

# The reality of Operating Costs and Rationalization at Some Responsibility Centers





## **The reality of Operating Costs and Rationalization” “at Some Responsibility Centers**

**March 2018**

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## Summary

Operating Costs constitute a basic item of the public expenditure in the public budget structure in Palestine over the public budget years, which is a fixed item in most of the responsibility centers and it is a key component of the running cost representing (15%) of the public expenditure. The “Ministry of Finance and Planning” has defined the operating costs as the “necessary costs to operate public institutions and they constitute part of the running costs (electricity, water, fuel, etc.)”.

The survey paper aimed at studying and surveying the reality of operating costs in some responsibility centers and ways of rationalization therein. Based on the study’s determinants, five responsibility centers have been identified to study the reality of their operating costs, namely: Ministry of Health, Legislative Council (PLC), Palestine Broadcasting Corporation (PBC), Water Authority and Ministry of Foreign Affairs. A scientific investigative methodology was adopted and this methodology is based on reviewing the public budget literature, documents and reports to prepare a conceptual introduction on operating costs, prepare a comparative chronological series for operating costs (estimated and actual) for the last five years to measure the rationalization of expenditures, conduct interviews with the decision-makers in order to be introduced to the nature of operating costs at the targeted responsibility centers, in addition to discussing the draft study with the relevant stakeholders through a workshop.

The results of the study showed that there is a tendency by the government to reduce the operating costs, especially after the year 2015, in parallel with the launching the Expenditure Rationalization Plan by the government. The estimated operating costs of 2016 were decreased by 7.5% compared to 2015, and the estimated operating costs continued decreasing in 2017. This approach goes in line “theoretically” with the government Expenditure Rationalization Plan, but the data of actually realized operating costs indicate that the expenditure rationalization results are still modest and bellow expectation, which requires the government to review its plan in order to be fruitful. The operating costs spending and disbursement processes were also subject to the relevant legal provisions.

Although the Ministry of Health has the lion’s share of total operating costs, these costs allocated by the Ministry of Finance are insufficient for the actual needs and there is a gap between them and the financial envelopes stated in the National Health Strategy 2017-2022. The ministry’s operating costs can be rationalized via a new system of multi-level measures, the most important of which is the implementation of a comprehensive health system that is based on an obligatory health insurance. Such a system will provide justice of burden sharing through a special fund to which all community segments contribute and it will be based on joint liability and run in a professional participatory manner. The fund will ensure the continuity and sustainability of health services and bear the financial costs of health programs fairly. Localizing the service of the Ministry of Health is still below the desired level for many reasons; however, there are capabilities to attract local and foreign medical competencies through a special financial system. Despite the paralysis and non-functioning of the PLC since 2007, it consumes budgets and financial allocations from the public treasury. Some of these budgets are unjustified in the light of the PLC’s non-functioning, such as the expenses of the MPs’ offices that constitute the largest component of the PLC’s operating costs and other expenses. Due to the peculiarity of the Palestine Broadcasting Corporation (PBC) and its continued changing work environment, dealing with the PBC must be through a special regulation that ensures rationalization of expenditures while maintaining quality, because the quality decline will increase expenditures. It is also necessary to rationalize expenditures through revolutionary steps, which can be expensive in the short term, but will rationalize large expenditures in the medium and long term. The vast

majority of the operating costs allocated to the Water Authority are general and spent on operating the pumping stations, especially electricity; therefore, they are listed in the Water Authority's responsibility center, but they provide a vital public service. In theory, these expenses are included in water or sewage bills or the services provided, and therefore the government collect them as revenues, which will divert these operating costs to one of the production-process inputs. The study has concluded many recommendations, the most important of which are: the government needs to adopt an expenditure rationalization Plan in various responsibility centers.

Such a plan is based on scientific and analytical approach for each responsibility center, but it should not be a general plan that does not take into account the peculiarity of each center.

A comprehensive final plan is necessary to be developed for the health sector in Palestine, through transformation to a new system, which ensures that health insurance should be obligatory for all citizens. Such a system will be based on joint-liability through a special fund to which all community segments contribute, taking into consideration the poor and marginalized groups and it should be run in a participatory and professional manner. The abnormal situation in the Palestinian Legislative Council (PLC) expenditures should be addressed immediately, especially with regard to the operating costs that constitute the largest component of its costs.

There is also a need to rationalize the expenditures of the Palestine Broadcasting Corporation (PBC) through revolutionary atypical steps that could be costly in the short term, but will highly rationalize the expenditures in the medium and long-terms. This can be done through providing a special financial system for trained technical personnel to ensure using their expertise and it is necessary to review the number of the PBC's personnel, especially the non-competent and unqualified and to distribute them among other responsibility centers to benefit from them effectively.

The Ministry of Finance is required to oblige the local authorities and distribution companies to pay water and sanitation fees in order to restore the operating costs expended on pumping stations. A culture should also be created among public sector employees on the rationalization of expenditures, such as electricity, water, telephone, stationary ...etc. as the costs of these expenditures are limited but their accumulation in the different responsibility centers would result in indicative and influential sums on the spending.

## Introduction

Operating Costs constitute a basic item of the public expenditure in the public budget structure in Palestine over the public budget years, which is a fixed item in most of the 54 main responsibility centers and it is a key component of the running cost. In accordance with the Public Budget Law 2017 and the 2017 budget indicators, operating costs “goods and services” have amounted to (NIS 2,490,699,000)<sup>1</sup> of the (16,290,604,000) total expenditures, representing (15.3%).

Operating costs ‘goods and services’ in the public budget indicators have amounted to (NIS 2,391,689,000)<sup>2</sup> of the (NIS 16,559,061,000) total expenditures, representing (14.4%).

## Operating Costs:

The Ministry of Finance and Planning has defined the operating costs as “the costs necessary to operate the public institutions, and is part of the running costs (electricity, water, fuel, etc.)”<sup>3</sup>. It also carries a different name in the public budget documents and reports, as “the use of goods and services.”

While the Public budget Law No. (7) of 1998 has classified the operating costs among the running costs<sup>4</sup>.

## The Overall Objective of the Survey Paper:

### Studying and surveying the reality of operating costs in some responsibility centers and ways of rationalization therein.

For an investigative scientific study of the nature of these operating costs and to collect information on them from each responsibility center in terms of (size, items and laws governing them) and based on the study’s determinants, five responsibility centers have been identified. The operating costs of these five centers has been studied in terms of (size, items and laws governing them) the laws governing it). The five responsibility centers have been selected according to the size of their high operating costs- among the top 10 responsibility centers with operating costs:

- Ministry of Health / Social Sector.
- Legislative Council / Governance Sector.
- Palestinian Broadcasting Corporation / Social Sector.
- Water Authority / Infrastructure Sector.

1 Decree Law on Public Budget 2017, issued on 152017/2/

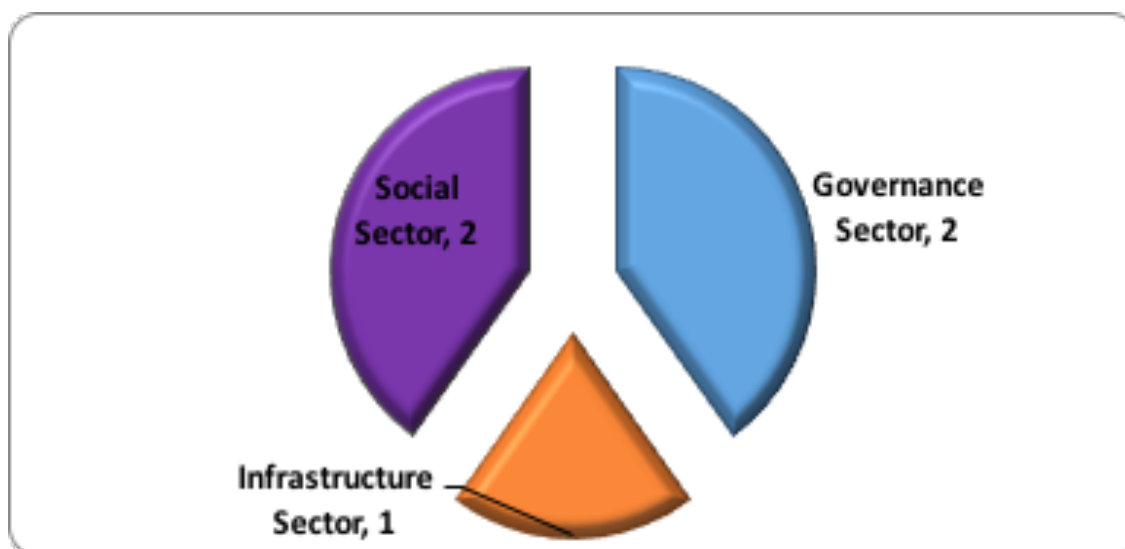
2 Decree Law on Public Budget 2018, issued on 42018/3/

3 Citizen Budget 2016K issued by the Ministry of Finance and Planning

4 Law No. (7) of (1998) on the Organization of Public Budget and Financial Affairs, Article (1)

- Ministry of Foreign Affairs - Embassies / Governance Sector.

Figure(1):Distribution of Targeted Responsibility Centers to Sectors



## Methodology of the Study:

A scientific methodology was adopted, based on the following axes:

1. Reviewing the public budget literature, documents and reports to prepare a conceptual introduction on operating costs.
2. Preparing a comparative time series for operating costs (estimated and actual) for the last five years, to measure their rationalization of expenditures.
3. Designing the study tool “interview” based on the relevant literature to serve the study and its objectives.
4. Holding meetings with the target responsibility centers to identify the nature of the operating costs and all relevant details in terms of (items, mechanisms of disbursement, legal regulatory provisions ...)
5. Investigating the extent to which the government implemented cost rationalization and its impact on operating costs.
6. Preparing conclusions on the operating costs, their highest disbursement size and on which items.
7. Preparing recommendations that discuss ways of rationalization in such expenditures.
8. Preparing the draft study.
9. Holding a focus group meeting for stakeholders of the study in order to discuss the methodology, conclusions and recommendations and to benefit from their feedback to enrich the study.
10. Preparing the final version of the survey paper.

## Chapter One: The Reality of Operating Costs in the Public Budget

By reviewing the budget data for the last five years, 2013-2017, it was noted that the operating cost item is a fixed item in these budgets. In order to measure the rationalization or change in these expenditures, a comparative time series has been prepared for the actual estimated operating costs based on the data of Ministry of Finance and Planning, according to the table below.

Table(1): Comparative data on estimated operating costs realized over the past five years

Year	Estimated Operating Costs	Achieved Operating Costs	Percentage of the Achieved Cost from the Estimated Cost
2103	1,906,000,000	1,816,500,000 <sup>1</sup>	95.3%
2014	1,937,000,000	2,333,000,000 <sup>2</sup>	120.4%
2015	2,225,100,000	2,530,400,000 <sup>3</sup>	113.7%
2016	2,056,400,000	2,547,200,000 <sup>4</sup>	123.9%
2017	2,035,000,000	2,502,200,000 <sup>5</sup>	123.0%

Figure (2): A comparative form of estimated operating costs actually realized during the years 2013-2017 (NIS Million)

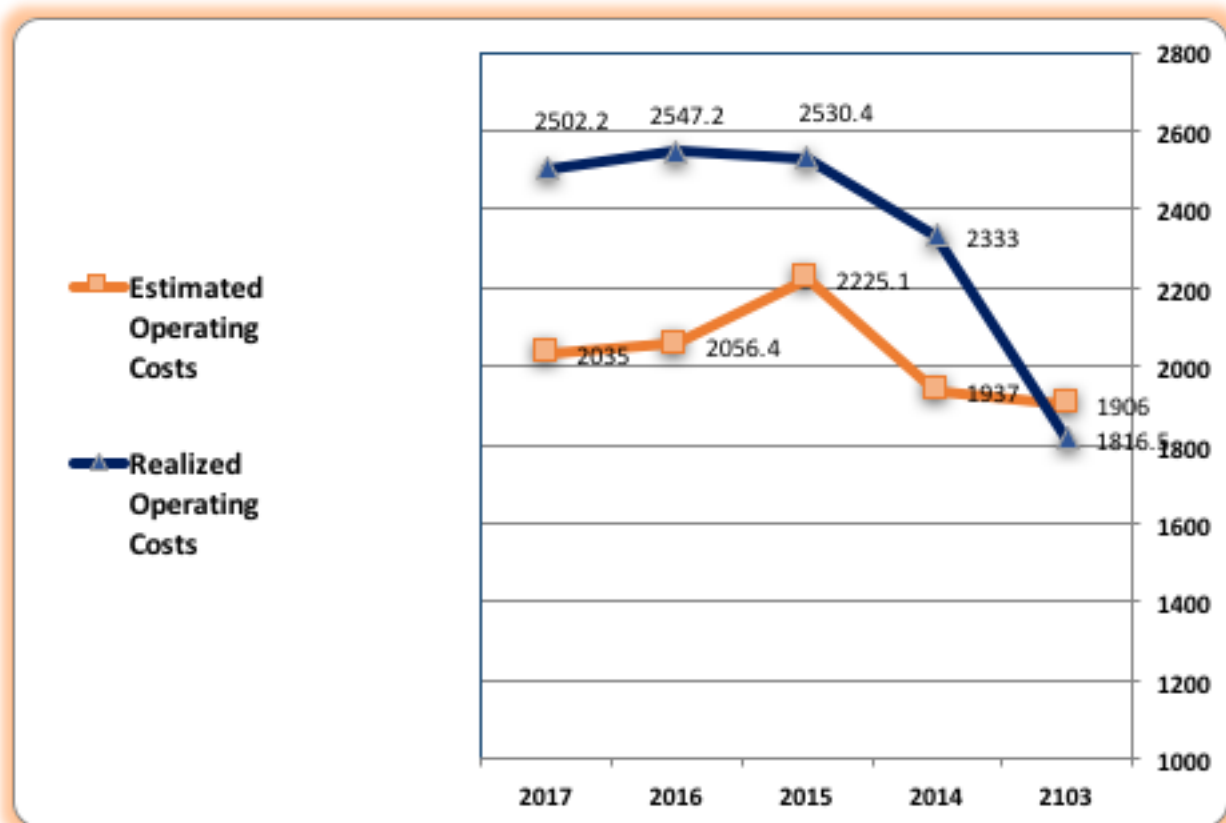


Figure (3): Comparative form of estimated operating costs actually realized during 2013-2017 (NIS million)

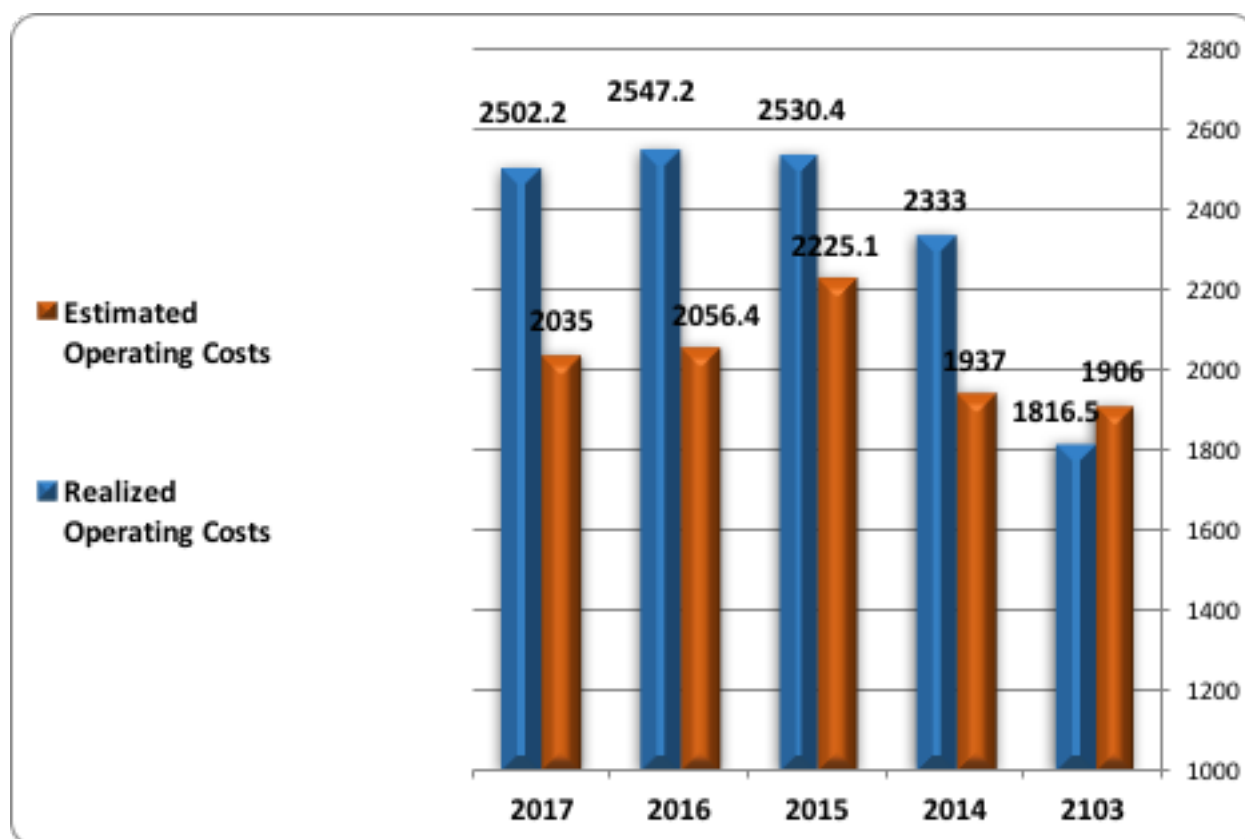


Table (1) and Figures (2 + 3) show the following:

- The estimated operating costs have steadily increased in 2013-2014-2015, but decreased in 2016, and continued to decreasing in 2017 to be less than the previous year.
- The realized operating costs continued to rise from 2013 to 2016, and decreased slightly in 2017.
- By comparing estimated operating costs to those actually realized, we find out that 2013 included lower actual expenditures than the estimated ones, while actual expenditure of operating costs was higher than the estimated in 2014-2015-2016-2017.
- Although the estimated operating costs in 2016 and 2017 were lower than the previous year, the actual expenditure was higher than the estimated by a statistical rate of about 23% higher than the estimated.
- The year 2017 has shown a decrease - albeit slightly - in the estimated and actual operating costs.

## Conclusion:

The previous data show that there is a tendency by the government to reduce the operating costs, especially after the year 2015; the estimated operating costs of 2016 were also decreased by 7.5% compared to 2015, and the estimated operating costs continued decreasing in 2017. This approach goes in line with the Expenditure Rationalization Plan launched by the Government, but the data of actually realized operating costs indicate that the expenditure rationalization results are still modest and lower than expectation. The evidence is that the operating costs that were realized in 2016 and 2017 have exceeded the estimated by 23%, which requires the government and the Ministry of Finance to review its plan in order to be fruitful.

## Operating Costs in the Public Budget 2017:

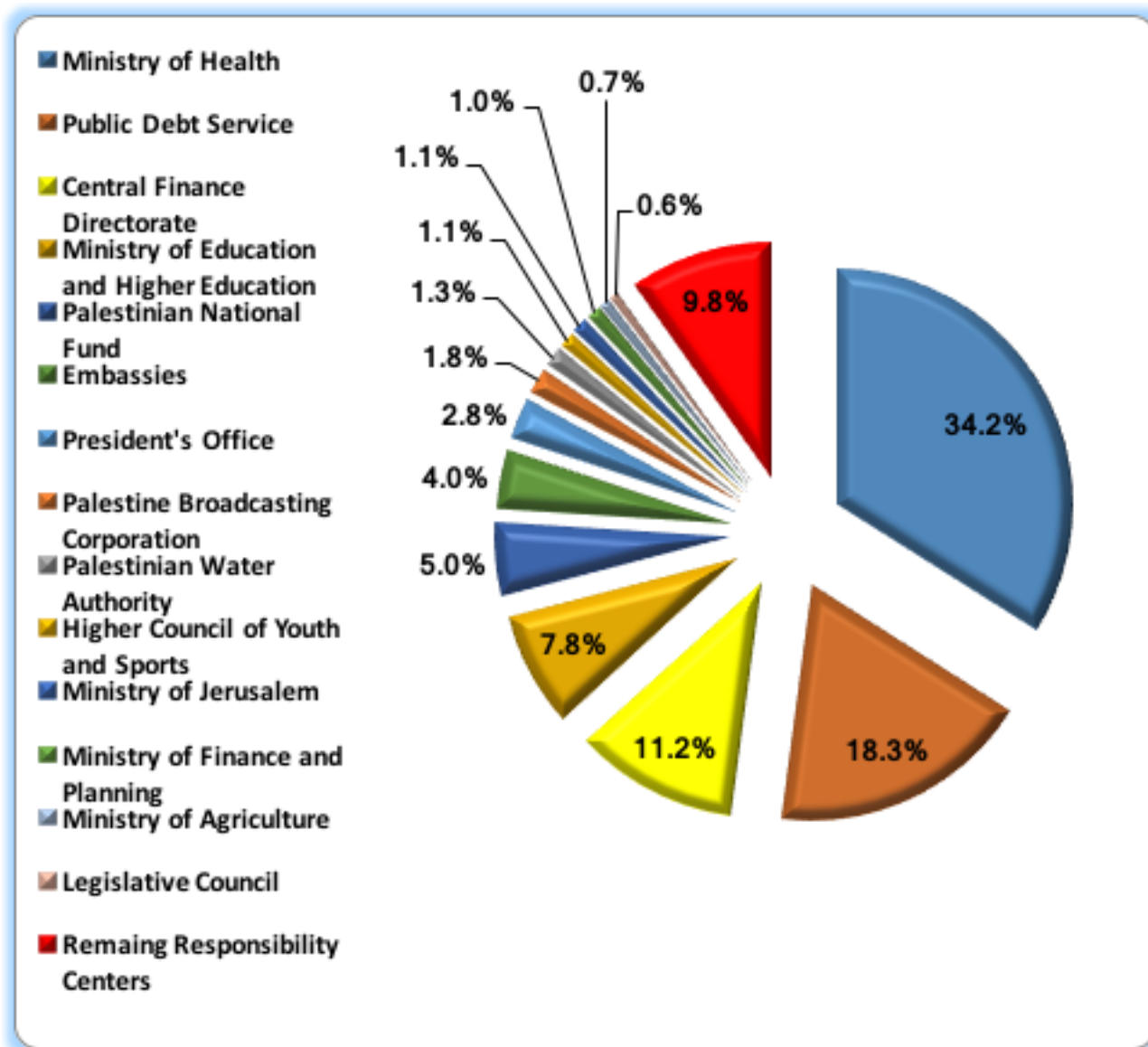
According to the public budget data of 2017, a table was prepared for the highest operating costs in the different responsibility centers, and the highest absolute value was adopted but not the relative value due to its size and impact on the budget and accordingly on expenditure rationalization. The following table shows the responsibility centers for which the highest operating costs were allocated with the allocated budget value (descending order):

Table (2): Distribution of operating costs to responsibility centers (highest in size)<sup>6</sup>

No.	Responsibility Center	Operating Costs/per NIS
	Ministry of Health	852,005,000
	Public Debt Service	454,612,000
	Central Finance Administration	280,150,000
	Ministry of Education and Higher Education	195,238,000
	Palestinian National Fund	123,632,000
	Embassies	99,677,000
	President's Office	70,200,000
	Palestine Broadcasting Corporation	44,570,000
	Palestinian Water Authority	33,505,000
	Higher Council for Youth and Sports	26,558,000
	Ministry of Jerusalem Affairs	26,197,000
	Ministry of Finance and Planning	24,955,000
	Ministry of Agriculture	17,550,000
	Legislative Council	15,075,000

The operating costs in the 14 responsibility centers constitute 90.8% of the total operating costs in the public budget of 2017. The operating costs of the remaining responsibility centers constitute a ratio that is lower than 10% of the total operating costs.

Figure (4): Distribution of Operating Costs to Different Responsibility Centers<sup>7</sup>



According to the study determinants. The operating costs of five responsibility centers divided into different sectors were surveyed and analyzed, namely:

- Ministry of Health.
- Palestinian Legislative Council
- Palestine Broadcasting Corporation
- Water Authority
- Ministry of Foreign Affairs / Embassies.

Based on the accumulative actual expenditure report data of December 2017 issued by the Ministry of Finance on 24/1/2018, the estimated and actually realized expenditures of targeted responsibility centers have amounted as follows:

Table (3): Comparative Data of Estimated and Realized Operating Costs of Targeted Responsibility Centers

Responsibility Center	Estimated Budget/ NIS <sup>8</sup>	Actual Expendi- ture/NIS <sup>9</sup>	Percentage of the Realized out of the Estimated
.Ministry of Health	852,005,000	799,122,000	93.79%
Palestinian Legislative Council	15,075,000	5,888,000	39.06%
Palestine Broadcasting Corpora- tion	44,570,000	60,016,000	134.66%
Water Authority	33,505,000	33,352,000	99.54%
Ministry of Foreign Affairs/ Em- .bassies	99,677,000	91,551,000	91.85%

**\*A high operating cost is allocated to the Palestinian Legislative Council despite its non-functioning and the actual spending is less than the estimated. The reason behind this situation could be getting the satisfaction of PLC members in the consultations with them during the adoption of the public budget by the Ministry of Finance or to allow some flexibility to the Ministry of Finance to spend the highest ceiling in case the Legislative Council is fully re-convening and re-functioning.**

Figure (5): Comparative figure of estimated and actual expenditures of the Ministry of Health in 2017, according to Ministry of Finance Reports

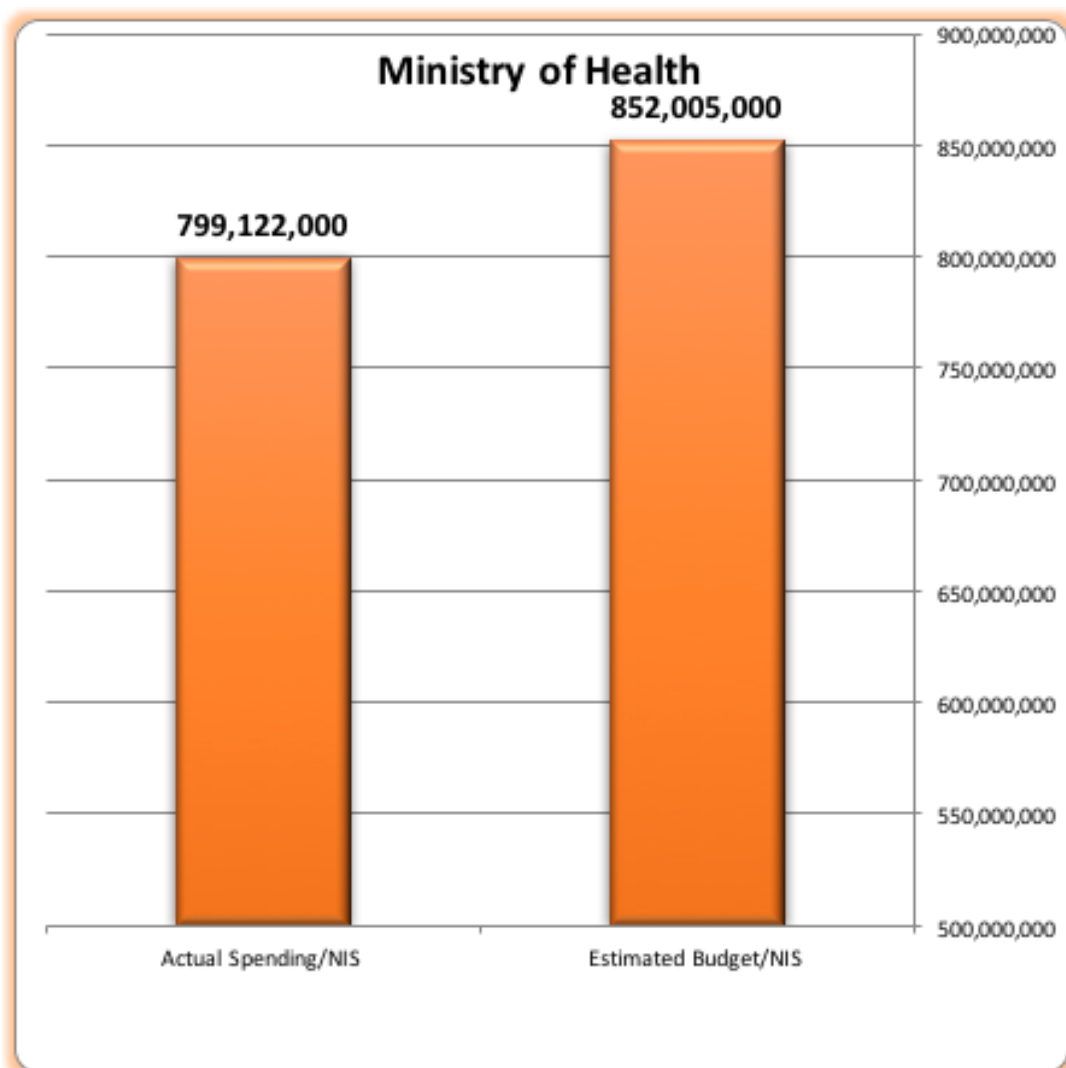


Figure (6) :Comparative figure of estimated and actual expenditures of the Palestinian Legislative Council in 2017 according the Ministry of Finance Reports

**Palestinian Legislative Council**

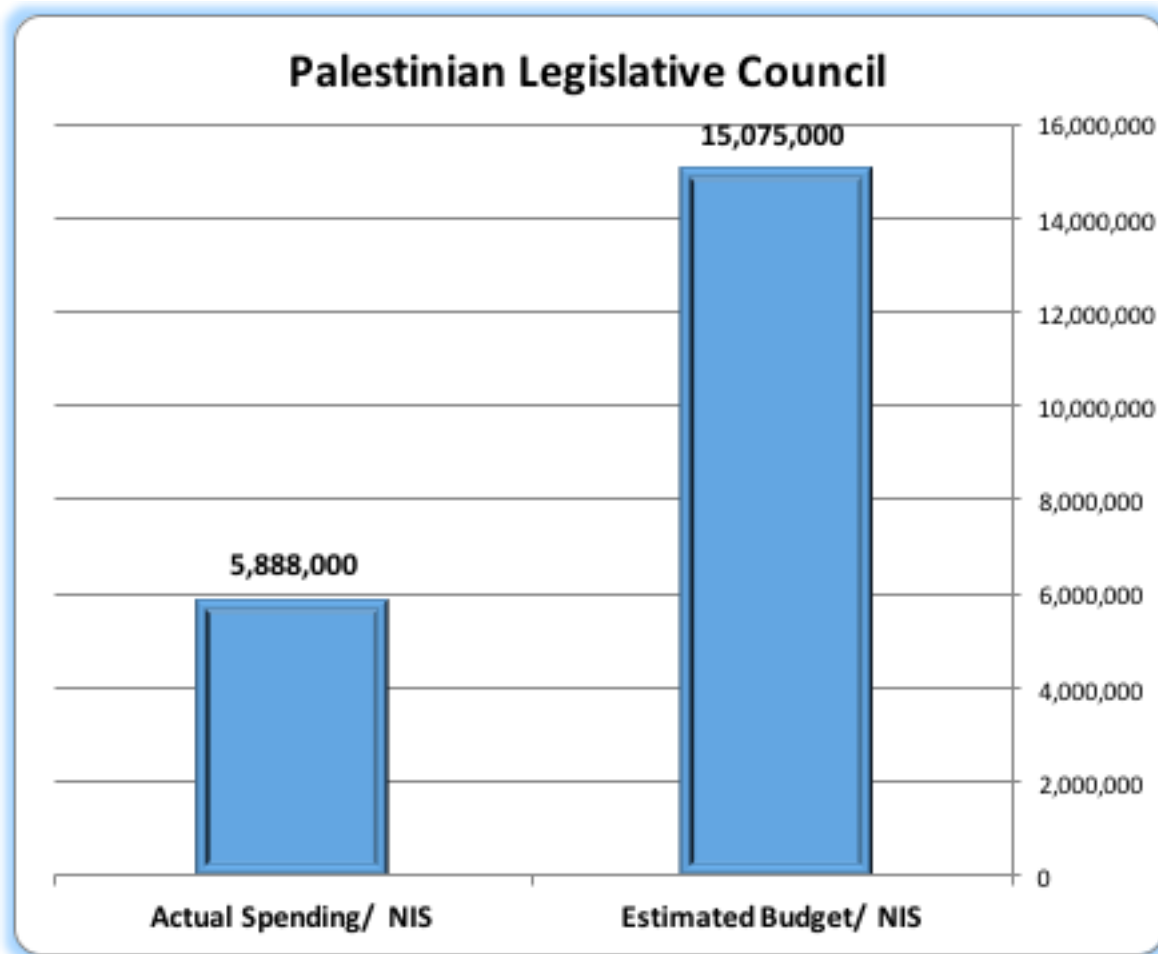


Figure (7): Comparative form of the estimated and actual expenditures of the Palestinian Broadcasting Corporation in 2017 according to the Ministry of Finance reports

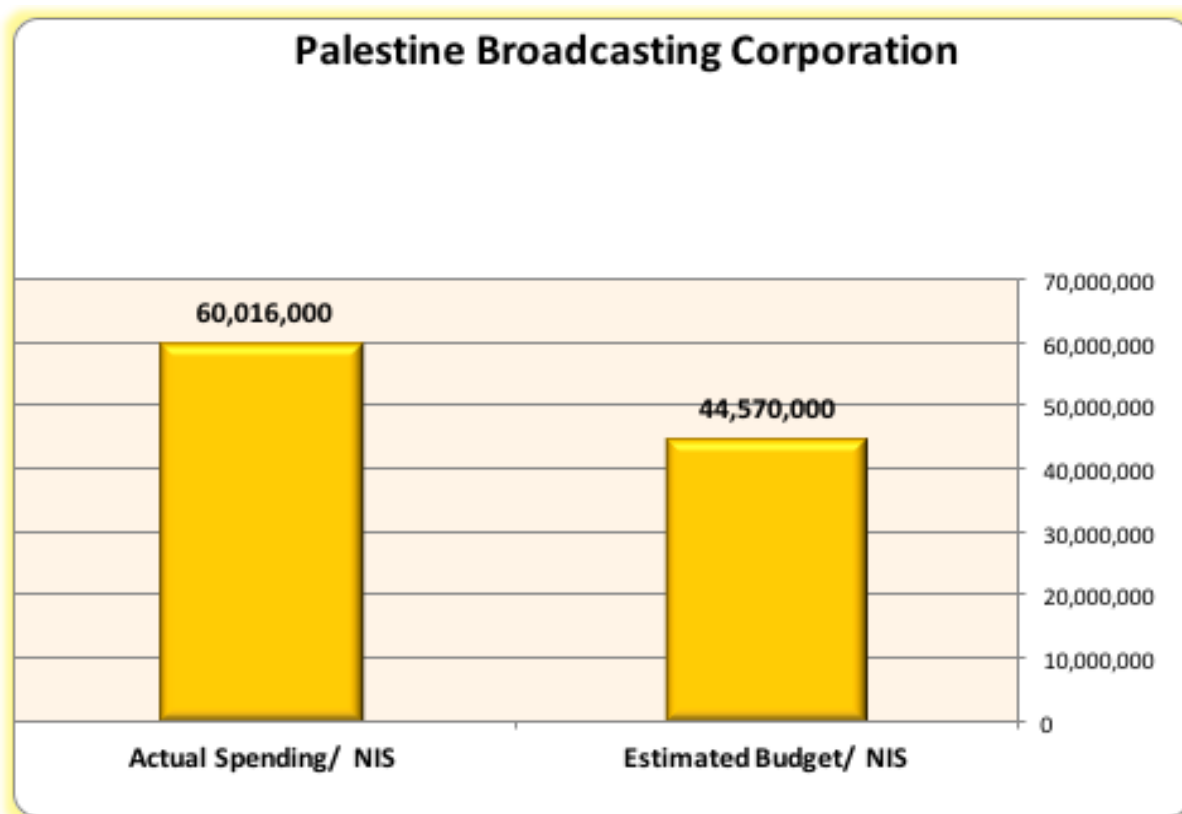


Figure (8): Comparative figure of estimated and actual expenditures of the Palestinian Water Authority in 2017 according to Ministry of Finance reports

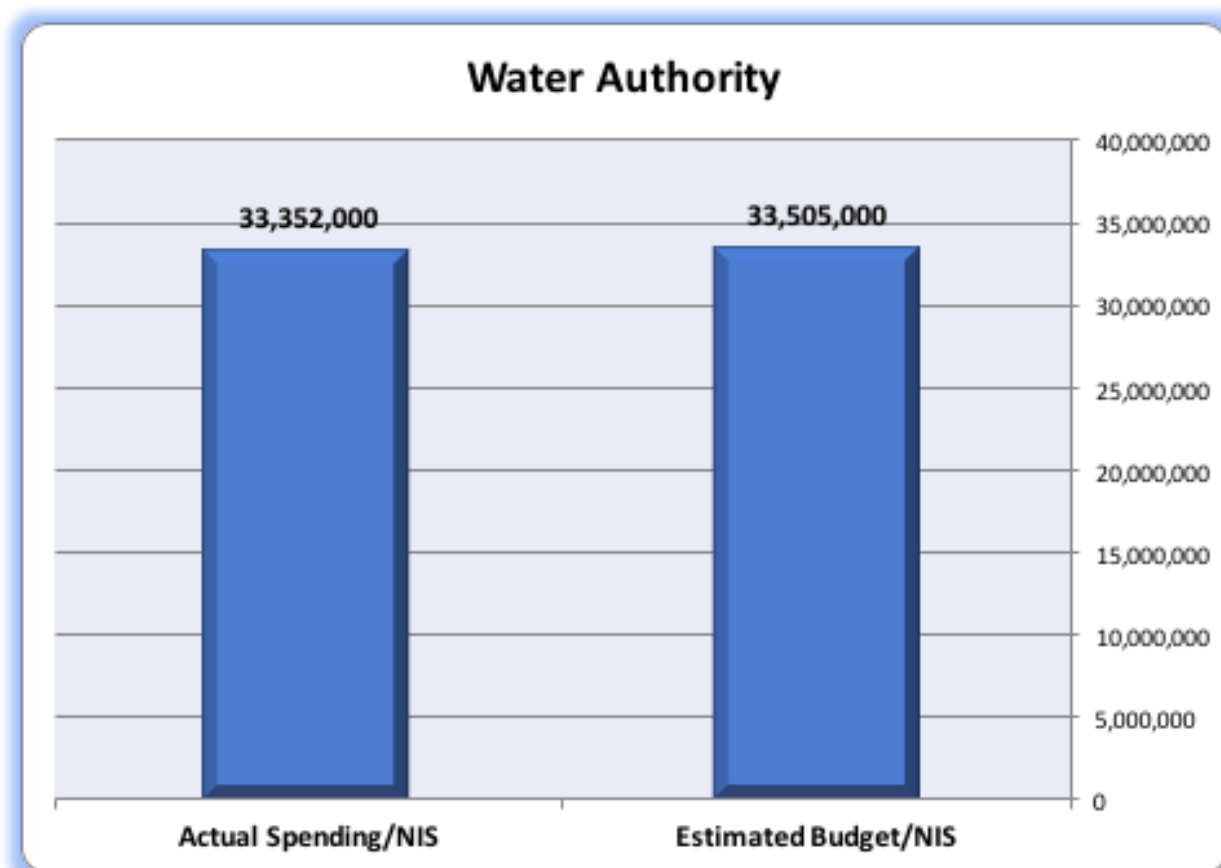
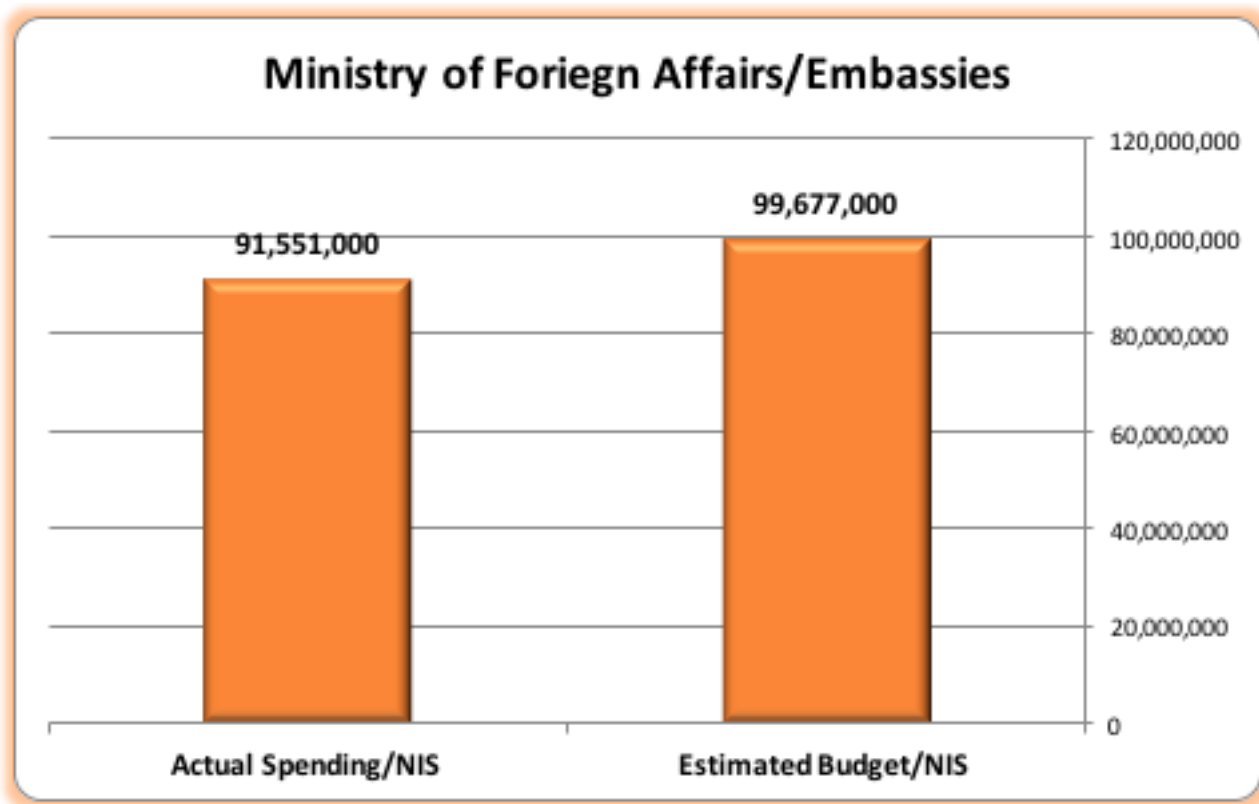


Figure (9): Comparative figure of estimated and actual expenditures of the Ministry of Foreign Affairs / Embassies in 2017 according to the Ministry of Finance reports



## Chapter Two

# Analysis of the Operating Costs of Target Responsibility Centers

In order to accurately analyze the reality of operating costs in the targeted responsibility centers, Interviews on the survey study were conducted with decision makers in each responsibility center. The details of the operating expenses were seen as they are recorded in the government computerized and approved accounting software, and these expenses were summed up and the ratio of each item was calculated. The government procedures were discussed to rationalize expenditures as well as the procedures that could be worked out to rationalize expenditures, taking into consideration the character of each ministry (responsibility center).

Spending and disbursement processes on operating costs subject to the relevant legal provisions, namely:

- Law No. (7) of 1998 on the Organization of the Public Budget and Financial Affairs.
- Law No. (9) of 1998 on Public Supplies
- Law No. 6 of 1999 on Tenders for Governmental Works
- Decree Law No. (8) of 2014 on Public Procurement
- Decision of the Council of Ministers No. (43) of 2005 on the Financial System for Ministries and Public Institutions.

In addition to the legal provisions of tax legislations and amendments to the foresaid legislations.

### First: Ministry of Health

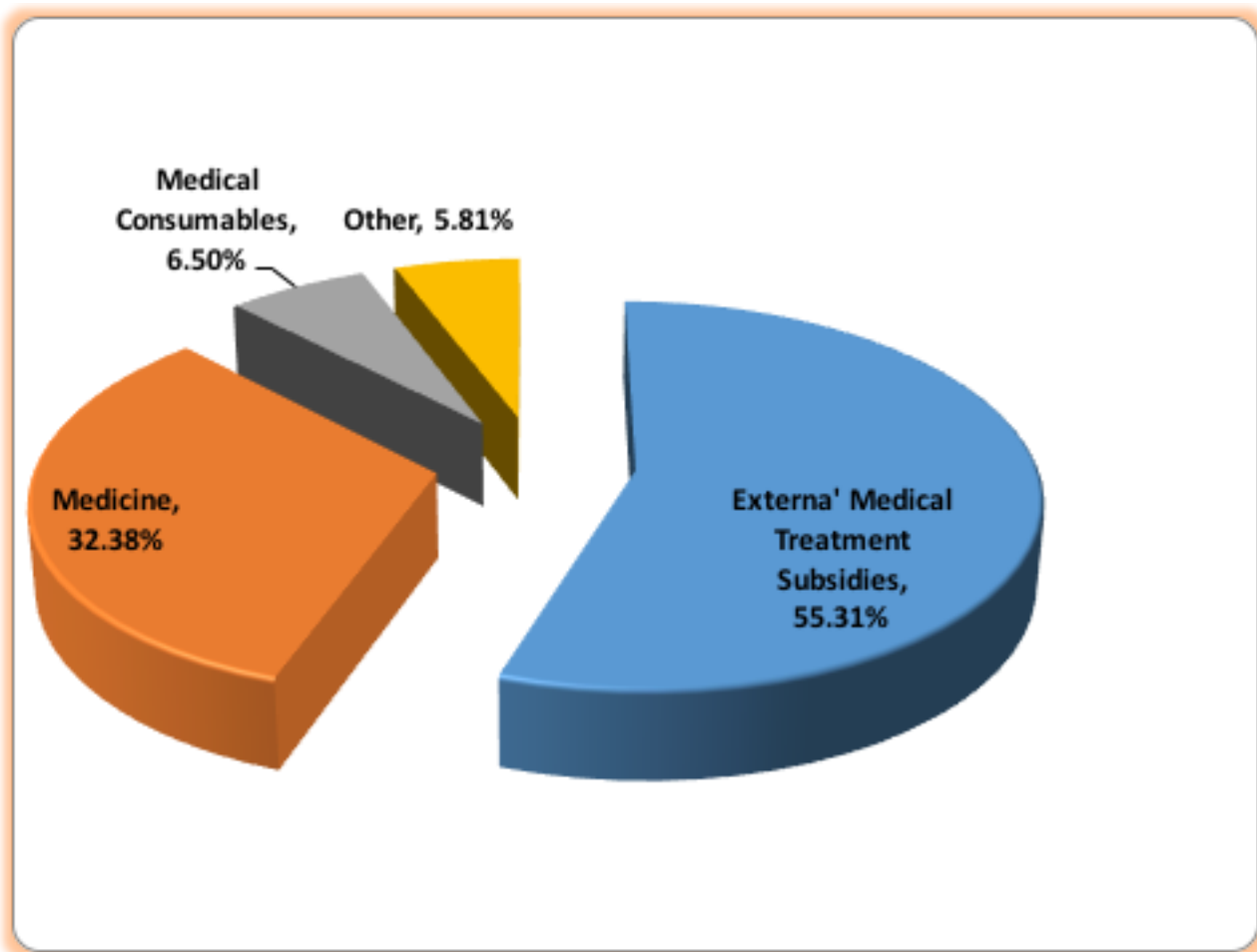
The Palestinian Ministry of Health has the lion's share of operating costs as its share has amounted to 34% of the total operating costs of all responsibility centers stated in the public budget 2017. By analyzing the operating costs of the Ministry of Health, the two items of (external medical treatment subsidies) and (medicine purchase) occupy (87.7%) of the total operating costs allocated to the Ministry of Health, while medical consumables constitute 6.5% and the rest of other expenses (48) items consume about 5.8% as shown in the attached table.

Table(4): Percentage of operating costs of the Ministry of Health<sup>5</sup>

Item	Percentage
external" medical treatment subsidies"	55.31%
Medicine	32.38%
Medical consumables	6.50%
other	5.81%
<b>Total Operating Costs</b>	<b>100.00%</b>

<sup>5</sup>Trial balance of operating costs at the Ministry of Health during the period 12017/12/31 2017-/1/. Directorate General of Financial Affairs- Ministry of Health

Figure (4): Percentage of operating cost items of the Ministry of Health



In a special meeting with the Director General of Financial Affairs at the Ministry of Health, he pointed out that the operating costs of the Ministry of Health are concentrated in the external medical treatment subsidies, “medical referrals” and the purchase of medicines. These two items consume the vast majority of operating costs, while the rest of the cost items constitute limited amount only due to applying the expenditure rationalization<sup>6</sup>.

### **Are the Operating Costs Sufficient for the Work of the Ministry, and Achieving its Strategic Plan?**

According to Director of Finance at the Ministry of Health, the operating expenses are insufficient and there is a gap between them and the financial envelopes set in the Strategic Plan 2017-2022. By reviewing the National Health Strategy 2017-2022, a funding gap exists between the financial ceilings allocated to the Ministry of Health by the Ministry of Finance and Planning and the actual need stated in the plan. In 2017, this gap has reached (347) million shekels in the running and development costs, and the gap is expected to reach (492) million shekels in 2022<sup>7</sup>.

<sup>6</sup> Special interview with Mr. Abd Al-Karim Hamadneh, Director General of Finance, Ministry of Health, March 2018.

<sup>7</sup> National Health Strategy 2017-2022-, Palestinian Ministry of Health, P. (50).

## Possible Rationalization forms in the Operating Costs of the Ministry of Health:

The peculiarity of the Ministry of Health as it provides special medical service under The emergency situation in which Palestine lives in terms of the occupation and the field events, it creates a need that the Ministry of Health shall not be subject to austerity or rationalization in the field of health service, according to the Director General of Finance at the Ministry of Health<sup>8</sup>, but resources can be provided through the following:

- Establishment of the National Fund for Serious Diseases that are of high financial cost to which the government contribute and will be funded through donations. There is a decision by the Council of Ministers in this regard, but the Fund should not be financed at the expense of the Ministry of Health budget.
- Indirect rationalization through amending the pricing system in order to rationalize the unnecessary spending either at the level of medicine or treatment.
- Further control and follow up of medical referrals, which consume the lion's share from the Ministry of Health operating costs.
- Accurately identifying the medications and treatment the patients need in order to rationalize the spending as medicine is the second component in terms of value among the components of operating costs.

Note that the Ministry of Health, through its procedures in the price system and its various revenues, provides the public treasury with about NIS 130 million annually that are directly deposited to the treasury and not being specifically used by the Ministry of Health.

## General Revenues of the Ministry of Health

The Ministry of Health provides about NIS 130 million to the public treasury per year through the revenues of its various services.

Despite the importance of the suggestions and recommendations of the Ministry of Health regarding the rationalization of expenditures and the increase of revenues, it is necessary for the solution to be radical and comprehensive through the transition to a new system, which includes compulsory health insurance for all citizens, based on joint-liability "Takaful" system that includes all community groups. Such a system should take into consideration the poor and marginalized groups and it should provide and rationalize the expenditures of the Ministry of Health, sustain and develop health services in isolation from the current funding problems.

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8 Special meeting with Mr. Abd Al-Karim Hamadneh, Director General of Financial Affairs at the Ministry of Health, March 2018

*According to the Financial and Administrative Audit Bureau data, the revenues of health insurance represent only 10% of the actual expenditures of the Ministry of Health<sup>10</sup>.*

Despite all the development of the Ministry of Health, the localization of service is still below the desired level:

According to the Director General of the Directorate General of Finance<sup>9</sup> and the Director of Health Economics Department<sup>10</sup> at the Ministry of Health, there are several reasons for this situation, namely:

1. The Palestinian reality and the impact of the occupation on all walks of life, including health aspect. For example, there are obstacles by the occupation on the import of equipment or their maintenance which results in higher cost and longer maintenance time.
2. The lack of competent staff as specialized doctors or technicians prefer to work with the private sector or freelancing due to the much higher financial profits compared to the wages in the governmental sector.
3. The closure of the Palestinian market with regard to health and medical aspect and it is difficult to hire specialized doctors or technicians as applied in other countries because of the occupation and the complexity of the existing situation.

*In light of the fact that the government allocates 11% of the total expenditure of the Ministry of Health and that the citizen is the largest financier of the public treasury, the citizen shall have the right to access health services that meet his/her needs and these services shall be localized. This can be done through attracting distinctive doctors based on approved financial system that meets their distinctive expertise and skills in order to localize the service in an integrated manner.*

## **The Difference between Estimated Operating Costs and Actual Expenditure:**

Although a special budget was allocated to the Ministry of Health in 2017 representing 11% of the total public expenditures and there was an actual expenditure equals the estimated, the actual operating costs require more than the estimated.

The reason of this difference is that the estimate cost does not meet the required one because the Ministry of Health deals with medical issues that are unpredictable, especially in light of the Palestinian situation and the consequent field events that require medical treatment. In addition, the costly diseases (cancer), for example, are unpredictable.

Furthermore, the nature of health service cannot be delayed or postponed as this is a moral issue in the first place and a state's humanitarian duty through which lives can be maintained and not subject to budgetary equations; therefore the allocated budget can be exceeded if

<sup>9</sup> Special meeting with Mr. Abd Al-Karim Hamadneh, Director General of Financial Affairs at the Ministry of Health, March 2018

<sup>10</sup> Special meeting with Mr. Samer Jaber, Director of Health Economics Department at the Ministry of Health, March 2018

necessary<sup>11</sup>.

*This is confirmed by the review of the National Health Strategic Plan 2017-2022, in which there is a funding gap between the financial ceilings allocated to the Ministry of Health by the Ministry of Finance and Planning and the actual need stated in the the strategic plan<sup>11</sup>. Even if the entire allocation to the Ministry of Health was spent, the need would continue to be higher. It is necessary to harmonize the financial needs of the strategic plan with what the government grants to the Ministry of Health until the health strategy is implemented in accordance with the plan.*

## Conclusion:

*The Palestinian Ministry of Health provides vital and necessary health services to the Palestinian community. Although these services constitute the lion's share of the total operating costs, the costs allocated by the Ministry of Finance and Planning are insufficient for the actual needs, and there is a gap between them and the financial envelopes stated in the National Health Strategy 2017-2022. However, operating costs can be rationalized through a mechanism and understanding that is different from other responsibility centers. It is not possible to rationalize the costs of medicine provided to those who need it, or to rationalize the provided health service to patients, but there is a set of measures at several levels that, if implemented, can substantially rationalize expenses without prejudice to the rights of the poor to medical treatment or the quality of health service. The most important of such measures is to implement a comprehensive health system that is based on compulsory health insurance, which would be fair in terms of burden-bearing. This can be done through a special fund to which all community groups contribute on the basis of joint liability "Takaful" and can be managed in professional and participatory manner; ensure the continuity and sustainability of health services as well as bearing the burdens of financial costs of health programs fairly.*

## Conclusion:

*Despite all the development of the Ministry of Health, the localization of service is still below the desired level for many reasons the most important of which are: the Palestinian reality and the impact of the occupation on all walks of life, including health aspect, obstacles by the occupation on the import of equipment or their maintenance which results in a higher cost and longer maintenance time, the lack of competent staff as specialized doctors or technicians prefer to work with the private sector or freelancing due to the much higher financial profits compared to the wages in the governmental sector; the closure of the Palestinian market with regard to health and medical aspect and it is difficult to hire specialized doctors or technicians as applied in other countries because of the occupation and the complexity of the existing situation. However, it is possible to attract local or foreign medical competencies*

<sup>11</sup> Special meeting with Mr. Abd Al-Karim Hamadneh, Director General of Financial Affairs at the Ministry of Health, March 2018

through a special financial system.

## Second: The Palestinian Legislative Council (PLC)

The Palestinian Legislative Council, despite non-functioning and paralyzed status since 2007, it has an annual budget in the public budget, including operational budget. In an exclusive interview with each of the Assistant Secretary General for Financial Affairs<sup>12</sup> and the Director General of Budget in the Palestinian Legislative Council<sup>13</sup> with regard to the disbursement items of PLC operating costs, the Director General of Budget pointed out that the PLC disbursement items of operating costs that were actually realized are less than estimated, and they are divided into two main items:

1. Specific operating costs (electricity, water, stationary ...) and their value in 2017 has reached (NIS 1,436,282).
2. Other operating costs (advertisements, buffet and hospitality, consultations, subscriptions, expenses of the MPs' offices ...) that amounted in 2017 (NIS 4,767,710).

Table(5): Distribution of operating costs of the Palestinian Legislative Council<sup>14</sup>

Item	Sum spent/NIS	Percentage
Specific operating costs (water and electricity, travel and per diems, postage, heating fuel, stationery, expenses of transport means)	1,436,281	23.15%
Other operating costs (expenses of PLC members offices, parliamentary subscriptions, hospitality, media subscriptions)	4,767,710	76.85%
<b>Total</b>	<b>6,203,992</b>	<b>100.00%</b>

By analyzing the structure of the two kinds of PLC operating costs, we find out the MPs offices constitute the highest share of the total PLC operating costs. These costs have reached (NIS 4.126) million in 2017 although this amount does not include neither the salaries and remunerations of the MPs or the PLC staff as NIS 20 million are transferred per year for the MPs' salaries as part of the transformational expenses, while NIS 19 million were allocated in the 2017 budget for the PLC staff salaries<sup>15</sup>.

Table (6): The most important operating costs actually realized in 2017 for the Legislative Council

Distribution of operating costs of the Palestinian Legislative Council

12 Exclusive interview with Mr. Ahmad Abu Hashish, the PLC's Assistant Secretary General for Financial Affairs, March 2018

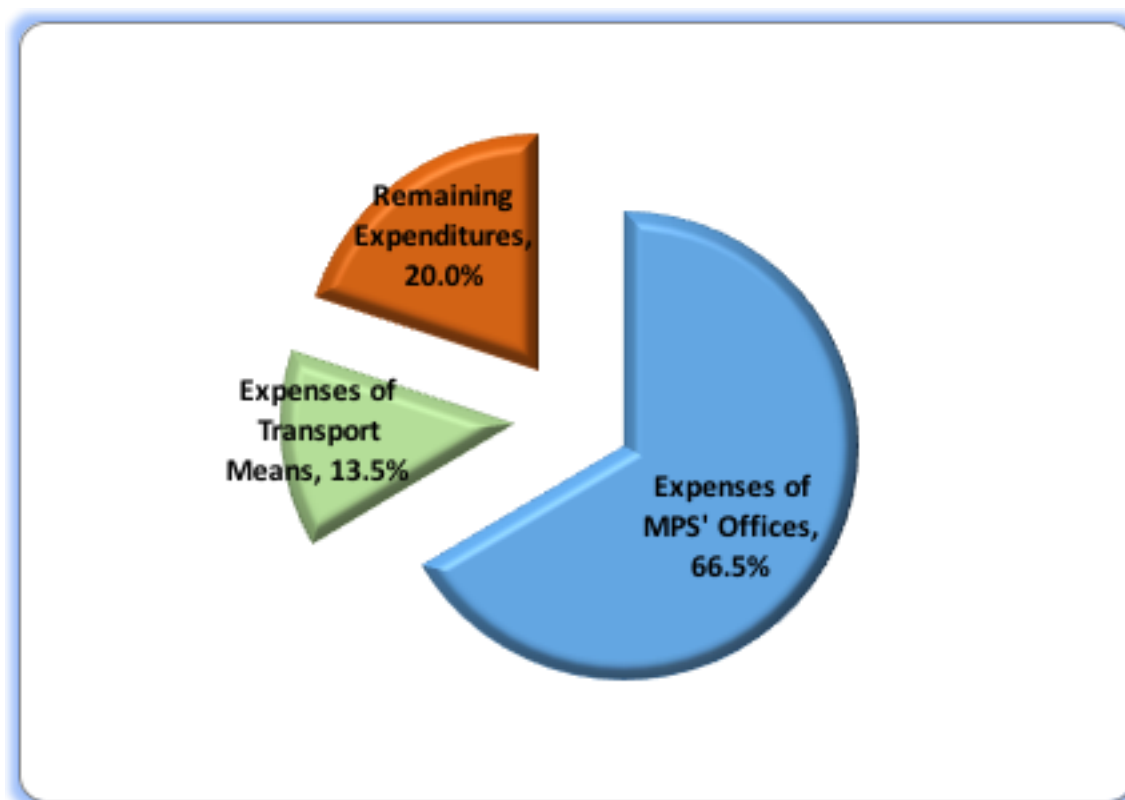
13 Exclusive interview with Mr. Raed Hamdan, the PLC's Director General for Budget, March 2018

14 The researcher did not obtain the trial balance of PLC operating costs, but he received the operating costs items and realized allocations through interviews with Mr. Ahmad Abu Hashish, the PLC's Assistant Secretary General for Financial Affairs and Mr. Raed Hamdan, the PLC's Director General for Budget.

15 Decree Law on the Public Budget 2017, issued on 15/2017/2/

Item	Sum spent/NIS	Percentage
Expenses of MPs' offices	4,126,000	66.5%
Expenses of transportation means (licensing, insurance, maintenance). The vehicle, including those of the MPs + fuel for the PLC administration vehicles	840,000	13.5%
Remaining expenses	1,237,992	20.0%
<b>Total</b>	<b>6,203,992</b>	<b>100.0%</b>

Figure(10): Distribution of operating cost items actually realized for the Palestinian Legislative Council



### Rationalization forms of the Legislative Council operating costs:

According to the Palestinian Legislative Council's Assistant Secretary General for Financial Affairs, the PLC does not employ new cadres due to its current situation, the expenses spent are less than required and there is actual rationalization in expenditures.

### The difference between the estimated and the actually spent of the operating costs

The reason, according to the PLC Assistant Secretary General for Financial Affairs, is that the PLC

does not function and its work is without its normative capacity, which led to partial actual expenditure and the expenditure on operating costs is about one third of the estimated based on the sums transferred by the Palestinian Ministry of Finance. However, if the PLC re-functions, there are many necessary requirements<sup>16</sup>.

## Conclusion:

*Despite the paralysis and non-functioning of the PLC since 2007, it consumes budgets and financial allocations from the public treasury, some of which are logical as the salaries of the PLC personnel, but some are unjustified in light of the PLC's non-functioning since 12 years, such as the expenses of the MPs' offices, which constitute the largest component of the PLC's operating costs, as well as other expenses such as insurance, licensing and maintenance of MPs' vehicles that are listed in the operating costs item and covered from the public funds.*

## Third: Palestine Broadcasting Corporation (PBC)

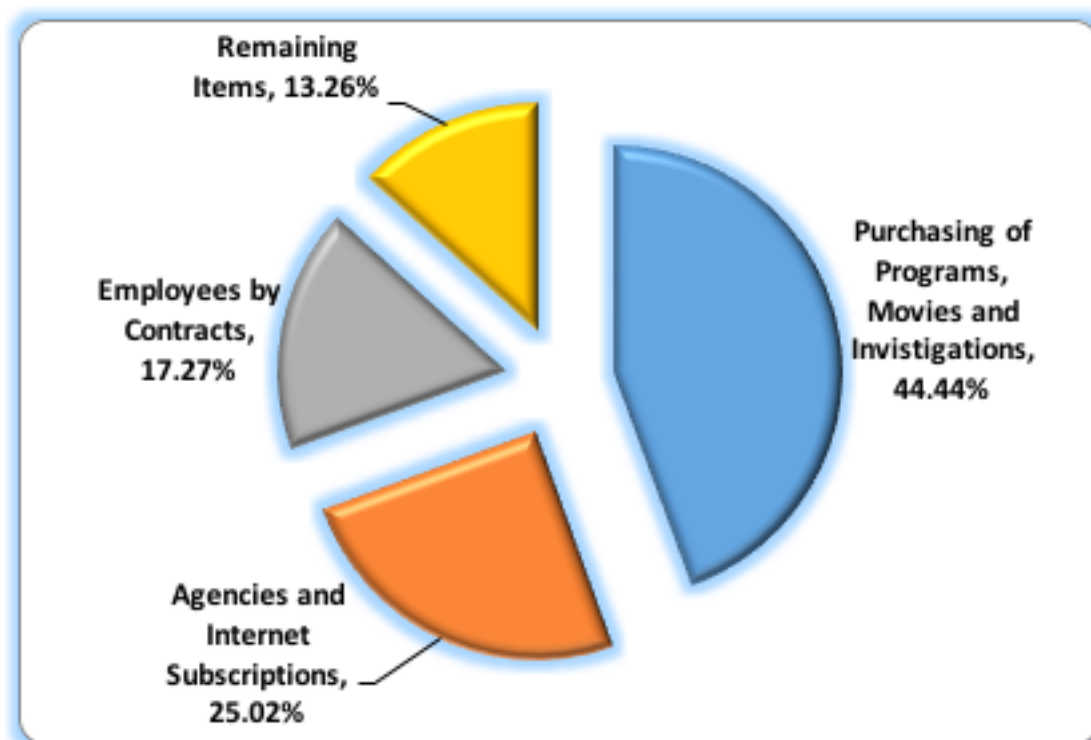
Palestine Broadcasting Corporation is one of the responsibility centers whose realized operating costs have amounted to a higher value than the estimated costs and by a statistically significant rate. According to the public budget data 2017, the estimated operating costs (goods and services) amounted to (NIS 44,570,000)<sup>12</sup>, and according to the actual expenditure report issued by the Ministry of Finance for the year 2017, the actual expenditure of the operating costs (goods and services) has amounted to (NIS 60,016,000)<sup>13</sup>

Table (7): Percentages of operating cost items of the Palestine Broadcasting Corporation<sup>14</sup>

Item	Percentage
Purchasing of programs, shows, movies and investigations	44.44%
Internet and universal agencies' subscriptions	25.02%
Contracted employees	17.27%
Remaining expenses	13.26%
<b>Total</b>	<b>100.00%</b>

16 Exclusive interview with Mr. Ahmad Abu Hashish, the PLC's Assistant Secretary General for Financial Affairs, March 2018

Figure (11): Distribution of operating costs to the major items of the Palestine Broadcasting Corporation



In a special interview with the Director General of Financial and Administrative Affairs<sup>15</sup> and the Finance Manager of the PBC<sup>16</sup>, the Director General of Financial and Administrative Affairs referred to the disbursement of the various operating costs based on the PBC's needs and work fields as detailed in the trial balance of the operating costs for the year 2017. He pointed out that the operating costs are insufficient for the Corporation's work or to achieve its vision and they do not meet its needs. He added that the financial resources available are less than those envisaged in the strategic plan stated in the National Policy Agenda.

## Rationalization forms of the PBC's operating costs

According to the Director General of Financial and Administrative Affairs, many of the PBC's operating costs have been rationalized, including overtime allowance, which was revoked for the employees besides the hospitality apartments that were reserved for the PBC's staff, especially in emergency situations, in addition to rationalization of transport, etc. although the unplanned rationalization is not commensurate to the Corporation's work since its work is linked to many equations and services the prices of which are rising or changing constantly, or new expenses are added such as:

1. Equipment and technologies in the field of media, production and broadcasting that are constantly modernized.
2. Space subscriptions, the prices of which are rising annually and cannot be controlled.
3. The unstable political conditions that require media coverage at the international and local levels, which raises the expenses, but it is a sovereignty and national issue.
4. The enormous competition at the global and regional levels in the field of media and broadcasting, which requires keeping wake with the developments and therefore requires expenditures.
5. Product purchase (Ramadan series as an example) that the price of which is unpredictable and

they subject to global supply and demand equations.

6. The need to keep the staff updated on quality trainings that are usually not available locally, and not available free of charge.

## The gap between the estimated and actually spent in the PBC's operating costs:

The reason of the gap is that the nature of the PBC's work may include emergency situations and developments, therefore the budget cannot be determined by a specific figure. For example, the war on Gaza or Jerusalem events, or any hot event in the Palestinian territory, or the campaign launched by the leadership to face Trump's decision require additional resources and unplanned needs and expenses<sup>17</sup>.

## How can the PBC's operating costs be rationalized?

This can be done through several indirect axes the impact of which will be seen in the medium and long terms:

- **First Axis:** amendment of the financial system for the PBC's competent staff (technicians) to ensure the continuation of their work at the Corporation, especially in the light of local and global competition which attracts such technical professionals. When these competent people leave the PBC after training and acquiring expertise, it would be a waste of public funds (training, rehabilitation and human investment). However, if they stay, the PBC will benefit from their accumulative experience and would be obliged to hire new employees with less technical competence who require training and results in exhausting the funds for less work quality that will be reflected on the product. The experienced employee can also produce more work than the fresh employees.
- **The Second Axis:** providing the Corporation with modern equipment, which can cost the Public Treasury additional funds in the near term, but will save more funds in the medium and long terms, especially that the Corporation will waive the high rentals and will be part of the competitive production, which will provide it as well as the Public Treasury with revenues.
- **The Third Axis:** the project of digital transformation and regulation and investment of digital waves, which was issued by a decision from the Council of Ministers. In case of full enforcement of such a decision, it is expected to provide the Public Treasury with revenues.
- **The Fourth Axis:** localizing the service through (developing and providing human and material resources), which will save rental costs and at the same time contribute to the PBC's ability to produce programs of competitive quality, thus will save the funds paid to purchase these programs and will provide income and revenue through selling such products.

By reviewing the public budget book 2017 issued by the Ministry of Finance and Planning, we found out that the number of Palestine Broadcasting Corporation (PBC) has reached (1055)<sup>18</sup> whose salaries have amounted to (NIS 61,380,000)<sup>19</sup>, in addition to contract employees. By reviewing the expenditures for (contracted employees) at the PBC in 2017, the cost of their wages was about NIS 10.8<sup>20</sup> million. Therefore, it is necessary to review the number of existing employees, especially the non-specialists and non-qualified and to distribute them to other responsibility centers to benefit from them effectively. This would enhance the agility, effectiveness and efficiency of the PBC's human resources and rationalize the expenditures and therefore enables investment in specialized technical competencies.

## Conclusion 1:

Due to the peculiarity of the PBC and its continued changing work environment that is not subject to a fixed context due to the Palestinian situation and as a result of the tremendous acceleration in ICTs, dealing with the PBC must be through a special regulation that ensures rationalization of expenditures while maintaining quality, because the quality decline will increase expenditures. It is also necessary to rationalize expenditures through revolutionary steps, which can be expensive in the short term, but will rationalize large expenditures in the medium and long term, and will lead to the PBC's development to be productive, which will save the purchase of media materials and will provide the public treasury with revenues.

## Conclusion 2:

By reviewing the numbers of employees working for the PBC, whether the full-time fixed-term or contract employees, there is a large number of employees that burdened with the PBC's budget, including the operating costs, because the contract employees are listed under this item. Therefore, it is necessary to review these numbers, keep the qualified and professional technicians and to distribute the extra employees on other responsibility centers, which will rationalize the expenditure and enable higher investment in qualified personnel.

## Forth: Water Authority

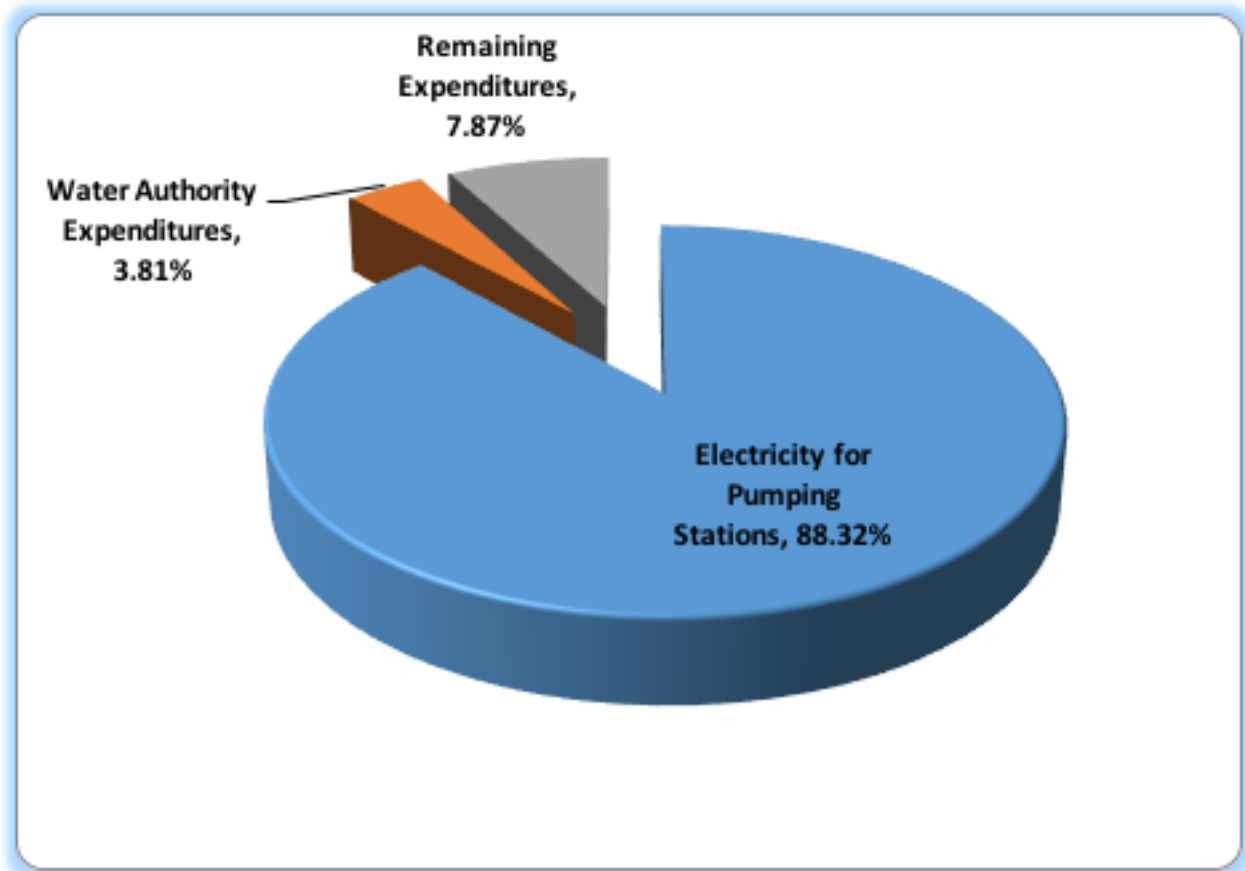
In the light of the public budget data 2017, the estimated operating costs of the Water Authority have amounted to (NIS 33,505,000)<sup>21</sup>. According to the Ministry of Finance's actual expenditure report of 2017, the actual expenditure of the operating costs (goods and services) has amounted to (NIS 33,352,000)<sup>22</sup>.

In a special interview with the Palestinian Water Authority's Financial Manager<sup>23</sup>, it was indicated that the disbursement of operating cost items included in the trial balance of the Water Authority' operating costs in 2017, are mainly focused on the fees for operating water pumping stations (electricity fees).

(Table 8): Percentage of the main items of the Palestinian Authority's operating costs<sup>24</sup>

Item	Percentage
Electricity for pumping stations	88.32%
Water Authority Expenditures	3.81%
Remaining expenditures	7.87%
<b>Total</b>	<b>100.00%</b>

Figure (12): Distribution of the main operating cost items of the Palestinian Water Authority



## Rationalization forms in operating costs:

According to the Water Authority's Financial Manager, the areas of rationalization are already in place, and there are no other areas that are statistically and financially functional since the operating costs are very limited.

*In light of the fact that most of the operating costs are the costs of water pumping stations that are included in the water or drainage bills, why the Water Authority does not use them as a revenue?*

This is due to the principles of the public budget and Public Budget Law No. 7 of 1998, which stipulates the separation between expenditures and revenues, and that "all revenues and receivables of the National Authority shall be transferred to the public treasury account<sup>25</sup>" as water revenues belong to the public treasury and not to the Water Authority.

## Conclusion:

The vast majority of the operating costs allocated to the Water Authority are general and are spent on operating the pumping stations, especially electricity; Therefore, they are listed in the Water Authority's responsibility center, but they provide a vital public service. In theory, these expenses must be included in water or sewage bills or the services provided, and therefore the government collect them as revenues, which will divert these operating costs to one of the production process inputs. For careful

analysis of this situation, the Ministry of Finance is required to disclose revenues realized from the pumping stations' bills.

In a previous study by AMAN Coalition on the net lending item, the Palestinian National Authority pays higher water prices to the Israeli companies than the sale price to distribution companies, local authorities and citizens<sup>26</sup>. This is a waste of resources and a consumption of public funds under net lending title

## **Fifth: Ministry of Foreign Affairs/ Embassies**

According to data of Ministry of Finance, the estimated operating costs (goods and services) for the Ministry of Foreign Affairs/ Embassies have amounted to (NIS 99,677,000)<sup>17</sup>.

Based on the actual spending report issued by the Ministry of Finance for 2017, the actual spending of the operating costs "Goods and services" has amounted to (NIS 91,551,000)<sup>18</sup>.

*The researcher has tried to communicate with the Ministry of Finance to set up a meeting with the competent parties in order to prepare this draft on 4/4/2018, but did not receive an answer.*

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17 Decree Law on Public Budget 2017, issued on 15/2017/2/

18 Accumulative Actual Expenditure Report of December 2017, issued by the Ministry of Finance on 24/2018/1/.

## Chapter Three

### Conclusions and Recommendations

#### Conclusions:

- Operating costs “goods and services” is a basic item of the public expenditures in the public budget structure in Palestine and it exists in most of responsibility centers to constitute 15% of the total public expenditure.
- There is a tendency by the government to reduce operating costs, especially after 2015, coinciding with the Government’s launching of the Expenditure Rationalization Plan. The estimated operating costs of 2016 were decreased by 7.5% compared to 2015 and the operating costs continued to be decreased in 2017. This corresponds theoretically with the government Expenditure Rationalization Plan; however, the data on actual operating costs indicate that the results of expenditure rationalization are still modest and bellow the desired. This is true as the realized operating costs in 2016 and 2017 exceeded the estimate costs by 23%, which requires the government and the Ministry of Finance to review their plan to be fruitful.
- (14) responsibility centers out of (54) consume about 90% of the total operating costs, and there are also statistical significant differences in the percentage of actual operating costs compared to the estimated costs of different responsibility centers.
- Spending and disbursement processes on the operating costs are subject to the relevant legal provisions, the most important of which are the Law on Organizing Public Budget and Financial Affairs, Public Supplies Law, Tender Law for Government Works, Public Procurement Law, Financial Regulations of Ministries and Public Institutions issued by the Council of Ministers and the legal provisions of tax legislations.
- Although the Ministry of Health has the lion’s share of the total operating costs and despite the governmental spending on the Ministry, which amounts to about 11% of the total public expenditures, its operating costs allocated by the Ministry of Finance and Planning are not sufficient for the actual need and there is a gap between them and the financial envelopes stated in the National Health Strategy 2017-2022.
- Despite the importance and vitality of health service provided by the Ministry of Health, its operating costs can be rationalized through a concept and mechanism that are completely different from other responsibility centers. This can be done through procedures at several levels that, if applied, can rationalize the expenditures substantially without prejudice to rights of the poor to medical treatment or the quality of health services. The most important of these measures is to implement a comprehensive health system based on compulsory health insurance that provides justice in burden-sharing through a special fund to which all community segments contribute. This fund would be developed on the basis of joint-liability and would be run in a professional and participatory manner that would ensure the continuity and sustainability of health services and it would bear the burdens that are relevant to financial costs of health programs fairly.
- Despite its high operating costs, the Ministry of Health can provide the public treasury with about 130 million shekels annually.
- Despite the development in the Ministry of Health, the localization of service is still below the desired for several reasons, the most important of which is the Palestinian reality and the impact of the occupation on all walks of life, including health aspect. For example, there are obstacles by the occupation on the import of equipment or their maintenance which results in higher cost and longer

maintenance time. In addition, there is a lack of competent staff because specialized doctors or technicians prefer to work with the private sector or freelancing due to the much higher financial profits compared to the wages in the governmental sector. The other reason is the closure of the Palestinian market with regard to health and medical respect making it difficult to hire specialized doctors or technicians, as applied in other countries, due to the occupation and the complexity of the de facto situation. However, it is possible to attract local and foreign medical competencies through a special financial system.

- Despite the paralysis and non-functioning of the Palestinian Legislative Council (PLC) since 2007, it consumes budgets and financial allocations from the public treasury, some of which are the salaries of the PLC personnel, but some are unjustified in light of the PLC's non-functioning since 12 years, such as the expenses of the MPs' offices, that are spent for some MPs by a decision from the PLC and without providing disbursement supporting receipts and justifications, which constitutes the largest component of the PLC's operating costs, as well as other expenses such as insurance, licensing and maintenance of MPs' vehicles and tickets that are listed in the operating costs item and covered from the public funds.
- Due to the peculiarity of the PBC and its continued changing work environment that is not subject to a fixed context due to the Palestinian situation and as a result of the tremendous acceleration in ICTs, dealing with the PBC must be through a special regulation that ensures rationalization of expenditures while maintaining quality, because the quality decline will increase expenditures. It is also necessary to rationalize expenditures through revolutionary steps, which can be expensive in the short term, but will rationalize large expenditures in the medium and long term, and will lead to the PBC's development to be productive, which will save the purchase of media materials and will provide the public treasury with revenues.
- By reviewing the numbers of employees working for the PBC, whether the full-time fixed-term or contract employees, there is a large number of employees that burdened with the PBC's budget, including the operating costs, because the contract employees are listed under this item. Therefore, it is necessary to review these numbers, keep the qualified and professional technicians and to distribute the extra employees on other responsibility centers, which will rationalize the expenditure and enable higher investment in qualified personnel.
- The vast majority of the operating costs allocated to the Water Authority are general and are spent on operating the pumping stations, especially electricity; therefore, they are listed in the Water Authority's responsibility center, but they provide a vital public service. In theory, these expenses must be included in water or sewage bills or the services provided, and therefore the government collect them as revenues, which will divert these operating costs to one of the production process inputs. For careful analysis of this situation, the Ministry of Finance is required to disclose revenues realized from the pumping stations' bills.
- There is a general problem in the responsibility centers represented by the gaps between the financial envelopes contained in their strategic plans, such as the Ministry of Health, and the allocated by the Ministry of Finance and Planning. In the presence of financial gaps, the implementation of strategic plans remains deficient and suffers from distortions that would influence the quality of services and products. The problem will accumulatively be transformed to the coming years, in addition to the problems in the estimated expenditures and those actually spent.

## Major Conclusion

*Launching a public governmental expenditure rationalization plan, as it is applied now, will not be worthwhile and the achieved outcomes would not be as desired because each responsibility center has its own special conditions and a unique nature that requires to be studied in order to achieve the needed expenditure rationalization. It is not logical to deduct the overtime allowance for all the responsibility centers as part of a rationalization plan without studying each center of responsibility, or to deduct 10% of the operating costs of all responsibility centers without regard to the peculiarity of each center, or to determine the fuel consumption volume of by the same value for all responsibility centers. Through further studies, analysis and partnership with civil society organizations, academics and researchers, and benefiting from the studies and reports of the Civil Society Team for Enhancing Public Budget Transparency to adopt a genuine partnership with civil society organizations and academics in the preparation and implementation of realistic and effective rationalization expenditures plans taking into account the reality of each responsibility center to rationalize expenditures on scientific basis that are appropriate to each targeted responsibility center and that have a clear impact in the rationalization of expenditures on the ground without prejudice to the rights of poor and marginalized groups and, at the same time, keeps the quality of services provided to citizens.*

## Recommendations

- The government needs to adopt an expenditure rationalization Plan in various responsibility centers that is based on scientific and analytical approach for each responsibility center, but not a general plan that does not take into account the peculiarity of each center. There is also a need to partner with civil society organization, researchers and academics, and benefit from the results of research and studies prepared by the Civil Society Team for Enhancing Public Budget Transparency, especially that the results of the government rationalization plan are still below the desired.
- Rationalization plans should not affect the poorest, most marginalized and needy groups, especially in vital services, such as health services, especially that the financial ceilings available from the Ministry of Finance are below the actual requirement level. The rationalization plans should be in cost-savings areas while maintaining service delivery and quality.
- It is necessary to develop a radical and comprehensive plan for the health sector in Palestine through the transition to a new system, which includes compulsory health insurance for all citizens, based on joint-liability “Takaful” system that includes all community groups. Such a system should take into consideration the poor and marginalized groups and it should provide and rationalize the expenditures of the Ministry of Health, sustain and develop health services in isolation from the current funding problems.
- Medical referrals (external medical treatment subsidies) should be controlled without prejudice to the rights of citizens, especially that the medical referrals constitute the largest component of the operating costs of the Ministry of Health.
- There is need to localize the medical service in Palestine, given the size of the medical referrals bill and to address the reasons that hinder such localization. The most important measure in this regard is to stimulating distinguished physicians and specialized technical competencies to work in the Ministry of Health through an incentive system, development of human and material resources, which will contribute to service localization and expenditure rationalization in the medium and long terms.
- There is a need to address the abnormal situation in the expenditures of the Palestinian Legislative Council immediately, especially with regard to operating costs. It is not reasonable to consume the public funds in paying the operating costs of the offices of Legislative Council MPs since 2007 (12 years) despite the non-functioning, paralysis and failure to carry out its tasks, especially that these expenditures constitute the largest component of the operating costs of the Legislative Council.
- There is a need to suspend the operating costs of maintenance, insurance and licensing of PLC members “MPs”, especially in the light of being non-functional for many years, and the consequent accumulative expenses. There is also a need to suspend any other operating costs related to the MPs as it is not reasonable to continue covering the expenses of their cars in terms of maintenance, insurance and licensing from public funds throughout this period although their salaries have been paid from the public funds since 2006.
- There is a need to rationalize the expenditures of the Palestine Broadcasting Corporation (PBC) through revolutionary atypical steps that can be costly in the short term, but will highly rationalize the expenditures in the medium and long-terms. This can be done through providing a special financial system for trained technical personnel to ensure using their expertise and their artistic creativity. In this way, they will not leave the Corporation their training, capacity building and expertise will not be lost, they will keep wake with the developments in equipment and techniques and using this in developing their products in order to waive the different rentals and media materials purchase,

which constitute the largest component of the operating costs.

- There is a need to invest in the available PBC's human and material resources "localization of services" and their development, which will save rental costs and at the same time will contribute to enable the Corporation to produce programs of competitive quality. Therefore, the PBC will save expenditures (instead of purchasing these programs) and will also provide income through selling these products that will provide revenues to the public treasury and will accordingly provide an income that is equivalent to the operating costs. In accounting language, this will reduce such expenses.
- It is necessary to review the number of existing employees, especially the non-specialists and non-qualified and to distribute them to other responsibility centers to benefit from them effectively. This would enhance the agility, effectiveness and efficiency of the PBC's human resources and rationalize the expenditures and therefore enables investment in specialized technical competencies.
- It is necessary to work on implementing the Digital Transformation Project, organizing the "broadcasting" digital waves and investing them in Palestine. If the project is fully implemented, it is expected to provide income to the public treasury.
- The Ministry of Finance is required to unclose the revenue earned from the responsibility centers such as the Water Authority as about 90% of its operating costs are allocated to the electricity of the pumping stations (water and drainage). The Water Authority transfers its revenues directly to the public treasury in accordance with law in order to measure the recovery of such expenditures without wasting them, especially in the light of the financial crisis and it should rationalize its expenditures.
- The Ministry of Finance is required to oblige local authorities and distribution companies to pay the price of water and sanitation fees in order to recover the operating costs spent on pumping stations, which the Water Authority is bearing, and not to waste public funds that should be reserved and should also rationalize expenditures. Furthermore, it should not include the net lending item in water prices because it increases the public expenditures and deprives the public treasury from due revenues.
- It is necessary to create a culture among public sector employees on the rationalization of expenditures, such as electricity, water, telephone, stationary ...etc. as the costs of these expenditures are limited but their accumulation in the different responsibility centers would result in indicative and influential sums on the spending.

## References and Resources

### First: References

- Decree-Law on the Public budget 2017, issued on 15/2/2017.
- Decree Law on the Public budget 2018, issued on 4/3/2018.
- Law No. (7) of (1998) on the Organization of Public Budget and Financial Affairs.
- Citizen Budget 2016, issued by the Ministry of Finance and Planning.
- The Actual Accumulative Expenditure Report of December 2013, issued by the Ministry of Finance on 11/2/2014.
- The Actual Accumulative Expenditure Report of December 2014, issued by the Ministry of Finance on 20/1/2015.
- The Actual Accumulative Expenditure Report of December 2015, issued by the Ministry of Finance on 17/1/2016.
- The Actual Accumulative Expenditure Report of December 2016, issued by the Ministry of Finance on 23/3/2017.
- The Actual Accumulative Expenditure Report of December 2017, issued by the Ministry of Finance on 24/1/2018.
- Trial Balance of the operating costs of the Ministry of Health during the period 1/1/2017 to 31/12/2017, Directorate General of Financial Affairs, Ministry of Health.
- Trial Balance of the operating costs of Palestine Broadcasting Corporation during the period 1/1/2017 to 31/12/2017, Directorate General of Administrative and Financial Affairs, Palestine Broadcasting Corporation.
- Trial Balance of the operating costs of the Water Authority during the period 1/1/2017 to 31/12/2017, Directorate General of Financial Affairs, Palestinian Water Authority.
- National Health Strategy 2017-2022, Palestinian Ministry of Health.
- Coalition for Integrity and Accountability - AMAN 2017. Net Lending Item and its Impact on Budget Deficit and Waste of Public Funds.

### Second: Exclusive Interviews

Interview with Mr. Abd Al-Karim Hamadneh, Director General of Financial Affairs, Ministry of Health, March 2018 -

Interview with Mr. Samer Jaber, Director of the Department of Health Economics, Ministry of Health, March 2018 -

- Interview with Mr. Ahmed Abu Hashish, Assistant Secretary General of the Legislative Council for Financial Affairs, March 2018 -
- Interview with Mr. Raed Hassan, Director General for Budget, Palestinian Legislative Council, March 2018 -
- Interview with Mr. Mahmoud Amr, Director General of Financial and Administrative Affairs, Palestine Broadcasting Corporation, March 2018 -
- Interview with Ms. Zeinab Abu Sharifa, Director of Finance, Palestine Broadcasting Corporation, March 2018 -
- Interview with Ms. Sherin ad-Disi, Director of Finance, Palestinian Water Authority, March 2018 -

## List of Personalities Interviewed for the Study Purposes

- . Mr. Abd Al-Karim Hamadneh, Director General of Financial Affairs, Ministry of Health.  
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- Ms. Sherin ad-Disi, Director of Finance, Palestinian Water Authority.

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(Footnotes)

- 1 Actual accumulative disbursement for December 2013, issued by the Ministry of Finance on 11/2/2014
- 2 Actual accumulative disbursement for December 2014, issued by the Ministry of Finance on 20/1/2015
- 3 Actual accumulative disbursement for December 2015, issued by the Ministry of Finance on 17/1/2016
- 4 Actual accumulative disbursement for December 2016, issued by the Ministry of Finance on 23/3/2017
- 5 Actual accumulative disbursement for December 2017, issued by the Ministry of Finance on 24/1/2018
- 8 Decree Law on Public Budget 2017, issued on 15/2/2017
- 9 Accumulative Actual Expenditure of December 2017, issued by the Ministry of Finance on 24/1/2018
- 6 Decree Law on the Public Budget 2017, issued on 15/2/2017
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- 10 Report of Financial and Administrative Audit Bureau “Health Insurance Management and Regulation in the State of Palestine” October 2016.
- 11 The National Health Strategy 2017-2022, Palestinian Ministry of Health, Page (50).
- 18 Public Budget Book 2017, page (692).
- 19 Accumulative Actual Spending Report of December 2017, issued by the Ministry of Finance on 24/1/2018.
- 20 Trial Balance on Palestine Broadcasting Corporation Operating Costs from 1/1/2017 to 31/12/2017.
- 12 Decree Law on Public Budget 2017 issued on 15/2/2017
- 13 Accumulative actual expenditure report of December 2017, issued by the Ministry of Finance on 24/1/2018
- 14 Trial balance of PBC operating costs during the period 1/1/2017-31/12/2017, Directorate General for Administrative and Financial Affairs, Palestine Broadcasting Corporation (PBC)
- 15 Special interview with Mr. Mahmoud Amr, Director General of Financial and Administrative Affairs at the PBC, March 2018.
- 16 Special interview with Mrs. Zainab Aby Sharifeh, Finance Manager at the PBC, March 2018.

17 Special interview with Mr. Mahmoud Amr, Director General of Financial and Administrative Affairs at the PBC, March 2018.

26 AMAN Coalition for Accountability and Integrity 2017- Net Lending Item and its impact on Public Budget Deficit and Wasting of Public Funds.

21 Decree Law on Public Budget 2017, issued on 15/2/2017

22 Accumulative actual expenditure report of December 2017, issued by the Ministry of Finance on 24/1/2018

23 Special interview with the Finance Manager of Water Authority, Sherin Disi, March 2018

24 Trial balance on operating costs of the Water Authority during the period 1/1/2017- 31/12/2017, Directorate General of Financial Affairs, Palestinian Water Authority

25 Law No. (7) of (1998) on Organization of Public Budget and Financial Affairs, Article (6)





*The Coalition for Accountability & Integrity (AMAN)- which was accredited by Transparency International (TI) as a national chapter in Palestine since 2006 - established in 2000 by an initiative of number of CSOs working in the field of democracy, human rights and good governance towards reaching its vision of Palestine free of Corruption.*

*The Coalition is keen to create and lead a social movement against corruption and to contribute in the production, transferring and localization of the necessary knowledge in anti-corruption at the local, regional and international level.*

*The Coalition is also keen to play its monitoring/watchdog role on the National Integrity System through focusing on community participation, activating the role of civil society institutions and media in monitoring management of public money and affairs, and creating a work environment that contributes to unclose corruption crimes and restrict its spread.*