

Seventh Annual Report

Integrity and Combating Corruption

Palestine-2014



Closed until further notice



Report

Integrity and Combating Corruption

Palestine-2014

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Executive Summary

- In 2014, there was improvement in the National Integrity System (NIS) in some government institutions and NGOs (media and the private sector) due to anti-corruption efforts, hence people's trust in the procedures improved as well. This was especially obvious in terms of raising public awareness in regard to causes and forms of corruption and ways to combat it, in addition to spreading values of integrity at the local government level following local elections in the West Bank. Furthermore, the Anti-Corruption Commission (ACC) was clearly active in pursuing fugitives facing corruption charges. Requests for assets and stolen funds recovery were made in accordance with provisions of the Palestinian judiciary.
- The overall trend apparent from studies conducted by AMAN along with local and international public opinion polls confirmed that corruption is still one of the most significant problems, concerns, and challenges in Palestine. Alongside this is the deterioration of economic conditions and problems related to governance issues.
- The Israeli occupation, the political division and internal differences continued to negatively impact the (NIS) and anti-corruption efforts. The most prominent of these problems is Israel's continued refusal to present transparent financial data on the money it collects on behalf of the PNA (taxes and customs). Furthermore, in 2014 the role of the occupation became apparent in protecting certain people charged with corruption. In addition, the negative effects of the internal division continued whereby some official decisions were made in the West Bank and Gaza Strip for factional purposes, which had a financial impact on public funds.
- The absence of any role for the Palestinian Legislative Council (PLC) and the failure to hold elections weakened monitoring over the management of public affairs. The national consensus government was operating in the absence of a legislative monitoring authority. Moreover, the breakdown of the legislative process resulted in non-compliance of Palestinian legislations with United Nations Convention against Corruption (UNCAC), which was signed by the Palestinian National Authority (PNA).
- Political will improved as a result of signing the UNCAC. Tangible improvement was noticed in the application of the Civil Service Law, improvement in terms of developing declared criteria for appointments and their procedures; in disseminating information by a number of high official offices and their willingness to face social accountability. However, efforts remained

haphazard because no binding comprehensive and participatory national plan was adopted to combat corruption. Index results indicated that Palestinian legislations still come up short in providing immunity for the Palestinian (NIS) such as those governing cases of conflict of interest as illustrated by the integrity index for 2014, which was 538; a 16-point drop compared to 554 in 2013. This shows that the integrity system in Palestine is still not an inhibitor of corruption and is still oscillating in the same place.

- 2014 saw some relatively slow steps towards an electronic government (e-government), with the Monetary Fund's launching of the "Perago Clear" system for automating interbank clearing operations (checks) and tools for retail payments, through providing direct links to its members. A memo of understanding was also signed between the Higher Judicial Council and the Monetary Authority to develop and set up automated systems in the Judicial Council and for employment applications in public service to be done electronically through the electronic gateway of the General Personnel Council. The government began to implement the 'electronic link system' between several ministries.
- The ACC issued its annual report and published it on its website.
- At the level of the private sector, public shareholder companies began to implement some provisions of the code of corporate governance in Palestine. The annual reports of some companies included their annual bonuses and the expenditures of their Board of Directors. Furthermore, the Palestinian Capital and Stock Market disclosed relevant information that could impact the activities of public shareholder companies or the rights of shareholders. This was published on the Commission and the Market's websites.
- There was an improvement in the monitoring role of the media through the increased level of media outlets publishing investigative reports on corruption.
- In coordination with government institutions and NGOs that participated in drafting the code, the General Personnel Council held training workshops for civil servants on the code of conduct for public posts at its headquarters and in some government institutions. The judicial authority also initiated inspection of the judiciary including monitoring over the extent of commitment to the provisions of the code of conduct for judges. Furthermore, the Palestinian police continued its preparation of the code of conduct.
- At the level of civil society there was a clear development in terms of the expanded role of universities, media institutions and NGOs in efforts to raise awareness and spread the concepts of transparency and accountability. In particular, AMAN carried out several interventions in various

fields regarding the promotion of the concepts of integrity and transparency in a number of official institutions such as the security sector and local commissions. It also carried out several activities pertaining to social accountability and to motivating citizens to combat and blow the whistle on corruption.

- The anti-corruption prosecutor turned over several officials suspected of corruption to the corruption crimes court, which issued convictions last year against three of them. Among these were certain director generals (high positions) in addition to ordinary employees in ministries and municipal councils or in commissions and NGOs. The crimes involved conventional forms of corruption such as: *wasta*, nepotism, misuse of authority, impingement on public funds, misuse of position for self-interest, illicit gain, embezzlement, bribe and laxity in performing the general national duties. A 2014 poll conducted by Transparency International via a Palestinian research institution showed that 6% of citizens in the West Bank paid bribes to obtain a public service, while in the Gaza Strip 19% of those polled said they paid bribes for the same purpose.
- Data indicates that the Anti-Corruption Court issued rulings in three cases and responded to them in 2014. It should be noted that 50 cases were retained in 2014, 20 of which were dismissed.
- Economic crimes continue and are on the rise: 34 cases in violation of the Consumer Protection Law were turned over to the economic crimes prosecution in 2014. Still, this does not reflect the reality on the ground in terms of the proliferation of this crime. Thus, to guarantee the effectiveness of the deterrence policy, AMAN is demanding the publication of the names of people or companies who carried out these crimes, the type of crimes and the product once it is turned over to a specialized court. As for tax evasion, in 2013 and 2014, the prosecution registered a total of 97 cases in all districts.
- The continued absence of a legislative authority given the disrupted work of a unified PLC was the most apparent manifestation of dysfunction in 2014. This resulted in the centrality of authorities in the hands of the President of the Executive Authority, which weakened the concept of reciprocal monitoring. This was further reinforced this year after the President completely assumed the role of the PLC in addition to his appointment of a president for the Higher Judicial Council without recommendation from the Council itself. He also retired the head of the State Audit and Administrative Bureau (SAACB) and suspended and transferred some senior officials without justifications. This affected the balance of the political system overall and led to the single domination of the Executive Authority over the other authorities. In turn, this weakened the development of an effective NIS. Likewise, the absence of the PLC resulted in a lack of monitoring over the level of commitment to the UNCAC. Furthermore, it resulted in the failure

to issue a Competition and Prevention of Monopolies Law or a Franchising Law to sectors that relinquished or share administrative authority with the private sector.

- Spending from the public treasury continued outside the framework of parliamentary monitoring. That is, the final draft budget was never presented to the PLC. Neither did the PLC look into these expenditures throughout 2014, which allowed the PNA to remain in control over spending priorities without any review of the soundness of these priorities.
- In spite of the positive developments in terms of appointments in public positions, the General Personnel Council did not complete the job description card for higher PNA positions. This absented any transparent criteria in appointing some senior employees or “the exclusive higher ranks” given the absence of the principle of competition. No vacancies were announced for these positions. This, therefore, weakened monitoring over these appointments due to the absence of a commission or committee to guarantee the quality of the appointment decisions; such a commission is authorized to review appointments for higher positions (both civil and security) in the public sector, before the President issues a decree on this.
- In 2014, official extraordinary procedures were taken; a number of the “higher ranking” employees were moved to the General Personnel Council or to other ministries; some were sent into early retirement. These procedures pertained to important positions and departments, such as the presidential office, the finance and justice ministries, SAACB, and the PLC, without any announcements or declared reasons for these extraordinary procedures.
- It became apparent that some governmental non-ministerial institutions are still practically excluded from official accountability. This means there is a risk that these institutions could turn into private ‘kingdoms’ where decisions are controlled by specific people. It became clear that in some of these institutions, salaries and privileges which are not consistent with the financial reality of the PNA were allocated to officials there. Some officials in these institutions were receiving a monthly salary of over \$10,000 in addition to special privileges and bonuses. This explains why some senior employees in PA ministries were unprofessionally racing to transfer to these posts, thereby encouraging wasta and nepotism in departments surrounding the decision-makers on these appointments.
- The Energy Sector...a drain of public funds: the item on net lending in the general budget showed an increase in actual expenditures by half more than what was estimated in the budget (from \$600 million to \$956 million). This constituted a drain on the general budget because public funds were used instead of meeting the financial needs of some municipalities in paying

electricity and other service bills from the clearance tax money (maqassa) even though most municipalities collected fees beforehand from citizens, particularly electricity fees.

- The politicization of public positions threatens the sound management of public money: The policy of appointments on political bases has led to random and unnecessary appointments. The number of employees in civil and security institutions grew, which burdened the general budget by paying their salaries. At present, this takes up approximately 60% of the overall operational budget of the PNA each year. In a number of ministries, it reaches 85% of the overall operational expenditures. This is without calculating in Gaza Strip employees who received their salaries from the Hamas-led government. This resulted in the PNA's inability to meet its obligations towards basic public services such as health, education and welfare.
- Transparency of the budget: The Ministry of Finance did not issue the Citizens' Budget in 2014; neither did the Finance Minister respond to a call from NGO Team for Transparency of the Public Budget and other civil society representatives to attend a special meeting on the budgetary goals, plan and justifications for 2014 and to listen to the viewpoint of civil society in this regard. A survey gauging the transparency of the Palestinian general budget showed that transparency was weak. Within 10 months from the time the survey and monthly inspection were conducted it became apparent that in 2014 only three of eight required financial documents were provided to the public.
- AMAN calls on the Palestinian government, the Ministry of Planning and the Anti-Corruption Commission to formulate a comprehensive national plan to combat corruption, in which various sectors would participate, according to an approved timetable. All government, civil and private sectors will be part of its implementation and it will be led by a professional and representative commission. The commission will present its action reports on a periodical basis for discussion with all parties in attendance. A special budget will be allocated for it in the general treasury.



Introduction



For the past few years, the Coalition for Integrity and Accountability (AMAN), has committed to shed light on integrity, corruption, and combating corruption, in Palestine, by issuing an annual report illustrating anti-corruption efforts exerted by all parties, official and civil, in building an integrity system. The report also points out most prominent activities exerted in combating corruption and prosecution of the corrupt. Main developments, forms, and cases that have been uncovered and pursuit by the Palestinian judicial system are also recorded in this report. Moreover, the report also illustrates developments in the efficiency of monitoring institutions in managing public funds; their independence; role of all parties, official and non-official, in preventing corruption and in pursuing the corrupt, hence preventing impunity of the corrupt.

In 2014, AMAN conducted special studies, work-papers, and investigative reports, in addition to applying a specific index, developed by AMAN, to measure changes related to integrity and combating corruption. Several sectors and institutions, official, civil, and private sectors, were targeted. This report illustrates all positive and negative changes that occurred within these sectors and institutions during the year mentioned.

The report aims to assist decision makers, politicians, and Civil Society Organizations in knowing the changes that have occurred in terms of integrity and combating corruption during the period the studies were conducted-January 1, 2014- December 31, 2014. The purpose is to assist leaders and officials of the three authorities (legislative, executive, and judicial) in developing anti-corruption intervention plans that include legislations and structure reforms within their institutions, and adopt policies, measures and procedures that prevent corruption. In addition, the report provides specific recommendations to manifestations revealed by the studies that are related to most common practices.

It is worth noting that these studies and reports have contributed, during the past few years, to spreading a culture of integrity and transparency, reporting corruption, and preservation of public funds in the public, private and civil sectors.

Methodology

The methodology adopted in this report relied on monitoring of changes in two main areas: integrity and combating corruption in targeted sectors and institutions during 2014. AMAN relied on gathered data and facts when preparing the report. It also relied on results of studies and work-papers it conducted as well as workshops' recommendations it held during the year. Moreover, it utilized a specially designed (manual) in addition to an index developed and used by AMAN for the past four years. The index measures the levels of integrity, transparency,

and accountability (theoretical and practice) in managing public affairs. Other related information was gathered through direct contact with original sources, or from published information from these sources, which include the following:

1. **Objective data:** This type of data was evidence-based either by documents or actual documented experiences on the ground. It includes:

- **Interviews with individuals in positions of responsibility:** accurate data and information was gathered directly from its source by conducting in-person interviews with tens of officials in a variety of positions, noting that there was lack of cooperation with our field researchers at times.
- **Review of available information in public records; decisions of official institutions issued in accordance with available publication mechanisms:** This included review of changes to legislations, decisions, and public policies. It also included review of data and records of job performance in related institutions (administrative and financial) noting that some official institutions are unorganized in archiving and disseminating information to the public, hence delaying the process of data collection.
- **Data and information extracted from panel discussions with officials and stakeholders invited to discuss draft reports prepared by AMAN during the year:** AMAN ensured that all related parties and officials, in the specific field, are invited to review and discuss findings of draft reports and studies with the aim of obtaining feedback and comments prior to completion of any specific report.

2. **Data and information analyzed based on findings of opinion polls:** analysis of the data published in public opinion polls, issued by a number of research centers and specialized institutions, was conducted by AMAN. Also included are results of AMAN’s opinion poll on corruption and methods of combating it carried out in the West Bank, Jerusalem, and the Gaza Strip. This is in addition to any available polls done by international organizations such as the World Bank. The abovementioned defined Palestinians perceptions, opinions, and directions in that regard, included:

- **Perceptions of the general public:** Results of these polls reflected perception of Palestinians, in general, in regard to corruption, centers of concentration, areas, and effects
- **Perceptions of the Elite:** Opinions and perceptions of experts and insiders in the political, economic, and media, most of whom were participants in workshops and panel discussions held by AMAN during the year for the purpose of preparing this report.

Acknowledgments:

AMAN extends its thanks and gratitude to everyone who contributed to the preparation of this report. This includes officials and representatives in: public institutions, ministerial and non-ministerial, monitoring institutions, the judicial and legislative authorities, non-governmental organizations, and the private sector. Thanks are also due to the experts, researchers, and specialists for their valuable time and effort and to citizens from the WB and Gaza who provided information for the researchers and or participated in filling out questionnaires.



Political, Social, and Economic Developments and their Impact on Integrity and Combating Corruption in Palestine

Israeli occupation hinders stability, development, and combating corruption

Israeli policies have continued to weaken Palestinian society and formal, civil, and private institutions. It also continued to harass Palestinians regardless of their status or place of residence. There was massive settlement expansion in Jerusalem and the WB, and confiscation of land in the WB. This is in addition to its repeated attempts to ignite a sectarian religious conflict with the aim of controlling the Al-Aqsa Mosque and its precincts; to impose a de-facto division temporal to enter the Mosque between Muslims and extremists Jews, hence arriving at a physical division of the Mosque. Furthermore, Israel halted the Palestinian/Israeli negotiations in April/May in order to have Palestinians lose hope of possibility of establishing a viable Palestinian state.

The suffering of Palestinians in the WB and Gaza continued due to Israeli attacks and total siege of Gaza; in addition to impeding their work at the agricultural, business, development and freedom of movement. Israeli policies deny Palestinians the right to control their natural resources, which had negative impact on the per-capita income as well as on the Palestinian gross national income (GNI). It also limited job opportunities resulting in rise in unemployment. Moreover, Israel continued to lack transparency in regard to Palestinian financial rights, insisting to deduct amounts without transparent written statements, agreed upon with the Palestinian Authority (PA).

The Israeli aggression on the Gaza Strip, which lasted 51 days during 2014, destroyed Palestinian homes, residential towers, and in some cases entire neighborhoods such as Shaja'iya, the eastern area of Rafah, and Beit Hanoon. It also destroyed schools, hospitals, and public institutions. As a result, daily life and priorities were muddled for citizens and authority. Furthermore, institutional building plans had to be revised; people and authority were forced into a state emergency and alert; exceptions became the norm in decision making rather than planning, building, and following up of administrative and financial reforms.

Moreover, the continued Israeli control of the Palestinian economy, movement, and in fact their lives, led to the weakening of the rule of law, manifested in the protection of some corrupt individuals or those accused of corruption crimes who continue to be allowed to flee justice. Israel also continued to flood the Palestinian markets with spoiled consumer products.

Continuation of the internal division despite formation of the consensus government

During the Israeli attack on the Gaza Strip many positive developments took place symbolized by the following: harmony between Palestinian political speech and actions on the ground embodied in the political and mass movement response at the local, Arab, and international levels, which prompted the UN Security Council to hold a session on the issue. Other developments included: request for a special meeting of the Human Rights Council; a call by the Swiss government for a meeting of signatories of

the 4th Geneva Convention in regard to Palestine. Also commence of an unprecedented Palestinian popular unity on the ground; engagement of formal, factional, and private media in providing semi-unified live coverage, and analysis of events.

Despite these positive developments, the internal division remained... symbolized by the existence of two authorities on the ground. In addition, the main parties went on to blame one another for the continuation of the division hence hindering reconciliation, unifying institutions, ending the split between the WB and Gaza, and reconstruction of Gaza.

In June 2014, the consensus government was formed as a practical step to end the division between the WB and Gaza. At the beginning of April 2014, an agreement was reached to begin implementation of the reconciliation contract between the Palestine Liberation Organization (PLO) delegation and the Hamas Movement (Hamas) known as Al-Shati' Declaration, which specified the formation of consensus government with a mandate for reconstruction of the Gaza Strip; unifying state institutions, preparation for general elections; and activating the PLC. The consensus government was formed two months later, but failed in establishing its authority in the Gaza Strip.

Moreover, politicizing of public positions in the WB and Gaza, contributed in igniting employees' strikes for long periods of time. Also, granting priority to partisan agendas, nepotism in appointments and promotions in public positions, severing salaries of some employees due to evaluations related to the level of their loyalty or lack thereof to the regime, all contributed to further complicate the situation.

The consensus government spent the last six months of 2014 panting to find solutions for issues such as employees' salaries for the WB and Gaza, which was complicated further by the Israeli government withholding of PNA's financial entitlements.



Continuation of the dysfunction of the Legislative Council ... reinforced monopoly of power

Officially, the PLC continued to be dysfunctional during 2014. It never held a meeting post formation of the consensus government mentioned above, hence never granted confidence to the newly formed government headed by Dr. Rami Hamdallah. Furthermore, the role of the special PLC committees in Ramallah regressed, which in turn further weakened monitoring and control over

the executive authority. In addition, social participation in decision making was also weakened; a matter

that was generally available through work mechanisms of the PLC, hence the President's authority was reinforced as an alternative to this absence.

In Gaza, the Hamas bloc (Change and Reform) also froze its session upon formation of the consensus government on April 23, 2014¹. The bloc also never ratified the 2013 financial closing account or the 2014 budget for the Hamas government. It also did not meet with the minister of finance and the deputy minister in the Strip; hence the role of the bloc remained supportive of policies of the authority in control of the Gaza Strip (i.e., Hamas).

Due to the dysfunction of the PLC, the President resorted to article 34 of the Palestinian Basic Law which allows him, under extreme circumstances, to issue decisions that have the power of the law; hence the president's authority replaced the authority of the PLC. He assumed the authority to grant confidence to the government despite violating the amended Palestinian Basic Law, which stipulates that granting confidence to the government is an inherent jurisdiction of the PLC. Granting confidence, according to article 66 of the mentioned law is issued by a decision from the PLC and not in the form of a law. The extent of compliance of article 43 of the basic law in granting confidence to the government raised serious constitutional questions. Moreover, the dismissal of the head of SAACB under pressure by the government is another factor that weakened the role of official monitoring and control institutions in light of the absence of the PLC.

Furthermore, the President issued several decisions regarding appointing certain individuals in crucial judicial, and public prosecution positions, and in non-ministerial institutions. He also dismissed the head, and transferred other officials of the SAACB including some who are PLC employees.



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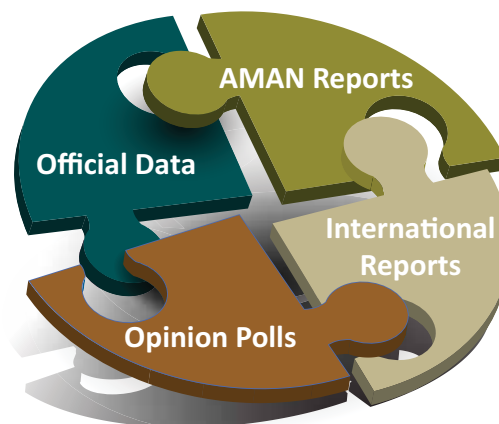
1. Interview with Nafiz Al-Madhoon, secretary general of the PLC in the Gaza Strip, 3/12/2014.



Integrity and Combating Corruption-2014

During 2014, AMAN continued to gather, through many means, information related to transparency, accountability, integrity, corruption and anti-corruption efforts in Palestine, as follows:

- Conduct studies prior to preparing specific reports in targeted areas; analyze the environment of integrity and transparency in some institutions.
- Monitor changes in the Palestinian Integrity Index².
- Conduct an opinion poll on perception of Palestinian citizens on corruption in Palestine. The poll was conducted from September 6-10, 2014, in the WB, and September 30th -October 2nd, 2014, in the Gaza Strip; due to the Israeli attack on Gaza; it was conducted for AMAN by Qiyas Center for Polling and Survey Research.
- Analyze information officially published by the Palestinian Anti-Corruption Commission.
- Gather data, and criteria used by the General Prosecution Office that defined forms of corruption of reviewed cases in 2014, including content and nature.
- Gather and analyze cases examined by the Palestinian Corruption Crimes Court, during the year.
- Gather and analyze related information, results, and or conclusions published in studies and reports on Palestine such as the (GCI) issued by Transparency International (TI). In 2014, AMAN participated in a regional study which included six Arab countries including Palestine. The study addressed political corruption, its forms and causes, in the Arab world. The study's conclusion was to point out the importance of building an effective political will, strategies and action plans to be implemented in each Arab country. The purpose being to contain and prevent corruption; followed by building effective national integrity systems in these countries. And despite some improvements regarding some of these issues in Palestine, there remain some common issues with countries included in the study such as the phenomenon of control and domination of the executive authority over the three authorities rather than separation between authorities.



2. Palestinian Integrity Index 2014. The Coalition for Accountability and Integrity (AMAN), Ramallah.

Results of the (GCB) in regard to Palestine indicated the following:

- 35% of Palestinians feel that corruption ranks third among problems the government must address-after the economy and governance.
- The majority of the Palestinian citizens are dissatisfied with the government's performance in combating corruption; 61% of those surveyed responded that anti-corruption efforts are very bad or fairly bad.
- 70% of those surveyed believe that corruption has increased in 2014.
- 11% of those surveyed reported that they or a member of their families have paid a bribe, at least once, in order to obtain a public service.
- 82% in the WB and 51% in Gaza of those surveyed reported that corruption has increased.
- 6% in the WB and 19% in Gaza said that they paid a bribe in exchange of a public service.

Positive Developments in anti-corruption efforts in 2014

Analysis of collected data showed that 2014 witnessed improvements in regard to anti-corruption efforts. It also showed improvement in citizens' trust towards government procedures, especially those related to pursuance of corrupt individuals escaping justice. Despite this, and according to some opinion polls conducted during the year, citizens continue to believe that there are some forms of corruption in the PNA institutions, especially in areas of appointing high positions.

Improvements in the role of media in monitoring was apparent, symbolized by developments at the level of investigative reports published, which aimed at pursuing the phenomenon of corruption, in addition to a slight improvement in procedures adopted to combat corruption.

Most prominent positive developments:

Signing and Ratification of the UNCAC

- The PNA signed the UNCAC and other international covenants beginning of April, 2014.
- An official committee was formed, by a presidential decree, to review the extent of Palestinian commitment to the provisions of the convention using the provided Self-assessment form. The committee prepared a report in this regard. However, the report was never made

AMAN calls for dissemination of the final self-assessment report on compliance of the PNA to provisions of the UNCAC, which was prepared by a Palestinian committee formed by a presidential decree and in cooperation with the ACC.

Reform process for the water sector began by passing a Palestinian law in that regard; establishing a water council, and preparing a comprehensive action plan.

public. It also seems that it was not presented to the government for discussion to define needed requirements from the government in general and ministries in particular; such as: procedures, measures, and interventions that may have been pointed out by the report.

- Asset recovery and pursuing those fleeing justice: During 2014, Palestinian relative parties continued to pursue those that are accused of corruption crimes and are fleeing justice. The ACC, the Ministry of Justice, the Ministry of Foreign Affairs, and the Prosecution Office submitted a request for recovery of funds and assets pursuant to the provisions of the Palestinian judiciary. There has been some progress at the Arab countries level. However, this issue requires far more improvement at the local and international levels such as: ensuring compliance of national legislations with the UNCAC, as well as signing bilateral agreements with countries where the corrupt find refuge.

Issuance of a Specific Law to Govern the Water Sector



- Law no. (14) of 2014, dated 12/6/2014 was issued to regulate the water sector, considered to be the cornerstone for the reform process of the water sector. The Law defined tasks and functions for each of the regulatory and supervisory parties for water service providers. Moreover, the PNA established the Palestinian Water Council by a presidential decree, stating that the Water Authority is the party responsible for the management of water resources as well as defining policies and strategies. It also stipulated that a government institution

be established and tasked with production, purchase, desalination of water, and selling it to water service providers. In addition, the law stated that local water institutions be established³.

- The Council of Ministers issued a decision to establish the Water Regulating Council⁴ It also recommended names of members of the council⁵. In addition, decision no. 98 for the year 2014 was issued on the formation of the board of directors for the council. And despite that, related parties are still feeling their way, since the council has not exercised its powers in 2014. Steps taken thus far are limited to renting the premises and appointing an executive director. However, monitoring and control over service providers and water companies has yet to be activated. Moreover, rules and regulations for applying the Water Law have not been issued, which means that these rules and regulations need to properly be prepared and issued.
- A strategic plan is in the process of being prepared for this sector as a prelude for restructuring the water authority in accordance with terms of reference and powers stipulated in the Water Law⁶. Based on the abovementioned, it is safe to say that the Water Authority is going through a transitional period between the law issued in 2002 and that of the new law issued in 2014.

AMAN Calls for Publishing of Water Agreements in order to Enhance Transparency

AMAN requested from the former head of the Water Authority, Mr. Shadad Al-Ateeli, to publish the memorandum of understanding (MoU), which he signed on behalf of the PNA with Israel and Jordan in December 2013 Washington D.C., on financing the building of a desalination plant in Aqaba. Mr. Ateeli claims that the government does not allow him to publish the MoU. However, AMAN confirms that agreements of this kind, which include international parties and entail financial commitment, must be presented to the PLC, and especially in cases like this where Palestinian interest is at stake. We, AMAN, call on the government to publish the agreement for the public to see and voice its opinion.

3. For more information, please see the water law no.14, for the year 2014.

4. Council of ministers decision no.(04/06/17---)for the year 2014, issued on 8/7/2014.

5. Council of ministers decision no.(o3/06/17/___) for the year 2014, issued on 8/7/2014.

6. Interviews with Adel Yasin, acting director for planning at the Water Authority, and Rawan Ass'ad, project manager-capacity building project funded by the World Bank "part of the reform project" 24/11/2014.

AMAN calls for the publishing of water agreements signed by the PA involving regional cooperation

Report of the general administration for complaints at the council of Ministers Office indicates a lack of cooperation by some ministries such as: the Finance and Planning Ministries as well as some councils in certain districts, Dar El-Ifta', and the Personnel Council.

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Implementation of the Code of Conduct for Public Employees to Promote Integrity in Public Positions

- After ratification of the code of conduct (COC) for public positions by the Council of Ministers; decision no. (6) for the year 2012, the General Personnel Council embarked on conducting some workshops for public employees in coordination with governmental and non-governmental institutions who participated in the preparation of the CoC. The workshops were held at the Council's headquarters and at other governmental institutions. This is considered a positive development even though it is progressing rather slowly due to the lack of a serious will in follow up by some officials in public institutions. This was revealed by a number of reports conducted by AMAN in regard to transparency, accountability and integrity in several of these institutions.
- The Public Prosecutor issued instructions, at the beginning of November 2014, to activate the reference record on gifts in the Public Prosecution Office, in consistence with provisions of the CoC for members of the public prosecution, which was prepared in partnership with AMAN in 2012.

The General Administration for Complaints... Reviews its Experience and Issues its Annual Report



In 2014 the General Administration for Complaints (GAC) issued its annual 2013 report, an important development in providing a form of accountability and a mechanism for the citizen to be enlightened in regard to the management of the public sector. The report indicates that there are some ministries who do not have complaints units, or has not cooperated in preparing and presenting its reports to the (GAC). Examples include: the Ministry of Finance (MoF), Ministry for Jerusalem Affairs (MJA), State Ministry for Planning Affairs, Some districts' councils, the General Personnel Council (GPC), some no-ministerial institutions that are under the jurisdiction of the Council of Ministers, such as the Environment Authority, and the Palestinian Dar-Elifta⁷.

It is worth noting that AMAN has previously indicated that there are problems in the majority of complaints departments in terms of weakness, classification of information, archiving, and mechanisms for reference. AMAN also pointed out that there is lack of clarity of who bears the responsibility for these departments, and their relationship to the GAC at the council of ministers.

Some shareholding companies began to apply provisions of the Code of Corporate Governance in the private sector

Some shareholding companies began to apply provisions of the Code of Corporate Governance in Palestine, where some of them committed to include in their annual reports bonuses and expenses of members of the board of directors. In addition, some companies began to disclose, to the Capital Market Authority and the stock market, information affecting or may affect the activities of public shareholding companies, or the equity of shareholders, and publishing it on the commission's and the stock market's websites.

Upon completion of the Code of Corporate Governance by the National Committee for Corporate Governance, AMAN and the Capital Market Authority worked closely to raise awareness of some companies' officials of the provisions of the code. And in the context of reinforcing control over commitment to apply provisions of the Code, and to ensure promotion of best practices in companies, the Commission and AMAN, in cooperation with the International Finance Corporation (IFC), developed a corporate governance model index (scorecard), which was applied on several companies in 2014, as a pilot phase.

7. Look the 1st annual complaint report on government institutions 2013, general administration for complaints, council of ministers.

The ACC and AMAN work to support anti-corruption efforts and to raise national awareness on corruption forms, and means of combating it; introduce the Anti-corruption Law to the public; integrate the concepts of integrity in the educational system and religious institutions.

A Review of the National Strategy for Combating Corruption

- The Anti-Corruption Commission, in cooperation with several governmental and civil institutions, conducted a series of awareness-raising activities included in its action plan, especially in regard to the Anti-Corruption Law and means of preventing corruption.
- The commission continued the implementation of collecting financial disclosures to a number of newly appointed and old employees, where it initiated the demand for civil sector's employees to fill out and submit the financial disclosure forms.
- The commission, in cooperation with Palestinian official institutions, continued to pursue fleeing corrupt individuals and to recover some of the looted money.
- The MOPAD has implemented some interventions in the promotions of transparency, as illustrated in the National Development Plan 2014-2016.
- AMAN, through a number of interventions, contributed to the promotion of integrity and combating corruption by reinforcing concepts of integrity and transparency in official institutions such as, the security sector and local government units. In addition, it carried out many other awareness-raising activities on the importance of combating and reporting of corruption⁸.

Limited Steps towards e-government

- The Palestine Monetary Authority (PMA) launched the automated clearing system "Pergo Clear", for automating interbank clearing operations (checks) and tools for retail payments. This was achieved by providing a direct link to its members, which allows them to use a safe infrastructure that is directly monitored.
- The Ministry of Transport and Transportation launched the e-service for the theoretical exam of obtaining drivers' license, in directorates of the WB, hence allowing the citizen to obtain his/her result immediately via the website.

8. To view AMAN's website please visit: www.aman-palestine.org

- An MoU was signed between the JHC and the PMA to develop and set up an automated systems in the Judicial Council. The aim is to have joint use of information and judicial statistics for the party drawing public policy for the banking sector. To also activate the role of the judiciary in resolving legal disputes related to the mentioned sector; enhance the capacity and potential for a credit information system database, in order to contribute to the safety and stability of the banking business; ensure control; benefit from court orders, and include it in the credit report
- In 2014, the GPC implemented a new mechanism for competing for public positions. This was to ensure promotion of integrity and transparency, and to provide equal opportunity for all to apply for vacancies in government departments and institutions, by submitting applications on line through its electronic gate; the exam was held for everyone at the same time and place.



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Governmental and civil institutions have accomplished some steps to enhance transparency in the management of public affairs. However, it is scattered and is not part of an integrated plan to accomplish the goal of e-government.



Challenges of the National Integrity System 2014



The year 2014 has passed without overcoming the overall challenge referred to in our last year's report, which revolves around failure to adopt a national official decision to put forth a comprehensive national participatory plan that promotes integrity and combating corruption; to be integrated in the National Development Plan; led and supervised by the MOPAD. Until now, no plan has been put forth that is systematic and accredited at the national level that obliges all parties to implement activities and achieve goals defined in the plan, with a limited timeframe, and well defined responsibilities assigned to each party. Furthermore, no mechanism was developed to evaluate implementation review of the plan, as all efforts remained scattered and incomplete, which contributed to a number of challenges and gaps without review or intervention such as:

Failure to Complete Legislation that Promote Transparency

Access to Information Law

The Access to Information Law was not passed in 2014, despite all efforts exerted during the year. Other obstacles in preventing transparency include: absence of a special system for archiving and record-keeping, as well as binding mechanisms for access to information, which remains to be a huge obstacle in the area of transparency. However, it is worth noting that some official, and civil institutions as well as some government units, were cooperative voluntarily in that regard.

Public Procurement Law

The government was unable to complete preparations needed for completion of the new public procurement law, which regulates public procurement and bidding. This was despite exerted efforts and financial costs used in the attempted preparation, which was in cooperation with the World Bank. This called for a formal request to the President to issue a decree law to stop using the new law, and to refer back to the two old laws, the Public Tenders Law, and the General Supplies Law.

The Antitrust and Concession Law

Results of the 2014 Integrity Index revealed that the PNA did not issue the Competition and Antitrust Law or the Anti-Concession Law for some sectors provided with certain privileges, which weakens transparency in these sectors. It also affects the level, cost, and the rights of employees in the service sector, and investors as well.

Specific Rules and Regulations to Prevent Conflict of Interest and Protect Whistle-Blowers

Results of the 2014 Palestinian Integrity Index, developed by AMAN, indicated Palestinian legislations remain short of providing immunity to the NIS in Palestine, especially those regulating cases relating to conflict of interest and protection of whistle-blowers.

Regression in Policy of Openness to Civil Society



- This year was characterized, in regard to the financial management of the government, by weakness in the transparency of information and data issued by the MoF concerning the 2014 general budget.
- The MoF did not respond to the invitation of the Civil Society Team for Transparency of the Public Budget to attend the annual session on implementation of the 2014 Public Budget, where goals, plan, and justifications regarding the budget would be heard. The session also provides an opportunity for the Minister to listen to views of representatives of CS on the subject. The CS Team has always conducted such sessions in partnership and cooperation with the General Budget's department at the ministry.
- The MoF did not submit nor publish the Financial Closing Account for the past four years, which in turn weakened the accountability ability and effectiveness of SAACB.
- In 2014, opportunity was not granted to the PLC and its committees to review and evaluate the quarterly financial reports. These reports are supposed to be referred by the Ministry for review and feedback by the PLC, as a control mechanism of monitoring and control over the implementation of the budget. Due to this absence, the discretionary power was left to the Minister of Finance to define priorities relating to arrears.
- The budget committee of the Legislative Council in Gaza practiced control over financial reports that included the government's

Reform requires publishing of official financial data and information at the proper time, high quality, and sufficient information

Reality in 2014 revealed a decline in the MoF openness policy to civil society

Publishing information related to regional and international agreements signed by the PA promotes trust between citizen and official

The financial and administrative independence granted to non-ministerial PA institutions does not mean freedom for those officials to obtain privileges and outrageous salaries

revenues and expenditures issued by the Finance Ministry in Gaza⁹, although lacking effectiveness and accountability.

- CSOs have not succeeded in forcing the government to publish local or regional agreements signed by the PA or some of its officials, such as the MoU for financing the project to build a plant for Water Desalination (part of the Bahrain Canal project). Also the agreement signed between the Palestinian company for generating electricity and the American-Israeli company to extract gas; in addition to the special agreement to extract gas from the Gaza Sea, or the subsequent agreement, which has been updated with BPG.

As part of AMAN's monitoring of expenses of wages and salaries, it is worth noting that salaries of some employees working in non-governmental organization are still being paid from the public treasury, based on old exceptional decisions. For example, it was discovered that salaries of employees working in Al-Azhar institutes in the Gaza Strip were charged to the budget of the PNA under the General Personnel Council; although this institution is non-governmental and is not included within the structure of the Ministry of Education and Higher Education.

Absence of Transparency in the Continuous Increase of Officials' Salaries in Non-Ministerial Public Institutions

The majority of these institutions, which amounts to tens, do not submit reports on its work to reference institutions, neither to the government nor to the President's office. Furthermore, officials of these institutions were allowed to allocate salaries and concessions, to powerful individuals within these institutions, not in line with the financial situation of the PNA; where, in some cases, some officials receive more than \$10,000 a month, in addition to other privileges and rewards. This explains the unprofessional competition, by some high officials in ministries of the PA, seeking to obtain such positions. It also encouraged nepotism and favoritism in surrounding circles of decision making centers for appointments.

Continuous Weakness in the Official Accountability System

Dysfunction of the PLC in the WB, and lack of effectiveness of the Hamas Bloc in the legislative council in Gaza led to weakness in control over the government's work for the whole of 2014. Also in 2014,

9. Interview with Nafith Madhoun, secretary general of the legislative council in Gaza, 3/12/2014

intentions to weaken and deprive the SAACB from its independence became clear; will address this topic later in a special section.

Challenges in the applying Codes of Conduct in some public institutions



The Council of Ministers has previously issued the code of conduct for public positions and approved it last year, hence taking a positive step towards promoting integrity in public positions. However, a study conducted by AMAN, to examine the extent of applying provisions of the code, revealed lack of commitment in some institutions in integrating the code and its provisions in procedures, and mechanisms of monitoring and evaluation. Moreover, a questionnaire conducted on employees working in several of these ministries revealed that approximately one-third had no knowledge of provisions relating to receiving gifts; or are aware of any issued instructions regarding disclosure in cases of conflict of interest; or on the importance of reporting corruption. These are indications of the lack of serious will of some officials in these institutions in regard to the CoC. Also there was no follow-up on implementation of the Code through: issuance of instructions or defined procedures, or adding specific indicators to evaluation forms relating to the extent of commitment to the provisions of the Code. The study also indicates that no direct disciplinary measures were or will be taken when violations of provisions of the Code occur. It is worth noting that employees who agreed that the Code reinforces protection of public funds, constituted 61% of the total number of those surveyed.

Failure of the government to adopt the scientific method in the preparation of the national plan for combating corruption, according to criteria applied in the preparation of cross-sectoral plans defined by the Ministry of Planning, which requires the participatory principle as a condition in the preparation, implementation, and evaluation by all parties, official and civil.

Required: completion of the set of legislations that strengthen immunity of institutions against corruption, such as the Access to Information Law, General Procurement Law, Concession and Antitrust Law, Protection of whistleblowers and preventing conflict of interest, and law regulating the fuel sector

It is required that public institutions update and develop their websites for better communication with citizens. It is not enough to only post activities related to officials

72% of citizens surveyed confirmed the inability to access information from PA institutions

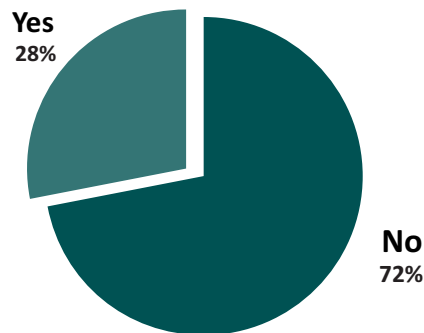
Many employees indicated that the ministry did not allocate specific budgets for programs and or projects related to implementation of the Code; or on raising awareness of its provisions; or provide capacity building for those in charge of monitoring its implementation.

Continuation of the Conservative Traditional Role for Websites of Official Institutions

Until now, a number of official institutions have not committed to the government's orientation of shifting towards e-government. This was noticed clearly by examining the content of material and information published on the official websites of these institutions, such as those relating to dissemination of information, and data categorization related to services provided to citizens. Many of them settled for information on activities and actions of officials as well as old information that are not up-dated regularly, hence

revealing weakness of the archiving and categorization process in these institutions. However, it is worth noting that there were some exceptions such as the SAACB website.

Published information, transparency, and e-government



Ability to access public information as viewed by those surveyed in 2014





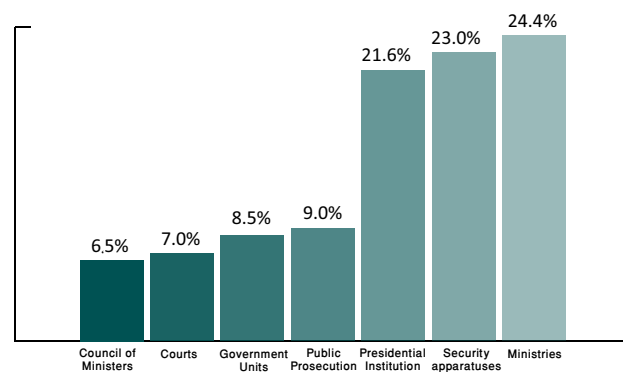
Corruption in 2014

Corruption, its forms, and crimes reported this year in institutions of the public sector, government units, and CSOs, in addition to economic corruption crimes in the private sector, were categorized same as the past three years, as highlighted by data and information in the ACC's annual official reports. It is also possible to categorize the forms by basing it on the nature of complaints or corruption cases received by the ACC, considering it is the official party, by law, assigned to receive such complaints. Until 30/11/2014, the number of complaints received by the commission is 450 complaints with 152 cases were eliminated due to lack of jurisdiction. Received complaints, as categorized by the ACC:¹⁰

Most prevalent forms of corruption according to received complaints:

- Wasta and Nepotism 20%
- Miss-use of authority 17%
- Compromise of public funds
- Miss-use of credit

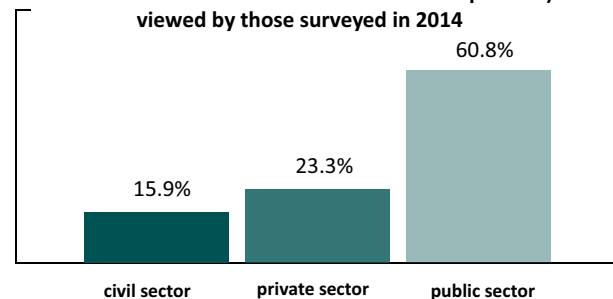
Diagram: Palestinian public institution most vulnerable to corruption, as viewed by those surveyed in 2014



Least prevalent forms according to received complaints:

- Bribery 5%
- Complacency, at times, in performance of duties in public positions 2%
- Average/Medium prevalent forms according to received complaints:
- Exploitation of position 8%
- Illicit gain 6%
- Embezzlement 6%
- Refusal to abide by a judicial decision 6%

Palestinian sectors most vulnerable to corruption as viewed by those surveyed in 2014



10. Opinion poll (AMAN) Reality of and combating corruption in Palestine 2014-conducted by Center for conducting opinion polls.

Despite the fact that bribery is not as widespread in Palestine as other Arab countries, its threat is increasing due to the huge demand on services and regress in transparency of public institutions, especially in the Gaza Strip

Positions Held by those Suspected of Corruption

The ACC indicated in its classification of cases received concerning those involved in corruption that some hold senior positions such as heads of government departments and government units, and some hold lower level positions. Most cases are related to exploitation of positions, and illicit gain including embezzlement. It should be noted that this is similar to the data included in the 2013 report in regard to the type of corruption crimes and positions held by the perpetrators.

- In 2014, two members of the Public Prosecution were accused of committing corruption crimes, and referred to the Corruption Crimes Court; one of whom holds the position of chief prosecutor. Moreover, a deputy prosecutor was also referred to the Magistrate Court, charged with committing an illegally offensive crime.¹¹
- In response to announcements concerning embezzlements from some courts' funds, the SAACB conducted investigations to include all courts' funds, where some of them were referred to the judiciary.

Type of cases at the Corruption Crimes Court	
No.	Type
5	Fraud
3	Exploitation of position
5	Embezzlement
6	Illicit Gain
5	Bribery
1	Complacency in performance of duties
2	Breach of job duties
5	Miss-use of credit
1	Money laundering
1	Wasta
34 ¹²	Total



11. Interview on 5/11/2014 with Abd-Alghani El-'iwawi, public prosecutor.

12. Many of the cases reviewed by the corruption crimes court include more than one crime.

Wasta is a Formality Crime

Charges brought against officials, brought before the Corruption Crimes Court in 2014, were embezzlement, bribery, illicit gain, and exploitation of position. However, AMAN's public opinion poll, conducted in 2014 on corruption in Palestine, revealed that the most prevalent forms of corruption are: *Wasta*, nepotism and favoritism, especially in: employment in the public sector, providing services, appointments and promotions in the public, private, and civil sectors, respectively.¹³

Despite the fact that citizens, in general, realize that *Wasta* is a negative concept, 81% of them find it acceptable to use it if necessary, under the justification that one cannot obtain his goal without its use; an indication of the loss of trust between the citizen and public institutions.

Although the ACC reported receiving 59 cases related to *wasta* and nepotism, amounting to 20% of the total complaints received, only one case was tried in the Corruption Crimes Court. In a relating context, AMAN conducted a special report on criminalization of *wasta* in the Palestinian Law. The report illustrated the importance of revising the Anti-Corruption Law in this regard; by reconsidering its punishment and replacing it with a more appropriate one, hence taking it out of the criminal circle; after which to include it within the circle of misdemeanors in the First Instance, while gradually increasing punishment over time. The Palestinian legislator should cancel articles regarding *wasta* and favoritism as stipulated in the Anti-Corruption Law and replace it with article number 285 stipulated in the draft Palestinian Penal Code for 2011, which is the same as the article mentioned in the Egyptian law and applied in Gaza. It is important to note that punishment for attempting to use *wasta* and or nepotism be stated even if the crime became a misdemeanor in the amended law; in order to limit their prevalence by inflicting equal punishment for attempting to or committing the full crime.

Risk of the Spread of Bribery

Bribery charges looked into by the Anti-Corruption Court, in 2014, formed approximately 15% of the total number of cases. However, the results of two opinion polls, conducted in 2014, by AMAN and TI, via a Palestinian research institution, show clearly that corruption in the

In order to facilitate implementation of legal provisions on *wasta*, it is required that the legal jurisdiction be transferred from the crime circle to the misdemeanor circle in the First Instance Court, taking into consideration that punishment be stringent in attempt cases of practicing *wasta*, as a deterrent measure.

13. (AMAN)-Opinion poll on "Reality of corruption and combating it in Palestine, 2014". Implemented by center for conducting opinion polls.

The continued slow speed by which citizens' corruption related complaints are addressed, and the lengthy procedures for data gathering, as well as procrastination in dealing with corruption cases are all elements that delay justice and promote impunity

form of direct financial bribery has emerged in the WB and Gaza. However, it is still in its infantile stage in comparison with other countries and other forms of corruption. Results of the abovementioned AMAN's poll revealed that 6% of those surveyed in the WB and 19% in Gaza answered yes when asked, if they had paid a bribe in exchange of a public service.

In light of the accumulation of tens of thousands of citizens in front of the Rafah crossing, manifestations of waste and favoritism became apparent in registering names of travelers. In addition, it was clear that many were willing to pay bribes for travel facilitation as entire families' names including women, children, youth, women senior citizens, or businessmen, were listed as students.¹⁴

Continued Accumulation of Corruption Cases

Information gathered by AMAN indicates that there were three cases sentenced by the Corruption Crimes Court during 2014; noting that there are 50 retained files, 20 of which were looked into. The lengthy period that it takes for the Corruption Court to look into cases remained lengthy during 2014. This is due to the right to appeal before the Appeal and Cassation Court, since the defense is not obliged to provide all evidence of defense at once. In turn, this resulted in prolonging litigation of cases and renewed the need to review the Code of Criminal Procedure.

In 2014, it was noted that a limited number of senior officials¹⁵ were transferred either to the General Personnel Council, to other ministries, or to early retirement. This was done after investigations by official committees, or as a result of undeclared feuds between official parties. Important positions and departments were included, such as the: presidency, ministry of finance, ministry of justice, SAACB, and the PLC. No explanations were given as to the reasons which led to such procedures, hence generating rumors which undermined credibility and trust in the official accountability system; since there were no signs of transparency to the merits of decisions and justifications.

14. Rerecorded dialogue by Mr. Maher Abu-Sabha, Director of crossing in the Gaza Strip, August 2014.

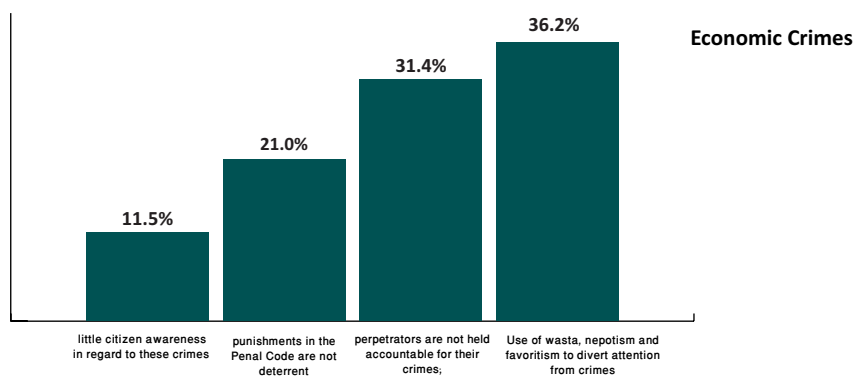
15. Look presidential decisions No.1, 27, 58, for the year 2014; also no, 7, 18, for the year 2014.

In regard to Gaza, the number of corruption cases received by the court in 2014, where a sentence was passed, is one, which was on exploitation of position for personal interest, according to the head of the First Instance Court in Gaza, Mr. Mohammad Matar. As for the number of cases where no decision was taken, there was also only one case. That case is still in the hearing stage being looked into by the Court's Commission. As for sentences passed in regard to those fleeing due to their involvement in corruption crimes, there is no case exclusively for the court's employees. Moreover, no request was submitted concerning recovery of funds resulting from corruption cases.¹⁶

Also it was not possible to obtain information in regard to corruption cases referred by the Court's Public Prosecution. Moreover, there are no specialized courts on corruption in Gaza as of the end of 2014, in addition to the continuation of the ACC's inability to work there.

Economic Crimes are on the Rise, and bureaucratic methods are ineffective

Reasons for continuation of the phenomenon of expired drugs during the past few years, as perceived by those surveyed in 2014



Most Prevalent Economic Corruption Crimes in 2014 were food and drug corruption crimes, Tax evasion, fraud, smuggling diesel

Common denominators between economic crimes and corruption crimes is that they are both detrimental to citizens' rights, public funds, national economy, and both aim at obtaining personal gains illegally.

16. Mr. Mohammad Matar, head of the First Instance Court in Gaza, provided answers to questions in writing; 8/12/2014.

Opinion polls conducted by AMAN and by the World Bank in 2014 indicate that there is an increase in the rate of bribery in Gaza, where 15% of those surveyed attested to that

Most prevalent crimes in 2014 were: food and drug corruption crimes;

Tax evasion; fraud; and smuggling diesel

Gaza courts passed judgment only on one person charged with exploitation of position; noting that the ACC did not activate its role despite the existence of consensus government

What distinguishes corruption crimes, from a legal perspective, is the fact that the perpetrators are often public employees, intending to achieve personal gains, hence linked to the public sector. However, economic crimes are those committed by perpetrators from the private sector.

One of the most important crimes received by the official Economic Prosecution Department in Ramallah (a specialized department within the public prosecution), are those related to suspicions of money laundering, tax evasion, and some crimes mentioned in the Consumer Protection Law such as those related to spoiled food and drugs. Results of the opinion poll conducted by AMAN in 2014 indicated that 31.4% of those surveyed believe that perpetrators are not held accountable for their actions. 36.2% of those surveyed believe that *wasta* and favoritism are used to divert attention from bigger crimes, and that the Palestinian Penal Code is insufficient in deterring such crimes.

Conclusion: consumer protection organizations, department of consumer protection at the Ministry of Economy, department of public health at the Ministry of Health, and the economic crimes prosecution and courts, all have exerted efforts to follow-up on economic crimes in 2014. Unfortunately, these efforts did not limit occurrence of such crimes, especially those related to food and drugs, and flow of expired goods from the Israelis, which flooded the Palestinian market. This executed in collaboration with corrupt merchants and greedy distributors who gained huge profits at the expense of citizens and their health safety, including food security.

The table illustrates that in 2014, 34 cases, violating the Consumer Protection Law, were referred to the Prosecution for Combating Economic Crimes in Ramallah; noting that this not an indication of reality on the ground ,in terms of the spread of this crime, since the mentioned prosecution reviewed 142 cases in 2014.

The table, obtained from the Economic Prosecution Department, illustrates that the majority of crimes that reached the Prosecution last year were in violation of the provisions of the Consumer Protection Law; followed by tax evasion, smuggling products from Israeli colonies, which is in violation of a special law in that regard. The rest of the economic crimes are illustrated in the attached table.

In order to ensure a policy of deterrence, AMAN calls for publishing the names of individuals and or companies that committed such crimes; type of crime committed; name and type of the product upon referring the case to the relevant court.

The table below illustrates that the number of cases reviewed and classified in 2014 were 142 cases, half of which are offenses violating the provisions of the Consumer Protection Law. While the subject of tax evasion, including pending and closed cases amounted to approximately 12, is an indication of the lack of seriousness of prosecuting perpetrators of this crime, hence it is a sign of lack and seriousness of all who abuse public funds as well.

As for tax evasion, a total of 97 cases were recorded by the Prosecution for all districts during 2013 and 2014; 78% of those cases were from the Ramallah district.

In addition, there was a rise in cheating and smuggling diesel where 10 cases were recorded in the WB; (4) in the Ramallah Prosecution Office, (3) in Yatta, and one in each of Halhoul, Bethlehem, and Toubas. Six of these were referred to the court to consider the charges against stations selling fuel, and four are still under investigation.

Cases recorded, during 2014, in Ramallah Prosecution Headquarters for Combating Economic Crimes¹⁷

Crime	Pending from past years	Incoming- 2014	Dismissed- 2014	Pending
Money laundering	5	4	1	8
Products from Colonies	12	4	13	3
Consumer protection	31	34	61	4
Tax evasion	13	12	12	13
Intellectual property	4	4	6	2
Others	9	42	49	2
Total	74	100	142	32

17. As apparent, the registry for the central prosecution does not reflect all cases in all Palestinian districts.

wasta, favoritism, lack of official and popular accountability encouraged the phenomenon of spoiled food and products that do not meet

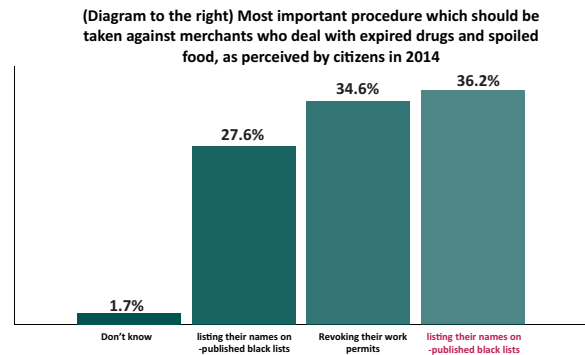
specifications, which flooded the Palestinian market through the Israeli colonies

AMAN calls for the publishing of names of the corrupt parties as well as inflicting severe penalties on violators, and to revoke their work permits.

Electric distribution companies, some local government units, and a large segment of citizens (able to pay) do not pay electricity, water, and sewerage bills

Israel promotes looting of the Palestinian treasury by deducting these dues from the clearing tax money it collects (al-Maqassa)

Tax Evasion Files according to Districts; 13-2-2014	
No.	Prosecution
1	Toubas
3	Hebron
2	Jenin
1	Jericho
1	Dura
6	Tul-Karem
1	Nablus
6	Bethlehem
76	Ramallah
97	Total



Continued Accumulation of Debt of the Electricity Distribution Companies and Local Government Units; Lack of Transparency of Financial Statements Submitted by Israel in Regard to Collected Tax (Al-Maqassa)

Accumulated debts for electricity distribution companies amounted to 42% in Gaza, and 26% for the Jerusalem Electric Company, in addition to debts of local government units, which reached at the end of February 2014 to approximately 1.3 billion Shekels; an increase of 500 million shekels from the end of 2012. According to the Israeli government's claim, Palestinian debts, including the Jerusalem Company's debts are 1.8 billion shekels. During 2014, debts of the Jerusalem Electric Company reached 900 billion Shekels, in favor of the Israeli company. The Ministry of Finance's data illustrates a decline in the rate of the total electricity bills collected. The Israeli Regional Electric Company threatened to cut off electricity delivered to "PA areas". It demanded and severed amounts owed by the PA, electricity distribution companies, and some local governments units, from PA funds withheld by Israel. In that regard, the General Director of the Jerusalem District Electric Company said that the PA bears partial responsibility for the accumulated debts, since it did not pay its electric bills, as of October, for electricity used by its institutions estimated at 350 million shekels.¹⁸ The phenomenon of non-payment of debt of the local government

18. Look statements by Hisham Al-Omary/general director of the Jerusalem District Electric Company; 10/10/2014. www.maannews.net/arab/viewDetails.aspx?ID=732429

units, and lack of seriousness in paying electricity bills by a large segment of society, as well as non-payment of the PA for electricity used by its institutions, not to mention the theft of electricity by a good number of citizens, deepened the phenomenon of the assault on public funds at the expense of citizens who are committed to paying their bills.

This phenomenon led to the rise in the amount of net lending. However, the problem was deepened due to Israel's refusal to provide transparent financial statements, as revealed by the implementation of the 2014 budget in comparison with what is planned. The amount of net lending reached 955.8 Shekels, while the allocated amount in the 2014 budget was at 600 million Shekels for each year; a deviation of 355.8 million Shekels. This item constitutes a drain on the public budget, especially since money is withdrawn from the clearing tax (al-Maqassa) to pay for electricity bills of the local government units/municipalities and other services. Some municipalities collect their money from citizens by pre-paid cards, but do not transfer amounts to the Israeli electric company.

The continued failure to solve these issues, which in turn wastes public funds, gave legitimacy to a chronic administrative corruption as well as provided an opportunity for the Israeli government to steal part of the PA's money.

North Electric Distribution Company (NEDCO): Heavy Caliber Embezzlement

In 2014, a high level official working at NEDCO embezzled approximately 2.5 million Shekels from the company. The suspect was arrested and investigated with by the Prosecution, in addition to 14 other people considered to be partners; most of whom are from outside the company. The prosecution charged the mentioned director, where he and the others were referred to the judiciary.

- Available information at AMAN indicates that the person responsible for the embezzlement, at the mentioned company, has connection with individuals in the security institution who are involved in the case.
- Attempts were made to pressure official parties conducting the investigations in order to treat the case as a case of embezzlement in the private sector, and not as a corruption crime. This was done after the case was referred to the ACC. This case of embezzlement, by a senior official from a company that is fully owned by local government units whose money is considered public funds and should be dealt with in accordance with the

law. Article 16, of the law number 13 for the year 2009, stipulates that “the service of producing and distributing electricity be managed by companies licensed for this purpose; conditional that the company be a shareholding company.” In addition, article 27 stated that “electricity be distributed to consumers by companies licensed for that purpose, and local government units that manage electricity projects are committed to join these companies as shareholders.”

- Due to the consideration that this crime, which occurred in 2014, is a case of assault on public funds, and to reinforce the principle of transparency, as well as to enforce the importance of holding the corrupt accountable, hence preventing impunity, the PA, represented by the government in general, and the prosecution in particular, are demanded to refer the file to the Anti-Corruption prosecution. It should be done with the same interest shown by the government in regard to its representation in the NEDCO board of directors upon being excluded by the board in 2012.

Politicization of Public Positions: opportunity for Favoritism and Waste of Public Funds



Following the political internal division in 2007, the PA in the West Bank called on thousands of employees, in the Gaza Strip, to strike. It paid salaries for all those who dedicated to the strike and punished those who did not, by dismissing them from their jobs on grounds of illegitimacy. This procedure continued for the past years, which

formed a direct intervention in the politicization of public positions, and its use for factional purposes. In turn, this brought about heavy losses for the national treasury during these years, and will surely bring about further losses when addressing the situation for more than 45 thousand new employees, who were hired, at a later date in Gaza by the Hamas government, most likely, also, along party lines; particularly in important administrative positions. Difficulty to secure salaries for all employees has become an obstacle towards ending the division.

Strikes Inflict Losses on the Public Treasury

In principle, strike is an indisputable legitimate right. It is an important mean in the social struggle for demand. It is also an effective weapon of trade unions of all kinds in accordance with official systems that are duly issued and adopted; an issue that has not been accomplished since the inception of the PA and until the end of 2014. The same applies to the establishment of public employees unions. The absence of a special law to regulate public employees' unions provided opportunities to strikes that brought about losses to the public treasury.

This file (strikes, public employees' unions) was addressed on political and factional bases instead of the rule of law and protection of public funds.

Some strikes were carried out in response to political disputes or to even scores at the personal and or factional level; noting that this behavior was practiced by unions in the WB and in the Gaza Strip.

Decisions taken by some unions, such as the decision to reduce working hours by one, for employees of public institutions for the months of September and October 2014, led to the waste of public funds.

State losses caused by this strike were embodied in denying services to the citizens, and weakening of investment opportunities. However, direct losses to the state treasury amounted to 15 million shekels, which is the cost of an hour of work for public employees paid from the public treasury. As it stands, the employee receives a monthly salary for a specific number of working hours (7hrsX22 working days per month), which is 154

The continuation of politicizing appointments in high positions without terms of reference, equal opportunity, prior announcement of job vacancies, neglect of provisions of the Basic Law in regard to competition and equality, reinforced the phenomenon of favoritism

Contrary to the provisions of the Palestinian Basic Law and the principle of separation of powers stipulated within, the President became the only reference for all three authorities; legislative, executive, and judiciary

hours monthly. However, with the strike, the employee works 132 hours. The estimated number of striking employees in government institutions was approximately 20 thousand, with average salary for a public employee of 2500 Shekels. This means that the monthly cost for each hour of strike amounts to (123X22X20000) 7,141,200 million Shekels monthly, hence direct losses are estimated at 15.6 million Shekels during the two mentioned months. This requires a comprehensive reform that will save public positions from political exploitation.

Appointments in Senior Positions

Announcements for job vacancies for senior positions, in the public sector, such as directors of public institutions and governors continued throughout 2014, without any official party to monitor or review candidates for these positions. This led to the continuation of the use of *wasta* and favoritism in addition to pressuring individuals in decision making positions for appointments and promotions. Moreover, failure to provide citizens with opportunities to compete and have equal opportunities certainly reinforced the influence of powerful people.¹⁹

In Gaza, Hamas, in anticipation of the Shati' Agreement and the forming of the consensus government, went on to appoint and promote a large number of employees, from the Hamas cadre, in the civil and military apparatuses without announcing any vacancies for positions as stipulated by law.

The number of employees in 2014, according to the public budget of the PA, is 92 thousand civil employees, and 75 thousand employed in the security apparatuses; while the number hired in Gaza by the Hamas government during the past seven years is approximately 46 thousand in both sectors (24 in civil, and 22 in security). This means that the entire staff in the public service sector, as suggested by Hamas, and according to the Alshati' Agreement, is about 213 thousand employees .

Political appointments led to:

First: an increase in the number of employees in the civil and security institutions

Second: salary rates are approximately 60% of the total PA's operational budget for this year. This is without counting Gaza employees that receive their salaries from the Hamas government, which weakened the ability of the PA to fulfill its obligations towards basic public services such as health, education, and social welfare.²⁰

19. The Palestinian Integrity Index 2014. Coalition for Integrity and Accountability AMAN, Ramallah.

20. AMAN's report on appointments and promotions of the two groups (high and private) prior to formation of the national unity government in Gaza- 2014.



Status of the Accountability System in 2014

Dysfunction of the PLC reinforced the President's Authority and Weakened the Government

Despite stipulation in Al-Shati' Agreement that the PLC shall convene, the PLC failed in 2014 to restore its activities hence normality; noting that in light of that agreement, the Hamas bloc halted all meetings in the Gaza Strip although it had continued to work prior to the signing of the agreement (i.e., during the internal division). Similarly, regression in the performance of the PLC's working groups in the WB was noticed in relation to accountability and review of legislations issued by the president in 2014, as stipulated in article 43 of the Palestinian Basic Law.

The role of members of the legislative council in Gaza, the "Change and Reform Bloc"; supposedly had dissolved itself was often characterized as supportive of the Hamas government. In the beginning of the year, it had approved a superficial budget for the government in Gaza, as well as passed legislations that contributed to build and enshrine an independent authority in Gaza. Moreover, seldom did accountability sessions end with holding ministers accountable for their actions, and usually decisions are approved unanimously.

In the WB however, and in light of forming the "National Consensus Government", headed by Dr. Rami Hamdallah, the President exercised the authority of granting confidence to the government, as well as approve the 2014 budget, on behalf of the PLC. The role of some of the PLC members became limited to receiving parliamentary delegations visiting Palestine during the year; or to attend international conferences. Moreover, no statements during 2014 were issued by the PLC or its committees on domestic issues related to polices, performance, or financial reports issued by the Ministry of Finance.

The approval of Hamas members in the Legislative Council and those of Fateh of the National Consensus Government without being granted confidence by the PLC, illustrated the complicity of the Palestinian factions in reinforcing the absence of basic accountability of the government to the PLC.

In practicality, the President became the head of all authorities, since he exercised all of the PLC powers, and issued decisions and legislations on its behalf such as lifting immunity of one of its members; transferred the Secretary General of the PLC to the General Personnel Council; granted the seventeenth government (the National Consensus Government)the vote of confidence; in addition to referring the head of the SAACB to early retirement (an act that is exclusively within PLC jurisdiction) as stated in law number 11 for the year 2014 in regard to referring the SAACB head to retirement. The president continued and expanded in issuing decree law in comparison with last year. Practically speaking, the President became the reference to the judicial authority and prosecution after choosing and appointing the head of the High Judicial Council (HJC) without going

The Public Procurement Law was passed, amended, and suspended during the same year, which confused procurement committees and increased exceptions in public procurement

through the proper channels of waiting for the HJC to nominate a name. Furthermore, he issued decisions, in 2014, to create three positions to assist the Public Prosecutor in addition to defining individuals that will assume responsibility for these positions.

List of decisions by law issued in 2014

No.	Title of the Law
1	Decree Law no. (1) of 2014, to amend Traffic Law No. (5) for the year 2000.
2	Decree Law no. (2) of 2014, on the Public Budget for the financial year 2014
3	Decree Law no. (3) of 2014, on the ratifying the basic law for the International Council for Dates.
4	Decree Law no. (4) of 2014, on amending law no.(8) for 2011, on income tax.
5	Decree Law no. (5) of 2014, on exempting freed prisoners vehicles from custom duties and taxes.
6	Decree Law no. (6) of 2014, on financial leasing
7	Decree Law no. (7) of 2014, on amending law no (1) of 1998 and its amendments on promoting Palestinian investment.
8	Decree Law no. (8) of 2014 on public procurement.
9	Decree Law no. (9) of 2014 on exempting recognized Christian denominations from taxes and fees.
10	Decree Law no. (10) of 2014 on amending the Penal Law No. (16) for 1960.
11	Decree Law no. (11) of 2014 on ratification of the referral of the head of SAACB to retirement.
12	Decree Law no. (12) of 2014 on granting vote of confidence to the 17 th government (National Consensus Government).
13	Decree Law no. (13) of 2014 on amending the Anti-Corruption Law for 2005.
14	Decree Law no. (14) of 2014 on water
15	Decree Law no. (15) of 2014 on amending the Regular Courts Law.
16	Decree Law no. (16) of 2014 to amend law no. (2) of 2001, on procedures for Civil and Commercial trials.
17	Decree Law no. (17) of 2014 to amend the Criminal Procedures Law no. (3) of 2001.
18	Decree Law no. (18) of 2014 to amend Government Lawsuits Law no. (25) of 1958 on
19	Decree Law no. (19) of 2014 to amend the revised Decree law no. (15) of 2014, on the formation of Regular Courts Law, no. (5) of 2001.

The Continuation of issuing legislations through this mechanism, and postponement of holding general elections, despite being one of the conditions for reconciliation in the Al-Shati' Agreement, weakened the Palestinian democratic system. In addition, the continuation of the one-man decision to appoint senior officials in state institutions, and confiscation of the administrative role of the PLC, weakened the principle of separation of powers, which is considered the basis for a democratic system from a constitutional standpoint. It also promoted the phenomenon of favoritism, which is a form of corruption according to Palestinian law. In addition, it encouraged executive parties within the government and others to escape accountability, and aroused great controversy on the subject of bonuses and operational expenses of the council, at a time when it is not carrying out its duties in accordance with the law.

Mr. Ali Muhanna was appointed as the new head of the Supreme Court and head of HJC on 10/6/2014 by a presidential decree and without nomination by the HJC, as states in article 18 requiring nomination by the HJC when appointing judges.²¹

The Palestinian State Audit and Administrative Control Bureau (SAACB): Regress in Publishing Reports, and weakened Independence



- As always, the head of the Bureau presented its annual report for 2013 to relevant parties (the presidency, council of ministers, and representative of parliamentary blocs) in April 2014. The Head of the Bureau expressed some remarks concerning some appointments of directors in ministers' offices.

21. Look: decision no. 70 of 2014, on appointing Mr. Ali Muhanna as head of the supreme court;" head of the High Judicial Council, published in the official paper "Alwaqa' Al falastiniya" issued on 15/7/2014, P. 108.

The absence of the Legislative Council virtually cancels its role, and maintains other aspects as a matter of formality without effectiveness; leaves the government without ratification; the budget without approval, and ministers without accountability, which weakens anti-corruption efforts.

The head of SAACB should ensure that periodic and annual reports are published and accessible to the public

The method by which the head of SAACB was dismissed following disputes with the government violates provisions of the law and undermines the Bureau's prestige and independence

- In mid- 2014, there were some disputes and interventions between the Prime Minister (PM) and Head of the Bureau over administrative decisions taken by the head of the Bureau. The PM requested from the head of the Bureau to stop some procedures against one of the officials at the Bureau until the committee, formed by the Council of Ministers, is through with its investigations. The head of the Bureau refused in his capacity as the director of an independent institution.
- Following this incident, the PM accused the head of the Bureau of miss-use of power by committing a grave administrative violation when he promised to promote a number of officials at the Bureau within the new structure in exchange for supporting his decision to adopt the special structure of the Bureau. Subsequently, the Council of Ministers issued a decision during its session held on 13/5/2014 to refer the head of SAACB for retirement. Following that, head of the Bureau was referred to retirement by a presidential decree without any explanations.²² This was in violation of article 10 of the SAACB's Law, which provides the head of the Bureau protection and guarantees its independence. The article states that it is not permissible to dismiss the head of the Bureau for any reason without consent of the majority of the PLC (an absolute majority of the Council's 67 members). The Law also defines the term of office for the head of the Bureau to be a onetime only for seven years, non-renewable. It also indicated that the Bureau and its employees are immune in regard to all that relate to the Bureau's work, in accordance with article 11 of the SAACB's Law.

AMAN considers the dismissal of the head of SAACB to have weakened the immunity and independence of the institution, since it was carried out without clarifying reasons for this



22. Article 96 of the Palestinian Basic Law stipulated that "the head of the SAACB is appointed by the President of the PNA with approval by the PLC."

dismissal, as illustrated by law, and without being discussed openly at the PLC. It also weakens the accountability system, since the SAACB is one of the main accountability mechanisms, second to the PLC.

- SAACB prepared many reports in 2014, some of which were related to the extent official institutions, local government units, and NGOs use and commit to good administrative and financial principles at work, in accordance with Palestinian Law. However, it did not publish any of these reports whether annual, quarterly, or specific, which is a retreat from the policy of openness achieved in 2013, where it published mentioned reports on its website.
- The Bureau prepared a special report in 2014 on government vehicles but did not publish its results. AMAN confirms that the report charged a number of ministers with misuse of these vehicles or used for non-business needs. In addition, some of the ministers also covered up for their misuse of the vehicles, which is in violation of the Council of Ministers' decision in this regard.

Financial and Administrative Independence Does Not Mean Escaping Official Accountability

Results revealed by a report prepared and published by AMAN in 2014, on the concept of administrative and financial independence,²³ that the concept is vague in public administration of the PA and its institutions; also to some officials. This ambiguity was exploited in some institutions to further strengthen those in power over these institutions as if absolute. With this understanding, salaries were raised and rewards were given contrary to the financial status of the PA in terms of the average salary for employees; salary allocation in some of these institutions exceeded (\$10000) ten thousand dollars. This situation became worse as some of these institutions considered that the independence granted, exempts them from monitoring and accountability by institutions such as SAACB, for example. They also did not realize that the principles of independence and accountability complement each other, not contradict, even if accountability mechanisms differ.

23. AMAN's report on "Administrative and Financial Independence in Palestinian Public Institutions: Concept and Practice; series reports, 2014.

Administrative and financial independence requires the approval of a specific system by the Council of Ministers, and publicized in the official paper, so that these institutions are not turned into private offices and fiefdoms for the owner of the store to exhibit outrageous privileges and take salaries that often exceeded \$10000 dollars a month

Prosecution is part of the judicial authority, hence its reference institution, and the Judicial Inspection Department should be in charge of monitoring the work of its officials

AMAN's report offered many recommendations, namely:

- Adoption of a clear concept for administrative and financial independence by the government, and include its provisions in the law.
- Preparation of procedural guides for applying the principle of administrative and financial independence.
- The need to prepare a specific administrative and financial system for each institution granted this independence, and obtaining approval from the Council of Ministers, giving priority to the SAACB.
- Establishing binding rules that are reasonable to work with in regard to salaries; subjecting employment contracts of officials, in these institutions, to the scrutiny and approval of the Council of Ministers.

Judicial Inspection...Positive Developments

The Judicial Inspection Department in Palestine made unannounced and periodical visits to Judges working in Regular Courts regardless of grade, with the exception of judges of the Supreme Court. It also carried out inspection on all departments of the Regular Courts. The number of conducted visits between 2/1/2014 to 31/8/2014 reached 56 periodical visits and 22 unannounced visits for the mentioned period.

The Judicial Inspection Department received until the end of October 2014, 118 complaints, 79 of which were settled by the department. Most of the complaints were related to the slow pace of court proceedings and delays.

The department referred approximately 3% of the complaints to the disciplinary council. It also issued warnings to some judges in order to avoid delay of cases and ensure prompt settlement and achieve justice.

During 2014, two members of prosecution were referred to the disciplinary council, according to provisions of the Judicial Authority Law, on grounds of administrative and disciplinary violations. The Disciplinary Council settled a number of cases, referred to it in 2013, by issuing warning punishments.²⁴

24. Interview with Mr. Yaser Hammad, head of planning unit at the public prosecution office 6/11/2014.

Challenges Encountered by the Judicial Inspection Department

- The Judicial Inspection Department followed up on monitoring the extent of compliance with the CoC , previously issued by the Judicial Higher Council; “decision no. 3 of 2006, on the Judicial Code of Conduct”, which was considered, at the time, a positive and important step towards promoting integrity in the Judicial apparatuses. The Judicial Code included provisions to reinforce judicial independence; avoid “conflict of interest”; litigation guarantees, and judicial behavior etc... However, there was no continuous training for judges on the provisions of the Code.²⁵

The Head of the Judicial Higher Council and Head of the Supreme Court issued his directives to the Appeal and Cassation Courts to consider anti-corruption cases a priority issue. Therefore, such cases should be looked into as fast as possible, on grounds that delaying decisions will affect the interest of the community in pursuing the corrupt; the interest of the accused; and the interest of the Palestinian judiciary at the same time²⁶

Recommendations of the Judicial Inspection Department are considered binding to the JHC. However, the Council may take or disregard the recommendations.

- Lack of human and logistical resources available for the Judicial Inspection Department.
- In 2014, once again, the problem related as to what extent the judicial authority, its departments, and decisions are subject to social accountability, same as other institutions and authorities, reappeared. A debate was held, but without resolve, on the distinction between independence of a judge (a matter of respect), and that of the judicial authority (a subject debate and discussion).
- The issue of subordination and legal reference of the Prosecution remains unresolved. Is it part of the judicial or executive authority, in light of having contradictory legal texts, where some indicate that it is under the jurisdiction of the judicial authority, and others indicate that the Ministry of Justice plays a monitoring role over it. There were no serious steps taken to clarify this issue during 2014, noting that in practice the head of prosecution falls under the authority of the President.

25. Interview conducted with the consultant Mohammad Sameh Dweik, Supreme Court Justice, head of the inspection department 28/10/2014.

26. Response by the HJC to AMAN's letters on 28/10/2014.

The Shari'a Judiciary and the Military Judiciary remain outside the scope of responsibility and competence of the Judiciary Inspection Department, which made it more difficult to hold them accountable

Developments in the Role of the Media in Combating Corruption

In 2014, the majority of media institutions witnessed progress in terms of radio and television programs related to corruption and combating it, in addition to developing a number of specific programs in combating corruption that contributed to social accountability. It also helped to initiate several investigative reports related to management of public affairs, administrative and financial; or in regard to the quality of services provided to citizens by governmental departments and local government units. Moreover, the journalists syndicate exerted tangible efforts in defense of freedom of expression, and in protecting journalists from arbitrariness by resorting to provisions of the old Jordanian Penal Law of 1960, which allowed for detention of media professionals on accusations of libel and defamation; or putting public order at risk.

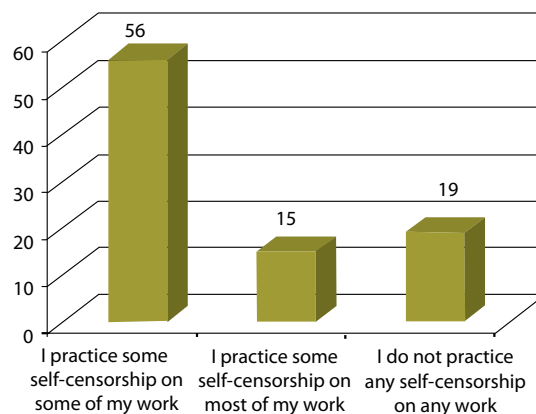
Many NGOs, with journalists' syndicate at the forefront, Palestinian Center for Development & Media Freedoms (MADA), and AMAN lobbied and pressured for issuance of the "Access to Information Law, which is still stuck in the Council of Ministers. This is in addition to the mentioned NGOs efforts in defending detained journalists on grounds of freedom of expression and opinion, or lack thereof.

Social Media and Social Media Websites Continued to uncover Phenomenon related to Misuse of Position and Waste of Public Funds

- In 2014, self-censorship continued to be the leading challenge in prosecuting and investigating cases of corruption. This is especially true if the investigations are costly, or are related to influential individuals in the public sector, or owners of rewarding ads for the media institution. In an opinion poll conducted by (MADA), 80% of Palestinian journalists surveyed indicated that Palestinian journalists do practice some type of censorship on some of their work, or on most of their work or production; 56% practice some type of censorship on some of their work, and 25% practice censorship on most of their work; while 19% said they do not practice any censorship on any of their work, and that they write and publish whatever they please with freedom.
- The sample survey conducted on members of "Journalists for Integrity and Transparency" by AMAN for the Palestinian Integrity In-

dex 2014, revealed that 26% of those surveyed believe that there is a certain degree of censorship practiced by owners of media institutions; while 73% said that there is self-censorship on publishing cases of corruption.

- During 2014, the absence of a legislation that regulates electronic media continued.
- Status of the Ministry of Information remains unknown; the post of minister was canceled, but the ministry still exists.



The Palestinian Broadcasting Corporation (BPC), and the Palestinian News & Info Agency (WAFA) signed an MoU with AMAN to train and enhance knowledge of their employees on anti-corruption efforts. AMAN and the Palestinian Journalists’ Syndicate signed an MoU, at AMAN’s headquarters in Ramallah, regarding the Syndicate an important partner in promoting the National Integrity System.

Status of NGOs in Regard to Corruption and Combating It

In 2014, the number of NGOs registered at the Ministry of Interior, in the WB and Gaza, is 2778²⁷ organization; working in various fields. The number of NGOs that integrated some anti-corruption activities in their programs increased in 2014; programs that enhance integrity values, transparency principles, and accountability systems, in order to prevent corruption as well as prosecute the corrupt. Moreover, AMAN and some of its partners were active in that regard, conducting training for NGOs employees on methods of integrating awareness-raising activities on corruption forms, its negative effects, and ways to combat it, within their programs. The ACC funded some activities related to awareness-raising for a number of NGOs, especially on the Anti-Corruption Law. In addition, AMAN and the ACC supported students’ initiatives in this regard.

27. Look: status of NGOs in numbers, Ahliyat Magazine, No.zero, Autum 2014, Civil Society Organizations Commission, P.102.

To reinforce and promote anti-corruption efforts, it is required to pass the “Access to Information Law”, as well as a new media legislation that enhances transparency and puts an end to the use of power in the prosecution of journalists. The legislation needs to encompass the various media fields as well

The Civil Society Team for Transparency of the Budget, Civil Forum for enhancing governance in the security sector, NDC, and a number of universities and colleges, all played a role in enhancing social accountability

Civil Society's work should strengthen its oversight role on public sector's institutions with the aim of enhancing values of integrity and principles of transparency at work

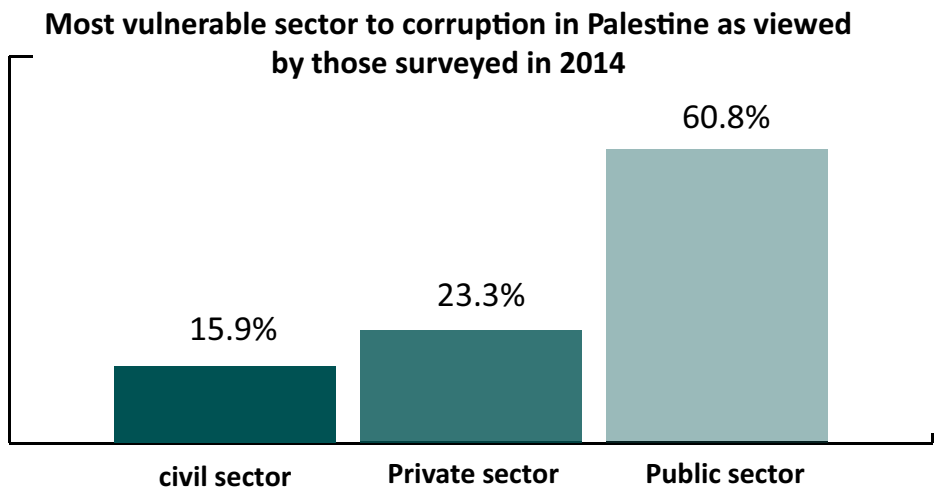
Many NGOs formed coalitions and coordinated efforts to promote transparency and combat corruption, on the one hand, and activated social accountability regarding management of public affairs, on the other hand.

The Civil Society Team for Transparency of the Public Budget carried out a working day on civil society's view of the implementation of the 2013 budget. It also contributed to defining priorities, as seen by CS, to the 2014 budget, and offered recommendations in that regard.

Moreover, during its annual Transparency Festival, AMAN announced the establishment of the Civil Forum for Promoting Good Governance in the Security Sector. 2014 was also distinguished by the number of youth initiatives launched in the WB, Jerusalem, and the Gaza Strip on combating corruption. Additionally, many activities were carried out by women's organizations, also on combating corruption. Further contribution was granted by the Center for NGOs Development (NDC) in building capacities of several NGOs on the administrative and financial areas of work, hence enhancing internal governance skills and promoting mechanisms of internal accountability.

The work of CS has been subjected to pressure and discredit by some officials through capitalizing on weakness in governance in several

Annual Report 2014



NGOs, especially since the SAACB report pointed to such a flaw. The SAACB, based on complaints and reports submitted to the Bureau, decided to inspect a number of NGOs that were suspected of having issues at work, where it detected some abuses committed by some employees and officials in these institutions. The report also revealed the weakness of competent ministries in holding NGOs accountable.

The report pointed out that general assemblies and board of directors of NGO also lack effectiveness in their oversight role. This is in addition to the weak internal monitoring and control procedures in some organizations, and the non-compliance with valid laws, rules and regulations such as procedures for procurement, and internal control, as required.

AMAN's previous reports indicated weakness in transparency and accountability in some CSOs. In addition, opinion polls conducted by AMAN illustrated that citizens' perception indicates existence of corruption in NGOs, even though it is less than that in other sectors. Results show that 16% of those surveyed (7% in the WB and 31% in the Gaza Strip) believe that there is corruption in the civil sector, compared to 61% and 23% in the public and private sectors respectively.

This result might be attributed to the fact that the public sector is the more vital sector for providing services, especially in employment, where 94% of those surveyed believed that employment in the public sector is more vulnerable to prevalence of corruption. In regard to the civil sector, and the high proportion of respondents who believe that the spread of corruption in Gaza is more than in the WB, the reason may be attributed to the difficult circumstances caused by the last Israeli aggression on the Strip; the in-kind and financial assistance distributed by NGOs; Perception of citizens that in-kind and financial assistance breed corruption.

Results of the Integrity Index 2014 revealed the following: no NGO or branch of any institution was shut down on suspicion of corruption, nor was there any arrest of anti-corruption activists. Also, no obstacles were imposed on institutions' activists, as well as there was no judicial decision issued accusing officials of NGOs with corruption.

Moreover, results of the Integrity Index indicated that 90% of international NGOs submitted their annual reports for 2013 during 2014; noting that the number of international NGOs operating in Palestine that are registered with the Ministry of Interior is 216 organization.

Status of representative organizations, trade unions, sectoral and popular organizations, still raises serious questions in terms of periodic elections for governing bodies, as well as its weakness in promoting integrity and combating corruption.



Issues under the Spotlight

The cost of buying services threatens health budget

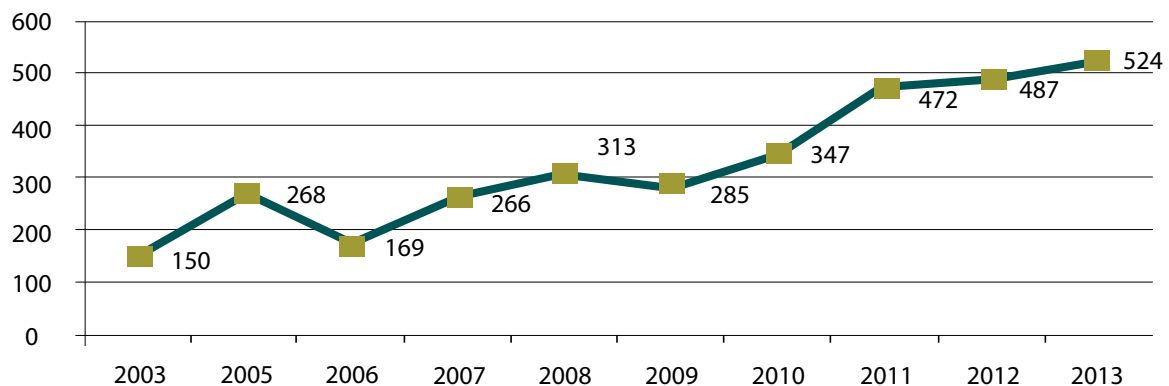
The cost of medical referrals outside government's medical clinics consumed a large part of the Palestinian Ministry of Health's budget, for the whole of the PA's 20 years. For example, one third of the actual expenditures of the MoH amounted to 31.3% during 2013, which is approximately 407 million Shekels;²⁸ (meaning that these amounts were paid from the 2013 budget). The total amount for treatment outside MoH institutions for 2013 amounted to approximately 524 million Shekels²⁹, making it a financial burden that is draining the MoH budget.³⁰

The abovementioned cost continued to increase, and reform attempts were not sufficient. Also pressures from centers of influence from outside the Ministry encouraged exceptions in referrals, despite reform efforts illustrated in the MoH reports on medical referrals' system and services abroad; rationing of expenditures; putting a stop to waste of public funds; and supporting local medical institutions.

The diagrams below illustrate the continued increase in spending in this area, and the increase in the number of referrals, which reached 64219 cases in 2014; Israeli hospitals share was nearly 26% of the total spent despite the fact that only 10% of the cases were referred there.

In regard to the Gaza Strip, medical health services remained the largest services provided by the government. All residents of Gaza, including those who could afford it, enjoy the free insurance services, covering 100% of medical costs, provided by the MoH.

Cost of buying medical health services <<Transfers for special treatments outside the MoH>> (in million SHEKLES)



28. Ministry of Health, Palestinian Health Information Center, annual report, Palestine 2013, June 2014, P.243.

29. Ministry of Health, Palestinian Health Information Center, annual report, Palestine 2013, June 2014, P. 96

30. Numbers from 2013 were used due to the absence of information for 2014, and lack of cooperation of the MoH with our researchers in providing information related to medical referrals for 2014; the MoH also did not publish its mid-year report for 2014.

The number and percentage of referrals to Israeli hospitals in comparison with the overall expenditure for referrals for 2013/2014³¹

Year	No. of referrals	Percentage of referrals to Israel	Percentage of referrals bill to Israel from the overall expenditures for referrals
2013	61636	13%	33%
2014	64219	10.8%	25.8%

Failure of the Current Health System...Reluctance in Approving a Comprehensive Health System

The absence of a new and comprehensive health system that would rid of exceptions by decisions taken during the past few years at the political level, led to monetary damages that exhausted and burdened the system; hundreds of thousands of individuals became covered by the system without commitment from any party to pay insurance fees on their behalf. This in turn has reduced the level of services provided by the government health sector, and hindered the Ministry’s ability to develop effective programs to improve the situations of local hospitals.

Strengthening health services at the MoH institutions in addition to providing the necessary financial resources is the direct way to reduce dependence of referrals abroad.

Israel continues to steal Palestinian health money by capitalizing on lack of transparency in the relationship and procedures between the two parties.

The MoH’s 2013 annual report indicates that the Israeli government deducted 200 million shekels from the amount of clearing tax (Almaqassa) , which Israel collects on behalf of the PA. However, costs for referrals to Israeli hospitals for the same year did not exceed 105 million Shekels³², according to the former director of purchasing services at Ministry who added: “the Ministry contracted accountants who know Hebrew; used a financial system for auditing all amounts Israel deducted from the clearing tax money retroactively since the establishment of the department for purchasing medical services.”

31. Interview with Dr. Amira Al-Hindi, Director of the department for service purchase, Al-Quds newspaper, 19/11/2014.

32. MoH, Palestinian Health Information Center, annual report-Palestine 2013, June 2014 Pages 238-243.

The ambiguous accountability in regard to cost of referrals to Israeli hospitals must stop, and a more transparent method followed by scrutinizing all bills received according to the agreed upon costs.

A comprehensive health insurance system that benefits all Palestinians is a pressing issue and a need that cannot be delayed

Lack of Transparency in Debts and Arrears of Suppliers from the Private Sector

Debts continued to accumulate on the MoH during 2014 to the benefit of the private sector, whether it's pharmaceutical or medical suppliers, or hospitals that treat referrals from the external purchasing department. MoH's 2013 report indicates that the total accumulated debts until the end of the year amounts to 698 million Shekels.

As declared by Dr. Nizam Najeeb, head of the Federation of Civil and Private Hospitals in Palestine, the MoH accumulated debts is estimated at 650 million Shekels, as of the end of October 2014. At the same time, the Minister of Finance denied that, while official records for the Ministry show invoices of 450 million Shekels for the hospitals mentioned above that were audited by the Ministry.³³ These accumulated debts clearly harmed medical institutions working in Palestine in terms of their ability to fulfill their financial commitments to the employees on the one hand, and banks, medical supply companies, and services, on the other hand. This in turn, constituted a burden on many private and civil hospitals in Palestine. Moreover, there is always the possibility of an additional risk that suppliers or providers of medical services may not provide services in accordance with medical standards stated in the agreed upon supply contracts.

Distribution of actual expenditures for 2013³⁴ (in Million Shekels)

Expenditures items	Estimated budget	Percentage %	Actual spending	Percentage % of total spending	Retained debt	Percentage % of total debts
Salaries	4.476	54	4.476	9.15	0	0
Purchase of service from outside the Ministry	6.704	72	8.604	3.13	3.703	44
Medicine, consumables, lab materials	7.123	12	7.251	8.11	5.343	94
Capital and other operational expenditures	6.011	7	7.56	1.5	9.64	7
Total	3.415,1	001	6.992,1	001	7.796	001

33.737 www.maannnews.net/arb/viewDetails.aspx?ID=737155

34. MoH, Palestinian Health Information Center, annual report-Palestine 2013, June 2014, P243.

The table above, on actual spending for the budget of the MoH, indicates the difficulty of securing the necessary funds to ensure direct costs of health services, where less than 50% of estimated budget was spent, although the MoF committed to transferring the entire amount for salaries, and referrals abroad. This led to lack of availability of some of the required medications, as well as to a lesser quality of products and services provided by the private sector, in addition the accumulated debts on the Ministry.

The Issue of Conflict of Interest in the Health Sector remains Unresolved

The Minister of Health decided to apply the Civil Service Law³⁵ on full-time government doctors, by closing their private clinics and putting a stop to their work in non-governmental hospitals after working hours. This decision never went into effect due to refusal of the doctors to commit to the Minister's instructions, claiming that the Ministry did not present them with clear and defined solutions to compensate them such as an "incentive system". In light of the above-mentioned the decision and approach has been frozen. This challenge remains a problem, since it allows some influential doctors in governmental hospitals to use hospitals and resources as backgrounds for their private practices, or as base for referrals to private hospitals they work in. The result of all this is deterioration of health services for citizens who have no influential connections or are unable to pay prices at private clinics and hospitals.

Criteria for Distribution of Humanitarian Assistance in Gaza

Wars and armed struggles provide opportunities for corruption to be revealed when crisis campaigns and distribution of humanitarian assistance are carried out. *Wasta*, nepotism and favoritism are the most prevalent forms of corruption when distributing such assistance, especially when conditions and criteria for distribution are absent or ambiguous. After the Israeli aggression on the Gaza Strip in summer of 2014, which lasted for 51 days and caused heavy human and material losses, an integrated national plan for reconstruction was drafted. The

35. Look: interview with the Minister of Health in Al-Haya a-IJadeeda, No. 6519, P.10. Issued on 2/1/2014.

Publishing information and providing access to it prevents rumors and limits opportunities of corruption such as *wasta* and favoritism in distribution of humanitarian assistance

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plan was presented at the donors' conference in Cairo, against which a ministerial committee was formed for reconstruction, headed by Deputy Prime Minister and Minister of Economy, Dr. Mohammad Mustafa. The Committee includes Minister of Housing and Public Works, Minister of Planning, Minister of Social Affairs, Head of the Energy Authority, and head of the Water Authority. In addition, a national team was also formed and tasked with coordination and supervision over the implementation of all activities for the reconstruction mentioned.

After the Israeli aggression mentioned above, AMAN's Advocacy and Legal Advice Center (ALAC) launched the "Clean Hands Campaign", which aimed at disseminating information on collecting and distributing humanitarian aid assistance. AMAN, through ALAC provided a hotline to receive citizens' complaints to ensure that aid reaches intended people who need it with integrity, transparency and fairness. Hundreds of citizens contacted ALAC in AMAN's office in Gaza through the free hotline, where the center followed up with the competent parties on complaints received. In light of the campaign, it was discovered that information published to the public was insufficient and incomprehensive, which created a state of doubt, hence questioning the integrity of governmental, non-governmental,



and international parties involved. Complainants pointed out that Wasta, favoritism, and bribery are taking place. Complainants were advised to submit complains directly to officials at ministries; noting that there is no ACC office in the Gaza Strip.

AMAN, in cooperation with the General Directorate of Social Protection, published mechanisms and standards applied for the distribution of cash and in-kind assistance to those affected in the Gaza Strip. In that regard, the Ministry prepared an information bulletin on social protection programs, and publicized it through all Palestinian media means. In addition, the Ministry of National Economy published ads for those affected by the aggression, which included conditions of benefiting from the grants, ceiling allowed, and means of submitting applications to obtain these grants. Furthermore, the Ministry of Housing and Public Works published name lists of beneficiaries for cement coupons for those whose homes were partially damaged during the aggression on Gaza.

Decline in Transparency of the 2014 Public Budget

AMAN conducted a survey to examine transparency of the Public Budget by monitoring and measuring minimum requirements for the budget to be considered transparent. The survey focuses on eight key stages in the preparation and implementation of budgets. It also looks for related information made available to the public, which is considered citizens' rights to knowledge. Summarized results for 2014 confirmed a decline in transparency of the Palestinian Public Budget, revealing that during the ten months of implementation of the survey, where follow up was done on monthly basis,



2014 witnessed: decline in transparency of the Public Budget; absence of the PLC role in monitoring and control; failure to submit the closing account to the SAACB; non-issuance of the Citizen's Budget

only three documents out of eight required, were published to the public, namely:

- **First: - Publishing the Public Budget:** this must be done at least one month before the start of the fiscal year, as done in the past. The MoF consistently violated provisions of the Public Budget Law, which regulates the budget, especially in terms of presenting the budget within the legal time assigned; November 1, of each year. However, the MoF presents the budget at the last moment, thus not giving sufficient time for the various sectors to provide comments and feedback. Furthermore, it is worth noting that available documents that were made public, only illustrated basic data without any statements or detailed data related to any item of the revenues or expenditures, or data relating to positions of responsibility³⁶
- **Second: - publishing monthly and periodic reports:** these reports must be published 15 days after the end of each month, or quarter; the Ministry has committed to issue these reports on time. However, website of the Ministry would often stop working, which hampered access to information. Moreover, although these reports get published, the information contained is insufficient and may not provide the citizen with a true image of reality, since it leaves out details of items.
- **Third:- preparing and disseminating the citizen's budget:** it is the budget that is prepared and disseminated to the public by the MoF. It is a simple document enabling the citizen to understand financial policy and orientation of the Ministry for the new fiscal year in simple language. 2014 witnessed a decline in issuance of this budget; contrary to the cooperation displayed by the MoF, and specifically the department of the public budget, for three consecutive years, where it published the mentioned budget in partnership with the Civil Society Team for Transparency of the Public Budget. In this regard, it is worth noting that publishing of the Citizen's Budget is the duty of the MoF and must abide by on annual basis.

36. Law no. 7 for 1998 on regulating the public budget and financial affairs, article 21.

The Five Unpublished Documents of the Budget:

First: - Draft budget or notification 2014: This document is a draft budget presented to ministries and official institutions illustrating specific indicators and policies of the Council of Ministers. It must be sent out on the 1st of August of the fiscal year. However, the survey showed that it was not made public for citizens to review.

Second:-Proposed budget summary 2014: this is a summary of the draft budget law presented for approval of the PLC, and should be published along with the Citizen's Budget three months prior to the start of the new fiscal year. This summary was not published, neither on time, nor after approval by the President, hence leaving the citizen without knowledge of the content of the budget law.

Third:- Financial semi-annual reports: The MoF does not issue semi-annual expenditure reports, which is supposed to be published within one to three months from the end of the half year. This report is intended for the evaluation of the financial situation of the first half of the year, hence to be modified as needed for the 2nd half of the year.

Fourth:- Closing Account: this the account presumably presented by the MoF to the Council of Ministers, PLC and SAACB, one year after the end of the fiscal year. In that regard, it is worth noting that the last closing account that was prepared and published was for 2010; made public during the fourth quarter of 2013. This confirms the lack of monitoring and control over the budget as well as on the performance of the government, especially in the absence of the PLC, in addition to the MoF lack of response to requests by the General Personnel Council to send reports for 2011, 2012, and 2013.

Fifth:- End of the year report: this report is to be issued within 15 days of the start of the new fiscal year. The MoF issued this report, although it was on February 2, 2014. These reports are similar in that they do not include details when issued by the MoF.

Information and reports available as well as the above-mentioned illustrate clearly that the Public Budget suffers from a severe lack of transparency, in addition to absence of oversight and accountability. This requires a serious pause by the government to re-assess the situation and correct the course of action.³⁷

37. AMAN's report in cooperation with the International Partnership for the Public Budget; results of survey on transparency of the budget; September 2014.

Continuation of misuse of government vehicles by some individuals; complicity by some officials by irresponsible covering up for violators

Integrity and Transparency in Management of Service- Departments of the Ministry of Transport and Transportation³⁸

The Ministry of Transport and Transportation undertakes the responsibility of managing many sectors related to transport and transportation, in addition to providing a number of services such as granting licenses, permits, and permissions to drivers and vehicles. It is also responsible for overseeing the government transport sector, and ensures safety on roads. Due to the nature of the Ministry's work having direct daily contact with citizens, it is vital to ensure that integrity, transparency and good governance be practiced at work. It is also important that mechanisms and systems of accountability to guarantee delivery of services to citizens in the best way possible and without any discrimination or favoritism are in place.

By examining the extent of integrity and combating corruption in the management of government transportation and licensing, given that they provide direct and necessary services to the public, it became clear that there are gaps and challenges that can affect the immunity of these departments and increase opportunities of corruption. In that regard, the study revealed the following challenges:

- **Lack of sufficient consideration to the code of conduct:** the code of conduct for public positions issued by a decision of the Council of Ministers in 2012 was not implemented in the management of government transportation and licensing. Also no awareness training courses were prepared to familiarize employees with its provisions.
- **Violations in the use of government vehicles:** The council of Ministers prepared a new system for government transport that includes mechanisms for use of government vehicles, as well as related expenses such as fuel, insurance, and maintenance. It also defined penalties if and when violations occur. However, the Council did not issue the system, or take action to control violations in using government vehicles.
- **Some vehicles assigned for the government use:** Government vehicles continued to be seen on roads after working hours,

38. AMAN report on the environment of integrity and transparency in management of service departments at the ministry of transport and communications; series reports, 2014.

as well as on weekends and holidays by those entrusted to. They also used these cars to commute from home to work and back despite receiving transportation allowances. In addition, some employees issued special movement permits, signed and sealed in advance, to use vehicles in time of need other than work related. The Council of Ministers decision for 2012 ended vehicle rental agreements by public institutions. Nevertheless, the phenomenon of vehicle rental for the purpose of movement and assigning it to some employees, especially in high positions, is still exercised in some ministries.

- **Weakness in procedures of monitoring and accountability in the management of licenses:** the insufficient number of staff at the Ministry of Transport contributed to weakening its monitoring role, as well as to compliance with the law and procedures relating to the services it provides such as licenses, vehicle registrations, etc.; a large percentage of registered vehicles (38%) that are not licensed, in addition to the spread of Wasta, favoritism, and bribery sometimes in that regard, resulting in vehicle licensing without passing through prior required inspection.
- During 2014, one corruption case was referred by the MoH to the ACC. The case was related to customs exemption for vehicles for people with special needs, where it was discovered that exemptions were made in violation with the law. It is worth noting that AMAN, and in a special report, indicated to such violations after conducting interviews to confirm exploitation of privileges by some parties, which constitutes violations of the disabled on the one hand, and waste of public funds, on the other hand.
- Some vehicles received in the Gaza Strip during the past few years including 2014 were in the form of grants as part of breaking the siege imposed on Gaza. It was detected that some organization whose work is to care for the disabled were selling some of these specifically designed vehicles to other people such as transportation dealers, or getting rid of parts and tools that assist the disabled under the pretext of non-availability of budgets for operating them.³⁹

It is required to issue a government transport system that defines mechanisms for use of government vehicles that is systematic and transparent. It should also entail deterrent penalties for violators and those who cover up for misuse

39. Mervett Ouf, an investigative report conducted in the Gaza Strip, titled "in the Absence of Monitoring...Complicit Individuals Deny the Disabled from specialized transportation", 2014.

The completion of the process to regulate the energy sector requires immediate work to regulate the fuel sector, including petroleum and gas, in order to promote integrity transparency and accountability, in addition to granting legitimacy to the actions of the government or private sector concerned with the management of this sector.

The Government Did Not Ratify the Gas Purchase Contract Signed Between the Palestine Electric Company and Delek- Noble

Natural gas is considered one of the main resources of energy. The PNA sought to regulate all issues related to energy including natural gas ever since its inception. Law No. 12 for 1995, on the establishment of the Palestinian Energy Authority, defined energy as “Energy in all its forms (electricity, by-products of petroleum and gas, elements of renewable energy etc.)”. However, at the practical level, many of the provisions of the mentioned law have been removed to the point that one can consider them obsolete, especially those related to the fuel sector. This was the result of granting power to the Palestinian General Petroleum Commission, which was under the direct jurisdiction of the PNA President, with Harbi Sarsour as the General Director, who was prosecuted and still is by the ACC on several corruption issues. In that regard, the Anti-Corruption Prosecution is facing difficulty in collecting all of what was stolen or wasted. This is due to lack of documented verified financial records from the Petroleum Commission at the time that would confirm or refute Harbi Sarsour’s claims of transferring some of the Commission’s money to influential persons at that time.

Despite attempt by the first PLC of enacting a law, to regulate this sector at the end of 1997, as a draft law for the General Petroleum Commission, this was not achieved, since it was not issued by the President; nor was it published in official newspapers until today, hence leaving a legislative vacuum in regard to regulating the fuel sector.

The electricity sector saw a substantial development with the issuance of Decree Law no. 13 for 2009, on the General Electricity Law. This law distinguished between the Energy and Natural Resources Authority, which sets policies, and the executive body, represented by the electricity generating and distribution companies, as well as the monitoring body, in this case the Electricity Sector Regulation Council. Meanwhile, the fuel sector, including gas, remained unregulated from a legal and institutional aspect and was characterized by lack of clarity regarding concessions. Previously, AMAN addressed this issue in a special report. AMAN also sent a letter to the Prime Minister requesting that the contract for the purchase of gas between the Palestine Electric Company and Delek Nobel not be ratified, until this sector is regulated, given that the details of the agreement were never made public.

General Commission for Civil Affairs

The General Commission for Civil Affairs was established on 1/7/1994 in order to coordinate the relationship of the civil affairs commission between the PA and its institutions on the one hand and relevant Israeli authorities on the other in accordance with signed agreements between both sides.⁴⁰ This is due to the fact that this commission is the official link for the coordination of civil affairs regarding services such as family reconciliation, entry permits into Israel or crossings, for VIP cards and for customs exemptions. Our comments about the commission during 2014 were as follows:

- Absence of clear criteria and specifications to govern the process of appointing the head of the commission. There are no adopted terms of reference for the head of the commission; instead, the decision for his appointment is made by the President of the PA, given that he is also the Chairman of the PLO. In most cases, appointments were made according to political considerations.
- Weakness in any constant supervision by the Council of Ministers or the President's Office over the work of the Commission. Official reference of the Commission, according to the operative decree for its establishment, is the PLO Negotiations Affairs Department; its subordination is to the Chairman of the Executive Committee of the PLO/President of the PNA. At the same time, the Commission continued its work under the umbrella of the Council of Ministers regarding all financial and administrative aspects, following its status change from Ministry to commission.
- The Commission uncovers cases of "exploitation of position" and refers them to the ACC, although the ACC does not have any preventive measures, regarding employees' gift giving and receiving, such as systems, instructions, and procedures, it was able to uncover such cases in 2014, according to inside sources. The ACC conducted investigations on the cases and took disciplinary measures against violators.⁴¹ Some cases were referred to the ACC on charges of bribery, but were acquitted by the Court.
- Publishing policy and disclosure in regard to conditions and criteria for obtaining services, and names of beneficiaries: this information is not posted on the website of the commission, although all

40. Interview with Mr. Maarouf Zahran, deputy minister for civil affairs on 26/8/2014

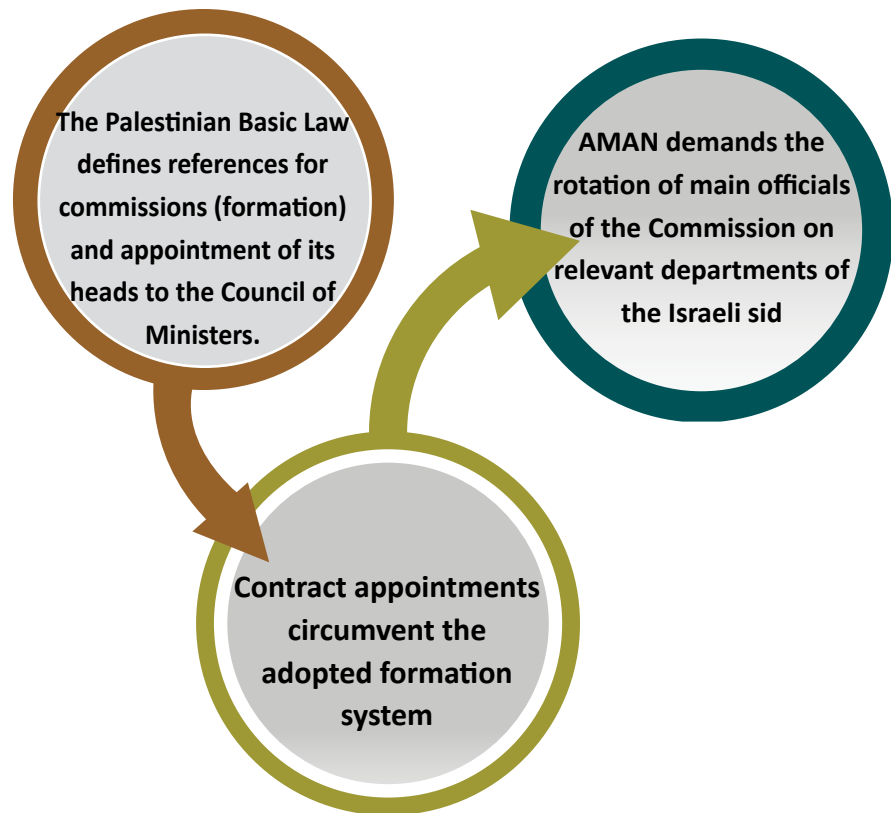
41. Interview with Mahmoud Hammad, Administrative Director in the General Commission for Civil Affairs, on 3/9/2014.

State of the General Commission for Civil Affairs confirms that there are challenges related to transparency at work and weakness in the system of accountability

The number and variations of problems, including the phenomenon of corruption that accompanies the process of distributing assistance to the needy, including cash assistance, confirms the importance of moving from temporary programs to a comprehensive social security law

services provided by the Commission in terms of the type of service, fees, documents and procedures, are all posted on the Council of Ministers' website, by an icon "Government Services Directory".⁴² However, the Commission's website is disabled due to the main server being in Gaza.

- Some employees at the Commission were promoted by decisions issued by the President of the PNA and the Council of Ministers in the absences of clear and defined criteria governing the action; also, a number of individuals were employed under the umbrella of contracts.
- Although there is a complaints unit on the structural hierarchy of the commission, in reality, it faces many problems that limit it from carrying out the tasks entrusted to it. Some of these problems are: ambiguity in its reference; weak allocated logistics, and conflict of powers between it and other departments and offices of the Commission.⁴³



42. for information related to these services, visit the Council of Ministers' website at www.palestinecabinet.gov.ps

43. Interview with Mr. Ma'rouf Zahran, Undersecretary of the Ministry of Civil Affairs, on 26/8/2014.

Integrity and Transparency in Cash Assistance Programs at the Ministry of Social Affairs

The Ministry of Social Affairs, being one of the main ministries of the Palestinian government, undertakes a major role in providing social assistance, one of which is cash assistance, like those systematized within specific programs, or through cash transfers and marginalized system or emergency aid programs. The Ministry leads the social protection sector in Palestine; after making improvements on government cash assistance system for the poor, this service is confined to the Ministry, although many government parties were fighting to get it. The number of beneficiaries from cash assistance programs at the end of 2014 was approximately 115 thousand families with 550 thousand individual, 30% of whom are from the WB and 70% from Gaza. Percentage of the government's contribution in 2014 reached 52% of the total financial coverage of cash assistance, translating into approximately 280 million Shekels from an approximate 500 million Shekels during this year. This means an increase in dependence on cash assistance from the national treasury. In analyzing cash assistance transfers for 2014, the following was noticed:

- Governing legislations are old and insufficient; most of the provisions are from the Jordanian phase of ruling over the WB, and money approved in accordance to these legislations is low. Also these laws are not valid in Gaza, hence there is no specific legislation (system or law) governing social assistance, cash or in-kind. This indicates that the government deals with assistance as emergency grants, and not in the context of binding legal framework through a codified social security system.
- The (Triff) system, which is the equation which constitutes the basis cash assistance is granted within the cash transfer system, was not reviewed, evaluated or updated ever since it was put to use many years ago.
- Although the data base at the Commission provides sufficient and periodically updated information on beneficiaries, there are several problems regarding accuracy of the data base, and the high error rate it allows. For example, sometimes aid disbursements were given to families that had undergone changes, where aid should have been stopped or reduced.⁴⁴ It was also noticed that oversight reports were issued, but not periodically or regularly.

44. During the course of conducting this study, the Minister of Social Affairs issued the circular no.6 of 2014, on 20/10/2014, in regard to re-check cases benefitting from cash transfers programs. To enhance the quality of cash transfers' data, and ensure transparency, integrity, and credibility of the program, as well as to protect public funds, the Ministry in its circular emphasized on withholding assistance from ineligible cases; matching paper files with computerized files; completion of missing files; strengthening ties with social protection networks; focusing on beneficiary cases registered in the wife's name while the husband is alive, and maybe has a job; and for visits to be to family homes.



Recommendations



A Participatory and Approved National Anti-Corruption Plan is the Direct Way to Implement the Anti –Corruption Strategy

- Prepare a national anti-corruption plan in participation with government parties, related CSOs, the National Committee for the Governance of the Private Sector, the ACC in its capacity as the coordinator for participating parties. It is important however to review and define the roles of parties involved in the implementation of the plan as well as in its evaluation. To define the mandatory part for partners, it is vital to use the guide of the Ministry of Planning when putting together the cross-sector plans, and afterwards to integrate it in the National Plan of the PNA as well as secure the necessary funds for its implementation from the PA budget.
- The President should instruct the ACC to publish the results of the self-assessment report; have the government review it; determine what is required from the government , in general, and ministries in particular; carry out what is required of plans, procedures, and interventions based on the results of this assessment.

Appointments and promotions in high positions of non-ministerial public institutions

- The General Personnel Council should prepare Terms of Reference that define conditions for the positions of non-ministerial public institutions officials; recruitment procedures; commitment to the principle of competition and equal opportunities in accordance with provisions of the Basic Law to limit the intervention of political factors and nepotism in these appointments.
- Amending the Civil Service Law ensuring that the role of the President and that of the Council of Ministers are clearly defined in regard to appointing employees at the senior level; clearly stating procedures for appointing and promoting employees in senior positions on the basis that it is the responsibility of the Council of Ministers; implicitly confirming that the supervisory role is for the President, through the decree issued on appointments and promotions. Also to review laws that are inconsistent with article 69 of the Basic Law in regard to management and appointing of heads of public institutions making it in line with the Basic Law.
- AMAN demands that the General Personnel Council and the MoF to provide an inventory list of employees who receive their salaries from the public treasury who are not formally employed by a ministry or government bodies, to review decisions and exceptions taken to pay their salaries by the MoF, or the PA treasury, to straighten out the situation in a transparent legal framework.

Activating Public Procurement Law

- The government should work diligently to reactivate the Public Procurement Law.
- The Council of Ministers should speed up the ratification of the public procurement systems.
- Running the Public Procurement Commission and providing it with necessary human cadres in order to fulfill its duties; appoint a full-time head for the Commission according to the provisions of article 14 of the decree law.
- Completion of the necessary forms for management of the public procurement process; publishing all tenders and information on well operated website.
- Issuing statements, data, and financial reports systematically and in due time as stipulated by law, in a transparent and fair manner.
- Dissemination of information relating to public debt in the budget in a transparent manner.
- Disclosure of public procurement contracts concluded by the PA.

Complaint units in ministries and public institutions

- Oblige ministries and public institutions that do not have complaints units to immediately establish and activate these units in addition to adding them on the institutions' structures.
- Adoption of a clear type of complaints system/unit that is approved by governmental institutions of the various specializations.
- Oblige complaints units to submit their reports to the General Administration of Complaints in accordance with the 2005 Complaints' Units System and its revisions for public institutions.

Water Sector (Water Authority)

- Speed up the preparation of the water authority's structure in accordance with powers and tasks stated in the decree law on water; to prevent any notion of conflict of interest, especially in distinguishing projects' tasks (design, implementation, supervision, and final receipt of projects).
- Establishing a unit specifically for receiving complaints on regarding the water sector, as well as a special file for the Water Authority.
- Publish the MoU signed by the former head of the Water Authority, on behalf of the PNA, with two other parties, Israelis and Jordanians, in December of 2013, in regard to building a desalination plant in Aqaba.
- Obliging local officials to apply the tariff suggested by the Water Authority in regard to disparity in water prices in the PA areas; prevent officials in the local government units from having the power to estimate prices as they please, while disregarding fairness or equality to citizens.
- Refer those whom obtained personal gains while in position at the Water Authority to the ACC.

AMAN demands that the government not proceed with privatizing the vital sectors before taking the following steps:

- First: issue an Antitrust Law.
- Second: define basic principles as a guide for privatization policies.
- Third: never rush into privatizing natural and other resources that are not fully under Palestinian control (i.e., controlled by Israelis).

The Health Sector

- Demand that the Council of Ministers issue a new comprehensive health system for all citizens; until the comprehensive insurance system is approved it is required to do the following:
- Adopt policies that grant priority to promoting health services in institutions of the MoH; develop them; provide financial resources for capital expenditures and development, to decrease dependence on external referrals for treatment.
- Put halt to exceptions in decisions regarding government health insurance.
- Audit of the Israeli hospitals' bills deducted in previous years, as well as to continue scrutiny of monthly bills and other deducted money from the clearing tax (Al-maqassa) in order to match it with referrals, on the one hand, and service provided in Israeli hospitals, on the other hand.
- Apply decision taken by the Minister of Health to close private clinics of doctors working at the Ministry; stop work in non-governmental hospitals after working hours; provide incentives, or compensations for employees of that sector such as "an incentive system" with clear and well defined mechanisms for achieving this.

The Civil Affairs Commission

- Place the Civil Affairs Commission under the jurisdiction of the Council of Ministers; approve a financial and administrative system for the Commission; define its reference within the Council of Ministers; ensure its submission of reports to the reference institution/department.
- Issue instructions or procedures, as preventive measures for employees giving and or receiving gifts.
- Create a website for the Commission; post all services provided by the Commission including details of the type, fees, documents, and procedures etc.
- Rotate officials in dealing with the Israeli side regularly with defined period of time in order to develop skills of the cadre at hand, as well as to prevent exposure to social or Israeli pressures.
- Activate the complaint unit at the Commission; define reference; define work; provide necessary logistics.

Social Security...Cash transfers

- Demand that the Council of Ministers respond to official and civil efforts in regard to passing a law on social security that will address all social aspects, including cash and in-kind social assistance. The law should also define targeted groups; define amounts granted sufficient to provide a decent life for those benefiting from the law; until then, we recommend the following to the Council of Ministers:
- The Ministry of Social Affairs should review, assess, and update the referral system for cash assistance, taking into account that it needs to: clarify the decision-making mechanism for granting assistance; procedures to obtain assistance; mechanism to verify continuation of entitlements to grants.
- Publishing oversight reports on cash transfers on regular basis.

State Audit and Administrative Control Bureau (SAACB)

We call on all related Palestinian parties to do the following:

- To put a halt to the executive authority's interventions in the Bureau's affairs, considering that it is an independent state institution, and to respect its conclusions in regard to public administration in PA institutions.
- Disclosure of procedures related to appointments, promotions, and transfers within the Bureau.
- Issuance and dissemination of reports to the public to further promote social monitoring and accountability.

The Judiciary and Prosecution

- Amend the Judiciary Law to include a clear mechanism which defines procedures for nominations of the head of the Supreme Court (chief Justice) by the JHC.
- Oblige the JHC to publish decisions taken, or summary of decisions it takes during sessions, on its website.
- The JHC should issue instructions clarifying mechanism for monitoring and supervision over the work of the Supreme Court judges.
- Amend regulation for the Judicial Inspection Department to include prosecution; increase powers of the department to summon judges; ensure that its decisions are binding in regard to assessment of judges as well as its recommendations on complaints.
- Support for the Judicial Inspection Department; increase judges and employees work.
- Link evaluation of competency of judges to promotions.
- Adopt clear mechanisms of inspections on Supreme Court judges according to international best practices in this regard.

- Accelerate amendment of the Judicial Inspection regulations ensuring that members of prosecution are under the jurisdiction of the Judicial Inspection Department in the JHC.
- Amend the Judicial Authority Law to: clarify reference of the Prosecution; resolve the issue of its legal status; determine the formula and put forth a transparent mechanism for the terms of the position of Public Prosecutor; competition, and equal opportunities of this appointment.
- Place Sharia Courts under the jurisdiction of the Judiciary Authority.

Media

- Issuance of a new law for media with its various forms.
- Issuance of an Access to Information Law; allow journalists and the media free access to information relating to public institutions performance and issues related to corruption.
- Adoption of the CoC for journalists in its final form; to be considered part of the internal by-laws of the journalists' syndicate.
- Adoption of policies by press institutions to support investigative journalism, particularly with regard to exposure of corruption of mismanagement, in public, private, and civil institutions.
- Elimination of the article in the Penal Code on imprisonment for defamation and slander.

The Public Budget

- The draft budget needs to make public in sufficient time before its approval to give CS, specialists, and stakeholders the opportunity to give their comments and feedback.
- Oblige the MoF to issue financial reports regularly and on time and to post them on the MoF website, to give citizens the chance to review it. The reports should also provide sufficient information regarding details of the various items of the budget.
- It is vital that the Citizen's Budget be made public by the MoF in order to enable the citizen to understand the government's financial policy and its direction for the new fiscal year in an easy and simplified fashion.
- Publishing, on the MoF website, the annual draft budget within the defined time stated in the Budget and Financial Affairs Law for 1998, which is the 1st of August of the current fiscal year. (This is the draft that is sent to ministries and formal institutions, which illustrates indicators and policies for the council of ministers).
- Publishing of the semi-annual reports that are supposed to assess the financial situation of the first half, in order to revise the collection and expenditure process during the second half of the fiscal year.
- Publishing of the closing account for the fiscal years 2011, 2012, 2013 as stated in the law on regulating the budget.

Transport and transportation

- Demand the Council of Minister issue a system for control over use of government vehicles in the civil sector and in the security sector.
- Attention should be given to the implementation of the CoC for public employees, which was issued by a Council of Ministers decision for the general administration of government transport and that of licensing; prepare awareness raising training programs for employees on the CoC and ensure dissemination of it.

Non-Governmental Organizations (NGOs)

- It is necessary for NGOs to take the implementation of the NGO-CoC more seriously, and to act on their own in establishing methods of internal control that will assume responsibility for implementing the provisions of the CoC.
- NGOs should establish a mechanism (internal control) to be tasked with ensuring that the adopted CoC is implemented.
- Ensure that individuals who are assigned direct responsibility by officials of NGOs are committed to submitting financial disclosures.

Acronyms

The Coalition for Integrity and Accountability- (AMAN)
Advocacy & Legal Advice Center (ALAC)
Palestinian National Authority (PNA)
Palestinian Authority (PA)
Palestine Liberation Organization (PLO)
Transparency International – (TI)
Anti-Corruption Commission (ACC)
Global Corruption Barometer (GCB)
Code of Conduct (CoC)
State Audit and Administrative Control Bureau (SAACB)
General Administration for Complaints (GAC)
Palestinian Monitor Authority (PMA)
Prime Minister (PM)
Ministry of Finance (MoF)
Ministry of Jerusalem Affairs (MJA)
Ministry of Planning and Administrative Development (MOPAD)
General Personnel Council (GPC)
Northern Electricity Distribution Company (NEDCO)
High Judicial Council (HJC)
Civil Society Organizations (CSOs)
Civil Society (CS)
Memorandum of Understanding (MoU)
Non-Governmental Organizations (NGOs)
Palestinian Center for Development & Media Freedoms (MADA)
Palestinian Broadcasting Corporation (PBC)
Palestinian News & Information Agency (WAFA)

www.aman-palestine.org

