative oversight, but extends to the various stages of getting funding, executing projects, managing financial resources, and meeting legal and regulatory obligations.

Auspiciously, after unifying the legal reference for NPC under Decree-Law No. (42) of 2021, and the issuance of the Non-Profit Companies Regulations No. (20) of 2022, which was amended in 2025, companies operating in the GS became subject to the same procedural framework applied in the WB. However, the practical application in the sector revealed challenges related to the specifics of the administrative and geographical reality in the Strip, which calls for distinguishing between what the system regulated and what is established in practice.

A report by the SAACB issued in 2018, according to the company registry data until the end of 2016, pointed out that there were only two NPCs registered with the MoE in the GS, noting that there were other companies operating in the sector according to the laws and regulations enforce back then[12]. These data reflect the reality of the previous phase, prior to unifying the legal framework for companies. It also reveals the effects of the political and geographic division between the WB&GS and legislative duplication on the completeness and accuracy of the official register.

However, as of the date this paper was prepared and according to Ms. Raja' Jawa'deh, the Companies Registrar at the MoNE, after the issuance of Law No. (42) of 2021 and its regulation, the number of NPCs registered in Palestine reached (314) companies, 20 of which are in the GS[13]; a reflection of expansion of the registration scope and unification of the legal framework for this type of companies.

Despite that, the importance of the SAACB report was not limited to documenting the reality of that period, it also revealed a number of shortcomings related to the legislative and regulatory environment, internal governance, and the follow-up mechanisms practiced by the MoNE. The report recommended that a regulatory framework for NPCs be developed and coordination between the relevant authorities be improved. Following that, Law No. (42) of 2021 on companies was issued, which unified the legal framework for companies in the WB&GS. Then, it was followed by the Non-Profit Companies System No. (20) of 2022, which more thoroughly organized the procedures for registration, funding, supervision, and disclosure. All of which was before being reviewed and before the issuance of System No. (14) of 2025, as amendment to the mentioned law.

The Non-Profit Companies Law No. (20) of 2022, as amended by Law No. (14) of 2025, defines a procedural framework that regulates the relationship between NPCs and official authorities; beginning with submitting the funding application to the registrar, along with needed documents, and ending with issuing approvals, following up on project implementation, supervision, spending, and financial and administrative disclosure. The amended system also reorganized the financial ceiling and defined the authority responsible for approving funding, as follows. Requests with an annual funding total exceeding $500,000 are referred to the Cabinet, while the Minister of National Economy handles requests with amounts below this limit, based on the recommendation of the

12 State of Palestine, SAACB, Report on the Reality of NPC in Palestine, 2018. Available on the website: Link (Accessed: July 17, 2026).
13 Link Phone interview with Ms. Raja' Jawa'deh. Previous source.

Companies Registrar. Also stipulated in the system: a period not exceeding seven days is given to the registrar to submit nomination to the minister; companies must submit regular technical, financial, and administrative reports, in addition to their annual reports that must be submitted within four months after the end of the financial year; imposed controls on salaries, operating expenses, and obtaining funding[14].

Although the system set time limits for some stages of the procedures, it didn't confine the Minister nor the Cabinet to specific binding period to issue their decision regarding funding requests. Similarly, there is no explicit text that requires presenting projects or funding requests to the security agencies, or that makes their approval a separate stage in the approval process, even if the Companies Registrar granted the authority to refer applications to relevant government authorities for feedback. Within this context, Ms. Raja' Jawa'deh, the Companies Registrar at the MoNE, explained that the process of reviewing funding requests is carried out according to a mechanism approved by the Cabinet. She added that regarding security approvals, this is based on the requirements for complying with national laws related to anti-money laundering, counter-terrorism financing, and risk assessment, which requires addressing the relevant government authorities before completing the approval procedures[15].

The above action invokes a legal question concerning the adequacy of the current regulation, which is clearly ambiguous. So, if the procedures for reviewing funding applications include security agencies' review to ensure compliance and risk assessment, which have become part of the established process, then why didn't the system include an explicit regulation for these procedures? (i.e., specify the bodies involved in reviewing requests, jurisdiction of each, and the timeframe for decision-making for each). As regulating these matters through legislation can enhance transparency and increase certainty for NPC, in addition to allowing for follow-up on requests, hence balancing oversight requirements and process efficiency.

On the other hand, Ms. Andaleeb Odwan, General Director of the Center for Community Development and Media, confirmed that one of the main challenges facing NPC in Gaza is the requirement for pre-approval before launching the project or receiving its funding. She explained that her organization has to fill out a detailed form for every new project, that includes the project's goals, activities, target groups, and budget, in addition to repeated organizational information that has been submitted for previous projects. According to Odwan, after receiving the application, the MoNE forwards the application to a series of relevant authorities, including the security agencies, in addition to the various relevant ministries depending on the nature of the project, such as: Ministry of Justice for legal projects, The Ministry of Women's Affairs (MoWA) for projects concerning women, the Ministry of Culture (MoC) for media and cultural projects, and the Ministry of Social Development (MoSD) in most cases, stressing that some projects have to go through all these authorities before completing the required procedures[16]. Within this context, Ms. Raja' Jawa'deh, the Companies Registrar at the MoNE, explained that referring requests to the relevant authorities, as mentioned, aims to ensure compliance with public policies and current regulations. She emphasized that official procedures are based on coordination between these authorities according to the approved mechanism.

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14 State of Palestine, Council of Ministers, "System No. (14) of 2025 amending the Non-Profit Companies System No. (20) of 2022", Palestinian Official Gazette, Issue 232, 2025. Available online: Link (accessed: June 10, 2026).

15 Telephone interview with Ms. Raja' Jawa'deh. Previous source.

16 Phone interview with Ms. Andaleeb Odwan, General Director of the Center for Community Development and Media in the GS, on June 22, 2026.

This clearly illustrates that in practice; some aspects of these procedures had gone beyond regulations stipulated in the system. An example is the involvement of multiple parties in decision-making that has become a key feature of the approval process. And since it isn't clearly separated within the system, it affects the time needed to complete the procedures and or track them easily. Regarding this issue, the MoNE believes that the process falls under the verification and technical study procedures that come before issuing the decision. However, companies' statements reveal that it leads to longer procedures and makes follow-up more difficult; revealing a difference between text and practice.

According to Odawa, the approval process doesn't end when the decision is issued by the Cabinet. The case goes back to the MoNE who contacts the Palestinian Monetary Authority (PMA), where the latter contacts the bank that the institution deals with to allow the money transfer; taking between one to three months on average. This delay might cause the money transfer to be sent back to the donors before the final approval arrives, as explained by Odwan. She further stated that companies often rely on acquaintances and friends in Ramallah to follow up on requests with the MoNE, the PMA, or banks, to inquire about the reasons for delay. In fact, some organizations, in anticipation of the long official procedural process, began submitting approval requests from the project proposal stage, before getting the funders' approval,

Mr. Ashraf Abu Hiyyeh, Director of the Legal Department at Al-Haq Organization, explains this practice by saying that it reflects a gap between the legal text and its practical application[17]. According to him, the system didn't mention some forms of security approvals in the exact same way they appear in practice. Nevertheless, these approvals have become routine in dealing with NPCs, whether to register the company, obtain board approval, projects' approval, or granting permission to receive funding. Abu Hayyeh attributed this development to the legislative framework related to combating money laundering and terrorism financing, and to aligning Palestinian laws with the requirements of the Financial Action Task Force (FATF), which led to expanding the circle of compliance and monitoring of NPCs.

As we assessed the practical impact of the system, some of the financial restrictions it includes pose real challenges for certain NPC, particularly human rights and research institutions. For example, setting a cap on salaries and wages that doesn't exceed 25% of the project's value, along with the set percentages for other administrative expense items, might be suitable for some service or relief projects that focus spending on activities and direct aid, but not for institutions whose work mainly relies on human expertise for drafting studies and policies. These bodies rely on professional skills for implementing programs and achieving their goals. Furthermore, Abu Hayya mentioned that applying a uniform percentage to all NPCs despite the differences in specializations, could limit some institutions' ability to attract and retain talent, and can limit their flexibility in preparing budgets to fit their activities.

Abu Hayyeh also distinguished between legal oversight and administrative restrictions by saying that oversight means keeping track of funding sources, spending patterns, and compliance with the law. While suspending funding until a long chain of approvals is completed is a restriction that limits the ability of NPC to carry out their projects, especially in the GS where most programs are linked to urgent human needs that can't wait.

17 Phone interview with Mr. Ashraf Abu-Hayyeh, Director of the Legal Department at Al-Haq Organization, on June 24, 2026.

Ms. Zeinab Al-Ghanimi, General Manager of the Center for Legal Research, Consultations, and Women's Protection, agrees with this description. She stated that the relationship with official authorities currently requires a chain of approvals; starting from the Companies Registrar and the MoNE, and passing through several ministries and security agencies, before reaching the Cabinet, the Central Bank, and commercial banks[18]. However, she said that the amendments made to the system in 2025 temporarily eased some procedural burdens by setting a time limit for certain procedural stages, such as limiting the period for submitting the registrar's recommendation, however, without specifying a binding period for issuing the final decision on the requests; also granted the Minister of Economy the authority to approve funding not exceeding $500,000. Unfortunately, the waiting periods and strict procedures have resurfaced under the pretext that the war on the GS had ended or lost its intensity, according to Al-Ghanimi.

Al-Ghanimi also revealed the effects of these measures on the GS institutions. She said that her organization was compelled to implement a number of projects before receiving the funding approval, which led to the accumulation of financial debt exceeding half a million US dollars owed to employees and suppliers. This is in addition to difficulties such as: tracking requests, delays, or loss of documents while being transferred between the various official institutions. Hence procedures' following-up became part of the daily tasks at work[19]. On the other hand, Ms. Raja' Jawa'deh explained that the ministry took into account the difficult situation the GS organizations operate under, and allowed funding requests, documents, and correspondence to via email. She also denied a systematic delay in the approval procedures, saying that most of the time delays are due to companies submitting incomplete documents; missing legal or administrative requirements, or in need to fill out some information before completing the procedural process.

Statements from representatives of NPCs, and that of the company registrar, indicate that the relationship between these companies and official bodies in the GS is not governed by legal texts only, but that is also affected by the cumulative administrative practices. Other factors include: the geographic separation between the GS and decision-making centers, the multiple authorities involved in the approval process, and the lack of clear mechanisms to track requests or hold responsible parties accountable for delays. Thus, the gap between the system and implementation does not lie in the existence of oversight per se, but in the breadth and complexity of the procedures that go beyond the system's regulations. This factor directly affects the speed of project implementation, the stability of funding, and the ability of NPCs to respond to humanitarian and development needs in the GS.

18 Phone interview with Ms. Zeinab Al-Ghneimi, General Manager of the Center for Legal Research, Consultations, and Women's Protection, GS, on June 23. 2026.

19 The previous source.

3. Challenges of transparency and accountability in the relationship between NPCs in GS and their oversight authorities

Relationship between NPCs in the GS and official authorities shows that the current challenges are not limited to fund-approval procedures, but extend to issues that violate the principles of transparency and accountability. Presumably the system is expected to contribute to creating a clear and predictable institutional environment. In practice, it revealed a set of issues that affected: the work of NPCs in general, clarity of procedures, equal opportunities between the different institutions, and ability to complete their projects on time.

3.1 Broadened the scope of pre-approvals in regulating the work of non-profit companies

Monitoring the activities of these companies is no longer limited to ensuring adherence to the law and or holding violators accountable upon occurrence. Rather, it gradually expanded the scope of pre-approvals to become a basic requirement for receiving funding and carrying out projects. This trend reflects the legislative development experienced by NPCs in recent years, beginning with the condition to obtain the Cabinet's approval for grants and aid under the amended system No. (8) of 2015, and followed by a more detailed regulations of the approval procedures in the Non-Profit Companies Law No. (20) of 2022, before the amended system No. (14) of 2025 was issued; introducing procedural modifications without making a fundamental change to the philosophy of pre-approval on which the system is based.

As a result, a transformation occurred to the relationship NPCs and official bodies. The change was in the authorities' role that no longer was limited to post-approval oversight concerning the legitimacy of funding or the proper use of spending, but also getting prior approvals become a mandatory before receiving funding or starting project implementation. To NPCs, this meant that funding requirements were met before carrying out their activities, which required that NPC provide the data needed and documents, and by going through a long bureaucratic cycle of procedures with multiple official authorities, hence negatively affecting the companies' ability to exercise their rights, quick responses to community needs.

Concurring with the abovementioned are statements provided by representatives of NPCs in the GS, who added that the lengthy process consumed longer procedural time and increased administrative burdens, not to mention linking the start of projects' implementations to the completion of approvals. Needless to say, that such actions hinder the institutions' abilities to meet their contractual obligations and response to humanitarian and development needs on time.

Regardless, government censorship as a concept is not a problem. On the contrary, it is the relevant authorities' right and duty to verify proper use of funds, ensure compliance with national laws, and combat money laundering and terrorism financing. It becomes a problem, however, when this control becomes a bureaucratic lengthy system of prior approvals and by giving the administration significant discretionary power over the timing of funding arrival and the start of project implementation; and also, in the absence of publicly announced standards, binding time limits, and effective mechanisms for complaints and review.

3.2 Multiplicity of regulatory bodies with overlapping jurisdictions, and their impact on corporate governance

The Non-Profit Companies Law No. (20) of 2022 and its amendments regulated procedures for funding requests, as it assigned the Companies Registrar to receive the applications and ensure that legal requirements are met. It also authorized him, under Article (13) to refer the funding request to the relevant ministry for feedback, hence granting multiple parties the right to participate in the approval cycle. However, the system did not detail the mechanisms for coordination between these parties, even if they exist in practice. It also did not define timeframes, niether for feedback nor for the completion of each stage of the approval cycle.

Statements collected for the purpose of this paper revealed that one of the main challenges facing NPCs in the GS is the multitude of parties involved in the approval process and the overlapping of responsibilities, hence making the administrative process complicated and applications difficult to track. Furthermore, although the MoNE, represented by the Companies Registrar, is the authorized party for receiving applications and passing them to the relevant authorities, in practice the procedures involve several other ministries and official bodies. This is in addition to the Council of Ministers, the PMF and commercial banks, once the transfer procedures are completed. This is not to mention that some have to go through the security agencies... all before the final approval comes through.

Moreover, the problem doesn't lie in the number of parties involved, since that maybe necessary due to the various nature of projects, which also in-line with Article (13) of the Non-Profit Companies Law No. (20) of 2022 and its amendments that allow the company registrar to refer the funding request to the relevant ministry for feedback and advice. The problem lies in the absence of a comprehensive administrative framework that illustrates clearly the responsibility of each entity, and the transferring of requests between all parties, as well as in the absence of a time frame to complete each stage. Statements collected showed that NPCs often were forced to inquire about their transactions directly with multiple parties on their own, not knowing where or what stage their applications reached.

Moreover, statements made by NPCs representatives revealed that the security review phase is considered one of the most ambiguous among the approval process, since there are no announced procedures or clear standards to show the scope of this review, its duration, or observations that may delay the process. Also noticed, is that the Non-Profit Companies' Law does not explicitly regulate this stage, nor does it specify a time frame for the relevant authorities to give their feedback or for completion of the procedures. All of which makes it difficult to predict the length of time needed for approval and limits companies' abilities to plan their programs and to abide by the timelines agreed upon with funders and partners.

In the GS, this impact is compounded due to the geographic separation from decision-making centers, hence communications and follow-up on requests is more difficult. Therefore, some companies are forced to rely on personal connections or middlepersons to inquire about the progress of their transactions, as in reasons for delay, etc. which adds administrative burdens and affects equal opportunities among NPCs.

3.3 Absence of transparency in the approval process including administrative procedures

In public administration, transparency requires that procedures are not limited to legal texts regulating the submission of requests, but also requires that stages and mechanisms are clear and traceable for the entities subject to them. Within this context, Article (12) of the Non-Profit Companies Law No. (20) of 2022 and its amendments required NPCs to submit funding requests accompanied by the necessary data and documents, while Article 13 regulated the review and referral requests to the relevant authorities for completion of the approval process.

However, the system does not compel relevant authorities to allow clients to follow up on their transactions. Neither does it compel them to provide information on: the progress of procedures, the length of time needed to complete the process, or reasons for delay. These shortcomings in the system leave the requests more at the mercy of administrative practices than governed by clear legislative rules.

All this was expressed in the statements collected to prepare the paper, as one NPC reported that it had completed the required procedures at one of the relevant ministries, and the file was to be referred to the next department to complete the approval process, which never made it. And after a series of follow-ups, it discovered that it was lost in the process. This is a-case-in-point of the absence of an institutional mechanism to track requests during the various procedural stages by the authorities and companies.

Other complaints included the repeated times companies were forced to keep inquiring about their requests with no clear idea of the stages they completed or the time needed to be finalized. Clearly, this directly affects the ability of institutions to plan their projects and meet their contractual obligations with donors, especially since most grants have deadlines and missing them could delay implementation or loss of funding.

In the GS, this becomes far more critical due to reliance of the majority of NPCs on external funding for humanitarian aid and relief interventions. Hence, the absence of clear mechanisms for tracking requests and providing information about statuses of funding requests not only affects the efficiency of institutions, but also negatively impacts the people benefiting from the services.

3.4 Broad discretionary power and weak accountability safeguards

Accountability is considered a basic principle of good governance. It is not only about holding NPCs accountable for resource management and adhering to their goals, it also includes holding administrative bodies accountable for their decisions and the extent of their adherence to the principles of transparency and the law. Within this context, Articles 12 and 13 of the Non-Profit Companies Law No. 20 of 2022 and its amendments provide an outline for handling and reviewing funding requests that grant the relevant authorities the power to examine the applications and complete their procedures. However, the system doesn't explicitly stipulate a number of procedural guarantees, such as obliging the administration to justify its decisions, explain the reasons for delays, rejection, setting up a mechanism for administrative grievances, or putting binding deadlines for deciding on requests.

This legislative shortcoming is reflected in the statements collected, as some NPCs reported that their applications were subjected to: reviews that lasted for several months; were re-reviewed due to changing the officials in charge; repeated requests to complete information that was already

provided with no explanation. These facts indicate that the issue is not about funding oversight, but about the limited procedural safeguards that allow companies to know the basis for the administrative decisions, and the ability to challenge these decisions, if needed.

Moreover, absence of these safeguards could lead to broadening the administration's discretionary power concerning the applications, hence making the whole process subject to differences in estimates, not to mention changes of authorities in charge of these tasks, which can undermine legal certainty and affect the consistency of procedures. And even though granting discretionary power to administrations is considered “normal”, its practices must be accompanied by legal regulations that ensure transparency, reasoned decisions, and provide ways to review and appeal decisions, in a way that balances oversight requirements with accountability guarantees.

This becomes more important in the GS, since most NPCs rely on grants allocated for humanitarian and relief interventions linked to urgent needs and specific timelines. Therefore, the impact of prolonging administrative procedures or delaying decisions doesn't affect the implementing institutions only, but directly harm human-beings that may be deprived of these services.

3.5 Financial constraints and lack of consideration of differences between non-profit companies

A main challenge discussed during the interviews for this paper revolved around the restrictions on salaries and operating expenses. Specifically, on the suitability of imposing a fixed finacial rate on NPCs that differ in terms of activities, business models, and operational needs. In this regard, paragraph (2) of Article (11) of the Non-Profit Companies Law No. (20) of 2022 states that the total salaries and operating expenses should not exceed a percentage set annually, with a maximum not exceeding 25% of the company's budget. Furthermore, paragraph (3) also allowed some companies operating in the financial and lending sector to be exempted by a decision from the Cabinet or the competent minister.

And though the amended Non-Profit Companies Law No. 14 of 2025 in Article 5 exempted operating expenses from the 25% cap and limited it to salaries only, it still kept the idea of having a unified financial ceiling, without addressing the demands of rights organizations calling for its rivision concerning the differences between institutions according to the nature of their work and spending patterns.

Therefore, subjecting NPCs to a uniform financial limit without considering differences in specialization poses a problem. For instance, human rights and research organizations basically rely on specialized personnel like lawyers, researchers, and documenters where salaries and wages are a key part of the running cost, not separate administrative expenses. The service and relief organizations, however, a larger portion of their budgets goes to aid, purchases, and logistical services. Previously, affected NPCs clearly expressed their reservation concerning this specific article by saying that the 25% mentioned in the regulation doesn't take into account institutions that rely on people/individuals to provide direct services to beneficiaries.

Therefore, applying the same rate to all companies implies assuming a superficial equality between institutions that operate differently, whcich can have also different effects. Additionally, applying this clause through a discretionary decision only, without detailed and public standards, doesn't address the root of the problem, and could lead to discrepencies in application among NPCs.

4. Conclusions and Recommendations

4.1 Conclusions

This paper concluded that the main issue in the relationship between NPCs and their oversight authorities, especially in the GS, is not a question of whether overseeing these organizations is legitimate or not. It is, however, in the vast administrative and procedural restrictions that come with it, which turned oversight from a means of ensuring integrity and transparency into a complex system of prior approvals, that affect companies' ability to carry out their programs efficiently and on time.

Moreover, the paper showed that the legislative development regulating the work of NPCs, especially the Non-Profit Companies Law No. (20) of 2022 and its amendment under Law No. (14) of 2025, aimed to broaden the scope of oversight on financing and grants, in the context to align national laws with the requirements for combating money laundering and terrorist financing. However, implementation on the ground led to procedures that in some aspects went beyond the legitimate financial oversight requirements and affected the efficiency of the regulatory environment for NPCs. Furthermore,the paper revealed a gap between the legal texts and pracitce on the ground, as the statements pointed to the multiple reviews fundining approvals must go through, including security and other agencies not mentioned clearly in the system, in addition to competent mininstries, the PMF and banks. A procedural process that prolongs the approval process, complicates procedures, and limits predictions of final decisions.

The paper also showed that the specifity of the GS worsened the effects of these measures due to the geographic separation and the difficulty of direct communication with the relevant authorities and decision-making centers, which had an even bigger impact on NPCs operating there compared to their counterparts in the WB.

The paper also concluded that: the multiple parties involved in granting approvals, the broad discretionary power given to the administration without clear objective standards; the absence of a specific mechanism for appeals and for challenging rejections or delays weakened accountability and created a sense of administrative uncertainty for NPCs.

Moreover, the paper showed that imposing a unified ceiling on salaries and operating expenses from the funding of any project, without considering the different nature of NPCs, disproportionately affects human rights and research institutions whose work mainly relies on human resources, hence limiting their abilities to attract competence or sustain their programs.

Finally, key findings of the paper confirm that balancing the requirements of financial oversight and protecting the rights of NPCs isn't only about modifying the existing legal framework. It requires accompanying it with clearer and more transparent executive procedures that: define stages of the requests; divide responsibilities among the relevant parties; and provide companies with means to know the outcome of their requests and ways to appeal decisions. All must be implemented in a way that strengthens governance, boosts the efficiency of general management and enables companies to effectively carry out their developmental and rights-related roles.

4.2 Recommendations

Based on the conclusions mentioned above and by examining the NPCs situation in the GS, the paper recommends the following:

1. Conduct a comprehensive legislative review of the supervisory philosophy underpinning the Non-Profit Companies Law No. (20) of 2022 and its amendments, specifically paragraph (2) of Article (12), and the entire article (13). Als, explore the possibility of replacing the pre-approval system for accepting gifts, donations, grants, funding, and aid with an effective subsequent oversight, while finding balance to protect the financial system and ensure freedom to form associations and independence of CSO, according to the Palestinian Basic Law and related international covenants. All must be done without encroaching on powers granted to the competent authorities concerning financial and administrative auditing, scrutiny of funding sources and methods of spending, and their monitoring compliance with relevant laws.

2. Revise Article (11) of the Non-Profit Companies Law No. (20) of 2022 and its amendments, while ensuring reconsideration of the maximum salaries and wages, which amount to (25%) of the company's total annual budget; also taking into account the differences in the nature of NPCs activities, except for human rights, research, and other institutions whose activities mainly rely on human resources, or adopt a more flexible financial standards that fit the nature of their work.

3. Amend the rules governing grants and projects approvals by explicitly stating that approval procedures are limited to the authorities specified in the system (i.e., not subjecting the requests to any security or additional authorities' approval not prescribed by law). Also, amend paragraph (2) of Article (13) of the Non-Profit Companies Law No. (20) of 2022 by deleting the phrase: "and in this regard, he can seek assistance from any other government entity he deems appropriate", and replacing it with a text that limits the referral of financing requests to the competent authority specified in the system, and for clear technical purposes, and within a specific timeframe. This also requires amending paragraphs (2) and (3) of Article (16) to limit the role of the competent authority to giving a technical opinion on the extent the project aligns with the company's goals, without turning that opinion into an additional independent approval.

4. Add an explicit text to the NPCs system that regulates the companies' right to submit complaints concerning rejection of requests or delays of approval. The text must also ensure reserving their right to appeal final decisions or implicit rejections before the competent administrative court; and to define a clear timeframe for handling complaints and appeals.

5. Amend the rules governing the legal timeframes for looking into the funding requests and the projects mentioned in the Non-Profit Companies Law No. (20) of 2022 and its amendments, by stating that "Not issuing a reasoned decision of rejection within the specified time period is considered implicit approval"; amendment must be stated in a way that prevents the indefinite suspension of requests, enhances legal certainty, and accelerates the processing of procedures.

6. Establish a unified online platform at the MoNE that serves as a 'one-stop shop' for managing and tracking funding requests and projects of NPCs, by which the Ministry would receive the requests and coordinate with the relevant authorities. Hence, enabling NPCs to track the stages of their applications, know the entity that is looking into them, and reasons for delay, which contributes to enhancing transparency and accountability, and saves time for transactions' completion.

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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.

Website: www.aman-palestine.org
Email : info@aman-palestine.org

/AmanCoalition

Ramallah, Irsal St, Remawi Building , 1st floor
Tel : 2989506 2(970+) 2974949 2 (970+)
Fax : 2974948 2 (970)
Gaza-Southern Rimal - Habboush St. - Sub of Martyrs St. Dream
Tel : 082884767
Fax : 082884766

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