



صندوق تطوير وإقراض البلديات
Municipal Development & Lending Fund



MDLF Annual Report 2012



February 2013



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for better life



Annual Report 2012

Covering the period from January 1st to December 31st, 2012

Municipal Development and Lending Fund

(MDLF) - Palestine

February, 2013





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Glossary

AFD:	French Development Agency
APLA:	Association for Palestinian Local Authorities
BOD:	MDLF Board of Directors
BTC:	Bilateral Technical Committee
COA:	Chart of Account
DCF:	Donor Consultation Forum
DJSC:	Department for Joint Service Councils
EC	European Commission
EMP:	Environmental Management Plan
EOI:	Expression of Interest
EQA:	Environment Quality Authority
EMSP:	Emergency Municipal Support Program
EMSRP II:	Emergency Municipal Services Rehabilitation Project Phase 2
FMIS:	Financial Management Information System
FPPM	Financial Policies and Procurement Manual
GD:	Government of Denmark
GIZ:	German Technical Cooperation
IFMIS:	Integrated Financial Management Information System
ICDL:	International Computer Driving License
IG:	Italian Government
ITAU:	Italian Technical Assistance Unit
JSCs:	Joint Service Councils
KFW:	German Development Bank
LGCBP:	Local Government Capacity Building Project
LGP:	Local Government Program
LGUs:	Local Government Units
LTCs:	Local Technical Consultants
MDLF:	Municipal Development and Lending Fund
MDP:	Municipal Development Project



MIS:	Management Information System
MOLG:	Ministry of Local Government
MOF:	Ministry of Finance
MOPAD:	Ministry of Planning and Administrative Development
MTDP:	Medium Term Development Plan
NDC:	NGOs Development Center
NGOs:	Non Governmental Organizations
NRO:	Netherlands Representative Office
PCU:	Project Coordination Unit
PGMIS:	Project Grant Management Information System
PMSP:	Palestinian Municipalities Support Program
PNA:	Palestinian National Authority
PRDP	Palestinian Reform and Development Plan
SMDN:	Support to Municipal Development for Northern West Bank
Sida	Swedish International Development Cooperation Agency
TOR:	Terms of References
WBG:	West Bank & Gaza
FARV	Fixed Assets Registration and Valuation
SDIP	Strategic Development and Investment Plan



Our Vision

Effective local government that enables Local Government Units to achieve better life for citizens.

Our Mission

The Municipal Development and Lending Fund (MDLF) is a Palestinian semi-governmental institution that works on translating local government policies approved by the Palestinian government into programs and projects that contribute to the empowerment of the local government units through managing funds (grants and loans).

MDLF Values

Transparency	is...	Our policy
Professionalism	is...	Our identity
Accountability	is...	Our strength
Credibility	is...	Our principle
Scientific method	is...	Our approach

Our Strategic Themes

- Contribute to the implementation of the national local government policies & plans.
- Empower Palestinian Local Government Units.
- Strengthen the institutional development of the MDLF.

To Our Municipalities

It's a promise to invest in our Municipalities to help them succeed and develop their needed skills for better management and services and **better life for their citizens**.



Board of Director (BOD)

Dr. Khaled Al-Qawasmi	Chairman of the Board, Minister local Government
Dr. Daoud Al Zatari	Board Member, Mayor of Hebron Municipality
Mr. Fayeq Al-Deek	Board Member, Representing Ministry of Public Works and Housing
Mr. Mahmoud Nofal	Board Member Representing Ministry of Finance
Mr. Nabil Diab	Board Member Representing Association of Banks in Palestine (ABP)
Mr. Ahmad Edeili	Board Member Representing Engineers Association
Dr. Majed abu Ramadan	Board Member Representing Association of the Palestinian Local Authorities (APLA)
Mr. Badr Abu Zahra	Board Member Representing Ministry of Planning
Ms. Zahera Kamal	Board Member Representing Palestinian Women's Research and Documentation Center (PWRDC)
Mr. Khaled Salah	Board Member Representing Ministry of Economics
Mr. Issa Al-Daher	Board Member Mayor of Jabalia Municipality



Message from the BOD Chairman

As we are moving towards 2013, it's of a great pleasure to me as the board chairman of the Municipal Development and Lending Fund to introduce the 2012 annual report. The year 2012 was a year full of hopes and challenges; voting by an overwhelming majority in favour to Accord Palestine 'Non-Member Observer State' in the united nations where the world "issued a birth certificate of the reality of the State of Palestine", a move that have raised the hopes of Palestinian people towards independent and building a viable state. At the local level the second elections occurred in West Bank local authorities, and reconciliation attempts between Palestinian parties started, yet, it's a year where peace talks entered a freezing status, Israeli settlements expanded and land confiscation continued in what so called area C, shadows of a severe fiscal crisis facing the Palestinian Government affected the employment and raised poverty rates.



In this context the Municipal Fund was still able to prove itself as a national Palestinian institution, highly contributing to state building through supporting local government units to build their capacities and enhance their services provided to citizens. **MDLF** was able to add to its accomplishments, and to reflect policies and strategies of the Ministry of Local Government **MoLG** through its programs, and to meet the expectations of municipalities throughout Palestine.

MDLF also reached the objectives of its first mid-term strategic plan (2008-2012), and finished drafting the second strategic plan (2013-2016), the new plan is based on the directions of the PNA National development plan NDP and the cross-sectoral strategy of Local Government, with the vision of contributing to reach effective local government that enables Local Authorities to achieve better life for citizens.

One of the most distinguished programs that we build on at MDLF is the national program "Municipal Development Program" **MDP** that reaches the end of phase I this year. This national program is a pioneer approach in the local government sector where policies such as strategic planning, financial reforms, social accountability, transparency and good governance concepts are integrated. It's worth mentioning that the design of the second phase of this program (2013-2015) has been finalized and will continue to help shaping the future of Palestinian municipalities along with other programs that MDLF is executing in the fields of amalgamation and policy development.

Finally, and on behalf of the Palestinian Government, it's important to express our sincere appreciation of the achievement of MDLF and to give our gratitude to all development partners who made it possible to reach what MDLF is presenting in this report.

Dr. Khaled Fahd Al-Qawasmi

Chairman of MDLF Board

Minister of Local Government



Introduction from MDLF Director General

During the year 2012, we managed as **MDLF** with the guidance of our board of directors to accomplish the objectives of our first strategic plan 2008-2012, and to exceed the target indicators for all themes, with this success we continued to strengthen our organization internally by upgrading the operational and technical systems and enhancing the capacities of our staff.

The context in 2012 carried a lot of positive progress in terms of local government sector that **MDLF** took part in, many policies and reforms that expressed good governance, financial, administrative and planning aspects were developed. **MDLF** as part of its mission worked on translating LG policies approved by the Palestinian government into programs and projects that contribute to the empowerment of the local government units. Social accountability, gender and socio-environmental safeguards are cross-cutting issues that MDLF pays attention to, as we at MDLF believe in our values of transparency, accountability, professionalism and credibility to guide us in our work in this sector.



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This year 2012, MDLF finalized the preparations for the second phase of its National Program **MDP** after successfully accomplishing the first phase (2010-2012) targeting all Palestinian municipalities, launched the third phase of its development program **LDP**, continued its execution of **LGRDP** "local government reform & development programme" both targeting smaller local authorities, and posted its work to support the Ministry of Local government through "Local Government Policy Development" programme **LGPD**. That all among other interventions weren't possible without such a highly motivated, committed and professional team who made the MDLF a success story that I am honored to lead.

By this, allow me to introduce to you the 2012 annual report of MDLF. This report highlights the role of the MDLF as a main institution working together with the Ministry of Local Government and other development partners toward achieving sustainable local governments and better quality of life for citizens. The report provides detailed progress of the programs and activities of the MDLF, the outputs achieved, and the challenges encountered through the year 2012.

As I am introducing the annual report of 2012, I would like to express my deep gratitude and recognition for all MDLF partners and mainly to the Ministry of Local Government for their role in materializing the vision of MDLF, and special thanks go to municipalities and local councils who worked with us hand by hand to achieve what we are presenting here on this report.

Arch. Abdel Mughni Nofal

Director General of MDLF



Achievements Highlights

Since the inception of MDLF programs, the purpose has been to improve the municipal services provision and to enhance the municipal performance capacities. We think we contribute in building our state through improving the vital services of local governments. Following is a synopsis of our accumulative accomplishments by end of December 2012:

Roads	<u>484</u> <u>4.6</u> <u>15,924</u> <u>9.39</u> <u>51.29</u>	kilometer of roads were paved, developed and rehabilitated, kilometer of street lighting networks were rehabilitated, lighting units were supplied, kilometer of retaining walls were constructed, kilometer of sidewalks were constructed.
Water	<u>28.3</u> <u>31,459</u> <u>2,135</u> <u>3</u>	kilometer of water networks were rehabilitated/constructed , L.m of pipes were supplied, water meters were installed , water pumps were installed.
Wastewater	<u>41.7</u> <u>7,498</u> <u>6</u>	kilometer of wastewater networks were rehabilitated/constructed, L.m pipes were supplied, wastewater pumps were installed
Electricity	<u>11</u> <u>1,647</u>	kilometer of electrical networks were rehabilitated, pre-paid meters were installed.
Public Facilities	<u>15,183</u> <u>84,928</u>	Sq. meter of public buildings were constructed, Sq. meter of parks and public gardens were constructed.
Solid Waste	<u>1,396</u> <u>2</u>	solid waste containers were installed, tractors, and <u>4</u> trailers were installed.
SDIPs	<u>91</u>	municipalities were supported in preparing SDIP
IFMIS	<u>34</u>	municipalities were supported in applying the integrated financial management information system "IFMIS"
FPPM	<u>109</u>	municipalities were coached on using the financial policies and procedures manual "FPPM".
Fixed Assets Registration	<u>49</u>	municipalities were supported in registering and valuation their assets
Physical Plans	<u>6</u>	municipalities were supported in developing their physical plans
Persons Days		About 1.8 million Persons. day were created



Executive Summary

The Municipal Development and Lending Fund (MDLF) is a semi-governmental juridical entity established by the Council of Ministers Decree, to accelerate Palestine's drive toward self-sustained, decentralized, prosperous and creditworthy local governments. MDLF has been enriching its role as the main channel of financial resources from the Palestinian Authority and various donors to the Palestinian local government units LGUs, to improve the delivery of local infrastructure and municipal services, to promote economic development, and to improve municipal efficiency and accountability.

Since its establishment in Oct-2005, MDLF has noticeable achievements on the community development as well as the reform initiatives regarding the MOLG policies towards the local government sector in Palestine. During the last Seven years, MDLF has implemented hundreds of donor-funded projects in the amount of “**US\$ 200 million**” in the municipal infrastructure services, capacity development, and innovative initiatives at the municipal level.

Dr. Salam Fayyad the Palestinian Prime Minister - through the launching ceremony of the Physical Planning Manual - commended the important role played by MDLF in supporting LGUs, describing it as a substantial lever to their work. He also added that based on the successes of the idea and the performance of the MDLF, its role should be expanded to cover all Local Government Units.

The first strategic plan (2008-2012) of the Municipal Development and Lending Fund (MDLF) has been materialized, and its objectives have been met with the guidance of its board of directors and the dedication of MDLF staff. The four themes set in this plan were driven from the national plan PRDP as well as the needs and ambitions of municipalities for a better and stronger local government system where MDLF plays an essential role.

To build on the successes of the previous five years plan, MDLF in close coordination with Ministry of Local Government MoLG, Local authorities and development partners have developed its strategy for the years (2013-2016); this plan is focusing on getting the municipalities closer to citizens as the main goal of the National Development Plan NDP is aiming at. With the new local elections partially accomplished by the end of 2012 its time to boost the work in local government sector towards building a viable and sustainable LG system, the new strategy of MDLF focuses on empowering local authorities, contributing to implementation of LG policies and concentrating on MDLF institutional development and sustainability.

During the year 2012, the MDLF has successfully completed the (2nd phase of the **Local Development Programme “LDP-II”**) and the **(the Local Government Capacity Building Project – “LGCBP”)** funded by the **Danish Government**.

On the other hand, MDLF has kept the momentum in implementing the ongoing Programs/Projects including: (Municipal Development Program phase I – “**MDP-I**”, funded by **multi donors**) and the (Local Government Reform Development Programme – “**LGRDP**” funded by the **Belgian Development Agency “BTC”**). Moreover, the Danish funded programs/projects, specifically, the (Local Development Programme phase III – “**LDPIII**”), the (Local Government Policy Development Programme – “**LGPD**”) are still under implementation.



More focus on the MDP, it is a remarkable milestone of MDLF efforts toward improving the municipal performance and services delivery capabilities of the local government units in Palestine. During the year 2012, MDLF has succeeded in completing the 1st cycle and started the implementation of the 2nd cycle of MDP-I.

Highlighting on the implementation status and achievements of MDP-I during the reporting period, more than 250 municipal infrastructure sub-projects were accomplished, 41 municipalities had prepared their SDIPs, 75 municipalities were coached on the use of financial procedures manual (FPM), 4 had registered and valued their fixed assets. In addition to that, 43 municipalities have started preparing their SDIPs, 21 municipalities have been coached on the use of (FPM), 28 municipalities have started registering and valuing their fixed assets. Most importantly, during the last quarter of 2012, MDLF had started the assessment of MDPI through conducting municipal surveys regarding the clients and citizens satisfaction assessment, municipal infrastructure database update, technical audit and usability assessment and the municipal ranking update. The results of these surveys will be served for evaluation purposes and will be used as baseline for MDPII.

In parallel to the MDPI implementation, MDLF and the Financing Partners worked together on conceptualizing the 2nd phase of MDP. During the reporting period, the identification, the preparation and the pre appraisal missions were held in February, June and November 2012, respectively. The aims of the missions were to discuss the overall strategic sectoral issues related to MDP, including building viable institutions of the Palestinian Authority, and assessing the project's objectives and design.

In the same context, and during the MDP-II preparation mission, the 1st innovative forum was held by MDLF under the auspices of the Prime Minister Dr. Salam Fayyad and the presence of the Minister of Local Government Dr. Khaled Al-Qawasmi and more than 500 audience representing the PNA, FPs, municipalities mayors...etc.". The forum which

H.E Qawasmi, the Minister of MOLG during the innovative forum highlighted on the importance of innovative initiatives among municipalities as a tool for the local

joint 134 municipalities in West Bank and Gaza strip via the video conference discussed the practices of innovations in the Palestinian municipalities. These discussions were moderated by MDLF to come up with recommendations to be considered in the innovative window of MDP-II.

Most importantly, the Danish funded project "LGCBP", is the major institutional development and reform project for the local government sector in Palestine. The project had laid the foundation for improved municipal financial and planning practices through the designed Integrated Financial Management Information System "IFMIS" and the physical planning manual "PPM" respectively. During the reporting period, MDLF has finalized the implementation of IFMIS in the 33 targeted municipalities and completed piloting the PPM in four clusters. The LGCBP was accomplished by the end of June 2012.

In regards to the physical planning manual which was prepared and piloted under the LGCBP, it was launched through an official ceremony held in June 2012. The ceremony was held under the auspices of the Prime Minister Dr. Salam Fayyad and with presence of the H.E Minister of Local Government Dr. Khaled Al-Qawasmi, the World Bank Director Ms Mariam Sharman, MDLF, MOLG, and municipalities representatives.

The WB Manager for West Bank and Gaza, Ms Mariam Sharman - through the launching ceremony of PPM - highlighted on the importance of physical planning to ensure continued access to revenues. She looks forward to continued deployment of the physical planning



In line with MOLG policies and initiatives and regarding the amalgamation of smaller LGUs into bigger, efficient and effective ones, MDLF has finalized the implementation of institutional activities and community development sub-projects within the newly amalgamated communities under the “LDP II” which was accomplished by the end of March 2012.

Arc. Abdel Mughni Nofal the General Director of MDLF - through the launching ceremony of PPM - mentioned that MDLF is translating the PNA's policies and strategies into implementable programs and projects.

Another programme falls under the same initiative is the (LGRDP) funded by Belgian Development Agency “BTC”. The LGRDP witnessed a noticeable progress during the reporting period regarding the support for reform and improved capacities and services in smaller LGUs and the MDP aligned component.

Another initiative of reform the local government system at the national level, is the “Local Government Policy Development Programme” (LGPD) funded by the Danish government and being implemented by MDLF. During the reporting period 2011, the policy unit within MoLG has continued its tasks in monitoring MoLG policies and strategies being implemented in the local government sector.

This report presents the activities and achievements of the MDLF programs and projects during the period from January 1st to December 31th of 2012. It intends to keep the Palestinian Government and other MDLF Partners informed about the various programs and projects and to highlight the future plans to reform and improve local government units for better quality of life for the Palestinians.



I- Institutional Development

1.1: MDLF Strategic Dimensions (2008 – 2012):

During 2008, MDLF has developed its Medium-Term Strategic Plan (2008-2012), where a framework for the MDLF future development and its interventions were well identified. The aim of this plan is to improve the performance and efficiency of MDLF as the main institution that funds and develops the local government units (LGUs) in Palestine, in accordance with the policies of the Ministry of Local Government and other national development plans.

In 2011, MDLF had internally conducted a mid-term review (MTR) for the strategic plan, through brainstorming sessions with its BoD and executive management. The (MTR) focused on the assessment of MDLF achievements against the identified objectives and highlighted on the lessons learned came during the implementation of the plan. Moreover, the strategic themes as well as the strategies were also updated to make the SP more convenient with MDLF man-date and interventions, and to ensure its compatibility with the context of changes within the LG sector.

The framework of the updated strategic plan focuses on empowering the local government units through enhancing their capacities and improving the quality of services delivered to their citizens. Besides that, it focuses on empowering MDLF in the area of finance and funding, and enhancing the institutional role to be a major developmental institution in the sector of local government and maintaining MDLF image of and its external relations (local, regional and international) efficiently. The updated themes and strategies of the MDLF Strategic Plan are described as follows:



1. Empower and Develop the Capacities of Local Government Units
2. Improvement of Municipal Services and Support to Local Economic Development which aims at developing the
3. Activate MDLF Funding Function (grants and loans)
4. Reinforce MDLF Institutional building and Internal and External Relations

The developed vision, mission, and values of the MDLF were translated into seven (7) strategic objectives and (16) strategies clustered according to the mentioned strategic themes. For each strategy, set of activities were outlined and the relevant performance indicators were identified.

MDLF has been working on achieving its strategic objectives since 2008, through set of institutional activities as well as through the implementation of programs and projects. As of this year 2012, MDLF was able to reach the objectives set in its strategic plan especially in empowering the local government units (mainly municipalities) through enhancing their capacities and improving the quality of services delivered to their citizens. Table 1 and Chart 1 show the overall achievements of the strategic plan (2008-2012) as well as the indicators achieved.

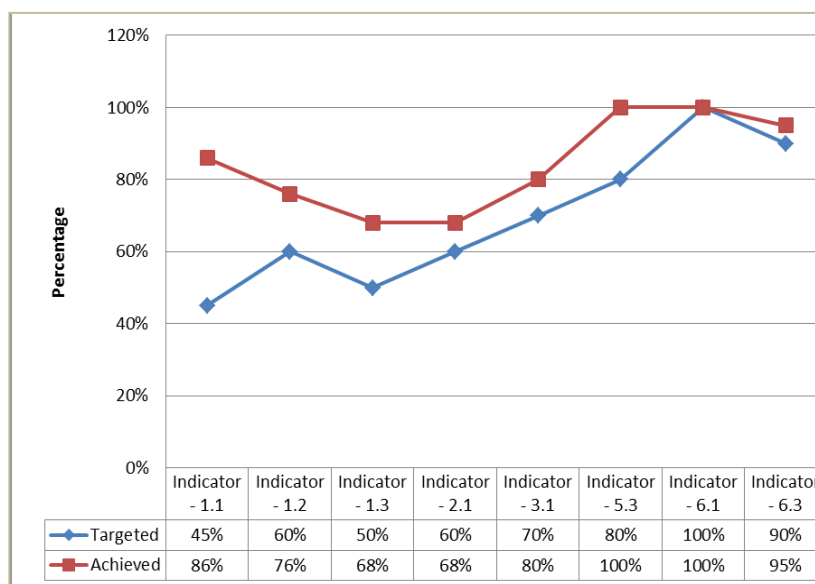


Table 1: Assessment of Outcome Achievements for MDLF Strategic Plan (2008-2012)

No.	Outcome Indicator	Targeted	Achieved
SO1: : Promote the institutional capacities of local authorities			
Ind.1.1	45% of LGUs upgraded to transfer mechanism performance indicators standards	45%	86%
Ind.1.2	60% of LGUs upgraded to attain level C at least by end 2012	60%	76%
Ind.1.3	Percentage of LGUs applying two methods of disclosure	NA	68%
Ind.1.4	Number of amalgamated and operating municipalities	NA	two
Ind.1.5	Number of municipalities with public services centers	NA	23
SO2: Local authorities working under a comprehensive methodological developmental framework			
Ind.2.1	Starting 2013, 60% of municipalities have their own developmental plan	60%	68% (91 mun. were supported by MDLF)
SO3: Assist local authorities to improve their services to citizens			
Ind.3.1	More than 70% of beneficiaries are satisfied with the services provided by the municipality concerning the implemented sub-projects	70%	80%
SO4: : Empower MDLF in the area of finance and funding			
Ind.4.1	Starting 2010, increase the total developmental budgets available for LGUs through MDLF	NA	Before 2010 the AFD fund was allocated for development scheme (12 million Euro), After 2010, the MDP-I fund (52 million euro) was allocated for development projects.
Ind.4.2	Potential lending choices by end 2014	NA	This indicator has not yet achieved.
SO5: : Transform MDLF into a major developmental institution in the sector of local government			
Ind.5.1	Starting 2010, PNA provides 10% of MDLF developmental budget	10%	10% of MDP fund will be financed by MOF
Ind.5.2	Starting 2012, 60% of the MDLF developmental budget is provided as a single package (pooling) By 2012,	Pooling	This indicator was achieved
Ind.5.3	80% of municipalities consider MDLF as a key developmental institution	80%	100%
SO6: Promote MDLF institutional capacity to a standard that ensures it can perform its task effectively and efficiently			
Ind.6.1	Starting 2012, 100% of the annual developmental allocations are transferred to the local government units as per expenditure schedule set in the transfer mechanism	100%	100%
Ind.6.2	Staff overturn is less than 10% annually	< 10%	4%
Ind.6.3	Ratio of actual spending per year/ expenditure plan is above 90%	90%	(90-95)%
SO7: Maintain MDLF image of and its external relations (local, regional and international)			
Ind.7.1	Active AIDF role and facilitation of consultation meetings with donors	NA	10 financial partners including PNA supports MDLF Programs by the end of 2012
Ind.7.2	Number of studies published in the area of local government	NA	3 studies published in the area of local government (PPP, Municipal services, Electricity arrears)



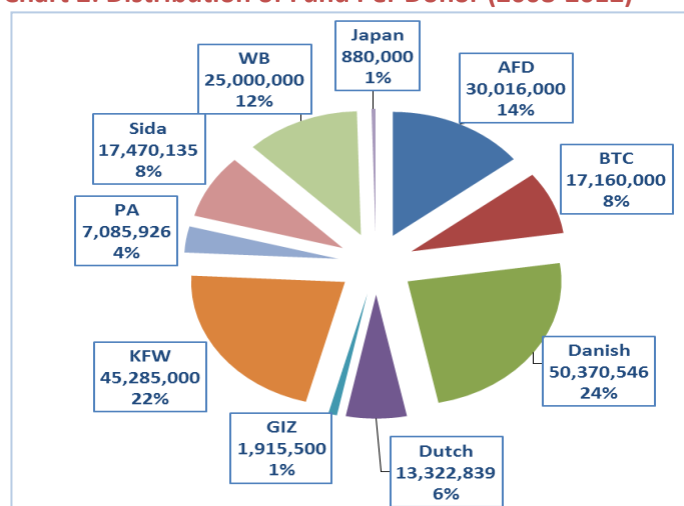
Chart 1: Targeted Vs Achieved Outcomes at strategic Level (2008-2012)



The Municipal Development and Lending Fund (MDLF) was able through the last five years to position itself in the local government sector as one of the main national bodies, and to be able to harmonize the work of development partners in the Local Government Sector. It was also obvious that MDLF had been able to establish a systemized method of transferring funds to municipalities through a transparent transfer formula, where all municipalities in West Bank and Gaza can benefit from. MDLF was able to assist municipalities and local councils in developing their capacities and enhancing the level of infrastructure, thus getting better satisfaction of citizens.

It is worth mentioning that the achievements of strategic objectives (2008-2012) has benefited from the programs/projects implemented during the last five years where the portfolio of MDLF has reached **(208,505,946 \$)** distributed among funding partners as shown in chart 2.

Chart 2: Distribution of Fund Per Donor (2008-2012)



Note: For more details on the Achievements at strategic Level (2008-2012) please see (annex A)



1.2: MDLF Strategic Dimensions (2013 – 2016)

The focus of the present Palestinian National Authority (PNA) plans and policies is on preparation for the expected establishment of a Palestinian state. The national plan is specified further for the Municipal Development and Local Government (MD&LG) sector in the Cross-Sectoral Strategy for Palestinian Local Governments (2011 – 2013), and Ministry of Local Government's (MoLG) own Strategic Framework for the Ministry of Local Government (2010-2014). The local government strategy for state building builds on and extends the reform process outlined in the Local Government Reform Action Plan 2004 and the Local Administration Reform Process 2007. The year 2012 witnessed the UN resolution to consider Palestine as an observer country is huge step towards building the State. Also year 2012 witnessed the second local elections in West Bank LGUs and true efforts of reconsolidation between Palestinian parties in both WB&GS. The Ministry of Local Government has been slightly shifting towards legislative and guidance role, introducing new policies and adapting reforms in financial, administrative and planning aspects.

At the same time, the new strategic plan comes in time of national fiscal crises, low revenue generation at the local level, shrinking sovereignty over land and natural resources.

In this context and during 2012, MDLF has developed its Mid-Term Strategic Plan (2013-2016), where a framework for the MDLF future development and its interventions were well identified. The developed vision, mission, and values of the MDLF were translated into twelve (12) strategic objectives clustered according to three strategic themes. For each strategic objective, set of activities were outlined and the relevant performance indicators were identified. Thus the focus of the plan was tackling the following:

1. Contribute to the implementation of the national local government policies & plans:

Strategies include: contribution to policies, exploring lending opportunities, implementation and management of large scale infrastructure projects.

2. Empower Palestinian Local Government Units.

Strategies include: Strengthening LGUs institutional systems towards better governance, strengthening LGUs role in local economic development, contribute to improved infrastructure and services, generate additional financing and rationalize expenditures and increase revenues, as well as promoting innovation in local governments.

3. Strengthen the institutional development of the MDLF.

Such strategic objectives will need that MDLF laws, rules and regulations are all completed and up-to-date, keeping qualified and committed human resources and that MDLF strengthen its role in conducting informative research and publish studies in the areas of municipal development, and give more attention for financial sustainability of MDLF through institutionalization of inter -governmental transfers.



It's worth mentioning that in identifying MDLF mid-term strategy (2013-2016), MDLF went into deep consultation with its Board of Directors (BoD) and executive management from one side and with municipalities and Ministry of Local government from the other side, comments and feedback from development partners were also considered in the process of formulating the midterm strategic plan of MDLF. The Plan was set to contribute to the existing national plans objectives and to benefit from lessons learned and surveys conducted at the local level. It is planned to revisit the formulation of the strategic plan by an international expert by early 2013. The following graph illustrates the main framework of MDLF mid-term strategic plan (2013-2016).





1.3: MDLF Capacity Development

1.3.1: Human Resources Development

As outlined in MDLF's mid-term strategy, a key issue is to maintain and develop the MDLF's human resources to maintain the level of proficiency and credibility in particular the enhancement of the capacities of middle management staff. To achieve that, MDLF has developed a training program for the MDLF employees where the following training took place during the year 2012:

- Training course in IT solutions and share point for IT employees.
- English language for three employees of Gaza office.
- Conversational English for eleven employees of West Bank office.

Besides that, MDLF took steps toward the HR development including the development of staff evaluation format and the jobs description for MDLF positions in accordance to the organizational structure. Furthermore, MDLF outlined the HR development as a strategic objective (SO.11) under the 3rd theme of MDLF mid-term strategy (2013-2016). All these actions were based on the action plan and the recommendations of the institutional assessment prepared by an individual consultant supported by the GIZ during 2012.

1.3.2: MIS and Web Development

The year 2012 witnessed the development of archiving system for MDLF which was carried out by an individual consultant who conducted the business analysis and customized the share point to be served as archiving. The assignment was carried out during the last quarter of 2012 where a unified coding was created, tested and a training of trainees was successfully accomplished. It is worth mentioning that the consultant had recommended such actions to be taken into consideration for future improvement towards the E-MDLF.

Another noticeable success during the year 2012 was the development of MDLF website internally by creating a full web application and updating the contents. Furthermore, the website has been hosted on MDLF servers using a security system to protect MDLF E-asset and implement internal security procedures for all users.

Moreover, MDLF has started using the Programs and Grants Management Information System (PGMIS) which is a promising initiative as a management and tracking tool for MDLFs projects and activities. During the reporting period, MDLF continued following up the provider of the software to finish all the installations, customization, and training on the new system. Where the software is being tested and will be fully operated on a test base for MDPI-cycle 2.



1.4: Outreach and Communication

MDLF had prepared a communication plan for 2012 to share its vision, goals and activities with the municipalities, sector partners and the public. It served as a guide for media and public relations activities in which MDLF was engaged through the year 2012.

Various outreach models were considered to establish dialogues and linkages with other institutions and groups. These included presentations at meetings; applying communication products; collaborative projects, etc. the following highlights can be addressed:

- **MDLF promoting and media materials:** MDLF issued several printing materials throughout the year 2012, including- but not limited to-: MDLF updated Strategic Plan, Semi-Annual report, financial guidelines to municipalities, Local strategic Plans of 43 municipalities, brochures on MDLF, MDP/cycle 2, saving energy pilot booklet, "spot light" newsletter etc.

Also MDLF had used audio and video tools, of which the movie "future of Palestinian municipalities", funded by AFD was launched as an evaluation movie that opens the dialog about MDLF role in the sector. Another promotional short film about MDLF and 10 spots were made covering in a simple way the work of MDLF. Such tools were launched on MDLF web site and YouTube, a specific web page was also launched for the movie to reach larger audience.

- **MDLF Campaign:** Using different media tools MDLF conducted over two months period a campaign that included billboards, adds in newspapers, adds in Maan and Palestine Tvs, launching events as well as dissemination of different printing materials. The campaign concentrated on visibility and image of MDLF for a larger audience.





- **Events and workshops:** as part of our believe in creating direct linkages and opening communication channels with our beneficiaries, tens of workshops were made through the different programs of MDLF covering all aspects of Its work. Several events like the Innovation Forum that linked WB&G local government, Launching ceremonies, Orientation and training workshops, Meeting with the "Gender forum of LG", Meeting the newly elected mayors were conducted in the aim at

promoting the concepts and values of good governance practices that MDLF works on, such events were attended by different Ministries and under the patronage of the Prime Minister.

- **Field Visits & meetings:** during 2012, MDLF gave a special focus to reach out to municipalities in WB&G, headed by the DG as well as the executive staff, MDLF visited Rafah, the southern-Gaza joint service council for solid waste, and many municipalities and projects in West Bank to be able to have a direct feedback on MDLF interventions.

- **International Engagement:** a mission from MDLF and seven municipalities led by the Director General joined the Palestinian Official mission to the World Urban Forum 6, held in Napoli/ Italy, where MDLF was part of running the Palestinian booth, conducting several meetings with different agencies on local governance, area C, and urban planning, that event was very important for networking.





- **Receiving missions:** MDLF through the year received several missions from different international and national organizations working in the field of local government and explained the work of MDLF with special focus on MDP, in the aim at promoting collaborative approach, meetings with official delegations from South Africa, Sweden Netherlands, etc. Such meetings resulted in two new development partners joining the MDP (SDC and VNG).



I - Programs / Projects

- 2.1 Municipal Development Program (MDP)
- 2.2 Local Government Capacity Building Project (LGCBP)
- 2.3 Local Development Programme Phase II (LDP-II)
- 2.4 Local Development Programme Phase III (LDP-III)
- 2.5 Local Government Reform Development Programme (LGRDP)
- 2.6 Local Government Policy Development (LGPD)





2.1 The Municipal Development Program MDP

During 2009 the MDLF has finalized the preparation activities of the new Municipal Development Program (MDP)- funded by the PNA and donor agencies who had harmonized their support for municipal development in Palestine as of 2010.

The MDP adheres to laid out in the Palestinian Reform and Development Plan (PRDP), recognizing that a viable state requires transparent, effective, and accountable local governments. For the first time donors are jointly supporting a national program with a harmonized approach using the same fund allocation system, criteria for project selection, implementation, and reporting procedures. This contributes to a sector-wide approach that supports the Palestinian National Authority in implementing a vision and strategy for the development of the local government sector.

2.1.1 MDP Description

The Municipal Development Program is a ground-breaking new effort in development and reform designed by the Municipal Development and Lending Fund (MDLF), under the guidance of the Palestinian National Authority. The MDP recognizes that the first step towards improving municipal services lies in better-managed and more accountable local governments.

The MDP provides infrastructure grants to Palestinian municipalities, and combines this with improved performance, and improved capacity in operations, planning, and financial capacity. Its cornerstone is the Grant Allocation Mechanism, a formula-based method for distributing funds to municipalities for capital investments based on need, population, and good management practices.

The MDP is a phased developmental program, with the first phase lasting for three years. MDP Phase I has targeted all 134 municipalities in the West Bank and Gaza.

The MDP has four windows as follows:

Window 1 - Provides municipalities with performance-based grants for municipal service delivery, using the newly created Grant Allocation Mechanism. Municipalities decide on how to use the funds based on their Strategic Development and Investment Plans (SDIP) and consultation with citizens.

Window 2 - Promotes learning and innovation to facilitate municipal development, including implementation of national policy directives. The MDP supports the PNA in its goal to encourage amalgamation of local governments to achieve better efficiencies and economies of scale. It also establishes pilot programs to improve revenue collection, responsiveness, and community involvement.

Window 3 - Helps municipalities to improve their performance rankings in accordance to the Grants Allocation Mechanism. It provides technical assistance to improve financial management, planning capacities and technical capabilities, particularly in operations and maintenance.

Window 4 - Provides funding for program management, client and citizen satisfaction assessments, technical assistance for municipalities, and outreach programs to make sure citizens and municipal leaders have a full understanding of the Grants Allocation Mechanism and the MDP development objectives. It helps citizens to understand where their municipality is ranked, and encourages leaders to meet higher performance levels.



2.1.2 Financial Partners Contributions

The MDP is supported by the Palestinian National Authority along with the Agence Française de Développement (AFD), the Danish International Development Assistance (DANIDA), the Swedish International Development Cooperation Agency (Sida), the World Bank, the German Development Bank (KfW), and the German International Technical Cooperation (GIZ). Furthermore, the saving from the KfW under the EMSRPII with an amount of Euro 1,640,094 was invested in window 1 of the MDP 1 – Cycle 1. In addition to that, the Belgian Development Agency (BTC), has committed to support the MDP through its ongoing program **(Local Government Reform and Development Programme – LGRDP)** and starting from the 2nd cycle of MDP-phase 1. All the 1st cycle agreements were signed in late 2009, with the exception of Sida and Denmark who chose to finance the MDP through a trust fund administered by the World Bank. The agreement was signed on June 10th, 2010. The total allocated amount for the 1st cycle fund was **Euros 30,004,263.**



In regards to the 2nd cycle fund, some of the agreements were signed in late 2011, particularly the WB amendment and the AFD agreement. However, the other funding agreements were signed during the 1st half of 2012. The total allocated amount for the 2nd cycle fund was **Euros 29,706,587.** Table 2 below illustrates the funding amounts, the signature dates and the completion dates for both cycles agreements of MDP phase 1.

Table 2: MDP Financing Partners Contribution for the 1st and 2nd cycles

Donor	Fund Amount (1 st cycle Commitment)	Signature Date	Completion Date as per the Agreement	Fund Amount (2 nd cycle Commitment)	Signature Date	Completion Date as per the Agreement
GIZ Agreement	€ 450,000	November 12 nd , 2009	March 31 st , 2012	€ 300,00	June 27 th , 2012	March 31 st , 2015
KfW Financing Agreement	€ 7,500,000	December 6 th , 2009	December 6 th , 2012	€ 9,500,000	February, 14 th 2012	February, 14 th 2015
AFD Financing Agreement	€ 3,200,000	April 6 th , 2010	December 31 st , 2012	€ 6,000,000	December, 21 st 2011	December, 31 st 2014
World Bank Agreement	\$10,000,000	October 29 th , 2009	April 30 th , 2013	\$ 2,000,000	December, 21 st , 2011	April 30 th , 2013
Multi Donor Trust Fund Agreement - (Sida and DANIDA fund)	\$13,477,042	The agreement was signed on June 10 th , 2010.	April 30 th , 2013	\$ 12,209,718	June 27 th , 2012	April 30 th , 2013
Belgian Development Agency (BTC)	---	---	---	€ 1,000,000	The BTC contribution to MDP is allocated under the 3 rd component of the ongoing programme "Local Government Reform & Development Programme" , with total amount of (Euros 3 million) distributed on MDP cycles.	



In addition to the above listed agreements, 10% of the total fund excluding the share of **(AFD in the 1st cycle and the BTC contribution in the 2nd cycle)** will be funded by the Palestinian Authority and will be invested in window 1. Chart 3 and Chart 4 illustrate the distribution of MDP fund per donor and per window for both cycles of MDP-phase 1.

Chart 3: Distribution of MDP Fund Per Donor (both cycles)

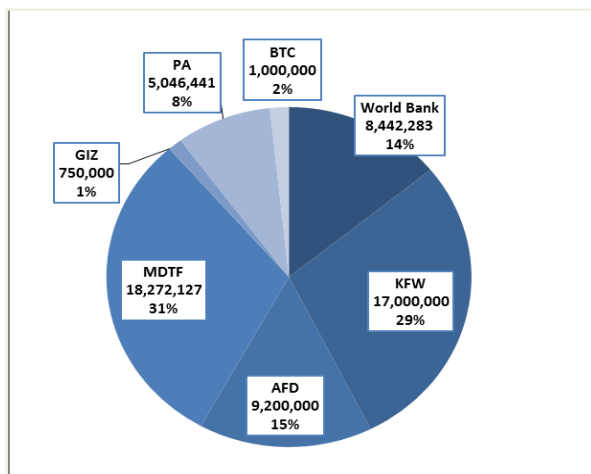
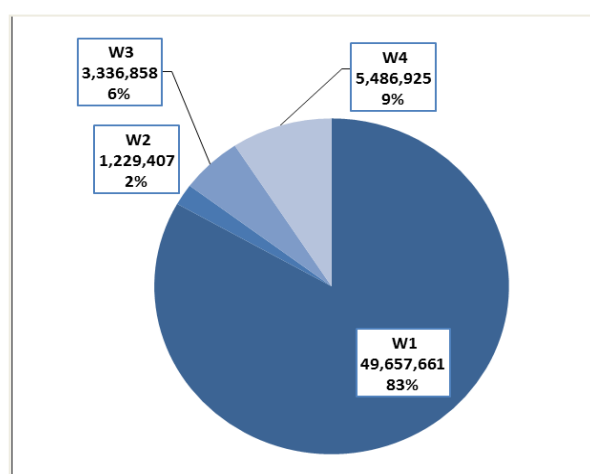


Chart 4: Distribution of MDP Fund Per Window (both cycles)



Environmental Safeguards

To ensure the compliance with social and environment safeguards procedures the *Environmental Management Plan (EMP)* was prepared and made available at the start of the project. The MDLF Environmental Specialist is working closely with municipalities and LTCs to ensure that the environmental safeguard measures are in place.

The *Environmental Review* is to examine the extent to which the mitigation measures have been applied and check their suitability and applicability. The environmental auditing should provide answer to the questions like: How the measures were applied? Have they been applied correctly? Have the impacts been mitigated? Are there any other impacts? What are the positive and negative impacts of the projects? What environmental shortcomings were not considered during the project implementation?

Contractors and municipalities were required to use the *EMP* as a working guide to reduce the environmental and public health risks and assist in improving environmental management. The primary objective of the environmental safeguard is to ensure that each project is implemented in a manner that does not cause adverse impacts on the environment. The main components of environmental assessment were:

- ✓ Base line environment.
- ✓ Environmental impacts.
- ✓ Implementation of management plan and mitigation measures.
- ✓ The assessment addressed the following main environmental issues:
- ✓ Physical resources (air quality and noise, water supplies and water quality, new sources development).
- ✓ Land use and transportation.
- ✓ Biological environmental issues (vegetation and wildlife).
- ✓ Cultural and heritage (archaeological resources, recreation and tourism).
- ✓ Public health, health facilities and services issues.



Social Safeguards

Another safeguard is the social assessment which was carried out to ensure that implemented projects satisfy community needs and that the adverse effects are minimal. The objective of the social assessment is to collect information that aids in assessing the impact of the small- scale projects on their direct and indirect beneficiaries as well as on institutions involved in the projects cycle. The main issues that need to be explored by the social assessment are:

- ✓ *Beneficiary participation.*
- ✓ *Institutional impact.*
- ✓ *Improvement objective.*
- ✓ *Community involvement and satisfaction.*
- ✓ *Gender analysis and women contribution.*
- ✓ *Impact on social categories.*
- ✓ *Economical improvement and financial return.*
- ✓ *Future improvement.*

To ensure that, MDLF social specialist with the assistance of the LTCs has prepared the forms and the material to assist municipalities to conduct public meetings and focus groups for sub-project identification. All the public meetings for those municipalities who don't have SDIP, and many of focus group meetings for those who have SDIP were attended by LTCs staff and MDLF in full coordination with municipalities.

As a mean of ensuring appropriate safeguards are in place, the MDLF screened all the sub-projects requested by the municipalities to identify any that may have a potential adverse social impact. This is being done through a dedicated Social Specialist based at MDLF in a full time bases.





2.1.3 : MDP 1 - “1st cycle” Implementation Status

❖ Municipal Grants for Capital Investments (Window 1 – cycle 1):

Under window one, the sum of **Euro 23,845,423**, was allocated to all municipalities in the West Bank and Gaza Strip, based on their ranks. Table 3 illustrates the distribution of window 1 allocation by donor.

Table 3: Distribution of MDP / Window 1 Fund per Donor (1st cycle)

Donor	WB	KFW - MDP agreement	AFD	Multi Donor Trust Fund (Sida& DANIDA)	PNA	Total (Cycle1)
	Euro	Euro	Euro	Euro	Euro	Euro
Gaza Allocations	2,436,275	2,878,839	1,200,805	3,376,744	1,040,248	10,932,911
West Bank Allocations	2,878,410	3,401,161	1,419,195	3,988,616	1,225,129	12,912,511
Allocated Fund for W1	5,314,685	6,280,000	2,620,000	7,365,360	2,265,377	23,845,422

Analysis: A quick look into the allocation of the window1 fund reveals that (about 75%) of the W1 allocated fund is invested in road projects. The second sector is wastewater (10%) especially in Gaza Strip where the existing wastewater networks need upgrading and rehabilitation. The third needed sector is public facilities (7%) which include municipal buildings, libraries, community centers, and public parks. Chart 5 and Chart 6 illustrate the distribution of window 1 allocation by sector and governorate.

Chart 5 : Distribution of Window 1 Allocation per Governorate / 1st cycle

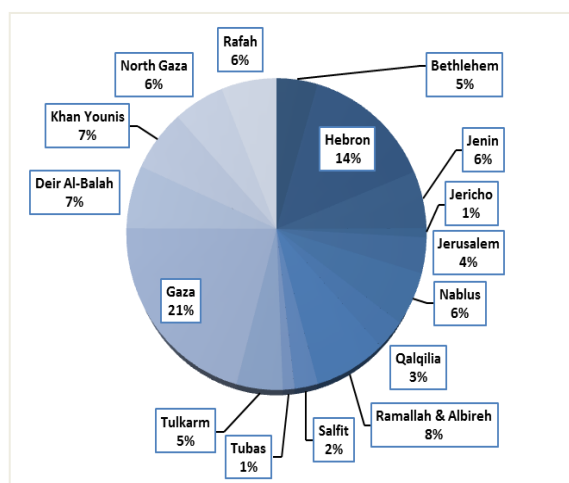
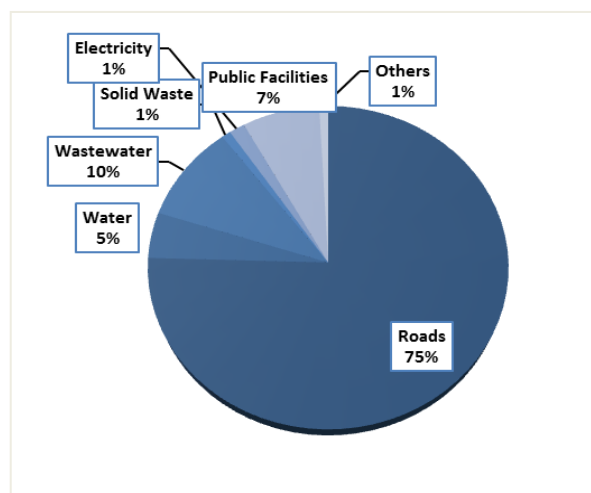


Chart 6: Distribution of Window 1 Allocation per Sector / 1st cycle





In order to meet the needs of municipalities in the West Bank and Gaza, the MDLF through MDP, is trying to set new standards for project management. MDLF had conducted training to all 132 municipalities in the preparation phase of MDP, regarding procurement, cost benefit analysis, road supervision and quality control, environment assessment, environment mitigation measures, and social assessment.

Implementation Status:

In regards to the status of W1 – 1st cycle sub-projects in the West Bank, **121 sub-projects** were approved with total allocations **(12,912,511 Euros)**. **All these sub-projects were completed.** However, **87 sub- projects in Gaza Strip** were approved with total allocations **(10,932,912 Euros)** where the status of W1- 1st cycle sub-projects in Gaza strip is described as follows:

- **85 sub-projects** out of **87** were **completed** with total allocations **(10,698,348 Euros)** amounting **(98%)** of the budget.
- **2 sub-projects** were **cancelled** with total allocations **(234,563 Euros)** amounting **(2%)** of the budget. The allocated fund of the cancelled sub-projects was redistributed among municipalities in the 2nd cycle pooling.



❖ Support to Municipal Innovations and Efficiency (Window 2 – cycle 1)

The rapid economic development in West Bank within the past 20 years combined with the growth of energy needs with expensive imported prices; led to an increasing recognition and understanding of the need to Energy Management. The Palestinian municipalities spent 2.56 % (2007) and 2.31% (2008) from the total budget on street lighting.

In order to save energy, MDLF through MDP Phase I included a pilot innovation project with a total budget of about **Euro 487,000** that aims at enhancing municipal revenue generation, and to reduce operating costs and promote energy efficient initiatives. MDLF has selected the municipalities of Hebron, Jericho, Qalqilya, and Anabta for the pilot phase. The following selection criteria was used:



- Considering the electricity use and electricity cost.
- Availability of separate meters for key end-users.
- Availability of electricity bills split-up as different end-users.

With three main intervention areas in mind; namely public buildings, street-lighting, and Water/sewage pumping stations, this innovative pilot project has been staged into pre-audit, investment in equipment and installation, post-implementation measurement and verification, post-implementation process evaluation and results dissemination; considering that the first two stages had been accomplished.

Regarding the pre-audit stage, MDLF contracted a consultancy firm “Energy Management Services company (EMS)” that carried out a detailed energy audit which was completed it in August 2010. Upon the audit completion, energy saving equipment were identified and installed within the municipalities during 2011.

During the year 2012, a Post-implementation measurement & verification of the pilot innovative project was carried out by an individual consultant who conducted the measurement, and verified the energy savings over 12 months. The consultant had provided MDLF with needed reports including the compilation of data and analysis of monthly energy use “billing analysis” in a quarterly basis.

The results of the fourth quarterly report has shown that the accumulative measured saving for (2011-2012) reached **1,523,235 KWH (165,479 Euro)**; where the savings for each Municipality is shown in table 4 below:

Table 4: Energy Savings by Sector Per Municipality

Municipality	Sector	Annual Saving (KWH)	Saving Percentage (%)
Hebron	Building	14,743	12
	Street Lighting	750,021	15
	Water/Wastewater	18,152	11.5
	HVAC (Air Conditioning)	18,654	3.7
Sub-total		801,570	
Qalqilia	Building and Zoo	31,929	29
	Street Lighting	164,354	15
	Water /Wastewater	59,149	11
	HVAC (Air Conditioning)	20,645	13
Sub-total		276,077	
Jericho	Building	5,766	11.5
	Street Lighting	30,000	23.4
	Water/Wastewater	36,296	15
	HVAC (Air Conditioning)	29,329	10
Sub-total		101,391	
Anabta	Street Lighting	90,000	15
	Water/Wastewater	254,197	37.2
Sub-total		344,197	
Total		1,523,235	



Regarding the results dissemination assignment; it was divided into two tasks:

- a) An individual consultant was hired to support MDLF in preparing the promotional material and conducting the workshop with municipalities. The workshop was conducted end of January 2013.
- b) A contract for printing materials was signed on December 13th, 2012 and ended by mid of January 2013.

The last stage of this innovative project is the post implementation evaluation assignment, where the procurement arrangements was finalized to contract an individual consultant to conduct the evaluation. This assignment is anticipated to be completed by mid of March 2013.

- 1- **Amalgamation:** The implementation of this activity is being conducted in the second cycle of the MDP.
- 2- **One Stop Shop:** The implementation of this activity is being conducted in the second cycle of the MDP.

❖ **Capacity Building (Window 3 – cycle 1):**

Window 3 of this program was designed to enhance the performance of municipalities. The idea is to utilize experienced professionals to assist the municipalities to reach higher rank of performance. For that purpose, a capacity building manual was completed on January 15th, 2010. Also, the MDLF conducted orientation workshops for municipalities as part of the capacity building packages. The MDLF had received the application forms from municipalities on April 15th, 2010, and completed the evaluation process and identified the packages for the municipalities by the end of May-2010. This window provides technical assistance to municipalities to improve their:

- (i) Financial management
- (ii) Planning capacities, with a specific focus on community participation.
- (iii) Technical capabilities, in particular for operations and maintenance.

The Terms of References (TORs) of the Capacity Building packages were prepared by MDLF after the “no objection” from the financial partners were received. After that, the consultancy services were announced where more than 70 firms showed interest to provide such services. MDLF formed committees with the participation of the Ministry of Local Government to evaluate the short-listed proposals.

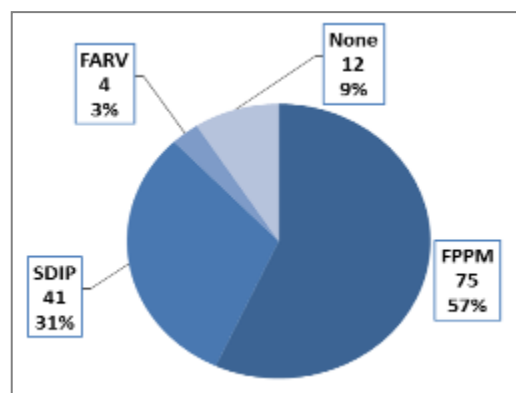
During 2011, the procurement process for contracting professional consultants to support municipalities in implementing the capacity building packages continued and resulted in signing contracts with 17 individual consultants and consulting firms. On April 4th, 2011 a memorandum of understanding was signed with the municipalities which received CB packages in West Bank and Gaza. Table 5 and chart 7 illustrate the distribution of capacity building packages under this window.



Table 5: Capacity Building Packages/ 1st cycle

FPPM (Financial Policies & Procedures Manual)	75
SDIP (Strategic Development & Investment Plan)	41
FARV (Fixed Assets Registration & Valuation)	4
None	12
Total Number of Municipalities	132

Chart 7: Distribution of CB Packages/1st cycle



Note: For more details on the capacity building packages please see (annex B2)

The progress and achievement per package can be shown as follows:

1- **Financial Management**

A. Fixed Assets Registration and Valuation (FARV):

During the reporting period, the final comprehensive fixed asset registration and valuation sheets for four municipalities **Ramallah, Al- Bireh, Salfeit and Beitunia** (which were issued in Arabic and English) were developed. In addition, the municipalities were coached on updating the fixed assets registration.

B. Develop a procedure guideline for budget preparation for the Palestinian municipalities and Procedure Manual to review and approve the municipal budgets:

- **B.1. Develop a procedure guideline for budget preparation for the Palestinian municipalities.** The main objective of this assignment was to develop a procedure guideline for budget preparation to be used by all the Palestinian municipalities. In this regards, an evaluation workshop was conducted with a number of municipalities and the budget directorate at the ministry of Local Government in order to get their feedback on the updated version of the manual. The manual was then updated based on their comments and the final version was approved by the Minister of Local Government.
- **B.2. Develop a procedure manual to review and approve the municipal budgets:** The primary objective of this assignment was to support and enhance the capacity of the Budgetary Department at MOLG by providing a procedure manual to review and approve the municipal budgets. This assignment was implemented under the guidance and supervision of the head of the Department at MOLG. During this period the manual was developed and several workshops were conducted within the budget department and between the budget department and the West Bank governorate offices. After getting the approval on the manual 1000 copies were printed.
- **B.3. Supporting municipalities in Rank E to prepare their budgets according to MOLG formats** A consultant was hired to work with the 9 municipalities in rank E to make sure they submit their 2012 budgets correctly. The consultant visited each of the municipalities and prepared with them a revised budget to be submitted to the ministry of local government for approval.



C. Orientation Workshop on External Audit/ West Bank and Gaza Strip:

- **Conducting two orientation workshop on external auditing for all municipalities in the West Bank and Gaza Strip:** The primary objective of these workshops were to orient the municipalities on the importance of having an external audit as well as the process that the municipality goes through before, during and after the audit.



D. Financial Policies and Procedures Manual (FPPM):

Under this package two major activities were conducted:

D.1. Developing a Cash-Based Financial Policies and Procedures Manual

- This manual will be used by medium-sized and small-sized municipalities, until the Integrated Financial Management Information System (IFMIS) is fully applied at these municipalities. The manual will enable the municipalities to accumulate upon the existing experiences, to enrich the current practice of the cash base of accounting, and to use the subsidiary records of all other transactions that are not part of cash base practice & fixed assets, so as to prepare for the next step of applying the modified accrual base of accounting.
- During this period the MDLF received the feedback from the municipalities after they applied the manual in their financial departments. Additionally, the MDLF conducted an evaluation workshop with a number of municipalities who applied the manual and with the Ministry of Local Government in order to finalize the manual before its official approval from the minister. After getting the approval on the manual (1250) copies of the manual were printed.

D.2. Coaching Municipalities on the Use of the Financial Policies and Procedures Manual (FPPM):

- **Coaching 60 municipalities in the West Bank and 15 municipalities in Gaza Strip on the Use of the Financial Policies and Procedure Manual-(FPPM).** The main objective of this assignment was to coach municipalities and provide the necessary technical support for the financial and accounting teams on the use of the Cash Based Fund Accounting Financial Policies and Procedure Manual-FPPM. After that, the consulting firms visited each municipality and coached the municipal staff on the use of the manual and its forms.
- **Conducting two workshops “one in the West Bank and the other in Gaza Strip “on registering the in kind contribution (cash and non-cash contributions):** The oobjective of this workshop was to guide the municipalities in applying and complying with the IPAS regulation for registering the in kind contributions based on the cash basis and modified accrual accounting. The workshop was attended by the financial managers of West Bank municipalities and Gaza Strip Municipalities.



2- Planning capacities, with a specific focus on community participation Strategic Development and Investment Plans (SDIPs): Support the preparation of Strategic Development and Investment Plans (SDIPs) in 41 municipalities

- This capacity building package was designed to support **41 municipalities** in the preparation of their strategic development and investment plans. Municipalities were grouped into **9 clusters** which were financed by the **GIZ, AFD, KfW, and the MDTF**. During the first quarter of 2012, the consultants assigned to support the municipalities in the preparation of their SDIPs submitted the remainder of their obligations.
- Additionally, more than 41 thousand copies were printed as part of the SDIP plans supported by the MDP project. The plans were reviewed and approved by the municipalities prior to the printing as the involved municipalities were kept updated throughout the process. All 41 municipalities in the West Bank and Gaza received their printed copies of the SDIP.

3- Technical capabilities, in particular for operations and maintenance Development of Operation and Maintenance Guidance and Procedure Manual/ O&M System

This capacity building package will be implemented during the 2nd cycle of MDP.

❖ **Management of MDP (Window 4 – cycle 1)**

1- LTCs:

- To better support the municipalities and build their capacity, the MDLF is using the services of LTCs firms to provide the needed technical support to the participating municipalities in West Bank and Gaza. The main objective of this consultancy assignment is to provide technical assistance to benefited municipalities for the implementation of subprojects approved by MDLF as follows:
 - (i) Sub-project planning and Identification (Stage 1): from the planning and identification of eligible sub-projects, and preparation of applications to ensuring eligibility criteria (including environmental and social safeguards) per MDP procedures, including assisting in the preparation, review and comment on individual procurement plans, infrastructure and services maintenance, designs, specifications and bidding documents.
 - (ii) Sub-project implementation and supervision: building the capacity of municipalities to implement the sub-projects and assisting them in the supervision including reporting on progress of implementation, monitoring of indicators, and compliance with the standards as delineated by the MDLF.
 - (iii) Ensuring compliance with technical and fiduciary aspects: building the capacity and providing guidance to municipalities on technical and fiduciary aspects of sub-project preparation and implementation to ensure compliance with MDLF's procurement, financial, social and environment safeguards (including provision of mitigation measures) procedures.
- The local technical consultants (LTCs) were distributed among 4 clusters as follows:
 - North of the West Bank cluster financed by the World Bank.
 - Middle of the West Bank cluster financed by the AFD.
 - South of the West Bank cluster financed by MDTF (Sida and Denmark).
 - Gaza Strip cluster financed by the KfW.
- All the LTCs for the West Bank were contracted in June 2010. Gaza LTC was contracted in December 2010 following the receiving of No-Objection from KfW.



2- **Monitoring and Evaluation:**

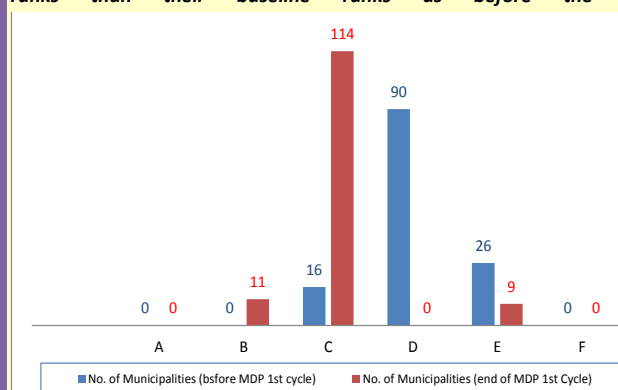
Under this sub-component, there set of assessment surveys that will be served for evaluation purposes of MDP-I and will be utilized to be baseline surveys for MDP-II as per the following:

- **Municipal Ranking update (end of cycle 1 – MDTF fund):** This assessment will be served to measure one of the main outcome indicators for MDP-I, specifically, **“The number of municipalities that graduate up the performance category in which they are currently classified”** (based on the current ranking system of MDP-I).

The preliminary assessment for ranking was carried out internally by MDLF in 2011. MDLF had prepared a questionnaire including all the performance indicators as per the Grants Allocation Manual. The questionnaire was sent to the municipalities early April 2011. In parallel to that, MDLF had finalized the analysis of municipal budgets as one of the quantitative indicator defined in the manual. During the MDP mid-term review mission in May-2011, a preliminary ranking was presented to the FPs, who recommended to verify the ranking by an outsourced consultant. MDLF had contracted an individual consultant for that purpose and set an appeal process for municipalities. The appeal period of two weeks was given to the municipalities to give them the chance to provide additional documents *if any* to verify their current ranks. The verified ranking was completed end of December 2011.



The updated municipal ranking which was conducted by the end of MDP-cycle 1, showed that 86% of municipalities were graduated up to higher ranks than their baseline ranks as before the MDP.



- **Municipal Ranking Update (end of cycle 2 – KFW fund):** MDLF had contracted a consultancy firm to conduct the ranking of municipalities based on the MDPI and MDPII ranking systems. This assessment will be served to measure one of the main outcome indicators for MDP-I & MDP-II, specifically, **“The number of municipalities that graduate up the performance category in which they are currently classified”** (based on the current ranking system of MDP-I). Moreover, it will be utilized as a baseline for MDP-II “based on the new ranking system of MDP-II). The consultant is requested to review and verify the supporting documents received from the municipalities, in site inspection at municipalities, document the results with the municipalities and then update



municipal ranking using both criteria's (the MDP-I ranking system and the MDP-II updated ranking system). It is anticipated to have the updated ranking of municipalities by mid of April 2013.

- **Technical audit and Usability assessment – (KFW fund):** This audit was carried out in both West Bank and Gaza Strip through two individual consultants one in West Bank and the other in Gaza. The study aimed at evaluating a representative sample of infrastructure sub-projects (18 sub-projects in WB and 12 sub-projects in Gaza). The sample of sub-projects was randomly selected by the two individuals in coordination with MDLF to cover the implemented sub-projects in both cycles of MDP-I. The assessment focused on the technical quality and structural soundness, and the compliance of implemented sub-projects with technical specifications. Furthermore, it assessed the approaches and processes during the implementation of sub-projects and provides recommendations for future improvements. Moreover, the audit assessed the compliance with safeguard measures in the Environmental Management Plan (EMP) for MDP and includes time-based analysis for selected sub-projects to assess whether they are being used for their intended purposes and have achieved their objectives. The study assessed the effectiveness of the implementation from institutional, social, technical, and operational dimensions. The broad areas under this study includes: sub-project selection, technical soundness, appraisal, appropriateness and sustainability, construction management, construction quality, physical status and functionality of the sub-projects; environmental consideration, O&M management,...etc. The audit was carried out through the sub-project documents review, field investigation and findings analysis. In regards Gaza auditing report, the results indicated that in general, all aspects of assessment were satisfactory. However, the audit report indicated that there is a need to strengthen certain areas in each assessment aspect. On the other hands, and regarding the West Bank auditing report, the results indicated that the functionality, usability, and sustainability of the implemented projects have been generally acceptable. Good compliance with MDLF procedure and regulations was recorded in project selection, procurement, and financial management. Achievements in the majority of the sample sub-projects exceeded the planed targets. It was noticed that there were a great interest and intense competition among contractors on MDLF projects due to transparency and credibility of the Fund, which was reflected in the offered prices. However, certain shortcomings and concerns have also been identified especially in municipalities' project design, supervision and operation and maintenance procedures.
- **Update of Municipal Infrastructure Database (AFD fund):** The main objective of this assignment is to collect a reliable data and indicators on **basic municipal infrastructure for 134 municipalities in West Bank & Gaza**. This assignment will be used to measure one of the main indicators at the program related objectives *(better coverage and improved quality of municipal services)*. *The results of the survey will be utilized specifically for evaluation purposes of the ongoing program "MDP-phase 1" and will be used as baseline for the upcoming "MDP-phase 2"*. Moreover, the updated infrastructure data will be used as proxy indicators to reflect the municipalities needs as one of the main criteria for the updated grants allocation formula. MDLF had contracted the PCBS in September 2012 to collect the needed information using the survey tools and instruments for the baseline survey 2009. The PCBS was asked to conduct a comparative analysis between the 2009



and 2012 figures regarding the municipal infrastructure database. The draft report was submitted to MDLF late December 2012 and indicated such improvements in the municipal infrastructure, as per the following:

- 0.8% increase of connected municipalities to public water network between 2009 and 2012.
- An increase of the supplied quantities of water to municipalities between 2009 and 2012; the supplied quantities of water to municipalities was 129.4 million cubic meter (MCM) in 2009 and increased to 152.6 MCM in 2012.
- 0.4% increase of connected municipalities to waste water network between 2009 and 2012.
- 0.9% increase of connected municipalities to public electricity network between 2009 and 2012.
- An increase of the supplied quantities of electricity to municipalities between 2009 and 2012; the supplied quantities of electricity to municipalities was 1.11 million megawatt/hr in 2009 increased to 2.7 million megawatt/hr in 2012.
- 22% increase of the total length of roads in general in municipalities between 2009 and 2012.
- 34% increase of the total length of paved roads in good conditions in municipalities between 2009 and 2012.
- An increase of the number of lighting units in municipalities between 2009 and 2012; as the number of lighting units in municipalities was 112,433 in 2009 increased to 168,844 in 2012.

The mentioned findings with the updated municipal data 2012 will be presented in the final report which is still under preparation by the PCBS and expected to be received soon. It is worth mentioning that MDLF will use these findings to prepare an assessment report to measure the contribution of MDP funds under window 1 in improving the coverage of municipal services delivery.

- **MDP clients and citizens satisfaction assessment (WB fund):** The objective of this consultancy is to conduct a ***Clients and Citizens Satisfaction Assessment*** as a post evaluation of the MDP-I by combining two surveys: (1) MDLF clients' satisfaction survey with municipalities and (2) citizens satisfaction survey with municipalities' performance. In particular, the aims of the assignment are to:
 - Assess the satisfaction of municipalities with the performance of the MDLF
 - Assess the satisfaction of citizens with the performance of municipalities
 - Performing comparative analysis between the situation before and after the MDP-phase1, i.e. between the 2009 baseline and the 2012 survey
 - Develop recommendations and lessons learned, based on the empirical findings, to address the identified performance concerns (with 1) and (with 2) - that are within the realm of both entities.

This study will be utilized specifically for evaluation purposes of the ongoing program "MDP-phase 1" and will be used as baseline for the upcoming "MDP-phase 2".

MDLF had contracted a consultancy firm to conduct the assessment using both quantitative - (questionnaires for citizens satisfaction)- and qualitative methods -(focus groups, key informants interviews for LTCs, SDIP committees, and municipal staff)-. The sample size was pre-identified to be (1200 citizens, 200 key informants interviews and 4 focus groups) distributed among 31 municipalities in West Bank and Gaza. It is worth mentioning that the contract was amended to expand the scope of work in particular the qualitative surveys including (additional 5 focus group, additional 117 key informants interviews with municipal staff distributed among additional 39 municipalities in WB&G). Furthermore, the new scope of work included conducting additional 105 key informant interviews with SDIP committees and institutions engaged in preparing the municipal SDIPs. The assignment is still ongoing where the consultant had finished the field works and started doing the needed analysis. The results of the assessment are anticipated to be ready by mid of March-2013.



3- Outreach and Communication:

Regarding the assignment: “Developing MDLF image-phase 2” , the contract was signed in April 2011 and completed by the end of March 2012.

2.1.4: MDP “2nd Cycle” Implementation status:

The 2nd cycle of MDP was launched in December 2011 through launching ceremony which took place at three different venues across the West Bank (Northern, Middle and Southern regions) and one event which took place in Gaza Strip. All the municipalities were invited to attend the orientation workshops held through the ceremony. MDLF presented the updated ranking, infrastructure application forms and capacity building packages. MDLF had also presented the lessons learnt from the 1st cycle implementation regarding the infrastructure priorities, procurement and bidding documents, capacity building and municipal ranking criteria. Following is the updated status of the 2nd cycle implementation per window:

❑ Municipal Grants for Capital Investments (Window 1 – cycle 2):

- The total amount of **Euros 25,812,237** in addition to the savings from the 1st cycle in the amount of **Euro 1,084,207** were distributed among 134 municipalities in late January-2012. The municipalities were asked to apply for their priorities based on their Strategic Development and Investment Plans (SDIPs) and consultation with citizens, in February-2012 .
- The MDLF completed receiving the municipalities infrastructure applications by the end of March 2012 and the appraisal process of the infrastructure application priorities were completed by the end of April 2012. Consequently, the bidding process of the infrastructure sub-projects has started since the mid of May-2012. Table 6 illustrates the distribution of window 1 – cycle 2 allocations by donor per West Bank and Gaza municipalities.

Table6: Distribution of MDP / Window 1 Fund per Donor (2nd cycle)

Donor	WB	KFW - MDP agreement	AFD	Multi Donor Trust Fund (Sida& DANIDA)	PNA	BTC	Total (Cycle 2)
	Euro	Euro	Euro	Euro	Euro		Euro
Gaza Allocations	702,717	3,489,409	2,088,805	3,144,046	1,523,432	0	10,948,409
West Bank Allocations	1,141,898	5,234,114	3,047,914	4,690,531	903,580	930,000	15,948,035
Allocated Fund for W1	1,844,615	8,723,523	5,136,719	7,834,577	2,427,012	930,000	26,896,445

Note: the total allocated amount (Euro 26,896,445) includes the residual funds from the 1st cycle agreements of (WB & MDTF) and the reallocated amounts of the two cancelled projects in Gaza municipality funded by the AFD and the MDTF in a total of “Euro 1,084,206 ”.



Analyses: A quick look into the allocation of the cycle 2-window1 fund reveals that (about 67%) of the W1 allocated fund is invested in road projects. The second sector is public facilities (14%) which includes municipal buildings, libraries, community centers, and public parks. The third needed sector is water and waste water (5%). Chart 8 and Chart 9 illustrate the distribution of window 1 allocation by sector and governorate.

Chart 8 : Distribution of Window 1 Allocation per Governorate / 2nd cycle

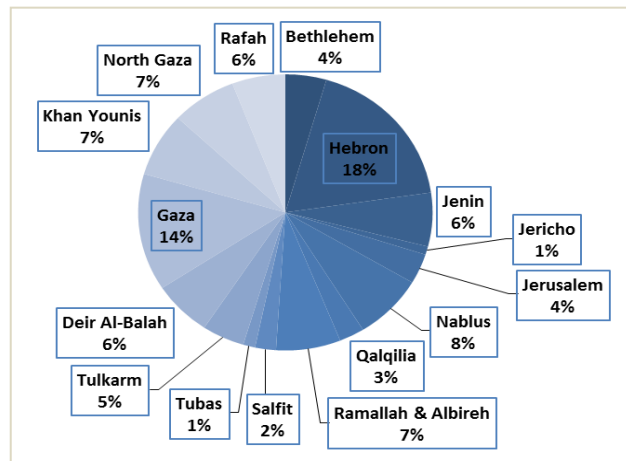
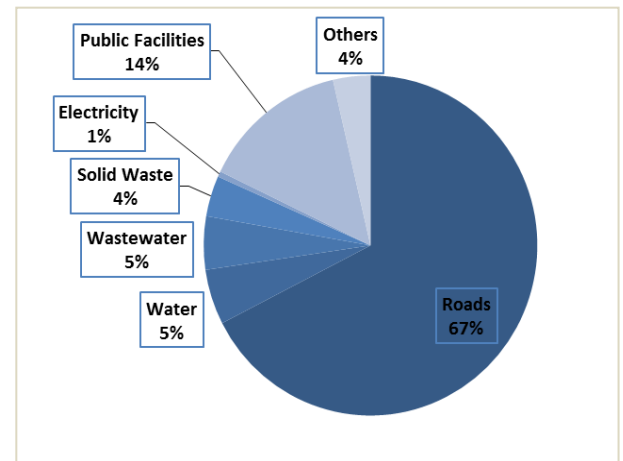


Chart 9: Distribution of Window 1 Allocation per Sector / 2nd cycle



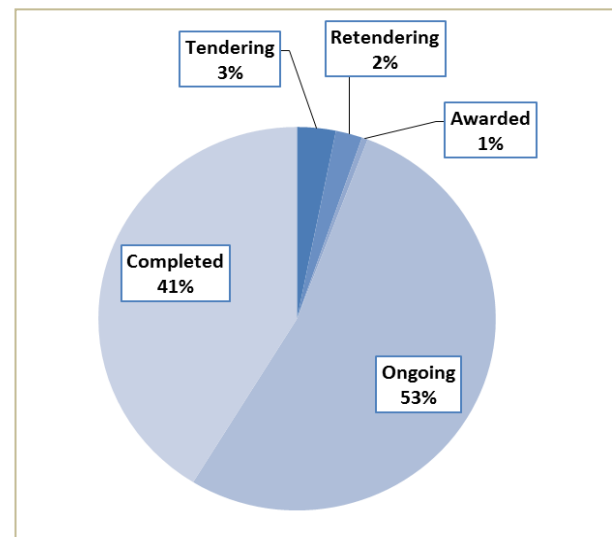
Implementation status:

Regarding the status of W1 – 2nd cycle sub-projects in the West Bank, **135 sub-projects** were approved with total allocations **(15,948,035 Euros)** where the status is described as follows:

- **75 sub-projects** out of **135** were **completed** with total allocations **(6,577,196 Euros)** amounting **(41%)** of the budget.
- **52 sub-projects** are **ongoing** with total allocations **(8,449,018 Euros)** amounting **(53%)** of the budget.
- One sub-project is **awarded** with total allocations **(75,942 Euros)** amounting **(1%)** of the budget.
- **7 sub-projects** are in the tendering phase with total allocations **(845,879 Euros)** amounting **(5%)** of the budget and expected to start soon.

Chart 10 illustrates the status of the W1-sub-projects allocated funds in the West Bank

Chart 10: Status of W1 sub-projects in West Bank





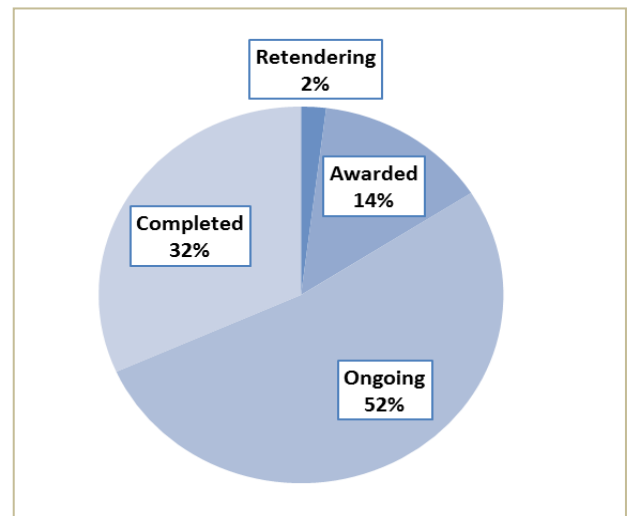
Regarding the status of the W1 -2nd cycle- sub-projects in Gaza strip, **159 sub- projects** were approved with total allocations **(10,948,409Euros)** where the status is described as follows:

- **113 sub-projects** out of **159** were **completed** with total allocations **(3,469,293 Euros)** amounting **(32%)** of the budget.
- **33 sub-projects** out of **159** are **ongoing** with total allocations **(5,737,656 Euros)** amounting **(52%)** of the budget.
- **11 sub-projects** are **awarded** with total allocations **(1,523,432 Euros)** amounting **(14%)** of the budget.
- **2 sub-projects** are in the tendering phase with total allocations **(218,028 Euros)** amounting **(2%)** of the budget.

Chart 11 illustrates the status of the W1-sub-projects allocated funds in the West Bank.

Note: For more details on the MDP (Window1) please see (annex B1)

Chart 11: Status of W1 sub-projects in Gaza



❖ **Window 2: (the total amount of this window was already allocated from the 1st cycle agreement)**

- **Energy Efficiency (WB fund):** The implementation of this sub-component had started in the 1st cycle and continued during the 2nd cycle.
- **Amalgamation (MDTF fund):** This sub-component was designed to support the newly amalgamated municipalities, with focus on the **community development projects which will** fund the expansion of the municipality services, including some small scale infrastructure and social infrastructure sub-projects. In this regards the total allocated fund in the amount of **(608,185 Euros)** from the MDTF fund was distributed among 8 newly amalgamated municipalities. MDLF asked those municipalities to apply for community development projects early October 2012 and the application forms were appraised and approved early November 2012. The total no. of approved sub-projects were 12 distributed across 8 municipalities as follows:
 - 3 sub-projects** out of **12** are roads sub-projects in **(Baqa Al-Sarqiyya, Azzaytouna, Al-Ittihad)** municipalities.
 - 9 sub-projects** out of **12** are public buildings including (school maintenance, supplying equipment's for school, construction of health center, external works for health clinic) in **(Al-Kafriyyat, Marj Bin Amer, Al-Muttahida, Al-Yasiriyya, Azzaytouna, Al-Ittihad)** municipalities.

The implementation status of the approved sub-projects can be illustrated as follows:

One sub-projects is **ongoing** with allocation **(37,718 Euro)** amounting **(6.2%)** of the total budget.

Two sub-projects were **awarded** with total allocation **(125,286 Euro)** amounting **(20.6%)** of the total budget.

9 sub-projects are in the **tendering and pre-tendering** phases with total allocation **(445,181 Euro)** amounting **(73.2%)** and expected to start in March 2013.



- **One Stop Shop or (customer-service-centers) – (MDTF fund):** This sub-component was designed to promote municipal transparency, accountability, citizen-responsiveness and public participation efforts in management and service delivery in 3 municipalities in Gaza. The One-stop-shops will be centers where citizens may obtain information about all the services provided by the municipality and how to obtain these services. They will also enable citizens to provide feedback on municipal services so that municipal leaders may improve the ways in which services are provided and make decisions that are citizen responsive. In this regards and during the preparation for implementing the OSS, MDLF had participated in reviewing and updating the one-stop shop manual in cooperation with GIZ and CHF. Furthermore, the process of appointing an individual consultant for the assignment “Institutional Assessment for Introducing Customer Services Centers (One Stop Shop) at three selected municipalities in Gaza” has recently finalized where the assessment is expected to be ready by end of May 2013.

❖ **Capacity Building (Window 3 – cycle 2):**

The Municipalities were informed about the packages during a launching ceremony. The five new packages introduced for the second cycle were:

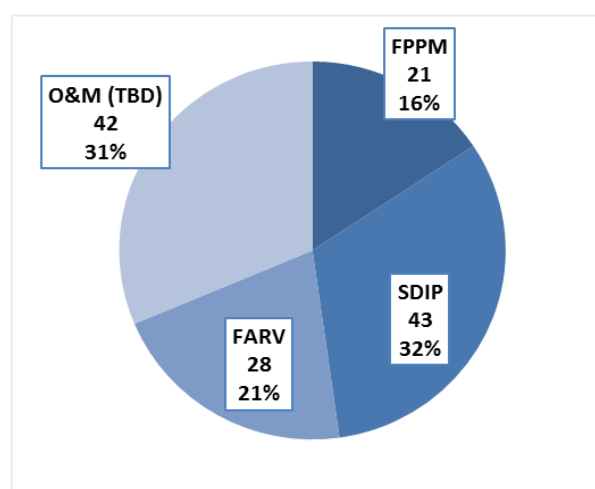
- Fixed Assets Registration and Valuation Package (FARV)
- Integrated Financial Management Information System Package (IFMIS)
- Financial Policies and Procedures Manual Package (FPPM)
- Strategic Development and Investment Planning Package (SDIP)
- Operations and Maintenance Package (O&M)

The municipalities were informed about how to download the Capacity Building Applications. Thorough follow-up was conducted with all municipalities regarding filling out these applications. The MDLF completed receiving the capacity building application forms in March 2012 and started the evaluation process in April-2012. The submitted applications were evaluated thoroughly until mid of May -2012 and the following were the results made regarding the packages requested by the municipalities as shown in table 7 and chart 12:

Table 7: Capacity Building Packages/ 2nd cycle

FPPM (Financial Policies & Procedures Manual)	21
SDIP (Strategic Development & Investment Plan)	43
FARV (Fixed Assets Registration & Valuation)	28
Integrated Financial Management Information System (IFMIS)	0
Operations and Maintenance Package (O&M)	Initial ly 42
(Additional standards will be developed to determine the actual benefiting	
Total Number of Municipalities	134

Chart 12: Distribution of CB Packages/2nd cycle



Note: For more details on the capacity building packages please see (annex B2)



The progress and achievement per package can be shown as follows:

1. Financial Policies and Procedures Manual (FPPM) (GIZ fund):

In regards to the FPPM package, namely, coaching municipalities on the use of the financial policies and procedures manual. The municipalities were grouped in two clusters (**One cluster in West Bank comprising “14 municipalities”**) and (**one cluster in Gaza Strip comprising “7 municipalities”**). The implementation process for Gaza cluster has started in early November and expected to complete by end of February 2013. However, the coaching of West Bank municipalities has started in Mid of December 2012 and expected to be completed by end of March 2013.

2. Planning capacities, with a specific focus on community participation Strategic Development and Investment Plans (SDIPs): Support the preparation of Strategic Development and Investment Plans (SDIPs) in 43 municipalities

This capacity building package was designed to support **43 municipalities** in the preparation of their strategic development and investment plans. Municipalities were grouped into **7 clusters (5 clusters in West Bank comprising 30 municipalities) and (2 clusters in Gaza Strip comprising 12 municipalities)**. The implementation process in the west Bank and Gaza clusters has started except cluster 04 in (West Bank) where MDLF is still finalizing the contracting arrangements with the selected firm. The implementation process is expected to be completed by end of March 2013.

It is worth mentioning the this CB package is supported by different donors. The clusters of municipalities were distributed per funding partners as per the following:

Cluster 01 – West Bank – 7 municipalities is funded by MDTF
Cluster 02 – West Bank – 5 municipalities is funded by AFD
Cluster 03 – West Bank – 5 municipalities is funded by MDTF
Cluster 04 – West Bank – 10 municipalities is funded by MDTF
Cluster 05 – West Bank – 3 municipalities is funded by AFD
Cluster 06 – Gaza – 6 municipalities is funded by AFD
Cluster 07 – Gaza – 7 municipalities is funded by GIZ

Regarding the progress of SDIPs development in the targeted municipalities, it can be illustrated as follows:

- A workshop attended by representatives of the MDLF, MoLG, representatives from the Foundation German Cooperation (GIZ) and representatives of the municipalities, was held on the 3rd and 4th of July in Ramallah and in order to collect feedback from municipalities regarding the SDIP Manual and ways to develop and improve it for the next stages.
- Training and orientation sessions on the SDIP methodology was provided for municipal council and the municipal staff at the selected municipalities provided through local MDLF Consultants.
- The first public meeting was held at each of the selected municipalities except those in Cluster 04 (Central West Bank). Preparations are underway to hold a meeting at the remaining municipalities.
- The MDLF Participated at an orientation workshop at Cluster 02 in Salfit attended also by the Governor of Salfit in order to intensify efforts between the province and the municipalities in all stages of preparation of the SDIP.
- MDLF hired two quality assurance consultants. A strategic planning expert and organizational development expert.



In regards the preparation of Phases Four and Five from the Strategic Development and Investment Planning Project (SDIP) the progress can be illustrated as follows:

- The MDLF notified all consultants who have previously worked along municipalities to develop their SDIPs informing them of the desire of the MDLF to proceed working with them to help municipalities to complete the fourth phase and fifth phase of the Manual. The MDLF prepared all contracts and communicated regularly with consultants to update them on the latest developments and monitor their progress.
- Work is being held at **48 municipalities** in the West Bank and Gaza who are the recipients of the SDIP package.
- Several meetings were held with these municipalities to discuss the goals of the project and to mobilize the committees to complete the remaining phases of the SDIP manual.
-

3. Fixed Assets Registration and Valuation (FARV) – (MDTF fund):

This capacity building package was designed to support **28 municipalities** in registering and valuating their fixed assets. Municipalities were grouped into 4 clusters (3 clusters in West Bank comprising **26 municipalities**) and (one cluster in Gaza Strip comprising **12 municipalities**). The implementation of this

assignment has started where the consulting firms had provided a training for the targeted municipalities in WB&G on the work mechanism and the use of the methodology related to estimating fixed assets. Currently municipalities are working on recording fixed assets and collecting supporting documents related to fixed assets. Where the implementation is anticipated to be completed by end of February 2013.

4. Operations and Maintenance Package (O&M) – (KFW fund)

This capacity building package (O&M) will be implemented in four main phases:

- Phase one: assessment of the current practices of O&M at the municipalities.
- Phase two: develop an operation and maintenance system and document it in a manual and coach municipalities on its use.
- Phase three: develop a computerized O&M system and test it on a pilot of municipalities.
- Phase four: roll out the computerized system to the municipalities.

During MDPI-cycle 02, MDLF will be focusing on the 1st and 2nd phases of O&M package. The implementation process for the 1st phase was completed end of December 2012 where the assessment study and the guideline for operationalize the operations and maintenance package” was prepared. However the implementation of the 2nd phase has not yet started where MDLF is still finalizing the procurement arrangements regarding the EOIs evaluation process.

❑ Management of MDP (Window 4 – cycle 2)

Given that the role of the local technical consultants (LTCs) for the 2nd cycle is the same for the 1st cycle, the contracting agreements between MDLF and the LTCs - (three consultancy firms in the West Bank and one in Gaza) - were signed in February-2012. The LTCs assignments was distributed among the financing partners as follows:

- North of the West Bank cluster will be financed by the World Bank.
- Middle of the West Bank cluster will be financed by the KfW.



- South of the West Bank cluster will be financed by MDTF (Sida and Denmark).
- Gaza Strip cluster will be financed by the AFD.

2.1.5: Transfer Mechanism Current Criteria

The Grant Allocation Mechanism is the most important element of the MDP. This is the first time a performance-based formula has been used in conjunction with infrastructure grants in Palestine. The allocated fund under window 1 was distributed among 132 municipalities in the 1st cycle and 134 municipalities in the 2nd cycle based on these criteria.

The grants are based 40 percent on performance, 40 percent on population and 20 percent on needs. Municipalities have been ranked according to 12 basic accepted “good management” practices. Funds are allocated based on rank; municipalities with higher rankings will be eligible for more funding than those with lower rankings. During Phase 1, municipalities were ranked in the beginning of each cycle. The MDP works closely with municipalities through its capacity building packages to help them graduate from lower levels up to a higher ranking levels.

The rankings levels are from A to F, with A constituting the highest possible rank based on 12 criteria encompassing planning, management and financial accountability. Table 8 shows the municipal graduation before and after cycle 1 implementation.

Table 8: Grants Allocation Performance Indicators

Rank	Performance Criteria	Number of Municipalities (before 1 st cycle implementation)	Number of Municipalities (after 1 nd cycle implementation)
A	1. Current account surplus for two consecutive years 2. Unqualified external audit 3. Integrated financial management system	0	0
B	4. Operational account surplus (2007) 5. Fixed assets register 6. Maintenance plan	0	11
C	7. Municipal Development/Investment Plan 8. Financial accounting policies and procedures 9. External audit	16	114
D	10. Capital Budget approved, executed and properly submitted to the MOLG	90	0
E	11. Recurrent budget approved, executed and properly submitted to the MOLG	26	9
F	12. No budgetary information	0	0



TM enhancement:

One of the main assignments for the preparations of the second phase of MDP (MDP-II) is the Transfer Mechanism enhancement. This assignment was conducted by an international consultant **Dr. Verena Pfeiffer** during the 1st quarter of 2012. The consultant had revisited and reviewed the criteria concerning the relative weights of (population, needs and performance) and the key performance indicators as well as the graduation ladder. The review found that the transfer mechanism has proven to be successful in ensuring transparency and also in incentivizing performance improvements. However, the review identified the following findings as key issues requiring further attention for the Transfer Mechanism:

- a. The flat rate for needs to be revised since the current flat rate considerably reduces the performance incentive for smaller municipalities..
- b. The overall graduation system seems to be well understood by Palestinian municipalities.
- c. The **graduation ladder** however, **allows very little differentiation**
- d. and the access to rank C and even B has **very little linkage to good service provision to citizens or to efforts in fully mobilizing the own revenue generation potential**.
- e. The timing of the MDP allocation requires further alignment with municipal budget preparation.
- f. The annual allocation cannot meet requirements of single larger investments. When these larger investments are funded by other sources (e.g., line ministries or other donors), there is presently no linkage to performance.

The consultant had also simulated different scenarios regarding the (population, needs and performance relative weights). Within each scenario, the consultant suggested a specific criteria for the needs allocation.

(10,000 EUR flat rate; remainder 50 % needs infrastructure based and 50 % needs poverty based).

The MDLF and the FPs agreed that the final allocation formula would be **50% performance, 20% needs and 30% population**, this new formula will be the basis for fund distribution among municipalities for window 1 of MDP-phase II- 2nd cycle.

In regards to the graduation ladder as well as the key performance indicators, and after having long discussions with MDLF, MOLG and the Funding Partners, the consultant suggested to increase the **graduation ladder from 6 levels to a total of 11 levels (E, D, C, C+, C++, B, B+, B++, A, A+, A++).** Within each ranking level (E, D, C, B and A) a specific key performance indicators were identified which reflect the municipal performance in financial management, planning, social accountability, municipal services provision.



New Key Performance Indicators

Minimum for Rank D: Fulfillment of all Criteria (else Rank E)

- ✓ 2011 executed operating budget submitted to MoLG
- ✓ 2012 forecasted operating budget submitted and approved by MOLG
- ✓ Executed development budgets for all past financial years in which the Municipality has received MDP funding and 2012 forecasted development budget submitted to MoLG

Rank C *two of the following performance indicators in addition to above indicators*

Rank C+ *three of the following performance indicators in addition to above indicators*

Rank C++ *four or five of the following performance indicators in addition to above indicators*

- ✓ *Municipal Strategic Development and Investment Plan SDIP in place and updated*
- ✓ *Financial Accounting Policies, Procedures and Reports in place*
- ✓ *External Audit according to minimum standards*
- ✓ *Public disclosure of budgets, SDIP plan and ranking*
- ✓ *Basic collection efficiency and own revenue generation*

Rank B *two of the following in addition to above indicators*

Rank B+ *three of the following in addition to above indicators*

Rank B++ *four or five of the following in addition to above indicators*

- ✓ Basic Operation and Enterprise Account Surplus
- ✓ Fixed Assets Register in place and updated
- ✓ Operation and Maintenance Plan in place and updated
- ✓ Public disclosure of all municipal investments, SDIP execution, and external audit reports
- ✓ Satisfactory Collection Efficiency and own Revenue Generation

Rank A *three of the following in addition to above indicators*

Rank A+ *four of the following in addition to above indicators*

Rank A++ *five of the following in addition to above indicators*

- ✓ Substantial Operation and Enterprise Account Surplus
- ✓ Unqualified External Audit
- ✓ Use of an Integrated Financial Management System IFMIS
- ✓ Satisfactory Service Quality
- ✓ Good Collection Efficiency and own Revenue Generation



What are the Features of a Good Transfer Mechanism Design?

In order to facilitate the assessment of the proposed design of MDLF TM, it would be useful to consider the features that characterize a good municipal development fund. The following features, in terms of their own merits, are considered good practice and will be implied in the MDLF TM:

- ✓ *Equitable: In principle the access to the financial resources of the MDLF should be open to all LGUs, subject to the compliance with certain minimum conditions. In other words, MDLF should not discriminate in favor or against any of its potential beneficiaries. The allocation system should recognize the differences in local institutional capacity across LGUs/municipalities, and allocate the funds by classes of LGUs/municipalities (in consistency with Palestinian law) to avoid that the LGUs/municipalities in the higher classes, due to their greater capacity, may capture most of the financial resources.*
- ✓ *Transparent: The rules to access resources should be clear, simple, and be made public to all – that is, they should be transparent. Equivalently, the rules to deny access to resources should have the same characteristics of clarity/transparency and openness.*
- ✓ *Demand Efficient: The MDLF TM should finance the goods and services that the residents need. These needs should be included in their local investment plans, and their priorities should be established in consultation with their communities. This demand-driven approach supports local autonomy in its decision-making, and their submitted projects must be eligible for financing.*
- ✓ *Cost Efficient: The decision making on the financing of local development projects should consider different cost alternatives for the same public work or service; and given comparable standards and quality should consider the least responsive offer.*
- ✓ *Effective: MDLF should insure that the projects it finances are actually built and become operational and sustainable. This is generally achieved through disbursements against actual physical implementation progress and the supervision of related institutional capacity development to operate it and maintain it.*
- ✓ *Adequacy in Financing: The indicative or actual ceilings by typology of projects should be of such a magnitude that they should allow for an adequate financing of at least the average cost of a typical municipal public work for the corresponding type of LGU.*
- ✓ *Predictability of Funds Available: Beneficiaries/LGUs should be able to predict the magnitude of the resources available to them, so that they can plan their yearly investments with the participation of their communities.*
- ✓ *Simple Design: All actual and potential beneficiaries should easily understand all the MDLF's rules, procedures, and incentives built into the system. Incentives should be clear and transparent to all in order for them to be effective.*



2.1.6: MDLF 1st Forum “Innovation in Local Government in Palestine”

During the reporting period and particularly in June, 2012, MDLF had organized an innovative forum for the local government in Palestine. The forum was held in an official ceremony organized by MDLF with a presence of over 500 audience representing the Palestinian National Authority, the international community, MDLF funding partners, civil society institutions, municipalities Mayors and employees, Heads of villages councils and MDLF consultants.

The forum was opened by the Minister of Local Government “Dr. Khalid Al-Qawasmī” with highlighting on the importance of innovative initiatives among municipalities as a tool for the local economic development “LED”.

The forum which joint 134 municipalities in the West Bank and Gaza strip via the video conference discussed the practices of innovations in the Palestinian municipalities and benefiting from the global experience in this field. These discussions was moderated by MDLF to come up with recommendations to be considered in the innovative window of MDP-II.

Number of recommendations and ideas were added in different areas such as “the rehabilitation and investment of archeologist sites, the field of environmental protection, alternative energy, technology and automation,.....etc”.

It is worth mentioning that, this forum is the first of its kind in Palestine targeting the local government bodies which can be served to empower them to provide better services and achieve sustainable development inline with national plans and policies, particularly, the National Plan for the Local Government Sector.



2.1.7: MDP Missions

During the year 2012, the identification mission of the Municipal Development Program II (MDP II) was carried out by its Financing Partners (AFD, Government of Denmark, GIZ, KfW, Government of Sweden, Government of Belgium, the World Bank, and the Palestinian Authority) from February 13th -16th , 2012. The objectives of the mission included: (i) gaining further clarification from the Palestinian Authority (PA), through the Municipal Development and Lending Fund (MDLF), of the objectives and



design of the project; and (ii) reviewing the ongoing activities and tasks required as part of the preparation process. The mission was a follow-up from the initial identification 'brainstorming' that was held on September 19th, 2011, and during a mission from October 25th -28th, 2011, between MDLF and the Funding Partners (FPs). The discussions held during the identification mission focused on two levels, namely the overall strategic sectoral issues related to MDP, including building viable institutions of the Palestinian Authority, and assessing the project's objectives and design.

Following to the identification mission, a preparation mission for the Municipal Development program II (MDP II) and the Supervision Mission for the Municipal Development Project I (MDP 1) was carried out by its Funding Partners (AFD, Government of Denmark, GIZ, KfW, Government of Sweden, BTC, the World Bank, and the Palestinian Authority) from June 11th – 18th, 2012. Supplementary discussions on Economic Analysis occurred from June 22-27, 2012. Revenue Generation for MDP 2, Engineering discussions for MDP I & II. The objectives of the mission included the following:

- a) for MDP 1: to assess the progress in implementing cycle 2 of MDP 1;
- b) for MDP 2: (i) assessing the preparation of the project thus far; (ii) determining conditions for appraisal and negotiation, together with a suggested timetable; (iii) undertaking detailed discussion on specific project preparation areas.

After that and during the period from 6-15 of November 2012, the Pre-appraisal Mission for the (MDP II) and the Supervision Mission for the Municipal Development Project I (MDP 1) was carried out by its Financing Partners (AfD, Denmark, GIZ, KfW, Sweden, BTC, SDC, VNG International financed by the Netherlands, the EU and the World Bank and the Palestinian Authority). The objectives for the pre-appraisal mission were: (i) preliminary appraisal of PDO, project design and implementation arrangements; (ii) a preliminary appraisal of the safeguard, fiduciary, economic and financial, implementation support, monitoring and evaluation and technical proposals and studies as required for the appraisal process.

The mission recommended such requests and documents to be finalized for the program to be appraised including the following: (i) decision on MDP national budget line; (ii) draft MDLF Strategy; (iii) MDP gender mainstreaming note; (iv) draft updated transfer mechanism manual; (v) Draft RfPs on Operations and Maintenance; (vi) list of sub-projects and capacity packages to be financed under amalgamation (Window 2); (vii) final decision on feasibility of including renewable energy (Window 2); (viii) Draft TORs for e governance advisor; (ix) Draft RfPs for key Window 3 packages including Physical Planning, FPPM; FARV, SDIP (all phases), OSS, External Audit, Citizenship Guidelines, Communications; (x) Budget Guidelines; (x) Final Results Framework; (xi) final excel sheets for economic and financial analysis; (xii) names of municipalities where procurement and FM would be 'post reviewed'; (xiii) consultation, finalization and publication of the Environment and Social Management Framework; (xiv) update and submission of manuals for procurement, FM, technical/operations, and capacity building; (xv) procurement plan.



2.1.9 : MDP Indicators

The table below summarizes the Sector and Program level objectives to which MDP contributes. Through its different phases, MDP contributes towards the implementation of the local government reform agenda .

Sector Related Objective under the PRDP						
Over all Objectives: <i>To improve the quality and coverage of municipal service delivery</i>	- <i>At the end of each program phase, municipalities citizens are rated satisfactorily on the quality and coverage of service delivery by citizens, through citizen satisfaction surveys</i> - <i>Percentage of coverage of municipal services (households, neighborhoods) through MDP-financed investments as shown in the MDLF municipal infrastructure database.</i>	<i>This indicator will be measured through a post survey to measure the citizens satisfaction survey. MDLF had contracted a consultancy firm to conduct the assessment survey. The assignment is still ongoing where the results will be ready by mid of March 2013.</i> <i>This indicator will be measured through a post survey of the municipal infrastructure database. This assignment was conducted by the PCBS as a single source where the results indicated such improvements in coverage of municipal services and municipal infrastructure. MDLF will highlight on the contribution of MDP to this noticeable improvement in services coverage.</i>				
Program Development Objectives: <i>To improve municipal management practices for better transparency</i>	- <i>The percentage of municipalities that graduate up the performance category in which they are currently classified, by the end of phase 1;</i> - <i>Percentage of municipalities that apply at least two public disclosure (publicly available SDIPs, Annual External Audits, project related data, municipal budgets and performance rankings) by the end of Phase 1</i>	- <i>The municipal graduation by end of cycle 1 is described as follows:</i> <table> <tr><td>D--C (86 mun)</td></tr> <tr><td>C--B (7 mun)</td></tr> <tr><td>D--B (4 mun)</td></tr> <tr><td>E--C (17mun)</td></tr> </table> <i>(86% of municipalities were graduated) However, MDLF had contracted a consultancy firm to conduct the municipal ranking update by end of cycle 2. The assignment is still ongoing an expected to be completed by mid of April 2013.</i> - <i>Based on the results of municipal survey which was conducted by end of cycle 1, the results were as follows: 68% of the municipalities applied at lease two public disclosure methods.</i> <i>However, MDLF is working on updating these results by end of cycle 2, where the results will be ready by mid of April 2013.</i>	D--C (86 mun)	C--B (7 mun)	D--B (4 mun)	E--C (17mun)
D--C (86 mun)						
C--B (7 mun)						
D--B (4 mun)						
E--C (17mun)						



Sector Related Objective under the PRDP				
Overall Objective				
Program Development Objective				
MDP Windows	Intermediate outcome	Achievements	output Achievement	
Intermediate Outcome	W1: Municipal Grants for Capital Investment	Percentage of investments financed that were identified in the municipal Strategic Development and Investment Plans (SDIPs)	All the municipalities that have SDIPs submitted sub-projects that are already identified in their SDIPs. (37 sub-projects) in the 1 st cycle and (198) in the 2 nd cycle.	<u>245 Km</u> of pavement, <u>3,085</u> street lighting units were supplied, <u>4,854 L.m</u> of retaining walls were constructed, <u>615 L.m</u> of culverts were constructed, <u>34.29 Km</u> of sidewalks were rehabilitated, 47 groundwater wells were rehabilitated, <u>15.3 Km</u> of water networks were rehabilitated, <u>27.7 Km</u> of wastewater networks were rehabilitated, <u>4 transformers</u> were installed, <u>5,510 sq.m</u> of public buildings were constructed, <u>29,000 sq.m</u> of public gardens were constructed, <u>498</u> solid waste containers were supplied.
		Percentage of investments financed under MDP Phase 1 that are operational and in adequate state of usability according to Technical Audits	Based on the technical audit & usability assessment which was conducted by individual consultants in West Bank and Gaza, the audit reports indicated that the functionality, usability, and sustainability of the selected sample of sub-projects (30) are acceptable and satisfactory. However one sub-projects in Gaza is partially utilized. (i.e) this indicator is over achieved where more that 96% of sub-projects are in adequate state of usability.	
	Window 2: Support to Municipal Innovation and Efficiency	The number of municipal amalgamation initiatives initiated, by the end of phase 1	8 newly amalgamated municipalities had selected 12 social and small scale of infrastructure projects in the fields of(health, education, culture, roads) .	This subcomponent is still under implementation
		The number of Energy-Efficient projects for enhancing municipal revenues that are implemented	One year after the installation of equipment's, a post process evaluation will be conducted and the results will be disseminated. The dissemination of results is anticipated to be by end of cycle 2	A number of energy efficient equipment , in particular, the pumps and the public buildings equipment and street lighting were installed for the targeted municipalities.
		Pilots of one-stop-shops implemented in at least 3 municipalities in Gaza;	This assignment is ongoing and it is anticipated to have one stop shop in 3 municipalities in Gaza	This sub-component is still under implementation
	W3: Capacity Building	The percentage of municipalities that graduate up the performance category in which they are currently classified, by the end of phase 1	<u>86% of municipalities were graduated by end of cycle 1</u>	<u>- CB for Municipalities: 84 municipalities</u> has benefited from the SDIP package, <u>96 municipalities</u> has benefited from the financial package (FPPM), <u>32 municipalities</u> has benefited from the fixes assists registration and valuation package (FARV).
		Procedures for Operations and Maintenance are established and piloted in at least 5 municipalities	The scope of this assignment was developed to have a manual for O&M regarding the roads and public facilities where a set of municipalities (more than 5) will be coached by a consultancy firm by the end of cycle 2.	More than 5 municipalities will be coached on the use of O&M
	W4: Program Management	MDLF's satisfactory performance as measured by meeting targets it defines in the Annual Work Plan;	MDLF has achieved more than 95% of the forecasted disbursement for 2010 ,2011 and 2012.	MDLF action plans and disbursement plans (2010 & 2011 and 2012) were prepared ,



2.2: Local Government Capacity Building Project (LGCBP)

The Palestine Liberation Organization has received a grant from the Kingdom of Denmark, for the benefit of the Palestinian National Authority, acting through the Danish International Development Assistance and the International Development Association (IDA). This project supports the on-going efforts of the Palestinian National Authority (PNA) to reform the local government system in the West Bank and Gaza (WBG) which is a core part of the wider overall public sector reform program being undertaken by the PNA with the support of the donor community. The Agreement for the project was signed in March 2005 and was extended till June 2012.

2.2.1 LGCBP Description

The overall objective of the program is to improve local governance and accountability thereby fosters an efficient and sustainable economic, social and physical development of the urban and rural areas in West Bank and Gaza. The Project is composed of the following three components:

❖ ***Component 1: Financial Management and Accounting Systems Reform:***

The main objective is to improve the accounting, financial management and budgetary control capabilities of MOLG and LGUs through a unified financial and accounting system for LGUs.

❖ ***Component 2: Physical Planning and Management Systems Reform:***

The main objective is to strengthen the capacity of MoLG and the LGUs in WBG in order to effectively guide, manage and monitor the development of urban areas and to be responsive for the needs of citizens.

❖ ***Component 3: Institutional Development (MOLG/MDLF):***

The main objective is to increase the capacity of the MOLG and the MDLF in order to manage a decentralized local government system.

2.2.2 Financial Partners Contributions

The grant received from the Kingdom of Denmark is DKK 60 million (equivalent to around US\$10 million) and is administered through the World Bank and implemented by the MDLF.

2.2.3 Activities & Achievements

❖ ***Component 1: Financial Management and Accounting Systems Reform***

The LGCBP has so far laid the foundations for improved municipal financial practices through the design of an Integrated Financial Management Information System. The system is based on three main concepts: **Fund Accounting**, Modified Accrual Bases, and unified financial reporting system. The Integrated Financial Management Information System IFMIS comprises of financial and accounting general policy note through a unified chart of account, unified budget format, Financial Policies and Procedure Manual (FPPM), fixed assets registration and valuation methodology, manual for assessing the financial departments at the municipalities and a computerized system that facilitates the implementation of the aforementioned elements. A mission for the World Bank in early 2010 including one of the renowned international accounting expert has the concept and structure of the IFMIS as an international best practice exceeding



municipal financial management practices in the region. The implementation of the IFMIS was planned to take place in two phases:

- A pilot phase including 5 pilot municipalities in the West Bank which are Nablus, Qalqilya, Birzeit, Dura and Beit Ummar.
- A roll out phase to take place at 3 municipalities in Gaza Strip (Rafah, Dir Al Balah and Al Maghazy) and 26 municipalities in the West Bank (Hebron, Bethlehem, Beit Sahour, Yatta, Al Sammou', BaniNaim, Surif, Tafuh, Jenin, Ya'abad, Qabatya, Tulkarm, Anabta, Jaba', Kufr Ra'ie, Al Yamoun, Baita, Qabalan, Jericho, Silwad, Deir Dibwan, East Bani Zaid, Qatanna, Bidya, Biddo and Al-zaytona).

Progress and achievements of component one during the reporting period:

- **Design and implementation of the IFMIS software in large, medium and small municipalities:** The IFMIS software is now ready and respond to the needs of large, medium and small-sized municipalities. IFMIS has been implemented at 33 out of 34 municipalities (since Hebron municipality preferred not to implement the system).
- **Shutting down the Old Systems:** 8 municipalities had completely shut down their old systems after working on the two systems in parallel for three to four months, and are now exclusively using IFMIS software.
- **Disaster Recovery Manual:** The objective of this consultancy assignment is to assist the municipalities in preparing a Disaster Recovery Manual. The manual defines the process, policies and procedures related to preparing for the recovery, or the continuation of technology infrastructure critical to the FreeBalance system implemented at the municipalities after a natural or human-induced disaster.
- **Establishing of a Help-Desk at the MoLG:** The Help-Desk is intended to support FreeBalance system both technically and functionally and is aimed at those municipalities currently utilizing the IFMIS Systems.
- **IFMIS Training Lab sessions:** This activity started in November 2011 and completed by end of January 2012 for the core financial (FA) and revenue (RMIS) modules. The Municipalities attended several workshops and training sessions in all the modules of the system. The 33 municipalities work on daily basis on core financial and revenue information system besides the additional additional support modules (purchases, performance budgeting, inventory and the fixed assets) .
- **Designing and Printing the following documents:**
 - 300 copies of the Modified Accrual Based Financial Procedure Manual for the Large Municipalities
 - 500 copies of the of the Modified Accrual Based Financial Procedure Manual for the medium and small Municipalities
 - 700 copies of the Fixed Assets Registration and Valuation Methodology.





❖ **Component2: Physical Planning and Management System Reform**

The LGCBP has developed a new approach and methodology in planning in cooperation with the MOLG. Where a new Physical Planning Manual in the West Bank and Gaza (PPM) was developed and approved by MOLG by the end of 2010. The new planning approach is being tested in pilot clusters before official finalization and adaptation from the government.

The overall objective of the Physical Planning Manual is to contribute to a well balanced and sustainable development process in the West Bank and Gaza through improved physical planning practices and procedures.

MDLF is currently piloting the manual in four community clusters **Al-Kafriyat** (*Al Ras, Kherbet Jbara, Kafr Zibad, Kafr Sur, Kafr Jamal, Kafr Abush, Kur*), **Qabatya** (*Qabatya, Misilya, Talfit, Al Shuhada, KherbetSab'in, Kherbet Tin, Al Zababdeh*) **Al-Eizariyeh** (*Al-Eizariyeh, Abu Dis, As-Sawahreh, Al Zuainm, Ash-Sheikh Sa'd*) cluster. Another cluster combining the physical planning assignment with the strategic development planning assignment is **Al-Ittihad cluster** (*Deir Ammar, Jamala, Beithillo*).

The purpose of the latest assignment is to pilot the implementation of the two manuals simultaneously and study the interactions between the two activities. This will be a learning process that will be reflected in the planning approach to be adopted by MOLG.

The progress of piloting the manual within the reporting period is described as follows:

- **Accomplishment in piloting the physical planning manual:**
 - **Aerial Orthophotos and Photogrammetry** were prepared for the piloted clusters in addition to Beit Fajjar.
 - Physical plans consisting of spatial development framework, land-use plans and additional complementary plans were concluded for **Al-Kafriyat** municipality, **Al-Ittihad** municipality, **Al-Eizariyeh** Cluster as well as **Qabatya** Cluster.
 - A Strategic Development and Investment Plan (SDIP) was developed in a participatory approach.
- **Designing and Printing the Building and Licensing Bylaw:** 1500 copies of the Building and Licensing Bylaw were printed and delivered to MOLG.
- **Preparing the Roads and Transportation Manual, particularly the specifications and standards:** the Roads and Transportation Manual was prepared and approved by MOLG. After getting the approval on the manual, one thousand copies were printed and delivered to MOLG.
- **Institutionalizing, updating and training on the Physical Planning Manual:** Several evaluation sessions were conducted with the municipalities, consultants and MOLG directorates to get feedback and lessons learnt from the pilot phase. Based on that, an updated version of the Physical Planning Manual was prepared and printed. Moreover, a plan to institutionalize the training on the Physical Planning Manual and training material were prepared, and several training sessions were provided to number of selected municipalities and MOLG staff.
- **Launching the Physical Planning Manual:** The physical planning manual was launched in a ceremony under the patronage and presence of H.E. Dr. Salam Fayyad and the minister of Local Government.

❖ **Component 3: Institutional Development (MOLG)**

Most of the assignments under this component were accomplished during the past years. In 2012 the following assignments witnessed progress:



- A promising initiative which MDLF is currently working on is the Projects and Grants Management Information System (PGMIS) that started to be used by MDLF as a management and tracking tool for its projects and activities. During the reporting period, MDLF continued following up the provider of the software to finish all the installations, customization, and training on the new system. Where the software is being tested and will be fully operated on a test base for MDPI-cycle 2.

2.2.4 Challenges

General challenges faced the LGCBP

- The general conditions under which the overall LGCBP has operated has changed dramatically between the period of conceptualization in 2004 and today, the political stand-still after the 2006 elections marking the most difficult period, in which no technical assistance to the MoLG, or municipalities could be provided due to the political situation. This resulted in delaying the implementation of key activities (e.g. Integrated Financial Management Information System, physical planning reform activities, etc) from 2006 until end of 2007.
- The nature of the LGCBP project and its objectives-as a reform initiative- that will dramatically impact the local government sector in Palestine including MoLG and LGUs, requires willingness and readiness to accept the proposed changes in existing management and systems related.
- Another major challenge that LGCBP project has faced is the large number of consultants that need to be managed by the MDLF.

Challenges faced the financial component

- There were technical problems with Free Balance Co. software especially in generating reports which took time to solve and delayed the implementation.
- Some of the pilot municipalities had incomplete financial data, which resulted in delays in implementing the Revenue Management Information System modules there.
- Low capacity and lack of sufficient staff at some municipalities
- Limited user acceptance to the new system since its more complex than their old systems.
- The change management process at the municipalities takes time.

Challenges faced the planning component

- Tribal dispute in Abu Deis an Al Sawhreh areas occurred and caused delays in conducting the first public meeting.
- Internal issues at Al-Karfriyat municipality postponed conducting the first public meeting at Al- Kafriyat cluster.
- Limited capacities at the municipalities in integrated planning.
- The implementation of the new approach (especially for preparing the spatial development framework) requires cooperation and joint work between the LGUs in the cluster which takes time.
- New approach in planning that was not previously implemented before by the consulting firms.



2.2.5 LGCBP missions

A supervision mission for the Local Government Capacity-Building Project (LGCBP) took place between June 3rd and 7th 2012. The main objectives of the mission were to review the implementation progress that had been made since the previous supervision mission. In particular, it aimed to review various aspects of the Integrated Financial Management Information System (IFMIS). The mission also aimed to review progress under the physical planning and management system component (Component 2) and the component focusing on institutional development of the MOLG (Component 3).

Following to the supervision mission, the Implementation Completion Report (ICR) Mission was took place between September 17th – 22nd , 2012. The mission had met with MDLF staff as well as some of MOLG staff who were engaged in the LGCBP implementation. The mission discussed in details the overall relevant, performance of the project, lessons learned, effectiveness, efficiency, sustainability of outcomes. They also discussed the LGCBP components concerning the Financial Management and Accounting Systems Reform, Physical Planning and Management Systems Reform and the Institutional Development (MDLF/MoLG) and conducted field visits to selected municipalities.

The ICR report indicated that the objectives, design and the implementation are highly relevant and the achievements of the PDOs are satisfactory. However, the efficiency of the project is moderate to substantial.

The ICR report indicated some lessons learnt from the implementation of LGCBP listed bellow:

- Need to ensure adequate appraisal, quality at entry and documentation of all operations.
- Operating in conflict environments necessitates a high level of supervision, especially for projects with a reform element.
- Pay particular attention to capacity equilibrium in the local government system.
- Associate beneficiaries when defining system specifications



2.3.6 LGCBP Key Achievements

Following is the LGCBP key achievements against the intended objectives according to the revised key performance indicators agreed with the FPs in the mission of April 2010.

Objective	Outcome Indicator	Achievements
Development Objective: <i>To improve local governance and foster the efficient and sustainable economic, social and physical development of the urban and rural areas in WBG</i>	Indicator 1: Reform in financial and accounting systems for LGUs put in place by the end of Project.	<i>For the first time in WBG, the project succeeded in paving the road for reforming the budgeting and financial planning procedures in the municipalities; Municipalities are preparing their annual budgets according to a UCA, and unified budgeting formats. A draft financial policy and procedures manual was developed and in place in the pilot municipalities. Fixed Assets Registration and Valuation (FARV) methodology was developed and piloted in 43 municipalities.</i>
	Indicator 2: Reform in physical planning procedures for LGUs put in place, by end of Project;	<i>A new physical planning approach and methodology was developed in collaboration with MoLG. The new PPPPM was positively received by the ministry and other stakeholders. The new planning approach is being tested in pilot clusters before official finalization and adaptation from the government.</i>
	Indicator 3: Indication of increasing public participation in the LGU decision making process;	<i>Increased awareness of the importance of citizens involvement in the LGUs decision is becoming more noticeable; the MoLG, MDLF, and other stakeholders in the sector have endorsed a set of policies and procedures that promote active public participation including the newly developed SDIP policy and manual, citizen participation manual of MDLF, citizen participation of MoLG (under development), and other related documents an initiatives. Moreover, MDLF and other donors in the sector are enforcing the involvement of the citizens through requiring the infrastructure projects to be identified through proper citizen participation.</i>



Component 1: Financial Management and Accounting Systems Reform <i>Objective (SO 1) : Improve the accounting, financial management and budgetary control capabilities of MOLG and of the LGU's</i>	<u>Achievement of SO1:</u> <i>The piloting of the new Integrated Financial Management Information System was completed in (5 municipalities), where different modules of the software have been installed and tested. Moreover, the training of the rolled out municipalities (28) on the software was completed where the coaching and implementation process is expected to be completed by end of June 2012.</i> <u>Achievement of Outputs:</u> • Different modules of the Integrated Financial and Management Information System (IFMIS) were installed, piloted in 5 municipalities and will be rolled out in 28 municipalities in the West Bank and Gaza by the end of the project. • Development and approval of a Unified Chart of Accounts, Coding and Budgetary Formats in WBG by end of 2007. • Inventory, identification and grouping of existing computerized finance-related systems in municipalities carried out, by end of October 2007. • The Evaluation and detailed analysis of existing best-practice municipalities was carried out, by January 2008. • The draft FPPM was produced mid-2009 and piloted in 5 municipalities. Based on the comments received from the municipalities, the Final Manual will be delivered in April 2011. • The Implementation plan for new accounting and financial management system was developed and phased out in a representative set of municipalities (First phase is not yet completed and the second phase will be completed by end of December 2011).
Output 1.1 (MOLG): New MOF-mandated computerized governmental financial and management accounting system for MOLG (including software, hardware, documentation and training, and based on system design prepared by separate MOLG/MOF consultants) reviewed, refined and subsequently implemented.	
Output 1.2 (LGUs): Computerized financial and management accounting system for the LGUs (including software, hardware, documentation and training, and based on a chart of accounts and budgeting framework separately prepared by UNDP consultants) developed, refined and subsequently implemented on a phased basis in a representative set of LGUs.	



Component 2: Physical Planning and Management Systems Reform <i>Objective (SO2): Strengthen the capacity of MOLG and the LGUs in WBG to effectively guide, manage, and monitor the development of the urban areas and be responsive to the needs of citizens</i>	<u>Achievement of SO2:</u> <i>The identification of the local urban planning practices and the identification of needed activities to achieve the objectives have been completed through a survey of the urban planning practices and needs in WBG in Feb-2008.</i> <i>The Physical Planning Policies and Procedural Manual (PPPPM) has been developed and adopted by the MoLG as a new approach for physical planning in WBG.</i> <i>Several training sessions have been conducted including ToT on the PPM.</i> <i>Piloting of the PPPPM is undergoing in selected clusters so to test the manual and enable MoLG to officially endorse it.</i> <i>An amalgamation policy and an operational manual has been prepared and delivered in June 2009. By end of 2010, MoLG had announced the amalgamation of four clusters based on the developed manual.</i>
Output 2.1 (MOLG and LGUs): The Physical Planning and Investment Programming capacity of MOLG and LGUs strengthened (including the capacity to develop guidelines for strategic planning, and for the programming, financing and management of key infrastructure and services). Also, implementation strategies, planning and programming guidelines, and action plans for LGUs prepared.	<u>Achievement of Outputs:</u> The physical planning manual was developed and endorsed by the MOLG in the end of 2010. The manual is currently piloted in three community clusters (Al-Kafriyyat, Al-Eizariyya , Al-Ittihad and Qabatya).
Output 2.2 (DJC and JSCs): The Physical Planning and Investment Programming capacity of MOLG's Department of Joint Councils (DJC) in Bethlehem and JSCs strengthened (including the capacity to further develop: the framework, strategy and program for consolidating small and economically unviable LGUs into efficient and sustainable Joint Service Councils (JSCs), guidelines for strategic planning, and guidelines for the programming, financing and management of key infrastructure and services). Also, implementation strategies, planning and programming guidelines, and action plans for the further consolidation and development of JSCs prepared.	- In November 2008 an Amalgamation Task Force (ATF) was formed and an outline for the amalgamation policy framework was developed and discussed with all stakeholders. - A policy and an operational manual has been prepared and delivered in June 2009. The decision on process, sequence and time line of amalgamation, however, is a political decision beyond control of MDLF. By end of 2010, MoLG has announced the amalgamation of four clusters based on the developed manual.
Output 2.3 (MOLG/DJ/LGUs/JSCs): Physical and Investment Plans and Programs (including strategic planning, investment programming, financing and management for key infrastructure and services) for a representative set of LGUs and JSCs implemented, and National system of JSC's rationalized and strengthened. (Includes software, hardware, documentation and training.)	The physical planning manual is being piloted in three clusters, and will be piloted in the fourth cluster (Qabatya) in April-2011. Given that, the SDIP will be piloted in parallel with the physical planning manual in one cluster (Al-Ittihad). Hence, it is expected to have 4 physical plans by the end of 2011.



Component 3: Institutional Development (MOLG) Objective (SO3): Increase the capacity of MOLG and MDLF to manage a decentralized local government system	<u>Achievement of SO3:</u> • Enhance the capacity of more than 132 MOLG employees in computer applications and related office skills. • Equipment and furniture were purchased for the MOLG headquarter and district offices benefiting approximately 200 employees in addition to the provided training. • Improve the coordination between the MOLG departments of Gaza and West Bank through the setup and usage of video conference equipment • Enhance the skills of IT staff at MOLG in network management and IT support. One of the main goals was to enable the MOLG to implement and use their own email systems (i.e. info@molg.gov.ps) and activate their internal network. • Financial and Management courses training and English and communication skills courses have been conducted to municipalities, departments of the MOLG, and district offices.
Output 3.1 (MOLG/PCU): Lead Capacity Building Consultant/Advisor (individual or a consulting firm), and urgently needed LGU budget advisor and (4-5) key budget staff for MOLG's Budget Department recruited.	<u>Achievements of Outputs</u> • The Capacity of more than 132 MoLG employees in computer applications and related office skills were enhanced. An evaluation test was conducted before and after the training, the test shows that the employee's skills in using the computerized programs have been improved by 35%. • Equipment's and furniture had been purchased for the MOLG headquarters and district offices benefiting approximately 200 employees as per the Organizational analysis, departmental needs assessment conducted in July-2007 • The skills of IT staff at MoLG in network management and IT support were enhanced. One of the main goals was to enable the MoLG to implement and use their own email systems (i.e. info@molg.gov.ps) and activate their internal network. • Departmental needs assessment and implementation action plan were prepared by end of July 2007, based on the MOLG overall organizational analysis undertaken by UNDP.
Output 3.2 (MOLG Departments): The overall MOLG organizational analysis, redesign and training needs assessment (separately prepared by UNDP consultants) reviewed, and further detailed review at Departmental level completed. Also, Departmental Capacity Building strategy and implementation action plan prepared (including improved MOLG Operational and Management Procedures, well equipped Departments, and the recruitment of additional key staff). Further, essential equipment, not exceeding 40 percent of total expected requirement, procured.	• The MDLF systems through the installation of a Project and Grant Information Management System (PGMIS) was developed that would integrate all needed Palestinian local government data. • English courses training: The MDLF has contracted the AMIDEAST to provide training to MDLF and MoLG staff on English language skills. The number of participants in this training will be nearly 100 employees from MoLG headquarters and district offices and twelve staff members from MDLF. • Recruitment of four junior accountants at Budgetary Department and Monitoring Department at MoLG



Component 4: Project Management and Operating Support	<u>Main Achievements</u> ▪ The MDLF as an institution has been created from the PTS/PCU and currently in operation ▪ The MDLF internal procedures, bylaws, and manuals have been developed and are in place. ▪ The MDLF developed its Strategic Plan, and HR policies, and is currently finalizing its M&E systems, and PGMIS. ▪ Training of MDLF staff in various topics including; procurement, and PMP.
Output 4.1 (EMSRP/PCU): Capacity Building Group established, alongside MOLG's existing EMSRP PCU and PTS; and LGCBP coordination, monitoring and reporting capacity developed. (Includes software, hardware, documentation and training.)	



2.3: Local Development Programme (LDP II)

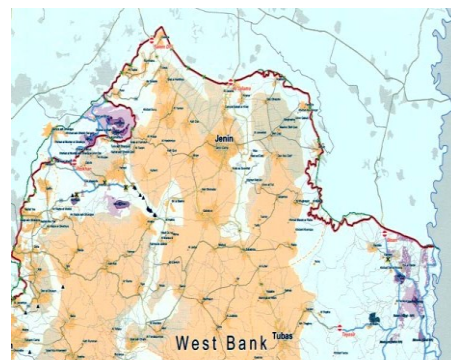
The Palestinian local government system is in a development process that involves, increased decentralization, strengthened fiscal, organizational and management capacity, increased citizen participation, and improved efficiency and viability of service provision, where the new amalgamation policy adopted by MoLG serves these local governance concepts.

In January 2007, MDLF with Danish support implemented a pilot project to support local development in the northern West Bank, targeting the Joint Service Council for North East Jenin. This pilot project led to be as a pre-amalgamation phase for the area where the lessons learned were used to design a more thorough program of LDP.

2.3.1 LDP II Description

The overall objective of the LDP program is to support service delivery at the level of local government by piloting amalgamation of two local government clusters consisting of existing local governance units. This will be achieved through institutional development of the local administrations and through implementation joint infrastructure, social and cultural projects. It is expected that an important output of the programme will be a best practice model that can assist the Ministry of Local Government to promote amalgamation of small local councils into municipalities throughout the Palestinian territories.

The programme is managed by the MDLF working through the Joint Service Council of North East Jenin (Area 1)¹, and a joint committee of the LGUs in the (Area 2)² as shown in the map.



The implementation of LDP was planned to take place into two phases, where the programme activities fall under three main components:

❖ **Institutional Development:**

This component focuses on the administration and management of the municipality and municipal councils.

❖ **Social and cultural projects:**

To improve the social and cultural facilities in the LDP areas on the basis of needs expressed by local communities through the LGUs, joint projects for the entire area were prioritized.

❖ **Joint infrastructure projects:**

To improve the infrastructure facilities in the two areas on the basis of needs expressed by local communities through the LGUs.

¹Area 1 includes ten village councils comprising the Joint Service Council (JSC1) North East Jenin. The JSC1 is chaired by the council of Deir Abu Daif. The village councils are: Jalama, A'mana, DeirGhazzala, BeitQad North, BeitQad South, Arbuna, Khaba, Faqua'a, Jalbun, and Deir Abu Daif.

²Area 2 includes Maythalon municipality, Siris, El-Jidedeh and Sir Village-Councils.



2.3.2 Financial Partners Contributions

The Government of Denmark provides a total grant of up to DKK 24 million (approx. USD 5.0 million) in two phases, the agreements for the two phases were signed in June 25th, 2008 and December 6th, 2009 respectively.

2.3.3 Activities & Achievements

During the pilot phase, an amalgamation strategy and operation manual were developed **-under the (LGCBP-comp.2)-** by the MoLG task force with assistance from a technical consultant funded by the Danish government and the guidelines have been approved by MoLG. The pilot phase is considered the base for implementing the LDP phases.

The first phase of the programme started early 2009 and was scheduled to finish by end of that year. Where the implementation was guided by a steering committee chaired by the MoLG on the policy level. It is worth mentioning that the implementation of LDP-I was subjected to some delays, in particular the implementation of social and cultural sub-projects, along with infrastructure activities. Consequently, the agreement of LDP-I was amended to March 31st, 2011 while the LDP-II was amended until March 31st, 2012.

Most importantly, 2010 marked the year of mergers in the two areas, and two new entities were created, Marj bin Amer and Al-Muttahida municipalities, where the official announcement by the Ministers Cabinet was made on the Dec. 22th, 2010.



During the reporting period, the following activities and accomplishments were taken place:

During the reporting period and particularly in the 1st quarter of 2012, eight field visits were conducted by the MDLF & MoLG staff to the targeted municipalities to check and supervise the implementation process on the ground and to participate in the committees for subprojects handover. Furthermore, the Steering Committee had met two times and technical committee had also met four times to discuss the implementation progress in both municipalities targeted by the LDP-II.

The second phase implementation was accomplished by March 31st, 2012

Following is the accomplishment and activities per component



❖ Institutional Development:

- The areal photogrammetry for Al-Muttahida municipality was approved by MDLF and MOLG. Additionally, the physical plans and SDIPs for both municipalities were completed by the end of March 2012.



❖ **Social and Cultural Projects:**

- All of the social and cultural activities along with the social and cultural sub-projects for LDP-II were completed during the year 2011 in accordance to the proposed action plan. However, some of the activities were subjected to delays due to unforeseen obstacles. Table 9 illustrates the implementation status of the approved social activities:



Table 9: List of LDP social activities

No.	Activity	Municipality	Allocated Budget (\$)	Status
1	Open day for school students	Both municipalities	14,000	Completed in April 2011
2	Labors Day	Both municipalities	4,000	Completed in May 2011
3	Palestinian Child Day	Both municipalities	5,000	Completed in May 2011
4	Municipal Youth Council activity	Both municipalities	39,900	Completed in Dec. 2011
5	Dabka activity	Both municipalities	28,620	The first contract was terminated in Dec. 2011. A new contract was signed on December, 27 th 2011 to implement cultural activities in both municipalities and completed by the end of March 2012
6	Older Journey activity	Both municipalities	4,000	Completed in September 2011
7	Ramadan Evening activity	Both municipalities	10,000	Completed in August 2011
8	Training Courses for Women regarding the following: * food processing, canning and packaging, * course on planting Mushroom	Both municipalities	5,000	completed by the end of March 2012

- Regarding the progress of approved sub-projects, table 10 illustrates the status and progress of implementation in both municipalities:

Table 10: List if social and cultural sub-projects

No.	Community Development Project	Municipality	Allocated Budget (\$)	Status
1	Rehabilitation and furnishing of Sir kindergarten project	Al-Muttahida	22,000	Completed in Dec. 2011
2	Supply of medical equipment project of the Centre for Zuhair Abu Eisha for people with special needs	Al-Muttahida	21,000	Completed in July 2011
3	Development of health center in Seres	Al-Muttahida	20,000	Completed in August 2011
4	Establishing shelters for some schools	Al-Muttahida	20,000	Completed in Dec. 2011
5	Food Processing Center	Al-Muttahida	22,000	Completed in Dec. 2011
6	Computer Lab for some Schools	Al-Muttahida	15,000	Completed in July 2011
7	Supplying Furniture for the municipality Building	Al-Muttahida	30,900	Completed by mid-February 2012
8	One Stop Shop	Al-Muttahida	47,120	completed by the end of March 2012.
9	Public Library	Marj Bin Amer	20,600	Completed in December 2011
10	Computer lab and Internet	Marj Bin Amer	22,000	Completed in December 2011
11	Center for food processing	Marj Bin Amer	22,000	Completed in December 2011
12	Sewing Center	Marj Bin Amer	21,000	Completed in December 2011
13	Establishing a Vegetables Shrubs' Saplings Nursery	Marj Bin Amer	21,000	Completed in December 2011



14	House of processing and packaging of agricultural products	Marj Bin Amer	13,000	Completed in December 2011
15	Supplying Furniture for the municipality Building	Marj Bin Amer	33,400	completed by mid. February 2012.
16	One Stop Shop	Marj Bin Amer	47,120	completed by the end of march 2012.

❖ **Infrastructure Projects:**

- The construction of the Al Muttahida Public Garden was completed in March-2011, noting that the implementation started in Oct-2010 with some delays due to the decision from the Steering Committee to replace the (original project –sport center) with the (public garden 4,700 sq.m).
- The list of infrastructure projects for LDP-II were approved by the steering committee regarding the (budgets, time frame, locations, and beneficiaries) for both municipalities. Where the status and progress of implementation is illustrated in table 11 bellow:



Table 11: List of infrastructure projects

No.	Infrastructure Project	Municipality	Allocated Budget (\$)	Status
1	Culture and sport center for Marj Bin Amer Municipality	Marj Bin Amer	300,000	Completed in December 2011
2	Extension of Marj Ben Amer Municipality Building	Marj Bin Amer	250,000	completed by mid-February 2012
3	Construction New Building for Al Muttahida Municipality	Al-Muttahida	250,000	completed by the end of February 2012
4	Rehabilitation of internal and connection roads for Al Muttahida Municipality	Al-Muttahida	300,000	Completed in October 2011

2.3.4 Challenges

- The amalgamation process of local government units into two municipalities has taken longer time than it was planned as it is a reform initiative requires willingness from the LGUs to amalgamate and due to sensitive political, social and cultural considerations.
- Other major challenge is the lack of understanding from the amalgamated LG staff of the new institutional structures, jobs description and manuals.



2.3.5 LDP Key Achievements

MDLF and as part of M&E system is regularly reporting on the key achievements of LDP-I & II. Following is the LDP achievements against the intended objectives and indicators as per the Programme Log-Frame.

	<i>Indicator</i>	<i>Progress and Achievements</i>
Development Objective		
Sustainable improvement of living conditions in Jenin District	Social and physical infrastructure improved and maintained	Social and the physical infrastructure projects have been identified through community participation. These projects will significantly contribute to the improvement of living conditions to more than 19,000 beneficiaries in the first Area and to more than 22,000 in the second Area. The progress and achievements of the social and physical infrastructure are as follows: - Paving 17 Km of access roads. - Construction of sport and cultural center in area 1 (Marj Bin Amer) with an area of (1700 sq.m). - Construction of public garden in area 2 (Al-Muttahida) with an area of (4,700 sq.m) - Construction New Building for Al-Muttahida Municipality and Extension of Marj Bin Amer Municipality Building (1,100 sq.m)
Immediate Objective		
Improved delivery of services through increasingly integrated LGUs in Jenin District	Social, cultural and infrastructure projects implemented within budget, on time and good quality	The social, cultural and infrastructure projects that were implemented under LDPI and LDP-II are roads, public facilities and community development projects with the aim to improve the accessibility and movement of citizens in the target areas and to improve their living conditions. Along with infrastructure and social projects, the MDLF worked on setting up the institutional arrangement and organizational structures of the two areas including the development of the legal framework.
Outputs		
Output 1: A best practice model developed for assisting village councils and small municipalities in the amalgamation process.	Number of councils amalgamated	Two councils have been amalgamated and the progress of amalgamation within the LDP programme was described at the activity level.
Output 2: Social and cultural projects implemented with a potential for sustainability.	Number of projects completed	16 Social and cultural sub-projects were completed in both municipalities.
	Number of beneficiaries	The total number of beneficiaries are more than 19,000 beneficiaries in area 1 (Marj Bin Amer) and more than 22,000 in area 2 (Al-Muttahida).
	COs deliver good quality reports and accounts	
Output 3: Infrastructure projects implemented through labour intensive construction methods with a potential for sustainability.	Labor intensive concept for infrastructure construction included in the design	All (5) physical infrastructure projects were undertaking labor-intensive construction works. This contributed to lowering the unemployment rate of the two areas and generating more income especially for disadvantaged families.
	Number of beneficiaries	19,000 beneficiaries in area 1 (Marj Bin Amer) and more than 22,000 in area 2 (Al-Muttahida).
	Number of work-days created	A total of 5,850 Person—Day were created by the implemented social, cultural and infrastructure projects.



Output 1: best practice model developed for assisting village councils and small municipalities in the amalgamation process.

Component	Roles	Activity details	Lessons learned
1. Institutional Development	<u>MOLG</u> -Monitor, advice , and guide the implementation of this output in order to ensure alignment with national policies and coordination with other related national bodies. -Facilitate and support the amalgamation requests submitted by the LGUs. -Adopt lessons learned and experiences from the amalgamation process of the LDP in the national policy formulation. <u>MDLF</u> -Appoint a consultant to manage this activity. -Implement the asset valuations. Identify present capacity and capacity needs in cooperation with the local government needs. -Make and implement a prioritized plan for infrastructure, equipment and systems installation, including training and capacity development for operation of the systems. -Conduct a study on municipal income/revenue in the two areas. -Document lessons learned from the activity and incorporate them into the national strategy for amalgamation of LGUs. <u>Local Government Units</u> -Provide data for asset valuations -Provide data to MDLF staff consultants on existing administrative and management capacity, including buildings and equipment. - In cooperation with MDLF, identify administrative and management capacity needs, for an amalgamated municipality, including buildings, equipment and training needs. - Provide land, buildings, equipment and staff, where appropriate, to the amalgamated municipality. - Send an official request to MOLG for permission to amalgamate. Reallocate staff, buildings, equipment, etc for the operation of the amalgamated municipality	▪ A steering committee was chaired by MoLG and headed by the Deputy Minister. ▪ A technical committee headed by the MoLG District Office in Jenin Governorate was formed (MoLG staff, Councils representatives, MDLF staff). The committees guided the process and monitored the implementation. ▪ The committees received request from Local councils of Maythalon, Siris, Al Jadideh and Sir on August 1st, 2008 to join the program as one cluster, and the request of JSC1 on 2nd Sep. 2009 ▪ MoLG decision was made to formulate Area 2 into one joint council on May 3rd, 2009. ▪ In 2009, a comprehensive survey was conducted to explore the possibility of merging the capacity of both village councils and the JSC1 to carry out and administer the merging process. The study revealed that 70% of the people seem to agree on merging. ▪ The assets registration and valuation assignment was accomplished ▪ An organizational assessment was conducted for both clusters and the following were developed: - Organizational Structure with job description. - Departments functions and responsibilities - Human resource development plan with training needs assessment. - 18 employees from both - Procedural manual which describes the functions and duties of the departments and personnel including a work flow chart(s) to clarify the movement of main documents. - Needs assessment for the municipalities. - The legal framework and establishment bylaw was developed for the amalgamated municipalities. - Based on the needs assessment report IT equipments were purchased for the two clusters, the equipments included: PCs, printers, copiers, servers and total stations. ▪ The Announcement of merger was issued on 22nd Dec. 2010 ▪ Several Visits and meetings with media coverage were held through the year of 2010 to promote the merger. ▪ The areal photogrammetry and the physical plans and SDIPs were accomplished by the end of March 2012. ▪ 18 employees received a training in five fields (management, financial, survey & GIS, communication skills and English language)	L1: Pre amalgamation phase should include joint planning as a first phase (SDIP and physical plans should be prepared) along with implementation of joint social and infrastructure projects. L2: More effort should be put to coordinate with all ministries involved at the local level.



Output 2: Social and cultural project implemented with a potential for sustainability

Component	Roles	Activity details	Lessons learned
2. Social and Cultural Projects	MDLF -Use and refine the guidelines for identification, selection and implementation of social and cultural projects that were developed in the pilot phase. -Continue the appointment of a community development consultant in MDLF. Assist Community Organizations (COs) in identifying income-generating projects/activities. -Encourage LGUs and COs to contribute financial and in-kind contributions to the projects where possible. -Assist LGUs on conducting public information activities regarding amalgamation into municipalities. -Advice and hold workshops for CO staff on project management and monitoring. Assist the JSCs selection committee in the selection of projects. -Transfer funds to the JSCs for project implementation, advice on accounting procedures, and monitor financial reporting. Monitor implementation of projects, and prepare progress reports. Local Government Units -Spread information about the criteria for project selection, and procedures for application. -Conduct public forums in which ideas are put forward and discussed, and in which agreement is reached about which ideas should go forward to the application stage. -Assist the COs in making the applications and ensuring there is a sustainable operation strategy. Monitor and advise on project implementation	▪ To increase the social interaction among communities in each cluster a social, sport and cultural week was organized. The activities included sport competitions between the two clusters; plays for school children from different classes, arts and poetry completion for women in the two clusters. At the end of the week a closing ceremony was done and prizes were distributed to the winning teams. ▪ In addition to that, several activities were conducted within two areas including: open day, Ramadan evening, labor day, training sessions for women.....etc. ▪ 16 community development projects were approved to be implemented within two areas as per the LDPII action plan proposed by the technical committee and approved by the steering committee. 12 sub-projects out of 16 were completed during 2011, while the other 4 were accomplished by in 2012.	L1: Awareness campaigns and media coverage that reach all citizen groups are very essential to keep the momentum towards the success of merging.



Output 3: Infrastructure projects implemented through labor intensive construction methods, and with a potential for sustainability

Component	Roles	Activity details	Lessons learned
3. Joint Infrastructure Projects	MDLF -Tender for, appoint, and supervise an engineering consultant to assist in implementing this component. -Assist the LGU or JSC in the selection of infrastructure projects based on selection criteria. -Assist the LGU or JSC with the preparation of design, and specifications to accommodate the guidelines for labor intensive construction methods. -Assess the need for infrastructure capacity development in the LGU, JSC and the village councils. Ensure environmental assessments are conducted where appropriate. Local Government Units: -Spread information about the criteria and procedures for project selection. -Assist with community meetings to inform about projects prior to and during the implementation. - Assist village councils in identifying, prioritizing infrastructure projects based on the set criteria. -Prepare design and tender documents. -Conduct tendering, tender evaluation and award tender. -Receive funds from MDLF for the projects. -Conduct community meetings to inform the community about the project prior to and during the implementation. -Supervise construction, issue completion certificate and release of bond after liability period. - Carry out ongoing maintenance of the infrastructure facilities	▪ Rehabilitation of joint roads in Marj bin Amer was completed on 2nd Feb. 2010, with total length of 11.9Km. ▪ Rehabilitation of joint roads in Al-Muttahida municipality was completed on 8th April, 2010 with total length of 5.5Km of connection roads. ▪ Construction of sport and culture center in Marj Bin Amer municipality including: one playground, multi culture hall, rooms, audience seats area. The total area was 1700 sq.m. ▪ Construction of public garden in Al-Muttahida municipality. The project site lies at the middle of the cluster with total area 4,700 sq.m. The garden includes (a service building, children play area, sitting area for families, children swimming pool, parking area and green areas). ▪ Construction of new building for Al-Mutahida municipality and extension of Marj Bin Amer municipality building (1,100 sq.m).	L1: joint infrastructure road projects should be considered a pre-amalgamation phase especially in separated geographical areas and villages, as there is a need to create physical connections.



2.4: Local Development Programme (LDP III)

The Palestinian local government system is in a development process that involves, increased decentralization, strengthened fiscal, organizational and management capacity, increased citizen participation, and improved efficiency and viability of service provision, where the new amalgamation policy adopted by MoLG serves these local governance concepts.

In January 2007, MDLF with Danish support implemented a Local Development Program (Phase I & Phase II) in Jenin Governorate targeting the two newly amalgamated municipalities (Al-Muttaheda & Marj Ben Amer). Phase I of the program led to be as a pre-amalgamation phase for the two areas, and the second phase of the program (LDPII) aims to strengthen the requirements of the sustainability of the amalgamation of local bodies in both regions through improving the level of services provided by the municipalities Marj Ibn Amer and Al-Muttahida.

A programme review for LDP was undertaken in April 2011 that recommended, in recognition of the continued need of support to amalgamation, the priority given to amalgamation by MoLG and achievements from the LDP (I-II), to design a new and final phase of Local Development Programme (LDP III) to upscale support for LGU amalgamation in new, needy geographical areas.

A programme identification mission conducted in (June 2011) and a programme formulation mission in (July 2011) subsequently worked with MoLG, MDLF and the Danish Representative Office (DRO) to design a new programme reflected in the present document.

The LDP Review (April 2011) noted many achievements including the formalization of the new municipalities and establishment of various community and joint infrastructures to form a basis for the further development of the two new municipalities and contributing to the improvement of livelihoods in the communities. However, the review also noted some areas that could be improved upon in future support to amalgamation including:

- Clarification of amalgamation procedures and improved communication of these to all stakeholders including LGU staff, politicians and community members,
- The amalgamation process should be more systematic – following a clear plan based on the (updated) Amalgamation Manual,
- Initial step of amalgamation process should be assessment of technical, financial and social viability of the amalgamation,
- An initial plan for the process should be clearly agreed upon with local political leadership and communities and clearly documented/disseminated,
- This should be followed by a planning process for the new Municipality: outlining the future vision and broad priorities and forming the initial elements of a SDIP prior to investments in infrastructure,
- The identification, selection, and planning of individual projects for funding should be further improved upon to ensure that they contribute to the viability of a new municipal council by providing sustainable joint services,
- Projects in support of local economic development (LED) should be highlighted as a particular relevant area for LGU intervention in their SDIP,
- The governance aspects of the entire process should generally be strengthened – in particular, issues related to women's and youth's participation in the interim municipal council structures and later permanent municipal council.

2.4.1 (LDP III) Description

The overall aim of the Local Development Program phase III is to assist the Local Government Units (LGUs) in each of three areas to amalgamate into a municipality and strengthen mechanism for improved local governance



through involvement of women, youth and action research on local governance issues. The LGU amalgamation will be achieved through institutional development of the local administrations and through implementation of joint projects (infrastructure and community development projects). The program approach is based on the experiences from support to LGU amalgamation in Jenin Governorate (LDPI and II) that developed a best practice model for the MoLG to promote amalgamation of small local councils into municipalities throughout the Palestinian territory.

The LDP III will support amalgamation of smaller, unviable local government units in **three clusters** in the West Bank into new municipalities with potential for delivery of more cost effective and sustainable services to its residents. The identified clusters include one in Hebron Governorate (Dura cluster), One in Nablus Governorate (Qabalan cluster), and one in Salfet Governorate (Salfet cluster).

The overall development objective is ***'Improved service delivery and governance for citizens through LGUs in the West Bank'***.

The immediate objective is ***'Strengthened base for better service delivery of LGUs through sustained processes of LGU amalgamation and improved local governance'***.

The program will be implemented and managed by the MDLF working through the Joint Service Council or joint committees of the LGUs in the ***selected three clusters***. A program Steering committee, chaired by the MoLG will guide implementation on the policy level. The Danish Representative Office (DRO) will follow implementation closely through the program steering committee.

The Steering Committee (SC) is the formal mechanism for joint decision-making concerning LDPIII between the MoLG, MDLF, relevant local stakeholders and the Danish Representative Office (DRO).

2.4.2 Financial Partners Contributions

The Government of Denmark provides a total grant of up to DKK 42 million (approx. USD 7.6 million) in 36 months, the agreement for the LDPIII program was signed in November 16, 2011.

2.4.3 Activities & Accomplishments

During the reporting period the following activities were conducted:

- The Steering Committee had met twice on February 20th and March 6th -2012, and approved the work plan for the proposed activities under the LDP-III.
- The MDLF and MOLG staff had also conducted eight site visits to the targeted clusters and gave an orientation sessions to the local communities within those clusters. The orientation sessions highlighted on the importance of the programme for the targeted communities and encouraged them to formulate joint committees as a prerequisite for the implementation process.
- The MDLF recruited a community development and urban planning officers to assist in the implementation process of the programme.
- The contract with a consultancy firm for the study of "feasibility study and willingness to amalgamate for three clusters" was signed for South East Nablus & Salfit clusters.
- The TOR for needs assessment study was prepared, where the assignment is anticipated to start early April 2013.





2.4.4 Challenges

The LDPIII faced challenges and obstacles where the implementation progress was subjected to delays due to the following:

- Problems which have occurred in the amalgamated municipalities and its impact on local communities in the targeted clusters.
- The local election hampered the implementation of the project 6 months due to the preparations for the election process and deliver the elected councils.
- The Ministry of Local Government has not yet finished a clear strategy for the amalgamation process.

2.4.5 Lessons Learnt

- Large participation of communities in the program activities is essential.
- The communication strategy by the cluster and its citizens should be improved.
- More efforts should be exerted to coordinate with all ministries involved at the local level.



2.5 Local Government Reform and Development Programme (LGRDP)

Belgium has accepted to consider local governance as a priority sector for the Belgian-Palestinian Cooperation. Therefore, Belgium accepted to support the Ministry of Local Governance reform by a 5-year programme “Support to Local Government Reform and Development Programme” (LGRDP). The programme will support the government’s decentralization efforts by strengthening the smaller and non viable local governments into more sustainable and effective structures through the government policy of Local Government Units (LGU) amalgamation and the creation of joint service arrangements for LGUs. In addition, the program will support the institutional development of selected departments of MoLG and contribute to the joint donor funded Municipal Development Program (MDP).

2.5.1 LGRDP Description

The general objective of the programme is to strengthen the institutional and management capacities of the local government system. The specific objective is to support institutional reform through improved capacities and services of selected clusters of smaller LGUs, and to improve the institutional capacity of MoLG. The proposed programme will have three components as follows:

The LGRDP has three components supporting five key results as follows:

Component 1 – Support for MoLG Capacity Development

The first component of the intervention is oriented towards capacity development of the MoLG. As described in the previous section, several steps have been taken towards the development of a coherent capacity development strategy for the Ministry, primarily at the level of assessments, diagnostics and goal setting. However, as mentioned in the Ministry’s Strategic Framework 2010-2014 and its associated Development Initiatives, the development of an administrative and organizational structure, including clear job description, titles, job classifications, guides and manuals, and performance evaluation system is one of the goals for 2010, and therefore, is currently an outstanding challenge; since a clear administrative and organizational structure is highly desirable to engraft a coherent and sustainable capacity development plan could upon.

Result 1 - Selected departments of MoLG capacitated to implement the MoLG strategic plan

Component 2 – Reform and improved capacities and services of smaller LGUs

The programme will support reform and improved capacities and services of smaller LGUs in four selected clusters as shown in table 12 below:

Table 12: LGRDP Targeted Clusters

No.	Cluster	Geographical Area	Governorate	Localities
1	Beita	North “West Bank”	Nablus	Audala , Beita , Ausreen , Za’tara
2	Beit liqya	Middle “West Bank” Cluster	Ramallah	Beit liqya , Kharbatha al Musbah Beit seera, Beit nuba
3	Jort eshama’	South “West Bank” Cluster	Bethlehem	Jort eshama’ Um salamona Wadi ennis , Marah m’ala Marah rabah , Al ma’sarah Khalet Elhaddad , Al mansheeyah Wad rahal
4	Karmel	South “West Bank” Cluster	Hebron	Karmel , Main, Khalet saleh Hadedeyah



The LGUs will receive four broad areas of support:

1. Institutional development: studies, information campaign and consultations for facilitation of appropriate amalgamation process including development of SDIP and physical plans.
2. Capacity Building of LGUs: through temporary support for staff employment, training, equipment, manuals, software etc. as well as support for office construction.
3. Infrastructure and services: financial support for implementation of local priority projects including water, waste, roads, electricity etc. Emphasis will be on investments that will facilitate joint provision of services for selected clusters of smaller LGUs; eligibility of sectors shall be defined by the Programme Steering Committee
4. Socio-economic development: social activities, public awareness campaigns, LED studies, one stop shop in LGU etc that will enhance citizen engagement and downwards accountability of the LGUs,

Initially smaller LGUs which formally have a LG status as village councils or project committees will supported, but it is expected that their formal status will be changed into municipalities. The decision to amalgamate will be demand driven – i.e. selection of clusters for possible support will be based on expressed local demand for LGU restructuring. Alternative arrangements for provision of joint services may also be supported – but it is likely that the vast majority of smaller LGUs will opt for formalization of their new LGU-status as Municipal Councils.

The four types of support mentioned above will be undertaken in a phased manner. In particular will it be ensured that the overall technical and social viability (local acceptance) of the proposed amalgamation is confirmed before further investments are made in capacity building or infrastructure.

Result 2 - Smaller LGUs in selected clusters have developed appropriate joint institutional arrangements for joint services and amalgamation

Result 3 - Capacities of the selected LGUs are enhanced for improved planning, HRM, financial management, service delivery and accountability

Result 4 - LGUs service delivery is improved through sustainable infrastructure development in the four clusters

Component 3 – Support for newly amalgamated municipalities (MDP-aligned)

The aim of Component 3 is to ensure that newly created municipalities – not yet incorporated in an on-going MDP planning cycle – are provided with access to financial means (grants for capital investment) on the basis of clear, performance-based criteria (i.e. Aligned with the modus operandi of Window 1 of the MDP). The Belgian contribution under Component 3 should also be seen as an indication of Belgium's commitment to donor harmonization in this sector, where MDP to date is the only joint donor financed initiative.

More specifically, the Belgian intervention will, from January 2011 onwards, enable newly amalgamated municipalities to access MDP-like funding through its window 1. From January 2013 onwards, an additional financial contribution for newly amalgamated municipalities is planned for. The municipalities benefiting from Component 3 will be identified according to formal amalgamation processes being accomplished, as described, and planned for, in the 'Homestretch to Freedom - The Second Year of the 13th Government Program' document, where merging and amalgamation initiatives for the different governorates have been identified.

Result 5 - Newly amalgamated municipalities are continuously progressing their performance

The Municipal Development and Lending Fund (MDLF) is the implementation agency for components 2 and 3 of the programme.



2.5.2 Description of Beneficiaries

The following main beneficiaries can be identified at local and national level:

- **At the decentralized level:**

- ✓ Staff and politicians in the selected clusters of LGUs,
- ✓ Staff at the district level,
- ✓ Residents in the selected clusters of LGUs – on the basis of the initial list from MoLG of six priority areas this amount to approximately 83,000 persons.

- **At the national level:**

- ✓ Ministry of Local Government (MoLG) in its capacity of key actor for delivering policy formulation, providing a regulatory framework, setting quality standards, technical assistance & advice, M&E, and sector coordination. Particular attention will be given to the following units:
- ✓ Complaints Directorate;
- ✓ Internal Control Directorate;
- ✓ Department of Formulation and Merging.

2.5.3 Financial Partner

The program will be implemented over five-years period with total budget of **(Euro 15 million)**, where the agreement between the Belgian Development Agency and the MoP was signed on October 28th, 2010. Table 13 illustrates the budget breakdown.

Table 13: LGRDP Budget Break Down

Component	Allocated Budget (Euro)	Implementing Agency
Component 1: CB of MoLG	1,824,140	MoLG
Component 2: Support for amalgamation in 6 areas (incl.equivalent of 7% management fee)	9,000,000	MDLF
Component 3: MDP Contribution (incl.7% management fee)	2,900,000	MDLF
General Means (International TA salaries, administrative and financial officer, reviews, etc) and budgetary reserve	1,275,860	
Total	15,000,000	





2.5.4 Activities & Accomplishments

During the reporting period, the following activities and accomplishments regarding the 2nd and 3rd components have taken place as illustrated below:

Component 2: Support for reform and improved capacities and services in smaller LGUs.		
Result 2: Smaller LGUs in selected clusters have developed appropriate joint institutional arrangements for joint services and amalgamation	Activity 2.1: An initial survey of the technical and financial viability as well as social acceptability of the proposed future institutional arrangements	Sub-Activity 2.1.1: The 1 st phase of awareness campaign assignment was completed whereas the 2 nd phase is still in progress. (60% completion) Tasks completed in the 1st phase of awareness campaign : - Revision of the data collected by the consultant. - Revision of the LGUs assessment and the citizen's survey questionnaire. - Conducting a visit to a successfully example of amalgamation "Al-Kafriyyat municipality". - Distribution of brochure. - Conducting a public meetings in each cluster. - Revision of the data collected by the consultant regarding the (post survey after the awareness campaign) - Identifying the social and infrastructure projects. - Revision and approval of the final report for the awareness campaign assignment. Tasks completed in the 2nd phase of awareness campaign : - Preparation of Communication Action Plans. - Drafting of 4 communication action plans for the 4 JSCs - Review and revisit of the action plans with the JSCs - Finalizing the contents of the action plans with cost estimates - Preparation of specifications for all the sub activities in the action plans.
	Activity 2.2: In cooperation with the LGUs, a valuation will be made of the each local council's assets that would be incorporated in the new municipality	Sub-Activity 2.2.1: The Fixed Assets Registration and Valuation assignment was completed (100% completion). Tasks completed: - Technical Proposals Evaluation. - Financial Proposal Opening. - Negotiation with the high ranked firm. - Signing the Contract. - Conduct Kick-off meetings.



		- Review of Inception report. - Work Plan with LGUs. - Gathering of fixed asset sheets. - Investigation of data. - Carry out physical inspection of fixed assets. - Coordinate with MDLF, MoLG, and local committees for standards and regulations. - Preparation of draft fixed asset register. - Preparation of the final fixed asset register.
	<u>Activity 2.3:</u> The LGU will be supported with consultants hired under the project and technical staff from MDLF to develop a comprehensive development plan in line with the national guidelines.	<u>Sub-activity 2.3.1:</u> The Strategic Development and Investment Plans were completed whereas the physical planning is still in progress. (80% completion). <u>Tasks completed regarding the SDIPs:</u> - Follow up the diagnosis of the current status. - Follow up the formulation of the vision and objectives. - Setting integrated operation plans and evaluation plan. - Preparation of the draft SDIP. - Follow up with Municipal Council to Approve the SDIP - Conduct The Second Public Meeting - Prepare the final SDIP <u>Tasks completed regarding the SDIPs:</u> - Review the planning framework report. - Determining the possibilities and challenges. - Supervise the sectoral assessment. - Approving the Spatial Development Framework Plan SDFP. - Submission the negative of the aerial photos.
	<u>Activity 2.4:</u> The LGUs will be supported to develop a comprehensive capacity development plan that inter alia will include recommendations for organizational structures staffing, office facilities, training programmes and minor equipments.	<u>Sub-Activity 2.4.1:</u> The institutional capacity assessment and development assignment is in progress. (30% completion) <u>Tasks completed regarding the institutional capacity assessment:</u> - Technical Proposals Evaluation. - Financial Proposal Opening. - Negotiation and signing the contract with the high ranked firm. Where the implementation of the assessment is in progress.



		<u>Tasks completed regarding the Technical Assistance to the Common Water Department (CWD) “ of the Joint Service Council for Planning and Development (JSCPD) / Beit Leqya Cluster.</u> - Technical Proposals Evaluation. - Financial Proposal Opening. Where the implementation is anticipated to start soon.
<u>Result 3:</u> Capacities of the selected LGUs are enhanced for improved planning, HRM, financial management, service delivery and accountability	<u>Activity 3.1</u> capacity development programme will be implemented	<u>Sub-activity 3.1.1:</u> The Equipment and Furniture were supplied within the targeted clusters. (100% completion) <u>Tasks completed:</u> - Supply of IT Equipment for JSCs. - Supply of Furniture for JSCs. - Supply of Total Station for JSCs. - Supply of Stationery for JSCs.
		<u>Sub-Activity 3.1.2:</u> The office building (extension or renovation) activity is in progress. (15% completion) <u>Tasks completed:</u> - Assess the current needs for JSCs buildings. - Preparing the bidding documents.
		<u>Sub-Activity 3.1.3:</u> The financial support for 12 months initial employment of staff activity is in progress (80% completion) <u>Tasks completed:</u> - JSCs need assessment. - Announcing the vacancies (Secretary, Engineer, Urban Planner and Accountant) for each JSC. - CVs Shortlisting. - Interview shortlisted candidates. - Recruitment and contracting. - Follow up with recruited staff.
<u>Result 4:</u> LGUs service delivery is improved through sustainable infrastructure development in the clusters	<u>Activity 4.1:</u> Provision of funding for infrastructure development that enhance the new institutional status of the LGU (amalgamated into municipal council or as JSC).	<u>Sub-Activity 4.1.1:</u> Implementation and follow up of the approved infrastructure sub- projects. (90% completion) <u>Tasks completed:</u> - Review the infrastructure projects identified with public participation within the awareness campaigns. - Get the steering committee approval



		on the first phase infrastructure projects. - Bidding documents for the approved projects were prepared. - The implementation is in progress.
Component 3: Support for newly amalgamated municipalities (MDP-aligned). The BTC financial contribution under this component is going to be distributed among the amalgamated municipalities through MDP, starting from the 2nd cycle. Noting that, during the reporting period, MDP- 1st cycle was under implementation where the 2nd cycle planning started by the end of 2011. Consequently, the BTC contribution under (MDP-Window 1- 2nd cycle), was distributed among (10) amalgamated municipalities where MDLF informed the municipalities about their allocations and started receiving their projects priorities.		
Result 5: Newly amalgamated municipalities are continuously progressing their performance	Activity 5.1: Undertake regular assessments of municipalities and provide general oversight and guidance to the concerned LGUs (by MDLF staff)	Sub-Activity 5.1.1: Municipal Ranking Assessment was completed. (100% completion) Tasks completed - Evaluate the new amalgamated municipality to decide their performance category in accordance to the municipal performance criteria used by MDLF. <u>All the amalgamated municipalities in Rank C)</u>
	Activity 5.2: Provide fiscal transfers to municipalities that is linked to their performance during the assessments. In this manner the municipalities will be provided with incentives for continuous improvements in their performance.	Sub-Activity 5.2.1: Fiscal Transfers to the amalgamated municipalities is in progress. (90% completion) Tasks completed - Inform the municipalities about their allocated budget. - Nominate projects for implementation according to their SDIPs or by conducting public participation sessions in case they don't have SDIP. - Projects appraisal phase. - Bidding documents preparation phase - The implementation is in progress.

Note: For more details about the list of approved sub-projects under component 2 & 3 as well as the results report 2012 please see annex C.



2.5.5 Challenges

During the reporting period the implementation process was subjected to such delays due to the following:

- More than one assignment and activities were carried out in each cluster confusing the targeted clusters.
- The formulation of the Joint Service Councils as well as the clusters identification process were delayed.
- Limited resources in the clusters.

2.5.6 Lessons Learnt

- The awareness campaigns should start before any assignments such physical planning and Fixed assets...etc. Moreover, the awareness should be conducted continuously throughout the programme life cycle.
- The LGRDP technical committee should include the JSCs representatives to compliment and reflect the local needs.
- Having a National Working Group consists of all those in charge of amalgamation such as MoLG/ Policy Unit, MoLG, MDLF/ LGRDP team, MDLF, LDP and the relevant donors will contribute to tackle the issues and current challenges in addition to come up with solutions and mitigation measures if needed.
- The financial planning should be more realistic while the operational plans should cover all the durational activities.





2.6 Local Government Policy Development Programme (LGPD)

The “Local Government Policy Development Programme” LGPD, aims at supporting the Palestinian National Authority (PNA) policies and programs on its way to state building. This program is funded by the Danish Government and executed through the Municipal Development and Lending Fund (MDLF) on behalf of the Ministry of Local Government MOLG.

This program supports the on-going efforts of the Palestinian National Authority to reform the local government system at the national level. The Local Government Policy Development Programme (LGPD) was formulated in October and December 2010 in close cooperation with the Ministry of Local Government (MoLG) and the Municipal Development and Lending Fund (MDLF). In April 2011 an agreement signed between the MoLG and the Danish Representative Office (DRO) specifying MDLF’s responsibility for the LGPD implementation and the management of the programme.

2.6.1 LGPD Description

The overall objective of the programme is to “support the building of a sovereign, democratically viable Palestinian state, guaranteeing basic human rights and security for its population, creating the framework for economic growth and delivering basic services by contributing to the establishment of a viable strategic framework for municipal development.

The Programme is composed of the following three components:

- **Component 1: Support to Policy and Strategy Unit in MoLG**
The main objective of this component is for MoLG to have a fully functioning policy and strategy unit, capable of formulating and monitoring MoLG policies and strategies being implemented in the local government sector.
- **Component 2: Support to Municipal Development and Lending Fund (MDLF)**
The objective of this component is to strengthen MDLF to implement its working programme with enhanced efficiency, effectiveness and quality including implementation of policies for the LG sector.
- **Component 3: Support to the Association of Palestinian Local Authorities**
The objective of this component is to strengthen APLA in its ability to voice the interest of LGU members in policy issues.





2.6.2 Financial Partners Contributions

The grant of DKK 4.8 million (equivalent to around US\$862,940) was received from the Kingdom of Denmark for the benefit of MoLG, MDLF and APLA where the fund will be managed by MDLF.

2.6.3 Activities & Achievements

❖ Component 1: Support to Policy and Strategy Unit in MoLG

The Component objective is: “MoLG has a fully functioning Policy and Strategy Unit, capable of formulating and monitoring MoLG policies and strategies to be implemented in the local government sector.” Three indicators are linked to this objective (although they are mainly output indicators) and several others are presented at output level.

Overall component 1 progress

Programme document Indicator	Status as of December 2012	Comments
No vacancies at the PSU.	One of the two director positions is vacant. Five other persons are working in the unit, as planned.	Progress on track.
Employment contracts going beyond termination of the project.	Three employment contracts go beyond termination of the Programme (permanent staff).	Progress on track.
Number of quality policy papers produced	Progress has been made regarding three policies. However, only preliminary studies/drafts have been prepared thus far.	Progress on track.

The primary purpose of the establishment of a Policy and Strategy Unit (PSU) in MoLG is to enhance the ministry's capability to prepare coherent policies and strategies in the field of the local government sector and to transform these policies and strategies into action plans which can subsequently be implemented. The capacity of the PSU is considered to be much higher than when the Programme started, but PSU is, according to observers, yet to prove its role and expertise in development of policies. The status for the outputs are as followed:





Component 1 output progress

Programme document outputs	Status as of December 2012	Comments
Support to contracting staff and setting up working stations Output indicators: Head of unit and staff hired Sufficient offices available Equipment purchased.	All PSU staff members have job descriptions. As mentioned under the component objective, five out of six positions have been filled (a director for monitoring who was working until September 2012 and has yet to be replaced). Equipment has been purchased.	Progress on track
Support to prioritisation of key areas for policy and strategy development by PSU Output indicator: Prioritised key areas for development of concrete policies, strategies and action plan integrated in the PSU work plan for 2011 & 2012.	Policies have been prioritized. At present: 1) amalgamation/classification (seen as one policy); 2) decentralization policies.	Progress only partially on track. The next steps for the preparation of policies are not clear.
Support to awareness raising and integration of the PSU in MoLG work. Output indicator: Existence of active cross cutting working groups in MoLG.	Meetings are being held with focal points in departments and directorates. PSU attends the Planning Council attended by all directorates.	Progress on track.
Support to development of concrete MoLG policies, strategies and action plans in accordance with the PSU Work Plan. Output indicator: Existence of coordinated MoLG Policy Action Plans and policies within selected key policy areas. Training materials on specific topics.	As the component objective indicator status states, progress has been made regarding three policies. However, only preliminary studies/drafts have been prepared thus far. Training has been carried out on policy formulation, monitoring, indicators, the logical framework approach, Project management and English language.	Progress not on track and there is a need to strengthen PSU capacity and relations with the Planning Council. There is a need to speed up implementation from the partner side and LGDK needs to provide additional inputs once partners have advanced with policies.
Support to development of general methodologies, guidelines etc. regarding development of policies, strategies and action plans and regarding monitoring methodologies, approaches and procedures. Output indicators: Documentation of methodologies and internal guidelines available. Methodologies and guidelines are used in the further development and monitoring of policies, strategies and action plans.	Input has been provided on methodology for policy processes and policy-making, and an internal paper has been produced. It can be said of both 1.4. and 1.5. at an overall level, an improved Action Plan to the MoLG's overall strategy has been prepared, although with support from CHF. an internal paper/guidelines have been produced, but it has not yet been used efficiently.	Progress on track. There is a need for PSU – based on the guidelines from LGDK - to prepare and formalize their own internal paper on how to prepare policies and strengthen PSU capacity in this area.
Output 1.6. Development of communication strategy (internal and external). Output indicator: Existence of a communication strategy.	To be prepared in 2013.	Progress yet to be assessed.



In what follows, some additional comments are made on the status of output 1.3. (Support to integration of PSU in MoLG and policy development), 1.4. and 1.5. (Development of concrete policies and methodology):

Support to awareness raising and integration of the PSU in MoLG:

The integration of the Policy and Strategic Unit (PSU) to the Ministry of Local Governments (MoLG) is probably the most visible result of the support being provided. From Programme onset, the PSU has been strengthened in its capacity to relate with other departments and to involve them in monitoring. PSU has established links with focal points in other 11 departments (in the MoLG at national level) and 11 directorates (throughout West Bank). The focal points also had the opportunity to participate in two training sessions including monitoring evaluation and policy formulation. The departments fill in data on progress and submit reports to the PSU. LGDK has also presented information on indicators in the training which have further strengthened and confirmed the importance of having a monitoring system. Some of the indicators from the workshop are being used in the monitoring system. The PSU is also considering preparing a manual on monitoring for the unit's use. This will important to institutionalize procedures, the PSU has changed considerably during 2012. Before, the PSU was less organized, but now there is much better communication and coordination with the unit. The legal department has provided an input to the policy formulation process, indicating which municipal competences are their own and therefore not shared with the national level.

The table below presents the indicators that LGDK has brought forward during the training workshop. Likewise, it mentions those indicators that in fact are being used by the MoLG and PSU. Although some indicators have already been considered by PSU before the LGDK training sessions, it shows that PSU is on the right track of using SMART indicators and that they share LGDK's opinion of "what is a good indicator."





Use of SMART Specific – Measurable – Accurately defined – Relevant and Time bound indicators

Indicators suggested by LGDK	Indicators used by PSU in monitoring system.
Number of submitted license applications	The same
Number of LGU which have scheduled their utility bills	The same
Number of issued licensed.	The same
Number of complaints with follow up	Number of complaints resolved (also number of complaints, but not registered in practice).
Number of legal advice provided	The same.

Of 16 examples of indicators presented by LGDK, PSU is using 12 (as part of a total of approximately 60 indicators). The indicators are reported on a quarterly basis, which means they are time-bound.

Support to development of concrete MoLG policies, strategies and action plans

MoLG has prepared a prioritized list of policies to be prepared. It is the intension to initially work with the support of the programme and LGDK with the two policy areas at the top of the list. Initially an 'internal HR policy for MoLG' and 'City beautification' were chosen as concrete examples for study and comments by LGDK; to enable the PSU unit and related departments to fully understand the needed framework for formulating policies and what might be missing in the on-going practise. Then MoLG planning council selected the following policies to be formulated with the programme support:

- ✓ Municipal fulfilment of their service obligations and other duties
- ✓ Amalgamation
- ✓ Decentralization



Among other issues, the Programme has supported training for other MoLG staff on the formulation of working processes for policies, strategies and action plans. In September 2012, LGDK gave training on "identification of indicators for monitoring the strategic framework for MoLG 2010-2014." The presentation points toward possibilities for revising the sectoral strategic objectives and sectoral goals. Likewise, it presents the log frame approach (objectives, results, activities, indicators), in which the MoLG operates using a language of goals, objectives, sub-objectives, initiatives and activities. The PSU has contributed to the update of the MoLG's Strategic Plan and its action plan AP. The knowledge offered by the TA being provided has yet to be applied to this process. The MoLG has decided to



maintain the present goals and objectives. Likewise, the AP indicates the main department in charge of an activity and the allocated budget. A local consultant, financed by CHF, in coordination with the deputy assistant and the PSU, had reviewed the strategic plan and the overall action plan after consultation with each department. In the future, and under ideal circumstances, the PSU may prepare a review of the strategic plan without having to use a local consultant.

While this case shows that PSU in general has been strengthened in terms of overall coordination of the preparation leading to the formulation of POA, the MoLG has not yet decided to implement LGDK's suggestions of revising objectives/goals. It may be argued that it also would be difficult to adapt the LGDK in the "middle of the 2010-2014 period" when it could be used for future plans.

Development of concrete policies:

Some progress has taken place regarding the actual preparation of policies. Regarding the amalgamation/classification and decentralization process, preparatory studies (diagnosis) have been made.

The legal department has identified 18 areas where local governments have their own competences. Likewise, a "reality-check" with municipalities took place, showing that they in fact still must deal with national regulations even in areas where they have competences. Regarding amalgamation, a gradual process involving several steps has been suggested, as opposed to a more rapid merger of the LGUs.



The PSU is waiting for green light from the Minister and the Planning Council for the considerations spelt out in these diagnoses before they can move forward with the preparation of the policy for amalgamation and classification. The situation of having prepared a diagnosis or working paper shows the need for a "how to make policies" note from the PSU, so that it is clear to everyone – including the Planning Council – exactly where in the process the preparation of a working paper fits in (it is first step before actually preparing any draft policies).



Box 1: Case of Working Paper as preparatory instrument for policy: An Internal Diagnostic Report on the Amalgamation Policy and Procedures at the Ministry of Local Government

The aforementioned working paper (Internal Diagnostic Report) was prepared during 2012 and submitted several months ago for comments to the Planning Council (which includes directors from each department and the Minister). Some individual persons have provided comments, but there is no overall, formal feed-back from the Council, which is needed for PSU to be able to continue the work.

The 10-page working paper has for its purpose to:

- Diagnose the reality of the amalgamation policy and procedures adopted by the Ministry of Local Government (MoLG)
- Identify any the administrative and procedural gaps in the implementation of the adopted policy and suggest ways to address and overcome such gaps.
- Identify the obstacles and impediments that accompanied policy implementation in the areas that MoLG has targeted for amalgamation.
- Propose specific recommendations to the Ministry aiming to advance a unified amalgamation vision, policy and discourse that will be implemented by the Policy Unit at MoLG

The working paper ends of with a proposal of four phases: 1) selection and choice of LGUs for amalgamation; 2) community initiation and preparation (raising awareness); 3) formation of new LGUs; and 4) official announcement of amalgamation.

The four phases are quite similar to the process carried out in some other countries, including in some aspects the process in the case of Denmark presented by LGDK. The importance of having a longer process to amalgamate is expected to lead to a higher degree of eventual social and political acceptance.

The final phrases of the working paper state: **“Please give your comments, feedback and instructions so that the PSU has a chance to further develop the ideas contained within this draft into an official policy that could be adopted along with the specified procedures”.**

MoLG suggested that in the future, deadlines should be set for planning council contribution. Likewise, it was suggested that PSU could outline a brief action plan for the process of formulating the policy, in which the preparation process is explained. As an example, the steps provided by LGDK may serve as an inspiration, although the mentioned steps may be merged or expanded. Likewise, after a first draft policy has been consulted, briefer consultations may be made using a “draft policy + policy strategy.”

Step 1: Definition of policy issue:

1.1: Working Paper prepared and deadline for Planning Council’s comments.

1.2.: Adjustment of Working Paper

Step 2: Definition of Position in policy hierarchy

Step 3: Definition of level of ambition of the policy.

Step 4: Links and interdependence to other policies and tools:

Step 5: Thorough mapping of stakeholder interests

Step 6: Change mechanisms and agents:

Step 7: Sequencing of initiatives

It will be important to coordinate with – and support – other departments which are working on strategies linked to amalgamation (e.g. joint service council), and to collect and take into account amalgamation experiences from the donor-supported programmes. The policies are very important. Possible impact of such policies would mean that i) conflicts may be avoided if the amalgamation process is carried out according to clear steps; ii) amalgamation may imply better services, because of large-scale advantages for the new municipalities; and iii) municipalities may be encouraged to provide more services through incentives.



LGDK contribution

The technical assistance (TA) applied by (LGDK) is based on the learning-by-doing principle combined with coaching and with specific training on selected subjects. LGDK carried out four visits in connection with the programme and the components. A report was prepared for each visit, covering all components. In relation to component 1, all visits included actions concerning outputs 1.2., 1.3., 1.4. and 1.5.

For each visit, LGDK consulted the PSU on information and material needed. Workshops were organized with participation by the PSU, the focal points in the departments and the directorates. A number of Power Point presentations have been prepared, including the following:



- On framework of preparation of PSAPs (Policies, Strategies and Action Plans), November 2011
- MoLG Policy and Strategy Unit – Strategy Development and Local Government Indicators, May 2012
- Policy Development and Municipal Classifications. May 2012.
- Logical Framework Analysis, September 2012
- Identification of indicators for monitoring the Strategic Framework for MoLG, September 2012

For several of the presentations, a Background Paper has been produced to provide further inputs. As indicated in the 2011 Inception Report, delays had already occurred that same year, and the first two visits November 2011 and February 2012 could probably have contributed more to partners if prioritization of policies and the role of the policy unit had been concluded at that point.



Component 2: Support to Municipal Development and Lending Fund (MDLF)

The component objective is: “MDLF strengthened to implement its working programme with enhanced efficiency, effectiveness and quality, including implementation of policies for the MD&LG sector.” There is no indicator for the component objective or for all outputs. The indicators are mainly at activity level, as summarized below:

Component 2 output progress

Outputs and output indicators	Status of as December 2012	Comments
2.1: MDLF prepared for implementation of LEAN culture Output indicator: Internal LEAN Consultants identified LEAN management dedication confirmed.	- Completed. - The Lean thinking was introduced for managers and midlevel staff from the West bank department of MDLF (12) as well as from Gaza department (5, via video link). The introduction included a description of the overall planned course of the LEAN training.	Progress on track. MDLF confirms explicitly LEAN dedication, and intends to integrate it to be part of HR management plan.
2.2: Training and Lean application Output indicators: MDLF: consultants trained MDLF management and staff are aware of LEAN.	- First training session was held with 15 participants (three day duration). - The second follow-up seminar was conducted in December. the three teams in west bank has completed application of training (workshops with other departments) and Gaza team witnessed delays and have just begun this work.	Progress on Track MDLF staffs are very much aware and committed to LEAN
2.3.: Follow-up and consolidation Output indicator: New working procedures identified.	Pending – some suggestions for new working procedures seems to be identified, but yet to be confirmed.	Progress yet to be assessed. Third training is scheduled in March 2013

As the “lean approach” is a combination of increased customer value and better quality, increased job satisfaction and improved efficiency. MDLF decided to invest in its staff by introducing them to these concepts through training a group of employees from diverse departments in West Bank and Gaza. The workshops on indicators and the LEAN methodology have provided inspiration and some of the trained staff members have initiated internal processes where they apply their new skills. The LEAN methodology is intended to increase efficiency, among other issues, by identifying bottlenecks in





management (“waste” of procedures, time, etc.). The General Director clearly stated the institution’s will to use and implement the LEAN methodology. After the first introduction to LEAN, the MDLF staff was organized in four groups, each of which is to visit another department in order to initiate a LEAN process. The second training session has focused on lessons learned from this first exercise. However, due to other workloads, including other donor requirements, the third training session was postponed to early March 2013.

❖ **Component 3: Support to the Association of Palestinian Local Authorities**

The objective of this component is “*strengthening its ability to voice the interest of LGU members on policy issues*” through active participation of Palestinian Local Authorities (APLA), and since election of the executive committee had not taken place in APLA since 2006, the component had deliberately not been finalized, but left “open” until APLA was “ready” to receive support. The main indicator for the component objective is: *APLA strengthened in its ability to voice the interest of LGU members in policy issues*. By the end of 2012, there are still considerable frictions between municipalities/LGUs governed by the different political parties, and in particular between municipalities in Gaza and the West Bank. The General Assembly of APLA was held in December 2012 following the local elections in West Bank, and a new executive committee and board of directors are to be elected before February 2013. In any case, within the present Programme the focus could be on involving municipalities and APLA in policy formulation processes and arrangements would be included through the program in 2013 to insure the voice of LGUs included in the policy formulation.





2.6.4 LGPD Key Achievements

Table 14 below illustrates the LGDP key achievements against the outputs according to the pre identified results frame work:

Table 14: LGPD Key Achievements against the Programme Intended Objectives

Component 1: Support to Policy and Strategy Unit in MoLG	
Objective: MoLG have a fully functioning Policy and Strategy Unit, capable of formulating and monitoring MoLG policies and strategies to be implemented in the local government sector.	
Output 1.1 (MOLG): Support to contracting staff and setting up working stations	<u>Main Achievements</u> - Job descriptions for all six PSU positions are developed. - Announcement of positions for the (Head of Unit and Monitoring and Documentation Director), and head hunting of the secretary. - Selection and hiring of PSU staff to be finalized late February 2012. - Purchasing computers and furniture for the PSU office spaces: three IT tenders were made, and one furniture tender.
Output 1.2: Support to prioritization of key areas for policy and strategy development by PSU	<u>Main Achievements</u> - Conduction of a PSU Work Plan seminar/ work session was made and the PSU was presented for the higher planning council. - A list of prioritized polices were identified by the PC.
Output 1.3: Support to awareness raising and integration of the PSU in MoLG work	<u>Main Achievements</u> - Orientation meetings were made to clarify the roles and duties of the PSU, and to present their work, through the regular meetings of the planning council. - Focal points within different directorates were established.
Output 1.4: Support to development of concrete MoLG policies, strategies and action plans in accordance with the PSU Work Plan	<u>Main Achievements</u> - A second contract was signed with LGDK to support to plan the process of developing concrete policies, strategies and action plans: LGDK introduced the policy and strategy framework to the PSU, and an inception report and orientation was made, two missions were scheduled of which the first was conducted in Oct-Nov 2011 and Feb 2012. - Support to the actual development of the selected concrete policies, strategies and action plans: as a first phase two examples were chosen: City beatification and HR Policy framework, which were translated to English, reviewed and discussed with the staff and related departments. The recommendation then was made to work with priority polices of: - Municipal fulfilment of their service obligations and other duties: a draft study was made based on a survey conducted among municipalities and several workshops were conducted with municipalities



	- to get their feedback. - Amalgamation: several workshops were made and lessons-learned were documented, a draft modified strategy is prepared but yet not endorsed. - Decentralization: not yet started ▪ Training of PSU staff on specific subjects stemming from the working processes: the first training is 60 hour tailored English Course for four staff members of PSU, policy making, introduction to similar experiences. PMP training, monitoring and evaluation training.
Output 1.5: Support to development of general methodologies, guidelines etc. regarding development of policies, strategies and action plans and regarding monitoring methodologies, approaches and procedures.	▪ PSU with the assistance of LGDK prepared "steps to formalize a policy" ▪ Action plan for preparing policies is drafted.
Output 1.6.: Development of communication strategy (internal and external).	The activities under this output have not yet started
Component 2: Support to Municipal Development and Lending Fund (MDLF) <u>Objective:</u> MDLF strengthened to implement its working programme with enhanced efficiency, effectiveness and quality including implementation of policies for the MD&LG sector.	
Output 2.1 (MOLG): MDLF prepared for implementation of Lean culture	<u>Main Achievements</u> ▪ Introduction meeting to Lean with the MDLF was made by KL team.
Output 2.2. Training and Lean application	<u>Main Achievements</u> ▪ Selection of MDLF staff to be educated as ILCs. ▪ A meeting with Gaza via video conference was made to MDLF employees about "lean". ▪ Conducting the first lean training in May 2012 ▪ Conducting the second lean training in December 2012
Output 2.3: Follow-up and consolidation	<u>Main Achievements</u> ▪ The lean trainers are working on specific cases of work flow with MDLF departments.
Component 3: Support to the Association of Palestinian Local Authorities <u>Objective:</u> APLA strengthened in its ability to voice the interest of LGU members in policy issues.	
▪ This component is pending: as a prior requirement is: APLA should have the newly elected mayors and councils on board to insure democratization processes are pursued and the policies formulated included the voice of LGUs, this is anticipated in March 2013	



2.6.5 Challenges

- The nature of the programme and its objectives to establish and introduce policy making at the national level for the local government sector, needs high commitment and change management process at the Ministry of Local Government, and APLA. Changes in the interests of MoLG can affect the process of policy making negatively.
- There are several risks envisaged as follows:

Political:

- The PNA avoids introducing / passing new laws and the Legislative Council is not working. This may affect the Programme's result, as necessary changes to new policies may not take place.
- LGU and PNA lack a democratic mandate, as local and national elections have been postponed (conducted in WB, still pending in Gaza). This may be a risk for Component 3 in particular (the need for APLA to have legitimacy).

Security

- Increased intimidation of and insecure environment. The general security risk on the West Bank and Gaza is a potential risk for the Programme and affects both implementation and coverage (it has materialized in Gaza in November 2012).
- The capacity and the lack of sufficient PSU staff at the start of the programme resulted delays in some activities.
- MDLF is involved in many other programmes and may not be sufficiently involved, thus this might affect the implementation of "lean-six sigma" improvements.



III - Annexes

I Annex A – Institutional Achievements at Strategic Level

III Annex B – (MDP)

III Annex C – (LGRDP)

IV Annex D - (Financial Data)



ANNEX A

Institutional Achievements at Strategic Level



Strategic Theme I: Empower and Develop the Capacities of Local Government Units (SO1, SO2)

Strategic Objective by 2012	Strategy	Activities/Outputs leading to achieve the outcomes
SO1: promote the institutional capacities of local authorities	Strategy 1: Upgrading and building an effective institution (administrative, financial and technical wise) in LGUs that matches with the developmental orientations of the Ministry of Local Government.	Financial aspect: Assess, design and implement streamlined capacity building programs/ packages for LGUs. 1. IFMIS: MDLF has worked on applying the unified financial system (Integrated Financial Management Information Systems - IFMIS) in 33 municipalities. The municipalities and the MOLG were supported with equipment, servers, computers and software's to develop their institutional capacities as required to implement (IFMIS). 2. Fixed assets registration: MDLF completed registration and valuation the assets in 50 municipalities through LGCBP, MDP-I, LDP and LGRDP programs. 3. External Audit: MDLF promoted external audit in municipalities, assisted in preparing the TOR for interested municipalities, and used Ext. Audit as a criteria of performance, by 2012 more than 32 Municipalities had ext. Audit. Administrative & Technical aspects: building systems and Develop human resources in LGUs (capacity building, E-Systems, working manuals, etc). 1. Developing manuals and guidelines: MDLF has developed set of manuals for the benefit of municipalities including: - Financial policies and procedures manual - Fixed assets registration manual and methodology, - Physical planning manual - Strategic Development and investment planning manual, - Budget preparation guidelines - Budget endorsement guideline for MoLG.. - Amalgamation by-law and new institutional arrangements were developed. - Community participation manual - LG Policy making guideline for MoLG 2. Piloting best practices: MDLF worked on promoting best

		practices in local government sector - The physical planning manual has been piloted in 6 clusters through LGCBP, LGRDP and LDP. - Energy savings equipment were installed in 4 municipalities. - 2 amalgamated municipalities. 3. Awareness campaigns: MDLF conducted several awareness campaigns in more than 35 villages anticipated to be amalgamated in the future. 4. Coaching and capacity building: MDLF is working on developing the performance of municipalities regarding the financial and planning aspects, through the capacity building packages that are being implemented under different projects, particularly the MDP, - MDLF completed the coaching of 109 municipalities on the use of the financial policies and procedures manual through MDP-I and LGCBP respectively. - Build the capacity in 91 municipality on SDIP preparation and update - MDLF had conducted several training courses for the municipalities (quality control, procurement, environmental and cost benefit analysis). - Learning days and orientation sessions: MDLF conducted learning day for 109 municipalities on SDIP and conducted orientation sessions for newly elected mayors in different fields in LG (legal, financial gender and planning).
	Strategy 2: Provide comprehensive and necessary technical support	Build a database for providers of technical assistance and consultants in the Palestinian local government sector. - Infrastructure Baseline Data: MDLF had worked with PCBS to collect municipalities' data base including the infrastructure baseline data, the institutional data and others for years 2009, 2012.. - MDLF is working on establishing an information exchange mechanism with MOLG, LGUs and MDLF. - MDLF is working with PCBS and other national institutions for the (Local Governments Information System – LGIS). - MDLF conducted several surveys that reflect citizen satisfaction and municipal performance ranking.

SO2: local authorities working under a comprehensive methodological developmental framework	Strategy 3: Launch, promote and reinforce the concept of strategic and developmental planning:	Urge municipalities to select sustainable developmental projects (encourage planning of all forms and sustainability studies): SDIP. - MDLF is an active member in the SDIP national working group NWG which developed the SDIP policy, manual, procedures. - MDLF finance sub-projects to municipalities through MDP and other programs that are included in the SDIPs. - Capacity Building Packages were conducted in more than 101 municipalities in both west bank and Gaza including amalgamated areas and clusters.
	Strategy 4: Ensure synergy and consistency with the national plans and policies in the local government sector.	Cooperate with line ministries in initiating and facilitating comprehensive developmental planning approach that can be adopted and implemented by the government and local authorities. - MDLF is a permanent and active member in the Sector Working Group (SWG) and other national committees. - MDLF is an active member in the PRDP committees and in the cross sectoral strategy. - The ongoing program MDP was designed to respond to needs and priorities identified in the national plans (PRDP and NDP). - Policies and Strategies: MDLF is implementing several programs following national policies such as: Amalgamation, Strategic Planning, Public participation and solid waste management strategies. - MDLF is assisting MoLG in policy making functionality through establishing and capacitating the policy unit, and assisting in three policies and strategies: decentralization, LGU classification and amalgamation through LGPDP . - Conducting relevant studies: 1- MDLF had conducted two studies about the electricity service at the municipalities to ensure the compatibility with the national plans and policies of privatizing the electricity sector. The two studies are: ▪ Main Causes of Municipal Electricity Arrears and Expected Fiscal Impact of Transferring the Electricity Service.

		▪ The West Bank Municipal Electricity Operation. ▪ A study on public private partnership was conducted to investigate the opportunities for LGUs funding.
	Strategy 5: Respond to institutional development requirements of the Ministry of local government	2- MDLF had also conducted two assessment studies on the financial situation of the municipalities were conducted in cooperation with the World Bank. - Translate MoLG policies into programs and projects and implement them: 6 Programs.

✓ **Assessment of Outcome Achievement for Theme I - (SO1 and SO2)**

Outcome indicator	Target	Achieved
<u>SO1: : promote the institutional capacities of local authorities</u>		
- 45% of LGUs upgraded to transfer mechanism performance indicators standards	45%	86%
- 60% of LGUs upgraded to attain level C at least by end 2012	60%	76%
- Percentage of LGUs applying two methods of disclosure	NA	68%
- Number of amalgamated and operating municipalities	NA	two
- Number of municipalities with public services centers	NA	23
<u>SO2: local authorities working under a comprehensive methodological developmental framework</u>		
- Starting 2013, 60% of municipalities have their own developmental plan	60%	68% (91 mun. were supported by MDLF)

Strategic Theme II: Improvement of Municipal Services and Support to Local Economic Development (SO3)

Strategic Objective by 2012	Strategy	Activities/Outputs leading to achieve the outcomes
SO3: assist local authorities to improve their services to citizens	Strategy 6: Provide grants and loans to LGUs	- During (2008-2012) the total disbursed amount reached about US\$ 160 million for all programs/projects. Of which the majority of funds were direct grants for LGUs.
	Strategy 7: Reduce expenses and increase financial resources to LGUs and best performance	- MDLF have piloted energy- saving concepts in municipalities with the aim to reduce their expenditure which showed promising results. - MDLF promoted Amalgamation to help create sustainable LGUs (35 LGUs were amalgamated).
	Strategy 8: Upgrade the local services provided to citizens	Improve the infrastructure - By the end of 2012, about 484 Km of roads, 28.3 Km of water networks , 41.7 Km of sewerage, 11 Km of electrical networks were rehabilitated/constructed. And 1396 solid waste containers were installed. Provide public utilities - Public gardens, playground and different public buildings were established (schools, health centers, municipal buildings, sport halls, multi-purpose facilities). Where the total area of public utilities reached (15,183 Sq.m.) Encourage initiatives aiming at improving services - Energy saving equipment was installed in four municipalities that included street lighting, pumps and municipality building save energy systems in Municipal buildings. - Encourage one stop shops to serve citizens. - Pre-paid meters for parking places were installed in Ramallah and Al-Bireh municipalities. - MDLF supports amalgamation initiatives among local government councils, up to now more than 35 villages are included in this support.

✓ Assessment of Outcome Achievement for strategic theme II - (SO3)

Outcome indicator	Target	Achieved
SO3: Assist local authorities to improve their services to citizens		
- More than 70% of beneficiaries are satisfied with the services provided by the municipality concerning the implemented sub-projects	70%	80%

Strategic Theme III: Activate MDLF Funding Function (grants and loans) (SO4)

Strategic Objective by 2012	Strategy	Activities/Outputs leading to achieve the outcomes
SO4: empower MDLF in the area of finance and funding.	Strategy 9: Ensure annual allocations for assistance and governmental transfers.	- The MDLF transfer mechanism was developed and the municipalities were classified (ranked) based on that and were updated in a regular bases (2008, 2010, 2012). - The Municipalities get funds through MDLF programs (EMSRPII, MDP), where the PNA has committed to contribute 10% of MDP funds to implement capital investment projects.
	Strategy 10: Explore opportunities for funding LGUs:	- Mobilize other donor agencies: efforts are made to outreach EU and Islamic Funds, and succeeded recently in attracting Dutch funding, SDC and EU. - MDLF was successful in harmonizing multi donors under the umbrella of the MDP objectives supporting the achievement of the PRDP main objectives.
	Strategy 11: Examine the feasibility and nature of future lending task:	- MDLF is exploring the possibility to conduct an assessment study on "lending" with AFD potential Support to be conducted in coordination with the Ministries of planning, finance and Local Government.

✓ Assessment of Outcome Achievement for strategic theme III - (SO4)

<u>Outcome indicator</u>	<u>Target</u>	<u>Achieved</u>
SO4: : Empower MDLF in the area of finance and funding. - Starting 2010, increase the total developmental budgets available for LGUs through MDLF	NA	Before 2010 the AFD fund was allocated for development scheme (12 million Euro), After 2010, the MDP-I fund (52 million euro) was allocated for development projects.
- Potential lending choices by end 2014	NA	This indicator has not yet achieved.

Strategic Theme IV: Reinforce MDLF Institutional Building, as well as internal and external relations (SO5,SO6,SO7)

Strategic Objective by 2012	Strategy	Activities/Outputs leading to achieve the outcomes
SO5: transform MDLF into a major developmental institution in the sector of local government	Strategy 12: Solid institutional base built.	- Ensure and follow up on the promulgation of the Municipal Fund Law. The law passed all necessary readings waiting for the final endorsement. - Improve and enforce existing bylaws (regulation)/ manuals, policies and procedures) - Review bylaws to ensure prescription of commitment by the Palestinian National Authority (PNA) to allocate annual budgets to support the development of the local government via MDLF. - MoLG to add a special line in its budget to MDP starting from 2013.
	Strategy 13: Reinforce/ improve MDLF key work area to be geared toward sustainable development.	- Develop annual developmental plans and MDLF budgets to contribute to the development of the LGUs sector. - Promote and implement the integrated transfer mechanism in MDLF, this includes a review of the Fund's transfer mechanism, assessment of LGUs performance in accordance with the transfer mechanism standards, identify gaps and design capacity building programs.
SO6: promote MDLF institutional capacity to a standard that ensures it can perform its task effectively and efficiently	Strategy 14: Establish an enabling working environment to guarantee efficiency and effectiveness	- Improve/ upgrade the human resources development system ▪ The MDLF human resources program was developed including the performance appraisal system, provident fund, ...etc. ▪ A training needs assessment was conducted and MDLF is working on developing capacity building programs for the employees based on that. - Establish a credible database in MDLF (PGMIS software is still under testing and will be operated through MDP-II). - The PNA has agreed with the Financial Partners to contribute 10% of the total MDP budget. - The MDLF (technical, procurement, capacity development, financial and transfer mechanism manuals) were developed. - The MDLF M&E manual and procedures were developed. - The draft board manual was prepared waiting for the approval of the MDLF by-law.
SO7: maintain MDLF image of and its external relations (local,	Strategy 15: Promote MDLF locally as a developmental institution	- Establish and reinforce the Public Relations Unit and its tasks. - Sponsor/ support and participate in key activities related to the development of local government. - A new image was developed. ▪ The MDLF website is running and updated. ▪ Beneficiaries' satisfaction survey which was conducted to measure the satisfaction on the EMSRP II project showed that more than 80% of the surveyed people are satisfied with the EMSRP II implemented by MDLF.

regional and international)		▪ A client satisfaction assessment with the MDLF performance was conducted in parallel with the beneficiaries' satisfaction assessment and showed that more than 90% of the surveyed people were satisfied with MDLF performance. - Publish MDLF financial, technical and progress reports on regular basis: ▪ The technical and financial reports for MDLF are published in a regular base and received with satisfaction from different stakeholders. ▪ Develop and publish researches on municipal and urban planning - The MDLF supported and participated in different key local events (eg. SDIP launching, cross sectoral strategy, solid waste strategy, public private partnership and others). - Communications and outreach to all municipalities was conducted in regular bases including workshops, field visits, opening ceremonies etc. - The launching ceremony of the MDP was organized with the attendance of the Prime Minister and different donors. - Media campaign was launched parallel to the launching of the 2nd cycle of MDP. - Conducting the first innovation forum for LGUs. - Reinforce relations with pertaining developmental institutions and agencies. - Printing materials are always updated and distributed during workshops. - Publish and disseminate: MDLF, MDP brochures, SP booklet, MDLF "spot light" newsletter, annual reports, saving-energy promotional material etc. - Publish MDLF Movie and spots on MDP activities.
	Strategy 16: Preserve a strong network of international and regional relations	- Identify and establish continuing contacts and relations with regional donor agencies. - MDLF has kept the momentum of the donor consultation forum and has ensured regular meetings and missions. - Guarantee MDLF participation in regional and international developmental events and activities ▪ MDLF outreached to other donors (Turkey) ▪ MDLF participated in meeting with the Islamic Bank ▪ MDLF participated in key events nationally, regionally and internationally such as (Global City Forum, World Urban Forum, Urban Planning Forum0-Napoli) ▪ MDLF communicated with regional and regional events.

ANNEX B

Municipal Development Program (MDP)





ANNEX B1:

Window 1 - Municipalities Allocations

✓ **Assessment of Outcome Achievement for strategic theme IV - (SO5, SO6, SO7)**

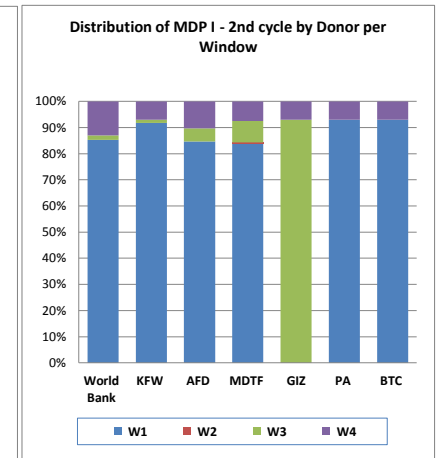
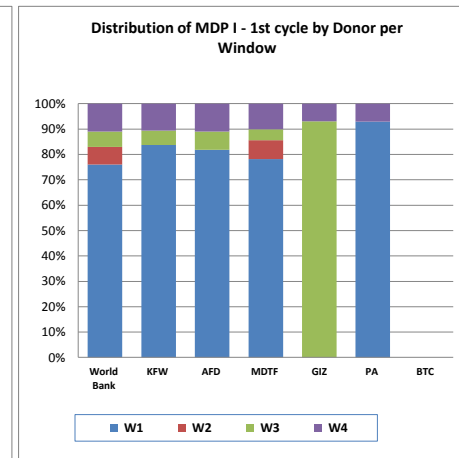
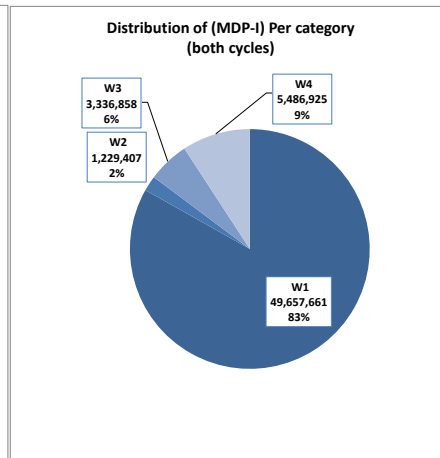
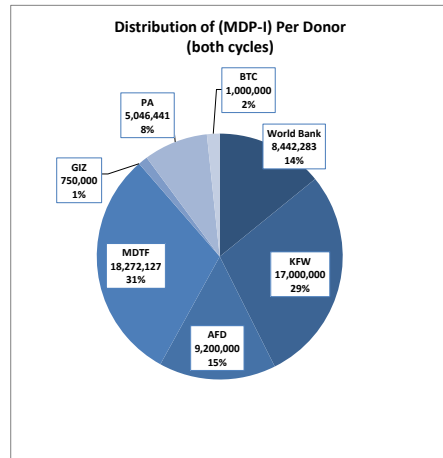
<u>Outcome indicator</u>	<u>Target</u>	<u>Achieved</u>
<u>SO5: : Transform MDLF into a major developmental institution in the sector of local government</u> - Starting 2010, PNA provides 10% of MDLF developmental budget	10%	10% of MDP fund will be financed by MOF
- Starting 2012, 60% of the MDLF developmental budget is provided as a single package (pooling) By 2012,	Pooling	This indicator was achieved
- 80% of municipalities consider MDLF as a key developmental institution	80%	100%
<u>SO6: promote MDLF institutional capacity to a standard that ensures it can perform its task effectively and efficiently</u> - Starting 2012, 100% of the annual developmental allocations are transferred to the local government units as per expenditure schedule set in the transfer mechanism	100%	100%
- Staff overturn is less than 10% annually	< 10%	4%
- Ratio of actual spending per year/ expenditure plan is above 90%	90%	(90-95)%
<u>SO7: maintain MDLF image of and its external relations (local, regional and international)</u> - Active AIDF role and facilitation of consultation meetings with donors	NA	10 financial partners including PNA supports MDLF Programs by the end of 2012
- Number of studies published in the area of local government	NA	3 studies published in the area of local government (PPP, Municipal services, Electricity arrears)

Distribution of (MDP -1) by Donor Per Category

Donor		World Bank		KFW		AFD		MDTF		GIZ		PA		BTC		Total
Category		1st cycle	2nd cycle	1st cycle	2nd cycle	1st cycle	2nd cycle	1st cycle	2nd cycle	1st cycle	2nd cycle	1st cycle	2nd cycle	1st cycle	2nd cycle	
W1	WB	2,878,410	741,590	3,401,161	5,234,114	1,419,195	3,047,914	3,988,616	4,449,519	0	0	1,225,129	903,580	0	930,000	28,219,228
	Gaza	2,436,275	494,393	2,878,839	3,489,409	1,200,805	2,031,942	3,376,744	2,966,346	0	0	1,040,248	1,523,432	0	0	21,438,433
W1		5,314,685	1,235,983	6,280,000	8,723,523	2,620,000	5,079,856	7,365,360	7,415,865	0	0	2,265,377	2,427,012	0	930,000	49,657,661
W2		489,510	0	0	0	0	0	699,094	40,803			0				1,229,407
W3		419,581	24,232	420,000	111,477	230,000	300,000	409,092	724,976	418,500	279,000	0				3,336,858
W4		769,231	189,061	800,000	665,000	350,000	620,144	950,958	665,979	31,500	21,000	171,374	182,678		70,000	5,486,925
Total (Euro)		6,993,007	1,449,276	7,500,000	9,500,000	3,200,000	6,000,000	9,424,504	8,847,623	450,000	300,000	2,436,751	2,609,690	0	1,000,000	59,710,851
Total in USD		10,000,000	2,000,000	10,725,000	13,110,000	4,576,000	8,280,000	13,477,041	12,209,720	643,500	414,000	3,484,554	3,601,372	0	1,380,000	83,901,187

Total both cycles (Euro)	8,442,283	17,000,000	9,200,000	18,272,127	750,000	5,046,441	1,000,000	59,710,851
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Note: exchange rate for the 1st cycle is (1.43 \$/Euro) and (1.38 for the 2nd cycle)

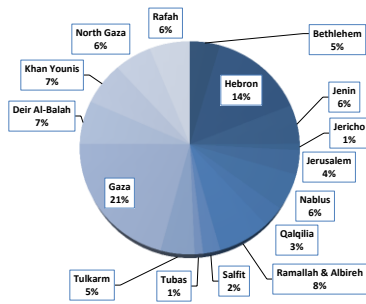


MDP - Window 1 - 1st Cycle -

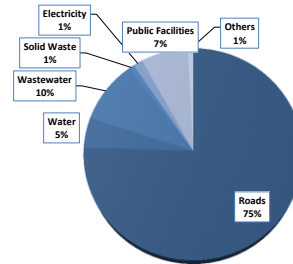
Distribution of Sub-Projects by Sector Per Governorate

Governorate	No. of Projects	Sector (Euro)							Total Allocation (Euro)
		Roads	Water	Wastewater	Solid Waste	Electricity	Public Facilities	Others	
Bethlehem	10	1,083,963							1,083,963
Hebron	21	3,297,281					136,564		3,433,845
Jenin	13	1,074,718		217,150			131,325		1,423,193
Jericho	3	194,908	34,962						229,870
Jerusalem	12	623,370	158,912		17,228		78,887		878,397
Nablus	10	469,071	90,464	293,150		270,400	55,781	135,680	1,314,547
Qalqilia	6	594,781					85,549	55,058	735,389
Ramallah & Albireh	19	1,516,285		205,171			72,829		1,794,285
Salfit	9	470,184					111,154		581,337
Tubas	3	225,720					65,377		291,097
Tulkarm	15	933,336		81,335		79,838	46,971	5,109	1,146,589
Gaza	37	2,923,749	739,502	1,127,729	35,410		156,514		4,982,904
Deir Al-Balah	12	1,302,301		114,000			155,307		1,571,609
Khan Younis	13	1,109,084	46,301	238,232			168,509		1,562,126
North Gaza	12	1,298,234	17,000	32,754					1,347,988
Rafah	13	878,038			148,200		442,048		1,468,286
Total	208	17,995,023	1,087,142	2,309,521	200,838	350,238	1,706,813	195,847	23,845,423

MDP - W1 - 1st Cycle -
Allocated Fund by Governorate



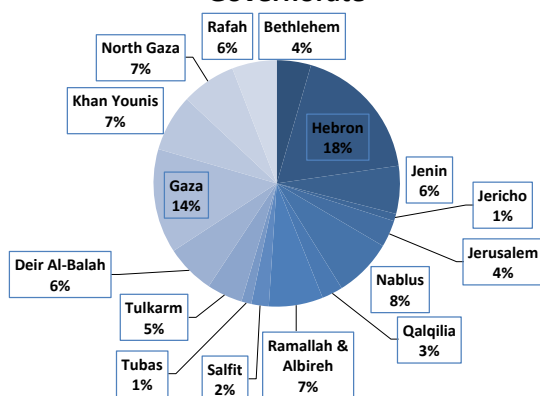
MDP - W1 - 1st Cycle -
Allocated Fund by Sector



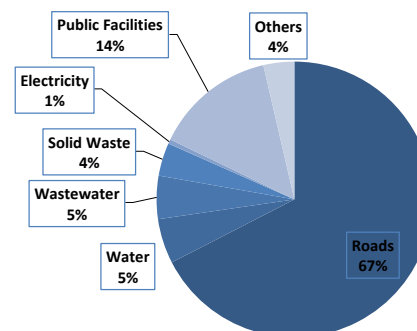
Distribution of MDP-1 / 2nd cycle / Window1 by Sector Per Governorate

Governorate	No. of Projects	Sector (Euro)							Total Allocation (Euro)
		Roads	Water	Wastewater	Solid Waste	Electricity	Public Facilities	Others	
Bethlehem	11	1,185,085					24,231		1,209,316
Hebron	26	3,679,684	53,000	499,414			431,944	231,679	4,895,721
Jenin	14	1,116,335	261,939				310,936		1,689,210
Jericho	3	210,197					50,425		260,622
Jerusalem	11	629,116	90,932			64,952	161,574		946,574
Nablus	15	1,683,965	83,099	150,000			151,353		2,068,417
Qalqilia	6	523,905		73,741			145,302		742,948
Ramallah & Albireh	21	1,097,534					813,306		1,910,840
Salfit	11	323,162	132,153				102,077	57,629	615,021
Tubas	3	273,795					80,040		353,835
Tulkarm	14	542,807	50,153	260,964		76,535	233,012	92,061	1,255,532
Total West Bank	135	11,265,584	671,277	984,119	0	141,487	2,504,200	381,368	15,948,035
Deir Al-Balah	43	872,041	94,000	95,164	104,692		370,759	209,566	1,746,222
Gaza	26	2,696,885	368,487	113,478	359,500			148,347	3,686,697
Khan Younis	46	1,181,095	143,329	100,000	177,854		316,333	93,412	2,012,023
North Gaza	28	1,448,766	105,695	70,000	156,000		65,868	80,000	1,926,329
Rafah	16	675,963	31,318		242,000		567,131	60,726	1,577,138
Total Gaza	159	6,874,750	742,829	378,642	1,040,046	0	1,320,091	592,051	10,948,409
Total WB&G	294	18,140,334	1,414,106	1,362,761	1,040,046	141,487	3,824,291	973,419	26,896,444

Ditribution of MDP 1 - Cycle 2 - W1 Fund per Governorate

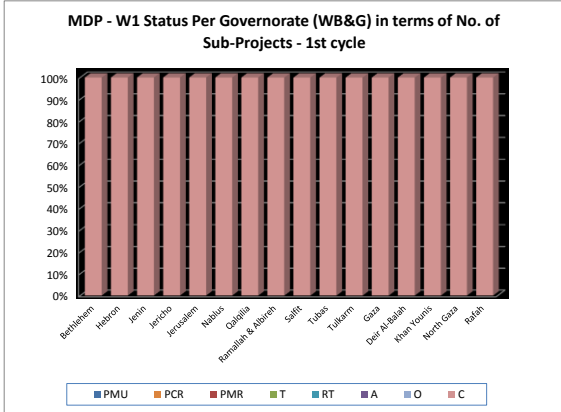
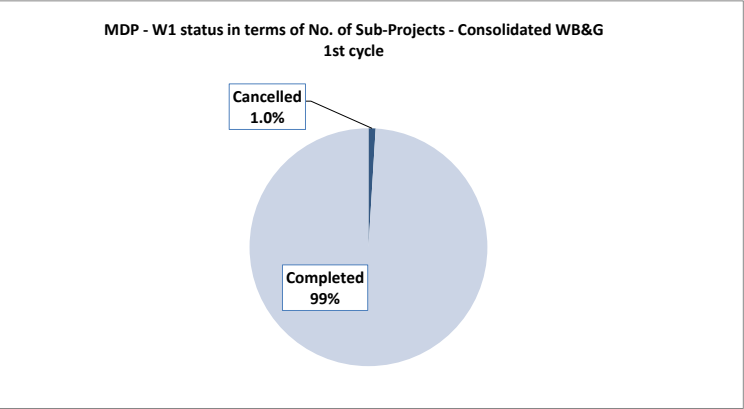
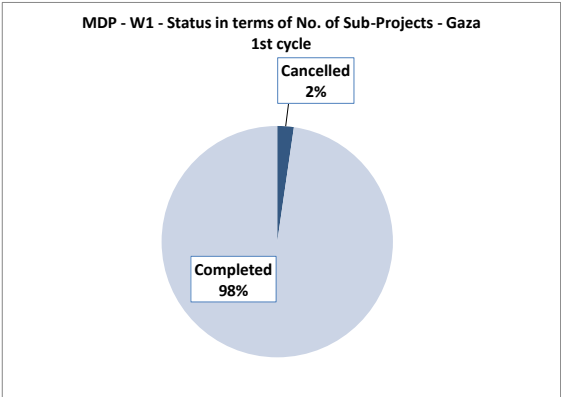
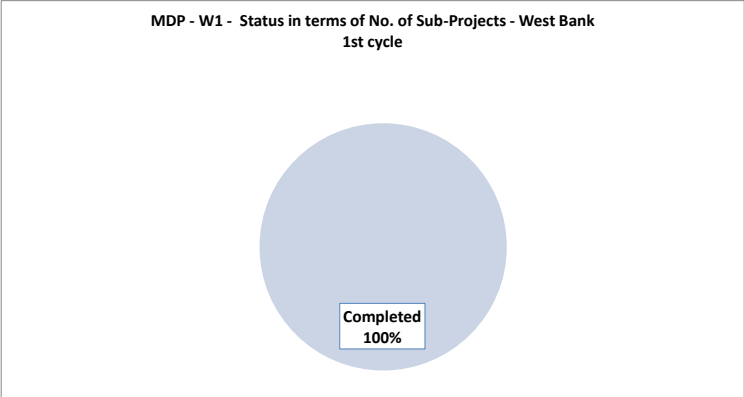


Ditribution of MDP 1 - Cycle 2 - W1 per Sector



Status of MDP-1 / 1st cycle / Window-1 / (interms of no. of sub-projects)

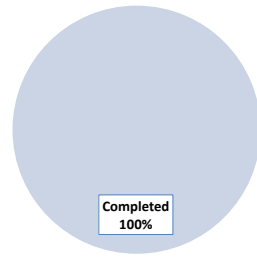
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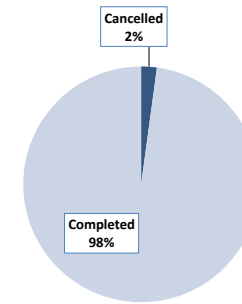
Status of MDP-1 /1st cycle / Window-1 / (interms of allocated fund)

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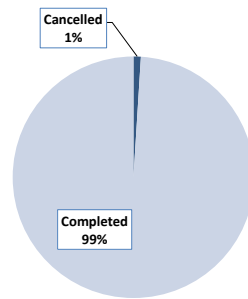
MDP-W1 - Status in terms of Allocated Fund - West Bank
1st cycle



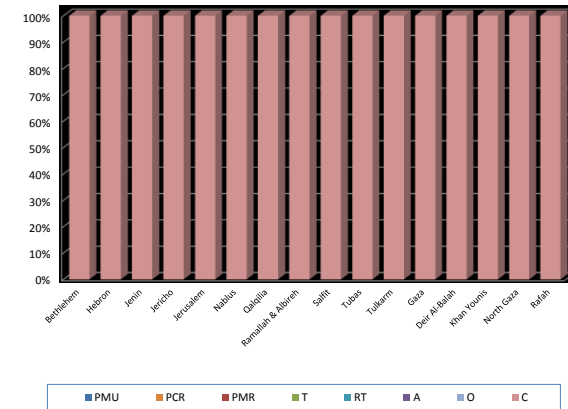
MDP-W1 - Status in terms of Allocated Fund - Gaza-
1st cycle



MDP - W1 - status in terms of Allocated Fund - Consolidated WB&G
1st cycle



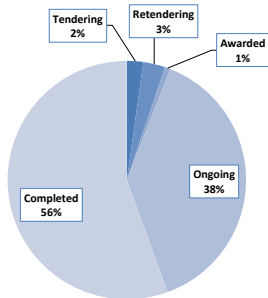
MDP-W1 Status Per Governorate (WB&G) in terms of Allocated Fund 1st
cycle-



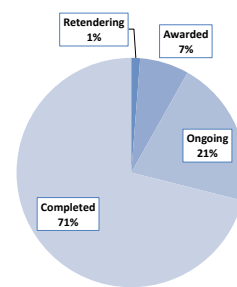
Status of MDP-1 / 2nd cycle / Window-1 / (interms of no. of sub-projects)

Governorate	No. of Projects	Status in terms of no. of sub-projects								Total
		Pretendering (Documents at Municipalities)	Pretendering (Consultant Review)	Pretendering (MDLF Review)	Tendering	Re-Tendering	Awarded	Ongoing	Completed	
		PMU	PCR	PMR	T	RT	A	O	C	
Bethlehem	11							4	7	11
Hebron	26				1		1	15	9	26
Jenin	14					3		4	7	14
Jericho	3							2	1	3
Jerusalem	11							2	9	11
Nablus	15					1		8	6	15
Qalqilia	6				1			2	3	6
Ramallah & Albireh	20							4	16	20
Salfit	11							2	9	11
Tubas	3							2	1	3
Tulkarm	15				1			7	7	15
Total West Bank	135	0	0	0	3	4	1	52	75	135
Deir Al-Balah	43					1	2	3	37	43
Gaza	26						3	13	10	26
Khan Younis	46					1	2	4	39	46
North Gaza	28						2	10	16	28
Rafah	16						2	3	11	16
Total Gaza	159	0	0	0	0	2	11	33	113	159
Total WB&G	294	0	0	0	3	6	12	85	188	294

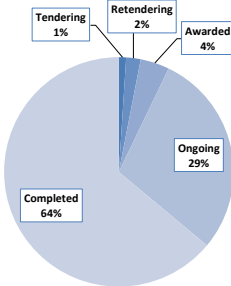
MDP - W1 - Status in terms of No. of Sub-Projects - West Bank
2nd cycle



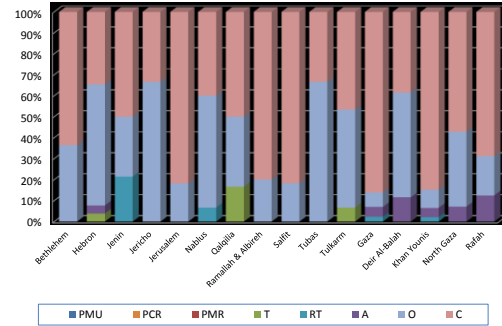
MDP - W1 - Status in terms of No. of Sub-Projects - Gaza
2nd cycle



MDP - W1 - status in terms of No. of Sub-Projects - Consolidated
WB&G - 2nd cycle



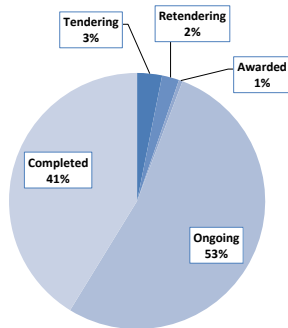
MDP - W1 - Status Per Governorate (WB&G) in terms of No. of Sub-
Projects - 2nd cycle



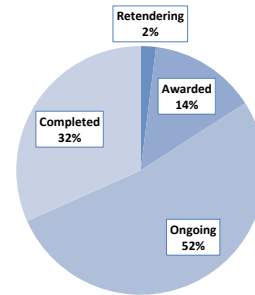
Status of MDP-1 / 2nd cycle / Window-1 / (interms of allocated fund)

Governorate	No. of Projects	Status in terms of Sub-projects Allocations								Total
		Pretendering (Documents at PMU)	Pretendering (Consultant PCR)	Pretendering (MDLF Review) PMR	Tendering T	Re-Tendering RT	Awarded A	Ongoing O	Completed C	
Bethlehem	11							612,631	596,685	1,209,316
Hebron	26				340,097		75,942	3,129,723	1,349,959	4,895,721
Jenin	14					261,939		481,390	945,880	1,689,210
Jericho	3							221,098	39,524	260,622
Jerusalem	11							219,499	727,076	946,574
Nablus	15					83,099		1,262,589	722,729	2,068,417
Qalqilia	6				84,209			447,409	211,330	742,948
Ramallah & Albireh	20							1,052,210	858,630	1,910,840
Salfit	11							116,779	498,241	615,021
Tubas	3							193,465	160,369	353,835
Tulkarm	15				76,535			712,223	466,774	1,255,533
Total West Bank	135	0	0	0	500,841	345,038	75,942	8,449,018	6,577,196	15,948,035
Deir Al-Balah	43					22,328	175,971	669,337	878,586	1,746,222
Gaza	26						624,212	2,717,847	344,638	3,686,697
Khan Younis	46					195,700	202,087	431,587	1,182,649	2,012,023
North Gaza	28						274,691	1,140,813	510,825	1,926,329
Rafah	16						246,471	778,072	552,595	1,577,138
Total Gaza	159	0	0	0	0	218,028	1,523,432	5,737,656	3,469,293	10,948,409
Total WB&G	294	0	0	0	500,841	563,066	1,599,374	14,186,674	10,046,489	26,896,444

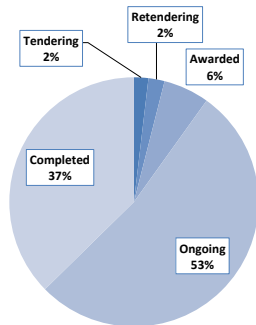
MDP-W1 - Status in terms of Allocated Fund - West Bank
2nd cycle



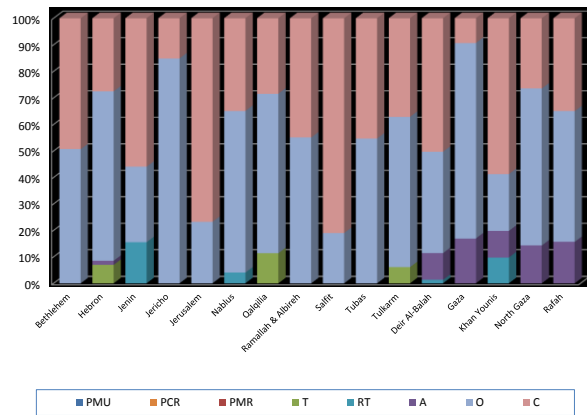
MDP-W1 Status in terms of Allocated Fund - Gaza-
2nd cycle

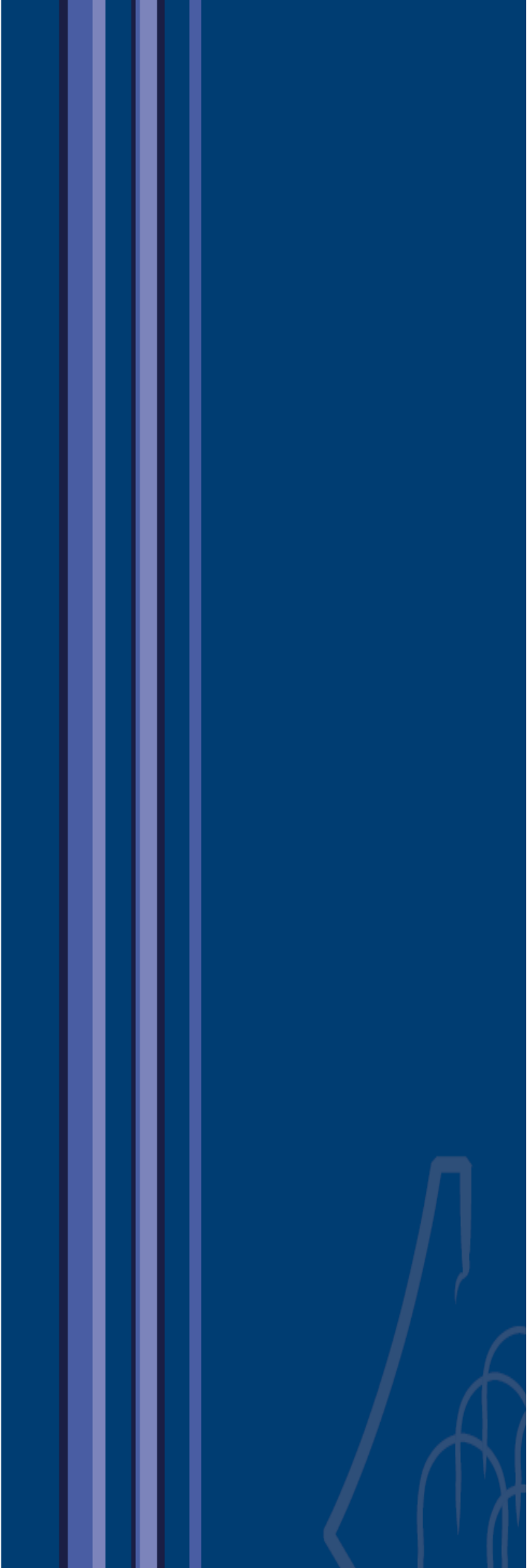


MDP - W1 - status in terms of Allocated Fund - Consolidated
WB&G - 2nd cycle



MDP-W1 - Status Per Governorate (WB&G) in terms of Allocated Fund - 2nd
cycle





ANNEX B2:

Window 3 - Municipalities Capacity

Building Packages

Capacity building packages for MDP 1st Cycle

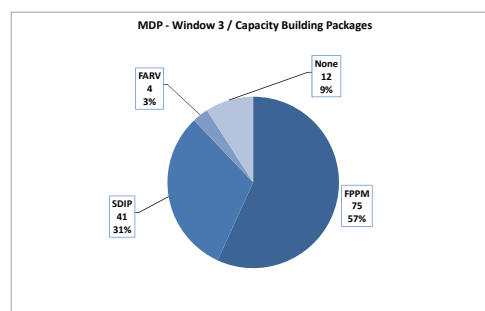
Summary of the Results	
FPPM	75
SDIP	41
FARV	4
None	12
Total Number of Municipalities	132

Financial policies and procedure manual (FPPM)			
No.	Municipalities	Cluster	Donor
1	Arraba	Northern Municipalities / West Bank MDP-CY01- FPPM-01	GTZ
2	Borqin		
3	Az Zababedah		
4	Meithalun		
5	Tubas		
6	Tammun		
7	Atteel		
8	Qaffin		
9	Bal'aa		
10	Allar		
11	Beit Leed		
12	Baqa Al Sharqeyya		
13	Kafr Al Labad		
14	Zeita		
15	Beit Foreek		
16	Jammaein		
17	Howwara		
18	Sabastya		
19	Azzun		
20	Kufor Tholoth		
21	Jayyus		
22	Al Zawyeh		
23	Kufor Al Deek		
24	Qarawat Bani Hassan		
25	Kefel Hares		
26	Bruqin		
27	Deir Ballut		
28	Deir Istia		
29	Beit Liqia	Soothern & Central Municipalities / West Bank / MDP-CY01- FPPM-02	GTZ
30	Al Ittihad		
31	West Bani Zeid		
32	Sinjel		
33	Ne'lin		
34	Al Mazra'a Ash Sharqeyya		
35	Turmosayya		
36	Abwein		
37	Atara		
38	Al Tayybeh		
39	Al Oja		
40	Al Newe'emeh & Ain Aldyouk Alfouqa		
41	Al Ram		
42	Al Eizariyya		
43	Anata		
44	Abu Dees		
45	Bir Nabala		
46	Beit Anan		
47	Beit Sureik		
48	Beit Jala		
49	Beit Fajjar		
50	Al Ubeidiyya		
51	Al Khader		
52	Ad Doha		
53	Taqu'a		
54	Za'tara		
55	Janata		
56	AdDaheriyya		
57	Halhul		
58	Idna		
59	Targumia		
60	Ash Shoyukh		

61	Jabalia an-Nazla	Gaza Strip / MDP-CY01- FPPM-3	GTZ
62	An-Nuserat		
63	Beit Lahia		
64	Beit Hanoun		
65	Al-Qarara		
66	Al-Mughraqa		
67	Wadi Salqa		
68	Ash-Shoka		
69	Khuza'a		
70	Khan Yunis		
71	Jabalia an-Nazla		
72	An-Nuserat		
73	Beit Lahia		
74	Beit Hanoun		
75	Al-Qarara		

Strategic Development and Investment Plans (SDIPs)			
No.	Municipalities	Cluster	Donor
1	Jenin	MDP-CY01- SDIP-01	AFD
2	Seelet Al Hartheyya		
3	Jaba'a		
4	Kufor Ra'ie		
5	Seelet Ad Daher		
6	Nablus	MDP-CY01- SDIP-02	MDTF
7	Beta		
8	Aseera Ash Shamaliyya		
9	Aqraba		
10	Aqqaba		
11	Anabta	MDP-CY01- SDIP-03	KFW
12	Deir Al Ghosoun		
13	Hableh		
14	Bedia		
15	Azzaytuna		
16	Silwad	MDP-CY01- SDIP-04	AFD
17	Deir Debwan		
18	East Bani Zeid		
19	Jericho		
20	Bedu		
21	As Sawahreh Ash Sharqiyya	MDP-CY01- SDIP-05	MDTF
22	Qatanna		
23	Beit Ummar		
24	Surif		
25	Se'ier		
26	Beit Ula	MDP-CY01-SDIP-06	GTZ
27	Kharas		
28	Dura		
29	Taffuh		
30	Al Samu'e		
31	Beit Awwa	MDP-CY01-SDIP-07	KFW
32	Gaza		
33	Al-Buraij		
34	Al-Mughazi		
35	Deir al-Balah		
36	Rafah	MDP-CY01-SDIP-08	KFW
37	Bani Suhila		
38	Abasan al-Kabeera		
39	An-Naser		
40	Abasan al-Jadeeda		
41	Al-Fukhary	MDP-CY01-SDIP-09	GTZ

Fixed assets registration and valuation (FARV)			
	Municipalities	Cluster	Donor
1	Ramallah	MDP-CY01-FARV-01	MDTF
2	Al Bireh		
3	Bitunia		
4	Salfeet		



Capacity building packages for MDP 2nd Cycle

Summary of the Results	
FPPM	21
SDIP	43
FARV	28
O&M (TBD)	42
Total Number of Municipalities	134

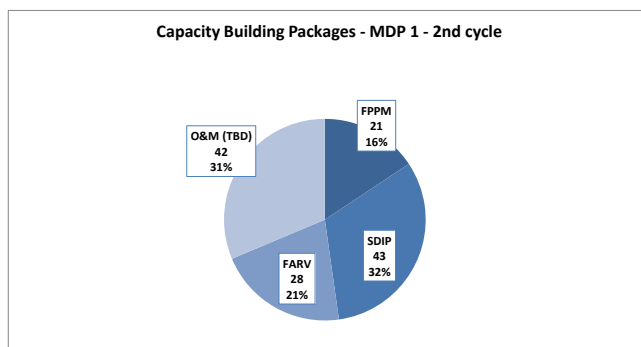
Financial policies and procedure manual (FPPM)

	Municipalities	Cluster	Donor
1	Seelet Al Hartheyya	MDP-CY02- FPPM-01	GIZ
2	Seelet Ad Daher		
3	Marj Bin Amer		
4	Aseera Ash Shamaliyya		
5	Aqraba		
6	Hableh		
7	Aqqaba		
8	Al-Kafriyyat		
9	As Sawahreh Ash Sharqiyya		
10	Deir Al Ghosoun		
11	Al-Yasiriyya		
12	Beit Ula		
13	Kharas		
14	Se'ier		
15	Al Braij	MDP-CY02- FPPM-02	GIZ
16	Gaza		
17	Al Fokhari		
18	Bani Sheila		
19	Abasan Al Jadeeda		
20	Abasan Al Kabira		
21	Al Naser		

Fixed Assets registration and Valuation (FARV)

	Municipalities	Cluster	Donor
1	Arraba	MDP-CY02-FARV-01	MDTF
2	Tubas		
3	Zeita		
4	Qaffin		
5	Kufor tholoth		
6	Azzun		
7	Deir Istia		
8	Kefel Hares		
9	West Bani Zeid	MDP-CY02-FARV-02	MDTF
10	Al Ittihad		
11	Al Ram		
12	Al Eizariyya		
13	Abu Dees		
14	Beit Sureik		
15	Beit Anan		
16	Bir Nabala		
17	Anata	MDP-CY02-FARV-03	MDTF
18	A I Khader		
19	Ad Doha		
20	Al Ubeidiyya		
21	Beit Fajjar		
22	Beit Jala		
23	Taqu'a		
24	Za'tara		
25	AdDaheriyya		
26	Idna		
27	Jabalia	MDP-CY02-FARV-04	MDTF
28	Khan Yunis		

Strategic Development and Investment Plans (SDIP)			
	Municipalities	Cluster	Donor
1	Az Zababedah	MDP-CY02- SDIP-01	MDTF
2	Borgin		
3	Baga Al Sharqeyya & Nazlat		
4	Bal'aa		
5	Beit Leed		
6	Kafr Al Labad		
7	Jayyus		
8	Al Zawyeh	MDP-CY02- SDIP-02	AFD
9	Qarawat Bani Hassan		
10	Kufor Al Deek		
11	Bruqin		
12	Deir Ballut	MDP-CY02- SDIP-03	MDTF
13	Beit Foreek		
14	Jammaein		
15	Howwara		
16	Sabastya		
17	Tammun		
18	Al Tayybeh	MDP-CY02- SDIP-04	MDTF
19	Al Mazra'a Ash Sharqeyya		
20	Beitunia		
21	Turmosayya		
22	Sinjel		
23	Abwein		
24	Atara		
25	Ne'lin		
26	Al Oja		
27	Al Newe'emeh & Diyouk		
28	Ash Shoyukh	MDP-CY02- SDIP-05	AFD
29	Targumia		
30	Janata		
31	Al Zahra	MDP-CY02- SDIP-06	AFD
32	Al Moghraqa		
33	Um Al Naser		
34	Beit Hanun		
35	Beit Lahia		
36	Wadi Gaza		
37	Al Zawayda	MDP-CY02- SDIP-07	GIZ
38	Al Shokeh		
39	Al Qarara		
40	Al Masdar		
41	An Nseirat		
42	Khaza'aa		
43	Wadi Al Salqa		



ANNEX C

LGRDP – BTC Fund





CTB



صندوق تطوير وإقراض البلديات
Municipal Development & Lending Fund



RESULTS REPORT 2012

LOCAL GOVERNMENT REFORM AND DEVELOPMENT PROGRAMME (LGRDP)

DATE: 31/12/2012

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Acronyms

BTC	Belgian Development Agency
DGD	The Belgian Directorate-General for Development
EIA	Environmental Impact Assessment
EUR	Euro
GIA	Grant Implementation Agreement
HRM	Human Resources Management
IBRD	International Bank for Reconstruction and Development
JLCB	Joint Local Consultative Body
JSC	Joint Service Councils
JSCPD	Joint Service Councils for Planning and Development
LGRDP	Local Government Reform and Development Programme
LGUs	Local Government Units
MDLF	Municipal Development and Lending Fund
M&E	Monitoring and Evaluation
MoLG	Ministry of Local Government
MOU	Memorandum of Understanding
NCB	National Competitive Bidding
NGO	Non-Governmental Organisation
oPt	Occupied Palestinian Territory
PA	Palestinian (National) Authority
QCBS	Quality and Cost Based Selection
SDIP	Strategic Development and Investment Planning
TFF	Technical and Financial File
TOR	Terms of Reference
VAT	Value Added Tax
VC	Village Councils

1 Intervention at a glance

1.1 Project form

Project name	LOCAL GOVERNMENT REFORM AND DEVELOPMENT PROGRAMME (LGRDP)
Project Code	PZA 09 024 11
Location	Palestinian Territory
Budget	15,000,000 Euro
Partner Institution	Ministry of Local Government (MoLG)
Date of implementation Agreement	25 th October, 2010
Duration (months)	60 Months
Target groups	LGUs in 4 clusters in West Bank subject to amalgamation, the 4 clusters are the followings: 1- Beita Cluster – Nablus Governorate (Audala, Beita, Ausreen and Za'tara) 2- Beit leqya Cluster – Ramallah Governorate (Beit leqya, Kharbatha al misbah, Beit seera and Beit nuba) 3- Jort eshama' Cluster – Bethlehem Governorate (Jort eshama', Um salamona, Wadi ennis, Marah m'ala, Marah rabah, Al ma'sarah, Khalet Elhadad, Al mansheeyah and Wad rahal) 4- Karmel Cluster – Hebron Governorate (Karmel, Main, Khalet saleh and Hadedeiyyah)
Impact ¹	To strengthen institutional and management capacities of the local government system
Outcome	To support institutional reform through improved capacities and services of selected clusters of smaller LGUs and to improve the institutional capacity of MoLG
Outputs (<i>For Component 2 & 3</i>)	Output 1: Smaller LGUs in four clusters have developed appropriate joint institutional arrangements for joint services and amalgamation
	Output 2: Capacities of these LGUs are enhanced for improved planning, HRM, financial management, service delivery and accountability
	Output 3: The services of these LGUs are improved through provision of sustainable infrastructure development
	Output 4: Newly amalgamated municipalities (merged smaller LGU's) are continuously progressing their performance

¹ Impact is a synonym for global objective, Outcome is a synonym for specific objective, output is a synonym for result

1.2 Project performance²

	Efficiency	Effectiveness	Sustainability
Outcome To support institutional reform through improved capacities and services of selected clusters of smaller LGUs and to improve the institutional capacity of MoLG	B	B	B
Output 1 LGUs in four clusters are facilitated for provision of joint services and amalgamation	B	B	B
Output 2 Capacities of selected LGUs enhanced for improved planning, financial management, HRM and accountability	B	B	C
Output 3 Services of these LGUs are improved through provision of sustainable infrastructure development	B	B	B
Output 4 newly amalgamated municipalities (merged smaller LGU's) are continuously progressing their performance	B	B	B

1.3 Budget execution

Total Budget	Expenditure year 1 (2011)	Expenditure year 2 (2012)	Balance	Total Disbursement rate
Component 2 (9,000,000 €)	0	1,323,455 €	7,985,330 €	14.71 %
Component 3 (2,900,000 €)	0	779,562 €	2,092,770 €	26.88 %

² A = Very good performance, B = Good performance, C = Weak performance, D = problematic

1.4 Summary

5 key points:

• Cultural and social comprehension for the amalgamation did not reach the foreseen accepted level; especially the sense of the project ownership of the main stakeholders which is improving but needs more efforts.
• Bureaucratic long procedures in decision making and feedback for key decisions
• Political aspect including local elections contributed to delay of the progressive activities
• Dramatic difference between planned and actual expenditures is noticed due to delay of start of activities
• Consultants cooperation and provided efforts sometimes do not match the expectations due to external and internal reasons (time constraints in addition to the above mentioned key points)

National execution official ³	BTC execution official ⁴
Arch. Abdel Mughni Nofal Director General Municipal Development and Lending Fund (MDLF)	Mr. Willy Demeyer Resident Representative Belgian Development Agency (BTC)

³ Name and Signature

⁴ Name and Signature

2 Analysis of the intervention⁵

2.1 Context

2.1.1 General context

During the past year lots of key evolutions were emerged which affected the project positively and/ or negatively, some of these evolutions were governmental and political decisions, social, environmental, technical and institutional aspects.

In terms of the governmental and political aspects, the Local Elections for the LGUs was conducted for the 1st time since 2004 and 2005, after it was postponed many times during the past two years. This process caused a delay for the project progress with lack of commitment from the LGUs representatives, where some of them were threatened to be away from the new councils. Consequentially, this led to delay in decision making regarding core decisions and public activities in the LGRDP project. Moreover, some decisions required instant actions to solve specific issues but due to long bureaucratic procedures, lots of suspended matters were not solved and yet delayed, which affected the planned schedule of certain activities.

Socially, the 1st phase of the awareness campaign was criticized by some of the JSCs members that it didn't covered certain number of the citizens in addition to the fact that it didn't achieve the intended goal for raising awareness about amalgamation. This was noticed through lack of sense of ownership which was noticed during the following months and proved by inconsistency of the social infrastructure projects that were stated in the awareness campaign report.

Regarding the implementation of certain activities by the consultants, it was noticed that the progress witnessed some delay which was a result for the above mentioned aspects, in addition to the internal lack of consultants' commitment towards showing high performance in works provision, perhaps due to the external unstable environment.

2.1.2 Institutional context

Component 2 is implemented by MDLF and managed within the overall institutional framework of MDLF and the Belgian co-management modality, with ultimate policy guidance from the Board chaired by the Minister of MoLG, which represent the steering committee.

As for the Technical Committee on Amalgamation/Joint Services, it was established of: MoLG (Director DJCspd, national director for the intervention), MDLF Team - led by Senior Coordinator, and BTC's International Policy Advisor.

Representatives of the selected LGU-clusters were met to provide input and participate in discussions tackling the daily operations issues. Recommendations by the Technical Committee to the Steering Committee were consensus-based. So it can be considered that it's **appropriate**.

⁵ In this document: Impact is a synonym for global objective, Outcome is a synonym for specific objective, output is a synonym for result

Furthermore, having another Programme for amalgamation in the Palestinian Territories, specifically in the MDLF, titled Local Development Programme (LDP) funded by Danish Government, calls for the necessity to have a National Working Group consists of representatives from LGRDP, LDP, MoLG/ Policy Unit, MoLG/ DJCspd. This working group can set together one a month or every two months to identify and share the obstacles, challenges and lessons learned in relation with MoLG Policies.

2.1.3 Management context: execution modalities

The execution modalities of the LGRDP is being implemented by several parties and with joint efforts; MDLF Team, JSCs and contracted consultants in order to be able to cover and execute all the required activities, which can be considered as one of the strengths of LGRDP where several parties are participating and following up implementation of activities.

The management context can be characterized as appropriate, such that in the MDLF team there is specialized and experienced staff members to follow up all activities but in order to be able to implement several projects activities more properly, they have to deal with the assigned new staff for the JSCs, who in some cases lack some capabilities and experiences, which calls for enhancing their capacities or hiring more qualified and experiences staff members to ensure better execution.

In terms of procurement procedures, the activities funded by Belgium under Co-management was carried out by the MDLF using the supplementary World Bank Standard Bidding Documents and Evaluation Forms for procurement for works, goods and services in accordance with the World Bank regulations and Guidelines. Complete procurement documentation for each contract, including bidding documents, advertisements, bids received, bid evaluations, letters of acceptance, contract agreements, related correspondence, contract award information, etc., are maintained by the MDLF in an orderly manner and made readily available for any audit.

In order to upgrade the management context from being appropriate to very appropriate, the MDLF team needs to enhance the communication and networking channels internally and externally to tackle all the suspended matters among all parties.

2.1.4 Harmo-context

Generally, there was a good coordination between MDLF and BTC during the implementation of components 2 and 3 of the LGRDP Programme. MDLF is directly communicated with the MoLG, targeted clusters and the formulated committees in each cluster.

It was mentioned earlier that there should be continuous coordination and networking among all the partners working in the same sector mainly the amalgamation, through establishing National Working Group which does not exist currently. Due to lack of harmonization among several actors, some of activities might be duplicated such as institutional assessment which was targeted initially by SDIPs process and then by the capacity assessment activity.

In addition, there was absence for the line ministries intervention and clarification for the national policies in terms of projects identification in the SDIP process, which resulted in a bunch of projects "wishing list" without specifying the real needs of the community.

Above all, in order to achieve the ultimate goal by harmonization, the sense of ownership and stakeholders' commitment should be empowered through utilizing the best of MoLG, other ministries and including the main parties. That might be tackled by the 2nd phase of awareness through conducting several social activities with counting mainly on the local community efforts.

2.2 Outcome

2.2.1 Analysis of progress made

Outcome: To support institutional reform through improved capacities and services of selected clusters of smaller LGUs and to improve the institutional capacity of MoLG.						
Indicators	Baseline value	Progress year N-1 (2011)	Progress year N-2 (2012)	Target year N	End Target (2015)	Comments
Capacities of the selected clusters and LGUs and department of MoLG are improving	0%	20%	70%		100%	The progress in 2011 was relatively low since there was no launching for any infrastructure activities
Analysis of progress made towards outcome:						
<i>Relation between outputs and the Outcome. (How) Are outputs (still) contributing to the achievement of the outcome:</i>	It was noticed that there is a delay due to overall delay in launching the project activities. That caused delay in conducting activities and a gap between and planned and actual expenditures.					
<i>Progress made towards the achievement of the outcome (on the basis of indicators):</i>	In 2012, there was remarkable progress in comparison with 2011, through conducting several activities such as improving the JSCs capacities by having core staff members and equipment to operate their daily activities.					
<i>Issues that arose, influencing factors (positive or negative):</i>	Local elections caused delay in progress of key activities such as public meetings and new councils formulation. Long process of procurement led to resentment of some JSCs members who have no experience of systematic and organized procurement procedures.					
<i>Unexpected results:</i>	N/A					

2.2.2 Risk management

Risk Identification			Risk analysis			Risk Treatment			Follow-up of risks	
Description of Risk	Period of identification	Risk category	Probability	Potential Impact	Total	Action(s)	Resp.	Deadline	Progress	Status
Poor cooperation from targeted LGUs representatives and local community (Delays, weak participation, no continuous involvement, unclear vision)	Q3/ 2012	Internal Risk	Medium	High	C (Reduce the risk)	Conduct 2 nd phase of awareness	MDLF & MoLG	December 2013	Under procurement	
Poor implementation by contracted consultants, suppliers and contractors	Q3/ 2012	External Risk	Low	Medium	A (Acceptable risk)	Comprehensive follow up and direction for the consultants efforts	MDLF	Project Completion	MDLF staff was in all of the steps next to consultant to supervise and monitor to avoid such impact	
Political risks (internal interference among the council members)	Q2/ 2012	External Risk	Medium	Medium	B (Ensure follow-up of risk)	Facilitation among the councils members	MDLF & MoLG	ASAP	Continuous communication with all the councils' members	
Local Elections	Q3/ 2012	External Risk	High	Low	B (Ensure follow-up of risk)	Continuous communication with all the councils members and awareness for the new elected members	MDLF & MoLG	ASAP	Meetings were conducted with the new elected council members	
Poor communication from MoLG (No continuous participation, lack in adopt bylaws & regulations for the process)	Q2/ 2012	External Risk	Medium	Medium	B (Ensure follow-up of risk)	Continuous communication with MoLG side and ensure follow up for the activities	MDLF & MoLG	ASAP	Q2/ 2012	

2.2.3 Potential Impact

By supporting the institutional reform through improved capacities and services of selected clusters of smaller LGUs, some of the Local Governance sector objectives will be achieved such as reducing the number of LGUs from 21 LGUs to 4 amalgamated LGUs which will be later able to provide services efficiently and effectively. The other objective will be also through addressing the capacity needs of these LGUs, through assessment and development of new organizational structure that will be able to achieve sustainable dimensions financially and managerially.

2.2.4 Quality criteria

1. RELEVANCE: The degree to which the intervention is in line with local and national policies and priorities as well as with the expectations of the beneficiaries		
<i>In order to calculate the total score for this Q-criterion, proceed as follows: 'At least one 'A', no 'C' or 'D' = A; Two times 'B' = B; At least one 'C', no 'D' = C; at least one 'D' = D</i>		
1.1 What is the present level of relevance of the project?		
☐	A	Clearly still embedded in national policies and Belgian strategy, responds to aid effectiveness commitments, highly relevant to needs of target group.
☒	B	Still fits well in national policies and Belgian strategy (without always being explicit), reasonably compatible with aid effectiveness commitments, relevant to target group's needs.
☐	C	Some issues regarding consistency with national policies and Belgian strategy, aid effectiveness or relevance.
☐	D	Contradictions with national policies and Belgian strategy, aid efficiency commitments; relevance to needs is questionable. Major adaptations needed.
1.2 As presently designed, is the intervention logic still holding true?		
☐	A	Clear and well-structured intervention logic; feasible and consistent vertical logic of objectives; adequate indicators; Risks and Assumptions clearly identified and managed; exit strategy in place (if applicable).
☒	B	Adequate intervention logic although it might need some improvements regarding hierarchy of objectives, indicators, Risk and Assumptions.
☐	C	Problems with intervention logic may affect performance of project and capacity to monitor and evaluate progress; improvements necessary.
☐	D	Intervention logic is faulty and requires major revision for the project to have a chance of success.
2. EFFICIENCY OF IMPLEMENTATION TO DATE: Degree to which the resources of the intervention (funds, expertise, time, etc.) have been converted into results in an economical way (assessment for the whole of the intervention)		
<i>In order to calculate the total score for this Q-criterion, proceed as follows: 'At least one 'A', no 'C' or 'D' = A; Two times 'B' = B; At least one 'C', no 'D' = C; at least one 'D' = D</i>		
2.1 How well are inputs (financial, HR, goods & equipment) managed?		
☐	A	All inputs are available on time and within budget.
☒	B	Most inputs are available in reasonable time and do not require substantial budget adjustments. However there is room for improvement.
☐	C	Availability and usage of inputs face problems, which need to be addressed; otherwise results may be at risk.

☐	D	Availability and management of inputs have serious deficiencies, which threaten the achievement of results. Substantial change is needed.
2.2 How well are outputs managed?		
☐	A	All outputs have been and most likely will be delivered as scheduled with good quality contributing to outcomes as planned.
☒	B	Output delivery is and will most likely be according to plan, but there is room for improvement in terms of quality, coverage and timing.
☐	C	Some output are/will be not delivered on time or with good quality. Adjustments are necessary.
☐	D	Quality and delivery of outputs has and most likely will have serious deficiencies. Major adjustments are needed to ensure that at least the key outputs are delivered on time.

3. EFFECTIVENESS TO DATE: Degree to which the outcome (Specific Objective) is achieved as planned at the end of year N

In order to calculate the total score for this Q-criterion, proceed as follows: 'At least one 'A', no 'C' or 'D' = A; Two times 'B' = B; At least one 'C', no 'D' = C; at least one 'D' = D

3.1 As presently implemented what is the likelihood of the outcome to be achieved?

☐	A	Full achievement of the outcome is likely in terms of quality and coverage. Negative effects (if any) have been mitigated.
☒	B	Outcome will be achieved with minor limitations; negative effects (if any) have not caused much harm.
☐	C	Outcome will be achieved only partially among others because of negative effects to which management was not able to fully adapt. Corrective measures have to be taken to improve ability to achieve outcome.
☐	D	Project will not achieve its outcome unless major, fundamental measures are taken.

3.2 Are activities and outputs adapted based on the achieved results in order to the outcome (Specific Objective)?

☐	A	The project is successful in adapting its strategies / activities and outputs to changing external conditions in order to achieve the outcome. Risks and assumptions are managed in a proactive manner.
☒	B	The project is relatively successful in adapting its strategies to changing external conditions in order to achieve its outcome. Risks management is rather passive.
☐	C	The project has not entirely succeeded in adapting its strategies to changing external conditions in a timely or adequate manner. Risk management has been rather static. An important change in strategies is necessary in order to ensure the project can achieve its outcome.
☐	D	The project has failed to respond to changing external conditions, risks were insufficiently managed. Major changes are needed to attain the outcome.

3. POTENTIAL SUSTAINABILITY: The degree of likelihood to maintain and reproduce the benefits of an intervention in the long run (beyond the implementation period of the intervention).

In order to calculate the total score for this Q-criterion, proceed as follows: At least 3 'A's, no 'C' or 'D' = A ; Maximum two 'C's, no 'D' = B; At least three 'C's, no 'D' = C ; At least one 'D' = D

3.1 Financial/economic viability?

☐	A	Financial/economic sustainability is potentially very good: costs for services and maintenance are covered or affordable; external factors will not change that.
☒	B	Financial/economic sustainability is likely to be good, but problems might arise namely from changing external economic factors.
☐	C	Problems need to be addressed regarding financial sustainability either in terms of institutional or target groups costs or changing economic context.

☐	D	Financial/economic sustainability is very questionable unless major changes are made.
4.2 What is the level of ownership of the project by target groups and will it continue after the end of external support?		
☐	A	The JLCB and other relevant local structures are strongly involved in all stages of implementation and are committed to continue producing and using results.
☐	B	Implementation is based in a good part on the JLCB and other relevant local structures, which are also somewhat involved in decision-making. Likelihood of sustainability is good, but there is room for improvement.
☒	C	Project uses mainly ad-hoc arrangements and the JLCB and other relevant local structures to ensure sustainability. Continued results are not guaranteed. Corrective measures are needed.
☐	D	Project depends completely on ad-hoc structures with no prospect of sustainability. Fundamental changes are needed to enable sustainability.
4.3 What is the level of policy support provided and the degree of interaction between project and policy level?		
☐	A	Policy and institutions have been highly supportive of project and will continue to be so.
☒	B	Policy and policy enforcing institutions have been generally supportive, or at least have not hindered the project, and are likely to continue to be so.
☐	C	Project sustainability is limited due to lack of policy support. Corrective measures are needed.
☐	D	Policies have been and likely will be in contradiction with the project. Fundamental changes needed to make project sustainable.
4.4 How well is the project contributing to institutional and management capacity?		
☐	A	Project is embedded in institutional structures and contributed to improve the institutional and management capacity (even if this is not a explicit goal).
☒	B	Project management is well embedded in institutional structures and has somewhat contributed to capacity building. Additional expertise might be required. Improvements in order to guarantee sustainability are possible.
☐	C	Project relies too much on ad-hoc structures instead of institutions; capacity building has not been sufficient to fully ensure sustainability. Corrective measures are needed.
☐	D	Project is relying on ad hoc and capacity transfer to existing institutions, which could guarantee sustainability, is unlikely unless fundamental changes are undertaken.

Assign a final score to each criterion. If a monitoring criterion has been marked a 'C' or a 'D', measures have to be proposed, as part of the Action Plan (4.1)

Criteria	Score
Relevance	B
Efficiency	B
Effectiveness	B
Sustainability	B

2.3 Output 1

2.3.1 Analysis of progress made

Output 1: Smaller LGUs in four clusters have developed appropriate joint institutional arrangements for joint services and amalgamation						
Indicators	Baseline value	Progress year N-1 (2011)	Progress year N-2 (2012)	Target year N	End Target (2015)	Comments
% of LGU clusters that after year 2 have formally approved new institutional structures in place	0%	35%	70%	---		- Cluster identification was delayed from MoLG. - The actual starting date for the LGRDP was 28th July, 2011.

Progress of <u>main</u> activities ⁶	Progress:				Comments (only if the value is C or D)
	A	B	C	D	
1- Awareness Campaigns (60%) * 1 st phase of Awareness Campaigns - Bidding phase (Completed) Preparing TOR, REOI EOI Evaluation, short listing RFP Issue Technical & Financial Evaluation, Award Recommendation Negotiation, Signing the Contract - Implementation (Completed) Mobilization (Meetings: MDLF, BTC, Consultant, LGUs...etc.) Kick-off meetings Disk review, Inception report LGUs Assessment Questionnaire Citizen Survey Questionnaire, Progress report Focus Group Guide lines Data Collection and Filed Work Visit of successfully example of amalgamation Conduct Public workshops Review the social and infrastructure projects Review the data (Survey after awareness campaign). Review the final report * Water Management Workshop (Completed) * visit successful amalgamated municipality (Completed) * Amalgamation Policy and Merging Process Workshop (Completed) * 2 nd phase of Awareness Campaigns (Communication and Social Activities) - Preparation of Communication Action Plans (Completed) Communication and discussion of the JSCs representatives and citizens about intended social activities based on certain dimensions Drafting of 4 communication action plans for the 4 JSCs Review and revisit of the action plans with the JSCs Finalizing the contents of the action plans with cost estimates Preparation of specifications for all the sub activities in the action plans - Bidding Phase (In Progress) Preparing bidding documents for the 1 st bid (Printing materials) and 2 nd bid (Logistics services)			X		Fill the gap by implementing direct awareness activities by MDLF staff prior starting the 1 st phase of awareness assignment which was delayed because of the whole programme delay. Each targeted cluster has its special situation, so the consultant designed an awareness campaign relevant to that situation. 2 nd phase of awareness (Communication Strategy) was planned to be implemented. Already started in Q4-2012
2- Physical & Strategic Planning (80%) - Bidding phase (Completed) Preparing TOR, REOI EOI Evaluation, short listing RFP Issue Technical & Financial Evaluation, Award Recommendation Negotiation, Signing the Contract - Implementation (In Progress) - For Strategic Planning Mobilization (Meetings: MDLF, MoLG, Consultant, LGUs...etc.) Kick-off meetings Disk review, Inception report Conduct SDIP Orientation Sessions with LGU Councils Formulate (Core Planning Team, Strategic Planning Committee, Institutional Building Committee)			X		Implementing the Physical and Strategic Planning parallel to the Awareness Campaigns instead of after it, to recover the whole programme delay. MDLF team conducted direct workshops with the targeted LGUs in order to speed the formulation of all committees. The assignment was delayed because of delay in preparing aerial photo maps for the whole cluster. The local elections caused a delay in some public community meetings, in addition to delay from MoLG feedback

⁶ A: The activities are ahead of schedule
 B: The activities are on schedule
 C: The activities are delayed, corrective measures are required.
 D: The activities are seriously delayed (more than 6 months). Substantial corrective measures are required.

Training for Core Planning Team Finalize the Stakeholder Analysis process Formulating Stakeholder Representative Committee Formulating Specialized Committees Conduct the First Public Meeting Diagnosis of the current status Follow up the formulation of the vision and objectives Identification and profiling of project Setting integrated operation plans and evaluation plan Preparation of the draft SDIP Follow up with Municipal Council to Approve the SDIP Conduct The Second Public Meeting Prepare the final SDIP - <i>For Physical Planning</i> Review the past and present maps and plans Specify Aerial Photos boundary (Not progressing from MoLG) Review the planning framework report Supervise the sectoral assessment Determining the possibilities and challenges Approving the Spatial Development Framework Plan SDFP Submission the negative of the aerial photos					
3- Fixed Assets Registration and Valuation (100%) - Bidding phase (Completed) Preparing TOR, REOI EOI Evaluation, short listing RFP Issue Technical & Financial Evaluation, Award Recommendation Negotiation, Signing the Contract - Implementation (Completed) Mobilization (Meetings: MDLF, Consultant, LGUs...etc.) Kick-off meetings Training workshop Inception report Data collection from targeted clusters Work Plan with LGU Gathering fixed asset sheets Investigation of data Carry out physical inspection of fixed asset preparation of draft fixed asset register Preparation of the final fixed asset register			X		Implementing the Fixed Assets Registration parallel to the Awareness Campaigns instead of after it, to recover the whole programme delay.
4- Institutional / Capacity Assessment and Development Plan (30%) * <i>Institutional Capacity Assessment and Development</i> - Bidding phase (Completed) Preparing TOR, REOI Evaluating submitted EOIs EOI Evaluation, short listing RFP Issue Technical & Financial Evaluation, Award Recommendation Negotiation, Signing the Contract - Implementation (In Progress) Mobilization (Meetings: MDLF, BTC, Consultant, LGUs...etc.) Kick-off meetings Disk review, Inception report LGUs Assessment Questionnaire * <i>Technical Assistance to the Common Water Department (CWD) of the Joint Service Council for Planning and Development (JSCPD) / Beit Leqya Cluster</i> - Bidding phase (In Progress) Preparing TOR, REOI Evaluating submitted EOIs EOI Evaluation, short listing RFP Issue Technical & Financial Evaluation, Award Recommendation			X		MDLF combines the two assignments (institutional capacity assessment + capacity development plan) into one assignment. Signing the contract for Institutional Capacity Assessment and Development was delayed due to taking long time for receiving BTC no objection to award the contract.

Analysis of progress made towards output:	
<i>Relation between activities and the Output. (how) Are activities contributing (still) to the achievement of the output (do not discuss activities as such?):</i>	Most of the above planned activities were implemented or still under implementation but with fair delay, due to external factors such as LGUs lack of commitment
<i>Progress made towards the achievement of the output (on the basis of indicators):</i>	The achievement of the main activities were fairly good 70% taking in consideration the external effects
<i>Issues that arose, influencing factors (positive or negative):</i>	Short time allocated for the 1st phase of awareness campaign affected non comprehension and sometimes opposition for amalgamation. Accordingly, 2nd phase of awareness (Communication Strategy) was planned and in the targeted clusters. Political aspects affected and caused delay for conducted activities in addition to taking aerial photos by Israeli companies. BTC long procurement procedures for no objection letters
<i>Unexpected results (positive or negative):</i>	Duplication of some efforts such as conducting LGUs institutional assessment under the "Capacity Institutional Assessment and Development", while it was conducted earlier under SDIPs.

2.3.2 Budget execution

As per the updated financial planning document and the forecasting, the expenditures during 2012 were forecasted to be **€ 310,490**. However MDLF is contracted with consultants to carry out the assignments with a total amount of **€ 376,510.50**. The actual disbursement is **€ 242,077.10** which is approximately **78%** of the forecasted and **64%** of the contracted amounts.

This dramatic difference between planned and actual expenditures is because that, the forecasting was based on estimated contract costs while the actual contracted amounts with the consultants was less than the estimates, In addition to time extensions for some contracts.

2.3.3 Quality criteria

On the basis of the elements above, A, B, C or D score⁷ is attributed to the following criteria:

- Efficiency: Degree to which the resources of the intervention (funds, expertise, time, etc.) have been converted into outputs in an economical way.
- Effectiveness: Degree to which the output is achieved as planned at the end of year N.
- Sustainability: The degree of likelihood to maintain the outputs of the intervention in the long run (beyond the implementation period of the intervention).

Criteria	Score
Efficiency	B
Effectiveness	B
Sustainability	B

⁷

- A: Very good performance
B: Good performance
C: Performing with problems, measures should be taken
D: Not performing/ having major difficulties: measures are necessary

If a criterion cannot be assessed (e.g. because the project has only just started), attribute the criteria with an 'X' score. Explain why the criterion has not been assessed.

2.4 Output 2

2.4.1 Analysis of progress made

Output 2: Capacities of these LGUs are enhanced for improved planning, HRM, financial management, service delivery and accountability						
Indicators	Baseline value	Progress year N-1	Progress year N	Target year N	End Target	Comments
% of LGU clusters with improved/quality systems for: • Development planning, • HRM (including actual staffing) • Financial management • Service delivery and • Local accountability	0%	30%	50%		85%	

Progress of <u>main</u> activities	Progress:				Comments (only if the value is C or D)
	A	B	C	D	
1- Supply Furniture & Equipment (100%) *Supply of IT Equipment - Bidding phase (Completed) Preparing bidding documents Advertisement, RFQ Evaluation for Quotations Purchase Order - Supplying (Completed) *Supply of Furniture - Bidding phase (Completed) Preparing bidding documents Advertisement, RFQ Evaluation for Quotations Purchase Order - Supplying (Completed) *Supply of Total Station - Bidding phase (Completed) Preparing bidding documents Advertisement, RFQ Evaluation for Quotations Purchase Order - Supplying (Completed) *Supply of Stationery - Bidding phase (Completed) Preparing bidding documents Advertisement, RFQ Evaluation for Quotations Purchase Order - Supplying (Completed) *Rent of 4 Cars/6 months for JSCs - Bidding phase (In Progress) Preparing bidding documents RFQ Evaluation for Quotations			X		Direct assessment for JSC's was conducted.
2- Office Building (extinction or renovation) (15%) - Bidding phase (In Progress) Preparing tender documents			X		LGUs was encouraged to either donate a land for JSC building , rent building or reach to agreements with the existing JSC to have a temporary places for JSC premises.
3- Financial Support for 12 Months Initial employment of staff (80%) - Recruitment phase (Completed) Announcing the vacancies (<i>Secretary, Engineer, Urban Planner and Accountant</i>) for each JSC CVs shortlisting Interview shortlisted candidates Recruitment and contracting - Follow up with recruited staff (In Progress) Salaries Disbursement			X		Direct assessment for JSC's was conducted. Direct follow up with the recruited staff continuously carried out by MDLF.
4- Training Human resource (0%)			X		Not yet
5- Provision of general awareness campaigns (0%)			X		Not yet

Analysis of progress made towards output:	
<i>Relation between activities and the Output. (how) Are activities contributing (still) to the achievement of the output (do not discuss activities as such?):</i>	The JSCs for the targeted clusters had no resources at all. The implemented activities will facilitate these JSCs to have the good structure that is equipped with the needed resources in order to provide the services for the LGUs comprising the clusters. Provision of staffing for the JSCs provided the required capabilities to follow up on the projects implemented by the JSCs. Provision of furniture and equipment enabled the JSCs to have the basic elements for operating the JSCs.
<i>Progress made towards the achievement of the output (on the basis of indicators):</i>	There is delay in some of the activities in addition to having prerequisites for launching some activities which caused some delay such as waiting to finish institutional assessment in order to conduct training courses.
<i>Issues that arose, influencing factors (positive or negative):</i>	N/A
<i>Unexpected results (positive or negative):</i>	N/A

2.4.2 Budget execution

As per the updated financial planning document and the forecasting, the expenditures during 2012 were forecasted to be **€ 270,000**. However MDLF is contracted with consultants to carry out the assignments with a total amount of **€ 233,738.19**. The actual disbursement is **€ 160,098.84** which is approximately **59%** of the forecasted and **69%** of the contracted amounts.

This dramatic difference between planned and actual expenditures is because that, the forecasting was based on estimated contract costs while the actual contracted amounts with the suppliers was less than the estimates. In addition to that, the staff for the targeted JSCs was recruited in March and June, 2012. Hence, the salaries disbursement will continue till June, 2013.

2.4.3 Quality criteria

On the basis of the elements above, A, B, C or D score⁸ is attributed to the following criteria:

- Efficiency: Degree to which the resources of the intervention (funds, expertise, time, etc.) have been converted into outputs in an economical way.
- Effectiveness: Degree to which the output is achieved as planned at the end of year N.
- Sustainability: The degree of likelihood to maintain the outputs of the intervention in the long run (beyond the implementation period of the intervention).

Criteria	Score
Efficiency	B
Effectiveness	B
Sustainability	C

⁸

- A: Very good performance
B: Good performance
C: Performing with problems, measures should be taken
D: Not performing/ having major difficulties: measures are necessary

If a criterion cannot be assessed (e.g. because the project has only just started), attribute the criteria with an 'X' score. Explain why the criterion has not been assessed.

2.5 Output 3

2.5.1 Analysis of progress made

Output 3: the services of these LGUs are improved through provision of sustainable infrastructure development						
Indicators	Baseline value	Progress year N-1 (2011)	Progress year N-2 (2012)	Target year N	End Target (2015)	Comments
% Completion of planned infrastructures at acceptable quality, Realistic operation and maintenance plans for all investments, Sustained operations after end of project support.	0%	0%	30%	----	100%	
Progress of <u>main</u> activities			Progress:		Comments (only if the value is C or D)	
			A	B	C	D
1- Engage Consultant or Technical Team to assist LGU's (5%) - Bidding phase (In Progress) Preparing TOR, REOI					X	
2- Implementation and Follow Up with the approved Projects (90%) <i>*1st phase of infrastructure projects</i> - Review projects identified within public participation (Completed) Asphalting of Internal Roads in Beita, Audala, Ausreen and Za'tara Paving of Link Road (Beit leqya – Beit Seera) Link Roads rehabilitation (Beit Leqya-Kharbatha almisbah), (Kharbatha almisbah-Beit seera) & (Beit Leqya-Beit nuba) Paving of Link Road (Jort eshama' – Wad Rahal) Rehabilitation of Al-Karmel Entrance Road - Get steering committee approval (Completed) - Bidding phase (Completed) Preparing tender documents announce the invitation for bids (IFB) Bids Opening and evaluation Awarding and contracting - Implementation (In Progress)					X	
Analysis of progress made towards output:						
<i>Relation between activities and the Output. (how) Are activities (still) contributing to the achievement of the output (do not discuss activities as such)?:</i>			The first phase of infrastructure projects will improve the services of the targeted LGUs through provision of sustainable infrastructure projects (connection, entrance and internal roads). However these projects supported the amalgamation process.			
<i>Progress made towards the achievement of the output (on the basis of indicators):</i>			The progresses of the main activities were good to achieve the completion of planned first phase infrastructures at acceptable quality.			
<i>Issues that arose, influencing factors (positive or negative):</i>			The cooperation from the JSCs representatives and the local community to implement the connection roads was weak causes some influence on time execution period.			
<i>Unexpected results (positive or negative):</i>			The increase in bids' quantities due to variation orders arose after implementation.			

2.5.2 Budget execution

As per the updated financial planning document and the forecasting, the expenditures during 2012 were forecasted to be **€ 1,500,000**. However MDLF is contracted with contractors to execute the projects with a total amount of **€ 1,414,364.52**. The actual disbursement till the end of 2012 is **€ 834,050.63** which is approximately **56%** of the forecasted and **59%** of the contracted amounts.

This dramatic difference between planned and actual expenditures is because that, the forecasting was based on estimated contract costs while the actual contracted amounts with the contractors was less than the estimates, In addition to that, the final payments will be disbursed after handing over the project which is expected to be the first days of January, 2013.

2.5.3 Quality criteria

On the basis of the elements above, A, B, C or D score⁹ is attributed to the following criteria:

- Efficiency: Degree to which the resources of the intervention (funds, expertise, time, etc.) have been converted into outputs in an economical way.
- Effectiveness: Degree to which the output is achieved as planned at the end of year N.
- Sustainability: The degree of likelihood to maintain the outputs of the intervention in the long run (beyond the implementation period of the intervention).

Criteria	Score
Efficiency	B
Effectiveness	B
Sustainability	B

⁹

A: Very good performance
B: Good performance
C: Performing with problems, measures should be taken
D: Not performing/ having major difficulties: measures are necessary

If a criterion cannot be assessed (e.g. because the project has only just started), attribute the criteria with an 'X' score. Explain why the criterion has not been assessed.

2.6 Output 4

2.6.1 Analysis of progress made

Output 4: newly amalgamated municipalities (merged smaller LGU's) are continuously progressing their performance							
Indicators	Baseline value	Progress year N-1 (2011)	Progress year N-2 (2012)	Target year N	End Target (2015)	Comments	
Performance score of the newly created municipalities is increasing on annual basis	0%	0%	90%	100%	100%		
Progress of <u>main</u> activities			Progress:				Comments (only if the value is C or D)
			A	B	C	D	
1- Evaluate the new amalgamated municipality to decide their performance category			X				
2- Inform the municipalities about their allocated budget				X			
3- Nominate projects for implementation acceding to the SDIP or by conducting public participation sessions				X			
4- Projects appraisal phase				X			
5- Bidding documents preparation phase				X			
6- Implementation and follow up phase				X			
Analysis of progress made towards output:							
Relation between activities and the Output. (how) Are activities (still) contributing to the achievement of the output (do not discuss activities as such)?:			Indirectly, the municipalities had been oriented and practiced the procedures of MDP which influenced positively their performance in project management and community participation.				
Progress made towards the achievement of the output (on the basis of indicators):			Fully met and expected to be accomplished by the end of cycle II / MDP.				
Issues that arose, influencing factors (positive or negative):			The alignment between MDP cycles and the LGRDP yearly planning.				
Unexpected results (positive or negative):			N/A				

2.6.2 Budget execution

As per the updated financial planning document and the forecasting, the expenditures during 2012 were forecasted to be **€ 930,000**. The actual disbursement till the end of 2012 is expected to be **€ 779,562** which is approximately **84%** of the forecasted amounts. This dramatic difference between planned and actual expenditures is because that, two projects will be completed after the end of 2012.

2.6.3 Quality criteria

On the basis of the elements above, A, B, C or D score¹⁰ is attributed to the following criteria:

- Efficiency: Degree to which the resources of the intervention (funds, expertise, time, etc.) have been converted into outputs in an economical way.
- Effectiveness: Degree to which the output is achieved as planned at the end of year N.
- Sustainability: The degree of likelihood to maintain the outputs of the intervention in the long run (beyond the implementation period of the intervention).

Criteria	Score
Efficiency	B
Effectiveness	B
Sustainability	B

¹⁰

A: Very good performance
B: Good performance
C: Performing with problems, measures should be taken
D: Not performing/ having major difficulties: measures are necessary

If a criterion cannot be assessed (e.g. because the project has only just started), attribute the criteria with an 'X' score. Explain why the criterion has not been assessed.

3 Transversal Themes

Explain how the intervention has taken into account Transversal Themes.

3.1 Gender

MDLF is in process of setting up a gender standard and gender unit. The World Bank funded such programme to MDLF helping them addressing women's issues.

The LGRDP already tackled this in the 1st and 2nd phase of awareness campaigns through ensuring female participation in all community workshops, also through identifying some social infrastructure projects which mainly targeting women such as women centers.

In addition, recruitment of the JSCs staff was opened for both men and women equally where at least one female among four staff members

3.2 Environment

The smaller LGUs have serious environmental problems due to a lack of resources and equipment. Through JSC arrangements they try to improve service delivery in areas such as solid waste management and waste water treatment.

The creation of larger and more effective LGUs will lead to enhanced capacities for Management of environmental problems R 3 projects to be funded under component 2 well developed and rehabilitated of municipal infrastructure including roads, parks, electricity services and improvement, rehabilitation and maintenance of existing Water systems (water wells, water networks, wastewater and sanitation). The expected environmental and social impacts of these R3-projects are must approved, supervise by MDLF environmental department to be positive; however, if some minor negative impacts are expected during the construction phases which are easily mitigated through the Environmental Management Plan prepared by this department.

4 Steering and Learning

4.1 Action Plan

Action plan	Source	Actor	Deadline
Continuation of 2 nd phase of Awareness Campaign		MDLF (Ola Karakra)	Q4 / 2013
Continuation of 1 st phase of Infrastructure (Roads)		MDLF (Fadi Aqel)	Q1 / 2013
Social Infrastructure Projects Investment		MDLF (Niveen Nusseibeh, Fadi Aqel & Ola Karakra)	Q4 / 2013
Continuation of physical planning for North and South Clusters		MDLF (Niveen Nusseibeh)	Q1 / 2013
Capacity Institutional assessment and Development for the 4 Clusters		MDLF (Fadi Aqel & Ola Karakra)	Q1 / 2013
Implementing the MDP II cycle I – LGRDP (2013 projects)		MDLF	Q2 / 2014

4.2 Lessons Learned

Lessons learned	Target audience
Awareness campaigns should be started long before any assignments such physical planning and Fixed assets...etc. As well, the awareness campaign should not be one time campaign, it should be continuous for the entire LGRDP cycle life.	BTC, MDLF, MoLG,
The LGRDP technical committee should include the JSCs representatives to compliment and reflect the local needs.	BTC, MDLF, MoLG.
Having a National Working Group consists of all those in charge of amalgamation such as MoLG/ Policy Unit, MoLG, DJCspd, MDLF/ LGRDP, MDLF, LDP and the relevant donors will contribute to tackle the issues and current challenges in addition to come up with solutions and mitigation measures if needed.	BTC, MDLF, MoLG.
The financial planning should be more realistic while the operational plans should covers all the durational activities	BTC, MDLF, MoLG.
Understand; closely discover related international experiences in amalgamation concept by study tour to learn about the procedure and the challenging.	BTC, MDLF, MoLG.

5 Annexes

5.1 Original Logical framework

annexed to this document

5.2 MoRe Results at a glance

Logical framework's results or indicators modified in last 12 months?	
Baseline Report registered on PIT?	
Planning MTR	
Planning ETR	
Backstopping missions since 01/01/2012	

5.3 “Budget versus current (y – m)” Report

annexed to this document

5.4 Resources

N/A

5.5 Decisions taken by the JLCB and follow-up

Provide an overview of the important strategic decisions taken by the JLCB and the follow-up of those decisions.

Decision to take					Action			Follow-up	
Decision to take	Period of identification	Timing	Source	Actor	Action(s)	Resp.	Deadline	Progress	Status

Annexe: Forecasting/2012

R2: Smaller LGUs in four to six Clusters are facilitated for Provision of Joint Services and Amalgamation.

Activities	Sub activities	Budget Total	Estimated Cost	Contract	Q4-2011	Forecasting 2012				Total
						Q1	Q2	Q3	Q4	
B.1.1.1: An Initial Survey of the Technical and Financial Viability as Well as Social Acceptability.	B.1.1.1.2: awareness campaign.	180,000	72,000	24,487	0	24,487	0	0	0	
B.1.1.2: Valuation of each local council's assets that would be incorporated in the new municipality.	B.1.1.2.1: capacity and institutional assessment.									
	B.1.1.2.2: fixed assets registration.	120,000	132,000	Estimate 50,000	0	5,000	45,000	0	0	
B.1.1.3: Develop a comprehensive development plan in line with national guidelines.	B.1.1.3.1: conduct a physical plan and SDIP.	360,000	540,000	200,903	0	110,000	30,000	60,903	0	
B.1.1.4: Develop a comprehensive capacity development plan.	B.1.1.4.1: develop a capacity development plan:	120,000	96,000	Estimate 50,000	0	5,000	45,000	0	0	
Totals		780,000	840,000	325,390	0	144,487	120,000	60,903	0	310,490

R3: The Capacities of these LGUs are enhanced for improved planning, financial management, HRM and accountability.

Activities	Sub activities	Budget Total	Estimated Cost	Contract	Q4-2011	Forecasting 2012				Total
						Q1	Q2	Q3	Q4	
B.2.1: A capacity development programme will be implemented.	B.2.1.1: supplying equipment & furniture.		80,000	Estimate 100,000	0	75,707				
	B.2.1.2: office building (extension or renovation).		248,000	Estimate 60,000		60,000				
	B.2.1.3: financial support for 12 months initial payments.		130,000	Estimate 130,000		32,500	32,500	32,500	32,500	
	B.2.1.4: training.		10,000	Estimate 10,000		5,000	5,000			
	B.2.1.5: provision of general awareness campaigns.		20,000	Estimate 20,000		0	0	2,000	18,000	
Totals		1,680,000	488,000	320,000	0	147,500	37,500	34,500	50,500	270,000

R4: Services of these LGUs are improved through provision of sustainable infrastructure development.

Activities	Sub activities	Budget Total	Estimated Cost	Contract	Q4-2011	Forecasting 2012				Total
						Q1	Q2	Q3	Q4	
B.3.1: Provision of funding for infrastructure development.	B.3.1.1: engage consultant or technical team to assist LGU's and MoLG on development of the capacity development's needs.									
	B.3.1.2: implementation and follow up with the approved projects.				0	150,000	350,000	500,000	500,000	
Totals		5,850,000			0	150,000	350,000	500,000	500,000	1,500,000

Totals (Component 2)		8,310,000			0	492,887	507,500	595,403	550,500	2,080,490
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R5: Newly amalgamated municipalities are continuously progressing in their performance.

Activities	Sub activities	Budget Total	Estimated Cost	Contract	Q4-2011	Forecasting 2012				Total
						Q1	Q2	Q3	Q4	
<i>A.1.1 : Undertake regular assesment of municipalitues and provide general oversight and guidance to the LGU's.</i>	A.1.1.1: Evaluate the new amalgamated municipality to decide their performance category.									
<i>A.1.2 : Provide physical transfer to municipalities that is linked to their performance during the assessments.</i>	A.1.2.1: Inform the municipalities about their allocated budget.									
	A.1.2.2: Nominate projects for implementation acceding to the SDIP or by conducting public participation sessions.									
	A.1.2.3: Projects appraisal phase.									
	A.1.2.4: Bidding documents preparation phase.				0	150,000	250,000	250,000	350,000	
	A.1.2.5: Implementation and follow up phase.									
Totals		2,697,000			0	150,000	250,000	250,000	350,000	1,000,000

Totals (Component 3)	2,697,000			0	150,000	250,000	250,000	350,000	1,000,000
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Annexe: Disbursement/2012

R2: Smaller LGUs in four to six Clusters are facilitated for Provision of Joint Services and Amalgamation.

Activities	Sub activities	Budget Total	Estimated Cost	Contract	Q4-2011	Disbursement 2012				Total
						Q1	Q2	Q3	Q4	
B.1.1.1: An Initial Survey of the Technical and Financial Viability as Well as Social Acceptability.	B.1.1.1.2: awareness campaign.	180,000	72,000	34,886.45	0	12,243.50	14,572.78	0	8,070.26	
B.1.1.2: Valuation of each local council's assets that would be incorporated in the new municipality.	B.1.1.2.1: capacity and institutional assessment.									
	B.1.1.2.2: fixed assets registration.	120,000	132,000	73,387.30	0	7,303.20	24,349	41,383.6	351.3	
B.1.1.3: Develop a comprehensive development plan in line with national guidelines.	B.1.1.3.1: conduct a physical plan and SDIP.	360,000	540,000	221,934.0	0	10,045.2	38,210.8	36,890.4	43,394.4	
B.1.1.4: Develop a comprehensive capacity development plan.	B.1.1.4.1: develop a capacity development plan:	180,000	170,000	46,302.66	0	0	0	0	5,262.66	
Totals		840,000	914,000	376,510.4	0	29,591.90	77,132.58	78,274.00	57,078.62	242,077.10

R3: The Capacities of these LGUs are enhanced for improved planning, financial management, HRM and accountability.

Activities	Sub activities	Budget Total	Estimated Cost	Contract	Q4-2011	Disbursement 2012				Total
						Q1	Q2	Q3	Q4	
B.2.1: A capacity development programme will be implemented.	B.2.1.1: supplying equipment & furniture.		102,000	94,924.00	0	35,752	39,982	4,125	953	
	B.2.1.2: office building (extension or renovation).		80,000			0	0	0	0	
	B.2.1.3: financial support for 12 months initial payments.		140,000	138,814.19		0	10,969.41	37,899.63	30,417.8	
	B.2.1.4: training.		10,000			0	0	0	0	
	B.2.1.5: provision of general awareness campaigns.		20,000			0	0	0	0	
Totals		1,680,000	295,000	233,738.19	0	35,752.00	50,951.41	42,024.63	31,370.80	160,098.84

R4: Services of these LGUs are improved through provision of sustainable infrastructure development.

Activities	Sub activities	Budget Total	Estimated Cost	Contract	Q4-2011	Disbursement 2012				Total
						Q1	Q2	Q3	Q4	
B.3.1: Provision of funding for infrastructure development.	B.3.1.1: engage consultant or technical team to assist LGU's and MoLG on development of the capacity development's needs.									
	B.3.1.2: implementation and follow up with the approved projects.	1,415,000	1,415,000	1,414,364.52	0	0	0	0	834,050.63	
Totals		5,850,000	1,415,000	1,325,307.25	0	0	0	0	834,050.63	834,050.63

Totals (Component 2)		8,310,000			0	65,343.90	128,083.99	120,298.63	922,500.05	1,236,226.50
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R5: Newly amalgamated municipalities are continuously progressing in their performance.

Activities	Sub activities	Budget Total	Estimated Cost	Contract	Q4-2011	Disbursement 2012				Total
						Q1	Q2	Q3	Q4	
<i>A.1.1 : Undertake regular assesment of municipalitues and provide general oversight and guidance to the LGU's.</i>	A.1.1.1: Evaluate the new amalgamated municipality to decide their performance category.									
<i>A.1.2 : Provide physical transfer to municipalities that is linked to their performance during the assessments.</i>	A.1.2.1: Inform the municipalities about their allocated budget.									
	A.1.2.2: Nominate projects for implementation acceding to the SDIP or by conducting public participation sessions.									
	A.1.2.3: Projects appraisal phase.	930,000			0					
	A.1.2.4: Bidding documents preparation phase.									
	A.1.2.5: Implementation and follow up phase.									
Totals		2,697,000			0					779,562.00

Totals (Component 3)	2,697,000			0					779,562.00
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Local Government Reform Development Programme "LGRDP"

Component 2: List of first phase infrastructure projects

No.	Cluster	Governorate	Localities	Project	Targeted Output
1	Beita	Nablus	Beita, Audala, Ausreen and Za'tara	Asphalting of Internal Roads in Beita, Audala, Ausreen and Za'tara	5.40 Km
2	Beit leqya	Ramallah	Beit leqya, Kharbatha al misbah, Beit seera and Beit nuba	Link Roads rehabilitation (Beit Leqya-Kharbatha almisbah-Beit seeraa-Beit nuba)	5.07 Km
3	Jort eshama'	Bethlehem	Jort eshama', Um salamona, Wadi ennis, Marah m'ala, Marah rabah, Al ma'sarah, Khalet Elhadad, Almansheeya and Wad rahal	Paving of Link Road (Jort eshama' – Wad Rahal)	2.80 Km
4	Karmel	Hebron	Karmel, Main, Khalet saleh and Hadedeiyah	Rehabilitation of Al-Karmel Entrance Road	3.00 Km
					16.27 Km

Component 3: List of MDP infrastructure projects

No.	Municipalities	Governorate	Population 2010 (Projected)	Allocation (without VAT)	Project
				Euro	
1	East Bani Zeid	Ramallah & Albireh	5,475	62,612	Construction of retaining wall Supply of Light Unit Supply of solid waste containers
2	Baqa Al Sharqeyya	Tulkarm	5,644	63,768	rehabilitation of internal roads(Entrance)
3	Janata	Bethlehem	5,805	64,869	Rehabilitation of internal roads Construction of Store and Retaining wall for the Municipality
4	West Bani Zeid	Ramallah & Albireh	5,940	65,792	Rehabilitation of internal roads
5	Azzaytuna	Ramallah & Albireh	6,667	70,764	Rehabilitation of internal roads Supply of Light Unit
6	Al Ittihad	Ramallah & Albireh	7,327	75,277	rehabilitation of internal road
7	Al-Kafriyyat	Tukarm	7,511	76,535	connection of medium voltage network
8	Marj Bin Amer	Jenin	17,981	148,133	rehabilitation of internal roads construction of multipurpose center
9	Al-Yasiriyya	Hebron	18,341	150,595	rehabilitation of internal roads
10	Al-Muttahida	Jenin	18,496	151,655	Paving of internal Roads
Total			99,187	930,000	

ANNEX D:

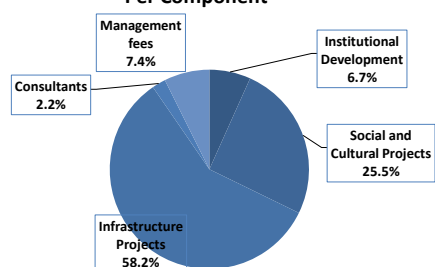
Financial Data



Local Development Programme (Phase I & II) / Disbursed Amounts in US\$

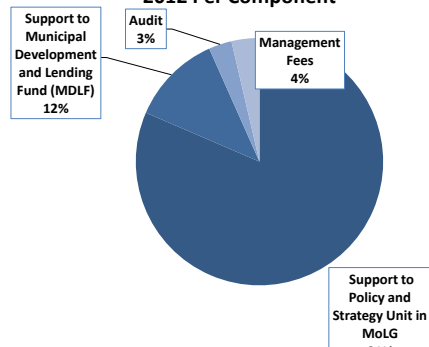
Component	Danish	
	During 2012	Accumulative Until 31-12-2012
Institutional Development	219,354	355,999
Social and Cultural Projects	833,486	1,183,827
Infrastructure Projects	1,901,697	2,208,428
Consultants	72,360	194,291
Management fees	240,788	309,207
Review		
Audits		
Unallocated fund		
Total	3,267,685	4,251,751

**LDP - Disbursed Amounts During the year 2012
Per Component**


Local Government Policy Development Programme (LGPDP) / Disbursed Amounts in US\$

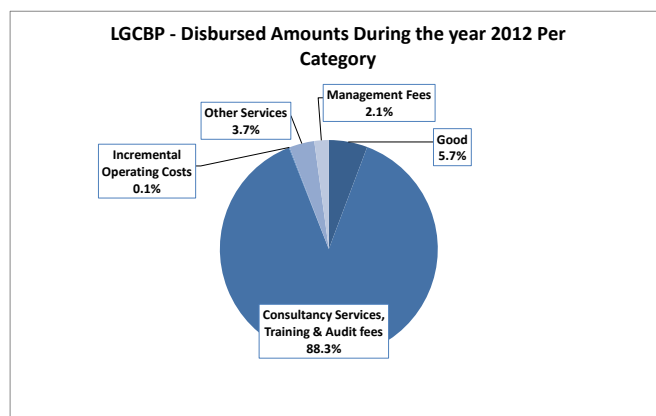
Component	Danish	
	During 2012	Accumulative Until 31-12-2012
Support to Policy and Strategy Unit in MoLG	189,231	236,721
Support to Municipal Development and Lending Fund (MDLF)	27,575	27,575
Support to the Association of Palestinian Local Authorities	0	0
Mid Term Review	0	0
Audit	7,000	7,000
Management Fees	8,468	11,668
Contengencies	0	0
Total	232,274	282,964

LGPDP - Disbursed Amounts During the year 2012 Per Component

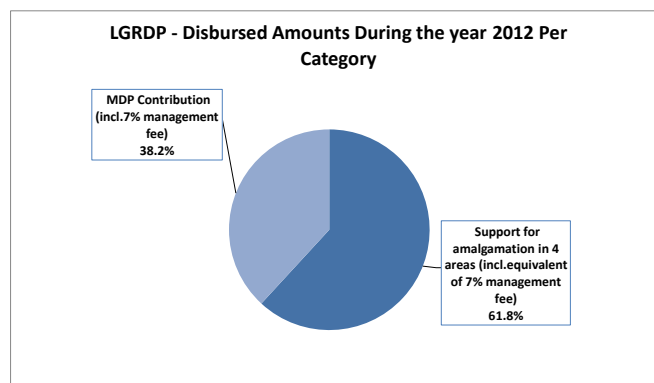


Local Government Capacity Building Project - (LGCBP) / Disbursed Amounts in US\$

Category	Danish	
	During 2012	Accumulative Until 31-12-2012
Good	132,580	1,979,752
Consultancy Services, Training & Audit fees	2,044,185	6,972,852
Incremental Operating Costs	2,805	395,813
Other Services	86,074	178,819
Management Fees	49,564	403,297
Total	2,315,209	9,930,533


Local Government Reform & Development Programme - (LGRDP) / Disbursed Amounts in Euro

Component	BTC	
	During 2012	Accumulative Until 31-12-2012
CB of MoLG	0	0
Support for amalgamation in 4 areas (incl.equivalent of 7% management fee)	1,263,455	1,323,455
MDP Contribution (incl.7% management fee)	779,562	779,562
General Means (International TA salaries, administrative and financial officer, reviews, etc) and budgetary reserve	0	0
Total	2,043,017	2,103,017



Municipal Development Program - (Phase 1) - (MDPI) / Disbursed Amounts in Euro

Category	WB		MDTF		KFW		AFD		PA		GIZ		Total (Euro)	
	During 2012	Accumulative Until 31-12-2012	During 2012	Accumulative Until 31-12-2012	During 2012	Accumulative Until 31-12-2012	During 2012	Accumulative Until 31-12-2012	During 2012	Accumulative Until 31-12-2012	During 2012	Accumulative Until 31-12-2012	During 2012	Accumulative Until 31-12-2012
Window 1	1,567,590	6,353,589	5,214,010	12,049,062	5,398,319	11,026,558	3,184,845	5,364,452	310,967	2,268,753	189,586	0	15,865,317	37,062,414
Window 2	146,089	455,282	496	496	0	0	0	0	0	0	0	0	146,585	455,778
Window 3	14,474	33,817	122,394	235,300	56,448	189,503	94,027	181,935	0	0	141,998	450,894	429,341	1,091,449
Window 4	260,823	781,362	515,875	1,088,966	501,929	962,349	367,139	610,829	153,239	164,243	5,294	35,521	1,804,299	3,643,270
Total	1,988,977	7,624,050	5,852,775	13,373,824	5,956,696	12,178,410	3,646,011	6,157,216	464,206	2,432,996	336,878	486,415	18,245,543	42,252,911

