



Israel Report

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Sustainable Governance Indicators 2016

Executive Summary

Almost one year after the formation of the thirty-fourth government of Israel, the administration was confounded by a wave of terror, known as the “intifada of individuals,” international isolation and rising living costs. With one of the smallest postelection coalitions in Israel’s history, consisting of 61 MKs (Members of the Knesset), the new government has had to invest much effort into maintaining its own survival. Despite predictions that the new coalition would dissolve within its first months, the 2016 budget was approved in November 2015 by a 61-59 majority.

Israel’s policy performance, however, remains inconsistent. The frequent changes of government in recent years have led to irregularities and the abandonment of previous commitments. A recent report by Israel’s state comptroller revealed that the main planning agencies and units within the Prime Minister’s Office (PMO) did not follow the government planning guide, a compulsory tool for government offices and agencies designed to consolidate strategic planning and work plans. According to the report, these units, though responsible for the assimilation of planning processes among the government offices and agencies, had only partial work plans or no work plans at all. On the policy implementation side, many policy decisions taken by the government have not been implemented. Counterintuitively, in recent years the PMO has outright rejected calls for monitoring the implementation of government decisions.

During the current government’s term, Israel’s quality of democracy has taken one step forward, two steps back. On the one hand, voter turnout in the 2015 election was 71.8%, the highest since 1999. The Knesset also broke its previous record for female parliamentarians, with almost 30 women serving as MKs. Likewise, the number of Arab MKs broke its previous record, in part because of a historic political alliance between the four Arab-dominated parties. Even though this was the first election in which the electoral threshold was increased to 3.25% (up from 2% in previous elections), the “Joint List” of the four Arab parties became the third largest faction in the current (twentieth) Knesset. Although they are part of the opposition, the cabinet recently approved a pioneering five-year plan for Arab development, which aims to improve housing, transportation, education and health for Israel’s Arab community.

On the other hand, there are concerns that core principles of Israeli politics and democracy are under threat. The radicalization of public discourse between the political right and left has been perceived as a challenge to freedom of speech and other political liberties. Even more worrisome is the involvement of senior politicians in such radicalization. Prime Minister Benjamin Netanyahu's warning on election day that high Israeli Arab voter turnout is a "threat" and that Arabs were coming out "in droves" to vote, is indicative of increasingly commonplace populist – and potentially explosive – rhetoric. Furthermore, Justice Minister Ayelet Shaked proposed a controversial bill that would obligate representatives of foreign-funded NGOs (mostly human-rights activists) to wear special tags when they participate in meetings at the Knesset or in public venues. Opponents of the legislation claimed that it targets left-wing organizations.

Another challenge, related to the quality of governance in Israel, was illustrated by the approval of a controversial natural gas deal between the Israeli government and a US-Israeli energy consortium. The deal, which created a private gas monopoly, aimed to develop Israel's offshore natural gas deposits. Opposition to the deal led to public protests, with critics demonstrating against its democratic and economic implications. The deal, though still under legal review, has revealed some of the country's governance weaknesses, including a lack of bureaucratic autonomy, the absence of transparency in decision-making processes, poor planning capabilities and unsatisfactory regulatory policies.

Key Challenges

Despite the present wave of terror, the public's focus on the government's social policies continued to mount, particularly with regard to the rising cost of living and the housing market. According to the OECD, Israel has failed in the areas of poverty, inequality, education, health, and cost of living, though its economy has strong fundamentals in terms of economic growth and employment. Although the Israeli government has taken some necessary steps in the previous year, such as increasing the monthly minimum salary, reaching the OECD standards in these diverse areas continues to require increased policy attention.

As in many other westernized countries, the Israeli government has under a process of "agencification" and outsourcing in recent decades in order to enhance its regulatory functions and retract its role in direct public provision.

However, when compared to these other countries, the process is far less developed in Israel. The government should adopt a model based on independent regulatory agencies, instead of allowing the political penetration of its public administration. Preventing a violation of the independence of the bureaucratic system should be part of the government's organizational reforms. These reforms must include improvements in government planning, regulations, innovation, information sharing, and performance evaluation, based on principles of decentralization, privatization, and regulation.

Another key challenge for the Israeli government is to reduce institutional corruption. Corruption scandals were revealed in 2015, involving several senior government figures from ministries and local councils engaged in crimes such as bribery, fraud, breach of trust, and money laundering.

Strengthening the oversight capabilities of the Knesset, by restructuring the current system of committees to introduce compatibility between committees and ministries, is also required. The enormous number of private members' bills (legislation initiated by one or more MKs) should be limited. Instead, more emphasis should be placed on oversight of the executive branch by parliamentary committees. Simultaneously, the media's watchdog role should be respected and protected; measures must be taken to prevent the kinds of disparagements of the media's independence that were seen over the last three years.

There has been a shift toward creating a more "open" government and improving communication vis-a-vis the third sector and the public as well as within the government itself. The creation of the Special Committee for the Transparency and Accessibility of Government Information in 2015 is a step in the right direction. Likewise, the government's willingness to allow the third sector and stakeholders to have a stronger voice in policy debates is more than welcome. However, such openness should be done with precision, ensuring diverse stakeholders equal access to such deliberations.

Obviously, a sustainable policy aimed at resolving the Israeli-Palestinian conflict, based on international law, is absolutely necessary. The government elected in 2015 has yet to offer a new plan to address the fundamental Israel-Palestine question. In the interim, regressions in fundamental democratic arrangements such as freedom of the press and civil liberties – as witnessed in cases of administrative detention and censorship – must be addressed.

Policy Performance

I. Economic Policies

Economy

Economic Policy
Score: 7

Like other countries, the Israeli economy was affected by the world economic crisis. Nonetheless, it achieved a growth rate of more than 3% in 2010, higher than that of most industrialized countries, and an inflation rate of 2.66%. However, during the first nine months of 2015, the annual growth rate was around 1.6% and the inflation rate fell below zero to -0.5%. The general employment rate of 62% in 2010 (ages 15 to 64) has grown steadily to 64% in the first nine months of 2015. Also, Israel's deficit is still a cause of concern. Although the country's fiscal stability was a key factor in its ability to weather the global financial crisis, it has suffered from a high deficit of around 3% since 2010.

A policy paper issued by the Taub Center in 2012 differentiates between structural and cyclical/temporary economic difficulties in Israel in order to examine the economy's efficiency outside the influence of short-term disturbances. This enables to review Israel's overall policy pattern instead of looking at short-term solutions to external or geopolitical pressures. Overall, Israel dealt well with the global crisis and the various related economic challenges. However, it does show structural problems with respect to core issues such as government spending, housing, health and education. These were vocalized by the middle-class during demonstrations in 2011 and 2012, and were key issues in the 2013 elections. A 2011 report prepared by Israel's central bank identified financial-market centralization and a continuous amplification of risk as prominent problems. The government responded by reducing the risk that banks are allowed to carry for large borrowers. In 2014, the central bank issued a favorable evaluation of risk management in the bank and insurance sectors, while endorsing further cooperation between regulators.

Like many countries engaging in privatization, Israel is adapting its regulatory

mechanisms. Research on water and power services shows an unorganized and inefficient regulatory system with some conflicts of interests. In general, while Israel's economic policy has its shortcomings, it largely does provide for a reliable economic environment and supports the objectives of fostering the country's competitive capabilities and preserving attractiveness as a location for economic activity.

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Labor Markets

Labor Market
Policy
Score: 7

Israel's labor market has shown positive developments such as reduced unemployment and rising labor force participation rates in recent years. However, it suffers from a chronic problem of social groups opting out of the workforce. This situation is especially prevalent among Arab-Israeli women and ultra-orthodox Jewish males. Despite its increasingly technology-driven economy, Israel is predicted to struggle with supporting a growing segment of its aging and non-working population unless it expands and improves its education and job training infrastructure.

Israeli labor policy focuses on incentivizing two income households and

expanding job training services for low skilled workers. Government actions include reforming the “earning potential” scale that is used for diverse purposes (such as taxes and day care subsidies), increasing funding for working mothers and labor training programs, and introducing a negative tax for low paid workers. However, the OECD maintains that implementation is slow and underfunded. The previous government passed landmark legislation in 2014 which aimed to reduce the number of ultra-orthodox men exempted from military service. The Ministry of Economy intended to follow this legislation with a substantial program of active measures directed at encouraging ultra-orthodox men to join the labor force. However, this landmark legislation was amended in 2015, reversing course back to the previous policy.

The Israeli government largely supports a free market and its labor protection laws are seen by the OECD as reasonably flexible. Instead of the classic unions-employers negotiating, the government adopted the Danish “flexicurity model” of labor-market regulation. Based on trilateral agreements between the government, employers and unions, it aims to improve the economic status of both unionized workers and the unemployed by ensuring that they receive severance packages and unemployment benefits while allowing employers more flexibility. In 2012, new legislation increased the number of labor inspectors and their powers. Following a general strike, a new labor agreement was introduced to ameliorate working conditions for contract workers that are employed by government and municipal services. In 2014, an agreement was struck between the Histadrut Labor Federation and business leaders on a plan to increase the monthly minimum from ILS 4,300 to ILS 5,000 over two years. Shortly after, the government amended the Minimum Salary law and in November 2015 it approved a ILS 5,300 minimum salary to be implemented by 2017.

After many years of increases in the number of foreign workers in Israel, especially in nursing, agriculture and construction, the government shifted its policy toward diminishing foreign work and even abolishing it all together. This process is ongoing, but proceeding slowly due to pressures from industrial sectors; from 2011 to 2012 the government still had not reduced quotas as intended. In 2011, however, new agreements were reached with foreign countries such as Bulgaria and Thailand to limit the country of origin of foreign workers for a given business sector in order to improve the monitoring of labor laws and prevent cases of exploitation by recruiting agencies.

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Taxes

Tax Policy
Score: 6

Until recently, Israel followed a consistent policy of low income tax and small government. Accordingly, it initiated cuts on direct taxes for individuals and companies and reduced public spending. In 2011 and 2012 Israel's direct tax burdens for companies and individuals were among the OECD's lowest with the top income tax rate lowered from 47% in 2008 to 45% in 2010, and the corporate tax rate lowered from 27% in 2008 to 25% in 2010. The former minister of finance, Yair Lapid, who was elected on a pro-middle class ticket, continued this tax policy in the 2015 budget debates: Despite pressures to raise the income tax rate in order to finance the \$6 billion operation "protective edge" in Gaza, Lapid refused to do so. Instead, he preferred that a third of the cost to be carried by a universal budget cut in all ministries. Current plans to expand the tax base seek revenues through efforts to counter tax evasion and aggressive avoidance strategies and by canceling existing tax exemptions that do not profit low-income workers.

Israel taxation policy is somewhat regressive. It includes elevating indirect taxes such as VAT, which is distributed equally on all products. Furthermore, although the direct income tax is progressively structured, and a large portion of the population earns too little to pay any income tax at all, the system creates a curve so that middle-income individuals pay more tax than high-income individuals. Thus, the current system lacks a certain degree of vertical equality. This apparent distortion is an intentional economic strategy meant to induce growth by reducing the tax burden associated with investments and companies. While controversial, it is not necessarily unfair as such.

Israel's taxation system is not entirely characterized by horizontal equity. One example is that, unlike other OECD countries, parental tax reductions are

provided to mothers but not to fathers. Like most other countries, Israel utilizes its tax system as a political instrument. For instance, it offers tax reductions to veterans. This approach was exhibited in a law proposed in the previous Knesset that aimed to assist first time home buyers and young families by offering a VAT exemption on the purchase and substantial advantage offered to veterans. Since Israeli Arabs, ultra-orthodox men, new immigrants and others do not serve this could be construed as an unequal tax policy. However, supporters of such laws argue that soldiers lose income while serving, and deserve special assistance. From this standpoint, the tax reduction serves as a restorative tool.

In most instances the Israeli tax system has a valid rationale for tax reductions that appear to violate the principles of horizontal or vertical equality. Due to Israel's commitment to OECD guidelines and the influence of its powerful central bank, it seems likely that the state will continue to manage a responsible tax policy. Even if spending will have to be reduced further than is advisable, it is likely that the system will continue to operate sufficiently.

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Budgets

Budgetary Policy
Score: 7

After the economic crises of the mid-1980s, key steps were taken to reduce Israel's budgetary deficit and to build a set of objectives and guidelines

enabling sustainable budgetary planning. Strict budgetary-discipline laws were enacted: The Budget Foundations Law set scrupulous spending procedure regulations and implemented deficit-reporting requirements, and another law prohibited the central bank from providing loans to the government, ensuring that future deficits would be financed by borrowing from the public and abroad rather than through direct monetary injections. Consequently, fiscal power was centralized, giving the Ministry of Finance's budget department the power to impose a policy of budgetary discipline.

Two crucial additional tools, the Arrangements Law (Hok Ha-Hesderim) and the Budget Deficit Reduction Law, redefined the financial and economic structure of the Israeli government. The Arrangements Law is an omnibus law passed together with each yearly budget, consisting of numerous restrictions and amendments designed to secure the state's financial goals. In the last few years, the budget was converted to a biennial budget plan, which many regard as having a positive influence on planning capabilities.

This history of successful budgetary reform continues to contribute to the stabilization of the Israeli economy. Along with a prudent monetary policy, these measures helped the country weather the recent global economic crisis relatively successfully. Despite the expansion of public spending in recent years and a rising deficit, it seems that the Israeli budget is still managed to insure fiscal stability.

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Research and Innovation

R&I Policy
Score: 9

Israel's R&D sector is based on three pillars: scientific research performed primarily in academia, research conducted in government institutes, and research conducted by civil-industrial partnerships led by the Ministry of Finance. Israel's R&D is private-sector oriented and is becoming more so over time. In 2000, government funds accounted for 24% of total spending on civil-industrial R&D development. In 2006, they accounted for only 15.9%, and in 2009 further reductions brought public investment down to 14.5%, far below the European median of 37.3%. In contrast, in 2006 private-sector investments were above the European median by more than 20%. Consequently, although

government funding has declined over the years, total R&D investment as a percentage of GDP is high in comparison to many European countries. 42% of non-governmental funding for R&D is attributed to foreign investment – the highest rate among OECD countries.

In 2013 the Ministry of Science and Technology submitted a report urging the government to allocate more public funds to R&D, arguing that private funding dominance prevents long-term and high-risk exploration. The report also pointed to the continued erosion in funding of R&D at universities. This decline is exhibited both in the declining share of contributions by universities to R&D activity over the years as well as in the reduced number of scientific publications per person compared to the 1990s. In 2014, the social-economic cabinet approved the establishment of an authority aimed to encourage technological innovation.

Still, in various EU and OECD surveys, Israel demonstrates high performance in the field of R&D. Israel is mentioned as having increased “its EPO (European Patent Office) patenting activity between 2000 and 2007, to reach the highest share of EPO patent applications per billion GDP.” It was also singled out as one of the leading start-up and information exporters. Other evaluations acknowledge these accomplishments while criticizing the overly complex and burdensome bureaucracy in the field. These issues are being reevaluated and studied in current policy debates.

A large portion of Israeli R&D policy is directed toward international cooperation. In 2011, Israel was engaged in 30 different international cooperative research ventures with a variety of European countries and organizations. These resulted in 250 grant applications and projects with a total budget of €250 million. The Ministry of Science and Technology secured 14 bilateral agreements with various countries including Russia, Germany and France. Israel is also a signatory to some 29 bilateral R&D agreements and is involved in five EU programs, including Eureka, Eurostars, the Competitive and Innovation Program – Enterprise Europe Network (CIP-EEN), Galileo, and Sesar. In terms of both policy and budgets, the most significant international involvement is in the Framework Programs, such as Horizon 2020, which are managed by the Israel-Europe R&D Directorate (ISERD).

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Global Financial System

Stabilizing
Global Financial
Markets
Score: 8

During Israel's process of OECD accession its financial regulation was assessed against a number of suitability criteria. Related reports note that Israel signed the convention on combating bribery and successfully passed the three-stages review required by the convention. It also took steps to impose criminal penalties and apply the law to transactions made by Israeli companies abroad. In accordance with OECD standards, Israel also established an authority tasked with increasing the accessibility of financial information. The authority works with corporate experts and publishes materials in Hebrew, Arabic and English. It also operates a public inquiries office for public complaints.

Israel has several regulatory institutions tasked with supervising financial markets. The most prominent include the Israel Securities Authority (ISA) and the Israel Antitrust Authority (IAA). These institutions are responsible for insuring market stability and fair competition. In the aftermath of the global financial crisis, different government organizations worked to limit the risk in the banking and insurance industry. Actions include tightening the rules on mortgages, adopting Basel III regulation and raising minimum capital ratios. Several committees were formed to investigate structural reforms and submitted their recommendations. Both OECD and Israeli central bank assessments are cautiously optimistic, with the latter pointing to important regulatory tools that are currently being developed for future implementation.

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II. Social Policies

Education

Education Policy
 Score: 6

Israel's education policy is adversely affected by political and cultural divides, making it hard to estimate the degree to which it provides equitable treatment. Funding allocation favors Jewish citizens. However, educational achievement in the partially state-funded Jewish-orthodox formal education (in mathematics, English, etc.) is considerably less advanced than in the general system. The 2012 Program for International Student Assessment (PISA) test results illustrate these systematic failures. Despite a constant overall rise in Israel's ranking in recent years, the variation in its results was 40% higher than in other OECD countries. An OECD working report concluded that this "broadly suggests that Israel's poor overall performance in PISA is largely linked to issues in the education system itself and not due to other drivers of educational attainment." Orthodox boys were not tested in the program, as they do not study relevant material. Arab-Israeli students that were tested fared worse than Jewish Israelis.

Even after accounting for specific problems with the Arab and the Jewish orthodox communities, Israeli students' marks have deteriorated compared to previous generations; Israel showed high levels of attainment in the past, and the value of education is well established in the community as a whole. Surveys shows that "42% of 25- to 34-year-olds have either tertiary type A or B qualifications compared with an OECD average of 34%." However, a Taub Center research paper suggests that Israeli education system is ill prepared for the world's increasingly competitive and dynamic working environment.

Israeli education spending as a share of GDP is relatively high in comparison to other OECD countries. However, the education system has various allocation problems, and in the last decade has been going through consecutive reforms aiming to improve the quality of education and raise teachers' salaries. While diverting some higher education funds to colleges and minority outreach

programs helped to increase equity in the system, budget cuts in university programs have had a negative effect on the quality of education and on future opportunities for researchers and staff.

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Social Inclusion

Social Inclusion
Policy
Score: 3

As the National Insurance Institute (NII) shows, for some 25 years, and especially since the end of the Second Intifada, the increase in GDP per capita in Israel has not been accompanied by a corresponding increase in real wages; in 2014, the gap between the two was larger than ever.

After documenting disturbing trends in recent years, including a rise in inequality and exclusion, the NII's recently published findings indicate a slight improvement in poverty rates (data from 2013). However, inequality levels in Israel are still among the OECD's highest. Measured by the Gini coefficient Israel ranks fifth most unequal of 32 countries surveyed. It also has the second highest relative income poverty rate in the OECD countries (20.9%).

Israel's social spending and tax policies create a dissonance between overall moderate growth rates, on the one hand, and ongoing social polarization, on the other. This polarization is reflected in several dimensions: a persistent gender-based pay gap, significant average wage differences between the Jewish and Arab population as well as the Ashkenazi (Jews of Eastern European and Western origin) and Mizrahi (Jews of Middle Eastern and

African origin) communities, and significant inequality within the elderly population relative to their state before retirement. Overall, gender and ethnic disparities are somewhat narrowing but still prevalent.

Based on this persistent polarization, it is difficult to identify significant social-policy successes in Israel in recent years. According to the NII, the slight improvement in social indicators is due to improved participation rates in the workforce, although higher participation rates did not translate into reduced poverty in ultra-orthodox and Arab populations. This is aggravated by policies such as reducing the social transfers for children and offering a low guaranteed minimum income; Israel currently has one of the lowest spending rates on social issues among OECD countries (15.8% of GDP compared to the 21.9% OECD average, 2014).

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Health

Health Policy
Score: 8

Under the 1995 National Insurance Act, all citizens in Israel are entitled to medical attention through a health maintenance organization (HMO). This is a universal and egalitarian law, allowing for broad access to subsidized primary care, medical specialists and medicines. A 2012 OECD survey identified the Israeli health care system as one of the best in the developed world, ranking fifth with a score of 8.5 out of 10. Although the OECD noted Israel's low average level of public funding, nursing shortage and overcrowded hospitals, it cited the decreasing mortality rate and high doctor/population ratio.

The OECD also acknowledged the Israeli system's efficiency, characterized by a unique auditing and regulatory system for HMOs, which offers constructive criticism and guidance as opposed to monetary inducements. However, it criticizes a lack of communications between HMOs and hospitals. Similar concerns are raised by NGOs arguing that recent privatization campaigns have led to a deterioration in efficiency, with Israeli facilities suffering from long waiting periods and overworked personnel. Health professionals have publicly stated that the OECD survey was premature, as the deterioration in services has not yet become evident.

Despite wide health coverage, low-income families still have poor access to dental care and nursing. Israeli health services also experience privatization pressures. An increase in supplemental and private medical-insurance and health care plans has resulted in reduced equality within the system. This process has been aggravated by a contraction in public funding: In terms of ensuring access to health care and when adjusting for population age, Israel ranks 16th out of 24 OECD countries surveyed. Furthermore, the quality of health services and facilities varies based on geographic location, with periphery facilities often struggling to attract skilled personnel. Still, the Israeli system is fairly equitable in international comparison.

In 2013, the then minister of health chaired a special committee to strengthen the public health system, addressing core issues such as public and private health care services, private insurance regulation, the dual role of the ministry as regulator and service provider, and medical tourism in hospitals. However, the implementation of its recommendations was halted by the 2015 elections, which resulted in a new coalition. The current minister has chosen to advance reforms in mental health, technology and dental services, aiming to reduce waiting periods and improve accessibility for medical services.

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Families

Family Policy
Score: 6

Israel has a mixed family policy that is pro-family while supporting the integration of mothers in the labor force. Its pro-family policy includes essentially free coverage of in vitro fertilization (IVF) procedures for women under the age of 45 and child allowances for all Israeli families with children under the age of 17 (without limitations based on income). Its integration policy includes parental leave arrangements, robust child-care policies, and protection of job and benefits during maternity leave.

Israeli women's share in the workforce increased substantially during the past 30 years. From just a third of the workforce, women currently make up 47% of all employees. A 2014 study shows that employment rates for women ages 25 to 44 are almost unaffected by motherhood. The gap was even smaller for women with higher education, as education offers more access and financial reward for working mothers. This positive trend is more prevalent among Jewish working women, who are almost equal in share to Jewish working men. Arab women still account for only 29% of the Israeli Arab workforce and ultra-orthodox Jewish women also lag behind, although both sectors show gradual improvement and receive attention as part of a general economic policy that aims to expand social inclusion in the labor market.

Wage gaps are still salient between men and women. Since many women work part-time or hold temporary jobs in order to sustain their traditional role as the main caregivers in the household, the average monthly wage for women in 2006 was 66% of the average monthly wage of men. This gender gap is smaller for hourly wages but still prevalent, with women making 84% that of men. Studies continue to point to ongoing discrimination against women in the business and public sectors. A pioneering report published in 2013 showed that working mothers in Israel lose 5% of their income for each childbirth, while the men's income increases. Several studies have also pointed to the lack of minority-oriented social-policy tools, which are needed to address the unique problems of ultra-orthodox and Arab women.

In 2010, a law was introduced to elongate maternity leave to 14 paid weeks and 26 weeks total. However, it was not expanded to include working fathers, thus reinforcing traditional gender roles. In recent years, the need for further subsidies for daycare and after school activities gained prominence as a middle

class issue, and a plan to introduce subsidized care for children 0-5 was launched. However, reports claim that it is still largely underfunded and does not offer sustainable relief for working mothers and young families.

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Pensions

Pension Policy
Score: 7

Over the past two decades, Israel initiated several reforms of its pension policy, profoundly changing the system with respect to employer-based pensions and national insurance. The reforms introduced a new defined-benefit (DC) pension plan, with contributions invested in the market instead of government bonds. In so doing, it transformed an underfunded system driven by collective bargaining into a system of mainly individually defined contribution accounts with varied levels of collective risk sharing. In the last two years, Israel also increased the legal maximum for insurance contributions (including that for pension insurance), with the aim of improving fiscal stability and the system's overall sustainability.

One of its main consequences was shifting more responsibility to individuals. This risk was partly resolved by an agreement that was struck between the "New Histadrut" trade union, the Coordination Office of the Economic Organizations and the government. Once approved by the government in 2008, it insured a steady pension contribution for every salaried employee with two-thirds of the fund financed by his or her employer. In 2014, the contribution was set at a minimum of 17.5% of the monthly salary and is expected to yield high turnovers in the future. Thus, it is meant to secure the future of Israel's moderately aging population. However, it also reduced available income for poor households and does not fund supplementary income that is critical for the extremely poor.

At the end of 2008, the Israeli government implemented a reform that introduced a requirement for life-cycle strategies in pension savings products. The reform initiated the establishment of different investment tracks with age-based investment profiles, serving as default options for savers who failed to make an investment choice by themselves. Since the new system is regulated rather than operated by the state, it is subjected to the rules of the free-market; even though legally every worker is entitled to a pension, private pensions have discretion over client selection.

According to the OECD, Israel is one of the countries where the risk of poverty in old age is above the OECD average.

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Integration

Integration Policy
Score: 5

The legal status of immigrants in Israel is based on the Law of Return (1950), the Law of Citizenship (1952) and the Law of Entrance to Israel (1952). These laws constitute strict conditions for gaining citizenship, allowing Jewish immigrants to receive a permanent legal status as part of the Zionist vision. While still relevant, these laws are unable to offer a constructive framework for dealing with current immigration challenges including, Palestinian and African immigration to Israel. In the absence of a coherent framework for general immigration, a de facto immigration policy has been established by ad hoc ministerial decisions, with impairments for the state and the immigrants alike.

A 2014 state comptroller report exposed the potentially dangerous consequences of this lack of policy. These include illegal construction and infrastructure that pose security risks in dense urban areas, and a lack of access to proper health and housing for immigrants. Policy solutions so far, focusing on barriers, detention centers and transfer agreements, deal with a small portion of the total immigrant population and neglect its weakest members, such as battered women, victims of human trafficking and children. Furthermore, since these non-Jewish immigrants are not officially recognized, it is unlikely that a policy for monitoring and facilitating their inclusion will be developed.

In the last significant wave of Jewish immigration during the 1990s, the vast majority of immigrants came from the former USSR and Ethiopia. Since cultural barriers create challenges for integration into Israeli society, the state offers a wide support infrastructure through education and employment programs, legal aid and so forth. The Jewish Agency, a statutory authority, is responsible for Jewish immigrants' welfare as they arrive, providing them with financial aid while the implementation of immigrant policies is the responsibility of the Ministry of Immigrant Absorption.

Policies over recent years have mainly included tax breaks and subsidies. Individual committees have been formed to study the social aspects of immigration, with the aim of improving working methods. However, as noted by the Knesset's committee for immigration, absorption and diaspora affairs, a relatively small proportion of these committees' recommendations have been implemented.

In 2015, uncharacteristic violence was seen during mass demonstrations by Jews of Ethiopian descent. These protests were the direct result of years of accumulated frustration against the state, particularly the police. As Yossi Mekelberg concludes, the failure to absorb the Ethiopian Jews is a failure to fully and genuinely integrate them into Israeli society.

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Safe Living
Conditions
Score: 6

Safe Living

The Ministry of Public Security (MPS) manages internal security in conjunction with the armed forces and other government agencies such as “Rachel” (emergency) and “Malal” (terrorism prevention). After changing its name (previously, the Ministry of the Police), the MPS broadened its scope and is now in charge of crime prevention, the prison system, gun control, the prevention of terrorist acts, and fire prevention policies. Reforms aim to integrate the country’s dispersed agencies dealing with security issues and in 2013 the ministry reported some accomplishments. For example, the Firearm Licensing Department (2011), the Israel Fire and Rescue Services (2011) and the Israel Anti-Drug Authority have been successfully integrated into the ministry, improving coordination capabilities.

The OECD’s Better Life Index gives Israel a moderate mark on security (7.4 out of 10). Israel’s murder rate is below average among the OECD countries (2.3 persons killed annually per 100,000 inhabitants compared to the OECD average of 4, 2015) with 63% of citizens questioned stating that they felt safe walking alone at night (OECD average: 69%). The rate of sexual assault in Israel is above the OECD average by 16%. In 2014, a number of gun related murders and attacks in Israeli Arab cities were followed by public outrage and protest, voicing public frustration over escalating violence and the poor security conditions in Israel’s periphery. A new surge of violence in 2015, characterized by a series of street attacks on Jewish and Arab citizens attributed to nationalist and religious motivations, threaten the general perception of security.

Since Israel’s internal-security budget is divided between different agencies, and cannot be separated from the defense budget managed by the Ministry of Defense, it is hard to estimate the country’s overall internal-security expenditure. Although the Ministry of Public Security’s budget increased in recent years, it is at least partly the result of expanding the ministry’s responsibilities and not increased investment or policy implementation.

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Global Inequalities

Global Social
 Policy
 Score: 4

Israeli policy regarding global inequalities mainly consists of offering humanitarian assistance, medical and financial aid to developing countries during emergencies. In recent decades, this aid has been expanded to technological and agriculture knowledge-sharing. The government’s Center for International Cooperation (MASHAV) oversees cooperation with other developed countries, and is responsible for launching emergency-assistance missions.

Although Israel signed a number of international cooperation agreements with parties such as the United Nations Industrial Development Organization (UNIDO), it is not considered to be a leader or an agenda setter in global fair trade policies. It is however improving its regulatory structure according to international trade agreements and WTO standards. In response to the 2011 social protests it dismantled some import barriers and announced a further initiative to eliminate or reduce import duties on items such as electrical appliances, textiles and apparel, and food.

Israel is using its advanced technological position in the country’s foreign relations with African and other developing countries (e.g., hydro-diplomacy).

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III. Environmental Policies

Environment

Environmental
Policy
Score: 6

Israel faces significant environmental challenges due to its small territory, high population growth and poor natural water resources. Its geopolitical climate adds another challenge since, unlike many OECD countries, Israel's poor relationship with its neighboring countries prevents it from sharing power facilities, which would reduce environmental costs. Security and political considerations also overshadow environmental issues, resulting in long-term neglect of environmental policy while OECD accession in 2010 binds Israel to conform with western standards and goals.

Since Israel received a status as a developing country with regards to climate policy, it is not bound to international climate treaties and has discretion over greenhouse-gas emissions and pollution targets. In 2009, it stated its aim to reduce emissions by a modest 20% by the year 2020 and subsequently launched a policy package of ILS 2.2 billion. However, the treasury halted the transfer in 2013 and again in 2015 as well as reduced the policy goals. Similarly, the Clean Air Act (2008) that set standards for industrial pollutant emissions and waste dumping underwent severe budget cuts. Although the government has sought to use taxation and price mechanisms to provide incentives for energy use reductions, it has not done enough to offer viable alternatives.

Years of drought and rising water prices motivated Israeli scientists to develop new innovative technologies such as desalination facilities, sewage treatment procedures and infrastructure, and efficient irrigation techniques. These have become front-line technologies recognized around the world, used to a somewhat lower (but sufficient) degree in Israel itself. However, Israel has considerable room for improvement with respect to regulation and water pollution prevention.

Israel's approach to preserving forest areas is systematic and effective, but could be improved. According to 2010 report, Israel's wooded area makes up 8.9% of its total land, and some 10% of its open rural area. Most of this land is declared as preserved, and is supervised by governmental authorities such as the KKL-JNF.

Israel's geographical diversity supports impressive biodiversity. Yet, in 2010

8% of plants were under threat or severe threat and 2% were already extinct, while the percentage of endangered vertebrates in Israel is one of the highest in the OECD. In 2006, Israel established a communal program which promotes cooperation between the government's main environmental bodies.

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Global Environmental Protection

Global
Environmental
Policy
Score: 5

Israel is starting its involvement in advancing global environmental projects. In recent years, it has taken a larger role in environmental concerns, partly due to joining the OECD in 2010 and partly due to a rise in public awareness surrounding these issues.

Israel has been forced to find technological and ecological solutions because of the unique and diverse nature of the Israeli climate and the country's scarcity of natural drinking water. Thus, it launched green technology projects that aimed to show off its achievements in desalination and recycled water, and share information and technologies with other countries. Israel is also involved in international efforts aiming to fight desertification since it is an important exporter of new methods and technologies developed specifically for arid

regions. However, it demonstrated lower levels of commitment to other important global issues such as air-pollution standards and the global strategy for reducing greenhouse gas emissions.

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Quality of Democracy

Electoral Processes

Candidacy
Procedures
Score: 8

Israel is an electoral democracy. While it does not have an official constitution, one of its basic laws (“The Knesset,” 1958), which holds special standing in the Israeli legal framework, provides for general, free, equal, discrete, direct and proportional elections to be held every four years. The basic law promises equal opportunity for each Israeli citizen (as well as Jewish settlers in the Israeli-occupied territories) to elect and to be elected under certain reasonable restraints. To be elected for the Knesset, a candidate must be a citizen over the age of 21, with no criminal incarceration over a three months in the prior seven years (unless authorized by the head of the central elections committee). If the nominee previously held a prominent public office (as specified in law), he or she is subject to a waiting period. Under the party law of 1992, general elections are led by the central election committee, which is in charge of organizing the actual elections procedurally and tallying the final votes. The committee is also authorized to reject a nominee or a list based on three conditions:

1. If it rejects Israel’s Jewish and democratic identity.
2. If it supports another country’s armed battle against Israel and/or supports a terror organization.
3. If it incites racism.

Due to its significant influence over the electoral process, the committee is chaired by a supreme court judge and is constituted according to a proportional system. This allows each faction in the Knesset to be represented. In addition, the formation is meant to balance the political nature of the committee with a judicial emphasis on proper conduct. In order to disqualify a nominee, the committee must receive authorization from the Supreme Court. In the 2015 elections, the committee disqualified the nomination of MK Hanin Zohaby (“Balad”) and the extreme right-wing activist Baruch Marzel (Yachad) claiming that they were in breach of article 2 and 3, respectively, of the Knesset basic law. Both decisions were reversed by the Supreme Court. Out of 12 disqualifications made by the central committee the Supreme Court only upheld three: the socialist list (1964), Kah (1988, 1992) and Kahana (1988).

In the 2015 elections, for the first time, the electoral threshold was raised to 3.25%, meaning that a party needs to win at least 3.25% of all votes – representing four seats in the Knesset – in order to secure parliamentary representation.

Citation:

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Media Access
Score: 8

One of the corner stones of Israeli democracy is its free press and media. Laws have been enacted to ensure equality in media access for all candidates and parties. Moreover, the criteria for the allocation of airtime during election campaigning are impartial, not subject to arbitrary considerations and determined by the chairman of the central election committee. More specifically, the Election Law (Propaganda Means), states that the chairman of the central elections committee determines the radio broadcasting time provided to each list of candidates (currently, each list is entitled to 25 minutes, plus another six minutes for every member of the departing Knesset), all campaign-related broadcasts must be funded by the parties themselves and be approved in advance by the chairman of the committee. Nonetheless, since the 2015 election, criticism has been levied against the ways in which campaign-related broadcasts are being regulated, particularly with regard to what seems to be overregulation exercised by the chairman as well as the extent to which the Election Law fits new media platforms, including social networks.

On the constitutional level, Israel does not have a formal written constitution and legislation regarding human rights is as yet incomplete. However, in the first half of 1990s, what is now called “The Constitutional Revolution,” several basic laws were passed. Their superior status over ordinary laws gives the Supreme Court the right to act on any case where ordinary laws contradict the basic laws.

The basic law for governing the parliament states that the “Knesset shall be elected by general, national, direct, equal, secret and proportional elections.” The Supreme Court ruled in various cases that the varied size of parties makes it impractical to place them on equal footing and that the system should therefore continue to favor experienced parties.

While election broadcasting rights are fair and balanced, everyday equal access to media is challenged by the increasing popularity of the free daily

“Israel Hayom,” owned by a prominent “Likud” party contributor. However, the Yediot Aharonot and Ynet news websites were accused of being anti-Netanyahu during the campaign.

Citation:

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Voting and
Registrations
Rights
Score: 9

According to the Israeli basic law “The Knesset” (1958), every Israeli citizen above 18 is eligible to vote in the general elections. This right is guaranteed under the principle of equality. It is only restricted by the requirement to exhibit a valid government identification, which must contain the voter’s name and picture. If the voter refuses to have their photo taken for the ID (as is the case of some religious women), the ID will be considered valid if he or she received authorization from the Ministry of the Interior. Article 10 of the basic law states that the day of the national elections is a national holiday, but that public transportation and public services will remain open, thus giving voters a positive (or, at least, not a negative) incentive to vote.

Up until 1988, the issue of a prisoner’s right to vote was not much debated. However, after a number of petitions were submitted to the Supreme Court (“Bagatz”) the Knesset revised the law to state that a voting box must be stationed in every prison. Handicapped citizens are also entitled to special voting stations, simplifying their voting process by using double envelopes. The state is obligated to offer at least one such station in every city council and at least two in any city council with more than 20 standard voting stations. During the voting process, if the voter struggles with the voting procedure for any reason (such as ill health), he or she has the right to ask for assistance from an escort. Soldiers on active duty are also entitled to vote in special voting stations using double envelopes. Although the mentally ill are usually unable to access voting stations (due to hospitalization or personal constraints), they are not restrained by any specific law.

In contrast to some countries, Israel does not allow citizens that are out of the country (the Israeli-occupied territories excluded) at the time of the election to vote unless they are members of a distinct category eligible by law (e.g., embassy employees stationed abroad). However, every citizen has the right to

vote without a minimum period of residency in the country.

Information on the voting procedure is available through special government-funded information centers. These can be accessed by telephone and online. Information on voting is also disseminated by the media. Problems and complaints are dealt with by the central election committee.

Citation:

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National Election Supervisor, "The 19th election for the Knesset: Information for the voter Q&A," National election supervisor website (Hebrew).

IDI, "Who is allowed to vote?," Israel Democracy Institute website, November 2002 (Hebrew).

Party Financing
Score: 9

Israel has strict rules concerning party financing and electoral campaigns. The most important are the Parties Law (1992) and the Party Financing Law (1992). The two require all parties to document their finances and report them to the State Comptroller. These laws also stipulate the means by which parties can receive income. No party is allowed to earn income from outside the following:

- (1) Party membership dues and fundraising appeals among members, within limits established by the Parties Financing Law;
- (2) Public funds received in accordance with the Political Parties (financing) Law;
- (3) Private contributions received in accordance with the Political Parties (financing) Law;
- (4) Funds received for the purpose of elections in the New Histadrut trade union association, as approved by the New Histadrut;
- (5) Funds obtained from activities of the party, directly or by means of party associations, involving the management of party property and funds under article 21 of the law.

Furthermore, in order to ensure the observance of these two laws in the regulation of party financing, all financial activities during the election period are subjected to the supervision and monitoring of the State Comptroller, who has on several occasions issued instructions that have the status of subsidiary legislation. The State Comptroller publishes regular reports on the parties' finances, and is in charge of determining whether there has been a breach of the law. Moreover, it is the State Comptroller who can also rule that a party group must return funds to the State because of discrepancies in the receipt of private contributions.

Citation:

Hattis Rolef, Susan, Ben Meir, Liat and Zwebner, Sarah, "Party financing and elections financing in Israel," Knesset Research Institute, 21.7.2003 (Hebrew).

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Popular Decision-
 Making
 Score: 2

Israel's government and parliament have traditionally given little support to popular decision-making mechanisms. However, in March 2014 the Knesset approved a basic law on referenda. This law will apply in the event of an agreement or unilateral decision that involves withdrawal from certain geographical areas. This law has never been applied and one should realize that the use of referenda is limited to this particular issue.

Attempts at encouraging popular decision-making mechanisms tend to take the form either of: (1) open information projects or websites addressing national interest investigation committees; or (2) special legal provisions allowing citizen appeals on issues such as urban planning or addressing parliamentary committees on issues that directly concern them. These sorts of initiatives, while important, reflect a top-down strategy for civil participation instead of encouraging independent intuitive.

These initiatives, however, remained largely in their early stages. We were unable to find any meaningful ways through which Israeli citizens can affect the decision-making process directly (i.e., without media pressure, persuasion via lobbying firms or appeal to the courts). However, processes can be found on the municipal level. A local community-administration structure has existed since the 1980s, which enables local residents of Jerusalem to take part voluntarily in political decision-making that affects their neighborhoods. These programs were created in an effort to develop local leadership and enhance citizens' political efficacy. However, observers question the real value of such initiatives.

Citation:

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Access to Information

Media Freedom
 Score: 7

Israel's media environment is considered lively and pluralistic. Freedom of the press is generally respected, and neither the government nor its military abuse

their power in order to restrict information. Israelis have wide access to free and largely uncensored Internet and the usage rate marked a high of 71% in 2013. Even though the country's basic laws do not offer direct protection and censorship agreements accord the military wide discretion over issues of national security, legal protections for the press are robust: The Supreme Court has ruled that freedom of expression is an essential component of human dignity and has continuously defended it, soundly assimilating this principle into the Israeli political culture.

However, several affairs from the last three years seem to question this belief and put in danger important aspects of media independence. First, in 2011 and again in 2015, the financially troubled private television station Channel 10, which is often critical of the government, came under significant political and economic pressure. In September 2011, station executives were allegedly pressured by investors into apologizing for a story about Sheldon Adelson, a prominent American businessman and the owner of the "Israel Hayom" newspaper. Furthermore, both the PM and his wife initiated libel suits against the station during the year.

Second, in December 2014, a Knesset finance committee rejected the station's request to postpone its debt payment by a year, meaning the station faced the prospect at year's end of paying the government ILS 60 million (million) to avoid being shut down. At the same time, the public television station Channel 1 was relieved of a much larger debt obligation. After protracted negotiations and public uproar, the government agreed to financially assist the channel.

Third, with increasing public interest in recent years regarding government transparency, media ownership (e.g., TV, newspapers and news websites) and the politicization of mainstream media became even more intense. Several reports exposed the ownership structure of media in Israel, highlighting cross ownership, crony capitalism and centralization as well as pointing out the effect this has on coverage of political and economic issues on the government's agenda. On the political level, they noted the increasing involvement of the government in national and private media market and that this derives in part from PM Netanyahu's decision to keep the ministry of communication under his authority. A move allegedly motivated by personal considerations.

Fourth, the Israel Broadcasting Authority ("Rashut Hashidror") was undergoing extensive reform deliberations in 2014, and expected to be shut down and replaced by a new body. However, the process has stalled. Since PM Netanyahu took over the communication portfolio in May 2015, IBA journalists say reporting has become less critical of Netanyahu.

Furthermore, when examining the extent to which the media in Israel is independent one should also note the immense censorship power provided by law. Under a 1996 Censorship Agreement between the media and the military, the censor has the power – on national security grounds – to penalize, shut down, or stop the printing of a newspaper, or to confiscate its printing machines. In practice, however, the censor’s role is quite limited, and journalists often evade restrictions by leaking a story to a foreign outlet and then republishing it.

According to a Freedom House country report, Israel enjoys a lively, pluralistic media environment in which press freedom is generally respected (press freedom score 30). However, due to ongoing conflicts with Palestinian groups and neighboring countries, media outlets are subject to military censorship and gag orders, and journalists often face travel restrictions. The financial viability of private print and broadcast outlets also remains a concern.

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Media Pluralism
 Score: 6

Israeli policy toward media pluralism is taking a “multivalued approach,” in the sense that it views an open media field as a part of the democratic order, and thus values it not only for economic purposes but for normative ones as well. This view justifies utilizing special regulatory tools (as opposed to exclusive antitrust regulation) in order to prevent concentration of ownership and cross-ownership in the media sector. In this spirit, media regulation in Israel also oversees issues of content (specifically regarding issues of local production and censorship).

In practice, the regulation in Israel is a structural one, controlling ownership in media channels (e.g., radio, public and private television via cable or satellite). Regulators are in charge of authorizing licenses and enforcing regulation in matters of ownership concentration, cross-ownership and foreign ownership. Print media is not governed by the same constraints as broadcast media, and is dealt with through antitrust regulation or voluntary self-regulation. Most of the news websites in Israel are operated by the print media companies. There are attempts currently to expand regulation to the digital sphere, but no change has been legislated by parliament as of yet.

In general, Israel's media sector shows diversified ownership structures both in the electronic and print markets. Both the public and regulated private media compensate for deficiencies or biases in private media reporting by ensuring representation of a wide range of opinions. Recent years brought trends of ideological and financial centralism along with governmental efforts to improve regulation and competition in the communication market. Israel's diverse newspaper industry was joined in 2007 by "Israel Hayom," a free daily newspaper owned by Sheldon Adelson, an American businessman who is openly aligned with the prime minister and the "Likud" party. It quickly gained power, capturing 40% of the market, thus raising concerns due to its partisan coverage and its negative effect on competing commercial newspapers. In 2012, the owner of the religious right's prominent paper "Makor Rishon" purchased the longstanding, but financially troubled, "Ma'ariv" daily newspaper, increasing market centralization. However, mounting debt ultimately resulted with the newspaper's closure.

Major newspapers are in private ownership. The free daily newspaper Israel Hayom has captured about 40% of the market and has placed financial pressure on other mainstream papers, as its business model has forced them to slash advertising rates, thus threatening their sustainability. In addition, a diverse selection of broadcast media is available, although ownership concentration among private stations is a growing concern, according to a Freedom House report.

Citation:

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Freedom House Country Report Israel 2015
<https://freedomhouse.org/report/freedom-press/2015/israel>

Access to
Government.
Information
Score: 8

Israel has a freedom of information law (1998) allowing each citizen or resident to apply for information regarding a government authority's activity, whether written, filmed, recorded or digitized. This legal standing has been the basis of considerable activity by NGOs and private individuals. For instance, municipal authorities and government offices issue online reports detailing their progress in various areas. Naturally, the right to freedom of information is not absolute, with reasonable restrictions on the basis of national security or privacy issues. However, a 2008 analysis by the Israel Democracy Institute stated that the restrictions are within reason and do not prevent the law from reaching its main goal: to assist in creating a more transparent and accountable government. In addition, a right-to-privacy law (1998) grants individuals the right to access their personal information held in government or private databases. The implementation of this law is enforced by the registrar of databases in the Ministry of Justice and petitioners can appeal to the courts if they find that government practice does not accord with the law.

In 2011, government decision no. 2950 established a designated unit for freedom of information within the Ministry of Justice. The unit is also charged with implementing OECD guidelines for information management and sharing. As part of its mandate it publishes a yearly progress report. According to the unit, in 2014 70% of requests were replied to within the legal 30-day period; the most common reason for rejection being lack of proper documentation (20%). According to the report, progress is often impeded by the norms surrounding the position of the responsible party for freedom of information in subordinate authorities (budget, conflict of interest, time and manpower constraints, etc.). Lack of compliance is also evident in the fact that 400 of the 1,100 authorities still do not cooperate with the ministry's directions.

Citation:

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Civil Rights and Political Liberties

Civil Rights
Score: 5

By law, the effort to safeguard civil rights is constituted in the basic law "Human Dignity and Liberty," which protects the right of each citizen to privacy, property, dignity and life. This basic law is meant to establish legally binding norms and is procedurally protected from nullification. However, its provisions can be overruled in cases of specific urgency as stated by the government and the courts. Much of the work of protecting civil rights in Israel is done through acts of judicial review, which operate independently from the legislator and the executive branches. Civil-rights claims are expressed through media pressure, NGO activities, appeals to the Supreme Court, legislative amendments and appeals to government bodies that investigate public complaints.

Nevertheless, there is a gap between the formal guarantees of equal civil rights and the reality of unequal opportunities experienced mainly by the Arab minority, primarily due to the conflict between civil rights and other core social values such as religious identity, security and communal rights. A report issued by the Association for Civil Rights in Israel (ACRI) in December 2014, found that Operation Protective Edge in Gaza led to a sharp increase in human rights violations in Israel. According to the report, the operation in Gaza led to freedom of speech violations, a surge in racist remarks and violations against Arab citizens. The report mentioned that anti-war protests were dispersed illegally and around 1,500 protesters, particularly Arabs, were arrested within one month.

After Israel annexed East Jerusalem in 1967, Arab residents were issued Israeli identity cards and given the option of obtaining Israeli citizenship, most declined for political reasons. Israeli law strips noncitizens of their Jerusalem residency if they are away for more than three months.

Citation:

Ben Solomon, Ariel, "FM Liberman calls for boycott of Israeli Arab businesses who strike for Gaza," Jerusalem Post, 21.07.2014:

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Freedom in the World. Country Report. Israel 2015. <https://freedomhouse.org/report/freedom-world/2015/israel>

Political Liberties
Score: 6

Israel's lack of a constitution means that the guarantee of political rights is confided to the basic laws. Thus, they are not constitutional as such. For these and other reasons, the responsibility to protect political liberties still lies with the Israeli parliament. However, parliamentary activity has not been conducive to this task. Several pieces of proposed legislation appear to undermine aspects of democracy and due process. A law passed in March 2011 requires the state to fine or withdraw funds from local authorities and other state-funded groups that hold events marking Al-Nakba (the 1948 displacement of the Palestinian population) on Israeli Independence Day, that support armed resistance or "racism" against Israel, or that desecrate the state flag or national symbols.

Another controversial measure is the so-called "Boycott Law," passed in July 2011, which exposes Israeli individuals and groups to civil lawsuits if they advocate an economic, cultural or academic boycott on Israel or the West Bank settlements. However, many problematic proposals did not win parliamentary passage or were eventually softened in part due to public opposition. For example, PM Netanyahu refrained from presenting a new bill before the March 2015 elections meant to elevate the Jewish identity of the state over its democratic identity. Similar proposals have in the past been ruled unconstitutional by the judiciary.

Though such measures have been rejected to date, they have intensified Arab Israelis' political marginalization. Another example of this political marginalization can be taken from the 2015 election day. PM Netanyahu warned of "Arab voters [...] coming out in droves to the polls. Left-wing organizations are busing them out." In this elections Arab Israelis held 14 out of 120 seats in the Knesset, the highest number ever reached, even though Arab Israelis constitute some 20% of the population. In recent elections, many have opted to boycott the polls in protest, but this time an alliance of Arab parties opted to run on a joint ticket and became the third largest faction in the Knesset.

Arab-Palestinian citizens of Israel enjoy equal political rights under the law but, as Freedom House finds, face some discrimination in practice. No Arab party has ever been formally included in a governing coalition and Arabs generally do not serve in senior positions in government.

Citation:

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Freedom in the World. Country Report. Israel 2015.

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Non-discrimination
Score: 5

Israel's main venue for dealing with cases of discrimination is the court system, particularly the Supreme Court, which address cases of discrimination against women and minorities in professional, public and state spheres. The country has longstanding institutional mechanisms intended to promote equality, such as the Authority for the Advancement of the Status of Women in the Prime Minister's Office and the Equal Employment Opportunities Commission in the Ministry of the Economy. However, these tend to offer ad hoc solutions instead of comprehensive and long term plans. Attempts to pass a basic law protecting equality to join existing legislation protecting human dignity and liberty did not yield results. Instead, the struggle against discrimination is usually fought through Israel's media and by vigorous NGO activity.

Progress was achieved in recent years regarding women and gay rights. The government addressed the expanding industry trafficking women and prostitution by opening designated shelters for victims and legislating (2006) prison terms of up to 20 years for perpetrators. The gay community also marked prominent victories: non-biological same-sex parents have been made eligible for guardianship rights and same-sex marriages conducted in foreign countries are recognized by the state; the first divorce of a same-sex couple was granted in 2012.

Discrimination is prevalent and systematic regarding Palestinians' rights. Following Israel's annexation of East Jerusalem in 1967, Arab residents were issued Israeli identity cards and given the option of obtaining Israeli citizenship, though most choose not to seek citizenship for political reasons. These non-citizens have many of the same rights as Israeli citizens, except the right to vote in national elections. They can vote in municipal as well as

Palestinian Authority elections, and remain eligible to apply for Israeli citizenship. However, Israeli law strips non-citizens of their local residency if they stay outside the city for more than three months.

A 2003 law denies citizenship and residency status to Palestinian residents of the West Bank or Gaza that marry Israeli citizens. This measure affects about 15,000 couples and has been criticized as blatantly discriminatory. In 2011, the Knesset passed a law allowing the courts to revoke the citizenship of any Israeli convicted of spying, treason or aiding the enemy. A number of civil rights groups and the Shin Bet security service criticized the legislation as unnecessary and overly burdensome.

Citation:

“Back to basics: Israel’s Arab minority and the Israeli-Palestinian conflict,” Middle East Report N°119, 14 March 2012,

<http://www.crisisgroup.org/en/regions/middle-east-north-africa/israel-palestine/119-back-to-basics-israels-arab-minority-and-the-israeli-palestinian-conflict.aspx> (English).

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<http://www.freedomhouse.org/report/freedom-world/2013/israel> (English).

Freedom House, “Israel: 2014”, Freedom House website, 2015:

<http://www.freedomhouse.org/report/freedom-world/2014/israel-0#.VEOZwCueWro> (English).

Tmura, “Selected verdicts of Tmura center,” Tmura website (Hebrew).

Rule of Law

Legal Certainty
Score: 5

Several institutions have been established during the short history of Israel to ensure the legal review of the government and administration. The State Comptroller, the Attorney General of Israel and the Supreme Court (ruling as the High Court of Justice) conduct legal reviews of the actions of the government and administration. The Attorney General represents the state in courts. The officeholder participates regularly in government meetings and is in charge of protecting the rule of law in the public’s interest. His or her legal opinion is critical, and even mandatory in some cases. The Supreme Court hears appeals from citizens and Palestinian residents of the West Bank and Gaza Strip (even though Israeli law is not officially applied in the latter). These petitions, as filed by individuals or civic organizations, constitute an important instrument by which to force the state to explain and justify its actions.

The judiciary in Israel is independent and regularly rules against the government. In 2014, the courts overturned a Knesset bill regarding administrative detention of illegal African immigrants, raising tensions around the courts active review of policy. Although the state generally adheres to court rulings, the Association for Civil Rights in Israel (ACRI) reported in

2009 that the state was in contempt of eight rulings handed down by the Supreme Court since 2006, including a 2006 rerouting of the West Bank security and separation barrier in the Israeli-occupied territories.

Some legal arrangements provide for ad hoc state action when facing security threats. The Emergency Powers (Detention) Law of 1979 provides for indefinite administrative detention without trial. According to a human rights group, in 2014 there were 473 Palestinians incarcerated under such charges. A temporary order in effect since 2006 permits the detention of suspects accused of security offenses for 96 hours without judicial oversight, compared with 24 hours for other detainees. Israel outlawed the use of torture to extract security information in 2000, but milder forms of coercion are permissible when the prisoner is believed to have vital information about impending terrorist attacks.

Barzilay, Gad and David Nachmias," The Attorney General to the government: Authority and responsibility," IDI website September 1997 (Hebrew).

B'tselem, "Administrative detention," B'tselem 7.10.2014:

http://www.btselem.org/hebrew/administrative_detention/20141007_spike_in_number_of_administrative_detainees (Hebrew).

Freedom House "Israel: 2014," Freedom House website, 2015:

<http://www.freedomhouse.org/report/freedom-world/2014/israel> (English).

B'tselem, "B'Tselem's 2011 annual report on human rights in the Occupied Territories," B'tselem, 21.3.2012:

http://www.btselem.org/download/2011_annual_report_eng.pdf (English).

Judicial Review
Score: 9

The Supreme Court is generally viewed as a highly influential institution. It has repeatedly intervened in the political domain to review the legality of political agreements, decisions and allocations. Since a large part of the Supreme Court's judicial review in recent years is over the activities of a rightist coalition and parliament, it is often criticized for being biased toward the political left. In 2013 and 2014, the Supreme Court was similarly criticized for overturning an "infiltration law" set up to implement policy regarding illegal immigration. Nevertheless, it is repeatedly ranked by Jewish citizens as one of the top four trustworthy governmental institutions, and as the most trustworthy institution according to Arab-Israeli citizens in an annual survey conducted by the Israeli Democracy Institute.

The independence of the judiciary system is established in the basic law on the judiciary (1984), various individual laws, the ethical guidelines for judges (2007), numerous Supreme Court rulings, and in the Israeli legal tradition more broadly. These instruct governing judicial activity by requiring judgments to be made without prejudice, ensuring that judges receive full immunity, generally banning judges from serving in supplementary public or private positions, and more. Judges are regarded as public trustees, with an independent and impartial judicial authority considered as a critical part of the democratic order.

Citation:

Azulai, Moran and Ephraim, Omri, "Overruling the infiltration law: The Knesset goes into battle," Ynet, 23.9.2014:

<http://ynet.co.il.d4p.net/articles/0,7340,L-4574094,00.html> (Hebrew).

Kremnitzer, Mordechai, "Judicial Responsibility at its Best," IDI website, 31.5.2012 (Hebrew).

Svorai, Moran, "Judicial independence as a main feature in judicial ethics," Mishpat Website, 2010,

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Herman, Tamar, Atmore, Nir, Heller, Ella and Lebel, Yuval, "Israeli Democracy index 2012," The Israel Democracy Institute, 2012:

<http://www.idi.org.il/media/1112579/%D7%9E%D7%93%D7%93%20%D7%94%D7%93%D7%9E%D7%95%D7%A7%D7%A8%D7%98%D7%99%D7%94%20%D7%94%D7%99%D7%A9%D7%A8%D7%90%D7%9C%D7%99%D7%AA%202012.pdf> (Hebrew).

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<http://www.idi.org.il/media/2720078/Democracy%20Index%202013.pdf> (Hebrew).

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<http://www.freedomhouse.org/report/freedom-world/2014/israel-0#.VEOZwCueWro> (English).

Appointment of
Justices
Score: 9

According to Israel's basic laws, all judges are to be appointed by the president after having been elected by a special committee. This committee consists of nine members, including the president of the Supreme Court, two other Supreme Court judges, the Minister of Justice (who also serves as the chairman) and another government-designated minister, two Knesset members, and two representatives of the Chamber of Advocates that have been elected by the National Council of the Chamber.

The cooperative procedure balances various interests and institutions within the government in order to insure pluralism and protect the legitimacy of appointments. The process receives considerable media coverage and is subjected to public criticism, which is usually concerned with whether justices' professional record or other considerations (social views, loyalties and political affiliation) should figure into their appointment.

The spirit of judicial independence is also evident in the procedure for nominating judges and in the establishment of the Ombudsman on the Israeli judiciary. This latter was created in 2003, with the aim of addressing issues of accountability inside the judicial system. It is an independent institution that investigates public complaints or special requests for review from the president of the Supreme Court or the secretary of justice. The Ombudsman issues an annual report of its work, investigations and findings from all judicial levels, including the rabbinic courts.

Citation:

Rubinstein, Amnon, "The constitutional law of the state of Israel", Shoken, 2005.

"The Ombudsman on judges office: Annual report 2011," Ministry of Justice website, 2012,

<http://index.justice.gov.il/Units/NezivutShoftim/pirsomeyhanaziv/Doch/Documents/2012.pdf> (Hebrew).

The Ombudsman of Judges, "The Ombudsman of judges office: Annual report 2013", Ministry of Justice, Jerusalem, 2014,

<http://index.justice.gov.il/Units/NezivutShoftim/MainDocs/Report2013.pdf> (Hebrew).

Corruption
Prevention
Score: 6

A survey of the Israeli legal framework identifies three primary channels of a corruption-prevention strategy: 1) maintaining popular trust in public management (including bank managers and large public-oriented corporations' owners), 2) ensuring the proper conduct of public servants and 3) ensuring accountability within the civil service. Israel pursues these goals by various means: It established a legal and ethical framework to guide civil servants and the courts, reinforced the position of the State Comptroller through the passage of a basic law (1988) in order insure government accountability, adapted the civil-service commission's authority to manage human resources (e.g., appointments, salaries) and so forth. In 2005, Israel was one of 140 states to sign a national anti-corruption treaty and began implementing it in 2009, issuing annual progress reports.

Annual opinion surveys demonstrate that Israeli citizens are concerned about high levels of corruption in their country, but this belief is not empirically supported. Nevertheless, criticism of Israel's centralized public-service structure have been mounting, in part because it is characterized by some very powerful ministries with broad ability to engage in discretionary spending. These powers detract from accountability, leaving room for corruption. Criminal inquiries into politicians are common. Former Foreign Minister Avigdor Liberman was on trial for fraud, money laundering and breach of trust. Former Finance Minister Avraham Hirschson was indicted for a number of crimes including aggravated fraud, theft, breach of trust and money laundering. In 2014, the courts issued a historic ruling, sentencing former Prime Minister Ehud Olmert to six years in prison for accepting bribes while serving as mayor of Jerusalem.

According to Transparency International's Corruption Perception Index, Israel ranks 36th out of 175 countries in terms of corruption. Of the 34 OECD nations, Israel ranked 24th. One aspect of institutional corruption lies in bureaucracy. Studies have shown that corruption gets an extra institutional incentive where private businesses face the difficulties that bureaucracy raises. Where bureaucracy is complicated, corruption can thrive. Overall, few scandals of political corruption were revealed during 2015. Several senior figures from government ministries and local councils were accused of crimes including bribery, fraud, breach of trust, money laundering, falsifying documents, and obstruction of justice by funneling money to various organizations and foundations. According to the head of the Israel Police's fraud investigations task force, General Meni Yitzhaki, Israel does not suffer from widespread corruption but rather "islands of corruption." General Yitzhaki claimed that the Israeli police "treat corruption as criminal organizations."

Transparency International reports that “no information is made public about government discussions and ministerial committee proceedings.” The government and the executive branch in particular do not cultivate a culture of accountability with regard to the public. The executive rarely issues reports and often eschews responsibility for its errors and failures. At times, according to Transparency International, ministers will publicly renounce government decisions that they themselves have been involved with, thereby fomenting conflicts and undermining integrity.

Citation:

Aliasuf, Itzak, “Ethics of public servants in Israel,” Mishkanut Shananim Website, 1991

<http://mishkenot.org> (Hebrew).

Hovel, Revital, “Former Israeli Prime Minister Ehud Olmert sentenced to 6 years in prison,” Haaretz, 13.5.2014:

<http://www.haaretz.com/news/national/1.590298> (English).

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Shahar Levi, Zohar, “The head of the Israel Police fraud investigations task force: We have number corruption affairs in line,” Calcalist, 19.5.2015:

<http://www.calcalist.co.il/local/articles/0,7340,L-3659694,00.html> (Hebrew).

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“85% of Israelis think corruption is widespread in business,” The Times of Israel, 12.5.2012:

<http://www.timesofisrael.com/85-of-israelis-think-corruption-widespread-in-business/> (English).

Ynet Reporters, “Massive scope of Yisrael Beiteinu corruption scandal revealed,” Ynet, 25.12.2014:

<http://www.ynetnews.com/articles/0,7340,L-4607728,00.html> (English).

Transparency International – TI Israel:

How resilient is the Israeli Integrity System? National Integrity System Assessment – Israel, 2013
Strengths, Sustainability and Challenges.

http://www.transparency.org/whatwedo/publication/national_integrity_system_assessment_israel_english_executive_summary

Governance

I. Executive Capacity

Strategic Capacity

Strategic Planning
Score: 6

Israel's government adopted the practice of strategic planning only in the 1990s. Previously government actions were based on practical experience rather than theory, with much improvisation and a policy framework driven by short-term incentives. As a result, the Israeli government did not develop strategic planning units early on, even though a planning division was developed in the Israeli Defense Forces in the early 1970s.

Today, the director general of the Prime Minister's Office oversees the body's administrative and policy work. He or she supervises three main planning agencies: the National Economic Council, the National Security Council, and the Policy Planning Department. In 2010 the government formed a committee to investigate internal strategic planning capacities; the results, published in late 2012, identified many structural deficiencies.

In 2011, the government planning guide became a compulsory tool for government offices and agencies to consolidate their strategic planning and work plans. However, the Prime Minister's Office did not formulate, in accordance with the new guide, detailed work plans in 2012 or 2014 and prepared no work plans in 2013, the year elections for the twentieth Knesset took place. Instead, the main planning agencies and units within the Prime Minister's Office either prepared only partial work plans or no work plans at all.

While it is unclear whether government planning agencies have access to or can advise the prime minister directly, such agencies do have access to ministries and other government departments as well as to the director general of the Prime Minister's Office. Government strategic planning bodies take a long-term view when addressing policy challenges and solutions. Their

influence on government decision-making, while systematic, is still limited in scope and depth.

There are also no concrete new plan for the government elected in 2015 to address several basic challenges in politics, society and the economy: the Israel-Palestine question, social differentiation and intrasocietal gaps, growing polarization, improving the education system, sustainable economic development in the changing regional and global environment.

Citation:

Akerman, Lior, "Does Israel have a long-term strategic plan?," Jerusalem Post, 23.6.2013: <http://www.jpost.com/Opinion/Op-Ed-Contributors/Does-Israel-have-a-long-term-strategic-plan-314207> (English).

Arlozerov, Meirav, "A strategic planning headquarter will be established in the prime minister's office; will be in charge of reforms," TheMarker website, 13.10.2012, (Hebrew).

"A guide for government planning," The Department for Policy Planning, September 2010 (Hebrew).

"Policy departments - auxiliary tool for navigation," the Reut institute 11.6.2008. (Hebrew).

Prime Minister's Office, "Work plans in the Prime Minister's Office," State Comptroller Annual report 64c (2015), 287-304

http://www.mevaker.gov.il/he/Reports/Report_290/f0fb8582-4e26-4ef4-a60b-639228d2a58e/65C-201-ver-3.docx (Hebrew).

Scholarly Advice
Score: 7

The government has several interfaces with experts and representatives from academia. Experts can sit on independent public committees to examine the causes and consequences of a specific event or incident (e.g., the Trajtenberg Committee that was formed following the 2011 social justice protests). They can also serve in permanent committees that consult with the government on a regular basis (e.g., the National Economic Council in the PMO) or be summoned by parliamentary committees to present opinions or to offer a different perspective on a particular issue. Finally, think tanks and research institutes act as brokers between the academic world and politics, advocating and offering information on current events and policy issues.

Ministers often appoint an external advisory committee to assist with specific issues. One significant example is the Shashinsky Committee, appointed by the Minister of Finance to examine government fiscal policy on oil and gas. Israeli ministers also often consult informally with academic experts, primarily to receive guidance that is distant from political interests.

Citation:

"Conclusions of the committee for the examination of the fiscal policy with respect to oil and gas resources in Israel", State of Israel official publication, January 2011: http://www.financeisrael.mof.gov.il/FinanceIsrael/Docs/En/publications/02_Full_Report_Nonincluding_Apendixes.pdf (English).

Interministerial Coordination

GO Expertise
Score: 5

The Prime Minister's Office (PMO) relies on sectoral policy expertise. In recent years, it adopted a principle that it should hold a staff of independent and professional analysts; this led to the establishment of the National Security Council and the Economics Committee, which directly advise the PMO. The 2012 Kochik Committee viewed these as positive but insufficient steps and advised strengthening the PMOs consulting mechanism.

Citation:

Arian, Asher, "Politics In Israel: The Second Republic", 2nd Edition 2005 (Hebrew).

Arlozerov, Merav, "To be a minister in the government? I wouldn't touch that job with a stick, the Treasury castrates them all", theMarker, 1.8.2012:

<http://www.themarket.com/career/civil-service/1.1790839> (Hebrew).

"The committee to investigate the Prime Minister's headquarter", Official report April 2012, (Hebrew).

GO Gatekeeping
Score: 7

Traditionally, the PM did not have the power to return items to the Israeli general cabinet. However, in 2012 it filed to amend this standard practice; this was ratified by the government. It included expanding the PM's authority to delay the implementation of government decisions by resubmitting an issue to a vote after it was rejected as well as authorizing him or her to cancel, postpone or call meetings on government decisions. Since the amendment has only recently been enacted, it could be argued that it has not been de facto enforced for purposes of resubmitting an issue. Some legal experts claim that the amendment was mainly designated for rare or critical matters.

Citation:

Barnea, Shlomit and Kenig, Ofer, "Political nominations in the executive branch," IDI website, June 2011, (Hebrew).

Weisman, Lilach, "Expansion of the Prime Minister's authorities was approved; We must stop the madness", Globes website 12.8.2012: <http://www.globes.co.il/news/article.aspx?did=1000773448> (Hebrew).

"Government bill amendment 868 from 12.8.2012," PMO official website:

<http://www.pmo.gov.il/Secretary/sederyom/Pages/seder120812.aspx> (Hebrew).

Line Ministries
Score: 7

The PMO has been under continuous structural reforms since the mid-2000s. Several committees, including Trajtenberg and Kuchik (both established in 2011), issued recommendations regarding its working dynamics with other line ministries, taking into account the country's highly fragmented party system (in which ministers are nominated according to political alliances) and the overly centralized budgeting process.

In recent years the PMO became more involved in the preparation of policy proposals in the ministries through various channels. For example, the PMO's chief of staff heads a forum for the CEOs of all line ministries, advancing policy agendas and interministerial cooperation. The PMO is also involved with policy proposals through its professional councils and roundtable

initiatives. Its oversight capabilities, demonstrated by its yearly publication of the government working plans, stimulates further involvement. However, the Kuchnik Committee noted that facing weaker ministries the PMO tends to overreach and control policy formation more than is advisable.

Citation:

Koren, Ora, "Line ministries will submit budget drafts - and will not be able to blame the treasury," TheMarker website, 13.11.2012, (Hebrew).

"About: The governance committee," PMO website, (Hebrew).

"Book of working plans 2012," PMO website ,March 2012, (Hebrew).

"Failures of the public sector and directions for change," Public sharing - The committee for economic and social change 2011, (Hebrew).

"Governmental planning guide," PMO website, september 2010, (Hebrew).

"Strengthening government's governability, planning and execution - Continue discussion," PMO website, 25.12.2011, (Hebrew).

"The committee for reviewing the PMO," official state publication, 2012:

<http://www.kucik.co.il/uploads/sofi.pdf> (Hebrew).

"The system," Policy planning PMO website, (Hebrew).

Cabinet
Committees
Score: 6

According to the basic law "The Government" and standards of practice, the government is authorized to appoint cabinet committees (called Ministerial Committees) for different policy issues and is obligated to appoint a security and state focused cabinet that includes the prime minister, minister of defense, minister of justice, foreign minister, minister of state security and minister of finance. The 34th government of the state of Israel established 19 committees during 2015, dealing with policy issues such as housing and education. During operation "Protective Edge" (2014), ministers publicly criticized the prime minister for making decisions without prior consultation, limiting their role to observers. Similar disputes over ministerial cooperation are evident with regards to the cabinet on housing. It should be noted, however, that these descriptions are mostly derived from popularized media coverage.

Citation:

Chudi, Ori, "The minister of housing boycotted the housing cabinet over dispute with Lapid," Globes 23.6.2014: <http://www.globes.co.il/news/article.aspx?did=1000948352> (Hebrew).

Ravid, Barak, "Ministers in the cabinet: There was no real discussion during the cease fire negotiations," haaretz 11.8.2014: <http://www.haaretz.co.il/news/politics/.premium-1.2402635> (Hebrew).

Cabinet committees and their authorities," the ministry of Justice website 24.6.1996 (Hebrew).

"The guidelines for government work," PMO's website, 12.8.2012, (Hebrew).

"Ministerial Committees," PMO's website, (12.11.2015).

<http://www.pmo.gov.il/English/GovernmentSecretariat/Pages/MinisterialCommittees.aspx> (English).

Ministerial
Bureaucracy
Score: 5

The government initiated actions to improve interministerial cooperation over the past decade in order to overcome its bureaucratic entanglements and political power struggles. Among others, it introduced roundtable meetings, CEOs coordination forums, guidelines and digital information platforms. Nonetheless, experts find that ministries are essentially territorial in nature, and the sharing of information between ministries is difficult at best. This lack of communication at least partly results from the government's highly

centralized budget process, making public servants defensive over limited and strictly supervisory resources. Some of the results of this dynamic is the dominance of non-sectoral offices (e.g., the PMO) in policy development as well as the popularity of interministerial ad hoc committees (e.g., the housing cabinet) in order to energize policy proposals. In response to the numerous entities involved in implementing the government's goals, an expert committee recently recommended establishing a mechanism for coordination and decision-making. The committee suggested strengthening the authorities of the PMO and emphasizing its role as a coordinator between ministries.

Citation:

Heruti Sover, Tali. "Experts: The Number of Government Ministries should be limited to 15," TheMarker, 24.3.2015: <http://www.themarker.com/career/1.2597873> (Hebrew).

Bar-Kol, Yair, "Appointing a minister for inter-ministerial cooperation," TheMarker 3.4.2013: <http://www.themarker.com/opinion/1.1983509> (Hebrew).

Haber, Carmit, "Managerial culture blocks to implementing open government policy," The Israel democracy institute ,March 2013. (Hebrew).

Brada, Moshe, "Coordination between the Ministry of Foreign Affairs and the Ministry of Defense," The Knesset Research Center, 2007: <http://www.knesset.gov.il/mmm/data/pdf/m01880.pdf> (Hebrew).

"About: Public sharing," Sharing official website (Hebrew).

"Failures of the public sector and directions for change," The committee for social and economical change website (Hebrew).

"The committee to investigate the Prime Minister's headquarter", Official state report, April 2012, (Hebrew).

"The division of electronics and technologies," Accountant General website (Hebrew).

"The guide for governmental sharing: A model for cooperation between ministries," official state publication, 2013:

<http://www.ihaklai.org.il/Portals/0/Documents/articles/%D7%9E%D7%95%D7%93%D7%9C%20%D7%9C%D7%A9%D7%99%D7%AA%D7%95%D7%A3%20%D7%A4%D7%A2%D7%95%D7%9C%D7%94%20%D7%91%D7%99%D7%9F%20%D7%9E%D7%A9%D7%A8%D7%93%D7%99%20%D7%94%D7%9E%D7%9E%D7%A9%D7%9C%D7%94.pdf> (Hebrew).

Informal
Coordination
Score: 5

Israel's government system is greatly influenced by informal coordination mechanisms such as coalition obligations and internal party politics. However, due to its highly fragmented party system, it is hard to determine whether they support or undermine formal mechanisms of interministerial coordination. While coordination between like-minded parties may be made easier by the situation, fragmentation may result in stagnation over disputed policies.

Citation:

Blander, Dana and Ben Nur, Gal, "Governmental coalitions: A steering mechanism in the political system," in The political system in Israel, 2013: <http://en.idi.org.il/analysis/idi-press/publications/hebrew-books/the-political-system-of-israel/> (English).

"Annual report 61 for the year 2010: Treatment of prolonged inter-ministerial disagreements," The State Comptroller office website (Hebrew).

"Coalition management", the Knesset website: <http://main.knesset.gov.il/About/Lexicon/Pages/coalition-management.aspx> (Hebrew).

Evidence-based Instruments

RIA Application
Score: 3

The government approved a decision to install a regulatory impact assessments model in 2011 and 2014. A governmental regulation website has been recently launched, providing a PMO authored, RIA compliant, guide book for government regulators. However, it is still in its early stages.

Citation:

“RIA Guide”, Governmental Regulation Website: <http://regulation.pmo.gov.il/RIAguide/Pages/RIA.aspx> (Hebrew).

“Report from the committee for improving regulatory mechanisms in Israel and reviewing interfaces between various regulators in the market”, official report, April 2013, (Hebrew).

Quality of RIA
Process
Score: 2
Sustainability
Check
Score: 2

The government has not started implementing regulatory impact assessments.

The government has not started implementing regulatory impact assessments.

Societal Consultation

Negotiating Public
Support
Score: 6

The critical role of civil society during the military operation “Cast Lead” in 2008 and the growing third sector in Israel inspired government decision 3190 for the pursuit of more societal consultation and inter-sectoral cooperation in the policy formation process. Civil protests in 2011 brought the issue of social dialogue to the forefront once more, with public complaints over obscure government budgetary procedures as well as internal pressure from MKs to increase information sharing and transparency. This trend was only partially implemented, mainly by the establishment of a yearly roundtable event in which invited representatives discuss current and future government policies, the launch of designated “open” governmental websites and increased participation of non-governmental organizations (NGOs) in policy debates. In April 2015, the PMO advertised a tender for a new position: Public Sharing and Collaborations Director. As the third sector and alternative media outlets gain a stronger voice in Israeli society, consultations could gain more clout than they currently hold.

Citation:

Limor, Nissan and Avishai, Libat, “Separately and together: Structuring a relationship of cooperation between government and civil society organizations”, JDC publication, 2013 (Hebrew).

“Round table interface: Three years summary,” PMO official brochure, August 2011, (Hebrew).

“Israeli government, civil society and business community”, PMO policy paper, February 2008,(Hebrew).

Shapira, Asaf, “Who privatized my country?,” IDI website, March 2010, (Hebrew).

“The round table and the tri-sectoral discourse,” Civil leadership website (Hebrew).

“Tender 34067”, Ejobs Website 2015:

[https://ejobs.gov.il/gius\(bD1oZSZjPTI4MA==\)/tender/application.do?PARAM=cmNmdHlwZT1waW5zdCZwaW5zdD0wMDUwNTZCRjAwMTEzRUU0QjhCOTIGNUEzNjExQ0IzRg%3D%3D](https://ejobs.gov.il/gius(bD1oZSZjPTI4MA==)/tender/application.do?PARAM=cmNmdHlwZT1waW5zdCZwaW5zdD0wMDUwNTZCRjAwMTEzRUU0QjhCOTIGNUEzNjExQ0IzRg%3D%3D) (Hebrew).

Policy Communication

Coherent
Communication
Score: 7

By law, the PMO supervises and coordinates activity between government ministries through a designated division. However, annual reports from the State Comptroller reveal major shortcomings in ministerial coordination, emphasizing the mutual tension and recrimination between ministries. Contradictory proclamations from different ministries are not uncommon, resulting from political power struggles within the coalition as well as from the treasury's stronghold on ministerial budgets and practices. In recent years there has been a shift toward creating a more "open" government and improving the government's communications vis-a-vis the third sector and the public as well as within the government itself. The new emphasis on sharing and transparency has somewhat ameliorated the technical aspect of the divides, but its influence over communicating policy is still uncertain.

Citation:

Ravid, Barak and Lis, Jonathan, "After criticizing the government: Netanyahu fires deputy minister of security Danon", Haaretz, 15.7.2014: <http://www.haaretz.co.il/news/politi/1.2377994> (Hebrew).

"Open government partnership: Progress report on action goals", Official state publication, October 2013, (Hebrew).

"Special report regarding the Mount Carmel Forest fire – December 2010 oversights, failures and conclusions," the state comptroller website, 20.6.2012, (Hebrew).

"The governmental guide for sharing: A model for inter ministerial cooperation", Official state publication, September 2013, (Hebrew).

"The Prime Ministers Division for Coordination follow up and Control," PMO's website (Hebrew).

"The governmental guide for sharing: A model for inter-ministerial cooperation", Official state publication September 2013 (Hebrew).

"The Prime Ministers Division for Coordination follow up and Control," PMO's website (Hebrew).

Implementation

Government
Efficiency
Score: 6

In accordance with government decision 4085, the PMO publishes yearly working plans for line ministries. The yearly plan for 2014 was the first to also publish detailed benchmarks for policy goals. However, as it does not show progress for previous years, it is difficult to track long term progress. Prominent topics on the government's agenda in recent years such as the housing supply, the cost of living, the unrecognized settlements for the Bedouin population and illegal immigration did not reach visible resolutions or substantial achievements. In fact, a large share of government decisions is not implemented. According to several sources in the PMO, in recent years the PMO has outright rejected calls for monitoring the implementation of government decisions. Some of these sources claim that the government avoids monitoring its implementation of policy decisions because it expects that the outcome would be unflattering.

The Israeli central bank's periodic evaluations show that the Israeli government performs fairly well in most economic criteria such as inflation, unemployment and crisis aversion. However, the growing deficit is seen as a cause for concern, especially considering the high cost of the "Protective Edge" military operation and further political commitments for social expenditures in 2015. While the Israeli government has been modestly efficient in achieving its policy goals, it has done so by resorting to a highly disputed emergency law (the Arrangements Law) instead of through regular legislation.

Citation:

Kashti, Or, "The government made decisions, but no one monitors its compliance," Haaretz, 6.2.2015: <http://www.haaretz.co.il/news/politics/.premium-1.2558823> (Hebrew).

Robinson, Eyal, "Implementation of policy as a key in planning cycle and decision-making at the national level," Citizens Empowerment Center in Israel, July 2014, (Hebrew).

"Aspects of planning, measurements and control in government proposals brought to government's discussion," September 2008, (Hebrew).

"Book of working plans 2014," PMO website, March 2014, (Hebrew).

"Deputy chancellor of the Bank of Israel, Dr. Karnit Flug, in the agenda forum meeting: where are we in achieving social-economic government goals?," Bank of Israel website 16.4.2012 (Hebrew).

"Financial stability report", Bank of Israel, June 2014 (Hebrew).

"Arrangements Law," The Knesset website (Hebrew).

"Monitory policy report 2014 - first half", Bank of Israel website, 4.8.2014:

<http://www.boi.org.il/he/NewsAndPublications/RegularPublications/Pages/doch-mm/IMF201401h.aspx> (Hebrew).

"Yearly report 64a," State Comptroller official publication, 15.10.2013:

<http://www.mevaker.gov.il/he/Reports/Pages/113.aspx> (Hebrew).

Ministerial
Compliance
Score: 7

Influences from the OECD and global best practice methods have altered Israel's organization of government in recent years. Values of transparency, planning, comparability and supervision from a designated unit in the PMO were introduced, arguably improving implementation to the overall government program by increasing ministerial accountability vis-a-vis the government and the public. These new actions accompany more traditional pathways to better compliance, such as weekly cabinet sessions and interministerial roundtable events.

Structural elements contradict this trend by imposing centralization. The government's budget process essentially undermines the authority of individual ministers by creating a negative incentive for cooperation and forcing ministers into a more combative stance against each other. The Arrangements Law (an omnibus law which includes bills and amendments specifically aimed at restricting expenditures and achieving economic goals) is another bold expression of the additional power given to the budget department of the Ministry of Finance. This bill is often used to cancel or negate reforms or legislation already passed by other ministries, thus undermining their commitment to the government's program.

Monitoring
Ministries
Score: 7

Citation:

Blander, Dana, "Hok Ha-Hesderim: Necessary evil or necessarily evil?," IDI website, 14.1.2007, (Hebrew).
Salonim, Ori, "Measuring performance in the public service," The eleventh annual Hertzliya conference official publication (Hebrew).
"Book of working plans 2014," PMO website, March 2014, (Hebrew).

The basic law "The Government" establishes the prime minister's responsibility over the government's advancement of policy goals. This includes monitoring and guiding the work of appointed line ministers and directing their respective offices. In recent years, the PMO introduced best practice reform elements of transparency, sharing and benchmarking, which have improved systematic monitoring of ministries. A special committee formed to review the PMO noted the office's professional weakness when facing recommendations from the ministries of finance and defense. This is aggravated by the PMO's tendency to take on executing responsibility of weaker ministries (e.g., welfare and health), thus expanding its workload. Gradual change commenced with the establishment of three new professional units in the PMO, each in charge of monitoring related ministries, but future steps are uncertain.

Citation:

"The committee to review the PMO's", Official state publication, February 2012, (Hebrew).
"Reorganization of structure", Civil Service Commissioner information booklet No. 2, October 2012:
<http://www.csc.gov.il/DataBases/NewsLetters/newsletter2/Pages/MattePMO.aspx> (Hebrew).

Monitoring
Agencies,
Bureaucracies
Score: 7

As in many other westernized countries, the Israeli government is undergoing a process of agencification and outsourcing in recent decades in order to enhance its regulatory functions and retract its role in direct public provision. While ministries connections with agencies and NGOs are restrained by contractual agreements as well as by financial and legal oversight on conduct, the content and quality of services are not under similar appraisal. Thus, while most ministries sufficiently monitor their respective agencies, some ministries – notably education and welfare – are criticized for failing to implement government policies by effective monitoring of services. Various government committees and reports issued recommendations to improve professional and organizational capabilities of ministries but as of yet there is no clear comprehensive plan to deal with such failures.

Citation:

Dagan-Buzaglo, Noga, "Aspects in privatization in the education system", Adva center 2010, (Hebrew).
Detal, Lior, "The Ministry of Education inc.: This is how hundreds of private bodies receive some 11 billion shekels", theMarker, 5.10.2014:
<http://www.themarker.com/news/education/1.2450395> (Hebrew).
Haber, Carmit, "Managerial culture blocks to implementing open government policy," The Israel democracy institute, March 2013, (Hebrew).
Limor, Nissan, "Regulation and oversight over third sector organizations", Social security no. 70 (2005),159-187, (Hebrew).

Koren, Ora, "Reform in the public sector: The ministry of Treasury's authorities will be restrained, employees will receive incentives," TheMarker website, 9.8.2012 (Hebrew).

"Public service provisions using outsourcing", JDC publication. (Hebrew).

"The Ministry of Health", in Annual report 63c for 2012, the State Comptroller publication, 8.5.2013: <http://www.mevaker.gov.il/he/Reports/Pages/114.aspx?AspxAutoDetectCookieSupport=1> (Hebrew).

Task Funding
Score: 6

Local authorities have three main types of income: local taxes (property tax, fines, tolls) earmarked to finance local services, government funds designated for social and educational services, and governmental balancing grants for basic services that weak local authorities are unable to fund. The government's budgeting procedure for local government is clearly articulated, and includes progressive budgetary support.

In 2015, the heads of more than ten local authorities championed a plan to redistribute education budget allocations according to the cities' socioeconomic ranking. This group, headed by Jerusalem mayor, Nir Barkat, asserts that the current method of education budget allocation does not take the economic and social situation of the local authorities into account, and perpetuates social gaps. However, this plan provoked resistance among rich municipalities and has not been accepted by the Ministry of Finance.

Over the years, the Ministry of the Interior expanded its oversight over local authorities, as issues of politicization, corruption and management failures resulted in unwieldy deficits or even municipal bankruptcies. Research focusing on social services show that although Israel funding levels are comparable to other OECD countries, its local authorities receive less government funds when taking into account the proportion of responsibilities the government delegates to the local level.

Citation:

Azulay, Yuval, "Barkat: Richer cities must pay more for education", Globes, 30.8.2015:

<http://www.globes.co.il/en/article-jerusalem-mayor-richer-cities-must-pay-more-for-education-1001065267> (English).

Ben Basat, Avi and Dahan, Momi, "The political economy of local authorities," IDI website, 2009 (Hebrew).

Saada, Aria, "Ombudsman's report 572: Budgeting social services for local authorities equality lacking," Abiliko website, 9.7.2010, (Hebrew).

Ben Basat, Avi and Dahan, Momi, "Strike in local authorities," IDI website, 15.1.2012 (Hebrew).

Ben-Bassat, Avi, Dahan, Momi, and Klor, Esteban F., "Representativeness and efficiency in local government", Jerusalem: IDI 2013: <http://en.idi.org.il/media/2464644/Representativeness-Abstract.pdf> (English).

Dahan, Momi, "Why do local authorities hold back pay?," IDI website, 15.11.2009, (Hebrew).

Milman, Omri, "Mayors to Kahlon: 'If you would promote the differential allocation we won't build in our territory'", Calcalist 2.9.2015:

http://www.calcalist.co.il/real_estate/articles/0,7340,L-3668520,00.html (Hebrew).

"Instructions for local authorities' budget frame proposal for the year 2012," Ministry of Interior website, (Hebrew).

Constitutional
Discretion
Score: 5

The legal framework for local governance is based on the “ultra vires” principle, according to which local government is only authorized to act within the parameters designated by law. While local government is elected and some stronger municipalities are able to expand their influence of policy, often times it acts merely as a local branch for implementing central government policy. In light of frequent problems of corruption, management failures and over politicization during the 1990s, the Ministry of the Interior expanded its oversight over municipalities, allowing the ministry to appoint permanent outside accountants, cancel an approved budget and even dissolve the council and nominate a professional alternative. These steps of centralization are intentional and constitutional, but often prevent local autonomy. However, in 2014 the Knesset approved an amendment to the municipalities law, which defined standards for the recognition of “Strong Municipalities.” Strong Municipalities, according to this new amendment, would gain some concessions to lessen their dependence on the central government, enhancing decentralization of authorities between the central government and local governments.

Citation:

Benita, Rinat, “Local Authorities in Israel”, The Knesset Research Center, 17.5.2015:

<http://main.knesset.gov.il/Activity/committees/InternalAffairs/Documents/rashpnim.pdf> (Hebrew).

Hayman-rysh, Noami, “Changes in the status of local government,” IDI website, October 2008, (Hebrew).

“Municipalities law: Position paper,” IDC, December 2011 (Hebrew).

“Government legal proposal 292,” Official legal records 1997 (Hebrew).

National Standards
Score: 7

The provision of local services in Israel is dispersed between many agents, including local authorities, NGOs, government and municipal corporations and institutions such as public and private hospitals. The bulk of social services is provided by local authorities proportionally funded according to their revenues and share of dependents. While some local authorities fair well and offer supplementary social support, weaker local authorities such as largely Arab or Jewish orthodox municipalities struggle to maintain government standards. This incited the expansion of the central government’s authorities during the 2000s, authorizing the Ministry of the Interior to closely supervise and even to dissolve councils that fail to deliver proper services, at the cost of democratic local representation.

Another solution is the advancement of service treaties in local authorities which aim to standardize local services used by residents while informing residents of their rights and the level of general services in their city or town. A branch of the Ministry of the Interior reviews this process, with pilot cities showing positive results.

The privatization of social services continues to exhibit problems as weak social ministries struggle to regulate the quality and content of care. Several

reports on education services point to ideological conflicts and poor management as well as an increase in the share of privately financed activities and consequent inequality. In 2014, following the recommendations of a special committee on the state of health services, the regulation on all hospitals was transferred to a new authority in order to prevent conflicts of interest in the management of governmental hospitals. Like health services, other policy arenas are expected to undergo restructuring in order to strengthen regulation and insure standards are met.

Citation:

Arlozerov, Meirav, "First achievement for the German committee: The government will approve the establishment of a regulatory authority over hospitals", TheMarker, 25.5.2014: <http://www.themarker.com/news/health/1.2330341> (Hebrew).

Bersler-Gonen, Rotem, "Service treaty in local government in Israel - review," Ministry of the interior website, December 2011, (Hebrew).

Dagan-Buzaglo, Noga, "Aspects in privatization in the education system", Adva Center, 2010, (Hebrew).

Detal, Lior, "The Ministry of Education inc.: This is how hundreds of private bodies receive some 11 billion shekels", TheMarker, 5.10.2014: <http://www.themarker.com/news/education/1.2450395> (Hebrew).

Paz-Fuchs, Amir and Bensimhon-Peleg, Sarit, "On the seam between the public and the private: privatization and nationalization in Israel: Annual report 2013", The Van Leer Jerusalem Institute, 2014, (Hebrew).

Specktor, Shiri, "Social rights and personal social services in Israel", The Knesset Research Center, 21.10.2010: <http://www.knesset.gov.il/mmm/data/pdf/m03158.pdf> (Hebrew).

"Local government in Israel," Knesset website, (Hebrew).

"On nominated councils and democracy," Hithabrut website (NGO), (Hebrew).

Local government in Israel, Knesset website:

http://www.knesset.gov.il/lexicon/eng/LocalAuthorities_eng.htm (English).

Adaptability

Domestic
Adaptability
Score: 7

Following OECD and academic recommendations, the Israeli government advances various administrative reforms regarding regulatory burdens, decision-making and long term planning. Periodic progress reports show gradual improvement in the dissemination of information as well as in decision-making. The government continues to adapt its domestic structures to international and supranational developments in an ongoing and constructive process.

Citation:

"OECD economic surveys: Israel," OECD publication, December 2013, (English).

"Progress report on the implementation of the OECD recommendations: Labor market and social policies," Ministry of industry, trade and labor official report, June 2012, (English).

"Working plans book for 2014," official state publication, March 2014, (Hebrew).

International
Coordination
Score: 6

As part of OECD accession in 2010, Israel pursued the creation of government agencies designed to coordinate, enforce and monitor administrative changes. Reforms aiming to improve interministerial cooperation and reinforce policy monitoring are still in the early stages of implementation, and have not yet

stood the test of an international policy aimed at a global public good. A 2015 report examined Israel's global cooperation in research and development (R&D), looking at the country's administrative and economic capabilities. It found that while Israel is considered to be a leading R&D actor worldwide, advancement of coordination, accessible information and standardization capabilities is warranted.

Citation:

Avital, Yanicm, "Which country spend the most on research and development among OECD countries?," GeekTime, 15.7.2015:

<http://www.geektime.co.il/israel-leads-spending-on-rd-in-oecd-countries/> (Hebrew).

Kaufman, Dan and Marom, Yael, "Evaluation of international cooperation programs in R&D in Israel," The Jerusalem Institute for Israel Studies, May 2011, (Hebrew).

"Israel in the OECD," Minister of Treasury formal report, 2010, (Hebrew).

"Progress report on the implementation of the OECD recommendations: Labor market and social policies," Ministry of Industry, trade and labor official report, June 2012, (Hebrew).

Organizational Reform

Self-monitoring
Score: 7

The Israeli government installed various institutions, both internal and external to the executive branch, in order to monitor its activities and performance regarding issues such as procedures, financial transfers and human resources. For example, the Accountant General regularly audits financial decisions in ministries and the Civil Service Commission ensures internal due process and oversees human resources. The PMO monitors the implementation of the State Comptroller's recommendations as well as the internal accounting units in each ministry. Supplementary mechanisms for self-regulation include protocols and guidelines governing daily practice.

Citation:

"Notice number 3," Civil service commission website (Hebrew).

"About: Civil Service Commission," Civil service commission website (Hebrew).

"About: the Accountant General," Ministry of finance website (Hebrew).

"About the Inspection General for State Comptroller Affairs," PMO website (Hebrew).

"Information security management and survivability of Internet and computer infrastructure for government offices", state comptroller yearly publication 63b, 2013: http://www.mevaker.gov.il/he/Reports/Report_95/8e003e9a-3404-4626-a2ab-eddb638549ed/8254.pdf (Hebrew).

"Rules, procedures and guidelines for CEOs in the civil service", Civil service commission, 2013:

<http://www.csc.gov.il/DataBases/Rules/Documents/BrochureCEOs.pdf> (Hebrew).

"The internal audit law 1992", Official legislation, (Hebrew).

Institutional
Reform
Score: 7

Reforms regarding government planning, regulations, innovation, information sharing and performance evaluation are based on principles of decentralization, privatization and regulation. While various structural reforms are pursued in order to improve decision-making in the interest of the common good, some elements of government administration still preform insufficiently, including overly complex bureaucratic arrangements. As seen in the case of

local municipalities, modern management tools and monitoring agencies are still unable to effectively tackle entrenched political attitudes or centralist organizational culture, while designated authorities and cabinets bypass the formal structure in order to accelerate the planning process.

Citation:

Arlozerov, Merav, "Israeli government; The reform that will end the Treasury's single rule; Will lose a major part of its authorities," *TheMarker*, 13.2.2013, (Hebrew).

Vigoda, Eran and Penny, Yuval, "Public sector performance in Israel," October 2001, (Hebrew).

"Employing and management in the public service," Conference in the name of Eli Horovitz, 2013: <https://www.idi.org.il/media/2803303/public%20service%20b.pdf> (Hebrew).

"The CEO of the social-economic cabinet approved the establishment of an authority for technological innovation," Minister of the Economy website, 15.9.2014: <http://economy.gov.il/Publications/PressReleases/Pages/CabinetForTechnologicalInnovation.aspx> (Hebrew).

II. Executive Accountability

Citizens' Participatory Competence

Policy Knowledge
Score: 8

Compared to other countries, Israeli citizens show high levels of interest in politics. In a 2014 survey, 61.5% of respondents characterized themselves as "very interested" or "somewhat interested." This figure, however, is a decrease of 4.6 percentage points from a survey conducted the preceding year. This illustrates a decline in political interest amongst the populace, specifically amongst those of Jewish nationality. Israel also has one of the region's highest rates of Internet usage (71% in 2013) and a lively, pluralistic, and independent news media. While Israeli citizens continuously exhibit high levels of engagement, this does not automatically translate to knowledge and information regarding policymaking.

In recent years, the government expanded its efforts toward policy transparency by broadcasting parliamentary sessions and publishing special reports and yearly audits as well as yearly plans online. In 2011, Israel joined the Open Government Partnership and was recognized the following year by a United Nations survey for making outstanding progress in the area of e-government. Equally contributive to public discourse is the work by academia and NGOs offering their insights on policy initiatives and implementation through official reports, conferences and debates in social networks. Furthermore, the government also tried to increase transparency by expanding the authority of the Governmental Unit for Freedom of Information and financing its projects.

In 2015, the Knesset approved the creation of the Special Committee for the Transparency and Accessibility of Government Information, functioning as the parliamentary auxiliary for the implementation of the Freedom of Information law. However, as a special committee, it could be dissolved at any point.

Citation:

Ahren, Rephael, "Israel wins UN prize for 'outstanding progress' in E-government," *The Times Of Israel*, 2012 (Hebrew).

Herman, Tamar et al. "The Israeli Democracy Index 2013," Israel Democracy Institute, 2013: <http://www.idi.org.il/media/2720078/Democracy%20Index%202013.pdf> (Hebrew).

Herman, Tamar et al. "The Israeli Democracy Index 2014," Israel Democracy Institute, 2014: http://en.idi.org.il/media/3823043/democracy_index_2014_Eng.pdf (English).

Freedom House, "Israel: Freedom of the press 2014," Freedom House 2015: <http://www.freedomhouse.org/report/freedom-press/2014/israel#.VEjqKiueWro>.

"Joining the Open Government Partnership and the nomination of the 'Open Government Israeli Forum'," Prime Minister Office website, 2012, (Hebrew).

"The media and public trust in the political system," Israel Democracy Institute, 2010, (Hebrew).

"2014 work plans," Prime Minister Office website 2014, (Hebrew).

"Yearly Report on the Implementation of the Law of Freedom of Information 2014," Ministry of Justice website – The Governmental Unit for Freedom of Information, 2015:

<http://index.justice.gov.il/Units/YechidatChofeshHameyda/Report2014/index.html> (Hebrew).

"The Special Committee for the Transparency and Accessibility of Government Information", The Knesset Website:

<http://main.knesset.gov.il/Activity/Committees/GovInfo/Pages/default.aspx> (Hebrew).

Legislative Actors' Resources

Parliamentary
Resources
Score: 8

Two major elements are meant to strengthened the Knesset's position relative to the executive branch: the Knesset's legal advisory department and the Knesset Research Center. The Knesset's archive and library are also used to monitor the government's major activities and each MK is entitled to employ two assistants, with a scheme in process to allow MKs to employ a third assistant. These assistants often engage in independent research on behalf of their MK. The legislators' oversight capabilities have also been aided by recent government reforms making information more accessible, and by information provided by outside experts and lobbyists.

However, the Israeli executive still tends to operate in a centralist and nontransparent manner, especially regarding budget and finance. The Arrangements Law is a prime example of this problem, as it is widely agreed that this legislative package is too complex to allow Knesset members to develop an understanding of its ramifications in the time and conditions provided for the vote. In 2013, a MK filed a suit against the Ministry of Finance claiming it de facto revoked the budget plan by using unapproved financial transfers. The Supreme Court instructed both sides to seek solutions outside of the courts.

Ben-David, Lior, "A comparative survey on the status, function and employment conditions of parliamentary assistants," Knesset research institute, 4.11.2004, (Hebrew).

Shapira, Asaf, "A decade to the Knesset's research and information center," IDI website, September 2010, (Hebrew).

Zerahia, Zvi, "The treasury is deliberately holding out information from PMs so we can't supervise it," TheMarker, 7.1.2014: <http://www.themarker.com/news/1.2210843> (Hebrew).

"Correction: Debate on 'Hok Ha-Hesderim 2013,'" Open Knesset website (Hebrew).

"Information and research in the Knesset," Knesset website (Hebrew).

"In the Knesset corridors," IDI website (September 2010) (Hebrew).

"Is Bagatz mocking the petition against the treasury?," Globes website, 18.6.2014: <http://www.globes.co.il/news/article.aspx?did=1000947260> (Hebrew).

"The MK's will get a third Parliamentary Assistant. How much will that cost us?," TheMarker, 28/10/2015: <http://www.themarker.com/news/1.2761401> (Hebrew).

Obtaining
Documents
Score: 7

According to Israel's basic laws the executive must provide information to Knesset committees upon request, unless information is considered confidential. However, the law contains no specific provisions for enforcement in cases of insufficient or inaccurate information. Thus, the parliament has only general or disproportionate means of response, such as passing a motion of no confidence. This option does not provide a solution to more mundane problems, such as receiving unreliable information from the government.

Citation:

Fridberg, Chen, "The Knesset committees from an oversight perspective: Chronicle of a failure foretold?," Studies in Israel's revival 20 (2010) 49-79: <http://in.bgu.ac.il/bgi/iyunim/20/a3.pdf> (Hebrew).

Zerahia, Zvi, "The treasury is deliberately holding out information from PMs so we can't supervise it," TheMarker, 7.1.2014: <http://www.themarker.com/news/1.2210843> (Hebrew).

Summoning
Ministers
Score: 7

Parliamentary committees are able to summon ministers. According to the basic law "The Knesset," every committee may require a minister to appear before it, and the minister is obliged to attend the meeting or send a representative to provide the required information. Officials that are invited by committees generally attend meetings as requested. However, ministers and other public figures do occasionally refuse requests or provide insufficient information. Committees have no real power to enforce sanctions in these cases. Moreover, they are not authorized to force a minister to provide information at a set date in order to better prepare for meetings, causing periodic conflicts between the Knesset and the government.

Citation:

Lis, Jonathan, "Instead of an investigation committee, a decoration committee: In the Knesset they are jealous of American congress", Haaretz, 7.9.2014: <http://www.haaretz.co.il/news/politi/premium-1.2426295> (Hebrew).

"The Legislature's Authority to Inquire Information, and the Obligation to Provide True Information," Knesset Research and Information Center, December 2002, (Hebrew).

Summoning
Experts
Score: 9

Parliamentary committees are entitled to invite experts or any interested civilian to meetings, as described in Section 6 of the Knesset regulations.

However, these figures are not obligated to attend, as opposed to civil servants or representatives of the executive. In addition, independent experts are not compelled to answer committee members' questions. Their testimony does not hold as evidence, and has no official status. Nevertheless, citizens who appear before Knesset committees are generally interested in voicing their opinions in order to transmit their viewpoints to decision-makers and the public.

Citation:

Freidberg, Chen and Atmor, Nir, "How to improve the Knesset's position as a legislator and a supervisory body?" The Israel Democracy Institute, 2013: <http://www.idi.org.il/media/2438022/00321913.pdf> (Hebrew).
Shapira, Asaf, "Citizens in the Parliamentary Committees," The Israel Democracy Institute, September 2010, (Hebrew).
"The authority of the legislature to inquire information, and the obligation to provide true information," Knesset Research and Information Center, December 2002, (Hebrew).

Task Area
Congruence
Score: 5

Knesset committees are currently ill-structured to efficiently monitor the government. The structure of the ministries and the parliament's committees diverges significantly: The Knesset has 12 permanent committees, while the number of ministries shifts according to political agreement (currently 28 ministries, headed by 22 ministers). Since parliamentary committees are divided by themes and not by ministerial responsibilities they often struggle to gather and coordinate information. High turnover rates of representatives also makes it difficult to control professional and bureaucratic information. Although the number of committees is average by international comparison, the combination of a small number of MKs (120) and the usually wide coalitions results in only two-thirds of all MKs available to regularly sit on committees. Some members of the Knesset may find themselves sitting on 5 to 6 committees, inevitably impairing the committees' supervisory capabilities.

Citation:

Freidberg, Chen, "Monitoring of the executive by the parliament in Israel - potential and function," Doctoral Dissertation, 2008, (Hebrew).
Freidberg, Chen and Atmor, Ronen, "How to improve the Knesset's position as a legislator and a supervisory body?," The Israel Democracy Institute, 2013: <http://www.idi.org.il/media/2438022/00321913.pdf> (Hebrew).
Kenig, Ofer, "The new Israeli cabinet: An overview of the 33rd government of Israel," Israel Democracy Institute, March 2013, (Hebrew).
Kenig, Ofer, "Coalition building in Israel: A guide for the perplexed," Israel Democracy Institute, February 2013, (Hebrew).
"Knesset Committees", The Knesset Website: https://www.knesset.gov.il/deSCRIPTION/eng/eng_work_vaada.htm (English).
"Ministries", Prime Minister's Office Website: <http://www.pmo.gov.il/IsraelGov/Pages/GovMinistries.aspx> (Hebrew).

Audit Office
Score: 9

The Knesset's auditing functions are divided between three main institutions: the state comptroller, the state auditing committee and the Knesset internal auditing department. The state comptroller is independent and legally anchored in a basic law that acknowledges its importance. The Knesset committee for state auditing is in charge of following up on reports issued by the state

comptroller. While the state comptroller enjoys independence and adequate resources, it does not hold sanctioning power. Instead, its mandate ends with submitting its findings and the establishment of an advisory committee for implementing its recommendations in the audited office. However, its responsibility to audit financial contributions during elections is accompanied by external judicial sanctioning.

The law establishes the state comptroller as exclusively accountable to the Knesset. Accordingly, while the Judiciary's budget is determined by the treasury and the Ministry of Justice, the state comptroller's budget is allocated by the Knesset's finance committee. Some argue that the state comptroller could benefit from further institutional independence since, for example, current arrangements allow the Knesset to request an investigation into a specific area. While understandable, this may undermine the office's ability to set an independent agenda and strategic yearly plans.

Citation:

Avital, Tomer, "The State Comptroller: In recent years there has not been actual auditing of the Knesset's administration", *Calcalist*, 11.5.2010: <http://www.calcalist.co.il/local/articles/0,7340,L-3404250,00.html> (Hebrew).

Tamir, Michal, "The State Comptroller: A critical look," Israel Democracy Institute, 2009, (Hebrew).

The State Control committee, The Knesset website, (Hebrew).

The State Comptroller and ombudsman's speech, Herzliya Conference website, February 2012, (Hebrew).

Text of the basic law: State Comptroller (English).

Ombuds Office
Score: 8

The State Comptroller also serves as the state ombudsman. Under this role, the office is authorized to investigate complaints raised by the public regarding ministries, local authorities, state institutions and government corporations. Citizens may file a complaint free of charge if they believe that they were directly or indirectly harmed by an act or an activity of the government; if an act is against the law, without lawful authority, or violates principles of good governance; or if an act is unduly strict or clearly unjust. The number of complaints submitted under this provision has risen every year. Their volume doubled between 2005 and 2014. In 2014, more than 15,000 complaints were submitted, with 37.3% deemed justified after review. The office is internally audited on a yearly basis with the results accessible online.

The state comptroller, Yosef Shapira, releases a new report harshly criticizing the government in nearly every area of administration, including on benefits payments to civilians, reserve military duty, corruption, food waste, education, the environment, child abuse and poor construction standards.

Citation:

"The Ombudsman yearly review number 40 for 2013," The State comptroller website, 2014: <http://www.mevaker.gov.il/he/Reports/Pages/251.aspx?AspxAutoDetectCookieSupport=1> (Hebrew).

The State Comptroller and the Ombudsman official website: <http://www.mevaker.gov.il/sites/Ombudsman/Pages/default.aspx?AspxAutoDetectCookieSupport=1>

(Hebrew).

“The Ombudsman yearly review number 41 for 2014”, The State comptroller Website, 2015: http://www.mevaker.gov.il/he/Reports/Report_307/5785532e-4abf-4564-9b8e-75622e1c9954/2015-NTZ-41.pdf (Hebrew).

State comptroller releases report on gov’t failures, <http://www.ynetnews.com/articles/0,7340,L-4654142,00.html>, 05.06.2015

Media

Media Reporting
Score: 7

The Israeli media industry is adapting to the global trend of decreased consumption of print and radio news media, and the increased dominance of television, Internet and social media websites. While Israeli media was joined in recent years by strong independent investigatory websites and blogs, which gained considerable attention in professional circles and among the public, new popular outlets such as the free daily “Israel Hayom” often times fail to deliver in depth news coverage. Despite common tendencies to focus on the prominent and popular topics of the hour, the Israeli press, public television channels and radio shows do offer interpretation and investigatory journalism that inform the public regarding policy decisions and long term strategies. In 2011, a law dramatically increasing the amount of damages for libel suits raised concerns about the future of the free press as an investigatory arena. A year later, a bill proposal sought to respond to this danger by establishing a national fund to cover legal expenses for journalistic work. The bill passed first call in the parliament, but never became law. According to Freedom House, Israeli journalists remain generally unobstructed in their work and are not censored for political criticism.

Citation:

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<https://freedomhouse.org/report/freedom-press/2015/israel> (English).

Parties and Interest Associations

Intra-party
Democracy
Score: 7

The eleven parties with Knesset seats since the 2015 elections demonstrate varying levels of intra-party democracy. The Israel Democracy Institute (IDI) issued a Party Democracy Index, a mechanism that allows voters to evaluate the degree of internal democracy practiced by political parties. In their assessment on the eve of the 2015 elections, the longstanding rightist Likud

party and the Labor party were ranked on top. In fact, the three topmost parties, Likud, Labor and the Arab Joint List (AJL), all showed above average intra-party democracy. However, other parties demonstrated very low intra-party democracy, especially ultra-orthodox parties and right-wing parties. New parties, mostly centrist parties, such as Yesh Atid (YA), Kulanu and Hatnua, displayed mid-range scores on intra-party democracy.

The Likud, Labor and the Jewish Home (JH) parties all choose their candidates through primary elections. In this internal election process, registered party members are given the right to choose Knesset candidates. However, the parties that use this method condition primary participation by a minimum timeframe of membership. The Labor, Likud and JH parties also have elective representative institutions that take part in decision-making, such as selecting the parties' representatives in the government, voting whether their parties will join or leave a governing coalition and debating policy matters.

In other parties, such as YA, Kolanu and Israel Beytenu, while some extent of consultation with party members is conducted, important decisions are made by top ranking members. For example, according to the YA party's regulations, the party's leader and founder, will remain leader until the end of the twentieth Knesset. Moreover, in all three parties, the regulations authorize the party's leader to decide the most important personnel issues (e.g., the list of electoral candidates). He or she also holds considerable power within the party's institutions, thus retaining significant influence on party policy.

The exceptions to the above are nondemocratic parties such as Agudat Israel, Degel Hatora, Shas and United Arab List (Ra'am, Hebrew acronym of Reshima Aravit Me'uchedet). While the former three are ultra-orthodox parties, the latter is an Arab party (which ran in the 2015 election in alliance with three other parties: Hadash, Balad and the Ta'al). In the 2015 election, for the first time in Knesset elections, Arab parties were running together.

Citation:

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"Yesh Atid Party's Regulation," Yesh Atid Website (Hebrew).

"Our principles", Habayit Hayehudi Party website, <http://www.baityehudi.org.il/our-principles/> (Hebrew), <http://baityehudi.org.il/enlpl/our.htm> (English).

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Association
Competence
(Business)
Score: 8

Israel has a vibrant business community that often interacts with government departments and Knesset representatives in order to advance its agenda. At least three major business groups – the Federation of Israeli Chambers of Commerce, the Manufacturers’ Association of Israel and the Chamber for Coordination Between Financial Organizations – actively pursue policy goals through legal, regulatory or project-based perspectives. All three take part in conferences, perform independent research and publish their agendas. Recent publications include a plan to induce business growth and create more jobs, an analysis of annual Israeli industry trends and recommendations for government financial policy. Business organizations also cooperate with academics and research institutions to produce research, and some business-oriented think tanks exist. In general, Israeli businesses are well represented in the political sphere, and most economic interest associations are highly capable of formulating relevant policy proposals. Social inequalities affect the minority population, with the Arab business sector seldom enjoying close and productive ties with the government.

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Miller, Elhanan, “Finance minister says government has failed Arabs”, Times of Israel, 24.02. 2014: <http://www.timesofisrael.com/finance-minister-says-government-has-failed-arabs/> (English).

“Gov’t failing Israel’s Arabs on high tech jobs,” The Israeli Chamber of Commerce website, Globes, 10.12.2014:

<http://www.globes.co.il/en/article-govt-failing-israels-arabs-on-high-tech-jobs-1000992586> (English).

“Israeli industry status report, trends and predictions 2012-2013,” The Manufacturers Association of Israel website, March 2013, (Hebrew).

“The chamber for coordination between financial organizations,” Maot website, (Hebrew).

Association
Competence
(Others)
Score: 7

Noneconomic associations and NGOs have become increasingly influential in recent years. Along with professional consultancy firms, they fill the gap left by state’s privatization policies. Both social and environmental interest groups often formulate relevant policies and cooperate with government and academic bodies. Recent projects include the Alaluf Committee on poverty as well as numerous conferences, roundtable events and publications. In 2014, the Ministry of the Interior advocated the removal of four representatives of civic and environmental bodies that traditionally sit on a supreme national planning committee. In light of widespread protest, two representatives were reinstated, including one from the environmental lobby. While social and environmental organizations tend to advocate policy by publishing reports and policy papers, religious organizations are less prone to formulate policy recommendations regularly on arenas accessible to the public at large. Recently, the Ministry of Justice published a preliminary draft proposal which would demand that

representatives of foreign-funded NGOs (mostly human-rights activists) wear special tags while in the Knesset or in public venues.

Citation:

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(Hebrew).

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(Hebrew).

„Shaked has publicized a Governmental law Proposal that will force NGO Representatives to wear a special Badge in the Knesset” Haartz Website, 1.11.2015:

<http://www.haaretz.co.il/news/politi/.premium-1.2765489> (Hebrew).

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