



Israel Report

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Sustainable Governance Indicators 2018

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Executive Summary

The quality of Israeli democracy appeared to decline over the course of the review period. Given recent developments, 45% of Israeli citizens – with this group skewed toward left-wing Jewish voters and Arab Israelis – believe that Israel’s democratic system is in serious danger. Many decisions made by the current government have been seen as undermining the democratic rules of the game. Among the Knesset’s most controversial recent legislative measures have been a law requiring NGOs to disclose foreign funding sources and the Settlement Regularization Law, which addresses land privately owned by Palestinians.

Additionally, several top Israeli political officials, including Prime Minister Benjamin Netanyahu, have been involved in corruption cases. Despite Israel’s improvement in Transparency International’s 2016 Corruption Perceptions Index, a majority of the general public believes that Israel is a corrupt country. According to the 2017 Israeli Democracy Index, Israeli citizens show a considerable degree of distrust in Israel’s leadership and institutions. The level of trust in the government, the Knesset and political parties was very low, with 30% of Israeli citizens trusting the government, 26% trusting the Knesset and only 15% trusting political parties.

Economic policies in recent years have not changed dramatically. Israel has continued to show strength in key economic indicators such as GDP growth, the employment rate and the inflation rate, although the rising cost of living, high poverty rates and inequality remain key issues for many Israeli citizens.

With regard to social policies, the number of employed people increased in 2017; however, the number of poor people and poor working families remains high. A more detailed observation indicates that the number of poor families declined, while the overall number of poor people increased. Poverty rates remain high especially among the elderly, Ultra-orthodox and Arab citizens. The government has made some efforts to address this issue, - for example, by increasing the minimum wage in the Minimum Wage law, following an agreement between the Histadrut Labor Federation and business leaders.

In the area of environmental policy, Israel has demonstrated significant progress, for instance by ratifying the Paris climate agreement and making

investments in emissions reductions. However, environmental organizations have accused the government of inactivity in investigating several recent ecological disasters, including a massive influx of acidic water that polluted Ashalim Creek in 2017.

With regard to executive capacity, the Israeli government has continued make efforts to reduce the regulatory burden. However, despite a 2014 decision to implement a new regulatory impact assessment (RIA) model, RIA reports are rarely published – indeed, in 2017, only seven reports were published. The policy-implementation rate has improved to more than 70%, after several years of low implementation rates.

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Key Challenges

Overall, Israel performs well in some spheres, but poorly in others. In the period under review, public trust in Israel’s democratic institutions has weakened. Although the declining level of trust in political institutions is not unique to Israel, the current government’s recent attempts to weaken the gatekeepers of Israeli democracy, especially the media, the Supreme Court and

the police, are seen as a real democratic danger. In this context, virtually every action and entity in the public sphere is viewed through a political lens. In light of these developments, the current Israeli government should act more responsibly and with greater respect for fundamental democratic practices, strengthening the gatekeepers of Israeli democracy rather than undermining their activities and status.

The second main challenge is related to the high level of poverty in Israel. For several years, Israel has had the highest poverty rates in the OECD. According to the National Insurance Institute, approximately 1.8 million Israelis were living in poverty in 2016. Disadvantaged groups such as Israeli Arabs, elderly persons and Haredi (ultra-Orthodox) populations experience higher-than-average poverty rates. In line with OECD poverty-reduction recommendations, Israel should increase education funding for Haredi and Israeli Arab schools and increase the basic pension rate without creating work disincentives.

A third, serious challenge is the rising cost of living, including rising housing-market prices. Finance Minister Moshe Kahlon promised to combat cost increases during the 2015 election campaign, and as minister he has tried to make a mark through reductions in home prices, food costs and bank fees. However, while some of these plans have moved in a positive direction, others can be regarded primarily as electioneering tactics. Long-term, genuinely strategic plans should instead be made. Lowering home prices is also important to the financial system, as credit for construction and residences comprises more than half of all non-financial-sector private sector loans.

Fourth, the Israeli government should strengthen its weakened Civil Service, and work to improve staffers' capacities. As of December 2017, Israel had had no permanent Civil Service commissioner for six months, though this figure is the most senior official in the government administration, and plays a crucial role in managing the 80,000 government employees. Other top officials have also left the Civil Service in recent years. Separately, the government approved a new jobs law, allowing ministry directors-general to appoint their deputies without tender. The Israeli government should be actively encouraged to strengthen the Civil Service's human resources, rather than undermining administrative professionalization.

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Policy Performance

I. Economic Policies

Economy

Economic Policy
Score: 7

In general, while Israel's economic policy has some shortcomings, it is fundamentally strong. It largely provides for a reliable economic environment, renders the country internationally competitive and ensures it remains attractive as a location for economic activity.

According to the OECD, Israel's economy is expected to grow by 3.5% in 2018 and 3.3% in 2019. Economic results in 2017 were generally good, but not as strong as in 2016. The economic growth rate of 3% in 2017 was down by 1 percentage point from 2016's 4% growth rate. The inflation rate in 2017 was 0.4%, up from the negative inflation of 2014 – 2016. In addition, the general employment rate of 77% in July 2017 (among the population aged 25 to 64) remains one of the highest in the western world. The budget deficit has declined in recent years, from 3.9% in 2012 to 2.2% in 2017. While Israel's growth rates have improved over the last decade, productivity performance has been weak. As the OECD economy survey states, "highly dynamic tradable goods industries coexist with an inefficient sheltered sector to an unusual extent, dragging down overall economic performance." Product-market regulation and competition, particularly in the food, banking and electricity sectors, has undermined economic productivity.

In addition, poverty rates are still high, especially among the elderly. Income inequality ratios are also high. According to recent data, 1,809,000 people in 463,000 families were living in poverty in 2016, including 842,300 children. Although the incidence of poverty declined from 19.1% in 2015 to 18.6% in

2016, Israel has the highest poverty rate within the OECD. The cost of living also remains high, particularly for housing. Housing and rental prices have clearly increased in recent years, although the rate of growth declined in 2017. This trend mostly affects the middle and lower classes, and was one of the main causes of the 2011 social-justice protest.

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Labor Markets

Labor Market
Policy
Score: 7

Labor-market indicators continue to be strong. The economy is hovering around full employment, with the December 2017 unemployment rate (among people aged 25 to 64) at 3.6%.

Israel's labor policy focuses on providing incentives for both members of two-adult households to work, and on expanding job-training services for low-skilled workers. The government has recently reformed the "earning potential" scale used for purposes such as calculating taxes and day care subsidies; increased funding for working mothers and labor-training programs; and introduced a negative tax for low-income workers. However, the OECD maintains that implementation of policies in this area is slow and underfunded. The Ministry of Economy is promoting programs to encourage and assist members of ultra-Orthodox communities to obtain academic educations, which will help them fit into modern workplaces. Currently, while 70% of ultra-Orthodox women take

part in the labor force, only 51% of the community's men are employed. This latter figure represents a decline after a decade of continuous increase, from 40% in 2003 to 54% in 2014.

Israeli government largely supports the free market, and its labor-protection laws are seen by the OECD as reasonably flexible. The government has adopted the Danish "flexicurity model" of labor-market regulation. Based on trilateral agreements between the government, employers and unions, this aims to improve the economic status of both unionized workers and the unemployed by ensuring that workers receive severance packages and unemployment benefits when they lose jobs, while still allowing employers considerable hiring-and-firing flexibility. In 2014, an agreement was struck between the Histadrut Labor Federation and business leaders on a plan to increase the monthly minimum wage. In November 2015, the parties to the agreement approved another increase, and by December 2017 the minimum wage had increased to ILS 5,300 – ILS 1,000 more than in 2014.

After years of increase in the number of foreign workers in Israel, especially in the nursing, agriculture and construction sectors, the government sought to slow the flow of foreign workers. These efforts began to bear fruit, but given the need for more construction to address Israel's housing crisis, Israel has again changed this policy, and the number of foreign workers is again on the rise – from 71,281 legal foreign workers in December 2013 to 84,485 in December 2016. Lately, in April 2017, Israel signed a deal to bring in 6,000 Chinese construction workers, but only 2,500 workers arrived by May 2017.

In January 2017, the government approved a National Plan for Expanding the Skilled Workforce for the High-Tech Industry. The plan's aim is to provide a solution for the estimated shortage of 10,000 high-tech workers in Israel. One of the action points is to attract foreign nationals to the program in 2018.

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Taxes

Tax Policy
Score: 6

Israel taxation policy is somewhat regressive. It includes increasing indirect taxes such as VAT, which is levied equally on all products. Furthermore, although the direct income tax is progressively structured, and a large portion of the population makes too little money to pay any income tax at all, the system creates a curve that forces middle-income individuals to pay proportionately more tax than high-income individuals. 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.

Like most other countries, Israel utilizes its tax system as a political instrument. For instance, it offers tax reductions to army veterans. In most instances the Israeli tax system has a valid rationale for tax reductions that appear to violate the principle of horizontal or vertical equality. Recently, Prime Minister Benjamin Netanyahu hinted that Israel may initiate tax cuts for the business sector, following the U.S. Senate's landmark tax reform. However, the Bank of Israel Research Department's director said that cuts would have little effect on economic activity.

Israel has had annual tax surpluses, relative to forecasts, for the last five years. In 2017, the tax surplus was estimated at ILS 16 billion, stemming largely from the sale of the controlling stake in Keter Plastic, the sale of Mobileye, and Israel Tax Authority collections operations that yielded more tax revenue than forecast. Although a recent OECD report advised policymakers to devote tax revenues to improving social services, the current government has advocated tax cuts. In December 2017, Finance Minister Moshe Kahlon announced the abolishment of customs and purchase taxes totaling ILS 800 million per year.

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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 Finance Ministry'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 in parallel with each budget, consisting of numerous restrictions and amendments designed to secure the state's financial goals. Since 2009, the budget has been 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.

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Research and Innovation

R&I Policy
 Score: 10

Israel's research and development (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 overseen the by Finance Ministry. For many years, Israel has led the world in research and development (R&D) investment, spending more on R&D as share

of GDP than any other developed country. The country was ranked at 16th place in the 2017 Global Innovation Index.

In 2014 the government's social-economic cabinet approved the establishment of an authority aimed to encourage technological innovation. Since the beginning of 2016, the Ministry of Economy and Industry has provided financial support to private companies through a fund focused on such innovation. The fund prioritizes research in developing areas in Israel, as well as in the field of biotechnology.

The Israel Innovation Authority began its activity in early 2017. The Authority was established based on the model of the Office of the Chief Scientist in the Israeli Ministry of Economy and Industry, with the goal of implementing the R&D Law and providing high-quality and effective services for the Israeli innovation ecosystem.

A large portion of Israel's 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. Israel is also 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 through the Framework Programs, such as Horizon 2020, which are managed by the Israel-Europe R&D Directorate (ISERD).

Israel produces a high number of new and important patents every year, mainly in the fields of science and technology. It is a signatory to the Patent Cooperation Treaty. In 2016, an increase of 25% in patent applications was recorded – from 509 in 2015 to 635 in 2015. In addition, the number of patents approved rose from 540 in 2015 to 813 in 2016.

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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 have been formed to investigate structural reforms and submitted their recommendations. Both OECD and central bank assessments have been cautiously optimistic, with the latter pointing to important regulatory tools that are currently being developed for future implementation.

In 2016, following OECD recommendations, the government approved the creation of a new capital authority. The Department of Capital in the Finance Ministry has been shuttered, and a new, independent authority put in its place, although the Finance Minister still oversees this body. Among its fields of responsibility, the new authority is in charge of ensuring the stability of regulated finance institutions and making sure they fulfill their obligations to their customers.

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II. Social Policies

Education

Education Policy
Score: 6

Israel's average education-attainment levels are high, and the value of education is well established in the community as a whole. The country has a heterogeneous education system. From primary to upper-secondary level, students are generally sorted into one of four primary school streams: three for the Hebrew-speaking community (secular, religious and ultra-orthodox), and one for the Arabic-speaking community (Arab, Druze and Bedouin minorities together).

Surveys indicate that 47% of adults (25- to 64-year-olds) have achieved a tertiary level of education, above the OECD average of 43%. Moreover, Israel ranks first within the OECD countries with regard to the share of secondary graduates under 20 years old. Israel spends a little more than 5.8% of its GDP (nearly 11% of the government budget) on education, again higher than the OECD average of 5.2% of GDP. However, expenditure on tertiary education is below the OECD average, at less than 1% of GDP. One Israeli university (the Technion-Israel Institute of Technology) ranks in the top 100 universities worldwide according to the Academic Ranking of World Universities list produced by the ShanghaiRanking Consultancy. Primary and secondary teachers' salaries have increased significantly in recent years, and are now well above the national average salary.

However, while the average primary-school class size within the OECD as a whole is 21, the average primary-school class size in Israel is 28. This is a much-discussed aspect of the education system, leading to frequent expressions of frustration in the local media. PISA results are also deemed problematic. In the last PISA results published, Israel scored under the OECD average in all fields (science, mathematics and reading). However, it did score above the OECD average with regard to equity indicators in all fields (boys vs girls, social background, and immigrant students). Moreover, Israel has almost no gender gap in the completion rate of bachelors or equivalent programs.

Despite all the positive progress, Israel still shows gaps in educational performance among sub-groups of the student population. For example, average class sizes in the Hebrew-language school streams are lower than in the Arab stream, despite the 2007 policy reform designed to institute changes across all

streams. There is another significant gap between the ultra-orthodox minority group and the secular majority. In May of 2017, the National Council of Higher Education signed a program aimed at extending access to tertiary education within the ultra-orthodox community, setting a goal of increasing the annual total of tertiary students drawn from within this group from about 11,500 to 19,000. Despite this program's positive goal, it sparked widespread opposition, especially regarding the decision to create gender-separated tertiary programs in order to make it more accessible to ultra-orthodox men.

These gaps result in part from unequal budgetary allocations. There is a bias favoring the Jewish majority in the education budget, although the media have recently reported that the Ministry of Education has designed a new allocation process seeking to correct the bias and increase budgets within the Arab and ultra-orthodox education streams. A separate reform in which "additional" school fees were raised has sparked opposition, with critics arguing that it violates the free-education policy.

In conclusion, Israel's education policy delivers high-quality education in some areas, and but only medium-level results in others. Policy has improved significantly in terms of equality and efficiency of funding. Nevertheless, inequality in the education sector still exists.

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Social Inclusion

Social Inclusion
Policy
Score: 3

Despite findings last year that indicated a slight improvement in social equality and inclusion, inequality levels in Israel are still among OECD's highest. The country ranks sixth of 32 countries surveyed on the basis of inequality as measured by the Gini coefficient. It also has the second-highest relative-income poverty rate within the OECD (18.6%).

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, including a persistent gender-based pay gap, significant average wage differences between different sub-groups, and significant inequalities within the elderly population relative to their state before retirement. Differences on the basis of gender and ethnicity are narrowing somewhat, but remain prominent. For example, average income for Israeli-Ethiopians is about half the overall average, and the average income among the Arab population is about two-thirds of the overall average. The poverty rate within the Arab minority group is three times higher than in the Jewish majority group, with a similar rate evident in the ultra-orthodox Jewish group. Given this persistent polarization, it is difficult to identify significant social-policy successes in Israel in recent years. According to the National Insurance Institute (NII), the slight improvement in social indicators is due to improved workforce-participation rates, although these higher participation rates have not yet translated into reduced poverty rates in the ultra-orthodox and Arab populations. This is aggravated by policies such as a reduction in the level of social transfers for children, and a low guaranteed minimal income. Indeed, Israel currently has one of the lowest rates of spending on social issues among the OECD countries (15.8% of GDP compared to an OECD average of 21.9%, 2014).

In December 2015, Israel's government launched a five-year comprehensive program aimed at economic and structural development within the Arab population. However, the original budget allocation of ILS 15.5 billion has been reduced to ILS 9.7 billion, excluding the education component.

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Health

Health Policy
Score: 8

Under the 1994 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 Israeli health care system as one of the best in the developed world, ranking fifth with a score of 8.5 out of 10. In 2016, Israel's health system was still perceived as being strong and successful thanks to good health outcomes and a strong primary health care system.

According to the most recent research published, life expectancy in Israel is relatively high, ranking sixth among the OECD countries. Nonetheless, there are specific areas of the health care system that need further improvement, as revealed by the high percentage of private spending for health, continued overcrowding in hospitals and the shortage of nurses. The OECD has acknowledged the Israeli system's efficiency, as expressed in part through a unique auditing and regulatory system for HMOs that involves constructive criticism and guidance as opposed to monetary inducements. However, the OECD has also criticized 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 a deterioration in services produced by recent policy reforms has simply not yet become evident. Despite broad health coverage, inequalities in health outcomes and access to health services have persisted. Low-income families still have poor access to dental care and nursing services. Non-Jewish Israelis from poor socioeconomic groups, as well as those living in the north and south periphery regions, experience worse health and have high health-risk factors.

Privatization pressures are increasing within the Israeli health system. An increase in the use of supplemental and private medical-insurance and health care plans is resulting in reduced equality within the system.

According to a 2017 Taub Center study, health care spending as a share of GDP has remained fairly stable over the past two decades, at about 7% of GDP compared to an average of 10% in other OECD countries. However, the share of public funding in the total national expenditure on health has declined, from about 70% to 61% (compared to about 77% share of public funding among the OECD countries). Consequently, private expenditure on health care has increased as a share of total household expenditure, from 4.5% in 2000 to 5.7% in 2015.

The quality of health services and facilities varies by geographical location, with periphery facilities often struggling to attract skilled personnel. Nevertheless, the Israeli system is fairly equitable in international comparison.

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Families

Family Policy
Score: 7

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.

In 2010 a law was introduced to extend maternity leave to 14 paid weeks, and 26 weeks in total. In 2016, a similar law was introduced to allow fathers to use an additional six days of paternity leave. The total weeks of leave at full pay received by the average woman over her lifetime in Israel is similar to the average level within the OECD. However, other OECD countries offer more flexibility in terms of using parental-leave benefits or returning to work on a part-time basis.

In recent years, the need for further subsidies for day care and after-school activities has gained prominence as a middle-class issue, and a plan to introduce subsidized care for children up to the age of five was launched. Compulsory education has been expanded, introducing free early childhood education

between ages three and four. However, reports claim that this program is still largely underfunded and does not offer sustainable relief for working mothers and young families. Recently, Finance minister Moshe Kahlon announced a series of intended tax cuts called the “Net Family Plan.” The program includes benefits such as subsidies for after-school activities, extra tax points for men and women with children up to six years old, an expansion of work grants and reduced taxes on baby clothes, all with the aim of assisting families and working mothers.

The share of women in Israel’s workforce has increased substantially over the past 30 years. Once accounting for just a third of the workforce, women currently make up 47% of employees. A 2016 study indicates that employment rates are almost unaffected during for women aged between 25 and 44 who become mothers. The gap was even smaller for highly educated women, since education offers greater access to prestigious jobs and financial rewards for working mothers. This positive trend is more prevalent among Jewish working women, who have an employment rate nearly equal to that of Jewish men. However, in 2015, the employment rate among Arab women remained at only 31.5%, with ultra-orthodox Jewish women also lagging behind, although both populations have shown gradual improvement, and have been the focus of a general economic policy aiming to expand social inclusion in the labor market.

Wage gaps between men and women remain. Since many women work part-time or hold temporary jobs in order to sustain their traditional role as the main household caregivers, the average monthly wage for women in 2015 was just 68.3% of the average monthly wage among men. The gender gap is smaller but still significant for hourly wages, with women making an average hourly rate 84.9% that of men’s average rate. Studies continue to point to ongoing discrimination against women in the business and public sectors.

In the beginning of 2017, the civil service commissioner issued a working regulation requiring all ministries to adopt a “family friendly” arrangement under which meetings would not be held in the afternoon twice a week in order to support workers who wished to dedicate more time to their families. Moreover, the commission’s strategic plan placed special emphasis on promoting a workplace ethic of gender equality.

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Pensions

Pension Policy
 Score: 7

Over the past two decades, Israel initiated several reforms for 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 defined-contribution individual accounts with varied levels of collective risk sharing. In the last 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 ensured a steady pension contribution for every salaried employee, with two-thirds of this stream financed by the employer. In 2016, the contribution was raised to a minimum of 18.5% of monthly salary. 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 supply the 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 subject to the rules of the free market; even though every worker is legally entitled to a pension, private pension operators have discretion over client selection.

In 2016, a new pension-system reform was launched by Minister of Finance Moshe Kahlon. The reform was expected to help the weakest workers by lowering the pension fees by increasing competition. In addition, two “default” pension funds committed to charging lower management fees were created; these are expected to increase monthly post-retirement pension payments by 18%.

New legislation taking effect in January 2017 requires self-employed individuals to pay into an Israeli-recognized pension plan as of the 2017 tax year.

Regarding the prevention of poverty among the elderly and the guarantee of equality, Israel’s pension policy has room for improvement. Recent research indicates that post-retirement income-level inequalities are due to the large gaps in pension saving in different socioeconomic groups.

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Integration

Integration Policy
Score: 4

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 constitute strict conditions for gaining citizenship, allowing Jewish immigration to receive a permanent legal status as part of the Zionist vision. While still relevant, it is unable to offer a constructive framework for dealing with current global immigration challenges including Palestinian or African immigration to Israel. In the absence of a coherent framework for general immigration, immigration policy is de facto established by ad hoc decisions, harming the state and immigrants alike. For example, Israel’s Supreme Court recently issued an

order to all employers of illegal immigrants to pay a retroactive 20% tax, imposing a serious financial burden for many small businesses.

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

In February 2016, the Knesset passed the government’s fourth policy in the last few years addressing African migrants who arrive in Israel illegally. The policy permits the placement of migrants in a combination of closed and open detention centers for up to 12 months. Recently, the Supreme Court rejected an appeal against deportation of illegal migrants to a third country, thus making this practice legal.

There are approximately 40,000 illegal immigrants in Israel. In December 2017, the Knesset approved a new program backed by the Netanyahu government paving the way for forced deportations beginning in April 2018.

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 offered 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, while providing them with financial aid during the implementation of immigrant policies is the responsibility of the Ministry of Immigrant Absorption.

Policies in 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 is implemented.

Since the big wave of immigration in the 1990s, the majority of the new immigrants have been integrated into the community in what is called a “direct

integration track.” More than 1 million immigrants have been dealt with in this way. This track represented a privatization of immigrant absorption, and a major change in the policies relating to immigrant rights.

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Safe Living

Safe Living
Conditions
Score: 6

The Ministry of Public Security (MPS) manages the internal-security field in conjunction with the armed forces and other government agencies such as “Rachel” (emergency) and “Malal” (terrorism prevention). Following an alteration in its title (from the Ministry of the Police), the MPS has broadened its scope, and is now in charge of crime prevention, the prison system, gun control, prevention of terrorist acts and fire-prevention policies. Reforms have sought to integrate the country’s various agencies dealing with security issues, and in 2013 the MPS reported some accomplishments. For example, the Firearm Licensing Department (2011), the Israel Fire and Rescue Services (2011) and the Israel Anti-Drug Authority have all been successfully integrated into this ministry, improving coordination capabilities. In 2016, the government accepted the MPS suggestion to establish a national program to prevent cybercrime and internet violence against children and it works since then.

Notwithstanding occasional acts of terrorism, Israelis still report that they feel generally secure. According to the most recent crime-victimization survey, 81% of adults 20 years old and above feel safe walking alone in the streets.

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 has increased in recent years, this is at least partly due to the expansion of the ministry's responsibilities, and not due to increased investment or policy implementation.

Citation:

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Global Inequalities

Global Social
Policy
Score: 4

Israeli policy regarding global inequalities mainly consists of offering assistance in humanitarian, medical and financial aid to developing countries during emergencies. In recent decades, this aid has been expanded to technological and agricultural knowledge-sharing. For example, in May of 2016, the Ministry of Economy and the Israel National Cyber Bureau organized a workshop to teach and share the country's cybersecurity expertise with developing countries (such as Argentina, Mexico, Colombia, India, Zambia, Kenya, Côte d'Ivoire and Montenegro). The government's Center for International Cooperation (MASHAV) oversees cooperation with other developed countries, and is responsible for launching emergency-assistance missions.

Although Israel has 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 with regard to global fair-trade policies. However, it is improving its regulatory structure to reflect international trade agreements and WTO standards. In response to the 2011 social protests, it dismantled some import barriers and has begun to eliminate and reduce import duties on items such as electrical appliances, textiles and apparel, and recently, many food items.

Citation:

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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 relationship with its neighboring countries prevents it from sharing power facilities and thereby reducing environmental costs. Security and political considerations also overshadow environmental issues, resulting in long-term neglect of environmental policy even as OECD accession has bound Israel to conform with Western standards and goals.

However, Israel has demonstrated significant recent advances with regard to environmental policy. At the end of 2016, the country ratified the Paris climate agreement. Earlier that year, the government approved an ILS 500 million national program aimed at reducing greenhouse gas (GHG) emissions and increasing energy efficiency; as a part of this policy, it has committed to reducing its GHG emissions by 26% from the 2005 emissions level. An additional ILS 260 million has been allocated to a two-year program focused on reducing air pollution. A reduction in emissions intensity was reported in 2017, indicating some early success for the policy effort. In addition, a new solar-power station, one of the largest in the world, will be launched in 2017 in the Negev desert. Israel also has a unique green-tax policy, created to encourage customers to purchase less pollution-intensive cars. This innovative policy has led to positive results, and is regarded as a model within the OECD.

However, Israel has experienced some severe ecological disasters in recent years. In 2011, a backhoe loader damaged an underground fuel pipeline, and 1.5 million liters of jet fuel polluted the Zin river. Three years later, in 2014, another oil pipeline disaster occurred in southern Israel. Millions of liters of oil leaked into Evrona Nature Reserve, creating one of the worst pollution disasters in its history. In 2017, massively acidic water polluted the Ashalim Creek. Investigation of these cases has often lasted for long periods of time, and the Israel Union for Environmental Defense, one of the country's most prominent environmentalist groups, has criticized the fact that criminal proceedings in this area take so long.

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Global Environmental Protection

Global
Environmental
Policy
Score: 5

Israel is a relatively small participant in the international climate-policy network, but is constantly contributing innovative environmental technologies, and is demonstrating responsibility in its local policy. In recent years it has taken a larger role in environmental policy matters, partly due to a rise in public awareness of these issues, and partly due to its accession to international organizations and treaties.

The country has been forced to develop technological and ecological solutions due to the unique and diverse nature of the Israeli climate, the country’s scarcity of natural drinking water, and its hostile neighboring countries. Thus, it has

become a dominant actor in the “clean tech” field. The country has developed an industry of more than 400 companies dedicated exclusively to sustainable water, energy and environmental technologies. It has launched green-technology projects aimed at demonstrating its achievements in the fields of desalination and water recycling, and actively shares information and technologies with other countries. Israel is also involved in international anti-desertification efforts, since it is an important exporter of new methods and technologies developed specifically for arid regions.

Citation:

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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 territories) to elect and to be elected under certain reasonable restraints. To be elected for the Knesset, a candidate has to be a citizen over the age of 21, with no incarceration totaling more than a three-month period in the seven years prior to his/her nomination (unless authorized by the head of the Central Elections Committee(CEC)). If the nominee has held a prominent public office (as specified in the written law) he or she must wait until the expiration of a waiting period before running. Under the party law of 1992, the general elections are led by the Central Elections 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 potential causes: 1) the rejection of Israel's Jewish and democratic identity; 2) the provision of support for another country's armed battle against Israel and/or a terror organization; and 3) incitement of racism. Israel is ranked first in the Middle East in the Electoral Integrity Project's Perceptions of Electoral Integrity listing, and 22nd in the global ranking (with an especially high score for electoral procedures).

Due to its significant weight in the electoral process the CEC is chaired by a Supreme Court judge and is assembled according to a proportional system. This allows each faction in the Knesset to be represented. In addition, the formation of the group is meant to balance the political aspect of the committee with a judicial one to ensure 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 parliament member 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).

Recently, a bill was introduced in the Knesset suggesting that the Supreme Court be barred from ruling on CEC decisions regarding candidates' electoral eligibility.

Another notable feature of the electoral landscape is the suspension law enacted in 2016. This law allows the suspension of a Knesset member if a supermajority of the Knesset votes that this member has deviated from appropriate behavior. The law drew much criticism, mostly from opposition members, but also from some members of the coalition. Most of the criticism revolved around the assertion that the Knesset lacks the authority to suspend a member, and that this authority should instead be given to a court. In addition, some critics raised concerns that votes to suspend a member would be influenced by political considerations, and that the law would "severely weaken Israel's democratic character."

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Media Access
Score: 7

One of the foundation stones of Israel's democracy is the country's free press and media. As a part of this system, various laws ensure the equality of access for all candidates and parties. Moreover, the criteria for allocation of air time during election campaigns are impartial (that is, not subject to any kind of arbitrary considerations), and are determined by the chairman of the Central Elections Committee (CEC). More specifically, under the election law, it is stated that the CEC chairman determines the radio-broadcasting time that will be 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), whereas all advertising broadcasts must be funded by the party themselves and must be approved in advance by the CEC chairman. Recently, the elections-law examination committee published a number of new recommendations including: an end to the reservation of radio- and television-broadcast time for each party, an end to the prohibition on political broadcast advertisements for the 60 days before election day, application of the current law on internet media, a removal of archaic clauses, and more. As of the time of writing, these recommendations had not been approved.

While election-broadcasting rights are fair and balanced, everyday access to the media is unequal in several respects. Most notable is the fact that Israeli Arabs interviewees are underrepresented in Hebrew broadcast media. According to the “Representation Index,” a collaboration between the Sikkuy Association for the Advancement of Civic Equality, the Seventh Eye media-watchdog journal and the Ifat media research institute, more Israeli Arabs appeared on Israeli television talk shows and on radio in 2016 than ever before, but remained significantly underrepresented. The Seventh Eye media-watchdog journal pointed out last year that in many cases, when conducting public-opinion surveys, the media only contacts Jewish citizens. While those surveys are sometimes presented as representing the Israeli public opinion, the fact that they exclude Arab citizens is usually not mentioned. The exclusion of the Arab population from public-opinion polls was said by some members of the Israel Press Council to reflect a wider phenomenon regarding the media coverage of the Arab population in Israel. Consequently, the Israel Press Council, a voluntary body of publishers, editors, journalists and public representatives, amended Article 14 of its code of ethics to prohibit the exclusion of and discrimination against different populations. Under the terms of this amendment, the Press Council is able to address complaints regarding violation of the article through its ethical courts, which have the authority to impose various punishments on journalists or publications.

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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 general elections. This right is guaranteed under the principle of equality. Thus, it is only limited by the need to exhibit valid government identification with the voter's name and picture. If a voter refuses to take an ID photo (as is the case with some religious women), the ID will be considered valid if it has been approved by the Ministry of the Interior. Article 10 of the basic law states that the day of the national elections will be a national holiday, with public transportation and public services open, thus giving voters a positive (or, at least, not a negative) incentive to vote. Recently, a bill was presented that would allow voters to choose to vote in a location different than the one in which they are registered, easing the voting process for many citizens.

Up until 1988, the issue of prisoners' 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 specially equipped voting stations. The state is obligated to offer at least one such station in every city-council district, and at least two in districts with more than 20 regular 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 by an escort. Much like the case of handicapped people, soldiers on active duty are entitled to vote in special voting stations using a double envelope. Although the mentally ill are usually unable to access voting stations (due to hospitalization or personal constraints), they are not restrained from voting by any specific law.

Israel does not allow citizens that are out of the country (the territories excluded) at the time of the elections to vote unless they have a special status and are thus eligible to do so 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 regarding the voting procedure is available via special government-funded information call-in centers, websites and through the media. Problems and complaints are dealt with by the Central Elections Committee.

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Party Financing
Score: 8

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, limiting such sources of income to: 1) party membership dues and fundraising from members, within limits allowed by the Party Financing Law; 2) funds received from the state in accordance with the Party Financing Law; 3) non-public contributions received in accordance with the Party Financing Law; 4) funds received for the purpose of elections in the New Histadrut trade union association, as approved by the New Histadrut; or 5) funds obtained from party activities, 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 application of these two laws, all party financial activities during election time are subject to supervision by the State Comptroller, who has on several occasions issued instructions that have the status of subsidiary legislation. The State Comptroller publishes regular reports regarding party finances, and is in charge of ruling whether there has been a breach of the law regarding party financing and election financing. Moreover, the State Comptroller can rule that a party group must return funds to the state due to illegalities in the receipt of non-public contributions.

A report published by the State Comptroller reviewing the 2015 election campaign indicated that several parties had been fined due to violations of the party financing law, including a ILS 1.8 million fine against the “Bait Hayeudy” party and an ILS 850 thousand for the Likud. Several parties’ funding were not approved during the campaign.

A relatively new amendment to the Party Financing Law was passed on March 2017. This amendment, also known as the V15 bill, aimed at limiting the activities of various non-party bodies seeking to influence the outcome of elections in Israel. It requires these bodies to report their funding sources to the State Comptroller. The amendment was named “V15 bill” after V15, an entity

funded by organizations from the United States and Europe that contributed funds during the 2015 election campaign against the Likud party and Prime Minister Netanyahu.

Citation:

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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 component of the basic law dealing with referendums. 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, but 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 investigation committees on matters of national interest or 2) special legal provisions allowing for citizen appeals on issues such as urban planning, or enabling citizens to address parliamentary committees on issues that directly concern them. These sorts of initiatives, while important, reflect a top-to-bottom strategy of civil participation rather than encouraging independent initiatives.

Even these initiatives have remained largely in the early stages, and we have been unable to find any meaningful ways through which Israeli citizens can affect the decision process directly (that is, without media pressure, persuasion via lobbying firms or appeal to the courts).

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Access to Information

Media Freedom
Score: 6

Israel's media environment is considered lively and pluralistic. Freedom of the press is generally respected, and neither the government nor the military abuse their power in order to restrict information. Israelis have wide access to free and largely uncensored internet, and the internet penetration rate reached a high level of 78.9% in 2017. 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, thus providing for the assimilation of this principle within the Israeli political culture.

In Freedom House's most recent Freedom of the Press rating, the media in Israel was rated as "partly free" (33 out of 100 points). The 2017 World Press Freedom Index also ranked Israel quite low, at 91st place out of 180 countries. These poor evaluations are mainly because of the economic threat to other newspapers presented by the freely distributed Israel Hayom, along with its close ties to Prime Minister Netanyahu. Another reason was the prime minister's decision to keep the Ministry of Communication under his authority, a decision that was later overturned by the Supreme Court in light of the investigations against him.

As part of an ongoing increase in public awareness about matters of government transparency, the level of public interest in issues concerning media ownership and politicization has grown in recent years. Several reports have exposed the media market's ownership structures, identifying issues of cross-ownership, crony capitalism and centralization while pointing out the influence such issues have on coverage of political and economic issues.

The law additionally gives immense power to a military censor. Under a 1996 Censorship Agreement between the media and the military, the censor has the power – on the grounds of national security – to penalize, shut down, or stop the printing of a newspaper, or to confiscate its printing machines. In practice, however, journalists often evade restrictions by leaking a story to a foreign

outlet and then republishing. Nevertheless, since the beginning of 2016, the military censor has toughened its policies regarding the supervision of content in newspapers, blogs and other social-media channels. Journalists are subject often accused of inciting violence, cooperating with terrorist organizations, or otherwise posing a threat to Israel's security. Moreover, some bloggers have claimed that the censor has ordered them to pre-submit every text regarding security issues for approval. These practices are another main reason for the country's low ratings on media-freedom surveys.

Other affairs from recent years additionally seem to have undermined aspects of media independence. In 2016, the Knesset passed a controversial amendment to the Knesset Channel Broadcasting Law that prohibited degrading the Knesset as an institution on the official Knesset-broadcast channel. The law was perceived as attempt to limit the independence of the channel. In 2017, the right-leaning Channel 20 won the rights to broadcast Knesset TV. Critics claimed that Channel 20's right-wing ideology was the reason it won the tender (for the next 10 years), replacing Channel 2. The Supreme Court suspended the agreement after ruling that the tender process had contained irregularities. Another problem is the rise in libel litigation against journalists, sometimes perceived as so-called strategic lawsuits against public participation (SLAPP). Prime Minister Netanyahu himself has initiated several such suits against journalists, which were criticized as efforts to threaten press freedom.

In 2017, the Israel Broadcasting Authority ("Rashut Hashidur") was shut down and replaced by a new body, the Israeli Public Broadcasting Corporation (Taagid Hashdiur, IPBC). The decision was intended to guarantee the independence of the new body, and was made after many years of political debate and delay. The older authority was said to be expensive and outdated. However, numerous delays to the launch of the new authority were proposed. They were mostly perceived as attempts to limit the new body's independence. Culture Minister Miri Regev was once cited as asking, "It's inconceivable that we'll establish a corporation that we won't control. What's the point?" Although Prime Minister Netanyahu sought to close the new corporation, the IPBC eventually started broadcasting on 15 May 2017.

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Media Pluralism
Score: 6

The pluralistic makeup of Israeli society is reflected by the press landscape, which includes more than a dozen daily newspapers and a wide range of weeklies and news websites serving readers from various religious, ethnic and linguistic groups. A similarly diverse selection of broadcast media is also available in Israel, including local radio stations that cater to the country's regional communities as well as the ultra-orthodox, Russian-speaking and Arabic-speaking populations.

Israeli policy toward media pluralism follows 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 addresses issues of content (specifically regarding issues of local production and censorship).

In practice, media regulation in Israel largely structural, controlling ownership in broadcast organizations (radio, public television, and private television via cable or satellite). The regulators are charged with authorizing broadcast rights and enforcing regulations in matters of ownership concentration, cross-ownership and foreign ownership. According to the Freedom House 2017 report, ownership concentration among private broadcast stations remains an issue of concern. The print media is not under the same restraints and is instead addressed through antitrust regulation or voluntary self-regulation. Most news websites in Israel are operated by print-media companies. There are current attempts to expand regulation within the digital sphere, but as of the time of writing, the parliament had passed no laws in this area.

A comprehensive media-ownership map that tracks the identities of tycoons, corporations and other entities that control Israel's media companies and outlets shows diversified ownership structures both in the electronic and print-media markets. The public and regulated private media compensates for deficiencies or biases in private-media reporting by ensuring representation of a wide range of opinions. 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. This paper quickly captured 40% of the market, thus raising concerns due to its partisan coverage and its negative effect on competing commercial newspapers.

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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, an analysis issued by the Israel Democracy Institute in 2008 stated that the restrictions are reasonable, and they do not prevent the law from reaching its main goal: to assist in creating a more transparent and accountable government. In addition, the right-to-privacy law (1998) grants individuals the right to access their personal information held in government or private-entity 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 in the Ministry of Justice. The unit is also in 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, 6,659 applications were received in 2016. A total of 63% of applications received replies within the legally mandated 30-day period. According to the report, the unit released classified correspondence and documentation following the request of the official committee investigating the Yemeni children affair.

In addition, in 2016, the government announced the launch of a program designed to open all governmental databases to public access. This step furthers an ongoing policy of increasing transparency by expanding the authority of the Governmental Unit for Freedom of Information, and by financing this unit's projects.

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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's section on human dignity and liberty, which protects the right of each citizen to privacy, property, dignity, life and so forth.

This basic law is procedurally protected from nullification. However, aspects of the law can be overruled under specific conditions of 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, operating independently of the legislative and executive branches. Civil rights claims are voiced through media pressure, NGO activities, appeals to the Supreme Court, legislative amendments and appeals to government bodies that investigate public complaints.

The basic law in Israel does not grant individuals the right to express their opinions; however, the Supreme Court has affirmed this right as an essential component of human dignity. Despite this ruling, the Knesset has adopted legislation that severely curtails the exercise of the right to freedom of expression. The Boycott Prohibition Law and the Budget Foundations Law impose economic sanctions on anyone that expresses opinions criticizing injustices and human-rights violations in the Occupied Territories.

Moreover, there is a gap between the formal guarantees of equal civil rights and the reality of unequal opportunities as 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. The Association for Civil Rights in Israel (ACRI) has highlighted legislative activity over the last year that threatens civil rights, including the successful Entry to Israel bill (prohibiting persons who support a boycott against the State of Israel from entering the State of Israel), bills relating to contempt of the flag (an amendment to the law proposing significantly stricter penalties for those who harm the flag of Israel), a state education-bill amendment targeting organizations that "oppose educational values" and the armed forces, and more.

The ACRI's annual report for 2016 painted a complex picture of human-rights safeguards and violations. The report identified some civil rights violations such as the intention to increase enforcement and punishment of building violations within the Arab population and ongoing discriminatory planning processes targeting the Bedouin population in the Negev. Alongside civil rights violations,

there were some positive developments regarding health, housing and the rights of persons with mental or cognitive disabilities. In addition, three groundbreaking reports recognizing long-term discrimination against these groups were released: a report on the economic integration of the Arab minority, the Biton Report on empowering the Sephardi and Mizrachi cultures, and the report of the Palmor Committee on discrimination against Ethiopian-Israelis. However, few of the recommendations in these reports were expected to be implemented in the 2017 – 2018 state budget.

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Political Liberties
Score: 5

Israel's lack of a constitution means that the guarantee of political rights is given the same status as basic laws. Thus, they are not constitutional as such. For these and other reasons, the responsibility to protect political liberties still lies with Israeli parliament. However, parliamentary activity has not been conducive to this task. Several recent 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, support armed resistance or "racism" against Israel, or desecrate the state flag or national symbols. The law was intended to target Arab bodies financed through the state budget that commemorate the Al-Nakba events. However, during the period under review, Culture and Sports Minister Miri Regev called several times for the withdrawal of funding from cultural institutions for violating the law. On one occasion, she argued that the Jewish-Arab Jaffa theater "has turned from a platform for culture into a platform for terror." Regev also proposed the so-called Culture Loyalty Bill, which would have allowed politicians to deny funding to cultural institutions that "contravene the principles of the state." The bill was not approved, but was perceived by the

Israel Union of Performing Artists as an attempt to undermine the freedom of expression and artistic freedom.

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. An amendment to the law is currently being discussed, which would toughen its provisions by allowing “a body or person working to encourage the boycott of Israel eligible to be sued for ILS 100,000 (,500) without proof of damages – or ILS 500,000 (2,500) with proof of damages.”

The Transparency Requirements for Parties Supported by Foreign State Entities Bill, requires NGOs receiving more than half their income from foreign governments to report this fact annually to the Justice Ministry’s registrar of nonprofit associations. This bill was criticized as applying almost solely to human-rights and left-leaning organizations. According to Justice Ministry statistics, only 27 organizations in Israel that get more than half their funding from foreign governments. Of these, 25 are human-rights-focused organizations identified with the left.

The list of other problematic legislation includes the recently passed Entry to Israel law (prohibiting anyone who supports a boycott against the state of Israel from entering the country), several bills relating to contempt of the flag (one recently passed amendment to the law imposes significantly stricter penalties on those who harm the flag of Israel), a state education bill amendment (awaiting approval as of the time of writing) targeting organizations that “oppose educational values” and the armed forces, and more. However, many problematic proposals have not won parliamentary passage, or were eventually softened in part due to public opposition.

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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 long-standing 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, thus enshrining this normative concept alongside existing laws protecting human dignity and liberty, have proved unsuccessful. Instead, the struggle against discrimination is usually fought through Israel's media and in the form of vigorous NGO activity.

Progress has been made in recent years in the areas of women's rights and gay rights. The government addressed the expanding industries of human trafficking and prostitution by opening designated shelters for victims and passing a 2006 law imposing prison terms of up to 20 years for perpetrators. The gay community has also achieved prominent victories; non-biological same-sex parents have been made eligible for guardianship rights and same-sex marriages conducted in foreign countries are now recognized by the state, with the first gay divorce granted in 2012.

The country has generally positive measures protecting the rights of disabled persons. The Commission for Equal Rights of Persons with Disabilities has stated that the gap between the general employment rate and the disabled employed population is constantly closing, and that the employment rate among disabled persons is rising (to 78% in 2013). The commission's work is based on the Equal Rights Law for Persons with Disabilities (1998), which mandates Israel to "protect the dignity and liberty of persons with disabilities and anchor their right to equal and active participation in society in all fields of life, as well as properly provide for their special needs in a manner enabling them to spend their lives in maximum independence, privacy and dignity, while making the

most of their capabilities.” Examples outside the labor market include fines for a lands authority for releasing a promotional video degrading Mizrahi Israelis; police raids targeting nightclubs and other entertainment venues applying discriminatory selection criteria; and police arrests of people linked to the racist “La Familia” organization.

However, numerous troubling signs remain. Discrimination against Palestinians is widespread and systematic. 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. The most recent annual report of the Association for Civil Rights in Israel argued that there is “institutionalized and long-standing neglect and discrimination against the Arab population in the areas of land allocation, planning and housing.”

A 2003 law denies citizenship or residency status to Palestinian residents of the West Bank or Gaza who 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.

Women still face discrimination in the labor market, earning lower average wages and salaries than men (women’s average per-hour wage is 83% of the comparable wage for men). Moreover, woman, Arabs and people with low incomes are underrepresented in technological and scientific study courses and work environments, a factor indicating persistent inequality in the educational system.

Citation:

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Rule of Law

Legal Certainty
Score: 5

A number of institutions are responsible for legal review of government and administration activities. 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 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. For example, in September 2017, the Supreme Court struck down the government's policy on recruiting ultra-orthodox Jewish citizens into the Israel Defense Forces (IDF). 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 OPT.

Some legal arrangements provide for ad hoc state action when security threats emerge. The Emergency Powers (Detention) Law of 1979 provides for indefinite administrative detention without trial. According to a human rights group, there were 475 Palestinians incarcerated under such charges at the end of May 2017. 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.

The current government has been criticized for seeking to weaken the so-called gatekeepers of democracy, both through verbal attacks on the entities most closely associated with maintaining the rule of law, and through legislative initiatives seeking to undermine these entities' powers in fact. In a speech at the opening of the winter session of the Knesset, Israeli President Reuven Rivlin stated that, "Today, we are witnessing the winds of a revolution... This time, the rule of the majority – is the sole ruler...everything is political – the media is political, the democratic institutions, all of them – from the professional clerks to the State Comptroller – are political, the Supreme Court is political, the security forces are political, and even the IDF, the Israel Defense Forces, is political. The entire country and its institutions – political. This revolution wants to finally tear the supposed masks of hypocrisy from the faces of all the gatekeepers."

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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 the 2013 – 2014 period, the Supreme Court was similarly criticized for overturning an "infiltration law" set up to implement policy regarding illegal immigration. Nevertheless, it was ranked as one of the top four most-trustworthy governmental institutions in a 2016 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.

During the period under review, Minister of Justice Ayelet Shaked and Minister of Education Naftali Bennett announced the introduction of a bill that would limit the Supreme Court's authority to strike down laws. The proposed basic law would include an override provision that would allow a Knesset majority to vote to bypass Supreme Court rulings.

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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 Ministry of Justice recently approved the participation of a Bar Association representative in the more advanced judicial-nomination process.

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.

Justice Minister Ayelet Shaked recently unveiled a campaign to change the current seniority system, in which the most veteran Supreme Court justice is automatically selected as court president upon the previous officeholder's retirement. In a discussion in the Knesset Constitution, Law and Justice Committee, Shaked asserted that the seniority system diminished the authority of the Judicial Selection Committee. Arguing in opposition was former Supreme Court President Miriam Naor, who said, "Politicizing the Supreme Court will undermine its independence, the separation of powers, and the ability of the court to protect civil rights in Israel." Naor added that "the point that must concern all of us is how the rulings of Supreme Court justices will be perceived by the public if the justices are in a race for the president's post." Eventually, the effort to change the seniority system proved unsuccessful.

Citation:

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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. Criticism of Israel's centralized public-service structure have been mounting, in part because it is characterized

by several 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 tried for fraud, money laundering and breach of trust, though ultimately acquitted. Former Tourism Minister Stas Misezhnikov, a member of the Yisrael Beytenu party, was sentenced to a 15-month sentence for fraud and breach of trust. In addition, former Deputy Interior Minister Faina Kirshenbaum and nine other officials linked to Yisrael Beytenu were indicted for a litany of corruption charges, including bribery, fraud and money laundering.

In 2014 the courts issued an historical ruling sentencing former Prime Minister Ehud Olmert to six years in prison for accepting bribes while serving as mayor of Jerusalem. Recently, Prime Minister Netanyahu has been suspected of involvement in several corruption affairs (the “submarine affair,” the “expensive gifts affair,” and an alleged attempt to negotiate sympathetic coverage in the Yediot Aharonot newspaper in return for support for legislation that would weaken Yediot competitor Israel Hayom).

According to Meni Yitzhaki, who heads the Israel Police’s fraud investigations task force, Israel does not suffer from widespread corruption, but rather features “islands of corruption.” Yitzhaki stated that the Israeli police address corruption as they would any criminal organization.

Citation:

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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.

A number of steps have been taken as a consequence, with the most prominent of these being the annual publication of the Governmental Plan Book. The review period featured the fifth time this book had been published, and it was this time accompanied by important advancements such as an extension to non-departmental governmental agencies; the inclusion of measurement indicators, target budgets and personnel allocations; biannual plans; and most importantly, a revision and assessment of the previous implementation of plans and decisions in all ministries. The 2017 book demonstrates the success and professionalism of reform efforts in governmental planning, and ministries and politicians today use it regularly as a working tool.

Citation:

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Scholarly Advice
Score: 7

The government has several means of interacting with experts and academics. Experts can sit on independent public committees to examine the causes and consequences of a specific event or incident, such as 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, such as the National Economic Council in the PMO or be summoned by parliamentary committees to present opinions or to offer a different perspective on a certain 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. On security and other issues such as foreign policy, the government tends to consult experts from the military rather than academics. 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 not influenced by political interests.

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Interministerial Coordination

GO Expertise
Score: 6

The Prime Minister's Office (PMO) relies on sectoral policy expertise. Its need for a staff of independent and professional analysts originally led to the establishment of the National Economic Council, the National Security Council and the Policy Planning Department that advises the prime minister directly. The 2012 Kochik committee viewed these as positive but insufficient steps, and recommended that the PMO's consulting mechanism be strengthened.

Recent changes have shifted this system somewhat. The PMO's planning reforms have de facto given it the capacity to advise other ministries regarding

their policy proposals and bills. This is practically done via collaboration with (and to some extent supervision of) the ministries' vice directors of strategic planning and economy, who are officially the heads of the ministerial planning units.

Citation:

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GO Gatekeeping
Score: 7

Traditionally, the prime minister did not hold the power to return items to the Israeli general cabinet meetings. However, in 2012 it filed for an amendment to standard practice, which was then ratified by the government. This included expanding the prime minister's authority to delay the implementation of government decisions by resubmitting an issue to vote after it had been rejected, as well as authorizing him or her to cancel, postpone or summon meetings for government decisions. Since the passage of this amendment, the prime minister has returned several items, and his position has significantly strengthened.

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Line Ministries
Score: 7

The PMO has undergone continuous structural reforms since the mid-2000s. Several committees, including Trajtenberg and Kuchik (both established in 2011), issued recommendations regarding PMO working dynamics with other line ministries, while also 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 has become more involved in ministries' preparation of policy proposals through various channels. For example, the PMO's chief of staff heads a forum of the director generals of all line ministries, with the goal of advancing policy agendas and interministerial cooperation. The PMO is also involved in the preparation of policy proposals through its professional councils and roundtable initiatives. Its oversight capabilities, demonstrated by its yearly publication of government working plans, result in further involvement. However, the Kuchnik committee noted that the PMO tends to overreach and

control policy formation more than is advisable when facing comparatively weaker ministries. In the last few years, special emphasis has been placed on the heads of planning units, and on giving them control of, or at least strong involvement in, all policy, budget and bill proposals.

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Cabinet
Committees
Score: 6

According to the basic law provisions addressing the government, as well as prevailing standards of practice, the government is authorized to appoint cabinet committees (called ministerial committees) to handle different policy issues. Moreover, it is obligated to appoint a security- and state-focused cabinet that includes the prime minister, the minister of defense, the minister of justice, the foreign minister, the minister of state security and the minister of finance. Currently, 33 ministerial committees work to address a wide range of topics.

While most ministerial committees receive limited attention in the media, an exception is the ministerial committee for legislation, which handles the preparation and the first approval of legislative proposals. In other words, the committee’s decisions regarding proposals determine how the coalition members will vote on the proposals in the Knesset.

The ministerial committees in Israel are increasingly fruitful. Under the previous government (2013 – 2015), their decisions accounted for 54% of all governmental decisions (the current government has not yet released updated information on this topic).

Citation:

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

Friedberg, Chen, “The Knesset’s Committees – Foretold Failure?,” The Ben-Gurion

Law Proposal –Amendments of ‘Basic Law: The Government’, 2015

‘Decade of Ministerial Committees – comparative study’ – January 2016,

Citizens’ Empowerment in Israel (Hebrew): <http://www.ceci.org.il/sites/citizens/UserContent/files/knowledge/govfunction/MinisterCommittees.pdf>

“Ministerial Committees.” PMO’s website (12.11.2015), <http://www.pmo.gov.il/English/GovernmentSecretariat/Pages/MinisterialCommittees.aspx>

Research Institute for the Study of Israel & Zionism (January 2010) (Hebrew)

Ministerial
Bureaucracy
Score: 5

“The guidelines for government work,” PMO’s website (Hebrew)
Working Plan Book 2017-18, PMO Office, March 2017: <http://www.plans.gov.il/pdf2017/> (Hebrew)

‘Transparency in the Ministerial Committee for Legislation’ – February 2016, The Social Guard (Hebrew):
http://fs.knesset.gov.il/%5C20%5CCommittees%5C20_cs_bg_325109.pdf

Over the past decade, the government has sought to improve interministerial cooperation in order to overcome bureaucratic entanglements and political power struggles. In so doing, it has introduced roundtable meetings, director generals and vice director generals of ministries coordination forums, guidelines, and digital information platforms. However, experts say that ministries are essentially territorial in nature, and information sharing between ministries is difficult at best.

This lack of communication results at least partially from the government’s highly centralized budget process, which makes public servants defensive of limited and strictly supervised resources. In 2016, a report by the State Comptroller suggested that the lack of communication regarding foreign affairs is a result of the transfer of duties from away from main ministries such as the ministry of foreign affairs to other ministries. The report also asserted that interministerial disagreements are delaying the publication of regulations necessary for the implementation of laws. A report from 2015 claimed that 175 laws had not been implemented because ministries had not yet established regulations regarding those laws. According to that report, 32% of regulations are not promulgated because of internal arguments between ministries.

Some of the communication difficulties between ministries results from the dominance of non-sectoral offices such as the PMO in policy development, as well as the use of ad-hoc interministerial committees in order to give momentum to policy proposals. An expert committee recently recommended the establishment of a mechanism for coordination and decision-making as a means of addressing the numerous entities involved in the implementation of national goals. The committee suggested accomplishing this by strengthening the PMO’s authority, and emphasizing its role as a coordinator between other ministries.

Another recent step toward strengthening cooperation within ministries can be found in an executive-training program called “the leadership academy.” Established in 2014, this identifies the promotion of communication as a primary goal.

Citation:
“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)

Brada, Moshe, “Coordination between the Ministry of Foreign Affairs and the Ministry of Defense,” The

committee for regulation has been established, and an annual timeline for RIA has been published. In addition, a Governmental Regulation Website has been launched, providing ministries with a guidebook (tailored for specific ministry requirements) written by the PMO. This represents a major advancement in the government's policy-design process, although the many exceptions to these requirements mean that significant progress remains to be made.

Citation:

"More about the Regulatory Impact Assessment Program," PMO website:
<http://regulation.gov.il/misgeret>

"RIA Guide," Governmental Regulation Website (Hebrew):
<http://regulation.pmo.gov.il/RIAGuide/Pages/RIA.aspx> "Report from the committee for improving regulatory mechanisms in Israel and reviewing interfaces between various regulators in the market," official report (April 2013). The Protocol of the Economic Affairs Committee – 28.10.2015:
<http://main.knesset.gov.il/Activity/committees/Economics/Conclusion/coc281015.pdf>

Quality of RIA
 Process
 Score: 3

Although the government's RIA process is still in infancy, an evaluation of its quality can already be made. The governmental RIA guide for regulators includes the requirements both of citizen participation (e.g., the regulator can choose from an array of methods such as informational sessions, hearings and consultation) and transparency (e.g., the assessment and the regulatory policy chosen must be published). This derives directly from governmental decision 2118, which identifies collaboration with "as many stakeholders as possible" and publication of the assessments as primary goals. However, independent evaluations of RIA assessment quality are not yet either standard or required.

Citation:

Government decision 2118, 22.10.2014, PMO website,
<http://www.pmo.gov.il/policyplanning/Regulation/Documents/dec2118.pdf>

Governmental RIA Guide, April 2015, PMO website:
http://regulation.gov.il/uploads/reports/7/RIAGUIDE_opt.pdf

Sustainability
 Check
 Score: 2

The RIA process in Israel is designed to ensure sustainable policymaking. According to the official guide, assessments are to be based on multiple indicators, such as economic, social and environmental data. However, it is still too early to determine whether this is regularly done in practice.

Citation:

Governmental RIA Guide, April 2015, PMO website:
http://regulation.gov.il/uploads/reports/7/RIAGUIDE_opt.pdf

Societal Consultation

Negotiating
Public Support
Score: 6

The critical role of civil society during the “Cast Lead” military operation in 2008 and the growing third sector in Israel inspired government decision 3190, which calls for more societal consultation and intersectoral cooperation in the policy formation process. Civil protests in 2011 brought the issue of social dialogue to the forefront once again, with public complaints targeting obscure governmental budgetary procedures. Moreover, internal pressure to increase information sharing and transparency came from parliament members. However, the government has responded only partially to these demands, mainly through the establishment of a yearly roundtable event at which invited representatives discuss current and future government policies and the launch of designated “open” governmental websites, and by allowing greater participation by NGOs in policy debates. In April 2015, the PMO sought candidates for a new job, the public sharing and collaborations director. As the third sector and alternative media outlets gain a stronger voice in Israeli society, consultations with civil society could take on a greater role in the policy process

Citation:

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

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)

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

Trachtenberg report website (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=cmNmdHlwZTIwaW5zdCZwaW5zdD0wMDUwNTZCRjAwMTEeXRUU0QjhCOTIGNUEzNjExQ0IzRg%3D%3D](https://ejobs.gov.il/gius(bD1oZSZjPTI4MA==)/tender/application.do?PARAM=cmNmdHlwZTIwaW5zdCZwaW5zdD0wMDUwNTZCRjAwMTEeXRUU0QjhCOTIGNUEzNjExQ0IzRg%3D%3D)

Policy Communication

Coherent
Communication
Score: 7

By law, the PMO supervises and coordinates activity between government ministries through a designated division. In 2013, representatives from several ministries wrote the Governmental Cooperation Guide, providing guidelines for interministerial cooperation.

However, annual reports from the State Comptroller reveal major shortcomings in ministerial coordination, highlighting the tension and recrimination that still exists 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 with regard to policy communication remains unclear.

Citation:

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

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).

"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 interministerial cooperation," Official state publication September 2013 (Hebrew).

"The Prime Ministers Division for Coordination follow up and Control," PMO's website The Governmental Cooperation Guild – September 2013: <http://ihaklai.org.il/>

Prime Minister's Office. Government ICT Authority, "Israel Open Government Implementation Report 2015 – 2017," https://www.opengovpartnership.org/sites/default/files/Israel_End-Term-Self-Assessment_2015-2017_EN.pdf

Implementation

Government
Efficiency
Score: 6

In 2016, the government began annually coordinating all ministerial reports regarding the implementation of governmental decisions. A team in the PMO breaks every government decision into detailed tasks, and assigns each task to the relevant ministry. Afterward, the ministers and CEOs are required to report progress on these tasks. The first complete report was issued in 2017, addressing all decisions made since 2015 (under the current government). A similar tracking mechanism can be found in "The Monitor," a civil-public program initiated by the Citizens' Empowerment Center in Israel to follow and monitor the implementation of governmental decisions. Both reports show a very high rate of implementation (over 70%).

In addition, in accordance with government decision 4085, the PMO publishes yearly working plans for line ministries. The yearly plan for 2014 was the first to publish additional detailed benchmarks for policy goals, a practice that has been repeated since that time. However, as this does not indicate progress with respect to previous years, it is difficult to track long-term progress.

While the Israeli government has been modestly efficient in achieving its policy goals, it has often done so by resorting to a highly controversial emergency law (the Arrangements Law) instead of by enacting regular legislation.

In its 43rd report, released in May 2017, the State Comptroller found that there had been fewer complaints against government bodies in 2016 than in the previous years, but that the percentage of justified complaints had increased, and continues to be high. The National Insurance Institute and the Israel Postal Company received the most criticism from the public.

However, the report also addresses the environment and water as cross-border Israeli-Palestinian issues, and draws the conclusion that there is an “absence of government policy. The government of Israel has not yet formulated a policy for cross-border environmental management in general and for the management of water pollution in particular, and has not decided on any single governmental entity to be charged with this issue and manage it with the responsible bodies. This is in spite of the far-reaching consequences of the issue, such as on Israel’s water reserves, public health and even on the political-security level. Therefore, solutions have been prevented or delayed despite sustained damage to the environment, public health and broad Israeli interest.”

Citation:

“Book of working plans 2014,” PMO website (March 2014) (Hebrew)

“Report on the implementation of governmental decisions 2016,” PMO website, <http://www.pmo.gov.il/policyplanning/mimshal/Documents/dm20161607.pdf> (Hebrew)

“The Monitor Project,” Citizens’ Empowerment Center, <http://www.ceci.org.il/monitor>

Zachria, Zvi. ‘New Application Will Allow The Public to Follow the Pace of Laws and Government Decision’s Implementations’ – The Marker, 15.7.2015 (Hebrew): <http://www.themarker.com/news/1.2684691>

“The State Comptroller and Ombudsman Yearly Report 2016-2015,” May 2017, (Hebrew), http://www.mevaker.gov.il/he/Reports/Report_425/acdfe4f3-7bc6-48b5-b602-7cf3200380b0/2017-67b.pdf

“Israel State Comptroller Report on Water Pollution between the State of Israel and Judea, Samaria and the Gaza Strip (Unofficial translation of the original Hebrew text by EcoPeace Middle East). Author: Ret. Judge Yossef Haim Shapira, Comptroller (executive summary),” http://ecopeaceme.org/wp-content/uploads/2017/06/Comptroller-Report_2017_Summary_Translation_by_EcoPeace.pdf

Ministerial
Compliance
Score: 7

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

Structural elements have worked against this trend by imposing a greater degree of 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 expenditure and achieve economic goals) is another bold expression of the additional power given to the budgeting department of the Ministry of Finance. This law is often used to cancel or negate reforms or legislation already passed by other ministries, thus undermining their commitment to the government's program.

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)

Monitoring
Ministries
Score: 7

The basic law on the issue of 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. In recent years, the PMO has introduced best-practices reforms featuring elements of transparency, sharing and benchmarking that have improved the systematic monitoring of ministries. A special committee formed to review the PMO identified its comparative weakness when dealing with recommendations from the ministries of Finance and Defense, aggravated by the PMO's tendency to take on the responsibility for executing policies from weaker ministries such as Welfare and Health, thus expending its workload. However, three new professional units have been established in the PMO, each in charge of monitoring related ministries. Moreover, the past two years has seen a major improvement in monitoring with the government's annual coordination of all ministerial reports on the implementation of governmental decisions. Currently, the PMO thus has strong ministerial oversight capacities.

Citation:

"Reorganization of structure," Civil Service Commissioner information booklet No. 2, October 2012: <http://www.csc.gov.il/DataBases/NewsLetters/newsletter2/Pages/MattePMO.aspx> (Hebrew).

"Report on the implementation of governmental decisions 2016," PMO website, <http://www.pmo.gov.il/policyplanning/mimshal/Documents/dm20161607.pdf> (Hebrew)

"The committee to review the PMO's," Official state publication, February 2012, (Hebrew)

Environment and Health Fund, Ministry of Health, "Health and Environment in Israel 2017," <http://www.chf.org.il/magazines/he/EnvHealthIsrael2017/>, (Hebrew)

Monitoring
Agencies,
Bureaucracies
Score: 6

As in many other westernized countries, the Israeli government has undergone a process of agencification and outsourcing in recent decades, with the goal of enhancing its regulatory functions and shrinking its direct public-provision role. While ministries' connections with agencies and NGOs are restrained by

contractual agreements as well as by financial and legal restrictions, the content and quality of services do not face similar constraints. Thus, while most ministries sufficiently monitor the agencies under their control, some ministries – notably Education and Welfare – have been criticized for failing to implement government policies through the effective monitoring of services. The movement for improved government in Israel claims that this phenomenon is undermining the efficiency of public services, while others claim that the state-owned enterprises are unnecessary and should be privatized. Various government committees and reports have issued recommendations indicating that ministries' professional and organizational capabilities should be enhanced, but there is as yet no clear comprehensive plan to deal with such failures.

Israel also suffers from “politicization” in its public services and state-owned companies, such as in the electricity authority that was made subordinate to the minister of energy following a reform in 2015. This decision raised concerns that the appointment of senior officials would be made based upon political rather than professional considerations. This concern was borne out when current Minister of Energy Yuvel Stieniz proposed appointing a close associate to head the electricity authority without holding a tender, even though this candidate lacked the required experience for the position. The appointment was approved by the civil state commissioner, but later overturned by a committee that inspects appointments in state-owned companies.

Citation:

Ben Aeter, Moshe. ‘Who needs the state-own enterprises?’ – Haaretz, 13.04.2016 (Hebrew): <http://www.haaretz.co.il/blogs/moshebatar/1.2914354>

Bar-Ali, Avi. ‘The Warning Regarding the Politicization of the Electricity Company Are Coming True’ – The Marker, 28.8.2016 (Hebrew): <http://www.themarker.com/dynamo/1.3050563>

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)

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)

Limor, Nissan, “Regulation and oversight over third sector organizations,” Social security no. 70 (2005),159-187.

“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)

Ziv, Amitai, “It’s Time to Privatize the Post Office, 25.1.2018, Haaretz, <https://www.haaretz.com/israel-news/premium-it-s-time-to-privatize-the-post-office-1.5765464>

“The State Comptroller and Ombudsman Yearly Report 2016-2015,” May 2017, (Hebrew), http://www.mevaker.gov.il/he/Reports/Report_425/acdfe4f3-7bc6-48b5-b602-7cf3200380b0/2017-67b.pdf

Task Funding
Score: 7

Local authorities have three main types of income: local taxes (property tax, fines, tolls) earmarked for financing local services, government funds designated for social and educational services, and governmental balancing grants for basic services that local authorities are otherwise unable to fund. The government's budgeting procedure for local government is clearly articulated, and includes progressive budgetary support. One major problem in the government's budgeting procedure was mentioned in the State Comptroller's 2015 report, which noted that there is no regular procedure in the Interior Ministry for managing the local-authority development budgets.

Over the years, the Ministry of the Interior has expanded its oversight over local authorities as issues of politicization, corruption and management failure have resulted in unwieldy deficits or even municipal bankruptcies. Research focusing on social services shows that although Israel's local-government funding levels are comparable to other OECD countries on an absolute basis, local authorities in fact receive comparatively less government funds than their peers elsewhere when taking into account the proportion of responsibilities delegated to the local level.

Some recent improvements have been made in this system. The government's 2017 – 2018 plan set the goal of ensuring local authorities receive adequate funding by increasing financial supervision, increasing budgets and continuing the differentiated funding policy. The government has increased weaker municipalities' budgetary allocations (total balancing grants have increased from ILS 2.7 billion in 2014 to ILS 3.1 billion in 2017), assigned an accountant to each municipality, assisted in developing local budgets, allocated extra budgetary support to minority municipalities (Bedouins, Druze, etc.), and started a new fund tasked with reducing inequalities between local authorities.

Citation:

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

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)

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

Ben-Bassat, Avi, Dahan, Momi, and Klor, Esteban F., "Representativeness and efficiency in local government," Jerusalem: IDI 2013, introduction summary in English: <http://en.idi.org.il/media/2464644/Representativeness-Abstract.pdf> "Instructions for local authorities' budget frame proposal for the year 2012," Ministry of Interior website (Hebrew)

Informational Leaflet, Local government administration, October 2016, <http://www.moin.gov.il/LOCALGOVERNMENT/Documents/Newsletter1.3.pdf>

Ministry of Interior Working Plan 2018-18,
<http://www.moin.gov.il/LOCALGOVERNMENT/local%20authority/CHMap/Documents/%D7%9E%D7%A9%D7%A8%D7%93%20%D7%94%D7%A4%D7%A0%D7%99%D7%9D.pdf>

Constitutional
 Discretion
 Score: 5

The legal framework for local government is based on the “ultra vires” principle, according to which local government is authorized to act only within the parameters designated by law. While local governments are elected, and some stronger municipalities have been able to expand their policy influence, local authorities often serve merely as a local branch for implementing central-government policy. In light of frequent problems with corruption, management failure and extreme politicization during the 1990s, the Ministry of the Interior has expanded its oversight over municipalities; its powers now allowing it to appoint a permanent outside accountant, cancel approved budgets and even dissolve local councils and nominate professional alternatives. The national attorney general formed a special committee to address corruption problems in 2015. The committee recommended that the heads of local authorities make an effort to increase financial transparency, for instance through the annual declaration of capital owned by senior authority staffers. However, these recommendations have been only partially implemented.

These centralizing steps are both intentional and constitutional, but often interfere with local autonomy. However, in 2014 the Knesset approved an amendment to the municipalities law that defined standards for the designation of strong municipalities. Strong municipalities are given concessions regarding their dependence on the central government in order to enhance the decentralization of authority. A separate amendment to the planning and construction law gives greater discretion (and adequate budgetary allocations) to local planning committees if they have proven to be effective and professional.

Citation:
 Authorization of local committees, Planning Authority website,
http://iplan.gov.il/Pages/LocalCommittees/vaadot_mekomyot/Competent_committees.aspx

Benita, Rinat, “Local Authorities in Israel”, The Knesset Research Center 17.5.2015:
<http://main.knesset.gov.il/Activity/committees/InternalAffairs/Documents/rashpnm.pdf> (Hebrew)

Hayman-rysh, Naomi, “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)

Lichtman, Moshe. “It’s not necessary to recommend to reduce mayors term,” 19.9.2016 (Hebrew):
<http://www.globes.co.il/news/article.aspx?did=1001152963>

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 are

provided by local authorities, proportionally funded according to their revenues and share of dependents. While some local authorities fare well and offer supplementary social support, weaker local authorities such as largely Arab or orthodox Jewish municipalities struggle to maintain government standards. This led to an expansion in the central government's powers during the 2000s, authorizing the Ministry of the Interior to closely supervise and even dissolve councils that fail to deliver proper services, even at the cost of less democratic local representation.

Another solution has been the use of service treaties within 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. In recent years, many local authorities have taken part in this process and published information regarding local services on their website. The privatization of social services has led to problems, with weak social ministries struggling 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, with consequent increases in inequality.

Another recent move to ensure that local governments meet national standards was the agreement between the Interior, Justice and Finance ministries to amend the Business Licensing Law. This will allow the government to override municipalities when it comes to licensing for power plants, waste-management facilities and water-treatment centers, among other facilities.

In Israel, there are 2,114 separate communities (cities, community settlements, moshavim, kibbutzim, and so forth). Most local authorities are weak and dependent on government handouts and ministry support. A State Comptroller report on local authorities identified "a slew of offenses against planning and building laws."

For security reasons, Israel established the West Bank barrier over a decade ago, along a route that diverged both from the municipal boundary of the city as determined in June 1967 and from the Green Line. The substantial discrepancies between these courses have led to a governmental vacuum, legal uncertainty and planning chaos. The ACRI has highlighted this issue, and has proposed the establishment of a new Israeli local council there operating under Ministry of the Interior auspices, paired with the investment of significant government funds in these neighborhoods.

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).

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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)

Spektor, 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)

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

The citizen's empowerment center in Israel: the implantation of the movement's decision to establish a regulatory authority over hospitals – review – April 2016: <http://www.ceci.org.il/sites/citizens/UserContent/files/monitorreport/monitor%201622.pdf>

Schindler, Max, "NO MORE 'NOT IN MY BACKYARD' STANCES FOR LOCAL MUNICIPALITIES," the Jerusalem Post online, 18.10.2017, <http://www.jpost.com/Israel-News/No-more-Not-in-my-backyard-stances-for-local-municipalities-507780>

Marmor, Dror, "Israel's local government system breeds corruption," Globes, 04.12.2017, <http://www.globes.co.il/en/article-israels-local-government-system-breeds-corruption-1001214368>

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Ir Amim, Displaced in their own city. The Impact of Israeli policy in East Jerusalem on the Palestinian neighborhoods of the city beyond the separation barrier, June 2015, http://www.ir-amim.org.il/sites/default/files/akurim_ENG_for%20web_0.pdf

"The State Comptroller and Ombudsman Yearly Report 2016-2015," May 2017, (Hebrew), http://www.mevaker.gov.il/he/Reports/Report_425/acdfe4f3-7bc6-48b5-b602-7cf3200380b0/2017-67b.pdf

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. The Ministry of Economy and Industry produces an annual report that reviews progress with regard to implementation of the OECD's recommendations. For example, in 2015 the report presented the progress made in the ability to

regulate the imposition of labor laws. Moreover, in 2015, Israel signed the Convention on Mutual Administrative Assistance in Tax Matters of the OECD and ratified it in 2016. Many other agreements, such as the enforcement of the anti-bribery convention, have been signed, with policies adapted in Israel in accordance with OECD standards.

Citation:

“Multilateral Convention on Mutual Administrative Assistance in Tax Matters”, Ministry of Finance, <http://mof.gov.il/en/InternationalAffairs/InternationalTaxation/ExchangeInformationAgreements/Pages/MultilateralConvention.aspx>

OECD, “OECD Economic Surveys Israel,” January 2016, <http://www.oecd-ilibrary.org/docserver/download/1016031e.pdf?expires=1518382235&id=id&accname=ocid54016459&checksum=AB0A7D48A352C994DB07DFA04F611FCB>

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Slosbarg, Itay. ‘Israel is joining on Mutual Administrative Assistance in Tax Matters of the OECD’ – Funder website, 7.9.2016 (Hebrew): <http://www.funder.co.il/article.aspx?id=70633>

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International
Coordination
Score: 5

In conjunction with its OECD accession in 2010, Israel created 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. A 2015 report examined Israel’s global cooperation in the field of 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, more coordination and improvements with regard to accessible information and standardization capabilities are warranted. The Israel Innovation Authority decided to stop providing grants to high-tech companies in 2016 due to budget cuts.

Citation:

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Organizational Reform

Self-monitoring
Score: 7

The Israeli government has installed various executive-branch institutions, both internally and externally, tasked with monitoring its activities and performance in areas such as procedures, financial transfers and human resources. For example, the Accountant General regularly audits financial decisions in ministries. The Civil Service Commission ensures that internal due processes are followed, and oversees human resources. However, in recent Knesset discussion regarding reforms to the Commission's work, critics have asserted that the Commission's work is inefficient. The PMO monitors 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.

Most important in this area was the Governability Committee that was established in 2011 and submitted its policy recommendations in 2013. This committee focused on reassessing the government's organizational deficits and challenges. The government has since that time ratified the conclusions and implemented most of them.

Citation:

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"Notice number 3," Civil service commission website (Hebrew) "About: Civil Service Commission," Civil service commission website (Hebrew): <http://www.csc.gov.il/About/Pages/Roles.aspx>

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"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 many structural reforms are pursued with the aim of improving decision-making in the interest of the common good, some elements of the government administration still perform insufficiently, including overly complex bureaucratic arrangements, and a lack of adequate policy planning design due to politicization. As seen in the case of local municipalities, modern management tools and monitoring agencies are still unable to effectively tackle entrenched political attitudes and centralized organizational cultures, under which designated authorities and cabinets bypass formal structures in order to accelerate planning processes.

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)

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

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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." Israel also has one of the region's highest internet-penetration rates (reaching 78.9% in 2017); a lively, pluralistic and independent news media; and a politically heterogeneous and active civil society.

Nevertheless, while Israeli citizens often exhibit high levels of political engagement, this does not automatically translate into knowledge and information regarding policymaking.

In recent years, the government has expanded its efforts with regard to policy transparency. In 2011, Israel joined the Open Government Partnership, and was recognized the following year in a United Nations survey for making outstanding progress in the area of e-government. In 2016, the government announced the launch of a program designed to open all governmental databases to public access. This step is part of an ongoing policy of increasing transparency by expanding the authority of the Governmental Unit for Freedom of Information, and by funding this unit's projects.

In 2015, the Knesset approved the creation of the Special Committee for the Transparency and Accessibility of Government Information, which acts as the parliamentary auxiliary for the implementation of the Freedom of Information Law. This committee decided to post all Knesset committee protocols and decisions online, and to facilitate direct contact with committee directors.

Citation:

"Freedom of the Press: Israel 2017," Freedom House, 2017 <https://freedomhouse.org/report/freedom-press/2017/israel>

Hermann, Tamar et.al., The Israeli Democracy Index 2016, The Israel Democracy Institute, Jerusalem 2016. <https://en.idi.org.il/media/7811/democracy-index-2016-eng.pdf>

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"The Special Committee for the Transparency and Accessibility of Government Information," The Knesset Website (Hebrew): <http://main.knesset.gov.il/Activity/Committees/GovInfo/Pages/default.aspx>

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Herman, Tamar and Ella Heller, Tzipy Laza-Shoef, Fadi Omar, "The Israeli Democracy Index 2017. Summary," 2017, <https://en.idi.org.il/media/9837/israeli-democracy-index-2017-en-summary.pdf>

Parliamentary
Resources
Score: 8

Legislative Actors' Resources

Two major Knesset departments, the Knesset research center and the Knesset's legal advisory department, serve as structural resources for acquiring information. The role of the research center is to equip Knesset members, committees and departments with information and research to meet the requirements of their parliamentary work, including reports on government activities. The research center is a massive document producer, providing over 300 documents in 2016, 44% of which were specifically requested by members. The legal advisory department also provides research services to Knesset members. In 2016, this department researched numerous policy issues at the request of different Knesset members, such as housing rights for military veterans, parliamentary dress code, adoption and more. The Knesset's archive and library are also used to monitor the government's major activities. Since 2015, each member of parliament has been entitled to employ three assistants, who often engage in independent research on behalf of their employer. Legislators' oversight capabilities have also been aided by recent government reforms making information more accessible, and by information provided by outside experts and lobbyists. In addition, Knesset members may demand that members of the government provide information directly, either within the framework of its committee system or in the plenum, by means of debates, agenda motions or parliamentary questions.

However, the Israeli executive still tends to operate in a centralist and nontransparent manner, especially regarding budgetary and finance issues. 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 under the conditions provided for the vote.

Citation:

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

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

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

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

Obtaining
Documents
Score: 7

According to Israel's basic laws, the executive or appointed officials must attend and provide information to Knesset committees upon request, unless information is considered confidential. However, the law contains no specific provisions for enforcement in cases of disobedience or the provision of insufficient or inaccurate information. Thus, the parliament has only general or disproportionate means of response, such as passing a motion of no confidence or reporting to the Civil Service Commission. These options do not provide a solution to mundane problems, such as receiving unreliable information from the government.

In recent months, several members of parliament have worked to draft a reform initiative involving two components: limiting the amount of private legislation and strengthening the Knesset's oversight capacity. The reform proposal would enhance Knesset committees' role in overseeing their corresponding ministries, expand their roles in approving ministry budgets, and give them greater power to summon civil service appointees to public hearings.

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)

Knesset Rules of Procedure, Section H, Chapter 7

Plesner, Yohanan, "There is Still Hope for Knesset Reform," IDI Website, 10/8/17, <https://en.idi.org.il/articles/18582>

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's provisions on the Knesset, every committee may require a minister to appear before it, and the minister is obliged either to attend the meeting or send a representative to provide the required information. Officials invited by committees generally attend meetings as requested. However, ministers and other public figures do occasionally refuse requests or provide insufficient information, causing conflicts between the Knesset and the government. 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 meeting. This is part of the motivation behind the

recent reform proposed by several Knesset members. The reform proposal would enhance Knesset committees' role in overseeing their corresponding ministries, expand their roles in approving ministry budgets, and give them greater power to summon civil service appointees to public hearings.

Citation:

Ataeli, Amichai, "The Evasion and its Punishment," Yedioth Aharonot, 07.07.2016, <http://www.yediot.co.il/articles/0,7340,L-4825644,00.html> (Hebrew)

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Plesner, Yohanan, "There is Still Hope for Knesset Reform," IDI Website, 10.8.2017, <https://en.idi.org.il/articles/18582>

"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, unlike civil servants or representatives of the executive. In addition, independent experts are not compelled to answer committee members' questions. Their testimony cannot serve as evidence, and has no official status. A bill presented in 2016 by parliamentarian Yoav Kish (Likud party) proposed an expansion of committee authority, including the ability to punish civilians who failed to appear after being summoned. Despite these issues, citizens who appear before Knesset committees are generally interested in voicing their opinions in order to reinforce their viewpoints in the eyes of 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).

Kam, Zeev, "Refused to show up in a Knesset committee after summoning? A punishment will follow" NRG 19.4.2016 <http://www.nrg.co.il/online/1/ART2/770/601.html> (Hebrew)

Task Area
Congruence
Score: 5

Knesset committees are currently not well structured for efficient government monitoring. 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 agreements, totaling 29 as of the time of writing (headed by 20 ministers). Since parliamentary committees are divided by themes and not by ministerial responsibilities, they often struggle to gather and coordinate information. High turnover rates among representatives also makes it difficult to control professional and bureaucratic information. Although the number of committees is average by global standards, the

combination of a small number of parliamentarians (120) and the usually broad coalitions results in only two-thirds of all members being available to sit on committees regularly. Some members of the Knesset sit on as many as five or six committees, inevitably impairing their committees' supervisory capabilities.

Citation:

Freidberg, Chen, "Monitoring of the executive by the parliament in Israel – potential and function," Doctoral Dissertation (2008) (Hebrew).

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Kenig, Ofer, "Coalition building in Israel: A guide for the perplexed," Israel Democracy Institute. (February 2013).

"Knesset Committees," The Knesset Website: https://www.knesset.gov.il/deSCRIPTION/eng/eng_work_vaada.htm

"Ministries," Prime Minister's Office Website (Hebrew): <http://www.pmo.gov.il/IsraelGov/Pages/GovMinistries.aspx>

Audit Office
Score: 9

The Knesset's audit functions are divided between three main institutions: the State Comptroller, the State Audit Committee and the Knesset Internal Audit Department. However, the State Comptroller is independent and legally anchored in a basic law that acknowledges its importance. The Knesset audit committee 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 sanction power. Instead, its mandate ends with the submission of 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 sanction powers.

The law establishes the State Comptroller as exclusively accountable to the Knesset. Accordingly, while the judiciary's budget is determined by the Ministry of Finance 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 current arrangements allow the Knesset to request an investigation into a specific area, for example. 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 The State Comptroller and ombudsman's speech, Herzliya Conference website, (February 2012). (Hebrew).

The State Comptroller and Ombudsman of Israel website, <http://www.mevaker.gov.il/En/Pages/default.aspx>

"Basic Law: The State Comptroller, passed by the Knesseth on February 15, 1988," text (English), <http://www.mevaker.gov.il/En/Laws/Documents/Laws-Basic-law.pdf>

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 office is not obliged to investigate complaints against the president of the state; the Knesset, its committees, or its members, if the complaint refers to acts related to official duties; or a number of other similar issues.

The number of complaints submitted under this provision has risen every year. In 2016, more than 11,800 complaints were submitted, with 41.1% deemed justified after review. The office is internally audited on a yearly basis, with the results accessible online.

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

Office of the Ombudsman brochure:
http://www.mevaker.gov.il/he/Ombudsman/Guidecomplainant/Documents/ntz_english.pdf

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The State comptroller and Ombudsman of Israel. Website (English): State [http://www.mevaker.gov.il/\(X\(1\)S\(5rxc1pa0jpc1qkpdphupj5p\)\)/En/Pages/default.aspx?AspxAutoDetectCookieSupport=1](http://www.mevaker.gov.il/(X(1)S(5rxc1pa0jpc1qkpdphupj5p))/En/Pages/default.aspx?AspxAutoDetectCookieSupport=1)

Media

Media Reporting
Score: 7

Israel's media industry is adapting to the global trend of decreased consumption of print and radio news media and the increased dominance of television, the internet and social-media websites. While the Israeli media sector has been bolstered in recent years by the creation of strong independent investigatory websites and blogs that have gained considerable attention in professional and

public circles, other new popular outlets such as the free daily Israel Ha'yom often fail to deliver in-depth news coverage.

Despite a frequent tendency to focus on prominent and popular topics of the hour, the Israeli press, public television channels and radio shows do offer interpretative and investigatory journalism that informs the public regarding policy decisions and long-term strategies. Nonetheless, the growing rate of news consumption through social-media websites, the decline in citizens' exposure to print media and TV, and the shallow nature of coverage in new media all significantly reduce the percentage of civilians exposed to in-depth journalistic information.

Citation:

Goldenberg, Roi, "'The seventh eye' website won the Israeli prize for critical media," *Globes* 28.1.2013: <http://www.globes.co.il/news/article.aspx?did=1000817765> (Hebrew)

Mann, Rafi and Lev-on, Azi, "Annual report: Media in Israel 2016 – agendas, uses and trends," Ariel University School of Communication: https://store.ariel.ac.il/downloadable/download/sample/sample_id/6/ (Hebrew)

Persisco, Oren, "Restraint and prudence," The seventh eye website: <http://www.the7eye.org.il/9774> (Hebrew).

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Parties and Interest Associations

Intra-party
Democracy
Score: 7

The eleven parties with Knesset seats following the 2015 elections demonstrate varying levels of intra-party democracy. The Israel Democracy Institute (IDI) has issued a Party Democracy Index, a mechanism that allows voters to evaluate the degree of internal democracy practiced by political parties. In this assessment on the eve of 2015 elections, the long-standing rightist Likud party and the Labor party were ranked top. In fact, the three topmost parties, Likud, Labor and the Arab Joint List (AJL), showed above average of 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 middling intra-party democracy scores. In 2016, a bill was presented in the Knesset calling for financial benefits for parties that select their leaders using primary elections. As of the time of writing, the bill had been approved in a preliminary Knesset committee, and was being prepared for approval.

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. The parties that use this method require a minimum membership duration in order to vote in the

primary. The Labor, Likud and JH parties also have elective representative institutions that take part in decision-making processes such as the selection of the parties' representatives in the government, votes on whether their parties will join or leave a governing coalition, and debates over policy stances.

In other parties such as the YA party, the Kulano party and the Israel Beytenu party, some consultation with party members is conducted, but 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 20th Knesset. Moreover, in both parties, the regulations authorize the party's leader to decide on most important personnel issues, such as the list of electoral candidates. These figures also hold considerable power within the party's institutions, thus retaining significant influence over policy decisions.

The exceptions are nondemocratic parties such as Agudat Israel, Degel Hatora, Shas and Ra'am. While the former three are ultra-orthodox parties, the latter is an Arab party (it ran in the 2015 election in alliance with Hadash, Balad and the United Arab list).

Citation:

Kenig, Ofer and Shapira, Assaf, "Primary Season in Israel," Israel Democracy Institute, 2012.

"Likud's Constitution," Likud Website (Hebrew).

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"The Party's Institutions," Labor website (Hebrew).

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Zarhia, Zvi, "Financial Aid to Politicians" The Marker, 16.7.2017, <https://www.themarker.com/news/politics/1.4258803>

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 in Israel and abroad. At least three major business groups – the Federation of Israeli Chambers of Commerce, the Manufacturers' Association of Israel and a group 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. Business organizations also cooperate with academics and 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. However, there is a significant degree of social inequality in this practice, as the Arab business sector seldom enjoys such close and productive ties with the government.

Citation:

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/>.

"The chamber for coordination between financial organizations," Maot website (Hebrew)

Solomon, Shoshanna, "Netanyahu to head panel to tackle high-tech workers pinch," The Times of Israel, 28.12.2016, <http://www.timesofisrael.com/netanyahu-to-head-panel-to-tackle-high-tech-workers-pinch/>

The Industry Association Press Releases, <http://www.industry.org.il>

"Israel Business Conference 2016," Haaretz, <http://www.globes.co.il/news/home.aspx?fid=8750>

Association
Competence
(Others)
Score: 7

Noneconomic associations and NGOs have become increasingly influential in recent years, with over 39,000 nonprofit organizations registered with the Ministry of Justice. 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. The majority of organizations are focused on religious matters (24%), education (19%), culture (16%) and welfare (15%). The civil society sector in Israel is one of the biggest in the world (in a relative sense), accounting for 5.5% of GDP and 13.6% of the jobs in Israel.

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. Following 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 the regular formulation of policy recommendations on general social issues.

The Knesset recently passed highly controversial legislation that requires non-governmental organizations to publicly declare their foreign government funding. Left-wing and civil rights groups have argued that the so-called NGO transparency bill is harming organizations that promote democracy and democratic worldviews. The bill is regarded as part of a growing trend of legislative attempts to erode the strength of democratic institutions in Israel.

Citation:

ACRI. Anti-NGO Legislation in the Israeli Knesset. February 2016, <http://www.acri.org.il/en/wp-content/uploads/2016/02/Anti-NGO-Bills-Overview-Updated-February-2016.pdf>

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