

The Settlement Division

The Executive Arm of the Israeli Government for Dubious Operations in the West Bank

Settlement Watch, December 2024

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* In accordance with Israeli government measures targeting critics of its policies in the occupied territories, Peace Now clarifies that this year the majority of its funding came from foreign political entities as defined by the law, and they are listed at the website of the Associations Unit

Executive Summary

Since the early 1970s, the Israeli government has operated through a non-governmental body to establish settlements and take control of lands in the West Bank. The government finances and operates the Settlement Division of the World Zionist Organization, which operates in the shadows to develop settlements in two main areas:

1. **Settlement development** - financing, planning, and construction of settlements, outposts, and infrastructure.
2. **Land management** - The Settlement Division manages hundreds of thousands of dunams in the West Bank on behalf of the State, and transfers them, without supervision and in dubious ways, to settlers.

The Settlement Division operated for decades in an unregulated manner and without any public oversight until its financial operations were formalized in 2016 through an [amendment](#) to the Status of the World Zionist Organization Law. However, land management remains unregulated, and the Division operates in this area without transparency or supervision.

Despite the regulation and the Division's obligation for transparency, it is still difficult to know what the Division does and what its budget is. Only a small portion of the funds transferred to the Division appears in the state budget, while a substantial part of its work is carried out through individual agreements with the state and tasks assigned to it based on government decisions. The Division itself does not publish its budget execution data proactively, meaning the public has no way of knowing how the money is spent. For instance, at the end of 2023, the government authorized the Settlement Division to operate the "Tkuma Administration," which was established to assist in the rehabilitation of Israeli localities close the Gaza strip following the war. In this framework, the Division was allocated a large budget of over one billion shekels, with no easy way to track where the funds went.

Over the years, it has become clear that the Settlement Division has also been involved in [financing illegal construction](#). Recently, it even [allocated official budgets](#) of 28 million shekels in 2023 and 75 million shekels in 2024 to finance illegal outposts in the West Bank.

In land management, the Settlement Division does not collect fees for the land it allocates, there is no state supervision over its activities, and it is even involved in the allocation of private Palestinian lands to settlers. In recent years, most of the new outposts have been agricultural farms, to which the Division allocates thousands of dunams for grazing or farming to a single family. These illegal settler farms are a central factor in the violence against Palestinians and the systematic process of dispossessing them of their lands in the West Bank. The allocation of the Settlement Division gives settlers legal cover and legitimacy to take control of land and expel Palestinians from the area.

Part A: The Settlement Division, its Operations and Budget

1. Background

The Establishment of the Settlement Division and Attempts to Regulate Its Operations

The Settlement Division was established in 1971 as an independent Division within the World Zionist Organization, aimed at assisting the Israeli government in establishing settlements in the West Bank. The Division was tasked with planning, establishing, populating, developing, and solidifying these settlements. The idea behind its establishment was that as a non-governmental body representing, in theory, "the Jewish people," the Settlement Division could carry out questionable tasks—those problematic under both international law and local law—without the state needing to directly engage in them. For many years, the Settlement Division operated away from the public eye, fully funded by the state but without any public oversight or control. In 2004, the Division expanded its operations to the Golan and to areas inside Israel (the Negev and Galilee), alongside its work in the Occupied Territories.

In recent years, it has become clear, as established by the State Comptroller on several occasions, that the Settlement Division has been involved in illegal activities. Among other things, it was revealed that:

- The Division allocated Palestinian private lands to settlers without the owners' approval.
- The Division managed lands without oversight and without collecting any compensation for their leasing.
- The Division did not collect debts for loans provided to settlers.
- The Division was deeply involved in the establishment [and financing](#) of illegal outposts, as detailed extensively in [the 2005 Sasson Report](#).

On 26/2/2015, [a legal opinion](#) by the Deputy Legal Advisor to the Government was circulated, stating that the powers and roles carried out by the Settlement Division are central to governmental authority, and that the government cannot transfer them to a non-governmental entity. It was determined that the state should not provide direct funding to the Division through the budget law or direct transfers, as this money was not given for the Division to execute a specific project through a tender or contract but rather to establish policy, priorities, and exercise discretion—tasks that should be handled exclusively by government bodies.

In light of this, **instead of dismantling the Settlement Division** and transferring its powers to government bodies, the Knesset amended the "[Status of the World Zionist Organization and the Jewish Agency for Israel](#)" law in 2015. This amendment was intended to allow the government to continue working through the Settlement Division. The law amendment effectively granted the government permission to delegate powers to the Settlement Division. Indeed, on 9/10/16, the government decided to delegate some of its powers to the Division according to the amended law. On 26/4/17, [a framework agreement](#) was signed between the government and the Settlement Division, regulating the Division's operational conditions and obligations. In July 2022, the agreement was extended for an additional five years. In practice, this decision and agreement allowed the Settlement Division to continue its operations in nearly the same areas, with only minor adjustments, tightening the oversight on its financial activities, and requiring that its annual work plan be approved by a government minister.

Alongside this law, the Knesset also passed [Amendment 12 to the Freedom of Information Act](#) (adding section 9c), which required transparency on the financial operations of the Settlement Division, but **not on all aspects of its core activity: the management of land entrusted to it by the state**. MK Smotrich stated in a discussion on 21/12/2015 in the Knesset's Constitution Committee:

"Managing state lands is a sensitive political and diplomatic issue, and I don't want the European Union to know about every piece of land we're building on."

With the approval of this law, the situation was effectively formalized, where the Settlement Division can act freely with the lands transferred to it by the state without any reporting or transparency requirements. The public has no way of receiving information from it about the allocations it makes or how it manages hundreds of thousands of acres in the West Bank.

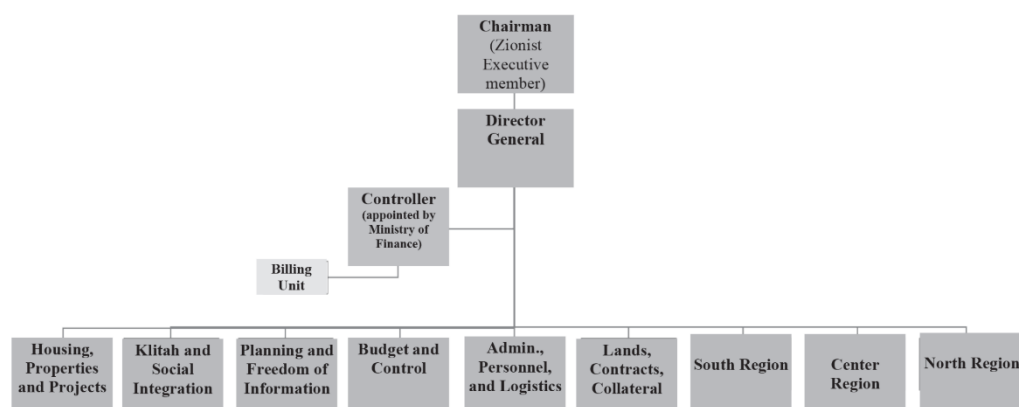
It is important to note that in this context, Peace Now [petitioned the High Court of Justice](#) demanding that all allocations made by the Settlement Division be made public and published in advance. The state and the Settlement Division oppose this, and the petition is still pending before the court.

2. Structure of the Division

In 2023, the Settlement Division had about 70 employees (which constitutes about one-third of the total staff of the World Zionist Organization). These employees are not considered civil servants and are not subject to the rules of the Civil Service Commission, despite their salaries being directly funded from the state budget.

5. Organizational structure

5.1. The Settlement Division's organizational structure is as follows:



A chart from [the 2018 report](#) by the World Zionist Organization's Comptroller.

3. Budget of the Division

Following the legislation that regulated the Division's activities, the minister responsible for the Settlement Division in the government (as of 2024, Minister for Settlement Orit Strook) prepares a "[Policy, Goals, and Objectives](#)" document for the Settlement Division every year. Based on this document, the Settlement Division prepares a [detailed work plan](#). The policy document, work plan, and the Division's salary and overhead budget [are published](#) on the Settlement Division's website. The implementation of the plans is somewhat less transparent.

Not all of the activities of the Division that appear in the work plan are actually carried out. As noted, the government can assign additional tasks to the Division and allocate additional budgets for those tasks.

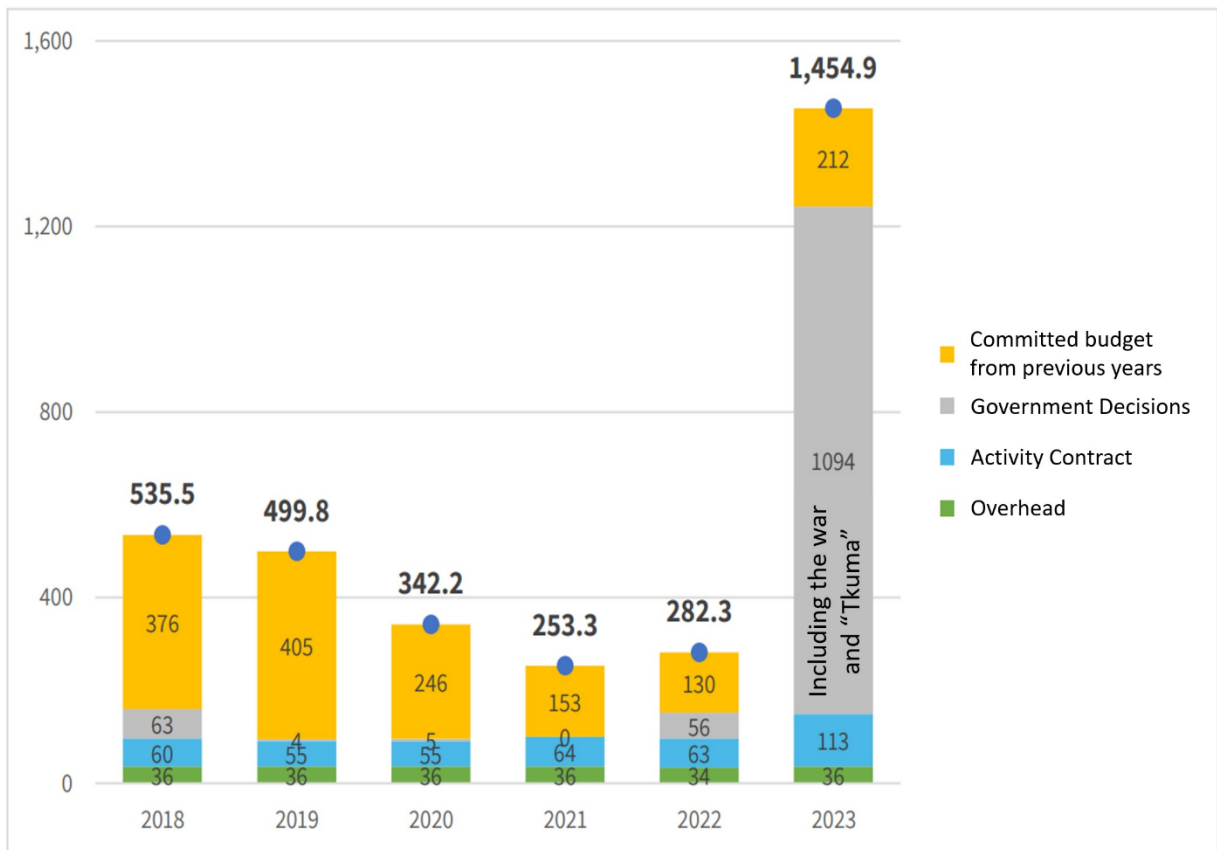
Although, in principle, the Settlement Division is supposed to operate transparently and is subject to the Freedom of Information Act regarding financial matters, it is very difficult to know the true, full budget of the Settlement Division. The budget execution data from the Ministry of Finance includes only the funds that are specifically allocated to the

Settlement Division through a budgetary regulation, and these are just a small part of the funds transferred to it by the state. In addition to these funds, the government transfers other monies to the Division for specific tasks as a "supplier" to the state, based on various agreements and contracts with the government, some of which span several years. The information available to us comes from [a research report](#) conducted by the Knesset Research and Information Center in July 2024, based on responses and information received from the Settlement Division. It should be noted that the financial and budgetary information does not appear on the Settlement Division's website, nor in the state budget data.

The Division's budget is based on three funding components, all from the state budget:

1. **Overhead Budget** – For salary and administrative expenses. From 2017 to 2023, the budget was c. 36 million NIS, and in 2024, [it was raised](#) to 40 million NIS.
2. **Operational Budget** – Amounts set in annual agreements with the state and in work plans, allocated based on the issuance of calls for proposals or tender processes by the Division.
3. **Budget for Specific Government Decisions** – Tasks assigned to the Settlement Division by specific government decisions. Until 2023, this budget was capped at 10% of the total annual contract value, and from 2024, [it has been increased](#) to 30% of the annual contract value.

The Settlement Division's Approved Budget (Millions NIS)



A chart from [the Knesset Research and Information Center Report](#)

The budget chart shows that the budget of the Settlement Division changes year by year according to the tasks assigned to it by the government. Only a small percentage of the budget comes from the Division's activity contract according to its approved and regulated work plan. In contrast, the budget allocated based on specific government decisions has at times been zero NIS and at times tens of millions of NIS.

In 2023, the government transferred more than one billion NIS to the Settlement Division when it became the operational body for the "Tkuma" Management Authority, established to support and rehabilitate the Israeli localities close to the Gaza strip following the events of October 7. Almost the entire amount was transferred to the Division as a framework for future contracts without specific allocation to defined projects.

It is worth noting that as of November 2024, the Settlement Division has not published any tenders related to the implementation of the Tkuma activities, and it is unclear how and where the allocated funds are being spent.

Part 4: Activities of the Division: What Does the Division Do with the Money?

It is very difficult to know what the Division does with its budgets, where the funds are invested, and for what purposes. Despite the Settlement Division's commitment to transparency within the framework of its regulation, it avoids voluntarily publishing reports on contracts and budget execution (except for the year 2018, the first year of its regulation). A request under the Freedom of Information Law filed by Peace Now in March 2024 was only partially answered in August, providing information only on the Division's administrative expenses (the overhead budget).

Self-Execution – Part of the Division's budget is designated for tasks carried out directly by the Settlement Division itself. Activities such as planning, managing caravan sites, etc., are executed by the Division itself.

Tenders – To carry out the tasks assigned to it, the Settlement Division is required by law to publish a tender before entering into any contracts with suppliers. Nevertheless, despite receiving more than one billion NIS in 2024 to execute projects, it published only three tenders throughout the year, raising questions about how it spends its funds.

Subsidies – A significant portion of the Division's activities is conducted through financial subsidies to various bodies that carry out tasks according to defined objectives. Since its regulation, the Division has published calls for proposals with criteria for receiving subsidies. Interested bodies submit proposals based on the criteria. The Division's subsidy committee reviews the various proposals, scores them based on the set criteria, and allocates the budget accordingly.

The calls for proposals deal, among other things, with community activities, targeted settlement support, community resilience, business support, the purchase of protective equipment, and more. The protocols of the subsidy committee [are supposed to be published](#) on the Settlement Division's website so that one can see how the money is distributed and for what purposes. However, the documents are published in a manner that makes it difficult to know where the money is truly going: the documents are scanned rather than in a digital format that can be processed, sometimes the scanned documents are of low quality and hard to read, and sometimes the names of the recipients are not published but only their identity or business numbers. Additionally, sometimes no protocol is published at all.

From 2017 to 2023, the Settlement Division published more than 20 calls for proposals [totaling 373.5 million NIS](#).

In 2023, the first call for proposals that officially financed illegal outposts was issued, allocating 28 million NIS for "[security components](#)." In 2024, another call for proposals for 75 million NIS was issued to finance illegal outposts in the West Bank.

In previous years, the Settlement Division was involved in financing a great deal of illegal activity. In 2018, [the Kerem Navot organization revealed](#) that for at least 20 years, the Division had been distributing mortgages to dozens of settlers involved in land grabs and illegal construction, amounting to tens of millions of NIS. In May 2019, [Peace Now revealed](#) that even after the Settlement Division was regulated, it continued to fund illegal activity and construction in outposts (which might explain its reluctance to publish budget data).

Part B: The Settlement Division as a Land Administrator

In contrast to the situation within Israel, where most lands are considered "state lands" (public lands) and are managed by the Israel Land Authority, in the West Bank most lands were privately owned by Palestinians. The State of Israel found ways to turn substantial

parts of the West Bank [into public lands](#), but under international law, public lands in occupied territories should be used only for the benefit of the local residents and not for the benefit of the occupying power. To overcome this issue and allow Israel to distance itself from the illegal activity involved, the government gave the Settlement Division the management of vast areas in the West Bank for the benefit of the settlements.

The State, through [the Commissioner of Government Property and Abandoned Lands in Judea and Samaria](#) (a sort of branch of the Israel Lands Authority in the West Bank), has allocated to the Settlement Division [approximately 60% of the state lands allocated](#) in the West Bank (between 400,000 to 500,000 dunams).

The Division also received powers to manage and register land rights on the lands allocated to it, on which most of the settlements have been established (in fact, only 13 settlements are managed directly by the Commissioner of Government Property in the Civil Administration, mostly urban settlements, and a few settlements are on land owned by private Israeli developers). So, in most settlements, anyone wishing to obtain land rights, buy a house, or cultivate agricultural land – must sign an agreement with the Settlement Division, an agreement called an "Authorization Certificate" ([see an example](#) of such an agreement).

Within Israel, in principle, any transaction involving state land requires approval from the Israel Land Authority, which is responsible for managing public lands. However, in the Occupied Territories, the Commissioner of Government Property in the Civil Administration does not deal with the allocations or transactions carried out by the Settlement Division on public land. Any real estate transaction involving state land that is not related to the Settlement Division undergoes meticulous approval and registration by the Commissioner, but in the case of the Settlement Division, there is no supervision; the Commissioner does not check and doesn't even know what the Division is doing with the lands allocated to it. The Commissioner of Government Property does not ensure payment for the land, and the Division continues to distribute it for free without supervision, as it sees fit, as seen below.

1. Allocation of lands outside of the jurisdiction of the Division to settlements

In a discussion in the Knesset Constitution Committee regarding the Settlement Regulation Law on 28/11/16, Rabbi Frank from **the Amona outpost** said:

"I bought a house in Amona, and I received a mortgage from the Ministry of Housing. During the house purchase process, I received a permission form, and I am talking about my good faith. This was my process."

This testimony raises the suspicion that **the Settlement Division gave a settler permission to settle on land privately owned by Palestinians** and presumably also gave them approval to receive a mortgage. If this is true, this is not the only instance.

In 2007, construction of [9 new houses began in Ofra](#). These houses, like most of the houses in **the Ofra settlement**, were built on private Palestinian land. Near the start of construction, the Civil Administration issued demolition orders. Later, in 2008, the Settlement Division gave the settlers who wanted to buy the houses an "Authorization Certificate" on the land, which stated:

"The settling body [the Settlement Division] gives the settlers, and the settlers receive permission as authorized users from the settling body, of the plot in the settlement whereupon a house was built or will be built by the residents within the time specified in this agreement."

Thus, in these explicit words, the Division gave the settlers "permission" to settle on private Palestinian land.

Additionally, the settlers received [a letter from the bank](#), authorizing a mortgage and agreeing to the registration of rights on the land – a document that allows them to receive a mortgage. In addition, the settlers also had [a contract with the Ofra cooperative](#) association, which sold them the homes as though the land were theirs. In this case, the Palestinian landowners, together with the "Yesh Din" organization, [filed a petition](#) to stop the construction, and the High Court ruled that the homes should be demolished.

But Amona and Ofra are not the only cases: in the case of **Givat Ha-Ulpna in Beit El**, which was built on private land, [it was revealed during the legal proceedings](#) that the

Settlement Division gave settlers authorization certificates for the land, and in the case of the outpost **Mitzpeh Kramim**, which was established on private Palestinian land, the settlers submitted to court authorization certificates they received from the Settlement Division on lands they had never owned.

Not only private Palestinian lands have been seized with the help of the Settlement Division, but also public lands. [Haaretz reported](#) that a project of 54 housing units in the **Beit Horon** settlement was built based on a authorization certificates given by the Settlement Division on state land that had never been allocated to the Division.

2. Flaws in the Division's Authorization

[The Spiegel Report](#) prepared by the Ministry of Defense for the Prime Minister to examine the situation of the settlements, details a list of allocations given to the Settlement Division by the Commissioner of Government Property. In many settlements, it is noted that the allocation contract has expired (for example in the settlements of Itamar, Elon Moreh, Asfar, Beit El, etc.). Despite this, in some of these places, settlers continue to use the land for construction and agriculture. In other cases, the Division granted residential and construction rights, even though the allocation it holds is only for planning.

Another phenomenon was revealed in [the State Comptroller's report of 2016](#). In recent years, a ["Blue Line Team"](#) has been operating in the Civil Administration, aimed at re-establishing the state land boundaries in the settlements, since the boundaries in most places were found to be inaccurate, based on old procedures in the 1980's. This means that areas that were previously mistakenly considered state land, and some of which were even allocated to the Settlement Division, are now considered private land that cannot be used (while other areas previously considered private land have become state land). Despite it being determined that these are private lands, it turned out that the Settlement Division continues to treat these lands as its own and continues to sign new authorization contracts with settlers who do not know that the land is private. As the Comptroller states: ***"It turns out that there may be a situation where residential buildings are constructed on land that was removed from the declared area, i.e., private land..."***

without the Civil Administration being aware of it and being able to prevent it" ([State Comptroller Report 66b](#), p. 123).

This means that the official responsible for government property in the Civil Administration, who is in charge of all state lands in the Occupied Territories, does not supervise or act to prevent the Division from allocating lands illegally. The Civil Administration's response to these issues was that there is not enough manpower to handle the matter.

3. Allocations for Grazing to Shepherd Outposts

The Settlement Division plays a central role in the phenomenon that has developed in recent years in the West Bank regarding the establishment of shepherd outposts. In these outposts, a handful of settlers set up agricultural farms, **through which they take control of thousands of dunams and push Palestinian farmers off the land**. In the past two years, [54 Palestinian communities](#) and residential clusters of families, [more than 1,500 people](#), have been expelled due to settler violence, which almost always originates from the shepherd outposts.

The Settlement Division gives settlers in these farms authorization contracts for grazing rights over thousands of dunams. These contracts enable the settlers to receive support and funding from the authorities, and they use them to gain legitimacy for taking control of the land.

4. No Payment for Land

The Settlement Division does not charge for the land nor transfers funds to the Civil Administration for lands it receives. This means that settlers who purchase homes, set up businesses, or cultivate lands managed by the Settlement Division do not need to pay a single shekel for the land. The ones benefiting from this are [the developers, like Amana](#), and the settlements themselves, which pocket the land value from settlers who purchase homes.

It is important to note that there is no government decision or law exempting settlers from paying for land. The State Comptroller dedicated two audit reports to this issue, [estimating in 2013](#) that the loss to the regional treasury was hundreds of millions of shekels.

5. The State Does Not Supervise and Even Does Not Know What the Division is Doing with the Land

The problems related to the independent system managed by the Settlement Division regarding land management are well known to the relevant parties and have been mentioned and criticized in [the State Comptroller's reports](#). However, it seems that this situation is very convenient for all those involved in the Occupied Territories and the settlements, and they prefer to ignore it and allow the continued neglect.

One of the recommendations in [the 2005 Talia Sasson Report](#) was to cancel all land allocations given to the Settlement Division that had not yet been used, and return them to direct management by the Commissioner of Government Property. The government adopted the report's conclusions but immediately diluted them by establishing a ministerial committee to implement the report. Needless to say, the Settlement Division continues to manage the land as if it were its own without interruption.

In February 2016, the Commissioner of Government Property in the Civil Administration [contacted the Settlement Division](#) and demanded that every allocation be brought to his attention and approval. In a discussion in the Knesset Constitution Committee on October 29, 2018, the Commissioner stated that the Settlement Division refuses to provide him with information:

"[We asked that] for every allocation carried out by the Division, they would send it to us for review before it is carried out. We have not received any such allocation... We have not received any response to the 2016 letter until today. These are the facts." (Constitution Committee Meeting [Protocol, 29/10/18](#), p. 93).

In a response provided by the Civil Administration seven months later to [the Movement for Freedom of Information](#) on May 13, 2019, it was stated that [no reports were received](#) from the Division.

Despite the lack of state supervision, the warnings from the State Comptroller, and the fact that it was revealed that the Settlement Division is allocating land that it does not own and is acting negligently regarding land management, the government continues to allow the Settlement Division to manage the land without transparency and without oversight.

Following a petition to the High Court of Justice (HCJ 8261/15) filed by a contracting company named M.Y. Shacham, demanding to stop the land management by the Settlement Division, [legislative steps were initiated in the Knesset](#) to ensure that the Settlement Division would continue to manage land without any supervision. However, these efforts, alongside government attempts to regulate the situation, were stopped after the High Court [rejected the petition](#) on technical grounds.

As of November 2024, the state continues to allow the Settlement Division to manage the land without any oversight. In [a petition filed by Peace Now](#) demanding that all allocations by the Division be made transparently (HCJ 4976/22), the state's position is that there is no need for transparency or publication of the Division's allocations. The petition is still pending before the court.

6. Summary

In the [summary of a meeting](#) held with Deputy Attorney General Dina Zilber on April 18, 2015, regarding land management by the Settlement Division, the situation was summarized in the following severe terms:

- *"The picture that emerged during the discussion is that over the years, hundreds of thousands of dunams of land (around 400,000 - 500,000 dunams) were allocated to the Settlement Division, and in all or part of them, the Settlement Division transferred rights to third parties, all without the Commissioner having information about the scope of the lands on which rights were transferred; the nature of the rights*

transferred; the terms of their transfer; the existence or lack thereof of compensation for the transfer of rights; the identity of the parties to whom the rights were transferred; and the management of the registration of these rights ...

- *“The complete absence of supervision mechanisms from the Civil Administration and through the Commissioner over the actions of the Settlement Division...*
- *“The absence of a collection system for user fees and leasing fees in respect of the rights allocated and transferred in the land to the Settlement Division and from the Division to third parties...*
- *“There are cases in which rights were transferred by the Settlement Division to third parties, despite the fact that it was not initially possible to transfer rights in those lands for various reasons, such as: rights transferred in lands that were never allocated to the Division; lands owned by private Palestinians; lands not owned by the Commissioner; lands that were removed from the Blue Line, etc.*