Overview

On January 1, 2021 an order given by the IDF Commander of the Central Command went into effect banning the banks in Judea and Samaria from providing banking services to Palestinian prisoners, released prisoners and the families of shaheeds receiving payments from the Palestinian Authority (PA). Following the order, the Bank of Palestine, the largest Palestinian bank, began closing accounts of prisoners and shaheed families. (Filastin al-A'an, January 5, 2021).

Before the order went into effect, Qudri Abu Bakr, chairman of the authority of prisoners and released prisoners' affairs, announced that payments for December 2020, and January and February 2021 had been made in advance (al-Andalou News, December 29, 2020). That is expected to give the PA government breathing space until the new American administration begins functioning, and to formulate an alternative method for making the payments.¹

Given those developments, there were changes in the Palestinian Monetary Authority's (PMA) senior personnel. The PMA is PA's official source of economic authority, established as part of the Paris Accord (See Appendix). The changes were the following:

- Azzam al-Shawwa, PMA governor and prominent Palestinian banker, submitted his resignation to Mahmoud Abbas without advance notice, after having served for as PMA governor for five years (his term was supposed to end in 2023). Mahmoud Abbas immediately accepted his resignation (PMA website, January 3, 2021).

¹ For further information, see the December 29, 2020 bulletin, "The Palestinian Authority plans to pay prisoners and the families of shaheeds three months in advance to gain time to find ways to circumvent the Israeli ban."

- **Dr. Feras Milhem was appointed to replace him.** He is a well-known jurist who served as a member of the PMA's board of directors for more than five years. He was immediately sworn in (Wafa, January 4, 2021; al-Hayat al-Jadeeda, January 3, 2021).
- **Muhammad Manasra** was sworn in as deputy PMA governor on December 24, 2020 (PMA website, December 24, 2020).

Dr. Feras Milhem (right) the new PMA governor, and his new deputy, Muhammad Manasra (left), are sworn in by Mahmoud Abbas (PMA website, January 4, 2021).

- The rapid changes in PMA senior personnel, mainly the sudden resignation of Azzam al-Shawwa, an experienced, professional banker, was a great surprise to Palestinian economic experts. The Palestinian and Arab media hypothesized several reasons for it. The official cause given was "personal reasons." Others included the intervention of "outside influences" in the PA; professional differences between the PA and the PMA; and the appointment of Muhammad Manasra as deputy PMA governor without a;-Shawwa's agreement (Felesteen, January 6, 2021, Sama, Amad, January 3, 2021; the Chinese news agency Xinhua in English, January 4, 2021).
One of the reasons proposed for al-Shawwa's resignation, which in ITIC assessment may be the main reason, was **his objection to the measures taken by the PA and the banks in Judea and Samaria following the order given by the Commander of the IDF Central Command.** The measures included closing the accounts of prisoners and families of shaheeds and promoting the establishment of an independent government bank to handle such accounts.\(^2\) The rapid appointment of Dr. Feras Milhem to replace al-Shawwa could indicate that at this stage Mahmoud Abbas has successfully overcome the economic (and possibly political) objections to PA solutions for making the payments.

\(^2\) Rajab al-Madhoun wrote an article for the Hezbollah-affiliated Lebanese newspaper al-Akhbar claiming that a possible reason for al-Shawwa's resignation was his objection to obeying Israel's order and closing the prisoners' accounts in banks in Judea and Samaria. Al-Shawwa claimed that the governor of the PMA could instruct the banks in Judea and Samaria to ignore Israel's order and that there was no need to close the accounts because they were handled in accordance with Palestinian banking laws. According to the article, al-Shawwa was pressured by senior PA figures who had an interest in restoring coordination with Israel and thereby receiving the tax revenues Israel withheld (al-Akhbar, January 6, 2021).
The Palestinian Monetary Authority and changes to its senior personnel

The Palestinian Monetary Authority (PMA)

The PMA's logo (PMA website, January 10, 2021).

The PMA is an independent public institution directly subordinate to the PA chairman and responsible for formulating and implementing monetary and banking policy. It was established under the Oslo Accords as part of the Israel-PLO Economic Agreement, Paris, 1994. As part of the Paris Agreement, was decided to establish a monetary authority that would serve as the PA's official source of economic authority and in effect serve as its central bank but without the authority to issue currency.

According to the PMA website, it is an independent public institution responsible for the formulation and implementation of monetary and banking policies to maintain price stability and low inflation, foster financial stability and safeguard the banking sector and promote sustainable growth of the national economy. PMA works to achieve these goals through:

- Development and execution of monetary policy designed to ensure low inflation and achieve price stability.
- Effective and transparent regulation and supervision of banks, specialized lending institutions, money changers, and payment system companies operating in Palestine.
- Overseeing the development, implementation and operation of modern, efficient payment systems.³

³ https://www.pma.ps/en/AboutPMA//VisionandMission
The PMA operates according to international standards and receives technical support from the International Monetary Fund and the American USAID. Responsibility for financial oversight is divided between the PMA and the Palestinian Capital Market Authority. The PMA oversees the banks, currency exchange and small funding institutions. The Palestinian Capital Market oversees the stock exchange, insurance companies and real estate companies (Ashra - The Israel Foreign Trade Risks Insurance Corporation, August 2013).

**Azzam al-Shawwa**

Azzam al-Shawwa was born in Kuwait in 1963. In the same year his family moved to the Gaza Strip. In 1998 he got a BA in mathematics from the LeMoyne-Owen College in Memphis, Tennessee, USA. In 1989 he joined the Bank of Palestine and was responsible for foreign relations and served in other high-ranking capacities. In 1994 he was appointed to coordinate with the branches of the Arab Bank in the Gaza Strip. In 2003 he was appointed to the position of PA minister of energy. In 2007 he was appointed director-general of the al-Quds Bank. In 2013 he was appointed director-general of the Palestinian Commercial Bank. **He was appointed by Mahmoud Abbas as PMA governor in 2015**, replacing Jihad al-Wazir. In November 2019 Mahmoud Abbas issued an edict extending his position as governor until 2023.

Azzam al-Shawwa (right) is sworn in by Mahmoud Abbas to the governorship of the PMA, November 2015 (Safa, July 4, 2017).

Azzam al-Shawwa is considered one of the most prominent Palestinian bankers. In addition to his role in the PMA he is also a member of several boards, including the Association of Palestinian Businessmen, the Palestinian Investment Fund, the Yasser Arafat Institute, al-Quds Open University and the Arab Bank Association (PMA website, January 7, 2021).
Dr. Feras Milhem

Dr. Feras Milhem, who replaced Azzam al-Shawwa as PMA governor, received an LLD from a Belgian university in 2004, an MA from Birzeit University in 2000 and a BA from a university in Morocco in 1993. He is a member of the Palestinian Bar Association and is fluent in Arabic and English. He was head of the rule of law team of the Quartet for more than four years; head of the PMA's complaints office for four years; was an expert in legal training in the prosecutor's office through UNOPS (the United Nations Office for Project Services) for a year; and for three years was deputy head of staff and chief expert in the project for strengthening the Palestinian legal system funded by the EU.

For many years Dr. Milhem was a leading writer of legislation, a legal advisor and chief researcher for several projects, some of them funded by the EU and others by a British organization called Transparency International (including projects for fighting corruption and electronic administration). He also taught in the law faculty in Birzeit University between 2004 and 2009, and was the aide to the dean of the faculty. He was a guest lecturer in the University of Florence in 2011 and at several universities in Belgium between 2000 and 2002. Between 2007 and 2009 he was advisor to the Palestinian minister of the interior. He has written thirteen books about law and legislation (al-Hayat al-Jadeeda, January 3, 2021).

Muhammad Manasra

Muhammad Manasra has worked for the PMA since 1998. During that time he has filled several roles in bank oversight, including serving at least ten years in senior positions. His most important position has been general-director of the oversight branch, a position he had filled since the beginning of 2020; head of the department of oversight and monitoring
since the middle of 2018 and head of the department of monetary and investment activities since the beginning of 2017; on December 24, 2020, he was appointed as PMA deputy governor.

Manasra was a member of several important PMA policy, instructions and permissions committees. In addition he represented the PMA in many local, regional and Arabic committees. He was a member of the board of directors in the Capital Market Authority and chairman of the monitoring and risk committee, a member of the national committee to fight money laundering and terrorism financing, and PMA representative in the Arab Currency Fund. He received an MA in accounting from al-Quds University in Abu Dis in 2001, and a BA in accounting and funding from Hebron University in 1997. He is in the final stages of his PhD in Islamic funding at Jinan University in Lebanon (PMA website, December 24, 2020).