



The Palestinian Authority is looking for creative ways to continue transferring payments to terrorist prisoners and to families of shaheeds, circumventing Israeli opposition

November 26, 2020

Overview

► On November 17, 2020, Hussein al-Sheikh, head of the PA General Authority of Civil Affairs and member of Fatah's Central Committee, as well as a close associate of Mahmoud Abbas, announced **the resumption of ties between the PA and Israel in their previous format**. The announcement means **the renewal of civil and security coordination with Israel** in the same format as before May 19, 2020, the date on which Mahmoud Abbas announced the termination of coordination with Israel. The PA's announcement reflects its willingness to **return to the previous course of civil and security coordination with Israel**, after relations were cut off (although not completely) almost half a year ago¹.

► From the PA's perspective, one of the key issues in the resumption of ties with Israel is **the renewal of the transfer of the tax revenue funds that Israel collects for the Palestinian Authority**. According to Palestinian economist Jafar Sadaqa, Israel holds NIS 3 billion accumulated since May 2020 (Al-Araby Al-Jadeed, November 12, 2020). The issue of the tax revenue funds is a **source of controversy between Israel and the PA because Israel deducts from the tax revenue funds the salaries paid by the PA to Palestinian terrorists imprisoned in Israel and to families of shaheeds**.

► Financial support for terrorist prisoners, released prisoners and families of shaheeds is **firmly rooted in the Palestinian ethos and, in the ITIC's assessment, the PA does not intend to make any substantial changes in this support**. However, in order to please Joe Biden's new US administration and enable the transfer of the tax revenue funds from Israel, which the PA needs due to its economic difficulties, **two "creative solutions" have recently been put forward in the PA regarding payments to terrorist prisoners and their families**. **One**, paying stipends **based on an assessment of the socioeconomic status of the terrorist prisoners and their families**, instead of paying salaries based on the nature of the attack carried out by each of the terrorists or the number of years he spent in prison. **Another**

¹For more information, see the ITIC's Information Bulletin from November 26, 2020, "Renewal of Israel-Palestinian Authority Civilian and Security Coordination – Initial update and significance"

solution, which dates back to the Arafat era, is to **employ the released terrorists at the PA's civilian institutions and its security services**. This will enable terrorists to continue receiving their salaries from the PA under the guise of their “employment” at its institutions. To this end, questionnaires have already been distributed to released terrorists, asking them to specify where they wanted to work.

The image shows a questionnaire form from the State of Palestine, Commission of Detainees & Ex-detainees Affairs. The form is titled 'استبيان: التوظيف والتدريب' (Survey: Employment and Training). It contains several sections for personal details, employment preferences, and contact information. The form includes checkboxes for various options and a table for listing preferences.

Questionnaire issued by the Commission of Detainees and Ex-Detainees Affairs which the released prisoners were required to fill out. The questionnaire includes personal details, duration of imprisonment, preferences regarding the place of employment and regarding work in the military or civilian sector (Ultra Palestine website, November 19, 2020)

Ideas for circumventing the difficulties in paying salaries to prisoners by the PA have been proposed and implemented in the past but due to the basic positions of the PA and Palestinian society **they failed to solve the problem of Israel's refusal to transfer funds that would be used to pay salaries to terrorists, some with blood on their hands**. It is therefore doubtful whether behind these ideas **lies a genuine intention on the part of the PA to stop providing generous salaries to Palestinian terrorists and families of shaheeds**. It is more likely that proposing these solutions at the present time is **designed to please the new administration of President-elect Joe Biden and enable the PA to receive the tax revenue funds from Israel**.

The issue of receiving the tax revenue funds from Israel

Overview

► One of the key issues that the PA seeks to achieve through coordination with Israel is the **renewed receipt of the tax revenue funds held by Israel** (which the PA has so far refused to accept) **and the renewal of regular transfers of the payments**. The issue of the tax revenue funds **has long been a source of controversy between Israel and the PA, ever since Israel passed a law whereby the salaries** paid by the PA to Palestinian terrorists imprisoned in Israel and to families of shaheeds **(amounting to about half a billion shekels annually) would be deducted from the tax revenue funds.**²

► Monthly financial support for Palestinian terrorists imprisoned in Israel and for families of shaheeds **reflects a deep and firmly-rooted Palestinian ethos that the PA will find it difficult to change significantly**. Payments to terrorist prisoners and families of shaheeds **are enshrined in legislation and constitute a significant portion of the PA's annual budget**. So far, demands made by Israel and the United States to stop payments to prisoners and families of shaheeds, as well as deducting these payments from the tax revenue funds transferred by Israel, **have not affected this fundamental position, not even in the present era of economic hardship due to the COVID-19 crisis**.

Ideas for changing the method of payment to prisoners

► The PA is well aware that paying salaries to Palestinian terrorists imprisoned in Israel **is liable to constitute an obstacle to the renewal of receipt of the tax revenue funds, which it now desperately needs**. The payment of salaries to terrorists is also liable to make it difficult for the PA to rehabilitate its relations with the new US administration and pose difficulty in renewing US financial aid. It is also liable to be **a source of lawsuits against the PA in the United States**. **Therefore, the PA is currently exploring creative solutions to circumvent this difficulty**.

² According to **Hassan Abed Rabbo**, spokesman for the Commission of Detainees and Ex-Detainees Affairs, released prisoners who spent more than five years in Israeli prisons receive regular salaries from the PA (Al-Ayyam, November 20, 2020).

One solution is to define the salaries of the imprisoned (or released) terrorists as “social payments” contingent on the socioeconomic status of their families. **The second solution** is to employ the released terrorists in PA institutions and transfer the payments as “salaries” for their work. In the ITIC’s assessment, both of these solutions are **cosmetic solutions, which will not have a significant negative effect on the generous salaries paid to terrorists, but will change the way they are defined.** Information about these two solutions was recently leaked to the media, giving rise to **denials by Palestinian spokesmen following criticism by the Palestinian public.**

Solution A: Payment according to the socioeconomic status of the terrorist prisoners and their families

► **Information about the PA’s intention to change the method of payments to terrorist prisoners and their families** was recently leaked to the US, Palestinian and Arab media:

- ◆ The Hezbollah-affiliated Lebanese daily Al-Akhbar quoted “Palestinian sources” as saying that the PA had already begun preparations to change the nature of the care for prisoners’ families, **which number an estimated 7,000.** According to the daily, one of the proposed solutions is that instead of paying according to the nature of the attack carried out by each prisoner and the severity of his sentence, and sometimes even the payment of a military salary, **payments will be made based on his socioeconomic status and the number of family members that he supports.** According to the daily, the Commission of Detainees and Ex-Detainees Affairs **has already begun preparing forms for the prisoners’ families.** A Fatah source confirmed that preparations for these changes had already begun (Al-Akhbar, November 21, 2021). On the other hand, Qadri Abu Bakr, Chairman of the Detainees and Ex-Detainees Affairs Commission, denied reports of the PA’s intention to have prisoners’ salaries paid by welfare institutions, **saying that “this is a lie”** (Safa, November 23, 2020). Qadri Abu Bakr added that the PA cares for prisoners and released prisoners **as a national humanitarian issue and not as a social one** (Sada News, November 19, 2020).

- ◆ **The New York Times published a telephone interview with Qadri Abu Bakr.** According to him, **a proposal is being formulated in the PA to change the payment method,** so that prisoners would receive stipends **based on their financial needs (single or family member) and not on their prison term.** He added that the details of the proposed changes in the system of payments to prisoners **have not yet been**

finalized, and that this would require the approval of Mahmoud Abbas (The New York Times, November 19, 2020). **However, immediately after the publication of these remarks, Qadri Abu Bakr issued a denial.** He claimed that in the interview he had spoken in detail about the employment of released prisoners in the security services and civilian institutions of the PA **and not about the distribution of funds based on social ranking.** According to him, they are working to find a new formula for the payment of their stipends, but the issue of payment based on socioeconomic status has been rejected out of hand, since the issue of the prisoners is **“a clear case of a national political struggle”** (Al-Araby Al-Jadeed, November 19, 2020).

Solution B: Employing prisoners at PA institutions

► Another proposal made by Qadri Abu Bakr is to **employ the (released) Palestinian prisoners at offices of the PA and the Palestinian security services** (Al-Najah website in Nablus, November 22, 2020). According to him, **questionnaires have already been distributed to former prisoners about their job preferences in the security or civilian sector** (The New York Times, November 19, 2020). In another interview, Abu Bakr noted that the issue of employing prisoners at PA institutions **had already been presented to Mahmoud Abbas about a year ago.** According to him, after Mahmoud Abbas gave his consent, **a committee was established about three months ago.** As part of the committee’s work, **the released prisoners were given questionnaires asking them to indicate where they would like to work.** He noted that **7,300 released prisoners would be hired to work at PA institutions and payment of their stipends would be stopped** (Watan News Agency, November 22, 2020).



Qadri Abu Bakr, Head of the Commission of Detainees and Ex-Detainees Affairs
(Watan’s YouTube channel, November 22, 2020)

► Hassan Abed Rabbo, spokesman for the Commission of Detainees and Ex-Detainees Affairs, said that payments to prisoners are a **“national responsibility”** that will

continue to exist regardless of the intense pressure exerted by Israel in this regard. Abed Rabbo added **that it was too early to discuss the issue, since matters are still in the initial stages of job placement at the various services, offices or civilian authorities, and the process has not yet been completed.** He noted that the process would be limited to government institutions and would not apply to the private sector. Hassan Abed Rabbo mentioned **that in the period following the signing of the Oslo Accords and the release of 12,000 Palestinian prisoners, thousands of them were hired at PA institutions and at the PA security services,** and they are still recognized as released prisoners working at offices of the PA. He stressed that the planned step would integrate the prisoners in public life and it **does not harm their status and preserves their rights as released prisoners.** According to him, all those who meet the criteria and job requirements will be hired (Ultra Palestine website, November 19, 2020). In this context, Qadri Abu Bakr noted that prisoners over the age of 60 and those who are unable to work will be included in the **“retirement pension” section after working for just one month in the job chosen for them** (independentarabia website, November 22, 2020).

Initial criticism of Qadri Abu Bakr’s proposals

Former prisoners and their families criticized Qadri Abu Bakr’s proposals. They expressed concern **that their employment at public sector institutions would represent a prelude to the elimination of their case in view of international and Israeli pressure.** In the ITIC’s assessment, it can be assumed that **this criticism will intensify if and when the ideas detailed above are implemented in practice.**

► Following are two statements on this matter:

- ◆ **Qassam Barghouti, son of Marwan Barghouti** who is serving five life sentences and another 40 years in prison, said that **the proposals were unacceptable and shameful.** According to him, the prisoners are not welfare cases **and they receive payments according to the period of time they spend in prison, in recognition of the magnitude of “their sacrifice”** (The New York Times, November 19, 2020).
- ◆ **Muhammad Asfour, a former prisoner who served 15 years in prison,** expressed concern that the proposals meant eliminating the national issue and activity as part of the struggle. According to him, this could lead to the abolition of the honorary terms

“released prisoner” or “wounded” and instead they would be called “operative in the preventive security service” or “Col. so and so.”

► **Qadri Abu Bakr responded to criticism of the proposals and attempted to reassure the critics.** Speaking at a rally in front of the home of Palestinian terrorist Na’el Barghouti in the village of Kobar to mark the beginning of his 42nd year in an Israeli prison, Abu Bakr claimed the existence of a conspiracy to harm Palestinian prisoners. However, he added, **the prisoner issue is a red line for them because their rights cannot be violated, regardless of circumstances and the pressure** [applied to the PA] (Facebook page of the Friends of Qadri Abu Bakr, November 23, 2020).



Qadri Abu Bakr, Chairman of the Commission of Detainees and Ex-Detainees Affairs, speaking at a rally in the village of Kobar, the hometown of senior terrorist Marwan Barghouti, opposite the home of Palestinian prisoner Na’el Barghouti³ (Facebook page of the Friends of Qadri Abu Bakr, November 23, 2020)

Further preparations for the opening of an independent PA banking institution

► Israel presented the PA with **another difficulty with regard to the payment of stipends to prisoners and families of shaheeds** with the publication of an order prohibiting the transfer of funds via banks in Judea and Samaria. The order was issued in February 2020 by Maj. Gen. Nadav Padan, then Head of the IDF Central Command. It stipulates **that banks used for transferring salaries to Palestinian prisoners and families of shaheeds violate the Terrorism Law, and bank managers and their employees will become partners in crime if they permit prisoners in Israel to continue to hold accounts**, because this is considered

³ **Na’el Barghouti is a terrorist who was sentenced to life imprisonment for the murder of an Israeli in 1978.** He is a former Fatah operative who entered the ranks of Hamas while in prison. He was released in the Gilad Shalit prisoner exchange deal but was detained again less than three years later for violating the terms of his release and returned to prison to serve the rest of his sentence. He is considered the longest-serving security prisoner in an Israeli prison.

terrorist financing. The order means that the banks are prohibited from providing services to terrorists incarcerated in Israel and to released prisoners. This order exposed banks where prisoners hold accounts and their employees to imprisonment and economic sanctions (Israeli media, May 9, 2020)⁴.

► In order to circumvent this order and enable the payment of salaries to continue, **the PA decided to find a bypass mechanism to transfer the payments to prisoners and families of shaheeds**. The PA examined a number of alternatives and ultimately decided on **the establishment of a government banking institution that would handle the bank accounts of prisoners and families of shaheeds**, which would not be affiliated with entities in Israel or international entities. **The establishment of the bank was approved by the PA government** (June 1, 2020) and the PA began its establishment (Facebook page of the Friends of Qadri Abu Bakr, June 2, 2020). **On July 20, 2020, Bayan Qassem was chosen as CEO of the bank** (Wafa News Agency, July 20, 2020). **On July 27, 2020, the Palestinian government approved the name of the new bank, Bank Al-Istiqlal (i.e., Bank of Independence) for Development and Investment** (Wafa News Agency, July 27, 2020)⁵.

Even after renewing coordination with Israel and requesting the transfer of the tax revenue funds, the PA continued to work to expedite the opening of a government bank.

In an interview with Al-Najah TV (in Nablus) on November 22, 2020 (five days after the announcement of the renewal of ties with Israel), Qadri Abu Bakr, Chairman of the Commission of Detainees and Ex-Detainees Affairs, announced that **the bank would commence operation in early January 2021** (so far, no date has been set for the opening of the bank). According to him, **the bank will belong to the PA and will operate under its full responsibility** (Facebook page of the Friends of Qadri Abu Bakr, November 19, 2020). He repeated this in an interview with a Palestinian media website operating in the Gaza Strip, noting that the bank (Bank Al-Istiqlal), through which prisoners' salaries would be paid, would commence operation in early January 2021 (Sabaq 24, November 21, 2020).

⁴ For further information, see the ITIC's Information Bulletin from June 7, 2020, "The Palestinian Authority plans to establish a bank to enable it to transfer payments to Palestinian prisoners and the families of shaheeds."

⁵ For further information, see the ITIC's Information Bulletin from October 1, 2020, "The Palestinian Authority continues preparations for founding a bank which will enable it to transfer funds to terrorist prisoners and the families of shaheeds"

Appendix

Offsetting the funds transferred by the PA to terrorist prisoners from the tax revenue funds

► According to the Palestinian policy enshrined in law, **every Palestinian imprisoned or wounded as a result of terrorist activity related to the Israeli-Palestinian conflict is entitled to a stipend for himself and his family.** A family whose son was killed as a result of such activity is also entitled to a stipend. The guideline in payments is **that the more severe the sentence or injury, the higher the payment to the person or his family.** The commitment to payments to the families of shaheeds, prisoners and released prisoners has become **a significant item in the PA budget.** For example, in the 2018 budget, the PA allocated the sum of around NIS 1.28 billion (approximately 7% of the budget) to the Commission of Detainees and Ex-Detainees Affairs and the Fund for Families of Martyrs and the Injured. **Both of these institutions are subordinate to the PLO,** but in practice they are operated and budgeted by the PA⁶.

► In accordance with the Paris Protocol of 1994, which constitutes the economic annex to the Oslo Accords, Israel collects taxes for the PA and transfers them to it on a monthly basis. The transfer of funds through Israel has enabled Israel to offset the amount transferred by the PA to prisoners and families of shaheeds from the tax money, with the aim of reducing the PA's motivation and ability to transfer funds to terrorists and their families.

► **The Law on Freezing Revenues Designated for the Palestinian Authority was passed by the Knesset (Israel's parliament) on July 2, 2018.** Under the law, at the end of each year, the Israeli Minister of Defense will submit a report to be approved by the Political Security Cabinet detailing the monies paid by the PA to terrorists and their families in the past year. In each month of the following year, 1/12 of the tax money that Israel transfers to the PA, as specified in the report, will be frozen.

► **On February 17, 2019, the Political Security Cabinet approved the implementation of the law and deducting more than half a billion shekels from the monies transferred to the PA.** In response, PA President Mahmoud Abbas stated that the **PA was waving the monies transferred to it from Israel** and even threatened to withdraw from the Paris

⁶ For more information, see the ITIC's Information Bulletin from March 29, 2018, "Terror funding by the Palestinian Authority: Mahmoud Abbas recently approved the budget for 2018, about 7% of which is devoted to assisting prisoners, released terrorists, and families of shaheeds."

agreements. On many occasions (including at a session of the UN General Assembly), **Mahmoud Abbas reiterated the PA's commitment to transfer payments to prisoners and families of shaheeds.** One of these occasions was his speech on May 19, 2020, when he announced that the PA considers itself free from all agreements and understandings with Israel: “We pledge to our most revered shaheeds, and to our brave prisoners, and to our heroic wounded, that we will continue to be loyal to the commitment and pledge until [we achieve] victory, liberty, independence [and the right] of return, so that we can hoist the Palestinian flag over the Al-Aqsa Mosque and Church of the Holy Sepulcher with them [...]” (Wafa News Agency, May 19, 2020).