

**USAID/West Bank and Gaza  
Results Report and Resources Request  
FY 2000**



**31 March 1998**

April 3, 1998

## MEMORANDUM

**TO:** See Distribution

**FROM:** ANE/MEA, Linda LeDuc

**SUBJECT:** Agency Review of the USAID/West Bank and Gaza R4 Document

The USAID/West Bank and Gaza Results Review and Resources Request (R4) document is attached. Please review the document and coordinate submission of your comments with the following ANE staff who will assemble the draft reporting cable, including any issues. As was done last year, ANE technical staff listed below will schedule times for counterparts in other offices and bureaus to meet and discuss the technical aspects of the R4, obtain clarifications, and prepare draft performance summary statements. Last year's reporting cable and a table of action plan agreements appear at the end of the R4.

Steve Haykin, ANE/SEA	for Economic Growth SO and SpO
John Wilson, ANE/SEA	for Environment SO
Elizabeth Warfield, ANE/SEA	for Democracy/Governance SO and SpOs
Linda LeDuc, ANE/MEA	for program issues that cross cut SOs, such as resource and policy implications, and cross-SO synergies

## FRAMEWORK FOR R4 REVIEW AND ISSUES

As presented in ANE's R4 guidance, we are focusing the program review tightly around the following question: **"Does the current performance trend, as reflected by the progress toward Strategic Objective and key intermediate results, give reasonable assurance that (a) the strategic objective and/or (b) the overall program results will be achieved as planned?"** Thus,



relevant R4 issues will be those where the best judgment of the reviewers is that the program and/or SO (or SpO) performance is not on track and not likely to achieve agreed upon results. Instances where progress meets or exceeds expectations should be identified for incorporation in SO (or SpO) performance summaries, and overall program assessment.

Other valid concerns and questions that do not affect the ability of the Mission and its partners to achieve the SO are not R4 issues. These issues are to be addressed in other fora. In past reviews, some comments, concerns, and requests for clarification pertained to questioning the approach that operating units were following, rather than assessing performance. The appropriateness of a strategic approach is not an issue unless performance problems are of such severity that they challenge the major underlying strategic assumptions, and will not permit the objective to be achieved.

**MEETING SCHEDULE**

To facilitate an issues-focused meeting and due to limited seating, we ask central bureaus, or their centers or major offices, to assign ONE person as the review representative. That person may solicit views from several colleagues within their unit, and then speak for the unit with one voice in the meetings.

Technical Review Sessions	Date	Place	Time
EG	April 27	4.09-053	1-3 pm
ENV	April 28	4.09-053	1-3 pm
DG	April 29	4.09-053	10-12 noon
Resource	April 30	4.09-053	1-3 pm
Country Review Meeting	May 20	4.09-A	10-11:30 am

Technical review teams are charged with: (1) assessing SO performance and preparing SO performance summaries; (2) obtaining additional information/clarification from operating units, if needed, to complete assessment of an SO and overall program performance; (3) narrowing issues to those that challenge the continued viability of an SO and/or the overall program; and (4) providing suggested resolution(s) for problems. Any cross-cutting issues can be discussed in the resource or program review sessions.

**To avoid burdening field units with numerous information requests, technical review teams are to speak with one voice and thus only send messages coordinated as a group through the group leader, and cleared with me.** The sector team leaders will forward team findings to me. This feedback -- together with non-sector-specific, cross-cutting issues -- forms the basis for the draft reporting cable that I will prepare with the teams' inputs.

The draft reporting cable will be sent to the USAID/West Bank and Gaza Representative and Washington reviewers at least seven working days prior to the Program Review Meeting. The representative and his staff will have four working days to respond, and their response will be distributed to Washington reviewers upon receipt. The draft cable and the USAID/West Bank and

Gaza response will be considered during the Program Review Meeting. During this meeting, participants will try to reach agreement on the continued validity of the management contract, and what agreements or recommendations to include in the final reporting cable. Therefore, we ask that reviewing office representatives at the Program Review Meeting be (1) prepared to discuss and resolve issues during the course of the Program Review Meeting and (2) empowered to agree on positions for the reporting cable which I will prepare.

A more detailed discussion of ANE's R4 Submission and Review Procedures is available upon request to Deborah Johnson, ANE/SEA. Gene Smith in ANE/SEA/RPM coordinates the schedule for all the reviews.

Attachment: a/s

Distribution List for West Bank and Gaza R4:

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**USAID/West Bank and Gaza  
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## **PART I: OVERVIEW AND FACTORS AFFECTING PROGRAM PERFORMANCE**

The USAID/West Bank and Gaza program is an essential element of the USG role in the Palestinian-Israeli peace process. In responding directly to the economic and political challenges posed by the peace process, USAID assistance supports U.S. interests in promoting regional stability, economic prosperity and adherence to democratic principles.<sup>1</sup> Resources are concentrated in three strategic areas: expanded private sector economic opportunities; greater access to and more effective use of scarce water resources; and more responsive and accountable governance. At this mid-point in the Mission Strategy period (FY 1996- FY 2000), performance is on track but affected in important ways by the wider political climate.

The Mission Strategy period coincides with an interim period of expanding Palestinian self-governance as well as planned steps toward and ultimate negotiation of a final status agreement with Israel, scheduled for 1999. Progress in the peace process is widely agreed to be extremely disappointing. This situation understandably affects the program in a number of ways, but the dynamics are complex and hard to predict. Several factors are particularly important in assessing the strategic implications for USAID, among them economic trends; the play between Palestinian development priorities and political directions; and Israeli involvement in critical program decisions. The overall security situation also affects day-to-day project implementation.

***Economic Trends.*** The Palestinian economy operates in an environment of Israeli-imposed limitations on cross-border movement of goods and people while at the same time the Palestinian economy depends to a large extent on Israel for jobs, trade linkages and tax revenues. Both periodic border closures and ongoing access restrictions have contributed to a downward economic trend since the signing in 1993 of the Oslo Agreement. It is generally agreed that the economic situation has worsened as the peace process has faltered.<sup>2</sup> Although real GNP is estimated to have grown by 3.4% in 1997, this was far lower than IMF projections and would imply either a stagnant or decreasing per capita GNP level. Merchandise trade flows were disappointing and preliminary estimates indicate that exports declined by 7%. While there was a modest increase in overall employment in 1997, unemployment remained very high at 21%

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<sup>1</sup>USAID's program is incorporated in the Mission Program Plans prepared last year by both the Embassy/Tel Aviv and the Consulate General/Jerusalem. Development of this year's Mission Performance Plans has not yet begun; USAID expects to actively participate in the process in order to ensure continued conformance between USAID's strategic objectives and U.S. national interests.

<sup>2</sup> During times of heightened tension, security concerns, and subsequent to terrorist attacks, Israel imposes closures which vary in severity and length. During such closures, Palestinian day laborers cannot access jobs in Israel, and in some cases internal movement within the West Bank is restricted as well. Restricted imports and exports disrupt production and sales and affect market linkages. There are also fiscal effects as customs, VAT and other tax revenues (both remittances from Israel and local) are reduced. In 1997, border closures were much more severe even though the total number of closure days was reduced from 1996. Even in normal (non-closure) times, ongoing restrictions on the movement of goods and people across Gazan and West Bank border points tend to complicate and restrain commercial activity.

(just under the level for 1996)<sup>3</sup>. While USAID activities are designed to respond to these constraints, indicators for economic growth are particularly sensitive to the level of access Palestinian goods and labor have to Israel.

***Palestinian Development Priorities.*** Although peace process issues tend to divert the attention of senior Palestinian officials, notable improvements were made in 1997 in building viable government institutions in ways that are conducive to development. The Palestinian Authority (PA) continued to demonstrate improved fiscal performance, with a much-reduced deficit despite the economic climate, and further improvements in revenue administration and expenditure management. The Executive's budgeting process was more consultative, and involved the Palestinian Legislative Council in substantive review. In addition, the PA prepared its first multi-year planning document setting forth priority sectors and public investment projects. There is an ever-increasing priority given to private-sector led development and recognition that a sound legal and regulatory framework is an essential prerequisite for growth and foreign investment. Nevertheless, significant weaknesses persist in public sector management, particularly in the areas of public sector efficiency and accountability. These weaknesses generally do not directly affect the implementation of USAID's program but are nonetheless monitored because of their significance to the governance process.

***Commitment to Democratic Principles.*** Despite sustained economic hardships and political disappointment, reliable polls suggest that most Palestinians see no feasible alternative to the peace process and remain committed to democratic approaches. Although the public has criticized the elected government for its management weaknesses, its inability to take the peace process further, and its economic performance, the Executive maintains a high level of support. The number of people who indicate political affiliation with Hamas and similar parties has remained low (under 20%) since polling began in September 1996. Among government leaders there is vocal support for, but inconsistent application of, democratic principles. Of particular concern are issues of separation of powers and civil society and press freedom. These issues as well as weaknesses in the area of public accountability pose challenges for USAID's democracy program but also make the program more urgent. USAID support for the creation of a viable legislative entity and an active and responsive civil society have helped to put in place essential elements of democratic governance.

***Tripartite Relationships.*** In several program areas, the Government of Israel (GOI) plays a key role in decisions which affect the outcome of USAID assistance. This is most significant for the water resources Strategic Objective, which works to operationalize the water provisions of the September 1995 Interim Agreement. Water is a politically-charged issue in the peace process and one of the most critical needs expressed by Palestinians. USAID has actively brokered Palestinian and Israeli negotiations on well siting, location of transmission lines, and other technical issues, and has raised concerns regarding the issuance of permits with the GOI. The

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<sup>3</sup>USAID uses UNSCO (the UN's Office of the Special Coordinator in the Occupied Territories) data for GNP and estimates of employment, wages and labor in Israel. Figures for 1997 are preliminary estimates.

initial set of permits has been issued after significant delay, and the permitting process, while complex, is now better defined and working more smoothly. For the Gaza Industrial Estate (GIE), although both the GOI and the PA have emphasized the importance of industrial zones and the parties have agreed upon most of the technical details, negotiations are still ongoing on the linchpin security arrangements.

***Overall Security Situation.*** Israeli border restrictions and closures affect day-to-day implementation of USAID's Strategy. During times of closure, movement of USAID, contractor and counterpart staff is halted or curtailed and travel of international experts is postponed. As closure is eased, heightened levels of security checks slow staff movement. Ongoing restrictions affect implementation even in normal (non-closure) times, especially those related to mobility of USAID's FSN and contractor/grantee local staff. All local staff require permits to cross Israeli borders and the permitting process is time-consuming and often unpredictable. Delivery of materials for construction projects can be affected in normal times as well as times of closure, especially in Gaza where there are strict limits on the number of trucks permitted to move in and out each day.

All of these factors have complicated USAID's management task, contributed to delays in implementation of specific activities, and increased USAID's operating expense and program costs. Given these problems, progress to date for each Strategic Objective has met expectations. The Strategy remains valid, as USAID's program focuses on constraints which can be addressed in the current climate and must be addressed if there is to be long-term growth and stability. The Strategy also includes important synergies. USAID's focus on the private sector is buttressed by activities in water resources, as water is perhaps the most serious infrastructure constraint to private sector growth. In the democracy Strategic Objective, the development of a modern legislative process provides a framework for the development of an enabling environment for financial and commercial transactions. Overall, this program carries a high degree of risk because development success is so directly dependent on political solutions. The Mission regularly monitors the factors affecting the program and assesses their impact on each Strategic Objectives and the Strategy as a whole. A consistent worsening of the economic and political context (as demonstrated by frequent and lengthy border closures along with sustained political instability and a withdrawal of the commitment of the public or of political leadership to democratic approaches) would affect the Strategy across the board and require a major rethinking of the assistance effort<sup>4</sup>. However, under essentially similar conditions as have prevailed over the last year, the strategy should continue to be valid, but some (especially economic growth) targets may need to be moderated. If and when there is a turnaround in the peace process, the USAID/West Bank and Gaza program will have put the foundations in place for long-term stability and economic prosperity.

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<sup>4</sup>The following scenario would likely apply if there was a dramatic worsening in the political environment: (1) USAID's initiatives in economic growth would not mitigate the negative impact on the Palestinian economy, and few if any established targets would be achievable; (2) targets in the water sector would be threatened by the difficulty in obtaining tripartite agreement on implementation decisions and in maintaining the pace of on-the-ground construction; (3) the effectiveness of the democratic institutions USAID supports would be sharply curtailed and their ultimate sustainability would be threatened.

## PART II: PROGRESS TOWARD OBJECTIVES

**Summary Table**

<b>Objective Name</b>	<b>Rating</b>	<b>Evaluation findings</b>
SO 1: Expanded Private Sector Economic Opportunities	Met	October 1997 World Bank report, "Development under Adversity: The Palestinian Economy in Transition," identified areas for potential donor intervention which are consistent with USAID strategy and activity plans.
SO 2: Greater Access to and More Effective Use of Scarce Water Resources	Met	July 1997 Comprehensive Planning Framework (prepared by Camp, Dresser and McKee) presented detailed technical data which validated strategic emphases on access to water and water resources management.
SO 3: More Responsive and Accountable Governance	Met	September 1997 survey of citizens, civic leaders and lawmakers conducted by Center for Palestine Research and Studies (CPRS) validated areas of strategic focus and provided valuable information for making implementation adjustments.
SpO 1: Transition to Self-Rule Facilitated	Met	None.
Sp O 2: Selected Development Needs Addressed	Met	None.
Estimated funding through NGOs and PVOs: FY1998, 20%; FY1999, 10-15 %; FY2000, 10-15 %. (Includes potential sub-agreements through prime contractors).		

**Strategic Objective No. 1: Expanded Private Sector Economic Opportunities**

1. Performance Analysis

*a. Objective Level Summary*

USAID's Strategy is designed to enhance private sector opportunities in the West Bank and Gaza by increasing access to financial services; increasing access to markets by the industrial sector; enhancing productivity of the industrial sector; and improving the legal and regulatory environment for private sector growth. The year 1997 was characterized by a stark economic climate which constrained overall growth and affected SO performance.

The Palestinian economy has experienced a dramatic downward trend since 1992. Between 1992 and 1996, overall GNP declined by an estimated 18.4%, and per capita GNP declined by an estimated 36%. Between 1996 and 1997, overall GNP grew by 3.4%, but this slight increase (sharply below IMF and World Bank projections) was not matched in per capita terms. The average monthly real wage continued to decline in both years. A lack of data on exports and industrial output prevents the forging of a complete picture of the economy for 1997; preliminary figures suggest that exports may have decreased by 7% while industrial output showed a modest increase over 1996 levels. Cross-border restrictions continue to be the major factor contributing to distortions in the Palestinian economy. Despite an increase in the number of Palestinian workers in Israel in 1997 (up 8% from 1996), labor outflows did not generate significant growth due, most likely, to the pervasive effect that border restrictions (especially on the movement of goods) have had on individual Palestinian firms, particularly those with an export orientation.<sup>5</sup>

Ambitious SO-level employment targets were met overall, although there was a reduction in female full employment (see performance table for Indicator 1(b)). Performance was mixed on other SO-level and IR-level indicators.<sup>6</sup> Results fell short of targets in the area of market access (IR 1.2), due largely to the external factors mentioned above. Last year, USAID-assisted firms fared much better than the economy at large, but this year the difference was minimal. This may be due, in part, to the fact that several USAID-assisted firms ceased to operate during this reporting period. Despite these problems, significant gains were made by individual Palestinian firms in industrial productivity (IR 1.3) as more companies adopted ISO 9000 and Good Manufacturing Practices (GMP) quality assurance methodologies, thus building a stronger competitive base. Impressive results were achieved under IR1.1, reflecting an active microenterprise program which is helping to cushion the impact of external shocks. Moderate

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<sup>5</sup>Also, although the overall number of closure days was lower, the type of closure imposed in 1997 was much more severe than in 1996, with concomitant effects on the movement of inputs and exports (see Indicator 1.2(b)).

<sup>6</sup>Mixed performance at the SO and IR level is hard to interpret, however, due to the absence of data on important economy-wide measures at the time of R4 preparation. Of 9 indicators at the SO and IR level, 8 are economy wide; data for four of these will not be available until later in FY 1998.

progress was made on the policy front, with adoption by the PA of an internationally competitive Industrial Estates Law and, with the support of other donors, further development of internationally competitive laws governing investment, securities, insurance, and taxation.

*b. Intermediate Result-Level Performance Review:*

IR1.1: Increased Access to Financial Services by the Private Sector: Anticipated results for IR 1.1 were achieved or exceeded in 1997. USAID-supported NGO programs met targets for the number and value of loans provided to microenterprises, and surpassed targets for cost recovery and the rate of loan repayment. The Mission's approach to microenterprise has evolved in response to changing conditions. It was originally anticipated that funding for NGO poverty-level microloan programs would be provided for a limited (1-2 year period) only, and USAID would concentrate on development of microlending through the banking sector over the longer term. With findings showing that poverty-level lending (loans of \$300 or less) are not profitable for commercial banks, and, hence, not an attractive product for banks to offer, NGO programs must fill the gap at this level of loan. At the same time, the demand for poverty-level loans has been much greater than anticipated. This is probably due, at least in part, to the indirect impact of the overall economic situation, including high unemployment levels and declining overall wage rates -- which create conditions in which women increase their level of economic activity in an attempt to replace lost family income.

USAID has expanded its support for NGO poverty-lending with an increase in funding (\$2.2 million in additional loan capital) for Save the Children's (SCF) Group Guaranteed Lending and Saving program, a program which targets women exclusively. Consistent with Agency "best practice" guidelines, SCF will also establish and fund loan capital for a local microfinance institution to ensure localization of microlending practices. By the end of 1997, the number of microloans provided through SCF and a separate grant to UNRWA was 6,400. Between 1998 and 2000, approximately 30,000 microloans will be provided through USAID-funded NGO programs. Targets for the number and value of microloans will be adjusted upward to account for an increase in USAID support.

The first step toward the establishment of the commercial bank program began in 1997 with the commitment of two local commercial banks to each provide \$3 million in loan capital and bear all commercial risk associated with the program. Also in 1997, USAID awarded a technical assistance contract to Chemonics, Inc. to help the banks implement a state-of-the-art microlending program at four branches. Participating banks will begin lending at an average level of \$2,000, to not exceed \$10,000. Initial loans will be made by May 1998 and the pace of loan activity will increase as staff become more familiar with lending practices. By the end of FY 1999, it is anticipated that participating banks will expand microlending to an additional four branches. Targets for numbers of loans (750 in 1998 and 4,000 in 1999) are anticipated to be reached. The combination of poverty lending through NGOs and larger loans through participating commercial banks provides USAID with the opportunity to put sustainable programs in place which can scale up to meet the full demand for microloans.

IR 1.2: Increased Access to Markets by the Industrial Sector/

IR 1.3: Enhanced Productivity of the Industrial Sector --Small Business Support Project:

Through the Small Business Support Project (SBSP) implemented by Development Alternatives, Inc. (DAI), USAID has provided technical assistance and training to enhance the productive capacity and marketing skills of firms and facilitated Palestinian exports to non-traditional markets. It has also helped Palestinian products meet international quality standards.

Although USAID-assisted firms realized export sales of \$8 million in 1997, this represents a net decrease in these firms' exports of 5.5%. In contrast, USAID-assisted firms increased their overall sales by 4%. Although both of these measures fell short of specific IR 1.2 targets, these results are satisfactory given the uncontrollable disruptions to the flow of goods faced by Palestinian businesses. It appears that many Palestinian producers are increasingly turning to the domestic market, a coping strategy which may not be sustainable given the nature of the Palestinian economic base and competition from European, Israeli, Egyptian and Jordanian firms. The Palestinian Food Industry Association, for example, reported a 38% increase in domestic market share for all types of food products in 1997 as food companies targeted the domestic market as a primary strategy for growth. Other factors blocked exports as well. For example, the inability of Palestinian firms to meet international standards and their lack of effective marketing strategies remain major obstacles to greater exports.

In addition, experience has shown that a significant amount of time is required to open completely new markets. Opening of the Gulf market, anticipated following the March 1997 Dubai Trade Exhibition, has lagged behind expectations, with only about 2/3 of planned container shipments actually made. The interval between acceptance of a sales contract with a Palestinian firm and the ultimate shipping date can be protracted, as meeting import regulations for new markets can delay or cause the cancellation of orders. For example, Palestinian pharmaceutical companies which reported over \$2 million in potential sales contracts in 1997 as a result of attending the exhibition did not realize these sales as pharmaceutical licenses were not provided by the government of the UAE. These sales are expected to be recouped upon receipt of import licenses from the UAE, so long as Palestinian pharmaceutical products remain competitively priced.

In FY 1998 and FY 1999, SBSP will continue its focus on high-potential export industries, such as stone and marble, pharmaceuticals, food and textiles in order to maximize Palestinian comparative advantage and boost exports. FY 1998 activities will increase the focus on penetrating the high-value Israeli market, including assisting Palestinian firms to acquire the kosher certificate required for exporting food products to Israel. SBSP will also continue to work to put in place viable market linkages with the Gulf and other new export markets.

Through the SBSP, efforts have been underway to introduce appropriate technology in industry sectors that lag behind Israeli and international competitors, and quality standards certification such as ISO 9000 and Good Manufacturing Practices (GMP). Economy-wide data to measure the IR-level indicator of value added per employee in the industrial sector are not yet available.

However, improvements in sales per employee in USAID-assisted firms indicates an uptick in productive capacity, tracking the increase in overall sales reported above. Assisted firms also report an increase in capacity utilization which exceeded targets. Six firms received ISO 9000 certification in 1997, substantially exceeding targets and resulting in 250 employees trained in quality assurance methodology. In 1998, results are again expected to exceed targets, and an additional 1,000 employees will be trained. Firms reaching ISO 9000 and GMP certification report an average cost savings of 30% and considerable increases in sales, especially exports. In addition, ISO 9000 and GMP also contribute to broader management improvements as businesses adopt standardized, written systems to maintain production consistency which in turn allows managers to devote more attention to strategic planning and marketing.

SBSP will end in FY 1999 and a new activity will begin the same year. Much of the Palestinian industrial sector is still uncompetitive and isolated from foreign customers, who are essential in the long term given the limited local market. The follow-on activity will provide a mechanism for continued USAID assistance to improve access to existing markets, open new markets and improve the productivity of Palestinian firms. As an initial step in the design, Mission staff met with businesspeople and other stakeholders to better understand their prioritization of needs. These interviews validated the need to reduce management and production inefficiencies and improve marketing capacity at the firm level and the need to locate new markets. The follow-on activity will focus on strategic opportunities in particular markets and particular industries with the greatest export potential. The emphasis on international quality standards and technology utilization will be maintained. The new activity is anticipated to build the capacity of industry associations to assist and represent the interests of member firms and support the efforts of a private sector “apex” trade organization to develop export markets and serve in an advocacy capacity on trade issues with the PA.

IR 1.2: Increased Access to Markets by the Industrial Sector -- Gaza Industrial Estate: Support for the development of the Gaza Industrial Estate -- as an enclave in which special procedures facilitating the movement of goods and people will apply -- is an essential element of the Mission's approach to increasing access to markets in the current political environment. It is intended to serve as an important pilot effort for joint Palestinian-Israeli experience in overcoming security-related and administrative obstacles and thus help to facilitate future industrial investment in the West Bank and Gaza. Significant progress has been achieved in identification of initial tenants by the developer, PADICO; in construction (with USAID financing elements of the off-site infrastructure); and in creation of an enabling environment (with USAID taking the lead in defining regulatory requirements and facilitating security discussions).

Construction by the developer of factory shells for the site's first phase is nearing completion and should be finished by June 1998. By August, a reverse osmosis water plant and a 2.2 MW power generator will be finished, completing USAID's installation and start-up of off-site infrastructure, which also included the construction of a dual source water system. Other-donor financed off-site infrastructure construction, such as a wastewater treatment facility, is underway. As of March, 17 pioneer tenants had been identified in the garment, textile and electrical machinery industries, who together will utilize about 35% percent of the space available in the

first phase. Of this group, all but one are Palestinian (the other is Israeli), and many have Israeli or international participation. In late 1997, the PA approved an industrial estates law which calls for the establishment of the Palestinian Industrial and Free Zone Authority (PIFZA) and sets out its organizational framework and regulatory functions in a way which is fully consistent with USAID recommendations. USAID is assisting with a transition plan to ensure a smooth migration of regulatory functions from the Ministry of Industry to PIFZA and, later in FY 1998, will provide technical assistance to the new body. A revised Palestinian investment law, under review by the PA at this time, will further enhance the environment for investment at the GIE. Although improved machinery for inspection of goods at the Israeli border soon will be installed, agreement between the PA and Israel on a security protocol remains elusive, despite almost continuous negotiations. The U.S. will remain engaged with the highest levels of the GOI and the PA to encourage the adoption of a security protocol acceptable to both parties and to the private sector.

First phase sites are expected to be fully leased by the end of 1998. PADICO plans to begin construction of factory shells for the second phase in early 1999. With production to begin later this year, current employment and sales projections for 1998 and 1999 for GIE firms are on track with previous projections. Assuming satisfactory conclusion of a security protocol, the GIE is ultimately expected to provide 22,000 direct jobs and up to 40,000 indirect jobs through feeder industries off-site, thus surpassing the 38,000 monthly average of Palestinian workers who were permitted to work in Israel in 1997.

IR 1.4: Improved Legal and Regulatory Environment for Private Sector Growth: Despite the economic difficulties resulting from border closures and restrictions on the movement of goods and people, there is broad recognition that significant improvements in the business climate in the West Bank and Gaza will result if there is progress in the area of policy. In fact, given the current uneven (and in many ways, still undeveloped) legal and regulatory environment, improvements in that environment are essential prerequisites for sustained growth in the private sector even in the absence of these external constraints.

In last year's R4 submission, this IR was stated as "policy environment for equity mobilization improved." The intention was to focus on "the equity side of the market," with the assumption that other donors would provide complementary support for regulatory improvements which would help mobilize credit through the formal financial system. At that time, USAID planned to undertake activities in the accounting and auditing sector, the pension and insurance sectors (to create pools of institutional capital for domestic investment) and the development of a local capital market. As a result of analyses undertaken by the Mission and in recognition of changes in donor plans, the Mission has refocused (and renamed) the IR. Priority will be given to policy areas which (a) create an environment in which business transactions are more transparent and predictable, and (b) facilitate greater availability of credit and equity financing for business expansion. USAID will defer to the work of the World Bank and other donors who have recently provided technical assistance to the PA for drafting essential economic and commercial laws, but may provide targeted assistance to facilitate passage of appropriate enabling legislation

in specific cases where other donor efforts prove to be incomplete.<sup>7</sup> Substantial assistance may also be provided for the subsequent development of workable implementing regulations.

Design of an activity to foster the adoption of international accounting and auditing standards and standardize financial reporting by Palestinian firms -- necessary to both encourage investment and the provision of credit -- is underway, with the activity scheduled to begin late in FY 1998. This activity will work to establish a Financial Accounting Standards Board and a single self-regulatory accounting organization, develop appropriate curricula to train practitioners, and develop mechanisms to certify conformance with international standards. Assistance to enhance the operation and oversight of the Palestinian securities market is under consideration, but issues related to demand and long-term feasibility need to be addressed; assistance would emphasize the development of an autonomous securities regulation body. Neither pension nor insurance reform are recommended due to their limited potential to affect business expansion in the current Palestinian context. Improvements in the banking system, particularly bank regulation and supervision, are important to facilitate a continued expansion of long-term financing. Depending on other donor plans, USAID may provide assistance to strengthen the capacity of the Palestinian Monetary Authority (PMA) to properly oversee commercial banking activity and put in place mechanisms to avert potential bank failures and ensure stability in the banking system.

## 2. Expected Progress through FY 2000 and Management Actions

The approaches taken under SO 1 are addressing the fundamental internal constraints to growth identified in the Mission's Strategy and revalidated in subsequent USAID and other donor analyses. External constraints -- particularly those related to border access -- will condition whether SO-level performance targets will be fully met in FY 1999 and FY 2000. The Mission will, after more complete economy-wide data become available for 1997, further assess the effect of external constraints (including relevant trends) on Palestinian firms and determine whether it is appropriate to scale back anticipated achievements. The design of the follow-on business support activity will take into account the unique constraints to export faced by Palestinian firms but will also address the importance of helping these firms position themselves for dramatic expansion when external constraints are lifted. Increasing emphasis will be placed in FY 1999 and FY 2000 on the enabling environment, with a more detailed results framework outlining the Mission's conceptual approach to be prepared later this FY and full implementation of activities under IR 1.4 anticipated in FY 1999.

## 3. Environmental Compliance

IEE's will be prepared prior to initiating support for private sector policy activities in FY 1998 and FY 1999 and new business support activities in FY 1999.

### PERFORMANCE DATA TABLES

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<sup>7</sup>Among the laws currently in draft or in various stages of review by the PA are a securities law, a secured lending and leasing law, the investment law, an insurance law, a new tax code, and reform of the companies law.

## SO1: Expanded Private Sector Economic Opportunities

Data for many of these indicators were unavailable at the time of R4 submission as a result of delays in publication of key reports by the Palestinian Central Bureau of Statistics (PCBS). It is assumed that these delays were a one-time problem associated with the fact that the PCBS undertook the Palestinian census this year. All SO1 indicators will be reassessed once 1997 data are available; some targets are likely to be revised to reflect implementation experience and economic trends. Note: All dates in the tables for SO1 are calendar year.

<b>STRATEGIC OBJECTIVE 1:</b> Expanded Private Sector Economic Opportunities			
<b>DATE APPROVED:</b> 10 May 1996		<b>ORGANIZATION:</b> USAID/West Bank and Gaza	
<b>RESULT NAME:</b> SO 1: Expanded Private Sector Economic Opportunities			
<b>Indicator 1 (a):</b> <i>Full-Employment - Male and Female</i>			
<b>Unit of Measure:</b> Percent	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> The PCBS <u>Labour Force Survey</u> series expected to be published annually.	1996(B)		M: 62% F: 76%
<b>Indicator Description:</b> The proportion of males and females in the labor force aged 15 years and older in both the West Bank and Gaza that are fully employed. Employment data covers both private and public sectors. While private sector employment would be a preferred indicator, data are not available. Targets were determined based on a 4% growth rate for males, and a 2% growth rate for females.	1997	M:64% F:79%	M:69% F: 73%
<p><b>Comments:</b> Results were less than planned for female full employment. The overall target is considered achieved, given the low proportion of women in the formal workforce.</p> <p>The decrease for women is attributed to the higher proportion of female laborers in export-oriented industries which suffered greatly during closure and recovered less quickly once access to outside markets was restored (e.g. textile, garments, and food processing). The percentage of male full employment reflects positive male labor trends and the propensity of male laborers to return to their jobs, especially day labor positions in Israel, once closure has ended. Permitted labor in Israel accounts for 12% of the total employed Palestinian labor force. Male unemployment averaged 20% in 1997 (down from 23% in 1996). 1997 female unemployment averaged 22%, a 1 percentage point increase over 1996. During closure, the male unemployment rate in WB/G increased from about 20% to 30%, or by 50%.</p> <p>1998-2000 targets may be revised when more complete economy-wide data become available.</p>	1998	M:66% F: 81%	
	1999	M: 68% F: 84%	
	2000(T)	M: 70% F: 87%	

<b>STRATEGIC OBJECTIVE 1:</b> Expanded Private Sector Economic Opportunities			
<b>DATE APPROVED:</b> 10 May 1996		<b>ORGANIZATION:</b> USAID/West Bank and Gaza	
<b>RESULT NAME:</b> SO 1: Expanded Private Sector Economic Opportunities			
<b>Indicator 1 (b):</b> <i>Average daily wage, total and males</i>			
<b>Unit of Measure:</b> Constant 1996 U.S. Dollars.	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> The PCBS <u>Labour Force Survey</u> series expected to be published annually.	1996(B)		Total: \$17.23 Male: \$17.59
<b>Indicator Description:</b> The net pay divided by the number of work days in a designated work period converted to dollars at the current exchange rate. Includes workers employed in the West Bank, Gaza and Israel and encompasses all occupations from professional to farm labor.  Results are calculated using an average of the quarterly-reported NIS daily wage converted to U.S. dollars using the average Shekel-Dollar exchange rate for 1997 (NIS3.4 per US Dollar). Results are then converted to constant 1996 dollar terms by using the IMF's initial 1997 GDP deflator of 7%. Targets were determined based on an 8% growth rate.	1997	Total: \$18.60 Male: \$18.99	Total:\$15.60 Male:\$16.07
<b>Comments:</b> 1997 fourth quarter data are delayed due to the workload associated with the completion of the Palestinian census; data for 1997 are estimates. A revised 1997 daily wage, taking into account 4th quarter data, will be provided upon receipt of data from PCBS. However, initial results are less than targeted due to a two month closure in the WB/G, creating high unemployment and eroding wages. Wages decline during times of high unemployment as the supply of laborers vastly outnumbers the demand for their services. During these times, job seekers are willing to accept lower wages. The ambitious FY 1998-2000 targets may be scaled back as part of the Mission's overall review of SO 1 indicators.	1998	Total: \$20.09 Male: \$20.50	
	1999	Total: \$21.70 Male: \$22.15	
	2000(T)	Total: \$23.44 Male: \$23.92	

<b>STRATEGIC OBJECTIVE 1:</b> Expanded Private Sector Economic Opportunities			
<b>DATE APPROVED:</b> 10 May 1996		<b>ORGANIZATION:</b> USAID/West Bank and Gaza	
<b>RESULT NAME:</b> SO 1: Expanded Private Sector Economic Opportunities			
<b>Indicator 1 (c):</b> <i>Industrial Output Index</i>			
<b>Unit of Measure:</b> Index	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> The PCBS <u>National Accounts Report Series</u> expected to be published annually. Data for 1995 and 1996 were published in February, 1998; thus establishing the baseline. 1997 data will not be available until July, 1998.	1996 (B)		100
<b>Indicator Description:</b> Private sector output is based on gross sales receipts. Using the private sector gross sales receipts in 1996 the baseline and assigning it an index value of 100, the index is calculated by dividing subsequent year values by the 1996 base value. Private sector output accounts for total output in the mining, manufacturing, electricity and water sectors. The definition of private sector output is taken from the International Standard Industrial Classification (ISIC) definition, used internationally by statistical reporting agencies. All water and electricity figures are for private providers of these services <u>only</u> . Gross output is the main component in determining Gross Domestic Product, and, hence, provides an excellent measure of economic growth.  This indicator was previously 'private sector revenue.' Data on private sector revenue are not readily available. Industrial output (the sum of private sector revenue and private sector inventory) differs in value by only 2%.	1997	105	TBD
<b>Comments:</b> Data for this indicator are not available. Preliminary estimates were not available from PCBS or other organizations.	1998	111	
	1999	117	
	2000(T)	124	

<b>STRATEGIC OBJECTIVE 1:</b> Expanded Private Sector Economic Opportunities			
<b>DATE APPROVED:</b> 10 May 1996		<b>ORGANIZATION:</b> USAID/West Bank and Gaza	
<b>INTERMEDIATE RESULT #1.1:</b> Increased access to Financial Services by the Private Sector			
<b>Indicator 1.1 (a):</b> <i>Value of outstanding active private sector loans provided through formal financial sector institutions</i>			
<b>Unit of Measure:</b> U.S. Dollar value (in Millions)	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> The baseline data should be identified in the Palestinian Monetary Authority's Monthly Statistical Bulletin.	1996(B)		\$354
<b>Indicator Description:</b> The value of all loans made for commercial purposes which have not been fully repaid or written off as bad debt. It includes both first time and repeat borrowers. This indicator, when used in conjunction with other indicators at the IR level, will provide USAID with a sense of overall growth in private sector lending and the micro enterprise share in that growth. Targets were set by projecting an 8% growth rate for private sector credit reflecting an equivalent rate of growth predicted for the WBG economy overall.	1997	\$382	\$461.37
<b>Comments:</b> Results for this indicator exceeded targets due to significant expansion of the banking sector and lending to larger firms, as sources of microcredit through banks are still under development. There are currently 23 commercial banks operating in the West Bank and Gaza, up from 12 in 1996. Since the submission of last year's R4, the baseline was revised downward by the Palestinian Monetary Authority, as reflected in this table. 1997 data are actual.	1998	\$513	
	1999	\$554	
	2000(T)	\$598	

<b>STRATEGIC OBJECTIVE 1:</b> Expanded Private Sector Economic Opportunities			
<b>DATE APPROVED:</b> 10 May 1996		<b>ORGANIZATION:</b> USAID/West Bank and Gaza	
<b>INTERMEDIATE RESULT #1.1:</b> Increased Access to Financial Services by the Private Sector			
<b>Indicator 1.1(b):</b> <i>Private sector credit going to the smallest firms through formal financial sector institutions</i>			
<b>Unit of Measure:</b> Percent (based on the U. S. Dollar values)	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> Data on lending for commercial purposes are expected to be provided with breakdowns by loan size in the <u>Financial Sector Survey</u> to be published in May 1998. The new microenterprise credit activity will also produce this data as a regular part of its management information system.	1996 (B)		0
<b>Indicator Description:</b> The value of all loans of \$10,000 or less made for commercial purposes on terms of 1 year or less divided by the value of all loans made for commercial purposes. This indicator, when used in conjunction with the other indicator at the IR level, will provide USAID with a sense of overall growth in private sector lending and the microenterprise share in that growth.	1997	0	0
<b>Comments:</b> While the targets presented here appear rather modest they represent a substantial increase in commercial lending to the microenterprise sector. The targets are calculated using the projected value of loans for the new microenterprise credit activity divided by the target value for all loans made for commercial purposes. Initial loans through commercial banks are planned for FY 1998.	1998	0.3%	
	1999	1.8%	
	2000(T)	6.0%	

<b>STRATEGIC OBJECTIVE 1:</b> Expanded Private Sector Economic Opportunities			
<b>DATE APPROVED:</b> 10 May 1996		<b>ORGANIZATION:</b> USAID/West Bank and Gaza	
<b>INTERMEDIATE RESULT #1.2:</b> Increased Access to Markets by the Industrial Sector			
<b>Indicator 1.2 (a):</b> <i>Gross value added in the industrial sector</i>			
<b>Unit of Measure:</b> Index (in real terms)	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> The PCBS <u>National Accounts Reports</u> , The <u>National Accounts Reports</u> covering 1995 and 1996 data were published in February 1998. 1997 data will not be available until July 1998.	1996 (B)		100
<b>Indicator Description:</b> Gross value added is based on the value of all goods and services produced less the value of production inputs. The figure is converted from nominal (current) terms to real (constant) dollars by using the GDP deflator. Using the 1996 value as the base (100) the index is then calculated by dividing real values in subsequent years by the 1996 value. The GDP deflator used to convert from nominal to real terms is found in publications by the Israel Central Bureau of Statistics and the World Bank. The index is preferred as an indicator in this case because absolute values will not be meaningful to those unfamiliar with the West Bank and Gaza economy. Targets were calculated on an 8% growth rate in real terms.	1997	108	TBD
<b>Comments:</b> Data for this indicator were not available at the time of R4 submission. Preliminary estimates were not available from PCBS or other organizations.	1998	116	
	1999	126	
	2000(T)	136	

<b>STRATEGIC OBJECTIVE 1:</b> Expanded Private Sector Economic Opportunities			
<b>DATE APPROVED:</b> 10 May 1996		<b>ORGANIZATION:</b> USAID/West Bank and Gaza	
<b>INTERMEDIATE RESULT #1.2:</b> Increased Access to Markets by the Industrial Sector			
<b>Indicator 1.2 (b):</b> <i>Industrial exports</i>			
<b>Unit of Measure:</b> Index (in real terms)	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> The PCBS <u>Industrial Survey</u> series and the PCBS expected to be published annually. 1996 data was published in October 1997. PCBS has not yet determined when 1997 will be published.	1996 (B)		100
<b>Indicator Description:</b> The value of all goods and services provided to buyers outside the West Bank and Gaza. The figure is converted from nominal (current) terms to real (constant) dollars by using the GDP deflator. Using the 1996 value as the base (100) the index is then calculated by dividing real values in subsequent years by the 1996 value. The GDP deflator to be used in converting from nominal to real terms will be found in publications by the Israel Central Bureau of Statistics and the World Bank. The index is preferred as an indicator in this case because absolute values will not be meaningful to those unfamiliar with the West Bank and Gaza economy. Targets were calculated on an 8% growth rate.	1997	108	TBD
<b>Comments:</b> Data were not available at the time of R4 submission, however, preliminary estimates indicate an overall decrease in Palestinian exports as businesses faced uncontrollable disruptions to the flow of their products and inputs. This year witnessed a shorter, but more severe closure than in 1996, as access to the southern portion of the West Bank was severely impeded for two months. West Bank cities generally share a porous border with Israel, allowing goods and people to pass between the two with relative ease. Although data will not be reported for this indicator until a later date, it is believed that West Bank businesses suffered on par with their Gazan counterparts, thus diminishing the perception of a relatively integrated West Bank economy with Israel.	1998	116	
	1999	125	
	2000(T)	136	

<b>STRATEGIC OBJECTIVE 1:</b> Expanded Private Sector Economic Opportunities				
<b>DATE APPROVED:</b> 10 May 1996		<b>ORGANIZATION:</b> USAID/West Bank and Gaza		
<b>INTERMEDIATE RESULT 1.2.1:</b> Increased Access to Markets by the Industrial Sector				
<b>Indicator 1.2.1 (a):</b> <i>Exports of assisted firms</i>				
<b>Unit of Measure:</b> Percent Change	<b>Year</b>	<b>Planned</b>	<b>Actual</b>	
<b>Source:</b> USAID activity data information systems.	1995 (B)		0	
<b>Indicator Description:</b> The collected value of exports for all the firms assisted by USAID activities in the specified year. It includes exports this year from firms newly assisted this year plus exports from those assisted in prior years. The information for the indicator is collected as part of the USAID-supported Small Business Support Project internal monitoring system. The tendency of firms to misrepresent figures with potential tax implications will be controlled by cross-checks performed by activity staff working with the firms on a daily basis.	1996	+ 5%	+ 5.1%	
	<b>Comments:</b> 1997 results were less than planned. Although exports decreased in 1997, overall sales modestly increased as firms continued to emphasize local markets over the development of export markets.	1997	+ 5%	-5.5
		1998	+ 5%	
		1999	+ 5%	
		2000(T)	N/A	

<b>STRATEGIC OBJECTIVE 1:</b> Expanded Private Sector Economic Opportunities				
<b>DATE APPROVED:</b> 10 May 1996		<b>ORGANIZATION:</b> USAID/West Bank and Gaza		
<b>INTERMEDIATE RESULT 1.2.1:</b> Increased Access to Markets by the Industrial Sector				
<b>Indicator 1.2.1 (b):</b> <i>Value of total sales in assisted firms.</i>				
<b>Unit of Measure:</b> U. S. Dollar value (in millions)	<b>Year</b>	<b>Planned</b>	<b>Actual</b>	
<b>Source:</b> USAID activity data information systems.				
<b>Indicator Description:</b> The collected value of new contracts executed by firms assisted by USAID activities in the specified year. It includes only those new contracts that can reasonably be attributed to USAID-sponsored assistance and is cumulative from year to year. The information for the indicator is collected as part of the USAID-supported Small Business Support Project internal monitoring system. This indicator will make an interesting comparison with data on industrial output. The comparison will show how the USAID-assisted firms fared relative to the national picture for increased sales. Targets for this indicator were based on an 8% annual growth rate.	1996 (B)		\$69	
	<b>Comments:</b> Results fell short of targets due to a two month comprehensive closure which severely impeded the sales of firms in both the West Bank and Gaza.	1997	74.5	71.7
		1998	80	
		1999	86	
		2000(T)	93	

<b>STRATEGIC OBJECTIVE 1:</b> Expanded Private Sector Economic Opportunities			
<b>DATE APPROVED:</b> 10 May 1996		<b>ORGANIZATION:</b> USAID/West Bank and Gaza	
<b>INTERMEDIATE RESULT #1.3:</b> Enhanced Productivity of the Industrial Sector			
<b>Indicator 1.3 (a):</b> <i>Value added per employee in the industrial sector</i>			
<b>Unit of Measure:</b> Constant 1996 US Dollars	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> The PCBS <u>National Accounts Reports</u> expected to be published annually. The <u>National Accounts Reports</u> covering 1995 and 1996 data were published in February 1998. 1997 data will not be available until July 1998.	1995 (B)		0
<b>Indicator Description:</b> Change in value added from one year to the next measured as a percentage of the earlier year. It is added value of all goods and services produced less the value of production inputs then divided by the total number of employees. The figure is converted from nominal (current) terms to real (constant) terms by using the GDP deflator. The GDP deflator to be used in converting from nominal to real terms is found in publications by the World Bank, UNSCO, and Israel Central Bureau of Statistics. Reporting in constant 1996 dollars will allow the reader to evaluate progress against other development contexts, as well as against targets. Targets were set based on a 1% increase in 1997, 3% increase in 1998 and a 5% increase in 1999 and 2000. This does not include employment in Israel.	1996	+ 1%	TBD
<b>COMMENTS:</b> Data were not available at the time of R4 submission. Preliminary estimates were not available from PCBS or other organizations.	1997	+ 1%	
	1998	+ 3%	
	1999	+ 5%	
	2000(T)	+ 5%	

<b>STRATEGIC OBJECTIVE 1:</b> Expanded Private Sector Economic Opportunities			
<b>DATE APPROVED:</b> 10 May 1996		<b>ORGANIZATION:</b> USAID/West Bank and Gaza	
<b>INTERMEDIATE RESULT #1.3:</b> Enhanced Productivity of the Industrial Sector			
<b>Indicator 1.3 (b):</b> <i>Increase in sales per employee in USAID-assisted firms</i>			
<b>Unit of Measure:</b> Percentage change (in real NIS terms)	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> Source: USAID activity data information systems for nominal values. World Bank, UNSCO or other publications will provide the GDP deflator.	1995 (B)	N/A	0
<b>Indicator Description:</b> The change in sales from one year to the next measured as a percentage of the earlier year. It is the value of sales by the total number of employees. The figure is converted from nominal (current) terms to real (constant) terms by using the GDP deflator. The GDP deflator to be used in converting from nominal to real terms is found in publications by the World Bank, UNSCO, and Israel Central Bureau of Statistics. The percentage change serves as a good indicator in this case because absolute values will not be meaningful to those unfamiliar with the West Bank and Gaza economy. Targets were set based on an 8% annual growth rate in sales.	1996	8%	18%
<b>COMMENTS:</b> Results for this indicator may not be accurate as an 18% increase in sales per employ does not track with sales and employment data reported elsewhere. The Mission will work with the contractor and review the methodologies employed to ensure more accurate data collection and calculation.	1997	20%	30%
	1998	25%	
	1999	30%	
	2000(T)	35%	

<b>STRATEGIC OBJECTIVE 1:</b> Expanded Private Sector Economic Opportunities			
<b>DATE APPROVED:</b> 10 May 1996		<b>ORGANIZATION:</b> USAID/West Bank and Gaza	
<b>INTERMEDIATE RESULT #1.3:</b> Enhanced Productivity of the Industrial Sector			
<b>Indicator 1.3.1 (a):</b> <i>Number of assisted firms receiving ISO 9000 certification</i>			
<b>Unit of Measure:</b> Number	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> USAID activity data information systems	1995 (B)		0
<b>Indicator Description:</b> A simple count of the number of firms that are ISO 9000 certified. The number is a total for the year and should include those firms continuing to enjoy ISO 9000 certification as well as those newly certified this year.	1996	0	3
<b>COMMENTS:</b> Results exceeded targets. Palestinian firms achieving ISO 9000 certification experience a 30% increase in productivity and an increase in sales, especially exports.  Targets were set based on USAID activity plans. Though the number of firms certified over the next five years may be small it is expected that they will represent a majority of the largest firms operating in the West Bank and Gaza.	1997	3	6
	1998	9	
	1999	12	
	2000(T)	N/A	

## **Strategic Objective No. 2: Greater Access to and More Effective Use of Scarce Water Resources**

### **1. Performance Analysis**

#### *a. Objective-Level Summary*

USAID is addressing the critical shortage and inefficient use of water in the West Bank and Gaza by assisting Palestinian agencies to develop new water sources and better utilize existing sources, in an economically and environmentally sustainable manner. This effort directly supports Article 40 of the Oslo II Accords between the Palestinians and Israelis. USAID initiated some isolated interventions (e.g., emergency rehabilitation of the waste/storm water system in Gaza, distribution systems in the West Bank) prior to the approval of the Mission's Strategy in May 1996, but the primary mechanisms to carry out USAID's comprehensive water program were not put in place until later that year. Therefore, no impact relative to SO-level indicators (metered domestic water consumption and agricultural/commercial needs met with non-potable sources) could be expected by the end of 1997.

Over the last year, the pace of implementation and progress towards lower-level results have been mixed. On the one hand, planning, technical designs and institutional assistance which will form the groundwork for long-term improvements in the water sector have been completed, and the upgrading and expansion of the storm and wastewater systems in Gaza have progressed on schedule. On the other hand, obstacles associated with the availability of technical data, the permitting process, logistical constraints and re-design requirements have delayed USAID's major construction packages in the West Bank by at least 12 months. Notwithstanding, the Mission has dealt with each of these constraints over the last six months, and construction work is now in full swing. Therefore, this Strategic Objective is considered on track, and significant results are expected within the next 1-2 years.

During the last year, USAID and Embassy officials (often including the Ambassador) worked continuously with all levels of the Government of Israel to resolve the issues which had prevented the execution of key elements of the Mission's water resources program. The permits required to initiate the construction of four production wells in the West Bank and new bulk transmission networks in the Hebron-Bethlehem and Jenin areas were finally received early this year. Four of six permits for monitoring wells were also received, and site adjustments were made that should allow issuance of the final two permits shortly. Despite the delays experienced to date and the knowledge that other obstacles are likely to emerge, the Mission's water program is now in a position to make progress towards its system-wide Year 2000 target for metered domestic consumption: an increase to 62 cubic liters/person/day, as compared to the 1995/1996 baseline estimate of 56 cubic liters per day. Though the Mission's reported targets only extend to the Year 2000 at this time, proposed USAID interventions will have significant impacts on access to and effective use of water for years to come. It is anticipated that by the Year 2003 the effective available water supply (potable and non-potable sources) to the Palestinians could roughly double from 1996 levels. Even with the rapidly expanding population, the metered

domestic consumption rate for potable water should increase to about 87 liters per capita per day by around the Year 2003. Achievement of the World Health Organization's minimum recommended standard (100 liters/capita/day) should be obtainable within the foreseeable future.

Based on the Mission's success in overcoming the initial roadblocks to the implementation of its water strategy, USAID will begin to place greater emphasis on areas such as aquifer protection, wastewater management, re-use and re-charge, loss prevention, conservation, local-level capacity building and pricing policies. With these initiatives coming on-line over the next two fiscal years, the increased rationalization of water allocation--as indicated by meeting 6% of agricultural/industrial needs with non-conventional sources--is considered achievable during the Mission's Strategy period.

*b. Intermediate Result-Level Performance Review*

During the last year, USAID assisted the Palestinian Water Authority (PWA) in developing a Comprehensive Planning Framework which identifies existing and projected water demands, potential sources of supply (including aquifers, surface water, desalination, wastewater re-use, storm water harvesting, regional import and non-conventional sources), and estimated costs for a range of options for the Years 2000, 2020, and 2040. The basic conclusion of this work was that the long-term needs of Palestinians--and of the population of the region--can not be met through existing sources. All scenarios share the following common elements: i) rehabilitation of supply systems to reduce physical losses; ii) rehabilitation of irrigation and on-farm systems to improve water efficiency; iii) reduction of the amount of water used for agriculture; iv) widespread collection of rainwater; and v) increased reliance on re-claimed water.

While this conclusion and the elements of scenarios laid out in this Conceptual Planning Framework are consistent with USAID's existing Strategy, the Framework will provide the longer-term perspective for the design of future USAID initiatives related to each of its Intermediate Results. Furthermore, the scale of investments required to meet even minimum Palestinian water needs in both the short- and longer-term exceeds USAID's available resources. Therefore, the Mission will use this Framework, as well as USAID-financed facilities master plans related to water supply systems in the West Bank and waste/storm water systems in Gaza City, to more aggressively encourage complementary investments by other donors.<sup>8</sup>

IR 2.1: Increased Water Supply: In addition to the Comprehensive Planning Framework, during the last year USAID's contractor (Camp, Dresser & McKee/CDM) completed a facilities master plan for water supply in the West Bank, and detailed designs for four production wells, a series

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<sup>8</sup> As an indication of the types of commitments that are possible, the World Bank recently agreed to finance the construction of components of the recommended Year 2000 facilities for the Hebron area, with USAID providing detailed design documents. Similarly, the European Investment Bank has expressed interest in financing the construction of components of the recommended facilities for the Hebron-Bethlehem area. The World Bank and the European Investment Bank are considering packages that would value \$20 million and \$30 million respectively.

of monitoring wells, the Hebron-Bethlehem and Jenin transmission systems, and distribution systems for 11 villages in the Jenin area. USAID also provided support to strengthen the planning and management capacity of the PWA and West Bank Water Department (WBWD), including the provision of computers, software, training and a mobile water quality monitoring lab. USAID is currently in the process of procuring equipment for the maintenance of water networks for seven municipal water departments and utilities, as well as tanker trucks to reach outlying areas where the population is either not connected to the water grid or experiencing extreme water shortages.

Construction is now underway on the production wells and the Hebron-Bethlehem transmission system, and is expected to begin shortly for the monitoring wells and Jenin transmission/distribution systems. However, the unexpected complexity of the permitting process, including changing requirements imposed by the GOI, prevented the earlier start-up of this work. Specifically, based on Article 40 of the Oslo II Accords, USAID assumed that working through the Joint (Palestinian-Israeli) Water Committee (JWC) would be sufficient to attain required GOI permits. This has proven not to be the case. For example, JWC approval of a drilling permit is granted only after permits are issued by the Israeli Water Commissioner and the Civil Administration--including reviews by its archeological and environmental divisions. In addition, separate permits are required for civil works, access roads and extraction. Delays related to these requirements have significantly affected the costs of USAID's primary water sector contract. Notwithstanding these difficulties, all of the originally planned construction of the wells and conveyance systems is underway or in the final stages of procurement. These systems, to include site facilities for USAID's wells and another well in Jenin which was previously drilled but not made operational by the Israelis, are scheduled to be functioning by late 1999.

Beyond these major construction initiatives, after resolving issues related to GOI permits, the Catholic Relief Services (CRS) was able to accelerate USAID-funded construction, leading to the completion of distribution networks in seven West Bank villages in 1997 (in addition to 2 systems completed in the previous year). As a result, 20,000 Palestinians in these nine villages are benefitting from improved services, including an increase in the daily per capita consumption rate from 42.5 liters to 65 liters. Likewise, USAID-funded UNDP work included the completion of 4 village distribution systems and 65% of work on the main line and distribution network in Hebron in 1997. Consumption among the 86,000 beneficiaries in these areas increased from approximately 45 liters/day to 50 liters/day.

IR 2.2: Integrated Management of Water Resources: During the last year, USAID has made significant progress towards the achievement of this Intermediate Result. Save the Children completed a program in December 1997 that rehabilitated water systems and provided health education for 39,000 residents in 4 depressed neighborhoods in Gaza. Through the CRS grant cited above, 2,200 water meters were installed to ensure appropriate billing and more than 41,000 cubic meters of water per year are being saved as a result of reduced losses. Through the UNDP grant cited above, approximately 140,000 cubic meters of water is being saved annually due to reduced losses, primarily in Hebron. USAID's prime contractor under the Gaza Wastewater Project (Metcalf & Eddy/M&E) completed feasibility studies and preliminary designs for a

construction package totaling approximately \$21 million. The immediate phase of this work is scheduled to be completed by 15 April 1998, providing sewer service to 38,000 Palestinians who previously had no or inadequate access to the sewage collection system. The sub-contractor that will carry out the bulk of construction under this Project, to include the provision of equipment, expansion of the storm water reservoir capacity, establishment of a storm water infiltration site and construction of sewage force mains, pump stations and sewer lines, will mobilize in April 1998 and complete work by late 1999. In addition, the designs for the expansion of the Gaza Wastewater Treatment Plant were completed, and a construction contract was signed in March; work is scheduled to finish within a year. Finally, the reverse osmosis plant at the Gaza Industrial Estate (GIE) will be operational later this year. This package of activities will result in increases in treated wastewater (e.g., the Treatment Plant's capacity will be doubled to approximately 32,000 cubic meters per day by early 1999), water from non-conventional sources (e.g, 1 million cubic meters/year from the GIE), and re-claimed storm water. These resources will in turn be available for some combination of aquifer re-charge and direct/indirect re-use for commercial and agricultural purposes.

IR 2.3: Market-Oriented Allocation Mechanisms: While a separate Intermediate Result, USAID's work in promoting market-oriented mechanisms cross-cuts the water supply and integrated management aspects of the program. As such, the planning and capacity building efforts underway in those areas will lay the groundwork for specific policy and institutional interventions related to pricing/cost-recovery, planning/regulatory functions of the PWA, local-level management of resources and the eventual privatization of services. Given the fact that USAID's water program has been driven by political exigencies, the Mission's early focus in the sector was to provide short-term, tangible benefits through construction initiatives. However, these activities have been designed with the expectation that the policy principles outlined above, and supported by the Palestinian Water Authority, will be institutionalized as Palestinians begin to exercise more autonomy and local institutions mature. Other donors, most notably the World Bank and Norwegians, have taken the lead in this area.

Progress towards and successful achievement of market-oriented allocation mechanisms is particularly difficult to measure. The Mission has established specific policy benchmarks (e.g., tiered and progressive tariffs, water re-use standards, public participation) and criteria for local-level management of water resources (e.g., collection rates, commercial accounting standards, meter replacement) to track incremental progress at lower levels of its results framework. Ultimately, success will depend on the degree to which Palestinian service providers can fully recover operations and maintenance (O&M) costs, and in the longer-term to recover capital costs also. However, progress of related other-donor programs has been slower than expected. In addition, since USAID's first comprehensive activities in this area are not scheduled to begin until late 1998, full O&M cost-recovery may be difficult to achieve by the Year 2000. A first step towards the possible revision of USAID's target will be to assist individual utilities/districts to accurately price water/services and track revenues. Initial data will be developed and included in the first PWA/CDM management information systems report, due in the summer of 1998. At that time, it is likely that the Mission will adjust its current target for full recovery of O&M costs.

## 2. Expected Progress through FY 2000 and Management Actions

Through mid FY 1999, USAID will use the lessons learned during the last two years, including a re-assessment of other-donor contributions to its results framework,<sup>9</sup> to design and initiate the second phase of its water resources Strategic Objective. In the area of conventional water supply, this is likely to include the updating of the hydrological model for the Eastern Aquifer, as well as the construction of additional production wells and transmission facilities in the West Bank. The wells USAID currently has under construction are expected to yield 6 million to 8 million cubic meters per year, beginning in late 1999. By the Years 2000/2001, a similar yield is expected from the next phase of USAID-funded drilling. Based on these plans and anticipated other-donor initiatives, by the end of the Strategy period it is expected that an additional 23 million cubic meters of potable water will be produced annually, and conveyance systems in the Hebron, Bethlehem and Jenin areas will be upgraded and expanded to handle up to 88 million cubic meters/year more than their current capacity.<sup>10</sup>

In order to promote the integrated management of water resources, USAID had anticipated expanding support for activities related to wastewater (beyond Gaza) and innovative approaches related to conservation, loss prevention, non-conventional sources and aquifer protection. While other donors are involved, their activities are not of sufficient scale to address a situation in which the sustainable draw-down of aquifers in the region cannot support demand, even in the short term. In fact, it is estimated that the draw-down already exceeds the re-charge rate in Gaza by 20 million-40 million cubic meters per year. Furthermore, there is an increasing concern about the lack of adequate wastewater facilities and appropriate environmental safeguards in the West Bank and Gaza. Therefore, while always a part of USAID's Strategy, the Mission may accelerate and expand the scope of its planned interventions related to aquifer protection. Under a contract to be signed in late FY 1998, this will include the development of an integrated management plan and surveys/modeling of the coastal aquifer in Gaza. USAID will also demonstrate practical application options for agricultural re-use, aquifer re-charge, flow conservation, well rehabilitation, hydraulic management to control salt water intrusion and desalination. A similar multi-year initiative for the West Bank is expected to begin in FY 1999 or FY 2000, with additional components to improve wastewater treatment facilities in Hebron, address issues related to industrial waste, and promote village-level integrated water management. The larger impact of these programs will be based on their success in demonstrating innovative approaches for future investment by other donors and--eventually--Palestinian agencies. However, based on ongoing Gaza Wastewater Project activities, these new USAID initiatives, and

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<sup>9</sup>For example, other donors have not made as much progress as had been expected in promoting water conservation and alternate water sources, nor have they dedicated as much funding as expected for West Bank wastewater initiatives. These types of activities will be incorporated in the Mission's next phase of water sector assistance. The Mission still assumes that other donors will take the lead in upgrading/expanding water distribution systems, with USAID taking the lead on well supply and bulk transmission systems.

<sup>10</sup>The Oslo II Accords cite an indefinite-term target of increasing the supply of water available to Palestinians by 80 million cubic meters/year.

planned other-donor interventions the Mission expects to achieve the following shorter-term (Year 2000/2001) integrated management targets: volume of water re-claimed for re-use: 10 million cubic meters/year; volume of re-claimed water for aquifer re-charge: 10 million cubic meters/year; volume of losses prevented: 4 million cubic meters/year; volume conserved: 4 million cubic meters/year; and volume from non-conventional sources: 8 million cubic meters/year.

The new programs cited in the previous paragraph will include support for the development of a tiered-tariff structure, based on the varying qualities of water. They will also provide support to increase the capacity of Palestinian institutions to sustainably manage the aquifers, including enhancing the economic viability of water systems. In addition, over the next two years, USAID expects to initiate activities to improve local-level operations and maintenance of water systems, establish village-level user groups based on the model to be developed by USPVOs in the Jenin area, and strengthen the planning capacity within and between municipalities. While these will cut across all elements of the Mission's Water Resources Strategy, their primary impact will be in promoting market-oriented mechanisms, leading towards full operations and maintenance cost-recovery.

### 3. Environmental Compliance

Currently, each major water contract includes an environmental assessment element, as directed in the relevant Initial Environmental Examination approved by the ANE Environmental Officer. The approved IEE for the new Gaza Coastal Aquifer Management Program includes a similar provision. An amendment of the current Water Resources IEE was also approved to allow for the testing of distribution options for desalinated water provided by the reverse osmosis plant at the Gaza Industrial Estate. The packaging of the other activities scheduled to begin later in FY 1998 and in FY 1999 has not been determined. However, one or more IEEs will be required for initiatives related to second-phase well/transmission systems development, aquifer protection in the West Bank, operations and maintenance, municipal planning, the role of local-level user groups and integrated waste/storm water management in non-urban areas.

## PERFORMANCE DATA TABLES

### SO 2: Greater Access to and More Effective Use of Scarce Water Resources

Reliable and complete water sector data have not been available for the West Bank and Gaza. In addition, it has not even been possible to cite basic population figures with confidence, pending the results of the census conducted in January 1998. As part of its assistance package, USAID is supporting efforts to develop a management information system (MIS), which will compile and analyze data from Palestinian water utilities. The current baselines and targets for this SO rely on preliminary estimates developed by USAID's contractor, and a subsequent sampling of selected areas conducted as a first step in establishing the MIS. Baselines and targets are likely to be adjusted after the first annual MIS report, which is due in July 1998 and will provide the most complete water data available to date for the West Bank and Gaza.

For all indicators that will rely on this PWA MIS for data, 1996 baseline/targets were preliminary estimates developed by USAID with contractor support. Likewise, estimates for 1997 are based on preliminary--but incomplete--data gathered to date for the MIS. It will be valid to use the first annual MIS Report to refine baselines/targets for most indicators, since no major water systems will have come on-line in the interim. Estimates are based on the assumption of a 1996 population in the West Bank and Gaza of 2.5 million and projected growth to 2.9 million by the Year 2000 (4% annual growth rate). More reliable population figures could be available shortly as a result of the first Palestinian census, which was carried out in January 1998. Note: All dates for SO 2 tables are calendar year.

<b>STRATEGIC OBJECTIVE 2: Greater Access to and More Effective Use of Scarce Water Resources</b>			
<b>APPROVED:</b> 10 May 1996		<b>ORGANIZATION:</b> USAID/West Bank and Gaza	
<b>RESULT NAME:</b> N/A			
<b>Indicator:</b> 2(a) Domestic consumption rate (metered)			
<p><b>Unit of Measure:</b> Liters/capita/day (L/c/d)</p> <p><b>Source:</b> Palestinian Water Authority Management Information System (This MIS is currently under development by USAID's contractor (CDM); the first annual MIS report is due in July 1998).</p> <p><b>Indicator Description:</b> Based on overall domestic supply (minus physical losses and unaccounted-for use) and population estimates. The MIS will also provide district/utility-level data.</p> <p><b>Comments:</b> The estimated decrease in 1997 (and expected decrease in 1998) can be attributed to population growth and the fact that no major new sources of water have been made available to Palestinians. Prior to delays (primarily caused by the GOI permitting process), it was possible that USAID (and other donor) wells could have been producing by the end of 1997.</p> <p>The preliminary Year 2000 target is based on increased supply of 23 million meters<sup>3</sup>/year (mm<sup>3</sup>/yr), 8 mm<sup>3</sup>/yr from non-conventional sources, 10 mm<sup>3</sup>/yr re-used, 4 mm<sup>3</sup>/yr losses prevented, and 4 mm<sup>3</sup>/yr water conserved. (This includes downward adjustments of the non-conventional and conservation sub-targets (see IR 2.2), which in turn could have an impact on the Mission's domestic consumption indicator. However, at this time we prefer to maintain the 62 L/c/d target.)</p>	Year	Planned	Actual
	1996		56
	1997	57	54.5
	1998	53	
	1999	56	
	2000	62	

<b>STRATEGIC OBJECTIVE 2: Greater Access to and More Effective Use of Scarce Water Resources</b>			
APPROVED: 10 May 1996		ORGANIZATION: USAID/West Bank and Gaza	
RESULT NAME: N/A			
Indicator: 2 (b) <i>Agricultural and commercial requirements met with non-potable sources</i>			
<b>Unit of Measure:</b> percentage  <b>Source:</b> PWA MIS, to be supplemented by specific USAID/donor activity reports  <b>Indicator Description:</b> N/A  <b>Comments:</b> Estimated total Year 2000 agricultural/commercial use = 100 million - 115 million m <sup>3</sup> /yr.	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
	1996		0
	1997	0	0
	1998	1	
	1999	3	
	2000	6	

<b>STRATEGIC OBJECTIVE 2: Greater Access to and More Effective Use of Scarce Water Resources</b>			
APPROVED: 10 May 1996		ORGANIZATION: USAID/West Bank and Gaza	
INTERMEDIATE RESULT 2.1: Increased Water Supply (urban)			
Indicator: 2.1(a) <i>Volume of additional potable water from conventional sources</i>			
<b>Unit of Measure:</b> million meters <sup>3</sup> /year (mm <sup>3</sup> /yr)  <b>Source:</b> PWA MIS, confirmed by PWA's well-specific data  <b>Indicator Description:</b> N/A  <b>Comments:</b> Increase compares to estimated 1995/1996 gross volume of urban water supply (total supply minus 64% used for agriculture) of 92 mm <sup>3</sup> /yr.  This indicator replaces "gross volume of urban supply" based on USAID/W suggestion that the additional supply figure, which was the variable component of the total gross volume figure anyway, would better highlight the impact of USAID/donor programs.  Various obstacles--primarily those relating to the GOI permitting process--have prevented wells that have been completed through non-USAID funding to begin producing, and delayed USAID construction by about one year. Annual targets beginning in 1998 have therefore been adjusted. Notwithstanding, USAID believes it is still possible to achieve the system-wide increase originally targeted (23 mm <sup>3</sup> /yr) by the Year 2000.	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
	1996	0	0
	1997	4	0
	1998	2	
	1999	14	
	2000*	23	

**STRATEGIC OBJECTIVE 2: Greater Access to and More Effective Use of Scarce Water Resources**

APPROVED: 10 May 1996

ORGANIZATION: USAID/West Bank and Gaza

**INTERMEDIATE RESULT 2.2: Integrated Management of Water Resources****Indicator: 2.2 (a) Volume of reclaimed water directly re-used****Unit of Measure:** million meters<sup>3</sup>/year (mm<sup>3</sup>/yr)**Source:** PWA MIS, to be supplemented by specific USAID/donor activity reports**Indicator Description:** Storm water and treated wastewater for direct re-use, as distinguished from such water used for aquifer re-charge and indirect re-use.**Comments:** While there may currently be some re-use occurring, it would be on a very small scale and unregulated (adequate standards not applied) basis. Therefore a baseline of zero is considered appropriate. However, specific USAID activities (initially Gaza Industrial Estate and Gaza Wastewater, later Gaza Coastal Aquifer Management) will have an impact in this area. Currently, estimates related to these initiatives form the basis of the targets cited. Other-donor- and Palestinian-financed activities will also be incorporated if/when they come on-line.

Targets for this indicator and that for aquifer recharge could be adjusted, depending on the percentage of water resources under the Gaza Wastewater Project allocated between these two options.

Year	Planned	Actual
1996		0
1997	0	0
1998	0	
1999	1.5	
2000	10	

**STRATEGIC OBJECTIVE 2: Greater Access to and More Effective Use of Scarce Water Resources**

APPROVED: 10 May 1996

ORGANIZATION: USAID/West Bank and Gaza

**INTERMEDIATE RESULT 2.2:** Integrated Management of Water Resources**Indicator:** 2.2 (b) *Volume of reclaimed water used for aquifer recharge***Unit of Measure:** million meters<sup>3</sup>/year**Source:** PWA MIS, to be supplemented by specific USAID/donor activity reports**Indicator Description:** Storm water and treated wastewater for aquifer re-charge and indirect re-use, as opposed to direct re-use.**Comments:** While there may currently be some artificial recharge occurring, it would be on a very small scale and unregulated (adequate standards not applied). Therefore a baseline of zero is considered appropriate. However, specific USAID activities (initially Gaza Wastewater, later Gaza Coastal Aquifer Management) will have an impact in this area. Currently, estimates related to these initiatives form the basis of the targets cited. Other-donor- and Palestinian-financed activities will also be incorporated if/when they come on-line.

Targets for this indicator and that for direct re-use could be adjusted, depending on the percentage of water resources under the Gaza Wastewater Project allocated between these two options.

Year	Planned	Actual
1996		0
1997	0	0
1998	0	
1999	1.5	
2000	10	

**STRATEGIC OBJECTIVE 2: Greater Access to and More Effective Use of Scarce Water Resources**  
**APPROVED:** 10 May 1996 **ORGANIZATION:** USAID/West Bank and Gaza

**INTERMEDIATE RESULT 2.2:** Integrated Management of Water Resources

**Indicator:** 2.2(c): *Volume of losses prevented*

**Unit of Measure:** million meters<sup>3</sup>/year (mm<sup>3</sup>/yr)

**Source:** PWA MIS, to be supplemented by specific USAID/donor activity reports

**Indicator Description:** Rate of losses (physical and unaccounted for use) estimated at approximately 43% in 1996. System-wide data will be developed by multiplying the reduction in rate of losses to the total supply. Activity-specific data will also be tracked, as appropriate.

**Comments:** The loss rate is expected to be reduced by 2% - 5% by the Year 2000. Long-term plans target a reduction of the loss rates to 35% in 2005 and 25% in 2020.

USAID's comprehensive support in this area will begin in 1998/1999.

Through USAID-funded distribution system upgrades/installations carried out by CRS and UNDP, losses have been reduced to as low as 4% in some villages, and cut by 7%-10% in Hebron. A total of at least 180,000 meters<sup>3</sup>/year in losses were being prevented by the end of 1997.

Year	Planned	Actual
1996		0
1997	0	0.2
1998	1	
1999	2	
2000	4	

**STRATEGIC OBJECTIVE 2: Greater Access to and More Effective Use of Scarce Water Resources**  
**APPROVED:** 10 May 1996 **ORGANIZATION:** USAID/West Bank and Gaza

**INTERMEDIATE RESULT 2.2:** Integrated Management of Water Resources

**Indicator:** 2.2(d): *Volume of water conserved*

**Unit of Measure:** million meters<sup>3</sup>/year

**Source:** Specific USAID/donor activity reports

**Indicator Description:** This indicator will reflect savings from specific technologies introduced through conservation programs (e.g., toilet flushing, shower heads, drip irrigation). Estimates could also be made based on surveys related to specific public awareness/education campaigns if appropriate.

**Comments:** The previous Year 2000 target was 8 mm<sup>3</sup>/yr. Targets have been reduced to reflect the fact that other-donor programs have been slower than expected in starting-up. USAID's comprehensive support in this area will come begin in 1998/1999.

Year	Planned	Actual
1996		0
1997	0	0
1998	0	
1999	1	
2000	4	

**STRATEGIC OBJECTIVE 2: Greater Access to and More Effective Use of Scarce Water Resources**  
**APPROVED:** 10 May 1996 **ORGANIZATION:** USAID/West Bank and Gaza

**INTERMEDIATE RESULT 2.2:** Integrated Management of Water Resources

**Indicator:** 2.2(e) *Volume of water from non-conventional sources*

**Unit of Measure:** million meters<sup>3</sup>/year

**Source:** PWA MIS, to be supplemented by specific USAID/donor activity reports

**Indicator Description:** Non-conventional sources include imports, desalination, brackish wells.

**Comments:** The previous Year 2000 target was 10 mm<sup>3</sup>/yr. Targets have been reduced to reflect the fact that other-donor programs have been slower than expected in starting-up. USAID's comprehensive support in this area will come begin in 1998/1999.

An Italian-financed plant in Khan Younis is currently providing 200,000 m<sup>3</sup>/yr. The Gaza Industrial Estate is expected to provide approximately 1.0 mm<sup>3</sup>/yr beginning by 1999. New USAID integrated management activities coming on-line in 1998/1999 will place increasing emphasis on this IR. Other-donor plans for large-scale de-sal plants, etc. are still pending.

Year	Planned	Actual
1996		0
1997	0	0.2
1998	2	
1999	4	
2000	8	

**STRATEGIC OBJECTIVE 2: Greater Access to and More Effective Use of Scarce Water Resources**  
**APPROVED:** 10 May 1996 **ORGANIZATION:** USAID/West Bank and Gaza

**INTERMEDIATE RESULT 2.3:** Market Oriented Allocation Mechanisms Implemented

**Indicator:** 2.3(a) *Operation and maintenance (O&M) costs recovered*

**Unit of Measure:** Percentage

**Source:** PWA MIS

**Indicator Description:** N/A

**Comments:** Sampling data have ranged from 31% to 96% cost recovery, including capital investment. An actual system-wide rate is impossible to establish at this time. While the expectation is that the MIS will provide the information needed, inconsistent cost analysis and revenue-management by the various water districts/ utilities and municipalities may make a system-wide indicator for O&M cost recovery impossible at this time. If reliable system-wide data is available as part of the first annual MIS Report, the Mission will establish interim targets and will likely adjust the year in which 100% O&M cost recovery is expected. If not, geographic/ organization-specific targets may be established.

USAID activities focusing on this area are scheduled to begin in FYs 1998/1999.

Year	Planned	Actual
1996		TBD
1997	TBD	
1998	TBD	
1999	TBD	
2000	100	

### **Strategic Objective No. 3: More Responsive and Accountable Governance**

#### 1. Performance Analysis

##### *a. Objective-Level Summary*

USAID assistance aims to increase the participation of civil society organizations in public decision making and government oversight (IR 3.1); enhance the capability of the Palestinian Legislative Council (the Council, or PLC) to perform functions of a legislative body (IR 3.2); enable the Executive Authority (EA) to perform its legislative and public policy functions more effectively (IR 3.3); and establish the foundation for decentralized local government (IR 3.4). The Strategic Objective is on track, with performance targets substantially achieved as planned.<sup>11</sup> The success of the PLC in reviewing and securing substantive changes in the Executive's 1997 budget demonstrates significant progress at the SO level. At the IR level, performance has been better than satisfactory on a number of measures related to the Council. Achievements in the area of civil society are modest for 1997, reflecting the longer time frame required to show impact. USAID's activity with the Executive, which is tightly focussed on the Executive's legislative and policy-making process, has shown satisfactory progress, but ultimate success will depend on critical PA Cabinet action required later this fiscal year.

The strategic approach remains valid. The January 1996 elections for the Council and the head of the Executive Authority provided a strong popular mandate for democratic, responsive and accountable institutions of governance. Two years later, USAID's emphasis on civil society and the Council as the critical elements to hold the government accountable is beginning to show results. It is likely that activities in the local government area will be scaled back from the level originally anticipated in the Mission Strategy, but this will not affect the SO as a whole.

Two assumptions identified in the Mission Strategy remain valid and continue to be monitored for their impact on the Strategic Objective. The first assumption relates to the clarification of Council/Executive relations. In late 1997, the Council passed a draft Basic Law which included a delineation of executive and legislative functions, but the Executive has been unwilling to sign such a comprehensive law. However, in its legislative operations and oversight actions to date, the Council has assumed for itself the separation of power principles underlying the Basic Law. The Council has also shown assertiveness in the face of sustained opposition by the Executive to their independent role. However, Council measures to pressure the Executive, such as threats of a no-confidence vote, have been largely ineffective to date, and the lack of formal agreement on the relationship between the two bodies is worrisome as it could increasingly affect the Council's lawmaking function.

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<sup>11</sup> However, performance data are not yet available for all of the indicators. Of the total of 25 indicators used to track performance, 14 are based on survey data specifically collected for this purpose. Since the baseline survey was not undertaken until September 1997, the baseline year is 1997 for these 14 indicators. This particularly affects IR 3.1. Relevant contextual information is used to amplify the description of progress in the narrative.

The second assumption lays out the need for broad commitment by the Palestinian Authority to democratic principles, such as press freedom and rule of law. Some USAID activities have been directly affected by Executive actions. In May 1997, a USAID-funded pilot activity to televise Council plenary sessions was thwarted when the broadcasts were first jammed, allegedly by the public sector Palestinian Broadcast Corporation, and then suspended following the arrest of the program's director. The broadcasts have not resumed. USAID support for independent television stations in the West Bank similarly suffered when the PA closed down several of the stations in February 1998. While these actions have not held back USAID's overall democracy program, the Executive's lack of commitment to freedom of the press is troubling. The Consulate General in Jerusalem takes the lead on these policy issues; USAID participates in interagency discussions to define U.S. approaches to them.<sup>12</sup>

*b. Intermediate Result-Level Performance Review*

IR 3.1: Increased Participation of Civil Society Organizations (CSOs) in Public Decision Making and PA Oversight: Activities are underway to support the efforts of Palestinian CSOs to provide citizens with the means to play an active role in the governance process. USAID-funded grantees are currently reaching about 10 percent of the voting population (or about 100,000 people). USAID remains the only donor providing significant support to strengthen CSO participation in public decision-making and government oversight. Several new grants were awarded in FY 1997 in support of this IR, including three directly to Palestinian CSOs (Arab Thought Forum (ATF), PASSIA, and the Palestinian Working Women's Society (PWWS)). Activities through grants with the National Democratic Institute for International Affairs (NDI) and the International Republican Institute (IRI) have continued. Programs are underway in three areas: CSO capacity to participate in public policy-making and PA oversight; CSO effectiveness in aggregating and articulating citizen interests; and CSO effectiveness in disseminating information on public policy issues.

Approaches taken by CSOs to encourage citizens to play a role in the governance process include civic education, holding public meetings, publicizing draft laws, and support for local civil society networks. More than 4,000 people have participated in town meetings with government representatives, and some of these meetings have been televised for a wider audience. Issue-specific public symposia have covered good governance topics such as draft legislation on political parties and government accountability. These meetings facilitate information-sharing and citizen input on evolving government policy. NDI's monthly Civic Forum seminars, implemented with local civil society groups, continue to reach about 6,000 Palestinians each month, half of whom are women, with civic education on topics such as individual rights and citizen-representative relations. Some CSOs train community leaders or other CSO staff in advocacy techniques and policy analysis. Two grantees (the PWWS and a new grant to the Women's Affairs Technical Committee, awarded in March 1998) target women exclusively, and

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<sup>12</sup>The Mission Strategy also assumed that an enabling NGO law would be in place. There has been progress in developing a draft law, but it has not yet been passed or signed. See table for Indicator 3.1.1(a).

are supporting advocacy programs and networking among women's groups. Because of the role of a free press in facilitating citizen access to information, two activities with the independent media were initiated during FY 1997: skills development for journalists at Media Resource Centers in Ramallah and Gaza (implemented by USIS), and support for small, independent television stations in the West Bank to improve local news coverage (through a grant with Internews).

Some grantees have established formal mechanisms for citizen access to decision-makers. ATF's Citizen's Rights Center in Ramallah is serving as a clearinghouse for citizen problems dealing with various government entities. More than 100 cases were investigated between the Center's opening in June and the end of the year. The Palestinian Health, Development Information and Policy Institute (HDIP), an NGO supported through IRI, has successfully established linkages between a network of health NGOs and the Ministry of Health, increasing both coordination among the NGOs and cooperation with the PA in health policy development. HDIP hopes to replicate this approach in other sectors.

In February 1998, almost one year after the initial set of grants to local CSOs, the Mission reassessed its approach in civil society. The reassessment included a review of performance to date under ongoing grants and discussions with a wide range of CSO leaders, backed up by the findings of the baseline survey for the civil society performance indicators. In FY 1998, existing grants will be adjusted and expanded where feasible to give more attention to the gaps identified through the Mission's assessment. Additional assistance in FY 1998 and FY 1999 will emphasize mechanisms which enable there to be informed input to policy-makers, including those which facilitate contact between CSOs and the Council, the Executive and the media. Priority will be given to legislative and policy issues which are likely to have a broad impact on the governance process. In FY 1999 and FY 2000, Palestinian CSOs will become increasingly more effective in channeling citizen concerns regarding specific legislation and policies to lawmakers and in initiating and influencing the content of legislation and policies, as well as in monitoring government performance.

IR 3.2: Enhanced Capability of Palestinian Legislative Council (PLC) to Perform Functions of a Legislative Body: USAID assistance under this IR is focussed in three areas: strengthening the Council's legislative and deliberative capacity; assisting the Council to effectively provide oversight of the Executive branch; and strengthening the Council's relationship with and responsiveness to its constituents. Assistance is provided through a contract with Associates for Rural Development (ARD) and grants with NDI and IRI. Although only a limited number of laws passed by the Council have been signed by the Executive (the local elections law and the 1997 Executive Budget in FY 1997 and the local government law and the monetary authority law in FY 1998), assessment of the performance of the PLC over the first two years shows greater progress than anticipated. The most dramatic achievements have been in the oversight area, despite the problematic relationship with the Executive. Results also show a significant improvement in legislative effectiveness, with the Council passing ever greater percentage of legislation that it has itself initiated. The least progress was made in constituent relations.

***Legislative and Deliberative Capacity.*** Assistance has been provided to the Council on formatting, drafting and reviewing legislation and on the overall legislative process. Nearly all of the draft laws introduced by the Executive have been modified by the Council in a substantive way, demonstrating the seriousness with which Council members view their role in the legislative process. The number of laws submitted to the Council for review has dramatically increased, from 4 in FY 1996, to 21 in FY 1997 and 7 so far in FY 1998. Several of these laws have wide-reaching implications for governance: a law on the independence of the judiciary, the political parties law, the investment law, and the NGO law. A Parliamentary Research Unit (PRU), with a mandate to analyze proposed legislation and respond to requests for information from Council members, was established under the auspices of the Center for Palestine Research and Studies (CPRS), through USAID's grant to IRI. The Council has allocated office space for the PRU and has agreed to a transfer from CPRS by October 1998. Also, between May 1997 and April 1998, USAID provided short-term support (to bridge a gap in planned E.C. assistance) to establish a record-keeping system, including the installation of a Hansard system for verbatim transcripts of plenary sessions, and to improve tracking of constituent inquiries.

***Oversight Role.*** USAID is helping the Council establish procedures for Executive oversight. PLC initiatives in holding formal proceedings on non-legislative matters have increased, as have the number of responses from the Executive to Council requests for information. The PLC instituted a regular question period during plenary sessions during which Executive Authority ministers and other representatives respond to PLC inquiries. The major accomplishment was in review of the PA's 1997 budget. The Executive sent a draft 1997 budget to the PLC in March 1997. Following a review process which included interviews with representatives from each ministry, the PLC made substantive adjustments to ministerial allocations in the budget which were then accepted and implemented by the Executive. The PLC also conducted a separate and extensive investigation of the audit report issued by the EA's General Control Office and made recommendations for systemic changes which would reduce the chances for future abuses. The Council has continued to press the Executive to implement the measures it has recommended to improve public sector management.

***Constituent Relations.*** The percentage of draft bills subjected to PLC-initiated public comment remained low in FY 1997, underscoring limited achievements in this area. Although the Council has stated its commitment to involve citizens in legislative review, it has not been successful in institutionalizing this process, and constituent perceptions of members' responsiveness remains very low.

CPRS polls show that the public's assessment of the Council has remained below average. Between September 1996 and December 1997, the level of positive ratings of the Council has ranged between 42% and 51%. More significantly, the Council has continued to have the lowest approval rating of all government entities, including the security service. Although these ratings are due in part to external factors (for example, the Council is precluded from representing constituents on issues which involve Israel), they demonstrate the need for further attention to constituent relations. Given USAID's plans to intensify work on constituent relations in FY 1998, the Council should become more sophisticated in its ability to reach out to the public for

comment on draft laws as well as in responding to constituent needs. Work on the legislative process will also intensify, including finalizing drafting procedures, reaching agreement on a legislative format and establishing a clear process for law-making between the legislative and executive branches. Further improvements in the quality and timeliness of review and in securing input from and ultimate endorsement by the Executive are expected in FY 1998. The Council is expected to maintain the priority it has given to its oversight function.<sup>13</sup>

IR 3.3: Executive Authority More Effectively Performs Legislative and Public Policy Functions:

USAID support to the Executive under this SO is limited to the establishment of transparent legislative and policy-making procedures which complement and support those used by the PLC. USAID assistance supports the work of units within the Ministry of Justice (MOJ) and the Ministry of Planning and International Cooperation (MOPIC) charged with central roles in drafting, reviewing and analyzing policies and legislation. Anticipated results include the establishment of uniform rules and procedures for EA policy-making and legislative functions, and application of these rules and procedures to the legislative and policy-making process. The MOJ unit focuses on issues related to form and style while the MOPIC unit addresses issues of clarity, technical quality and consistency with government strategy. Each unit has adopted an organizational plan (including structure, responsibilities and staffing patterns) developed with USAID's contractor (Checchi and Co.). Uniform legislative and policy-making procedures have been developed which take into account the necessary coordination among relevant ministries and allow for public input. Approval of these procedures was delayed considerably by lack of agreement between the two units on the flow of draft legislation between them, but was secured in January 1998. Cabinet approval of the procedures is a necessary interim step in achieving planned results under this IR. The revised target for this step is June 1998 (it was previously December 1997). If approval is granted and the activity continues to be on track, the two units should be fully operational as planned by March 1999. The units are now reviewing more than 25 draft laws submitted by various Ministries but only inconsistently applying the new procedures. Adherence to the procedures (and their underlying quality standards) should accelerate later this FY as staff participate in planned training. Also, later this FY, the procedures will be widely disseminated within government and made available to the public.

IR 3.4: Foundation for Decentralized Local Government in Place: Last year's R4 laid out a conceptual framework for support to local government involving three interlinked areas: passage of an initial set of laws and other aspects of an enabling environment for decentralization; increasing the capacity of PA ministries to support decentralized local government; and increasing the capacity of municipalities to assume more responsibilities. It was assumed at that

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<sup>13</sup>The Mission may provide additional support to the Council to address the need to establish a sound administrative structure. USAID originally designed its support for the PLC with the assumption that it would complement other donor assistance in Council administration which has not materialized.

time that activities would be fully underway in FY 1998. Findings of analytical work conducted in 1997, however, suggest that it will take longer than previously thought to build broad consensus within the Executive on the appropriateness of moving toward decentralization and greater municipal fiscal autonomy, and recommended further analyses be undertaken before proceeding to implementation. Although the local government law, issued in September 1997, generally tasks municipalities with providing a spectrum of public services, it does not begin to include the numerous legal and regulatory elements of a decentralized system. There is no agreed-upon plan within the Executive or among local governments for implementing these changes. In addition, local government elections have been postponed indefinitely, although villages and municipalities in the West Bank and Gaza are governed by mayors and council members appointed by the Ministry of Local Government. The relatively low priority given to local government at this time is related largely to external political factors, especially the delay in Israeli redeployment from the West Bank.

As a result, the Mission has decided to delay the start-up (to late FY 1998 at the earliest) of activities and to take an incremental approach. This incremental approach will identify opportunities within the current, admittedly imperfect, legal framework, where improvements can be made relatively quickly to municipal fiscal management functions already identified as local responsibilities. The intention is to build consensus on the desirability of decentralized government by demonstrating, through small-scale efforts, the ability of local governments to raise and manage their own revenues for local expenditure needs. Studies are underway, with the initial one examining the feasibility of devolving property tax administration from the national to the local level. Other studies will examine initial steps which could be taken to improve fiscal monitoring, policy oversight and local government coordination at the central level, and promote policy advocacy by the municipalities themselves. Accomplishments are likely to be limited to selected pilot efforts and initial management improvements which could form the basis for a full-scale program in the future. A full-scale program is not likely until there is broader consensus for a more comprehensive approach toward decentralization. Support for local elections, if they take place, would be incorporated under this IR.

## 2. Expected Progress through FY 2000 and Management Actions

Although the fundamentals are in place for the objective to be accomplished by the end of the Mission's Strategy period (FY 2000), prospects for achieving performance targets will depend to some extent on extenuating factors related to the peace process and the PA's commitment to democratic principles. USAID will continue to monitor PA actions in the critical policy areas of Executive/Council relations, the enabling environment for civil society, and freedom of the press and periodically reassess the impact of PA actions on USAID's strategy and approach in the governance area. If Cabinet approval for legislative and policy review procedures within the Executive is not granted by the targeted date of June 1998, the Mission will consider appropriate management actions, including early termination of the activity. With reference to the NGO law, the Mission will work with the Council on an informal basis as it reviews the draft law, and will raise the law as a policy issue when it is sent to the Executive.

## 3. Environmental Compliance

There are no environmental issues under this SO. No activities will require IEEs in FY 1998.

**PERFORMANCE DATA TABLES**

**SO3: More Responsive and Accountable Governance**

Fourteen indicators (out of 25) at the SO, IR and sub-IR level are measured through the use of surveys. The surveys include data from the public and from concerned civic and government actors. Other indicators measure the outcomes of particular actions taken by the Council and the Executive. Targets for the 14 survey-based indicators are preliminary and will be reassessed and revised as a result of methodological concerns. Indicators and targets for OR 3.4 will be developed after analytical work is complete. The following tables include all indicators at the SO and IR level, plus additional indicators which demonstrate in more depth the progress to date of the council. Note: all dates for SO 3 tables are fiscal year.

<b>STRATEGIC OBJECTIVE 3: More Responsive and Accountable Governance</b>			
<b>APPROVED:</b> 10 May 1996		<b>ORGANIZATION:</b> USAID/West Bank and Gaza	
<b>Result Name:</b> More Responsive and Accountable Governance			
<b>Indicator 3 (a):</b> <i>Citizen perceptions (positive) of the PA's allocation and management of public resources</i>			
<b>Unit of Measure:</b> Percent of positive citizen perceptions on indexed scale of 0 to 100	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> Center for Palestine Research & Studies (CPRS)	1997(B)		45 M:41 F:50
<b>Indicator Description:</b> N/A			
<p><b>Comments:</b> The allocation and management of public resources are principal tasks of both the executive and legislative branches. The allocations are the decisions made on the use of public resources. While both the PLC and EA allocate public resources, only the EA directly manages them.</p> <p>The baseline reflects a slightly below average perception of the public in terms of how the Palestinian Authority is allocating and managing resources.</p> <p>The index used to measure this and the other survey-based indicators is based on the responses to a series of three to ten questions for each indicator. The responses to these questions are weighted on a 100 point scale, and then the final scores for each question are further weighted based on their importance in contributing to the indicator. Either positive or negative change on the resulting scale is very significant. A score of 100 on this scale would mean that every respondent responded with very positive perceptions for all of the questions asked, which is highly unrealistic. On this scale, a score of 100 is very positive, a score of 75 is positive, a score of 50 is average, a score of 25 is negative and a score of 0 is very negative.</p> <p>Only preliminary targets are included for the survey based indicators. Final targets will be established before the end of FY 1998.</p>	1998	50	
	1999	54	
	2000(T)	59	

<b>STRATEGIC OBJECTIVE 3:</b> More Responsive and Accountable Governance			
<b>APPROVED:</b> 10 May 1996		<b>ORGANIZATION:</b> USAID/West Bank and Gaza	
<b>Result Name:</b> More Responsive and Accountable Governance			
<b>Indicator 3(b):</b> <i>Citizen perceptions (positive) of civil society's effectiveness in public decision-making</i>			
<b>Unit of Measure:</b> Percent of positive citizen perceptions on indexed scale of 0 to 100	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> Center for Palestine Research & Studies (CPRS)	1997(B)		53 M:52 F:56
<b>Indicator Description:</b> N/A			
<p><b>Comments:</b> Because this SO is concerned with governance and not government, it is important to include the perception of civil society as a legitimate actor in the governance process. This is best measured by citizen perceptions.</p> <p>The baseline shows that citizens feel that civil society organizations have a slightly above average level of effectiveness in public decision-making. This demonstrates a higher degree of legitimacy than that of the PLC or EA. Due to the historically heavy reliance on NGOs for the delivery of needed social and safety-net services, Palestinians are familiar with the work of NGOs and therefore would be expected to provide them with more positive ratings. In addition, USAID's experience worldwide shows CSOs having a greater degree of legitimacy than any governmental institutions, since they focus on ensuring that citizens' interests are protected and promoted.</p> <p>Other performance indicators for sub-IRs which are not included show that, for individuals who are aware of and in touch with CSOs, they give CSOs a positive rating on representation and dissemination of information. However, only 17% of those surveyed had sought information from CSOs and less than 10% are members of CSOs, pointing to a need to increase CSO outreach, especially in Gaza and to women.</p>	1998	62	
	1999	70	
	2000(T)	79	

<b>STRATEGIC OBJECTIVE 3:</b> More Responsive and Accountable Governance			
<b>APPROVED:</b> 10 May 1996		<b>ORGANIZATION:</b> USAID/West Bank and Gaza	
<b>Result Name:</b> More Responsive and Accountable Governance			
<b>Indicator 3 (c):</b> <i>Annual Executive Authority budget is reviewed and approved by the PLC</i>			
<b>Unit of Measure:</b> Yes / No	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> USAID assessment	1996(B)		No
<b>Indicator Description:</b> This indicator will be accompanied by a narrative explaining the context in which the PLC and EA are operating and the status of the EA budget process	1997	Yes	Yes
<b>Comments:</b> This indicator measures the extent to which the governmental budget process is open and transparent. Although the requirement that the annual Executive Authority budget be reviewed and approved by the Palestinian Legislative Council is not formalized as of yet in any legislation (this will be part of the Basic Law which is still in draft), the Executive Authority did submit its 1997 budget to the PLC for review. The PLC approved this budget after making substantial modifications. The PLC has already received an informal draft of the Executive Authority's 1998 budget for review. (The Executive Authority budget is done on a calendar year basis.)  The PLC did not request a copy of the Executive Authority budget for review in 1996, since by the time by the PLC began meeting in March 1996, the 1996 Executive Authority budget had been approved by the Executive Authority Cabinet.	1998	Yes	
	1999	Yes	
	2000(T)	Yes	

<b>STRATEGIC OBJECTIVE 3:</b> More Responsive and Accountable Governance			
<b>APPROVED:</b> 10 May 1996		<b>ORGANIZATION:</b> USAID/West Bank and Gaza	
<b>INTERMEDIATE RESULT 3.1:</b> Increased Participation of CSOs in Public Decision-making and PA Oversight			
<b>Indicator 3.1(a):</b> <i>Key laws, policies, reforms, etc., initiated by CSOs and accepted, reviewed and acted on by the PA</i>			
<b>Unit of Measure:</b> Percent of key laws, etc., initiated by CSOs that are accepted, reviewed and acted on by PLC or EA	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> Center for Palestine Research & Studies (CPRS)	1997(B)		TBD
<b>Indicator Description:</b> N/A			
<p><b>Comments:</b> This indicator measures the participation of Palestinian CSOs in the public decision-making process including law and policy-making, among other decisions. It includes initiatives which are directed either to the EA or the PLC.</p> <p>Due to methodological problems in data collection, the baseline must be recalculated. Because the data are based on self-reporting by CSOs, in terms of the number of initiatives they have prepared and their status in the Executive Authority or PLC, there may be a high degree of over-reporting or double-counting. In the future, the contractor will collect detailed information on the specific initiatives that have been suggested by CSOs, using a control group and those CSOs which have programs supported by USAID, which can be compared to EA and PLC records, to minimize these problems. Targets will be set after the baseline is revised.</p> <p>The current baseline information shows that, for the CSOs that have prepared initiatives (which is relatively small - about 22% of NGOs), they have had below average success in getting the PA to act on them. There is not a significant difference in EA or PLC responsiveness to CSO initiatives.</p>	1998		
	1999		
	2000(T)		

<b>STRATEGIC OBJECTIVE 3:</b> More Responsive and Accountable Governance			
<b>APPROVED:</b> 10 May 1996		<b>ORGANIZATION:</b> USAID/West Bank and Gaza	
<b>INTERMEDIATE RESULT 3.1:</b> Increased Participation of CSOs in Public Decision-making and PA Oversight			
<b>Indicator 3.1(b):</b> <i>Key laws, policies, reforms, etc., initiated by CSOs and accepted, reviewed and acted on by the PA</i>			
<b>Unit of Measure:</b> Percent of laws, policies, reforms, etc. commented on by CSOs that are actually modified by PA (EA or PLC)	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> Center for Palestine Research & Studies (CPRS)	1997(B)		TBD
<b>Indicator Description:</b> N/A			
<p><b>Comments:</b> As in the previous indicator, due to methodological problems in data collection, the baseline must be recalculated. Because the data are based on self-reporting by CSOs, in terms of the number of initiatives they have prepared and their status in the Executive Authority or PLC, there may be a high degree of over-reporting or double-counting. In the future, the contractor will collect detailed information on the specific initiatives that have been suggested by CSOs, using a control group as well as those CSOs which have programs supported by USAID, which can be compared to EA and PLC records, to minimize these problems. Targets will be set after the baseline is revised.</p> <p>The current baseline information shows that, for the CSOs that have suggested modifications (which is relatively small - about 14% of NGOs), they have had below average success in getting the PA to act on them. It is noteworthy that there has been less success in getting the EA or PLC to act on modifications than on completely new CSO initiatives. There is not a significant difference in EA or PLC responsiveness to CSO suggested modifications.</p>	1998		
	1999		
	2000(T)		

<b>STRATEGIC OBJECTIVE 3:</b> More Responsive and Accountable Governance			
<b>APPROVED:</b> 10 May 1996		<b>ORGANIZATION:</b> USAID/West Bank and Gaza	
<b>INTERMEDIATE RESULT 3.1.1:</b> Enabling Environment for Civil Society in Place			
<b>Indicator 3.1.1(a):</b> <i>Enabling “NGO” law enacted</i>			
<b>Unit of Measure:</b> Yes/No, but includes having established a set of critical provisions that must be enacted in the final legislation	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> USAID D/G SO Team	1996(B)		No
<b>Indicator Description:</b> N/A	1997	No	No
<b>Comments:</b> No NGO law has been passed to date, although progress has been made through the formal acceptance by the PLC of the draft NGO law produced by the Palestinian NGO Network. This draft is currently being reviewed by the PLC. Within the Executive Authority, there is continued disagreement about which ministry is responsible for NGO oversight and, at present, procedures for registration and reporting are unclear. However, the lack of an enabling law has not so far been the impediment to CSO operations that the Mission anticipated at the outset of the strategy. The Executive has not taken arbitrary actions over the last year that have affected the ability of USAID’s grantees or CSOs in general to continue to operate.	1998	Yes	
	1999	Yes	
	2000(T)	Yes	

<b>STRATEGIC OBJECTIVE 3:</b> More Responsive and Accountable Governance			
<b>APPROVED:</b> 10 May 1996		<b>ORGANIZATION:</b> USAID/West Bank and Gaza	
<b>INTERMEDIATE RESULT 3.2:</b> Enhanced Capability of Palestinian Legislative Council (PLC) to Perform Functions of a Legislative Body			
<b>Indicator 3.2(a):</b> <i>Performance rating (positive) of PLC by civic leaders</i>			
<b>Unit of Measure:</b> Percentage of “positive” ratings received by PLC in survey of civic leaders at end of each legislative session on indexed scale of 0 to 100	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> Center for Palestine Research & Studies (CPRS)			
<b>Indicator Description:</b> N/A	1997(B)		47
<p><b>Comments:</b> This indicator assumes that heads of Palestinian CSOs will be a more informed and knowledgeable sample group than other sub-sets (e.g., citizens or CSO members), and thus less prone to exaggerated expectations or misunderstandings of existing political institutions, their competence and jurisdiction.</p> <p>Interestingly, those who were more informed about the work of the PLC and better educated had a much lower perception of how well the PLC was performing than the general public. In addition, the perceptions of civic leaders did not track with the PLC’s actual accomplishments, measured through other performance indicators. For example, the baseline showed that civic leaders gave the PLC a slightly below average rating overall, with the lowest rating provided for how well the PLC did in exercising oversight (where the PLC actually focused most of its efforts and achieved the most tangible results), followed by better ratings for its legislative and constituent relations work, where much poorer actual results were achieved. CSOs gave the PLC the best performance rating for its constituent relations work, although data collected under other performance indicators showed virtually no contact between PLC members and their constituents. USAID will be conducting additional analysis to better understand the reasons for the sharp contrast between perceptions and actual performance.</p>	1998	49	
	1999	51	
	2000(T)	53	

<b>STRATEGIC OBJECTIVE 3:</b> More Responsive and Accountable Governance			
<b>APPROVED:</b> 10 May 1996		<b>ORGANIZATION:</b> USAID/West Bank and Gaza	
<b>INTERMEDIATE RESULT 3.2:</b> Enhanced Capability of Palestinian Legislative Council (PLC) to Perform Functions of a Legislative Body			
<b>Indicator 3.2(b):</b> <i>PLC-initiated legislation passed as a percent of all legislation passed by PLC</i>			
<b>Unit of Measure:</b> Percentage of PLC-initiated laws that are passed in each legislative session of all laws in each session	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> Associates in Rural Development	1996(B)	0%	0%
<b>Indicator Description:</b> N/A	1997	25%	29%
<p><b>Comments:</b> This indicator measures the degree to which the PLC is able to assume the overall burden of legislating and thus exercise its legislative functions, as opposed to depending on other governmental institutions to perform that function. An obvious assumption relates to the PLC's authority to undertake legislative functions. Although the PLC is currently operating as if it has the authority to initiate legislation, its actual authorities will be determined by the Basic Law and later implementing legislation, which have not yet been passed.</p> <p>For 1996, the percentage is 0 of 0, since no laws were passed by the PLC during 1996. For 1997, the PLC passed two laws which it drafted (the Basic Law and the Foreign Ownership of Land Law), out of the total of seven laws that were passed. A target of 25% is considered reasonable, especially considering the lack of legal authority of the PLC to initiate legislation, the current controversy between the Executive and PLC on this issue, the newness of the PLC as a legislative body and the PLC's mixed presidential/parliamentary structure.</p>	1998	25%	
	1999	25%	
	2000(T)	25%	

<b>STRATEGIC OBJECTIVE 3:</b> More Responsive and Accountable Governance			
<b>APPROVED:</b> 10 May 1996		<b>ORGANIZATION:</b> USAID/West Bank and Gaza	
<b>INTERMEDIATE RESULT 3.2:</b> Enhanced Capability of Palestinian Legislative Council (PLC) to Perform Functions of a Legislative Body			
<b>Indicator 3.2(c):</b> <i>Citizen approval ratings of PLC</i>			
<b>Unit of Measure:</b> Percentage of positive approval ratings of PLC on indexed scale of 0 to 100	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> Center for Palestine Research & Studies (CPRS)	1997(B)		55 M:52 F:59
<b>Indicator Description:</b> N/A	1998	57	
<b>Comments:</b> The baseline demonstrates that citizens provide the PLC with a performance rating slightly above average. To eliminate potential bias, respondents are read a description of the PLC's mandate before being asked to respond.	1999	58	
	2000(T)	61	

<b>STRATEGIC OBJECTIVE 3:</b> More Responsive and Accountable Governance			
<b>APPROVED:</b> 10 May 1996		<b>ORGANIZATION:</b> USAID/West Bank and Gaza	
<b>INTERMEDIATE RESULT 3.2.1:</b> PLC Demonstrates Increasing Ability to Exert EA Review/Oversight Function			
<b>Indicator 3.2.1(a):</b> <i>Percentage of specific PLC requests for information at committee and plenary levels which are formally responded to by the Executive Authority</i>			
<b>Unit of Measure:</b> Percentage of requests which receive responses	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> Associates in Rural Development	1996(B)		9%
<b>Indicator Description:</b> Formal responses are defined as written or oral responses recorded in official PLC documents that represent the Executive Authority position on an issue	1997	20%	45%
<b>Comments:</b> For the baseline period, there was a very low level of Executive Authority response to PLC requests, with the Executive providing responses to only 8 of 88 requests. 1997 showed a marked improvement, with the Executive responding to 36 of 80 requests.  PLC requests to the Executive were only included if they related to issues for which a response was expected and within the power of the Executive. For example, requests by the PLC to the Executive to encourage the PLO to take a certain stand in its negotiations with Israel are not included.	1998	30%	
	1999	40%	
	2000(T)	50%	

<b>STRATEGIC OBJECTIVE 3:</b> More Responsive and Accountable Governance			
<b>APPROVED:</b> 10 May 1996		<b>ORGANIZATION:</b> USAID/West Bank and Gaza	
<b>INTERMEDIATE RESULT 3.2.1:</b> PLC Demonstrates Increasing Ability to Exert EA Review/Oversight Function			
<b>Indicator 3.2.1(b):</b> <i>PLC-initiated proceedings (i.e. hearings, investigations, item on plenary agenda) held on specific non-legislative EA actions</i>			
<b>Unit of Measure:</b> Number of PLC-initiated proceedings reviewing specific non-legislative EA actions	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> Associates in Rural Development	1996(B)		15
<b>Indicator Description:</b> N/A	1997	40	48
<p><b>Comments:</b> This indicator measures the extent to which the PLC uses mechanisms other than resolutions to oversee and review the operations of the Executive Authority. The PLC's internal operating procedures, outlined in their Standing Orders, allow them to use a variety of mechanisms to review Executive Authority actions. Resolutions are not particularly affective. During the PLC's first session in 1996, due to their lack of familiarity with other methods of exercising oversight of the Executive, the PLC issued a large number of resolutions stating their opinions or requesting Executive action on a range of non-legislative (i.e. not related to pending legislation) issues.</p> <p>During the baseline period, there were 15 PLC initiated proceedings. The number dramatically increased in 1997 as the PLC became more familiar with the various mechanisms it could use to review the work of the Executive and institutionalized a Ministerial question period. Although the quantitative increase in the number of proceedings is important, since it demonstrates growing institutional capacity and sophistication in exercising oversight, the types of issues covered in the proceedings is of even greater significance. Notably, PLC proceedings in 1997 covered sensitive and central governance issues related to alleged Executive Authority corruption, Executive Authority misuse of donor and local funds, human rights abuses, and violations of freedom of the press.</p>	1998	60	
	1999	60	
	2000(T)	60	

<b>STRATEGIC OBJECTIVE 3:</b> More Responsive and Accountable Governance			
<b>APPROVED:</b> 10 May 1996		<b>ORGANIZATION:</b> USAID/West Bank and Gaza	
<b>INTERMEDIATE RESULT 3.2.2:</b> PLC Develops Enhanced Legislative and Deliberative Capacity			
<b>Indicator 3.2.2(a):</b> <i>Draft legislation subjected to PLC-initiated public comment (i.e. hearings, workshops, press publication)</i>			
<b>Unit of Measure:</b> Percentage of draft legislation that is subject to public comment organized by the PLC	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> Associates in Rural Development	1996(B)		25%
<b>Indicator Description:</b> N/A	1997	25%	20%
<p><b>Comments:</b> In the absence of standard procedures for the review of draft legislation, the PLC has requested public comment in a number of ways, including holding workshops with informed/interested members of the public on a draft law and publishing the law in the newspaper and requesting that comments be submitted. It is possible that the PLC will move to a more formal system of review in the future, including the holding of hearings. This indicator captures all methodologies the PLC is using to solicit public comment. Since it is possible that some legislation considered by the PLC will be security-related or sensitive in some other way, the target was deliberately set lower than 100%.</p> <p>During the baseline period, only one of four laws reviewed by the PLC (in this case, the Basic Law) was subjected to public comment. During 1997, only four out of the 21 new draft laws that were received were commented on by the public. Of those 21 new draft laws, two were rejected by the PLC before formally entering the review process. The percentages shown are cumulative, to reflect the fact that laws submitted in one year may be reviewed in another. 1997 figures therefore show a cumulative total of 5 of 25 laws being subjected to public comment.</p>	1998	50%	
	1999	75%	
	2000(T)	90%	

<b>STRATEGIC OBJECTIVE 3:</b> More Responsive and Accountable Governance			
<b>APPROVED:</b> 10 May 1996		<b>ORGANIZATION:</b> USAID/West Bank and Gaza	
<b>INTERMEDIATE RESULT 3.2.3:</b> PLC Demonstrates Growing Responsiveness and Ability to Represent Constituent Interests			
<b>Indicator 3.2.3(b):</b> <i>Formal public meetings of PLC members with their constituents</i>			
<b>Unit of Measure:</b> Percent of citizens reporting having participated in formal meetings with their PLC member on indexed scale of 0 to 100	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> Center for Palestine Research & Studies (CPRS)	1997(B)		7 M:11 F:3
<b>Indicator Description:</b> N/A			
<p><b>Comments:</b> A responsive legislative branch depends to a large extent on the accessibility of individual members to their constituents as a means for the latter to make known to the former their interests and concerns; and for the former to inform the latter about public issues that directly affect their welfare. The holding of public meetings that bring together representatives and their constituents is a principal indicator of PLC member accessibility.</p> <p>The baseline shows a very low and almost non-existent contact between constituents and the PLC. Only 5.5% of the public had been contacted by their PLC representatives, and only 7.8% had ever been invited to a public meeting by their representatives. From the other side, only 8.4% of the public had ever tried to contact their PLC representative for other than social purposes. Women were considerably less likely to have been contacted by their PLC Member or to have participated in a meeting with them than men.</p>	1998	11	
	1999	15	
	2000(T)	20	

<b>STRATEGIC OBJECTIVE 3:</b> More Responsive and Accountable Governance			
<b>APPROVED:</b> 10 May 1996		<b>ORGANIZATION:</b> USAID/West Bank and Gaza	
<b>INTERMEDIATE RESULT 3.3:</b> Executive Authority More Effectively Performs Legislative and Public Policy-Making Functions			
<b>Indicator 3.3(a):</b> <i>Draft laws and public policies that meet established time requirements</i>			
<b>Unit of Measure:</b> Percentage of draft laws and public policies meeting established time requirements	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> Checchi	1998(B)		
<b>Indicator Description:</b> N/A			
<p><b>Comments:</b> The ability of the executive branch to formulate public policy and initiate draft legislation in a timely manner is indicative of its effectiveness as a public institution. These two functions are at the heart of all executive branches and thus are chosen to indicate EA effectiveness.</p> <p>The time requirement for drafting laws and formulating policies is expected to be established by the end of 1998, following formal agreement on the Executive procedures for the review of draft policies and legislation in June 1998. Due to the varying complexity of laws and policies, it is conceivable that all laws and policies will not meet the established time requirements; targets have therefore been set relatively low to accommodate the newness of the procedures and the expected complexity of the initial laws and policies.</p>			
	1999	30%	
	2000(T)	50%	

<b>STRATEGIC OBJECTIVE 3:</b> More Responsive and Accountable Governance			
<b>APPROVED:</b> 10 May 1996		<b>ORGANIZATION:</b> USAID/West Bank and Gaza	
<b>INTERMEDIATE RESULT 3.3:</b> Executive Authority More Effectively Performs Legislative and Public Policy-Making Functions			
<b>Indicator 3.3(b):</b> <i>Concerned civic actors who believe EA legislative and policy-making functions are consultative</i>			
<b>Unit of Measure:</b> Percentage of positive perceptions of civic actors on indexed scale of 0 to 100	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> Center for Palestine Research & Studies (CPRS)	1997(B)		34
<b>Indicator Description:</b> N/A			
<p><b>Comments:</b> One of the principal indicators of an executive branch that more effectively performs legislative and policy-making functions is the degree to which it provides for public consultation. The measure for this indicator is therefore the perception of concerned civic actors of the EA's efforts to gain public input into its legislative and policy-making process.</p> <p>The baseline shows that CSOs do not believe that the EA legislative and policy making function is very consultative, providing a rating slightly above negative. Only 23% of respondents said that they had been consulted by the EA in the formulation of policy and legislation.</p>	1998	37	
	1999	39	
	2000(T)	43	

## **Special Objective No. 1:**

## **Transition to Self-Rule Facilitated**

### 1. Performance Analysis

#### *a. Objective-Level Summary*

With elected representatives, government financing capacity and basic definition of roles and responsibilities in place, the basic framework now exists for a functioning and cohesive government structure and this Special Objective has now been accomplished. USAID supported the successful January 1996 elections for the Palestinian Legislative Council and head of the Executive. In June 1997, the head of the Elections Commission announced an indefinite postponement of the local elections, which, given the current political climate, are not judged essential for self-rule during the transition period. Appointed mayors and local councils are in place and functioning. Although the Basic Law laying out the division of responsibilities between the branches of government has not yet been signed, the Council is exercising its legislative, oversight and constituent relations functions, and is broadly accepted as legitimate. The government's budgeting function has progressively matured, with improved budget preparation procedures and a more consultative process. Revenue administration and expenditure management have continued to improve, and 1997 revenues were in line with budget targets, nearly covering all operating costs. Although in 1997 the percentage of recurrent costs covered by non-donors sources fell short of 100% due to the negative economic climate -- the figure was 94% -- there was significant improvement over the previous year and the trend should remain positive.

#### *b. Intermediate Result-Level Performance Review*

IR 1: Improved Provision of Basic Services: Through FY 1995, USAID provided \$39.9 million to the multi-donor World Bank-managed Holst Fund established to help the PA meet budget shortfalls during its start-up period. A final \$10 million contribution was originally intended for FY 1996 funding. As a result of a continued Congressional hold on these funds, it was not possible to provide this final tranche. In the years 1994-1997, the World Bank disbursed \$246.9 million to the PA, of which \$212.7 million was for recurrent budget support and \$34.2 million was for employment generation projects. \$23.7 million was disbursed to help meet the \$50 million 1997 recurrent budget deficit. The future of the facility is unclear. While it can serve as a rapid disbursing mechanism in times of crisis (as is the case during prolonged border closures), the need for budget support has diminished as the PA's fiscal situation has improved. Elimination of the budget deficit is difficult but possible in 1998; the outcome will depend to some extent on external factors related to border access issues.

IR 2: Free and Open Elections Held at the Executive, Council and Local Levels: As a result of the indefinite postponement of the local elections, USAID terminated its grant with the International Foundation for Electoral Systems (IFES) to support the local elections process. During the course of the grant, IFES developed a procedures manual which outlines the steps

necessary to carry out the local elections. Where the legal framework for the elections requires greater detail than contained in the local government elections law, the manual discusses options for decision-makers to amend existing laws or issue implementing regulations. It is impossible to predict the precise conditions under which the PA will decide to reactivate plans for local elections, nor when such conditions are likely to occur. It is likely that these elections will not be held until completion of the final status talks between Israel and the Palestinians. However, once the decision is made to move toward elections, the manual's election calendar calls for approximately eight months lead-time to prepare for elections of more than 400 local councils.

## 2. Expected Progress through FY 2000 and Management Actions.

This is the final year for which the Mission will report on this Special Objective in its R4 submission. If the Palestinian Authority decides to proceed with local elections, USAID will assess the need for assistance in the context of IR 3.4, which addresses the foundation for decentralized local government.

PERFORMANCE DATA TABLES  
 SpO 1: Transition to Self-Rule Facilitated

<b>SPECIAL OBJECTIVE 1:</b> Transition to Self-Rule Facilitated			
<b>APPROVED:</b> 10 May 1996		<b>ORGANIZATION:</b> USAID/Wet Bank and Gaza	
<b>RESULT NAME:</b> SpO 1: Transition to Self-Rule Facilitated			
<b>Indicator (a):</b> <i>Degree to which a functioning and cohesive government structure is in place</i>			
<b>Unit of Measure:</b> Not in place / In place	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> USAID assessment	1995(B)		Not in place
<b>Indicator Description:</b> A functioning and cohesive government structure is defined as one which generates sufficient revenue to cover its operating costs, is elected and has defined roles and responsibilities among its various components	1996	Not in place	Partially in place
<b>Comments:</b> The structure of the PA (the PLC, the EA and the judiciary) was defined in the Oslo II peace accords. Progress has been made to establish a cohesive and functioning government structure through the election of the PLC and the head of the EA in January 1996 and the establishment of the essential functions of public sector management. Although the PA does not generate sufficient revenue to cover its operating costs (partially due to external factors), its fiscal performance continues to improve. The Basic Law defining the roles and responsibilities the component parts of government was passed by the PLC to the Executive for signature in October 1997, following the PLC's completion of the review process (through the third reading). The PLC is operating under the separation of powers principles detailed in the law.	1997	In place	In place

<b>SPECIAL OBJECTIVE 1:</b> Transition to Self-Rule Facilitated			
<b>APPROVED:</b> 10 May 1996		<b>ORGANIZATION:</b> USAID/West Bank and Gaza	
<b>RESULT NAME:</b> IR 1: Improved provision of basic services			
<b>Indicator (a):</b> <i>Percent of PA operating costs funded by non-donor sources</i>			
<b>Unit of Measure:</b> Percentage	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> Ministry of Finance	1994(B)		90%
<b>Indicator Description:</b> N/A	1995		82%
<b>Comments:</b> In 1995, 82% of the \$501 million operating budget was funded from PA revenues or Israeli civil administration transfers, with the remainder covered by the Holst Fund. In 1996, 89% of operating costs were covered by non-donor sources and the recurrent budget deficit was \$95 million. For 1997, the estimated deficit was \$50 million. Estimated revenues were \$816 million out of a total operating budget of \$866 million. The PA had planned to cover 100% of its costs through non-donor sources starting in 1997. Although it will be difficult to achieve this target given the economic impact of Israeli border closures and restrictions on the movement of goods and people, current projections are for this target to be reached in 1998. (Note: all 1997 figures are estimates due to a delay in IMF data.)	1996	88%	89 %
	1997	100%	94 %

<b>SPECIAL OBJECTIVE 1:</b> Transition to Self-Rule Facilitated			
<b>APPROVED:</b> 10 May 1996		<b>ORGANIZATION:</b> USAID/West Bank and Gaza	
<b>RESULT NAME:</b> IR 2: Free and Open Elections held at the Executive, Council and Local levels			
<b>Indicator (a):</b> <i>Palestinians who view the elections as legitimate</i>			
<b>Unit of Measure:</b> Percentage	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> CPRS opinion polls	1996 (Council elections)		66%
<b>Comments:</b> It was anticipated that information on the legitimacy of each election would be collected separately. In an exit poll on elections day for the Council and Head of the EA elections, of 2775 voters in 143 polling stations, 66% felt that the elections were fair. If USAID assistance is provided for local elections, a separate indicator of legitimacy will be developed.	1997 (Local elections)	> 66%	N/A

<b>SPECIAL OBJECTIVE 1:</b> Transition to Self-Rule Facilitated			
<b>APPROVED:</b> 10 May 1996		<b>ORGANIZATION:</b> USAID/West Bank and Gaza	
<b>RESULT NAME:</b> IR 2: Free and Open Elections held at the Executive, Council and Local levels			
<b>Indicator (b):</b> <i>Qualitative assessments of international and domestic monitors as to the fairness and openness of both elections</i>			
<b>Unit of Measure:</b> Yes/No	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> International and domestic monitor reports	1996 (Council elections)	Yes	Yes
<b>Indicator Description:</b> A "yes" means that the majority of post-election reports from monitoring groups indicate that the elections were generally free and fair	1997 (Local elections)	Yes	N/A
<b>Comments:</b> This indicator tracks the extent to which international and domestic monitors report that the elections were fair and open. For the Council elections, the reports of U.S., EU and other international and domestic monitoring groups noted that, in spite of problems, the elections were legitimate and fair. If USAID assistance is provided for local elections, a separate indicator of fairness and openness will be developed.			

## **Special Objective No. 2: Selected Development Needs Addressed**

### 1. Performance Analysis

#### a. *Objective-Level Summary*

This Special Objective encompasses a series of activities initiated prior to the approval of the Mission's Strategy in 1996, as well as short-term, limited-scale, politically motivated interventions begun thereafter. The Objective's four Intermediate Results do not inter-relate at a higher level of impact, therefore each must be analyzed separately. For the purposes of this R4, the common characteristic of the activities under this Special Objective is that all were either completed in 1997, or are winding down at this time. Overall, performance towards close-out of this Special Objective met expectations in 1997. Except to the extent that new activities are initiated under IR No. 4 (Specific Political Initiatives Supported), this Special Objective will cease to exist by June 1998.

#### b. *Intermediate Result-Level Performance Review*

IR 1: Housing Stock in Gaza Improved: As a result of USAID-funded activities, during 1997 692 housing units were improved, benefitting more than 6,000 Gazans. UNRWA upgraded 312 shelters in 1997; this activity will be completed by June 1998. USAID's agreement with the Cooperative Housing Foundation (CHF) to carry out the Home Improvement Loan Program was completed in November 1997. Based on a transition plan approved by USAID, CHF continues to manage the program, with plans to provide approximately 228 loans per year using reflows. Furthermore, criteria have been established to permit the eventual transfer of the loan fund to the Palestinian Housing Council (PHC) or some other Palestinian non-governmental organization. The Mission remains engaged with the PHC to work out an arrangement through which the reflows generated by the completed Al Karama Towers activity will be used and the Towers maintained. Since 1994, USAID has financed the construction of 192 housing units and the rehabilitation of nearly 2,900 more, benefitting over 26,000 Palestinians.

IR 2: Temporary Employment Generated: In September 1997, UNDP completed its tiling and paving activity in Gaza. Under this grant, a total of approximately 175 person-years of emergency employment opportunities were generated since March 1995. Through UNRWA's shelter rehabilitation, schools construction/maintenance, and after-school recreation activities, a total of 416 person-years of employment were created in 1997. Furthermore, cost savings (approximately \$500,000 remained to be expended as of 1 January 1998) will allow activities to continue on a diminishing scale through June 1998, leading to an additional 67 person-years of employment. From March 1995 through June 1998, it is expected that a total of 1,500 to 1,600 person-years of short-term employment will have been created through this grant to UNRWA.

IR 3: Local Institutions Strengthened: Save the Children completed its Institutional Development project in June 1997. Throughout the life of this grant, 87 sectoral projects were executed in 100 communities. The 40 local organizations strengthened by SCF have a potential beneficiary pool of about 376,000. ANERA's Municipal and Cooperative Development Project ended in October 1997. During 1997, implementation focused on 11 water conservation and management projects, phasing-out of agricultural outreach services, and Phase I of the Hebron Light Industrial Complex (HLIC). The HLIC is scheduled to open in April 1998, with 46 businesses operating on the site. The Municipality and ANERA have been discussing the possibility of British financing for all or part of the second phase of construction, which would expand the capacity of the complex by 150 workshops, and provide business support services. In total, under its cooperative agreement ANERA supported 36 Palestinian organizations with a potential beneficiary pool of approximately 12,000.

IR 4: Specific Political Initiatives: In January 1997, as part of the Hebron Accords, the USG agreed to rehabilitate Al Shuhada Street, in order to facilitate the re-opening of this major thoroughfare to Palestinian traffic and commerce. Work was expected to be completed by July, but several obstacles--especially those related to GOI limitations on contractor access and security at the site--delayed completion until October and increased costs by approximately \$1.1 million, with the final cost exceeding \$2.5 million. As of March 1998, Al Shuhada Street had not been re-opened to normal Palestinian traffic.

2. Expected Progress through FY 2000 and Management Actions: Future management actions will focus on the close-out of activities, as outlined above. The final report of the Mission's emergency employment generation efforts is expected to be the only SPO #2 information included in next year's R4.



**SPECIAL OBJECTIVE #2: SELECTED DEVELOPMENT NEEDS MET****APPROVED:** 10 May 1996**ORGANIZATION:** USAID/West Bank and Gaza**INTERMEDIATE RESULT NO. 2:** Temporary Employment Generated**Indicator:** *Income generated***Unit of Measure:** U.S. Dollar equivalent (annual)**Source:** Grantee reports**Indicator Description:** Person Years (PY) x average wages  
1 PY = 300 Person Days**Comments:**CY 1997 = 239 PYs (UNRWA w/o after-school 234; UNDP 5)  
x \$25/day  
182 PYs (UNRWA/after-school ) x \$10/day

Due to slight delays in completing UNRWA's Grant, target for 1998 has been added to reflect employment expected to be generated during the extension period. The extension through June 1998 will allow for the rehabilitation of 53 shelters and continuation through April 30 of the after-school program.

**Gender:** Women accounted for approximately 50% of employment created by UNRWA's After-School Project. Construction projects almost exclusively employed men.**Note:** Another 140 PYs were indirectly generated through CHF's Home Improvement Loan program in 1997.

Year	Planned	Actual
Thru 1995	_____	8,000,000
1996	4,700,000	3,975,000
1997	2,182,500	2,338,500
1998	231,950	

**SPECIAL OBJECTIVE #2: SELECTED DEVELOPMENT NEEDS MET****APPROVED:** 10 May 1996**ORGANIZATION:** USAID/West Bank Gaza**INTERMEDIATE RESULT NO. 3: Local Institutions Strengthened****Indicator:** *Potential beneficiaries of development projects carried out by strengthened local institutions*

<b>Unit of Measure:</b> Number (annual)	<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> Grantee reports	Thru 1995	_____	60,000
<b>Indicator Description:</b> The data represent the total potential outreach of organizations assisted.	1996	70,000	153,886
<b>Comments</b> 1997 = ANERA 6,000; SCF 168,500*	1997	52,500	174,500
*Derived from a calculation based on SCF's Final Report, which cited 376,000 as the total number of potential beneficiaries. The number cited for SCF in 1997 (168,500) is based on subtracting the previously reported SCF beneficiaries (207,500) from the total cited in the Final Report. It is not possible to discern whether 168,500 should be fully attributed to 1997 or partially distributed to prior years.			

### **PART III: STATUS OF THE MANAGEMENT CONTRACT**

This R4 does not present any changes to the Mission's Management Contract. Agreements included in last year's R4 reporting cable related to the status of water programs and NGO legislation are addressed in the appropriate SO sections of this document. Two issues related to the Mission's Management Contract should be addressed as part of the R4 Washington review process:

1) Population: Last year's cable included the agreement to “explore ways of engaging public policy makers and increasing public awareness on the need to address population growth and fertility rates” in the West Bank and Gaza. As follow-up to this agreement, during the summer of 1997 the Mission conducted an informal stock-taking of donor and Palestinian programs in the population sector. As a result of this effort and independent analysis by USAID/Washington's ad hoc population group, it was determined that USAID interventions along the lines suggested in last year's cable were not needed. Instead, the Mission developed a scope of work for a USAID/Washington team to conduct a rapid assessment of the sector and propose possible short-term, innovative activities that USAID might undertake in the area of reproductive health. The team's February 1998 report suggested a pilot post-partum care intervention. While the Mission sees merit in the technical and intellectual argument presented in the report, the proposed intervention clearly entails strategic and management issues that must be discussed with ANE and Global Bureau staff before a decision can be made. The Mission has requested a separate meeting, to include ANE Front Office representation, to consider these issues prior to the final R4 meeting.

2) Future Funding Levels: In recent months, discussions have been held between State and USAID concerning the possibility of increased funding for the USAID/West Bank and Gaza program beginning in FY 1999. The USAID Administrator made reference to such in his recent congressional testimony. Notwithstanding, the FY 1999 Congressional Presentation cited a straight-lined \$75 million funding level for the program. This R4 is prepared based on this continued funding assumption. Any changes in this assumption could require future adjustments in the Mission's Strategy, sectoral allocations, performance targets, and operating expense resource requirements.

## **PART IV: RESOURCE REQUEST**

### 1. Financial Plan

FY 1998 marks the final year of the USG's initial 5-year, \$500 million pledge in support of the Palestinian-Israeli peace process. As part of this pledge, \$75 million/year in Economic Support Funds (ESF) has been programmed through USAID; the remainder was to be provided through OPIC. Through September 1997, approximately \$285 million was obligated against the \$375 million to be provided through USAID from FY 1994-FY 1998. The Mission's Strategy, which covers FY 1996-FY 2000 funding, was based on the assumption that the \$75 million annual USAID/West Bank and Gaza program budget would be maintained beyond the initial pledge period. While no formal commitment has been made to this effect, the FY 1999 Congressional Presentation cited a \$75 million funding level. Furthermore, the State Department and USAID have discussed a possible increase of \$25 million for USAID/West Bank and Gaza in FY 1999. This R4 is based on our current assumption that the program will be straight-lined at a \$75 million funding level through the Strategy period. Pending issues related to OE and staff discussed later in Part IV, the \$75 million funding level will allow the Mission to continue to implement its approved Strategy, with resources distributed as outlined below.

<b>Strategic/Special Objective</b>	<b>Approved Life-of-Strategy Funding (3/97 R4)</b>	<b>Actual FY 1996-FY 1997 Obligation</b>	<b>Planned FY 1998 Obligation</b>	<b>Planned FY 1999 Obligation</b>	<b>Planned FY 2000 Obligation</b>	<b>New Estimated Life-of-Strategy Funding Level</b>
SO No. 1: Expanded Private Sector Economic Opportunities	40,000	19,739	8,300	6,000	7,500	42,000
SO No. 2: Greater Access to and More Effective Use of Scarce Water Resources	255,000	76,211	73,000	57,300	58,000	265,000
SO No. 3: More Responsive and Accountable Governance	48,000	16,472	11,500	11,200	9,000	49,000
SO No. 1: Transition to Self-Rule Facilitated	13,500	2,914	0	0	0	3,000 <sup>14</sup>
SPO No. 2: Selected Development Needs Met	21,000	16,768	150	0	0	21,000 <sup>15</sup>
Other (e.g., cross-cutting logistical costs)	600	396	358	500	500	2,000
<b>Total</b>	<b>378,100</b>	<b>132,500</b>	<b>93,308</b>	<b>75,000</b>	<b>75,000</b>	<b>382,00</b>

<sup>14</sup>This level has been reduced primarily due to the re-programming of \$10 million (FY 1996 funds) previously allocated to the Holst Fund. The funds were transferred to USAID/Jordan in FY 1997, and will be replaced in the FY 1998 USAID/West Bank and Gaza budget as additional funding for its Water Resources SO.

<sup>15</sup>The unobligated portion of this amount is a contingency for activities that could be required under IR #4 of this Special Objective: Political Initiatives.

While there have been some slight adjustments based on changes in activity-level plans, the allocation of resources among sectors remains similar to that outlined in the Mission's 1996 Strategy document. This reflects the consistency of USAID's program over the last three years, and the continuing validity of the estimated resource levels required to achieve each Strategic Objective. These funding levels are also indicative of the projected absorptive capacity of partner and beneficiary organizations through the Strategy period.

As of the end of FY 1997, the Mission's pipeline was approximately \$109 million dollars. While this represents a significant increase since last year, it reflects the level of funding obligated to new mechanisms, and the delays experienced in disbursing against the Mission's major infrastructure contracts. However, with construction sub-contracts now signed and work underway for wells and transmission lines in the West Bank, sewage and storm water systems in Gaza, and the Gaza Industrial Estate, the Mission expects to disburse approximately \$88 million during FY 1998, as opposed to approximately \$35 million in FY 1997. Through FY 2000, the Mission expects to maintain a pipeline approximately 1.2 times the amount of its projected annual expenditures.

## 2. Prioritization of Objectives

USAID's three strategic areas were developed in consultation with the State Department and Palestinian counterparts to form a comprehensive program of support for the Palestinian-Israeli peace process. Each objective capitalizes on USAID's comparative technical advantages, reflects the USG's political interests, and is designed to provide tangible benefits of the peace process to Palestinians. As such, it is impossible to cite one objective as being of higher priority than another. Water is clearly the area where the bulk of USAID's funding is dedicated, reflecting the scale of the problem, the USG's lead role, and the different nature of interventions as compared to the Mission's other Objectives (i.e., primarily infrastructure as opposed to primarily technical assistance). However, a premise of the Mission's program is that sustainable water resources management both enhances and relies on private sector economic opportunities. Likewise, more effective and accountable governance will facilitate equitable, broad-based economic growth and improve resource the allocation and management of resources. Given these inter-relationships, the political imperative to remain engaged in each sector, and the assumption of straight-lined program funding through the Strategy period, the Mission does not envision any scenarios for eliminating any SO or IR based on financial motivations.

## 3. Linkage to Centrally Funded Mechanisms

Achievement of the Mission's Strategic Objectives is not reliant on centrally funded mechanisms. Some activities funded by USAID/Washington have a limited indirect impact on the Mission's program (e.g., MERC water activities). Others, such as those financed through the dairy earmark and the Population, Health and Nutrition Center, as well as the majority of MERC research activities, may address regional or global concerns but do not coincide with the Mission's sectoral priorities. On the other hand, the Mission considers several centrally funded mechanisms to be extremely useful in contracting specialized support in a timely manner. Using Mission funding,

over the last year central mechanisms have been used to provide short-term technical assistance related to industrial zones development and the start-up of private sector policy activities. The Mission expects to continue to utilize Washington-based contracts for these purposes. The pre-existing relationship between USAID and the U.S. Geological Survey made the MERC PASA a convenient mechanism through which to procure water quality monitoring equipment. The FORWARD Project has been a flexible source of short-term design assistance in the water sector. We expect this relationship to become more regular in the future as FORWARD will be used to contract technical expertise during the start-up of the Gaza Coastal Aquifer Management Program and a series of studies required to develop an aquifer management program in the West Bank. Initial studies required to develop options related to the decentralization of government functions to the local level have been contracted through a USAID/Washington mechanism, and this relationship may continue as activities in this area start-up. Table No. 4 summarizes possible USAID/West Bank and Gaza utilization of central mechanisms through the Year 2000.

#### 4. Workforce and OE

OE management efficiencies have enabled the Mission to operate below its projected budgets and return funds to the Bureau for the past two years, although in some cases the return of funds was based on temporary savings that will have to be made up in future years. Savings in the management of OE resources have resulted from:

- Participation in the Embassy Furniture Pool. This eliminated the need for extra staff, vehicles and warehouse space.
- Position Management within Staffing Levels. The Mission has managed a \$75 million program with far fewer staff than other missions with comparable program levels, partly by recruiting and cross-training staff to perform functions usually associated with two or more positions in more traditional Mission FSN staffing patterns..

The requested OE budget for FY 1999 totals \$3.98 million<sup>16</sup>. While this is substantially higher than the Bureau's assigned target budget of \$3.3 million, it is only marginally higher than the \$3.8 million projected in last year's R4 submission. The primary reason for this increase is the expected departure of several USDH employees, a factor not reflected in last year's budget preparation.

As a new mission in 1994, the West Bank and Gaza Mission has essentially recruited the majority of its USDH staff at the same time. That generation of employees will begin to leave in the summer of 1999. The anticipated transfers of as many as nine employees (and recruitment of their replacements) has significant implications for the budget and explains the increase to \$3.98 million. Increased costs categories include:

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<sup>16</sup> This assumes a straightlined \$75 million annual program budget without major changes in the configuration of the strategy. Any change in that assumption would require a new analysis of OE/staff requirements.

- Assignment/transfer costs double to \$59,400 and related freight costs increase two-fold to \$135,000.
- Education Allowances more than double to \$278,200: The current staffing profile has many single employees and employees with small or young families. However, we must plan for an average family size with two children attending school and this will increase planning levels to 18 students vice the seven currently registered for September 1998.
- Residential Leases increase by \$40,000: The Mission anticipates an increase of one residential unit as we expect a departing tandem couple to be replaced by two non-tandem employees. In addition to the rent increase, there will also be a marginal impact on residential security and residential utility costs.

The FY 1998 budget request totaled \$3.5 million. The Bureau target budget amounts to \$3,152,000. We have revised our budget to meet this target figure. Several factors enabled us to do this, including a favorable exchange rate, a lower FSN salary increase than anticipated, a smaller ICASS invoice, and a smaller FSN severance payment in FY 1998 due to prior-year adjustments. We cannot rely on the same factors to provide budget relief in FY 1999.

Although our current request for FY 1999 is slightly higher than projected in last year's R4 submission, the target level we are asked to meet is \$500,000 less than last year's request. The Mission cannot function effectively at a budget level of \$3.3 million. The impact of such a level would include the following:

- No NXP procurement: One example of problems this would pose is that of maintaining the reliability of Mission vehicles. With staff assigned both in Tel Aviv and Jerusalem and most Mission personnel traveling frequently to the West Bank and Gaza, vehicles are in constant use, particularly the armored vehicles which are required whenever traveling to the project sites. With continued program expansion, this travel will increase and vehicles will wear out faster; failure to plan for replacements will adversely affect program implementation. Another unknown factor is the Y2K issue. Missions have only just been informed that we will be responsible for funding corrective measures, rather than IRM as previously advised.
- Elimination of training/conference travel: This Mission has recently implemented a formal training plan for all staff, including local staff who are for the most part new to USAID. Following the recommendations of the Workforce Planning Task Force, this Mission has made a concerted effort to design training for the local staff. Considering their relative inexperience, it is even more critical to maintain the training plan.
- Drastically reduce or eliminate operational travel: This will have an adverse impact on Mission operations. Assessment and impact evaluation travel as well as site visits for both headquarters and mission personnel will have to be almost completely deleted. However, with anticipated personnel departures in 1999, additional travel may in fact be

required to ensure adequate Mission coverage between officers' departures and expected arrival of their replacements.

- FSN PSC Salaries: The requested budget includes salaries for the remaining four vacant positions. It also includes an estimated salary increase (5%) -- far less than what was provided in FY 1997 and FY 1998. Eliminating the funds for an anticipated salary increase would mean: (1) post could not provide an increase in FY 1999 (impacting on all other agencies) or (2) Mission would have to request additional funds to cover an increase. Failure to fill these vacancies will delay or impede implementation of the Mission's program strategy in FY 1999 and FY 2000.

While some additional project-related positions may be added utilizing program funds, the Mission has not been able to plan for additional positions in the support functions, although it may ultimately be forced to request additional funding for this purpose. Because the Mission has a relatively high cost local compensation plan, the addition of local staff positions will require substantive budget adjustments.

The remaining budget line items are staff driven and fixed (in the short run). Office and residential rents must be paid. Costs covering guard services, furniture pool contribution, and office maintenance are fairly static and cannot be reduced.

The final ICASS budget for FY 1998 was less than anticipated last year (\$303,000. vs. \$350,500). For FY 1999 we have estimated a modest 5% increase, which we believe may be unrealistically low particularly in light of potential salary increases for FSN staff. Note: The ICASS budget for contractors rises significantly in FY 1999 -- to \$107,240 from the FY 1998 level of \$32,463. This estimated figure envisions the full USPSC staff level of six plus the 5% increase.

The Mission's OE request for FY 2000 is \$3.8 million, \$178,000 less than that of FY 1999, but \$500,000 more than the FY 2000 target of \$3.3 million set by USAID/Washington. Again, this target is based on the unrealistic assumption that FSN salary/severance payments will remain static. A more realistic assumption would be at least a 5% increase of this budget line item, which accounts for one-third of the Mission's overall OE budget. The implications cited for FY 1999 of lower OE funding for line items such as training and NXP procurement remain the same for FY 2000.

# ***ANNEX A***

## ***Status of ANE R-4 Agreements***

**Country: West Bank/Gaza (1 of 2)**

Ref: State **092449**

**STATUS OF ANE  
STRATEGY / R4  
AGREEMENTS**

**Date:** March 18, 1998

**Filename: R4WBGA.WPD**

Ref	ACTION REQUESTED	Cable Ref	RESPONSIBLE ACTOR(S)	DUE DATE	STATUS
1	<p><b>GREATER ACCESS TO AND MORE EFFICIENT USE OF WATER RESOURCES (SO 2)</b></p> <p>Mission will restructure portions of the contract relating to water supply to reduce costs. If there is no progress in resolving the permit issues by the end of May, Mission will advise USAID/W, including the steps it recommends to minimize the cost implications of protracted delay.</p>	p 05 #12	Mission	May 31, 1997	Completed. Permit issue resolved.

2	<p>Mission will collaborate with ANE/SEA and G/ENV to strengthen the performance monitoring plan for this SO by Fall 1997, including incorporating information from ongoing contractor data collections. Mission will explore whether additional SO-level indicators are needed to capture results in institutional development.</p>	p 6, #12	Mission ANE/SEA G Mission	Fall 1997	<p><b>E-mail communications between the Mission and ANE point-of-contact were initiated in May. The SO Team leader met with Washington staff on this issue in July. The PMP was discussed in general with Hal Caldwell during his CAMP TDY in August. The first specific Washington comments to the Mission were provided by Mike Colby in December. Mission feedback was provided to ANE in January, and Tom Delaney and Mike discussed various suggestions in detail while Tom was in Washington in February. The Mission has made adjustments to its PMP based on some--but not all--of these suggestions. The latest version of the Mission's water indicators/data have been shared with ANE in draft, prior to the submission of the Mission's R4.</b></p> <p><b>Data collection by the PWA/CDM to date has been based on limited sampling. This data will be reflected in the Mission's R4. The first full MIS report is scheduled to be done in the Summer of 1998.</b></p> <p><b>The Mission does not consider institutional development to be a strategic objective-level impact, but a means to getting to that impact. Therefore no indicator has been added to the SO-level.</b></p>
3	<p><b>MORE RESPONSIVE AND ACCOUNTABLE GOVT. (SO 3)</b> If an acceptable NGO law is not passed, the 1998 review should state clearly what the impact will be and to what extent results under this SO will be affected.</p>	p 7, #16	Mission	by next R4	<p>Ongoing. NGO law not passed as of 1/98. Mission supports its passage; however, implementation of Mission DG program is not impeded pending its passage.</p>

4	<b>SELECTED DEVELOPMENT NEEDS MET (SPO 2)</b> Performance under SPO2 will be tracked on an activity-specific basis	p 8, #20	Mission	unspecified	
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<b>Country: West Bank/Gaza (1 of 2)</b> Ref: State <b>092449</b>		<b>STATUS OF ANE STRATEGY / R4 AGREEMENTS</b>			
<b>Date:</b> March 18, 1998		<b>Filename: R4WBGA.WPD</b>			
Ref	ACTION REQUESTED	Cable Ref	RESPONSIBLE ACTOR(S)	DUE DATE	STATUS
5	<b>CROSS CUTTING ISSUE</b> Mission will explore ways of engaging public policy makers and increasing public awareness on the need to address population growth and fertility rates and will advise the bureau by the end of the fiscal year on the approach it proposes to take. The Mission will consider and advise USAID/W what assistance may be needed from the ANE and Global bureaus. A new strategic objective will not be needed nor created to address the population issue, and especially in the short term, it is expected that only modest resources, primarily from non-Mission sources, would be required for any activities undertaken or supported.	P 9, #21	Mission ANE Global	end of fiscal year	Ongoing. USAID/W ad hoc working group formed and developed options paper, which was reviewed with Mission Program Officers 10/97. TDY to explore options was completed in 12/97. The paper was submitted to the Mission in February. The Mission has reviewed the document, but--given its inherent management and strategic implications--a final decision is pending discussions between the Director and the Bureau during the R4 review process.

# ***ANNEX B***

## ***Budget Request Tables***

USAID FY 2000 Budget Request by Program/Country  
Table 3 (\$000s)

22-Sep-98  
04:33 PM

USAID/West Bank and Gaza  
Scenario: Base Level

S.O. # , Title	Approp. Acct	Bilateral/Field Support	Est. SO Pipeline End of FY 99	Estimated Total	FY 2000										Est. Expend. FY 00	Est. Total Cost life of SO	Future Cost (POST 2000)	Year of Final Oblig.	
					Basic Education	Agric.	Other Growth	Pop	Child Survival	Infectious Diseases	HIV/AIDS	Other Health	Environ	D/G					
SO #1: Expanded Private Sector Economic Opportunities																			
ESF	Bilateral		8,000	6,500	0	0	6,500	0	0	0	0	0	0	0	7,000	42,000	TBD	2000	
	Field Spt			1,000			1,000												
	Total		8,000	7,500	0	0	7,500	0	0	0	0	0	0	0			0		
SO #2 : Greater Access to and More Effective Use of Scarce Water Resources																			
ESF	Bilateral		82,000	58,000	0	0	0	0	0	0	0	0	58,000	0	60,000	265,000	TBD	2000	
	Field Spt			0															
	Total		82,000	58,000	0	0	0	0	0	0	0	0	58,000	0			0		
SO #3: More Responsive and Accountable Governance																			
ESF	Bilateral		6,300	9,000	0	0	0	0	0	0	0	0	0	9,000	12,000	49,000	TBD	2000	
	Field Spt			0															
	Total		6,300	9,000	0	0	0	0	0	0	0	0	0	9,000			0		
SPO #1: Transition to Self-Rule Facilitated																			
ESF	Bilateral		1,200	0	0	0	0	0	0	0	0	0	0	0	0	3,000		0	1996
	Field Spt			0															
	Total		1,200	0	0	0	0	0	0	0	0	0	0	0				0	
SPO #2: Selected Short Term Development Need Addressed																			
ESF	Bilateral		0	0	0	0	0	0	0	0	0	0	0	0	0	21,000		0	1998
	Field Spt			0															
	Total		0	0	0	0	0	0	0	0	0	0	0	0				0	
Other																			
ESF	Bilateral		1,200	500	0	0	500	0	0	0	0	0	0	0	500	2,000		TBD	2000
	Field Spt			0															
	Total		1,200	500	0	0	500	0	0	0	0	0	0	0				0	
	Bilateral			0															
	Field Spt			0															
	Total		0	0	0	0	0	0	0	0	0	0	0	0				0	
	Bilateral			0															
	Field Spt			0															
	Total		0	0	0	0	0	0	0	0	0	0	0					0	
Total Bilateral			98,700	74,000	0	0	7,000	0	0	0	0	0	58,000	9,000	79,500	382,000			
Total Field Support			0	1,000	0	0	1,000	0	0	0	0	0	0	0	0	0			
<b>TOTAL PROGRAM</b>			<b>98,700</b>	<b>75,000</b>	<b>0</b>	<b>0</b>	<b>8,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>58,000</b>	<b>9,000</b>	<b>0</b>	<b>0</b>		<b>0</b>		

FY 2000 Request Sector Totals -- DA	
Econ Growth	0
[Of which Microenterpris	0
HCD	0
PHN	0
Environment	0
[Of which Biodiversity]	0
Democracy	0
Humanitarian	0

FY 2000 Request Sector Totals -- ESF	
Econ Growth	8,000
[Of which Microenterprise	1,000
HCD	0
PHN	0
Environment	58,000
[Of which Biodiversity]	0
Democracy	9,000
Humanitarian	0

FY 2001 Target Program Level	0
FY 2002 Target Program Level	0
FY 2003 Target Program Level	0

USAID FY 1999 Budget Request by Program/Country  
Table 2 (\$000s)

22-Sep-98  
04:33 PM

USAID/West Bank and Gaza  
Scenario: Base Level

S.O. # , Title	Approp. Acct	Bilateral/Field Support	Est. SO Pipeline End of FY 98	Estimated Total	FY 1999										Est. Expend. FY 99	Est. Total Cost life of SO	Future Cost (POST 2000)	Year of Final Oblig.
					Basic Education	Agric.	Other Growth	Pop	Child Survival	Infectious Diseases	HIV/AIDS	Other Health	Environ	D/G				
SO #1: Expanded Private Sector Economic Opportunities																		
ESF	Bilateral		11,000	5,000	0	0	5,000	0	0	0	0	0	0	0	9,000	42,000	TBD	2000
	Field Spt			1,000			1,000											
	Total		11,000	6,000	0	0	6,000	0	0	0	0	0	0	0			0	
SO #2 : Greater Access to and More Effective Use of Scarce Water Resources																		
ESF	Bilateral		89,000	56,900	0	0	0	0	0	0	0	57,300	0	64,000	265,000	TBD	2000	
	Field Spt			400														
	Total		89,000	57,300	0	0	0	0	0	0	0	57,300	0			0		
SO #3: More Responsive and Accountable Governance																		
ESF	Bilateral		11,600	11,200	0	0	0	0	0	0	0	0	9,700	15,000	49,000	TBD	2000	
	Field Spt			0														
	Total		11,600	11,200	0	0	0	0	0	0	0	0	9,700			0		
SPO #1: Transition to Self-Rule Facilitated																		
ESF	Bilateral		1,200	0	0	0	0	0	0	0	0	0	0	0	3,000		0	1996
	Field Spt			0														
	Total		1,200	0	0	0	0	0	0	0	0	0	0			0		
SPO #2: Selected Short Term Development Need Addressed																		
ESF	Bilateral		0	0	0	0	0	0	0	0	0	0	0	0	21,000		0	1998
	Field Spt			0														
	Total		0	0	0	0	0	0	0	0	0	0	0			0		
Other																		
ESF	Bilateral		1,100	500	0	0	500	0	0	0	0	0	0	400	2,000	TBD	2000	
	Field Spt			0														
	Total		1,100	500	0	0	500	0	0	0	0	0	0			0		
	Bilateral			0														
	Field Spt			0														
	Total		0	0	0	0	0	0	0	0	0	0	0			0		
	Bilateral			0														
	Field Spt			0														
	Total		0	0	0	0	0	0	0	0	0	0	0			0		
Total Bilateral			113,900	73,600	0	0	5,500	0	0	0	0	57,300	9,700	88,400	382,000			
Total Field Support			0	1,400	0	0	1,000	0	0	0	0	0	0	0	0			
<b>TOTAL PROGRAM</b>			<b>113,900</b>	<b>75,000</b>	<b>0</b>	<b>0</b>	<b>6,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>57,300</b>	<b>9,700</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

FY 1999 Request Sector Totals -- DA	
Econ Growth	0
[Of which Microenterpris	0
HCD	0
PHN	0
Environment	0
[Of which Biodiversity]	0
Democracy	0
Humanitarian	0

FY 1999 Request Sector Totals -- ESF	
Econ Growth	6,500
[Of which Microenterprise	1,000
HCD	0
PHN	0
Environment	57,300
[Of which Biodiversity]	0
Democracy	11,200
Humanitarian	0

FY 2001 Target Program Level	0
FY 2002 Target Program Level	0
FY 2003 Target Program Level	0

USAID FY 1998 Budget Request by Program/Country  
Table 1 (\$000s)

22-Sep-98  
04:33 PM

USAID West Bank and Gaza  
Scenario: Base Level

S.O. #, Title	FY 1998																Future Cost (POST 2000)	Year of Final Oblig.	
	Approp. Acct	Bilateral/Field Support	Est. SO Pipeline End of FY 97	Estimated Total	Basic Education	Agric.	Other Growth	Pop	Child Survival	Infectious Diseases	HIV/AIDS	Other Health	Environ	D/G	Est. Expend. FY 98	Est. Total Cost life of SO			
<b>SO #1: Expanded Private Sector Economic Opportunities</b>																			
ESF	Bilateral	13,000	6,565	0	0	6,565	0	0	0	0	0	0	0	0	10,000	42,000	TBD	2000	
	Field Spt		1,735																
	<b>Total</b>	<b>13,000</b>	<b>8,300</b>	<b>0</b>	<b>0</b>	<b>8,300</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>SO #2: Greater Access to and More Effective Use of Scarce Water Resources</b>																			
ESF	Bilateral	78,000	72,200	0	0	0	0	0	0	0	0	72,200	0	62,000	265,000	TBD	2000		
	Field Spt		800									800							
	<b>Total</b>	<b>78,000</b>	<b>73,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>73,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>SO #3: More Responsive and Accountable Governance</b>																			
ESF	Bilateral	11,800	10,670	0	0	0	0	0	0	0	0	0	10,670	11,700	49,000	TBD	2000		
	Field Spt		830										830						
	<b>Total</b>	<b>11,800</b>	<b>11,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>SPO #1: Transition to Self-Rule Facilitated</b>																			
ESF	Bilateral	1,200	0	0	0	0	0	0	0	0	0	0	0	0	3,000	0	0	1996	
	Field Spt		0																
	<b>Total</b>	<b>1,200</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>SPO #2: Selected Short Term Development Need Addressed</b>																			
ESF	Bilateral	3,340	150	0	0	150	0	0	0	0	0	0	0	3,490	21,000	0	0	1998	
	Field Spt		0																
	<b>Total</b>	<b>3,340</b>	<b>150</b>	<b>0</b>	<b>0</b>	<b>150</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Other</b>																			
ESF	Bilateral	1,300	358	0	0	358	0	0	0	0	0	0	0	588	2,000	TBD	2000		
	Field Spt		0																
	<b>Total</b>	<b>1,300</b>	<b>358</b>	<b>0</b>	<b>0</b>	<b>358</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
	Bilateral		0																
	Field Spt		0																
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
	Bilateral		0																
	Field Spt		0																
	<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Total Bilateral</b>			108,640	89,943	0	7,073	0	0	0	0	0	72,200	10,670	87,778	382,000				
<b>Total Field Support</b>			0	3,365	0	1,735	0	0	0	0	0	800	830	0	0				
<b>TOTAL PROGRAM</b>			<b>108,640</b>	<b>93,308</b>	<b>0</b>	<b>8,808</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>73,000</b>	<b>11,500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		

FY 1998 Request Sector Totals -- DA	
Econ Growth	0
[Of which Microenterpris	0
HCD	0
PHN	0
Environment	0
[Of which Biodiversity]	0
Democracy	0
Humanitarian	0

FY 1998 Request Sector Totals -- ESF	
Econ Growth	8,808
[Of which Microenterprise	3,300
HCD	0
PHN	0
Environment	73,000
[Of which Biodiversity]	0
Democracy	11,500
Humanitarian	0

FY 2001 Target Program Level	0
FY 2002 Target Program Level	0
FY 2003 Target Program Level	0

# ***ANNEX C***

## ***Field Support Request Table***

03/13/98

**USAID West Bank and Gaza**  
**Table 4/Field Support**  
**(\$000s)**

Objective Name	Field Support: Activity Title & Number	Priority *	Duration	Estimated Funding (\$000)**					
				FY 1998		FY 1999		FY 2000	
				Obligated by:		Obligated by:		Obligated by:	
Operating Unit	Global Bureau/ANE	Operating Unit	Global Bureau/ANE	Operating Unit	Global Bureau/ANE	Operating Unit	Global Bureau/ANE		
SO #1: Economic Opportunities	TBD: TA related to the design of new business support activities	medium	1 year	250	0	0	0	0	0
SO #1: Economic Opportunities	TBD: TA related to the design of new private sector policy initiative	medium	1 year	250	0	0	0	0	0
SO #1: Economic Opportunities	Coopers & Lybrand: security markets TA	high/done	1 month	21	0	0	0	0	0
SO #1: Economic Opportunities	Checchi: accounting workshops	high/done	1 month	14	0	0	0	0	0
SO #1: Economic Opportunities	TBD: TA related to institutional requirements/enabling environment for industrial zone development	high	3 years	1,200	0	1,000	0	1,000	0
SO #2: Water Resources	FOWARD (ANE Project): hydrologist for Gaza Coastal Aquifer Management Program, design for aquifer protection/wastewater aspects of new Integrated Management Program, other short-term TA	high	2 years	0	800	0	400	0	0
SO#3: Governance	Research Triangle Institute/AEP-5468-I-00-6014-00: Local government studies	high	3 months	230	0	0	0	0	0
SO#3: Governance	TBD: start-up of local government activities	medium	1 year	500	0	0	0	0	0
<b>GRAND TOTAL.....</b>				<b>2,465</b>	<b>800</b>	<b>1,000</b>	<b>400</b>	<b>1,000</b>	<b>0</b>

\* For Priorities use high, medium-high, medium, medium-low, low

\*\*These figures represent projected funding from the Mission's budget, not true field support. The amounts cited are estimates and should not be construed in any way as a commitment to provide these resources to USAID/W m. Any transfer of resources from the Mission to Washington should be effected only based on a specific Mission request to do so.

# ***ANNEX D***

## ***Operating Expense Tables***

Operating Expenses

Org. Title: West Bank & Gaza Org. No: 23294 OC		Overseas Mission Budgets												
		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request
Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
Org. Title: West Bank & Gaza Org. No: 23294 OC		Overseas Mission Budgets												
FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total

Operating Expenses

Org. Title: West Bank & Gaza Org. No: 23294 OC		Overseas Mission Budgets														
		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
11.1	Personnel compensation, full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.1	Base Pay & pymt. for annual leave balances - FNDH			0			0			0			0			0
	Subtotal OC 11.1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11.3	Personnel comp. - other than full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.3	Base Pay & pymt. for annual leave balances - FNDH			0			0			0			0			0
	Subtotal OC 11.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11.5	Other personnel compensation	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.5	USDH			0			0			0			0			0
11.5	FNDH			0			0			0			0			0
	Subtotal OC 11.5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
11.8	Special personal services payments	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.8	USPSC Salaries	59.7		59.7	63.1		63.1	63.1		63.1	63.1		63.1	66.2		66.2
11.8	FN PSC Salaries	815.5		815.5	935.9		935.9	1067.2		1067.2	1067.2		1067.2	1120.6		1120.6
11.8	IPA/Details-In/PASAs/RSSAs Salaries			0			0			0			0			0
	Subtotal OC 11.8	875.2	0	875.2	999	0	999	1130.3	0	1130.3	1130.3	0	1130.3	1186.8	0	1186.8
12.1	Personnel benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	USDH benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Educational Allowances	115.6		115.6	185.5		185.5	278.2		278.2	185.5		185.5	278.2		278.2
12.1	Cost of Living Allowances	87.1		87.1	92		92	92		92	92		92	92		92
12.1	Home Service Transfer Allowances	1.4		1.4	2.8		2.8	6.3		6.3	1.4		1.4	1.4		1.4
12.1	Quarters Allowances			0	5		5	10		10	0		0	0		0
12.1	Other Misc. USDH Benefits	4.7		4.7	5.2		5.2	5.2		5.2	5.2		5.2	5.2		5.2
12.1	FNDH Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Payments to the FSN Separation Fund - FNDH			0			0			0			0			0
12.1	Other FNDH Benefits			0			0			0			0			0
12.1	US PSC Benefits	8.7		8.7	9.2		9.2	9.2		9.2	9.2		9.2	9.2		9.2
12.1	FN PSC Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Payments to the FSN Separation Fund - FN PSC	41.3		41.3	67.5		67.5	67.5		67.5	67.5		67.5	70.9		70.9
12.1	Other FN PSC Benefits			0			0			0			0			0
12.1	IPA/Detail-In/PASA/RSSA Benefits			0			0			0			0			0
	Subtotal OC 12.1	258.8	0	258.8	367.2	0	367.2	468.4	0	468.4	360.8	0	360.8	456.9	0	456.9
13	Benefits for former personnel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13	FNDH	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13	Severance Payments for FNDH			0			0			0			0			0
13	Other Benefits for Former Personnel - FNDH			0			0			0			0			0
13	FN PSCs	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13	Severance Payments for FN PSCs			0			0			0			0			0
13	Other Benefits for Former Personnel - FN PSCs			0			0			0			0			0

Operating Expenses

Org. Title: West Bank & Gaza Org. No: 23294 OC		Overseas Mission Budgets														
		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
		Dollars	TF	Total												
Subtotal OC 13.0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Travel and transportation of persons	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21	Training Travel	30.7		30.7		0		60		60		0		30.7		30.7
21	Mandatory/Statutory Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21	Post Assignment Travel - to field	10.6		10.6	28		28	59.4		59.4	6.3		6.3	6.3		6.3
21	Assignment to Washington Travel	3.3		3.3	26.4		26.4	26.4		26.4	0		0	0		0
21	Home Leave Travel	17.9		17.9	41.1		41.1	13.7		13.7	13.7		13.7	13.7		13.7
21	R & R Travel	35.4		35.4	12.2		12.2	12.2		12.2	15.6		15.6	15.6		15.6
21	Education Travel	7.6		7.6	3.8		3.8	3.8		3.8	3.8		3.8	3.8		3.8
21	Evacuation Travel	5.2		5.2	0		0	0		0	0		0	0		0
21	Retirement Travel			0			0			0			0			0
21	Pre-Employment Invitational Travel			0			0			0			0			0
21	Other Mandatory/Statutory Travel			0			0			0			0			0
21	Operational Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21	Site Visits - Headquarters Personnel	20		20	5		5	30		30	5		5	30		30
21	Site Visits - Mission Personnel	22		22	5		5	25		25	5		5	25		25
21	Conferences/Seminars/Meetings/Retreats	16		16	0		0	30		30	0		0	30		30
21	Assessment Travel	10		10	0		0	10		10	0		0	10		10
21	Impact Evaluation Travel	10		10	0		0	15		15	0		0	15		15
21	Disaster Travel (to respond to specific disasters)			0			0			0			0			0
21	Recruitment Travel			0			0			0			0			0
21	Other Operational Travel	30		30	10		10	30		30	10		10	20		20
Subtotal OC 21.0		218.7	0	218.7	131.5	0	131.5	315.5	0	315.5	59.4	0	59.4	200.1	0	200.1
22	Transportation of things	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
22	Post assignment freight	30		30	60		60	135		135	15		15	15		15
22	Home Leave Freight	7.5		7.5	20		20	10		10	10		10	10		10
22	Retirement Freight			0			0			0			0			0
22	Transportation/Freight for Office Furniture/Equip.	9.1		9.1	9.1		9.1	9.1		9.1	9.1		9.1	9.1		9.1
22	Transportation/Freight for Res. Furniture/Equip.	0.5		0.5	0		0	0		0	0		0			0
Subtotal OC 22.0		47.1	0	47.1	89.1	0	89.1	154.1	0	154.1	34.1	0	34.1	34.1	0	34.1
23.2	Rental payments to others	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.2	Rental Payments to Others - Office Space	515.4		515.4	530.9		530.9	530.9		530.9	530.9		530.9	546.3		546.3
23.2	Rental Payments to Others - Warehouse Space			0			0			0			0			0
23.2	Rental Payments to Others - Residences	341.4		341.4	384.1		384.1	384.1		384.1	384.1		384.1	384.1		384.1
Subtotal OC 23.2		856.8	0	856.8	915	0	915	915	0	915	915	0	915	930.4	0	930.4
23.3	Communications, utilities, and miscellaneous charge	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.3	Office Utilities	27.8		27.8	28.9		28.9	28.9		28.9	28.9		28.9	29.9		29.9
23.3	Residential Utilities	42.3		42.3	49.9		49.9	49.9		49.9	49.9		49.9	51.9		51.9
23.3	Telephone Costs	52.5		52.5	57.8		57.8	57.8		57.8	57.8		57.8	60.1		60.1
23.3	ADP Software Leases	0		0	0		0	0		0	0		0			0

Operating Expenses

Org. Title: West Bank & Gaza Org. No: 23294 OC		Overseas Mission Budgets														
		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
23.3	ADP Hardware Lease	0		0		0		0		0		0		0		0
23.3	Commercial Time Sharing	0		0		0		0		0		0		0		0
23.3	Postal Fees (Other than APO Mail)	0.3		0.3		0.3		0.3		0.3		0.3		0.3		0.3
23.3	Other Mail Service Costs	0.1		0.1		0.1		0.1		0.1		0.1		0.1		0.1
23.3	Courier Services	4		4		4.5		4.5		4.5		4.5		4.5		4.5
	Subtotal OC 23.3	127	0	127		141.5	0	141.5		141.5	0	141.5		146.8	0	146.8
24	Printing and Reproduction	2		2		5		5		6		6		5		5
	Subtotal OC 24.0	2	0	2		5	0	5		6	0	6		5	0	5
25.1	Advisory and assistance services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.1	Studies, Analyses, & Evaluations			0		0		0		0		0		0		0
25.1	Management & Professional Support Services			0		0		0		0		0		0		0
25.1	Engineering & Technical Services			0		0		0		0		0		0		0
	Subtotal OC 25.1	0	0	0		0	0	0		0	0	0		0	0	0
25.2	Other services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.2	Office Security Guards	39		39		42.9		42.9		42.9		42.9		42.9		42.9
25.2	Residential Security Guard Services	29.3		29.3		34.5		34.5		34.5		34.5		34.5		34.5
25.2	Official Residential Expenses			0		0		0		0		0		0		0
25.2	Representation Allowances	1		1		1		1		1		1		1		1
25.2	Non-Federal Audits			0		0		0		0		0		0		0
25.2	Grievances/Investigations	26		26		0		0		0		0		0		0
25.2	Insurance and Vehicle Registration Fees	31.8		31.8		35		35		35		35		35		35
25.2	Vehicle Rental			0		0		0		0		0		0		0
25.2	Manpower Contracts			0		0		0		0		0		0		0
25.2	Records Declassification & Other Records Services			0		0		0		0		0		0		0
25.2	Recruiting activities	1		1		1.5		1.5		1.5		1.5		1		1
25.2	Penalty Interest Payments	2		2		2		2		2.5		2.5		2.5		2.5
25.2	Other Miscellaneous Services	8		8		8		8		8		8		8		8
25.2	Staff training contracts	42		42		0		0		56.2		56.2		0		40
25.2	ADP related contracts	10		10		10		10		15		15		10		15
	Subtotal OC 25.2	190.1	0	190.1		134.9	0	134.9		196.6	0	196.6		134.9	0	134.9
25.3	Purchase of goods and services from Government ac	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.3	ICASS	301		301		316		316		316		316		316		316
25.3	All Other Services from Other Gov't. accounts	0.4		0.4		0.4		0.4		0.4		0.4		0.4		0.4
	Subtotal OC 25.3	301.4	0	301.4		316.4	0	316.4		316.4	0	316.4		331.4	0	331.4
25.4	Operation and maintenance of facilities	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.4	Office building Maintenance	35		35		37.5		37.5		37.5		37.5		37.5		37.5
25.4	Residential Building Maintenance	10		10		12		12		12		12		12		12
	Subtotal OC 25.4	45	0	45		49.5	0	49.5		49.5	0	49.5		49.5	0	49.5

Operating Expenses

Org. Title: West Bank & Gaza Org. No: 23294 OC		Overseas Mission Budgets														
		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
25.7	Operation/maintenance of equipment & storage of goods	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.7	ADP and telephone operation and maintenance costs	8.3		8.3	9.1		9.1	9.1		9.1	9.1		9.1	9.9		9.9
25.7	Storage Services	0		0	0		0	0		0	0		0	0		0
25.7	Office Furniture/Equip. Repair and Maintenance	9.3		9.3	9.3		9.3	10.1		10.1	10.2		10.2	10.2		10.2
25.7	Vehicle Repair and Maintenance	53		53	58.3		58.3	58.3		58.3	58.3		58.3	58.3		58.3
25.7	Residential Furniture/Equip. Repair and Maintenance			0			0			0			0			0
	Subtotal OC 25.7	70.6	0	70.6	76.7	0	76.7	77.5	0	77.5	77.6	0	77.6	78.4	0	78.4
25.8	Subsistence and support of persons (by contract or Gov't.)			0			0			0			0			0
	Subtotal OC 25.8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
26	Supplies and materials	50.7		50.7	53.2		53.2	53.2		53.2	53.2		53.2	58.2		58.2
	Subtotal OC 26.0	50.7	0	50.7	53.2	0	53.2	53.2	0	53.2	53.2	0	53.2	58.2	0	58.2
31	Equipment	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
31	Purchase of Residential Furniture/Equip.	12.2		12.2	21		21	21		21	22.3		22.3	23		23
31	Purchase of Office Furniture/Equip.	10		10	0		0	10		10	0		0	10		10
31	Purchase of Vehicles	30		30	0		0	60		60	0		0	60		60
31	Purchase of Printing/Graphics Equipment	10		10	0		0	15		15	0		0	8.5		8.5
31	ADP Hardware purchases	37.3		37.3	0		0	35		35	0		0	30		30
	Subtotal OC 31.0	99.5	0	99.5	21	0	21	141	0	141	22.3	0	22.3	131.5	0	131.5
32	Lands and structures	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
32	Purchase of Land & Buildings (& construction of bldgs.)			0			0			0			0			0
32	Purchase of fixed equipment for buildings			0			0			0			0			0
32	Building Renovations/Alterations - Office	10		10	0		0	10		10	0		0	10		10
32	Building Renovations/Alterations - Residential	0		0	0		0	5		5	0		0	0		0
	Subtotal OC 32.0	10	0	10	0	0	0	15	0	15	0	0	0	10	0	10
42	Claims and indemnities			0			0			0			0			0
	Subtotal OC 42.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>TOTAL BUDGET</b>		<b>3152.9</b>	<b>0</b>	<b>3152.9</b>	<b>3300</b>	<b>0</b>	<b>3300</b>	<b>3980</b>	<b>0</b>	<b>3980</b>	<b>3300</b>	<b>0</b>	<b>3300</b>	<b>3800</b>	<b>0</b>	<b>3800</b>
Dollars Used for Local Currency Purchases		_____			_____			_____			_____			_____		
Exchange Rate Used in Computations		3.6	_____		3.6	_____		3.6	_____		3.6	_____		3.6	_____	
ICASS (Contractors - ESF)		32.5		32.5	107.2		107.2	107.2		107.2	107.2		107.2	112.5		112.5

# ***ANNEX E***

## ***Workforce Tables***

Workforce

Org. 23294 FY 1998 On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1	SO 2	SO 3	SO 4	SpO 1	SpO 2	SpO 3		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
U.S. Direct Hire	2	3	1					6	2	2	1	1		3	9	15
Other U.S. Citizens: 1/ OE Internationally Recruited OE Locally Recruited Program	1	2	3					6	1					1	0	0
FSN/TCN Direct Hire: OE Internationally Recruited OE Locally Recruited								0							0	0
FSN/TCN Non-Direct Hire: OE Internationally Recruited OE Locally Recruited Program	2	1	1					4		6	14	3		2	0	0
	1	4	1					6							25	29
Total Staff Levels	6	10	6	0	0	0	0	22	3	8	15	4	0	6	36	58
TAACS								0							0	0
Fellows								0							0	0

1/ Excluding TAACS and Fellows

Workforce

Org. 23294 FY 1999 Target On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1	SO 2	SO 3	SO 4	SpO 1	SpO 2	SpO 3		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
U.S. Direct Hire	2	3	1					6	2	2	1	1		3	9	15
Other U.S. Citizens: 1/ OE Internationally Recruited OE Locally Recruited Program	1	3	3					0 0 7	1				1	0 2 0	0 2 7	0 2 7
FSN/TCN Direct Hire: OE Internationally Recruited OE Locally Recruited								0 0						0 0	0 0	0 0
FSN/TCN Non-Direct Hire: OE Internationally Recruited OE Locally Recruited Program	2 1	1 5	1 1					0 4 7		6	14	3	2	0 25 0	0 29 7	0 29 7
Total Staff Levels	6	12	6	0	0	0	0	24	3	8	15	4	0	6	36	60
TAACS Fellows								0 0						0 0	0 0	0 0

1/ Excluding TAACS and Fellows

Org. 23294 FY 1999 Request On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1	SO 2	SO 3	SO 4	SpO 1	SpO 2	SpO 3		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
U.S. Direct Hire	2	3	1					6	2	2	1	1		3	9	15
Other U.S. Citizens: 1/ OE Internationally Recruited OE Locally Recruited Program	1	3	3					0 0 7	1				1	0 2 0	0 2 7	0 2 7
FSN/TCN Direct Hire: OE Internationally Recruited OE Locally Recruited								0 0						0 0	0 0	0 0
FSN/TCN Non-Direct Hire: OE Internationally Recruited OE Locally Recruited Program	2 1	1 5	1 1					0 4 7		6	14	3	2	0 25 0	0 29 7	0 29 7
Total Staff Levels	6	12	6	0	0	0	0	24	3	8	15	4	0	6	36	60
TAACS Fellows								0 0						0 0	0 0	0 0

1/ Excluding TAACS and Fellows

Workforce

Org. 23294 FY 2000 Target On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1	SO 2	SO 3	SO 4	SpO 1	SpO 2	SpO 3		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
U.S. Direct Hire	2	3	1					6	2	2	1	1		3	9	15
Other U.S. Citizens: 1/ OE Internationally Recruited OE Locally Recruited Program	1	3	3					0 0 7	1				1	0 2 0	0 2 7	0 2 7
FSN/TCN Direct Hire: OE Internationally Recruited OE Locally Recruited								0 0						0 0	0 0	0 0
FSN/TCN Non-Direct Hire: OE Internationally Recruited OE Locally Recruited Program	2 1	1 5	1 1					0 4 7		6	14	3		2	0 25 0	0 29 7
Total Staff Levels	6	12	6	0	0	0	0	24	3	8	15	4	0	6	36	60
TAACS Fellows								0 0							0 0	0 0

1/ Excluding TAACS and Fellows

Org. 23294 FY 2000 Request On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1	SO 2	SO 3	SO 4	SpO 1	SpO 2	SpO 3		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
U.S. Direct Hire	2	3	1					6	2	2	1	1		3	9	15
Other U.S. Citizens: 1/ OE Internationally Recruited OE Locally Recruited Program	1	3	3					0 0 7	1				1	0 2 0	0 2 7	0 2 7
FSN/TCN Direct Hire: OE Internationally Recruited OE Locally Recruited								0 0						0 0	0 0	0 0
FSN/TCN Non-Direct Hire: OE Internationally Recruited OE Locally Recruited Program	2 1	1 5	1 1					0 4 7		6	14	3		2	0 25 0	0 29 7
Total Staff Levels	6	12	6	0	0	0	0	24	3	8	15	4	0	6	36	60
TAACS Fellows								0 0							0 0	0 0

1/ Excluding TAACS and Fellows

Workforce

Org. 23294 FY 2001 On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1	SO 2	SO 3	SO 4	SpO 1	SpO 2	SpO 3		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
U.S. Direct Hire	2	3	1					6	2	2	1	1		3	9	15
Other U.S. Citizens: 1/ OE Internationally Recruited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OE Locally Recruited Program	0	0	0	0	0	0	0	0	1	0	0	0	0	1	2	2
	1	3	3					7	0	0	0	0	0	0	0	7
FSN/TCN Direct Hire: OE Internationally Recruited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OE Locally Recruited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FSN/TCN Non-Direct Hire: OE Internationally Recruited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OE Locally Recruited	2	1	1	0	0	0	0	4		6	14	3		2	25	29
Program	1	5	1					7							0	7
Total Staff Levels	6	12	6	0	0	0	0	24	3	8	15	4	0	6	36	60
TAACS Fellows								0							0	0
								0							0	0

1/ Excluding TAACS and Fellows

Org. 23294 Summary On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1	SO 2	SO 3	SO 4	SpO 1	SpO 2	SpO 3		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
FY 1998:																
U.S. Direct Hire	2	3	1	0	0	0	0	6	2	2	1	1	0	3	9	15
OE Internationally Recr	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OE Locally Recruited	2	1	1	0	0	0	0	4	1	6	14	3	0	3	27	31
Total OE Funded Staf	4	4	2	0	0	0	0	10	3	8	15	4	0	6	36	46
Program Funded	2	6	4	0	0	0	0	12	0	0	0	0	0	0	0	12
Total FY 1998	6	10	6	0	0	0	0	22	3	8	15	4	0	6	36	58

FY 1999 Target:																
U.S. Direct Hire	2	3	1	0	0	0	0	6	2	2	1	1	0	3	9	15
OE Internationally Recr	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OE Locally Recruited	2	1	1	0	0	0	0	4	1	6	14	3	0	3	27	31
Total OE Funded Staf	4	4	2	0	0	0	0	10	3	6	14	3	0	3	36	46
Program Funded	2	8	4	0	0	0	0	14	0	0	0	0	0	0	0	14
Total FY 1999 Target	6	12	6	0	0	0	0	24	3	6	14	3	0	3	36	60

FY 1999 Request:																
U.S. Direct Hire	2	3	1	0	0	0	0	6	2	2	1	1	0	3	9	15
OE Internationally Recr	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OE Locally Recruited	2	1	1	0	0	0	0	4	1	6	14	3	0	3	27	31
Total OE Funded Staf	4	4	2	0	0	0	0	10	3	8	15	4	0	6	36	46
Program Funded	2	8	4	0	0	0	0	14	0	0	0	0	0	0	0	14
Total FY 1999 Request	6	12	6	0	0	0	0	24	3	8	15	4	0	6	36	60

FY 2000 Target:																
U.S. Direct Hire	2	3	1	0	0	0	0	6	2	2	1	1	0	3	9	15
OE Internationally Recr	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OE Locally Recruited	2	1	1	0	0	0	0	4	1	6	14	3	0	3	27	31
Total OE Funded Staf	4	4	2	0	0	0	0	10	3	8	15	4	0	6	36	46
Program Funded	2	8	4	0	0	0	0	14	0	0	0	0	0	0	0	14
Total FY 2000 Target	6	12	6	0	0	0	0	24	3	8	15	4	0	6	36	60

Workforce

FY 2000 Request:																
U.S. Direct Hire	2	3	1	0	0	0	0	6	2	2	1	1	0	3	9	15
OE Internationally Recr	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OE Locally Recruited	2	1	1	0	0	0	0	4	1	6	14	3	0	3	27	31
Total OE Funded Staf	4	4	2	0	0	0	0	10	3	8	15	4	0	6	36	46
Program Funded	2	8	4	0	0	0	0	14	0	0	0	0	0	0	0	14
<b>Total FY 2000 Request</b>	<b>6</b>	<b>12</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24</b>	<b>3</b>	<b>8</b>	<b>15</b>	<b>4</b>	<b>0</b>	<b>6</b>	<b>36</b>	<b>60</b>

FY 2001 Estimate:																
U.S. Direct Hire	2	3	1	0	0	0	0	6	2	2	1	1	0	3	9	15
OE Internationally Recr	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OE Locally Recruited	2	1	1	0	0	0	0	4	1	6	14	3	0	3	27	31
Total OE Funded Staf	4	4	2	0	0	0	0	10	3	8	15	4	0	6	36	46
Program Funded	2	8	4	0	0	0	0	14	0	0	0	0	0	0	0	14
<b>Total FY 2000 Target</b>	<b>6</b>	<b>12</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>24</b>	<b>3</b>	<b>8</b>	<b>15</b>	<b>4</b>	<b>0</b>	<b>6</b>	<b>36</b>	<b>60</b>

MISSION : WEST BANK& GAZA

USDH STAFFING REQUIREMENTS BY SKILL CODE

BACKSTOP (BS)	NO. OF USDH EMPLOYEES IN BACKSTOP FY 98	NO. OF USDH EMPLOYEES IN BACKSTOP FY 99	NO. OF USDH EMPLOYEES IN BACKSTOP FY 2000	NO. OF USDH EMPLOYEES IN BACKSTOP FY 2001
01SMG	2	2	2	2
02 Program Off.				
03 EXO	1	1	1	1
04 Controller	2	2	2	2
05/06/07 Secretary				
10 Agriculture.				
11Economics				
12 GDO				
12 Democracy	1	1	1	1
14 Rural Dev.				
15 Food for Peace				
21 Private Ent.	2	2	2	2
25 Engineering	1	1	1	1
40 Environ				
50 Health/Pop.				
60 Education				
75 Physical Sci.				
85 Legal				
92 Commodity Mgt				
93 Contract Mgt	1	1	1	1
94 PDO	5	5	5	5
95 IDI				
Other*				
<b>TOTAL</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>

\*please list occupations covered by other if there are any

# ***ANNEX F***

## ***Foreign National Voluntary Separation Act***

Orgno.: 23294  
 Org. Title: USAID/West Bank & Gaza

**Foreign National Voluntary Separation Account**

Action	FY 98			FY 99			FY 00		
	OE	Program	Total	OE	Program	Total	OE	Program	Total
Deposits	41.3	17.9	59.2	67.5	19.7	87.2	70.9	21.6	92.5
Withdrawals	5.7	0.0	5.7	0.0	0.0	0.0	0.0	0.0	0.0

**Local Currency Trust Funds - Regular (\$000s)**

	FY 98	FY 99	FY 00
Balance Start of Year		0.0	0.0
Obligations			
Deposits			
Balance End of Year	0.0	0.0	0.0

**Trust Funds in Dollar Equivalents, not in Local Country Equivalents**

**Local Currency Trust Funds - Real Property (\$000s)**

	FY 97	FY 98	FY 99
Balance Start of Year		0.0	0.0
Obligations			
Deposits			
Balance End of Year	0.0	0.0	0.0

**Trust Funds in Dollar Equivalents, not in Local Country Equivalents**

# ***ANNEX G***

## ***Cost of Controller Operations Table***

Cost of Controller Operations

Org. Title: USAID/West Bank & Gaza/Controller's Office		Overseas Mission Budgets														
Org. No: 23294		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
Org. Title: USAID/West Bank & Gaza/Controller's Office		Overseas Mission Budgets														
Org. No: 23294		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total

Cost of Controller Operations

Org. Title: USAID/West Bank & Gaza/Controller's Office Org. No: 23294 OC		Overseas Mission Budgets														
		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total		
11.1	Personnel compensation, full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.1	Base Pay & pymt. for annual leave balances - FNDH			0.0			0.0		0.0			0.0			0.0	
	Subtotal OC 11.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
11.3	Personnel comp. - other than full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.3	Base Pay & pymt. for annual leave balances - FNDH			0.0			0.0		0.0			0.0			0.0	
	Subtotal OC 11.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
11.5	Other personnel compensation	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.5	USDH			0.0			0.0		0.0			0.0			0.0	
11.5	FNDH			0.0			0.0		0.0			0.0			0.0	
	Subtotal OC 11.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
11.8	Special personal services payments	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.8	USPSC Salaries			0.0			0.0		0.0			0.0			0.0	
11.8	FN PSC Salaries	96.8		96.8	106.5		106.5	106.5	106.5	106.5		106.5		106.5	111.8	
11.8	IPA/Details-In/PASAs/RSSAs Salaries			0.0			0.0		0.0			0.0			0.0	
	Subtotal OC 11.8	96.8	0.0	96.8	106.5	0.0	106.5	106.5	0.0	106.5	106.5	0.0	106.5	111.8	0.0	
12.1	Personnel benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	USDH benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Educational Allowances	39.0		39.0	30.0		30.0	30.0	30.0	60.0		60.0		60.0	60.0	
12.1	Cost of Living Allowances	11.5		11.5	12.1		12.1	12.1	12.1	12.7		12.7		12.7	12.7	
12.1	Home Service Transfer Allowances			0.0	0.7		0.7		0.0			0.0		0.0	0.0	
12.1	Quarters Allowances			0.0			0.0		0.0			0.0		0.0	0.0	
12.1	Other Misc. USDH Benefits	5.0		5.0	0.6		0.6	0.6	0.6	0.6		0.6		0.6	0.6	
12.1	FNDH Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Payments to the FSN Separation Fund - FNDH			0.0			0.0		0.0			0.0		0.0	0.0	
12.1	Other FNDH Benefits			0.0			0.0		0.0			0.0		0.0	0.0	
12.1	US PSC Benefits			0.0			0.0		0.0			0.0		0.0	0.0	
12.1	FN PSC Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Payments to the FSN Separation Fund - FN PSC	3.2		3.2	5.5		5.5	5.5	5.5	6.0		6.0		6.5	6.5	
12.1	Other FN PSC Benefits			0.0			0.0		0.0			0.0		0.0	0.0	
12.1	IPA/Detail-In/PASA/RSSA Benefits			0.0			0.0		0.0			0.0		0.0	0.0	
	Subtotal OC 12.1	58.7	0.0	58.7	48.9	0.0	48.9	48.2	0.0	48.2	79.3	0.0	79.3	79.8	0.0	
13	Benefits for former personnel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13	FNDH	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13	Severance Payments for FNDH			0.0			0.0		0.0			0.0		0.0	0.0	
13	Other Benefits for Former Personnel - FNDH			0.0			0.0		0.0			0.0		0.0	0.0	
13	FN PSCs	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13	Severance Payments for FN PSCs			0.0			0.0		0.0			0.0		0.0	0.0	
13	Other Benefits for Former Personnel - FN PSCs			0.0			0.0		0.0			0.0		0.0	0.0	

Cost of Controller Operations

Org. Title: USAID/West Bank & Gaza/Controller's Office		Overseas Mission Budgets														
Org. No: 23294		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
OC		Dollars	TF	Total												
	Subtotal OC 13.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
21	Travel and transportation of persons	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21	Training Travel			0.0			0.0			0.0			0.0			0.0
21	Mandatory/Statutory Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21	Post Assignment Travel - to field			0.0	4.0		4.0	4.0		4.0			0.0			0.0
21	Assignment to Washington Travel			0.0	3.0		3.0	3.0		3.0	0.0		0.0	0.0		0.0
21	Home Leave Travel	6.0		6.0	0.0		0.0	6.0		6.0	6.0		6.0	6.0		6.0
21	R & R Travel	4.8		4.8	3.6		3.6	3.6		3.6	8.4		8.4	8.4		8.4
21	Education Travel	1.5		1.5	3.0		3.0	3.0		3.0	3.0		3.0	3.0		3.0
21	Evacuation Travel			0.0			0.0			0.0			0.0			0.0
21	Retirement Travel			0.0			0.0			0.0			0.0			0.0
21	Pre-Employment Invitational Travel			0.0			0.0			0.0			0.0			0.0
21	Other Mandatory/Statutory Travel			0.0			0.0			0.0			0.0			0.0
21	Operational Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21	Site Visits - Headquarters Personnel			0.0			0.0			0.0			0.0			0.0
21	Site Visits - Mission Personnel			0.0			0.0			0.0			0.0			0.0
21	Conferences/Seminars/Meetings/Retreats	3.0		3.0	3.0		3.0	3.0		3.0	3.0		3.0			0.0
21	Assessment Travel			0.0			0.0			0.0			0.0			0.0
21	Impact Evaluation Travel			0.0			0.0			0.0			0.0			0.0
21	Disaster Travel (to respond to specific disasters)			0.0			0.0			0.0			0.0			0.0
21	Recruitment Travel			0.0			0.0			0.0			0.0			0.0
21	Other Operational Travel	10.0		10.0	10.0		10.0	10.0		10.0	10.0		10.0	10.0		10.0
	Subtotal OC 21.0	25.3	0.0	25.3	26.6	0.0	26.6	32.6	0.0	32.6	30.4	0.0	30.4	27.4	0.0	27.4
22	Transportation of things	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
22	Post assignment freight			0.0	40.0		40.0	40.0		40.0			0.0			0.0
22	Home Leave Freight	1.0		1.0			0.0			0.0			0.0			0.0
22	Retirement Freight			0.0			0.0			0.0			0.0			0.0
22	Transportation/Freight for Office Furniture/Equip.	1.0		1.0	1.0		1.0	1.0		1.0			0.0			0.0
22	Transportation/Freight for Res. Furniture/Equip.			0.0			0.0			0.0			0.0			0.0
	Subtotal OC 22.0	2.0	0.0	2.0	41.0	0.0	41.0	41.0	0.0	41.0	0.0	0.0	0.0	0.0	0.0	0.0
23.2	Rental payments to others	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.2	Rental Payments to Others - Office Space	71.0		71.0	71.0		71.0	71.0		71.0	71.0		71.0	72.8		72.8
23.2	Rental Payments to Others - Warehouse Space			0.0			0.0			0.0			0.0			0.0
23.2	Rental Payments to Others - Residences	48.7		48.7	48.7		48.7	51.2		51.2	51.2		51.2	51.2		51.2
	Subtotal OC 23.2	119.7	0.0	119.7	119.7	0.0	119.7	122.2	0.0	122.2	122.2	0.0	122.2	124.0	0.0	124.0
23.3	Communications, utilities, and miscellaneous charge	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.3	Office Utilities	3.3		3.3	3.4		3.4	3.4		3.4	3.4		3.4	3.5		3.5
23.3	Residential Utilities	6.0		6.0	6.6		6.6	6.6		6.6	6.9		6.9	6.9		6.9
23.3	Telephone Costs	6.3		6.3	6.7		6.7	6.7		6.7	7.0		7.0	7.0		7.0
23.3	ADP Software Leases			0.0			0.0			0.0			0.0			0.0

Cost of Controller Operations

Org. Title: USAID/West Bank & Gaza/Controller's Office Org. No: 23294 OC		Overseas Mission Budgets														
		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total		
23.3	ADP Hardware Lease				0.0			0.0			0.0			0.0		
23.3	Commercial Time Sharing				0.0			0.0			0.0			0.0		
23.3	Postal Fees (Other than APO Mail)				0.0			0.0			0.0			0.0		
23.3	Other Mail Service Costs				0.0			0.0			0.0			0.0		
23.3	Courier Services	0.4			0.4	0.4			0.4	0.4		0.4		0.4		
	Subtotal OC 23.3	16.0	0.0	16.0	17.1	0.0	17.1	17.1	0.0	17.1	17.7	0.0	17.7	17.8		
24	Printing and Reproduction	0.3		0.3	0.7		0.7	0.8		0.8	0.7		0.7	0.7		
	Subtotal OC 24.0	0.3	0.0	0.3	0.7	0.0	0.7	0.8	0.0	0.8	0.7	0.0	0.7	0.7		
25.1	Advisory and assistance services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.1	Studies, Analyses, & Evaluations						0.0			0.0				0.0		
25.1	Management & Professional Support Services						0.0			0.0				0.0		
25.1	Engineering & Technical Services						0.0			0.0				0.0		
	Subtotal OC 25.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
25.2	Other services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.2	Office Security Guards	1.6		1.6	1.6		1.6	1.6		1.6	1.6		1.6	1.6		
25.2	Residential Security Guard Services	2.4		2.4	4.9		4.9	4.9		4.9	4.9		4.9	4.9		
25.2	Official Residential Expenses						0.0			0.0				0.0		
25.2	Representation Allowances						0.0			0.0				0.0		
25.2	Non-Federal Audits						0.0			0.0				0.0		
25.2	Grievances/Investigations						0.0			0.0				0.0		
25.2	Insurance and Vehicle Registration Fees	3.8		3.8	4.0		4.0	4.0		4.0	4.0		4.0	4.0		
25.2	Vehicle Rental						0.0			0.0				0.0		
25.2	Manpower Contracts						0.0			0.0				0.0		
25.2	Records Declassification & Other Records Services						0.0			0.0				0.0		
25.2	Recruiting activities						0.0			0.0				0.0		
25.2	Penalty Interest Payments						0.0			0.0				0.0		
25.2	Other Miscellaneous Services	0.9		0.9	0.9		0.9	0.9		0.9	0.9		0.9	0.9		
25.2	Staff training contracts	8.0		8.0	0.0		0.0	8.5		8.5	8.5		8.5	8.5		
25.2	ADP related contracts						0.0			0.0				0.0		
	Subtotal OC 25.2	16.7	0.0	16.7	11.4	0.0	11.4	19.9	0.0	19.9	19.9	0.0	19.9	19.9		
25.3	Purchase of goods and services from Government ac	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.3	ICASS	24.0		24.0	24.0		24.0	40.4		40.4	42.4		42.4	42.4		
25.3	All Other Services from Other Gov't. accounts			0.0			0.0			0.0				0.0		
	Subtotal OC 25.3	24.0	0.0	24.0	24.0	0.0	24.0	40.4	0.0	40.4	42.4	0.0	42.4	42.4		
25.4	Operation and maintenance of facilities	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.4	Office building Maintenance	4.2		4.2	4.3		4.3	4.3		4.3	4.3		4.3	4.3		
25.4	Residential Building Maintenance	1.4		1.4	1.6		1.6	1.6		1.6	1.6		1.6	1.6		
	Subtotal OC 25.4	5.6	0.0	5.6	5.9	0.0	5.9	5.9	0.0	5.9	5.9	0.0	5.9	5.9		

Cost of Controller Operations

Org. Title: USAID/West Bank & Gaza/Controller's Office Org. No: 23294 OC		Overseas Mission Budgets														
		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
		Dollars	TF	Total												
25.7	Operation/maintenance of equipment & storage of goods	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.7	ADP and telephone operation and maintenance costs	2.0		2.0	2.0		2.0	2.0		2.0	2.0		2.0	2.0		2.0
25.7	Storage Services			0.0			0.0			0.0			0.0			0.0
25.7	Office Furniture/Equip. Repair and Maintenance	1.1		1.1	1.1		1.1	1.2		1.2	1.2		1.2	1.2		1.2
25.7	Vehicle Repair and Maintenance	6.4		6.4	6.8		6.8	6.8		6.8	6.8		6.8	6.8		6.8
25.7	Residential Furniture/Equip. Repair and Maintenance			0.0			0.0			0.0			0.0			0.0
	Subtotal OC 25.7	9.5	0.0	9.5	9.9	0.0	9.9	10.0	0.0	10.0	10.0	0.0	10.0	10.0	0.0	10.0
25.8	Subsistence and support of persons (by contract or Gov't.)			0.0			0.0			0.0			0.0			0.0
	Subtotal OC 25.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
26	Supplies and materials	2.0		2.0	2.0		2.0	2.0		2.0	2.0		2.0	2.0		2.0
	Subtotal OC 26.0	2.0	0.0	2.0	2.0	0.0	2.0	2.0	0.0	2.0	2.0	0.0	2.0	2.0	0.0	2.0
31	Equipment	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
31	Purchase of Residential Furniture/Equip.	2.8		2.8	3.0		3.0	3.0		3.0	3.0		3.0	3.0		3.0
31	Purchase of Office Furniture/Equip.			0.0			0.0			0.0			0.0			0.0
31	Purchase of Vehicles			0.0			0.0			0.0			0.0			0.0
31	Purchase of Printing/Graphics Equipment			0.0			0.0			0.0			0.0			0.0
31	ADP Hardware purchases	0.0		0.0	10.0		10.0	10.0		10.0	10.0		10.0	10.0		10.0
	Subtotal OC 31.0	2.8	0.0	2.8	13.0	0.0	13.0	13.0	0.0	13.0	13.0	0.0	13.0	13.0	0.0	13.0
32	Lands and structures	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
32	Purchase of Land & Buildings (& construction of bldgs.)			0.0			0.0			0.0			0.0			0.0
32	Purchase of fixed equipment for buildings			0.0			0.0			0.0			0.0			0.0
32	Building Renovations/Alterations - Office			0.0			0.0			0.0			0.0			0.0
32	Building Renovations/Alterations - Residential			0.0			0.0			0.0			0.0			0.0
	Subtotal OC 32.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
42	Claims and indemnities			0.0			0.0			0.0			0.0			0.0
	Subtotal OC 42.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL BUDGET</b>		<b>379.4</b>	<b>0.0</b>	<b>379.4</b>	<b>426.7</b>	<b>0.0</b>	<b>426.7</b>	<b>459.6</b>	<b>0.0</b>	<b>459.6</b>	<b>450.0</b>	<b>0.0</b>	<b>450.0</b>	<b>454.7</b>	<b>0.0</b>	<b>454.7</b>
Dollars Used for Local Currency Purchases		_____			_____			_____			_____			_____		
Exchange Rate Used in Computations		<u>3.6</u>	_____		<u>3.6</u>	_____	3.6	<u>3.6</u>	_____		<u>3.6</u>	_____		<u>3.6</u>	_____	

# ***ANNEX H***

## ***West Bank/Gaza Mission Strategy Reporting Cable***

***May 1997***