



Ninth Annual Report

Integrity and Combating Corruption

Palestine 2016

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P.O. Box: 69647 Jerusalem 95980, Ramallah 339



COALITION FOR INTEGRITY AND ACCOUNTABILITY (AMAN)

Headquaters: Ramallah, Al-Irsal St. Al-Masa'ef, Al-Rimawi Building - First Floor

Tel: +972 2 2984949 / +972 2 2989506, Fax: +972 2 2974948

GAZA OFFICE: Al-Halabi St. Al-Hasham Building

Tel: +972 8 2884767, Fax: +972 8 2884766

E-mail: info@aman-palestine.org

Web page: www.aman-palestine.org



**AMAN's Board of Directors
would like to extend its thanks and
appreciation to all who contributed
and cooperated in the preparation of this
report. Special thanks goes to the work
team:**

Dr. Azmi Shuaibi
Mahmod Karaja, Somod Barghouthi
Majdi Abu-Zeid, Isam Haj Hussein, Hama
Zeidan, Lana Tawasha, Waek Ba'lousha,
Rami Mousa, Belal Barghouthi

Design: Thafer Alawneh (Sketch Productions)

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**Building Strong Nations ...
Requires Independent Judiciary**

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Executive Summary

The Coalition for Integrity and Accountability (AMAN) issues an annual report that monitors the positive and negative developments in the area of the integrity system and anti-corruption efforts over the course of a year, highlighting the most important forms of corruption. The aim of the report is to document and monitor the state of integrity and anti-corruption efforts, and to formulate recommendations that would assist decision-makers in adopting anti-corruption procedures and measures. This report employs a scientific methodology that relies on (1) data collection from different sources, including results of opinion polls covering corruption and anti-corruption efforts. (2) Analysis of the collected data and formulating relevant conclusions. (3) Making recommendations for interested parties.

Reality of the Integrity and Anti-corruption System in 2016:

• Positive Developments and Achievements

2016 witnessed some positive developments in the administration of civil service, as well as some aspects of financial management in Palestine.

- **Computerization of government's complaints system:** the Ministerial Council's decision to adopt a computerized complaints system on 22/9/2016 constituted a noticeable development towards institutionalization of the complaints system in the public sector in order to activate the local and central complaints system.
- Officials in the majority of public sector institutions in the Gaza Strip positively and directly dealt with complaints.
- **Activation of official oversight over some public sector departments:** the State Audit and Administrative Control Bureau (SAACB) actively supervised establishments that are subject to oversight according to the law. It is important to recall that SAACB monitors the management and protection of public funds. SAACB also reinforces good public administration and limits corruption by preparing a series of reports on the performance of the government, the ministries, and other public institutions, as well as local NGO's and local authorities.
- As a result of SAACB oversight activities, 27 cases were referred to the Anti-Corruption Commission. In turn, the government received assistance from SAACB, which helped the former make reform-related decisions that would limit squandering of public funds.
- In Gaza, SAACB announced the preparation of secondary oversight reports, and presented their annual report for 2015 to the Legislative Council in May 2016, although the report was not publishing on the website.
- **Expansion of the Scope of Social Accountability:** 2016 has witnessed a tangible expansion in the role of the civil society in holding public sector institutions and officials accountable in various fields, most noticeable:
 - Activities carried out by the Coalition for Integrity and Accountability (AMAN), and the Civic Coalition for Legislative Oversight.
 - Success of the "National Campaign for the Social Security Law," organized by grassroots organizations, at ratifying a number of the Social Security Law provisions and its re-issuance.
 - The launching of the "Public Campaign for Accountability for Medical Errors," followed by AMAN's initiative drafting a proposal for an accountability system for medical errors and insurance.
 - As a result of the expanding community initiatives that held several local authorities accountable,

the Ministry of Local Government drafted a guide for social accountability at local authorities in May 2016. The Ministry also recommended holding elections for local authorities.

- **Expansion of Social Media Activities as an Instrument of Communal Oversight:** The role of electronic media, local radio stations, and social media networks continued to gain prominence in following-up the administration of public affairs and funds and monitoring violations in the Palestinian Territories. These networks provided the means for the publication of corruption-related information, and for proposing public concerns to be listed on government agendas. It is safe to say that social media networks have become one of the most important tools of community oversight.
- **Introduction of the code of conduct at a larger number of public sector institutions and departments:** The State Audit and Administrative Control Bureau in the West Bank was active at providing training and rehabilitation to a large number of trainees on the application of code of conduct. The General Personnel Council in the Gaza Strip launched an occupational code of conduct and ethics for public service.
- **Boosting Integrity in Public Service:** There has been a satisfactory improvement in the handling of the appointments portfolio in government departments after the adoption of an employment categories System, the computerization of job applications and the introduction of employment tests for regular positions. This is especially relevant for employment of teachers and the Ministry of Health hires. Nevertheless, transparency of employment of senior positions is still lacking. Moreover, a new smart-phone application, known as “Watheefaty,” or “My Job,” was introduced, which is an experimental assessment system for candidates of public service jobs. Meanwhile, the General Personnel Council prepared “job description cards” for a large number of positions. This is in addition to the introduction of a series of reform measures affecting contracted employees and “temporary contracts in the public sector.” In turn, the Ministry of Labor started using a computerized program for applicants’ selection for the temporary jobs program.” The General Personnel Council started the establishment of a leadership school.
- **Activation of the Public Procurement Law:** The decision of the Palestinian Cabinet of 28/6/2016 on the activation of the Public Procurement Law No. (8) Of 2014 contributed to the improvement of integrity in procurement, awarding of bids, and outsourcing of services in compliance with practices of fair competition.
- Slight progress was observed in the preparation of the budget and presenting the budget on a better schedule compared to the previous years. A citizen’s budget was also prepared in form.
- Administration of external medical referral procedures - i.e. those conducted outside of the Ministry of Health institutions - and cash transfers for social assistance have improved.
- **Integrity of the United Nations Relief and Works Agency (UNRWA) in the Gaza Strip:** The 2016 review on integrity, transparency and accountability in the work of UNRWA demonstrated some progress. Yet, there are also some fallbacks that occurred over the course of the year.
- **The Government Started Preparing a Strategy for National Policies:** several ideas were adopted, including reform, openness, support for transparency values, integrity principles, and accountability systems, and harmony between legislations and procedures in accordance to the United Nation Convention against Corruption, to which Palestine is signatory.

Challenges to the National Integrity System in 2016

The national integrity system had faced several challenges in management of public affairs and funds, most significant of which were:

- **Regression in the efficiency of Official Oversight at State Institutions**
 - **The continued disruption a unified Legislative Council:** This led to the absence of government, ministers, and other officials' accountability.
 - **Detraction of the Role of the Judiciary in the Accountability System in 2016:** interference of the executive authority in the work of the judiciary and the Constitutional Court undermined the independence of the legislative authority and loss of its prestige. The judicial authority suffered a great shock due to conflicts between different judges over leadership positions in the judiciary; this exposed some of them to extortion and loss of independence, and opened the door for interferences in judicial affairs by influential actors in the executive branch.
 - **The Anti-Corruption Commission:** in 2016, the commission has experienced challenges that have affected its independence and efficiency. Expectedly, the insufficient number of qualified staff members is negatively reflected on the performance of the commission. This problem caused delays the procedures of data collection and other support materials of relevance to corruption. This overall situation accumulated the cases, augmented the tension in the relationship between the Commission on the one hand, and other oversight centers and apparatuses on the other, including the department of the public prosecutor and the State Audit and Administrative Control Bureau.
- In the Gaza Strip, the Anti-Corruption Commission remained inactive.**
- The government failed to formulate a comprehensive national plan to enhance integrity and anti-corruption efforts in partnership with all parties, in which the government takes responsibility for securing the funds needed to implement such a plan and the creation of an operational and follow-up mechanism to execute its clauses by the delegated parties. The government considers follow-up on this task a responsibility of the Anti-corruption Commission.
 - Dispute over the authorities continued between the water and electricity regulatory bodies on the one hand, and the relevant establishments on the other. The Energy and Water Authorities dominated the regulatory councils of both the water and electricity sectors. Overall, this undermined transparency in these sectors, particularly in the area of oversight over quality and prices of services and security equal access for all citizens.
 - Some people of power and influence sustained their attempts to limit the role of the media and civil society in accountability. The role of the media in addressing public affairs cases was disrupted and came under tight censorship. Additionally, a number of journalists, bloggers, and activists were arrested in 2016 and incitement against some civil society institutions and its representatives continued.
 - Appointments and promotions in government senior and diplomatic positions happened without transparent and public competition. Over the year, 22 employees were appointed and promoted in senior positions through presidential decisions and decrees. In this context, people of influence were active nominating their cronies and friends.
 - Some centers of influence have thwarted the government's efforts at reconsidering the phenomenal salaries received by some officials working at official non-ministerial establishments. Consequently, these people continued to receive financial privileges while evading accountability mechanisms under the cover of independence. Despite the publication of oversight reports and recommendations

addressing relevant deviations by the State Audit and Administrative Control Bureau, these issues have not been resolved.

- **Suspension of local authorities elections contributed to the weakness of the integrity system in the work of these establishments:** the Ministry of Local Government has failed to hold local authorities elections in 2016. Instead, these committees were filled through appointments.
- **The code of conduct for community-based work:** No radical developments in the work of civil society institutions and charitable societies have occurred, specifically, concerning the oversight mechanisms and implementation of the provisions of the code of conduct. This is mainly due to lack of the code of conduct binding procedures at many civil society institutions. This is also a result of absence of monitoring over commitment of these institutions to standards of the code of conduct. In turn, this environment allowed for manipulation by some officials of these institutions.

Transparency of the general budget and public funds management in 2016 faced major challenges

- The draft general budget for 2016 lacked clear economic and social objectives that should be achieved by the budget.
- The Ministry of Finance did not stand by the designated legal timeframe for drafting and presentation of the general budget, nor did it publish it in the official newspaper.
- On the subject of the government's commitment to transparent budget indexes, the government was only able to issue 3 documents out of 8 for 2016.
- Work continued under the total items budget, rather than the programs budget.
- Controversy continued over the total government debt in 2016, especially regarding, first, dues to the General Pension Agency, and second, the total of private sector arrears. This is in addition to government borrowings from the banking sector and the ambiguity and lack of transparency about the value of the total debt and obligations of the Ministry of Finance towards the Pension Agency as dictated by the law.
- Revenues of the Hamas government in the Gaza Strip augmented in 2015 from 30 million NIS to 60 million NIS after the imposition of taxes to finance administration of the Gaza Strip. Consequently, the Gaza Strip suffered from "double taxation" on imported cars and some other imported goods and merchandise. Most significant of these newly introduced taxes by Hamas's parliamentary bloc at the Palestine Legislative Council, is the Social Solidarity Law.
- **Slow progress in the regulation and transparency of cash assistances to the needy:** Allocations for assistance of the needy were reduced in the 2017 budget.
- **Dues of the families of martyrs and the wounded in the Gaza Strip:** As a result of the political strife, dues belonging to over 6000 wounded people and 1934 families of martyrs have not yet been transferred to them.

Funds of the Pension Agency are at risk: In 2016, the Ministry of Finance did not transfer pension dues to the General Pension Fund. Instead, it transferred only a portion of those dues. This matter rendered the Agency incapable of fulfilling its commitments to pensioners, which threatens its ability to do its job in the future.

- The agency missed the opportunity to invest in the funds and augment their economic value.
- Lack of transparency concerning the investments of the Agency's funds was noted. Of relevance, no accurate reports on these investments were published, whether regarding the value, the area, the revenues, or even losses of these investments. This situation weakens community and official oversight over these investments.

Squandering of public funds, rationing of expenditures and austerity: Gross expenditures have witnessed an increase by (108%); the excess was not controlled nor rationalized despite repeated government promises to rationalize, to bridge the funding gap, to plug budget deficits and to launch a plan to fulfill these promises in 2016.

- The Civil Society Team for Enhancing Public Budget Transparency has recommended control over expenditures. The team emphasized the importance of this control and issued an austerity and rationing plan.
- Failure to implement the government austerity and rationing plan since 2014 resulted from lack of a realistic, participatory, and applicable plan with clear goals and scope.

Dissipation of public funds and net Lending exhausted the general budget. Net lending exceeded 1 million NIS in 2016. Neither the government or the Ministry of Finance published the names of the Palestinian (whether local authorities or other) bodies, or the value of their commitments to hold them accountable, knowing that control over these funds is one of conditions for the success of the austerity and rationing plan in plugging budget deficit.

- The salary bill remains the main expenditures challenge, especially under the lack achievements in wage bill clearance and processing:

The salary bill of public sector personnel, who constitute 156,062 employees, consumes more than half of budget expenditures.

The security sector: Financing the salaries of those registered on security apparatuses payroll in the West Bank and the Gaza Strip still constitutes a heavy burden. The unjustifiably large number of the security personnel is disproportionate to the size and level of security services offered to the citizens, with the exception of the police force.

The Palestinian Authority continues to pay salaries of 33,550 security personnel in the Gaza Strip, despite being on-strike, following orders by the Palestinian Authority (salaries without work). This salary bill alone costs the Palestinian Authority 40 million USD monthly. In total, these salaries have cost an estimate of 4.8 billion USD in the past ten years.

- The situation in Gaza is even more difficult since Hamas hired additional 18000 security personnel. Hesitation of the government in making information public: Despite repeated efforts and promises, the government is yet to issue the "Right to Access Information Law".

- According to an opinion poll conducted by the AMAN Coalition, 68% of the polled-citizens believe it's difficult to access public records.¹

"Secrecy" of energy, water, and communications agreements: Transparency was absent in many important public agreements recently signed by the Palestinian National Authority, whether these are agreements with other countries or with Palestinian parties. Ambiguity and scarcity of information raise questions about the reasons and motives behind such obscurity.

- Agreements were not published or circulated among the public despite their significance politically, economically and for the services sector.
- Examples of such agreements include agreements of the electricity and communications companies, the Bahrain Canal Project, and the water agreement with the Israeli side.
- The hydrocarbon, gas and fuel sector lacks regulatory laws and legislations.
- The multiplicity of references threatens the assets of the Palestinian people on one hand, and encourages a favorable environment for corruption crimes and infringement public funds on the other.

1 See: Opinion Poll on the Reality of Corruption in Palestine for 2016. AMAN Coalition, 2016.

Types of corruption in 2016

2016 experienced no significant change regarding types of corruption. These types recurred with minor changes in their size and priorities as demonstrated by the data of the Anti-Corruption Commission, the Anti-Corruption Prosecutor, Court of Corruption Crimes, the Corruption Measure, and the AMAN Coalition opinion poll. The most prevalent types of corruption throughout 2016 were:

- Abuse of power
 - Infringement of public funds
 - Abuse of trust
 - Bribery
 - Embezzlement public funds
 - Favoritism and clientalism
 - Money laundering
 - Refrain from carrying out judicial resolutions
- The Anti-Corruption Commission referred 31 cases to the Anti-Corruption Prosecutor.
 - The low number of cases referred to the Prosecutor may result in suspects escaping punishment and may also enhance a negative impression among the Palestinian citizens regarding the effectiveness and neutrality of the Anti-corruption Commission.
 - The Palestinian judiciary ruled in 22 cases in 2016, including two affecting defendants who escaped abroad.

Cases of Economic Crime: The number of economic crime cases collected by the Economic Crimes Prosecution has increased in the past four years.

- According to Economic Crimes Prosecution data, the types and numbers of economic crime cases in 2016 were as follows: 545 crimes related to consumer protection, 32 related to settlements products, 22 to intellectual property, 17 to tax and customs evasion, and finally 8 to money laundering.

Cases in the spotlight

• The Health Sector

Depletion of public funds due to failure of the health insurance system

In 2016, the AMAN Coalition focused on the health sector, as the depletion of the Palestinian health insurance system of the Ministry of Health's budget has become evident. The bill of medical referrals to external institutions, i.e. outside the Ministry of Health's establishments, was estimated by 561 million USD. Despite this, the Ministry of Health did not take the initiative to prepare a comprehensive medical system to replace the current one, which is riddled with flaws because of the accumulation of mistakes and resolutions, and problems with referrals. In addition, the Ministry failed to prepare and adopt an accountability system for medical errors. Moreover, it has not approved of an insurance system for those errors that covers both the Ministry of Health's practitioners and those affected by such errors.

The chaos of beauty centers licensing due to absence of oversight and accountability: There are over 148 beauty centers in the West Bank, most of which provide laser, ultra-sonic and shock front waves treatments. Nevertheless, most of these centers operate without licensing or a legal and regulatory framework that protects against conflicting licensing interests, especially that a number of Ministry of Health employees have links with such centers.

Gaza cancer patients are victims of financial blackmail in exchange for receiving exit permits to travel for medical treatment.

The environment sector, the Ministry of Local Government

Solid waste and wastewater management in a number of important sites in Palestine continued to suffer from corruption in 201. Most prominent of those were: The Zahrit AlFinjan landfill in Jinin: The official enquiry commissions failed to name specific individuals responsible for dumping Israeli waste in the landfill during April and May of 2016. So far, the Ministry of Local Government failed to manage and fund the Rammoun landfill project near Ramallah and al Bireh, which may result in wasting the funds donated for such project.

General Recommendations

The annual report provided a number of detailed recommendations concerning each of the discussed cases, most importantly:

1. Demanding the president and the Palestinian government to hold legislative, presidential and local elections as soon as possible.
2. Demanding the cabinet to make an initiative immediately by inviting all interested official parties, including the Anti-Corruption Commission, the State Audit and Administrative Control Bureau, the General Personnel Council, the Public Purchases Council, government ministers, and civil society representatives working in the areas of integrity and anti-corruption to work in partnership on preparing a National Palestinian Plan to Enhance Integrity and Anti-corruption. This plan should detail the work priorities, responsibilities of each party, and the follow up mechanisms, in addition to allocating the necessary budget.
3. Requesting the cabinet to approve a comprehensive work plan concerning rationing of public expenditures, which determines the goals to be achieved over the year in each area. This plan should include clearance of wage bills and the likes, security expenditures, abolition of net lending, and halting the construction of buildings and car purchases for the government over several years. This is in addition to rationing of use of fuels by government vehicles and finding a solution for the issue of having 2000 vehicles at the disposal of the security apparatuses, many of which are being used for personal purposes.
4. Demanding the president to initiate the formation of a national reform commission for the judiciary, in which trustworthy judges, legal and human rights experts, and representatives from the Palestinian Bar Association participate. This commission should be in charge of preparing a comprehensive plan for the judiciary.
5. Enhancement of the role of the State Audit and Administrative Control Bureau by supporting its efficient role and independence, and its commitment to professionalism and impartiality in accordance to the law. This is in order to avoid any attempts at having the executive power dominate the Bureau.
6. Commitment of the government and Ministry of Finance to enhancement of general budget transparency by the publication of fiscal documents on time.
7. Demanding the president, the Prime Minister and the Minister of Interior to start preparing a comprehensive reform plan that reconsiders the number of the security apparatuses, the size of their personnel, their budgets, and area of expertise. This should take into consideration the possibility of moving a number of these personnel to the police force due to the need for protection and enforcement of law for the services of the citizens. This is in addition to issuing the police law.
8. Demanding the president and the Prime Minister to cancel all resolutions on tax exemptions and waivers on utility bills payments. Additionally, they should be requested to prepare a clear plan to

assist the needy families in paying their bills and levying the dues from others, especially the rich, in a manner that fairly distributes the burdens.

9. Demanding the head of the General Personnel Council to finish the preparation of the job description cards for all unavailable senior positions and approving them.
10. Demanding the President to protect integrity and respect for the principles of equal opportunities and open competition for senior positions. To achieve this, an official national committee to supervise and monitor senior level appointments and promotions should be established. The work of such committee would be in accordance to the law and respects the job description cards prepared by the General Personnel Council. Vacancies at this level must be advertised to the public along with details on deadlines and candidacy for all qualified Palestinians.
11. Demanding the President to fulfill his promise to draft a law on access to information and organization of the national archives, protection of public records, and making information public. Additionally, the government should publish all agreements signed on behalf of the Palestinians. Of particular interest here, those including concessions, such as on telecommunications, or agreements with foreign parties that involve financial commitments, like the agreement-in-principle on electricity, water and the Bahrain Canal and their appendices. This is in addition to demanding the Ministry of Finance to publish the agreement on debts of the Jerusalem electric company and the payment mechanism.
12. Activation of regulatory bodies for the electricity and water sectors. These bodies were weak in 2016 due to conflicts over power between the Water Authority and the Water Sector Regulatory Council. Moreover, the Electricity Sector Regulatory Council was also inactive concerning supervision and oversight over the electricity companies. Additionally, a regulatory body needs to be set up in the telecommunications sector.
13. Demanding the minister of finance to exclude any budgets that are irrelevant to financial assistance for the poor in the budget of the Ministry of Social Affairs programs. Also, demanding the exclusion of expenditures unrelated to the Ministry of Social Development.
14. Ratification of a new law on health insurance. This law should be fair and comprehensive so that it can bridge the major gaps of the current system. Additionally, an accountability system affecting medical errors must be prepared and approved and must cover health sector practitioners and the victims.
15. Demanding the minister of Local Government to set up a work plan to settle the debts of the municipalities. A financial arrangement should be reached and published in coordination with the Energy Authority and the Minister of Finance. These processes should be conducted in a manner that protects the rights of the general budget and stops the depletion, before having the Public Transport Company start issuing payments for the Israeli Regional Electricity Company from the general budget.
16. Demanding the government to form a technical committee composed of experts, those in charge at the Ministry of Finance, and representatives of the administrative committee of the Pension Agency in the presence of representatives of pensioned and active public sector employees. In addition, the file of the Pension Agency's debts should be closed and an abiding payments schedule should be set up, in accordance to the Palestinian Pension Agency Law. Employees' subscriptions, which are deduced from their salaries, should be immediately settled. Moreover, the Palestinian Authority should regularly contribute to Pension Agency Fund, in accordance to the law.

Introduction

The March Continues

In cooperation with civil society institutions, activist friends, and a large pool of experts working at different public institutions, and through wide support from the Palestinian people, who granted legitimacy to the Coalition for Integrity and Accountability (AMAN) and its work legitimacy, the AMAN coalition continues to enhance integrity and anti-corruption efforts in the Palestinian society. Thus, the AMAN Coalition has managed to continue to fulfill its vital role in a professional, objective, and efficient manner as an expert institution in this domain, given the absent role of the Palestinian Legislative Council in 2016, and its inability to perform its tasks.

The AMAN Coalition annual report “Reality of Integrity and Anti-Corruption” is a specialized report that has been published since 2008. This report monitors the integrity, transparency and accountability systems in the administration of the Palestinian public sector. The report culminates the hard work of one year and is always received with interest and follow-up by the various Palestinian and international parties.

This report sheds light on the most prominent measures and procedures adopted in 2016 to enhance the integrity and anti-corruption systems. It also articulates the most important positive and negative developments in administration of public affairs and funds. Moreover, the report highlights developments in the area of corruption crimes over the course of 2016, and the cases presented before the Corruption Court. Finally, the report analyzes the most common forms of corruption in 2016.

The report also offers some conclusions, which in fact summarize AMAN’s ad hoc reports of 2016. It also presents perceptions of the Palestinian citizens towards these issues, based on results of opinion polls covering corruption, anti-corruption efforts, and their views on the reasons behind corruption.

This report aims to formulate recommendations to assist Palestinian decision-makers, as well as other interested parties, in adopting reformatory anti-corruption procedures and measures pertaining to policies, legislations, the structure and hierarchy of public institutions, and the conduct and performance of employees and those in charge in order to protect the anti-corruption system, enable accountability in these institutions, and to prevent the corrupt from escaping justice. The report also aspires to shed light on and mobilize advocates from civil society institutions, political parties and factions to impose much needed pressure in order to enable anti-corruption practices. Overall, this goal is consistent with AMAN-Coalition’s strategy, which emphasizes the importance of working with the largest group of citizens and institutions, and integrating their role in combating corruption.

Methodology

First:

in preparing this report, AMAN relied on data and information, as well as their analyses, from various local sources, most important of which:

1. Collections and documents compiled by AMAN's Integrity and Anti-corruption Monitor throughout the year, including cases of the national system for integrity, as well as anti-corruption efforts and measures in the West Bank and the Gaza Strip. This is in addition to data collected from official reports by local and international monitoring committees and institutions, such as the Palestinian Central Bureau of Statistics, the State Audit and Administrative Control Bureau, the Anti-Corruption Commission, decisions of the Corruption Crimes Court, Prime Ministerial resolutions, and the Independent Commission for Human Rights, as well as the World Bank, and Transparency International reports on Palestine. Furthermore, additional data was collected for the purpose of writing this report by holding interviews with decision-makers from different ministries and public institutions to cover issues of relevance to the report.
2. Information and conclusions results reached by AMAN Coalition's "Annual Palestinian Integrity Index." This index measures integrity, transparency, and accountability in the administration of public affairs, using a number of indicators. The index is usually prepared prior to the writing the annual report.
3. Information and conclusions of Palestinian public opinion polls on corruption and anti-corruption efforts, annually conducted by the AMAN-Coalition. This is in addition to the results of Palestinian public opinion polls on corruption and anti-corruption by other interested research centers.
4. Conclusions and recommendations of private reports and evaluative working papers on the public sector and services issued by the AMAN-Coalition under its different programs, or papers and reports prepared over the year, specifically for the annual report.

Second:

data analysis and conclusions:

Qualitative and quantitative analyses of the collected data during 2016 preceded drafting the report. As indicated above, this data covers issues of relevance to integrity and anti-corruption efforts in the Palestinian society, and particularly within state institutions. The overall goal here is to offer relevant conclusions, results and recommendations.

- The report's data analysis and recommendations are provided by AMAN Coalition's specialized team, in cooperation with Palestinian experts.
- Results are coordinated by the principle investigator, under the supervision of AMAN Coalition's consultant for anti-corruption issues in order to prepare the final report.
- The report is then presented to the Board of Directors to be approved and published in its final form.

Third:

Outline of the report

This report monitors changes that have occurred on the ground in the areas of integrity and anti-corruption during 2016 as compared to previous years. AMAN-Coalition prepared this report in its capacity as a civil society institution, given the fact that similar reports depicting the state of corruption and anti-corruption in Palestine are lacking.

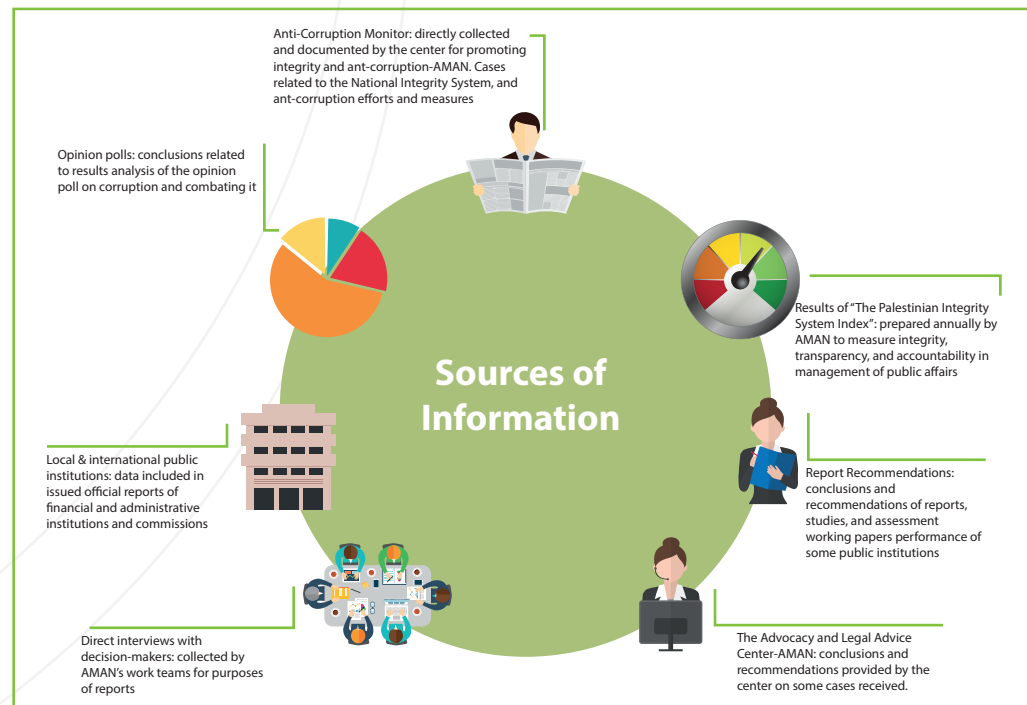
The report is divided into four sections

Part 1: The reality of integrity in Palestine: This section covers some positive developments to shed light on positive interventions that bolstered the national integrity system and which limited acts of corruption. It also discusses the challenges facing the national integrity system, including the ones that emerged in 2016 and those inherited from previous years.

Part 2: Procedures and measures adopted by all legally authorized parties legally authorized to pursue corruption crimes, and punishment of offenders. This section relies on four main sources namely, the Anti-corruption Commission, the Corruption Crimes Court, the Anti-corruption Prosecutor, and the Economic Crimes Prosecutor. This is in addition to data analysis and conclusions on the most prominent forms of corruption over the year, as well as their causes and how to combat them.

Part 3: Cases in the spotlight: through its annual work and reports, the AMAN-Coalition raises many important issues of interest to society. These issues are of relevance to corruption and squandering of public funds. These topics are highlighted as issues that need a special approach.

Part 4: Presentation of the most important conclusions and general recommendations.



Preface

The continuing occupation, the political strife, the absent role of the legislative council, and the deteriorating judiciary weakened the national integrity system in 2016

In 2016, the “peace process” between the Israelis and the Palestinians experienced a continued deadlock.. Furthermore, chances of a political solution to end the occupation and achieve Palestinians self-determination through a “two-state” solution have diminished. Notably, the Israeli government spared no effort to derail the Palestinian policies away from their reformative and developmental goals, mainly by keeping the Palestinians busy with reactions to the Israeli practices, as well as relief, emergency and humanitarian efforts. This is in addition to deepening the Palestinian economic dependence, augmentation of land confiscations in Area “C” to expand settlements, excessively targeting of lands in Jericho and the Jordan valley, which are considered Palestine’s food basket, as well as the continuing efforts to Judaize Jerusalem.

Furthermore, the Gaza siege enters its tenth year ongoing, which resulted in a remarkable increase in the number of households in need of aid. Additionally, the Israeli government tightened its restrictions on Palestinian access to basic services, such as water and electricity. This is beside the Israeli policies restricting Palestinian urban growth and development, which imposed considerable pressure on the Palestinian life at the political and economic levels, as well as on the services sector.

As for squandering of public funds, Israel continued to withhold a portion of the Palestinian custom and tax revenues and financial dues, without any commitment to compensate for the delays. Israel also concealed data on taxes and fees it collects on behalf of the Palestinian Authority, dues of Palestinian workers in Israel, and the fees paid by Palestinians on border crossings.

In 2016, the sense of security has diminished in the Palestinian community, and this in some cases, was correlated with disrespect for the principle of rule of law. Furthermore, public trust in the performance of the judiciary has declined. Additionally, spoiled and smuggled food, usually from the Israeli market and the settlements, continued to be dumped on the Palestinian markets. These products are usually re-packed and sold in the Palestinian markets.

The Israeli occupation contributed to obstructing the efforts to continue the Palestinian reform, good governance and development through its policies and practices that looted the Palestinian wealth, resources, and funds.

For the second year in a row, the National Consensus Government established in 2014 and headed by Dr. Rami Al-Hamdallah, was still unable to perform its duties in the Gaza strip due to the continuing Palestinian political strife. Practically, there are still two separate authorities, one in the West Bank, and another in the Gaza Strip. The Administrative Committee was formed in the Gaza Strip by law number (4) of 2016, issued by the Hamas bloc at the Legislative Council.

In 2016, the unified Legislative Council remained dysfunctional and democratic practices remained paralyzed because general presidential and local elections were

not held. Additionally, marginalization of the role of civil society and political parties continued. In general, these institutions were remarkably weak and ineffective regarding their relationship to the executive authority.

Despite some governmental and non-governmental initiatives in 2016, unemployment rates in Palestine increased at an estimate of 29%. It is noteworthy that the Gaza Strip had higher unemployment rates at 45%. Moreover, movement of goods and people was restricted in the West Bank and the Gaza Strip as a result of Israeli policies, the Palestinian political division, and poor public administration. This situation limited the opportunities for foreign investment in Palestine, which negatively affected job opportunities in the private sector.

Fundamental problems that resolving them must be a priority

Problem	total
Economic crisis	29.1%
Combating corruption	25.2%
Confronting Israeli occupation policies	19.7%
Internal division	15.6%
Completion of the legal and institutional structures	6.3%
Development of the infrastructure	4.1%
total	100.0%

Israel appropriated natural resources in the coastal areas, as well as 62% of the West Bank. These developments made independent investment in these resources in the Palestinian side impossible. The Palestinians for instance, could not benefit from the crude oil and natural gas fields that were discovered in the coastal area. These factors resulted in shortages in the general budget of the Palestinian Authority.

2016 has also witnessed a decline in Palestinian public trust in the Judiciary, especially after the exposure of cases that demonstrated lack of judicial autonomy, and major problems amongst the judges as they competed for key judicial positions, which rendered some of them vulnerable to extortion.

Furthermore, the Palestinian general budget funds by international donors have declined in 2016. Additionally, assistance for nongovernmental and private sectors dwindled, which has influenced the role of these sectors in implementing various programs and projects in the Palestinian Territories, including important reformative and developmental programs. Within this context, Netanyahu's government pressured the international community to reduce international aid to the Palestinians.

It is important to recall that the decline in international funds in the past four years has harmed the quality of services, and decreased the number of job opportunities in the various sectors. As a result the General Treasury allocated portions of humanitarian and emergency assistance under the different institutional and ministerial programs for other purposes. Overall, these developments were at the expense of the reform, national development and governance programs set by national and sectorial plans.

At another level, the weak oversight mechanisms, including the judiciary, are outcomes of the continuing Israeli occupation and its practices, the internal political

division and its implications, and the absence of a democratic life due to obstruction of the elections. These factors were also behind strengthening the influence of the security apparatuses, the prime ministry and the President on decisions pertaining to public affairs in the West Bank. As for the Gaza Strip, the economic conditions and public services continued to deteriorate, in large part due to closure of the Rafah crossing for extended periods. In the latter context, closure of most commercial tunnels was detrimental for the interests of the Hamas's authority in the Gaza Strip.

This overall negative circumstances, including the deteriorating domestic atmosphere, the hostile Israeli policies, the decline in international funding, and the strained Palestinian-Arab relations resulted in a state of uncertainty amongst both the citizens and the officials. As a result, some officials resorted to individualistic solutions by seeking positions that would secure financial privileges or guarantee retirement benefits. These attitudes thrived through conflicts within the inner-circle around the President, the prime minister, the heads of security apparatuses and partisan leaders. In the end, this enhanced unprincipled cliquishness and temporary alliances, which provided a fertile soil for political corruption.



Reality of the Integrity and Anti-corruption System in 2016

A national integrity system is a key requirement for good governance as it aims at providing protection, against corruption at different levels. In general, a national integrity system is a transition from a system of vertical accountability, which are usually present under despotic regimes governed by autocrats or one-party systems, to a horizontal accountability system with multiple oversight and accountability institutions, such as parliaments, courts, public oversight institutions, and civil society organizations, including the media and professional unions. Such agencies would prevent abuse of power.

This system also hinges on the complementary roles of all parties in preventing corruption in public administration or in protecting public funds in a transparent manner with no room for any one individual to take control over any part of the system. This can be achieved through communal participation that includes civil society organizations, the private sector, and religious institutions. Additionally, an integrity system relies on a reform program affecting everything or relevance to governance, including government agencies and administrative bodies and legislations that protect the individual from arbitrary use of power, and prohibit the diffusion of corruption.

Some positive developments in the national integrity system in 2016

The AMAN-Coalition has been monitoring the national efforts of some official, civil, and international actors in enhancing the integrity and anti-corruption system throughout 2016. Several combined efforts contributed to some reforms in civil service and fiscal administration practices of the Palestinian Authority. These efforts include the results of the Palestinian Integrity Index analysis by the AMAN-Coalition at the end of each year, the reports of the Anti-Corruption Commission and the State Audit and Administrative Control Bureau (SAACB) published on their websites, and the efforts of SAACB by submitting reports to the cabinet. These reforms handled several issues previously noted by AMAN Coalition's reports of last year.

Additionally, 2016 has also witnessed a notable progress in the percentage of handled complaints submitted to various grievance units at a large number of public sector institutions. Additionally, AMAN's recommendation for banning private companies, indicted for violating the regulations of the Tenders and Procurement Commission, from participation in future tenders. Moreover, the Capital Market Authority made efforts to include details on rewards and expenditures of board members in its Corporate Annual Reports. Most firms listed on the stock market were committed to submitting their financial data on time.

- **Examples of interventions conducted in 2016 in several areas:**

Enhancement of accountability systems:

The AMAN-Coalition defines accountability as the duty of those who take the responsibility of administering public affairs by reporting on their work progress. It also requires preparedness to answer any queries, and providing information and

justifications for decisions, as well as assuming full responsibility for these decisions.

- **Computerization of government complaints system**

As part of the efforts to develop an efficient government complaints system, the resolution of 22/9/2016 introduced a computerized grievances system. This development is considered a step towards the institutionalization of the complaints system in the public sector. The computerized system relies on cooperation and coordination among the grievances units in the ministries, government institutions and the security apparatuses. It also depends on coordination with civil society and legal institutions. However, this new system faces several challenges and obstacles, in addition to lack of an effective complaints system in many official and local institutions`.

The Ministry of Education, the Ministry of Women Affairs, the Water Authority, the Environmental Authority, the Ministry of Telecommunication, the Land Authority, the Ministry of Economy, and the Ministry of Health are among the state-institutions with active grievances departments. The General Administration for Internal Audit monitors and oversees the provision of health services, and it has dedicated a free hotline for complaints. At the Ministry of Interior and National Security, the "Central Complaints Committee" receives citizens' complaints regarding administrative and financial infringements committed by the security apparatuses. However, the Ministries of Local Government, Transportation, Labor, Social Affairs, and Agriculture have no complaints units so far.² Institutions in the Gaza Strip have grievances units though in practice they vary from ministry to another.

It is noted that most public sector institutions in the Gaza Strip still operate in a traditional manner when handling complaints, namely by the complaint box. These institutions have not conformed to the government's decision to establish complaints units, and surely do not use a centralized, coordinated and computerized complaint system.

As for local authorities in the West Bank and the Gaza Strip, many are still operating by the conventional method in receiving following-up, and addressing complaints. Moreover, they have not adopted the complaints procedures guide. They did not



Grievance Service, advert by the Palestine Monetary Authority

The activation of the Computerized Grievances system allows the government to instantly know the level of public satisfaction with the services provided by its different departments. This system also provides an indicator on the locations of and opportunities for corruption.

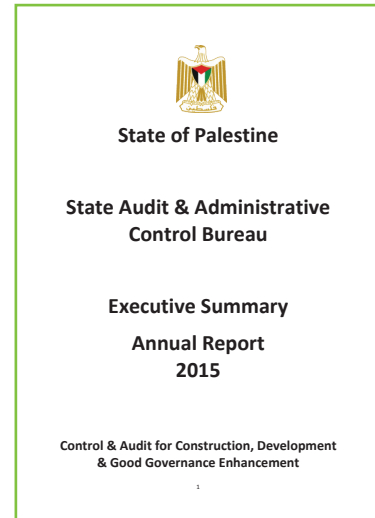
The government must hold the Ministries of Local Government, Transportation, Social Affairs and Agriculture accountable for lacking grievances units.

The AMAN Coalition demands changing the name of Grievances Units to Grievances, Appeals and Queries Units

even raise awareness among the local communities about the importance of the complaint system. This situation has weakened accountability of local committees.³

• **Activation of official oversight over governmental departments**

SAACB continued fulfilling its duties of oversight over institutions liable for supervision by law. The Bureau monitors the administration and protection of public funds as well as bolstering good public administration practices and limiting corruption. For that purpose, the Bureau drafted a series of reports on the performance of the Palestinian government, ministries, public and civic institutions, and local bodies. It also published its annual report of 2015 on its website, which listed financial and administrative infringements and violations by the supervised institution. The Bureau supervised and audited 121 institutions liable to oversight. It published its reports, "Financial and Administrative Independence in Palestinian Public Institutions," "Regulation and Administration of Health Insurance in Palestine," and "The Final Accounts". The Bureau referred 27 files to the Anti-Corruption Commission.⁴



The Bureau's 2016 reports assisted Palestinian decision-makers, particularly the Cabinet, in introducing necessary measures and procedures to minimize opportunities for dissipation of public funds and enhance performance. These reports also manifested the importance of enhancement of accountability of various parties. They provided fundamental recommendations on civil service, the wage bill, the contracts, and transportation privileges for Palestinian Authority employees.

In 2016, SAACB has joined the International Organization of Supreme Audit Institutions (INTOSAI) as a full member. It is noteworthy that Palestine became the INTOSAI's 194th member, which stands in harmony with the goals of boosting Palestinian sovereignty and garnering wider international recognition of the State of Palestine and the rights of the Palestinian people. This move also deepens trust in SAACB's reports and fulfills some objectives, such as building and enhancing the competence of the Bureau's staff and the development of technical and scientific expertise, optimal employment of oversight indexes and international auditing standards of INTOSAI, and exchange of expertise and knowledge with similar international organizations.

The Gaza Strip: According to the Gaza SAACB announcements, the Bureau's 2015 report, submitted to the Legislative Council in May 2016, listed complaints and administrative and fiscal infringements, which occurred that year; however, the Gaza Bureau did not publish the report on its website. Additionally, the Bureau prepared

The SAACB report some light on some areas in which official positions are exploited to receive privileges at the expense of public funds. This assisted the government in adopting some reformative decisions.

The scale and scope of societal contribution to the accountability system has significantly expanded through the role of civil society institutions, including the media, in holding government institutions and local government committees accountable. This is in addition to their role in influencing government officials by pushing them to reverse unfair decisions and policies.

3 Report on the Effectiveness of the Complaints Departments in Five Local Government Units, AAN Coalition, 2016

4 See full report on the website of the State Audit and Administrative Control Bureau (SAACB): http://www.saacb.ps/Reports.MING.aspx?Events_twil=1

about 100 secondary audit reports, and carried out oversight over governmental institutions as well unions, international and civil society organizations, municipalities and governmental investments. Moreover, the Bureau followed up on the citizens' complaints, and conducted oversight over institutions liable to its supervision. The Bureau referred several financial corruption cases to the Public Prosecutor. Moreover, the Bureau followed up on adopted legal procedures and corrected some errors, particularly at unions, municipalities, private institutions, non-profit organizations, and government institutions.


- **Expansion of the scope of societal accountability in 2016**

The Palestinian civil society institutions continued performing their role by holding public institutions and officials accountable in various areas. They held hearings and accountability sessions on several public issues in participation of some public sector officials; additionally, they worked on consolidating their joint activities despite several attempts by some officials to avoid participation.

One of the important initiatives that remained active during 2016 is the Civil Society Team in Support for Transparency of the General Budget. This team has worked on enhancing transparency and protection of public funds. It also cooperated with the popular movement to ratify the social security laws. It also contributed to the efforts of the Civic Coalition for Legislative Oversight in empowering civil society institutions to effectively monitor legislations in the West Bank and Gaza, particularly due to having two authorities in both areas ratifying separate laws and legislations in the absence of an active Legislative Council. The establishment of the Civic Coalition for Legislative Oversight aimed at creating an organized oversight mechanism, monitoring the legislative process since the President is using his power to issue decrees. The Coalition oversees the lawfulness of legislations and monitors exploitation of certain laws to serve individual interests in the absence of a unified Legislative Council

- **Social accountability succeeds at amending and approving the social security system**

In 2016, the Palestinian civil society played a vital role in enhancing accountability, integrity, and anti-corruption systems, which is evident in the lobbying and advocacy efforts to amend the social security laws. These efforts are aimed at protecting integrity and transparency in the organization of the rights of those affected by the law, particularly those working at non-governmental organizations and the private sector, as well as the laborers. This law of is great importance as on the one hand, it fills a legal gap in social and legal policies. On the other hand, this law provides a social protection network for the Palestinian citizen by having the state fulfill its responsibilities, enhancing representation among board of directors, determining the percentage of contributions by the different social groups and business owners and protection of mutual rights. The popular movement lead by the National Campaign for Social Security, aimed at ratifying a number of the Social Security Law articles before its republication. This activism is the most notable among societal involvement, including the civil society, in accountability and social participation.



Cooperation and responsiveness of Public institutions to AMAN's Advocacy and Societal Accountability Unit in 2016

In 2016, the AMAN Coalition's Advocacy and Accountability Unit addressed the following public institutions:

The Presidency/ President's office, the Palestinian Cabinet, General Secretariat of the Cabinet, Ministry of Public Works and Housing, Ministry of Local Government, Ministry of Foreign Affairs, Ministry of Justice, Ministry of Education and Higher Education, Ministry of Agriculture, Ministry of Health, Ministry of and Religious Endowments and Affairs, Ministry of Finance, Ministry of Social Development, Ministry of National Economy, Ministry of Telecommunication and Information Technology, Ministry of Labor, Supreme Judicial Council, Anti-Corruption Commission, Public Prosecution, State Audit and Administrative Control Bureau, General Personnel Council, General Authority of Civil Affairs, Supreme Council for Public Procurement Policies, Advisory and Legislation Bureau, Central Elections Commission, Preventative Security Apparatus, General Intelligence

Service, Military Intelligence Service, Police Service, Jerusalem Water Authority, Northern Electricity Distribution Company, and the municipalities of Ramallah, El-Bireh, and Betunya.

Some of these institutions responded positively and replied the address; those are:

State Audit and Administrative Control Bureau, General Personnel Council, Ministry of Health, Religious Endowments and Affairs, the Public Prosecution, Palestinian Police Apparatus, and the Central Elections Commission.

Institutions that did not respond were:

Ministry of National Economy, Ministry of Local Government, Anti-Corruption Commission, Ministry of Education and Higher Education, and Ministry of Telecommunication and Information Technology.

, and the Central Elections Commission.

Institutions that did not respond were:

The Ministry of National Economy, Ministry of Local Government, Anti-Corruption Commission, Ministry of Education and Higher Education, and the Ministry of Communication and Information Technology.

- **The Popular Campaign against Medical Errors places the accountability for medical errors project on the Ministry of Health agenda.**



A glimpse at the demonstrations swept Ramallah streets demanding the amendment of the Social Security Law, 2016

The Campaign formed a support committee by civil society and legal institutions. It demanded ratification of a medical accountability system and a health insurance to compensate those affected by medical mistakes. The Ministry of Health promised to prepare such law. Upon request from the Ministry, the AMAN Coalition submitted a draft for such system.



A glimpse at AMAN's participation in the demonstration against medical errors

Within the framework of a societal initiative that sheds light on the issue of accountability for medical errors in Palestine, the Popular Campaign against Medical Errors was launched to hold those in charge accountable for such errors. Moreover, the campaign also aims to pressure the Ministry of Health to commit to its duties; these efforts came in the context of several medical mistakes that resulted in either serious complications or deaths due to negligence and malpractice.

- **Wide initiatives to bolster social accountability in the performance of local authorities**

Societal initiatives for the accountability of local authorities expanded. The Ministry of Local Government, international organizations, such as GIZ, and non-governmental organizations initiatives, like the Ta'awon Initiative for Conflict Resolution, along with 10 other grassroots organizations participated in such initiatives. The goal behind this activism is developing an accountability plan for local authorities, dubbed as "Partners for Societal Accountability".

Furthermore, in May 2016, the Ministry of Local Government issued the "Societal Accountability Guide for Local Authorities," which contained a set of mechanisms and instruments that could be used to hold local authorities accountable for their performance and

services. The Ministry also prepared a “Rewards System for Heads and Members of Local Authorities” for their attendance of council sessions. Additionally, this system discussed the guidelines for personal gifts to be presented to directors of local authorities.

- **The prominent role of electronic media and social media networks in accountability**

In 2016, electronic media outlets, local broadcasting stations, and social media networks continued to play a central role in tracking and performing oversight over infringements that took place in the Palestinian Territories. These outlets published information about corruption, nepotism and patronage. They also brought forth public issues through specialized radio programs. Moreover, social media networks in their different forms have become amongst the most important instruments of societal supervision over management of public affairs and funds. Furthermore, some institutions continued to hold exploratory training sessions designed to empower journalist to fulfill their role in monitoring public affairs.



Most effective media means

Most effective media means	Total
Social media means	46.5%
Audio-visual media	25.3%
Audio media	15.4%
Print media	8.3%
Do Not know	4.4%
Total	100.0%

Initiatives for enhancing Integrity values:

- **Enhancing knowledge about code of conduct in public sector institutions and departments**

In 2016, the General Personnel Council continued to disseminate and circulate the code of conduct adopted in early 2015. In cooperation with official and civil society institutions, the Council launched a training program on the employment of the code of conduct and the Ethics of Civil Service. The training targeted Ministry of Education personnel in both teaching and non-teaching positions. The training involved over 36,000 employees. Additionally, the Anti-Corruption Commission completed a training program on the code of conduct to in the northern governorates, as part of the third phase of the program, launched in May 2016, which targets over 1,800 employees.⁵

The code of conduct and civil service ethics are among the most important instruments for enhancing integrity values in the public sector and for offering public services for the citizens with integrity and transparency.

5 Website of the General Personnel Bureau on 28 December 2016

It is worthy to mention here, that the Palestinian code of conduct and civil service ethics were set in 2011-2012 in cooperation with and participation of the Organization for Economic Cooperation and Development (OECD) and the AMAN Coalition.

In the context of enhancing professional ethics in the public sector, the General Personnel Council in Gaza launched the "code of conduct and professional ethics,"⁶ on 21 July 2016,

which contained a summary of public doctrines, professional relations, and integrity, transparency and anti-corruption, as well as protection of public resources.



The Public Sector Code of Conduct

• Important steps towards enhancing ethics in civil service

The AMAN Coalition embraced the General Personnel Council's continuing efforts towards achieving integrity and transparency in civil service. Of particular interest here, the employment of electronic testing in filling civil service posts in the end of 2015, and for the first time ever in Palestine. This development consolidates the principles of transparency, integrity, and equal opportunities.

In its previous reports, the AMAN Coalition had indicated that there are no serious problems concerning fair competition for regular positions, particularly the teaching jobs and scholarships supervised by the Ministry of Education and Higher Education. However, these report also confirmed that there is a transparency issue in appointments for senior position, which are mostly filled without a fair system of competition and equal opportunity. The AMAN Coalition believes the supervisory role of the General Personnel Council is still weak concerning such positions since several of these appointments are made by the Presidential Office, without announcements. Furthermore, most senior positions do not have complete job description cards, which undermines the supervision mechanisms over the integrity of appointments.

The smart phone application, "Watheefati" or my job, was introduced as a pilot assessment system for individuals competing for public sector positions. The computerization of the assessment system decreases the chances for nepotism and favoritism. It also reinforces the principles of integrity and transparency in competition for civil service employment.. In its turn, the General Personnel Council prepared a set of measures to enhance the principles of transparency and integrity in civil service temporary contracts appointments. Accordingly, it is forbidden to appoint anyone who has a next-of-kin in the same government department in an attempt to limit clientalism and patronage.⁷

The General Personnel Council completed job description cards for some senior and specialized positions. This was a part of the process of completing job descriptions

6 General Personnel Bureau in Gaza, Professional and Public Service Code of Ethics, http://diwan.ps/ar/res/news_images/1468994960.pdf

7 Report on PNA Measures to Combat Corruption following Signature of UN Anti-Corruption Convention. Somoud Al-Barghouthi 2016. Shams Center, Ramallah



A glimpse at the public electronic pre-employment screening and testing

in order to improve work performance in the public sector, as well as achievement of optimal employment of human resources based on expertise.

In the context of preparing leaders to fill senior positions in the public sector, and in an attempt to improve the performance and competence of the employees, the National School of Administration, "The Leaders Program," was established in early 2016. This School trains potential leaders on filling senior positions, and develops their competences to manage different work-teams. In the same vein, the Ministry of Labor adopted "a computerized candidate selection program for temporary projects," which consolidates integrity and transparency in the selection and hiring processes of temporary jobs.

Enacting the Public Procurement Law though its requirements are yet to be fulfilled to open the door for fair competition in tenders, procurement, and purchase of services.

Initiatives for enhancing Transparency in 2016:

• First, Positive developments in government procurement and tenders

• Many corruption opportunities are, without any doubt, available in the realm of government procurement and tenders. The Cabinet’s decision of 28 June 2016,⁸ on the implementation of Public Procurement Law number (8), has contributed to the improvement of transparency in procurements and tenders in the provision of public services; the Law also provided the opportunity to work according to the principles of fair competition. Overall, these measures are expected to reduce the number of direct procurements. However, the enactment of this Law requires completing a system for public procurement based on that Law and its executive rules. This also requires developing procurement documents, finalizing the needed institutional arrangements, developing and launching a unified electronic portal for the public procurement system, and building the capacity of all relevant parties and institutions, including governmental institutions affected by the Law and private firms that manage public services, especially small and medium-size companies.

- The Palestinian government ratified a rewards and financial dues system for members of the administrative boards in which it is involved.
- As for transparency of the general budgeted for 2016, there were slight improvements as a pro forma citizens’ budget was prepared, though was not disseminated. Moreover, some reports on governmental revenues and expenditures were issued. Additionally, there were minor improvements in the areas of “external medical transfers”, i.e. outside of the Ministry of Health’s medical institutions, in “cash transfers for social assistance,” and in the “temporary retirement in the governmental sector.”
- In 2016, ministers’ travel expenses for were regulated, cellphone calls were rationalized, and financial affairs of public universities were also controlled.

• Second, Governmental steps towards an open-door policy with civil society

• An official committee was formed to communicate and build partnerships with civil society institutions headed by the Minister of Justice Ali Abu Dyaak with members representing several governmental and non-governmental institutions, including the AMAN Coalition.



Cabinet Decision on the Formation of the Civil Society Communication Committee

The government’s invitation to the civil society to take part in the agenda of the national policies

8 Ministerial Council Resolution on Public Procurement, http://www.palestinecabinet.gov.ps/Website/Upload/Decree/GOV_17/11072016114118.pdf



- The official dialogue on agenda of national policies 2017-2011 with representatives from the civil Society.
- The Minister of Finance invited all societal groups, including NGOs and AMAN, represented by the national team for enhancing public budget transparency to discuss the national budgeted proposal for 2017.

- **Third, developments in transparency of local authorities**

According to the AMAN Coalition's transparency index of 2016, the Palestinian local committees⁹ experienced insufficient progress in transparency and disclosure about their work. A sample of 21 local authorities in the West Bank and Gaza Strip was selected to study their commitment to transparency and disclosure about work, regarding public and financial administration, recruitment, bids, urban planning and communication with the local community. The studied sample includes Sa'eer, Tarqumiya, Soureef, Beit Ummar, Beit Ula, Bani Na'eem, Dura, Beit Sahour, Toubas, Tammoun, Jenin, 'Anata, Bani Suhaila, Al Mughraqa, AlBureij, 'Absaan al-Kabeera, 'Absaan al-Jadeeda, Ezawaideh, Al-Qaraara. The study relied on specific indicators that were recorded on a scale of 0-4.¹⁰

9 Report on Transparency in Local Government Units, AMAN Coalition, 2016

10 Study on International Transparency Index in Local Government Units, 2016

The Law of Municipal Development and Lending Fund issued on 14 November 2016 had contributed to enhancing reform and development of local governance. This was achieved through setting a legal system that on the one hand, reinforces integrity, transparency and accountability in the performance of local government, and increases its independence, effectiveness and efficiency in fulfilling its mission and achieving its developmental goals. This Law filled significant gaps experienced by the Fund since its establishment in 2005. The Municipal Development and Lending Fund is one of the local governance institutions that play a leading role in developing local governance agencies through requiring the implementation of integrity, transparency and accountability guidelines to fund developmental projects and programs, in addition to organizing capacity-building programs in the local committees, based on these guidelines. With that in mind, The AMAN Coalition recommended that a law based on the enacted legal principles to govern the Fund.



Geographic Distribution	Urban Planning	Recruitment and Public Tenders	Financial Administration	Public Administration	Relationship to the local society
Local Government Agencies in the West Bank and Gaza Strip	2.22	1.87	1.84	<u>2.03</u>	2.78
Local Government Agencies in the West Bank	2.31	1.91	2.17	2.32	3.01
Local Government Agencies in the Gaza Strip	2.06	1.80	1.21	1.48	2.36

The table above details the main results, which demonstrate that the average level of transparency and disclosure is 2.15 over 4 for the targeted local authorities in the West Bank and the Gaza Strip, falling around the median. The West Bank scored an average of 2.34 while the Gaza Strip scored 1.78. The results also reveal that the relationship between the local authorities and the community had the highest score of 2.78 while financial administration scored the lowest at 1.84.

- **Fourth, Declaration of the Code of Ethics on financing local elections campaigns¹¹**

In an attempt at providing guiding principles based on integrity and transparency of the funding of local elections in Palestine, a number of political factions signed the code of ethics for funding such campaigns. The code guarantees legal funds for the elections campaigns, and protects against exploitation of public funds. This is in addition to disclosure of sources of funds and expenditures, declassifying campaign funds bank accounts, and setting a fair ceiling for financing these campaigns. This initiative was a part of AMAN Coalition's efforts, in cooperation with the Central Elections Committee and civil society institutions, financed by the European Union. Overall, this forms an important step towards effective reforms in the institutional and legal structures.

- **Fifth, private sector initiatives to enhance transparency**

The Palestinian Capital Market Authority launched¹² a binding system for "electronic disclosure" of financial and non-financial data for companies listed in the market. Most shareholder companies did disclose the total amounts of rewards and expenditures for their boards of directors. The companies registered with the Authority are required to disclose and publish information related to their activities on the website.

Draft Company Law

The AMAN Coalition sent a letter to the Minister of National Economy on 20 October 2016, regarding the Draft Company Law following an announcement published on 10 October 2016 in Al-Quds Newspaper. The AMAN Coalition requested extending the tendering period for consultancy services because the Ministry requires assistance from consultancy firms, with local and international experience to review the Draft Company Law. The AMAN Coalition also inquired about the reasons behind submitting the Bill for further revisions after having already gone through advanced stages of discussions, revisions, and amendments, and in participation of various interested groups; additionally, the Palestinian Cabinet had already referred the Bill to the President's office. The Minister of National Economy did not provide any answers.

UNRWA's microfinance department wins the transparency award at the Sanabel Conference

UNRWA's microfinance department won the transparency award at the twelfth Annual Sanabel Conference, held in Casablanca, Morocco on 1 & 2 November, 2016. The prize was awarded in recognition of the department's achievement of the highest standard of disclosure of data and information. This data includes financial and social performance, and/or management, as well as good governance. This is in addition to UNRWA's commitment to responsible quotations that encourages integrity in microfinancing as a method for eradicating poverty.

It should be noted that in late 2016, the AMAN Coalition had prepared a report entitled "Integrity and Transparency Environment in UNRWA's Work."

11 For more information on the Code of Ethics, see webpage <https://www.aman-palestine.org/ar/activities/6079.html>

12 Palestinian Capital Market Authority (PCMA), Annual Report 2015

Government is hesitant to make information accessible to the public!! Despite passing the first and second readings at the Legislative Council since 2005, the government remains hesitant about ratifying such a law. More efforts were spent by the different parties, which resulted in reintroducing the Bill by the Anti-Corruption Commission to the Cabinet in 2013. The Palestinian government repeatedly promised to ratify the law before the end of 2016 based on the adopted principles. The last of such promises was made by the Minister of Justice, Ali Abu Dyaak, when he met with the "Khabbiri" Coalition – composed of public and civil institution, journalists, legal advisors, the Anti-Corruption Commission, the AMAN Coalition, and Mada media institution – that has been striving for the ratification of the aforementioned law over the past four years. The Minister said that the ratification of this law is necessary for the commitments of the State of Palestine before the UN Convention Against Corruption. The law also corresponds to the principles of transparency in management of public affairs and funds. He promised that this law would be ratified before the end of the year.

Challenges to the National Integrity System in 2016

Despite some progress in the national integrity system and efforts to combat corruption during 2016, results obtained from the National Integrity Index 2016¹³ indicate that the issue of senior level appointments is still a challenge for integrity and transparency in these appointments. This gap survived because the job description cards were not competed or officially adopted. This reality stirred societal criticism and complaints, and has given opportunity for:

- The Palestinian Authority continued to fill senior level positions without relying on an accredited system that provides equal opportunities in competing for these jobs. This gave the opportunity for senior officials to interfere by nominating and appointing their relatives.
- Conflict over privileges, mandates, and positions among different individuals and parties in the public sector increased. This is particularly due to weak law enforcement. Additionally, the Executive Authority gained more influence over all decisions without the supervision of the Legislative Council.

Persistence in ignoring the right to access public information, averting conflict of interest, and protection of whistle-blowers.

The Security Services failed to complete the legislations governing their work, especially the Police Laws. Additionally, despite the importance of their tasks, governors have no law regulating their work. They are appointed without job descriptions and without clear mandates; the same goes for the Administration of Borders and Crossings, which also operating without governing laws.

- Politicizing decisions on senior positions appointments at public universities. The internal political division played a central role in such tendencies, which is evident in what happened at the Aqsa University in Gaza. In general, this infringed the integrity of higher education institutions.
- Some senior officials continued to receive high salaries that are incompatible with the average salaries at all sectors. Some receive salaries that exceed \$1,000 dollars.
- 2016 did not experience development of policies, legislation, and procedures that would prevent conflict of interest, such as procedures for regulating the work of ministers, senior state officials, and members of the Legislative Council, and their relationship with the private sector.
- Inconsistency in submitting financial declarations and lack of a disclosure policy for political officials and judges, with no inspection or review of submitted statements.
- The constant refusal of the government to ratify a bill on the right to access information and public records. This created an obstacle to the participation of societal actors in the formulation of policies and decisions. It also restricted

13 Palestinian Integrity Index, AMAN Coalition 2016

the freedom of the media to perform oversight and criticism. Mechanisms that provide access to information remained inactive. Access to public data and information, public records and the national archives remained restricted to some unorganized practices, and dependent on approvals based on personal considerations of those in charge. This also undermined social participation and supervision, as well as the role of investigative journalism in covering public issues and effectively protecting accountability. This situation is confirmed by AMAN Coalition's public opinion poll on the topic. As indicated in the pie chart below, 68% of the survey subjects find difficulty in accessing public records.

Conflict over Power hinders Conformity of Legislations to the UN Convention Against Corruption (UNCAC)

Palestine became signatory to the United Nations Convention on Anti-Corruption (UNCAC) in April 2014. This requires conformity of the Palestinian legislations to the Convention. However, no measures were taken in 2016 to harmonize the legislations. In fact, all attempts towards this end failed because of disagreement and conflict over mandates among the Anti-Corruption Commission, the Cabinet, the General Prosecutor's Office, President of the State Audit and Administrative Control Bureau, Ministry of Finance, and Ministry of Justice, in addition to some people of influence at the Presidential office. Soon after introducing some amendments to the Anti-corruption Law for example, they were annulled due to struggle over power.

Sample of necessary legislations repealed due to power-conflicts

1. Although the current legislations convict most crimes criminalized by UNCAC, there is disproportionality between the adopted penalties and the dangers associated with the concerned acts, such as corruption. The current legislations handle such acts as misdemeanor, rather than felonies. Penalties for bribery, looting public funds, and manipulation of civil service should be elevated from misdemeanors to felonies.
2. The executive regulations for protection of whistleblowers and witnesses were never issued. Moreover, the present procedural legislations do not deal with protection of witnesses and experts when necessary. Additionally, their relatives and anyone linked to them are also not protected. They could be exposed to threats or acts of vengeance once they testify against someone indicted for crimes of corruption.
3. The penal code does not explicitly prohibit amnesty for corruption crimes by stipulating a ban on special amnesty for those who committed such crimes or providing partial or full amnesty for corruption convicts.
4. There is a need for rewriting the text obsolescence of corruption crimes to conform with UNCAC in a manner that conforms to its provisions, especially that most crimes listed by the Convention are still defined as misdemeanors under present penal legislations, which results in the short periods of time associated with obsolescence of such crimes.
5. Although the enacted legislations adopt the principle of confiscation of funds accumulated through crimes in general, these laws must be in conformity to

Ratification and then dissolution of some amendments of the Anti-corruption Law are manifestations of the extent of conflicts over capacities and mandates among relevant public institutions, particularly the Anti-Corruption Commission, as a judicial controller and the role of the General Prosecution in handling claims on behalf of the Palestinian people.

UNCAC. Therefore, the Penal Code needs to be amended to include confiscation of funds gained through corruption crimes or used to commit crimes of corruption, so that it would affect the earnings and benefits garnered through these crimes, or any property acquired through these illegal gains or part of them.

6. There is no unified legislation that would prevent conflicts of interest in all sectors although several Palestinian legislations articulate some relevant procedures and measures.¹⁴

Soon after the proposed amendments to the Anti-Corruption Law were ratified in accordance with Law Number (18) of 2016,¹⁵ these amendments were suspended by a resolution on Law Number (24) of 2016¹⁶ as a result of the conflicts over capacities among relevant parties.

The most important adopted amendments include placing more stringent penalties on bribery, embezzlement, and profiteering from civil service, easing the penalty for nepotism, and criminalizing non-disclosure on cases of conflicts of interest, protection of whistleblowers and witnesses, criminalizing corruption cover-ups, limiting the authority of those in charge of financial declarations, and superiority of the rule of law over all those who receive assistance from the budget of Palestinian Authority.

Other amendments experienced disagreement, including restricting protection of whistleblowers to those who report to the Anti-Corruption Commission, which contradicts the concept of encouraging reporting on corruption and protecting whistleblowers. Other debated issues include classifying fraud and manipulation of influence as forms of corruption, without specifying the difference between the latter and exploitation of position as detailed by the enacted laws. This is in addition to reduction of crimes like manipulation of position, profiteering from one's position and manipulation of authority to misdemeanors, which contradicts the law. Additionally, restricting reporting to the Commission means penalizing those who report to other parties, even if these are official parties, which in turn dangerously curtails reporting on corruption and manipulation of legal authority by some official agencies, such as the Grievances Units in the ministries, the State Audit and Administrative Control Bureau, and internal financial and administrative oversight divisions.

Additionally, these amendments do not differentiate between nepotism and bribery. They do not specifically prohibit amnesty for corruption crimes. Moreover, they do not pay attention to the importance of referring crime files quickly from the Anti-Corruption Commission to the Prosecution commissioned to combat corruption. Additionally, the amendments ignored the issue of retrospective obsolescence of corruption cases, subjecting private companies that manage a public facility or service (e.g. The Electricity, the Telecommunications and Water Companies) to the Anti-Corruption Law, and considering financial declarations by high ranking officials (e.g. the President, the ministers, Parliamentarians, heads of public institutions, governors and heads of factions and unions) as public documents, and thus, can be

14 Report on Anti-Corruption Palestinian Legislation, Bilal Al-Barghouthi, 2016, Shams Center

15 Palestinian Official Gazette, Diwan Al-Fatwa Wa Al-Tashree', Issue 125, 2016, p. 13

16 Palestinian Official Gazette, Diwan Al-Fatwa Wa Al-Tashree', Issue 126, p. 14

accessed by the public. Finally, adoption of a policy of openness and disclosure in pursuing corruption crimes that are of interest to the public was overlooked.

Protection of corruption whistleblowers is almost absent

Complaints submitted to AMAN Coalition's Societal Advocacy and Accountability Unit emphasize the feebleness and the virtually non-existence of a system that protects those who report corruption. On the contrary, they reveal that whistleblowers are usually punished and perpetrators are able to take revenge. It is noted that the investigating agency specialized in such complains usually reveals the name of the reporter to the person who was reported on in contravention of the 2010 Anti-Corruption Law, which stresses complete confidentiality regarding the procedures and the identity of whistleblower. In fact, the latter idea represents the best legal practices that consider confidentiality a form of protection for those who report crimes since revealing the identity of the reporter makes him vulnerable to revenge and disciplinary actions.



A session held by AMAN to discuss the independence and effectiveness of the Anti-Corruption Commission, 27-Dec-2016

The government and the ministers act without accountability because of absence of democratic practices, which in turn, is an outcome of lack of an active unified Legislative Council.

The tensed relationships between the Commission on the one hand, and other oversight centers, administrations and agencies, on the other, add new burdens to its already straining internal challenges.

Challenges facing the accountability system

- **Suspension of the Legislative Council results in absence of accountability and accountability**

Parliamentary activity in the West Bank remained frozen throughout 2016 due to inactivity of the unified Legislative Council, which essential for accountability and oversight. Overall, this weakened constitutional and legal oversight over the executive authority. It also undermined the role of supporting supervisory committees, which has negative implication for accountability.

In 2016, constitutional life was restricted to having representatives of parliamentary blocs perform insignificant formalities and hold meetings with visiting delegations. Consequently, the executive authority took advantage of this vacuum and centralized all powers in its hands and in those of the heads of Security apparatuses. In the Gaza Strip and despite the presence of the National Consensus Government, the Hamas bloc continued to hold legislative council sessions in Gaza in an attempt to form a Hamas shadow government.

The Constitutional Court's decision on 6/11/2016 has given the Palestinian President Mahmoud Abbas the power to lift the immunity of any Legislative Council member outside of its regular sessions. This constitutes yet another form of obstruction that keeps the Council disabled. In fact, it opens the door for the Constitutional Court to dissolve the Council in view of the President's decision, and allows him to question and reform the Court itself, and to use it as his own political tool.

- **The Palestinian Anti-Corruption Commission is still struggling with structural challenges¹⁷**

The complex environment in which the Commission had to work during 2016 had largely negative effects on its independence and effectiveness in accomplishing its goals. The Commission has rights to financial and administrative independence in preparing its annual budget and hiring its own staff. This is in addition to many laws and regulations that support its functions, along with the special immunity granted to its president and staff. Nevertheless, the Commission faced some challenges, such as inadequate number of staff to carry out its tasks. Moreover, it experienced external interventions and pressures that harmed its work and independence. It has also been noted that the responsibility of case-referrals for official investigation is restricted to the President of the Commission only, which constituted a challenge for the General Prosecution in conducting investigations without having to wait for anyone's permission. Furthermore, the administration of suspect corruption cases at the Commission does allow referral of all cases to the Prosecution for judgment. Instead, such cases are kept at another administration within the Commission.

In addition, the Anti-Corruption Commission faces problems regarding the pace of procedures of data and supporting evidence collection for corruption cases.¹⁸ It also

¹⁷ Report on "Independence, Neutrality, Comprehensiveness and Effectiveness of the Anti-Corruption Commission, AMAN Coalition, 2016

¹⁸ Ibid

experiences difficulties with summoning witnesses or criminals outside Palestine due to lack of cooperation with other countries in such matters.

Additionally, in the Gaza Strip, the Anti-Corruption Commission does not have any role and the Palestinian Anti-Corruption Law is not in effect.

In 2016, the Anti-Corruption Commission submitted its annual report for 2015 to the President of the Palestinian Authority, the Prime Minister and the Parliamentary Blocs and Committees. The Commission published the report on its website. The report contained details of the Commission's achievements, as well as accomplishments and information related to law enforcement, including the number of complaints and reports the Commission received and the cases referred to the General Prosecutor.

According to a 2016 opinion poll on independence of the Anti-Corruption Commission, 28% of the polled sample believe that the Commission performs its roles independently without any intervention in its decision-making procedures while 67% believe it is not independent; the latter result, by far, exceeds that of a similar survey conducted in 2014-2015.

Views of polled Palestinian citizens on independence of the Anti-Corruption Commission in the past three years

	2014	2015	2016
Yes	46.6%	30,8%	27.8%
No	44.5%	49%	66.7%
Don't know	8.9%	20.2%	5.5%



Palentine Liberation Organization
State of Palestine
Presidency
Legal Advisor to Mr. President

منظمة التحرير الفلسطينية
دولة فلسطين
الرئاسة
المستشار القانوني

الأخ/ مجدي أبو زيد حفظه الله
المدير التنفيذي لانتخاب أمان
تحية طيبة وبعد،

الموضوع: تمديد فترة رئاسة هيئة مكافحة الفساد

تهديك لمحبوب السموات، وبالإنارة إلى الموضوع أعلاه، لأخذاً لتكثيم بخصوص الإعلان القانوني العام الذي تم الاستناد إليه بتعديل فترة الرئاسة لرفيق اللجنة لمدة سنة واحدة، وبناء عليه نوضح لكم التالي:

1. أن القرار الرئاسي بالتعديل لمدة سنة السيد/ رافع اللجنة رئيساً لهيئة مكافحة الفساد قد صدر وفقاً لإحكام قانون مكافحة الفساد رقم (1) لسنة 2005م وتعديلاته.
2. أن القرار الرئاسي بالتعديل صدر وفقاً للأصول القانونية وبموجب الصلاحيات الممنوحة لرئيس اللجنة.
3. حيث تمت الفترة (4) من المادة (6) القرار بقانون لسنة 2017 بشأن تعديل قانون مكافحة الفساد رقم (1) لسنة 2005م وتعديلاته، "على الرغم مما ورد في الفقرة الأولى من هذه المادة، يجوز بقرار من رئيس اللجنة التمديد لرئيس الهيئة لمدة إضافية أعداها سنتين".

مع وافر الاحترام والتقدير،،
رام الله في: 2017/02/28

المحامي/ حسن العوي
مستشار الرئيس للشؤون القانونية

The President Advisor's Response to AMAN's Letter on the Chairpersonship Term of the Anti-Corruption Commission

دولة فلسطين
السلطة التشريعية
مجلس النواب

قرار بقانون رقم (1) لسنة 2017م
بإعلان تعديل لائحة محكمة الفساد رقم (1) لسنة 2005م وتعديلاته

رئيس اللجنة التنفيذية للتحريات الفلسطينية
رئيس المجلس التشريعي الفلسطيني
رئيس المجلس الأعلى للقضاء الفلسطيني
رئيس المجلس الأعلى للعدل الفلسطيني
رئيس المجلس الأعلى للتحريات الفلسطينية
رئيس المجلس الأعلى للتحريات الفلسطينية

قرار بقانون رقم (1) لسنة 2017م
بإعلان تعديل لائحة محكمة الفساد رقم (1) لسنة 2005م وتعديلاته

رئيس اللجنة التنفيذية للتحريات الفلسطينية
رئيس المجلس التشريعي الفلسطيني
رئيس المجلس الأعلى للقضاء الفلسطيني
رئيس المجلس الأعلى للعدل الفلسطيني
رئيس المجلس الأعلى للتحريات الفلسطينية
رئيس المجلس الأعلى للتحريات الفلسطينية

Decree-by-Law on the Amendment of the Anti-Corruption Law No. 1 of 2015

دولة فلسطين
السلطة التنفيذية
مجلس الوزراء

قرار رقم () لسنة 2017م

رئيس دولة فلسطين
رئيس اللجنة التنفيذية للتحريات الفلسطينية
بعد الاطلاع على أحكام القانون الأساسي المعدل لسنة 2003م وتعديلاته، والاطلاع على أحكام قانون مكافحة الفساد رقم (1) لسنة 2005م وتعديلاته، والاطلاع على القرار الرئاسي رقم (56) لسنة 2010م الصادر بتاريخ 2010/03/09م، وبناءً على الصلاحيات المخولة لنا، وتوفقاً للصلاحيات المخولة لنا، قررنا ما يلي:

مادة (1)
تمديد السيد/ رافع شاكور درويش اللجنة رئيساً لهيئة مكافحة الفساد لمدة سنة.

مادة (2)
على الجهات المختصة كافة، كل فيما يخصه، تنفيذ أحكام هذا القرار، ويعمل به اعتباراً من تاريخ 2017/03/09م، وينشر في الجريدة الرسمية.

صدر في مدينة رام الله بتاريخ: 2017/02/16م

محفوظ هبلس
رئيس دولة فلسطين
رئيس اللجنة التنفيذية للتحريات الفلسطينية

Presidential Decree on the Extension of the Chairpersonship Term of the Anti-Corruption Commission for One Additional Annum

The Judiciary Authority loses prestige because of domination by the Presidency and the Security Services that has resulted from the intense personal conflicts among some judges.

- **Continued attempts to hinder the role of media in accountability**

Many journalist, reporters, bloggers and social media activists were arrested in 2016¹⁹. This has resulted in the disruption of the role of media in addressing and monitoring public affairs issues and promoted rumors.

Factors Hindering Anti-Corruption Efforts by the Media according to Public Opinion Polls of Palestinian Citizens on the Reality of Corruption in Palestine in 2016, AMAN Coalition, 2016²⁰

- **2016 uncovers the fragility of the Judiciary and its diminishing role in the accountability system**



Law number (1) of 2002 regulates the functions of the Palestinian Judiciary and delineates regulations and conditions of judicial appointments, dismissals and resignations. According to article (18) of the Law, the Chief of the High Judicial Council is appointed by a presidential decree, based on nomination by the High Judicial Council. The Law requires a set of conditions for filling such position. Article (27) states, "Judges cannot be dismissed with the exception of some cases detailed by the Law." Additionally, Article (33) on resignations stipulates that resignation of a judge is considered "approved two weeks after its submission to the Chief of the High Judicial Council. An approval decision is usually issued by the Minister of Justice on that date."

Different articles in the Basic Law and the Judicial Law provide a framework that enhances independence of the Judiciary in performing its judicial duties without interference by the Executive Authority. Yet, the Judiciary was severely rattled in 2016 because of conflicts over leadership positions at different Palestinian Authority

¹⁹ Report by MADA Center, Al-Quds Daily Paper, 25 August 2016

²⁰ Report on the Independence and Effectiveness of Anti-Corruption Commission, AMAN Coalition, 2016

institutions, which involved some of the judges who competed for senior positions. This exposed the Judiciary to extortion and loss of independence. It also permitted top government and security officials and senior officials and advisors at the Presidential Office to interfere in judicial affairs.

An example of this interference is the fact that candidates for the Chief Justice position were asked to resign prior to their appointment so they could be pressured and extorted later. This was the case with the Chief of the Supreme Judicial Council, Counselor Sami Sarsour, when he was dismissed from his post or his resignation was approved on 13/10/2016. Former Chief of High Judicial Council, counselor Sarsour, revealed that he had submitted his resignation before he took the legal oath on 20/1/2016 upon a request from the Chief of Intelligence and the Presidential Legal Advisor, in violation of the Basic Law and the rules of appointment. It is also a breach against the dignity and independence of the Judicial Authority.²¹

Additionally, several illegal measures were disclosed, including:

1. Mr. Ali Muhanna was appointed Chief of the Supreme Judicial Council without nomination or objection by the Council. Then, this appointment was voided by the Constitutional Court on 7 December 2015 because of a contestation submitted by some judges.
2. Disagreement within the Council over nomination of a Chief Justice. Thus, four judges were nominated to the Palestinian President, which permitted bargaining and agreements over distribution of various positions (The positions of Chief Justice and Vice-president). This did not only diminish the standing of the High Judicial Council, but also undermined its capacity to oversee the performance of the Executive Authority, particularly its administrative decisions. Furthermore, recent decisions by the Supreme Court and the Constitutional Court were very controversial, which again diminished the dignity of the Judiciary and undercut public trust in the system.

According to a 2016 opinion poll, 71% of the polled sample believe there is corruption within the Judicial Authority. The percentages were similar in the West Bank and the Gaza Strip. By contrast, only 23% believe there is no corruption. These results are high compared to the 2013 survey and are similar to those of the 2014 and 2015 surveys regarding corruption within the Judicial Authority.

The table below details the views of surveyed Palestinian citizens on presence of corruption within the Judiciary over the past three years

	2013	2014	2015	2016
Yes	55.3	72.4%	69%	70.7%
No	29.3%	16.8%	18%	22.9%
Don't know	15.4%	10.8%	13%	6.5%

Source: opinion poll surveys of Palestinian citizens regarding corruption and anti-corruption in Palestine

²¹ Report, Appointments to Senior Positions in Palestine, Heads of Non-Ministerial Institutions, presidency of the Judicial Authority, Attorney General, Ambassadors and Governors, AMAN Coalition, 2016

The resignation of Attorney General, Mohammad Owiwi, and the vacancy for his post stirred conflicts, bargaining and enticements, similar to what happened with the Chief Justice position. About four years after his appointment, the resignation of Attorney General Owiwi was a result of his position from certain portfolios, which experienced pressure on the General Prosecution, allowing for enticements and conflicts over his successor.

Interest of the Palestinian Authority in the Supreme Court and its decisions, which surpasses its interest in the Courts of First Instance and Appeal, is by far the most prominent problem of the Palestinian Judiciary in 2016. This tendency is an outcome of the fact that the Supreme Court has the power to make decisions against the President and the government. Therefore, the government imposed its influence on the Supreme Court in two ways, either through the security apparatuses or by legal channels using the Constitutional Court.

Overall, this has undermined the supervisory role of the Judiciary, and provided the opportunity for those in influential positions to manipulate judicial decisions to serve personal interests. As a result, corruption in general and judicial corruption in particular prospered, and the Palestinian security apparatuses took over in the absence of rule of law. This was particularly manifested in several cases of disobedience to law, security chaos, and murder due to illegal use of arms in 2016 in some Palestinian governorates, such as Nablus, Jenin and Tulkarem.

In the Gaza Strip, the status of the Judiciary was not any better. Hamas's Reform and Change Bloc at the Legislative Council issued the "Law of the Governmental Administrative Committee in the Gaza Strip number 4 of 2016" to establish a shadow government. The Law entrusted the government with appointments, transfers, nominations, and promotions of judges, as well as holding them accountable. The Law clearly allows the executive branch to dominate the judicial authority, which forms a serious breach against independence of the Judiciary.

Suspicious and controversy over appointment of children of officials as Assistant DAs

Following public outrage over the appointment of four relatives of government officials as Assistant District Attorneys, the General Prosecutor Dr. Ahmad Barrak issued a press release in which he stated that all persons named for these positions in a decree by President Mahmoud Abbas have fulfilled all required appointment and competition standards, and in a transparent manner. He added, that the confusion about the initial list of forty names can be cleared by the fact that the final list issued by the President was based on a selection procedure that employed two tests. The first test resulted in shortlisting four people while the second resulted in shortlisting forty. Later, one decree was issued with the names of all the winners in both tests.

- **Financial and administrative independence in some public institutions lacks supervision and accountability, with officials receiving exorbitant salaries:**

The Palestinian government failed at regulating officials' salaries at a number of public institutions based on objective principles that take the financial situation of the Palestinian Authority into consideration. Several problems also emerged concerning subjecting these institutions to oversight and accountability, which in turn resulted in loss and dispersion of the principles of accountability under the authority of the State Audit and Administrative Bureau (SAACB) and the Civil Service Law. Consequently, disparities in the salary scale and great differences in privileges became evident.

Establishment of the Palestinian International Cooperation Agency and the appointment of its president without competition

The Agency was formed by Presidential Decree number (9) of 2016, issued on 13/1/2016.²² A general director for the Agency was appointed with an “ambassador” status to perform a number of specific duties that were listed in the decree. The President of the Agency was appointed without any consideration for the principles of transparency and equal competition for civil service positions.

This situation persisted in many public institutions throughout 2016, especially regarding the concept of financial and administrative independence. Manipulation for the attainment of financial benefits and breach of accountability mechanisms prevailed at those institutions.

Despite several SAACB recommendations and research by the Cabinet, these problems persisted. In 2016, SAACB published monitoring reports focusing on specific areas and offered recommendations to correct the aforementioned violations. However, the concerned institutions are not committed to the implementation of any of these recommendations. Instead, some of them, along with other groups, launched a campaign against SAACB for its reports. In fact, the AMAN Coalition previously prepared a detailed report on the subject.²³

- **The continuing suspension of local authorities elections contributed to a weak integrity system in the functions of these authorities**

In 2016, the Ministry of Local Government failed to hold local committees elections. Instead, it appointed new committees, which has hindered societal accountability that was expected to prosper before and during the elections. Thus, weakness of the national system of integrity prevailed in the functions of several of these authorities in the West Bank and the Gaza Strip. The most prominent of weaknesses are detailed in the SAACB report, including:

- a. Gaps in the accountability system and weak commitment of many local authorities to the rules, the regulations, and the instructions governing tenders, or violating them. Moreover, some local committees spend funds outside their capacities, in addition to spending money collected from the citizens by the local councils, especially water and electricity fees, on areas not designated for those funds, which resulted in paying those dues to the Israelis out of the general budget.
- b. Weak administration by some local authorities, overlap in authorities and responsibilities, and the inefficient administration and organization of depositories and warehouses provide opportunities for corruption in addition to lack of, security and protection for the computerized systems and central data storage devices.

²² Palestinian Official Gazette, Diwan Al-Fatwa Wa Al-Tashri', Issue 2016, p. 15

²³ AMAN publications, Report on Financial and Administrative Independent of Palestinian Public Agencies, <https://www.aman-palestine.org/data/itemfiles/caf596652a8a3c78ecbaa3ce08642faa.pdf>

Under the disguise of financial and administrative independence, influential parties obstruct and thwart a governmental initiative to reconsider the exorbitant salaries of some officials at formal non-ministerial bodies and institutions

Similar to 2014 and 2015, 2016 was replete with clientelism in in filling senior positions due to the ruling regime's attempts at strengthening its position through the support of its loyalists. The selection criteria for such positions depended on the so-called "support for legitimacy" vis-à-vis the other factions. In 2016, developments served personal interests, and not necessarily those of the political regime's, even if Presidential decrees presented their names as "trustworthy." Within this context, conflicts arose among these "trustworthy" people due to their attempts at garnering personal gains. Consequently, unprincipled cliques prospered in the formation of new alliances. This in turn, is an indicator of the deficiency of the political system, in which the security services enjoyed greater influence, security chaos increased, and rule of law became even more fragile.

These conditions raised suspicions of fraud and counterfeit of data and records by some committees to cover up budget deficits or to use financial spreads for personal interests. There are also suspicions about abuse of trust fund by some committees and particularly by some committee officials and members. Additionally, some local authorities do not respect the principles of transparency and integrity in employment, promotions, and raises. Moreover, the relationship of the committees with the local community is restricted to implementation of awareness programs. The services councils, for example, do not hold public meetings and do not adopt any societal accountability mechanisms, such as hearing and accountability sessions, in their relationship to the local communities. Finally, the councils of the local committees and the joined services councils do not have distinct mechanisms that protect the rights of the citizens, the civil society institutions, and the media outlets to access information, official records and documents.

The local elections crisis in the Palestinian Territories was a result of the continuing division between the West Bank and the Gaza Strip. This is in addition to power conflicts, which are in part related to the struggle over legitimacy and its restoration, as well as redefining public affairs according to parochial interests at the expense of public interest.

The weak monitoring role of members of local committees councils over the functions of the local committees and their heads

Members of local committee's councils submitted several applications for legal support to the Advocacy and Societal Accountability Unit of the AMAN Coalition. These applications revolved around their inability to oversee and question the performance of the local authorities and their heads. They were also about their inability to review reports by oversight agencies, such as SAACB, the Ministry of Local Government or the commissions of inquiry formed by the Minister of Local Government. This is due to domination of some heads of local councils over the local committees and monopoly over the administration of these committees. This is particularly the case because the competent authorities, including the Ministry of Local Government and SAACB, did not enhance their role. These authorities restrict their dealings to the heads of committees and refuse to share reports and official documents with the members, even if the latter request these documents to fulfill their supervisory role.

- **Appointments and promotions for senior positions continue without fair competition and transparency, which encourages clique formation and personal loyalties**

In 2015, the Public Administration for Grievances in the Cabinet received 217 complaints regarding rights to hold public positions.

In 2016, 22 employees were appointed or promoted in senior positions by presidential decrees or decisions without commitment to advertised procedures or equal opportunities and fair competition. These appointments happened in different governmental institutions, the diplomatic core, and the governorates, and affected different employment categories ranging from minister positions to A1

director. These appointments were direct results of internal conflicts over financial benefits and privileges, which allowed nepotism, cliquing and personal loyalties to prevail. Consequently, a large number of people got involved in intensive conflicts over senior positions, which made the different candidates vulnerable to extortion. This situation also enhanced the role of the security apparatuses in appointments in and dismissals from these positions.

The review of appointments and promotions procedures during 2014-2016 revealed the following:²⁴

1. A number of appointments in the diplomatic core involved relatives of some officials. These appointments are in clear contravention of the diplomatic core laws. For example, the Law states that the first councilor must serve four years in that position before being promoted to ambassador. This rule was violated in some cases to accommodate personal interests or to please certain people.
2. Some decisions on promotions to ambassador positions mention the previous rank while other decisions do not provide information about such ranks, which suggests potential illegitimate leaps.
3. Some procedures are in clear conflict with the Diplomatic Core Law. For instance, some employees were moved directly from civil service positions to the diplomatic core, without going through the procedures specified by the Law and its executive rules.
4. Several were appointed in ambassador positions outside the Ministry of Foreign Affairs. The Diplomatic Core Law was enacted in these cases, such as the appointments to ambassador positions at the Presidential Office, which happened in the context of nepotism and appeasement of certain people.
5. Several decisions resulted in appointments in positions of heads of diplomatic missions before fulfilling the procedures for such appointments; in other words, these decisions were made without making sure the candidate fulfills the conditions and his/her documents adhere to rules.



The New Premises of the Ministry of Foreign Affairs

Additionally, in the absence complete job description cards for the majority of these positions, administrative and financial problems emerged. An example of such problems is early retirement and receiving retirement benefits then filling other

24 Report on "Appointment to Senior Positions in Palestine: Heads of Non-Ministerial Agencies, Presidency of the Judicial Authority, Attorney General, Ambassadors and Governors", AMAN, 2016

official posts with different contracts and salaries. In some cases, one person is assigned multiple jobs or positions, which means receiving privileges and enjoying rights at the expense of the general budget. Furthermore, responsibilities and tasks of such positions are always unclear.

Appointing relatives of senior officials in the diplomatic core

The AMAN Coalition sent a letter to the Minister of Foreign Affairs Dr. Riyad Malki on 9/6/2016, expressing grave concern over the appointment of some relatives of senior Palestinian officials in the diplomatic core. This move is part of AMAN Coalition's efforts to follow up on the Diplomatic Appointments and Promotions Report in 2010-2015, which was issued by the AMAN Coalition in 2015. The report concluded that there indeed were such appointments, and that some involved serious breaches.

Settling Accounts or Combating Corruption

In 2016, manipulation of personal conflicts and settling accounts among some officials and people of influence in the government became explicit. Resignations and forced resignations in senior and sensitive positions recurred, along with unofficial announcements on suspected corruption cases. It seems information is available in advance but disclosed and employed only once a personal conflict emerges.

Senior positions appointment and the presidential decrees and decisions employed in this context, along with the various problems they cause, require the formation of a monitoring committee to oversee integrity of appointments in senior positions and control the discretionary authority, as well as ensuring equal opportunities in filling such positions.

- **Challenges facing the Palestinian Authority/wage bill**

Experts' contracts are opportunities for reaping wealth and securing permanent jobs²⁵

The austerity and rationing plan announced by the Palestinian Cabinet speaks of adopting a strict policy in curtailing and correcting the conditions of jobs with special contracts in accordance with the laws for temporary jobs, for instance in the agricultural sector, or to substitute for a regular employee on leave (maternity leave, for example).

The AMAN Coalition confirms that some officials are still appointing people with whom they have a relationship or reserving future positions for them to help them garner financial benefits. This was principally possible because the expert and consultant contracts were still operational in the public sector during 2016.

By definition, expert contracts have limited time frames and have clear job descriptions. Besides that, such jobs are not part of the functional structure. Yet, the General Personnel Bureau (GPB) data indicate that in 2016, there were 77 expert contracts, 18 of which were funded from the public treasury, with a wage rate ranging between \$1501 and \$4000 per contract. Five of these contracts received external funding, including two with wages exceeding \$4,000 per month. This indicates that the number of such contracts increased from 42 in 2013 to 77 in 2016. As for

²⁵ Report on Special Contracts in the Public Sector, AMAN, 2016

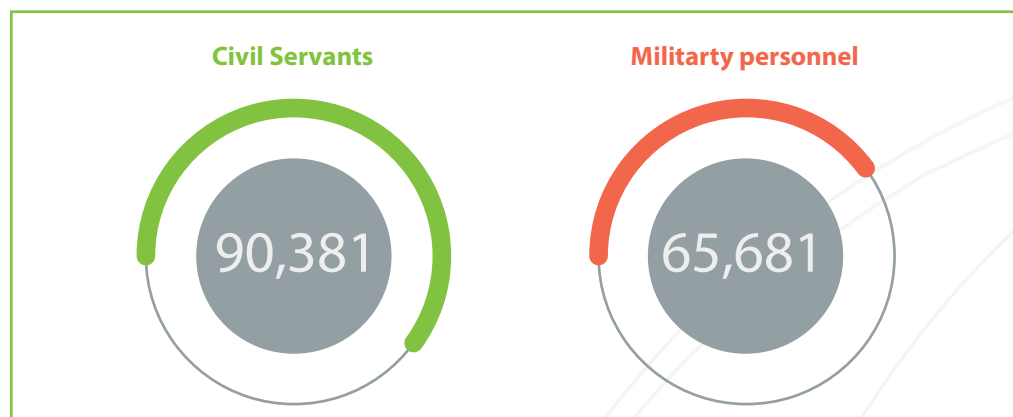
temporary contracts between 2013 and 2015, the GPB data reflect lack of variation in numbers, which is demonstrated in the table below.

Year	New contracts	Contract renewals	Ended contracts	Total
2013	509	1481	-	1990
2014	606	1582	404	1748
2015	208	1748	-	1956

According to the governmental departments' employment matrix for 2016-2018, these departments need around 1515 contracts over the next three years, in addition to 376 daily-wage contracts. Nevertheless, continuing to work with the contracting mechanism contribute to inflation in the civil service wage bill. It also preserves the civil service position for the civil servant who signed the concerned expert contract on behalf of the public institution. This mechanism also permits hiring through the so-called exceptional contracts, which involve retired civil servants. Finally, this mechanism does not require adherence to the regulations governing employing experts or consultants, especially those funded by external institutions.

Public sector wage bill, which mounts to more than half of the budget expenditures, lists 156,062 civil and the military employees in the Gaza Strip and the West Bank, as detailed in the pie chart below.

Distribution of public sector employees²⁶ (Under the responsibility of the Ministry of Finance and the General Personnel Council)



Distribution of public sector employees

The public payroll, which falls into the mandate of the MoF and GPC, stands for more than the half of the budget expenditure. In fact, the number of public servants has amounted to 156,062 employees across the civil and military sectors in the West Bank and the Gaza strip as the figure below demonstrates.

26 Citizens' Budget, Ministry of Finance, 2016

Expenditures of the Monetary Authority in different areas, including purchased and rented venues, furniture, and vehicles, do not reflect the gloomy economic reality experienced by the Authority and the Palestinian people. This is an indication of ongoing squandering of public funds, when it is more worthwhile to transfer the saved money to the public treasury.

Statistics on the Security Sector in the West Bank and the Gaza Strip



83,276

17,813

Security personnel under the Hamas Government and paid by the latter

All of them serve in the Gaza Strip

65,463

Security personnel under the PNA Government and paid by the latter

33,550
security personnel serve in the Gaza Strip

31,913
security personnel serve in the West Bank

Sources: Alaa at-Tartir, The Reformation of the PNA Security Sector: A tool for the perpetuation of the Israeli Occupation, al-Akhbar Newspaper, 20-Dec-2016, & unpublished report by the Geneva Centre for the Democratic Control of Armed Forces (DCAF).

Statistics on the Security Sector in the West Bank and the Gaza Strip



Third of the PNA budget was allocated to the security sector, and 78% of the security sector budget was spent to cover the salaries, wages and other privileges.

PNA



By the same token, third of the Hamas Government budget was allocated to the security sector (i.e. USD 262 million out of USD 8945 Million), and 78% of the security sector budget was spent to cover the salaries, wages, and privileges.

Hamas Government

The Situation under the Persistent Palestinian Political Chasm

The PNA continues to pay 33,550 security personnel in the Gaza Strip despite the fact they are not in-service. As data stands, their payroll amounts to USD 40 million per month deducted from the PNA resources. In plain English, the amount of this payroll over the last decade was around USD 4.8 billion.

Sources: Alaa at-Tartir, The Reformation of the PNA Security Sector: A tool for the perpetuation of the Israeli Occupation, al-Akhbar Newspaper, 20-Dec-2016, & unpublished report by the Geneva Centre for the Democratic Control of Armed Forces (DCAF).

There are 53,000 military personnel in the Gaza Strip, 20,000 of which are affiliated with the Hamas government. 33,000 are under the Palestinian Authority (PA) who are on strike by orders from the PA. The number of civil servants in the Gaza Strip reached 48,000 and they receive their salaries from Hamas and the Ministry of Finance. In 2015, Hamas's military personnel wage bill had totaled in \$182.5 million. By contrast, the 2016 PA military personnel wage bill in the Gaza Strip had reached NIS1,753 million.²⁷

²⁷ Figures on Hamas Government, obtained from Balance Sheet, while figures on PNA Government, obtained from the Ministry of Finance and Planning

Financing the wage bill of the security services personnel in the West Bank and the Gaza Strip, including those on strike, constitutes a heavy burden and is disproportionate to the level and size of services provided to citizens. Moreover, the situation in Gaza is even more difficult because Hamas hired approximately 18,000 additional security personnel.

- **The Non-governmental Sector Code of Conduct Needs Development of Monitoring Mechanisms on Compliance with its Provisions**

The NGO Development Center (NDC) spent much effort throughout 2016 and granted 23 NGOs certificates of commitment to the Code of Conduct. 21 of these NGOs are based in the West Bank and 2 in the Gaza Strip.²⁸ However, there was no significant progress in integrity, transparency and accountability in the operation of NGOs and charitable organizations. The procedures that ensure implementation of the Code of Conduct are yet to be completed in many NGOs. Furthermore, follow up on the level of commitment of these organizations to standards of the Code of Conduct is not activated. According to a 2016 SAACB report, this environment has made it possible for some NGO-officials to abuse their positions. However, financial and administrative procedures at these institutions were developed in a manner that enhanced integrity, transparency and accountability in administering and provision of services, as well as fulfilling their developmental role in accordance to the principles of fairness and equality, prevention of conflict of interest, and encouragement of good and prudent management of public funds.

- **Debate Over the Transparency of Government Debt Continues**

Controversy over the actual amount of the national debt continued throughout 2016. This is particularly the case for dues for the Pension Agency and the overdue balance of the private sector. This is in addition to the governmental debts owed to the banking sector. Additionally, transparency is lacking about the value and total amount of debts and commitments of the Ministry of Finance to the Pension Agency, which contradicts the law. According to some estimates, they are over \$1.62 billion, a figure that was confirmed by the head of the Palestinian government. It was announced that the Ministry of Finance had transferred the value of NIS20 million per month, instead of NIS100. This augmented the national debt for that year.²⁹

- **Pension Agency funds are in peril**

In 2016, and as indicated above, the Ministry of Finance did not transfer all due payments to the Pension Agency, and only paid a portion of these arrears as of in early 2016. This will leave the Agency incapable of fulfilling its commitments towards the retirees. In fact,



28 Interview with Dr. Ghassan Kasabrah, Nongovernmental Organizations Development Center (NDC)

29 Report on the Economic Situation in the West Bank and Gaza Strip, World Bank, September 2016



this situation endangers the ability of the Retirement Fund to continue operating in the future. It also makes it impossible for the Agency to invest in these funds to maximize their economic value.

Transparency on investments of the Agency's funds is absent. Published reports covering such investments suffer from lack of precision regarding their value, domain, profits, and losses. Overall, this contributed to undermining societal and official supervision over these ventures.

- **Agreements for the energy, water, and telecommunications sectors are not accessible to the public!**

Some international and local agreements signed recently by the Palestinian Authority suffer from lack of transparency. These agreements were signed with other countries or other Palestinian partners. They are nebulous and are not disclosed to the public. This has generated public suspicion about the reason for the information blackout. Media reports covering these agreements barely provided any information, in disparity to the importance of such agreements and their content. In fact, they were never disseminated or published despite their importance politically and economically, as well as for the services sector.

Examples of such agreements:

- **Unpublished Electricity Agreement**

The Palestinian Authority (PA) did not release information about the electricity agreement signed with Israel on 13/9/2016, leaving the Palestinian public and civil society institutions, including the media, ignorant of its content. Instead, it was sufficient to claim that the agreement is a historic Palestinian breakthrough in the management of electric power, without explaining the core of this so-called historic achievement in terms of the cost of electric power, which currently stands at nearly \$1 billion per year to the benefit of the Israeli regional electric company. Moreover, the PA also did not reveal the mechanisms and arrangements affecting East Jerusalem, the Israeli settlements, or areas C, and wherever such agreement should guarantee Palestinian control over electric power, and hence the ability to control the cost of the electric bill to decrease waste of public funds.

- **The Bahrain Canal Project³⁰**

Three years have passed since the signing of the Water Memorandum of Understanding by Jordan, Israel and the PA representative Mr. Shaddad 'Attili, President of the Water Authority at the time. However, this memorandum is yet to be

Our suspicions about the secrecy surrounding the agreement were centered on the possibility that Israel requested not to publish the agreement for its own reasons. The, the Ministry of Finance surprised us about the secrecy of the agreement signed with the Jerusalem Electric Company though the Treasury took over the Company's debts. Some claim that the AMAN Coalition exaggerates and always looks at the empty half of the glass. Yet we are interested in the full half by knowing what the agreement is about and give our opinion. A historic agreement does not have an empty half.

30 Accountability Session on Bahrain Canal, AMAN, 13 June 2016

officially published and is kept in secrecy; this is because the Cabinet has not given a publication permission despite the fact that such agreements must be referred to the Legislative Council for review.

It is worthy to note that the Agreement was first signed by both Jordan and Israel on 26/2/2015, and later between the Palestinian Authority and Israel. This agreement, known as the Bahrain Canal Agreement, involves digging a canal to connect the Red Sea to the Dead Sea. The first phase, or the pilot phase, includes the construction of a desalination plant in Aqaba, Jordan. The agreement also stipulates the water shares, with Jordan receiving 60 million cubic meters of water from Lake Tiberias, and the Palestinian Territories receiving 20 million cubic meters to be bought from the Israeli Mekorot Water Company, while Israel will receive 40-50 million cubic meters to be pumped via Eilat to the Negev.

- **A new secret concession deal**



The telecommunications sector in Palestine still requires modernization of the governing legal and institutional framework. Although Article (94) of the amended Basic Law of 2003 contains a directive for ratifying a law that regulates concession rights and prevents monopolization, the proposed bill prepared in 2005 was never ratified. Also, resolution number (15) of 2009 regarding the formation of the Palestinian Commission to regulate the telecommunications sector is suspended as a result of various problems.

So, in the absence of a legal framework, an agreement on license renewal of the Palestinian Telecommunications Company was signed with the Palestinian government in a secretive atmosphere particularly regarding the rights and duties of the company for the next twenty years.

Due to political conflicts between the National Consensus Government (in charge of the Energy Authority) and Hamas's de facto government in the Gaza Strip, which is evident the latter's grip over the Electric Power Distribution Company, each party blamed the other for failure to find a solution for the electricity crisis in the Gaza Strip in 2016. Each side publishes figures that serve its ends. In the end, the Gazan citizens are victims. Each side refuses to keep the portfolio neutral although keeping the file away from political differences is the only way to sort things out. This is in addition to unification of the Energy Authority and enforcement of the General Eccentricity Law in the Gaza Strip to ensure access to electric power among the Gaza citizens.

In 2016, the government failed to establish a body governing the telecommunications sector as dictated by the Law of Telecommunications and Information Technology. This institution is to supervise and regulate the various telecommunications companies, ensuring the provision of quality services, and commitment of these companies to the approved pricing, in addition to guaranteeing access to all telecommunication services in all areas and communities. As for the electric and water sectors, the regulating bodies remained weak in 2016. This is mostly because of conflicts over the terms of reference between the Water Authority and the Water Sector Regulatory Council. Additionally, the Palestinian Electricity Regulatory Council remained inactive despite its integral role in monitoring and supervising the electricity companies.

Legislation to regulate the Hydrocarbon Sector

In Palestine, there is not legislation regulating the hydrocarbon, gas, and fuel sectors. The absence of laws and the multitude of terms of references endanger the Palestinian capabilities on the one hand, and encourage corruption crimes and misuse of public funds on the other. Perhaps the Palestinian government's initiative to prepare a draft bill for the hydrocarbon sector is a step that reflects a growing interest in regulating this strategically important sector. The draft bill should respect the principles of governance in administering this sector. This is addition to separating of authorities and having the Energy Authority distance itself from interference in the executive bodies – i.e. governmental companies - and play its role as a political and monitory institution. It is also necessary to provide guarantees that would enhance accountability for concession contracts, protection of national resources and investment of public funds, away from forfeiture and dissipation. It is also important to set up ceilings for the contributing shares and the profits collected by the state. Regulation of this important sector, both legally and institutionally, also requires transparency of the concerned agreements and opening the floor for real participation and deliberation amongst the official parties and other relevant private sector actors and NGOs.

• Aid Agencies Operating in Gaza Lack Transparency

The number of requests submitted to the Advocacy and Societal Accountability Unit of the AMAN Coalition in 2016, in which people inquire about the distribution standards of humanitarian aid among the beneficiaries, indicates that some international institutions and NGOs are not committed to fair and equal distribution. The concerned institutions provide different sorts of assistance; agricultural, relief and reconstruction. They often do not announce the availability of grants or financial aid so that citizens can apply. This situation stirred complaints and opened the door for rumors regarding integrity of the distribution of such assistance amongst the beneficiaries.

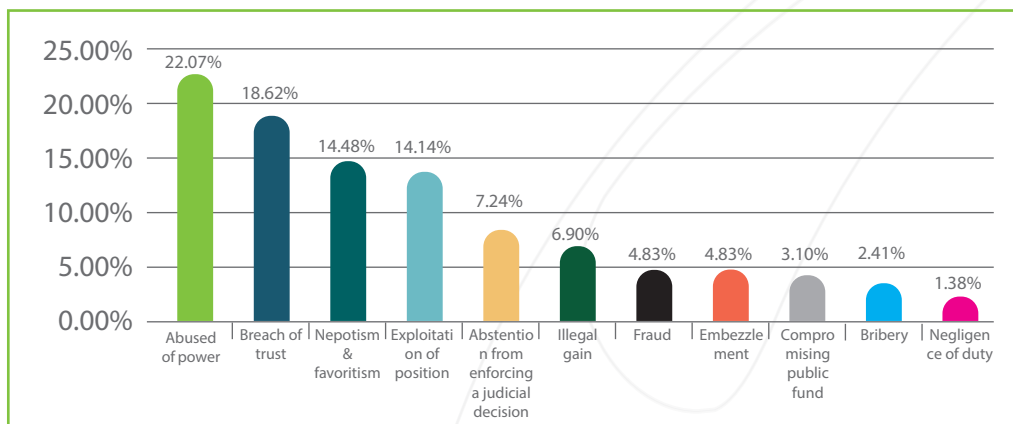
The Most Prominent Forms of Corruption in 2016

2016 did not experience substantial changes in forms of corruption. Many of these crimes recurred with minor changes, as indicated in the data collected by the Anti-Corruption Commission. The 290 corruption complaints and reports, which fall under the Commission’s legal competence, reveal most forms of corruption crimes as defined by the Anti-Corruption Law. The table below represents the distribution of corruption complaints and reports ordered based on the gravity of the crimes reported in 2016.

Subject of report or complaint	#
Abused of power	64
Breach of trust	45
Nepotism & favoritism	42
Exploitation of position	41
Abstention from enforcing a judicial decision	21
Illegal gain	20
Fraud	14
Embezzlement	14
Compromising public fund	9
Bribery	7
Negligence of duty	4

Notably, the nature of the 2016 complaints received by the Commission demonstrate a minor relative change in the types and number of complaints compared to previous years. The data also shows that the most prevalent suspected corruption crime in 2016 is abuse of power, 22.7%, while in 2015, breach of trust was in first place by forming 23% of corruption crimes. Negligence of public duty is the least common corruption crime in 2016 as it formed 1.38% of such crimes. By contrast, in 2015, bribery had the lowest score with 2.3%.

The table above presents numbers of different forms of corruption crimes as detailed in the complaints and reports received by the Commission over 2016.



452 complaints and reports about suspicions and issues of corruption, including 116 involving senior officials

The issue on the number of complaints and reports submitted to the Anti-Corruption Commission outside of its competence has been going on for years. The percentage of such cases stood at 35.8% in 2016, which is a result of misunderstanding by those who reported and complained about corruption. In turn, this reveals an urgent need for raising public awareness about the Commission’s competence, as well as the conditions for the cases that fall under its competence.

AMAN Coalition conducts a public opinion survey annually to gauge citizens' perspective of corruption. According to the public opinion survey of 2016, the most prevalent forms of corruption in Palestine for that year are:

Prevalent forms of corruption

Embezzling public funds	24.7%
Abuse of power	22.9%
Bribery in exchange for services or benefits	17.9%
Compromising public funds	12.4%
Money Laundering	11.4%
Misuse of trust	10.8%

Results of the opinion poll revealed that 75% of the surveyed sample believes that nepotism helps them to receive services. By contrast, 25% do not believe it does.

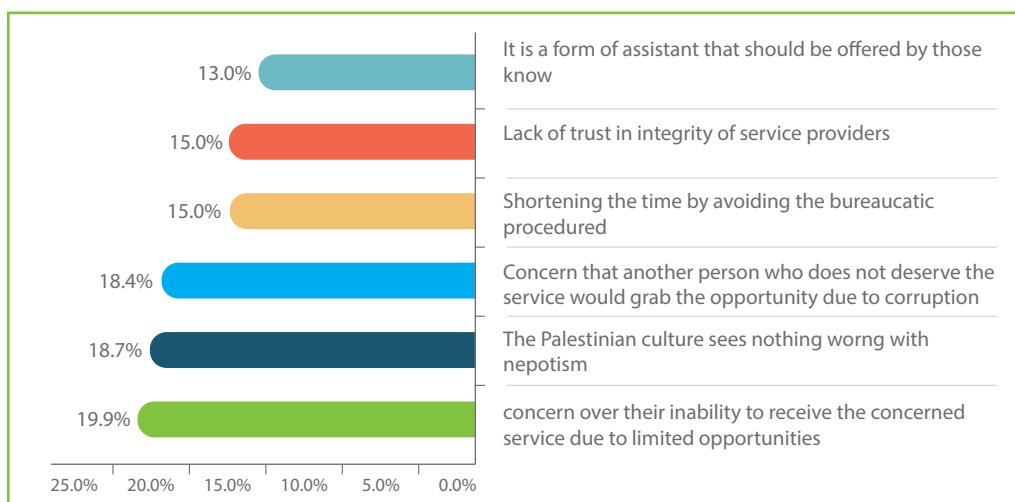
Views about the role of nepotism in accessing services according to the 2016 opinion poll

	West Bank	Gaza	Total
Yes – it helps	73.8%	77.1%	75.0%
No –it doesn't	26.2%	22.9%	25.0%

The survey also showed that 39% of participants asked for help to receive public services in 2016 while 61% did not.

As for the reasons behind resorting for favoritism, 20% of those who resorted to such acts said that the main reason is concern over their inability to receive the concerned service due to limited opportunities. 19% explained their act by the Palestinian culture that does not see nepotism as something wrong; 18% were concerned that another person who does not deserve the service would grab the opportunity because of corruption. 15% indicated that they wanted to shorten the time by avoiding the bureaucratic procedures. Finally, another 15% resorted to favoritism due to lack of trust in the integrity of those who provide the service.

The chart below shows the reasons why respondents resort to nepotism to receive services in 2016.



The negative impression of citizens about official efforts in combating corruption prevails

Similar to previous years, opinion polls confirm this attitude. These surveys also indicate a higher percentage of corruption than expected, which reflects a typical attitude towards the Authority due to the practices of officials. This is in addition to the political polarization between Hamas and Fateh.

The gap between the efforts to combat corruption and public perception can be summarized as follows:

- Distrust and lack of credibility between the citizens and the official parties. The citizens are not convinced by the official efforts in combating corruption and enhancing integrity.
- Public misunderstanding of the concept and nature of corruption crimes and its forms as delineated in the Anti-corruption Law. The Anti-Corruption Commission's announcements indicated that the Commission received 452 complaints and reports in 2016 concerning suspected corruption cases. These include 162 complaints and reports outside the legal expertise of the Commission. The latter mostly cover administrative violations or cases that were adjudicated.
- The continuing political division between the West Bank and the Gaza Strip authorities with each trying to protect and serve their supporters while inciting against the other.
- The continued suspension of the Legislative Council and absence of its supervisory role over administration of public affairs and funds and governmental performance, in addition to not publishing regular reports about corruption..

- Absence of a system to exchange information in the Palestinian regime in an easy and transparent manner opens the door for rumors.
- Absence of the principle of equal opportunities amongst the citizens in accessing services or having no access to information about employment opportunities reinforced the public's beliefs about nepotism and favoritism.
- There is a feeling among the public that corrupt officials cannot be held accountable. The names of involved persons or details of the cases that were transferred to the public prosecution are kept secret. The minutes of the Corruption Court are not published in the media, despite the large number of complaints involving public sector senior officials received by the Anti-Corruption Commission. 116 complaints and reports against senior official were submitted in 2016. This means 25.6% of the total number of complaints and reports received by the Commission. This enhanced the overall impression that the official institutions and parties are not serious about tracking down all corrupt people.

Source: AMAN Coalition's 2016 fact sheet.

The Anti-Corruption Commission referred 31 case-files to the Anti-Corruption Prosecution in 2016

Thirty-one case-files were referred to the Anti-Corruption Prosecution, which is in fact, a fraction of the total complaints and reports of corruption the Commission received in 2016. This indicates an accumulation of case-files from previous years at the Commission, and could lead to having corruption suspects getting away with crimes without penalty. At another level, this situation would reinforce the public's negative impression about the effectiveness and neutrality of the Commission.

According to the 2016 public opinion survey on corruption, 67% of the respondents believe the Anti-Corruption Commission is not independent and 28% believe it is independent. Additionally, 64% believe that the Commission's role is ineffective while 29% consider it effective in performing its duties and responsibilities.³¹ Interestingly, the results indicated a relative decline in the percentages of those who think the Commission is independent and a rise in the number of those who believe it's not.

The table presents public opinions on independence of the Anti-Corruption Commission over the past three years

Independence of the Commission	2014	2015	2016
Yes	46.6%	30.8%	27.8%
No	44.5%	49%	66.7%
Don't know	8.9%	20.2%	5.5%
Total	100%	100%	100%

The Anti-Corruption Prosecution closed 19 case-files in 2016

The Commission received 31 files of corruption cases in 2016 of which 19 were referred to the Corruption Court for investigation. 16 investigations were put under reservation, including some cases from 2016, as well as others deferred from previous years for legal reasons. It should be noted that in 2014 the case-files referred to the Corruption Court were three only, compared to a 19 in 2016.

22 corruption crimes convictions in 2016

Statements by the General Secretariat of the High Judicial Council revealed that the Corruption Court received 18 case-files in 2016. Until 14 December 2016, four of these files were dismissed. According to the Anti-Corruption Commission data, until 27 December 2016, 22 cases were adjudicated in 2016, including two that involved indicted fugitives in foreign countries. There were no attempts at bringing them to justice because there are no extradition treaties or any relevant agreements with the concerned countries.

fugitives from justice

The data of the General Secretariat of the High Judicial Council also revealed that Court made 9 judgments against corruption crime fugitives outside the country from the establishment of the Corruption Court until 14/12/2016; the adjudicated cases dealt with all sorts of corruption crimes, namely, breach of trust, fraud, offering and receiving bribes, unlawful gain, embezzlement, exploitation of position, use of false official documents, and dereliction of duty.

Judgments against fugitives from justice outside Palestine as demonstrated by the Corruption Court records:

Fugitive from Justice, Sami Mohammad El-Sheikh Adel-Hadi Ramlawi received a 15-years sentence of temporary hard labor, a fine of 100,000 Jordanian Dinars, three years of imprisonment, and a fine of four million five hundred and forty-eight thousand and eight hundred and eighty-six American dollars (\$4,548,886.70), which is the sum of financial damage done to the treasury. The sentence was rendered on 31 January 2016.

On 14 December 2016, the Corruption Court also rendered judgment for corruption crimes against the deposed Fatah Parliament Member Mohammad Dahlan, concerning his work as Coordinator of Security Affairs at the Palestinian presidency in 2007-2008. The sentence included three years in prison, a monetary fine with the value of the embezzled funds (\$16 million), 100 JDs for late fees, and 1000 JDs as court fees.

In 2016, an Israeli officer working at the Civil Administration was investigated for receiving bribes from Palestinian laborers who needed work permits; this is where the lucrative business involving permits to work for Israeli employers began and permit brokers multiplied.

The current method for collecting financial declarations is to no avail

The Anti-Corruption Commission data, concerning those commissioned in 2016, indicates that it received 6050 financial declarations. This figure adds up to the total number of financial declarations submitted since the date those commissioned

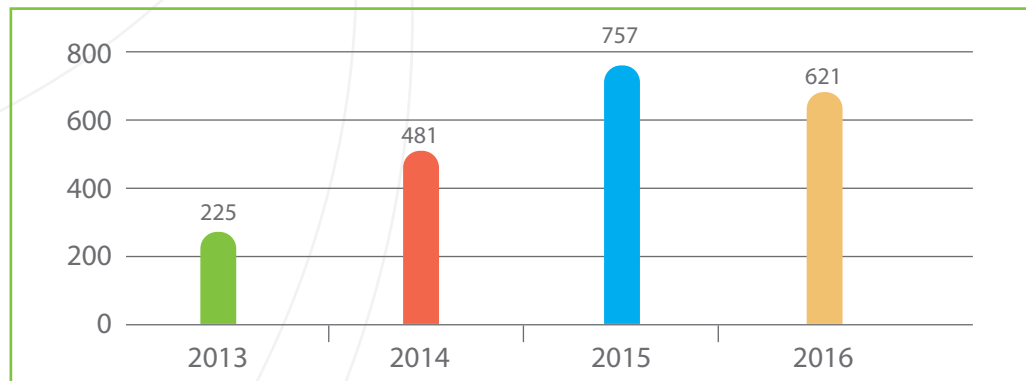
According to data from the Corruption Crimes Court and the Anti-Corruption Commission, the most common corruption crimes in 2016 were exploiting authority, breach of trust, exploiting one's position, unlawful gain, nepotism and favoritism.

The number of adjudicated crimes at the Corruption Court is disproportionate to the number of reports and complaints received by the Anti-Corruption Commission. This issue raises the question about the issue of escaping penalty in Palestine. The problem is the complaints and reports are accumulating at the Commission, which also suffers from slow decision-making procedures.

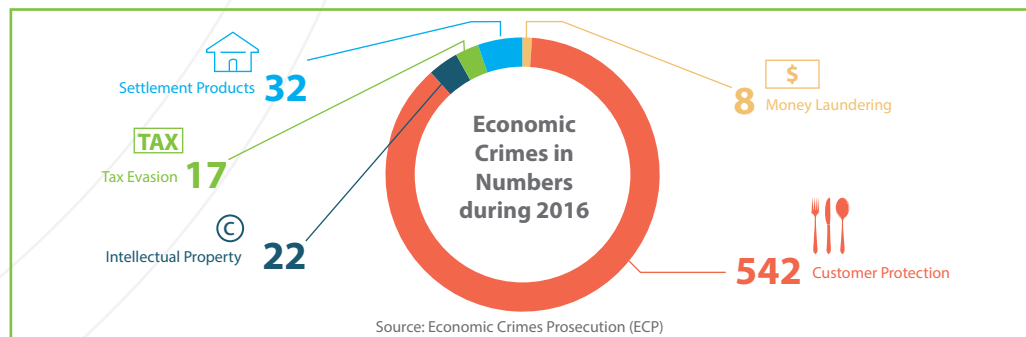
became compelled to complete such declaration. The total has reached 35,080 declarations, knowing that the total number of those commissioned is 39,470 administrators as of 27 December 2016. Only four of these declarations were reviewed by the Competent Court based on formal requests.³²

However, the number of piled up financial declarations presented to the Commission by those required by Article (2) of the Anti-Corruption Law, raises questions about the importance of requesting all civil servants and NGO employees to submit financial declarations and their significance as a preventive measure against unlawful gain. The Law compels those affected and stipulated by Article (2) to present financial declarations. Yet, it also protects secrecy of these declarations and they cannot be reviewed unless the concerned people were suspected of committing corruption crimes, and after obtaining an order from the competent court to investigate. Additionally, the Law does not contain provisions compelling the President of the Palestinian Authority, the Prime Minister and Cabinet members, or the Parliamentarians and the Judiciary to submit regular financial declarations upon appointment and at the end of service. The Law does not stipulate the publication of financial declarations by the above-mentioned group.

This calls for reconsideration of financial declarations by all civil servants and the importance of their regular submissions by certain groups, as well as the publication of financial declarations of senior officials, such as the ministers, the President, members of parliament and others. These issues constitute topics for possible amendments on the Anti-Corruption Law.



The above chart presents the economic crimes and their numbers in 2016



32 Response of Anti-Corruption Commission to AMAN's Letter, 27 December 2016

Issues in the Spotlight

The Health Sector

The Palestinian health insurance system continued to deplete the Budget of the Ministry of Health in 2016

The cost of medical transfers outside the health institutions of the Ministry has consumed \$561 million of its general budget. Yet, the government and the Ministry did not initiate any programs for an alternative health insurance system to replace the current one, which is failing because of the accumulating mistakes and faulty administrative decisions that has exhausted the budget of the health insurance fund. Moreover, the medical transfer system suffers from many pitfalls and gaps. Furthermore, the Israeli “invoiced theft” when billing for treatment at their medical institutions adds to the pile. The Ministry has to bear enormous costs due to lack of transparency concerning those who qualify for receiving the service as many uninsured benefit from such services.

The Ministry of Health managed to localize health services – from 82% in 2014 to 84% in 2015. As a result, the Ministry reduced the costs of external treatment by around NIS 9 million Shekels last year. Nevertheless, the Health Insurance Law is not ratified yet. The health insurance fees collected in 2015 have reached a total of about NIS 165 million, equaling 30% of expenditures on of medical transfers (561 millions), and around 10% of the expenditures of the Ministry itself for the same year.³³

The health insurance system is still riddled with gaps and loopholes that make it vulnerable to corruption; exemplified by:

- Insuring hundreds of thousands of people without anyone committed to regular payment of their annual dues.
- People could easily join the health insurance system and benefit from its services in emergencies but then; they could easily withdraw when it is over.
- Not including the entire population in the system so that the healthy and the young would contribute to the health insurance system in a form of social solidarity with the children and the elderly.
- No clear and transparent specifications of medical coverage policies, which undermines accountability concerning violations due to nepotism, favoritism or exceptions. This is in addition to embezzlement of public funds.
- Contracting over 79 health service providers opens doors for nepotism and conflict of interest, and prevents the Ministry from safeguarding the quality of medical services as required by the conditions of the contracts.
- Lack of instructions or a publicized guide determining the priorities of financial applications provides an opportunity for personal interventions, as well as corruption, which result I embezzlement of public funds.
- Failure to adopt full automation for transactions prevents efficient oversight over them and makes it difficult to assign responsibility for each party involved

³³ Investigation Report on Medical Transfers to Establishments other than the Palestinian Ministry of Health Facilities, AMAN, 2016

in completing these transactions. This provides opportunities for favoritism, bribery and waste of public funds.

- The weak grievances system contributes to an inefficient accountability regime. It also undermines trust in the Palestinian health system and the performance of the Ministry, especially in the department of “external transfers”.
- No sectorial and binding strategy funded by the Ministry that details the expected responsibilities of the public and private sectors, as well as the NGOs through long-term planning for developing the public medical centers to produce health care, planning and administration of investments.

Annual Ministry of Health expenditures on external transfers depending on place of treatment in 2003-2015

Year	Cost of transfers to Israel – according to MoH	Sum of Israel clearings for external treatment	Differences (million NIS)
2015	124,810,574	219,177,979	94,367,405
2014	138,641,969	300,000,000	161,358,031
2013	171,662,256	200,000,000	28,337,744
Total	435,114,799	719,177,979	284,063,180

The difference between the costs of medical treatment in Israel based on MoH accounts and the sums Israel deduced in clearings for the same cases (in NIS)

The Ministry of Health and the Physicians Syndicate are not cooperative in adopting an accountability system for medical errors and an insurance system for such errors that covers health workers as well

Malpractice incidents occurred again in 2016. These errors were outcomes of medical mistakes or negligence causing the death of some patients in public hospitals. Other sorts of mistakes also occurred but remain unidentified and undocumented. This situation indicates that importance of adopting a medical accountability system as stipulated in the Palestinian Health Law, and a malpractice insurance system to protect both patients and doctors.

The Ministry of Health and the Physicians Syndicate reached an agreement to form a joint committee to investigate medical malpractice incidents, which might bring about conflict of interest and undermine integrity and transparency of the outcomes of the investigations. Forming such a committee does not substitute a strong medical malpractice accountability system and malpractice insurance adopted by the government and the Ministry. Such a system would protect both the citizens and the doctors and would save the treasury large amounts of money that are being paid for medical malpractice incidences. Additionally, such a system would also protect the community from many potential troubles.

In 2016, the minister of Health is very late and has failed in to adopt an insurance system covering medical errors and those employed in the health sector, in order to compensate those affected.

Therefore, to reinforce integrity, transparency, and accountability for medical malpractice, the following must be done:

1. Building a system of accountability that institutionalizes the investigative committees, their formation, and their operational procedures and mechanisms, and determines their subordination and qualification to ensure neutrality and effectiveness.
2. Imposing a compulsory malpractice insurance policy, establishing a trust fund to compensate the victims for errors that did not involve malpractice, dereliction, or negligence. Additionally, the fund's subordination, independence, financing and expenditures methods, as well as management mechanisms must be clearly defined to guarantee integrity, accountability and transparency in all aspects of its operation.
3. Adopting a comprehensive system of documentation for medical mistakes in health institutions under the Ministry or the Physicians Syndicate. They must also revise related legislation to include a definition of medical malpractice, and define the accountability channels and committees, as well as their operational procedures.
4. Applying the code of conduct and ethics on the medical profession to protect all parties and avoid problems.

Beauty Centers – Confusion and lack of accountability generate conflict of interest

Of the 148 beauty salons in the West Bank that provide laser, ultra-sonic and shock front waves treatments, only 3 are licensed. Currently, there is legal framework that regulates these centers, and the Ministry of Health has not issued policies and procedure that would prevent conflict of interest in licensing, especially that a large number of Ministry employees is associated with some of these centers. Additionally, some salons use laser treatment even though they are not qualified to do so as required by the licensing regulations. This has made it difficult to hold them accountable for malpractices. The Public Health Law imposes penalties for such infractions, but those are meager fines that do not exceed 2,000 JDs and a two-year prison sentence.



These conditions should be rectified by forming a national licensing committee for beauty centers to enforce specific standards and conditions. This is addition to having a competent body to approve medical equipment and ensure their proper use and maintenance. Beauty center workers and professionals must be trained to use laser, ultra-sonic and shock front wave's equipment under medical supervision. There should also be supervisory mechanisms to oversee these centers, to track any violations and to enforce the law.

Cases of bribery to obtain permits for travel to the West Bank, Israel and Egypt at the expense of cancer patients were discovered



The AMAN Coalition received several complaints from the Gaza Strip claiming that some cancer patients were extorted when trying to obtain permits to leave the country for treatment, and that some officials have accepted bribes in return for facilitating the process of getting permits. This is particularly important due to the fact that the Israelis mostly deny such applications for security reasons, and the Israeli policies set a limited number of medical treatment

permits. This encourages bribery and extortion.

A crisis of Zahrat El-Finjan landfill in Jenin, and the failure of the official investigation committees in determining who is responsible for dumping Israeli waste in that disposal site



In the wake of an intense media publicity campaign in April and May 2016, which claimed that someone contracted for waste disposal allowed Israeli waste to be dumped in Zahrat El-Finjan landfill in Jenin under pressure from officials on the administration of the landfill, transparency and accountability vanished. A crisis of accusations and counter-accusations among the ministries, government officials and public institutions ensued, with each side blaming the other for

lack of supervision and for not doing their due diligence in regulating the waste site in all its operational aspects, including its organizational, administrative, financial, and technical, affairs, as well as health and public safety.

Rammoun landfill is faltering, the Ministry of Local Government is incapacitated, and threats of withholding funds!

With the delay in building the long-planned Rammoun landfill for Ramallah/El-Bireh governorates because residents of that area rejected the project, the financiers began to consider withdrawing funds earmarked for that project – estimated by millions of dollars. It is worthy to note that an area of 208 dunums (1000 m² each) was designated for the dumpsite, of which 42 dunums are government owned. The rest was purchased from the citizens. However, the project is yet to be completed. It is expected to eliminate tens of dumpsites scattered randomly across the governorate, to save the local committees millions of dollars, and to bring developmental and employment opportunities; understanding the reasons behind this delay requires a dialogue and a discussion with the concerned communities to reach solutions that would help building the landfill in a manner that preserves national, environmental, health, and economic interests.

The Ministry of Local Government requested the Civil Affairs Authority to acquire 170 dunums of village lands to build the landfill under the Joint Services Council. However, the Civil Administration sent Rammoun and Deir Dibwan landowners' notifications on confiscation of 2680 dunums of their lands to be used for the dumpsite. When these landowners refused to allow the government confiscation of their land and refused to sell it, the Palestinian Authority asked the Israeli authorities to acquire the lands allocated for the dumpsite.³⁴ Then, the Joint Services Council proceeded to buy some of those lands following the official approval of the Israeli Occupation for building the waste site, and purchased 18 dunums at 10 thousand dollars per dunum. The Executive Director of the Joint Services Council then indicated that the expected life-time of the project is 25 years, after which, the land will be converted into a public park that serves the eastern region of the governorate.

With all these complications and obstacles, the Palestinians stand to lose millions of dollars if the German organization GIZ halts financing the project, which will amount to waste of public funds.

AMAN Coalition holds the Ministry of Local Government responsible for squandering these funds and for being indecisive about how the project can be legally implemented. The government and the Ministry should pay attention to this matter and discuss the issues with all concerned parties, including the donors, to find ways to avoid losing this opportunity and perhaps postponing the withdrawal of funding. This is because the project serves the public interest and fulfills the central region's need for proper solid waste management.

No local authority elections: Municipality of Gaza City as an example³⁵

Despite the progress in some areas of the integrity system at the Municipality of Gaza City, it still faces legal, institutional, and functional challenges. On the issue of the empowering environment for the integrity system at the Municipality of Gaza City, a strategic developmental plan was set with a clear vision, mission and goals. This is in addition to the formation of neighborhood committees for the city of Gaza by the municipal council, and the creation of a complaints unit, which allows for the submission of written and electronic complaints. The unit submits its periodic

34 <https://www.maannnews.net/Content.aspx?id=860993>

35 Report on the integrity system at the Municipality of Gaza, AMAN Coalition, 2016

Suspension of local elections in Gaza Strip weakens official and societal accountability for officials of local committees



بلدية غزة

Gaza Municipality

reports to the municipal council. The municipality also established a “service point” for the public, which operates in accordance to their “Provided Services” Manual. In the area of internal and external oversight, the municipality has an internal oversight unit. Moreover, the municipality is subject to oversight and guidance by the Ministry of Local Government. It is also subject to external auditing and oversight by the Administrative and Financial Oversight Committee, or an external accounts auditor. The executive branch is held accountable to the appointed municipal council, in particular to the mayor, either through submitting internal reports, or by holding evaluation meetings.

Although the Municipality of Gaza City has a clear organizational structure, this structure however, has not been implemented yet, and the centralized nature of administration is evident. Additionally, the employment process is carried out erratically, and without job descriptions. This has led to straining the municipality’s budget in light of its weak financial resources as there is no employment or contracting manual. The municipal council has not yet adopted a code of conduct for the heads and members of local authorities, and has not established a system governing receipt of gifts, or disclosure policies that prevent conflicts of interest. The municipality also does not publish its financial and administrative reports, nor does it present them for discussion to the local community, nor does it publish the municipal decisions.

One of the main challenges to the environment of the integrity system at the Municipality of Gaza City is the appointment rather than the election of its council members. The Municipality of Gaza City was one of the local authorities that did not organize elections for the past electoral cycles in 2004 and 2012. As a result, the citizens have no say about who represents them. Consequently, this weakened accountability, and gave the Ministry of Local Government in the Gaza Strip more control over the appointed municipal council, thus, compromising its independence.

The Gaza Strip, local taxes to finance the De facto government, and delays in the reconstruction process

Due to the decrease in their financial resources because of the continued Israeli siege on the Gaza Strip, and the closure of a large number of tunnels under the border with Egypt, and the drop in external funding, the Hamas government continued filling its financial coffers by levying taxes and local fees from the Gazan citizens. Their revenues increased from NIS 30 million in 2015 to NIS 60 million at present.³⁶ These funds are utilized as running costs for their ministries and salaries for their employees at the expense of any contributions towards development of basic services in the Gaza Strip governorates. This caused the Gaza Strip to suffer from what is known as “Double Taxation,” which is implemented on imported cars and other merchandise and staple goods.

36 Yousef Al-Kayyali, deputy Finance Minister in the Gaza Strip, interview with Donya Al-Watan 4/5/2016

Moreover, the Hamas government continued its policy of granting public lands to compensate the citizens for their financial dues, which have totaled in \$460 million in the end of last year. Most prominent of the newly introduced taxes by their parliamentary bloc at the Palestine Legislative Council, is the Social Solidarity law.

The integrity environment at the United Nations Relief and Works Agency – UNRWA in the Gaza Strip

The UNRWA is a United Nations agency that has its own laws and regulations in regards to the privileges and immunity of its staff. UNRWA employees are not subject to the national legal system of the host country. Furthermore, the UNRWA is committed to the obligations stipulated in the agreement signed between the Palestine Liberation Organization/Palestinian National Authority and UNRWA in 1996, and the Explanatory Note pertaining to privileges and immunity of UNRWA staff. Consequently, this situation weakened the Palestinian parties' - including official parties' - participation and advisory role and their part in setting operational policies, plans and assessment.

Following up on the recommendations of the AMAN-Coalition in its 2013 report, review of the integrity, transparency and accountability environment in the work of UNRWA in 2016 showed some aspects of progress and regression that occurred over the course of the year. The most prominent results of the review covering the developments and challenges affecting such were as follows:³⁷

1. **The Ethics Office at UNRWA:** With the aim of enhancing the culture of professional ethics, the office issued some awareness-raising and educational publications on protection from revenge related to professional ethics, and organized some training programs about the ethics and standards of conduct applied to UNRWA staff.
2. **The Complaints System:** Work with the complaints system at UNRWA continued on two levels. The first level is related to staff complaints, where UNRWA issued a guide, explaining the stages complaints go through (submission, investigations, treatment, and response to complaints). The system in place also provides protection to the complainants and whistleblowers. The second type of complaints is for UNRWA services beneficiaries. There is a complaints box in each camp in the Gaza Strip. Complaints are collected and then referred to the Office of Oversight and Follow-up in Amman for examination.
3. **The transparency of appointments and promotions at UNRWA in the Gaza Strip:** UNRWA operates within a frame of transparent policies when it comes to hiring through its established employment procedures. The main issue standing out is the Commissioner General's authority in special appointments of category 18 within the internal grade scale in place. Within the internal promotional system, the UNRWA administration applies the right for competition between their employees for openings through internal job announcements. UNRWA is working on launching a "staff portal" for all its employees in order to facilitate their access to all documents and announcements, decisions, details on investments, the state of the provident fund, and appointments.

³⁷ Investigative report about the environment of integrity and transparency and accountability in the work of the United Nations Relief and Works Agency for Palestinian Refugees – UNRWA, AMAN-Transparency Palestine, 2016

The Ministry of Finance prepared and published three out of eight documents it was supposed to publish in accordance with the conditions of budget transparency.

4. Internal oversight over the performance of UNRWA staff and service providers: There is a special oversight office carrying out its tasks from Amman's UNRWA headquarters. Despite the noticeable lack of publication of sufficient information and internal rules and regulations of UNRWA on their website, UNRWA has published its financial report for 2015 which includes many details regarding financial statements of cash flows and expenditures and indicators. Despite some developments in the environment of integrity, transparency and accountability in UNRWA's work, there remain some legal and organizational challenges that obstruct the principles of transparency and accountability in the work and performance of such an international organization.

Transparency of the general budget and public funds management in 2016

- The Palestinian Ministry of Finance failed to abide by the legal timeframe for the stages of preparing the general budget plan, and forwarding it to the PLC, or publishing it in the official newspaper.
- The 2016 general budget plan lacked linkage to economic and social goals that the Palestinian Authority will work to achieve fully or partially throughout the year. In addition, spending priorities and sums have not been set, though such details were published in the "general budget book," issued by the Ministry of Finance on 22 June 2016, and was not in sync with passing the resolution as a law.
- There is a problem in the implementation of principles of transparency pertaining to disclosure of the general budget and its details in accordance with law

Spending on security from the public budget 2016



65,427 = Number of military government employees ●
 from total employees **%42** 

%48
 of the total salary bill

billion Shekels **4** =  Spending on security ●

%28
 from the total public expenditures



%90
 salaries

Distribution ●



%10
 Running expenses

number (7) of 1998, regarding planning the public budget and financial affairs. Such problem also pertains to the approach to transparency and community participation in planning the general budget, and in providing the data for the balance sheet of the previous budget or the audited report.

- The civil society and the citizens (the largest source of income to the general budget) did not participate in the process of reviewing the budget before its approval.
- The Ministry of Finance failed to publish three documents of the general budget for 2016, those are:
 1. The semi-annual report: "What the Ministry of Finance publishes is an accumulative report for the first half of the year, which does not fulfill the conditions and criteria of the semiannual report. The semi-annual report should include performance analyses through the first half of the year, and the policies for the second half, in addition to other requirements, rather than merely presenting expenditures figures".
 2. The end of year report "the balance sheet." In accordance with the Basic Law and the General Budget Law, Ministry of Finance should issue the balance sheet for the general budget of 2015 at the end of 2016, which was not done.
 3. The audited report: The last audited report was issued in 2016, and it covered 2011. According to general the legal provisions the 2014 report should have been issued, which was not done.

By following up the documents published by the Ministry of Finance on the 2016 general Budget, and the level of its commitment to publishing those documents within the designated timeframe, in accordance with the relevant legal provisions "the Palestinian Basic Law and the General Budget Law", and guided by international budgetary criteria, the results of the general budgetary transparency survey carried out by the Civil Society Team for Enhancing Public Budget Transparency in Palestine demonstrated that the Palestinian Ministry of Finance has published three complete documents out of the required eight for 2016. These are: the pre-budget statement, the approved and adopted general budget, and the periodic reports (monthly and quarterly), (taking into account that the approved basic budget statements were published in a timely fashion, and that the detailed general budget book was published at the mid of the year i.e. after the publication due date).

The announced parts of the general budget for 2016 only showed broad details, without disclosing detailed records or data. Additionally, it was published at a very late date; six months into the budget cycle.

Structure of the general budget:

Although the Palestinian National Authority had approved the programs' budget, the structure of the general budget still takes the form of an items budget, especially the financial reports issued by the Ministry of Finance. The latter present only bulk items divided into (salaries and wages, social contributions, usage of goods and services, transfers expenditures, capital expenditures, and developmental expenditures). These items are expressed in irrational numbers without any details or linkage to the corresponding program or the level of goals achievement. This undermines accountability and the principal of general budget transparency. Financial reports must include program related details to serve the goal of greater transparency. They should also provide an entry for expenditures rationing, and the implementation of an effective austerity plan.

Table of actual clearing income achieved in the 2016 general budget "NIS million"³⁸

Item	What was achieved in 2016
Customs	3,167.0
Added value tax	2,686.2
Purchase tax	-9.9
Fuel tax	2,970.9
Income tax	36.0
Other	80.0
Total	8,930.20

Table of actual revenues from local taxes achieved in the 2016 general budget "NIS million"³⁹

Item	What was achieved in 2016
Income tax	646.5
Added Value tax	924.5
Customs	622.3

38 Accumulative financial report for 1st December 2016, issued by Ministry of Finance and Planning 25/1/2017

<http://www.pmf.ps/documents/10180/813287/decrep+2016+arab.pdf>

39 Accumulative financial report for December 2016, issued by Ministry of Finance and Planning 25/1/2017

<http://www.pmf.ps/documents/10180/813287/decrep+2016+arab.pdf>

Beverage duty	4.2
Tobacco duty	172.7
Property tax	21.6
Total	2,391.80

There is an increase in the net revenues for 2016 in comparison to the estimates of the 2016 general budget, or to what was actually achieved in the 2015 general budget. These are good indicators, though parts of those revenues are for one time only, because Israel remitted NIS 600 million to the Palestinian National Authority as past dues described by the billing reports as, "in exchange for health insurance for workers inside the 1948 areas." Additionally, the public treasury was backed with the sum of NIS 558.1 million as a first payment of renewal of licensing fees for the Palestine Telecommunications Company and Jawwal. The increasing dependence in the Gaza Strip on goods and merchandise through Israel, which are subject to various taxes, fall under clearing revenues.

Table, comparison of external funding to support the budget and developmental expenditures in the 2016 general budget estimates to what was actually achieved in the 2016 General budget (NIS million)^{40 41}

Item	Estimated public budget for 2016	What was achieved in 2016	Achievement percentage
Funding for budget support	2,925	2,317.5	79.23%
Funding for support of developmental expenditures	956	588.1	61.52%

Despite the low estimates for external funding, the actually achieved is much lower than these estimates. This presents two problems; the first is an increase in general budget deficit, and the second is the fate of the plans and programs, particularly the developmental ones, for which funds have not been received yet.

Table (5) Comparison of the total current expenditures and the net lending in the general budget for 2016, to what was actually achieved in 2016 on the basis of commitment (NIS million)⁴²

40 Statuary decision No. (1) for year 2016, issued by the Ministry of Finance and Planning 25/1/2017

<http://www.pmf.ps/documents/10180/813287/decrep+2016+arab.pdf>

41 The monthly accumulative financial report for December, Issued by the Ministry of Finance and Planning on 25/1/2017

<http://www.pmf.ps/documents/10180/813287/decrep+2016+arab.pdf>

42 The monthly accumulative financial report for December, Issued by the Ministry of Finance and Planning on 25/1/2017

The cost under the budget line, "Net Lending" reflects the absence of transparency, accountability, and integrity in managing public funds. It dissipates an important portion of the revenues to the benefit of irresponsible parties at the expense of basic services provided to citizens.

Item	Achieved in 2016	Estimated budget for 2016	Achievement percentage for 2016
	NIS million	NIS million	%
Total Expenditures	16,459.9	15,212.0	108.20%
Salaries and Wages	7,837.4	7,662.0	102.29%
Social Contributions	748.1	723.0	103.47%
Running costs	2,547.2	2,056.0	123.89%
Transfers Expenditures	3,626.5	3,599.0	100.76%
Capital Expenditures	52.4	54.0	97.04%
Interest	296.2	269.0	110.11%
Net Lending	1,029.1	850.0	121.07%
Allocated Payments	323.0		

* Allocated payments are taxes and revenues belonging to local government authorities. 90% of property taxes and 50% of transportation taxes are collected by the government which then pays each local authority its percentage of these revenues.

Despite the relative improvement in the revenues, especially the unexpected payments by the telecommunications contractors (first payment of the contract) diture, including thtional policiesity for local committeesealth and public rors and those employed in the health s, and the special Israeli remittances (fees, health, border crossings), the expenditures have increased contrary to the declared policy of the government, and its wish to rationalize expenditure, including the increase in the costs of the salary bill.

It is noted that the achievement percentage for expenditures is on the rise as it have achieved a 108% increase compared to the estimate. This stands in contrast to the government's continued promises about rationing of expenditures, and launching a relevant plan in 2016. It is worthy to note that the total expenditures, including running costs "goods and services," have not dropped. On the contrary, they have risen. This comes in the context of a general budget deficit and the existence of a funding gap that the government addressed by the rationing of expenditures, noting that the Civil Society Team for Enhancing Public Budget Transparency has repeatedly recommended control over expenditures, and issued an austerity and rationing plan.

It is evident that the failure to implement the austerity and rationing plan in 2014, 2015, and 2016 is an outcome of not adopting a realistic, participatory, and applicable plan with clear goals and domains.

Dissipation of public funds continued under the item, "the Net Lending." Neither the government nor the Ministry of Finance published the names of the Palestinian bodies (local authorities or other), which have obligations towards this item, nor have they produced an accountability plan or mechanism. The continued rise in these subjective, unacceptable and illegal expenditures requires holding those responsible

accountable. The following table shows the reality of this item, which still constitutes a dissipation of public funds.

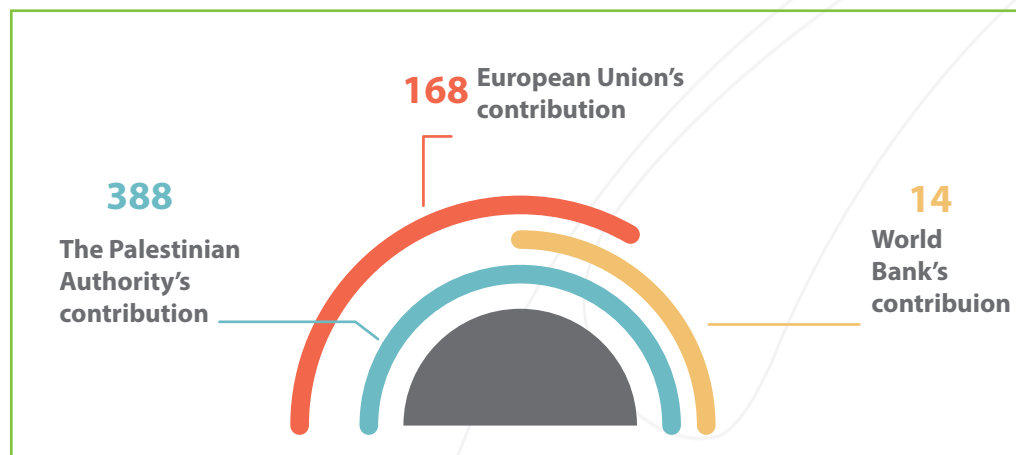
Comparison of estimated (net lending) through 2014-2016 (NIS million)

Item	Estimated in the 2014 budget	Estimated in the 2015 budget	Estimated in the 2015 budget	Actually achieved in the 2016 budget
Net Lending	600.00	800.00	850.00	1,029.10

It is necessary to know where these millions go, which have exceeded NIS 1 billion in 2016. It is definitely an item that depletes the general budget, and its rising estimates indicate the weakness of the accountability system. Overall, these practices dissipate public funds. Applying a rationing and austerity plan to this item is essential to close the deficit in the budget.

- **Slow progress in the transparency and regulation of cash assistance for the poor**

Because of the limited job opportunities in the West Bank and the Gaza Strip, the number of poor and needy families in Palestine increased. This led to rising demands that the Palestinian government should provide various social assistance packages. The Ministry of Social Development has been leading the assistance program through its "cash transfers for social assistance" since 2010. Many other parties continue to provide aid for needy families (e.g. the Presidential office, the governors, the ministries, local and international NGO's, Zakat institutions). A regulatory framework for social assistance, which targets 120.834 families in the West Bank and the Gaza Strip, is still absent. The total amount of cash assistance provided during 2016 totaled in NIS 520 millions of which NIS 388 millions were contributions from the Palestinian Public Treasury, NIS 168 millions were provided by the European Union, and NIS



14 millions by the World Bank, in addition to millions of Shekels provided by other charitable organizations and institutions.

Percentages of cash contributions to the “cash transfers for social assistances” program provided by the Ministry of Social Development

The most prominent challenges that persisted throughout 2016 in the system of cash transfers for social assistance and of relevance to the environment of the transparency system are as follows:⁴³

1. Absence of a regulatory legal framework for cash assistance.
2. Lack of a unified website for cash assistance under the supervision of the Ministry of Social Development, especially in light of the many bodies providing such assistance.
3. Failure to adopt a draft manual for social assistance by the Ministry of Social Development. Until now no national manual for the prevention of corruption in humanitarian aid is comprehensively adopted by the organizations that provide cash assistance.

The Civil Society Team for Enhancing Public Budget Transparency has welcomed the decision made by the council of ministers in its weekly session number (136) to approve the unified portal for social assistance. The resolution stipulated, “the approval of a unified portal for social assistance, and the formation of a steering committee, composed of representatives from the ministries and governmental and non-governmental organizations, with the aim of reaching the largest possible coverage of the needy families, and preventing duplication in assistance applications submissions. This is in addition to achieving justice in distribution while respecting the principle of equal opportunities. Such a committee would also plan and coordinate assistance efforts at the national level through comprehensive coordination among all partners and assistance providers”.

The Ministry of Finance defined transfer expenditures as “the expenditures allocated in the general budget for the benefit of a third party, such as the assistances provided through the Ministry of Social Development to the needy families, and provisions for families of martyrs, the wounded, and the detainees”⁴⁴. By analyzing the public expenditures of 2016, the achieved transfer expenditures totaled in NIS 3.626.5⁴⁵ millions NIS, which makes up (24%) of the total current expenditures. Therefore, the transfer expenditures constitute the second largest item after the salary bill, and they practically exist in the majority of cost centers, and not only in those under the social sector. According to the general budget of 2016, the item of transfer expenditures exists and is accredited at (15) centers out of (50), which is the total number of responsibility centers as listed in the matrix of the general budget of 2016.

43 investigative report on cash remittances for social assistance, AMAN Coalition, 2016

44 Citizens Budget, 2013 – a publication of the Coalition for Integrity and Accountability “AMAN”

45 Accumulative financial report for 1st December 2016, issued by Ministry of Finance and Planning 25/1/2017

<http://www.pmf.ps/documents/10180/813287/decrep+2016+arab.pdf>

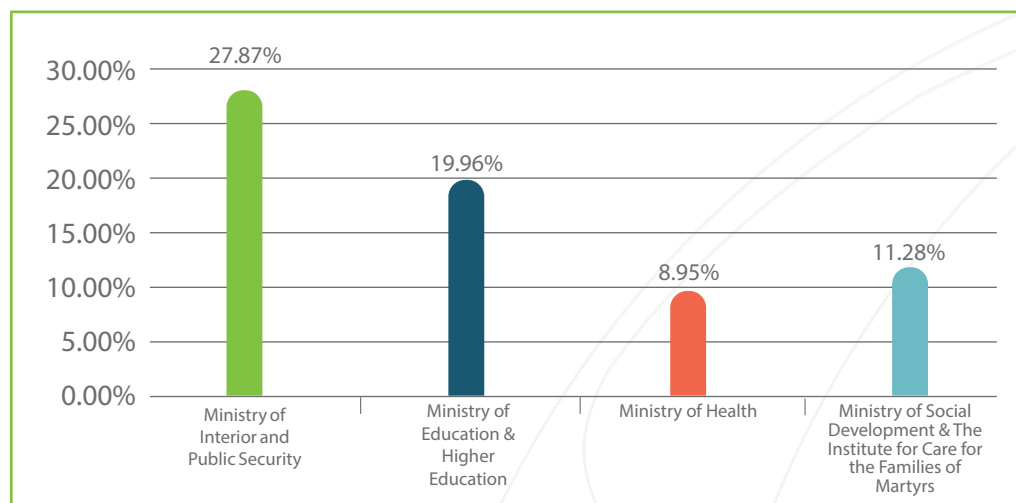
For the past 10 years, the social transfers programs have been bearing the burden of excessive expenditures from 2005 under the item seconding\appointments totaling in NIS 43 millions annually. The Ministry of Social Development has no database covering these costs.

The policy of increasing administrative costs and reducing expenditures on poverty prevention programs by the Ministry of Social Development is the wrong policy in managing the funds allocated for the Ministry that should be distributed in accordance to the principles of equality and integrity. . Ministry officials received bribes at the expense of providing the service for the rightful beneficiaries.

A comparison of expenditures according to centers of responsibility (commitment basis) during 2016 – (NIS thousand)⁴⁶

Item	Allocated Expenditure Total	Allocated Salaries and Wages	Percentage of expenditure from total public expenditure
	NIS thousand	NIS thousand	%
Ministry of Interior and Public Security	4,008,936	3,314,165	%27.87
Ministry of Education & Higher Education	2,871,138	2,280,862	%19.96
Ministry of Health	1,287,579	757,034	%8.95
Ministry of Social Development & The Institute for Care for the Families of Martyrs	1,623,152	29,765	%11.28

Comparison of expenditures according to centers of responsibility (commitment basis) during 2016 – (NIS thousand)



46 Accumulative financial report for 1st December 2016, issued by Ministry of Finance and Planning 25/1/2017
<http://www.pmo.ps/documents/10180/813287/decrep+2016+arab.pdf>

Security still receives the lion's share of the general budget. In 2016, security expenditures approached the total of those of the Ministry of Education & Higher Education and the Ministry of Health combined. In addition, the salaries and wages item still consumes the largest share of security expenditures, and by far surpasses the "total budgets" of Ministries of Health, Social development and the Foundation for Care for Martyrs' Families combined. There are no details on the expenditures of the Ministry of Interior and Public Security other than general expenditures items.

Integrity and independence of higher education in the Gaza Strip: Victims of political corruption and power struggle



The higher education establishments in the Gaza Strip still suffer from the polarization between both authorities in the West Bank and Gaza Strip. This crisis has cast its shadow over the citizens' trust in the system of integrity and independence in the higher education establishments, especially after the decision by the Palestinian government to withdraw accreditation from degrees granted by Al-Aqsa University in Gaza. To further complicate the situation, the University's administration continued to take unilateral steps regarding its president and board of directors, as well as the appointment and transfer of academics from and to the university.

The efforts to reform and enhance professionalism in the official, civic bodies such as higher education institutions need to be built on the basis of non-politicization and political sharing of public office jobs, which has become the norm due to the political division. Political polarization has compromised the quality of public services and weakened the efforts to fulfill public interests in favor of partisan goals.

The basis is work needs to be done to enrich the educational system with values of integrity and principles of transparency and accountability. This could be achieved

through the empowerment of the roles of the boards of trustees to protect the mission of higher education, and the strengthening of the monitoring role of unions over the educational process, as well as regulating university employees' rights. This is in addition to establishing and empowering student councils to guarantee better services for the students and protect the academic system, rather than merely serving partisan goals. The establishment and support of student clubs, awareness-raising programs and cultural space for students within the universities are also essential practices.

The political division squanders benefits of families of martyrs and the wounded in the Gaza Strip

A number of families of martyrs and wounded in the Gaza Strip have not received their due payments since the end of the Israeli war on Gaza in 2014. This raised questions about the extent of transparency, integrity and fairness in approving payments for some families while others are denied such rights.

According to the data of Foundation for Care for Families of Martyrs in the Gaza Strip, there are still dues for over 6000 wounded, and 1934 martyrs from the Gaza Strip that have not yet been transferred. Since the end of the war on the Gaza Strip, the number of martyr's families approved by the Foundation was 170 in accordance to the Palestine Liberation Organization Executive Committee's resolution, which detailed selection and payment criteria, particularly for the families that have lost both parents, and more than one family member. In addition, benefits for only 6000 out of the original number (12000) wounded were approved.

Continuous rejection and withholding of the entitlements of families of martyrs and wounded must be politically neutralized. These families should not pay the price of the political division. They deserve a fair and unbiased process that applies clear-cut eligibility criteria with a high level of integrity, transparency and justice.

Management of Hajj services continues without the adoption of a clear system⁴⁷

Despite the improvements in the management of Hajj services over the past years, the Palestinian Council of Ministers has not developed or adopted a manual that would serve to enhance the integrity and transparency in the management of this portfolio, especially in regards to managing and distributing the grant of 1000 Hajj seats out of the total Hajj seats allocated for Palestine, which constitute a percentage of 20-25%. The grant seats are distributed equally between the West Bank and the Gaza Strip. The number of those chosen outside the toll system, in favor of the President's Office, Council of Ministers, the security agencies, Jerusalem and special cases, is decreased.

It is very important to have a system managing of Hajj services in order to enhance integrity and transparency in the process, and to lower the percentage of complaints by those who did not receive the special grant and the Hajj applicants in general.

47 hearing session on the administration of Hajj services, AMAN Coalition, 13/7/2016

2016 Recommendations

- ↖ The president and the government should expedite the process of holding legislative elections to elect a Legislative Council that will assume its legislative and oversight role over the executive branch, including oversight over the commitment of the government and Ministry of Finance to the implementation of the general budget as approved by the Legislative Council. This is in addition to holding any party that may misuse public funds accountable. The SAACB reports highlighted many infringements that occurred in the past years, as well as 2016.
- ↖ In its report, the Civil Society Team for Enhancing Public Budget Transparency recommended commitment of the government and the Ministry of Finance to enhancement of a transparent general budget by publishing at least 8 financial documents in accordance with the international general budget survey, which is considered the minimum requirement for a transparent general budget. In 2016, the Ministry of Finance published 3 documents only. The Team also stressed the importance of precisely defining the revenues and expenditures in the Gaza Strip.
- ↖ The AMAN Coalition calls upon the Cabinet to make an initiative by inviting all interested official parties, including the Anti-Corruption Commission, the State Audit and Administrative Control Bureau, the General Personnel Council, the Public Purchases Council, government ministers, civil society representatives working in the areas of integrity and anti-corruption, and representatives of parliamentary blocs to work together on preparing a National Palestinian Plan to Enhance Integrity and Anti-corruption. This plan should detail the work priorities, responsibilities of each party, and the follow up mechanisms, in addition to allocating the necessary budget.
- ↖ The president and the Prime Minister should cancel all previous decisions pertaining to full tax exemptions, or the exemption from paying utility bills. They prepare a clear plan to assist the needy families in settling their due bills, and the collection of due taxes, especially from the more privileged ones.
- ↖ 4- Demanding the president to initiate the formation of a national reform commission for the judiciary, in which trustworthy judges, legal and human rights experts, and representatives from the Palestinian Bar Association participate. This commission should be in charge of preparing a comprehensive plan for the judiciary.
- ↖ To protect integrity and respect for the principles of equal opportunities and open competition for senior positions, the President should establish an official national committee to supervise and monitor senior level appointments and promotions. The work of such committee would be in accordance to the law and respects the job description cards prepared by the General Personnel Council. Vacancies at this level must be advertised to the public along with details on deadlines and candidacy for all qualified Palestinians.
- ↖ The Council of Ministers is demanded to approve a comprehensive work plan for rationing public expenditures, with specific goals to be achieved throughout the year in all fields, especially cleansing ghost salaries, security expenditures, cancellation of net lending, halt of construction of buildings and purchase of government vehicles for several years, rationing of fuel for government vehicles, addressing the problem of 2000 vehicles in position of security agencies, the bulk of which are used for private purposes, in addition to the transportations budgets.
- ↖ Demanding the president, the Prime Minister and the Minister of Interior to immediately start preparing a comprehensive reform plan that reconsiders the number of the security apparatuses, the size of their personnel, their budgets, and area of expertise. This should take into consideration the possibility of moving a number of these personnel to the police force due to the need for protection and enforcement of law for the services of the citizens.

- ⚡ Demanding the President to fulfill his promise to draft a law on access to information due to its importance in ensuring the participation of the different societal actors and their contribution in bearing the burdens of the Palestinian society at large. This is in addition to the organization of the national archives, protection of public records, and making information public. Fulfilling these promises would complete the Palestinian success story led by the Palestinian Central Bureau of Statistics with its large number of Palestinian records and information.
- ⚡ Strengthening the role of the State Audit and Administrative Control Bureau in terms of its independence and effectiveness is a must, so is putting an end to the squabbles between the bureau and other Palestinian Authority officials which rose to the surface throughout the past year in light of reports issued by the bureau on establishments these officials run. At the same time, we demand of the officials at the State Audit and Administrative Control Bureau to continue their professional and impartial work in compliance with the provisions of law, to stave off any attempts to subject the Bureau to the domination of the executive branch.
- ⚡ Demanding the minister of finance to exclude any budgets that are irrelevant to financial assistance for the poor in the budget of the Ministry of Social Affairs programs. Inclusion of such costs is misleading to the nature of the government's policy regarding assistance to the needy. It also leaves the door wide open for exploitation due to lack of transparency. Therefore we demand of the government to increase the Ministry of Finance's allocations for such programs, and to separate any centers of responsibility attached to it as it "inflates" the Ministry of Social Development's budget in a misleading manner. It is also important to leave out the "2005 compensation/seconding" expenditures under the item, social assistance remittances on the Ministry of Social Development's responsibility center, and any other expenditure that are irrelevant to the Ministry of Social Development since the Ministry has no information on cases in its database.
- ⚡ There is a need to establish a regulatory legal framework for cash transfers for social assistance. This is through approval of a comprehensive and regulatory law for such assistance, by consulting with interested institutions, or the drafting and adoption of a "system for social cash assistances," by the Council of Ministers. This is in addition to launching an electronic portal for social assistance by the Ministry of Social Development and other relevant institutions. Furthermore, the Ministry's oversight unit should be empowered to exercise its role to protect integrity and transparency of management of social assistances.
- ⚡ The government should increase the budget item allocated for the poor families, particularly that their share was reduced in the 2017 budget.
- ⚡ More transparency is required concerning the "transfers expenditures" item. Its details and components must be explained. It should also be linked to specific responsibility centers so that they could be held accountable for it. Additionally, details about its spending should be provided to facilitate rationing of expenditures if such funds were delivered to those who do not qualify.
- ⚡ AMAN Coalition demands the Minister of Finance to abolish the "Net Lending" item from the general budget. This item depletes the budget and Ministry must explain why this item has been out of control. This idea is also emphasized by the government and the Ministry of Finance on different occasions. The Ministry also promised to reduce its costs. The Ministries of Finance and Local Government must provide explanations and must activate the principles of transparency regarding this item. The same applies for the nature of settlements reached with the municipalities, local authorities, electric power distribution companies and others. The "Net Lending" item must be taken seriously due to its large effect on the austerity and rationing plan.

- The Minister of Health is requested to reform the health sector in a manner that would reorder the priorities, serves the citizens and protects public funds. A new health insurance law must be ratified. This law should be fair and comprehensive so that it can bridge the major gaps of the current system, which is evidently unable to carry on.
- The minister of Local Government must draft a plan to settle municipal debts, and reach a declared financial settlement in coordination with the Energy Authority and the Ministry of Finance in a manner that preserves the rights of the public treasury, and stops the depletion, before having the Palestinian Electricity Company take on the responsibility for paying all dues to the Israel Regional Electric Company out of the public treasury.
- There is real problem with the transparency of the Retirement Fund, the debts owned for the Fund, and the mechanisms adopted by the government to pay these dues. It is inconceivable that there is no one piece of precise information about The Fund's balance and the due debts in the 2016-2017 budget. These debts have reached over \$1.5 billion, i.e. 5/4 of the Fund's stock. Thus, the AMAN Coalition requests the government to form a technical committee composed of experts, those in charge at the Ministry of Finance, and representatives of the administrative committee of the Pension Agency in the presence of representatives of pensioned and active public sector employees. In addition, the file of the debts to the Pension Agency should be closed and an abiding payments schedule should be set up, in accordance to the Palestinian Pension Agency Law. Employees' subscriptions, which are deduced from their salaries, should be immediately settled. Moreover, the Palestinian Authority should regularly contribute to the Pension Agency Fund, in accordance to the law.
- The government should publish all agreements signed on behalf of the Palestinian people, especially those that give special concessions, such as telecommunication agreement, or agreements with external parties which entail financial commitments, such as the agreement of principles on electricity, the Bahrain Canal, or any related annexes. The Ministry of Finance should publish the agreement on the debt owed to the Jerusalem District Electricity Company and the payment mechanism to protect the citizens who pay their bills while many others evade payment.