

Follow the Money

Where Do International Contributions to the Palestinian Authority *Really* Go?



Unpublished Draft

The Office of the Spokesperson | The Israel Defence Forces
August 2002

Abstract

By keeping a double set of books, the Palestinian Authority has systemically channeled at least 14% of its public budget, as stated to the IMF and donor states, to Fatah, other terrorist organizations, and various covert destinations. An explanation of captured original Arabic documents (with their English translations) details the mechanism of this multi-million dollar money-laundering operation that has turned international humanitarian aid into support for terror and suicide bombing.

Table of Contents

Abstract.....	2
Table of Contents	3
Summary.....	5
Follow the Money: Where Do International Contributions to the Palestinian Authority Really Go?.....	5
Published Budget.....	6
Sources of PA Income, April 2001–March 2002.....	7
PA Internal Budget.....	8
Exchange Rate Fraud	8
Fatah Membership.....	9
Padding the Payroll with Fatah Operatives.....	9
PA External Budgetary Sources.....	9
Conclusion	10
Full Report	12
Background	12
International Aid.....	12
Conservative Analysis.....	12
What are PLO and Fatah?	13
Palestinian Authority – PLO – Fatah.....	13
Financial Corruption in the Palestinian Authority.....	13
The Salary Budget and Its Management	13
Double Reporting Designed to Fool the IMF	13
Exchange Rate Differences	14
Salaries Paid to Fatah Operatives.....	14
Deductions from the Salaries of PA Employees for Fatah Membership	15

PA External Budgetary Sources.....	15
Budget Reserves Finance Other Activities	16
How is the Money Transferred?.....	16
Transfers of Money to Fatah Branches	18
The PA officials involved in the process	20
How Much Money is Directed to Terrorist Elements?	20
Conclusion	21
Internal and External (IMF) Questioning of PA’s Financial Honesty	21
Corruption Continues	22
An Instructive Example	22
Terror Financed with Funds Designated for Humanitarian Aid	22
Appendix.....	23

Summary

Follow the Money: Where Do International Contributions to the Palestinian Authority Really Go?

Since its creation, the Palestinian Authority (PA) has received some U.S. \$4.5 billion in international aid and investment. Since the beginning of the current Palestinian/Israeli conflict in September 2000, the international community has provided the majority of the PA's monthly operating budget of some \$90 million.

An international investment of well over \$1,000 per capita in civilian aid would normally be expected to show significant results – and yet, it is difficult to identify any real benefit this aid has produced for ordinary Palestinians.

Criticism of PA corruption and lack of financial transparency has come from inside the Palestinian leadership as well as from donor states and other observers. While the movement for reform of the Palestinian Authority has gained increasing rhetorical support, the mystery as to how the millions donated to the PA are being spent remains unsolved.

In the course of Operation *Defensive Shield* and other missions in areas controlled by the Palestinian Authority, the Israel Defense Forces (IDF) have discovered dozens of documents revealing the nature of the financial workings of the Palestinian Authority. These documents include computer files as well as paper memoranda, letters, and so on – including hand-written notes and signatures from Palestinian leaders up to and including PA Chairman Yasser Arafat. The documents indicate that although the international community finances a large portion of the PA operating budget in an effort to relieve the hardships of ordinary Palestinians, at least 14% of those funds are channeled to terrorist organizations and activities. Each document serves as a piece of the overall puzzle of PA finances; and while many details remain unknown, we can now draw a reasonably clear general picture of how the PA deals with the funds it receives from other nations.

Analysis of the documents captured shows that double-accounting practices enable the PA to redirect funding to PLO and Fatah apparatuses that were supposed to have been disbanded after the PA was established. Some of the documents described in this report prove the connection between PA financing of the Fatah/Tanzim, and suicide bombings and other terrorist attacks carried out against Israeli civilians.

Published Budget

The current Palestinian Authority budget, as presented to the external world, includes expenditures of some \$90 million per month. Of this amount, two thirds – \$60 million per month – is earmarked for payment of salaries. This salary budget is split evenly between members of the many different Palestinian security forces, and Palestinian Authority Civilian employees.

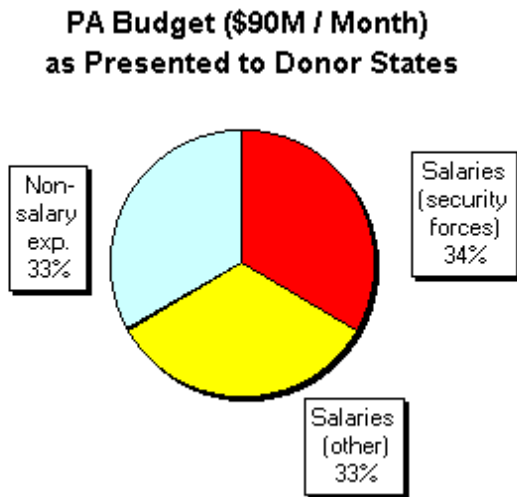


Figure 1: PA Budget as Presented to Donor States

Sources of PA Income, April 2001–March 2002

Since the outbreak of Palestinian/Israeli violence in September 2000, ordinary sources of revenue for the Palestinian Authority, especially taxes paid to the PA by Palestinians working in Israel, have declined. Various Arab states and the European Union have increased their level of support to the Palestinian Authority in order to make up the shortfall. From April 2001 through March 2002, Arab states contributed \$45 million per month to the PA operating budget; the European Union contributed 10 million Euros – equivalent to about \$9 million – per month.

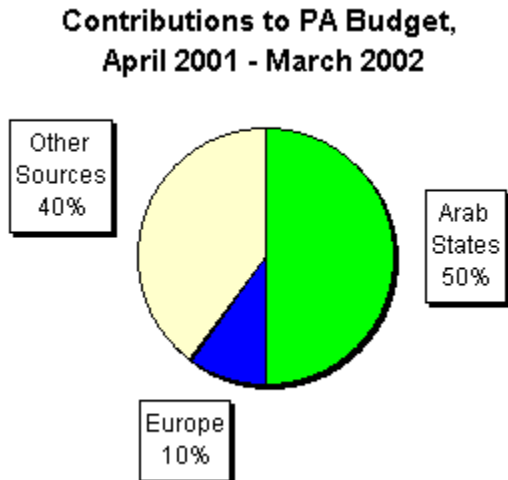


Figure 2: Breakdown of Contributions to PA, April 2001–March 2002

From April 2002, the Arab states increased their support to the PA operating budget to \$55 million per month; the European Union contribution has remained the same, accounting for about ten percent of the “public” Palestinian Authority operating budget.

PA Internal Budget

However, the budget the PA presents to the rest of the world is not the real budget. Captured documents reveal that the true PA salary budget is not \$60 million per month, as published – but instead, about \$40.5 million. This means that of the money deposited in the Palestinian Authority’s payroll account each month, almost \$20 million is available for purposes other than paying salaries.

**"Public" \$60M Salary Budget versus
"Private" \$40.5M Salary Budget**



Figure 3: Budget Published by PA Compared to PA Internal Budget

Exchange Rate Fraud

Palestinian Authority budgets and salary levels are expressed in United States Dollars. However, PA employees are paid in local currency, Israeli Shekels. The PA computes each employee’s pay by converting the dollar amount to shekels; but instead of using the current “market” exchange rate to compute employee paychecks, the PA uses an artificially low rate. (For example, when one dollar was worth 4.4 shekels, the PA calculated paychecks as if one dollar were worth only 3.7 shekels. The discrepancy appears to be growing over time.)

**\$40.5M Salary Budget: Real Value as
Paid in Local Currency**



Figure 4: Total Real Value of Salary Payments

Since the PA uses funds from donor states to buy shekels at the market exchange rate, the money actually paid to PA employees costs the PA considerably less than the amount in the salary budget. As an example, a typical employee might have a monthly salary set at \$300.00. At the artificial exchange rate of 3.7 shekels per dollar, this employee is paid 1,110 shekels; but the actual value of 1,110 shekels at the market rate of 4.4 shekels per dollar is only \$252.27.

By manipulating exchange rates in this way, the PA manages to pay employee salaries budgeted at \$40.5 million per month by spending only \$33.3 million worth of shekels. This frees up at least another \$7.2 million per month for non-salary purposes (because the discrepancy between the PA's exchange rate and the market exchange rate has grown, this figure of \$7.2 million per month should be taken as a minimum.)

Fatah Membership

Additional money is extracted from the salary budget before money reaches Palestinian Authority employees: Each person employed in the PA security establishment must pay a mandatory "Fatah Membership Fee" of between 1.5% and 2%, deducted from each monthly paycheck. It is estimated that these deductions total between \$260,000 and \$345,000 per month.

Padding the Payroll with Fatah Operatives

Over one hundred Fatah and other PLO operatives were placed on the payroll of the National Security Apparatus (the various PA police forces), even though they were actually employed in operating local branches of the Fatah/Tanzim. Hundreds more Fatah operatives were placed on the payrolls of other PA security organizations, as well as PA civilian agencies. According to various estimates, the PA paid salaries to 2000–3200 Fatah/PLO personnel who were not engaged in legitimate PA business; most of these are engaged in various aspects of terrorism against Israel. Given an average salary of 1500 Israeli Shekels per month, these salaries amount to a monthly subsidy of the Fatah/PLO of between \$645,000 and \$1,000,000 per month.

PA External Budgetary Sources

Financial sources external to the budget include the income from various PA activities such as the sale of fuel and tobacco, which are handled by official monopolies controlled by senior PA officials. The revenue from the heavy taxation of these imports is diverted to accounts not included in the PA budget, from which activities not listed in the official budget can be financed.

Conclusion

A very large portion – some 45 percent, or \$27 million per month – of the published Palestinian Authority payroll budget consists of money that does not reach PA employees. All of this money is available for other uses. While we do not know where all this money goes, we do know that a substantial portion of it is used to support terrorism against Israeli citizens. Figure 5 shows the estimated true allocation of the PA's personnel budget broken down by percentages. Figure 6 shows the same breakdown by actual dollar amounts, with salary paid to Fatah/PLO operatives separated from salary paid to legitimate PA employees.

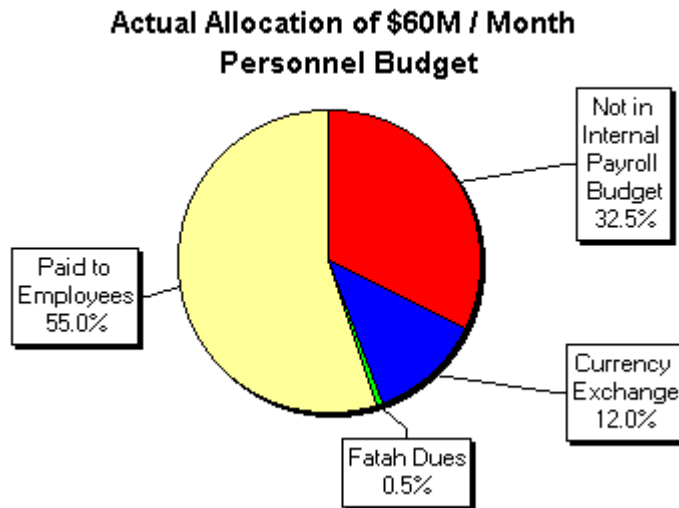


Figure 5: Actual Allocation by percentage of \$60M Budgeted by the PA for Personnel

**Actual Allocation of \$60M / Month
Personnel Budget**

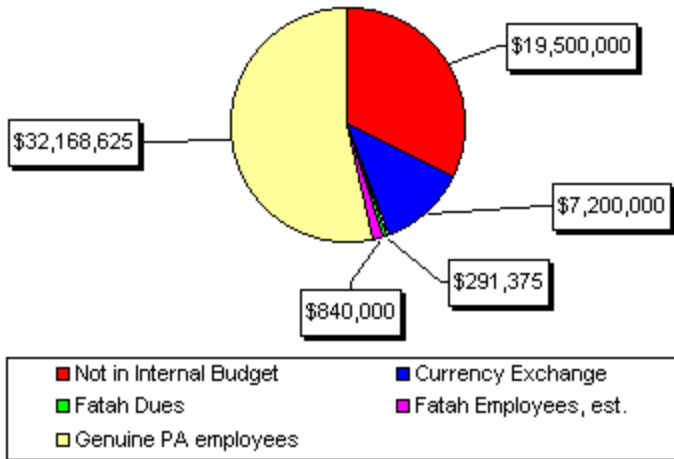


Figure 6: Actual Allocation by dollar amounts of \$60M Budgeted by the PA for Personnel

Full Report

Background

International Aid

When the Palestinian Authority (PA) was established in 1994, European and Arab states mobilized to aid it. The international community has so far invested \$4.5 billion in the PA in order to establish infrastructures and a civil society in the West Bank and Gaza, and to provide humanitarian assistance to the Palestinian population. However, Yasser Arafat and the rest of the Palestinian leadership, which was on the brink of bankruptcy following the Gulf War, failed to take advantage of the political and economic opportunity they were given to build a better life for their people.

European, Israeli, and international hopes for democracy and prosperity in the PA were met with a reality of corruption, waste, and the allocation of funds for completely different objectives.

Since the end of 2000, the PA has received international aid on a large scale in order to finance its current budget. In this framework, since April 2001, the Arab states have directly transferred \$45 million each month to the PA; from April 2002 this amount was raised to \$55 million per month. **The European Union transfers directly to the PA 10 million Euro (approx. \$9 million) of aid per month, financing 10% of the PA's operating budget.**

Two thirds of the PA's monthly budget of \$90 million is allocated, according to PA declarations, to the payment of salaries. Thus, the salaries of PA personnel are financed mostly by international elements, including the European community. In fact, this section of the PA budget has also been used for accumulating surplus funds which could be diverted to other purposes, as proven from the information gathered during IDF Operation Defensive Shield.

This report analyzes documents discovered during IDF Operation Defensive Shield, and shows the diversion of money for purposes vastly different from those for which they were originally designated.

Conservative Analysis

This analysis is based on conservative assessments regarding the diversion of funds, according to the documents now in our possession. Naturally, they reflect only part of the overall picture. Figures quoted here assume an exchange rate of 4.4 shekels per dollar, which was the standard rate in December 2001 (in April 2002, the standard rate was 4.8 shekels per dollar).

What are PLO and Fatah?

As the main recipients of funds diverted from the PA budget, the *PLO* and *Fatah* are mentioned frequently throughout this document. What are these organizations? The initials PLO stand for *Palestine Liberation Organization*, an umbrella group that unites various factions that seek variously to establish a Palestinian state, end the existence of Israel, and so forth.

Founded in the early 1960's by Yasser Arafat, *Fatah* has been the PLO's largest and most prominent faction. Fatah is dedicated to the "armed struggle" against Israel, a euphemism for terrorism against civilians. "Fatah" is a reverse acronym of the Arabic, *Harekat at-Tahrir al-Wataniyyeh al-Falastiniyyeh*. The word "Fatah" means "conquest by means of *Jihad* [Islamic holy war]".

In 1995 the Fatah leadership instituted its own armed militia, called the *Tanzim*. The *Tanzim* was intended to be a counterweight to the military capabilities of the homegrown militant Islamist groups Hamas and Islamic Jihad. (Source: <http://www.iris.org.il/whofatah.htm>)

Palestinian Authority – PLO – Fatah

Institutionalized Palestinian organizations, especially the PLO and Fatah, were not disbanded when the Palestinian Authority was established. Their personnel now wear two hats: They have become functionaries in the PA, continuing to run Fatah affairs from their new offices and transferring PA funds to Fatah. Yasser Arafat holds three posts: Chairman of the PA, Chairman of the PLO, and the Chairman of Fatah. When monetary transfers from Arafat to Fatah terrorist apparatuses are uncovered, Palestinian spokesmen claim that these are internal Fatah transfers, and deny any connection to the PA budget. In practice, **under Arafat's 'triple hat', PA funds, including money originating from international aid, are provided to the Fatah and other PLO organizations that engage in terror.**

Financial Corruption in the Palestinian Authority

The Salary Budget and Its Management

Double Reporting Designed to Fool the IMF

At Europe's request, the International Monetary Fund (IMF) supervises the PA budget. According to the IMF report for the beginning of 2002, the PA pays salaries to 118,000 employees. In practice, it seems that the PA pays salaries to some 130,000 employees (as appears also from the statements of a Palestinian element involved in the subject). **The PA is managing a double reporting system for paying the salaries of its employees.** To contributors, the PA declares its need for about \$60 million per month to cover its payroll. However, from the internal PA documents captured, it is apparent that **the PA needs only 55%-65% of this sum to cover its true payroll budget.** The discrepancy is the result of a combination of operating methods.

Exchange Rate Differences

The PA receives international aid in U.S. Dollars or in European Euros. **In practice, the PA pays its workers' salaries in Israeli Shekels (NIS), at a very low exchange rate.** The PA's exchange rate has not been amended in recent years; and as a result of a gradual decline in the market value of the Israeli currency, the PA retains the ever-growing difference for other uses. For instance, the difference between the exchange rates was 10% in 1998 (3.5 shekels per dollar, the representative rate in Israel, vs. 3.2 shekels per dollar for the salary exchange rate). At the end of 2001, the difference was 19% (4.4 shekels per dollar representative rate, vs. 3.7 shekels per dollar for the salary exchange rate).

The salaries paid to General Security personnel in December 2001 demonstrate this mechanism (see Document 1). The gain to the PA due to the use of the artificial exchange rate can be deduced from the document. According to other documents, in December 2001 "Scientific Committee Personnel" in West Bank branches were paid 183,601 NIS (\$49,622), an exchange rate of 3.7 shekels per dollar (see Documents 2-3).

While the PA allocates in its internal budget books, in our assessment, \$40.5 million for the payment of salaries, in practice it pays the salaries of its employees in shekels which are worth about \$33 million. Therefore, there is a surplus of \$7.5 million in the PA salary account (following the rise in the exchange rate in Israel from 4.4 shekels per dollar to 4.8 shekels per dollar, the surplus in the PA salary budget has grown).

Salaries Paid to Fatah Operatives

According to files belonging to the Organization and Administration Department of the General Security Apparatus, over 100 operatives from Fatah and other PLO groups were on the payroll of the National Security Apparatus (the PA police forces) – but were actually operating Fatah/Tanzim local branches in the West Bank. This process, which took place in the second half of the 1990's, was given additional legitimacy by the PA leadership in early 2001, and has remained in effect during the current conflict with Israel. Scores of operatives from other PLO organizations, received PA salaries in a similar manner.

Fatah operatives were also integrated in other security apparatuses such as the General Intelligence Service, with Yasser Arafat's signed personal approval of their employment. A file captured in the office of the Commander of the Special Forces (a PA security apparatus reestablished in 2001) shows that during Spring and Summer 2001, hundreds of additional operatives from Fatah branches in the West Bank were integrated into the PA employee list. Similar transfers to this apparatus also took place in March 2002.

The implication is that the PA paid salaries to hundreds of Fatah personnel who engaged in terrorism. Among this group were the commander of the Al Aqsa Martyrs Brigades in Samaria (responsible for attacks in which 17 Israelis were killed); the two murderers of an Israeli youth who was lured via the Internet to the Ramallah area and killed there; and many others (see Documents 7-8).

The moves to integrate PLO/Fatah operatives in the Palestinian Authority salary list are directed and managed by Yasser Arafat, wearing his triple hat as Chairman of the PA, Chairman of the PLO and Chairman of Fatah. His handwriting is on many documents relating to this subject, and his signature on employment authorizations shows that he was personally involved in the hiring of local Fatah operatives as bogus PA employees.

It is estimated that 500-800 Fatah operatives from the West Bank joined the PA apparatuses in recent years. Assuming that a similar number joined the apparatuses in the Gaza Strip, between 1000 and 1600 Fatah members are on the PA payroll. If this number is multiplied by the average salary in the security forces (1,500 NIS a month), between \$345,000 and 552,000 (1.5-2.4 million NIS) is being effectively transferred each month from the security forces salary budget to Fatah alone – not including salaries paid to operatives of other PLO groups as nominal members of the PA security forces.

Many more Fatah operatives have been integrated into PA civilian agencies, with even better pay conditions. On the assumption that between approx. 1,000- 1,600 operatives joined the civilian apparatuses with an average salary of \$300, the salaries paid to all Fatah operatives employed by the PA – as members of the security forces or as employees of civilian agencies – total between \$640,000 and \$1 million. This amounts to a PA subsidy financing the Fatah infrastructure.

Deductions from the Salaries of PA Employees for Fatah Membership

The PA exploits its budget in other ways for funneling money to Fatah. According to documents captured by the IDF in Ramallah, the PA deducts a mandatory “Fatah Membership Fee” from the salary of every security-service employee.

According to “Scientific Committee” salary documents, these “membership” deductions are proportional to the salary – from 50 NIS deducted from salaries of Brigadier Generals, down to 5 NIS from Privates. From another document we learn that the total of these deductions from General Intelligence officers in the Ramallah and Jerusalem districts during March and April 2002 was 45,440 NIS (see Documents 5-6).

In our assessment, the Palestinian security forces employ approximately 50,000 people. As the average salary is about 1,500 NIS a month and the deduction is 1.5-2%, Fatah receives somewhere between 1.1-1.4 million NIS per month, which is equivalent to \$260,000-345,000.

PA External Budgetary Sources

Financial sources external to the budget include the income from various PA activities such as the sale of fuel and tobacco, which are handled by official monopolies controlled by senior PA officials. The Deputy Chairman of the PA Legislative Council (Nahaj Munir Alris), who listed the **PA’s weaknesses** in an interview to an Arab newspaper (Al Hayat Al Jadidah, 26 November 2001), **placed the economic monopolies and corruption at the head of the list**. The revenue from the heavy taxation of the fuel and tobacco imports is not included in the PA budget, and so can be used however the PA’s

leaders see fit. It is not surprising that Yasser Arafat personally controls this money. European leaders have rightfully demanded that these monopoly revenues should be part of the official budget accounts managed by the Palestinian Authority Finance Ministry.

The surplus amounts from the PA salary budget, along with funds from outside the official budget, enable the PA to fund additional PLO apparatuses that were not disbanded after the PA was established. One of these is the array of PLO/Fatah representative missions around the world. PLO veterans employed in these missions, many enjoying diplomatic immunity, have been intensively involved in procuring arms and smuggling them to the West Bank and Gaza Strip.

Budget Reserves Finance Other Activities

As shown, various accounting procedures, reporting practices, and other sources provide the PA with large sums of money for which it makes no accounting to outside organizations. These sums have grown in proportion the PA's annual budget. The PA budget in 2000 was significantly larger than its budget in 1999, and the 2001 budget was 16% larger than the 2000 budget. The budget of the Employees Directorate, responsible for paying PA salaries, has grown by 250% since 1999, and its budget has increased considerably during the current confrontation with Israel.

As mentioned above, international aid organizations finance a major part of the PA's current budget. Displaying an inflated budget to international aid bodies enables the PA to have a large reserve for other activities. The inflated budget of Arafat's bureau is a good example. This allocation doubled in 2001, and is now **\$40 million a year** – four percent of the total PA budget. Money for Fatah elements and other organizations is transferred directly from Arafat's bureau, after being personally authorized by Arafat.

How is the Money Transferred?

Money transfer from the PA to the Fatah is carried out through several channels, both from the Palestinian Finance Ministry and from funds outside the official budget. (The Palestinian Finance Ministry is in charge of the official PA budget; other PLO financial resources, such as the "Palestinian National Fund", are managed by different officials.) Transfers from the Palestinian Finance Ministry to Fatah operatives and various PLO organizations originate from the PA budget, which is largely funded by the international assistance sent to the PA. In addition to subsidizing Fatah and other PLO organizations through the payment of PA salaries to their operatives, the PA directly transfers large sums of money to the various Fatah branches.

Fatah Financing by the Palestinian Authority

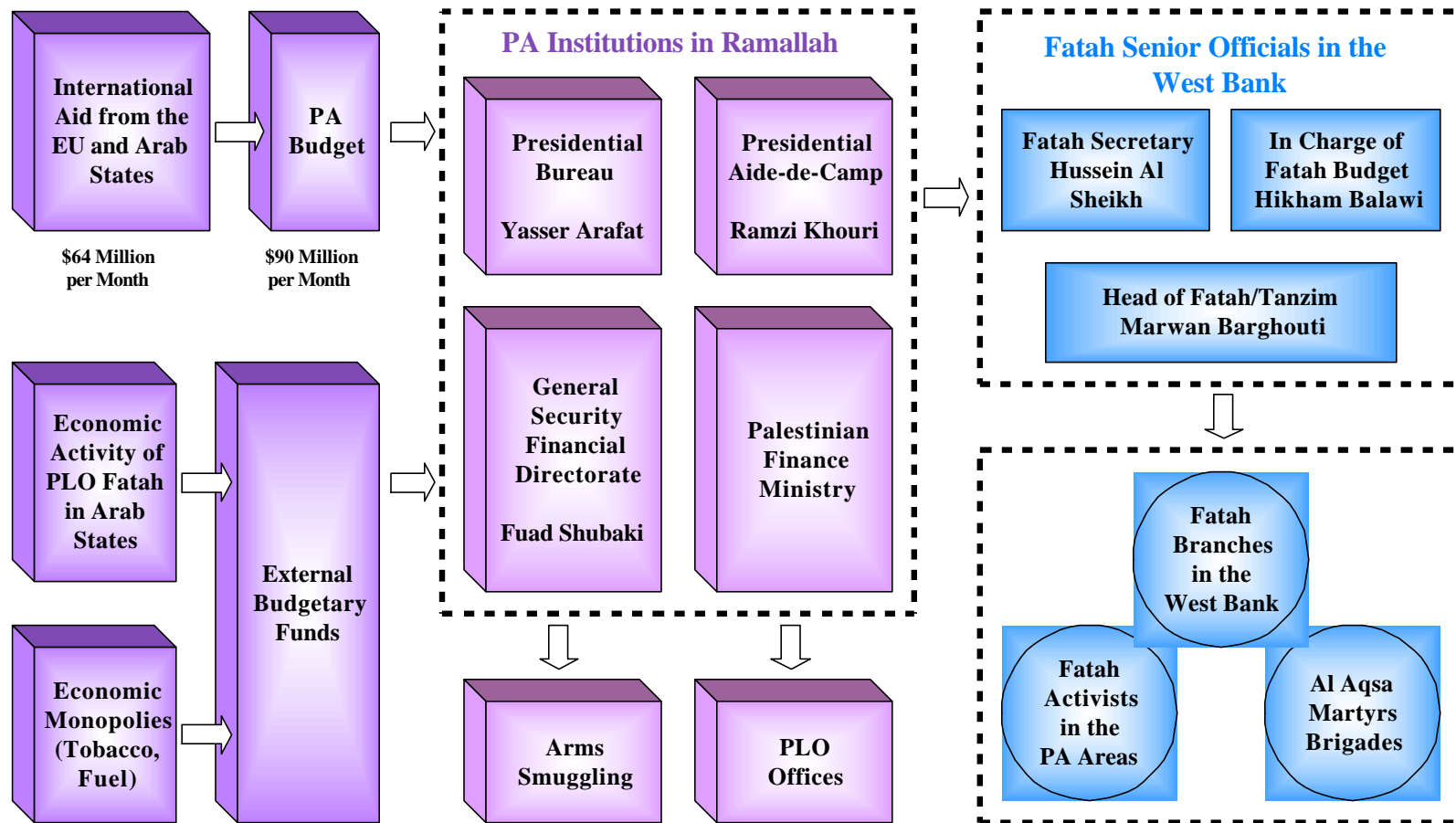


Figure 7: How the Palestinian Authority finances Fatah

Transfers of Money to Fatah Branches

One of the document files captured in Ramallah details a systematic process of transferring money from the PA salary account to Fatah branches. There were 70 such money transfers in 1998-99. This process is outlined below:

- a. Fatah district branches received payments of between 15,000-18,000 NIS, and district sub-branches received between 3,000-10,000 NIS. About 40 such branches received funding from the PA budget.
- b. Fatah Branches in refugee camps received payments of between 12,000–19,500 NIS.
- c. “Shabiba” (Fatah youth movement) branches, as well as Fatah student committees in the various West Bank colleges, were financed with payments from the salary account.
- d. This financing is ongoing. Seven Fatah branches received by this method 2-4 checks, some of which were cleared on the same day.
- e. In total, in 70 money transfers, approximately 440,000 NIS (\$107,000) was transferred (the exchange rate in 1999 was 4.1 NIS to the dollar).

Documents show that there were checkbooks of the PA’s monthly salary account in the office of Marwan Barghouti, the head of Fatah’s “Supreme Movement Committee” in the West Bank. Barghouti and his aide-de-camp withdrew money in an authorized and systematic manner, in order to finance Fatah branches in the West Bank (see Documents 9-11).

The PA salary account is supposed to be used to pay the salaries of security forces personnel and civilian employees of the PA. It is intended to be transparent to international aid donors, and to the IMF. In 1998-99, international donors were not yet financing the PA’s current budget; but this does not reduce the severity of this activity, **in which the PA financed dozens of Fatah branches in order to establish a broad infrastructure of field operatives who in time became armed local militias. This was a calculated move, which took place several years before the confrontation with Israel.**

Some Palestinians with the power of attorney to cash checks became terror perpetrators in the conflict with Israel. For example, Jihad Mahmud Tumali, a senior Fatah/Tanzim operative in the Al Amari refugee camp near Ramallah, and Lawrence Suleiman Makhal from another Fatah local branch in the Ramallah area, carried out shooting attacks while receiving financial aid from Fatah and also from the General Intelligence Service. Abed Al Bassat Rabhi Shu’abka, Fatah/Tanzim Secretary in El Bireh, is on a mid-2001 list of operatives for whom Arafat approved payment of \$500 each, to reward their activities in the confrontation with Israel. **Marwan Barghouti, who signed these checks, was head of the Fatah/Tanzim in the West Bank, and directed the murderous attacks of the Al Aqsa Martyrs Brigades. He was placed under arrest by Israeli forces in April 2002, and is currently (August 2002) on trial in an Israeli civilian court** (see Document 11,13).

It is reasonable to assume that during the confrontation with Israel, changes were made in how money was channeled from the PA to Fatah. We estimate that the aid to Fatah field branches was institutionalized during 2001. From the protocols of the Fatah branch in Nablus, we learned that the official (apparently monthly) budget in 2001 was 49,000 NIS (\$12,000). Arafat had authorized a \$6,000 payment in November 2001 to cover the debts of the Fatah branch in Jenin (see Document 12).

Eventually, the PA began allocating money to individual Fatah operatives involved in terrorist activities, in addition to its budgetary aid to Fatah branches. These payments – in U.S. dollars rather than Israeli shekels – were transferred through Fatah district branches. From analysis of 15 payment orders carried out over 10 months (April 2001–February 2002), the characteristics of the process can be learned:

- a. Money was transferred from the PA Finance Ministry, mostly to Fatah district branch operatives in the West Bank. Only a few transfers went to operatives from other bodies, such as Fatah student committees in a district sub-branch.
- b. Most transfers went to Fatah/Tanzim operatives directly involved in the confrontation with Israel, and a small number were sent to families of operatives arrested or killed by Israeli forces.
- c. Typically, a payment of \$2,000 to \$3,000 was requested for each operative. Arafat consistently reduced the amount, authorizing payments of between \$300 and \$800.
- d. On average, in each Fatah branch some 14 operatives received aid of about \$440. Terrorist squad leaders received a higher sum, averaging around \$600. Occasionally, Arafat approved a payment of as much as \$800 to an operative.
- e. These payments to operatives were made periodically. From a number of branches, requests for payment were sent at intervals of between a few weeks and a few months; Arafat individually authorized each such payment that was made.
- f. District branches in Samaria (Jenin, Tubas, and Tulkarm) received between \$2,000 and \$6,000 for distribution to operatives in each allocation. The Ramallah and El Bireh branch – the main power center of the Fatah/Tanzim in Judea – received between \$5,000 and \$10,000 for individual operatives in each allocation.
- g. District branches received a total of between \$12,000 and \$22,000 each for distribution to individual operatives over the ten-month period.

From the end of November 2001 until the beginning of February 2002 – a period of escalation in the conflict with Israel – Arafat approved payment of between \$50,000 and \$70,000 to operatives in West Bank Fatah branches. The 16 payment orders found by the IDF total approximately \$100,000; but they reflect only part of the overall picture, since there are 20 Fatah district branches: 13 in the West Bank and 7 in the Gaza Strip (see Documents 13 and 14).

From the payment orders discovered, it can be deduced that the total paid to Fatah branch operatives in this way was between \$290,000 and \$530,000. These were direct payments to Fatah/Tanzim operatives involved in terrorism, on top of the regular financing of Fatah branches and the provision of means such as weapons and fuel to local militias.

The PA officials involved in the process

Yasser Arafat, who is involved in managing the smallest day-to-day details of Palestinian Authority finances, directs the transfer of money from the PA to Fatah. A number of other PA officials are also responsible for this activity. One is Hikham Balawi, a personal associate of Arafat. He is the secretary of the PA Supreme National Security Council, and one of the senior officials of the Fatah/Tanzim in the West Bank – hence also of its budget in this area. Another Arafat associate engaged in money transfer to the Fatah is the PA’s main financial official, Fuad Shubaki. Documents captured by the IDF demonstrate his connection to the Al Aqsa Martyrs Brigades – Fatah’s military wing. Shubaki was asked to allocate money to Al Aqsa Martyrs Brigades to enable them to prepare explosives and weapons for carrying out terrorist attacks. Shubaki was also asked to finance the construction of a workshop for producing heavy weapons, apparently rockets and mortars (see Documents 15 and 16).

Arafat personally authorizes the allocation of funds to Fatah field operatives, after Fatah senior operatives in the West Bank such as Hussein al Sheikh and Marwan Barghouti, head of the Fatah/Tanzim in the West Bank, approach him. Through them, the aid is provided to the terrorist squads operating in the West Bank. These squads operate under the title of the “Al Aqsa Martyrs Brigades”, and their organizational affiliation to the Fatah is a proven fact.

How Much Money is Directed to Terrorist Elements?

The activities described above generate millions of dollars a month in surpluses outside the official PA budget, as described in the table on the following page. We estimate that Fatah elements are allocated \$5-\$10 million per month from the PA for their expenses in the confrontation with Israel. Some of this sum is transferred directly, and some is provided as goods – fuel, weapons, ammunition, and so on. It can be estimated that other PLO apparatuses in the Middle East and worldwide are allocated additional millions of dollars each month.

Obviously, there is no way of proving that all the money saved from the official salary budget is transferred directly to Fatah elements and other terrorist organizations. But it is well established that the Palestinian Authority budget has all the characteristics of a typical “money laundering” operation.

Table 1: Sources from the PA Salary Budget that Can Be Diverted to Other Activities

Source	Monthly Amount (\$)	Calculation Base
Exchange rate used in salary payments	7,700,00	<ul style="list-style-type: none"> • \$40.5M • 19% exchange rate differential
Fatah membership fee deducted from salaries of security personnel	260,000–345,000	<ul style="list-style-type: none"> • 50,000 security employees • \$345 average monthly salary • 1.5–2% deduction
Salaries paid to Fatah personnel listed as members of security services	640,000–1,000,000	2,000–3,000 employees
Financing of Fatah branches	140,000–220,000	<ul style="list-style-type: none"> • \$3,400–4,100 per district branch • 20 branches • \$680–1360 per sub-branch • 100 sub-branches
Total sources from the salary budget that can be diverted to Fatah and other terrorist organizations	8,740,000–9,270,000	14% of total international aid to the PA budget (\$64,000,000 per month)

Note: The official representative exchange rate in Israel at the end of December 2001 was 4.4 shekels per dollar.

Conclusion

Internal and External (IMF) Questioning of PA's Financial Honesty

Abed al Juad Salah, a Fatah veteran in the West Bank, published a leaflet in November 2001 criticizing the PA's 2001 budget. He claimed "the PA's most serious offence is the multitude of monetary centers, so that the legislative council does not know how much money enters these centers and how it is used... At this moment, there is still no internal financial supervision apparatus for the government units and offices, and there is no unified internal supervision apparatus in the governmental accounting office."

European demands are in line with Abed al Juad Salah's criticism. The Europeans have required that the Palestinian Ministry of Finance, under International Monetary Fund (IMF) supervision, manage all PA funds. In response to this demand, in January 2000 Yasser Arafat issued a decree ordering the unification of the PA Finance Ministry's accounts and transfer of the "Employees Directorate", responsible for the employment and payment of PA personnel, to the Finance Ministry. In practice, some accounts were

unified, while others remained separately managed; and the “Employees Directorate” was not transferred to the Finance Ministry.

Corruption Continues

As revealed in the documents discovered by the IDF, the principal methods that enabled the creation of surpluses in the PA salary account – exchange rate discrepancies, Fatah membership deductions, and the integration of Fatah personnel in the PA salary payroll – continued at least until early 2002. In our assessment, the PA continued to finance Fatah branches during these years. Direct payments to Fatah/Tanzim operatives were in addition to these methods, and in accordance with the scope of attacks carried out by Fatah/Tanzim in the confrontation with Israel.

An Instructive Example

A clear example of the financial aid to Fatah terrorism is found in the cooperation between PA agencies and the Al Aqsa Martyrs Brigades (Fatah/Tanzim operatives) in the Tulkarm area: The PA financed the procurement of M- 16 rifles, made direct payments to terrorist squad operatives (authorized personally by Yasser Arafat), and instructed PA official security agencies such as the General Security Service to assist the Brigades by providing funds and logistics (see Document 17).

Terror Financed with Funds Designated for Humanitarian Aid

The main source for paying Palestinian Authority salaries in 2001-2002 is international foreign aid funding. Assuming that surpluses of \$9 million each month are accumulated from the personnel section of the budget, it can be stated that **14% of the international aid is channeled to other objectives than those originally intended.** It is reasonable to assume that the majority of this money is not directed to terrorism rather than humanitarian goals, and much of it is transferred directly to Fatah.

The documents described in this report, and other documents published during April 2002, clearly show the connection between the PA financing of the Fatah/Tanzim, and terrorist attacks against Israeli civilians – including suicide attacks carried out by the Al Aqsa Martyrs Brigades inside Israel.

Appendix

PA Documents: Originals and Translations

The original Arabic documents can be found in the Appendix of the IDF analysis document at http://www.idf.il/captured_documents/6880031e.pdf

Documents 1 – 4 show the scope of the payments to all the security personnel in the West Bank at the end of 2001, and that the salaries were computed at an exchange rate of 3.7 shekels per dollar. The General Security Apparatus, which is the organizational umbrella for all the PA security agencies, paid the salaries.

Document 1

The Palestinian National Authority
Northern Districts Financial Directorate
Salary Section

Number 01624

Total Salaries of the Northern Districts Region for December 2001
Name of power of attorney – Colonel Radwan Al Halo

Apparatus	Total Sum in Dollars	Total Sum in Shekels
Nablus region	1,111,609	4,112,953
Jenin region	838,901	3,103,933
Tulkarm region	449,191	1,662,006
Qalqilya region	277,909	1,028,263
Salfit region	194,908	721,159
Tubas region	60,355	223,313
Bethlehem region	489,620	1,811,594
Hebron region	950,817	3,518,022
Jericho region	699,401	2,587,783
Ramallah region	2,046,904	7,573,544
West Bank martyrs	59,897	221,618
Ramallah HQ	149,645	553,686
Administration	11,040	40,848
Miscellaneous	256,817	950,222
Total		28,108,944

Total in dollars: 7,597,014

Total in shekels: 28, 108,951 shekels

(Handwritten comment)

There is a deficit in the general total of Gaza, \$539 which is 1,994 shekels.

Audit (accounts) In charge of the salaries

(Signature) (Signature)

(At the top of the page is the handwritten comment):

\$539 = 1,994 shekels, a deficit in the general total of Gaza for salaries 12/2001.

Document 2

The Palestinian National Authority
General Security
Ramallah and El Bireh Financial Branch

Temporary advance payment form (salary month 12)

Payment to the brother: Ahmed Al Shubaki
Apparatus: The Scientific Committee

Sum in \$US	Sum in Shekels	Details
33,534		The Scientific Committee in the West Bank
16,088		The Scientific Dept. in Jericho
49,622	183,601	
	4,432	Employees and Fatah deduction
	179,169	Total

Total in dollars:

Total in shekels: **179,169 shekels**

Audit	Name of Receiver	Head of Finance Branch
	Ahmad Al Shubaki	
	(Signature)	(Signature)
	(Signature)	

Document 3

(An adding machine strip is attached to Document 2)

16,088.00 +

33,534.00 +

49,622 x

3.7 =

183,601.40

(On the bill are handwritten comments in Arabic)

4,432 support for employees and Fatah

179, 169 shekels

4,432.00 -

Document 4

The Palestinian National Authority
General Security

Temporary advance payment form
(Salary month 09/2001)

Payment to the brother: Ahmed Al Shubaki
Apparatus: The Scientific Committee

Sum in Dollars	Sum in Shekels	Details
16,088		Scientific (Committee) Jericho
33,882	184,889	Scientific (Committee) West Bank
	1,745	Fatah deduction
	2,563	Employees deduction (support)
49,970	184,889	Total

Total in dollars:

Total in shekels: **180,581 shekels** (total 180,541 erased)

Audit	Name of Receiver	Head of Finance Branch
(Signature)	Ahmad Al Shubaki (Signature)	(Signature)

Documents 5 and 6 show deductions made from salaries for Fatah membership fees. The General Security Financial Directorate pays all the PA security agencies – the General Security, the National Security, Force-17, the Presidential Security, Arafat's Presidential Guard, the Palestinian Police (the "Blue Police") and the Preventive Security (of Jibril Rajoub and Muhammad Dahlan).

The amount deducted for Fatah membership fees from security officers is commensurate with their rank. The deduction for a Major General (Liwa) is 100 shekels; a Brigadier General or Colonel is charged 50 shekels per month; and so on. Smaller deductions are taken from conscripts.

The deduction for the "workers" is for civilian purposes.

Document 5

The Palestinian National Authority

General Security

Ramallah and El Bireh Financial Branch

Date: 6 January 2002

Fatah membership fees

Cost of Fatah membership fees, Scientific Committee form, West Bank District for the month of _____

No.	Rank	Sum of Participation	Total	Sum of participation for each rank
1	Brig. General	50 shekels	___ x 50	_____
2	Colonel	50 shekels	2 x 50	100
3	Lt. Colonel	25 shekels	2 x 25	50
4	Major	25 shekels	2 x 25	50
5	Captain	25 shekels	x 25	25
6	Lieutenant	15 shekels	3 x 15	45
7	2nd Lieutenant	15 shekels	9 x 15	135
8	Warrant Officer	15 shekels	___ x 50	_____
9	1st Sergeant Major	10 shekels	4 x 10	40
10	Sergeant 1st Class	10 shekels	9 x 10	90
11	Staff Sergeant	10 shekels	14 x 10	140
12	Sergeant	10 shekels	12 x 10	120
13	Corporal 5 shekels	5 x 20	100	
14	Private 5 shekels	3 x 5	15	
15	Fixed Salary Earner	5 shekels	4 x 5	20
16	PA Civilian employee	5 shekels	___ x 5	_____
Total				930 Shekels

Deposits

Organizations

Total Membership Fee – 930 shekels

Head of Finance Committee
(Signature)

Salary Audit

Head of Branch
(Signature)

Document 6

(A note was attached to Documents 2-5, which deals with salary payments for December 2001, with the following comments in handwriting).

1,540 Support of workers in Jericho
1,147 Support of workers in the West Bank
930 Fatah West Bank
815 Fatah Jericho

4,432 shekels

Documents 7 and 8 show the manner in which Fatah operatives were enlisted in the PA security agencies.

Various branches of the Fatah in the West Bank and in the Gaza Strip transferred requests to enlist operatives into the PA security agencies recommended by the branch secretaries (or senior operatives subordinate to them).

The lists are of 15 to 45 men. Assuming that the average for each branch was 30 men, then from 20 Fatah branches in the West Bank and Gaza Strip 600 men were to be enlisted to the PA. Therefore, we estimate 500-800 Fatah and Fatah/Tanzim operatives as having been enlisted to the ranks of the PA security agencies in the West Bank during the conflict with Israel. In our assessment, a similar number of operatives were absorbed in the PA civil ministries.

Document 7

The Palestinian National Authority
General Security
Hebron District HQ
Organization and Administration Branch
Ref: 7/137
Date: 21 February 2001

To the Organization and Administration Branch in Ramallah
Greetings of the homeland

We are sending you a list of the names of soldiers from the National Security forces in Hebron who are attached to Fatah/Tanzim, Hebron District sub-branch and will not (be returning) to service.

[Names of 26 operative s]

Comment: (appears on printed document)

Corporal Muhammad Awad Ali Al Khalila – on the manpower roll of the Ministry for Civilian Affairs (comment in handwriting) Hebron, his service has ended

Corporal Ayman Ali Muhammad Azrar – Arrested by Israel Affairs (comment in handwriting) Hebron, not attached

Corporal Faraj Munir Muhammad Nasser Al Din - Arrested by Israel Affairs (comment in handwriting) Hebron, not attached

Colonel Abed Al Fatah Ga'idi
Commander of Hebron District
(Signature)

Document 8

The Honorable Brother President Commander Abu Amar, President of the State of Palestine, May God protect you

Dear Sir,

Your honor is requested to order the employment of your following sons, sons of holy Jerusalem, in the framework of the cadre of the special forces. It should be noted that they are loyal fighters.

[17 names and details]

For your instructions

(Note further down in handwriting)

These men are sons and the leaders of the movement's struggle for dozens of years.

(Signature)

10 April 2001

(Note at top of document, in handwriting)

Please forward to Jamal Abu Allil

(Note lower down, in Arafat's handwriting)

Al Majaidah

Haj Matlak

(Note in handwriting)

Forwarded to the operations directorate

(Note in handwriting)

Marwan Sabach

Employment in Force 17.

Yusuf Salem/replaced

7 – No details

(Stamp on document)

The Palestinian Liberation Organization The Palestinian National Authority

The Presidential Bureau

26 April 2001

Outgoing No. 4957

Notes to Documents 7 and 8:

1. Document 7 was sent on 11 August 2001 to Hikham Balawi, Secretary of the Fatah Central Committee, Secretary of the PA Legislative Council, head of the Tanzim in the West Bank and a close associate of Arafat; and later (on 18 August 2001) to the ministry in the PA. The fax was sent 5 times, with additional notes.
2. The Documents refer to the "Special Forces" or "National Security / Special Units". Colonel Bashir Nafa heads this apparatus. One of the document files was found in his office.
3. The marking V appears in handwriting in Document 7 next to many names. The documents and their detailed comments indicate the detailed examination and handling process for the lists of operative s, in

order to absorb them into the PA security apparatuses.

4. The documents mention a number of Fatah military operatives from the Hebron region, and a Fatah/Tanzim operative from the Jerusalem area.
5. In the framework of the Fatah movement 20 district branches operate in the West Bank and the Gaza Strip:
 - a. In the West Bank, called the "Northern Districts" 13 district branches operate:
 - b. Nablus, Jenin, Tulkarm, Tubas, Salfit, Qalqilya, Ramallah and El Bireh, Bethlehem, Hebron North, Center (Hebron City) and South, Al Quds (Jerusalem), and Jericho.
6. In the Gaza Strip, 7 branches operate: Northern Gaza Strip, Gaza East, Gaza West, Central Camps, Khan Yunis, the eastern villages (in the Khan Yunis area), Rafah.

Documents 9 – 12 are samples of approximately 70 similar checks and accompanying letters dated 1998-1999 contained in a captured file. The checks are drawn against the Palestinian Authority's salary account, held in the Ramallah branch of the Bank of Jordan. A letter giving power of attorney to cash it accompanies each check.

Document 9, for example, gives power of attorney to known senior Ramallah area Fatah operative Jaber Muhammad Jaber Asfur. The check and the letter are signed by Jamal Lafi, Marwan Barghouti's aide-de-camp.

The check in Document 10 is made out to a student youth movement that operates in the framework of the Fatah Movement. The movement is based at Bir Zeit University, which is one of the Fatah strongholds in the Ramallah area. The drawer of the check is Jamil Sa'id Assad Barghouti, a Fatah/Tanzim operative and one of the persons in charge of the "Shabiba" movement (the Fatah Youth Movement) in Bir Zeit and the Ramallah area. The letter to the bank is signed by Marwan Barghouti, head of the Fatah/Tanzim in the West Bank and head of the Fatah Supreme Movement Committee.

The drawer of the check in Document 11 is Abed Al Bassat Rabhi Mustapha Shubaka, secretary of the Fatah/Tanzim branch in El-Bireh (see Document 13).

Document 12 is dated October 2001, showing that this method of allocating money from Barghouti's office to Fatah branches was still in place at the end of 2001.

Document 9

This document is a check and an accompanying power of attorney to cash the check and a copy of the ID of the power of attorney. The check is drawn on the bank of Jordan, Branch 821 – Ramallah against account # 00810058/4/1, in the name of Ministry of Finance – Salaries

The check is made out to the Fatah movement Saluad local branch, in the amount of NIS 10,000 and dated August 5, 1999.

It bears 2 signatures and a Palestinian Ministry of Finance stamp appears on the check.

The check is endorsed: “Payable to the first beneficiary only”

The attached letter reads:

The State of Palestine (Fatah logo)
The Supreme Movement Committee
Jerusalem-Ramallah
Telephone: 02-2954949-50 Fax: 02-2985729

The Palestinian Liberation Movement
Fatah
P.O.BOX 1800, the Central Staff.
Date: 15 August 1999
Ref. 42/1618

To: the brothers at Al Urdan Bank – May Allah protect you

Greetings of the homeland and the return,

We request that you cash the check payable to the Fatah movement, Saluad local branch, for the sum of NIS 10,000 numbered 30031899, to the brother Jaber Muhammad Asfur, I.D. number 995860244, as he is the power of attorney for the payment.

Sincerely in appreciation,
The office of the Supreme Movement Committee
Jamal Lafi
(signature)

Document 10

This document is a check and an accompanying power of attorney to cash the check and a copy of the ID of the power of attorney. The check is drawn on the bank of Jordan, Branch 821 – Ramallah against account # 00810058/4/1, in the name of Ministry of Finance – Salaries

The check is made out to the Student Youth Movement/Bir Zeit University, in the amount of NIS 17,500 and dated 27 September 1999.

It bears 2 signatures and a Palestinian Ministry of Finance stamp appears on the check. The check is endorsed: “Payable to the first beneficiary only”

The attached letter reads:

The State of Palestine (Fatah logo) The Palestinian Liberation Movement
The Supreme Movement Committee Fatah
Jerusalem-Ramallah Telephone: 02-2954949-50
Fax: 02-2985729 P.O.BOX 1800, the Central Staff.
Date: 27 September 1999
Ref. 42/1709

To: the brothers at Al Urdan Bank – May Allah protect you

Greetings of the homeland and the return,

We request that you cash check number 30033761 payable to the Student Youth Movement/ Bir Zeit University, the check is in the sum of NIS 17,500 (and pay) to brother Jamil Said Asad Barghouti, I.D. number 900399668, as he is the power of attorney.

Sincerely,
The Supreme Movement Committee
Marwan Barghouti
(signature)

Document 11

This document is a check and an accompanying power of attorney to cash the check and a copy of the ID of the power of attorney. The check is drawn on the bank of Jordan, Branch 821 – Ramallah against account # 00810058/4/1, in the name of Ministry of Finance – Salaries

Payment made to:

The check is made out to the Movement Committee/El-Bireh District Sub-Branch, in the amount of NIS 3,000 and dated 17 February 1999.

It bears 2 signatures and a Palestinian Ministry of Finance stamp appears on the check.

The check is endorsed: “Payable to the first beneficiary only”

The attached letter reads:

The State of Palestine (Fatah logo)

The Supreme Movement Committee

Jerusalem-Ramallah

Telephone: 02-2954949-50 Fax: 02-2985729

The Palestinian Liberation Movement

P.O.BOX 1800, the Central Staff.

Date: 25 February 1999

Ref. 42/1287

To: the brothers at Al Urdan Bank – May Allah protect you

Greetings of the homeland and the return,

We request that you cash the check payable to the movement committee of the El-Bireh district sub-branch for the sum of NIS 3,000 from 17/02/1999 numbered 30027043, to the brother Abed Al Bassat Rabhi Mustapha Shubaka, I.D. number 934136870, as he is the power of attorney for the payment.

For your handling with blessings and appreciation,

The office of the Supreme Movement Committee

Jamal Lafi

(signature)

Document 12

Document 12 is a power of attorney, similar to those attached to the above checks.

The State of Palestine (Fatah logo)
The Supreme Movement Committee
Jerusalem-Ramallah
Telephone: 02-2954949-50 Fax: 02-2985729

The Palestinian Liberation Movement
Fatah
P.O.BOX 1800, the Central Staff.

Date: 22 October 2001
Ref. 42/2409

To: the brothers at Al Urdan Bank – May Allah protect you

Greetings of the homeland and the return,

We request that you cash the check payable to the Palestinian National Liberation Movement, Fatah/Abu Dis for the sum of NIS 10,500 to the brother Ziad Hamis Hussein Bahar, I.D. number 9983352236, as he is the power of attorney for the payment.

With blessings,
The office of the Supreme Movement Committee
Jamal Lafi
(signature)

Documents 13 and 14 are authorizations dated November and April 2001, respectively, signed by Yasser Arafat, to pay Fatah/Tanzim operatives. In each case, Arafat has reduced the amount to be paid from the \$2000 requested: to \$500 for each operative in Document 13, and \$800 for each operative in Document 14. Number 8 in the list in Document 13 is Abed Al Bassat Rabhi Shubaka. Shubaka is the Fatah/Tanzim branch secretary in the El Bireh area, who received the power of attorney to cash the check in Document 11.

Document 13

To Brother President Yasser Arafat, President of the State of Palestine

We kindly request you to provide financial assistance in the amount of \$2000 to the following brothers:

1. Munir Muhammad Al Saharji
2. Ahmed Fathi Arbash
3. Faisal Mahmoud Abu Masalam
4. Mahmud Abed – Al Aziz Al Tawil
5. Maher Ibrahim Mari
6. Nader Udah Karan
7. Abed Al Bassat Rabhi Shubaka
8. Ziad Husni Karan
- 9 Khaled Izat Karan
10. Abed Albasat Jodah

Yours Faithfully,

The Supreme Movement Committee
Marwan Al Barghouti

In Arafat's handwriting:
Finance Ministry / Ramallah
Please pay \$500 to each of them

(Arafat's Signature)

24 November 2001

Document 14

State of Palestine

(Fatah insignia)

The Palestinian National Liberation Movement The Supreme Movement Committee
Fatah Tulkarm Districts Branch
The Brother President Abu Amar, May God protect you

Please allocate the sum of \$2000 to each of the following fighting brothers. For your handling.

(15 names including five who took part in shooting attacks in the Tulkarm district and one operative – Bilal Abu Amsha who participated in lethal attacks, including a shooting attack towards a border guard base on 11 September 2001 [2 border guard policemen killed and one wounded] and the murder of an Israeli in Baqa Al Gharbiyah on 31 May 2001)

Your son, the General Secretary
Fa'ak Kna'an

(Head of Fatah in Tulkarm)
(Signature)

Note 1 in Arafat's handwriting and signature
Finance Ministry/Ramallah
A sum of \$800 should be allocated to each one
5.4.2001
(Signature)

Note 2 in handwriting
The Supreme Movement Committee
The brother Marwan Barghouti
(Signature)
The Main Office – Tulkarm – Telefax: 9-2975444
Fatah Office 8.4.2001 15:37, Fax No. 02-2885729

Document 15 is a letter to Fuad Shubaki (Arafat's crony and confidant) outlining an ambitious plan of the "Al Aqsa Martyrs Brigades" (the Fatah operational arm in the West Bank) to establish a heavy arms production workshop.

They intend to procure, among other items, a lathe (for which the organization requires \$25,000) and a milling machine (\$40,000). These machines are required for metal processing in the production of weapons such as artillery rockets and mortars – weapons the PA is not allowed to manufacture or possess, according to the Oslo and other signed agreements between Israel and the PA.

The specifications and the budget for the workshop are outlined in the letter.

Document 15

Al Aqsa Martyrs Brigades
Palestine

Lathe Specifications

Blade (?) 75 cm 2 meter length
Internal and external screws from 1 mm to 1 inch
Variable speed – (Fast-slow)
Engine 5 HP (tri-phasial)
Knives of various shapes and sizes
Drill supports and belt
Main drill cap
Milling Machine
Specifications
Vertical and horizontal
Centimeter wide opening in both directions
Blade latch
Various types of knives

Construction Materials

1 Lathe -		\$25,000
2 milling machines -		\$40,000
3 aircraft canopies (Hood in original document) -		\$5000
4 welding machines -		\$2000
5 oxygen machines -		\$3000
7 working tool kits -		\$1500
8 tri-phasial electricity infrastructure -		\$2000
Sub total -		\$80,000
Salaries	3000	700
		700
		=====
		\$4400 – 1
Rent		1800
Monthly supplies	5000	
Electricity, materials + container trucks	2000	
		=====
		\$8800 – 2
1 + 2 = 13,200 per month		

Document 16

Al Aqsa Martyrs Brigades
Palestine
Financial Report

The debts which we have accumulated until now are estimated to be 38000 shekels. The following are the details:

1. The cost of posters of the Al Aqsa Martyrs Brigades: Azam Mazhar, Usama Jubara, Shadi Afuri, Yasser Badawi, Ahed Fares (addition in handwriting of 2000 shekels).
2. Costs of printed announcements, invitations and mourners shelters for martyrs (addition in handwriting of 1250 shekels).
3. Cost of sticking photos of martyrs on wooden boards and also of the martyrs Thabat Thabet and Mahmud Al Jamil (addition in handwriting of 1000 shekels).
4. Cost of memorial ceremonies for the martyrs. Memorial ceremonies were held for the martyr Azam and the martyr Usama (addition in handwriting of 6000 shekels).
5. Costs of electrical parts and various chemical materials (for manufacture of explosive charges and bombs). This is the greatest expenditure (the cost of one ready explosive charge is 700 shekels at least). We need every week 5-9 explosive charges for squads in the various areas (addition in handwriting of shekel per week x 4 = 20000 shekels per month).
6. The cost of bullets: The cost of a Kalashnikov bullet is 7-8 shekels and M-16 bullet 2- 2.5 shekels. We need bullets on a daily basis.
7. Note: There are 3000 Kalashnikov bullets at a cost of 2 shekels per bullet. We require that you transfer to us immediately a sum of money to purchase them (addition in handwriting of 22,500 shekels for Kalashnikov bullets and 60,000 shekels for M-16 bullets).

In conclusion, all the glory and pride to those supporting the brave resistance against the oppressive occupation.

From the revolution until victory.
Palestinian Al Aqsa Martyrs Brigades
16 September 2001

Document 17

To Head of General Intelligence/Northern Districts

Toufiq Tirawi

Greetings,

Subject: The General Situation Among Armed Fatah Personnel in the District (Tulkarm)

1. The number of armed Fatah men in Tulkarm and in its refugee camp ranges between 15-20.... some of them are active and carry out activity outside Area A. (These operate) on bypass roads and even in the depth of Israel, as happened recently in Hadera [*note: a lethal attack on 17 January perpetrated by a terrorist with an explosive belt and a rifle at a Batmitzvah party in Hadera, 6 Israeli civilians were killed and 25 injured in the attack*]:

The (armed) men can be divided into three squads as follows:

a. The Ziad Da'as squad: This squad carried out high quality successful attacks. The last (attack) in this framework was the coordination and planning of the operation in Hadera to avenge the death of the martyr Ra'ed Karmi. It would be fair to say that this squad is the most disciplined, and its men understand the general situation. Its men are very close to us (i.e. to the General Intelligence) and maintain with us continuous coordination and contacts.

b. The Mansour Shreim squad....This squad does include a large number of undesirables. However, we wish to emphasize that Mansour Shreim carried out several successful operations together with the martyr Jamil Atwan, the martyr Al-Karmi and brother Muhammad Abu Rabi'e. Mansour Shreim is a person who could be controlled and with whom understandings can be reached, were it not for the negative influence on him of Marwan Barghouti and Nasser Awis (Head of the Al Aqsa Martyrs Brigades in Samaria, captured on 13 April 2002 by the IDF. A captain in the National Security who receives a regular salary from the PA).

c. The squad identified with Abd Al Wahab (nicknamed) "Hafez"... Some of his men opened a communications channel with Marwan Barghouti, others with Nasser Awis from Nablus. On the other hand, he neglects those who carry out high quality attacks (i.e. operations inside Israel).

3. The Tanzim secretariat (in Tulkarm) provides, through Abu Faruq, sums of money which are taken from the Tanzim budget and from the emergency budget for allocations to the arms bearers (note: the "emergency" budget – the intention is apparently to the budget transferred by the PA leadership through the emergency committee headed by Hakim Balawi)

4. Proposals and recommendations:

a. The quality personnel amongst the arms bearers should be selected and assembled under one umbrella (and in the framework) of one group in order to train them for future activity. They should be given special attention from the material, morale and organizational aspects.

b. It is necessary to remove some of the parasites who mixed in with the arms bearers and those who did not fire one bullet at Israelis, in order to discard their financial burden and the problems that they cause.

5. For your information.

Head of the (General) Intelligence in the Tulkarm District
Hamdi Al Darduch

(Signature)

Comments to Document 17

1. Parts of the document were translated. The emphases in the translation do not appear in the original.
2. The document reflects the updated PA policy regarding the pattern of ties between the PA, Fatah/Tanzim and the Al Aqsa Martyrs Brigades. “The Fatah arms bearers” are the squads of the Al Aqsa Martyrs Brigades.
3. The “Al Aqsa Martyrs Brigades” is the military wing of the Fatah organization in the West Bank. The Brigades perpetrated many terrorist attacks in various scenarios (shootings, explosive charges, suicide bombings) in the Gaza Strip, West Bank and inside Israel. At the beginning of 2002, the United States declared the “Al Aqsa Martyrs Brigades” to be a terrorist organization.
4. Marwan Barghouti, head of the Fatah Supreme Committee in the West Bank, which operates under Arafat’s authority, led and directed the activities of the Brigades by passing concrete directives to operatives.
5. The recommendations of the intelligence elements are to extend material aid to the Al Aqsa Martyrs Brigades, and strengthen the ties between the Brigades and the General Intelligence.