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Ministry for the Development of the
Periphery, the Negev and the Galilee

Activity of the Ministry for the Development of the Periphery, the Negev and the Galilee and of the Negev and Galilee Development Authorities

Abstract



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Background

In January 2005, the government decided to establish the Deputy Prime Minister's Office, as a dedicated office that will initiate, among other things, projects for the development of the Negev and the Galilee. The purpose of the ministry is to provide specific assistance to communities in the Negev and Galilee and to communities that are under the definition of social periphery to strengthen social resilience, increase economic growth, reduce gaps in opportunity and improve the quality of life in these communities.

The Negev Development Authority and the Galilee Development Authority are statutory corporations (hereinafter - the Development Authorities). The minister responsible for them is the Minister of Development of the Periphery, the Negev and the Galilee (hereinafter - the Minister of Development).

Key figures

NIS **496** million

The budget of the Ministry for the Development of the Periphery, the Negev and the Galilee for 2017

35

Number of local authorities in the Negev

NIS **40** million

The budget of each of the development authorities for 2017

94

Number of local authorities in the Galilee





Audit Actions



In August 2017 - February 2018, the State Comptroller's Office examined aspects of the activities of the Ministry of Development of the Periphery, the Negev and the Galilee (hereinafter - the Ministry of Development) and the Development Authorities and their interactions. The audit focused on actions taken in the Negev and the Galilee, but not in (other parts of) the periphery. The State Comptroller's Office also examined the functioning of the Development Authorities and the Ministry of Development with regard to the appointment of the CEO of the Negev Development Authority, the employment of external consultants and administrative and personnel issues. The audit was conducted at the Ministry of Development and at the Development Authorities. Supplementary examinations were conducted in several local authorities, the Government Companies Authority and the Civil Service Commission.

The Situation Reflected in the Audit Findings



-  **Independence of the Development Authorities and recruitment of resources from external sources** - The Development Authorities function only on the basis of the budgets they receive from the Ministry of Development and do not make use of the additional methods allowed them by law to raise additional funding for their operation. As a result, despite their independence as separate authorities, the Ministry of Development treats them as one of its districts and intervenes in their activities and ongoing work.
-  **Barriers to fundraising by local authorities in the Negev and Galilee** - The local authorities do not exhaust the resources provided to them by the Ministry of Development and the Development Authorities because of the following barriers: the lack of possibility of submitting requests online in response to calls for proposals; lack of accessibility in the Arabic language; lack of a comprehensive distribution list prepared for the organized distribution of calls for proposals; the response time for a call for proposals is limited and does not allow the local authorities to meet the submission and document provision deadlines; the matching financing requirements from local authorities with low socioeconomic status; and delay in transferring the payments to the local authorities.
-  **Execution of projects** - It was decided to extend a joint venture of the Ministry of Development another year, even though the previous year, the venture partner did not meet its conditions. In the Negev Development Authority, a project was approved even though it was doubtful that it would meet the Authority's goals, and in another project, one of the local authority's employees worked to direct a local authority to amend its application to obtain a higher support.
-  **CEO appointment process for the Negev Development Authority in 2016** - A controversy arose among members of the committee regarding the work experience of the selected candidate, with regard to management of a system of significant financial scope. It should be noted that the Appointment Review Committee reviewed and approved the appointment.



Hiring consultants - The Tendering Committees of the Development Authorities selected via a tender procedure two government relations consultants and a female empowerment consultant without having been presented with a document detailing the need for their employment. The two consultants employed in the Galilee Development Authority had a professional background in providing service to the political party of the Minister of Development. Also, the Development Authorities did not do enough regarding the monitoring and control of the consultants' work.



In August 2017, agreements were signed between the Ministry of Development and the Development Authorities, the subject matter of which was maintaining the necessary balance between their independence and the need for supervision and control over them; However, certain differences were found in the wording of the Ministry of Development agreements with the two Development Authorities.

Main Audit Recommendations



The Ministry of Development must maintain the necessary balance between the need to maintain the independence of the Development Authorities and the need for supervision and control over them.



The Ministry of Development and the Development Authorities must identify barriers facing the local authorities in the Negev and Galilee and work to find solutions that will increase the utilization rate of resources allocated to the Negev and Galilee, including for example: to facilitate the submission of support requests in response to calls for proposals, match the response time to a call for proposal to the complexity of the project, transfer payments to local authorities at the relevant time and take a progressive financing method to reduce the gaps between the strong and weak local authorities.



The Minister of Development and the other Ministers must act to appoint members in the administrations and councils of the Development Authorities as required by the Negev Development Authority Law, 1991, and the Galilee Development Authority Law, 1993.



The Attorney General must consider the changing of the procedure for filing support requests in a manner that includes the applicant's declaration regarding those in the organization having a connection with the support providing body.



The Negev Development Authority Council must establish in advance clear benchmarks for scoring and evaluating candidates for positions in the Authority and consider ways to improve the work of the search committees and the information provided to them.



The Tender Committee in the Development Authorities must ensure that the course of its discussions are reflected in the protocols of its meetings, including the defining of needs, budgetary framework and detailing the reasons for the tender approval; the Authorities should improve the hiring processes of consultants while ensuring that they receive reliable reporting from them while supervising over and controlling their work.



Summary

The Ministry of Development of the Periphery, the Negev and the Galilee and the Negev and Galilee Development Authorities were established with the aim of bringing about economic, scientific and social development in the Negev and the Galilee, and their activities should have a significant impact on the Negev and the Galilee communities and their residents. The Ministry of Development and Development Authorities must work to remove various barriers to the participation of local authorities in the Negev and Galilee in projects initiated by the Ministry of Development and Development Authorities, in order to ensure that most of the budgets for the projects are directed to weak local authorities. In addition, they must work efficiently and effectively, and create proper control arrangements for the operation of projects and activities.