

Municipal Development & Lending Fund



Municipal Development & Lending Fund (MDLF)

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Annual Report 2014



صندوق تطوير وإقراض البلديات
Municipal Development & Lending Fund

Annual Report 2014

Municipal Development and Lending Fund
(MDLF) - Palestine



www.mdlf.org.ps

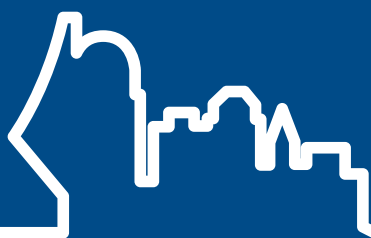
For Better Life

لحياة أفضل





The President
Mahmoud Abbas





The Prime Minister
Rami Hamdallah

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Glossary

AFD	French Development Agency
APLA	Association for Palestinian Local Authorities
BOD	MDLF Board of Directors
BTC	Bilateral Technical Committee
COA	Chart of Account
DCF	Donor Consultation Forum
DJSC	Department for Joint Service Councils
EC	European Commission
EMP	Environmental Management Plan
EOI	Expression of Interest
EQA	Environment Quality Authority
EMSP	Emergency Municipal Support Program
EMSRP II	Emergency Municipal Services Rehabilitation Project Phase 2
FMIS	Financial Management Information System
FPPM	Financial Policies and Procurement Manual
GD	Government of Denmark
GlZ	German Technical Cooperation
IFMIS	Integrated Financial Management Information System
ICDL	International Computer Driving License
IG	Italian Government
ITAU	Italian Technical Assistance Unit
JSCs	Joint Service Councils
KfW	German Development Bank
LGCBP	Local Government Capacity Building Project
LGP	Local Government Program
LGUs	Local Government Units
LTCs	Local Technical Consultants
MDLF	Municipal Development and Lending Fund
MDP	Municipal Development Project
MIS	Management Information System
MOLG	Ministry of Local Government
MOF	Ministry of Finance
MOPAD	Ministry of Planning and Administrative Development
MTDP	Medium Term Development Plan
NDC	NGOs Development Center
NGOs	Non Governmental Organizations
NRO	Netherlands Representative Office
PCU	Project Coordination Unit
PGMIS	Project Grant Management Information System
PMSP	Palestinian Municipalities Support Program
PNA	Palestinian National Authority
PRDP	Palestinian Reform and Development Plan
SMDN	Support to Municipal Development for Northern West Bank
Sida	Swedish International Development Cooperation Agency
TOR	Terms of References
WBG	West Bank & Gaza
FARV	Fixed Assets Registration and Valuation
SDIP	Strategic Development and Investment Plan





Municipal Development & Lending Fund

For Better Life

Board of Director



Dr. Nayef Abu Khalaf

Chairman of the Board,
Minister local Government



Dr. Daoud Al Zatari

Board Member,
Mayor of Hebron Municipality



Mr. Fayeq Al-Deek

Board Member,
Representing Ministry of Public Works and Housing



Mr. Mahmoud Nofal

Board Member Representing Ministry of Finance



Mr. Nabil Diab

Board Member
Representing Association of Banks in Palestine (ABP)



Mr. Ahmad Edeili

Board Member
Representing Engineers Association



Mr. Ghassan Al-Shak'a

Board Member
Representing Association of the Palestinian
Local Authorities (APLA)



Mr. Badr Abu Zahra

Board Member
Representing Ministry of Planning



Ms. Zahera Kamal

Board Member
Representing Palestinian Women's
Research and Documentation Center



Issa Daher

Board Member
Mayor of Jabalia Municipality



Arch. Abdel Mughni Nofal
Director General

Message from the BOD Chairman



As we are moving towards 2015, it's of a great pleasure in my capacity, the board chairman of the Municipal Development and Lending Fund, to introduce the 2014 annual report. In this context the Municipal Fund is a national Palestinian institution, highly contributing to state building by enabling the local government units, enhancing the efficiency and effectiveness of services, and creating a suitable environment for strengthening local economy to achieve sustainable development.

MDLF has played a significant role in developing the local government sector in Palestine. This has been achieved by translating the policies and strategies of the central government concerning the LG sector into actions and programs, and indeed testing those policies and providing recommendations to the government in this regard.

The distinguished local governance reform and development related outputs that MDLF has achieved in close collaboration with Local Government Units and capital investment amounts are highly appreciated. One of the most distinguished programs, that we build on at MDLF, is the Municipal Development Program "MDP". This national program is a pioneer approach in the local government sector where policies such as strategic planning, financial reforms, social accountability, transparency and good governance concepts are all integrated. It is the first national program where a qualitative shift in the local government sector was introduced by helping LGUs upgrade their performance and improve the quality and coverage of their services provision towards better life for their citizens.

In my capacity, the Minister of Local Government, I fully support the crucial role that MDLF plays and urge donors to continue support the MDLF and its programs. This will help shape the future of Palestinian LGUs, taking into account the special needs for Gaza people who are exposed to siege and multiple aggressive wars by the Israelis during the last few years. Finally, on behalf of the Palestinian Government, it's important to express our sincere appreciation of MDLF achievements, dedication and hard work of the MDLF team, and to give our gratitude to all development partners support which made it possible to reach what MDLF is presenting in this report.

A stylized, dark blue ink signature of Dr. Nayef Abu Khalaf.

Dr. Nayef Abu Khalaf

Minister of Local Government
BOD Chairman of MDLF

Introduction from MDLF Director General

The context of 2014 carried a lot of positive progress in terms of local government sector that MDLF took part in, many reform interventions that expressed good governance aspects were implemented. During the year 2014, MDLF managed to implement hundreds of sub-projects, capacity development packages and innovations in accordance to its midterm strategy 2013-2016. Additionally, we continued to strengthen our organization internally by upgrading the operational and technical systems and enhancing the capacities of our distinguished staff.



MDLF, as part of its mission, worked on translating LG policies approved by the Palestinian government into programs and projects that contribute to the empowerment of the local government units. Social accountability, gender and socio-environmental safeguards are cross-cutting issues that MDLF pays attention to. We believe in transparency, accountability, professionalism and credibility values that guide us in our work in this sector.

During 2014, MDLF started the actual implementation of the second phase of its National Program MDP, continued the execution of the third phase of its development program LDPIII, the LGRDP "local government reform & development programme" both targeting smaller local authorities, and posted its work to support the Ministry of Local government through "Local Government Policy Development" programme LGPD. Additionally, MDLF had launched the Gaza Solid Waste Management Project GSWMP and finalized the arrangements for area C development program financed by multi donors and led by the European Union (EU).

In response to Gaza urgent needs caused by the damages incurred by the latest Israeli attack on Gaza Strip (July-August 2014), MDLF received additional fund from financing partners, particularly, WB, Danish Government, KFW and BTC through a special window designed under MDPII to support restore the basic municipal services. This action is considered the first immediate response by MDLF and its financing partners in this respect. All among other interventions weren't possible without such a highly motivated, committed and professional staff who made the MDLF a success story that I am honored to lead.

By this, allow me to introduce to you the 2014 annual report of MDLF. This report highlights the role of the MDLF as a main institution working together with the Ministry of Local Government and other development partners toward achieving sustainable local governments and better quality of life for citizens. The report provides detailed progress of the programs and activities of the MDLF, the outputs achieved, and the challenges encountered through the year 2014.

I would like to express my deep gratitude and recognition for all MDLF staff, partners and mainly to the Ministry of Local Government for their role in materializing the vision of MDLF, and special thanks go to municipalities and local councils who worked with us hand by hand to achieve what we are presenting in this report.

A handwritten signature in blue ink, which appears to read 'Abdel Mughni Nofal'. The signature is stylized and fluid.

Arch. Abdel Mughni Nofal
Director General



Our Vision

Effective local government units
able to achieve better life for their citizens



Our Mission

The Municipal Development and Lending Fund (MDLF) is a Palestinian semi-governmental institution that works on translating local government policies approved by the Palestinian government into programs and projects that contribute to the empowerment of the local government units through managing funds (grants and loans).



Our Values

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



MDLF Strategic Themes

- Contribute to the implementation of the national local government policies & plans.
- Empower Palestinian Local Government Units.
- Strengthen the institutional development of the MDLF.

To Our Municipalities

It's a promise to invest in our Municipalities to help them succeed and develop their skills for better management and better services towards better life for their citizens.





Achievements

Since the inception of MDLF programs, the purpose has been to improve the municipal services provision and to enhance the municipal performance capacities. We think we contribute in building our state through improving the vital services of local governments. Following is a synopsis of

Our **accumulative** accomplishments by end of December 2014:



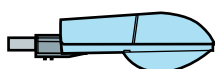
Roads



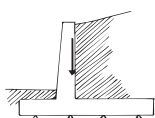
652 kilometer roads were paved, developed & rehabilitated



4.6 kilometer of street lighting networks were rehabilitated



15,336 lighting units were supplied



11.3 kilometer of retaining walls were constructed



17 **81.05** kilometer sidewalks were constructed



Water



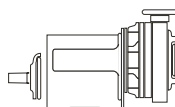
37.07 kilometer water networks were rehabilitated/constructed



31,459 L.m of pipes were supplied



2,135 Water meters were installed



3 Water pumps were installed



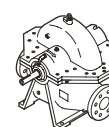
Wastewater



58.655 kilometer wastewater networks were rehabilitated/constructed



7,498 L.m of pipes were supplied



6 Wastewater pumps were installed



Electricity



11 kilometer
of electrical networks
were rehabilitated



1,674 pre-paid meters
were installed



Public Facilities



42,080 Sq.meter
of public buildings were
constructed



85,558 Sq.meter
of parks and public
gardens were construct-
ed



Solid Waste



1,590 solid waste containers
were provided



2 Tractors
were provided



4 trailers
were provided



2 garbage trucks
were provided



SDIPs

99 municipalities were supported in preparing SDIP



FPPM

130 municipalities were coached on using the financial policies and procedures manual



Physical Plans

6 municipalities were supported in developing their physical plans



IFMIS

34 municipalities were supported in applying the Integrated Financial Management Information System "IFMIS"



Fixed Assets Registration

70 municipalities were supported in registering and valuing their assets



Persons Days

2 million Persons day were created



Communication & Outreach

- MDLF PR function was activated
- Workshops were organized to outreach to
- Mayors and municipal staff
- External relations was improved



MDLF Human Resources

- HR development including equipment, tools, and facilities.
- Training was provided to enhance the capacity of MDLF staff.
- Job security for MDLF staff was improved including: incentives, promotions, and training.

Projects Outputs



More than
103 Km of roads
have been paved.



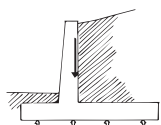
6,244 Sq.m public buildings
were constructed,



14.2 Km of sidewalks
and shoulders
have been constructed



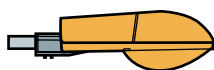
630 Sq.m parks & gardens
were constructed.



0.4 Km of retaining walls
have been constructed.



194 solid waste containers
were provided



3,082 street lighting units
were installed



200,000 Person-Day
was created.



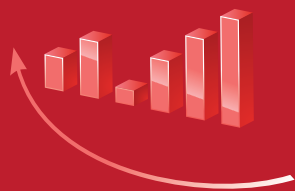
9 km of water networks
were rehabilitated



Hundreds of thousands of
US\$ were channeled to Gaza
municipalities as budgetary
support to cover operational
expensive and maintenance
cost of municipal equipment.



10 Km of sewage network
were rehabilitated



2014

Key Achievements



Work Progress

- Actual implementation of MDPII has started
- New component under MDPII (**Window 5**) was designed in response to urgent needs of Gaza municipalities following the 51 war on Gaza strip (July-August 2014).
- Two financing agreement were signed with SDC & EU regarding the development of area C
- Gaza Solid Waste Management Project was launched
- E-Archiving was activated
- web application database was activated
- Implementation plans for all MDLF interventions were developed

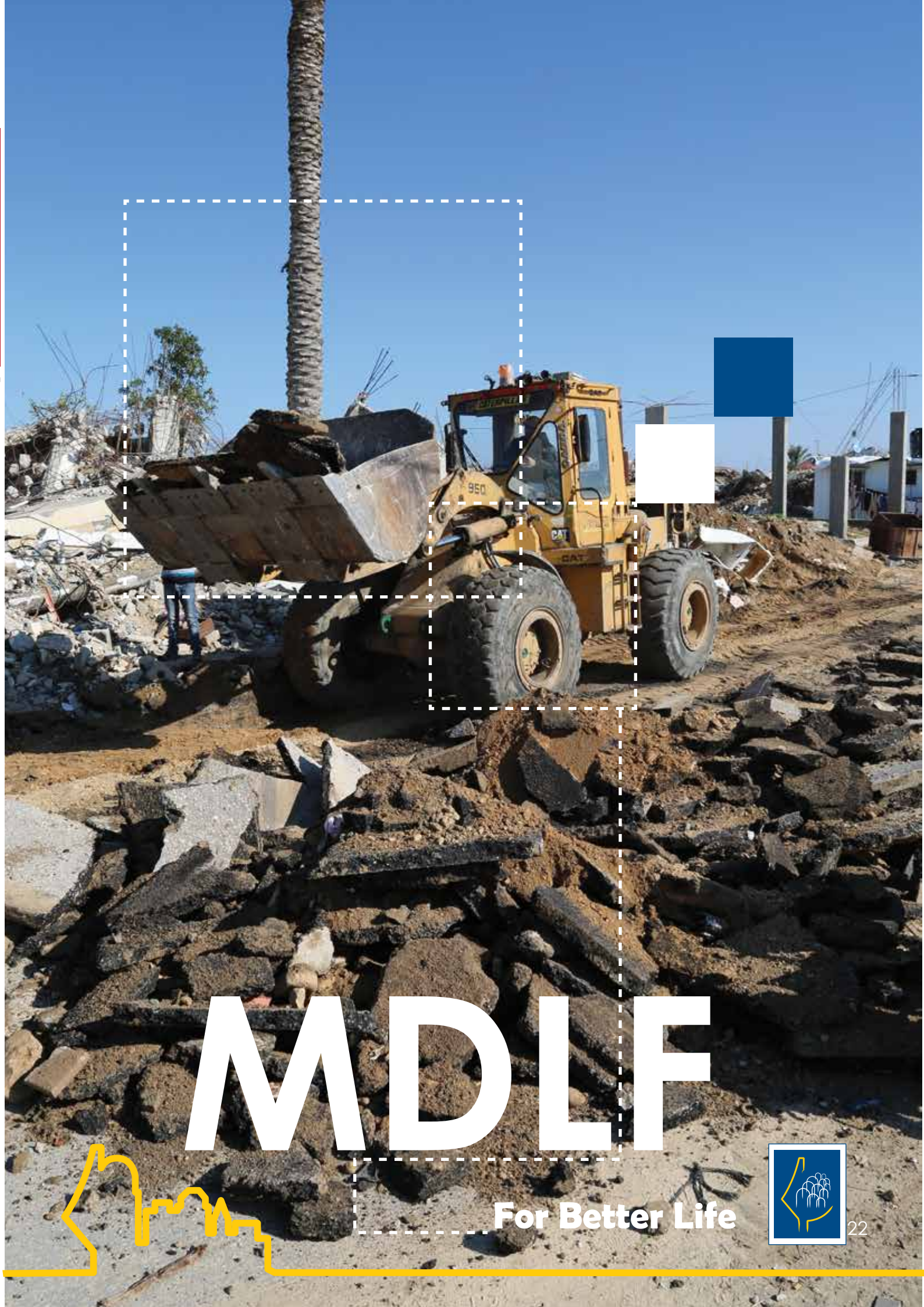


Disbursement

In the year 2014, the MDLF has disbursed around

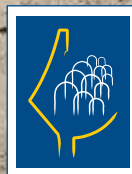
US\$ 31 million

of infrastructure, capacity building and innovative initiatives projects to all municipalities in West Bank and Gaza in addition to some other Local Government units.



MDLF

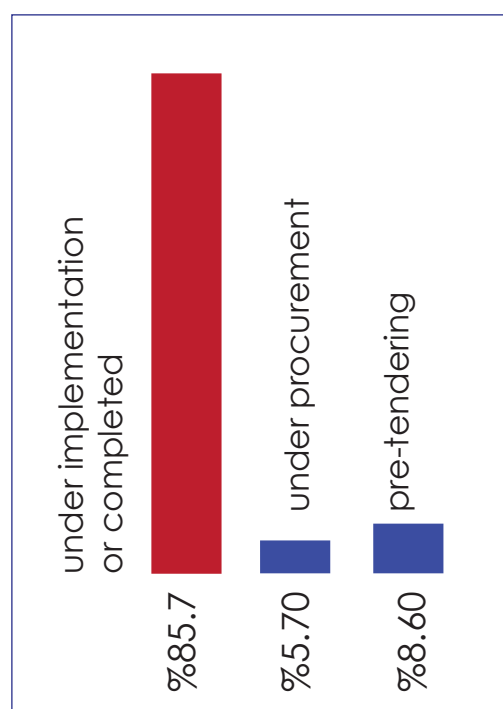
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Executive Summary

The Municipal Development and Lending Fund (MDLF) is a semi-governmental juridical entity established by the Council of Ministers Decree, to accelerate Palestine's drive toward high responsiveness, self-sustained, decentralized, prosperous and creditworthy local governments. MDLF has been enriching its role as the preferred channel of financial resources from the Palestinian Authority and various donors to the Palestinian local government units (LGUs), to improve the delivery of local infrastructure and municipal services, to promote economic development, and to improve municipal efficiency and accountability.

The year 2014 witnessed a noticeable progress in the implementation of MDPII- component 1, namely the capital investment for municipal infrastructure, where the majority of municipal sub-projects (%85.7) are either under implementation or completed, (%5.7) of the sub-projects are under procurement and only (%8.6) are still in the pre-tendering phase.



implemnded projects



US260\$ million
From 2005 to 2014

US31\$ million
in 2014

Since its establishment in Oct- 2005, MDLF has noticeable achievements on the community development as well as the reform initiatives regarding the MOLG policies towards the local government sector in Palestine. MDLF has implemented hundreds of donor-funded projects in the amount of “**US260\$ million**” in the municipal infrastructure services, capacity development, and innovative initiatives at the municipal level, where the total disbursed amount during 2014 reached **US31\$ million**.

Regarding the implementation of component 2, MDLF has kept the momentum of piloting the E-governance, LED and the renewable energy, where the pilot municipalities were well identified, and the implementation has started since July 2014. Additionally, the support to the newly amalgamated municipalities under this component is progressing where the implementation of such community development projects serving these localities has started late 2014.



The core business of MDLF is

The Municipal Development Program- MDP

It is a Multi-phases program distinguished by its transfer mechanism aimed to enhance the capacity of municipalities through its four components:

- Capital investments,
- Municipal responsiveness & innovation,
- Capacity development,
- Program management.

The 1st phase of MDP was successfully accomplished late 2012 and the preparation for the 2nd phase took place during 2013. MDPII is financed by.....



Palestinian National Authority



Agence Française de Développement



Danish International Development Agency



Swedish International Development Cooperation Agency



Schweizerische Eidgenossenschaft
Confédération suisse
Confederazione Svizzera
Confederaziun svizra

Swiss Agency for Development & Cooperation



Vereniging van Nederlandse Gemeenten



THE WORLD BANK
IBRD • IDA | WORLD BANK GROUP

The International Development Association



Kreditanstalt für Wiederaufbau



Deutsche Gesellschaft
für Internationale
Zusammenarbeit (GIZ) GmbH



German Federal Enterprise for International Cooperation



European Union

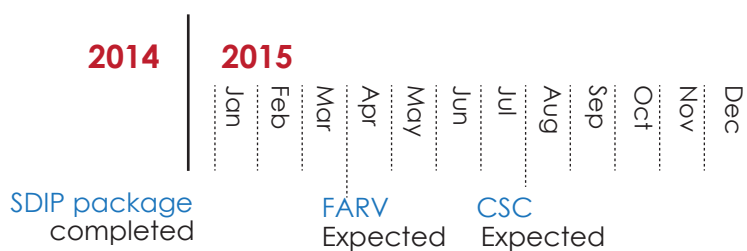
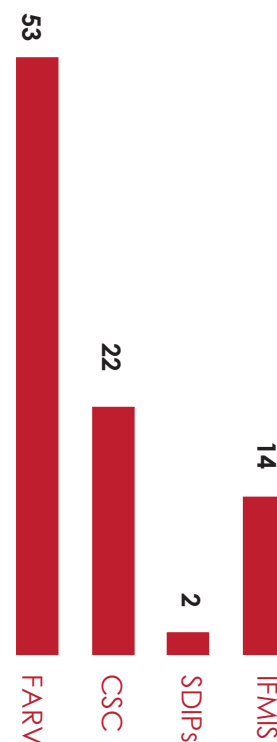


BTC THE BELGIAN
DEVELOPMENT COOPERATION .be

Belgian Development Agency



Most importantly, **the capacity development** (CD) packages were well identified. MDLF had effectively communicated with the municipalities informing them about their CD packages. 53 municipalities will be supported in registering and valuating their assets (FARV), 22 municipalities will be supported in establishing citizens services centers (CSC), 2 municipalities will be supported in preparing their (SDIPs), 14 municipalities will be supported with the integrated financial management information system (IFMIS). During the reporting the period the related TORs were prepared and shared with Financing partners for clearance, MDLF has started the procurement arrangements to hire the individual consultants and firms to support the municipalities in implementing the packages.



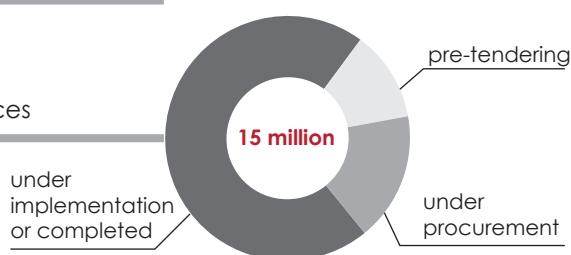
Regarding the implementation status of MDPII-CD packages, the consultancy assignment under the SDIP package was completed late 2014, the FARV is under implementation and expected to be completed by end of March 2015, the CSC is under implementation and expected to be completed by June-July 2015. However, the IFMIS package was subject to delays during 2014 and has not yet started.

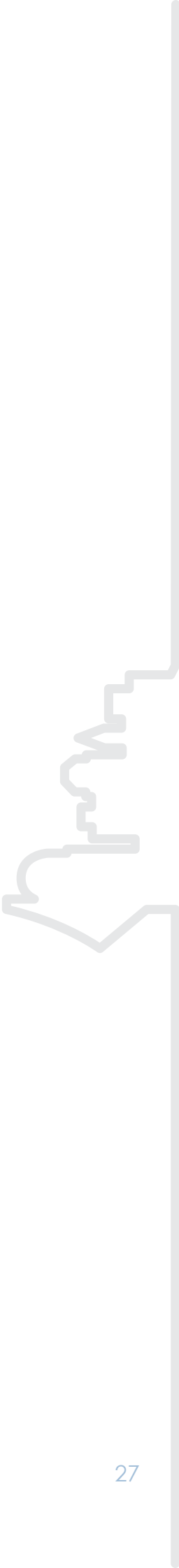
W5



In addition to the four components of MDPII, a new component was designed in response to

Gaza emergency needs following the-51day War on Gaza, started on July 7th and lasted until August 26th, 2014. The additional financing from WB, Danish Government, KFW and the Belgian Government in a total of US\$21 Million will be invested to restore municipal services and alleviate the dire situation of Gaza municipalities after nearly two months of continuous war producing both direct and indirect damages on the municipal sector estimated around US\$ 58.6 million. During the last quarter of 2014, MDLF has started the implementation of WB and MDTF additional financing by allocating the sub-grants to all Gaza municipalities where the majority of municipal sub-projects (71%) are either under implementation or completed, (12%) of the sub-projects are under procurement and (17%) are still in the pre-tendering phase. It is anticipated to start the implementation of the KFW and the Belgian additional financing late March 2015.





Furthermore, MDLF has kept the momentum of implementing ongoing Programs/Projects including: the (Local Government Reform Development Programme – “LGRDP” funded by the Belgian Government, the (Local Development Programme phase III – “LDP III”), , and the Gaza solid waste management project – “GSWMP” funded by the WB, Sida, AFD and EU.

Regarding the LDP III, it was designed in line with MOLG policies and initiatives to minimize the number of LGUs into bigger, efficient and effective ones through the process of amalgamation. In this context, MDLF has started the implementation of LDP III since 2013 where the study of feasibility and willingness to amalgamate and the study of Investment needs were finalized for the two clusters in the north WB. The work plan and the identification of the joint projects for all clusters were done. And the implementation of joint infrastructure projects in the north WB clusters has started.

Another programme falls under the same initiative is the (LGRDP) funded by the kingdom of Belgium. The LGRDP witnessed a noticeable progress during the reporting period regarding the support for reform and improved capacities and services in smaller LGUs as well as the MDP aligned component.

The year 2014 witnessed the launching of Solid Waste Management Program (GSWMP), which is considered as one of the biggest investment in Palestine aiming at improving the solid waste management services in Gaza Strip. This project will be financed by the WB, Sida, AFD and the EU in a total of US\$ 35.26 M, where more than %46 of Gaza inhabitants will benefit from the project. During the reporting period, no progress has been made regarding the project activities as outlined in the Project Operations Manual (POM) dated 05th February, 2014. However MDLF has initiated the procurement process for Design Revision, Construction Supervision and Contract Management which is expected to start in second half of February, 2015

Another initiative of reform for the local government system at the national level, is the “Local Government Policy Development Programme” (LGPD) funded by the Danish Government which was successfully completed by end of 2014. During the reporting period, the policy unit within MoLG has continued its tasks in monitoring the MoLG policies and strategies being implemented in the local government sector.



This report presents the activities and achievements of the MDLF programs and projects during the period from January 1st until December 31st, 2014. It intends to keep the Palestinian Government and other MDLF Partners informed about the various programs and projects and to highlight the future plans to reform and improve local government units for better quality of life for the citizens in Palestine.

2014

Jan

1st

Feb

Mar

Apr

May

Jun

Jul

Aug

Sep

Oct

Nov

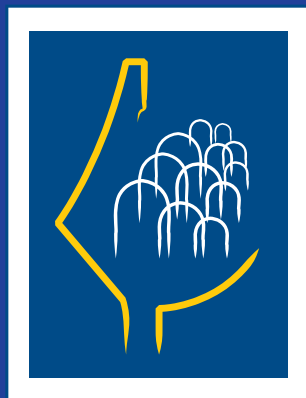
Dec

31st



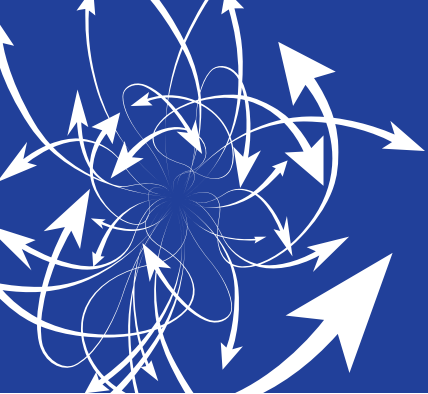
Dear Future I'm ready
For Better Life

MDLF



MDLF Institutional Development

- MDLF Strategic Dimensions (2013 – 2016)
- MDLF Capacity Development
- Outreach and Communication



MDLF Strategic Dimensions (2013 – 2016)

The focus of the present Palestinian National Authority (PNA) plans and policies is on preparation for the establishment of the Palestinian state. The local government strategy for state building builds on and extends the reform process outlined in the Local Government Reform Action Plan 2004 and the Local Administration Reform Process 2007, followed by the Cross-Sectoral Strategy for the Palestinian Local Governments (2011 – 2013), and the Ministry of Local Government's (MoLG) own Strategic Framework (2010-2014). To achieve that, the Ministry of Local Government has been slightly shifting towards legislative and guidance role, introducing new policies and adapting reforms in financial, administrative and planning aspects.

In this context MDLF has finalized its Mid-Term Strategic Plan (2013-2016) early 2013, where a framework for the MDLF strategic dimensions were derived from the overall national plans and policies regarding the LG sector development. The developed vision, mission, and values of the MDLF were translated into twelve (12) strategic objectives clustered according to three strategic themes. For each strategic objective, set of activities were outlined and the relevant performance indicators were identified. Thus the focus of the plan was tackling the following:

1

Contribute to the implementation of the national local government policies & plans:

Strategies include: contribution to policies, exploring lending opportunities, implementation and management of large scale infrastructure projects.

2

Empower Palestinian Local Government Units

Strategies include: Strengthening LGUs institutional systems towards better governance, strengthening LGUs role in local economic development, contribute to improved infrastructure and services, generate additional financing and rationalize expenditures and increase revenues, as well as promoting innovation in local governments.



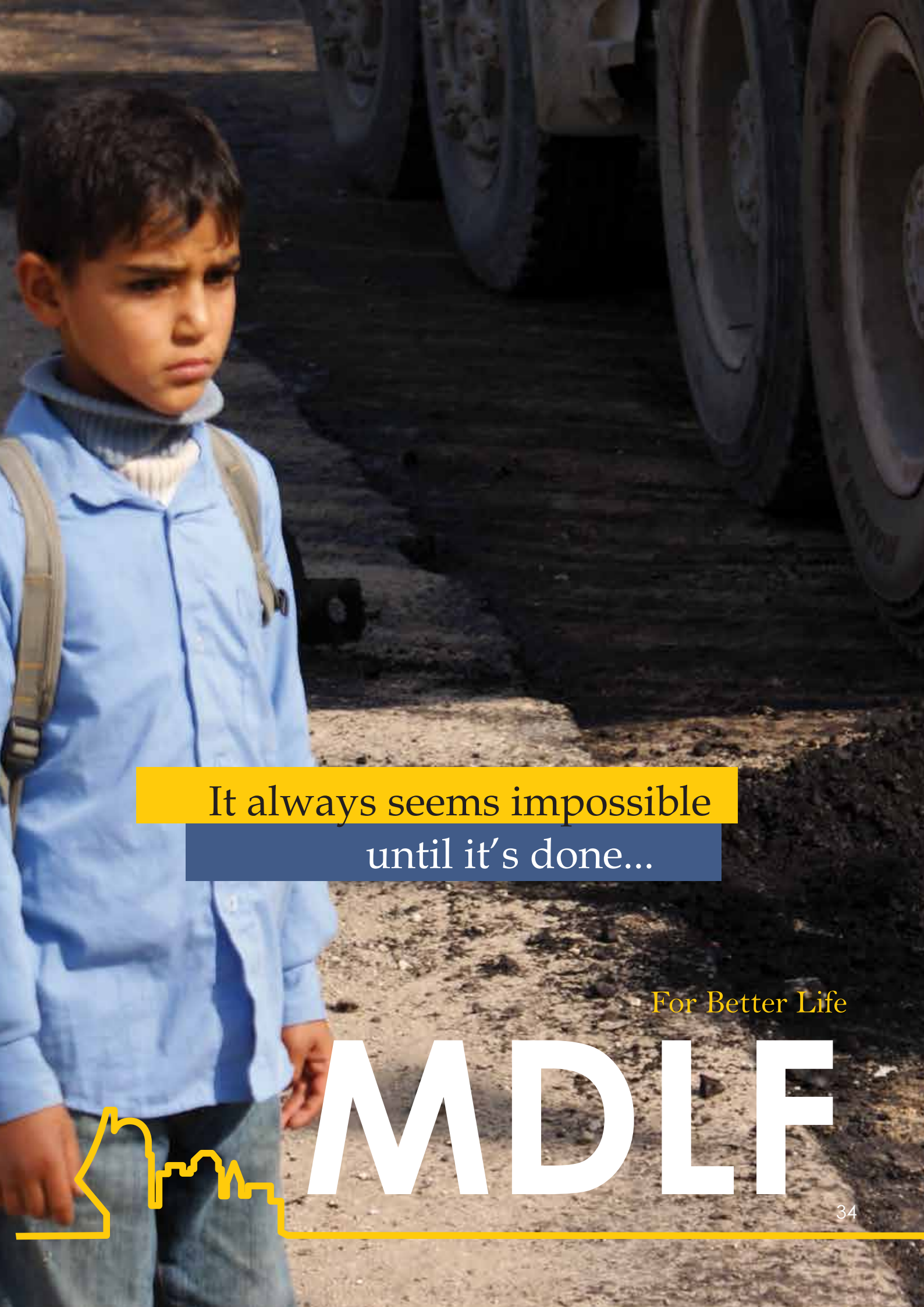
3

Strengthen the institutional development of the MDLF

Such strategies objectives will need that MDLF laws, rules and regulations are all completed and up-to-date, keeping qualified and committed human resources and that MDLF strengthen its role in conducting informative research and publish studies in the areas of municipal development, and give more attention for financial sustainability of MDLF through institutionalization of inter-governmental transfers.

It's worth mentioning that in identifying MDLF mid-term strategy (2013-2016), MDLF went into deep consultation with its Board of Directors (BoD) and executive management from one side and with municipalities and Ministry of Local government from the other side, comments and feedback from development partners were also considered in the process of formulating the midterm strategic plan of MDLF. The Plan was set to contribute to the existing national plans objectives and to benefit from lessons learned and surveys conducted at the local level. The following graph illustrates the main framework of MDLF mid-term strategic plan (2013-2016).





It always seems impossible
until it's done...

For Better Life

MDLF

MDLF Capacity Development



1

Human Resources Development



As outlined in MDLF's Strategic Plan (2013-2016), under the strategic objective (SO.08), a key issue is to maintain and develop the MDLF's human resources to maintain the level of proficiency and credibility, particularly, the capacity enhancement of middle management staff. To achieve that, MDLF has developed a training program for the MDLF employees where the following trainings took place during the year 2014:

- Youth participation in Local Governance
- Customer Relationship Management
- General English Course
- Local Government Capacity Award
- Supervision & management skills
- Office Management & Secretarial Skills
- Public Accountant
- Renewable Energy Leadership
- Arbitration Course

It is worth mentioning that MDLF used to prepare a training plan by end of each year based on the annual training needs assessment for the employees.

In addition to the above mentioned training, a retreat was conducted in Dec. 4th, 2014 in the dead sea-Jordan, to enhance the team spirit, to prepare the overall MDLF annual plan for 2015, and to have a training course in "Gender" as a cross cutting issue within MDLF interventions.



2

MIS Development

The year 2014 witnessed a noticeable progress regarding the E-archiving which has been functioning since 2013. The MDLF has allocated an archivist for this purpose who almost completed the archiving of MDPI files electronically. The MDLF has prepared a plan to upload all the MDLF historical information into the system during 2015.

Most importantly, the MDLF has published a web application survey regarding the municipal ranking update late 2014, the municipalities became capable to upload their data using the web and MDLF could be able to manage the municipal data within MDLF database efficiently.

Another activity which located within the context of IT development is the IT assessment and upgrade which was initiated late 2014. An individual consultant was hired for this purpose who finalized the mapping of hardware and software and put recommendation/solutions for future development towards E-MDLF and virtualization environment.



&

MDLF issued several printing materials throughout the year 2014, including: Brochure in Arabic and English about MDLF and MDPH, booklet of the mid-term Strategic Plan (2013-2016), Annual report 2013, Media Fact sheets.

MDLF media and promotional materials

Using different media tools, MDLF had conducted over two months period a campaign that included billboards, advertisements in newspapers, advertisements in Maan and Palestine TV's, launching events as well as dissemination of different printing materials. the directional signage, the interior signage and foam boards for MDLF were also designed in the same context.



Field Visits & meetings

during 2014, MDLF gave a special focus to reach out to municipalities in WB&G, headed by the DG as well as the executive staff, MDLF visited many municipalities and projects in West Bank to be able to have direct feedback on MDLF interventions



International Engagement

a mission from MDLF led by the Director General joined the Palestinian Official mission by His Excellency Dr. Saed AL-Koni to, Pretoria- South Africa 17th Feb., the purpose of this mission was to sign a cooperation agreement related to local government sector, and the possibility of benefiting from the South African experience on promoting financial decentralization for LGUs and developing governmental remittance towards the sustainable development.

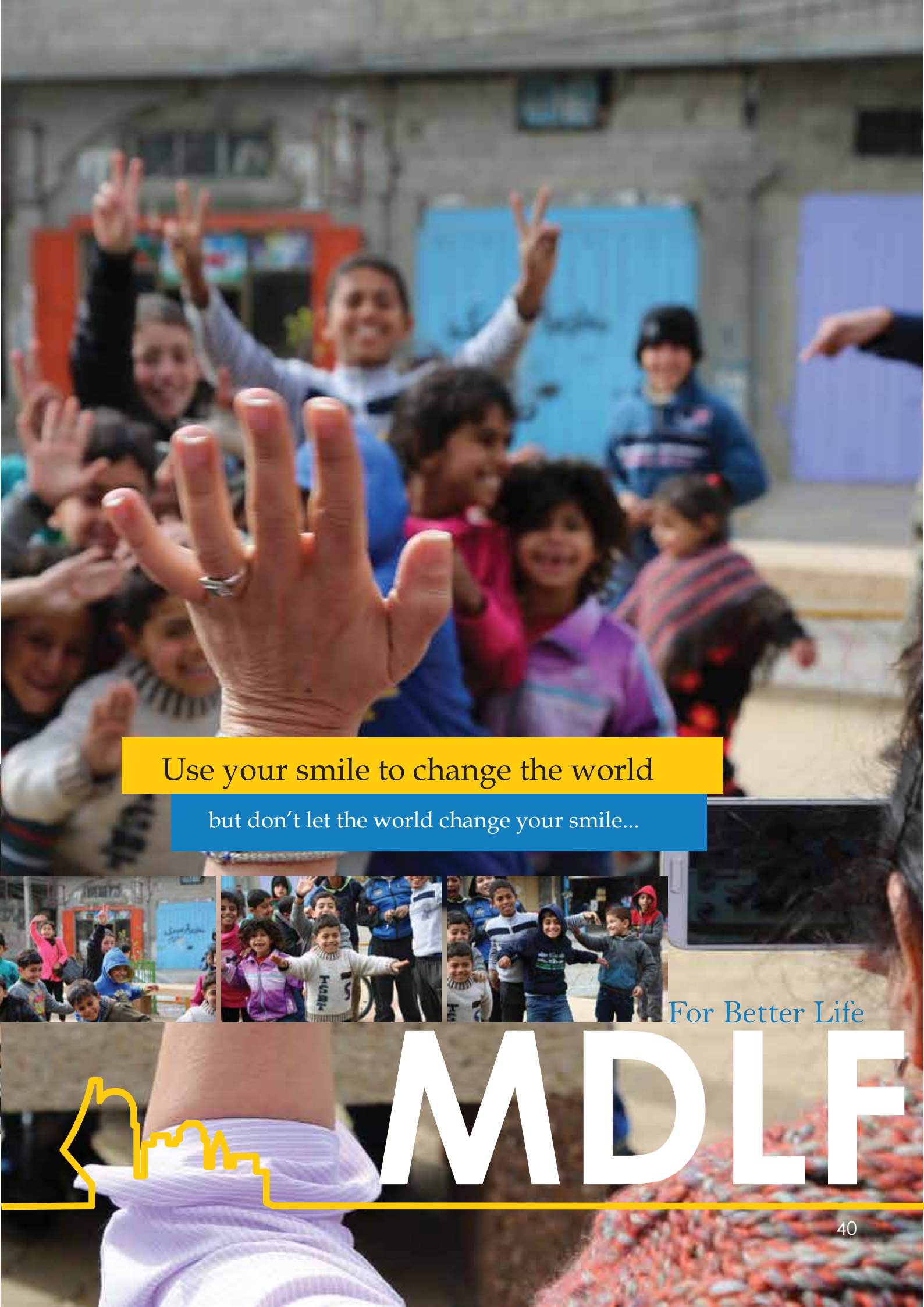
Events and workshops

MDLF through the year 2014 received several missions from different international and national organizations working in the of local government sector. Aiming at promoting collaborative approach, meetings with official delegations from South Africa, EU, World Bank,.... etc. Such meetings resulted in three new development partners joining the MDP (SDC and VNG and EU).

Receiving missions:

MDLF through the year 2014 received several missions from different international and national organizations working in the of local government sector. Aiming at promoting collaborative approach, meetings with official delegations from South Africa, EU, World Bank,.... etc. Such meetings resulted in three new development partners joining the MDP (SDC and VNG and EU).





Use your smile to change the world

but don't let the world change your smile...



For Better Life

MDLF



PROGRAMS / PROJECTS





■ **MDPII**
Municipal Development Program Phase II

■ **LDP III**
Local Development Programme Phase III

■ **LGRDP**
Local Government Reform Development Programme

■ **LGPD**
Local Government Policy Development

■ **GSWMP**
Gaza Solid Waste Management Project

Municipal Development Program Phase II





In 2009, the PA developed the Municipal Development Program which was supported by seven Donors (through the Municipal Development Program phase1 – MDP 1) to operationalize the local government goals of the Palestinian Reform and Development Plan (PRDP) which is to strengthen local government through greater fiscal and administrative autonomy. The MDP II was designed to align with the National Development Plan (2011-2013), which built upon PRDP local government goals by emphasizing the acceleration of fiscal decentralization and the promotion of community participation in local government. During 2012 the MDLF has finalized the preparation activities of the MDP II aiming at improving municipal management practices for better services delivery and municipal transparency. The development objective of MDP II builds on the MDPI achievements and introduces a focus on service delivery, which is a sector level goal of the MDP.

The MDP II adheres to laid out in the NDP, recognizing that a viable state requires transparent, effective, and accountable local governments. It is national program where the donors are jointly supporting their contribution in a harmonized approach using the same fund allocation system, criteria for project selection, implementation, and reporting procedures. This contributes to a sector-wide approach that supports the Palestinian National Authority in implementing a vision and strategy for the development of the local government sector.

MDP Description

The Municipal Development Program is a ground-breaking new effort in development and reform designed by the Municipal Development and Lending Fund (MDLF), under the guidance of the Palestinian National Authority. The MDP recognizes that the first step towards improving municipal services lies in better-managed and more accountable local governments.

The MDP provides infrastructure grants to Palestinian municipalities, and combines this with improved performance, and improved capacity in operations, planning, and financial capacity. Its cornerstone is the Grant Allocation Mechanism, a formula-based method for distributing funds to municipalities for capital investments based on needs, population, and good management practices. The MDPII will be implemented over the period of 3 years (2013-2016) in two cycles of approximately 18 months each.

The MDPII has four windows/components as follows:



Window 1

Municipal Grants

Provides municipalities with performance-based grants for municipal service delivery per mandate of municipalities defined in the Local Councils Law No. 1 of 1997, for sectors described as eligible in the Operations Manual as well as for operating expenditures for municipalities in Gaza. The municipalities allocation for this window will be calculated using the newly created Grant Allocation Mechanism. Municipalities decide on how to use the funds based on their Strategic Development and Investment Plans (SDIP) and consultation with citizens.



Window 2

Support to Municipal Responsiveness & Innovations

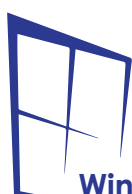
pilots learning and innovation for municipal development, including implementation of MoLG policy decisions. This window finances goods, works and consultant services for capacity building and capital investments, including:

(a) Strengthening Newly Amalgamated Municipalities

that will support newly amalgamated municipalities towards achieving service levels in existing municipalities through financing small-scale social infrastructure and demand driven municipal capacity building packages. It will finance goods, works and consultant services.

(b) Piloting Innovations for improved municipal responsiveness that will support:

- (i) Introduction of E-governance in four selected municipalities for more responsive service provision.
- (ii) Renewable Energy that will assist municipalities in piloting sub-projects with a focus on solar energy for public buildings.
- (iii) Support to Local Economic Development initiatives that will develop a municipal approach to LED and pilot the approach in 12 municipalities (6 per each cycle).



Window 3

Capacity Building

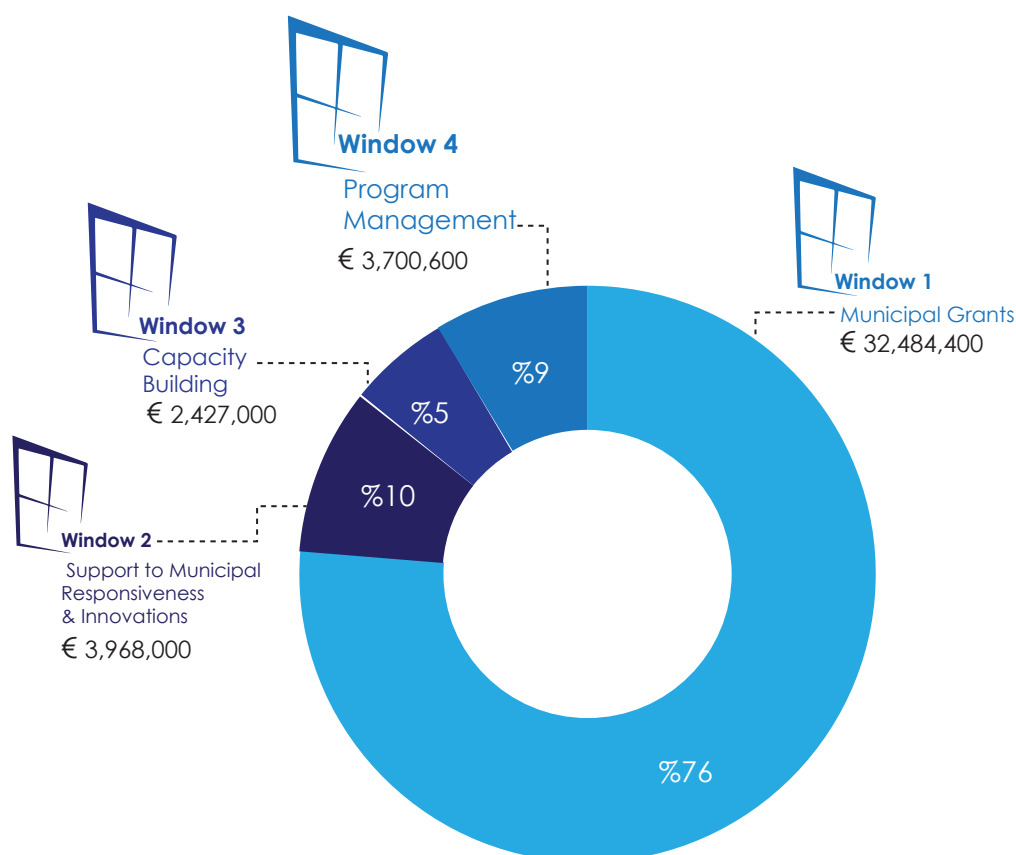
Helps municipalities to improve their performance rankings in accordance to the new Grants Allocation Mechanism. It provides technical assistance to improve financial management, planning capacities and technical capabilities, particularly in operations and maintenance. This component would finance goods, works and consultants services and would be implemented in two cycles of approximately 18 months each.



Window 4

Program Management

This component will finance goods and consultants services for monitoring and evaluation, outreach and communication and local technical consultants for the engineering supervision of sub-projects under window 1 and the MDLF management fee.



Distribution of MDP Fund Per Window (cycle 1)

Financial Partners Contributions

(excluding the emergency component to Gaza Strip)



The MDPII is supported by the Palestinian National Authority along with the Agence Française de Développement (AFD), the Danish International Development Assistance (DANIDA), the Swedish International Development Cooperation Agency (Sida), the World Bank, the German Development Bank (KfW), the German International Technical Cooperation (GIZ), the Netherlands (through VNG International) and the Switzerland (through SDC). Furthermore, the saving from the (KfW-MDPII) in the amount of Euro 398,440 was agreed with the KfW to be invested in window 1 of the MDPII– Cycle 1.

In addition to that, the Belgian Development Agency (BTC), has committed to support the MDPII through its ongoing program (Local Government Reform and Development Programme – LGRDP) in the amount of 2 million Euros for both cycles (one million per each).

The MDPII legal agreements were signed by the all financing partners except the AFD agreement for MDPII1-st cycle which is still under preparation and expected to be signed in August 2014. Table 1 below illustrates the funding amounts, the signature dates and the completion dates for the MDPII agreements, noting that some of them will be utilized over the two cycles of MDPII, such as (WB, MDTF, SDC, and VNG).



€ 400,000
June 27th , 2012
March 31st , 2015
for MDPII1-st cycle



December 19th , 2013
December 19th , 2016
for MDPII1-st cycle



€ 1,000,000
December 15th , 2014
December 31st , 2016
for MDPII1-st cycle



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10,000,000\$
July 7th , 2013
February 28th , 2017
for both cycles of MDPII

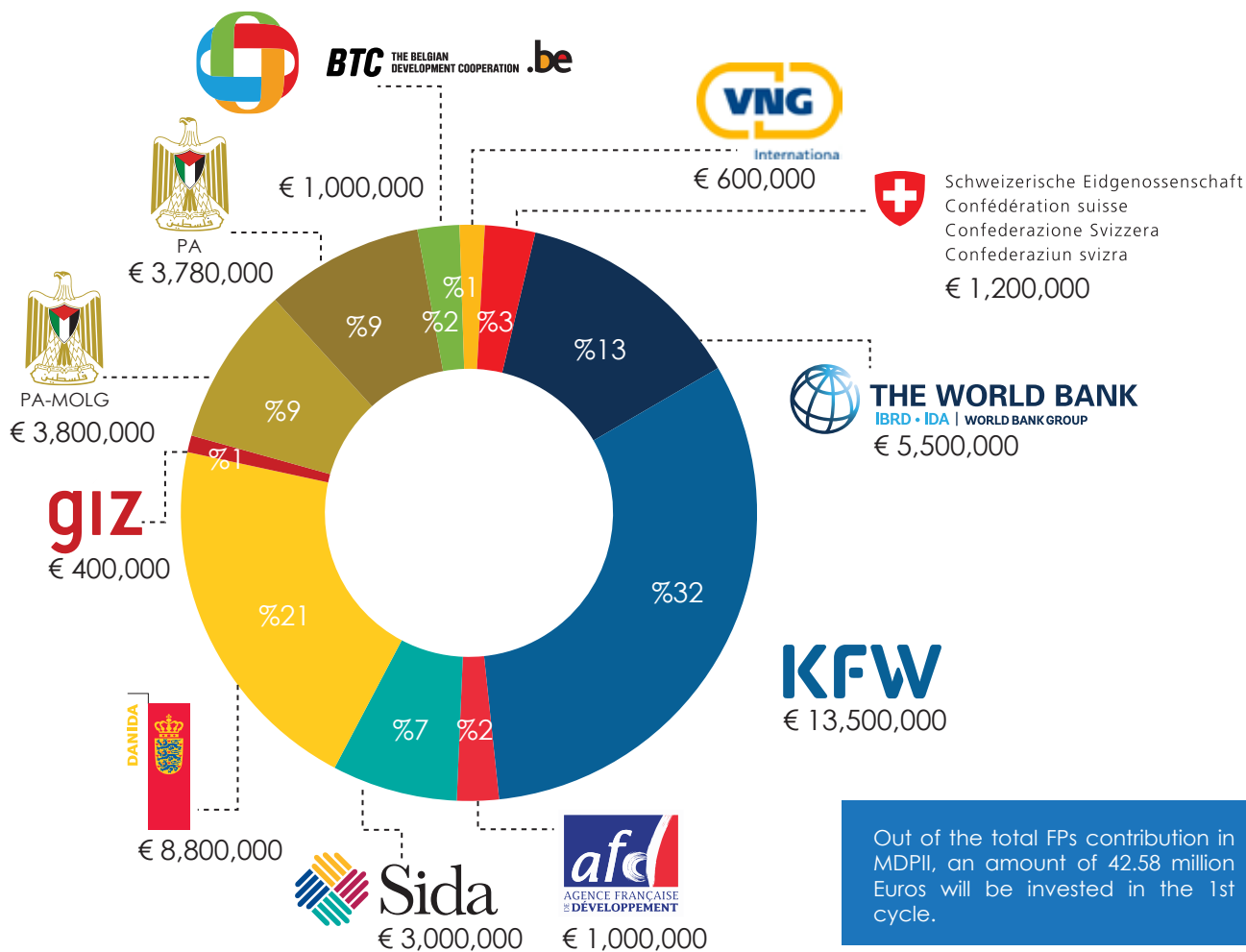


\$ 25,800,000
April 8th ,2014
June 30th , 2017
for both cycles of MDPII



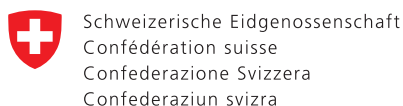
BTC THE BELGIAN
DEVELOPMENT COOPERATION .be

€ 2,000,000
For LGRDP
for both cycles of MDPII



Distribution of MDP Fund Per Donor (cycle 1)

Out of the total FPs contribution in MDPII, an amount of 42.58 million Euros will be invested in the 1st cycle.



10,000,000\$
September 4th , 2013
March 31st , 2016
for both cycles of MDPII



€ 1,200,000
July 1st , 2013
December 31st , 2016
for both cycles of MDPII

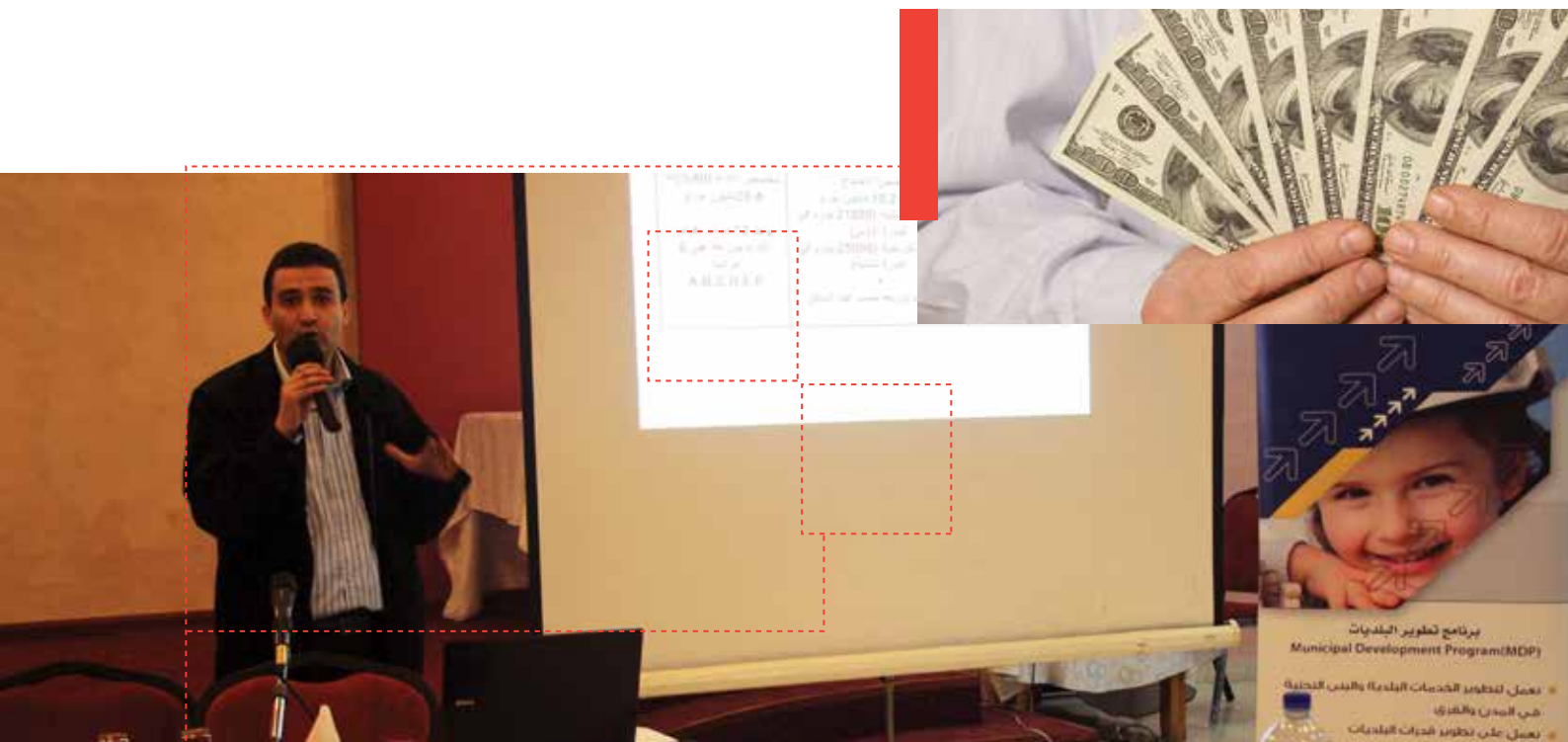


NIS 20,000,000
for MDPII-1st cycle
€ 5,330,000



%10 of all funds
excluding (the BTC contribution)
for MDPII-1st cycle





The Grant Allocation Mechanism

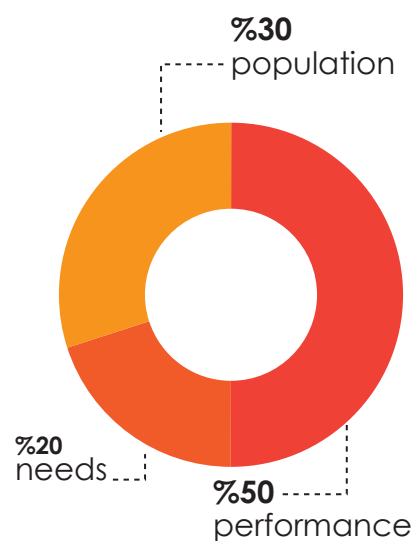
(excluding the emergency component to Gaza Strip)

The Grant Allocation Mechanism is the most important element of the MDP. This is the first time a performance-based formula has been used in conjunction with infrastructure grants in Palestine. The MDLF and the FPs agreed that the final allocation formula would be %50 performance, %20 needs and %30 population, this new formula will be the basis for fund allocation for MDP II/ window 1.

In regards to the graduation ladder as well as the key performance indicators, and after having long discussions between MDLF, MOLG and the Funding Partners, it was agreed that the graduation ladder will be 11 levels

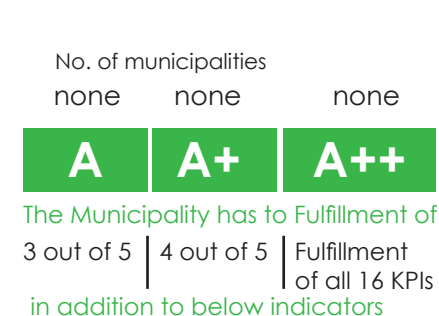


Within each ranking level (E, D, C, B and A) specific key performance indicators were identified which reflect the municipal performance in financial management, planning, social accountability and municipal services provision. Funds are allocated based on ranks; municipalities with higher ranking will be eligible for more funding than those with lower ranking. Prior the start of MDP II and early 2013, a base line survey was conducted to assess the municipal performance in accordance to the new ranking system. The MDP works closely with municipalities through its capacity building packages to help them graduate from lower levels up to a higher ranking levels.

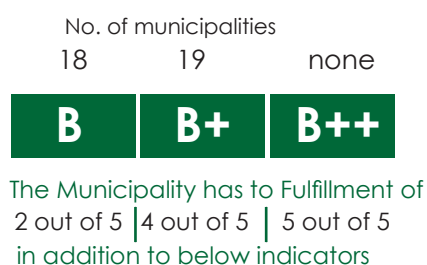




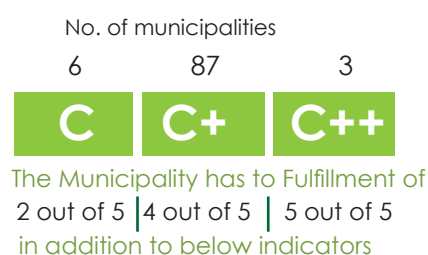
Grants Allocation Performance Indicators



1. Substantial Operation and Enterprise Account Surplus. (more than 15 %)
2. Unqualified External Audit
3. Use of an Integrated Financial Management System IFMIS
4. Satisfactory Service Quality (Timely delivery of building licenses and clearances; Provided public green space per capita)
5. Good Collection Efficiency and own Revenue Generation (Specified own revenues > 100 NIS per capita or %10 above last two years' average)



6. Substantial Operation and Enterprise Account Surplus (more than %5).
7. Fixed Assets Register in place and updated
8. Operation and Maintenance Plan in place and updated
9. Public disclosure of all municipal investments, SDIP execution, and external audit reports
10. Satisfactory Collection Efficiency and own Revenue Generation (Specified own revenues > 50 NIS per capita or %5 above last two years' average)



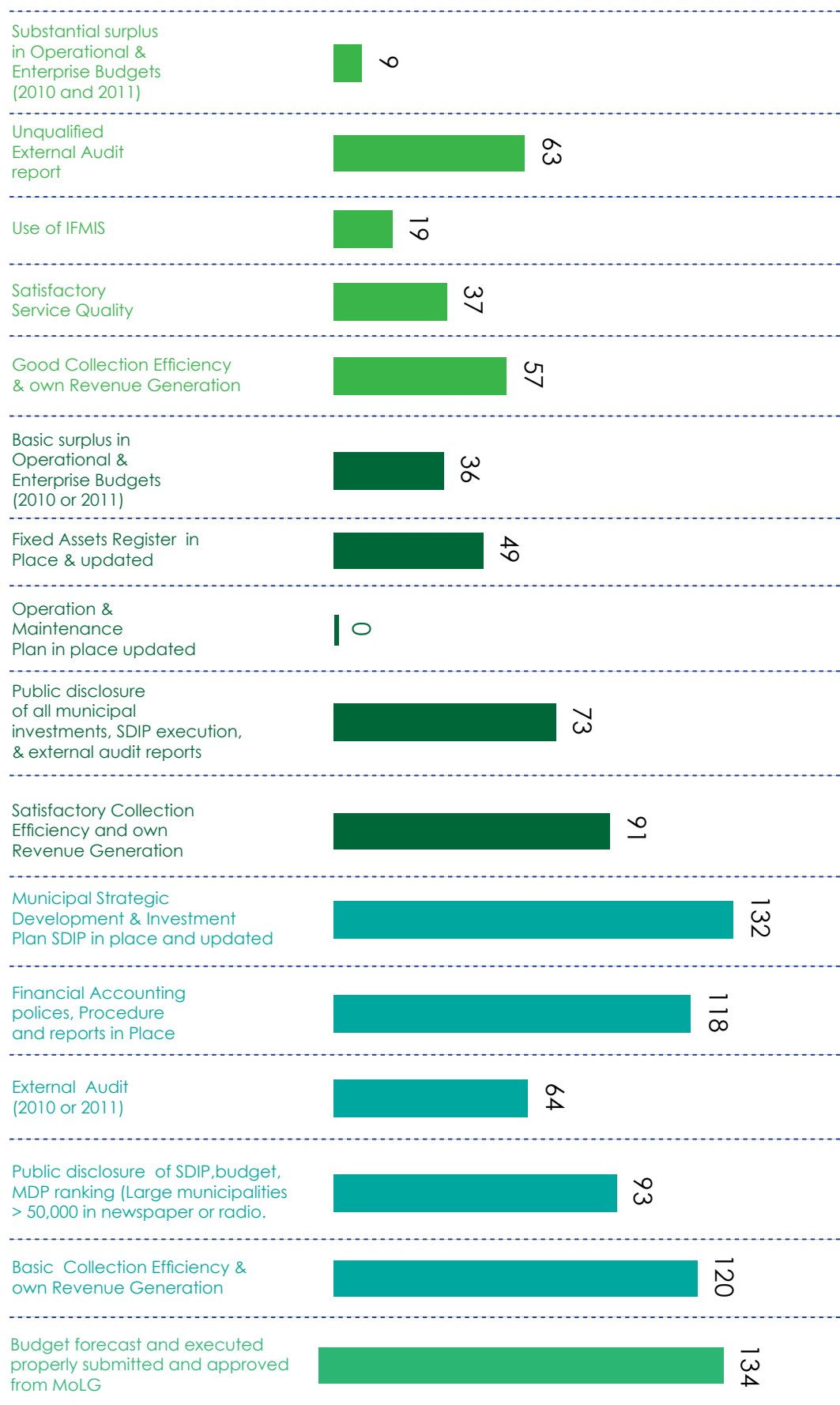
11. Municipal Strategic Development and Investment Plan SDIP in place and updated.
12. Financial Accounting Policies, Procedures and Reports in place.
13. External Audit according to minimum standards
14. Public disclosure of budgets, SDIP plan and ranking
15. Basic collection efficiency and own revenue generation (Specified own revenues > 25 NIS per capita or above last two years' average)

1
D

Budget forecast and executed properly submitted and approved by MoLG

1
E

Minimum requirements not fulfilled





MDP II Implementation, Status & Activities

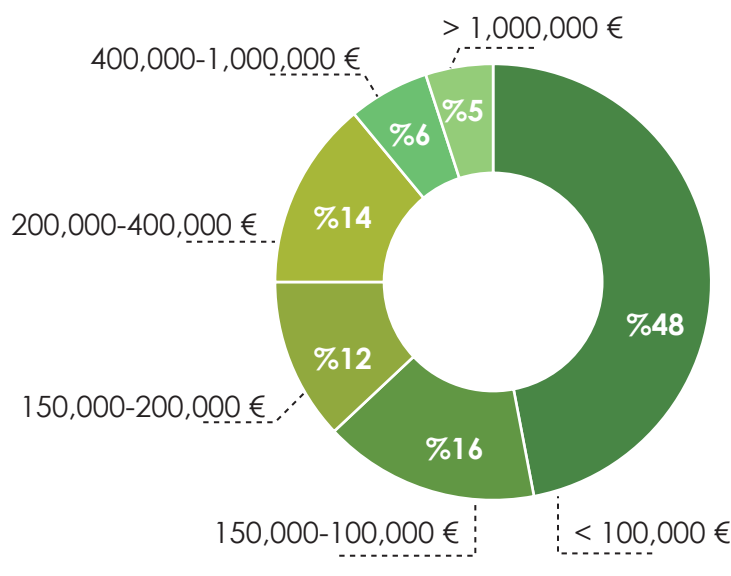


Window 1

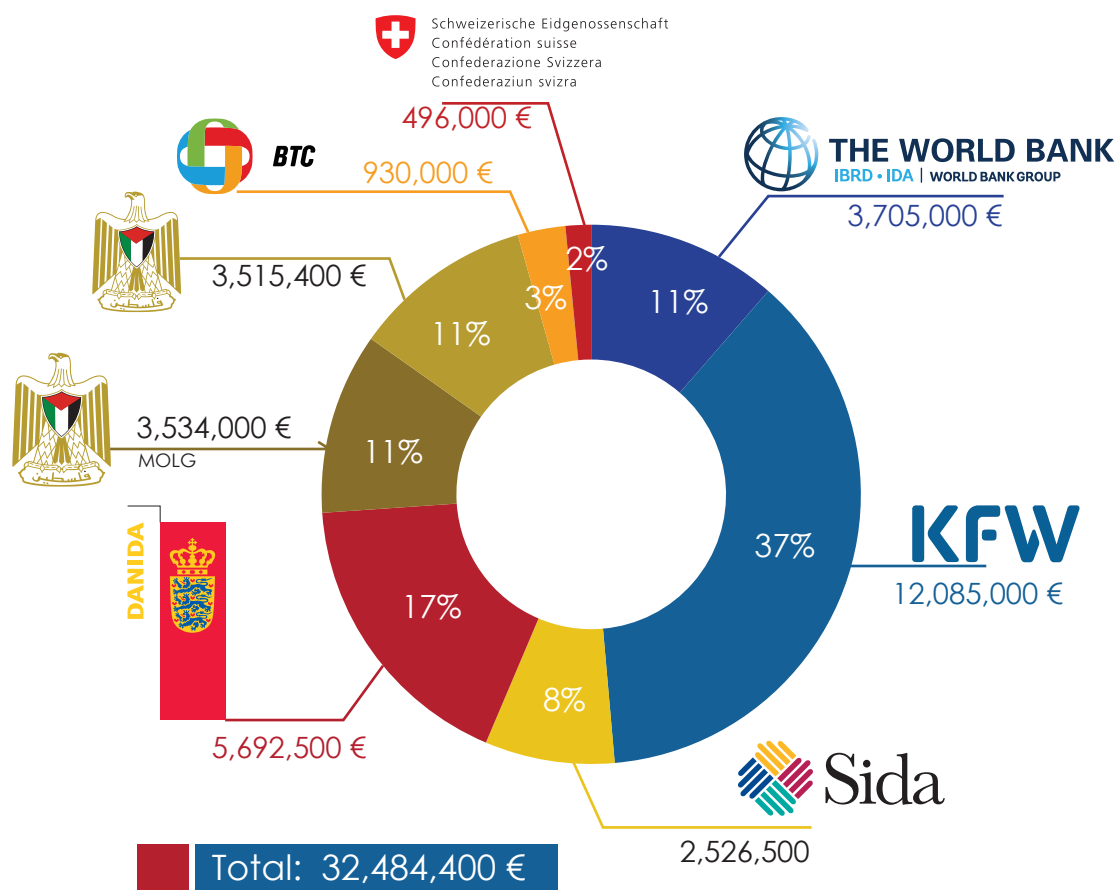
Municipal Grants



This Component allocates performance-based grants for capital investments in municipal service provision and for operating expenditures specially for Gaza municipalities, and will be financed by the majority of FPs. It will be implemented in two cycles of approximately 18 months each. The municipalities performance is determined by 16 good governance indicators, based on which municipalities are ranked from A through E, and the municipalities allocations were calculated using the new criteria for MDPII (%50 performance, %30 population, %20 needs). Where the total allocated amount for this component is equal to 32,882,840 Euro: (32,484,400 Euro) from MDPII and (398,440 Euro) from MDPI-KFW residual fund.



Based on the allocation formula, the majority of municipalities (48 %) were allocated less than EUR 100,000; around %16 was allocated EUR (150,000-100,000); around %12 was allocated EUR (200,000-150,000); around %14 was allocated EUR (400,000-200,000); around %6 was allocated EUR (1.0-400,000 million) and around %5 was allocated more than EUR 1.0 million.

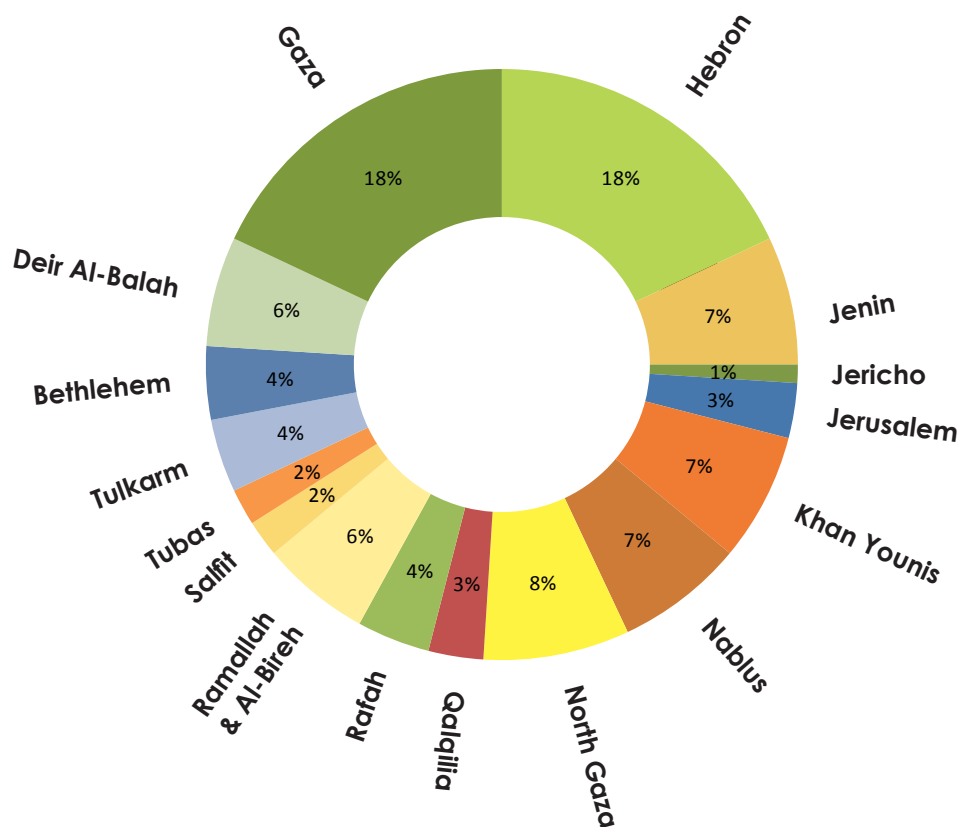


Distribution of MDPII-W1 Fund Per Donor (cycle 1)



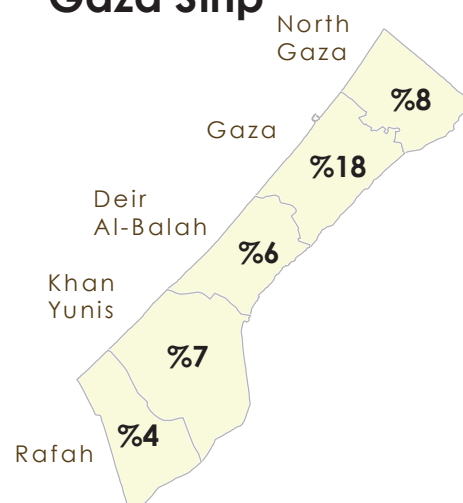


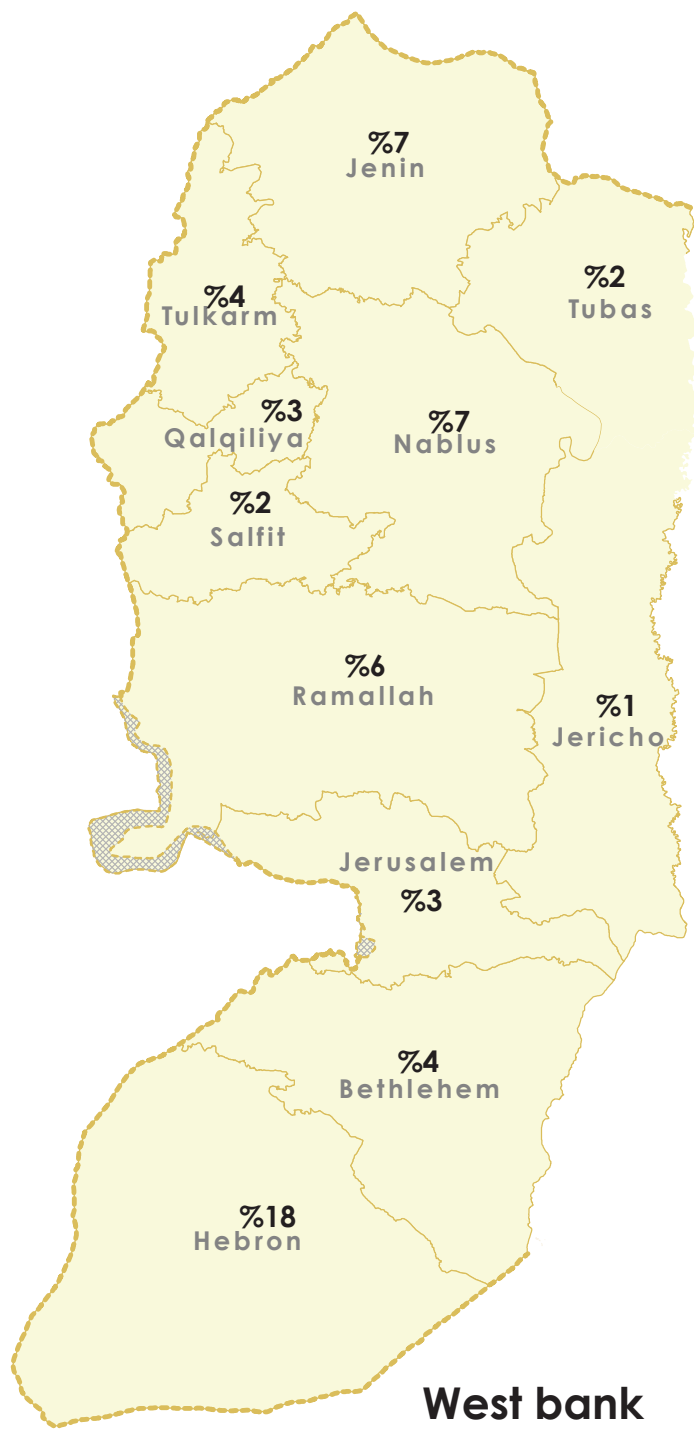
The municipalities were informed about their allocation in August 2013 and they were asked to apply for their investment priorities using a standardized application form published on the web. The municipalities started filling out the application forms since September 2013 where MDLF had conducted 4 orientation workshops attended by all municipalities in WB&G. During the workshops MDLF presented the updated ranking, infrastructure application forms, Environmental and social Management Framework (EMSF), Cost-Benefit Analysis and the Energy Efficiency manual. MDLF had also presented the lessons learnt from the MDPI implementation regarding the infrastructure priorities, procurement and bidding documents.



One of the major obligations of MDPII is to conduct site visits to the municipalities during the appraisal stage. A great effort from MDLF was made by conducting such visits on weekly basis. The executed site visits were conducted in the stage of request for application form where MDLF had the chance to meet with the municipalities' representatives, assist the municipalities in filling the standardized application forms, visit the projects sites and document that with photos.

Gaza Strip





MDLF had received almost all the filled application forms from all municipalities late 2013, the applications/proposals were subject to revision and appraisal from the technical, social and the environmental point views to ensure the compliance with the regulations and guidelines as per the updated operational manual.

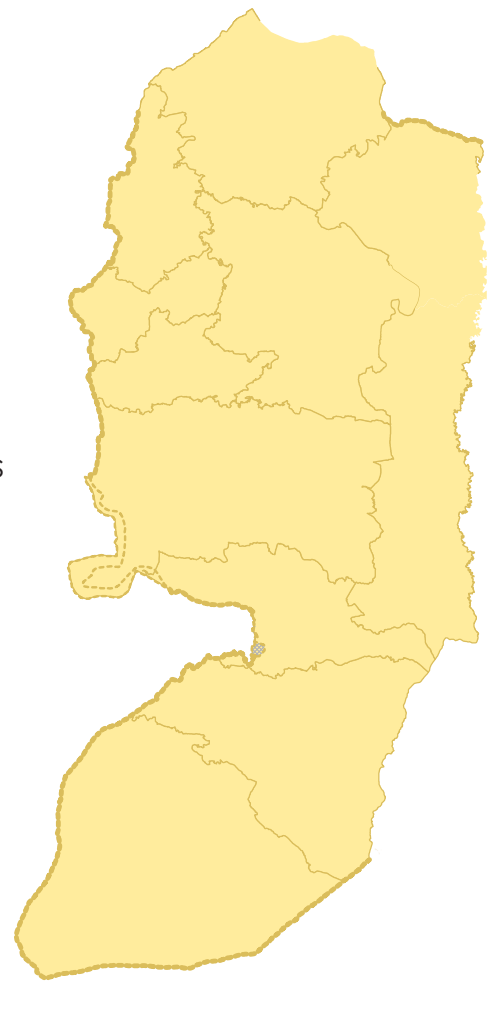
In the same context, 142 sub-projects proposals were received from 110 municipalities in the West Bank in a total allocation (EUR 18,676,527) and 228 sub-projects proposals from 25 municipalities in Gaza Strip in a total allocation (EUR 14,206,314).

West Bank

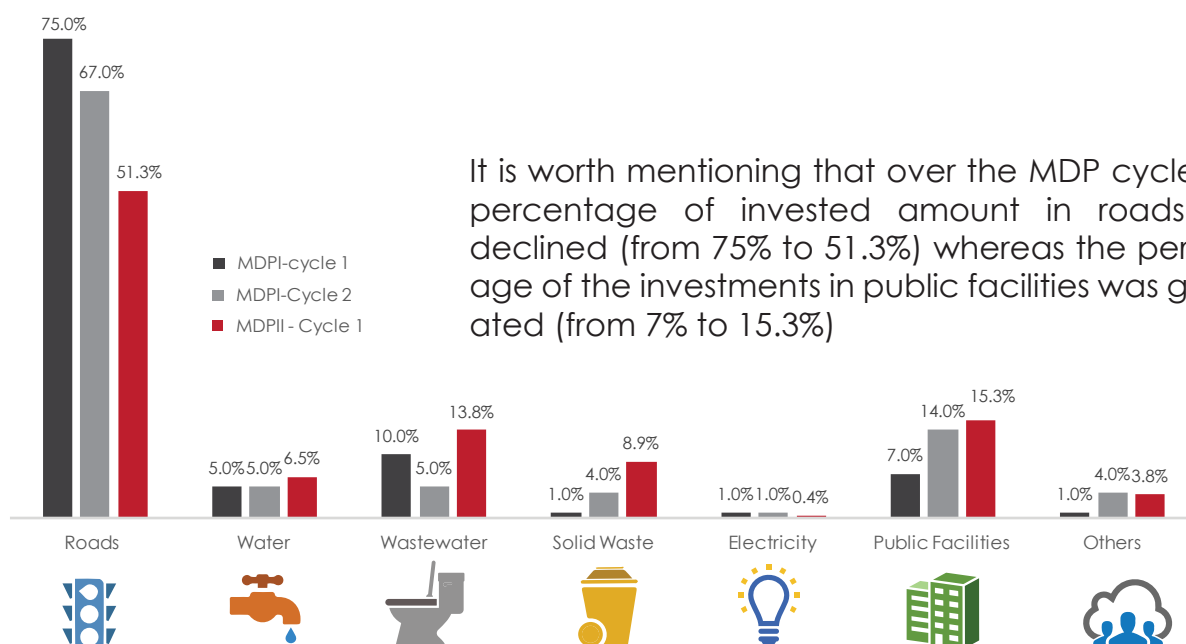
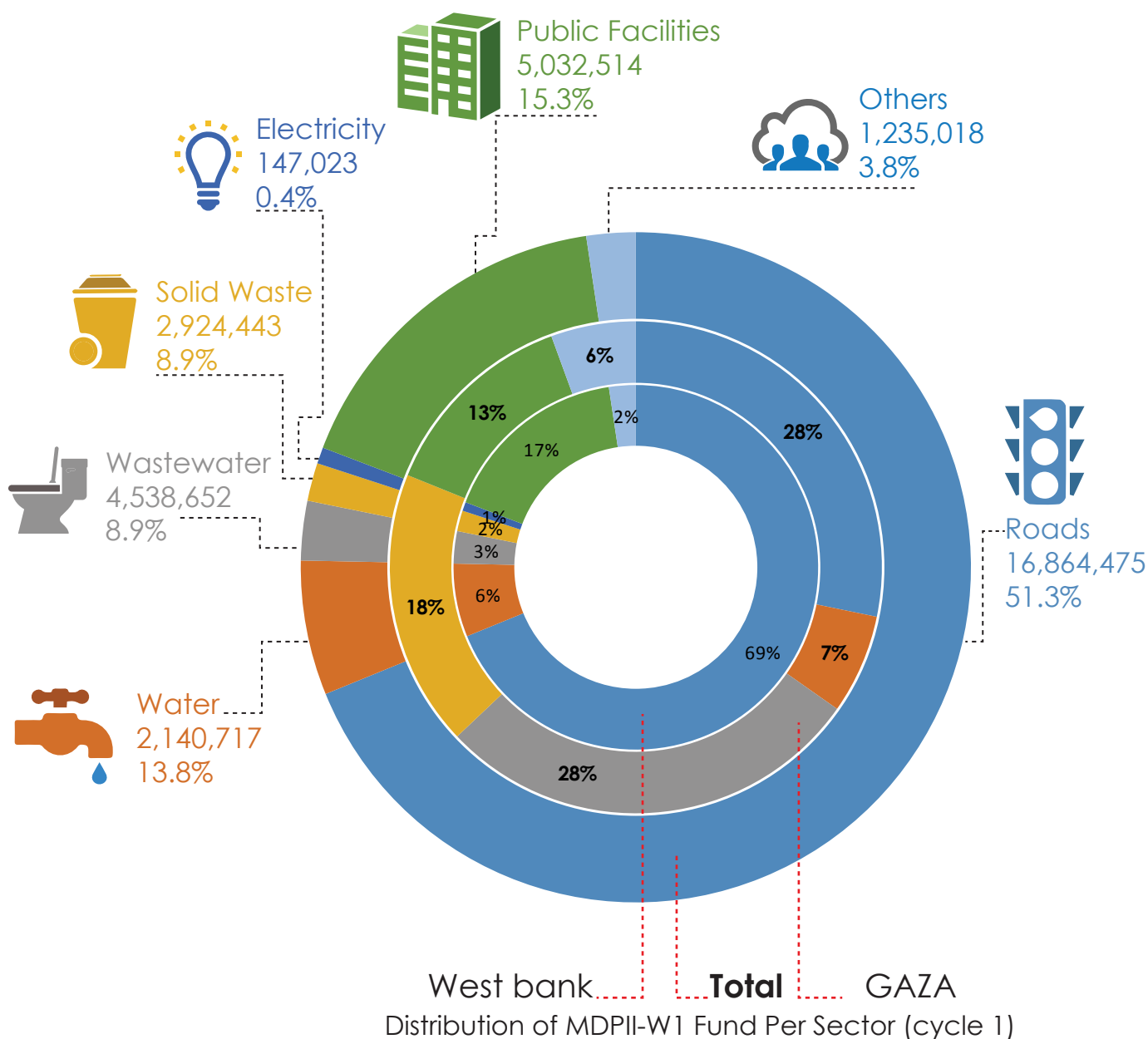
142 sub-projects
110 municipalities
18,676,527 €

Gaza Strip

228 sub-projects
25 municipalities
14,206,314 €



A quick look into the submitted sub-projects proposals reveals that (51.3%) of the W1 allocated fund will be invested in road projects. The second sector is the public facilities (15.3%) including municipal buildings, libraries, community centers, and public parks. The third needed sectors is Wastewater in a percentage (13.8%) followed by solid waste (8.9%) and water (6.5%).



Percentage of W1 Allocation per Sector over the MDP cycles



ESMF Modification and Update

The Environmental and Social Safeguards "ESMF" was subject to modification and update to reflect the needs of having more focus on the environmental aspects in MDPII sub-projects as one of the lessons learned from MDPI as per the following:

- The ESMF must be included in the tender documents, so that potential bidders are aware of the environmental and social performance standards expected from them and are able to reflect that in their bids.
- The bidding documents should have section for ESMF compliance where a breakdown for the cost of noncompliance with mitigation measure should be attached.
- The ESMF became essential part of the works contracts upon its conclusion and their implementation is mandatory for the contractors. The Municipality, as an owner of the construction works, will be responsible for enforcing compliance of the contractors with the terms of the contracts, including adherence to the ESMF.
- For minor infringements and social complaints, the contractor will be given environmental and social note/ stop and alert to remedy the problem and to restore the environment. If the action done by the contractor is satisfactory to the supervisor engineer no further actions will be taken.
- If it is not done during a given time, the Municipality Engineer in cooperation with Local Technical Consultant will stop the work and give the contractor an environmental and social note and financial penalty according to the non-complied mitigation measure depicted in the bidding document. This penalty will be deducted from the contractor final invoice.
- If repeating the noncompliance to ESMF penalties approached (3-5) % of the contract value, the Municipality Engineer will raise the formal recorded environmental and social notes and the deduction history to MDLF in order to take a legal action.





Status of W1 sub-projects

The implementation of W1 – 1st cycle sub-projects in the West Bank and Gaza witnessed a noticeable progress where the overall status can be illustrated below.

Status	No. of projects	Allocation (Euro)	Percentage
Mun. review	30	4,475,918	%13.6
MDLF review	2	118,889	%0.4
LTC Review	0	0	%0.0
Tendering	16	1,437,046	%4.4
Evaluation	3	604,142	%1.8
Awarded	2	385,674	%1.2
Ongoing	85	12,273,035	%37.3
Completed	232	13,588,136	%41.3
Total	370	32,882,841	%100

30 sub-projects are under revision by the Municipalities with total allocations (4,475,918 Euros) amounting (13.6%)

2 sub-projects are under revision by the MDLF with total allocations (118,889 Euros) amounting (0.4%)

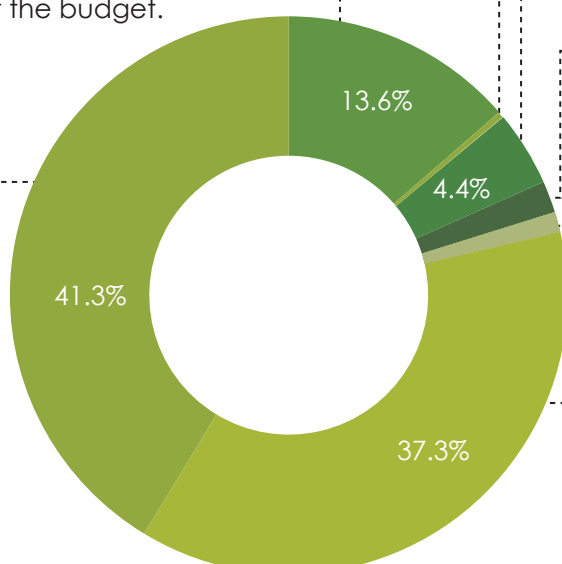
16 sub-projects are under tendering with total allocations (1,437,046 Euros) amounting (4.4%)

232 sub-projects out of 370 were completed with total allocations (13,588,136 Euros) amounting (41.3%) of the budget.

3 sub-projects are under evaluation with total allocations (604,142 Euros) amounting (1.8%) and expected to be awarded in February 2015.

2 sub-projects are awarded with total allocations (385,674 Euros) amounting (1.2%).

85 sub-projects are ongoing with total allocations (12,273,035 Euros) amounting (37.3%).



annex

For more details on W1 please see annex A



Window 2

Municipal responsiveness

Support to Municipal Innovations & Efficiency



Piloting Innovations

- e-governance
- Renewable Energy
- Local Economic Development

Strengthening Newly Amalgamated Municipalities

Piloting Innovations

Funded by the WB



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Piloted in 4
municipalities

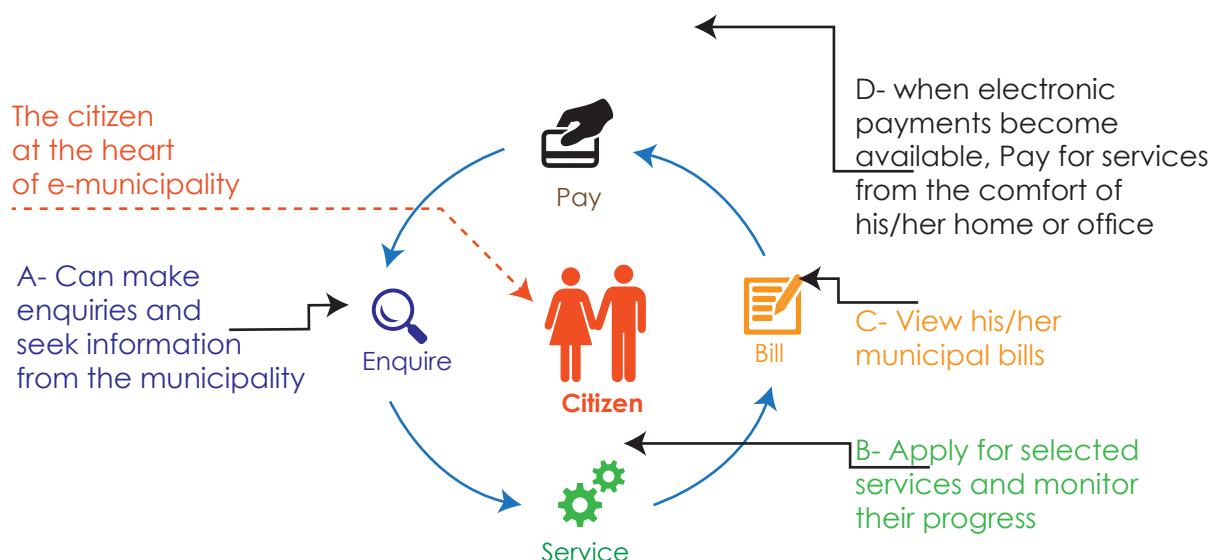
Introduction of e-governance

The purpose of e-Governance is to utilize advanced information and telecommunication technology (ICT) to deliver services and information to citizens.

The benefits from this approach include but not limited to:

- improved efficiency and quality of public services.
- reduced cost and overheads for both citizens and municipalities
- improved transparency regarding the municipal services delivery

The E- Municipality will employ the Internet for delivering services and information to citizens. It promotes knowledge sharing; enhances awareness and accountability in service delivery (specifically e-licensing, e-participation.....etc.).



This project will be financed by the WB and will be piloted into four selected municipalities in the West Bank (Beit Jala, Halhul, Anabta and Beitunia). It is worth mentioning that this initiative will be implemented as per the following:

Phase I

is the preparation for the E-municipality which includes:

- Initial screening, web application survey, field investigation, readiness assessment.
- Pilot selection (4 pilot municipalities in West Bank)
- Requirement capture and TOR preparation
- Vendor selection

Regarding the implementation status of this project, MDLF had almost completed phase I where the readiness assessment was done, the pilot municipalities were identified (Beit Jala, Halhul, anabta and Beitunia), the TOR along with the functional requirements was developed and cleared by the WB, the EOI was advertised and the short-listed companies were asked to submit their technical and financial offer. It is anticipated to contract the software company for developing the EMS by end of March 2015.

Phase II

will be the development of the e-Municipality software (EMS), and the testing and deployment of the EMS at the target municipalities. It is anticipated to complete phase II by end of December 2015. It is worth mentioning that the needed hardware will be installed at the target municipalities during this phase.

Phase III

A promotional activities and awareness will be conducted including the booklet (Arabic and English), and orientation workshops to disseminate the results of the EMS. This is expected to be conducted by January 2016.



Renewable Energy

Solar Photovoltaic Pilot Project “REPP”



This project will be funded by the WB and will be piloted in 9 municipalities in West Bank and Gaza. The renewable energy pilot project (REPP) aimed to install 100KWp of solar Photovoltaic on municipal buildings roof tops for the pilot municipalities in WB&G, where the piloted system is expected to reduce the municipal building electrical load in range of (90-20)% and minimize the operational expenses on energy. The pilot project is also considered an awareness and knowledge passing for municipalities and citizens.

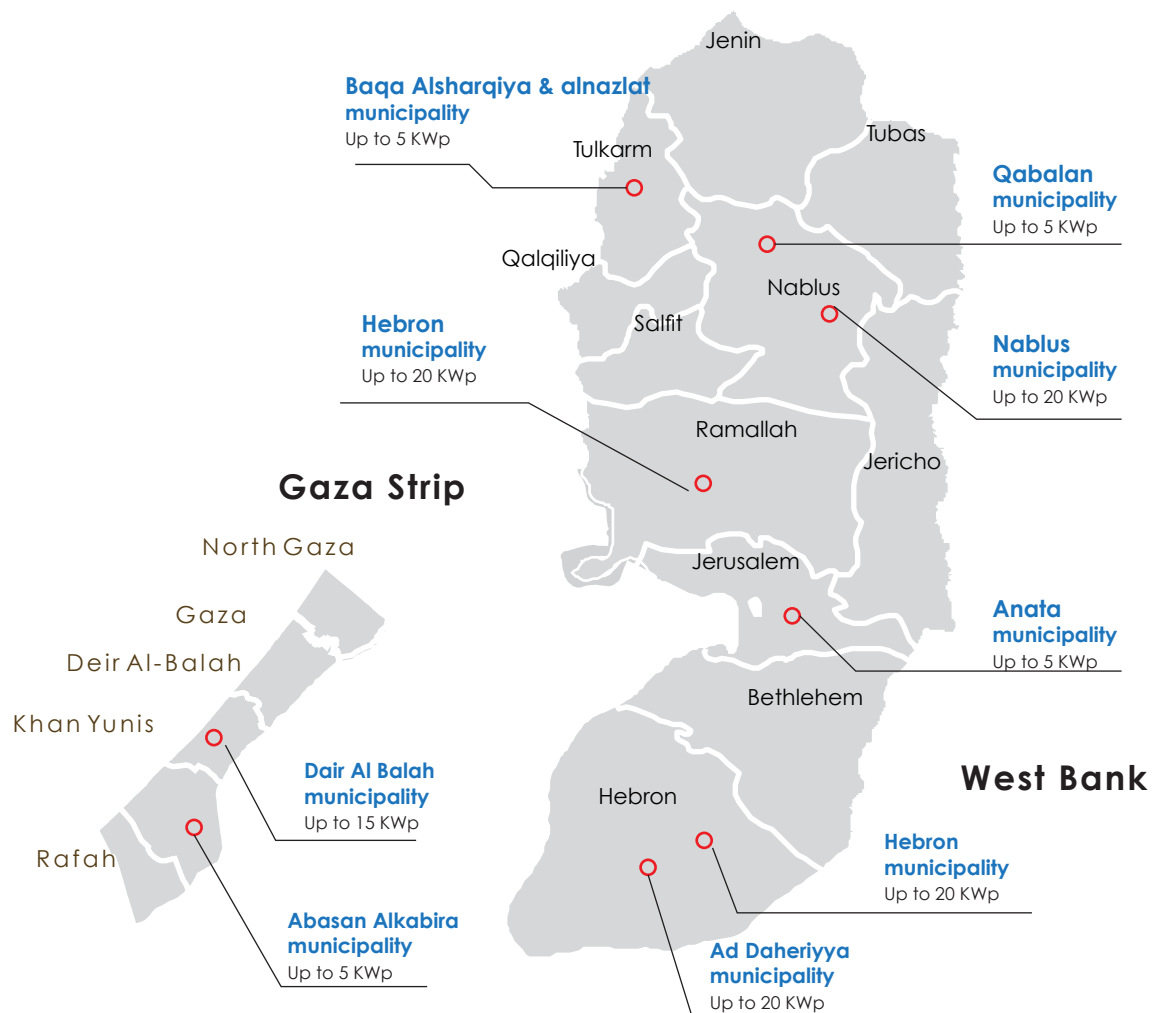
A feasibility study for this initiative was prepared, its outputs show that the project will be feasible to be conducted in West Bank by connecting the PV system on grid to produce 100KWH of electricity ranges between 5 and 20 KW according to the size of municipality, considering a payback of 6 years based on the best scenario of agreements with the electricity distribution companies, while the worst might exceed 8 years. On the other hand in Gaza Strip, due to the current and continuous electricity outage the feasibility study has proved that Hybrid system (off-grid with option to use the grid as back feed to charge the system batteries when the solar input is offline) is feasible and the payback period of the system would be 8.4 years with RoR of %12.3.

The project stages and progress

Feasibility Study: had been accomplished within MDP phase I, and its results had been disseminated for municipalities in August 2013.

Application form had been prepared and Municipalities were invited to submit their application until November 25th, 2013. MDLF received 61 application in West Bank and 11 application in Gaza Strip.

The design, supply & installation and capacity building for municipalities was distributed over coherent assignments:



Selected Municipalities For Solar Photovoltaic Pilot Project

- Individual Consultancy services to provide the technical support including technical evaluation of applications, verification of evaluation, design and prepare bidding documents in addition to support municipalities gaining license,... etc. Furthermore to provide capacity and awareness for municipal employees during the project period. This stage of consultancy service in West Bank has started since November 21st, 2013. However, the contract for Gaza was signed end of January 2014.

The this consultancy assignment the evaluation of applications has been accomplished considering the following Selection criteria resulting the selection of municipalities for this pilot:

- The penetration factor,
- The space availability,
- The shade,
- The building use,
- Separate Electrical meter,
- Working hours,
- Technician availability, and Load separation for Gaza Strip.

- Regarding the Supply and Installation of Solar Photovoltaic system in WB, the contract was signed on October 26th 2014, and the project is under implementation. However, the Supply and Installation of Solar Photovoltaic system for Abbasan AlKabera and Deir AlBalah in Gaza Strip is still under procurement and expected to be contracted mid-February 2015.

Further steps are: Monitoring and evaluation of the project components, awareness to the selected municipalities, in addition to result dissemination.

Local Economic Development



Institutionalizing LED in municipalities (VNG)

- Reviewing current structure and legal.
- Institutionalize LED Departments in the municipalities by initiating new LED department or integrating LED in an existing department in the structure of the municipality. The choice will depend on the size existing structure of the Municipality.
- Developing LED Plans for 4 municipalities: Ramallah, Al-Bireh, Tubas, Al-Samou' (VNG),

Capacity Building for the municipality in handling LED projects (VNG)

- Orientation Workshops for the Mayors' of the selected municipalities on the LED concept.
- Training sessions for the municipalities' Employees on LED; how to handle LED in their municipalities and How to implement LED projects.
- Under increasing the capacity building for MDLF staff, training sessions regional (Amman) and international (Netherlands).
- Under this theme, 5 municipalities will be supported in cycle 1 as per the following:

Ramallah municipality	Developing LED Plan
Albeireh municipality	Encouragement of Investment & Development in Albeireh
Assamou municipality	Improve capacity building department for LED
Birzeit municipality	Tourism Path
Tubas municipality	Improve capacity building



Feasibility Studies for economic projects (VNG,AFD)

Under this theme the following feasibility studies will be conducted:

Tubas Municipality	Economic consultant is currently being hired through the common procurement process for Tubas Industrial Zone. (VNG)
Ramallah Municipality	will conducted 2 feasibility studies for 2 different projects (result of LED Plan /VNG).
Ramallah Municipality	Al Manara Complex Project (AFD)
Al Bireh Municipality	Al Bireh Touristic Canal Project (AFD)
Al Thahriyeh Municipality	International Football Stadium Project (AFD)
Jenin Municipality	Parking Garage (taxis & buses) with commercial center (AFD).
Hebron Municipality	solar energy project (AFD).

Strengthening Newly Amalgamated Municipalities



Funded by the MDTF

This sub-activity will be funded by the MDTF (Danish fund) which provides support for post-amalgamation, e.g., for community development, social activities and capacity development in the amount of (EUR 1.7 million). More specifically, (EUR 1.5 million will be distributed among the newly amalgamated municipalities using the new allocation criteria and EUR 0.2 million will be invested in the capacity development activities for the target municipalities)

In addition, this activity will provide (EUR 0.4 million) to support communities which were integrated into adjacent municipalities using the population criteria and will be invested in eligible sectors including road safety, sanitation, primary health care, culture and public parks.

9 municipalities will be covered (East Bani Zaid, Baqa Al Sharqeyya, Azzaytuna, Al Ittihad, Al-Kafriyyat, Al-Muttahida, Al-Yasiriyya, Marj Bin Amer, and Janata).

Projects under this sub-component are expected to:

- Reduce the emergency needs raised from amalgamation process.
- Improve the citizen's satisfaction with the performance of the amalgamated municipalities.
- Reduce the services gap between the LGUs formed the amalgamated Municipalities.
- Enhance the Sustainability of the amalgamated Municipalities.

MDLF had sent a letter to the target municipalities informing them about their allocations and asked them to fill out the application forms late May 2014. MDLF received the filled application forms by end of July 2014 and finalized the appraisal stage late September 2014.

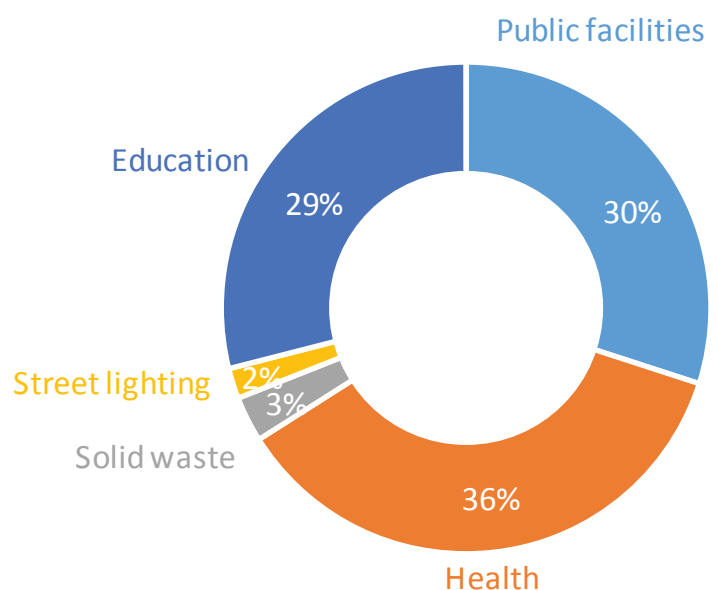
17 sub-projects proposals were received from 9 amalgamated municipalities in a total allocation (EUR 1.5 M) and 24 sub-projects proposals from annexed/ integrated Communities in a total allocation (EUR 0.4 M).

A quick look into the submitted sub-projects proposals from the 9 amalgamated municipalities reveals that (%36) of the allocated fund will be invested for health sub-projects. The second sector is the public facilities (%30). The third needed sectors is education in a percentage (%29) followed by solid waste (%3) and street lighting (%2). However, the majority of the submitted sub-projects proposals from the 17 annexed communities are roads sub-projects in a percentage (%87).

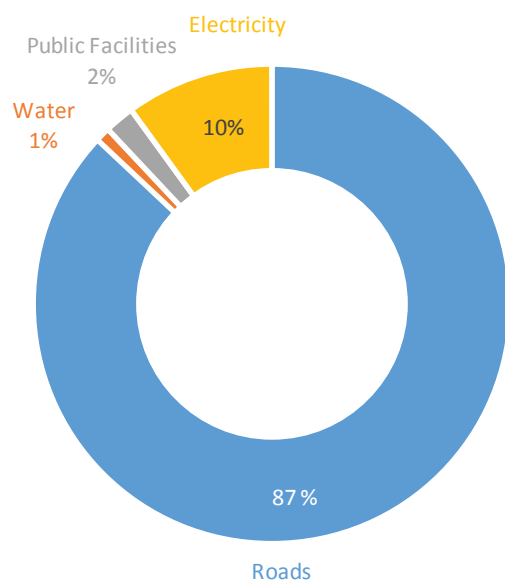
Regarding the implementation status of the approved sub-projects, they are still in the design and tendering process and expected to be completed by July-August 2015.

Status of sub-projects under the post amalgamation sub-component

Status	Status of sub-projects within the Newly amalgamated Municipalities			Status of sub-projects within the Annexed/Integrated Communities		
	No. of Projects	Amount (EUR)	%	No. of Projects	Amount (EUR)	%
Under Design	13	1,423,350	%95	11	109,536	%27
Bidding Documents Preparation	0	0	%0	2	114,967	%29
Tendering	4	76,650	%5	10	159,741	%40
Evaluation	0	0	%0	1	15,756	%4
	17	1,500,000		24	400,000	



Distribution of EUR 1.5M per sector
Newly amalgamated Municipalities



Distribution of EUR 0.4 per sector
Annexed/Integrated Communities



Window 3

Capacity Building for Municipalities



This sub-component supports municipalities in improving their performance to graduate to a higher performance category in which they are currently classified; it supports consultant's services, training and equipment for municipalities in both West Bank and Gaza Strip. Applications for capacity building packages were received from municipalities and MDLF conducted the evaluation for the submitted forms along with the supporting documents late 2013. It is worth mentioning that Municipalities were also able to fill and submit their CB applications online. The Capacity packages were identified per municipality and municipalities were notified about the awarded packages.

The capacity building packages for the 1st cycle included

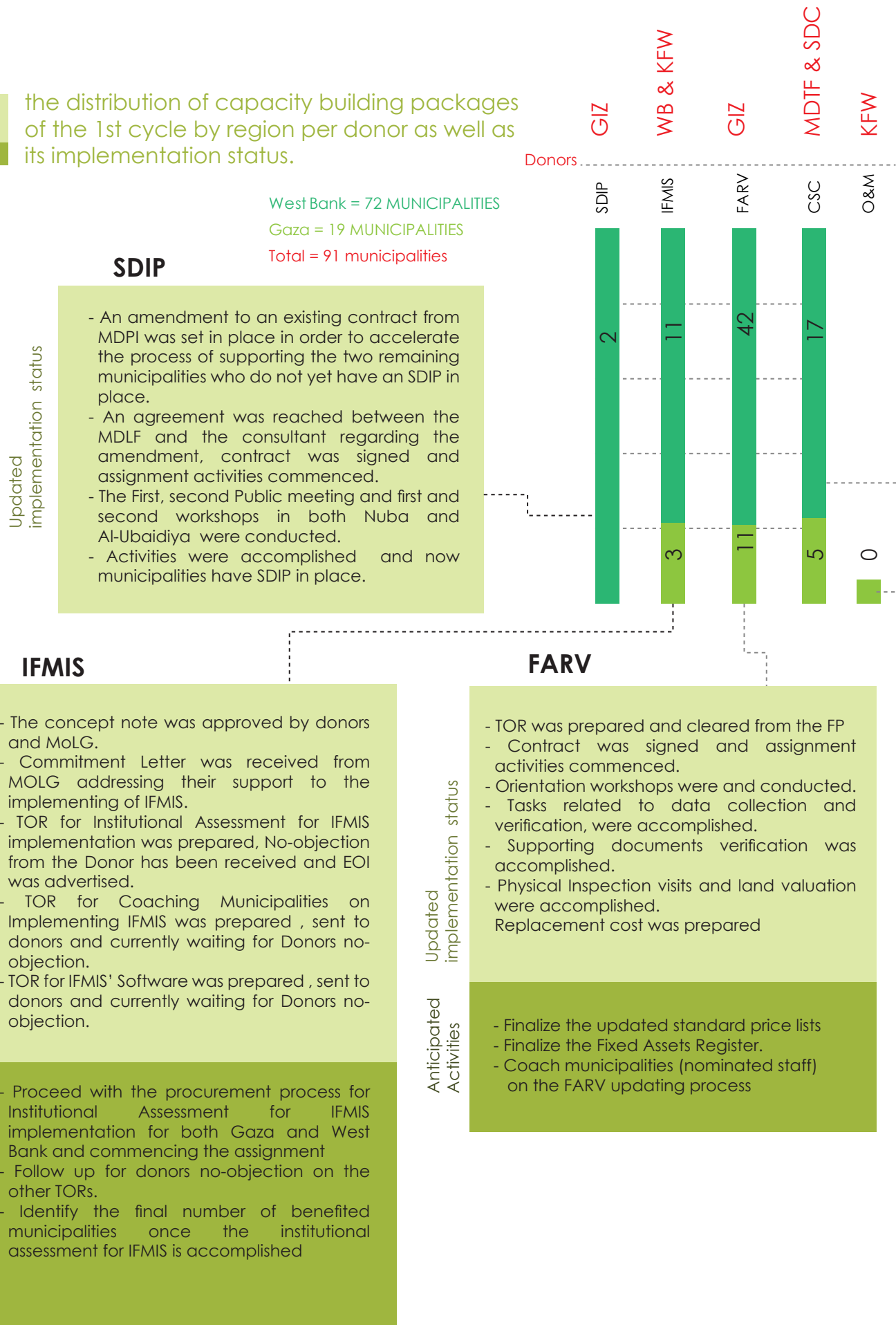
Improved financial management through rolling out of Financial Policies and Procedures Manual; Fixed Assets Registration and Valuation; Integrated Financial Management Information System, Training on Financial Management including (revenues generation, external audit, and budgets guidelines).

Support for improved planning capacity through rolling out Phase 3-1 of the Strategic Development and Investment Planning (SDIP) process to municipalities that do not have SDIPs.

Support for improved social accountability through establishing of Citizens Services Centers to enhance transparency and responsiveness towards citizens. And developing citizenship, communication and outreach guidelines.



the distribution of capacity building packages of the 1st cycle by region per donor as well as its implementation status.



CSC

Updated
implementation status

- The TOR for the individual consultant to conduct the institutional assessment and the business flow model was prepared and cleared by the FP
- (one consultant for WB and one consultant for Gaza).
- contracts Both (one in WB) and (one in Gaza) were contracted and assignment activities kicked off.
- Orientation meetings to introduce the assignment to municipalities were conducted.
- The ongoing institutional processes and municipal delivery procedures were mapped, tracked and documented
- Human Resource and IT infrastructure were assessed.
- Round table with the three municipalities of the first round was conducted to obtain their comments about the efficiency of the current system of CSC in order to consider them in the SRS
- Gap Analysis was conducted optimized procedures were proposed.

Anticipated
Activities

- The optimized procedures will be revised and approved by municipalities.
- For Physical location, soft ware and equipment:
- Purchasing Hardware of the CSC' system.
- Purchasing for the construction & rehabilitation works of the CSCs' physical space.
- Purchasing of Furniture and fixtures.
- Purchasing software
- Software to be implemented at the selected municipalities'

O&M

-The concept of Phase three of the O&M package was changed as to be implemented in two parts rather than one as it was proposed in the old concept.

* PART ONE is Developing the TOR along with the technical and functional Requirements for Operation and Maintenance (O&M) computerized System

* PART TWO is developing a computerized O&M system and test it on a pilot of municipalities.

- The TOR for Developing Software Requirements and Specifications (SRS) for (O&M) computerized System was developed.
- No objection on the TOR was received for the contract for developing Software Requirements and Specifications (SRS) for (O&M) computerized System was signed and assignment activities commenced.

-The investigation task was accomplished it included conducting a feedback workshop attended by the consultant, the consulting firm that prepared the O&M manual and the pilot municipalities that implemented the O&M manual. Furthermore, Site visits were conducted to municipalities that implemented the O&M manual.

- The system analysis task was commenced. It included conducting meetings MDLF team and the consultant who prepared the O&M manual to further clarify working process regarding the assets valuation, registration and update and the O&M processes.

-The workflow of the process, responsibilities, authorities of processing, and requirements of processing will be clearly defined.

-The optimized working processes will be presented and discussed with stakeholders. A final version of the optimized working process will be concluded based on the workshop feedback.

-Develop The SRS document.

- Develop a comparative statement and a recommendation to help MDLF to decide either to go for a readymade package or a tailor made package.

-Procurement phase for the system

-Commence implementation of the system at pilot municipalities.

In addition to the above packages, W3 provided further support to municipalities the following aspects

- Planning capacity by providing orientation workshops on SDIP update methodology for all municipalities in West Bank and Gaza.
- Printing municipalities updated SDIP document.
- Financial Management by providing training on (call for budgets, modified chart of account and the importance of budget disclosure).
- Social accountability, transparency and responsiveness through developing communication and outreach guidelines in addition to the Citizen Service Centers (CSC).

SDIPs update

orientation workshops
For All municipalities

Updated
implementation status

- MDLF along with other stakeholders conducted orientation workshops to all municipalities in West Bank and Gaza about the SDIP update methodology.
- The workshop highlighted the importance of linking the development projects with the annual budget using the new budget format.
- MDLF officially notified 11 municipalities to initiate the preparation of new SDIPs as their SDIPs have expired by the end of 2014.

Develop Citizenship Guideline
For All municipalities

Updated
implementation status

- TOR was prepared and cleared from the FP.
- Contract was signed and assignment activities commenced.
- A Citizenship Guideline was developed.
- A feedback workshop was conducted for the sample municipalities with the participation of the MoLG.

Anticipated
Activities

- The guideline will be printed in a readable version.
- A launching ceremony to be conducted with the participation of all municipalities and MoLG.
- Municipalities will receive orientation on the guidelines.

Printing of the SDIP

Technical specification were prepared-

- Proceed with the procurement process.
- Print the updates SDIPs

Call for Budgets

For All municipalities

Updated
implementation status

- Two days' Training on call for budgets, modified chart of account and budget disclosure was conducted targeting all municipalities in West Bank and Gaza.
- The training was conducted in eight Governorates in West Bank and through VC for Gaza municipalities.

Develop Communication & Outreach Guidelines
For All municipalities

Updated
implementation status

- TOR was prepared and cleared from the FP.
- Contract was signed and assignment activities commenced.
- A communication guideline has been developed.
- Project completed

Anticipated
Activities

- The guideline will be printed in a readable version.
- A launching ceremony to be conducted with the participation of all municipalities and MoLG.
- Municipalities will receive orientation on the guidelines.



Municipal Development & Lending Fund

For Better life



Window 4 Project Management

Local Technical Consultants (LTCs)

To better support the municipalities and build their capacity, the MDLF has utilized the services of LTCs firms to provide the needed technical support to the municipalities in West Bank and Gaza. The main objective of this consultancy assignment is to provide technical assistance to the municipalities for the implementation of subprojects approved by MDLF as follows:

- Sub-project planning and Identification (Stage 1): from the planning and identification of eligible sub-projects, and preparation of applications to ensuring eligibility criteria (including environmental and social safeguards) per MDP procedures, including assisting in the preparation, review and comment on individual procurement plans, infrastructure and services maintenance, designs, specifications and bidding documents.
- Sub-project implementation and supervision: building the capacity of municipalities to implement the sub-projects and assisting them in the supervision including reporting on progress of implementation, monitoring of indicators, and compliance with the standards as delineated by the MDLF.
- Ensuring compliance with technical and fiduciary aspects: building the capacity and providing guidance to municipalities on technical and fiduciary aspects of sub-project preparation and implementation to ensure compliance with MDLF's procurement, financial, social and environment safeguards (including provision of mitigation measures) procedures.

The local technical consultants were distributed among 4 clusters (North West Bank, Middle West Bank, South West Bank, and Gaza). All the LTCs will be financed by the World Bank fund where the consultants have started their duties and responsibilities since November 2013.



Modification and Update of LTCs TOR

In response to the recommendations of technical audit and usability assessment which was conducted for a sample of sub-projects implemented under MDPI/W1, the TOR for the local technical consultant for MDPII-W1 sub-projects was subject to modification having more focus on the design and supervision as per the following:

LTCs are requested to conduct training to the municipal engineers concerning the following:

- Roads evaluation (road conditions, types of distresses, causes, and treatments), so they will be able to prepare the required design, drainage system and the minimum drawings needed for different cases.
- Quality Control as well as the technical and administrative issues including: (specifications, testing, interpretation of test reports, taking the proper decision, sampling procedures, the roles and responsibilities of testing labs, shop drawings and as-built drawings) .



The LTCs are requested Prepare detailed supervision formats and templates applicable for all/each project sector(s)) to be used between the municipalities supervision and the contractor during all of stages of projects, namely, (the implementation, the maintenance period and the final handing over of the projects after maintenance period).



The LTCs should conduct site visits for all projects, and should verify the designs, and the quantities and the estimated costs for the proposed projects and ensure the submitted drawings are technically correct, sufficiently detailed for implementation and acceptable.

Monitoring and Evaluation

Survey	Financing Partner	Objective, Scope & Description of the Assignment	Implementation Status
Municipal Ranking update (end of cycle 1)	KFW	To update the municipal ranking in accordance to MDPII ranking system using the 16 KPIs as indicated in the MDPII – Transfer Mechanism. This assignment will be implemented by an outsourced consulting firm. The consultant is requested to review and verify the supporting documents received from the municipalities, in site inspection at municipalities, document the results with the municipalities and then update municipal ranking using the criteria of MDP-II ranking system (16 KPIs). The results of this assignment will be used as a mid-term evaluation of MDPII.	This assignment is still under procurement and expected to start late February.
Technical audit & Usability assessment	KFW	This audit will be carried out in both West Bank and Gaza Strip through two individual consultants one in the West Bank and the other in Gaza. The study aimed at evaluating a representative sample of infrastructure sub-projects implemented in MDPII-cycle 1. The sample of sub-projects will be randomly selected by the two individuals in coordination with MDLF to cover the implemented sub-projects cycle 1. The assessment will focus on the technical quality and structural soundness, and the compliance of implemented sub-projects with technical specifications. Furthermore, it will assess the approaches and processes during the implementation of sub-projects and will provide recommendations for future improvements.	This assignment is still under procurement where the TOR was sent to KFW for Non Objection. It is anticipated to start the implementation of this assignment late March 2015.
Clients &Citizens satisfaction assessment	WB	The objective of this consultancy is to conduct a Beneficiaries, Clients and Citizens Satisfaction Assessment as a mid-term evaluation of the MDP-II by combining three surveys: (1) Beneficiaries satisfaction assessment of MDPII-W1 sub-projects (2) MDLF clients' satisfaction survey with municipalities and (2) citizens satisfaction survey with municipalities' performance. In particular, the aims of the assignment are to: - Assess the satisfaction of municipalities with the performance of the MDLF - Assess the satisfaction of citizens with the performance of municipalities - Performing comparative analysis between the situation before MDPII and after the MDPII-cycle1, i.e. between the 2013 baseline and the 2015 survey - Develop recommendations and lessons learned, based on the empirical findings, to address the identified performance concerns (with 1) and (with 2) - that are within the realm of both entities. This study will be utilized specifically for mid term evaluation purposes of the ongoing program "MDP-phase II". MDLF will contract a consultancy firm to conduct the assessment using both quantitative -(questionnaires for beneficiaries satisfaction and citizens satisfaction)- and qualitative methods -(focus groups, key informants interviews for LTCs, SDIP committees, and municipal staff).	This assignment is still under procurement where the TOR was cleared by the WB. The EOI was advertised, the shortlist was prepared, the combined technical and financial offers was received and still under evaluation. It is anticipated to start the implementation mid-March 2015.



Everything about him was old, Except

his eyes...still green like grass

For Better Life...

MDLF





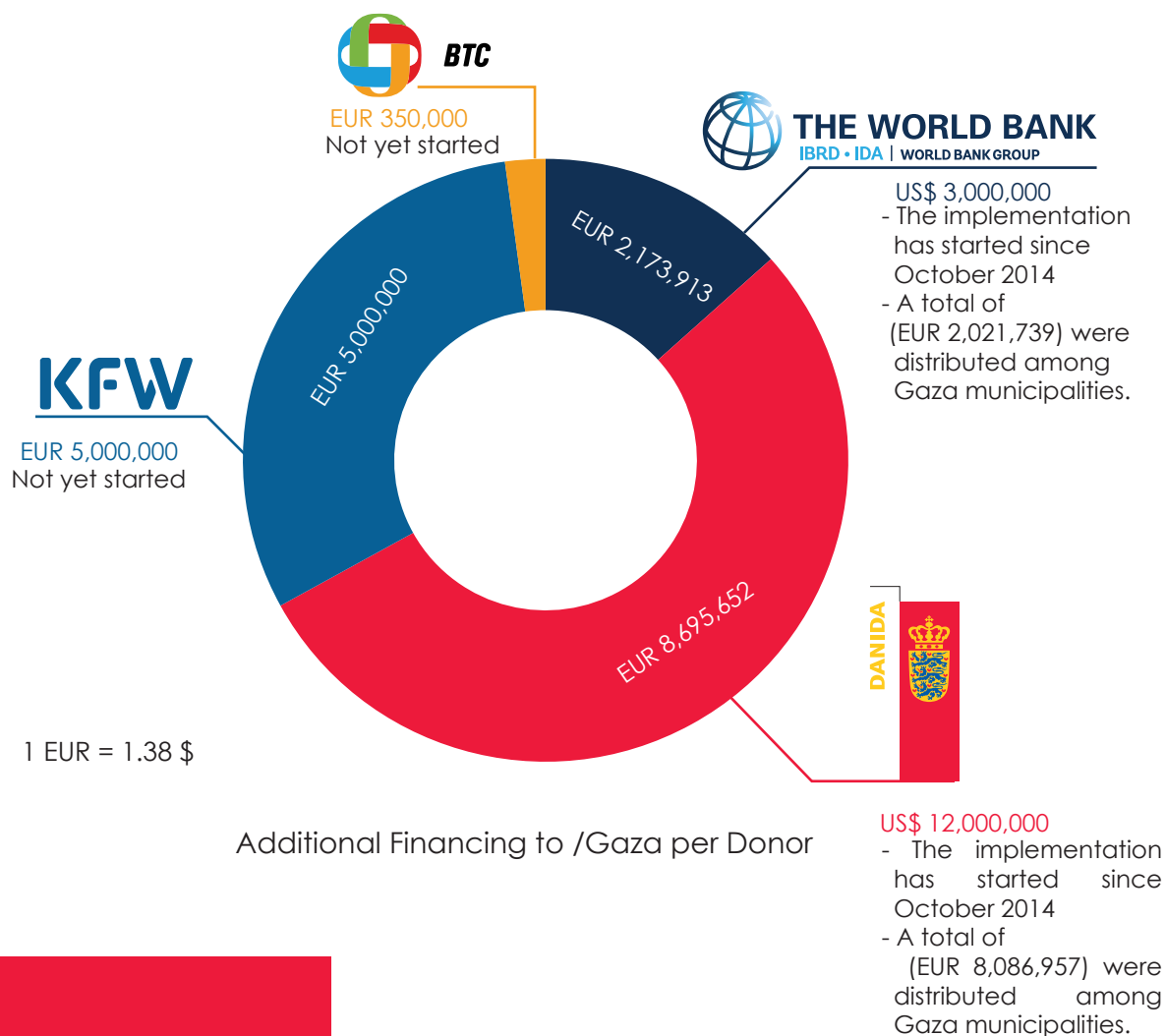
Window 5

Additional Financing for Gaza Emergency Response





This component was designed under MDPII in response to Gaza emergency needs following the 51-day War on Gaza, that started on July 7th and lasted until August 26th, 2014. MDLF and Gaza municipalities in addition to the financing partners exercised a proactive effort in observing, documenting, and analyzing the damages incurred by the war producing the "Rapid Assessment of Gaza Municipal Sector Damage" report in September 12nd, 2014 endorsed by the Ministry of Local government (MoLG) forming the basis for the design of this window. The AF will be invested to restore municipal services and alleviate the dire situation of Gaza municipalities after nearly two months of continuous war producing both direct and indirect damages on the municipal sector that was already in a fragile state due to the extended blockade imposed on Gaza. The damage assessment estimates total damages to around US\$ 58.6 million. In addition to the physical damages, municipalities' ability to sustain basic services provision has been seriously affected by the war's impact on their financial situation. This component will be financed by the World Bank, Danish Government under the MDTF (administered by the WB), KFW and the Belgian Government through BTC.



Allocation mechanism

Gaza Emergency AF (W5) will allocate grants to Gaza municipalities for capital investment service provision, per mandate of municipalities defined in the Local Councils Law No.1 of 1997, for sectors described as eligible in the MDP II Operations manual (OM) as well as for operating expenditures similar to W1. Allocation under W5 has been allocated proportionally to Gaza municipalities based on the emergency needs identified in the Municipal Damage Assessment Report prepared in September 2014 following the damages and service interruptions insured during the Gaza War in July-August 2014. Emergency needs will reflect critical repairs and response funds required to address service interruptions affecting population in the beneficiary municipalities.

Based on the proportional allocation, municipalities will then propose priority sub-projects out of their emergency needs identified in the damage assessment report. Minimum allocation to each Municipality is to be sufficient enough to ensure restoring the critical repair of basic municipal services in need based on the number of beneficiaries. Sub-project appraisal of identified interventions will reflect the following criteria:

maximum number of beneficiaries in immediate needs addressed;

efficiency of the type and nature of proposed sub-projects to restore the services

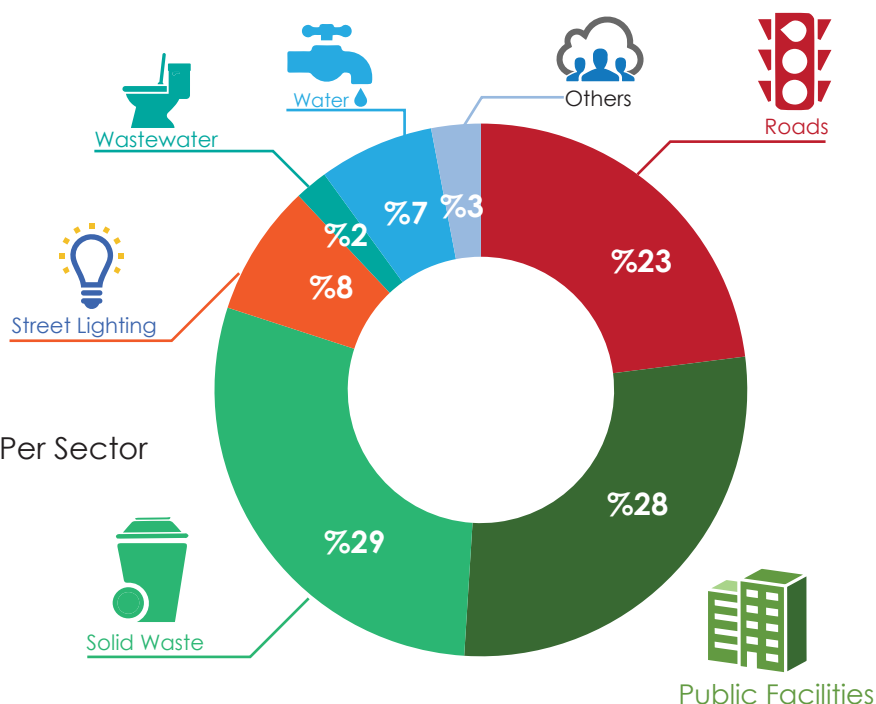
functions to beneficiaries in the municipality; and alternatives considered, if applicable

Analysis Per Sector

A total of EUR 10,108,696 from WB and MDTF grants were allocated to Gaza municipalities, 211 sub-projects proposals were received from 25 municipalities. Those proposals were subject to screening and appraisal in accordance to MDLF operational manual. A quick look into the submitted sub-projects proposals reveals that (%29) of the W5 allocated fund will be invested in solid waste. The second sector is the public facilities (%28) including the maintenance of municipal buildings, libraries, community centers, and public parks. The third needed sectors is roads in a percentage (%23) followed by street lighting (%8), water (%7) and wastewater (%2).



Distribution of MDPII-W5 Fund Per Sector



Status Analysis of W5

The implementation of W5 sub-projects in the witnessed a noticeable progress during the year 2014 where overall status

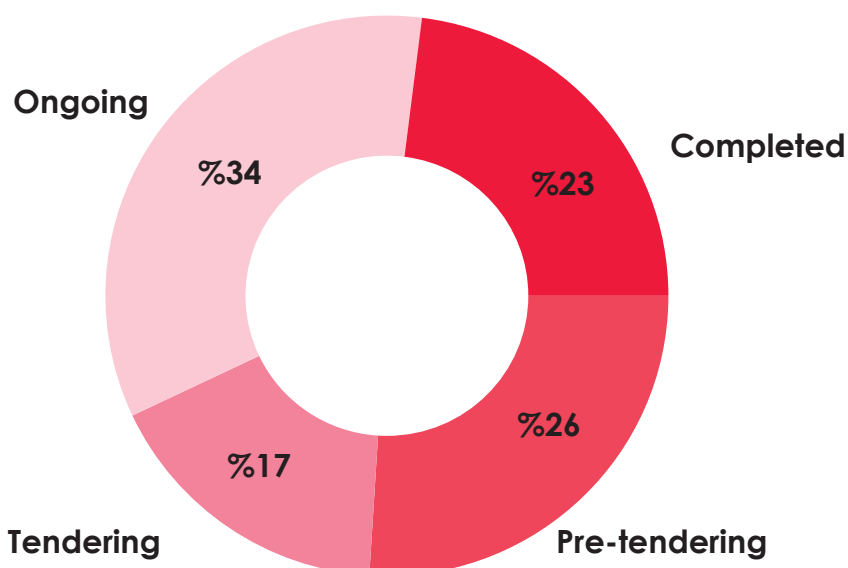
86 sub-projects out of 211 were **completed** with total allocations (2,343,557 Euros) amounting (%23) of the budget.

64 sub-projects are **ongoing** with total allocations (3,396,253 Euros) amounting (%34).

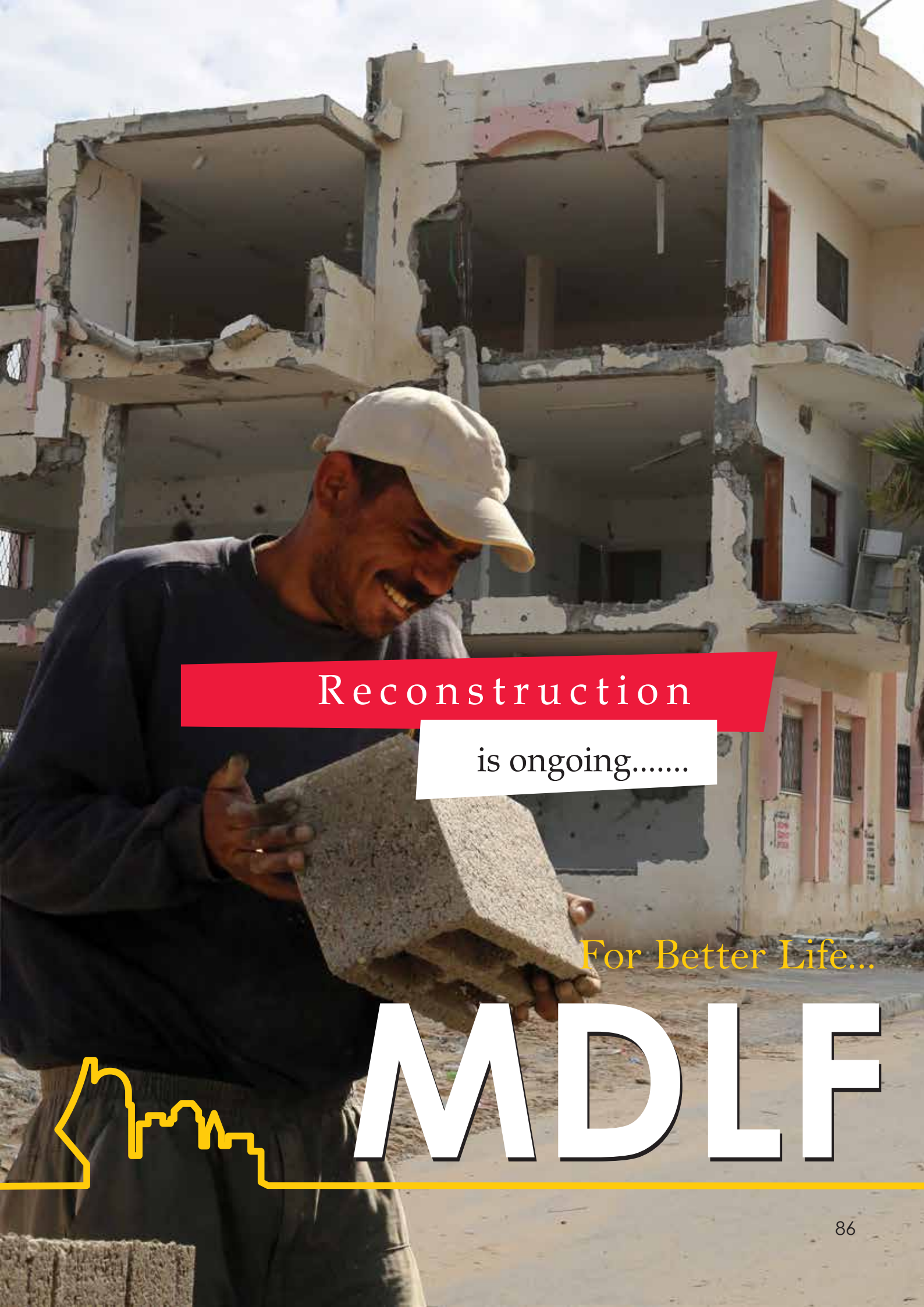
35 sub-projects are under **revision by the municipalities** (bidding documents preparation) with total allocations (2,646,439 Euros) amounting (%26)

30 sub-projects are under **revision by the Municipalities** with total allocations (4,475,918 Euros) amounting (%13.6)

26 sub-projects are under **tendering** with total allocations (1,722,447 Euros) amounting (%17)



	No. of projects	Allocation (Euro)	Percentage
Pre-tendering	35	2,646,439	%26
Tendering	26	1,722,447	%17
Ongoing	64	3,396,253	%34
Completed	86	2,343,557	%23
	211	10,108,696	%100



Reconstruction

is ongoing.....

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MDLF



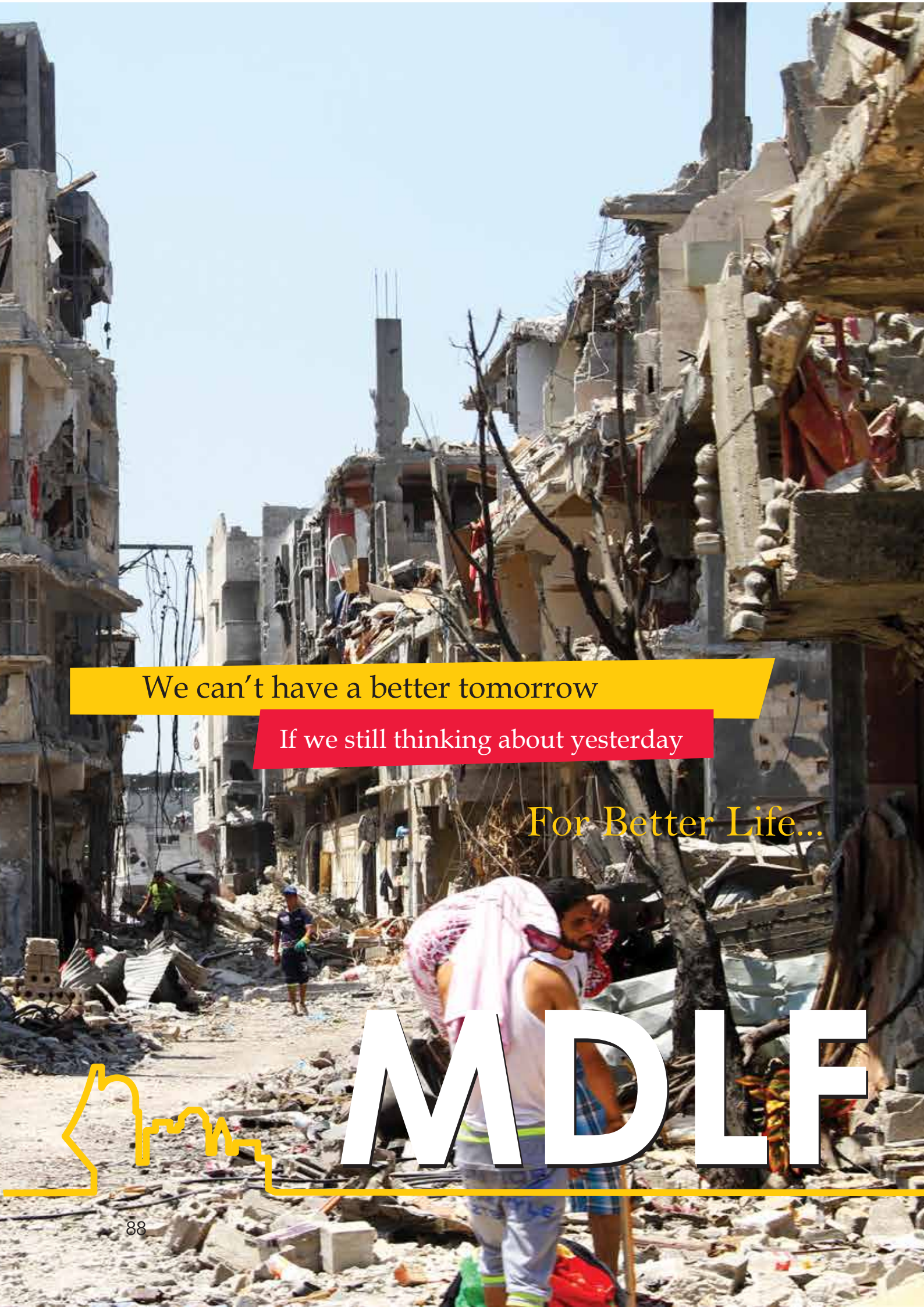
Challenges Encountered and Obstacles

Since the beginning of MDP II, the implementation has faced challenges and obstacles which can be listed as follows:

- There is a lack of commitment from the municipalities regarding the submission of the needed documents for MDLF appraisal and verification as requested which lead to such delays.
- The majority of municipalities started working on preparing the design and the needed permissions once they received the allocation letter from MDLF, however, they are capable to do that earlier as the selected sub-projects are all identified in their SDIPs, this lead to such delays prior the appraisal.
- There are still some gaps among the municipalities regarding their capacities especially in the ESMF requirements which lead to further works from MDLF and LTCs to ensure the compliance with standards and guiding procedures according to the MDLF operational manuals.
- There is a delay in signing the financing agreements with some FPs where MDLF is still waiting for signing those agreements to be able to move forward in implementing such activities, in particular window 1 sub-projects.

Lessons Learned and Recommendations

- It is recommended to minimize the gap between municipalities regarding their capacities in procurement and the ESMF by concentrating the effort from the LTCs towards those municipalities with low capacities.
- It is recommended to activate the communication with MDP II stakeholders from the initial stages of the implementation to ensure the effective management and to avoid the miss communication.
- It is recommended to have a unified approach for implementing the pilot innovative under window 2 to maximize the benefit and to ensure the possibility of rolling out these initiatives under window 3 in the future, in particular, the E-governance and the LED.



We can't have a better tomorrow

If we still thinking about yesterday

For Better Life...

MDLF

Local
Development
Programme
LDP III



Background

Local Development Programme (LDP III)

The Palestinian local government system is in a development process that involves, increased decentralization, strengthened fiscal, organizational and management capacity, increased citizen participation, and improved efficiency and viability of service provision, where the new amalgamation policy adopted by MoLG serves these local governance concepts.

In January 2007, MDLF with Danish support implemented a Local Development Program (Phase I & Phase II) in Jenin Governorate targeting the two newly amalgamated municipalities (Al-Muttaheda & Marj Ben Amer). Phase I of the program led to be as a pre-amalgamation phase for the two areas, and the second phase of the program (LDPII) aims to strengthen the requirements of the sustainability of the amalgamation of local bodies in both regions through improving the level of services provided by the municipalities Marj Ibn Amer and Al-Muttahida.

A programme review for LDP was undertaken in April 2011 that recommended, in recognition of the continued need of support to amalgamation, the priority given to amalgamation by MoLG and achievements from the LDP (I-II), to design a new and final phase of Local Development Programme (LDP III) to upscale support for LGU amalgamation in new, needy geographical areas.

A programme identification mission conducted in (June 2011) and a programme formulation mission in (July 2011) subsequently worked with MoLG, MDLF and the Danish Representative Office (DRO) to design a new programme reflected in the present document.

The LDP Review (April 2011) noted many achievements including the formalization of the new municipalities and establishment of various community and joint infrastructures to form a basis for the further development of the two new municipalities and contributing to the improvement of livelihoods in the communities. However, the review also noted some areas that could be improved upon in future support to amalgamation including:





- Clarification of amalgamation procedures and improved communication of these to all stakeholders including LGU staff, politicians and community members.
- The amalgamation process should be more systematic – following a clear plan based on the (updated) Amalgamation Manual.
- Initial step of amalgamation process should be assessment of technical, financial and social viability of the amalgamation.
- An initial plan for the process should be clearly agreed upon with local political leadership and communities and clearly documented/disseminated,
- This should be followed by a planning process for the new Municipality: outlining the future vision and broad priorities and forming the initial elements of a SDIP prior to investments in infrastructure,
- The identification, selection, and planning of individual projects for funding should be further improved upon to ensure that they contribute to the viability of a new municipal council by providing sustainable joint services,
- Projects in support of local economic development (LED) should be highlighted as a particular relevant area for LGU intervention in their SDIP,
- The governance aspects of the entire process should generally be strengthened – in particular, issues related to women's and youth's participation in the interim municipal council structures and later permanent municipal council.

LDP III Description

development objective

Improved service delivery and governance for citizens through LGUs in the West Bank'

immediate objective

Strengthened base for better service delivery of LGUs through sustained processes of LGU amalgamation and improved local governance'



The Government of Denmark

Total grant of up to
DKK 42 million
approx. USD 8.65 million

agreement was signed on
November 16, 2011

Duration
36 months

The overall aim of the Local Development Program phase III is to assist the Local Government Units (LGUs) in each of three areas to amalgamate into a municipality and strengthen mechanism for improved local governance through involvement of women, youth and action research on local governance issues. The LGU amalgamation will be achieved through institutional development of the local administrations and through implementation of joint projects (infrastructure and community development projects). The program approach is based on the experiences from support to LGU amalgamation in Jenin Governorate (LDPI and II) that developed a best practice model for the MoLG to promote amalgamation of small local councils into municipalities throughout the Palestinian territory.

The LDP III will support amalgamation of smaller, unviable local government units in three clusters in the West Bank into new municipalities with potential for delivery of more cost effective and sustainable services to its residents. The identified clusters include one in Hebron Governorate (Dura cluster), One in Nablus Governorate (South East Nablus Cluster), and one in Salfeet Governorate (Salfeet cluster).

The overall development objective is 'Improved service delivery and governance for citizens through LGUs in the West Bank'.

The immediate objective is 'Strengthened base for better service delivery of LGUs through sustained processes of LGU amalgamation and improved local governance'.

The program will be implemented and managed by the MDLF working through the Joint Service Council or joint committees of the LGUs in the selected three clusters. A program Steering committee, chaired by the MoLG will guide implementation on the policy level. The Danish Representative Office (DRO) will follow implementation closely through the program steering committee.

The Steering Committee (SC) is the formal mechanism for joint decision-making concerning LDPIII between the MoLG, MDLF, relevant local stakeholders and the Danish Representative Office (DRO).

Implementation Status & Progress



During the reporting period the following activities were conducted:

The final list of the joint projects, social activities and the communication plan for all clusters under output3&1 was prepared to be approved from Steering committee.

The work plan for the year 2015 for all outputs under was prepared.

Two Local Technical Consultant (LTCs), Arab Engineer for the north area (Salfeet & South East Nablus (Al Mashareq JSC) clusters, and the First Option for the south Area (Dura Cluster) were contacted to assist the JSCs.

- A local consultant was contracted to conduct the design for all joint project.
- The implementation of the social activities and the joint infrastructure projects for all clusters has started.
- 12 technical committee meetings, 3 for Dura Cluster, 4 for Salfit cluster, and 5 for South East Nablus (Al Mashreq JSC) cluster were conducted.
- More than 20 site visits were conducted concerning the bid opening sessions and following up the implementation the joint projects in all clusters.
- The TORs for the institutional studies, the fixed assists registration, and the SDIPs and physical plan for all the clusters were prepared.

During the coming months, it is anticipated to have a steering committee meeting to approve the list of joint projects, social activities, communication plans, and 2015 work plan for all clusters.

Assessment of the development of the national environment, including the strategic framework, since the last report:

As a result of the interaction of citizens with the amalgamation process that have taken place in the year 2010, the Ministry of Local Government reviewed the amalgamation policy and start to establish new strategy for the amalgamation, the policy unit in MOLG finished the strategy paper and submit it to the cabinet for approval, the cabinet did not take a decision yet.

Immediate Objective	Progress since the beginning of the Programme	Progress during the reporting Period	Challenges & Obstacles
Strengthened base for better service delivery of LGUs through sustained processes of LGU amalgamation and improved local governance.	- Formation of the services councils or local committees for amalgamation representing the target communities. - Identification of the intervention for all LDPIII outputs. - Starting the implementation for the activities under all outputs.	- 12 Technical committee meetings were conducted with all clusters. - A local technical consultant was contracted to assist the JSCs. - A consultant was contracted to conduct the design for the joint projects. - The implementation of the joint projects and the social activities has started.	- The amalgamation strategy has not yet approved by MOLF - Apprehensive of the target communities from the merging process due to the dilemmas faced in the previous experiments of amalgamation. - Some of the target areas are located in area C.

Output 1:	Participatory amalgamation process/Local communities support the amalgamation process			
Output target	Output result (accumulative)	Accomplished Activities	Anticipated Activities (6 mnth.)	Key Challenges
Active participation and interaction of all community groups in the amalgamation process are ensured	Participation of the local councils members and the representatives of the civil institutions as well as the local community in the amalgamation process	- Study on feasibility and willingness to amalgamate for Salfit & South East Nablus clusters was accomplished. - The social activities were identified for all clusters. - The communication plan was prepared for all clusters.	- 5 activities under the Communication and awareness plan were completed. - The Joint Social activities (including the local study tours) for the target three clusters were conducted.	- Lack of capacity within the target services councils to follow up the implementation of social activities. - There is no operation budget for the new JSCs

Output 2:	The institutional development of emerging municipalities is technically strengthened			
Output target	Output result (accumulative)	Accomplished Activities	Anticipated Activities (6 mnth.)	Key Challenges
Accomplishment of the institutional arrangements regarding the (SDIPs, Physical plans, asset registration and valuation)	The target is not yet achieved, however all the TORs for these institutional arrangements were all prepared	The TORs for the preparing the SDIPs, physical plans, and the fixed assets registration and valuation were all prepared.	The direct implementation of the mentioned assignments is anticipated to take place in the coming months	

Output 3				
Joint projects are implemented with a potential for sustainability				
Output target	Output result (accumulative)	Accomplished Activities	Anticipated Activities (6 mnth.)	Key Challenges
Paving 20km of connection & Internal Roads and construct 1500 square meter of public facilities including: buildings, playground and public gardens, purchasing one electrical platform and one excavator	Paving 20km of connection & Internal Roads and construct 1500 square meter of public facilities including: buildings, playground and public gardens, purchasing one electrical platform and one excavator This target is not yet achieved, The joint projects in Salfeet & South East Nablus and Dura clusters were identified to be implemented during the coming months.	- The joint projects were identified through an investment study for SE Nablus and Salfeet clusters. - The projects were identified through a community participation in Dura cluster. - The design for all joint projects for the two clusters in the north WB was completed. - The implementation of these joint projects has started.	- Continue the implementation for the projects in North area - Preparing the design and the bidding documents for the approved projects. - Start implementation for Dura Cluster	- Lack of staff and capacity building for the new JSCs. - Some of the target areas are located in area C.

Output 4				
Local governance (and community empowerment) mechanisms are strengthened (cross cutting component)				
Output target	Output result (accumulative)	Accomplished Activities	Anticipated Activities (6 mnth.)	Key Challenges
- Clear and approved amalgamation strategy and manuals are all endorsed. - Improve the capacity building for the JSCs	This target is not yet achieved However, a new amalgamation strategy was suggested by the MOLG/Policy Unit waiting for the approval from the Cabinet.	Effective coordination between MDLF and the MOLG/ Policy Unit took place during the reporting period to identify the activities under this output.	- Action plan for the activities under this output is anticipated. - Starting the direct implementation of the activities under this output.	Not clear approach and policy for amalgamation

Status of outstanding issues and follow-up on decisions made by the Steering Committee (or similar body)

Issue	Decision (incl. timeframe agreed for follow-up)	Status on follow-up
The Work plan	The SC approved the work plan for 2015.	The work plan was prepared.
List of joint projects for Salbit & South East Nablus clusters	The SC approved the joint projects for all clusters	The joint projects were identified.
Re allocation Budget	The SC approved the budget adjustment for LDPIII.	The budget adjustment was prepared

Challenges Encountered and Obstacles

The LDPIII faced challenges and obstacles where the implementation progress was subjected to delays due to the following:

- Problems which have occurred in the amalgamated municipalities and its impact on local communities in the targeted clusters.
- The local election hampered the implementation of the project 6 months due to the preparations for the election process and deliver the elected councils.
- The Ministry of Local Government has not yet finished a clear strategy for the amalgamation process.
- The contradiction between Program documents & MoLG decision for Dura Cluster.

Lessons Learnt and Recommendation

- Large participation of communities in the program activities is essential.
- The communication strategy by the cluster and its citizens should be improved.
- More efforts should be exerted to coordinate with all ministries involved at the local level.

Local
Government
Reform and
Development
Programme
LGRDP



Background

Belgium has accepted to consider local governance as a priority sector for the Belgian-Palestinian Cooperation. Therefore, Belgium accepted to support the Ministry of Local Governance reform by a 5-year programme "Support to Local Government Reform and Development Programme" (LGRDP). The programme will support the government's decentralization efforts by strengthening the smaller and non-viable local governments into more sustainable and effective structures through the government policy of Local Government Units (LGU) amalgamation and the creation of joint service arrangements for LGUs. In addition, the program will support the institutional development of selected departments of MoLG and contribute to the joint donor funded Municipal Development Program (MDP).

LGRDP Description

The general objective of the programme is to strengthen the institutional and management capacities of the local government system. The specific objective is to support institutional reform through improved capacities and services of selected clusters of smaller LGUs, and to improve the institutional capacity of MoLG. The proposed programme will have three components as follows:



Component 1

The LGRDP has three components supporting five key results as follows:

Support for MoLG Capacity Development

The first component of the intervention is oriented towards capacity development of the MoLG. As described in the previous section, several steps have been taken towards the development of a coherent capacity development strategy for the Ministry, primarily at the level of assessments, diagnostics and goal setting. However, as mentioned in the Ministry's Strategic Framework 2014-2010 and its associated Development Initiatives, the development of an administrative and organizational structure, including clear job description, titles, job classifications, guides and manuals, and performance evaluation system is one of the goals for 2010, and therefore, is currently an outstanding challenge; since a clear administrative and organizational structure is highly desirable to engraft a coherent and sustainable capacity development plan could upon.

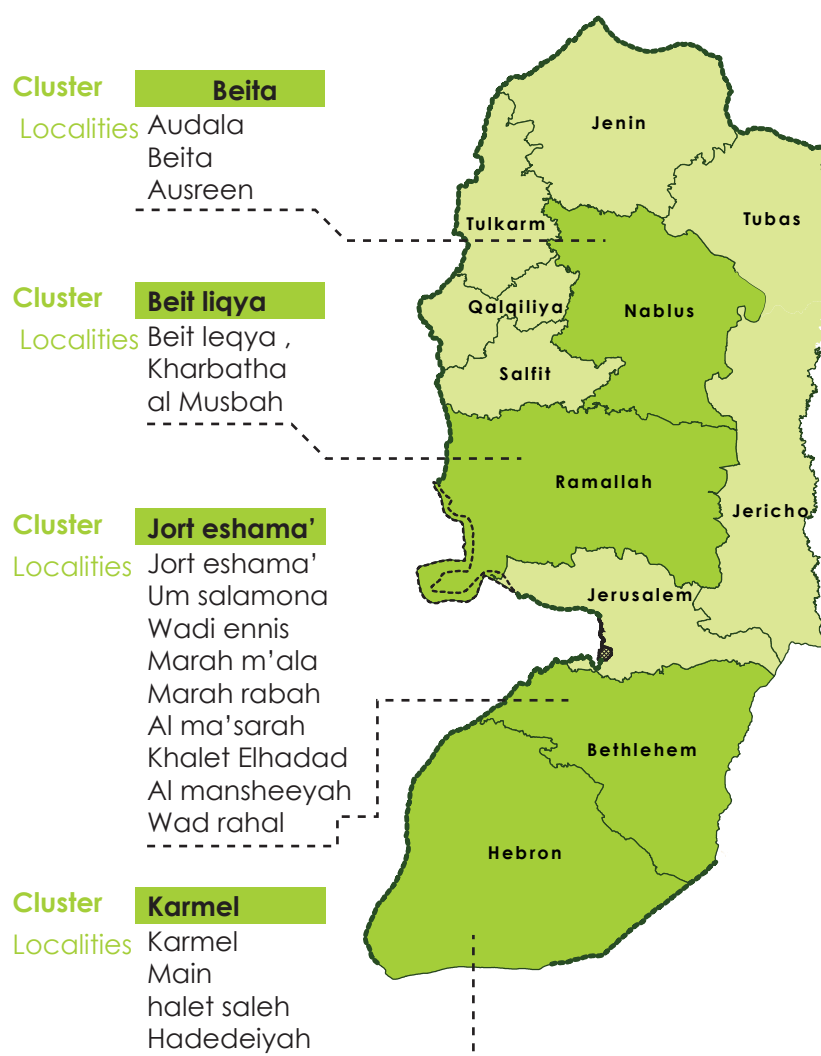
Result 1

Selected departments of MoLG capacitated to implement the MoLG strategic plan

Component 2

Reform and improved capacities and services of smaller LGUs

The programme will support reform and improved capacities and services of smaller LGUs in four selected clusters as shown below:



The LGUs will receive **4** broad areas of support:

- 1 Institutional development**
studies, information campaign and consultations for facilitation of appropriate amalgamation process including development of SDIP and physical plans.
- 2 Capacity Building of LGUs**
through temporary support for staff employment, training, equipment, manuals, software etc. as well as support for office construction.
- 3 Infrastructure & services**
financial support for implementation of local priority projects including water, waste, roads, electricity etc. Emphasis will be on investments that will facilitate joint provision of services for selected clusters of smaller LGUs; eligibility of sectors shall be defined by the Programme Steering Committee
- 4 Socio-economic development**
social activities, public awareness campaigns, one stop shop in LGU etc that will enhance citizen engagement and downwards accountability of the LGUs,

LGRDP Targeted Clusters



Initially smaller LGUs which formally have a LG status as village councils or project committees will supported, but it is expected that their formal status will be changed into municipalities. The decision to amalgamate will be demand driven – i.e. selection of clusters for possible support will be based on expressed local demand for LGU restructuring. Alternative arrangements for provision of joint services may also be supported – but it is likely that the vast majority of smaller LGUs will opt for formalization of their new LGU-status as Municipal Councils.

Result 2

Smaller LGUs in selected clusters have developed appropriate joint institutional arrangements for joint services and amalgamation

Result 3

Capacities of the selected LGUs are enhanced for improved planning, HRM, financial management, service delivery and accountability

Result 4

LGUs service delivery is improved through sustainable infrastructure development in the four clusters

Component 3

Support for newly amalgamated municipalities (MDP-aligned)

The aim of Component 3 is to ensure that newly created municipalities – not yet incorporated in an on-going MDP planning cycle – are provided with access to financial means (grants for capital investment) on the basis of clear, performance-based criteria (i.e. Aligned with the modus operandi of Window 1 of the MDP). The Belgian contribution under Component 3 should also be seen as an indication of Belgium's commitment to donor harmonization in this sector, where MDP to date is the only joint donor financed initiative.

More specifically, the Belgian intervention will, from January 2011 onwards, enable newly amalgamated municipalities to access MDP-like funding through its window 1. From January 2013 onwards, an additional financial contribution for newly amalgamated municipalities is planned for. The municipalities benefiting from Component 3 will be identified according to formal amalgamation processes being accomplished, as described, and planned for, in the 'Homestretch to Freedom - The Second Year of the 13th Government Program' document, where merging and amalgamation initiatives for the different governorates have been identified.



Result 5

Newly amalgamated municipalities are continuously progressing their performance

The Municipal Development and Lending Fund (MDLF) is the implementation agency for components 2 and 3 of the programme.

Description of Beneficiaries

At the decentralized level

- Staff and politicians in the selected clusters of LGUs,
- Staff at the district level,
- Residents in the selected clusters of LGUs – on the basis of the initial list from MoLG of six priority areas this amount to approximately 83,000 persons.

At the national level:

- Ministry of Local Government (MoLG) in its capacity of key actor for delivering policy formulation, providing a regulatory framework, setting quality standards, technical assistance & advice, M&E, and sector coordination. Particular attention will be given to the following units:
 - Complaints Directorate;
 - Internal Control Directorate;
 - Department of Formulation & Merging.



Financing Partners Contributions



BTC

Donor

Belgian Development Agency

Duration

5 years

Agreement signed

October 28th , 2010.

Budget

Euro 15 million

LGRDP Budget Break Down

General Means

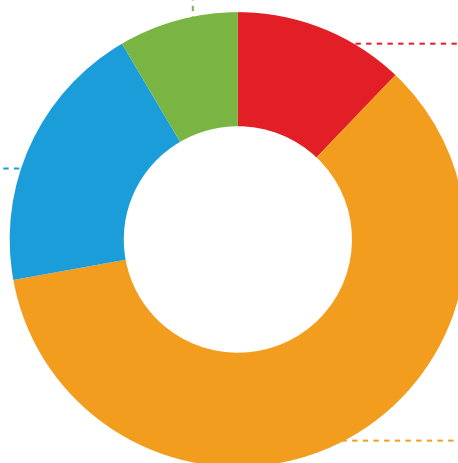
(International TA salaries, administrative & financial officer, reviews, etc) & budgetary reserve

1,275,860

Component 3:

MDP Contribution
(incl.%7 management fee)

2,900,000



Component 1:

CB of MoLG
Implementing Agency MoLG

1,824,140

Component 2:

Support for amalgamation
in 6 areas
(incl.equivalent of %7 management fee)

9,000,000

Total: 15,000,000

Implementation Status

During the reporting period, the following activities and accomplishments regarding the 2nd and 3rd components have taken place as illustrated below:

Component 2

Support for reform & improved capacities and services in smaller LGUs.

Result 2

Smaller LGUs in selected clusters have developed appropriate joint institutional arrangements for joint services and amalgamation

Activity 2.1

An initial survey of the technical and financial viability as well as social acceptability of the proposed future institutional arrangements

Sub-Activity 2.1.1

- The 1st and the 2nd phases of awareness campaign assignment were completed whereas the 2nd phase is still in progress.

Tasks completed in the 1st phase of awareness campaign :

- Revision of the data collected by the consultant.
- Revision of the LGUs assessment and the citizen's survey questionnaire.
- Conducting a visit to a successfully example of amalgamation "Al-Kafriyyat municipality".
- Distribution of brochure.
- Conducting a public meetings in each cluster.
- Revision of the data collected by the consultant regarding the (post survey after the awareness campaign)
- Identifying the social and infrastructure projects.
- Revision and approval of the final report for the awareness campaign assignment.

Tasks completed in the 2nd phase of awareness campaign

- Preparation of Communication Action Plans.
- Drafting of 4 communication action plans for the 4 JSCs
- Review and revisit of the action plans with the JSCs
- Finalizing the contents of the action plans with cost estimates
- Preparation of specifications for all the sub activities in the action plans.
- awareness Camping implemented
- The bidding documents, advertising, RFQ evaluation and the request orders were accomplished regarding the (Supply of Printing and Advertising Materials for JSCs) and the (Supply of Logistic services and Materials for JSCs).
- Part of the printing and advertising materials were supplied.
- logistic services and materials for social activities were provided.
- Completion of Wall Art Painting in Jort eshama' Cluster, including 9 drawings in selected sites.
- Awareness Camping was conducted

Activity 2.2

In cooperation with the LGUs, a valuation will be made of the each local council's assets that would be incorporated in the new municipality

Sub-Activity 2.2.1

The Fixed Assets Registration and Valuation assignment was completed

Tasks completed:

- Work Plan with LGUs.
- Gathering of fixed asset sheets.
- Investigation of data.
- Carry out physical inspection of fixed assets.
- Coordinate with MDLF, MoLG, and local committees for standards and regulations.
- Preparation of the final fixed asset register.

Activity 2.3

The LGU will be supported with consultants hired under the project and technical staff from MDLF to develop a comprehensive development plan in line with the national guidelines.

Sub-activity 2.3.1:

The Strategic Development and Investment Plans were completed whereas the physical planning is still in progress. (%100 completion).

Tasks completed regarding the SDIPs:

- Follow up the diagnosis of the current status.
- Follow up the formulation of the vision and objectives.
- Setting integrated operation plans and evaluation plan.
- Preparation of the draft SDIP.
- Follow up with Municipal Council to Approve the SDIP
- Conduct The Second Public Meeting
- Prepare the final SDIP

Tasks completed regarding the Physical Planning:

- Review the planning framework report.
- Determining the possibilities and challenges.
- Supervise the sectorial assessment.
- Approving the Spatial Development Framework Plan SDFP.
- Submission the negative of the aerial photos.
- Final digitized aerial photogrammetry maps were submitted.
- Land Use Plan, zoning & building regulations were prepared and approved by the District Planning Commission .
- Final Report was submitted.

Activity 2.4:

The LGUs will be supported to develop a comprehensive capacity development plan that inter alia will include recommendations for organizational structures staffing, office facilities, training programmes and minor equipment.

Sub-Activity 2.4.1:

The institutional capacity assessment and development assignment was completed. (%100 completion)

Tasks completed:

- LGUs Assessment Questionnaire was prepared
- The local government laws were reviewed
- Workshops with the concerned communities were conducted.
- A draft by-laws was prepared
- SWOT analysis was prepared
- The municipalities' objectives and main duties were reviewed
- The organizational structures proposed by MoLG was reviewed
- Jobs descriptions and jobs classifications were prepared.
- Departments functions and duties description were prepared
- Human resources development plan was prepared
- Procedural manual for the municipalities' operations was prepared.
- Capacity Development Strategy Plan was prepared.
- A final report was prepared .

Tasks completed regarding the Technical Assistance to the Common Water Department (CWD) " of the Joint Service Council for Planning and Development (JSCPD) / Beit Liqya Cluster.

- Assessment of the existing water service in the area.
- Assistance to the legal establishment of the CWD.
- Fixed assets identification, registration, and valuation.
- Preliminary training for the Board of Director.
- Material and equipment needs' assessment
- Organisational structure, job descriptions and management procedures for Human Resources
- Proposed tariff structure and business plan
- Training needs assessment
- Preparation of operation and maintenance procedures
- Preparation of customers' services procedures and billing system
- Preparation of financial procedures
- Preparation of communication and internal reporting regulations
- Support to the CWD for awareness of the population
- Procurement of equipment
- Recruitment of personnel
- Implementation of the set of procedures
- Supervision of external activities
- On-the-job training
- Benchmarking. -Performance monitoring tools
- Long term assistance

Result 3

Capacities of the selected LGUs are enhanced for improved planning, HRM, financial management, service delivery and accountability

Activity 3.1

capacity development programme will be implemented

Sub-activity 3.1.1:

The Equipment and Furniture were supplied within the targeted clusters. (%100 completion)

Tasks completed regarding the SDIPs:

- Supply of IT Equipment for JSCs.
- Supply of Furniture for JSCs.
- Supply of Total Station for JSCs.
- Supply of Stationery for JSCs

Sub-activity 3.1.2:

The office building (extension or renovation) activity is in progress. (postponed)

Sub-activity 3.1.3:

The financial support for 12 months initial employment of staff activity was completed (%100 Completion)

Tasks completed:

1st phase :

(Engineer, Secretary, Urban Planner and Accountant) for each JSC were recruited for one year.

2nd phase:

(Engineer,) for each JSC was recruited for one year.

3rd phase:

- Recruiting of (Engineer) for each JSC (in Progress) : Extension the contracts of the Engineers
- Recruiting of executive Manager of each JSCPD for one year.

Result 4

LGUs service delivery is improved through sustainable infrastructure development in the clusters

Activity 4.1:

Provision of funding for infrastructure development that enhance the new institutional status of the LGU (amalgamated into municipal council or as JSC).

Sub-Activity 4.1.1:

Engage Consultant or Technical Team to assist LGU's (%65)

Tasks completed:

- Local Technical Consultant - West Bank Clusters (2013) was contracted (on-going).
- Supervision for Water Network Rehabilitation in Beit leqya Cluster was contracted (on-going).
- Study and design for Water Supply Network in Beita and Al-Karmel Clusters (cancelled)
- Local Technical Consultant - South Bank Clusters (2015) (under procurement)

Sub-Activity 4.1.2:

Implementation and follow up of the approved infrastructure sub- projects. (%63 completion)

1st phase :

of infrastructure projects (connection roads). was completed. (%100)

2nd phase:

Infrastructure (social infrastructure) (%70)

- Review projects identified within public participation (Completed)
- Get steering committee approval (Completed)
- Bidding phase (completed)
- Preparing tender documents
- announce the invitation for bids (IFB)
- Bids Opening and evaluation
- Awarding and contracting
- Implementation (In Progress)

Rehabilitation of Beit Leqya, Beit Seera, Beit Nuba & Kharbatha Al-Misbah Water Supply System - PHASE 01 project, (under implementation)

3rd phase: infrastructure (%20)

- Review projects identified within public -participation (Completed)
- Get steering committee approval (completed)
- Bidding phase (in progress)
- Implementation (In Progress)

Component 3

Support for newly amalgamated municipalities (MDP-aligned)

The BTC financial contribution under this component is going to be distributed among the amalgamated municipalities through MDP, starting from the 2nd cycle. Noting that, during the reporting period, MDP- 1st cycle was under implementation where the 2nd cycle planning started by the end of 2011. Consequently, the BTC contribution under (MDP-Window 2 -1nd cycle), was distributed among (10) amalgamated municipalities where MDLF informed the municipalities about their allocations and received their projects priorities.

Result 5

Newly amalgamated municipalities are continuously progressing their performance

Activity 5.1

Undertake regular assessments of municipalities and provide general oversight and guidance to the concerned LGUs (by MDLF staff)

Sub-activity 5.1.1:

Municipal Ranking Assessment was completed. (%100 completion)

Tasks completed regarding the SDIPs:

Evaluate the new amalgamated municipality to decide their performance category in accordance to the municipal performance criteria used by MDLF.

Activity 5.2

Provide fiscal transfers to municipalities that is linked to their performance during the assessments. In this manner the municipalities will be provided with incentives for continuous improvements in their performance.

Sub-activity 5.2.1:

Fiscal Transfers to the amalgamated municipalities is in progress. (%90 completion)

Tasks completed:

- Inform the municipalities about their allocated budget.
- Nominate projects for implementation according to their SDIPs or by conducting public participation sessions in case they don't have SDIP.
- Projects appraisal phase.
- Bidding documents preparation phase
- The projects were completed.

Note: For more details on LGRDP please see annex B

Challenges Encountered &Obstacles

During the reporting period the implementation process was subject to such delays due to the following:

- More than one assignment and activities were carried out in each cluster confusing the targeted clusters.
- The formulation of the Joint Service Councils as well as the clusters identification process were delayed.
- Limited resources in the clusters.

Lessons Learnt & Recommendations

- The awareness campaigns should start before any assignments such physical planning and Fixed assets...etc. Moreover, the awareness should be conducted continuously throughout the programme life cycle.
- The LGRDP technical committee should include the JSCs representatives to complement and reflect the local needs.
- Having a National Working Group consists of all those in charge of amalgamation such as MoLG/ Policy Unit, MoLG, MDLF/ LGRDP team, MDLF, LDP and the relevant donors will contribute to tackle the issues and current challenges in addition to come up with solutions and mitigation measures if needed.
- The financial planning should be more realistic while the operational plans should cover all the durational activities.

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Local
Government
Policy
Development
Programme
LGPD

Local Government Policy Development Programme (LGPD)

Background

The “Local Government Policy Development Programme” LGPD, aims at supporting the Palestinian National Authority (PNA) policies and programs on its way to state building. This program is funded by the Danish Government and executed through the Municipal Development and Lending Fund (MDLF) on behalf of the Ministry of Local Government MOLG.

This program supports the on-going efforts of the Palestinian National Authority to reform the local government system at the national level. The Local Government Policy Development Programme (LGPD) was formulated in October and December 2010 in close cooperation with the Ministry of Local Government (MoLG) and the Municipal Development and Lending Fund (MDLF). In April 2011 an agreement signed between the MoLG and the Danish Representative Office (DRO) specifying MDLF's responsibility for the LGPD implementation and the management of the programme.

LGPD Description

The overall objective of the programme is to “support the building of a sovereign, democratically viable Palestinian state, guaranteeing basic human rights and security for its population, creating the framework for economic growth and delivering basic services by contributing to the establishment of a viable strategic framework for municipal development.

The Programme is composed of the following three components:

Component 1

Support to Policy & Strategy Unit in MoLG

The main objective of this component is for MoLG to have a fully functioning policy and strategy unit, capable of formulating and monitoring MoLG policies and strategies being implemented in the local government sector.

Component 2

Support to Municipal Development and Lending Fund (MDLF)

The objective of this component is to strengthen MDLF to implement its working programme with enhanced efficiency, effectiveness and quality including implementation of policies for the LG sector.

Component 3

Support to the Association of Palestinian Local Authorities

The objective of this component is to strengthen APLA in its ability to voice the interest of LGU members in policy issues.

DANIDA



Financing Partners Contributions

The grant of DKK 4.8 million (equivalent to around **US\$62,940\$**) was received from the Kingdom of Denmark for the benefit of MoLG, MDLF and APLA where the fund will be managed by MDLF.

Progress of Outputs

Component 1

Support to Policy & Strategy Unit in MoLG

Output 1.1 (MOLG)

Support to contracting staff and setting up working stations

Key Achievements

- Job descriptions for all six PSU positions are developed.
- Announcement of positions for the (Head of Unit and Monitoring and Documentation Director), and head hunting of the secretary.
- Selection and hiring of PSU staff to be finalized late February 2012.
- Purchasing computers and furniture for the PSU office spaces: three IT tenders were made, and one furniture tender.

Output 1.2

Support to prioritization of key areas for policy and strategy development by PSU

Key Achievements

- Conduction of a PSU Work Plan seminar/ work session was made and the PSU was presented for the higher planning council.
- A list of prioritized policies were identified by the PC.

Output 1.3

Support to awareness raising and integration of the PSU in MoLG work

Key Achievements

- Orientation meetings were made to clarify the roles and duties of the PSU, and to present their work, through the regular meetings of the planning council.
- Focal points within different directorates were established.

Output 1.4

Support to development of concrete MoLG policies, strategies and action plans in accordance with the PSU Work Plan

Key Achievements

- A second contract was signed with LGDK to support to plan the process of developing concrete policies, strategies and action plans: LGDK introduced the policy and strategy framework to the PSU, and an inception report and orientation was made, two missions were scheduled of which the first was conducted in Oct-Nov 2011 and Feb 2012.
- Support to the actual development of the selected concrete policies, strategies and action plans: as a first phase two examples were chosen: City beatification and HR Policy framework, which were translated to English, reviewed and discussed with the staff and related departments. The recommendation then was made to work with priority policies of:
 - **Municipal fulfilment of their service obligations and other duties:** a draft study was made based on a survey conducted among municipalities and several workshops were conducted with municipalities to get their feedback.
 - **Amalgamation:** several workshops were made and lessons-learned were documented, a draft modified strategy is prepared but yet not endorsed.
 - **Decentralization:** workshops to assess the current practices started
- Training of PSU staff on specific subjects stemming from the working processes: the first training is 60 hour tailored English Course for four staff members of PSU, policy making, introduction to similar experiences. PMP training, monitoring and evaluation training including the last training for the two researchers in Egypt.

Output 1.5

Support to development of general methodologies, guidelines etc. regarding development of policies, strategies and action plans and regarding monitoring methodologies, approaches and procedures.

- PSU with the assistance of LGDK prepared "steps to formalize a policy"
- Action plan for preparing policies is drafted.

Output 1.6

Development of communication strategy (internal and external).

The PSU is recognized as the address to coordinate for LG policies and has been participating for the review of the LG cross sectoral strategy, anti-corruption policy, public participation policy, PPP policy, amalgamation etc.

Component 2

Support to Municipal Development & Lending Fund (MDLF)

Output 2.1 (MOLG)

MDLF prepared for implementation of Lean culture

Key Achievements

Introduction meeting to Lean with the MDLF was made by KL team.

Output 2.2

Training & Lean application

Key Achievements

- Selection of MDLF staff to be educated as ILCs.
- A meeting with Gaza via video conference was made to MDLF employees about "lean". Conducting the first lean training in May 2012
- Conducting the second lean training in December 2012
- Conducting the 3d lean training in March 2013
- Conducting the 4th lean training in May 2013
- Conducting 5th lean training in June 2013
- Conducting the 6th lean training in December 2013

Output 2.3

Follow-up & consolidation

Key Achievements

The lean trainers are working on specific cases of work flow with MDLF departments

Component 3

Support to the Association of Palestinian Local Authorities

Key Achievements

- This component is pending; as a prior requirement is: APLA should have the newly elected mayors and councils on board to insure democratization processes are pursued and the policies formulated included the voice of LGUs. Election of the new executive board was made in June 2013.
- The suggested interventions are:
 - TA (LGDK support) on preparing position papers, lobbying for policies, exposure to KL experience
 - Seminars among the LGUs regarding LG laws and policies.
 - Local consultancy: opinion surveys etc.

Implementation Status & Progress



Implementation Status

Component 1: Support to Policy and Strategy Unit in MoLG

The primary purpose of the establishment of a Policy and Strategy Unit (PSU) in MoLG is to enhance the ministry's capability to prepare coherent policies and strategies in the field of the local government sector and to transform these policies and strategies into action plans which can subsequently be implemented.

The capacity of the PSU is considered to be much higher than when the Programme started, but PSU is, according to observers, yet to prove its role and expertise in development of policies.

Support to awareness raising and integration of the PSU in MoLG:

The integration of the Policy and Strategic Unit (PSU) to the Ministry of Local Governments (MoLG) is probably the most visible result of the support being provided. From Programme onset, the PSU has been strengthened in its capacity to relate with other departments and to involve them in monitoring. PSU has established links with focal points in other 11 departments (in the MoLG at national level) and 11 directorates (throughout West Bank). The focal points also had the opportunity to participate in two training sessions including monitoring & evaluation and policy formulation. The departments fill in data on progress and submit reports to the PSU. LGDK has also presented information on indicators in the training which has further strengthened and confirmed the importance of having a monitoring system. Some of the indicators from the workshop are being used in the monitoring system.

Support to development of concrete MoLG policies, strategies and action plans

MoLG has prepared a prioritized list of policies to be prepared. It is the intention to initially work with the support of the programme and LGDK with the two policy areas at the top of the list. Initially an 'internal HR policy for MoLG' and 'City beautification' were chosen as concrete examples for study and comments by LGDK; to enable the PSU unit and related departments to fully understand the needed framework for formulating policies and what might be missing in the on-going practise. Then MoLG planning council selected the following policies to be formulated with the programme support:

- Municipal fulfilment of their service obligations & other duties.
- Amalgamation.
- Decentralization

Among other issues, the Programme has supported training for other MoLG staff on the formulation of working processes for policies, strategies and action plans. In September 2012, LGDK gave training on "identification of indicators for monitoring the strategic framework for MoLG 2014-2010." The presentation points toward possibilities for revising the sectoral strategic objectives and sectoral goals. Likewise, it presents the log frame approach (objectives, results, activities, indicators), in which the MoLG operates using a language of goals, objectives, sub-objectives, initiatives and activities. The PSU has contributed to the update of the MoLG's Strategic Plan and its action plan. The knowledge offered by the TA being provided has yet to be applied to this process. The MoLG has decided to maintain the present goals and objectives. Likewise, the AP indicates the main department in charge of an activity and the allocated budget. A local consultant, financed by CHF, in coordination with the deputy assistant and the PSU, had reviewed the strategic plan and the overall action plan after consultation with each department. In the future, and under ideal circumstances, the PSU may prepare a review of the strategic plan without having to use a local consultant.

While this case shows that PSU in general has been strengthened in terms of overall coordination, the MoLG has not yet decided to implement LGDK's suggestions of revising objectives/goals. It may be argued that it also would be difficult to adapt the LGDK in the "middle of the 2014-2010 period" when it could be used for future plans.

Development of concrete policies

Some progress has taken place regarding the actual preparation of policies, particularly, the amalgamation/classification and decentralization process.

The preparatory studies (diagnosis) have been made, and the legal department has identified 18 areas where local governments have their own competences. Likewise, a "reality-check" with municipalities took place, showing that they in fact still must deal with national regulations even in areas where they have competences.

Regarding amalgamation, a gradual process involving several steps has been suggested, as opposed to a more rapid merger of the LGUs.

The PSU is waiting for green light from the Minister and the Planning Council for the considerations spelt out in these diagnoses before they can move forward with the preparation of the policy for amalgamation and classification. The situation of having prepared a diagnosis or working paper shows the need for a “how to make policies” note from the PSU, so that it is clear to everyone – including the Planning Council – exactly where in the process the preparation of a working paper fits in (it is first step before actually preparing any draft policies).

It will be important to coordinate with – and support – other departments which are working on strategies linked to amalgamation (e.g. joint service council), and to collect and take into account amalgamation experiences from the donor-supported programmes. The policies are very important. Possible impact of such policies would mean that i) conflicts may be avoided if the amalgamation process is carried out according to clear steps; ii) amalgamation may imply better services, because of large-scale advantages for the new municipalities; and iii) municipalities may be encouraged to provide more services through incentives.

During the project period, the following activities took place as per the following:

Amalgamation Strategy	Decentralization Policy	public private partnership policy
- A Meeting with amalgamated municipalities to discuss outstanding problems and solutions. - Through the conference of local government: a session on amalgamation was conducted that aim at consolidation of policies and strategies of the Ministry of Local Government. - A Workshop of the joint councils and ways to support the amalgamation process through the joint councils.	- The conference of local government that aims at consolidation of policies and strategies of the Ministry of Local Government towards LG sector was held in February 2013 where the decentralization was the main theme of discussions. - A workshop to discuss financial policies at the local sector was held in May 2013	- Workshop on feedback of "public private partnership policy" was conducted with participation of private sector representatives and municipal decision makers to discuss the five pillars of the policy.

Main observations and recommendations regarding the amalgamation

- The need for an evaluation study of the merged local bodies and gaps/ problems occurred during the amalgamation process.
- Preparation for joint assessment with civil society organizations in the amalgamated areas.
- MoLG not to back down and to support the process on the ground and the need for a unified position regarding the merger (a decision or choice).
- There is an urgent need to develop a clear law that defines the mechanics of mergers and annexation, elections and representation structures, budgets and debt in the merged bodies.
- There is an urgent need for the Ministry of Local Government diagnosis and determine the legal requirements, the financial and service sectors of the merged bodies.
- There is need for the Ministry of Local Government to lobby and conduct awareness campaigns about introductory steps before the merger and adopt persuasion rather than imposition of amalgamation

Main observations and recommendations regarding the requirements for decentralization

- Provide legal environment: the ministry is working in consultation and participation with all the actors in the sector to amend the local authorities Law No. 1 of 1997, with a clear vision of the essence of the required amendments. The ministry is concentrating on the development of regulations and instructions provided by law, the ministry has worked in this direction to:
 - Revise the by-laws and LG practices.
 - Develop budget call: where standards of budgets were developed with partnership with the local authorities and the ministry's role is clarified as oversight and guidance.
 - The development of unified accounting system, which aims at enabling the management of accounts according to international standards and allowing the Ministry to focus on guidance, control and non-interference in detail with the finance of local authority.
- Enable and capacitate local authorities: Decentralization requires the presence of local bodies able and competent to carry out their responsibilities and duties in providing the best services to citizens.

Sustainable local authorities that are able of development: the requirements of decentralization is the presence of strong bodies that are active both at the level of representation or the provision of services and is able to achieve development: In order
- to achieve this requirement to move toward decentralization, the ministry embraced a number of policies and strategies, such as: policy of annexation, merger, which aims to build local bodies that are able to function and self sustain.
- Participation and accountability as basis for decentralization: an emphasis in providing the right environment for decentralization, the conviction of the ministry and the best practices of international experience suggest that the development of participation and accountability community is the basis of decentralization, which include to the accountability of LGUs towards the citizens, and the role of the central authority is the oversight and support.
- Expanding the authorities of LGUs in local economic development & investment: the decentralization requires expanding the role of local authorities to include LED tasks in addition to the services.

Component 2

Support to Policy and Strategy Unit in MoLG

As the “lean approach” is a combination of increased customer value and better quality, increased job satisfaction and improved efficiency. MDLF decided to invest in its staff by introducing them to these concepts through training a group of employees from diverse departments in West Bank and Gaza.

The workshops on indicators and the LEAN methodology have provided inspiration and some of the trained staff members have initiated internal processes where they apply their new skills. The LEAN methodology is intended to increase efficiency, among other issues, by identifying bottlenecks in management (“waste” of procedures, time, etc.). The General Director clearly stated the institution’s will to use and implement the LEAN methodology. After the first introduction to LEAN, the MDLF staff was organized in four groups, each of which is to visit another department in order to initiate a LEAN process. The second training session has focused on lessons learned from this first exercise. However, due to other workloads, including other donor requirements, the third training session was postponed to early March 2013.

The third training session was carried out early March 2013, followed by a workshop in Egypt for Gaza staff 13th 16-th of May 2013, and a workshop in Ramallah 10th 14-th of June 2013 for west bank team concentrating on value stream mapping. A special session for lean to manage



rs was also conducted to evaluate and assess the way ahead for MDLF lean process. Distribution of 15 certificates were made to participants by the end of the last training course.

Finally, the last training session was conducted in December 2013 where the participants had the chance to present their projects and receive feedback from the trainer regarding their case studies.

Component 3

Support to the Association of Palestinian Local Authorities

The objective of this component is “strengthening its ability to voice the interest of LGU members on policy issues” through active participation of Palestinian Local Authorities (APLA), and since election of the executive committee had not taken place in APLA since 2006, the component had deliberately not been finalized, but left “open” until APLA was “ready” to receive support. The main indicator for the component objective is: APLA strengthened in its ability to voice the interest of LGU members in policy issues. By the end of 2012, there are still considerable frictions between municipalities/LGUs governed by the different political parties, and in particular between municipalities in Gaza and the West Bank.



That what we doing
to chang this...

For Better Life

MDLF

The General Assembly of APLA was held in December 2012 following the local elections in West Bank, and a new executive committee and board of directors are to be elected before February 2013. In any case, within the present Programme the focus could be on involving municipalities and APLA in policy formulation processes and arrangements would be included through the program in 2013 to insure the voice of LGUs included in the policy formulation.

Within the present Programme the focus could be on involving municipalities and APLA in policy formulation processes and arrangements would be included through the program in 2013 to insure the voice of LGUs included in the policy formulation.

For that reason a meeting with the executive director of APLA was made in the 18th of April 2013 at MDLF with the participation of the policy unit to agree on the program involvement, and after seeking the temporary executive committee of APLA through the executive manager, the following activities were approved:



Item	Intervention
TA support from LGDK (KL)	The TA support to cover but not limited to: - How to develop Position Papers on Policies. - How to Lobby for certain policies/ policy modifications To be exposed to Denmark Experience in LG (relation between LGDK and municipalities)
Seminars	- Specific seminars to discuss (legal aspects of LGUs mandates etc.) - Seminars might include seminar logistics, accommodations, printing materials etc. Seminars in the presence of KL experts (to be exposed to LGDK experience-see above comments)- parallel with MoLG – KL missions
Translation & Interpretation	Logistics for seminars in the presence of KL experts
Local consultancies	Hiring advisors, studies/opinion surveys etc.

The election of the executive committee took place on the 8th of June 2013. This was the first time after the last elections of APLA in 2006. yet it's worth mentioning that it included west bank LGUs only with reserving seats to Gaza, and that elections witnessed the withdrawal of Hebron governorate LGUs due to disputes on representation criteria. Although this was partial elections, it still carries out an important factor of the possibility of revitalizing this important LG institution. Two workshops were organized by APLA. One of them focused on the roe of APLA for local government policies development, whereas the other focused on the participatory role of APLA in LG policies development. Another activity under this component during the reporting period is the study tour for the Palestinian mission to Denmark to get the benefit from the Danish experience in the LGUs development.

LGDK Contribution

The technical assistance (TA) applied by (LGDK) is based on the learning-by-doing principle combined with coaching and with specific training on selected subjects. LGDK carried out one mission during the reporting period in connection with the programme and the components (3rd to 7th March 2013). A report was prepared for this visit, covering all components. LGDK consulted the PSU on information and material needed. Workshops were organized with participation by the PSU, the focal points in the departments and the directorates. A number of Power Point presentations have been prepared, including the following activities:

- Amalgamation Strategies: Field visit to Jenin, revision of amalgamation paper.
- Meeting with joint service councils.
- Participation in the preparation for 2013 activities (decentralization policy).

Challenges Encountered and Obstacles

The nature of the programme and its objectives to establish and introduce policy making at the national level for the local government sector, needs high commitment and change management process at the Ministry of Local Government, and APLA. Changes in the interests of MoLG can affect the process of policy making negatively.

here are several risks envisaged as follows:

Political	Security
The PNA avoids introducing / passing new laws and the Legislative Council is not working. This may affect the Programme's result, as necessary changes to new policies may not take place. LGU and PNA lack a democratic mandate, as local and national elections have been postponed (conducted in WB, still pending in Gaza). This may be a risk for Component 3 in particular (the need for APLA to have legitimacy).	The general security risk on the West Bank and Gaza is a potential risk for the Programme and affects both implementation and coverage (it has materialized in Gaza in November 2012). The capacity and the lack of sufficient PSU staff at the start of the programme resulted delays in some activities. MDLF is involved in many other programmes and may not be sufficiently involved, thus this might affect the implementation of "lean-six sigma" improvements.

Lessons Learnt and Recommendations

Policy development: It's important to increase ownership of different MOLG departments towards implementing policies and strategies through their yearly plans.

The importance of strengthening the M&E system at MoLG especially in setting indicators.

For MDLF to be able to make use of the "lean approach" in enhancing the effectiveness and efficiency. Lean culture techniques should be implemented including periodic Kaizen meetings and Value streaming workshops.

Gaza
Solidwaste
Management
Program

GSWMP



Background

The Gaza Solid Waste Management Project is a comprehensive strategic infrastructure and capacity building project, where MDLF is managing the southern component of the project covering 3 of 5 governorates in Gaza Strip, namely the Middle Area, Khan Younis, and Rafah Governorates comprising approximately %64 of Gaza Strip's total geographic area inhabited by %46 of the total Gaza Strip's population , or approximately 800,000 people according the 2014 Palestinian Central Bureau of Statistics (PCBS) projections. The GSWMP is aiming at improving solid waste management services in the Gaza Strip through the provision of efficient and environmentally- and socially-sound waste disposal schemes, and initiating measures to improve overall solid waste management systems. Through the GSWMP, a sanitary landfill will be constructed in the southern region of Gaza Strip with capacity to serve the 3 governorates until year 2025, and to serve the entire Gaza Strip until the year 2040. This major construction effort will be implemented in phases on an overall area of 47.2 hectares with immediate land area needed for first three cells of 21.5 hectares. The new facility will be equipped to operate at high standard and it will be complemented by a system of solid waste transfer stations in each governorate in addition to comprehensive capacity building programme to improve service provision at the different stages of solid waste management, including the supply of new solid waste collection vehicles to the newly expanded JSC-KRM and its member municipalities accompanied by institutional strengthening measures and training. Through the GSWM, studies and investments in recycling and resource recovery will take place encouraging the participation of private sector, in addition to further involvement and participation of the population through broad public outreach and public awareness activities.

Description

MDLF is implementing the GSWMP in the Southern region of Gaza with its financing partners: the France Development Agency (AFD), the European Union (EU), and the World Bank in addition to the Kingdom of Sweden. UNDP and IsDB (through UNRWA) is contributing to the overall Gaza Strip programmatic approach with focus on Gaza and North Gaza Governorates and on short-term measures, primary collection, and the construction of one transfer station (by IsDB/UNRWA) in the Southern region (Khan Younis).

covering 3 of 5 governorates in Gaza Strip
800,000 people
capacity 2025
47.2 hectares



The objective of the project is to improve solid waste management services in the Gaza Strip. This objective would be met through the provision of more efficient, environmentally and socially sound waste disposal systems, and by initiating measures to improve Gaza and the West Bank's overall solid waste management system.

Project Development Objective Level Results Indicators

- Percentage of solid waste collected from the targeted population, disposed in a new sanitary landfill developed under the project.
- Percentage of increase in fees collected annually within the member municipalities forwards cost recovery.
- Number of people in urban areas with access to regular solid waste collection under the project.
- Number of waste pickers whose lives depend on the existing solid waste context and who are integrated into livelihood and social inclusion programs under the project.
- Contaminated land or dump-sites closed and rehabilitated under the project (in hectares (ha)).
- Direct project beneficiaries (number) of which females (percentage).

Project Components

Component 1

Solid Waste Transfer & Disposal Facilities

20,150,000 \$

- Construction of Sanitary Landfill
- Construction of Transfer Stations - RAFAH
- Supply & Installation of TS and LF Equipment
- Access Roads to Landfill & TS
- Closure of Existing Dump Site

Component 2

Institutional Strengthening

1,650,000 \$

- Capacity Building of JSC-KRM
- Capacity Building of Municipalities
- Public Awareness Campaign

Component 3

Primary Collection & Resource Recovery

5,100,000 \$

Component 5

Contingency

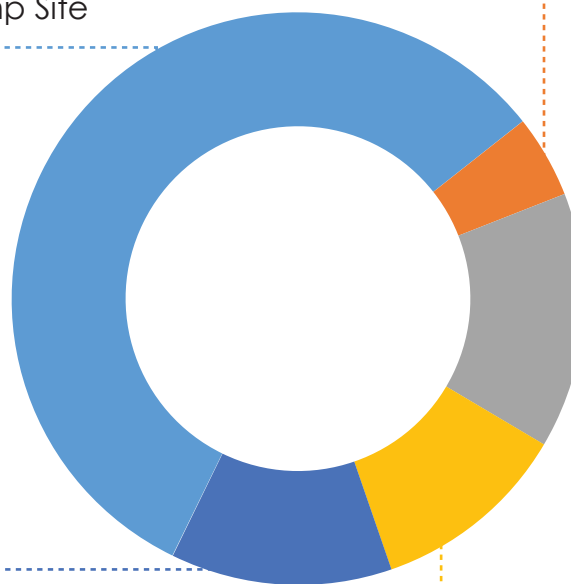
4,410,000 \$

Component 4

Project Management

3,950,000 \$

- Design Revision, Const. Supervision & Cont. Mgn't.
- Operational Management Contract for LF and TS
- Independent Consultancies: including independent monitoring of EMP and Beneficiary assessments



Financing Partners Contributions

Total Budget
35,260,000 \$



THE WORLD BANK
IBRD • IDA | WORLD BANK GROUP



SWEDEN
sweden government

10,640,000 \$



European Union

20,120,000 \$

Implementation set-up

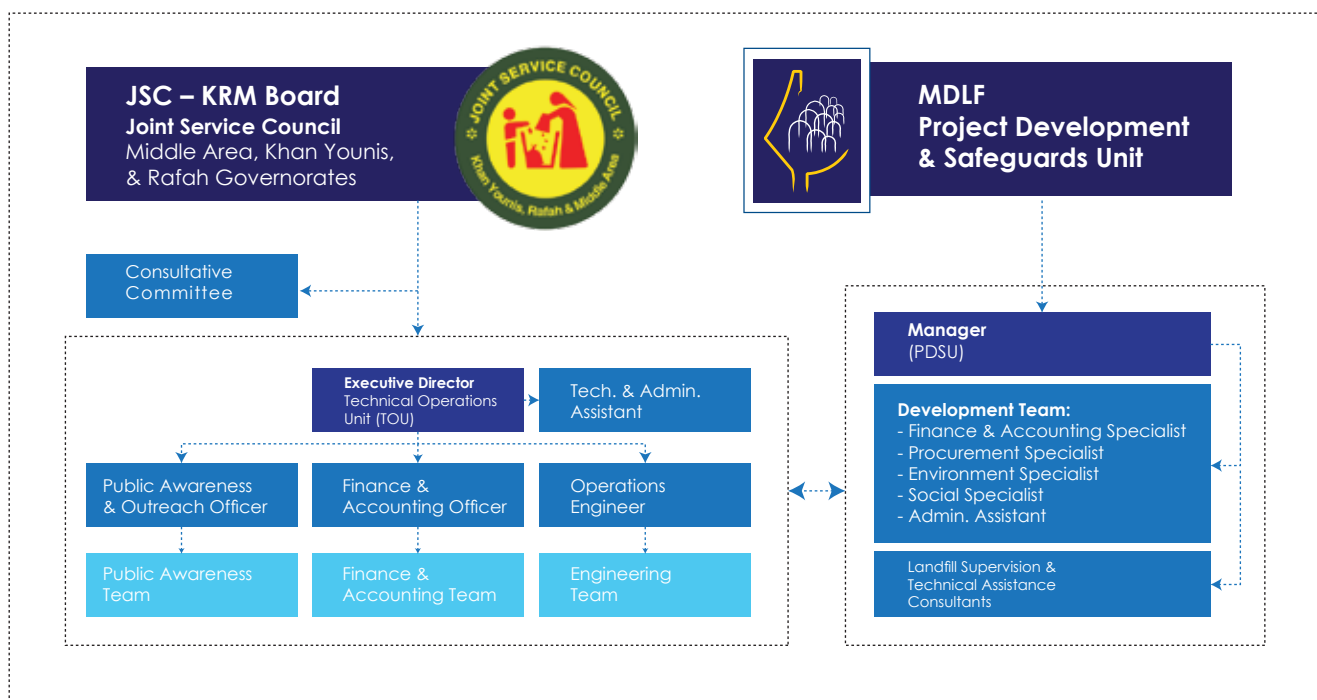
According to Project Operation Manual (POM), "MDLF, as the Project Implementing Entity and legal owner of the assets acquired or created under project, would be responsible for ensuring the achievement of the project objectives.

The MDLF would undertake this role primarily through the Project Development and Safeguards Unit (PDSU); which is a new and semi-autonomous project development unit based in Gaza and which reports directly to the MDLF's Director General, and coordinates with financial and procurement managers in Ramallah.

JSC-KRM has been expanded to include municipalities in the Khan Younis, Rafah, and Middle Area Governorates as a key stakeholder (and possible eventual owner and operator of the new landfill); The JSC-KRM would play an important supporting role during implementation, and would do so in close consultation with the MDLF-PDSU.

The JSC-KRM TOU (Technical Operations Unit) would be the operational arm of JSC-KRM. In order to facilitate cooperation, JSC-KRM TOU and MDLF-PDSU would be housed together in the same premises in Southern Gaza Strip, and would meet regularly to share ideas and to review the progress of the project and the achievement of objectives".

MDLF had established the PDSU in late 2012, and currently the JSC-TOU is being finalized, where the head of TOU has been hired starting in September 2014, and the remaining of the key staff should be hired in early 2015.





Summary of Progress during the reporting period

The Gaza Solid Waste Management Project (GSWMP) went into effect as of 09 July, 2014 (Project Effectiveness Date) and with an expected closing date on 30 November, 2019. It is important to mention that from 07 July to 26 August 2014, Gaza experienced a war that lasted for 50 days where all sectors suffered damages at various degrees including the solid waste management sector. Delay in project effectiveness that was attributed to the fulfilment of negotiation conditions (with World Bank Group), the grant agreement with AFD acting on behalf the EU was announced earlier on 24 August, 2013.

As part of the first implementation support mission from 12 to 20 October, 2014, Project Launch Workshop was held On 13 October, 2014 in the presence of Financing Partners, MDLF, JSC-KRM, Local Government Units from across Gaza Strip, and other stake holders. During the workshop, Financing Partners presented an overall project description and explained the environmental and social safeguards in addition to expected outcome and indicators of implementation. MDLF and JSC presented more details on project components and its benefits to the Palestinian People. The workshop was published on MDLF website and local newspapers; see section 3.5 Visibility.

This section is prepared in reference to the adopted Project Operations Manual (POM) dated 05 February, 2014 and to the subsequent updates to activity plan including action plan for the 4th quarter, 2014 and first quarter 2015.

Status of Component 1

Solid Waste Transfer and Disposal Facilities

No progress has been made for this component during 2014; following are the details on the items that were subject to rescheduling:

Landfill Construction and Rehabilitation and Closure of Sofa Dumpsite

Quarter 1 of 2015 was planned to witness first advanced payment to the landfill construction contract.

Status: Date to be shifted to 4th quarter of 2015 due to delay in "Design Revision, Construction Supervision, and Contract Management.

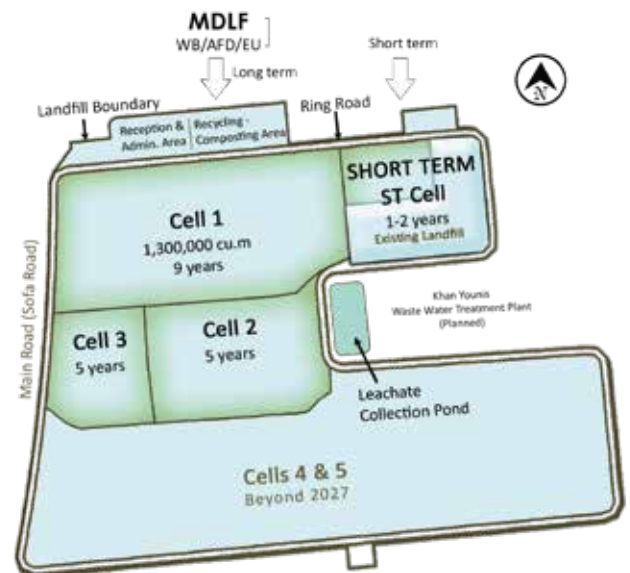
Construction / Rehabilitation of Transfer Stations

Quarter 1 of 2015 was planned to witness first payment to the construction contract for Rafah Transfer Station

Status: Date to be shifted to 3rd quarter of 2015 due to delay in Design Revision, Construction Supervision, and Contract Management.



A: Landfill the land required to construct the landfill had been expropriated following Palestinian laws where a Presidential Decree was declared on 25 December, 2012. Prior to the presidential decree, Land Assessment Committee was established by the JSC-KRM for the purpose of valuation of the property and to negotiate with owners. Following the presidential decree, one owner contested the acquisition act and the land categorization change, and another contested the value. The first case was turned down, while the second was settled through court-appointed committee taking the form of arbitration. An independent legal opinion was issued on 14 January, 2014 validating the legality of the land acquisition process. The JSC-KRM paid an amount of US\$ 727,424 on 02 February, 2014. The Palestinian Ministry of Finance committed the amount of US\$ 1.15 million to compensate the rest of land owners in four installments starting February, 2015. Table 13 summarizes the process, and table 14 provides details on the land owned by 5 families and the status for each lot.



Land Acquisition Process

Activities

Establishing a Land Assessment Committee

Estimate the price of the land

Land Acquisition, Presidential Decree

Legal opinion on land acquisition process

Court appointed valuation committee for owners contesting land valuation in point 2.

Payments of land price to each land owner

Liaising the land needed for the transfer station

■ Complete ■ In process ■ 2 complete, 1 in process

B: Transfer Stations: 3 transfer station are required to be constructed in the southern region (project area) , one of which (Khan Younis) will be constructed by UNRWA financed by IsDB. The other two transfer stations, in Tal Al-Sultan – Rafah and Dair El-Balah – Middle Area, are financed within this project. The site in Rafah is available and it is owned by the Municipality of Rafah as it is located near a pilot composting plant, “a project financed by the Government of Japan through UNDP” . The second site for the Middle Area (in Dair El-Balah), is still being sought, as public lands are limited in that area and the process of private land acquisition could be of difficulty given the higher land prices in the narrowest area of Gaza Strip (see figure 1 in this report); and as a lesson learnt from the land acquisition for the landfill, seeking a public property is the fastest and easier way to locate a site for Dair El-Balah transfer station.



Update: currently, the Municipality of Dair El-Balah is in the process of allocating a public land for the transfer station in coordination with the Land Authority. Preliminary information provides that the lot will be available within the first half of 2015.

Status of Component 2

Institutional Strengthening

During 2014, the first contract under this component was initiated (hiring the executive director of JSC-KRM)

Capacity Building of Joint Service Council (JSC-KRM)

This item started in third quarter of 2014 after project effectiveness in 09 July, 2014. The Contracting with JSC Key Staff, Executive Director was fully executed while the other staff (Operations Engineer , Financial & Accounting Officer, Public Information & Outreach Officer and, Administrative & Technical Assistant are expected to be finalized in 2015.

Status of Component 3

Collection and Resource Recovery

No progress has been made for this component during 2014, however a "Study on Optimizing Waste Collection" is planned in 2015.

Status of Component 4

Project Management

The procurement process continued for the first major contract, "Design Revision, Construction Supervision and Contract Management". This Contract is expected to start in first half of March, 2015. This Item experienced unexpected delay to the originally planned schedule due to revision to shortlisted firms called to submit technical and financial proposal, and consequently to the deadline of the proposals submittal (39 days); such delay had therefore reflected on the expected dates to start long term landfill construction.

Work Plan 2015

Several activities are planned for 2015 focusing on the preparation for starting the landfill construction, where contract Design Revision, Construction Supervision & Contract Management is expected to kick off in the 1st quarter. Component 2 is planned to have activities that add to the JSC-KRM new expanded identity through training workshops to both new and existing staff followed by capacity building measures targeting member municipalities and its health departments. Series of meetings are planned with the community and mayors to introduce project activities and provide hope for a better environment and improved services through the Project. A study on Optimization of Waste Collection is planned in 2015 that would provide a solid base for improving the system from the collection stage through the system of planned transfer station, meeting the other end at the disposal facility, Sofa "Al-Fukhari" Landfill, which is expected to start in 4th quarter of 2015. Therefore, the objectives of 2015 action plan are to:

- Start the soft components of GSWMP (Comp. 2 and 3)
- Position the JSC-KRM in the service area in a strong manner (Comp. 2 Institutional Strengthening)
- Launch the hard components of GSWMP (Comp. 1 Infrastructure Development)
- Design a Community Outreach Plan utilizing past experience of JSC and present ideas provided by the project.

Note:
for more details on
GSWMP action plan
2015 please see
annex C

Challenges Encountered & Obstacles

Difficulties were mainly due to concluding the land acquisition process for the area reserved to constructing the main infrastructure component: Sofa Landfill. The Joint Service Council (JSC-KRM) has been closely following up the developments with landowners, Court procedures, and with the PA. The unanticipated delay in concluding the land acquisition process had led to the shift project activities and to the postponement of project effectiveness since land availability is a central requirement with meeting all social and environmental safeguards associated with the process, which had been fulfilled in accordance with the ARAP.

The shift of dates had directly influenced the need to start the short term measures, such measures include:

- A. The construction of a short term landfill at the existing landfill in Sofa "Al-Fukhari";
- B. The closure of Dair El-Balah Sanitary Landfill, which has exceeded its design capacity.

Item (A) above; the construction of the short-term landfill was planned to be implemented by UNDP. The delay had put UNDP under pressure since the financing partner (Government of Japan) expected this activity to take place in line with the time frame set by the feasibility study (2015-2013); where "It was agreed that the Short Term upgrade of the landfills would be effective from 2013 onwards, followed by a 5 year operation period for construction and completion of the long term sanitary landfills" .

Series of follow up meetings among MDLF, UNDP, JSC, and financing partners brought common understanding of the conditions on the ground, and it was agreed that UNDP would wait until end of 2014 for positive update on the land acquisition status (as stated in minutes of meeting on 19 November, 2014).

On the other hand, Dair El-Balah Landfill is becoming overburden as it exceeded its design capacity in addition to deterioration in the leachate recirculation system. JSC-KRM is in the process of reorganizing the landfilling operations inside Dair El-Balah Landfill. Extra precautions and immediate measures are required to lessen potential outbreak of landfill fires or collapses, importance of such measures increase given the location of the landfill; being located directly on the border line with the Israeli side and surrounded by agricultural lands.

The primary collection within member municipalities anticipates intervention by the GSWMP as the refuse collection fleets are in dire conditions although limited number of equipment were provided to individual municipalities from independent sources, making the need for optimizing waste collection of a vital requirement to connect all stages of solid waste management in systematic and effective manner that is in line with Project Development Objectives, particularly PDO 2, 1, and 3. Therefore, a study for optimizing waste collection (item C3a/4.1.4 in table 1 of this report) is scheduled in 2015 where tendering procedures are planned to take place in late first quarter/beginning of second quarter of 2015. Finally, with the adjustments to landfill boundary as a result of finalizing the land acquisition process; the need for value engineering and design revision is becoming more urgent than before, since the feasibility study of 2012 relied on the available boundaries back then in order to design cells' capacities and service years. In addition, the nearby Waste Water Treatment Plant (KY WWTP, implemented by UNDP) is expected to start construction activities in late 2015. Questions were raised with respect to facility accessibility and accumulated solid waste in the interface area between the two projects. Meetings and joint site visits were conducted in November, 2014 by MDLF, JSC-KRM, UNDP, PWA, and CMWU in order to coordinate the activities on the interface area between the two projects and to exchange updates and plans.

Changes introduced in implementation

Changes in implementation were limited to shifting schedules of implementation to accommodate the process of land acquisition, project effectiveness, and the overall situation in Gaza (e.g., War of 2014). No changes to the described activities in Project Appraisal Document or Project Operation Manual had taken place in 2014. Completion of land acquisition reserved for constructing the landfill contributed to overall project delay; however the commitment of the Ministry of Finance to disburse payments to land owners starting February, 2015 had positioned the infrastructure component implementation on a more accurate time schedule.





Annex A

**Municipal Development
Program – Phase 2
(MDP-II)**

Annex A

MDPII/Cycle -1 Costing by Donor Per Window (original Fund)

	WB	KFW	AFD	Sida	Danish	GIZ	PA-MOLG	PA	BTC	VNG	SDC	
Window 1 Municipal Grants	3,705,000	12,085,000		2,526,500	5,692,500		3,534,000	3,515,400	930,000		496,000	32,484,400
Window 2 Support to Municipal Responsiveness & Innovations	600,000		700,000		2,110,000					558,000		3,968,000
Window 3 Capacity Building	250,000	410,000	230,000	163,500	381,500	372,000					620,000	2,427,000
Window 4 Program Management	945,000	1,005,000	70,000	310,000	616,000	28,000	266,000	264,600	70,000	42,000	84,000	3,700,600
	5,500,000	13,500,000	1,000,000	3,000,000	8,800,000	400,000	3,800,000	3,780,000	1,000,000	600,000	1,200,000	42,580,000

MDPII Costing - Additional Financing to Gaza Strip

	WB	KFW	MDTF	BTC	Total
Window 4: Municipal Grants	152,174	450,000	608,695	0	1,210,869
Window 5: Program Management	2,021,739	4,550,000	8,086,957	350,000	15,008,696
Total	2,173,913	5,000,000	8,695,652	350,000	16,219,565

Window 1 - Cycle 1 / Gaza / End of December- 2014

Status	No. of projects	Allocation (Euro)	Percentage
Mun. review	28	3,812,281	%26.8
MDLF review	0	0	%0.0
LTC Review	0	0	%0.0
Tendering	16	1,437,046	%10.1
Evaluation	0	0	%0.0
Awarded	0	0	%0.0
Ongoing	34	3,683,417	%25.9
Completed	150	5,273,569	%37.1
Total	228	14,206,314	%100

Window 1 - Cycle 1 / West Bank /End of December- 2014

Status	No. of projects	Allocation (Euro)	Percentage
Mun. review	2	663,637	%4
MDLF review	2	118,889	%1
LTC Review	0	0	%0
Tendering	0	0	%0
Evaluation	3	604,142	%3
Awarded	2	385,674	%2
Ongoing	51	8,589,618	%46
Completed	82	8,314,567	%45
Total	142	18,676,527	%100

- mun. review:** preparing the desing, specifications and bidding documents, getting the approvals from inline ministries (if needed)
- LTCs review:** verify the desing, the specification and the bidding documents
- MDLF review:** final verification prior the approval on the tendering.

1st cycle estimated cost - MDPII

	WB	WB-AF	KFW	KFW-AF Gaza	AFD	Sida	Danish	MDTF-AF Gaza	GIZ	PA-MOLG	PA	BTC	BTC-AF Gaza	VNG	SDC	Total
Window 1: Municipal Grants	3,705,000		12,085,000			2,526,500	5,692,500			3,534,000	3,515,400	930,000			496,000	32,484,400
Window 2: Support to Municipal Responsiveness & Innovations	600,000				700,000		2,110,000						558,000			3,968,000
2.1 Piloting Innovations	600,000				700,000								558,000			1,858,000
E-governance	325,000															325,000
Renewable Solar Energy	275,000															275,000
Local Economic Development					700,000								558,000			1,258,000
2.2 Post Amalgamation Support																
Window 3: Capacity Building	250,000		410,000		230,000	163,500	381,500		372,000						620,000	2,427,000
3.1 Capacity Building for Municipalities	250,000		410,000			163,500	381,500		372,000						620,000	2,197,000
3.1.1 Improved Financial managemnet	250,000		265,000						306,000							821,000
Integrated Financial Management Information System	250,000		265,000													515,000
Fixed Assets Registration and Valuation (FARV)									246,000							246,000
Training on financial management including									60,000							
3.1.2 Strategic Development and Investment Plans (SDIP)									66,000							
Develop SDIPs for Municipalities									66,000							
3.1.3 Citizen Service Center						163,500	381,500								590,000	1,135,000
3.1.4 Operation and Maintenance			145,000													145,000
3.1.5 Citizenship, communication and outreach guidelines																
3.2 Capacity Byuilding for MDLF as of strategic plan					230,000											230,000
3.2.1 Informative Researches					100,000											100,000
3.2.2 Coordination on LED and lending initiatives					100,000											100,000
3.2.3 E-MDLF					30,000											30,000
Window 4: Program Management	945,000	1,005,000	152,174	450,000	70,000	310,000	616,000	608,696	28,000	266,000	264,600	70,000		42,000	84,000	4,911,470
4.1 MDLF Management Fee (%7)	385,000	152,174	945,000	350,000	70,000	210,000	616,000	608,696	28,000	266,000	264,600	70,000		42,000	84,000	4,091,470
4.2 Technical Supervision and Assistance (LTC)	460,000			100,000												560,000
4.3 Monitoring and Evaluation	40,000		60,000													100,000
4.4 Outreach and communication campaign	60,000					100,000										160,000
Window 5: Gaza Emergency Response - Add. Financing		2,021,739		4,550,000		0	0	8,086,957					350,000			15,008,696
	5,500,000	2,173,913	13,500,000	5,000,000	1,000,000	3,000,000	8,800,000	8,695,652	400,000	3,800,000	3,780,000	1,000,000	350,000	600,000	1,200,000	58,799,565

MDPII/Cycle 1 - Capacity Development Package

%24

CSC

1	Abasan Al Kabira
2	Al Eizariyya
3	An Nseirat
4	Anata
5	Arraba
6	Bedia
7	Beit Hanun
8	Beit Ummar
9	Beta
10	Seir
11	Deir Al Balah
12	Deir Debwan
13	East Bani Zeid
14	Idna
15	Qatanna
16	Rafah
17	Silwad
18	Surif
19	West Bani Zeid
20	Azzun
21	Kafr Dan
22	Deir Al Ghosoun

%58

FARV

1	Abasan Al Jadeeda
2	Abwein
3	Al Fokhari
4	Al Masdar
5	Al Mazra'a Ash Sharqeyya
6	Al Moghraqa
7	Al Naser
8	Al Newe'emeh
9	Al Oja
10	Al Shokeh
11	Al Tayybeh
12	Al Zahra
13	Al Zawayda
14	Al Zawyeh
15	Al-Kafriyyat
16	Allar
17	Aqqaba
18	As Sawahreh Ash Sharqiyya
19	Aseera Ash Shamaliyya
20	Ash Shoyukh
21	Atara
22	Az Zababedah
23	Bal'aa
24	Baqa Al Sharqeyya
25	Beit Awwa (Al-Yasiriyya)
26	Beit Foreek
27	Beit Leed
28	Beit Ula
29	Borqin
30	Bruqin
31	Deir Ballut
32	Hableh
33	Howwara
34	Jammaein
35	Janata
36	Jayyus
37	Kafr Al Labad
38	Kharas
39	Kufor Al Deek
40	Ne'lin
41	Qarawat Bani Hassan
42	Sabastya
43	Seelet Ad Daher
44	Seelet Al Hartheyya
45	Sinjel
46	Tammun
47	Tarqumia
48	Turmosayya
49	Um Al Naser
50	Wadi Al Salqa
51	Wadi Gaza
52	Nuba
53	Se'ier

%16

IFMIS

1	Ad Doha
2	Al Bireh
3	Al Braij
4	Al Ittihad
5	Al Qarara
6	Al Ram
7	Aqraba
8	Beit Fajjar
9	Beit Jala
10	Beit Lahia
11	Beitunia
12	Gaza
13	Marj Bin Amer
14	Salfit

%2

SDIP

1	Al Ubeidiyya
2	Nuba

Results Framework

Project Development Objectives												
PDO Statement												
The objective of the project is to improve municipal management practices for better service delivery and municipal transparency.												
Project Development Objective Indicators												
Indicator Name	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/	Responsibility for	Update as of January 2015
				YR1	YR2	YR3	YR4	End Target		Methodology	Data Collection	
Affected population in Gaza with access to restored municipal services	☐	Number	0.00					1000000	End of MDPII	Municipal Application forms	MDLF/Local Technical Consultants	1,147,133
Number of municipalities that graduate	☐	Number	0.00			25.00		40.00	End of each Cycle	Ranking criteria, Municipal	MDLF, Independent Consultants	To be measured by April 2015 - MDLF is currently
up the performance category in which they are currently classified, by the end of MDP -II										Ranking surveys, Published municipal data		updating the municipal ranking. The ranking questionnaire was sent to all WB&G municipalities asking them to fill out the questionnaire and to submit the related supporting documents to MDLF by end of Jan -2015. In parallel to that, MDLF has started the procurement arrangement to contract a consultancy firm to verify the municipalities documents, where the assignment is expected to start by Mid -February until April 2015.
Number of municipalities that graduate to A ranking, by the end of MDP -II	☐	Number Sub -Type Breakdown	0.00					5.00	End of each Cycle	Ranking criteria, Municipal Ranking surveys, Published municipal data	MDLF, Independent Consultants	To be measured by April 2015 (the same as above)
Number of Municipalities that graduate to B ranking	☐	Number Sub -Type Breakdown	0.00					20.0	End of each Cycle	Ranking criteria, Municipal Ranking surveys, Published municipal data	MDLF, Independent Consultants	To be measured by April 2015 (the same as above)

Percentage of municipalities that apply social accountability measures, specifically, at least two public disclosure mechanisms, by the end of MDP II.	☐	Percentage	68.00				75.00		80.00	End of Each Cycle	Municipal Ranking survey, Published Municipal data, Citizen Satisfaction survey (for verification)	MDLF, Independent Consultancy (for verification)	To be measured by April 2015 (the same as above)
Municipalities publically disclosing external audit reports with minimum standards, and with unqualified opinion	☐	Number Sub-Type Supplemental	0.00						55.0	End of Each Cycle	Municipal Ranking surveys, Published Municipal data	MDLF, Independent Consultancy	To be measured by April 2015 (the same as above)
Municipalities publically disclosing participatory SDIP execution and updates.	☐	Number Sub-Type Supplemental	0.00						90.0	End of Each Cycle	Municipal Ranking surveys and mapping, Published municipal data, Citizen Satisfaction Surveys (for verification).	MDLF, Independent Consultancy (for verification)	To be measured by April 2015 (the same as above)
Municipalities establishing	☐	Number Sub-Type	8.00						16.00	End of Each	Municipal Ranking	MDLF, Independent	By end of Cycle 1
service quality standards for tracking in Citizen Service Support Centers		Supplemental								Cycle	Survey, Published Municipal data, Citizen Satisfaction Survey (for verification)	Consultancy (for verification)	23 municipalities (18 in WB and 5 in Gaza) will be having CSCs
Percentage of investments financed under the Project that are operational and in an adequate state of usability, according to technical audits.	☐	Percentage	0.00						90.00	End of Each Cycle	Technical Audits, Sample of infrastructure sub-projects, site visits, Citizen Satisfaction Surveys (for verification)	MDLF, Independent Consultancies	To be measured by April 2015 This indicator will be measured through a technical compliance audit and usability assessment for MDPII - Cycle 01. This assignment is under procurement where the TOR was recently sent to the KFW for Non - Objection. This assignment is expected to start late February until April 2015.
Direct project beneficiaries	☒	Number	0.00						3,000,000	End of Each Cycle	Municipal Application forms	MDLF/Local Technical Consultants	W1 – (WB : 2,106,382) (Gaza: 1,902,158) W1,147,133 :5) Total Direct Beneficiaries: (5,155,673) Note: there is a multiple count, particularly for Gaza, where the beneficiaries of W1 might be the same beneficiaries of W5.
Female beneficiaries	☒	Percentage Sub-Type Supplemental	0.00						49.00				5,155,673 * %49 = 2,526,280

Beneficiaries from roads and public parks established/rehabilitated, by the end of MDP -II	☐	Number	0.00					1,200,000	End of Each Cycle	Municipal Application forms	MDLF, Local Technical Consultants, Municipalities	W1 – (WB roads : 1,039,089) (Gaza roads: 689,162) W1 – (WB -gardens : 97,826) (Gaza -gardens:30,000) W5: (roads: 625,343) (gardens: 4,000) Total: 2 ,485,420
Intermediate Results Indicators												
Indicator Name	Core	Unit of Measure		Cumulative Target Values						Data Source/	Responsibility for	
			Baseline	YR1	YR2	YR3	YR4	End Target	Frequency	Methodology	Data Collection	
												the identified definition.
Roads rehabilitated, by the end of MDP II	☐	Kilometers	0.00					200.00	End of Each Cycle	Municipal Application forms, Municipal Infrastructure Database	MDLF, Local Technical Consultants, Municipalities , PCBS	W1 – West Bank : 143 Km W1 – Gaza : 20 Km W24 :5 Km Total = 187 Km for cycle 1.
Number of municipalities that have succeeded in implementing one of the following innovative ideas under Component 2 (renewable energy, E - Municipality, and Local Economic Development)	☐	Number	0.00					8.00	By the End of MDP -II	MDLF Evaluation/Verification	MDLF	E-Municipality: the MDLF is currently piloting the E - Municipality on 4 municipalities in West Bank, where the pilot is expected to be completed by end of 2015. Renewable Energy: the MDLF is currently piloting the renewable energy on 8 municipalities (6 in WB and 2 in Gaza) LED: MDLF is currently piloting the LED approach on 5 municipalities in WB under cycle 01 -funded by the VNG. Another 7 municipalities are anticipated to be supported with LED projects during the 2 nd cycle.
Direct Beneficiaries from social infrastructure projects implemented in merged municipalities	☐	Number	0.00					40,000	End of MDP -II	Municipal Application Forms	MDLF, Local Technical Consultants, Municipalities	The total no. of beneficiaries from social infrastructure sub -projects is equal to 113,731
Number of municipalities that have updated their fixed assets and valuation database	☐	Number	0.00			25.00		50.00	End of Each Cycle	Municipal Ranking surveys	MDLF, Independent Consultancy	To be measured by April 2015 (as part of the ranking update survey – under procurement – and expected to be completed by April 2015)
Number of municipalities that have updated their Strategic Development and Investment Plans (SDIPs) through applying participatory approach	☐	Number	0.00			30.00		60.00	End of each Cycle	Municipal Ranking Surveys	MDLF, Independent Consultancy	To be measured by April 2015 (as part of the ranking update survey – under procurement – and expected to be completed by April 2015)

Number of municipalities where the Operations and Maintenance Manual is rolled out and being applied, by the end of MDP II.	☐	Number	10.00			30.00		50.00	End of Each Cycle	Municipal Ranking Surveys, Technical Audit, MDLF Verification	MDLF	A manual was developed under MDPI. MDLF is currently working on developing a software for O&M to be piloted and rolled out in cycle 2. The total No. of mun. that will be targeted by this software is not yet determined due to the nature of demand driven for CB packages. It is expected to apply the software on 40 -50 mun in MDPII -cycle 02.
Percentage of municipalities that recorded at least %20 reduction in	☐	Percentage	0.00			90.00		100.00	End of each Cycle	Citizen and Client Beneficiary Satisfaction Surveys,	MDLF, Independent Consultancy	To be measured once the CSC is in operation (expected by august 2015)
processing time for at least two of the defined set of services in Citizen Service Centers.										Municipality records, MDLF verification		



Annex B
LGRDP

LGRDP - List of 1st phase of infrastructure projects

Cluster	Project	Profile
Beita	Asphalting of Internal Roads in Beita, Audala, Ausreen and Za'tara	4.85 Km
Beit leqya	Paving of Link Road (Beit Leqya-Beit seera)	1.81 Km
	Link Roads rehabilitation (Beit Leqya-Kharbatha almisbah), (Kharbatha almisbah-Beit seera) & (Beit Leqya-Beit nuba)	4.38 Km
Jort eshama'	Paving of Link Road (Jort eshama'-Wad rahal)	2.51 Km
Karmel	Rehabilitation of Al-Karmel Entrance Road	2.25 Km
Total		15.8 Km

LGRDP - List of 2nd phase of infrastructure projects **

Cluster	Locality	Project Name	Project and work Description	Approx . Area
Beita	Beita	Expansion of the existing Public Health Clinic.	The existing building consists from one floor (130 m ²). The expansion will be by adding one floor and staircase of approximately (190 m ²).	190 m ²
		Construction and finishing of 6 additional classrooms in Beita Secondary Girls School.	The existing building is concrete and consists from two floors (350 m ² each floor). The construction for the 6 classrooms will be on the third floor.	350 m ²
	Audala	Construction and finishing of 2 additional Classrooms in the Boys School.	The existing building is concrete and consists from two floors, 4 classes (250 m ²). The construction for the 2 classrooms will be on the third floor.	80 m ²
		Construction and finishing of additional Multipurpose Hall to the Co-od School.	The existing building is concrete and consists from three floors, 8 classes (430 m ²). The constructions for the additional hall with utility units will be on the fourth floor.	200 m ²
	Ausareen	Maintenance of the Secondary Girls School- third floor –and construction and finishing of canteen.	The existing building consists from three floors, 18 classrooms (500 m ² each floor). The maintenance will includes roof isolation, third floor internal plaster repairing and painting due to roof leakage and walls humidity. In addition to construction and finishing of canteen (3 x 3 m) in the school yard.	500 m ²
		Construction and finishing of Women Center.	The construction for the Women Center (140 m ²) will be on exiting donated land.	140 m ²
	Za'tara	Tiling of internal street sidewalks.	Sidewalks tiling with interlock blocks for internal street. Curbstones are existing and the sidewalk will be (600 x 1 m).	600 m ²
		Construction of children garden.	The construction of the garden will be on land located in the center area of Za'tara (1500 m ²). The construction will includes leveling, fencing walls, gate, seats, lighting and kid games.	1500 m ²

Beit leqya	Kharbatha al misbah	Construction and finishing of 5 additional classrooms in the Boys' Secondary School.	The existing building is stone and consists from 2.5 floors (320 m2 for each floor). The construction for the 5 classrooms will be on the second floor.	320 m ²
	Beit leqya	Rehabilitation and equipping two computer centers in both Secondary Boys and Girls Schools.	The work is to rehabilitate the girl's school computer lab and to renovate new room in the boy's school to be the lab. The labs need to be equipped with (50 computer, 50 desks, 100 chairs, 2 TVs). In addition to installing related networks.	
		Construction and finishing of additional floor and rehabilitation of the Public Health Center.	The existing building is concrete and consists from one floor (200 m2) area suffer from humidity and water leakage in the courtyard. The constructions for the additional floor will depend on the building's structural and physical condition and the ministry requirements.	200 m ²
	Beit nuba	Tiling and lighting of internal roads.	Tiling with interlock blocks for internal roads (550 x 3 m). Works may include 1 m concrete sidewalks. In addition to installing 15 lighting units (lamp and arm) on the existing Electrical poles.	1650 m ²
	Beit seera	Rehabilitation of the Primary Boys School.	The existing building is concrete and consists from three floors (350 m2 for each floor). Rehabilitation will include painting the whole school, replacing stairs tiling, renovate 6-8 utility units, construction of (4 x 5 m) canteen, and construction of drinking fountain and install metal cantilever (30 x 4 m).	140 m ²
		Tiling of kindergarten entrance road.	Tiling with interlock blocks for internal roads (300 x 4.5 m). Works may include 1 m concrete sidewalks.	1350 m ²

Cluster	Locality	Project Name	Project and work Description	Approx . Area
	Jort eshama'	Raising the electricity power of Girls and Boys secondary Schools.	The existing Boys Secondary School building consists from two floors (1000 m ²). Raising the electricity power will be done by converting the internal electricity network from 1 phase to 3 phase and connect the school to the electricity source by 3 phase cable. The existing Girls Secondary School building consists from three floors (1200 m ²). Raising the electricity power will be done by connecting the school to the electricity source by 3 phase cable.	
		Rehabilitation of Jort eshama' Cemetery yard.	The work will be done by construction of cantilever (20x5 m) inside the existing cemetery yard.	100 m ²
	Um salamona	Construction of Public Garden.	The construction of the public garden will be on available land (3000 – 5000 m ²). The required design will be for the whole public garden while the construction will be for first phase to include leveling, seats, lighting, cafeteria, utility units and kid games.	3000 m ²
	Marah m'ala	Finishing works of the Multipurpose Hall and Women Center inside the Village Council building.	The existing building consists from three floors. Finishing works will be for: finishing works for the existing Multipurpose Hall on the first floor (120 m ²) and finishing works for the Women Center on the second floor (70 m ²).	190 m ²
	Marah rabah	Construction and finishing of Multipurpose Hall.	The construction for the Multipurpose hall (200 m ²) will be on the first floor of exiting Village Council building.	200 m ²
	Al ma'sarah	Raising the electricity power of Al-Zawahra' Secondary School.	The existing building consists from two floors (600 m ² for each floor). Raising the electricity power will be done by converting the internal electricity network from 1 phase to 3 phases.	

		Rehabilitation of Al ma'sarah kindergarten yard.	The existing building consists from one floor (100 m2) with side yard (80 m2). The rehabilitation will include supplying of grass, sand area, mobile seats, outdoor games, fencing the yard and construction of mobile cantilever.	80 m ²
	Khalet Elhaddad	Construction, finishing and equipping 2 labs for Khalet El Haddad Primary Co-ed School.	The existing building consists from one floor, 5 classrooms (500 m2). The construction for the 2 computer and scientific labs (100 m ²) will be besides the existing building. In addition to equipping the 2 labs.	100 m ²
	Al mansheeyah	Construction and finishing of Multipurpose Hall.	The construction for the Multipurpose Hall (120 m2) will be on available land located in C area.	120 m ²
	Wad rahal	Connecting Thabra Primary Co-ed School to electricity and water source.	The existing building is under final stages of construction. Works to be done is to connect the school to the electricity source by 3 phase cable and installation of 5 electricity poles. In addition to connect the school to the water source.	
		Raising the electricity power of the Girls Secondary School.	The existing building consists from two floors (600 m ²). Raising the electricity power will be done by converting the internal electricity network from 1 phase to 3 phase and connect the school to the electricity source by 3 phase cable.	
	9 LGUs (Cluster)	Lighting of the Cluster internal roads.	Installing 550 lighting units (lamp and arm) on the existing Electrical poles distributed in the internal roads of the 9 Villages of the Cluster.	600 units
Al-Karmel	Al-Karmel	Rehabilitation of Al Karmel Primary Co-ed School Garden and Rehabilitation of the school entrance road.	The existing building consists from two floors (550 m ² for each floor). The rehabilitation of the garden will be on land (450 m ²) located inside the school boundary. The work will include supplying seats, lighting, kid games and construction of metal cantilever (30x4 m). In addition to rehabilitation of the	120 m ²

			school entrance road (250x4 m).	
		Equipping the computer center in Al Karmel Secondary Girls School.	The existing lab room needs to be equipped with (20 computer, 20 desks, 40 chairs, TVs). In addition to installing related networks.	
		Rehabilitation of the Public Health Clinic and equipping the clinic lab.	The existing building consists from one floor (160 m ²). The existing lab room needs to be rehabilitated and equipped. The equipment will be upon the cluster needs and the ministry requirements.	100 m ²
	Main	Rehabilitation of Main Primary School yard.	The existing building consists from four rental class rooms with side yard. The rehabilitation will include supplying of mobile seats, outdoor games, fencing the yard and construction of mobile cantilever (12.5x4 m).	50 m ²
	Khalet saleh	Construction and finishing of additional floor in Khalet Saleh Co-od School.	The existing building is stone and consists from 1.5 floors (450 m ²), 2 classrooms in the out yard and 2 rented classrooms outside the school boundary. The construction for the 4 classrooms, computer and scientific labs will be on the first floor. In addition to paving the school yard (600 m ²) and rehabilitate existing utility units.	200 m ²

Note/ **: The list of projects is subject to change during the LTC assignment. The work description for each project is for guiding purposes that will be finalized according to the LTC final recommendations after coordinate with JSCs, LGUs, MDLF and line ministries.

LGRDP - Description of the Co-financed Water Infrastructure Project**

Cluster	Locality	Project Name	work Description
Beit leqya	Beit leqya	Rehabilitation of Beit Leqya, Beit Seera, Beit Nuba & Kharbatha Al-Misbah Water Supply System - PHASE 01	Partial renewal of the small diameters pipes of Beit Liqya, Beit Nuba and Kharbata Al Misbah and related private house connections.
	Kharbatha al misbah		
	Beit nuba		
	Beit seera		Complete renewal of the existing pipes of Beit Sira and related private house connections renewal.

** : The Palestinian Authority (PA) has received a grant from the co-financiers: Agence Francaise De Developpement (AFD), City of Montreuil-France and Government of the Kingdom of Belgium acting through Belgian Development Agency (BTC) towards the cost of the project in line with "Support to Local Government Reform and Development Programme" (LGRDP).

CO-FINANCED PROJECT DESCRIPTION

1) Summary

The project aims at improving living conditions of the cluster inhabitants through a better supply in water thanks to the renewal of the distribution network and the creation and support of a Common Water Department within the Joint Service Council.

2) Objectives of the Project

- Improving and developing the quality of water services
- Strengthening the implementation of a Common Water Department within the Joint Service Council to optimise a sustainable water management
- Supporting the amalgamation process of the four villages
- Accompanying the water sector reform by helping concretely the implementation of the local governance policy in Palestine

3) Components, of the Project

The project would consist of the following 2 components:

Component 1 – Water infrastructures in Beit Sira Cluster:

In accordance with the preliminary design, the project includes the following works:

- the renewal of the totality of the existing water supply pipes in Beit Sira;
- the renewal of up to 15 000 linear meter of pipes with a diameter equal or inferior to 50 mm in Beit Liqya, Beit Nuba and Kharbata Al'Misbah;
- the renewal of the private connections related to the new pipes

→ This component will be financed by the three co-financiers.

Component 2 – Capacity building of CWD:

The Joint Water Service will benefit from a long term support as part of the amalgamation project financed by the BTC. Its capacity to operate and maintain water networks, its technical and financial display will continue to be strengthened by building capacities activities during and after the implementation of the project. These activities, financed by the BTC and supported by the City of Montreuil, will cover:

- Equipments: priority needs will be financed based on the performance assessment to handle the technical and administrative management of the service (car, electro-fusion tools, spare parts, safety equipments, computers...)
- Capacity building services (internal control procedures, commercial and accounting monitoring softwares...);
- Trainings (leakage detection, water quality analysis...).

→ This soft component has been, is and will be financed by the BTC and the City of Montreuil through its decentralized cooperation agreement.

4) Main Project Stakeholders

The MDLF as the beneficiary of the retrocession of the funds will be in charge of the Implementation of the project and supervision of the works (procurement, financing management, quality control, reporting...). The Joint Service Council for Development and Planning (JSCDP) as the final beneficiary of the works will lead the project with the support and control of the MDLF, lead the institutional development of a Common Water Department and be in charge of the operation and maintenance of the water system. The LGRDP, funded by the BTC will support the CWD and contribute to the funding.

Parallel Financing by Co-Financiers

The joint Montreuil/AFD's and BTC's contributions to the project will be through parallel financing. This means that each co-financier will disburse its funds through a separate Designated Account (DA) opened by the MOF (under the Central Treasury System) and operated (managed) by the MDLF. Funds are deposited into and disbursed from each DA on a proportional basis regarding the contribution. The BTC is in charge of validating payment requests. The DA will be audited annually by an independent office hired by a tendering process (lead by MDLF) and approved by AFD.

CO-FINANCED FINANCING PLAN

The project component 1 cost is estimated in the order of about €1.975 million and will be financed in parallel by an amount of 700 000€ from the BTC, 275 000 € from the French city of Montreuil (funds delegated to AFD's management), 1 million € from the French Development Agency (AFD) – for a combined 1.275 million € Montreuil and AFD contribution. This financing plan will be updated at the contracts signatures.

The component 2 (soft activities) will be financed through BTC and Montreuil funds and is not part of this financing agreement.

Indicative Project financing Plan	Total €	co-financiers		
<u>Water Supply infrastructure</u>		AFD	CTB	Montreuil
- complete renewal of the existing pipes of Beit Sira and related private house connections renewal	709 000	434 000	0	275 000
- partial renewal of the small diameters pipes of Beit Liqya, Beit Nuba and Kharbata Al Misbah and related private house connections	982 000	351 000	631 000	
Total of Works	1 691 000	785 000	631 000	275 000
<u>Consulting firm</u>				
- assistance to the procurement procedures (MDLF – 7% of the works)	119 000	75 000	44 000	0
- works supervision (local consultant)	25 000	0	25 000 ¹	0
Total for consultancy services	144 000	75 000	69 000	0
Miscellaneous (8% of the total)	140 000	140 000	0	0
TOTAL	1 975 000	1 000 000	700 000	275 000

¹ Includes the 7% for MDLF management fees.

LGRDP - List of 3rd Phase of infrastructure projects

Cluster	Project Name	Project and work Description
Beita	Construction of Spring Park.	The construction of the park (phase 1) will be on Tourist and archeological area located in Beita. The construction will includes leveling, retaining and boundary walls, seats, lighting, services building, canteen, walkways, grass and sand yards, car parking, Theater stage and kid games.
	Supply of Garbage containers.	The Garbage containers will be distributed in the whole cluster with total of 250 units (150 in Beita, 50 in Audala and 50 in Ausreen).
	Asphalting of Internal Roads in Beita, Audala, Ausreen and Za'tara	Asphalting will be for unpaved internal roads in the whole cluster with total of 1.35 km (0.50 km in Beita, 0.44 km in Audala and 0.41 km in Ausreen).
	Furnishing Beita main road.	The existing main road in Beita is 2.5 km two sides with four lanes separated by median island. The works include pavement marking lines, cat eyes, bus stations on sidewalks, Afforestation, traffic signs and traffic circles enhancement.
Al-Karmel	Construction and finishing of Joint Services Center.	The new building will be on available land (2000 m2) located in Al-Karmel. The construction will be stone and consists from three floors, 750 m2 total area.
Jort eshama'	Construction AN Amphitheater to wad al-Ness stadium	The existing stadium needs an Amphitheater where the existing playground is furnished with First Phase, and the Amphitheater will offer on its underneath with (players room, meeting room, and toilets).
	Administrative building	Jourt eshama is consist of nine villages, and during the last four years the village council of jourt eshama were hosting them, and since they are offering land with 3000 meter to building the future Municipality.
	Construction of additional class room to Jort Eshmaa boys school.	The existing building is concrete and consists from three floors, 8 classes (500 m2). The construction for the 3 classrooms will be an additional section to the building

	Construction and finishing of additional classroom in al Maasara Girl school.	The existing building is concrete and consists from two floors, 4 classes (250 m2). The construction for the 3 classrooms will be on the third floor
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LGRDP - List of additional projects in Al-Karmel cluster project

Cluster	Project Name	Project and work Description
Al-Karmel	Construction and rehabilitation of al- Karmel Public Health Clinic Garden	The existing building needs to be rehabilitate (painting, doors, and entrance), The construction of the garden will includes leveling, boundary walls, seats, services building,, walkways, trees, Wall paling and cantilever
	Water Tank Track	Al Karmel cluster (Main, Kalet alhadad, Kaleit Saleh and alkarmel) is facing the lach of water infrastructure supplay system (water Lines), and using rental water tanks for distributing water costing them around (40,000 Euro) Yearly, So in the time of joining the water service under the JSCPD and parallel with their needs of such service and based on the feasibility study, Water Tank with size of (10M2) will lead to merge the 4 JSC in this service and will make an income among the JSCPD.
	Garbage collector car	Car with capacity of 8m3 to collect garbage from the whole cluster and unify the waste garbage collection among the JSCPD, which will lead for merging services of the 4 villages together.
	Supply of Garbage containers.	The Garbage containers will be distributed in the whole cluster with total of 100 units (25 in al-Karmel, 25 in Kalet salaeh ,25 in kalet elhadad and 25 in Main).
	Rehabilitation of Al-Karmel main road	1.5 KM connecting Al-Karmel with Main, rehabilitation
	Rehabilitation Of al- Hodaidia school	Existing building with two floor needs to be rehabilitate and equipped to be used as school.

LGRDP achievements

Infrastructure Sector	Description	By the end of 2013	During 2014	By the end of 2014
Roads	Construction and Paving	11.01 Km	0.35 Km	11.36 Km
	Rehabilitation	4.38 Km	0	4.38 Km
	Tiling	0.41 Km	0.70 Km	1.11 Km
Electricity	Raising electricity power	0	5 Schools	5 Schools
	Street Lighting units	0	665 units	665 units
Water	HDPE Main Lines	0	20.97 Km	20.97 Km
	HDPE House Connections	0	4.15 Km	4.15 Km
	Prepaid water meter	0	0 Units	0 Units
Public Buildings	Construction	0	1770 m2	1770 m2
	Rehabilitation	0	540 m2	540 m2
	Equipping and furnishing	20 offices (IT+Furniture)	3 Labs (44 computer+44 tables)	- IT & furniture of 20 offices - Equipment of 3 labs (44 computers & 44 tables)
Public Facilities	Construction	0	350 m2	350
	Rehabilitation	0	0	0



Annex C

**Solid Waste Management
Program**

Annex C: 2015 Action Plan - GSWMP

							ToR & Tendering		Start								
Item Reference & Total Allocated Budget							2015							Planned Disbursement USD	Notes		
PAD Comp. Ref.	PP Ref.		Description	Amount Million USD			Q1				Q2	Q3	Q4				
	No.	Categ.		AFD EU	WB SW	TOTAL	JAN	FEB	MAR	APR							
Component 1: Infrastructure Development																	
C1a	1.1.1	Works	Construction of Sanitary Landfill	6.75	5.25	12.00							OCT	1,200,000	%10 of Total: Mobilization & Site Prep.		
C1b	1.1.4	Works	Construction of Transfer Stations (TS) - RAFAH	0.40		0.40						JUL		400,000	Related to output 4.1.1 and 4.1.4		
C1c	2.1.1	Goods	Supply & Installation of TS and LF Equipment	2.50		2.50											
C1d	1.1.2	Works	Access Roads to Landfill and TS		1.15	1.15							DEC		Related to progress in 1.1.1 and 1.1.4		
C1e	1.1.3	Works	Closure of Existing Dump Site		0.60	0.60					JUN			240,000	Clearing SW from TS & Temp. Locations		
C1f	ARAP Implementation (via UNDP-DEEP)														Update ARAP and Contact UNDP		
C1g	Land Acquisition for Landfill and TS (via PNA)														Still in Process, Payments Pending		
Component 2: Institutional Strengthening																	
C2a	4.1.2	CS	Capacity Building of JSC-KRM	0.75	0.10	0.85								200,000	See details (4 Items)		
C2b	4.1.2	CS	Capacity Building of Municipalities	0.50		0.50								50,000	See Details (supplies and workshops)		
C2c	4.1.3	CS	Public Awareness Campaign (Citizen Engagement)		0.30	0.30								75,000	See Details (Several Activities)		
Component 3: Primary Collection & Resource Recovery																	
C3a	4.1.4	CS	Studies for Optimization of Waste Collection	0.50		0.50					JUN			250,000	See details (2 contracts – 175,75,000 & 000)		
C3b	2.1.1	Goods	Supply of Waste Collection Equipment	3.50		3.50					AUG			1,750,000	Related to output 4.1.4		
C3c	4.1.4	CS	Studies for Waste Recovery (Rec. & Comp.)		0.10	0.10											
C3d	Pilot for Rec. and Comp. Facility (via UNDP)																
Component 4: Project Management																	
C4a	MDLF Fee			1.20	0.75	1.95											
C4b	4.1.1	CS	Design Revision, Const. Supervision & Cont. Mgn't.	0.60		0.60			MAR					150,000			
C4c	3.1.1	Non-Cons	Operational Management Contract for LF and TS		0.60	0.60											
C4d	4.1.5	CS	Independent Consultancies: including independent monitoring of EMP and Beneficiary assessments		0.80	0.80											
Total				16.70	9.65	26.35	USD							4,315,000			
Contingency				3.42	0.99	4.41						EURO		3,656,780	FX rate 11) 1.1810 Jan. 2015)		
TOTAL				20.12	10.64	30.76	NOTES:										
Contribution from PA (2.10), UNDP (1.60), and IsDB (0.80)						4.50											
TOTAL						35.26											



Annex D

Financial Data

MDPII Disbursement by end of 2014 (excluding Emergency Component to Gaza) in EURO

Financing Partner	 THE WORLD BANK IBRD • IDA WORLD BANK GROUP	 Sida	 KfW	 VNG International	 afcf AGENCE FRANÇAISE DE DÉVELOPPEMENT							
	Allocated	Disbursed	Allocated	Disbursed	Allocated	Disbursed	Allocated	Disbursed	Allocated	Disbursed		
Window 1	3,705,000	2,804,542	8,219,000	6,306,969	12,085,000	6,613,110	0	0	0	0	7,049,400	174,513.59
Window 2	600,000	63,129	2,110,000	20,000	0	0	558,000	1209.8	700,000	0	0	0
Window 3	250,000	377	545,000	0	410,000	3150	0	0	230,000	0	0	0
Window 4	945,000	509,900	926,000	457,700	1,005,000	441,528	42,000	0	70,000	0	530,600	0

Financing Partner	 giz	 Schweizerische Eidgenossenschaft Confédération suisse Confederazione Svizzera Confederaziun svizra	 BTC THE BELGIAN DEVELOPMENT COOPERATION	 TOTAL			
	Allocated	Disbursed	Allocated	Disbursed	Allocated	Disbursed	%
Window 1	0	0	496,000	331,195	930,000	822,470	%52
Window 2	0	0	0	0	3,968,000	84,339	%2
Window 3	372,000	103,000	620,000	41,751	2,427,000	148,278	%6
Window 4	28,000	20,988	84,000	40,004	3,700,600	1,491,540	%40

MDPII Additional Financing to Gaza Strip - Disbursement by end of 2014 in Euro

Financing Partner	 THE WORLD BANK IBRD • IDA WORLD BANK GROUP		 Sida		 KfW		 BTC THE BELGIAN DEVELOPMENT COOPERATION .be		 TOTAL		%
	Allocated	Disbursed	Allocated	Disbursed	Allocated	Disbursed	Allocated	Disbursed	Allocated	Disbursed	
Window 4	152,174	0	608,695	0	450,000	0	0	0	1,210,869	0	%0
Window 5	2,021,739	811,192	8,086,957	1,032,618	4,550,000	0	350,000	0	15,008,696	1,843,809	%12

LDPIII Disbursement by end of 2014 in US\$

Component	Allocated \$	Disbursed Amount 2014	Total Disbursed by end of 2014	% of Disbursement
Output 1: Participatory amalgamation process	456,030	173,012	173,012.71	%38
Output 2: Institutional Development of New Municipalities	729,649	-	45,953	%6
Output 3: Joint Projects Implemented	4,742,717	53,714	107,847	%2
Output 4: Strengthened Local Governance	660,332	-	0	%0
	995,971	%0	%0	%0
5. Programme Management				
5.1 Technical Assistance (Local/International)	259,025	72,290	72,842	%28
5.2 Reviews (mid-term and annual)	200,653	-	-	%0
5.3 MDLF management fee (*)	536,292	150,016	150,042	%28
Unallocated (%1)	76,613	-	-	%0
Total	8,657,282	449,032	549,696	%6

LGRDP Disbursement by end of 2014 in EURO

Component	Allocated \$	Disbursed Amount 2014	Total Disbursed by end of 2014	% of Disbursement
Support for amalgamation in 4 areas (incl. equivalent of %7 management fee)	9,000,000	881,694	3,120,271	%35
Total	9,000,000	881,694	3,120,271	%35

LGPD Disbursement by end of 2014 in US\$

Component	Allocated \$	Disbursed Amount 2014	Total Disbursed by end of 2014	% of Disbursement
Support to Policy and Strategy Unit in MoLG	515,293	118,178	602,254	%117
Support to Municipal Development and Lending Fund (MDLF)	102,391	0	105,998	%104
Support to the Association of Palestinian Local Authorities	64,598	0	19,643	%30
Mid Term Review	36,000	0	0	%0
Audit	52,200	0	10,000	%19
Management Fees	53,934	23213.67	49,984	%93
Contingencies	38,524	550	550	%1
Total	862,940	141,942	788,428	%91

GSWMP Disbursement by end of 2014 in US\$

Description	Allocated \$	Actual \$ 2013	Actual \$ 2014	Total	Remaining
Com. 1: Solid Waste Transfer and Disposal Facilities	6,800,000	0	0	0	6,800,000
Com. 2: Institutional Strengthening	400,000	0	29,389	29,389	370,611
Com. 3: Primary Collection and Resource Recovery	100,000	0	0	0	100,000
Com. 4: Project Management	1,870,000	0	129,400	129,400	1,740,600
Contingencies	830,000	0	0	0	830,000
Total uses of Funds	10,000,000	0	158,789	158,789	9,841,211

Description	Allocated €	Actual € 2013	Actual € 2014	Total €	Remaining
Com. 1: Solid Waste Transfer and Disposal Facilities	4,927,536	0	0	0	4,927,536
Com. 2: Institutional Strengthening	289,855	0	23,285	23,285	266,570
Com. 3: Primary Collection and Resource Recovery	72,464	0	0	0	72,464
Com. 4: Project Management	1,355,072	0	100,000	100,000	1,255,072
Contingencies	601,449	0	0	0	601,449
Total uses of Funds	7,246,377	0	123,285	123,285	7,123,092

GSWMP Disbursement by end of 2014 in US\$

Description	Allocated \$	Actual \$ 2013	Actual \$ 2014	Total	Remaining
Com. 1: Solid Waste Transfer and Disposal Facilities	9,650,000	0	0	0	9,650,000
Com. 2: Institutional Strengthening	1,250,000	0	0	0	1,250,000
Com. 3: Primary Collection and Resource Recovery	4,000,000	0	0	0	4,000,000
Com. 4: Project Management	1,800,000	0	79,662	79,662	1,720,338
Contingencies	3,420,000	0	0	0	3,420,000
Total uses of Funds	20,120,000	0	79,662	79,662	20,040,338

Description	Allocated €	Actual € 2013	Actual € 2014	Total €	Remaining
Com. 1: Solid Waste Transfer and Disposal Facilities	7,074,428	0	0	0	7,074,428
Com. 2: Institutional Strengthening	916,377	0	0	0	916,377
Com. 3: Primary Collection and Resource Recovery	2,932,406	0	0	0	2,932,406
Com. 4: Project Management	1,319,583	0	62,840	62,840	1,256,743
Contingencies	2,507,207	0	0	0	2,507,207
Total uses of Funds	14,750,000	0	62,840	62,840	14,687,160