



**COMPARATIVE ACTUAL SPENDING REPORT FOR MINISTRY
OF SOCIAL DEVELOPMENT
INCLUDING THE FOUNDATION FOR THE CARE OF THE
FAMILIES OF MARTYRS
2022-2023**

In accordance with the 2023 Ministry of Finance actual spending report, actual expenditures allocated to the Ministry of Social Development (including the Foundation for the care of the families of martyrs) were ILS1,055.0 million of a total ILS17,870.5 million from overall actual spending in the 2023 budget, or 5.9% of overall expenditures. [1]

According to the 2022 annual actual spending report by the Ministry of Finance, actual spending allocated to the Ministry of Social Development (including the Foundation for the care of the families of martyrs) was ILS 1,005.3 million of NIS16,197.6 million of the 2022 overall annual actual spending from the public budget, or 6.2% of overall expenditures. [2]

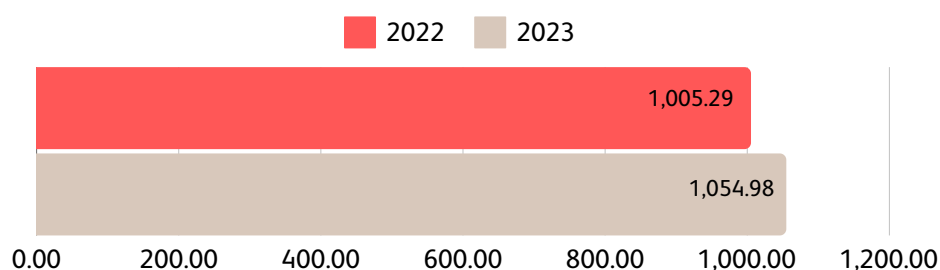
The table below illustrates comparative figures for annual actual spending items for 2022-2023 for the Ministry of Social Development:

Comparative annual actual spending for 2022-2023 for the Ministry of Social Development/million shekels

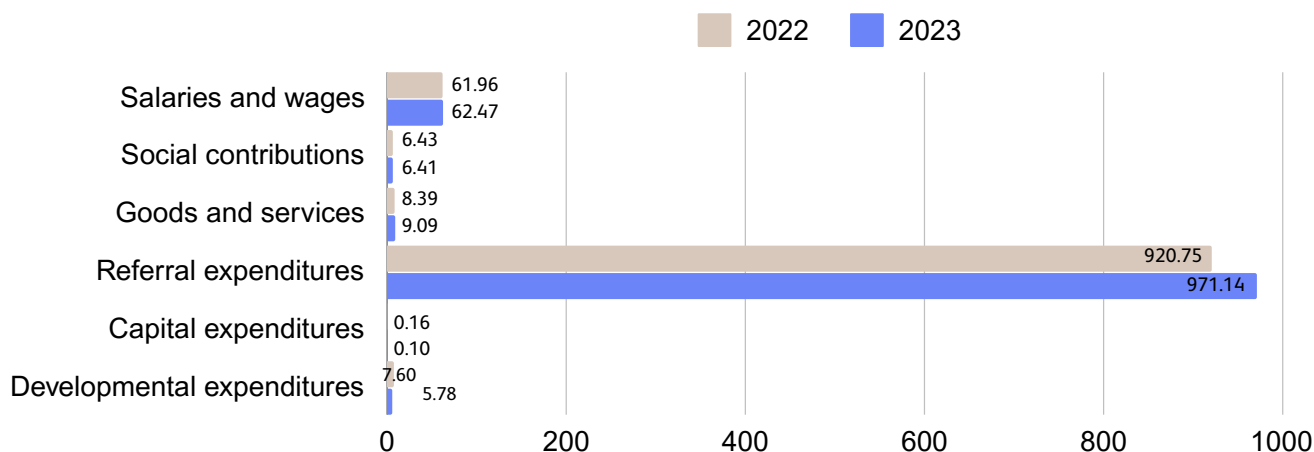
Item	2022 actual spending/million shekels	2023 actual spending/million shekels	2022/2023 comparison
Salaries and wages	61.96	62.47	100.82%
Social contributions	6.43	6.41	99.59%
Goods and services	8.39	9.09	108.29%
Referral expenditures	920.75	971.14	105.47%
Capital expenditures	0.16	0.10	61.90%
Developmental expenditures	7.60	5.78	76.01%
Total	1,005.29	1,054.98	104.94%

Note: the abovementioned figures are on an accrual basis

Comparative annual actual spending for 2022-2023 for the Ministry of Social Development/million shekels

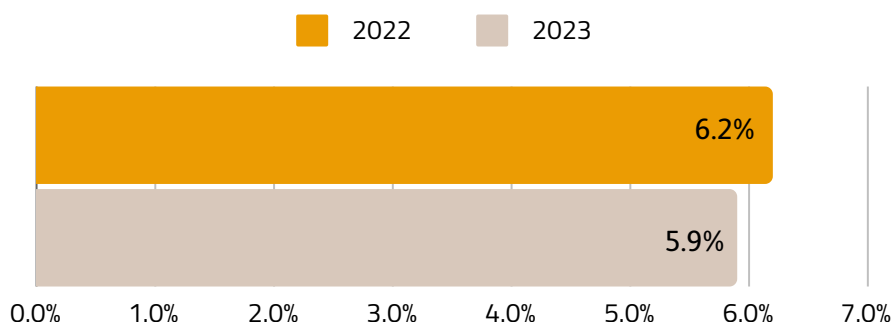


Comparative annual actual spending for 2022-2023 for the Ministry of Social Development according to item/million shekels

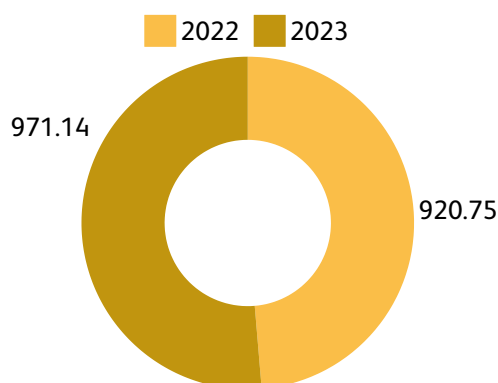


The above-mentioned figures represent the actual expenditures indicated by the Ministry of Finance's official reports. These amounts do not include community-funded expenditures or projects that are funded through direct bilateral agreements between partners and targeted ministries.

Diagram illustrating percentage of comparative annual actual spending for the Ministry of Local Government from the overall public expenditures for 2022/2023

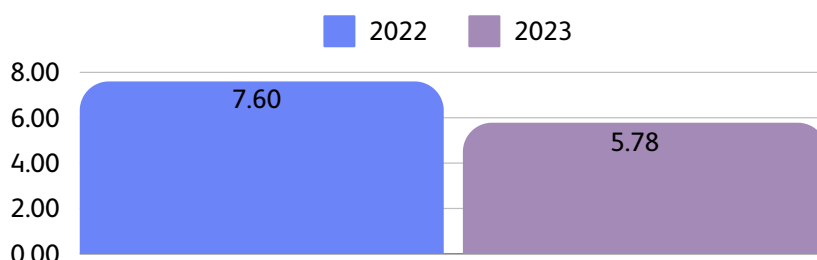


Comparative annual actual spending in 2022-2023 on referral expenditures at the Ministry of Social Development/million shekels



Referral expenditures include transfers to poor families as part of the CTP (cash transfer program)

Comparison of annual actual spending for 2022-2023 on developmental expenditures at the Ministry of Social Development/million shekels



The Ministry of Social Development leads social work in Palestine. It is the party mandated by law to enforce the rights of vulnerable and marginalized sectors (women/children/the elderly/special needs). Nevertheless, its budget remains low and actual spending is still below the budget earmarked for the Ministry of Social Development. In 2023, spending on the Ministry of Social Development decreased out of the overall public expenditures. The budget earmarked for the program for the protection of vulnerable and marginalized sectors is still limited, not exceeding 6.5% of the Ministry of Social Development's budget. Furthermore, actual spending on the poverty alleviation program is also below the planned spending, whereby the value and number of cash installments to poor families since 2018 has decreased and no payments have been made to them even before the Israeli genocide on Gaza in October, 2023. Throughout 2023, only two installments were disbursed, one at minimum value. Moreover, developmental expenditures are still limited and partial, which has negatively impacted the Ministry's programs pertaining to the protection of poor and marginalized sectors, economic empowerment and alleviation of poverty programs. It also negatively impacted the enforcement of social justice and the level of the government's interest in poor and marginalized sectors.

Analysis of annual comparative actual spending figures for the Ministry of Social Development, 2022-2023:

1. Annual actual comparative spending for the Ministry of Social Development in 2023 was slightly higher than in 2022, but not exceeding 5.8% over the 2022 actual spending, by a quantitative increase of ILS49.7 million, in spite of the overall increase of expenditures in the public budget.
2. The percentage of actual spending on the Ministry of Social Development in 2023 was 5.9% of the overall public expenditures in Palestine, whereby in 2022 it was 6.2%. Hence, there was a setback in spending in 2023 compared to 2022 from overall public expenditures.
3. The main item in the budget of the Ministry of Social Development is 'referral expenditures' which includes cash assistance. Actual spending on this item was ILS971.14 million in 2023, compared to ILS920.75 million in 2022, at a limited increase of 5.5%. Nevertheless, due payments were not disbursed as planned.
4. Actual spending on salaries and wages and operational expenditures in 2023 was slightly higher than in 2022.
5. Developmental expenditures at the Ministry of Social Development were low, ILS7.60 million in 2022, dropping even further in 2023 to ILS5.78 million. These limited developmental expenditures do not coincide with the Ministry's shift from social affairs to social development, which requires developmental programs for improving services provided to targeted sectors (women, children, the elderly and special needs persons).

Conclusion:

It should be noted from the analysis of the comparative actual spending for 2022-2023 that actual spending on the Ministry of Social Development in 2023 was slightly higher than in 2022. Meanwhile, spending on the Ministry of Social Development from overall public expenditures, dropped with continued cuts to payments to poor families as part of the CTP. This affected the financial and social security of these families, already largely marginalized in Palestinian society, about 76% of whom are in the Gaza Strip. Furthermore, the developmental expenditures earmarked for the Ministry of Social Development also decreased, which had an impact on the far-reaching work of the Ministry and its responsibility for the social protection program in Palestine, especially in relation to vulnerable and marginalized sectors (women, children, special-needs and the elderly). This requires higher budgets and bigger actual spending.

Important Terms:

Expenditures: Includes current as well as capital and developmental expenditures

Current expenditures: Includes salaries, wages, social contributions, operational and transfer expenditures

Salaries and wages: Salaries and wages of Ministry employees

Social contributions: Represents the government's contribution to the General Pension and Social Security Authority for pensioners

Operational costs for "commodities and services": the necessary expenditures for the operation of the public institution, i.e. the Ministry (building rentals, electricity, water, fuel, etc.). They include Medical referrals at the Ministry of Health and the purchase of medicines and are part of the current expenditures.

Transfer expenditures: are the expenditures paid by the government to different societal segments through a public institution for the benefit of a third party (such as payments to assist the poor or to martyrs' families).

Capital expenditures: includes the possession of capital assets (buildings, land, equipment, vehicles, etc.)

Developmental expenditures: are expenditures which have a nature that is different from current expenditures in terms of their useful life and the return from expenditures, whereas their useful life and the return/yield extend beyond one year.

Cash-basis: The method which financial and accounting transactions are conducted upon cash payment of cash receipt, i.e. it focuses on cash flow activity whereby financial operations are not registered in the books until after collection or the cash payment of the due amount is paid.

Accrual basis: The method in which data and accounting in transactions are registered on the date of the occurrence irrespective of cash payment or receipt.

[1] Cumulative actual spending report for December 2023, released by the Ministry of Finance on January 27, 2024, Table (5b)

[1] Cumulative actual spending report for December 2022, released by the Ministry of Finance on January 29, 2023, Table (5b)