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**PERFORMANCE MONITORING PLAN  
FOR STRATEGIC OBJECTIVE NUMBER 1  
“ENHANCED PRIVATE SECTOR ECONOMIC OPPORTUNITIES”**

**PREPARED FOR:**  
USAID/West Bank and Gaza

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**CONTRACT NUMBER:**  
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1

# Table of Contents

	<u>Page</u>
INTRODUCTION .....	1
I. THE STRATEGIC OBJECTIVE NUMBER 1 RESULTS FRAMEWORK .....	3
A. Suggested revisions in the Results Framework hierarchy of results .....	3
B. A summary Strategic Results Framework chart .....	5
C. A set of ANE (R4) Performance Data Tables, one for each indicator .....	8
II. Review of Data Sources .....	38
A. Official Economy-Wide Data Sources .....	38
B. International Agencies .....	41
C. Private Sector Sources .....	42
D. NGO and Donor Projects .....	44
E. Documentary References .....	46
III. Mission Data Collection, Analysis and Dissemination Plan .....	50

## ANNEXES

Annex 1 List of Contacts

## INTRODUCTION

Management Systems International (MSI) has been contracted by the USAID Mission to the West Bank and Gaza to develop a fully functioning performance monitoring system for its Strategic Objective Number 1, "Enhanced Private Sector Economic Opportunities". MSI's scope of work breaks this assignment down into five tasks: (1) program familiarization; (2) review of general data availability (3); confirmation/revision of Results Framework; (4) development of baseline data and targets; and, (5) development of a Mission data collection, analysis, and dissemination plan.

Between October 7 and October 31, a three person MSI team worked with the Mission on this set of tasks. The sections of this report correspond to the five tasks described in the scope of work.

Additional detail on two points is useful here. First, one might think that there would be very little value added in including a description of "program familiarization". However, the Mission operates under an unusual set of constraints which will have a significant impact on upon the performance monitoring process. Therefore, a discussion of these constraints in terms of their impact on performance monitoring, contained in the "Background" section which follows, is both appropriate and necessary. Second, because the data collection and analysis activities of the Palestinian Central Bureau of Statistics (PCBS) and other Palestinian organizations began only recently, much of the economy-wide data important for impact measurement at the Strategic Objective and Intermediate Result levels is not yet available. This has limited the team's ability to develop baseline measures and set realistic targets at these levels.

## BACKGROUND

The USAID Mission to the West Bank and the Gaza Strip (WB/G) operates withing an environment dominated by two unusual constraints:

1. The Mission is located in Israel. Contact with implementors and customers is limited by distance, Israeli restrictions on the movements of Palestinians and periodic Israeli "closures" during which the borders of the WB/G are closed to travel. During these periods, often lasting several weeks, the movement of Arab Israeli and Palestinian FSN staff, as well as Palestinian customers and partners is so restricted as to make normal program implementation impossible.
2. The economies of the WB&G are overwhelmingly dependent on Israel and Israeli decisions about closures and the issuance of permits allowing Palestinians to work in Israel. Recently, extensive closures and a reduction in the number of permits issued have had devastating economic consequences. The per capita income of WB&G residents has dropped significantly since 1993 with estimates of the decline ranging between 7% and 20%. This is the opposite of what was expected with the peace process.

These two constraints pose challenges for effective performance monitoring. First, because of closures and travel restrictions, the Mission's capacity for oversight and on the ground tracking of the performance monitoring system will, perforce, be limited. Data collection and analysis systems

1

3

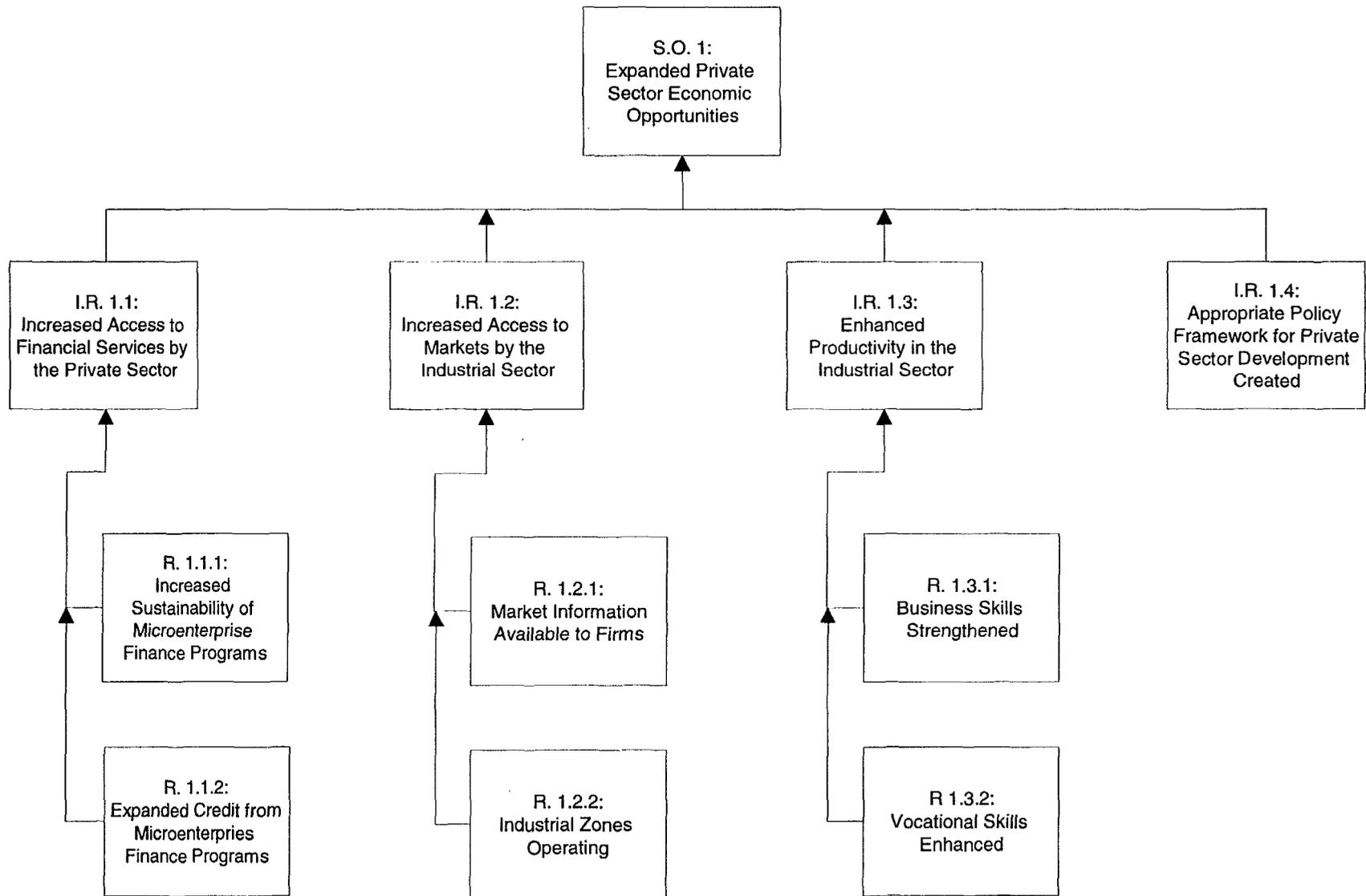
must be put into place which function effectively with only periodic oversight, rather than day to day management on the part of the Mission. Second, the Mission believes that its economic opportunities program will have significant impact across the WB/G. This is reflected in the Mission's Strategic Objective (S.O.), Intermediate Results (I.R.) and associated indicators. However, the economic performance of the WB/G will likely depend dominantly on Israeli access policies such as closures and issuance of work permits. The Mission will be able to set economy-wide targets only by making, and closely monitoring, assumptions about these policies.

The Mission's economic opportunities strategy has two foci: (1) Job creation and strengthening of micro enterprises through a set of activities which can be effectively perused despite Israeli access policies; and, (2) longer-term interventions which depend, to an extent, on the rationalization of Israeli policies. Many of the indicators selected at the S.O. and I.R. levels will be heavily affected by closures and other Israeli policies. Monitoring of two key assumptions, stated in the Mission's 1996-2000 strategy, will be important:

1. "That the political and security situation vis-a-vis Israel enables Palestinian goods and services to access Israeli and third country markets via Israel." and;
2. "That Palestinians and Israelis reach agreement on the establishment and operation of industrial zones so that the development proceeds in a coherent and timely manner . . ."

**I. THE STRATEGIC OBJECTIVE NUMBER 1 RESULTS FRAMEWORK**

**A. Suggested revisions in the Results Framework hierarchy of results**



6

**B. A summary Strategic Results Framework chart**

OBJECTIVE / RESULTS	INDICATORS
<b>SO #1 Expanded Private Sector Economic Opportunities</b>	-- Labor force fully employed (male and female) -- Average daily wage (total and male) -- Private sector revenue
<b>IR 1.1 <u>Increased Access to Financial Services by the Private Sector</u></b>	-- Number of outstanding private sector loans provided through formal financial sector institutions -- Private sector credit provided through formal financial sector insitutions -- Private sector credit going to the smallest firms
<b>R 1.1.1 Increased Sustainability of Micro Enterprise Finance Programs</b>	-- Costs recovered under micro enterprise finance programs -- Micro enterprise finance program capital resources derived from non-donor sources
<b>R 1.1.2 Expanded Credit from Micro Enterprise Finance Programs</b>	-- Loans from micro enterprise finance programs -- Micro enterprises receiving credit from micro enterprise finance programs -- Bank branches offering micro enterprise credit programs
<b>IR 1.2 <u>Increased Access to Markets by the Industrial Sector</u></b>	-- Industrial sales --or-- value added -- Industrial exports
<b>R 1.2.1 Market Information Available to Firms</b>	-- Number of businesses using the INTERNET to obtain market information -- Exports by assisted firms -- Contracts directly related to marketing assistance -- Value of contracts directly related to marketing assistance

OBJECTIVE / RESULTS	INDICATORS
<b>R 1.2.2</b> Industrial Zones Operating	-- Industrial zone production shipments -- Industrial zone employment
<b>IR 1.3</b> <u>Enhanced Productivity of the Industrial Sector</u>	-- Value added per employee in the industrial sector
<b>R 1.3.1</b> Business Skills Strengthened	-- Number of assisted firms receiving ISO 9000 certification -- Number of employees in ISO 9000 certified firms -- Capacity utilization by assisted firms -- Employment in assisted firms
<b>R 1.3.2</b> Vocational Skills Enhanced	-- Income of training recipients -- Training recipients employed -- Number of new jobs created
<b>IR 1.4</b> <u>Appropriate Policy Framework for Private Sector Development Created</u>  <i>(See the Illustrative List of Reforms)</i>	-- Private sector investment
<u>Comprehensive Legal Framework for Intellectual Property Rights Established</u> <i>(Illustrative Only)</i>	-- Study of the current law and alternative legal models from abroad -- Law developed (written) -- Law enacted by appropriate legislative body -- Implementing rules and regulations published

OBJECTIVE / RESULTS	INDICATORS
<p><u>Internationally Accepted Accounting and Auditing Standards Established</u> (<i>Illustrative Only</i>)</p>	<ul style="list-style-type: none"> <li>-- Study of the current practices in relation to international standards</li> <li>-- Establishment of oversight authority</li> <li>-- Palestinian standards developed (written)</li> <li>-- Implementing rules and regulations published</li> <li>-- Application undertaken by established oversight authority</li> </ul>
<p><i>Illustrative List of Reforms</i></p> <ul style="list-style-type: none"> <li>*Comprehensive legal framework for intellectual property rights established</li> <li>*Moderized law on business associations adopted</li> <li>*Internationally accepted accounting and auditing standards established in law</li> <li>*Custom/trade reform</li> <li>*Tax reform</li> <li>*Palestinian Trust Law established to determine legal fiduciary responsibility</li> </ul>	

**C. A set of ANE (R4) Performance Data Tables, one for each indicator**

## PERFORMANCE DATA TABLE

<b>USAID/WEST BANK and GAZA</b>		Date/Month SO approved: <b>4/96</b>			
<b>STRATEGIC OBJECTIVE 1:</b> Expanded Private Sector Economic Opportunities					
<b>Indicator (a):</b> <i>Proportion of labor force fully employed, male and female</i>					
<b>Unit of Measure:</b> Percent		<b>Year</b>	<b>Planned</b>	<b>Actual</b>	
<b>Source:</b> Palestinian Central Bureau of Statistics, Labour Force Survey Reports; World Bank data bank; and Palestinian Economic Policy Research Institute (MAS) indicators report.	<b>Baseline</b>	1996	M: 55% F: 73%	M: 54.7% F: 72.6%	
<p><b>Comments:</b> The labor force includes those aged 15 and over who are either employed or seeking employment. Fully employed includes those working 35 hours a week or more. The percentage of the female labor force fully employed is higher than the rate for males. However, female labor force participation rates are lower (12.6% vs. 70.1%). While private sector employment may be a preferred indicator, data are only available for 1994 from the PCBS Establishment Census. Once establishment survey data become available, a private sector employment indicator may be feasible. Employment data are also included in the World Bank economic model and data base and the Palestinian Economic Policy Research Institute (MAS) Indicators Reports. The World Bank data should be more timely, but these will be only estimates or projections, and hence need to be replaced by more reliable estimates as they become available from the World Bank and PCBS. MAS Indicators Reports may provide PCBS estimates on employment before they are published by PCBS.</p>		1997	M: 56% F: 74%		
		1998	M: 57% F: 75%		
		1999	M: 58% F: 76%		
	<b>Target</b>	2000	M: 59% F: 76%		
<b>Responsible Office/Staff Person:</b> OPE/Brad Wallach					

11

## PERFORMANCE DATA TABLE

USAID/WEST BANK and GAZA		Date/Month SO approved: 96		4/96	
<b>STRATEGIC OBJECTIVE 1: Expanded Private Sector Economic Opportunities</b>					
<b>Indicator (b):</b> <i>Average daily wage, total and males</i>					
<b>Unit of Measure:</b> U.S. Dollars			<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> Palestinian Central Bureau of Statistics (PCBS) Labour Force Survey Reports and Israeli Statistical Abstract		<b>Baseline</b>	1996		T: \$15.81 M: \$ 15.81
<b>Comments:</b> The reported nominal NIS average daily wage is converted to U.S. dollars using the Shekel-dollar exchange rate (reported in the Israeli Statistical Abstract). Wage data may also be obtained from the World Bank and the Palestinian Economic Policy Research Institute (MAS) Indicator Reports. Wage data are published for the all or total employees (T) and male employees (M).			1997	T: \$17 M: \$18	
			1998	T: \$18 M: \$19	
			1999	T: \$19 M: \$20	
		<b>Target</b>	2000	T: \$20 M: \$21	
<b>Responsible Office/Staff Person:</b> OPE/Brad Wallach					

12

## PERFORMANCE DATA TABLE

USAID/WEST BANK and GAZA		Date/Month SO approved: 4/96		
<b>STRATEGIC OBJECTIVE 1:</b> Expanded Private Sector Economic Opportunities				
<b>Indicator (c):</b> <i>Private Sector Revenue or Value Added</i>				
<b>Unit of Measure:</b> Percent Change of Real NIS Values		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> Palestinian Central Bureau of Statistics, Establishment Surveys for 1994 and planned follow-on surveys; World Bank data bank and model; and/or Palestinian Economic Policy Research Institute (MAS) Economic Monitoring Unit Data	<b>Baseline</b>	1994	TBD	TBD
<p><b>Comments:</b> PCBS surveys of Industry, Internal Trade, Services, and Construction should provide over 90% coverage of the private sector and should be used for these indicators. The surveys for 1994 are to be published beginning in November 1996 and hence should provide the needed baseline for 1994. The surveys for 1995 are planned to be completed around March 1997. It is possible that surveys for 1996 will be completed later in 1997. Nominal values need to be converted into real values using the Wholesale Price Index (WPI) or Implicit Price Deflator (IPD) which are published in the Israeli Statistical Abstract. Percentage changes should be calculated using real values. Percent change of economy-wide indicators are normally preferred, especially when readers are not familiar with the WB/G economy.</p> <p>MAS may be able to obtain the above data prior to PCBS publication of the data. The World Bank may also be able to provide provisional estimates and projections of these indicators. World Bank data should already be in real terms.</p>		1995	4% increase	
		1996	4% increase	
		1997	4% increase	
		1998	4% increase	
		1999	4% increase	
	<b>Target</b>	2000	4% increase	
<b>Responsible Office/Staff Person:</b> OPE/Brad Wallach				

13

## PERFORMANCE DATA TABLE

<b>USAID/WEST BANK and GAZA</b>	Date/Month SO approved:	4/96		
<b>INTERMEDIATE RESULT 1.1 : Increased Access to Financial Services by the Private Sector</b>				
<b>Indicator (a):</b> <i>Number of Outstanding private sector loans provided through formal financial sector institutions</i>				
<b>Unit of Measure:</b> Percentage change		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> Palestinian Central Bureau of Statistics (PCBS) financial sector reports	<b>Baseline</b>	1996		0
		1997	+ 5%	
<b>Comments:</b> The PCBS, in cooperation with the Palestinian Monetary Authority (PMA) the has plans to conduct annual financial sector surveys and produce reports based on those surveys. These reports will provide total private sector credit reflecting loans from the formal financial sector to private sector firms. PCBS officials expect these data to be available in early 1997 and to be updated annually thereafter. USAID will be able to establish a baseline and set targets following the availability of this first report. 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. Formal financial sector institutions are defined as those institutions that fall under PMA oversight. These currently includes 12 commercial banks now licensed to operate in the West Bank and Gaza. In the future, formal financial sector institutions could include other organizations involved in lending to the public such as savings and loans associations or credit unions.		1998	+10%	
		1999	+10%	
<b>Responsible Office/Staff Person:</b> OPE/Brad Wallach	<b>Target</b>	2000	+10%	

14

## PERFORMANCE DATA TABLE

<b>USAID/WEST BANK and GAZA</b>		Date/Month SO approved:		4/96	
<b>INTERMEDIATE RESULT 1.1: Increased Access to Financial Services by the Private Sector</b>					
<b>Indicator (b):</b> <i>Private sector credit provided through formal financial sector institutions</i>					
<b>Unit of Measure:</b> Dollar value (millions)		<b>Year</b>	<b>Planned</b>	<b>Actual</b>	
<b>Source:</b> Palestinian Central Bureau of Statistics (PCBS) financial sector reports	<b>Baseline</b>	1996			
		1997			
<p><b>Comments:</b> The PCBS, in cooperation with the Palestinian Monetary Authority (PMA), will conduct financial sector surveys and produce reports based on those surveys. These reports will provide a total private sector credit figure reflecting loans from commercial banks to private sector firms. PCBS officials expect these data to be available in early 1997 and to be updated annually thereafter. USAID will be able to establish a baseline and set targets following the availability of this first report. 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 of that growth. Formal financial sector institutions are defined as those institutions that fall under PMA oversight. These currently includes 12 commercial banks now licensed to operate in the West Bank and Gaza. In the future, formal financial sector institutions could include other organizations involved in lending to the public such as savings and loan associations or credit unions.</p>		1998			
		1999			
	<b>Target</b>	2000			
<b>Responsible Office/Staff Person:</b> OPE/Brad Wallach					

15

## PERFORMANCE DATA TABLE

<b>USAID/WEST BANK and GAZA</b>		Date/Month SO approved: <b>4/96</b>	
<b>INTERMEDIATE RESULT 1.1:</b> Increased Access to Financial Services by the Private Sector			
<b>Indicator (c):</b> <i>Private Sector Credit Going to the Smallest Firms</i>			
<b>Unit of Measure:</b> Percentage		<b>Year</b>	<b>Planned</b>
<b>Source:</b> Palestinian Central Bureau of Statistics (PCBS) financial sector reports	<b>Baseline</b>	1996	
<p><b>Comments:</b> Currently there is no available data to measure this indicator. However, PCBS plans to conduct a survey together with the Ministry of Labor to measure the impact of micro enterprise lending and, with USAID financial assistance, may add this indicator to the survey. The survey should be completed by January/February 1997 and will provide baseline data for this indicator. Since PCBS does not plan to complete the micro enterprise survey on an annual basis, this indicator should be included in future financial sector surveys to provide USAID with a continuing measure. Definition of the category "smallest firms" has yet to be determined for the survey. This indicator, when used in conjunction with the others at the IR level, will provide USAID with a sense of overall growth in private sector lending and the micro enterprise share of that growth. The formal financial sector is defined as all institutions operating under oversight of the Palestinian Monetary Authority.</p> <p><b>Responsible Office/Staff Person:</b> OPE/Brad Wallach</p>		1997	
		1998	
		1999	
	<b>Target</b>	2000	

16

## PERFORMANCE DATA TABLE

<b>USAID/WEST BANK and GAZA</b>		Date/Month SO approved: <b>4/96</b>		
<b>RESULT 1.1.1: Increased Sustainability of Micro Enterprise Finance Programs</b>				
<b>Indicator (a):</b> <i>Costs recovered under micro finance programs</i>				
<b>Unit of Measure:</b> Percentage		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> USAID project and other donor reporting	<b>Baseline</b>	1996		36% (estimate)
<p><b>Comments:</b> This information is not collected on an economy-wide basis. Since USAID grantees and other donor programs comprise almost all of the micro finance lending currently being done in the West Bank and Gaza, an indicator compiled from such programs serves as a reasonable measure of progress. This indicator is an average calculated from cost recovery data provided through project and other donor reporting. Total cost recovery reflects all the costs associated with establishing the program and leading to it becoming self-sufficient including: cost of capital (e.g.; prime bank rate), technical assistance and training costs as well as standard operating costs.</p> <p><b>Responsible Office/Staff Person:</b> OPE/Brad Wallach</p>		1997	40%	
		1998	60%	
		1999	75%	
	<b>Target</b>	2000	100%	

17

## PERFORMANCE DATA TABLE

<b>USAID/WEST BANK and GAZA</b>		Date/Month SO approved:		4/96	
<b>RESULT 1.1.1: Increased Sustainability of Micro Enterprise Finance Programs</b>					
<b>Indicator (b):</b> <i>Micro enterprise finance program capital resources derived from non-donor sources</i>					
<b>Unit of Measure:</b> Percentage		<b>Year</b>	<b>Planned</b>	<b>Actual</b>	
<b>Source:</b> USAID project and other donor reporting	<b>Baseline</b>	1996			
<p><b>Comments:</b> This information is not collected on an economy-wide basis. Since USAID grantees and other donor programs comprise almost all of the micro enterprise lending currently being done in the West Bank and Gaza, an indicator compiled from these programs serves as a reasonable measure of progress. This indicator is an average calculated from capital source data provided through project and other donor reporting. It reflects the amount of loan money being raised by deposits, commercial loans, etc. and considers reflows to be from the source of original capital.</p>		1997	10%		
		1998	25%		
		1999	50%		
	<b>Target</b>	2000	70%		
<b>Responsible Office/Staff Person:</b> OPE/Brad Wallach					

18

## PERFORMANCE DATA TABLE

<b>USAID/WEST BANK and GAZA</b>		Date/Month SO approved:		4/96
<b>RESULT 1.1.2: Expanded Credit from Micro Enterprise Finance Programs</b>				
<b>Indicator (a):</b> <i>Loans from micro enterprise finance programs</i>				
<b>Unit of Measure:</b> U.S. Dollar value		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> Palestinian Central Bureau of Statistics (PCBS) micro enterprise survey and USAID project and other donor reporting	<b>Baseline</b>	1996		
		1997		
<b>Comments:</b> The indicator will be compiled from total outstanding loan values reported by each of the USAID project grantees and other donors involved in micro-credit programs. USAID Grantees with micro enterprise credit programs include: Save the Children, UNRWA and YMCA. Other donors programs include: UNRWA, CARE, ANERA, Arab Development Credit Corp., Cooperation for Development and the Economic Development Group. PCBS plans to conduct a survey of micro enterprise lending to be completed early in 1997. Baseline data will be available from this source. It is possible PCBS or the Palestinian Monetary Authority may continue to track this indicator as part of their annual financial surveys in which case that will serve as the source of the data.		1998		
		1999		
<b>Responsible Office/Staff Person:</b> OPE/Brad Wallach	<b>Target</b>	2000		

19

## PERFORMANCE DATA TABLE

<b>USAID/WEST BANK and GAZA</b>		Date/Month SO approved: <b>4/96</b>		
<b>RESULT 1.1.2: Expanded Credit from Micro Enterprise Finance Programs</b>				
<b>Indicator (b):</b> <i>Micro enterprises receiving credit from micro enterprise finance programs</i>				
<b>Unit of Measure:</b> Number		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> Palestinian Central Bureau of Statistics (PCBS) micro enterprise survey and USAID project and other donor reporting	<b>Baseline</b>	1996		
<p><b>Comments:</b> The indicator will be compiled from total loan recipient numbers reported by each of the USAID project grantees and other donors involved in micro-credit programs. USAID Grantees with micro enterprise credit programs include: Save the Children, YMCA and UNRWA. Other donors with active programs include: UNRWA, CARE, ANERA, Arab Development Credit Corp., Cooperation for Development and the Economic Development Group. It is possible PCBS or the Palestinian Monetary Authority may continue to track this indicator as part of their annual financial surveys, providing comprehensive data with which to monitor this indicator.</p> <p><b>Responsible Office/Staff Person:</b> OPE/Brad Wallach</p>		1997		
		1998		
		1999		
	<b>Target</b>	2000		

10

## PERFORMANCE DATA TABLE

<b>USAID/WEST BANK and GAZA</b>		Date/Month SO approved: <b>4/96</b>		
<b>RESULT 1.1.2: Expanded Credit from Micro Enterprise Finance Programs</b>				
<b>Indicator (c):</b> <i>Bank branches offering micro enterprise credit programs</i>				
<b>Unit of Measure:</b> Number		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> Palestinian Central Bureau of Statistics (PCBS) financial sector reports	<b>Baseline</b>	1996		
<p><b>Comments:</b> Currently there is no consistent source of data to measure this indicator. However, the PCBS plans to conduct a survey together with the Ministry of Labor to measure the impact of micro enterprise lending and, with USAID financial assistance, can add this indicator to the survey. The survey should be completed by January/February 1997 and will provide baseline data for this indicator. While PCBS does not plan to complete the micro enterprise survey on an annual basis, this question should be included in future financial sector surveys thus providing USAID with a continuing measure. The indicator is intended as a simple measure of how involved the formal banking sector is with micro enterprise lending.</p>		1997		
		1998		
		1999		
	<b>Responsible Office/Staff Person:</b> OPE/Brad Wallach	<b>Target</b>	2000	

21

## PERFORMANCE DATA TABLE

<b>USAID/WEST BANK and GAZA</b>		Date/Month SO approved: 4/96			
<b>INTERMEDIATE RESULT 1.2 : Increased Access to Markets by the Industrial Sector</b>					
<b>Indicator (a): Industrial Sales or Value Added</b>					
<b>Unit of Measure:</b> Percentage Change of real NIS values.		<b>Year</b>	<b>Planned</b>	<b>Actual</b>	
<b>Source:</b> Palestinian Central Bureau of Statistic (PCBS) Establishment Surveys, World Bank, and Palestinian Economic Policy Research Institute (MAS).	<b>Baseline</b>	1994	TBD	TBD	
<p><b>Comments:</b> PCBS plans to publish its establishment survey of Industry in November 1996. This will provide a baseline for 1994 in nominal value terms. The World Bank and/or MAS may be able to supply updated estimates and projections for 1995 and 1996. If these are nominal values, they will need to be converted to real values using the wholesale price index (WPI) or Implicit Price Deflator (IPD). The percentage change between real values would then need to be calculated. Percent change is preferred as an economy-wide indicator in most cases. Absolute values are meaningless to those not familiar with the West Bank/ Gaza economy.</p>		1995	4% increase		
		1996	4% increase		
		1997	4% increase		
		1998	4% increase		
		1999	4% increase		
	<b>Target</b>	2000	4% increase		
<b>Responsible Office/Staff Person:</b> OPE/Brad Wallach					

## PERFORMANCE DATA TABLE

USAID/WEST BANK and GAZA

Date/Month SO approved:

4/96

### INTERMEDIATE RESULT 1.2: Increased Access to Markets by the Industrial Sector

**Indicator (b):** Industrial Exports

**Unit of Measure:** Percentage Change of Real Value

**Source:** Palestinian Central Bureau of Statistics (PCBS) Industrial Surveys, World Bank and Palestinian Economic Policy Research Institute (MAS).

**Comments:** Publication of the PCBS Industrial Survey is planned for November 1996. Completion of the survey for 1995 is planned for March 1997 and the 1996 survey may be completed in late 1997. More recent estimates and projections for 1995 and 1996 and beyond may be available from the World Bank data bank and MAS Indicators Reports. Nominal values need to be deflated by the Wholesale Price Index or GDP Implicit Price Deflator. Percent change is preferred for those readers not familiar with the West Bank/Gaza economy.

**Responsible Office/Staff Person:** OPE/Brad Wallach

	Year	Planned	Actual
<b>Baseline</b>	1994		TBD
	1995	4%	
	1996	5%	
	1997	6%	
	1998	7%	
	1999	8%	
<b>Target</b>	2000	9%	

## PERFORMANCE DATA TABLE

<b>USAID/WEST BANK and GAZA</b>		Date/Month SO approved:		4/96
<b>RESULT : 1.2.1 Market Information Available to Firms</b>				
<b>Indicator (a):</b> Number of businesses using the INTERNET to obtain market information				
<b>Unit of Measure:</b> Number of businesses		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> DAI Small Business Support Project	<b>Baseline</b>	1995		
<p><b>Comments:</b> This information will be collected by the project as part of its internal implementation monitoring system. As a tool for communication and market information, the INTERNET has the potential to play a particularly significant role in the West Bank and Gaza because of the frequent restrictions on flows of goods, services and information imposed by Israeli authorities. At present, use of the INTERNET is extremely limited. Working through chambers of commerce and other business associations, the SBSP's installation and training program has begun to address this limitation. <i>The SBSP is exploring the possibility of providing data to measure this indicator. The project will respond to USAID and potentially furnish USAID with a draft baseline and provisional targets. If this indicator proves unmeasurable, an alternative is provided on the next page.</i></p>		1996		
		1997		
		1998		
		1999		
		<b>Target</b>	2000	
<b>Responsible Office/Staff Person:</b> OPE/Brad Wallach				

24

## PERFORMANCE DATA TABLE

<b>USAID/WEST BANK and GAZA</b>		Date/Month SO approved:		4/96	
<b>RESULT 1.2.1: Market Information Available to Firms</b>					
<b>Alternative Indicator (a):</b> Number of business associations and other organizations using the INTERNET to provide market information services to businesses					
<b>Unit of Measure:</b> Number of business associations			<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> DAI Small Business Support Project		<b>Baseline</b>	1995	0	
<b>Comments:</b> This information will be collected by the project as part of its internal implementation monitoring system. As a tool for communication and market information, the INTERNET has the potential to play a particularly significant role in the West Bank and Gaza because of the frequent restrictions on flows of goods, services and information imposed by Israeli authorities. At present, use of the INTERNET is extremely limited. Working through chambers of commerce and other business associations, the SBSP's installation and training program has begun to address this limitation.			1996	12	
			1997	17	
			1998	22	
			1999	24	
<b>Responsible Office/Staff Person:</b> OPE/Brad Wallach		<b>Target</b>	2000		

## PERFORMANCE DATA TABLE

<b>USAID/WEST BANK and GAZA</b>		Date/Month SO approved:		4/96
<b>RESULT 1.2.1: Market Information Available to Firms</b>				
<b>Indicator (b):</b> Exports of assisted firms				
<b>Unit of Measure:</b> Average annual change expressed as a percentage		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> DAI Small Business Support Project (SBSP)	<b>Baseline</b>	1995	0	
<b>Comments:</b>  This key indicator will be measured on a yearly basis by the SBSP's client survey. The tendency of firms to misrepresent figures with potential tax implications will be controlled for by cross-checks performed by the SBSP's project managers who work with the firms on a daily basis.		1996	5%	
		1997	5%	
		1998	5%	
		1999	5%	
<b>Responsible Office/Staff Person:</b> OPE/Brad Wallach	<b>Target</b>	2000		

## PERFORMANCE DATA TABLE

<b>USAID/WEST BANK and GAZA</b>		Date/Month SO approved:		4/96
<b>RESULT 1.2.1: Market Information Available to Firms</b>				
<b>Indicator (c):</b> Number of contracts directly related to marketing assistance				
<b>Unit of Measure:</b> Number		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> DAI Small Business Support Project (SBSP)	<b>Baseline</b>	1995		
<b>Comments:</b> This indicator will be measured on a yearly basis by the SBSP's client survey. Relationships between SBSP assistance and contracts will be established through a qualitative interview process. <i>The SBSP will furnish USAID with a draft baseline and provisional targets in November of 1996.</i>		1996		
		1997		
		1998		
		1999		
<b>Responsible Office/Staff Person:</b> OPE/Brad Wallach	<b>Target</b>	2000		

27

## PERFORMANCE DATA TABLE

<b>USAID/WEST BANK and GAZA</b>		Date/Month SO approved:		4/96
<b>RESULT 1.2.1: Market Information Available to Firms</b>				
<b>Indicator (d):</b> <i>Value of contracts directly related to marketing assistance</i>				
<b>Unit of Measure:</b> Percentage change in value		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> DAI Small Business Support Project (SBSP) Client Survey	<b>Baseline</b>	1995		
<b>Comments:</b> The tendency of firms to misrepresent figures with potential tax implications will be controlled for by cross-checks performed by the SBSP's project managers who work with the firms on a daily basis. It may be better to have firms place contract values within one of a set of ranges of value and use this information to approximate actual values. <i>The SBSP will furnish USAID with a draft baseline and provisional targets in November of 1996.</i>		1996		
		1997		
		1998		
		1999		
<b>Responsible Office/Staff Person:</b> OPE/Brad Wallach	<b>Target</b>	2000		

88

## PERFORMANCE DATA TABLE

<b>USAID/WEST BANK and GAZA</b>		Date/Month SO approved: <b>4/96</b>	
<b>RESULT 1.2.2: Industrial Zones Operating</b>			
<b>Indicator (a): Industrial Zones Production Shipments</b>			
<b>Unit of Measure:</b> U.S. Dollars (millions)		<b>Year</b>	<b>Planned</b>
	<b>Baseline</b>	1996	0
		1997	0
<b>Source:</b> Industrial Zone Authority		1998	\$50
<b>Comments:</b> Dollar value is preferable, but the real value of local currency would be acceptable. USAID will negotiate this reporting requirement with the Industrial Zone Authority.		1999	\$150
	<b>Target</b>	2000	\$400
<b>Responsible Office/Staff Person:</b> OPE/Brad Wallach			

29

## PERFORMANCE DATA TABLE

<b>USAID/WEST BANK and GAZA</b>		Date/Month SO approved: <b>4/96</b>		
<b>RESULT 1.2.2: Industrial Zones Operating</b>				
<b>Indicator (b): <i>Industrial Zones Employment</i></b>				
<b>Unit of Measure:</b> Number of Full-Time Equivalent Employees at end of year.		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
	<b>Baseline</b>	1996	0	
		1997	0	
<b>Source:</b> Industrial Zone Authority		1998	2000	
<b>Comments:</b> USAID will negotiate reporting of this indicator with the Industrial Zone Authority.		1999	6000	
<b>Responsible Office/Staff Person:</b> OPE/Brad Wallach				
	<b>Target</b>	2000	10000	

30

## PERFORMANCE DATA TABLE

<b>USAID/WEST BANK and GAZA</b>		Date/Month SO approved: 4/96			
<b>INTERMEDIATE RESULT 1.3: Enhanced Productivity of the Industrial Sector</b>					
<b>Indicator (a):</b> <i>Value Added Per Employee in the Industrial Sector</i>					
<b>Unit of Measure:</b> Percentage Change in Real NIS		<b>Year</b>	<b>Planned</b>	<b>Actual</b>	
<b>Source:</b> Palestinian Central Bureau of Statistics (PCBS) Industrial Surveys, World Bank and Palestinian Economic Policy Research Institute (MAS)	<b>Baseline</b>	1994	TBD		
<p><b>Comments:</b> The PCBS Industrial Survey, planned for publication in November 1996, should provide data on industrial value added and employment for the 1994 base year. The PCBS industrial survey is expected to be completed March 1997 and should provide the data for 1995. Data for 1996 may be available in late 1997. Value added should be divided by industrial employment to obtain value added per employee. Percentage change should then be deflated by the change in the wholesale price index or the GDP implicit price deflator to obtain the percent change in real terms.</p> <p>The World Bank and MAS may be able to provide more recent estimates and projections of these indicators.</p>		1995	1%		
		1996	1%		
		1997	1%		
		1998	1%		
		1999	1%		
	<b>Target</b>	2000	1%		
<b>Responsible Office/Staff Person:</b> OPE/Brad Wallach					

51

## PERFORMANCE DATA TABLE

<b>USAID/WEST BANK and GAZA</b>		Date/Month SO approved:		4/96
<b>RESULT 1.3.1: Business skills strengthened</b>				
<b>Indicator (a):</b> <i>Number of assisted firms receiving ISO 9000 certification</i>				
<b>Unit of Measure:</b> Total number of firms		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> DAI Small Business Support Project (SBSP)	<b>Baseline</b>	1995	0	
<b>Comments:</b> The ISO 9000 certification process is rigorous and time-consuming. It involves retooling firms' production, management and marketing systems consistent with the philosophy and practice of total quality management (TQM). ISO 9000 certification brings with it enhanced access to information and export markets. 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.		1996	0	
		1997	6	
		1998	12	
		1999	15	
<b>Responsible Office/Staff Person:</b> OPE/Brad Wallach	<b>Target</b>	2000		

52

## PERFORMANCE DATA TABLE

<b>USAID/WEST BANK and GAZA</b>		Date/Month SO approved:		4/96
<b>RESULT 1.3.1:</b> Business skills strengthened				
<b>Indicator (b):</b> <i>Number of employees in ISO 9000 certified firms</i>				
<b>Unit of Measure:</b> Number		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> DAI Small Business Support Project (SBSP)	<b>Baseline</b>	1995	0	
<p><b>Comments:</b> The ISO 9000 certification process is rigorous and time-consuming. It involves retraining firm's employees such that production, management and marketing systems are consistent with the philosophy and practice of total quality management (TQM). Because it is expected that the firms certified over the next five years, though few in number, will represent a majority of the largest firms operating in the West Bank and Gaza, employment figures will provide a sense of the impact of ISO 9000 certification. <i>The SBSP will furnish USAID with a draft baseline and provisional targets in November of 1996.</i></p>		1996	0	
		1997		
		1998		
		1999		
<b>Responsible Office/Staff Person:</b> OPE/Brad Wallach	<b>Target</b>	2000		

## PERFORMANCE DATA TABLE

<b>USAID/WEST BANK and GAZA</b>		Date/Month SO approved:		4/96
<b>RESULT 1.3.1: Business skills strengthened</b>				
<b>Indicator (c): <i>Capacity utilization by assisted firms</i></b>				
<b>Unit of Measure:</b> Percentage of existing capacity utilized		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> DAI Small Business Support Project (SBSP) Client Survey	<b>Baseline</b>	1995	30%	
<b>Comments:</b> Capacity utilization is an imperfect measure of strengthened business skills. However, this measure has been collected by the SBSP since the inception of the project and data are considered to be of good quality. Sales or profits would be a more <i>direct measure of business development</i> but such data are difficult to collect and unreliable because of their potential tax implications and the prevailing business culture.		1996	35%	
		1997	40%	
		1998	45%	
		1999	50%	
<b>Responsible Office/Staff Person:</b> OPE/Brad Wallach	<b>Target</b>	2000		

24

## PERFORMANCE DATA TABLE

<b>USAID/WEST BANK and GAZA</b>		Date/Month SO approved:		4/96
<b>RESULT 1.3.1: Business skills strengthened</b>				
<b>Indicator (d): Employment in assisted firms</b>				
<b>Unit of Measure:</b> Annual percentage change		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> DAI Small Business Support Project (SBSP) Client Survey	<b>Baseline</b>	1995	0	
<b>Comments:</b> Change in employment is an imperfect measure of strengthened business skills. However, this measure has been collected by the SBSP since the inception of the project and data are considered to be of good quality. Sales or profits would be a more direct measure of business development but such data are difficult to collect and unreliable because of their potential tax implications and the prevailing business culture.		1996	5% increase	
		1997	5% increase	
		1998	5% increase	
		1999	5% increase	
<b>Responsible Office/Staff Person:</b> OPE/Brad Wallach	<b>Target</b>	2000		

5/96

## PERFORMANCE DATA TABLE

<b>USAID/WEST BANK and GAZA</b>		Date/Month SO approved:		4/96
<b>RESULT 1.3.2: Vocational Skills Enhanced</b>				
<b>Indicator (a): <i>Income of new training recipients</i></b>				
<b>Unit of Measure:</b> Percentage change one year after training		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> YMCA Small Enterprise Development and Job Opportunities in the West Bank and Gaza Project	<b>Baseline</b>	1995	55%	
<b>Comments:</b> This indicator is measured by YMCA's yearly back tracer study. Data are judged to be of good quality.		1996	55%	
		97	55%	
		1998	55%	
		1999		
	<b>Responsible Office/Staff Person:</b> OPE/Brad Wallach	<b>Target</b>	2000	

36

## PERFORMANCE DATA TABLE

<b>USAID/WEST BANK and GAZA</b>		Date/Month SO approved:		4/96
<b>RESULT 1.3.2: Vocational Skills Enhanced</b>				
<b>Indicator (b): <i>Training recipients employed</i></b>				
<b>Unit of Measure:</b> Percentage of training recipients employed full-time after one year		<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> YMCA Small Enterprise Development and Job Opportunities in the West Bank and Gaza Project	<b>Baseline</b>	1995	94%	
<b>Comments:</b> This indicator is measured by YMCA's yearly back tracer study. Data are judged to be of good quality.		1996	94%	
		1997	94%	
		1998	94%	
		1999		
<b>Responsible Office/Staff Person:</b> OPE/Brad Wallach	<b>Target</b>	2000		

## PERFORMANCE DATA TABLE

<b>USAID/WEST BANK and GAZA</b>		Date/Month SO approved:		4/96	
<b>RESULT 1.3.2: Vocational Skills Enhanced</b>					
<b>Indicator (c):</b> <i>Number of new jobs created</i>					
<b>Unit of Measure:</b> Number			<b>Year</b>	<b>Planned</b>	<b>Actual</b>
<b>Source:</b> YMCA Small Enterprise Development and Job Opportunities in the West Bank and Gaza Project		<b>Baseline</b>	1995	207	
			1996	387	517
<b>Comments:</b> This indicator is measured by YMCA's yearly back tracer study. New jobs are created through microenterprise machinery rental assistance and the employment of training recipients by the firms where trained. Data are judged to be of good quality			1997	687	
			1998	1027	
			1999		
<b>Responsible Office/Staff Person:</b>		<b>Target</b>	2000		

## PERFORMANCE DATA TABLE

USAID/WEST BANK and GAZA

Date/Month SO approved:

4/96

### INTERMEDIATE RESULT 1 .4: Appropriate Policy Framework for Private Sector Development

**Indicator (a):** *Private Sector Investment*

**Unit of Measure:** Percentage Increase of Real Value

**Source:** Palestinian Central Bureau of Statistics (PCBS), World Bank, and Palestinian Economic Policy Research Institute (MAS)

**Comments:** An improved policy framework should produce an increase in private sector investment, provided external political and security events have not disrupted private sector expectations. Percent increase in real investment requires deflation of nominal values by the wholesale price index or GDP implicit price deflator (available in the Israeli Statistical Abstract). PCBS is expected to produce 1994 estimates of this indicator by early 1997. The World Bank and/or MAS may be able to provide 1994, 1995 and 1996 estimates and projections for later years in early 1997.

**Responsible Office/Staff Person:** OPE/Brad Wallach

	Year	Planned	Actual
<b>Baseline</b>	1994	5%	
	1995	5%	
	1997	6%	
	1998	7%	
	1999	8%	
<b>Target</b>	2000	9%	

## **II. Review of Data Sources**

This paper provides a review and summary of economic data relevant to USAID/West Bank and Gaza's performance monitoring system for the Mission's economic growth strategic objective (S.O. 1). The paper includes a comprehensive listing of sources of relevant data, accessibility of data series, an assessment of data quality and reliability, and contact persons. Sources of relevant data reviewed below include official economy-wide data, international aid agencies, the private sector, NGOs and donor development projects.

Economic time-series data are the most relevant for USAID's S.O. 1 performance monitoring system. Time-series data on the West Bank and Gaza (WB/G) are available from a limited number of sources. The primary data source up until 1993 was the Israeli Central Bureau of Statistics (ICBS). The Palestinian Central Bureau of Statistics (PCBS) has since taken on official responsibilities for WB/G data generation, coordination and publication. The World Bank (WB) and the United Nations Conference on Trade and Development (UNCTAD) both have large data banks that primarily rely on ICBS and PCBS data. Palestinian Monetary Authority (PMA) financial sector data and Ministry of Finance fiscal data are produced with the assistance of the International Monetary Fund (IMF). The United Nations Special Coordinator in the Occupied Territories (UNSCO) conducts macroeconomic assessments using the most timely data sources available. The economists with the U.S. Embassy and Consulate General are both excellent sources of economic data and quality assessments of the WB/G economy.

The Palestinian Economic Policy Research Institute (MAS) is a high quality private research center which soon plans to publish timely economic indicators reports. The Israel/Palestine Center for Research and Information (IPCRI) focuses on legal and regulatory issues affecting private sector development. The Center for Palestinian Research and Studies (CPRS) supports a broad range of research and constructive private-public sector dialogue. The Federation of Palestinian Chambers of Commerce, Industry and Agriculture (FPCCIA), the umbrella organization for all chambers in the WB/G, recently conducted a survey of private sector enterprises.

NGO and donor sources reviewed include the DAI Small Business Support Project, the YMCA Small Enterprise Development and Economic Opportunities Project, Save the Children's Micro Enterprise Credit Project for Women, and UNRWA's Credit and Business Training Project.

### **A. Official Economy-Wide Data Sources**

Economy-Wide data are relevant for a number of USAID performance indicators. While USAID's program is primarily aimed at small and micro enterprises, in reality most of the WB/G economy is populated by small and micro enterprises. For example, of the 11, 559 industrial establishments in WB/G, some 90% are micro (1-9 employees), 9% are small (10-99 employees), while only 1% are medium (100 or more employees). The comparable statistics for all non-agriculture establishments show that 93% are micro enterprises, 5% are small, and 1.5% are medium. In addition, economy-wide data are generally more appropriate indicators to capture USAID activities or policy reforms which are broad in nature (e.g., market information dissemination through the media or chambers of commerce, change in business laws and regulations, etc.) However, the main difficulty with economy-wide data is the dominant influence of political and security measures such as closures by Israel. Most meaningful USAID project impact indicators are also dominated by political and

security events. The alternative of retreating to project output indicators is tempting, but of limited value. Attempting to isolate USAID program impacts by surveying assisted and non-assisted control groups is not likely to demonstrate significant impacts, given the diversity of USAID activities and policy measures which have economy-wide impacts. Hence, it is probably preferable for USAID to be well prepared to explain the effect of political and security events on the WB/G economy. Data on the number of Palestinians officially employed in Israel, the number days per year of closure, and the rate of growth of WB/G economy compared to that of Israel and Jordan could help to clarify the difficulties facing the WB/G economy.

The availability of reliable economy-wide data is much more limited than in most developing countries. Because of the very recent and ongoing partial transfers of governmental powers to the Palestinian Authority from the Israeli Government, and continuing political and security crises, many economy-wide data are not yet available. National accounts data are being developed, but are not yet available for 1994 and 1995. Hence, even the World Bank and IMF are forced to make provisional estimates. However, PCBS is making considerable progress with the survey data needed to generate more reliable national accounts. More reliable and timely data are expected to be available in the coming year.

A. Israeli Central Bureau of Statistics (ICBS): The Israeli government entrusted the ICBS with data collection, coordination and publication for the occupied territories beginning in 1967. Data collection in the WB/G was managed by the Civilian Administration. Economic time-series data generated included national accounts, employment and earnings by sector, unemployment, exports and imports, prices and tax revenue. ICBS data on the economy of the WB/G since 1993 has been limited to trade and fiscal data collected by Israeli government sources. The ICBS data are published in a chapter of the Statistical Abstract of Israel. More detailed and disaggregated data on WB/G are published by ICBS in Judea, Samaria and Gaza Area Statistics. Both reports are readily available in public libraries.

The data produced by ICBS have significant limitations due to the difficulties of data collection in the WB/G and its close economic ties to its neighbors. The Palestinian resistance to the Israeli military occupation beginning in 1987 (Intifada) and a large underground economy reportedly produced significant distortions. The long border with Jordan creates significant opportunities for unreported international economic transactions. In addition, the ICBS reports that the "free" movement of residents and goods and the close ties between the Israeli and West Bank/Gaza economies make it difficult to measure the volume of cross border transactions. Because of the lack of comprehensive statistics, some of the data are based on partial data and estimates. The reliability of the following items is especially low: imports and exports of goods and services from Israel; private consumption of good and services from Israel; payments to employees from WB/G working in Israel; consumption of services of non-profit institutions; and revenue from industry and construction data. Despite these limitations, the ICBS data was the only comprehensive data system until 1994.

B. Palestinian Central Bureau of Statistics (PCBS): According to the Statistical Law for Palestine, the PCBS is authorized to establish a comprehensive and unified statistical system, develop an integrated information system, and collect, analyze and disseminate statistical information, including data from other governmental agencies. The main areas of economic statistics to be produced include production, employment, revenue, value added, investment, balance of payments, and

national accounts for the main sectors of the economy, i.e., agriculture, industry, construction and services.

The PCBS acquired many of the Palestinian staff that had generated data under the Israeli Civilian Administration and currently has over 200 staff and several hundred part-time field survey interviewers. In addition, the PCBS has received technical assistance from the WB, IMF, UN, Germany, and other donors. PCBS is generally believed to be developing its data systems with a significant degree of professionalism. The data are considered to be of high quality and reliable.

PCBS publications were initiated in 1994 and some 50 reports have since been published. These include a wide array of demographic and socio-economic data. The most significant data developed relevant to USAID's needs are establishments and labor force data. All 64,490 non-agricultural establishments in WB/G were included in the 1994 Establishment Census. Establishments were asked questions about their location, main economic activity, age of firm, foreign participation, legal status and employment. The Census was designed to provide a statistically sound base for more detailed sample surveys of industry, services, internal trade and construction. These surveys are to generate annual estimates of production, employment, sales and exports, hours worked and electrical consumption. The reports on the 1994 Surveys are expected to be published beginning in November 1996. The 1995 surveys are planned for completion around March 1997. The 1996 survey may be conducted later in 1997.

Several labor force surveys have been conducted since 1995. The surveys provide statistically valid data by sex on labor force participation, employment, unemployment, underemployment, average weekly hours worked, average daily earnings, etc. The data are presented by sector, including the industrial sector. The most recent labor force survey conducted in April and May 1996 has already been published. Annual reports are expected to be available beginning in November.

The primary purpose of these data are to develop national accounts beginning with 1994. This has been only partially completed. Hence, reliable national accounts as available in most developing countries are not yet available for WB/G. Furthermore, because of the shift from Israeli to Palestinian sources beginning in 1994, including the shift to internationally approved methods of national accounts estimation, all time series data are of questionable quality. However, PCBS is building a large time-series data base which is a major source of data for the WB's macroeconomic data base and model.

PCBS is also developing plans to study NGO credit and small and micro enterprise development. This is to be a joint venture with the Ministry of Labor. They are seeking donor funding for this activity, probably around \$30,000. This study could provide USAID with part of the baseline data needed for monitoring its program, and also shed light on small and micro enterprise policy issues and potential reforms. USAID is encouraged to explore the feasibility of financing this study.

PCBS is also planning to conduct a formal financial sector study in cooperation with the Palestinian Monetary Authority (PMA). This study also may provide financial data needed for USAID's monitoring system. USAID's data requirements have been shared with PCBS and it is understood that these will be considered for inclusion in the study. USAID is encouraged to follow-up with PCBS. This is discussed further in Section III of this report.

Most PCBS reports cost \$5 to \$10. Special requests for data are responded to at no charge if the task is minor or actual cost if the task is more extensive. PCBS can do special surveys in response to donor requests. With a highly professional staff and a large cadre of field interviewers that only cost an estimated \$7 per day, PCBS should be considered as a prime candidate for possible USAID survey work. The PCBS contact person is Dr. Hazem Shunnar, Division Director, Economic Statistics, PCBS, Ramallah (Tel: 02-998-6340).

C. Ministry of Planning and International Cooperation (MOPIC): The Statistics Department of MOPIC in Gaza produces quarterly reports on Gaza employment, earnings, imports and exports, revenue and number of establishments by industrial sector. The professional staff were earlier employed by the Israeli Civilian Administration. They continue to utilize the same methodologies as used by the Israelis, which lack a reliable sampling frame. Hence, the quality and reliability of the data is judged to be relatively low. The Statistics Department staff in Gaza are expected to be soon transferred to PCBS. Yousif Al Tartour is head of the Statistics Department in Gaza (Tel: 07-829-144/5).

D. Palestinian Monetary Authority (PMA): Financial sector data are generated by the PMA with the assistance of the IMF. Consolidated banking data for WB/G are currently available, but they only include loan data broken out by loans for overdraft facilities, term loans, bills discounted, and other loans. Loans to the private sector and number of loans are not available currently available. However, Salam Fayyad, the IMF Resident Representative in Gaza (Tel:07-825-913) indicated that he would explore the feasibility of obtaining data on value of credit to the private sector for USAID.

E. Palestinian Ministry of Finance (PMF): The PMF generates public finance data, including government expenditures and revenue. VAT data could conceivably be used to estimate value added in the private sector and industrial sector. However, low tax compliance in WB/G may make these unreliable indicators of private sector value added. The IMF Resident Representative indicated he would explore the feasibility of obtaining VAT data for the industrial sector by firm size. Suleiman El-Aref is the PMF's Assistant Director General for International Relations (Tel: 07-825-964).

## **B. International Agencies**

A. World Bank (WB): The WB used the ICBS data to build its comprehensive data base published in its 1993 report, DEVELOPING THE OCCUPIED TERRITORIES: AN INVESTMENT IN PEACE, Volume 2: The Economy. The data base covers the period from 1968 to 1992. The WB is developing a macroeconomic model and data base with projections of most macro data out to 2010. Data from PCBS and international sources are being used to update the data series. However, much data for 1994, 1995, and 1996 are incomplete and other known data will have to be used to estimate the missing data. As a result the data estimates for these years are not considered to be very reliable. Consequently, the WB may be reluctant to release this data until the model is improved. Isabelle Schnadig, Economist, West Bank and Gaza Country Department, WB in Washington (Tel: 202-458-5797 and email: ISCHNADIG@WorldBank.Org) is responsible for developing the model. She is expected to be in Ramallah in November to consult with PCBS, MAS, and UNSCO. She hopes to develop consensus estimates of 1994 and 1995 macroeconomic variables. The indicators in the model and data base of potential interest to USAID include employment, wages, value added, industrial value added, private investment, CPI, GDP and GDP per capita, GNP and GNP per capita, and possibly industrial exports. She suggested that if USAID is interested in gaining confidential

access to the data prior to the WB report being released in early 1997, she should be contacted in mid-December. She can be reached in Washington by local phone or by calling Ma'moon Sbeih at the WB in Ramallah (Tel:02-574-7151--5). He is the Operations Assistant that has the computer files of the model and data base. Alli Khader, WB in Ramallah (Tel: (07-823-422), is responsible for the office that maintains the data base.

B. United Nations Conference on Trade and Development (UNCTAD): Using the ICBS data for 1968-92, UNCTAD developed a data bank which contains 1,839 data series. The data base is maintained in Geneva, Switzerland, and hence difficult to access. It is understood that updates of the model and data are published twice a year.

C. International Monetary Fund (IMF): As noted above, Salam Fayyad, IMF Resident Representative in Gaza (Tel: 07-825-913), works with the PMA and PMF and can assist in providing financial sector and public finance data. In addition, IMF missions to WB/G generate estimates of many macroeconomic variables. Data from the IMF are to be considered of very high quality, but its estimates and projections are not as reliable as data generated by statistically sound survey methods, as is being initiated by PCBS. However, in terms of financial sector and public finance, the IMF is the best source. The data and reports should be readily available without charge from the Resident Representative in Gaza. Jeff Feltman, Economic Officer, American Embassy Tel Aviv, also has copies of IMF reports.

D. United Nations Special Coordinator in the Occupied Territories (UNSCO): The Economic and Social Monitoring Unit in UNSCO in Gaza employees Ph. D. economist Salam Ajluni (Tel: 07-822-746) to analyze economic and social conditions. He produces a quarterly reports on the WB/G economy which utilizes the best available data sources, including data from the WB and PCBS. He is an excellent contact for assessing the quality and reliability of economy-wide data for WB/G.

E. U.S. Embassy in Tel Aviv and Consulate General in Jerusalem. Jeff Feltman, U.S. Embassy Economic Officer, has access to most relevant data sources and produces quality reporting cables on the Gaza Strip. Paul Sutphin, Economic Officer at the Consulate General, has access to relevant data sources on the West Bank and an in-depth understanding of the West Bank economy. Both officers can provide expert advice on data sources and economic issues related to USAID's monitoring system.

### C. **Private Sector Sources**

A. Palestinian Economic Policy Research Institute (MAS): MAS is the premier economic research institute in WB/G. It was founded in 1994 to engage in applied economic research and to provide expert analyses of policies and strategies critical to the development of Palestine. MAS is an NGO Palestinian research institute that grew out of the Jerusalem-based Economic Policy Analysis Unit of the Technical and Advisory Committees attached to the Palestinian Team to the Oslo Peace Conference. The initial Board of Governors of MAS were appointed by the Palestinian Economic Council for Development and Reconstruction (PECDAR). Funding for MAS originated in a trust fund established by the donors and managed by PECDAR and the WB. MAS has also received funding from Sweden, the European Union, Germany, UNDP, and Canada. MAS is currently working with WB staff on the next WB report on WB/G. MAS has close working relations with PNA economic agencies.

MAS has published several reports on Palestinian banks which include information on total loans outstanding. Other publications focus on poverty, Palestinian-Israeli trade, government budget, industrial competitiveness, potential merchandise trade, the tax system and the private sector role in development strategy.

MAS has an Economic Monitoring Unit to gather and publish data on economic trends. Data is being gathered from the PCBS and a number of other PNA agencies. MAS expects to provide these data to the public free of charge beginning in early January 1997. The data expected to be available include PCBS labor force information (employment, unemployment, underemployment, employment by industrial sector, wages, hours worked, etc.), consumer and wholesale price indices, value of invested capital in new incorporations, business failures, investments qualifying for government incentive programs, business licensing and investment capital, local VAT, local income taxes, bank deposits, business loans, number of closure days per month, etc. MAS may conduct special surveys to obtain the value of industrial production, expenditures on industrial equipment, retail and wholesale sales, etc., if these data are not available on a timely basis from government sources. However, MAS sees itself as an economic analysis unit, not a survey research unit. MAS' reports should provide early access to many quality and reliable indicators before they are published by PNA agencies. USAID should write directly to Dr. Nabeel Kassis, Director General, MAS, if it is interested in obtaining access to these reports. Other contact people are Dr. Omar Abdel-Razeq, Research Fellow and Director of the Economic Monitoring Unit, MAS at Ramallah (Tel: 02-998-7053/4), and Yousef Daoud, Research Associate, MAS in Ramallah (Tel: 02-998-7053/4).

B. Israel/Palestine Center for Research and Information (IPCRI): This high quality private institute focuses on business law and regulation, investment law, trade and banking law. The predominantly legal staff provides in-depth legal assessments, consultations with governmental agencies and private sector groups, seminars, and recommendations for legal and regulatory reforms. IPCRI has published a number of quality reports which provide high quality data on legal and regulatory issues. However, these reports provide very limited quantitative information of relevance to USAID's performance monitoring system. Despite IPCRI's Israeli connections, it maintains close and respected ties with the Palestinian community. Contact persons are Gershon Baskin, Ph. D., International Director, IPCRI, Jerusalem (Tel: 02-274-382) and Michael Schoen, Advocate and Director, Law and Development Program, IPCRI, Jerusalem (Tel: 02-627-4382).

C. Center for Palestine Research and Studies (CPRS): This independent academic research and policy analysis center in Nablus is well placed to generate constructive interactions between the private and public sectors. It conducts public opinion polls, prepares research reports, and provides a forum for public officials and private sector leaders to discuss controversial policy issues. It is organized into six departments: Strategic Analysis, Economics, Politics and Government, Israeli Studies, Policy Analysis and Survey Research. External funding has come from the European Union (EU), Germany, the Ford Foundation, the Rockefeller Foundation and the Center for International Private Enterprise (CIPE).

The Economic Department is headed by Dr. Hisham Awartani (Tel: 09-380-383). The Department is about to complete a study of the formal financial sector analyzing why credit availability is so low. The study examines the reasons for rejection of loan applications from both the points of view of the banks and loan applicants. In another project, policy makers from the Palestinian Ministries participate in seminars with private sector experts and leaders. Several chambers of commerce have

been participated in these seminars. The Economic Department is also about to embark on an European Union funded study of industrial zones or parks in WB/G.

D. Federation of Palestinian Chambers of Commerce, Industry and Agriculture (FPCCIA): The FPCCIA was founded in 1989 as the umbrella organization for nine chambers in the West Bank and one chamber with three branches in Gaza. The FPCCIA objectives are: 1) Enhancing cooperation amongst the chambers; 2) Representing private sector views on the legal and regulatory environment; and 3) Expanding access to external markets. The chambers were repressed by the Israeli occupation, but have since attempted to develop their role as policy advocates and business advisors for their member firms.

In 1995 the FPCCIA conducted a survey of private sector non-agricultural firms. The survey included some 40,000 establishments in WB/G. Some 12,000 industrial enterprises were included, roughly the same number included in the PCBS census of establishments. The survey included only registered firms. Small contractors and home-run businesses were not included. The data collected include employment; capital (low response rate); capacity utilization; legal status; raw materials from local markets, Israeli and foreign markets, etc. The survey is reported to have cost around \$40,000. The survey may be redone in 1997. If USAID or other organizations are interested in analyzing the data, they may be obtained at no cost, provided the resulting analyses are shared with FPCCIA. The survey has been computerized, but no in-depth analysis of the data is available. Hence, quality and reliability of the data are unknown. The contact persons are Abdel-Raman Abu-Leal, Secretary General, FPCCIA, Jerusalem (Tel: 02-280-727) and the Information Bank Director, FPCCIA, Ramallah (Tel: 02-995-6043).

E. Amir Hazboun is the ex-Dean of Business and Economics, Burzet University, Ramallah (Tel 02-743-369). He reportedly has considerable experience with survey work.

#### D. NGO and Donor Projects

While there are a large number of data sources generated by NGOs and donor agencies, most are very specific in coverage (UNRWA refugees, village economic conditions, NGO administrative records on beneficiaries, etc.). Also, very few provide time series data; they are often based on one-time surveys. Hence they are generally not useful for USAID program monitoring purposes. However, there are some NGO and donor project sources that are relevant to USAID's data needs.

A. The DAI Small Business Support Project (SBSP): The SBSP is presently collecting data through ongoing project management, an annual client survey (CS) and an econometric impact monitoring system (IMS). Before the end of 1996, the SBSP intends to expand the client survey to allow the project to report against each of the 18 indicators (listed below) included in its present contract with USAID. The IMS is directly relevant to only three of these indicators and has experienced crippling difficulties with response rates. It may be abandoned.

*Indicators Included in the SBSP Contract with USAID:*

1. Improved production techniques for client firms

2. ISO 9000 certification for client firms
3. Increased employment directly attributable to project interventions
4. Increased capacity utilization by client firms directly attributable to project interventions
5. Increased exports by client firms directly attributable to project interventions
6. Increased sales revenues by client firms directly attributable to project interventions
7. New employment or position upgraded for trainees
8. Production techniques improved by client firms receiving training
9. Business operations measurably improved in firms receiving training
10. Improved information services offered by associations participating in the Market Access network
11. Upgraded staff skills at local chambers
12. Increases in local market share by members of the food industries association attributable to project interventions
13. Improved financial management at all business associations receiving project assistance
14. Increased level of private-public sector dialogue resulting in improved regulatory, legal or policy framework for business development
15. Information services offered by all chambers, business associations, the PDTC and the MOT
16. Utilization of new distribution channels, international contacts or enhanced understanding of overseas market requirements for private businesses using project-funded technology
17. Communications networks established between Gaza and the West Bank and among business associations in those areas
18. Improved management of membership databases for all chambers and the Federation of Chambers of Commerce

Data for indicators 1,2,10,11, 15,17 and 18 will come from project management (input - output) monitoring. Data for indicators 3,4,5,6,7,8,12,13, 14 and 16 will be collected by an annual client survey. Reporting against these indicators will allow the SBSP, with no additional data collection, to report performance for USAID indicators focusing on market information and productivity. The MSI team developed these indicators in collaboration with the SBSP and assisted in initial reformulation of the annual client survey. The SBSP contact person is DAI Project Manager Tim Smith (Tel. 02 274676).

B. The YMCA Small Enterprise Development and Job Opportunities Project: This project has an excellent impact monitoring system in place with data on employment and income of training recipients, as well as extensive data on assisted firms. The basis of the training recipient data is a back-tracer study which the project has been conducting on an 18 month cycle. In order to respond to the Mission's performance monitoring needs under Result 1.3.2, the project has decided to simplify the back-tracer study and conduct it upon a yearly cycle. The contact person is YMCA Project Manager Janna Brooks (Tel. 02 5826510).

C. Save the Children Group Guaranteed Lending and Savings Project (Save): This project has a fairly sophisticated data base from which to work. They collect and analyze a number of variables about loan recipients. There is no sex disaggregation of the data because all the loans are to women. Since Save has set their project up to work from "cost centers" they appear to be in a good position to calculate self-sufficiency data. Save plans for the project to cover all its operating costs within the five year life of the project. Their calculations include the cost of capital and are done both with and without the value of technical assistance. They should have no problem providing cost recovery data to USAID from their ongoing data base. Under the project Save expects to develop an indigenous lending institution which will access commercial banks for lending capital. Therefore Save should have no difficulty reporting on the amount of capital resources raised from non-donor sources. Save, under their own monitoring plan, will track total value and number of loans as well as cost recovery rates. Therefore, as a part of their normal semi-annual reporting, they should be able to provide USAID with total value of loans, number of enterprises receiving loans, percentage of costs recovered under the program and percentage of capital resources derived from non-donor sources. The contact person is Annie Foster, Field Director (Tel: 02-583-3683).

D. United Nations Relief and Works Agency Income Generation Program (UNRWA): This project maintains an extensive data base for its loan programs including, for example, size of firm, number of employees, markets and product produced as well as standard financial data on each loan. UNRWA's normal reporting includes total value of loans made and the number of micro enterprises receiving credit in response to USAID's indicators on expanding credit to micro enterprises. Where appropriate, figures are segregated on a gender basis. UNRWA tracks cost recovery but does not include the cost of capital nor technical assistance and training costs when it makes its cost recovery calculations. UNRWA does have detailed cost figures and could match that with interest income to generate a cost recovery percentage for USAID. Also, since the UNRWA project is not designed to leave behind an indigenous institution other than, perhaps, UNRWA itself, there are no plans to draw from commercial resources in the future. Nonetheless, UNRWA does carefully monitor the amount contributed by each donor and can present differentiated repayment rates for each donor. The contact person is Alex Pollack, Field Development and Planning Officer (Tel: 07-822-327 and Fax: 07-821-765).

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### III. Mission Data Collection, Analysis and Dissemination Plan

It is important that one individual at the Mission be assigned overall responsibility for coordination of S.O. 1 performance impact monitoring. Having one person in charge provides a clear focus for performance monitoring and empowers her/him to make intelligent and informed decisions about the performance monitoring process. When monitoring responsibility is divided among project managers and overall responsibility falls to a S.O. team leader who often does not have time for the details of performance monitoring, systems often do not function well. The difference is one between an individual who sees performance monitoring an important part of his/her job and a project manager who begrudges the time s/he spends "ginning up some numbers for Washington".

It is important that the individual chosen by the Mission be allowed to dedicate, on an average, one to two days a week to performance monitoring with the understanding that the work will be intermittent. Some weeks there will be little to do while at other times performance monitoring will become a full time job. It is also important that performance monitoring be written into the individuals job description and that her/his EER reflect his/her effectiveness as a performance monitoring coordinator (PMC).

The performance monitoring coordinator's job will consist of the following:

1. **Monitoring Data Collection by the DAI Small Business Support Project and the YMCA Small Enterprise Development and Job Opportunities Project**

These projects have agreed to provide performance data on a yearly basis. Indicators and data collection are discussed on the performance data tables for results 1.2.1, 1.3.1 and 1.3.2. The PMC will not only make sure that the projects provide agreed upon data on time, s/he will monitoring ongoing data collection and analysis to make sure that data are accurate and appropriate.

2. **Monitoring Credit and Finance Indicators**

**Intermediate Result 1.1: Increased Access to Financial Services by the Private Sector.** There are three indicators measuring performance at this IR level. All three will be based on data to be included in future Palestinian Central Bureau of Statistics (PCBS) reports which are not yet available. PCBS has indicated that it has begun collecting a series of data on the financial sector in the West Bank and Gaza. This data series will be based on balance sheet information reported to the Palestinian Monetary Authority (PMA) by institutions in the formal financial sector. At present, this sector is limited to twelve banks. However, there appears to be some potential for the development of other financial intermediaries.

PCBS plans to issue annual reports on this balance sheet data, the first of which should be available early in 1997. That PCBS report, as currently planned, will provide data necessary to monitor Indicator 1.1 (a) *Number of outstanding private sector loans provided through formal financial sector institutions* and Indicator 1.1 (b) *Private sector credit provided through formal financial sector institutions*. PCBS is in full agreement that providing a breakout of financial data on the private sector in addition to the current all-inclusive totals published for the financial sector is important. The PCBS report published in early 1997 will provide 1995 data which can be used as baselines in both these indicators. USAID's Performance Monitoring Coordinator will need to stay

in close contact with PCBS to ensure timely access to the new survey report. In the unlikely event that the PCBS financial sector survey report should not be available on a timely basis, USAID will need to request that the IMF Resident Representative Dr. Fayyad obtain the data for these baselines. Dr. Fayyad has indicated his willingness to approach the PMA on USAID's behalf.

The third indicator at the IR level will be a bit more problematic. The report on financial sector statistics is not now planned to include information disaggregating the totals by firm or loan size. However, at the urging of the Palestinian National Authority (PNA) Ministry of Labor PCBS is considering a micro enterprise sector survey. PCBS plans to conduct a workshop in November to discuss this micro enterprise survey. The survey will be a comprehensive look at the sector and include interviews with both providers and users of credit. (Whether providers will include banks is still an issue). The workshop will look at how to carry out the survey, the definition of small and micro enterprise in the Palestinian setting, the questions that need to be addressed in the survey and financing of the survey. USAID should take an active part in this workshop (USAID will be invited to attend, however the workshop is expected to be carried out in Arabic). By attending the workshop and funding the survey, USAID could ensure the survey generates the baseline information needed for its Performance Monitoring Plan. The MSI Team has discussed with PCBS the specific indicators USAID is interested in tracking. PCBS considers the indicators appropriate for inclusion in the survey and is confident that data can be collected to form a meaningful baseline in each case.

PCBS's micro enterprise survey, however, is not seen as a continuing effort. PCBS does not think it will be repeated for another four to five years. It will not, therefore, be a source for USAID monitoring of Indicator 1.1 (c): *Private sector credit going to the smallest firms*. It can be the source of baseline information and, if repeated in five years, confirm performance over the strategy period. However, by involving itself in the micro enterprise survey, USAID will be in a position to convince PCBS to track this indicator through the annual financial sector survey mentioned above. The indicator relies on information that will be reported through formal financial institutions and should not constitute a burden on PCBS if included in the annual financial sector survey. Alternatively, should USAID be willing to provide financing, PCBS may be willing to conduct the micro enterprise survey annually.

**Result 1.1.1: Increased Sustainability of Micro enterprise Finance Programs.** The two indicators for this result level -- 1.1.1 (a): *Costs recovered under micro enterprise finance programs* and 1.1.1 (b): *Micro enterprise finance program capital resources derived from non-donor sources* -- will depend upon project reporting. Unless USAID is able to convince PCBS to carry out the micro enterprise survey each year there will be no reliable source of information economy-wide for these two indicators. The USAID Performance Monitoring Coordinator (PMC) together with the USAID staffer involved with the PCBS micro enterprise survey need first to ensure that the survey will address the sustainability issue and provide valid baseline figures for each indicator. Concurrently they should poll those NGO's carrying out micro enterprise programs to set a parallel baseline for alternative use. If PCBS decides to update the micro enterprise survey annually that should be the preferred data series for the indicators. If not, the series generated from project information should be used, including a baseline figure.

Once baselines are set, USAID representatives will need to coordinate with project managers to ensure that normal periodic reporting provides input to the monitoring system (Please see the suggested reporting format below). Reporting should be done by Save the Children's Group

Guaranteed Lending and Savings Project and UNRWA's Income Generation Program. USAID should also gather data from the YMCA, CARE, ANERA and the Economic Development Group to the extent the latter continues its micro enterprise portfolio. While USAID's concern is with the USAID funded activities which constitute a substantial proportion of available micro enterprise lending, including the other programs will give somewhat more validity to the resulting data set.

**Result 1.1.2: Expanded Credit from Micro enterprise Finance Programs.** All the current micro enterprise programs maintain data applicable to Indicator 1.1.2 (a): *Loans from micro enterprise finance programs* and Indicator 1.1.2 (b): *Micro enterprises receiving credit from micro enterprise finance programs*. Reporting on these performance measures will be done as a part of normal project reporting and as part of the performance monitoring system (please see the suggested reporting format below). Reporting should be done by Save the Children's Group Guaranteed Lending and Savings Project and UNRWA's Income Generation Program. Also, as with the sustainability indicators, USAID should attempt to collect data from other donor micro-credit programs to reflect the broadest possible coverage of the micro enterprise finance environment.

Indicator 1.1.2 (c): *Bank branches offering micro enterprise credit programs* should be monitored using PCBS financial sector survey reports. While this information has not been collected in the financial sector survey work performed to date, PCBS will incorporate a question *on the number of bank branches offering micro enterprise credit* in the micro enterprise survey now being planned. The results will be used to provide baseline data. Monitoring of targets will be facilitated by inclusion of bank branch credit information in future financial sector surveys. The PMC will need to ensure that the indicator is included in the micro enterprise survey and coordinate with PCBS to continue reporting beyond 1997. Should PCBS not be able to provide a continuing series USAID could run its own survey of the 12 banks operating in the West Bank and Gaza. Banks are unlikely to consider this proprietary information and should be willing to provide a response to a USAID enquiry.

USAID should coordinate closely with PCBS to convince its decision makers of the need to establish data series for all the USAID micro enterprise indicators. All reflect information in which all donors will be interested. PCBS is in a unique position both to survey the formal banking sector and the NGO sponsored programs not operated through the banking community. USAID should become fully involved and strive to develop PCBS commitment to collecting and publishing micro enterprise finance data on a regular basis. The MSI Team recommends USAID consider a modest expenditure, estimated at \$30,000 annually, to update the micro enterprise survey once a year.

### 3. **Collection of Economy-Wide Data**

As discussed in detail in the "West Bank and Gaza Economic Data Sources" section, the Palestinian Central Bureau of Statistics (PCBS), World Bank (WB), and Palestinian Economic Policy Research Institute (MAS) are the primary sources for most economy-wide data. Indicators and data collection are discussed on the performance data tables for Strategic Objective 1 (a-d), and Intermediate Results 1.2 (a and b) and 1.3 (a). The PMC will need to gather data from PCBS survey reports as they are published beginning in November 1996. In December the PMC should consult with the World Bank's economist in Washington to determine the availability of 1994, 1995, and 1996 estimates and projections to 2000. In early January a letter should be sent to MAS requesting access to the Indicators Reports that are expected to be available by then.

**SPONSORING ORGANIZATION:** \_\_\_\_\_

**PROJECT NAME:** \_\_\_\_\_

INDICATOR	Baseline Year	Baseline Value	1997	1998	1999	2000
R 1.1.1 (a): Costs Recovered Under Microenterprise Finance Programs <i>(Measured as a percent)</i>						
-- Total Program Costs (US\$000s) + Operating Expenses + Cost of Capital (Bank Prime Rate Used) + Cost of TA & Training						
-- Costs Recovered (US\$000s)						
R 1.1.1 (b): Microenterprise Finance Program Capital Resources Derived from Non-Donor Sources <i>(Measured as a percent)</i>						
-- Total Capital (US\$000s)						
-- Capital from Donors (US\$000s)						
R 1.1.2 (a): Loans from Microenterprise Finance Programs <i>(Measured in US\$ 000s)</i>						
R 1.1.2 (b): Microenterprises Receiving Credit from Microenterprise Finance Programs <i>(Measured in number of firms)</i>						
R 1.1.2 (c): Bank Branches Offering Microenterprise Credit Programs <i>(Measured in number of branches)</i>						

Prepared By: \_\_\_\_\_  
Please type

Date Submitted: \_\_\_\_\_

#### 4. **Collection of Industrial Zone Data**

The project manager for the Industrial Zone Project will need to negotiate with the Industrial Zone Authority in 1997 to ensure that data on industrial zone shipments and employment (results 1.2.2, a and b) is collected beginning in 1998. The PMC will then need to follow-up with collection of these data from the Zone Authorities.

#### 5. **Collection of Policy Information**

The Mission has initiated efforts to develop a policy reform program as part of its SO 1 activities. MSI has prepared for the Mission an assessment of the legal and regulatory constraints to private sector expansion. The Mission will need to develop a strategy describing how it expects to proceed in the policy area. MSI recommends that as early as feasible that the Mission bring on board a PSC economist that can assist in developing a menu of proposed policy reforms. The economist should have extensive experience with business policy and regulatory reforms, plus experience with trade and public finance.

While the Mission has targeted business policy and regulatory reform, MSI recommends that once a Mission economist is on board, a wider range of policy reforms be considered. Most importantly, trade and customs issues involving the Israeli and Jordanian governments should be considered as they are extremely important for business development in WB/G. Public finance and other private sector policy issues could be considered if the PSC economist were used to support the Mission's responsibilities as Chair of the Local Donor Coordinating Group on Public Finance and the Private Sector. In cooperation with the State Department Economic Officers, the Mission's economist could provide some support to the Ambassador and Consul General in their dealing with policy reforms, including easing the restrictions on Palestinian employment in Israel.

It is also important to consider developing policy reform advocacy capacity in the private sector. While the local chambers of commerce may be weak, they potentially could become powerful voices for policy reform. In other countries, public-private sector consultative councils have proven to be important institutions for articulating private sector interests to governmental policy-makers. And private sector think tanks are often important sources of sound analyses of economic policy options. Hence, the Mission is encouraged to consider developing these potential sources of private sector involvement in policy reform.

An illustrative list of policy reforms has been included in MSI's Strategic Results Framework table developed for the Mission. It is suggested that these reforms should be broken down into several discrete steps. For example, the proposed reform, "Modernized Law on Business Associations Adopted" might call for a study of the current law and alternative legal models from abroad during year 1, and drafting and passage of the revised law in year 2, and preparation of any needed implementing regulations and full implementation in year 3.

Policy reform steps could be proposed for other probable reform areas. The Mission should then set tentative targets. Several reform steps per year from the above agenda might then be reported as "planned" in Mission reporting to Washington.

The SO team and the PSC economist should develop a illustrative list of policy reforms for inclusion in reports to Washington. These should remain illustrative; policy reform does not follow a linear path. New areas of reform will emerge as the Mission proceeds and finds willing counterparts in the Palestinian government and private sector.

**6. Updating the ANE Performance Data Tables for Each Indicator**

These data tables are the basis for the S.O. 1 performance monitoring system and serve as the basis for reporting to USAID/Washington, both through the New Management System (NMS) and through the annual Results Review and Resource Request (R4). The MSI team has created tables for each indicator and entered as much baseline and target data as is presently available. The PMC will be responsible for completion and periodic updating of the tables as additional data becomes available.

**7. Data Collection and Analysis Work Planning**

The ANE performance data tables will also serve as basic performance monitoring management documents for the PMC. S/he may also find it useful, as a work planning tool, to summarize these tables in the following manner:

Indicator	Data Collection Responsibility	Data Analysis Responsibility	Frequency of Data Review
Each of the S.O. 1 indicators should be entered in the cells of this column.	In the cells of this column, the responsibility for data collection should be described. For example, does it fall to project staff? To PCBS with PMC supervision? To MAS? To the PMC him/her self?	In the cells of this column, the responsibility for data analysis should be described. For example, does it fall to project staff? To PCBS with PMC supervision? To MAS? To the PMC him/her self?	For USAID's reporting cycle, data is usually reported upon on a yearly basis. This is reflected in the targets in the performance data tables. However, for Mission management purposes and in order to monitor the quality of data, the PMC may want to review some data on a biannual or even quarterly basis. The frequency should be stated in the cells of this column.

**8. Entering Data into the New Management System (NMS)**

The Results Tracking module of the New Management Systems (NMS) provides a means to record and monitor performance information relative to the Mission's Performance Monitoring Plan. The Results Tracking module also allows others within the Agency to track performance against the Mission's strategic objectives and allows the Mission to compare its performance with that of other Missions with similar strategic objectives. This is made possible through an integrated system

throughout the Agency where information and updates entered at the Mission are uploaded to a central Washington data base on a daily basis. All Mission and Washington personnel then have access to that data base. As currently functioning, however, the system does not allow immediate access to data for employees overseas. For any program other than their own personnel stationed outside of Washington will have to request data from Washington on a 24 hour turn-around time basis.

The Results Tracking Module is a Windows based program that operates on a series of menus allowing the user to add, edit and delete strategic objectives, intermediate results at varying levels, indicators, baseline values, target values and actual values. The program itself is self-explanatory with its drop down menus and "Help" option. The user simply has to enter data and answer enquires from the program. There is a fairly "user-friendly" manual that describes the steps in operating the program. The Results Tracking Module is found under the "OPS" or *Operations* button on the main NMS menu.

Almost all the data required by the NMS Results Tracking Module will be taken from the Performance Data Tables in the Mission's Performance Monitoring Plan. The exceptions are those sections referring to Customer identification, Agency goals and objectives and USAID Washington organizational relationships to the Mission. For example, the Results tracking Module will ask the user to identify a *home organization* and then provide a list from which to select from. The user would select *Bureau for Asia and the Near East*. The user will also need to know under which Agency goals and objectives each Mission objective would fall and the target group or *customers* designated for each Mission result. With that information and the Mission's Performance Monitoring Plan in hand the Results Tracking Module can easily be completed.

Initially the Mission's Results Framework will need to be entered into the Results Tracking Module. Again, the program is designed to walk the user through the process. Changes can, of course, be made if the Results Framework is modified any time over the course of the Strategy period. Once the Results Framework is entered the user can proceed directly to the "Measures" component of the program to review, record or edit performance measures as necessary. The program can then complete a series of reports or prepare graphic presentations on performance at each result level.

**ANNEX 1**

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