

Local Government Services Improvement Project (LGSIP)

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 of institutional systems and processes for citizen engagement.

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 a five-year duration from 2016 to 2020 and comprises the following components:

- (i) Annual capital grants for the delivery of Local Services: Provides local services through village councils.
- (ii) Conditional Capital Grants for investment in Joint Projects: Provides infrastructure through joint projects.
- (i) Capacity Support for strengthening Local Governance Institutions.
- (iv) Investments in "Area C"

Program Financing::

The Palestinian Authority (PA) received a grant from the World Bank in the amount of US\$5 million towards the LGSIP, channelled 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 54** below.

Table 54: LGSIP Financing per Donor

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

Progress Per Component

Annual capital grants for the delivery of Local Services

1 st round annual grants to VCs (2016-2017)
<ul style="list-style-type: none"> - All budgets totaling 63, were disclosed through the <i>baladiyat.ps</i> 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.

<ul style="list-style-type: none"> - 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: <ul style="list-style-type: none"> • 14 Large VCs out of 61 eligible VCs with a total allocation of US\$ 661,482. • 14 small VCs out of 61 eligible VCs – members of qualified JSCs – with a total allocation US\$ 234,239. • 33 small VCs out of 61 VCs are eligible and not members of a qualified JSC, thus they signed agreements with the nearest Municipality or eligible large VC (the sum of their allocations is \$ 645,961). - In terms of implementation status, out of 61 VCs, 27 VCs completed their projects in (2017) and 34 VCs merged their 1st round allocation with the 2nd round allocation to be implemented in (2018-2019).
<p>2nd round annual grants to VCs (2017-2018)</p>
<ul style="list-style-type: none"> - 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. - 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: <ul style="list-style-type: none"> • 37 large VCs with a total allocation of US\$ 1,721,484. • 33 small VCs-members of qualified JSCs- with a total allocation of US\$ 600,534. • 52 small VCs – members of unqualified JSC- with a total allocation of US\$ US\$ 974,871. - In terms of implementation status, the projects were all successfully completed.
<p>3rd round annual grants to VCs (2018-2019)</p>
<ul style="list-style-type: none"> - 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 204. (ii) Through social networking pages for the village councils. - All budgets submitted, totaling 204, were disclosed through the MOLG website. Note that it will be published through the program of public administration for budgeting, following the completion of approvals from the MoLG. - The list of 204 eligible VCs was approved by the project committee out of which 31 VCs are located in Area C, meaning that only 173 VCs will be targeted by the 1st component of the project. - In terms of the annual grants to the eligible VCs, a total of Million US\$ 4,275,351targeting 173 eligible VCs. Out of which: <ul style="list-style-type: none"> • 35 large VCs with a total allocation of Million US\$ 1,665,063. • 138 small VCs with a total allocation of Million US\$ 2,610,288. - In terms of implementation status, out of 173 eligible large or small VC, (136 VCs started preparing the bidding documents for their projects, and 37 VCs are preparing their projects documents) - More focus on the VCs who initiated the procurement process , out of 136 VC, 108 VCs awarded their projects (undergoing or handed over) with a value of Million US\$2,818,154) and 28 VC are still evaluating the bids.
<p>4stround annual grants to VCs (2019-2020)</p>
<ul style="list-style-type: none"> - All received development plans were publicly disclosed through one or two methods, namely: (i) The gateway/website to the local government units: <i>baladiyat.ps</i>, a total of 204. (ii) Through social networking pages for the village councils. - All budgets totaling 204, were disclosed through the <i>MOLG</i> 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 204 eligible VCs was approved by the project committee by Dec 12, 2019.

- The Allocation value of the projects listed for the year 2020 through LGSIP was US\$ 4,301,280M, 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 204 village councils is distributed as follows:**
 - **34 Large VCs out of 204 eligible VCs with a total allocation of Million US\$ 1.613907.**
 - **170 small VCs out of 204 eligible VCs with a total allocation Million US\$ 2.687373.**
 - **88 small VCs out of 204 VCs are eligible and not members of a qualified JSC, thus they signed agreements with the nearest Municipality or eligible large VC**
- In terms of implementation status, out of 204 VCs, 178 VCs are preparing their projects profiles