

Public Administration in Palestine

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The Palestinian administrative system is distinctive, relative to either the historical context or the political environment. The former is characterized by the absence of a national power, while the latter is perpetually unstable. The state-building process in Palestine has followed an inverse path, in that staffing preceded the drafting of structures, while goals and job descriptions have been pre-empted by seemingly random political appointments.

This study focuses on the history of this public administration, its main characteristics, and the system's efficiency. The methodology is descriptive. The paper demonstrates that, in spite of obstacles such as the restrictions of the occupation and the shortage of resources, the Palestinian administrative system is progressing. This progress was most obvious during the last years because of good governance practices, especially the reduction of expenditures and the improvements in public services. The Palestinian administrative system still suffers from problems like over-staffing, poor institutional coordination and inadequate attention to the agriculture and industry sectors, which limit progress and increases the public debt.

Keywords: *efficiency, administrative system, performance, public administration*

Introduction

Public administration is one of the most important pillars of the state in order to provide its services and achieve its development goals. "Administration is the most obvious part of the government; it is the government in action; it is the executive, the operative, the most visible side of the government, and is of course as old as government itself." [1: 198] Governments work constantly to improve performance and efficiency; however, institutional performance is an integrated system requiring interaction with both internal and external actors. As While Qaryouti pointed out: "The organizational efficiency is the organization's ability to achieve both long-term and short-term goals that reflect the balance of influential powers and stakeholders' interests". [2: 104] Robin and Wiersema linked performance with the ability of an organization to achieve long-term goals, which is to survive, the ability to adapt to changes and growth. [3: 278]

The peculiarities of the Palestinian situation result from the fact that the Palestinian National Authority (PNA) built its institutions and carried out its duties under military

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occupation. The ability of the PNA ministries and institutions to survive and to provide services to the citizens in these complicated circumstances is both astonishing and tenuous.

This paper tries to answer three key questions: How is the public administration established in Palestine? What factors affect the performance of the public administration in Palestine? Is the Palestinian public administration efficient or not?

The Establishment of Public Administration in Palestine

Historically speaking, Palestinians have had little opportunity to practice public administration, as foreign states have ruled them from the Ottoman era (c. 1300) to the Israeli occupation (since 1949). From 1967 to 1993, the Israeli Military Occupation controlled all institutions and government offices in the West Bank and the Gaza Strip. Occupation policies mandated the subordination of Palestinian institutions and the Palestinian economy to their Israeli counterparts.

The Oslo Accords signed in 1993 between the Palestinian Liberation Organization (PLO) and the Israeli Government led to the creation of the PNA. The Central Council of the PLO in its setting in October 1993 authorized its executive committee to establish the PNA council. The President of the PNA was the President of the PLO, and most of the PNA leaders were, at the same time leaders in the PLO. [4: 66] This overlap in function and responsibilities between these two bodies increase “[T]he vague relationship between PNA and PLO institutions hindered the establishment of a proper governance system that is characterized by transparency, separation of powers, and rule of law”. [5: 4]

Factors Affecting the Performance of Public Administration in Palestine

Public Administration in Palestine represents a unique case due to the continuity of occupation and the absence of control on resources. The PNA initiated its bureaucratic institutions and departments in an unstable political situation and unclear economic environment. In general, the main characteristics of the administrative system in Palestine can be summarized as follows:

- *Political Instability*

The PNA thus has been working in an uncertain environment since its inception. This restricts its ability to provide public services in vital areas such as education, health and social welfare. Actually, “how Palestinian public administration was able to survive and function under incredibly hostile circumstances and insurmountable obstacles present a challenge to both scholars and practitioners in the field”. [6: 1] Policymaking lacked continuity, as it was influenced by the absence of stability in the political arena.

- *Limited Sovereignty and Occupation Restriction*

Moreover, the Oslo Accords did not give the PNA full sovereignty on all Palestinian territories. Indeed, this agreement divided the Palestinian land into three areas, i.e. A, B and C. The PNA granted full control over area A only, which constitutes about 18% of the total area “while Most of the Palestinian territories (areas C and B) and people

are still under occupation and the government prevented from utilizing and using its natural resources". [7: 1] Whereas this is not the case in the independent countries, in which the governments have full sovereignty and power to access and utilize their national resources without external restrictions. "The provision of public service to the local population was drastically affected especially in area C where large numbers of people live and depend on the government for essential services such as health and education." [6: 4]

Another main obstacle faced by the PNA is that Israeli authorities control all border-crossing points, and all raw materials and machinery are subject to inspection by the Israeli army. One of the worst examples of the Israeli authorities' control over the life of Palestinians is the clearness revenues. The Israeli authorities collect these revenues and then transfer them to the PNA. Sometimes the Israeli authorities hold over these revenues for political reasons. [7: 6]

In addition, Israel often interferes in the activities of international aid agencies. International development agencies reported in 2011 that Israeli policies forced these agencies to change their programs. [8: 2] The resulting programs are often less effective and do not serve the most vulnerable and poor people.

- *Patrimonial State and Political Appointment*

Patrimonialism is a form of governance in which all powers flow directly from the leader. Historically, the Palestinian presidents practice the rule of the father within the family. Usually, the employees either civil or military are more loyal to the leader. One of the main features of the public administration in this kind of patrimonial state in Palestine was the political appointment based on party affiliation and loyalty "spoils system" "what determine the relations of the administrative staff to the chief is not the impersonal obligations of office, but personal loyalty to the chief". [9: 79] This created job duplication, and a complex bureaucracy that depleted financial resources without necessarily providing any services.

- *Resource Shortage and Dependency on International Support*

The Palestinian Government, therefore, has relied on international aids for much of its funding. "The international assistance to the Palestinians from 1994 to 2000 totalled about \$3.3 billion, an annual average of about \$500 million." [10: 28] Whether or not this aid helps Palestine as intended, however, remains an open question. Al-Abed stated that the international aid helped Palestinian cover part of its deficit and supports some development projects. Other scholars argue though, "despite its importance, the international assistance effectively embodies an external constraint since it increases the dependency of Palestinian economy on external sources and exerts pressures on PNA's leadership options and priorities". [7: 7]

Additionally, the goals of donors sometimes conflict with those of the PNA. The other main risk is that aid has transformed the PNA into a non-governmental organization whose main job is to facilitate projects financed by donors.

Corruption and Weakness of Accountability

Corruption is still one of the main obstacles to institutional development in the Arab and developing countries. In Palestine, the surrounding internal and external negative environment played a role in hampering anti-corruption efforts. According to Transparency Palestine (2016) “the continued Israeli occupation, the absence of the role of the Legislative Council, and the decline in public trust in the performance of the judicial authority are the main elements that hamper anti-corruption efforts”. [11: 15]

The Efficiency of the Palestinian Public Administration

The efficiency of any government is manifested through its ability to manage the state resources to achieve the desired result with a minimum cost. In order to maximize their efficiency, governments should adopt clear administrative and financial policies and flexible structure that guarantees accountability and distribution of responsibilities. This paper discusses briefly the efficiency of the Palestinian Government through two main perspectives. The first one is the administrative perspective that implies accountability and distribution of responsibilities. The second is the financial perspective that implies efficiency in resource management.

Administrative System

The efficiency of the administrative system in Palestine has improved during the last ten years. The performance of many of the existing institutions compares with or even exceeds their counterparts in many countries. [12: 4] Moreover, the donor governments considered the Palestinian governmental reforms implemented over the last 10 years a resounding success. [8: 2] The PNA enacted laws organizing pensions, labour, local government and the civil service. The Basic Law was also amended and so on. In addition, the government reduced the employment rates and adopted evidence-based policies such as the national policy agenda.

The Palestinian administrative system still suffers from overstaffing though; the number of Palestinian public employees per capita is one of the highest in the world. Even though the percentage of salaries and wages of the government employees have decreased from 63.3% in 2002 to around 50% of the total public expenditure of the annual budget in the later years, [7: 53] their percentage is considered very high in comparison with other expenditures. (See Figure 2.)

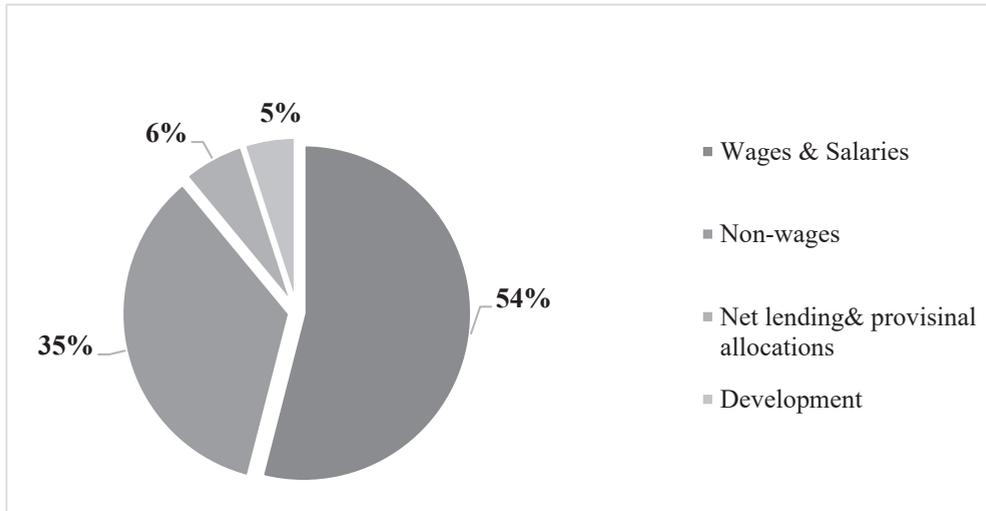


Figure 2. *The structure of Public expenditure in 2016.* [13: 8]

As the above-mentioned figure shows, the wages and salaries consumed 54% of the governmental budget, while the developmental projects and activities, for example, received only 5% of the budget.

Conflicts of powers also persist and lead to poor coordination between institutions and authorities. Despite the separation of powers stipulated in the Basic Law, overlapping mandates are common, and ambiguities in the legal texts often lead to conflict or misinterpretations. [14: 20] According to Article 61 and Article 62 of the Basic Law, the power and responsibilities of the Palestinian Legislative Council (PLC) include the approval of the general budget. [15] This prerogative has been undermined since the termination of the Hamas Government in 2007, since that time, the approval of the budget becomes the responsibility of the President.

There is also conflict between the executive and the judiciary authorities over the administrative supervision of courts, and another problem is the disrespect for judiciary decisions by the executive authority. [14: 24] The last example is related to the distribution of responsibilities between the Presidential Office and the Government. The post of Prime Minister, created in 2003, relatively restricted the President's power in favour of the Council of Ministers; however, the President's mandate simultaneously expanded as the legislative council weakened. Laws have been replaced by presidential decrees.

Financial Perspective

The Palestinian financial performance has improved gradually throughout the years. The government has taken some financial procedures in order to increase its efficiency. The government has recently reduced the salary bill by lowering the rate of employment. At the same time, the government reduced the subsidies for some sectors such as petroleum, restructuring

and electricity. Meanwhile, the executive power tends to speed up modification of the laws affecting the budget such as income tax law, public budget law, public debt law and civil service law. Consequently, the recent years have witnessed a remarkable improvement in the Palestinian economy. For example, “the growth in net public revenues during 2016 (20.4%) which was larger than that reported in public expenditure (6%), reduced the total budget deficit by around 55.2% to NIS 1.2 billion compared with 2015”. [16: 10] At the same time, the percentage of the actual deficit to the total GDP increased in general “up to about 23% per the year 2009, then it decreased yearly until it reached about 5% in 2014”. [7: 89] The budget has maintained this percentage of deficit during the previous two years. This decline shows an evolution in the financial performance of the Palestinian Government and the success of the fiscal policies of this government.

Data shows that there was little change in the composition of GDP over the consecutive quarters of financial years. “The absolute increase in the GDP between Q1 2016 and Q1 2017 amounted to about US\$ 13.5 million, a growth by 0.7% which was achieved despite the decline in aggregate consumption expenditure (private and public) by US\$ 3.2 million.” [17: 3]

Regarding public debit, the Ministry of Finance data shows that this ratio has started from zero then increased gradually and wobbled according to the general economic conditions and international aid. “The public debit ratio to GDP reached 20.1% in 2015, but it decreased to 18.5% in 2016, where the public debt reached approximately NIS 9.6 billion, registering a slight decline compared to 2015.” [18: 11] This decline came out as a result of the fiscal discipline policy and the rationalization of expenditures.

Meanwhile, the government’s ability to collect taxes improved during the last years in such a way that “the contribution of taxes is currently between 19–22% of the GDP which is nearly the same of the surrounding countries.” [19: 9] Undoubtedly, the development of the general revenue administration positively affected the collection of taxes. Meanwhile per capita share of GDP has fluctuated between periods of growth and periods of decline; according to the Palestinian Central Bureau of Statistics “the per capita share of the GDP in 2016 reached 1997 US per capita”. [20: 2] It is the highest rate in twenty years.

The Palestinian financial performance still has shortcomings though, including an imbalance between the main operational sectors in Palestine. “Agriculture’s share has declined; manufacturing has weakened in the absence of a national policy to build a modern industrial base; public and private sectors services dominate the structure of the economy, GDP, and employment with a big share constituted by public administration.” [21: 9]

The agriculture share of GDP decreased from 12% in the mid-nineties to only 3% in 2015, at the same time service employment has increased at an annual rate of 0.75%. [22: 2]

The dominance of the service sector raises questions about its ability to produce economic growth in light of the weakness of investment opportunities. The commitment of the government to allocate all available financial resources to meet the current expenditure (primarily salaries and wages) has weakened its ability to invest in the construction and renovation. “The contribution of public investment in GDP in recent years, ranging between 2–4% per year.” [19: 9]

Generally speaking, the budget of the Palestinian Authority suffers seemingly permanent deficits; they fluctuate largely with donor support.

Conclusions

The two main obstacles that restrict the ability of the PNA to build a sustainable institution and independent economy are occupation restrictions and a shortage of resources. Israel dropped the burden of government on the shoulders of the PNA, but it has not transferred to the PNA the necessary powers and resources that could help in building institutions of state or sustainable development. Actually, it is difficult to achieve sustainable development and institutional building in the presence of the occupation and its obstacles.

Public administration in Palestine nonetheless has made a slight progress. The government reduced the deficit, reduced the salary bill, restricted employment, reined in government spending, and increased tax collections.

The organized administrative system in this sense is a tool to develop more cohesion policies and initiatives in the course of which the need for administrative efficiency and the need for flexibility coexist. To achieve more changes on the domestic level, a robust accountability system, partnership between the Government and non-governmental organizations, restructuring the public sector to ensure an efficient allocation of functions and creating institutions with clear responsibilities and accountability should follow. To achieve a balance, a re-consideration of the agriculture sector is necessary, as is the adoption of vocational and technical training policies.

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