

**Decentralizing Development: Evaluation of the
Palestine Local Rural Development Programme**

Report Prepared

For

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by

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Acronyms

APLA	Association of Palestinian Local Authorities
ARDU	Agricultural and Rural Development Unit
CBOs	Community-based organizations
CBT	Capacity Building Team
CBU	Capacity Building Unit
CTA	Chief Technical Adviser
DME	Program Design, Management and Evaluation Framework
EU	European Union
FMU	LRDF Management Unit
H7	Yatta
I & S	Infrastructure & Services
IGFT	Intergovernmental Fiscal Transfer System
IPF	Indicative Planning Figure
J2	Jenin
JE	Jericho
JSC	Joint Service Council
KPI	Key performance indicators
LED	Local Economic Development
LEDA	Local Economic Development Agencies
LEDF/A	Local Economic Development Facility/Agency
LFA	Logical Framework Analysis
LG	Local Government
LGDF	Local Government Development Fund
LPIP	Local Planning & Implementation Process
LPIS	Local Planning Information Systems
LPP	Local Planning Process
LRDF	Local Rural Development Facility
LRDP-1	Local Rural Development Programme – Phase 1
LRDP-2	Local Rural Development Programme – Phase 2
LRDP-3	Local Rural Development Programme – Phase 3
LRDP-R	Local Rural Development Programme – Ramallah Office
M&E	Monitoring and Evaluation
MIDB	Municipal Infrastructure Development Bank
MIS	Management
MLG	Ministry of Local Government
MLG-CO	MLG Central Office
MLG-DO	MLG District Offices
MoF	Ministry of Finance
MoU	Memo of Understanding
MoPIC	Ministry of Planning and International Co-operation
MR	Micro-region
MRPC	Micro-Regional Planning Councils
O&M	Operations & Maintenance System
PA	Palestinian National Authority
PARC	Palestinian Agricultural Relief Committee
PECDAR	Agency for Palestinian Economic Development and Relief
PLC	Palestinian Legislative Council
PMO	Program management officer
PPEU	Policy Planning and Evaluation Unit
PRA	Participatory Rural Appraisal
PRA/ PI	Participatory Rural Appraisal/Project Identification

PSC	Project Steering Committee
PT	Palestinian Territories
Q1	Qalqilya
RBM	Results-Based Management
RJP	Regional/Joint Projects
SCF	Save the Children
ToR	Terms of Reference
TRMs	Technical Review Mission Reports
UNCDF	United Nations Capital Development Fund
UNCDF-NY	United Nations Capital Development Fund-New York
UNDP	United Nations Development Programme
UNDP-J	United Nations Development Programme-Jerusalem
URF	Unallocated Reserve Fund
VC	Village Councils
VDC	Village Development Committees
VPC	Village Project Committee

Executive Summary

1 INTRODUCTION

1.1 Background and Program Description

Decades of conflict between the Israeli government and the Palestinian people under Israeli occupation had left the Palestinian territories with little basic infrastructure and services, economic development, jobs and income, and systems of planning, development and governance (Figure 1-1). What infrastructure and services there were, were degraded over these decades. The economy was highly dependent on the Israeli labour market, which with closures often left people without jobs and incomes for long periods. And apart from some local government continuing to function in the larger municipalities, there was little else by way of governance and services other than that dispensed by the Israeli military authorities. This was mostly to areas of Palestine willing to collaborate with the military authorities. All this was especially true for the smaller municipalities, towns, villages and rural areas.

With the signing of the Oslo Peace accords, the Israeli Palestinian declaration of principles on interim self-government (DOP - September 1993), and the establishment of the Palestinian National Authority (PA – 1994), a new optimism and set of opportunities opened up to help develop the Palestinian Territories.

From 1993 to 1996 the United Nations Development Programme (UNDP), the United Nations Capital Development Fund (UNCDF), and the Ministry of Local Government (MLG) of the PA implemented Phase One of a Local Rural Development Programme (LRDP-1). This was in the northern Jenin region of the West Bank. Building on its success, in October 1996 another four-year Phase Two agreement of this programme was signed (LRDP-2). The essence of this programme was to work on the complementarities between meeting immediate infrastructure and service needs, promoting local economic development, jobs and incomes, and strengthening participatory and effective local government. Aiding decentralization policy development was also a key objective – one with strong support from certain sectors of the PA and especially its MLG.

LRDP-2 (hereon called LRDP) was designed as a four-year programme with a confirmed budget at time of design (October 1996) of \$6.24 million and an expected total depending on additional donor funding of \$24 million over the four years. The objectives of LRDP were infrastructure and service provision, local economic development and employment generation, participatory planning and implementation, the strengthening of local authorities, and aiding decentralization policy development. The project document (UNDP & UNCDF, 1996) envisaged working in at least four micro regions and up to 12 micro regions if the expected maximum total additional was obtained.

Table 1-1 sets out basic data on the program.

Figure 1-1 Location of Palestine

Table 1-1 Program Basic Data

Project Name:	Local Rural Development Fund (LRDF 2)/ Local Rural Development Programme 2 (LRDP2)
Project Number:	PAL/96/028/A/16/31
UN Co-operating Agency:	United Nations Development Programmed (UNDP) United Nations Capital Development Fund (UNCDF)
Government Executing Agency:	Palestinian Ministry of Local Government (MLG)
Sector:	0610 – Integrated Rural Development
Total Budget:	\$8,021,709 ?
	UNCDF Budget: \$3,023,800? Govt. Budget: ? UNDP Budget: \$1,530,000? Japan Budget: \$2,879,339 Dutch Budget: \$368,644 Arab Fund: \$270,000
Project Approved:	October 1996
Project Start Date:	December 1996
Project Evaluated:	July-August 1999
Type of Evaluation:	End of LRDP2, Operational for LRDP 3
Actual Expenditures at Evaluation:	\$5,480,104

1.2 Evaluation Purpose and Methodology

As stated in the evaluation terms of reference, the programme “is being evaluated during the last 12 months prior to the completion of financing by the UNCDF. This final evaluation serves two purposes:

1. It is a standard evaluation of an ending project as per the rules and regulations of the UNDP; and
2. It is an operational evaluation since the programme is to continue in a third phase, to be financed by a grant of Euros 21 million from the European Commission.” (UNCDF, 1999:2).

The evaluation is thus significant in two ways. First, it assesses and draws lessons from a program already in its phase two with much invested in it, and much potentially to offer as lessons not only for Palestine but also internationally.

Second, it is in transition to a substantial up scaling as LRDP-3 with a planned quadrupling of investment and geographic coverage. Such substantial up scaling creates major opportunities and also major risks. LRDP-3 could be a huge success fulfilling its promise not only to the Palestinian people but also as an example internationally of how to achieve sustainable development. Or it could be a huge failure or, at best, yet another development program disbursing money for bricks and mortar. The difference may lie in how well LRDP-3 builds on the experience and lessons of LRDP-2. And this in turn may rely, in part, on how well this evaluation identifies the lessons.

The evaluation was conducted by a five-person team comprised of four consultants (specializing in community development, economic development, gender, and infrastructure planning) from Massar Associates (Palestine) and a rural planning and development consultant from Development Workshop (Canada) as team leader.

After a briefing in UNCDF-NY, the in-Palestine part of the evaluation started on the 12th of July and ended with the team leader's departure on the 14th of August. The Evaluation's Preliminary Report was submitted soon after followed by this final report.

Regarding evaluation methodology: typically evaluations draw on a logframe developed by the program's designers which also serves to help manage, monitor and evaluate the program. No such log frame had been developed for LRDP. In its absence this evaluation constructed ex-post and used a Program Design, Management and Evaluation Framework (DME Framework). This Framework helped depict the program as designed, helped guide the evaluation and communicate its results.¹ (Table1-2, 1-3).

Data collection included document reviews, interviews, participant observation, participatory evaluation workshops with LRDP Ramallah (LRDP-R) and UNDP Jerusalem (UNDP-J) staff, brainstorming and information assessment workshops among the evaluation team, beneficiary assessments, field visits, and on-site inspections of projects. Interviews and meetings ranged from the Deputy Minister of the MLG-DO to women and youth in the village. (See Photos depicting evaluation in process).

¹ This Framework draws on and combines the more traditional logframe or Logical Framework Analysis (LFA) methodology with the more recent Results-Based-Management (RBM) methodology.

Table 1-2 Evaluation Framework

PROGRAMME DESCRIPTION	ISSUES, QUESTIONS	INDICATORS (Objectively verifiable, other)	ANALYSIS (Data source, collection, analysis method)
A. CONTEXT, PROBLEMS, NEEDS, OPPORTUNITIES, ASSUMPTIONS, RISKS			
B. GOALS, OBJECTIVES, STAKEHOLDERS (including beneficiaries)			
C. METHODS, RESOURCES, INPUTS (To achieve goals, objectives)			
D. RESULTS (Outputs, Outcomes, Impacts. Intended, Unintended)			

NOTES: Consider when project initially designed and current situation. Consider Rationale, Appropriateness, Relevance, Effectiveness, Efficiency, Impacts.

Table 1-3 Evaluation Framework in Use (sample page)

PROGRAMME DESCRIPTION	ISSUES, QUESTIONS	INDICATORS (Objectively Verifiable, Other)	ANALYSIS (data source, collection, analysis method)
II. GOALS, OBJECTIVES. STAKEHOLDERS (incl. beneficiaries)			
<p>A. DEVELOPMENT OBJECTIVES (GOALS): Improve rural living standards, alleviate poverty specially in underprivileged thru rd strategy of improved infra, services, local dvt., devolution of resource & responsibility to rural, & improved local government (LG)</p> <p>B. IMMEDIATE OBJECTIVES:</p> <ol style="list-style-type: none"> 1. Infrastructure & Services 2. Economic development, jobs 3. Community participation in planning, implement. of projects 4. Strengthen rural LA. all towards strong democratic, decentralized governance & civil society. <p>C. OBJECTIVE OF PROGRAMME AS POLICY [& future-action?]EXPERIMENT (see lessons)</p>	<p>GOAL/DVT/IMMD OBJ: A & B:</p> <ol style="list-style-type: none"> 1. What is the difference if any, and why, with what implications, between the Programme Design Document (PD96) objectives & the current objectives? 2. Do the objectives (initial, current) adequately address the context & the assumptions, as they initially were, as they are now? (Relevance, appropriateness). 3. What are the indicators (OVI, other?) of moving towards or achieving objectives? 	<p>1.a. Key people in policy, strategy & implementation state/imply current objectives to be same as in PD96 or different.</p> <p>1.b. Key documents subsequent to PD96 state/imply objectives to be similar or different.</p> <p>2. Plausible argument can be made that given context characteristics & assumptions these objectives would/should emerge as relevant & appropriate?</p> <p>3.a. I&S & other significant CP leading to increased economic activity & job creation w/ LA's better able to function in a REETI, democratic, decentralized way.</p> <p>3.b. Experience drawn upon to formulate policy lessons.</p>	<ol style="list-style-type: none"> 1. (a.b.) Identify what key persons, documents state/imply are objectives. 2. Construct argument based on what people say documents, own reasoning linking context, assumptions to objectives & test for logical linkage, relevance, appropriateness 3. Through documents, interviews, field observation note if I&S, economic activity, jobs, stronger LA achieved as a result of LRDP-2 activities & in a REETI way. 4. Thru docs., invws., field observation note if LRDP engaged in policy experiments & examined these to extract, articulate, record & communicate policy lessons.
<p>C. STAKEHOLDERS: Rural people, areas (esp. underprivileged), local orgs., LA, MLG, LRDP, PA, UNDP, UNCDF, other donors, input suppliers.</p>	<ol style="list-style-type: none"> A. What are the more specific key characteristics of the SH? B. What are their objectives, what do they have at stake? (to gain, lose?) C. How are they, or can 		<p>Thru docs., invws., observations note who SH are, their (sometimes conflicting?) objectives, stakes, potential/realized gains, losses & relative</p>

The participatory evaluation approach involved conducting early on a two-day workshop with the evaluation team and key stakeholders of the program – LRDP, UNDP and MLG personnel - jointly assessing LRDP. This participatory approach helped familiarize the personnel with the evaluation, re-familiarize them with their own program, promote dialogue and mutual understanding among personnel and evaluation team members, and, not least, tap views and insights that emerged from this process.

For field visits the evaluation team developed and used a ‘Field Visit Protocol’ to guide and make consistent the data collection process amongst the different team members visiting different areas at different times (Table 1-4). One team member had the opportunity to be a participant observer – working several days in the LRDP and MLG offices observing the day-to-day work and participating in some program meetings and discussions.

The evaluation methodology also offered ample opportunity for feedback from LRDP stakeholders. In addition to the participatory workshops and the on-going discussion and dialogue, the evaluation team also made two presentations of findings – one while the evaluation was in process and one final presentation – before the team leader’s departure from the field. This was followed by a detailed Preliminary Evaluation Report sent for comment to UNCDF New York and UNDP, LRDP and MLG (Development Workshop & Massar Associates, 1999).

Finally, each team member contributed reports corresponding to different aspects of the program. These were drawn upon by the team leader in writing up this final report.

The evaluation (and LRDP participants) might have benefited from participatory evaluation workshops with a wider range of stakeholders (e.g. MLG District Offices – MLG-DO, Micro-Regional Planning Councils - MRPC, Village Councils – VC, and villagers, especially women and youth). It might also have benefited from visit to sites unaffected by the programme (for comparative purposes) and more interviews, than was possible, with persons, including sceptics, aware of, but uninvolved with the programme.

1.3 Structure of Report

The report is presented in six chapters. This chapter introduces the program and the evaluation in brief. Chapter two assesses LRDP as initially designed in 1996. Here discussed are the existing context and future as anticipated at the time, the original goals and objectives, and the methods and resources expected to be used to achieve them (strategy, components, organizational structure and staffing, funding, planning and management), and the expected results.

Chapter three assesses the Program and all the above as it unfolded in practice. Here discussed are the changing contexts and circumstances, the strategies, components and activities as they were implemented in practice, and the program planning and management process that guided them. Chapter four assesses the actual results compared to initial objectives and expected results.

Chapter five summarises the key findings, and the recommendations and lessons these suggest. This is especially with regard to looking ahead to LRDP-3 program.

Table 1-4 Field Visit Protocol to Guide Evaluation Team's Data Collection (Sample Page)

MEETING	Specific ISSUES (Some questions, add others as appropriate)
MLG/DO	How does MLG-DO view the REETI ¹ of the VCs, MRPCs, his/her own office & their relationships? How participatory, representative of the VC's, 'people' are the VCs/MRPCs in deciding on what is needed & how to address? Does MLG-DO do job of MRPC?
MRPC-VC	See page on general issues. Reporting how often? What type? To whom? What kind of info they send? Details of problems.
Staff	What work do they do? How, if at all, has LRDP helped train them for this? How participatory, representative of the 'people' are the VCs/MRPCs in deciding on what is needed & how to address? What & how are their relations w/ the VCs, MRPCs? What needs to be done to make MRPCs able to get technical resources such as themselves once LRDP funding stops? Sustainability?
People in PRA etc process as rep of people	(Especially women, youth, poor). What was done with them & how satisfied are they of this? Were their views listened to & are they still participating in decisions re meeting village/region needs & how to meet? What difference, if any, do they see in their VCs/MRPCs since '96 – are they more participatory, accountable, transparent? And to what extent, if at all, is this the result of LRDP?
Ordinary beneficiaries & non-beneficiaries	How do they view LRDP, VCs, MRPCs, & the work done – from diagnostics to project completion? How satisfied are they that their views are represented. What further needs to be done?
Village walk	How rich, poor is the village? Do conditions, needs suggest that projects selected appropriate?
Project	Village & joint: Are project selected appropriate & planned & implemented in a REETI way? Is hand over, O&M REETI? Is line agency handed over to, satisfied with project building? Impacts? What to expect? Etc.
Input suppliers	Are they satisfied w/ their relations with VCs, MRPC's tech staff, LRDP team, MLG re project construction instructions, supervision, payment process, etc.?

¹ REETI = Relevant, efficient, effective, timely, impact.

2 LRDP AS DESIGNED AND ITS ASSESSMENT

(Table 2-1 summarizes LRDP as designed)

2.1 Context

As reflected in the project document, LRDP was designed within a context of optimism engendered by promising events in the recent past and hopes for a more promising future. This despite persisting problems and continuing challenges.

Politically, after much conflict, the Israeli government and the Palestinian people, as represented by the PA, appeared to be moving towards a lasting peace. The Oslo agreement and the agreement on interim self-government in September 1993 had been followed by the establishment of the PNA in 1994 and the Taba agreement in October 1995. The latter classified the Occupied Palestinian Territories into A, B, C Zones - A in which the PA held both civic and security authority, B in which the PA held only civic authority and C fully controlled by the Israeli military authorities (Figure 2-1). Taba also set out an 18 month, three-phase schedule for the expansion of Palestinian autonomy. On 4th May 1996 Israel and the PA enter into permanent status negotiations which were meant to lead to a durable peace (UNDP, 1996:1). Despite this optimism, the project document did note the May 1996 elections of a new Israeli government which, while it was not expected to renounce earlier agreements, was opposed to the principles of 'land for peace'. Its declared policies also suggested a more crises ridden future in Israeli – Palestinian relations (UNDP, 1996:2)

The economic good news was that both donor assistance and expatriate investment had increased substantially post 1993. Palestinians enjoyed greater economic freedom relative to earlier years. The economic bad news was that a) the Palestinian economy continued to be dependent on Israeli labour markets with many Palestinians relying on work in Israel, b) recent closures of Palestinian areas by Israeli authorities deprived tens of thousand of Palestinian families of this critical source of livelihood, and c) numerous restrictions on the flow of goods between PA areas, Israel and Arab markets stifled trade, created shortages and slowed investment. All this resulted, in part, in a three fold increase in the PA's budgetary deficit amounting to approximately 40% of its annual budget (UNDP, 1996:2).

Institutionally, the PA appeared to be moving forward. It had adopted a three tier system of public administration. At the central level a Palestinian Legislative Council (PLC) with limited legislative powers was elected in January 1996 although effective power remained with the PA executive. A second tier consisted of governorates (three in the Gaza Strip and eight in the West Bank with two additional districts in the latter). This was presided over by a personal representative of the PA president (usually a military officer). This tier was least resourced and was the weakest level of public administration. In addition individual line agencies were beginning to establish provincial offices.

Table 2-1 LRDP-2 - Objectives, Inputs, Outputs: As Designed

OBJECTIVES	Methods, Resources: INPUTS	Results: OUTPUTS, Outcomes, Impacts
I. Development: Improve living conditions, eradicate poverty	Infrastructure & services. Local economic development. Jobs. Participatory planning, implementation. Strengthen Local Government Devolution of resources, responsibility	Significant (measurable?) Improvements in conditions, poverty
II. Immediate: 1. Infrastructure, Services 2. Economic Development, Jobs: (deliberate increased emphasis from LRDP 1) 3. Community Participation in planning, implementation of local projects 4. Strengthening Local Authorities [incl. Supporting govt agencies – MLG, MoF]	I. Strategy, Components: 1. Capital Assistance. 2. Capacity Building. 3. (Participatory) Local Planning Process. 4. As left (Objectives as Components). 5. 'Modular', continuous learning. 6. Policy pilot, dialogue, simulate 7. Links w/ APLA,, MIDB etc. II. Financial: \$4.6 - \$24m (Staff, consultants - 27%. Construction – 69%). III. Human: 1. UNDP: Professionals Full time - 7 (incl. CTA, M&E, community development/ gender, development economist). At least 2 women. 2. Consultants for base survey, M&E (incl. policy development), Planning. Information Systems, Economic Development. 3. MLG : 1 Full time National LRDP Manager, 2 Part-time LRDF managers (MLG, MoF). IV. Training. Formal, On-job, \$25,000 plus each donor adds a training budget	50 - 200 I& S projects, \$80,000 each, 4-12 micro regions, for 70-280,000 people over 4 years for \$4-16 million Economic development. Training. Economically productive Infrastructure & Services (markets, storage, land reclamation., roads, power). Feasibility studies. Rehab workshops, equipment leased to producers. Tech. assistance to farm, small business. 250,000 person days construction Maintenance & Operation jobs 1. People, institutions (Village Councils Village Development Committees/Project Committees), trained in, & practising participatory planning, decision making, execution, operations & maintenance of local development (incl. women) 2. Incl. PRA, proposals, resource mobilization 3. Procurement, supervision Set up & training of all below (not 1) 1. Inter- ministerial Steering Committee 2. LRDF leading to LGDF thru MoF, MLG LRDF Management Unit. 3. CBU in MLG . 4. 12 MRPCs w/ staff, 121 VC's 5. Comprehensive Operations Manual 6. Comprehensive M&E Plan, in-progress evaluation, policy lessons report
III. Rationale: Decentralization, Policy Development, LG (PD96 p.14, 52-7)		1. LRDP demonstrates LA's capacity to help finance, plan, and manage local development. 2. Through policy assessment, dialogue gets government institutionalizing decentralization. Eg. MLG-CBU, MRPC&VC's, IGFT's thru MoF, MLG.

Source: Synthesized from Program Document 1996.

Figure 2-1 *Palestinian versus Israeli Controlled Areas*

Local administration, the only level of indigenous public administration, which continued to function during the occupation, was also being restructured by the MLG. A local government law had been drafted and proposed. The MLG had decided to reclassify local authorities as municipalities, on a scale of A to E with the larger, richer, more powerful authorities classified as A and the smallest, poorest and weakest ones classified as E. This, in turn, determined a declining level of fiscal and administrative autonomy and resource allocation. All municipalities would be governed by local councils whose size would also be determined by the above classifications. This restructuring proposal along with the MLG's draft law on local government was expected to be formally adopted before the end of August 1996.

The project document cautioned that with respect to the assignment of responsibilities to local authorities, it was difficult to characterize the draft law as genuinely devolutionary, the law being as significant for what it excluded as to what it included. The law appeared more as a statement of PA consensus on local government than a PA policy document. Nevertheless, it also appeared that proponents of decentralization enjoyed substantial influence with the PA agency most closely involved with local government, namely the MLG, whose leadership were also the leading advocates of decentralization within the PA (UNDP, 1996:3).

Furthering decentralization was also the plan to hold local elections before the end of 1996. This would replace current PA appointees with elected representatives. A draft law on local elections had already been submitted by MLG to the PLC with ratification expected soon (UNDP, 1996:4). Having as councillors, duly elected representatives of the people rather than central government appointees would greatly strengthen the whole decentralization process, particularly the local council system and make it much more legitimate in the eyes of the people it was meant to serve.

Finally, the context within which LRDP-2 was designed included the optimism generated from the successful experience of LRDP-1. From 1993 to 1996 UNDP in partnership with an emerging PA and MLG had implemented a rural development program in two micro-regions (J3, J4) in the northern Jenin district of the PT (Figure 2-2). This LRDP -1 had already experimentally implemented the basic model of development to be now expanded and refined in LRDP-2. Although no formal evaluation appears to have been done, the results appeared promising. Documents reflecting on the experience confidently stated that LRDP-1 confirmed the workability of the basic concept and model. LRDP-2 was being designed and implemented with the benefit of the experience of a successful predecessor.

Figure 2-2 Location of Micro-regions/Program areas

2.2 Rationale and Concept

LRDP was designed to 'pilot a "decentralized planning and financing" approach to rural development in the Palestinian Territories' (UNDP, 1996:14). It was based on two policy assumptions.

- 1) Local governments have a comparative advantage in rural development. This is particularly in financing and co-ordinating local multi-sectoral programs, and in the sustainable delivery of infrastructure and services and promoting local economic development (LED). Central government should support decentralization to local government by upholding their autonomy, channelling essential financial resources, and assisting in capacity building.
- 2) Successful rural development planning and implementation requires good local governance. This means community participation in local planning and decision making, dialogue among local civic and political institutions, and accountability both to central authorities and to local communities

Since the PA had only started to define its local government and rural development policies, LRDP was "very much a 'field policy experiment' with potentially strong policy making linkages" for decentralization policies that particularly emphasized financial and technical assistance to smaller, poorer, rural jurisdictions (UNDP, 1996:14).

And although the project document did not say so, this reaffirmation, development, and test of the central role of (local) government was also important as a potentially significant contribution to international development policy.² It suggested an alternative, or at least a complement to, the prevailing development orthodoxy that downplayed government and emphasized instead the private economic sector.

The project document justified support for LRDP arguing that its central goals and approach were also those of UNDP and UNCDF and in which these two organizations had a comparative advantage. These were poverty alleviation, human and institutional development, empowerment and democratic governance.

The project document stated that the overall goal of LRDP was poverty alleviation in the least developed and most under-privileged areas of the Palestinian Territories. LRDP would address the 'root causes' of this poverty by a) promoting LED, in part through promoting a base for a more productive rural economy through such productive economic physical infrastructure projects as roads, land reclamation, and water resource development, and b) through addressing 'collective poverty' by constructing essential social services and facilities – schools, health centres, drinking water and waste disposal, and c) through jobs and income generation in the construction and maintenance of the infrastructure and services provided (UNDP, 1996:15)

LRDP aimed to make the above sustainable by also helping build a network of local institutional infrastructure. These included the MRPCs, the VCs, the Village Project Committees (VPCs), the Village Development Committees (VDCs – for broader-based village planning) and the supporting government ministries and line agencies. This infrastructure would support development activities on an on-going basis from project selection to operations and maintenance. It would enable communities to participate in all stages of local development, from which to help develop a sense of local ownership as a further essential basis for generating and sustaining the work done. Furthermore, these government and community institutions would help promote the empowerment of local communities, promote a civil society and a genuinely democratic and decentralised governance system (UNDP, 1996:16).

Finally UNDP/UNCDF had pioneered, financed and managed the approach through LRDP-1 over the previous several years from 1993 on. It was appropriate that they should continue to foster it on to its next stage.

² For example, UNCDF was funding, also as policy experiments, several development programs, with the same underlying concept and approach as LRDP in several other countries (Romeo, L., 1996).

2.3 Objectives

2.3.1 Development Objectives

These were the improvement of living conditions and poverty eradication. The strategy to do so was based on a) providing infrastructure and services, and b) promoting LED. Critical to this strategy was the devolution of resources and responsibilities and improved local governance (UNDP, 1996:17-18).

2.3.2 Immediate Objectives

The first two concerned 'rural development outcomes', the second two concerned institutional building or 'social capital outcomes'. These were:

1) Provision of Local Infrastructure and Services

This involved improving the quantity and quality of such things as internal roads, water and sanitation, electrification, school, health and community centres.

2) Promotion of local economic development and employment generation

This included direct support for economically productive infrastructure and services such as agricultural roads, land terraces, irrigation, storage and processing and agricultural extension. It also included indirect support such as financing feasibility studies for further resource mobilization by local co-operatives and other producer groups.

Finally, if proving feasible and if further financing were available, LRDP would help set up District or regional-level Local Economic Development Agencies (LEDAs). These would be set up by local authorities and financed through public-private partnerships to offer technical and financial assistance to local enterprises and to access credit.

3) Promotion of community participation in planning and Implementation of local development programs

This involved the development and implementation of a) a Local Participatory Planning (and Implementation) Procedure (LPP), and of b) organizations representing local political and civic groups, Village Planning Councils, 'user groups', 'project-holder committees'. These organizations would assist and *control* local authorities in project implementation or directly assume implementation responsibilities [our italics]. In all these both women and men would be equally represented, and, if necessary, there would be parallel structures for women that would be as frequently consulted and have the same decision making authority as the other structures.

4) Strengthening local authorities of smaller rural municipalities (type C, D, E)

With an emphasis on under-privileged municipalities, this would include setting up MRPCs as voluntary associations of municipalities to 'help themselves' in appropriate planning and management, co-ordination of action and creation of Joint Service Councils (JSCs) to manage services of common interest. It would include enhancing skills such as in budgeting and accounting, project negotiation and resource mobilization.

2.3.3 Policy Objectives

As a 'policy experiment' LRDP also aimed to assist in furthering decentralization policy development. This meant assisting the PA develop policy in support of devolving resources and responsibilities to local government and local community-based organizations (CBOs) and civic institutions for them to take primary responsibility for local development. This included policy to provide financial and technical assistance for capacity building to these institutions so they could well manage their responsibilities in a democratic and accountable way (also see UNDP, 1996:52-57).

2.4 Strategy and Components

The strategy and methods to be adopted by LRDP to achieve the above objectives consisted, in brief of 1) a capital assistance component, 2) a capacity building component, 3) a participatory planning and implementation component, 4) the four immediate objectives themselves as four sub-components, 5) the policy development process, 6) making links with relevant organizations and programs such as the Association of Palestinian Local Associations (APLA) and the World Bank funded Municipal Infrastructure Development Bank (MIDB), and, not least, 7) planning and implementing the whole program in a 'modular, continuous learning process' (as opposed to a 'blue-print' way).

2.4.1 Capital Assistance

LRDP was to pilot a fiscal transfer system to channel funds from central to local levels. This involved a Local Rural Development Facility (LRDF) through which would be channelled all LRDP capital transfers from UNDP, UNCDF and other donors to local authorities through the Ministry of Finance (MoF) and the MLG. This pilot would serve as a policy experiment offering lessons to the anticipated PA intergovernmental fiscal transfer (IGFT) system that would house a Local Government Development Fund (LGDF) for central to local transfers. The LRDP-2 system would be in contrast to the simpler, but less policy-relevant system used in LRDP-1 in which UNDP channelled funds directly to VC and/or contractors. (UNDP & UNCDF, 1996:20-25)

In brief, the LRDF would flow through two circuits a) an advance and replenishment circuit, and b) a payments circuit (Figure 2-3). The MoF would set up a special LRDF account to which LRDP funds from UNDP would be advanced. Similarly local councils would open LRDF accounts and request advances and replenishments as needed through the MLG and with MLG technical and financial clearance. MLG would set up a special central LRDF Management Unit for this and to request funds transfers that would then go directly from MoF to the local council accounts. Payments to contractors and suppliers would be made directly by local councils from these accounts. This system was to be piloted in one micro-region and evaluated before being applied more widely.

Figure 2-3 Local Rural Development Facility (LRDF): As Designed (Funding, Payment, Replenishment Process through MoF)

In this way the LRDF was expected to channel an amount ranging from approximately \$4 million to \$16 million to local councils in 4 - 12 micro-regions over four years, averaging \$20-25 per capita per year (amount varied with the amount of donor and other funding made available to capitalize the LRDF). Seventy five percent of these funds would be allocated as an indicative planning figure (IPF) for individual projects among VCs. This would use a transparent formula involving a minimum amount of \$20,000 plus a per capita allocation for each VC. Up to 5% of the IPF would fund technical staff of the MRPCs who would assist the VCs in the project process. Up to 15% of IPF could be used for technical services such as feasibility studies and engineering design and supervision while at least 80% had to be used for actual works and supplies. Unallocated Reserve Fund (URF) resources could be used, 50% for technical services and 50% for works and supplies (UNDP & UNCDF, 1996:44).

To be eligible for these IPFs, community contributions ranging from 10% to 30% of IPF, had to be raised (more from richer villages, for economically productive infrastructure relative to social service projects). Over the course of LRDP, it was expected that a more sophisticated formula would be developed taking account of such other factors as infrastructure needs. The IPFs were expected to be a strong incentive for the VCs to raise community contributions and promote a participatory planning and implementation process (a second requirement for being eligible for the IPFs).

The remaining 25% of the LRDF were to be designated URF to spur joint projects among several VCs, including preparatory studies and other such activities of common interest. To be eligible, the collaborating councils would have to raise 1:1 matching grants.

The funds would accrue to three groups of local governments: 1) the VCs and VDCs of municipalities C,D,E, 2) JSCs of two or more VC's created to develop and manage shared infrastructure and services, and 3) MRPCs - with representation from each VC in each micro-region. The MRPCs were to be a consultative forum responsible for developing and managing activities of common interest to all or several VC's in the micro-region (e.g. joint projects, resource mobilization) and for providing technical assistance to VCs.

These local authorities with LRDF financing would be responsible for procuring and managing all services, goods and works for the program. While the majority of these would be infrastructure and services a significant proportion would also be earmarked for environmental and natural resource management and especially for promoting LED (UNDP & UNCDF, 1996:22 for details). Special effort would be made to design procurement modalities to use tradesmen and labour local to the micro-region.

As we shall examine later, without expert technical assistance the IGFT system was inadequately developed while the IPF formula was improved.

2.4.2 Capacity Building

The second main component of LRDP as designed was that of building capacity among PA institutions to help them self-reliantly sustain and further develop LRDP initiatives after the program terminates. The targets of capacity building were the village (VC, parallel, supporting organizations such as the VDCs, VPCs, and village community), the MRPC, the MLG-DO the central MLG (MLG-CO) and MoF (UNDP & UNCDF, 1996:25-32). (Table 2- 2 sets out the capacity building elements in terms of level, goals, recipient, instruments and responsibility. Figure 2-4 illustrates the Capacity Building Unit (CBU) and its 'targets of capacity building' within the overall organizational structure of LRDP (see UNDP 1996a: 25-29 for further details).

Table 2-2 Capacity Building Elements: As Designed

Level	Goals	Recipient	Instruments	Responsible
Village	To conduct PRAs	1 or 2 representatives from each village	Manual and training in PRA methods	CBT, MRPC staff
	To implement the Local Planning Process	VPC	LPP, Guidelines for preparing project proposals; promoting community participation Training and technical assistance	CBT MRPC Staff
	To mobilise resources	VPC and VC	Technical assistance in community contributions; cost-recovery	MRPC and staff
	To contract services	VC and staff	Manual on Project Management, compliance with LRDF procurement procedures; preparing project documents; tendering; contract writing Training	CTA, MoF, CBT MRPC staff (CBT)
	To improve financial administration	VC and staff	Training in basic financial administration; accounting; budgeting; expenditure controls; revenue collection	MLG district office, or consultants where required
Micro-region	To facilitate cooperation between villages	MRPC and staff	Manual for MRPC on roles and functions Training in communication skills; consensus building; dispute resolution	CBT CBT
	To exploit economies of scale in village admin and service provision	MRPC and staff	Technical assistance to explore opportunities and prepare draft designs of joint projects for infrastructure and services	CBT Consultants for specific projects
	To provide supporting services to VPCs and VCs	MRPC Staff	Manual for MRPC on roles and functions; workshop for staff on skills in training and technical assistance related to the LPP; engineering supervision of contractors	CBT
	To mobilise resources	MRPC and staff	Manual for MRPC; technical assistance for resource mobilisation; liaison with line agencies; knowledge of donor programs; proposal writing	CBT
	To promote economic development	MRPC and staff	Technical assistance in identifying opportunities; forming task forces; harnessing support from private sector and NGOs	CBT local economic development specialist
	To operate and maintain services	Staff of Joint Service Councils	Technical assistance in pricing services; operational procedures' repair and maintenance routines	Consultants
Province	To monitor disbursement of LRDF funds	Provincial office of MLG	Manual for MLG on LRDF procedures for procurement and disbursement; monitoring of project activities; reconciliation of expenditures of LRDF funds Technical assistance for same	CTA, MoF, CBT CBT
Central government	To manage the LRDF	LRDF Board and management unit in Finance & Administration department at MLG	Terms of reference for Board on goals and purposes of LRDP and the LRDF, allocation of funds to micro-regions and villages Manual for MLG on LRDF procedures and project appraisal Technical assistance for same	CTA and MLG CTA and MLG CTA
	To raise funds for the LRDF	LRDF Board and management unit	Technical assistance on donor interests; potential sources of funding	CTA
	To create and maintain an information system to support the LRDF	LRDF management unit	Technical assistance in use of computerised databases; analysis and interpretation of data; report writing	CTA
	To coordinate provision of technical assistance to villages and micro-regions	Human Resources, Research and Development department of the MLG	Technical assistance on goals and purposes of LRDP and the LRDF; monitoring and evaluation of contractor performance	CTA, and Monitoring and Evaluation specialist
	To assume responsibility for financial administration of the LRDF	Ministry of Finance, (which department?)	Protocols for villages, Manual for MLG, and memoranda for MoF staff on goals and purposes of LRDP and the LRDF; procedures for procurement; disbursement and requests for payment of funds	CTA, MoF, CBT

Source: Program Document 96:30-32

Figure 2-4 Organizational Structure of LRDP2/CBU and Targets of Capacity Building

The following observations can be made on the capacity building component:

- 1) While capacity building was identified as needed at three levels - local (village, micro-region), provincial (MLG-DO), and central (MLG-CO, MoF), the emphasis was to be on the local level. More specifically it was to be on the village community, VCs, VDCs, VPCs, and MRPCs given that a main objective of LRDP was to strengthen such local authorities' capacity for self-reliant, participatory local development.
- 2) The goals, training needs and capacities to be developed were identified as both narrowly technical and more broadly planning, process and management oriented. For example capacities were to be developed in specific skills such as PRA techniques, how to write proposals, contract, operate and maintain services, follow the specific procedures for accessing and accounting for LRD funds, do accounting, and create and maintain computerised local planning information systems (LPIS). They were also to be developed in broader skills and knowledge areas such as how to promote community participation, facilitate inter-village co-operation, mobilise resources, promote economic development, and develop skills in communication, consensus building and dispute resolution.
- 3) The 'instruments' or capacity building materials and methods to be used included training (on-job and special sessions/ workshops), manuals and procedural guidelines, and technical assistance.
- 4) The key 'capacity builders' or trainers were to be the Capacity Building Team (CBT) at the lower levels and the Chief Technical Adviser (CTA) of LRDP at the higher levels. At the higher – MLG-CO, MoF levels – capacity building through technical assistance would be more prominent. In addition MRPC, MLG and MoF staff along with consultants would also be involved in training.
- 5) The only explicit 'training of trainers' – although that term was not used – appeared to be that of training two representatives from each village in PRA techniques before they then helped guide PRA in their villages (UNDP & UNCDF, 1996:33).
- 6) Not least, the funds allocated for training appeared inadequate especially considering the central importance given to capacity building, and the scale of capacity building tasks identified. Twenty five thousand dollars were earmarked for this purpose – 0.4% of the minimum scenario LRDP budget (Table 2-3 and UNDP 1996a:45). The expectation was that this amount would be added to through setting aside for training a proportion of all additional donor funds.

As we shall examine later, some of the limitations of the training component as implemented emerged from its lack of adequate budget allocations in program design.

Table 2-3 Program Items, Funding, and Costs as Designed

ITEMS	FUNDING AGENCY	EXPECTED TOTAL US\$	CONFIRMED TOTAL US\$	CONFIRMED % OF TOTAL
PERSONNEL				
Chief Technical Advisor	UNDP	630,000	630,000	
Technical Monit. Missions	UNCDF	120,000	120,000	
M&E Consultant	UNCDF	120,000	120,000	
Administrative Secretary	UNDP	90,000	70,000	
Driver	UNDP	90,000	90,000	
Local Planner: LG Services	UNDP	186,000	186,000	
Local Planner: Finance	UNDP	186,000	186,000	
Local Planner: Community Dev. Women	UNDP	186,000	105,000	
Local Economic Dev. Expert	UNDP	186,000	131,000	
Civil/Municipal Engineer	UNDP	186,000	0	
M&E Expert	UNDP	186,000	81,000	
Sub-total		2,166,000	1,719,000	28.00
SUB-CONTRACTS				
LPIS Development	UNCDF	50,000	50,000	
LEDf Feasibility Studies	UNCDF	60,000	60,000	
Local Rural Dev. Facility (A)	UNCDF	2,000,000	2,000,000	
Local Rural Dev. Facility (B)	Other Donors	15,553,000	2,000,000	
Local Economic Dev. Facility	Other Donors	4,000,000	0	
Sub-total		21,663,000	4,110,000	66.00
TRAINING				
Study Tours	UNDP	15,000	15,000	
Group Training	UNDP	10,000	10,000	
Sub-total		25,000	25,000	0.40
EQUIPMENT				
MRPC Office Equipment	UNCDF	120,000	120,000	
Premises	UNDP	12,000	12,000	
Office Supplies	UNDP	8,000	8,000	
Sub-total		140,000	140,000	2.24
MISCELLANEOUS				
Office Operation and Maintenance	UNCDF	240,000	240,000	
Sundries	UNDP	6,000	6,000	
Sub-total		246,000	246,000	3.94
Baseline Costs Total		24,240,000	6,240,000	100.00

Source: Program Document 1996:45

2.4.3 Local Planning Process

In addition to capital assistance and capacity building, LRDP needed a structured process for planning and implementing projects, if it was to achieve its objectives. It would facilitate 'the adoption (by the local authorities) of appropriate planning and project management techniques and procedures', which would strengthen and increase their capabilities. In keeping with LRDP objectives, the process had to be participatory. Through adopting such a process 'the quality and quantity of basic local infrastructure and services' would be improved. The setting up and adoption of this Local Planning Process (LPP) was made a requirement and a method for villages and micro-regions to access LRDP funds (UNDP & UNCDF, 1996:33-37)

More specifically, the process was expected, to help achieve the following:

- Set up an institutional framework that facilitates co-operation among villages in a micro-region and allows them to capture economies of scale in performing their responsibilities.
- Generate a portfolio of projects for individual village development and joint projects serving groups of villages to be funded through LRDF and other sources
- Strengthen community participation in local decision making (UNDP & UNCDF, 1996:33)

Table 2-4 and Figure 2-5 sets out this LPP process per micro-region. Figure 2-6 sets out the process in terms of planning and implementation for 12 micro-regions over the four years (further detailed in the program design document UNDP1996a:33-37).

Table 2-4 Project Planning and Implementation Process: As Designed

	Step	Major Elements / Activities	Duration
Preparation / Pre-LPP	1. MR Selection	Steering Committee selects MR's Aggregate funding for MR determined IPF's are allocated Project eligibility defined	1.5 – 2 months
	2. Setup of Institutional Framework	LRDP team introduces the Project in order to set up MRPC Planner and Engineer are recruited Initial training to MRPC and staff is provided	
LPP	3. Project Selection	PRA is conducted and priority list of projects for each village and for joint projects is prepared Consultation with MLG and line agencies Consultation with the community to finalize the project selection and to mobilize resources	2 months
	4. Project Detailed Preparation	Village Planning Committees (VPCs) are formed IPF's are assigned Project proposal developed Consultation with the community Project proposals are submitted for approval Review of proposals and obligating of funds Prepare designs and bidding documents	5 months
	5. Contracting	Responsibility for procurement lies with the local actors: the VCs, MRPCs, and the Joint Service Councils (JSCs). Three contracting modalities are envisaged: Contracting to independent consultants and prime contractors 'Slicing and Packaging' of contract work VC (through the MRPC engineer) directly coordinates and manages the work, i.e., 'construction management' approach.	Avg. 3-4 months max. 9 months
	6. Execution	Execution to be done by local authorities (implicit in PD p. 26) Manual for (participatory) project management will be prepared Disbursements done via MOF.	
	7. Operations & Maintenance	Hand over to line agencies or O&M by VCs, MRPCs	
	MR Selection to Contracting:		12-18 months

Source: Table is based on information given in the Program Document

Figure 2-5 Local (Project) Planning Process: As Designed

Figure 2-6 *Micro-region Planning Process: As Designed*

The following observations can be made on the LPP as designed:

- 1) As described in the project document, the emphasis appeared to be on planning, starting with the PRA and stopping with receipt of the funding for projects. There was less discussion here on the pre-planning stage and none on implementation stages of contracting, construction execution, operations and maintenance (beyond the comment that through 'slicing and packaging' local authorities would encourage the use of local contractors, tradesmen and labour). (To present the more complete process, information on these later stages up to execution, operations and maintenance, has been gleaned from other parts of the program document and included in Table 2-4).
- 2) Linked to the above, the project document might have given mixed signals on the role and scope of community participation. While one of the four basic objectives of LRDP was clearly stated to be to 'promote community participation in planning and *implementation* ...' (our italics), references to participation remained within the planning stage, specifically the PRA. And PRA as described, itself appeared limited to project identification. (The implications will be discussed in the 'implementation' chapter).
- 3) Re. Funding: LRDP-1's disbursement model would be maintained (transfers directly from UNDP-J to a local authority account). The local authorities would be responsible to procure and pay for consultants, contractors, and supplier services. Meanwhile a new system channelling funds through the MoF to local authorities would be tested (the IGFT discussed earlier) before replacing the LRDP-1 model.
- 4) The Steering committee/ LRDF Board was expected to perform several important functions in this process, from selecting micro-regions to reviewing and approving project proposals for funding.
- 5) The bulk of the responsibilities were to lie with the VCs and the MRPCs and their staff who were involved in all stages, from the pre-PRA institutional set-up to execution.
- 6) Community participation was to be at the level of the individual community member as well as through their representation in organizations such as the VPCs, and VDCs. While the LPP section focussed community participation within the PRA, other parts of the project document suggested community members were also to be involved through consultations at the detailed project preparation stage particularly on which projects were to be finally approved to be implemented. Furthermore VC and MRPC members were to be trained in methods to involve project beneficiaries in the project implementation stage as well (UNDP & UNCDF, 1996:26). Women's participation was again emphasized.

As we shall examine later, some of the problems in this component can be traced to the ambiguity in the project document.

2.4.4 Monitoring and Evaluation

Monitoring and evaluation (M&E) was given special emphasis in LRDP. Ten pages out of the 57-page project document were devoted to it. This was for two reasons: 1) M&E is an important management tool, especially for a multi-dimensional complex program in a complex working environment such as LRDP, and 2) it was a 'policy experiment', one of a new generation of UNCDF programs being tested internationally. The M&E system played the key role of extracting policy lessons from program experience.

Consequently the project document set out in some detail the system and scope of M&E. This included its purpose, strategy and coverage, outputs and activities, a schedule of M&E

activities and details on these, a list of policy questions for M&E to address and staffing and institutional arrangements (UNDP & UNCDF, 1996:48- 57).

In brief, the purpose of M&E was to:

- Assess project performance, impact and trends
- Generate and test policy hypothesis and offer data for policy making and formulation
- Measure both the relevance and achievement of objectives
- Guide program implementation, future project design and policy formulation

The strategy and coverage involved:

- A 'rigorous but minimalist approach' focussed on a few, key set of objectives and policy questions and using only essential data collection and reporting
- A mix of methodologies – quantitative, qualitative, surveys to PRA etc.
- Being participatory - beneficiaries involved in establishing key performance indicators (KPI), program baselines, and performance assessments
- Program monitoring mechanisms would include data entry into MIS, semi-annual monitoring of objectives, and annual beneficiary assessments
- Special efforts to test the M&E system in years one and two particularly ability to assist in both program management and policy dialogue
- M&E of the program at several levels including inputs, outputs, performance , Impact and policy

The project document set out a matrix detailing the schedule of M&E activities (Table 2-5). These included: Input and output monitoring, establishing KPIs, baseline surveys, stakeholder assessments, performance and policy monitoring, piloting village community monitoring cells, mid-term, final evaluations and ex-post evaluations.

Monitoring for policy lessons were specially emphasized through setting out several key assumptions of the program linked to program objectives and detailed further in thirty more precise questions to be addressed through the M&E system. These were meant to be indicative and open to change through the program process.

M&E staffing and institutional resources included a local M&E specialist to design and lead the effort. This specialist would work with the LRDP team particularly on a MIS system. The bulk of M&E activities were expected to be carried out by local consultants under the supervision of the specialist. In addition external consultants and the (UNCDF New York?) Policy Planning and Evaluation Unit (PPEU) would provide special technical backstopping particularly during the initial stages of M&E design, KPI establishment and baseline survey. The workplan of the M&E specialist would be endorsed by the CTA through whom s/he would report to the MLG while referring to the UNDP-J and UNCDF-NY.

As we shall examine later, very little of the above was implemented.

Table 2-5 Schedule of Monitoring and Evaluation Activities

2.4.5 Local Economic Development

The project document mentioned LED as an objective rather than a component. It was, however, spelled out in some detail within the capital assistance component of the project document (UNDP, 1996:22,23). We consider it here for the following reasons: first, it was added to LRDP-2 as a special addition, being absent in LRDP-1, because the phase one experience underlined its importance. Second, while the other objectives can be well considered within the strategic components – e.g. infrastructure and services within LPIP, community participation in planning and implementation within LPIP, strengthening local institutions within capacity building, all of these within capital assistance – LED cannot be automatically adequately considered within any one of these. Finally, LED has been particularly problematic in LRDP-2. There appears to be particular confusion around it, and the evaluation team was asked specifically to comment on it.

Three reasons were given in the project document for emphasizing LED: 1) A basic premise of LRDP-2 was that local government was responsible for promoting LED, 2) It was a high priority of the PA given the damage to local jobs and trade caused by closures (implicit in this was the need to develop a more self-reliant, less Israel-dependent economy), and 3) villagers in LRDP-1, through their PRAs had identified economically productive activities as a high priority.

The project document made clear its expectation that significant capital assistance and capacity building was to be invested in LED. It did so by placing the discussion on LED within the capital assistance component, by specifically stating that while the bulk of LRDF resources would go to Infrastructure and services, LED would also claim a significant amount, and by highlighting 'lack of knowledge and expertise' as underlying LRDP-1's relative lack of success in this field.

LRDP-2's scope of work was therefore to include creation of jobs and income, and support for agriculture and small businesses. This would be done in four ways:

- 1) An LED specialist in the CBU would technically assist the VCs to identify LED opportunities, design preliminary proposals, and mobilize support for them;
- 2) This specialist would train other staff of the CBT and MRPC members in promoting LED, in developing preliminary proposals to fully viable ones, and in working with private sector and other appropriate organizations;
- 3) A special section of the LRDF guidelines would be on projects for LED with examples of those that would be specially favoured for support; and
- 4) A portion of the LRDF would be reserved for MRPC joint projects that would include economic activities.
- 5) Consultants would also be used for help in promoting LED.

LRDF funds would be used in support of production and economic activities and as seed money to attract private funds for projects serving groups of producers and traders. Funds would not be directly channelled into private hands. They would be used for such activities as: infrastructure directly supporting trade and production (e.g. markets, farm to market roads, power supply); feasibility studies for larger projects (flood control, irrigation, several-village coops for agricultural marketing, cold storage); rehabilitating premises with equipment to lease as workshops to groups of small producers; extension to farmers and small businesses.

Implementation would include setting up task forces including beneficiaries and the interested public and private sector organizations. Resources in technical assistance and capital would be mobilized from other sources while LRDP-2 contribution to private group would, in most cases, be in technical assistance and facilitation (bringing people, institutions and resources together) rather than in funding. A separate funding module might be later developed, the feasibility of which would be supported by LRDP.

As we shall examine later, very little of the above was implemented.

2.4.6 Scale of Operations and Expansion Strategy

A one and a half to two year planning and implementation process per micro-region was envisaged approximating eight months for planning and 12 months for implementation (Figure 2-6). (Elsewhere in the design document a three-year planning cycle is mentioned).

Drawing on the experience of LRDP-1, LRDP-2 anticipated starting in three micro-regions in the first year reaching 37 municipalities and a population of 77,700. This pace could continue over the four-year period of the program to cover 12 micro-regions or 121 municipalities reaching 277,200 people, that is 20% of the rural population of the Palestinian West Bank.

This was assuming donor funding translated into \$16 million IPFs over the four year period (the maximum, expected total scenario). This meant on average \$4 million per year or per three micro-regions, that is \$750,000 per micro-region or \$58 per capita. The organizational and human resources as designed were considered appropriate from a minimum \$4 million IPF (approximating four micro-regions over the four years) to the stated maximum. Any larger a scale or faster an expansion would need more human resources.

The 12 micro-regions were selected on the basis of a comprehensive study (Centre for Engineering and Planning, 1995) whose information was then used by the LRDP-1 project staff to rank and identify the regions for LRDP-2. The selection criteria were relative need (for infrastructure and services and comparative neglect by other agencies), relative potential (greater local institutional capacity and better prospects for inter-village co-operation), and relative diversity (agri-ecological conditions and settlement patterns to give a more nationally representative 'policy experiment'). As we shall later discuss, the incorporation of some large municipalities within micro-regions diverted IPFs in contradiction to the 'poverty' focus of the program.

Resources and interest permitting, and in the spirit of 'a modular, continuous learning approach, additional 'sectoral modules' could be developed such as a 'Local Economic Development Facility/ Agency (LEDFA) through local authorities and public –private partnerships to offer technical and financial assistance to local enterprises. (UNDP & UNCDF, 1996:37- 39).

2.4.7 Resources: Organizational Structure, Human Resources, Funding

1) Organizational Structure and Human Resources

Figure 2-4 sets out the organizational structure of LRDP as originally envisaged (and as largely implemented) (details in UNDP1996a:40-45). The following observations can be made about this structure.

- a) The core of the structure was to be the CBU. This unit would consist of the core LRDP team – the CTA, five professionals as the CBT and the Monitoring and Evaluation expert. It would be housed within the MLG central. The CTA would report directly to the UNDP resident representative.
- b) A CBU was to be also established within the MLG-CO under the Human Resources, Research and Development Department, while an LRDF Management Unit (FMU) would be placed in Finance (Figure 2-7). The MLG CBU's function was to oversee and be involved in the work of the LRDP CBT on behalf of the MLG. The expectation was that by the end of the program this unit within the MLG would assume the functions of the LRDP CBU. That is, it would take over identifying training, technical assistance and other program needs of VCs and MRPCs and co-ordinate the delivery and evaluation of these needs and the programs developed to meet them.
- c) The PSC would be the key policy and program-guiding unit. It would consist of deputy ministers of the MLG (chair), the MoF, the Ministry of Planning and International Co-operation (MOPIC) and the deputy representative of the UNDP. Since this body would also serve as the board of the LRDF, its FMU manager would serve as the PSCs non-voting secretary. The LRDP CTA would be an observer in all PSC meetings. The PSCs functions would include selecting micro-regions, guiding the use of LRDF resources, IPF allocation formulas, appraise and approve project proposals, help raise funds for the LRDF, help co-ordinate with other PA ministries and, not least, help develop and promote within the PA the decentralisation policies as learnt from the LRDP experience (UNDP & UNCDF, 1996:28, 31-32).
- d) The LRDP CBU would be staffed by highly qualified and experienced professionals – three planners (including a participation and gender expert, a civil engineer, a LED expert, and a M&E expert. At least two of the CBT would be women (Figure 2-8).

This core unit would be well supported by locally and externally recruited consultants hired to assist in such work as the LPIS, LED, and M&E. In addition there would be one full-time and two part-time LRDF managers in the MLG and MoF respectively.

2) Funding

As discussed, overall funding for the contracts portion of the program, the bulk of which would go to infrastructure and services was expected to range from a minimum of \$4 million to \$16 million (Table 1-4). By program design time (October 1996), \$6.24 million for the whole program had already been confirmed of which 66% or just over \$4.1 million was earmarked for contracts. The rest consisted of personnel (28%), training (0.4%), Equipment (2.24 %) and Miscellaneous (3.94%). Each additional donor was expected to add to the training budget.

Figure 2-7 LRDP2/CBU Proposed Integration within MLG

Figure 2-8 Detailed Organizational Structure of LRDP2: As Implemented

2.4.8 Expected Results

Results as expected outputs were listed at one point in the design document (UNDP & UNCDF, 1996:18-19) and suggested through various parts of the rest of the document. These have been summarized in Table 1-2. Grouped against objectives, in brief they consisted of the following:

- 1) Development Objectives: Significant improvements in poverty and living conditions
- 2) Infrastructure and Services: Fifty – 200 infrastructure and services projects over 4 – 12 micro-regions benefiting 70 –280,000 people over four years for \$4 – 16 million in IPFs/contracts.
- 3) LED: Training in LED. Economically productive physical infrastructure, Feasibility studies. Technical and financial assistance to farmers and small businesses. Jobs through construction.
- 4) Participatory planning, implementation: People and their institutions trained in and practising participatory planning and implementation of village and micro-region level programs and projects.
- 5) Strengthening Local Authorities: Capacity developed in a range of local and central institutions – VC, MRPC, PSC, MLG, MoF – with emphasis on the local ones. A unit set up within MLG-CO to support rural local authorities in local development. An IGFT system set up in MoF and an LRDF in MLG to fund local development through VCs and MRPCs. Guidelines and procedures with manuals recording and communicating these developed.
- 6) Policy Development: LRDP was expected to demonstrate the value of, and ways to support, a local authority-based decentralization approach – VC, MRPC potential in financing, planning, managing local development - and to justify central government support and institutionalizing of such decentralization.

2.5 Assessment of LRDP As Designed

Overall, LRDP-2 was well designed. The design document was well informed about what it took to promote decentralized development and about the context within which it was to attempt to do so. It comprehensively identified all the basic objectives that would need to be met over time, the methods – strategies, components, tasks – needed to meet them, and the resources - human and financial – that would have to be in place for this.

Particularly remarkable was the detail with which some aspects of the program were spelled out. An example, is the type of M&E that would need to be done to both help manage what was a complex and ambitious program and help identify and promote the policy development lessons.

Below, with some benefit of hindsight no doubt, we will discuss some aspects of the design document that might have been improved given what could have been known at that time. The value of doing this is two-fold. First, it helps identify where an issue that might have arisen later in program implementation had its roots in the problem of how the program was designed, or at least, in part resulted from the way it was designed and not simply in the way it was implemented. Second, identifying improvements may offer lessons for how the anticipated Phase Three of the program (LRDP-3) should be designed.

- 1) Section on Assumptions and Risk Management: Such a section in the design document would have prompted the designers to consider the possibility of their optimistic assumptions not being borne out and taking account of this possibility in the design. For example, not only would the project document have suggested the risk of worsening Israeli-Palestinian relations given the election of the Netanyahu government, it might have explored how this might affect the program and how to respond (risk management). Thus a possible slower implementation scenario might have been allowed for, given that much of the program area and potential projects fell within Israeli jurisdiction relying on Israeli goodwill to approve. As it was, the wide scope and rapid pace of the program as designed assumed a best-case scenario which then the program was under pressure to live up to (to the detriment of other program objectives as shall be discussed).

To an extent, the 'open, modular, continuous learning' approach did account for possible changing conditions. For example, in committing to a LEDF initiative only if conditions and resources permitted. In reality, again contrary to the optimistic scenario, economic conditions and investment worsened, making the LED component more difficult to implement.

- 2) Inadequate analysis of the social context, especially gender issues. Given the objective to involve women in the program and a traditional context in which the participation of women was going to be a challenge, such an analysis might have helped improve program design to better meet this challenge.³ For example, some social analysis might have revealed gender bias among the professional classes - anticipating such possible bias even among the CBT⁴. With such information program designed could have been improved by for example, making the recommendation much stronger to have more women on the LRDP team and suggesting culturally appropriate gender awareness training at different levels from the CBU downwards.
- 3) The challenge of institutional sustainability was underestimated: The uncertain sustainability of the MRPCs at the end of LRDP-1 could have been cited to justify special efforts for sustainability in LRDP-2. Greater emphasis, for example, might have been placed on allocating funds, expertise and training on ways to make the MRPCs institutionally and financially sustainable – especially in terms of identifying income sources independent of LRDP and government.

Similarly, measures outlined in the document were inadequate to institutionalize the CBU within the MLG. The MLG-CBU was under staffed (one national manager, two part-timers in other departments). Placing the LRDP-CBU physically within the MLG building was appropriate. However, there was only one MLG staff person assigned (the MLG national manager of the Unit who was also the only full-time MLG-CBU person). The rest of the LRDP-CBU consisted of UNDP/LRDP employees. It was unrealistic to expect these employees to become MLG employees at the end of the program, given the lines of reporting (to UNDP through the CTA with the MLG national managers role in this line ambiguous at best), the staff being salaried by UNDP (with much higher than MLG salary scales), and given that staff's career expectations could be expected to be to remain within international aid work.

³ Some analysts suggests that the status of women during the last five years of the Intifada and subsequently had even worsened than from what it traditionally was. Marriage age dropped dramatically, and with closures and declining economic conditions, school girls were pressured to drop out and work to help augment family income (United Nations 1996).

⁴ During the evaluation workshop, most of the men participants stated that women did not face any special constraints that needed special attention while all women participants stated that women did face constraints that needed special attention.

- 4) Involving stakeholders in design formulation: The MLG-CBU national manager said that although she had been formally part of the design team, she was not very involved and not much aware of the contents of the project document. Similarly LRDP staff that was present during the design formulation also appeared, at time of evaluation to not fully grasp what was in the document. Closely involving such stakeholders might have better tapped their insights, made them more aware of program objectives, methods and expectations, given them more ownership of the program design and stronger motivation to implement it as designed.⁵
- 5) Measures, and human and financial resources allocated for training were inadequate. This is especially given the critical role played by capacity building in the program. A training needs assessment at the outset and/or a review of training needs as the program evolved would have been useful. Much of the training materials development and training was assigned to the LRDP-CBT but there were no measures designed to train them in preparing these materials nor in effectively designing and conducting training. A training allocation of \$25,000 or 0,4% of a \$6.24 million program was grossly inadequate. All this contributed to inadequacies in capacity building as we shall discuss.
- 6) Ambiguous or conflicting statements: For example, while the objective as stated was clearly participation in both planning *and* implementation, the emphasis in the means to do so limited participation largely to the early planning stage, placing it within an, itself narrow interpretation of PRA (i.e. PRA as project identification (PRA/PI)). Even assuming a careful use of the project document as an on-going management tool through the implementation process, this treatment of community participation in the document might have, in part, contributed to there being very little participation promoted beyond the PRA.

⁵ It is, of course, possible that despite the best efforts of the design team, stakeholders did not show interest in being involved in the design process. It is even more possible that subsequently the design document was set aside and not used as an on-going program development and management tool which staff would refer to on a regular basis.

3 LRDP AS IMPLEMENTED AND ITS ASSESSMENT

(Table 3-1 summarizes LRDP as implemented)

3.1 Overview

3.1.1 Changing Contexts

LRDP began implementation in December 1996 and is expected to end by March 2000? As indicated in the last chapter, during this time, contrary to the optimism expressed in the project document, in some respects the context worsened, making implementation more difficult. Some examples:

- Israeli-Palestinian relations worsened, not improved with the elections that replaced Labour with Likud in the Israeli government. One impact was that it became more difficult to obtain the required Israeli approvals to implement certain types of LRDP projects (roads, water, and electricity).
- Economic conditions worsened and investment declined. Contributing factors included: renewed tension in Israeli-Palestinian relations, with Israeli obstructions to the free flow of goods remaining in place, and in some cases increasing; lack of a PA economic development policy that established clear, stable and reliable rules to encourage investment. This made it more difficult to implement LRDP's LED and employment generation objective.
- The expected local government elections and passage of the local government law, did not materialize (and has not as yet). Impacts here include: VCs as appointees and not elected representatives, had less legitimacy and less influence with their 'constituencies' and less incentive to be accountable to them; the hoped-for PA IGFT system remained in the future; ideas and actions regarding the legal status of local institutions promoted by LRDP such as the MRPCs remained unclear; lack of PA action on local government combined with the worsening Israel-Palestinian relations, bolstered the argument that strong central authority was required now, not more decentralization.

As we shall later further discuss, the assessment LRDP should take into account such worsening working conditions. This also suggests that despite a once more optimistic current context, and design of LRDP-3 should also allow for the possibility of reversals and their impact on program expectations.

Table 3-1 LRDP-2 Objectives, Inputs, Outputs: As Implemented (1997-99)

OBJECTIVES	Methods, Resources: INPUTS	Results: OUTPUTS, Outcomes, Impacts
I. Development: Improve living conditions, eradicate poverty	Infrastructure & services. <u>Weak</u> local economic development. <u>Some</u> Devolution of UNDP resources, responsibility	At local scale social & economic I&S improving living conditions, helping reduce poverty (eg. school, roads, water, electricity)
II. Immediate: 1. Infrastructure, Services 2. Economic Development, Jobs (more emphasis unlike LRDP 1) 5. Community Participation in planning, implementation of local projects 6. Strengthening Local Authorities [incl. Supporting govt agencies – MLG, MoF]	I. Strategy, Components: 1. Capital Assistance. 2. Capacity Building. 3. (Participatory) Local Planning Process. 4. As left with <u>weak economic</u> development 5. 'Modular', <u>some</u> continuous learning. 6. <u>Some</u> policy pilot, dialogue, simulate 7. <u>No</u> Links w/ APLA,, MIDB etc. II. Financial: \$5.5 – 8 million? (Staff, consultants: 16.6%, construction: 78\$) III. Human: 1. UNDP: Professionals Full time – <u>4. CTA, M&E, CD/gender 1-1.5 years. 1 woman. 1.5 years.</u> 2. <u>No base survey. Some? Consultant M&E (including policy development). None for Planning Information System, 1 for Economic Development</u> 3. MLG : 1 Full time National LRDP Manager. No Part-time LRDF managers (MLG, MoF). <u>1 accountant in Yatta</u> IV. Training. Formal, On-job, \$25,000. <u>No donor adds a training budget.</u>	81 Infrastructure & Service projects, \$69,000 each, 4 micro regions, for 111,595 people over 4 years for \$5.5M. Cost-effective. Acceptable quality <u>No</u> economic development training. <u>Much</u> economic I&S (roads, power, electricity). No studies. No other economic development activity. Credit program taken outside LRDP. ?k person days Construction, Maintenance & Operation jobs 1. People, institutions (Village Council <u>no</u> Village Development Committees/Project Committees), trained in, & practising participatory planning in PRA. 2. Proposals, resource mobilization, procurement, supervision, Operations & Maintenance limited to VCs. Women's role weak. I. Set up & <u>some</u> training. of all below (not 1) 1. <u>Project</u> Steering Committee 2. <u>Only Yatta</u> LRDF simulation through MoF, MLG. <u>No</u> LRDF Management Unit. 3. CB unit in MLG 4. <u>4</u> MRPCs w/ staff, 161 VC's 5. <u>No</u> Comprehensive Operations Manual, M&E Plan, policy lessons report. <u>Yes</u> , in-progress <u>reviews</u> 1. LRDP demonstrates <u>MRPC</u> , VC w/ <u>staff</u> capacity to help finance, plan, manage local development. 2. Weak policy assessment, dialogue, institutionalization (CB unit in MLG, IGFTs). Donor support increasing
III. Rationale: Decentralization, Policy Development, LG (PD96 p.14, 52-7)		

Source: Synthesis of Evaluation Findings

3.1.2 Start-up and Development

The project document was completed and the project agreement for LRDP was signed in October - November 1996. LRDP began work in December 1996 with a designed duration of four years and funding expectations ranging from a confirmed \$6.24 million to an expected maximum of \$24.24 million. It was designed to cover four to 12 micro regions over the four years depending on the amount of funding made available. As it turned out the total funding realized was \$8 million (Table 1-1 – although it remains unclear how much of this will actually be spent by the end of the program). This amount of funding and its pacing resulted in the program working in four micro-regions.

The four micro-regions Jenin (J2), Jericho (JE), Yatta (H7) and Qalqilya (Q1) were located in the North, East, South and West of the West Bank (Figure 1-1, 2-3). Start-up dates were staggered through the four-year period reflecting the times when donor funding was obtained for particular regions over the period (Table 3-2, 3-3)

Work first began in Jenin J2 with Japanese funding. The diagnostic survey, the first step in the planning process, commenced in December 1996. Since LRDP-1 had worked in Jenin micro-regions J3 and J4, the greater familiarity with the area made it logical to start LRDP-2 in the same region. J2 was also somewhat better off economically compared at least with two of the other four regions. J2 covered in total 140km², with areas A & B covering 45 km². It had a 1998 census estimated population of 26,483. Eleven villages are included in the program with Qabatiya (pop. 14,500) being the main one.⁶ (Figure 3-1)

With the availability of Dutch funding, work next began in JE with the diagnostic survey in June 1997. The JE micro-region was unique in that it technically extended over a long, narrow area over much of the Jordan Valley to the East of the West Bank (Figure 3-2, 3-3). In practice, program areas were clustered around three or four specific concentrations of settlements. This geographic feature along with large, intermediate areas being under Israeli control posed particular problems, as will be discussed. JE covered 45km² with areas 'A' and 'B' covering 9.2 km². This area had a census population of 12,717 and 11 villages in the program. JE is considered the worst off economically of all the four micro-regions.

Soon after, with an Arab Fund commitment, work began in H7 with the diagnostic survey commencing in August 1997. H7 covers 160km² with 70km² of these in areas 'A' and 'B' holding a population of 46,749. There are 23 settlements in the program with Yatta, population 42,000, as the largest settlement. (Figure 3-4).

A second amount of Japanese funding came much later. This funded Q1, which began its diagnostic survey in September 1998. Q1 covers 120km² with 30 km² in areas 'A' and 'B' with a population of 25,691. It has 21 villages in the program with Azzun, population 5,800 as the main village. Q1 is somewhat better off than either JE or H7 (Figure 3-5).

All together the LRDP program covers four micro-regions, 465 km², with 154 km² of these being in areas 'A' and 'B'. Population coverage is approximately 111,600 persons in 66 villages and small towns. This relative to the project document expected range of approximately 4 - 12 micro-regions reaching 71,000 to 277,000 persons for funding ranging from \$4 million to \$16 million IPF.

⁶ While 'C' areas also fall within the micro-regions worked in, they are not included here for purposes of analysis because a) the Israeli government fully control these areas, and b) virtually all the program population and the projects fall in areas 'A' and 'B'. In area 'A' the PA has jurisdiction over both civic and security matters. In area 'B', it has jurisdiction over civic matters with security under Israeli control (Figure 2-1). The 1998 census population figures are used since they are more accurate than the estimates obtained at project start by LRDP and used at time of signing of the memo of understanding (MOU)

Table 3-2 Basic Data by Micro-region

Micro-Region				# of Villages/ Projects	Economy ^{/1}			Infrastructure ^{/2}			Services Comment ^{/3}	General Comments on Region's Conditions, (problems, potentials, rich, poor, average relative to each other & West Bank in general etc.)		
	Area km ^{2/4}	Population ⁴	Pop Density (persons/ km ^{2 /4})		A	E	I	W	E	R				
JENIN (J2)	Total	@ MOU ^{/5}		Villages	1	3	2	2	1	1	Health:-Middle Education:-Middle Waste disposal:-poor	Income sources depend on rain fed agriculture (unstable). Only Qabatia in the MRPC J2 depends on stone quarrying and stone cutting.		
	140	32,130	230	11										
				Ind. P										
				13										
	A&B	Census '98		Joint Projects										
	45	26,438	588	4										
J ERICHO (JE)	Tot.	@ MOU		Villages	1	3	2	2	2	2	Primary health: Middle. Before LRDP 2, 7 out of 11 villages had primary health care services. After LRDP 2, the number grew to 9. Waste Disposal : Poor	The MR Region extends over 65 km of length along the Jordan Valley. One village lacks electricity (Jiftlik), and another village used to have a poor water network (Marj Na'jeh). Internal roads are short, and seem in an acceptable condition, except for the village of Cardala.		
	45	14,771	328	11										
				Ind. P										
				13										
	A&B	Census '98		Joint Projects										
	9.2	12,717	1,382	3										
YATTA (H7)	Tot.	@ MOU		Villages	2	3	1	3	2	1	Primary health conditions, generally good. For basic education there is a need for more classrooms. (Middle condition) For waste disposal, there is no system.	Relatively, The Micro-region is considered one of the poorest areas in the West Bank. Income sources depend on the labor force working in Israel (This is not continuous job). Income/capita is lower than the Palestinian Average. There is potential for small and medium size industry (because of skilled laborers).		
	160	66,200	414	23										
				Ind. P										
				23										
	A&B	Census '98		Joint Projects										
	70	46,749	668	3										
QALQILIA (Q1)	Tot.	@ MOU		Villages	2	3	1	1	2	3	Primary Health care : Middle Education : Middle Waste disposal : Middle	The general condition in this micro region is middle comparing with other micro regions in WB and the potential for develop is high according to the resources.		
	120	23,000	192	21										
				Ind. P										
				21										
	A&B	Census '98		Joint Projects										
	30	25,691	856	1										
Grand Total	154	111,595	873	V 66	I 70	J 11	1.5	3	1.5	2	1.75	1.75	Waste disposal poorest condition	JE & H7 are worse off than J2 & Q1

Source: Data provided by LRDP Team

1/ 1- Primary 2- Secondary 3- Tertiary (as major income source). Agriculture, Enterprises (Industry, commerce units), Israel (working in)

2/ Water network, Electric, Road, - 3- Good 2- Middle 1- Poor conditions 0- none (fill boxes) (before LRDP2)

3/ Primary Health, Education, Waste Disposal, etc. Good, Middle, Poor conditions (access) (before LRDP)

4/ Since Census '98 data is more reliable and most live in A & B areas, and since Palestinian Authority has no control over 'C' areas, census and A & B area numbers have been used in expressing areas, population and population densities

5/ @MOU = Estimate used at time of signing the memo of understanding

Table 3-3 Projects, Indicative Planning Figure (IPF), Planning-Implementation Process by Micro-region

Micro Region	Pop. & No. of Projects Ind & Jt	IPF Total (\$) & /Capita /Project	Planning (Dates)			Implementation (Dates)			Projects			Comments
			Diagnostic Survey Start	Projects Selected through PRA ¹	Projects Approved ² (licensed)	Tender Documents Completed ³	Contractor Selected ³	Hand over ³	Compl ete	Begun	Not begun	
JENIN (J2)	Pop	IPF	12/96	12/96	05/99	06/99	07/99	09/99	16	1	-	All the projects implemented were first priority.
	26,438	1,595,588										
	No. of Proj	60	1 Month	29 Months	33 Months							
	17	/Project										
		93,858										
JERICHO (JE)	Pop	IPF	06/97	11/97	03/98	03/99	07/99	Pending Project Completion	8	5	3	8 projects completed, 5 in process. All projects licensed, except one road in Cardala, where Israelis stopped works, the VC asked to apply for permit to Israeli Civil Admin. Joint projects (3 have not yet started), although identification of the projects documented.
	12,717	860,550										
	No. of Proj	68	5 Months	4 Months								
	16	/Project										
		53,784										
YATTA (H7)	Pop	IPF	08/97	11/97	06/99	08/99	08/99	Pending Project Completion	12	8	6	All projects implemented are first priority through PRA. 4 Electricity , and 2 road projects are delayed. The projects are waiting licensing from Israeli side
	46,749	1,596,248										
	No. of Proj	34	3 Months	19 Months								
	26	/Project										
		61,394										
QALOILIA (QT)	Pop	IPF	09/98	11/98	07/99	08/99	08/99	Pending Project Completion	4	14	4	The delay in 3 villages, one project in beit amin due to resignation of VC and 2 of license from Israeli side and changing the type of projects (in Jayyous and Salman) from water projects to roads and Electricity. 4 Roads, 3 Schools, 3 Community centers 11 Electricity 1 Joint project related to Electricity
	25,691	860,892										
	No. of Proj	33.5	2.5 Months	8 Months								
	22	/Project										
		39,131										
Grand Total	Pop	IPF	Survey to Project Selection Average		Selection to Approval Avg.			Pending Project Completion	No.			
	111,595	4,913,278							40	28	13	
	No. of Proj	44	%									
		IPF/ Proj	2.88 Months	15 Months								
	81	60,658										

Source: Data provided by LRPD team

¹PRA Results

²By MLG, LRDP, Line Agency Israeli authorities and date of last licensed project

³Last project docs completed

Figure 3-1 Jenin Micro-region (J2, J3, J4)

Figure 3-2 Jericho Micro-region (JE) South

Figure 3-3 Jericho Micro-region (JE) North

Figure 3-4 Yatta Micro-region (JH)

Figure 3-5 Qalqilya Micro-region (Q1)

The program is now expected to formally terminate in March 2000. Preparations have already begun to make this seamless with the anticipated start of the much larger Phase Three under EU funding of approximately \$24 million.

3.2 Resources and Management

Any assessment of what happened should first take account of what resources were committed, how allocated among different activities, and how used. Often a large part of the explanation for what happened and the achievements and shortcomings resulting emerges from the resource issue. So, relative to what was designed and aimed for, what resources were actually obtained in terms of funding, and personnel, and how were these organized and managed?

3.2.1 Funding

Table 3-4 compares funding amounts and allocations between LRDP-1, LRDP-2 using minimum confirmed amounts at time of program design - October 1996, and as disbursed up to July 1999. Also noted in Table 3-3 are the maximum expected funding amount, the confirmed amount actually obtained by July 1999, and the total contract/ IPF amount.

At the start of the program the total amount that had been confirmed as committed for LRDP-2 was \$6,240,000. Over the period up to the evaluation (July 1999) funds obtained rose to \$6,434, 000? ⁷ The contract/ IPF portion for projects is \$5,210,980 (Table 3-4), or approximately 81% of the total budget (allocations by budget line items for other items for the total budget were unavailable at evaluation time). By July 1999 \$5,480,104, or approximately 85% of the total LRDP expected expenditures had been disbursed.

In the absence of confirmed allocations for the completed program, if we consider July 1999 disbursement patterns by budget lines as an approximate proxy, we get the following (Table 3-3). Of the total disbursements, 16% was for personnel (human resources) and administrative support, 79% for contracts (largely IPFs for constructing individual and joint physical infrastructure and service projects), 0.5% for training, 3% for equipment and 1.5% miscellaneous. This budget allocation suggests an extremely low priority given to training, a low priority given to human resources, and a very high priority given to the (largely) physical construction projects. The allocations at program completion may even further skew allocations in these direction if we consider that a) on average 26% of IPFs have yet to be disbursed and that b) total IPFs at full disbursement will be 81% of the program expenditures as we have been able to ascertain these. Compare this further to the personnel to IPFs/ contracts allocations of LRDP-2 as designed and expenditures in LRDP-1. These are respectively: LRDP-2 as designed - personnel 28%, contracts 66%; LRDP-1 personnel 32%, contracts 64%.

⁷ UNDP-J could not confirm the full amount that would be spent from the total originally budgeted \$8.02 million. The most complete, up date we could assemble is in Table 3-1 with an estimated final total expenditure of \$6.4million. This in part may reflect some savings on personnel costs such as CTA and M&E persons' resignations

Table 3-4 Program Items, Funding, Allocations, Expenditures as Implemented (LRDP-1,-2)

ITEMS	LRDP-1		LRDP-2 as Designed		LDRP-2 as Implemented (Disbursements to 07/99)							
	UNDP-UNCDF		TOTAL CONFIRMED ¹		UNCDF	UNDP	JAPAN	DUTCH	JAPAN	ARAB FUND	TOTAL	
	1993-96		10/1996		1996-2000	1997-2000	1996-97	1997-99	1998-2000	1997-2000	1996-07/1999	
	Jenin J3, J4				/2	/3	Jenin J2	Jericho JE	Qalqilia Q1	Yatta H7		
	\$	%	\$	%	\$	\$	\$	\$	\$	\$	\$	%
Personnel	1,352,925	32.0	1,719,000	28.0	52,000 ⁴	518,117 ⁴	158,000	24,181	24,000	0	776,298	16.0
Admin Support	0	0.0	0	0.0	0	89,076	0	0	0	0	89,076	
Sub-Contracts	2,696,412	64.0	4,110,000	66.0	1,110,000	36,000	1,654,113	344,483	925,926	270,000	4,340,522	79.0
Training	20,000	0.5	25,000	0.4	0	10,000	15,000	0	0	0	25,000	0.5
Equipment	132,059	3.5	140,000	2.2	120,000	8,500	36,262	0	0	0	164,762	3.0
Miscellaneous	0	0.0	246,000	4.0	60,000	8,492	15,954	0	0	0	84,446	1.5
TOTAL	4,201,396	100.0	6,240,000	100.0	1,342,000	670,185	1,879,329	368,664	949,926	270,000	5,480,104	100.0

Sources: UNDP Jerusalem, Program Document 1996:45 from confirmed committed findings.

¹ Confirmed funding obtained at LRPD-2 start (Oct 96). Maximum expected funding at that time was \$21,663,000 (Table 10). As of July 1999 confirmed funding obtained was \$6,434,231 (three June-July Progress Reports to donors and Table 4). Total allocated to contracts/IPFs were \$5,210,980 (Table 18).

² Excludes UNDP/PAPP's support cost of 8% and VAT.

³ Designed to be allocated for items such as monitoring missions, M&E consultants, LPIS, LEDP feasibility studies, LRDF, office operations and maintenance.

⁴ Designed to be allocated for items such as CTA, other personnel, training, and office supplies.

⁵ Substantially below the \$1,719,000 budget (Program Document 96:45, Table 9), perhaps in part due to savings when personnel not rehired. (CTA, M&E expert, etc.)

In any movement from a pilot phase to a more matured phase of a program it may be appropriate to see a shift from a greater emphasis on 'software' such as personnel/ expertise and training to hardware such as 'bricks and mortar' projects. So, to an extent, this shift noted between LRDP-1 and LRDP-2 is appropriate. However, two factors should be noted. a) the extent of the shift may not have been appropriate, especially considering that the imbalance between funding personnel/ expertise and funding contracts for construction in the implementation of LRDP-2 is much more than what was designed for, and b) in a capacity building program, adequately resourcing software essential to building capacity such as personnel/ expertise and training may be critical to the achievement of this central objective. We shall below and later further discuss the implications and results of these resource allocations.

3.2.2 Organizational Structure, Human Resources, Planning and Management

Figure 2-4 gives the overall organizational structure of LRDP. Figure 2-8 gives more detail on the CBU. At a basic level what was implemented was what had been designed for. The significant changes were in the function of the units, in how they were staffed (or not), staff capacities, and the relationships between them, especially with regard to program planning and management.

The PSC was duly constituted to be the highest decision-making structure in parallel with the UNDP-J and its resident representative. Within UNDP-J, LRDP was one of the programs of the Agricultural and Rural Development Unit (ARDU) with the ARDU head and a program management officer (PMO) overseeing LRDP on behalf of UNDP. The CBU was placed, at least physically within the MLG with the national manager assigned to oversee it on behalf of the MLG. LRDP (really LRDP) accounts were created in the MLG and MoF and some ministry personnel assigned to manage them. MRPCs were created with links to both the CBU and the MLG. Similarly the CBU got its CTA and staff assigned to each of the anticipated functions. Not least, the MRPCs were set up with members from each VC, a chair, deputy, treasurer, two-three technical staff- planner/ administrator, engineer, and (in H7) an accountant (Table 3-5).

Also overall procedures for program and project planning and implementation were well laid out and followed. This was true for the planning and implementation process from micro-region selection through set up of MRPCs to PRAs to project preparation on through the contracting and project hand over process. Clear Memos of Understanding (MoUs) and Financial Agreements respectively well governed relationships between UNDP, MLG and MRPCs and between UNDP, MLG and VCs setting out the terms of agreements and relative roles and responsibilities (annex ?). Financial documentation and reporting overall was also well designed, well kept and followed (even if at times not all parties got documentation right at times needed). While, as we shall discuss below, monitoring, reporting and evaluation did not live up to expectations, in the last few months, at least reporting noticeably improved with new staff given reporting tasks.

Table 3-5 Characteristics of MRPC Officers and Staff by Micro-region

MICRO REGION		OFFICERS (M)				COMMENTS ²
Name	# of member/villages	Officers	Member's Occupations ¹ Staff Qualifications Male (M) Female (F)	Town/Village of residence (name)	Population	
JENIN (J2)	11	Area Coordinator	B.Sc. Civil Engineering (M)	Raba-Jenin	2,500	Concerning MRPC Engineer:- Omar Qasrawi Till June 1998 (Fulltime) Faisel Zakarneh From July 1998 Part time
		Chair	Teacher (MOE) (M)	Qabatia	14,500	
		Deputy-Chair	Engineer (P.C.C) (M)	Zababdeh	4,000	
		Treasurer	Engineer (MOA) (M)	M.Shuhada	1,600	
		Planner-Coordinator	Administration (M)	Jenin	45,000	
		Engineer	B.Sc.Civil Engineering (M)	Um Tout	800	
		Accountant	None			
JERICHO (JE)	11	Area Coordinator	B.Sc. In Accounting- Birzeit University (1993) Post graduate Diploma in Public- Finance (M)	Jerusalem	500,000	
		Chair	Agriculture (M)	Jericho	18,000	
		Deputy-Chair	Agriculture (M)	Izbeidat	1,000	
		Treasurer	Agriculture (M)	Marj Ghazal	300	
		Planner-Coordinator	Diploma in accounting- Jordan (F)	Jericho	18,000	
		Engineer	B.Sc. in Civil engineering – Scopia	Deir Istia	2,900	
		Accountant	None			
YATTA (H7)	23	Axssrea Coordinator	MSc. Urban Development (M)	Hebron	186,000	The engineer resigned in May, 1999. A new "M" engineer recruited in June 1999 The Accountant appointed by the MLG. He is being paid by the MLG.
		Chair	Dentist (M)	Albweeb	800	
		Deputy-Chair	Lawyer (M)	Kallet Saleh	1,000	
		Treasurer	Lawyer (M)	Raqa'a	2,000	
		Planner-Coordinator	BA. Economics (M)	Yatta	42,000	
		Engineer	BA. Civil Engineering (F)	Hebron	186,000	
		Accountant	BA. Accounting (M)	Yatta	42,000	
QALQILIA (Q1)	21	Area-Coordinator	MA international studies-BA sociology(Minor economic) (M)	Al Biereh	35,000	
		Chair	Full time job as Mayor of Azzoun (M)	Azzoun	5,800	
		Deputy-Chair	Teacher (M)	Hajjah	1,800	
		Treasurer	Employed in PA (M)	Jayyous	2,300	
		Planner-Coordinator	BA Administration /Economics (F)	Hajjah	1,800	
		Engineer	Civil Eng. BSc. (M)	Azzoun	5,800	
		Accountant	None			

Source: Data provided by LRDP Team.

¹ Source of income² (eg. How appropriate is 'officer' group technically & to represent micro-region).

However, the following observations can be made in terms of differences between what was envisaged and what happened here that had significant impacts on implementation and the achievement of objectives (Figure 2-8 with dash lines around specific functions identify where weaknesses lay – to be discussed below).

- 1) The PSC was less active than envisaged. It was supposed to be the highest policy and guidance unit for LRDP. Its functions included high-level liaison (between LRDP, PA ministries and agencies and the Israeli authorities), selecting micro-regions, serving as the LRDF board, helping raise funds for the LRDF, and approving projects for funding (UNDP & UNCDF, 1996:28, 31,32). In practice, the PSC focussed on the highly political roles of liaison and micro-region selection. There was much less or no involvement in other functions. The LRDF functions were not performed simply because the LRDF, as envisaged, was not developed. Other functions, such as approving projects appeared to be too technical and local to be micro-managed by a high-level body as the PSC (and perhaps, therefore more an expression of faulty program design).

However, as an inter-ministerial body (supposedly at deputy minister level) and in the spirit of being the highest level of policy guidance and decision-making, the PSC could, perhaps, have been more active in certain functions, where, as it turned out, such high level involvement appeared needed. These included helping raise funds for LRDP, helping get agreements between LRDP and other ministries (e.g. helping bring about and streamline the operations of the LRDF within the MoF), and, perhaps most important, being more engaged in the decentralization policy development objective of LRDP.

Representatives from the designated ministries on the PSC were lower than at the Deputy minister level. There was a long gap in appointing a representative from at least one of the ministries. The one appointed – head of the ‘international co-operation’ section - reflected the view that the PSC was a donor liaison unit not a substantive, policy and program guidance unit. The PSC met infrequently (four – five times at the outset of the program, according to the CBU national manager). In practice UNDP-J made most high level decisions (sometimes bypassing or not keeping the PSC and the MLG fully informed and involved).

- 2) Key CBU staff or expertise was either not hired, or resigned prematurely, or given other/additional duties for a major portion of the program. This contributed to implementation problems and important objectives being poorly or not at all fulfilled. For example:
 - a) The CTA resigned one and a half years into his four-year mandate (September 1998). The CTA function was critical. The CTA was needed to provide inspiring leadership and vision, intellectually and managerially. This was especially so given the characteristics and aspirations of the program to be innovative, ‘open, modular, continuous learning’, capacity building, aiding decentralization policy development and given its overall complexity in a complex environment. The CTA might have had these qualities, but his tenure was short during which his attention to these core functions appeared even shorter. Staff reported that in his short year and a half, his first few months was familiarization period and his last few were absorbed in attempting to raise more funds for LRDP.
 - b) The M&E specialist also resigned/retired? prematurely after a year and a half (September 1998). We have discussed in the last chapter the critical role of the M&E in this complex, innovative and policy-lesson oriented program. The project document appropriately identified the extensive activities the M&E specialist was needed to perform, lead and guide. Here second-hand information (review of reports written by

the M&E person, comments on him in at least one other report, and comments by some staff) also suggests that the M&E person did not perform up to expectations.

- c) The community development, participation and gender specialist left after a year. Such a person was also very important if the program was to seriously address its linked objectives of promoting participatory planning and women's involvement in a traditional environment in which these were especially challenging tasks. She was also the only woman in a program that the design document said needed at least two.
- d) No economic development expert was hired. The staff person hired ostensibly to function as such had an undergraduate minor in economics (Major in sociology and MA International Studies). He was also given additional major responsibilities – area co-ordinator for one of the micro-regions, program monitor with responsibility to develop a local planning information system (LPIS), and PRA co-ordinator (although his modified terms of reference stated that he could let it be known if he could not perform all these tasks). Again, the lack of an appropriate specialist able to focus on the task was unfortunate given the importance of the LED objective and the special challenge posed by attempting to promote it in difficult economic conditions.
- e) Skills in management, analysis, and writing were uneven within the LRDP-CBU. There appeared to be no system of workplans, regular meetings and reporting through which plans and action could be assessed and adjusted and to which staff could be held accountable (some CBT members confirmed this). A review of reports written by CBT members, included some brief ones requested by the evaluation team, demonstrated the need to upgrade skills in analytical writing and reporting. At least one emphasized the need to strengthen their 'conceptualization' skills. On the other hand, the CBT displayed an ability to speedily provide information when requested. In ad hoc meetings and discussions some members displayed strong analytical skills as verbally expressed (as opposed to in writing) and keen insights on the issues and how to address these based on personal experience. The shortcomings were significant, however, given much of the capacity building of the program was done by this team.
- f) As earlier discussed, the MLG presence in the LRDP-CBU was weak given the objective of institutionalizing the CBU within MLG over the program period. Only one MLG staff person worked consistently with the LRDP CBU team – the MLG national manager formally overseeing the CBU on behalf of the ministry. The organogram in the design document (Figure 2-4 modified version) placed the national manager above the CTA suggesting a leadership role. In practice, this manager largely served (albeit usefully) as an additional staff person and as liaison between MLG, other ministries and LRDP. But even if the manager had played a greater leadership role, the institutional objective could not be met with only her presence.
- g) Overall, programme management was inadequate in several respects. This appeared to result, at least in part, from the type and/ or absence of leadership, guidance and management style. As an innovative, capacity building, institutional strengthening and policy development program, the style required was one of strong management within overall team work and an 'open, modular, learning process' approach (as emphasized in the design document).

What appeared, however, was a clear break between the 'supervisors' at the UNDP offices and the CBT at Ramallah. The former took responsibility for all 'thinking', analytical issues - policy, strategy, planning and management, leaving the latter to be implementers. There appeared to be a lack of regular, open two-way communication between the two groups (regular meetings of this nature, for example), through which the higher level policy and planning issues as well as the experience of the program

could be shared and assessed, adjustments made, workplans developed and/or modified, and accountability for their execution followed up in the light of the five objectives of the program. CBU Ramallah felt that their efforts were not adequately appreciated (such as when they innovated with a more intensive, less time consuming PRA in Q1). UNDP-J felt that the CBU were not putting adequate effort into the program.

In practice the UNDP-J supervisors appeared to focus largely on the single objective of infrastructure and service construction and the financial disbursements related to these. The attention of the CBT was also focussed on meeting this objective. Communication between the two groups was often reduced to ensuring the right paper work was being passed from lower levels through the CBT to UNDP-J to facilitate and record the progress of this single objective. This might have been, in part, of course, because the UNDP supervisors themselves appeared to feel a larger institutional pressure to simply consider infrastructure and services and their associated financial disbursements as the only 'deliverables' for which they and the program would be held accountable. It might have resulted in part, because these supervisors, with many other programs to oversee, simply did not have the time to do justice to the other somewhat more challenging objectives.

All this might have contributed to what appeared to be a somewhat unmotivated LRDP CBT, who themselves appeared simply to focus on the minimum necessary to ensure the construction projects and their associated financial disbursements were on track. For both the UNDP supervisors and the CBT, other objectives (LED, Participatory planning, strengthening local authorities, policy development) appeared largely important in so far as they facilitated this construction and disbursement objective and so long as they did not obstruct this objective.

- h) A number of valuable reports by external and local consultants were written through the program period which well assessed progress and made apparently timely and relevant suggestions to help guide program management and future action. An example was the twice-yearly Technical Review Mission reports (TRMs) conducted by an international consultant. Such reports were particularly important given CTA and M&E inadequacies and/ or absence.

However, it was unclear to what extent the LRDP management used these missions and their reports to their full advantage. For example, several apparently useful suggestions made in these reports, appeared not to be followed up. These included giving someone else fund raising responsibilities to free the CTA to concentrate on his policy and program responsibilities, recommendations to urgently hire a new CTA and M&E immediately when this impending resignation was known, and having a more, open sharing management style between UNDP-J and the CBU Ramallah.

An explanation offered for not replacing the CTA and M&E person was that by that time in the program's development (September 1998), the absence of these two did not jeopardize achieving the program's objectives (i.e. all the infrastructure and construction projects would be completed on time). This again suggested the relatively low priority given to the other five objectives of the program. Another reason given for not hiring the CTA was that the salary would be too high a percentage of the total remaining contract/ IPF budget yet to be disbursed. A calculation suggests however, that that would have been 12%, that is lower than the 15% CTA to contract budget

allowed for in the design document (Table 2-3 - \$630,000/ \$4,110,000).⁸ This response also underlined the lesser importance given to the other program objectives since even the CTA's presence could be justified only against it (contrary to the program concept and design which saw the CTA more critical for the other objectives).

Some of these organizational and staffing issues were beginning to be addressed at the time of the evaluation. Two new staff persons, (expatriates, one a UNDP staff member, the other a UN volunteer) were assigned to LRDP working as members of the CBT on M&E and reporting responsibilities. Although neither were M&E specialists, the quantity and quality of reporting improved noticeably and so did some management practices. Similarly by this time CBU staff was being sent for training on such topics as program management. However, these actions were motivated more by preparations for the anticipated third phase of LRDP than by improving the performance of the existing program.

3.3 Strategy and Components

As mentioned, the strategy to achieve the objectives of the program was to provide capital assistance and technical assistance for capacity building and to promote a participatory planning and implementation process.

3.3.1 Capital Assistance

This component of the strategy had three specific purposes. First, of course, was to actually assist local development by providing capital to fund it. In addition, there were the two policy experiments. One, was to pilot and demonstrate modalities for transferring funds from central to local levels for local development (the IGFT system). But first some comment on the capital amounts and coverage designed for, and what actually transpired.

1) Capital Amounts and Coverage

As mentioned earlier, the confirmed total funds raised for LRDP by program design and start-up time was \$6.24 million with an expected maximum of \$24.24 million (Table 2-3). This translated into capital assistance to local authorities ranging from a minimum confirmed amount at time of program design (December 1996) of approximately \$4 million to a possible expected maximum of approximately \$16 million (UNDP & UNCDF, 1996:37) to \$21.6 million depending on the amount of additional donor funding made available (UNDP & UNCDF, 1996:45 and Table 2-3 in this evaluation report – different maximum figures are suggested at different points in the project document and by different persons). Coverage was to range accordingly from four to 12 micro-regions and their MRPCs and VCs largely for infrastructure and service projects but also for a Local Planning and Information System (LPIS), and for LED feasibility studies and an LED Facility (Table 2-3). At \$16 million and 12 micro-regions approximately 277,200 persons could be reached at \$58 per capita. With the same per capita figures, the minimum confirmed capital amount of \$4 million in infrastructure and service projects would serve approximately 70,862 persons (Table 3-6).

As it turned out, approximately \$6.4 million was raised, with \$4.9 million committed to largely infrastructure and service projects (Table 3-4 – Indicative Planning Figure, IPF) covering four micro-regions over the four year period. These four micro-regions held a population of 111,595 persons which meant a capital assistance of \$44 per capita (Table 3-6).

⁸ In September 1998 CTA expenses would have been \$235,000 for the one and a half years remaining. This is 12% of approximately \$2 million yet to be disbursed at the time (Q1 - \$1 million, JE and H7 – at least \$1 million given these two had \$813,544 yet to disburse in July 1999, Table 3-4).

Table 3-6 Contract Indicative Planning Figure (IPF) Funding and Coverage: as Designed and as Implemented

	LRDP-1	LRDP-2		
		As Designed		As Implemented
		Maximum ¹	Minimum	
Duration (years)	2	4	4	4
Contract Funding (IPF)	\$2,696,412	\$16,000,000	\$4,110,000	\$4,913,278
\$ per year	\$1,348,206	\$4,000,000	\$1,027,500	\$1,228,319
Micro-regions	2	12	4	4
Population	?	277,200	70,862	111,595
\$ per capita	?	\$58	\$58	\$44
Villages/Towns	17	121	31 ²	66
Projects	?	200	51	81
\$ per project	?	\$80,000	\$80,000	\$60,658

¹ The \$16 million noted in p 37 of the design document is used rather than the total sub-contract of \$21 million in p.45 (also in Table 10 of this report).

² Maximum figures given calculate to \$132,331.40 per village. LRDP-1 equals \$158,612 per village.

Involved in trying to raise donor funds were the UNDP-J, the UNCDF-NY and the CTA. In particular the CTA was heavily involved. The PSC, although expected to be involved, apparently played a less active role. The European Union (EU) was expected to contribute substantial funds to the program. Negotiations took much time and effort and likely diverted some fund raising efforts away from other possible sources. While in the end EU funding was not available in time for LRDP-2 it appears the efforts are resulting in major EU funding (\$24 million) for an LRDP-3 phase.

2) Modalities for Central – Local Capital Transfers

The three modalities demonstrated were as follows:

- transferring funds directly from UNDP-J to private contractors in payment for their implementing local development (largely physical infrastructure and service construction);
- UNDP-J transferring funds directly to VCs who then paid contractors;
- UNDP-J transferring funds to the MoF to capitalize a Local Rural Development Facility (LRDF – to later become a Local Government Development Fund capitalized by all donors and government revenues). From this facility through the MLG and its LRDF management unit, funds were transferred to the Village Councils to pay contractors.

The modality of direct payment by the funding agency (UNDP-J) to the contractors was the simplest and least time consuming. It gave most direct control for the whole procedure to the central funding agency and, therefore, posed least risk. It was the system initially used by LRDP-1. It is also the system that least helps build capacity and commitment among local authorities and communities for local development. It bypasses their involvement in this process.

For this reason, LRDP-1 moved to the second modality – transferring funds to Village Councils who would be responsible for all local development activity financed by these funds - procurement, payment and reporting, including payment of contractors. In LRDP-2, the intent was to use this system, while the third system – setting up an IGFT system was being piloted and assessed in one micro-region for wider application. This system involved setting up an LRDF in the MoF and MLG and transferring funds through the MoF and the MLG to the local levels. It appeared most suitable in terms of institutionalizing within the PA a regular central to local capital transfer process.

For this reason, the design document emphasized the third LRDF modality – transferring funds through the MoF. As it turned out, a version of the second modality was used in J2 and in JE. The third system was adopted in H7. In Q1 that followed, LRDP reverted to the second system.

The LRDF system was not developed as originally planned. Instead a system for managing LRDP funds through the MoF and the MLG was implemented for funds dealing with H7. This system consisted of an LRDP Trust Fund in the MoF to which UNDP-J deposited donor funds earmarked for H7 and an LRDP account in the MLG through which these funds passed on their way to the H7 MRPC and VCs. Staff from the ministries managed these Trusts and accounts. An accountant based in H7, and paid for from UNDP funds, worked full-time to administer and facilitate the operations, in addition to the H7 area co-ordinator. What was to be a pilot demonstrating how the PA could implement a comprehensive IGFT system for central – local transfers, was reduced to accounts within the ministries for dealing

one-off with a particular donor's fund for a particular program in time (in interviews, this was how it was depicted by the fund managers in the MoF).

There were at least three reasons why the system was not developed as originally conceived. First, contrary to expectations, the Local Government Draft Law that would have made more imminent the possible institutionalizing of the UNDP piloted model into the PA system was not (and still has not been) passed. Second, the resources anticipated for the task in the project document - the CTA, possible international financial consultants – were not used. Consequently, and third, inadequately developed, the system as implemented was too cumbersome and time-consuming within the LRDP pressures for rapid disbursements. As a result, it was decided to revert to the second modality in the subsequent expansion into Q1.

Figures 2-3, 3-6, 3-7 respectively illustrate the third system as envisaged in the design document, as implemented in practice (channelling funds through the MoF) and the second system as implemented (UNDP-J payments direct to VCs). In comparing the two modalities, the following observations can be made.

Both modalities as implemented shared the following characteristics.

- 1) Both gave local authorities an important role in funding and implementing local development. In both cases the VC was directly responsible for procurement of goods and services related to local development and managing funds through their own bank accounts for the payment of these.
- 2) In both cases what appeared in design to be relatively simple, in implementation was a more complex process (compare Figure 2-3 the LRDF – 'through MoF' as designed, with Figure 3-7, as implemented). In both cases, much technical assistance had to be given at all levels, but especially at the local levels to keep the systems functioning.
- 3) In both cases the central levels exercised much control. In the modality in which UNDP-J paid the VC's directly, the UNDP PMO, also responsible for finance, controlled the process and required much supporting documentation from the lower levels to exercise that control and ensure accountability. In the modality in which the MoF disbursed these funds, the MoF and the MLG exercised control by both requiring much documentation and (particularly in the case of the MoF) requiring these to be checked and authorised by many departments within the ministry.
- 4) Both cases served well to teach the MRPCs and VCs how to be accountable upwards to higher authorities and to keep detailed financial records.

Figure 3-6 *Funding, Payment and Replenishment Process: As Implemented – Direct Through MoF*

Figure 3-7 *Funding, Payment and Replenishment Process: As Implemented - Direct through VCs*

The differences between the two systems were as follows:

- (1) In the 'direct through VC's' modality, the VCs/MRPCs were responsible to two channels – the UNDP-J for replenishment of their bank accounts and to the MLG for approval to pay contractors from their (replenished) bank accounts. In the 'through MoF' modality VCs were responsible to report to one channel – going through the MLG and MoF -for both documenting that the work had been done satisfactorily and for obtaining funds and getting approval to pay for the work.
- (2) The 'through MoF' modality helped better institutionalize the process within the government, as was intended, since it worked through the existing system being developed by the PA to centralize financial planning and implementation through the MoF.
- (3) However, the MoF system was more cumbersome, and time and effort consuming. It involved an additional ministry – the MoF, and the MoF's procedures were particularly cumbersome. What in overall design appeared as one or two steps (Figure 2-3, step 3,4. Figure 3-7, step 5,6), on closer examination was revealed as nine steps, several of them going back and forth between the same departments within the MoF (Figure 3-8).⁹ Consequently while in the 'direct to VC's' modality the whole process from VC receiving invoice from contractor to VC obtaining approval to pay contractor took approximately two weeks, in the 'through MoF' modality it could more typically take three to four weeks. Reducing the process from what originally was one to two months down to three to four weeks required much effort on the part of the MLG national manager and the H7 area co-ordinator as well as the need to locate in the H7 MRPC an accountant to help operate the process.

In the final analysis the choice whether to continue with the 'through MoF' system and to give it expert resources to further improve it or to revert to the 'UNDP direct to VC' system depended on which objective was to be given more weight. Was it the objective of getting disbursements in the quickest way or the objective of contributing to PA decentralization policy and program development? Given the likely larger (UNDP, Donors, benefiting Palestinian organizations) institutional pressures to focus on the more short-term, immediate objective of timely execution of physical works and disbursements, it is perhaps understandable that the first objective carried more weight. But we can equally envisage how, with clearer and stronger leadership UNDP/ LRDP might have been willing to trade-off some disbursement delays to further the policy objective.

3) Modalities for Capital/ LRDF Allocations – the Indicative Planning Figure (IPF)

In chapter two we outlined the system for allocating central funds among VCs and MRPCs as suggested by the design document. In brief, this involved an IPF of \$20 - \$25 per capita allocation to every VC from which at least 80% would be spent on actual project works and supplies while up to 5% could be spent on services of MRPC technical staff and 15% on technical services such as feasibility studies, engineering designs and supervision. An additional URF for joint projects would be allocated with up to 50% for technical services and 50% for works and supplies. The project document suggested thus formula be improved.

⁹ Based on interview with the Director, Accounts Department, MoF 15.8.99.

Figure 3-8 MoF Internal Circuits for Processing Payments

As implemented this formula was modified. Allocations for IPFs for individual village projects were increased to \$50 per capita less 80% plus \$10,000 (Village Population x \$50 x 80% + \$10,000). Allocations for Regional/ Joint Projects (RJP) - as the URF was renamed - were specified as micro-region population x \$50 x 20%. This, in effect meant that while per capita allocations for individual village projects were increased, out of these allocations, 20% were reallocated for the RJP. The second major modification (at least from JE micro-region onwards) was an increase in the minimum amount to go to each village (from \$20,000 to \$40,000) and adding a maximum amount of \$120,000.

The following observations can be made regarding how this system was implemented and its results:

- a) While the formula was improved, the design document suggestion to further improve it to take account of differences among settlements (such as in wealth and infrastructure and service needs) proved too complicated and potentially contentious to implement.
- b) Increasing the minimum and putting a maximum allocation per village, however, did reduce disparities in allocations between large and small settlements (a disparity inherent in the per capita component of the formula), and among rich and poor ones (the latter in so far as settlement size also reflected relative wealth).

Tables 3-7, 3-8, present the allocation of IPFs among towns and villages of varying size. Assuming size as a reasonable proxy for wealth, we note that applying the original, unimproved formula in J2 resulted in 54% of the IPF of the whole micro-region going to one, likely richest settlement in the region - Qabatiya, population 14,500. Thus, that one settlement received more than all the remaining 28 much poorer, smaller settlements (sharing 46% between them). In contrast later in H7, under the improved formula, the single much larger settlement of Yatta (42,000 persons) received only 11 percent of total IPF with the remaining IPF far more equitably distributed among the 22 smaller settlements. In Yatta this amounted to \$3.57 per capita.

- c) Overall and over the whole period, however, this more equitable formula came too late to fully rectify the situation. Consolidated figures for all micro-regions revealed that almost the same amount of IPF funds were shared among 40 of the smallest villages as were allocated to the two biggest ones (24% and 21% of total IPF respectively - Table 3-8). Although the IPF with a ceiling will reduce allocation inequities, it will not remove the inequities completely so long as the per capita component remains and so long as much larger settlements are included.
- d) The URF was transformed in practice into a 'joint project' fund (JPF) with no matching grant or any community contribution required for a micro-region to be eligible for this fund. While IPFs for individual projects were calculated and assigned per village, with the village community and council guiding project selection, the JPF was assigned to the whole MRPC to decide jointly how they would use the funds. Also, while according to the formula 25% of LRDF funds were to be set aside for the URF/ JPF, in practice over the program period a decreasing amount was set aside. This was, in part, because of greater support among VCs for IPFs to fund individual projects, which directly benefited their individual villages, and in part because the micro-regions that were developed later in the period had a higher population relative to the donor funds earmarked for them. This resulted in a much lower IPF per capita for the later micro-regions which made them lobby to use as much of the IPF for individual projects as they could. (J2 and JE respectively had \$60 and \$68 IPFs per capita while H7 and Q1 had \$34 per capita each – Table 3-3).

Table 3-7 Number of Projects, Indicative Planning Figure (IPF), Community, Contributors & Disbursements by Micro-region, Town, Village Size

Micro-Region	Town, Village Population	No. Of Projects ¹	Indicative Planning Figure (\$)	IPF as % of sub-Total	Community Contributions (\$)	CC as % of Total CC	Total Cost (\$) (IPF + CC)	% of Total Cost	Status (IPF yet to be disbursed)		Comments (eg.. Explain the unusual. e.g. Especially large/small community contribution, few Joint Projects whether Joint Project is I or S project)
									\$	%	
JENIN (J2)	>10k = 14,500	1	675,000	54	120,200	40	795,200	52	0	0	JP:-3 project serve >10k 1 project serve 5-10k
	5 – 10,000	-	-	-	-	-	-	-	0	0	
	1 – 5,000	17	492,500	40	164,547	55	657,047	43	0	0	
	< 1,000	11	72,375	6	16,115	5	88,490	6	0	0	
	Sub-Total	29	1,239,875	100	300,662	100	1,540,737	100	0	0	
JERICHO (JE)	>10k	-	-	-	-	-	-	-	-	-	
	5 – 10,000	-	-	-	-	-	-	-	-	-	
	1 – 5,000	8	546,000	77	71,171	81	617,171	77	56,000	10	
	< 1,000	5	166,840	23	16,428	19	183,268	23	40,000	24	
	Sub-Total	13	712,840	100	87,419	100	800,439	100	96,000	13	
YATTA (H7)	>10k = 42,000	1	150,000	11	220,000	36	370,000	19	0	0	Algerfan Community to contribute \$100,000, Ministry of Education is going to sponsor school by \$ 85,000. Joint projects: 1 garbage collection large project to serve 22 villages and 2 relatively small projects.
	5 – 10,000	-	-	-	-	-	-	-	-	-	
	1 – 5,000	10	657,508	50	337,500	56	995,008	52	256,317	39	
	< 1,000	12	518,740	39	46,750	8	565,490	29	286,517	55	
	Sub-Total	23	1,326,248	100	604,250	100	1,930,499	100	542,834	41	
QALQILIA (Q1)	>10k	-	-	-	-	-	-	-	-	-	Joint projects not included. One joint project- Electricity maintenance unit will serve all villages.
	5 – 10,000	1	90,000	12	20,000	8	110,000	11	67,500	20	
	1 – 5,000	8	437,275	59	155,000	65	592,275	61	173,218	52	
	< 1,000	12	208,617	28	63,000	27	271,617	28	95,152	28	
	Sub-Total	21	735,892	100	238,000	100	973,892	100	335,870	100	
	GRAND TOTAL	86	4,014,855		1,230,331		5,245,567		974,704	24	

Source: Compiled from data provided by LRPD Team.

¹ Individual Projects. Joint Projects in comments

Table 3-8 Consolidated Number of Projects, Indicative Planning Figure (IPF), Community Contributions & Disbursements by Town/Village Size

Town, Village by Population	No. of Projects	% of Total	IPF	IPF as % of Total	Community Contribution (\$)	CC as % of IPF	CC as % of Total CC	Total Cost (\$) IPF + CC	% of Total Cost	Status (IPF yet to be Disbursed)	
										\$	%
>10,000 ¹	2	2	825,000	21	340,200	41	28	1,165,200	22	0	0
5 – 10,000	1	1	90,000	2	20,000	22	2	110,000	2	67,500	75
1 – 5,000	43	50	2,133,283	53	728,218	34	59	2,861,501	55	485,535	23
< 1,000	40	47	966,572	24	142,293	15	12	1,108,865	21	421,669	44
TOTAL	86	100	4,014,855	100	1,230,711	31		5,245,566	100	974,704	12

Source: Consolidated from Table 3-7.

¹ Qabatia pop. 14,500, Yatta pop. 42,000.

- e) As envisaged in the design document, the IPF's (and the projects they promised) were an effective incentive to galvanise the village community, the VC's and the MRPCs around the local planning process from the participatory rural appraisal/ project identification (PRA/PI) stage to final execution (although, as we shall discuss community members were less involved beyond the PR A).

The IPFs well exceeded the expectations of the design document in terms of being an incentive to raise community contributions. One consequence was that larger projects could be implemented than what the IPFs alone could have funded (typical example was to extend the road network further into the village alleyways). The more complicated formula in the design document was simplified to requiring a minimum of 10% of IPFs in community contributions (the document suggested a range of 10% to 30% varying with characteristics of the community and the project type). In practice, all micro-regions exceeded the minimum – J2 24%, H7 46%, Q1 32% with JE trailing at 12% (Tables 3-4, 3-9). Relative to the other micro-regions, JE consistently had more problems vis-à-vis agreeing on, funding, and implementing projects. These were for a number of reasons ranging from relatively weak MRPC and leadership to the difficulties of collective action in a geographically and politically fragmented micro-region (spread many kilometres across the Jordan valley with large areas under Israeli control – see Figures 2-1, 3-2, 3-3).

The IPFs and the community contributions they have stimulated, suggest at least two useful lessons for decentralization policy. First, the ability and willingness of villagers to raise large amounts of capital indicates that even the relatively poorer villages can find resources to contribute if villagers are persuaded the resources will be used for a purpose of their liking. Second, such contributions suggest a local revenue base to augment, perhaps through municipal taxation, any central to local IGFT funds that government might put in place in future local government structuring.

Table 3-9 Consolidated Indicative Planning Figures (IPF), Community Contributions and Disbursements by Project Type

Project Type	No.	%	IPF (\$)	IPF as % of Grand Total	CC (\$)	CC as % of Total CC	CC as % of IPF	Total Cost (\$)	CC as % of Total Cost	Status (IPF to be Disbursed)	
										\$	%
Individual Projects											
• Infrastructure	49	60	3,014,557	61	936,064	76	31	3,950,621	24	717,629	24
• Services	21	26	1,000,298	20	294,380	24	29	1,294,678	23	257,076	20
Sub-Total	70	86	4,014,855	82	1,230,444	100	31	5,245,299	23	974,705	23
Joint Projects	11	14	898,423	18	0	0	0	898,423	0	357,388	40
GRAND TOTAL	81	100	4,913,278	100	1,230,444	100	25	6,143,722	20	1,332,093	27

Source: Consolidated from Table 18.

3.3.2 Capacity Building

While financial resources (capital assistance) pay for the inputs to development, adequate human resource capacity is needed to use the financial assistance effectively to plan and manage development. Consequently, with capital assistance, capacity building was a central and complementary part of the overall LRDP strategy for achieving its objectives. This component aimed to build capacity among local authorities, the MLG and the MoF to help them self-reliantly sustain and develop LRDP initiatives after the program terminated.

As described in the design document, while capacity had to be developed at all three levels – local, district/ provincial and central – the emphasis was naturally on the local levels, given LRDP-2's local authority focus. The capacities to be built were both narrowly 'technical' (e.g. financial management) and broadly developmental (e.g. consensus building). Capacity building was to take place through three complementary means – training (on-job and workshops), teaching and work-procedure documentation (e.g. manuals, guidelines, protocols, terms of reference) and direct technical assistance. The LRDP CBU team were to be the main trainers, especially at the local levels, with the CTA playing a leading role at the central level – all aided by ministry staff and consultants. There was little 'training of trainers' activity envisaged and the training budget set aside was small. (Table 2-2 summarises capacity building as designed and figure 2-4 identifies the 'targets' of capacity building within the organizational structure of LRDP)

Implementation overall was similar to what had been envisaged with some notable differences.

- 1) Several of the institutions envisaged were not developed as planned or not developed at all (e.g. VPC's, LRDF). Hence capacity building vis-à-vis some institutions was done differently from what was planned or was not done at all.
- 2) Most capacity building was done through on-job means and through technical assistance while dedicated training sessions and workshops tended to be brief and the results – how much was learnt or retained – unclear.
- 3) The emphasis was on teaching the narrower, technical skills and procedures to implement LRDP program work. There was little training in broader developmental skills.
- 4) Few of the many documents planned in support of capacity building (e.g. as teaching materials, operational manuals) were produced. However smaller documents geared directly to LRDP procedures and requirements such as MoUs and financial agreements did clearly if briefly lay out who had to do what, how, by when.
- 5) Village community members received very little training (largely through participation in the PRA) as did central ministry staff while VC/ MRPC members received the most. (Table 3-10). However, overall a substantial number of people got some exposure to training (763 – Table 3-10).
- 6) Some trainees (e.g. VC/MRPC members) who were volunteers found it difficult to attend training which took them away from their income-earning activities.
- 7) The CTA and the M&E who were to play important roles in capacity building had too short tenures and were too otherwise engaged to adequately fulfill this role.

Table 3-10 Training: Topics, Types, Trainers, Trainees

TOPIC	TYPE		TRAINERS	TRAINEES/BENEFICIARIES (No's)					
	On Job	Work Shop ¹		Comm Unity ²	VC ³	MRPC ³	MLG		TOTAL
							Cen tral ⁴	Dis Trict ⁵	
PRA Exercise	●	●	Mostly LRDP/CBU, some government personnel.	151	66	66	1	4	288
Project Management	●	●			66	66	1	4	137
Rules, Regulations	●				66	66		4	136
Accounting	●	●			66	4 ⁶			70
Report Writing	●	●			66	66			132
TOTALS	5	4		151	330	268	2	12	763

Source: Adapted from Reports to Donors, June-July 1999, and interviews.

¹ Workshop duration usually 2 – 4 hours per topic, several topics over 1 or 2 days.

² Community volunteers from different social sectors, e.g. women (50%), youth, farmers.

³ Two from each VC, one of whom also MRPC member (66 VCs x 2).

⁴ Same MLG central person in both training, counted as one in totals.

⁵ One person from each MLG DO. Assumes different person for each topic.

⁶ Planner and/or engineer received on job training in each MRPC (not noted in LRDP documents).

Below, we will discuss in more detail, the implementation of the capacity building component at the three levels in which they were executed.

1) Local Level

At this level, the targets of capacity building were the members of the village community, as well as the VC's and the MRPCs. In brief, they had to develop their capacities to plan and manage local development, including liaison with other institutions at the local and central level and access resources from these institutions. Most immediately they had to develop their capacities to be able to implement the procedures set out to perform their expected functions within LRDP.

In brief, the village members, including VCs and MRPC members had to be trained to engage in the participatory planning and implementation process. In particular, one or two community members had to learn the PRA process and help LRDP lead this exercise involving larger numbers of villagers. In addition representatives of the community on the VPCs or VDCs also had to be trained to perform their functions to a) promote community participation, and represent their communities on these committees and b) with the VCs, MRPCs, to help plan and manage projects and village development in general. MRPCs had to have the capacities to facilitate village co-operation, exploit economies of scale in village administration and infrastructure and service provision, mobilise resources, promote economic development and operate and maintain services. The objective was to develop capacity to a point where the VCs and MRPCs could continue to perform their functions self-reliantly and sustainably after the LRDP program terminated in their area.

Implementation was as follows:

- a) In each micro-region, the LRDP CBT conducted training in PRA followed by the PRA itself. The objective of the PRA was to further appraise village conditions (further to the preceding diagnostic surveys conducted by the LRDP team) and to get villagers to identify projects. Two persons from each village from different sectors were selected to participate. Upto 50% of the participants were women and there was also a 'reasonable' youth representation.¹⁰ Participants included VC members and MLG district officers. Typically the training was in two parts; four days on PRA concepts and methods; seven days "practical" conducting field visits to different villages in the micro region. In addition information generated by the PRA had to be analysed, to identify projects. PRA literature was used to help conduct the training and from the experience a PRA manual was developed.
- b) There was no capacity building done to help community members serve as representatives on VPCs and VDC's because a workshop at the local level involving central government officials decided that these organizations should not be established as they might conflict with the VCs and MRPCs.
- c) In addition to the PRA, two-day training workshops were held in each micro-region for VCs and MRPCs. These were held at different times on an ad-hoc basis. Topics covered, often several on the same day, included project management, LRDP and governmental procedures, rules and regulations, accounting and report writing. MRPC members said that training materials were developed and used. Finally, some training in accounting and financial management was done by MLG staff for VCs, and MRPCs. These amounted largely to teaching these organizations and

¹⁰ Interviews with: Mr. Muhammed Amro, deputy of the general director in the Local Government Office in Hebron Governorate- Hebron (21/7/1999), Mr. Mahmoud Al-Saleh, the head of Jericho MRPC, and Ms. Najah Hammad, the MRPC planner, and Othman Kukash, MRPC engineer - Jericho (24/7/1999).

particularly their technical staff and some office bearers how to follow government procedures on these topics.

- d) Finally, there was on-going on-job 'training' to the VCs and MRPCs and again particularly their technical staff. This training took the form of coaching and technical assistance by the LRDP team focussed largely on how to fulfill their responsibilities vis-a-vis the LRDP program. Such coaching was supported, by various reports, memos, guidelines etc. on such topics as fund disbursement and procurement modalities, financial control procedures, contracting etc.

A number of important capacity building measures, urged in the design document, were not undertaken. These included:

- a) Training on broader developmental skills such as participatory planning and implementation (as opposed to simply PRA/ PI), consensus building, dispute resolution, communication and negotiation skills, networking, liason and resource mobilization methods. Enhanced capacities in several of these would have better equipped VC and MRPC members to, for example, facilitate cooperation among villagers and get agreement on joint projects.
- b) Also undeveloped were the training materials and operational manuals for policy, program and project management and procedural guidelines to help enhance capacity to implement the program in a more systematic way.¹¹
- c) Particularly lacking was any capacity building related to the role of VCs and MRPCs in promoting economic development.
- d) Apart from involvement in PRA's, there appeared to be no capacity building among women. Women (and men) who had participated in the PRA said they were not involved in any subsequent activity including training. The lack of capacity building for women was also confirmed by the women planners in JE and Q1. Apart from these two, no women were represented in the VCs and MRPCs (although the PA and MLG has recently launched a drive with the help of the MLG-DO to get some women on to VCs). If some of the women with whom the team had discussions, are any indication, there should be a potential pool of promising women of adequate education and outlook who with capacity building and other supportive measures could (have?) contribute substantially to local development.
- e) Also what appeared sometimes problematic, according to LRDP team members, was to persuade some VC and MRPC members to participate in training sessions or to have them fully appreciate the value and methodology of the training. This problem took two shapes:

Training appeared largely associated with narrow, technical skills. VC and MRPC members and officers appeared unaware of the range of municipal planning and management knowledge and skills that could help them perform their functions more effectively. For example, when asked, one MRPC chair felt he did not need any training since all technical work and decision were made by his technical staff.

VC and MRPC members as volunteers were sometimes reluctant to take 'time-off' from their otherwise income earning pursuits. For example, an MRPC chair person

¹¹ LRDP-2 staff and the MLG national manager confirmed that no consolidated, project documented operations manual had been produced nor was there a set of these being consistently used by all parties. The evaluation team however did review a 1995 LRDP, IRDP Project Guidelines and another Project Management report which project documented, expanded and modified could have served as models for such manuals (UNDP 1995).

complained to the evaluation team that he (a dentist) was losing money and possibly clients in the time he was spending with the team. LRDP also mentioned cases such as two different VC members persons coming on the two different days of a two-day workshop that required continuity in who was being trained.

However, despite the limitations in the capacity building component, it appeared that capacity had been built. All four MRPCs, albeit at different levels of efficiency, appeared able to perform their responsibilities vis-à-vis the LRDP program. PRAs had selected projects, VCs and MRPCs had raised impressive amounts of community contributions, projects were shepherded through the preparation and implementation stages, financial disbursements were being recorded and documentation on receipts and payments were being kept. Some MRPCs were negotiating with other government, NGO and international agencies for support in addition to what came to them from the LRDP program (e.g. H7 MRPC with Save the Children - SCF, Q1 MRPC with the Palestinian Agricultural Relief Committee –PARC). Not least, discussions held by the evaluation team with MRPCs revealed that at least some of the more outspoken and better educated members had a good understanding regarding the issues concerning the program and the development of their region.

A word of caution. It was difficult for the evaluation team to assess the extent to which some of these achievements resulted from LRDPs capacity building component as opposed to resulting from already highly educated and resourceful MRPC and VC members being able to make the most of the supportive LRDP program environment. It is also difficult to assess the extent to which capacities were developed across the board among regions and among most members of the VCs and MRPCs as opposed to among a few who were simply building on their already solid education and experience (Table 3-5, 'characteristics of MRPC officers and staff' – many were established professionals – e.g. lawyers, engineers, dentists and teachers). It was also difficult to assign credit for work done to MRPC members rather than to their technical staff or to the intensive intervention of the LRDP team.

Such assessments would require more detailed study that is usually part of a systematic training needs assessment. Indeed, some outputs by the MRPC team were clearly at a quite basic level (e.g. table of projects and their current status). And, at least in one instance, the MRPC did not (could not?) produce a basic two pager comparing MRPC expenditures with income, after promising to do so and send it to the evaluation team.

In sum, it appeared unlikely that the VCs and MRPCs had developed their capacities to a point where they would be able to perform their functions in a self-reliant and sustainable way after the LRDP program terminated in their area. This was the case, even if assuming, the local government draft law had been passed providing a supportive institutional and legal environment for these local authorities and even if assuming the local authorities had set up adequate revenue generating mechanisms to finance their activities. Much capacity may have been built. Much more appeared needed.

2) Provincial/ District Levels

Here capacity building was focussed on the MLG District office and its role in relation with the MRPCs and VCs. While level and effectiveness of MLG-DO engagement could vary with the personal enthusiasm of the particular MLG-DO head in a particular micro-region, the office often performed a variety of functions related to this. Thus their capacities had to be enhanced in these functions. These included:

- a) Help set up VCs and MRPCs (eg. The process of nomination of VC and MRPC members following certain criteria set by the MLG);

- b) Capacity building: help train VCs and MRPCs; assist the VCs, and MRPCs to perform their functions (e.g. as a member of the bidding committee);
- c) Monitor, guide and supervise VCs and MRPCs, (e.g. check and approve quantity and quality of works and supplies);
- d) Serve as information sharing, co-ordinating and facilitative role among VCs, MRPCs and other agencies, including, at times helping in resource mobilization. Liaison between VCs, MRPCs and the MLG-CO (e.g. negotiate with VCs to get some women's representation as recently instructed by the MLG central office); and, not least,
- e) Perform specific functions identified for them as part of the LRDP program (e.g. helping check, process and approve VCs requests for payment for work done from the LRDF/ LRDP accounts – see Figures 3-6, 3-7).

The capacity of the MLG-DO to perform these functions affected the performance of the LRDP Program. While the direction of the causal link was not always clear, a capable and supportive MLG-DO appeared to coincide with a capable and successful MRPC (e.g. H7, Q1).

LRDPs role in building capacity at the MLG-DO level was however limited. It consisted largely of a) awareness-raising: LRDP informing and project documenting the concerned officers of LRDPs objectives, activities and what was expected of the MLG-DO in this process; and b) coaching/ technical assistance: working closely with the MLG-DO particularly the District office head, the engineer and the finance/ accounts persons, to assist them in performing these functions. The process was ad-hoc, however, and its amount and relative effectiveness varied between the different MLG-DOs. Much of it depended on the level of enthusiasm, or lack of, that the MLG-DO may have had for the LRDP program and the relations that were inculcated between the LRDP team – particularly the area co-ordinator - and the MLG-DO head (e.g. in H7 these relations were very good and facilitated good performance, in part because the LRDP area co-ordinator was from the area and had been well placed in government prior to joining LRDP).

According to the design document, the CTA was to do much of the capacity building of the MLG-DO officers. A manual for the MLG, particularly on LRDF/ LRDP fund procedures was also to be produced. Neither of these happened. The CTA for his relatively short period of tenure was otherwise engaged. The LRDF as discussed was never established as such, and its closest proxy (the LRDP Trust Fund through the MoF) was only developed and applied in one micro-region – H7 with no assistance from the CTA. No manual on LRDP funding procedures was produced.

3) Central Level

The targets of capacity building here were the MLG-CO, the MoF and the PSC (in its capacity as itself and as the board of the LRDF). As earlier discussed, the MLG-CO was expected to have established within it a CBU to work with the LRDP CBU to help perform, and on program termination, take over the CBU's work. Also within the MLG would be the LRDF management unit with the PSC as the Board of this unit to help capitalize and guide capital assistance to the VCs and MRPCs. A LPIS would inform decisions in both technical and capital assistance. Capital assistance would be channelled through the MoF where the central LRDF fund would be housed.

Capacity building was largely to be in the form of technical assistance (on-job coaching etc.) terms of references, manuals and protocols. These would be in support of such activities as

setting out the terms of reference and help guide the work of the PSC/ LRDF Board, help raise donor funds to capitalize the LRDF, managing the LRDF, developing and managing the LPIS system and its related computerised database (see Table 2-2). The CTA and the M&E expert were to play a central role in this capacity building effort.

In practice, the MLG CBU was developed at a limited level (one national manager and two part-time staff responsible for the LRDP accounts). The LRDF was not established and its limited version –the LRDP Trust fund at the MoF with an LRDP account in the MLG – was used in only one micro-region – H7 (Figure 3-7). And both the CTA and M&E person had short tenures in which they were otherwise engaged (although the CTA did apparently produce a TOR for the PSC). Consequently little capacity building was done at this level.

As it turned out, in the absence of the expected key players (the CTA and the M&E expert) the MLG CBU national manager and the H7 area co-ordinator worked with the MLG and the MoF to help establish the LRDP/ MoF Trust Fund version of the IGFT system. To their credit, they also succeeded in streamlining this system shortening processing time from two months to three to four weeks. To that extent, through some technical assistance, coaching and much coaxing, some capacity building was achieved at the central level.

Given what the MLG national manager and the H7 area co-ordinator achieved, it may be reasonable to expect that a fully engaged CTA and M&E person with higher level support – UNDP, PSC and financial consultants - might have achieved more. That is they might have been able to develop the MLG CBU into a stronger unit. They might also have been able to improve the LRDP Trust Fund version of the LRDF account so that it was both more streamlined and closer to the original intent of this fund.

4) Training of Trainers

Finally, a point not raised in the design document, needs some discussion. The LRDP team was by far the major capacity builders in the program. Most of the training, technical assistance, coaching and related activities was performed by them. Under the circumstances this team did a good job and much capacity was built.

A less well considered need was that of developing the capacities of the LRDP team itself – both to be more effective professionals and to be more effective trainers. In pure implementation tasks, it appeared that the team was quite proficient as demonstrated, for example by the number of infrastructure and service projects that were moved ahead sometimes under difficult circumstances. It also appeared that team members could often draw on this implementation experience and intelligently and insightfully make observations about conditions and what needed to be done (or should have been done) at different times (this was apparent in discussions such as the collaborative evaluation workshop held by the evaluation team).

However, as the core team of a complex pilot program demonstrating decentralized development in its multiple dimensions, and in the front line of communicating this approach and its value to others, the team appeared to need their capacities further enhanced. This was in such areas as conceptualization, strategic thinking, policy and program planning and management, project management, consensus building and dispute resolution, communication skills, report writing, proposal development and monitoring, reporting and evaluation. The need for this was apparent from observing team discussions, reviewing reports written by team members and noting how work was organized, or not organized around the LRDP team office. Team members also expressed the need for, and much interest in, getting their capacities built along these lines. Not least, as the main instruments of capacity building, they needed some training in how to train others in these and other knowledge and skill areas.

Instead, as earlier discussed, the core team were reduced to implementers with the CTA taking over much of the 'thinking' and higher level liaison during his tenure, and the UNDP-J ARDU head and PMO serving this function once the CTA had left. Consequently much of the potential wisdom and insight based on field experience lay untapped within the LRDP team and did not inform broader strategic policy and program making. (The ARDU head and PMO had little field-level engagement – see Table 3-12). And divorced from consistent engagement in the 'higher' objectives and policies of the LRDP, the team was not only demotivated from performing to its full capacities but also was less able to inform and motivate others further down the hierarchy.

The capacity of the core team needed to be built up through such means as regular meetings and workshops that went beyond consideration of specific implementation issues to issues of broader objectives, strategies, policies and program design to meet these objectives, engagement in meetings in which such issues were discussed, as well as through in-country and international training courses on topics mentioned above. The enthusiasm with which the collaborative evaluation workshops were participated in by all LRDP staff, in which issues fundamental to the program were discussed, indicates the need and desire for a more regular pattern of such engagements.

Some LRDP team members had begun to be sent on international short courses by the time of the evaluation teams fieldwork (July – August). These were on such topics as PRA, finance and project management. This was good but more geared to preparing them for a possible LRDP-3 than to benefit the current LRDP-2. Furthermore if those so trained returned to a work environment in which they were once again reduced to implementers of other's thinking, this would not encourage them to imaginatively apply to their work what they had learnt in these courses. Above all, what was needed to adequately enhance the capacity of the core team and stimulate them to fully apply these capacities, was an encouraging participatory, 'open. Continuous learning, and innovating ' work environment in the spirit of the programs own stated objectives.

3.3.3 Participatory Planning and Implementation Process

Overall, the LPP steps were implemented as set out in the project document. There were however, some significant differences. Table 3-11 compares the designed LPP with what was implemented. The following are some observations:

- 1) Two diagnostic surveys were introduced: a preliminary one to assist the PSC in selecting the Micro-regions, and a second more detailed survey used to introduce the LRDP to the area and its communities and to prepare the way to the PRA. This improved on the one-step process suggested in the project document since the objectives, audiences and time-lines of the two surveys were quite different. On this experience, LRDP have introduced another efficiency – drawing on the data available from the census office to inform diagnostic surveys, before going into the field to cross-check and obtain more precise information. This improvement should both increase reliability and speed up the diagnostic surveys for LRDP-3.
- 2) Contrary to expectations in the project document, apart from selecting micro-regions, the PSC was not involved in the local planning process, including not having a say in reviewing project proposals and approving funding. This again was likely more appropriate since the PSC was too high level a body to be making detailed project level decisions.

Table 3-11 Local Planning & Implementation Process: Comparison between Design and Implementation (page 1 of 2)

Phase	Step	As Designed		As Implemented (Current)			
		Major Elements / Activities	Duration	Major Elements / Activities	Duration	Bottlenecks / Sources of Delay	Actions Taken
Preparation / Pre-LPP	1. MR Selection	<ul style="list-style-type: none"> Steering Committee selects MR's Aggregate funding for MR determined IPF's are allocated Project eligibility defined 	1.5 – 2 months	<ul style="list-style-type: none"> <i>Preliminary diagnostic survey is done to assist SC in deciding on MR</i> Steering Committee selects MR Aggregate funding for MR determined IPF's are allocated Project eligibility defined 	Approx. 1 month	Some data is not available or inaccurate	Field survey, review of secondary sources
	2. Setup of Institutional Framework	<ul style="list-style-type: none"> LRDP team introduces the Project in order to set up MRPC Planner and Engineer are recruited Initial training to MRPC and staff is provided 		<ul style="list-style-type: none"> <i>Detailed diagnostic survey is done to prepare for PRA</i> MRPC is set up Planner and engineer is recruited Initial training to MRPC and staff is provided 			
LPP	3. Project Selection	<ul style="list-style-type: none"> PRA is conducted and priority list of projects for each village and for joint projects is prepared Consultation with MLG and line agencies Consultation with the community to finalize the project selection and to mobilize resources 	2 months	<ul style="list-style-type: none"> PRA is conducted and priority list of projects for each village and for joint projects is prepared Consultation with MLG and line agencies <i>In very few instances (especially, when the community contribution is more than 10%), consultation with the community to finalize the project selection and for resource mobilization is done</i> 	3-9 months; in average 6 months (in some occasions, obtaining a permit from Israel took over a year)	<ul style="list-style-type: none"> Available IPF not enough Obtaining a permit from Israel is denied (or takes time) 	Lower project ambitions (e.g., reducing length of road to be paved) or change project to 2 nd priority.

Source: Information gathered in interviews and field visits and compared with LRDP reports and documents.

Table 3-11 Local Planning & Implementation Process: Comparison between Design and Implementation (page 2 of 2)

Phase	Step	As Designed		As Implemented (Current)			
		Major Elements / Activities	Duration	Major Elements / Activities	Duration	Bottlenecks / Sources of Delay	Actions Taken
LPP (cont'd)	4. Project Detailed Preparation	<ul style="list-style-type: none"> Village Planning Committees (VPCs) are formed IPF's are assigned Project proposal developed Consultation with the community Project proposals are submitted for approval Review of proposals and obligating of funds Prepare designs and bidding documents 	5 months	<ul style="list-style-type: none"> <i>Forming Village Planning Committees (VPCs) Was dropped</i> IPF's are assigned Project proposal developed Project proposals are submitted for approval <i>Project proposals are endorsed by MLG DO, reviewed by LRDP, and approved by (head) of Steering Committee. Funds are obliged by UNDP</i> VCs prepare designs and bidding documents (sometimes with the help of LRDP and/or line agency) 	2 – 16 months; in average 8 months	Designs and plans of some engineering offices are of poor quality	Close supervision by LRDP infrastructure specialist
	5. Contracting	<p>Responsibility for procurement lies with the local actors: the VCs, MRPCs, and the Joint Service Councils (JSCs). Three contracting modalities are envisaged:</p> <ul style="list-style-type: none"> Contracting to independent consultants and prime contractors 'Slicing and Packaging' of contract work VC (through the MRPC engineer) directly coordinates and manages the work, i.e., 'construction management' approach. 	Average 3-4 months max. 9 months	<ul style="list-style-type: none"> Contracting was done mainly to independent consultants and prime contractors 'Slicing and Packaging' of contract work VC directly coordinates and manages the work only when IPF is not enough, and/or for part of the project funds that is collected from the community 	1-11 months; in average 7 months	Sometimes allocated IPFs are not sufficient for the identified project	Many times community contribution by far exceeded the anticipated 10% limit
	6. Execution	<ul style="list-style-type: none"> Execution to be done by local authorities (implicit in PD, p. 26) Manual for (participatory) project management will be prepared Fiscal transfer through MOF to be tried and instituted, in addition to direct transfer from UNDP Jerusalem office to local authorities 		<ul style="list-style-type: none"> Execution done by VCs under close supervision of MRCP's engineer (in addition to LRDP's, MLG DO's, and line agency's engineer) Manual for project management was not prepared Only in one MR out of four, disbursements were done via MOF. 		Some delays were encountered in the process of disbursing moneys through MOF	The option of effecting transfers through MOF was dropped in subsequent MR
	MR Selection to Execution	As Designed	Max 13 months	As Implemented	Avg. 22 months	41 Projects (41%) under construction and not begun (Table 13)	

Table 3-12 Participant Involvement in Local Planning and Implementation Process (LPIP)

LPIP Steps	Major Activities	Participants										
		Community	Village Council	MRPC	MRPC Engineer / Planner	MLG DO	LRDP	MLG Ramallah	UNDP	Steering Committee	Ministry of Finance (in H7 only)	Line Ministries
Pre-LPIP	Preliminary Diagnostic						***					
	MR Selection						**		**	***		
	IPF / Guidelines						**		**	***		
Institutional Set up	2 nd Diagnostic						***					
	Establishing MRPC		***			***	***	**	*			
	Recruiting MRPC Planner			***		**	***					
	Training MRPC		**	***	***	***	**	*				
Projects Selection	PRA	***	***	***	***	*	***	*				
	Preliminary List of Projects	**	***	***	***	*	**					*
	Recruiting MRPC Engineer			***		***	***					
Project Formulation	Individual Projects Proposals		***	**	***	*	***	*				*
	Joint Projects Proposal		***	***	***	**	***					*
	Permits / Licenses		***	***	***	***	**	**				*
	Project Appraisal & Approval					**	***	***		***		
Contracting	Preparation of Designs and Tender Doc.		***	*	***	*	**					**
	Selection of Contractor		***	**	***	**	**				*	*
Execution	Technical Supervision of Execution		***	*	***	*	*					*
	Disbursements		***	*	***	**	***	*	**		***	
	Receiving Works		***	***	***	***	***					**
Maintenance and Operation	Guarantee Period maintenance		**	**	***		*					*
	Operation		**	**	**							**
	Post Project Maintenance		**	**	**							**
Number of Activities Involved In		2	15	16	14	15	20	7	4	3	2	11
Participation Ranking by Number of Activities Involved in: 1 = highest, 9 = lowest		9	3	2	4	3	1	6	7	8	9	5

Source: Interviews and documents

¹Participation ranking *** High Involvement ** Moderate Involvement * Low Involvement

- 3) Population figures obtained from the MLG and the local authorities tended to be over-estimates. This became particularly clear once 1998 census data became available (In Table 3-2 compare population '@ MOU', that is figures cited at time of signing the Memorandum of Understanding with 'Census '98' figures). Since IPFs were allocated largely on a per capita basis, this led to settlements and micro-regions getting a larger allocation than warranted.

For example in J2, Qabatiya, the main settlement, received IPF allocations on an estimated population of 18,000 whereas census revealed its population to be 14,500. This overestimation in the main settlement, accounted for much of the approximately 6000 population overestimation of the whole region (Table 3-2). It also, along with the per capita based allocation formula that at the time had had no ceiling attached to it, was responsible for the whole region getting a larger share of the IPF than warranted. Much of that extra share went to Qabatiya. Consequently, within J2 as well an inequitable allocation of IPF resulted. Qabatiya got 54% of the total IPF allocation of the micro-region leaving a smaller 46% to be shared among the remaining 28 settlements (see Table 3-7, J2 IPF allocations per cent). As discussed in the Capital assistance section, these inequities were avoided in the later micro-regions by improving the IPF formula to include a maximum ceiling of \$120,000 per settlement.

- 4) PRA was not used in its fullest sense of being a Participatory Rural Appraisal process. Both the participation and the appraisal was limited.

Re. Appraisal: PRA was not used to make a full appraisal of the rural conditions and needs and how to meet them, nor as an appraisal of proposals generated to meet these needs, and how they were being met. The focus instead was on only one objective of a full PRA – that of initial project *identification*. Even (final) project *selection* – that is the process through which it was decided which of the identified projects, if any, would get final approval for implementation – was implemented outside the PRA.

Re. Participation: This limited interpretation of PRA contributed to a limited participation of the community in the planning and implementation process. Instead of 'promoting community participation in the (whole) planning and implementation ...' (one of the immediate objectives of LRDP), community participation was largely promoted only within the PRA, in effect, only in project identification. This lack of on-going community participation also appeared to contradict the apparent intent of the project document in which it was stated that VC and MRPC members were to be trained in methods to involve project beneficiaries in the project implementation stage as well (p.26).

In several villages community members, and especially women and youth, told the evaluation team that once the PRA was over their views were no longer solicited and they were not informed of how the project was progressing. In one village, women members of a family living within view of the school project being constructed did not know how the project was being funded nor who and what LRDP was. Women in another village did not know that a health clinic was being constructed in a neighbouring village - a project that their village council had approved on their behalf to jointly serve four villages including their own.

The project document might have contributed to these narrow interpretations of PRA and the role of participation in three ways. 1) by emphasising the 'Local *Planning Process*' (as opposed to 'Planning and *implementation*'), 2) by appearing to slot PRA into a project *identification* role (as opposed to a broader *appraisal* process), and 3) by

associating participation largely with PRA (although see discussion below regarding VPCs. VDCs).

However, within this limited PRA/ project identification stage, there was a high degree of participation. On average, 40 community members in each micro-region participated in this process representing several sectors such as farmers, women and youth etc. LRDP informed us that 50% of those participating were women. The PRA participants we interviewed, while complaining that they would have liked to have had a role beyond project identification, were pleased that at least they had participated to that limited extent. Indeed, several participants, including the MLG-DO spoke highly about how the PRA process as implemented generated much excitement and enthusiasm among community members – an experience hitherto quite unique in relation to government related projects. This however underscores the importance of building on the enthusiasm for the participatory process rather than making participators later cynical of it.

VDCs and VPCs were not established. The LRDP team informed us that it was decided not to do so because these organizations might compete with the newly appointed VCs. This decision was taken during a 1997 training workshop in J2 in the presence of the Palestinian Legislative Council member Mr. Hikmet Zeid (now the Minister for Agriculture). The absence of these organizations further weakened the participatory component since they were expected to be the civic, more community-based counterpart to the, often PA appointed VCs and might have facilitated a more 'downward' accountability in the VCs.

- 5) Community contributions overall apparently well exceeded the minimum 10% of IPF set for them ('apparently' because the evaluation team could not get documented evidence of contributions made – e.g. deposits in to bank accounts – but relied on generally corroborating statements from several sources, from VCs to the LRDP team). They ranged from 12% of IPF (in JE) to 46% (in H7) (Table 3-4). Over all four micro-regions, on average contributions were 25% of IPF (Table 3-5).

These high contributions reflect a high degree of willingness and ability to contribute. The willingness suggests a high degree of need and satisfaction among community members for the project choices and confidence in VCs and MRPCs to spend community contributions wisely. In turn, all this suggests that, at least in pursuit of raising contributions, the VCs did continue to interact with the community beyond the PRA stage. We were told VCs led fund raising discussions during Friday prayer meetings and at other times, other community leaders – clan heads – were also active in raising funds from their clan members.

No doubt some contributions were the result of pressure rather than willingness. The evaluation team was told, for example, that in some cases contributions were added to fees payable for other services and the payee risked the service if the contribution payment was not made. It is also technically possible that the contributions largely came from a relatively few of the wealthy in the community rather than from a larger proportion of the community. Overall, however, it is reasonable to conclude that at least in this respect, the high contributions reflect some level of a participatory process beyond the PRA and some accountability *down* to the community was taking place (as opposed to only up to the higher authorities).

- 6) Unlike individual village projects, joint projects were those on which several villages collaborated and which served and brought shared benefits to all those villages. As discussed under 'Capital Assistance', for such projects a separate fund allocation was made to each MRPC of up to 25% of IPF (unlike the individual project allocations which were made to individual villages). Although initial joint project identification was

supposed to take place through the PRA, in practice, because of difficulties unique to the joint project (see below) much of the discussion, planning and implementation around it took place within the MRPC where all VCs were represented. Examples of such projects include electricity and water networks, link roads, health centres, garbage disposal systems and electricity maintenance units serving several villages.

Joint projects proved more difficult to identify, plan and implement for a number of reasons. These included:

- the feeling among individual VCs that funds for joint projects meant less funds for their own villages for which any individual benefit to their village never quite compensated for the funds given up;
- competition among different VCs to have their own suggestions for joint projects adopted and resistance to projects that emerged as a result of another village's suggestions, especially if they were adopted;
- difficulty in building consensus among the VCs in an MRPC over which joint project to agree upon and continuing friction regarding issues that arose around subsequent planning and implementation;
- the projects tending to be somewhat larger and more complex and therefore more difficult to plan and implement;
- Delays or failures in getting licensing approval from Israeli authorities which was required for infrastructure project such as water and electricity. Delays in getting approval or rejections from UNDP-J when it appeared to them that some proposed income-generating joint projects were more appropriate for the private sector than for a public authority (e.g. a digger to be rented out by the MRPC to the VCs).

While initially, and as emphasised in the project document, the attractiveness of the joint projects lay in their potential to facilitate co-operation and achieve economies of scale, in practice, on the negative side for reasons mentioned above, they could also generate conflict. On the positive side, however, they could also generate income for the MRPC. Anticipating both the problems and the potentials of joint projects, the program as designed had set aside resources to help address the problems and make the most of the potentials. These were not applied in practice. For example, although proposed and budgeted for in the project document, consultants to help develop thorough feasibility studies for potential income generating joint projects, were not employed. Similarly, although also mentioned in the project document, no training was given to MRPCs in how to develop such economic projects. Here also was a case where training in broader developmental skills such as consensus building and dispute resolution might have facilitated decision making and on-going management in MRPCs with the often conflictual issues that arose around joint projects.

- 7) The VCs were formally responsible for the preparation of project design and tender documents. In practice they were assisted in all stages by the LRDP team and the MRPC technical staff. VCs hired consultant engineers to prepare project designs both from the private and the public sectors. Roads were designed by the LRDP engineer (cost-free). Energy and Water Authorities designed electricity and water projects.
- 8) The contractors for most projects were from outside the region (Annex __, Projects Profile by Micro-region). In field interviews we were told that such contractors often also brought their own workers rather than hiring workers from the near-by villages. This result was in contrast to the urgings in the project document to as much as possible use

'slicing and packaging' to make projects small enough for local contractors using local labour to successfully bid on. In a few cases when IPF was too small an amount to contract out or was small enough for a VC to feel it could handle itself, the VC took responsibility for direct implementation of works. In such cases, a waiver of the bidding process was given by the Director General of West Bank Governorates at MLG. In electricity projects, material supply and construction works were done in separate contracts. In these cases more local labour was used and therefore more local employment and income generated.

- 9) There might have been some duplication with regard to project supervision. That is often projects were supervised and execution had to be approved by the engineers of several agencies – the MRPC engineer, the MLG-DO engineer, the specific line agency engineer (e.g. of the ministry of education for schools), and the LRDP engineer. Payments to contractors and suppliers were not effected without the engineers' checking and approval. As mentioned earlier, the simpler and less time consuming UNDP-J to VC payment system was used in three out of the four micro-regions with the 'through MoF' system being used only in H7.
- 10) Some projects experienced or are experiencing major delays or have had to be abandoned. The most common cause was when projects had to obtain approval and licensing from the Israeli authorities. These authorities have lengthy licensing procedures which can extend over years. They are also generally reluctant to license projects that can be said to have resource or security implications such as some roads, water and electricity projects. One road project in Kardala village (in JE micro-region) was stopped by the Israeli authorities over a year ago and the MRPC is still awaiting approval from them (see Table 3-3, 'Comments' column for other examples).

Some delays are reportedly due to lack of expertise and experience both in the local VCs and in local engineering offices. According to LRDP's Engineer, he has often rejected project plans or bidding documents prepared by these offices because of poor quality. He maintains that, the VCs do not have enough money to contract good engineering offices. Instead, they hire cheap (inexperienced) engineers to do the work. The LRDP's Engineer has developed a 'model' bidding document that could be used by VCs for different projects. This gives credence to the view that the MRPCs could finance, at least in part, a VC membership-fee supported engineer who could provide these services once LRDP funding is removed or reduced (more on this later).

The UNDP-J PMO suggests that some delays result from the VCs starting a large project before all resources – community contributions, line ministry contributions - needed to complete the project have been obtained. This observation was corroborated by a site visit by the evaluation team to a school which was awaiting deliveries of floor tiles promised by the Ministry of Education. The floor tiles happened to arrive while the team were still in the village. On the one hand, while the attempt to mobilise resources from several sources runs the risk of encountering delays, on the other hand it does demonstrate VC's or MRPCs ability to effectively use LRDP support to leverage these resources.

- 11) Overall, the LPIP from micro-region selection to project hand over has taken substantially longer than anticipated in the project document (Table 3-11). It has taken on average 22 months compared to the expected 13 months. Every stage has taken on average longer except for the first stages – micro-region selection and set up of the MRPC. However, in the last micro-region Q1 a new PRA process was introduced which substantially reduced the time taken in this stage. It also apparently improved the process. This involved the LRDP PRA team moving to the region and staying there for the whole period including the finalization of the PRA report. This new process also

better familiarised the team with the area and its people and vice versa. This in turn, likely gave better results in terms of projects identified and established a better foundation for good relations on which to plan and implement the rest of the LPIP process. It will be useful to compare the Q1 experience once work there is complete with the experience in the other regions to see if this expectation is borne out and whether that should be used as a model for an LRDP-3 phase.

Given that the program is in its last several months of tenure, as of July 1999 a surprisingly large percentage of projects remain still incomplete (Table 3-3). Forty one (51%) out of 81 projects are still incomplete of which 13 (16%) have not yet begun construction. This translates into 27% of IPF yet to be disbursed. Forty percent of IPF of joint projects remain to be disbursed (Table 3-9).

- 12) It is assumed that clinics and schools will be operated and maintained by the respective line agency. The operation and maintenance of water and electricity networks are to be assumed by the MRPC/VC. In H7 for example, as a joint, income generating project the MRPC is planning to recruit one person who will be responsible for operating and maintaining all electricity projects in the MR. After the maintenance period by the contractor that is stipulated in the execution agreement, each VC should claim responsibility for the maintenance of the constructed/paved roads. It is unclear whether the VCs or MRPCs have the financial resources to operate and maintain these services.
- 13) Finally it is revealing to note the relative levels and degrees of participation of different groups in the different stage of LPIP and their activities (Table 3-12). Lowest on the scale are the community (confirming earlier observations) and the MoF with involvement in only two activities in the process. Highest by far is the LRDP team involved in all seven stages and in 20 activities. Apart from suggesting the scale of work that falls on the LRDP teams shoulders, it also calls into question the extent to which this LPIP process could function without such assistance. In this regard, however, it is hopeful to note that the second group of those most active in the process is the MRPC, the VCs and the MLG-DO.

Somewhat disappointing (if perhaps not surprising given our earlier observations elsewhere about the lack of counterpart staff), is the low level of involvement of the MLG-CO, i.e. the MLG version of the CBU with the one full-time and two part-time staff. They had generally low to medium involvement in seven out of 17 activities in the LPIP process). This reinforces the view that there has not been much by way of 'technology transfer' to the MLG-CO calling into question its ability to meet the objective of taking over the functions of the LRDP unit. UNDP-J, also perhaps not surprisingly, is involved in only a few activities (four out of 17), mostly well removed from the planning and implementation process of LPIP. This might be appropriate so long as the officers concerned are then not expected to make decisions that require a more intimate experience and knowledge of this process nor influence decisions that significantly affect this process.

3.3.4 Monitoring and Evaluation

As mentioned in Chapter two, the project document heavily emphasised the importance of the role of M&E in the program. This was because the program was a complex one in a complex working environment requiring good M&E as a management tool to plan and implement it effectively. It was also because LRDP was a policy experiment both to promote decentralization in Palestine as well as one of a first generation of new UNCDF programs being tested internationally (see UNCDF 1996 for LRDP as part of this broader policy and program effort). Good M&E was needed to identify useful policy lessons from the program. The project document devoted 10 pages to detailing the system and activities including

much on making it participatory and relevant to policy issues. Substantial resources were also earmarked for M&E.

What was implemented in practice is partially explained by the resources that were in reality obtained for it. A local M&E specialist was hired but left within a year and half of the four year program. Contrary to the resource plan outlined in the project document, no local consultants were hired to 'carry out the bulk of the activities' under the M&E persons supervision. Nor was there special technical backstopping provided by the PPEU and external consultants particularly during the M&E design and establishment of the KPIs and baseline.

The evaluation team could not find any evidence that the key activities and outputs for the first and second year of the program detailed in the project document were implemented. Not done then were the first year's (1997) essential preparatory activities – baseline survey, stakeholder information groups, KPIs, MIS, community monitoring cells. Similarly left undone were the second year (1998) activities – assessment of the first year with modifications made for the second year, TORs for mid-term evaluation, technical backstopping to all M&E activities, findings in policy areas. In September 1998 the M&E Specialist resigned leaving one report that was reviewed by the evaluation team (Al-Qutub 1998).

However a number of M&E activities were done. Through most of the period, an international consultant conducted a semi-annual technical review mission (TRM). The TRM reports were a thorough review of past activities, an assessment of progress, discussion of issues, and pointed suggestions and recommendations to help on-going program management and development. During the approximate ten-day missions the consultant also held meetings among LRDP persons to help highlight and address issues arising. However it appeared that the mission reports were not fully discussed and followed up after the consultant's departures. Furthermore key recommendations were not always or not often implemented. These included strong recommendations to hire a new CTA and M&E person, a recommendation for greater information sharing and dialogue between LRDP supervisors in UNDP-J and the LRDP team in Ramallah, and a recommendation to institute regular meetings between these two groups.

Some input monitoring was done quite effectively. These focussed on physical and especially financial inputs. The LRDP set up a timetable sheet used as a plan of action and to monitor progress. Similarly database was designed to monitor financial expenditures, disbursements, payments and replenishments. This monitoring included all stages of the process starting from the planned expenditures with estimated value linked to planned activities (see for example, Annex __, Figures __). Output monitoring included monitoring of each project in each micro-region was done through 'Progressess and forecast tables' which included by village and by project IPF's allocated community contributions expenditures, forecasts and status (Annex __, Figures __).

Such basic but detailed monitoring was no doubt useful for management to keep track of specific projects and expenditures. They were certainly useful to the evaluation team for these aspects of the evaluation. The ability of the LRDP staff in both UNDP-J and LRDP-R to retrieve and provide such information relatively quickly speaks well of the value and implementation of this monitoring system.

MLG-DO and MRPC monitoring of projects – physical and financial – and their documentation and filing appeared also well done. MRPC's, or at least their technical staff could quickly retrieve the relevant files and adequately explain project status from documents in them. On the other hand, some tables produced by MRPC on project status suggests a still rudimentary ability to collect, document and present such information for planning and management purposes (Annex __, Figure __).

Overall it appears that while a comprehensive and systematic M&E system appropriate to meet the objectives of the program were not established and implemented, the basics in conventional physical and financial input and output monitoring was well designed and well implemented.

3.3.5 Local Economic Development

The project document emphasised the importance of LED in local development and the importance of the role of local authorities in promoting LED. LRDP-2, relative to LRDP-1 was to make greater efforts to help these authorities realize this role and develop their capacities to fulfill this role – in particular, to create jobs and incomes and to support agriculture and small business. An LED specialist would be hired, supported by consultants when necessary, LED training would be given to other CBT staff, VC and MRPC in how to promote LED, guidelines would be developed indicating the type of LED project eligible for LRDF funding, feasibility studies would be conducted to develop such projects, collaboration facilitated between public and private sectors toward promoting LED, and funding set aside for joint projects on economic activities. All this along with other LRDP-2 projects such as infrastructure was expected to have significant economic impacts.

In practice, instead of an economic development expert, someone with a BA minor in economics was hired. Sometime into his tenure he was given multiple roles to fulfill – Q1 area co-ordinator, PRA trainer, micro-enterprise specialist, and program monitor (although his Terms of Reference did mention he should 'inform in writing' if his other tasks do not permit him to perform the monitor function). This, in effect, gave the staff person little time to use whatever expertise he had in LED. No economic consultants were hired in support (except for one later in the program – March 1998 - focussed on credit issues). No LED training was done.

However, (according to the micro-enterprise person and the MRPCs), some attempt was made to develop some economic activities. A survey of available resources was conducted in JE and H7 with the view to develop an economic development plan. Four workshops to identify economic constraints were held in JE. PARC was contacted to meet with MRPCs in J2, JE, and Q1. As a result of these activities the J2 and JE MRPCs submitted proposals for joint projects within their specific regions - a market place, a hospital and a factory. A preliminary implementation feasibility conducted by the micro-enterprise person with the MRPCs led to the projects being rejected for the following reasons: the MLG did not accept using public money to invest in private entities; unclear legalities binding the MRPCs with the private sector; weak capacity of the MRPCs to manage economic projects; risk of wasting public money.

In March 1998 a UNCDF consultant did a 'rapid appraisal' of LRDP-2 LED sector with particular reference to financial services and credit (Unnamed Consultant Report 1998). His conclusion was that:

- Local governments should focus primarily on infrastructure and services (at least for the next five years)
- LRDP should set the highest priority on institution and capacity building of local governments and give them training and assistance in: community participation, local taxation management, financial engineering for public investment, and schemes to involve the private sector in public services.
- The direct role of local governments to foster economic development can only be very limited in the next few years (choose public investments with high economic impact, in addition social services with high social impact)

- LRDP-2 with MLG-DO should foster economic development through such means as a credit component and related lending-risk-reducing training and extension services (pp. 5-6).

The report then detailed a possible credit component involving LRDP and the MLG-DO.

The evaluation team was informed that this report was 'not shared with relevant stakeholders' and that key recommendations such as the one above on institution and capacity building through training in the topic mentioned, was not implemented. It was also informed that the decision was taken to implement the credit program separate from LRDP.

While all the above appeared less positive with regard to promoting LED, LRDPs infrastructure and services construction activity had a clearer link. Many of the infrastructures constructed could be considered economically productive infrastructure expected to directly improve the environment for economic activity (e.g. roads, water, and electricity). This as opposed to social service projects (e.g. health, education) that also have an undeniable, if less direct positive affect. Thus 49 out of 70 individual projects (70%) were infrastructure. These represented 75% of the total IPF of \$4,014,855 invested in individual projects (Most of the 11 joint projects had a less direct link – e.g. garbage disposal, equipment, health, even if some of them could generate income for the MRPC).

The construction activity itself, for both infrastructure and services, also created jobs and income. We shall discuss the scale and significance of this activity in the chapter on 'Results and Assessment'. Here we can say that while on-going large-scale construction with multipliers can significantly increase jobs and incomes, the small-scale (relative to overall need) and one-off nature of LRDPs construction activity likely had a modest affect on promoting LED. Furthermore in terms of local affect, this was further limited by most bids being won by contractors outside the local area, often using outside labour as well (see Annex ?, Project Profiles of Micro-regions for contractors and place of residence).

4 THE RESULTS AND THEIR ASSESSMENT

Here we shall consolidate, present and assess the results of the LRDP program. We shall do so against the programs stated objectives. But first we shall discuss those results of two of the strategic components of the program (capital assistance and capacity building) that do not easily fit under any specific program objectives (the third component, LPP, is discussed under the objective of 'promoting participation in planning and implementation')..

4.1 Results of the LRDP's Strategic Components

4.1.1 Capital Assistance

In general the capital assistance component was meant to do two things: First, leverage capital assistance to fund the whole program, and second, initiate and galvanise institutions and activities for local development. More specifically it was meant to pilot an IGFT system for channelling funds from central to local levels and institute a formula for distributing these funds. Results in practice were as follows.

- 1) Capital Assistance was partially successful in leveraging donor funds, very successful in leveraging community funds

Regarding donor funds: At program start LRDP had raised \$6.24 million in confirmed donor funds largely from UNDP, UNCDF sources. It expected then to raise altogether \$24.24 million (Table 2-3). In reality LRDP raised \$8 million for the current program (Japan, Dutch, Arab Fund Table 4). What remained unclear to the evaluation team, however, was exactly how much of this would actually be spent by the end of the program. UNDP-J did not give firm figures. Drawing on donor progress reports the evaluation teams best estimate was total expected expenditures by the end of the program to be approximately \$6.4 million.

Through the program period LRDP was negotiating with the EU for substantially more funds which it had hoped to get for the current program. While negotiations could not be concluded in time for the current program, it appears agreement has been reached for EU to commit a substantial \$24 million for a third phase LRDP-3.

The limited information obtained by us regarding the donor fund-raising process suggests the following. The shortfall in donor funding might in part have resulted from inadequate resources committed to fund raising. The PSC that was supposed to be active in this regard was not fully so. The CTA was, however, heavily involved, especially in his last few months (perhaps to the detriment of his more central responsibilities in the program). The suggestion by one consultant to hire someone specially for fund-raising (not adopted) indicates the level of need.

Regarding community contributions: Here LRDP capital assistance helped leverage substantial additional funds. Particularly remarkable was how capital assistance helped VCs, and MRPCs leverage both community contributions and support from other agencies. International experience suggests that in some cases, external funding can inhibit local funding. That is, local communities can become dependent on the external funding and not mobilise their own resources. This can be especially so, if clear rules are not in place (as they were not in LRDP), for example requiring communities to deposit their minimum amount before any agency funds are disbursed. Despite this, in LRDP the IPF offered to each village for their individual projects stimulated the villagers to contribute substantial funds of their own.

That is, in total, LRDP's \$4.9 million IPF resulted in community contributions of \$1.2 million. In other words, every dollar of LRDP investment resulted in a return in terms of community contributions of 0.25 cents (well above the 10% of IPF asked of the community). Under any circumstances a 25% return on investment can be considered a successful result. Under the difficult conditions of Palestine, it is a very successful result. The leveraging of support from other agencies, while more modest was also commendable. We did not quantify these but in several cases, including one personally witnessed, line ministries also contributed to projects, usually through the donation of building materials.

This result can be explained, in part by the long pent-up demand for infrastructure and services, in part, on the ability to pay of at least a significant portion of villagers (on average Palestinian incomes are higher than in many other developing countries), and, in part, on the strategies and efforts of VCs to mobilize such resources. The PRA might have also raised enthusiasm and commitment for the projects, making community members more willing to contribute. Of course, the basic prerequisite which was met was that LRDP had come up-front committing substantial funds (IPFs) per village for the projects.

2) Institutions and activities were initiated and galvanised to work on local development

Overall the capital assistance component well resulted in the above. This was evident through the overall performance of the program involving many institutions and many activities. Especially innovative and effective was the funding of MRPCs and of projects. These in turn resulted in stimulating VC activity and co-operation with beneficial results (more on these in other sections below).

3) The Capital Allocation (IPF) Formula was improved to an extent reducing inequities in capital distribution

LRDP piloted and improved a formula for distributing capital funds among local authorities. The potential inequities in distribution that could result from this population-based formula (e.g. more populous, relatively richer councils getting more funds) was reduced by adding minimum and maximum amounts that each municipality could receive. The LRDP-1 minimum floor of \$20,000 was raised to \$40,000. The maximum ceiling added to the formula was \$120,000 (in LRDP-1 there was no maximum).

While this reduced inequities, it did not remove them. For example, while the original formula applied in J2 resulted in 54% of IPFs there going to the single largest, richest settlement, in H7, using the improved formula, a much bigger settlement received only 11% of total IPF. The improvements came too late however to fully rectify the situation. In aggregate terms across all four micro-regions, the two largest settlements received almost the same amount of IPF as 40 of the smallest settlements.

The project document suggestion to further refine the formula to take account of such things as diverse needs and wealth levels proved too complex and contentious to implement.

4) An IGFT central-to-local funds transfer system was piloted but not adequately developed and instituted

The potential model for such a system (channelling funds through the MoF to the municipalities) was piloted, improved in terms of timeliness of disbursements, and adopted for central – local capital transfers in H7. The system was however not adopted in Q1 which reverted to the earlier modality which bypassed the MoF.

UNDP-J's PMO's view was that the IGFT through the MoF remained too cumbersome and took too long to disburse funds (three to four weeks versus the two weeks for the modality by

passing the MoF). Also that LRDP did not have the time nor resources to devote more effort to this endeavour. The efforts of the LRDP national manager and of the acting project manager had substantially reduced the time-line of the MoF model down from its original two-three months. It is possible that given more expert technical assistance (the CTA, financial consultants) as suggested in the project document and more time, the MoF model might have been streamlined to be competitive with the alternative. Thus it might have served as a useful model for the government to consider as part of a policy and program for decentralized development.

4.1.2 Capacity Building

Overall the intended results of this component was to increase the capacity of government to plan and manage decentralized local development. While capacities had to be increased at central, district and local levels, the emphasis was on the local level. Results were in terms of both establishing institutions supportive of decentralized development and of enhancing their capacities to function effectively. The latter involved training and technical assistance as well as putting in place systems with supporting documents (e.g. manuals, procedural guidelines) for efficient and effective functioning of the institutions.

Here we shall focus on the immediate results –outputs - of the training and associated documentation that was expected to be produced (e.g. procedural manuals). We shall leave the outcomes of these – establishment and functioning of institutions –to be more appropriately discussed against the objective of ‘Strengthening Local Authorities’ The results with regard to training and documentation were as follows:

- 1) A large number received some training to the relative neglect of some

In total 763 persons received some training (Table 3-10). Of these almost 600 persons were from VCs and MRPCs while only 14 from were from the district and central MLG and MoF levels. Two hundred and eighty eight were involved in the PRA exercise and the rest received training in specific topics such as in project management, rules and regulations, accounting and report writing. While 151 community members were involved in the PRA exercise, only a few were actually ‘trained’ in how to conduct PRA and none received any further training. The PRA involvement was also narrowly focussed on project identification (see below). No follow-up to the PRA involvement took place for the community members which suggests that they likely did not retain what they learnt and may have questioned the practical value of retaining skills they were not going to use. Women were not involved in any training apart from involvement in the PRA exercise. Here, however, it was commendable that they were involved in large numbers, at least in some micro-regions.

- 2) Training developed capacities in narrow technical skills to the neglect of broader developmental knowledge and skills

Training focussed largely on people and skills require for the successful functioning of certain aspects of the LRDP program to the neglect of others. It focussed largely on the infrastructure and service provision objective to the relative neglect of other objectives. It focussed on narrow technical skills to ensure persons such as the MRPC technical staff, and to a lesser extent, the officers and some VC members understood how to implement the procedures for preparing and implementing infrastructure and services projects, especially the financial payments and disbursements of these. Consequently the emphasis was on on-job coaching and technical assistance and on specific skills such as in learning rules and regulations, procedural guidelines for the tendering process, and accounting.

The two-day workshops, with several topics packed within them, were too short to adequately teach these topics. They were even more inadequate for training in broader

developmental skills. Symptomatic of a rather narrow, utilitarian view of training and capacity building was the PRA exercise. This was reduced to the project identification stage of the planning and implementation process rather than being a more comprehensive tool for an on-going appraisal of rural conditions and how to meet them sustainably over the whole project cycle.

Consequently, training was much less successful in building the more developmental capacities highlighted in the project document. These included methods to be taught to VC's and MRPCs on involving beneficiaries in project implementation, on consensus building and dispute resolution and on their role in LED. Such training might have eased problems faced in the program such as the difficulty some MRPCs had regarding agreeing on joint projects and knowing how to develop these for their own income needs and for LED in general.

- 3) Documentation focussed effectively on specific procedures and guidelines to the neglect of documentation serving broader capacity development needs

Consistent with the above, documents produced in support of capacity building tended to be short procedural guidelines, memos, financial agreements and protocols. These laid out how to implement and report on the physical and financial inputs and outputs of the program (mostly applied to constructing infrastructure and services). Not produced were the several manuals and documents highlighted in the project document on broader program management and development issues that were to be useful in training and in post-training on-going work (e.g. on PRA methods, project management, MRPCs roles and functions, including resource mobilisation, liaison with other agencies and proposal writing).

- 4) The overall result (adequately building capacity among some groups and persons to implement basic procedures was commendable given minimal training resources)

Where VC and MRPC members had little knowledge of how to plan, implement, document and report on infrastructure and service projects, the training resulted in some of them learning at least the basics in all of these. This was a commendable result given that the entire allocation for training over four years was \$25,000, 0.4% of total budget. It was also commendable given that training fell largely on the shoulders of the LRDP team. These persons themselves had uneven capacity, at least in the broader developmental skills, had no expertise in training, and who had to, mostly 'piggy-back' the training as on-job coaching on to their regular implementation tasks.

4.2 Results Against Objectives

Here we shall discuss the program results against program objectives. We shall first discuss the results against the four immediate objectives – infrastructure and services, LED, participatory planning and implementation and strengthening local authorities. We shall then discuss them against the broad development objective of improvement of rural living conditions and poverty eradication and then against the program's policy objectives. In conclusion we shall summarize what was achieved, what remained to be done, and the reasons underlying both.

The fundamental premise underlying all the above was that local government had a comparative advantage in promoting local development. Thus *the* basic objective was to strengthen the capacity of local government such that it could effectively and as self-reliantly as possible promote local rural development.

4.2.1 Provision of Local Infrastructure and Services

The project aimed at improving the quantity and quality of local infrastructure and services. The outputs expected over the four years of the program ranged from 50 – 200 projects averaging \$80,000 per project covering four to 12 micro-regions with 70,000 to 200,000 persons with a per capita expenditure \$58 in each case. The range reflected the uncertainty regarding the amount of donor funds that might be raised from a maximum expected of \$24.24 million that would permit committing approximately \$16 million as IPFs for infrastructure and service projects to a minimum already confirmed at program design time (October 1996) of \$6.24 million committing \$4 million as IPF. As implemented, \$8 million was raised (unclear how much will be spent) committing \$4.9 million IPF for infrastructure and service projects. This financed 81 projects averaging \$60,658 per project in four micro-regions with 111,595 persons or \$44 per capita (Table 3-6).

- 1) LRDP met or exceeded expectations in terms of I&S projects' quantity, cost-effectiveness and community contributions

With regard to this objective and given the IPFs committed, LRDP therefore exceeded expectations in terms of quantity and cost-effectiveness. From LRDP's perspective the cost-effectiveness was of course, in part, in terms of the IPFs ability to leverage substantial additional funds through community contributions. Taking these contributions also into account, the \$4.9 million (or the promise of infrastructure and services that it represented) leveraged an additional \$1.2 million (25% of IPF) for a total investment in infrastructure and services of \$6.1 million. This meant \$75,848 per project or \$55 per capita.

Of the 81 projects, 49 (61%) were infrastructure (e.g. roads, water, electricity), 21 (26%) were services (e.g. schools, health centres, community centres) and 11 (14%) were joint projects shared by several villages (e.g. health centre, road maintenance, garbage collection). These numbers reflect, on one hand the preference given to basic infrastructure and, on the other, the difficulties involved in valuing and agreeing on joint projects and, in some cases, obtaining approval for them (both from Israeli authorities and from UNDP-J, the latter when they appear to be private sector oriented. More on this in the LED section).

Besides what the numbers tell us, the evaluation team was consistently informed by the various MLG-DOs and the MRPCs that LRDP projects' costs were lower per square foot than conventional contract prices and comparable costs in projects implemented by other agencies. The investigations of the engineer in our evaluation team suggested costs were at least comparable, and often lower. This and the leveraging is commendable given the VCs and MRPCs were for the first time taking on such responsibilities. It also speaks well of the capital assistance component in general and the institutional strengthening and LPIP process achieved by LRDP program (to be pursued further in those sections).

- 2) Project implementation and disbursements were slow

Somewhat troubling, is the time being taken to implement some of these projects. With the program entering its last quarter, of the 81 projects, only half have been completed with 35 still under construction and 13 yet to begin (Table 3-3). This translates into approximately 27% of IPF yet to be disbursed (J2 - 6%, JE - 28%, H7 - 36%, Q1 - 50%) (Table 3-4). While Q1's high percentage may be explained in part, by work having started there relatively recently (9/98), the same cannot be said for JE and H7 (starting dates 6/97 and 8/97 respectively - Table 3-3). As discussed earlier, the length of implementation time may also be explained by such factors as slow processing of license and permits especially from the Israeli authorities and because planning and design drawings (contracted out independently by the VCs and MRPCs) are slow in achieving acceptable standards and therefore in obtaining approvals (more on the planning process in the LPIP section).

3) Project Quality Appeared Satisfactory

Regarding quality, the projects visited by us appeared satisfactory and nothing in our investigations, including beneficiary assessments, suggested otherwise (beneficiaries were not hesitant to comment negatively on some other aspects and could be expected to do the same if they felt construction quality was poor). Quality appeared satisfactory both in projects under construction and those that were already in use. However, note that we could only visit a relatively small percentage of the 81 projects – approximately 15. One quality issue worth noting is that of water networks constructed that were not expected to be connected to mains for sometime. Such unused piping can over time result in pipe deterioration.

4) Inadequate attention to Project Maintenance and Operations

While immediate outputs appear satisfactory and even commendable, it is unclear whether the outcome will be sustainable infrastructure and services. LRDP appeared to pay much less attention to building capacity for and setting in place systems of financing and implementing maintenance and operations of the infrastructure and services constructed. This was apart from a general understanding that the VCs and MRPCs would be responsible for some of the projects (e.g. internal roads) while line agencies would be responsible for others that they take over (e.g. Ministry of Education taking over the schools constructed). Under current conditions it would not be entirely surprising if in a few years some of the infrastructure and services deteriorated because of lack of maintenance or social services constructed that remained un-operated because line agencies did not have the funds, staffing or systems in place to operate them (e.g. a school or health centre).

4.2.2 Promotion of Local Economic Development and Employment Generation

LRDP aimed to promote LED and reduce rural unemployment. Specifically it aimed to create jobs and incomes and support agriculture and small business. It planned to do this through helping create an environment supportive of LED. Activities anticipated included support for a) economically productive infrastructure and services, b) financial support for feasibility studies for larger projects and to facilitate mobilisation of further resources, c) if resources permit, establishing a credit facility and d) most fundamental, enhancing the awareness of local authorities on their role in promoting LED and their capacity to fulfill this role.

1) Construction Created Some Jobs and Income, Less Than Expected

The \$4.9million invested largely in the 81 infrastructure and services projects did create some jobs and incomes immediately through jobs in construction. It will likely promote more through labour and staffing needed for maintenance and operations of these facilities. LRDP staff estimated that these projects resulted in jobs equivalent to 35,625 working days. Assuming these figures are accurate, this meant 119 person years or 119 persons getting work for one year (35,625/300 working days per year). In other words LRDP invested approximately \$40 thousand in projects that also gave one person work for one year (119/\$4.9 million). While in a situation of chronic and large unemployment as in the Palestinian Territories, every job created helps, in the scale of need this would be an insignificant amount. As construction employment for a one-off project, it would be a temporary job.

Furthermore, the project documents expectation of projects creating local jobs and incomes through 'slicing and packaging' contracts such that local contractors could successfully bid

for them, was not met. Most of the bids were won by contractors from outside the micro-regions, often from the larger urban areas. Also often they brought their own construction teams from these areas reducing the use of local labour.

- 2) A large proportion of projects were economically productive infrastructure stimulating economic activity

As mentioned, 49 out of the 81 projects amounting to a total investment of \$3.9 million (IPF plus community contributions) or 61% of total investment in construction were economically productive infrastructure projects such as roads, water networks and electricity (Table 3-9). Such projects, to an extent, had already begun to lay the basis for economic activity, support existing enterprises and stimulate the establishment of new ones. For example, in site visits we observed small-scale furniture manufacturers who could only have benefited from the LRDP constructed road that passed their workshop. We were also told by VCs, MRPCs and the occasional entrepreneur how the coming of electricity had prompted them to set up their enterprises. On the other hand we were also told by villagers with money to invest that they were not going to until there was a clearer, more stable investment climate.

- 3) Beyond Construction Impacts, Little Else Resulted in LED and Job Creation

As discussed earlier, little else was done that resulted in promoting LED and job creation. The one significant LED activity that was suggested – a credit facility – was taken out of LRDP to be pursued independently. The few feasibility proposals developed in support of LED activities were not approved for funding by UNDP-J. This was for a variety of reasons including inadequate evidence that they were economically viable and the view that they were activities best done by the private sector.

4.2.3 Promotion of Community Participation in Planning and Implementation

Here we shall discuss the results of LRDP as they relate to both aspects of this objective – namely, instituting an effective local planning and implementation process, and promoting community participation in this process. As is appropriate the results of the LPP component of LRDP will be discussed under this objective.

- 1) An effective LPIP with some limitations, was established and practised

A detailed LPIP was designed, key persons trained in its use, and it was practised. This process was the backbone of the LRDP. Through its different stages, at varying degrees of involvement, it brought together key stakeholders from village community members to VCs, to MRPCs, to ministry staff (MLG-DO, CO, MoF), contractors and workers, and up to UNDP-J staff and the PSC. It did so, overall, in a systematic, disciplined, and focussed way to appraise conditions, identify needs, select projects, prepare these, obtain, execute contracts, supervise execution, and complete a large number of projects of apparently sound quality. It took much imagination, time and effort to design, detail and modify through experience, and execute this system. At the core of this process were the VCs, MRPC (especially their officers and technical staff). Shepherding this whole process through from start to finish were the LRDP team. And bringing financial discipline to it all was UNDP-J. All this was commendable.

The LPIP, however, did have some limitations.

- 2) LPIP was linear, single-project, and construction-completion focussed to the neglect of other aspects

The very focus that contributed to the success of the LPIP might have also limited it in terms of the larger intent of the process. The LPIP focussed on getting a project identified, funded and executed within a certain time span. While this is appropriately often the central objective of such an LPIP, it might here have done so to an extent here that resulted in some neglect of its other objectives and potentials (some of these to be discussed separately below).

As mentioned earlier, one result was that the PRA was reduced to a project identification exercise. Thus neglected was its potential to be a more comprehensive exercise. Such an exercise would have involved broader appraisal of conditions and needs, how to meet them in different ways, over different periods of time (as opposed to the single project chosen from a list), and an appraisal of the process of meeting them, as this unfolded over time. For example, the PRA could have been linked with a more comprehensive LPIP over the full three year planning cycle. Such an LPIP would have concerned itself with designing a rolling, multi-year, integrated area development plan with a portfolio of well-rationalized, complementary projects. Within such a context, individual projects could appear more attractive for funding from a variety of sources.

Another result of this 'getting a project constructed' focus was that that operations and maintenance systems were relatively neglected. Note, for example, that the documentation outlining the LPIP does not mention O&M. There was a general understanding that depending on the type of project, O&M would be the responsibility of either the VCs, MRPCs or the line agencies. There was little discussion, design and action regarding how and with what resources these responsibilities would be carried out. This neglect may result in some investments in projects being eroded by poor (or no) operations and maintenance of the projects. This might be more of a concern for certain types of projects where it is unclear where O&M responsibility should lie. Or it may be more of an issue for those projects that do not immediately show a need for O&M, such as roads that can erode imperceptibly over time. It may be less of a concern for some other projects, such as electricity networks, where the more obvious and immediate need for an O&M system prompted immediate planning and action.

The relative neglect of an O&M system may have resulted in part because of a mindset in LRDP and UNDP-J that once LRDP funds had been disbursed (which was only to fund up to project construction completion), LRDP/UNDP-J responsibilities ended. Some statements by the LRDP/ UNDP-J staff suggested this - 'sometimes we are made to feel that getting the funds disbursed is the main point of the project', 'we are under pressure to get the funds disbursed'.

3) Community Participation was effective at the PRA/ PI stage and much less after that

Although unevenly successful, overall the PRA/ PI stage was successful. Using a systematic methodology, it brought together large numbers of the village community, representative of different groups (e.g. farmers, women, youth, labour) in a process in which they discussed their project needs and identified a prioritised list of projects to meet these needs. Women were generally well represented. The process created much awareness and enthusiasm. It likely set the stage for the large community contributions for the project that was finally approved and implemented.

Community participation was much less in the LPIP after the PRA/PI stage. This was despite a stated objective in the project document that VCs would be trained to involve beneficiaries in the implementation stages as well. Indeed it appears that the community was not even involved in the project *selection* stage (as opposed to the PRA, which stopped at identification). That is in cases where the first priority projects identified by the community through the PRA were not those finally selected and approved for execution, the community

appeared uninvolved in this selection stage and uninformed of the changes and the reasons underlying them.

Note also that the lower priority projects that replaced the first priority came from the men's list of projects and not from the women's list. This was true, for example, for four out of the 23 projects in H7. In JE only three out of the 12 projects finally selected for execution were PRA / community selected first priority projects. Four projects were lower priority ones selected from the men's lists, and five were selected by consulting the VC but not the community. On-site interviews revealed that at least some community members, and especially women, appeared unaware regarding projects being constructed in their village or of joint projects in neighbouring villages that the community was supposed to share in. This was even in cases when the project could be of direct benefit to the women – for example the clinic in JE.

Post-PRA/PI participation, therefore, appeared, at best reduced to obtaining community contributions – interactions in mosques and other informal meeting venues, between VCs, other community leaders and community members to obtain funds. While we must not take away from the success of raising large amounts and its indication of some community support for the projects, we found some dissatisfaction with the lack of follow-up with the community beyond the PRA stage. As one PRA participant who remained interested in being involved in follow-up said - 'the trainer took all the information we gathered in the field and produced a report we have never seen' (here, presumably the 'Q1 PRA model' would be preferable, where the report was produced in the field and shared immediately with stakeholders).

4) The LPIP established accountability upwards but not downwards

Working with the capital assistance and capacity building components, the LPIP helped establish and instil in VCs and MRPCs clear procedures and methods for VCs and MRPCs to be accountable upwards. That is to account for all activities and funds requests and disbursements upward to UNDP-J through the MLG and – for H7 – through the MoF. This is a commendable achievement, even if the system did not work always like clockwork and to everyone's consistent satisfaction. (UNDP-J had to work hard to get reporting done accurately and on time in the way they wanted. Others felt the demands for accountability and documentation were, at times, excessive).

Much less thought appears to have been given to accountability downwards. There were no procedures and methods established and no training provided. It did not appear that the responsibility was made clear and instilled in VCs to account to their communities for what was being done in the communities' name, often with large amounts of community resources. An example is the lack of participatory process and accounting down to the community when a first priority identified by the community was being replaced by another lower priority or one not even on the community list. It is possible, even likely, that some accounting was being done in certain cases to some local leaders. But participation and good governance requires that such informal practices be built-on and extended to a more transparent and explicit process involving a wider constituency – a process that leaders are made accountable to follow. The need for such a process was especially important once it had been decided not to establish the VPCs and the VDCs that might have more formally widened the participation base.

4.2.4 Strengthening local authorities of Smaller Rural Municipalities

As indicated at the outset, this was likely the single most important objective emphasised in the project document. After stating the broad developmental objectives and a strategy consisting of promoting infrastructure and services and LED, the project document stated

that 'devolution of resources and responsibilities for developmental spending to local councils and an improved local governance environment are critical for such a rural development strategy' (p17). Especially mentioned under strengthening local authorities is the promotion of the MRPCs as voluntary associations of municipalities to 'help themselves' in planning and project management, co-ordination of action of common interests and creation of JSCs.

This suggests that that the fundamental result looked for from LRDP and all three LRDP components – capital assistance, capacity building and LPIP – was the strengthening of local authorities in smaller rural municipalities.

- 1) LRDP strengthened local authorities but capacities in certain key areas remain undeveloped

LRDP established four MRPCs with two technical staff in each (three in H7 including the accountant). These MRPCs had a membership of 161 VCs representing 111, 595 people covering an area of 154.2 km² (A and B areas)/ 465km² (including C areas). Overall, the MRPCs functioned well serving a number of purposes. These included: serving as a forum for VCs to discuss, decide and act on matters of common concern; for VCs to obtain assistance from MRPC technical staff and from generally better educated and better connected fellow members (often the office bearers) in identifying, preparing and implementing their individual projects; for doing the same for joint projects; and for representing MRPC members in liaising with and seeking support from other government and non government agencies.

With LRDP core staff assistance, and on-job training, the MRPC technical staff and some MRPC office bearers have, to an extent, learnt how to plan, manage, account for, document and report the required LRDP LPIP process from project selection to contracting to supervision and completion. LRDPs work with the 161 VCs, and VC members work within the MRPCs has also resulted in strengthening these institutions and developing their capacities to perform their functions well.

For MRPCs and individual VCs, however, the strengthening has been highly uneven. For example, while all MRPCs have had problems reaching agreement on various issues (especially joint projects) the JE MRPC has consistently had problems coming to agreements and being able to implement them (e.g. low number of first priority projects implemented, lowest community contributions). In addition to a relatively weak MRPC, the regions geographic characteristic (long, narrow, and divided by Israeli controlled areas) has contributed to its problems. Similarly, there is a wide range between dynamic VCs and VC members and those who can barely function, and are entirely dependent on the MRPC.

LRDP has not strengthened MRPCs and VCs capacities in critical areas such as consensus building, negotiation skills, conflict resolution and communication skills (all these urged in the project document). These weaknesses are significant, given that such capacities are central to the effective functioning of local authorities. Some of the major problems that MRPCs and VCs have faced have had to do with, for example, being unable to reach consensus on issues and how to address them.

LRDP has also instilled in MRPCs and VCs strong systems of accountability upward to central authorities i.e. to MLG and UNDP-J. It has not instilled an equivalent appreciation of, and systems of, accountability downward to local constituents. Nor has it instilled an appreciation of, and systems for, involving the community in the programme/ project planning, decision-making and implementation process in a participatory way. If such participation and accountability downward is not strengthened and institutionalized, LRDP would, ironically, have better served the forces of centralization rather than decentralization.

- 2) LRDP has well demonstrated the value of MRPCs to the local government structure, but MRPCs institutional sustainability remains uncertain

The MRPCs are perhaps the single major contribution of LRDP to Palestinian local government and local development. While the 81 infrastructure and service projects constructed, no doubt immediately have a positive impact, the MRPCs have the potential to be the local institutional engine that could ensure the on-going planning, implementing and sustainability of local development in all its forms. The MRPCs, with core technical staff, have demonstrated their value as an effective association representing VCs in a defined geographic area, helping these VCs to visualize and perform their functions as representatives of their individual villages and as members of a larger micro-region that they share and have common interests over.

However, the sustainability of MRPCs beyond LRDP is uncertain. While, if necessary, legal sustainability can be temporarily addressed by declaring MRPCs as JSCs, MRPCs financial sustainability is less clear (unlike MRPCs, JSCs have been given legal status – but see the point below on distinctions between MRPCs and JSCs), It is likely that the PA and the MLG are several years away from being able to adequately fund MRPCs. LRDP's work on joint projects that create income for MRPCs offers one possible source of alternative and more immediate financial sustainability. (see Annex ___ for some very preliminary 'MRPC financial feasibility studies' produced at the request of the evaluation team). As the experience of LRDP-1 demonstrates, under current conditions and if no further work on MRPC sustainability is done, it is likely that the MRPCs created by LRDP (the 'jewel in the program's crown') will stop functioning once LRDP support is removed.

As part of designing a feasible plan for the sustainability of MRPCs two sources of confusion regarding it need to be cleared up.

First, in some quarters, including among some MRPCs and VCs, the MRPCs and all that is being done is seen simply as an extension and an instrument of UNDP and its LRDP program. It is less clearly seen as a model for strengthening rural local authorities within the PA and MLG structure for local development. MRPCs have been too closely associated with the UNDP and the LRDP program and not adequately with the PA and MLG. Consequently, for example, when some MRPC members were asked why they formed as an MRPC and why they were operating in a particular way vis-à-vis PRAs, funding processes etc. they replied because they were instructed by UNDP/LRDP to do so in order to get UNDP funding. In this view it was then natural that their MRPC and all they were doing would terminate with the LRDP program. There had not been adequate awareness raising or 'policy dialogue' at this local level to better articulate the view that their MRPC and their procedures and activities had potential value beyond LRDPs tenure. However the majority of MRPCs were keen to continue.

A second source of confusion needing clearing up is the view that MRPCs and JSCs are substitutable. Therefore for an MRPC to become legally sustainable, all it had to do was to be declared a JSC (which unlike MRPCs is a legal entity under PA law). This view appeared to be shared by some at all levels from VCs upwards. The distinction was unclear to them between a JSC focused on a specific joint service and only on those VCs collaborating on that services and an MRPC focused on a specific geographic area and on being a forum for joint planning and action among all VCs within that area on all aspects of local development. Thus an MRPC could have several JSCs under its umbrella or a JSC might span two MRPCs if it made sense for bordering villages in two MRPCs to collaborate on a joint service. It was unclear to them that JSCs could be a valuable, potential instrument in its own right and was not a substitute for MRPCs. Declaring MRPCs as JSCs may give them legal status but also run the risk of reducing MRPCs to JSCs. An MRPCs geographic area wide

mandate has more potential and value than the JSC's mandate which is limited to specific service.

- 3) District and particularly central government capacities to promote decentralized development and support local authorities were developed but to a lesser extent than at the local level

The capacities of some MLG District officers have been strengthened through their involvement in LRDP training, project cycle and procedures, and through interactions with LRDP staff, MRPCs and VCs. Through their involvement, some MLG district officers have also developed a positive opinion of the potential for MRPCs/VCs to do decentralized development. MLG central office strengthening has been much less. There has been little involvement of MLG central staff in LRDP activities, apart from that of the MLG national director of LRDP.

- 4) A key objective of LRDP has not been achieved, that of strengthening the MLG CBU to be the core unit within MLG for decentralized development of rural local authorities

The project document design and expectations for the development of this unit appears to have been inadequate as a foundation for its sustainability. And in implementation, neither MLG nor LRDP appear to have made any efforts to correct this inadequacy. The MLG CBU with a national manager and two part-time staff (pre-occupied with accounting) was too weak a base on which to build. The assumption was also unrealistic that at the end of the program the LRDP CBU complete with staff would become the MLG CBU to adequately carry on LRDP-type work within MLG. It was unrealistic given the UNDP employee status of the team members, their higher salaries, and their strong career preferences to continue working within international aid and other such organizations.

It is likely now that LRDP will end without their being a core unit within MLG-CO viable and strong enough to champion decentralized development for local rural authorities nor technically capable enough to independently carry on the work. Another indication of this is that while MLG-CO has obtained Belgian government funding to implement another LRDP-style program, it has requested the assistance of the LRDP team to design and implement this program. The lack of such a viable unit is particularly significant given that other departments have little awareness of, or buy-in to LRDP objectives and activities (beyond its work in constructing infrastructure and services). These other parts of the MLG-CO operate in a more conventional top-down, engineering fashion. A potential reprieve may lie with LRDP-3. This would be so, however, only if this time the program is better designed and implemented to develop a strong viable unit within MLG-CO by the time LRDP-3 ends.

- 5) While, another key objective, an IGFT system for central to local government funding, has not been achieved, a pilot has been tried with mixed results

The IGFT system through MoF was established and is being applied in H7 to channel funds from UNDP-J through MoF and MLG to the local authorities. It was improved particularly in terms of cutting funds processing time from several months down to three to four weeks (the alternative modalities take two weeks). This was achieved through the persistent efforts of the H7 Area Co-ordinator and the MLG national manager, and the willingness of MoF to make changes. It might have been further improved to the point of becoming an acceptable model had LRDP committed the more expert technical assistance and time allotted in the project document for such policy objectives, (currently, for example, processing a payment request through MoF takes 7 steps back and forth through four departments – Figure 3-8). Such assistance would have also involved a policy dialogue with MoF who currently do not see it as a pilot IGFT system for a LGDF but simply as an international donor complying with MoF preferences to be the conduit for all funds. Instead, after adopting it in H7, UNDP-J

said, given the pressures for speedy disbursements, it had to revert in Q1 to the earlier modality which bypassed the MoF . Despite its limitations, and its abandonment in LRDP-2, this system has set a precedent and can suggest a 'model for channelling in progress' central to local funds. There is the potential to build on this precedent in future work.

- 6) LRDP-MLG Collaboration has continued to result in strong support from the MLG Minister and Deputy Minister and has helped enhance MLG credibility.

LRDP has succeeded in preserving, perhaps enhancing strong support from high levels of government (at least within the MLG) for LRDP and its type of program. What is less clear is whether this support is based on viewing the program as dominantly a means of ensuring large amounts of very visible construction projects get established quickly and widely in Palestine or whether it is based, at least equally, on valuing the program's potential to strengthen rural local authorities capacities to plan and implement local development in a participatory and relatively self-reliant manner. Linked to this is the issue of the extent to which the MLG is willing to trade-off some of the first objective to better achieve the second (for example, by supporting the allocation of more funds to institutional-strengthening activities even if this means somewhat less funds for I & S construction).

Either way, MLG continuing support is demonstrated by its recent proposal to use Belgian bilateral funding to 'independently' mount another LRDP-type program.

- 7) LRDP contributed to an improved local governance environment by promoting interactions between the central, district and local government institutions

Much of LRDP activities have required central, district and local authorities to interact and work together. Interactions have also been generally amicable. They have demonstrated the value of the functions performed by each level for the other levels as well as the interdependency of the three levels on each other. Not least, they have demonstrated that local institutions can play a central role in local government. All this has much improved the local governance environment – a basic objective of LRDP.

4.2.5 Improving Living Conditions and Eradicating Poverty in Rural Areas

It is evident that LRDPs actions have contributed towards both of these broad, longer-term development objectives. The 81 infrastructure and service projects – roads, water, electricity, schools, health and community centres – are the most visible and immediate outputs improving living conditions (see sections on infrastructure and services). The jobs and incomes emerging from constructing these projects and from operating and maintaining them also contribute, albeit in a limited way, to alleviating if not eradicating poverty (see sections on LED).

These are results of an LRDP program that has not fully been designed to address poverty and even less so implemented to address it. For example:

- 1) The project document did not ask for, and the LRDP did not get, a staff person with specific expertise or interest in poverty alleviation such that this objective might be better addressed within the program.
- 2) The PRA/PI made no special effort to identify poverty groups in villages and explicitly engage them in expressing their needs and how best to meet them.
- 3) LRDP objectives clearly state a focus on small, underprivileged, poorer rural places and rural local authorities. However two of the four micro-regions and MRPCs have relatively

large municipalities (one with a population of 42,000), that dominate the MRPC. The presence of these large municipalities, and the per capita basis of the IPF capital allocation formula resulted in a disproportionate amount of total funds going to these large, presumably wealthiest, places (in J2 the single largest settlement captured 54% of the total IPF for that region while the remainder 28 settlements shared the remaining 46%). The improved formula with a minimum and maximum that can be distributed to any one place has reduced this disparity but not removed it.¹²

- 4) Women often are disproportionately represented among the rural poor. In LRDP womens' interests have been little considered (despite some laudable efforts in the PRAs). Women are not represented on the LRDP team (the project document urged at least two women). And the one immediate objective that might be expected to best address poverty issues, LED and employment generation, has been likely the most under resourced in terms of staffing and consultant expertise (this even relative to the resources earmarked in the project document). It has also been the least developed.

Consequently, while LRDP has resulted in undeniable benefits both in terms of living condition improvements and poverty alleviation, for the latter objective at least, these have fallen short of what LRDP was designed to do and, perhaps could have done.

4.2.6 Aiding Decentralization Policy Development

LRDP as designed envisaged a major thrust in aiding policy development. This meant that LRDP was not only going to do 'local rural development' but it was going to test and demonstrate how, self-reliantly and sustainably the PA and the MLG could do this. A decentralized approach was to be promoted involving community participation and institutional accountability. The focus was to be on the smaller, poorer rural municipalities (municipal classifications C, D, E). It was to be on how their local authorities, namely the VCs and MRPCs, could take responsibility for the necessary resources and decision-making authority devolved to them and with these promote local development. Significantly, it was also to demonstrate how district and central level authorities needed to help create a supportive governance environment within which the local authorities could effectively perform their functions.

To aid PA and MLG policy to develop towards the above, LRDP had to not only fashion a decentralization model appropriate to the context from the experience of actually doing it, but also constantly plumb the experience for lessons both for immediate program adjustments and for longer-term and wider application to the PA and MLG policy and program field. It was then also necessary to engage and inform policy-makers of the lessons and their value to the PA and MLG and help them design and implement such policies.

For these reasons it was important to have an LRDP leadership that was both intellectually and managerially strong working closely with a team that had vision and was also professionally competent and committed, backed by an equally appropriate and effective M&E system. What were the results?

- 1) LRDP has assisted decentralization policy development. It has done so by demonstrating how a participatory approach centred on local authorities can take responsibility for and effectively promote local development. It has also demonstrated some of what needs to be done, and can be done, by more central authorities – the MLG DO, MLG CO, MoF – to provide the supportive governance environment for local authorities to function effectively.

¹² On the other hand, the larger municipalities, as members of MRPCs, play a useful leadership and technical assistance role in support of their smaller settlement members.

That is, LRDP has presented a comprehensive model for decentralized development as suggested by the four core complementary objectives (I&S, LED, community participation, institutional strengthening), and the three strategic components required to achieve these objectives (capital assistance, capacity building, a local planning and implementation process) required to achieve these objectives.

- 2) LRDP has in good part, demonstrated how such a decentralized policy and program could work in the Palestinian context. The large and critical details within this model however remain very much 'work in progress'. For example: much work has been done, but also more work remains on all three of the key institutional innovations of LRDP which are at the core of the decentralized development process – the MRPC, the IGFT system, and making the local planning and implementation process more participatory. This 'unfinished business' is in part to be expected. Developing such innovations appropriate to specific contexts is not a short-term enterprise. However there may have been more progress had the full resources allocated for the job been employed.
- 3) The policy and programme lessons from the LRDP experience were only in small part identified and developed. A M&E system was carefully designed to mine these lessons on an on-going basis from the rich LRDP experience. Key policy issues were identified to kick-start the policy lesson development process. This system would help in program management and help in making the appropriate decisions and adjustments to the program in progress. It would also offer lessons for broader and longer-term policies and programs. The weakness in achieving these resulted from not implementing the M&E system as designed both in terms of the human resources required (quality and quantity) and the activities identified.
- 4) The policy dialogue envisaged in the project document was also only partially and weakly achieved. This dialogue would have involved not only identifying policy issues and lessons relevant to and emerging from the on-going LRDP experience and documenting these, but also arranging forums for engaging key policy makers in discussions around them, and using the results to both improve LRDP policy and program management and improve PA and MLG activities in decentralized rural development. The PSC, as LRDPs overall policy and program guidance body, with inter-ministerial, representation was to be central to this process supported by the leadership in UNDP-J and the CTA. These bodies were inadequately engaged in leading and shaping the process.

A few conferences and workshops were held and the MLG did have a section in its annual report on the LRDP. The few senior policy and program persons we spoke at the MLG and some other ministries suggested they had not been engaged and the impression of LRDP was of another physical infrastructure project with little policy relevance or significance beyond its own four years. Indeed, the MLG's own report on LRDP was dominated by the physical infrastructure achievements relative to the other objectives of the program.

- 5) LRDP has adequately engaged leadership to ensure that the policy and program work can continue beyond LRDP 2. The \$24 million EU funding is a major opportunity to do this. The MLG deputy minister has chosen to use a more modest \$4 million Belgian bilateral funding to develop an MLG program along the lines of LRDP. The opportunity therefore exists to take the work substantially further. A conscious effort would need to be made to ensure both programs are designed and implemented to take forward comprehensively the objective of promoting decentralized development in Palestine. Without such a conscious effort, the imperative of immediate gain from physical infrastructure and service construction could too easily dominate and abort or minimise progress in the objective of aiding decentralization policy development.

4.3 Conclusion: What Happened, Why?

In summary, what then have been the results of LRDP and how can they be explained?

4.3.1 What was Achieved, What Remains to be Done

LRDP has demonstrated the value of a participatory, decentralized approach to local development centred on the MRPCs and VCs. It has demonstrated how, with some capital assistance, capacity building and a participatory planning and implementation process much local development work can be done. It has also demonstrated that MRPCs and VCs have the potential to assume responsibility for this work.

LRDP has also demonstrated, however, that much work remains to be done before an adequate policy and program framework is in place for such decentralized development to continue sustainably. Much progress has been made with regard to three key institutional innovations – but much more remains to be done. These are: 1) a system to channel funds from central to local levels, 2) a participatory planning and implementation process that would tap the energy and resources at the local level and help them make decisions and action more appropriate to those levels, and 3) effective and accountable local institutions of which the MRPC is an important contribution of LRDP.

In terms of LRDP objectives, those of infrastructure and services provision are being commendably met. Institutional strengthening has also taken place as LRDP has engaged local institutions particularly in helping meet infrastructure and service needs. However, these institutions remain fragile – particularly the MRPC – and much work will be needed both to build capacity and to suggest a legal and financial base for the sustainability of these institutions.

A participatory planning and implementation process has only been partially achieved. Much progress has been made towards this process being effective in engaging MRPCs and VCs in meeting their local physical infrastructure and service needs. Much less progress has been made in making this process such that it more fully engages the community, particularly those less privileged (women, poor) and makes local institutions accountable to the community.

Little progress has been made in helping local authorities realize and fulfill their central role in local economic development, job and income creation. There appears to be some confusion about what this role can be and how local authorities can fulfill it. A physical basis for economic activities has however been promoted through the construction of supportive physical infrastructure.

In sum, while LRDP achieved much it did not achieve its own full potential.

4.3.2 Reasons Underlying the Above

Three key factors help explain what happened. Summarising these here will also help us to look ahead in the next section to ‘what to do’, that is, the recommendations. Note that while below we focus on the inadequacies of the program, this should not divert from the very substantial achievements mentioned above and in the body of the report. All those associated with the LRDP program should feel justly proud of its remarkable achievements. Now on this strong foundation of achievements, the way forward is to identify and act on areas needing improvement.

- 1) LRDP as designed was perhaps too ambitious for the worsening conditions that unfolded

LRDP as designed presented a comprehensive, multi-dimensional approach to decentralized local development. The five objectives were complementary and presented a complete picture of what needs to be done to achieve such development. However this was a challenging task both in terms of each objective and in terms of moving them all forward in an integrated manner. The design document consequently spelled out in some detail the resources needed to achieve this task. Overall, it did this successfully. In some aspects, the design was inadequate. Two examples: the training component was under-resourced and inadequately thought out; the measures to make the MLG-CBU capable of taking assuming full responsibility for promoting decentralized rural development were inadequate.

The design document did not adequately take into account the possibility of worsening, not improving, conditions within which LRDP had to function. LRDP in implementation faced a worsening political and economic context. The political context of worsening Israeli – Palestinian relations meant that there were obstructions to implementing LRDP where the Israeli authorities had jurisdiction (e.g. delays or rejections of permits to construct some projects). The worsening economic context made particularly the local economic development objective more difficult to achieve. Example: it was more difficult to mount projects that would be financially feasible.

2) The resources employed and their management were inadequate

The design document spelled out in some detail the resources (financial and human) that would be required to achieve the objectives of the program and the functions that they would be employed in. This was in terms of both quantity (e.g. 'at least two members of the CBT should be women' - p.41), and quality (e.g. detailed function of the M&E component). In implementation the resources obtained fell short of what had been planned for and those resources obtained did not fully perform the planned-for functions.

For example, there appeared to be leadership and management vacuum for much of the program period. The two critical posts of CTA and M&E specialist were filled for less than half the program period. It also appears that at least one of the two did not completely effectively perform his functions during their short tenure. In their absence the management relations between UNDP-J supervisors and the LRDP-CBU team did not provide for strong leadership, vision, open, participatory management, and a motivating work environment (ironic for a program attempting to instil such approaches in other institutions). There were no management systems in place to track and prompt progress along four of the five objectives (the management systems were adequate to good for the objective of physical infrastructure and service provision).

The short-fall in the expected donor funding can only partially explain why the resources allocated in the design document were not fully employed. (e.g. why a new CTA and M&E person was not hired to replace those leaving). The funding for most of the key, especially human, resources were committed against the already confirmed amounts and not dependent on the expected additions (p. 45).

3) The dominance of the objective of constructing physical infrastructure and services diverted attention and resources from the other objectives.

The objective of selecting and constructing infrastructure and services absorbed most of the attention and resources of LRDP. This was beyond what could be expected even given that the visible, obvious and immediate gratification from constructing much needed projects naturally makes this objective most attractive for all concerned. For example, in anticipation of this, the design document allocated the largest portion - 66% of confirmed funds - to contracts, mostly construction projects. In implementation, however, in disbursements to date, such contracts have absorbed almost 80% of total funds. Expenditures on high quality

and appropriate personnel – essential to the success of a program such as LRDP – was cut back from 28% allocated in the design of the program 16% in its implementation to date.

Similarly, as LRDP team members confirmed, the overwhelming pressure on them was to ensure the financial inputs (disbursements) and physical outputs associated with constructing infrastructure and services were on track. Pressure and accountability in terms of pursuing and achieving the other objectives was much less. And where other objectives were pursued, they were viewed in terms of how best they could serve the infrastructure and services objective. For example, institutional strengthening was seen largely in terms of strengthening institutions to be able to construct such projects. Without clear, tangible performance indicators related to guiding and tracking the progress of the other objectives (as the design document had recommended be developed and used), these languished in comparison.

4) The LRDP program process was too project-oriented, not enough institution-oriented.

A key indicator of whether institutions have been adequately strengthened and supported is whether they are now sustainable or not. As discussed, LRDP approaches its termination with the sustainability uncertain of all three of its key institutional innovations - the MRPCs, the MLG-CBU and the IGFT system with the MoF. This is, in part, because LRDP's program process was too project-oriented and not enough institution-oriented. As a result, its vision and its program stopped short of adequately considering and acting directly on the issue of institutional sustainability.

To illustrate using the MRPC as an example: The program process went through three phases: area-institution set-up (i.e. selecting micro-regions, setting up MRPCs), project set-up (i.e. project selection, preparation), and project implementation (contracting, execution) (Figure 3-9). Since the focus and preoccupation was 'the project', LRDP stopped at that third phase with the execution of the project. As a program delivering 'projects' its work was done. But as a program whose central objective was institutional strengthening, there was still work to do.

That is, a fourth, key phase was weak or missing. This was the phase of helping make sustainable the institution (e.g. the MRPC) that had been set-up to implement the program and do the projects. For without that institution being sustainable, the system of delivering the projects would also be unsustainable. This fourth phase, then, would have involved such actions as allocating resources to engage the institutions in how to make themselves sustainable beyond the period of LRDP support, helping them develop financial and legal sustainability strategies, and continuing some support for them during the early phases of implementation of these strategies. Of course, such actions needed to start from the outset, but they would intensify by the fourth phase. Consequently, the LRDP program would not be a linear process guided by getting a project done but a cycle or spiral guided by helping make sustainable the institutions it was working with.

An LRDP-3 will need to take these issues into account in its design and implementation.

Figure 4-1 Sustainable Programme Cycle

5 RECOMMENDATIONS

The recommendations, as per the purpose of the Evaluation, emphasise looking forward to the likely EU/UNDP/MLG Phase Three of LRDP, with, in addition, some suggestions for immediate action. Preceded as they are here with findings from LRDP-2, this section will also serve well as a final, summary assessment of the current program.

The recommendations presented here do not fundamentally differ from those presented in the Evaluation's Preliminary Report submitted at the end of August. Given the rapidity with which decisions regarding LRDP-3 appeared to be being made at that time, our intent in presenting a quite detailed preliminary report very soon after the field work was to ensure that those decisions took into account this evaluation's key findings and recommendations. It was also to ensure, as mentioned at that time, that UNDP, UNCDF and MLG had detailed material on which to give feedback prior to the writing of this final report. The recommendations then and here include some for immediate action.

Each recommendation, where appropriate, is preceded by the finding from LRDP-2 that gave rise to that recommendation. Also where appropriate, the recommendation is followed by an example that illustrates concretely how that recommendation might be put into practice. While the recommendations apply to both the physical and non-physical objectives of the programme, the examples as far as possible illustrate application to the non-physical. This is because non-physical objectives (e.g. institutional strengthening compared to constructing infrastructure and services) are normally less easy to visualise, understand and act upon.

The recommendations are in three sections. The 'basic recommendations' draw attention to a basic decision that the EU/UNDP/MLG has to make about the LRDP-3 and its objectives. The 'systemic recommendations' draw attention to what needs to be done to ensure that the LRDP-3 system within which people are working will encourage them to make decisions and act consistent with the programme's stated objectives (not always the case in LRDP-2). Finally recommendations specific to the particular components and objectives of the programme are made.

To be able to focus action, only key recommendations and the findings, on which they are based, are presented here. More can be found in the body of the report particularly in section 4, 'Results and their Assessment'. Also findings presented here are naturally those which suggest the need for improvements and do not represent the many findings that express the good job done by LRDP-2.

5.1 Basic Recommendations

Finding 1: While LRDP-2 design document made clear the balanced priority given to all stated objectives, in implementation the objective of provision of infrastructure and services dominated over the other five objectives and compromised the adequate achievement of these other objectives.

Recommendation 1: Decide from the outset and make explicit in the programme design, what the objectives are and what their relative importance should these vary among the objectives.

Recommendation 2: Ensure balanced, adequate and appropriate resources are not only committed to each of the objectives (in compliance with the above decision), but also applied in practice.

The LRDP-3 programme, with its greater resources, has the potential to significantly promote the achievement of all five highly complementary objectives. It has the potential to be a 'model' programme internationally, and a major contribution to the all round development of the PA, the MLG and the Palestinian people. By the same token, if it repeats the practice of LRDP-2 (which was to claim five objectives but only fully pursue one), with its scaling-up, it could even more rapidly and completely be reduced to a single dimensional (physical construction) infrastructure and service programme.

If I&S is to be the only or the main objective of the programme, this should be made explicit and the programme designed accordingly. While this single objective approach would constrain LRDP-3 from reaching its full potential, this single objective remains one worthy of being focused on. I&S is a real need in Palestine. A question that then remains is what comparative advantage over a public works agency does UNDP/MLG have in implementing a largely physical construction project?

If some reduced combination of objectives is to be pursued, the relative importance among them should be made explicit.

Example 'Objectives Statement': "The primary objective of this programme is to strengthen the capacities of the rural local authorities to become sustainable institutions that effectively plan, implement, and maintain local development. In support of this, the secondary objectives of this programme are to assist these local authorities to a) provide local infrastructure and services, b) to become participatory and accountable institutions, and c) to develop and implement strategies for becoming effective and sustainable local institutions. "

If there is a need to reduce the scope and complexity of the program and make it less ambitious, the objective of promoting local economic development and employment generation can be removed (as suggested by the above example). This can be reasonably justified by arguing that this relatively complex objective is better pursued once the local authorities have been better established. Removing any of the other objectives, or significantly reducing the emphasis on them however, would seriously call into question why UNDP rather than some public works agency is leading this programme.

What follows assumes that LRDP-3 will continue to pursue all five objectives building on the lessons of LRDP-1 and 2.

5.2 Systemic Recommendations

These recommendations help set up a systemic framework for the programme such that those working within it are more likely to make decisions and act consistent with the programme's stated objectives

Finding 1: The system surrounding decision-makers in LRDP pressured them to value the infrastructure and service provision objective to the neglect of the others. This was because this I&S objective had tangible, visible outputs (construction projects) with immediate and obvious benefits, politically and socially, in the short-term. As a result, in the design document, this objective got the largest share of the programme's resources (66%). In implementation it got even more (79%), diverted from other objectives.

Recommendation 1: Ensure balanced, adequate and appropriate attention and resources are not only committed to each of the five objectives, but also applied in practice.

Example: The programme document should carefully design for and allocate adequate resources (funds, appropriate expertise, equipment, time) to each of the objectives. In

implementation, regular, timely monitoring and evaluation should demonstrate that these resources have in practice been committed and are being employed for the objective assigned.

Finding 2: The I&S objective, unlike the others, also had associated with it, workplans with physical and financial inputs and outputs as 'deliverables'. All these served as 'key performance indicators' against which staff could measure their progress and are held accountable. Consequently achieving the I&S objective with construction projects and the financial disbursements associated with them became the paramount aim and 'deliverable' focused on by supervisors and implementers alike to the neglect of pursuing other objectives. The key performance indicators stressed in the program document for other objectives were not developed.

Recommendation 2a: Each objective should have a clear set of resources committed to it, an implementation design including 'projects' (physical and non-physical) geared to achieving the objective, with supporting work plans, activities, tasks, inputs and outputs as 'deliverables'. This implementation design can be outlined in the LRDP-3 design document. It should be detailed at the outset of the programme. This combined with 'recommendation two' below, will help make the non-physical objectives and their related activities more visible, make it easier for staff to measure progress towards, and be held accountable for, achieving the objectives, and increase chances of their being implemented.

Example: The 'intangible' objective of participatory planning and implementation should have 'projects' associated with it which promotes strengthening VCs capacities and willingness to report downwards to their constituents. For example, design procedures for VCs to regularly meet with their constituents; produce a 'how-to manual' for operating these procedures; have training sessions for VCs on how to implement participatory meetings; agree a schedule of regular meetings; develop a monitoring and evaluation system that tracks and assesses how this process is unfolding against some performance indicators, and draws policy and program lessons for improving the system and making adjustments as the system proceeds. Budget for these activities.

Recommendation 2b: Each objective should have explicit, verifiable performance indicators against which to assess the progress towards achieving the objectives. The M&E system should be designed to monitor and assess progress against these indicators. Programme and staff performance should be assessed against the achievement of these indicators and against making progress towards all objectives in parallel.

Example: A performance indicator of making VCs more accountable downwards (part of a set of performance indicators of making VCs more able to do local development) could be as follows: by the end of each year an increasing number of VCs are holding at least quarterly meetings with their constituents with decreasing need for outside facilitation. In these meetings substantive discussion are held on issues of village planning and development with decisions and actions taken. Staff performances are, in part, assessed on the extent to which they are succeeding in making this happen (i.e. this 'deliverable' is being 'delivered').

Finding 3: LRDP lacked leadership that was intellectually and managerially strong, that was open and inclusive, and sharing of issues in a participatory way. It lacked leadership and management that was encouraging and motivating in style, and that linked policy, program and implementation staff in a spirit of teamwork. Consequently the LRDP lacked the energy, commitment and enthusiasm it needed and deserved. Policy, program and implementation staff was divided with the latter groups having less motivation, and diminished a sense of responsibility in implementing tasks to the best of staff capacities.

An example of the type of activities such a management style would promote is as follows:

Example: Budget for, plan, and implement regular, well facilitated workshops involving policy, program and implementation persons (e.g. staff and representatives from UNDP, MLG, LRDP, MRPCs). Use these workshops to discuss and update programme objectives, methods, resources, and outputs; share views on issues from policy to implementation; assess program progress and consider possible modifications. This should be done at least at a programme launch workshop, an interim assessment, and towards the end of the programme, and preferably at regular intervals in-between.

Recommendation 3: Hire a CTA not only for his/ her technical abilities but even more so for having the appropriate leadership and management abilities and style suggested by the above. Hire other senior staff for the same characteristics. Institutionalise an organisational and management culture and working method that will promote the above.

Finding 4: There was much learning that could be profitably shared among VCs and MRPCs from different micro-regions that was not tapped.

Recommendation 4: Organize regular workshops which bring together VCs, MRPCs and MRPC technical staff to share ideas and experiences on needs and how to meet them vis-à-vis their organizations and local development. Use these, or other dedicated workshops to share ideas and experiences between LRDP and VCs and MRPCs and to develop a better common understanding of how to work better together.

5.3 Recommendations Specific to Components and Objectives

5.3.1 Capital/ Financial Assistance Component

Finding 1: The IGFT system for channelling capital assistance from central government to local rural authorities, needed more expert technical assistance to become streamlined enough to be a model for wider application. The system also lacked a method for advancing funds to MRPCs and VCs as annual budgets to plan with and for whose expenditures they would be held accountable. As practiced, VCs and MRPCs only got payment against invoices for works already implemented for which payment was due.

Recommendation 1: Agree with the MoF and the MLG the purposes of this system and the allocation of expert technical assistance to help them institute an IGFT system for funding rural authorities. Agree with the MoF and MLG that the system could include advances deposited in MRPC and VC accounts with strict guidelines and procedures for the use of these funds and a clear system for reporting and accounting for their use.

Finding 2: The IPF formula worked well against the criteria of simplicity, transparency and equitable distribution of funds. It did this by combining allocation based on population (as a proxy for need) with a minimum and maximum per VC (which reduced excessive disparities in distribution). More detailed criteria such as assessing differences in actual infrastructure needs would, at this stage of institutional development, be too complex and contentious.

Recommendation 2: Adopt this formula for LRDP-3. Continue to experiment with improvements and refinements. Examine the appropriateness of using this formula as a basis for allocating advances suggested under recommendation one above.

5.3.2 Capacity Building Component

Finding 1: The training budget was inadequate for the capacity building objectives (0.4% of total budget).

Recommendation 1: As part of the design formulation of LRDP-3 conduct a preliminary training needs assessment on the basis of which allocate a larger training budget for the program. Periodically through the four-year program period, conduct update training needs assessments and modify the program and budget accordingly.

Finding 2: While the emphasis was appropriately on LRDP staff giving on-job training and this was effective to a point, capacities of the VCs and MRPCs would have been better built if LRDP staff were themselves given some training in topic content and training methods.

Recommendation 2: Do a 'training of trainers' programme to better prepare LRDP-3 staff to implement the training component.

Finding 3: Capacity building in broader developmental knowledge and skills (e.g. participatory planning, consensus building, dispute resolution), and the off-job, dedicated training sessions and supporting training materials necessary for such topics, were inadequate. This was especially so given the objectives of the program and the problems faced by VCs and MRPCs that such training would have helped address.

Recommendation 3: Assuming the training needs assessment confirms this need, ensure that adequate budget is earmarked for, and applied to preparing and conducting this type of training.

Finding 4: At times VC and MRPC members were reluctant to participate in training because, as volunteers, this took them away from their income-earning opportunities.

Recommendation 4: LRDP-3 should consider a modest stipend as an incentive for members to participate in training and to partially compensate for income lost.

5.3.3 Infrastructure and Service Provision

Finding 1: Implementation of some I&S projects were slower than anticipated due to such problems as delays in obtaining Israeli authority approvals, getting design documents of adequate quality prepared, and delays in receipts of promised community and line agency contributions.

Recommendation 1: Anticipate such potential problems in advance and prepare for addressing them. For example, identify in discussion with Israeli authorities their criteria for approving and rejecting projects and attempt to have projects meet these criteria. Develop a pre-qualified list of local design consultants with the capacity to produce design drawings of adequate quality that VCs and MRPCs can be encouraged to use. Alternatively have MRPC engineers do this for VCs as a fee-for-service activity (serving also to make MRPCs more financially self-reliant). Help institute a system of depositing in VC, MRPC project accounts community and line agency contributions in advance of their being needed; be prepared for projects taking longer than best estimates suggest.

Finding 2: LRDP paid inadequate attention to the operations and maintenance of I&S constructed.

Recommendation 2: LRDP should develop capacity for, and help set in place, systems for financing and implementing maintenance and operations of the I & S constructed. For example, where VCs and MRPCs are responsible for it, assist them to set up an operations and maintenance plan with budget as part of the project proposal and design documents preceding project funding approval.

Finding 3: VC's and MRPCs found it specially difficult to attach adequate value to joint projects, to identify these projects, get approval for implementation, and implement them. The problem in part was lack of clarity on what type of joint projects were legitimately within the mandate of local authorities. All this was especially unfortunate given that joint projects have potential benefits beyond their immediate functions. Joint projects can help build capacity in collective decision-making and action, capture economies of scale, and generate incomes for VCs and MRPCs

Recommendation 3: Conduct special workshops on joint projects for VC and MRPC members. In these workshops clarify the criteria for deciding what kind of joint projects are within the legitimate mandate of local authorities; present and discuss cases of successful joint projects implemented elsewhere; and examine the feasibility and benefits of potential joint projects in the program areas. Provide special technical assistance in preparing, implementing and operating joint projects.

(Some criteria for deciding appropriate joint projects: those that directly serve the functions of the authorities; are financially feasible/ cost-recoverable; cannot be obtained on an equally competitive basis from the private sector; have a precedent in projects currently being implemented by larger local authorities),

5.3.4 Local Economic Development and Employment Generation

Finding 1: Beyond economic impacts through I&S, there was little progress towards achieving this objective. What activity there was (e.g. proposals for a market, hospital and factory) reflected inadequate expertise in economic development as indicated by, for example, lack of clarity about legitimate economic activity for local authorities, weak capacity to prepare a feasible economic project and to manage such projects. All this, in part, also reflected the fact that the resources allocated in the design document for this objective (particularly expert technical assistance and training) were not applied in practice.

Recommendation 1: Allocate appropriate and adequate resources for achieving this objective and ensure these are obtained and applied in practice. Clarify the legitimate role of local authorities in economic development (promoting not doing economic development). identify what these promotional roles are (e.g. operating a hygienic marketplace, facilitating the licensing and appropriate location of small businesses, providing I&S to agriculture and business, protecting prime agricultural land from building encroachment). Build capacity among VCs and MRPCs to perform these functions. These capacities would include ability to develop credible proposals for income-generating activities in support of economic development and the capacity to manage them. Focus such activities in MRPCs and the larger settlements (still within C, D, and E categories) where larger scale economies make such activities more appropriate rather than in the smaller VCs.

5.3.5 Participatory Planning and Implementation

Finding 1: The PRA's full potential for village development was not used. Instead it was limited to identifying projects for LRDP funding.

Recommendation 1: Use the incentive of getting a project identified and funded, to get villagers to learn the full potential of PRA. In the first instance, involve them in PRA so that they can learn how it can help them, in a participatory way, to appraise conditions in their village – appraising problems and needs, and resources and opportunities that can be used to address those problems and meet those needs. Familiarise villagers with how proper documentation and presentation of this information to the right sources by way of a funding proposal can help the village raise additional resources to match their own in meeting their needs.

If further funding possibilities exist, and if LRDP resources and village capacity and interest permits, build on the above by familiarising villagers with a fuller potential of PRA. That is involve them in PRA so that they can learn how it can be further extended to assist them in developing simple yet comprehensive, integrated, multi-year, multi-sectoral area development plans with internal and external resources identified to implement these plans. Here again, familiarise villagers with how proper documentation and presentation of this information to the right sources by way of funding proposals can help the village raise even more resources to match their own in meeting their needs.

Finding 2: While overall community participation was high during the PRA/ project identification stage, there was little community participation or VC, MRPC accountability to constituents (beyond fund raising) after this stage.

Recommendation 2: Conduct training appropriate to local cultural conditions on the benefits of a participatory approach to local development. Within this, work with the VCs and MRPCs to develop a procedure for regular engagement of the local community in local development planning and decision-making including VC, MRPC accountability to the community (also see the example illustrating recommendation two in the section 'Systemic Recommendations').

Finding 3: Apart from involvement in PRA in some micro-regions women were largely excluded from participation in helping determine local development needs and how to meet them.

Recommendation 3: Conduct context and culture appropriate workshops on women's role in local development and how this role can be enhanced to benefit women and the local community. Develop from these workshops a strategy to steadily improve women's participation that can be effectively applied taking into consideration the local context and culture. Involve as workshop leaders, Palestinian men and women with an intimate knowledge and experience of village conditions. Have as participants in addition to village women, VCs, MRPC members and other 'trend setters' from the villages to be worked in.

5.3.6 Strengthening Local Authorities and Supporting Institutions

Finding 1: The LRDP program process was too project oriented, stopping at project completion, and not enough institution oriented to ensure the sustainability of its institutions beyond the program's withdrawal of support.

Recommendation 1: In LRDP-3, redesign the program process to include a fourth phase that focuses on helping institutions become sustainable – in terms of capacity, finance and legal status. Begin work on this 'institution sustainability strengthening' from the outset while intensifying efforts in the fourth phase (Figure 3-9).

Finding 2: Although MRPCs had demonstrated their value and been strengthened in terms of technical capacities, they are not yet at the point that they can survive withdrawal of LRDP financial support. These MRPCs can be a significant resource not only to their own regions but also in helping new MRPCs develop within the LRDP-3 programme.

Recommendation 2: In LRDP-3 provide continuing but reduced core financial and technical support to LRDP-2 MRPCs. Support those LRDP-2 MRPCs that present feasible financial sustainability plans, (using joint-project earnings, service fees etc.), that demonstrates they will be able to move from partial to full self- funding over a limited, fixed time span. To obtain support, LRDP-2 MRPCs must agree to help (through peer mentoring, training, networking etc.) the new MRPCs and VCs that LRDP3 will establish. LRDP-2 should now work intensively with MRPCs to develop the financial sustainability plans.

Finding 3: The objective has not been achieved of developing a sustainable unit within MLG-CO to help rural local authorities assume responsibility for decentralised, participatory local development. The MLG-CBU had not been given the status within the MLG, nor the staff, nor a clear program for developing the capacities to take over the local authority support functions being performed by LRDP-2. Other existing departments such as 'Projects' are too 'top-down' and 'engineering and project-oriented' to assume this role.

Recommendation 3: MLG-CO should commit a 'Rural Local Authority Unit' (RLAU) to work closely with LRDP-3. The unit should have at least four staff: one manager, one engineer, one community development and one finance person, that serve as counterparts to LRDP-3 staff. Over the four year period the RLAU would develop the capacity to conceptualise and co-ordinate MLG support for the rural local authorities.

5.3.7 Aiding Decentralization Policy Development

Finding 1: The objective has not been achieved of aiding decentralization policy development through the following: a systematic testing of policy hypothesis using the experience of LRDP-2; extracting policy lessons from these; and engaging senior PA policy makers to examine, disseminate and have adopted appropriate lessons within the PA structure.

Recommendation 1: Agree with appropriate MLG and PA policy makers on what important decentralization policy issues relevant to the current context, LRDP3 should focus on. Make an explicit four-year plan of action with resources and expertise to implement it. The plan should draw policy lessons from the LRDP-3 experience and organize regular policy workshops with key policymakers where 'lessons in progress' and their policy implications are presented and discussed. Publish documents to record and further disseminate the policy lessons and to help implement them in MLG, MoF and other relevant PA institutions.

5.3.8 Using Palestinian Resources

Finding 1: Little has been done with the programme documents' suggestion to work with and use Palestinian resources and expertise to assist in LRDP-2 work.

Recommendation 1: In LRDP-3 draw more fully on such resources to help design implement and assess the program. Such resources include APLA, professional and trade associations, other non-profit and for-profit organizations, and women's' groups.

5.3.9 Immediate Action

- 1) Ensure that the EU/UNDP/MLG financial and other agreements for LRDP-3 remain flexible enough to allow LRDP-3 to fully benefit from the advice given in the reports of the LRDP-2 Evaluation mission and the LRDP-3 design formulation mission. That is, the financial and other agreements should not be so detailed as to limit adopting the advice emerging from these missions.
- 2) Assign a strong program manager with credibility among staff to the Ramallah office to lead and work with the LRDP team in identifying and implementing urgent tasks that need to be done to complete LRDP-2 and prepare for LRDP-3. The LRDP team should identify and begin urgent work on tasks that this report suggests as incomplete and on which the LRDP team believe they can make significant progress in the remaining time.
- 3) A priority task is for LRDP-2 staff to work intensively with the four MRPCs to develop and begin implementation of plans for MRPC sustainability beyond withdrawal of LRDP-2 support. These plans should consider financial, managerial and legal sustainability. Staff should explore with the LRDP-3 design formulation mission and/or other decision-makers the recommendation in this report for limited continuing support in LRDP-3 for these MRPCs (see recommendation in section on 'Strengthening Local Authorities'). MRPC sustainability plans should not rely on such support.
- 4) Ensure that current actions being taking in preparation for LRDP-3 take account of the evaluation missions findings and suggestions. For example do this in the diagnostic surveys and any PRAs that may be being implemented in the near future.
- 5) Ensure that the key staff in place or to be hired for LRDP-3 (e.g. PMO, financial officer, CTA, M&E, CD personnel etc.) are not only technically qualified for the job they are to perform but also have leadership, intellectual and personal qualities associated with an open, participatory, motivational and strong management style and appropriate for an innovative, policy-influencing program.
- 6) Retain current, core LRDP-2 staff not only for continuity but also as a resource and a repository of ideas, experience and insights drawn from LRDP-1 and 2. With some training in management, analytical and writing skills, and within the appropriate management structure such staff could be a major asset to LRDP-3.
- 7) Begin to motivate, tap and prepare these and other potential core staff for LRDP-3 through, particularly, management training and through their involvement in the LRDP-3 design formulation mission.
- 8) Ensure that the design formulation mission, in the spirit of the program itself, follows an open, participatory approach, closely involves key stakeholders in the design process (e.g. MLG CO), draws on the experience of those involved in LRDP-2, including those 'lower down' in the scale (e.g. MRPC members, women), and gets firm commitments on key institutional issues from senior policy makers (e.g. MLG Deputy Minister on staffing Rural Local Authority Unit to counterpart the LRDP-3 team).

Annexes:

Evaluation Team, List of Persons Met, Document Reviewed