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Policy Brief

Preparing a Citizens' Budget in Palestine

2022



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Preparing Citizens' Budget in Palestine

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This policy brief paper was derived from a policy paper prepared by the Palestine Economic Policy Research Institute (MAS) for the benefit of the Ministry of Finance (MoF) as part of the Transparency, Evidence, and Accountability (TEA) Program, implemented by the United Nations Development Program (UNDP) and funded by the Foreign, Commonwealth & Development Office (FCDO).

1. Introduction

A legislative vacuum currently exists in the Palestinian territories, primarily due to the fact that the Legislative Council ceased to function in 2007 as a result of divisions. This situation effectively means that there is a weakness (indeed, an almost complete absence) in participatory and societal oversight of the financial performance of the Palestinian National Authority (PNA). There is a need for a participatory formula in which both government and citizens converse (through civil-society institutions concerned with dialogue, governance, oversight, and transparency) in order to guarantee citizens' rights to know the sources of funding and spending for public money and to participate in formulating future spending directions and priorities, in association with relevant governmental and local authorities.

The importance of the "citizens' budget" is based on the premise that it is one of the documents that should be published in conjunction with the announcement of the general budget (or the decision to adopt the general budget). It is a simple tool for educating citizens and raising their awareness on public revenues, expenditures, and sources of funding. It is also an important method for involving citizens in formulating spending priorities for the coming years. This applies to each of the various responsible agencies: central government and local authorities, in order to enhance citizens' confidence in their work. Herein lies the purpose of this study: to highlight best practices adopted globally in the field of preparing citizens' budgets compared to current practices in Palestine. The analysis presents a set of recommendations and policies that will help to develop and sustain a citizens' budget, making it a participatory tool between citizens, governmental units and local authorities in preparing and formulating public policies and spending priorities that complement prevailing development needs.

2. Assessment of the Citizens' Budget in Palestine and its Conformity with Best Practices

Prior to the approval of the general budget for 2011, the civil-society team concerned with budget transparency submitted a proposal to the Minister of Finance to adopt and issue a citizens' budget. The Minister issued instructions to this effect, and in cooperation with the civil-society team, a citizens' budget was issued for the first time in Palestine in 2011 (AMAN Coalition, 2016). This was followed by the intermittent issuance of citizens' budgets by the Ministry of Finance, as well as other ministries (Ministry of Social Development, Ministry of Education and Higher Education, Ministry of Local Government, Ministry of Health, Ministry of Labor) and local authorities (Hawara, Bani Naim, Qabatiya, Tarqumiya, Halhul, Silat Al Dhaher), in partnership with the AMAN Coalition, al-Miftah Foundation, and ARIJ.

In order to evaluate and enhance the quality of these publications, the research team reviewed global best practices agreed upon by numerous studies and international organizations. The most prominent studies were prepared by the Organization for Economic Cooperation and Development (OECD) and the International Budget Partnership. In the absence of a globally unified formula, form, or structure for issuing citizens' budgets, the best practices outlined in these documents can be utilized to prepare a general framework to guide the process of developing and evaluating citizens' budgets in Palestine. Based on the above, Table 1 summarizes performance indicators according to best practices that ought to be taken into consideration when preparing a citizens' budget in Palestine:

Table 1: Performance Indicators Concerning Best Practices for Citizens' Budgets

Indicator	Description
1. Introduction	<p>This includes:</p> <ul style="list-style-type: none"> • Phases in preparing the citizens' budget. • The purpose of the publication. • Presentation of objectives, trends, and economic expectations, as well as a comparison of anticipated budget results for the current year with the previous year's budget. • Discussion of the primary financial risks that the country (or responsible authority) may be exposed to, as a result of economic fluctuations and changes.
2. Comprehensiveness and transparency	<p>This cover:</p> <ul style="list-style-type: none"> • Macroeconomic indicators and forecasts (economic growth, inflation, unemployment). • Items and sources of non-tax revenues, direct and indirect taxes. • Segmental (functional) or administrative division of expenditures (according to responsible authority). • Surplus or deficit and sources of financing. • Public debt.
3. Social protection and gender responsiveness	<ul style="list-style-type: none"> • Summary of direct support programs for individuals and allocations for the social sector. • Summary of direct commodity purchase programs. • Summary of job creation and economic empowerment programs. • The extent of the budget's gender responsiveness
4. Outreach and accessibility	<p>The extent of the success of advertising tools in reaching citizens at the right time, through:</p> <ul style="list-style-type: none"> • Press conferences and the official page of the Ministry on the Internet. • Social media. • Schools and universities. • TV coverage.
5. Participation, priorities, and feedback	<ul style="list-style-type: none"> • The extent to which citizens are involved in setting public spending priorities through: <ul style="list-style-type: none"> - Non-governmental organizations - Representative bodies of federations, unions, and associations. • Identification of citizens' communication and feedback mechanisms. • Responding to suggestions and observations received from citizens.
6. Continuity and regularity	<p>Within comparable time series that can be monitored.</p>
7. Timing	<p>In conjunction with the presentation of the draft general budget to the Legislative Council (and in conjunction with the approval of the budget for local authorities by its members, before submitting it for approval by the Minister of Local Government).</p>
8. Clarity	<p>The ability of citizens to read and understand various financial figures and terms.</p>
9. Commitment	<p>A summary of the deviations of actual revenues and expenditures from the approved budget for previous years.</p>
10. Issuing authority	<p>Ministry of Finance - Government units - Legislative Council – civil-society institutions - local bodies.</p>

The research team prepared detailed tables to measure each of these performance indicators separately. Each table tracked the extent to which citizens' budgets issued by responsible authorities complied with the requirements of performance indicators, whether at the level of central government (Ministry of Finance), other ministries, or local authorities.

3. Results and Recommendations

This study reaches numerous findings and recommendations to enhance budget transparency, as well as citizens' right to access information and their right to participate in defining and prioritizing public spending drives. This is facilitated through the development of citizens' budgets at the levels of the central government, responsible budgetary units, and local authorities. Results and recommendations are as follows:

3.1 Results

Citizens' budgets issued by PNA central government fulfilled many of the best-practice requirements detailed in performance indicators (see Introduction), except for financial risks to which the State may be exposed when preparing and publishing citizens' budgets.

- All citizens' budgets adopted by local authorities fulfilled all requirements detailed in the "comprehensiveness and transparency" performance indicator. Citizens' budgets issued by the central government fulfilled most of the requirements within the same performance indicator.
- All versions of citizens' budgets issued by the ministries of Social Development and Education/ Higher Education covered all items in the "social protection and gender responsiveness" performance indicator. The "job creation and economic empowerment programs" sub-indicator was not fulfilled in the citizens' budget issued by local authorities, due to the lack of approval for this kind of program within the general budgets of local authorities.
- Not all citizens' budgets fulfilled the requirements of the "timing" and "continuity and regularity" performance indicators, as not all citizens' budgets were published in conjunction with the presentation of the draft general budget to the Legislative Council or representative bodies, or in conjunction with approving the budgets of local authorities by the Minister of Local Government. Moreover, budgets were not published within a comparable time series, and no summary of the deviations of actual revenues and expenditures from previous years' budgets was detailed, except in some citizens' budgets issued by the central government (limited to net lending). As for the "clarity" performance indicator, all citizens' budgets clarified terms and concepts that helped citizens to understand budget contents.
- Not all citizens' budgets fulfilled the requirements of the "representative bodies of federations, unions, and associations" sub-indicator, as the process of preparing all citizens' budgets was limited to the participation of some civil-society institutions, but did not include others such as unions, federations, and associations.
- Conversely, all citizens' budgets committed to achieving the second sub-indicator in that same performance indicator, by identifying mechanisms for citizens' communications and feedback (except for the 2016 and 2017 budgets of the Ministry of Finance and the 2016 budget of the Ministry of Social Development).
- Not all citizens' budgets were committed to achieving the "outreach and accessibility" performance indicator (specifically the outreach component), as the process of publishing most versions of citizens' budgets was limited to some official information releases by the central government, responsible units, and local authorities. Moreover, the process of publishing these was limited to various Facebook pages and electronic news outlets.

3.2 Recommendations and Suggested Policies

- Providing a legal basis for issuing citizens' budgets (within the law regulating the general budget and financial affairs, and/or within the financial system of ministries and public institutions).
- Providing administrative capacity in terms of hiring, training, and qualifying employees charged with preparing citizens' budgets at ministries and local authorities, specifically targeting budget departmental staff at responsible units.
- Strengthening cooperation and coordination between responsible units and relevant donors, in order to:
 - Develop programs and websites dedicated to publishing, analyzing, and studying citizens' budgets.
 - Drafting manuals for preparing, publishing, and introducing citizens' budgets.
 - Providing a special observatory to follow up, study and analyze budgets, raising special recommendations for the development of policies and mechanisms for managing citizens' budgets across all government institutions.
- Adopting a representative advisory council comprised of all segments of society (in the absence of the Legislative Council) and including relevant non-governmental organizations, unions, associations, parties, and competent academics, to whom the draft citizens' budget is presented before the process of publishing the general budget.
- Publishing the citizens' draft budget in conjunction with the presentation of the draft general budget to the Legislative Council or the "Consultative Council" (and in conjunction with approving the budgets of local authorities by the Minister of Local Government). This is in order to provide citizens and representative bodies with the opportunity to review details and priorities stated in the financial policies of the State or the municipal council, and to participate in any such proposals.
- Systematic and studied awareness of the definition and dissemination of the citizens' budget through:
 - Publishing the citizens' budget documents for the benefit of targeted community groups, focusing on their publication at Palestinian universities and schools, as they are part of these groups. There is also the need to open an extensive discussion about proposed mechanisms to spread financial awareness among students, whether through curricular and academic requirements, or through awareness-raising and educational lectures, or publications, posters, and social networking sites.
 - Covering all issues of the citizens' budget with an official press conference, and publishing these on various official pages at responsible units, local authorities, and central government.
 - Increasing the level of media coverage of citizens' budgets, by publishing these on various media and social networking sites.
- Focusing on the importance of completing citizens' budgets at all local authorities, as this is the first step and nucleus towards increasing societal awareness about citizens' financial rights while enhancing their ability to participate in formulating public spending priorities.
- Increased importance should be paid to each of the following categories:
 - Women: Clarify programs concerned with employing and empowering women economically, while achieving equality between men and women in various areas of life. This includes empowering women in the labor market, improving their access to decision-making positions, as well as enhancing the health and educational services provided to them.
 - Disabled: Financial allocations and programs concerned with the disabled contribute to improving opportunities for their social integration, by creating and adapting infrastructure, raising the rate of their enrollment in education, and providing them with job opportunities, as well as rehabilitation and social services.
 - Residents in Area C or "Behind the Wall": Enhancing access to education, information, and various services. Clarifying programs that enhance their resilience in light of repeated violations and attacks, by improving relief aid and development assistance allocated to them, which contributes to keeping them on their land.

