



صندوق تطوير وإقراض الهيئات المحلية
Municipal Development & Lending Fund

2017
Annual Report



صندوق تطوير وإقراض الهيئات المحلية
Municipal Development & Lending Fund

ANNUAL REPORT 2017

MUNICIPAL DEVELOPMENT AND LENDING FUND
(MDLF) - PALESTINE

MARCH, 2018





The President
Mahmoud Abbas





The Prime Minister

Rami Hamdallah





صندوق تطوير وإقراض الهيئات المحلية Municipal Development & Lending Fund



لحياة أفضل

www.mdlf.org.ps



Our Vision

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

Our Mission

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

MDLF Values

Transparency	Is	Our policy	Our Strategic Themes • Empowerment of Local Government Units • Strengthening MDLF Institutional Development • Translating the Local Government National Policies to national programs and projects
Professionalism	is...	Our identity	
Accountability	is...	Our strength	
Credibility	is...	Our principle	
Scientific method	is...	Our approach	

To Our Municipalities

It is our promise to invest in our Municipalities to help them to succeed and help them to develop their skills for better management, to provide better services for a better life for citizens.



West Bank Office



Gaza Strip Office

MDLF Team: Dedication and Professionalism

Glossary

AFD:	French Development Agency
APLA:	Association for Palestinian Local Authorities
BOD:	MDLF Board of Directors
COA:	Chart of Account
DCF:	Donor Consultation Forum
EC	European Commission
ESMP:	Environmental and Social Management Plan
ESMF:	Environmental and Social Management Framework
EOI:	Expression of Interest
FARV:	Fixed Assets Registration and Valuation
FPPM:	Financial Policies and Procures Manual
GD:	Government of Denmark
GIZ:	German Technical Cooperation
GSWMP:	Gaza Solid Waste Management Project
HIMI:	High-Impact Micro- Infrastructure Project
ICUD:	Integrated Cities and Urban Development Project
IFMIS:	Integrated Financial Management Information System
JSCs:	Joint Service Councils
KFW:	German Development Bank
LDP:	Local Development Program
LGRDP:	Local Government Reform Development Program
LGUs:	Local Government Units
LTCs:	Local Technical Consultants
MDLF:	Municipal Development and Lending Fund
MIS:	Management Information System
MOLG:	Ministry of Local Government
MOF:	Ministry of Finance
MOPAD:	Ministry of Planning and Administrative Development
NDP:	National Development Plan
PCU:	Project Coordination Unit
PGMIS:	Project Grant Management Information System
PRDP	Palestinian Reform and Development Plan
RHC:	Regeneration of Historical Centers
SDIP:	Strategic Development and Investment Plan
Sida	Swedish International Development Cooperation Agency
SMDN:	Support to Municipal Development for Northern West Bank
TOR:	Terms of References
WBG:	West Bank & Gaza

Board of Director (BOD)

Dr. Husein Al-A'raj	Chairman of the Board, Minister of Local Government
Mr. Fadi Al-Sharif	Board Member, Representing Palestinian Monitor Authority
Mr. Faisal Fraihat	Board Member, Representing Ministry of Public Works and Housing
Ms. Laila Sbaih	Board Member Representing Ministry of Finance and Planning
Mr. Ammar Al-Dwaik	Board Member Representing Civil Society Organizations
Mr. Majdi Saleh	Board Member Representing Engineers Association
Eng. Musa Hadid	Board Member Representing Association of the Palestinian Local Authorities (APLA)
Dr. Johar Al-Sayegh	Board Member Mayor of Birzeit Municipality
Mr. Mohammad Abu Ghali	Board Member Mayor of Jenin Municipality



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Message from the BOD Chairman



In my capacity as the Chairman of the Board of Directors of the Municipal Development and Lending Fund, it is with great pleasure to present the MDLF Annual Report for the year 2017. As a distinguished national institution, the MDLF has been contributing towards developing the State of Palestine through enabling Local Government Units. MDLF strives to improve services delivery, achieve sustainable development, and promote municipal efficiency and accountability. The MDLF concluded one more successful year, with guidance from the Central Government, with major targets accomplished and new projects undertaken during 2017.

During 2017, the MDLF addressed issues pertaining to infrastructure work, capacity building, and innovation through developing a multi-phased Municipal Development Program "MDP". In 2017, the second phase of MDP proceeded with major accomplishments in the field. We believe the first step towards improving municipal services results from well-managed and more accountable local government units. The MDLF commenced the third phase of MDP, with groundbreaking new initiatives in development and reform. The cornerstone of MDP is how it links the municipal infrastructures allocations with the municipalities' performance.

Ever since the Local Government Units Development and Lending Fund Law was passed by H.E. President Mahmoud Abbas, the status of MDLF was enhanced. We value MDLF's full alignment with the national policies and agendas established as part of the overall efforts meant to ensure reform, transparency, and efficiency, which are crucial to develop a viable, sustainable Palestinian state. The Palestinian Government has always focused on integrating local economic development within its policies, agendas, and strategies, a point that MDLF successfully addressed.

It is worth noting that all these achievements would not have been reached without the full support and commitment of H.E. the President and the Central Government headed by H.E. the Prime towards the development of the local government sector. On behalf of the Palestinian government, and within my capacity as the Minister of Local Government, I would like to extend my sincerest appreciation to our development partners' support which made our achievements possible.

Husein Al-A'raj

Chairman of the Board of Director,
Minister of Local Government

Introduction from MDLF Director General



In 2017, the MDLF focused on enhancing the quality, the quantity, and the diversity of our projects. We focused on our strengths, improved our operational performance thus achieved better outcomes. We carried our success while bearing in mind having a responsibility towards our municipalities and the needs of our local society. These issues were all considered in the MDLF new strategy (2017-2021) which was endorsed by the Board of Directors early 2017 under which all MDLF interventions were clearly identified towards achieving the MDLF objectives.

The core business of MDLF is the Municipal Development Program “MDP”, a groundbreaking initiative aimed towards the development and reform of the local government sector. Designed by the Municipal Development and Lending Fund (MDLF), guided by the Central Government, the MDP recognizes that the first step towards improved municipal services is preparing well-managed and more accountable local government units.

In 2017, we introduced the third phase of the Municipal Development Program (MDPIII) and keeping the momentum of MDPII implementation which proceeded with major accomplishments on the ground. We continued introducing the use of advanced information and communication technology to deliver better, more interactive services and information to citizens under the MDP “windows” which have become the hallmark of the MDLF.

Additionally, MDLF provided services in renewable energy, connecting benefiting municipalities with solar photovoltaic to reduce the municipal building electrical load and minimize the operational expenses on energy. Most importantly, hundreds of infrastructures and services delivery projects were accomplished along with a number of capacity development packages at the municipal level with more focus on social accountability and citizens’ engagement as key elements of the reform and good governance.

The MDLF is proud to be one of the few national organizations who dared to work in the Area “C” in the West Bank. Several projects have been implemented since 2015 with a total financing of (EUR 13.5M) targeting 45 localities that are considered most vulnerable among the West Bank localities.

MDLF kept the momentum with the implementation of the Gaza Solid Waste Management Project (GSWMP), the 2nd phase of the Local Government Reform Development Programme (LGRDP II), the Regeneration of Historical Centers (RHC), and the Local Government Services Improvement Project (LGSIP) to respond to the institutional and financial challenges that are faced at the village councils.

The MDLF launched the Multi-Site Regeneration Project in Jericho which aims at enhancing the economic development of the city through the delocalization and rehabilitation of key infrastructure projects. Additionally, several new programs which expanded our realm of influence were launched. This included a project specifically targeting Gaza’s most vulnerable communities.

I would like to express my appreciation to all of our partners who supported MDLF mission towards a successful 2017. Also, many thanks to H.E. Dr. Husein Araj, Minister of Local Government and chairman of the board of directors, as well as MDLF staff and employees. I would like to express my appreciation for our financing partners for their full and continuous support. Special thanks goes to the local government units who worked closely with MDLF for the benefit of the Palestinian people.

Tawfiq Bdairi

Director General

Achievements

Since the initiation of MDLF with the aim of improving the municipal services and enhancing the municipal performance. We believe that our work contributes to the building of our Palestinian State through improving the quality and quantity of vital services at the Local Government Units. The following are the accumulated accomplishments achieved until the end of December 2017:

Roads	1,088 kilometer of roads were paved, developed and rehabilitated, 56.6 kilometer of street lighting networks were rehabilitated, 33412 lighting units were supplied, 28.5 kilometer of retaining walls were constructed, 245 kilometer of sidewalks were constructed.
Water	93 kilometer of water networks were rehabilitated/constructed ,
Wastewater	136 kilometer of wastewater networks were rehabilitated/constructed,
Electricity	11 kilometer of electrical networks were rehabilitated, 1,647 pre-paid meters were installed.
Public Facilities	94,193 Sq. meter of public buildings were constructed, 100,179 Sq. meter of parks and public gardens were constructed.
Solid Waste	7,931 solid waste containers were provided,
Persons Days	About 3 million Persons. day were created

Key Achievements 2017

Work Progress

- A new agreement with SDC was signed targeting the marginalized communities in Gaza Strip.
- The implementation of the 3rd & 4th packages of Area C Development Programme has started by signing two additional agreements with the EU.
- The multi-site regeneration project in Jericho has started by signing the agreement with the AFD.
- The MDPIII was launched late 2017 by signing the MOU with all development partners.
- MDLF completed all the evaluation assignments for MDPII that will be served as baseline studies for MDPIII, including: the municipal ranking update, the survey on municipal infrastructure and services delivery, the technical audit and usability assessment and the citizens satisfaction assessment.
- MDLF has kept the momentum of implementing the MDPII, LGRDPPII, RHC, LGSIP, ICUD, Area C Development Programme in the West Bank, and Gaza Solid Waste Management Project "GSWMP".

Disbursement

- During 2017 the MDLF disbursed nearly US\$ 43 million of infrastructure, capacity building and innovative projects to all municipalities in West Bank and Gaza.

Institutional Development

- The MDLF strategic plan "2017-2021" was approved by the BOD.
- The MDLF human resources bylaws were upgraded.
- MDLF has kept the momentum for IT and systems development.
- A new agreement was signed with a software company to upgrade the Programs and Grants Management Information System "PGMIS"
- The MDLF capacity was developed in terms of equipment, tools, and facilities.
- Training to MDLF staff was provided to enhance their capacity..
- Job security for MDLF staff has been improved which included incentives and promotions.
- Web application survey was activated and used for MDLF communication with municipalities.
- Implementation plans for all MDLF interventions were developed.

Communication and Outreach

- The MDLF PR strategy was upgraded.
- Workshops were organized to outreach Mayors and municipalities staff.
- The MDLF Facebook page was activated.
- Social accountability event and MDPII launching ceremony were successfully implemented.
- MDLF actively participated in the regional events which were organized by the development partners to share MDLF experience regionally.

Projects Outputs

- More than 96 Km of roads have been paved.
- 41 Km of sidewalks/ shoulders and 28.5 Km of retaining walls have been constructed.
- 4,040 street lighting units were installed.
- 16 Km of water networks and 241 Km of sewage network were rehabilitated.
- More than 1,560 solid waste containers were provided.
- 23,327 Sq.m public buildings were constructed/ rehabilitated
- 250,000 Person-Day was created.
- Hundreds of thousands of US\$ were channeled to Gaza municipalities as budgetary support to cover operational expenses and maintenance cost of municipal equipment.







Executive Summary

Executive Summary

For twelve years, the Municipal Development and Lending Fund (MDLF) has accomplished hundreds of projects in various sectors, to help create more efficient and effective local government units, and improve the lives of our citizens.

H. E the Minister of Local Government – Dr. Hussein Al-A'raj stated during the MDPIII launching ceremony:

This program can be a single source of funding shared by most international partners and this in itself can be a real pride to the State of Palestine.” Al-A'raj told the audience.

The MDLF is a semi-governmental juridical entity established by the Council of Minister's 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.

Since it was established in 2005, MDLF has had noticeable achievements in community development as well as reforming the local government sector in Palestine. MDLF has implemented hundreds of projects with a value that exceeded USD 400 Million, all in the form of municipal infrastructure services, capacity development, and innovative initiatives at the municipal level.

The core business of MDLF is the Municipal Development Program-MDP, a Multi-phased multi-faceted program distinguished by the transfer mechanism aimed to enhance the capacity of municipalities through its four components (capital investments, municipal responsiveness and innovation, capacity development and program management). MDP

has been financed by the Central Government along with several Financing Partners (FPs) including the Agence Française de Développement (AFD), the Danish Representative Office-Ramallah (DRO), the Swedish International Development Cooperation Agency (SIDA), the Swiss Agency for Development and Cooperation (SDC), VNG International funded by the Dutch Government, the International Development Association (IDA), the German Development Bank (KfW), the German Technical Cooperation (GIZ), the European Union (EU), and the Kingdom of Belgium.

A Memorandum of Understanding (MOU) was signed between the MDLF, the Ministry of Local Government (MOLG), the Ministry of Finance and Planning (MOFP) with all MDP Development Partners to launch the third phase of the Municipal Development Program late 2017, with a total value of USD 110 Million. The MOU was signed under the auspices of H.E the Prime Minister Dr. Rami Hamdallah, and attended by the Minister of Local Government- (the Chairman of MDLF-BOD) - Hussein Al-A'raj and other representatives from the Palestinian Government, representatives of development partners as well as all municipalities.

In a speech held during the launching ceremony, the World Bank country director, Ms. Marina Wes, emphasized the depth of the strategic partnership between the European countries, the World Bank, and the Palestinian government and MDLF through the implementation of many vital programs and projects with the aim of developing a viable Palestinian state.

The year 2017 witnessed noticeable progress in implementing MDP's capital investment for municipal infrastructure. MDLF kept the momentum of promoting the E-Municipality, completed Local Economic Development (LED), and resumed with the renewable energy projects. As for the Capacity Development (CD) packages, 95 municipalities have benefited from packages including Fixed Assets Registration and Valuation (FARV), Integrated Financial and Management Information System (IFMIS), Strategic Development and Investment Plans (SDIP), Citizens Service Centers (CSCs), as well as the Operations and Maintenance Packages (O&M).

During the reporting period, MDLF has continued the implementation of window 5 where the majority of municipal sub-projects were completed. The municipalities' sub-grants were distributed among all Gaza municipalities for the (World Bank, MDTF, KfW, EU, SDC and the Belgian Government).

MDLF kept the momentum of implementing other programs, this included the Integrated Cities for Urban Development (ICUD), a program that enhances the institutional and technical capacities of the selected urban areas for the purpose of planning for a sustainable urban growth. The second phase of Local Government Reform Development Programme (LGRDP), which witnessed noticeable progress during the reporting period in regards to the support for reform and improved capacities and services in smaller LGUs. The Rehabilitation of Historic Centers project (RHC), which aims to improve the economic, cultural and social circumstances in the historical cores of the West Bank. It is worth noting that the implementation agreements for our programs are directly linked with the public policy of the MoLG.

In 2017, the Minister of Local Government Hussain Al-A'araj approved the eligibility of 139 village councils, allocating a total grant of USD 3.3 million to the village councils under the Local Government Services Improvement Program (LGSIP). MDLF resumed work with LGSIP to respond to the institutional and financial challenges that are faced at local village councils.

Marina Wes, the country director for the World Bank in the Palestinian Territories stated during the MDPIII launching ceremony: "Today, following the launch of the third phase of the Municipal Development Program, we can continue to work with our partners in the Palestinian Government, the MDLF, and through the implementation of the road map that has been developed."

She told the large audience consisting of representatives of various municipalities, different ministries and government bodies, representatives of donor nations, and guests "We are confident that together we are able to create a new success story in this field".

Furthermore, a noticeable progress was achieved during the year 2017 regarding the Gaza solid waste management project (GSWMP) funded by the World Bank, Sida, AFD and EU, which is considered one of the biggest investment in Palestine aiming at improving the solid waste management services in Gaza Strip. The project aims to improve the methods of disposing solid waste through the foundation of a sanitary landfill by the end of 2025 for the southern areas that constitute 64% of the Gaza Strip's total area.

Additionally, MDLF launched a brand new initiative in Gaza known as "Gaza Vulnerable Communities Support" funded by the SDC and targets the most vulnerable communities in Gaza Strip.

Despite the political complications, and upon the successful completion of the 1st packages of Area C projects funded by the EU and the SDC, MDLF succeeded to sign new agreements with the EU regarding the development of Area C. The majority of the identified sub-projects in Area "C" in the West Bank were either completed or under implementation.

With the responsibility that comes with being the only national institution that works with every single Palestinian municipality, the MDLF is committed towards the local government units by helping to develop their administrative and professional skills, all the way until they are fully independent to proceed on their own.

This report presents the activities and achievements of the MDLF programs and projects carried out between January 1st until December 31st, 2017. It intends to keep the Palestinian Government and other MDLF Partners informed about the various programs and projects as well as highlight the future plans to reform and improve Local Government Units for better life of the citizens.





MDLF Institutional Development

MDLF Strategic Dimensions (2017 – 2021)

Approach and Methodology

At the beginning of 2017, a new strategy for MDLF was developed for the years 2017-2022 taking into account the achievements of MDLF during the previous years and bearing in mind the lessons learned from the multi-dimensional interventions concerning the local government sector development. An outsourced consultant -who was contracted by the GIZ for the benefit of MDLF- followed a clear approach to develop/update the MDLF strategy as follows:

- Desk review of relevant documents provided by MDLF (previous strategic plans, external evaluation reports, annual reports, internal audit reports, projects documents, monitoring and evaluation reports, citizen satisfaction survey reports, municipal ranking reports, programs concept notes and other relevant literature including the 2017-2022 draft local government sector strategy);
- Interviews with members of the Board of Directors, MDLF executive director, manager of operations, heads of departments and some staff to solicit their opinions on progress, obstacles and areas for improvement; in addition to interviews with other stakeholders including: Minister of Local Government the chairman of the MDLF's Board of Directors, Deputy Minister of Local Government, Deputy Director General of Joint Services Councils directorate mayors of Ramallah and Bethlehem Municipalities, representatives of the donor agencies;
- Focus group sessions with representatives of West Bank and Gaza Strip municipalities.
- The process included an open discussion session with the MDLF management team held prior to finalizing the strategic plan update.
- The process involved soliciting information from the key stakeholders related to their satisfaction level of the MDLF's performance, challenges faced, future needs, and areas of recommended improvements to be included in the updated strategic plan of 2017-2022.
- The process included a three-day strategic planning workshop which was held during the period of January 12nd – January 14th, 2017 and followed by small group discussions at more of operational level to produce the operational plan.

The methodology for preparing the strategic plan of MDLF relied on a comprehensive approach to analyze the internal and external environment of MDLF, shown in figure 1 below which illustrates a summary of the approach and steps followed in preparing the five-year strategic plan of MDLF.



Figure 1: Illustration of approach for SP update (2017-2021)

Assessment (Diagnostic) of MDLF was carried out through three main sources:

- Results of the overall environmental scanning covering MDLF's internal and external environment with an overview of its *Organizational Capacity*. The purpose is to explore the *Strengths* and *Areas for Improvement* that do exist within the internal environment of MDLF as well as the *Threats* and *Opportunities* facing the organization in its external environment, and use these as *organizational* learning with forward-looking approach to determine how to maximize the impact of MDLF, thus serving as main inputs into the five-year strategic plan (2017 – 2021).
- Further follow-up sessions with senior managers including the Executive Director to solicit their opinions on the results of the evaluation particularly vis-à-vis the Strengths and Weaknesses as identified by the overall evaluation.
- The results of the assessment (diagnostic) report was shared with the Board Members for their review. The key findings, SWOT analysis, and the strategic framework were presented and discussed with the Board of Directors who endorsed the strategic framework for the 2017-2021 strategic plan.

MDLF Strategic Themes and Objectives:

Based on the understanding of MDLF's Strengths, Weaknesses, Opportunities and Threats in the current environment of the organization, the Board of Directors, the Management and staff at MDLF will continue in the next five years to scan the environment, assess and deepen their approaches to the work and the various interventions. Simultaneously, MDLF will continue assuming its leadership role in managing the funds (grants and loans) to empower the local government units to implement the national programs and projects and will explore the possibility of actively engaging all relevant bodies and stakeholders in its programs. MDLF will explore all possible means to achieve sustainability to achieve its stated mission and goals. It will identify and ensure best practices in the design, delivery and monitoring of its programs and services, including the conduct of needs assessments, effective and efficient design of the programs, and the setting of appropriate measures and techniques with particular reference to measuring the impact of its work. Among other strategic choices, MDLF will continue working to achieve the following strategic themes and objectives:

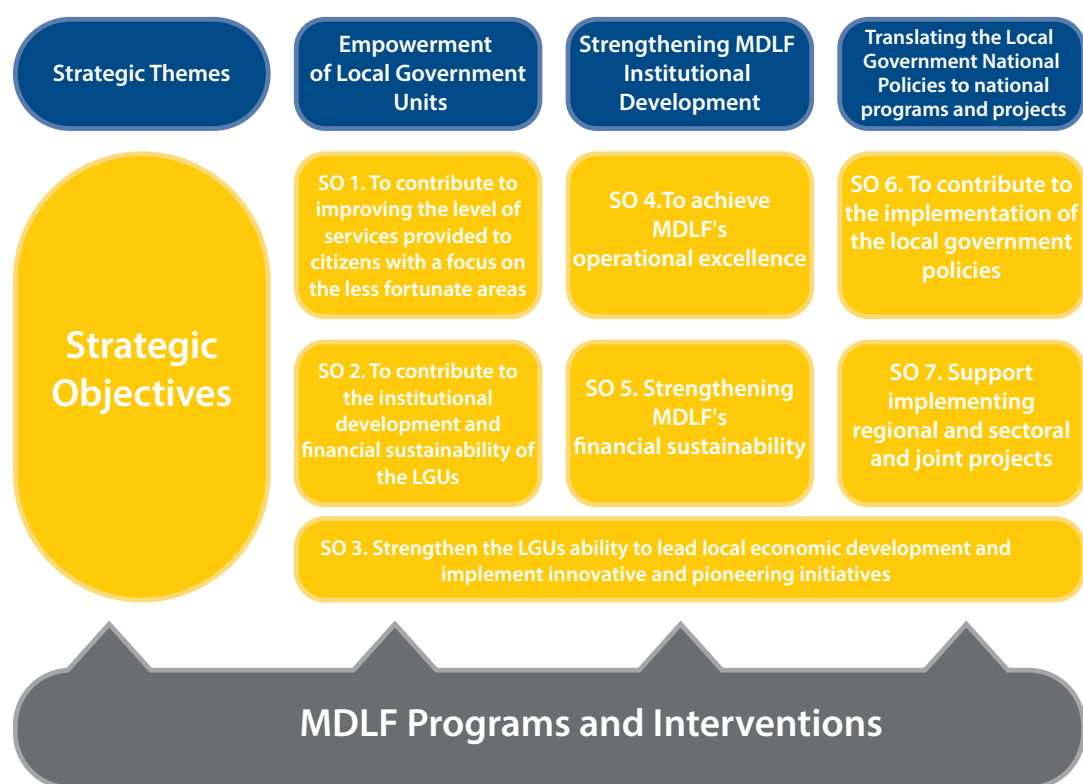


Figure 2: Illustration of MDLF Strategic Themes and Strategic Objectives (2017-2021)

Human Resources Development

The HR unit has been working on updating the Human Resource Development Plan in accordance with the feedback received from the MDLF different departments. New raining topics have been added to the training plan to meet the goals of each department in line with the overall MDLF strategic objectives.

The HR unit is currently updating the financial and administrative department's manuals, these updates are in cooperation with the GIZ consultant, and the updates are as follows:

- Review the overall HR system of MDLF.
- Review the existing organizational structure.
- Review the financial and administrative procedures.
- Assess MDLF's potential and capacity to apply ISO 9001-2015.

During the year 2017, different trainings were conducted for the employees. The trainings, which were carried out locally and internationally, included:

- A Human Rights Based Approach to Development Programming (two employees attended)
- A study trip to Germany from March 23rd –April 9th, 2017 (One employee attended)
- Arbitration, more than one session (two employees attended)
- CPA, more than one session (one employee attended)
- Financial management for development projects (two employees attended)
- IT Auditing and IT Fraud Detection (one employee attended)
- Mainstreaming Citizen Engagement In FCV Countries (two employees attended)
- Rights-Based Approaches, Government Integrity and Anti-Corruption (two employees attended)
- Structural preservation of historic buildings (one employee attended)
- Integrated Skills for Secretarial and Office Management (four employees attended)
- Public Private Partnership (two employees attended)

IT/MIS Development

IT upgrade

An integral part of the institutional development at the MDLF is the IT assessment and Upgrade which has been done annually since 2014. The most recent IT Assessment was accomplished in 2015 (which was also reiterated in 2016) as it was found that there is a need for the IT development and upgrade to keep updated with new technology, and more specifically, a step which saw all the MDLF physical servers converted to the Virtual Environment.

The Municipal Development and Lending Fund (MDLF) hired an individual consultant for this purpose with a specific scope to review all documents of MDLF infrastructure and hardware specifications. The consultant then provided MDLF with a detailed executive plans to overcome MDLF systems weaknesses, and identified availability for Internet, Emails, and networking. Additionally, based on the Initial IT Infrastructure Assessment the MDLF has performed an intensive second-phase assessment to enhance and extend the IT infrastructure for a more reliable and better performing position.

During the year 2017, MDLF successfully completed the upgrade of MDLF infrastructure and network to handle all MDLF services. This upgrade is considered a key to fulfil the increasing IT demand of the MDLF employees in line with the MDLF vision to enhance the institutional capacity at home.

MIS Development

The year 2017 witnessed noticeable progress with regards to the E-archiving which has been functioning since 2013. The MDLF has allocated archiving officers for this purpose who almost completed the archiving of MDLF historical data concerning the implemented programs and projects electronically.

Most importantly the MDLF has been using a web application survey regarding the municipal ranking update as well as the Municipal capacity development packages. 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.

Additionally, the MDLF website was internally upgraded with new features related to better access and communication with municipalities and for better outreach and visibility of MDLF.



Outreach and Communication



MDLF prepared a communication plan for 2017 to share its vision, goals, and activities with the Palestinian municipalities, its partners as well as the public. The plan served as a guide for media and public relations activities in which MDLF was engaged throughout the year 2017. Various outreach models were taken into consideration in order to establish dialogues and linkages with various institutions or groups, including presentations, meetings, and applying communication products.

MDLF promotional and media coverage:



Throughout the year 2017, MDLF issued in-print different materials including an Informative brochure in Arabic and English about MDLF and MDP III, the updated Strategic Plan, the Semi-Annual report, Technical Fact Sheets for different programs such as Area C, MDLF Newsletter in Arabic and English.

Also, MDLF used audio and video tools, to create documentary films that promoted MDLF and MDP Achievements as a core business of MDLF. Other promotional short spots were made covering in a simple way the work of MDLF. These tools were launched on MDLF website, YouTube and Facebook. A specific web page was also launched for the movie to reach larger audience.

Events and workshops:



As part of our belief in creating direct linkages and opening communication channels with our beneficiaries, tens of workshops were held for different programs covering all aspects of MDLF interventions. Several events like the Signing of Memorandum of Understanding for US\$ 110 million for the support of the third phase of Municipal Development Program (MDP) in a festival was carried out under the auspices of His Excellency the Prime Minister Dr. Rami Alhmdallah. Also, signing grants implementation agreements with the target LGUs benefiting from the Area C development programme –package II (funded by the Danish through the EU).



Furthermore, MDLF Launched the **Renewable Energy Solar Photovoltaic Pilot Project Under Innovation Window of Municipal Development Program-Phase II**. The orientation and training workshops were held by MDLF on solar Energy for West Bank and Gaza Strip Municipalities. Additionally, a workshop for West Bank and Gaza Strip Municipalities to discuss the preparations of MDPIII Program was carried out concurrently.

Also a "Fun Day" was organized at Ras Al-Wad village, near Bethlehem, for children, the activity was part of the EU funded project for Area C Development, which was successfully implemented by the Municipal Development and Lending Fund (MDLF).

Field Visits & Meetings:



During 2017, MDLF gave a special focus to reach out the municipalities in the West Bank and Gaza, headed by the Director-General as well as the executive staff. MDLF visited numerous municipalities and their projects to be able to get direct feedback on MDLF interventions.

International/Regional Engagement:



a mission from MDLF, led by the Director-General joined the Palestinian Official mission led by His Excellency Dr. Husain Al-Araj, to France. The purpose of the mission was to discuss implementing their signed cooperation agreement related to local government sectors, and the possibility of benefiting from the experience of France on promoting financial decentralization for local government units and developing governmental remittance for supporting local government units ability to implement its development projects.

MDLF joined the Palestinian official mission to South Africa led by His Excellency, the Palestinian Minister of Local Government Dr. Husain Al-Araj to discuss mutual cooperation in the field of local government.



Additionally, MDLF key staff had participated in a number of regional events organized by the World Bank regarding the citizens grievance mechanism (complaints) in Egypt as well as the citizen engagement and social accountability in Amman. The MDLF engagement was highly appreciated by the attendees and the organizers where the MDLF experience in these areas was well presented and considered as a successful model across the MENA region.

Receiving Missions:



Throughout the year 2017, MDLF received several missions from different international and national organizations working in the field of local government. The missions received an introduction about the work carried out by MDLF, especially focusing on MDP III, with the aim of promoting a collaborative approach.



MDLF Programs/Projects

- 1: Municipal Development Program – Phase II (MDPII)
- 2: Development of Area C in the West Bank – Package II “EU Fund”
- 3: Development of Area C in the West Bank – Package III “EU Fund”
- 4: Development of Area C in the West Bank – Package II “SDC Fund”
- 5: Gaza Vulnerable Communities Support “SDC Fund”
- 6: Gaza Solid Waste Management Project (GSWMP)
- 7: Local Government Reform & Development Program – Phase 2 – (LGRDP II)
- 8: Regeneration of Historical Centers (RHC)
- 9: Integrated Cities for Urban Development (ICUD)
- 10: Multi-site Regeneration Project in Jericho
- 11: Local Government Services Improvement Programme (LGSIP)





1. The Municipal Development Program (MDPII)

In 2009 the PA developed the Municipal Development Program through the Municipal Development Program phase1 – MDP 1 which was supported by seven Donors to operationalize the local government goals of the Palestinian Reform and Development Plan (PRDP) aimed to strengthen local government through greater fiscal and administrative autonomy. The MDP II was designed to align with the National Development Plan (NDP 2011-2013), 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 MDPII aiming to improve municipal management practices for better services delivery and municipal transparency. The development objective of MDPII built on the MDPI achievements and introduced a focus on service delivery, which is a sector level goal of the MDP.

The MDPII adhered to the laid-out the national objectives of 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.

1.1 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 provided infrastructure grants to Palestinian municipalities and combines this with improved performance and improved capacity in operations, planning, and financial capacity. Its cornerstone was 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 has been implemented over the period of (2013-2017) in two cycles, where the actual implementation has started early 2014.

The MDPII has four windows/components as follows:

Window 1 - 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 - 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:

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.

- Piloting Innovations for improved municipal responsiveness that will support:
- Introduction of E-governance in four selected municipalities for more responsive service provision.
- Renewable Energy that will assist municipalities in piloting sub-projects with a focus on solar energy for public buildings.
- Support to Local Economic Development initiatives that will develop a municipal approach to LED and pilot the approach in a number of municipalities.

Window 3 - 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 - 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.

Window 5: Gaza Municipal Emergency Grants. This component 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 Operations Manual (OM) as well as for operating expenditures, similar to Component 1. Allocations to municipalities will be made based on the results of the Municipal Damage Assessment, which will determine the share of grants allocated to individual municipalities. Municipalities will then propose priority sub-projects which will be financed and implemented with assistance from the MDLF. Public disclosure of sub-project information will ensure transparency and enhance social accountability between municipalities and citizens. The Component will finance the costs of goods, works and consultant services related to capital assets and operating expenditures. Eligible sectors include but are not limited to (i) municipal water and wastewater services, if not provided by an utility; (ii) solid waste management services; (iii) roads and sidewalks; (iv) public facilities; (v) street lighting; and (vi) municipal electricity services, if not provided by an utility.

1.2 Financing 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) and the European Union (EU) through the KfW. Furthermore, the saving from the (KfW-MDPI) in the amount of Euro 398,440 was agreed with the KfW to be invested in window 1 for MDPII– Cycle1.

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).

Table 1 bellow illustrates the funding amounts, the signature dates and the completion dates for the MDPII agreements.



Table 1: MDPII Financing Partners Contribution for the MDPII

Donor	Fund Amount	Signature Date	Completion Date as per the Agreement	Notes
GIZ Agreement (for cycle 1)	€ 400,000	June 27 th , 2012	March 31 st , 2015	This fund will be utilized in MDPII-1st cycle
KfW Financing Agreement (for cycle 1)	€ 13,500,000	December 19 th , 2013	December 19 th , 2016	This fund will be utilized in MDPII-1st cycle
AFD Financing Agreement (for cycle 1)	€ 1,000,000	December 15 th , 2014	December 31 st , 2018	This fund will be utilized in MDPII-1st cycle
World Bank Agreement (for cycle 1 and cycle 2)	\$10,000,000	July 7 th , 2013	February 28 th , 2018	This fund will be utilized in both cycles of MDPII
Multi Donor Trust Fund Agreement (for cycle 1 and cycle 2)	\$ 25,800,000	April 8 th , 2014	February 28 th , 2018	This fund will be utilized in both cycles of MDPII
The Kingdom of Belgium (for cycle 1 and cycle 2)	€ 1,900,000	---	This contribution to MDP is allocated under the 3rd component of the ongoing programme "Local Government Reform & Development Programme", in a total amount of (Euros 2 million)	This fund will be utilized in both cycles of MDPII
SDC Agreement (for cycle 1 and cycle 2)	€ 2,500,000	September 4 th , 2013	December 31 st , 2017	This fund will be utilized in both cycles of MDPII
VNG Agreement (for cycle 1 and cycle 2)	€ 1,200,000	July 1 st , 2013	December 31 st , 2016	This fund will be utilized in both cycles of MDPII
PA-MOLG for cycle 1	NIS 20,000,000	---	---	This fund will be utilized in MDPII-1st cycle
GIZ Agreement (for cycle 2)	€ 550,000	January 15 th , 2016	February 28 th , 2019	This fund will be utilized in MDPII-2ndcycle
KfW agreement for cycle 2	€ 8,000,000	January 15 th , 2016	January 15 th , 2018	This fund will be utilized in MDPII-2ndcycle
KfW additional financing for cycle 2	€ 10,000,000	January 17 th , 2017	January 17 th , 2020	This fund will be utilized in MDPII-2ndcycle
EU through KfW for cycle 2	€ 6,974,110	December 13 th , 2014	March 30 th , 2018	This fund will be utilized in MDPII-2ndcycle
Multi donors Trust Fund – Additional Financing for cycle 2	\$ 6,900,000	July 7 th , 2015	February 28 th , 2018	This fund will be utilized in MDPII-2ndcycle

In addition to the above listed agreements, **10%** of the total fund excluding the share of (the BTC contribution and the AFD 1st cycle fund) will be funded by the Palestinian Authority and will be invested in window 1 in a total of 8.59 million Euros.

The total cost for MDPII reaches **EUR 96,391,669– (excluding the additional financing for Window 5)** -from which **EUR 42.58 million** had been invested in the 1st cycle, and (**EUR 53,811,669**) have been utilized for cycle II. Chart 1 and Chart 2 below, illustrate the distribution of MDPII fund by donor and by window for both cycles.

Chart 1: Distribution of MDPII fund by Donor per Cycle

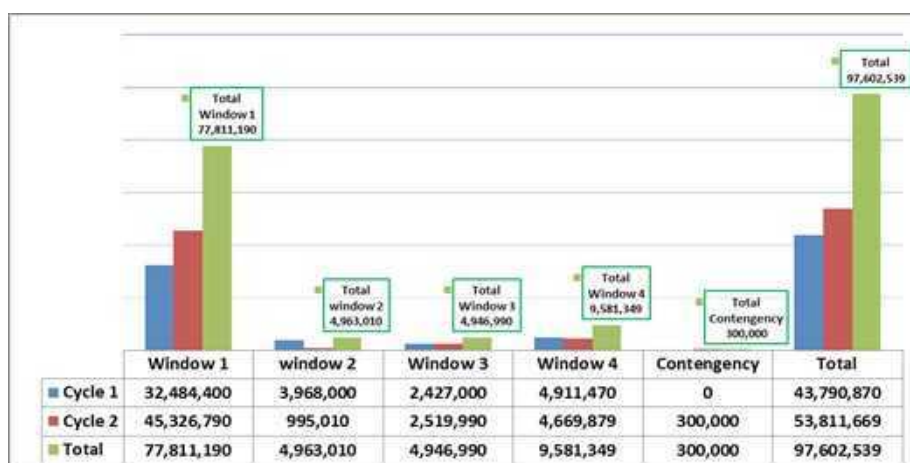
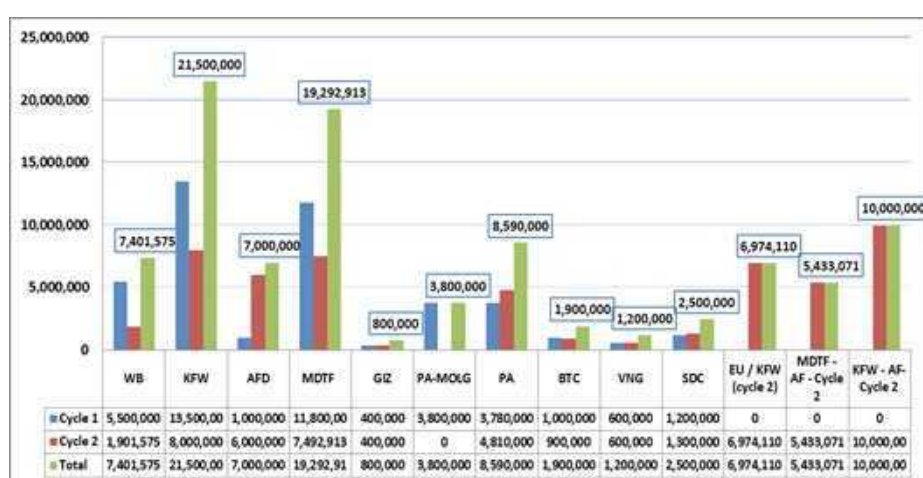


Chart 2: Distribution of MDPII Fund by Window per Cycle



1.3: The Grant Allocation Mechanism

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 (MDPII/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 (E, D, C, C+, C++, B, B+, B++, A, A+, A++). 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 MDPII 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 level. Table 2, Chart 3 and Chart 4 show the municipal ranking and the compliance of municipalities with the KPI-16 over the MDPII lifecycle.

Table 2: Grants Allocation Performance Indicators

Rank	Graduation Requirements	Performance Criteria	No. of Municipalities per Rank 2012 (before cycle 01)	No. of Municipalities per Rank 2014 (end of cycle 01)	No. of Municipalities per Rank 2017 (end of cycle 02)
A++	Fulfillment of all 16 KPIs	Substantial Operation and Enterprise Account Surplus. (More than 15 %) Unqualified External Audit Use of an Integrated Financial Management System IFMIS Satisfactory Service Quality (Timely delivery of building licenses and clearances; Provided public green space per capita) Good Collection Efficiency and own Revenue Generation (Specified own revenues > 100 NIS per capita or 10% above last two years' average)	A++: none	A++: none	A++: 1
A+	Fulfillment of 4 out of 5 in addition to below indicators		A+: none	A+: none	A+: none
A	Fulfillment of 3 out of 5 in addition to below indicators		A: none	A: none	A: 1
B++	Fulfillment of all 5 indicators in addition to all indicators below B	Substantial Operation and Enterprise Account Surplus (more than 5%). Fixed Assets Register in place and updated Operation and Maintenance Plan in place and updated Public disclosure of all municipal investments, SDIP execution, and external audit reports Satisfactory Collection Efficiency and own Revenue Generation (Specified own revenues > 50 NIS per capita or 5% above last two years' average)	B++: none	B++: none	B++: none
B+	Fulfillment of 3 or 4 out of 5 in addition to all indicators below B		B+: 19 municipalities	B+: 71 municipalities	B+: 85
B	Fulfillment of 2 out of 5 in addition to all indicators below B		B: 18 municipalities	B: 18 municipalities	B: 13
C++	Fulfillment of all 5 indicators in addition to all indicators below C	Municipal Strategic Development and Investment Plan SDIP in place and updated. Financial Accounting Policies, Procedures and Reports in place. External Audit according to minimum standards Public disclosure of budgets, SDIP plan and ranking Basic collection efficiency and own revenue generation (Specified own revenues > 25 NIS per capita or above last two years' average)	C++: 3 municipalities	C++: none	C++: none
C+	Fulfillment of 3 or 4 out of 5 in addition to all indicators below C		C+: 87 municipalities	C+: 48 municipalities	C+: 30
C	Fulfillment of 2 out of 5 in addition to all indicators below C		C: 6 municipalities	C: 1 municipalities	C: 1
D	Fulfillment of indicator in rank D	Budget forecast and executed properly submitted and approved by MoLG	D: 1 municipality	D: none	D: none
E		Minimum requirements not fulfilled	E: 1 municipality	E: none	E: 13



Chart 3: Municipal Ranking

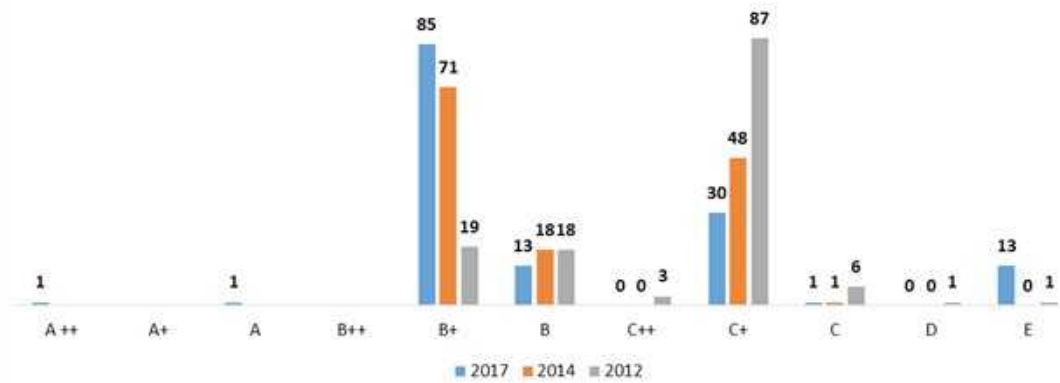
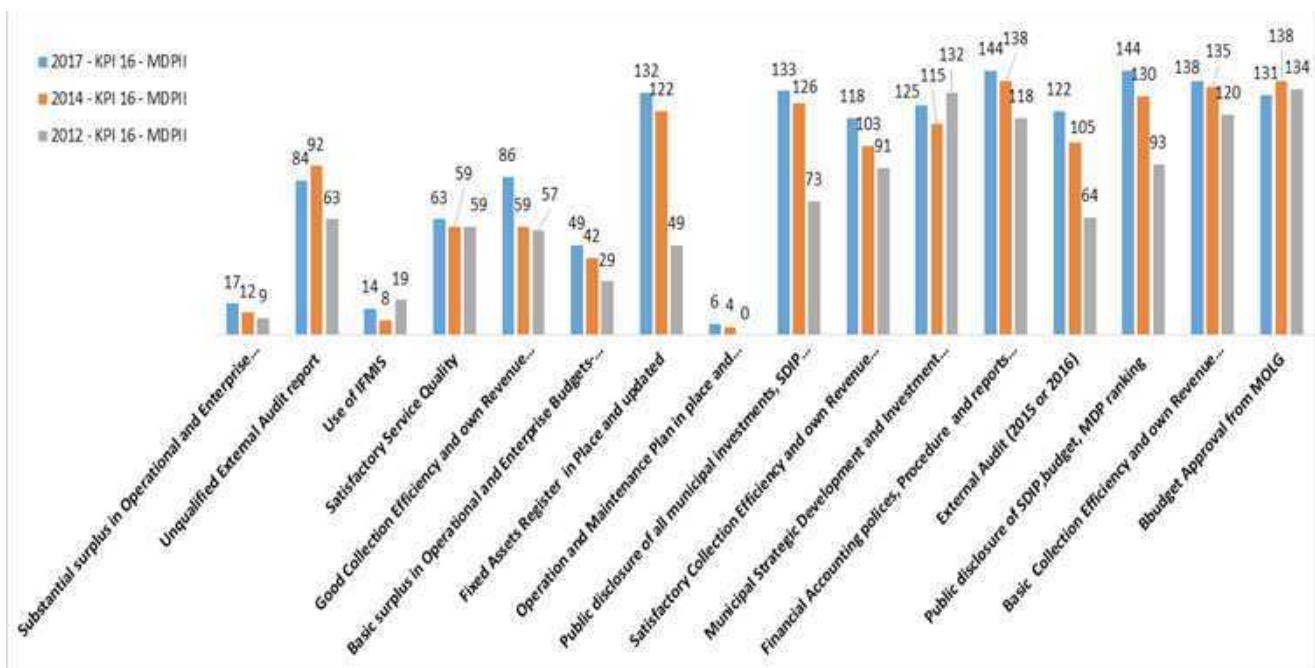


Chart 4: Compliance of Municipalities with KPI-16



Municipalities Allocation (1st cycle)

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.

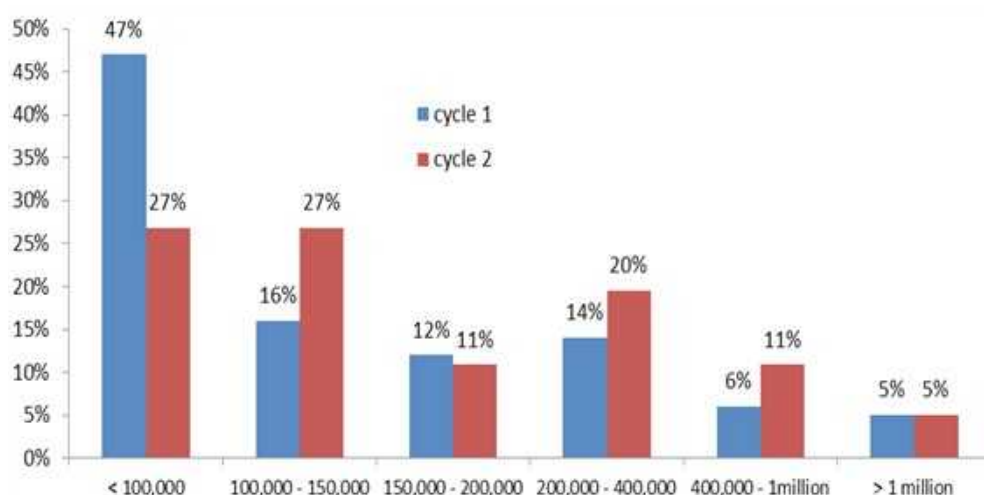
Based on the allocation formula, the majority of municipalities (**48 %**) were allocated less than EUR 100,000; around **16% were allocated EUR (100,000-150,000)**; around **12% were allocated EUR (150,000-200,000)**; around **14% were allocated EUR (200,000-400,000)**; around **6% were allocated EUR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

Municipalities Allocations (2nd cycle)

The total allocated amount for this component under Cycle 2 is equal to **46,377,630 Euro including the fund allocated for W1-cycle 2 in a total (EUR 45,356,790) and the savings due to currency exchange from the WB and the MDTF financing agreement in a total (EUR 179,724) and (EUR 871,116) respectively.**

Based on the allocation formula, (**27%**) of the municipalities were allocated less than EUR 100,000; around **27% were allocated EUR (100,000-150,000)**; around **11% were allocated EUR (150,000-200,000)**; around **20% were allocated EUR (200,000-400,000)**; around **11% were allocated EUR (400,000-1.0 million)** and around **5% was allocated more than EUR 1.0 million.** Chart 5 below illustrates the distribution of municipal allocation over the MDPII cycles.

Chart 5: Distribution of municipalities in terms of fund allocation over the MDPII cycles



1.4: MDP II - Implementation Status and Activities

Component/ (Window) 1: Municipal Grants for Capital Investment (1st Cycle)

This Component allocates performance-based grants for capital investments in municipal service provision and for operating expenditures especially for Gaza municipalities, and will be financed by the majority of FPs. It will be implemented in two cycles of approximately 18 months each. 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. Chart 6 and Chart 7 illustrate the distribution of (window 1- cycle 1) allocation by donor and by governorate.

Chart 6: Distribution of MDPII-W1 Fund per Donor

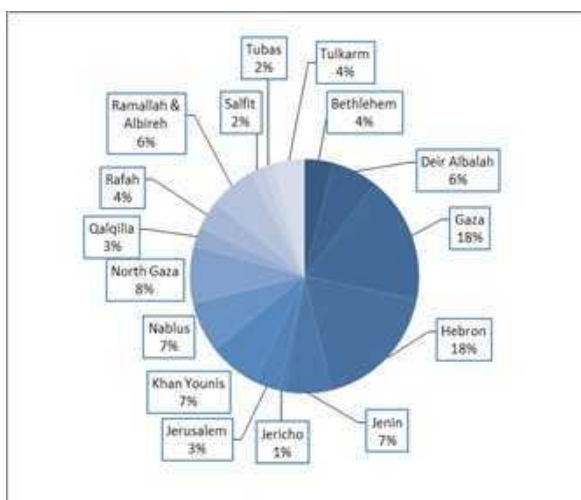
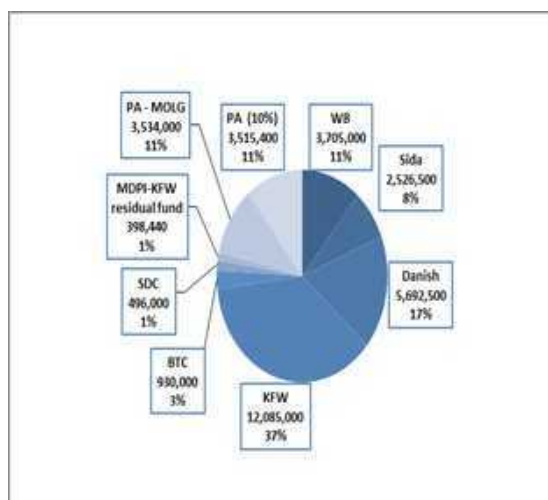


Chart 7: Distribution of MDPII-W1 Fund per Governorate



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.

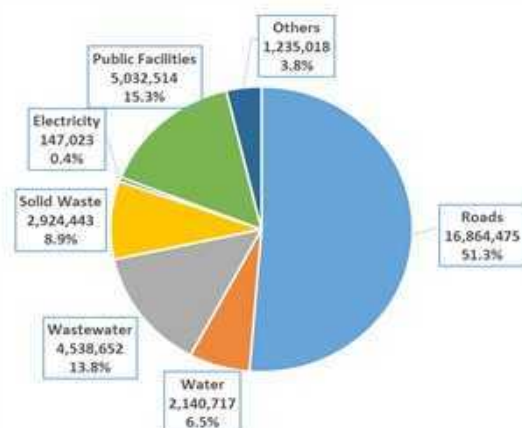
MDLF had received almost all the filled application forms from all municipalities late 2013, the applications/proposals were subject to revision and appraisal from the technical, social and the environmental point views to ensure the compliance with the regulations and guidelines as per the updated operational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

Analysis per Sector (cycle 1)

In the same context, 143 sub-projects proposals were received from 110 municipalities in the West Bank in a total allocation (EUR 18,676,526) and 234 sub-projects proposals from 25 municipalities in Gaza Strip in a total allocation (EUR 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%). Chart 8 illustrates the distribution of (window 1- cycle 1) allocation by sector.

Chart 8: Distribution of MDPII-W1 Fund per Sector (cycle 1)



Status of W1 sub-projects (cycle 01)

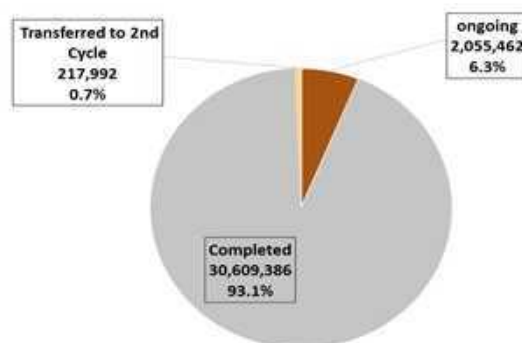
The implementation of W1 – 1st cycle sub-projects in the West Bank and Gaza witnessed a noticeable progress where the overall status can be illustrated in table 3 and chart 9.

Table 3: Status of Window 1 sub-projects - Cycle 1 / West Bank & Gaza

Window 1 - Cycle 1 / West Bank				
Status	No. of projects	Percentage	Allocation (Euro)	Percentage
Mun. review	0	0%	0	0%
MDLF review	0	0%	0	0%
LTC Review	0	0%	0	0%
Approval	0	0%	0	0%
Tendering	0	0%	0	0%
Evaluation	0	0%	0	0%
Awarded	0	0%	0	0%
on going	2	1%	451,064	2%
Completed	140	98%	18,007,470	96%
Transferred to 2nd Cycle	1	1%	217,992	1%
Total	143	100%	18,676,526	100%
Window 1 - Cycle 1 / Gaza				
Status	No. of projects	Percentage	Allocation (Euro)	Percentage
Mun. review	0	0%	0	0.0%
MDLF review	0	0%	0	0.0%
LTC Review	0	0%	0	0.0%
Pre-Approval	0	0%	0	0.0%
Tendering	0	0%	0	0.0%
Evaluation	0	0%	0	0.0%
Awarded	0	0%	0	0.0%
Ongoing	6	3%	1,604,398	11.3%
Completed	228	97%	12,601,916	88.7%
Transferred to 2nd Cycle	0	0%	0	0.0%
Total	234	100%	14,206,314	100%
Window 1 - Cycle 1 / West Bank & Gaza				
Status	No. of projects	Percentage	Allocation (Euro)	Percentage
Mun. review	0	0.0%	0	0.0%
MDLF review	0	0.0%	0	0.0%
LTC Review	0	0.0%	0	0.0%
Approval	0	0.0%	0	0.0%
Tendering	0	0.0%	0	0.0%
Evaluation	0	0.0%	0	0.0%
Awarded	0	0.0%	0	0.0%
ongoing	8	2.1%	2,055,462	6.3%
Completed	368	97.6%	30,609,386	93.1%
Transferred to 2nd Cycle	1	0.3%	217,992	0.7%
Total	377	100%	32,882,840	100%

- 368 sub-projects out of 377 were completed with total allocations (**30,609,386 Euros**) amounting (93.1%) of the budget.
- 8 sub-projects are ongoing with total allocations (**2,055,462 Euros**) amounting (6.3%) of the budget.
- One sub-project allocation with total allocations (**217,992 Euros**) amounting (0.7%) was transferred to the 2nd cycle budget.

Chart 9: Status of W1 –C1 -sub-projects in WB&G

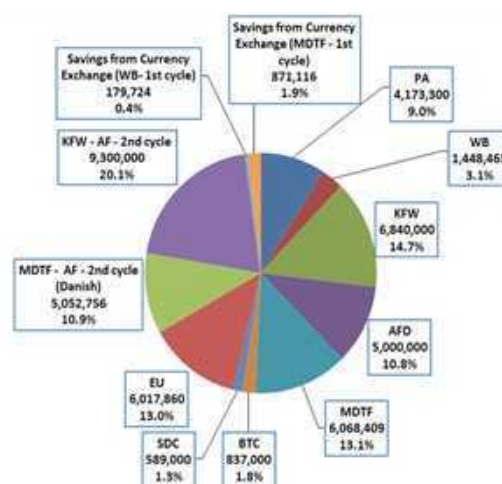


Component/ (Window) 1: Municipal Grants for Capital Investment (2nd Cycle)

The total allocated amount for this Component under cycle 2 is equal to **46,377,630 Euros including the fund allocated for W1-cycle 2 in a total (EUR 45,356,790) and the savings due to currency exchange from the WB and the MDTF financing agreement in a total (EUR 179,724) and (EUR 871,116) respectively.** Chart 10 illustrates the distribution of window 1-cycle 2 allocation by donor.

The municipalities were informed about their allocation in June 2015 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 July 2015. MDLF had received all the filled application forms from all municipalities by end of September 2015, 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.

Chart 10: Distribution of MDPII-W1 Fund per Donor (cycle 2)



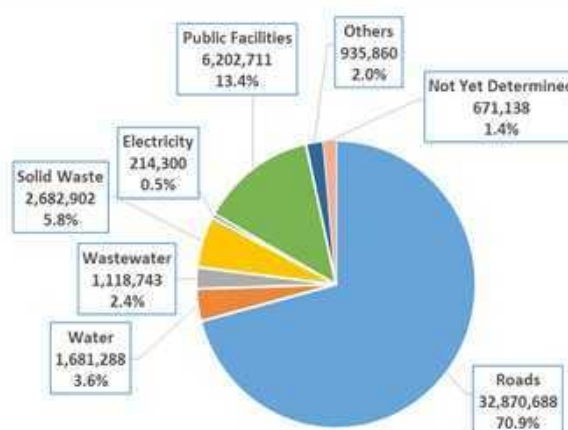
It is worth mentioning that an orientation workshop was conducted by MDLF to the municipalities and the contractors to better understand the MDLF procurement procedures and the environmental and social requirements during implementation stage. Additionally, MDLF with assistance from the local technical consultants had conducted training sessions to the technical staff of all municipalities in West Bank and Gaza to enhance their knowledge and capacities on the roads projects and quality control issues. This is one of the recommendations from the technical audit and usability assessment conducted by end of cycle1.

Analysis per Sector (cycle 2)

In the same context, 167 sub-projects proposals were received from 171 municipalities in the West Bank in a total allocation (EUR 26,150,945) and 208 sub-projects proposals from 25 municipalities in Gaza Strip in a total allocation (EUR 20,226,685).

A quick look into the submitted sub-Projects proposals reveals that (70.9%) of the W1 allocated fund will be invested in road projects. The second sector is the public facilities (13.4%) including municipal buildings, libraries, community centers, and public parks. The third needed sectors are the solid waste in a percentage (5.8%) followed by water (3.6%), wastewater (2.4%) and electricity (0.5%). Chart 11 illustrates the distribution of window 1- cycle 2 allocation by sector.

Chart 11: Distribution of MDPII-W1 Fund per Sector



Status of W1 sub-projects (cycle 2)

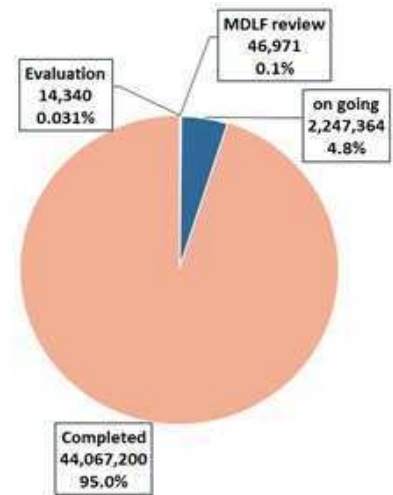
The implementation of W1 – 2ndcycle sub-projects in the West Bank and Gaza witnessed a noticeable progress where the overall status can be illustrated in table 4 and chart 12.

Table 4: Window 1 - Cycle 2 / West Bank & Gaza

Window 1 - Cycle 2 / West Bank				
Status	No. of projects	Percentage	Allocation (Euro)	Percentage
Mun. review	0	0%	0	0.00%
MDLF review	1	1%	46,971	0.18%
Approval	0	0%	0	0.00%
Tendering + Retendering	0	0%	0	0.00%
Evaluation	1	1%	14,340	0.05%
Awarded	1	1%	1,755	0.01%
on going	10	6%	1,412,616	5.40%
Completed	158	92%	24,675,263	94.36%
Total	171	100%	26,150,945	100%
Window 1 - Cycle 2 / Gaza				
Status	No. of projects	Percentage	Allocation (Euro)	Percentage
Mun. review	0	0%	0	0.0%
MDLF review	0	0%	0	0.0%
Approval	0	0%	0	0.0%
Tendering + Retendering	0	0%	0	0.0%
Evaluation	0	0%	0	0.0%
Awarded	0	0%	0	0.0%
on going	8	4%	834,748	4.1%
Completed	204	96%	19,391,937	95.9%
Total	212	100%	20,226,685	100%
Window 1 - Cycle 2 / West Bank & Gaza				
Status	No. of projects	Percentage	Allocation (Euro)	Percentage
Mun. review	0	0.0%	0	0.0%
MDLF review	1	0.3%	46,971	0.1%
Approval	0	0.0%	0	0.0%
Tendering + Retendering	0	0.0%	0	0.0%
Evaluation	1	0.3%	14,340	0.0%
Awarded	1	0.3%	1,755	0.0%
on going	18	4.7%	2,247,364	4.8%
Completed	362	94.5%	44,067,200	95.0%
Total	383	100%	46,377,630	100%

Chart 12: Status of W1 sub-projects in WB&G (cycle 2)

- 362 sub-projects out of 383 were completed with total allocations **(44,067,200 Euros)** amounting (95%) of the budget.
- 18 sub-projects are ongoing with total allocations **(2,247,364 Euros)** amounting (4.8%) of the budget.
- One sub-project is awarded with total allocations **(1,755 Euros)** amounting less than (0.1 %) of the total budget.
- One sub-projects is under evaluation phase with total allocations **(14,340 Euros)** amounting less than (0.1%) of the budget.
- One sub-project is still under the MDLF review with total allocations **(46,971 Euros)** amounting (0.1%)



Environmental and Social Management

All of the sub-project in West Bank and Gaza Strip were screened both environmentally and socially. These sub-projects were mostly of category "B" of the environmental assessment and rest of category "C" of environmental assessments. Noting that none of the projects triggered involuntary resettlement, nor involved the Cultural Resources Policy.

The majority of the MDPII-Cy01, MDPII-Cy02 projects were of small scale and of rehabilitative nature. These projects had their impact mainly on the sustainability of the municipal services.

These projects had minor environmental impacts during the construction phase. They mostly mitigated utilizing basic environmental, health and safety measures. Environmental notes and penalties were given to contractor (most of the time, contractors abided by the measures after the first notice).

Regarding complaints: Some citizens raised issues such as spraying water, providing passage, by submitting complaints, mostly verbal, which found their concerns resolved on the ground.



Component / (Window) 2: Municipal responsiveness – Support to Municipal Innovations and Efficiency. (Cycle 1 and cycle 2)

2.1: Piloting Innovations (this sub-window will be implemented over the two cycles)

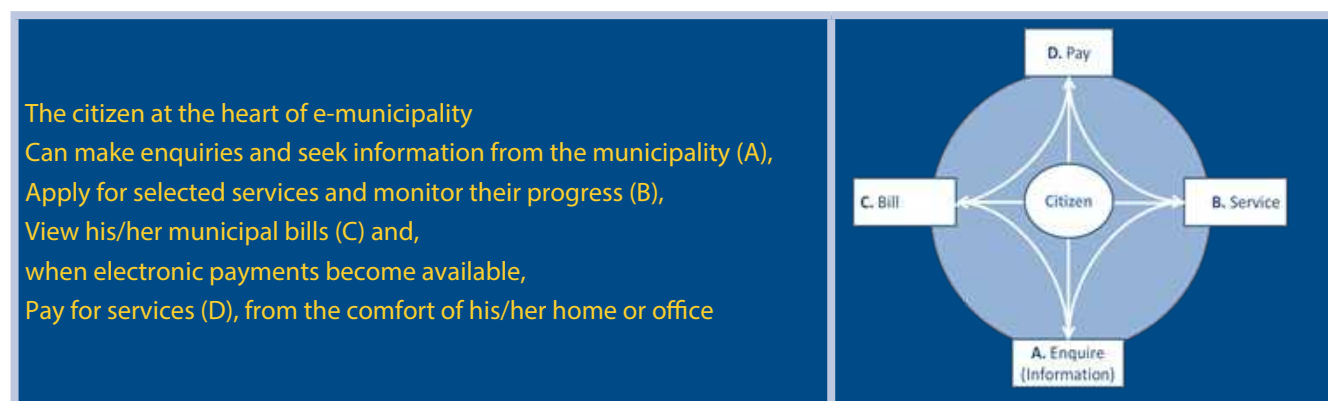
2.1.1: Introduction of e-governance:

The purpose of e-Governance is to utilize advanced information and telecommunication technology (ICT) to deliver services and information to citizens and to integrate the municipality internal systems together to deliver quality service to citizens.

The benefits from this approach include but not limited to:

- Improve 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 has been financed by the WB and piloted in four selected municipalities in the West Bank (BeitJala, Halhul, Anabta and Beitunia). It is worth mentioning that this initiative has been implemented as per the following:

Phase I: 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 phase I, 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 procurement arrangements for vendor selection was accomplished.

Phase II: Development of the e-Municipality software (EMS)

MDLF had contracted the software company to develop the EMS mid-May 2015, the company started the inception phase by conducting field visits to the target municipalities to better understand the business needs for the proposed EMS concerning the integration with other available systems within the municipalities (financial, OSS, citizens database,....etc).

The EMS was developed and deployed in the target municipalities and successfully tested by MDLF to ensure the full compliance with the functional requirements. The testing phase per municipality was completed and the municipalities were asked to perform their own tests to ensure the consistency between the data delivered by the EMS portal and the data delivered by the Citizen Service Center.



Phase III: Promotion for E-Municipality

A promotional activities and awareness have been conducted since November 2016, including the booklet (Arabic and English), and the orientation workshops to disseminate the results of the EMS. Additionally, MDLF had organized a launching ceremony for the E-municipality attended by all municipalities in addition to representatives from FPs and other stakeholders. MDLF promoted the EMS through web banner and SMS to outreach the citizens.



2.1.2: Renewable Energy– Solar Photovoltaic Pilot Project “REPP”

The project, (funded by the World Bank), is being piloted at nine municipalities in West Bank and Gaza Strip. The renewable energy pilot project (REPP) aimed to install 100KWp of solar Photovoltaic on municipal buildings rooftops for the pilot municipalities in the West Bank and in Gaza Strip, where the piloted system is expected to reduce the municipal building electrical load in the range of (20-90)% 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 showed that the project will be feasible to be conducted in West Bank by connecting the PV system on a grid to produce 100KWH of electricity ranges between 5 and 20 KW according to the size of the municipality. Considering a payback of 6 years based on the best scenario of agreements with the electricity distribution companies, whereas at worst, it might exceed 8 years. On the other hand in Gaza Strip, due 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: the study was accomplished within MDP phase I. The results of which were disseminated for municipalities in August 2013.

Request for Application: An application form was prepared and Municipalities were invited to submit their application until November 2013. The following municipalities were selected:

West Bank:

#	Municipality	Governorate	Scale	PV system capacity
1	Ad Daheriyya municipality	Hebron	Large municipality	Up to 20 KWp
2	Hebron municipality	Hebron	Large municipality	Up to 20 KWp
3	Nablus	Nablus	Large municipality	Up to 20 KWp
4	Al- Ittihad	Ramallah	Small municipality	Up to 5 KWp
5	BaqaAlsharqiya & alnazlat	Tulkarem	Small municipality	Up to 5 KWp
6	Qabalan	Nablus	Small municipality	Up to 5 KWp
7	Anata	Al-Quds	Small municipality	Up to 5 KWp

Gaza Strip:

#	Municipality	Governorate	Scale	Off Grid PV system capacity
1.	Deir El Balah municipality	Deir El Balah	Large municipality	Up to 15 KWp
2.	Abasan – Elkabera municipality	Khan Younis	Small municipality	Up to 5 KWp

Design: The design of the solar PV systems was prepared for each municipality.

Installation of PV system: On-grid PV system for West Bank municipalities was installed in 2014 and off-grid system for Gaza Municipalities was installed by the end of 2015.

Monitoring and evaluation, measurement and verification and Results Dissemination were conducted for both West Bank and Gaza Strip. The project components and outcomes were presented and the promotional printings were distributed.

Capacity Building: The targeted municipalities' engineers were trained on renewable energy basics, solar PV design, operation and maintenance, in addition to on-job training during installation of the PV system on efficient monitoring and maintenance.

All of the West Bank and Gaza Strip municipalities' engineers were targeted for solar energy training including design requirements, operation, monitoring and maintenance of the PV systems maintenance.

The project outcomes:

The outputs of the measurement and verification in the West Bank report for the year 2015, indicated:

- The total sum of the estimated annual energy generated at seven municipalities was 133,413.5 KWh.
- The actual measurement and verification were conducted for six PV systems at the municipalities' buildings in Baqa, Qabalan, Anata, Hebron, Al Dahreya, and Nablus. All of whom had completed a full-year of operation. The total sum of the annual energy production in 2015 was 115,733.31 KWh.
- The annual energy coverage amounted to 41.93 %, 35.76%, 50.8%, 21.36%, 42.37% and 58.41% (respectively) of the annual energy consumption for each of the municipality buildings.
- The PV systems of the seven municipalities reduced the emission of CO₂ at a rate of 81.01 ton/year.

In Gaza Strip, the measurement and verification report showed the following results:

- The total estimated annual energy for the two municipalities was 15,896 kWh.
- The annual energy coverage reaches 29% and 30% for Abbassan AlKabeera and Deir Al-Balah (respectively).
- The payback period of the PV-system at Deir Al Balah under the present conditions was 3.4 years, and the IRR was calculated as 35% assuming 20 years of life for the system.
- For Abassan Al Kabeera; the payback period was 2.5 years, and the IRR was calculated as 46%. This came from the fact that Deir Al Balah municipality maximized their use of generated energy.
- The high feasibility for the two systems was mainly governed by the savings in the fuel that was used for running diesel generators.
- The reduction of CO2 emissions was 37.5 tons and 13.8 tons of CO2 per year for the PV-systems at Deir Al Balah and Abassan Al Kabeera (respectively).

The project implementation and outcomes showed success where the project deemed financially, environmentally and economically feasible. Furthermore, it was a way to support Gaza municipalities to overcome the continuous energy outage. The project faced few challenges due to material entry delay to Gaza Strip.

The renewable energy and solar energy projects are recommended and will be eligible for implementation – if requested by the municipalities - under the Municipal Development Program -Phase III.

2.1.3: Local Economic Development:

This initiative is funded by the VNG and the AFD by introducing the LED concept on three different complimentary themes:

Institutionalizing LED in municipalities (VNG)

- Institutionalize LED Departments in the municipalities by initiating new LED departments or integrating LED in an existing department in the structure of the municipality. The choice depends 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 were supported in cycle 1 as per the following:

- Ramallah municipality - Developing LED Plan
- Al-Bireh municipality - Encouragement of Investment & Development in Al-Bireh
- Assamou municipality -Improve capacity building department for LED
- Birzeit municipality- Tourism Path
- Tubas municipality- Improve capacity building department for LED (Industrial Zone - cancelled)

8 municipalities were supported in cycle 2 in institutionalizing LED Department and LED plans for the following municipalities:

- Taffuh municipality
- Yatta municipality
- Dura municipality
- Jericho municipality
- Qalqilia municipality
- Qabalan municipality
- Kufr Rai municipality
- Hebron municipality – Institutionalized a Business One-stop-shop/Unit

The municipalities worked with MDLF on several activities including making films that support the LED initiatives, developing media plans which include PR and printing, as well as festivals. It is worth mentioning that the MDLF supported municipalities in carrying public festivals most notably Al-Samou ,Kufor Raie, and Yatta.

Feasibility Studies for economic projects (VNG,AFD)

Under this theme the following feasibility studies were conducted:

- Ramallah Municipality: Ramallah mall (VNG).
- Kufur Rai: Warehouse for cooling storage and packaging or food processing/Manufacturing (VNG).
- Ramallah Municipality : Al Manara Complex Project (AFD)
- Al Bireh Municipality : Al Bireh Touristic Canal Project (AFD)- Contract terminated
- AdDahriyeh Municipality : International Football Stadium Project (AFD)
- Hebron Municipality: solar energy project (AFD).
- Al Bireh Municipality : Al Bireh Touristic Canal Project redesign and feasibility study (AFD)
- Feasibility Study for Reuse of Vehicle tires sent to Landfill- North and Conducting Feasibility Study for Al Minia & Zahrat Al Finjan Leachate Odor. (AFD)
- Bethlehem Cable car feasibility and design (AFD).
- MDLF hired a French – German consulting firm to conduct a Feasibility Study for Reuse of Vehicle tires sent to Landfill- North and a Feasibility Study for Al Minia & Zahrat Al Finjan Leachate Odor. (AFD) this assignment shall be accomplished by August 2017
- MDLF hired a French Consulting firm to draw the lessons learnt of the “LED project preparation support” carried out under the MDP 2 program. This assignment shall review the various objectives underlying the concept of LED (fostering local economic development through pilot projects, enhancing the LED enabling environment, supporting innovative project financing model through municipal borrowing or public private partnership), as well as the methodology used to identify and prepare such projects. This study shall be accomplished by June 2017.



Progress and Deviations from Plan:

In order to expedite the process of implementing LED activities, MDLF decided to carry out the procurement work in-house for several sub-activities which included: writing specifications for IT equipment's, printings, developing media plans, and exhibitions.

Nonetheless, while MDLF offered to procure the Media & Outreach activities for the 13 municipalities, few municipalities preferred to do their media activities by on their own: Ramallah, Tafuh, and partially Hebron, Jericho and Qalqilya, to be exact. MDLF followed up the implementation regularly.

Cycle	No. of Municipalities	West Bank	Financing Partner	Updated implementation status
LED Phase I	5	5	VNG	• Business Needs Assessment was conducted for Five (5) municipalities. It was introduced to the municipalities and stakeholders, and feedback was reflected. • Four (4) LED plans were developed at Four (4) different municipalities according to the municipalities' request. • LED was institutionalized at Five (5) municipalities. This includes institutionalizing a unit at each municipalities concerned with LED, all units were furnished and equipped. • Depending on each municipality's LED project requirements, most sub-projects were finalized and paid for. This includes conducting exhibitions, purchasing needed specified equipment such (GIS), conducting Capacity Building training in various subjects related to LED, installing various supporting software for LED. Specific for Al-Samou Municipality, two One-Stop-Shops were inaugurated in support of the municipality's efforts to facilitate the lives of their residents, and encourage further transactions between residents and municipality, and to enhance the services that the municipality provides the private sector, to save time and effort. • Instead of conducting LED plans, Birzeit municipality uniquely conducted and implemented a tourism map, supporting the Local Economic sector of tourism. The project is expected to introduce Birzeit as a new tourism destination. Promotion material (including maps, guides, signs...etc.) were printed. A launching event was carried out under the patronage of the Minister of Local Government, and the MDLF. • MDLF and VNG partnered in enhancing the capacity of LED understanding for the municipalities. This was achieved through an LED tour of all target municipalities to several Dutch municipalities (The Netherlands) for an entire duration of 10 days. The experience is expected to set the ground for further participation between the Netherlands and Palestine in issues related to LED, and was deemed as perfectly educational which increased understanding and improved the perspective of LED for each municipality. • Remaining Media, Film and Printing for all municipalities were finalized late June 2016. • MDLF and VNG provided further LED Capacity Building training for all targeted municipalities. • Ramallah conducted a Media project consisting of events and promotional films.

Cycle	No. of Municipalities	West Bank	Financing Partner	Updated implementation status
LED Phase II	8	8	VNG	• Business Needs Assessment was conducted for Eight (8) municipalities. It was introduced to the municipalities and stakeholders, and feedback was reflected. The methodology used to conduct the studies was enhanced based on the lessons learned from the previous phase. • LED was institutionalized at Five (8) municipalities. This includes institutionalizing a unit at each municipalities concerned with LED, preparation of LED plan, training needs assessment and training plan. • During July of 2016, the LED plans and institutionalizing of LED processes for all 8 municipalities will be done. • All municipalities were successful at inaugurating their LED units, furnish and equipment was provided. • MDLF and VNG were partners in enhancing the capacity of LED understanding for the municipalities. This was achieved thru an LED tour of all target municipalities to several Dutch municipalities (The Netherlands) for an entire duration of 10 days. The experience is expected to set the ground for further participation between the Netherlands and Palestine in issues related to LED, and was deemed as perfectly educational which increased understanding and improved the perspective of LED for each municipality. • Media, Film and Printing for all municipalities were finalized during the first half of 2016. • As part of LED two exhibitions were held in the North and South in support of LED efforts. The exhibitions were held during the second quarter of 2016. • MDLF and VNG provided further LED Capacity Building training for all targeted municipalities.
LED Feasibility Studies	6	6	AFD (4) & VNG (2)	• Feasibility study for the establishment of a multi-story car parking and shopping complex in the city of Ramallah In the West Bank was successfully completed. The final feasibility study report have been approved by MDLF funded by AFD • Feasibility study for the establishment of al-Dahrieh International Football Stadium was conducted. The final feasibility study report have been approved by MDLF • Feasibility study for the establishment of al-Bireh Tourism Canal project was terminated, as a result of the decision of Al Bireh Municipality to redesign the canal. • Feasibility study for "Installation of (On-Grid) connection Solar Photovoltaic (SPV) renewable Energy System" in the city of Hebron was successfully completed. The final feasibility study report have been approved by MDLF. • Two feasibility studies for "Establishment of Multi-Story Shopping Mall in City of Ramallah" and "Establishment of Food Processing/Manufacturing Factory in Village of Kufr Rai" (VNG 2) were successfully completed. The final feasibility study report have been approved by MDLF • Ongoing: • Feasibility Study for Reuse of Vehicle tires sent to Landfill- North and a Feasibility Study for Al Minia & Zahrat Al Finjan Leachate Odor. (AFD) this assignment shall be accomplished by August 2017

2.2: Strengthening Newly Amalgamated Municipalities:

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 2.1 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.

16 sub-projects proposals were received from 9 amalgamated municipalities in a total allocation (EUR 1.5 M) and 25 sub-projects proposals from annexed/ integrated Communities in a total allocation (EUR 0.4 M), and 2 sub-projects to enhance the capacity of amalgamated municipalities in a total (EUR 0.2 M)

A quick look into the submitted sub-projects proposals from the 9 amalgamated municipalities reveals that (41%) of the allocated fund will be invested for health sub-projects. The second sector is the public facilities (27%). The third needed sectors is education in a percentage (15%) followed by solid waste (15%) and street lighting (2%). However, the majority of the submitted sub-projects proposals from the annexed communities are roads sub-projects in a percentage (77%) as indicated in Chart 13 and Chart 14 respectively.

Chart 13: Distribution of (EUR 1.5M) Per Sector

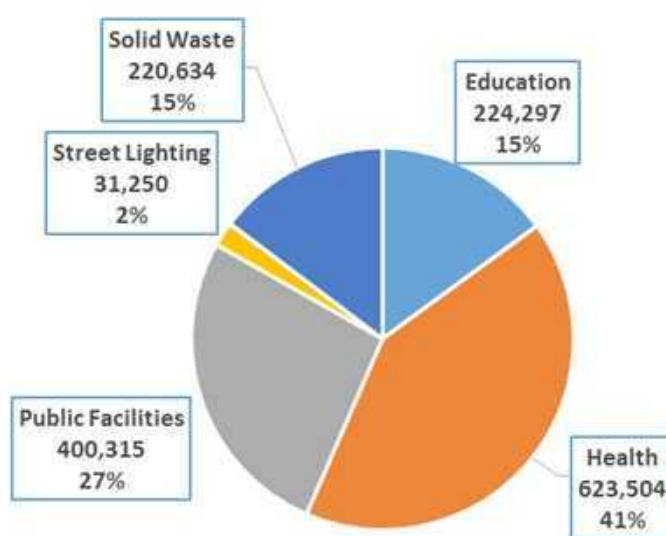
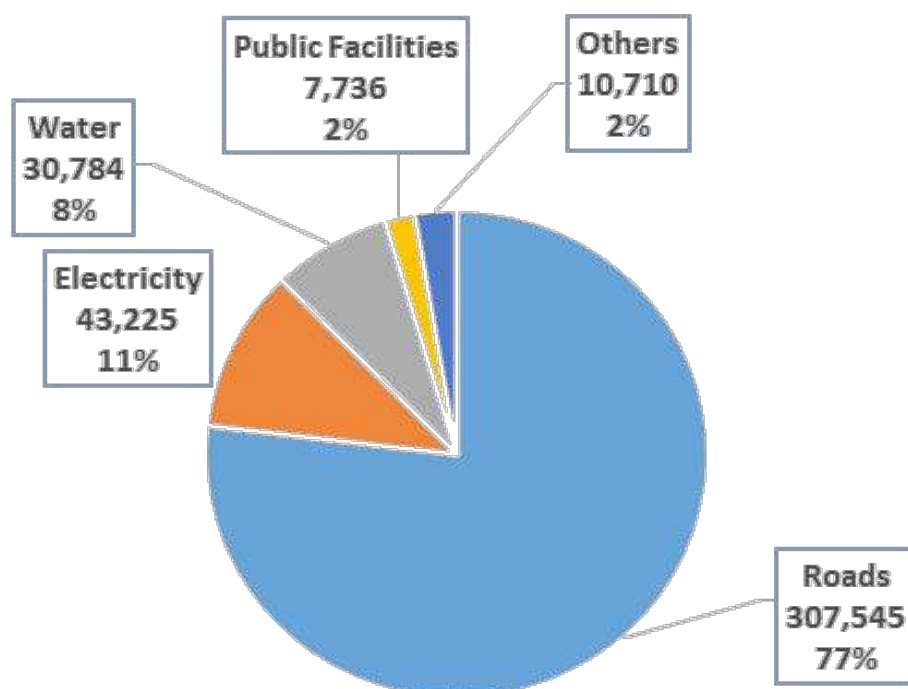


Chart 14: Distribution of (EUR 0.4M) Per Sector



According to the budget for the capacity building under this sub-component, MDLF allocated 60,000 Euro for development of the master plan for the new amalgamated municipalities, and the remaining budget was utilized for supplying GPS instruments to help the municipalities in surveying works. Regarding the status of the approved sub-projects, it is illustrated in Table 5 below.

Table 5: Status of sub-projects under the post amalgamation sub-component

Status of sub-projects within the Newly amalgamated Municipalities				Status of sub-projects within the Annexed/Integrated Communities			
Status	No. of Projects	Amount (EUR)	%	Status	No. of Projects	Amount (EUR)	%
Under Design	0	0	0%	Under Design	0	0	0%
Appraisal	0	0	0%	Appraisal	0	0	0%
Tendering	0	0	0%	Tendering	0	0	0%
Evaluation	0	0	0%	Evaluation	0	0	0%
Ongoing	0		13%	Ongoing	0	0	0%
Completed	16	1,500,000	87%	Completed	25	400,000	100%
Total	16	1,500,000	100%	Total	25	400,000	100%

Component / (Window) 3:

Window 3.A: Capacity Building for Municipalities – Cycle 01

This sub-component supports municipalities to improve their performance in order to graduate to a higher performance ranking above which they are currently classified: It covers services by consultants, training, and equipment for municipalities in both the 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 Capacity Building applications online. The Capacity Building packages were identified as per each municipality. Later, these municipalities were notified regarding the awarded packages.

The capacity building packages for the 1st cycle included:

- Fixed Assets Registration and Valuation;
- Integrated Financial Management Information System (IFMIS), Software and Coaching.
- Rolling out Phase 1-3 of the Strategic Development and Investment Planning (SDIP) process to municipalities that do not have SDIPs.
- "Citizen Service Centers" renovation and business process re-engineering.
- Operations and Maintenance (O&M) to assist municipalities in improving O&M for roads and public buildings.

Table 6 illustrates the distribution of capacity building packages of the 1st cycle by region per donor as well as its implementation status.



Table 6: Distribution of MDPII-W3 Capacity Building Packages –1st cycle

Capacity Building Package	No. of Municipalities	West Bank	Gaza	Financing Partner	Updated Implementation Status
FARV	53	42	11	GIZ	The fixed assets registration was finalized for the West Bank and Gaza Strip including the coaching of municipalities on FARV updating by end of April 2015.
IFMIS	9	6	3	WB & KFW	A contract was signed (on June 28th, 2015) with a consultancy firm to perform an Institutional Assessment prior to implementation. The assignment was accomplished in October 2015. As a result of the Institutional Assessment, only 9 municipalities passed the assessment (6 in West Bank and 3 in Gaza). Coaching Municipalities on Implementing IFMIS” In West Bank & Gaza. Contracts were signed during June 2016. The coaching sessions had been completed and also, the preparation of opening balances for the selected municipalities as of Dec. 31st, 2016 had been completed. The system has been tested in terms of functionality and the integrity. The consulting company performed a quality assurance on the implementation of the system and on testing the output data of the system. The final user acceptance test is ongoing. Additional scope of work has been assigned to Agility (coaching company) to assess the risk of implementation in Gaza municipality in order to overcome the struggles of implementation and determine the best scenario to complete the assignment in Gaza Municipality. IFMIS Hardware MDPII-CI: Gaza contract & West Bank contract were signed during February 2017. Hardware for Gaza and West bank was completely delivered. IFMIS Software: Contract was signed during September 2016. Customizing the system had been completed. Data collection for proceeding the data migration has been completed for the West Bank’ municipalities. For Gaza’ municipalities still, the data migration is under processing. The system had been installed for all municipalities in West Bank. For Gaza’ municipalities: The system had been installed in Al Qarara, Gaza and Bait Lahia. Data migration had been completed for Al Qarara and Bait Lahia. Regarding Gaza Municipality, the data migration was completed for store items only. The implementation and the training have been completed in Al Qarara and Bait Lahia. The implementation for Gaza Municipality has been delayed due to the extensive level of effort associated with certain integration and customization requests, which suggests the need for a highly customized IFMIS. A new action plan will be decided for Gaza Municipality after finalizing the outcome of the risk assessment study. User acceptance for Bait Lahia and Al Qarara will be obtained by end of Jan. 2018

Capacity Building Package	No. of Municipalities	West Bank	Gaza	Financing Partner	Updated Implementation Status
SDIP	2	2	0	GIZ	An amendment to an existing contract from MDPI was set in place in order to accelerate the process of supporting the two remaining municipalities who do not yet have an SDIP in place. An agreement was reached between the MDLF and the consultant regarding the amendment, a contract was signed and assignment activities commenced. The First, second Public meeting and first and second workshops in both Nuba and Al-Ubaidiya were conducted. Activities were accomplished and now municipalities have SDIPs in place.
CSC	22	17	5	MDTF, SDC	Citizens Service Centers (CSCs) (Target municipalities: 17 in West Bank, 5 in Gaza) Design and Supervision CSC: Design of CSC physical space for 22 municipalities is completed. Supervision of Rehabilitation of the physical space for 22 municipalities is completed. Rehabilitation of the physical space of the Citizen Service Centers is completed. Supply Furniture: Furniture was delivered to West Bank and Gaza Supply Hardware: Hardware was delivered to West Bank and Gaza Supply of computerized software: The software was deployed at the 22 municipalities and staff was trained. Print Services Chart: booklets were printed for West Bank and Gaza municipalities
O&M	4	4	0	KFW	The FARV and maintenance modules of the O&M software were developed and a pre-installation test was commenced. The maintenance templates of the O&M manual was finalized. Physical inspection at the four pilot municipalities was completed.
Total Number of Municipalities	90	71	19		

In addition to the above packages, W3 provided further support to municipalities in the following aspects as illustrated in table 6.a,

- 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 including 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). Social accountability expo took place where all municipalities and stakeholders were invited.

Table 6.a illustrates the distribution of capacity building packages of the 1st cycle by region per donor as well as its implementation status.

Table 6.a: Additional support provided to municipalities under W3

Activity	No. of Municipalities	Financing Partner	Updated Implementation Status
SDIPs update orientation workshops	All municipalities	GIZ	- MDLF, along with other stakeholders, conducted orientation workshops to all municipalities in West Bank and Gaza concerning the SDIP update-methodology. - The workshops highlighted the importance of linking the development projects with the annual budget using the new budget format. - MDLF officially asked 11 municipalities to initiate the preparation of new SDIPs as their SDIPs have expired by the end of 2014.
Printing of the SDIP	38 municipalities	AFD (savings from MDPI)	The SDIP document was printed for the targeted municipalities
Call for Budgets	All municipalities	MDTF	- Two-day 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 Citizenship Guideline	All municipalities	SDC	- A Citizenship Guideline was developed and printed. - A feedback workshop was conducted for the sample municipalities with the participation of the MoLG.
Develop Communication and Outreach Guidelines	All municipalities	SDC	A communication guideline had been developed and printed.
Social accountability Expo.	All municipalities	GIZ	Social accountability expo took place were all municipalities and stakeholders were invited.

Window 3.A: Capacity Building for Municipalities (2nd Cycle)

The second cycle Capacity packages were identified per municipality and municipalities were notified about the awarded packages as follows:

- Fixed Assets Registration and Valuation
- Financial procedures and policies manual coaching
- Annual plans for newly formed municipalities
- Citizen Service centers renovation and business process re-engineering.
- Revenue management information system
- Integrated Financial Management Information System (IFMIS), Software and Coaching.
- Operations and Maintenance (O&M) to assist municipalities in improving O&M for roads and public buildings.
- Social Accountability institutionalization

Table 7 illustrates the distribution of capacity building packages of the 2nd cycle by region per donor as well as its implementation status.

Table 7: Distribution of MDPII-W3 Capacity Building Packages –2nd cycle

Capacity Building Package	No. of Municipalities	West Bank	Gaza	Financing Partner	Updated implementation status
FARV	9	9	0	GIZ & MDTF	The fixed assets registration was finalized for 9 municipalities in the West Bank out of which 8 municipalities are newly formed.
FPPM	8	8	0	MDTF	A contract was signed during February 2017 to cover 8 municipalities. The Duration of the assignment was for 3 months.
Annual Plan	8	8	0	GIZ	Annual plans for the newly formed municipalities were prepared (Qasra, Kufur dan, Ajje, Bartaa Al Sharqeya, Surda Abu Qash, Hizma, Kufur Aqab, Battir
CSC	17	12	5	AFD & GIZ & SDC & MDTF	Design and Supervision of CSC: - Design of CSCs' renovation for 17 municipalities was completed. - Supervision of Rehabilitation of the CSCs for 17 municipalities was completed. - CSC Reprocess engineering for the target municipalities was completed, including: (The documentation and analysis of the current working procedures of the services, which were adjusted to their optimal capacity). Rehabilitation and renovation of the Citizen Service Centers (CSCs): - Contracts were signed during February 2017 with a consultancy firm to accomplish the design of the CSCs in the target Gaza Municipalities. - The rehabilitation/renovation of the CSCs in the target Gaza municipalities in Gaza Strip was completed in June 2017. - A contract was signed during February-March 2017 with a consultancy firm to accomplish the design of the CSCs in the target West Bank Municipalities. - The rehabilitation/renovation of the CSCs in the target West Bank municipalities was completed in June 2017. Supply of Furniture: - Supply of furniture was completed in August 2017. - Supply of Hardware: - A firm was contracted to provide CSC hardware to municipalities in September 2017. - Hardware for the target 17 municipalities (Gaza / West Bank) was completely delivered to the target municipalities. Supply of computerized software: - A firm had completely deployed the software to the target municipalities in parallel of hardware delivery, the project is currently in the process of training and accepting the software. - All 17 target municipalities (12 in the West Bank & 5 in Gaza) will have operational software in March 2018 with certificate of acceptance. Print Services Charter: - A contract was signed in January 2018 with consultancy firms to accomplish the Printing of all charters for 12 West Bank Municipalities. - A contract was signed in February 2018 with consultancy firms to accomplish the Printing all charters for 5 Gaza Bank Municipalities.

Capacity Building Package	No. of Municipalities	West Bank	Gaza	Financing Partner	Updated implementation status
RMIS	10	7	3	KFW & KFW/EU	• Institutional Assessment for 90 municipalities was completed. (KFW / EU) • Subsequent to the assessment, 10 Municipalities has been selected (7 in West Bank & 3 in Gaza). • RMIS Software contract funded by (KFW/EU) was contracted and the municipalities are in the process of implementing the module. • RMIS coaching contract was signed and the consultant completed the preparation of the municipalities' subscription outstanding balances. This contract is funded by the KFW. • System implementation and training has started in January 2018 and the user acceptance will be obtained by the end of February 2018. • RMIS hardware has been distributed to the West Bank municipalities, however it is still not yet delivered to Gaza (funded by KFW/EU).
IFMIS	18	14	4	WB & KFW	• Institutional Assessment prior to implementation was accomplished by the end of March 2017. • As a result of the Institutional Assessment, only 3 municipalities passed the assessment, 2 in West Bank and 1 in Gaza. Most of the municipalities did not comply with the criteria of having an IT administrator and they will be contacted to hire additional staff. • A number of municipalities were added, who have already taken the free balance software and still demanding IFMIS resulting 18 municipalities to be targeted by IFMIS (14 in West Bank, 4 in Gaza). • IFMIS Coaching contract was signed and the consultant completed the opening balances and coaching the municipalities. • IFMIS Software contract was signed and the system has been installed in all municipalities. • The implementation of IFMIS and training is still under processing and expected to be completed by end of March 2018. • Regarding the IFMIS hardware, it was delivered to the West Bank municipalities, however it is still not yet delivered to Gaza municipalities.

Capacity Building Package	No. of Municipalities	West Bank	Gaza	Financing Partner	Updated implementation status
O&M	46	35	11	KFW & KFW/EU	Physical inspection: - A contract for physical inspection of 46 municipalities was signed and the assignment is still ongoing. All the municipalities updated the fixed assets registration sheets for roads and buildings, the roads and public buildings database were established. - The data was verified by the municipalities engineer and uploaded to the software. Supply Hardware: - Hardware IT Assessment for O&M's 46 municipalities will be accomplished in July of 2018 for the West Bank and Gaza - A firm was contracted to provide O&M hardware to municipalities in October of 2017. - Hardware for 46 municipalities (Gaza / West Bank) was delivered to the target municipalities completely in January of 2018. Supply of computerized software: - A firm had completely deployed the software to the 35 municipalities in the West Bank. Currently, the project is in the process of training and accepting the software. - Regarding the deployment of the O&M software in the target 11 municipalities in Gaza Strip, the firm is waiting for municipalities' confirmation on the physical inspection which is expected to be finalized in February 2018. - All target municipalities (35 in the West Bank & 11 in Gaza) will have operational software implementation by the end of February 2018 (including Certificate of Acceptance).
Social Accountability	10	6	4	GIZ	Introduction: - MDLF aims at integrating and institutionalizing Social accountability in municipal work to increase municipal responsiveness and good governance practices, quality of services, community participation and engagement, and revenue collection. To achieve this purpose; MDLF has designed a pilot project to apply to a series of social accountability tools in 10 LGUs in WB and Gaza Strip. - Before the pilot stage; MDLF had provided all LGUs with an orientation workshops on Social Accountability. The pilot project has been designed based on various studies and field visits that were supported by GIZ and other donors. This study has targeted all concerned stakeholders including local government units that have implemented different tools and experts in social accountability in addition to focus groups for the previous phase. Main objective /specific objectives: - The main objective of this assignment is to increase municipal responsiveness, thus contributing to the institutionalization of Social Accountability in LGU work in an institutional manner. Objectives on the LGUs level: - Increase cooperation between LGUs and CS in order to implement positive and effective Social Accountability in the target locations. - Implement different Social Accountability tools in an effective manner and in accordance with the National SA Toolkit. - Support the institutionalized implementation of Social Accountability tools. - Enhance complaints mechanisms in the targeted locations and increase citizens role in how to use them.

Capacity Building Package	No. of Municipalities	West Bank	Gaza	Financing Partner	Updated implementation status
Social Accountability	10	6	4	GIZ	Objectives on the local /community level: • Improve the relationship between civil society and community-based organizations, and LGUs in the targeted locations. • Empower and raise awareness of the local social accountability committees in the targeted locations. • Increase community participation including women, youth, and marginalized groups. • Enhance the role of media in social accountability. Selection of the 10 municipalities: • MDLF chose the 10 municipalities where the pilot project will be implemented based on the following criteria: • Geographical diversity: north, central and south of WB and Gaza Strip. • Municipalities with different population: big, medium and small. • Experience in SA: Municipalities with no experience and municipalities with experience in SA. • Based on these criteria; the following municipalities were chosen by a committee established by the MDLF: • Anabta, Al Samou, Arrabeh, Bitunia, Al Oja and Beit Jala in WB. • Khuzaa, Nusairat, Gaza, Alzawaida in Gaza Strip. Contacting: • MDLF launched a request for proposal to attract proposals from civil society organizations to carry out the pilot project's implementation. Four proposals were received in WB and two proposals in Gaza Strip. After the evaluation, Civic Forum Institute (CFI) was contracted to implement the pilot in 6 municipalities in WB, and The Palestinian Center for Democracy and Conflict Resolution (PCDCR) was contracted to implement the pilot in 4 municipalities in Gaza Strip. • CFI was contracted on the 25th of October 2017. While the PCDCR contract was delayed until the end of December 2017 due to the need to make budget reallocation from the GIZ to cover their contract. Implementation in WB: • The implementation of the Social Accountability pilot was kicked off by the MDLF on the 26th of October 2017 with representatives from targeted municipalities and the CFI attended the meeting to agree on the general framework of the project. • The project is still ongoing and CFI has accomplished the following tasks so far: • Submitted the inception report. • Formed Social accountability committees in all targeted municipalities and submit the community mobilization report. • Developed a two-day capacity building package on Social Accountability concept and tools and carry the training for all targeted municipalities. • Selected the Social Accountability tool that will be implemented in each municipality based on the needs of the local communities and the municipalities. • Now the CFI is working closely with the target municipalities to implement the selected Social Accountability tools, develop a plan to institutionalize Social Accountability in the targeted municipalities, and finally assess and promote for complaint mechanism in each municipality. These tasks are expected to be accomplished by mid-March 2018. Implementation in Gaza Strip: • Only a Kick-off meeting was organized by MDLF early January 2018 with representatives from targeted municipalities and the PCDCR. The PCDCR is in the process to submit the inception report. The project is expected to finish by May 2018.

Capacity Building Package	No. of Municipalities	West Bank	Gaza	Financing Partner	Updated implementation status
Participatory Monitoring & Evaluation	7	5	2	KFW/EU	This assignment was contracted early January 2016. The consulting firm developed the manual for PM&E which was piloted in 10 municipalities in WB&G. the manual was shared with financing partners and has been reviewed by the national working group to ensure the consistency and the harmony with Social Accountability manual and the new SDIP toolkits which are still under development. The modified version of the manual was finalized by August 2017, taking into consideration the FPs comments and the discussions with the national working group as well.
SDIP's	91	66	25	MDTF, PA, GIZ	Developing the Strategic Development and Investment Plans (SDIPs) was contracted for 91 municipalities (66 in the West Bank over three clusters and 25 Municipalities in Gaza over two clusters Developing the SDIP's depended on community participation according to the updated manual approved by MoLG. All the municipalities finalized the first public meeting and started the first workshop. Three Quality Assurance (QA) experts for SDIP's have been contracted in the West Bank for the three clusters (North, Middle, and South) & One QA Expert has been contracted for two clusters in Gaza. The Quality Assurance follows the process of the SDIP' activities, provide technical advice and approve the deliverables. MDTF: SDIP South Cluster PA: SDIP North Cluster MDTF/PA: SDIP Middle Cluster GIZ: SDIP Gaza (Two Clusters) MDTF SDIP Quality Assurance (Three Consultants) in West Bank GIZ SDIP Quality Assurance - Gaza
Total	134	105	29		

National Workshops on Social Accountability in Local governance:

- MDLF organized two workshops on Social Accountability in local governance. The first one took place on the 18th of September 2017 at the MDLF office, with participation from Ministry of Local government and development partners working on Social Accountability in Palestine like World Bank, GIZ, SDC, USAID, BTC, and DANIDA. The workshop aimed at presenting the mapping of Social Accountability and the different approaches of Social Accountability used by DPs, MoLG, and MDLF in the previous years, to coordinate the efforts toward the institutionalization of Social Accountability in the future.
- This workshop was followed by a national workshop organized on the 14th of November 2017, with participation from MoLG, MDLF, Municipalities, CSOs, DPs, and APLA.
- The workshop aimed at coordinating the efforts and interventions in the upcoming period between the MoLG, MDLF and the Development Partners (DP). This coordination is needed as Social Accountability is an important and crucial topic LGU's affair, and it has a direct impact on the quality of the services provided to the citizens.
- The workshop focused on different components:
 - Policies and Laws.
 - Implementing National Programs through the MDLF.
 - The Role of LGUs.
 - The role of Civil Society.
 - Coordination between Donors.
 - Implement a Pilot National Toolkit for Social Accountability Tools.

Component /(Window) 4: Project Management

4.1: 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.

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:

The 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.

The local technical consultants were distributed among 4 clusters (North West Bank, Middle West Bank, South West Bank, and Gaza). The LTCs for the 1st cycle were financed by the World Bank and the LTCs for the 2nd cycle are financed by the Multi-Donors Trust Fund (MDTF).



4.2: Monitoring and Evaluation

Under this sub-component, there are set of surveys which were planned to be conducted for MDPII mid-term evaluation in accordance to the MDPII results framework.

Survey	Financing Partner	Objective, Scope and 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 was implemented by an outsourced consulting firm. The consultant was 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 was used as a mid-term evaluation of MDPII.	This assignment was completed. Municipalities were informed about their ranks early May 2015 and were given an appeal period until 20th of May. The updated Ranking after appeals was used to calculate the municipal allocation of cycle 02.
Municipal Ranking update (end of cycle 2)	KFW	To update the municipal ranking in accordance to MDPII ranking system using the 16 KPIs as indicated in the MDPII – Transfer Mechanism and to provide a baseline for MDPIII in accordance to the new ranking system based on the 21 KPIs. This assignment will implemented by an outsourced consulting firm. The consultant was 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) and MDPIII ranking system (21 KPIs). The results of this assignment will be served for MDPII summative evaluation and will be used as a baseline assessment of MDPIII.	This assignment was completed.
Technical audit and Usability assessment (end of cycle 1)	KFW	This audit was 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 was randomly selected by the two individuals in coordination with MDLF to cover the implemented sub-projects in cycle 1. The assessment focused on the technical quality and structural soundness, and the compliance of implemented sub-projects with technical specifications. Furthermore, the audit assessed the approaches and processes during the implementation of sub-projects and provided recommendations for future improvements.	This assignment was completed by mid-August 2015. 30 sub-projects were audited (12 in Gaza and 18 in WB). 28 out of 30 audited sub-projects, are fully/partially completed, those sub-projects are functioning suitability and utilized efficiently by the beneficiaries. The other two sub-projects were audited by the consultant in terms of implementation arrangements, and, technical soundness, etc. and were not audited in terms functionality or usability since they were not yet completed. It is worth noting that MDLF had assessed the functionality and usability of those two sub-projects once completed and found they were fully utilized by the beneficiaries.

Survey	Financing Partner	Objective, Scope and Description of the Assignment	Implementation Status
Technical audit and Usability assessment (end of cycle 2)	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 2. The sample of sub-projects will be randomly selected by the two individuals in coordination with MDLF to cover the implemented sub-projects in cycle 2 (window 1 and window 5 sub-projects). The assessment focused on the technical quality and structural soundness, and the compliance of implemented sub-projects with technical specifications. Furthermore, the audit assessed the approaches and processes during the implementation of sub-projects and provided recommendations for future improvements.	Two individual consultants were contracted (one for WB and the other for Gaza) to conduct the technical audit for a sample of sub-projects under MDPII/ Cycle 02 and W5 sub-projects. Both assignments were completed concluding that the audited projects (18 in the WB and 40 in Gaza Strip) were functional and utilized by the end beneficiaries. Regarding the technical soundness as well as the compliance with standards and operational arrangements, no major findings were recorded. However, the auditors recommended such actions to be considered for future improvement.
Clients and Citizens satisfaction assessment (end of cycle 1)	WB	The objective of this consultancy was 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 (3) citizens satisfaction survey with municipalities' performance. In particular, the aims of the assignment were 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 was utilized specifically for midterm evaluation purposes of the ongoing program "MDP-phase II". MDLF had contracted 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 was completed by July 2015.



Survey	Financing Partner	Objective, Scope and Description of the Assignment	Implementation Status
Clients and Citizens satisfaction assessment (end of cycle 2)	WB	The objective of this consultancy was to conduct a Beneficiaries, Clients and Citizens Satisfaction Assessment as a summative 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 (3) citizens satisfaction survey with municipalities' performance. In particular, the aims of the assignment were 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 2017 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 summative evaluation "MDP-phase II" and the results will be used as a baseline assessment of MDPIII.. 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 was completed by October 2017.
Municipal infrastructure Database Update (2017)	AFD	The main objective of this assignment is to collect a reliable data and indicators on basic municipal infrastructure for 144 municipalities in West Bank & Gaza. The results of the survey will be utilized specifically for evaluation purposes of the ongoing "MDPII" and will be used as baseline for the upcoming "MDPIII". Moreover, the updated infrastructure data will be used as proxy indicators to reflect the municipalities needs as one of the main criteria for the updated grants allocation formula. MDLF had contracted the PCBS in February 2017 to collect the needed information using the survey tools and instruments. The PCBS will conduct a comparative analysis between the 2012 and 2017 figures regarding the municipal infrastructure database.	This assignment has started in February 2017 and completed by end of June 2017.

Component / (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, which 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 as illustrated in table 8 below:

Table 8: Additional Financing to Gaza per Donor

Financing Partner	Committed Amount	Committed Amount in EUR	Implementation Status
WB	US\$ 3,000,000	EUR 2,173,913	The implementation has started since October 2014. A total of (EUR 2,021,739) was distributed among 58 sub-projects which were all completed.
MDTF	US\$ 12,000,000	EUR 8,695,652	The implementation has started since October 2014. A total of (EUR 8,086,957) were originally distributed among Gaza municipalities. Additionally, the savings from the currency exchange in a total (EUR 1,575,650) was distributed among 179 sub-projects .
KFW	EUR 5 M	EUR 5,000,000	The implementation status of the sub-projects under this fund is progressing, where 178 out of 179 sub-projects were completed, one sub-project is ongoing.
BTC	EUR 0.35 M	EUR 350,000	A total of (EUR 4,637,813) was distributed among 61 sub-projects .
SDC	EUR 0.833 M	EUR 833,000	The implementation status of the sub-projects is progressing where 60 out of 61 sub-projects were completed, one sub-projects is ongoing.
EU through KFW	EUR 4.26 M	EUR 4.26 M	A total of (EUR 350,000) was distributed among 5 sub-projects which were all completed.

1 EUR = 1.38 \$



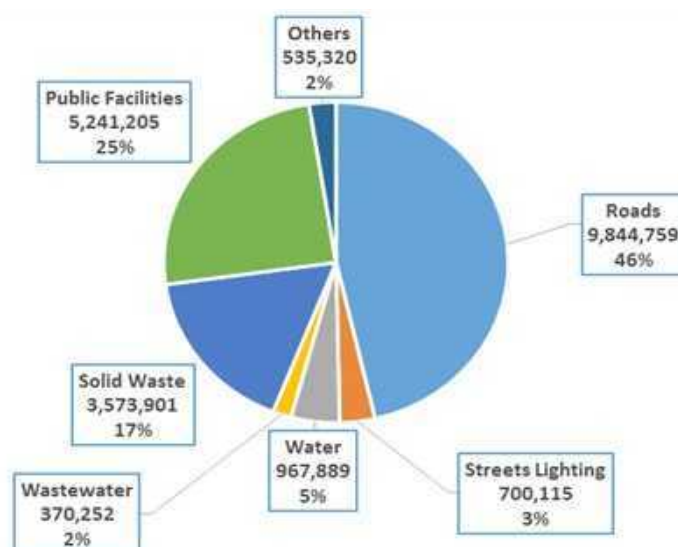
Allocation mechanism

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 and
- Functions to beneficiaries in the municipality; and alternatives considered, if applicable”.

Chart 15: Distribution of MDPII-W5 Fund per Sector

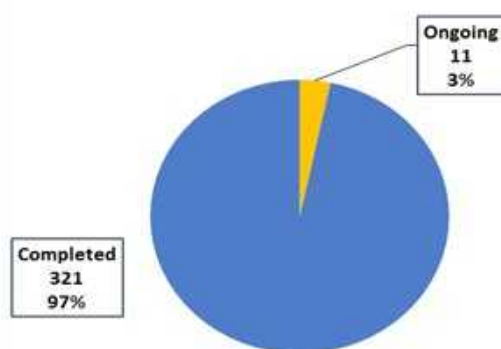


Analysis Per Sector:

A total of EUR 21,309,092 from WB, MDTF, KFW, Belgium, SDC and the EU through the KFW were allocated to Gaza municipalities, 332 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 (46%) of the W5 allocated fund are invested in roads maintenance and rehabilitation. The second sector is the public facilities (25%) including the maintenance of municipal buildings, libraries, community centers, and public parks. The third needed sectors is solid waste in a percentage (17%) followed by water (5%), streets lighting (2%) and wastewater (2%).

Status Analysis of W5

Chart 16: Status of MDPII-W5 sub-projects



The implementation of W5 sub-projects witnessed a noticeable progress since the effectiveness date and the overall status can be illustrated in table 9 and chart 16.

- 321 sub-projects out of 332 were completed with total allocations (**18,604,386 Euros**) amounting (97%) of the budget.
- 11 sub-projects are ongoing with total allocations (**2,704,706 Euros**) amounting (12.7%) of the budget.

Table 9: Status of Window 5 sub-projects

Status	No.	Percentage	Allocation (Euro)	Percentage
Pre-tendering	0	0%	0	0.0%
Tendering	0	0%	0	0.0%
Awarded	0	0%	0	0.0%
Ongoing	11	3%	2,704,706	12.7%
Completed	321	97%	18,604,386	87.3%
Total	332	100%	21,309,092	100%

1.5: Challenges Encountered (obstacle, delays, and causes of delays)

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

Window 1:

- 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 perditions 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 muciplalities 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 was a delay in signing the financing agreements with some FPs where MDLF was unable to proceed in implementing such activities/or awarding the contracts before signing the agreements.

Window 3:

- Low level of Municipal responsiveness, as well as miscommunication within the municipal staff.
- Limited human resources at municipalities.
- Low level of buy-in and actively support the implementation of the capacity building packages compared to the infrastructure projects.

1.6: Lessons Learnt 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 MDPII 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.
- Even though the renewable energy law has not yet approved, the advancement in calling for similar projects is visible.
- The renewable energy project is easy to be implemented among municipalities which can be replicated with effort from municipalities if trained employees are available.
- A kick off meeting should be conducted per contract attended by the municipal council, municipal operational meager (where applies) and the technical team. In this meeting, the communication plan and the action should be will illustrated.
- There is a need to include penalties and incentives accompanied with the level of municipal responsiveness.
- There is a need to develop indicators that reflects the performance of municipalities regarding the implementation sub-projects either infrastructure of capacity building.
- There is a need to study the possibility to add penalties to the lump-sum contracts.
- A Black list for the contactors is needed.
- Institutionalizing the references for the Consultants (individuals /Firms) per assignment and the result to be used to the evaluation criteria.
- MDLF past experience should be translated within the evaluation criteria.





2. Development of Area C in the West Bank – Package II “EU Fund”

2.1 Background

Under the interim Oslo Accords negotiated by the Israelis and Palestinians in the mid-1990s, land in the West Bank was divided into three areas: Areas A, B, and C. In Area A, the Palestinian Authority (PA) assumed full control for civil affairs and security; in Area B, the PA would similarly administer civil affairs but share security control with the Israelis; and in Area C, Israel assumed responsibility for most civil affairs and has full security control. This arrangement was considered temporary pending a final status agreement on Palestinian statehood.

In the West Bank, Area C represents more than 60 percent of the land including the economically strategic area of the Jordan Valley. It is the only major contiguous area of territory in the West Bank and is home to more than 250 Palestinian communities. Most of Area C in the West Bank is still inaccessible to large-scale Palestinian investment and economic enterprise. Given its economic importance, the expanded development of Area C by Palestinians, as foreseen by the interim Oslo Accords, is critical for the future viability of the Palestinian economy.

Israel retained full building and planning authority in Area C, which encompasses some 60% of the West Bank. Israel strictly limits Palestinian settlement, construction, and development in this area, while ignoring the needs of the Palestinian population. This policy means Palestinian residents must subsist in very rudimentary living conditions. They are denied any legal avenue to build homes or develop their communities, so they face the constant fear that their homes might be demolished, and that they are expelled and lose their livelihood.

The Civil Administration prohibits Palestinian construction in vast areas of Area C, citing various rationales, such as defining these areas as state land, survey land, firing zones, nature reserves and natural parks, or by incorporating lands into the jurisdiction of settlements and regional councils.

Given the Civil Administration's policy, the prospects for receiving a building permit outside the scope of the master plans are very slim. Therefore, most Palestinians feel it is futile to apply and do not even submit an application. The Civil Administration refuses to grant building permits even for public buildings, such as schools and medical clinics and to infrastructure such as roads.

In addition, the authorities prevent Palestinians from building even on lands that are enclosed between the Green Line and the Separation Barrier. After deducting for overlap among the various areas described above, Palestinians are prohibited from building on some 70% of Area C.

Moreover, the Palestinian access, movement and use of land in Area C are restricted by a complex system of physical and administrative rules and regulations. The settlements are physically occupying 11% of Area C but the territory actually under their control is much higher. According to recent statistics by the United Nations in (2013) the following facts should be highlighted:

- Approximately 297,000 Palestinians live in area C¹ including Bedouin in more than 250 Palestinian Communities
- Approximately 325,000 Israeli Settlers currently live in Area C
- 70% of Area C is off-limits for Palestinian Construction of which 30% is heavily restricted
- Most of Area C has been designated as military zones and for expansion of Israeli settlements
- There has been a marked increase in demolitions in Area C
- 42% of Area C is defined by Israel as "STATE LAND".
- The Palestinian National Authority (PA) wants to counteract the pressure from these actions on Palestinian people living in Area C to leave and find a livelihood in other sectors, elsewhere.

With the assistance from the international community and particularly the EU, the PA aims to support the recovery and continued existence of different activities in the West Bank through financial support to eligible localities.

A new approach for implementing projects in Area C has been used by the EU. The first step of the new approach is to engage Palestinian communities in Area in the development of urban planning by identifying their private, social and public build-up areas for the next 20 years. The statutory outline plans are then submitted to the PA and to the Israeli Civil Administration (ICA) and complemented with detailed planning packages for transport, water, and wastewater networks.

2.2 Description of the Action

This action is based on the Financing Agreement ENPI/2012/023-776 Land Development and Access to Basic Infrastructure in Area C. The Financing Agreement (FA) was signed between the European Union and the Palestinian National Authority on 19 March 2013 and was amended on 24 August 2015.

The EU and PA agreed on the following approach with regard to project in Area C: “the Implementation of infrastructure projects in communities in Area C may start once a statutory outline plan has been formally approved by the Israeli authorities or is considered as tacitly approved if no major objection has been raised within 18 months following the submission of the plan by the Village Councils to the ICA”.

The FA identified MDLF as an implementing agency for the second component, “Implementation of Basic Infrastructure in Area C”. The addendum no.1 to the FA states that a Steering Committee composed of the European Union (EU), PA (Palestinian Authority), MDLF and of other donors financing of the action shall be formed as an organizational set-up of this component. The scope of the Steering Committee is to discuss and endorse the localities as well as the selected projects to be implemented and built in the target localities in Area C.

As preparatory activities for this action, a Steering Committee was formed and composed of the EU, Ministry of Local Government (MOLG), MDLF and the Danish Representative Office (DRO). Two Steering Committee meetings were held on April 20th and June 30th 2016, respectively. The Steering Committee endorsed the selection criteria and approved the target localities and the proposed projects as well.

It is worth noting that the proposed projects are based on the statutory outline plans (accompanied by detailed planning packages for transport, water and wastewater networks as well as action plans for essential social and public infrastructure projects). These plans were developed in a participatory manner by the target communities and were supported by Non-Governmental Organizations (NGOs) or private urban planning firms. The statutory outline plans and the detailed planning packages were submitted to the PA and to the Israeli Civil Administration (ICA). At the Israeli Civil Administration the plans were registered and processed through a complex and cumbersome authorization process.

The communities developed the statutory outline plans and the action plans for essential social and public infrastructure in a participatory inclusive mode, taking the demographic and socio-economic development needs for the next 20 years into account. Accordingly, a set of sub-projects proposed in this action were suggested and identified by the local communities with the view to improve the quality of life for the inhabitants within those communities. These projects were re-confirmed during the identification phase of this action including approvals from the respective governmental bodies or ministries.

Two steering committee meetings were held on 20th of April and 30th of June 2016, respectively. The steering committee endorsed the selection criteria on 30th of June 2016. Then, the MoLG and MDLF technical teams visited the shortlisted localities and respective projects. The EUREP and DRO participated in part of these site visits. Later, the technical teams discussed all nominated localities and projects and finally the Steering Committee approved the selected localities and the proposed infrastructure projects on 8th of November 2016 (8 localities and 9 projects).

Objectives and Expected Results (as per the agreement)

The overall objective of this program is to improve the social and economic conditions of Palestinian communities in Area C which is critical for maintaining Palestinian presence in Area C and for the development of the Palestinian economy.

The specific objective of the action is to improve access to basic infrastructure in Area C through supporting the communities there with basic services including “community development projects, small scale infrastructure, social infrastructure projects and educational facilities”.

The approved sub-projects were identified based on the community needs in response to the urgent needs for improving the services delivery. These sub-projects will focus on covering the basic services for the target communities such as “building schools/ adding classrooms, parks and recreation, construction of multipurpose buildings, and roads construction”.

Target Areas and Beneficiaries

This program will be implemented in eight localities in Area C. The target localities are as follows:

- Umm Rihan, Daher Al'Abed, Imreiha Jenin Governorate
- Khirbet Jubara Tulkarm Governorate
- Al Halqum, Al Manshiya, Marah Malla Bethlehem Governorate
- Idna North Hebron Governorate.

The selected sub-projects were identified based on the community needs in response to the urgent needs for improving the services delivery. These sub-projects will focus on covering the basic services for the target communities such as:

- **Roads:** Construction and rehabilitation of 2 different road's projects in 2 different localities with a length of about 2.2 KM.
- **Schools:** Expansion and Development of Elementary School and Expansion of the Secondary Mixed School. The total area is about 900 SQM.
- **Public Buildings:** Construction, finishing and furnishing of four (4) multi purposes buildings in four (4) different localities with a total area of 1,030 square meters in addition to the external works and furniture. The works, also, includes the external works for these buildings.
- **Public Park:** Construction of Public Park in one locality with a total area 1000 SQM.
- The expected direct beneficiaries from the proposed action are around 6,547 inhabitants distributed among the nine targeted localities.

2.3 Financing Partner Contribution

This program is located under the umbrella of the "Financing Agreement ENPI/2012/023-776 Land Development and Access to Basic Infrastructure in Area C signed between the European Union and the Palestinian National Authority in March 2013, and the "MDLF" has received a grant from the European Union "EU" with a contribution from the member state "DRO" towards the cost of "Development of Area C in the West Bank" in a total of (Euro 2,010,211.88). The agreement was signed on December 18th, 2016 (for 15 months) and amended until October 18th, 2018. Table 10 illustrates the budget breakdown of the budget:

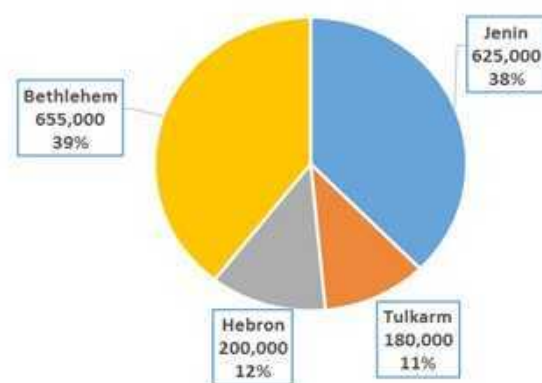
Table 10: Breakdown Budget – Area C Development Programme - Package II

Item	Budget (Euro)
1-MDLF management fees (indirect cost) = 7% of direct eligible cost	129,150
2-Total Direct Eligible Cost	1,845,000
2.1 Other Costs and Services	45,000
Expenditure Verification/Audit	5,000
Evaluation Cost	15,000
Visibility Actions	25,000
2.2 Other	1,800,000
Legal Fees	30,000
Cost of Infrastructure Sub-Projects	1,660,000
Local Technical Consultancy for Design and Supervision (Approximately 7% of cost of infrastructure sub-projects)	110,000
3- Provision for contingency reserve	36,061.88
Total Cost of the Action	2,010,211.88

2.4 Sub- Projects Identification and Description

The selected projects in the target localities were identified based on the outline plans and the action plans developed by the local consultancy firms/NGOs. The outline plans were validated by the communities through community participation workshops in the field, involving a broad spectrum of the affected communities, including the women, boys and girls and the elderly in the community, and then endorsed by the Ministry of Local Government.

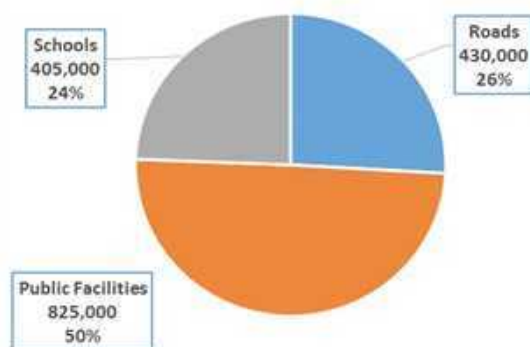
Chart 17: The Distribution of Sub-Projects Allocation by Governor



The selected projects were visited by MDLF staff in collaboration with the MOLG where the council's members as well as the local communities there have emphasized on the importance and vitality of those projects to their localities. The total allocated amount for sub-projects in the targeted LGUs in the West Bank is € 1,660,000. Chart 17 illustrates the allocated budget for the sub-projects per governorate.

The approved sub-projects are classified into four sectors as shown in chart 18 below, the roads with a total of € 430,000 forming 25.9% of the total budget, the Public Facilities with a total of € 825,000 forming 49.7% of the total budget, the Schools with a total of € 405,000 forming 24.4% of the total budget.

Chart 18: Distribution of the sub-projects allocation by sectors



2.5 Implementation Status

Since the signature of the agreement between MDLF and the EU, MDLF has started the coordination with the key stakeholders effectively (EU, the MOLG and the target LGUs) to meet the planned targets and to avoid any miss communication during the implementation. In this regards MDLF had conducted several meetings with the MOLG and the target LGUs to make sure that all the preparatory activities were done regarding the permits and approvals from the inline ministries such as, getting the needed approval from the Ministry of Education for adding classrooms, getting the approval from the Palestinian Water Authority for expansion or construction of water networks,.....etc.

In parallel to effective communication with the key stakeholders, MDLF had started the procurement arrangements to contract a local technical consultant in West Bank for design and supervision and a technical support expert to Assist MDLF to follow up the project activities. In this context, MDLF had prepared a clear TOR for the consultancy service of the design and the supervision work package where the MDLF is responsible for technical review of the LTCs deliverables and to ensure that the project is moving on the right track according to the implementation plans prepared from the beginning.

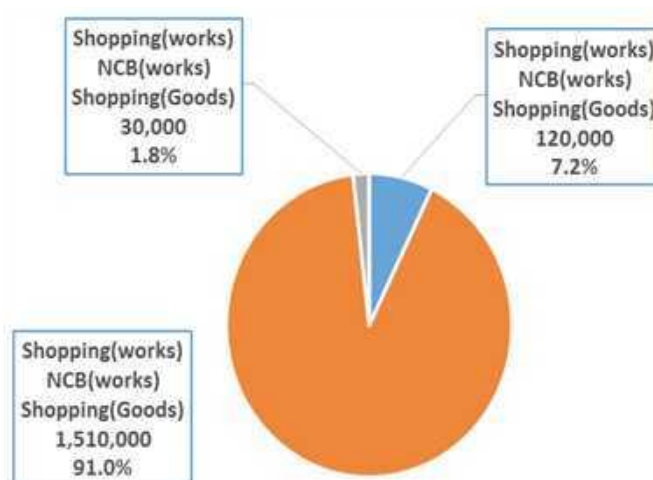
The LTC was contracted on 19th April 2017. Following the contract with the LTCs, a kick-off meeting was conducted to ensure the clear understanding from the consultant of the scope of work and the main tasks he/she is responsible for. Upon the kick-off meeting, the LTC was requested to start communicating with the target LGUs and conducting the field visits to projects locations to verify the description and the costing of sub-projects as well.

More focus on the works conducted during the reporting period, it could be summarized as per the following:

Preliminary Stage:

- A kick-off meeting with LTC representatives and EU engineer was conducted on March 24th, 2015 to discuss the project components, allocations and other issues.
- Field visits had been conducted to the target LGUs in all Governorates by MDLF's Engineers and the LTC in order to know each other and to introduce the team and start collecting the needed data.
- The field survey was carried out including the projection of all structures, manholes, poles, walls and any underground facilities if any within the affective corridor of the road project and within the affective area of the public facilities.
- Following the field investigation, MDLF and the LTC had communicated effectively with the planning department/MOLG to make sure that all the projects sites are located within the master plans boundaries.
- A communication and visibility plan for the program was prepared by MDLF cleared by the EU.
- A procurement plan (PP) was prepared for all the work packages where some of them are consultancy, non-consultancy services, works and goods. The PP was sent to the EU for their feedback and comments.
- Regarding the infrastructure sub-projects, there are 7 NCB sub-projects (Works) with total allocation of € 1,510,000 forming about 90.7 %of the total allocated money and 1 Shopping sub-project (works) with total allocation of € 120,000 amounting 7.3 % of the total allocation and 4 Shopping sub-project (Goods) with total allocation of € 30,000 forming about 1.8 % of the total allocation as shown in chart 19 shows the distribution of the total allocated money by the procurement method.

Chart 19: Distribution of sub-projects (allocation) by procurement method



Design Stage :

- In order to prepare a complete design for every single sub-project the following steps were taken:
- The needed design data were collected and the site investigation was conducted to decide and verify the steps needed in each single project.
- The collected data was represented in the format that would assist in preparing environmental risk assessment and social impact and social risk assessment.
- Direct consultation was conducted with the target LGUs concerning the legal status and license for each project and also consult the LGUs as well as with the in line ministries to verify the required standards and design criteria.
- The LTC with a direct support from MDLF instructed the LGUs to create and organize an independent project file for each single project.
- The needed soil and structural investigations and tests was conducted for some projects.
- The project license for some projects from the concerned inline ministries was obtained.
- The LTC has completed the design phase of the majority of sub-projects, where the tender documents were prepared in accordance to the MDLF procurement manual, issued, evaluated and contracted. Table 11 below, illustrates the status of the sub-projects.

Table 11: Implementation Status of the Sub-Projects

#	Description	Locality	LGU	Governorate	Subproject Description	Allocated Budget (Euro)	Contracted Amount / Lowest Responsive Bidder	Status
1	Renovation the existing VC premise and construction an additional floor to the VC premise	Umm Rihan	Umm Rihan Village Council	Jenin	Renovating the existing VC premises and adding a second floor with a total area 130 SQM. The project will provide basic furniture to make the building functional. The scope of the project, also, includes external works for the surrounding area for a total of 150 SQM including boundary walls and pavement.	125,000	80,132	Ongoing
2	Construction of Multipurpose building and public park	Daher Al 'Abed	Daher Al Abed Village Council	Jenin	The project consists of construction of two floors 150 SQM each. The building will be utilized a multipurpose building including the VC premises, community hall, and sport club. The project will provide basic furniture to make the building functional. The scope of the project will, also, consist of a public park.	300,000	252,703	Ongoing
3	Construction of Multipurpose building	Imreiha	Ya'bad Municipality	Jenin	The project consists of construction of two floors 150 SQM each. The building will be utilized a multipurpose building including the VC premises, community hall, and sport club. The project will provide basic furniture to make the building functional.	200,000	235,065	Ongoing
4	Expansion and development of Elementary school	Khirbet Jubara	Al Kafriyat Municipality	Tulkarm	The project consists of adding 4 class rooms, computer lab and scientific lab with a total are 465 SQM. The furniture and equipment will be provided by the MEHE.	180,000	176,771	Ongoing

#	Description	Locality	LGU	Governorate	Subproject Description	Allocated Budget (Euro)	Contracted Amount / Lowest Responsive Bidder	Status
5	Rehabilitation of Internal Roads	Al-Halqum	Tequ' Municipality	Bethlehem	The project consists of reconstruction and rehabilitation of about 1.4 Km of internal roads. The works will include excavation, levelling, retaining walls, concrete shoulders/sidewalks and roads furniture. The roads' width is 5.5 m of asphalt and 1.5 m sidewalks each side.	230,000	248,454	Ongoing
6	Construction of additional class rooms	Al Manshiya	Marah Rabah Village Council	Bethlehem	The project consists of adding 4 class rooms, library, lab, and sanitary unit (toilets and septic tank). The project will be an extension to the existing secondary mixed school horizontally, meaning that there will be earth and foundation works for this extension. The additional class rooms will be served as a secondary school. The furniture and equipment will be provided by the MEHE.	225,000	237,339	Ongoing
7	Construction of Internal Roads	Idna North	Idna Municipality	Hebron	The project consists of construction of 0.8 Km of a new road. The works will include excavation, levelling, concrete shoulders/sidewalks, and roads furniture. The roads' width is 6 m of asphalt and 2 m sidewalks each side.	200,000	219,506	Ongoing
8	Construction of Multipurpose building	Marah Ma'allah	Marah Ma'allah Village council	Bethlehem	The project consists of construction two floors 150 SQM each. The building will be utilized a multipurpose building including VC premise and a community hall. The project will provide basic furniture to make the building functional. The scope of the project also includes external works.	200,000		Tendering phase

2.6 Obstacles and Challenges

- The lack of the capacity and needed skills of most LGU's to design their sub-project and to prepare ESMP, to overcome this challenge through on-job training and site visits.
- The low capacity of the LGU's in general related to procurement procedures, preparation of bidding documents and procurement plans.
- The need of permits to inter some areas such as Um-Rihan, hindering the smooth progress of the project especially in case of refusing of some staff to inter the area.
- The coordination with the MOLG took more time than expected, especially for the verification of projects locations.

2.7 Lessons Learnt and Recommendations

- Continue strengthening the LGU's institutions and improving their staff capacities through on job training and transfer of know-how. This will enable the LGU's to be efficient and sustained institution.
- Pay more attention for training and workshops especially for social and environmental aspect.



3. Development of Area C in the West Bank – Package III “EU Fund”

3.1: Background

This action is based on the Financing Agreement “Access to Essential Social and Public Infrastructure in Area C - ENI/2014/032-783”, the Financing Agreement was signed between the European Union (EU) and the Palestinian Authority (PA) on 17th of March 2015 and amended on 13th of July 2016.

The EU and PA agreed on the following approach with regard to projects implementation in Area C: *“the Implementation of infrastructure projects in communities in Area C may start once a statutory outline plan has been formally approved by the Israeli authorities or is considered as tacitly approved if no major objection has been raised within 18 months following the submission of the plan by the Village Councils to the ICA”.*

The MDLF has been nominated for implementation of basic infrastructure in Area C based on (i) the recommendation letter of the Ministry of Local Government (MoLG) of 20th of April 2016 and (ii) compliance to eligibility conditions and essential selection criteria as stipulated in the Technical and Administrative Provisions of the signed financing agreement [articles 2.3.1 (c+d)].

A Steering Committee composed of the European Union (EU), PA (Palestinian Authority), Municipal Development Lending Fund (MDLF) and of other financing donors of the action was formed as an organizational set-up of implementing this programme. The Steering Committee is mandated to discuss and endorse the localities as well as the selected projects to be implemented in the target localities in Area C. Two Steering Committee meetings were held on April 20th and June 30th ,2016, respectively, resulting in the endorsement of the selection criteria and the endorsement of the proposed localities as well.

The selection criteria² is composed of sub criterion starting from the high level eligibility and screening, followed by a competitive scoring of the eligible localities, and ending with a competitive selection criteria for projects. Upon that, a set of localities were nominated by MDLF and then endorsed by the SC to be targeted by this action.

Then, the MoLG and MDLF technical teams visited the shortlisted localities and respective projects. The EUREP participated in part of these site visits. Later, the technical teams discussed all nominated localities and projects and finally the SC endorsed the selected social infrastructure projects under this action on 10th of April 2017.

It is worth mentioning that the proposed projects under this action were suggested and identified by the local communities with the view to improve the quality of life for the inhabitants within those localities and are based on the statutory outline plans (accompanied by detailed planning packages for transport, water and wastewater networks as well as action plans for essential social and public infrastructure projects). These plans were developed in a participatory manner by the target communities and were supported by Non-Governmental Organizations (NGOs) or private urban planning firms taking the demographic and socio-economic development needs for the next 20 years into account. The statutory outline plans and the detailed planning packages were then submitted to the PA and to the Israeli Civil Administration (ICA). At the Israeli Civil Administration the plans were registered and processed through a complex and cumbersome authorization process.

3.2: Description

A. Objectives

The overall objective of the action is to improve the social and economic conditions of Palestinian communities in area C which is critical for the future viability of the Palestinian Economy.

The specific objectives (outcomes) of the action are two folds (i) to improve access to essential and public infrastructure in Area C (ii) strengthening the Palestinian institutions’ capacity to deliver essential social and public infrastructure in Area C.

² For more details on the selection criteria please see section 2.1.3 of the grant proposal.

B. Expected Outputs:

Output 1: New essential social and public infrastructure implemented in Area C including:

- Construction of new elementary school with kinder-garden (200 SQM) and expansion and development of an existing secondary mixed school (1,200 SQM). The total area is about 1500 SQM.
- Rehabilitation and Development of a playground in one locality with a total area 2,000 SQM.
- Construction, finishing and furnishing of four (2) multi purposes buildings in two (2) different localities with a total area of 600 SQM in addition to the external works and furniture.
- Supply and install of electrical transformer in one locality.
- Supply and install of equipment and furniture for the public buildings and kinder gardens which were implemented in six (6) different localities, under the previous action (Area – EU – ENPI/2014/351-484).
- Construction and rehabilitation of 4 different roads segments in 3 different localities with a length of about 2.9 KM

Output 2: Enhanced capacity of the concerned LGUs and local communities in Area C for social and public services delivery through:

- Capacity development of the concerned LGUs and community mobilization activities with regards to social public infrastructure funded by the EU programme in Area C.

Target Areas and Beneficiaries

This action will be implemented in fifteen (9 new localities and complementary intervention in 6 localities) localities in Area C. The target localities are illustrated in Table 12 below:

Table 12: List of target localities under package III

#	Locality	Governorate	New or Complementary
1	Oqban & Al Mrooj	Bethlehem	New
2	Al Ma'asara	Bethlehem	New
3	Ad Deirat	Hebron	New
4	Umm Rihan	Jenin	New
5	Barta'a Ash Sharqiya	Jenin	New
6	Al Funduq	Qalqilya	New
7	Kardala	Tubas	New
8	Habla	Qalqilya	New
9	Dab'a	Qalqilya	New
10	Ras Elwad	Bethlehem	Complementary
11	Imnaizel	Hebron	Complementary
12	T'innik	Jenin	Complementary
13	Abdallah Al-Yousis	Jenin	Complementary
14	Ras Tira	Qalqilya	Complementary
15	Um Al-Lahem	Jerusalem	Complementary

The expected direct/indirect beneficiaries from the proposed action are around 18,828 inhabitants distributed among the target localities

3.3: Financing Partner Contribution

The “MDLF” has received a grant from the European Union “EU” towards the cost of “Development of Area C in the West Bank” in a total of **(Euro 3,220,000)**. The agreement was signed on **June 14th, 2017 for 20 months**. Table 13 illustrates the budget breakdown.

Table 13: Breakdown Budget – Area C Development Programme –Package III

Item	Budget (Euro)
1- MDLF management fees (indirect cost) = 7% of direct eligible cost	208,950
2- Total Direct Eligible Cost	2,985,000
2.1 Other Costs and Services	50,000
Expenditure Verification/Audit	5,000
Evaluation Cost	15,000
Visibility Actions	30,000
2.2 Other	2,935,000
Legal Fees	30,000
Cost of Infrastructure Sub-Projects	2,680,000
Project Coordinator	50,000
Local Technical Consultancy for Design, Supervision and Communities Mobilization Activities (Approximately 7% of cost of infrastructure sub-projects)	175,000
3- Provision for contingency reserve	26,050
Total Cost of the Action	3,220,000

3.4: Sub- Projects Identification and Description

The selected projects in the target localities were identified based on the outline plans and the action plans developed by the local consultancy firms/NGOs. The outline plans were validated by the communities through community participation workshops in the field, involving a broad spectrum of the affected communities, including the women, boys and girls and the elderly in the community, and then endorsed by the Ministry of Local Government.

The selected projects were visited by MDLF staff in collaboration with the MOLG where the council’s members as well as the local communities there have emphasized on the importance and vitality of those projects to their localities. The total allocated amount for sub-projects in the targeted LGUs in the West Bank is € 2,680,000. Breakdown of the sub-projects allocation by governorate is illustrated in Chart 20.

The approved sub-projects are classified into four sectors as shown in chart 21 below, the roads with a total of € 810,000 amounting 33% of the total budget, the Public Facilities with a total of € 1,540,000 amounting 63% of the total budget, the Electricity with a total of € 100,000 amounting 4% of the total budget.

Chart 20: The Distribution of Sub-Projects Allocation by Governorate

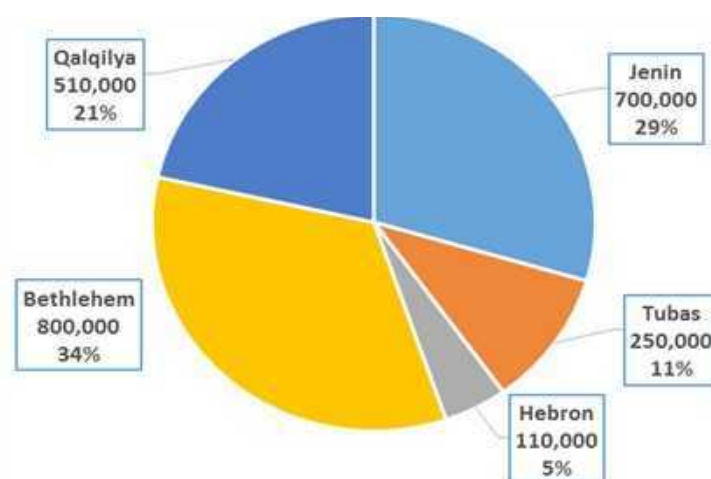
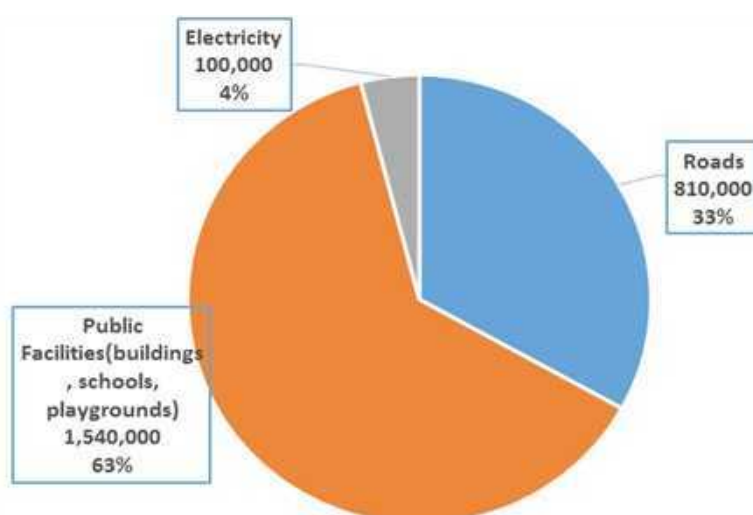


Chart 21: Distribution of the sub-projects allocation by sectors



3.5: Implementation Status

Since the signature of the agreement between MDLF and the EU, MDLF has started the coordination with the key stakeholders effectively (EU, the MOLG and the target LGUs) to meet the planned targets and to avoid any miss communication during the implementation. In this regards MDLF had conducted several meetings with the MOLG and the target LGUs to make sure that all the preparatory activities were done regarding the permits and approvals from the inline ministries such as, getting the needed approval from the Ministry of Education for adding class rooms, getting the approval from the Palestinian Water Authority for expansion or construction of water networks, etc.

In parallel to effective communication with the key stakeholders, MDLF had started the procurement arrangements to contract a local technical consultant in West Bank for design and supervision and a technical support expert to assist MDLF to follow up the project activities. In this context, MDLF had prepared a clear TOR for the consultancy service of the design and the supervision work package where the MDLF is responsible for technical review of the LTCs deliverables and to ensure that the project is moving on the right track according to the implementation plans prepared from the beginning.

The LTC was contracted on 1st october, 2017 and the TSE was contracted o 1st July, 2017. Following the contract with the LTCs, a kick off meeting was conducted to ensure the clear understanding from the consultant of the scope of work and the main tasks he/she is responsible for. Upon the kick off meeting, the LTC was requested to start communicating with the target LGUs and conducting the field visits to projects locations to verify the description and the costing of sub-projects as well.

More focus on the works conducted during the reporting period, it could be summarized as per the following:

Preliminary Stage:

- A kick-off meeting with LTC representatives and EU engineer was conducted on March 24th , 2015 to discuss the project components, allocations and other issues.
- Field visits had been conducted to the target LGUs in all Governorates by MDLF's Engineers and the LTC in order to know each other and to introduce the team and start collecting the needed data.
- The field survey was carried out including the projection of all structures, manholes, poles, walls and any underground facilities if any within the affective corridor of the road project and within the affective area of the public facilities.
- Following the field investigation, MDLF and the LTC had communicated effectively with the planning department/MOLG to make sure that all the projects sites are located within the master plans boundaries.
- A communication and visibility plan for the program was prepared by MDLF cleared by the EU.
- A procurement plan (PP) was prepared for all the work packages where some of them are consultancy, non-consultancy services, works and goods. The PP was sent to the EU for their feedback and comments.
- Regarding the infrastructure sub-projects There are 6 NCB sub-projects (Works) with total allocation of € 2,078,000 forming about 77.6 %of the total allocated money and 3 Shopping sub-project(works) with total allocation of € 350,000 forming about 13 % of the total allocated money and 4 Shopping sub-project(Goods) with total allocation of € 230,000 forming about 8.6 % of the total allocated to provide furniture for the multipurpose buildings as shown in chart 22.

Chart 22: Distribution of sub-project allocation by procurement method



Design Stage:

- In order to prepare a complete design for each single sub-project the following steps were taken:
- The needed design data were collected and the site investigation was conducted to decide and verify the steps needed in each single project.
- The collected data was represented in the format that would assist in preparing environmental risk assessment and social impact and social risk assessment.
- Direct consultation was conducted with the target LGUs concerning the legal status and license for each project and also consult the LGUs as well as with the in line ministries to verify the required standards and design criteria.
- The LTC with a direct support from MDLF instructed the LGUs to create and organize an independent project file for each single project.
- The needed soil and structural investigations and tests was conducted for some projects.
- The project license for some projects from the concerned inline ministries was obtained.

- The LTC has completed the majority of design phase of the of sub-projects, where the tender documents were prepared in accordance to the MDLF procurement manual, two subprojects were issued, and it is expected to issue the rest before the end of January 2018. Table 14 below, illustrates the status of the sub-projects.

Table 14: Implementation Status of Sub-projects

#	Locality	LGU	Governorate	Project	Brief Description	Estimated Cost (EUR)	Status
1	Oqban & Al Mrooj	Oqban Village Council – Janata Municipality	Bethlehem	Elementary school + kindergarten	Construction of elementary school (9 class rooms, lab, teachers' room, library, sanitary unit, and external works). Additionally, the project consists of construction a kindergarten including (2 class rooms, teachers' room, sanitary unit, external works and games)	600,000	Tendering Phase
2	Umm Rihan	Umm Rihan Village Council	Jenin	Expansion and Rehabilitation of Local Roads	The project scope of work is limited to 1 Km length, including (excavation, levelling, concrete sidewalks, street lighting, and roads furniture). The asphalt width is proposed (6 m) with (1.5 m sidewalks per each).	250,000	Design Phase
3	Ad Deirat	Khallet Al Maya Village Council	Hebron	Construction of internal roads	The project scope is limited to 500 Lm length, including (excavation, levelling, concrete shoulders/sidewalks, and roads furniture). The asphalt width is proposed (5 m) with (1 m concrete shoulders per each side).	110,000	Tendering Phase
4	Barta'a Ash Sharqiya	Barta'a Municipality	Jenin	Construction of internal roads	The project scope is limited to construction of two roads segments: - Segment 1: 600 meters, the base-coarse 8 meters, the asphalt width is proposed (6 m) with (1 m concrete shoulders per each side). - Segment 2: 800 meters, the base-coarse 8 meters, the asphalt width is proposed (6 m) with (1 m concrete shoulders per each side). In addition to the excavation, levelling, concrete shoulders/sidewalks, and roads furniture/light, retaining walls	450,000	Design Phase
5	Al Funduq and Hajja Street	Al Funduq – Jinsafout Village Council, Hajja Street – Hajja Village Council	Qalqilya	Development of the Elementary School	The project consists of adding multi-purposes room, resources room (natural science room), arts and crafts room, in addition to do the maintenance and development of the playground as needed	140,000	Design Phase
6	Kardala	Kardala Village Council	Tubas	Construction of Multipurpose building	The project consists of: - Construction a permanent location for the village council, a health clinic, a center for the women and civil society centers, and a kindergarten. - The total area is 300 m2 + external garden+ furniture and equipment	250,000	Design Phase
7	Habla	Habla Municipality	Qalqilya	Playground rehabilitation	The project consists of - Surround the playground with a fence, provide it with changing rooms for players, and bathrooms. - The playground will have stadium seating on both sides, and stadium grassing. In addition, mechanic and electrical works will be requires, plus an iron gate	270,000	Design Phase

#	Locality	LGU	Governorate	Project	Brief Description	Estimated Cost (EUR)	Status
8	Al Ma'asara	Al Ma'asara Village Council	Bethlehem	Construction of Multi-purpose building (women's Center, cultural and youth club, premises for the village council)	- The project consists of construction 2 story building including a women center in the 1st floor + (VC premise and youth club in the 2nd floor) + external garden + boundary wall + equipment + furniture) The total area is around 300 m2	280,000	Design Phase
9		Habla Municipality	Qalqilia	Supply of Transformer	- This project was intended to be implemented in the 1st package, however it was postponed and agreed to be implemented under this package. - It consists of installation a new transformer with all accessories and underground cables as needed.	100,000	Tendering Phase
10	Abdallah Al-Yousis multi purposes center, T'innik kindergarden, Ras Elwad kindergarden, Imnaizel kindergarden, Ras Tira kinder garden, Um Al-Lahem Services Center)	This tender will be managed centrally at the MDLF level for the benefit of the listed localities	Jenin Bethlehem Hebron Qalqilia Jerusalem	Supply and install of furniture and equipment's for a number of kindergarden and social buildings	The implemented projects under the 1st package will be equipped with furniture, particularly: - Abdallah Al-Yousis multi purposes center, - T'innik kindergarden, - Ras Elwad kindergarden, - Imnaizel kindergarden, - Ras Tira kinder garden, - Um Al-Lahem Services Center)	280,000	ongoing

3.6: Obstacles and Challenges

- The lack of the capacity and needed skills of most LGU's to design their sub-project and to prepare ESMP, to overcome this challenge through on-job training and site visits.
- The low capacity of the LGU's in general related to procurement procedures, preparation of bidding documents and procurement plans.
- The need of permits to inter some areas such as Um-Rihan, hindering the smooth progress of the project especially in case of refusing of some staff to inter the area.
- The coordination with the MOLG took more time than expected, especially for the verification of projects locations.

3.7: Lessons Learnt and Recommendations

- Continue strengthening the LGU's institutions and improving their staff capacities through on job training and transfer of know-how. This will enable the LGU's to be efficient and sustained institution.
- Pay more attention for training and workshops especially for social and environmental aspect.



4. Development of Area C in the West Bank – Package II “SDC Fund”

4.1 Background

According to the Interim agreement (OSLO II of the year 1995), the Palestinian territory was divided into areas A, B, and C, designating various levels of control, and while Area A, gave the Palestinian Authority a complete autonomy over administrative and security issues; Area B, granted Palestinians only civil/ administrative responsibilities; while in Area C, Israel has full control over this area.

Area C represents over 64% of the West Bank. It is the area where Israel retains almost exclusive control over law enforcement, planning, and construction. According to the latest figures provided by OCHA, there are an estimated 297,000 Palestinians living in 533 residential areas throughout Area C.

In 1972, there were some 1000 settlers in the West Bank. This population grew exponentially and at the end of 2012, there were an estimated 341,000 Israeli settlers living in 135 settlements and 100 outposts in Area C.

Palestinian access, movement and use of land in Area C are restricted by a complex system of physical and administrative rules and regulations. The settlements are physically occupying 11% of Area C but the territory actually under their control is much higher. 70% of Area C is included within the boundaries of the regional councils of Israeli settlements and therefore off-limits for Palestinian use and development. The Palestinian construction in Area C is heavily restricted in 29% of the remaining area so that less than 1% has been planned for Palestinian development.³

Most of Area C in the West Bank is still inaccessible to large-scale Palestinian investment and economic enterprise. Given its economic importance, the expanded development of Area C by Palestinians, as foreseen by the interim Oslo Accords, is critical for the future viability of the Palestinian economy.

Since 1967 the Israeli military commanders in the occupied Palestinian Territories have issued numerous Military Orders (MOs) which take full jurisdiction over life for Palestinians in the West Bank, not least in relation to planning and construction. The Israeli Authorities amended the Jordanian Urban Planning and Infrastructure Law of 1966 and vested the Israeli Higher Planning Council with all powers over planning. The same order enabled the establishment of Planning Committees within Israeli settlements in the West Bank, some with powers autonomously to issue permits and master plans.

Israel retained full building and planning authority in Area C, which encompasses some 60% of the West Bank. Israel strictly limits Palestinian settlement, construction, and development in this area, while ignoring the needs of the Palestinian population. This policy means Palestinian residents must subsist in very rudimentary living conditions. They are denied any legal avenue to build homes or develop their communities, so they face the constant fear that their homes might be demolished, and that they are expelled and lose their livelihood.

The Civil Administration prohibits Palestinian construction in vast areas of Area C, citing various rationales, such as defining these areas as state land, survey land, firing zones, nature reserves and natural parks, or by incorporating lands into the jurisdiction of settlements and regional councils.

Given the Civil Administration's policy, the prospects for receiving a building permit outside the scope of the master plans are very slim. Therefore, most Palestinians feel it is futile to apply and do not even submit an application. The Civil Administration refuses to grant building permits even for public buildings, such as schools and medical clinics and to infrastructure such as roads.

In addition, the authorities prevent Palestinians from building even on lands that are enclosed between the Green Line and the Separation Barrier. After deducting for overlap among the various areas described above, Palestinians are prohibited from building on some 70% of Area C.

Moreover, the Palestinian access, movement and use of land in Area C are restricted by a complex system of physical and administrative rules and regulations. The settlements are physically occupying 11% of Area C but the territory actually under their control is much higher. According to recent statistics by the United Nations in (2013) the following facts should be highlighted:

- Approximately 297,000 Palestinians live in area C4 including Bedouin in more than 250 Palestinian Communities
- Approximately 325,000 Israeli Settlers currently live in Area C

3 OCHA, Area C of the West Bank: key humanitarian concerns, January 2013

4 OCHA – Area C Vulnerability Profile 2013 http://www.ochaopt.org/documents/ocha_opt_fact_sheet_5_3_2014_En_.pdf

- 70% of Area C is off-limits for Palestinian Construction of which 30% is heavily restricted
- Most of Area C has been designated as military zones and for expansion of Israeli settlements
- There has been a marked increase in demolitions in Area C
- 42% of Area C is defined by Israel as “STATE LAND”.

Area C is a very resource-rich area. The restrictive planning and permitting systems imposed by the ICA prevent Palestinians to have access to the land and the resources in Area C. The World Bank published a comprehensive study in October 2013 assessing the impact of the inaccessibility of Palestinian populations to the agricultural land and natural resources in Area C, on the Palestinian economy. The potential impact of this ‘withheld land’ sets the loss to the Palestinian economy at about US\$ 3.4 billion⁵, or 35% of the Palestinian GDP in 2011.

The Palestinian population in Area C is among the most vulnerable and marginalized in the West Bank. Demolitions of housing and livelihood and forced evictions are causing severe poverty. 24% of the households in Area “C” are food insecure⁽⁶⁾. Over 70% of communities located entirely or mostly in Area C are not connected to the water network and rely on ra nwater or on tanked water at vastly increased cost.⁽⁷⁾ The Israeli Civil Administration (ICA) takes action to disrupt the supply of water that residents try to obtain from alternate sources⁸.

Under this context, development in Area C is undermined and the resilience of the Palestinian communities in Area C is strongly affected.

The Palestinian National Authority (PA) wants to counteract the pressure from these actions on Palestinian people living in Area C to leave and find a livelihood in other sectors, elsewhere.

With the assistance from the international community and particularly **Swiss Agency for Development and Cooperation “SDC”**, the PA aims to support the recovery and continued existence of different activities in the West Bank through financial support to eligible localities.

A new approach for implementing projects in Area C has been used by the SDC. The first step of the new approach is to engage Palestinian communities in Area in the development of urban planning by identifying their private, social and public build-up areas for the next 20 years. The statutory outline plans are then submitted to the PA and to the Israeli Civil Administration (ICA) and complemented with detailed planning packages for transport, water, and wastewater networks.

4.2 Description of the Action

This program is based on the signed agreement between the **Swiss Agency for Development and Cooperation “SDC”** and the MDLF in November 2016 *Development of Marginalized Communities in the West Bank (Area C Development Project) – (SDC)*. As preparatory activities for this action, coordinated efforts took place by the SDC and the PA to support Palestinian communities in Area C in the development of statutory outline plans. Those plans were developed in an inclusive participatory approach (including women, youth, and people suffering from disabilities). The developed plans were submitted and registered with the Israeli Civil Administration (ICA), where they were discussed and complemented with detailed planning packages for roads, buildings, water, and wastewater networks.

At the local level, 110 plans have been prepared by 75 LGUs⁹ across the West Bank for 158’000 Palestinians, only three out of them were approved by the ICA. However, the remaining ones are currently in progress as (8 plans) were announced for public objection, (84 plans) passed ICA procedures (submitted to ICA) and subject to technical discussion, and (15 plans) are still in the process of data collection and preparation.

The statutory outline plans and the action plans were prepared for a set of villages in area C taking into consideration the demographic and socioeconomic needs including the priorities for such development per each sector. Accordingly, a set of subprojects was suggested and identified by the local communities to be implemented within the boundaries of the statutory outline plans. All proposed projects are public and social infrastructure aimed at improving the quality of life for the inhabitants of those localities.

⁵ according to the World Bank, *Area C and the Future of the Palestinian Economy*, October 2013.

⁶ PCBS, UNRWA, FAO, WFP, *Socio-Economic & Food Security Survey*, 2012

⁷ OCHA, *Area C of the West Bank: key humanitarian concerns*, January 2013

⁸ B’Tselem, *Acting the Landlord: Israeli Policy in Area C, the West Bank, 2012 - Between 2000 and 2012*, the Israeli Civil Administration (ICA) destroyed 90 cisterns, 61 wells and 17 reservoirs belonging to Palestinians in Area C. In recent years the ICA has begun confiscating water containers purchased by residents of the Jordan Valley for watering their herds. The supply of electricity that Palestinian communities in Area C receive from wind or solar power systems is also disrupted by demolitions and demolition orders.

⁹ Some of the outline plans are prepared for more than one community. For example, Dab’a and Ras Tira shared with the same outline plan submitted to the ICA. Another example is for Arab-Abu Farda and Arab Al-Ramadeen.

In accordance with the strategic preferences of the PA in the target area, the grant proposal will focus on sustaining and further developing infrastructure facilities within different localities in Area C.

Objectives and Expected Results (as per the agreement)

The overall objective of this program is to improve the social and economic conditions of Palestinian communities in Area C which is critical for maintaining Palestinian presence in Area C and for the development of the Palestinian economy.

An Nabi Elias 1&2, Wad Al Rasha	/ Qalqilia Governorate
Shufa	/ Tulkarm Governorate
Yanun	/ Nablus Governorate
Wad Al-Rasha	/ Qalqilia Governorate
Harmala	/ Bethlehem Governorate
Kirbit Um Dyouf and Jib Eldeeb	/ Bethlehem Governorate
Al-Midya	/ Ramallah Governorate

The specific objective of the action is to improve access to basic infrastructure in Area C through supporting the communities there with basic services including “community development projects, small-scale infrastructure, social infrastructure projects and educational facilities”. This program will be implemented in seventh localities in Area C. The target localities are as follows:

The approved sub-projects were identified based on the community needs in response to the urgent needs for improving the services delivery. These sub-projects will focus on covering the basic services for the target communities such as “rehabilitation/construction of water networks, building schools/ adding classrooms, parks and recreation, electricity services, roads construction, and rehabilitation”.

Expected Results

- Roads: Construction and rehabilitation of 4 different road’s projects in 4 different localities with a length of about 2.1 KM.
- Schools: Expansion and Development of Elementary School. The total area is about 850 SQM.
- Spring: Rehabilitation of existing spring including construct boulder wall to protect the spring, fencing, concrete shoulders, stonewall rehabilitation, manhole water collection construction, and entrance gate.
- Water: Reservoir construction with around 70 cubic meter capacity, and 1.4KM 4” water main pipeline and 400-meter internal water network.
- Public Park: Construction of Public Park in one locality with a total area of 2000 SQM.
- The expected direct beneficiaries from the proposed action are around 8,000 inhabitants distributed among the seven-targeted localities.

4.3 Financing Partner Contribution

The donor grants the organization a contribution of maximum EUR 2,885,714.00 (hereinafter the contribution) as a participation towards the realization of the project/activities of the organization (hereinafter the project/activities) as per the description of the project/activities the agreement was signed on November 17th , 2016.



4.4 Sub- Projects Identification and Description

The selected projects in the target localities were identified based on the outline plans and the action plans developed by the IPCC. The outline plans were validated by the communities through community participation workshops in the field, involving a broad spectrum of the affected communities, including the women, boys and girls and the elderly in the community, and then endorsed by the Ministry of Local Government.

The selected projects were visited by MDLF staff in collaboration with the MOLG where the council's members as well as the local communities there have emphasized the importance and vitality of those projects to their localities.



There is one component that would be supervised in this assignment which is directed to supporting the selected LGUs services and rehabilitation subprojects. The total amount of money allocated for sub-projects in the targeted LGUs in the West Bank is € 1,140,000.

Breakdown of the projects allocated money for the LGUs by governorate is illustrated in Table 15.

Table 15: The Distribution of Allocated Budget by Governorate

No	Governorate	Total allocations (Euro)	Percentage%
1.	Qalqilia	435,000	38.15%
2.	Tulkarm	130,000	11.40%
3.	Nablus	25,000	2.20%
4.	Bethlehem	440,000	38.60%
5.	Ramallah	110,000	9.65
	Total	1,140,000	1055.35%

The approved sub-projects are classified into 4 sectors as shown in table 16 below, the roads with a total of € 430,000 forming 25.9% of the total budget, the Public Facilities with a total of € 825,000 forming 49.7% of the total budget, the Schools with a total of € 405,000 forming 24.4% of the total budget.

Table 16: The Distribution of the Services Component Allocated Money by sectors

Sector	Value (Euro)	Percentage
Roads	440,000	38.6%
Water	240,000	21.1%
Public Facilities	100,000	8.8%
Schools	360,000	31.5%
Total	1,140,000	100.00%

4.5 Implementation Status

Since the signature of the agreement between MDLF and the SDC, MDLF has started the coordination with the key stakeholders effectively (SDC, the MOLG, and the target LGUs) to meet the planned targets and to avoid any miss communication during the implementation. In this regards MDLF had conducted several meetings with the MOLG and the target LGUs to make sure that all the preparatory activities were done regarding the permits and approvals from the inline ministries such as, getting the needed approval from the Ministry of Education for adding classrooms, getting the approval from the Palestinian Water Authority for expansion or construction of water networks,.....etc.



In parallel to effective communication with the key stakeholders, MDLF had hired a local technical consultant in West Bank for design and supervision and a technical support expert to Assist MDLF to follow up the project activities. MDLF already had prepared a clear TOR for the consultancy service of the design and the supervision work package where the MDLF is responsible for technical review of the LTCs deliverables and to ensure that the project is moving on the right track according to the implementation plans prepared from the beginning.

The LTC was contracted on 01 November 2017 and the TSE was contracted on 01 November 2017. Following the contract with the LTCs, a kick-off meeting was conducted to ensure the clear understanding from the consultant of the scope of work and the main tasks he/she is responsible for. Upon the kick-off meeting, the LTC was requested to start communicating with the target LGUs and conducting the field visits to projects locations to verify the description and the costing of sub-projects as well.

More focus on the works conducted during the reporting period, it could be summarized as per the following:

Preliminary Stage:

- A kick-off meeting with LTC representatives and SDC engineer was conducted to discuss the project components, allocations, and other issues.
- Field visits had been conducted to the target LGUs in all Governorates by MDLF's Engineers and the LTC in order to know each other and to introduce the team and start collecting the needed data.
- The field survey was carried out including the projection of all structures, manholes, poles, walls and any underground facilities if any within the effective corridor of the road project and within the effective area of the public facilities.
- Following the field investigation, MDLF and the LTC had communicated effectively with the planning department/MOLG to make sure that all the projects sites are located within the master plans boundaries.
- A procurement plan (PP) was prepared for all the work packages.
- Regarding the infrastructure sub-projects There are 2 NCB sub-projects with total allocation of € 575,000 forming about 50.4 % of the total allocated money and 6 Shopping sub-project with total allocation of € 565,000 forming about 49.6 % of the total allocated budget as shown in table 17.

Table 17: Distribution of infrastructure work package (allocation) by procurement method

Procurement Method	Value €	Percentage %
Shopping	565,000	49.6 %
NCB	575,000	50.4 %
Total	1,140,000	100%

Design Stage :

In order to prepare a complete design for every single sub-project the following steps were taken:

- The needed design data were collected and the site investigation was conducted to decide and verify the steps needed for every single project.
- The collected data was represented in the format that would assist in preparing an environmental risk assessment and social impact and social risk assessment.
- A direct consultation was conducted with the target LGUs concerning the legal status and license for each project and also consult the LGUs as well as with the inline ministries to verify the required standards and design criteria.
- The LTC with a direct support from MDLF instructed the LGUs to create and organize an independent project file for every single project.
- The needed soil and structural investigations and tests were conducted for some projects.
- The project licenses for some projects from the concerned inline ministries were obtained.
- The LTC completed the design for some projects, finalizing and preparing in others, where the tender documents were prepared in accordance with the MDLF procurement manual. Table 18 below, illustrates the status of the sub-projects.

Table 18: Status of Projects

No	Locality	LGU	Governorate	Recommended Project	Status
1	Yanun	Aqraba Municipality	Nablus	Rehabilitation of Yanun Spring	Tendering
2	An Nabi Elias	An Nabi Elias Village Council	Qalqilia	Rehabilitation of Internal Roads	Finalizing Design Drawings and Tender Documents
3	An Nabi Elias	An Nabi Elias Village Council	Qalqilia	Construction of public park	Design Phase
4	Shufa	Shufa Village Council	Tulkarm	Rehabilitation of Internal Roads	Finalizing Design Drawings and Tender Documents
5	Wadi Al-Rasha	Habla Municipality	Qalqilia	Water Reservoir, Water Network Rehabilitation	Design Phase
6	Al-Midya	Al-Midia Village Council	Ramallah	Rehabilitation of Internal Roads	Finalizing Design Drawings and Tender Documents
7	Kirbit Um Dyouf & Jib ElDeeb	Beit Ta'mir Village Council	Bethlehem	Rehabilitation of Access Roads	Finalizing Design Drawings and Tender Documents
8	Harmala	Janata Municipality	Bethlehem	Expansion and Development of Existing School	Design Phase

4.6 Obstacles and Challenges

- The lack of the capacity and needed skills of most LGU's to design their sub-project and to prepare ESMP, to overcome this challenge through on-job training and site visits.
- The low capacity of the LGU's in general related to procurement procedures, preparation of bidding documents and procurement plans.
- The coordination with the MOLG took more time than expected, especially for the verification of projects locations (within/out of the outline plans).

4.7 Lessons Learnt and Recommendations

- Continue strengthening the LGU's institutions and improving their staff capacities through on job training and transfer of know-how. This will enable the LGU's to be an efficient and sustained institution.
- Pay more attention to training and workshops especially for social and environmental aspect.
- More attention has to be ensured from the beginning regarding the projects identification and description, particularly the roads sub-projects.





5: Gaza Vulnerable Communities Development “SDC Fund”

5.1 Background

Gaza Vulnerable Communities Development (GVCD) is a program that was designed to improve the provision of basic services to marginalized populations in Gaza Strip, and to increase the accountability at the local municipalities, as well as boost civic duty and participation among vulnerable populations in issues related to local planning and decision-making processes.

GVCD aligns with the Palestinian Authority policies, namely the National Policy Agenda of 2017-2022, and the draft of the Local Government Strategic Framework and the new MDLF Strategy (2017-2021). It further implements the state-building agenda, the Human Right Based Approach (HRBA) of the current Cooperation Strategy (2015-2018), and it corresponds with the Federal Dispatch to Parliament (2017-2020) as well as with the regional political-strategic framework for the region.

GVCD adapts well to the fragility of the oPt context by providing operational flexibility to engage in the Gaza Strip and thereby linking the post-conflict reconstruction and recovery dimensions within the portfolio. Adopting the HRBA will prevent further deepening of inequality between different social groups and contribute towards enhancing social cohesion.

MDLF and humanitarian agencies such as the UN, as well as international and local non-profits, are among a few to fill important gaps in delivering essential services, though insufficiently catering to the rising infrastructure and service delivery demands and vulnerable communities' needs.

5.2 GVCD Description:

GVCD will be implemented over a 9 year period in three consecutive phases (each phase starts every three years), and to start the first phase in (2017 – 2020)

Gaza Vulnerable Communities Development aims at:

- Improving and enhancing accountability at local service delivery for vulnerable communities.
- Strengthening local authorities' accountability toward citizens and civic groups' (youth, women and Neighbourhood Committees) and citizens' participation in local decision-making processes.
- The Program seeks to respond to a continued high demand for basic services among vulnerable communities who are often left behind as well as to strengthen their capacity to participate in local decision-making processes with a focus on the three components:
- Component 1: Improving accountable service delivery for vulnerable communities through (10-15) small infrastructure projects;
- Component 2: Increasing Civic Participation & Social accountability of vulnerable communities in local decision-making and community development.
- Component 3: Enhancing Policy Dialogue on vulnerability Issues in the LG sector.



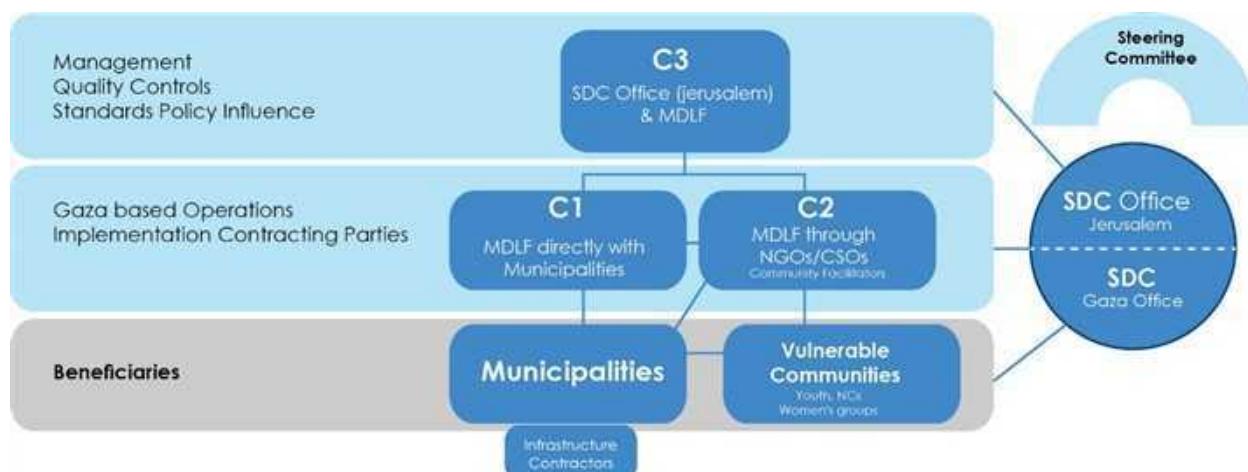
5.3 Implementing Partners:

The Municipal Development and Lending Fund (MDLF) will be the principal implementing partner for all three components of Phase 1. Besides the Ministry of Local Government (MoLG), the MDLF is legally mandated to implement PA's policies and strategies related to LGUs.

Thus MDLF will be responsible for the key management, administrative, budgeting and liaising functions vis-à-vis SDC Gaza Office, while mandated NGOs or CSOs will perform the key day-to-day facilitation and social mobilization functions at the community level. They will be also primary liaisons between MDLF, municipalities, women's groups, youth, and NCs. MDLF will be responsible for developing detailed terms of reference for CSOs' duties and key performance indicators, the implementation of which will be managed by a designated full-time social specialist at the MDLF Gaza Office. The NGO will be contracted by MDLF in collaboration with Target municipalities, additionally, an MOU will be signed between the NGO/s and the target municipalities as well to facilitate the implementation of the intervention by having well-defined responsibilities and obligations of the different parties.

Steering Committee (SC): To ensure a smooth implementation of the program, an intervention/ program SC will be set up in the first year of the program. The composition of the SC will include representatives of key implementing partners (MoLG, MDLF, CSOs/ PNGO), SDC as well as UNRWA and GIZ. Representatives from other local/international agencies might be invited to attend steering committee meetings as needed. The SC will meet twice a year to review the intervention's progress, to advice on any troubleshooting matters, risk analysis needs and general steering recommendations as needed.

The overall coordination structure for the Program is illustrated below.



5.4 Financing Partner's Contribution:

Swiss Development Cooperation (SDC) has contributed an overall budget of 12 million CHF. The first phase, elaborated in this Project Document is planned to start in July-August 2017 with a budget of 3 million CHF.

5.5 Implementation Status and Progress :

Preparations to effectively implement GVCD have been undertaken with the following progress:

- MDLF recruited Social and Community Mobilization Specialist, who commenced her duties in early January of 2018. Her duties include supervising the implementation of the civic engagement and community participation components.
- The selection criteria of the areas and municipalities to implement GVCD was reviewed, analyzed and developed based on PCBS infrastructure services assessment, the scenarios to target most vulnerable areas was completed.
- An Expression of Interest Advertisement was published throughout national newspapers to recruit NGO to implement the civic participation and social accountability tools.
- A total of eight NGOs submitted their applications expressing their interest in the partnership level, the assessment, and screening of their applications will be completed shortly to select the best NGOs capable of developing a comprehensive proposal.

5.6 Challenges and Limitations:

- The huge demand for infrastructure services combined with limited resources for municipalities in the Gaza Strip, have increased the burden to identify the poorest and most vulnerable areas to be selected.
- Few NGOs have relevant experience of working with the municipalities in the Gaza Strip; this may complicate finding a well-qualified and competent NGO with the full capacity.
- The concept of civic engagement and social accountability is a new approach to MDLF work, which is still at an early stage; it demonstrates a shift in the common mindset of MDLF.
- Lack of information on the poverty and economic status of targeted areas and municipalities which requires further research.



6: Gaza Solid Waste Management Project (GSWMP)

6.1 Introduction

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 (approximately 800,000 people) according to 2014. The 3 governorates are served by the Joint Service Council for Solid Waste Management in the Governorates of Khan Younis, Rafah, and Middle Area (JSC-KRM).

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 the capacity to serve the 3 governorates until the 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 472 dunams (47.2 ha.) with immediate land area needed for first two cells of 10 ha. The new facility will be equipped to operate at a high standard and it will be complemented by a system of solid waste transfer stations in each governorate in addition to comprehensive capacity building program 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 the private sector, in addition to further involvement and participation of the population through broad public outreach and public awareness activities.

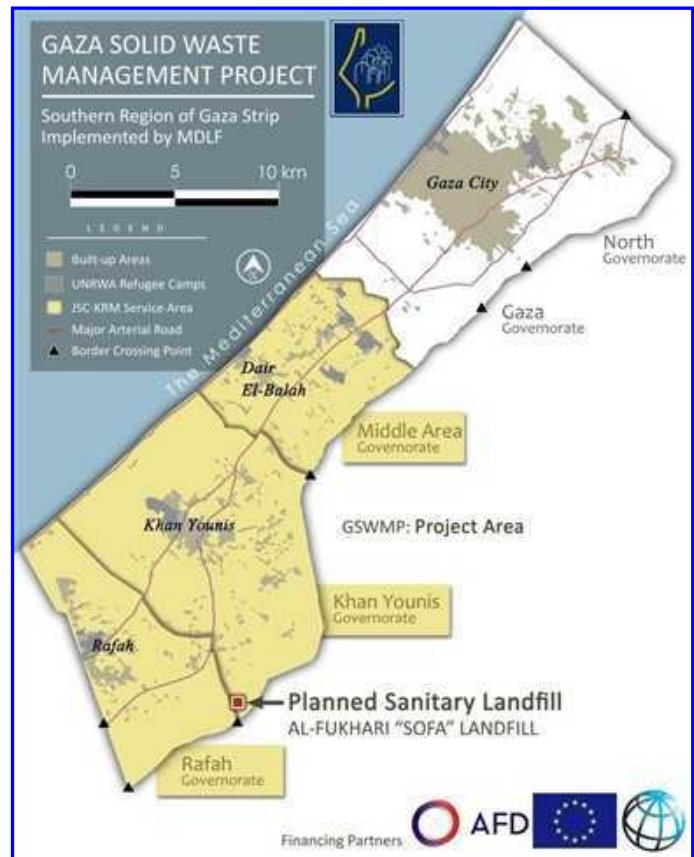


Figure 3: Project Area

6.2 Project Components

GSWMP is financed by the World Bank Group, the French Development Agency (AFD), and the European Union (EU). The project focuses the middle and southern region of Gaza Strip with MDLF as the implementing agency and in coordination with other financing partners such as Islamic development Agencies who are focusing on Gaza and the Northern Governorate. Following are the four components of the project:

- Component 1: Solid Waste Transfer and Disposal Facilities (USD 20.15M)
- Component 2: Institutional Strengthening (USD 1.65M)
- Component 3: Primary Collection and Resource Recovery (USD 5.10M)
- Component 4: Project Management (USD 3.95M)

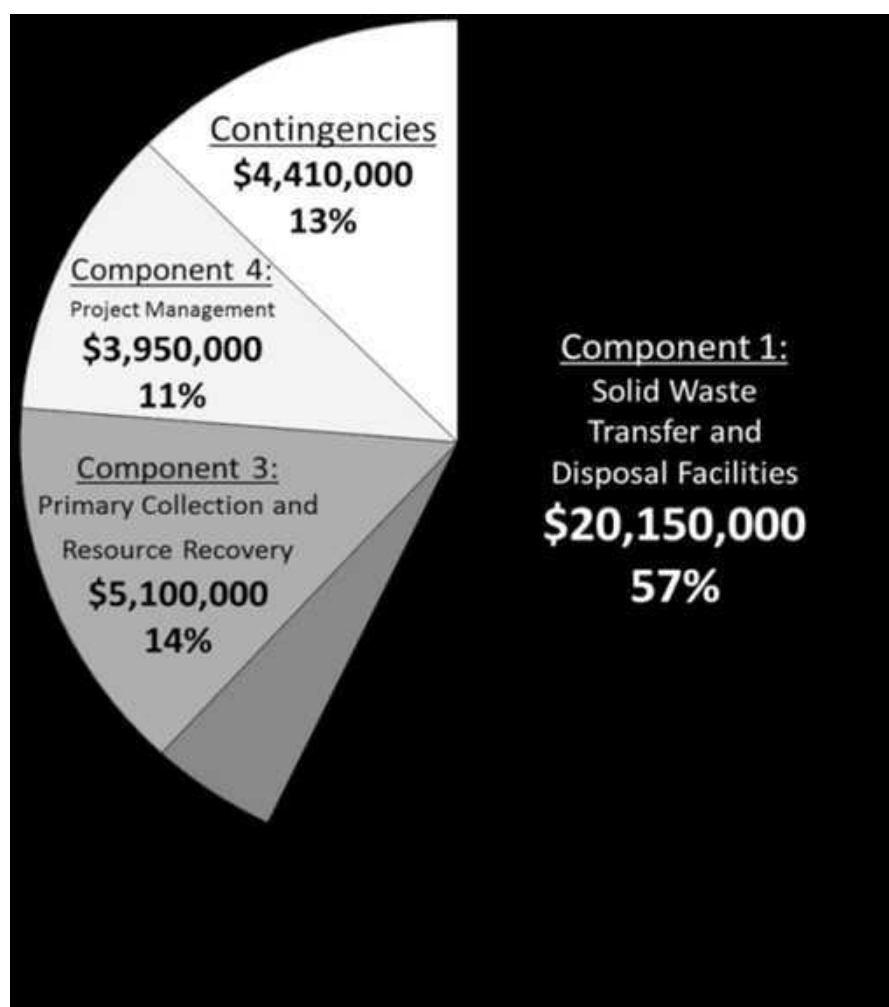


Figure 4: Project Components and Budget (Including the contributions from PA, IsDB, and UNDP)

Note: AFD/EU contribution is allocated in EURO and the USD amounts in figure (2) correspond to the exchange rate as of July 24th, 2012

6.3: Implementation Status

6.3.1 Component 1: Solid Waste Transfer and Disposal Facilities

New Sofa Landfill at Al-Fukhari:

The Construction of Al Fukhari (Sofa) Sanitary Landfill started in December 2016 after two months of mobilization. During 2017, construction of Al-Fukhari Sanitary landfill continued with the presence of challenges arising from the unsafe conditions of the existing landfill, initially expected to receive solid waste on daily basis from Rafah Governorate throughout the new landfill's construction period. A short-term cell design was completed to reshape the existing landfill, remove the obstacles of the scattered waste present in the area of the new landfill cell's, and to ensure continuity of receiving daily incoming waste from Rafah Governorate throughout the construction period of the new landfill. A new intervention took place during the reporting period, where a new design targeting the rehabilitation of the existing dumpsite and the creation of interim cell (short-term and extension cells) to receive daily incoming waste, in addition to the removal of large quantities of scattered waste. Operation started on the 02nd of December 2017 in removing the scattered waste and the creation of additional capacity in the Short Term (ST) Cell adjacent to the existing dumpsite, and in the Extension Cell (EC) that will provide sufficient void space that accommodate all quantities of solid waste resulting from the reshaping operations, the scattered waste, and the daily incoming waste (approx. 250,000 cubic meters). VO No. 1 resulted in extending the duration of the works contract by 4 months, therefore the new completion date of the contract was amended to become on 24th December 2018.

Image (1): Construction of Al-Fukhari Sanitary Landfill
Rehabilitation of Existing Landfill in the Background



Implementation of the Abbreviate Resettlement Action Plan (ARAP):

The Abbreviated Resettlement Action Plan (ARAP) indicated the possibility of loss of income of a group of waste pickers that depended on picking recyclables from the existing dumpsite- a livelihood source that was jeopardized as construction activities were commencing as no civilians were permitted into the construction site in accordance with occupational health and safety requirements.

The Joint Service Council (JSC) took immediate action by employing the waste pickers at its member municipalities with sufficient salaries not lesser than their previous income, and in equal terms with JSC labors and workers. In parallel, the dialogue with UNDP Productive Families Empowerment Program (DEEP) continued and resulted in the submission of a project proposal that was accepted by UNDP-DEEP and is expected to provide sustainable livelihood opportunities for the waste pickers employing the sustainable livelihood framework (SLF) as adopted by UNDP-DEEP and it's implementing partners.

On May 2017, the proposal was submitted to the UNDP-DEEP and it was approved. UNDP implemented the first phase of the project through one of its most capable local partners in coordination with JSC Social Specialist.

Transfer Stations:

Three (3) transfer stations were planned for the Middle and Southern regions of Gaza, one of which (Khan Younis) was constructed by UNRWA and the other one (Rafah) had reached the final detailed design stage, while the third one (Middle Area Transfer Station) was still in the preliminary design stage.

Environmental Assessment studies were conducted during the 2nd Quarter of 2017 in accordance with Palestinian laws and World Bank Safeguards requirements. Tendering for the construction of Rafah TS is expected to be launched during the 1st Quarter of 2018. Rafah TS Facility was designed to accommodate several functions given its unique location adjacent to a sorting facility, across one of most dense population areas in Rafah Governorate (Tal Al-Sultan), and en route

of new development projects (Saudi Projects 1 and 2).

The new design exceeded the allocated budget, thus, a fund reallocation was discussed during the MTR mission with the display of the design components of the facility. It was determined that the middle area had a different situation in terms of suitability of facility location, therefore efforts were limited to further explore different alternatives for the middle area, which has a number of focused, yet scattered, populations spread across seven localities.

Rehabilitation of New Landfill Access Road:

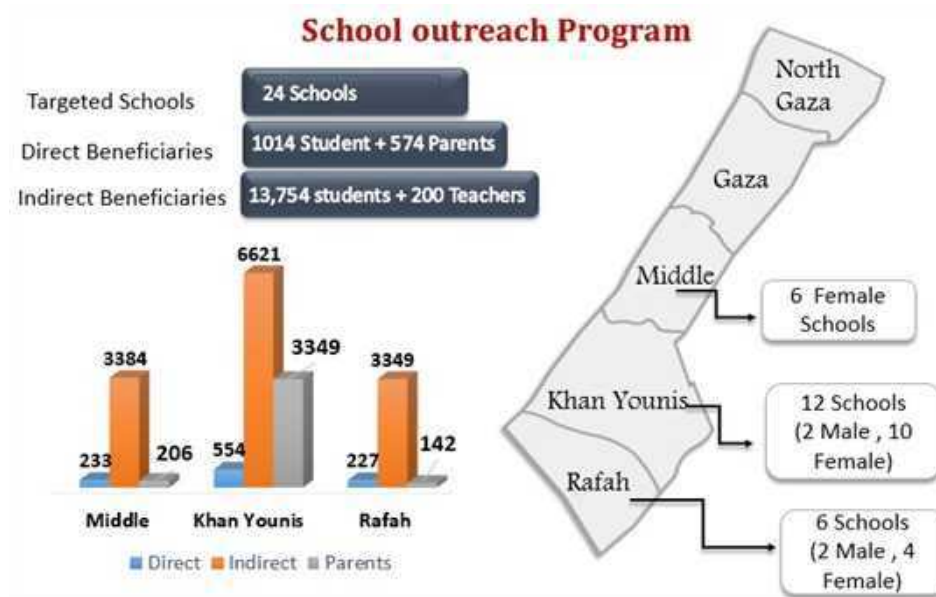
The contract for designing Road No.2 was signed during the reporting period of 12th November 2017, with a Palestinian/Jordanian Joint Venture (Global Vision / CEC Sajdi and Partners). The design works are expected to be completed at end of 1st quarter 2018. Several scenarios are expected from the designer in order to rehabilitate the road in parallel with the opening of the landfill. Such design scenario were built upon a Feasibility Study from 2012 to rehabilitate parts of the road or to perform full rehabilitation at different road widths with minimum negative environmental and social impacts including avoiding the need to acquire parcels at either side of the road.

6.3.2 Component 2: Institutional Strengthening

School Awareness Program

School outreach program started in 2016 to contribute to increasing the awareness of the students about the environmental problems and solutions in solid waste collection and disposal. A capacity Building session was conducted on 5th October 2017 for the JSC-KRM awareness team, as well as the Municipality of Khan Younis Public Relation teams, to teach them how to use a new technique in the outreach campaigns using the new material. Also, they were asked to educate the students about becoming socially responsible in their communities and to form social communities at their schools in order to submit complaints about SW services for the JSC-KRM or the Municipality.

Figure 5: School Outreach Activities Statistics



The outreach program for

the first term of 2017-2018 started on 22nd October 2017 in 24 governmental schools in three governorates (Khan Younis, Rafah and Middle), it targeted 1024 students (both males and females) from age 10 to age 16, besides 60 teachers (both females and males). The team used the new material to increase the awareness of the targeted students who were encouraged to pass the information onto their peers in the school using peer to peer technique and teachers assist them in this process, since the Ministry of

Education was so encouraging about the results of the program, they asked the school principals to work in the field to facilitate the JSC-KRM team provide the logistics for them in the.

The duration of the program was one month. A final Competition between the participating schools was organized, the competition had two stages, the first one aimed to broadcast the information for all the school's students using recreational activities, so the indirect beneficiaries of the program were 13,754 students and 200 teachers. And the second stage aimed to teach the students some skills on how to reuse the materials to reduce the solid wastes in the environment and this was through making a small gallery inside the schools.

In parallel to the students' sessions, 574 parents participated in 22 awareness sessions at the schools. They had known

about the JSCKRM services and facilities, GSWMP objectives and components besides the way of submitting their grievances for JSC-KRM.



Public Outreach Activities

Occupational Health and Safety:

Training sessions on Fire Management and Prevention and First Aid were conducted for the JSC workers and drivers in both departments of Khan Younis and Middle Area, the training aimed at ensuring the safety measures of the current construction activities of Sofa landfill under Gaza Solid Waste Management Project (GSWMP) which was implemented by MDLF, and ensured the safety measures of the daily waste collection works. The training lasted for 41 hours and the workers were provided with Personal Protective Equipment.



Health and Safety Training



Practical Exercise on fire-fighting prevenz

6.3.3 Component 3: Primary Collection and Resource Recovery

Delivery of 10 Solid Waste Collection Vehicles

The procurement process was initiated and a contract was signed on May 2016 with the successful bidder to supply 10 collection and hauling vehicles equipment to the JSC-KRM. The ten solid waste vehicles (7 compactors and 3 rolls on/off) were supplied to Gaza strip and handed over to JSC-KRM in October 2017.

Image (2): Delivery of 10 Solid Waste Collection Trucks

Handing over ceremony with H.E. Consul General of France, EU, AFD, and the World Bank Team



Study of Primary Collection in Gaza Strip

The first comprehensive study of waste collection optimization, primary collection, was aimed at improving collection services in the entire Gaza Strip. The objective was met with carrying out detailed studies and designs following environmentally-and-socially-sound principles of primary collection networks for optimizing the quality of services in a cost-effective way, and with the participation of the beneficiary population. Two assessment reports for the current waste collection in entire Gaza Strip was performed by 25 LGUs and 2 Joint Service Councils. The status of available waste collection vehicles was submitted, and another two deliverables were submitted regarding the list of urgently-needed equipment (with their bidding documents to be purchased in the short term), and the latest submitted deliverable was the report of Optimum PC system for the Gaza Strip were submitted as well. All submitted reports were shared with the municipalities and JSCs in Gaza Strip.

Study of Optimizing Solid Waste Recovery

The second major study on waste recovery was launched during 2016 where resource recovery in Gaza were assessed and a number of proposals under this study were planned to achieve better use of resources presented in solid waste whether through recycling or composting or waste to energy options where workable. Thus, the assessment report of the current situation regarding waste recovery in Gaza Strip was submitted. Six waste recovery initiatives were proposed by the consultant, and three consultation meetings with stakeholders were conducted in order to choose the best waste recovery initiative; based on the consultation with all stakeholders, the consultant submitted a detailed proposal and layout as required.

6.4 Project Mid-Term Review

A mid-term review mission (MTR) visited the project site in the period between 5 to 12 December 2017. The MTR provided several adjustments to the project components without changes to the overall project development objectives. One change included the design and closure of the existing dumpsite. This activity complemented the ongoing reshaping operations of the existing dumpsite, and added to the positive impact of the new landfill on the surrounding area. Other reallocations within budget lines occurred to adjust for better achievement of project objectives. The Project Results Monitoring was therefore adjusted and updated as presented in the next section.



6.5 Project Result Monitoring

Table (19): Project Results Monitoring updated per Midterm Review

Project Development Objective (PDO)	Core	Unit of Measure	Base Line	Cumulative Target Values				
				YR 1	YR 2	YR 3	YR 4	YR 5
				2015	2016	2017	2018	2019
PDO Indicator One: Percentage of solid waste collected from the targeted beneficiary population that is disposed of in a new sanitary landfill developed under the project.	☒	%	0%	-	-	0	0	80%
			Actual	-	-	-		
PDO Indicator Two: Percentage increase in fees collected annually within the JSC towards cost recovery.	☐	%	15%	-	-	20%	40%	50%
			Actual	-	-	30%		
PDO Indicator Three: Number of waste pickers whose lives depend on the existing solid waste context and who are integrated into inclusion programs under the project	☒	Number	16	-	10	16	16	16
			Actual	-	-	16		
PDO Indicator Four: Contaminated land managed or dump-sites closed under the project.	☐	Ha	0	0	0	0	0	10
			Actual	0	0	0		
PDO Indicator Five: Direct Project Beneficiaries (number) of which females (percentage)	☒	Number	N.A	0 (49%)	0 (49%)	2,216 (49%)	2,216 (49%)	917K (49%)
			Actual	0	0	2,216		
Intermediate Results (Component One): Solid Waste Transfer and Disposal Facilities								
1.1: 1 Sanitary Landfill in the Southern Gaza Strip (Al-Fukhari (Sofa) is constructed and operational.	☐	Yes/No	No	-	-	-	-	Yes
Status				-	-	-		
1.2: the Interim cell is constructed in a sanitary manner to accommodate incoming MSW from target area during the construction of the new Sanitary Landfill.	☒	Yes/No	0	-	-	Yes	Yes	Yes
Status					-	Yes		
1.3: Closure of Existing Dumpsites at Sofa and Dier El-Balah	☐	Yes/No	0	-	-	-	-	-
Status:				-	-	-	-	
1.4: Industrial and municipal waste disposal capacity created under the project	☐	Cu.m	7	-	-	350K	350K	2,350K
Status:					0	350k		
1.5: At least one transfer station in the targeted area is constructed, and two transfer stations are fully equipped and operational by the end of the Project.	☐	Number	0	-	-	2	2	2
Status:				-	-	1	1	
1.6: Temporary jobs created under the various activities of Component 1.	☐	Number	0	0	10K	20K	30K	40K
Status:				-	2,280	17.35K		
Intermediate Result (Component Two): Institutional Strengthening								
2.1: Training days provided to the Technical Operations Unit and other JSC-KRM staff and Board members as part of the targeted capacity building activities financed under Component 2.	☐	Number	No	-	0	31	50	100
Status:				-	-	31		

Project Development Objective (PDO)	Core	Unit of Measure	Base Line	Cumulative Target Values				
				YR 1	YR 2	YR 3	YR 4	YR 5
				2015	2016	2017	2018	2019
2.2: New JSC Bylaw is approved and operational plans are defined.	☐	Yes/No	No	No	No	No	Yes	Yes
Status:				-	-	-		
2.3: Service Contracts are signed with member municipalities and UNRWA	☐	Number	0	0	0	0	15	18
Status:				-	-	-		
2.4: Capacity is established for JSC to operate new infrastructures created under the project.	☐	Yes/No	No	No	No	No	Yes	Yes
Status:				-	-	-		
2.5: Intended beneficiaries that are aware of project information and <u>project</u> supported investments	☐	%	0	0	0	25%	25%	50%
Status:				-	-	2.5%		
Intermediate Result (Component Three): Primary Collection and Waste Recovery								
3.1: A strategic plan for optimization of primary collection and transportation of solid waste in the targeted areas is created by end of the project.	☐	Yes/No	No	No	Yes	Yes	Yes	Yes
Status:				-	-	No		
3.2: A strategic plan for optimizing waste recovery in the targeted area is created by end of the project.	☐	Yes/No	No	No	Yes	Yes	Yes	Yes
Status:				-	-	No		
3.3: A strategic plan for the elimination of random dumping in the targeted area is created by end of the project.	☐	Yes/No	No	No	Yes	Yes	Yes	Yes
Status:				-	-	No		
Intermediate Result (Component Four): Project Management								
4.1: MDLF-PDSU maintains adequate staffing for project management, environmental and social safeguards and fiduciary staff throughout the life of the Project	☐	Yes/No	No PDSU	Yes/ No	Yes/ No	Yes/ No	Yes/ No	Yes/ No
Status				Yes	Yes	Yes		
4.3: Interim IFRs and Progress Reports are submitted to Financing Partners in a timely and satisfactory manner.	☐	Yes/No	No	Yes/ No	Yes/ No	Yes/ No	Yes/ No	Yes/ No
Status				Yes	Yes	Yes		

6.6 Obstacles and Challenges

The main obstacles included ensuring the availability of materials and goods on time under the special circumstances surrounding Gaza Strip and the restrictions on material entry. Financing partners and MDLF worked closely to coordinate with the different sides, however, the challenge remains valid if the political and economic status is to remain unchanged. On the other hand, the GSWMP is progressing with project activities that require continuous dialogue with other players that have different sources of funding, such as coordination with the FPs support must continue and check for consistency with the strategic goals of the State of Palestine and with the strategic plans of both the project and MDLF. The issue of cost recovery of service providers (LGUs and JSC) constitute a major challenge that the project is addressing through the second component concerned with institutional strengthening, yet the overall context plays a critical role in pushing the cost recovery target in the desired direction.



7: Local Government Reform & Development Program – Phase 2

7.1 Introduction

The Palestinian Local Government system is in a development process which involves increased decentralization and strengthened fiscal, organizational and management capacity, increased citizen participation, and improved efficiency and viability of service-provision. The new Local Government Councils (LGUs) Cooperation & Amalgamation policy adopted by MoLG serves these local governance concepts.

Both the Palestinian Authority and the Government of Belgium as a key pillar recognize local Government in the state building efforts: not only through its contribution to a better public sector performance but also through its potential for local economic development on a territorial basis. Contributing to both objectives constitutes the backbone of the bilateral cooperation in the Local Government sector. It guided Belgium support through years, and with an incremental approach, towards facilitating and strengthening collaboration mechanisms between Local Government Units, focusing particularly on the smaller local authorities. The Local Government Reform and Development Programme (LGRDP) - phase II (based on LGRDP achievements) is a step further in this direction.

7.2 LGRDP II Description

Objectives:

The general objective of the programme is to contribute to the improvement of management, development and administration system of the Local Government Sector in the Palestinian territories within a decentralized framework.

The specific objective is, therefore, to contribute to strengthening the capacities of LGUs to cooperate in providing services, promote local development and contribute to territorial integration.

The LGRDP II will contribute to territorial integration through its support of inclusive planning and development of LGUs' territories, with a special focus on reducing local disparities (social, economic and political). It will cover Areas A, B and C and tackle various socio-economic realities.

The program will be implemented and managed by the MDLF working alongside the Joint Service Council at the LGUs inside the four clusters. A program steering committee chaired by the MoLG will guide the implementation at the policy level. The Belgian Technical Cooperation (BTC) will follow the implementation closely through the program steering committee & Technical Committee.

The Steering Committee (SC) is considered to be the formal focal point for joint decision-making for LGRDP II. The SC coordinates between the MoLG, MDLF, relevant stakeholders and the BTC.

The LGRDP II programme design builds on, and reinforces, key achievements and lessons of LGRDP I implementation:

- LGRDP II must accompany MoLG in the transition from accompanying pilots approaches to an uptake into policy work. Coherence and strategic focus between the programme different areas of support are necessary to better promote the leverages to go, 'from a pilot to a policy'.
- LGUs themselves must be considered as actors of their own development. This means paying more attention to local governance (as opposed to local government only), focusing on the relationships between stakeholders at local level (i.e. LGUs) but also private sector, civil society...etc. in order to improve their interaction, stimulating accountability of local government towards the citizens, social demand from citizens...etc.
- MoLG regional directorates (RD's) role in interaction with key actors at each level of the local government system must be further reinforced.

The LGRDP II will target (4) clusters in the West Bank which are subject to LGUs collaboration, the clusters are as follows:

- **Al Karmel Municipality – Hebron Governorate** (Newly amalgamated municipality form from 4 LGUs Al Karmel, Main, Khalet Saleh, and Hadedeiyah)
- **South Bethlehem JSC – Bethlehem Governorate** (Jort Eshama', Wadi Ennis, Um Salamona, Marah M'ala, Al Ma'sarah, Khalet Elhadad, Al Mansheyah and Wad Rahal)
- **Beit Leqia JSC – Ramallah Governorate** (Beit Leqia, Khabatha Al Misbah, and Hay Al Karameh)
- **Baita Cluster – Nablus Governorate** (Audala, Beita, Ausareen, and Za'tara)

7.3 Financial Partners' Contribution:

The Palestinian National Authority (PNA) has received financing amount of 6.420 Million Euros from the Belgium Government towards the Local Government Reform and Development Programme- Phase II (LGRDP II). The Subsidy agreement for the LGRDP II was signed on April 25th of 2016, for duration of 52 months.

7.4 Main activities & Accomplishments:



The following shows the progress up to date compared to output targets and budget for the reporting period:

- 11 out of 12 sub-projects under LGRDP II were handed over.
- A contract was signed with the local technical consultant (LTC) to support the clusters in the process of designing & supervising the sub-projects for the year of 2018.
- 11 Local Technical Committee meetings were conducted in order to follow up the implementation of the LGRDP II program.
- Four National Technical Committee meetings were conducted to follow up on the implementation of the LGRDP II program.
- Two workshops were conducted for four clusters with the aim of raising their capacity in the procurement process.
- Started the implementation of all projects at the six new municipalities.
- Completed the procurements processes for all projects under the LGRDP II as well as for the six new municipalities.
- Closed all interventions under LGRDP I program for all clusters.
- MDLF conducted 35 site visits to follow up the design and procurement processes for the LGRDP II project.

The status of the sub-projects implementation is shown in table 20 below:

Table 20: Implementation Status for newly established municipalities sub-projects

Project Name	Municipality	Budget (Euro)	Status	Expected Comp. Date
Rehabilitation & Paving Internal Roads (Nabouh, Al Ras, Kan'an, Hall Roads)	Qusra	129,374	Ongoing	21, March 2018
Rehabilitation & Paving the Main Road in Hezma	Hizma	178,580	Ongoing	12, March 2018
Adding one floor for the prelemenery girls school	Bartaa Al Sharqeya	126,426	Ongoing	15, Feb. 2018
Construction Public Park in Ajja	Ajjeh	153,051	Ongoing	30, April, 2018
Street Lighting	Kufr Aqab	200,570	Tendering	15, June 2018
construction waste water network	Kufr Aqab	290,372	Tendering	20, Oct., 2018
Rehabilitation & paving internal roads in Batir	Battir	121,627	Under Design	10, June, 2018
Total (Euro)		1,200,000		

Table 21: Progress against the Outputs

Output	Output Target	Output Results	Output Expected Completion Date	Comments (Including reasons for possible delays)
OUTPUT 1: Support investments in the clusters	Supplying 2200 prepaid water meters & paving 6km of roads & supplying 5 services machines in the benefit clusters	Supplying 2200 prepaid water meters for Beit Leqia clusters, paving 5.7 km of Roads, and supplying 5 services machines in the benefit clusters.	March, 2018	– Lack of capacity within the target JSCs to follow up with the implementation of the activities. Some of the target areas are located in Area "C"
Output 2: MDLF management fees	MDLF	MDLF operation cost for implementing the programme.	May, 2020	

Planning activities for Q1, 2018:

- To conduct site visits to four clusters in order to accelerate the implementation process on-site.
- To prepare the work plan and budget for the second year (2017/2018), and approve the LGRDP II interventions from S.C.
- To start the appraisal phase for the second year interventions.
- To start the design phase for the second year interventions.
- To follow up with the implementation of the second year interventions.
- To follow up with the procurement process for the six new municipalities projects.

7.5 Obstacles encountered the LGRDP II interventions

Table 22: Risk Mitigation Matrix for LGRDP II

Obstacle/ Risk	Adverse Impact	Mitigation Measures/ remedial actions
Difficulty in reaching consensus on the concepts of LGUs collaboration.	Long period required to obtain the approval of local authorities on the decision making.	Meeting in the presence of MDLF were conducted.
Extra requirements requested by local authorities / JSCs.	Budget increase for the project	Extra Budget was located for justified requirements.
Lack of LGUs/JSCs capacities in reviewing and implementing projects.	Long period required to prepare the LGUs/JSCs projects.	MDLF conducted workshops to enhance the capacity of the LGUs/ JSCs. MDLF supported the technical staff for the LGUs/ JSCs.
Some of the target areas located within Area "C".	Long period to discuss this issue.	MDLF & LGUs consulted this issue with all partners.

7.6 Lessons Learned and Recommendation:

- It is essential to allow for a maximum level of involvement by local communities with the activities of the program and connect the activities with services provided by the JSCs.
- For enhanced results, it is mandatory to enhance the existing communication strategy between all stakeholders, as well as citizens at each cluster, through awareness raising activities.
- LGRDP II interventions must focus on the services provided by the JSCs, as well as the interventions that were approved in parallel with the institutional development.
- The laws & regulation relating to the LGUs collaboration must be reviewed and updated. Also, it is important to implement the bylaws of the JSCs.
- It is crucial to conduct workshops and training courses in an effort to enhance the capacities of the LGUs and JSCs.





8: Regeneration of Historical Centers (RHC)

8.1 Introduction:

The Palestinian local government system is in a development process that involves increased decentralization and strengthened fiscal, organizational and management capacity, increased citizen participation, and improved efficiency and viability of service provision. The strategic objective of the Palestinian National Authority (PNA) in the Local Government (LG) Sector to “Empower Local Government and bring services closer to the people within a Unified Planning legislation” has influenced the project in terms of supporting integrated socio-economic, spatial and physical planning processes which are required to support regeneration of HCs. The potential for HCs to act as a catalyst for socio-economic development has been elaborate.

With reference to the national development plan “Palestine: Ending the Occupation, Establishing the State”, the Ministry of Local Government (MoLG) & MDLF received a fund from the Belgian Government for regeneration of Historic Centers (HCs) which implies two main concepts: preservation and Development of urban and rural areas which feature historic and cultural values and are currently affected by abandonment and physical and economic depletion.

8.2 RHC Description:



The project of “Regeneration of Historic Centers HCs in Local Governments Units” (called the “RHC project”) is funded by the Belgium Government to support the regeneration planning, practice and policy development in Palestine. The integration of the protection and development of HCs in Local Governments brings together three key national strategic priorities: supporting Palestine’s historical cultural significance, integrated planning processes, and local economic development. RHC aligns to, supports the established Local Government (LG) planning, and services delivery systems in Palestine, with a specific focus on the integration of regeneration into these processes. The project supports the sustainable institutional capacity development and – at the same time – respects the

priorities and requirements of the Local Government Units (LGUs) and their communities.

The RHC Project has a general objective to improve the social, cultural and economic development of Local Government Units and Municipalities in Palestine.

The overall development objective aims to improve the Socio, Cultural and Economic development of Local Government Units (LGUs) and Municipalities in Palestine.

The immediate objective aims to enhance Local Governments capacity to regenerate their Historic Centers and support sustainable local development in these areas.

The program will be implemented and managed by the MDLF working alongside the Ministry of Local Government (MoLG) with the selected LGU clusters. A program steering committee chaired by the MoLG will guide the implementation at the policy level. The Belgian Development Cooperation (BTC) will follow the implementation closely through the program steering committee. The Steering Committee (SC) is considered the formal focal point for joint decision-making in regards to RHC coordinating between the MoLG, MDLF, relevant local stakeholders and the BTC.

RHC Results

Result 1: Regeneration forms an integrated element of Municipal planning in targeted LG clusters.

Result 2: The socio – economic regeneration of targeted HCs is enhanced using a multi – dimensional approach.

Result 3: Lessons learned from RHC project contribute to evidenced based policy framework and planning strategies for the PNA.

Target groups or Benefit LGUs

12 LGUs at Six (6) clusters in West Bank which are divided into two groups as follows:

Model LGUs:

Al Dahriya, Al Samou' – Hebron Governorate.

Ni'lin – Ramallah Governorate.

Anabta – TulKarm Governorate.

Burqa & Sabastia – Nablus Governorate.

Arrabah – Jenin Governorate.

Quick Fruit Projects (QFP) in 5 LGUs: (Bani Na'im, Bani Zaid, Abud, Deir Istia, and Assera Al Shamaliya).

8.3 Financial Partners' Contribution:

The Palestinian National Authority (PNA) has received financing in the equivalent amount of 5.356 Million Euro from the Belgium Government towards the Regeneration of Historical Centers in Local Government Units (RHC) program. The agreement for the RHC program was signed on May 1st of 2016. The total maximum sum of the agreement is Five Million Three Hundred Fifty Thousand Euros (5.356.000 Euros) for a duration of 32 months.

8.4 Main activities & Accomplishments:



Through the previous year 2017, the following activities are implemented.

- 14 Technical Committee meetings were conducted to follow up the implementation of the RHC programme.
- MDLF handed over all QFP in the five LGUs (Abud, West Bani Zaid, Assera Al Shamaleya, Deir Istia & Bani Na'im).
- The operation process for the QFP has started.
- The operational equipment and tools for the QFP had been installed.
- 36 site visits were conducted to follow up the implementation of the quick fruit project and the preparation for the models' interventions.
- Three site engineers were recruited as an individual consultants to supervise the QFP implementation.
- MDLF support Al Kamandjati festival on 5th April to 23rd April 2017.
- MDLF contracted two consulting firms (Local Technical Consultants) to support the benefit LGUs in design and supervision under the models interventions.
- One S.C meeting was conducted.
- One day workshop for the 5 LGUs and the contractors was held to raise the capacity of the LGUs and contractors in the implementation phase.

8.5 Implementation Status

The following table shows the progress to date compared to output targets for the entire programme period.

Table 23: Progress against the outputs

Output Target Beneficiaries	Output	Output Result	Output Expected Completion Date	COMMENTS (Include reasons for possible delays)
7 LGUs Historic centers in WB (Al Samu', Al Dahriya, Ni'lin, Anabta, Sabastya, Burqa, and Arraba)	OUTPUT 1: Restoration 3,500 Sq.m of historical building, rehabilitation 15 stores, 1,500 Sq.m of child garden, 500 Sq.m public parks, and 3Km of roads in the historical centers	Restoration 1,200 s.m of historical building, rehabilitation 7 stores, 1,200 Sq.m of child garden, 500 Sq.m public parks, and 1.5Km of roads in the historical centers.	June, 2019	Lack of capacity within the target HCs to follow up with the implementation of the activities. The delay in preparing the DUP and feasibility studies for the models interventions.
Five LGUs Historic Centers in WB (Bani Ni'am, Bani Zaid, Abud, Deir Istya, and Assera Al Shamaliya)	OUTPUT 2: Restoration 3,000 Sq.m of historical buildings, rehabilitation of 1,000 Sq..m of historical centers open surfaces, and 2Km of roads.	Restoration 3,200 Sq.m of historical buildings, rehabilitation of 850 Sq.m of historical centers open surfaces, and 2.2 Km of roads.	March, 2018	Lack of capacity within the target HCs to follow up with the implementation of the activities. Some of the target areas are located in Area "C"
MDLF	Output 3: MDLF management fees	MDLF operation cost for implementing the programme.	June, 2019	
All benefit LGUs.	Output 4: Start-up cost	Announcements for the projects.	December, 2018	
All benefit LGUs	Component 5: National consultancies for design and follow up	Technical support and enhance the capacities of the HCs ,	December, 2018	

Anticipated Activities:

- Conduct site visits for (Ni'lin, Sabastya, Burqa, Anabta, and Arraba) LGUs to accelerate the design process for the models' interventions.
- Start the design phase for the Models interventions.
- Update the work plan & PP for preparation for the S.C meeting.
- Start the tendering documents for the models' interventions.
- Follow up the operation of the QFP.

8.6: Obstacles and Challenges:

Table 24: Risk Mitigation Matrix for RHC

Obstacle/ Risk	Adverse Impact	Mitigation Measures/ remedial actions
The difficult process of reaching consensus on the concept design.	Long period for obtaining the approval of local authorities on the concept design	A meeting with the presence of MDLF were conducted.
Extra requirement of local authorities / Municipalities were requested.	Budget for the project increased	Extra Budget was located for justified requirements.
Lack of LGUs capacities in the review and implement this type of projects.	Long period for preparing the LGUs projects	MDLF & LTC conduct workshops to enhance the capacity of the LGUs. MDLF support the technical staff for the LGUs.
Some of the target areas are located within Area "C".	Long period to discuss this issue.	MDLF & LGUs consulted this issue with all partners.

8.7: Lessons Learned and Recommendation:

- It is essential to allow for a maximum participation of local communities within the activities of the program.
- For enhanced results, it appears to be mandatory to enhance the existing communication strategy between all stakeholders, as well as citizens of each cluster.
- Clarify in more details the role of all partners (MoLG, MoTA, MDLF, and BTC) by signing MoU between the partners.
- Review and update the laws & regulation relating to the preservation & protection of the historical centers from the MoLG.
- Conduct workshops and training courses to enhance the capacities of the LGUs, and the contractors.







9. Integrated Cities and Urban Development Project (ICUD)

9.1 Introduction:

The project focuses on strengthening the institutional and technical capacity of participating urban areas to plan for sustainable urban growth through, among other things, the provision of technical assistance, goods, and training, ensuring a robust process of collaboration among local government units (LGUs) comprising of participating urban areas and their strong ownership and commitment.

It is a four-year project designed to enhance capacities needed for the cities and towns in the participating main urban areas of WBG to plan for sustainable urban growth.

The ICUD project will be implemented by the Municipal Development and Lending Fund (MDLF) and technically overseen by Ministry of Local Government (MoLG). The Local authorities in main urban areas will technically collaborate in coordination with the Ministry of Local Government and Municipal Development and Lending Fund in implementing the project. MDLF will be responsible for the fiduciary management of ICUD, the reporting and M&E, and for the environmental and social safeguards of the project.

The Integrated Cities and Urban Development Project – ICUD, is a 4-year World Bank funded project jointly implemented by the Ministry of Local Government and the Municipal Development and Lending Fund. The project will work on strengthening the institutional and technical capacities of the participating urban areas to plan for sustainable urban growth through the provision of, inter alia, technical assistance (TA), goods, and training.

9.2 Description

9.2.1 Project Development Objectives (PDO)

The Project Development Objective (PDO) of ICUD is to enhance the capacity of participating urban areas to plan for sustainable urban growth.

9.2.2 Project Beneficiaries

The participating project urban areas will consist of four urban agglomerations¹⁰ in the West Bank (Nablu, Hebron, Bethlehem, and Ramallah) and Gaza City. These five participating urban areas have been selected because of their strategic importance in terms of population and future economic growth. The population estimate of these urban areas as they currently stand is 1,340,4253 (Based on PCBS predicted populations for 2016) representing 28% of the total population of West Bank and Gaza and include 30 LGUs (16 Municipalities and 14 Village Councils).

The currently identified LGUs of the urban areas are:

- **Ramallah Al-Bireh agglomeration with the municipalities of Ramallah, Al-Bireh, Betunyah and Surda Abu Qash.** The adjacent cities of Ramallah and Al Bireh and Betunyah, and Surda-Abu Qash; all making one urban area that shares infrastructures and resources. This urban area is currently one of the most important Palestinian cities, as it is considered the administrative area of the Palestinian Authority and attracts a lot of internal migration from job seekers.
- **Bethlehem agglomeration with Bethlehem, Beit Jala, Beit Sahour, Ad Doha, Artas, and Al Khader local authorities.** The Bethlehem agglomeration also includes the towns of Beit Jala, Beit Sahour and Ad Doha, Al Khader and Irtas village, all having biblical significance; that makes the economic base of religious tourism which this urban area is famous for, as well as sharing natural resources and basic overlapping infrastructures.
- **Nablu agglomeration with Nablu Municipality, and the VCs of Azmut, Deir-al-Hatab, Salim, Rujeib, Kafr Qalil, 'Iraq Burin, Tell, Sarra, Beit Iba, Qusin, Zawata, Beit Wazan, Dair Sharaf.** Nablu city is surrounded by a group of under-developed villages that act like suburbs with big demand on housing, making the biggest urban center in the north of West Bank, home to many educational and health institutions, and creating job opportunities. The population projections showed that more 424,400 inhabitants will be served by the Greater Nablu area in the year 2025. This rapid increase of population almost accompanying with the increasing demand on space, water, infrastructure, job opportunities and renewable resources needs to be addressed at the agglomeration level to overcome the problems facing the city, and upgrading the planning process from the local level to the agglomeration level is needed.

¹⁰ 1. The urban agglomerations are defined as built-up urban areas extending across existing municipal and village council boundaries with common labor and housing markets and were identified through spatial analysis of urban extent, and in consultation with MoLG and selected LGUs.

- **Hebron agglomeration with the municipalities of Hebron, Taffuh, Dura, Halhul, and Beit Kahil.** Hebron city and the surrounding adjacent four big towns are highly dense urban areas with the population of over 300 thousand by the end of 2016, is considered the hub of the commercial and industry in the southern part of West Bank, yet faces lack of proper planning, congestions, deficiencies in upgrading and developing different parts of the urban area, hinders investments; thus making the urban growth planning a necessity to reach their potential economic growth limits.
- **Gaza Municipality of Gaza City.** The Gaza strip is a very population dense which makes identifying a clear agglomeration difficult. After consultations with Gaza City and taking into account the different constraints of working across administrative boundaries, as well as the huge and very dense population in Gaza City proper, the ICUD project will focus its support only on Gaza City. This will enable the authorities to better integrate and utilize forward-looking growth planning in their work, and also would support them in integrating different neighborhoods into the city's planning.

9.2.3 Project Components

Component 1: Planning for Sustainable Urban Growth.

- **Sub-Component 1: Structured capacity development support for urban growth planning.** This component objective is to strengthen the institutional and technical capacity of participating urban areas and analytical underpinning of current urban planning practice to plan for sustainable urban growth through the provision of, inter alia, Technical assistance (TA), goods, and training. Through the intra-urban area coordination mechanisms, the participating urban areas will be supported to conduct urban growth planning. The objective of capacity development support for urban growth planning is to enable the urban areas to respond more efficiently to the needs of their growing population and private sector with more sustainably and well-planned urban spaces and infrastructure.
- Milestone I. Establish and actively maintain intra-urban area coordination mechanisms.
- Milestone II. Complete baseline assessment of existing urban extent.
- Milestone III. Complete exercise to develop cost-analyzed urban growth scenarios, and to disclose them to the public.
- Milestone IV. Modify respective member LGUs' plans based on the optimum urban growth scenario selected at the urban area level.
- **Sub-Component 2: Demand-driven customized support for urban growth planning for the West Bank urban areas.**
- **Sub-Component 3: Demand-driven customized support for urban growth planning for Gaza urban area: Gaza City**
- **Component 2: Project Implementation Support and Management Cost.**
- This component will finance the training, operating costs, and goods necessary for the technical oversight and implementation support of the proposed project to be performed by, inter alia, a Technical Supervisor (TS) from Urban planning department at MOLG, Technical Coordinator (TC), Local Coordinators (LC) for Bethlehem, Hebron, and Nablus areas, and the existing Local Coordinator for the Ramallah-Al Bireh-Bitunia (RAB) Joint Coordination Unit. This component will also finance the management fee of the Municipal Development and Lending Fund (MDLF) that will manage procurement, finance, safeguards, and reporting for the proposed project based on technical inputs from the TS. Table 25 below shows the project time frame per component.

Table 25: Estimated Timeline of the project (2017-2020)

#	Project Component /Timeline	Year 1	Year 2	Year 3	Year 4
1.	Planning for Sustainable Urban Growth.	×	×	×	×
1.1	Sub-Component 1: Structured capacity development support for urban growth planning.	×	×	×	×
1.2	Sub-Component 2: Demand-driven customized support for urban growth planning for the West Bank urban areas.		×	×	×
1.3	Sub-Component 3: Demand-driven customized support for urban growth planning for Gaza urban area: Gaza City		×	×	×
2.	Project implementation support and management cost.	×	×	×	×

9.3 Financing Partner Contribution

The project is funded by the WB in the amount of **USD 5 million**. A provision for retroactive financing in the amount of USD 500,000 (10% of Grant amount) will be provided to the MDLF to cover necessary financing, e.g. TS salary and initial operating costs. The cost breakdown is shown in the table (26) below.

Table 26: Project Costs and Financing

Project Components	Project cost (USD million)	% Financing
Planning for Sustainable Urban Growth.	4.55	91%
Sub-Component 1:	4.00	
Sub-Component 2, 3:	0.55	
2. Project implementation support and management cost.	0.45	9%
Total Financing Required	5.0	100%

9.4 Implementation Status

Component 1. Planning for Sustainable Urban Growth

Sub-component 1.1.

Structured Capacity Development Support for Urban Growth Planning

Milestone I.

Establish and Maintain Intra Urban Area Coordination Mechanism



To establish and Maintain the intra-Urban Area Coordination between the 4 urban areas members, Three Local Coordinator in Nablus, Bethlehem, Hebron urban areas (Ramallah & Al-Berih Area already had an active Join Cooperation Unit) were recruited to Support the Technical Committees to implement jointly the project actives and Milestones.

Nablus Urban Area:



Following various discussions with Nablus urban area LGUs and MoLG, it was agreed to include Deir Sharf in Nablus urban area and in the project activities. Therefore, an urban context assessment was completed for Deir Sharaf and follow up discussions were organized to present the project and the associated Nablus urban area MoU and bylaws. The signature of the MOU for the creation of the Planning and Coordination Unit in Nablus was postponed until after the completion of the local authority elections. Many LGUs, especially the Municipality of Nablus, proposed the postponement until after the selection of the new local council representatives and mayors/heads of VCs. The decision to create this unit was perceived as a strategic decision which needs to be approved by the new councils. Following the election results, meetings were organized with the newly elected

LGUs' representatives to introduce the project and present its objective, components, and milestones. The project was received with great enthusiasm and eagerness to introduce new mechanisms to facilitate joint work and cooperation among the 14 LGUs in Nablus area. The MOU signature was done in 1ST August 2017(Annex 1 – Nablus MoU) at the engineering association Nablus office with the participation of the mayors and village heads and the general director of the MOLG Nablus directorate, the head of planning department at the directorate and the ICUD Nablus coordinator.

Three technical meeting with the Nablus area technical committee held until the end of December 2017 and the following were done:

- Selection of the committee coordinator
- Discussion of the joint issues and highlight the most needed areas of intervention as an Urban area.
- Designation of Four Specialized Committees members: (Physical Planning, Environment, Socio-Economic Development, and Infrastructures).

Ramallah-AlBireh Urban Area:

A MoU was signed amongst the municipalities Ramallah, al Bireh, Beitunia, and Surda-Abu Qash (Annex 2 – Ramallah-AlBireh MoU) to demonstrate their commitment and agreement to strengthening joint planning and development work in the urban area and to fulfill the objective and activities of the ICUD project during the next 4 years. The signing took place on April 10 and was hosted by Ramallah Municipality with the participation of the mayors, city directors, and the technical staff of the four LGUs, the coordinator for the RAB JCU, the director of MDLF, the head of the Planning Department at the MoLG, and the ICUD team. During the signing meeting, ICUD was presented to the mayors, including its first-year work plan, and prioritized next steps including strengthening the coordination and collaboration mechanisms among the LGUs including the immediate inclusion of Surda Abu Qash in the RAB JCU (which is active since 2006) and other LGUs in the future.



Accordingly, the Technical committee of the RAB was expanded to include representative from Surda Abu Qash to fill full the new MoU requirements and objectives



actions will be taken soon.

The assessment was designed to look into the role the unit it played in facilitating a collective urban work since it was established in 2006. This includes examining the opportunities, the bottlenecks, and the challenges affected its work to consider in any upcoming plans to advance it in addition to informing the future units that the program is creating in the rest of the West Bank's urban areas. Once the assessment is completed, the results will be presented to the mayors and technical teams (steering committees) of the RAB JCU to agree on strategies to move forward.

Bethlehem Urban Area:



planning department at the directorate, and the ICUD team. Following the signing of the MoU, each LGU assigned two representatives to partake in the established joint cooperation unit. Several meetings were organized for the committee to discuss the project's upcoming activities and to plan for joint technical assistance activities and the to approve the action plan for 2017.

Hebron Urban Area:



Moreover, the ToR for the institutional assessment of the RAB JCU was finalized (Annex 3-Terms of Reference Evaluation of RAB JCU) and the consultant who will conduct the assessment was selected and start the assignment on 10 Sep-2017 and supposed to finalize her work by 20-Nov.-2017, but due to several reasons the contact was extended to Mid-December and unfortunately the consultant till the end of December didn't manage to finish all the needed deliverables (only the inception report and the progress report were delivered) as a result of the that the needed

The MoU for the ICUD project (Annex 4 – Bethlehem MoU) was signed with mayors of the participating LGUs in Bethlehem urban area; Bethlehem, Beit Jala, Beit Sahur, Ad Doha, Al-Khader and Artas, on the 11th of April, and accordingly a technical committee was formulated as a subcommittee from the Joint Cooperation Council for planning and development which was established May 2016, following a meeting held at Bethlehem MoLG Directorate offices, with the participation of the mayors of the six LGUs, the director general of Bethlehem MoLG directorate, the head of

Several meetings and discussions were conducted with the technical teams and the management teams of Hebron urban area LGUs to discuss the draft MoU and the related bylaws to establish Hebron Joint Cooperation and Planning Unit (HJCPU) that will be supported by ICUD Project. The draft copy of MoU and Bylaw were designed based on (RAB JCU) copy and has taken into consideration the previous cooperation between Hebron urban area LGUs. Discussions and meetings have provided detailed feedback and led to a mutual agreement between Hebron urban area LGUs on the final copy of both MoU and Bylaw.

On May 14, a signing ceremony in Hebron municipality was held, and the five mayors of Hebron urban area LGUs signed the MoU (Annex 5 – Hebron MoU) in presence of MDLF's General Director, MoLG's representatives, Director of MoLG's Hebron Directorate, ICUD's team, and several members of the technical teams of Hebron urban area LGUs.

Following that, several meetings were organized for the committee to:

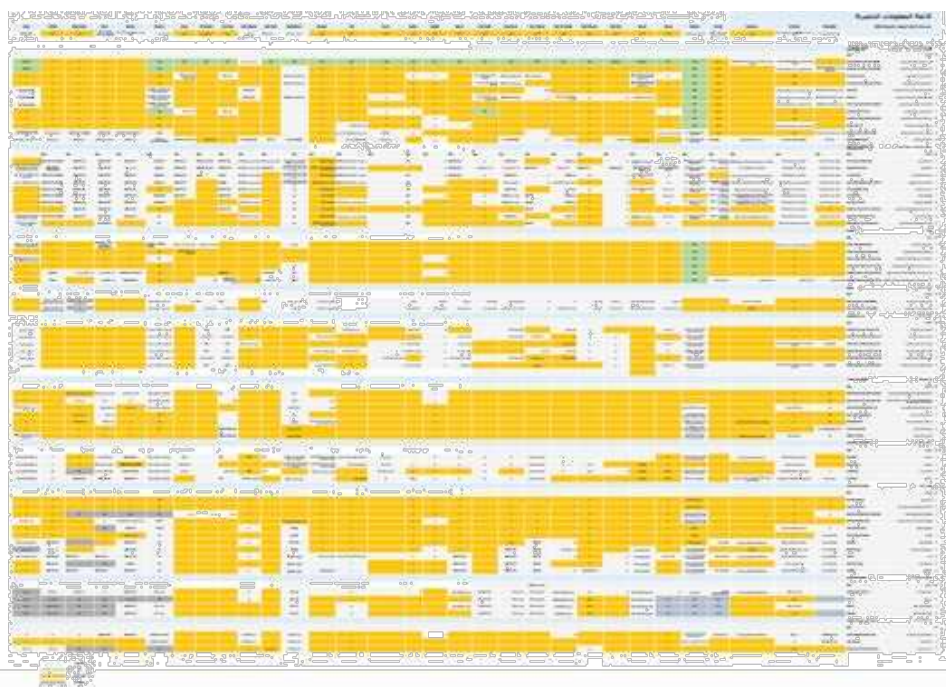
- Discuss the project's upcoming activities and the joint issues and highlight the most needed areas of intervention as an urban area.
- Plan for joint technical assistance activities and approve the action plan for 2017.
- Draft the Urban Area Roadmap.

Gaza Urban Area:

- Due to the difficulties in reaching Gaza Strip, several conference meetings were organized with Gaza City planning and engineering team to:
- Launch the project and discuss the project's objective, scope, and prospective activities.
- Formulate a Technical team from the technical staff at Gaza Municipality headed by Dr.Nihad AL Moghani (The general director of urban planning department).
- The need for comprehensive urban data on Gaza city and the absence of update planning schemes for the city were highlighted as urgent needs the project will need to address.
- Prepare the 2017 work plan with the detailed activities of the project components and subcomponents.

Milestone II.

Complete Baseline Assessment of Existing Urban Extent



A summary sheet of the urban data assessment results.

Data urban matrix (Annex 6 – Consolidated Urban Data Assessment Sheet) was filled by LGUs and deep assessment was conducted to analyze the level of data availability, type of data and its current usage, sources, and limitation to data collection. A framework for a summary report was developed providing a brief background on the current urban data available at participating LGUs, methodology, and analysis of the results, challenges and recommendations, in addition to a data profile, all of that contributed to assessing the GIS capacity, data analysis and priorities of data needs at each urban area following up the urban data assessment, the

data collection was started from each LGU as well as data collection from secondary sources, such as PCBS, OCHA, Northern & Southern Electricity Distribution Companies, Jerusalem District Electricity Company, Jerusalem Water Undertaking, Water Supply & Sewerage Authority (WWSA) etc.. As a first step an official letters signed by the Minister of local government were prepared and sent to the mentions authorities and organizations.

Furthermore, basic layers have been obtained from GeoMoLG, in addition to the geopolitical data which obtained from OCHA. These data layers are the base maps that needed for the urban growth exercise and for other project mapping and analysis. Using the information which has been acquired helped to create an initial statistical spreadsheet which includes areas of built-up lands, footprints, and administrative boundaries, in addition to the annual change in built-up areas, population density and built up density.

Other sources of data were Spatial Development Framework (SDF) for Ramallah-AlBireh Beitunia which was prepared in 2016 covered main sectors (Infrastructure Networks, and Solid Waste), Housing, Local Economy, Social Services, Natural and Cultural Heritage, Environment), in addition to the Sectoral complementary plans for Bethlehem, Beit Jala, Beit Sahour

which were prepared in 2015 covered main sectors (Infrastructure Networks and Solid Waste), Housing, Local Economy, Social Services, Natural and Cultural Heritage, Environment)

Data collection is in progress in parallel of evaluation of the data received from the participated LGUs and different sources in terms of data validation, quality, and geographic coverage in order to fill the gaps of the unavailable data of the data needed to implement urban growth scenario analysis.

The following is a summary of the key analysis results for each of the urban areas:

Nablus Urban Area:

Within the Nablus urban area, there is an incompatibility in the data availability and the use of GIS System between the city and the Participated LGUs. It was found out that none of the Participated LGUs manage their data using GIS system except Nablus Municipality. Similar to other urban areas, the source of the population, housing, socioeconomic aspects is PCBS. Master plans are available except for Kufr Qalil. Information on infrastructure Utilities are available and provided from Nablus municipality and Northern Electricity Distribution Company (NEDCO). Cultural Heritage Plan is available for the old city of Nablus.

Ramallah-AlBireh Urban Area:

Within Ramallah Urban Areas, Ramallah and Al Bireh have advanced information Systems, while Beituniya and Surda Abu Qash have limited use of GIS system. Similar to all urban areas, population information is based on the 2007 Palestinian census, projected for the years 2007-2016. Population data is available on the LGU level. Master plans are available. Mobility study plan covering the urban area is available. Data is available for housing, Environment, and socio-economic aspects. Cultural Heritage Plans are only available for the old cities of Ramallah and Al Bireh.

Spatial Development Framework (SDF) for Ramallah-AlBireh Beitunia was prepared in 2016 covered main sectors (Infrastructure Networks, Water, Wastewater, Electricity, Telecommunication and Solid Waste), Housing, Population, Local Economy, Social Services, Natural and Cultural Heritage, Environment)

Bethlehem Urban Area:

In the Bethlehem urban area in terms of the capacity of GIS, it was found out that the four municipalities have GIS, no use of the GIS in Doha, Khadr, and Artas). As the rest of the urban Areas depend on PCBS for population data. Master plans are available for all LGUs. Currently, there is an ongoing mobility and transport study in Bethlehem area. Data is not available for housing, or socio-economic aspects. (Except for Bethlehem and Beit Jala, Artas whom recently completed their SDF Reports). Information on infrastructure Utilities and networks will be obtained from Water Supply & Sewerage Authority (WWSA) and Jerusalem District Electricity Company. Conservation Plan & Cultural Heritage Plans are available for the old cities of Bethlehem, Beit Jala and Beit Sahour from Cultural Heritage Preservation Centre in Bethlehem.

Sectoral complementary plans for Bethlehem, Beit Jala, Beit Sahour were prepared covered main sectors (Infrastructure Networks, Water, Wastewater, Electricity, Telecommunication and Solid Waste), Housing, Population, Local Economy, Social Services, Natural and Cultural Heritage, Environment)

Hebron Urban Area:

In Hebron urban area in terms of the capacity of GIS, the three municipalities (Hebron, Dura, and Halhoul) have GIS systems. On the other hand, no GIS Systems are used in Beit Kahel and Taffuh. PCBS is the main source of the population data for all LGUs and it is available only at the LGU level. Master plans are available for all LGUs. No Mobility and transport are available at Hebron area. Data is not available for housing, Environment, socio-economic aspects and utilities except for Hebron City, Beit Kahel, Halhoul whom have SDF). Information about housing is available only in Hebron and Dura. Cultural Heritage Plan only available for the old city of Hebron.

Gaza Urban Area:

Gaza City has a very developed GIS System, the same as West Bank Urban Areas, PCBS is the main source of the population data. The high-resolution aerial photo is available (less than 20cm resolution-2008). No high-resolution aerial photo of Gaza (below 30cm) is available and all indicators have pointed out that with the current political context, it is almost impossible for photogrammetry companies to arrange for airplanes to fly over Gaza to collect the necessary geospatial data and imagery. Under these constraints, the acquisition of a high-resolution ortho-photo for Gaza will be put on hold until circumstances change currently satellite image (2016) with accuracy 50 cm obtained for Gaza. The Masterplan is

old since 1998. No Mobility and transport Plan, environment. Data for Housing, Socioeconomic, and infrastructure are partially available. No Cultural Heritage Plans is available for the old city of Gaza.

A visit to Gaza by ICUD team members early January 2018 was planned to be to follow up the available data and the priorities in data collection.

Milestone III.

Complete Exercise to Develop Cost Analyzed Urban Growth Scenarios

The urban growth scenario analysis was discussed with some of the LGUs in the urban areas during the introductory discussions with them including the description of the exercise, its rationale in the urban areas targeted, and the potential benefits and outcomes for the urban areas. The first draft of the terms of reference for the exercise was drafted, led by the World Bank technical support team, and preparation of the needed discussing with the technical teams of the urban areas municipalities and village councils to ensure mutual understanding of the exercise and full commitment to its activities and ownership of its outcomes. In addition of preparing information on growth trends and statistics in Palestine, different growth patterns, and how the exercise will help address some of the growth challenges and gaps in understanding its dynamics and planning for it.

The ToR for conducting the urban growth scenario exercise was finalized (Annex 7 – TOR ICUD Growth Scenario Consulting Firm) and the advertisement for the expression of interest (EOI) for the urban growth scenario analysis was advertised in July, Nine firms' response for the EOI. Four of them pass the technical evaluation and were asked to submit their proposals (Technical & Financial).

December 31st, 2017 was the submission deadline (Three proposals were submitted).

Milestone IV.

Modify Respective Member LGU's Plans Based On the Optimum Urban Growth Scenario

N/A

Sub-component 1.2.

Demand Driven Customized Support for Urban Growth Planning

West Bank Urban Areas

Further discussions were organized with the technical representatives of the urban areas LGUs, and detailed 2017 annual work plans were drafted/updated following the advancement of meetings aiming at the identification of key technical assistance activities benefiting the urban areas. However, it was observed that in some of the urban areas, it was difficult for them to identify key technical assistance and capacity building activities that they need and the area can benefit from. This was clear in Nablus, and Bethlehem urban areas, in Ramallah al Bireh, Gaza city, and Hebron urban area, the LGUs were abler to identify joint technical assistance that can benefit the whole area.

No actions were done to start the implementation of the technical assistance due to several reasons, such as the absence of the technical supervision for several months this will be one of the outcomes from the consultation workshop that will be in Mid-January 2018.

Ramallah-AlBireh Urban Area:

In Ramallah-AlBireh area, follow up discussions were organized with the technical committee/coordination committee of the urban area to present the ToR for the institutional assessment of the unit, discuss and include any necessary amendments. The final draft of the ToR was endorsed by the technical committee prior to sharing and finalizing with the World Bank and MDLF teams. Another discussion was also organized with the committee to jointly identify priority technical assistance for the urban area LGUs with the participation of the representatives of the 4 LGUs. Additional technical assistance activities were included in the first year work plan including; the development of a joint solid waste management plan for the urban area, another technical assistance need that was prioritized was a study and plan for a sewage network for the urban among others.

Nablus Urban Area:

In Nablus Urban Area, meetings were held with the representatives of the project's participating LGUs to identify priorities and initiatives to address challenges facing the urban agglomeration. Nablus Municipality has a clear idea about the needs at the level of technical support and capacity building, as the municipality already has a good level of organization and technical expertise. However, for the rest of the LGUs in Nablus urban area, who are smaller in size and don't have a technical staff, it was difficult for them to identify and express their technical assistance needs to address the urban challenges they are facing.

Some of the proposed technical assistance identified are: a mobility and traffic study and plan for the city, survey mapping and digitizing all land blocks and parcels in the city, among others. In terms of capacity building initiatives, the following was identified: environmental impact assessment, environmental auditing, pre-treatment technology for industrial wastewater, management of industrial wastewater pollutants, public awareness and education towards environmental issues, management of solid waste (collection, disposal, treatment, recycling), among others. These are being further discussed and will be incorporated into the area's detailed work plan that will be finalized after signing the MoU for the creation of the Coordination and Planning Unit of Nablus Urban-Area.

Sub-component 1.3.

Demand Driven Customized Support for Urban Growth Planning

Gaza Urban Area

Communication and coordination in Gaza city remain a challenge especially as the project team is not capable of entering the Gaza strip during 2017 to conduct on-site investigations and assessments, following the development of the work plan of Gaza city, the work began on acquiring the needed orthophoto. After contacting various providers and suppliers, it was clear that for political reasons it would not be possible to obtain a 20cm detailed aerial photo for Gaza. Therefore, the team resorted to the second alternative, which is a 50cm recent aerial photo of Gaza. The team contacted the ICRC, who provided the recent 50cm satellite image they have. As for the survey tools (GPR, and the Total Station), it was found that the GPR device is prohibited from entry to Gaza. As for the total station device, it was found that it could be shipped to Gaza, so the team prepare the needed specification and start the supplying procurement procedure in early December. Next Steps will be identified during the ICUD team visit to Gaza (Jan 2018).

9.5 Anticipated Activities

Sub-component 1.1.

Structured Capacity Development Support for Urban Growth Planning

Milestone I.

Establish and Maintain Intra Urban Area Coordination Mechanism

After the discontinuity in the project activities, a need for a Consultation workshop (Annex 8 – Consultation workshop outline) was raised and was suggested by the WB mission, the ICUD team start the preparation and set the date (Mid. January 2018) to fill full the following:

- Re-engage all the targeted urban areas and the project partners.
- Present the Progress of the ICUD Activates (What had been done?)
- Preparation of the urban areas roadmaps and the integration of the growth analysis exercise in local development plans/strategies
- Promotion of joint work among the LGUs in the urban area, and identification of urban development work that will benefit the area as a whole.
- Agree and Draft the needed activities for sub-component 2.
- Draft 2018 work plan for each area.

Following the workshop, all the meetings for the technical teams and the Moyers will be done area by area to finalize the 2018 work plan and its activities to start the implementation procurement.

Milestone II.

Complete Baseline Assessment of Existing Urban Extent

The team will continue to jointly work with the LGUs on consolidating the available data necessary to complete the urban growth scenario analysis exercise. In parallel, the team will also continue to facilitate discussions with the urban area LGUs on moving forward with the provision and the analysis of the data necessary for their collective urban work.

The team will arrange the needed meetings with all the contacted national and local Authorities and organization to obtain the needed data, Meeting with Palestinian Center Bureau of Statistics (PCBs) were set on 3rd of January 2018 to discuss coordination and collaboration in data sharing (the 2017 census data will be published in March) and they are a central source of data.

In addition, a meeting with Jerusalem District Electricity Company for Infrastructure & Utilities data were also set early January.

Preparation of the urban data assessment results report, the report will include literature on urban data and urban assessment, the role of data in addressing urban challenges, the context of urban data and analysis in Palestine, status in each urban area, various data sources, and policy recommendations, among others.

Milestone III.

Complete Exercise to Develop Cost Analyzed Urban Growth Scenarios

During January, the submitted proposals for the urban growth exercise will be evaluated. And by late February –early March 2018 the selected consultant will be contracted and start working on this assignment

A Detailed presentation will be prepared and presented (consultation workshop) to all targeted urban area on general concepts on Urban growth and the Terms of reference for the assignment highlighting the objectives, scope of work and the deliverables.

Milestone IV.

Modify Respective Member LGU's Plans Based On the Optimum Urban Growth Scenario

N/A

Sub-component 1.2.

Demand Driven Customized Support for Urban Growth Planning for the West Bank Urban Areas

The Consultation workshop in which the project team will facilitate focus group discussions to assist each urban area in designing a roadmap indicating how the urban growth analysis will fit into the overall urban work of the area, in addition to prioritizing key technical assistance interventions the project could support.

Sub-component 1.3.

Demand Driven Customized Support for Urban Growth Planning for Gaza Urban Area

Joint identification of specific technical assistance activities to take place in Gaza urban area within the current constraints. Based on the previous discussions, lack of data is considered a major hindrance to planning and assessment work in Gaza city. Therefore, the project team jointly with Gaza municipality and the World Bank will identify when & what urban assessments and urban data collection need to be prioritized and obtained not only to inform the urban growth analysis but to also feed into future planning work in the city.

A Total Station will be handed to Gaza Municipality in early 2018 as part of the technical assistance.

A three days' field trip to Gaza will be done the first week in January 2018 by members from ICUD team to go other all the binding issues and work closely with Gaza technical team to set all the needed technical assistance for sub-component 1.3.

9.6 Obstacles and Challenges

- Transition to new local councils has created delays in following up on some of the discussions with the LGUs who were busy during this transition period. Moreover, having newly elected local councils only a few months following the project's initiation required introducing the project again to the heads of the participating LGUs. (The team met several of the newly elected heads of LGUs to introduce the project to them and brief them on the progress made and the next steps).
- LGUs capacities are varied specifically in planning issues including urban analysis and integrated planning among others. In a substantial number of LGUs, there is an absence of planners among the LGU technical teams which makes conveying concepts of sustainable urban growth, smart cities, compact development, etc., slightly challenging.

Lack of technical capacities in the Village Councils of Nablus Urban Area (13 villages), due to the lack of technical departments within the village councils such as the engineering departments and any other technical entity to deal with the planning issues, this situation often leads to the inability of representatives of the councils to identify priorities to address challenges facing the urban agglomeration, as well as the difficulty in understanding the concepts of sustainable planning and urban development. The Municipality of Nablus has good technical capabilities, including the Department of Engineering and Urban Planning, but this section bears great burdens with regard to running the daily work of the municipality, which leads to the inability to give time and effort to the project.

- ◊ The team continuously engage at a one to one levels of discussion with the LGUs technical staff on the aforementioned concepts. Moreover, the team has also presented on what is sustainable urban growth along with the ToR presentation of the exercise to ensure full understanding and ownership of this milestone. The team will also work on drafting a capacity building concept note that highlights key capacity deficiencies and proposed capacity building planned activities to introduce on sustainable planning concepts to reintroduce the theory and the practices the project is working on achieving.
- Lack of urban data and analysis (in some cases, even the basic analysis) at the majority of LGUs met during the data availability assessment phase which might affect the development of the urban growth scenario exercise. Moreover, there are big gaps among the LGUs of the same urban area in terms of GIS availability and capacity, and in terms of data accuracy and quality. In the phase of the data collection process, there is a delay in providing available data either from the LGUs or other sources.
 - ◊ The availability of Urban Data at the level of LGUs is very limited, especially in the village councils, and all Urban Data at the street/neighborhood level is not available and many information recovered through estimations.
 - ◊ Controversy issues between municipalities concerning city borders, competitiveness of each of the LGUs, and financial background.
 - ◊ The team is working from an early stage on assessing the data availability and the capacity of the LGUs to manage the data and the analysis associated with the urban growth exercise. This will help inform the working mechanism of the consultancy firm who will conduct the exercise. The team is also working on complementing the data at the LGUs through jointly collecting necessary data layers from other sources including PCBs, water and electricity authorities, and research institutes among others.
- The concept and content of the shared database for each urban area still not clear and need more discussing with the World Bank geospatial experts.
- Competitiveness between the different municipalities is high under the big municipalities notability over other smaller ones and of course, the village councils surrounding them. Within these circumstances, this can be problematic make them all meet and work together on the same level.
- Delay in project activities showed mistrust of municipality technical teams and mayors and diminish the project importance.
- The absence of TS, after July, till the start of the new TS (Urban planner from Urban planning department at MOLG were designated as a technical supervisor) on November caused the gap in communication between beneficiaries (LGUS and LCs and the other key partners of the project. And most of the processes and feedbacks were pending. Causing delays in the 2017 work plan such as activities based on Sub. component 2.
 - ◊ The start of new TS. And the level of communication is accepted. A review of work plans and the related processes were done, some of the activities were pre-planned to be carried within 2018 work plan.

- The concept of the Urban growth exercise wasn't clear even to the technical people because it's very new in the Palestinian areas
 - ◊ Some international and regional study cases were provided to the beneficiaries, in addition, the concepts and study cases were more elaborated on in the upcoming consultation workshop Mid-January 2018
- The consultancy for the benefit of the already existing JCU of Ramallah-AL-Bireh is pending due to the fact that the hired consultant on this assignment isn't able to submit the needed assessment report.
 - ◊ Following up from TS and the key partners based on the official procedures in the like cases is in the process.
- Many issues were raised related to sustaining cooperation among the UCs, and the ownership of the JCU s that were established and the outputs of the exercise.
 - ◊ There must be much work on the cooperation culture itself, and the empowerment of JCUs and LCs
 - ◊ Emphasis on building the capacity of the beneficiaries including technical teams and coordinators in sustainable urban growth.
 - ◊ MDLF and its current work on the allocation of some funds for joint projects as incentives must be empowered.
 - ◊ The support of the institutionalization of JCUs, on phases based on roadmaps for each UC, the first milestone could be detailed by-law with the needed organizational structure that elaborates more on the responsibilities, and other institutional issues.







10. Multi-site Regeneration Project for Jericho

10.1 Project Overview

The “Multi-site Regeneration Project for Jericho, Palestine” is currently being implemented as part of the technical assistance program implemented by the French Development Agency (AFD), with a funding from the European Union from the funds of the Investment Facility for the Neighborhood (IVF), in conjunction with partners from the UPFI initiative “Urban Projects Finance Initiative” (AFD, EIB, EU, UfM).

The MSR Jericho Project aims at enhancing the economic development of the city through the relocalization and rehabilitation of key infrastructures. The project, prepared under the Urban Project Finance Initiative (UPFI), promotes an integrated urban approach to optimize public land management, upgrade key infrastructures, and strengthen the management capacities of the municipality related to the enforcement of national health policies and the improvement of its financial accountability. The rehabilitated infrastructures are the slaughterhouse, the Spanish Garden, and the Municipal garage, which shall contribute to support the main city’s economic activities (tourism and farming).

10.2 Project Description

MDLF is responsible for managing the project through a dedicated team, including a project coordinator, a technical expert, a financial expert, a procurement expert, and an environmental and social specialist.

Furthermore, Jericho municipality has assigned a project coordinator to be part of the project committee to ensure facilitation of proper implementation of all activities and part of the Project committee.

The project combines of the following subcomponent:

Sub-component (a) : Slaughterhouse

a. This component includes construction of a new slaughterhouse and remediation works for the old slaughterhouse. The new slaughterhouse aims to provide an efficient, professional, hygienic and humane slaughtering service. These serves are meant to be introduced at a competitive price for farmers, butchers, and other customers in Jericho and adjacent Palestinian towns and communities. Furthermore, it is intended without creating adverse environmental or social impact. There will be two major facilities, one for the slaughter of cattle, sheep and goats and the other for the slaughter of poultry. Office accommodation will also be provided within the envelope of the largest building (that will be used for cattle/sheep/goats).

For operating the slaughterhouse, a Slaughterhouse Steering Committee (SSC) will be assigned by the municipality to supervise and advise both partners. It will be composed of representatives from the municipality, the private operator, but also from butchers and farmers, as well as from the Public Health Committee. The exact role and functioning of this committee will be detailed in the lease agreement.

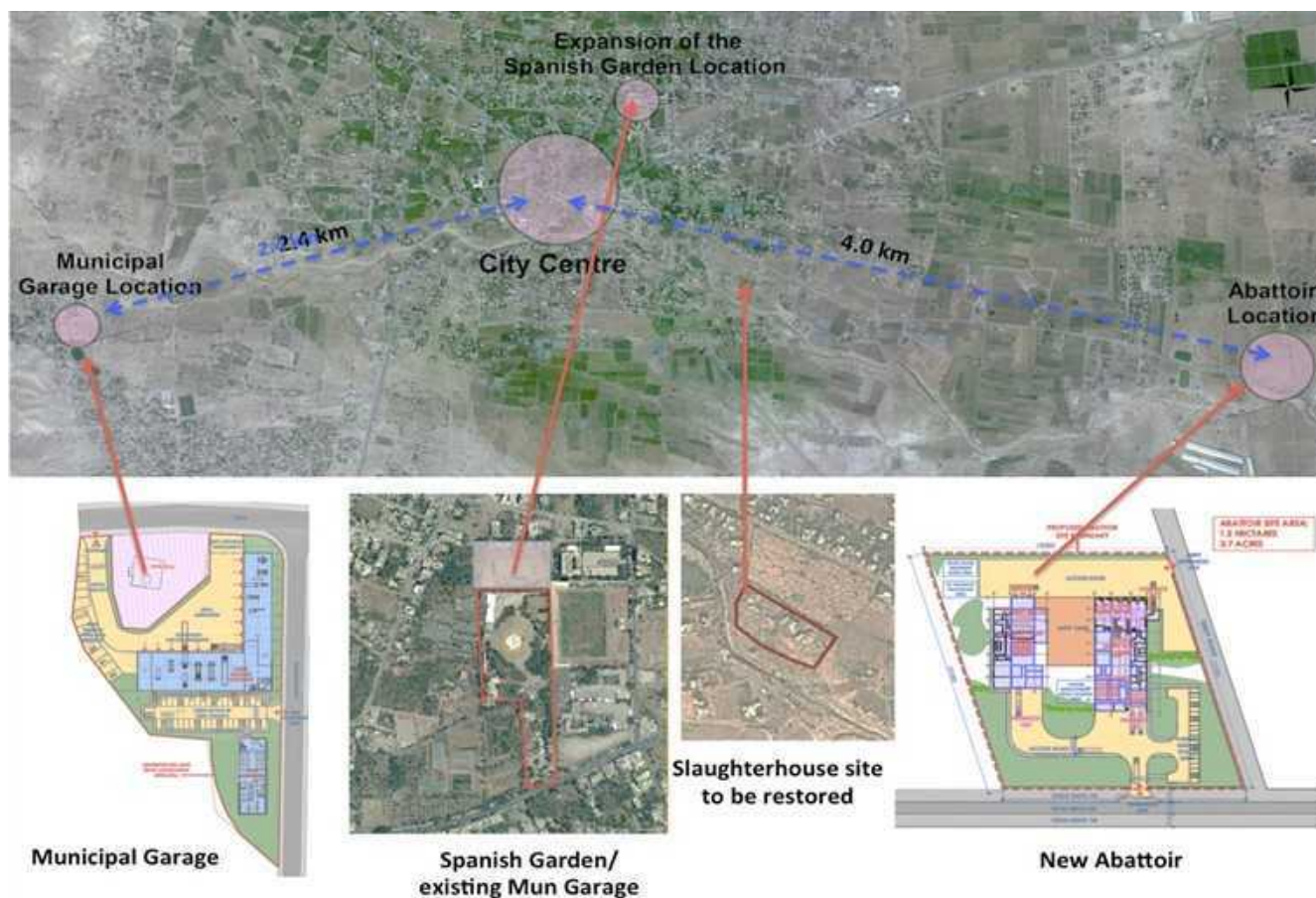
b. Remediation works at the old slaughterhouse will commence as soon the new slaughterhouse is handed over and as soon as operation started.



Sub-component (b) Municipal Garage

This component includes construction of new garage and remediation works for the old garage.

- a. The main garage will be an L-shaped single-story, large-span building (approximately 1,800 m² in area). A new two-story amenity building (approximately 930m²) is positioned on the south side of the site. It contains a canteen, changing/washrooms, and office accommodation. External areas include a car park, yard space, planting and access roads. Landscape treatment will be important to screen visually the two-story-height buildings.
- b. Remediation will be finalized before the commencement of works at the Spanish Garden Extension.



Extension of the Spanish Garden (under MDPIII)

- a. The extension of the Garden is intended on the lands currently occupied by the Municipal Garage. The MSR project offers the opportunity to substantially enhance the role of the Spanish Garden as a place of leisure in the heart of the City. The municipality will implement this component out of its allocation in MDPIII cycle 1.

Subcomponent c: Technical Assistance

This component includes technical assistance program, which includes the supervision of work and management fees to MDLF, in addition to training and capacity building to support the implementation of the municipal action plan on mitigating illegal slaughtering processes.

MDLF will support Jericho Municipality in implementing designated activities defined under subcomponent C the technical assistance.

10.3 Project Financing

The fund for MSR Jericho is EUR 6.2 million granted to MDLF according to the financing agreement signed between the AFD and the Ministry of Finance on April 26th, 2017. the project will be implemented over two years where the construction of the infrastructures and operation of the new facilities is planned to be completed by early 2019. Project Agreement between MDLF and the Ministry of Finance and Planning was signed on August 7th, 2017, followed by a Grant

Implementation Agreement with Jericho Municipality signed on November 16th, 2017. Table 27 illustrates the budget breakdown.

Table 27: Budget Breakdown of MSR project

Item	2017	2018	2019	Cumulated
Advances (management fees & consultancy work)	300,000	300,000	310,000	910,000
Direct payment slaughterhouse contractor	500,000	2,500,000	1,100,000	4,100,000
Direct payment slaughterhouse contractor	200,000	800,000	190,000	1,190,000
Sub – total Jericho	1,000,000	3,600,000	1,600,000	6,200,000

10.4 Implementation Status

Since the signature of the financing agreement, the following activities have been conducted:

- MDLF prepared and submitted the Project Operation Manual including technical, financial, procurement and monitoring and evaluation of the project.
- MDLF prepared the procurement plan in March 2017 (provided and updated during the end of January 2018).
- MDLF and AFD prepared the project action plan in March 2017; (MDLF prepared and submitted a revised action plan during the end of January 2018).
- The Project Agreement between MDLF and Jericho Municipality was signed on November 16th, 2017
- The first disbursement was withdrawn upon MDLF request on December 4th, 2017

Although the project faced delay for the design of the infrastructure utilities to serve the slaughterhouse and the Municipal garage facilities, the following is the progress during the reporting period:

Regarding the Slaughterhouse construction and remediation

- Work supervision Consultancy Service: MDLF finalized the technical evaluation of the consultancy services for work supervision.
- Jericho Municipality provided the design of the infrastructure utilities to serve the slaughterhouse facility.
- The International Competitive Bidding documents for Slaughterhouse were finalized by MDLF and waiting for No-Objection from the AFD.
- MDLF is set to recruit JEDCO to construct the electricity service network feeding the Slaughterhouse facility.
- Updates on the Municipal Garage Construction and remediation:
- Jericho Municipality has provided the potable water service design.
- The National Competitive bidding documents for the Municipal Garage construction were finalized by MDLF, currently awaiting No-objection from AFD.
- MDLF is set to recruit JEDCO to the rehabilitation of the electricity service network feeding the Municipal Garage facility.

Regarding the Municipality Action plan:

- Jericho Municipality submitted a revision of the awareness action plan to MDLF
- Jericho Municipality is in the process of preparing the auction documents for the slaughterhouse operator, (expected to be submitted to MDLF mid-Feb 2018).



11. Local Government Services Improvement Project (LGSIP)

11.1 Introduction

The Palestinian Authority made a strategic choice to reform key areas of its Village Support Program, focusing on institutional strengthening and reforming the financing mechanism to improve service delivery in villages. With support from the World Bank and other Development Partners, the PA developed the Local Government and Services Improvement Program (LGSIP) to respond to the institutional and financial challenges that VCs face. The LGSIP focusses attention on VCs' service delivery responsibilities and provides technical, institutional and financial support to VCs through combining PA budgetary support and specific Technical Assistance (TA) and investment support by Development Partners "DPs".

The LGSIP channels budgetary resources, including the Transportation Fee, and earmarked subsidies to the MoLG for infrastructure development in villages. An integral element of this approach is the PA's intention to reform the local government financing system, through a reform of the Transportation Fee allocation and disbursement mechanism.

LGSIP will assist the PA in establishing a systematic approach for strengthening the institutional systems for viable local authorities that can provide services to their citizens responsibly and can be financially sustainable in the future.

11.2 LGSIP Description

The development objective of LGSIP is to strengthen the local government financing system and improve local service delivery in program villages. The program builds upon the PA's Village Support Program objective of enhancing local accountability through improving stakeholder participation and strengthening institutional systems and processes for citizen engagement. The program introduces the allocation of transparent and predictable fiscal transfers to VCs to finance implementation of participatory capital investment plans. The program will also strengthen local accountability through enhanced reporting to citizens and strengthened grievance process.

The LGSIP comprises delivering infrastructure at the village level through combining investment support in the 241 VCs with specific support to the investment requirements in "Area C", coupled with implementation arrangements to address VC capacity constraints. The LGSIP has five-year duration from 2016 to 2020 and comprises the following Components:

(i) Annual capital grants for delivery of Local Services: Provides local services through village councils, through allocating certain amounts of funds based on the population of each village council which, deemed eligible. The allocated amounts are then used to implement projects in the village councils as per priorities stated in the development plans of these villages.

(ii) Conditional Capital Grants for investment in Joint Projects: Provides infrastructure through joint projects, this is achieved by offering funds/grants conditional to implementing joint projects between various village councils.

(iii) Capacity Support for strengthening Local Governance Institutions: This component aimed at enhancing the capacities and provide more targeted capacity support to VCs and JSCs in line with their key roles and responsibilities making them eligible for funding; also, to raise the capacity of the MoLG staff to enable them to carry out their tasks accordingly.

(iv) Investments in "Area C", which is financed through Program Parallel financing.

11.3 Program Financing

The Palestinian Authority (PA) received a grant from the World Bank in the amount of US\$5 million towards the LGSIP, channeled through the Government systems, using the World Bank Program for Results (PforR) financing instrument. Additional Program commitments to be co-financed using the PforR instrument amount to US\$15 million, including US\$13 million financed by the Government of Sweden through the Multi-Donor Trust Fund-Program for Infrastructure Development (MDTF-PID), administered through the World Bank, and a US\$ 2 million equivalent commitment from the PA. In addition to these amounts, a total of EUR 8 M will be funded by the KfW particularly to support the 2nd component of the program, namely the joint projects through the MDLF as shown in table 28 below.

Table 28: LGSIP Financing per Donor

Source	Modality	Amount
PA	Co-financing	\$ 2 M
World Bank	PforR	\$ 5 M
PID MDTF	Co-financing	\$ 13 M
KFW	Parallel Financing	EUR 8 M

11.4 Program Management

The Ministry of Local Government and the Municipal Development and Lending Fund are responsible to administer the implementation of the program. In order to achieve this, a committee, headed by the Ministry of Local Government with the Municipal Development and Lending Fund and the Ministry of Finance as members, was formed to oversee the implementation of the program.

The Ministry of Local Government (MoLG) will be responsible for the overall oversight of the implementation of Program sub-Activities I and III, while MDLF will be responsible for the overall management of Program Sub-Activities II and IV. MDLF is also responsible for carrying out Program Management activities in its capacity as the Program Secretariat bearing the responsibility to develop the needed reports to the funding parties.

11.5 Grants Allocations Mechanism

- Upon meeting the LGSIP eligibility criteria, capital investment grants would be allocated based on a simple per capita formula. The eligibility assessment will be done by MoLG on an annual basis, verified by the (Independent Verification Agent) IVA.
- Grant allocations per VCs will then be calculated by the MDLF, as the Program Secretariat performing the Program management function. Grants would be allocated annually based on the recurrent annual cycle.
- For joint projects financed by Conditional Capital Grants, additional funding would be provided as a 'top-up' capital grant, determined by the sum of pooled individual allocations of participating VCs multiplied with an incentive factor of 9.
- Individual allocations would be small but provide a predictable annual grant allocation to VCs. Per capita allocations under the annual capital, grants are designed to match at minimum the current Transportation Fee allocation of around NIS25.00 (US\$6.5 equivalent) to provide a meaningful source of timely and predictable revenues and to serve as an incentive for reform. At appraisal, the amount was agreed to be US\$9.0 per capita.

11.6 Disbursement Linked Indicators

The LGSIP would use the PforR financing instrument to leverage financial incentives to achieve results and mainstream reforms into the PA systems. The PforR would help support system changes across the program by leveraging the actions contained in the Program Action Plan (PAP) and Disbursement Linked Indicators (DLIs) to trigger positive responses on needed reforms in the sector. Program funds will be released based on the attainment of results, instead of as inputs to achieve results. This shift would achieve mainstreaming of critical reform initiatives into the formal PA systems, which has not always been possible with a traditional Investment Project Financing approach

The DLIs have been selected according to the Program's incremental result chain so critical results can be achieved during the early stage of the Program for building incremental results to reach the PDO

A. Results linked to the signing of the agreements (pre-results):

- Enabling steps to strengthen local governance adopted by MoLG: (i) Standardized governance framework for joint service provision; (ii) Formula for annual capital grant allocations finalized; and (iii) Local Government Procurement Instructions.

B. Results linked to the implementation of a program (indicators linked to exchange):

- Timely communication and disbursement of Formula-based Annual Capital Grant allocations to VCs
- Percentage of VCs meeting LGSIP eligibility criteria annually
- Cumulative number of joint projects approved
- Aggregated expenditure (percentage) of approved joint projects
- Steps to improve transparency and predictability of Transportation Fee adopted by MoLG: (i) transportation fee reform directive submitted for approval to Cabinet of Ministers; and (ii) share of transportation fee disbursed annually to VCs on a per capita basis and in a timely manner
- Capacity Building Activities delivered by MoLG based on their annual capacity Development Plan.

11.7: Implementation Status

Progress at the General Framework Level

- The LGSIP agreement was signed with the World Bank on March 14th, 2016 for USD 5M. On April 11th, 2016, the project was launched at the government level. Since then, work on necessary preparations was commenced, which makes it possible to obtain necessary financing through achieving results, since the program is results-based.
- The Allocation of funds' formula was adopted for individual and joint projects, more specifically:

The value of the annual financial allocation per village = population according to the PCBS * 9 USD

The value of the joint project = value allocated fund to the village council * 9 times

- The report was prepared by the General Secretariat of the Council of Ministers (verification agency) Indicating that the MoLG has made the first of two results of the program granting it a million dollars. These results are:
 - Adopting the allocations formula
 - Amending the JSCs law
- The program was launched at the level of village councils through a workshop held on October 25th, 2016, under the patronage of H.E. the Deputy of MoLG, and the general director of Municipal Development and Lending Fund. The workshop introduced the idea of the project and actions associated with it, the roles of each ministry and the MDLF, and the requirements for qualifications; also, how to prepare development plans, financial management and budgeting.
- On June 28th, 2016, the general procurement law was passed by the ministerial council, coming into force starting on July 1st, 2016.
- The head of the Higher Council for the Public Procurement Policies (HCPPP) was contacted for this specific law. The information and instructions were issued through the MoLG on December 14th, 2016, to the Local Government directorates, which in return circulated the information to the village councils at their own governorates.
- Seven Orientation sessions for the benefit of all VCs, JSCs, & MoLG staff were conducted between Feb 12nd until March 7th, 2017. (this was done in cooperation with the World Bank).
- The Bidding documents were prepared and submitted to the eligible VCs.
- The Independent Verification Agent was contracted by MDLF in October 2016, to conduct verification on the DLIs achievements in accordance with the target indicators indicated in the LGSIP-PAD. Two DLIs were verified by the IVA, DLI 1, DLI 7 for year 1 as per the DLIs timeframe.
- The IVA used the following approach to conclude the findings:

Document and literature review,

Semi-structured Key Informant Interviews and

Validation-Verification Assessment

- The IVA submitted the 1st verification report which was shared with the WB and the programme committee, concerning (DLR 1.2: MoLG Issued Procurement Instructions for LGUs to follow in procuring local services) and (DLR 7.1: Five Year Capacity Development Plan prepared). The IVA confirmed the achievement of both DLRs, where the total financing amount to be disbursed against the achieved and verified DLI is (\$ 800,000 and \$200,000, respectively).
- The IVA has started the 2nd round of verification concerning the DLRs related to 2017 achievements.

Progress Per Component

A. Annual capital grants for delivery of Local Services

1st round annual grants to VCs (2016-2017)

- All of the involved villages carried out meetings, and steps agreed upon under the clauses of simplified procedures for the preparation of the annual development plans. The presence of previous experience in the field of planning helped achieve these results, as well as the assistance of consultants and volunteers on the ground that facilitated these meetings.
- All of the plans were received with the exception of two villages in Jerusalem governorate.
- All received development plans were publicly disclosed through one or two methods, namely: (i) The gateway/website to the local government units: *baladiyat.ps*, a total of 63. (ii) Through social networking pages for the village councils.
- All budgets submitted, **totaling 63**, were disclosed through the *baladiyat.ps* website. Noting that it will be published through the program of public administration for budgeting, following the completion of approvals from the MoLG.
- The list of 61 eligible VCs was approved by the project committee.
- The total estimated value of the projects listed for the year 2017 through LGSIP was 1.684M USD, where the contribution from the village councils would be to cover the difference between the allocated amount and the estimated cost.
- The value of financial allocations for the eligible 61 village councils is US\$ 1,541,682 where the projects implementation status is described as follows:
 - 14 Large VCs out of 61 eligible VCs started the implementation of their sub Projects : 4 (NCB with amount of 222,174 \$) , 10 (shopping with an amount of US\$ 394,308)
 - 14 small VCs out of 61 eligible VCs also started the tendering process through qualified JSCs (shopping with an amount of US\$ 234,239)
 - 33 small VCs out of 61 VCs are waiting the approval of the last version of the agreement to be signed between them and the nearest Municipality or eligible large VC (the sum of their allocations is 645,961 \$)

2nd round annual grants to VCs (2017-2018)

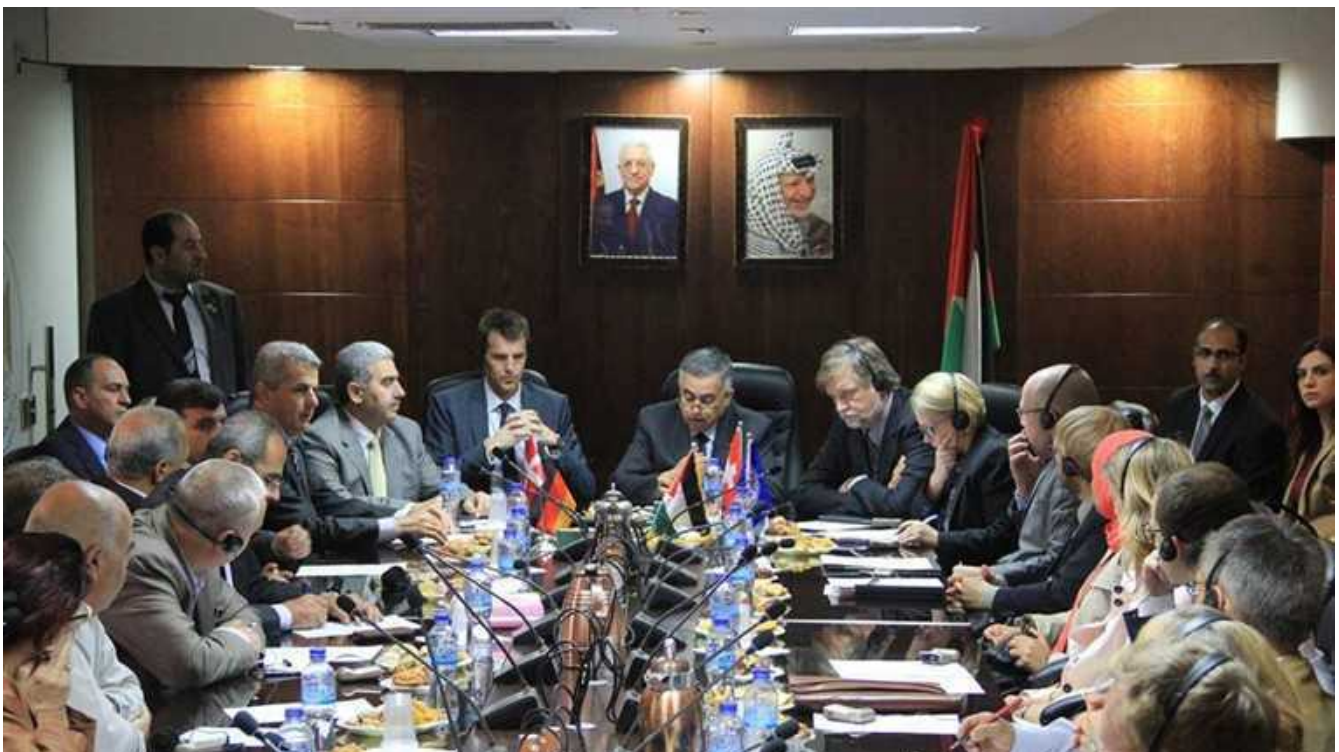
- All of the involved villages carried out all field activities, meetings and steps agreed upon under the clauses of simplified procedures for the preparation of the annual development plans. The presence of previous experience in the field of planning helped achieve these results, as well as the assistance of consultants and volunteers on the ground that facilitated these meetings.
- All of the plans were prepared and disclosed on time.
- All received development plans were publicly disclosed through one or two methods, namely: (i) The gateway/website to the local government units: *baladiyat.ps*, a total of 139. (ii) Through social networking pages for the village councils.
- All budgets submitted, totaling 139, were disclosed through the *baladiyat.ps* website. Note that it will be published through the program of public administration for budgeting, following the completion of approvals from the MoLG.
- Meetings were conducted with the mobilizers and Planning Department to clarify the procedures of preparing the ACIP and communication mechanism (Planning Department , District Offices, Program Coordinator). In the current cycle the arrangement became more institutionalized at the district level.
- In each governorate, launching meeting was conducted under the supervision of MOLG district office.
- The list of 139 eligible VCs was approved by the project committee out of which 17 VCs are located in Area C, meaning that only 122 VCs will be targeted by the 1st component of the project.
- In terms of the annual grants to the eligible VCs, a total of US\$ 3,296,889 targeting 122 eligible VCs. Out of which:
 - 37 large VCs with a total allocation US\$ 1,721,484.
 - 78 small VCs – members of qualified JSC – with a total allocation US\$ 1,420,110.
 - 7 small VCs –members of unqualified JSC – with total allocation US\$ 155,295.

Conditional Capital Grants for Investment in Joint Projects

- The joint services council's by-law was updated and endorsed as of 26th of February 2016.
- The establishing agreement of the Joint Service Council and its affiliated villages was upgraded.
- Assessments have been completed for the Joint Service Council. A special report of the assessment will be published pursuant to its review by partners.
- Orientation workshop with the 3 targeted qualified JSC for the joint project was conducted.
- MDLF has received a list of proposed joint projects through the MOLG. The proposed projects are still under appraisal and will be shared with DPs once the appraisal is completed.

B. Capacity Support for Strengthening Local Governance Institutions

- A general framework for capacity building plan was introduced and adopted by the MoLG as well as FPs, with activities designed in line with the MoLG's policies. Where the operational capacity building plan for 2017 included the capacity building in the areas of planning, procurement management, budgeting, financial management, infrastructure management, and environmental management.
- MOUs and partnerships were signed with GIZ through LGRP program as well as the BTC through LGRDP Program in February 2017.
- The capacity building plan has been implemented through training workshops in various fields as well as by learning through practice (on the job training).
- Many of TORs were prepared and reviewed by the MOLG, GIZ, and BTC and some of the activities are now under implementation.
- A number of training workshops related to general procurement will be carried out as soon as the HCPMP finalizing the preparation of the Standard Bidding Document. The workshops will target engineers at village councils and joint-service councils as well as individuals responsible for procurement, in addition to the staff of MoLG and related directorates. The objective of these workshops is to familiarize the participants with the framework of the procurement law for 2014 and the system related to it.
- Several trainings in the fields of Procurement, Budgeting, Financial, Infrastructure management, Community Planning were conducted.



Anticipated Activities:

Table 29: Anticipated Activities for the coming 6 months

Item	Q4 (2017) – Achieved	Q1+Q2 (2018) – Anticipated
Signing the Cooperation Agreement		Immediately after getting the approval from DP
Implementation of VCs single projects for the (61 eligible VC)	Supervise the Implementation on site	– Continue supervising the ongoing projects in the 14 large VCs. – Finalize the contracting arrangements regarding the projects of the 14 small VCs –the members of the qualified JSCs. – Finalizes the procurement arrangements for the projects of the 33 small VCs –not members of a qualified JSCs – by focusing on the implementation through the nearest Municipality.
JSCs Assessment	Modified Assessment report was sent to DPs.	Appealing +publishing
Implementation of VCs single projects for the 2 nd round for annual grants – (122 eligible VC)		Revision of the projects profiles, Preparation of Bidding documents Implementation
Item	Q4 (2017) – Achieved	Q1+Q2 (2018) – Anticipated
Capacity Building Action Plan	Update the 2017 action plan and check to be comply with the Capacity Development Plan framework	Prepare the 2018 detailed capacity building action plan
Translation of POM	On Going	To be finalized
Finalizing the evaluation of the financial management capacity Building Assignment		Starting the implementation of activities regarding the financial management capacity building assignment, where the implementation is expected to continue for 3 years.
Selecting Joint projects	Identifying the new JSCs that will benefit from the 2 nd component.	Selecting 4 Joint projects
communication of the ACIG allocation to VCs		by January 15 and transfer of ACIG to eligible VCs by Jan 31 st , 2018

11.8: Achievements

Table (30) below indicates the achievement against the DLRs showing that:

DLR 1.1 was achieved where the standardized governance framework for joint service provision and the Adoption of formula for annual capital grant allocation for VCs/ JSCs was adopted by MOLG early 2016. Additionally, **DLR 1.2** was also achieved, where the MOLG issued the procurement instructions for LGUs to follow in procuring local services.

Moreover, **DLR 2.1**, namely the communication of the ACIG allocation to the VCs by January 15 and transfer of ACIGs to eligible VCs by January 31, was achieved where the communication was done prior the due dates. Additionally, **DLR 7.1** was achieved having a Five Year Capacity Development Plan in place.

It is worth noting that the IVA has started the verification of the DLRs achievements for the year 2017 concerning the following: (**DLR 2.1, DLR 2.2, DLR 3.1, DLR 3.2, DLR 6.1, DLR 7.1**) as illustrated in table 26 below.

Note: see Annex B for more details on the results achieved as per the RFW.

Table 30: LGSIP Achievements against DLIs

	Total Financing Allocated to DLI	% of Total Financing	DLI Baseline	Indicative timeline for DLI achievement					
				Prior Result	Year 1	Year 2	Year 3	Year 4	Year 5
DLI 1: Enabling steps to strengthen local governance adopted by MoLG			no	DLR 1.1 (i) Standardized Governance framework for joint service provision adopted; (ii) adoption of formula for Annual Capital Grant allocation for VCs/JSCs	DLR 1.2 MoLG Issued Procurement Instructions for LGUs to follow in procuring local services	N/A	N/A	N/A	N/A
Allocated amount (\$m):	1.8	10%		1.0	0.8	-	-	-	-
Achievement Status				Achieved upon the verification from the Prime Minister Office.	Achieved upon the verification from the IVA				
DLI 2: Timely communication to VCs of the formula-based Annual Capital Investment Grant (ACIG) allocations and timely transfer of ACIGs to eligible VCs			No		N/A	DLR 2.1 Communication of the ACIG allocation to the VCs by January 15 and transfer of ACIGs to eligible VCs by January 31	DLR 2.2 Communication of the ACIG allocation to the VCs by January 15 and transfer of ACIGs to eligible VCs by January 31	DLR 2.3 Communication of the ACIG allocation to the VCs by January 15 and transfer of ACIGs to eligible VCs by January 31	DLR 2.4 Communication of the ACIG allocation to the VCs by January 15 and transfer of ACIGs to eligible VCs by January 31
Allocated amount (\$m):	3.2	18%				0.8	0.8	0.8	0.8
Achievement Status						Achieved and still to be verified by the IVA	Achieved and still to be verified by the IVA		
DLI 3: Percentage of VCs meeting the Program eligibility criteria annually			no		N/A	DLR 3.1 50%	DLR 3.2 60%	DLR 3.3 70%	DLR 3.4 70%
Allocated amount (\$m):	5.0	28%				1.0	1.0	1.5	1.5
Achievement Status						Partially Achieved and still to be verified by the IVA	Partially Achieved and still to be verified by the IVA		
DLI 4: Cumulative number of Joint Projects approved			0		N/A	DLR 4.1 6	DLR 4.2 10	DLR 4.3 14	DLR 4.4 18
Allocated amount (\$m):	4.0	22%				1.0	1.0	1.0	1.0
Achievement Status						Not Yet Achieved			

	Total Financing Allocated to DLI	% of Total Financing	DLI Baseline	Indicative timeline for DLI achievement					
				Prior Result	Year 1	Year 2	Year 3	Year 4	Year 5
DLI5: Aggregated expenditure percentage of approved Joint Projects			0		N/A	N/A	DLR 5.1 30%	DLR 5.2 40%	DLR 5.3 50%
Allocated amount (\$m):	1.5	8%					0.5	0.5	0.5
Achievement Status									
DLI 6: Steps to improve transparency and predictability in the allocation Transportation Fee adopted by MoLG			No		N/A	DLR 6.1 Transportation fee reform directive submitted for approval to Cabinet of Ministers	DLR 6.2 At least 25% of annual allocation of TF to VCs is disbursed using the criteria set out in the Program Operations Manual	N/A	N/A
Allocated amount (\$m):	1.0	6%				0.3	0.7		
Achievement Status						Achieved and still to be verified by the IVA			
DLI 7: Capacity Building Activities delivered by MoLG based on their Annual Capacity Development Plan			N/A		DLR 7.1 Five Year Capacity Development Plan prepared	DLR 7.2 Annual Capacity Development Plan executed	DLR 7.3 Annual Capacity Development Plan executed	DLR 7.4 Annual Capacity Development Plan executed	N/A
Allocated amount (\$m):	1.5	8%			0.2	0.4	0.5	0.4	N/A
Achievement Status					Achieved upon the verification from the IVA	Achieved and still to be verified by the IVA			
Total Financing Allocated(in \$m):	18	100%		1.0	1.0	3.5	4.5	4.2	3.8



11.9: Obstacles and Challenges

Obstacles faced during the preparation of the annual planning can be summarized as follows:

- Most residents were busy with their own work, thus were unable to find the necessary time for meetings. This meant that meetings were only carried out during weekends or at night, limiting the public participation in developing the plan, specifically affecting women and youth from participating.
- Short-period limited the ability to carry out a major community mobilization, which was necessary to increase the participation of citizens.
- Limited skills by the staff of village councils in different areas of capacity, including skills to draft, utilizing tools for disclosure, ability to conduct meetings, describe projects...etc. All of which meant higher reliance on consultants.
- Challenges in coordination between various public departments at the ministry, donors, as well as MDLF.
- Lack of staff meant to aid the coordinator in logistics.
- Standard Bidding Documents (SBD) are not ready yet, however, the MOLG in cooperation with the world bank update forms and those will be used until the SBDs become ready.





Success Stories

SUCCESS STORY

Renewable Energy– Solar Photovoltaic Pilot Project “REPP”

Connecting the Main Building at Dier Al-Balah Municipality with Solar-Photovoltaic Cells

Gaza Strip suffers a severe shortage of electricity, which affects the ability of its municipalities to provide their municipal services. Moreover, in order to meet the minimum community needs, the municipalities are using standby electricity generators to supply power for the facilities, which increases the cost incurred by the municipalities in their effort to sustain their services with minimum standards. It was proven time and again that this method has worsened and prolonged the financial deficits of the municipalities in Gaza. Even had its toll on the economy and environment due to the usage of diesel generators.

As part of the strategies which municipalities have adopted to cope with the crises and to decrease also the Gaza Electricity Distribution Company “GEDCO” bill, the municipality of Dier Al-Balah approached the MDLF to get a support to finance 15 KW PV system for the Municipality Building.

The MDLF eagerly complied with the idea and decided to implement the project, which has since achieved some major outcomes. Today, the municipality’s building has a continuous supply of the needed electricity and has decreased the operational expenses of fuel and the GEDCO bill. Moreover, the municipality decreased the amount of fuel needed to operate a standby generator by 500-liter. Squares per month, with a significant environmental benefit. The estimates of relevant mitigation of CO2 emissions could be as much as 8.9 and 2.2 tons of CO2 per year for the PV-systems at Deir Al-Balah.

In 2016, Deir al-Balah saved 7,594 NIS in total. This is equivalent to 12,657 KWh of energy saving for that year. The analysis showed that the payback period of the PV-system at Deir Al-Balah under the present conditions is 3.2 years, and the IRR was calculated at 36% (assuming 20 years of life for the system).

Due to the tangible benefits of the project, the municipality decided to emphasize more on the renewable energy projects and would be extending the current of the installed system to 15 KW in order to increase the generated quantities of renewable energy.

With the success of the project, and considering how the project replication would be easy, as design and implementation may be replicated with some effort, this has encouraged the municipality to plan a fundraising initiative for new renewable energy projects to feed the streets lighting network, municipal water wells, water tank, wastewater facilities and the public gardens.

For Gaza Strip, selecting Off-grid Solar PV with an option to use the grid as back feed to charge the system batteries when the solar input is offline, and to turn into On-Grid at the moment electricity outage happens, has countless benefits and fill a dire need for power.

The Renewable Energy– Solar Photovoltaic “REPP” is one of the pilot initiatives under the Municipal Development Program-phase II. It is funded by the World Bank, and is currently being piloted at nine municipalities in the West Bank and Gaza Strip. The renewable energy pilot project (REPP) aimed to install 100KWp of solar Photovoltaic on municipal buildings rooftops for the pilot municipalities in the West Bank and in Gaza Strip, where the piloted system is expected to reduce the municipal building electrical load in the range of (20-90)% and minimize the operational expenses on energy. The pilot project is also considered an awareness and knowledge passing for municipalities and citizens.



SUCCESS STORY

Municipal Development Program – Phase II

The Rehabilitation of the Historic Nahda Street in Al-Bireh City

A stroll down to Nahda Street in the city of al-Bireh is an eccentric walk in a scenic setting that combines a history of over 120 years when it was first laid down with its current shape.

On both sides of the street that is covered with some of the oldest trees in the city, one can witness a combination of beautiful architectural elements from that period: Friend School, which was built in 1901, Swift house, which was built in the 1910s, Ronaldo Youth Rehabilitation center which was built in the 1920s, the International Academy of Art- Palestine, whose mansion was built in the 1930s. A number of the city's iconic shops and British Mandate-era mansions from the 1940s are located on this road, the Jordan-era architecture homes from the 1950s, 1960s and on. With banks, cafes, a stadium and other shops, it also happened to be the city's primary road that connects it with Ramallah's downtown main road and the recognizable Manara square.

The municipality of Al Bireh, in the middle area of the West Bank, decided to use an amount of €575,937 which they had received from the MDP fund, for the rehabilitation of the Nahda Street in the city. Being one of the chief streets in the city, Nahda Street is located in the commercial center of Al-Bireh. Constantly crowded with both pedestrians and automobile traffic, the project aimed to facilitate the movement on the road especially for the students and the shoppers, making it safe to use the sidewalks, and encouraging the commercial prospects within the city.

The project was composed of the rehabilitation of about 0.7 km-long roads, some 1,400 meters of sidewalks were rehabilitated. At the same time, the project aimed to renew all infrastructure services that runs below the street. The completion of the project improved the air-quality and environment through significantly reducing the dust in the commercial area.

It is worth mentioning that the project contributed to facilitating the movement and improving the accessibility of about 5,000 residents living in the areas adjacent to the road and another 12,000 cars and pedestrians from all-over the West Bank who use the road on daily basis, or who pass through it for shopping, using banking services or visiting official departments and ministries.

The project to rehabilitate the Nahda Street proved vital due to its tangible impact on the community by facilitating the road accessibility, the social development, historic preservation, and the environmental safeguard

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Objectives:

Development Objective: to improve the municipal management/governance practices and to ensure the better coverage of services with better quality.

Long-Term Objective: to contribute in strengthening municipal governance to enable municipalities to become creditworthy and thereby access resources from the market for investments that will enhance municipal service delivery.

Funding Partners:

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Program Windows:

- Window 1: Infrastructure Investment
- Window 2: Innovative Projects
- Window 3: Capacity Building
- Window 4: Program Management
- Window 5: Emergency Financing for Gaza



SUCCESS STORY

Municipal Development Program – Phase II

Development of the Entrance of Yatta City

Yatta, or Yuta as it was known by its Canaanite name due to its flat-land, is one of the largest Palestinian municipalities and one of the fastest growing localities in Palestine.

At the dawn of the creation of the Palestinian Authority, Yatta was only a village 12 Kms south of Hebron, about 60 Kilometers south of Jerusalem. Nonetheless, it grew exponentially during the past 20 plus years, serving as a center for all of its numerous surrounding villages as Yatta occupies one of the largest landmasses stretching from Hebron to the North and the Dead Sea to the East. The city's 133 Km² includes a built-up area of about 32 Km².

Yatta has an Ottoman-era city center and is home to numerous excavations that revealed early Christian churches, ancient palaces, and mosques.

The city has a young population, the third-fastest growing population figures in Palestine, with a 4.5% annual increase rate, the latest figures for Yatta demonstrate a population of nearly 105,000 inhabitants, over half of which live in the city.

With little attention paid to Yatta during the formative years, the municipality understood the need to rehabilitate its infrastructure and internal roads which would guarantee social and economic benefits of the city. Thus, the municipality requested support to help in the construction and rehabilitation for 2 km long roads divided across three segments which are: Zeif Road, AdDweir Road and She'b Iseleh Road.

Work on site included the excavation, supply of base-course and asphalt, culverts, retaining walls, concrete shoulders for steep roads, sidewalks and medians, and furnishing the road with traffic signs and paint.

With a total length of 2.1 Km, and a total value of € 318,700 , the project did not merely provide an aesthetically appealing entrance to the town, but also it helped in the development of Yatta city, its local surrounding, and communities who use the services provided by the municipality. Furthermore, the project not only organized traffic, it also helped solve the chronic traffic congestion, helping residents and visitors access vital facilities in a timely manner. Overall, the project improved service-quality provided by the municipality.

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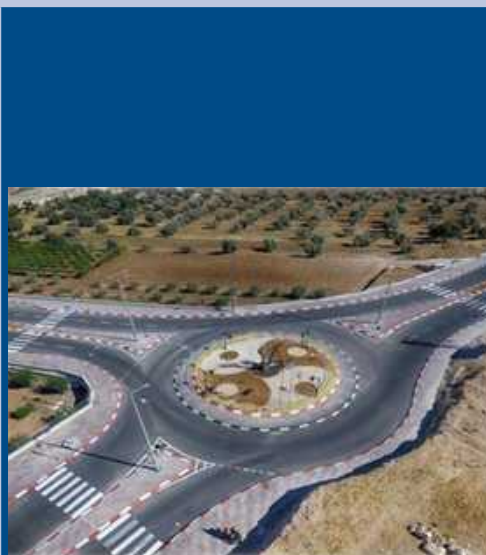
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Program Windows:

- Window 1: Infrastructure Investment
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SUCCESS STORY

Municipal Development Program – Phase II

Construction a Public Garden in the town of Bala’a

Located on the highest mountains in the Tulkarm Governorate and overlooking the Mediterranean, the town of Bala’a has both a historic significance as well as strategic location.

The town of Bala’a was first inhabited by the Canaanites, it was later inhabited by the ancient Romans, but soon established by the Muslims to serve as a primary distribution center due to its naturally fortified position on the highest mountain in the area, and being surrounded by mountains.

With an Umayyad-era old town, a number of historic sites, the town also boasts being home to Mintar mountain, the point from which the great 1936 Palestinian revolution was sparked.

The town’s 9,500 residents and it’s location high up the mountain, the municipality of Bala’a desired to invest in the rehabilitation of their public garden known as “the Mother and Child Park” with an area of 3,000 Sq.m.

The project comprised of excavation works and ground leveling of the garden. It also included concrete works, walls, and maintenance of the building of an existing health unit, as well as tiling, works for corridors, squares, and family gathering areas. The garden required the construction of umbrellas and the supply and installation of wooden seats, it also needed to provide more of, and rearrangement of, the slides and children play tools, which were located over sand for protection purposes against injuries.

The garden demanded more green areas, thus lawn was laid down and trees were planted, with an appropriate lighting works. The garden also included a small swimming pool for children.

The public garden in Bala’a provided a safe and an appropriate and healthy space for children to play, and for mothers to spend more leisure time with their children, especially during the holidays.

The garden has a cafeteria building that would serve customers and provide a meeting place for the residents of the town.

So far, the garden has been used to host a number of events. In one such an event, “Fun Day” which was carried out by the Municipal Development and Lending Fund, with music, food and clowns, pre-school aged children’s laughter and screams could be heard from a distance. A young child approached the camera-man to tell him “I wish we always had this park! This is the best day I ever had!”

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SUCCESS STORY

Municipal Development Program – Phase II

The Citizens Services Center in Silwad

At the beginning of each year, Abdul Karim Ayad, a 60 years old retired teacher goes to pay his annual Property Tax, Rent Tax, and other fees at the Salwad Municipality, northeast of Ramallah. This year, he visited the Citizen Services Center in Silwad, which was established through the Municipal Development and Lending Fund under the Municipal Development Program-Phase II.

"In the past, I had to go up three floors to get things done at the municipality. I had difficulty finding the right department responsible for any of my problems" Ayad said. "Today, with only one step, I get the necessary services in place. I can have my inquiries and questions answered and I can even get the answers I want from the new automated system."

Equipped with modern appliances that facilitate the transactions between the municipality and citizens, the Citizen Services Center, which is located in the center of the town, was once a medical clinic before the later was moved elsewhere and the space developed in cooperation with the Municipal Development and Lending Fund in 2016.

"The new system is a modern and more organized system than the traditional system, which depended on citizens' follow-up with members of the municipal council and municipal employees directly," said Eng. Khaled Yacoub of Silwad municipality. "Now, with the use of the electronic system, the citizens may submit their applications at the services center. A municipal employee enters the request through a special software provided by the Municipal Development and Lending Fund, to be followed up by the right municipal employees and members of the municipal council" he explained.

For her part, the director of the center, Ola Hamed, expressed her satisfaction with complaints system, which allows complains to be sent to the responsible department at the municipality, "which examines the problem and sends a response to the complaining citizen "she said.

The Center has created one window for the citizen through which all the municipality's information, transactions, and services are obtained without the need to physically move between the various municipal departments to obtain services.

The center helped improve the communications between the municipality and its citizen, which helped enhance the trust levels of the local community in regards to the performance of the municipality, and positively affected the responsiveness and reduced the debts due to the municipality.

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Program Windows:

- Window 1: Infrastructure Investment
- Window 2: Innovative Projects
- Window 3: Capacity Building
- Window 4: Program Management
- Window 5: Emergency Financing



SUCCESS STORY

Municipal Development Program – Phase II

The Restoration of the Historic Town of Silwad

Near the vicinity of the old historic center, the MDLF embarked on a challenge to rehabilitate the old center of the town of Silwad, at a cost of only € 95,000. Nonetheless, despite the small fund, the final results contributed to the revival of the old center and helped preserve and showcase it as a cultural heritage site.

Engineer Khaled Yacoub of Silwad Municipality confirmed that it was indeed the first time such a project has been implemented to renovate the old town in Silwad. Yacoub stressed that the project has received satisfactory feedback from the town residents, and that it has brought back life to the old town, encouraging some citizens to plan to reopen closed shops and carry out events.

The project extends along the 600-meter-long street that starts from the beginning of the old town to an area known as “Al-Sahla”. Yacoub explained that 300-meter-long was covered with interlock blocks to imitate the style that once-existed on the site. Furthermore, the project contributed to reducing air pollution in the region.

Residents were asked about the project, Nasrullah Fu’ad, a shopkeeper in the Old City explained how “The rainwater used to flood the street and often flooded the local business compound in the area, I myself incurred losses due to flooding”.

However, since the rehabilitation of the street with good drainage, the old town became clean and rainwater is no longer flooding the area. “There are spaces to park vehicles, which have contributed to an increase in shopping activities” he confirmed.

“The street was full of holes, we had difficulty walking and moving especially in the winter. Today, the situation has improved and people are entering the old town more and it has become a suitable place for people to gather together even for celebrations” said town resident Jihad Hammad.

The project serves the local community on many ends, creating a sense of pride among residents and visitors, and highlights often obscured buildings and archaeological and architectural gems. The Municipal Development and Lending fund hope that such interventions would encourage residents and visitors to pay more visits to smaller localities, helping to contribute towards its economy and tourism, and advancing the establishment of stronger communities.

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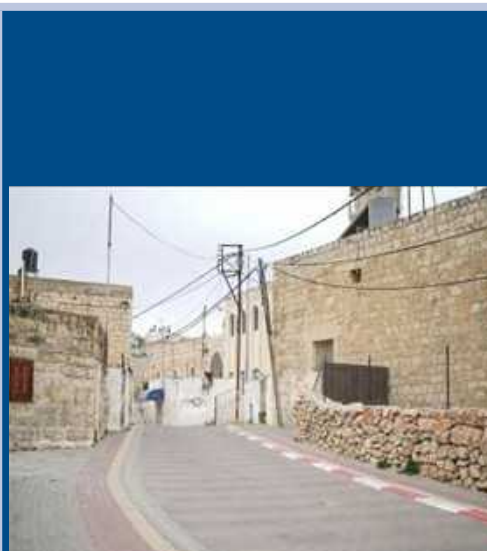
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Program Windows:

- Window 1: Infrastructure Investment
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SUCCESS STORY

Gaza Solid Waste Management Project “GSWMP”

Transforming Livelihood of Waste-Pickers

The Construction of Al Fukhari (Sofa) Sanitary Landfill started in December of 2016 after two months of mobilization. During 2017, the construction of Al-Fukhary sanitary landfill continued despite the presence of challenges from the unsafe conditions of the existing landfill, which was expected to receive daily incoming solid waste from Rafah Governorate throughout the new landfill’s construction period. With a short-term cell, the design was completed to reshape the existing landfill, removal of the obstacles of scattered waste present in the area of the new landfill cell’s, and ensuring continuity of receiving daily incoming waste from Rafah Governorate throughout the construction period of the new landfill.

Nonetheless, the improvement in the environment and social benefits that could be reaped from such a project posed a new challenge, as more and more waste pickers who made their livelihood from picking through recyclables items feared losing their only source of income, regardless of how little it was.

The majority of the former waste pickers at the new landfill construction site did not have the chance to either continue formal education or training. Living in poverty and picking whatever recyclable items they can find in mountains of solid waste put them in one of most unsafe working environments at one of the lowest pay practices. In an already blockaded Gaza Strip, many of these, mostly young people, lived in marginalized areas with little connections with a solid community; additionally, their sources of livelihood was also located in isolation.

Through the project, and in cooperation with UNDP Productive Families Economic Empowerment Program (DEEP), the former waste pickers received training in late 2017 that would continue into 2018 to prepare them to transform their lives and their livelihood.

The waste pickers received 20 hours training courses to enhance their capacities in establishing small business projects. The training was designed using different tools focusing on using games and initiatives to teach those people because of their low level of education.

The waste pickers are expected to be qualified to start their small business in the first quarter of 2018, thus transforming their livelihoods from unsafe, unpredicted sources of income into new areas with a range of opportunities and social interaction that would impact their lives for years to come, impacting both their social skills and their ability to have the drive to explore the world around them.

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 (approximately 800,000 people) according to the 2014. The 3 governorates are served by the Joint Service Council for Solid Waste Management in the Governorates of Khan Younis, Rafah, and Middle Area (JSC-KRM).

Objectives:

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.

Financing Partners:

GSWMP is financed by the World Bank Group, the French Development Agency (AFD), and the European Union (EU). The project focuses the middle and southern region of Gaza Strip with MDLF as the implementing agency and in coordination with other financing partners (Islamic Development who are focusing on Gaza and the Northern Governorates).

Project Components:

- Component 1: Solid Waste Transfer and Disposal Facilities (USD 20.15M)
- Component 2: Institutional Strengthening (USD 1.65M)
- Component 3: Primary Collection and Resource Recovery (USD 5.10M)
- Component 4: Project Management (USD 3.95M)



SUCCESS STORY

Municipal Development Program – Phase II

Multi-Purpose Building in Abdullah Al-Yunis Village

Under the interim Oslo Accords negotiated by the Israelis and Palestinians in the mid-1990s, land in the West Bank was divided into three areas: Areas A, B, and C. In Area A, the Palestinian Authority (PA) assumed full control for civil affairs and security; in Area B, the PA would similarly administer civil affairs but share security control with the Israelis; and in Area C, Israel assumed responsibility for most civil affairs and has full security control. This arrangement was considered temporary pending a final status agreement on Palestinian statehood.

In the West Bank, Area C represents more than 60 percent of the land. The village of Abdullah al-Yunis in Jenin Governorate is located within Area C, it was established exactly 100 years ago in 1917 to house family members of its founder which it was named after. Today, the village is home to some 200 residents and has not received any services outside its own efforts until the MDLF intervention.

In order to serve the community, a multi-purpose building was proposed and constructed to. The building, which contains a kindergarten for children, provided a safe environment for them as they used to have to walk at least eight kilometers on daily basis in the absence of possible transportation.

The road they had to walk was dangerous as it was not populated, wild animals and feral dogs from the nearby Israeli settlements would often roam freely.

Furthermore, the building also houses a clinic with needed medical facilities, has become the primary address for medical care among the residents. The doctors, provided by the Palestinian Medical Relief Fund, conduct their work twice a week at the center.

In addition, the building contains the permanent headquarters for the village council. Originally, the homes of the village council members served as meeting grounds for the council and were used to keep its official documents. The new location is equipped with computers and the needed furniture. It is currently being used to receive local and international delegations.

"In short, this building came at the right time to strengthen the steadfastness of the citizens in the village of Abdullah Al Yunis and to facilitate the daily lives of children and parents in very viable aspects of life," said Ziad Kabha, head of Abdullah Alyunis Village Council.

The new building, with an area 265 Sq.m includes local council offices (two offices, kitchen, and toilets), a clinic (a clinic room and a nurse room), and kindergarten (two classrooms, administration room, restroom, kitchen, toilets and outdoor playing area).

This project was implemented under the Area C Development Programme-Package I, which was funded by the European Union "EU" through the Municipal Development and Lending Fund "MDLF".

A grant agreement was signed between the MDLF and the EU on December 14th , 2014 in a total of EUR 2 million towards the development of Area C in the West Bank and ended on January 14th , 2017.

The project has targeted the marginalized communities in Area C who are urgently in need to get the basic services including: "access to roads, access to water networks, new playgrounds, additional classrooms, multi-purpose services centers and kinder gardens".

Objective:

The overall objective of this programme is to improve the social and economic conditions of Palestinian communities in Area C which is critical for maintaining Palestinian presence in Area C and for the development of the Palestinian economy.







Annexes

Annexes

- **Annex A: MDPII**
- **Annex B: LGSIP**



Annexes A

Municipal Development Program – Phase 2 (MDP- II)

MDPII - 1st cycle estimated cost										
No.	Financing Partner	WB	WB-AF-Gaza	KFW	KFW-AF-Gaza	AFD	MDTF	Sida	Danish	
		Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	
1	Window 1: Municipal Grants	3,705,000	0	12,085,000	0	0	8,219,000	2,526,500	5,692,500	
2	Window 2: Support to Municipal Responsiveness and Innovations	600,000	0	0	0	700,000	2,110,000	0	2,110,000	
2.1	Piloting Innovations	600,000	0	0	0	700,000	0			
2.1.1	E-governance	325,000	0		0		0			
2.1.2	Renwable Solar Energy	275,000	0		0		0			
2.1.3	Local Economic Development		0		0	700,000	0			
2.2	Post Amalgamation Support		0		0		2,110,000	0	2,110,000	
3	Category 3 (W3): Capacity Building	250,000	0	410,000	0	230,000	545,000	163,500	381,500	
3.1	Capacity Building for Municipalities	250,000	0	410,000	0	0	545,000	163,500	381,500	
3.1.1	Improved Financial managemnet	250,000	0	265,000	0	0	0	0	0	
3.1.1.1	Integrated Financial Management Information System (IFMIS)	250,000	0	265,000	0		0			
3.1.1.2	Fixed Assets Registration and Valuation (FARV)		0		0		0			
3.1.1.3	Training on financial management including: (revenues generation, external audit, budgets,FPM manuals)		0		0		0			
3.1.2	Strategic Development and Investment Plans (SDIP)	0	0	0	0	0	0			
3.1.2.1	Develop SDIPs for Municipalities		0	0	0		0			
3.1.3	Citizen Service Center		0	0	0		545,000	163,500	381,500	
3.1.4	Operation and Maintenance		0	145,000	0		0			
3.1.5	Citizenship, communication and outreach guidelines		0		0		0			
3.2	Capacity Byuilding for MDLF as of strategic plan	0	0	0	0	230,000	0	0	0	
3.2.1	Informative Researches	0	0		0	100,000	0			
3.2.2	Coordination on LED and lending initiatives		0		0	100,000	0			
3.2.3	E-MDLF		0		0	30,000	0			
4. Total W4: Program Management	Window 4: Program Management	945,000	152,174	1,005,000	450,000	70,000	926,000	310,000	616,000	
4.1	MDLF Management Fee (7%)	385,000	152,174	945,000	350,000	70,000	826,000	210,000	616,000	
4.2	Technical Supervison and Assistance (LTC)	460,000	0	0	100,000	0	0			
4.3	Monitoring and Evaluation	40,000	0	60,000		0	0			
4.4	Outreach and communication campaign	60,000	0				100,000	100,000		
5	Window 5: Gaza Emergency Response - Additional Financing	0	2,021,739	0	4,550,000	0	0	0	0	
	Total	5,500,000	2,173,913	13,500,000	5,000,000	1,000,000	11,800,000	3,000,000	8,800,000	

	MDTF-AF-Gaza	GIZ	PA-MOLG	PA	BTC	BTC-AF-Gaza	VNG	SDC	SDC - AF - Gaza	EU/KFW (additional fund for Gaza)	Total (Euro)
	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	
	0	0	3,534,000	3,515,400	930,000	0	0	496,000	0	0	32,484,400
	0	0	0	0	0	0	558,000	0	0	0	3,968,000
	0	0		0	0	0	558,000	0			1,858,000
	0										325,000
	0										275,000
	0						558,000				1,258,000
	0					0					2,110,000
	0	372,000	0	0	0	0	0	620,000	0	0	2,427,000
	0	372,000		0	0	0	0	620,000			2,197,000
	0	306,000		0	0	0	0	0			821,000
	0										515,000
	0	246,000									246,000
	0	60,000									60,000
	0	66,000		0	0	0	0	0			66,000
	0	66,000									66,000
	0							590,000			1,135,000
	0	0									145,000
	0							30,000			30,000
	0	0		0	0	0	0	0			230,000
	0										100,000
	0										100,000
	0										30,000
	608,696	28,000	266,000	264,600	70,000	0	42,000	84,000	103,650	353,781	5,368,901
	608,696	28,000	266,000	264,600	70,000		42,000	84,000	58,300	278,781	4,428,551
	0								45,350	75,000	680,350
	0	0		0	0		0	0			100,000
	0										160,000
	8,086,957	0	0	0	0	350,000	0	0	729,350	3,907,583	19,645,629
	8,695,652	400,000	3,800,000	3,780,000	1,000,000	350,000	600,000	1,200,000	833,000	4,261,364	63,893,929

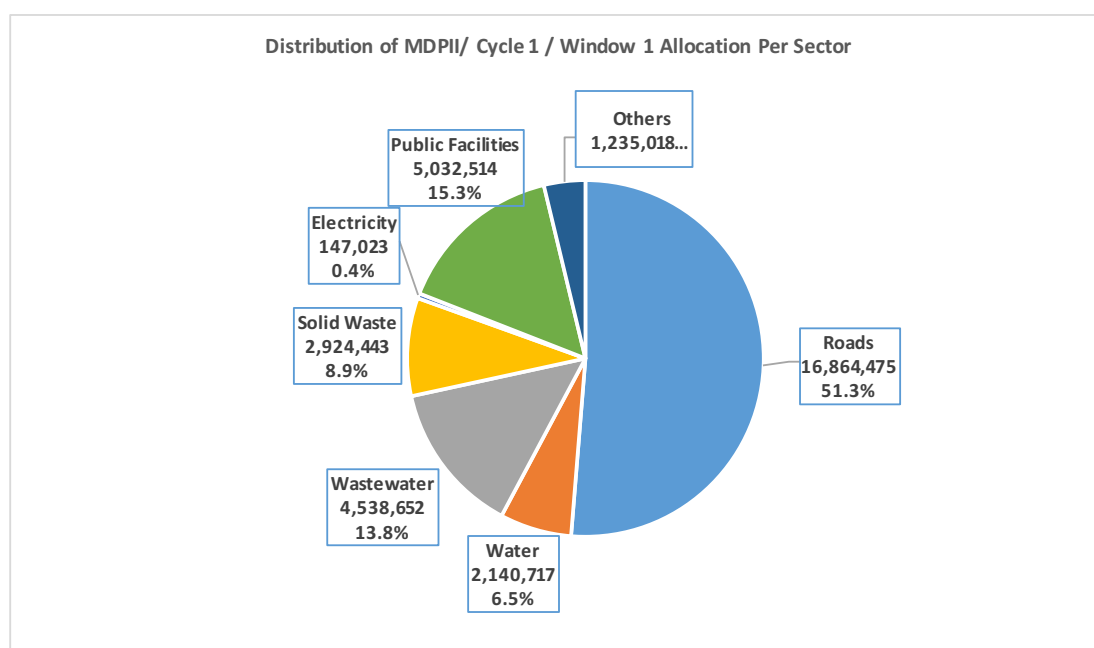
MDPII - 2nd cycle estimated cost

No.	Financing Partner	WB	German FC /KFW (original fund for cycle 02)	AFD	MDTF (original fund for cycle 02)	
		Euro	Euro	Euro	Euro	
1	Window 1: Municipal Grants	1,448,465	6,840,000	5,000,000	6,068,409	
2	Window 2: Support to Municipal Responsiveness and Innovations	0	0	345,000	0	
2.1	Piloting Innovations	0	0	345,000	0	
2.1.1	E-governance					
2.1.2	Renwable Solar Energy					
2.3.3	Local Economic Development			345,000		
2.2	Post Amalgamation Support					
3	Category 3 (W3): Capacity Building	220,000	540,000	170,000	190,000	
3.1	Capacity Building for Municipalities	220,000	540,000	170,000	150,000	
3.1.1	Improved Financial managemnet	220,000	240,000	0	0	
3.1.1.1	Integrated Financial Management Information System (IFMIS)	220,000	240,000			
3.1.1.2	Fixed Assets Registration and Valuation (FARV)					
3.1.1.3	Complementary package for financial management					
3.1.2	Strategic Development and Investment Plans (SDIP)	0	0	0	0	
3.1.2.1	Develop SDIPs for Municipalities		0			
3.1.2.2	Quality Assurance for SDIPs		0			
3.1.3	Citizen Service Center			170,000	150,000	
3.1.4	Operation and Maintenance		300,000			
3.1.5	Citizenship, communication and outreach guidance					
3.1.6	Technical Assistance Tool for Municipalities for Service Quality	0	0	0	0	
3.1.6.1	Development, testing and finalization of a Technical Assistance Tool "Participatory Municipal Monitoring and Evaluation"					
3.1.6.2	Preparation, Review of Pilot Experiences and Incorporation of Successful "Revenue Enhancement Capacity Development" Tools into the IFMIS TA Package within the Municipal Development Programme MDP					
	Social Accountability					
3.2	Capacity Byuilding for MDLF as of strategic plan	0	0	0	40,000	
3.2.1	Informative Researches					
3.2.2	Coordination on LED and lending initiatives			0		
3.2.3	Technical Assistance to MDLF				40,000	
4	Category 4 (W4): Program Management	233,110	620,000	485,000	1,234,504	
4.1	MDLF Management Fee (7%)	133,110	560,000	420,000	524,504	
4.2	Technical Supervison and Assistance	0	0	0	610,000	
4.2.1	Local Technical Consultant				580,000	
4.2.2	Lab Test for Quality Control on window 1 sub-projects				30,000	
4.3	Monitoring and Evaluation	40,000	60,000	65,000	0	
4.4	Outreach and communication campaign	60,000			100,000	
4.5	Contengency					
	Total	1,901,575	8,000,000	6,000,000	7,492,913	

	Sida	Danish	GIZ	PA	BTC	VNG	SDC	EU / KFW	MDTF - (Additional fund- 2nd cycle (Danish)	German FC / KFW (additional fund for Cycle 02)	Total (Euro)
	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	
	1,085,591	4,982,819	0	4,173,300	837,000	0	589,000	6,017,860	5,052,756	9,300,000	45,326,790
	0	0	92,010	0	0	558,000	0	0	0	0	995,010
	0	0	92,010	0	0	558,000	0	0			995,010
			92,010								92,010
											0
						558,000					903,000
											0
	0	190,000	279,990	0	0	0	620,000	500,000	0	0	2,519,990
	0	150,000	279,990	0	0	0	620,000	500,000	0	0	2,414,990
	0	0	30,000	0	0	0	0	0			490,000
											460,000
			15,000								15,000
			15,000								15,000
	0	0	10,000	0	0	0	0	0			10,000
			10,000								10,000
											0
		150,000	174,990				590,000				1,084,990
								340,000			640,000
							30,000				30,000
	0	0	0	0	0	0	0	160,000			160,000
								110,000			110,000
								50,000			50,000
			65,000								
		40,000	0	0	0	0	0	0			40,000
											0
											0
		40,000									40,000
	221,496	1,013,008	28,000	336,700	63,000	42,000	91,000	456,250	380,315	700,000	4,669,879
	91,496	433,008	28,000	336,700	63,000	42,000	91,000	456,250	380,315	700,000	3,734,879
	130,000	480,000	0	0	0	0	0	0			610,000
	130,000	450,000									580,000
		30,000									30,000
			0	0	0	0	0	0			165,000
	0	100,000	0	0	0	0	0	0			160,000
				300,000							300,000
	1,307,087	6,185,827	400,000	4,810,000	900,000	600,000	1,300,000	6,974,110	5,433,071	10,000,000	53,811,669

Distribution of MDPII/Cycle 1/ W1 Allocation Per Sector (in Euro)

Distribution of MDPII/Cycle 1/ W1 Allocation Per Sector (in Euro)								
Sector	Roads	Water	Wastewater	Solid Waste	Electricity	Public Facilities	Others	Total
West Bank	12,854,660	1,212,736	535,551	342,554	147,023	3,141,259	442,744	18,676,527
%	69%	6%	3%	2%	1%	17%	2%	100%
Gaza	4,009,816	927,980	4,003,101	2,581,889	0	1,891,255	792,274	14,206,314
%	28.2%	6.5%	28.2%	18.2%	0.0%	13.3%	5.6%	100.0%
West Bank & Gaza	16,864,475	2,140,717	4,538,652	2,924,443	147,023	5,032,514	1,235,018	32,882,841
%	51.3%	6.5%	13.8%	8.9%	0.4%	15.3%	3.8%	100.0%



Window 1 - Cycle 1 / West Bank

Status	No. of projects	Percentage	Allocation (Euro)	Percentage
Mun. review	0	0%	0	0%
MDLF review	0	0%	0	0%
LTC Review	0	0%	0	0%
Approval	0	0%	0	0%
Tendering	0	0%	0	0%
Evaluation	0	0%	0	0%
Awarded	0	0%	0	0%
on going	2	1%	451,064	2%
Completed	140	98%	18,007,470	96%
Transferred to 2nd Cycle	1	1%	217,992	1%
Total	143	100%	18,676,526	100%

Window 1 - Cycle 1 / Gaza

Status	No. of projects	Percentage	Allocation (Euro)	Percentage
Mun. review	0	0%	0	0.0%
MDLF review	0	0%	0	0.0%
LTC Review	0	0%	0	0.0%
Pre-Approval	0	0%	0	0.0%
Tendering	0	0%	0	0.0%
Evaluation	0	0%	0	0.0%
Awarded	0	0%	0	0.0%
Ongoing	6	3%	1,604,398	11.3%
Completed	228	97%	12,601,916	88.7%
Transferred to 2nd Cycle	0	0%	0	0.0%
Total	234	100%	14,206,314	100%

Window 1 - Cycle 1 / West Bank & Gaza

Status	No. of projects	Percentage	Allocation (Euro)	Percentage
Mun. review	0	0.0%	0	0.0%
MDLF review	0	0.0%	0	0.0%
LTC Review	0	0.0%	0	0.0%
Approval	0	0.0%	0	0.0%
Tendering	0	0.0%	0	0.0%
Evaluation	0	0.0%	0	0.0%
Awarded	0	0.0%	0	0.0%
ongoing	8	2.1%	2,055,462	6.3%
Completed	368	97.6%	30,609,386	93.1%
Transferred to 2nd Cycle	1	0.3%	217,992	0.7%
Total	377	100%	32,882,840	100%

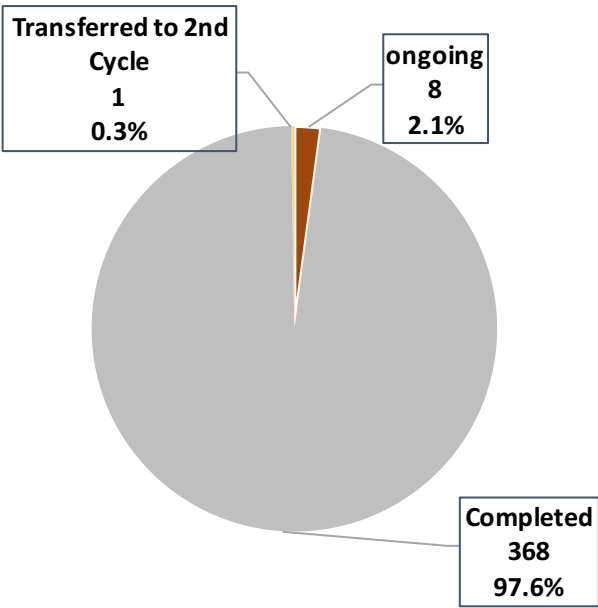
notes:

mun. review: preparing the desing, specifications and bidding documents, getting the approvals from inline ministries (if needed)

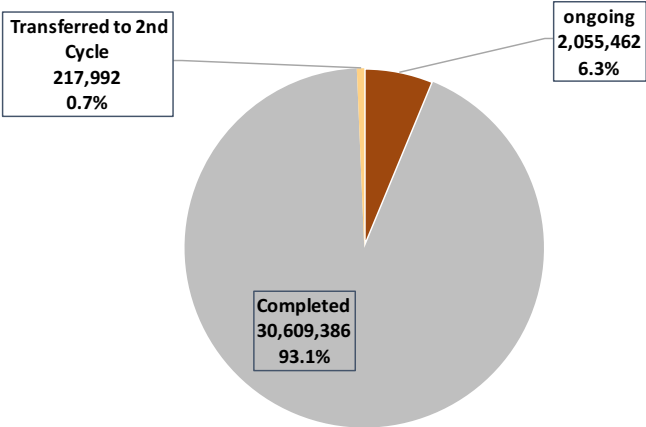
LTCs review: verify the desing, the specification and the bidding documents

MDLF review: final verification prior the approval on the tendering.

Status of W1-1st cycle - in terms of No. of Sub.projects



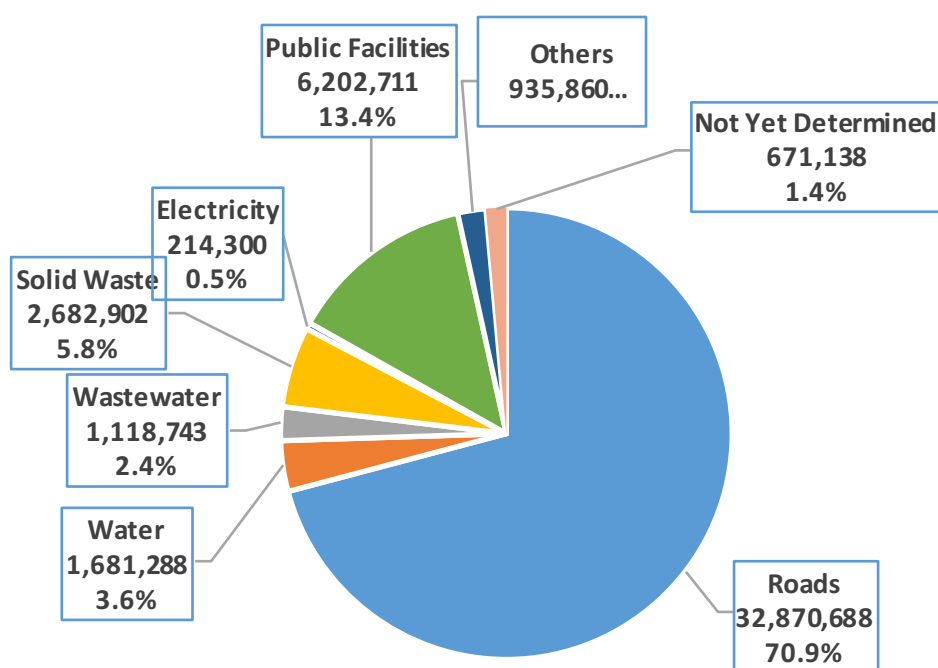
Status of W1- 1st cycle - in terms of Sub.projects Allocation



Distribution of MDPII/Cycle 2/ W1 Allocation Per Sector (in Euro)

Sector	Roads	Water	Wastewater	Solid Waste	Electricity	Public Facilities	Others	Not Yet Determined	Total
West Bank	21,779,990	466,821	159,386	107,967	214,300	2,248,461	657,881	516,138	26,150,944
%	83%	2%	1%	0%	1%	9%	3%	2%	100%
Gaza	11,090,698	121,446	959,357	2,574,935		3,954,250	277,979	155,000	20,226,686
%	54.8%	6.0%	4.7%	12.7%	0.0%	19.5%	1.4%	0.8%	100.0%
West Bank & Gaza	32,870,688	1,681,288	1,118,743	2,682,902	214,300	6,202,711	935,860	671,138	46,377,630
%	70.9%	3.6%	2.4%	5.8%	0.5%	13.4%	2.0%	1.4%	100.0%

Distribution of MDPII/ Cycle 2 / Window 1 Allocation Per Sector



Window 1 - Cycle 2 / West Bank

Status	No. of projects	Percentage	Allocation (Euro)	Percentage
Mun. review	0	0%	0	0.00%
MDLF review	1	1%	46,971	0.18%
Approval	0	0%	0	0.00%
Tendering + Retendering	0	0%	0	0.00%
Evaluation	1	1%	14,340	0.05%
Awarded	1	1%	1,755	0.01%
on going	10	6%	1,412,616	5.40%
Completed	158	92%	24,675,263	94.36%
Total	171	100%	26,150,945	100%

Window 1 - Cycle 2 / Gaza

Status	No. of projects	Percentage	Allocation (Euro)	Percentage
Mun. review	0	0%	0	0.0%
MDLF review	0	0%	0	0.0%
Approval	0	0%	0	0.0%
Tendering + Retendering	0	0%	0	0.0%
Evaluation	0	0%	0	0.0%
Awarded	0	0%	0	0.0%
on going	8	4%	834,748	4.1%
Completed	204	96%	19,391,937	95.9%
Total	212	100%	20,226,685	100%

Window 1 - Cycle 2 / West Bank & Gaza

Status	No. of projects	Percentage	Allocation (Euro)	Percentage
Mun. review	0	0.0%	0	0.0%
MDLF review	1	0.3%	46,971	0.1%
Approval	0	0.0%	0	0.0%
Tendering + Retendering	0	0.0%	0	0.0%
Evaluation	1	0.3%	14,340	0.0%
Awarded	1	0.3%	1,755	0.0%
on going	18	4.7%	2,247,364	4.8%
Completed	362	94.5%	44,067,200	95.0%
Total	383	100%	46,377,630	100%

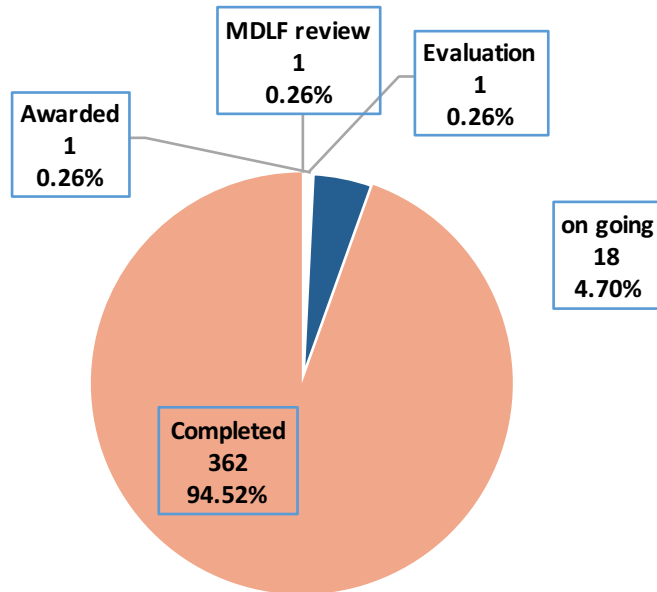
notes:

mun. review: preparing the desing, specifications and bidding documents, getting the approvals from inline ministries (if needed)

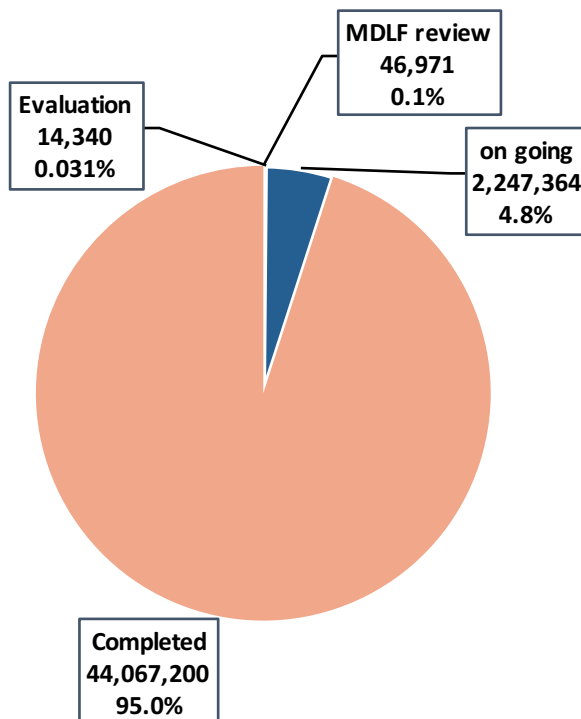
LTCs review: verify the desing, the specification and the bidding documents

MDLF review: final verification prior the approval on the tendering.

Status of W1-2nd cycle - in terms of No. of Sub.projects



Status of W1 - 2nd cycle - in terms of Sub.projects Allocation



Summary of Environmental and Social Issues within MDPII Cycle 1 Implementation Stage

▪ **Environmental and Social Notes / Environmental Penalties**

Municipality	Notice Number	Date	Mitigation Measure Violated	Final Payment (Euro)
Al-Itihad	(1)	5/5/2014	Not committed to public safety measures	0
Al-Itihad	(2)	15/5/2014	Not committed to public safety measures	40
Al-Itihad	(3)	3/6/2014	Not committed to public safety measures	40
Al-Itihad	(4)	8/7/2014	Not committed to public safety measures	40
Al-Ram	(1)	11/9/2014	Not enough watering	0
Marj Ben Amer	(1)	3/6/2014	Not using traffic signs	0
Scelet Ad Daher	(1)	11/6/2014	Not enough separation around the culvert area	0
Aqqaba	(1)	21/7/2014	Not enough watering	0
Jayyus	(1)	22/7/2014	Dumping of waste in the street	0
Kufor Tholoth	(1)	19/7/2014	Dumping of construction waste in the school yard	0
Baqa AlSharqyeh	(1)	1/6/2014	Not using warning and traffic signs	0
Baqa AlSharqyeh	(2)	2/6/2014	Not using warning and traffic signs	35.83
Baqa AlSharqyeh	(3)	3/6/2014	Not using warning and traffic signs	35.83
Baqa AlSharqyeh	(4)	8/7/2014	Not using warning and traffic signs	35.83
Deir AlGhouson	(1)	4/6/2014	No water spraying of dust	0
Deir AlGhouson	(2)	11/6/2014	No water spraying of dust	48.92
Jammaen	(1)	2/7/2014	No stairs provided to reach first floor	0
Nablus	(1)	2/9/2014	Not committed to public safety measures	0
Ad Daheriyya	(1)	12/11/2014	Dust emission	0
Ad Daheriyya	(1)	12/11/2014	Hindering people movement in the road (social)	0

Municipality	Notice Number	Date	Mitigation Measure Violated	Final Payment (Euro)
Ad Daheriyya	(2)	13/11/2014	Dust emission	114.1
Ad Daheriyya	(2)	13/11/2014	Hindering people movement in the road	0
Ad Daheriyya	(3)	16/11/2014	Dust emission	114.1
Halhul	(1)	7/12/2014	The lack of warning signs	0

▪ **Social Complaints**

Municipality	Compliant	Solution	Complaint Method	Duration
Jayyus	Shift of pavement of 14.9m2 out of masterplan	This area was excluded of the project	Written	1.5 Month
AlSaqahre AlSharqyeh	Partial destruction of an external wall	Wall has been built after agreement between the citizen, municipality and contractor	Verbal	10 days
AlZababdeh	Cesspit was found in the road	Municipality couldn't solve the issue with the citizen considering that cesspit shall be removed from the road, though works has hindered and municipality has selected different road	Verbal	2 months, considering that a letter was issued by municipality on this regard on 1/11/2014 even it was verbal complaint

MDPII/Cycle 1 - Capacity Development Package

No	Municipality	CD Package
1	Abasan Al Kabira	CSC
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	



MDPII/Cycle 1 - Capacity Development Package

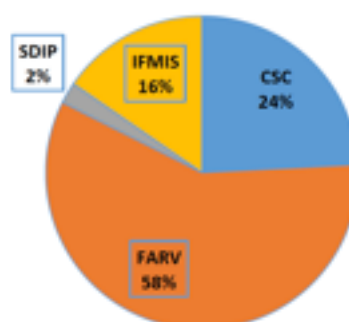
No	Municipality	CD Package
1	Abasan Al Jadeeda	FARV
2	Abwein	
3	Al Fokhari	
4	Al Masdar	
5	Al Mazra'a Ash Sharqiyya	
6	Al Moghraqa	
7	Al Naser	
8	Al Newe'emeh	
9	Al Oja	
10	Al Shokeh	
11	Al Tayybeh	
12	Al Zahra	
13	Al Zawayda	
14	Al Zawyeh	
15	Al-Kafriyyat	
16	Allar	
17	Aqqaba	
18	As Sawahreh Ash Sharqiyya	
19	Aseera Ash Shamaliyya	
20	Ash Shoyukh	
21	Atara	
22	Az Zababedah	
23	Bal'aa	
24	Baqa Al Sharqiyya	
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	

MDPII/Cycle 1 - Capacity Development Package

No	Municipality	CD Package
1	Ad Doha	IFMIS
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	
1	Al Ubeidiyya	SDIP
2	Nuba	

Package	No. of Municipalities
CSC	22
FARV	53
SDIP	2
IFMIS	14

Distribution of CD packages- MDPII/Cycle 1



MDPII - Cycle 2 - Capacity Development Packages

No.	Municipality	Governorate	CD Package
1	Beit Ummar	Hebron	O&M
2	Kufor Tholoth	Qalqilia	
3	Salfit	Salfit	
4	Birzeit	Ramallah & Albireh	
5	Aqraba	Nablus	
6	Al Ram	Jerusalem	
7	Nablus	Nablus	
8	Abu Dees	Jerusalem	
9	Al Bireh	Ramallah & Albireh	
10	Ramallah	Ramallah & Albireh	
11	Gaza	Gaza	
12	Beit Lahia	North Gaza	
13	Qabalan	Nablus	
14	Anabta	Tulkarm	
15	Tubas	Tubas	
16	Hebron	Hebron	
17	Bani N'eim	Hebron	
18	Jammaein	Nablus	
19	Al Qarara	Khan Younis	
20	Ya'bad	Jenin	
21	Jenin	Jenin	
22	Abasan Al Kabira	Khan Younis	
23	Qabatya	Jenin	
24	Al Zawayda	Deir Albalah	
25	Al Ubeidiyya	Bethlehem	
26	Atteel	Tulkarm	
27	An Nseirat	Deir Albalah	
28	Beit Sahur	Bethlehem	
29	Beit Ula	Hebron	
30	Bedia	Salfit	
31	Bethlehem	Bethlehem	
32	Se'ier	Hebron	
33	AL Samu'e	Hebron	
34	Halhul	Hebron	
35	Tulkarem	Tulkarm	
36	Dura	Hebron	
37	Yatta	Hebron	
38	Deir Al Balah	Deir Albalah	
39	Khan Yunis	Khan Younis	
40	Rafah	Rafah	
41	East Bani Zeid	Ramallah & Albireh	
42	beit Fajjar	Bethlehem	
43	Jabalia	North Gaza	
44	Taffuh	Bethlehem	
45	Bani Sheila	Khan Younis	
46	Al Eizariyya	Jerusalem	
47	Beit Foreek	Nablus	
48	Beit Jala	Bethlehem	
49	Al Yamun	Jenin	
50	Kharas		

MDPII - Cycle 2 - Capacity Development Packages

MDR Cycle 2 - Capacity Development Packages			
No.	Municipality	Governorate	CD Package
1	As Sawahreh Ash Sharqiyya	Jerusalem	IFMIS
2	Kufor Al Deek	Salfit	
3	Qarawat Bani Hassan	Salfit	
4	Beit Hanun	North Gaza	
5	Anata	Jerusalem	
6	Tammun	Tubas	
7	Sabastya	Nablus	
8	Ne'lin	Ramallah & Albireh	
9	Meithalun (Al-Muttahida)	Jenin	
10	Baqa Al Sharqeyya	Tulkarm	
11	Janata	Bethlehem	
12	Az Zababedah	Jenin	
13	AdDaheriyya	Hebron	
14	Beit Awwa (Al-Yasiriyya)	Hebron	
1	Al Braij	Deir Albalah	CSC
2	Beit Liqia	Ramallah & Albireh	
3	Ad Doha	Bethlehem	
4	Al Zahra	Gaza	
5	Tarqumia	Hebron	
6	Al Shokeh	Rafah	
7	Khaza'aa	Khan Younis	
8	Al Maghazi	Deir Albalah	
9	Borqin	Jenin	
10	Taqu'a	Bethlehem	
11	Ash Shoyukh	Hebron	
12	A I Khader	Bethlehem	
13	Al-Kafriyyat	Tulkarm	
14	Al Zawyeh	Salfit	
15	Nuba	Hebron	
16	Kafr Al Labad	Tulkarm	
17	Aqqaba	Tubas	
18	Howwara	Nablus	
19	Aseera Ash Shamaliyya	Nablus	

Results Framework and Monitoring
Country: West Bank and Gaza

Project Name: GZ-Second Municipal Development Project (P127163)
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/ Methodology	Responsibility for Data Collection	Update as of December 2017
				YR1	YR2	YR3	YR4	End Target				
Affected population in Gaza with access to restored municipal services	☐	Number	0.00					100,000	End of MDPII	Municipal Application forms	MDLF/Local Technical Consultants	1,147,133
Number of municipalities that graduate up the performance category in which they are currently classified, by the end of MDP-II	☐	Number	0.00			25.00		80	End of each Cycle	Ranking criteria, Municipal Ranking surveys, Published municipal data	MDLF, Independent Consultants	80 municipalities were graduated by end of cycle 02
Number of municipalities that graduate to A ranking, by the end of MDP-II	☐	Number Sub-Type Breakdown	0.00					2.00	End of each Cycle	Ranking criteria, Municipal Ranking surveys, Published municipal data	MDLF, Independent Consultants	2 municipalities were graduated to rank A by end of cycle 02.
Number of Municipalities that graduate to B ranking	☐	Number Sub-Type Breakdown	0.00					50.0	End of each Cycle	Ranking criteria, Municipal Ranking surveys, Published municipal data	MDLF, Independent Consultants	77 municipalities were graduated to rank B by end of cycle 02. 10 mun. to rank B 67 mun. to rank B+
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)	(107 out of 138 mun used at least two disclosure methods) (77%) upon the assessment that MDLF conducted at the midterm review (by end of cycle 1). (117 out of 144 municipalities had used at least two disclosure methods) (81%) upon the assessment which was conducted by MDLF by end of cycle 2.
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	76 mun. out of 84 mun. had disclosed their unqualified external audit reports.

Indicator Name	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection	Update as of December 2017
				YR1	YR2	YR3	YR4	End Target				
Municipalities publically disclosing participatory SDIP execution and updates.	☐	Number Sub-Type Supplemental	0.00					100.0	End of Each Cycle	Municipal Ranking surveys and mapping, Published municipal data, Citizen Satisfaction Surveys (for verification).	MDLF, Independent Consultancy (for verification)	144 mun. out of 144 mun. had disclosed SDIP execution and updates.
Municipalities establishing service quality standards for tracking in Citizen Service Support Centers	☐	Number Sub-Type Supplemental	8.00					40.00	End of Each Cycle	Municipal Ranking Survey, Published Municipal data, Citizen Satisfaction Survey (for verification)	MDLF, Independent Consultancy (for verification)	22 municipalities (18 in WB and 5 in Gaza) have a functional CSCs. MDLF is currently working on establishing 18 CSC under cycle 02 (to be completed by Feb 2018)
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	30 sub-projects were audited (12 in Gaza and 18 in WB). 28 out of 30 audited sub-projects, are fully/partially completed, those sub-projects are functioning suitably and utilized efficiently by the beneficiaries. The other two sub-projects were audited by the in terms of implementation arrangements, and, technical soundness, ...etc. and were not audited in terms functionality or usability since they were not yet completed. It is worth noting that MDLF had assessed the functionality and usability of those two sub-projects once completed and found they were fully utilized by the beneficiaries. The new assessment for MDPII Cycle II was completed concluding that all the sample projects (18 in the West Bank and 40 in Gaza Strip) are operational and in an adequate state of usability. This was done by an outsourced individual consultants one in the West Bank and the other in Gaza Strip.

				Cumulative Target Values						Data Source/	Responsibility for	Update as of December 2017
Indicator Name	Core	Unit of Measure	Baseline	YR1	YR2	YR3	YR4	End Target	Frequency	Methodology	Data Collection	
Direct project beneficiaries	☒	Number	0.00					2,000,000	End of Each Cycle	Municipal Application forms	MDLF/Local Technical Consultants	W1 – (WB : 1,171,055) (Gaza: 964,698) W5: (1,147,133) Total Direct Beneficiaries: (3,282,886) Note: there might be 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				49% * 3,282,886 = 1,608,614
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	Cycle 1 W1- WB : roads 707,618 W1 -Gaza roads : 156,128 W1-WB- parks: 7,746 W1-Gaza-park: 45,031 Cycle 2 W1- WB: roads 824,338 W1-Gaza roads: 782,229 W1-WB – parks: 9761 Total = 2,532,851
.												
Intermediate Results Indicators												
				Cumulative Target Values						Data Source/	Responsibility for	
Indicator Name	Core	Unit of Measure	Baseline	YR1	YR2	YR3	YR4	End Target	Frequency	Methodology	Data Collection	

Indicator Name	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection	Update as of December 2017
				YR1	YR2	YR3	YR4	End Target				
Share of identified priority damages repaired by Gaza municipalities.	☐	Percentage	0.00					30	End of MDPII	Damage assessment report, application forms	MDLF/Local Technical Consultants	The total allocated fund to Gaza emergency component is (\$24.84 Million) from WB, MDTF, KFW, BTC, SDC and EU. The total estimated damage is (\$ 72 million including the cost of recurrent expenditures needed to restore the basic services) % of W5 contribution to restore the basic services = $24.84 / 72$ = 34.5%
Affected population in Gaza with access to restored municipal services	☐	Number	0.00					1000,000	End of MDPII	Municipal Application forms	MDLF/Local Technical Consultants	1,147,133
Number of people in urban areas provided with access to all-season roads within a 500 meter range under the project	☒	Number	0.00					260,000	End of Each Cycle	Municipal Application forms	MDLF, Local Technical Consultants, Municipalities	W1 - WB : roads 707,618 Gaza roads : 156,128 Total = 863,746
Roads rehabilitated, by the end of MDP-II	☐	Kilometers	0.00					350	End of Each Cycle	Municipal Application forms, Municipal Infrastructure Database	MDLF, Local Technical Consultants, Municipalities, PCBS	Cycle 1: W1 – West Bank : 148 Km W1 – Gaza : 19 Km Cycle 2: W1 – West Bank: 168 Km W1 - Gaza: 46 Km W5: 70 Km Total = 451 Km out of 478 Km (so far)

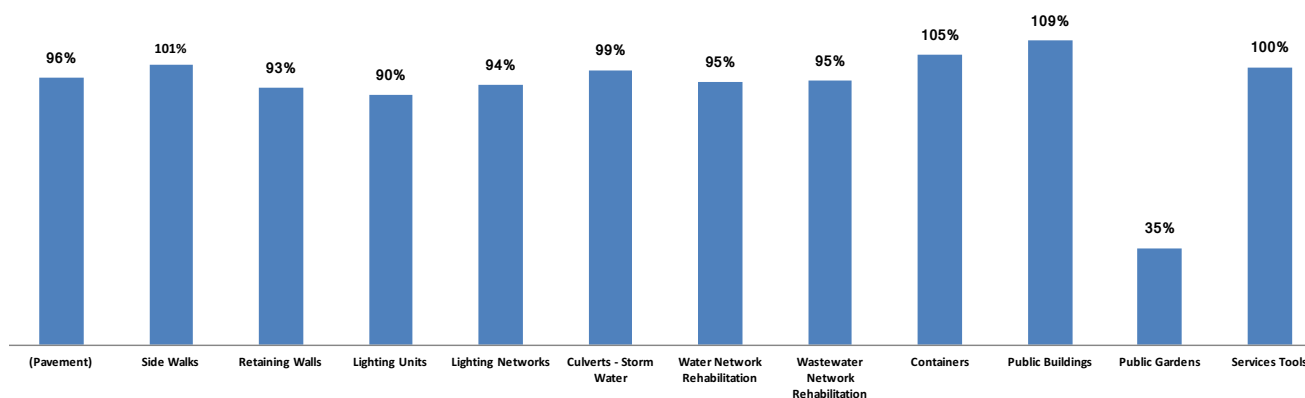
Indicator Name	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection	Update as of December 2017
				YR1	YR2	YR3	YR4	End Target				
Number of municipalities that have succeeded in implementing one of the following innovative ideas 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 successfully piloted the E-Municipality on 4 municipalities in West Bank. Renewable Energy: the MDLF successfully piloted the renewable energy in 8 municipalities (6 in WB and 2 in Gaza) LED: MDLF piloted the LED approach on 13 municipalities in WB funded by the VNG.
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		100.00	End of Each Cycle	Municipal Ranking surveys	MDLF, Independent Consultancy	132 mun. had updated their fixed assets
Number of municipalities that have updated their Strategic Development and Investment Plans (SDIPs) through applying participatory approach	☐	Number	0.00			30.00		90.00	End of each Cycle	Municipal Ranking Surveys	MDLF, Independent Consultancy	125 mun. had updated their SDIPs
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. A software for O&M was developed and successfully piloted on 4 municipalities. The software has been rolled out on additional 46 mun in MDPII-cycle 02 resulting in having O&M plans for 50 mun. generated by the automated O&M software.

Indicator Name	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection	Update as of December 2017
				YR1	YR2	YR3	YR4	End Target				
Percentage of municipalities that recorded at least 20% reduction in processing time for at least two of the defined set of services in Citizen Service Centers.	☐	Percentage	0.00			90.00		100.00	End of each Cycle	Citizen and Client Beneficiary Satisfaction Surveys, Municipality records, MDLF verification	MDLF, Independent Consultancy	A rapid assessment was done for 14 mun. out of 22 which benefited from cycle 1. The results indicated that 50% reduction in the processing time was achieved. The full assessment will be conducted for both cycle by end of March 2017.

MDPII - Window 1 - Consolidated Outputs - WB&Gaza (1st & 2nd Cycle)

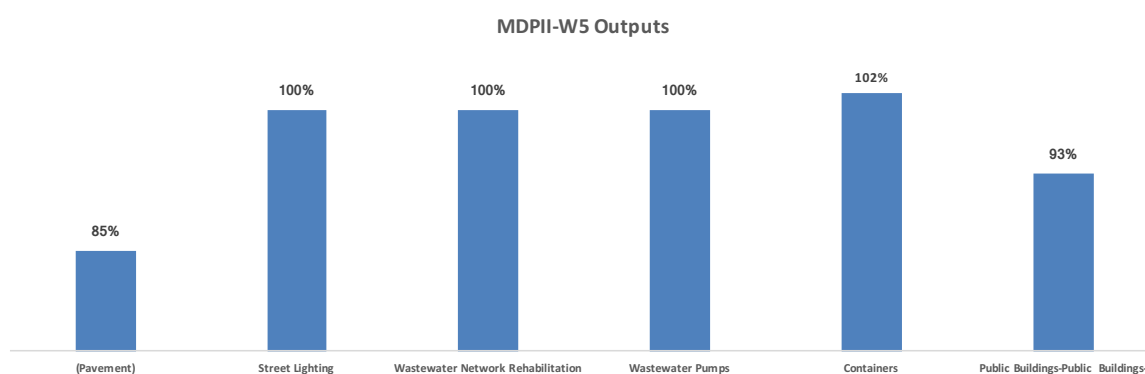
Sector	Sub-Sector	Indicator	Unit	Target	Achieved	% of Achievements
Roads	(Pavement)	Length of roads rehabilitated	Km	397	381	96%
	Side Walks	Length of Sidewalks rehabilitated	L.m	125,285	126,543	101%
	Retaining Walls	Length of retaining walls rehabilitated	L.m	19,533	18,078	93%
	Lighting Units	No. street lighting units supplied	No.	4,339	3,913	90%
	Lighting Networks	Km of streets lighting networks rehabilitated	Km	16	15	94%
	Culverts - Storm Water	Length of storm water drainage rehabilitated	L.m	12,632	12,495	99%
Water	Water Network Rehabilitation	Length of water networks rehabilitated	Km	71	67	95%
	Water house connection	No. of water house connection	No.	300	300	100%
Wastewater	Wastewater Network Rehabilitation	Length of wastewater networks rehabilitated	Km	65	61	95%
Electricity	Electrical Network Rehabilitation	Length of electrical networks rehabilitated	Km	2	2	100%
Solid Waste	Containers	No. of containers supplied	No.	2,172	2,270	105%
	Solid Waste Compactor	No. of compactors supplied	No.	2	2	100%
Public Facilities	Public Buildings	Area of public buildings constructed	Sq.m	31,286	34,219	109%
	Public Gardens	Area of public gardens constructed / rehabilitated	Sq.m	103,870	36,291	35%
	Services Tools	No. of excavators supplied (Bager)	No.	1	1	100%

MDPII-Window 1 - Outputs (WB&G) (Cycle 1 + Cycle 2)



MDPII - window 5 - Outputs

Sector	Sub-Sector	Indicator	Unit	Target	Achieved	% of Achievements
Roads	(Pavement)	Length of roads rehabilitated	Km	82.00	70.000	85%
	Street Lighting	No. street lighting units supplied	No.	13,943	13,948	100%
Wastewater	Wastewater Network Rehabilitation	Length of wastewater networks rehabilitated	Km	9.4	9.4	100%
	Wastewater Pumps	# of wastewater pumps supplied	No.	7	7	100%
Solid Waste	Containers	No. of containers supplied	No.	467	475	102%
Public Facilities	Public Buildings-Public Buildings-	Area of public buildings constructed	Sq.m	60,967	56,945	93%



Social Accountability (SA) / Citizen Engagement (CE) in MDPII – Sep. 2017 Update

Social accountability pillar	Area where concept is incorporated	How this concept is incorporated into MDP II	Window/ cycle/ CD package	MDP II Cycle 2 Update – Sep 2017 – Next steps/ Actions for follow-up in green
Transparency	Budgets	1. Participatory Budgeting and Readable Budget: The MDLF in collaboration with GIZ are tackling the concepts of readable budget and participatory budgeting. This was discussed in details and appropriate approaches were agreed upon. For the readable budget, GIZ-LGRP -with MOLG and MDLF- is working on launching a comprehensive portal on LG issues (www.baladiyyat.ps); this will include profiling of each Palestinian LGU, which includes dedicated sections on presenting LGU budgets as summary tables, which will be transformed into info-graphic presentation. For the participatory budget, GIZ piloted the participatory budgeting on 3 municipalities without concrete results/ conclusions. It was agreed with the GIZ that the PB is already part of the SDIP process. 2. Budget Disclosure: As budget disclosure is a key element within the MDPII-ranking criteria, (esp. rank C,C+,C++), MDLF conducted a budget disclosure assessment as part of the Municipal Ranking Survey at the end of Cycle 2, concluding that 112 municipalities out of 138 had disclosed their budgets, i.e. 81 %. Under the LGP completed in March 2015), the MDLF worked with the MOLG budget directorate to include the need for LGUs to disclose their Budget in the 'Call for Budget' that the MOLG issues to the LGUs each year. Under the LGP, the MDLF conducted an annual orientation workshop to discuss the Call for Budget with municipalities and emphasize the requirements to be adhered to during budget preparation.	Window 3	Participatory Budgeting, Readable Budget: As SA is one of the main sub-components under window 3 in MDPII Cycle II; it was agreed with GIZ to support a set of activities, in coordination with MDLF and FPs working on SA, considering the respective lessons learnt from the GIZ interventions Readable Budget - During MDPII-Cycle 2 MDLF will pilot readable budget through the SA package (funded by the GIZ) in a number of municipalities - tbd, for a roll-out planned under MDP III (cycle 1 or cycle 2 - tbd). A consultant was contracted by the GIZ to work on this assignment in cooperation with MDLF and MOLG. The consultant will do a consultation with the target municipalities and citizens to conclude the shape of the readable budget format, and to agree with MOLG/MDLF accordingly. MDLF plans to have a computerized software where readable budgets could be generated from the municipalities' budgets portal and then publicized via websites, social media or baladiyyat.ps. MDLF plans to institutionalize this process across all municipalities and to be adopted by the MOLG at the policy level. The readable budget format was included within the framework of MDP3 KPIs under the accountability/disclosure pillar where the municipalities will be requested to comply with in MDP3/Cycle 2 upon the endorsement of MOLG Add a citizens' awareness raising campaign to ongoing work on 'readable budget', to show citizens which service improvements the municipalities could achieve if municipalities had more revenues from citizens' payments of taxes, fees, user charges – to be determined if under MDP 3, or LGSP or separately by MOLG and MDLF. more FPs to become engaged in participatory budgeting: Planned under MDP III, concrete readable budget activities will need to be determined – aim is to mainstream across several interventions (including planning), based on the lessons learned from the MDLF pilots. Budget Disclosure: MDLF will continue encouraging municipalities to disclose their budgets as part of the ranking criteria. It was agreed that the budgets disclosure indicator becomes one of the KPIs of MDP3 performance criteria under rank D. MDLF conducted a budget disclosure assessment as part of the Municipal Ranking Survey at the end of Cycle 2, concluding that 112 municipalities out of 144 had disclosed their budgets, i.e. 85 %.
Transparency	SDIPs	1. SDIP Manual and Policy Note: Following the June 2014 endorsement by MoLG of the updated SDIP Manual and SDIP Policy Note (considering a 30% minimum quota of youth and women in the community committees), the updated SDIP Manual and Policy Note were published electronically on the MOLG Website and via baladiyyat.ps 2. SDIP Disclosure: MDLF printed 200 SDIP copies for 38 municipalities (under MDPI-2nd cycle SDIPs) and supported SDIP disclosure with stands with touch screens (to disclose SDIPs, budgets, external audit reports), which, however, are only partially used by those 22 municipalities with CSC, while other municipalities do not use screens as some mayors are not fully supportive. Disclosure of SDIPs/ SDIP Updates are embedded in the KPIs. Results as per MTR: under MDP II Cycle 2 show: (i) all 135 municipalities disclosed their SDIPs, (ii) 129 out of 135 municipalities disclosed their SDIP execution: MDLF participated in a training workshop for municipalities to build their capacities to use baladiyyat.ps for their SDIP update and disclosure. Also, SDIP manual and toolkits include a section and guidance on how to promote the SDIP among citizens. 2 additional municipalities developed and completed their SDIPs (Nuba, Al-Ubaidiyya) in MDPII-cycle 1 MDLF continues its ongoing quality assurance assessments as municipalities prepare their SDIPs. Results: (i) For SDIPs preparation: SDIPs are improving, (ii) For SDIP M&E: this will be done by municipalities annually, using updated manual and tools. 3. MDLF Workshops: In MDPII-cycle 1, MDLF conducted orientation workshops/ training sessions for all municipalities in WB&G (Dec. 2014) to assist them to update their SDIPs in a participatory manner. Most municipalities disclosed their updated SDIPs, had public meetings to review and update priorities (should be approved by local communities) - municipalities sent SDIP updates to MoLG as this was part of the MDP II ranking criteria. MDLF used these as orientation sessions to the municipalities on the MDPII performance criteria to be well prepared prior the ranking assessment by end of MDPII-cycle1.	Window 3	MDLF does ongoing quality assurance assessments as municipalities prepare their SDIPs. MDLF accomplished the development of community development plans (FY 2017) for 8 newly established municipalities in MDPII-Cycle 2. SDIP disclosure: The MDLF supports municipalities to update and publicize SDIPs more widely, and continues to follow up with those municipalities not using the MDLF-provided touch screens to ensure full screen utilization. Disclosure figures will be updated by end of MDP II Cycle II as part of the municipal ranking assessment. Upon the ranking assessment for MDPII cycle 2, all 144 municipalities disclosed their SDIPs . Planned under MDP III: (i) Strengthen community participation, incl. women and youth, in the development and update of the New Generation of SDIPs and the new SDIP Manual, using the new SDIP methodology – new SDIPs aim to create stronger linkages to more realistic municipal budgets and budget planning that is also integrated with spatial planning, (ii) the budgets disclosure indicator becomes one of the KPIs of MDP3 performance criteria under rank D. GIZ already contracted a consultant to strengthen the SA pillars within the new SDIP toolkits and methodology. The consultant has reviewed the SA toolkits, the citizenship guidelines and the communication manual to ensure the integrity and harmony with the new SDIP approach. The new approach was endorsed by MOLG.

Social accountability pillar	Area where concept is incorporated	How this concept is incorporated into MDP II	Window/ cycle/ CD package	MDP II Cycle 2 Update – Sep 2017 – Next steps/ Actions for follow-up in green)
Transparency	Transfer mechanism criteria	KPIs on Disclosure: Updated MDPII performance criteria consist of KPIs related to disclosure as a first step in the SA/ CE ladder. Those KPIs focus on the disclosure of SDIPs, budgets, and municipal ranking as indicated in rank C, C+, C++. external audits, municipality investments, and SDIP execution are included in rank B,B+,B++. Additionally, the MDLF had measured the compliance of municipalities with the mentioned KPIs in early 2013 as a baseline for MDPII. Assessment was done at the end of cycle 1 and will be repeated by the end of cycle 2.	Municipal ranking	Regarding the disclosure indicators (KPIs) in rank C and B, the end-MDPII - Cycle 1 figures are as follows: <u>Disclosure results (Rank C, C+, C++):</u> Budget disclosure: 112 out of 138 Ranking disclosure: 127 out of 138 SDIP disclosure: 135 out of 135 <u>Disclosure results (Rank B, B+, B++):</u> SDIP execution: 129 out of 135 Municipal Investments: 126 out of 138 External Audit Report: 76 out of 105 Regarding the disclosure indicators (KPIs) in rank C and B, the end-MDPII - Cycle 2 figures are as follows: <u>Disclosure results (Rank C, C+, C++):</u> Budget disclosure: 123 out of 144 Ranking disclosure: 142 out of 144 SDIP disclosure: 144 out of 144 <u>Disclosure results (Rank B, B+, B++):</u> SDIP execution: 144 out of 144 Municipal Investments: 130 out of 144 External Audit Report: 101 out of 122
Transparency	Citizens Service Centers (CSC)	1. Service Guide Booklet (also called service charters) are published by the 22 municipalities which are piloting a CSC (since December 2015), which include the charges per each service provided by the municipality, and the time needed to have the service completed/ connected/ repaired, etc. The booklet also includes services related to administration (e.g. clearance, profession license, building license, etc.) and fees for water, solid waste, etc, i.e. all services that the municipality provides the automated Complaint Handling Mechanism 2. Complaint system: The Complaint Handling software requirement specification was completed in Jan 2015 to allow citizens to track their transactions/ services via the web and via the CSCs, and 22 CSC are operational since December 2015 in 22 municipalities (17 in WB, 5 in Gaza)	Window 3	MDLF continues to support municipalities to increase citizen awareness of existing CSCs – asked all municipalities, supported with CSCs, to use the touch screens and social media MDLF to continue to support municipalities to increase the number of CSCs from 22 to 39 through 17 new CSCs (undergoing) under MDPII/cycle 2. MDLF to encourage municipalities to promote citizens' use of new booklets/service charters aimed to allow citizens to monitor and hold municipalities accountable for service provision and responsiveness. This includes (i) awareness raising on booklets' existence (incl. on municipalities' websites) through MDP website, and through MDLF workshops for the preparation of MDP III, (ii) encouraging municipalities to promote the use of the booklets, (iii) uploading the booklets on the touch screens, (iv) encourage municipalities to measure the number of complaints received through the municipalities' Complaints Handling Mechanism, and (v) include the usage of the booklets in the MDP satisfaction survey, planned for the end of MDP II Cycle II. Complaint Handling Mechanism to be expanded beyond safeguards to all municipalities, irrespective of whether they have CSCs and/or an E-Municipality, and to link it to the MOLG Grievance Redress Mechanism at the national level - MDLF understands that the WB is still working on it. Upon an update from the WB, MDLF could explore linking the complaint handling mechanism with the GRM. The functional Complaint Mechanism was agreed to be one of the main KPIs under MDP3 where the municipalities are requested to comply with. it was included under rank A to motivate the municipalities to comply with. The GRM will be one of the key issues to be focused on throughout the pilot of SA package - under MDPII/Cycle 2- on 10 municipalities (6 WB, 4 Gaza).
Participation	SDIPs 4+5	Orientation workshops: Under the SDIP module 4+5, related to monitoring and updating of the SDIP, MDLF conducted orientation workshops for all municipalities in WB&G in Dec 2014 that (i) enabled them to update their SDIPs in a participatory manner, and (ii) gave orientation sessions to the municipalities on the MDPII performance criteria for the ranking assessment by the end of MDPII-cycle 1. As a result of the municipal ranking update, 115 municipalities had updated their SDIPs in a participatory manner by themselves.	Window 3	MDLF/MOLG conducted orientation workshops to all municipalities prior the municipal ranking assessment (most likely-by end of 2016) to provide the municipalities with support in updating their SDIPs. Compliance of municipalities with the SDIP update was assessed as part of the ranking update for cycle 2: (125 out of 144 mun have updated their SDIP)
Participation	Infrastructure project selection and implementation	1. Municipal infrastructure projects (window 1) are all selected from the municipalities' SDIPs. For MDPII-Cycle II sub-projects, the subprojects banners already include info related to project name, type, contractor, financing partner, etc. Citizen monitoring of infrastructure sub-projects is reflected in the Participatory M&E Manual, where a draft was received by the consultant, and is now under revision by MDLF. <u>Continue to strengthen municipality-citizen relations:</u> (i) Sub-projects match citizens' needs & expectations, as sub-projects are prioritized by citizens during consultation process; (ii) for sub-projects appraisal, subproject stakeholder meetings were conducted before implementation (incl. to identify social/ environmental risks & mitigation measures); then MDLF, municipalities, and LTCs followed up during subproject implementation, and (iii) by end of MDP2, MDLF will conduct a beneficiaries satisfaction assessment (representative sample of sub-projects) to assess beneficiary perception towards sub-projects phases 2. Social and environmental safeguards were well identified through focus groups representing the local communities, which had been conducted in all municipalities. MDLF did safeguards awareness workshops for municipalities and contractors in (August-September 2015). The social and environmental risks were discussed and the mitigation measures were well identified and reflected in the submitted application forms for MDLF's appraisal. The grant application form was updated, considering social accountability, particularly the complaint system	Window 1	No safeguards issues reported at this time for MDP2. For the MDP3 preparation, a new (Livelihood & Land Acquisition Policy Framework) was developed and disclosed. Conduct a Participatory M&E pilot in 7 municipalities by. The manual was piloted on additional 3 small municipalities upon the recommendation from FPs to cover the different sizes of municipalities. That aims to (i) engage citizens in the monitoring and evaluation of municipal activities and service delivery with the goal to help improve service quality, enhance municipal responsiveness to citizens, and better understand citizen perceptions about municipal activities and (ii) provide MDLF with a roadmap for a roll-out in MDP3. The Manual was developed in Arabic and English, and was shared with FPs after pilot completion. MDLF received valuable comments from FPs that will be reflected in the modified version. MDLF will coordinate with GIZ to present the manual on front of the national working group in June 2017 and to make sure the integrity across different manuals that tackle the SA pillars. Continue to strengthen municipality-citizen relations in select municipalities by raising awareness about respective roles, responsibilities and expectations before and during subproject implementation This is achieved by MDLF assisting municipalities to conduct more municipal-citizen meetings before and during subproject implementation to clarify roles, responsibilities, expectations of the municipality, the contractor, and citizens, as well as integrating citizen feedback into the MDLF subproject appraisal and supervision, (by considering the mitigation measures, that had been identified by the municipalities and citizen during subproject design) To meet the objective of strengthening LG-citizen relations, FPs encourage MDLF to do more activities beyond the safeguards-related meetings and the beneficiary satisfaction assessment Planned under MDP III Roll-out information for citizens about subproject type, budget, duration in all municipalities Continue to strengthen municipality-citizen relations in select municipalities by raising awareness about respective roles, responsibilities and expectations before and during subproject implementation. (which is reflected in the SDIP planning, SDIP updating and citizens feedback as measured through the beneficiaries impact assessment, in addition to consultation focus groups regarding the social and environmental safeguards)

Social accountability pillar	Area where concept is incorporated	How this concept is incorporated into MDP II	Window/ cycle/ CD package	MDP II Cycle 2 Update – Sep 2017 – Next steps/ Actions for follow-up in green)
	Citizenship Guidelines and Outreach and Communication Guidelines	The MDLF prepared 2 Guidelines (in Arabic and summaries in English) regarding: Citizenships (rights and duties for municipalities and citizens) and Outreach and Communication (for municipalities towards their citizens) They aim to enhance the social contract, get municipalities to provide services and citizens to pay their taxes and fees for services received, thus contributing to increased revenue generation for municipalities, enhanced municipal performance, enhanced citizen service payments and satisfaction. MDLF added guidelines on its website, and disclosed them during the SA EXPO in May 2016	Window 3	MDLF to continue awareness raising and dissemination via 2017 MDLF workshops (as an add-on, not a new activity) the MDLF workshops for MDP3 preparation. MDLF with the GIZ will have SA/CE activities during 2016/2017 (still under procurement and foreseen to start early October 2017 until Feb. 2018).
Monitoring	SDIP 4+5	1. Monitoring and Updating of SDIP modules 4+5 to be prepared in a participatory manner. The committees will be able to monitor the implementation of the SDIPs. 2. Orientation/training workshops Under the SDIP module 4+5, MDLF conducted workshops for all municipalities in WB&G in Dec 2014 which (i) enabled them to update their SDIPs in a participatory manner, and (ii) gave orientation sessions to municipalities on the MDPII performance criteria for the ranking assessment by the end of MDPII-cycle1. 3. SDIP Update: is specified as a KPI for rank C, C+, C++ in the MDPII performance criteria.	Window 3	The number of municipalities with updated SDIPs is 115 out of 135 having SDIPs (i.e. 85%). This figure was verified by the consultancy firm as part of the municipal ranking update (end of cycle 01) As part of the municipal ranking assessment update for cycle 2: 125 mun out of 144 updated their SDIPs.
Monitoring	Citizens Service Centers (CSC)	1. CSC monitoring by citizens will become possible, as the CSC system will enable citizens to track municipal service provisions/ transactions and hold municipalities accountable. Citizen Satisfaction: pre- and post-survey were conducted to assess the satisfaction of citizens with the services provided by the CSC. 3. CSC operational – 22 municipalities (17 in WB, and 5 in Gaza) since Dec. 2015 MDLF asked all municipalities, supported with CSCs, to (i) use the touch screens and social media to make citizens aware of CSCs, and (ii) promote the Service Charters on their websites.	Window 3	The satisfaction survey for CSC-provided services will be part of overall satisfaction survey of MDPII cycle 2 (for Beneficiaries, clients and citizens) to ensure CSC are operational and respective citizens' satisfaction can be measured – which is ongoing and expected to be completed late August 2017. The results will be used for MDPII evaluation as well as for baseline of MDP3. (MDLF presented the preliminary results which showed increase of satisfaction level with CSCs in comparison the 2012 figures. MDLF to encourage municipalities to promote citizens' use of new booklets/service charters aimed to allow citizens to monitor and hold municipalities accountable for service provision and responsiveness. This includes (i) awareness raising on booklets' existence, and (ii) encouraging municipalities to promote the use of the booklets, (iii) uploading the booklets on the touch screens, (iv) encourage municipalities to measure the number of complaints received through the municipalities' Complaints Handling Mechanism, and (v) include the usage of the booklets in the MDP satisfaction survey, planned for the end of MDP II Cycle II. The functional Complaint Mechanism was agreed to be one of the main KPIs under MDP3 where the municipalities are requested to comply with. This KPI included under the SA pillar within the MDP3 performance ranking particularly in rank A to motivate the municipalities to comply with. The GRM will be one of the key issues to be focused on throughout the pilot of SA package -under MDPII/Cycle 2- on 10 municipalities (6 WB, 4 Gaza) and will be scaled up to additional 10 mun.. MDLF continues to work intensively through the MDP2 – SA pilot package to utilize the communications tools (aimed to enhance communication between municipalities and citizens) - as outlined in the communication manual - to ensure the harmony across SA toolkits with other manuals.
Monitoring	Infrastructure project monitoring	Subproject monitoring by citizens , based on the recognition to expand citizen participation in capital grants subprojects beyond safeguards and expand the Complaint Handling Mechanism (currently provided in municipalities with CSCs and/or EMS) accordingly: Participatory M&E pilot aims to engage citizens in the monitoring and evaluation of municipal activities and service delivery with the goal to help improve service quality, enhance municipal responsiveness to citizens, and better understand citizen perceptions about municipal activities: Citizen monitoring of infrastructure subprojects is reflected in the PM&E manual (to be piloted on 7 mun. by end 2017, and Manul shared with FPs by pilot end)		Conduct a Participatory M&E pilot in 7 municipalities by May 2017. The manual is being piloted on additional 3 small municipalities upon the recommendation from FPs to cover the different sizes of municipalities. That aims to (i) engage citizens in the monitoring and evaluation of municipal activities and service delivery with the goal to help improve service quality, enhance municipal responsiveness to citizens, and better understand citizen perceptions about municipal activities and (ii) provide MDLF with a roadmap for a roll-out in MDP3. The Manual was developed in Arabic and English, and was shared with FPs after pilot completion. MDLF received valuable comments from FPs that will be reflected in the modified version. MDLF will coordinate with GIZ to present the manual on front of the national working group in June 2017 and to make sure the integrity across different manuals that tackle the SA pillars. Under planned MDP III: expand citizen participation in capital grants subprojects beyond safeguards and expand the Complaint Handling Mechanism (currently provided in municipalities with CSCs and/or EMS) accordingly, following the integration into the Participatory M&E Manual under MDP II, as well as the MDP II pilot of the Participatory M&E.
Response	Citizens Service Centers (OSS)	1. Monitoring Municipalities' response through CSC Reports that will indicate the actual time and charges needed to deliver the services to the citizens. This can then be compared to the time and charges mentioned in the service guide booklet/ service charters. The booklets include such services related to administrative services (e.g. clearance, profession license, building license, etc.) and services related to fees for water, solid waste, etc., i.e. all services which the municipalities provide) 2. Computerized Citizen Complaint and Response Mechanisms is part of the CSC to enhance and document communication with and response by municipalities. A complaint is transferred to Complaint Handling committee, consistent of Mayor or Municipal Director. Complaint to be handled in 1.5 days for feedback to complainant or resolution (previously it took 10 days). If simple complaint, resolved quickly. If complaint is complex, transferred to technical dept to do a technical report to Complaint Handling committee which will decide on handling complaint and referred back to CSC in 1.5 days. CHM will provide statistic report reg number and type of complaint, response time by municipality, and record of gender, age, disability (if applicable) of complainant 3. CSC are all in operation since Dec. 2015 in 22 municipalities (17 in WB) and (5 in Gaza). After MDP III, all municipalities are planned to have a CSC 4. Complaint Handling Mechanism to be expanded beyond safeguards to all municipalities, irrespective of whether they have CSCs and/or an E-Municipality, and to link it to the MOLG Grievance Redress Mechanism at the national level.	Window 3	17 new CSCs have been established under MDPII-Cycle 2. Computerized complaint to be handled in 1.5 days for feedback to complainant or resolution. CHM will provide statistic report reg number and type of complaint, response time by municipality, and record of gender, age, disability (if applicable) of complainant MDLF to encourage municipalities to promote citizens' use of new booklets/service charters aimed to allow citizens to monitor and hold municipalities accountable for service provision and responsiveness. This includes (i) awareness raising on booklets' existence (incl. on municipalities' websites) through MDP website, and through MDLF workshops for the preparation of MDP III, (ii) encouraging municipalities to promote the use of the booklets, (iii) uploading the booklets on the touch screens, (iv) encourage municipalities to measure the number of complaints received through the municipalities' Complaints Handling Mechanism, and (v) include the usage of the booklets in the MDP satisfaction survey, planned for the end of MDP II Cycle II. The functional Complaint Mechanism was agreed to be one of the main KPIs under MDP3 where the municipalities are requested to comply with. This KPI included under the SA pillar within the MDP3 performance ranking particularly in rank A to motivate the municipalities to comply with. Based on the baseline ranking assessment for MDP3, where the complaints mechanism was added to the KPIs in rank C and rank A: (118 mun. have complaints mechanism out of which 104 mun. have functional complaints mechanism). The verification protocol was already presented by MDLF for both KPIs. The GRM will be one of the key issues to be focused on throughout the pilot of SA package -under MDPII/Cycle 2- on 10 municipalities (6 WB, 4 Gaza).

Social accountability pillar	Area where concept is incorporated	How this concept is incorporated into MDP II	Window/ cycle/ CD package	MDP II Cycle 2 Update – Sep 2017 – Next steps/ Actions for follow-up in green)
Response	SDIPs	SDIP Monitoring and Updating: Under the SDIP module 4+5, MDLF conducted orientation/training workshops for all municipalities in WB&G in Dec 2014 to enable them to update their SDIPs in a participatory manner, and give orientation sessions to the municipalities on the MDPII performance criteria for the ranking assessment by the end of MDPII-cycle1. Based on the municipal ranking update (end of cycle 01), 115 out of 135 municipalities have updated SDIPs. (85%).	Window 3	MDLF keeps coordinating with GIZ to update the SDIPs using Baladiyat .ps MOLG/MDLF conducted orientation to all municipalities on the SDIP update by end of 2016 and encourage them to use the baladiyat .ps The number of municipalities with updated SDIPs (currently 115 out of 135 / 85%), this figure was updated as part of the municipal ranking assessment for cycle 2 (125 out of 144 / 87%) have updated their SDIPs –.
Across all 4 concepts	E-Governance/ E-Municipality (EMS)	4 pilots conducted in municipalities of Beit Jala, Halhul, Beitunia, and Anabta, using advanced ICT to deliver services and information to citizens, to i) improve efficiency and quality of public services, (ii) reduce cost and overheads for both citizens and municipalities, and (iii) improve transparency regarding the municipal services delivery. Three of the four elements of E-Governance are employed, i.e. (a) Information – publish static information and reports on the internet/website; (b) Interaction - 2-way electronic interactions between citizens and public institutions (including a complaint handling mechanism); and (3) Integration - multiple departments/institutions are integrated into one portal/gateway for citizens. The fourth goal/ element of Transaction -i.e. municipal revenue enhancement through full online service transactions, including billing and payments - is not yet possible due to the lack of a regulatory framework. However, the Palestinian Monetary Authority started working on implementation arrangements for E-transactions, based on a Cabinet decision to move forward regarding E-Transactions. The E-municipality system was developed to functionalize the E-transaction within the system, once endorsed and adopted. E-Governance versus CSCs - complement or crowd out? CSCs are one milestone towards E-Governance. Both complement each other, as some people prefer an actual, physical service center they can visit and/or may not have access to the Internet.	Window 2	MDP stakeholders (FPs and MDLF) will support the respective policy dialogue towards a regulatory framework for E-Transaction to allow for full online service transactions (including billing and payments) to assist with municipal revenue enhancements Following EMS pilot, MDLF completed the promotional activities for the EMS. It is planned to have E-Municipality with CSC for MDP3 (as one package). Increase number of currently 4 E-Municipality pilots, incl. future pilots in Gaza, implemented via MDP III (as one package). in view of developing a national definition/ standard of E-Municipality MDLF provides continued support for both, E-Governance and CSCs, as complementary aspects – this could help in conceptualizing the follow-up to MDP II.
	SA Toolkit and National Manual	SA Toolkit and National Manual, developed, and launched during EXPO for SA in May 2016		Develop SA Toolkit and National Manual
	Cross-cutting	Need to institutionalize SA/CE into local government structures to allow for a feedback loop to governance to get citizens engaged in decision-making, participatory budgeting, make citizens accountable for non-payment of taxes, fees, and/or user charges assist municipalities in revenue generation assist municipalities with service improvements.	All windows	Policy Dialogue / Sector Dialogue Develop clear activities, targets, etc To meet the objective of strengthening LG-citizen relations, FPs encourage MDLF to do more activities beyond the safeguards-related meetings and the beneficiary satisfaction assessment

Update on SA Policy Note, Manual and Capacity Building

- The SA policy note is completed and was endorsed by MOLG.
- Based on discussions within the SA technical committee (which includes the MOLG, MDLF, GIZ and other stakeholders), it was discovered that different stakeholders have developed a SA manual, hence several SA manuals exist. Hence, it was agreed that there should be one unified manual at the national level, endorsed by MOLG (similarly to the single SDIP manual). This was disseminated during the May 2016 SA EXPO event.
- MDLF becomes a member of ANSA (Arabic Network for Social Accountability). This would be a helpful for MDLF to promote the use of social accountability methods and to be institutionalized within the local government sector benefiting from the regional practices in SA.

Gender

- The grants application forms were updated to be gender sensitive. The municipalities do not have issues with completing these.
- Two guidelines (in Arabic) were completed, i.e.:
 - citizenships (rights and duties for both municipalities and the citizens) and
 - outreach and communication guidelines for the municipalities towards their citizens.

MDLF had organized consultation workshops with MOLG and the target municipalities to receive feedback on the manuals. Additionally, orientation workshops will be conducted for all municipalities in 2016 – this could be part of the SA activities that will be conducted under MDPII-Cycle II with GLZ support.

The guidelines were disseminated during the May 2016 EXPO event.

- The CSCs, implemented within 22 municipalities under MDPII/cycle 1, will be able to generate gender sensitive reports (i.e. records and statistics per gender). These CSC are all in operation since December 2015.
- Women within the municipal council as well as female municipal engineers benefited from the training on procurement, ESMF and the quality control which the MDLF had conducted (via the LTCs) at the start of cycle 1. (27 out of 90 participants – in the West Bank and Gaza - were female).
- The focus groups and workshops for the window 1 sub-project identification had been conducted with considering a quota of at least 30% of women and youth.
- The MDLF internal training on Gender issue was conducted in Nov. 2014. As agreed by the SDIP technical working group, (i) gender issues will be added into the entire SDIP process, now reflected in the new SDIP Manual (awaiting MDLG endorsement), and (ii) incorporated in the youth plans within the SDIP for those municipalities that already have such plans for youth.
- As gender mainstreaming is cross cutting across MDPII activities, gender aspects will continue to be reflected in MDPII-2 Cycle 2 as they were in Cycle 1 and will be in MDP3 as well.

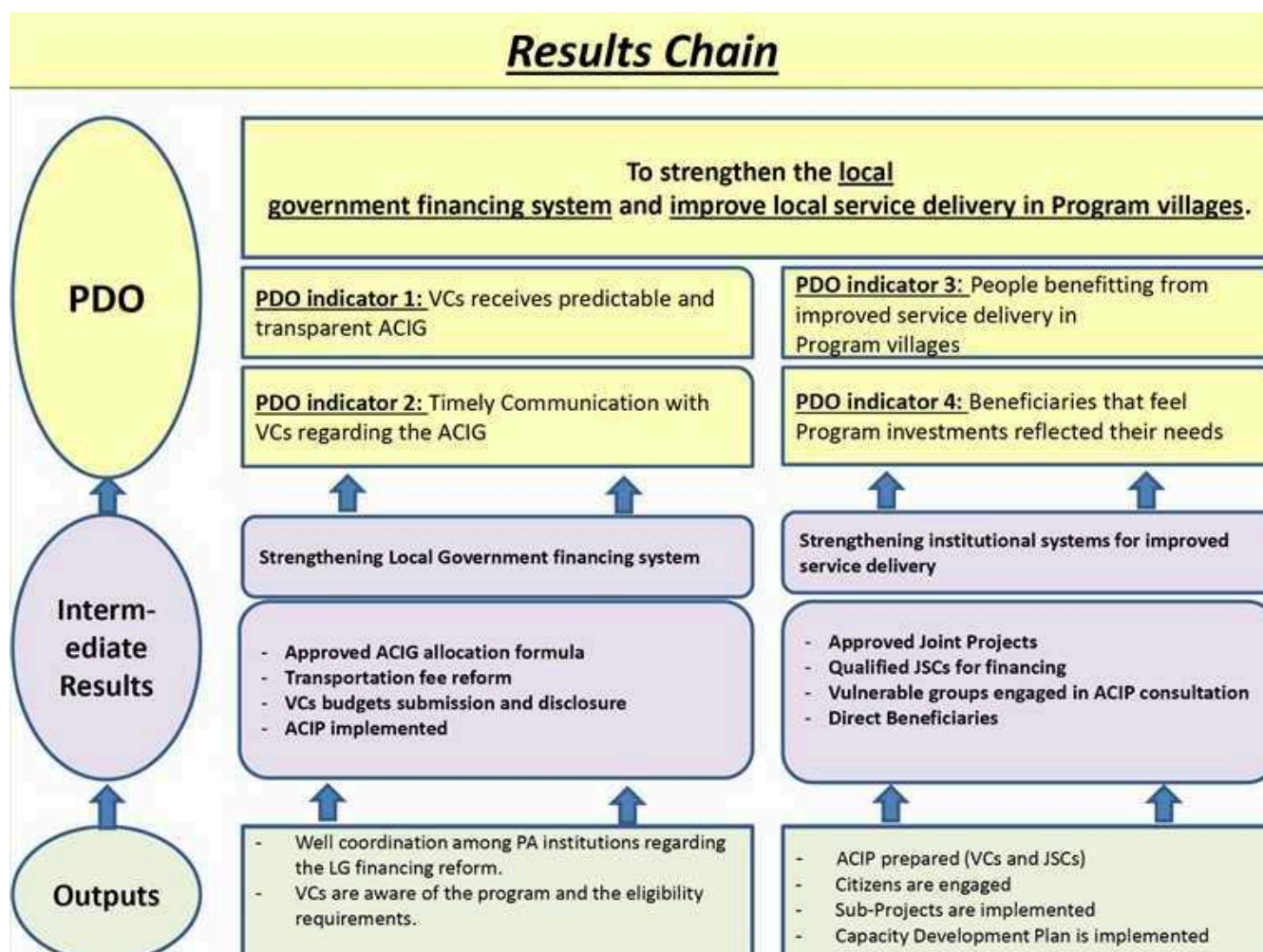
Annexes B

LGSIP Supervision Mission

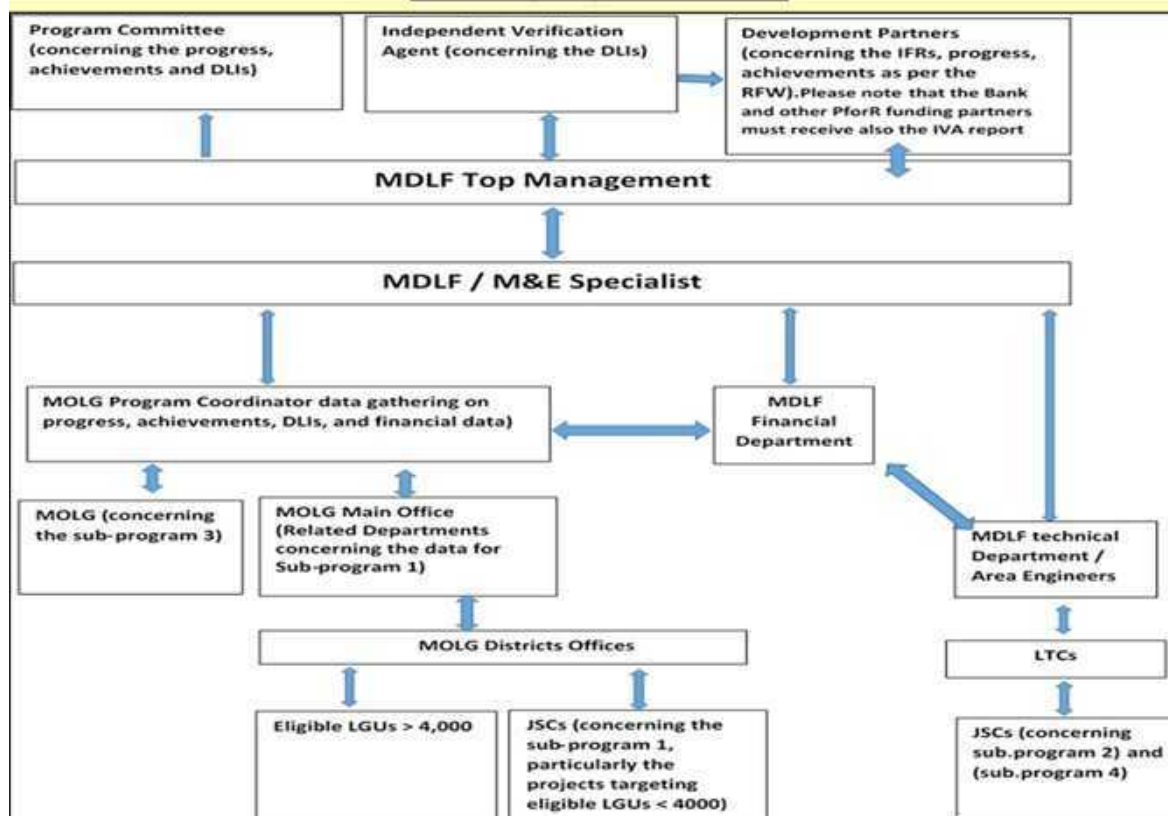
M&E – RFW (Nov. 2017)

Outline:

- Result Chain
- Flow of Information
- Achievements against the Results Indicators



Flow of Information



Achievements against the Results Indicators

PDO Indicators

Indicator	Target	Achieved
PDO Indicator 1: VCs receiving transparent and predictable Annual Capital Grants	Target FY 2017 40% Target FY 2018 50%	Partially Achieved FY 2016/2017 $61 / (241-34-6) = 30\%$ (to be confirmed by the IVA) <u>Note:</u> - # VC with pop. Share > 60% = 34 - 6 VCs were promoted to municipalities Achieved FY 2017/2018 $122 / (272-44) = 53\%$ (to be confirmed by the IVA) <u>Note:</u> # VC with pop. Share > 60% = 44
PDO Indicator 2: Timely communication to VCs of the formula based Annual Capital Investment Grant (ACIG) allocations and timely transfer of ACIGs to eligible VCs.	Target FY 2017 Yes	Achieved FY 2017 Yes
PDO Indicator 3: People benefiting from improved service delivery in Program villages	Target FY 2018 (midterm) 230,000	Achieved FY 2017 (171,298)
PDO Indicator 4: Beneficiaries that feel Program investments reflected their needs	Target FY 2018 (midterm) 65%	To be assessed at the midterm review (FY 2018)

Achievements against the Results Indicators

Intermediate Results Indicators

Indicator	Target	Achieved
Intermediate Results Indicator 1: Annual Capital Grant Allocation Formula approved by MoLG	Target FY 2017 Yes	Achieved FY 2017 Yes
Intermediate Result Indicator 2: Steps to improve transparency and predictability of Transportation Fee adopted by MoLG	Target FY 2017 Transportation Fee reform directive submitted for approval to Cabinet of Ministers	Not yet Achieved (in progress)
Intermediate Result Indicator 3: Percentage of VCs submitting their annual budget to MoLG electronically on time and have disclosed budgets publicly	Target FY 2017 30%	Achieved FY 2017 Budget disclosure $61/(241-40) = 31\%$ Budget submission $(182/241) = (75\%)$ **Note: the total no. of VC has increased in 2016, **the baseline reference is (241-40)
Intermediate Results Indicator 4: Percentage of VCs that have implemented at least 60% of their ACIPs	Target by end of 2017 55%	To be assessed by end of 2017 upon the completion of the VCs sub-projects

Achievements against the Results Indicators

Intermediate Results Indicators

Indicator	Target	Achieved
Intermediate Results Indicator 5: Cumulative number of joint projects approved	Target FY 2017 6	Not yet achieved
Intermediate Results Indicator 6: Number of JSCs qualifying for financing under the Program	Target FY 2017 18	Achieved in accordance to the JSC assessment conducted by MOLG (19 JSC are qualified out of which 4 JSCs will be targeted by the 2 nd comp.)
Intermediate Results Indicator 7: Share of vulnerable groups who participated in ACIP consultations.	Target FY 2018 (midterm review) 30%	To be assessed at the midterm review (FY 2018)
Intermediate Results Indicator 8: Direct beneficiaries (number), of which female (percentage)	Target FY 2018 (midterm) 230,000	Achieved FY 2017 (171,298) out of which (85,649) are female



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