

How resilient is the Israeli Integrity System?

National Integrity System Assessment – Israel, 2013

Strengths, Sustainability and Challenges.

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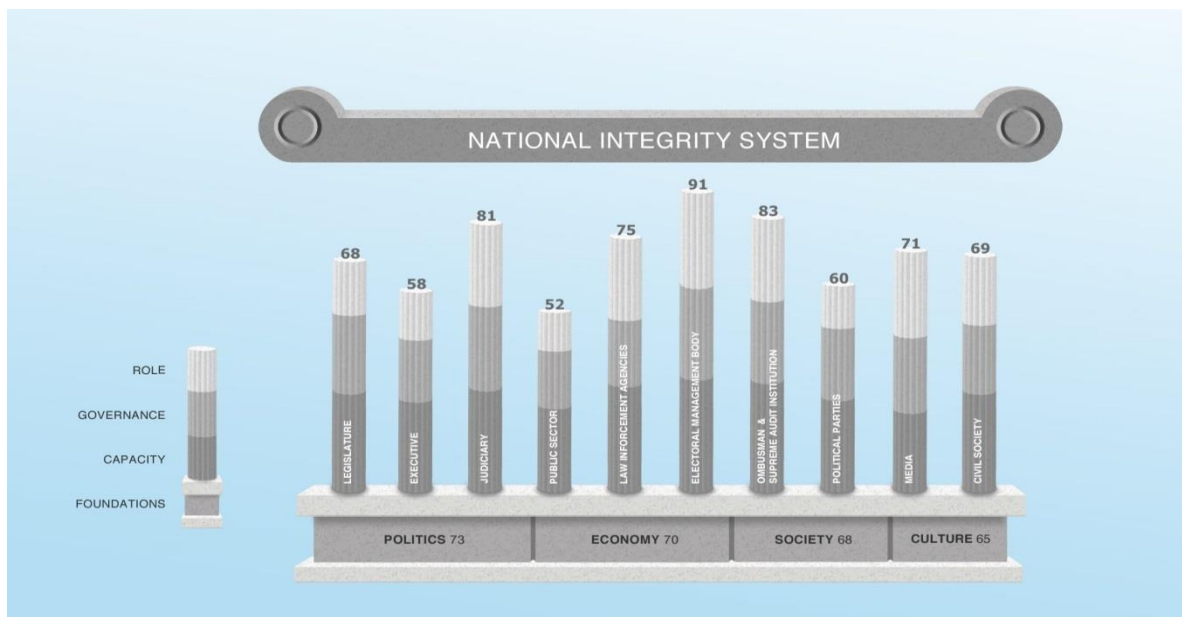
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Executive Summary

The national integrity system of Israel was found to have uneven or "oscillating" levels of integrity: some of the central pillars received a fairly high score, placing them in the top fifth of the evaluation scale, some medium-high scores, whereas some pillars, central to the system, received scores barely above mid-scale. The pillars with the highest integrity, in terms of over-all integrity ranking, can be regarded as pillars that safeguard the democracy in Israel: chief among them is the Central Elections Committee (91), followed by the Judicial Branch (83) and the State Comptroller (81). On the other hand, the analyses indicate that the principle weakness of the Israeli national integrity system lies with the pillars of The Public Sector – i.e., the Civil Service (52), the Executive Branch (58), and the political parties (60). Conspicuous in its low integrity score was The Executive Branch, i.e., the government, where the indicators of Governance and the Role in the integrity system were particularly low.

The Israeli National Integrity System - Evaluation Results



It was found that while the government has at its disposal adequate legal tools for proper governance, in practice it falls short both in achieving adequate governance and in performing a

role in promoting national integrity. It might come as no surprise that the Civil Service is in as a poor a state in terms of integrity as that of the government itself, reflecting poor resilience and inability to act to maintaining and promoting integrity. Similar is the integrity ranking of the Israeli political parties which in recent years have earned a negative reputation for their lack of integrity, internal political strife and no small levels of corruption (vote buying, backroom deals, etc.). Since the government is composed of the parties' representatives the low esteem the public in Israel has for both pillars may well be interrelated.

In light of the relatively low integrity rating of the Government and Civil service, the relatively high integrity ranking of the Central Elections Committee, the Judicial Branch and the State Comptroller & Ombudsman, stand out even more. Examining the nature of these three Pillars it appears that they have an important function as bulwarks or safeguards of democracy, in defending the Law and the Public against misconduct or abuse by authorities and from infringement on their rights. It is notable that the common denominator of these three institutions is that they function to preserve Israel as a democratic state ruled by law and order, as well as by sound administrative procedures.

Ranked between the higher and lower national integrity scores are the other pillars: the Legislative Branch (the Knesset) and Enforcement agencies, which mirror governmental authority; and Civil Society and the Media, which represent the public at large. These sectors ranked in the top two thirds of the evaluation scale.

What appears to emerge from our analyses is the characterization of the Israeli national integrity system as having two main convergent or even contradictory axes. One reflects the pillars that earned low integrity rankings (the Executive branch and its equivalents in the Civil Service and political parties) which seem to exert pressures weakening and help eroding the national integrity system. The other, opposing axis reflects the high ranked pillars that uphold the integrity of the national system (the Central Elections Committee - the organ in charge of running the elections and protecting their integrity - the Judicial Branch, and the State Comptroller & Ombudsman). These three pillars serve as mechanisms of safeguarding and protecting the national integrity against the erosion pressures exerted by the first axis.

This internally “contradictory” structure of the national integrity system raises concerns about an eventual erosion of the safeguard mechanisms and the system’s inability to withstand the

pressure and influence exerted by elements of low integrity levels (integrity “eroders”). This contradictory structure could relatively easily lead to the deterioration of Israel’s national integrity system. There are claims that in recent years these kinds of “pressure” and signs of erosion are already in play and take the form of verbal attacks on the judicial system, promoting legislation for overruling 'politically undesired' Supreme Court decisions, attempts to weaken the office of the State Comptroller & Ombudsman, as well as attempts at 'curbing' the media and gaining control over it to restrain its important role as a watchdog against corruption and keeper of integrity. Conversely, others suggest that this claim is rather exaggerated and that Israel’s national integrity system is sound and not in any danger. Regardless of which of the positions is right, in order to sustain and promote the national integrity system it is important to take action to improve the integrity of the low ranking pillars and hence weaken their eroding pressures. It is important not to overlook the existence of these two opposing axes in the system and to bear in mind its structural contradictory nature any discussion and policy consideration of Israel’s national integrity.

Background: Corruption and Integrity in Israel

From its earliest days as a state and through its establishment as a developed economy, Israel has placed a strong ideological emphasis on the notion of “nationhood” and on the values of service and contribution to society. This combined with a collectivistic and Socialistic ideology brought about a spirit of favoring the contributions to society over working for self-interests and individual needs. To a large extent these values and attitudes were non-conducive to the development of national level corruption and discouraged it. It is clear that individual corruption existed here and there on a small scale, as is unavoidable. But the general Public perceived the state and national system as uncorrupted. When cases of embezzlement or corruption by public officials came to light, they were presented by the offenders as having been committed for the sake of the state, the party or another collective, and not for the benefit of the individual.

Beginning in the second half of the 1980s, the Israeli economy underwent a process of economic liberalization and privatization. This process became the dominant force and brought about an erosion of the Socialistic-collectivistic ideology while strengthening of the capitalist approach

and individualism. Gradually, the focus on the individual and individual aspirations and interests took over. The newly developed ideological infrastructure constituted (and still is) fertile grounds for the development of national level corruption and processes that compromised the national integrity. Those changes were also reflected in a corresponding change in public awareness. Nonetheless, no widespread protest has emerged against public corruption, nor has anti-corruption movements been formed. It is only in the recent two decades that several civil society organizations were formed to fight corruption. Even though Israel is not yet perceived as a “corrupt country” in the full sense of the word, it has been afflicted by corruption to a higher extent than that found in other Western countries. The yearly Corruption Perceptions Index (CPI) supports this claim. When first evaluated in 1996, Israel ranked 16th in this index. Over time, it maintained a relatively good ranking, i.e. in the top third, but has been consistently dropping until it reached 39th place on the list. Compared to the other developed countries of the OECD, Israel has not attained a good standing, and is placed at the bottom quartile among those countries¹.

Despite this situation, neither the government nor the Knesset appeared to have advanced a policy of fighting the spread of governmental and public corruption, and the little that has been done has not yielded significant results. It is worth noting that the lion’s share of the fight against corruption has been undertaken by Israel’s enforcement agencies, which have not hesitated to indict high ranking official, including serving ministers and prime ministers. The jail sentences imposed in some of these cases seem to have slightly decreased corruption by officials but have not stamped it out completely.

The last few years have witnessed a change in how the fight against corruption is being approached by enforcement agencies, the State Comptroller, and especially by civil society organizations founded for the purpose of battling corruption. However, this struggle is not yet resolute or stable enough to significantly reduce this phenomenon. Still in Israel today, there are politicians and powerful businesspeople that were involved in major corruption scandals and continue to enjoy enormous political power and influence. Some have even returned to key positions after serving prison sentences on corruption charges.

¹ For more detail, see Chapter IV (Corruption Profile) of this report.

It seems that current public discourse and societal values, as they have evolved Israel, do not contribute to an increase in national integrity. The weakness of the central governmental institutions with respect to their own integrity and in promoting the national integrity – as described in the following analysis of its central pillars – do not properly contribute to raising the national integrity.

Integrity assessment of the National System's Pillars

Following are the main findings of the analyses of the 10 pillars of Israel's national integrity system examined here².

The legislative branch:

By law the Knesset (the Israeli Parliament) has full sovereignty, and is subordinated only to the electorate. However, in practice the Knesset is influenced by external influences that affect to some extent, parliamentary decisions (scoring 75/100). It seems that two main types of forces exert pressures and reduce the Knesset's independence. First are the exogenous economic and political interests that exert pressure on policy decisions as to promote their own agenda, via lobbyists and similar means. These influences reduce the independence of the members of the Knesset (MKs) and their ability to freely make decisions. Secondly, the government acts to limit the Knesset's independence either through its control of the coalition in the Knesset or by direct influence (for example, by appointing a “government liaison to the Knesset” who constitutes Governmental presence in the Knesset).

The Knesset doesn't exhibit high levels of **governance**. In terms of **transparency**, the Knesset maintains a fairly high level of transparency to the public. In fact, to its credit, the Knesset maintains a higher level of transparency and accessibility to information than is formally required by law. However the conclusion this report is that transparency ought to be further improved and more accessibility is needed in various areas of the Knesset's work, e.g. MKs' financial and conflict-of-interest disclosures should be publicized. For the public to be able to ascertain and monitor the actions of elected officials, it must have access to these disclosures,

² In Israel the office of the ombudsman is integrated within the office of the State Comptroller; the assessment of the Business Sector will be published separately in the near future. Hence, examined here are 10 pillars.

which should be updated yearly. Furthermore, it is recommended here that MKs be required to make public disclosures of financial resources accrued while in office, for a certain period of time following the end of their terms. The Knesset exhibits fairly low levels of **accountability**. While there are handful of control mechanisms that monitor and control its activity (the Knesset Committee, the Ethics Committee, the Knesset's Legal advisor, as well as some control by the Judiciary) these are not sufficient for ensuring accountability. In practice, accountability is low in the legislative branch, and among its members, perhaps due to Israel's political culture and its Party (as opposed to individual) election system. These impair the Knesset's governance. Members of the Knesset do not demonstrate sufficiently high levels of **integrity** and this reflects on the Knesset itself. In this respect there exists a wide gap between the demands at the legal level and what occurs in practice. The domains of integrity and ethics in the Knesset emerged as rather problematic and underdeveloped, both as defined by law and in practice. Both aspects require substantial changes and improvements.

Unfortunately, the legislative branch was found to make a rather poor **contribution** to the national integrity system. It is apparent that in practice, the Knesset fails to carry the banner in the fight against corruption, and does not play a significant role in initiating and promoting legislation and reform in matters of corruption, integrity and transparency.

The Judicial Branch:

The Judicial Branch stands out from most other pillars representing national institutions and governmental agencies. It has received one of the highest ranking (overall score 81/100) in this report. It is apparent that the Judiciary has high independence, enjoys sufficient resources to fulfill its function and possesses high levels of integrity. Given this high level of independence it has been argued by prominent figures (e.g., MKs, Ministers, etc.) that the Judiciary is overly independent, leading to undesired interventions by the Judiciary in the other two Branches. This may have negative ramifications, such as arbitrariness, isolationism and even alienation from other section of society. It appears, at times, that the principle of separation of powers – especially the separation between the judiciary and the other two branches – and the great emphasis put in Israel on the independence of the judiciary, result in the inability of outside bodies to critique and balance the power of this Branch, which, in lieu, self-monitors. The other

parties to this debate reject the claim that the Judicial Branch is overly independence and argue that the judicial branch's independent is fully justified and ought not to be tempered with.

In practice, **transparency** is not sufficient at many areas of the judiciary. One problem is in insufficient transparency of information about actual judicial proceedings and about procedural administrative information in the judiciary's administrative system. It seems that the system is keen to share information with elements outside of the judiciary (and at times even those inside of it). Decision-making processes are not made public, and neither are some judicial proceedings. It ought to be stressed that as far as judgments and judicial decisions, there is a relatively high degree of transparency. But with regard to the administrative system, the judiciary exhibits little transparency and stands to improve: statistical data is not made public; there is no transparency of various internal procedures (judicial efficiency, case allocation, how long it takes to reach a ruling, etc.). Much like transparency, the judiciary is lacking in **accountability**. The primary measure of accountability in the judicial process exist vis-à-vis rulings which can be appealed, and judicial rulings can be overturn and remand cases back to the lower court. Beyond that, there appears to be very little accountability (especially to outside bodies) regarding the actions of the judiciary. Given these, this branch's governance score is not high. The Judicial Branch has a very important **contribution to the national integrity**: both in sentencing offenders, including high ranking government officials (a President, Prime-ministers, Ministers, MKs, etc.), and with regard to the oversight the courts (especially the Supreme Court) exercise over the other two government Branches.

The executive branch:

For this report, we have defined the Executive Branch to include the Governmental Cabinet and the Office of the Prime Minister, leaving out the other executive agencies. The Government was found to be strikingly weak with respect to integrity resilience: it is assessed and scored among the lowest ranking pillars in the NIS, attaining a medium-to-low score in all parameters (overall score 58/100). Formally, by existing Laws, the Executive is independent in its actions as long as the rules and law are followed. However, in practice it is not very independent. Not only does the government face pressures from the coalition parties comprising it, it is also subject to external

influences from outside actors, mostly political (particularly sectarian), social or economic interest groups. These exercise power over the Executive's actions, decisions and policy making. At times these pressures serve as “shackles” on the government and limit its independence. On the **governance** parameter (transparency, accountability and integrity) the executive scores worryingly low. From a formal-legal standpoint, the government has sufficient tools to exercise proper governance, but its conduct in practice with respect to governance as well as I promoting national integrity, is poor and sorely lacking. Greatly lacking in the Executive Branch is **transparency**, despite the fact that the existing formal-legal infrastructure enables it. Thus for example, virtually no information is made public about government discussions or ministerial committee proceedings. Unfortunately, non-publication and withholding information the default approach. The Executive is also very deficient in **accountability** and it seems that it has yet to internalize the duty of the government to be accountable to the public: both in the sense of reporting to it and in the sense of taking responsibility in cases of error, failure and dereliction. Government ministers also score low on this parameter: it sometimes appears that there are ministers who are more concerned with advancing their own interests and saving their own skin than with advancing the interests of the public or the Nation. There were also many cases in which ministers publicly renounce the government's decisions – decisions of which they were a part – without taking responsibility or being accountable for the results of said decisions. The Executive, being the central and important governmental actor that it is, is viewed as a prominent role-model by other government bodies and the public. Poor governance and low integrity of the Executive Branch do not improve (and even harms) the national integrity system.

The public sector :

In assessing the Public Sector our focus was on the **Civil Service Commission** (Administration). The Commission received some of the lowest overall scores given to any pillar here (53/100). It seems that the government's low levels of integrity are being “carried over” to its executive arm – the civil service. The civil service ranked very low, in the three main aspects examined by this report: ability to serve its duties, governance, and its role in the integrity system. These low scores fly in the face of the fact that the law provides many regulations, by-laws and executive orders, as well as rich legal precedent, to allow for the independence of this sector in its

operation. The purpose of this large number of regulations, procedures and laws was to prevent undue political influence on the members of the Civil Service. In practice, however, despite these legal barriers, considerable political influence has "dripped-in" exerted influence over government workers. A lot of "creative" ways and rule-breakings have been developed by politicians in order to exercise overt or covert political influence (for example, by affecting personnel appointments and placing their "followers" in key positions). This sometimes has reached the point of extremely corrupt behavior. Such influences and interventions have severely compromised the civil service's independence and integrity. The Civil Service ranks lowest in its implementation of transparency, accountability, and integrity, and in its (sometime negative) role in promoting integrity (some parameter scores were as low as 30-45). Regarding the civil service's **ability to operate**, the argument is that it is low due to the fact that the pay structure allows almost no hiring of "highly qualified" employees or experts in their field, especially in senior positions. This difficulty has been bypassed at times by recruiting employees under personal contracts, a 'solution' which allows for undue political influence. Additionally, the service suffers from a lack of managerial flexibility on the part of its managers, in the area of human resources in their individual offices. It is practically impossible to adjust the size of the workforce (mostly fire employees) to its changing needs. All these impair the independence of the civil service. The mechanisms set by the laws and regulations are therefore, in practice, insufficient to ensure the independent operation of the Civil Service Commission. Instead, the public sector is dependent on political actors. The Civil Service's **Governance** has recently improved somewhat and a major reform in it has been suggested. Public sector **transparency** has improved in recent years, especially in the area of government tenders, where there has been substantial improvement. Overall though, transparency is still far from being satisfactory, both as far as the legal framework and in practice. Much of the information regarding the civil service, if it exists, is inaccessible to the public. It is unclear what **accountability** is held by public sector employees (not necessarily the sector as a whole) and this degrades the governance. Formally, **integrity** of the civil service is adequately preserved by legislation and regulation. In practice, integrity is deficient (for example, the use of well-connected intermediaries used by the public to advance their interests at certain government offices). It should be noted that it was quite difficult to gather data on the level of day-to-day integrity in the Civil Service. This sector could

make a significant contribution to the integrity system. Yet, it does not carry its weight, and actually in certain aspects even has a negative impact on National Integrity.

It is important to differentiate here between issues of performance and issues of integrity. The civil service's performance and its effectiveness are considered to be poor, and hence the recent talk about major reforms in it. But these were not assessed here at all. In assessing integrity examined here were aspects which do not directly deal with performance evaluation, but with integrity. At the same time, however, it is hard to ignore the possible implications of ineffective performance on, for example, governance, or the role the civil service plays in the integrity system. On the one hand, an ineffective public sector triggers the use of "alternative routes" for obtaining government services (such as favoritism, nepotism and the use of well-connected intermediaries), which damage integrity and transparency; and on the other hand this deficient functioning reflects the general public's lack of faith in the civil service and its ability to positively act as an important societal-institutional pillar of the system and mistrust in it. It will therefore be difficult to improve independence, governance and integrity, without making significant changes to the effectiveness and functionality of the Civil Service in Israel.

The Central Elections Committee:

The Central Elections Committee was ranked highest of all the pillars examined in this report (91/100). It also scored highest on the various parameters. The Committee is allocated with appropriate and sufficient resource to fulfill its duties: its budget is directly approved by the Knesset's Finance Committee and does not require pre-approval by the Finance Ministry. This serves to highlight the Elections Committee's independence vis-à-vis government ministries. The Elections Committee wields considerable **independence** in all matters concerning the running elections and preserving their integrity. In general, it suffers no undue interference from the political stakeholders.

A high degree of **governance** is also apparent here and the law makes extensive reference to the Committee's obligation to provide information and be transparent to the public. This obligation is fulfilled and the Committee goes to great lengths to present information to the public regarding its activities, in an optimal manner, including election results, chairperson decisions, etc. The Committee is mainly accountable to the public at large and is not required to report to the

Knesset. Its administrative staff is accountable to the members of the committee and to its chairperson, and the staff scored high on this parameter. The level of integrity of the Elections Committee, as the body charged with running elections, and of its staff, is high. Accordingly, and as evidenced by the sound and proper running of elections in Israel, the Central Elections Committee holds an important **role** in the national integrity system.

The State Comptroller & Ombudsman:

In Israel the Office of the Ombudsman is subordinated to and incorporated into the office of the State Comptroller. The main objective of the Comptroller office is the audit and rectification of the Executive Branch and Public sector failings, as a public service or under mandate from the Knesset. This office received a high score in the evaluation (83/100). The Comptroller ranked highly in **ability to operate**, both in regard to resources and its independence of external influences. It is a very independent operating body that is immune to government or other interference, either in its audit procedures, its choice of audit subjects and in its personnel decisions. The Office of the State Comptroller has all the necessary resources needed to execute its duties, and often even receives allocation in excess of its budgetary requests. In practice, it is not entirely independent. For example, the law demands that those audited by the Comptroller may be afforded the opportunity to read a draft of the audit report and respond to it before the final version is published. Often this leads to discussions between the Comptroller and the subject of the audit, which may result in a somewhat 'softened' final draft that may reduce the scope of the improvements required by the audit in the subject's conduct. Consequently, at times this enables the organs under audit to avoid the full implementation of the Comptroller's recommendations for changes and improvement. The State Comptroller received a high score on **governance**. There is a high degree of **transparency** in both the activities and reports of the Comptroller. While the Comptroller reports submitted to the Knesset are extensive and far-reaching, the public is not made privy to decisions of what was and what was not included in the reports, and how those decisions were made. In other words, there is no internal transparency in the Comptroller's office. The State Comptroller exhibits a rigorous regard for **accountability** and **integrity**. The Comptroller is accountable to the public, the Knesset and to those persons and bodies being audited and they may seek judicial review of the Comptroller's decision. It is

interesting to note that a code of ethics, which would codify matters of integrity in that office, is yet to be completed, even though one has been in the works for some time. The State Comptroller and Office of the Ombudsman holds a very important role in the national **integrity system** and carries a great deal of influence over matters of integrity and the prevention of corruption, both in the eyes of the public in general and the bodies subject to its audit, in particular.

Enforcement agencies:

The Israel Police and the Office of the State Attorney earned an overall medium-to-high score (74/100). The State Attorney scored consistently higher than the police on all parameters, and in most parameters it was found that conditions on the ground were far worse than those prescribed by law, which were in themselves quit insufficient. As far as their **ability to operate** freely, the enforcement agencies enjoy a significant amount of independence. They have a guaranteed resource allocation as part of the State budget, although this allocation is insufficient to fully achieve their goals. It seems that, in part, the insufficiency may be attributed to resource allocation within the agency, and the setting of priorities. Both agencies demonstrate some of the highest levels of non-dependence on outside sources, in the areas that were evaluated. This is particularly true of the State Attorney, which is very independent in practice as well. Some claim that the State Attorney is overly independent and not subject to proper oversight and control. In recent years, there's been a move towards restraining the State Attorney's broad independence. The police on the other hand have in practice, a relatively low level of independence. There are those who maintain that undue political influence is being exerted on the police and hinders its independence, especially with respect to politically sensitive investigations and the appointment of senior police officers. It appears that the actual independence these two agencies have in investigating political offenders does not measure up to the independence they are "declared" and acknowledged to allegedly have. In practice, both the police and State Attorney enjoy a great deal of independence.

The enforcement agencies were found lacking in **governance, integrity** and especially in **accountability** in practice, where they ranked exceedingly low. Formally, the enforcement agencies are subject to a reasonable degree of accountability as far as being required to report to

the minister in charge, but public accountability was extremely low (scores of 30 and 37). So in practice, there is no mechanism in place enabling oversight of decisions made by the State Attorney or of its actions (this was particularly apparent when it came to the investigation of public officials) and thus in practice, that office has almost no accountability. Things were similar when it came to the police, with accountability being internal, to those who supervise it. Public perception is that the police which is “policing” itself, tends to be overly lenient with its own and therefore is seen as an agency with no integrity and no accountability. Conversely, the State Attorney is perceived to have high levels of integrity but to be lacking in internal self-regulation mechanisms. It appears that the external body demanding accountability from the enforcement agencies is the media, which critiques them in cases where they exhibit an egregious lack of integrity or accountability. **Transparency** is rather deficient in the enforcement agencies, despite the fact that they are required to exercise it, as all public bodies are. It seems that there is a particular lack of transparency in the areas of law enforcement and crime prevention. In practice, it appears that the State Attorney and the police refrain from providing information, using the limits in the Freedom of Information Law (national security, undue effort, etc.) to justify this.

The enforcement agencies play a very important **role** and make a significant contribution to **national integrity**. Both agencies work in full cooperation with the other and fill a central role in the fight against corruption. The enforcement agencies have not been deterred from investigating corruption and criminal charges, even at the highest levels of government, including the President, the Prime Ministers, government ministers, and MKs (including those in office). Despite the fact that great care is taken in opening and conducting investigations, there have recently been criticisms leveled at the enforcement agencies of an over eagerness to launch such inquiries. On the other hand, there are those who are critical of the prolonged investigations of elected officials, causing the subversion of evidence and lowering the chance of conviction, and which are seen to weaken the fight against corruption. In spite of the above noted, it should be clear that no claim is being made here of bias in investigations or in their results, or of their closing or suspension due to political influence or pressure, or as a result of bribery or corruption in the enforcement agencies. It seems that the agencies are generally unafraid of exposing,

investigating and bringing corruption charges against any person, irrespective of their position and standing, and thus fill an important role in the fight against corruption.

Political parties:

The Israeli political parties received one of the lowest scores (55/100) in this evaluation of the National Integrity. This score is not surprising in light of the fact that public trust in the parties is low and the public perceives them as corrupt. The parties' **ability to function** is significantly affected by the lack of resources and the difficulty they have in obtaining them. The lack (at times severe lack) of resources also impacts on the parties' independence from external factors that provide them with funds. Israel has in place a set of laws, chief among which is the *Political Parties Law* that are designed to regulate the funding of political parties as to enable their independence. The law limits contributions to prevent corporations and outside financial interests from intervening in the conduct of the parties through their financial influence. For example the *Political Parties Financing Law* allocates State-funding to political parties. However, in practice, it appears this allocation seldom suffices to satisfy the parties' needs and they resort to alternative sources of financial support. It appears, therefore, that the law is not very effective in preventing the involvement and influence of external forces in the arena of political parties. Another shortcoming is that in reality, this law rather than help actually discriminates against newly formed parties and small parties, in favor of longstanding and large parties. The law in fact limits the financial resources allocated to the former, thus limiting their accessibility to the public and hindering their ability to raise funds on their own. This, along with the considerable debt owed (mostly to Banks) by many of the political parties in Israel attests to the fact that they do not enjoy independence from and non-dependence on external financial and interest groups. The political parties are also frail in **governance. Transparency** within most parties is insufficient. By law, the parties are required to disclose their financial statements but in practice most make public only the basic information the law compels them to. As a result, they can quite easily conceal from the public eye donations and financial deviations in their finances. Most parties fulfill the basic requirements in the law but make no further effort to record their full and complete income and expenses. In practice, the public (and often even ordinary party members) does not get access to the full and complete financial status. **Accountability** is also deficient in

this pillar: there are inadequate levels of parties' accountability to their electorate (for example, with regard to campaign promises) which can hold them accountable only every several years in re-elections. Accountability is an issue also with respect to the enforcement of the *Political Parties Law*. There is here a built-in problem in that, any legislation that intends to regulate and tighten the limitations placed on the parties must be approved by the Members of the Knesset, who themselves are representatives of those political parties. Naturally they are loathing passing such laws. The State Comptroller is the only official organ to audit and scrutinize the parties' financial statements hence acting as guardian of the public purse. In this matter the parties are accountable to the Comptroller. With regard to **integrity**, the parties are rather weak. In effect, the parties seek and find loopholes in the *Political Parties Law*, which they exploit for their own benefit. They also lack integrity in their adherence to their declared political platform and election promises. The public's perception is that the parties act with a great deal of cynicism.

As far as their **role in the integrity system**, the parties do practically nothing (except for paying lip-service) to support the fight against public corruption and are seen to promote their political power and influence agendas over a more stately and ideological agendas. All this adds up to the fact that the parties' political and internal-administrative conduct does not make for a positive contribution to Israel's national integrity system. Many claim that the parties' contribution is in fact negative and harms the national integrity in Israel.

Civil society:

Unlike other pillars, the Civil Society pillar encompasses a huge variety. In Israel there at the time of the study over 30,000 registered associations. Hence, it is rather difficult to make generalizations here about Civil Society Organizations. The term "Civil society" here includes non-profit organizations, public benefit organizations and the like, or in other words, civic bodies working towards civic goals, without the expectation of benefit. This pillar ranked medium-to-high (69/100). Generally speaking, the Civil Society's **ability to function**, as far as its independence and the availability of resources, is not high and can certainly be improved. Civil society in Israel suffers from regulatory limitations placed on it and interference in its affairs, by the government (via the Registry of Societies). These restricting regulations were not designed in order to assist the Civil Society organizations (CSOs), and therefore do not necessarily contribute

or promote their activity or sustainability. The law grants a great deal of authority and power to the regulator of civil society: the Registry of Societies, but the authority and directives are defined in a way that leaves much room for interpretations by the Registrar and consequently for rather arbitrary decisions and personal biases. This impedes the independence of Civil Society. CSOs are constrained by many regulations and bureaucratic requirements that actually exceed the mandate of the law but have become so entrenched that they have morphed into norms or kind of de facto law. Such is the case of the “Associations Proper Management certificate”, which turned from being a recommended certificate to assist potential donors, to a requirement that is mandatory for all non-profit associations. Fulfilling the Proper Management requirement complicates and encumbers the CSOs in their activities and at times may threaten their very existence. Fundraising is a crucial concern for CSOs: many lack income and the scarcity of government funding means that many are dependent on donations that they must painstakingly gather. This limits their ability to plan and execute long term activity even threaten their long term survival. Accepting by CSOs of large donations that enable ongoing operations creates a dependency of the CSOs on the donors. Thus, the much needed donation can become a source of undue influence by a major donor on their activities, possibly conflicting with their stated purpose and goals. It is important to note that these problems are doubly acute for Israeli minority groups' CSOs.

Governance (transparency, accountability and integrity) within the Civil Society is quite appropriate. The “Guidestar” project has enabled considerable transparency for CSOs and is the largest voluntary civil, in collaboration with the Registry of Societies, database on CSOs in Israel. Internal transparency, however, is not regulated so there is a problem with poor internal transparency in many CSOs. Many of them are far from being transparent in their dealings (including decisions, finances, activities protocols etc.) even to their own members. Regarding **accountability** there is no regulatory insistence that CSOs give full and complete account of their activities. While the CSOs are required to provide a great deal of administrative-organizational information to the Registry, in their internal dealings however, no demands for accountability are placed upon them, and the choice of whether or not to act accountably depends on each association's good will and on the character of its leadership and members. In practice, in quite a few CSOs accountability to both internal and external stakeholders, including their

members and/or executive committee, is viewed only in very general and vague terms such as aspiring to achieve their mission statements or statements of purpose, and thus their level of accountability is low or non-existent. This connects with the problematic nature of **integrity** in Civil Society: no mechanism exists that monitors whether organizations act with integrity, and in accordance to the mission statements and terms of association which they undertook to uphold. This reflects directly on the level of integrity which CSOs actually exercise. It should be emphasized here that it is difficult to make generalizations about integrity in Civil Society, as it includes thousands of CSOs, each very different from one another in their purpose and nature. The *Law of Societies* defines mechanisms designed to ensure integrity in CSOs. These mechanisms include clearly defined articles of association and mission statements, required (yearly) general assemblies and more. However in practice, the problem arises from the lack of oversight of the implementation of these mechanisms. Consequently, the level of integrity among CSOs is not high, even if it due to malfeasance but rather from ignorance of the requirements or an absence of appropriate behavioral norms. However, it ought be emphasized that very large variations exist in terms of integrity among the various CSOs.

The **role in the integrity system** of Civil Society is a very important one. It seems that several CSOs have undertaken as their central mission the battle against corruption. Clearly, these SCOs function as important watchdog organizations. Nonetheless, there is much room for improvement in the conduct of many other CSOs who take integrity lightly and hence make a negative contribution to the national system. An overarching anti-corruption agenda among CSOs is only minimally promoted, but some inter-organizational cooperation does exist among several of them for combatting corruption. There are CSOs who act extensively to monitor and review the activities of the Knesset, the Cabinet and some governmental office, the Media and more to expose miss-conduct or corruption or make covert information accessible to the public.

The media:

Mass Media here includes the press, public and commercial radio, and television broadcasting. The analysis does not include online media (internet sites, etc. which differ in nature). The evaluation of the integrity resilience of the media it earned a medium-high overall score (72/100). The Israeli media's faces limited financial resources to the extent that it limits its ability

to function. Thus, independence is limited given the significant dependence on external financial sources; it is characterized by poor governance, in need of improvement. The media contributes a great deal to national integrity in Israel but being such an important and central bulwark of the system, its contribution requires a great deal of improvement.

Israel has a wide variety of local and national, general and sectarian media outlets. This variety enables those who are interested to obtain an overall balance view of events, even if some media outlets present a biased or one-sided picture. In terms of **independence** the media is regulated by laws and regulations that deal mainly with its licensing and conduct, and less with content (excluding matters of national security or racial incitement or incitement against the State). The Israeli press is still regulated by the *British Mandate's Press Ordinance*. This ordinance is outdated and does nothing to advance the development of the field. Moreover, the ordinance has great potential to harm freedom of expression. Broadcast and electronic media are regulated by the 1982 *Communications Law* and by the guidelines set by the *Cable and Satellite Broadcasting Council*. These are more current laws, which are periodically updated. A significant problem facing Israeli media is the absence of formally legislated "Freedom of Expression" law. Freedom of Expression as such, derives from the *Basic Law: Human Dignity and Liberty*. In order to protect the media, judicial interpretations were made and legal precedents were set. Regarding the **ability to function**, many media outlets, both private and public, suffer from a severe lack of resources, which causes them to compromise on content quality and make them susceptible to a great deal of external pressure regarding the published contents and external influences from advertisers. Government funding of public broadcasting as well as private ownership (sometimes crossholdings of financiers and external interests) influence and limit what materials are selectively published, and act to damage the media's independence. There appears to be too little regulation and oversight of the media and its content, which at times leads to over-independence on part of the media resulting in degradation of quality, as well as susceptibility a great deal of influence (economic, political and others) by external interests over what is published and/or broadcast. **Governance** (transparency, integrity and accountability) in the media is not high. As far as **transparency**, all media outlets are required to disclose their ownership and the names of those in senior positions but are not required to do the same for those in less senior positions, despite the fact that they also wield a great deal of influence. No transparency exists as far as the

decision making process of what will or will not be published/broadcast and why, and what was shelved or censored (self-censorship) and why. The law allows for gag orders, whether issued on security grounds (military censor) or pursuant to a court order barring the publication of certain items or topic. The spirit of the law reflects a desire to retain transparency and freedom of publication and reduce confidentiality (i.e. place as few limits on the media as possible) but in practice it seems that non-publication happens at a rate greater than is expected or desired. On the one hand, the Israeli Military Censor infrequently bans publication and its decisions are transparent; but on the other hand, the courts seem to be quick, perhaps overly quick, in issuing gag orders, thus damaging the media's transparency to the public and limiting its right to know. The too great levels of self-censorship in Israeli media are a much more significant factor affecting the publication or the withholding from publication of news items. Media outlets exercise self-censorship out of concern for damage to economic-commercial, politico-social and, rarely, security interests. These hidden interests, which being hidden cannot be countered (to whom would one present the argument?), distort the media's transparency. While to the outside observer, the media appears transparent and unfettered, in practice it is governed by self-censorship dictated by outside, unseen sources, both with respect to what is and isn't published or covered by the media. There is a great deal of concern about the way this informal and hidden self-censorship damages the media's transparency and compromises its mission of serving the public.

The media also does not rank highly in **integrity** and **accountability**. It appears private media outlets are run more according to commercial interests than out of consideration for accountability, integrity and public service. There is not enough rigorous attention paid to verifying and checking of facts, and too great a reliance on material fed by external public relations sources. The lack of an independent, public ombudsman for the media means that the public has no one to which it can address complaints and hence greatly reduces the media's accountability. In the same vein, the lack of Code of Ethics is also very problematic, even while its absence is less conspicuous due to the existence of the "Nakdi Report" for ethical media conduct, which acts as non-binding informal ethical code. Too few laws, regulations, guidelines and binding ethical codes govern the media, and those that do exist are only voluntarily and unevenly adhered to by the various media outlets. The *Anti-Defamation Law* acts to somewhat

encourage the accountability of the media. Other, similar laws and well-publicized lawsuits filed against journalists under such laws act as a kind of “brake” on the media and serve to increase its accountability with respect to its publications. This type of legislation may also serve to repress the freedom of the press. Such laws cannot prevent one-sided or biased publication that does not contain an element of defamation. In those cases, the influence of economic-political interests is relatively great. Accountability is supported by a “balancing” factor in the form of the professional norm of journalistic integrity. Many media outlets wish to preserve this norm in order to retain their reading/viewing audience.

The Media has a significant positive **role in the national integrity system**. There can be no doubt that the media outlets, especially those that are concerned with investigative journalism, make a significant contribution to the fight against corruption and to the national integrity. Conversely, there are also media outlets which do not do so and worse yet, protect condemnable interests and even distort publication under the influence of such interests. The role of the media as society’s watchdog is significant but still should be strengthened, as it is an irreplaceable one.

The Foundation of the National Integrity System in Israel

The pillars of the Israeli integrity system rest upon the social, political, economic, and cultural infrastructure of the country and one cannot ignore the fact that they are rooted in and influenced by these societal underpinnings. For example, it can be posited that the weakness of the political parties in the national integrity system (along with the legislative and executive branches, which are based on political parties) is affected to by the social, political, and cultural infrastructure of Israel and correlates with its social, ethnic, and religious infrastructure. Political parties in Israel have mainly coalesced around socioeconomic and ethnic and religious divisions, perhaps even to a greater extent than around ideological ones. Political party affiliation has not been successful in breaking through these divides. In other words, the principal Israeli parties are more closely identified with social divisions, such as the dominant Ashkenazi segment of society, economically disadvantaged segments and those of Sephardic ethnic origin, as well as the various religious factions (e.g., Ultra-Orthodox Jews, religious Zionists), immigrants from the former Soviet Republics, and of course Arab-Israelis. Thus a multiplicity of parties and socio-

ethnic interests, of varied and sometimes contradictory outlooks, were created and they impact on the political system and its stability. This multiplicity of political actors and interests that are competing with each other creates a political background which does not sufficiently promote and support the national integrity system. Against this background, the public has come to see most contemporary politicians not as people of vision or ideology, but rather as fairly cynical ones who are striving to enhance and preserve their own power and political clout, as well as advance narrow sectorial and self-interests to promote their own standing. Many people see politics and politicians as opportunistic and self-serving.

Given all these, it is clear that ranking the integrity of the system on its various pillars must be performed in light of the infrastructure of the social, economic, and political culture in Israel, in which the system is rooted. This background and infrastructure cannot be ignored.

The integrity, accountability, and contribution to the integrity system, of the parties, the government (which is made up of party members), and the legislative branch are all perceived as low. This situation is the result of the public state-of-mind that sees politics as an instrument for advancing personal and sectorial interests over national goals and objectives. This is most readily apparently in a distinction that arose in our research between the accountability and integrity of the Knesset as an institution and the accountability and integrity of individual Members of Knesset, who were ranked very low and are the “weak link” of integrity in the Knesset. Similarly, in practice, the transparency, accountability, and integrity of the executive branch are quite low, and are significant weaknesses of that branch, most likely deriving from the same perception of politics noted previously.

On one hand, the basis of Israel’s institutional-political infrastructure includes a fundamental perception of the state as a parliamentary democracy. This fundamental perception can be viewed as the support infrastructure of the three highest-ranked institutions of the national integrity system: the Central Elections Committee, the judicial branch and the State Comptroller. These three institutions are not dependent on party politics but on fundamental principles and a basic system of laws. Their mission and actual function are seen to be serving the state rather than personal and sectorial interests. The difference between these and other institutions’ standing, as well as their power, seem to derive from those distinctions.

Main Conclusions and Recommendations

As previously presented, the analyses of Israel's national integrity system depict it as a dual-axis system consisting of two main and opposing forces. One reflects the institutional elements with a low integrity ranking: the executive branch (the government) and its arms in the civil service and political parties. These elements weaken or erode the national integrity. The opposing axis of institutions with a high integrity ranking - the Central Elections Committee, the judicial branch, and the State Comptroller – reflects mechanisms which safeguard against the erosion of the national integrity and support it.

We wish to emphasize that such an internally inconsistent institutional structure as that of the Israeli national integrity system raises concerns about the erosion of the ability of the system's safeguards to withstand the pressures and influences of low integrity elements, which may be called "integrity-eroders". Such a "confrontational" structure can cause a deterioration of Israel's national integrity system rather easily. Our main recommendation is that the policy for advancing national integrity should focus on this course of action and the sooner the better. There are some who claim that such pressures and erosion are already at work over the past few years, taking the form of attacks on the judicial system, parties promoting legislation that bypasses the High Court, attempts to weaken the institution of the State Comptroller, and attempts to control public media and "moderate" its role as an important control mechanism when it comes to the system's integrity.

These considerations should be contemplated and taken into account when formulating policy dealing with national integrity in Israel. In order to advance the national integrity system, the elements with a low level of integrity ought to have that level raised so that they strengthen the system rather than allow them to wear down the high integrity elements, which act as safeguards, and thereby weaken the system overall. As previously noted, some recent processes can be interpreted to reflect an erosion in the status of the high integrity institutions as well as of the "wall of separation" between the three governmental branches, a separation which forms the basis of democratic rule. These circumstances reveal a significant and ongoing erosion of the national integrity.

An additional recommendation relates to laws as they are legislated and as they are enacted in practice. As noted, analysis of the system's pillars was performed both from the legal perspective and the perspective of what happens in practice. The findings show that generally speaking, the national integrity system is much weaker when the application of the law is examined in comparison to the laws and regulations as they are on the books. The Actual application of the law was consistently ranked lower (66 on average) than the formal rules and regulations as they were written (79.5 on average). In other words, the existing legal framework allows for improved governance (and its various aspects) and functioning of the national integrity system that are higher than what takes place in practice. It therefore appears that it is possible to improve the national integrity not only by changing legislation and regulations, but also - without any legislative changes, and perhaps mainly so - by improving the way the system operates in real life. Yet such a behavioral change requires significant cultural and societal changes, and when viewed through the prism of Israeli society's attitude towards integrity – that is no simple matter. The research yielded an additional conclusion, showing that all the pillars were relatively strong in their ability to function (77 on average). At the same time they ranked much worse in the governance criteria (transparency, accountability, and integrity) and in their contribution to Israel's integrity system (68 on the average on both components). The greater effort must therefore be made in improving the governance component.

A third practical conclusion that arises from the report is that Israel needs a transparency revolution. A common thread running through the improvement recommendations for all the pillars is the need for increased transparency. Our basic recommendation is that all bodies and institutions make transparency their default mode of operation. The information possessed by public institutions belongs to the public, and these institutions hold it in a kind of trust. The information must therefore be transparent, accessible, and legible to the public, both in the manner it is presented and in its actual content. Withholding transparency must be grounded in serious and worthy rationale, centered mainly on preventing some significant damage that would be caused by publication.

Additional and more specific recommendations are included in the full report.