



صندوق تطوير وإقراض الهيئات المحلية
Municipal Development & Lending Fund

MUNICIPAL DEVELOPMENT & LENDING FUND

TECHNICAL MANUAL

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PREFACE

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) 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 is designed to be used alongside with a number of other documents, including in particular MDLF's Transfer Mechanism Manual on allocation of municipal funds and MDLF's Procurement Manual.

As part of its purpose, this manual develops all necessary tools (forms, guidelines and checklists) needed to implement MDLF's technical operations and procedures.

This manual is an updated version of MDLF's Technical Manual that was prepared by PADCO 2006, updated manual December 2009 and updated manual February 2013; the updates were necessary to conform to the new changes in MDLF's programmatic activities. Actually, the updates were fundamental and resulted through extensive consultation with interested stakeholders including MDLF key staff, donors and municipalities.

Finally, this manual is a living document and needs to be updated as conditions warrant. In fact, the manual will need modifications by the end of the first cycle of implementing capital investment projects; by then, modifications shall be based on real piloting of the manual and benefit from actual lessons learned.

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ABBREVIATIONS

BOD	Board of Directors
BOD TC	Board of Directors Technical Committee
BOQ	Bill of Quantities
CB	Capacity Building
DCG	Donor Coordination Group
DCF	Data Collection Form
ESMF	Environmental Social Management Framework
ESMP	Environmental Social Management Plan
DG	Director General
OM	Operations Manager
GIA	Grant Implementation Agreement
FY	Fiscal Year
FD	Financial Department
LALAP	Land Acquisition and Livelihood Action Plan
LALPF	Land Acquisition and Livelihood Policy Framework
LGUs	Local Government Units (Municipalities or Municipal Areas for the purpose of this manual)
LTC	Local Technical Consultant
MDLF	Municipal Development and Lending Fund of Palestine
MOLG	Ministry of Local Government
MOFP	Ministry of Finance & Planning
MP	Master Plan
O&M	Operations and Maintenance
PNA	Palestinian National Authority
PPE	Personal Protection Equipment's
PPM	Procurement Plan Milestone
PRDP	Public Reform Development Plan
PD	Procurement Department
RFA	Request for Applications
RFP	Request for Proposals
RFQ	Request for Quotations
RM	Responsibility Matrix
SDIP	Strategic Development and Investment Plan
SDP	Strategic Planning Department
TC	Technical Committee composed of TD manager and one supervisor, Procurement Department Manager, and chaired by OM
TD	Technical Department
TOM	Technical Operational Manual
VAR	Variation Order Request

1.0 Technical Operations in support of MDLF's Mission and Values

Key Points

The Technical Operations support the mission and values of the MDLF with respect to:

- Managing Funds effectively
- Harmonizing local development with national plans and policies
- Enabling LGUs to provide quality services
- Enabling LGUs to achieve sustainable development
- Ensuring effective monitoring and evaluation techniques
- Operating with transparency, professionalism, accountability, credibility, and scientific method.

1.1 Supporting the Mission and Values

The mission of the MDLF: 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 provides municipalities¹ with grants². The money is embodied into development projects on the ground.

MDLF manages, monitors, and evaluates projects funded by its grants. The MDLF directly reports the progress and the impact of these projects to stakeholders, in particular to the public, the national government and donors.

This Technical Operations Manual (TOM) supports the MDLF mission and values in the way illustrated in Table No. 1 below.

1 LGUs means all local government Units, but the MDLF is supporting mainly municipalities anticipating that other smaller village councils will merge in a bigger community called municipalities, or under Innovation Window as part of a joint service council under specific programs. Therefore, this manual will use the term municipality.

2 MDLF at the time when municipalities are at the level of creditworthy, they may be receiving loans, the mechanism for such practice is not yet developed, therefore, this manual deals with grants only.

Table 1. The Technical Operations Manual supports MDLF mission and values

MDLF Mission & Values	Contribution of the Technical Operations Manual
Manage Funds effectively	<ul style="list-style-type: none"> • Adopts MDLF’s Transfer Mechanism which allocates grants to municipalities in equitable, efficient, and accountable way; it creates incentives for improving municipalities performance. • Encourages substantial cost sharing by municipalities. • Enables MDLF to manage, monitor and evaluate projects’ design and implementation
Harmonize local development with national plans and policies	<ul style="list-style-type: none"> • Creates incentives for municipalities to improve their performance; hence supports national development goals for development at local level. • Encourages the implementation of projects resulted from an approved SDIPs. • Projects’ identification, assessment and approval procedures support harmony with national plans and policies
Enable municipalities to provide quality services and achieve sustainable development	<ul style="list-style-type: none"> • Creates incentives for municipalities to improve their performance; this improves the general capacity of municipalities to provide better quality and sustainable service • Requires municipalities to submit proper operation & maintenance plan for each proposed project • Requires municipalities to propose priority-need projects as seen by the citizens, which are economically feasible, don’t cause any unmitigated environmental & social risks • Enables MDLF to manage, monitor and evaluate projects’ design and implementation
Operate with transparency, professionalism, accountability, credibility, and scientific method	<ul style="list-style-type: none"> • MDLF’s grant allocation mechanism is documented and open for all municipalities; it is based on scientific analysis of real data. • Municipalities identify their priority-need projects with direct community consultations. • Municipalities themselves assess their projects against well-defined illegibility criteria, while MDLF audits projects’ assessment. • MDLF appraises, funds, monitors and evaluates projects’ design and implementation using professional tools and procedures. • Evaluation reports compare achievements to commitments for both the MDLF and the municipalities. • Applications, decisions and records are documented and open to stakeholders and the public.

2.0 Types of Projects Supported by the MDLF

Key Points

- Municipalities are eligible to receive grants from MDLF if complied with basic eligibility criteria in accordance to the Grants Allocation Manual.
- The grants will cover investments or activities that are within the legal mandate of municipalities as per the Local Authorities Law of 1997 or revision thereof.
- Rehabilitation (including goods and works), reconstruction, extension and new construction of municipal infrastructures and facilities may receive MDLF support.
- The municipal projects shall come out of SDIP
- The ceiling of funds each municipality is eligible to receive from MDLF, under municipal grant for capital investment component, is calculated using the grant allocation formula in which allocations are based on population (20%), needs (30%) and performance (50%).

2.1 Eligible Applicants for investments in municipal infrastructure

The allocations for municipalities will be allocated 50% of the total component 1 financing for the block grant and 50% for the performance-based grant. All Municipalities, which have their annual budget approved by the municipal council and submitted to MoLG are eligible to receive block grants. From the third year of the project, a second eligibility criterion will be added requiring a SDIP to be prepared according to new SDIP Guidelines that are to be introduced in early 2018. The performance-based grants will be provided to the block grant eligible municipalities that further fulfill minimum eligibility criteria for performance grants. Municipalities with improved performance will be able to access more grants.

2.2 Eligible Projects

The grants will cover investments or activities that are within the legal mandate of municipalities as per the Local Authorities Law of 1997 or revision thereof. The eligible sectors (including but not limited to (i) Water and waste water services if provided by the municipalities; (ii) Solid Waste Management; (iii) Roads and sidewalks; (iv) Public Facilities (v) Street Lighting and (vi) Electricity Services not provided by a commercial utility), Revenue Generation projects (, car parking,...)and renewable energy are those that constitute the core areas of municipal services to be provided to the citizens or enable the municipalities to provide or develop those services.

Municipalities are requested to show that they have coordinated with relevant national bodies, such as Palestinian Energy Authority and Palestinian Water Authority, Ministry of Education, Civil Defense, etc to ensure avoidance of any duplication of investment.

Note 1: during emergency situations, as of the blockade on Gaza, and the announcement of the Palestinian Government for the emergency situation due to Covid-19, the MDLF will adopt a degree of flexibility by allowing for the payment of non-wage recurrent expenditures as direct inputs for sustaining essential municipal services in Gaza and West Bank on the basis of short-term plans. The provisions will include the expenditures as listed in table below on the account of the cost of cleaning and maintaining public land, facilities, and assets including road maintenance; maintaining public health services including water purification and pest control; water and electricity utilities related to the provision of municipal services; collecting and dumping solid waste in legally permissible areas; carrying out laboratory tests; the cost of maintaining and operating municipal service vehicles; equipment spare parts; vehicle insurance; maintaining electromechanical and IT equipment; carrying out advertisements under the Procurement Plan, regarding the procurement of goods and works; office supplies; public awareness related to increasing municipal revenues; the cost of communications; renting service vehicles; provision of equipment and supplies to combat the spread of the COVID-19 virus, all directly related to the provision of essential municipal services.

- a. The non-wage recurrent expenditures are not to exceed 20% of the municipality allocation.

Note 2: The allocated funds may cover the design fees of the eligible projects.

Table 2. type of the recurrent expenditures for Gaza and West Bank Municipalities

No.	Item Category	Details
1.	Cleaning and maintaining public facilities and assets	<ol style="list-style-type: none"> 1. Maintaining public facilities e.g road maintenance. 2. Maintaining of water and electricity utilities related to the provision of municipal services
2.	Maintaining public health services	<ol style="list-style-type: none"> 1. water purification materials (Chemicals for water purification) 2. supplying potable water through tankers to help sustain hygienic conditions to combat the disease. 3. Pesticides, disinfectants, Chemicals to fight mosquito and rodents and agricultural pests, PPE.
3.	Collection of Solid Waste	<ol style="list-style-type: none"> 1. Primary solid waste collection cost (hiring of labor by using donkey carts/using hand carts). 2. Secondary solid waste collection through contracting private companies to transfer solid waste from the transfer stations/large containers (roll on/off) to the main landfill.
4.	Solid waste councils' fees/ Solid Waste fees for waste collection and disposal	<ol style="list-style-type: none"> 1. Payments against the solid waste service provided by the public entity on a regular basis.
5.	Joint Service councils' fees	<ol style="list-style-type: none"> 1. Payments against municipal services provided by the service councils (using wheel loaders, trucks, waste water vehicles....etc.).
6.	Other Solid Waste Services	<ol style="list-style-type: none"> 1. Maintenance of solid waste containers. 2. PPE and cleaning tools
7.	carrying out laboratory	<ol style="list-style-type: none"> 1. Laboratory test during design of streets/public facilities.

No.	Item Category	Details
	tests	2. Laboratory test of the quality of water and wastewater.
8.	Maintaining and operating municipal service vehicles, Equipment and generators	<ol style="list-style-type: none"> 1. Oil for service vehicles including the administration's vehicles. 2. Oil for Water and wastewater Facilities and the Administration (to operate the Stade by Generators). 3. Vehicles and Electricity Generators spare parts including wells tires and Batteries as well. 4. Equipment spare parts 5. Vehicle and workers insurance. 6. Electro-mechanical Maintenance contracts for Water and Waste Water Facilities Spare parts
9.	Maintaining electromechanical and IT equipment	
10.	Materials for municipality workshop	1. Small to medium size tools for municipal services maintenance regular activities
11.	office supplies	
12.	Materials and tools for safety	1. PPE clothes and shoes for workers
13.	Public awareness, outreach, communication, and advertisements	<ol style="list-style-type: none"> 1. public awareness related to increasing municipal revenues; the cost of communications; renting service vehicles. 2. carrying out advertisements under the Procurement Plan, regarding the procurement of goods and works;
14.	Fees of wastewater collection and treatment	Fees of wastewater collection and treatment into identified wastewater treatment plants
15.	provision of equipment, materials and supplies to combat the spread of the COVID-19 virus	PPE, Disinfection materials, etc.
16.	All directly related to the provision of essential municipal services	<p>e.g.</p> <ol style="list-style-type: none"> 1. Telecommunications & internet costs and fees, 2. General insurance 3. contract private companies to sterilizing public building.

The monitoring arrangements/plans for non-wager recurrent expenditures are explained in Annex 13.

When municipalities submit a project proposal to MDLF, it has to be in compliance with the legal requirements of the revised Palestinian Basic Law of 2003, the Jordanian Law No. 79 of 1966 The Cities, the Villages and Buildings Regulating Law, and the Buildings and Regulation Bylaw for Local Authorities No. 5 for 2011.

Expenditures will be ensured to comply with Environmental, Social Safeguard referred in ESMF updated in December 2020 (Annex 1), in addition to Land acquisition and Livelihood Policy framework (LALPF) updated in December 2020 (Annex 2) considering the following policies can be triggered in MDP III:

- Environmental Assessment Policy (OP/BP 4.01).
- Involuntary Resettlement Policy (OP 4.12), rephrased for MDP with Land acquisition and Livelihood. Sub-projects will be rigorously screened to verify potential triggering of the Involuntary Resettlement Policy where Land acquisition and Livelihood Action Plan shall be prepared by the municipality following the Land acquisition and Livelihood Policy Framework (Annex 2). The LALPF provide indication of sub-project types that do trigger the policy.
- Pest Control Management (OP/BP 4.09); which its procedure is depicted in Annex 6 of the ESMF (Annex 1).
- World Health Organization, and Ministry of Health Specifications and Guidelines for Disinfection Materials, and workforce regulations during the Pandemic (Annex 11 of the ESMF).

More details can be found in Section (11) of this document.

Negative list of expenditures: According to ESMF any project might trigger any of the world Bank Policies is considered ineligible:

- Projects under category A of Environmental Quality Authority (EQA) and projects under Category A of World Bank Environmental Assessment policy (O.P 4.01):
 - Power plants (including gas turbines, substations and super tension lines)
 - Quarries and mines
 - Wastewater treatment plants including main sewers
 - Cement plants
 - Solid waste disposal sites
 - Hazardous waste disposal sites
 - Plants producing, storing or using hazardous substances
 - Airports and landing strips
 - Seaports, jetties and harbors
 - Refineries
 - Industrial estates
 - Major dams and reservoirs
 - Steel mills
- Physical Cultural Resources (PCR) Policy OP 4.11.
- International Waterways Policy OP 7.50.

2.3 Limitations on the Amount of Funds Provided to Each Municipality

The amount of funds each municipality is eligible to receive from the MDLF is subject to a ceiling. This ceiling is based on the municipality population, needs and its management practices, particularly its financial management and planning.

MDLF provides municipalities with performance-based grants for investments in service delivery, using an allocation formula designed to incentivize better management practices. The formula allocates resources to municipalities in an equitable, efficient, and accountable way, based on three weighted criteria: population (20%), needs (30%), and performance (50%). Municipalities are ranked from levels E to A++, using 21 key indicators of good municipal governance, and will receive higher or lower grant amounts based on their rank; MDLF will revise the ranking of the municipalities per cycle. The three weighted criteria, the 11 levels of performance (A++highest to E lowest) and the conditions required for each rank and also the definition of the mentioned key performance indicators are explained in the MDLF Transfer Mechanism Manual.

2.4 Municipal Partnership Projects:

This component will support municipalities to: a) engage more effectively with the private sector, and b) work across administrative boundaries to develop joint investments.

2.4.1 Private Sector Partnership Support.

In its National Development Plans, the Palestinian Authority recognized the need for significant improvements to the quality and affordability of infrastructure services, and acknowledged that its fiscal situation would require private sector participation to provide the necessary expertise and investment to supplement its public infrastructure budget. This policy agenda is clearly stated in the priorities matrix (2017-2021) (Promoting Public Private Partnership approach (PPP's) at the local government level to contribute in efforts of achieving sustainable local development). The objective of the intervention is to enhance the institutional capacity of Palestinian municipalities and to setup a policy and legal framework towards successful partnership with private sector with clear arrangement and regulations among key stakeholders. In order to better leverage private sector engagement, this component will support municipalities to identify, develop, and structure opportunities for private sector participation in addressing local development needs on a demand-driven basis. This component will support municipalities to identify the potential modalities for private sector engagement, select the most relevant or appropriate modality based on feasibility, and design the implementation of the agreed modality. Specific areas for

support would range from permitting and other processes to structuring private sector participation in infrastructure and service delivery (contracting out, joint ventures, special purpose vehicles and build-operate-transfer agreements), as well as strategic land use planning and associated infrastructure development related to economic growth priorities. The component will be particularly important in terms of supporting technical and human capacity development at the municipal level.

2.4.2 Joint Municipal Project Development Support.

This component will finance top-up payments complementary to the grant allocations under component 1 to incentivize municipal joint and/or innovative investments based on municipal demands to leverage economies of scale for municipal investments and facilitate financially sustainable municipal investments. The top-up funding under window 2 would reward municipalities with additional funds, if they are willing to invest some of their MDP window 1 allocation to more cumbersome joint projects or to innovations especially innovations with substantial macro-economic benefits (environmental benefits, social benefits).

A top-up formula to be provided for specific investments with a development impact beyond single municipal level (+50%) or innovative projects with specific environmental or social impact (+25%).

The different areas of potential joint investments and / or innovative investments may be in the following issues:

A. Joint planning and its impact on municipal investment:

The main joint investments to be expected from joint planning processes and suitable for MDP top-up funding will be investments in

- joint solid waste management,
- improved local traffic facilities,
- economic development, especially with regard to green spaces and leisure facilities,
- possibly some minor projects in the water, wastewater and storm water sector;
- Renewable energy projects for own energy consumption of JSCs.

B. Solid Waste Management

The National Strategy for Solid Waste Management was endorsed in May 2010. The delimitation of solid waste service areas, planning and overall investments in regional landfills is underway and investments exceed municipal capacities. In 2015, West Bank accounted for 13 JSCs for solid waste management. The following specific conditions for solid waste investments are to be applied:

- Investments sustain or improve service quality and are part of the overall solid waste management concept and the investment plan of the JSC;
- The municipalities have to apply jointly with the JSC. The project implementation will be managed by the JSC. Newly generated assets will be owned, operated and maintained by the JSC;
- The municipalities have no arrears towards their utility and the utility has no arrears for landfill fees (in case of using the landfill of another JSC);
- Investments are not eligible, if municipalities collect less than 50% of solid waste fees;
- Investments are not eligible, if the JSC has not submitted its budget plans and its latest annual accounts in timely manner to MoLG.

C. Water and Wastewater Management

The Water Law of 2014 foresees the management of bulk water by one National Water Company, and the management of local water provision through Regional Water Utilities. However, the local authorities shall continue to exercise their responsibilities and powers under the applicable laws and regulations until the establishment of the National Water Company and the Regional Water Utilities.

The Water Sector Regulatory Council (WSRC) was established in 2014. Regulation intends to stop the drain on the government's budget due to unpaid bulk water bills. However, WSRC is still building up its capacities and tools for water and wastewater monitoring, such as baseline-data, the assessment of production, treatment, transportation, and distribution and the tariff structures. The priority of main sector investments is under the responsibility of the Palestinian Water Authority (PWA), which also interacts with the various funding partners in the sector. For the time being, municipalities may use window 1 funds for individual water sector investments.

Smaller joint water and wastewater investments with positive environmental impact or service improvement can be subject to top-up funding under window 2. The following specific conditions for water sector investments are to be applied

- The investment is a joint need (e.g., pumps, sucking truck) and not a grouped investment in different individual systems.
- The foreseen investment conforms with (or does not contradict) relevant water sector strategic plans.
- The technical concept is simple (e.g., replacement of pumps, equipment for sewer cleaning);
- The foreseen investment does not require a specific permit or the permit is already available;

- If a Regional Water Utility or a multi-municipal utility for the area is established, the municipalities have to apply jointly with the Regional Water Utility or the multi-municipal utility. The project implementation will be managed by the Regional Water Utility or the multi-municipal utility. Newly generated assets will be transferred to the utility, if the utility already owns the specific type of water and wastewater assets. Else, the assets will accrue municipal assets according to the location of investments.

D. Storm Water Management

In the context of climate change and sealing of land due to urbanisation, storm water management becomes more and more important. The following specific conditions are to be applied for top-up funding of individual or joint storm water management investments:

- Any foreseen investment is part of an approved Master Plan and dimensions are complying to the technical standards of the relevant sector authority;
- The technical concept is simple (e.g., separation of storm water and wastewater drains from households; rain water harvesting, infiltration basins; equipment for dredging of channels);
- The foreseen investment does not require a specific permit or the permit is already available.

E. Traffic

Individual and joint plans for traffic are partly available, partly under elaboration. Given the fact, that window 1 funds are already used for road investments, it is suggested, not to encourage further road investment with top-up funding, even if it is a joint investment (ring road; connecting roads). The following specific conditions are to be applied for top-up funding of traffic management investments:

- Major physical investments are part of an approved Master Plan and a feasibility study confirms the financial and economic viability of the investment;
- Investments redirecting the traffic flow and creating pedestrian areas are part of an overall traffic concept which has been object of consultation with relevant focus groups according to social and environmental safeguard procedures of MDLF;
- Road investment is not eligible (but may be funded under window 1);
- Provision of parking space is not eligible (but may be funded under window 1);
- Simple parking meter investment is not eligible (but may be funded under window 1).

F. Renewable Energy

The support of innovative energy efficiency investment under MDP I and II window 2 has shown that a number of energy efficiency investments have relatively short pay-back

periods. The awareness of municipalities has risen. Given the return on rational investments. The following specific conditions are to be applied for top-up funding of renewable energy investments:

- Only investments which serve municipalities or joint services for their own energy needs are eligible;
- Investments which aim at energy production for sale are not eligible;
- Investments with a pay-back period of four years or less are not eligible for top-up funding, but may be implemented with window 1 funds;
- Investments with a pay-back period of four to eight years may receive top-up funding;
- Investments with a pay-back period of more than eight years are not eligible.

2.4.2.1 Submission for joint projects and appraisal

In cycle I of MDPIII, MDLF will seek the opportunity of formulation and adopting joint projects and prioritize them and selecting upon the available budget. Applying municipalities have to clearly indicate which part of their window 1 allocation (separately for each municipality in case of joint projects) shall be used. The complete funding of the project has to be ensured with window 1 funds, requested incentive funds from window 2 and possible additional budget funding from applying municipalities. The investment is only eligible after participating municipalities have agreed on the joint management of the foreseen investment. They may delegate the management of the joint investment contractually to one of the participating municipalities. This contract must clearly spell out the obligations of all participating municipalities. MDLF will continuously assess applications in MDPIII cycle I. All applications for eligible investments complying with all sector specific criteria are to be scored. Once the top-up funding is approved, MDLF will transfer the relevant window 1 contribution of each participating municipality from their allocation of MDPIII cycle II to the window 2. The procurement process and implementation of joint projects will be in MDPIII cycle II.

Scoring:

If compliant applications received by MDLF within two months after communicating window 1 allocations exceed available top-up funds, the following scoring of applications will classify the rank of each project:

- 1) Joint project 2 points
- 2) Average performance score of applying municipalities (E=0, D=1, C=2, C+=3, C++=4, B=5, B+=6, B++=7, A=8, A+=9, A++=10).

The project with the highest score will be ranked first.

2.4.2.2 Implementation and Payment Procedures

Single municipalities will implement municipal innovative projects, while joint projects may be implemented by the designated lead municipality, the competent JSC or the competent utility. All implementing partners will implement projects according to window 1 procedures. MDLF will provide specific training to JSC and utilities to familiarize them with the implementation procedures. The implementing partner will submit payment requests to MDLF according to the same procedures as for window 1 projects. MDLF will make payments from the accrued window 2 funds including the window 1 commitments.

In case of joint projects managed by JSC, the project assets will become JSC assets or assets of the utility, if similar type assets have been transferred to the utility. If a joint investment is managed by a utility which does not own assets or a designated lead municipality, assets will be transferred to the participating municipalities according to the location of investments. During implementation, MDLF will communicate directly with the project implementing partner and oblige this partner to inform all signing partners of the project on the project implementation process. The main sectors for joint projects will be recreational projects, health and power projects. Roads projects will be excluded except tunnels and small bridges that solve the traffic problems.

Technical Operations Flow Chart

Technical Operations: Detailed Description

3. Mobilization Stage

This phase is a preparatory phase for project cycle to start; in this phase MDLF ranks municipalities, allocates municipal grants, prepares package of necessary documents to be distributed to municipalities, and trains municipalities and raise their awareness regarding MDLF's support program, its conditions and requirements.

3.1 Allocating Municipal Funds

This step consists of two main activities; in the first MDLF ranks municipalities, and in the second MDLF calculates allocations for each municipality. Both steps are executed based on MDLF's Transfer Mechanism.

3.1.1 Ranking Municipalities

This activity is executed every cycle by MDLF Strategic Planning Department (SPD); it starts at the beginning of each cycle. Basically, at the preparation phase of each cycle, the MDLF SPD distributes "data collection forms (DCF) on performance indicators" to all municipalities and gives them two weeks' time to fill in the forms and send them back to MDLF with all supporting documents. SPD then verifies and validates the information submitted by the municipalities. This process takes three weeks.

Based on validated information, SPD identifies the corresponding rank of each municipality. Results are then submitted to Operations Manager (OM). OM reviews and validates the results and forwards his recommendations for the MDLF'S General Director (GD) for final approval of results. GD informs municipalities officially about their corresponding ranks, municipalities are given two weeks to appeal. MDLF discloses the ranks of municipalities on its website and in the LGUs capacity building activities.

3.1.2 Identifying Allocations for each Municipality

The mentioned months below, referred to in the subsequent sections, are the targeted months where the grant will be linked with the municipal allocations process. This activity is executed biannually; it starts at the beginning of October, and executed as per MDLF'S Transfer Mechanism Manual.

Towards the beginning of June, the GD determines the allocation of MDLF financial resources (in coordination with the donors) for next development projects' cycle; which is supposed to begin on October of the same year.

SPD computes the allocation for each municipality in the following sequence:

- Determine the allocation for population, needs, and performance.
- Compute the allocations per municipality based on population.
- Compute the allocations per municipality based on need.
- Determine average per capita allocations and the per capita allocation for each rank.
- Compute the total allocation for each rank.
- Compute the allocation per municipality based on performance.

OM reviews and validates the results and forwards his recommendations for the MDLF's GD for approval of results. This process is expected to end before first of July. The result is communicated with the BOD (or BOD Technical Committee (BOD TC)) for their approval. The TD is informed with the results of evaluation / ranking process and the funds allocated for each municipality.

3.2 Self-Environmental and Social Management for Municipalities

MDLF as part of the project will delegate full or partial environmental and social management for municipalities that will pass environmental and social management capacity assessment.

MDLF has prepared procedures for applying and assessing rank B++ and above municipalities whom will be eligible for the delegation. Details in Environmental Capacity Assessment procedures (Annex 3).

For municipalities passing the capacity assessment and will partially or fully manage their sub-project environmentally and socially are to abide to the requirements illustrated in the operation manual.

For those municipalities, at each sub-project stage of environmental and social management they should follow reporting requirements.

Those municipalities will be subjected for environmental and social audit.

More details about the Environmental and Social Safeguards can be found in section (11) of this document.

3.3 Preparing all Necessary Documents

This step consists of two main activities; these are preparing necessary documents to be given to municipalities.

Preparing for orientation workshops proper material to be delivered to participating municipalities, explaining MDLF's support program conditions and requirements

3.3.1 Preparing Package of Documents to be distributed to Municipalities

This activity is executed biannually and starts towards beginning of July. In this activity the technical department (TD) prepares a package of documents to be available online (at the MDLF website) to all municipalities.

The package includes basically the following documents:

- Project Application Form (Annex 4)
- Cost-Benefit Analysis Guidelines (Annex 5)
- Environmental and Social Management Framework (ESMF) (Updated in December 2020) (Annex 1)³
- Land Acquisition and Livelihood Policy Framework (Updated in December 2020) (Annex 2)
- Operation and Maintenance (O&M) plan form (Annex 6)
- Procurement Planning Milestone (PPM) Form (Annex 7)
- Grant Implementation Agreement (GIA) form (Annex 8)
- Any other necessary document including reports forms, bidding document forms, and the updated sectorial ESMP's

TD submits the prepared package to OM for revision

OM reviews the package send his notes to the GD for final approval before issuance on MDLF'S website. Upon final approval, TD manager submits the Package to SPD to upload the package on MDLF's website before the first of August and notifies municipalities (e.g. via fax, E-mail, etc).

3.3.2 Preparing Material for Orientation Workshops

This activity has to be completed before implementation of each cycle; TD staff conducts the orientation workshops or request local technical consultant (LTC) support for the any project cycle to prepare a proper training material.

The training material should basically focus on the following issues:

³ Environmental and Social Management Framework (ESMF) (Updated in December 2020), herein after in the document the ESMF

- Raising awareness of municipalities regarding MDLF'S municipal support program, its schedule, conditions and requirements including the fund allocation formula
- Community participation for the identification of projects
- Completion of the application form and provision of supporting documents
- Project cost-benefit analysis guidelines
- Conducting project environmental and social impact (preliminary) assessments, the eligible safeguards list, how to use the environmental and Social management Framework (ESMF), how to properly manage subproject environmentally and socially, how to implement health and safety measures during construction and operation, how to receive and solve complaints, how to report cases.
- Roles and responsibilities will be fulfilled under the Local Technical Consultant support during project stages.
- Preparing PPM and O&M for projects
- Details of the GIA
- Procurement Instructions

TD submits copy of the training material to OM for comments and feedback

3.3.3 Conducting Orientation workshops for the LGUs

In this step MDLF splits municipalities into groups and then invites them to participate in scheduled orientation workshops.

This activity is executed each cycle during the first month after disseminating the allocations, the TD splits the 144 municipality into groups in both West Bank and Gaza Strip.

TD schedules the orientation to be conducted in one identical orientation workshop for each group. TD submits the orientation schedule to OM and DG for feedback and final approval.

4. Identification Stage

At the beginning of each cycle the MDLF will issue a Request for Application (and invites eligible municipalities to propose projects and seek financial support. This RFA should be issued after the BOD approval of the municipal allocations.

4.1 Projects Identification, Preparation, and Submission for approval

Upon Receiving he filled application from municipality that include detailed project description, the preliminary design or full design if it is available for projects of construction works projects, required professional certificates, cost-benefit analysis, priced BOQ, focus group report (the focus group is formed from the citizens and institutions affected by the project), and any other supporting document, etc).

The MDLF will designate engineers from the technical department to follow up and work closely with the municipalities. The responsibilities of the engineers will be divided geographically among the governorates to cover the work of the MDLF.

Each area engineer will be responsible to assist the municipalities in his or her area throughout the project lifecycle.

The area engineer provides municipalities with information, guidelines and explanations to complete their applications. This assistance may be provided in one of two ways, subject in all cases to limitations of the MDLF budget and the approval of the engineer's supervisor:

- a. The engineer may provide technical assistance him- or herself.
- b. The technical department manager of the MDLF may request a local technical consultant (LTC) support.

The municipality should select projects from the Strategic Development and Investment Plan (SDIP). The municipality must provide a stamped copy of this plan with the application form.

The municipality must assess the selected project according to the eligibility assessment criteria summarized in table No. (2) below. Each project must be evaluated against:

- Social/Environmental Safeguards (negative list of projects), solely for Gaza Strip under Component 1, but for both West Bank and Gaza Strip under Component 6 the pest control related projected must abide to Annex 6 of the ESMF
- Ceiling of budget requested from MDLF
- Environmental Impact and Proper Mitigation Measures
- Social Impact and Proper Mitigation Measures
- Proper Risk Assessment and Management Strategies
- Cost – Benefit Soundness

- Availability of Adequate PPM
- Availability of Adequate O&M
- Project Budget Exceeds 500000, or Income Generation Project (in such case, each project should be attached with a full feasibility study)
- Table No. (2) Below summarizes the main check items to be considered.

Table 3. Summary of Project Eligibility Assessment Criteria

Project Application Evaluation Form							
No.	Project Appropriateness Indicators	MDLF Conclusions		Evaluation of Indicators			Results (A/R/Re) ↓
				Approved (A)	Revision (R)	Rejection (Re)	
	Environmental Safeguards	<input type="checkbox"/> Positive list	<input type="checkbox"/> Negative List	Positive list	N/A	Negative list	
1	Social/Environmental Safeguards	<input type="checkbox"/> Positive list	<input type="checkbox"/> LALAP	Positive list	N/A	Negative list	
2	Budget requested from MDLF	<input type="checkbox"/> below allocated Ceiling <input type="checkbox"/> above with commitment letter from municipality <input type="checkbox"/> above with no commitment letter		Below ceiling/ or Above with Commitment Letter	N/A	Above with no commitment letter	
3	Environmental Impact	<input type="checkbox"/> Adequate	<input type="checkbox"/> Needs Revision	<input type="checkbox"/> Inadequate	Adequate	Revision	Inadequate
4	Social Impact	<input type="checkbox"/> Adequate	<input type="checkbox"/> Needs Revision	<input type="checkbox"/> Inadequate	Adequate	Revision	Inadequate
5	Community Participation	<input type="checkbox"/> Satisfactory	<input type="checkbox"/> Unsatisfactory		Satisfactory	N/A	Unsatisfactory
6	Risk Assessment	<input type="checkbox"/> Un-Risky	<input type="checkbox"/> Risky		Un-Risky	N/A	Risky
7	Cost-Benefit Analysis	<input type="checkbox"/> Satisfactory	<input type="checkbox"/> Needs Revision	<input type="checkbox"/> Unsatisfactory but still eligible	Satisfactory or Unsatisfactory but still eligible	Revision	Unsatisfactory
8	Availability of adequate PPM	<input type="checkbox"/> Adequate	<input type="checkbox"/> Needs Revision		Adequate	Revision	N/A
9	Availability of adequate O&M Plan	<input type="checkbox"/> Adequate	<input type="checkbox"/> Needs Revision		Adequate	Revision	N/A
10	Project budget more than 500,000, or income generation	<input type="checkbox"/> Yes	<input type="checkbox"/> No		Yes	N/A	No
11	Social Accountability	<input type="checkbox"/> Adequate	<input type="checkbox"/> Needs Revision	<input type="checkbox"/> Inadequate	Adequate	Revision	Inadequate
MDLF Decision →	<input type="checkbox"/> Approval		<input type="checkbox"/> Needs Revision/ Modification		<input type="checkbox"/> Pre-Approval and requires further detailed studies		<input type="checkbox"/> Rejection
	If all indicators from 1 to 9 are evaluated as Approved		If any of indicators' number (3, 4, 7, 8, 9,11) is evaluated as Revision		If all indicators from 1 to 10 are evaluated as Approved		If any of indicators' number (1, 2, 3, ,7) is evaluated as Rejection

Project Application Evaluation Form						
No.	Project Appropriateness Indicators	MDLF Conclusions	Evaluation of Indicators			Results (A/R/Re)
			Approved (A)	Revision (R)	Rejection (Re)	
1	Social Safeguards: land acquisition and Livelihood Action Plan	<input type="checkbox"/> Accepted <input type="checkbox"/> rejected	Payment to PAP	N/A	RAP not implemented	↓
11	Design	<input type="checkbox"/> Adequate <input type="checkbox"/> Needs Revision <input type="checkbox"/> Inadequate	Adequate	Revision	Inadequate	
	Escrow account					
MDLF Decision →	<input type="checkbox"/> Approval	<input type="checkbox"/> Needs Revision/ Modification	<input type="checkbox"/> Pre-Approval and requires further detailed studies	<input type="checkbox"/> Rejection		
	If all indicators from 1 to 9 are evaluated as Approved	If any of indicators' number (3, 4, 7, 8, 9,11) is evaluated as Revision	If all indicators from 1 to 10 are evaluated as Approved	If any of indicators' number (1, 2, 3, ,7) is evaluated as Rejection		

The municipality may apply for more than one project under the following condition:

The total amount of money (for all projects) requested from MDLF will not exceed the ceiling of fund allocated for the municipality for that cycle.

Projects exceeding Euro500,000 or revenue generation projects, the municipality shall use the Standard Application Form and append a supplemental economic analysis and any other requested studies.

Municipalities may contribute to the cost of the project from their own sources or from sources other than the MDLF fund. Contributions must either be in design, cash or in physical assets, typically land in condition of abiding to LALPF. Staff time or other in-kind contributions can't be counted.

4.1.1 Completing Application Form

The application form reinforces sound principles of development, while being appropriately easy to complete. Without using technical terminology, it calls for a conceptual design of the project, along with the cause-and-effect relationships tying project activities to developmental outcomes. It lays the groundwork for later monitoring and evaluation. The application form can be used for both works and goods projects.

The completed application dossier shall consist of the following:

- a. Complete application form filed on MDLF website and a signed copy by the Mayor
- b. Stamped Strategic Development and Investment Plan (SDIP).
- c. Municipality Master Plan and an indication of the project location on that plan (only for projects involves construction of works)
- d. Land ownership documents, and in case the municipality are to acquire land for the sub-project, procedures in LALPF are to be followed
- e. Procurement Plan Milestone (PPM) for each project using PPM. Operating and maintenance plan explaining the expected sources of funds to be used to operate and maintain the project (O&M plan).
- f. Environmental and Social impact Assessments that identify project impacts and illustrate how negative impacts have been avoided or will be adequately mitigated
- g. Initial assessment of the sub-project safeguards eligibility
- h. For municipalities with fully environmental and social management to submit detailed environmental and social screening for the sub-project following ESMF and LALPF.
- i. Preliminary or full Design (only for projects involves construction of works)
- j. In case the design is not available, the municipality could pay from its own budget or request part of its allocation for the consultancy services to do the required full design.

- k. Preliminary priced Bill of Quantities (BOQ)
- l. Any Relevant Certificate or licensee needed for the project
- m. Any other documents that may be requested by the MDLF.

Completed application dossier shall be submitted to the MDLF offices. For each project one hard copy and one soft copy (one CD or by E-mail) must be submitted following filing the application of MDLF website. The administrative assistant of TD will register the receipt of the AF (after checking the availability of hard and soft copies) and provide the municipality representative with Acknowledgment of Application Receipt Notice.

4.2 Applications Evaluation and Revision by MDLF

MDLF Technical Department TD (or the Technical Committee TC according to the Responsibility matrix RM in Table No (3) below) screens the subproject environmentally and socially, reviews, and evaluates projects application according to the projects eligibility assessment criteria TD or TC should review the application dossier and prepare their recommendations in the form of report (Project Application Evaluation Report (Annex 9). MDLF teams conduct site visits to all sub-projects sites to verify information, assess the situation on ground and consult with municipality staff

Initial screening will be done using environmental screening and social screening forms in order to verify if the sub-project falls under negative list of OP4.01 or/and if the sub-project triggers OP4.12

Where the sub-project doesn't fall under Category A of environmental assessment, environmental screening and social screening will be conducted

Note: Municipalities self-managing their sub-projects environmentally and socially starting at screening stage are to abide to the following where solely environmental and social related conditions could be fully managed by the municipality unless LALAP is required, for more details please read the procedures depicted in the Environmental Capacity Assessment Procedures (Annex 3).

Four cases may result:

Case 1: Rejection of the project: if the assessment process produces the following:

- a) The project is not within the strategic plan of the municipality or was not produced through community participation workshop.
- b) If the project is not complying to environmental and social safeguard other than triggering OP4.12 as specified in the ESMF and LALPF
- c) if the sub-project require Land acquisition and Livelihood Action Plan is not satisfactory, or when municipality are not willing to compensate the project affected people.

- d) The project budget exceeds the ceiling of the allocated fund for the municipality and there is no commitment letter from the municipality to cover the exceeded budget
- e) Even if sub-project falls under eligible list; if environmental and social impact assessments produce negative impacts that are hard to mitigate within the subproject resources or require costly mitigation measures.
- f) The cost benefit analysis is not acceptable to MDLF compared with other similar projects.⁴

In this case the technical department / Technical Committee prepare notes and recommendations documenting them on the AF revision report. An Application Status Notice must be sent to the municipality informing them with the rejection and its causes and giving them one more opportunity to submit new application.

Case 2: Request further details or modifications or processes:

- a. if the costing is not convincing, cost to benefit indicator outside the range for similar projects,
- b. if the sub-project requires Land acquisition and Livelihood Action Plan
- c. uncertainty on impacts on people or environment or the negative impact mitigation strategy is inadequate for the identified impacts,
- d. documents are missing,
- e. Modifying the PPM or O&M plan is requested,
- f. Social accountability measures not adequately reflected.

In these cases, the technical department / Technical Committee prepares notes and recommendations documenting them on the AF revision report.

An Application Status Notice must be sent to the municipality asking them to re-prepare and submit the requested information and documents or a revised project application form and dossier according to MDLF notes. For LALAP, the municipality to follow procedures depicted in the LALPF and thoroughly coordinate with MDLF in LALAP implementation.

Case 3: Give Pre-Approval and request detailed studies:

- a. if the project cost is higher than 500,000 Euro or revenue generation projects (economic and financial analysis,
- b. environmental impacts assessment that are provided for as in the form of ESMF) and environmental review showed that certain environmental, social, safety requirements to be included in the design,

⁴ Some projects may not be rejected based on the results of cost-benefit analysis

- c. where safeguards are acceptable but preliminary social impact assessment is insufficient as comprehensive identification of social impacts and adequately negative impacts mitigation are necessary,
- d. where LALAP was prepared and approved and in final in process of donors approval
- e. social accountability measures not adequately illustrated,
- f. full design and required licenses or permits,
- g. for goods, energy efficiency technical assessment /design is required
- h. or the project is income generating (financial viability study).

In these cases and if the application passes all the assessment steps, the TD/ TC prepares notes and recommendations documenting them on the AF evaluation report.

An Application Status Notice must be sent to the municipality asking them to prepare and submit a detailed feasibility study according to the feasibility study preparation guidelines, requested information and documents or a revised.

Case 4: Approving the project:

- a. if the costing is reasonable and within the municipal allocation,
- b. economic benefit are satisfactory to MDLF,
- c. the project has conducted a comprehensive impact assessment on people and the environment and designed an adequate negative impact mitigation strategy, social accountability measures are adequately illustrated, and passes successfully all the assessment steps
- d. The sub-project LALAP is approved and disclosed, the compensation contracts are signed and LALAP is implemented.

Note: If the cost estimate of the project is higher than the municipality allocation and the municipality cannot contribute giving that the type of project is to be implemented in two phases, the municipality can ask MDLF to approve the continues execution of subproject between two cycles despite that the project will not be functional in the first cycle. An example of those projects is public facility subprojects where the structural work can be executed in the first cycle and the finishing works and external works during the second cycle. If this is approved a condition for that will be inserted in the GIA in order to be ensure that the municipality should select that project in the second cycle.

The TD / TC recommend the projects for approval. An Application Status Notice must be sent to the municipality informing them with the official approval and asking them to sign the Grant Implementation Agreement GIA (Annex 8).

MDLF shall document approved and rejected projects, MDLF will inform the corresponding donor with the approved projects applications if requested.

Table No. (4) Responsibility Matrix RM - Revision of the Projects Applications

#	Project Type	Activity	Technical Department				Technical committee (from the executive management)	MDLF OM	MDLF GD	MDLF board
			Area Engineer	Environmental and Social	Supervisor	Technical Department Manager				
1	Projects under 500000 Euros	Application Revision	Revision – notes and recommendations	Notes and Recommendations	Notes and Recommendations	Final Notes and recommendations		Notes and Recommendations		
		Request Further Details		Notes and Recommendations		Notes and Recommendations		Revision, Recommendations	sending official letter	
		Rejection, and sending official letter		Notes and Recommendations		Notes and Recommendations		Revision, Recommendations	Rejection & sending official letter	
		Approval, and sending official letter		Notes and Recommendations		Notes and Recommendations		Revision, Recommendations	Approval & sending official letter	
3	Projects more than 500000 Euros, or Income Generating projects	Application Revision	Preliminary Revision – Notes and Recommendations	Notes and Recommendations	Notes and Recommendations	Notes and Recommendations	Detailed revision – final notes and recommendations			
		Request Further Details		Notes and Recommendations		Notes and Recommendations		Revision, Recommendations	Sending official letter	
		Pre-approval and request detailed studies		Notes and Recommendations		Notes and Recommendations		Recommendations and Follow up	Recommendations and Follow up – Sending official letter after Board approval	discussing GD recommendations – Pre approval and requesting detailed studies
		Rejection, and sending official letter		Notes and Recommendations		Notes and Recommendations		Revision, Recommendations	Recommendations and Follow up – Sending official letter after Board rejection	discussing GD recommendations – Rejection
		Approval, and sending official letter		Notes and Recommendations		Notes and Recommendations		Revision, Recommendations	Recommendations and Follow up – Sending official letter after Board approval	discussing GD recommendations – final approval

Note: all official correspondence must be sent through the GD.

The MDLF GD will prepare a quarterly progress report concerning reviewing and approval/rejection processes and discuss it with the BOD.

The MDLF rejection decisions are open to appeal - by the municipalities. In such a case, the municipality shall submit whatever arguments that it has through an official letter to the General Director. In his or her turn, he will follow up their request with the technical department manager and the OM. Appeals are settled by the executive management and/or Technical Committee (TC), with no further right of appeal. The GD will send an official

letter to the municipality informing them with the result of their appeal and any other consequence may result from the revision process.

The Approval or disapproval letter (rejection letter) signed by the MDLF will be sent to the municipalities by fax, e-mail or through the area engineer within one week of the decision date informing them regarding the approval or disapproval of their application. The appraisal and approval period shall not exceed twelve weeks from the date the MDLF receives a completed application unless LALAP is required for the sub-project.

A summary sheet of all applications environmental and social screening outputs is prepared by MDLF and may annexed to MDLF reports, including those submitted by municipalities that fully manage their sub-projects environmentally and socially.

4.3 Signing Grant Implementation Agreements

Area Engineers have to assist municipality in preparing the GIA documents following the GIA form, this will be done in coordination with the related MDLF departments. In case the municipality is partially or fully environmentally self-managing their sub-project or/ and will handle their allocation themselves, this will be reflected in the GIA.

Technical department manager –in coordination with the public relation officer-coordinates signing agreements ceremonies for each group of municipalities. (Either in the MDLF offices or in a certain appropriately selected place) or the agreement signing will be conducted with each municipality.

The signing ceremonies must be attended by each municipality mayor and MDLF GD.

Two copies of the GIA must be prepared and signed. One copy for MDLF and the other copy for the municipality

The GIA must be accompanied with an approved PPM and O&M (and cost sharing plan if requested).

5. Procurement Stage

5.1 Preparation of bidding documents

Upon signing the GIA of the project, the municipality shall prepare a bid package that includes all the technical documents, specifications, bills of quantities (BOQ), design drawings (only for works projects), assessments, sectorial environmental and social management plan with additions to the sub-project site-specific issues, and estimated project costs. The municipality shall take into consideration all the variables and risks of the contracting method to be followed (according to MDLF procurement manual either for works or goods).

The completed draft of the detailed technical documentation shall be endorsed by the municipality (Related department / procurement department) and submitted to MDLF.

The TD shall perform a review, considering in particular the following issues⁵:

- a. Consistency with the approved application.
- b. Proper preparation and documentation, including engineering or other professional certifications as appropriate, ESMP's are proper.

For municipalities fully and partially managing their sub-projects. Municipalities shall provide letter stating that ESMP follows sectorial ESMP's and municipality is responsible on inclusion of all site-specific impacts/measures. Further to their responsibility of inclusion of the ESMP into the bidding document.

- c. Technical soundness.

Two cases may Arise:

Case 1: The technical documentation is incomplete and/or differs materially from the approved application:

The municipality must provide a written justification. The area engineer will review the justification and make a recommendation to the technical Department manager (through the supervisor) as whether to allow the differences. "Materiality" in this contest includes the following:

- a. Any increase in the amount of funds sought from the MDLF
- b. An increase in total project cost of greater than 10%
- c. Reduction in the project cost sharing, or change in the form or timing of the cost sharing
- d. Any reduction in the deliverables
- e. Any other change that reduces the value of the project in a significant way

Generally, the MDLF will look favorably on changes arising from the following reasons:

- a. Better project estimates and more accurate details

⁵ The first 3 bids from each area engineer and also any bid above \$100,000 have to be first reviewed and approved by the PD before getting final approval from MDLF management.

- b. Improvement in project impact and negative impact mitigation or cost-effectiveness discovered in the preparation of the technical documentation

Generally, the MDLF will not look favorably on the following types of changes:

- a. Change in project scope, type, and location
- b. Change in costs that are not subject to competitive bidding, e.g. personal services, consultancy, and sole source.

Case 2: if project cost increases and exceeds the ceiling of the allocation, in this case the municipality will be requested to cover the difference in the cost whether this increase is due to additional work or currency differences. An official commitment letter from the municipality should be attached prior to the bidding documents. The following steps should be followed:

- The municipality must provide the MDLF with a commitment letter to cover the exceeded budget.
- The first payment /s for the bidder should be from this account and the total share of the municipality must be paid before the final payment from the MDLF.

MDLF shall send a Bidding Documents Status Note to the municipality requesting modifications.

Following the MDLF's review of technical documentation, the municipality shall make any necessary modifications and resubmit.

Upon the fulfillment of the municipality's obligations, MDLF will issue a Bidding documents Status Note for the municipality informing with the approval and asking to start bidding process.

The technical documentation complies with the approved application:

The TD recommends GD through official channels to issue Bidding documents Status Note

The GD will issue a Bidding documents Status Note for the municipality informing with the approval and asking to start bidding process.

Table 5. Bidding Documents Approval Responsibility Matrix

#	Activity	Types of Projects	Area Engineer	Procurement Department	Supervisor	Technical Department Manager	Technical Committee	MDLF OM	MDLF GD
1	Bidding documents revision	Project less than (\$200000 for works, \$100000 for goods)	Revision – Notes and Recommendations						
		The first 3 bids from each area engineer and also any bid above (\$200,000 for works, \$100000 for goods)	Preliminary Revision – Notes and Recommendations	Notes and Recommends	Follow up	Notes and Recommends			
	If Complying with application form – Issue bidding process start letter	Project less than (\$200000 for works, \$100000 for goods)	Revision – Notes and Recommendations			Notes and Recommends			Issue Bidding Documents Status Note
		The first 3 bids from each area engineer and also any bid above (\$200,000 for works, \$100000 for goods)		Notes and Recommends		Notes and Recommends			Issue Bidding Documents Status Note
If the bidding documents differs from the approved application form	The difference is large and exceeds the limits permitted – Issue letter to reject the bidding documents and asking to resubmit new project application	Project less than (\$200000 for works, \$100000 for goods)	Revision – Notes and Recommendations		Notes and Recommends	Follow up			Issue Bidding Documents Status Note
		The first 3 bids from each area engineer and also any bid above (\$200,000 for works, \$100000 for goods)		Notes and Recommends	Notes and Recommends	Follow up			Issue Bidding Documents Status Note

#	Activity	Types of Projects	Area Engineer	Procurement Department	Supervisor	Technical Department Manager	Technical Committee	MDLF OM	MDLF GD
	The difference is small and within limits permitted	Project less than (\$200000 for works, \$100000 for goods)	Revision – Notes and Recommendations			Notes and Recommends			Issue Bidding Documents Status Note
		The first 3 bids from each area engineer and also any bid above (\$200,000 for works, \$100000 for goods)		Notes and Recommends		Notes and Recommends			Issue Bidding Documents Status Note

Note: all official correspondence must be sent through the GD or a copy of it must be sent him.

5.2 Bidding Process

The municipality should follow the bidding process as explained in MDLF Procurement Manual. MDLF has established a sound control and audit system of procurement activities that will be carried out by municipalities for some of window 1 sub-projects as stipulated in the procurement manual. The system requires municipalities to seek MDLF’s no objection prior to proceeding with key steps of the procurement process as stipulated in the procurement manual.

For this purpose, MDLF has set thresholds for prior review for Works and Goods contracts as detailed in the procurement manual. The sub-project procurement plan, to be prepared by each municipality and approved by the MDLF, will specify the contracts of each procurement method that will be subject to prior/post review by the MDLF. The MDLF does not finance expenditures under a contract if MDLF concludes that such contract has been mis-procured according to MDLF procurement manual.

The municipality will open and evaluate the bidding offers and then request the no objection to award from MDLF as detailed in the procurement manual.

In case the contract amount will exceed the project allocation and a municipality contribution is needed, the municipality must open an Escrow Account, and deposit its sharing in this account, and provide the MDLF with the details of the account. This is conditional where bid evaluation approval will be suspended until receiving the account details

6. The Surplus of Municipality Allocation

After signing the contracts between the municipality and the contractors and if there is surplus from the municipality allocation, three cases may be dealt with:

A: Case One:

The type of project allows the variation orders and there is a need for such variation, the municipality may proceed with the process of variation orders following the process mentioned in MDLF manuals.

B: Case Two:

The surplus amount and the time frame of the existing cycle allow for new projects, the municipality may submit new application form for new project and following the process of identification, procurement and implementation stages.

C. The municipality can ask MDLF approval for transferring the surplus from the allocation of the first to the second cycle of MDP.

7. Implementation Stage

7.1 Implementation Arrangements

Notification: municipalities delegated the environmental and social management fully or partially are to abide to the following procedures concerning environmental and social management in addition to conditions depicted in the Capacity Assessment procedures, ESMF and LALPF

In case of works project, the municipality will issue a project start order and send it to the contractor. A copy of this order must be sent to MDLF.

The Contractor shall start implementing the project on the schedule provided in the bid documents.

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 specification and MDP guidelines
- b. Ensuring the implementation of environmental and social mitigation measures that was determined from the focus group discussion during the identification stage in addition to occupational health and safety for affected communities and workers, including SEA/SH mitigation measures. Supervise the contractor's compliance and implementation of the environmental management plan satisfactorily. The Municipality Engineer shall follow contractor compliance to environmental considerations according to the sub-project sectorial ESMP, ESMF and LALPF and will gain support from MDLF area engineers and officers to ensure compliance of the municipalities with the ESMF⁶.
- c. Furthermore, the bidding documents will depict in details the procedure of environmental noncompliance penalties following to ESMF guidelines.

Complaint mechanism must be available at the municipality as referred to in the GRM Manual and in section 6 of the ESMF. Considering that prior to the implementation of the project, the municipality will announce its willingness to accept the local community complaints through different ways, such as:

- Distribution of leaflets to the public places.
- Notice Boards.
- The Municipality Website.
- Telecommunication tools (SMS and phone line).
- Public Meetings.

⁶ Contractor Compliance is depicted in ESMF and reflected in the procurement documents.

The municipality will record complaints including detailed information about the social and/ or environmental issue (key issues, date complaint received, complaint addressed, how resolved, date etc.). This complaint should be archived in the project profile and be solved or mitigated within two weeks maximum. The municipality should inform the MDLF of all the complaints through continuous recording in the reports and/ or through site visits, so that the MDLF and/ or the LTC will intervene to solve the issue if the municipality was not able to solve or mitigate it.

Supervision is mandatory for the sub-projects, municipality shall keep in the project document copies of all daily supervision reports, weekly reports milestone reports, and final reports. These reports are to cover 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 MDP guidelines and justification, contractor performance, environmental and social management, environmental notes and penalties, health and safety measures, complaints, etc.

- d. Verification and approval of payments requested by the contractor.
- e. Preparation of milestones progress reports (connected to contractor payment requests) which will be forwarded to the MDLF no later than 15 days. 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 MDP guidelines and justification, Contractor performance, environmental and social management, and payments request submitted by the Contractor approved by the municipality.

Either for works or goods project, the MDLF will process the payment requests according to the contract administration guidelines documented in the procurement manual. For selected municipalities in the West Bank who are proven to have strong performance based on the performance assessment (ranked B++ and above) and meet safeguards and fiduciary requirements as defined in Environmental and Social Capacity Assessment Procedures (Annex 3), the MDLF will cease to make direct payments to contractors and suppliers on their behalf. Instead, the component 1 fund will be transferred in tranches directly to the municipal bank accounts for them to handle associated payment and reconciliation on their own. The continued disbursement from the second tranche onward, however, will be subject to the municipalities' demonstrated ability to conduct proper financial management, procurement, and supervise works by contractors to ensure satisfactory sub-project quality.

For that the municipality is required to submit periodical reports for environmental and social management, occupational health and safety following MDLF reports forms

When laboratory tests are needed (for quality assurance purposes), the municipality shall request these tests and pay it off directly. These payments shall be reimbursed by the contractor to the municipality based on original invoices. The Financial offer of the bidder/ supplier should include the cost of these tests. It is the right of the municipality to choose the best technical laboratory to conduct the tests and this should be clear to the bidder/ supplier in the bidding documents.

7.2 Variation Orders

- The municipality should submit a variation order request in any case that requires variation in the contractual timeframe, deliverables, quantities, cost, specifications, ...etc.
- The municipality should submit the Variation Order Request (Annex 10) to the area engineer.
- The MDLF will process the Variation Orders according to the level of authorities explained in the Variation Order Request form and as follows:
 - a. the variation order will not exceed 15% of the total contract, the process will be reviewed through area engineer, supervisors, technical department manager and the final decision will from the general director.
 - b. the variation order exceeds 15% of the total contract, the process will be reviewed through area engineer, supervisor, technical manager, procurement department and the final decision will be from the general director.

The MDLF will send official response letter to the municipality regarding their variation order request.

In case of work projects, 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 MDP guidelines and quality control.

The Area Engineer (and based on the progress reports submitted by municipalities and his visits, and the output monitoring indicators which were defined in the project log-frame developed in the design phase of the support program) will update the Excel sheets of the monitoring process and the PIGMIS to document the physical achievement of the projects and the percentages of disbursements.

The environmental and social officers would monitor the sub-projects environmentally and socially, will support municipalities and area engineers to provide sound construction management environmentally and socially, in addition to following other requirements as per ESMF and LALPF. The officers will prepare reports following requirements in ESMF.

At the completion of the project activities, the municipality will issue a handover certificate for the Contractor. Before issuing such a certificate the municipality shall

- a. Invite the area engineer to visit the site and ensure that the project is completed at satisfactory standards (compared to project objectives / targeted outputs) and the handover certificate could be issued. The area engineer, if agreed on the handover, he will co-sign the certificate as a witness
- b. Verify that the maintenance bond is secured and maintenance of the work during the maintenance period will be guaranteed

In case of Goods projects, once goods delivery is completed, the municipality will issue a handover certificate for the supplier. Before issuing such a certificate the

municipality shall

- a. Invite the area engineer to visit the site and ensure that the goods are supplied exactly according to the contractual conditions and specification. The area engineer, if agrees on the handover, he will co-sign the handover certificate as a witness
- b. If applicable, the area engineer verifies that the maintenance bond is secured and maintenance of the supplied goods during the maintenance period will be guaranteed

Within thirty days, starting the day the municipality issues the handover certificate, the municipality shall prepare and submit the project final report to the area engineer. Such a report will include and verify the following:

- a. All deliverables of the project
- b. Contract price and contract Bill of Quantities (BOQ) in comparison to actual cost and BOQ
- c. Approved variation orders
- d. Actual time schedule vs. contract time schedule
- e. Approved time extension
- f. Actual dates of payments to the contractor
- g. Documentation for all quality control measures such as laboratory tests
- h. Special problems encountered during the implementation of the project
- i. The report to include environmental and social issues and complaints, copies of environmental notes and penalties, list and copies of complaints
- j. The report shall include output achievements and outcome indicators.
- k. Rating of the project in terms of usability and usage

(See the Project Final Report template (Annex 11))

The municipality shall submit one copy and one soft copy of the final report.

At least, the MDLF will summarize the progress of the program semi-annually and annually and post them on the web, include them in its communication campaign material, and disclose them at exiting one-stop-shops and upon specific requests.

7.3 Materials import for Gaza Strip projects

The responsibilities and procedures including structured communication with the donors on import (pending) issues are specified in annex 12.

8. Financial management arrangements

The financial management arrangements under MDPII will continue to be followed under MDPIII, except for the FM arrangements for the eligible municipalities that will pay contractors directly. The MDPIII will be implemented by MDLF in close partnership with Municipalities. The MDLF will be responsible for the implementation of all project components.

There will be two types of financial management arrangements. Type 1, a number of selected West Bank (excluding Gaza) municipalities that are proven to have strong financial management arrangements, sound control environment, based on the performance assessment criteria would be responsible for financial management for their sub-projects financed under Window 1. Hence, MDLF will not transfer direct payments to contractors and suppliers on behalf of such municipalities and instead transfer the component 1 project fund directly to these municipalities' bank accounts for them to handle associated payment and reconciliation on their own. Type 2, for the rest of municipalities in West Bank and Gaza under Window 1, MDLF will be responsible for making payments to contractors and suppliers on their behalf. Municipalities which lack the capacity to prepare and implement sub-projects (including sub-project application, tendering documents, environmental and social impacts, safeguard policies, procurement and supervision of works) would receive assistance from Local Technical Consultants. Below is a detailed description for each type of the FM arrangements.

8.1 FM arrangements for municipalities that will receive funds to their bank accounts will have increased FM responsibilities

As part of project preparation, an assessment of the FM capacities of municipalities was carried out using a representative sample of municipalities. Based on the assessment, it was determined that while some municipalities are well capacitated in terms of their FM systems and procedures, there are still weaknesses in the FM capacities of other municipalities. The Performance Assessment of municipalities carried out by MDLF includes several indicators relating to FM capacity, and thus, provides a good indicator of the FM capacities of municipalities. Accordingly, municipalities with a high-performance ranking (B++ and above) will be granted greater responsibility for managing funds for their sub-projects under Window 1. MDLF will verify that the municipality is eligible to receive funds based on the following criteria: (i) Specified Performance Ranking (B++ and above), (ii) that the municipality have secured MoLG approval on its previous year budget, and (iii) that the municipality's external auditor did not express an adverse or disclaimer audit opinion on its previous year financial statement.

This arrangement is applicable for certain Financing Partners (FPs) who agree to use their funds to increase FM responsibilities to eligible municipalities. For the other FPs, MDLF will have the sole responsibility to disburse on behalf of municipalities directly to contractors.

Following are the FM arrangements required to control program funds and mitigate the risk at eligible municipalities that will receive funds to their bank accounts:

- A subsidiary agreement will be signed between MDLF and each fund receiving municipality. The subsidiary agreement will explicitly state such fund flow arrangements.
- MDLF will open a separate general ledger in its accounting system to account for funds advanced and expenditure incurred by each selected municipality. In turn, each selected municipality will open a separate general ledger in its accounting system.
- Each selected municipality will open a separate bank account to receive and disburse funds for its allocation.
- Payment of direct grants to eligible municipalities will be semiannual installments for their pertinent allocation over the two-year grant cycle. Municipalities will submit evidence of eligible expenditures. Payments for the sub-grant will be against documentation of eligible expenditures. Ineligible expenditures will remain as advance to the municipalities until providing eligible expenditures in lieu or refund the grant account. This payment method will be confirmed with the MDLF by appraisal.
- Each municipality will submit to MDLF within 15 days of the end of each semester the following simplified Interim Unaudited Financial Reports (IFRs): i) Statement of Cash Receipts and Expenditures, for the period and cumulatively from project inception, (ii) Statement of Designated Accounts reconciling period-opening and end balances.
- Recurrent expenditure scheme to Gaza municipalities: Under this scheme, no funds will be channeled to Gaza municipalities. Recurrent expenditure payments will be made by MDLF to suppliers against invoices of recurrent expenditure on behalf of Gaza municipalities, and in accordance with the MDLF FM policies and procedures manual. Recurrent expenditures should be verifiable, traceable, and reportable. The list of eligible expenditures and ceiling is defined in this operation manual.

8.2 FM arrangements for the rest of West Bank and Gaza municipalities that will not receive funds to their bank accounts.

Funds will not be channeled to municipalities under this category; MDLF will have the sole responsibility to disburse on behalf of municipalities to contractors. Payments will be reviewed and approved by the MDLF according to MDLF policies and procedures manual.

9. Project Operations and Maintenance

The Municipality shall operate the project in a conscientious manner and will use all possible means to ensure that:

- a. The project meets its objectives
- b. The funds and skills necessary for the project operation and maintenance is provided.

The municipality operates and maintains the project according to the operation and maintenance plan.

The Municipality shall submit to MDLF annual report for the first operational year clarifying the following:

- Compatibility with the O&M
- Problems and Solutions
- Recommendation for future

Area Engineer audits the Operation and Maintenance Reports.

10. Termination of the Grant Implementation Agreement (GIA)

This Agreement can be terminated by MDLF only through a written notice that will come into effect five (5) working days after ensuring that the recipient has received this notice. In this case, the balance of grant funds recorded in the Agreement, and not disbursed, will stay in the MDLF account, and all other obligations and liabilities stated in this Agreement by MDLF and/or the Recipient will cease by termination of this Agreement.

The Agreement can be terminated under the following conditions:

1. In case a municipality fails to comply with its commitments in the GIA, MDLF has the right to end the signed agreement with the municipality (GIA) and its allocation or part of its allocation will be retrieved to MDLF. Consequently, the municipality has no right to get any of this allocation in the future such cases is non-compliance with the deadlines mentioned in the allocation letter (the submission of the application form, the bidding process and signing the contracts and finally completing the implementation of projects).
2. If the municipality(s) is dissolved, and thus lose any recognized legal status.
3. If internal disputes or problems arise within the municipality(s), that may block the implementation of the project.
4. Any corruption or fraudulent management of project funds in any stage of the project implementation.
5. If the municipality(s) is taken to court by any other party or donor and mismanagement or misallocation of fund is established by court.
6. In case of safeguards was triggered without notifying the MDLF, or court case is being raised against the municipality regarding sub-project related triggering of the safeguards.

The savings resulted from municipalities allocations after completion of the projects and/or the retrieved allocations resulted from the termination of the GIA(s) of some municipalities will be put in MDLF pool of funds and will be re-allocated and utilized in the following cycle.

The following milestones should be applied by municipalities within each cycle which consists from two years:

1. The application forms should be filled and submitted to MDLF by maximum three months after receiving the allocation letter. The appraisal process will be within three months i.e. it will not exceed 6 months from distributing the allocations without acceptable justification to MDLF.
2. The required design, licenses and permits from other authorities and line

ministries if needed and then preparing bidding documents for the approved projects should be submitted to MDLF by maximum 5 months from receiving the pre-approval.

3. The procurement process including the tendering, evaluation and signing the contract should not exceed 4 months from getting the MDLF no objection for tendering without acceptable justification.

4. The implementation period will not exceed 7 months from signing the contracts.

The duration from filling the application form and the completion of implementation for the projects should not exceed 20 months except for large projects and for reasonable and justified reasons can be extended to 22 months. The municipalities that will not or could not meet the defined milestones should be presented to BOD to take the required decision which may reach to cancellation of their allocation.

The sequence will be as follows

1. The delay of submission of application form:
 - a) MDLF will send a warning letter for the municipality and ask them to submit the filled application form within two weeks. If the municipality response is positive or ask for not more than another week with acceptable justification, MDLF can accept and wait.
 - b) If the municipality did not respond within the two weeks or within the extended week then MDLF will raise the issue to the board.

The MDLF board will review the case and take the decision either to extend for another period and not to exceed two weeks, or/ transfer their allocation to the following cycle or cutting off part of their allocation which is not exceeding 20% of the total allocation. The delay of submission of the required documents, such as the designs and licenses or the bidding documents, evaluation of bidding documents or during the procurement process. MDLF will send a warning letter and ask the municipality to send the required documents within a month otherwise MDLF raise the issue to the Board then the Board decisions can be as above. 3. The delay of implementation with weakness or lack of supervision from municipalities side. If the municipality appears to have weak supervision, and approval of unacceptable works that causes delays, MDLF will prepare a report about the municipality's performance during implementation of projects in the municipalities that causes delay and in this case the allocation can't be cancelled as there is a contract but the Board can study the case and decide accordingly.

11.0 Environmental and Social Safeguards

11.1 Environmental and Social Safeguards

The POM addresses the environmental and social requirements for each stage of implementation. The project is complying with the EA Policy OP 4.01, Pest Management OP 4.09, and the Involuntary Resettlement Policy OP 4.12. The project also complies with the Palestinian environmental and related Laws and regulations identified in the updated Environmental and social Management Framework (ESMF) in December 2020.

The ESMF applies to the parent project and its additional financing. The ESMF update addresses additional measures to comply with World Health Organization (WHO)/ Ministry of Health (MOH) regulations to minimize exposure of community and workers to COVID-19 and incorporates environmental and social risks related to Sexual Exploitation and Harassment, and Labor grievance. The ESMF⁷ covers additional environmental and social risks based on the nature of the new accepted sub-projects under component 6.

The expected risks and proposed Mitigation measures are:

Specific Environmental and Social Requirements

Section 2.2 - Eligible Project identifies the environmental and social safeguards and the eligible list. Additional environmental and social risks and requirements has been identified and are applicable for the MDP Project and the additional finance:

- **Grievance Redress Mechanism:** Municipalities shall ensure a timely response to complaints based on the complaints manual that was prepared for the project and detailed in the ESMF. Municipalities shall register all complaints, including the date received, the date responded to, type of response in the GRM log. Information about the existence of the GBV grievance mechanism and of channels to accept and respond to anonymous grievances will be communicated to all stakeholders during the consultation meetings.

The MDLF will require municipalities⁸ to conduct an orientation session for their workforce on the grievance mechanism prior to the start of civil works. The grievance mechanism also addresses child labor, GBV and sexual harassment related grievances. Information about the existence of the grievance mechanism will

⁷ The Updated ESMF: <http://www.mdlf.org.ps/Files/Docs/ESMF%20-%20MDP3.%2017%20Dec%202020%20clean.pdf>

⁸ Under component 6, municipalities will be responsible for implementing all activities including civil works.

be available to all sub-project workers (direct and contracted) through using the existing municipal complaining system. Supervision Engineers and Social Consultants will monitor the contractors'/municipalities recording and resolution of grievances, and report these in the progress reports.

Labor Management: more focus on the health and safety of workers and workers' rights such as coverage under a valid insurance, provision of proper PPE, and provision of a safe environment for work. Workers also need to be oriented before the start the work. As well, a Code of Conduct shall be explained, and attached as annex to contract. Hence, contractors and Municipalities shall follow and comply with the measures regarding related to OHS and exposure to COVID 19 according to the MoH/WHO guidelines (Annex 3 and ANNEX 11 of ESMF).

Public Consultation and Stakeholder Engagement: Consultation will be carried out for Emergency labor-intensive municipal services sub-projects. Consultations and other stakeholder engagement with local communities will be conducted in line with the principles of the Stakeholder Engagement Plan incorporated in the ESMF. During the emergency situation of the pandemic COVID-19; consultations and stakeholder engagement will be conducted in compliance with the World Bank's protocol on "Public Consultations and Stakeholder Engagement in WB-supported operations when there are constraints on conducting public meetings". The level of stakeholder engagement will be determined based on the nature and impact of the sub-projects.

- For both employment sub-projects and recurrent expenditure sub-projects, MDLF will share with the Municipalities the required measures to be complied regarding to COVID 19 situation and according to the MoH/WHO guidelines as well MDLF will monitor the compliance of municipalities with these measures. Municipalities are also required to comply with the Environment, Health, and Safety measures.

Environmental and Social Mitigation Measures

The ESMF addresses the mitigation measures that should be complied with during the sub-project implementation. Mitigation measures including the additional risks related to COVID-19 are detailed in Annex 3, in addition the ESMM's in Annex 11. The ESMF will be the reference for preparing the Sub-project sectorial ESMP's.

Expected risks and proposed mitigation measures for exposure to COVID-19 and Labor Management

Risk	Proposed Mitigation Measures
<p>The risk of COVID-19</p>	<ul style="list-style-type: none"> - Contractor/Municipality should commit to the Ministry of Health/WHO guidelines regarding to Covid-19 Epidemic Disease including but not limited to: - Social distancing between workers. - Provision of full PPE for workers including face mask. - Hand sanitizers should be available and accessible for workers and site attendees. - Orientation for workers about how to deal with different issues during the emergency situation under COVID 19. - Sick workers or workers who has the COVID 19 symptoms should follow the MoH instructions including isolation in the quarantine place for specific number of days, knowing that MoH is responsible to provide the required medical care.
<p>Labor rights (Mainly health and safety of workers)</p>	<ul style="list-style-type: none"> - Labors should be covered by a valid insurance. - Labors should be provided by all the required PPEs. - Children workers who are under 18 years old are not allowed to work in any sub-project. - Workers should be provided with a proper place for rest, having the lunch, and pray; this place should be occupied by a toilet and fresh water. - Orientation should be carried out for workers periodically to address all of the environmental and social risks. - Complaints channels should be defined and oriented for workers for any possible complaints. - Municipalities should commit to the MoH and WHO protocols and guidelines regarding to combating COVID-19. - Workers should sign the Code of Conduct after orientation.
<p>Inconvenience of the Local community due to sub-projects activities</p>	<ul style="list-style-type: none"> - Grievance Redress Mechanism is to be established and announced for local

Risk	Proposed Mitigation Measures
	community for any possible complaints including the GBV complaints. - Sharing information with the local community and enhance the communication activities.
Impacts lead to Climate Change (GHG emissions)	- Sub-projects can be converted from a threat to be an opportunity to enhance all of measures for decreasing the GHGs. Municipalities will be requested to use efficient and cost-effective design features for different sub-projects sectors that are not directly contributing to mitigate/adapt to Climate Change risks and impacts.

Climate Change Mitigation

The Project supports a number of sub-projects that will contribute to mitigating the Climate Change risks. MDLF encourages municipalities to use efficient and cost-effective design features for different sub-projects sectors that are not directly contributing to mitigate/adapt to Climate Change risks and impacts. The following are some of interventions recommendations:

- **Roads infrastructures (Stormwater, water, wastewater):** More focus on matching urban-drainage systems to the demands made by heavy precipitation.
- **Public Gardens/Greening:** Use of natural local construction materials, in addition to increasing the green footprint.
- **Waste collection and transport:** the MDP Project imposed pre-conditions to dumping of waste in sanitary and controlled landfills and not to open random dumpsites.
- **Wastewater collection systems:** MDP Project pre-conditions imposed on municipalities excludes sub-projects if the proposed system is not connected to a WWTP.
- **Buildings/Public Facilities:** Green buildings reduce climate sensitivity and provide many benefits, including increased return on investment; reduced energy, operating, and maintenance costs.
Energy: Use of renewable energy and energy efficiency such as installing energy efficient lighting systems for public lighting, and installing PV systems to overcome energy shortage and reduce conventional energies use.

Environmental and Social Management Roles and Responsibilities

The POM highlights in different sections the environmental and social requirements per each stage. The ESMF identifies the role and responsibilities of MDLF teams in managing and monitoring of environmental and social requirements. MDLF Environmental and social officers will conduct the E&S screening and prepare an Environmental and Social (E&S) assessment summary, prepare sectorial ESMPs and conduct and prepare the E&S monitoring reports to ensure the overall Environmental and Social risks are addressed in a proper way and as detailed in the ESMF.

Municipalities are the project beneficiaries have proven to have the basic knowledge and willingness to implement and follow environmental and social considerations according to national and World Bank policies. Municipalities will be responsible for complying with the Environmental and Social Safeguards where the concerned municipality will conduct regular on-site supervision of civil works to verify contractors' adherence to the requirements set out in ESMPs following Environmental and Social Liabilities of MDLF Contractors. Municipalities have the capabilities to implement the recommended mitigation measures as requested in the updated ESMF. Municipalities will receive orientation on environmental and social monitoring and reporting requirements, capacity development requirements will be assessed by the MDLF Environmental and Social Specialists in coordination with the area engineers and LTC.

Environmental and Social Management and Reporting

The POM defines the reporting requirements at each of the project stages, identifying the status of environmental and social performance under the MDP cycle, including overview of deviations/violations of ESMPs encountered over the report period, instructions given to the contractors for addressing noncompliance and identified issues, and follow-up actions on the revealed outstanding matters.

- Environmental and Social screening summary.
- During construction stage of sub-project:
 - Environmental and Social input is integrated in the Daily supervision, site visit reports, monthly reports, project final report. These forms are used by technical persons at municipality and area engineers of MDLF and LTCs.
 - Environmental and social monitoring, MDLF and local technical consultants environmental and social persons use the Checklist attached in ESMF Annex 7.
 - Environmental and Social input in Consultant Quarterly Reports.
 - Municipalities self-managing environmental management will be asked to follow the reporting methodology.
 - For urgent issues, municipality are to raise the environmental or social noncompliance to LTC and MDLF in order to ensure correct measures are being taken to mitigate the environmental and social issues.
- MDLF will include E&S section in regular reports to the FPs.

Additionally, MDLF will pilot the remote environmental and social monitoring of some specific sub-projects under Component 6. Further details included in Component 6 POM.