



Israel Report

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Sustainable Governance Indicators 2019

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Executive Summary

Israel's government has shown a mix of improvements and deteriorations in its performance. In some areas, such as executive capacity and executive accountability, it showed high improvements. In other areas, such as democratic performance, it showed a couple of deteriorations. In yet other domains, such as economic and social policies, it has demonstrated a range of advances and retreats.

Economic policies have been successful over the last decade, as Israel has shown strength in key economic indicators. Its economic growth has increased, but the inflation rate, as well as the unemployment rate, remain one of the lowest in the western world. However, the cost of living is still higher than the OECD average. With the unwillingness of Israel's finance minister, Moshe Kahlon, to raise taxes, the deficit ceiling set by the Budget Deficit Reduction Law was exceeded by almost one percentage point in 2018.

In social policies, as of 2018, Israel ranks 9th among OECD countries based on its inequality level as measured by the Gini coefficient. It also has one of the lowest rates of spending on social issues among OECD countries. Still, in some domains, it shows high levels of performance. For example, Israel's higher education system continues to flourish, with a relatively high percentage of the population achieving a tertiary level of education. It also ranks sixth in Bloomberg's World Health Care Efficiency Index.

However, in primary and secondary education, Israel has continued to perform poorly. According to a 2018 UNICEF report, Israel has one of the widest gaps between the highest and lowest achieving primary school students in the OECD. These figures demonstrate substantial differences in educational performance among sub-groups of the population, such as minority and marginalized groups. Besides, there are still wage gaps between women and men in Israel. This is largely due to the position and scope of women's jobs, with a much smaller proportion of the difference attributable to discrimination.

Regarding Israel's democratic quality, Israel's government has continued to propose and implement controversial decisions, which particularly threaten political liberties and civil rights. Above all is the legislation of Basic Law: Israel as the Nation-State of the Jewish People, which has led to massive

public protests. Minorities, such as Druze and Arabs, claimed that the law discriminates against minorities, especially the Arab minority, as Arabic has been downgraded from its former position as an official state language. Additionally, Israel has imposed more restrictions on NGOs, consistent with recent years.

In the area of executive capacity, Israel has continued reforms to provide greater detail on policies and policy goals in quantitative measures, including comparing goals over time. One of the notable improvements in its performance regards regulatory policy. In 2018, the OECD Regulatory Report Outlook mentioned that Israel was one of the top four countries with regards to regulatory improvements. Specifically, Israel has shown significant progress in its RIA processes. It also improved performance in implementing governmental decisions and secondary legislation, which had suffered from relatively low levels of implementation in recent years.

Concerning executive accountability, a notable event in 2018 was the establishment of the Knesset Parliamentary Oversight Coordination Unit (abbreviated in Hebrew to “Katef”), which is responsible for improving the Knesset’s abilities in monitoring and enhancing dialogue between the Knesset and the government.

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Key Challenges

Israel celebrated its 70th anniversary on 14 May 2018. As it turns 70, it faces some serious challenges. Principal among these challenges is the challenge to democracy, with the current Israeli government having introduced several decisions that seemed to undermine democratic principles. Close to half of Israelis believe the democratic system in Israel is in serious danger. In October 2017, President Reuven Rivlin said that government attempts to undermine the judicial system and the media could be considered a “coup” against the pillars of Israeli democracy. With harsh and personalized attacks directed at reporters, defamation suits by senior politicians and attempts to restrain the pluralistic media environment, press freedom is threatened. Additionally, the judicial system is regularly attacked, sometimes even blatantly, by politicians. As Supreme Court President Esther Hayut said recently: “criticism of judges by elected officials sometimes borders on incitement.”

Even though the declining level of trust in political institutions is not unique to Israel, recent attempts by the current government to weaken the gatekeepers of Israeli democracy – especially the media, the Supreme Court and the police – present a real democratic danger. Understanding the need for a strong democracy, with strong gatekeepers, the government has an essential responsibility to defend Israeli democracy.

Another primary challenge is the continued rise in the cost of living. The rising cost of living ranks continually high on the public and political agendas. Still, despite multiple attempts to reduce the cost of living, Israel’s government lacks an official index that can measure its performance in this regard. Though the current finance minister, Moshe Kahlon, has claimed recently that the cost of living declined from 7% to 5% between May 2017 and May 2018, those figures were based on the Consumer Price Index and found to be misleading. While Moshe Kahlon has introduced many efforts to reduce the cost of living, efforts should also be made to develop valid measures to measure the government’s performance in this regard.

Furthermore, poverty in Israel is still very widespread, as almost 20% of Israel's population lives in relative poverty. Regardless of high employment rates, Israel has the worst levels of poverty in OECD. Disadvantaged groups and minorities suffer from a higher-than-average poverty rate. Israel has attempted to increase education funding for Haredi and Israeli-Arab schools, and increase work incentives in recent years. While the success of these programs is yet to become clear, they are critical for the future of the Israel economy. More efforts should also be paid to tackling child poverty, which remains high especially among Haredi and Israel-Arab populations.

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Party Polarization

In recent years, the effective number of parties in the Israeli Knesset has increased. At the time of writing, the current 20th Knesset was no exception, as the 2015 elections resulted in an effective number of 6.9 parties, a number concerningly high and even more so when considering that only 10 parties entered the parliament. The two largest parties are Likud, which received a vote-share of 23.4%, and the Zionist Camp, which received 18.67% of the vote-share. Interestingly, despite the declining power of the largest parties, the ideological polarization in the party system has declined in recent years.

Theoretically and institutionally, this could be possibly explained by two factors. First, the raising of the electoral threshold to 3.25% of the vote in 2014, artificially increasing the size of parties entering the Knesset. Second, the merger of several parties into big incorporated party lists (Labour and the Movement into the Zionist Camp, and the three Arab parties into the Joint Arab List), decreasing the number of parties contending overall. The reduction in the number of parties may also indicate ideological convergence.

After the 2015 elections, Likud established a minimal coalition government, which held 61 out of 120 seats in the Knesset. Later, it consisted of 66 MKs after the Israel Beiteinu joined the coalition on 26 May 2016. On 14 November 2018, after reaching yet another cease-fire with Hamas and as a result of alleged disagreements with the prime minister, Avigdor Lieberman, the head of Israel Beiteinu and minister of security announced he was resigning from office and the coalition, reducing the coalition back to consist of 61 MKs.

Being a fragile coalition, Netanyahu's 34th government had some troubles "winning" and indeed suffered losses to the opposition. The coalition as a whole could be classified as wholly right wing. It consists of the religious right, relatively secular and national right, and right-of-center parties. Nevertheless, the parties' stances are very heterogeneous and at times collide with one another. For example, the Jewish Home party holds very strong positions opposing the judicial activism that characterizes the Supreme Court. In particular, Jewish Home disagreed with the court's strikes against laws limiting immigration and attempted to actively and institutionally diminish the Supreme Court's powers. That being the case, while the Kulanu party appears to have a more neutral position in this regard, it acted to prevent these attempts from coming to fruition. Also, Jewish Home expresses more hawkish positions regarding the use of military force, in contrast to Likud and even Israel

Beiteinu who proved to be more cautious and/or pragmatic.

Consequently, this coalition endured many crises. While there are many coalitional crises that hamper policymaking, all are eventually solved in a compromise, and none actually lead to outright paralysis or a shut-down of government, let alone lead to elections (though historically, this was why elections were called). Coalition members assume that the advantages of remaining within the government coalition outweigh the disadvantages of being in an unbearable coalition (ideologically, politically or personally) or instigating an election that won't ensure their position thereafter. Legal limitations may also be mentioned, as nowadays it is harder to bring down the government using a vote of no confidence. (Score: 6)

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Policy Performance

I. Economic Policies

Economy

Economic Policy
Score: 7

As in previous years, 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 economic growth rate was 3.6% in 2018 and is expected to be 3.5% in 2019. The economic growth rate in 2018 was up by 0.5 percentage point from 2017's growth rate. The inflation rate in 2017 was 0.4% and 2018's average inflation rate was 0.6%, up from the negative inflation of 2014 to 2016. In addition, the general unemployment rate (3.7% in January 2018) remains one of the lowest 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 stated in the 2018 OECD economy survey, "overall productivity growth remains slow, and the cost of living is currently somewhat higher than the OECD average despite GDP per capita being more than 15% lower." 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 the annual report of Israel's social security institute, 1,802,800 people in 462,100 families were living in poverty in 2016, including 838,500 children. Although the incidence of poverty declined from 19.1% in 2015 to 18.6% in 2016 to 17.7% in 2017, Israel has the second highest poverty rate within the OECD (after the United States). The cost of living also remains high relative to the OECD average, particularly for housing. Housing prices have increased in recent years, making home

ownership hard to attain for young and middle-class people. Yet, the rate of growth declined in 2017, which might have been as a result of aggressive government housing subsidies for middle-class buyers. In addition, rent costs also increased, though not as sharply as ownership costs. This trend mostly affects the middle and lower classes, and was one of the main causes of the 2011 social-justice protest. According to a 2018 OECD report, public transport deficiencies also play a role in worsening the cost of living, as residents of Israel's peripheral areas cannot easily commute to central regions for work despite Israel being a relatively small country.

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Labor Markets

Labor Market
Policy
Score: 8

Labor-market indicators are still strong, as the economy is hovering around full employment, with the January 2018 unemployment rate at 3.7%.

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 73% of ultra-Orthodox women aged 25 to 64 years old participate in the labor force, only 52% of ultra-Orthodox men are employed. This latter figure represents a decline after a decade of continuous increases, from 40% in 2003 to 54% in 2014. The respective employment rates for Israel's general population are 87% for men and 83% for women. However, Israeli-Arabs exhibit lower rates of employment due to a lack of education and job opportunities. The employment rate for Israeli-Arab men is only slightly lower than that of the general population, but they work mainly in low-productivity jobs with low wages. However, employment rates for Israeli-Arab women are much lower than that of Israeli-Arab men, with an employment rate of around 21% and high unemployment even for educated Israeli-Arab women.

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. From 2014 to 2017, the monthly minimum wage in Israel was raised from ILS 4,300 to ILS 5,300 as part of an agreement between the Histadrut Labor Federation and business leaders.

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 – increasing from 71,281 legal foreign workers in December 2013 to 93,214 in June 2018. In April 2017, Israel signed a deal to bring in 6,000 Chinese construction workers, but only 3,500 workers had arrived by July 2018, with 700 more on their way.

In May 2018, the Ministry of Labor, Social Affairs and Social Services approved a Plan for Expanding the Skilled Workforce for the High-Tech Industry by subsidizing computer science degrees for individuals from peripheral or disenfranchised backgrounds. The plan aims to provide a solution to the high-tech labor shortage in Israel.

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Taxes

Tax Policy
Score: 6

Israel's taxation policy is somewhat regressive. A large share of taxes in Israel are indirect. This includes 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 example, it offers tax reductions to army veterans. However, 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. The Encouragement of Capital Investments Law (ECIL) provides tax discounts for factories and businesses that invest in peripheral areas. This is done both to keep Israel's taxes competitive in the global market and to incentivize the creation of jobs in disenfranchised regions. The ECIL has been criticized in recent years, especially at the end of 2017 following the large layoff of Teva employees – an Israeli pharmaceutical company that received large tax benefits.

The current minister of finance, Moshe Kahlon, is opposed to rising taxes and has cut many taxes while simultaneously spending generously on plans to lower housing and living costs. Notably, his flagship program "Price for the House-Buyers" (initiated in 2013) has so far cost the government more than ILS 5 billion. This policy was criticized for being short-sighted by the former governor of the central bank of Israel, Karnit Flug.

Over the last five years, Israel has had annual tax surpluses, relative to forecasts. The surpluses stemmed largely from the sale of large companies – including the sale of the government’s controlling stake in Keter Plastic and the sale of Mobileye – in addition to increased Israel Tax Authority 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.

In addition, in September 2018, Israel signed the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (“Multilateral Instrument,” MLI), a multilateral agreement that updates previous bilateral agreements between signatory countries in a way that will make tax evasion harder for global corporations. Time will tell if the agreement will have broader effects on Israel’s tax policy.

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Budgetary Policy
Score: 7

Budgets

Israeli's history of successful budgetary reform continues to contribute to the stabilization of the Israeli economy. Along with prudent monetary policies, budgetary reform measures helped the country weather the recent global economic crisis relatively successfully.

After the economic crises of the mid-1980s, key steps were taken to reduce Israel's budgetary deficit and to build a set of objectives and guidelines enabling sustainable budgetary planning. Strict budgetary-discipline laws were enacted: The Budget Foundations Law set scrupulous spending procedure regulations and implemented deficit-reporting requirements, and another law prohibited the central bank from providing loans to the government, ensuring that future deficits would be financed by borrowing from the public and abroad rather than through direct monetary injections. Consequently, fiscal power was centralized, giving the Ministry of Finance's budget department the power to impose a policy of budgetary discipline.

Two crucial additional tools, the Arrangements Law (Hok Ha-Hesderim) and the Budget Deficit Reduction Law, redefined the financial and economic structure of the Israeli government. The Arrangements Law is an omnibus law passed 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. Though in September 2017 Israel's Supreme Court ordered the government to either formally legislate the change to biennial budget or return to an annual budget plan.

Regarding the budget deficit, according to recent preliminary reports (October 2018), the Israeli government has exceeded the deficit ceiling set by the Budget Deficit Reduction Law following a jump of almost one percentage point (from 2.5% to 3.3%) in the deficit. If Israel exceeds the deficit ceiling, Israel's credit rating might suffer, with serious repercussions on the interest rate of its external deficit.

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Research, Innovation and Infrastructure

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 Ministry of Finance. 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 11 out of 126 countries in the 2018 Global Innovation Index, a considerable improvement over the 16th place it held in 2017.

In 2014 the government's social-economic cabinet approved the establishment of aimed to encourage technological innovation. 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. The authority had a budget of close to ILS 200 million in 2017, but used only ILS 100 million of it.

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 €1.35 billion by 2017, while the return to Israeli entities in the form of grants reached €1.7 billion. Israel is also signatory to 29 bilateral R&D agreements, which fund around 100 new projects each year, 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 framework programs, such as Horizon 2020, which are managed by the Israel-Europe R&D Directorate (ISERD).

Israel produces a large 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 2017, the number of patents approved in Israel decreased by 19% - from 813 in 2016 to 660 in 2017.

Although the state of innovation in Israel is good, a comparative study from the Samuel Neaman Institute found that the rate at which research output grows in Israel is lower than in similar small, high-innovation countries like Belgium and Singapore. This trend might lead to a future decline in Israel's status as a highly innovative country. The study points to the declining share that academic research accounts for within total (civilian) R&D investment as a possible cause for this development.

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Stabilizing
Global Financial
System
Score: 8

Global Financial System

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). Recent challenges tackled by the ISA include banning binary options trading, the establishment of a committee to study the regulation of cryptocurrencies, and an investigation into a local telecommunications giant – Bezeq (known as “case 4,000”). 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 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 submit policy 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 Ministry of Finance 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. According to the 2017 annual report of the authority, it supervises approximately ILS 1.5 trillion in funds and 2,000 finance services providers, and led to many changes in the financial regulatory regime, including the assignment of protected bonds to retired citizens, the return of surplus savings from the national car accident victims fund to insurance-holding car-owners, and tighter controls on money laundering and financing terrorism.

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II. Social Policies

Education

Education Policy
Score: 7

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). Nevertheless, the different streams are not equal in educational achievement or budget. According to 2018 UNICEF report on inner-country education gaps, Israel has one of the widest gaps between the highest and lowest achieving primary school students among OECD countries.

Surveys indicate that 50.9% of adults (aged 25 to 64) have achieved a tertiary level of education, above the OECD average of 36.9%. 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. Two Israeli universities (the Technion-Israel Institute of Technology and the Hebrew University of Jerusalem) ranks in the top 100 universities worldwide according to the Academic Ranking of World Universities list produced by the Shanghai Ranking 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 26.7. This is a much-discussed aspect of the education system, leading to frequent expressions of frustration in the local media, although local research has failed to find significant effects of class size on student achievement. PISA results are also deemed problematic. In the 2015 PISA tests, Israel scored under the OECD average in all fields (science, mathematics and reading), mainly because of low scoring in the Arab-speaking sub-group. Teachers in Israel also score low. In the recent PIAAC (OECD adult skill tests), Israeli teachers' average score was far below the OECD average. However, Israel is 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 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 number of tertiary students drawn annually from within this group from 11,500 to 19,000. This program is currently paused as the Israeli Supreme Court examines multiple and conflicting appeals discussing the legality of gender-segregated classrooms, which the ultra-orthodox community requires for participation in the program. Despite this program's positive goal, it sparked widespread opposition, especially regarding the decision to create gender-segregated tertiary programs in order to make it more accessible to ultra-orthodox men.

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Social Inclusion

Social Inclusion
 Policy
 Score: 3

Israel still faces high inequality relative to other OECD countries. As of 2018, Israel ranked 9 out of 35 OECD countries 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%). Additionally, Israel currently has one of the lowest rates of spending on social issues among the OECD countries (16.1% of GDP compared to an OECD average of 21%, 2018).

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 annual poverty report of Israel's National Insurance Institute, 1,780,500 Israelis, including 466,400 families and 814,000 children, some 21.2% of the population, live below the poverty line. However, poverty is higher especially among the poorest minorities in Israel, including Arabs and ultra-orthodox Jews. According to the report, the overall poverty rate increased from 18.5% in 2016.

The proportion of families living in poverty decreased from 28.8% in 2016 to 28.4% in 2017, and the proportion of children living in poverty decreased from 31% in 2016 to 29.6% in 2017, but this remains tremendously high.

In recent years, 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. As of 2018, the program is progressing according to plan, with about one-third of the budget having been spent on various projects related to housing, jurisdiction mapping, education, the representation of Arabs in the public sector and the improvement in the quality of local Israeli-Arab authority personnel.

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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 2018, Israel scored 6 out of 56 countries in the Bloomberg Health-Efficiency Index. Despite the general positive foundations of Israel's health care, local experts warn that the continual erosion of the health care budget and personnel have put the system in a dire state, and that without an increase of about 2% of GDP (about ILS 26 billion) the public health system will not be able to sustain its current load.

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.

According to a 2018 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, and the looming closure of peripheral emergency rooms in Kiryat Shmona. In Israel's peripheral regions, there are about 20% less beds per capita and 40% less surgery rooms per capita. 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 2017 was between 32% to 47% lower than the average for men (depending on the method of calculation). The gender gap is smaller but still significant for hourly wages, with women earning an average hourly rate 15.1% lower than that of men. Taub Center's research "Division of Labor: Wage Gaps between Women and Men in Israel" shows that the wage gap is mainly driven by the position and scope of women's jobs, and differences in occupation, with a much smaller proportion of the gap attributable to direct discrimination.

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.

Israel's pensions framework has been changing and evolving to accommodate current needs. In 2016, a new pension-system reform was introduced, aiming to help workers by lowering pension fees and increasing competition between

pension funds. In addition, two “default” pension funds committed to charging lower management fees were created. In 2018, two additional “default” pension funds were approved under a new tender. While some actors within the finance sector appealed to the courts against the conditions of the new tender, the appeal was quickly withdrawn. Journalists have speculated that the purpose of launching the appeal was to prevent the conditions of the new tender being applied to management fees paid by pensioners, since these fees are a major source of revenue for the financial sector. As of 2017, not only employees (as was the case before the change), but also self-employed individuals are required to use Israeli-recognized pension plans.

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.

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. In May 2017, the Supreme Court rejected an appeal against the deportation of illegal immigrants to a third country, making further appeals against the practice unlikely to succeed despite its controversial nature.

There are approximately 40,000 illegal immigrants in Israel. In December 2017, the Knesset approved a program backed by the Netanyahu government, which would have paved the way for forced deportations to a third country to begin in April 2018. However, the program failed because the destination country denied any agreement with Israel on the matter. Following that, Israel achieved a similar deportation agreement with UNHCR. However, this agreement was also canceled because of internal coalition disputes based on a common perception that the UNHCR agreement was the result of pressure from left-wing organizations. In October 2018, a member of the coalition proposed an amendment to the Basic Law: Human Dignity and Liberty. The amendment proposes to exempt laws on illegal immigration from human rights-based judicial reviews. The proposal is currently halted.

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.

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Safe Living

Internal Security
Policy
Score: 7

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. As of 2018, the Israel National Cyber Directorate is responsible for cybercrime security. However, the directorate has been criticized for being inefficient and uninterested in cyber-threats that are not related to terrorism (for more information, see G13.3 section).

Security networks in Israel connect the spheres of the military and private security, showing how closely connected and virtually inseparable they are.

Notwithstanding occasional acts of terrorism, Israelis still report that they feel generally secure. According to the most recent crime-victimization survey, 70% of people claim that they feel safe walking alone at night. Israel’s homicide rate (which is considered a better measure of safety in a country) is 1.7 per 100,000 inhabitants – about half of the OECD average.

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.

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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 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.

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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 governmental 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, was 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: 4

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. Israel has signed, ratified or acceded 20 environmental conventions, as well as several amendments and protocols to those conventions.

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.

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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, constitutes a 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 of over a three-month period in the seven years prior to his/her nomination (unless authorized by the head of the central elections committee). If the nominee held a prominent public office (as specified in the written law) he or she must wait until the expiration of the cooling period. 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 clauses: if they reject Israel’s Jewish and democratic identity, if they support another country’s armed battle against Israel and/or supports a terror organization, or if they incite racism. Israel is ranked first in the Middle East in the Perception of Electoral Integrity and 38 in the global rank (scoring especially high for electoral procedures).

Due to its significant weight in the electoral process, the committee 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 articles 2 and 3 respectively of the Knesset Basic Law. However, 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). Last year, a bill was introduced in the Knesset, which would prevent the Supreme Court from upholding decisions made by the Central Elections Committee regarding which candidates may or may not run in an election. It has yet to be approved or rejected.

Another notable mark is the suspension law, which was enacted in 2016. The law allows for the suspension of a Knesset member, if a supermajority of the Knesset vote that the individual has deviated from the behavior expected of a member of the Knesset. The law drew much criticism, mostly from opposition members, but also from some members of the coalition. Most of the criticism revolved around the claim that the Knesset lacks the authority to suspend a member and that this authority should be given to the court. In addition, some raised concerns that the vote to suspend a member will be mostly influenced by political considerations and “will severely weaken Israel’s democratic character.” However, the law has never used against any member of the Knesset.

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Media Access
Score: 7

One of the foundation stones of Israeli democracy is its free press and media. As part of this foundation, laws have been passed to ensure equal media access for all candidates and parties. Moreover, the criteria for allocating air time during election campaigns is impartial: it is not subjected to any kind of arbitrary considerations or determined by the chairman of the Central

Elections Committee. More specifically, under the Election Law (Propaganda Means), it is stated that the chairman of the Central Elections Committee determines the radio broadcasting time provided to each list of candidates (currently, each list is entitled to 25 minutes, plus another six minutes for every member of the departing Knesset), whereas all propaganda broadcasts must be at the parties own expense and must be approved in advance by the Chairman of the Central Elections Committee. Recently, an amendment to the elections law has been introduced, proposing to cancel the 60-day prohibition on broadcasting propaganda before election day and requiring transparency on propaganda for four years prior to elections. Other recommendations are currently being debated in the Knesset.

While election broadcasting rights are fair and balanced, equal media access on a routine basis is challenged from several angles. Most notable is the fact that minorities often remain underrepresented. For example, Israeli-Arab 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 2017 than ever before, but were still significantly underrepresented. According to the index, only 3.5% of popular shows included an Israeli Arab participant.

Seventh Eye media watchdog journal pointed out last year that in many cases the media conducted surveys for Jewish citizens only. While those surveys sometimes presented as representing the Israeli public opinion, the fact that they exclude Arab citizens is usually not mentioned. The Arab population's exclusion 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, voluntary body of publishers, editors, journalists and public representatives amended Article 14 in its ethical code to prohibit exclusion and discrimination of different populations in 2017. Following this amendment, the Israel Press Council can address complaints regarding violation of the article in front of its ethical courts and the latter have the authority impose various punishments on journalist or publications.

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Voting and
Registration
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 restrained by the need to exhibit valid government identifications with the voter's name and picture. If the voter refused to take an ID photo (as in the case of some religious women), the ID will be considered valid if it received authorization from the Ministry of the Interior. Article 10 of the Basic Law states that the day of the national elections is a national holiday, 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 suggesting that voters should be able to vote in a location that is different to the one in which they are registered, easing the voting process for 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 special voting stations that are adequately equipped, thus simplifying their voting process by using double envelopes. The state is obligated to offer at least one such station in every city council, and at least two in a city council 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 in 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 by any specific law.

In contrast to some countries, Israel does not allow citizens that are out of the country (the territories excluded) at the time of the elections to vote unless they are members of a distinct status, eligible by law (e.g., embassy employees stationed abroad). However, every citizen has the right to vote without a minimum period of residency in the country.

Information regarding the voting procedure is available via special government funded information centers, and be accessed through the media, online and by telephone. Problems and complaints are dealt through the Central Elections Committee, each branch assigned with different level complaints.

Citation:

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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. These two laws state that: party membership dues and fund raising from members remain within the limits allowed by the Party Financing Law; and party income can only come from five sources. These sources are: party membership dues and fund raising appeals among members, within limits allowed by the Parties Financing Law; funds received from the state in accordance with the Political Parties (financing) Law; non-public contributions received in accordance with the Political Parties (financing) Law; funds received for the purpose of elections in the New Histadrut trade union association, as approved by the New Histadrut; and 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 adherence to these two laws regulating party financing, all financial activities during elections are subjected to the

supervision of 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, it is the State Comptroller who can also rule that a party group must return funds to the state because of divergences in the receipt of non-public contributions.

In a recent report published by the State Comptroller regarding 2017, the State Comptroller revealed that several parties had been fined due to violations of the party financing law, including a ILS 60,000 fine for the “Balad” party, ILS 50,000 fine for the “HaBayit Hayehudi” party and ILS 180,000 fine for the Likud party – all for violating party financing laws. To date, the party that has the highest budget is Likud, reflecting its position within the Knesset.

In 2018, an amendment to the party financing law was passed, limiting the funding that joint parties receive from the state budget. According to the law, joint lists of three or four parties would be given the funding of only two parties. As the only faction with more than two parties is the Joint Arab party, it was argued that the law was directly intended to break up the Joint Arab party. A year before, another amendment of the party financing law, known as the V15 bill, aimed at limiting the activities of various non-party-political bodies that seek 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 organization that was funded by organizations from the United States and Europe, and which funded efforts during the 2015 election campaign against the Likud Party and Prime Minister Netanyahu.

Citation:

Amendment to the Party Financing Law, 2018: https://fs.knesset.gov.il/20/law/20_ls2_501466.pdf
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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 Basic Law: Referendum. This law will apply in the event of an

agreement or unilateral decision that involves withdrawal from certain geographical areas. The law has never been applied and the use of referenda is limited to this particular issue.

Attempts at encouraging popular decision-making mechanisms tend to take the form either of (1) open information projects or websites addressing national interest investigation committees, or (2) special legal provisions allowing citizens to appeal against decisions on certain issues (e.g., urban planning) or addressing parliament committees on issues that directly concern them. These sorts of initiatives, while important, align with a top-down strategy for civil participation instead of encouraging independent initiatives.

These initiatives, however, remained largely in early stages, and we were 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. Israelis have wide access to free and largely uncensored internet and internet penetration rate marked a high 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, soundly assimilating this principle in the Israeli political culture.

According to the last Freedom House rating, the media in Israel is "Partly Free" (33 out of 100 points). According to the 2018 Reporters without Borders report, the Israeli media is free but constrained by military censorship, with Israel ranked 87 out of 179 countries. These poor evaluations are mainly because of the economic threat that the free newspaper Israel Hayom poses to

the other newspapers, and its close ties with Prime Minister Netanyahu. Another reason was the decision of the prime minister to keep the Ministry of Communication under his authority, a decision that was later overturned by the Supreme Court of Israel in light of the investigations against him.

Furthermore, when examining the extent to which the media in Israel is independent, one should also notice the immense power for censorship that the law facilitates. 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, the censor’s role is quite limited, and journalists often evade restrictions by leaking a story to a foreign outlet and then republishing. Since the beginning of 2016, so-called military censorship policies have toughened regarding the supervision of content in newspapers, blogs and other social media channels. Some bloggers have claimed that they have been sent them a message ordering them to submit every text regarding security issues for approval. Another key factor for the current rating, is the “military censorship” journalists are subject to, with journalists often being accused of inciting violence, cooperating with terrorist organizations or otherwise posing a threat to Israel’s security.

Other recent affairs seem to call into question several important aspects of media independence. In 2018, the right-leaning Channel 20 won the rights to broadcast Knesset TV and a bill has been approved in the Knesset. Another example is the new “Facebook Law,” passed in July 2018, which is said to be more restrictive than equivalent laws in other countries. According to this new law, the Israeli authorities can, with a judge’s order, demand the removal of content that is defined as illegal, including terror, pornography and violence.

It is also important to mention that the Israel Broadcasting Authority (“Rashut Hashidur”) was shut down this year and replaced by a new body, the Israeli Public Broadcasting Corporation (Taagid Hashdiur, IPBC). The decision to replace the Israel Broadcasting Authority with the Israeli Public Broadcasting Corporation was intended to guarantee the independence of the new body, and followed years of political debate and delays. The former authority was said to be expensive and aging. However, there were several delays to the launch of the new authority. These delays were mostly perceived as attempts to limit the independence of the new body. Although Prime Minister Netanyahu worked to close the new corporation, the IPBC eventually started broadcasting on 15 May 2017. Ongoing criticism by politicians toward the corporation has been published, regarding the “waste” of public budget, specifically regarding preparations for the upcoming Eurovision 2019 event, planned to take place in Israel.

Citation:

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Media Pluralism
Score: 6

The pluralistic makeup of Israeli society is reflected in 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 ultra-Orthodox, Russian-speaking, and Arabic-speaking populations.

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

In practice, media regulation in Israel is largely structural, controlling ownership in media channels (radio, public and private television via cable or satellite). The regulators are charged with authorizing concessionaires, and enforcing regulation in matters of owners' concentration, cross-ownership and foreign ownership. However, print media is not under the same restraints as the broadcast media and is dealt with through antitrust regulation or voluntary self-regulation. Most of the news websites in Israel are operated by print media companies. There are current attempts to expand the regulation to the digital sphere but no change has been legislated by parliament as of yet. According to Freedom House 2017 report, ownership concentration among private stations is still a growing concern.

Due to increasing public awareness about matters of government transparency in recent years, public interest concerning the ownership of media (e.g., TV, newspaper and news websites ownership) and the politicization of mainstream media has become more intense. Several reports exposed the ownership structure of the media market in Israel highlighting aspects of cross ownership, crony capitalism and centralization, and the influence this has on the coverage of topical political and economic issues.

A comprehensive map of media ownership – which tracks the identities of tycoons, corporations and other entities that hold key shares in 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. Recent years have brought trends of ideological and financial centralism along with governmental efforts to improve regulation and competition in the communication market. Israel's diverse newspaper industry was joined in 2007 by "Israel Hayom," a free daily newspaper owned by Sheldon Adelson, an American businessman who is openly aligned with the prime minister and the Likud Party. Israel Hayom quickly gained power, capturing 40% of the market, thus raising concerns due to its partisan coverage and its negative effect on competing commercial newspapers.

In November 2017, after almost 25 years on the air, Channel 2's two broadcasters (Keshet and Reshet) split and began airing on separate channels (channels 12 and 13 respectively), while Channel 10 moved to channel 14. Since the split took effect last year, all three commercial stations (Keshet, Reshet and Channel 10) sustained losses of millions and sometimes tens of millions of shekels per month, which will amount to more than ILS 200 million over the year. Recently a planned merger between Channel 10 and Reshet was canceled.

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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 within reason and do not prevent the law from achieving its main goal (i.e., 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 charged with implementing OECD guidelines for managing and sharing information. As part of its mandate, the unit publishes a yearly progress report. According to the unit, 6,659 applications were received in 2016, while 63% of applications received a reply within the legal 30-day period. According to the report, in 2016 the unit disclosed classified correspondence and documentation for the first time, following a request from the official investigation committee into the Yemen children affair.

In 2016, the government announced it was launching a program designed to open all governmental databases to the public. By May 2018, 1,085 databases have been mapped and uploaded by governmental offices, most of them open to the public. This step contributes to the ongoing policy of increasing transparency by expanding the authority of the Governmental Unit for Freedom of Information and financing projects undertaken by the unit.

Citation:

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Civil Rights and Political Liberties

Civil Rights
Score: 5

By law, the effort to safeguard civil rights is constituted in the Basic Law: Human Dignity and Liberty, which protects the right of each citizen to privacy, property, dignity, life and so forth. This basic law is meant to carry the spirit of the law and is procedurally protected from nullification. That being said, provisions from the law can be overruled under specific urgencies stated by the government and the courts. Much of the work of protecting civil rights in Israel is done through acts of judicial review, which operates independently from the legislator and the 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.

Nevertheless, there is a gap between the formal guarantees of equal civil rights and the reality of unequal opportunities (experienced mainly by the Arab minority) primarily due to the conflict between civil rights and other core social values (e.g., religious identity, security and communal rights). According to the Association for Civil Rights in Israel (ACRI), some legislative activity in 2018 threatened civil rights, including Basic Law: Israel as the Nation-State of the Jewish People, restrictions on entry into Israel for those calling for a boycott on Israel, bills proposing stricter penalties for contempt of the flag and a bill to limit the funding of cultural bodies based on their political agenda. The passage of Basic Law: Israel as the Nation-State of the Jewish People has led to protests among Jew, Druze and Arab communities, since it did not include any statement declaring equality for all Israeli citizens. The main arguments were that the law discriminates against minorities and especially the Arab minority, since it downgraded the Arab language from its former position as an official state language.

ACRI's annual report of 2017 illustrated a complex picture of safeguarding and violating human rights. Specifically, the report argued that the government has neglected asylum-seekers by failing to formulate a policy to address multiple immigration challenges. On the other hand, the "fair procedure" reform, intended to improve the rights of suspects in criminal law, led by Justice Minister Ayelet Shaked, was announced in May 2018.

Citation:

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Political Liberties
Score: 5

Israel's lack of a constitution means that the guarantee of political rights is confided to status of 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 pieces of proposed legislation appear to undermine aspects of democracy and due process.

In addition, the Transparency Requirements for Parties Supported by Foreign State Entities Bill, which requires NGOs that receive more than half of their income from foreign governments to report annually to the registrar of non-profit associations in the Ministry of Justice. The bill was criticized as applying almost exclusively to human rights and left-wing organizations. As the Ministry of Justice reported, there are only 27 organizations in Israel that get more than half their funding from foreign governments. Of these, 25 are human rights organizations identified with the left.

Other problematic legislation include: the Entry to Israel Bill, prohibiting persons who support a boycott against the State of Israel from entering Israel, which has been passed by the Knesset; an amendment to the law on Contempt of the Flag, proposing significantly stricter penalties on those who damage the flag of Israel, which has been passed by the Knesset; and an amendment to the State Education Bill, preventing the activities of organizations that oppose educational values and the IDF, which is currently awaiting approval by the Knesset. However, many problematic proposals did not win parliamentary passage or were eventually softened in part due to public opposition.

A recent example of the consequences of these bills is the Entry to Israel. In September 2018, authorities denied Lara Alqasem entrance into Israel, because she was accused of being a BDS supporter. Eventually, after pressure from the Hebrew University at which Alqasem had intended to study in, the high court struck down the state's decision.

Citation:

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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 a 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 to join existing legislation protecting human dignity and liberty did not yield results. Instead, the struggle against discrimination is usually fought through Israel's media and by vigorous NGO activity.

Progress was achieved in recent years regarding women's and gay rights. The government addressed the expanding industry of human trafficking and prostitution by opening designated shelters for victims and legislating (2006) prison terms of up to 20 years for perpetrators. The gay community also marked prominent victories: non-biological same-sex parents have been made eligible for guardianship rights and same-sex marriages conducted in foreign countries are recognized by the state, with the first gay divorce granted in 2012. However, in 2018 the Surrogate Law was passed, which expands

eligibility for state-supported surrogacy to include single women but excludes single men and gay couples from funded surrogacy services (see also G6.2a section).

Nonetheless, discrimination is prevalent and systematic regarding Palestinians' rights. Following Israel's annexation of East Jerusalem in 1967, Arab residents were issued Israeli identity cards and given the option of obtaining Israeli citizenship, though most choose not to seek citizenship for political reasons. These non-citizens have many of the same rights as Israeli citizens, except the right to vote in national elections. They can vote in municipal as well as Palestinian Authority elections, and remain eligible to apply for Israeli citizenship. However, Israeli law strips non-citizens of their local residency if they stay outside the city for more than three months. Regarding the Arab society, a 2016 annual report of the Association for Civil Rights in Israel argued that there is an "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 and 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.

In the labor market, there is still discrimination against women. Women continue to earn less than men (on average, women earn 85% less than men per hour). Furthermore, there are less women, Arabs and people with low incomes studying and working in the high-tech and science sectors. This is widely attributed to inequalities in the educational system in Israel.

However, there have been some advances in the field of discrimination. For example, regarding protecting the rights of disabled persons, Israel is introduced substantial measures. The Commission for Equal Rights of Persons with Disabilities has stated that the gap between the general employed population and the disabled employed population is constantly closing, and the rate of disabled employment is rising (a rise of 23% in 2017). The commission's work is based on the Equal Rights Law for Persons with Disabilities (1998) that sets a goal for 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

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Rule of Law

Legal Certainty
Score: 6

Several institutions were established in Israel in order to review the activities of government and public administration. The State Comptroller, the Attorney General of Israel and the Supreme Court (ruling as the High Court of Justice) conduct legal reviews of the actions of the government and administration. The Attorney General represents the state in courts. The officeholder participates regularly in government meetings, and 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 2018, the High Court struck down the state’s decision to refuse Lara Alqasem, a BDS supporter, entrance into Israel.

However, regarding the dismissal of laws, Israel ranks relatively low compared to other countries.

Some legal arrangements provide for ad hoc state action to deal with security threats. The Emergency Powers (Detention) Law of 1979 provides for indefinite administrative detention without trial. According to a human rights group, at the end of August 2018, there were 465 Palestinians incarcerated under such charges. A temporary order in effect since 2006 permits the detention of suspects accused of security offenses for 96 hours without judicial oversight, compared with 24 hours for other detainees. Israel outlawed the use of torture to extract security information in 2000, but milder forms of coercion are permissible when the prisoner is believed to have vital information about impending terrorist attacks.

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Judicial Review
Score: 8

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. During 2013 – 2014, the Supreme Court was similarly criticized for overturning an “infiltration law” set up to implement policy regarding illegal immigration. Nevertheless, it is ranked as one of the top four 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.

Despite that, the current minister of justice, Ayelet Shaked, has presented several basic law amendments that undermine the judicial branch. Her recent attempts to advance a legal prescription, which allows the Knesset to override high court rulings, will weaken Israel's judicial review system.

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Appointment of
Justices
Score: 8

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

The cooperative procedure balances various interests and institutions within the government in order to ensure pluralism and protect the legitimacy of appointments. The process receives considerable media coverage and is subject to public criticism, which is usually concerned with whether justices' professional record or other considerations (e.g., 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 detailing its work, investigations and findings from all judicial levels, including the rabbinic courts.

However, in 2018, the relative power of the justice minister in selecting judges was stronger than ever. In 2016, the Ministry of Justice approved the participation of a representative lawyer from the Bar Association in the process of nominating judges. Recently, Justice Minister Ayelet Shaked announced that – having appointed 40% of the serving justices – she had succeeded in making the courts more conservative.

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. In Transparency International's Corruption Perception Index, out of 180 countries, Israel ranked 32 in 2017 and 34 in 2018. Criticism of Israel's centralized public-service structure have been mounting, in part because it is characterized by some very powerful ministries with broad discretionary spending powers. These powers undermine accountability, leaving room for corruption.

Criminal inquiries into politicians are common. In 2014, the courts issued an historic ruling, sentencing former prime minister Ehud Olmert to six years in prison for accepting bribes while serving as mayor of Jerusalem. Current Prime Minister Netanyahu has been going through a series of investigations regarding several corruption cases. Former foreign minister Avigdor Liberman was on trial for fraud, money laundering and breach of trust. Former tourism minister Stas Misezhnikov, 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.

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Governance

I. Executive Capacity

Strategic Capacity

Strategic
Planning
Score: 7

The director general of the Prime Minister's Office oversees the body's administrative and policy work. The director general 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 sixth book, published in February 2018, offers a review of strategic planning units on the Israeli government. As a continuation of the 2017 book, Israel used different consultants to define and achieve its goals for 2018. According to the book, connections between government ministries, and various professional and business experts were achieved and have improved policy outcomes. In addition, the book continues to use different markers, measurement indicators and compares the strategic goals of last year's report to those of 2018.

The government is also conducting a series of "roundtables" in which government offices consult different professionals. Since 2008, there has been a series of policy planning initiatives called the policy planning roundtable. This started as a PMO initiative and brought together experts from the public, private and third sectors. These meetings allow the government to ask for advice from different experts. Although at the time of writing, no information was available on meetings after 2017.

In addition, in 2018, as part of reforms introduced over recent years in the field of public and professional consultation, the connection between the

government and strategic planning units was tightened. For example, the Israeli government ICT authority, which is responsible for the improvement of services and public outreach, conducted a series of consultations with academic and business professionals, and public consultants and strategic planning groups in order to improve services and optimize results.

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Expert Advice
Score: 7

The government has several means of interacting with experts and academics. In 2017, the PMO published “Instructions for Public Participation Guide” to support government offices and public officials cooperate with external experts, and improve collaboration between government offices and the public.

Overall, 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. In addition, think tanks and research institutes act as a 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. In 2018, a new national program for climate control was introduced to bring the government together with environmental NGOs and ecological experts was formed.

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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.

The PMO also has the expertise to evaluate ministerial draft bills through Regulatory Impact Assessments. This is a part of a broader policy to reduce the so-called regulatory burden. Following a 2014 government decision, the PMO has delegates in government ministries who manage regulations affecting each ministry. This book also allows for closer supervision of laws and the work of government offices.

Every government ministry has a team responsible for regulation. These teams are responsible for advising government on regulations, including new law proposals. The teams are operated by PMO staff, although they are stationed in different government offices.

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Line Ministries
Score: 7

Traditionally, the prime minister did not hold the power to return items to 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 the prime minister to cancel, postpone or summon meetings for government decisions. Since the passage of this amendment, the prime minister has returned several items and the prime ministerial position has been significantly strengthened.

In an indirect way, the PMO is involved in the preparation of policy proposals (see section G2.1). Each team is responsible for each government ministry's regulation. Those teams are responsible for advising on regulations across all policy fields, including new law proposals, and are operated by PMO staff, although they are stationed in different governmental ministries. These teams

allow for the PMO to be kept informed of proposals and policy developments across different government offices.

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Cabinet
Committees
Score: 6

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.

Most ministerial committees receive limited attention in the media. The ministerial committee for legislation handles the preparation and the first approval of legislative proposals. The committee's decisions regarding proposals determine how the coalition members will vote on the proposals in the Knesset. The committee has the right to control and delay legislation, and decide when a bill should proceed to a parliamentary vote. In 2016, about 40% of draft bills were delayed, some up to six to seven times.

Ministerial committees in Israel have become more relevant. Under the previous government (2013 – 2015), their decisions accounted for 54% of all governmental decisions. Though the current government has not yet released updated information on this topic, committee decisions appear to have remained relevant through 2015 – 2018.

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Ministerial
Bureaucracy
Score: 5

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. A report from 2017 shows that this trend had improved, with 148 laws having not been implemented. Regulations under these laws were rescheduled or returned to parliament for further revision and should be resubmitted by the end of 2019.

More so, it seems that in some cases different ministerial offices are responsible for the same topic or field of expertise and that there is no coordination between these offices. This is somewhat deliberate as some of the reforms are reflect the personal interests of the prime minister’s agenda. For example, the Office of Strategic Affairs and the Israeli Office of Foreign Affairs came into conflict regarding BDS movements and the question of

which office was responsible, because there was no coordination between offices.

Steps to improve communication issues include the Israeli government's work plan for "open administration" in 2017 – 2018. This indicates that one of the government's reasons for joining the international initiative for open administration is to improve coordination between government offices, and strengthen formal and informal mechanisms.

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Informal
Coordination
Score: 5

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

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Digitalization for
Interministerial
Coordination
Score: 6

In 2017, the Knesset Parliamentary Oversight Coordination Unit (abbreviated in Hebrew to “Katef”) was established to monitor government work and the application of laws passed by the parliament. While this body is not a digital one per-se, it does publish reports and articles online for the public and government officials. With this, the Israeli parliament hopes to better monitor and support government activities.

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

In 2013, in order to better assist coordination between the public and different government offices, and between government offices themselves, an initiative called Digital Israel was introduced. The initiative’s purpose is to improve the digitalization of government offices. Through websites and online forms, the initiative has created a better mechanism for public engagement. This initiative was approved and implemented in 2017. According to the initiative, the government is planning to ensure a more digital and approachable government by 2020. This will allow the public, domestic and international NGOs, academia, and the government to achieve better coordination in all fields that require government action.

The Israeli Government ICT Authority was created in 2012 and was placed under the Prime Minister’s Office in 2015. The authority is tasked with making digital platforms more accessible and improving coordination between different government offices. Between 2016 and 2018, the authority recommended that all government offices utilize digital services and provide information online. This will promote public engagement and coordination between different government offices.

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Evidence-based Instruments

RIA Application
Score: 5

In 2014, Israel launched a five-year plan to reduce “regulatory burden.” As part of the plan, the government aims to reduce the cost of bureaucratic processes by 25%. Regulators are required to formulate regulatory changes according to the RIA method defined by the government’s RIA guide. This could involve the creation, cancellation or revision of a regulation, and should help create a unified language within government and facilitate dialogue between ministries.

While the decision was not implemented immediately, and only six RIA reports were published in 2016, an improvement in the application of RIAs was made in 2017 and 2018. Nearly 50 reports were created by governmental ministries and bodies during 2017 – 2018. Each report details the RIA process conducted on a specific field or project that a ministry or governmental body was responsible for. As part of the RIA, regulators should publish RIA reports together with a draft copy of the regulation. Nevertheless, it seems that Israel is still lagging behind other countries when it comes to implementing RIA inside its own ministries. The OECD report from 2018 stated that offices inside the Israeli government have not used RIAs correctly and ignored it in some cases.

Citation:

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Quality of RIA
Process
Score: 4

Israel has recently improved its stakeholder engagement in the regulatory process. In 2017, an OECD report stated that Israel needed to improve its stakeholder engagement processes. However, in 2018, the OECD Regulatory Report Outlook ranked Israel one of the top four countries with regards to regulatory improvements, with a particularly substantial improvement in public and stakeholder participation and collaboration in RIAs.

In the last two years, most of the RIAs provided an opportunity to the public and other stakeholders to participate in the regulatory process. In addition, RIA reports were published following the conclusion of the process, ensuring transparency. The government also initiated a new group, comprising the Israeli Democracy Institute (IDI) and public sector officials, which aims to

improve the quality of regulation and better achieve regulatory policies on the basis of transparent criteria.

Citation:

“Improving regulation in Israel and easing the burden of bureaucracy Proposal for a multi-year program“, Israeli Democracy Institute (Hebrew):
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Sustainability
 Check
 Score: 6

In 2015, Israel created a long-term plan for 2015 – 2030 to improve and advance a number of SDGs. The plan details 168 objectives and 230 indices in a variety of fields, including the reduction of poverty, hunger and inequality; improvement of health outcomes, life quality and educational quality; promotion of gender equality, smart consumption and innovation; and the development of infrastructure, energy and sustainable production.

Overall, the SDG indicators are used for two main purposes: promoting sustainable development in Israel and improving Israel’s foreign relations. First, by using the SDG indicators, a scientific base and new perspective can be given to an existing policy and thus help to reshape it. These indicators can be used for interministerial cooperation on different subjects, promoting sustainable development. Second, as SDGs are based on U.N. objectives and require working with the international community, Israel’s relations with other countries that use the same system improve.

In 2016 Israel, together with other members of the United Nations, started to report the application of SDGs. In 2017, Israel was applauded by the United Nations for its quick and effective application of the SDGs. According to the United Nations, Israel’s application of SDGs can be seen in a range of different areas, such as water, sanitation, education, health outcomes and well-being, innovation, and infrastructure. The United Nations mentioned that the reason for the quick and effective application of the SDG indicators is due to companies and government offices using them.

In addition, since 2011, the government has published “work books” every year, detailing the quantitative measures used to compare policies and policy goals over time. In 2016, another quantitative measure was included examining government performance and goal achievement.

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<https://www.iroads.co.il/content/%D7%90%D7%97%D7%A8%D7%99%D7%95%D7%AA-%D7%AA%D7%90%D7%92%D7%99%D7%93%D7%99%D7%AA-%D7%95%D7%A4%D7%99%D7%AA%D7%95%D7%97-%D7%91%D7%A8-%D7%A7%D7%99%D7%99%D7%9E%D7%90>

“Israel earns UN praise at MFA-IDC conference on UN Sustainable Development,” Israel Ministry of Foreign Affairs Website, 2017

<http://mfa.gov.il/MFA/InternatlOrgs/Pages/Israel-earns-UN-praise-at-MFA-IDC-Conference-on-UN-SDGs-19-December-2017.aspx>

Quality of Ex
Post Evaluation
Score: 6

In 2015, the OECD Regulatory Policy Outlook stated that Israel had made progress in improving regulatory policy across several fields, including ex-post evaluations. Though the report also determined that Israel had no general policy on ex-post evaluation, and that government offices and ministries operate without clear guidelines. Since then, Israel has invested in improving its ex-post evaluations.

In 2018, an OECD report, “The Long View: Scenarios for the World Economy to 2060,” concluded that Israel had improved many regulatory fields, including ex-post evaluations. This, to our understanding, is a continuation of the process mentioned in the OECD report from 2017, which highlighted the general improvement in regulatory processes. The report also concluded that Israel has improved its consultation processes by opening the processes up to the public and integrating them into the RIA system. While Israel still focuses on reducing the regulatory burden, it seems that it is working harder on providing a solid basis for a general government regulatory policy.

Citation:

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Societal Consultation

Public
 Consultation
 Score: 7

The issue of consulting with the public and third-sector organizations is well acknowledged by the Israeli government. Instructions for Public Participation were published in 2017, and the emphasis placed on consulting with the public, NGOs and professionals shows that Israel continues to consult with outside sources. The ICT authority, which is responsible for improving public outreach, has conducted a series of consultations with business planning groups. In addition, a range of NGOs are having more to do with the Israeli government. The government working plan book 2018 – 2019 mentions working with outside groups to improve coordination and collaboration across different fields. In 2018, the OECD commended the Israeli government for its achievements in the field of regulation, including its progress with stakeholder and public engagement. However, there is criticism, mainly from stakeholders themselves who argue that the idea of consulting the public is vague and in many cases is nothing more than a phrase. In this case, it seems that while Israel is scoring high on the OECD goals, there is still considerable work that needs to be done particularly with the public itself.

Citation:

Census or Democracy: The public is not really involved in urban development, Globes, 2018 (Hebrew):
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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 in which they presented guidelines to ensure cooperation between ministries.

However, annual reports from the State Comptroller reveal major shortcomings in ministerial coordination, emphasizing the mutual tension and recrimination between ministries. Contradictory proclamations from different ministries are not uncommon, resulting from political power struggles within the coalition as well as from the treasury’s stronghold on ministerial budgets and practices.

In recent years there has been a shift toward creating a more “open” government and improving the government’s communications vis-a-vis the third sector and the public as well as within the government itself. The new emphasis on sharing and transparency has somewhat ameliorated the technical aspect of the divides, but its influence over communicating policy is still uncertain. This trend of “open” government continued through 2016 – 2018, with greater emphasis placed on connecting government offices and services via online and computer services. This work has allowed for better communication and greater coherency in government work.

Citation:

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Implementation

Government
Effectiveness
Score: 6

In accordance with government decision 4085, the PMO publishes yearly working plans for line ministries. The yearly plan for 2014 was the first to also publish detailed benchmarks for policy goals. However, as it does not show progress made over previous years, it is difficult to track long-term progress. Prominent topics on the government’s agenda in recent years (e.g., the housing supply, the cost of living, the unrecognized settlements for the Bedouin population and illegal immigration) have not been resolved or resulted in substantial achievements. In fact, a large proportion of government decisions are not implemented. Several initiatives for monitoring the implementation of government decisions were rejected. Therefore, the PMO director general created a mechanism for monitoring the implementation of approved law proposals and government decisions. Through this mechanism, the director general has ordered ministries to report on the implementation process. Thus, the PMO found that, in many cases, the orders regarding the implementation of government decisions did not define which ministry would oversee the decision’s execution. Therefore, the PMO suggested that those orders should be written more clearly. In addition, there were other attempts to follow the implementation of government decisions through NGOs, such as a Citizens’ Empowerment Center application.

In recent years, the government evaluates policy implementation in two ways. First, using its own reports, such as the government working plan. According to these reports, since 2017 and more so in 2018, policy objectives were achieved in accordance to the goals set during the previous year. In 2016, the Israeli PMO released, for the first time, a final report on the execution of government decisions, with another report published in 2017. The reports include all the decisions made by the 34th government, their themes and statuses. According to the latest report, about 75% of government decisions were achieved and 66% of all objectives fully achieved. In this regard, the establishment of Katef (see section 2.6) is another important step for the improvement of policy implementation. Second, the government uses reports made by NGOs, but these are often unsystematic and cover specific issues rather than providing a broad examination of policy implementation as a whole.

Citation:

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

Ministerial
Compliance
Score: 7

The OECD and global best-practice methods have influenced Israel’s organization of government in recent years. Values of transparency, planning, comparability and supervision are defined by a designated unit in the PMO, arguably improving the implementation of the overall government program by increasing ministerial accountability vis-a-vis the government and the public.

These new actions accompany more traditional ways to improve compliance, such as weekly cabinet sessions and interministerial roundtable events.

According to the Basic Law: the Government 1968, ministers are accountable to the Knesset with regards to the field for which he or she is responsible. This means that ministries must support and follow government decisions. In addition, coalition agreements, created by the party system in Israel, can be considered a mechanism for the government to force its agenda on ministers. If a minister resists or fails to implement a part of the government program, the minister might be forced by their respective party leader to eventually follow it. For example, as part of the Surrogacy law of 2018, only single women were permitted the right to surrogacy, single men and gay couples were excluded. The law was highly controversial and provoked massive protests. Some Knesset members, including Prime Minister Netanyahu, acknowledged that they supported surrogacy for mothers and fathers, but voted against their stated position for the sake of “collation discipline” and due to pressure from ultra-orthodox parties.

Citation:

Blander, Dana, “Hok Ha-Hesderim: Necessary evil or necessarily evil?,” IDI website 14.1.2007 (Hebrew)

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Guidelines of the Attorney General In matters relating to the work Government, Ministry of Justice, 2015 <http://www.justice.gov.il/Publications/News/Documents/AttorneyGeneralGuidelines0515.pdf>

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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.

Monitoring
Agencies,
Bureaucracies
Score: 6

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).

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While connections between ministries, and government agencies and NGOs are defined by contractual agreements, and financial and legal oversight, the content and quality of services are not under similar appraisal. Most ministries sufficiently monitor their respective agencies, while some – notably education and welfare – are criticized for failing to implement government policies and effectively monitor service provision. Therefore, the movement for quality government in Israel claims this is harming the public service provision, while others claim the state-owned enterprises are unnecessary and should be privatized.

In 2016, an interministerial team examined the outsourcing of government services. The team’s report emphasized that government monitoring of service providers is still lacking. According to the report, nearly 60% of the outsourced projects were not monitored by the government in the first year and 83% lacked information about service users’ satisfaction. Additionally, the report stated that the government only enforced 4% of all infringements that were reported on outsourcing services.

In 2017 and 2018, the tendency toward outsourcing governmental services has continued. According to media reports, government ministries still drag behind when it comes to monitoring and enforcing regulations on the service providers, including protecting the rights of customers and workers.

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Task Funding

Score: 7

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

Over the past few years, local authorities have called for a redistribution of education budget allocations according to cities' socioeconomic ranking. A report made by TAUB Center in 2017 argued that the budget system between local authorities leads to inequality between rich and poor authorities, perpetuating the situation in which poor authorities receive insufficient funds. While the redistribution plan was promoted by poor local authorities, it was resisted by rich municipalities and for a while was not approved by the Finance Ministry.

The plan was promoted again and approved as part of the 2017 – 2018 budget under the responsibility of the Ministry of the Interior. The plan consists of four points. First, providing a grant to balance and support poor local

authorities that face an income shortage and experience difficulties in providing services. Second, providing recovery schemes for authorities that are facing a budget deficit. Third, supporting authorities with low tax income. Lastly, supporting local authorities with a special fund.

Citation:

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Constitutional
Discretion
Score: 5

The legal framework for local government is based on the "ultra vires" principle, according to which local government is only authorized to act within the parameters designated by law. While local government is elected, and some stronger municipalities are able to expand their influence over policy, often times local authorities act merely as a local branch for implementing central government policy. In light of frequent problems of corruption, management failures and over politicization during the 1990s, the Ministry of the Interior expanded its oversight over municipalities, allowing the ministry to appoint a permanent outside accountant, cancel an approved budget, and even dissolve the council and nominate a professional alternative.

As a part of the government's effort to handle corruption problems, the attorney general formed a special committee in 2015. The committee recommended that the heads of local authorities increase transparency regarding finance, such as requiring senior local authority staff to provide annual declarations of capital. In 2016, a report made by the committee was submitted to the attorney general. It appears likely that the reports'

recommendations will be made law by parliament. However, in another report, published in 2018, the recommendations were shelved. Attempts to promote the legislation of the reports' recommendations face resistance from both political sides in parliament.

The tension between the national and local governments intensified after the legislation of the "Supermarket law" in 2017. The law prohibited the opening of supermarkets on "Shabbat" (Saturday). The law was heavily criticized by local authorities with small religious populations. Some local authorities tried to legislate a Municipal Bylaw, allowing the authority to act in disregard of the national law. However, as part of the centralization of local authorities in Israel, such bylaws must be approved by the minister of interior, who in this instance denied their approval.

Citation:

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<http://www.globes.co.il/news/article.aspx?did=1001152963>

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<http://www.israelnews.co.il/%D7%94%D7%93%D7%95%D7%97-%D7%A9%D7%A0%D7%92%D7%A0%D7%96-%D7%A1%D7%99%D7%A2%D7%AA-%D7%9B%D7%95%D7%9C%D7%A0%D7%95-%D7%9E%D7%A7%D7%93%D7%9E%D7%AA-%D7%94%D7%A6%D7%A2%D7%AA-%D7%97%D7%95%D7%A7-%D7%A9/>

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<https://news.walla.co.il/item/3125629>

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<https://www.ynet.co.il/articles/0,7340,L-5068454,00.html>

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http://branza.co.il/site/article/article_view/news-1516727272
<https://www.ynet.co.il/articles/0,7340,L-5068454,00.html>

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 fair well and offer supplementary social support, weaker local authorities (e.g., largely Arab or Jewish orthodox municipalities) struggle to maintain government standards. This incited the expansion of central government's authorities during the 2000s, authorizing the Ministry of the Interior to closely supervise and even to dissolve councils that fail to deliver proper services, at the cost of a less democratic local representation.

Another solution is the advancement of service treaties in local authorities which aim to standardize local services used by residents while informing residents of their rights and the level of general services in their city or town. A branch of the Ministry of the Interior reviews this process with pilot cities showing positive results. In recent years, many local authorities have taken part of this process and published information regarding local services on their website. The privatization of social services continues to exhibit problems as weak social ministries struggle to regulate the quality and content of care. Several reports on education services point to ideological conflicts and poor management as well as an increase in the share of privately financed activities and consequent inequality.

Citation:

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Effective
Regulatory
Enforcement
Score: 6

In general, Israel has a good record in dealing with powerful interest groups and enforcing regulation – the prime example being the Encouragement of Competition and Restriction of Centralism Act of 2013. The law was enacted after a public interministerial committee found that one of the most prevalent structural market failures was the presence of a small group of tycoons that used large pyramidal corporations to control the market. Therefore, it recommended several affirmative actions to regulate the corporate structure of large businesses and ensure the public interest. The government accepted the recommendations and legislated the aforementioned law.

The law itself differentiates between two main types of businesses – a financial company and a real corporation – and imposes limitations and regulations on the control and purchase of both. The law also dictates that pyramidal corporations are allowed to be only two layers tall (excluding taller corporations that existed at the time of the law's enactment, which are regulated by a different set of limitations), and defines when and under what conditions a company is considered a big corporation. Moreover, the law ordered the establishment of a professional interministerial committee whose role is to oversee the market and prevent the rising of centralist business structures. The committee is still active and in January 2018 it published two updates to the law.

Another example of the ability of the government to withstand interest groups can be found in the latest developments regarding the dairy products market. In Israel, the authorities monitor and dictate the pricing of basic milk products while taking into account the costs of manufacture. In May 2018, a professional committee recommended that the Ministry of Agriculture and the Ministry of Finance raise the prices of monitored products due to the rise in the price of crude milk, but the minister of finance, Moshe Kahlon, refused to approve the move, supposedly on grounds of public interest. After allegedly failing to reach an agreement, Tnuva, the largest dairy products company in Israel, appealed to the Supreme Court to enforce this raise. Up to now, Kahlon has remained adamant in his refusal and in fact in late October 2018 he came to an agreement with the farmers to gradually lower the price of crude milk. Still, it is unclear whether or not it would make Tnuva's appeal redundant and at the time of writing the case is still in litigation.

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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:

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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 as one of the world leading countries in R&D, more coordination and improvements with regard to accessible information and standardization capabilities are warranted.

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. Still, it appears that some institutional arrangements are in dire need of better definition and delineation (see section 8.2).

Citation:

"About: the Accountant General," Ministry of finance website (Hebrew): <http://mof.gov.il/AG/About/Pages/About.aspx>

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Institutional
Reform
Score: 6

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“The internal audit law 1992,” Official legislation (Hebrew)

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.

In 2017, the State Comptroller published his first report about the operation (the second was published in March, 2018), in which he detailed several deficiencies, including that the cabinet’s authorities and jurisdictions were not specified in any piece of law. Thus, it was unclear whether or not the cabinet was a consultative or an executive body, in addition to a lack of any normative obligation of proper information transfer to this body. The State Comptroller found serious deficiencies regarding the extent and the quality of information being transferred, and even found instances when strategically important information was not transferred.

Furthermore, it is very much apparent from the report that there are serious concerns regarding the decision-making authority of the cabinet, namely whether it has authority or not, even as a military operation was concurrent. In 2018, the Basic Law: the Government and the Government Act of 2001 were only slightly amended to formulate and delineate the cabinet’s authorities, as they expressly mention that, in the very least and under certain conditions, the cabinet is authorized to declare war. And yet, at the time of writing, it is unclear if the lack of an obligation to transfer information to the cabinet, any other deficiencies related to this and other questions of decision-making authority had been resolved.

Citation:

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Nuri, Dalya Gabrieli. "The Kitchen that Changed the Middle East." In Ha'aretz website. October 22nd, 2012. (Hebrew). <https://www.haaretz.co.il/opinions/1.1847556>.

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II. Executive Accountability

Citizens' Participatory Competence

Political
Knowledge
Score: 8

Compared to other countries, Israeli citizens show high levels of interest in politics. In the Israeli Democracy Index of 2017 and international comparative indices, Israeli citizens were found to participate widely and be highly interested in politics. Israel also has one of the region's highest internet-penetration rates (reaching 78.9% in 2017); a lively, pluralistic and independent news media market; and a politically heterogeneous and active civil society. Furthermore, according to the Israeli Democracy Index of 2017, most people (and especially the Jewish population) expressed an unwillingness to compromise democratic standards for better implementation of policy.

That being said, the Israeli public appears to be, to put mildly, "unimpressed" by the government's capabilities and its levels of transparency. According to

two surveys conducted for the Eli Hurvitz Conventions in 2016 and 2018, the public views the functioning of government and its policies, and aspects of transparency and the government's contact (or connectiveness) with citizens rather critically, ranking these criteria as mostly mediocre at best.

But one should not reach conclusions from this too hastily. However, while the government has made a significant effort to increase its overall transparency (and suffers many shortcomings in this field; see section 9.2), citizens usually rely on the media rather than official (government) information channels for information about public policies.

Israeli citizens can potentially be informed about public policy from a wide range of sources, with the specific source dependent largely on an individual's personal interests (how interested is he to learn and know about public policy) and personal involvement (does the policy affect him and to what extent, or alternatively how politically active is he and to what extent does his political activism target public policy).

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Open
Government
Score: 7

In recent years, the government has expanded its efforts with regard to policy transparency. In 2011, Israel joined the Open Government Partnership and, 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 and funding for the Governmental Unit for Freedom of Information.

Furthermore, in 2011 the government started publishing “work books,” detailing its policies and policy goals in quantitative rankings and values, even presenting them in comparison to goals set in previous years. In 2016, the government developed this by starting to publish separate reports showing, in quantitative rankings and values, government performance and goal achievement, thus becoming one of only four countries in the world to employ such a method of self-evaluation and transparency. In 2018, a new category of policy goals was inserted into the work book, termed “ambitious,” and defined as goals that have a slim chance of being fully achieved. The rationale behind this, according to Eli Groner, the Prime Minister’s Office’s CEO, in his introduction in the work book, is to ensure that the work books won’t become negative incentives, encouraging governmental authorities to lower their policy goals and standards.

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.

Most (if not all) governmental authorities have an official website and social media presence, some of which are available in languages other than Hebrew

(e.g., English and Arabic, as well as Persian in the case of the Ministry of Foreign Affairs). The websites offer a wide range of services, including information services (like press releases, law drafts for public commentary and policy explanations). One important example of this is the official website of the Ministry of Finance, which publishes the state budget (or more accurately its highlights) in a readable and keywords-searchable PDF format. The website also offers tools to observe changes in the budget and to compare it with the budgets from previous years.

The Knesset has a comprehensive website, offering the option to download all of the Knesset's press releases, protocols (general assembly and various committees, but excluding confidential committees, such as the Committee for Foreign Affairs and National Security Matters, and its many sub-committees), draft and enacted laws, and even research papers that were handed to the various committees. The Knesset's TV channel, which started broadcasting in 2004, broadcasts through this website, and the Knesset's committee and general assembly meetings are usually also recorded and available to watch online. Since 2009, the Public Knowledge Workshop, a non-profit NGO, has been running the Open Knesset website, with the aim to make the information on the Knesset's website more accessible to the public. Currently, the Open Knesset website is not operative, as preparations are made to launch an updated version. In addition, on 22 October 2018, the Knesset announced the launch of National Legislation Database, with the purpose of making all legislation and the legislative processes digitally accessible to the public.

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Legislative Actors' Resources

Parliamentary
Resources
Score: 8

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. According to information provided on the center's official website, the Knesset's research center receives on average 500 research requests and produces 300 documents annually, which amounts to a total of about 6,500 documents since its establishment in 2000. In addition, according to the same source, most of the research documents are produced by the center's staff, but – in cases that require specific expertise – the research center employs external research services. The research topics themselves are highly diverse.

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 the member of parliament. 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), or by means of debates, agenda motions or parliamentary questions.

Additionally, the State Comptroller is, according to law, subordinated to the Knesset, and he hands to it all of his reports and other information and recommendations for better oversight over the government. The State Comptroller himself (or, at times, representatives on his behalf) is also an active participant in the Knesset's State Audit Committee.

In July 2017, a new instrument was added to the Knesset's toolbox with the establishment of the Knesset Parliamentary Oversight Coordination Unit (abbreviated in Hebrew to "Katef"). According to the unit's self-reported information and the speeches at the initiation ceremony (in February 2018), Katef's role is to improve the Knesset's oversight abilities, and to improve the relationship and dialogue between the Knesset and the government. Among other rather vague authorities and goals, the Katef unit also undertakes several tasks of oversight itself. Indeed, Katef has published three reports, which focus on a given policy, detail its goals and the tasks each ministry or governmental authority undertook to implement the policy, and analyze its present stage of implementation and its achievements. However, while the reports are very useful and important, they lack uniformity and it remains unclear in what direction the unit wants to go.

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Obtaining
Documents
Score: 7

According to Israel's basic laws and the Knesset's Rules of Procedure, 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 or sanctions for enforcement in cases of disobedience and lack of compliance 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 and the minister of justice 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. But, there isn't sufficient evidence to suggest anything meaningful has yet come out of this initiative.

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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.

One exception to the rule detailed above is the Knesset's State Audit Committee. Since 1990, the audit committee has been able to warrant the attendance of officials, and fine officials who failed to show up to the committee or sufficiently justify their lack of compliance. (Though the size of the fine is not specified).

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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. At the time of writing, the bill is still waiting for its

preliminary reading in the plenum and the committees have not yet been delegated an authority to sanction. 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.

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Task Area
Congruence
Score: 3

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 30 at of the time of writing (headed by 22 ministers, including the prime minister). 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.

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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.

According to the Israel Democracy Institute’s Israeli Democracy Index of 2017, while the public still prefers traditional media channels to social media as their political news source of choice, public trust in social media is revealed to be a more complicated issue. Although the public in general appears to put less trust in social media compared to traditional media, dividing the sample according to ethnicity reveals that the Arab population expresses far larger distrust in social media than the Jewish population, in which the younger audience appears to be just slightly more trusting of social media than the older audience. Therefore, increasing reliance on social media might be an issue of concern

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Intra-party
Decision-Making
Score: 7

Parties and Interest Associations

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 2018, the Parties Act of 1992 was amended to allow candidates in a given (and large enough) party's primary elections to loan (and – in accordance with many conditions – to receive) funds from the state treasury for their campaign and to regulate how much a candidate can spend in a given campaign. The law also enforces supervision and oversight over a given party's primary elections and party register by the State Comptroller in order to ensure the propriety of the overall procedure.

The Likud, the 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.

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Association
Competence
(Employers &
Unions)
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.

The past few months were also very instructive as to the extent businesses are capable of affecting policy. In June 2018, the Knesset's Economic Affairs Committee approved a first reading of a bill that would impose greater restrictions and limitations on the advertisement of tobacco products, despite immense pressure and lobbying from tobacco companies. At the time of writing, the bill is currently with the Economic Affairs Committee again, being prepared for its second and third reading in the plenum. The tobacco companies are trying to minimize the damage the bill may potentially cause them, should it be approved and enacted, through large amounts of advertisement and employing corps of lobbyists. Indeed, the first meeting of the committee to deliberate the bill's second and third reading was attended by many lobbyists, representing both the tobacco companies, and anti-smoking and pro-public health organizations. The meeting dealt with the proposed law's name and several definitions in it, all the votes on those issues were approved without opposition.

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Association
Competence
(Others)
Score: 6

Noneconomic associations and NGOs have become increasingly influential in recent years, with over 47,000 non-profit 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. According to official reports, the majority of organizations are focused on education and professional training (22%), religious matters (21.6%), and welfare (20.3%). According to a recent report by the Taub Center for Social Policy Studies in Israel, welfare NGOs account for 15% of all civil society organizations and their annual activity volume amounts to ILS 13.8 billion. The report also claims that donations made to these organizations increase Israeli welfare spending by ILS 3.45 billion, amounting to 28% of Israel’s total annual social welfare expenditure.

In 2016, the Knesset passed highly controversial legislation that requires NGOs to publicly declare all foreign funding sources (if the funds account for most of their budget), and the purpose and use of the funding. It should be elaborated that in the law, “foreign” (or, the more accurately, “foreign state entity”) is defined very widely, and includes foreign states, state authorities

and international NGOs. Left-wing and civil rights groups have argued that the so-called NGO transparency bill harms 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.

In May 2018, new regulations regarding the submission of representative action came into force. The regulations dictate the payment of relatively high fees (with varying quantities according to the court's status) to be paid by a claimant to submit a suit and to cover the cost of the litigation process in its entirety (though payment of the latter fee is dependent on the ruling's result). The minister of justice, Ayelet Shaked, explained in the regulations' memorandum (i.e., before these were enacted) that the purpose of the new rules is to limit the submissions of "pseudo representative actions," meaning lawsuits that are not meant to achieve any result or compensation but rather to deter the party being charged, thus wasting public funds. Nevertheless, the regulations were still criticized by legal experts, and social activists and associations that use representative actions to fight social and consumer injustices. Recently, a lawsuit was presented to the Supreme Court demanding that the regulations be rescinded for the disproportional harm they cause to the right to access to courts. At the time of writing, the suit is still in litigation and the regulations are still in force.

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Independent Supervisory Bodies

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 State Audit Committee’s chairman, MK Shelly Yachimovich, mentioned in a recent interview that, while reports that deal with important issues and failures don’t have much hope of repairing systemic problems, “reports that involve the ministers directly are of great concern to them,” even if the reports themselves don’t include any real sanction.

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.

In 2017, MK Bezalel Smotrich presented to the Knesset a bill to amend the State Comptroller Act of 1958, proposing to strip the comptroller of substantial authorities that in actuality cement his independence. The most

important of these authorities is the State Comptroller's authority to choose any topic or field to audit that was not specified in this act. At the time of writing, the bill is still awaiting its preliminary reading in the plenum. The State Audit Committee's chairman, MK Yachimovich, mentioned in that same interview that, in addition to this bill, "there are a lot of schemes and intentions of audited corpora [lit. factors] to sterilize the comptroller."

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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. According to the State Ombudsman's latest report in 2017, a total of 13,573 complaints were submitted to his office, of which 12,822 were within his authority to review. Also, as mentioned in the same report, in 2017 the State

Ombudsman received a total of 15,157 complaints, of which 12,429 (82%) were viewed (i.e., they were in the State Ombudsman's jurisdiction) and 43.8% were found justified after review (i.e., found justified by the State Ombudsman or the issue of complaint was rectified as the review was in progress).

The other body to be mentioned is the Commissioner for Soldiers' Complaints. Though authorized to handle complaints regarding the IDF only, the authorization to submit a complaint is very wide. Furthermore, this institution expressed a degree of independence previously uncharacteristic of it, with the commissioner's latest (and last for his term in office) report of 2017 he harshly criticized the IDF's lack of readiness for a potential future armed conflict. In his latest report of 2017, the commissioner received 7,002 complaints (compared to 6,758 in the previous year), of which 59.08% were found justified.

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Data Protection
Authority
Score: 7

Israel's cyber security policy in the civilian sector has evolved over the past two decades, starting with the Management of Security in Public Corpora Act of 1998. The act detailed the security requirements for information systems belonging to entities defined as "essential" to the state's function, such as companies operating and maintaining national level infrastructure. In 2002, the government decided that the National Authority for Information Security in the Israeli Security Agency (in Hebrew "Shabak") would direct these essential entities. In 2011, the government decided to develop its national cyber capabilities further by establishing the National Cyber Headquarters in the Prime Minister's Office, charged with, among other things, the responsibility for managing the national cyber policy and strategy, and developing the national cyber capabilities. In 2015, the government established another cyber-related unit in the Prime Minister's Office named the National Cyber Security Authority, whose role is to defend the civilian cyber space in general and critical state assets more specifically. Lastly, in 2018, the authority and the headquarters were conjoined to form the National Cyber Directorate, which reports directly to the prime minister.

The National Cyber Directorate and the Authority for the Protection of Privacy are distinct in character and operation. The former has a more active character, actively defending the Israeli cyberspace and fighting hostile or criminal elements. The latter, on the other hand, has a more passive character, concerns first and foremost with the protection of citizen privacy, and secondly with how individuals and organizations should ensure the security of information they hold.

While the directorate appears to be mostly entrusted with the regulation and defense of essential infrastructure, the services it offers extend to the individual citizen too. The directorate's official website provides advice and information concerning cyber activity and security, including contact details (phone and email) in the event of a cyber assault. The directorate is also entrusted with training and certifying professionals across different cyber-related professions, and lately announced the launch of a first course to train certified inspectors. In addition, in light of the upcoming Israeli national elections, the directorate has also published a guide for safe behavior in and management of cyberspace, which aims to strengthen the integrity of the electoral process. The guide is targeted at individuals as well as organizations, and details common cyber assault methods, and practical advice for protection and safety.

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