



State Comptroller and Ombudsman
Annual Report 70B | 2020

Ministry of Foreign Affairs

Israel's Foreign Affairs Framework and the Ministry of Foreign Affairs Budget Crisis

Abstract



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Background

In recent years, the activities of the State of Israel in the international arena have expanded greatly, and today dozens of government ministries and government bodies (hereinafter - the foreign affairs framework) maintain direct and indirect contacts with government agencies, professional entities and international organizations worldwide. This activity provides many opportunities for the State of Israel to advance its political position in the world, strengthen its international image, improve its economic capabilities and advance its interests in accordance with the government's policy. The Foreign Ministry, which operates through 103 diplomatic missions deployed around the world, plays an important role in the implementation of government policy in the international arena. In recent years, there has been a consistent reduction in the Foreign Ministry's share of the state budget, and in 2019 the Ministry's budget has been greatly reduced, a move that has impaired its activity in Israel and worldwide.

Key figures

161

The number of countries with which Israel has diplomatic relations in 2019

103

The number of Israel's diplomatic missions in the world in 2019

35

The number of state agencies active abroad in 2019

NIS 3.2 billion

2019 Budget for activities of Governmental bodies involved in the foreign affairs framework


NIS 1.385 billion

The original budget of the Ministry of Foreign Affairs for 2019 that constituted 0.29% of the total state budget

14.7% -

The rate of reduction of the original budget of the Ministry of Foreign Affairs for 2019 compared with 2018 against the increase of the total state budget by 4.3%


Audit Actions

 In February-September 2019, the State Comptroller's Office examined aspects related to the activity of the Israeli foreign affairs framework in the international arena, as well as the procedures that led to the preparation of the Foreign Ministry's budget for 2019 and their implications. The examination was carried out in the Ministry of Foreign Affairs, in the Ministry of Finance and in the Prime Minister's Office. Supplementary inquiries were made at the National Security Headquarters, the Ministry of Economy and Industry, the Ministry of Diaspora, the Ministry of Strategic Affairs and Public Information, the Ministry of Defense and the IDF, and other bodies representing the country abroad. In addition, as part of the investigation, the State Comptroller's Office held a symposium in which former ambassadors and senior retired officials from the Foreign Ministry participated, and distributed a questionnaire among approximately 28 government ministries and government agencies to receive information on their activities in the international arena and their views on the activities of the foreign affairs framework in recent years.




The Situation Reflected in the Audit Findings

Operations of Israel's Foreign Affairs Framework in the International Arena

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-  In 2019, the State of Israel's foreign affairs framework included decentralized operation of more than 35 government ministries and other government entities, alongside the Foreign Ministry, with a total budget volume of approximately NIS 3.2 billion and some 4,500 employees in Israel and abroad. The situation regarding the employment of employees within this wide-ranging framework, its budget and the operation of all the parties involved, is not presented in a centralized manner in the government work programs and the state budget.
 -  This framework has created a wide range of areas of launch, overlap, parallelization and completion with regard to dealing with various issues in the international arena. It was found that, at the very same time, these issues are addressed by both the Foreign Ministry and by other government ministries and other entities, in the same countries and international organizations, and often also vis a vis the very same foreign governmental and state entities; this leads to a lack of coordination, syn-chronization and cooperation between these various state bodies.
 -  The government's decisions on formulating a national strategy for the State of Israel's activities in the international arena, while optimizing the allocation of state resources, have not yet been implemented.
 -  There are no fixed boundaries between authorities and definitions of fields of action and boundaries between the Foreign Ministry and the dozens of other government bodies operating in the international arena, and no examination or staff work has been undertaken regarding the proper working model, in a way that makes it difficult for the various bodies to work in their joint areas of activity and make proper use of their abilities to create effective coordination arrangements and relationships.

-  The government has not yet established who will be responsible for coordinating and integrating between the government bodies operating in the international arena. This is required in view of the rapid changes and developments in the mapping of global interests and the need to create an overall comprehensive assessment while utilizing the full knowledge available on the international level. In addition, no orderly mechanism, clear procedure or regulated practice have been set up for mutual updates of government ministries and other government bodies, making it difficult to consolidate effort in the international arena.

The Process of Formulating the 2019 Foreign Ministry Budget and its Implications

-  The substantial cut (by 14.7%) in the core budget of the Ministry of Foreign Affairs for 2019 compared to its 2018 budget has led to a budget crisis in the Ministry. As a result, many activities, including core operations, did not take place, which could affect the State of Israel's foreign relations, service to citizens abroad and more.
-  The Ministry of Finance has led a move to close Israeli diplomatic missions abroad, although its proposal did not rest on a thorough examination of the effects of this action on Israel's foreign relations.
-  The government's decision regarding the gradual closure of seven missions has not yet been implemented, following the decision by the political echelon. Consequently, the Ministry of Finance did not transfer the one-time budgetary supplement that was conditioned on the closure of the aforementioned missions.



The dozens of government agencies operating abroad have expanded their interactions with foreign government bodies, with international organizations and with private corporations around the world, creating opportunities for the State of Israel to improve its position in the world and enhance its image.

The Ministry of Foreign Affairs is taking initiatives to promote the interests of the State of Israel around the world, and as part of this, it has initiated the establishment of a global forum, in collaboration with other government ministries, aimed at dealing with the climate crisis.

In 2019, the Prime Minister's Office promoted the establishment of an inter-ministerial committee to conduct regular staff work to focus government activities in the field of international development and to develop strategy in the field, in inter-ministerial coordination and cooperation.

Main Audit Recommendations

Operations of Israel's Foreign Affairs Framework in the International Arena



Given the decentralization of the operations of the governmental bodies within the foreign affairs framework, actions for the implementation of government decisions on this issue must be taken, including convening an Executive Committee for the establishment of common national strategic goals for the foreign affairs framework, creating an optimal operating mechanism, mapping of all government ministries and government bodies operating on behalf of the State of Israel in the international arena and defining the Foreign Ministry's place in this framework. The effectiveness of implementation of all the various bodies within the framework must be considered, as well as ensuring that these actions are derived from the national strategy and in line with developments in the technological sphere.



In order to manage the decentralized foreign affairs framework, it is recommended to appoint a government entity that will integrate the activities of all the relevant parties and work to regulate mutual coordination, cooperation and updating mechanisms. It is also appropriate to determine responsibilities, authorities and boundaries of the entities operating in the international arena.



It is appropriate that any government agency operating in the field of foreign affairs should formulate a work plan in its areas of activity and responsibility in accordance with national strategic objectives, while setting benchmarks for future examination and evaluation, and that all plans be formulated into a single government plan.



It is recommended to examine the budget for operations of the various bodies within the foreign affairs framework, in a manner that will be suitable to the responsibilities, objectives and operating mechanism of each governmental entity, based on principles of efficiency and resource pooling. It is also advisable to examine the possibility of an integrative presentation in the state budget of all the resources allocated to the various ministries and bodies within this sphere of operation.



The Process of Formulating the 2019 Foreign Ministry Budget and its Implications



It is appropriate that the budget allocation to the Ministry of Foreign Affairs shall be decided through discussions between the Ministry of Finance and the Ministry of Foreign Affairs after orderly staff work, balancing between budgetary considerations and diplomatic-political considerations, in view of the total budget allocated to the activity of the foreign affairs framework and its division among the various parties operating in this arena.

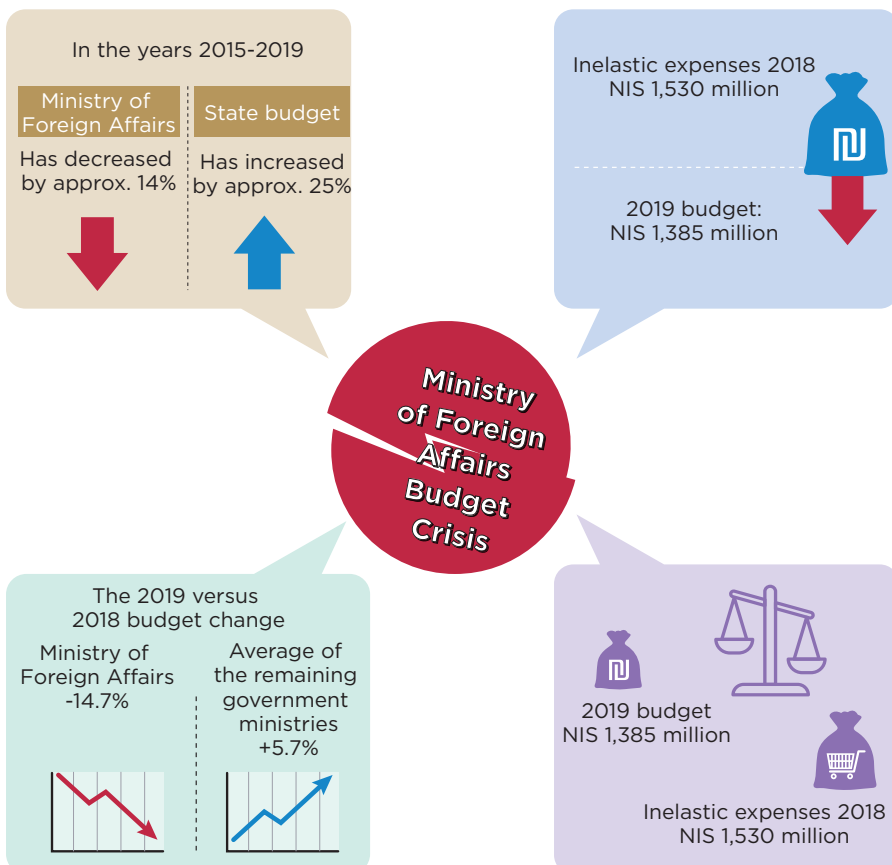


It is appropriate that the budgetary agreements to be drafted will give expression to elastic and inelastic expenses, along with the initiation of an implementable efficiency plan, which will prevent disruption of the Foreign Ministry's activities and allow it to continue to fulfill its mission.

-  The Ministry of Finance and the Ministry of Foreign Affairs must formulate a methodology and mechanism for mutual accountability in respect of price increases or reductions in the countries where the diplomatic missions operate.
-  It is recommended that the Ministry of Finance, in cooperation with the Foreign Ministry, consider allocating a permanent budgetary allowance for UN payments, which will not be affected by the changes in the Foreign Ministry's budget, in order to prevent delays in transfer of payments (that are not pursuant to specific policy decisions).

Summary

The State of Israel has to deal with complex challenges on a daily basis and act to ensure its national resiliency and strengthen its status and achievements in the world. The constraints within which the state operates - budgetary, security and others - emphasize more strongly the necessity that the foreign affairs framework operate according to meticulous planning and strategic thinking, efficiently utilizing the available financial resources and centers of knowledge. Therefore, the Israeli government and its arms must consider a comprehensive reform of Israel's foreign affairs framework in order to move it forward and maintain the strength of the State of Israel and its international status.



Integration of the Ministry of Finance and the Ministry of Health data, processed by the State



The government Foreign Array - The active headquarters and performance bodies in Israel with an affinity to the international arena

Ministry of Foreign Affairs		National Security Headquarters		Prime Minister's Office	
Civil Aviation Authority	National Security Headquarters	Ministry of Finance	Israeli Space Agency	Ministry of Tourism	National Cyber Directorate
'Nativ' in the Prime Minister's Office	Innovation Authority	Israel Police	Ministry of Education	Ministry of Public Security	Higher Education Council
Ministry of Economy and Industry	Ministry of Justice	Ministry of Health	Ministry of Diaspora	Ministry of Communications	Ministry of Defense
Ministry of Immigration and Absorption	Ministry of Labor and Social Affairs	Ministry of Regional Cooperation	Ministry of Culture and Sport	Ministry of Social Equality	Ministry of Science and Technology
IDF	Ministry of Intelligence Services	Ministry of Energy	Ministry of Interior	Ministry of Transport	Water Authority
	Ministry of Agriculture and Rural Development	Ministry Of Jerusalem And Heritage	Ministry of Environmental Protection	Ministry of Strategic Affairs and Public Information	

Source: Information provided by the various bodies, the websites of the bodies on the Internet, the Ministry of Finance website, processed by the State Comptroller's Office.