



Facts and Figures Sheet

Concerning

The Budget of the Ministry of Social Development and Allowances for the Poor

**Prepared by:
Mu'ayad Afaneh**

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Introduction

The First Goal of the “Sustainable Development Goals (SDGs) for 2030” included the eradication of poverty and its Second Goal included the ending of hunger.¹ Also, National Priority 7 of the National Policy Agenda of 2017-2022 emphasized “Social Justice and the Rule of Law”, and this agenda adopted a number of national policies such as the reduction of poverty and the provision of social protection to vulnerable and marginalized groups.² The Ministry of Social Development is the leader of the Social Development sector in Palestine and a main provider of social protection through assistance and social services.³ The Ministry also adopted a Palestinian approach to Social Development which is the process of societal change that focuses on empowering the community and its households, individuals and organizations; providing social protection and basic services to impoverished families to enable them to enjoy a dignified life; providing suitable job opportunities; and supporting and enhancing the economic, social and political inclusion of marginalized segments; and particularly the children, girls, women, the disabled, the elderly, youth, and the inhabitants of marginalized areas.⁴

Strategic Vision and Field of Action of the Ministry of Social Development

The Ministry of Social Development provides social protection through its various programs which adopt the rights-based approach in a way that guarantees transparency and justice in order to strengthen the steadfastness of the Palestinian citizens. The Ministry’s Vision stipulates “A resilient, cohesive, solidary, productive and innovative Palestinian society that provides dignified life for all its members, unleashes their potentials and believes in rights, equality, justice, partnership and inclusivity”.⁵

The responsibilities of the Ministry include combating poverty in Palestine and the elimination of all forms of marginalization, violence and social exclusion. Also, it is the only official body responsible for persons with disabilities in accordance with Law Number (4) for the Year 1999 Concerning the Rights of the Disabled⁶, as well as the protection of children in line with the Palestinian Child Law No. 7 for the Year 2004⁷. The Ministry also plays a pivotal role in a number

¹ Sustainable Development Goals for 2030, www.un.org/sustainabledevelopment/ar/sustainable-development-goals/

² National Policy Agenda 2017-2022 [p. 38 of the Arabic version]

³ Social Development Sector Strategy 2017-2022 [page 10 of the Arabic version]

⁴ [Arabic source] دليل إعداد موازنة المواطن في وزارة التنمية الاجتماعية، ص 10.

⁵ Social Development Sector Strategy 2017-2022 (p. 40 of the Arabic version)

⁶ Law Number 4 for the Year 1999 Concerning the Rights of the Disabled, Article 1

⁷ Palestinian Child Law No. 7 for the Year 2004, Article 50.

of vital issues which are directly related to the most vulnerable and marginalized groups of the Palestinian society, such as battered women, widows, the elderly, orphans, juveniles, and the youth.

Amidst the extraordinary situation witnessed by the Palestinian people as a result of the Israeli occupation and its ramifications (and especially in the Gaza Strip where people are suffering from devastating wars and a suffocating siege), a fragile economic reality has ensued. This made it difficult to match the economic growth rates of other world countries.

The unemployment and poverty rates in Palestine, which are considered important indicators of the economic situation, showed that the poverty rate in Palestine at the end of 2017 was 29.2%,⁸ whereas the poverty rate in the 1st Quarter of 2018 (Q1/2018) was 30.2%.⁹ This calls for increased efforts by the Ministry of Social Development to confront the challenges related to combating and reducing poverty.

Budget of the Ministry of Social Development:

Due to the work scope of the Ministry of Social Development and its direct contact with the largest segment of citizens inside the Palestinian society (and especially the poorest and most marginalized groups), its allocated budget must undoubtedly match the great needs that have been identified. After analyzing the budget of the Ministry of Social Development and its related financial reports, it was seen that there is an initial defect which has been accumulating over the years; namely the mixing of the center of responsibility of the Ministry of Social Development with the center of responsibility of the institution supporting the families of martyrs, and the two centers of responsibility were both classified under “the Ministry of Social Development/Affairs”. This led to inflating the center of responsibility budget of the Ministry of Social Development in a misleading and untruthful manner because there was no separation between its actual expenditures and the expenditures of the institution supporting the families of martyrs. This was seen as a hindrance to the scientific analysis of the actual expenditures incurred by the Ministry of Social Development with regard to its targeted segments. After analyzing the General Budget data of three years (2016, 2017 and 2018), the allocated budgets of the Ministry of Social Development were seen as follows:-

⁸ Poverty Profile in Palestine, 2017, Palestinian Central Bureau of Statistics (PCBS)

⁹ Labour Force Survey (January-March, 2018) Round (Q1/2018), Palestinian Central Bureau of Statistics:

Arabic Version: <http://www.pcbs.gov.ps/postar.aspx?lang=ar&ItemID=3134>. The results of the Survey are shown in English in the following site: http://www.pcbs.gov.ps/portals/pcbs/PressRelease/Press_En_8-5-2018-LF-en.PDF

Table (1)

Budget of the Ministry of Social Development and its Percentage from the Overall Expenditures of 2016, 2017 and 2018 (in Shekels)

Year	Ministry of Social Development Budget	Overall Expenditures	Percentage of the Ministry of Social Development Budget
2016	839,636,000	¹⁰ 14,762,121,000	5.69%
2017	827,381,000	¹¹ 16,290,604,000	5.08%
2018	841,780,000	¹² 16,559,061,000	5.08%

Figure (1)

The Ministry of Social Development Budget for 2016, 2017 and 2018 (in Shekels)

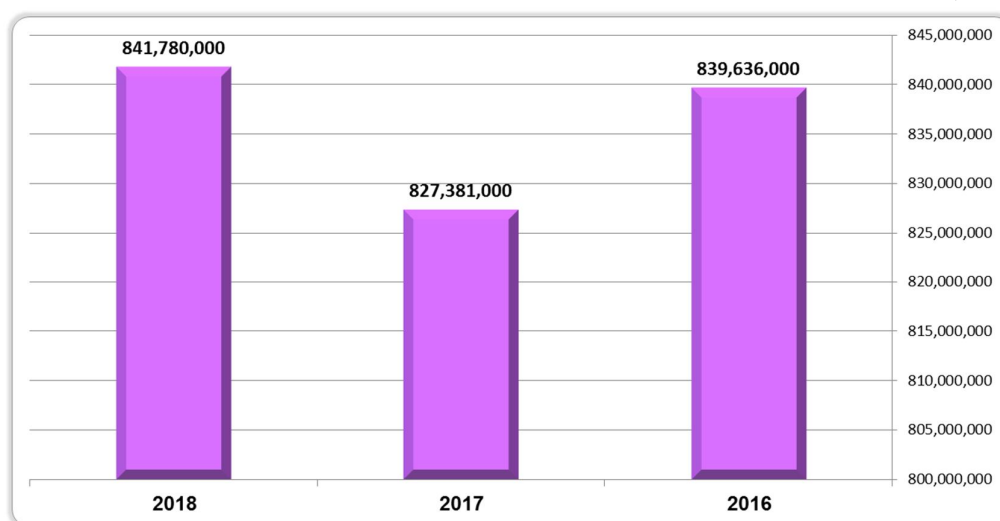


Table (1) and Figure (1) show that the percentage of the budget of the Ministry of Social Development from the Overall Budget decreased slightly in 2017 in comparison to 2016. However, this percentage remained the same in 2018 despite that the overall amount increased slightly. The below-mentioned Table (2) analyzes the structure of the Ministry of Social Development budget based on its different cost items in the years 2016, 2017 and 2018, respectively. However, it should be noted that there is a funding gap between the financial limitations which were identified in the Strategic Plan of the Ministry of Social Development for implementing the Ministry's programs from one side, and the

¹⁰ [Arabic source] كتاب الموازنة العامة 2016، الصادر عن وزارة المالية والتخطيط، ص 24.

¹¹ [Arabic source] كتاب الموازنة العامة 2017، الصادر عن وزارة المالية والتخطيط، ص 25.

¹² [Arabic source] كتاب الموازنة العامة 2018، الصادر عن وزارة المالية والتخطيط، ص 30.

actually-given financial ceilings from another side. This gap was approximately 80 million Israeli Shekels in the years 2017-2019¹³.

Table (2)
Analysis of the Structure of the Ministry of Social Development and its
Various Cost Items in the Years 2016, 2017 and 2018 (in Shekels)

Year	Salaries & Wages	Social Contributions	Operational Expenditures	Transfer Expenditures	Capital Expenditures	Developmental Expenditures	Total
¹⁴ 2016	55,641,000	5,445,000	9,817,000	767,533,000	200,000	1,000,000	839,636,000
¹⁵ 2017	54,362,000	5,733,000	9,706,000	756,380,000	200,000	1,000,000	827,381,000
¹⁶ 2018	57,000,000	5,700,000	9,706,000	716,380,000	1,150,000	51,844,000	841,780,000

Table (2) shows that the Overall Budget of the Ministry of Social Development remained highly similar in the last three years. However, there has been a noticeable development in the structure and distribution of this budget in 2018: the allocations for Developmental Expenditures increased from one million Shekels in 2016 and 2017 to approximately 52 million Shekels in the General Budget of 2018. This is considered a positive and revolutionary trend towards enhancing the developmental role of the Ministry, and the amount of 42 million Shekels was allocated for the Economic Empowerment Program in the Ministry's budget for the first time. On the other hand, a reduction of about 40 million Shekels was seen in the "Transfer Expenditures" allocation [i.e. the Cash Transfer Program (CDP)] in 2018, which means that the increase in the Developmental Budget of 2018 came at the expense of Transfer Expenditures in the same year.

¹³ Social Development Sector Strategy 2017-2022 [p. 69 of the Arabic version]

¹⁴ [Arabic source] كتاب الموازنة العامة 2016، الصادر عن وزارة المالية والتخطيط، ص 24.

¹⁵ [Arabic source] كتاب الموازنة العامة 2017، الصادر عن وزارة المالية والتخطيط، ص 25.

¹⁶ [Arabic source] كتاب الموازنة العامة 2018، الصادر عن وزارة المالية والتخطيط، ص 30.

Figure (2)
The Developmental Expenditures of the Ministry of Social Development in
2016, 2017 and 2018 (in Shekels)

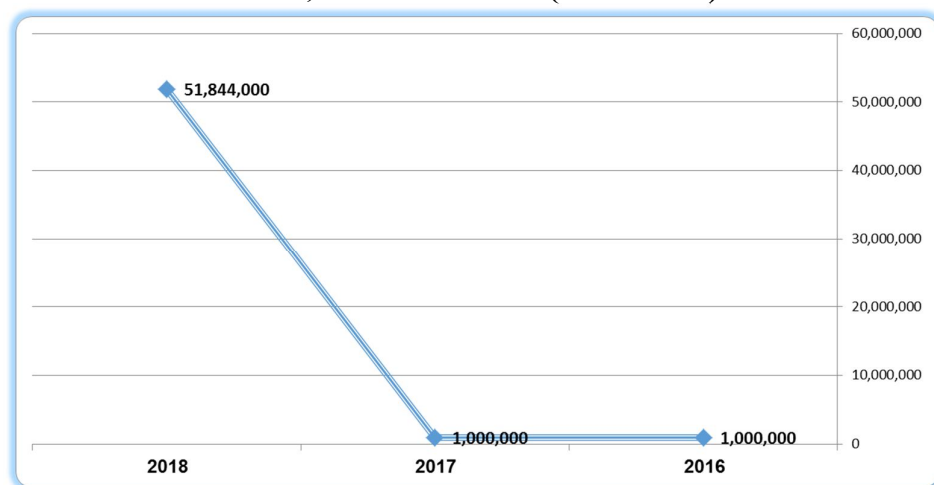


Figure (3)
The Transfer Expenditures of the Ministry of Social Development in the
Years 2016, 2017 and 2018 (in Shekels)



Despite the modest budget allocated to the Ministry of Social Development in comparison to its field of action, there have been some costs which were being added to the Transfer Expenditures item inside the Ministry of Social Development for more than 12 years. For example, compensations for hiring or “discharging” employees in 2005 (with the amount of 1,500 Shekels for 11,850 employees and an annual cost of 213,300,000 Shekels¹⁷) were being charged by the Ministry of Finance and Planning to the “Transfer Expenditures” cost item of the Ministry of Social Development without referring back to the Ministry of Social Development in this regard. These amounts are obviously not part of the Cash Transfer Program (CTP). Moreover, the Ministry of Finance and Planning paid social benefits from the center of responsibility cost item of the Ministry of Social Development.

The Cash Transfer Program (CTP)

This program was launched in 2010 and is the main program of the Ministry of Social Development for providing social assistance to impoverished households. This program is implemented by the Ministry through national and international funding. According to the data of 2018, the financing of this program is done as follows: The Palestinian government contributes 65%, the European Union provides 32.31% and the World Bank covers the remaining 2.69%. The beneficiaries which are eligible to receive the support of the CTP are selected by using a certain equation which is considered “the cut-off point” or the mark on which the eligibility decision is made. This equation takes into consideration the extreme poverty line, and whoever receives a result equal to or below that point will be eligible to receive cash assistance. The cash assistance ranges between 750-1,800 Shekels every three months, whereas the Ministry of Social Development constantly updates the data of beneficiary households.¹⁸ Table (3) shows the budgets which were allocated to the CTP and the number of beneficiary households in the years 2016, 2017 and 2018.

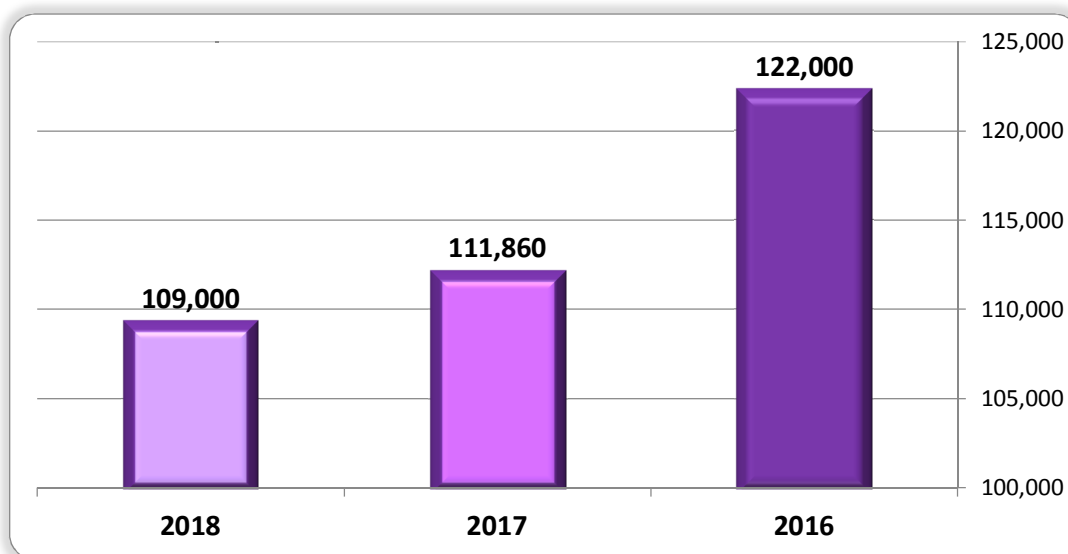
¹⁷ موازنة المواطن 2013. من إصدارات الائتلاف من أجل النزاهة والمساءلة أمان، بالتعاون مع وزارة المالية الفلسطينية، 2013. [Arabic source]

¹⁸ التحويلات النقدية للمساعدات الاجتماعية، من إصدارات ائتلاف أمان 2016 [Arabic source]

Table (3)
The Budgets which were allocated to the Cash Transfer Program (CTP) and the number of Beneficiary Households in the Years 2016, 2017 and 2018

Year	Allocated Budget/in Millions of Shekels	Number of Beneficiary Households
¹⁹ 2016	560	122,000
²⁰ 2017	520	111,860
²¹ 2018	480	109,000

Figure (4)
Number of Beneficiary Households in the Cash Transfer Program (CTP) in 2016, 2017 and 2018



The data included in Table (3) and Figure (4) shows a continual decrease in the budgets which were allocated to the CTP in the last three years. This led to a decrease in the number of beneficiary households by about 13,000 households due to an 80 million Shekel reduction in the allocated budget for the CTP.

¹⁹ Citizen Budget 2016 of the Ministry of Social Development

²⁰ Citizen Budget 2017 of the Ministry of Social Development

²¹ Citizen Budget 2018 of the Ministry of Social Development

After a comparative review of the CTP of 2017 and 2018, the distribution of cash assistance based on the geographic area was as follows:-

Table (4)
Comparative Data of the Distribution of Cash Assistance based on the Geographic Area in the Years 2017 and 2018 (in Shekels)

Year	Budget Allocated to the West Bank	Budget Allocated to the Gaza Strip	Total
2017	144,630,904	375,369,096	520,000,000
Percentage	27.81%	72.19%	100.00%
2018	172,217,476	307,782,524	480,000,000
Percentage	35.88%	64.12%	100.00%

Figure (5)
Comparative Data of the Distribution of Cash Assistance based on the Geographic Area in the Years 2017 and 2018 (in Shekels)

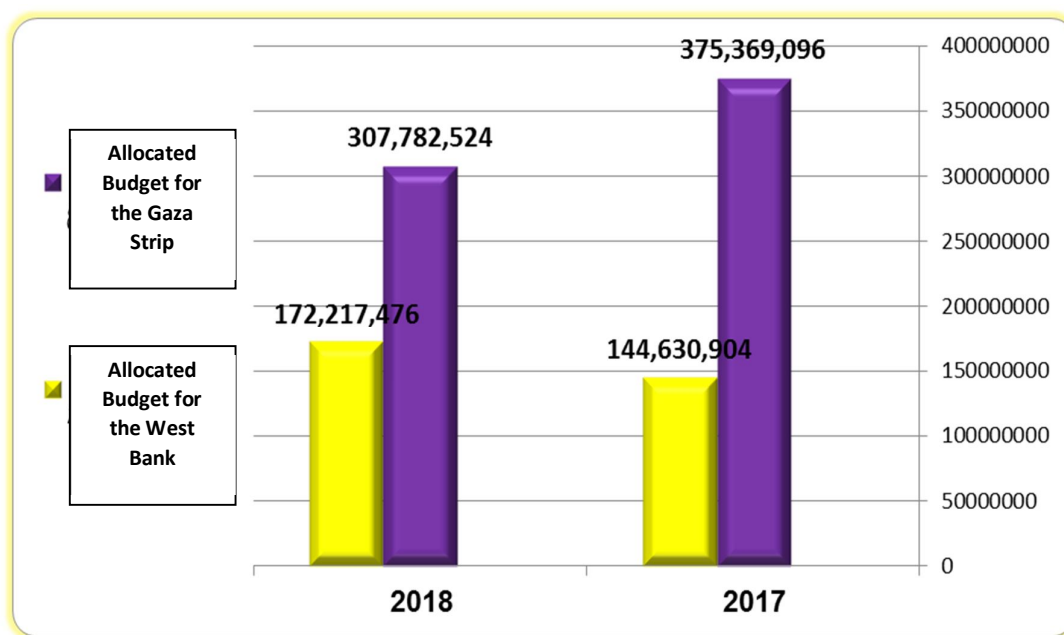


Table (4) and Figure (5) show that the share of the Gaza Strip from the total amount of cash assistance provided by the Ministry of Social Development constitutes a much bigger part of the allocated budget for this assistance.

Table (5)
Percentage of Households benefiting from the Cash Transfer Program (CTP) based on the Gender of the Head of Household

Households headed by a Woman	Households headed by a Man
40%	60%

Economic Empowerment VS. Cash Assistance:

In accordance with the orientation of the Ministry of Social Development towards the developmental approach instead of merely providing relief, the Budget of 2018 saw the allocation of 42,474,500 Shekels for Economic Empowerment through the General Budget and the funding of the General Treasury under the “Developmental Expenditures” cost item. This includes 40,000,000 Shekels which were directly allocated to beneficiaries, whereas the remaining amount (2,474,500 Shekels) was allocated as Operational Expenses for implementing this program. The Economic Empowerment Program will include a bundle of diverse entrepreneurial, productive, industrial and service-based projects which target the impoverished households in order to transform their state from poverty to productivity. A total of 1,600 households will benefit from these projects; and these households were distributed to various governorates as seen in Table (6).

Table (6)
Distribution of the Allocated Funds and the Households benefiting from the
Economic Empowerment Projects based on the various governorates

Governorate	No. of Beneficiary Households	Amount in Shekels
Hebron	242	6,424,268
Gaza	215	5,707,510
Jerusalem	141	3,743,065
Nablus	129	3,424,506
North Gaza	126	3,344,867
Ramallah & Al-Bireh	119	3,159,041
Khan Younis	117	3,105,948
Jenin	106	2,813,935
Deir Al-Balah ("Central Governorate")	91	2,415,737
Rafah	78	2,070,632
Bethlehem	74	1,964,445
Tulkarem	60	1,592,794
Qalqilya	38	1,008,769
Salfit	24	637,117
Toubas	22	584,024
Jericho	18	477,838
Total	1600	42,474,500

Figure (6)
Distribution of Households benefiting from the Economic Empowerment Projects in the Various Governorates of the West Bank & Gaza Strip

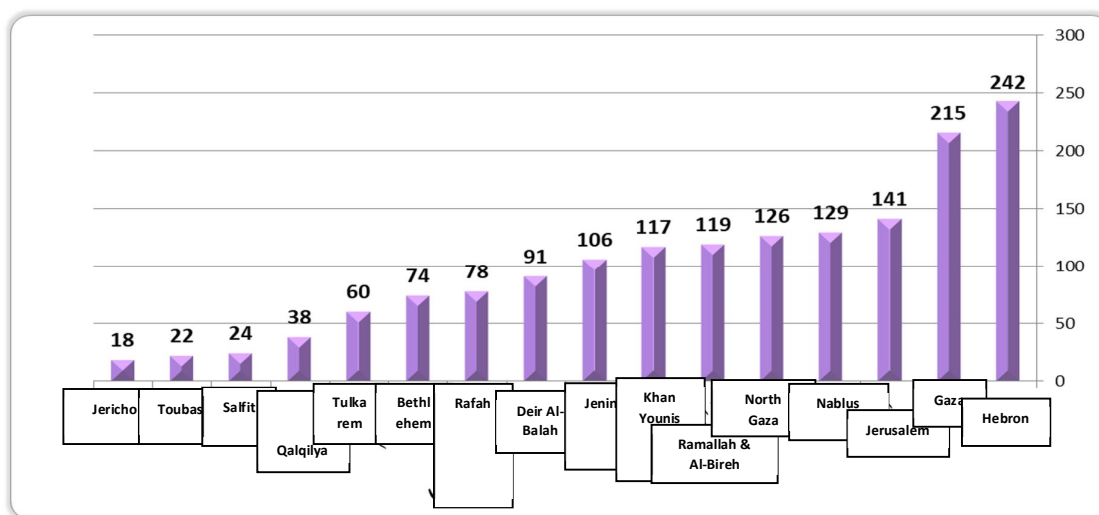
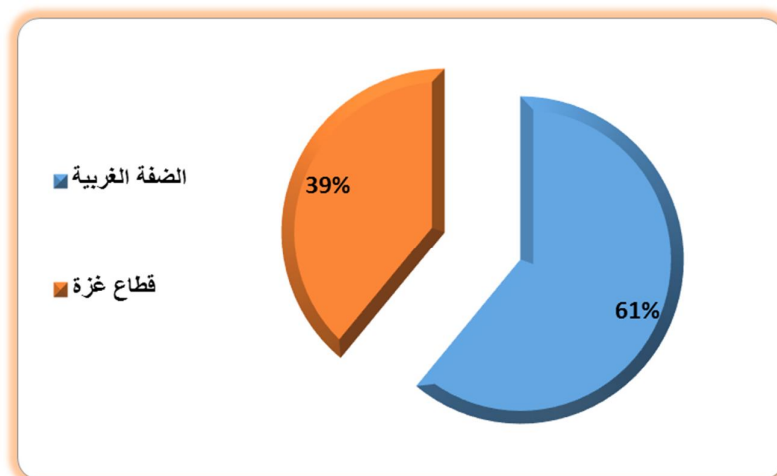


Table (7)
Distribution of the Allocated Amounts and Beneficiary Households of the Economic Empowerment Projects based on the Geographic Area

Area	No. of Beneficiary Households	Amount in Shekels	Percentage
West Bank	973	25,909,445	61%
Gaza Strip	627	16,565,055	39%
Total	1600	42,474,500	100%

Figure (7)
Share of the Allocated Amounts for Economic Empowerment Projects based on the Geographic Area



West Bank

Gaza Strip

Table (8)
Percentage of Beneficiary Households of the Economic Empowerment Program based on the Gender of the Head of Household

Households headed by a Woman	Households headed by a Man
%49	%51

Are the cash allocations to impoverished households sufficient, and do they cover all the impoverished households?

Through the in-depth analysis of the reality of poverty in Palestine, it was seen that the cash assistance to impoverished households has not been sufficient since it provides amounts which do not fulfill the minimum needs of impoverished households (only 250-600 Shekels per month). Also, this assistance does not cover all the impoverished households. For example, after conducting a comparison of the updated data of the Palestinian Central Bureau of Statistics (PCBS), it was seen that about one-third of Palestinian households (29.2%) suffer from poverty, but the cash assistance was only being provided to the extremely impoverished households; a total of 103,000 households in 2018. The PCBS data also showed that half of Palestine's impoverished households do not receive any assistance.²² Therefore, it is important to comprehensively activate the unified electronic portal of cash and social assistance in order to coordinate the aid and assistance, prevent the duplication of efforts, and attain justice in distribution.

Is the Economic Empowerment Program sufficient for combating and reducing poverty?

There is no doubt that the new orientation of the Ministry of Social Development towards the economic empowerment of impoverished households is a positive and developmental one and will play a significant role in reducing poverty and enhancing development on both the medium and long terms. However, there is a need for a cash transfer program which works in parallel to it. The problems in the transitioning from cash assistance to economic empowerment are summarized in the following points:-

- There has been the appropriation and transfer of 40 million Shekels from the budget allocated to the CTP to the Economic Empowerment Program at the expense of impoverished households; and especially since the number of beneficiary households from the Economic Empowerment Program is only 1,600 whereas the number of households which stopped receiving cash assistance in 2018 is much higher.

²² Poverty Profile in Palestine, 2017, Palestinian Central Bureau of Statistics

- It is necessary to continue providing the nominated beneficiary households of the Economic Empowerment Program with cash assistance until the enhancement of their productive capabilities because the economic empowerment projects need some time until they become income-generating projects.
- It is important for the government to allocate additional budgets for the Economic Empowerment Program instead of running it at the expense of the CTP in order not to undermine the rights of the poorest inside the society.

In light of what was mentioned above, the Economic Empowerment Program is absolutely necessary for reducing poverty. However, it is important to have it function simultaneously with the CTP. Upon the successful empowerment of impoverished households which are targeted by the Economic Empowerment Program, these households should be excluded from the CTP. There are also cases – such as those involving elderly and severely disabled persons – which cannot be included in the Economic Empowerment Program because these persons rely solely on cash assistance (i.e. the CTP).