PALESTINIAN AUTHORITY CAPACITY ENHANCEMENT

CREATING A MORE EFFECTIVE, EFFICIENT, AND RESPONSIVE GOVERNMENT FOR THE BENEFIT OF THE PALESTINIAN PEOPLE

REPORT ON THE PROJECT'S FIRST THREE YEARS 2008-2011

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CHAPTER 1. OVERVIEW

Context: An Opportunity for Change

The Palestinian Authority (PA) was established as a governing mechanism in 1994, after the Israeli government and the Palestinian Liberation Organization (PLO) signed the Oslo Accords. Since its creation, the PA has provided basic public services, such as infrastructure, education, and health care, to Palestinians. Early in its history, however, it became a bloated bureaucracy that failed to live up to the ideals of transparency, accountability, and democracy and achieved little to improve the lives of ordinary Palestinians. In 2000, it was further weakened by the financial problems and severe economic conditions precipitated by the Second *Infitada*.

In response to a growing sense among citizens that their government institutions were inefficient and rarely responded to public needs, in 2008, the PA created the first Palestinian Reform and Development Plan. Developed by Prime Minister Salam Fayyad, this plan was to serve as a road map for building more professional, transparent, accountable, and responsive government institutions. By providing strong leadership and a clear agenda for implementing reforms, the plan engaged government employees in the reform process and improved governance.

USAID's Palestinian Authority Capacity Enhancement Project

USAID designed the Palestinian Authority Capacity Enhancement (PACE) project to improve the responsiveness of PA institutions and to complement national efforts to build state institutions. PACE's partners included the Ministry of Finance, the Ministry of Interior, the Ministry of Public Works and Housing, the Ministry of Telecommunications and Information Technology, the Ministry of Transportation, the Palestinian Land Authority, and local civil society organizations. The project also provided limited assistance to the Palestinian Central Elections Commission in its final year. USAID selected the project's partners based on the importance of their services to Palestinian citizens, the opportunities they presented for immediate and tangible impact, and their commitment to change.

Prime Minister Fayyad on PACE's Importance

"I would like to thank our partners, USAID, for all their efforts in this important program and for their interest in helping us in our attempts to improve our institutional performance. We are not only doing this program, but it has a core role in supporting our plans and intention to change … I strongly believe that this will lead to positive change and want to stress the importance of the purpose of this program, which is to benefit the Palestinian citizens, the most important thing to us."

— *Salam Fayyad, prime minister, Palestinian Authority*

Based on the Centers of Excellence (COE) framework, PACE assistance empowered government employees with the knowledge and skills required to self-assess their institutions' capacity and produce actionable reform recommendations. In addition to fostering sustained capacity development, PACE substantially improved the quality of direct government services through facility renovations. It streamlined business processes and upgraded information technology (IT), giving Palestinians access to more consistent

and transparent services. In partnership with various PA institutions, PACE also improved the PA's overall communication with the public by launching public awareness campaigns to explain services and by leveraging its grants component to promote two-way dialogue between Palestinians and their government. (Please see Annex A for a list of project highlights and Annex B for links to project videos.)

This report covers PACE's achiements from its launch in September 2008 through December 2011. During this period, PACE provided nearly $21 million in assistance. At the end of 2011, USAID extended PACE's period of performance to March 2013 and increased the total value of expected assistance by $9.8 million.

Palestinian Authority Capacity Enhancement Project

USAID mission: West Bank and Gaza
Task Order: DFD-I-00-05-00219-00
Indefinite Quantity Contract: Building, Recovery, and Reform through Democratic Governance (BRDG) (DFD-I-00-05-00219-00)

Value of Assistance: $30.8 million
Period of Performance: September 2008 through March 2013

Prime Contractor: Chemonics International Inc.

Subcontractors:
- The Kaizen Company
- Massar Associates
- Partners for Democratic Change
- Center for International Development, State University of New York

Project Goal:
A more professional and competent public administration and civil service within the Palestinian Authority that provides more effective, efficient, and responsive services and benefits to the Palestinian people.

Project Objectives:
- Improved delivery of key services by targeted PA ministries and institutions that result in immediate tangible benefits to citizens
- Increased financial transparency and accountability by the PA in public finance management
- Enhanced and sustainable capacity of PA officials
- Strengthened public communications about, and participation in, PA decision-making

Palestinian Ministry Partners/Services Improved:
- Ministry of Transportation, car and driver licensing
- Ministry of Telecommunications and Information Technology, Palestinian Post
- Ministry of Interior, Civil Affairs Department, issuance of passports and other documents
- Ministry of Finance, property and income tax collection and related services
- Ministry of Public Works and Housing, road repair and planning

Additional Palestinian Agencies Assisted/Services Improved:
- Palestinian Land Authority, land registration offices
- Palestinian Central Election Commission, communications and branding

CHAPTER 2. IMPACT

More Professional, Transparent, and Responsive Government

PACE improved government services and raised citizen satisfaction by providing tailored assistance to each of its PA partners. The project took an "integrated approach" to improving service delivery that combined facilities and IT upgrades, human resource development, process re-engineering, technical assistance, and public information campaigns. The PACE team assigned an advisor to each ministry to assess human resources, quality management, communications, and IT infrastructure. They met with partners to review possible areas of assistance and identify links between project activities, ministry initiatives, and other donor programs. This process ensured integrated project assistance, prevented duplication of effort, leveraged other donor initiatives, and guaranteed stakeholder buy-in.

Using this approach, PACE and its partners improved governance areas and documented results using the project's robust monitoring and evaluation (M&E) system. Citizen satisfaction with targeted service centers operated by the Ministry of Finance, Ministry of Interior, and Ministry of Transportation rose by an average of (roughly) 18 percent between 2009 and 2011. With support from the project and other donors, the Ministry of Finance increased overall tax revenues by more than 50 percent between 2009 and 2010, an achievement recognized by the World Bank and International Monetary Fund.[1] The Ministry of Public Works and Housing repaired more than 190 kilometers of roads and conducted other important maintenance operations that were previously impossible. PACE's broad approach to improving service delivery at the Ministry of Interior greatly reduced the time required to process applications for passports, birth certificates, and other official documents.

Effectiveness of PACE's Integrated Approach

"The [project's] integrated approach of renovations, business process reengineering, and training led to the overall impact."

— *PACE audit, Office of the Inspector General*

Improvement in Citizen Satisfaction with Targeted Offices and Services

Ministry	Baseline (FY 2009)	FY2010	FY2011	Change from Baseline
Ministry of Finance	65.4%	74.88%	78.5%	+13.1
Ministry of Interior	64.2%	70.27%	86.5%	+22.3
Ministry of Transportation	55.19%	62.91%	73%	+17.8
Ministry of Public Works and Housing	47.75%	59.14%	51%	+3.25
Overall	**58.14%**	**66.8%**	**72.25%**	**+14.1**

[1] *Macroeconomic and Fiscal Framework for the West Bank and Gaza: Seventh Review of Progress*, International Monetary Fund, April, 2011; *Building the Palestinian State: Sustaining Growth, Institutions, and Service Delivery, Economic Monitoring Report to the Ad Hoc Liaison Committee*, World Bank, April 2011.

In addition to working with PA ministries, PACE partnered with local civil society organizations (CSOs), whenever possible, to achieve shared objectives. These organizations played important roles, including serving as a platform for citizens to communicate with the government, offering technical expertise, and facilitating government-sponsored programs. The project's grants program, which dispersed more than $1 million and funded 10 locally run projects, improved the relationship between the PA and CSOs.

Stakeholders participated in every phase, allowing the project to build local capacity and ensure sustainability, and to cultivate expertise that partners leveraged to improve institutional capacity. Extensive stakeholder participation also led to jointly funded initiatives in which partners dedicated resources to achieve shared project objectives. During the life of the project, this cost-share dynamic cemented stakeholders' commitment to building on project improvements.

Along with quick-impact improvements in government services, PACE's COE program focused on building long-term commitment to sustainable reform in the civil service. Through this employee-led change management and good governance initiative, teams within the project's five ministry partners assessed their ministries and identified more than 90 reforms, 60 of which were implemented before the end of 2011. By providing technical assistance to these teams, PACE helped the ministries to implement reforms that improved their service delivery and strengthened their institutional capacity. For more information about the COE program, see Annex C.

Citizen-Centric Approach to Tax Collection

Property taxes are the main source of revenue for Palestinian municipalities. The Ministry of Finance's Property Tax Department collects property taxes and redistributes 90 percent of them to the municipalities, where they are used to fund public services and infrastructure projects. Aware of the importance of effective property tax collection, the PA launched an initiative requiring citizens to submit proof of tax payment when applying for government services. PACE partnered with the Ministry of Finance to support this initiative by introducing a citizen-centric approach to tax collection. The partnership resulted in a 27 percent increase in property tax collection between 2008 and 2009, a 46 percent increase in property tax collection between 2009 and 2010, a 57 percent increase in overall tax collection, a 13 percent increase in citizen satisfaction with targeted property tax offices, and broader public understanding of the relationship between taxes and public services.[2]

Impact of Citizen-Centric Approach

- 27 percent increase in property tax collection between 2008 and 2009, and 46 percent increase in property tax collection between 2009 and 2010
- 57 percent increase in overall tax collection
- 13 percent increase in citizen satisfaction with Tax Department
- Broader public understanding of relationship between taxes and public services

[2] *Palestinian State Building: A Decisive Period*, Office of the United National Special Coordinator for the Middle East Peace Process, April 2011; *Building Palestine: Achievements and Challenges, Report of the Palestinian National Authority to the Ad Hoc Liaison Committee*, Palestinian National Authority, April 2011.

In just three years, PACE helped to transform the Property Tax Department into a dynamic government service provider that emphasizes citizen needs, professionalism, and transparency. A department team trained by PACE's technical experts developed the department's first operating procedures manual, standardizing fees and processes and ensuring consistent services across the West Bank. Once fees and processes had been standardized, the team worked with PACE to streamline 15 key services, including tax payment and property transfers. By reducing the number of processes required for each service, they shortened wait times for citizens and increased employee efficiency.

Noticeable Increase in Taxes Collected

"Developments have also occurred in the tax administration system. These changes have improved the effectiveness of enforcement activity since mid-2009 and in conjunction with the stronger economy there has been a noticeable increase in the taxes being collected. Further reforms are proposed for the tax administration system with technical support being provided by the United States Agency for International Development and IMF."

— *Towards a Palestinian State: Reforms for Fiscal Strengthening, Economic Monitoring Report to the Ad Hoc Liaison Committee, World Bank, April 2010.*

The project also bolstered the Property Tax Department's public outreach efforts. Before PACE partnered with the Ministry of Finance, government officials were the public's only sources of information about property tax processes. As a result of PACE's partnership with the ministry, citizens at property tax offices and other public institutions have easy access to posters and pamphlets that clearly explain tax processes and list required documentation, based on the department's standard operating procedure manuals.

Further advancing the department's public outreach and transparency efforts, in Year 2 PACE helped officials design a campaign to promote a cascading discount for early taxpayers and to explain how funds are distributed and used by local governments. The campaign, which the department hoped would increase revenue, was a great success and was launched again the following year with minimal project support.

Beyond its successful work in quality management and communications with the Property Tax Department, PACE brought extensive upgrades to the department's physical and IT infrastructure. The project installed servers to facilitate faster service delivery at satellite offices and renovated two large offices in Hebron and Nablus based on a citizen-centric design that improved the workspace for customers and employees. PACE also installed other modern IT equipment, including queuing systems, to improve general operations. The upgraded facilities have impacted landowners, improved the department's public image, and led to greater satisfaction with services. PACE also helped create an specialized office to serve large taxpayers, a major source of government revenue.

Targeting the main source of interaction between the department and citizens, the project also implemented a citizen service improvement program for front desk employees and managers. About 300 employees participated in the program, which included classroom and on-the-job training incorporating key service-delivery guidelines that conceptualized citizens as "customers." The program concluded with the identification of action items

for participants to implement in order to improve citizen satisfaction. After completing training, employees were able to manage conflicts with citizens more effectively.

Streamlined Issuance of Passports and Other Official Documents

Palestinians who wish to register a marriage, change their address, or obtain a passport, identification card, or birth or death certificate do so through the PA's Civil Affairs Department, a division of the Ministry of Interior. Realizing that improvements in this department's services would positively impact the population and increase satisfaction with government performance, PACE partnered with the department to undertake a number of high-impact initiatives. With the project's help, the department reduced wait times by an average of four minutes and increased citizen satisfaction by 22 percent at target offices.

Improved Customer Experience

"Customers at different [refurbished] offices reported that their experiences were much improved, with shorter transaction times, good customer service, and comfortable waiting areas. They also indicated that they knew which documents to bring. Before, people had to wait for hours or return the next day and often had to bring a lawyer to navigate the processes. Although the program focused on the PA receiving credit for government reforms, citizens were still aware that funding for the service center renovations came from USAID."

— *PACE audit, Office of the Inspector General, September 2011*

As with the Property Tax Department, PACE assisted the Civil Affairs Department with the development of a standard operating procedure manual. Once procedures had been identified and approved, PACE and a department team trained by PACE's technical experts reviewed the procedures and made revisions to streamline processes. The revised manual increased standardization and reduced processing times for key services. The department printed and distributed instructional posters and subsequently formed a team trained by PACE to ensure that district offices were following standard procedures and reviewing opportunities for streamlining.

In the cities of Hebron, Nablus, Jenin, and Jericho, renovations of departmental facilities led to substantial improvements in citizen satisfaction with service delivery. The redesigned facilities included modern IT equipment and comfortable furniture for employees and citizens. PACE also worked with the department to identify satellite offices for IT upgrades to increase their range of services. Upgrades in Bedia, Tubas, and Howara converted proxy locations into convenient, full-fledged service providers for thousands of Palestinians living in rural areas to save them costly and time-consuming trips to cities. The project reduced processing times for government-issued IDs, birth and death certificates, and other core services at these offices from 15 days to 20 minutes.

In addition to improving facilities and processes, PACE offered a citizen service improvement program to department staff. The program trained more than 300 front desk employees and managers in useful skills such as high-quality customer service and conflict resolution. In response to an initiative departmental staff identified during the COE process, the project helped the department assemble a complaints unit, develop a manual for the unit, and initiate efforts to install complaint boxes in its facilities across the West Bank.

Greater Investments in Infrastructure

More than 3,000 kilometers of roads connect West Bank villages and cities to facilitate travel for hundreds of thousands of Palestinians every day. In recent years, many of these roads have been rebuilt with assistance from USAID and other donors. The PA's Ministry of Public Works and Housing is responsible for road infrastructure between cities. PACE partnered with this ministry to build its capacity to meet citizens' needs, maintain infrastructure built with USAID support, and improve services that significantly influence public perceptions of the government. The direct impact of this partnership included the repair of more than 190 kilometers of roads, as well as several small- to medium-sized operations to protect roadways and guarantee commuter safety.

PHOTO: PACE

The Ministry of Transportation estimates that the majority of trucks on Palestinian roads operate with illegally large loads, posing a safety risk to the public and damaging infrastructure. PACE provided portable scales and training to ministry employees, allowing them to weigh vehicles and warn violators. The Higher Council for Traffic (chaired by the Ministry of Transportation) and the Palestinian traffic police rolled out the program in the northern West Bank in April 2011.

The ministry's road repair units once engaged in small- to medium-sized infrastructure operations, but at the start of the project they were not operating because vital equipment had fallen into disrepair. The units were staffed at the ministry's expense, but they were not conducting needed repairs. PACE approached officials with the eventual goal of revitalizing units operating in Hebron, Nablus, and Ramallah to cover the entire West Bank. After conducting an assessment of the units, PACE re-established them through capacity building, vehicle and equipment repairs, and other technical assistance. The units used material PACE provided for six months, at which point the ministry allocated funds for their continued operation.

To help the ministry monitor its infrastructure maintenance needs, PACE supported the ministry's geographic information system (GIS) unit. The project also partnered with a local civil society organization, which helped to collect and enter survey data on road conditions throughout the West Bank, and purchased needed IT equipment, including a high-quality plotter and GPS devices. The CSO provided extensive training on the proper use of the system. The GIS provides a comprehensive overview of infrastructure across the West Bank, allowing the Ministry of Public Works and Housing to develop a prioritized list of infrastructure maintenance and construction needs.

Linking the road repair units and the GIS unit was an initiative that arose from the COE program. The establishment of a complaints unit is also part of this initiative. The complaints unit will feed citizens' complaints into the GIS, and the road repair units will take them into consideration while planning activities. The ministry expects to launch the unit in 2012 with limited technical support from PACE.

Modern Licensing Bureaus and Improved Road Safety

The Ministry of Transportation is a frontline provider of government services to Palestinians. The ministry issues driver's licenses and vehicle registrations. Prior to receiving PACE assistance, Palestinians visiting licensing bureaus in urban centers usually experienced inconvenient testing times for licenses, long and chaotic lines, and extended wait times. Traffic safety is also within its mandate, but the ministry failed to prioritize it. Leveraging support from PACE, the ministry successfully increased citizen satisfaction by 18 percent at target offices and launched three public campaigns and two partnerships with local CSOs to promote and enforce traffic safety.

PHOTO: PACE

The Ministry of Transportation and PACE held a ribbon cutting ceremony for the newly renovated Licensing Bureau in Hebron in June 2010. The facility's new citizen-centric design and IT upgrades have sped up licensing and documentation processes, and a computerized system for written tests has increased test times and generates immediate results. The Hebron Licensing Bureau serves about 500,000 Palestinians. It was one of 16 government service centers refurbished with USAID assistance through PACE.

Minister of Transportation Sa'id Al-Krunz said at the ribbon cutting ceremony, "The new facility will improve services for the benefit of our citizens. Ministry services will be delivered better, making life easier for citizens by providing them with the highest quality services in the most distinguished way."

PACE worked extensively with the bureaus to improve service provisions through renovations and the installation of IT equipment. The project fully renovated the strategic locations of Hebron, Nablus, Jenin, and Ramallah. It also helped the ministry document and streamline procedures, improve customer service, and automate systems. Thin clients were installed at target locations to introduce electronic testing for prospective drivers, reducing opportunities for fraud and allowing testing to take place at more convenient times for citizens. Thin clients generated immediate results and sped up the licensing process.

As the chair of the Higher Council of Traffic, an intra-ministry entity established with support from PACE, the Ministry of Transportation is responsible for developing a proactive approach to improving traffic safety. When the council partnered with a local organization to implement traffic safety campaigns targeting students in several governorates, PACE leveraged its grants program to support these campaigns. PACE also supported the council's program to prevent vehicles with overweight payloads from traveling in the West Bank. Overweight vehicles damage infrastructure and are more likely to cause accidents. PACE provided mobile scales, which the council used to conduct spot checks and warn overloaded drivers.

A New Symbol of Government Excellence: Palestine Post

With more than 80 locations across the West Bank, Palestine Post has a huge government footprint. Palestinians visit the post offices to send local and international mail, purchase postage, check P.O. boxes, and buy fiscal stamps required for a variety of government services. Although Palestine Post is still a major logistics provider, years of neglect and competition from the private sector have reduced it to an unreliable service provider that can no longer operate without large government subsidies. With extensive support from PACE, however, Palestine Post has transformed itself into a modern logistics provider and regained public confidence.

PHOTO: PACE

Building on PACE assistance, Palestine Post rolled out a new branding strategy during the 2010 Christmas celebrations in Bethlehem. Using a tent marked with the new logo (pictured above), the organization sold postcards and stamps and promoted its domestic express mail service, which it re-launched with support from the project. This activity was one of many ways in which PACE helped Palestine Post to improve its public image. The postal service independently repeated this campaign during Christmas 2011, showcasing the post office on Manger Square, which was recently refurbished with USAID assistance.

PACE helped the Palestine Post to strengthen its reputation by improving services and adopting an attractive new logo conveying excellence and modernism. The Palestine Post readily adopted the logo and implemented a branding and marking strategy detailing acceptable colors, sizes, and other features of the logo, and guidelines for applying the logo to buildings, uniforms, vehicles, and envelopes. With PACE assistance, Palestine Post also launched multiple campaigns during Christmas and other holidays to promote its services, making use of special displays and stamps. It extended its re-branding of operations to all locations in the West Bank.

Leveraging employees' increased motivation, PACE designed a commercial strategy identifying six growth sectors that would improve Palestine Post's services and increase revenue. Based on this strategy, Palestine Post launched domestic express mail and government mail services, and negotiated new partnership agreements with private-sector companies, including major Internet and mobile phone companies, to deliver services.

These initiatives increased revenue significantly. After revenue declined in 2007 and 2008, the postal system saw its revenues jump by 4 percent between 2009 and 2010. During the first nine months of 2011 alone, revenues were 4 percent higher than they were for all of 2010. If these trends continue, 2011 year-end revenues will be substantially higher than the previous year.

An Important Business Partner

"The Palestine Post is an important partner in providing better services to citizens. Through their network of offices in every town and village in the West Bank, we will be able to reach more customers."

— Bassam Hanoun, CEO
Wataniya Mobile

The project leveraged assistance from other donors by forging a relationship between Palestine Post and the Universal Postal Union. The Universal Postal Union trained Palestine Post staff in the use of an electronic mail management system that allows live monitoring of parcels. Palestine Post established a training center to support the Universal Postal Union's capacity building efforts and internal training.

PACE also supported Palestine Post's efforts to improve service delivery by renovating post offices in Nablus and Bethlehem. To facilitate public-private partnerships and improve quality of service delivery, the renovated facilities were redesigned to accommodate private-sector companies that can provide customers with additional services.

Finally, PACE designed a postal code system for Palestine Post to improve mail delivery. The system divides the Palestinian territories into numeric regions based on geographic size and population and incorporates the locations of post offices and municipal, city, and village boundaries. Palestine Post adopted this postal code system internally and launched a postal codes marketing campaign.

Better Governance Through Public Outreach

Whether explaining government initiatives, broadcasting public service announcements, or soliciting feedback on government services or citizen needs, the PA rarely engaged in public outreach prior to receiving PACE assistance. With project assistance, however, partner ministries have strengthened their communication departments and launched campaigns to increase public awareness of citizen services and government reform efforts. Although partners initially required substantial support to launch communication campaigns, they gradually came to see the value of effective communications and independently designed and launched several campaigns during the second half of the project.

One episode of the *Benhebek ya Baladna* ("We Love Our Country") cartoon series, which the PA aired with support from PACE, highlighted the dangers of using prescription medicines inappropriately and discouraged citizens from taking medical advice from friends or family members who are not medical professionals. This episode was broadcast on local stations in December 2010 and made available online. In partnership with the USAID-funded Palestinian Health Sector Reform project, PACE designed this cartoon to serve as a fun and creative public communication tool for the PA. Other episodes, with 30 being aired during the project's lifetime, focused on a variety of public service issues, including the effective use of government services, driver safety, and litter reduction.

The PA's public awareness campaigns included a successful cartoon series, *Benhebek ya Baladna* ("We Love Our Country"), broadcast on local television stations and available online. By using humor, creativity, and multiple communication platforms, *Benhebek ya Baladna* came to symbolize the PA's newfound commitment public outreach. More than 30 episodes were aired over the life

of the project on Facebook, the cartoon's website, and local radio and television stations. The public received the show positively. From October 2010 to December 2011, the cartoon's website attracted more than 8,000 visitors and had nearly 21,500 page views. The average visitor spent longer than four minutes on the site, and 53 percent of visitors came from referrals through a targeted Facebook advertisement campaign that cost the project only $250. Additionally, a local Palestinian website that hosted the videos free of charge reported more than 15,000 clicks per video. Topics addressed in the cartoons included littering, the importance of taxes, and health issues. PACE partnered with USAID's Palestinian Health Sector Reform Project on two episodes to deliver health-related messages and to educate the public about the proper use of prescription medicines.

PACE also leveraged its grants program to create a forum for government-citizen dialogue about government reform and service improvement. More than 11,000 Palestinian citizens participated in more than 300 dialogues, town hall meetings, and roundtables that covered topics related to the Ministry of Interior, the Ministry of Transportation, and the Ministry of Agriculture. After the meetings, PA officials responded to citizens' complaints. Other grants built the capacity of PA institutions to engage in communication campaigns by building much-needed skills.

Sustainable Government Reform and Development

Beyond providing assistance that immediately impacted citizens' satisfaction with government services, PACE incorporated the COE program at each partner ministry to ensure sustainability. The COE program empowers public-sector employees with the skills and knowledge they need to identify and resolve institutional gaps, and serves as a framework for sustaining efforts to improve government operations and citizen service delivery.

Empowering Palestinians for Change

"The Centers of Excellence (COE) initiative … has contributed to the development of a citizen-centered, results-focused institutional culture with staff as the change agents."

— *PACE audit*, *Office of the Inspector General, September 2011*

This program enjoyed widespread success and achieved two important objectives: (1) a sustainable, internally driven reform and institutional development program within partner ministries; and (2) the identification and resolution of major organizational gaps and weaknesses. Ministry teams implemented more than 60 reforms as a result of the COE program, in most cases without PACE support. Reforms included conducting citizen and employee satisfaction surveys, launching citizen complaint lines, drafting new operating manuals, reinvigorating training departments, and establishing knowledge management units. PACE's partner ministries also identified the promotion of institutional values as important components. Together, these reforms have transformed the ministries and improved their general operations and citizen services.

Surveys indicated that 84 percent of the individuals involved said they would support implementation of the COE program in other PA institutions, 68 percent believed the program positively impacted their ministry, and 73 percent believed that the PA effectively supported the program. All five partner ministries have independently begun to implement an additional COE cycle to advance reform and institutional development.

PHOTO: PACE

More than 140 dedicated civil servants from the ministries of Interior, Transportation, Telecommunications and Information Technology, Finance, and Public Works and Housing completed the first cycle of the COE program, a civil-service-led, government-reform initiative launched with PACE support. At graduation ceremonies marking the end of the first phase of the program, PA employees, ministers, and deputy ministers committed themselves to sustaining the COE program as a permanent part of ministry operations.

As awareness of the COE program's successes spread throughout the PA, several PA ministries and institutions approached PACE about participating in the program. In addition, Prime Minister Fayyad announced his support for the continuation of the COE program, declaring: "The Centers of Excellence program is extremely valuable for PA institutions to achieve high levels of performance by civil servants. The improvement in service delivery and the expansion of the culture of excellence within PA institutions demonstrates the very commitment of our own government to providing the best possible services we can."

In support of the COE program, Prime Minister Fayyad's Council of Ministers established a PA-led coordinating committee to promote the COE program throughout the PA and lobby for continued COE support on a national level. The committee received support from the project but operated independently.

ANNEX A. PROJECT HIGHLIGHTS

Centers of Excellence

- Teams in five PA ministries are implementing more than 60 institutional reform initiatives as part of the COE program started by USAID and now led by PA civil servants. USAID helped create COE groups and trained more than 100 civil servants in change management, leadership, and institutional self-assessment. The trained COE teams conducted self-assessments in five PA partner ministries, identifying and prioritizing reform initiatives. These teams are implementing reform initiatives, in many cases with little or no support from USAID or other donors. The COE program is being institutionalized in five pilot ministries, and the Palestinian Authority Council of Ministers has approved a decree to create a National Steering Committee to champion government excellence.

Ministry of Public Works and Housing

- Established three road repair units and refurbished a cold asphalt production facility, allowing for the repair and maintenance of more than 190 km of roads, many of which were originally built with U.S. government assistance.

- Provided GIS to operate as a maintenance management system and enhanced the ministry's capacity to plan and execute infrastructure projects through training.

- Produced the first Palestinian Road Standards Manuals with a national committee.

- Produced the PA's first affordable housing strategy.

Ministry of Telecommunications and Information Technology

- Created brand for Palestine Post, increasing the organization's visibility and attractiveness.

- Developed and launched postal commercial and business strategy, increasing commercial customers.

- Launched domestic express mail, providing next-day delivery service.

- Refurbished Nablus and Bethlehem post offices, substantially improving services.

- Mail delivery and service provision agreements signed with nine PA institutions and six private-sector companies.

- Postal revenues now rising.

Ministry of Transportation

- Refurbished Ramallah, Nablus, Hebron, and Jenin licensing bureaus, improving service substantially.
- Procured modern networking equipment, reducing load times for area offices and automating issuance of licenses.
- Introduced an automated system for driver's license testing in pilot offices. The system will be rolled out to the rest of the West Bank in the coming year.
- Established the Higher Council of Traffic and launched traffic safety campaigns and initiatives, including joint initiatives with Palestinian CSOs.
- Launched weight monitoring program for vehicles on Palestinian-controlled roads and provided equipment and training for ministry teams.
- Communication plan developed, stimulating ministry to increase public outreach.

Ministry of Interior, Civil Affairs Department

- Streamlined operational procedures manual, ensuring consistent service delivery and reducing process times across the West Bank.
- Refurbished Jenin, Jericho, and Hebron civil affairs offices, improving service delivery.
- Reduced application process time for national IDs, birth and death certificates, and other core services from 15 days to 20 minutes at the Tubas, Howara, and Bedia civil affairs offices through IT upgrades.
- Made citizen service guides and posters available at department facilities, increasing transparency.
- Created more than 155 job descriptions, promoting accountability.
- Produced annual training plan to build employees' capacity.

Ministry of Finance

- Launched a planning and development committee, as a result of a study tour to Jordan, which is improving collection of income tax.
- Streamlined operating procedures manual produced and implemented for property tax collection, ensuring consistent procedures and reducing process times across the West Bank.

- Made citizen service guides and posters available at department facilities, increasing transparency.

- Refurbished Hebron and Nablus property tax service offices, substantially improving services.

- Created a large taxpayer office in Ramallah, helping to unify the collection of value-added tax and income tax for large companies. The government expects this to be a major source of revenue.

- Conducted a public information campaign about property tax discounts and income tax collection, significantly increasing tax collection.

Palestinian Land Authority

- Refurbished IT and document archiving facilities at Palestinian Land Authority offices in Jenin and Nablus, improving customer service and employee efficiency.

Central Election Commission

- Produced a new branding and communications strategy, outlining means of improving communication about the commission's core mission to various stakeholder groups and the general public.

- Provided recommendations and technical assistance to improve voter education, public information during election periods, and overall reorganization of the commission's communications functions.

Communications

- Built communication capacity within all five ministry partners through training, coaching, and developing manuals, leading to increased public outreach.

- Independent communications auditor found major improvements in institutional capacity for communications at all five ministry partners.

- Public awareness campaigns launched for the Ministry of Finance, Ministry of Transportation, Ministry of Telecommunications and Information Technology, and Ministry of Public Works and Housing to promote ministry-specific issues.

- Created and broadcasted 30 episodes of *Benhebek ya Baladna*, a cartoon campaign to serve as a fun and creative communication tool for the PA, conveying public service messages and bolstering the government's credibility.

ANNEX B. REFERENCES TO PROJECT VIDEOS

Overview of PACE

- *PACE Final Report Video:* http://www.youtube.com/watch?v=2PE0e7kpHLQ

Short-Term Capacity Building: Improving Services for the Palestinian People

Ministry of Transportation

- *Three Opening Ceremonies*: http://www.youtube.com/watch?v=9w0GARTAzug
- *The Vehicle Weight Control Program*: http://www.youtube.com/watch?v=tjnCP24wSDE
- *Palestinian Voices: Road Signs*: http://www.youtube.com/watch?v=Ix3LKxYHTZ0

Ministry of Interior

- *Ministry of Interior Opening Ceremony* (Jericho Office Renovation): http://www.youtube.com/watch?v=jVmoRyuRcyE
- *Ministry of Interior Opening Ceremony* (Jenin MOI Office Renovation): http://www.youtube.com/watch?v=Xaa7YyAx_k0

Ministry of Public Works and Housing

- *Road Repair Units: GPS and GIS System Improvements*: http://www.youtube.com/watch?v=Wb5At65aroQ
- *Palestinian Voices: Islam Ghazawi*: http://www.youtube.com/watch?v=5LfGGDGuUTA
- *Palestinian Voices: Road Repair Units*: http://www.youtube.com/watch?v=U2SamW3H-uo
- *Palestinian Voices: GIS Training*: http://www.youtube.com/watch?v=kbF0v8_zc4U

Ministry of Finance

- *Palestinian Voices: Hebron Property Tax*: http://www.youtube.com/watch?v=vvD5aN1hrGU
- *Ministry of Finance Hebron Opening Ceremony*: http://www.youtube.com/watch?v=fqHdndKVJ-c

Ministry of Telecommunications and Information Technology

- *Restoring the Palestine Post: http://www.youtube.com/watch?v=xDcQ20IPoCE*
- *PACE Midterm Evaluation Video*: http://www.youtube.com/watch?v=FQu9QFjyut8

Communications

- *PACE Communications Strategy*: http://www.youtube.com/watch?v=cPiuUGz_TOE
- *Benhebek ya Baladna*: *One Cup of Coffee*: http://www.youtube.com/watch?v=tnC8OdsJu6k
- *Benhebek ya Baladna*: *Nadafeh*: http://www.youtube.com/watch?v=Hq4-6TQVveU
- *Benhebek ya Baladna*: *Cars Like Airplanes*: http://www.youtube.com/watch?v=rOKXfe3Exyw
- *Benhebek ya Baladna*: *Proper Use of Medicine*: http://www.youtube.com/watch?v=VUkDjscMjAs

Grants Program

- *Palestinian Youth Promote Traffic Safety*: http://www.youtube.com/watch?v=B_QDnylgsog

Medium- to Long-Term Capacity Building: Facilitating PA-Led Reform Through the Centers Of Excellence Program

COE

- First COE video: *COE Interviews*: http://www.youtube.com/watch?v=L-ifeiT8qFQ
- Second COE video: *Palestinian Voices: Change from Within*: http://www.youtube.com/watch?v=95YCL2aY_O0
- Third COE video: *Centers of Excellence*: http://www.youtube.com/watch?v=UyG0k9Gm3nQ
- *COE Ministry of Finance Graduation Ceremony*: http://www.youtube.com/watch?v=Qe4W3O03xxw

Lessons Learned and Future Direction

- International Women's Day Video: *Palestinian Voices: Women of the Palestinian Authority*: http://www.youtube.com/watch?v=5IcHH8fy0Bc

ANNEX C. CENTERS OF EXCELLENCE

Centers of Excellence (COE) is a development approach that shifts the way civil servants view their roles and helps them to lead internally driven, bottom-up transformations of government agencies. COE leverages the vast experience of career civil servants, who know their organizations best. It provides them with the understanding of governmental and managerial best practices, the motivation to effect change within their organizations, and the means to do so.

Centers of Excellence Model

COE's three pillars are transparency, citizen-centered services, and results. Based on these pillars, teams within PACE's five ministry partners conducted self-assessments and implemented reform initiatives in five criteria areas: knowledge management, processes and procedures, human resources, leadership, and financial management.

An evaluation at the end of the first COE cycle showed that ministry employees saw COE as an effective way to improve their skills and advance their careers. It also showed that leaders embraced the program as a means of improving their ministries' performance, identifying high-performing individuals, and cultivating a culture of reform and excellence in the government.