



Municipal Development and Lending Fund

Municipal Development Program – Phase IV (MDP4)

Terms of Reference

Implementing Municipal Creditworthiness Self-Assessment Tool for Selected Municipalities in West Bank

Reference No.: MDP4C1-2. a/#08. I

Date: March 2026



1. Introduction

The Municipal Development and Lending Fund (MDLF), as the national development agency in the local government sector, has been mandated to implement the Municipal Development Program (MDP), which is a multi-phase national program financed by the Palestinian Government and several international financing partners, including Danish International Development Assistance (DANIDA), the World Bank (WB), German Development Bank (KfW), German Technical Cooperation (GIZ), French Development Agency (AFD), Swiss Agency for Development and Cooperation (SDC), Belgian Development Agency (ENABEL), and the European Commission (EC).

MDP in its fourth phase (MDP4) has been designed to contribute to the broader Palestinian Government objectives related to strengthening local governments by enhancing their efficiency and effectiveness in managing municipal affairs and moving them toward greater fiscal stability. MDP4 is a continuation of a national program series that provides financing incentives for Local Government Units (LGUs) across the West Bank and Gaza Strip and builds on previous phases.

MDP4 has five components, and this assignment falls under Component Two, which aims to enhance the capacities of municipalities in different areas of expertise, including financial management, operation and maintenance, administration, social accountability, technology, and service development. MDLF seeks to support municipalities in transforming from traditional paper-based institutions into modern, service-oriented, efficient electronic municipalities.

The Municipal Development and Lending Fund (MDLF), as the delegated implementation agency, intends to use part of the Grant to contract a specialized consulting firm (the Consultant) to perform specific tasks under the contract entitled "Implement Municipal Creditworthiness Self-Assessment Tool for Selected Municipalities in West Bank" for a total of 10 municipalities, as listed in Annex 2.

2. Background of the Assignment

Palestinian municipalities continue to face increasing pressure to improve service delivery, maintain infrastructure, and respond to community needs despite limited own-source revenues and constrained fiscal space. In this context, strengthening municipal creditworthiness has become an important area of institutional development, particularly for municipalities that may, over time, seek to access external finance in a prudent and structured manner.

MDLF has previously supported this agenda through two connected assignments. The first assignment developed and delivered training material on the fundamentals of municipal creditworthiness. The second assignment focused on implementing the Municipal Creditworthiness Self-Assessment Tool. As a result of those earlier efforts, the following materials are available and ready for the Consultant's use under this assignment.

- Creditworthiness fundamentals training material.
- Presentation and orientation material.
- User manual.
- Municipal Creditworthiness Self-Assessment Tool and related supporting documents.
- Relevant Arabic and English versions of the assessment documents.



Accordingly, this assignment is intended to focus on the roll-out and implementation of the already developed self-assessment framework, rather than on re-developing or validating the tool itself. It also supports MDLF's efforts to strengthen municipal financial management and institutional readiness within the broader financial decentralization agenda. It will provide municipalities with the fundamental knowledge needed to assess municipal creditworthiness and support them in implementing the Creditworthiness Self-Assessment Tool. Through this process, municipalities will be better able to understand their financial position, identify institutional and fiscal gaps, and define practical actions for improvement.

The assignment therefore contributes to a core pillar of financial decentralization by strengthening municipalities' fiscal responsibility, financial decision-making, and readiness for structured and accountable access to external finance.

3. Objective of the Assignment

The overall objective of this assignment is to support MDLF in implementing the Municipal Creditworthiness Self-Assessment Tool for selected municipalities in the West Bank in order to:

- assess municipalities' financial health and institutional readiness related to creditworthiness.
- identify and prioritize key creditworthiness challenges at the municipal level.
- generate municipality-specific assessment results and dashboard reports.
- develop preliminary action-oriented recommendations to improve municipal financial performance, financial management, and creditworthiness readiness; and
- provide MDLF with a consolidated analytical basis for designing targeted capacity-building interventions.

4. Scope of Work

4.1 Task One: Review of Existing Materials and Preparation for Implementation

The purpose of this task is to ensure that all existing materials are fully reviewed, updated where necessary, and organized for efficient implementation of the assignment.

Under this task, the Consultant shall:

- Review all documents and materials related to the assignment, including the existing training material on the fundamentals of municipal creditworthiness, the existing presentation material related to the tool, the user manual of the Municipal Creditworthiness Self-Assessment Tool, the three parts of the assessment tool, and related guidance and supporting documents provided by MDLF.
- Submit all proposed edits or adapted materials to MDLF for review and approval before delivery.
- Prepare and submit an Inception Report that includes, at a minimum, understanding of the assignment, methodology and implementation approach, detailed work plan and timeline, cluster-based deployment approach, communication and coordination arrangements, quality assurance measures, risk assessment and mitigation measures, the proposed approach for



delivering the training package within three days only, and the implementation tracker and progress reporting format; and

- Prepare a detailed implementation plan for the roll-out of the self-assessment across the two clusters.

Output of this task: Inception Report, including the approved approach for the integrated three-day training package and any MDLF-approved edited materials.

4.2 Task Two: Deliver the Integrated Training Package on Creditworthiness Fundamentals and Tool Orientation

The purpose of this task is to provide the targeted municipalities with the required preliminary knowledge and practical orientation necessary to implement the self-assessment tool effectively.

The Consultant shall deliver an integrated training package that combines fundamental knowledge of municipal creditworthiness with orientation to the Municipal Creditworthiness Self-Assessment Tool and its user manual.

Under this task, the Consultant shall:

- Deliver the training package to the targeted municipalities in a format approved by MDLF.
- Ensure that the training package is delivered within a total duration of three days only for each cluster, as proposed by the Consultant in the Inception Report and approved by MDLF.
- Structure the three-day training in a way that enables participants to understand the fundamentals of municipal creditworthiness, the relationship between creditworthiness and municipal finance, borrowing readiness and financial sustainability, the purpose and structure of the self-assessment tool, the implementation process of the tool, and the required evidence and data inputs.
- Ensure that the training is practical and directly relevant to municipalities' daily financial and administrative work, using examples, exercises, and illustrations where appropriate.
- Deliver one integrated training session for each cluster.
- Administer pre-test and post-test tools, where required by MDLF; and
- Submit a Training Report covering the dates and locations of the sessions, participants by municipality, materials used, summary of delivery approach, key observations, pre/post-test summary where applicable, recommendations for the subsequent assessment phase, and photo documentation where applicable.

Important clarification: under this assignment, the Consultant is not required to develop the training material from scratch and is not required to develop a new tool-orientation package from zero.

The Consultant shall use the materials already developed and provided by MDLF, with only such editing as may be necessary and approved by MDLF before delivery.

Output of this task: Successful delivery of the integrated three-day training package for each cluster, and submission of the related Training Report.



4.3 Task Three: Implement the Municipal Creditworthiness Self-Assessment Tool

The purpose of this task is to conduct a self-assessment for the selected municipalities after completion of the training stage.

Under this task, the Consultant shall:

- Coordinate with each municipality regarding the data, supporting documents, and evidence needed for each part of the assessment tool, including at a minimum:
 - (i) The audited financial statements for the previous two fiscal years,
 - (ii) The current year financial statements or trial balance and related financial reports,
 - (iii) The current year operating and capital/development budgets,
 - (iv) The municipality's strategic plan and relevant planning documents,
 - (v) Data on municipal characteristics, delegated services, and organizational/financial management arrangements, and
 - (vi) The supporting financial, administrative, and institutional records required to complete the three parts of the Municipal Creditworthiness Self-Assessment Tool.

The detailed list of data, supporting documents, and evidence shall be finalized in consultation with MDLF and communicated to each municipality at the beginning of the assignment, with reference to the User Guide included in Annex 1 to this TOR.

- Ensure that the designated municipal team fully understands the required inputs for each part of the assessment tool.
- Conduct the necessary field visits, working sessions, and follow-up meetings with municipalities.
- Verify the received data in terms of completeness, consistency, compliance with the assessment criteria, and coverage of the required assessment period.
- Maintain an updated cumulative implementation tracker for all municipalities and submit it to MDLF on a biweekly basis.
- Enter and review the data in the approved assessment tool.
- Analyze the outputs from an analytical perspective to verify the realism of the results and the reasonableness of the resulting action points for each municipality.
- Prepare a dashboard/report for each municipality showing the assessment results and key findings.
- Obtain municipality acknowledgment of the finalized dashboard/report in the format required by MDLF; and
- Prepare a Comprehensive Assessment Report, including a summary of implementation progress, municipality dashboards, cluster-based findings, key issues encountered, and organized electronic files for each municipality and cluster.



Output of this task: Comprehensive Assessment Report, municipality dashboards, and updated implementation tracking reports.

4.4 Task Four: Consolidated Analysis and Proposed MDLF Interventions

After completing the assessments, the Consultant shall:

- Develop a consolidated sheet of the results for all municipalities, identifying common weaknesses and actions that fall within MDLF's mandate.
- Analyze the common findings and identify priority intervention areas that may enhance municipalities' financial performance and creditworthiness readiness.
- Develop a concise booklet/framework for the proposed interventions by MDLF.
- Present the consolidated findings and proposed interventions to MDLF; and
- Following MDLF's prioritization, **develop the outlines (that includes objective, scope of work and expected and methodology of implementation)** for each of the selected capacity-building interventions.

Output of this task: Booklet/framework of proposed MDLF interventions and the outlines for the agreed follow-up assignments.

5. Methodology and Implementation Approach

The Consultant shall adopt a practical implementation-oriented methodology that combines review of existing materials, structured coordination with MDLF and municipalities, integrated training delivery, field-based and desk-based assessment implementation, data verification, dashboard reporting, and consolidated analysis for MDLF decision-making.

The methodology shall ensure efficient parallel implementation across the two clusters, practical guidance to municipalities throughout the assessment process, strong quality assurance and consistency of results, evidence-based interpretation of assessment outcomes, and timely reporting and escalation of bottlenecks to MDLF.



6. Deliverables and Indicative Timeline

This assignment is expected to be implemented over a period of approximately **20 weeks (5 months)** from contract signature.

Deliverable	Description	Indicative Due Date
Deliverable 1	The Inception Report includes the methodology, work plan, cluster deployment approach, implementation tracker, proposed three-day training delivery approach, and a list of proposed edits to existing materials.	Within 2 weeks
Deliverable 2	Approved integrated training package and Training Delivery Report, including any MDLF-approved edited materials and the report on delivery of the integrated three-day training for each cluster.	Within 5 weeks
Deliverable 3	Progress Reports include updated implementation tracker, progress status, key issues, and next steps. (will be determined through the inception report)	4 Reports
Deliverable 4	Comprehensive Assessment Report including municipality dashboards, cluster findings, and organized municipal files.	Within 16 weeks
Deliverable 5	Consolidated Findings and Proposed Intervention Framework, including proposed intervention themes and draft Outlines (as identified in the scope of work) for agreed follow-up assignments.	Within 18 weeks
Deliverable 6	Final Report summarizing the assignment, outputs delivered, lessons learned, constraints, and recommendations.	Within 19 weeks

All deliverables shall be submitted in editable electronic format and in the language required by MDLF. Unless otherwise agreed, municipality-facing implementation materials and assessment outputs shall be submitted in Arabic. MDLF may request selected summaries or key reports in English.

7. Duration and Level of Effort

The estimated duration of this assignment is approximately **24 weeks** from contract signature.

The estimated level of effort is 80 working days, distributed across the proposed team over the duration of the assignment, subject to final confirmation in the Consultant's technical and financial proposal.

The Consultant shall be responsible for deploying sufficient personnel and backstopping capacity to complete the assignment within the agreed schedule and to work across the two clusters in parallel.



8. Team Composition and Qualifications

8.1 Firm Qualifications

- at least 5 years of proven experience in public finance, municipal financial management, institutional development, and/or financial assessment.
- demonstrated experience in similar assignments involving municipalities, local governments, or public-sector institutions.
- proven capacity to manage multi-site assignments and field-based implementation; and
- adequate administrative, logistical, and financial management capacity.

8.2 Key Experts

A. Team Leader / Senior Municipal Finance and Creditworthiness Expert (1)

- advanced university degree in accounting, finance, public finance, economics, business administration, or another relevant field.
- Professional qualifications such as CPA, ACCA, CMA, or equivalent are an advantage.
- at least 12 years of relevant professional experience.
- proven experience leading similar consulting assignments.
- strong experience in municipal finance, financial analysis, institutional assessment, and development of actionable recommendations.
- demonstrated facilitation, communication, and stakeholder coordination skills.
- strong writing and analytical skills; and
- fluency in Arabic and good working knowledge of English.

B. Municipal Financial Experts / Assessors (minimum 3experts)

- university degree in accounting, finance, economics, business administration, or another relevant field.
- at least 8–10 years of relevant experience in financial management and/or municipal finance.
- prior experience in working with local governments, municipalities, or public-sector financial systems.
- demonstrated experience in financial analysis, data verification, and reporting.
- strong Excel and data management skills.
- good facilitation and communication skills; and
- fluency in Arabic; working knowledge of English is an asset.

At least one expert should be assigned to 3-4 municipalities, with sufficient flexibility to enable parallel implementation across the two clusters.

9. Reporting and Coordination Arrangements

- The Consultant shall designate the Team Leader as the main focal point for communication with MDLF.
- The Consultant shall attend regular coordination meetings as requested by MDLF.
- The Consultant shall submit biweekly written progress updates.
- The Consultant shall promptly escalate implementation issues affecting schedule, quality, or municipal responsiveness.
- The Consultant shall adhere to any communication and reporting protocols established by MDLF.



10. Responsibilities of MDLF

- Provide the Consultant with the existing assessment-related documents and materials, including the tool, user manual, and previously developed training and orientation materials.
- Provide the list of targeted municipalities and cluster allocation.
- Coordinate official communication with municipalities, where needed.
- Review and approve deliverables and any proposed edits to existing materials.
- Facilitate overall supervision of the assignment.

11. Responsibilities of Municipalities

- Designate a municipal focal team for the assignment.
- Participate in the training sessions and required working meetings.
- Provide the required data, records, and support documents in a timely manner; and
- Review and acknowledge the municipality dashboard/results in the format agreed with MDLF.

12. Contract Type and Payment Schedule

This shall be a lump-sum contract. Payments shall be made against submission and acceptance of deliverables by MDLF, as follows:

Milestone	Payment
Payment 1 – upon submission and acceptance of Deliverable 1 (Inception Report)	10%
Payment 2 – upon submission and acceptance of Deliverable 2 (Integrated Training Package and Training Delivery Report)	20%
Payment 3 – upon submission and acceptance of Deliverable 4 (Comprehensive Assessment Report)	40%
Payment 4 – upon submission and acceptance of Deliverable 3&5 (6 Progress Reports and Consolidated Findings and Proposed Intervention Framework, including draft Outlines)	20%
Payment 5 – upon submission and acceptance of Deliverable 6 (Final Report)	10%



13. Selection Method

Firms will be selected under **Selection based on Quality-Cost Based Selection (QCBS)** in accordance with the provisions of the *World Bank's Procurement Regulations for IPF Borrowers sixth edition dated March 2025 first published in July, 2016*; and the *"Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD loans and IDA Credits and Grants" dated January 2011*.

14. Project Administration

MDLF shall be responsible for the coordination of this assignment, review and acceptance of deliverables, and processing of payments in accordance with the contract.

The project will be managed by Hazem Kawasmi, Director of Operations. His address is:

Municipal Development and Lending Fund

Ein Sam'an, Ramallah, Palestine.

Tel: +972 (02) 2426610 ex 151 Fax: +972 (02) 2426617 E-mail: hkawasmi@mdlf.org.ps

15. Annexes

- Annex 1: Existing materials to be provided by MDLF (including the self-assessment tool, user manual, related guidance documents, and previously developed training and orientation materials).
- Annex 2: List of the 10 target municipalities in the West Bank and their allocation.



Annex 2: Targeted local authorities

Municipality	الهيئة المحلية	Governorate
Kufor Tholoth	كفر ثلث	Qalqilia
Deir Debwan	دير دبوان	Ramallah & Albireh
Qabalan	قבלان	Nablus
Abu Dees	أبو ديس	Jerusalem
Beit Sahur	بيت ساحور	Bethlehem
Al Yamun	اليامون	Jenin
Qabatya	قباطيه	Jenin
Dura	دورا	Hebron
Al Bireh	البيرة	Ramallah & Albireh
Rawabi	روابي	Ramallah & Albireh