Municipal Development & Lending Fund

Capacity Development Manual
MDP III

September, 2017

Preface

The Municipal Development and Lending Fund (MDLF) is a semi-governmental entity established by the Council of Ministers decree in October 2005, followed by the MDLF-law which was endorsed in November 2016, to accelerate Palestine's drive toward high responsiveness, self-sustained, decentralized, prosperous and creditworthy local governments. The 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 on community development as well as reform of the local government sector in Palestine. MDLF had implemented hundreds of projects with a value that exceeded US$370 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-phases program distinguished by the transfer mechanism, aimed to enhance the capacity of municipalities through its four components (Component 1: Municipal Performance and Service Delivery, Component 2: Capacity Development, Component 3. Municipal Partnership Projects. Component 4: Project Implementation Support and Management Costs.).

For effective management of the projects, programs and grants, MDLF has developed four integrated manuals. These manuals can be described briefly as illustrated in the following table:

Table No. (1) MDLF Manuals Description

Manual	Brief Description
Technical Operational Manual (TOM)	The purpose of this manual is to elucidate, step by step, the operations and procedures to be implemented by MDLF in ranking municipalities, allocating their grants for capital investment & operation, helping them to plan and implement projects to improve their services and hence improve the quality of life to their residents. This manual covers projects under Window 1 of the MDP
Capacity Development Manual (CDM)	The purpose of this manual is to elucidate, step by step, the operations and procedures to be implemented by the Municipal Development and Lending Fund (MDLF) (Institutional Development and Technical Assistance Department in particular) in implementing Component 22 of the MDP3.
Financial Manual (FM)	This manual describes in details all financial procedures to be followed by the MDLF in managing grants and projects.
Procurement Manual (PM)	This Manual provide straightforward and detailed guidance on the individual stages of the procurement process to be followed when conducting procurement against projects funded by the MDLF. It is designed to be simple to use, by breaking the overall procurement process down into a series of individual stages

This manual (Capacity Development Manual CDM) is designed to be used mainly by MDLF - IDTA department staff, alongside with a number of other documents, including in particular MDLF's Grant Allocation Mechanism (GAM) and MDLF's Procurement Manual, Technical Operational Manual, and Financial Manual.

As part of its purpose, this manual includes all necessary tools (forms) needed to implement Component 2 of the MDP3 (MDP3 comprises of 4 components – for more details please refer to the Project Appraisal Document PAD).

Finally, this manual is a living document and needs to be reviewed and updated (if necessary) at the end of each cycle of component 2. Updates or revisions to the contents of the manual are subjected to the review and agreement of the World Bank and project partners.

Contents

Attached Forms

Form Number	Form Title
CDM-F-01	Request For Application
CDM-F-02	Capacity Development Program Application Form
CDM-F-03	Orientation Workshop Invitation Letter
CDM-F-04	CD Application Register Form
CDM-F-05	Acknowledgment of CD Application Receipt Letter
CDM-F-06	CD Application Status Note
CDM-F-07	MOU – GIA Signing Ceremony Invitation Letter
CDM-F-08	Milestone Progress Report- Municipality
CDM-F-09	Final Report
CDM-F-10	Milestone Progress Report- MDLF
CDM-F-11	Memorandum of Understanding (MOU)

Abbreviations

BOD	Board of Directors
CD	Capacity Development
CDM	Capacity Development Manual
GAM	Grant Allocation Mechanism
GD	General Director
GDO	General Director of Operations
GIA	Grant Implementation Agreement
FY	Fiscal Year
FD	Financial Department
FM	Financial Manual
IDTA	Institutional Development and Technical Assistance
LGUs	Local Government Units (municipalities or Municipal Areas for the purpose of this manual)
LTC	Local Technical Consultant
MDLF	Municipal Development and Lending Fund
MDP	Municipal Development Program
MOU	Memorandum of Understanding
MoLG	Ministry of Local Government
O&M	Operations and Maintenance
PNA	Palestinian National Authority
PRDP	Palestinian Reform and Development Plan
PD	Procurement Department
PM	Procurement Manual
RFA	Request for Applications
RFP	Request for Proposals
SDIP	Strategic Development and Investment Plan
SPD	Strategic Planning Department
TD	Technical Department
TOM	Technical Operational Manual
TOR	Terms of Reference
EOI	Expression of Interest

Part One

Introduction

1.0 Background

PROJECT DEVELOPMENT OBJECTIVES

Enhance the institutional capacity of municipalities in West Bank and Gaza for more accountable and sustainable service delivery.

PDO-Level Results Indicators

PDO Result Area	Indicators
Institutional Strengthened Municipalities	1. Number of municipalities that moved up one rank in the performance assessment system
Accountable and Responsive Service Delivery	2. People provided with improved urban living conditions (WB core) 3. Municipalities with Public Disclosure of executed budget and executed SDIP
Financially Sustainable municipalities	4. Number of municipalities with Operating and Enterprise surplus and no increase in arrears

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 MDPIII will be implemented over the period of (2017-2021) in two cycles.

MDP3 will consolidate and scale up past gains under MDP 1 and MDP 2 in municipal performance and accountability enhancement. In addition, MDP 3 will start to strengthen the enabling environment at the central level and municipal partnerships with the private sector to improve the efficiency and sustainability of municipal services. The basic municipal capacity developed in financial management and budgeting will need to be taken to the next level of improving arrears management practices and own-source revenue performance so that municipalities are able to achieve financial sustainability. Participatory processes need to be integrated throughout the

municipal investment cycle thereby strengthening the social contract between municipalities and citizens/stakeholders. In addition, MDP 3 will strengthen the capacity of the Municipal Development and Lending Fund (MDLF) and Ministry of Local Government (MoLG) to enhance the enabling environment for municipalities and sustainability of the municipal sector. MDP 3 will also provide support to MoLG in strengthening its regulatory and oversight role for the LGU sector. Further, municipalities will be supported to develop their capacity to look for partnerships with the private sector to improve efficiency and sustainability of municipal services. More generally, MDP 3 will continue to serve as a model for an eventual fiscal transfer system for the PA

The MDP3 has 4 Components through which funds will be disbursed in its first Phase (2017-2021) as described in table no. (2) below:

Table No. (2) MDP3 Components

	Components
Component 1	**Municipal Performance and Service Delivery,**
Component 2	**Capacity Development**
Component 3	**Municipal Partnership Projects.**
Component 4	**Project Implementation Support and Management Costs**

Component 2: Capacity Development
(the focus of this manual)

This component will provide capacity support to municipalities and national level institutions, namely the MDLF and the MoLG.

Capacity Development of Municipalities: The support would be provided at two levels, viz **(1) Basic Capacity Development Support to all participating municipalities; and (2) Targeted Capacity Development Support to strengthen creditworthiness of high-performing municipalities.** The Basic Capacity Development Support will aim at improving municipal performance measured against the program's KPIs, as well as improving sub-project implementation capability (e.g. pre-feasibility study, procurement, financial management, and safeguards). For the municipalities with good capacity, Targeted Capacity Development will be provided to enhance their capabilities to access market finance in the long run. Accordingly, targeted advice and training will be provided to strengthen the performance of municipalities in areas such as revenue and expenditure management, management of receivables and payables, cash management, oversight, and project management.

Development of Municipal Management Systems: this activity will support the strengthening of municipal management systems. Effective systems to regulate and guide municipal activities make a critical contribution to available capacity through clarifying and streamlining procedures and requirements as well as improving their efficiencies through automation. Support will be provided for the development of procedural, analytical and technical frameworks and analyses in targeted areas such as revenue management, municipal integrated financial management and information system (IFMIS), capital investment preparation, and social accountability.

Capacity Development of the MoLG and the MDLF: Recognizing the critical role played by national level institutions in the strengthening of governance and service delivery at the municipal level, the project will provide capacity development support to MoLG and MDLF to enable them to play their respective mandated roles and responsibilities more effectively. Accordingly, support will be provided to the MoLG to develop Municipal Audit Standards and related implementation guidance in collaboration with the State Audit and Administrative Control Bureau (SAACD), and the Palestine Association of Certified Public Accountants (PACPA).

The technical assistance packages described in this manual are demand driven and training targets are determined by the number of municipalities within each rank.

2.0 The Grant Allocation Mechanism (GAM)

The Grant Allocation Mechanism (GAM) for MDP3 strongly aims at creating incentives for the presently 144 Palestinian municipalities to improve their performance and capacities, in particular in the fields of:

1) **Financial Performance and Sustainability (FPS)**
2) **Institutional Performance (IP)**
3) **Transparency, Accountability and Participation (TAP)**

For this purpose, the transfer mechanism (TM) establishes a system with 10 ranging ranks of performance from the highest to the lowest level of performance (A++), (A+), (A), (B++), (B+), (B), (C++), (C+), (C), and (D). based on key performance criteria (indicators) that determine how a municipality will be classified in the ranking system. Annex No. 1 describes the indictors of performance criterion and the definition of each indicator.

For more information about the allocation mechanism please refer to the GAM Manual document.

3.0 Eligible Applicants

For MDP III, it was agreed between MDLF and funding partners, that only municipalities fulfilling the eligibility conditions will receive population and needs based grant funds (the Basic Grant). The eligibility condition of MDP II (budget submission) will still apply. In addition, he SDIP preparation according to the new guidelines shall become an additional eligibility condition starting with the second cycle of the MDP III.

For more information about the eligibility conditions please refer to the GAM Manual document.

4.0 Technical Assistance Areas of Intervention and Packages

Technical Assistance Areas of Intervention are broadly grouped into two categories:

(A) **Capacity Development of Municipalities,**

  (i) Base Level Capacity Support to all participating municipalities and

  At the base level, the CD will include a mix of classroom training, hands-on technical support and advisory support on specific areas of municipal functions that will be customized to cater to the requirements of Municipalities and their existing capacities and performance.

  (ii) Targeted Capacity Support to strengthen creditworthiness of well-capacitated municipalities.

(B) Capacity Development of MoLG and MDLF.

MDP3 packages:

(A) **Capacity Development of Municipalities,**

    (i) Base Level Capacity Support to all participating municipalities and

1.   Strategic development and investment plans (SDIP):

This is an updated version of the past SDIP. This activity will support the 144 municipalities to develop simple strategic development and investment plans with the participation of communities and relevant stakeholders, for the years 2018 to 2021 following the SDIP new guidelines prepared by the national planning working group headed by MoLG.

2.   Financial System Packages:

2.1 Integrated Financial Management Information Systems (IFMIS):

IFMS is a management tool that gives municipal officials and MOLG managers the information needed for making decisions, planning their activities, monitoring and evaluating outcomes. The Integrated Financial Management System (IFMIS) is designed to integrate information vertically between systems and sub-systems running by one agency (Municipality) and horizontally between systems running by multiple agencies (Municipalities - MOLG).

The Integrated financial management information system (IFMIS) is a system that Integrates financial processes executed by different related systems such as budget preparation software (BPS), financial management information system (FMIS), Revenue Management Information System (RMIS), Performance management information System (PMIS – out of the scope for this assignment), Fixed Assets Registration, Payroll system, GIS, Operation and Maintenance system O&M and other systems to derive full benefits from performance-based pubic financial management.

MDLF and Local governments have envisioned that the successful implementation of the IFMIS system will provide the following benefits:

- Effective Planning, Budgeting & Financial Analysis Based on the Factual Data and Trends,
- Effective Performance Monitoring, Increased Productivity, Reduced Documentation, Enhanced Transparency, Enhanced Communication:
- The other benefits of IFMIS solution will be lesser process time, lesser establishment costs, reduction in manual data retrieval and transfer would result in better decision making, greater employee satisfaction and higher manpower productivity. All these

benefits would enable municipalities to perform their role of financial and resource management in a better manner and thus better serve their people.

Ongoing support to be continued for rolling out of IFMIS to a new set of targeted municipalities with the objective of automating the financial management and revenue administration process.

- The roll out of the financial management manual which includes the basic use of the new chart of accounts,
- Asset registration and valuation support to a group of municipalities;
- Roll out of the municipal budgeting procedures;
- Promotion of municipal external audits;
- Office and IT equipment based on MDLF's assessment of the municipal financial departments for a group of municipalities;

Capacity building in financial management is required for the non-accountants in the level of Municipalities' directors. This step is helpful to enhance the utilization of financial information (the output of IFMIS)

2.2   RMIS Revenue Management:

The objective of this assignment is to strengthen LGUs' financial capacities through enhancing their revenue collection that improves their mechanism for offering/charging their services, tracking and controlling their outstanding debts, through rolling out Revenue Management Information System (RMIS) at selected municipalities in the West bank and Gaza to ensure the following:
- Managing and controlling municipal 'revenue resources;
- All tax and non-tax revenues are collected and payments are made correctly in a timely manner;
- Customers' consolidated statements of accounts are optimally managed and controlled.

More specifically, the assignment aims are to support the selected pilot municipalities in:
1. Unify the services' accounts for each customer under unique customer account;
2. Support MoLG in policy development, guidelines, transparency procedures for tax and non-tax revenues collected by municipalities
3. Support to municipalities to map unbilled service users and complete municipal service users' database, including utility service users.
4. Support to municipalities to identify cumulative arrears per service user and record.
5. Support to the MoLG to revise 1997 Law on revenue assignments (currently tackled under the Bank's reform TA).

2.3   Simple Accounting system & Financial Policies & Procedure Manual

The aim is to coach newly formed and small municipalities on the use of the Cash Based Fund Accounting Financial Policies and Procedure Manual-FPPM and provide the necessary technical support for the financial and accounting teams in the municipalities to implement the Financial Policies and Procedures Manual.

3. Operations and Maintenance (O&M) Package:

The O&M Web-Enabled Application software is a management tool that gives municipal officials the needed asset information for planning their activities, making decisions, monitoring and evaluating outcomes. It is designed to evaluate the assets yearly for good maintenance & prepare the operational plans for the next years.
. The O&M package has been implemented through four main phases:

- Phase one: assessment of the current practices of O&M at the municipalities.

- Phase two MDP2: develop an operation and maintenance system and document it in a manual and coach municipalities on its use.

- Phase three MDP2: this phase will be implemented in two parts rather than one as it was proposed in the old concept. PART ONE is Developing Software Requirements and Specifications (SRS) for Operation and Maintenance (O&M) computerized System and PART TWO is developing O&M computerized system and test it on a pilot of municipalities. This change in the concept will help in choosing the right software, save time and effort as preparing the SRS will facilitate gathering and prioritizing O&M requirements. Besides, once the selection criteria are predefined and written in a language that software vendors understand this will facilitate choosing the needed software.

- Phase four MDP2 & MDP3: Roll out the computerized system and coach additional municipalities on the use of the O&M Manual and computerized software to generate computerized maintenance plans to the municipalities. And conduct physical inspection and FARV update.

4.   Automated FARV Package:

Fixed Assets Valuation and Registration would provide technical support to **Newly Formed** municipalities in registering all municipal assets and valuation of the assets and would provide training on assets registration and update of the registration. More specifically FARV will

1. Assist municipalities in registering their fixed assets;
2. Valuate the registered fixed assets using the methodology and the standardized price list which were prepared by MDLF for this purpose;
3. Collect all necessary information on each item of fixed assets, as stated in the fixed assets manual and valuation methodology;

4.]Compile a comprehensive fixed assets register according to specific forms provided by the methodology manual.
5. Train municipality staff with the needed procedures to register and update fixed assets.
6. Update the standard price list which will be used for establishing the replacement cost

5. E- Municipality/ Citizen Service Center automation:

This package would assist municipalities in establishing Citizen Service Centers (piloted under MDP 1) and in developing and rolling out Citizen Guidelines for Service Delivery. Activities would include institutional assessment and business process management assessment, provision of IT equipment, software installation, in addition to the construction works and renovation for the Citizen Service Centers. The Citizen Guidelines would inform municipalities, citizens and NGOs on their respective obligations, duties and rights.

Support MoLG to unify the provided services throughout all the municipalities in terms of service' title , level of approval authorities , fees , the required support documents.. etc.

6. Social Accountability:

This package will provide support to institutionalize citizen engagement and social accountability in municipal governance through formal guidelines and procedures for strengthening citizen/beneficiary feedback on service delivery and municipal management and for enhancing the effectiveness of grievance redressal mechanisms. Support will also be provided for enhancing transparency and accountability of municipalities through improved disclosure of municipal budgets, and enabling citizen accessibility to and knowledge of the municipal budget process

A (ii) Targeted CD will be provided to selected municipalities a number of municipalities to improve their creditworthiness and enhance their capabilities to access market finance. Accordingly, targeted advisory and training will be provided through mobile teams of specialists to strengthen performance of municipalities in areas such:

- Revenue and expenditure management,
- Management of receivables and payables,
- Cash management,
- Project management.

B. Capacity Development of MoLG and MDLF: MDLF, support will be provided to the MoLG to develop Municipal Audit Standards in collaboration with the State Audit and the Palestine Association of Certified Public Accountants (PACPA).

5.0   MDP3 Component 2 Main Phases

Implementation of Component 2will be through a cycle of five phases as follows:

Phase One: Preparation Phase
- Designing and developing the technical assistance CD packages
- Orientation of municipalities about MDP CD window

Phase Two: Initiation Phase
- Announce for Request of Applications
- CD Packages Selection, Submission, Evaluation, Grouping, and Approval
- Applications Evaluations and Revision by MDLF
- Signing MOUs and GIAs

Phase Three: Procurement Phase
- Procurement Process by the Municipalities
- Procurement Process by the MDLF

Phase Four: Implementation Phase
- Implementation by the Municipalities
- Implementation by MDLF

Phase Five: Close up Phase
- Monitoring and Evaluation

Part Two

MDPs Component (2) Operations Flow Chart

Phase	Activity	Responsibility	Tools / Forms	Output	Time Frame
Phase One: Preparation Phase	**Designing and developing the Technical Assistance Packages**	IDTA – Design – Preparation GDO – Revision GD – Final Approval	--	**documents for each the of the Technical Assistance Packages:** This bundle will include at least the following: - Terms of Reference (TOR) for each package: - Request For Application (to be announced for the municipalities) - Capacity development Application Form - Request for EoI (to be announced for the consultants / Providers) - Evaluation Criterion for the EoIs - Request for Proposals (RFP) (to be announced for the consultant / providers) - Proposals evaluation criterion - MOUs templates - No. of municipalities to be targeted by this TA package	**First two months of the cycle**
	Preparing Package of Documents to be distributed to Municipalities	IDTA – Design – Preparation GDO – Revision GD – Final Approval	Request for Application (CDM – F-01) CD Application Form (CDM-F-02)	The package includes basically the following documents: - Request for Application - CD Application Form - Any other necessary document that may help the municipalities	
	Preparing Proper Orientation/Training Material	IDTA Department (Design – Preparation) GDO – Revision	---	Orientation Materials	

17

Phase	Activity	Responsibility	Tools / Forms	Output	Time Frame
	Grouping Municipalities according to geographic locations and Sending Official Invitation Letters	IDTA department in coordination with TD (preparation) GD – Signature	Orientation Invitation Letter (CDM-F-03)	- Four groups (three WB and One GS) - Sending Orientation Invitation Letter	
	Conducting One Identical Orientation Workshop for Each Subgroup	IDTA Department or LTC	Orientation Presentation Materials	4 Workshops	
Phase Two: Initiation Phase	**Announcement for Request of Applications**	IDTA Department in coordination with PD(preparation) PD – announcement and follow up	Request for Application (CDM-F-01),	Asking municipalities to apply for the CD program officially	Third and fourth month of the cycle
	Completing Application Form	Municipality: Submission of the Application MDLF: registration of the application and issuance of Acknowledgment of Application Receipt Letter	Applications Register form (CDM-F-04) Acknowledgment of Application Receipt Letter (CDM-F-05	Receiving Complete applications from municipalities	
	Identification of Contracting Modalities	IDTA department	CD Application form	List of municipalities capable of managing the bidding process and the implementation phase by itself in coordination with MDLF and under its supervision and list of municipalities that the MDLF will manage the bidding and implementation process on behalf	

Phase	Activity	Responsibility	Tools / Forms	Output	Time Frame
	Signing CD MOU - GIA	MDLF GD and Municipalities mayors	MOUs - GIAs	Signed MOUs - GIAs	
Phase Three: procurement Phase	**Tendering CD Packages** / **Through LGUs** / **Through MDLF** / **Contracting**	MDLF & LGUs	Request for No Objection to Award	Contracts	fifth month of the cycle
Phase Four: Implementation Phase	**Progress Reports** / **Final Reports** / **Monitoring and Evaluation**	MDLF follow up implementation by municipalities and consultants	Milestone Progress Report - Municipalities (CDM-F-10) Final Report (CDM-F-11) Milestone Progress Report - MDLF (CDM-F-12)	Implemented Projects	from the sixth month to the twelfths of the cycle

Phase	Activity	Responsibility	Tools / Forms	Output	Time Frame
Phase Five: Close up Phase	**Projects Evaluation**	IDTA department in coordination with M&E staff will conduct an overall evaluation for the program cycle	--	evaluation report	The thirteenth month of the cycle

Part Three

Capacity Development Component (2) Operations Detailed Description

1.0   Phase One: Preparation Phase

This phase is a preparatory phase for Widow3 to start; in this phase MDLF will design, develop, and finalize the CD Packages, prepare package of necessary documents to be distributed to municipalities, and aware municipalities regarding MDLF's capacity development packages, its conditions and requirements. This Phase will take approximately one month implementation

1.1   Designing and developing the Technical Assistance Packages

1.1.1 In this stage the IDTA department will design, develop and finalize a bundle of documents of each Technical Assistance Package. This bundle will include at least the following:
- Terms of Reference (ToR) for each package: This ToR will include:
  - ➢ Background
  - ➢ Assignment Objectives
  - ➢ Assignment Scope of Work
  - ➢ Assignment Phases, Activities, tasks
  - ➢ Implementation Methodology
  - ➢ Reporting
  - ➢ Main deliverables
  - ➢ Assignment Administration
  - ➢ Consultant Qualifications
  - ➢ Payments
- Request For Application (to be announced for the municipalities)
- Capacity development Application Form
- Request for EoI (to be announced for the consultants / Providers)
- Evaluation Criterion for the EoIs
- Request for Proposals (RFP) (to be announced for the consultant / providers)
- Proposals evaluation criterion
- MOUs templates
- No. of municipalities to be targeted by this TA package

1.1.2 The IDTA Department manager will review and finalize each bundle and send it to the GDO for his revision and approval.

1.1.3 The GDO will review the bundles, discuss his notes with the IDTA Department manager and send the updated bundles for the GD for final approval.

1.1.4 The MDLF may communicate these bundles with related stakeholders such as MOLG and Donors to take their feedback.

1.2 Orientation of Municipalities about MDP 3 CD Component 2

This step consists of two main activities; these are preparing necessary documents and proper presentation material to be delivered to municipalities, explaining the MDP support program / CD packages conditions and requirements, and conducting the orientation workshops.

1.2.1 Preparing Package of Documents to be distributed to Municipalities

1.2.1.1 In this activity the IDTA Department prepares a package of documents to be available on line (at the MDLF website) to all eligible municipalities at the launching stage of MDP3/ component 2.

1.2.1.2 The package includes basically the following documents:

- List of eligible Municipalities and their ranks, and the CD packages each municipality could apply for
- Request for Application (CDM – F-01)
- CD Application Form (CDM-F-02)
- Any other necessary document

1.2.1.3 IDTA department manager submits the prepared package to GDO for revision and approval.

1.2.1.4 GDO reviews the package and forward it to the GD for final approval before disclosure on the MDLF'S website.

1.2.1.5 Upon final approval, the IDTA department submits the package to the Public Relations Officer to post it on MDLF'S website.

1.2.1.6 The IDTA department notifies municipalities/LGUs with the availability of packages on the MDLF website (e.g. via fax, E-mail, advertisement in newspaper, etc.), and inform them that if they do not have access to internet they could receive the package form MDLF offices.

1.2.2 Preparing Proper Orientation/Training Material

1.2.2.1 This activity has to be completed before posting the CD packages and related documents on MDLF website; IDTA department may request local technical consultant (LTC) support for the first program cycle to prepare a proper orientation material and to conduct the orientation workshops.

1.2.2.2 The orientation material should basically focus on the following issues:

- Raising awareness of municipalities regarding MDLF's Municipal Development Program/ Components, CD Packages, its schedule, conditions and requirements.
- Completion of the CD application form and provision of supporting documents
- Details of the Memorandum of Understanding (MOU) and Grant Implementation Agreement (GIA)
- Procurement Instructions

1.2.2.3 IDTA department submits copy of the orientation material to GDO for comments and feedback.

1.2.3 Grouping Municipalities and Sending Official Invitation Letters

1.2.3.1 The IDTA department will coordinate with the TD to conduct the orientation/training workshops for both componet 1 and Component 2 at the same time.

1.2.3.2 The IDTA department (in coordination with the TD) splits the 144municipality into 4 subgroups in the West Bank (North, Middle, and South) and one in Gaza Strip.

1.2.3.3 IDTA department (in coordination with the TD) schedules the orientation to be conducted; one identical orientation workshop for each subgroup.

1.2.3.4 IDTA department in coordination with the TD submits the orientation/training schedule to GDO for feedback

1.2.3.5 GDO reviews and forwards his recommendations to GD for final approval

1.2.3.6 The IDTA department prepares invitation letter to each municipality (see Orientation Workshop Invitation Letter (CDM-F-03): the information listed below to be provided in the workshop:

- Municipality Rank incl. explanation
- Amount of allocation for the municipality
- MDP components and its description / requirements
- Capacity development Package/Packages each municipality is eligible to apply for
- Place and date of the orientation/ training workshop
- Link address for downloading orientation material

1.2.3.7 IDTA department submits all letters to GDO for audit

1.2.3.8 GDO forwards all letters to GD for signature

1.2.3.9 Signed letters must be sent to all municipalities by IDTA department

1.2.4 Conducting One Identical Orientation Workshop for Each Subgroup

1.2.4.1 While TD and IDTA department schedule the orientation workshops, they also arrange for workshops place and light hospitality; estimated expenses have to be approved by MDLF'S financial department (FD), and arrangements of these events should be done in full coordination with the SP&PR department

1.2.4.2 TD and IDTA department will conduct one identical orientation/training workshop in the four different places; One in Gaza, and Three in West Bank (north, middle and south).

1.2.4.3 TD/IDTA department may request LTC support to conduct the training/ Orientation workshops.

2.0 Phase Two: Preliminary (Initiation) Phase

This Phase will take approximately two months

2.1 Announcement for Request of Applications

2.1.1 After Completing Orientation/ Training workshops the MDLF will issue a Request for Application (CDM-F-01), inviting municipalities to apply for the CD packages and selecting / requesting one or more of the CD packages according to the CD application form.

2.1.2 The RFA will be sent officially through fax and e-mail (when possible) to municipalities.

2.1.3 The RFA may also be advertised in local newspapers (according to the instructions of the procurement manual) and will be published on the MDLF website.

2.1.4 The RFA shall contain the following:

• Brief description of the MDP

• Available CD packages for that year, and submission conditions.

• Asking municipalities to apply for the CD packages and informing them how they can obtain the application form and other related documents (down load the Application form and other necessary documents from MDLF website or picking them directly from MDLF offices (in West Bank and Gaza Strip).

• Dead line for application

• Specifying the places to submit the applications, the submittal provisions, responsible persons to receive the applications, and any other applicable provisions at the time of the announcement.

• Asking each municipality to confirm receiving the letters and RFA (and downloading or taking the application form) in an official letter to be sent to MDLF within 10 days from the advertisement.

2.2 CD Packages Selection, Submission, Evaluation, Grouping, and Approval.

2.2.1 Completing Application Form

2.2.1.1 Each municipality, and according to its rank and the requirements to pass to higher ranks must select the appropriate CD packages. MDLF/ IDTA department may request the service of LTC to help municipalities in completing the application form.

2.2.1.2 Each municipality must complete the CD application and provide all needed information and data. (during the orientation workshops, the MDLF staff will explain to

participated municipalities that the MDLF staff at MDLF offices (or the LTC) will be available to help them in completing the application form)

2.2.1.3 The completed application dossier shall consists of the following:

a. Complete CD application form

b. Municipality cover letter signed by the Mayor

c. Any other documents that may be requested by the IDTA Department.

2.2.2 Completed application dossier shall be submitted to the MDLF offices. For each application two hard copies and one soft copy (one CD) must be submitted.

2.2.3 The IDTA Department at MDLF will register the receipt of the Application Form in the Applications Register form (CDM-F-04) (after checking the availability of two hard copies and one CD soft copy) and provide the municipality representative with Acknowledgment of Application Receipt Letter (CDM-F-05).

2.3 Applications Evaluation and Revision by MDLF

2.3.1 Assessing and Evaluating the application forms

2.3.1 MDLF IDTA Department will review and assess all applications using the CD application assessment criteria attached to the application form.

2.3.2 The revision and assessment process will take 4-6 weeks and the municipalities will be informed of this period through the Application Receipt letter (CDM-F-05).

2.3.3 Table No. (4) below explain the assessment criterion main issues to be followed by MDLF / IDTA department to assess and evaluate the application form, to decide the most appropriate CD packages for each municipality, and to asses the readiness of the municipalities to manage the procurement process by their own

Note: the CD application assessment annex attached to the application form contains further explanation for the assessment criterion.

Table No. (4) Applications assessment Criterion Main Items

No.	Scope	Main Items to be assessed
1	**Assessing Financial Situation at the Municipality**	• Availability of Organizational Structure, job description for the employees in the Financial Department • Availability of documented financial and accounting procedures, policies, internal control procedures • Availability of external auditor • Nature and type of Accounting System • Using new Unified Chart of Accounts • Available IT employee/s
2	**Assessing Fixed Assets Registration at the Municipality**	• Availability of Fixed Asset department / Employees • Availability of list of assets • Availability of records of fixed assets (lands, buildings, vehicles, equipment, machines, furniture's… etc)? according to the Excel sheets prepared by the MDLF

No.	Scope	Main Items to be assessed
		• The municipal staff participated in training courses on fixed asset registration of the Engineers Association
3	**Assessing Strategic Development and Investment Planning at the Municipality**	• Availability of Strategic Plan • Availability of Strategic Planning / Urban planning Department at the municipality • Availability of employees specialized in proposal writing and fundraising • Outreach activities and public participation
4	**Assessing the Capacity of the Municipality in Procurements and Projects Management**	• Availability of specialized procurement department • Availability of documented procurement procedural manual • Participation of Municipality Staff in the MDLF procurement Training • Managing consulting or individual expert contracts for technical assistance, training or similar services on its own • Availability of Documented Project Management and Procedural Manual

2.3.4 Based on the revision and assessment process for the CD application forms, the IDTA Department will:

2.3.4.1 Group the municipalities into groups (according to the available CD packages for that year)

2.3.4.2 Chose the municipalities that have the required capacity to manage the procurement process directly and the municipalities that the MDLF will manage the procurement process instead of it (in coordination with the procurement department).

2.3.4.3 The IDTA department will prepare a report composed of two parts, the first part describes the two CD groups, and the second part contains list of municipalities that are recommended to manage the procurement process themselves, and the municipalities that the MDLF is recommended to manage the procurement process on their behalf as they do not have the required procurement capacity.

2.3.4.4 The IDTA department will send the report to the GDO for revision and approval.

2.3.4.5 The GDO will discuss his notes with the IDTA department manager and forward the modified report to the GD for final approval.

2.3.4.6 According to the GD approval, the IDTA department will prepare a letter (See the Application Status Notice form (CDM-F-06)) to be send to municipalities informing them with:

• The CD packages they will benefit from

• Whether they will manage the Procurement process by their own or not.

27

These letters should be reviewed by the GDO and signed by the GD, and the IDTA department should follow up sending the letters to all municipalities.

2.3.5   The MDLF decisions regarding the grouping and procurement management issues are open to appeal by the municipalities.   In   such   a case,   the municipality shall   submit whatever arguments it has through an official letter to the General Director within 10 days of receiving the MDLF initial decision. In his or her turn, he will follow up their appeal with the IDTA department manager and the GDO. Appeals are settled by a committee formed by the GD, with no further right of appeal. The committee will be headed by the GDO and, the TD manager, the IDTA department manager in addition to the PD manager). The GD will send an official letter to the municipalities informing them with the result of their appeal and any other consequence may result from the revision process.

2.3.6   The appraisal and approval period shall not exceed four -six weeks from   the date   the   MDLF   receives   a   completed Application.

2.3.7   A summary of revision, and assessment processes results (CD groups and procurement responsibility) shall be published on the MDLF's website.

2.3.8   Municipalities whom are selected to manage the procurement process by themselves will be asked to provide the MDLF with a procurement plan (according to the PPM form (TOM-F-04) from the technical operational manual)

2.4 Signing Memorandums of Understanding (MOU), and Grant Implementation Agreements (GIA)

2.4.1 The IDTA department will prepare the MOU (CDM-F-011) documents for all municipalities whom the MDLF will manage the procurement process on their behalf of them.

2.4.2 The IDTA department will prepare the GIA documents for all municipalities who will manage the procurement process by their own (The GIA is similar to that used in the technical operations manual).

2.4.2 IDTA department manager –in coordination with the Public Relation officer- coordinates MOUs, and GIAs ceremonies for each group of municipalities. (Either in the MDLF offices or in a certain appropriate selected place)

2.4.3 The signing ceremonies must be attended by each municipality mayor and MDLF GD (and BOD chairman if possible).

2.4.4 An official letter has to be sent to each (MOU – GIA Signing Ceremony Invitation Letter (CDM-F-07) municipality informing them with the date, time and place of the signing ceremony and requesting the attendance of the mayor bringing with him official stamps of the municipality.

2.4.5 Two copies of the MOU or GIA must be prepared and signed. One copy for the municipality and the second copy to be archived in the procurement department files.

2.4.6 The GIA must be attached with an approved PPM.

Phase Three: Procurement Phase

Note: Eligible expenditure under the technical assistance packages may by goods or consultants services. This Phase will take approximately one month

3.1   Procurement Process by the Municipalities

3.1.1   The IDTA department will coordinate with the PD for determining the following:
- Relevant Procurement Method
- Evaluation criterion
- Preparing a package containing any documents or forms (according to the MDLF procurement manual) which may help municipalities in the procurement process.

3.1.2   The IDTA department manager will prepare a letter to be send to the municipalities attached with the related package of documents. The letter shall be reviewed by the GDO and signed by the GD

3.1.3   The IDTA Department will take the responsibility to send the packages and signed letters to the municipalities (which are selected to manage the procurement process by themselves.)

3.1.4   MDLF may request the service of LTC to help municipalities in the procurement process.

3.1.5   Contracting shall be used to the greatest extent practicable in projects financed   by the   MDLF   funds. Procurement methods and their applicability limits/thresholds are explained thoroughly in the MDLF Procurement Manual.

3.1.6   The IDTA Department may participate in any tender opening and evaluation session conducted by the municipality and must participate in a sample (at least 20%) of such events as a witness.

3.1.7   The municipality shall prepare a Tender evaluation report endorsed by the procurement committee and submit it to the IDTA department for review attached with Request for MDLF's No Objection to Award (if requested and according to the instructions of the procurement manual). The IDTA department may review the Tender opening procedures and may investigate any aspect of the Tender and the award, including but not limited to the consultant/provider qualifications and history.

3.1.8   The IDTA department (in coordination with the Procurement Department) recommend that the MDLF issue a No Objection to Award (according to the procurement manual), for signing the contract between the municipality and the selected consultant.

3.1.9   The municipality, after receiving the no objection from the MDLF, will inform the

consultant to execute the contract (or the provider to provide the requested goods) by sending Notification of Award. The municipality shall ensure that all contractual conditions for executing the contract are met.

3.1.10 An official contract shall be prepared and signed between the municipality and the selected consultant/provider.

3.1.11 Three original copies of the contract shall be executed, and they shall be retained by the consultant, the municipality, and the MDLF.

3.2   Procurement Process by MDLF

3.2.1   The IDTA department will coordinate with the PD for determining the following:

- Relevant Procurement Method
- Evaluation criterion
- Any other issues concerning the procurement process

3.2.2   The IDTA department manager will prepare a procurement process initiation cover letter asking the procurement department to start the procurement process. The letter shall be reviewed by the GDO and approved by the GD.

3.2.3   The procurement department will manage the procurement process according the procurement manual.

3.2.4   Once the procurement department receives the procurement process initiation cover letter from IDTA department to start the procurement process, the PD shall start the procurement process according to the instructions of the procurement manual.

3.2.5   The GD will form a committee to evaluate the proposals / EoI / offers and send a committee formation letter to the PD and a copy to each member of the committee.

3.2.6   The Evaluation committee will open and evaluate the proposals / offers and select the best responsive one. (For further details, refer to the procurement manual)

3.2.7   The committee shall prepare an evaluation report signed by the committee members and submit it to the GDO for review.

3.2.8   The GDO will forward the evaluation report to GD for final approval.

3.2.9   If requested, the MDLF will coordinate with the corresponding donor to issue a No Objection to Award (according to the Procurement Manual instructions)

3.2.10 The IDTA department, after receiving the final decision of the GD (and the no objection from donors if requested), will inform the consultant to execute the contract (or provider to provide goods) By sending Notification of Award. The IDTA department shall ensure that all contractual conditions for executing the contract are met.

3.2.11 An official contract shall be prepared (by the PD) and signed between the MDLF and the winner consultant / provider.

3.2.12 Two original copies of the contract shall be executed, and they shall be retained by the consultant and the MDLF.

4.0 Phase Four: Implementation Phase

This Phase will take approximately 8 months

4.1   Implementation by the Municipalities

4.1.1   The municipality will issue an official letter asking the consultant (or provider) to start implementation or provision according to signed contract. A copy of this letter must be send to MDLF/IDTA.

4.1.2   The consultant (provider) shall start implementation according to the schedule provided in the contract.

4.1.3   The municipality throughout the implementation phase shall ensure the following are done:

a. Supervision of all quality control, technical, and financial provisions in accordance with the contract agreement, the technical requirements, and MDLF/MDP guidelines.

b. Verification and approval of payments requested by the consultant (provider).

c. Preparation of milestones progress reports (connected to consultant payment requests) which will be forwarded to the MDLF no later than 15 days from completing the milestone.   Such reports shall include: progress of the work against the original working schedule, technical and managerial constraints facing the project and the solutions adopted to overcome these constraints divergence from MDLF guidelines and justification, consultant performance, and payments request submitted by the consultant approved by the Municipality. (See the Milestone Progress Report template- Municipalities (CDM-F-08).

4.1.4   MDLF may request the assistance of LTC to help municipalities to supervise the implementation phase.

4.1.5   The MDLF will process the payment requests according to the contract administration guidelines documented in the procurement manual.

4.1.6   The MDLF throughout the implementation phase shall monitor the implementation and verify the output and the progress of the work to ensure compliance with MDLF guidelines and quality control. More specifically, the IDTA department staff shall, from time to time and as needed:

- Oversee the work implementation and solve any arising constraints
- Ensure the quality control of the implementation and outputs.

4.1.7   The IDTA department and the M&E officer (and based on the progress reports submitted by municipalities and the follow up, will update the MDLF monitoring system to document actual achievement and the percentages of disbursements.

4.1.8   Within thirty days from contract items completion date, the municipality shall

prepare and submit the Assignment final report to the IDTA department. Such a report will include and verify the following:

- a)   All deliverables
- b)   Actual time schedule vs. contract time schedule
- c)   Approved time extension
- d)   Actual dates of payments to the consultant /provider
- e)   Documentation for all quality control measures
- f)   Special problems encountered during the implementation
 (See the Final Report template (CDM-F-09))

4.1.9   The municipality shall submit two copies of the final report.

4.1.10 The final report will be published on the MDLF website.

4.1.11 At least, the MDLF will summarize the progress of the program cycle semi-annually and annually and post them on the web and include them in its communication campaign material.

4.2   Implementation By MDLF

4.2.1   The IDTA department will issue an official letter asking the consultant (or provider) to start implementation or provision according to signed contract.

4.2.2   The consultant/provider shall start the implementation/provision according to the schedule provided in the contract.

4.2.3   The IDTA department throughout the implementation phase shall ensure that the following are done:

- a.   Supervision of all quality control, technical, and financial provisions in accordance with the contract agreement, the technical requirements, and MDP guidelines.
- b.   Verification and approval of payments requested by the consultant/provider.
- c.   Preparation of milestones progress reports (connected to consultant payment requests), the report shall be prepared by the consultant. Such reports shall include: progress of the work against the original working schedule, technical and managerial constraints facing implementation and the solutions adopted to overcome these constraints, divergence from MDLF guidelines and justification, and payments request submitted by the consultant. (See the Milestone Progress Report template-MDLF (CDM-F-10).

4.2.4   The MDLF will process the payment requests according to the contract administration guidelines documented in the procurement manual.

4.2.5   The MDLF throughout the implementation phase shall monitor the work process and verify the output and the progress of the work to ensure compliance with MDLF guidelines and quality control. More specifically, the IDTA department staff shall, from time to time and as needed:

      a.   Conduct selective supervision visits to municipalities

      b.   Oversee the work implementation and solve any arising constraints

      c.   Ensure the quality control of   implementation and outputs

      The IDTA department and the monitoring and Evaluation Officer will update the Monitoring and Evaluation system to document the achievement and the percentages of disbursements.

4.2.6 Within thirty days from contract items completion date, the IDTA department shall prepare project final report. Such a report will include and verify the following:

      a. All deliverables of the project

      c. Approved variation orders

      d. Actual time schedule vs. contract time schedule

      e. Approved time extension

      f. Actual dates of payments to the consultant

      g. Documentation for all quality control measures; and

        (See the Project Final Report template (CDM-F-09))

4.2.7 The final report will be published on the MDLF website.

4.2.8 At least, the MDLF will summarize the progress of the program cycle semi-annually and annually and post them on the web and include them in its communication campaign material.

5.0   Phase Five: Closure / Evaluation Phase

5.1   Upon completion of each cycle of CD window, the IDTA department in coordination with M&E staff will conduct an overall evaluation for the cycle. The purposes of such evaluation will be to:

      a.   Evaluate the outputs against its objectives

      b. Verifying that the project is consistent with the support program indicators.

      c.   Meet with the benefitted municipalities; if necessary.

5.2   A copy of the project evaluation report shall be sent to the GDO for revision and approval.

5.3   Annually, the MDLF will summarize all evaluation reports and post the results on its Website.

5.4   This Phase will take approximately one month

Building resilience of municipalities to natural disasters and hazards

In response to the adverse impacts of the COVID-19 global pandemic, the municipal Development and Lending Fund (MDLF) has considered another restructuring of the Municipal Development Program (MDP) and provided additional financing to affected municipalities in West Bank and Gaza (WB&G). The program retains its original project development objective of enhancing the institutional capacity of municipalities for more accountable and sustainable service delivery. However, Component 1 was revised to allow municipalities to finance part of the costs of municipal activities to respond to the COVID-19 pandemic, sustain the provision of critical services, and provide relief to vulnerable communities during the crisis. The restructuring added a Contingent Emergency Response Component (CERC) enabling municipalities to finance response to imminent crises or emergencies throughout the lifetime of the project.

The Palestinian Authority is trying hard to close the large financing gap that arose from the new social and economic challenges brought about by the global pandemic. However, those efforts are inadequate. These new challenges compounded the pervasive development and political issues faced in the WB&G. The additional resources being made available through the MDP are crucial in addressing the immediate impacts of this public health emergency (PHE), and at the same time, contribute to the long-term resiliency of the affected municipalities.

Inputs for Municipal Resilience

In times of disasters and emergencies, the delivery of the basic services becomes all the more critical to ensure that the hardships associated with these events are reduced, if not totally eliminated. Hence, municipal authorities that have the mandates must also have the capacity to guarantee the accountable and sustained delivery of such services. In case of this PHE, municipalities are responsible for services essential to the management of COVID-19, including sanitation and public health (hygiene); sanitization and cleaning of public roads and facilities; maintenance of solid waste collection, transport, and disposal; mandating social distancing and rudimentary contact tracing, and in some localities hosting quarantine locations. Municipalities therefore represent an important pillar in response and recovery. However, they need support to become fully effective in assuming this role. The proposed additional financing (AF) to be channeled to the MDP will scale up the support to municipalities through: (i) provision of emergency public goods; (ii) support to recurrent costs to municipalities in order to keep essential services running where their revenues have declined dramatically; and (iii) TA to enhance preparedness of municipalities to respond to disasters and emergencies and strengthen resilience at the local level. The AF will likewise enable municipalities to carry out labor-intensive public works (LIPW) schemes to sustain a minimum level of services and, at the same time, provide employment and support for lost incomes. The AF will provide additional grants to help municipalities with recurring expenditures and to finance the temporary LIPW O&M and infrastructure projects.

Making municipalities better able to deal with shocks from both natural and man-made disasters require building systems and capacities that foster resilience among them. The AF can positively contribute to this agenda, by establishing the initial inputs for resilience planning among municipalities based on lessons learned over the last year for managing the COVID-19. The proposed activities under the resilience agenda will support the overall development of the disaster risk management (DRM) policy and institutional framework in WB&G, including the priority initiatives of the National Disaster Risk Management Center (NDRMC)[1]. Building capacities to deal with

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[1] (NDRMC) was formed by the Palestinian Council of Ministers in 2017. The decision of formation aimed to institutionalize the process of disaster management in an effective manner, with clear powers, and sufficient

natural hazards has reciprocal benefits to dealing with man-made disasters, including biological hazards, such as pandemics. Learning from disasters and emergencies is a critical element of building resilience. The COVID experience has brought attention to the importance of robust and mature governance and service delivery systems in the face of growing complexity of disasters.

The Municipal Development and Lending Fund (MDLF) will continue to be responsible for overall project implementation. However, to deliver these targets, the MDLF will collaborate with the NDRMC and the Ministry of Local Government (MOLG) which will implement the activities herein. The roles and responsibilities of these parties and other partners are reflected below.

a) MDLF will assume the overall responsibility for the project, including the activities herein; undertake procurement and enter into contracts; forge partnership agreements and other similar instruments with potential partners; consolidate the financial reports for submission to the donors and carry out other fiduciary-related functions; and monitor the physical and financial accomplishments of this component.

b) MDLF will enter into a partnership agreement with the NDRMC to deliver the targets herein within the limits prescribed; provide the institutional and technical guidance for the conduct of the planned activities; collaborate with partners, including the LGUs for the delivery of the project outputs; prepare and submit physical and financial reports based on standards and templates provided by the MDLF; and establish the relevant policy outputs and technical processes developed under this component; and liaise with relevant institutions, including the Prime Minister's Office, to promote the sustainability of project gains.

c) Municipalities will enter into a cooperation arrangement with the MDLF and the NDRMC for the formulation of their municipal resilience plans; participate actively in the project activities leading to the formulation of their plans; appoint counterpart staff that will carry out the activities under the project; and have their local resilience plans and budgets approved by their local councils.

d) The NDRMC will identify other institutions/partners to be engaged in the project to carry out specified activities and/or deliver particular outputs. The parameters of these partnerships will be discussed and agreed with the MDLF and the donors.

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capabilities in a manner appropriate to the specificity of dealing with disasters, and to draw up effective and efficient coordination mechanisms when responding For the emergency event and disaster, between stakeholders from different government departments, civil society institutions, the private sector, citizens, and perhaps international parties from relief organizations and countries