

Terms of Reference (TOR)

External Audit of Social Welfare Reform - Palestinian National Economic Empowerment Institution (PNEEI)

Issued by: Office of the President of the State of Palestine

Audit Oversight Body: PNEEI Board of Trustees

Audit Period: July 2025 - December 2025

Location: West Bank and Gaza

Scope: All reform activities related to cash assistance transition, PMTF eligibility enforcement, inclusion/exclusion decisions, and payments

Background

In line with Decree-Law No. 4 of 2025, the Palestinian Authority has introduced a sweeping transformation of its social welfare model. Under the guidance of the President and implemented through PNEEI, this shift:

- Ends legacy payments based on political classifications (prisoners, martyrs)
- Introduces a **needs-based system using PMTF (Proxy Means Testing Formula)** and international best practices
- Transfers financial and registry responsibilities from the Ministry of Social Development to PNEEI
- Expands registration to all eligible households in the West Bank and Gaza

A phased, independent audit is required to verify transparency, fairness, legal compliance, and financial integrity.

Audit Objectives

1. Ensure the **lawful and fair implementation** of the welfare reform
 2. Verify that **no payments occurred** without PMTF registration and eligibility
 3. Assess whether **inclusion/exclusion decisions** were made objectively and equitably
 4. Confirm that **payments are aligned with eligibility**, properly disbursed, and accounted for
 5. Strengthening **transparency, credibility, and international donor confidence**
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Audit Phases and Deliverables

◆ Phase 1: System Readiness and Eligibility Control Audit

Timeline: July – August 2025

Focus:

- Confirm that **no beneficiaries** received payments **before registration and PMTF scoring**
- Review legal frameworks (2024–2025 decrees), registry integrity, and PNEEI protocols
- Audit the eligibility determination process according to the multidimensional poverty criteria, based on 43 internationally recognized indicators.

Deliverables:

- Legal & operational compliance report
 - Verification that all active beneficiaries were registered
 - Recommendations to prevent unauthorized disbursements
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◆ **Phase 2: Full Inclusion/Exclusion Audit Post-Gaza Registration**

Timeline: September – October 2025

Focus:

- Evaluate inclusion/exclusion decisions across the system
- Compare registration and eligibility outcomes for:
 - Families of prisoners (5,542)
 - Martyrs and injured families (23,000)
 - Newly registered Gaza households
- Ensure no discrimination or misclassification occurred

Deliverables:

- Inclusion/Exclusion Decision Matrix
 - Geographic and demographic equity analysis
 - Case-based report with root cause findings
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◆ **Phase 3: Eligibility-to-Payment Compliance Audit (Sample-Based)**

Timeline: November – December 2025

Focus:

- Random sampling of payment records to verify:
 - PMTF scores exist and match eligibility rules
 - Payment amounts, timing, and method are accurate
 - No “ghost” payments, double entries, or excluded families receiving funds
- Red flag detection for manipulation or political re-entry

Deliverables:

- Sample-Based Audit Report
 - Visual dashboard: inclusion rate, exclusion errors, geographic comparison
 - Review a representative sample of up to unidentified beneficiary cases.
 - Irregularity summary and response recommendations
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Audit Firm Qualifications

The selected international audit firm must have:

- Global experience auditing social protection or humanitarian cash programs
 - Familiarity with PMTF and proxy poverty targeting
 - Capacity for field validation in West Bank and Gaza
 - Arabic-speaking auditors or verified translation partners
 - No political affiliations or conflicts of interest
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Timeline Overview

Phase	Key Activity	Duration
Phase 1	Legal & eligibility control	July - August 2025
Phase 2	Inclusion/Exclusion validation	September - October 2025
Phase 3	Payment-to-Eligibility verification	November - December 2025
Final Report	Consolidated report and briefing	December 2025

Final Deliverables

1. Three phase reports (Arabic & English)
2. Executive Summary and Policy Brief for the President

3. Slide deck for Board of Trustees and Donors
 4. Actionable compliance and reform recommendations
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Confidentiality and Access

The auditor will receive full access to:

- Social registry and PMTF scoring records
- Disbursement data (e-wallet, bank transfers)
- All relevant laws, manuals, and board resolutions
- PNEEI staff for interviews

All findings are confidential and will be reported to the PNEEI Board and Presidency only unless otherwise authorized.

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