



Mid-term Assessment of the Palestinian Authority Capacity Enhancement (PACE) Project and Recommendations for Future Governance Assistance to the Palestinian Authority

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The findings and recommendations contained in this report are those of the author and do not necessarily reflect the views and opinions of USAID West Bank/Gaza

Executive Summary

The Palestinian Authority Capacity Enhancement project (PACE) is a three-year, \$21 million program to strengthen select Palestinian Authority ministries and other public sector institutions to improve their capacity to govern effectively, to provide basic services and security for citizens, and to develop and implement critical policy changes and reforms. The five main targets of the project are the Ministry of Public Works and Housing, the Ministry of Finance, the Ministry of Transportation, the Ministry of Interior (MOI), and the Ministry of Technology and Information Technology (MTIT). The PACE project has four overall objectives in working with these ministries: improved service delivery; increased financial transparency and accountability; enhanced capacity; and strengthened public communications and participation. The project is on track to meet three of the four project objectives. The project has not made as much progress on the objective to increase financial transparency and accountability by the PA.

The project adopted a two part assistance strategy – support for short-term, quick hit activities designed to improve service delivery and longer-term institutional capacity building. The project has employed a Centers of Excellence approach which introduces and institutionalizes participatory processes for changing and reforming how government institutions operate and function.

PACE has achieved an impressive number of results in the first two years of its three year project. The most tangible and visible results have been the refurbishing and upgrading of 11 citizen service facilities across the West Bank. These facilities consist mainly of government offices where citizens engage in transactions with government staff and officials. PACE has helped improve the effectiveness and efficiency of citizen service transactions through new ICT equipment, specialized software, and re-engineered business processes and procedures. Technical assistance was provided to restructure offices and departments, develop job descriptions, adopt new service delivery procedures, and develop operating procedures manuals. PACE activities have helped upgrade human capacity in each of the five targeted ministries through the Centers of Excellence initiative and through training and technical assistance. PACE technical consultants also contributed to the updating of legislation and regulations.

The PACE project directly supports, and has contributed to, progress towards achieving the good governance-related goals and objectives of the Palestinian Authority's state-building efforts as set forth in the *Program of the Thirteenth Government*. In addition, surveys and opinion polls conducted within the West Bank demonstrate generally positive trends in increased citizen satisfaction with services and transactions provided by the targeted ministries as well as overall improvements in citizen perception of the Palestinian Authority as a whole.

The current PACE project task order is scheduled to end on September 26, 2011. Given the successful track record of the project thus far, immediate steps should be taken to extend the project until the end of the BRDG IQC on March 30, 2013.

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- PACE expert consultants contributed to the updating of legislation and regulations.
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- USAID West Bank/Gaza should take immediate steps to extend the PACE project until the end of the BRDG IQC on March 30, 2013.
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- Broaden the scope of the project to include a focus on strengthening policy making processes within the PA.

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- There are currently four separate governance related programs within USAID West Bank/Gaza’s governance portfolio.
- Two governance related programs – PACE focused mainly on the national level and CID focused mainly on sub-national governance – would provide the most effective and efficient approach to strengthening governance within the PA.
- The CID project agreement should be modified to include working with local government entities in non-vulnerable communities and to provide dedicated resources for governance related technical assistance and training.

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- USAID has initiated a series of reforms that call for, in part, increasing the amount of assistance delivered directly through, or with, host county systems and institutions.
- USAID West Bank/Gaza should consider direct funding of qualified Palestinian NGOs to engage in certain types of activities such as monitoring and evaluation work.
- USAID West Bank/Gaza may be able to work directly with qualified PA ministries and institutions using creative funding arrangements.

Mid-term Assessment of the Palestinian Authority Capacity Enhancement (PACE) Project and Recommendations for Future Governance Assistance to the Palestinian Authority

1. Introduction:

The Palestinian Authority Capacity Enhancement project (PACE) is a three-year, \$21 million program to strengthen Palestinian Authority ministries and other public sector institutions to improve their capacity to govern effectively, to provide basic services and security for citizens, and to develop and implement critical policy changes and reforms. The project is being implemented on behalf of USAID West Bank/Gaza by Chemonics International Inc., pursuant to a task order under the *Building Recovery and Reform through Democratic Governance (BRDG)* IQC (Contract No. DFD-I-06-05-00219-00). The timeframe for this task order is from September 26, 2008 to September 26, 2011. The project is intended to support efforts of the Palestinian Authority (PA) to improve its administrative performance and capacity to deliver public services. The project addresses elements of the Palestinian Reform and Development Plan (PRDP) and the Palestinian Authority Program of the Thirteenth Government, both of which call for improving the efficiency and effectiveness of Palestinian governing institutions.

The purpose of this assessment is to review the work and results of the PACE project thus far to determine whether the project is on track to meet its overall goals and objectives; how Palestinian Authority counterparts view the project; and whether tangible benefits and impact are being felt by citizens.¹ The assessment report will provide recommendations on whether and how to continue the PACE project beyond the timeframe of its current task order. The report will also review the PACE project in the context of USAID West Bank/Gaza's larger Democracy and Governance portfolio and provide recommendations on how the PACE program can link to, or be expanded to incorporate, work being conducted through other USAID West Bank/Gaza projects including the Local Democratic Reform (LDR) project, the Civic Engagement Project (CEP), and the new Community Infrastructure Development (CID) project.

2. Description of PACE Project:

- PACE is a three year, \$21 million project designed to enhance the capacity and improve citizen services of targeted PA ministries and institutions.
- The project has adopted a two part strategy – short-term, quick hit activities designed to improve service delivery and longer-term institutional capacity building.
- The project has employed a Centers of Excellence approach which introduces and institutionalizes processes for changing and reforming how government institutions operate and function.

The overall goal of the PACE project, as set forth in the task order Statement of Work, is a more professional and competent public administration and civil service within the Palestinian

¹ Although this is being termed a mid-term assessment, the timeframe of analysis is years 1 and 2 of a 3 year project.

Authority that provides more effective, efficient and responsive services and benefits to the Palestinian people. The objectives for achieving these goals are as follows:

- Improve delivery of key services by targeted PA ministries and institutions that result in immediate tangible benefits to citizens;
- Increase financial transparency and accountability by the PA in public finance management;
- Enhance and sustain capacity of PA officials and staff; and
- Strengthen public communications about, and participation in, PA decision-making.²

Chemonics, in consultation with USAID West Bank/Gaza, adopted a two-prong strategy for attaining these objectives: 1) deliver immediate, quick impact, high visibility technical and infrastructure support to high priority ministries and public sector institutions to improve public services in areas where citizens come into daily contact with Ministry officials and staff; and 2) provide longer-term technical assistance to targeted Ministries to improve the capacity of officials and staff to develop, design, and implement internal changes and reforms in practices, processes and procedures designed to increase the effectiveness and efficiency of the work of the Ministries.

In addition, the project included a small-grants program intended to bolster the ability of Palestinian NGOs to engage with PA ministries and institutions in decision-making processes, increase PA communications with the public, improve PA service delivery, and monitor PA reform progress and performance.

The original three-year work-plan submitted by Chemonics called for support to the following PA ministries and institutions:

Ministry of Public Works and Housing
Palestinian Land Authority
Ministry of Finance
State Audit and Administrative Control Bureau
Ministry of Transportation

Subsequently, Chemonics also began working with the Ministry of Interior (MOI) and the Ministry of Technology and Information Technology (MTIT) following a request from those Ministries to USAID for assistance. The Palestinian Land Authority received assistance in the first year of the project including refurbishment of area offices in Jenin and Nablus and technical assistance and training for improving land registration procedures and filing systems. However, after completion of those activities, the PLA was not interested in further capacity building assistance and activities with the PLA came to an end.

² Palestinian Authority Capacity Enhancement (PACE) Task Order No. DFD-I-06-05-00219-00, Statement of Work, Section C.3.

The first phase or stage of the PACE project focused on short-term activities with targeted Ministries and institutions designed to improve high visibility public services and interactions between citizens and PA officials and staff. A primary aspect of this assistance was the renovation of ministry offices that provide direct citizen services, the redesign of processes and procedures, and the installation of computer and IT software, to make the delivery of those services more efficient and effective. Examples of these types of interventions include the restoration of motor vehicle and drivers licensing offices in Ramallah, Hebron, and Nablus; the rehabilitation and equipping of road repair units in Nablus, Ramallah and Hebron to provide rapid road repairs in their districts; and the refurbishing of civil affairs departments in Ministry of Interior offices in Hebron, Nablus and Jenin to improve their capacity to provide passports, PA identity cards, and birth and death certificates.

The second phase or stage of the PACE project is intended to provide medium-term technical assistance and training to enhance the capacity of officials and staff in targeted ministries and institutions. The PACE project's primary mechanism for implementing this phase of the project is through the Centers of Excellence (COE) initiative. COE is an approach for introducing and institutionalizing processes for changing and reforming how government institutions operate and function. Using organizational change management techniques, COE brings together mid-to-senior level civil servants within targeted ministries to introduce them to government organizational best-practices and create a structured process by which they can develop and implement transformation action plans that tailor those practices to their ministry.

To implement the COE initiative, PACE worked with the five partner ministries to create and train COE teams. Each team was responsible for undertaking an organizational self-assessment through a combination of surveys, focus groups, and interviews with ministry staff to solicit peer feedback on ministry strengths, weaknesses, gaps and opportunities for improving ministry operations and citizen service delivery. Each team will then translate the self-assessment findings into transformation plans that identify and prioritize reform actions and activities designed to address deficiencies within each ministry.

Following approval of those transformation plans by Ministry leadership, PACE Technical Specialists and Embedded Advisors will work closely with the COE teams in each Ministry to help the teams implement specific reforms prioritized by the ministries. It is also envisioned that PACE will work to help institutionalize COE teams in each of the ministries and find a permanent "home" or champion of the COE process within the Palestinian Authority.

3. Results of PACE Project to Date:

- Eleven PA citizen service facilities across the West Bank have been refurbished and upgraded to provide more effective and efficient citizen services.
- The Centers of Excellence initiative has been implemented in five partner ministries and has begun to contribute to organizational changes and reform.

- Over 1100 participants attended project sponsored training courses in the first two years of the project.
- Awarded grants totaling more than \$850,000 to eight civil society organizations in support of PACE's objectives.

PACE has achieved an impressive number of results in the first two years of its three year project. The most tangible and visible results have been the refurbishing and upgrading of 11 citizen service facilities across the West Bank. These facilities consist mainly of government offices where citizens engage in transactions with government staff and officials. Refurbishing of these facilities typically involved renovating the interiors and furnishings, creating public sitting areas, installing more user friendly counters and workstations, establishing queuing systems, providing computers and IT equipment, creating software to process transactions electronically, increasing signage and information brochures, and improving filing and record-keeping systems.

PACE also worked with partner Ministries to re-engineer their business processes and procedures. Technical assistance was provided to restructure offices and departments, develop job descriptions, adopt new service delivery procedures, and develop operating procedures manuals. Training was conducted for targeted staff of partner ministries to improve their effectiveness and efficiency in providing services and improving government functions. PACE's records indicate that the project provided training to 503 trainees in the first year of the project and 659 trainees during the course of the second year of the project. Among the different training modules that PACE developed and delivered during the course of the first two years of the project were:

- Centers of Excellence Related Training
- Customer Service Training
- Training of Trainers
- Road Standards Manual
- English Language
- Geographic Information Systems
- Computer Skills
- Palestine Post Training
- International Post Training
- Management and Behavior Training
- Needs Assessment Training
- Process re-engineering

PACE also provided technical assistance for Centers of Excellence initiatives in five partner ministries which are intended to improve the performance of those ministries through organizational change management techniques. In addition, PACE awarded more than \$850,000 in small grants to eight Palestinian civil society organizations to support engagement with the Palestinian Authority. These grants were designed to help raise public awareness of

specific changes and reforms, improve communications with and by the PA, provide technical assistance to the PA, conduct policy research and analysis, and improve PA service delivery. The timeframe and scope of this assessment did not allow for an evaluation of the impact of these small grants, however, the assessment was informed by reports and products produced by some of the civil society organizations and interviews with representatives of two of the organizations.

The totality of PACE project activities is impressive but it does not adequately reflect or highlight the individual results within each of the ministries and institutions that were targeted by the project. The following identifies key results in each of these ministries over the first two years of the project.

Ministry of Transportation

The project completed the renovation and refurbishing of licensing bureaus in Ramallah, Hebron and Nablus. Included in this was the installation of IT equipment and other commodities that reduced the time needed to process driver licenses and motor vehicle registration transactions. The project assisted in the launching of the Higher Council of Traffic (HCT) and provided training to its members to build their knowledge and skills to support the HCT's mandate. Traffic and road safety public awareness campaigns were conducted as well as new traffic signs erected at key road sites.

Ministry of Interior

The project focused on strengthening the capacity and responsiveness of the civil affairs department of the MOI which is responsible for processing and issuing passports, national IDs, and birth, death and marriage certificates. The project renovated and refurbished citizen service centers in Hebron and Jenin and installed IT equipment and other commodities that reduced the time needed to process official documents. The project also delivered IT equipment and procedural improvements to MOI offices in El Bireh, Tubas, Bedia, and Howara that allowed residents of those areas to apply for and receive official documents without having to travel to larger MOI offices in further away locations.

Ministry of Telecommunications and Information Technology

The project assisted the Ministry in significantly upgrading the services provided by the Palestinian postal service. Results of project assistance include facilitating the approval of an international postal routing code and an international mail processing center code for Palestine from the universal postal union; helping the postal service to develop and implement a commercial strategy for new product and service areas including parcel and domestic express mail deliver within the West Bank; and rebranding the postal service which is now known as PalPost. These efforts have already paid off as indicated by the doubling of domestic mail volume between January and July of 2010.

Ministry of Finance

A number of donor projects work with the Ministry of Finance. The PACE project focused on improving the capacity of the income and property tax departments in the Ministry. The project helped to standardize property tax services in property tax offices throughout the West Bank and assisted in the design and launching of a public campaign to promote a cascading discount program for property tax payers that resulted in a 54% increase in property taxes collected compared to the previous year. The project helped renovate and refurbish the property tax office in Hebron. The renovations included a new design for the office and public waiting area, IT equipment, and a queuing system to improve citizen services. The PACE project also facilitated the training of over 100 MOF staff on tax auditing and provided technical assistance on the draft income tax law.

Ministry of Public Works and Housing

The project helped to reestablish three road maintenance facilities in Nablus, Hebron, and Ramallah which resulted in the repair of over 175 kilometers of roads in the West Bank. In addition, PACE provided geographic information system (GIS) devices that has allowed the Ministry of Public Works and Housing to electronically map road repairs and road networks and also provided technical assistance to the Ministry for the creation of the first Palestinian Road Standards manual.

4. Impact of PACE Project to Date:

- Review of the most recent PMP report demonstrates positive trends in most indicators for the first two years of the project.
- Interviews with a variety of officials from targeted ministries were almost universally positive regarding assistance provided by the PACE project.
- Citizen satisfaction with services provided by four targeted ministries rose 15% in the first two years of the project.

Measuring the impact of the PACE project to date is a difficult and inexact process and relies upon a mix of quantitative, qualitative, anecdotal, as well as subjective information and opinions. Limitations on this effort include incomplete data, time limitations, selective interviewing, and other constraints to information gathering. In addition, project activities are ongoing and significant work remains over the next nine months to implement the changes and reforms identified in the transformation action plans developed through the COE process in each of the five partner ministries. As a result, this report provides a very initial assessment of project impact to date; realization of the full impact of the project will not be possible until sometime after the project ends and sufficient time elapses to judge the sustainability of organizational changes and reforms implemented with the assistance of the PACE project.

However, there are some initial indications of impact that can be gleaned through data collected as a part of PACE's performance monitoring plan (PMP), interviews with project partners and stakeholders and, more indirectly, through references to surveys and opinion polling. Some of the conclusions set forth in this assessment regarding the impact of the PACE project to date, including both its successes and its shortcomings, are based on quantitative data compiled by the project or by organizations funded by the project. The assessment team has not been able to independently verify all of the quantitative information supplied by the project.

As part of its PMP, the project developed 18 indicators to measure progress toward achieving its overall goals and objectives. Review of the most recent PMP report³ demonstrates positive trends in most indicators for the first two years of the project. The question of attribution, i.e., linking indicator outcomes to actual project activities and interventions is difficult. Examples of positive indicator outcomes are as follows:

Indicator: % change in customers satisfaction with the service delivery provided in targeted ministries and institutions.

Target: 3%
Actual: 15%

Customer service surveys were conducted for four ministries: the MOF, MOI, MOT and MOPWH. A baseline survey was conducted at the beginning of the project and follow-up surveys were done at the end of Year 2 of the project. Results of the Year 2 survey indicate that the combined increase in the percentage of citizen satisfaction with services provided by the four targeted ministries was 15% over the baseline survey.

Indicator: % of people receiving training who utilize new knowledge and skills

Target: 50%
Actual: 87%

Although this indicator does not necessarily measure direct improvements in institutional performance and effectiveness, it does indicate that project training is considered useful and is being absorbed and translated into action by staff of the targeted ministries.

Indicator: % change in citizen feedback acted upon and communicated by targeted ministries.

Target: 5%
Actual: 38%

³ See *PA Capacity Enhancement Project - PACE*, Quarterly Report, 1 July – 30 September 2010, Year 2, Quarter 4.

The project measured specific acts of citizen feedback or complaints that were responded to by targeted ministries. The project was able to measure a significant increase in the percentage of actions taken by ministries in relation to the number of issues and complaints raised by citizens through specific mechanism such as ministerial websites, public meetings, and hotlines. The results - a 38% increase in government responses - demonstrates a greater responsiveness by the targeted ministries to citizen concerns.

Other indicators are more output and less impact oriented. However, these indicators demonstrate the breadth and extent of PACE activities and interventions over the first two years of the project. For example, one indicator measures the number of events supported by civil society organizations to improve the environment for citizen engagement and dialogue with the Palestinian Authority. The total number for this indicator is 74 events within the West Bank which attracted thousands of citizens. These events were organized through PACE's small grants program by four civil society organizations in conjunction with targeted ministries. These events included public forums such as town hall meetings, round tables, and conferences and involved a range of topics and issues such as government services, passport procedures, and agricultural issues.

Another indicator measured the number of communication campaigns support by civil society organizations to increase public awareness about government services. Thirty-five public awareness campaigns were conducted by five civil society organizations during the first two years of the project and addressed issues and topics such as traffic safety awareness, understanding of the role of taxes, proper use of medicines, and promoting the use of the Palestinian postal service, among others.

Surveys and opinion polls conducted within the West Bank demonstrate generally positive trends in increased citizen satisfaction with services and transactions provided by the targeted ministries as well as overall improvements in citizen perception of the Palestinian Authority as a whole.

Panorama, a Palestinian NGO, received a small grant from PACE to measure citizen perceptions of services provided by the targeted ministries. Panorama's director reported that their citizen satisfaction surveys had found generally positive and upward perceptions of the Palestinian Authority in general and specifically with respect to services provided by the targeted ministries.

Panorama conducted two rounds of exit surveys (July 2010 and October 2010) to measure citizen satisfaction with services and wait times for the Ministry of Transportation, the Ministry of Finance, the Ministry of Interior, and the Ministry of Public Works and Housing.⁴ Citizen satisfaction with services provided by, or interactions with, three of the four Ministries increased as a whole between the first and second surveys (the Ministry of Public Works and Housing was the exception). For the Ministry of Transportation, citizen satisfaction rates increased by 16% between the first and second surveys; for the Ministry of Interior satisfaction rates increased by 9%; and for the Ministry of Finance satisfaction rates rose by 4%. Significantly, many of the

⁴ For a summary of these exit surveys, see *Impact Assessment Summary of Project Assistance*, PACE, January 2011.

specific increases in citizen satisfaction rates were for those Ministry offices that the PACE project worked most closely with. For example, PACE assisted the Property Tax Department of the Ministry of Finance in two locations – Hebron and Nablus - to implement revised operating procedures, install new software, and train employees in customer service techniques. Citizen satisfaction with the services provided by those two offices increased between the two surveys; in the case of Hebron by 8% and in Nablus by 16%. Similarly, PACE helped renovate, install new systems and procedures, and train staff in Ministry of Transportation Licensing Bureaus in Ramallah, Nablus and Hebron. The two exit surveys found increased citizen satisfaction rating of 30%, 19%, and 6% respectively for those three offices.

Citizen wait and transaction times for those offices with which the PACE project worked decreased almost across the board. For the Ministry of Finance (Property Tax Department), Ministry of Transportation (Licensing Bureau), and Ministry of Interior (Civil Affairs Department), wait and transaction times for all Ministry offices within those departments and Bureau decreased by 4 minutes for the MOF, 7 minutes for the MOT, and 18 minutes for the MOI.

The surveys also revealed that increases in citizen satisfaction were not limited to those locations where Ministry offices had been renovated but included a number of offices that had not been renovated but whose staff has received training from the PACE and whose systems and procedures had been improved. It is significant that senior leadership within the Ministry of Transportation and the Ministry of the Interior have shown particular interest in the results and analysis of these exit surveys conducted by Panorama.

Broader polls and surveys of citizen perceptions of, and satisfaction with, the performance of the Palestinian Authority as a whole are consistent with the results of the more targeted Panorama surveys. The Palestinian Center for Policy and Survey Research (PSR) conducts regular opinion polling of citizens in the West Bank and Gaza on a number of political and social issues. One question that the PSR poll regularly asks is: *Tell us how do you evaluate the performance of the government headed by Salam Fayyad? Is it good or bad?* In August of 2008, immediately prior to the beginning of the PACE project, 34% of respondents in the West Bank judged the performance of the Fayyad government as *very good or good*. Those proportion of West Bank respondents who viewed the performance of the Fayyad government as *bad or very bad* was 29%.⁵

The most recent PSR poll conducted in December of 2010 found that the proportion of West Bank respondents describing the performance of the Fayyad government as *very good or good* had risen to almost 45% while the proportion of respondents describing it as *bad or very bad* had fallen to 17%.⁶

⁵ See Poll Number 29, *Palestinian Center for Policy and Survey Research*, August 28-30, 2008 at <http://www.pcpsr.org/survey/polls/2008/p29e.pdf>.

⁶ See Poll Number 38, *Palestinian Center for Policy and Survey Research*, December 16-18, 2010 at <http://www.pcpsr.org/survey/polls/2010/p38e.html>

Another public opinion poll conducted by An-Najah National University's Center for Opinion Polls and Survey Studies had similar results although different numbers (due in part to different answer choices). The An-Najah poll from September of 2008 found that 60% of respondents in the West Bank assessed the performance of the Fayyad government as *good* while almost 28% viewed it as *bad*.⁷ The most recent An-Najah poll from September 2010 found that 74% of West Bank respondents called the performance of the Fayyad government as *good* while the proportion of respondents calling it *bad* dropped to 18%.⁸

Both of these separate opinion polls clearly identify an increase in citizen satisfaction with the performance of the Palestinian Authority during the timeframe of the PACE project. While this does not provide empirical evidence that the impact of the PACE project contributed to the increase in citizen satisfaction with the performance of the Palestinian Authority in the West Bank, it does help to validate the overall premise and objectives of the PACE project to support Palestinian Authority efforts to improve its performance and results.

Interviews conducted during the course of this assessment with a wide range of individuals associated or familiar with the project tend to support these quantitative indicators and demonstrate both the project's high level of activity and its contribution to improving ministry performance and citizen satisfaction in several areas. Senior leadership in each of the targeted ministries universally praised the PACE project, its professionalism, its extremely capable staff, the quality of its technical assistance and training, and its strategies and approaches to working with the ministries. Most of the leaders indicated that they had been skeptical of, or had reservations concerning, the project when it began but that the results delivered by the project had exceeded their expectations.

For example, the Deputy Minister of the Interior praised the project for focusing on the civil affairs side of the Ministry's work – an area that had been neglected by other donor funded programs that focused solely on the security side of the Ministry's mandate. The Deputy Minister indicated that technical assistance and training from the PACE project had strengthened employee performance, improved the public's perception of citizen services provided by the Palestinian Authority, and raised confidence and morale among Ministry staff in the civil affairs bureau. He cited several measures of improvement in citizen services provided by the Ministry including reductions in wait times for birth certificates from 1 hour to 20 minutes; for passports from 3 days to 1 day; and for citizen identification cards from 3 hours to 1 hour. The Deputy Minister also credited the project with helping to reactivate the Ministry's training department to focus on specialized skills development for different positions rather than providing general and generic training to all employees.

⁷ See Poll Number 35, *Center for Opinion Polls and Survey Studies*, September 18-20, 2008 at <http://www.najah.edu/file/centers/OPSSC/poll%2035%20en.pdf>

⁸ See Poll Number 41, *Center for Opinion Polls and Survey Studies*, September 17-19, 2010 at http://www.najah.edu/file/centers/OPSSC/Poll41_en.pdf

The Deputy Minister of Finance indicated she was very happy with the results of the PACE project citing in particular the COE process which she credited with having helped identify critical issues, weaknesses and constraints within the Ministry. She credited the technical experts from the PACE project with helping to identify concrete solutions to technical issues. As one example, the Deputy Minister cited the work of a Jordanian tax expert who was extremely useful in reviewing the draft Income Tax, identifying problems, and recommending solutions. She was very pleased with PACE training that focused on tax auditing and trained over 100 employees in tax auditing techniques. The Deputy Minister also credited the PACE project with assisting in the creation of a new large taxpayer unit; with helping to foster an increase in property tax revenues because of new assessment techniques and a highly visible public awareness campaign; and with helping to create a more professional environment within the Ministry.

Lower level ministry officials, who often had greater contact with the PACE project, were equally positive concerning the contributions of the project to the work of their offices or departments. For example, the Director of the Ministry of Transportation's Licensing Bureau in Hebron praised the PACE project for its work in refurbishing their offices, redesigning its IT systems, and reengineering customer service processes. He indicated that with PACE support, the office had improved staff efficiency and morale, reduced the number of staff needed to administer licensing exams, reduced citizen wait times, and increased revenues and the number of citizens utilizing the office.

The same director also credited the PACE project's COE process as helping to facilitate restructuring of roles and responsibilities within the Ministry of Transportation and standardizing procedures among different offices throughout the West Bank. He estimated that 90% of issues that directors used to need to get decisions or approval from Ministry headquarters in Ramallah could now be dealt with directly at his level.

The Director of the Ministry of Interior's Civil Affairs Office in Hebron indicated that PACE assistance in improving and reorganization their office had greatly improved the interaction between citizens and employees and increased the efficiency of services provided by the office. For example, he estimated that the wait time for citizens waiting to apply for passports had been reduced from 4 hours to less than 1 hour.

Although most persons interviewed for this assessment had generally positive things to say about the work of the PACE project, there were some criticisms or concerns expressed and/or suggestions for improvements in the project. One ministry official indicated that, at least with respect to his ministry, it took a long time for PACE to procure various items. However, the official attributed this mainly to the extensive procurement requirements that PACE had to comply with.

Representatives of one of the civil society organizations funded through the PACE small grants program, tasked with monitoring institutional changes and reforms within the targeted ministries, expressed concern that senior leadership in some of the targeted ministries were not taking the

COE process and resulting recommendations seriously. These representatives indicated that the effectiveness of COE teams in some ministries was dependent upon personnel relationships between team members and senior leadership in these ministries. In some cases, many of the identified needs and issues in the Transformation Plans come from senior leadership as opposed to from a broader group of employees as a result of COE consultative processes.

Although many of the PMP indicators, antidotal evidence, and feedback from officials and staff of partner ministries provide positive evidence of the project's impact to date, many of the most difficult elements of the project remain unfinished. Without minimizing the importance and positive impact of the short-term, highly visible, quick impact activities that helped to improve citizen services in the targeted ministries, the more difficult task of institutional change and reform designed to improve the overall transparency, accountability, responsiveness, effectiveness and efficiency of the targeted ministries remains unfinished. For this second phase of the project to ultimately be successful, there will need to be significant changes in the corporate cultures of some of these ministries, employees willing to adopt new practices and procedures in how they do their jobs, competent middle and upper mid-level managers who can motivate and/or enforce the implementation of new practices and procedures, and continued support from senior leadership in these institutions for change and reform.

The PACE team, along with USAID and USG officials, will need to continue to press senior leadership in each of the targeted ministries to follow through on the implementation of key changes and reform identified through the COE process.

5. Progress Toward Achieving Project Objectives

- The PACE project has four overall objectives in working with targeted PA ministries and institutions: improved service delivery; increased financial transparency and accountability; enhanced capacity; and strengthened public communications and participation.
- The project is on track to meet three of the four project objectives.
- The project has not made as much progress on the objective to increase financial transparency and accountability by the PA.

The Statement of Work for the PACE project calls for achieving the following objectives over the life of the project:

- Improve delivery of key services by targeted PA ministries and institutions that result in immediate tangible benefits to citizens;
- Increase financial transparency and accountability by the PA in public finance management;
- Enhance and sustain capacity of PA officials and staff; and
- Strengthen public communications about, and participation in, PA decision-making

As demonstrated in Sections 3 and 4 of this assessment report, the PACE project is substantially on track to achieve three of the four objectives set forth in the Statement of Work. With respect to the first objective, ample information and data exists to support the conclusion that the PACE project helped the five targeted ministries to improve the delivery of key services to citizens such as the issuance of drivers licenses, motor vehicle registrations, citizen identification cards, passports, birth and death certificates, delivery of postal services, and improved roads. While the immediate benefits of these improved services might accrue mainly to a limited number of citizens in those few locales where the project worked, the project has laid the foundation for the ministries to expand the delivery of improved services to other areas of the West Bank.

Likewise, under the third objective, the project improved the capacity of a number of PA officials and staff to provide improved citizen services and to perform their functions in a more effective manner. Over 1100 trainees have participated in project training covering a wide variety of topics and issues designed to increase knowledge, skills, and abilities. Project indicators based on post training surveys show that the percentage of staff receiving training who utilize knowledge and skills derived from the training is 87%. In addition, the PACE project has introduced an organizational change and reform self-assessment methodology, and trained a core group of mid and senior level staff in each of the targeted ministries, on its techniques and processes. Project indicators show that over 40 separate offices, units or departments in the five targeted ministries have staff trained in the implementation of the COE methodology and have completed the self-assessment process.

The project has also made meaningful progress on the fourth objective. PACE has worked with various PA ministries and institutions to develop public awareness campaigns designed to communicate information about government services, actions and safety warnings. A primary vehicle for public awareness messaging has been the “Ben7ebek ya Baladna” media campaign launched by the project in collaboration with partner ministries. Ben7ebak ya Baladna is a cartoon series created by the project to serve as a communication tool for the Palestinian Authority. The cartoon operates as public service announcements, with the theme of each episode focusing on one specific public issue. One episode a week is broadcast on a number of local television stations, along with a radio counterpart.

In addition, a number of the ministries that PACE worked with produced citizen service guides and posted fee schedules intended to provide citizens with information regarding procedures, requirements, and costs for receiving specific services. Service guides were produced by, among others, the Civil Affairs Department, the Passport Directorate, and the Property Tax Department. Finally, PACE funded NGOs organized and facilitated numerous public meetings bringing together PA officials and the public to provide opportunities for the public to raise issues, air concerns, and ask questions of those officials.

The project has had more success under this objective in improving financial transparency and accountability within the Ministry of Finance. The project assisted the MOF in improving Ministry departments that engage directly with the public such as the property tax and income tax departments. With PACE assistance, those departments issued citizen service guides and

developed public awareness campaigns designed to inform citizens on why taxes are important and how taxes are utilized. These efforts helped to increase tax revenues collected by the Ministry. The project also provided technical assistance to improve the new draft income tax law

6. Contributions of the PACE Project to Palestinian Authority Efforts to Build Strong Governing Institutions

- PACE activities supported the PA's good governance objectives by helping to upgrade human capacity in five targeted ministries through the Centers of Excellence initiative and through training and technical assistance.
- PACE expert consultants contributed to the updating of legislation and regulations.
- The performance of targeted PA offices, facilities, and citizen service centers improved as a result of PACE interventions.

The PACE project directly supported, and helped contribute to, progress towards achieving the governance-related goals and objectives of the Palestinian Authority's state-building efforts as set forth in the *Program of the Thirteenth Government*. One of eleven national goals set forth in the *Program* is *consolidating good governance*. To achieve these goals, the program focuses on four sectoral priorities: governance, social, economy, and infrastructure. Within the governance sector, the *Program of the Thirteenth Government* calls for the Palestinian Authority to develop and modernize its organization structures, upgrade the capacity of human resources, update legislation and regulations, and install state-of-the-art ICT equipment in order to upgrade performance.

PACE activities supported the PA's good governance objectives by helping to upgrade human capacity in each of the five targeted ministries through the Centers of Excellence initiative and through training and technical assistance. PACE also helped to improve the effectiveness and efficiency of citizen service transactions through new ICT equipment, specialized software, and re-engineered processes and procedures. PACE technical consultants also contributed to the updating of legislation and regulations.

There are a number of specific examples of how PACE activities directly contributed to achievement of key objectives of the *Program of the Thirteenth Government*. This report highlights three such examples:

A. The *Program* lists key objectives and related activities for the Ministry of the Interior. Among those key objectives and activities are the following:

Deliver effective and efficient services to citizens, expatriates and visitors to the PNA-controlled territory in line with the law through:

- *Developing the organizational structures, systems and process of the MOI.*
- *Building directorate offices and public service centers that offer high quality services.*

- *Automating service delivery and establishing connectivity with other institutions (e.g., the Civil Registry).*
- *Developing the Law on Nationality and Passports.*⁹

The PACE project assisted the MOI in refurbishing and/or re-engineering processes and training staff in public service centers in Hebron and Jenin. These efforts resulted in higher levels of citizen satisfaction with the services provided through those centers. PACE has also provided technical assistance on the drafting of an action plan for an inter-ministry citizen database, development of which is currently being facilitated by GTZ. It is expected that the MOI's transformation action plan which is currently in development through PACE's Center of Excellence initiative will identify and implement key changes and reforms to MOI organizational structures, systems, and processes.

B. Another example of PACE's direct support for key objectives of the PA's *Program of the Thirteenth Government* involves improving the ability of the Ministry of Public Works and Housing to provide services to citizens as follows:

Deliver appropriate services to citizens and governmental bodies through:

- *Rehabilitating the existing road network and constructing new roads.*
- *Building a geographical information system that includes data on all roads and development projects.*

Contribute to rationalizing government expenditure on roads and buildings through:

- *Establishing regular maintenance units throughout the Palestinian governorates.*¹⁰

PACE funded the rehabilitation of three road repair units that have now rehabilitated over 170 kilometers of roads within the West Bank. In addition, PACE provided technology, equipment and training on GIS software to allow the Ministry to utilize GIS technology in the design and repair of roads and culverts.

C. The *Program of the Thirteenth Government* sets forth objectives for the Ministry of Telecommunications and Information Technology that includes the following:

Increase ICT sector revenues through:

- *Rehabilitating the postal sector to provide effective and competitive postal and financial services.*¹¹

⁹ *Program of the Thirteenth Government*, Palestinian National Authority, August 2009, pg. 18.

¹⁰ *Program of the Thirteenth Government*, Palestinian National Authority, August 2009, pgs. 36-37.

¹¹ *Program of the Thirteenth Government*, Palestinian National Authority, August 2009, pg. 33.

The project assisted the Ministry's efforts to rehabilitate the postal sector by providing technical assistance and financing in the design and rebranding of postal facilities and vehicles with a new logo and in drafting a commercial strategy for six major product areas in the postal sector. One of these product areas includes a new express mail service that was launched in 2010.

7. Recommendations for Continuing the PACE Project:

- USAID West Bank/Gaza should take immediate steps to extend the PACE project until the end of the BRDG IQC on March 30, 2013.
- Continue to work with the five currently targeted ministries while also expanding the project to work with an additional two or three ministries or institutions.
- Broaden the scope of the project to include a focus on strengthening policy making processes within the PA.

The current PACE project task order is scheduled to end on September 26, 2011. Given the successful track record of the project thus far, immediate steps should be taken to extend the project until the end of the BRDG IQC on March 30, 2013. Chemonics should be informed as soon as possible about this extension so as to minimize the potential departure of key staff members. The project should continue to work with the five ministries that are currently receiving assistance to ensure continuity of technical assistance and training during the implementation and monitoring/evaluation phases of the COE program. Presumably some of the reform recommendations that will be incorporated into each Ministry's Transformation Action Plan will take longer to implement than the timeframe of the current task order. Continued PACE assistance will better ensure that institutional changes and reforms are fully and successfully implemented. In addition, in a meeting with representatives of the Ministry of Planning and Administrative Development, the assessment team was informed that the Ministry's preference was that donor programs continue to work in a particular area or with a particular PA institution until the job was done.

In extending the PACE project, USAID West Bank/Gaza should expand the project to include two to three additional ministries. The Ministry of Planning and Administrative Development has expressed its desire that PACE focus on service delivery ministries or institutions, i.e., those that engage directly with citizens. In addition to being responsive to Palestinian Authority preferences, expanding the number of ministries that receive PACE assistance would expand the dissemination of good governance practices to a larger segment of PA institutions and create additional demand and competition among these institutions. USAID West Bank/Gaza should work closely with the PACE team and with relevant Palestinian Authority officials to determine viable candidates for inclusion in the project.

In addition to expanding the number of ministries or agencies in the PACE project, USAID West Bank/Gaza should also consider expanding technical assistance to strengthen other governance related functions or areas. Although PACE has had success to date in those ministries with which it has worked, its scope has been fairly narrow and limited and directed mainly at

strengthening two general governance functions: citizen services and institutional capacity. However, there are a range of other governance functions that are critical to a country's ability to govern itself in a fully transparent, accountable, and effective fashion. These include, but are not limited to, policy-making processes, service delivery, public administration, civil service, e-government, and public financial management.

Strengthening each of those areas of governance functions would require a potentially large set of investments in the form of technical assistance, training and commodity support that is beyond the capacity of the PACE program, as currently structured. In addition, most of these areas of governance strengthening are, or have been, the subject of other donor projects and USAID West Bank/Gaza would want to avoid duplicative or overlapping programs.

However, USAID West Bank/Gaza should consider expanding the PACE project to incorporate at least one new governance component. One potential area of work is the strengthening of policy making processes within the PA. The Palestinian Authority's *Program of the Thirteenth Government* calls for promoting efficient and effective allocation of limited national resources through, among others:

- *Providing necessary technical support to develop capacity of governmental bodies in policy making and planning.*¹²

The current process of policy-making and drafting legislation within the Palestinian Authority is chaotic with multiple actors and institutions often working in isolation and at cross purposes on the same issue. Further complicating policy-making processes is the absence of a functioning legislative body resulting in legislation being issued by executive decree with minimal public input into the process. In addition, policy-making processes often begin with the drafting of legislation on a particular issue rather than with the careful analysis of existing law, the identification of relevant issues, the development of policy options and alternatives, and a rigorous and open discussion of potential solutions that includes public comment and input. The result is often weak policy planning and the lower quality of legislation and/or executive decrees emanating from the process.

A new approach to policy-making should focus on improving the capacity of individual ministries to develop policies and legislation in a more transparent and accountable manner through the utilization of more open and consultative processes. PACE is well placed to strengthen and broaden policy-making processes within the Palestinian Authority by helping ministries to create policy working groups which bring together a broader group of people to develop legislative solutions on key policy issues. Within the Ministries that PACE works with, PACE can help create and support these policy working groups around specific cross-sectoral policy issues that bring together representatives of different ministries and agencies, individual parliamentarians (in the absence of functioning parliamentary committees), policy experts, and

¹² *Program of the Thirteenth Government*, Palestinian National Authority, August 2009, pg. 20.

civil society representatives to discuss and develop policy proposals and legislation on key issues.

This approach would have the benefit of combining technical assistance and facilitation designed to improve policy-making processes within the Palestinian Authority with a focus on specific policy issues. Among the types of cross-sectoral policy issues that could prove good subjects for a policy working group approach are local government decentralization policy, waste management and recycling, and traffic safety and congestion. Each of these issues would require working with a number of national and sub-national entities and organizations but that approach would have the benefit of improving working relationships and processes across PA government institutions, between different levels of government, and among governmental and non-governmental representatives and organizations.

To date, the PACE project has been targeted at a limited number of PA ministries and institutions and assistance has been structured in a very vertical fashion to focus solely on internal changes and reforms in those particular ministries. While there is nothing inherently wrong with this approach, focusing on strengthening policy making processes would enable the project to work in a more horizontal fashion with activities involving multiple ministries, governing institutions, and governing processes at the national and sub-national government level. This would enable the PACE project and its Center of Excellence approach to strengthening governance to positively influence a greater number of PA institutions and governing processes.