



# **Accountability of International Non-Governmental Organizations in Palestine Report**



## Introduction

The end of the twentieth century saw the emergence of non-state actors with considerable influence on both the local and international arena. International non-governmental organizations (INGOs) constitute the most prominent of these actors. Although these organizations are not new, they developed in various ways over the past century. Several studies during the 1980s focused on the development of civil society organizations in Palestine, but attention, later, turned to the concept of “global civil society”.<sup>1</sup> The growth of international non-governmental organizations in Palestine cannot be studied in isolation from the global developments that have permitted the role of non-state actors to expand. The fact that Palestine is a state under occupation, and the difficult economic and social conditions that prevail, has encouraged an increase in foreign organizations in Palestine, especially those working in relief.

A distinction should be made between two types of foreign organizations: governmental and non-governmental organizations. Despite the fact that both hold international status, governmental organizations belong to the state and are used as a tool of its state’s foreign policy. Non-governmental organizations are called international because their headquarters are not in Palestine. Thus, INGOs can be defined as cross-national organizations whose work is beyond the scope of a single state. INGOs have become a powerful force whether on the local or international level. Hence, it is important to understand the general framework within which these organizations work in Palestine. AMAN works to promote integrity and combat corruption in Palestinian society; it reviews the work of INGOs in Palestine by focusing on the effectiveness of the accountability of these organizations and their work.

In 2010, AMAN conducted a legal study on INGOs in Palestine. It concluded with recommendations, notably the following:

- » The need for the Ministry of Interior (MoI) to publish a legal notice in local newspapers and media inviting all foreign associations in Palestine to register their branches within a specified time period, and to prosecute all organizations that ignore this warning.
- » Prevent Palestinian National Authority (PNA) institutions and local private and public Palestinian associations and organizations from dealing with any non-registered foreign organizations.
- » Form a joint commission of the Ministry of Interior and the State Audit and Administrative Control Bureau (SAACB) to study the work of international organizations and draw up solutions and procedures to regulate their status.
- » The SAACB should perform its role of monitoring of international organizations and ensure that they comply with their legal obligations.

1. Ishkanian, Armine (2005) *Diaspora and global civil society: the impact of transnational diasporic activism on Armenia’s post-Soviet transition* In: Atabaki, Touraj and Mehendale, Sanjyot, (eds.) *Central Asia and the Caucasus: Transnationalism and Diaspora*. Routledge research in transnationalism. Routledge, London, 113-139. P.115.

- » The Ministry of National Economy should not register any organization as a non-profit company; these companies must be registered as international organizations in the Mol.
- » Accountability procedures should be introduced by the relevant authorities to review organizations that are not bound by the requirements of Palestinian law and its provisions regarding registration.
- » Prevent any organization from pursuing activities prior to registration.

This study investigates the status of international organizations by collecting and analyzing relevant information.

## Limitations of the study

This study is limited to the West Bank, international organizations, and the Charitable Associations and Community Organizations Law No. 1 2000. Organizations such as the USAID, for example, do not fall within the framework of this study on non-governmental organizations since it is an international organization working under the American government. The study refers to the law that governs the work of these organizations, which is the Charities and NGOs Law No. 1 of 2000 and its executive regulations of 2003. This law regulates the work of INGOs in Chapter VIII, Articles 34 to 36. It also specifies bodies entrusted to carry out supervision, coordination, and monitoring. On this basis, the following questions arise: Which organizations control INGOs? What procedures for supervision and accountability govern the work of INGOs in Palestine? Are they effective?

To address these questions, we need to ask the following sub-questions:

1. Which bodies hold international organizations accountable in Palestine, in theory and in practice?
2. How effective is the system of accountability in these institutions, their work, and employees?
3. How committed are INGOs to principles of transparency and integrity, in theory and in practice?
4. What are the internal procedures followed by INGOs for control and accountability?
5. What are the most important obstacles to accountability in practice?
6. How can we develop accountability?

To answer these questions, the study is divided into several sections. First, it identifies the legal framework governing the work of INGOs and the most significant legal difficulties. Second, it describes the law and status of official Palestinian institutions in relation to the work of INGOs, comparing procedures *de facto* and *de jure*. Third, it explains the principles of transparency and integrity adopted internally by INGOs. Fourth, it analyzes the status quo and makes conclusions. Fifth, it proposes recommendations based on the conclusions. Finally, a vision is presented to address problems related to this issue.

## Methodology

This study utilizes a descriptive and analytical approach. It is based on a variety of tools to gather the theoretical and field information necessary to answer the questions posed by the study as follows:

## Collection of Theoretical Scientific Data

Scientific and theoretical data were collected from several references, including books, laws, decisions, and regulations related to this topic. **Practical data were collected from sources** and direct interviews were conducted. The sample was selected using the random selection method.

## Study Population

The study population consists of a list, provided by the Mol, of 245 INGOs registered in Palestine. According to the Mol, around 45 organizations are inactive, so the actual figure is 200 organizations (attached at the end of this paper). A few INGOs are not registered and do not list their offices in the West Bank. The researcher referred to the PASSIA diary (published by the Palestinian Academic Society for the Study of International Affairs) to compare the list of organizations registered in the Mol with those recorded as INGOs in the diary. The researcher also checked the website of these organizations.

## Study Sample

The sample was selected using a simple random sample. All organizations had an equal chance of being in the study, but 10% (20 organizations) were selected and contacted. Some of the INGOs refused to give an interview, in which case, another organization was chosen by lot until the required sample was achieved. The organizations that accepted to be part of the sample are the following:

Name of the Organization	Name of the Organization	Name of the Organization
Care International Organization	Higher Education Institution	Bethlehem Bible College
Swedish Organization for Individual Relief	SOS Children's Villages	Handicap International
The Palestinian American Research Center (PARC)	Right to Play International	The Carter Center
OneVoice	The Rosa Luxemburg Stiftung	Save the Children International
The Holy Land Christian Ecumenical Foundation	The Olof Palme International Center	Red Noses International
Children's Relief Bethlehem	(CHF International (Global Communities	Islamic Relief
A M Qattan Foundation	Mapping of Mental Health & Psycho-social Support Service Providers in the (West Bank (MHPSS	Catholic Relief Services

For the government institutions that control and supervise INGOs, an interview was conducted with the Mol, the SAACB, the Anti-Corruption Commission, civil society organizations, the human rights unit in the Cabinet, and the Ministry of Foreign Affairs. Interviews were conducted with the Ministry of Justice, the Ministry of Social Affairs, and the Ministry of Health as a sample of competent ministries which supervise the greatest number of INGOs.

## Questions Posed in Interviews

A number of questions were posed to determine the level of control and transparency in INGOs. The questions attempted to examine the level of control, supervision and coordination within INGOs on two levels: the first by the Mol and relevant ministries, and the second by the parent and supervisory organization. Thus, a number of questions were directed to INGOs:

1. What is your relationship with the Mol? What forms of follow-up and supervision does the Mol employ?
  - » Do you submit reports to the Mol? Are they submitted regularly?
  - » Were you ever late in submitting a report? If yes, what were the consequences?
  - » Have you ever received comments from the Mol on your financial and administrative reports?
2. What is your relationship with the competent ministry under which your organization falls?
  - » Do you know the competent ministry to which you should report?
3. What is your relationship with ministries other than the Mol?
4. What is your relationship with the SAABC? If it requested to conduct an audit on your organization, what would be your response? Do you have any reservations about carrying out an audit?
5. What are your internal control procedures? What standards of transparency and integrity do you apply?
  - » Do you publish all your activities on your website? Do you publish your annual budget on the Internet, for example?

### 1. The legal Framework Governing the Work of INGOs

The Charitable Associations and Community Organizations Law No. 1 of 2000 is the first Palestinian law that regulates the establishment, registration and supervision of the work of NGOs. The enactment of this law was followed by executive regulations for the law by Cabinet Decision No. 9 of 2003.

This law regulates the work of organizations and foreign bodies in just five Articles (34-39) in Chapter VIII. The executive regulations allocated Title IV of Articles 24 to 35 to address the work of these organizations.

### 1.1 Discrepancies between the Charitable Associations Law and Executive Regulations:

A comparison of the provisions of the Charitable Associations and Community Organizations Law and the executive regulations can be summarized as follows:

Comparison	Charities and NGOs Law	The Executive Regulations
Articles on INGOs	Chapter VIII (34-39).	Title IV (24-35) Title II – Chapter II (7-10).
Mentioned Ministries	Mol (in all articles 34-39) Ministry of Planning and international Cooperation (Article 34).	Mol (24, 25, 28, 29, 30, 32, 33) Competent Ministry, Title II .
Authority of the ministry	<p><b>Mol (registration and follow-up):</b></p> <ol style="list-style-type: none"> <li>1. Register NGOs and seek the judgment of the Ministry of Planning and International Cooperation on the registration of the organization (Article 34).</li> <li>2. Receive correspondence regarding any amendments to the branch data</li> <li>3. Receive financial and administrative reports (Article 36)</li> <li>4. Notify NGOs if they violate the Basic Law (37)</li> <li>5. Cancel registration of NGOs (Article 37).</li> <li>6. Transfer funds of organization to local NGOs and similar bodies in case of dissolution of the NGO without mentioning the successor (Article 39)</li> </ol> <p>The Ministry of Planning and international Cooperation should give its judgement the Mol regarding registering an INGO (Article 34)</p>	<p><b>Mol (registration):</b></p> <ol style="list-style-type: none"> <li>1. Carry out procedures of registering NGOs (Articles 25, 28, 29, 30, 32, 33)</li> <li>2. Send a copy of the registration to the MoFA and the Ministry of seeking their judgment in registration of NGO</li> <li>3. Notify the Department INGOs in the Mol, the competent ministry, the MoFA and the Ministry of Planning of the registration of an INGO.</li> <li>4. Specify the competent ministry after holding discussions with the founders of the INGO</li> <li>5. Keep a record of NGOs rejected or accepted</li> </ol> <p>Ministry jurisdiction (Follow-up and Control)</p> <ol style="list-style-type: none"> <li>1. Follow-up on the work of NGOs (Article 9)</li> <li>2. Control over the work of NGOs to make sure that money is spent rationally (Article 9)</li> <li>3. Receive financial and administrative reports (Article 9)</li> <li>4. Receive notifications from NGOs on fundraising (Article 9).</li> <li>5. Keep all necessary records to follow up on NGOs</li> </ol> <p>The MoFA and the Ministry of Planning, give their judgment and recommendation to the Mol (Article 33)</p>

As shown in the Table above, there is a clear discrepancy between the law and the regulations in the articles designated to INGOs:

1. In the regulations, the competent ministry is responsible for organizations, with the exception of registration, which is the Mol's responsibility.
2. In the executive regulations, financial and administrative reports are the responsibility of the competent ministry. The Mol only keeps records of registration.
3. The Mol supervises and controls organizations. However, the executive regulations state that it is the responsibility of the competent ministry to oversee details.

The Charitable Associations and Community Organizations Law does not explain the tasks of the competent ministry in Article 31 of the chapter on foreign organizations. It states: "The relevant provisions for the competent ministry in Title 2 of these regulations (for Palestinian organizations) are applied to foreign organizations".

### What are INGOs?

The Charitable Associations and Community Organizations Law No. 1 of 2000 defines an international charity or organization in Chapter One, Article 2 as: "A foreign organization or non-governmental body whose headquarters or main activities are outside the Palestinian territories, or the majority of its members are foreigners". The same definition appears in Article 1 of Chapter One of the executive regulations. However, some provisions of the Law, namely Articles 34, 35 and 36, restrict the possibility of forming an organization as a branch of a foreign institution. Thus, the definition of an INGO became: "Any foreign non-governmental organization whose headquarters or main activities are outside the Palestinian territories". It eliminates the possibility of establishing an organization whose members are all foreigners. Based on this, a foreign organization cannot be established if the majority of its members are foreigners without being a branch of a parent organization.

The same contradiction exists in the executive regulations, particularly in Article 25, items 1 and 2. Item No. 1 allows for the establishment of an INGO in Palestine if the majority of its members are foreigners, stipulating: "Foreign organizations are ones whose headquarters are located outside the Palestinian territories, or the majority of its members are foreigners". However, Item No. 2 excludes this possibility and specifies that the organization should be a branch of the international organization. It states: "Any foreign organization that provides social services in the Palestinian territories should register with the ministry to enable it to establish branches within these territories". The definition of INGOs is delineated in Articles 25 and 26 of the executive regulations. Article 26 states that the application for registration should include "proof of registration of the INGO outside the Palestinian territories". It is not clear why this discrepancy occurs. In interviews with the Mol and the SAABC, it was evident that they define INGOs strictly. This is evident in the users' manual issued by the Mol, entitled: "Users' Guide to Branches of INGOs".



## Status of Institutional Supervision on INGOs

Palestinian official institution	Role according to the Charities and NGOs law
The Ministry of Interior	Registering, receiving reports, and notifying in case of changes in the organization. All charities and NGOs should notify the Mol of any change in the organization within a month
The competent ministry	Follow up, control, and receive financial and administrative reports .
The Ministry of Foreign Affairs	Ask for its judgment when an organization registers .
The Ministry of Planning	Ask for its judgment when an organization registers.
NGOs Unit in the Cabinet	The Cabinet decision (09/45/03/C/PA) of 2006 They follow up on the competent ministry in controlling NGOs.
The State Audit and Administrative Control Bureau	Force all NGOs to be subject to control SAACB law, Chapter VII, Article 31.
<b>The Anti-Corruption Commission</b>	Article 2/14: all INGOs are subject to the Anti-Corruption Commission according to the Anti-Corruption Law of 2010.
<b>The Ministry of Finance</b>	Receive Taxes, and the financial report according to Article 1 of Law No. 8 of 2011 on income tax.

The roles of all official Palestinian institutions will be discussed, including their role in practice and not merely legally, to pinpoint the gap between the law and practice.

### 2 -1- 1 The Ministry of Interior

The Charitable Associations and Community Organizations Law of 2000 gave the Mol an important role in controlling INGOs. The process is divided into control prior to registration and after registration.<sup>2</sup>

2. Ahmad Thabaleh, "The role of Mol in controlling charities and NGOs": A paper presented in the "NGOs and their role in combating corruption" workshop which was held in Ramallah, Palestine. P.6. 18/12/2012.

<http://www.pacc.pna.ps/ar/files/papers-studies/ahmadthabaleh%202012.pdf>

### First: Registration

The law and the executive regulations grant the Mol sole authority over the process of registering INGOs and require it to verify the registration requirements. The registration application requests the following information:<sup>3</sup>

1. The organization's name and the name of its headquarters.
2. The addresses and names of its founders and members of its Board of Directors.
3. The organization's primary objectives.
4. Names and nationalities of those responsible for the branch that will be created.
5. How the funds of the branch will be spent at its dissolution, liquidation, or withdrawal.

Article 34 of the law requests that the services of INGOs wishing to establish branches in Palestine should be compatible and consistent with the interests of Palestinians. A review of the users' manual for INGO branches, published by the General Administration for Non-Governmental Organizations and Public Affairs at the Mol,<sup>4</sup> showed that the practical measures required by the Mol from INGOs are consistent with those stipulated in the law; these requirements ensure compliance with the Charitable Associations and Community Organizations Law. The law requires a registration process and the main procedures required by the Mol for an INGO to be registered are the following:

The approved registration application by the Ministry, signed by its representatives in Palestine, appended by:

- » A copy of the charter of the parent organization translated into Arabic.
- » A copy of the registration certificate of the parent organization, translated into Arabic and authenticated by the Palestinian embassy in the organization's parent country, the MoFA, and the MOJ in Palestine.
- » An official letter from the parent organization stating its wish to establish a branch in Palestine, with the name of its representative/s in Palestine, translated into Arabic.
- » Proof of citizenship of the representative/s of the organization.
- » A brief illustration of the extent to which the organization's services and projects serve the needs of the Palestinian people.
- » A copy of the financial and administrative system used by the INGO, translated into Arabic and certified.
- » Twenty Jordanian Dinars (registration fees/stamp) paid with the application.
- » Clearance of the representative who holds Palestinian nationality from income tax.
- » A letter of commitment from the representative of the organization to respect and abide by all Palestinian laws (Charitable Associations and Community Organizations Law, Tax Law, Safety and Security Law, Labor Law).

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3. Charities and NGOs law No.1 for 2000, Article 34

4. Mol – General Administration for NGOs and Public Affairs. Users' guide to INGOs

An interview is also conducted with applicants,<sup>5</sup> which enhances the ministry's responsibility of the registration process.

## **Second: Post-Registration Control**

The Mol controls INGOs after registration. The control process takes place in different ways that can be summarized as follows:

### *The financial and Administrative System:*

No organization is allowed to commence its work without submitting its financial system to the Mol. This is linked to being granted a letter of credit. INGOs in the study confirmed that they had submitted all their financial and administrative systems to the Mol.

### Submission of a financial and administrative report:

Each organization must submit its financial and administrative report by the end of May every year. If the organization is unable to submit it for a justifiable reason, it can be given an interim letter of credit until the required reports are received. According to the Mol, only 13 organizations did not submit their financial and administrative reports in 2014.<sup>6</sup> In interviews, all the organizations confirmed their commitment to submitting financial and administrative reports, and they ensured that submission was not delayed. All the organizations interviewed submitted their reports and only two percent were delayed. Only one organization admitted having continually delayed the delivery of reports, but it always submitted them eventually in order to obtain the letter of credit, among other things.

There is a link between the submission of the report and the letter of credit. When the organizations were asked about their awareness of the consequences for not submitting reports, most of them confirmed that they did not receive any queries from the Mol about these reports. A small number of organizations indicated that they received queries from the Mol seeking clarification regarding their reports. The Mol reviews the reports and investigates issues, such as the amount of administrative expenses compared to other expenses, or if there is anything that attracts attention.<sup>7</sup> The Mol also compares the financial and administrative reports to ensure that the organization has made sound spending decisions and to check securities in the financial report.<sup>8</sup>

It can be concluded that the Mol has benefitted from the instructions of the Palestine Monetary Authority regarding the opening of accounts for local and international NGOs in banks in Pales-

5. Mol – General Administration for NGOs and Public Affairs. Users' guide to INGOs, p.2.

6. An interview with the General Administration for NGOs and Public Affairs in the Mol.

7. An interview with the General Administration for NGOs and Public Affairs in the Mol.

8. Ahmad Thabaleh, "The role of Mol in controlling charities and NGOs". A paper presented in the "NGOs and their role in combating corruption" workshop which was held in Ramallah, Palestine. P.16 -17. 18/12/2012. <http://www.pacc.pna.ps/ar/files/papers-studies/ahmadthabaleh%202012.pdf>

tine<sup>9</sup> as a form of control over INGOs. The PMA's instructions stated that documents and papers issued or certified by the Mol or the competent ministry must be provided as a condition for opening an account for NGOs. Due to failures in the role of the competent ministry, this became the task of the Mol. The PMA states that the certificate of registration of the organization, a certified charter, and any updated information should be submitted to the Mol.<sup>10</sup>

Despite the fact that the PMA's instructions are only linked to opening accounts, INGOs must renew their financial credit every year with a letter from the Mol, which cannot be received without submission of the required reports. The letter of credit serves to put pressure on INGOs to regulate their status properly. Only one percent of surveyed organizations indicated that they had been given an interim letter of credit for two or three months instead of a year due to failure to submit the financial system in Arabic, or a failure to report on changes made within the organization.

Informing the Mol of amendments: INGOs said they always informed the Mol when internal amendments or changes were implemented.

### **Role of the Competent Ministry**

The role of the competent ministry is very important in the control and supervision of INGOs. The competent ministry is the authority that understands the needs of the sector it monitors. Thus, it has an important role in coordinating and supervising the work of these organizations. When asked which ministry was responsible for supervision of their organization, the surveyed organizations stated there was no particular ministry or that the competent ministry is the Mol. In other words, these organizations do not even know which ministry is responsible for monitoring their work. This is due to two reasons: It is clear that these organizations have not reviewed the Charitable Associations and Community Organizations Law that regulates their work with the Mol; this could lead to serious problems. These institutions have become intrinsically linked to the Mol. The second reason is that the relevant department in the Mol does not designate the competent ministry within two weeks of the date of receipt of the application for registration, as stipulated in Article 7.<sup>11</sup> When questioned, the Mol confirmed that it fails to inform INGOs of the competent ministry, although it intends to do this as part of its short-term plans.<sup>12</sup> As a result, the Mol has become the competent ministry in practice.

Communication with the competent ministries does not take place regularly and systematically. The ministries do not have lists of the names of INGOs operating in the Palestinian territories and therefore, are not aware of them. This was confirmed in interviews with ministry staff, who

9. Palestine Monetary Authority. Instructions No. (8/2012) to all bank operating in Palestine. August 8, 2012.

10. Ibid

11. Article 7 of the executive regulations applies to INGOs because Article 31 of the regulations stated, "Regulations of the competent ministry in Title II apply on INGOs".

12. An interview with the General Administration for NGOs and Public Affairs in the Mol.

stated that the ministries do not have sufficient information on INGOs and do not have all the documents relating to these organizations.<sup>13</sup>

In interviews with the MoJ, MoH, and MoSA,<sup>14</sup> there was consensus on a number of issues, namely that many ministries lack a special department to supervise INGOs. If a department does exist, there are insufficient members of staff for this task, especially as staff should consist of professionals and field staff to visit INGOs.

Interviewees made a number of comments about the competent ministry, including:

1. The MoI should designate the competent ministry for each INGO.
2. The Cabinet does not perform its role of coordination. Interviewees confirmed that this unit has not held meetings or training for at least two years. Thus, coordination and liaison with the competent ministry is not taking place.

### 2.1.3 The State Audit and Administrative Control Bureau

Following review of the annual reports published by the SAACB and during interviews,<sup>15</sup> it became clear that the SAACB does not engage in any activities related to the control of INGOs. It only supervises Palestinian organizations, allocating part of its annual report to institutions and NGOs.<sup>16</sup> The SAACB also issued a report in 2013 on “The Most Common Infringements Committed by Civil Institutions and NGOs” to promote transparency and integrity. Control over local non-governmental organizations falls within the Bureau’s annual plan to investigate complaints submitted or referred to it by official institutions.<sup>17</sup> The cases selected by the SAACB for investigation only include Palestinian organizations, despite the fact that its bylaws allow it to supervise INGOs. Article 31 of the law defines the institutions under the SAACB’s jurisdiction in item No. 7, as “public institutions and civil unions, associations and federations of all kinds and levels and the like”.<sup>18</sup>

The SAACB attempted to conduct an audit process on two international organizations. In an attempt in 2011, the organization responded negatively, alleging that it was not subject to SAACB jurisdiction as a foreign organization and claiming that the law does not include branches of foreign organizations.<sup>19</sup> The second organization also refused to submit to an audit by the SAACB.

13. Interviews with officials responsible for following up on INGOs in the MOJ, MOH, and MOSA.

14. Interviews with officials responsible for following up on INGOs in the MOJ, MOH, and MOSA

15. An interview with the SAACB.

16. Refer to the SAACB’s reports. The last report was the annual report for 2014, p.194-207.

[http://www.saacb.ps/BruRpts/SaacbRPT\\_2014.pdf](http://www.saacb.ps/BruRpts/SaacbRPT_2014.pdf)

Or the following page to review all reports: <http://www.saacb.ps/rports.aspx>

17. SAACB: NGOs are not above the law and should demonstrate responsibility towards society.

<http://www.aman-palestine.org/ar/media-center/1815.html>

18. An interview with the SAACB.

19. An interview with the SAACB.

When interviewees were asked about being under the control of the SAACB, they did not object. However, they pointed out that some procedures would need to be applied. First, to receive approval from the parent organization. Second, to make sure the law applies to INGOs. Third, some organizations feared that the SAACB would be used as a political tool against INGOs, despite the fact that Article 31 of the law states that all civil organizations and associations of every type are under the control of the SAACB. This means that the SAACB should fulfill its responsibilities in this regard.

#### **2.1.4 The NGO Unit in the Cabinet**

This unit was established by a Decision (03/45/09/C/PA) in 2006. The unit coordinates between the competent ministries and works with civil organizations.

The unit aims to reform the current situation by giving a greater role to the competent ministries and it submitted a memorandum to the Secretary-General of the Cabinet on 13 September 2015, stressing the following important points:

1. The need to address capacity building and the development of the skills and expertise of employees in these institutions.
2. Create a database of all civil organizations.<sup>20</sup>

#### **2.1.5 The Anti-Corruption Commission**

INGOs are subject to the control of the Anti-Corruption Commission as stipulated in the Anti-Corruption Law of 2010 when two conditions are met. The first one is an objective condition of the existence of a suspicion of corruption. The second condition is that the person is liable under the Anti-Corruption Law (Article 2). This means that the Commission has the authority to investigate a case of suspicion and can refer the organization to the corruption prosecutors and court.<sup>21</sup> The MOI has confirmed that one INGO case was referred to the Anti-Corruption Commission.<sup>22</sup>

#### **2.1.6 The Ministry of Finance**

Some organizations referred to the role of the MoF, which requested that they submit financial and administrative reports to the ministry as stipulated in Presidential Decree No. 8 of 2011 on income tax. Most INGOs did not mention this and pointed out that they only dealt with the MoF for custom exemption issues or to obtain a letter regarding paying taxes for their employees.

#### **2.1.7 The Ministry of Foreign Affairs**

The MoI seeks the approval of the MoFA regarding the registration of new INGOs. The MoFA sends data to the Palestinian embassy in the home country of the organization. The embassy

20. NGOs and Human Rights Unit - "Status of Palestinian civil work and the importance of regulating the relationship between PNA institutions and civil society organizations". A letter to the Secretary of the Cabinet – Ali Abu Dayyak on 13 September 2015, p.1-2.

21. An interview with the Anti-Corruption Committee.

22. An interview with the General Administration for NGOs and Public Affairs in the MoI.

obtains information by contacting official institutions in the country. Based on this information, the MoFA responds to the Mol.<sup>23</sup> The MoFA should notify the foreign organization (the parent organization) that the branch is no longer operating in Palestine in order to dissolve a branch in Palestine, even though this is not stipulated in the law. According to the Mol, around 45 INGOs have ceased operations.<sup>24</sup> Problems arise when there are difficulties contacting the parent organization. The MoFA can also deliver notifications and warnings asking parent organizations to close their branches in Palestine that have ceased operations.<sup>25</sup>

## Financial and Administrative Internal Control

It was concluded from the interviews, that there are several levels of control over INGOs: Every organization has a financial system that determines the procedures followed in its work. The branch is accountable to its parent organization for violations of the financial system. Respondents confirmed that there are instructions for exchange, employment, procurement, etc. that appear in the auditor's report. In some organizations, employees can file complaints about violations directly to the parent organization without the knowledge of the employee's supervisor. The parent organization must then investigate the complaint.

Some organizations fund projects run by local Palestinian civil organizations. There must, therefore, be control over these organizations that receive funding in terms of whether they are registered<sup>26</sup> or whether they implement financial and administrative systems and control procedures. These organizations and their implementation of projects are supervised and their financial and administrative reports are also audited.

### » Regional Control

The regional office supervises organizations through regional offices to monitor local branches. The local branch submits financial and administrative reports to the regional office, holds meetings, workshops, and training regionally, and monitors financial and administrative matters. In some organizations, the executive director cannot sign any expenditure exceeding \$5,000 without the audit and approval of the regional office.

### » Control from Headquarters

Control from headquarters takes several forms:

First: Some organizations are subject to daily supervision because their expenditure is linked to the headquarters. Thus, data are controlled first hand and approval for expenditure comes from the parent organization. In other organizations, the headquarters not only controls the accounting program, but also the bank account in Palestine; it monitors what is paid in to

23. An interview with the MoFA.

24. An interview with the General Administration for NGOs and Public Affairs in the Mol.

25. The MoFA stated that it was not contacted regarding notification to headquarters of the closure of a branch.

26. One INGO refused the request of an official Palestinian institution to receive funds because it was not registered.

the accounting system with expenditure from the bank account. Some organizations confirmed almost daily contact with their headquarters.

All organizations submit reports periodically to the parent organization and reports on the implementation of projects. Most organizations stated that reports sent to the parent organization are more detailed. Some organizations send financial documents and original invoices, or copies, to the parent organization.

These organizations are subjected to an audit by the parent organization at the end of each year, in addition to the external audit conducted by an outside company on the parent organization in the form of checks on random branches.

» **Donor Control of INGOs**

Donors should be provided with detailed financial and administrative reports on the financial aid they have donated to the branch. An audit is insufficient for some donors and they send their own financial auditor to the branch. In addition, the donor may carry out an audit of the headquarters and all branch activities, in which some branches are selected randomly for checking.

» **Role of Public Institutions of the Home Country**

Some organizations receive money from taxpayers in the home country and are subject to the control of their governments. Projects that require funding are reported to the government legislative authority for approval. Following the implementation of the projects, reports are submitted to the legislative authority.

It can be concluded that each INGO is controlled on at least three levels: internal control in which the organization abides by its own financial and administrative system; control by the parent organization; and control by the donor. Such organizations receive funds from donors who take part in the supervision process. The following figure illustrates the levels of control over organizations.

Only financial and administrative reports are submitted to the MOI. Thus, not all Palestinian institutions referred to in the law carry out controls. No special reports are provided to the Palestinian beneficiaries (the target group), nor are organizations held accountable to the Palestinian community and official institutions.



## Levels of Control over INGOs



## 4. Transparency

The question arises regarding the extent to which INGOs provide Palestinians with information on their work. Is there transparency between INGOs and Palestinians? Oliver defines transparency as: "The principle that allows those affected by administrative decisions and business transactions or charitable work to know not only the political facts and statistics, but decisions made too."<sup>27</sup> To answer this question, the websites of the organizations were reviewed to check the following:

1. If the website is available in Arabic
2. If there is a separate website for the branch that provides information on all activities
3. If the organization publishes reports, the main goals, the objectives of each project, beneficiaries, structure of the organization, the salaries of employees, and the budget on its website.

27. Abdullah Al-Ghamidi, "The role of integrity and transparency in combating corruption", The scientific forum on crimes in light of regional and international variables and changes, 2-4 September 2013, p.16.

<http://repository.nauss.edu.sa/bitstream/handle/123456789/58487/%D8%AF%D9%88%D8%B1%20%D8%A7%D9%84%D9%86%D8%B2%D8%A7%D9%87%D8%A9%20%D9%88%D8%A7%D9%84%D8%B4%D9%81%D8%A7%D9%81%D9%8A%D8%A9%20%D9%81%D9%8A%20%D9%85%D8%AD%D8%A7%D8%B1%D8%A8%D8%A9%20%D8%A7%D9%84%D9%81%D8%B3%D8%A7%D8%AF.pdf?sequence=1>

The following table shows the answers to these questions:

Organization	Website language	Website	Activities – Budget
OneVoice	Arabic, English, Hebrew	Separate from the parent organization's website.	Photos of activities, but no archive of them nor a budget.
Caritas	The website of the hospital is in Arabic and English. The website of the organization is in Italian, English, and German.	The website of the hospital is linked to the parent organization in Switzerland.	Activities on the website of the organization not the hospital. No budget.
Mapping of Mental Health & Psychosocial Support Service Providers in the West Bank (MHPSS)	Dutch	Parent organization's website.	
Right to Play International	English	Parent organization's website.	News and press releases in English. Data and financial reports until 2013 for the whole organization.
SOS	Arabic, English	Linked to the parent organization's website.	Activities and programs, but no budget.
A M Qattan	Arabic, English		Activities, programs, the annual report including financial data.
Palestinian Studies	Arabic, English	Parent organization's website.	Activities.
Save the Children International	English	Linked to the parent organization's website. (Page on Palestine cannot be reached) .	Financial and administrative report, news, and activities for the whole organization.
Islamic Relief	Arabic, English	Linked to the parent organization's website.	Activities, no budget.
Global Communities (CHF International)	Arabic, English	Separate from the parent organization's website.	Activities and programs, 2014 financial report, the registration application for the MOI.

Organization	Website language	Website	Activities – Budget
The Rosa Luxemburg Stiftung	Arabic, English	Separate from the parent organization's website.	Publications and programs. No activities or budget.
Bethlehem Bible College	Arabic, English, Spanish, Portuguese		News on activities of the organization. No budget.
Red Noses International (No website) <a href="http://www.rednosedspalestine.com">http://www.rednosedspalestine.com</a>			
The Holy Land Christian Ecumenical Foundation	English		News on activities, press releases, budget.
Soir <a href="http://global.manniskohjalp.se">http://global.manniskohjalp.se</a>	English	Parent organization's website.	Activities and annual report for the whole organization.
The Olof Palme International Center <a href="http://www.palmecenter.se/en/about-palmecentret/">http://www.palmecenter.se/en/about-palmecentret/</a>		Parent organization's website.	A 2013 report on activities in Palestine.
Handicap International <a href="http://www.handicap-international.org/">http://www.handicap-international.org/</a>	English	Parent organization's website .	Activities, news, press releases, annual reports.
The Carter Center	English	Parent organization's website.	Financial report, press releases on activities of the whole organization, financial data.
Catholic Relief Services <a href="http://www.crs.org/">http://www.crs.org/</a>	English, Spanish	Parent organization's website.	Programs ,activities, annual and financial reports.
Universal education <a href="http://www.uef-eba.org">http://www.uef-eba.org</a>	Website does not work		
Care international <a href="http://www.carewbg.org">http://www.carewbg.org</a>	English	Parent organization's website.	Financial and administrative reports in Arabic. Programs of the organization are available.

The table above shows that approximately half the websites were not in Arabic. In addition, half of the organizations are dependent primarily on the website of the parent organization, which does not include information in Arabic. This hinders Palestinians from tracking activities, programs, and reports published by these organizations.

Only one quarter of the sample published all their activities, programs, and annual reports, including administrative and financial information.

Competent ministries do not have sufficient staff and are not trained properly. To introduce changes, there should be a clear plan for the procedures in dealing with INGOs. A technical committee was formed based on a Cabinet Decision on 7 July 2015 to supervise the work of NGOs at the competent ministry, but this does not appear to resolve the issue of INGOs.

## 5.1 Outcomes

### **The study reached the following conclusions:**

1. The Mol and competent ministries lack human and logistical resources to supervise INGOs. The main points on this issue can be summarized as follows:
  - » The Mol has few employees who supervise INGOs, but they do their tasks effectively. The number of staff in the Mol should be increased to help to expand work. There is, for example, a financial auditor for all civil and local organizations.
  - » The volume of work requires a specialist financial auditor and a legal consultant for the INGOs department in the Mol.
  - » The structure of some competent ministries indicates an atmosphere not conducive to supervision for several reasons:

First, the absence of a special unit for INGOs in all ministries. INGOs are often the responsibility of another department and cases are handled according to priority within the ministry, which means there is no permanent and ongoing monitoring.

Second, in some ministries, even if a unit exists, there are insufficient human and logistical resources to perform the job.

2. The competent ministry assigned to supervise the work of organizations according to the executive regulations is absent. A competent ministry that does not exist in law but features strongly in the executive regulations is actually non-existent because law takes precedence over regulations and does not grant jurisdiction to the competent ministry. Ministries have not attempted to exploit the authority granted by the regulations, possibly due to the first point made in the conclusions of inadequate human and logistical capabilities. As a result, the Mol has assumed all authorities regarding INGOs. Meanwhile, INGOs do not know which ministry hold responsibility for them because they are not advised of this by the Mol, as the

law requests, further sidelining these ministries. This could make it more difficult to introduce changes in the handling of INGOs. Interviews showed that INGOs prefer to deal with fewer official Palestinian institutions and they consider that their relationship with the Mol is adequate.

3. Coordination between official Palestinian institutions regarding the control and supervision of INGOs is very low and each institution works independently. Although there is some level of coordination, coordination between the Mol, the competent ministries, and the SAACB is absent.
4. The Mol has enhanced its work and tightened its control over INGOs. One indicator shows a rise in the number of registered INGOs from 145 in 2010 to 245 in 2015. This increase was not only due to the work of the MOI. Some organizations were forced to register in order to receive funding from parties that required that the organization be registered.
5. A comparison of the Mol list of INGOS and those listed in the PASSIA diary revealed that a number of INGOs are apparently not registered, apart from those operating in Jerusalem. The following is a list of organizations that are not registered. The MOI promised to investigate organizations that had still not registered.
  1. DAAD- Ramallah
  2. Hagar Center- Nablus
  3. Hanna Seidel Stiftung –Jenin
  4. Konrad Adenauer Stiftung – Ramallah
  5. Les enfants, le jeu et l'éducation - Bethlehem
  6. Medical Aid for Palestinians - Ramallah
  7. Amideast-American Mideast Educational and Training
  8. Christian Peacemaker team- Hebron
  9. Human Appeal International- Jenin
  10. International Solidarity Movement
  11. International Women's Peace Service- Salfit
  12. Arab Student Aid International
6. Organizations registered in Jerusalem that assist organizations in the Palestinian territories are not being forced to register as the MOI is aware that these organizations cannot be supervised. There should be a way to force these organizations to register, especially as many of them operate only in the Palestinian territories. There is no control or supervision of these organizations in Jerusalem and they are merely required to pay taxes and other fees levied on them.

7. The MoI is applying new control procedures while benefiting from conditions imposed by other official institutions that encourage the responsiveness of INGOs to the ministry's requirements.
8. The SAACB does not supervise INGOs in spite of its legal authority to do so. Auditing is performed on Palestinian organizations but not foreign ones, which is unfair. Some INGOs can be checked by the SAACB because they have higher budgets and the risks are greater in their case. The SAACB uses this criteria to select its sample for investigation.
9. Most INGOs interviewed did not have a separate website and did not publish their budgets.

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## Recommendations

1. Existing legal discrepancies should be resolved, but this alone is not enough because the problem is not merely a legal one.
2. Relevant ministries should perform the role assigned to them in the executive regulations. Each ministry should have a unit with dedicated staff whose task is to monitor INGOs. The number of staff in each unit should match the number of INGOs registered under that specific ministry. For example, the MOSA, which is responsible for a large number of INGOs, must have adequate employees to supervise all INGOs. A legal officer and an auditor must also be included in the staff to supervise and coordinate with these organizations in each ministry.
3. The SAACB should include the oversight of INGOs in its strategy.
4. Coordination between PNA institutions should be put into practice. Ministries and governmental institutions should have a unified database for the supervision of the work of INGOs. This idea has been proposed and discussed, but has not yet been implemented.
5. The Mol should address unregistered INGOs; all INGOs should be registered. Staff should be available at the Mol to perform oversight and a financial auditor and a legal adviser should be available in the unit.
6. INGOs in Jerusalem that serve Palestinians should be encouraged to register as lack of registration precludes any form of supervision. For example, work can be conducted with AIDA to encourage its members to register.
7. INGOs should be obliged to have a separate Arabic website from that of the parent organization. Organizations should publish their budgets and administrative reports on their website.
8. The SAACB should train staff and experts to monitor INGOs; this requires a high level of expertise in auditing.
9. The competent ministries should improve their human and logistical resources. Coordination and exchange of information between official institutions entrusted with the oversight of INGOs should also be increased, given the statements by INGOs on the lack of coordination and reporting between PNA institutions. INGOs raised questions about why they should keep submitting the same documents to different ministries when there should be an exchange of information between ministries. A common database for all government institutions would exempt INGOs from reporting to several bodies and would ensure that data are updated by the competent institution.

