CORRUPTION REPORT
PALESTINE 2012

NEW STATUS = New Challenge
Waste of Public Funds Can No Longer be Endured
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INTRODUCTION

Preparation of the annual corruption report of 2012 demonstrates the commitment of the Coalition for Integrity and Accountability – AMAN to continue its pursuit of corruption and the prosecution of the corrupt. At the same time, AMAN is fully aware of the roles played by official and private parties, led by civil society organizations (CSOs), in developing a corruption-free society where justice and equality prevail. AMAN’s conviction stems from its firm belief in continuing the strife for ingraining the principles of integrity, transparency and accountability in the Palestinian society.

The year 2012 was a very significant year for the Palestinians due to the success of the Palestine Liberation Organization (PLO) in elevating the status of Palestine to “observer state” in the United Nations. This grants the Palestinian people the right to sign international agreements, most important of which is the UN Convention against Corruption (UNCAC).

However, in spite of the constant meetings between the leaderships of Fatah and Hamas, no practical results to end the rift resulted. Furthermore, in 2012, ruling authorities in the West Bank and Gaza remained in breach of human rights laws; arbitrary arrests, refusal to execute court rulings, and restrictions on public freedoms, mainly freedom of speech, and the right of assembly and association. On the other hand, 2012 was significantly marked with the trial of a number of officials in the corruption court, and with the Anti-Corruption Commission launching its investigations of officials suspected of accused of corruption during the administration of the late President Yasser Arafat.

2012, also witnessed the Israeli occupation’s assault on the Gaza Strip in November. The assault lasted for eight days, during which rockets were fired upon Israeli cities in retaliation. This brought on a transformation in Israel’s “deterrence” policy, and resulted in a cease-fire agreement between Israel and the Hamas Movement in Gaza. At the same time, the Israeli occupation authority persisted with policies and actions that undermine the prospects for establishing a Palestinian state. In addition to the suffocating siege imposed on Gaza and the constant incursions on cities and towns in the West Bank, Israel has also persisted in land expropriation, expansion of settlements, construction of the annexation wall, and expansions at the expense of 1967 Palestinian lands. It also withheld the transfer of cleared tax funds belonging to the Palestinian Authority, which impeded the PA’s ability to provide services for its citizens, most detrimental of which is its incapacity to disburse salaries to its employees.

Finally, 2012 was the year in which AMAN trained all security cadres on issues of integrity and combating corruption.

This report monitors and highlights the positive and negative transformations that have occurred on the state of corruption in various Palestinian sectors of the Palestinian society in the oPt, as viewed by AMAN in its capacity as the Palestinian national chapter for Transparency International, that has taken upon itself the task of preparing the annual report on corruption in Palestine. The report discloses all actions and measures taken by some
public departments and divisions that provide services to citizens or manage issues of public affairs in accordance with the law. In addition, the report scrutinizes through AMAN’s perspective the conditions, reality and effectiveness of official monitoring institutions as well as the environment of transparency and integrity in the various public, civil and private sectors. In addition, certain parts of the report do reflect citizens’ impressions towards some areas related to corruption.

This report also intends to assist decision-makers, politicians, and civil society organizations in grasping the reality of corruption during the span of one year. In that respect, AMAN employs the findings to assist in its effort pressure for change and reform. It is constantly working towards development of a national policy to combat corruption within political factions, civil society leaders and with heads of the Legislative, Judiciary and Executive powers, which in turn will translate into developing legislations, policies, procedures and measures to combat corruption. At the same time, AMAN is raising Palestinian awareness of the perils of various forms of corruption such as nepotism, favoritism, exploitation of public office, and misappropriation of public funds. It also strives to strengthen the role of independent media in overseeing the management of public affairs and their part in spreading the culture of transparency in private, public and civil society sectors.

Methodology
The methodology involves relating and analyzing the changes that have transpired in the various forms of corruption during the past year. It relies on the index for measurement of integrity, transparency and accountability in administering public affairs, which AMAN had prepared.

The relevant data and information were collected through:

1. **Objective data:** the data was collected based on facts verified by various forms of reliable documentation or through specific practical experiences, which included:
   - **Experiences of persons in positions of responsibility:** this process involved the extraction of data and information collected through individuals in high-level positions in order to gather accurate information directly from the source.
   - **Registries of public and private institutions:** this process involved scrutinizing the changes in legislation, laws, general policies and decisions, in addition to the careful review of records and data on administrative and occupational performance as well as financial records.

2. **Data and information based on results of a public opinion poll:** this involved the analysis of data collected in an opinion poll conducted in the West Bank, the Gaza Strip, and Jerusalem, which pinpointed the Palestinian public perception of corruption. These included:
   - **General public perception,** which reflected the citizens’ general perspective on corruption and its nature in Palestinian society, where they perceive it to prevail, and how it affects public interest.
• **Perceptions of the elite**, which reflected the perspectives and opinions of experts and insiders in public life on several fronts, including the political, the economic, the media and others. This select group was often hosted by AMAN during the year to participate in a variety of workshops and focus groups, in preparation for writing this report.

The content of the report was based on:

- the variables and changes revealed in the data, and the collected objective information
- the most prominent summations reflected in the public’s perceptions
- The results and recommendations in a number of applied reports prepared by AMAN and in participation of many stakeholders
- A group of experts in the field of anti-corruption and good governance practices
- a number of individuals of experience in this field participated in preparing this study.
Holding local elections in the West Bank, but continuing obstruction of presidential and legislative elections

Local elections in the West Bank were held on the 20th of October, in accordance with the Council of Ministers’ decision issued on 24/7/2012. The Palestinian President had previously issued a decision for law #10 in 2005 that amends election laws for local councils, and which called for an amendment that would allow holding local council elections over several stages based on a decision by the Council of Ministers. On 24/11/2012, supplementary elections were held for councils that did not carry them out in the first round, as stipulated by the Council of Ministers, issued on 25/9/2012.

In 2012, several records were reviewed to gauge the level and nature of corruption. Those were issues and recommendations directly related to local councils, municipalities, and village councils, and reports of the Audit and Administrative Control Bureau; in addition, documents detailing the nature of corruption cases submitted to the Anti-Corruption Commission, and complaints of corruption with requests for advice from AMAN’s Advocacy and Legal Advice Center were carefully scrutinized. After the review process was completed, it was determined that there are still many cases of nepotism and favoritism in appointments or leasing out property owned by the council, in addition to other practices related to squandering and embezzlement of public funds. Furthermore, the 2012 records of the Corruption Court showed there are also cases of conflict of interest in granting bids in some local councils, and cases of embezzlement by employees.

Ending the “security clearance certificate” as a requirement for assuming a public position

In its session convened on 24/4/2012, the Council of Ministers Council took a decision to end the condition of acquiring a “security security clearance certificate” from both the Preventative Security and the General Intelligence agencies before assuming a governmental job. Prior to 2012, this condition was used arbitrarily against applicants for a job or work license. It was also used as justification to dismiss someone or deny looking into his/her application for a public position. In this respect, the Supreme Court and its General Assembly had convened on 4/9/2012, wherein it ruled to rescind the Minister of Education’s decision to dismiss teachers who were not approved of by the Security Agency, stating that their job placement is already supported by, and subject to an assessment period; therefore, the security clearance requirement cannot be a condition for placement in a public position.

Summation: local elections are an opportunity for citizens to hold accountable parties that had represented them in the local councils. Summation: elections must be held in all representative institutions including unions, public structures and trade unions, with the presidential and legislative elections in the forefront.

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Summation: officials who refuse to adhere to Supreme Court decisions or insist on demanding security clearance certificates should be held accountable.
The adoption of the code of conduct in public office

The General Bureau of Civil Service, headed by Mr. Mousa Abu-Zaid in cooperation with other organizations, including AMAN, came together in 2012 to prepare the Code of Conduct. In October 2012, their efforts were crowned with the Council of Ministers’ decision to officially release the “Code of Conduct and Ethics” for public office. The intention of this code is embedding the ethics of public service, which would boost public trust in public servants and the quality of services they receive.

However, this step still needs completion with the publishing of the code in the official newspaper and publicizing it within governmental departments and their staff, making sure they are familiarized with the ethical guidelines it contains, and having them sign the related consent agreement. For that purpose, a cooperation agreement was signed between AMAN and the Civil Service Bureau to work conjointly at raising awareness of the provisions of the code among public servants all throughout 2013.

In regard to the civil sector, specifically NGOs, there is some hesitation regarding commitment to implement a self assessment mechanism which delineates principles stipulated in the NGO code of conduct in a checklist form. Many of these NGOs endorsed the Code then, but little has been done to implement its principles, in addition to the fact that there are some organizations that seem to be stalling and not showing readiness to adopt the code.

In addition, a code of conduct was prepared for workers in the Security Apparatuses. One code, for the General Intelligence Agency, was complete in 2011, and in 2012, a code of judicial conduct was issued for the Judiciary and the Military Prosecutor’s constituents.

5. Military Prosecutor Commission’s decision number (1) for 2012 regarding code of conduct for the Judiciary and members of the Military Prosecutor’s office; issued on 19/6/2012; see Palestinian Journal of Minutes, issue 97, pp93-95.

Summation: the Code of Conduct in public office is in need of campaigns to propel it into implementation.
Meanwhile, some security agencies remain in need of a code of conduct, including the Police.  

**Provision of broad financial disclosure for 2012**

The corruption law has subjected many groups to its provisions, starting with the President of the PA, to the Council of Ministers, members of the Legislative Council, judges, governors, heads of local councils, heads and board members of NGOs and charitable organizations, and to a wide section of public service employees. All members of these groups and sectors are required to submit a financial disclosure statement when taking office or public service positions. It also requires updating of these disclosures every three years to avoid any incidents of illegitimate gain.

During 2012, the Anti-Corruption Commission began collecting statements of financial disclosure from various work groups in accordance with its plan of 2011. In the first quarter of 2012, the Commission began collecting disclosure statements from employees of special (private) groups and high-level employees. Then, in the second half of the same year, it collected statements from first-category employees (A+C; 1st and 3rd levels directors), and asked all staff members of the Ministry of Finance to submit statements as well. It also distributed disclosure statement forms to all commanders and officers with ranks of lieutenant and higher in the Security agencies. The numbers of disclosure statements distributed to this sector amounted to 7250 statements.

Special disclosure statements were also distributed to judges in 2012, all Regular Courts judges and members of the Prosecutor’s Office abided by the requirement of submitting a financial disclosure statement as a condition for holding and maintaining their positions. It was required of each nominee for a post in these groups to complete a form specific for that purpose before they assume the intended position; noting that forms of financial disclosures for Regular Courts judges were updated and are held by the Chief Justice.

The local proverb; translated into “where did you get this from?” describes a principle of accountability that is still to be adopted and applied properly, since disclosure statements are not usually reviewed except in investigation cases, or when an alleged corruption crime is reported to the Anti-Corruption Commission.

**Administration of university grants – continued progress in transparency**

During 2012, the Ministry of Education posted on its website and in local newspapers announcement about availability of grants received through international cooperation agreements and local grants. In July of that same year, the Minister of Higher Education formed a committee for grants and scholarships in the Ministry of Education, composed of representatives from governmental organizations and representatives from both the civil and governmental organizations. The numbers of grants distributed to this sector amounted to 7250 statements.

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8. Interview with Advisor Izzat Al-Ramini, Secretary General of the Supreme Judicial Council, on 17/10/2012.

private sectors. This committee held its first meeting on 1/8/2012\textsuperscript{10}.

The Ministry of Higher Education also published a procedural guide for grants and university entrance applications. The guide explains conditions and procedures for both local and external university grants. It also posted application forms on its website for each kind of grant as well as request forms for financial aid offered by the PA.

\begin{footnotesize}
\begin{enumerate}
\item[10.] Council of Ministers’ decision number (ف.م.و.م/03/19) for 2012, regarding the ratification of candidates named for membership in the High Council for Public Procurement Policies; issued on 25/9/2012.
\item[11.] Ma’an News Network, on 28/9/2012. See
\end{enumerate}
\end{footnotesize}

\textbf{Progress in legislation for governmental procurement and public tenders}

To implement law number (15) of 2012, which addresses public procurements, the Council of Ministers issued a decision to form a Public Procurement Council on 25/9/2012, composed of representatives from various ministries (public works, finance, planning and national economy), in addition to three representatives from the private sector and a university professor.

Mr. Faeq El-Deek\textsuperscript{11}, President of the

\begin{footnotesize}
\begin{enumerate}
\item[11.] Ma’an News Network, on 28/9/2012. See
\end{enumerate}
\end{footnotesize}

Even though many individuals in high-level positions have submitted financial disclosure statements, as in the case of the President of the Palestinian Authority, some members of the Legislative Council, the Prime Minister, and ministers, it is still not adequate enough because the anti-corruption law does not stipulate that disclosure statements should be provided periodically, considering that the term of office for the Legislators and the President is four years. Since these officials have been in office for longer than four consecutive years without being elected because of the exceptional circumstances that have prevented elections, the current law must now call upon them to submit updated financial disclosure statements. Furthermore, many democratic countries require of officials in public position, such as the president, parliament members, the ministers and their subordinates, to openly disclose their financial statements, not covertly, to ensure control over any illicit gain. To accomplish this here, amendment to the Palestinian law is required.
Council, stated that the law for public procurement covers purchase processes for all ministries, municipalities and organizations of the Palestinian Authority, who use public money to procure work contracts, supplies and services by way of bids and tenders. Although the Council has begun preparation for completing legislations (regulations and instructions) for the new system of control, foremost of which is the one related to the process of procurement, in reality, the Council has not resumed its responsibilities for governmental organizations, as dictated in the relevant legislation of 2012.

**General Supplies Directorate**

This was formed by decision of the Council of Ministers in 2003 and headed by a general director, as stipulated in the provisions of the law of general supplies number 9 of 1998. The purpose of the Directorate is to provide public institutions with the needed supplies at the lowest prices and the best guaranteed quality. It is composed of six main departments: the procurement department, the central tenders' committee department, the department for supervision and technical support of committees, department of assessment and needs assessment, department of central warehouses, and the rents department.

The current tenders committee is composed of the General Supplies Directorate, a representative of the Public Works Ministry, the Finance Ministry, and the Administration and Finance Council, in addition to the party (ministry) benefiting from the tender.

During 2012, 208 announcements for tenders were made, of which 194 were earmarked for implementation in 2012, and 14 tenders for 2013. The announcements were placed in local newspapers and the General Supplies Directorate’s website. These tenders were divided into two kinds, one is the general central tenders submitted periodically, and those are 10, of which two yearly tenders are for cars

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12. Interview with Mrs. Khawla Shahrour, General Director of the General Supplies Directorate; 9/10/2012
and official seals; and every six months for computers, electronic equipment, and switchboards; cleaning supplies, furniture, stationary, printing, carpeting, curtains and air-conditioners; and the second kind is the special tenders for the benefit of certain organizations.

Table 2 – Objections to decisions of the General Supplies Committee during 2012

<table>
<thead>
<tr>
<th>Kind of tender</th>
<th>Number of tenders</th>
<th>Objections</th>
<th>Total objections</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Accepted</td>
<td>Partially accepted</td>
</tr>
<tr>
<td>General tenders</td>
<td>6</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Special tenders</td>
<td>15</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Cumulative</td>
<td>21</td>
<td>7</td>
<td>3</td>
</tr>
</tbody>
</table>
CORRUPTION REALITY IN PALESTINE

AMAN collected a variety of information by referring to many different sources regarding the reality of corruption in Palestine during 2012. It was then determined that the Israeli occupation continues to be a root factor in weakening the national integrity system by directly contributing to the confusion and disruption of the Palestinian Authority’s administration and institutions. As punishment measure, for instance, the Israeli occupation constantly arrests and detains members of the Legislative Council, withholds money owed to the PA derived from taxes, customs, and private clearance tax.

The data also revealed the extent of structural deterioration within the PA institutions and the massive and unnecessary increase in the number of public employee. These slack policies and haphazard expansion were ignored for several years to where these practices have become themselves an obstacle to the efficient utilization of resources, thus leading to an ever-growing tide of inefficient spending of public funds mostly used as a quick-fix for problems facing the PA.

The growing tide of easy spending has also resulted in the emergence of various forms of misappropriation of public funds. Some examples of these are a rise in economic crimes; continued existence of several useless non-ministerial public institutions that drain public money; unwarranted promotions in high-level positions; excessive spending on purchases of vehicles at inappropriate prices that are impractical for the needs of ministries; payment of electric and water bills on behalf of nameless individuals; inefficiency in the collection of public monies; tax evasion; refusal of the Hamas authorities to submit tax clearance bills that must be collected by Israel; disbursement of salaries to thousands of individuals who are no longer legitimately heading departments, and have in fact been absent from work for over six years.

All these issues, in addition to the problem of inequity and injustice in tax burdens, and the lack of any serious effort in collecting direct and indirect funds due the treasury, have abated any serious political effort to put an end to the current spending methods that are conspicuously depleting treasury funds, a quandary that is becoming increasingly perilous over time.

Issues and forms of corruption in 2012

Forty one cases of corruption have been heard in the Corruption Crimes Court since its establishment on 24/9/2012. The cases included embezzlement, money laundering, fraud, and exploitation of position for personal gain. Those involved in these crimes were high-level employees, such as heads of government divisions, who were conspiring with lower and intermediate level employees. Gathered information indicated that the number of indictments handed down by the court in 2012 were 12 cases.

In referring back to the public opinion poll prepared by AMAN regarding Palestinian corruption reality in 2012, it became clear that the most common forms of corruption in the Palestinian society are nepotism, cronyism, and favoritism in services and job appointments, in addition to abuse and misuse of public property. The poll also indicated that people believe these
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abuses exist in the public, private and civil sectors.

When these perceptions were compared to the types of corruption cases heard before the court, it was found that, in 2012, the court had received 10 accusation letters related to cases of cronyism, nepotism, and favoritism. This reflects some public awareness of their right to present accusations to the court. Nevertheless, there are indications that, in 2012, these crimes were still widespread, with 40% of the people testifying to using nepotism, favoritism, and bribery to expedite and receive personal services.

Several of the cases heard in the Corruption Crimes Court were accusations of exploitation of position for personal gain, which indicates that there still are individuals in government jobs using their position for special interest.

The absence of a firm policy and measures to end conflict of interest creates opportunities for corruption and exploitation of positions to acquire privileges, licenses, and even benefit from public tenders. The absence of regulations and stringent directions cautioning against the transfer of interests from the public to the private sector, and the lack of commitment to the principle of disclosure of conflict of interest, are giving opportunity to some corrupt individuals to exploit their public positions for personal gain at the expense of public interest. One prominent example of this abuse of power is the 2012 case against a few officials in the Ministry of Transportation who were accused and indicted for corruption crimes.

Expired food and medicine

Summation: names of pharmaceutical companies and their agents suspected of distributing expired food and medicine must be published, allowing for social retribution.

Monitoring cases related to economic crimes continued throughout 2012. In spite of the fact that the 2011 corruption

Figure (2) Opinion poll results – 40% indicated they have used various forms of corruption to receive a certain public service, while 58% indicated they did not.
report had pointed to the efforts of all parties concerned in monitoring corruption crimes (the Prosecutor’s office, the courts and consumer protection groups), this did not result in reduction of such crimes (distribution of expired medicine, food, children’s candy, meat, and so on) in 2012. The main reasons for this are the absence of official punitive and preventative measures, the difficulty in obtaining evidence, and in the prosecution of the corrupt. In addition, spoiled merchandise still pours into the West Bank from Israel and the settlements because of the absence of control over the many border crossings. These factors have allowed some greedy merchants, who know there are no legal measures to prosecute and punish them, to distribute merchandise unfit for human consumption.

Table 1: Economic crimes submitted to the Public Prosecutor in 2012

<table>
<thead>
<tr>
<th>The Offense</th>
<th>Hebron</th>
<th>Nablus</th>
<th>Qalqilia</th>
<th>Toubas</th>
<th>Tulkarem</th>
<th>Jenin</th>
<th>Salfit</th>
<th>Ramallah</th>
<th>Jericho</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trademark</td>
<td>6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>11</td>
</tr>
<tr>
<td>Tax and customs evasion</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>38</td>
<td>44</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spoiled goods/ do not meet standards</td>
<td>2</td>
<td>11</td>
<td>4</td>
<td>1</td>
<td>17</td>
<td>5</td>
<td>40</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unregistered medicines</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
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<tr>
<td>Bribery</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Declaration violation</td>
<td>1</td>
<td>11</td>
<td>4</td>
<td>15</td>
<td>40</td>
<td>5</td>
<td>76</td>
<td></td>
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<tr>
<td>Unlicensed money exchange business</td>
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<td></td>
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<td></td>
<td>2</td>
<td></td>
<td></td>
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<td>2</td>
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<tr>
<td>Settlement products</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td>7</td>
<td>4</td>
<td>3</td>
<td>20</td>
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<tr>
<td>Safety conditions</td>
<td>2</td>
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<td>2</td>
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<td></td>
</tr>
<tr>
<td>Money laundering</td>
<td>3</td>
<td>14</td>
<td>1</td>
<td>4</td>
<td></td>
<td>22</td>
<td></td>
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<tr>
<td>Illegal goods</td>
<td></td>
<td></td>
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<td></td>
<td>2</td>
<td>1</td>
<td>3</td>
<td></td>
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<tr>
<td>Misuse of credit</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>1</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Forgery/ counterfeiting</td>
<td>1</td>
<td></td>
<td></td>
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<td></td>
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<td></td>
<td>1</td>
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<tr>
<td>Illegal stock trade</td>
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<td>Undefined</td>
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<td></td>
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<td>1</td>
<td></td>
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</tr>
<tr>
<td>TOTAL</td>
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<td>34</td>
<td>2</td>
<td>2</td>
<td>28</td>
<td>4</td>
<td>28</td>
<td>110</td>
<td>16</td>
<td>241</td>
</tr>
</tbody>
</table>

All this reflected the reality of corruption in the opinion poll prepared by AMAN in 2012, in which respondents indicated they believe that the current punitive measures are not effective deterrents to those who commit these crimes. The majority of respondents – 87% - also believe that some crimes, like tampering with food and medicine, are corruption crimes and offenders must be imprisoned.
These opinions should be a message to decision-makers urging them to classify all economic crimes as forms of corruption and thus are subject to the Anti-Corruption Law. It is inconceivable that offenders in cases of spoiled food and medicine are so easily released on bail and then simply walk away by paying a fine that does not exceed 200JDs as is the case at the present time.

In 2012, the Palestinian Penal Code project was revised and presented to the Judicial Authority with comments and recommendations. One recommendation highlighted the urgent need to amend the Penal Code wherein economic crimes and their punitive measures are clearly defined and classified. In the event that amendment is not possible in the foreseeable future, there should not be a problem with laying down a special law for economic crimes, which would define all matters related to these crimes outside of the public sector since they cause harm to the national economy, and would impose stringent penalties on the offenders. Also, sometime in the foreseeable future, it should be possible to add new articles to the current Penal Code that address internet crimes, particularly those related to economic crimes.

**Continuing fraud and waste of public funds – in the use of governmental vehicles**

The 2012 Council of Ministers’ order with the diktat number (13/63) which stipulated to restrict the use of governmental vehicles for work purposes only and to withdraw them from employees who are not entitled to that privilege was a positive step. However, there are still many obstacles pertaining to the implementation of this decision with some government employees continuing to use governmental vehicles for personal purposes and pay for fuel with public funds as well, in spite of the fact that the policy of compensation for transportation expenses has been

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13. Interview with Mohammad Al-Hallaq, General Director of Government Transport in the Ministry of Transportation, 30/9/2012
reinstated. Audit reports indicate that some violators in public positions currently using government vehicles have bought the cars they were using, but then went back to using government vehicles in allowances for their position. Furthermore, the Council of Ministers’ decision was practically voided when the government procured or leased new vehicles for general managers in order to circumvent the decree.

The data gathered from control and supervision records of 2012 also show collusion on the part of some officials, or at least a failure to exhibit a firm and serious will to prevent movement of these vehicles after work hours and not allowing employees to take them home, which is a violation of the Council of Ministers’ order. During the process of control and supervision, it was also discovered that blank forms of “verified movement orders” (permission to use the car) were pre-prepared with Ministry seals and signatures; some were advance orders for the next day, which goes against the Council of Ministers’ instructions.

Furthermore, the data AMAN collected from several ministries revealed that in 2012, the practice of leasing cars persisted, which were used after work hours, in spite of the fact that car leasing is a violation of article 3 of the Council of Ministers’ 2012 decree which put an end to this practice on January 10, 2010.

- Halting Monitoring: the Ministry of Transportation ceased monitoring over vehicle use in 2012 because of the frustration of employees with the insufficient funding from ministries and officials that was to be used for the implementation of the decision to take away governmental vehicles. This was compounded by the absence of a clear and specific mechanism to prevent misuse of government vehicles, lack of preventative punitive measures for violators, and of lack of serious monitoring efforts of transgressors by ministry officials.

- Use of property in the Security Apparatus: certain security agencies issued decisions over the last few years which regulate the use of computers and the internet. They also issued instructions for technological conversions and use of telephones, consumption of electric power, and the use of vehicles. Some security apparatuses also keep a record of vehicle movements. In fact, the Civil Defense Apparatus has an electronic system that tracks their vehicles, while most security apparatuses have pledge records for their departments and directorates, and in other apparatuses others have a personal or a combat pledge records. Nevertheless, there is need to regulate the use of governmental cars, especially since there is no clear reference defining criteria by which these cars are granted in the security apparatus. Furthermore, until the writing of this report, there is no indication that the rules and regulations issued by the Council of Ministers are being followed.

The PA has in its possession seven thousand government vehicles, 4500 of which are with the Security Apparatuses, and 2500 are being used in the civil sector.

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14. State Audit and Administrative Control Bureau annual report (n.d.)
of Ministers in that regard is being followed. It is worth noting that the number of cars being used here is about 4,500 where insurance, license fees, fuel etc. is taken out of the public’s treasury.

In short, it is clearly imperative to implement the Council of Ministers’ decision/decreed to withdraw government vehicles on private vehicles working in the Security systems and public non-ministerial institutions. At any rate, the financial state of the PA, which has resulted in halting promotions and appointments in several sectors, requires a decision to also halt procurement or leasing of governmental vehicles, making sure donors understand this condition for monies they grant the PA.

Traffic fines: time to secure them through vehicle registration

Traffic violations and control of violators: After AMAN published its 2011 report, which revealed the waste of public funds related to traffic violations, the Minister of Transportation decided, on the 13th of April, 2012, to form a committee to look into this problem. A ministerial committee was then formed on the 20th of June, 2012, supported by a technical committee to study the problem, which was in turn formed by the Ministry of Interior, the Ministry of Transportation, the police, and the Supreme Judicial Council.

After reviewing the police registry of traffic violations, it was determined that 47 thousand traffic tickets had not been paid, which totaled approximately 6 million shekels. Further investigations also revealed that around 39,600 traffic tickets were lost, which could be because they were recorded in the electronic system and were never paid, or possibly no court ruling was issued. A large number of traffic fines (tickets) were entered in the electronic system for traffic violations, but were never paid; that is, the fines were not paid in court or a judgment ever issued for them. There are also around 900 tickets that were voided by the Attorney General and Chief Prosecutors in all governorates.

According to the Ministry of Transportation, there is an electronic system linked with the traffic police, the Ministry of Interior, the courts, and the Ministry of Transportation systems. This central system registers issued traffic violations as soon as the data is entered. However, car registration systems are not linked with that of traffic violations, so when people register their cars, any outstanding traffic violations they might have does not appear on the system when a person is applying for a license or renewal of the registration card. This interlinking of electronic systems was never done in 2012, and remains until the writing of this report, resulting in continuing confusion and ambiguous records, which in turn resulted in waste of public funds.; this is a loss of revenue that can easily be avoided. Therefore, it is imperative that the linking of systems in all concerned departments be installed by a decision/decreed from the Council of Ministers.

15. Interview with Majed Awwad, Director for the General Administration of Computers and Information Technology, in the Ministry of Transportation
Corruption Report 2012

**2012 remained without a databank with electronically recorded information on tax-payers; and no installation of a linking system between the Ministry of Finance departments and with other government institutions, which limits the ability of employees to prevent tax evasion, wherein manual work is taking up too much of the employees’ time.**

**The most extensive tax evasion remains in Gaza’s tax clearing bills in addition to tens of thousands of tax evaders who are self-employed.**

**Tax evasion: harms the budget and benefits the occupation**

AMAN’s Corruption Report 2011 revealed that the annual tax evasion in Palestine, as estimated by the Palestinian Public Accountant, equals 40% of the total due tax revenues. The report also specified that the control of the Israeli occupation over borders and the unfair stipulation in the Paris Protocol, which states that the shares from tax revenue owed to the PA is subject to the amounts specified in the submitted tax clearance receipt, are the two main underlying reasons for tax evasion. These two situations provide opportunities for deceptive merchants and other tax payers to exploit the situation to avoid paying taxes.

In Gaza, most merchants refuse to submit tax clearance bills to the PA by order of the Hamas Authority. Other reasons for loss of revenues are employees in governmental departments who collect taxes based on their own personal estimates instead of regularly updated data and information as well as lack of inter-departmental cooperation. In the meantime, the PA is continuing its effort to reduce tax evasion by giving the Customs Court and the Customs Police more effective roles.

Summation: justice and equality for all citizens means everyone should be subject to tax laws with no exemptions for those with unlimited incomes, particularly the self-employed.

In spite of the on-going tax evasion that deprives the public treasury of due revenues, the Ministry of Finance has taken several measures to improve tax collection and prevent tax evasion.

1. Increasing the number of employees from 1-6 in the bill audit department during 2012.
2. Starting talks with the Israelis to overcome the unfair stipulation related to the clearance bills and installing an electronic system to reduce tax evasion. Data indicates that if this measure is implemented, it will reduce tax evasion by 95%.
3. Intensifying the efforts of the General Tax Administration in tracking tax-payers, especially the self-employed.

Building a databank of tax-payer information and electronically linking Ministry of Finance departments with other government institutions based

16. Interview with Mr. Ahmad El-Hilou, General Director of VAT Department; 11/11/2012.
17. Ibid
18. Interview with Mr. Hamzeh Zalloum, General Director of Income Tax Department; 8/10/2012
Corruption Report 2012

Cheating the laws of civil service with appointments of contract consultants is a form of corruption. The principle of appointment dictates that no expert is placed in a permanent position listed in the job structure, and that the appointment is temporary, along with other conditions that must be specified, adopted, and implemented, including the ceiling value of the contract.

Summation: There should be a mechanism in place for implementation of the law related to service in security apparatuses, that would specify the conditions and requirements for placement in high-level security positions.

on a unified program for tax-payers will help reduce tax evasion and limit the process of estimation of income and tax dues, especially the self-employed, that is, creating a horizontal expansion in the tax collection process.

Appointment of high ranking staff: exclusion is a clear violation of the law

During 2012, AMAN monitored developments in the civil service sector, in particular, the area of appointments and promotions, as well as preparation of administrative structures. The following was observed:

Summation: Most high-level promotions and appointments in new positions are subject to political and factional considerations.

There seems to be a decline in violations and wrong doings such as nepotism, favoritism and cronyism, as criteria for appointments, particularly in the education and health sectors where most appointments took place. Many official divisions are adhering to the law in appointments for public positions by announcing position openings in daily newspapers and on websites of related ministries, holding written tests and interviews for selection, and giving consideration to the principal of competition and equal opportunity. The Council of Ministers’ decision issued on March 7, 2012 dictated that priority in hiring for new 2012 positions are given to contract employees\(^\text{19}\); however, President Mahmoud Abbas ordered a freeze on appointments on 24/8/2012. Furthermore, information obtained from the General Personnel Council indicates that in 2012, there were only 451 appointments of new staff members in the Ministry of Health (88) and the Ministry of Education (263)\(^\text{20}\).

In reference to the opinion poll prepared by AMAN in 2012, it was found that Palestinian citizens remain doubtful of the integrity of hiring procedures for high positions. Also, in reviewing the complaints submitted to AMAN’s Advocacy Center, the common claim was the absence of integrity, or that there was practice of nepotism and favoritism in hiring. It was then discovered that the main reason for this public perception is the fact that Ministries and official institutions are not following the proper procedure of hiring by not being transparent about the whole process ending with announcing the test results to the public.

Some Palestinian high-level presidential appointments do not adhere to specific regulations stipulated in civil service laws. A case in point is in some institutions that did not follow procedure requiring them to obtain approval for placement in high-level promotions to or within their departments from

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\(^{19}\) Council of Ministers decision number (01/07/14/ف.م.س) – issued on 3/7/2012

\(^{20}\) Interview with Wajdi Ziyad, Director of the Council of Ministers’ Unit in the General Personnel Council, 1/11/2012

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the Ministers’ Council. Other cases observed were decisions made for the exceptional promotion of five presidential employees to high-level positions in the Office of the President during 2012.

- Promotions of personnel in high-level categories were suspended by order of the President of the Palestinian Authority, issued on 25/8/2012, in response to the unfavorable financial state of the PA. All appointments were also halted except in the Ministry of Education and the Ministry of Health.

- The General Personnel Council did not complete the job formation table in 2012, which was to be done in cooperation with the Ministry of Finance and other government institutions aiming to make hiring more professional, accurate, and calculated process that is linked to the organizational structure and job description in order to ensure integrity and transparency in public spending.

- In spite of the Council of Ministers’ ratification of the mechanism for appointments in its decision of 24/7/2012, and which requires the Council’s ratification of appointments in the event contracts exceed the amount of 4000.00 US dollars; the decision specifically stipulates that contracts with values ranging between $1501.00 and $4000.00 must be approved by the Prime Minister, while contracts of $1500.00 or less are to be approved by decision of a minister. However, no justification was provided for appointment of consultants nor was the process supervised hence a violation of decision mentioned.

Debts owed by electric companies, municipalities and water authorities: further evidence for waste of public funds

Municipalities and water authorities currently owe the public treasury around a billion shekels in debts accumulated between 1996 and 2012. This is because the PA purchases water from Israel then sells it to the suppliers - municipalities and water authorities - at cost. However, these parties do not pay their dues to the PA. Some believe the problem is caused by: (1) people not paying their bills; (2) some

By early September 2012, debts accrued by the electricity sector reached 813 million shekels owed to the Israeli electric company. 560 million shekels of this debt is owed by the Jerusalem Electric Company, of which 250 million is in unpaid bills, 100 million in pilfering, 100 million debts owed by the PA, and 60 million shekels debt bills. In addition, 260 million shekels are owed to the Israelis for supplying electricity to local communities which receive electricity from the Israeli National Electric Company.

- Meeting with Hisham M. al-Omari, General Director of the Jerusalem District Electric Company, and members of the Legislative Council; 3/9/2012.


22. Interview with Wajdi Ziyad, Interview with Wajdi Ziyad, Director of the Council of Ministers’ Unit in the General Personnel Council, 1/11/2012.

23. Council of Ministers’ decision number (03/10/14/فس/م) of 2012.
municipalities collecting payments but not use these funds to pay their debt to the PA; (3) absence of control over municipal accounting systems mainly because they use cash–based accounting rather than accrual in preparing their budget; and (4) the absence of governmental mechanisms and policies for subsidizing the poor, which together would ensure the collection of funds.

Debts owed by electric companies and municipalities are another example of waste of public funds.

Another example of continued waste of public funds is the problem of debts of refugee camps. This problem was not resolved by the end of 2012, in spite of ongoing negotiations with the Council of Ministers the Power Authority, the Electricity Regulatory Board, the camps’ popular committees and the supplying company. In early 2013, it was announced that an agreement was reached and signed by the government and the popular committees of the camps. The agreement stipulates all previous debts owed by the camps will be cancelled with the condition they would install pre-paid electric meters. However, Prime Minister Dr. Salam Fayyad later stated this measure was not a decision approved by the Council of Ministers, and is still in the process of negotiations with the distribution companies and municipalities to specify the logistics and mechanisms for implementation of the agreement.

The Rent Committee, as part of the Directorates’ structure, has not been activated; but the Rent Committee remained under the Ministry of Finance. In 2012, it was observed that the government continued to rent centers for ministries and guesthouses, which sometimes are used by individuals for personal purposes not for work; they are also used for individuals who already receive transport compensation.

The major obstacles to developing the work of the Supplies Directorate are:

1. When signing agreements with foreign countries and international organizations, public institutions do not take into consideration the provisions of the law for procurement of general supplies and public tenders.

2. Public institutions are uncooperative in setting specifications for supplies.

3. Lack of commitment from public institutions to carry out annual inventory and adhere to conditions which indicate that the technical committee within an institution prepare a report regarding destroying unneeded property.

4. Disbursement of payment to the Security agencies without providing proof of custody.

24. Statement by Prime Minister Dr. Salam Fayyad on the television program “Ala el-Makshouf” (in the open), broadcast on Palestinian Satellite television; 11/1/2013

25. Interview with Mrs. Khawla Shahrour, General Director of the General Supplies Directorate; 9/10/2012
THE REALITY OF INTEGRITY AND TRANSPARENCY IN SOME SERVICE SECTORS

The system of integrity within the Security institutions continued to be inadequate during 201226

• During 2012, the Security Apparatuses, sometimes or as a formality, remained under the control of the Minister of Interior, with the exception of the General Intelligence agency, which remained under the authority of the President. It is worthy to note that the main institutional reference for the Security agencies was never established in 2012. No unified council was formed that would have had planning, policy-setting, and reference authority to delineate the various responsibilities of each apparatus in executing the national plan for security, or the parameters that would bring them together when need be. In 2012 as dissolved on the 23rd of June, 2007, and was not reformed or its powers assigned to some other group since then. Furthermore, no legislation has been set to regulate the National Security Council, even though it is a body of significant importance; it is the organizational frame for the structure of security institutions, and would be the official reference for the security apparatuses, would set and supervise the implementation of policies and strategic plans, and would have received security reports for revision and supervision.

What is suggested at this point is the reformation of the National Security Council as stipulated in the provisions of a law, which specifies the conditions for its formation and delineates its authorities and other related matters.

Laws and regulations that have been issued are yet to be ratified for implementation of the provisions for security agencies leaderships and other position-holders. In addition, these laws do not specify which regulations apply to the various ranks of leaders, heads,


Procedures for consigning canteens in Security forces
There are canteens in a number of security bases which are sometimes run by or consigned to security personnel or retired military officers. The consignment is usually determined by a committee formed for that purpose, without a public announcement for the opportunity in newspapers, as required. Furthermore, the revenue from these canteens does not go to the Ministry of Finance, but is instead spent on the security agency that “owns” the canteen, under various provisions not covered by financial regulations; supervision and audit of these expenditures are done by a control department within the agencies.
and their deputies, except the Chief of Security, nor does it outline the circumstances and considerations that would allow extending the term of office for heads of security by one more year.

- There is also the outstanding issue of salaries that are being paid to over thirty thousand security employees in Gaza who are no longer working because of Hamas’ control of authority on the one hand, and because of their ongoing work-strike since 2006 on the other. It is worthy to note that there are sixty five thousand employees receiving salaries from security agencies in addition to and twenty thousand receiving salaries from the Hamas Authority.

- Some security apparatuses remained without regulations throughout 2012; the National Security, the General Intelligence Apparatus, and the Police still do not have laws to regulate their operation or define their duties, which has hindered the process of accountability and weakened the integrity system as a whole.

- The positions of both the General Director of Internal Security, and Commander in Chief for National Security are still vacant, which has contributed to lack of political monitoring and lack of accountability in the security agencies.

- The continued absence of the legislative Council in legislation and supervisory role has had a negative impact on the effectiveness of oversight, at the political level, on
The large number of employees receiving salaries without work should be assigned to tasks of service to citizens, such as: support and assistance for farmers, construction roads and dams in low areas where floods often happen, support of Customs Control Agency, especially those located in area “C” near crossing points where Israeli goods are smuggled into the oPt.

the security establishment, and hindered completion of its legal frameworks.

- Some heads of security agencies are also members of political factions; a clear violation of the law which demands neutrality of officials in security establishments.

Procedures for supply of services and procurements:

- Most security apparatuses, except the Police, do not have procedural manuals for purchasing supplies and services. However, all of the security apparatuses have committees for procurement and receiving of goods and materials, which is replaced every six months, and are formed by the head of the establishment, with the approval of the Minister of Interior.

- Each security agency determines its own needs for the various supplies and services to be purchased directly from within the security apparatuses, or through the supply commission, or the Ministry of Interior’s Tenders Department.

- The Procurement Department in the Ministry of Interior is responsible for advertising needed purchases in newspapers, in accordance with the law of general purchases.

- Promotion to a rank below colonel is based on seniority, while promotions to the ranks of colonel and major-general (or general) are made by selection from among qualified officers. The term of office for a colonel is three years, which could be extended another year for a maximum term of four year, as long as the colonel does not reach end-of-service age before term extension. Promotions from major-general to lieutenant-general are entirely based on selection. However, in view of the fact that by-laws and regulations for implementation of the service law were never published, all conditions, standards, and foundations remain ambiguous. There is also no supervisory body to review placements and promotions in the Security establishment, which has left the doors open for more favoritism and encouraged nepotism and appeasement, and the routine promotions system has caused inflation in intermediate and high-ranking positions.

- None of the security apparatuses have a declared and sufficiently transparent hiring policy. With the exception of the Civil Defense Forces, the National Security and the Police, all others do not place job-announcement for vacant positions in mainstream media, which does not give people equitable opportunities to apply for these positions. However, the majority of security agencies

27. Article (42) of the law for service in the military forces
28. Articles (33, 34) of the law for service in the military forces
do have a procedural guide that delineates hiring procedure and defines the needed qualifications in human resources. Still, rules and regulations for implementation of the law of service in security forces were never published.

- A number of colonels received term extensions.

- Organizational structure for each of the security apparatuses: most security agencies have organizational structure listing the hierarchy of responsibility, which indicates that those in lower ranks are subordinate to and accountable for their tasks to the higher-ranking official, with some flexibility. However, most administrative structures are not applied in most establishments, with the exception of the Civil Defense directorate.

- Security agencies have submitted internal, financial, administrative (attendance and evaluation) and informational reports to heads of each apparatus. There are other reports that must be submitted to political-level officials as well as the Central Military Finance Administration and the Organization and Administration Committee, but it is not clear what the periodic frequency of these reports should be. Because there is no financial accounting system in some apparatuses, hence it becomes impossible for them to regularly prepare accurate periodic reports.

- Mechanisms and procedures for monitoring of employees attendance: some security agencies have an electronic system to record attendance while others do it manually. Others decide to shift workers at the beginning of each month, which is then entered in the agency’s administrative structure; and the Inspection Department verifies attendance when visiting locations and directorates.

- System of financial aid and incidentals: based on the exceptional financial regulations, heads of security agencies were granted the authority to disburse to employees within each apparatus an amount that does not exceed 15,000 shekels each month in humanitarian aid. The regulations also granted the head of the agency authorization for expenditures not exceeding 4,000 shekels for each individual, conditional upon specifying the month of the allowance and revealing the rank and full name of the beneficiary; however, the regulations forbid the disbursements for more than one task or incidental each month.

- Work of the State Audit and Administrative Bureau (SAAB) is in effective: The secrecy factor which prevails in the security establishment as well as lack of knowledge on behalf of the security employees of the purpose and

29. NO FOOTNOTE WRITTEN in the Arabic text page 32

Although true that the double-salary problem (one for civil and the other for the security cadres) has practically ended, but the problem with categorization and delegation of other cadres remains a gateway to non-compliance and fictitious placements of non-existent individuals (i.e., ghost employees).
The combined budget for all security apparatuses in the Palestinian Authority amounts to one third of the general budget. Until 2012, these amounts appeared as one sum on the PA's financial statement without specifications detailing the nature and size of revenues and expenditures. In 2012, none of the security agencies, individually or combined, ever submitted an official financial statement with all items declared and approved in accordance with the general budget law and the official financial system adopted by the Ministry of Finance. Moreover, none were issued by the relevant officials in the PA either. And despite progress made such as the creation of a general military budget and a system to regulate procurements for security agencies through the Ministry in Finance, no detailed reports for all monetary transactions in that area were ever published. These failings may encourage corruption during the implementation stage, especially with the Ministry of Interior’s method of supervision, namely, mandating one of its own personnel to be placed within the military financial administration to supervise transactions instead of assigning different staff members to run official periodic audits.

Listing the security agencies budget under as one budget, within the General Budget, without details for the financial plan of each individual agency hinders the role of the monitoring parties from doing their job.
Corruption has been discovered that the Central Financial Administration, like larger security establishments, receives “incidentals” funds, even though it is already supported financially and has no responsibilities equivalent to other security agencies.

In any event, placing responsibility for expenditures of security establishments in the hands of their own officials, with absence of a transparent and explicit system and a supervisory body to enforce it, allows for and creates opportunities for infringements on the principle of integrity.

The continued obstruction of the presidential and legislative elections increases the possibilities for moving towards totalitarianism and provides opportunity for a certain group of individuals to make decisions regarding public affairs to serve their personal interests. This is a significant indication of the existence of political corruption. Most notable is the fact that members of the Legislative Council receive rewards for work they do not do – a monthly salary!

Ministry of Communications and Information Technology: the Israeli occupation and the slow delivery of services decrease competing opportunities

The Ministry of Communication and Information Technology persisted in its efforts to crystallize its policies in the areas of communications, information technology and postal services throughout 2012. It also maintained its role in monitoring and supervision of competitions in the communications field. However, the Ministry is still incapable of managing Palestinian frequencies because of Israeli control over Palestinian cyberspace – electromagnetic spectrum – which also controls the PA's border crossings. Israel remained in full control of areas classified as “C” throughout 2012, which has hindered the PA’s ability to expand its communications services, both fixed and mobile, and information technology services.

The Israeli measures have limited...
the process of competition in the communication field during 2012, which obstructed the provision of third generation (G3), and (G4) frequencies for mobile devices, which has a detrimental effect on the development of information technology services. Israel also prevented the entry of a third mobile operating station and limited the expansion of the network by preventing entry of needed equipment to strengthen the communications network. The Israeli government, for instance, would not allow equipment for Wataniya Mobile to pass through to Gaza, which it needed to launch service in the Strip. It also has, and still is, compelling telecommunications companies to have their switchboards placed outside the territories (inside Israel), resulting in a high cost of communications for Palestinian companies and services to Palestinian subscribers. Nevertheless, there was some progress with the number of subscribers to Israeli companies decreasing dramatically because of public awareness, and with PA intervention and competition between the two Palestinian communication companies operating in the territories.

- The Ministry has a policy guide and forms for services it provides, distributed within its various departments, noting that these forms are not posted on its website.
- In 2009, a legislative decision was made to form a Palestinian communications regulatory body, with three separate entities, a supervisory, an organizational, and a service provider. However, this body was not formed in 2012. Not implementing this decision hinders the separation between the supervisory and the organizational entities in the communications sector, which sometimes results in conflict of interest and abates the supervisory role of the Ministry.
- On March 11, 2011, and in accordance with a decision by the Communications Minister, the Ministry of Communications and Information Technology granted a temporary permit to the Jerusalem District Electric Company to install and operate a fixed-line network when it applied for a permit to install fiber-optic cables for its land and aerial network. This encouraged the establishment of another fixed communications company, hence enhancing competition not only in the field of communications, but also in the market of information technology services.
technology. The electric company continued to prepare for this all through 2012.

- The Ministry does not have written mechanisms and procedures to limit conflict of interest among its employees. Even though there are some written rules in the new employees’ guide, prepared by the Ministry, regarding their duties and obligations, regulating the principles of integrity remains constricted due to the absence of rules that would prohibit receiving gifts, for instance, and limit conflict of interest among its staff.

- The current Ministry procedural guides, found in all administrative departments, do advance transparency. Transparency remains limited since these guides are not publicized. In addition, transfer of information through the Ministry’s website is still inadequate, which limits the public’s ability to access to information.

- The Ministry has a unit specializing in receiving complaints which works in line with the procedures for all complaint units and departments issued by the Council of Ministers. Grievances are submitted through the Ministry’s website within a specified window for that purpose, or by calling the toll-free 131 number operated 24 hours a day by employees who receive and record the complaints.

- As part of its operational system, the Ministry prepares bi-annual and annual reports of its work, which are submitted to the Council of Ministers for review.

The Ministry of Communications’ strategy over the last few years to publish regulations and instructions for interconnection and fair competition are significant steps towards the legal framework of competition and investment in the communications market. They also give boost to the competition for improvement in information technology with setting ceilings on the price for interconnection, accounting separation and other services offered by providers. In spite of all that, ratification of a special tariff system to calculate cost of the various services was never accomplished and clear instructions or specific scale for standards, procedures and requirements for services carried out by private communications companies, in cooperation with other parties, in conducting competitions by telephone calls or text messages.

**Ministry of Transport and Transportation: prosecution of a number of officials charged with corruption**

The Ministry of Transport and Transportation has many undertakings, some of which are, providing direct services to the public and control of the use of governmental vehicles. It also develops and monitors the transport sector in terms of quality of service in public transportation as well its fulfillment in response to market needs, on the one hand, and deference to the various transportation and traffic laws on the other. It also grants a large number of licenses and work permits for that sector.

- The plan to reorganize the transportation sector needs to be completely transparent so it is not prone to corruption31: the Ministry is preparing to launch its “mass-

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31. Interview with Mrs. Mohammad Hamdan, Road Traffic Controller, on 29/9/2012
transportation fleet”, expected to be set in motion during 2013, to provide and improve people’s travels and transportation across and through all governorates in the territories. According to the plan, three regional entities (unions) will be formed, for the northern, the central, and the southern regions of the West Bank to coordinate the operation of 84 licensed Palestinian bus companies. However, the PA is still negotiating with the Dutch Export Support Fund (ORTO) to provide funds for approximately 60% and 80% of the cost of the strategic plan’s budget. It is crucial at this point to have this process controlled and overseen by the SAAB and the Controller General of companies, with governmental supervision. It should also be carried out through a transparent process prepared by all involved parties, with periodic reports on the implementation process.

The Ministry continues to inform the public of new developments in the transportation sector through its website. It has been posting a good deal of information on its site, including its public services guide, and informing people on matters of transportation as well as posting its circulars and accomplishments, job announcements, tenders, legislations and statistics related to the transport and transportation sector, and other relevant information.

**Palestinian universities: institutions or fiefdoms?**

Palestinian universities were established in response to modernization and as a necessity in facing the struggle in that regard. These universities continued to strive towards ingraining their presence and existence so they could bear their responsibility in cementing the Palestinian national identity, which is their most central challenge, alongside giving interest to higher education, education, scientific research, and service to society.

A special report, prepared by AMAN in 2012 on the environment of integrity and transparency in operating Palestinian universities, revealed few challenges, most important of which are:

- Lack of publishing of data, and administrative and financial reports in some universities, which often raises rumors regarding their budgets and their decision-making procedures. This is due to lack of transparency and accountability regarding administrative or academic decisions made by same university presidents, and their belief that the university is a place of power where the president can make decisions as he/she pleases. A process which allows the leadership of some universities to decide for personal reasons and not for the public’s well-being; or with good justification. This could result in an unnecessary waste of public resources.

32. “Reality of Integrity, Transparency, and Accountability in Palestinian Universities (governmental and private)”; Coalition for Integrity and Accountability – AMAN; 2012; and the “Environment of Integrity, Transparency, and Accountability in the Palestinian Higher Education Sector” report; and the “Analytical Study of Realities in Gaza Universities”; Coalition for Integrity and Accountability – AMAN; 2012
funds, and could also negatively affect the academic quality.

- There is not enough transparency with regard to their employees’ provident funds and retirement benefits.
- They have not adopted work and conduct codes for their academic and administrative staff.
- Their system for handling complaints is ineffective as they do not have clear procedures for submission of complaints or for responding to them.
- Members of the board of trustees in some non-governmental (civil) universities were appointed by the Palestinian President, which affects the institutions’ independence in making decisions because of the presence of the Minister of Higher Education on their boards.
- Members of boards of directors and of trustees in some universities are appointed without election; and there still is no periodic selection procedure.
- As for tenders, there is indeed a procedure to regulate them, but there is no periodic change in the formation of tenders and procurement committees; most are permanent committees serving for underdetermined periods of time.
- The absence of a system of disclosure on conflicts of interest for some officials making procurement decision, particularly in regards to land purchases, provides opportunity for illicit gain, resulting in an environment of nepotism and hypocrisy in some universities.

To sum up, some university presidents behave as though they own Palestinian universities; as if the university they run is a family feudal possession. Therefore, amendments must be made to the law regulating universities, namely, the law for Higher Education particularly in regards to the classification of universities. It is vital to have clear laws drafted to differentiate between the different categories of universities, especially governmental and public ones; setting rules, procedures, and
explicit determinants that leave no room for speculation on the nature of this or that university.

It is also crucial to have a code of conduct for employees of universities, as well as written rules for periodic elections of members of boards of trustees and directors in universities; setting their terms of office and term limits. In addition, there needs to be written regulations within universities regarding financial disclosure, especially for those in high-level positions, and a need for setting conditions that limit conflicts of interest, and enforcing a system of transparency with regards to employees’ provident funds and end-of-service rewards.

**Ministry of Health: progress in transparency and accountability in procedures- high numbers of administrative staff and deficit in professional staff – public trust remains low**

Looking at the reality of the health sector for 2012, and comparing that with the conditions during 2011 in terms of commitment to principles of integrity, transparency, and accountability, the following was revealed:

- Development of the Ministry of Health’s website as a tool for publishing information continued with following information posted on it: quarterly and bi-annuals reports and job announcements; bids and tenders with all their related details; strategic plan for the coming years; reports on the reality of the health sector in Palestine; and a page for receiving complaints.

- As for the code of conduct, AMAN had worked in cooperation with the Ministry of Health to prepare it, which detailed codes of conduct and ethical standards for employees in the governmental health sector. However, until the end of 2012, this code was not distributed to employees or published on the Ministry’s website.

- The Ministry of Health is currently working on the preparation of a regulation that would prevent conflict of interest for doctors, to be submitted to the Council of Ministers for ratification. This regulation dictates giving doctors a choice of working in the public or private sector, and also offers incentives to doctors in the public sector by creating a “points system”, where a doctor would receive a sum of money for a certain number of accumulated points 33.

**Realities of some services offered or supervised by the Ministry of Health**

A. The service of transfer for treatment outside the country 34:

The Ministry continued with its correctional measures it had started in 2012, which in the report by the Coalition for Integrity and Accountability, AMAN considered them to be positive changes for strengthening integrity and transparency in the provision of this service. It also stopped allowing representatives from the government and employees of security agencies to circumvent the waiting list on the one hand, and simplifying administrative procedures on the other, which in turn limited favoritism and nepotism in addition, to saving money for the Palestinian Authority’s public treasury. Finally, this served to strengthen the Ministry’s control over transfers for treatment abroad.

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33. Interview with Dr. Hani Abdeen, Minister of Health; on 16/10/2012
34. Ibid
During 2012, the assigned medical committees continued to review all files recommended for transfer to institutions other than the Ministry’s institutions, inside and outside the country. Each file was being reviewed separately – noting that these transfers are overseen by the Minister himself. The Ministry is also monitoring external transfers, that is, transferring patients outside its facilities and/or the country, due to the dire financial status of the PA’s treasury. It is also directing most transfers to the Palestinian health sector (private and public) in order to support it, and has been able to provide medical specialties for rare diseases, which limits the transfer of patients outside the region, in addition to internally investing funds granted for the purpose of developing the local health sector35.

B. Medicines:
Several problems are still lingering since 2012 that relate to medicines, dietary supplements, and beauty products, as well as the problem with quality control evasion and tax evasion in areas not under PA control, in addition to the problem of shortage in supervisory staff. Moreover, monitoring and supervision of local products also continued. In an interview conducted on 16/10/2012, the Minister of Health stated that “there is also supervision on pharmaceutical companies in areas not under the control of the PA. He also stated that “he has not received any reports or complaints about violations throughout 2012, but this does not mean that violations of all these issues do not exist36 “.

1. The Ministry has not issued instructions regulating the practice of the pharmaceutical profession such as instructions regarding specifications for free samples and conditions for distribution of these samples. Statistics included in the Ministry of Health’s reports (General Administration of Pharmacy) indicate that there are problems relating to lack of registration of large quantities of dietary supplements.

2. Lax supervision over beauty products offered in the Palestinian market because the Palestinian Authority does not have control over border crossings and because some of these products are being smuggled from Israeli settlements into the Palestinian market.

3. There are still large quantities of medicines smuggled in the Palestinian market due to the following two reasons: the PA has no control over border crossings, and some Palestinian medical warehouses are working in collusion with Israeli importers and other Palestinian warehouses. What the Israeli importers do is bring in near-expired medicines, and/or not used in the country of origin, and/or are

More stringent penalties are required immediately

Penalties imposed on violators of regulations for the pharmaceutical profession and public health laws are based on the classification of the violation as misdemeanors only. It is worth noting that the maximum penalty that might be imposed on a violator does not exceed 2000JDs, a light penalty for fraud and smuggling operations in the medicine sector.
Health insurance services continue to be inadequate

Beneficiaries of the government health insurance: All residents of the Gaza strip are covered by the Ministry’s free health insurance services, as stipulated by the Presidential decree issued on the 6 of June, 2007. According to the Ministry of Health’s mid-annual report, the number of insured families in the West Bank during 2012 stood at 152 thousand families. 60 thousand of those are classified under mandatory insurance 40 thousand are social welfare families, 10 thousand receive free insurance, 15 thousand insured workers inside the Green Line, and 27 thousand are elective insurance cases.

The rise in cost of living caused by the increase in prices and basic services has resulted in high demand on public health services, causing strain on governmental clinics and hospitals. However, the number of employees in laboratories and related sections were not increased because neither the Ministry’s budget in general nor the revenues coming to the Health Insurance Fund had increased.

Adding to the strain is the fact that free health insurance services are still in effect/provided for a large number of people, particularly in the Gaza Strip, which can provide opportunities of favoritism and nepotism as well as exploitation of position on the part of some high-ranking physicians due to lack of control over gaza.

not fit for consumption, which are purchased at low prices by some Palestinians. These medications and or supplies are then delivered to local warehouses, especially to those that are not under Palestinian control, where they get re-shaped and re-packaged then distributed for sale in the Palestinian market.

C. Supervision of Foods

1. Most food products available in the Palestinian market have not been inspected by the Ministry of Health because of the absence of control over border crossing where there are no Ministry inspectors. In addition, food importers do not apply for permit/license to sell the food products in the Palestinian market.

2. Tests conducted by the Ministry of Health\textsuperscript{37} during 2012 indicated that 13% of tested food samples are contaminated. The Ministry’s mid-annual report of 2012 did not mention the tested and removed amount of food from restaurants, which amounted to 35% according to the microbiological testing conducted at the time., The reports also pointed to the inability of relevant authorities to control and supervise these places.

D. Health insurance\textsuperscript{38}: the newly drafted law regulating health insurance, was drafted in 2011, but not ratified due to unresolved disagreements. In 2012, amendments were made to the proposed law that would bring in revenue from the insured public to the Ministry of Health so it could better provide them with the services they need. The amendment requires the insured individuals to share the cost of treatment, namely,
the cost of examinations, treatment, and medications, to be equitably divided between the public and the government; while the government would cover, as it is still doing, the entire cost of treatment of serious and costly diseases, such as cancer and kidney diseases.

The ongoing large-scale governmental health insurance coverage is leading to a low level of monetary contribution of beneficiaries, adding to the compiling deficit in the services budget, and hindering any tangible improvements in the quality and safety of services, as well as preventing equitable geographic and social allocation of services.

Summation: When will the public health insurance system in Palestine see the light?

To sum up, no serious effort is being made in regards to medical malpractice accountability within the Ministry’s health institutions. The opinion poll conducted by AMAN in 2012 indicated that the Ministry of Health ranked second among all ministries as most prone to corruption (with 19% of the surveyed individuals).

Palestinian Water Authority: lacking systematic reference; semi opportunities for corruption still exist

In scrutinizing the conditions of integrity, transparency, and accountability in the Water Authority during 2012, and comparing it to the conditions in 2011, the following was observed:

- The Palestinian Water Council did not meet during 2012 to take on the functions entrusted to it by the Palestinian Water Act, which indicates that it still does not have a real regulatory body or an effective system of accountability.

- Although a plan for reform of the water sector was prepared during 2011, its

39. Interview with Mohammad El-Shou’abi, Acting Director of Administrative and Financial Affairs, and with Ahmad El-Hindi, General Director of the National Water Council unit; 16/10/2012
40. Interview with Mo’taz Al-Abbadi, Advisor to the Water Authority President; 10/11/2012
implementation did not commence during 2012, except whatever was accomplished in drawing a draft for the amended water law, and was never ratified. This is because the Water Council, the entity in charge of the Water Authority, headed by the President, did not meet.

- The Water Authority did announce and publicize its tenders in local papers and on the PA's website, all of which abided by the law for public works tenders and through the Central Tenders Committee and in the presence of the Water Authority's financial supervisor. However, the Palestinian Authority is still the body running all its administrative, supervisory, and regulatory matters as well as ratifies its policies; sometimes executive ones. In the past, this has contributed to the prevalence of conflict of interest and has disempowered the structure of integrity within, by increasing corruption opportunities. Moreover, this will provoke donors, and undermine public trust in the PA. In addition, some people suspected of job exploitation were taken in for interrogation last year. However, the former head of the Water Authority was never summoned for questioning by the Anti-Corruption Committee.

- Water price variances remained a problem throughout 2012 with no adoption of a unified tariff system (one price) for all residential communities, even though the Water Authority had submitted a plan to the Water Council back in 2010.

- Establishing regional water utilities centers has not been accomplished mainly because the regulation for the water utility was never ratified.

- Incursions on water supplies are still ongoing. Digging wells, siphoning artesian water and water theft are some of the problems the Water Authority is still facing in spite of the measures it had taken with the help of the police and governors. For instance, in 2012, five people were taken to court on charges of encroachment on water lines, plus 16 warnings were issued for extracting more water than their licenses allow, and five warnings for not installing water meters as required by regulations for licensed wells, in addition to 7 violators who were caught digging wells without a license.

- A department of public complaints against the Water Authority was not established; instead, the Department of Consumer Affairs has been pursuing consumer issues, and grievances get resolved through the office of the Head of the Authority, who personally handles these complaints or refers them to the related department. This process is in contravention of complaints regulation number 6 of 2009 implemented within the PA, requiring each ministry or public institution to form a unit or section for handling public complaints.

To sum up: there has been no tangible progress for the administration of the Water Authority during 2012; things remained the same as in 2011. The Water Council is still not convening, in spite of the critical responsibilities it bears, while water price variations for different residential units and communities has not been resolved.

41. Interview with Imad El-Sayfi, insert title in the Water Authority; 4/11/2012
and incursions on water lines is still ongoing in spite of measures taken to prevent such violations. In addition, a complaints department has still not been established as is the case in many ministries and public institutions. On the other hand, there is a plan in place for reforming the water sector on the various levels, and accountability is in practice by publicizing and posting information and tender proposals on its website.

The Palestinian Energy Authority begins implementation of the amended law

During the past three years, the Palestinian Energy Authority has progressed in its legislative, administrative and institutional matters. In 2009, the electrical energy law was issued, and in 2012, the law was amended to make punitive measures for theft of electricity more stringent. The law also contained policy stipulations for the process of allocation of tenders related to power-generation, transport, and distribution of services, and for separating monitoring entities from policy-making entities.

In looking at the conditions of integrity, transparency and accountability within the Energy Authority in 2012, the following was observed42:

- Separation between the organizational structure (electric sector regulatory council) and the policy-making entities, represented by the Power Authority, has been accomplished. However, under the provisions of the 2009 Electric Act number 13, the Head of the Energy Authority temporarily assumes the head position in the Regulatory and Administrative Council for the electricity sector, which can be extended one more year.

- Amendments to the system of electric tariffs were completed in August, 2012 to allow for revision of the issue of fluctuation in fuel prices and to increase the number of poor people benefiting from price cuts.

- Implementation of a connection fee system began in June, 2012, with the Electricity Regulatory Council of the energy sector overseeing the process. However, local community councils who are not members of distribution companies connect subscribers without regard to fee regulations, causing the ongoing conspicuous disparity in fee amounts in the various geographic areas.

- The Council of Ministers issued a decision43 for regulating the exploitation of renewable energy, delineating the basic policies for

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42. Interview with Bilal Barghouthi, Legal Advisor to the Power Authority; 28/11/2012

43. Council of Ministers’ decision number (16/127/13/فاوض.htm) of 2012; issued on 14/3/2012
prevention of exploitation and to encourage the search for alternative energy sources.

- Water price variations for different residential communities has not been resolved, and the quality of service is below par as a result of the local community councils not conjoined with distribution companies, as stated in the general law for electric power, and are still administering the electricity sector in their own areas. This unfavorable situation is a result of a frail regulatory administration of those in charge of enforcing the law in local community councils that consider electric power revenue a major source of income to be used for public works within their own communities.

- Lost revenues, “black losses”, attributed to stolen electricity is still being added onto the bills of ordinary consumers as tariffs to recover a part of the losses, and the other part comes from the government in the form support to electric power distribution companies.

- A website for the Energy Authority on which it would post its reports, services, regulations and policies was never constructed.

- Concession contracts for distribution companies were not publicized with postings on their electronic websites, except those of the Jerusalem District Electric Company.

- Units or departments to receive public complaints were not established for the Energy Authority. Complaints continue to be resolved through the office of the head of the Energy Authority who personally handles these complaints or refers them to specialized parties in the

Summation: of the absence of follow-up and supervision over revenues resulted in the loss of millions of shekels for the Palestinian Authority.
Corruption report 2012

PA; contravention clear violation of complaints regulation number 6 of 2009, applied in the Palestinian Authority, which impels every ministry or public institution to form a unit or department to deal with public complaints. While in 2012, a department of complaints was indeed formed in the Electricity Regulatory Council.

To sum up, in spite of the redistribution of responsibilities for the Energy Authority and the Regulatory Council of the electricity sector in 2012, the political will to implement the provisions of the law remains insubstantial. The Energy Authority and the Regulatory Council should oblige all distributors of electricity to adhere to the new tariff approved by the Council of Ministers. It is also crucial for the Regulatory Council to hasten in the implementation of complaints regulations and procedures, and to publicize it to the general public. All of which would ensure proper management of tariffs and quality of electric services. It should also move towards having its next board of directors be completely independent of any governmental entity and contain the widest representation that would protect consumers and the civil and private sectors. It should also work towards boosting transparency by publishing information and policies to the public, in addition to establishing a unit or department of complaints to reinforce the principle of accountability.

Some governmental non-ministerial institutions are fiefdoms to their officials and are not subject to accountability

For two consecutive years, AMAN’s reports have pointed out that non-ministerial institutions suffer from lack of accountability. They also perceive financial and administrative independence as being completely separate from other institutions, rather than having freedom and flexibility within boundaries. These issues require a meeting/workshop to be held by the government with participation of all relevant parties in order to discuss AMAN’s recommendations in that regard.

The principle of financial and administrative independence remained unclear throughout 2012 because financial and administrative regulations for most of these institutions were not ratified or issued. This has prompted some heads of departments to take exclusive charge of administration without any supervision. Some even interpreted the concept of being independent financially and administratively means immunity from monitoring; a misconception which led to undermining transparency within these institutions and rendered the enforcement of the principle of accountability ineffective, hence providing fertile grounds for waste of public funds and job exploitation.

Governorates and governors still awaiting a related Law

The reality of administration of Palestinian governorates in terms of commitment to the principle of integrity, transparency and accountability during 2012:

1. Legislation that regulates the administration of governorates is still foggy, which is causing duplication of duties and tasks and conflicts with other public institutions due to some laws and regulations which grant these other institutions the same powers in many domains. This is due to the fact that some of the laws for administrative structuring are outdated, hence are not in pace

Summation: is it enough to say that a governor is appointed by the office of the President without regulations to define the provisions of his appointment?

Summation: the President’s office is ill-equipped for overseeing accountability in non-governmental organizations because of the nature of its legal and administrative structure (i.e., not a monitoring institution).

44. Report on the effectiveness and solidity of the accountability system in the administration of Palestinian governorates; the Coalition for Integrity and Accountability – AMAN; 2012
with the current legislative and administrative developments. Moreover, the new legislation was not approved by the President of the Palestinian Authority as decided by the Legislative Council in 2000, which compounded the situation.

2. There is still no regulation that delineates the provisions and requirements for placement in the position of Governor. Additionally, the procedure for appointment in that position and the specific authority in charge of assigning these positions are also ambiguous as are the principles and criteria used for determining the job scale of governors. This resulted in deficiency of transparency in the appointment of governors and their deputies, which allowed some governors to allocate salaries equal to that of a minister to employees in lower ranks; a violation of the law number (11) of 2004 that specifies scales of salaries and rewards for members of the Legislative Council, government officials and governors.

3. The fact that governorates and governors are subordinate to the Office of the President of the PA, who also holds them accountable, has in effect eliminated the supervisory role of the Legislative Council. This provides a way for governors to use Presidential immunity to evade accountability, since the President, and hence his Office, cannot be questioned by the Legislative Council because he was elected by the people.

4. Until the end of 2012, where by-laws for governorates were issued, these governorates did not have by-laws to regulate their operations and activities. Until then, it was the Unit for Governorates’ Affairs in the President’s Office who played a crucial role in that area.

The powers of a governor are not specified and often overlap and conflict with the powers of other institutions and entities within the government. This has caused ambiguity in the relationship between governorates and the various government agencies and institutions as well as private organizations. The reason for this is that the duties granted to the governor, as a representative of the President, are
inconsistent with the modifications made to the Basic Law in 2003, which divided executive powers between the President and the Council of Ministers.

5. The executive and advisory structures vary from one governorate to another because of non-compliance with regulations and decrees that specify membership criteria. In addition, there are no regulatory procedures for selecting members of the Advisory Board following the transfer of governors from the Ministry of Interior to the Office of the President. Selection is usually based on the recommendation and decision of the Governor, which affects the function and effectiveness of the Council. There are also no by-laws to regulate and organize committees, or the decision-making process in the councils of governorates, both the executive and the advisory.

6. Other than civil service employees, there are mandated military personnel (other than escorts) who have been working in the administration of some governorates for a long time, in contravention of the law of service for security agencies which limits the service period to three years.

7. Governorates do not have clear and publicized laws, regulations, or instructions to control conflict of interest or for reporting corruption. They also have no regulations to regulate giving and receiving gifts.

8. The procedural guide for assistance provided by governorates addresses coordination with the Ministry of Social Affairs, which allows people to receive assistance from the two places at the same time, which ends up at the expense of denying others their share. Furthermore, there was a noticeable increase in the number of individual appeals in newspapers during 2012; These behaviors and practices enhance individualism at the expense of the institutional, not to mention that it cancels legitimate and transparent procedures for requesting assistance. Moreover, these actions could transform official procedures that empower and enforce the laws to a system of awards and rewards; granted to subjects of officials. They also allow for increased practice of favoritism and nepotism in the provision of public services.

9. There was improvement in governorates’ administration regarding governors and all employees, the rule applies to, having to submit personal financial disclosure statements.

10. Some governorates suffer from the absence of an organized unit specialized in keeping records and documents, which has made it difficult for anyone to obtain files and records, especially with no procedures in place for publicizing information or for methods of obtaining this information.

11. There are no clear and publicized procedures in place to regulate purchases of services and other needs, and no by-laws to regulate the use of public property in most governorates.

12. Some governorates did not meet periodically with related groups, and others did not publish reports of their work and decisions, or the deliberations of their boards even if they met periodically and kept these meetings closed to the public
13. Yet other governorates did not completely adhere to procedures set by the financial system of the PA for keeping receipts of purchases and financial records.

14. Most governorates do not have set criteria for selecting members of recruitment committees for new hires, or criteria for selecting candidates to participate in external activities and workshops.

15. A few governorates do not have a department for complaints. In fact, some do not even have a complaints register. When a complaint is brought in, it is simply accepted as “received” then referred to relevant entities. Clearly, this system can be perceived by the public as incapable of handling all complaints submitted to a governorate. There is also no procedural guide or instruction manual to regulate the arbitration process for resolving issues and conflicts that might arise among the people.

To sum up, there was some progress in the administration of the West Bank governorates, particularly in the commitment of governors and employees to the submission of personal financial disclosure statements. It is worthy to note that the Basic Law serves as a reference for governors as it delineates their duties in a way that does not interfere with duties of other parties or entities, like the local councils, the Civil Defense, the Judiciary, and security agencies. Nevertheless, a law for administrative structure must be issued. There should also be a system to specify the conditions and standards for selecting governors listing their rank, qualifications, rights and duties. These regulations should conform to the Presidential Decree number 21 of 2003 regarding the Executive Council and reform of administrative structures, in addition to the Decree number 1 of 1966, for the structure of the Advisory Councils. As for the military personnel working in governorates, this group should be instructed to adhere to the Service Law for security forces.

There should also be a regulation to control gift-giving and receiving, and another to control the use of public properties in governorates. It is also essential to set and approve clear and publicized instruction that would prevent conflict of interest, and to compel governors and employees to disclose any personal interest that conflicts with their public duties and obligations. In addition, a code of conduct for governors must be drafted and publicized, which should include procedures and mechanisms for its implementation. As for employees, they need to be informed of, and compelled to abide by, the code of conduct for employees, which was approved by the Council of Ministers in 2012.

Other issues to be reformed or enforced include: the matter of humanitarian financial aid, which must be managed solely by the Ministry of Social Affairs; the meetings of governors, which need be open to the public and to both the Executive and Advisory councils; the preparation and publishing of periodic reports on the work of governorates and the deliberations and decisions of their councils; the drafting and publicizing of clear procedures for requisitioning services and goods; the adherence to the financial system of the Palestinian Authority, particularly in keeping record of all financial transactions; the activation of websites for each governorate so they become a source of information and for publishing administrative and financial
reports with all measures taken in their regard; and finally, the drafting of set and clear procedures for the selection of recruitment committees for new hires, for promotions, and for the criteria and procedure for selecting individuals to participate in external activities and training workshops.

The grievance procedure should also be regulated and reformed to where all complaints are registered in a special record book to guarantee follow up without exception, and must contain an item specifying the deadlines for handling and responding to complaints; it should also set the procedure for receiving written or oral complaints. In addition, a guide for regulating arbitration and resolution of public grievances must be issued.

Lastly, governorates must adhere to the official system of finance and must regulate and identify the exceptional cases on which the law may not apply.

**General Administration of Border crossings**

The Palestinian National Authority formed the General Administration of Border Crossings soon after it was founded. This administrative body has gone through various changes in its administration and subordination, and went under several governmental institutions, including the Ministry of Interior, Ministry of Finance, Ministry of National Economy, Civil Affairs Council, and the Office of the President, until the Presidential Decree number 16 was issued in 2006 to regulate it, making it independent financially and administratively, and the entity responsible for border crossings, and placed under the direct authority of the President of the PA.

The new arrangements made a significant change in the conditions of the Jericho “Rest area” when completed in 2012. There were improvements in the general procedures, and in the cooperation between the Border Crossings Administration and security agencies working at the borders, and a marked improvement in limiting the hardships of travelers. Prior to the changes, all these issues were in a state that encouraged certain aspects of corruption, particularly favoritism, nepotism and petit bries that were used to facilitate passage during times of heavy congestion at the crossing. However, with all these improvements, public complaints in 2012 decreased dramatically.

- The General Administration of Border Crossings incorporates several individuals from ministries and independent agencies working together at the borders; and even though they do coordinate the operation of the “Rest Area”, there still is some overlap in functions and responsibilities among few of them. Additionally, the various border crossing workers remained subject to their own institution or apparatus, not to the General Administration of Border Crossing.

- The approved administrative structure regulation has not been approved for implementation in the General Administration of Border Crossings, and there still is no applicable job description for its employees.

- The budget for the Border Crossings Administration is still set through the Presidential Institution, even though
the regulation states it should be financially and administratively independent. Moreover, the Administration still does not have its own administrative regulation; in addition, its financials have not been tied to the Ministry of Finance.

- Lack of follow up from the Palestinian side on collection of exit tax revenues with the Israeli side, which resulted in the loss of millions of shekels yearly for the Palestinian treasury.

- Unified procedural and instructional guides for all crossings have not been set, although this was mandated and required by Presidential Decree number 16 of 2006.

- This Presidential Decree, mentioned above, does not contain stipulations for procedures and mechanisms for selecting the General Director of the Border Crossings Administration. Neither does it define rights and responsibilities, nor privileges.

- At the time of this report, the electronic page of the Border Crossings Administration had not been launch in spite of its importance to the public as a source of information about conditions at the crossings; and it is not clear whether it has the mechanism for publishing reports about its activities and finances.

To sum up: There has been significant progress in the operation of the General Administration of Border Crossings as a result of the new arrangements at the Jericho Rest Area, particularly with the Border Crossings Administration working in cooperation with security agencies to manage procedures; but most problems at the crossings have to do with Israel's breach of signed agreements, including the part related to presence of Palestinian forces at the border.

Up to the end of 2012, regulations and instructions that would enhance the system of integrity had not been issued – like the rules regulating conflict of interest, receiving gifts and donations, procedures for reporting corruption incidents, the code of conduct for employees at the crossings, or a system for handling public complaints. Additionally, even though the Border Crossings Administration is under the jurisdiction of the Presidential Institution as required by the Presidential Decree, there is still ambiguity in the mechanism of supervision and follow up on matters of its operation and the methods of dealing with issued reports.

In spite of the significant decrease in the practice of favoritism and nepotism on the Palestinian side of the crossing, that, along with bribery, these forms of corruption is still being practiced on the Jordanian side, particularly at times of major congestions at the crossing.

**Grossing charges-waste of funds because of failure in follow up on collected fees**

Agreements with the Israelis stipulated that crossing fees (exit tax) would be $26, to be equally divided between the two sides, with deduction of $1.00 for each traveler from the Palestinian share to the Israelis for maintenance of the crossing - $12 for the Palestinians and $14 for the Israelis for each traveler – which is the amount being transferred to the Palestinians since 1995 even after Israel raised the exit fee to $39.

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46. Report on the effectiveness and immunity of the system of integrity in the work of the General Administration of Border Crossing; Coalition for Integrity and Transparency – AMAN; 2012
Data from the Ministry of Finance shows that, for the period between 1/1/2008 and 1/3/2012 alone, the difference accumulated between what is transferred to the PA and what Israel actually collected was over 160 million shekels, not to mention the period between 1995 and 2008. This is a clear waste of millions of shekels as a result of lack of follow up on this matter by related parties on the side of the PA and in making the Israeli side adhere to the signed agreements. In addition, the process of transferring Palestinian receivables was not regular wherein the transfers were sometimes made every two years.

**PECDAR – without monitoring or accountability**

PECDAR is the acronym for the Palestinian Economic Council for Development and Reconstruction. The Palestine Liberation Organization (PLO) established PECDAR as an independent institution in 1993 on the heal of the Oslo Accords, signed by the PLO and Israel, in full cooperation and coordination with the donor community to Palestine in support of the peace process; prior to the establishment of PA institutions. At the time of its establishment, PECDAR was considered one of the institutions of the PLO, and operated in accordance with a basic law issued then by president of the PLO’s Executive Committee, the late Yasser Arafat, on the 14th of May, 1994. Mr. Arafat considered it a public institution that is financially and administratively independent. Naturally, this was before the emergence of the PA monitoring institutions that oversee funded development projects.

The 2012 results of examining the environment of integrity, transparency, and accountability in the administration of PECDAR revealed the following:

- There is ambiguity in jurisdiction over PECDAR; technically, it is under the PLO, but the non-institutional connection between the PLO and the PNA has undermined the process of supervision and effective accountability regarding its work and officials by institutions of the PLO and the PA. It is practically unsupervised, and its relationship with the President of the PLO’s Executive Committee and the PA a mere formality, with no unit or committee to take on that responsibility or help him with it.

- PECDAR does submit annual reports to the PA President in his capacity as President of the PLO Executive Committee. at the same time, the PLO does not take any clear measures or actions regarding its responsibilities towards that institution. Moreover, the President’s role is merely ceremonial, and it is not known whether he actually reviews these reports or holds the institution accountable for in the content of the reports.

- The Legislative Council’s supervision over PECDAR’s work is not up to par, and its finances and administration are not overseen by the State Audit and Administrative Bureau, since the Bureau has not been granted permission to monitor the institution.

- PECDAR is not adhering to the laws of tenders for public works and general supplies that are implemented in PA institutions. Instead, it applies its own regulations for that purpose.

- PECDAR’s regulations for tenders and procurements do not contain
any rules or conditions that prevent conflict of interest with members of its tender committees and purchases, despite the fact that all its employees' salaries are paid by the government from public funds. Moreover, PECDAR some of its employees receive monthly add-ons to their salaries from project revenues called “rewards”, even though these sums are disbursed monthly and regularly.

- PECDAR is not implementing the system of complaints applied in the Council of Ministers and public institutions.
IMPROVEMENT IN SOME MONITORING AND INSTITUTIONS AND PARALYSIS OR WEAKNESS IN OTHERS

Continuing paralysis of the Legislative Council – the weaker link

Due to the continued internal division, the PLC remains unable to exercise his monitoring and supervisory roles over the West Bank and Gaza. The division also prevented the Council from holding unified meetings as well. It is worthy to note that the constitutionally-determined term for the Council has expired over three years ago.

The continued absence of the PLC during 2012 has provided the President with opportunities to issue several decrees. These decrees enfold decisions which, some suspect, are not compatible with the proper constitutional provisions. They also allowed executive authorities in the West Bank and in Gaza to control, ratify, and implement budgetary decisions without supervision.

Although decisions and recommendations resulting from meetings held during 2012, several parliamentary groups were formed in the West Bank and had held hearing sessions to discuss issues of public affairs. Some of these issues included: the strategic plan to combat corruption, the system of the general high school exam (Tawjihi) proposed by the Minister of Education, and many others.

The PLC’s inability to operate as usual to approve and supervise the general budget has eliminated regulatory accountability and prevented the ratification of financial policies.

The government’s annual general budget is a reflection of the government’s planned program for the year in the various areas; while the law for budgets and finances of 1998 and its amendments defines the framework for the preparation and execution of the general budget.

The general budget ledgers for the fiscal year 2012 indicated that the total expected revenues was 2.354 million dollars; while the expected expenditures, with the net amounts of loans, was 3.311 million dollars. This adds up to a million dollars in deficit.

The role of the Legislative Council in implementing the national strategy for combating corruption, 2012-2014

The Council has many basic undertakings that support the efforts for combating corruption and empowers the implementation of the plan. These are:

- Completion and adoption of corruption legislation.
- Activating the supervisory role of the Legislative Council by monitoring the performance of the Executive Authority, and its implementation of the plan and restrictions on its budget of revenue and expenses.
- Scheduling Council meeting specifically for government officials.
- Becoming a role model and an example through the development of the rules of parliamentary behavior guide and application.

Corruption Report 2012

Not holding legislative or presidential election and its impediment for factional reasons is the most prominent form of corruption

The Doha agreement, signed on 5/2/2012, stressed the need to form a unity government that is composed of qualified and independent individuals, and headed by President Mahmoud Abbas. Its task was defined, first and foremost, is to facilitate the presidential and legislative elections, and to begin the reconstruction of Gaza. The agreement also emphasized and confirmed, what was agreed upon in Cairo, to have the Central Elections Committee begin its work in the West Bank, Gaza and East Jerusalem. This raised popular optimism about elections in the West Bank and the Gaza. However, the continuing division of authorities has prevented legislative and presidential elections from being held anywhere.

providing that the government receives the expected revenues. This has crippled the government and placed it under the mercy of donor countries and direct grants. Consequently, the PA became compelled to borrow from local banks, causing a financial crisis and disorder, particularly in payment of salaries to its employees.

The Ministry of Finance has been demonstrating accountability by posting the general budget on its electronic website47; publishing monthly and quarterly reports of the budgetary operations; and agreeing to work with civil society groups for transparency of the budget. This decision was announced by the Minister of Finance, Dr. Salam Fayyad in the hearing session of 18/4/2012.

The general budget is still without supervision or accountability because the PLC is in non-operational state and thus unable to fulfill its duties. Hence, the Executive Authority continues to unilaterally set and ratify the general budget, with approval by the President, without parliamentary supervision. The consequences of this action have been the undermining of the government’s credibility and all its justifications for the ongoing financial crisis.

State Audit and Administrative Control Bureau – expansion in the distribution of its reports

The Bureau published its 2012 report later than the deadline assigned. This delay may have been attributed to appointing a new head in mid-year 2012. The report listed institutions under its jurisdiction, with infractions and punitive measures taken against those institutions who violated the law. It also gave indications of the core of their shortcomings and areas of progress, which was helpful for decision-makers. These reports are submitted periodically to the President of the PA, the PLC and the Ministry of Finance. However, the annual 2012 report was not posted on its website, most likely the delay was due to the same reason mentioned above of appointing its new head. (See text-box, left)

Additionally, and for the above-mentioned reason, all quarterly reports for 2012 were also submitted late, and not posted on the Bureau’s website.

47. See the Ministry of Finance website; http://www.pmof.ps/index.php?pagess=balance_5
(SAAB) refers 30 cases suspected of corruption\textsuperscript{48} to the ACC

2012 was a year of progress for the Bureau with its audit of “Al-Hayat Printing and Publishing Company” – Al-Hayt Al-Jadida newspaper – since it is one the Palestinian Authority’s investments belonging to the Palestinian Investment Fund, and other public share-holding companies, namely, the Southern and Northern Electric Companies. The General Director of the Bureau stated that there is also progress in cooperation of public institutions with the bureau.

The SAAB encountered several obstacles in 2012, which were previously mentioned in AMAN’s corruption reports for 2011 and 2010 – these are:

- Throughout 2012, the non-functioning Legislative Council was not able to use its legal instruments of accountability on officials in institutions mentioned in the reports, which have many operational problems, and the Bureau is not an executive body that could impose the implementation of its recommendations.

- Some public employees and institutions under the Bureau’s jurisdiction continued to be uncooperative in terms of reporting on administrative and financial infractions that occur in their place of work. And other audited institutions did not respond to the Bureau’s recommendations.

Summation: recommendations in the SAAB reports to institutions have yet to be implemented, although the SAAB is the official institution assigned the task of to oversee the work of all public institutions. Moreover, it is important to note, that the SAAB has limited capacity to oversee the large number of public institutions and the diversity of specialization within these institutions.

\textbf{Anti-Corruption Commission – an accomplishment in submitting financial disclosure reports}

The Commission continued to fulfill its assigned role in combating corruption in accordance with the powers granted to it by the amended anti-corruption law number 1 of 2005, issued on 20/6/2010.

\textbf{Observed ACC’s accomplishments in 2012:}

- On 15/5/2012, the Palestinian President issued a decree to form the Ministerial Committee for Self-Evaluation to implement the United Nations Convention against Corruption UNCAC). is the Committee is headed by the Head of the ACC, and is composed of Secretary General of Council of Ministers and five other ministers, along with thirteen representatives from various Palestinian sectors. The Committee held several

\textsuperscript{48} Interview with Mr. Jamal Abu-Baker, General Director of the Financial and Administrative Control Bureau; 24/9/2012
meeting to prepare the self-evaluation report.

- In 2012, the financial disclosure follow-up department was activated. It distributed the disclosure statements to the various sectors subject to the provisions of the Anti-Corruption Law, which included various public sector employees at different levels.

- After publishing the national strategy for combating corruption in 2012\(^9\), the Commission posted it on its website. It also held several bilateral meetings with its partners in the preparation of the strategy to review and discuss the plan. The strategy contains six main themes that cover the various ways to fight and limit corruption. It also began a campaign for raising awareness and training in the first quarter of 2012\(^50\).

- The Commission received 311 complaints during 2012; plus 36 additional complaints recorded in 2011, and other complaints that had no relation to corruption, totaling 94 complaints. Complaints on corruption included various forms of corruption. Data received from the Anti-Corruption Commission specifies the different kinds of corruption in public institutions. (See table below.)

### Table 4 – the nature of corruption in complaints received by the ACC

<table>
<thead>
<tr>
<th>Number</th>
<th>Nature/topic</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Abuse of power and illegal gain</td>
<td>44</td>
</tr>
<tr>
<td>2.</td>
<td>Squandering and compromising public funds</td>
<td>17</td>
</tr>
<tr>
<td>3.</td>
<td>Fraud</td>
<td>11</td>
</tr>
<tr>
<td>4.</td>
<td>Embezzlement</td>
<td>11</td>
</tr>
<tr>
<td>5.</td>
<td>Favoritism and nepotism</td>
<td>10</td>
</tr>
<tr>
<td>6.</td>
<td>Bribery</td>
<td>5</td>
</tr>
<tr>
<td>7.</td>
<td>Negligence of duties</td>
<td>2</td>
</tr>
<tr>
<td>8.</td>
<td>Others (unrelated to corruption)</td>
<td>86</td>
</tr>
</tbody>
</table>

**Corruption cases adjudicated in the Corruption Crimes Court:**

1. Of 23 original cases, 8 were rejected for being unrelated to corruption.

2. Five of 15 cases were ruled as corruption cases, for which the court handed out reduced sentences (merci sentence). These kind of sentences, in AMAN’s view would give people the impression that corruption charges are insignificant. They will also be an ineffective as a deterrent.

3. The Corruption Court continues to refuse to publish names of individuals convicted for corruption crimes; a decision that does not promote public awareness of its work.

4. 2 out of 15 cases, the accused were handed a fifteen-year prison sentence; but they were sentenced in absentia, which means that once these individuals

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\(^9\) See AMAN website for the launching ceremony of the national strategy to combat corruption; http://www.aman-palestine.org/arabic/News/2012/13062012.htm

\(^50\) See the Anti-Corruption Commission website; http://www.pacc.pna.ps/ar/index.php?p=media_1
In two cases, the accused were pardoned in accordance with the law stipulation regarding individuals who report corruption they are involved in prior to its occurrence. This stipulation serves as an incentive for reporting corruption.

Table 5 – distribution of adjudicated cases

<table>
<thead>
<tr>
<th>The Charge</th>
<th>The number of cases of the original 23</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exploitation of position and fraud in managing public funds</td>
<td>10</td>
</tr>
<tr>
<td>accepting bribes</td>
<td>9</td>
</tr>
<tr>
<td>Miss use of trust</td>
<td>8</td>
</tr>
<tr>
<td>Embezzlement and job exploitation</td>
<td>6</td>
</tr>
<tr>
<td>Forgery</td>
<td>4</td>
</tr>
<tr>
<td>Forging official documents</td>
<td>4</td>
</tr>
<tr>
<td>Negligence of job duties</td>
<td>4</td>
</tr>
<tr>
<td>Illicit gain</td>
<td>1</td>
</tr>
<tr>
<td>Obstruction of justice (court decisions)</td>
<td>1</td>
</tr>
</tbody>
</table>

- In 2012, the Palestinian Government allotted special financial budgets for the Anti-Corruption Commission.
- The Commission also held meeting that same year with various ministries and government institutions so they could work conjointly to raise awareness and provide training to the public so they participate in preventing all forms of corruption.
- Also in 2012, the Commission contacted several Arab countries to ask their help in capturing extraditing some fugitives who have embezzled public funds, lands, and various PLO investments with which they were entrusted. It also recovered 400 Dunums of land in various areas of the territories that belonged to the PLO.  
- Many suspected corruption cases are still under investigation; but, at times, coordination of efforts to implement the national plan for combating corruption 2012-2014 is required
- Since the Commission is lawfully charged with preparing the national anti-corruption strategy, its implementation should be a shared responsibility between the Commission and other anti-corruption bodies.
- National strategic plan to combat corruption – 2012-2014

51. A published statement by the President of the Anti-Corruption Commission on Ma’an News Agency’s website; 10/10/2012; see webpage http://www.maannews.net/Arb/ViewDetails.aspx?ID=527940
investigating a case takes a long time because of insufficient reported information. There also are not enough employees specialized in criminal investigations, and not enough laboratories to efficiently conduct investigations.

- The Commission’s website is not developed enough to accommodate the posting of all the essential information. It should be improved so that the public could have access to all sorts of information about its work. Nevertheless, the executive summary of its annual report of 2011 was published on its website.

In 2012, the Commission faced the same obstacles it did in 2011; these are:

- Some countries have not extradited individuals accused of corruption who are taking refuge in their countries.

- Deferral in the approval of the witness protection law, and the absence of any mechanism to protect witnesses or offering reward to those who report corruption.

- Difficulty in recovering stolen property and assets owned by the PLO and the PNA that are outside the country.

- The Commission finds itself busy investigating cases with insufficient information, or having to interrogate officials suspected of corruption with little or no evidence to support the charges.

Data in the opinion poll conducted by AMAN in 2012, it was discovered that a good percentage of those surveyed were not even aware of the existence of the Commission, in spite of information and advertisements issued on behalf of the President of the Commission and the President of the PA on several occasions informing the public about the Commission and its work. Nevertheless, many people polled still believed that it is not an independent body (see bar chart below), with the President’s Office as most likely to interfere with the Commission (32%). Nevertheless, there was a rise in public trust of the integrity and independence of the Commission since 2011.

Corruption Court

- In 2012, four judges were relieved of their duties and appointed as members of the permanent Corruption Court Commission. During that year, according to the Head of the ACC, the Court received nine briefs of various crimes from the Commission.

However, the Court still faces obstacles affecting its ability to adjudicate corruption cases; some are:

- The length of time cases remain without processing in the courts of appeal, which operate under the Code of Criminal Procedure. If to the situation continues as

52. See the Anti-Corruption Commission website; http://www.pacc.pna.ps/ar/index.php?p=main&id=72
stated, cases will be held-up in court for years, giving the public an unfavorable impression of the Court’s independence and integrity.

- The Court was moved to a better more spacious location, but it still does not have an appropriate location of its own, and the new location does not accommodate its needs for more, and larger, courtrooms and halls.

- The short deadlines defined by the Anti-Corruption Law for convening the Court, and which could be amended to where the Court is allowed to defer convening its sessions with good reasons and justifications. In addition, these deadlines will become a problem when and if the number of corruption cases increases.

**The Judiciary Authority – still affected by structural problems**

The Judiciary Authority functions through Regular Courts at various levels\(^{54}\)

\(^{54}\) Regular Courts are composed of: 1. The Supreme Court (the Court of Cassation and the Supreme Court of Justice) - 2. The Courts of Appeals (Appellate Courts) - 3. Courts of First Instance - 4. Magistrates Courts

In scrutinizing the reality of the Judicial Authority in 2012 in terms of commitment to the principles of integrity and accountability, the following was observed\(^{55}\):

- Inspection judges conducted 99 inspection tours during the first ten months of the year 2012, of which 35 were announced.

- Judges are still submitting financial

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\(^{55}\) Interview with Izzat El-Ramini, Secretary General of the Supreme Judicial Council; 17/10/1012
disclosure statements, where each judge fills out his own financial disclosure form upon his appointment, which is kept with the Chief Justice of the Supreme Judicial Council. However, these statements are not inspected periodically.

• 179 complaints were received by those who manage complaints during 2012, with 126 of those in 2011, and all cases where followed through.

• The Supreme Judicial Council did not issue a system that defines the standards for training and scholarship; but it does put out announcements of competition for them, and selection is made from among the groups the law defines and with defined criteria for selection.

• The Court is short on inspection judges, where there are 5 judges in the Judicial Inspection Department who have been in this position since 2011. These are too few compared to the current number of judges that have been inspected; the Department is also short on capacities and logistic means to efficiently fulfill its task.

• persistence in granting promotions for higher salaries will create structural problems in the Judiciary administration. Promotions should be made based on the set system of grades for judges, not job titles as in other public institutions and agencies. Promotions for higher salaries have caused a structural defect wherein there are now too many judges in higher positions causing a perpetual shortage of experienced judges for Magistrates’ Court and the Court of First Instance.

The case of Mohammed Rashid - the most prominent case addressed by the Court of Corruption Crimes in 2012

Corruption Court issued its ruling in the case of Mohammed Rashid (Khaled Islam) on June 7, 2012 in absentia as the accused had fled from justice, and where the court handed out the most stringent punishment on all the accused. The Court sentenced Mohammad Rashid to 15 years in prison with hard labor, and imposed a fine of 15 million US dollars; and an 8 million dollar fine on Walid Abdel-Rahaman.

It also sentenced the accused Khaled Farra to 15 years and a fine of five million US dollars, and ordered the dismantling of the indebted consultancy company, fining it five million dollars, and compelling all involved parties to return the embezzled money and pay court expenses.

The Court also decided to confiscate all seized assets of Mohammad Rashid, including 3 cars, and funds that amount to approximately to $12700 and 5 pieces of land. Stocks in a pharmaceutical company were also siezed for the second accused Walid Najab as well as bank assets of the accused company and its shares in the Palestinian Development and Investment Company, and more.

Summation: most Palestinian factions or parties reinforce the concept of the quota system when it comes to appointments in higher positions whether for the position of heading non-ministerial institutions or embassies abroad.
Table 6 – reality of the various cases brought before the different courts during the first half of 2012\textsuperscript{56}

<table>
<thead>
<tr>
<th>The Court</th>
<th>Incoming cases</th>
<th>Adjudicated</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Court of First Instance</td>
<td>5684</td>
<td>5381</td>
<td>95%</td>
</tr>
<tr>
<td>Magistrates Court</td>
<td>23690</td>
<td>25196</td>
<td>106%</td>
</tr>
<tr>
<td>Traffic Court</td>
<td>32073</td>
<td>32091</td>
<td>100.6%</td>
</tr>
</tbody>
</table>

As indicated in the above table, the percentage of cases adjudicated is nearly 100%, which means there was progress in the process in 2012. However, this does not mean that overcrowding of court dockets is over, but still needs resolution. There should also be more emphasis on the performance of the current judges to quickly settle cases without prejudice to the rights of parties in the proceedings. If these issues are not resolved, public perception of the Corruption Court will remain unfavorable.

**Traffic Court:** the numbers shown in the table indicate that last year, it received and settled more cases than the Court of First Instance and the Magistrates Court combined. This also means that judges are, and continue to, quickly settle cases and reduce traffic fines to clear court dockets, constituting a loss of revenue to the treasury. This has actually encouraged people to simply not pay fines directly through banks, but to go to court hoping their fines will be greatly reduced.

The table above also shows that, in the first nine months of 2012, the number of cases heard in the Traffic Court constitutes 52% of all Palestinian court cases, which depletes time and effort of judges at the expense of other cases. Therefore, AMAN is asking the Judicial Council to revise the current policy of fine-reduction.

- The Public Prosecutor remains without supervision; and the government loses most of its cases in the Supreme Court Justice

The Public Prosecutor has been working in accordance with the terms of reference granted to it by the Code of Criminal Procedure in 2011, wherein cases are investigated and offenders prosecuted then referred to the relevant courts through public interest litigation. It also represents and defends the Executive Authority in cases filed against it before various judicial departments.

**Accomplishments in the Public Prosecutor’s office in 2012:**

- Appointing Mr. Abdel-Ghani Al-Uwaywi as Public Prosecutor on 22/11/2012, following the resignation of former Prosecutor, Mr. Ahmed El-Mughani.

- It has not been determined whether the Public Prosecutor is under the jurisdiction of the Judicial or the Executive Authorities, which has negatively affected its work in terms of its independence and referential authority\textsuperscript{57}. In addition, the attempt of the Justice Minister to integrate the Prosecutor’s office into the Ministry of Justice created a argumentative debate between those who support and those who oppose the proposed plan, putting an end to any serious discussion of the matter. This calls for the valiant intervention of the President.

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56. See “Our Judiciary Bulletin”, published by the Supreme Judicial Council, July 2012; p1
57. Interview with Mr. Abdel-Ghani Al-Uwaywi, Chief Prosecutor, 1/10/2012
and the Prime Minister to take firm decisions for resolving this problem without attention to the antagonistic opposition of those who have hidden agendas for wanting the situation to remain as is.

- Inspection of members of the Public Prosecution is still not in effect even though article 42 of the Judiciary Authority’s law stipulates that the Inspection Department in the Judiciary Council is to be formed with judges and prosecutors as members; but the executive regulations of judicial inspection No. 4 of 2006 limited the formation of the department to judges, as well as limited its jurisdiction to inspect judges, which has left the courts without rules of control and inspection, thus undermining the principle of accountability for prosecutors.

- In 2012, the Prosecutor detained journalists and bloggers as a result of articles published in newspapers and/or on websites and comments made on social networking pages, which burdened the Prosecutor with an additional load of responsibility and created public confusion on the decision-making process of the Prosecution.

- The Prosecution and the government continue to exchange accusations about the reasons behind cases lost, wherein the representatives of the Prosecution assured AMAN that some of these lost cases were not complete and the prosecutors were sure they would be lost. Nevertheless, the government—ministries and public institutions—went ahead with their prosecution.

The government needs to define the role of its legal advisors, particularly those appointed in each ministry, who do not defend their ministries when cases are brought against them. Or, the ministry needs appoint a lawyer to defend it, pending a decision on the subordination and role of the Public Prosecutor.

Reality of integrity, transparency, and accountability in Palestinian (NGO) work during 2012:

- Some non-governmental organizations have continued working within the principles of integrity, but these efforts are still rather modest. Some have held training sessions and organized workshops that dealt with topics related to integrity, transparency, and fighting corruption.

- During 2012, AMAN and the NGO Development Center worked conjointly to enhance the system of good governance within civil organizations by developing the institutional, administrative, and financial structures of these organizations in the West Bank and Gaza, aiming to build their administrative capacity to run the organizations with integrity and transparency.

- Self-assessment mechanism within NGOs is still insufficient in terms of implementation of the principles stated in the Code of Conduct.

58. Ibid
59. See the 2006 Supreme Judicial Council decision No. 4 for judicial inspection; http://www.courts.gov.ps/userfiles/20111212141312.pdf
60. Ibid 57
61. Interview with Dr. ‘Allam Jarrar, President of the Palestinian NGO Network (PNGO); 29/12/2012
Some cases of suspected corruption were investigated and referred to the ACC in 2012. In 2011, however, the Ministry of Interior conducted an internal investigation of suspected financial and administrative corruption in some organizations where it ordered the closure of most of these cases without assurances of absence of corruption. Reports also show slack in the internal and external Audit and supervision of expenditures of some NGOs, which has placed assets and revenues of these organizations at risk.

Some organizations are not submitting periodic financial and administrative reports to the Ministry of Interior or to their supervisory ministries, and are not publishing them to the general public, thus undermining external supervision over these organizations.

A number of officials in influential NGOs are still reluctant to develop a clear and united self-assessment mechanism examining commitment of their administrative bodies to the principles stipulated in the NGO Code of Conduct which could earn them the NGO Good Governance Certification. Discussions continued throughout 2012 to develop a practical framework for completing this initiative.

Eight electronic news sites and several groups and Facebook pages were shutdown. It seems that interference with social networks has increased because some of these were connected to Mohammad Dahlan and Mohammad Rashid who had launched information campaigns against President Mahmoud Abbas. Political strife and settling accounts are clearly harmful to the media; the symbol of freedom of speech.

NGOs – civil initiatives to monitor management of public affairs
Accomplishments in 2012: convening the first accountability session of the National Team for Transparency of the General Budget. The session was attended by the Minister of Finance, on 14/4/2012, to present and discuss the general budget for 2012; the National Team also developed specific indicators for a simplified general budget for citizens (citizen’s Budget), in collaboration with the General Budget Directorate in the Ministry of Finance, in order for the people to see and understand what the budget contains in expenditures and revenues. Finally, some emerging NGOs, like organizations for consumer protection, are continuing their efforts and initiatives for the supervision and accountability in areas of safety and quality of food and medicinal products.

Journalists and Journalism
Without freedom of the press, fighting corruption becomes nearly impossible. When the media have freedom of expression, they can be effective in the process of accountability, promoting and spreading of transparency, representing public interest and defending it, in addition to exposing incidents of corruption which threaten the fate of citizens and the future of development.
In looking at the reality of the Palestinian media during 2012, it was found that:

- The Committee for Professional Ethics in the Union of Journalists was formed and had received four complaints during 2012, which were all settled.

- The government’s Media Center held several sessions for many officials in various positions in media. An open invitation to these meetings is usually placed in newspapers for all communications media in order to raise issues and pose questions related to the institution of the official in question.

- The Palestinian television station is still allowed to operate in Gaza, and the Hamas Aqsa TV station is allowed to operate in the West Bank. Moreover, the pace of interviews with officials of various political streams on either station seems to be associated with the atmosphere of reconciliation and the general political situation and environment. For instance, many more officials appeared on these stations during the Israeli invasion of Gaza in December, 2012. On the other hand, printed newspapers in the West Bank and Gaza are banned from distribution by the other side.

- There was progress in terms of the increase of the local television programs to spread information and empowering the values of accountability. They also invited some officials to question them on matters of accountability in various

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62. Telephone interview with Journalist Husam Izzeldin, Member of the Palestinian Union of Journalist; 20/11/2012
areas.

- In 2012, there was a larger number and wider-range cases of prosecution of journalists, writers, and bloggers who spoke out about certain incidents of corruption. These journalists were arrested based on article 16 of the Criminal Code of 1960, and interrogated by the Public Prosecutor. Some were made to stand trial in Palestinian Courts. The internal division of the authorities has also caused an increase in incidents of pursuit or short-term incarceration of outspoken journalist.

No progress was seen in the area of the Right of Access to Information. Until the writing of this report, there is no procedural manual to define basis for classification any form of official documents. Nor are their written instructions and procedures to organize registries; or a legal time-frame for keeping them, or anything to allow their exchange to preserve the public’s right of access to information. The culture of “right to access” varies among the different public institutions and agencies but some have unwritten and unofficial policies.

- Investigative reports of corruption cases are still not forthcoming, either because of the unavailability of needed information or because of fear of consequences of reporting.

The private sector – slow-moving towards good governance

- AMAN has observed that Palestinian companies given franchises to manage a public facility or service for the government in central locations, like the communications, electric, water and transportation companies, continued to operate these businesses with minimal supervision and accountability. Most likely because there are not enough official supervising bodies, and officials never approved tariffs that would regulate pricing.

- Even though the Code of Corporate Governance has been adopted by Palestinian companies, many corporations (public shareholding companies) are still hesitant to implement and integrate several of the articles of the code in their operation. The Board of Directors of many corporations running public facilities did not adopt a system that would limit conflict of interests for its board members. However, the

63. Report on the effectiveness and immunity of the system of integrity in security agencies; Coalition for Integrity and Accountability – AMAN; 2012

64. Interview with Dr. Bashar Abu-Zarour, General Director of the General Administration for Research and Development in the Palestine Capital Market Authority, 17/12/2012

65. Ibid
Capital Market Authority has a 2013 plan to prepare and distribute a code of conduct for employees and a code to limit conflict of interest.

- Many corporations do not have a code of conduct for their employees, and are satisfied with their own by-laws and the articles that institute employee duties and conduct.

- When viewing websites of some corporations that have won franchises in 2012, like the Palestinian Telecommunications Company, Wattaniya Mobile and the Southern Electric Company, it was observed that the corporations managing public facilities are not publishing the text of the agreement on the concession granted to them in the agreement contracts they had received, or any changes made to those agreements.

- These same corporations and others are also not publishing their financial system neither in private bulletins nor on their websites. In addition, some did not post their final financial statements or their annual report.

- Some companies are still not listed in the Palestinian Securities Market, while others are not publishing their preliminary financial data and other essential data on regular basis even though the did disclose them in the Palestinian Security market.

It should be noted that there are 87 corporations registered with the Ministry of the National Economy, 67 of which are active corporations, 22 are inactive, and 42 corporations listed in the Palestinian Stock Exchange Market.

### The political factions – absent in the fight against corruption

For the third consecutive year, AMAN’s annual report reveals the problems with the role of political factions in combating corruption, and the weak state of accountability and transparency in their work, the weakest of which beeing internal and external supervision over their operation.

There was no significant change in 2012, whether in the West Bank or in

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67. Interview with Mr. Nitham Ayyoub, Supervisor of Companies in the Ministry of National Economy; 30/9/2012

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66. Ibid
2012 is the year the government did not fulfill its obligation of payment of dues to the private sector that had completed its bid in 2011, which has created animosity between providers and the parties in the government that had received the services, particularly the health sector. This situation could cause a rise in the use of favoritism and nepotism in order for these service providers to collect their dues, or would push them to cheat, embezzle, or provide poor quality services.

Gaza, and factions are still not subject to a legal framework to regulate their work and their relationships with others, or to regulate their finances and leaderships. Despite the signing of Palestinian movement and factions of the Code of Conduct for factions, political forces and parties in 2011, the document was never adopted or activated by any of them.

There were no noticeable activities or initiatives of substance for combating corruption in political factions and parties, and no serious participation of their leaders in forming the national strategy to fight corruption. These factions are supposed to be involved in that process through their representatives in the PLC or in policy-making positions, and should have exemplary conduct, but most of them are still dedicated to their parties and or factions by applying the quota system in institutions and public organizations, which comes at the expense of public interest.

Figure (7) sectors most susceptible to corruption by the opinion poll on the reality of corruption in Palestine; 2012.
Public opinion polls indicate that people have a negative impression regarding corruption within political parties and their role in combating it. For the second consecutive year, factions rated second after the public sector (by 18%); and although this is a drop in rate compared to last year (24%), they still remained in second place as the sector most prone to corruption in Palestine (see table below).
President Arafat’s shrine – a testament to wasted public funds

After the departure of President Yasser Arafat, the Palestinian Authority embarked on the construction of a shrine that would enclose the temporary mausoleum where his body was laid to rest until such time when it would be buried in Jerusalem as per his wishes. The reason for this undertaking is that the departed President holds a historic place in the Palestinian national struggle, and was a popular leader with a personality that earned him prestigious national and international standing.

In addition to the late President mausoleum, a mosque and a museum were also constructed, along with a courtyard, a spacious plaza, and a mural of the great poet Mahmoud Darwish. The architectural plan was prepared by the international architect Ja‘far Touqan at a cost of $1,480,000, including material and stone of the highest quality to ensure the monument’s endurance over time.

However, and after only 4 years since its completion, construction defects were beginning to appear in some corners of the monument. Flaws such as cracked stones, dark spots on the stones and walls, and so on. Clearly, there must have been negligence in the construction and squandering of public funds as much of the stone has to be repaired, the cost of which is coming out of the public treasury.

The report of the technical committee appointed by the Arafat Foundation indicates serious flaws in implementation of the monument.

The technical report prepared by the Arafat Foundation, which is responsible for the shrine, addressed the fundamental flaws in the specifications of the stone, the quality and specifications of installation, and the quality of execution.

1. Stone specifications:

The technical committee took samples of the stone from various areas of the shrine for testing and found that the stone easily absorbs water and humidity, is not solid enough, and is in fact of grade B. It seems that the initial tests PECDAR ran did not examine all the elements that should be tested for this kind of stone, so it rated it of grade A; but later testing by PECDAR of all elements, on 29/1/2007, proved it was of grade B, and yet, it was used for the construction of the monument.

2. Specifications of the installation process:

The installation method used for the stones of the shrine and mosque is called
“Dry Joint Mechanical Fixation”, while the architect had set the specifications that should be used for the structure as “Z Anchor System”, which is more secure and prevents water seepage. The committee discovered that these specifications were not followed; lower grade material and a deficient installation system were used instead, which are now causing the serious problems in the structures of the shrine.

3. The quality of execution in constructing the project

The committee also found that much of the material used for other parts of the shrine was either of poor quality or the inappropriate kind for building such a structure, and that almost all stages of construction were either poorly executed; other than the flawed fixation of the stones, which keep falling off the walls, there were mistakes in following architectural calculations and specifications when building, and faulty installation of drainage pipes and ducts, and many others.

Mechanisms of supervision over the project

With all these fundamental flaws discovered soon after the completion of the project, the question posed must here be: who was responsible for overseeing the construction process when PECDA changed from being the superintendent to a partner in the project?

All documents for the project do not contain an official appointment of any organization or party to supervise the construction process of the shrine, and the Administrative and Financial Authority did not participate in open bids for the project. Moreover, the mentioned Authority did not have any part in verifying its specifications, which only PECDA did. Not to mention the unlawfully agreed-upon cost of over one and half million dollars, wherein the law for tenders states that any project costing over 1.5 million dollars must be submitted centrally (i.e. through the official system).

The Arafat Foundation committee report proved there was manipulation and unauthorized changes in the material used for the structure, which has caused it to begin collapsing after only 5 years. In addition, with the money for repairs coming out of the public treasury, the details of the cost and methods of repair are foggy; additionally, there are no decisions made by the Council of Ministers regarding an investigation of the issues mentioned, even with the clear indications of misappropriation and squandering of funds in the implementation of the project. The Council of Ministers and the Ministry of finance were uncooperative in providing the data and details for the reconstruction project, even though the cost, by the lowest estimate, has run to over 650 million US dollars.

These issues discovered by the Yasser Arafat Foundation committee are all indications of a failure in the supervision and follow up process as well as a deficiency in the provision of facts with no transparent details and information about the project, and the clear failure of PECDA in following the specifications set in the original blueprint of the architect.

PECDAR, on the other hand, is insisting that it is not bound by the provisions of the Palestinian law for public tenders,
even though money for the project was furnished by public funds. However, and since PECDAR is listed in the general budget of the PA for 2010 and 2011, and hence subject to the laws and regulations of public tenders, it must be made to reveal all details and present reports about the project, and must be impelled to submit to official supervision.

**The Commission for Regulation and Administration of Security Services - an institution without law**

The Administrative and Organization Committee – Military Service Council – is one of the institutions that provide support for all security agencies in terms of employment, promotions, end of service for retirement or discharge, and is, therefore, a central organizational body for the security agencies. However, the Committee does not have any official legislation to define its duties or tasks, or for the foundations for transparency in its operation, and has no specified authority to which it is accountable; and though there are some general regulations for its duties and powers, they are not at a level that would properly organize its operation.

**The legal framework regulating the Administrative and Organizational Committee:**

The available Palestinian legislation does have some description of tasks for the Committee in the area of service in security agencies, but there is no text that specifically describes the process of its selection and nothing to indicate which body supervises it or holds it accountable.

In looking at the various legislations issued by the PA to regulate service in security agencies, it was found that it is regulated as follows:

- The President's Decree number 14 of 1994 gives the Committee the power to issue administrative orders to organize salary scales, control procedures for start of service, reinstatement, and end of service for non-commissioned officers (NCOs) and soldiers in a legal manner, and to approve all transfers of NCOs.
- The security service Act number 8 of 2005 confines the powers of the Committee to regulating procedures of sick leave for officers and NCOs as stipulated in articles 84 and 165. It is also given authority to apply for awarding military medals and decorations to NCOs and individuals in the service, among other administrative powers.
- The law of 2004 regulating insurance and salaries stipulates that the Committee is a member of the Supreme Military Medical Commission, formed by order of the Commander in Chief, and has the authority to set official regulations for the age limit of insurance beneficiaries, and the power to recommend to the Director General of Security Agencies the retirement

"All judgments are enforceable, and refraining from enforcing them or obstructing their enforcement in any way is a criminal offense punishable by imprisonment and dismissal from the job if the accused is a public employee or responsible for public service. The convicted has the right to file a suit before the relevant court, and the Palestinian Authority guarantees full payment of compensations.”

*Text of article 82 of the Judiciary Authority law No. 1 for 2001*
of any NCO or soldier that has reached retirement age, as specified in article 22 of the law.

To sum up, the absence of laws and regulations for the Administrative and Organization Committee for security agencies for all aspects of its duties and responsibilities could give opportunity for corruption, particularly in arbitrary use of ambiguous powers.

- The operational procedures of the Administration and Organization Committee are vague even though it acts as the Bureau of Employees (Military Service Council/Bureau), which has encouraged unilateral administration, and eliminating any administrative supervision, and making its administrative procedures non-transparent.

Concession (franchising) contracts

In reviewing the reality of integrity and transparency in concessions contracts granted during 2012, the following was observed:

- To date, the Palestinian Authority has not issued any law that regulates the granting of concession contracts. The contracts remain floating in the legal void, with no laws for franchising agreements, and no regulatory by-laws or instructions.

- The laws that include provisions allowing the relevant ministries to grant concession contracts do not contain any conditions that compel the institutions to obtain the approval of the Legislative Council, leaving them outside realm of its supervisory authority.

- There is no executive body in the Council of Ministers that is in charge of overseeing and following up on the process of verifying and concluding of franchising contracts by relevant institutions.

Other problematic issues observed were: giving complete monopoly of franchises to certain companies for several years, allowing for vast growth of their assets, thus eliminating competition and impeding growth of smaller companies; also, the absence of conditions to regulate relationships between the relevant parties and the franchising sector, which has led to the squandering of public funds.

To sum up, even though Palestinian legislations has set constitutional foundations for concession contracts in the amended Basic Law of 2003, article 94, and in spite of the fact that the Legislative Council had deliberated and ratified the law regulating concessions in 2012, there were no changes made
to this bill of law in 2012, which has left all government decisions regarding franchising contracts suspect to illegality.

**The Palestinian Airlines—a symbol of sovereignty unregulated**

The Palestinian Airlines Company was established by Presidential Decree issued on 20/12/1994, and is under the jurisdiction of the Ministry of Transport and Transportation, with the Minister of Transportation heading its supreme administrative council, and began with a capital of 50 million US dollars. The airline company was registered with the Controller of Companies in Gaza, but it has not fulfilled the requirement for documentation needed for its registration as a corporation.

The Presidential Decree stated that the purpose of establishing this company was for the purpose of having an airline company to transport passengers and cargo from the oPt to the various destinations abroad with regularly scheduled or unscheduled trips, and also to invest in tourism and free markets and other trading ventures related to aviation.

The Airlines launched its operation in 1994 out of Port Said Airport in Egypt, and later in 1994, with the completion of the Gaza Airport, Gaza became the hub for all its flights. However, in 2001, the Israeli Occupation Authorities banned aviation out of the Gaza Strip, and the following year, bombed and destroyed the airport.

After that, in 2002, the Airlines used Al-Areesh Airport in Egypt as a temporary base for its operation, but the continued closer of the Rafah Crossing caused it to cease all functions. In the years that followed, it served to transport pilgrims from Al-Areesh to Jedda Airport in Saudi Arabia, and between the year 2002 and 2012, the airlines leased out its airplanes to keep them in good condition and to bring in revenue to cover its expenses.

The Airlines resumed partial operation in 2012, but most of its flights are generally irregular because Palestine is not a member in any international aviation organization.

**The Board of Directors has been inactive for nine years.**

The first Board of Directors was formed by order of Presidential Decree number 173 of 1996 so it could take charge of the preparations and procedures needed to establish the Palestinian Airlines Company, while the Supreme Administrative Council was reformed by order of the President in 2003, but this council has not convened since its formation on 28/6/2003.

**Absence of regulations – or bylaws: The**

68. Interview with Mrs. Ramadan Barghouthi, General Director of the Ministry of Transportation Unit in the Council of Ministers; 27/1/2012
69. Decision number (100) of 2003 regarding the formation of the Supreme Administrative Council of the Palestinian Airlines Company, issued on 28/6/2003
70. Ibid; http://muqtafi.birzeit.edu/pg/getleg.asp?id=14484
Palestinian Airlines Company is short on internal regulations and instructions, financial or administrative, including those for purchases and procurement of supplies. This has raised suspicions of financial and administrative corruption which were reported in the media\(^{71}\). Nevertheless, bids for tenders were submitted in 2012, in accordance with the laws for public tenders, for establishing offices in Egypt and Jordan.

Non-submission of annual reports: the Airline Company has not submitted any annual reports of its operation and finances. Information indicates that leasing two of its airplanes was a method for covering the cost of maintenance and salaries for its flight crews.

Airline employees: by the end of 2012, the number of the Airlines Company had reached 220, in addition to another 150 who actually are not working and who were stationed in Gaza. All military classified personnel within this institutions were transferred to the Security forces.\(^{72}\).

- **The Company’s website:** no website, to post information, was ever constructed for the Airline Company.


### Reality of Shariah Judiciary in Palestine

In view of complaints received by AMAN in regard to the Shariah Judiciary and as revealed in 2012 report on the enhancement of integrity, transparency and accountability in the Shariah Judiciary, several problems were defined in the system. Most prominent of which is the issue of appointments and promotions of judges and employees, with practice of favoritism and nepotism at times in that regard. It was also revealed that there are violations of the set financial and administrative regulations for procurements and purchases for the Judicial Council, as well as violations of rules in the use of governmental vehicles and fuel. In addition, this institution does not have any clear instructions to prevent conflict of interest, which does exist in this judicial body, in addition to not having a code of conduct to guide behavior and relationships within and with other related parties. Other flaws discovered include unpublished reports and the inability of the public to access information; absence of accountability for judges and employees; lack of submitting annual reports; the newly established complaint unit, and finally, the lack of activation of the internal audit unit despite its existence in the structure of the institution.
RECOMMENDATIONS

General Recommendations:

- Restructuring the Palestinian public institutions to downsize the number of non-ministerial institutions and integrating them within other related institutions.
- Amending Palestinian financial policies to end depletion in the public treasury, such as revising policies for procurement of unneeded vehicles at exuberant prices.
- Issuing regulations to end conflicts of interest and procedures for disclosing them, and when transferring employees from the public to the private sector.
- Amending punitive measures for economic crimes related to the distribution of spoiled and expired foods and medicines and treating such acts as corruption crimes classified by the provisions of the Anti-Corruption Laws hence processing them before the Corruption Court.
- Publishing names of companies and distributors who participated in marketing expired foods and medicines as suspects in corruption crimes, allowing social justice to take its course.
- Completely halting all purchases and leases of governmental vehicles, and ending the sale of vehicle overstock in security agencies.
- Linking traffic fines with vehicle licensing and registration based on the electronic systems already available at the Ministry of Transportation in order to put an end to the ongoing waste of public funds caused by uncollected traffic fines.
- Horizontal expansion in tax collection procedures to include all sectors of business, including the self-employed (privately-owned small businesses), which requires a full restructuring of the tax collection system and a wide-scale retraining of employees as well as utilizing field work for various aspects of tax collection so it is not confined to office work only.
- An understanding should be reached between the governments of the West Bank and Gaza on the procedures for delivering tax clearing bills to merchants in Gaza so they can be collected by the Palestinians treasury instead of being transferred to the Israeli Occupation Army.
- Appointments and promotions in high-level positions must be subjected to the general regulations set for that purpose and for the process to be transparent and free of factional prejudices to give equal opportunity to all employees.
- The Bureau of Employees must set a job configuration table in cooperation with the Ministry of Finance and other governmental institutions so job placement becomes a professional well-considered process in concord with all aspects of institutional and organizational structures.
- Taking a firm decision to halt payments of electric and water bills for well-off individuals out the public treasury, and which is shouldered by people who pay their own bills.
- Holding local elections was an opportunity for people to question and hold accountable individuals who represented them in community councils, but there has to be elections held in all representative institutions, including federations, community bodies and unions, and foremost of all, holding presidential and legislative elections.
- It is essential for the Presidency and members of the Legislative Council to renew their personal financial disclosure statements, particularly
because they have exceeded their term limits due to the political conditions.

- Officials who refuse to abide by the decisions of the High Justice Court or insist on requesting a security clearance certificate must be held accountable.
- The code of conduct and ethics must be published in the official paper, and must be publicized and circulated among government institutions and their employees in addition to promoting the values it contains. Finally, requiring public employees to commit to implementing the Code as mandatory when signing the job agreement.
- Activating the existing Rental Department as specified in the structure of the Directorate, and halting the activity of the rental committee within the Ministry of Finance.

Special Recommendations:

Security Agencies:

- Procedures for applying the Service Law in security agencies should be set in accordance with its provisions that provide criteria and requirements for high-level security positions.
- A budget for security agencies must be prepared in accordance with the provisions and amendments of the law for the general public budget, and all budgets must be subject to supervision during the implementation stage.
- Providing a reference for all security institutions that is clear and comprehensible. This is possible through drafting a law that governs their operations. It is also essential to unify the authority over the entire military institutions where they are under one law to avoid the current conflict of responsibilities.
- The political sector which is under the supervision of authority of the Legislative Council must be in charge of all security apparatuses and responsible for overseeing their operations, including military leaders within.
- Special by-laws for service in the security forces must be issued within the stipulations of the current law, particularly by-laws for appointments, promotions, and penalties.
- There should be a serious revision of the criteria for appointments in the security forces and control of the unnecessary ongoing growth of human resources serving in those forces. This in return would ease the financial burdens of the Palestinian Authority’s already encumbered public treasury. It is also imperative to have a structure of job descriptions for security agencies, and to transfer non-essential personnel to the civil sector.
- There should also be a revision of promotion policies and by-laws written to regulate this process in the immediate future to put a stop to routine promotions.
- Activating an effective system for receiving complaints and making it open to the public, with procedures for effectively handling complaints, and linking the department of complaints with the office of the Minister of Interior, the Office of the President and the Prime Ministry.
- Preparing an effective system of supervision to include job placements, in all security agencies, and installing an efficient system of accountability to include leaders of security apparatuses.

The Telecommunications Sector

- The independence of the telecommunications sector remains deficient without another “communications” company to enhance competition in the field of information technology, particularly with the Palestinian Electric Company having the qualifications to provide
internet lines parallel to the fixed lines of the Communications Company. This requires the Ministry of Communications and Information Technology to do the following:

- Speeding up the process of preparing the Ministry's licensing forms, and/or completing the Palestinian interface exchange program.
- Issuing instructions or a special framework for criteria, procedures and requirements for service provided by companies that hold competitions for users of telephone numbers and text messages.

**Transport and Transportation**

- It is necessary to establish a body or council to regulate operations of public transportation in order to separate policy-makers and supervisors from the operators of public transportation.

**Universities**

- It is crucial to reform the classification of Palestinian universities in the Higher Education laws with clear and specified rules.
- It is also essential to set a code of conduct for university employees and to provide for periodic elections of members of their boards of trustees and board of directors and setting their term limit.

**The Ministry of Health**

- Issuing a comprehensive health insurance system.
- Providing more stringent policies for supervision by all relevant bodies to limit the marketing of expired and/or smuggled foods and medicines, and/or do not meet the required specifications and standards; an issue which is increasingly becoming a major concern for consumers.
- Speeding up the completion of regulations to end conflict of interest of physicians working in public clinics.

**The Water Authority**

- It is most important for the Authority to convene a meeting of the Palestinian Water Council to embark on the tasks it was assigned in accordance with the Palestinian Water Act with the aim of strengthening the principles of accountability within the Authority.
- It is important to speed up the process of implementing the Reform Plan for the water sector and to eradicate differences of water prices for the sake of the consumer.
- A complaints unit must be established to systematically handle grievances in accordance with the complaints regulations of the Palestinian Authority.

**Palestinian Energy (Power) Authority**

- A firm political will is required to integrate all local councils with the electric power distribution companies.
- It is essential to expand the representation of consumer protection organizations in the Regulatory Council of Electric Power.
- The Energy Authority and the Council for Regulating Electricity must compel all electric power distribution companies to abide by the new tariff endorsed by the Council of Ministers.
- Speeding up the implementation of rules and procedures for complaints and circulating them to guarantee supervision of the tariff and the quality of electric services.
- Constructing a website for the Energy Authority and the Regulatory Council to boost the system of transparency and to make information and policies available to the public.

**Public Non-Ministerial Institutions**

- It is essential to clarify the concepts of financial and administrative independence for these institutions, and to activate supervision and accountability as well as clarify their
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reference authority.

Governorates

• Issuing a law for administrative structures; a basic law that determines the authorities of governors where these do not conflict with the powers of other bodies working in governorates.
• Setting regulations for the methods and criteria of selecting and appointing governors, and specifying their job ranks, qualifications, and their positional privileges.
• Rules must be adopted to regulate the use of property of governorates.
• Establishing clear and publicized instructions to prevent conflict of interest and compelling employees and governors to reveal any personal interest that conflicts with their positions.
• Preparing and circulating a code of conduct for governors, and setting measures to ensure its implementation.
• Limiting humanitarian financial aid to the Ministry of Social Affairs.
• Governors must hold meetings open to the public and to both councils of the governorates (the executive and the advisory), and must prepare and publish periodic reports of their work, deliberations of their councils, and the decision they made.
• Preparing clear and open procedures for all matters related to the procurement of services and supplies.
• Governorates must adhere to the financial system of the Palestinian Authority, especially in keeping financial records.
• Activating the electronic page of each governorate so it becomes an important source of information, and to publish administrative and financial reports and the various measures they had taken.
• Developing a system for selecting members of recruitment committees, for hiring and promotions, and for the procedures and conditions of placement in external activities and training sessions.
• Issuing a guidebook to regulate the arbitration process used to resolve matters of the public.

Summation: Open meetings provide opportunities to citizens to be informed of decision-making mechanisms as well as facilitates the flaw of information.

General Administration of Border Crossings

• Developing a detailed legal framework for the role of the Border Administration and all parties working at the borders to regulate their relationship with one another; placing the Administration under the jurisdiction of the Council of Ministers as per the Basic Law; and preparing and adopting financial and administrative regulations to control financial rewards of employees.
• Setting a special regulation for complaints for the Administration.
• Adopting regulations to prevent conflict of interest, issuing clear instructions for the procedure of reporting corruption, and adopting a special regulation for receiving gifts and donations.
• Developing the administrative structure for the Administration to include the Gaza borders; and clarifying who selects the general director and what that process is.
• Finding a mechanism to interconnect the Administration with the Ministry of Finance to regulate the numbers of travelers and revenues from sale of “stamps”, fees, and customs duties, and from the sale of confiscated merchandise.
• Activating the Minister’s Council supervisory role over the Administration after placing it under its jurisdiction.
• Publishing the Administration’s reports and making them available to the
public; also speeding up the launching of its website so it becomes a source of information to the public.

PECDAR

- Determining with no ambiguity or confusion which authority has jurisdiction over PECDAR, as it is part of the Palestinian Authority, to avoid dual jurisdiction as is the case now.
- The Legislative Council must resume its supervisory role over PECDAR; and the Administrative and Financial Council should be given power to oversee the organization’s operation since it receives funds for public projects through the general budget.
- Establishing a fund (treasury) specifically for PECDAR into which all revenues, grants, and financial aid would be transferred and from which expenditures for all its projects will be disbursed, which will be supervised as per the PA’s procedures; and coordinating its activities with the Ministry of Public Works and other relevant institutions.
- The organization must implement the law of tenders for public works and the law of general supplies on all tenders and purchases.
- It also must implement the procedure for receiving complaints as done in the General Secretariat of the Council of Ministers and other ministries since it is a public institution and should abide by laws and regulations for such bodies.
- Setting regulations and instructions to end conflict of interest for its employees, especially members of the committee for tenders and procurements and the recruitment committee.
- Revising the interconnection of PECDAR with the National Institute of Administration, the National Institute of Information Technology and the Women’s Fund as there is no justification for this mandatory connection. We suggest moving both institutes to the Ministry of Communications or to the office of the Presidential Advisor on information technology, and to move the Women’s Fund to the Ministry of Women’s Affairs or the General Union of Palestinian Women.

The Legislative Council

- Reinstating the authorities of the Legislative Council by holding elections as soon as possible so it could resume its work on the various tasks assigned to it, including legislation, supervision of the Executive Authority and the general budget, and revision of reports submitted by the different institutions in its charge.

Administrative and Financial Control Council

- Expanding the supervisory authority of the Council over security agencies.
- Compelling all parties under the Council’s jurisdiction to act upon its demands and recommendations, to accept and reinforce the process of supervision; and instill the principle of accountability within those institutions.
- Reflecting on the possibility of separating the Council’s financial responsibilities from the administrative ones and possibly converting the Council into an accounting bureau instead.

The Anti-Corruption Commission

- Developing the Commission’s website as it is an important source of information for the public, and to post general and specific information about its work.
- Publishing the names of those who have been indicted for corruption.

The Judiciary

- The President, the Prime Minister, the Minister of Justice, and the Judiciary
Council are required to initiate a large scale reform and restructuring of the Judiciary (Prosecution and courts); hence there should be direct intervention in the structural organization of the Judiciary to end all speculations over its corruption.

- Immediate application of Corruption Court procedures on cases pending before appellate courts to diminish the prolonged process of adjudicating them.
- Reconsidering the policy of reducing the penalties for traffic fines.

**The Public Prosecution**

- Extending the duties of the supervisory department of the Judiciary Authority to include members of the Public Prosecution as per article 42 of the Palestinian Authority law.
- Determining the reference authority for the Public Prosecution so all associates can be held accountable for what they do.
- The Court must decide the role of its legal advisors, specifically those appointed in ministries but do not represent or defend cases for their ministries in court.
- The Prosecution must stop arresting journalist and “bloggers” involved in corruption court.

**Civil Society Organizations**

- Civil Society Organizations (CSOs) must prepare a practical, collective, and individual plan to implement their code of conduct, and to develop a self-assessment mechanism for adhering to their own policies.
- CSOs must commit to submitting financial and administrative reports to the Ministry of Interior and other related ministries that supervise them and publishing these reports for the public; and to enforce and supervise the policies of transparency and the procedures for expenditures.
- Developing an internal supervisory system to control their executive bodies in order to end conflict of interest of CSO employees and avert corruption.

**The Media**

- Empowering the media with freedom to access information related to corruption so they could carry out their duties as a source of information to the public.
- Media institutions and their chief editors must encourage journalist to do investigative reporting that reveal incidents of corruption.
- The union of journalists and media workers must speed up the process of developing codes of conduct for “bloggers”.

**Capital Market Authority**

- This body is required to train exemplary directors and develop an awareness program on the content of and justifications for commitment to the code of conduct.
- Public shareholding companies (corporations) must publish, each on its own website, internal by-laws and articles of association.
- Boards of directors of the many corporations managing public facilities must adopt regulations that limit conflicts of interest of their board members and to veer clear of any work that could contain any form of conflict of interest.
- Corporations managing public facilities must publish their franchise agreement, particularly the financial segment of that agreement.
- All corporations must hasten to settle their status in accordance with the Securities Act of 2004 to empower the system of transparency in their operations.
- All corporations should regularly publish their primary financial statements on their websites in accordance with the
deadlines specified in the disclosure system issued by the Palestinian Securities Market.

- Corporations managing public facilities must publish the financial system adopted by their boards of directors in a special bulletin or on their websites.

**Political Parties**

- Translating the code of conduct signed by major parties and factions into a tangible and practical tool in their programs and activities.
- Political parties and factions must give special attention to combating corruption and should make it a priority on their agendas.

**The President’s Shrine**

- The government should form an official committee to review and evaluate the execution of President Arafat’s shrine, and to investigate the problems that occurred during its construction. As indicated in the report written by the Technical Committee appointed by the Arafat Foundation, the government must find out if there was collusion between the contractor and the material supplier, and to determine which parties were responsible for the problems and hold them legally accountable. It is also required to end disbursement of any funds beyond the legal budgetary framework.
- The specialized bodies must determine the circumstances and facts of this file and the cost of re-construction, and also investigate whether it is a case of corruption and collusion with the contractor, or if mismanagement and poor supervision had caused this waste of funds.

**The Management and Administration Committee**

- Legislation should be put in place to regulate the work of this body and its relationship with the security agencies and define its field and authority. It should also determine its institutional reference, boundaries of its responsibilities, and the appointment process of its head.

**Concession (franchising) Contracts**

- There should be a special law to regulate franchises and their relationships, rights and duties; it also would achieve the objectives of granting concessions. The law must be approved by the Council of Ministers and ratified by the Legislative Council.
- The Council of Ministers needs to commission a professional who would oversee all aspects of a concession before it is granted; and later, they would help in unifying administrative structures of franchises in various sectors so they provide high quality services to all.
- The general policies of the PA need to be defined as they relate to concession agreements and field these agreements are granted. It also needs to define its role within each agreement. Furthermore, the PA needs to reevaluate the services provided by these companies, by prioritizing and defining areas to be granted to a specific company or to manage it itself. These policies aim to stabilize the relationship with the private sector hence serve public interest.

**The Palestinian Airlines**

- The PA must rectify the situation of the Palestinian Airlines by drafting the necessary legislation to regulate its operation.
- A new board of directors must be formed to take charge of preparing and approving financial and administrative rules, regulations and instructions, and setting a clear structure to regulate the operation of the company.
- The airline needs to complete registration procedures as a public
shareholding company to allow public investment.

**The Shariah Judiciary/courts**

- Placing the Shariah Judiciary under the jurisdiction of Regular Courts, wherein this system will be under the Supreme Judicial Council. This will require amending most legislations related to the Judiciary. Until then, we recommend the Council of Ministers to supervise the Shariah Judiciary through the Ministry of Justice.
- Amending criteria for appointing judges as per paragraph (C) in article 3 of the law on forming Shariah Courts, which specifies qualifications and training needed in a judge to be able to practice in these courts. The main task of a Shariah judges is to resolve disputes, so they must have the necessary qualifications and training to efficiently perform their duties.
- Instilling the principles of integrity, accountability and transparency in the Shariah Courts with adopting and implementing a code of conduct for judges and another for their employees; judges and their employees should also submit financial disclosure statements. Additionally, the unit for internal supervision must be activated so it could oversee financial and administrative activities, including appointments and promotions, and to ensure the accuracy of financial procedures.
- Issuing instructions and circulars containing rules to eliminate conflict of interest in any area of the Courts’ work.
- Activating the complaints unit in Shariah Courts.
- Publishing financial and administrative reports of the Chief Justice Bureau; and publishing decisions issued by the Supreme Judicial Council.
- Developing administrative and financial procedure by setting clear mechanisms for expenditures and revenue amassed from marriage contracts, wherein these monies are transferred to the public treasury in full, as stated in the General Budget law, and not to be used for monetary rewards to employees who already receive salaries.
- The Bureau of the Chief Justice must adhere to the provisions of the law governing public tenders and the law of general supplies, and must follow the financial when purchasing governmental vehicles and fuel.
- Writing and publishing procedural guidebooks that would explain the operation of the Shariah Courts.
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Hijacked by tax evaders

Expenses for un-needed institutions

Stolen by the occupation

Ghost employees’ salaries

Wasted by the Internal Division

Electricity and water paid by the public treasury

No to Predators to wasting public funds

Revenues

Expenditures