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Palestine Economic Policy Research Institute

Governance of the Ministry of Transport and Communications Licensing Services

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Executive Summary

This study explores the governance of licensing services within the Palestinian Ministry of Transport and Communications (MoTC), as one of the key regulatory pillars that directly affect citizens' daily lives; these services are closely linked to road safety, market efficiency, the quality of public administration, and public trust in official institutions.

The study is grounded in the central premise that the effectiveness of the licensing system cannot be assessed solely by the soundness of its legal framework or the thoroughness of its formal procedures. Rather, it depends on how well these frameworks align with actual implementation practices and their ability to achieve the objectives of regulation, oversight, fairness, and efficiency within a comprehensive governance framework.

Employing a descriptive approach with analytical assessment, the study combined quantitative and qualitative methods to provide a comprehensive multidimensional understanding of the licensing system. The qualitative component included in-depth interviews with MoTC and other key stakeholders, as well as direct field observations conducted at licensing centers. The quantitative component consisted of a field survey administered to an exploratory sample of 100 licensing service receivers in the governorates of Ramallah and Al-Bireh and Nablus, selected as representative models of vehicle registration and licensing directorates in the West Bank. The study also drew upon an extensive review of the legal and regulatory framework governing the licensing system, including procedural manuals and administrative guidelines, which were analyzed through the lens of good governance principles.

The study's findings indicate that the legal and regulatory framework governing the licensing system in Palestine is a graduated system characterized by a high degree of comprehensiveness. It is anchored in the Traffic Law, its implementing regulations, subsequent amendments, and sector-specific regulatory decisions, providing an advanced legal foundation for regulating the licensing cycle and ensuring compliance with safety and service-quality requirements. Recent legislative reforms, particularly the establishment of field inspection units and the granting of judicial enforcement authority to designated personnel, have strengthened enforcement capacities and helped bridge a gap that previously existed between legal provisions and their practical application. Nevertheless, the study demonstrates that the advancement of the legal framework has not been matched by a corresponding development in implementation and oversight mechanisms, resulting in a structural implementation gap between "what is stipulated" and "what is practiced in reality."

The study reveals that licensing continues to be administered largely as a standalone administrative procedure focused on fulfilling formal requirements and issuing approvals, rather than as a continuous regulatory process that extends throughout the entire lifecycle of the vehicle, driver, or process. This is evident in the absence of a systematic linkage between the issuance of licenses and subsequent activities such as monitoring, performance evaluation, risk management, and linking license renewal or continuation to actual behavior and compliance with safety and service quality standards. Further, the findings indicate that existing procedural guidelines remain heavily oriented toward formal compliance, relying on extensive lists of approvals and documentary requirements, without adopting a risk-based approach that differentiates activities by level of risk and potential impact on public safety.

The findings suggest that transparency and accountability mechanisms remain inadequate. These are evidenced by the ambiguity surrounding discretionary criteria, the absence of clear

appeal and grievance procedures, and the lack of binding timeframes for processing applications and appeals. Such deficiencies expand the scope for individual discretion, weaken legal certainty, and contribute to varying public perceptions regarding the fairness and impartiality of licensing procedures, even in cases where no actual violations or irregularities occur.

At the institutional performance level, the study findings indicate that licensing services have improved markedly, with notable progress in procedural clarity and service delivery efficiency. These gains are especially evident in vehicle license renewals, where administrative processes have become more streamlined and organized. Nevertheless, the citizen experience continues to be affected by other supporting organizational factors, including inadequate guidance and customer assistance within licensing centers, the absence of informational signage, inconsistent application of queue-management systems, and variations in the quality of physical infrastructure across service centers.

The study further reveals fundamental challenges in the design of certain licensing requirements, including the obligation for citizens to settle all traffic violations and fees in full before receiving the service, without providing flexible payment alternatives; limited integration between e-services; and the absence of proactive communication with citizens regarding licensing requirements and upcoming license expiration dates. These factors increase the number of incomplete applications, place additional operational pressure on employees, and prolong transaction processing times.

Regarding digital transformation, the study shows notable progress in automating several internal processes and adopting tools such as e-payments through the E-Saadat system, barcode technology, and electronic archiving, which have reduced direct contact and enhanced transparency. However, digital transformation remains partial and fragmented, as the Ministry still lacks a comprehensive digital platform that covers the entire licensing cycle, from application submission to license issuance and subsequent follow-up. In addition, limited electronic integration with partner entities, such as the Ministry of Finance, the police, insurance companies, and municipalities, constrains the speed of procedures and the accuracy of data, while maintaining the need for in-person attendance and multiple points of interaction.

The survey findings indicate that the majority of licensing service users belong to economically active age groups with medium to high levels of educational attainment. The results also reveal a notably high frequency of interaction with licensing centers, making service quality a factor with a direct cumulative impact on institutional trust and compliance costs. The dimension of information clarity and ease of access received a relatively positive assessment, particularly with regard to fees and the availability of multiple payment methods. In contrast, procedural efficiency was rated at a moderate level, suggesting that the challenge is primarily structural and related to the design of service pathways rather than to localized implementation practices.

The infrastructure and service delivery environment dimension recorded the lowest levels of user satisfaction, particularly with respect to the accessibility of licensing centers for persons with disabilities (PwD) and the quality of waiting facilities. These shortcomings limit the positive impact of other procedural improvements. The integrity and fairness dimension also received relatively low satisfaction ratings, with statistically significant geographical variations reflecting a general perception of inconsistencies in treatment and procedural impartiality. This perception appears to be associated with limited procedural transparency and the broad scope of individual discretion.

The findings demonstrate that the licensing system within the Ministry is founded on a relatively advanced legal and regulatory framework in terms of both its breadth and evolution over successive phases. Recent legislative amendments have contributed to strengthening enforcement capacities and narrowing the gap between legal provisions and their practical application. However, the operational effectiveness of this framework remains constrained by compliance gaps, limited transparency and oversight mechanisms, the absence of a risk-based approach, and the continued treatment of licensing as a standalone administrative procedure rather than an integrated regulatory cycle.

At the institutional level, despite improvements in procedural clarity and the automation of certain processes, the citizen experience continues to be affected by challenges related to procedural design, limited digital integration, the absence of independent internal oversight, weak institutional coordination, and pressures arising from human and financial resource constraints. Survey findings also reveal moderate to limited levels of user satisfaction, particularly with regard to procedural efficiency, infrastructure, integrity, and fairness, alongside clear geographical and service-related disparities and limited effectiveness of complaint-handling mechanisms and the comprehensive digital transformation process. Overall, the findings point to a persistent gap between the legal and regulatory framework on one hand, and implementation practices and service-user experiences on the other, thereby affecting institutional trust, increasing compliance costs, and limiting the effectiveness of licensing as a governance and regulatory instrument.

Based on the legal and institutional analysis and the findings of the field assessment, the study recommends adopting a comprehensive package of reforms that address governance gaps in the licensing system structurally and sustainably. Foremost among these recommendations is the need to redefine licensing from a formal administrative procedure into a regulatory instrument grounded in risk management, linking compliance to actual performance. This requires the development of a holistic licensing lifecycle approach that encompasses licensing issuance, monitoring, evaluation, renewal, and corrective enforcement measures. The study, as well, recommends establishing a clear functional separation between regulatory, operational, and oversight roles within MoTC, either through internal restructuring or through the creation of relatively independent regulatory arrangements, in order to minimize conflicts of interest and strengthen impartiality and fairness in the application of regulations.

The study calls for a comprehensive review and modernization of the legal and regulatory framework, particularly the Traffic Law and its related regulations and bylaws, to align with contemporary technological and administrative developments. Such reforms should address emerging gaps related to intelligent transportation systems (ITS), electric vehicles, and digital services, while explicitly incorporating principles of good governance, especially those relating to transparency, clearly defined discretionary criteria, appeal and grievance mechanisms, and binding service-delivery timelines. In addition, the study emphasizes the importance of transitioning from procedural manuals focused primarily on formal compliance to simplified, risk-based guidance that differentiates among activities according to their impact on public safety and service quality, while reducing disproportionate regulatory burdens.

At the level of institutional performance and citizen experience, the study recommends simplifying service pathways and redesigning procedures from a user-centered perspective. This includes expanding flexible payment options, strengthening proactive communication with citizens regarding requirements and expiration dates, and improving guidance and customer assistance within licensing centers. The study also emphasizes the priority of

upgrading infrastructure and service delivery environments in accordance with unified national standards that promote dignity, accessibility, and inclusiveness, particularly for PwD and older people, recognizing these elements as integral components of service quality and governance.

In the area of digital transformation, the study recommends adopting a comprehensive national strategy for the digitalization of licensing services based on a unified platform that covers the entire licensing lifecycle, ensures immediate integration with relevant government entities, and strengthens the use of data for planning and smart oversight. The study further stresses the importance of complementing digital transformation with communication, trust-building, and public awareness initiatives, alongside measures to strengthen information security and data governance. Particular emphasis is placed on reforming the complaints and follow-up system through the establishment of a centralized, transparent, and user-friendly system linked to clear accountability and feedback mechanisms, and institutional learning processes, thereby reintegrating complaints as a tool for improving policies and procedures rather than treating them as a marginal administrative channel.