
**MUNICIPAL DEVELOPMENT AND
LENDING FUND**

STRATEGIC PLAN 2017-2021

MARCH 2017

The Municipal Development and Lending Fund appreciates all of those who contributed to the preparation of the strategic plan for the MDLF for the years 2017-2021, including members of the board of directors, managers as well as employees who worked diligently to complete this plan:

BOARD OF DIRECTORS (BOD)

Dr. Majdi A - Chairman of the Board, Minister of Local Government

Mr. Fadi Al-Sharif - Board Member, Representing Palestinian Monetary Authority

Mr. Faisal Fraihat - Board Member, Representing Ministry of Public Works and Housing

Ms. Laila Sbaih - Board Member Representing Ministry of Finance and Planning

Mr. Ammar Al-Dwaik - Board Member Representing Civil Society Organizations

Mr. Majdi Saleh - Board Member Representing Engineers Association

Mr. Musa Hadid - Board Member Representing Association of the Palestinian Local Authorities (APLA)

Dr. Johar Al-Sayegh, Board Member, Mayor of Birzeit Municipality

Mr. Mohammad Abu Ghali - Board Member, Mayor of Jenin Municipality

EXECUTIVE MANAGEMENT

Dr. Tawfiq Bdairi - Director General

Mr. Hazem H. Kawasmi – Operations Manager

Mohammed Ramahi - Manager - Financial and Administrative Department

Eng. Nizar Samhan - Manager - Strategic Planning & External Relations Department

Eng. Liana Nasser - Manager - Institutional Development & Technical Assistance Department

Eng. Na'im Al Noubani - Manager - Technical Department

Eng. Ahmad N. Zayed - Manager - Procurement Department

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LETTER FROM THE CHAIRMAN OF THE BOARD

Since it was established, the Municipal Development and Lending Fund recognized that sound strategic planning is the best way to reach any of goals serving our national goals. Given the importance of the services provided by the local government units in the State of Palestine to the citizens with the aim of improving their lives, it is required to constantly develop their performance and ensuring that they conform to the reform policies in the local government sector and ensure its alignment with national agenda.

Therefore, the MDLF's Board of Directors worked on developing this strategic plan for the years 2017-2021 within the aforementioned context and in line with national policies and plans, the cross-sectorial strategy for the ministry of local government, and the MoLG's strategic plan. The new strategic plan has been developed following extensive examination of what has been achieved over the past years: reviewing the extent of achievements of previous objectives, analyzing the current work environment while monitoring changes that have taken place during the last period, identifying the strengths and weaknesses, examining the opportunities and challenges and defining the strategic objectives for the next five years. A well-defined vision was put in place in order to empower local government units as we help them lead the development process locally, to improve the coverage and the quality of services they provide. This, we know, will positively affect the lives of citizens and enhance their steadfastness.

We present to you the strategic plan for the next five years, which was approved by the Board of Directors of the MDLF, as part of the MDLF's policy and deeply-rooted belief in developing the performance of the local government units, for better services of the citizens.

Dr. Husein Al-A'raj

Chairman of the Board

Minister of Local Government

LETTER FROM THE DIRECTOR GENERAL

With our utmost pride, we introduce the MDLF's strategic plan for the years 2017-2021. More than a decade after the establishment of the MDLF and the development of its first strategic plan, our achievements have exceeded what we had anticipated. As we have always done, we set up the objectives of our current plan through involving all of our staff whom we consider to be our primary points of reference, taking into account the achievements we accomplished during the previous years and bearing in mind the responsibilities we have to develop local government units in line with national policies to promote this vital sector.

Our current strategic plan is more focused on empowering local government units through improving the level of services they provide for their citizens, focusing more on disadvantaged localities, aiming towards institutional development, ensuring their financial sustainability, and enhancing their ability to lead economic development. The current plan also aims to strengthen the institutional structure of the MDLF by enhancing its operational excellence and achieving financial sustainability. This is achieved by translating policies, strategies and national plans for the local government sector in Palestine.

Thus, as part of our efforts to keep up with local developments that are happening at an expediting speed and in complex manner, it was necessary to rdefine the overall vision of the MDLF, which aspires to reach efficiency and effectiveness of local government bodies, thus contributing to improving the lives of our citizens. Management by nature seeks to improve the use and distribution of available resources to achieve its objectives in the best possible way. Effectiveness refers to the anticipated positive impact through continuous improvements. Efficiency, on the other hand utilizes available resources to serve the largest number of citizens. Thus, we aim to create a balance between the two concepts by enhancing the performance of the local government units.

Our mission is summed up in our aspiration to lead this institution with a clear strategic vision and to use available resources to achieve our desired goals. Hoping what we do and what we aspire to do are steps on the right path to offer a better life for our citizens.

Dr. Tawfiq Bdairi

Director General

ABOUT THE MDLF

The Municipal Development and Lending Fund is a Palestinian semi-governmental institution that works on translating Palestinian local government policies into programs and projects by providing quality, efficient and effective services aimed to enhance the role of local government units in response to the needs of their citizens.

MDLF was established in 2005 by the Palestinian National Authority (PNA) as the main and preferred channel to support the development and reform of the local government units. It was established to achieve efficiency, reform and transparency as part of the effort to build an independent Palestinian State. The year 2016 witnessed a major milestone when the President of the State of Palestine, Mahmoud Abbas, endorsed the law governing the MDLF, contributing in the process to strengthening the legal environment of the MDLF in carrying out its tasks in developing the local government sector in line with the national policies.

The establishment of the Municipal Development and Lending Fund was designed to develop local government units in areas of responsiveness, self-sufficiency, decentralization and creditworthiness, in line with national trends aimed at realizing an institutionalized state while enhancing principles of accountability, transparency and good governance.

MDLF implements its programs through an effective structure: Its board of directors supervises policies and directives. The BOD consists of nine members headed by the Minister of Local Government and members of:

- Palestinian Monitor Authority
- Ministry of Public Works and Housing
- Ministry of Finance and Planning
- Association of the Palestinian Local Authorities (APLA)
- Engineers Association
- In addition to representatives of heads of local government units, who are appointed by the council of ministers with the recommendation of the Minister of Local Government and a representative of civil society organizations.

As for the executive management, it is headed by the Director General of MDLF. It consists of the operations manager, as well as the Financial and Administrative Department manager, Strategic Planning Department & External Relations manager, Institutional Development & Technical Assistance Department manager, Technical Department manager, and the Procurement Department manager.

The staff of MDLF is committed to work alongside local government units to strengthen their capacities and to improve their performance so that they can enhance their responsiveness and improve the quality of life of their citizens.

FINANCIAL PARTNERS

The MDLF is supported by the Central Government along with the Agence Francaise de Development (AFD), the Swedish International Development Cooperation Agency (Sida), the Danish Government, the World Bank, the German Development Bank (KfW), the German Technical

Cooperation (GIZ), the Belgium Government, the European Union (EU), the Swiss Agency for Development and Cooperation (SDC), and the International Cooperation Agency of the Association of Netherlands Municipalities (VNG).

OUR PROJECTS AND PROGRAMS

MDLF provides technical services and financial support to all municipalities in the West Bank and Gaza Strip. The projects and programs of MDLF range from emergency assistance, development projects, technical and institutional support, and innovative initiatives to improve the performance of LGUs. This is accomplished through a coordinated and transparent funding mechanism based on specific standards. The projects can be grouped into four main categories:

First: Emergency Scheme

Aiming at sustaining basic municipal services while at the same time seeking to maintain a medium-term development agenda, these projects are designed to be simple, quickly-disbursed and implementable, and respond to emergency needs for the purpose of assets rehabilitation as well as improve the quality of services that the LGUs provide. Thus, during the emergency periods, funding and support are provided to local government units for the rehabilitation and maintenance of basic infrastructure, particularly in sectors such as water supply, sanitation, solid waste management, energy supply, public facilities and roads.

Second: Development Scheme

Aiming at strengthening the development agenda within the Palestinian society context, these projects ensure coverage and quality of services provided to the population. In addition, development investments help strengthen the role of LGUs not only as providers but also as drivers to promote local economic development in line with the priorities of their populations.

Third: Capacities Development Scheme

Designed to contribute to the overall goal of building the capacity of local government institutions in the areas of financial and administrative planning. These projects provide local authorities with capacity building packages in various sector, including developing of institutional systems and providing specialized training opportunities for LGUs. Thus, these projects enhance financial sustainability, towards economic development and assure access to higher levels of transparency, accountability and good governance.

Fourth: Innovative Scheme

These projects aim at helping LGUs introduce and adopt innovative work methods to improve and sustain their services. Examples include strengthening cooperation and communication between LGUs, nongovernmental sector and the private sector in planning and managing services delivery by introducing modern methods and technical reforms. These projects focus on translating national policies into pilot projects, examining lessons learned, and eliciting recommendations for developing better policies and procedures.

SHORT SUMMARY OF MDLF ACCOMPLISHMENTS

The Municipal Development and Lending Fund is proud of its accomplishments during the first decade of its operations. The MDLF pledged to invest in the Palestinian municipalities to help them achieve success and develop all administrative and organizational levels.

Accordingly, the MDLF has implemented hundreds of projects worth more than 360 million US Dollars, in the form of infrastructure development projects, capacity building project as well as pilot innovative projects. Examples of MDLF's achievements on the ground include:

- Paving over a thousand kilometers of roads, streets and sidewalks
- Rehabilitation of more than sixty kilometers of lighting network and equipping them with lighting units and the necessary infrastructure.
- Rehabilitation of more than eighty kilometers of water network
- Construction of approximately 100 km of sewage network
- Worked in the field of electricity, public services and solid waste.
- In addition, the MDLF raised the efficiency of the municipalities and improved their institutional and financial performance (based on the ranking assessment according to key performance indicators)

VISION

Efficient and effective local government units contributing to achieve better life for citizens

MISSION

A national organization that strives to empower the local government units to implement national programs and projects that are derived from the local government policies by managing the funds for grants and loans.

MDLF VALUES

Transparency	is...	Our policy
Professionalism	is...	Our identity
Accountability	is...	Our strength
Credibility	is...	Our principle
Scientific method	is...	Our approach

THEMES AND STRATEGIC OBJECTIVES

Theme 1: Empowerment of Local Government Units

1. To contribute to improving the level of services provided to citizens with a focus on the less fortunate areas
2. To contribute to the institutional development and financial sustainability of the LGUs
3. Strengthen the LGUs ability to lead local economic development and implement innovative and pioneering initiatives

Theme 2: Strengthening MDLF Institutional Development

1. To achieve MDLF's operational excellence
2. Strengthening MDLF's financial sustainability

Theme 3: Translating the Local Government National Policies to national programs and projects

1. To contribute to the implementation of the local government policies
2. Support implementing regional and sectoral and joint projects

THE 2017-2021 STRATEGIC PLAN

Theme	Strategic Objective	Key Performance Indicator(s)	Baseline	Target					Initiatives/Interventions
			2017	2018	2019	2020	2021		
Empowerment of Local Government Units	SO 1. To contribute to improving the level of services provided to citizens with a focus on the less fortunate areas	Percentage increase in access to basic services provided to citizens by the Municipalities (PCBS's study)	To Be Determined TBD		3%		5%	<ul style="list-style-type: none"> • Providing financial and technical support for LGUs to implement infrastructure projects • Providing Capacity Building Packages to the LGUs (with emphasis on e-services and one stop shops) • Designing and implementing programs tailored for the less fortunate areas • Developing and providing Capacity Building Packages according to the LGUs' needs. 	
		Level of citizens satisfaction from the services provided	TBD		Level		Level		
		Number of benefited local communities of the less fortunate areas from implemented projects	18				58*		
	SO 2. To contribute to the institutional development and financial sustainability of the LGUs	Number of graduated municipalities at least one step up on the municipal graduation ladder.	0		25		50*		
		Number of Municipalities achieved increase in their revenues	0		20		40*		

		Number of Municipalities achieved cost reduction	0		20		40*	<ul style="list-style-type: none"> Supporting LGUs to establish services oriented income generating projects Reinforcing the efficiency of services fees collection and expenditures rationalization and reduction Establishing and developing the LGUs readiness for borrowing Empowering LGUs to lead and institutionalize local economic development Encouraging and stimulating LGUs to implement innovative and pioneering projects
		Number of municipalities achieved credit worthiness according to the credit rating index	0				3	
	SO 3. Strengthen the LGUs ability to lead local economic development and implement innovative and pioneering initiatives	Number of LGUs which were able to institutionalize local economic development	0				10	
		Number of implemented innovative and pioneering initiatives by the LGUs	0				4	
Strengthening MDLF Institutional Development	SO 4.To achieve MDLF's operational excellence	Operational manuals are automated (computerized)	Some of the systems are automated but need updating				Yes	<ul style="list-style-type: none"> Reviewing and updating the MDLF's organizational structure

		Percentage of annual plan's level of achievement.	90%	90%	90%	90%	90%	<ul style="list-style-type: none"> • Modifying MDLF's internal bylaws in accordance to the newly endorsed MDLF's law • Automating the MDLF's operational systems and manuals • Developing the competencies of the MDLF's human resources • Reinforcing and developing the financial partners relationships and network • Establishing and developing the MDLF's readiness and competencies for lending • Encouraging the Central Government to reinforce the MDLF's role in developing the local government sector
		Percentage of employee satisfaction index	TBD		75%		80%	
		Percentage of LGUs' satisfaction index of MDLF's performance	80%	80%	80%	80%	80%	
	SO 5. Strengthening MDLF's financial sustainability	MDLF's ability level to cover annual operating costs in full	100%	100%	100%		100%	
		Competent MDLF's staff to manage lending functions	0				yes	
		Up to date lending systems and manuals in place					Lending systems are operational	
Translating the Local Government National Policies to national	SO 6. To contribute to the implementation of the local government policies	Number of projects designed and implemented by MDLF in accordance with the Ministry of Local Government policy	All	All	All	All	All	<ul style="list-style-type: none"> • Designing programs and projects according to the national local government policies

programs and projects								<ul style="list-style-type: none"> • Conducting evaluation studies of the implemented pilot programs and projects and providing the Ministry of Local government with the feedback and recommendations of these studies • Supporting local government financial reform and strategic development planning projects 	
		Approved road map to implement lending functions to LGUs					Yes		
	SO 7. Support implementing regional and sectoral and joint projects	Number of joint projects implemented by LGUs	0					18	<ul style="list-style-type: none"> • Strengthening the readiness and capability of MDLF to implement sectoral projects
		Number of implemented regional and sectoral projects	1					3	<ul style="list-style-type: none"> • Providing financial and technical support to implement specialized and regional projects • Providing financial and technical support to implement joint projects by LGUs

