



**Municipal
Development
& Lending Fund**

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Annual Report 2016



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صندوق تطوير وإقراض البلديات
Municipal Development & Lending Fund



ANNUAL REPORT 2016

MUNICIPAL DEVELOPMENT AND LENDING FUND

(MDLF) - PALESTINE

MARCH, 2017





Our Vision

Effective Local Government units able to achieve better life for their 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 is our promise to invest in our Municipalities to help them to succeed and help them to develop their skills for better management, to provide better services for a **better life for citizens**.



WEST BANK OFFICE



GAZA STRIP OFFICE

MDLF Team: Dedication and Professionalism



GLOSSARY

AFD:	French Development Agency
APLA:	Association for Palestinian Local Authorities
BOD:	MDLF Board of Directors
COA:	Chart of Account
DCF:	Donor Consultation Forum
EC	European Commission
ESMP:	Environmental and Social Management Plan
ESMF:	Environmental and Social Management Framework
EOI:	Expression of Interest
FARV:	Fixed Assets Registration and Valuation
FPPM:	Financial Policies and Procures Manual
GD:	Government of Denmark
GIZ:	German Technical Cooperation
GSWMP:	Gaza Solid Waste Management Project
HIMI:	High-Impact Micro- Infrastructure Project
ICUD:	Integrated Cities and Urban Development Project
IFMIS:	Integrated Financial Management Information System
JSCs:	Joint Service Councils
KFW:	German Development Bank
LDP:	Local Development Program
LGRDP:	Local Government Reform Development Program
LGUs:	Local Government Units
MDLF:	Municipal Development and Lending Fund
MIS:	Management Information System
MOLG:	Ministry of Local Government
MOF:	Ministry of Finance
MOPAD:	Ministry of Planning and Administrative Development
NDP:	National Development Plan
PCU:	Project Coordination Unit
PGMIS:	Project Grant Management Information System
PNA:	Palestinian National Authority
PRDP	Palestinian Reform and Development Plan
RHC:	Regeneration of Historical Centers
SDIP:	Strategic Development and Investment Plan
Sida	Swedish International Development Cooperation Agency
SMDN:	Support to Municipal Development for Northern West Bank
TOR:	Terms of References
WBG:	West Bank & Gaza



BOARD OF DIRECTOR (BOD)

Dr. Husein Al-A'raj	Chairman of the Board, Minister Local Government
Dr. Daoud Al Zatar	Board Member, Mayor of Hebron Municipality
Mr. Faisal Fraihat	Board Member, Representing Ministry of Public Works and Housing
Ms. Laila Sbaih	Board Member Representing Ministry of Finance and Planning
Mr. Nabil Diab	Board Member Representing Association of Banks in Palestine (ABP)
Mr. Majdi Saleh	Board Member Representing Engineers Association
Eng. Musa Hadid	Board Member Representing Association of the Palestinian Local Authorities (APLA)
Mr. Nitham Ayoub	Board Member Representing Ministry of National Economy

Dr. Tawfiq Bdairi	Director General
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MESSAGE FROM THE BOD CHAIRMAN

As the Chairman of the Board of Directors of the Municipal Development and Lending Fund it is with great pleasure that I lay before you the MDLF Annual Report for the year 2016. MDLF is a distinguished national institution that has been striving to contribute to the development of the State of Palestine through enabling Local Government Units to improve services delivery, achieve sustainable development, and promote municipal efficiency and accountability. MDLF has completed one more successful year with guidance from the Palestinian National Authority and the MoLG, as major percentage of targets were met during 2016.



As anticipated, the MDLF addressed urgent needs of infrastructure work, capacity building, and performance with innovation and creativity through developing a multi-phased Municipal Development Program “MDP”. In 2016, the second phase of MDP proceeded with major accomplishments in the field. We believe that the first step towards improving municipal services is the result of well-managed, more accountable local government units. The cornerstone of MDP is the linkage between the municipal infrastructure allocations with the municipalities’ performance, yet MDP provides technical capacities to the municipalities in aspects of operation and maintenance, planning and financial management.

It is with great pride that we assert that the Local Government Units Development and Lending Fund Law was endorsed by H.H. President Mahmoud Abbas, directly affecting the status of MDLF. We highly value MDLF’s full alignment with the national policies and agendas to ensure reform, transparency, and efficiency, which are crucial to the development of a viable, sustainable Palestinian state. The Palestinian Government has always focused on integrating local economic development within its policies, agendas, and strategies, a point that MDLF successfully addressed.

We take pride in the achievements we have reached together with the MDLF. On behalf of the Palestinian government, and within my capacity as the Minister of Local Government, I would like to extend my sincerest appreciation to our development partners’ support, which made it possible to arrive to this stage.

Dr. Husein Al-A’raj

Chairman of the Board of Director,

Minister local Government



INTRODUCTION FROM MDLF DIRECTOR GENERAL

Last year, we chose to focus on enhancing the quality as well as the quantity and diversity of our projects. We focused on our strengths, improved our operational performance thus achieved better outcomes, all while carrying on our responsibility to municipalities, the environment and the needs of local society.

Under 2nd phase of Municipal Development Program (MDPII), we continued focusing on introducing municipal e-services which would allow utilizing advanced information and communication technology to deliver better, more interactive, services and information to citizen. MDLF resumed its work in the field of renewable energy, connecting benefiting municipalities with solar photovoltaic to reduce the municipal building electrical load and minimize the operational expenses on energy. As for the local economic development initiatives (LED) MDLF has successfully completed all activities and projects for both cycles of the program, setting a major trend of local economic development mindset in Palestine.

MDLF kept the momentum with the implementation of the (MDPII Cycle 2), the Gaza Solid Waste Management Project (GSWMP), the 2nd phase of the Local Government Reform Development Programme (LGRDP II), the Regeneration of Historical Centers (RHC) and the Local Government Services Improvement Project (LGSIP). Additionally, a multi-donor funded program was breaking grounds for the development of “Area-C”, targeting rural and marginalized communities in the West Bank, the largest, most continuous, and most underdeveloped area in the West Bank which is controlled by the Israeli occupation.

During 2016, efforts to rehabilitate areas destroyed by the aggression against Gaza were resumed in the form of grants proportionally allocated for municipalities. This was realized through Window 5 known as the Additional Financing for Gaza Emergency Response.

Most Importantly, the preparation of the 3rd phase of MDP3 was progressing in 2016, building on the lessons learnt from the past phases of MDP with intensive consultations with MoLG and the financing partners as well, the new phase of MDP has been designed to be aligned with the national priority matrix (2017-2022) as well as the cross sectorial strategy for local government.

I would like to express my appreciation to all of those whom supported MDLF mission in the year 2016, making it a successful year. Many thanks to H.E. Dr. Husein Araj, Minister of Local Government and chairman of the board of directors, as well MDLF staff and employees. In would like to express my appreciation for our financing partners for their full and continuous support, the municipalities and local government units who worked closely with MDLF to utilize support for the benefit of the Palestinian people.

Dr. Tawfiq Bdairi

Director General





ACHIEVEMENTS

Since the introduction of MDLF programs whose purposes were to improve the municipal services and to enhance the municipal performance capacities. We believe our work contributes to the building of our Palestinian State through improving the quality and quantity of vital services at Local Government Units. The following are the accumulated accomplishments achieved until the end of December 2016:

Roads	<u>992</u>	<i>kilometer of roads were paved, developed and rehabilitated,</i>
	<u>56.6</u>	<i>kilometer of street lighting networks were rehabilitated,</i>
	<u>29,372</u>	<i>lighting units were supplied,</i>
	<u>25</u>	<i>kilometer of retaining walls were constructed,</i>
	<u>204</u>	<i>kilometer of sidewalks were constructed.</i>
Water	<u>77</u>	<i>kilometer of water networks were rehabilitated/constructed ,</i>
	<u>31,459</u>	<i>L.m of pipes were supplied,</i>
	<u>2,135</u>	<i>water meters were installed.</i>
Wastewater	<u>112</u>	<i>kilometer of wastewater networks were rehabilitated/constructed,</i>
Electricity	<u>11</u>	<i>kilometer of electrical networks were rehabilitated,</i>
	<u>1,647</u>	<i>pre-paid meters were installed.</i>
Public	<u>70,866</u>	<i>Sq. meter of public buildings were constructed,</i>
Facilities	<u>100,179</u>	<i>Sq. meter of parks and public gardens were constructed.</i>
Solid Waste	<u>6,367</u>	<i>solid waste containers were provided,</i>
	<u>2</u>	<i>tractors were provided</i>
	<u>4</u>	<i>trailers were provided</i>
	<u>2</u>	<i>garbage trucks were provided.</i>
Persons Days	<i>About 3 million Persons. day were created</i>	



KEY ACHIEVEMENTS 2016

Work Progress:

Completed Agreements:

- *The Implementation of the 1st package of Area C projects financed by the EU and SDC was successfully completed.*
- *The 3rd phase of the Local Development Programme (LDPIII) funded by the Danish Government was successfully completed.*
- *The SDC agreement for Window 5 was successfully completed.*

Signed Agreements:

- *The Multi Donors Trust Fund agreement for MDPII-Cycle 2 was signed, the financing agreement is a contribution from the Danish Government administered by the WB.*
- *The 2nd phase of the Local Government Reform and Development Programme was launched following the signature of the agreement with the BTC.*
- *The Rehabilitation of Historical Centers was launched following the signature of the agreement with the BTC.*
- *The Local Government and Services Program (LGSIP) was launched following the signature of the agreement with the WB.*
- *A new agreement with SDC was signed targeting the marginalized communities in the West Bank (Area C).*
- *The 2nd package of Area C projects was started by signing two additional agreements with EU and SDC.*
- *A new agreement with KFW/EU was signed for the benefit of Gaza Strip under MDPII-Window 5.*

Preparations for new agreements:

- *A pre appraisal mission was conducted for MDP3 where the initial design was agreed upon Financing partners.*
- *The new Area C selection criteria was prepared by MDLF and endorsed by the steering committee.*
- *MDLF started the mobilization phase for the new project entitled (Integrated Cities for Urban Development).*

Ongoing Programs:

- *MDLF has kept the momentum of implementing the MDPIII, LGRDP II, RHC, LGSIP and the Gaza Solid Waste Management Project "GSWMP".*

Disbursement:

- *During 2016 the MDLF disbursed nearly US\$ 50.5 million of infrastructure, capacity building and innovative projects to all municipalities in West Bank and Gaza.*

Communication and Outreach:

- *MDLF PR function was activated.*
- *Workshops were organized to outreach to Mayors and municipalities staff.*
- *External relations were improved.*



Institutional Development:

- *The MDLF Law was endorsed by the President Mahmoud Abbas.*
- *The MDLF new strategic plan 2017-2021 was developed.*
- *The MDLF capacity was developed including equipment, tools, and facilities.*
- *Training to MDLF staff was provided to enhance the capacity of MDLF staff.*
- *Job security for MDLF staff improved which included incentives and promotions.*
- *E-Archiving was activated.*
- *Web application survey was activated and used for MDLF communication with municipalities.*
- *Implementation plans for all MDLF interventions were developed.*

Projects Outputs:

- *More than 225 Km of roads have been paved.*
- *96 Km of sidewalks/ shoulders and 10 Km of retaining walls have been constructed.*
- *11,306 street lighting units were installed.*
- *26 Km of water networks and 41 Km of sewage network were rehabilitated.*
- *More than 4,777 solid waste containers were provided.*
- *9,763 Sq.m public buildings were constructed,*
- *4,000 Sq.m parks and gardens were constructed.*
- *250,000 Person-Day was created.*
- *Hundreds of thousands of US\$ were channeled to Gaza municipalities as budgetary support to cover operational expensive and maintenance cost of municipal equipment.*





EXECUTIVE SUMMARY

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

Since it was established in 2005, MDLF has had noticeable achievements on community development as well as reform of the local government sector in Palestine. MDLF had implemented hundreds of projects with a value that exceeded US\$360 million, all in the form of municipal infrastructure services, capacity development, and innovative initiatives at the municipal level. The total disbursed amount during 2016 reached around US\$ 51 million.

The core business of MDLF is the Municipal Development Program-MDP, a Multi-phased multi-faceted program distinguished by the transfer mechanism aimed to enhance the capacity of municipalities through its four components (capital investments, municipal responsiveness and innovation, capacity development and program management). MDP has been financed by the PNA along with several Financing Partners (FPs) including the Agence Française de Développement (AFD), the Danish Representative

During the MoLG meeting with the MDLF's General Director and financing partners which was meant as part of the initiative to design MDP third phase, H.E. Dr. Hussein al-Araj stressed the importance of MDP as "one of the main pillars of the local government sector".

Office-Ramallah (DRO), the Swedish International Development Cooperation Agency (SIDA), the Swiss Agency for Development and Cooperation (SDC), VNG International funded by the Dutch Government, the International Development Association (IDA), KfW and GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit), the European Union (EU), and the Kingdom of Belgium.

The year 2016 witnessed a noticeable progress in the implementation of MDPII capital investment for municipal infrastructure. MDLF has continued the implementation of municipal sub-projects where the majority of them were completed. MDLF kept the momentum of piloting the E-Municipality and the renewable energy projects as well as for the Capacity Development (CD) packages.



Additionally, the Solid Waste Management Program (GSWMP) witnessed noticeable progress during the reporting period. The project is considered one of the biggest investment in Palestine aiming at improving the solid waste management services in Gaza Strip. It is funded by the WB, Sida, AFD and the EU in a total of US\$ 35.26 M, where more than 46% of Gaza inhabitants are expected to benefit from the project.

Furthermore, MDLF succeeded to accomplish the Local Government Reform Development Programme – “LGRDP” funded by the Belgian Government, and the Local Development Programme phase III – “LDPIII”, which were designed to support reform and improved capacities and services in smaller LGUs through amalgamation.

It is worth noting that MDLF successfully completed the HIMI project which was designed to target the marginalized communities in the west Bank and Gaza. In addition to the project entitled “Development of Area C in the West Bank which is funded by the EU” which was completed by end of the year.

In 2016, new agreements were signed, this included the ICUD which is currently being mobilized, a second phase of LGRDP, which has witnessed noticeable progress during the reporting period regarding the support for reform and improved capacities and services in smaller LGUs, and the rehabilitation of historical centers project (RHC). Most importantly, the new agreements for the 2nd package of area C were signed with the EU and the SDC late 2016 where a selection criteria for localities and projects was adopted by the steering committee.

The MDLF has had a positive feedback from its financing partners. Mr. Saroj Kumar Jha, Senior Director for the Fragility, Conflict and Violence Group at the World Bank Group, expressed his admiration and valuation for the important programs completed and implemented by the MDLF, and expressed the urgency of a continued support by the World Bank for MDLF programs, which are aimed at the development of the local government sector in Palestine.

“The MDLF has a unique experience in the world in terms of linking financial allocations and performance of municipalities, which has to be mainstreamed across the world”
Mr. Saroj Kumar Jha

This report presents the activities and achievements of the MDLF programs and projects carried out between January 1st and December 31st, 2016. It intends to keep the Palestinian Government and other MDLF Partners informed about the various programs and projects, MDLF institutional development, outreach and communication initiatives, strategic planning, and financial data, as well as highlight the future plans to reform and improve Local Government Units for better quality of life for the citizens of Palestine.



MDLF INSTITUTIONAL DEVELOPMENT

✓ Endorsement of MDLF law

The year 2016 witnessed the endorsement of the MDLF law by H.E Mahmoud Abbas, the President of the State of Palestine. The decision will enhance the legal environment for the MDLF to carry out its duties for the development local government sector in line with the National Policy Agenda in this regard.

Dr. Hussein Araj, Minister of Local Government, valued the endorsement by the president, stressing that the Palestinian leadership pays critical attention for the sector of local government as it serves wide cross-section of the society. Dr. Araj added that the Ministry of Local Government views the fund as both a partner and an essential component of the sector of local governance.

Dr. Araj emphasized that the Palestinian government strives to develop the Fund and to provide it with resources which enables it to achieve its desired goals, all while taking on its responsibilities to the utmost, including working to promote democracy as well as good governance principles.

✓ Human Resources Development

As outlined in the Strategic Plan of the MDLF (2013 - 2016) under the strategic objective (SO.08) key issues included maintaining and developing the MDLF's Human Resources in order to maintain the level of professionalism and credibility particularly the capacity enhancement of middle management staff.

As part of the capacity development of the MDLF staff, HR department has carried out a human resource development plan where a variety of trainings were determined for each department according to the department's goals and also according to the scope of work for each employee; accordingly the HR department has developed an action plan where every training is listed with the estimated budget and within a certain framework.

The aim of this HRM plan is to help the departments to achieve its mission and objectives through a systematic design and implementation of the HRM programs. This HRM plan is built upon an understanding of the department's vision, values and strategic programs and challenges.

✓ IT/MIS Development

IT upgrade

An integral part of the institutional development at the MDLF is the IT assessment and Upgrade which has been done annually since 2014. The most recent IT Assessment was accomplished in 2015 (which was also reiterated in 2016) as it was found that there is a need for the IT development and



upgrade to keep up with new technology, and more specifically, a step which saw all the MDLF physical servers converted to the Virtual Environment.

The Municipal Development and Lending Fund (MDLF) hired an individual consultant for this purpose with a specific scope of work to review all documents of MDLF infrastructure and hardware specifications. The consultant then prepared an IT assessment and provided a list of recommendations which best suites the MDLF. The consultant then provided MDLF with a detailed executive plans to overcome MDLF systems weaknesses, and identified availability for Internet, Emails, and networking. Additionally, based on the Initial IT Infrastructure Assessment the MDLF has performed an intensive second-phase assessment to enhance and extend the IT infrastructure for a more reliable and better performing position.

During the year 2016, MDLF successfully prepared the platform for the needed upgrade and implemented some of the actions provided in the assessment. However, a new phase of IT upgrade for MDLF infrastructure and network structure to handle all MDLF services will be accomplished in 2017. More specifically, the MDLF is now working to extend, to enhance, to upgrade and to secure IT solutions to fulfil the increasing IT demand of the MDLF employees in line with the MDLF vision to enhance the institutional capacity at home.

MIS Development

The year 2016 witnessed noticeable progress with regards to the E-archiving which has been functioning since 2013. The MDLF has allocated archiving officers for this purpose who almost completed the majority of MDLF historical data concerning the implemented programs and projects electronically.

Most importantly the MDLF has been using a web application survey regarding the municipal ranking update as well as the Municipal capacity development packages. The municipalities became capable to upload their data using the web and MDLF could be able to manage the municipal data within MDLF database efficiently.

Additionally, the MDLF website was internally upgraded with new features related to better access and communication with municipalities and for better outreach and visibility of MDLF.

✓ MDLF Strategic Dimensions (2013 – 2016)

The focus of the present Palestinian National Authority (PNA) plans and policies is arranging for the establishment of the Palestinian state. 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, followed by the Cross-Sectoral Strategy for the Palestinian Local Governments (2011 – 2013), and the Ministry of Local Government's (MoLG) own Strategic Framework (2010-2014). To in order to achieve this the Ministry of Local Government has



been shifting towards legislative and guidance role, introducing new laws and adapting reforms in financial components, administrative factors and planning aspects.

In this context MDLF has finalized its Mid-Term Strategic Plan (2013-2016) during early 2013 where a framework for the MDLF strategic dimensions were derived from the overall national plans and policies regarding the LG sector development. 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 contributing 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.

The strategies' objectives will require that MDLF policies, 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 is worth mentioning that in identifying MDLF Mid-Term Strategy (2013-2016), MDLF carried out in-depth 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. The following graph illustrates the main framework of MDLF mid-term strategic plan (2013-2016).



Effective local government that enables local government units to achieve better life for citizens

Empower Palestinian local government Units

SO. 1: Local government units have institutional systems in line with the policies of local government sector and the principles of good governance.

SO. 2: Local government units are capable to enhance the local economic development and participate with the private sector PPP

SO.3: Improved infrastructure and services provided by the local government units.

SO.4: Local government units are capable to generate additional financing and rationalize expenditures and increase revenues

SO.5: Local government units are capable to implement innovative initiatives.

Strengthen the institutional development of the MDLF

SO. 6: MDLF laws, rules and regulations are all completed and updated and the procedural manuals are issued/ updated accordingly

SO. 7: MDLF is capable to conduct informative research and publish studies in the areas of municipal development and urban development.

SO.8: Qualified and committed human resources perform their functions efficiently.

SO. 9: MDLF achieve financial sustainability, with institutionalization of inter - governmental transfers in

Contribute to the implementation of the national local government plans & policies

SO.10: MDLF is capable to manage the implementation of large scale infrastructure projects with national dimensions

SO.11: MDLF is capable to explore the LGUs lending opportunities

SO.12: MDLF is capable to plan and manage the implementation of programs that contribute to the implementation of policies for



MDLF 2013-2016 Strategic Plan achievements

Theme 1: Empower Palestinian local government Units			
Strategic Objectives	Performance Indicator	Interventions / Activities	Progress/Achievements
SO. 1: Local government units have institutional systems in line with the policies of local government sector and the principles of good governance.	40 municipalities graduated at least one step in accordance to the municipal graduation ladder adopted by MDLF	Support municipalities with capacity development packages including: - Strategic development and investment plans. - Fixed assets registration and valuation. - Coaching municipalities on the use of financial policies and procedures manual - Roll out of integrated financial management information system - Assisting municipalities in Construction one stop shop and help assisting municipalities in measuring Citizen Satisfaction.	- 70 municipalities had been graduated in accordance to the municipal ranking update which was conducted at the midterm evaluation.
SO. 2: Local government units are capable to enhance the local economic development and PPP.	5 municipalities are capable to implement such initiatives in LED	Support municipalities and develop their capacities to conduct such initiatives in the local economic development "LED".	- No measurement at the mid-term - LED: MDLF has piloted the LED approach on 5 municipalities in WB under MDPII-cycle 01, and 7 municipalities under MDPII-cycle 2.



	SO. 3: Improved infrastructure and services provided by the local government units.	7% increase in the citizens' satisfaction on the municipal infrastructure and services provided by municipalities.	Support municipalities with funds and technical skills to improve the infrastructure and services provided to citizens. The eligible sectors are: (Roads, Public facilities, Sewerage, Solid waste, Water etc).	The citizens' satisfaction assessment which was conducted by MDLF under the midterm evaluation, shows an increase of 10 points score between the 2012 vs 2015 figures.
		5% contribution of MDLF finance for municipal infrastructure coverage and improvement by the end of 2016		MDLF intends to conduct a survey at the municipal level through the PCBS to assess the progress in this indicator.
	SO. 4: Local government units are capable to generate additional financing and rationalize expenditures and increase revenues.	5% increase in revenue per capita for 10% of municipalities	- Support municipalities in applying the financial systems including the revenues management system. - Using GIS systems to assist in FARV, land registration etc.	- Based on the comparative analysis of the municipalities' revenues per capita between 2010 and 2013, 48% of municipalities increased the revenues per capita at least 5%. - By comparing 2015 Vs 2010 financial figures, 60% of municipalities increased its revenues per capita at least 5%.
	SO. 5: Local government units are capable to implement innovative initiatives.	8 municipalities had implemented such innovative in (renewable energy and E- municipality)	Assist targeted municipalities with the needed technical and financial support to implement such innovative initiatives, in particular, "renewable energy and E- municipality".	- E-Municipality: MDLF succeeded in implementing the E-Municipality in 4 municipalities in West Bank. - Renewable Energy: MDLF is currently piloting the renewable energy on 8 municipalities (6 in WB and 2 in Gaza) - LED: MDLF has piloted the LED approach on 5 municipalities in WB under MDPII-cycle 01, and 7 municipalities under MDPII-cycle 2. -



Theme 2: Strengthen MDLF Institutional Development				
Strategic Objectives		Performance Indicator	Interventions / Activities	Progress/Achievements
	SO. 6: MDLF laws, rules and regulations are all completed and updated and the procedural manuals are issued/ updated accordingly.	Endorsement of MDLF law by end of 2013	Following up the endorsement of MDLF law.	The MDLF law was endorsed by the President, Mahmoud Abbas.
		All MDLF procedural manuals completed and updated by end of 2013	Update the MDLF procedural manuals.	The manuals were updated.
	SO. 7: MDLF is capable to conduct informative research and publish studies in the areas of municipal development and urban development.	three research studies/papers published in the areas of municipal development and urban development	- Coordinate with MoLG to identify the needed studies from which the ministry could benefit in developing policies and supporting decision making regarding the local government sector. - Utilize the municipal data available at MDLF, conduct the needed analysis and publish the results accordingly.	- The satisfaction survey was accomplished and published on the website by 2015 - The municipalities' infrastructure database was updated and published on the web. - The municipal ranking update was done and the results was disclosed on the web.
	SO.8: Qualified and committed human resources perform their functions efficiently.	Effective and efficient implementation of MDLF annual plans	- Develop the capacities of MDLF staff through training courses targeting all managerial levels at MDLF. - Strengthen the role and capacities of mid-management level at MDLF.	No major non-compliance was recorded according the internal audit reports.



	SO. 9: MDLF achieve financial sustainability, with the institutionalization of inter - governmental transfers in place.	Continuous support of MoF to MDLF development budgets (10%)	Coordinate with Ministry of Finance, MOLG and other related institutions	Partially achieved due to none compliance from the PA to transfer their contribution to MDPII regularly.
		New budget line inserted within MoLG budget which identifies the % contribution of expenditures transfers to the MDLF development budgets starting from 2013	Coordinate with Ministry of Local Government MOLG and other related institutions	Partially achieved
Theme 3: Contribute to the implementation of the national local government plans & policies				
	Strategic Objectives	Performance Indicator	Interventions / Activities	Progress/Achievements
	SO.10: MDLF is capable to plan and manage the implementation of programs that contribute to the implementation of policies for local government sector.	No. of programs planned and managed to contribute the implementation of policies for local government sector, in particular, the E-municipality and the public participation policies.	- Coordinate with MOLG - Develop plans for programs and interventions in accordance to local government policies. - Assist municipalities through technical and financial support to implement such programs/projects regarding the local government policies.	The e-municipality was piloted successfully in 4 municipalities, regarding the public participation it is a cross cutting with all MDPII activities (W1, SDIP, TM criteria)
	SO.11: MDLF is capable to explore the LGUs lending opportunities.	Completion of assessment studies regarding the LGUs lending issues	- AFD study regarding the LGUs lending opportunities (2013) - Continue the municipal budgets analysis.	- The study was accomplished by the AFD, different modalities were suggested. - MDLF with support from the WB is working on more exploration on the lending opportunities.
	SO. 12: MDLF is capable to manage the implementation of large scale infrastructure projects with national dimensions.	No. of large scale infrastructure projects implemented by MDLF by end of 2016	Develop the institutional structure, as well as, the capacities and skills of MDLF staff to be able to implement such projects of large scale.	- MDLF is now working on the GSWP as a large scale project financed by the AFD, WB, EU. MDTF. - MDLF was assigned under the LGSIP to implement the joint projects for the JSC under component 2.



Outreach and Communication

Promotional material

MDLF prepared a communication plan for 2016 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 throughout 2016. Various outreach models were considered in order to establish dialogues and linkages with other institutions and groups. These included presentations at meetings, applying communication products, and collaborative projects, among others.

MDLF promotional and media materials: MDLF issued several printing materials throughout 2016, including: Brochures in Arabic and English about MDLF and MDPII, an updated Strategic Plan, semi-annual report, technical fact sheets for programs such as Area C, as well as MDLF newsletter in Arabic and English.

MDLF used audio and video tools as well to create documentary films to promote MDPII achievements, a core function of MDLF since late 2009. Promotional short film spots were made to cover the work of MDLF in general. Such tools were launched to MDLF website, YouTube and Facebook pages. A specific web page was also launched for the movie to reach larger audience.



Events and workshops:

Pursuant to our belief in creating direct linkages and opening of communication channels with our beneficiaries, tens of workshops were made through the different programs of MDLF covering all aspects of its work. Several events such as an agreement with the European Union to provides two Million Euros to build Infrastructure projects in Area C, and an agreement with GIZ Director, representative of the German Ministry of Economic Development and International Cooperation to

Support Local Government Units. Orientation and training workshops were held by MDLF concludes training workshop on solar energy for West Bank and Gaza Strip Municipalities. Furthermore a workshop for West Bank and Gaza strip Municipalities to discuss the preparations of MDPIII Program. These events were attended by different line ministries and were carried out under the patronage of the Prime Minister, such was the example of e-Municipality Launching Ceremony.



Field Visits & Meetings:

During 2016, MDLF especially focused on reaching out to municipalities in the West Bank and Gaza Strip, headed by the Director General as well as the executive staff, MDLF visited various municipalities and projects in West Bank to be able to have a direct feedback on MDLF interventions.

International Engagement:

A mission from MDLF led by the Director General joined the Palestinian Official mission by H.E. Dr. Husain Al-Araj, Palestinian minister of local government, in France. The purpose of implementing their signed cooperation agreement related to local government sectors, and the possibility of benefiting from the experience of France in promoting financial decentralization for local government units and developing governmental remittance for supporting local government unit's ability of implementing its development projects. Furthermore MDLF joined the Palestinian official mission in South Africa with H.E. Dr. Husain Al-Araj to discuss mutual cooperation in the field of local government.



Receiving missions:

Throughout 2016, MDLF 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 MDPIII, aiming to promote collaborative approach, meetings with official delegations from KFW, EU, World Bank etc.





MDLF Programs/Projects

- ✓ **1: Municipal Development Program – Phase II (MDPII)**
- ✓ **2: Local Development Program - Phase III - (LDP III)**
- ✓ **3: Local Government Reform Development Program - Phase 1- (LGRDP I)**
- ✓ **4: Development of Marginalized Communities in West Bank and Gaza**
- ✓ **5: Development of Area C in the West Bank**
- ✓ **6: Gaza Solid Waste Management Project (GSWMP)**
- ✓ **7: Local Government Reform Development Program – Phase 2 – (LGRDP II)**
- ✓ **8: Regeneration of Historical Centers (RHC)**
- ✓ **9: Integrated Cities for Urban Development (ICUD)**
- ✓ **10: Local Government Services Improvement Programme (LGSIP)**





1. The Municipal Development Program (MDPII)

1.1 Introduction

In 2009 the PA developed the Municipal Development Program through the Municipal Development Program phase1 – MDP 1 which was supported by seven Donors to operationalize the local government goals of the Palestinian Reform and Development Plan (PRDP) aimed to strengthen local government through greater fiscal and administrative autonomy. The MDP II was designed to align with the National Development Plan (NDP 2011-2013), built upon PRDP local government goals by emphasizing the acceleration of fiscal decentralization and the promotion of community participation in local government.

During 2012 the MDLF has finalized the preparation activities of the MDPII aiming to improve municipal management practices for better services delivery and municipal transparency. The development objective of MDPII built on the MDPI achievements and introduced a focus on service delivery, which is a sector level goal of the MDP.

The MDPII adhered to the laid-out the national objectives of the NDP; recognizing that a viable state requires transparent, effective, and accountable local governments. It is national program where the donors are jointly supporting their contribution in 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.

1.2 MDP Description

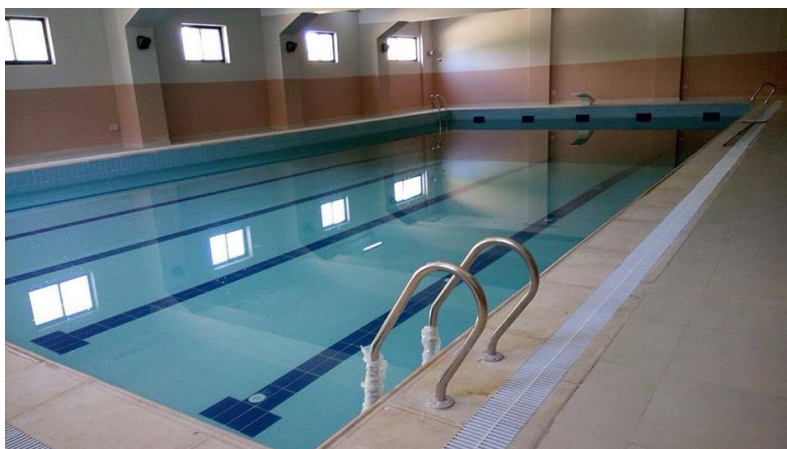
The Municipal Development Program is a ground-breaking new effort in development and reform designed by the Municipal Development and Lending Fund (MDLF). Under the guidance of the Palestinian National Authority, the MDP recognizes that the first step towards improving municipal services lies in better-managed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

The MDP provided infrastructure grants to Palestinian municipalities and combines this with improved performance and improved capacity in operations, planning, and financial capacity. Its cornerstone was the Grant Allocation Mechanism, a formula-based method for distributing funds to municipalities for capital investments based on needs, population, and good management practices. The MDPII was implemented over the period of 3 years (2013-2016) in two cycles of approximately 18 months each.



The MDPII has four windows/components as follows:

Window 1 - Provides municipalities with performance-based grants for municipal service delivery per mandate of municipalities defined in the Local Councils Law No. 1 of 1997, for sectors described as eligible in the Operations Manual as well as for operating expenditures for municipalities in Gaza. The municipalities' allocation for this window will be calculated 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 - pilots learning and innovation for municipal development, including implementation of MoLG policy decisions. This window finances goods, works and consultant services for capacity building and capital investments, including:

Strengthening Newly Amalgamated Municipalities that will support newly amalgamated municipalities towards achieving service levels in existing municipalities through financing small-scale social infrastructure and demand driven municipal capacity building packages. It will finance goods, works and consultant services.

Piloting Innovations for improved municipal responsiveness that will support:

Introduction of E-governance in four selected municipalities for more responsive service provision.

Renewable Energy that will assist municipalities in piloting sub-projects with a focus on solar energy for public buildings.

Support to Local Economic Development initiatives that will develop a municipal approach to LED and pilot the approach in 12 municipalities (6 per each cycle).

Window 3 - Helps municipalities to improve their performance rankings in accordance to the new Grants Allocation Mechanism. It provides technical assistance to improve financial management, planning capacities and technical capabilities, particularly in operations and maintenance. This component would finance goods, works and consultants services and would be implemented in two cycles of approximately 18 months each.

Window 4 - This component will finance goods and consultants services for monitoring and evaluation, outreach and communication and local technical consultants for the engineering supervision of sub-projects under window 1 and the MDLF management fee.



1.2 Financial Partners Contributions (excluding the emergency component to Gaza Strip)

The MDPII 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), the German International Technical Cooperation (GIZ), the Netherlands (through VNG International) and the Switzerland (through SDC). Furthermore, the saving from the (KfW-MDPI) in the amount of Euro 398,440 was agreed with the KfW to be invested in window 1 for MDPII–Cycle1.

In addition to that, the Belgian Development Agency (BTC), has committed to support the MDPII through its ongoing program (Local Government Reform and Development Programme – LGRDP) in the amount of 2 million Euros for both cycles (one million per each).

Table 1 below illustrates the funding amounts, the signature dates and the completion dates for the MDPII agreements.

Table 1: MDPII Financing Partners Contribution for the MDPII

Donor	Fund Amount	Signature Date	Completion Date as per the Agreement	Notes
GIZ Agreement (for cycle 1)	€ 400,000	June 27 th , 2012	March 31 st , 2015	This fund will be utilized in MDPII-1st cycle
KfW Financing Agreement (for cycle 1)	€ 13,500,000	December 19 th , 2013	December 19 th , 2016	This fund will be utilized in MDPII-1st cycle
AFD Financing Agreement (for cycle 1)	€ 1,000,000	December 15 th , 2014	December 31 st , 2018	This fund will be utilized in MDPII-1st cycle
World Bank Agreement (for cycle 1 and cycle 2)	\$10,000,000	July 7 th , 2013	February 28 th , 2017	This fund will be utilized in both cycles of MDPII
Multi Donor Trust Fund Agreement (for cycle 1 and cycle 2)	\$ 25,800,000	April 8 th ,2014	June 30 th , 2017	This fund will be utilized in both cycles of MDPII
The Kingdom of Belgium (for cycle 1 and cycle 2)	€ 1,900,000	---	This contribution to MDP is allocated under the 3rd component of the ongoing programme “Local Government Reform & Development Programme”, in a total amount of (Euros 2 M)	This fund will be utilized in both cycles of MDPII



SDC Agreement (for cycle 1 and cycle 2)	€ 2,500,000	September 4 th , 2013	December 31 st , 2018	This fund will be utilized in both cycles of MDPII
VNG Agreement (for cycle 1 and cycle 2)	€ 1,200,000	July 1 st , 2013	December 31 st , 2016	This fund will be utilized in both cycles of MDPII
PA-MOLG for cycle 1	NIS 20,000,000	---	---	This fund will be utilized in MDPII-1st cycle
GIZ Agreement (for cycle 2)	€ 400,000	January 15 th , 2016	March 31 st , 2018	This fund will be utilized in MDPII-2ndcycle
KFW agreement for cycle 2	€ 8,000,000	January 15 th , 2016	January 15 th , 2018	This fund will be utilized in MDPII-2ndcycle
KFW additional financing for cycle 2	€ 10,000,000	---	--	Not yet signed
EU through KFW for cycle 2	€ 6,974,110	December 13 th , 2014	March 30 th , 2018	This fund will be utilized in MDPII-2ndcycle
Multi donors Trust Fund – Additional Financing for cycle 2	\$ 6,900,000	July 7 th , 2015	February 28 th , 2018	This fund will be utilized in MDPII-2ndcycle

In addition to the above listed agreements, **10%** of the total fund excluding the share of (the BTC contribution and the AFD 1st cycle fund) will be funded by the Palestinian Authority and will be invested in window 1 in a total of 8.59 million Euros.

The total cost for MDPII reaches **EUR 96,391,669– (excluding the additional financing for Window 5)** - from which **42.58 million Euros** had been invested in the 1st cycle, and **(EUR 53,811,669)** have been utilized for cycle II. Chart 1 and Chart 2 below, illustrate the distribution of MDPII fund by donor and by window for both cycles.



Chart 1: Distribution of MDPII fund by Donor per Cycle

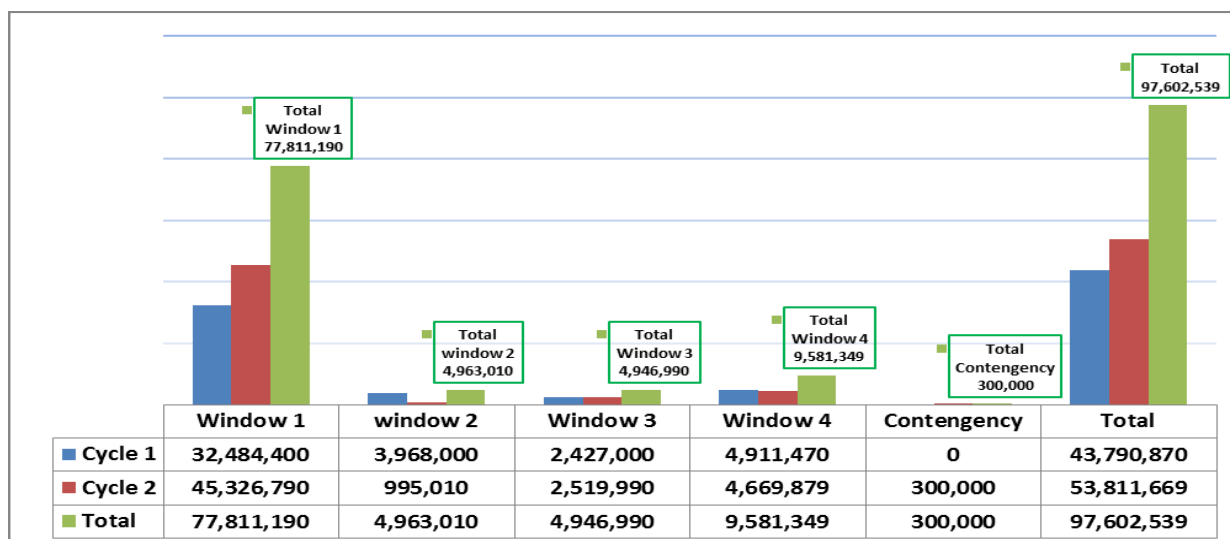
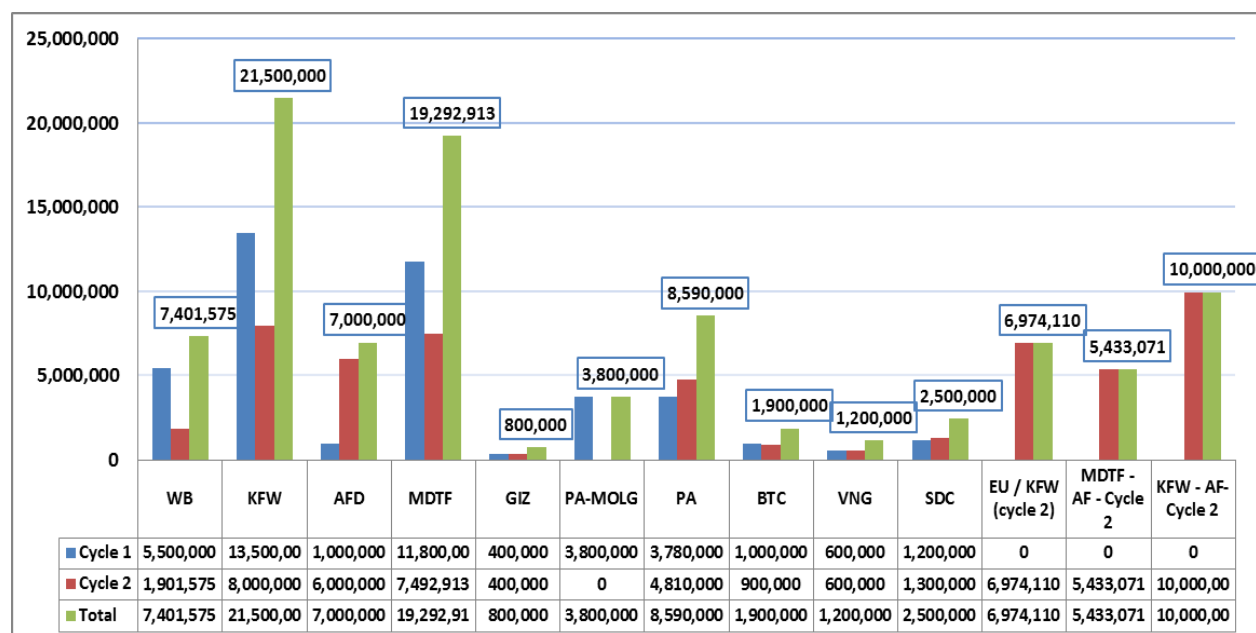


Chart 2: Distribution of MDPII Fund by Window per Cycle



1.3: The Grant Allocation Mechanism

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 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 allocation for (MDPII/window1).

In regards to the graduation ladder as well as the key performance indicators, and after having long discussions between MDLF, MOLG and the Funding Partners, it was agreed that the graduation ladder will be 11 levels (E, D, C, C+, C++, B, B+, B++, A, A+, A++). Within each ranking level (E, D, C, B and A) specific key performance indicators were identified which reflect the municipal performance in financial management, planning, social accountability and municipal services provision. Funds are allocated based on ranks; municipalities with higher ranking will be eligible for more funding than those with lower ranking. Prior the start of MDPII and early 2013, a base line survey was conducted to assess the municipal performance in accordance to the new ranking system. The MDP works closely with municipalities through its capacity building packages to help them graduate from lower levels up to a higher ranking level. Table 2, Chart 3 and Chart 4 show the municipal ranking and the compliance of municipalities with the KPI-16 before and after MDPII-cycle 1.

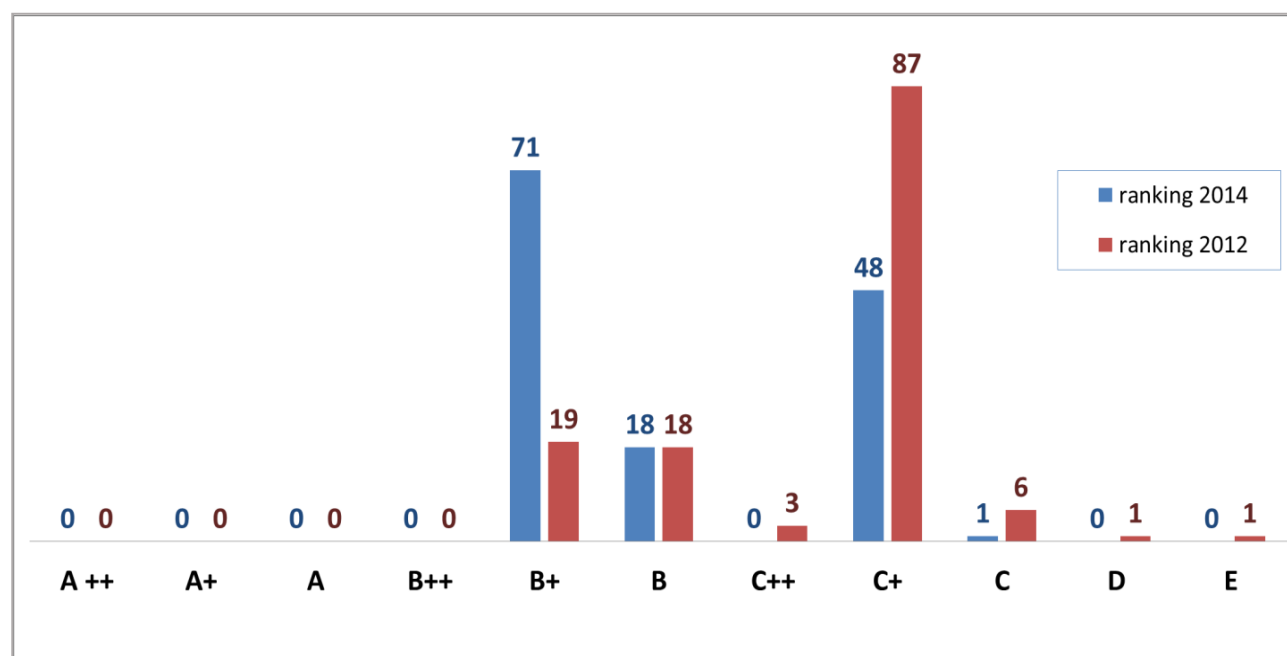
Table 2: Grants Allocation Performance Indicators

Rank	Performance Criteria)	Performance Criteria	No. of Municipalities per Rank 2012 (before cycle 01)	No. of Municipalities per Rank 2014 (end of cycle 01)
A++	Fulfillment of all 16 KPIs	1. Substantial Operation and Enterprise Account Surplus. (More than 15 %) 2. Unqualified External Audit 3. Use of an Integrated Financial Management System IFMIS 4. Satisfactory Service Quality (Timely delivery of building licenses and clearances; Provided public green space per capita) 5. Good Collection Efficiency and own Revenue Generation (Specified own revenues > 100 NIS per capita or 10% above last two years' average)	A++: none	A++: none
A+	Fulfillment of 4 out of 5 in addition to below indicators		A+: none	A+: none
A	Fulfillment of 3 out of 5 in addition to below indicators		A: none	A: none
B++	Fulfillment of all 5 indicators in addition to all indicators below B	6. Substantial Operation and Enterprise Account Surplus (more than 5%). 7. Fixed Assets Register in place and updated 8. Operation and Maintenance Plan in place and updated 9. Public disclosure of all municipal investments, SDIP execution, and external audit reports 10. Satisfactory Collection Efficiency and own Revenue Generation (Specified own revenues > 50 NIS per capita or 5% above last two years' average)	B++: none	B++: none
B+	Fulfillment of 3 or 4 out of 5 in addition to all indicators below B		B+: 19 municipalities	B+: 71 municipalities
B	Fulfillment of 2 out of 5 in addition to all indicators below B		B: 18 municipalities	B: 18 municipalities



C++	Fulfillment of all 5 indicators in addition to all indicators below C	11. Municipal Strategic Development and Investment Plan SDIP in place and updated.	C++ : 3 municipalities	C++ : none
C+	Fulfillment of 3 or 4 out of 5 in addition to all indicators below C	12. Financial Accounting Policies, Procedures and Reports in place.	C+ : 87 municipalities	C+ : 48 municipalities
C	Fulfillment of 2 out of 5 in addition to all indicators below C	13. External Audit according to minimum standards 14. Public disclosure of budgets, SDIP plan and ranking 15. Basic collection efficiency and own revenue generation (Specified own revenues > 25 NIS per capita or above last two years' average)	C : 6 municipalities	C : 1 municipalities
D	Fulfillment of indicator in rank D	16. Budget forecast and executed properly submitted and approved by MoLG	D : 1 municipality	D : none
E		Minimum requirements not fulfilled	E : 1 municipality	E : none

Chart 3: Municipal Ranking (before and after MDPII – Cycle 01)



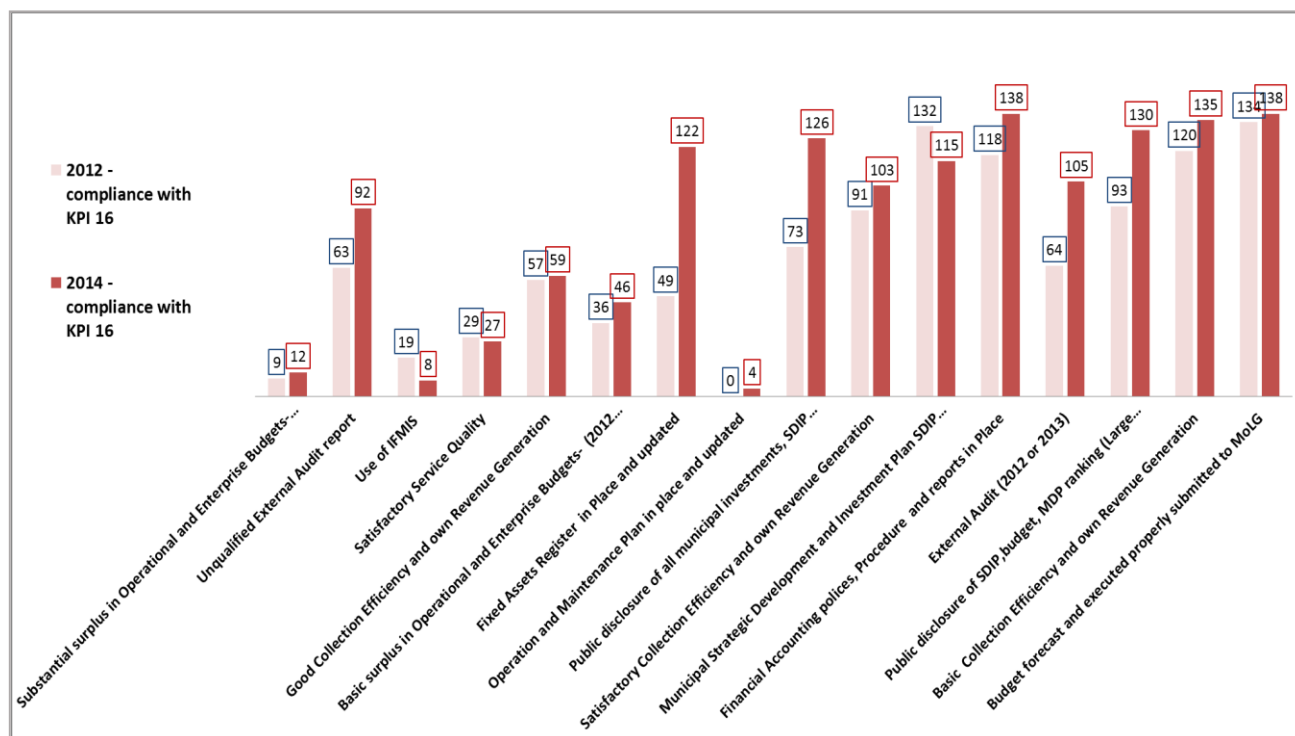


Chart 4: Compliance of Municipalities with KPI-16

✓ Municipalities Allocation (1st cycle)

Allocations were calculated using the new criteria for MDPII (**50% performance, 30% population, 20% needs**). Where the total allocated amount for this component is equal to **32,882,840 Euro**: (32,484,400 Euro) from MDPII and (398,440 Euro) from MDPI-KFW residual fund.

Based on the allocation formula, the majority of municipalities (**48 %**) were allocated less than EUR 100,000; around **16% was allocated EUR (100,000-150,000)**; around **12% was allocated EUR (150,000-200,000)**; around **14% was allocated EUR (200,000-400,000)**; around **6% was allocated EUR (400,000-1.0 million)** and around **5% was allocated more than EUR 1.0 million**. Chart 5 and Chart 6 below illustrate the distribution of municipal allocation per Donor and per Governorate.

✓ Municipalities Allocations (2nd cycle)

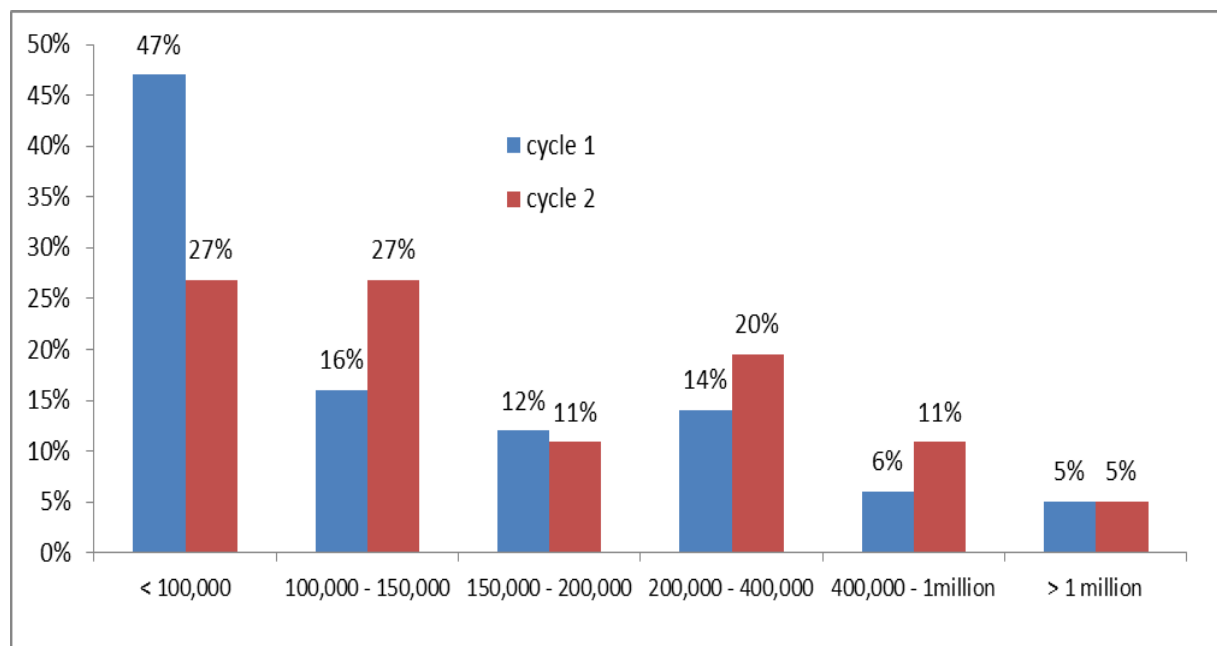
The total allocated amount for this component under Cycle 2 is equal to **46,377,630 Euro** including the fund allocated for W1-cycle 2 in a total (EUR 45,356,790) and the savings due to currency exchange from the WB and the MDTF financing agreement in a total (EUR 179,724) and (EUR 871,116) respectively.

Based on the allocation formula, (**27%**) of the municipalities were allocated less than EUR 100,000; around **27% were allocated EUR (100,000-150,000)**; around **11% was allocated EUR (150,000-200,000)**; around **20% were allocated EUR (200,000-400,000)**; around **11% was allocated EUR (400,000-1.0 million)** and around **5% was allocated more than EUR 1.0 million**. Chart 5 below



illustrates the distribution of municipal allocation over the MDPII cycles. **Chart 5 illustrates the distribution of window 1 allocations for both cycles.**

Chart 5: Distribution of municipalities in terms of fund allocation over the MDPII cycles

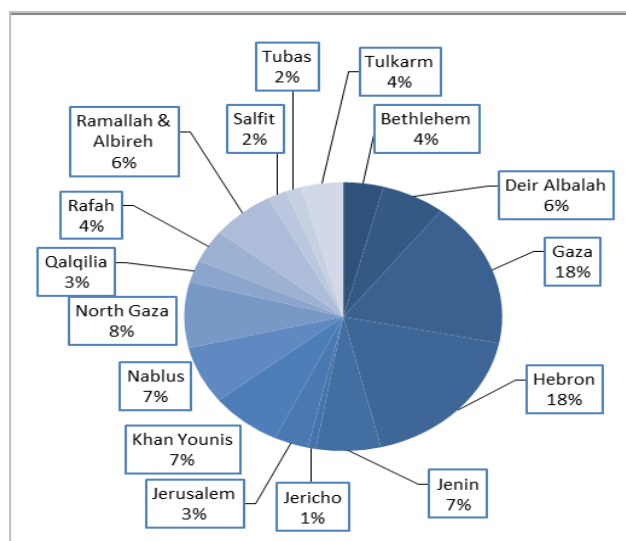
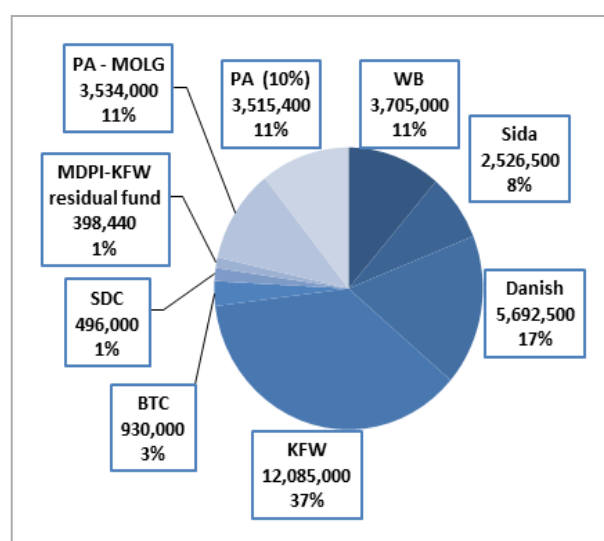


1.4: MDP II - Implementation Status and Activities

Component/ (Window) 1: Municipal Grants for Capital Investment (1st Cycle)

This Component allocates performance-based grants for capital investments in municipal service provision and for operating expenditures especially for Gaza municipalities, and will be financed by the majority of FPs. It will be implemented in two cycles of approximately 18 months each. Where the total allocated amount for this component is equal to 32,882,840 Euro: **(32,484,400 Euro) from MDPII and (398,440 Euro) from MDPI-KFW residual fund**. Chart 6 and Chart 7 illustrate the distribution of (window 1- cycle 1) allocation by donor and by governorate.

Chart 6: Distribution of MDPII-W1 Fund per Donor (cycle 1) - Chart 7: Distribution of MDPII-W1 Fund per Governorate (cycle 1)





The municipalities were informed about their allocation in August 2013 and they were asked to apply for their investment priorities using a standardized application form published on the web. The municipalities started filling out the application forms since September 2013 where MDLF had conducted 4 orientation workshops attended by all municipalities in WB&G. During the workshops MDLF presented the updated ranking, infrastructure application forms, Environmental and social Management Framework (EMSF), Cost-Benefit Analysis and the Energy Efficiency manual. MDLF had also presented the lessons learnt from the MDPI implementation regarding the infrastructure priorities, procurement and bidding documents.

One of the major obligations of MDPII is to conduct site visits to the municipalities during the appraisal stage. A great effort from MDLF was made by conducting such visits on weekly basis. The executed site visits were conducted in the stage of request for application form where MDLF had the chance to meet with the municipalities' representatives, assist the municipalities in filling the standardized application forms, visit the projects sites and document that with photos.

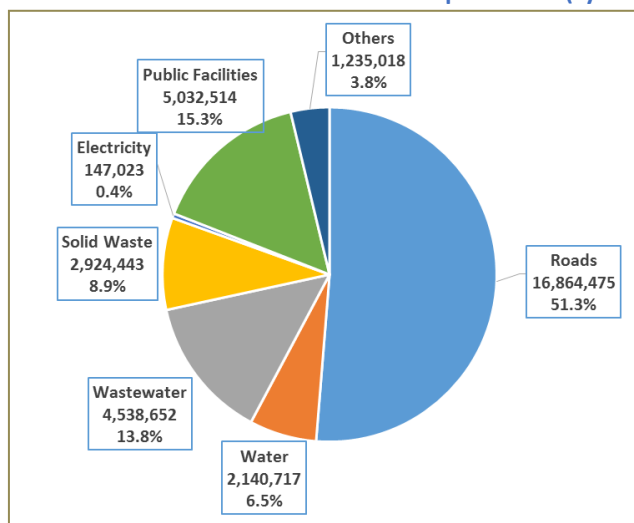
MDLF had received almost all the filled application forms from all municipalities late 2013, the applications/proposals were subject to revision and appraisal from the technical, social and the environmental point views to ensure the compliance with the regulations and guidelines as per the updated operational manual.

Analysis per Sector (cycle 1)

In the same context, 143 sub-projects proposals were received from 110 municipalities in the West Bank in a total allocation (EUR 18,676,526) and 239 sub-projects proposals from 25 municipalities in Gaza Strip in a total allocation (EUR 14,206,314).

A quick look into the submitted sub-projects proposals reveals that (51.3%) of the W1 allocated fund will be invested in road projects. The second sector is the public facilities (15.3%) including municipal buildings, libraries, community centers, and public parks. The third needed sectors is Wastewater in a percentage (13.8%) followed by solid waste (8.9%) and water (6.5%). Chart 8 illustrates the distribution of (window 1- cycle 1) allocation by sector.

Chart 8: Distribution of MDPII-W1 Fund per Sector (cycle 1)



✓ Status of W1 sub-projects (cycle 01)

The implementation of W1 – 1st cycle sub-projects in the West Bank and Gaza witnessed a noticeable progress where the overall status can be illustrated in table 3 and chart 9.



Table 3: Status of Window 1 sub-projects - Cycle 1 / West Bank & Gaza

Window 1 - Cycle 1 / West Bank

Status	No. of projects	Percentage	Allocation (Euro)	Percentage
Mun. review	0	0%	0	0%
MDLF review	0	0%	0	0%
LTC Review	0	0%	0	0%
Approval	0	0%	0	0%
Tendering	0	0%	0	0%
Evaluation	0	0%	0	0%
Awarded	2	1%	680,875	4%
on going	3	2%	714,693	4%
Completed	137	96%	17,086,367	91%
Transferred to 2nd Cycle	1	1%	194,591	1%
Total	143	100%	18,676,526	100%

Window 1 - Cycle 1 / Gaza

Status	No. of projects	Percentage	Allocation (Euro)	Percentage
Mun. review	0	0%	0	0.0%
MDLF review	24	0%	2,997,955	0.0%
LTC Review	0	0%	0	0.0%
Pre-Approval	0	0%	0	0.0%
Tendering	0	0%	0	0.0%
Evaluation	0	10%	0	21.1%
Awarded	0	0%	0	0.0%
Ongoing	2	1%	251,621	1.8%
Completed	214	89%	10,956,738	77.1%
Transferred to 2nd Cycle	0	0%	0	0.0%
Total	240	100%	14,206,314	100%

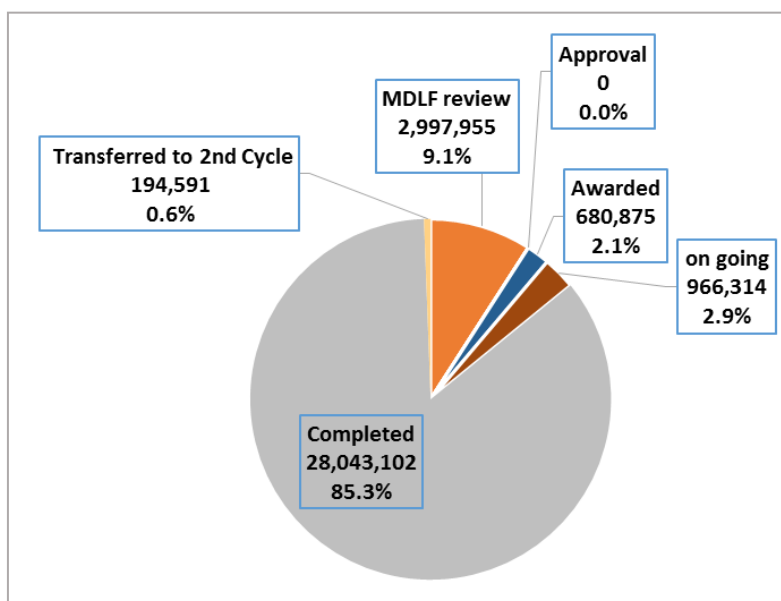
Window 1 - Cycle 1 / West Bank & Gaza

Status	No. of projects	Percentage	Allocation (Euro)	Percentage
Mun. review	0	0.0%	0	0.0%
MDLF review	24	6.3%	2,997,955	9.1%
LTC Review	0	0.0%	0	0.0%
Approval	0	0.0%	0	0.0%
Tendering	0	0.0%	0	0.0%
Evaluation	0	6.3%	0	0.0%
Awarded	2	0.5%	680,875	2.1%
on going	5	1.3%	966,314	2.9%
Completed	351	91.6%	28,043,104	85.3%
Transferred to 2nd Cycle	1	0.3%	194,591	0.6%
Total	383	106%	32,882,839	100%



Chart 9: Status of W1 sub-projects in WB&G

- 351 sub-projects out of 383 were completed with total allocations (28,043,104 Euros) amounting (85.3%) of the budget.
- 5 sub-projects are ongoing with total allocations (966,314 Euros) amounting (2.9%) of the budget.
- 2 sub-projects are awarded with total allocations (680,875 Euros) amounting (2.1%).
- 24 sub-projects are under revision by MDLF with total allocations (2,997,955 Euros) amounting (9.1%)

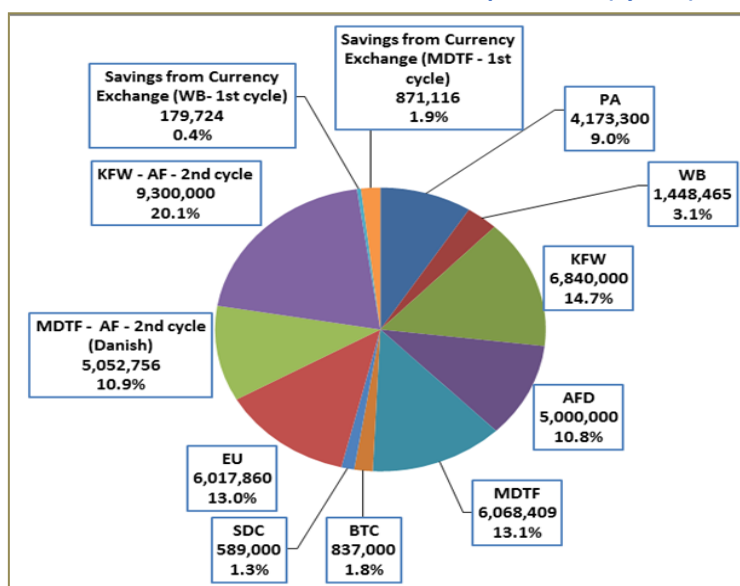


Component/ (Window) 1: Municipal Grants for Capital Investment (2nd Cycle)

The total allocated amount for this Component under cycle 2 is equal to 46,377,630 Euros including the fund allocated for W1-cycle 2 in a total (EUR 45,356,790) and the savings due to currency exchange from the WB and the MDTF financing agreement in a total (EUR 179,724) and (EUR 871,116) respectively. Chart10 illustrates the distribution of window 1-cycle 2 allocation by donor.

The municipalities were informed about their allocation in June 2015 and they were asked to apply for their investment priorities using a standardized application form published on the web. The municipalities started filling out the application forms since July 2015. MDLF had received all the filled application forms from all municipalities by end of September 2015, the applications/proposals were subject to revision and appraisal from the technical, social and the

Chart 10: Distribution of MDPII-W1 Fund per Donor (cycle 2)





environmental point views to ensure the compliance with the regulations and guidelines as per the updated operational manual.

It is worth mentioning that an orientation workshop was conducted by MDLF to the municipalities and the contractors to better understand the MDLF procurement procedures and the environmental and social requirements during implementation stage.

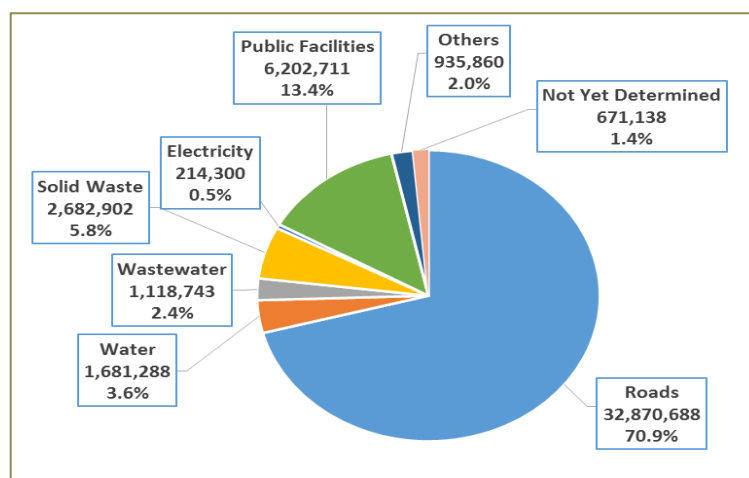
Additionally, MDLF with assistance from the local technical consultants had conducted training sessions to the technical staff of all municipalities in West Bank and Gaza to enhance their knowledge and capacities on the roads projects and quality control issues. This is one of the recommendations from the technical audit and usability assessment conducted by end of cycle 1.

✓ Analysis per Sector (cycle 2)

In the same context, 150 sub-projects proposals were received from 113 municipalities in the West Bank in a total allocation (EUR 26,150,945) and 200 sub-projects proposals from 25 municipalities in Gaza Strip in a total allocation (EUR 20,226,686).

Chart 11: Distribution of MDPII-W1 Fund per Sector (cycle 2)

A quick look into the submitted sub-Projects proposals reveals that (70.9%) of the W1 allocated fund will be invested in road projects. The second sector is the public facilities (13.4%) including municipal buildings, libraries, community centers, and public parks. The third needed sectors are the solid waste in a percentage (5.8%) followed by water (3.6%), wastewater (2.4%) and electricity (0.5%). Chart 11 illustrates the distribution of window 1-cycle 2 allocation by sector.



✓ Status of W1 sub-projects (cycle 2)

The implementation of W1 – 2ndcycle sub-projects in the West Bank and Gaza witnessed a noticeable progress where the overall status can be illustrated in table 4 and chart 12.

Table 4: Window 1 - Cycle 2 / West Bank & Gaza

Window 1 - Cycle 2 / West Bank

Status	No. of projects	Percentage	Allocation (Euro)	Percentage
Mun. review	0	0%	0	0%
MDLF review	10	6%	1,591,781	6%
Approval	1	1%	65,000	0%
Tendering + Retendering	4	3%	336,821	1%
Evaluation	6	4%	790,242	3%
Awarded	2	1%	398,232	2%
on going	58	36%	12,302,559	47%
Completed	78	49%	10,666,309	41%
Total	159	100%	26,150,945	100%



Window 1 - Cycle 2 / Gaza

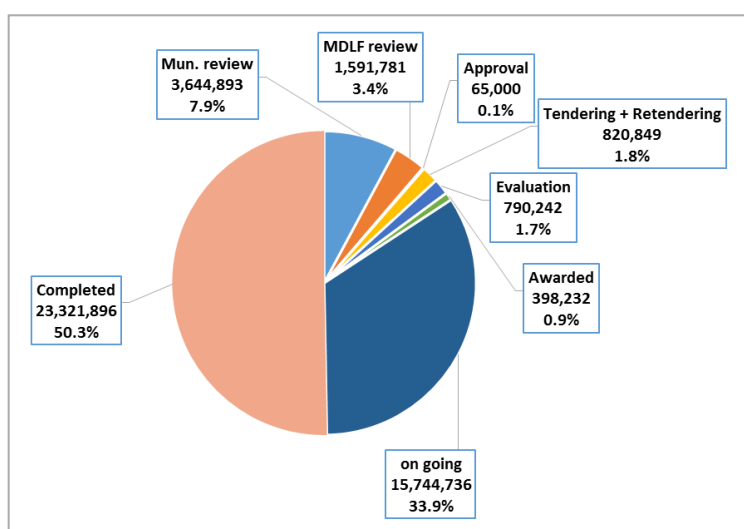
Status	No. of projects	Percentage	Allocation (Euro)	Percentage
Mun. review	34	17%	3,644,893	18.0%
MDLF review	0	0%	0	0.0%
Approval	0	0%	0	0.0%
Tendering + Retendering	4	2%	484,028	2.4%
Evaluation	0	0%	0	0.0%
Awarded	0	0%	0	0.0%
on going	27	13%	3,442,177	17.0%
Completed	136	68%	12,655,587	62.6%
Total	201	100%	20,226,685	100%

Window 1 - Cycle 2 / West Bank & Gaza

Status	No. of projects	Percentage	Allocation (Euro)	Percentage
Mun. review	34	9.4%	3,644,893	7.9%
MDLF review	10	2.8%	1,591,781	3.4%
Approval	1	0.3%	65,000	0.1%
Tendering + Retendering	8	2.2%	820,849	1.8%
Evaluation	6	1.7%	790,242	1.7%
Awarded	2	0.6%	398,232	0.9%
on going	85	23.6%	15,744,736	33.9%
Completed	214	59.4%	23,321,896	50.3%
Total	360	100%	46,377,630	100%

Chart 12: Status of W1 sub-projects in WB&G (cycle 2)

- 214 sub-projects out of 360 were completed with total allocations (23,321,896 Euros) amounting (50.3%) of the budget.
- 85 sub-projects are ongoing with total allocations (15,744,736 Euros) amounting (33.9%) of the budget.
- 2 sub-projects were awarded with total allocations (398,232 Euros) amounting (0.9%).
- 14 sub-projects are under tendering



/retendering/evaluation with total allocations (1,611,091 Euros) amounting (3.5 %)



- 45 sub-projects were approved by MDLF and still under the pre-tendering phase, where the municipalities are preparing the design and the bidding documents with the assistance from the LTCs, with total allocations (5,301,674 Euros) amounting (11.4%).

Component / (Window) 2: Municipal responsiveness – Support to Municipal Innovations and Efficiency. (Cycle 1 and cycle 2)

2.1: Piloting Innovations (this sub-window will be implemented over the two cycles)

2.1.1: Introduction of e-governance:

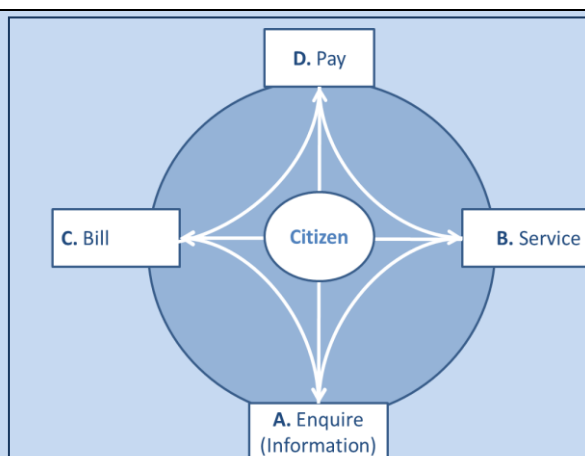
The purpose of e-Governance is to utilize advanced information and telecommunication technology (ICT) to deliver services and information to citizens and to integrate the municipality internal systems together to deliver quality service to citizens.

The benefits from this approach include but not limited to:

- Improved efficiency and quality of public services.
- Reduced cost and overheads for both citizens and municipalities.
- Improved transparency regarding the municipal services delivery.

The E- Municipality will employ the Internet for delivering services and information to citizens. It promotes knowledge sharing; enhances awareness and accountability in service delivery (specifically e-licensing, e-participation.....etc.).

*The citizen at the heart of e-municipality
Can make enquiries and seek information from the municipality (A),
Apply for selected services and monitor their progress (B),
View his/her municipal bills (C) and,
when electronic payments become available,
Pay for services (D), from the comfort of his/her home or office*



This project has been financed through the World Bank and will be piloted in four selected municipalities in the West Bank (Beit Jala, Halhul, Anabta and Beitunia). It is worth mentioning that this initiative will be implemented as per the following:

Phase I: Preparation for the E-municipality which includes:

- Initial screening, web application survey, field investigation, readiness assessment.
- Pilot selection (4 pilot municipalities in West Bank).
- Requirement capture and TOR preparation.
- Vendor selection.



Regarding the implementation status of phase I, the readiness assessment was done, the pilot municipalities were identified (Beit Jala, Halhul, Anabta and Beitunia), the TOR along with the functional requirements was developed and cleared by the WB, the procurement arrangements for vendor selection was accomplished.

Phase II: Development of the e-Municipality software (EMS)

MDLF had contracted the software company to develop the EMS mid-May 2015, where the company started the inception phase by conducting field visits to the target municipalities to better understand the business needs for the proposed EMS concerning the integration with other available systems within the municipalities (financial, OSS, citizens database,....etc).

EMS was developed and deployed into the target municipalities in an iterative way and deployed & tested successfully by MDLF; MDLF ensured the full compliance with the functional requirements in the MDLF test. And still in the testing phase per municipality, each municipality has its own integration customization, and they need to perform their own tests and got municipality acceptance to ensure that delivered data information by EMS portal and Citizen Service Center is identical before going live to avoid mismatch, all activities in this phase will be complete on proposed date by July 1st, 2016.

Phase III: Promotion for E-Municipality

A promotional activities and awareness have been conducted since November 2016, including the booklet (Arabic and English), and the orientation workshops to disseminate the results of the EMS. Additionally, MDLF had organized a launching ceremony for the E-municipality attended by all municipalities in addition to representatives from FPs and other stakeholders. MDLF is now working on promoting the EMS through web banner and SMS to outreach the citizens within the target municipalities.



2.1.2: Renewable Energy– Solar Photovoltaic Pilot Project “REPP”

This projects has been funded through the World Bank and will be piloted in 9 municipalities in West Bank and Gaza. The renewable energy pilot project (REPP) aims to install 100KWp of solar Photovoltaic on roof tops of municipal buildings for the pilot municipalities in WB&G, where the piloted system is expected to reduce the municipal building electrical load in range of (20-90)% and minimize the operational expenses on energy. The pilot project is also considered an awareness and knowledge passing for municipalities and citizens.





A feasibility study for this initiative was prepared whose outputs showed that the project will be feasible to be conducted in West Bank when connecting the PV system on grid to produce 100KWH of electricity ranges between 5 and 20 KW according to the size of municipality, considering a payback of 6 years based on the best scenario of agreements with the electricity distribution companies. On the other hand in Gaza Strip, due to the current and continuous electricity outage the feasibility study has proved that Hybrid system (off-grid with option to use the grid as back feed to charge the system batteries when the solar input is offline) is feasible with a payback period of the system of 8.4 years with Rate of Return of 12.3%.

✓ **The project stages and progress**

Feasibility Study: the study was accomplished within MDP phase I, and its results had been disseminated for municipalities in August 2013.

Request for Application: Application form was prepared; municipalities were invited to submit their application until November 25th, 2013. MDLF received 61 applications in West Bank and 11 applications in Gaza Strip.

Design: The design, supply and installation and the capacity building for the target municipalities were distributed over coherent assignments:

- Individual Consultancy services to provide the technical support including technical evaluation of applications, verification of evaluation, design and preparing of bidding documents in addition to supporting municipalities to gain license...etc.
- Furthermore to provide capacity and awareness for municipal employees during the project period. This stage of consultancy service in West Bank has started on November 21st, 2013. However, the contract for Gaza was signed during the end of January 2014. Under this consultancy assignment the evaluation of applications was accomplished considering selection criteria which resulted in the selection of municipalities for this pilot which included the penetration factor, the space availability, the shade, the building use, separate electrical meter, working hours and technician availability, also the load separation for Gaza Strip.

Selected Municipalities:

West Bank:

No.	Municipality	Governorate	Scale	PV system capacity
1-	Ad Daheriyya municipality	Hebron	Large municipality	Up to 20 KWp
2-	Hebron municipality	Hebron	Large municipality	Up to 20 KWp
3-	Nablus	Nablus	Large municipality	Up to 20 KWp
4-	Al- Ittihad	Ramallah	Small municipality	Up to 5 KWp
5-	BaqaAlsharqiya&alnazlat	Tulkarem	Small municipality	Up to 5 KWp
6-	Qabalan	Nablus	Small municipality	Up to 5 KWp
7-	Anata	Al-Quds	Small municipality	Up to 5 KWp

Gaza Strip:

No.	Municipality	Governorate	Scale	PV system capacity
1.	Deir El Balah municipality	Deir El Balah	Large municipality	Up to 15 KWp
2.	Abasan – Elkabera municipality	Khan Younis	Small municipality	Up to 5 KWp



Installation of PV system: Solar Photovoltaic system in West Bank was installed and operating in Anata, Altihead, AlThahryeh, Baqa AlShaqqyeh, Hebron, Nablus and Qabalan municipalities. Regarding the Supply and Installation of Solar Photovoltaic system in Gaza Strip: the systems were installed and operating in Deir AlBalah and Abbassan Elkebereh. Although contract was signed during April 2015, work was not carried out in October 2015 due Israeli obstruction of material entry.

Monitoring and evaluation, and Results Dissemination: The project components in the West Bank is in progress as MDLF received the measurement and verification report, the dissemination material input, and the Monitoring and Evaluation report. MDLF is preparing for the dissemination workshop, and training sessions for West Bank municipal engineers.

The outputs of the measurement and verification report covered the year 2015 with a total estimated annual energy for the seven municipalities of 133,413.5 kWh. The actual measurement and verification was conducted for six PV systems of the municipalities' buildings in Baqa, Qabalan, Anata, Hebron, Al Thahreya and Nablus all of which have completed one year of operation with a total annual energy production of 115,733.31 KWh; the annual energy coverage amounted to 41.93% ,35.76%, 50.8%, 21.36%, 42.37% and 58.41% (respectively) of the annual energy consumption for each of the municipality buildings. The PV systems of the seven municipalities have reduced the emission of CO2 at a rate of 81.01 ton/year.

As for Gaza Strip Municipalities, the results dissemination monitoring is currently in progress.

2.1.3: Local Economic Development:

This initiative is financed by the VNG and the AFD by introducing the LED concept on three different complimentary themes:

✓ Institutionalizing LED in municipalities (VNG)

Institutionalize LED Departments in the municipalities by initiating new LED department or integrating LED in an existing department in the structure of the municipality. The choice will depend on the size existing structure of the Municipality.

Develop LED Plans for 4 municipalities: Ramallah, Al-Bireh, Tubas, Al-Samou' (VNG),

Capacity Building for the municipality in handling LED projects (VNG).

Orientation Workshops for the Mayors' of the selected municipalities on the LED concept.

Training sessions for the municipalities' Employees on LED; how to handle LED in their municipalities and How to implement LED projects.

Training sessions regionally (Amman); also internationally (Netherlands).

Under this theme five municipalities were supported in cycle 1 as per the following:





- Ramallah municipality - Developing LED Plan
- Al-Bireh municipality - Encouragement of Investment & Development in Al-Bireh
- Assamou municipality - Improve capacity building department for LED
- Birzeit municipality- Tourism Path
- Tubas municipality- Improve capacity building department for LED (Industrial Zone - cancelled)

Eight municipalities were supported in cycle 2 in institutionalizing LED Department and LED plans for the following municipalities:

- Taffuh municipality
- Yatta municipality
- Dura municipality
- Jericho municipality
- Qalqilia municipality
- Qabalan municipality
- Kufr Rai municipality
- Hebron municipality – Institutionalized a Business One-stop-shop/Unit

The municipalities worked with the MDLF on several activities including making films that support the LED initiatives, developing media plans which include PR and printing, as well as festivals. It is worth mentioning that the MDLF supported municipalities in carrying public festivals most notably Al-Samou ,Kufor Raie, and Yatta.

✓ **Feasibility Studies for economic projects (VNG,AFD)**

Under this theme the following feasibility studies were conducted:

- Ramallah Municipality: Ramallah mall (VNG).
- Kufur Rai : Warehouse for cooling storage and packaging or food processing/Manufacturing (VNG).
- Ramallah Municipality : Al Manara Complex Project (AFD)
- Al Bireh Municipality : Al Bireh Touristic Canal Project (AFD)- Contract terminated
- Al Thahriyeh Municipality : International Football Stadium Project (AFD)
- Hebron Municipality: solar energy project (AFD).

Feasibility Studies for economic projects (AFD)

Under this theme the following feasibility studies will be conducted:

- Al Bireh Municipality : Al Bireh Touristic Canal Project redesign and feasibility study (AFD)
- Feasibility Study for Reuse of Vehicle tires sent to Landfill- North and Conducting Feasibility Study for Al Minia & Zahrat Al Finjan Leachate Odor. (AFD)
- Bethlehem Cable car feasibility and design (AFD).

Progress and Deviations from Plan:

In order to expedite the process of implementing LED activities, MDLF decided to carry out the procurement work in-house for several sub-activities which included: Writing specifications for IT equipment's, printing, developing media plans, and exhibitions.

Nonetheless, while MDLF offered to procure the Media & Outreach activities for the 13 municipalities, few municipalities preferred to do their media activities by on their own: Ramallah, Taffouh, and partially Hebron, Jericho and Qalqilya, to be exact. MDLF followed up the implementation regularly.





Cycle	No. of Municipalities	West Bank	Financing Partner	Updated implementation status
LED Phase I	5	5	VNG	- Business Needs Assessment was conducted for Five (5) municipalities. It was introduced to the municipalities and stakeholders, and feedback was reflected. - Four (4) LED plans were developed at Four (4) different municipalities according to the municipalities' request. - LED was institutionalized at Five (5) municipalities. This includes institutionalizing a unit at each municipalities concerned with LED, all units were furnished and equipped. - Depending on each municipality's LED project requirements, most sub-projects were finalized and paid for. This includes conducting exhibitions, purchasing needed specified equipment such (GIS), conducting Capacity Building training in various subjects related to LED, installing various supporting software for LED. Specific for Al-Samou Municipality, two One-Stop-Shops were inaugurated in support of the municipality's efforts to facilitate the lives of their residents, and encourage further transactions between residents and municipality, and to enhance the services that the municipality provides the private sector, to save time and effort. - Instead of conducting LED plans, Birzeit municipality uniquely conducted and implemented a tourism map, supporting the Local Economic sector of tourism. The project is expected to introduce Birzeit as a new tourism destination. Promotion material (including maps, guides, signs...etc.) were printed. A launching event was carried out under the patronage of the Minister of Local Government, and the MDLF. - MDLF and VNG partnered in enhancing the capacity of LED understanding for the municipalities. This was achieved through an LED tour of all target municipalities to several Dutch municipalities (The Netherlands) for an entire duration of 10 days. The experience is expected to set the ground for further participation between the Netherlands and Palestine in issues related to LED, and was deemed as perfectly educational which increased understanding and improved the perspective of LED for each municipality. - Remaining Media, Film and Printing for all municipalities were finalized late June 2016. - MDLF and VNG provided further LED Capacity Building training for all targeted municipalities. - Ramallah conducted a Media project consisting of events and promotional films.



LED Phase II	8	8	VNG	- Business Needs Assessment was conducted for Eight (8) municipalities. It was introduced to the municipalities and stakeholders, and feedback was reflected. The methodology used to conduct the studies was enhanced based on the lessons learned from the previous phase. - During July of 2016, the LED plans and institutionalizing of LED processes for all 8 municipalities will be done. - All municipalities were successful at inaugurating their LED units, furnish and equipment was provided. - MDLF and VNG were partners in enhancing the capacity of LED understanding for the municipalities. This was achieved thru an LED tour of all target municipalities to several Dutch municipalities (The Netherlands) for an entire duration of 10 days. The experience is expected to set the ground for further participation between the Netherlands and Palestine in issues related to LED, and was deemed as perfectly educational which increased understanding and improved the perspective of LED for each municipality. - Media, Film and Printing for all municipalities were finalized during the first half of 2016. - As part of LED two exhibitions were held in the North and South in support of LED efforts. The exhibitions were held during the second quarter of 2016. - MDLF and VNG provided further LED Capacity Building training for all targeted municipalities.
LED Feasibility Studies	6	6	AFD (4) & VNG (2)	- Feasibility study for the establishment of a multi-story car parking and shopping complex in the city of Ramallah In the West Bank was successfully completed. The final feasibility study report have been approved by MDLF funded by AFD - Feasibility study for the establishment of al-Dahrieh International Football Stadium was conducted. The final feasibility study report have been approved by MDLF - Feasibility study for the establishment of al-Bireh Tourism Canal project was terminated, as a result of the decision of Al Bireh Municipality to redesign the canal. - Feasibility study for "Installation of (On-Grid) connection Solar Photovoltaic (SPV) renewable Energy System" in the city of Hebron was successfully completed. The final feasibility study report have been approved by MDLF. - Two feasibility studies for "Establishment of Multi-Story Shopping Mall in City of Ramallah" and "Establishment of Food Processing/Manufacturing Factory in Village of Kufr Rai" (VNG 2) were successfully completed. The final feasibility study report have been approved by MDLF



2.2: Strengthening Newly Amalgamated Municipalities:

This sub-activity will be funded by the MDTF (Danish fund) which provides support for post-amalgamation, e.g., for community development, social activities and capacity development in the amount of (EUR 2.1 million). More specifically, (EUR 1.5 million will be distributed among the newly amalgamated municipalities using the new allocation criteria and EUR 0.2 million will be invested in the capacity development activities for the target municipalities)

In addition, this activity will provide (EUR 0.4 million) to support communities which were integrated into adjacent municipalities using the population criteria and will be invested in eligible sectors including road safety, sanitation, primary health care, culture and public parks.

9 municipalities will be covered (East Bani Zaid, Baqa Al Sharqeyya, Azzaytuna, Al Ittihad, Al-Kafriyyat, Al-Muttahida, Al-Yasiriyya, Marj Bin Amer, and Janata).

Projects under this sub-component are expected to:

- Reduce the emergency needs raised from amalgamation process.
- Improve the citizen's satisfaction with the performance of the amalgamated municipalities.
- Reduce the services gap between the LGUs formed the amalgamated Municipalities.
- Enhance the Sustainability of the amalgamated Municipalities.

MDLF had sent a letter to the target municipalities informing them about their allocations and asked them to fill out the application forms late May 2014. MDLF received the filled application forms by end of July 2014 and finalized the appraisal stage late September 2014.

17 sub-projects proposals were received from 9 amalgamated municipalities in a total allocation (EUR 1.5 M) and 25 sub-projects proposals from annexed/ integrated Communities in a total allocation (EUR 0.4 M).

A quick look into the submitted sub-projects proposals from the 9 amalgamated municipalities reveals that (36%) of the allocated fund will be invested for health sub-projects. The second sector is the public facilities (30%). The third needed sectors is education in a percentage (29%) followed by solid waste (3%) and street lighting (2%). However, the majority of the submitted sub-projects proposals from the annexed communities are roads sub-projects in a percentage (87%) as indicated in Chart 13 and Chart 14 respectively.

Chart 13: Distribution of EUR 1.5M per sector

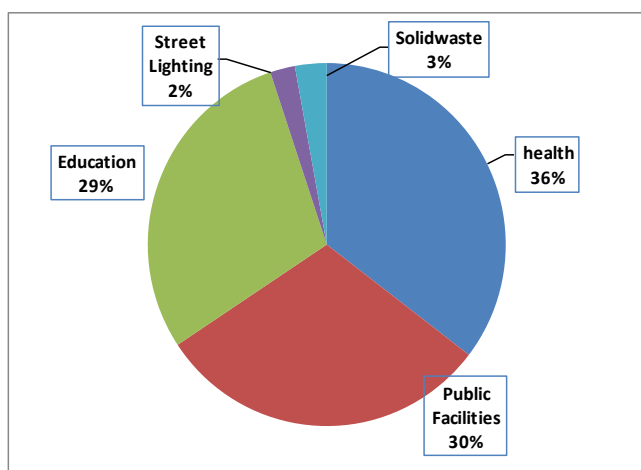
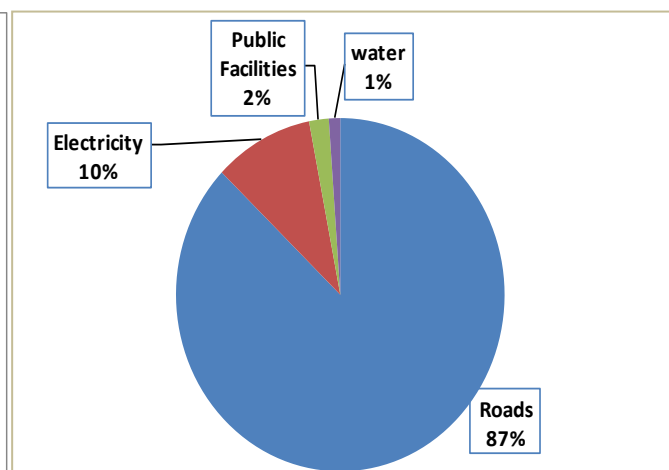


Chart 14: Distribution of EUR 0.4 per sector





Regarding the status of the approved sub-projects, it is illustrated in Table 5 below.

Table 5: Status of sub-projects under the post amalgamation sub-component

Status of sub-projects within the Newly amalgamated Municipalities				Status of sub-projects within the Annexed/Integrated Communities			
Status	No. of Projects	Amount (EUR)	%	Status	No. of Projects	Amount (EUR)	%
Under Design	0	0	00%	Under Design	0	0	0%
Appraisal	1	189,314	13%	Appraisal	0	0	0%
Tendering	0	0	00%	Tendering	0	0	0%
Evaluation	0	0	0%	Evaluation	0	0	0%
Ongoing	2	179,678	12%	Ongoing	3	17,987	04%
Completed	13	1,131,008	75%	Completed	22	382,013	96%
Total	16	1,500,000	100%		25	400,000	100%

Component /(Window) 3:

Window 3.A: Capacity Building for Municipalities – Cycle 01

This sub-component supports municipalities in improving their performance to graduate to a higher performance category in which they are currently classified; it supports consultant's services, training and equipment for municipalities in both West Bank and Gaza Strip. Applications for capacity building packages were received from municipalities and MDLF conducted the evaluation for the submitted forms along with the supporting documents late 2013. It is worth mentioning that Municipalities were also able to fill and submit their CB applications online. The Capacity packages were identified per municipality and municipalities were notified about the awarded packages.

The capacity building packages for the 1st cycle included:

- Fixed Assets Registration and Valuation;
- Integrated Financial Management Information System (IFMIS), Software and Coaching.
- Rolling out Phase 1-3 of the Strategic Development and Investment Planning (SDIP) process to municipalities that do not have SDIPs.
- Citizen service centers renovation and business process reengineering.
- Operations and Maintenance (O&M) to assist municipalities in improving O&M for roads and public buildings.

Table 6 illustrates the distribution of capacity building packages of the 1st cycle by region per donor as well as its implementation status.



Table 6.: Distribution of MDPII-W3 Capacity Building Packages – 1st cycle

Capacity Building Package	No. of Municipalities	West Bank	Gaza	Financing Partner	Updated implementation status
FARV	53	42	11	GIZ	- The fixed assets registration was finalized for WB&G including the coaching of municipalities on FARV updating by end of April 2015.
IFMIS	14	11	3	WB & KFW	- Integrated Financial and Management Information System (IFMIS) (Target municipalities: 10 in West Bank, 4 in Gaza) - Institutional Assessment phase prior to implementation (three months phase) - A contract was signed with a consultancy firm to accomplish this phase on June 28th, 2015. The project was accomplished in October 2015. - Coaching Municipalities in Implementing IFMIS” - In West Bank. Contracts were signed during June 2016. Duration of the assignment will be 12 months. - We are in the process of preparing the Opening Balances for the selected municipalities. - IFMIS Software: - Contracts were signed during September 2016. Duration of the assignment will be 12 months. We are in the process of testing the software before launching it at the municipalities.
SDIP	2	2	0	GIZ	- An amendment to an existing contract from MDPI was set in place in order to accelerate the process of supporting the two remaining municipalities who do not yet have an SDIP in place. - An agreement was reached between the MDLF and the consultant regarding the amendment, contract was signed and assignment activities commenced. - The First, second Public meeting and first and second workshops in both Nuba and Al-Ubaidiya were conducted. - Activities were accomplished and now municipalities have SDIPs in place.
CSC	22	17	5	MDTF, SDC	- Citizens Service Centers (CSCs) (Target municipalities: 17 in West Bank, 5 in Gaza) - West Bank and Gaza: The documentation and analysis of the current stage phase was completed for work procedures of the services, which were adjusted to their optimal capacity.



					- Rehabilitation of the physical space of the Citizen Service Centers: - The rehabilitation of the physical space in all the municipalities of Gaza has been completed. - The rehabilitation of the physical space in all the municipalities in the West Bank. Gaza has been completed. - Supply Furniture: - Supply of furniture in all municipalities in Gaza has been completed - Supply of furniture in the municipalities in West bank has been completed - Supply Hardware: - A firm was contracted to provide CSC hardware to municipalities. - Hardware delivered to the target municipalities. - Hardware installation has been completed on each municipality network. - HW Assignment has been completed for WB and 90% Gaza. - Supply of computerized software: - A firm was contracted to provide the computerized system to supply municipalities with CSC has been completed - The preparation, configuration, and installation of the software in the municipalities of the West Bank & Gaza have been completed(17 in west bank & 5 in Gaza) - The implementation, integration and training have been completed in all municipalities (17 in west bank &5 in Gaza). - All target municipalities (17 in west bank & 5 in Gaza) have operational software; the next step will be getting "Certificate of Acceptance COA" on the software per municipality. - Print Services Chart for targeted municipalities in the West Bank and Gaza¹ has been completed. - Cycle 1 completed in terms of Furnish, printing.
O&M	4	4	0	KFW	- Developing (O&M) computerized System - Contract for developing O&M computerized system was signed. - The maintenance module is ready for pre installation test. - Developing Software Requirements and Specifications (SRS) for Operation and Maintenance (O&M) computerized System



					- Contract was extended to Support MDLF in supervising the Development of the O&M software and the deployment at the pilot municipalities - Updating the Operation and Maintenance (O&M) Manual & Updating the Physical Inspection data for selected Municipalities - Contract was signed and the consultant commenced working on the assignment
Total Number of Municipalities	95	76	19		

In addition to the above packages, W3 provided further support to municipalities in the following aspects as illustrated in table 7,

- Planning capacity by providing orientation workshops on SDIP update methodology for all municipalities in West Bank and Gaza.
- Printing municipalities updated SDIP document.
- Financial Management including training on (call for budgets, modified chart of account and the importance of budget disclosure).
- Social accountability, transparency and responsiveness through developing communication and outreach guidelines in addition to the Citizen Service Centers (CSC). Social accountability expo took place where all municipalities and stakeholders were invited.

Table 6.a illustrates the distribution of capacity building packages of the 1st cycle by region per donor as well as its implementation status.

Table 6.a: Additional support provided to municipalities under W3

Activity	No. of Municipalities	Financing Partner	Updated Implementation Status
SDIPs update orientation workshops	All municipalities	GIZ	- MDLF along with other stakeholders conducted orientation workshops to all municipalities in West Bank and Gaza about the SDIP update methodology. - The workshop highlighted the importance of linking the development projects with the annual budget using the new budget format. - MDLF officially notified 11 municipalities to initiate the preparation of new SDIPs as their SDIPs have expired by the end of 2014.
Printing of the SDIP	38 municipalities	AFD (savings from MDPI)	- The SDIP document was printed for the targeted municipalities
Call for Budgets	All municipalities	MDTF	- Two days' Training on call for budgets, modified chart of account and budget disclosure was conducted targeting all municipalities in West Bank and Gaza. - The training was conducted in eight Governorates in West Bank and through VC for Gaza municipalities.
Develop Citizenship Guideline	All municipalities	SDC	- A Citizenship Guideline was developed and printed. - A feedback workshop was conducted for the sample municipalities with the participation of the MoLG.



Develop Communication and Outreach Guidelines	All municipalities	SDC	- A communication guideline had been developed and printed.
Social accountability Exp	All municipalities	GIZ	- Social accountability expo took place where all municipalities and stakeholders were invited.

Window 3.A: Capacity Building for Municipalities (2nd Cycle)

The second cycle Capacity packages were identified per municipality and municipalities were notified about the awarded packages as follow;

- Fixed Assets Registration and Valuation;
- Financial procedures and policies manual coaching
- Annual plans for newly formed municipalities
- Citizen Service centers renovation and business process reengineering.
- Revenue management information system
- Integrated Financial Management Information System (IFMIS), Software and Coaching.
- Operations and Maintenance (O&M) to assist municipalities in improving O&M for roads and public buildings.
- Social Accountability institutionalization



Table 7 illustrates the distribution of capacity building packages of the 2nd cycle by region per donor as well as its implementation status.



Table 7: Distribution of MDPII-W3 Capacity Building Packages – 2nd cycle

Capacity Building Package	No. of Municipalities	West Bank	Gaza	Financing Partner	Updated implementation status
FARV	8	8	0	GIZ & MDTF	- The fixed assets registration was finalized for 2 newly formed municipalities in WB including coaching. - ToR was prepared and advertised to conduct FARV for another six newly formed municipalities in WB including coaching.
FPPM	8	8	0	MDTF	- ToR was prepared and advertised to train eight newly formed municipalities in WB on financial policies and procedures manual- cash basis.
Annual Plan	8	8	0	GIZ	- Annual plans for newly formed municipalities were prepared (Qasra , Kufur dan, AjjeH, Bartaa Al Sharqeya, Surda Abu Qash, Hizma, Kufur Aqab, Battir
CSC	18	13	5	AFD & GIZ & SDC & MDTF	- Citizens Service Centers (CSCs) (Target municipalities: 13 in West Bank, 5 in Gaza)
RMIS	5-8	ND	ND	KFW/EU	- Revenue Management Information System (RMIS) (Target municipalities: 5-8 in West Bank & Gaza) - Institutional Assessment ToR was prepared and advertised - ToR for RMIS software was also prepared.
IFMIS	15	14	1	WB & KFW	- Integrated Financial and Management Information System (IFMIS) (Target municipalities: 14 in West Bank, 1 in Gaza) - Institutional Assessment phase prior to implementation (three months phase) - A contract was signed with a consultancy firm to accomplish assignment.
Participatory M&E	7	5	2	KFW/EU	- The participatory M&E manual was drafted and submitted to MDLF for revision. - The manual is being piloted on 7 municipalities in WB&G and will be revised accordingly. - A rollout plan will be prepared.
O&M	46			KFW	O&M software will be rolled out based on the successful completion of cycle 1
Social Accountability	5	ND	ND	GIZ	Two local consultants are designing social accountability package that will be piloted in 5 municipalities.
Total Number of Municipalities					



Component /(Window) 4: Project Management

4.1: Local Technical Consultants (LTCs)

To better support the municipalities and build their capacity, the MDLF has utilized the services of LTCs firms to provide the needed technical support to the municipalities in West Bank and Gaza. The main objective of this consultancy assignment is to provide technical assistance to the municipalities for the implementation of subprojects approved by MDLF as follows:

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.

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.

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.



Modification and Update of LTCs TOR

In response to the recommendations of technical audit and usability assessment which was conducted for a sample of sub-projects implemented under MDPI/W1, the TOR for the local technical consultant for MDPII-W1 sub-projects was subject to modification having more focus on the design and supervision as per the following:

- (i) **The LTCs are requested to conduct training to the municipal engineers concerning the following:**
 - **Roads evaluation (road conditions, types of distresses, causes, and treatments), so they will be able to prepare the required design, drainage system and the minimum drawings needed for different cases.**
 - **Quality Control as well as the technical and administrative issues including: (specifications, testing, interpretation of test reports, taking the proper decision, sampling procedures, the roles and responsibilities of testing labs, shop drawings and as-built drawings) .**
- (ii) **The LTCs are requested Prepare detailed supervision formats and templates applicable for all/each project sector(s)) to be used between the municipalities supervision and the contractor during all of stages of projects, namely, (the implementation, the maintenance period and the final handing over of the projects after maintenance period).**
- (iii) **The LTCs should conduct site visits for all projects, and should verify the designs, and the quantities and the estimated costs for the proposed projects and ensure the submitted drawings are technically correct, sufficiently detailed for implementation and acceptable.**

The local technical consultants were distributed among 4 clusters (North West Bank, Middle West Bank, South West Bank, and Gaza). The LTCs for the 1st cycle were financed by the World Bank and the LTCs for the 2nd cycle are financed by the Multi-Donors Trust Fund (MDTF).



4.3: Monitoring and Evaluation

Under this sub-component, there are set of surveys which were planned to be conducted for MDPII mid-term evaluation in accordance to the MDPII results framework.

Survey	Financing Partner	Objective, Scope and Description of the Assignment	Implementation Status
Municipal Ranking update (end of cycle 1)	KFW	To update the municipal ranking in accordance to MDPII ranking system using the 16 KPIs as indicated in the MDPII – Transfer Mechanism. This assignment was implemented by an outsourced consulting firm. The consultant was 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 the criteria of MDP-II ranking system (16 KPIs). The results of this assignment was used as a mid-term evaluation of MDPII.	This assignment was completed. Municipalities were informed about their ranks early May 2015 and were given an appeal period until 20th of May. The updated Ranking after appeals was used to calculate the municipal allocation of cycle 02.
Technical audit and Usability assessment	KFW	This audit was carried out in both West Bank and Gaza Strip through two individual consultants one in the West Bank and the other in Gaza. The study aimed at evaluating a representative sample of infrastructure sub-projects implemented in MDPII-cycle 1. The sample of sub-projects was randomly selected by the two individuals in coordination with MDLF to cover the implemented sub-projects in cycle 1. The assessment focused on the technical quality and structural soundness, and the compliance of implemented sub-projects with technical specifications. Furthermore, the audit assessed the approaches and processes during the implementation of sub-projects and provided recommendations for future improvements.	This assignment was completed by mid-August 2015. 30 sub-projects were audited (12 in Gaza and 18 in WB). 28 out of 30 audited sub-projects, are fully/partially completed, those sub-projects are functioning suitably and utilized efficiently by the beneficiaries. The other two sub-projects were audited by the in terms of implementation arrangements, and, technical soundness, ...etc. and were not audited in terms functionality or usability since they were not yet completed. It is worth noting that MDLF had assessed the functionality and usability of those two sub-projects once completed and found they were fully utilized by the beneficiaries.



Clients and Citizens satisfaction assessment	WB	The objective of this consultancy was to conduct a Beneficiaries, Clients and Citizens Satisfaction Assessment as a mid-term evaluation of the MDP-II by combining three surveys: (1) Beneficiaries satisfaction assessment of MDPII-W1 sub-projects (2) MDLF clients' satisfaction survey with municipalities and (3) citizens satisfaction survey with municipalities' performance. In particular, the aims of the assignment were 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 MDPII and after the MDPII-cycle1, i.e. between the 2013 baseline and the 2015 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 was utilized specifically for midterm evaluation purposes of the ongoing program "MDP-phase II". MDLF had contracted a consultancy firm to conduct the assessment using both quantitative -(questionnaires for beneficiaries satisfaction and citizens satisfaction)- and qualitative methods -(focus groups, key informants interviews for LTCs, SDIP committees, and municipal staff).	This assignment was completed by July 2015.
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Note: the updated results framework is annexed to the report. (please see annex A)



Component /(Window) 5: Additional Financing for Gaza Emergency Response

This component was designed under MDPII in response to Gaza emergency needs following the 51-day War on Gaza, which started on July 7th and lasted until August 26th, 2014. MDLF and Gaza municipalities in addition to the financing partners exercised a proactive effort in observing, documenting, and analyzing the damages incurred by the war producing the “Rapid Assessment of Gaza Municipal Sector Damage” report in September 12nd, 2014 endorsed by the Ministry of Local government (MoLG) forming the basis for the design of this window. The AF will be invested to restore municipal services and alleviate the dire situation of Gaza municipalities after nearly two months of continuous war producing both direct and indirect damages on the municipal sector that was already in a fragile state due to the extended blockade imposed on Gaza. The damage assessment estimates total damages to around US\$ 58.6 million. In addition to the physical damages, municipalities’ ability to sustain basic services provision has been seriously affected by the war’s impact on their financial situation. This component will be financed by the World Bank, Danish Government under the MDTF (administered by the WB), KFW and the Belgian Government through BTC as illustrated in table 8 below:

Table 8: Additional Financing to Gaza per Donor

Financing Partner	Committed Amount	Committed Amount in EUR	Implementation Status
WB	US\$ 3,000,000	EUR 2,173,913	The implementation has started since October 2014 A total of (EUR 2,021,739) were originally distributed among Gaza municipalities.
MDTF	US\$ 12,000,000	EUR 8,695,652	The implementation has started since October 2014 A total of (EUR 8,086,957) were distributed among Gaza municipalities. Additionally, the savings from the currency exchange in a total (EUR 891,304) was distributed among Gaza municipalities.
KFW	EUR 5 M	EUR 5,000,000	A total of (EUR 4,550,000) was distributed among Gaza municipalities and the municipalities started preparing the application forms supported with the needed documents.
BTC	EUR 0.35 M	EUR 350,000	The sub-projects under this fund are completed
SDC	EUR 0.833 M	EUR 833,000	A total of (EUR 729,350) was distributed among 6 municipalities. The sub-projects under this fund are completed.

1 EUR = 1.38 \$



Allocation mechanism

Gaza Emergency AF (W5) will allocate grants to Gaza municipalities for capital investment service provision, per mandate of municipalities defined in the Local Councils Law No.1 of 1997, for sectors described as eligible in the MDP II Operations manual (OM) as well as for operating expenditures similar to W1. Allocation under W5 has been allocated proportionally to Gaza municipalities based on the emergency needs identified in the Municipal Damage Assessment Report prepared in September 2014 following the damages and service interruptions insured during the Gaza War in July-August 2014. Emergency needs will reflect critical repairs and response funds required to address service interruptions affecting population in the beneficiary municipalities.

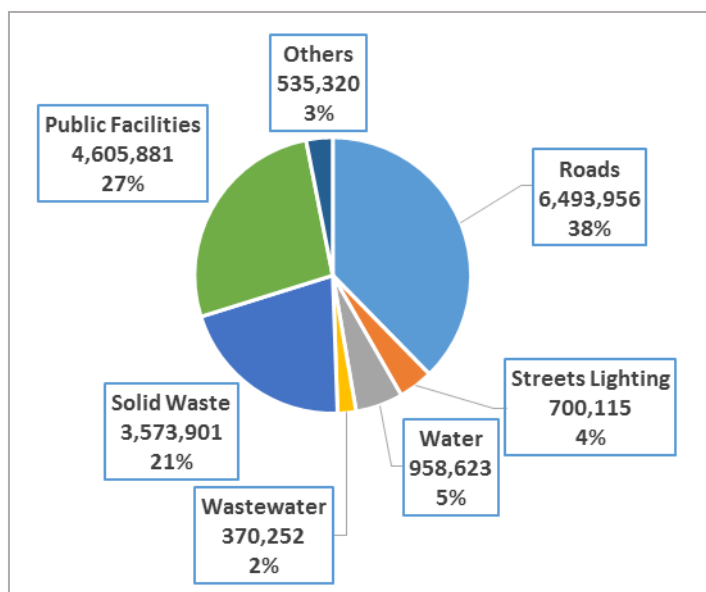
Based on the proportional allocation, municipalities will then propose priority sub-projects out of their emergency needs identified in the damage assessment report. Minimum allocation to each Municipality is to be sufficient enough to ensure restoring the critical repair of basic municipal services in need based on the number of beneficiaries. Sub-project appraisal of identified interventions will reflect the following criteria:

- maximum number of beneficiaries in immediate needs addressed;
- efficiency of the type and nature of proposed sub-projects to restore the services and
- Functions to beneficiaries in the municipality; and alternatives considered, if applicable”.

Analysis Per Sector:

A total of EUR 17,238,048 from WB, MDTF, KFW, Belgium grants and SDC were allocated to Gaza municipalities, 297 sub-projects proposals were received from 25 municipalities. Those proposals were subject to screening and appraisal in accordance to MDLF operational manual. A quick look into the submitted sub-projects proposals reveals that (38%) of the W5 allocated fund are invested in roads maintenance and rehabilitation. The second sector is the public facilities (27%) including the maintenance of municipal buildings, libraries, community centers, and public parks. The third needed sectors is solid waste in a percentage (21%) followed by water (5%), streets lighting (4%) and wastewater (2%).

Chart 15: Distribution of MDPII-W5 Fund Per Sector





Status Analysis of W5

The implementation of W5 sub-projects witnessed a noticeable progress since the effectiveness date and the overall status can be illustrated in table 9 and chart 16.

- 284 sub-projects out of 297 were completed with total allocations (15,039,061 Euros) amounting (87.2%) of the budget.
- 4 sub-projects are ongoing with total allocations (859,464 Euros) amounting (5%) of the budget.
- 9 sub-projects are under pre-tendering with total allocations (1,339,523 Euros) amounting (7.8%) of the budget.

Chart 16: Status of MDPII-W5 sub-projects

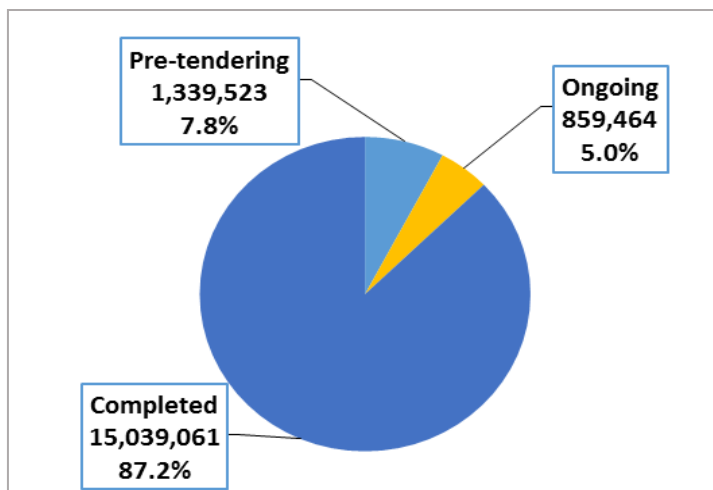


Table 9: Status of Window 5 sub-projects

Status	No.	Percentage	Allocation in Euro	Percentage
Pre-tendering	9	3%	1,339,523	7.8%
Tendering	0	0%	0	0.0%
Awarded	0	0%	0	0.0%
Ongoing	4	1%	859,464	5.0%
Completed	284	96%	15,039,061	87.2%
	297	100%	17,238,048	100%

1.5: Challenges Encountered (Obstacle, delays, and causes of delays)

Since the beginning of MDPII, the implementation has faced challenges and obstacles which can be listed as follows:

Window 1:

- There is a lack of commitment from the municipalities regarding the submission of the needed documents for MDLF appraisal and verification as requested which lead to such delays.
- The majority of municipalities started working on preparing the design and the needed perditions once they received the allocation letter from MDLF, however, they are capable to do that earlier as the selected sub-projects are all identified in their SDIPs, this lead to such delays prior the appraisal.
- There are still some gaps among the muciplalities regarding their capacities especially in the ESMF requirements which lead to further works from MDLF and LTCs to ensure the compliance with standards and guiding procedures according to the MDLF operational manuals.



- There was a delay in signing the financing agreements with some FPs where MDLF was unable to proceed in implementing such activities/or awarding the contracts before signing the agreements.

Window 3:

- Low level of Municipal responsiveness, as well as miscommunication within the municipal staff.
- Limited human resources at municipalities.
- Low level of buy-in and actively support the implementation of the capacity building packages compared to the infrastructure projects.

1.6: Lessons Learnt and Recommendations

- It is recommended to minimize the gap between municipalities regarding their capacities in procurement and the ESMF by concentrating the effort from the LTCs towards those municipalities with low capacities.
- It is recommended to activate the communication with MDPII stakeholders from the initial stages of the implementation to ensure the effective management and to avoid the miscommunication.
- It is recommended to have a unified approach for implementing the pilot innovative under window 2 to maximize the benefit and to ensure the possibility of rolling out these initiatives under window 3 in the future, in particular, the E-governance and the LED.
- Even though the renewable energy law has not yet approved, the advancement in calling for similar projects is visible.
- The renewable energy project is easy to be implemented among municipalities which can be replicated with effort from municipalities if trained employees are available.
- A kick off meeting should be conducted per contract attended by the municipal council, municipal operational manager (where applies) and the technical team. In this meeting, the communication plan and the action should be well illustrated.
- There is a need to include penalties and incentives accompanied with the level of municipal responsiveness.
- There is a need to develop indicators that reflects the performance of municipalities regarding the implementation sub-projects either infrastructure or capacity building.
- There is a need to study the possibility to add penalties to the lump-sum contracts.
- A Black list for the contractors is needed.
- Institutionalizing the references for the Consultants (individuals /Firms) per assignment and the result to be used to the evaluation criteria.
- MDLF past experience should be translated within the evaluation criteria.



2. Local Development Program (LDP III)

2.1 Introduction:

The Palestinian local government system is in a development process that involves increased decentralization and strengthened fiscal, organizational and management capacity, increased citizen participation, and improved efficiency and viability of service provision. And the new Local Government Councils (LGUs) cooperation & 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 namely the Jenin Governorate targeting the Joint-Service Council for Northeast Jenin. This pilot project led to a pre-amalgamation phase for the area. Lessons learned were used to design a more thorough programme for LDP.

2.2 LDPIII Description:

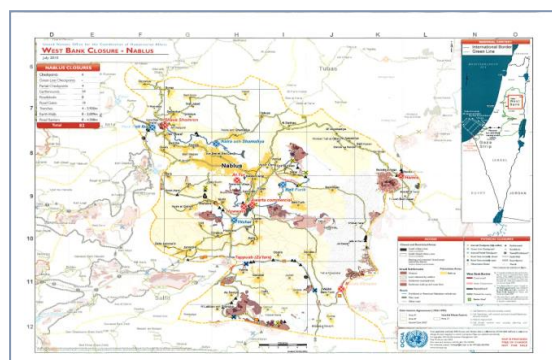
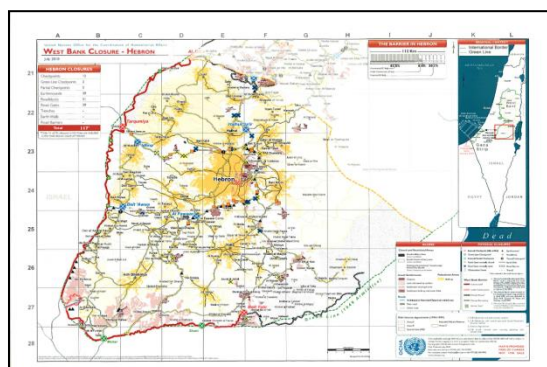
The overall aim of the Local Development Programme phase III (LDPIII) is to assist the Local Government Units (LGUs) in each of the three areas to amalgamate into a unified municipality as well as to strengthen mechanisms for their improved local governance by involving of women and youth, as well as encourage active research on local governance issues. The LGU amalgamation/cooperation will be achieved through institutional development of the local administrations and through implementation of joint projects including infrastructure and community development projects. The program approach was based on previous experiences such as supporting LGUs benefit, the implementation of LDPI and II which developed a best-practice model for MoLG and promoting amalgamation and LGUs cooperation policies.

The LDP III will support amalgamation and LGUs cooperation between smaller, inefficient local government units at three clusters, possibly forming new joint municipalities with potential to deliver more cost-effective and sustainable services to their residents.

The overall development objective aims for 'improved service delivery and governance for citizens through LGUs in the West Bank'.

The immediate objective aims towards 'strengthened base for better service delivery of LGUs through sustained processes of LGU amalgamation and improved local governance'.

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





The Steering Committee (SC) is considered the formal focal point for joint decision-making in regards to LDPIII coordinating between the MoLG, MDLF, relevant local stakeholders and the DRO.

2.3 Financial Partners' Contribution:

The agreement for the LDPIII programme was signed on November 16th, 2011. Accordingly, Denmark promised to provide a total grant of up to DKK 42 million (approx. USD 7.3million) through a duration of 36 months. The SC meeting on January 19th of 2015 approved the first extension to the project period until the end of the year 2015. The second extension for an additional three months was approved by the SC on December 27th of 2015. The actual completion date for the programme was the end of March of 2016.

2.4 Main activities & Accomplishments:

Assessment of the development of the national environment, including the strategic framework, since the start date of the programme:

As a result of interacting of citizens following the amalgamation process that has taken place in the year 2010, the Ministry of Local Government reviewed the amalgamation policy and established a new strategy for the amalgamation. The new strategy was approved by the Palestinian government during the first quarter of the year 2016. The strategy emphasized the strengthening of the LGUs' cooperation through the joint municipalities. This new approach helped the ministry to mitigate the obstacles and challenges faced during the amalgamation process.

Preparation Activities:

- The MoLG received requests from three out of four clusters identified in the programme documents as targets in the amalgamation process. The Northwest Nablus cluster stood against the amalgamation approach and rejected the ministry's submission request. The request received from Dura cluster in Hebron Governorate requested that the ministry establishes a larger Dura Municipality which includes Reif Dura JSC, a newly amalgamated municipality known as Alyasiriya, as well as Dura municipality. The citizens at Dura municipality supported the large municipality idea. Nonetheless, the citizens who lived in Al Yasiriya & Reif Dura JSC were reluctant to the idea. The discussion about the larger Dura concept by the MoLG went on for a long period of 2.5 years before the idea was dropped.
- On November 6th, 2013 the SC approved all three clusters (Reif Dura, Salfit, and Southeast Nablus) to benefit from LDPIII programme. Also, the SC approved a list of joint projects for Salfit & Southeast Nablus clusters.
- In April 2014, the Ministry of Local Government formed Salfit Joint Service & Al Mashareq JSC for both Salfit & Southeast Nablus clusters. In July 2014, the MoLG agreed with Dura cluster to implement the LDPIII programme through Reif Dura JSC according to the programme document.
- On January 19th, 2015, the final list of projects and intervention under LDPIII programme were approved by the SC for all three clusters.
- On December 27th 2015, the last SC meeting was held in which the SC approved the activities for the benefit of the MoLG under OUTPUT 4; also, the SC decided to return 882,000 USD to the DRO.
- During the lifetime of the programme, four SC Meetings plus one review mission have been conducted, the latter in October of 2015.



Progress to date compared to output targets and budget for the entire programme period

Immediate Objective	Progress since the beginning of the Program	Progress during the reporting Period	Challenges and Obstacles
A Strengthened Base for Better Service Delivery of LGUs through Sustained Processes of LGU Amalgamation and Improved Local Governance.	Formation of the services councils or local committees for amalgamation representing the target communities. Identification of the intervention for all LDPIII outputs. Initiating the implementation for the activities under all outputs. 4 SC meetings were conducted. One review mission was conducted.	The implementations of the ongoing joint projects and the social activities were completed. The implementation of the ongoing MoLG activities was completed. Expenditure all the final payments for all completed activities.	The amalgamation strategy has not yet been approved by MOLF Apprehensive of the target communities from the merging process due to the dilemmas faced in the previous experiences of amalgamation. Political situation and continued closures of Palestinian areas specially in Hebron Governorate. Some of the target areas are located within Area "C".

Output	Output Target	Output Result	Output Actual Completion Date	COMMENTS (Including reasons for possible delays)
Component 1: Participatory amalgamation process/Local communities support the amalgamation process	Local Communities in all clusters	Representatives of the local communities.	December, 2015	-Large Dura Idea which take long time for MoLG decision. -Delay in formulation the Joint services councils for Salfit & Southeast Nablus Clusters. - Lack of capacity within the target services councils to follow up with the implementation of the activities. - Modifying and update the amalgamation Strategy.
Output 1: Study on Feasibility and Willingness to Amalgamate.	Three benefiting clusters (Reif Dura, Salfit & Al Mashareq Clusters)	Two Clusters (Salfit & Al Mashareq Clusters)	May, 2013	The study were not implemented in Reif Dura Clusters following MoLG instructions.
Output2: Communication and Awareness Raising.	All relevant stakeholders including village council members, community members and LGU staff involved in the planned amalgamation process	All stakeholders & citizens.	January, 2016	All approved activities were implemented except workshop: MDLF cancelled this workshop since the objective of the workshop was achieved through separate workshops conducted through SDIP's assignment.
Output 3: Joint Social Activities.	Local Communities in all three clusters.	Representatives of the local communities in all three clusters.	December, 2015	All approved social activities were implemented except the Children's Summer Camp in Reif Dura as the Ministry of Education was to implement this activity.



Component2: Institutional Development of Emerging Municipalities is Technically Strengthened	Accomplishment of the institutional arrangements regarding the (SDIPs, Physical plans, asset registration, Organization studies, basic financial management)	Accomplishment of the institutional arrangements regarding the (SDIPs, Physical plans). The target is not yet achieved,	March, 2016	Lack of capacity within the target Services Councils to follow up with the implementation of this activity. Some of the target areas are located in Area “C”.
Output1: Organizational Studies, including Asset Registration, Basic Financial Management and Corresponding Capacity Building.	Accomplishment of the institutional arrangements in regards to Asset Registration, Organizational Studies, and basic financial management.	The Fixed Assets Registration, Organizational Studies, and basic financial management were cancelled due to new municipalities not being formed. The target has not yet been achieved.		This activity was designed for newly amalgamated municipalities which were not formed; hence, this activity was canceled.
Output 2: SDIP and Preliminary Physical plans	Accomplishment of the institutional arrangements regarding the SDIPs and Physical plans.	Accomplishment of the institutional arrangements regarding the SDIPs, and Physical plans.	March, 2016	Lack of capacity within the target Services Councils preventing them from following up with the implementation of this activity.



Component 3: Joint Projects are Implemented With a Potential for Sustainability	Three clusters under LDPIII programme (Salfit, Al Mashareq, and Reif Dura Clusters)	Three clusters under LDPIII programme (Salfit, Al Mashareq, and Reif Dura Clusters)	March, 2016	The joint projects were identified through an investment study for Al Mashareq and Salfeet clusters based on the community participation. The projects were identified through community participation event sin Dura cluster. Lack of staff and capacity building for the new JSCs. Some of the target areas are located in Area “C”
Output 1: Study on Investment Needs for SWB Clusters	Al Mashareq & South Salfeet JSCs.	Al Mashareq & South Salfeet JSCs.	July, 2013	The study was based on the community participation, covering the LED and social infrastructure projects.
Output 2: Appraisal & Design for the Joint Projects	Three Clusters under LDPIII programme	Three Clusters under LDPIII programme	November, 2014	
Output 3: Joint Projects Implementation	Paving 20km of connection & Internal Roads and constructing 1500 square meter of public facilities including: buildings, playground and public gardens, purchasing one electrical platform and one excavator	Paving 26km of connection & Internal Roads and construct 1800 square meter of public facilities including: buildings, playground and public gardens, purchasing one electrical platform and one excavator	March, 2016	Shortage of staff and capacity building for the new JSCs. In order to reduce this shortage theMDLF hired (under LDPIII program) two individual consultants (one consultant was hired for Salfeet cluster and the other for Al Mashareq). MDLF supported some logistics for the three JSCs as Cars for staff movement. Part of one of the target areas are located in Area “C” located in Al Mashareq JSC. The JSC had to wait for a considerable amount of time before acquiring the grant needed to accomplish this part of the project.



Component 4.	Immediate Objective	Achieved	Actual Completion Date	COMMENTS (Including reasons for possible delays)
Component 4: Local Governance (and Community Empowerment) Mechanisms are Strengthened (Cross Cutting Component)	Strengthening the basics for better service delivery of LGUs through sustainable processes of LGU amalgamation as well as improved local governance'	support the MoLG in the transfer of information and policies to Local Government Units and citizens, helping to improve the quality of services provided to citizens by the local bodies. Provide the planning department at the MoLG with tools & equipments needed for the LGUs to improve matter & physical plans products.	March, 2016	The 2nd Local Elections were conducted in 2012. The election process caused a delay for the project progress with lack of commitment from the LGUs representatives. Consequentially, this led to delays in regards to core decisions that were to be made, as well as delays in the public activities for the LDPIII project. Moreover, some decisions regarding specific issues were required imminently yet due to long bureaucratic procedures, many were suspended were not resolved or simply delayed, affecting the planned schedule of certain activities within this component.



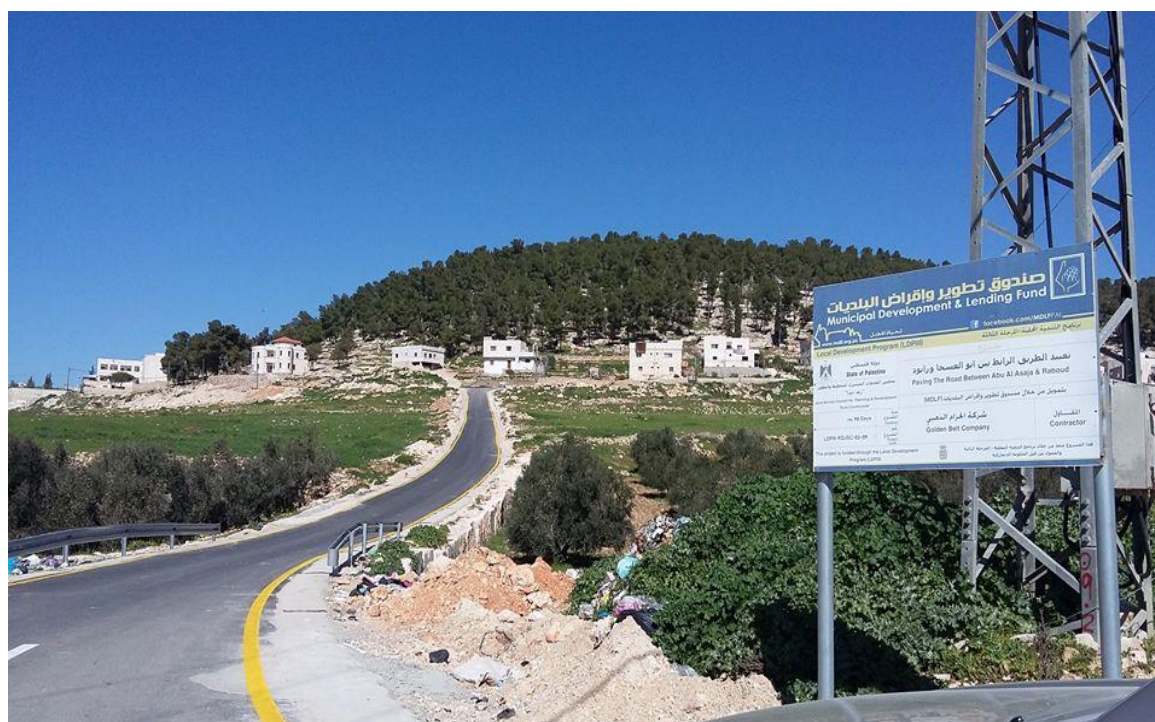
2.5 Challenges Encountered and Obstacles

The following are some of the challenges and obstacles faced by LDPIII, causing the implementation progress to be delayed:

- 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 the delivering of elected councils.
- The Ministry of Local Government has not yet finalized a clear strategy for the amalgamation process.
- Existing differences between Program requirements & MoLG decision in regards to Dura Cluster.

2.6 Lessons Learned and Recommendation

- It is essential to allow for a maximum participation of local communities within the activities of the program.
- For enhanced results, it appears to be mandatory to enhance the existing communication strategy between all stakeholders, as well as citizens at each cluster.
- Further efforts should be exerted to improve the communication between all ministries involved in the project at the local level.



3. Local Government Reform and Development Programme (LGRDP I)

3.1 Background

The government of Belgium considers local governance a priority sector for the Belgian-Palestinian Cooperation. Therefore, Belgium accepted to support the Ministry of Local Governance reform by a 5-year Program titled “Support to Local Government Reform and Development Program” (LGRDP). The Program 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).

3.2 LGRDP Description

The general objective of the Program 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 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.

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

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

The Program will support reform and improved capacities and services of smaller LGUs in four selected clusters as shown in table 10 below:

Table 10: LGRDP Targeted Clusters

No.	Cluster	Geographical Area	Governorate	Localities
1	Beita	North "West	Nablus	Audala , Beita , Ausreen ,
2	Beit Liqya	Middle "West Bank" Cluster	Ramallah	Beit Liqia , Kharbatha al Beit Seera, Beit Nuba
3	Jort Eshame'	South "West Bank" Cluster	Bethlehem	Jort Eshama' Um Salamona Wadi ennis , Marah M'ala Marah Rabah , Al Ma'sarah Khalet Elhadad , 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:

- Institutional development: studies, information campaign and consultations for facilitation of appropriate amalgamation process including development of SDIP and physical plans.
- Capacity Building of LGUs: through temporary support for staff employment, training, equipment, manuals, software etc. as well as support for office construction.
- 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 Program Steering Committee
- 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 be supported, but it is expected that their formal status will ultimately be changed to 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.

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 .

✓ **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.

3.3 Financing Partners Contributions

The program will be implemented over a five-year period with a total budget of **(Euro 15 Million)**, where the agreement between the Belgian Development Agency and the MoP was signed on October 28th , 2010. Table 11 illustrates the budget breakdown.

Table 11: 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	

3.4: Implementation Status

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 and the 2 nd phases of awareness campaign assignment were completed. (100% 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 successful example of amalgamation "Al-Kafriyyat municipality". Distribution of brochures. Conducting public meetings in each cluster. Revision of the data collected by the consultant 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 four communication action plans for the four JSCs Revision and revisiting 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. Awareness camping implemented The bidding documents, advertising, RFQ evaluation and the request orders were accomplished regarding the (Supply of Printing and Advertising Materials for JSCs) and the (Supply of Logistic services and Materials for JSCs). Part of the printing and advertising materials was supplied. Logistics and materials for social activities were provided. Completion of Wall Art Painting in Jort Eshama' Cluster, including 9 drawings in selected sites. An awareness Camping was conducted.

	<u>Activity 2.2:</u> 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	<u>Sub-Activity 2.2.1:</u> The Fixed Assets Registration and Valuation assignment was completed (100% completion). <u>Tasks completed:</u> - Work Plan with LGUs. - Gathering of fixed asset sheets. - Investigation of data. - Carrying out physical inspection of fixed assets. - Coordination between MDLF, MoLG, and local committees for standards and regulations. - Preparation of the final fixed asset registers.
	<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 as well as the physical planning were completed is still. (100% completion). <u>Tasks completed regarding the SDIPs:</u> - Following up the diagnosis of the current status. - Following up the formulation of the vision and objectives. - Setting integrated operation plans and evaluation plan. - Preparation of the draft SDIP. - Following up with Municipal Council to Approve the SDIP - Conducting The Second Public Meeting - Preparation of the final SDIP <u>Tasks completed regarding the Physical Planning:</u> - Revision of the planning framework report. - Determining the possibilities and challenges. - Supervising the sectorial assessment. - Approving the Spatial Development Framework Plan SDFP. - Submission of the negative of the aerial photos. - Final digitized aerial photogrammetry maps were submitted. - Land Use Plan, zoning & building regulations were prepared and approved by the District Planning Commission. - Final Report was submitted.
	<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 program s and minor equipment.	<u>Sub-Activity 2.4.1:</u> The institutional capacity assessment and development assignment was completed. (100% completion) <u>Tasks completed:</u> - LGUs Assessment Questionnaire was prepared - The Local Government laws were reviewed - Workshops with the concerned communities were conducted. - A draft by-laws was prepared - SWOT analysis were prepared - The municipalities' objectives and main duties were reviewed - The organizational structures proposed by MoLG was reviewed - Jobs descriptions and jobs classifications were prepared. - Departments functions and duties description were prepared - Human resources development plan was prepared - Procedural manual for the municipalities' operations was prepared. - Capacity Development Strategy Plan was prepared. - A final report was prepared.

		<u>Tasks completed regarding the Technical Assistance to the Common Water Department (CWD) “ of the Joint Service Council for Planning and Development (JSCPD) / Beit Liqya Cluster.</u> - Assessment of the existing water service in the area. - Assistance to the legal establishment of the CWD. - Fixed assets identification, registration, and valuation. - Preliminary training for the Board of Director. - Material and equipment needs’ assessment - Organizational structure, job descriptions and management procedures for Human Resources - Proposed tariff structure and business plan - Training needs assessment - Preparation of operation and maintenance procedures - Preparation of customers’ services procedures and billing system - Preparation of financial procedures - Preparation of communication and internal reporting regulations - Support to the CWD for awareness of the population - Procurement of equipment - Recruitment of personnel - Implementation of the set of procedures - Supervision of external activities - On-the-job training - Benchmarking
<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 Program 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 (postponed)

		Sub-Activity 3.1.3: The financial support for 12 months initial employment of staff activity was completed (100% Completion) Tasks completed: * 1st phase : (Engineer, Secretary, Urban Planner and Accountant) for each JSC were recruited for one year. * 2nd phase: (Engineer,) for each JSC was recruited for one year. * 3rd phase: - Recruiting of (Engineer) for each JSC (completed) : Extension the contracts of the Engineers - Recruiting of executive Manger of each JSCPD for one year.
Result 4: LGUs service delivery is improved through sustainable infrastructure development in the clusters	Activity 4.1: Provision of funding for infrastructure development that enhance the new institutional status of the LGU (amalgamated into municipal council or as JSC).	Sub-Activity 4.1.1: Engage Consultant or Technical Team to assist LGU's (100%) Tasks completed: - Local Technical Consultant - West Bank Clusters (2013) was contracted. (completed) - Supervision for Water Network Rehabilitation in Beit leqya Cluster was contracted and (completed). - Study and design for Water Supply Network in Beita and Al-Karmel Clusters (cancelled) - Local Technical Consultant - South Bank Clusters (2015) was contracted. (completed)
		Sub-Activity 4.1.2: Implementation and follow up of the approved infrastructure sub- projects. (98% completion) Tasks completed: The First Phase of infrastructure projects (connection roads) was completed. (100%) Second phase infrastructure (social infrastructure) (100%) - Review projects identified within public participation (Completed) - 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 (completed) * Rehabilitation of Beit Leqya, Beit Seera, Beit Nuba & Kharbatha Al-Misbah Water Supply System - PHASE 01 project, (completed) Third Phase infrastructure (95%) - Review projects identified within public -participation (Completed) - Get steering committee approval (completed) - Bidding phase (completed) - Implementation (All projects completed excepted the Wadi Al Nees stadium in South Bethlehem JSC, the planned completion date for the project is 22/3/2017)

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 received 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 - Evaluation of the new amalgamated municipality to decide their performance category in accordance to the municipal performance criteria used by MDLF.
	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. (100% completion) Tasks completed - Informing the municipalities about their allocated budget. - Nominating 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 projects were completed for the MDPII-1st cycle and still under implementation for MDPII-2nd cycle.

3.5 Challenges Encountered and Obstacles

During the reporting period, the implementation process was subject to delays due to the following:

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

3.6 Lessons Learned and Recommendations

- The awareness campaigns should start before any assignment including physical planning and fixed assets evaluation...etc. Moreover, the awareness campaigns should be conducted continuously throughout the program 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 finding solutions and mitigation measures as needed.
- The financial planning should be more realistic while the operational plans should cover all the durational activities.

4. Development of Marginalized Communities in the WB&G

4.1 Background:

Briefing on Area C: According to the Interim agreement (OSLO II of the year 1995), the Palestinian territory was divided into areas A, B and C, designating various levels of control, and while Area A, designates Palestinian Authority complete autonomy over administrative and security issues; Area B, granted Palestinians only civil/administrative responsibilities; while in Area C, Israel has full control over this area. Area C represents over 60% of the West Bank. It is the area where Israel retains almost exclusive control over law enforcement, planning and construction. According to the latest figures provided by OCHA there are an estimated 297,000 Palestinians living in 533 residential areas throughout Area C.

In 1972, there were some 1000 settlers in the West Bank. This population grew exponentially and at the end of 2012 there were an estimated 341,000 Israeli settlers living in 135 settlements and 100 outposts in Area C. Palestinian access to, movement within and use of land in Area C is restricted by a complex system of physical and administrative rules and regulations. The settlements are physically occupying 11% of Area C but the territory actually under their control is much higher. 70% of Area C is included within the boundaries of the regional councils of Israeli settlements and therefore off-limits for Palestinian use and development. Palestinian construction is heavily restricted in 29% of the remaining area, so that less than 1% has been planned for Palestinian development.¹

Palestinian population in Area C is among the most vulnerable and marginalized in the West Bank. Demolitions of housing and livelihood and forced evictions cause severe poverty. 24% of the households in Area C are food insecure². Over 70% of communities located entirely or mostly in Area C are not connected to the water network and rely on rainwater or on tanked water at vastly increased cost.³ The Israeli Civil Administration (ICA) takes action to disrupt the supply of water that residents try to obtain from alternate sources⁴.

Area C is a very resource rich area. The restrictive planning and permitting systems imposed by the Israeli Civil Administration (ICA) prevent Palestinians to have access to the land and the resources in Area C. The World Bank published a comprehensive study in October 2013 assessing the impact of the inaccessibility of Palestinian populations to the agricultural land and natural resources in Area C, on the

¹ OCHA, Area C of the West Bank: key humanitarian concerns, January 2013

² PCBS, UNRWA, FAO, WFP, Socio-Economic & Food Security Survey, 2012

³ OCHA, Area C of the West Bank: key humanitarian concerns, January 2013

⁴ B'Tselem, Acting the Landlord: Israeli Policy in Area C, the West Bank, 2012 - Between 2000 and 2012, the Israeli Civil Administration (ICA) destroyed 90 cisterns, 61 wells and 17 reservoirs belonging to Palestinians in Area C. In recent years the ICA has begun confiscating water containers purchased by residents of the Jordan valley for watering their herds. The supply of electricity that Palestinian communities in Area C receive from wind or solar power systems is also disrupted by demolitions and demolition orders.

Palestinian economy. The potential impact of this 'withheld land' sets the loss to the Palestinian economy at about US\$ 3.4 billion⁵, or 35% of the Palestinian GDP in 2011. Under this context, development in Area C is undermined and the resilience of the Palestinian communities in Area C is strongly affected.

Briefing on marginalized communities in Gaza strip: In Gaza strip there are marginalized areas, where according to the recent records, no basic services are available there. Those areas are inhabited for more than 15 years. The reasons behind the delay in providing municipal basic services to those areas are attributed to the following:

- The areas are located within small border municipalities and relatively newly established municipalities (such the case of Al Shuka Municipality), where the funds for municipal infrastructure channeled to those localities is relatively small and insufficient to reach the faraway inhabitants, especially those residing on the borders.
- The areas are inhabited randomly and illegally due to socio-economic reasons since decades also were left without basic services (for example: the cases of Al Zawayda and Beit Hanoun).
- The areas are located outside the jurisdiction borders of a municipality and already inhabited since decades, (for example: the case of Beit Lahia); also left without basic services for years.

4.2 Financing Partner Contribution

The Municipal Development and Lending Fund “MDLF” has received a grant from the Swiss Agency for Cooperation and Development “SDC” towards the “Development of the Marginalized Communities in West Bank and Gaza” with a total of (US\$ 2.1 million). This project is part of the “High Impact Micro-Infrastructure Project – HIMI” funded by the SDC. An MOU was signed on November 1st 2014 extending till October 30th, 2015.

Nonetheless, this project was amended on November 19th, 2015 and extended until June 30th, 2016 with an additional financing of (US\$ 450,000) to implement additional three subprojects in Gaza. A second extension was granted and the project was completed by October 31st, 2016. Accordingly, the total amended budget for the project was (US\$ 2,743,263) as shown in table 12 below.

⁵ World Bank, Area C and the Future of the Palestinian Economy, October 2013.

Table 12: Budget Breakdown

No.	Item	Initial Cost (\$)	Revised Budget (\$)
1	Infrastructure (WB)	934,000	1,079,000*
2	Infrastructure (Gaza)	900,000	900,000 (original) 450,000 (additional cost)
3	LTC for design and supervision (WB & Gaza)	115,000	120,263
4	Audit	4,000	4,000
5	Management fees (7%)	147,000	190,000
Total Budget		2,100,000	2,743,263

4.3 Objectives, expected results

Objectives

The main objective of this project is to support the marginalized communities in West Bank and Gaza Strip with basic services including “Community development projects, small scale infrastructure & social infrastructure projects”. Thus, the project has targeted **7 localities in Area C in the West Bank and 9 localities in Gaza strip**.

The localities were deemed in urgent need for basic services including: “access to roads, access to water and wastewater networks, Kindergartens and schools”.

The suggested subprojects were all related to the urgent needs of the marginalized communities within the targeted localities, as they have been prioritized in the consultation meetings between the Local Government units and their local communities. The priorities were also emphasized during the field visits conducted by MDLF and the MOLG when residents had a chance to convey them.

Planned Results

By the completion of the proposed subprojects, it was expected to achieve the following targets “**5.4 km of roads rehabilitation, construction and rehabilitation of 150 m2 of school, construction and finishing of 150 m2 of Kindergarten, construction of 9.725 km of wastewater networks, construction of small wastewater treatment plant**”, where the estimated number of direct/indirect beneficiaries from the proposed project is about 14,274 inhabitants in the West Bank and 21,350 inhabitants in Gaza.

The implementation of the subprojects was perceived to positively impact the quality of life of the marginalized people in Area C in the West Bank currently under the full control of the Israeli occupation. These residents are subject to restrictions including access to their own land and resources. They also face restrictions in planning, and limitations in construction and development of their infrastructures. Additionally, given the fact that Gaza Strip residents were affected during the Israeli assault in Gaza in 2014, this intervention aimed to enhance the life conditions for the marginalized communities in Gaza Strip given their already existing vulnerability of higher risk of poverty, low standard of livings, and lack of basic services. The

expected outcomes of the proposed intervention, namely the roads and wastewater subprojects, can be summarized as per the following:

Roads subprojects:

- Facilitate the movement of children to and from their schools.
- Improve the socio-economic and environmental conditions of the residents (with special attention to the needs of children and women)
- Decrease the health and environmental risks resulting from the unpaved dirt roads
- Improve the economic state of farmers through allowing improved access to their fields

Wastewater subprojects:

- Eliminate health risks resulting from the random wastewater disposed in the area.
- Assist farmers in the area in protecting their crops and fields from the distress of the wastewater.

Achieved Results:

“5.96 km of roads rehabilitation, construction and rehabilitation of 150 m2 of school, construction and finishing of 194 m2 of Kindergarten, construction of 9.725 km of wastewater networks, construction of small wastewater treatment plant”

The following tables indicate the numbers and percentages of the direct beneficiaries:

West Bank:

No.	Governorate	LGU	Sector	Project Name	No. of Beneficiaries/ Population	No. of Direct Beneficiaries	% of households connected to rehabilitated roads
1.	Qalqilia	Arab Abu Farda	Water	Rehabilitation of water network	134	Canceled	Canceled
2.	Qalqilia	Arab Al-Ramadeen	Roads	Rehabilitation of internal roads	350	350	100%
3.	Jerusalem	Al-NabiSamweel	Roads	Rehabilitation of internal roads	300	250	83%
4.	Jerusalem		Public Facilities	Rehabilitation of Existing school		16	–
5.	Jericho	Fasayel	Roads	Rehabilitation of internal roads	1800	800	44%
6.	Hebron	Southern Tarqumia	Roads	Rehabilitation of internal roads	3000	3000	100%

7.	Salfeet	Bruqin	roads	Rehabilitation of Bruqin entrance (Al-	4000	1000	25%
8.	Jericho	Al-Rashayda	Roads	Rehabilitation of internal roads	1690	500	30%
9.	Jericho		Public Facilities	Construction of kindergarten		30	–
10	Jericho		Public Facilities	Supplying toys for the kindergarten		30	–
11	Bethlehem	Al-Walaja	Roads	Rehabilitation of internal roads (schools	3000	1500	50%

Gaza Strip:

N o.	Governorate	Municipality	Sector	Type of infrastructure	Beneficiaries (direct)	number of households newly connected	% of households connected to network
1	Rafah	Al-Shouka	Waste Water	Construction of waste water network	4,500	400	52%
2	Gaza	Al-Mughraqa	Waste Water	Construction of waste water network	1,200	80	39%
3	North-Gaza	Beit Lahiya	Waste Water	Construction of waste water network	3,500	50	8%
4	Khan Younis	BaniSuheila	Waste Water	Construction of waste water network and pump	4,500	500	64%
5	Dair Al Balah	Az-Zawayda	Waste Water	Construction of waste water network	1,000	70	41%
6	North-Gaza	Beit Hanoun	Waste Water	Construction of waste water network)	850	60	41%
7	Gaza	Al-Mughraqa	Waste Water	Construction of waste water network	1,300	90	40%
8	North-Gaza	Umm Al-Naser	Roads	Pavement of interior streets	2,000	33	10%
9	Rafah	Rafah	Roads	Pavement of interior streets	2,500	13	3%

4.4 Subprojects Identification and Description

The selected subprojects in area C in the West Bank were identified based on bottom-up approach through the community participation in drafting the outline plans for their localities. The master plans were approved by MOLG after which they were submitted through the village council to the Israeli Civil Administration (ICA) awaited 18 months, a period after which they are considered “tacitly approved” by the Israeli Administration as no major objection was raised during that period.

The selected subprojects in Area C were visited by MDLF staff in collaboration with the MOLG where the council members as well as the local communities there have emphasized on the importance and vitality of those projects to their localities.

Regarding the subprojects in the Gaza Strip, the subprojects were selected by the municipalities following complaints by the community in regards to the lack of basic services. Those subprojects were visited by MDLF staff for further analysis and evaluation of the importance of these subprojects for the target areas. As for the sectors of the subprojects included under this fund, these are classified into roads, water, wastewater and public facilities.

Table 13 shows the percentage of the allocation of budget per sector. It is noted that roads projects form the majority of projects (86.9%) of total allocations in Area C in the West Bank. However, 77.8% of the Gaza subprojects allocations goes to wastewater.

Table 13. The Distribution of the Allocated Budget by Sector.

Region	Sector	Revised Allocation (\$)	Percent of Total
West Bank (Area C)	Roads	938,011	86.9%
	Water	0 (cancelled)	0%
	Public Facilities	140,989	13.1%
	Sub-Total	1,079,000	100.0%
Gaza Marginalized Communities (original fund)	Wastewater	900,000	77.8%
Gaza Marginalized Communities (Additional fund)	Wastewater	150,000	
	Roads	300,000	22.2%
	Sub-Total	1,350,000	100.0%
Total		2,429,000	

4.5 Implementation Status

Since signing the agreement between MDLF and SDC, MDLF has started the coordination with the key stakeholders (SDC, the MOLG and the target LGUs) in order to meet the planned targets and to avoid any miscommunication during

implementation. In this regards MDLF conducted several meetings with the MOLG and the target LGUs to make sure that all the preparatory activities were completed: this included acquiring needed permits and approvals from the line ministries (for instance, getting the needed approval of the Ministry of Education to add class rooms or getting the approval of the Palestinian Water Authority to expand or construct water networks,...etc.)

In parallel to communicating with key stakeholders, MDLF contracted a Local Technical Consultant (LTC) in West Bank and Gaza for purposes of design and supervision. In this context, MDLF prepared a TOR for the consultancy service of the design and the supervision works package. According to the TOR the MDLF was responsible for technical review of the LTCs deliverables to ensure that the project moves on the right track with already-existing implementation plans.

The LTC for the West Bank was contracted in March 2015. In Gaza on the other hand, it was agreed with the SDC to contract the EMCC as a Single Source to conduct the design and supervision of subprojects. The local Technical consulting firm (EMCC) was contracted by MDLF in December 2014 to conduct the design of the selected projects and to provide the technical assistance to municipalities in monitoring the implementation.

Following the contracts with the LTCs, kick off meetings were conducted with the LTCs to ensure a clear understanding by the consultant of the scope of work and the main tasks they are responsible for. The LTCs were asked to start communicating with the target LGUs and to conduct field visits to f projects locations to verify various aspects including description and costing of subprojects. The field visits proved to be beneficial since changes to the scope of work and the extent of some of the subprojects were recorded. The implementation status of West Bank/Area C subprojects are reflected in table 14 which shows a summary of the subprojects progress and the verified description of the subprojects as well.

Table 14: Summary of the Status of subprojects / West Bank –Area C

No.	Governorate	LGU	Sector	Project Name	Estimated Cost (\$) as per the amended agreement	Final / Contracted (US\$)	Brief Description		Status
							As per the grant proposal	Upon the field visit by the LTC	
1.	Qalqilia	Arab Abu Farda	Water	Rehabilitation of water network	80,000	0	Installation of 1000 m (3/4") water line (HDBE) and 900 m (3") transition line (HDBE)	Installation of 840m (3") (HDBE) 476 (3/4") (HDBE) + manholes	The project was cancelled as the same project is being implemented through the Palestinian hydrology group (PHG)
2.	Qalqilia	Arab Al-Ramadeen	Roads	Rehabilitation of internal roads	82,000	88,780	Rehabilitation of 1000 m, 5m width	Rehabilitation of 603m, 5m width	Completed
3.	Jerusalem	Al-Nabi Samweel	Roads	Rehabilitation of internal roads	90,000	72,320	Rehabilitation of 700 m, 5m width	Rehabilitation of 566.5m, 5 m width.	Completed



4.	Jerusalem	Al-Nabi Samweel	Public Facilities	Rehabilitation of Existing School	20,000	10,898	Rehabilitation of 150 Sq. m school	N.A.	Completed
5.	Jericho	Fasayel	Roads	Rehabilitation of internal roads	93,000	95,257	Rehabilitation of 700 m access road, 5 m width. The work includes pipe culvert (1m diameter).	Rehabilitation of 905m access road, 5 m width.	Completed
6.	Hebron	Southern Tarqumia	Roads	Rehabilitation of internal roads	214,000	242,000	Rehabilitation of two roads segments (Al-Zaytoun road 800 m, Abu Al-Reesh road 200 m), 5m width. The work also includes the construction of stone walls (150 m), concrete shoulders (200 m), and the installation of pipe culvers (1m Diameter)	1606 m, 5m width replacement sub grade 5 m asphalt, and 80 cm concrete shoulders	Completed
7.	Salfeet	Bruqin	roads	Rehabilitation of Bruqin entrance (Al-Buq'an area)	165,000	188,168	Rehabilitation of Bruqin entrance (4500 m ²). The work includes excavation, base course, asphalt , retaining walls and curbstone.	Rehabilitation of Bruqin entrance with 722m length, 8m asphalt width, 12 m base course 2m sidewalk from each side.	Completed



8.	Jericho	Al-Rashayda	Roads	Rehabilitation of internal roads	75,000	79,347	Rehabilitation of 500 m of roads, 5 m width.	429.58m, 5 m width Box culvert 2*2 m2	Completed
9. A	Jericho	Al-Rashayda	Public Facilities	Construction of kinder garden	130,000	151,009	Construction and finishing of 150 m2 kindergarten	194 m2 building	Completed
9.B	Jericho	Al-Rashayda	Public Facilities	Supplying Games for the Kindergarten	----	7,230	Supply of games for the Kindergarten	Supply of games for the Kindergarten	Completed
10.	Bethlehem	Al-Walaja	Roads	Rehabilitation of internal roads (schools street)	130,000	141,905	Rehabilitation of 800 m of roads, 7 m asphalt width. The work includes base course, excavation and backfilling, retaining walls construction and culverts.	Rehabilitation of 1,139m of roads, 5 m asphalt width. The work includes base course, excavation and backfilling, boulders and Irish crossing.	Completed
Total					1,079,000	1,076,914			



The implementation status of Gaza subprojects is reflected in Table 15 below which illustrates the updated progress of the subprojects:

Table 15: Summary of the Status of subprojects / Gaza Strip

No.	Municipality	Description (Project Name)	Allocation (USD)	Contract Amount (USD)	Status
1	Al-Shouka	Construction of wastewater network in Al Shoukah	160,000	159,998	completed
2	Al-moghraqa	Construction of wastewater network in Al Iman Area and North Area	150,000	149,980	Completed
3	Beit lahia	Construction of wastewater network in Al Berka Area	165,000	167,720	Completed
4	Bani Suhaila	Construction of wastewater network and pump in Abu Sruor Area And Jamal abdulnaser street	165,000	164,998	Completed
5	Al-Zawayda	Construction of wastewater network in Al Qu'ann Area	140,000	137,311	Completed.
6	Beit Hanoun	Construction of wastewater network in Ezbit Bait Hanoun area-Beit Hanun-North Gaza	120,000	120,000	Completed.
7	Al Musadar	Rehabilitation of water reservoir- Al Msaddar-Dair Al Balah	0	0	The project was canceled as the project received financing from other donor as per the information provided by municipality.
8	Al Moghraqa	Construction of Waste Water Network in Street No. 14 (AL Malahe Street) in Al Moghraqa	150,000	149,996	Completed
9	Um Al Naser	Pavement of interior streets in Abu Edhail Neighborhood – Um um al Nuaser Municipality	150,000	149,998	Completed
10	Rafah	Pavement of interior streets in Amer Mashro' – Rafah municipality	150,000	150,000	Completed



Nine (6) subprojects were completed with a total \$900,000 + \$450,000 with no major obstacles recorded during the implementation period. An exception was in Beit Lahia Project, as a delay was recorded due to prolonged discussions on the final design between the municipality, the LTC and the CMWU. In general, the materials needed for the subprojects implementation in Gaza have been mostly secured from the local market, particularly (pipes as all the projects are waste water projects). However, the needed cement was provided through the coordination mechanism of material entry, namely the Gaza Reconstruction Mechanism (GRM) wherever is needed.

One subproject project for AL-Musadar Municipality was cancelled as the Municipality at a late stage informed MDLF of receiving fund from the CMWU as part of CMWU intervention to conduct repairs of damaged water facilities as a result of the 2014 War. The saved fund is a total US\$ 30,000 was reallocated to both Bani Suhila and Beit Lahia Projects to cover the needs of those subprojects.

The last three additional subprojects were completed with a total of US\$416,258. The implementation progress of those subprojects was affected by the restrictions on the import of construction materials to Gaza Strip through the Gaza Reconstruction Mechanism (GRM).

The project was planned to be accomplished by end of June 2016. However, the implementation faced a number of challenges during the last period, causing delay. Thus, the project was amended until October 31st, 2016.

4.6 Obstacles and Challenges

- Restricted access of goods and materials to most of locations in the West Bank which are happened to be situated behind the Israeli Separation Wall as well as to the Gaza Strip in general. This was particularly true in the case of Al-Nabi Samweel, Arab Al-Ramadeen and the restricted delivery of construction material to Gaza through the GRM.
- Unpreparedness to start the implementation particularly readiness at projects sites as well as inefficient coordination between the LGUs with line ministries.
- Insufficient capacity of the LGUs staff in dealing with the procurement arrangements and communication with the line ministries (i.e. get the needed approvals when needed).
- MDLF and the LTC faced challenge to have a solid quality control on the implemented subprojects, specifically in areas where access restrictions applied for the MDLF and the LTC staffs.

For Area C, two sub-projects in Al-Nabi Samwel and Al-Rashayda faced moratorium orders by the Israeli Civil Administration (ICA) as elaborated below:



Al-Rashayda:

- *The kindergarten project in Al-Rashayda was subject to a moratorium order in 20/6/2016 by the ICA, the project was at an advanced stage when the order was delivered where the construction phase was completed and the finishing works were undergoing.*
- *A court was appointed on 29/6/2016, where a decision was taken by the court to demolish the kindergarten. The local community represented by the local council consulted Jerusalem Legal Aid and Human Rights Center (JLAC), a center known to provide legal aid in Area C, regarding the legal requirements.*
- *The JLAC went to the Israeli High Court of Justice, where a temporary injunction was taken on 10/8/2016 to freeze all the procedures until the end of all legal proceedings. There is a date for a court hearing on 25/1/2017, it is expected that there will be a decision to freeze the demolition until completion the approval of the Mater Plan.*
- *MDLF/MOLG and the local council in Al-Rashyda had received reassurances from JLAC based on the fact that the construction site is situated within the Blue Line, of the master plans of both the Israeli side and Palestinian side, which reduces the possibility for a demolition. The MDLF was notified that all construction which took place in the area had received similar orders with minimal risk for a demolition. Typically, the issue was found to be resolved with the issuance of new licenses.*



Al-Nabi Samwel:

- *In order to avoid potential delays in the road project, it was agreed to rehabilitate the project using the Interlock instead of asphalt which would mean minimizing the risk of importing Asphalt equipment.*
- *The rehabilitation of the road was subject to a moratorium order by the ICA at an early stage in December 2015.*
- *The contractor abided by the order and halted all activity on site. The local community and their representatives communicated with the JLAC who in their turn communicated with the ICA. The JLAC used a clause in the Israeli Law regarding the right of the disabled for free movement.*
- *The ICA agreed to retract their order, and reinstate the project as was originally agreed upon, meaning replacing Interlock with Asphalt according to the original description. After which works on the project was then resumed and the project was completed with no additional problems.*



4.7 Lessons learned And Recommendation

- For the Gaza Strip, the selection of subprojects should be based at community level rather than municipal level based on a clearly defined criterion.
- For the West Bank, more coordination efforts is needed between the MOLG and SDC to facilitate reaching the Area C sites by the LTC and MDLF as well as granting them the needed permits.
- Conduct training for the LGUs during the preparation phase to avoid delays and to ensure the readiness of the subprojects sites for implementation.
- Prepare a data base for the contractors who have previous experience in the projects implementation in Area C, this will minimize the risks of working within special circumstances in the named areas.
- Create good balance between the quality control and the efficient implementation of the subprojects.
- Align the MDLF procurement arrangements with the special requirements of Area C in particular through simplifying bidding documents and the selection process of the contractors.
- Construct a database for the prices of subprojects in Area C, to improve cost estimates for future interventions in the named area. The following method was determined based on the lessons learned, it was found to be efficient when working in Area C and could be applicable for future projects.

Planning:

- Define and classify the risks entailed in Area C villages in coordination with the Area C Coordination Office (ACCO) and the LGUs as High, Medium or Low. Mapping of donor work to ensure equity in funding associated with the different risks is highly needed. Furthermore, ACCO office is needed to advice for humanitarian funding in coordination with the LGUs if development funding is not possible. Action: better coordination between ACCO, MoLG, MDLF, and LGUs.
- Capacity building of LGUs, communities, CBOs including on CSPM (such as context analysis, actors mapping), and risk mitigation for high risk communities through protection and legal aid (FGD, MDLF) are highly recommended. Action: Mapping of legal aid providers in linking them to the selected communities, build awareness raising activities for the communities, build advocacy messaging.
- Project specifications: high risk communities need lighter standards than MDP. Flexibility should not jeopardize minimum quality standards.
- Project readiness and communications with the relevant ministries (Cooperation between MoLG and MDLF) is highly needed. MoLG can play an important role in facilitating the approval of line ministries as village council neither have the human resources nor the experience to do so.
- Early mapping of need for legal advice is recommended. Stakeholders should be referred quickly to providers of legal advice, when needed. Minimum capacity-building could be envisaged.



Tendering

- Suitability of procedures with the specificity of Area C: “Request for offers” in high risk communities, selecting the right implementer who has the knowledge about this particular locality, limit advertising in newspapers.
- Both LTC and contractors should be aware of the different risks entailed and mitigation measures.
- Technical support to the LGU during the bidding stage is needed.

Implementation

- Legal service providers to be mapped and linked to communities and LG stakeholders.
- The right implementer should be selected at the right timer with prior knowledge of the risks and minimum legal knowledge to mitigate them is highly needed. This will help overcome difficulties in implementation.
- Sine equipment confiscation, detention, or demolitions are the main risks for contractors, minimum legal knowledge of the ICA procedures will provide clues to the suitable time to implementation. In case “STOP” order was given, contractors must stop immediately or change the tactics. Action: See above actions; in addition. Legal fees were added.
- Communication between all stakeholders is an essential risk mitigation measure. MDLF and donors need to be informed immediately in case risks materialized.



5. Development of Area C in the West Bank

5.1 Background

Under the interim Oslo Accords negotiated by the Israelis and Palestinians in the mid-1990s, land in the West Bank was divided into three areas: Areas A, B, and C. In Area A, the Palestinian Authority (PA) assumed full control for civil affairs and security; in Area B, the PA would similarly administer civil affairs but share security control with the Israelis; and in Area C, Israel assumed responsibility for most civil affairs and has full security control. This arrangement was considered temporary pending a final status agreement on Palestinian statehood.

In the West Bank, Area C represents more than 60 percent of the land including the economically strategic area of the Jordan Valley. It is the only major contiguous area of territory in the West Bank and is home to more than 250 Palestinian communities. Most of Area C in the West Bank is still inaccessible to large-scale Palestinian investment and economic enterprise. Given its economic importance, the expanded development of Area C by Palestinians, as foreseen by the interim Oslo Accords, is critical for the future viability of the Palestinian economy.



Israel retained full building and planning authority in Area C, which encompasses some 60% of the West Bank. Israel strictly limits Palestinian settlement, construction and development in this area, while ignoring the needs of the Palestinian population. This policy means Palestinian residents must subsist in very rudimentary living conditions. They are denied any legal means to build homes or develop their communities, so they face the constant fear that their homes might be demolished, and that they may be expelled and lose their livelihood.

The Israeli Civil Administration prohibits Palestinian construction in vast areas of Area C, citing various rationale, such as defining these areas as state land, survey land, firing zones, nature reserves and natural parks, or by incorporating lands into the jurisdiction of settlements and regional councils.

Given the Civil Administration's policy, the prospects for receiving a building permit outside the scope of the master plans are very slim. Therefore, most Palestinians feel it is futile to apply and do not even submit an application. The Civil Administration refuses to grant building permits even for public buildings, such as schools and medical clinics and to infrastructure such as roads.

In addition, the authorities prevent Palestinians from building even on lands that are enclosed between the Green Line and the Separation Barrier. After deducting for overlap among the various areas described above, Palestinians are prohibited from building on some 70% of Area C.



Moreover, the Palestinian access, movement and use of land in Area C is restricted by a complex system of physical and administrative rules and regulations. The settlements are physically occupying 11% of Area C but the territory actually under their control is much higher. According to recent statistics by the United Nations in (2013) the following facts should be highlighted:

- Approximately 297,000 Palestinians live in area C⁶ including Bedouin in more than 250 Palestinian Communities
- Approximately 325,000 Israeli Settlers currently live in Area C
- 70% of Area C is off-limits for Palestinian Construction of which 30% is heavily restricted
- Most of Area C has been designated as military zones and for expansion of Israeli settlements
- There has been a marked increase in demolitions in Area C
- 42% of Area C is defined by Israel as "STATE LAND".

The Palestinian National Authority (PA) wants to counteract the pressure from these actions on Palestinian people living in Area C to leave and find a livelihood in other sectors, elsewhere.

With the assistance from the international community and particularly the EU, the PA aims to support the recovery and continued existence of different activities in the West Bank through financial support to eligible localities.

A new approach for implementing projects in Area C has been used by the EU. The first step of the new approach is to engage Palestinian communities in Area in the development of urban planning by identifying their private, social and public build-up areas for the next 20 years. The statutory outline plans are then submitted to the PA and to the Israeli Civil Administration (ICA) and complemented with detailed planning packages for transport, water and wastewater networks.

5.2 Description of the Action

This program is based on the signed agreement between the European Union and the Palestinian National Authority in March 2013 2012/023-776 *Land Development and Access to Basic Infrastructure in Area C*. As preparatory activities for this action, coordinated efforts took place by the EU and the PA to support Palestinian communities in Area C in the development of statutory outline plans. Those plans were developed in an inclusive participatory approach (including women, youth and people suffering from disabilities). The developed plans were submitted and registered at the Israeli Civil Administration (ICA), where they were discussed and complemented with detailed planning packages for roads, water and wastewater networks.

The development of nine plans has so far been completed. These nice plans were published in Palestinian and Israeli newspapers for a 60-day public objection period. Only two of those plans have so far received full authorization. In order to prevent endless discussions and delays of the planning process by the ICA the EU and PA have agreed on the following approach for

⁶OCHA – Area C Vulnerability Profile 2013
http://www.ochaopt.org/documents/ocha_opt_fact_sheet_5_3_2014_En_.pdf



implementing infrastructure projects in localities in Area C engaged in the planning process. Implementation of infrastructure projects in communities in Area C may start once a statutory outline plan has been formally approved by the Israeli authorities or is considered as tacitly approved if no major objection has been raised within 18 months following the submission of the plan by the Village Councils to the ICA. This approach was agreed upon between the PA and the EU in the Financing Agreement 2012/023-776 *Land Development and Access to Basic Infrastructure in Area C*.

The statutory outline plans and the action plans were prepared for a set of villages in area C taking into consideration the demographic and socioeconomic needs including the priorities for such development per each sector. Accordingly, a set of sub projects was suggested and identified by the local communities to be implemented within the boundaries of the statutory outline plans. All proposed projects are public and social infrastructure aimed at improving the quality of life for the inhabitants within those localities.

In accordance with the strategic preferences of the PA in the target area, the grant proposal will focus on sustaining and further developing infrastructure facilities within different localities in Area C.

Objectives

The overall objective of this program is to improve the social and economic conditions of Palestinian communities in Area C which is critical for maintaining Palestinian presence in Area C and for the development of the Palestinian economy.

The specific objective of the action is to improve access to basic infrastructure in Area C through supporting the communities there with basic services including “Community development projects, small scale infrastructure & social infrastructure projects”.

Specific Objective Indicators:

Specific Objective	Indicator	Target	Achieved	Percentage of Achievement
to improve access to basic infrastructure in Area C through supporting the communities there with basic services including “Community development projects, small scale infrastructure & social infrastructure projects”	Indicator 1: Number of direct Beneficiaries (inhabitants, students, kids..., etc).	3,221	3,346	104%
	Indicator 2: % of Households connected to the constructed/expanded water networks.	30%	30 households out of 66 households were connected to the network. (45%)	150%



	Indicator 3: % of Households connected to rehabilitated or newly constructed roads	100%	100%	100%
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Target Areas and Beneficiaries

This project was implemented in nine localities in Area C. The target localities are as follows:

- Dab'a & Ras Tira and Ezbit Al-Tabeeb in Qalqilia Governorate
- Imnaizel, Twaneh in Hebron Governorate
- Ras Al-Wad in Bethlehem Governorate
- Abdallah Al-Younis and T'innik in Jenin Governorate.
- Um Al-Lahim in Jerusalem Governorate.

The selected sub-projects were identified based on the community needs in response to the urgent needs for improving the services delivery. These sub-projects focused on covering the basic services for the target communities such as “rehabilitation/construction of water networks, building schools/ adding classrooms, kinder gardens construction, multipurpose building construction, and roads construction and rehabilitation”. The actual direct beneficiaries from the action is 3346 inhabitants distributed among the nine targeted localities.

Sub- Projects Identification and Description

The selected projects in the target localities were identified based on the outline plans and the action plans developed by the IPCC. The outline plans were validated by the communities through community participation workshops in the field, involving a broad spectrum of the affected communities, including the women, boys and girls and the elderly in the community, and then endorsed by the Ministry of Local Government.

The selected sub-projects were visited by MDLF staff in collaboration with the MOLG where the council’s members as well as the local communities there have emphasized on the importance and vitality of those projects to their localities. The total amount of Funds allocated for sub-projects in the targeted LGUs in the West Bank is (Euros 1,723,035).

5.3 Coordination and Synergies across the Key stakeholders

4.1: Key Stakeholders

The key stakeholders of the action are listed as follows:

- **The Ministry of Local Government “MOLG”** as the lead policy-maker and regulatory body for LGUs in Area C in the West Bank.
- **The Municipal Development and Lending Fund “MDLF”** as the selected implementing Agency for this action and will be responsible for managing the fund and do all the arrangements for successful implementation of the action.
- **The Local Government Units “LGUs”** where the proposed projects will be implemented and will be the owners and/or final beneficiaries of the public infrastructures that will be resulted from the action.



- **The Local Technical Consultant (LTC)** who will be responsible for the design and the supervision of the infrastructure sub-projects.
- **The Contractors and Suppliers** who will be responsible for direct implementation of the sub-projects within the targeted communities and will be managed directly by the LGUs with technical support from the LTC and the MDLF.
- **The European Union as a donor to finance the action.**

4. 2: Coordination among the Key Stakeholders:

In order to better follow up the activities of the action effectively, MDLF coordinated closely with all stakeholders effectively during the whole project period. MDLF worked in close collaboration with the local technical consultant (LTC) as well as the LGUs and the MOLG to meet the planned targets and to avoid any miss-communication. The coordination between the key stakeholders was conducted at different levels:

- The high level communication between MDLF and the EU was ensured to agree on the overall plan of the action regarding the budgeting, work packages, time frame as well as the operational guidelines. MDLF coordinated closely with the technical team in the EUREP and notified them on the progress and achievements as well as of any delays or challenges faced the implementation.
- A close communication between MDLF, MOLG and the target localities was ensured to make sure that all the preparatory activities were done regarding the permits and approvals from the line ministries with a direct support from the LTC.
- Between MDLF and the local technical consultant: to ensure the clear understanding from the consultant of the scope of work and the main tasks he/she is responsible for. In the same context, MDLF prepared a clear TOR for the consultancy service of the design and the supervision work package, and the LTC was under the supervision of MDLF in all steps from the 1st day until closing the contract. **The MDLF was responsible for technical review of the LTCs deliverables and to ensure that the project was moving on the right track according to the implementation plans prepared from the beginning.**





5.4 Assessment of Implementation of Action Activities

5.4.1 : Results and Activities

Results/Outputs	Indicator	Target	Achieved	Percentage of Achievements
R1: New public facilities implemented in Area C including: (schools, kinder gardens, playgrounds, Multipurpose buildings)	1.1: indicator R1: # of schools and kinder gardens constructed/rehabilitated	one schools, 4 kinder gardens, one multi-purpose building	One school 4 kindergartens One multi purposes building	100%
	1.2: indicator R1: Sq. meters of schools, class rooms and kinder gardens constructed/rehabilitated	280 sq.m schools,	289 sq.m schools	103%
		480 sq.m kinder gardens	568 sq.m kinder gardens	118%
		250 sq.m multi-purpose building	266 sq.m multi-purpose building	106%
	1.3: indicator R1: Sq. meters of playgrounds constructed/rehabilitated	1000 sq.m playgrounds	1000 sq.m playgrounds	100%
R2: New basic infrastructure implemented in Area C including: (roads, water networks, electricity)	2.2: indicator R2: # of roads constructed/rehabilitated	3 roads	3 roads	100%
	2.3: indicator R2: # of water networks constructed/expanded	one water network	one water network	100%
	2.4: indicator R2: Km of roads constructed/rehabilitated	3.5 Km roads	2.018 Km	58%
	2.5: indicator R2: Km of water networks constructed/expanded	0.5 km water network	0.70 Km	140%





Activities	Indicators	Target	Achieved	Percentage of Achievements
A1: Preparatory Activities A1.1: signing GIA with LGUs A1.2: detailed planning	indicator A1.1: # of GIAs signed between MDLF and LGUs	9 GIA	9	100%
	Indicator A1.2: Detailed implementation plans were prepared Target: 4 plans (procurement, disbursement, M&E, visibility)	4	4	100%
A2: Preparation for the implementation (Sub-projects Design)	Indicator A2: # of contracts signed regarding the design, supervision for the implementation of basic infrastructure sub-projects.	One Contract	One Contract	100%
	Indicator A2: # of design documents for sub-projects including completed (bidding documents, BOQs, ESMP) ready for tendering)	15 design documents	16	107%
	Indicator A2: % of disbursement	100%	100%	100%
A3: Sub-projects Implementation	Indicator A3: # of Contracts signed for Contractors to implement basic infrastructure sub-projects.	15 contracts	16	107%
	Indicator A3: % of disbursement	100%	100%	100%
A4: Audit and Evaluation	Indicator A4: satisfactory audit report was prepared.	satisfactory audit report in place	the project has not yet audited	
	Indicator A4: satisfactory evaluation report was prepared	satisfactory evaluation report in place	The evaluation is still ongoing	



5.4.2: Description of Activities undertaken during the Action

✓ **Mobilization (Preparatory Activities) including:**

- Effective coordination between MDLF, MOLG with the LGUs was done to encourage them to be well prepared for the implementation.
- Signing the Grant Implementation Agreement (GIA) between MDLF and the LGUs describing the roles and the responsibilities for MDLF and the LGUs.
- Preparing a detailed implementation plan including (procurement plan, disbursement plan, and communication and visibility plan).
- Preparation of the local technical consultant terms of references. The terms of reference will include a specific part for the technical assistance and operational support for the local governmental units.

✓ **Preparation for the implementation (Sub-projects Design) including:**

- Contracting a local technical consultant (LTC) for sub-projects design and supervision.
- Preparing the design and the bidding documents for the selected sub-projects including the Environmental and Social Management Plan (ESMP) by the contracted LTC. (The bidding documents and the contacts were verified, cleared and endorsed by MDLF).
- Advertising, composition of opening and evaluation committees, evaluating and awarding the contracts by LGUs/MDLF with support from LTC. (All procurement process were subject to prior formal approval from MDLF)

✓ **Sub-projects Implementation including:**

- Contracting local contractors and suppliers by the LGUs for implementing the infrastructure projects in Area C following the no objection from MDLF for contracts award.
- Assisting LGUs in the sub-projects supervision.
- Monitoring the social and Environmental Safeguards.
- Overall monitoring and evaluation by MDLF and LTC.

✓ **Audit and Evaluation including:**

- Auditing the financial statement of the action by an independent external auditor.
- Conducting summative (final) evaluation of the action by an outsourced consultant. (still ongoing)

5.4.3: Implementation Status

Since the signing of the agreement between MDLF and the EU, MDLF has started the coordination with the key stakeholders effectively (EU, the MOLG and the target LGUs) to meet the planned targets and to avoid any miscommunication during the implementation. In this regards MDLF had conducted several meetings with the MOLG and the target LGUs to make sure that all the preparatory activities were done regarding the permits and approvals from the inline ministries such as, getting the needed approval from the Ministry of Education for adding



class rooms, getting the approval from the Palestinian Water Authority for expansion or construction of water networks,.....etc.

In parallel to effective communication with the key stakeholders, MDLF had started the procurement arrangements to contract a local technical consultant in West Bank for design and supervision. In this context, MDLF had prepared a clear TOR for the consultancy service of the design and the supervision work package where the MDLF is responsible for technical review of the LTCs deliverables and to ensure that the project is moving on the right track according to the implementation plans prepared from the beginning.

The LTC was contracted on 18th of March 2015. Following the contract with the LTCs, a kick off meeting was conducted to ensure the clear understanding from the consultant of the scope of work and the main tasks he/she is responsible for. Upon the kick off meeting, the LTC was requested to start communicating with the target LGUs and conducting the field visits to projects locations to verify the description and the costing of sub-projects as well.

More focus on the works conducted during the reporting period, it could be summarized as per the following:

✓ **Preliminary Stage:**

- A kick-off meeting with LTC representatives and EU engineer was conducted on March 24th, 2015 to discuss the project components, allocations and other issues.
- Field visits had been conducted to the target LGUs in all Governorates by MDLF's Engineers and the LTC in order to know each other and to introduce the team and start collecting the needed data.
- The field survey was carried out including the projection of all structures, manholes, poles, walls and any underground facilities if any within the affective corridor of the road project and within the affective area of the public facilities.
- Following the field investigation, MDLF and the LTC had communicated effectively with the planning department/MOLG to make sure that all the projects sites are located within the master plans boundaries.
- A procurement plan (PP) was prepared for all the work packages where some of them are consultancy, non-consultancy services, works and goods. The PP was sent to the EU for their feedback and comments.
- A communication and visibility plan for the program was prepared by MDLF and cleared by the EU.

✓ **Design Stage**

In order to prepare a complete design for each single sub-project the following steps were taken:

- The needed design data were collected and the site investigation was conducted to decide and verify the steps needed in each single project.
- The collected data was represented in the format that would assist in preparing environmental risk assessment and social impact and social risk assessment.



- Direct consultation was conducted with the target LGUs concerning the legal status and license for each project and also consult the LGUs as well as with the in line ministries to verify the required standards and design criteria.
- The LTC with a direct support from MDLF instructed the LGUs to create and organize an independent project file for each single project.
- All the preparatory activities including the soil and structural investigations, the lab tests, and the project licenses from the concerned line ministries were obtained. The design, along with the tender documents were then completed.



Procurement Stage

- The sub-projects can be divided into shopping sub-project or National Competitive Bidding (NCB) sub-project according to the procurement method. According to the approved MDLF procedures, sub-projects with allocated budget less than € 150,000 are considered as shopping sub-projects, otherwise sub-projects with allocated budget more than the said amount are considered NCB.





Finishing of Public Hall / Ezbit Al – Tabeeb / Qalqilia



Rehabilitation of Internal Roads/ Um Al Lahim / Jerusalem



Rehabilitation of internal roads / Twaineh – Hebron



Rehabilitation of Roads / Izbet Al Tabeeb - Qalqilya



Construction of Service Center / Abdallah Al Younis – Jenin



Construction and Finishing of Kinder Garden / Ti'nik–Jenin



No.	Project Name	Brief Description	Original Estimated cost in (Euro)	Procurement method	Verified estimated cost (revised by the LTC) in (EURO)	Final Cost in (EURO)	Implementation Status
1	Construction and finishing of kindergarten - Dab'a&Ras Tira	Kindergarten will serve almost 30 children from the area. The building is newly constructed with an area of 142 m ² , which consists of two class rooms, an administration room, a restroom, a kitchen, toilets and outdoor playing area as well as few playing equipment.	55,600	Shopping - Works	88,260	106,178	(Completed)
2	Expansion of water network -Dab'a	The total length of the network on ground is around 700 meter long, this will serve the whole population of Dab'a.	37,000	Shopping - Works	75,000	58,044	(Completed)
3	Supply of transformer -Dab'a	The preliminary description of the projects is aimed to supply a transformer, a panel, galvanized frame and fuse. During the design period it was deemed that in order for the transformer to be functional there is a need for a cable to connect (around 200 meters long). A fact that increased the cost estimate nine folds.	10,500	Shopping - Goods	93,000	<i>Cancelled</i>	The Project was cancelled.
4	Construction of public play ground in Ras Tira	There is no existing playground in the area. The area of the playground is around 1000-square meters, project is expected to serve the population of Ras Tira and the surrounding areas.	56,000	Shopping - Works	61,129	66,573	(Completed)



5	Finishing of public hall- Ezbit Al-Tabeeb	A public hall already exists but needs finishing works. The entire population of Ezbit al Tabeeb and the surrounding areas will benefit from the project	11,400	Shopping Goods -	13,115	11,936 + (3,841) furniture and (9,805) Equipment	(Completed)
6	Rehabilitation of internal roads- Ezbit Al-Tabeeb	Rehabilitation of 778 meters of roads and 496 meters of sidewalks (1.5m each side), including 32 lighting units.	344,000	Shopping Works -	285,320	119,511	(Completed)
7	Construction of Kindergarten - Imnaizel	This Kindergarten will serve about 30 children from the area, the building is a newly constructed building of an area 142 m ² , consisting of two class rooms, administration room, rest room, kitchen, toilets and outdoor playing area with some playing equipment. The plot is below the street level of about Three meters, thus, there is a need to ramp to the level of the plot, and erect retaining walls.	62,500	Shopping Works -	96,189	125,034	(Completed)
8	Development of Existing Clinic - Imnaizel	The Current clinic services is working once a week, the project aims to develop the clinic services to function full time, but following discussions with stakeholders it was determined that the facility will operate four days a week. All Imnaizel population and the surrounding areas are expected benefit from this Clinic	10,000	Shopping Goods -	10,000	10,000	(Completed)



9	Rehabilitation of internal roads - Twaneh	Rehabilitation of 300 meter length, with 300 meter sidewalks (1.5m each side). The ROW of the road to be designed is 12m , but the road lies in a cliff area , which needs the construction of Retaining structures (168 m) in order to construct the road on the full width of the ROW.	262,150	Shopping - Works	221,540	156,165	(Completed)
10	Construction of additional floor for Twaneh basic school - Twaneh	The Existing school does not have grade 12, the students have to look for other schools in the surrounding areas. The school also needs computer labs, sports room and additional facilities. Additional first floor to the existing building was designed with an area of 289 m ² , consisting of three classrooms, computer lab and staircase.	98,200	Shopping - Works	83,368	88,400	(Completed)
11	Construction of Kindergarten - Ras Al-Wad	This Kindergarten will serve about 30 children from the area, the building is a newly constructed building of an area 142 m ² , consisting of two class rooms, administration room, rest room, kitchen, toilets and outdoor playing area with few playing equipment. The plot level is under the street level of about 3m, where the need to ramp to the level of the plot, and retaining walls.	46,400	Shopping - Works	86,759	108,635	(Completed)



12	Construction and finishing of multipurpose center - Abdallah Al-Younis	A new building with an area 265 m ² already designed, consisting of a local council offices (two offices, kitchen and toilets), clinic (a clinic room and a nurse room), kindergarten (two classrooms, administration room, rest room, kitchen, toilets and outdoor playing area).	88,000	Shopping Works -	153,827	183,393	(Completed)
13	Construction of Kindergarten - T'innik	Kindergarten will serve about 60 children from the area. There are currently no kindergartens in the area, the building is a newly constructed building of an area of 142 m ² , consisting of two class rooms, administration room, rest room, kitchen, toilets and outdoor playing area as well as few playing equipment.	61,600	Shopping Works -	122,835	118,794	(Completed)
14	Rehabilitation of internal roads - Um Al-Lahim	Rehabilitation of Um Al-Lahem main road with total length of (1,100 m), that passes through the village and connects it with adjacent communities. - Pavement of 1,100 m road segment (the first segment 560 m with 7 m asphalt width) and (the remaining segment 440 m with 4 m asphalt width). - Construction of 560 m sidewalks (1.5 m per each side) - Construction of 170 m retaining gravity walls \Construction of 900 m stone walls . - Construction of 500 m street lighting network (including 23 lighting unit)	454,650	Shopping Works -	347,490	300,665	(Completed)



15	External works for the multipurpose center - Um Al-Lahim	The existing Multi-Purpose Center needs some minor external works such as safety hand rails and rain shelters, the entire population of Um Al Lahim will benefit from this project.	12,000	Shopping Works	- 11,966	10,690	Completed
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5.5 Visibility of the Action

MDLF had prepared a communication and visibility plan for the action including a list of activities to be undertaken throughout the implementation of the action. The plan was cleared by the EU and was used as a base for promotional purposes to ensure the visibility of the action and to convey messages across the beneficiaries and stakeholders.

Several activities were conducted within the framework of communication and visibility of the action, and could be listed as follows:

- **Inauguration for Projects:** MDLF held inaugurations of the EU funded sub-projects in area C, such as the inauguration of a new road near the village of Umm al Lahm, this opening event was attended by the Minister of Local Government, Dr. Hussein Araj, and the commissioner of neighbor relations in the European Neighborhood Policy Johannes Hahn; as well as other representatives of the local community. Additionally, through the year 2016, the EU and MDLF Inaugurated the First Batch of social infrastructure projects in Area C in three villages in Qalqiliya governorate north of the West Bank.
- **Promotional and media materials:** MDLF issued several printing materials for the action, including: fact sheet in Arabic and English about the action and also fact sheets for all sub-projects. The action was covered on MDLF Newsletter, Press releases, and articles. Additionally, such tools were launched on MDLF website and Facebook about the action.
- MDLF used such tools for the media visibility for the implemented sub-projects such as printed out roll up, banner, and produced foam boards with messages and images regarding the project, and big signs were installed in the site for each sub-project.
- **Events and workshops:** Orientation workshops were held by MDLF through the action for the target LGUs. Several events like the signature the GIAs between MDLF and the target LGUs. These agreements were signed with presence of representatives of nine communities under the auspices of His Excellency, Minister of Local Government and Chair of MDLF Board, Hussein AlAraj and EU Representative, Ralph Traf. And was covered by the media. and
- **Media Coverage:** All the Events and workshops were covered by the media, and the MDLF prepared many press releases, articles, success stories, and Radio, Television, Press Interviews.
- **Field Visits & meetings:** MDLF organized many field visits for EU Delegations, and invited them to see the implemented sub-projects on the ground, this was covered by the media.
- **Other Activates:** A "FUN Day" was organized by MDLF at Ras Al Wad village, near Bethlehem, for children. This activity was conducted at the kinder garden which was implemented under this action. This activity was well promoted on MDLF website, newsletter, etc.

5.6 Obstacles, Challenges and Causes of Delays

The action was subject to further delays/challenges due to several circumstances which can be summarized as follows:

- The MDLF had to deal with many stakeholders including the EU, MOLG, and LGUs to redefine the projects description and scope, particularly for road projects, which caused delays in the design process;



- Delays from certain LGUs in getting the needed permits and licenses from in line ministries
- The lack of the capacity and needed skills of most LGU's to prepare ESMP, which was tackled by MDLF through on-job training and site visits.
- The low capacity of the LGU's in general and particularly in procurement procedures, preparation of bidding documents and procurement plans.
- The need of permits to inter some areas such as Abdallah Al –Younis hindered the smooth implementation of the project especially in case of refusing of some staff to inter the area.
- The coordination with the MOLG took more time than expected, especially for the verification of projects locations (within/out of the outline plans).
- There was a big challenge regarding the implementation of the roads sub-projects in accordance to the specified right of way (ROW) as stated in the outline plans.
- One sub-project, namely, the Supply of Transformer in Dab'a with estimated cost (EUR 93,000) was postponed to be implemented through the coming packages for area C development project. .
- The Construction of Kinder Garden in Immnaizel was subject to delay, where the location of the sub-project was changed due to the land ownership. Consequently, additional time was needed to communicate with the village council to ensure the compliance with the social safeguards.
- The Construction of additional floor for Twaneh basic school, was subject to technical obstacles related to the lab test of the concrete slab. The work stopped on site waiting for the tests results verification which created dispute and technical discussions among the involved key stakeholders.

5.7 Lessons Learnt and Recommendations

- Continue strengthening the LGU's institutions and improving their staff capacities through on job training and transfer of know-how. This will enable the LGU's to be efficient and sustained institution.
- Pay more attention for training and workshops especially for social and environmental aspect.
- More attention has to be ensured from the beginning regarding the projects identification and description, particularly the roads sub-projects.

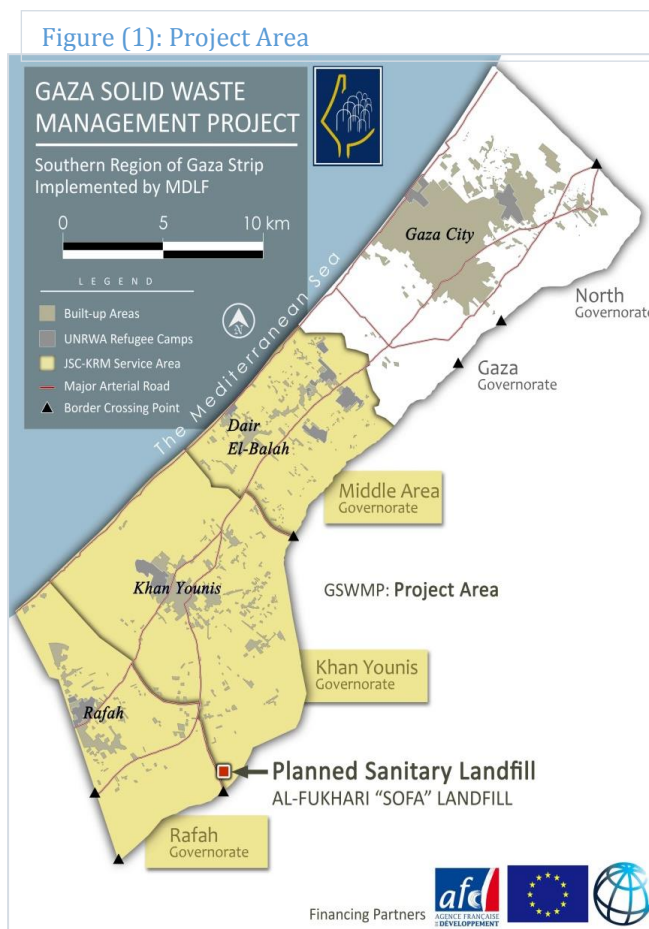


6. Gaza Solid Waste Management Project

6.1 Introduction

The Gaza Solid Waste Management Project is a comprehensive strategic infrastructure and capacity building project, where MDLF is managing the southern component of the project covering 3 of 5 governorates in Gaza Strip, namely the Middle Area, Khan Younis, and Rafah Governorates comprising approximately 64% of Gaza Strip's total geographic area inhabited by 46% of the total Gaza Strip's population (approximately 800,000 people) according the 2014. The 3 governorates are served by the Joint Service Council for Solid Waste Management in the Governorates of Khan Younis, Rafah, and Middle Area (JSC-KRM) – **figure (1)**. The GSWMP is aiming at improving solid waste management services in the Gaza Strip through the provision of efficient and environmentally- and socially-sound waste disposal schemes, and initiating measures to improve overall solid waste management systems. Through the GSWMP, a sanitary landfill will be constructed in the southern region of Gaza Strip with capacity to serve the 3 governorates until year 2025, and to serve the entire Gaza Strip until the year 2040. This major construction effort will be implemented in phases on an overall area of 472 donum (47.2 ha.) with immediate land area needed for first three cells of 21.5 ha according to project's feasibility study and detailed design. The new facility will be equipped to operate at high standard and it will be complemented by a system of solid waste transfer stations in each governorate in addition to comprehensive capacity building programme to improve service provision at the different stages of solid waste management, including the supply of new solid waste collection vehicles to the newly expanded JSC-KRM and its member municipalities accompanied by institutional strengthening measures and training. Through the GSWM, studies and investments in recycling and resource recovery will take place encouraging the participation of private sector, in addition to further involvement and participation of the population through broad public outreach and public awareness activities.

Figure (1): Project Area





6.2 Project Components

GSWMP is financed by the World Bank Group, the French Development Agency (AFD), and the European Union (EU). The project focuses the middle and southern region of Gaza Strip with MDLF as the implementing agency and in coordination with other financing partners (Islamic Development who are focusing on Gaza and the Northern Governorates. Following are the four components of the project:

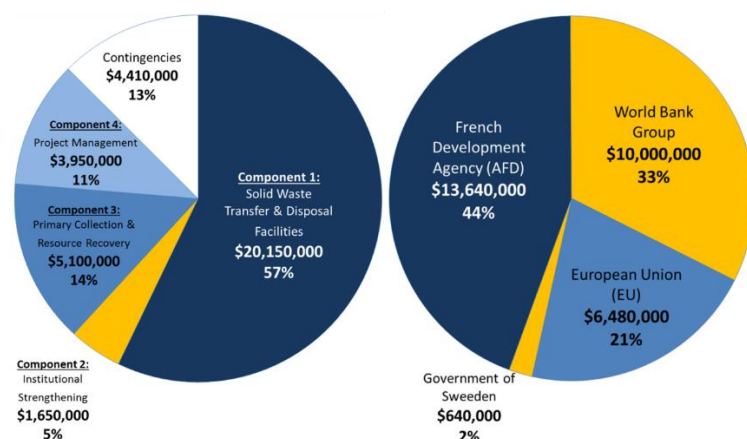
Component 1: Solid Waste Transfer and Disposal Facilities (USD 20.15M)

Component 2: Institutional Strengthening (USD 1.65M)

Component 3: Primary Collection and Resource Recovery (USD 5.10M)

Component 4: Project Management (USD 3.95M)

Chart 17: Project Finances by Component and by Financing Partner



Note: AFD/EU contribution is allocated in EURO and the USD amounts in figure (2) correspond to the exchange rate as of July 24th, 2012

6.3: Progress of Implementation (Status Update)

In the last quarter of 2016, the construction works for Sofa Sanitary Landfill at Al-Fukhary was initiated, where the awarded contracting consortium took over the site that was subject to relatively lengthy land acquisition process since 2012 that was concluded with the full and satisfactory compensation to land owners. The construction effort will last for 22 months starting in November, 2016 and expected completion in August 2018 – **image (1)**. In 2016, the procurement of 10 solid



Image (1): Contract Signing Ceremony of the Construction of Sofa Sanitary Landfill at Al-Fukhary
His Excellency Dr. Hussain Al-A'raj (middle), Dr. Tawfiq Budeiri (right), and Mr. Mustafa Eid from the Contractor side (left) - (10 October, 2016)



waste collection vehicles was initiated; a measure that would enhance the performance of the JSC-KRM as part of component 3 of the project that specifically target the improvement of waste collection and ultimately leading to enhance cost recovery and public satisfaction within the overall strategic project objectives.

The first comprehensive study of waste collection optimization, mainly primary collection, was launched for a duration of 16 months, where the international/local consultants' consortium started the assessment phase of solid waste service provision in Gaza Strip as performed by 25 LGUs and 2 Joint Service Councils. This study will provide basis for the design of better and more efficient waste collection considering environmental, social, operational, and financial aspects – **image (2)**. The second major study on waste recovery was launched during the last quarter of 2016; where resource recovery in Gaza will be assessed and number of proposals under this study will be formulated in order to achieve better use of resources presented in solid waste whether through recycling or composting or waste to energy options where feasible.



Image (2): Launch meeting of Solid Waste Collection Optimization Study
Consultant consortium team leader, Dr. Tareq Genena, speaking to service providers (05 June, 2016)

At the end of 2016, the first engineered solid waste transfer station in Gaza Strip was completed by UNRWA with financing from the Islamic Development Bank, and under the umbrella of the overall GSWMP. MDLF and the JSC succeeded in providing vital support through the collaboration with UNRWA and Khan Younis Municipality (the latter being the official owner of the facility) in the form of improving the design of the facility, and in maintaining series of public communication sessions in the intervention area. Design of Rafah transfer station was carried out in compliance with the social and environmental safeguards, whereas siting of Middle Area transfer station is still in the process due to the land scarcity in the Middle Area of Gaza. Environmental and Social Management Plan (ESMP) was conducted for the transfer stations and for Al Fukhary short term dump site in order to mitigate any potential impacts may arise during the different stages of design, construction, and operation. The project team from MDLF and JSC continued efforts to assist the Project Affected People (PAPs), namely the waste pickers of the existing landfill in Sofa, where meetings with the PAPs resulted in updating their status and maintaining a constructive communication towards alleviate the potential loss of their livelihood in line with the Abbreviated Resettlement Action Plan (ARAP), and in



Image (3): Waste Pickers' PAPs
During a visit to project offices as part of consultation/information update session (17 July, 2016)



collaboration with UNDP – Productive Families Empowerment Program, formerly DEEP Project. Although achievement of appropriate livelihood options for the 17 waste pickers PAPs experienced setbacks, the project team will continue efforts into 2017 to make sure PAPs are properly compensated with tailored livelihood projects that would compensate their loss of access into the landfill as result of construction activities – image (3). Social committees that were previously formed by JSC-KRM in project areas continued to hold meetings ensuring continuous dialogue with the public concerning project activities. Supported by the project, JSC-KRM strengthened its bond with social committees and the education sector by organizing joint event, and by organizing series of meetings with the Ministry of Education and with UNRWA’s Education Program to jointly formulate school health environmental awareness activities by JSC’s public awareness team. In addition and within the sphere of public awareness and outreach, the project team joint the annual international celebration of the World Environment Day, an activity that included scientific presentation, project activities presentation, and entertainment activities targeting children and adults alike. The success of the event was evident by the active participation of the general public, CBOs, NGO members of the project’s social committee whom had a clear role in organizing the event bringing the JSC-KRM even closer in touch with the public, utilizing the Khan Younis Cultural Centre theatre that is located meters from project offices

6.4 Commitments and Planning

Table (17) provides a list of the completed and committed contracts to date (31st Dec., 2016), and table (18) provides overall status of all major activities within the major project components.

Table 17: Committed Contracts in 2016

Ser. No.	Project Ref.	Project Name	Financing Partner
1	1.1.1	Construction of Sofa Sanitary Landfill at Al Fukhary	AFD-EU/WBG
2	2.1.1.4	Supply of Equipment for Waste Collection	AFD-EU
3	4.1.4.1	Studies for Optimizing Waste Collection	AFD-EU
4	4.1.4.2	Studies for Optimizing Waste Recovery	WBG
5	4.1.5.1	Conducting Environmental and Social Management Plan (ESMP) for 3 Transfer Stations	WBG
6	4.1.5.2	Beneficiary Impact Assessment Study	WBG
7	4.1.5.4	Siting and Design of Solid Waste Transfer Stations "Middle Area and Rafah Governorates – Gaza Strip"	WBG
8	4.1.5.5	Study on updating and implementing alternative livelihood options for waste pickers at Al-Fukhari landfill site	WBG
9	4.1.2.1(A)	Hiring of TOU/JSC-KRM Executive Director	WBG
10	4.1.2.1(B)	Hiring of TOU/JSC-KRM Operations Engineer	AFD-EU



11	4.1.2.1(C)	Hiring of TOU/JSC-KRM Financial & Accounting Officer	AFD-EU
12	4.1.2.1(D)	Hiring of TOU/JSC-KRM Public Information & Outreach Officer	AFD-EU
13	4.1.2.1 (E)	Hiring of TOU/JSC-KRM Administrative & Technical Assistant	AFD-EU
14	4.1.2.2 (I)	Supply & Install of Fuel Tank	WBG
15	4.1.2.2 (J)	Supply & Install of Electrical Transformer 20 KW	WBG

Table 18: Major Activity Status and Planning

tendering/preparation
 start of activity/progress of activity

Item Reference				Schedule							
				Project Effective 09/07/2014 to 30/11/2019							
PAD	Procurement Plan Ref.		Description	2015				2016	2017	2018	2019
Comp. Ref.	No.	Category		Q1	Q2	Q3	Q4				
Component 1: Infrastructure Development											
C1a	1.1.1	Works	Construction of Sanitary Landfill								
C1b	1.1.4	Works	Construction of Transfer Stations (TS)								
C1c	2.1.1	Goods	Supply & Installation of TS and LF Equipment								
C1d	1.1.2	Works	Access Roads to Landfill and TS								
C1e	1.1.3	Works	Closure of Existing Dump Site								
C1f	ARAP Implementation (in cooperation with UNDP-DEEP)										
C1g	Land Acquisition for Landfill and TS (via PNA)			Completed							
Component 2: Institutional Strengthening											
C2a	4.1.2	Consultants Services (CS)	Capacity Building of JSC-KRM								
C2b	4.1.2		Capacity Building of Municipalities								
C2c	4.1.3		Public Awareness Campaign (Citizen Engagement)								
Component 3: Primary Collection & Resource Recovery											
C3a	4.1.4	CS	Studies for Optimization of Waste								



	tendering/preparation
	start of activity/progress of activity

Item Reference				Schedule							
				Project Effective 09/07/2014 to 30/11/2019							
PAD	Procurement Plan Ref.		Description	2015				2016	2017	2018	2019
Comp. Ref.	No.	Category		Q1	Q2	Q3	Q4				
			Collection								
C3b	2.1.1	Goods	Supply of Waste Collection Equipment								
C3c	4.1.4	CS	Studies for Waste Recovery (Rec. & Comp.)								
C3d	Pilot for Rec. and Comp. Facility (via UNDP)										
Component 4: Project Management											
C4a	MDLF Fee										
C4b	4.1.1	CS	Design Revision, Const. Supervision & Contract Management								
C4c	3.1.1	Non-Consulting	Operational Management Contract for the landfill and transfer stations								
C4d	4.1.5	CS	Independent Consultancies: including independent monitoring of EMP and Beneficiary assessments								

6.5 Obstacles & Challenges

The main obstacles is ensuring the availability of materials and goods on time under the special circumstances of Gaza Strip and the restrictions on material entry. Financing partners and MDLF work closely to coordinate with the different sides, however the challenge remains valid if the political and economic status remains unchanged. On the other hand, the GSWMP is progressing with project activities that requires continuous dialogue with other players that have different sources of funding, such coordination with the FPs support must continue and check of consistency with the strategic goals of the State of Palestine and with the strategic plans of both the project and MDLF. The issue of cost recovery of service providers (LGUs and JSC) constitute a major challenge that the project is addressing though the second component concerned with institutional strengthening, yet the overall context plays critical role in pushing the cost recovery target in the desired direction.



7. Local Government Reform Development Program –(LGRDP II)

7.1 Introduction

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

Local Government is recognized both by the Palestinian Authority and the government of Belgium as a key pillar in the state building efforts: not only through its contribution to a better public sector performance, but also through its potential for local economic development on a territorial basis. Contributing to both of these objectives constitutes the backbone of the bilateral cooperation in the Local Government sector. It guided Belgium support through years, and with an incremental approach, towards facilitating and strengthening collaboration mechanisms between Local Government Units, with a particular focus on the smaller local authorities. The Local Government Reform and Development Programme (LGRDP) - phase II (based on LGRDP achievements) is a step further in this direction.

7.2 LGRDP II Description

Objectives:

The general objective of the programme is to contribute to the improvement of management, development and administration system of the Local Government Sector in the Palestinian territories within a decentralized framework.

The specific objective is, therefore, to contribute to strengthening the capacities of LGUs to cooperate in providing services, promote local development and contribute to territorial integration.

The LGRDP II will contribute to territorial integration through its support of inclusive planning and development of LGUs' territories, with a special focus on reducing local disparities (social, economic and political). It will cover Areas A, B and C and tackle various socio-economic realities.

The program will be implemented and managed by the MDLF working alongside the Joint Service Council at the LGUs inside the four clusters. A program steering committee chaired by the MoLG will guide the implementation at the policy level. The Belgian Technical Cooperation (BTC) will follow the implementation closely through the program steering committee & Technical Committee.

The Steering Committee (SC) is considered to be the formal focal point for joint decision-making for LGRDP II. The SC coordinates between the MoLG, MDLF, relevant stakeholders and the BTC.

The LGRDP II programme design builds on, and reinforces, key achievements and lessons of LGRDP I



implementation:

- *LGRDP II must accompany MoLG in the transition from accompanying pilots approaches to an uptake into policy work. Coherence and strategic focus between the programme different areas of support are necessary to better promote the leverages to go, 'from a pilot to a policy'.*
- *LGUs themselves must be considered as actors of their own development. This means paying more attention to local governance (as opposed to local government only), focusing on the relationships between stakeholders at local level (i.e. LGUs) but also private sector, civil society...etc. in order to improve their interaction, stimulating accountability of local government towards the citizens, social demand from citizens...etc.*
- *MoLG regional directorates (RD's) role in interaction with key actors at each level of the local government system must be further reinforced.*

The LGRDP II will target (4) clusters in the West Bank which are subject to LGUs collaboration, the clusters are as follows:

- **Al Karmel Municipality – Hebron Governorate**
(Newly amalgamated municipality form from 4 LGUs Al Karmel, Main, Khalet Saleh, and Hadedeyah)
- **South Bethlehem JSC – Bethlehem Governorate**
(Jort Eshama', Wadi Ennis, Um Salamona, Marah M'ala, Al Ma'sarah, Khalet Elhadad, Al Mansheyah and Wad Rahal)
- **Beit Leqia JSC – Ramallah Governorate**
(Beit Leqia, Khabatha Al Misbah, and Hay Al Karamah)
- **Baita Cluster – Nablus Governorate**
(Audala, Beita, Ausareen, and Za'tara)

7.3 Financial Partners' Contribution:

The Palestinian National Authority (PNA) has received financing amount of 6.420 Million Euros from the Belgium Government towards the Local Government Reform and Development Programme- Phase II (LGRDP II). The Subsidy agreement for the LGRDP II was signed on April 25th of 2016, for duration of 52 months.

7.4 Main activities & Accomplishments:

During 2016, the following activities were implemented:

- Subsidy Agreement PZA 1303311/Grant/001 was signed in April 2016, Between MDLF, BTC & MoLG and valid from 25th of April 2016 until 25th of August 2020.
- One S.C meeting was conducted on 23th May 2016. The S.C approved the action plan and indicative budget for the 1st year and approved the recommendation and/or activities for LGRDPI & LGRDP II.
- 12 Local Technical Committee meetings were conducted to follow up with the implementation of the LGRDP II program.
- Four National Technical Committee meeting were conducted to follow up with the implementation of the LGRDP II program.
- One-day workshop was conducted for the four clusters in an effort to raise their capacity during the appraisal phase of their projects.
- The appraisal for all projects under the LGRDP II for year one was completed.



- The procurements processes for all projects under the LGRDP II for year one were completed.
- All interventions under LGRDP I program for all clusters excepted (i.e. Wadi Al Nees Stadium project in South Bethlehem, JSC...etc.) were closed.
- MDLF conducted 11 site visits to follow up on the design and procurement processes for the LGRDP II project.

The following table shows the progress up to date compared to output targets and budget for the entire program period

OUTPUT	OUTPUT TARGET	OUTPUT RESULT	OUTPUT Expected COMPLETION DATE	COMMENTS (Include reasons for possible delays)
OUTPUT 1: Support investments in the clusters	4 clusters in WB (Al Karmel, South Bethlehem JSC, Beit Leqia JSC, and Baita JSC)	The supported LGUs invest in infrastructure to provide services, promote local development and contribute to territorial integration	May, 2017	- Lack of capacity within the target JSCs to follow up with the implementation of the activities. Some of the target areas are located in Area "C"
Output 2: MDLF management fees	MDLF	MDLF operation cost for implementing the programme.	May, 2017	

Planning activities for Q1, 2017:

- Conduct site visits for the four clusters to accelerate the implementation process on site.
- Prepare the work plan and budget for the second year (2017/2018), and approve the LGRDP II interventions by the SC.
- Start the appraisal phase for the interventions of the second year.
- Sign the contracts with the LTCs to design and supervision the LGRDP II interventions.
- Start the design phase for the interventions of the second year.
- Follow up the implementation of the second year interventions.

7.5 Obstacles encountered the LGRDP II interventions



Obstacle/ Risk	Adverse Impact	Mitigation Measures/ remedial actions
Difficulty in reaching consensus on the concepts of LGUs collaboration.	Long period required to obtain the approval of local authorities on the decision making.	Meeting in the presence of MDLF were conducted.
Extra requirements requested by local authorities / JSCs.	Budget increase for the project	Extra Budget was located for justified requirements.
Lack of LGUs/JSCs capacities in reviewing and implementing projects.	Long period required to prepare the LGUs/JSCs projects.	MDLF conducted workshops to enhance the capacity of the LGUs/JSCs. MDLF supported the technical staff for the LGUs/JSCs.
Some of the target areas located within Area "C".	Long period to discuss this issue.	MDLF & LGUs consulted this issue with all partners.

7.6 Lessons Learned and Recommendation:

- It is essential to allow for a maximum level of involvement by local communities with the activities of the program and connect the activities with services provided by the JSCs.
- For enhanced results, it is mandatory to enhance the existing communication strategy between all stakeholders, as well as citizens at each cluster, through awareness raising activities.
- LGRDP II interventions must focus on the services provided by the JSCs, as well as the interventions that were approved in parallel with the institutional development.
- The laws & regulation relating to the LGUs collaboration must be reviewed and updated. Also, it is important to implement the bylaws of the JSCs.
- It is crucial to conduct workshops and training courses in an effort to enhance the capacities of the LGUs and JSCs.



8. Regeneration of Historical Centers in LGUs - (RHC)

8.1 Introduction

The Palestinian local government system is in a development process that involves increased decentralization and strengthened fiscal, organizational and management capacity, increased citizen participation, and improved efficiency and viability of service provision. The strategic objective of the Palestinian National Authority (PNA) in the Local Government (LG) Sector to “Empower Local Government and bring services closer to the people within a Unified Planning legislation” has influenced the project in terms of supporting integrated socio-economic, spatial and physical planning processes which are required to support regeneration of HCs. The potential for HCs to act as a catalyst for socio-economic development has been elaborated.



With reference to the national development plan “Palestine: Ending the Occupation, Establishing the State”, the Ministry of Local Government (MoLG) & MDLF received a fund from the Belgian Government for regeneration of Historic Centers (HCs) which implies two main concepts: preservation and Development of urban and rural areas which feature historic and cultural values and are currently affected by abandonment and physical and economic depletion.

8.2 RHC Description

The project of “Regeneration of Historic Centers HCs in Local Governments Units” (called the “RHC project”) is funded by the Belgium Government to support the regeneration planning, practice and policy development in Palestine. The integration of the protection and development of HCs in Local Governments brings together three key national strategic priorities: supporting Palestine’s historical cultural significance, integrated planning processes and local economic development. RHC aligns to and supports the established Local Government (LG) planning and services delivery systems in Palestine, with a specific focus on the integration of regeneration into these processes. The project supports sustainable institutional capacity development and -at the same time- respects the priorities and requirements of the Local Government Units (LGUs) and their communities.



The RHC Project has a general objective to improve the social, cultural and economic development of Local Government Units and Municipalities in Palestine.



The overall development objective aims to improve the Socio, Cultural and Economic development of Local Government Units (LGUs) and Municipalities in Palestine.

The immediate objective aims to enhance Local Governments capacity to regenerate their Historic Centers and support sustainable local development in these area.

Result 1:

Regeneration forms an integrated element of Municipal planning in targeted LG clusters.

Result 2:

The socio- economic regeneration of targeted HCs is enhanced using a multi – dimensional approach.

Result 3:

Lessons learned from RHC project contribute to evidenced based policy framework and planning strategies for the PNA.

The program will be implemented and managed by the MDLF working alongside the Ministry of Local Government (MoLG) with the selected LGU clusters. A program steering committee chaired by the MoLG will guide the implementation at the policy level. The Belgian Development Cooperation (BTC) will follow the implementation closely through the program steering committee.

The Steering Committee (SC) is considered the formal focal point for joint decision-making in regards to RHC coordinating between the MoLG, MDLF, relevant local stakeholders and the BTC.

Project Beneficiaries

The project will target 12 LGUs at Six (6) clusters in West Bank which are divided into two groups as follows:

Model LGUs:

Al Dahriya, Al Samou' - Hebron Governorate.

Ni'lin – Ramallah Governorate.

Anabta – TulKarm Governorate.

Burqa & Sabastia – Nablus Governorate.

Arrabah – Jenin Governorate.

Quick Fruit Projects in 5 LGUs:

(Bani Na'im, Bani Zaid, Abud, Deir Istia, and Assera Al Shamaliya).

8.3 Financial Partners' Contribution

The Palestinian National Authority (PNA) has received financing in the equivalent amount of 5.356 Million Euro from the Belgium Government towards the Regeneration of Historical Centers in Local Government Units (RHC) program. The agreement for the RHC program was signed in May 1st of 2016. The total maximum sum of the agreement is Five Million Three Hundred fifty Thousand Euros (5.356.000 Euros) through a duration of 32 months.



8.4 Main activities & Accomplishments

Throughout the last two quarters of 2016 (Q3 & Q4) the following activities were implemented:

- The Grant Agreement was signed during April 2016 between MDLF, BTC & MoLG; and valid from 1st of May 2016 until 31st of December 2018.
- A single SC meeting was conducted on 29th June 2016. The SC approved the two regeneration models (the economic revitalization & the sociocultural revitalization) with a Budget of (3,600,000 Euro).
- Eight technical committee meetings were conducted to follow up on the implementation of the RHC programme.
- MDLF signed the contract with the LTC (Center for Cultural Heritage Preservation CCHP) on August, 2016 for designing and supporting the implementation of “fast-growing fruit” projects for the five LGUs in the West Bank.
- One-day workshop was conducted for five LGUs (these are Bani Na'im, Bani Zaid, Abud, Deir Istya, and Assera Al Shamaliya) meant to raise their capacities in appraisal phase for their regeneration projects (QFP).
- Design for all fast-growing fruit projects was completed.
- Procurement processes for the fast-growing fruit projects was completed.
- The five LGUs signed the contracts for the QFP and start the implementation phase.
- MDLF conducted 14 site visits to follow up on the design and procurement processes of the fast-growing fruit project.
- MDLF participated in the training programme conducted by gultage.
- MDLF participated in the training program conducted in Jordan between the 1st of November until the 5th of November 2016.
- MDLF, alongside the Technical Committee conducted three site visits to Al Samu', Bani Na'im, Burqa, and Sabastya in order to prepare the regeneration intervention models.
- MDLF advertised the EOI for the LTC intended to support the LGUs in designing & supervising the regeneration intervention models.
- One-day workshop for the five LGUs was conducted, with the contractors from the CCHP, meant to raise the capacity of the LGUs and contractors during the implementation phase.



Planning activities for the first quarter of 2017 (Q1):

- Conduct site visits for the following LGUs: Ni'lin, Sabastya, Burqa, Anabta, and Arraba, in order to reach an agreement with the local communities about the intervention under the regeneration models.
- Start the appraisal phase for the Models interventions.



- Sign the contracts with the LTCs to design and supervise the intervention models.
- Start the design phase for the models' interventions.
- Hire three site engineers for daily supervision of the QFP.
- Follow up on the implementation of the QFP.

The following table show the progress to date compared to output targets and budget for the entire programme period.

Output Target Beneficiaries	Output	Output Result	Output Expected Completion Date	COMMENTS (Include reasons for possible delays)
7 LGUs Historic centers in WB (Al Samu', Al Dahriya, Ni\lin, Anabta, Sabastya, Burqa, and Arraba)	OUTPUT 1: Support to implementation of regeneration Plans for Models LGUs	Enhance the Socio-economic regeneration of the targeted HCs.	December, 2018	- Lack of capacity within the target HCs to follow up with the implementation of the activities.
Five LGUs Historic Centers in WB (Bani Ni'am, Bani Zaid, Abud, Deir Istya, and Assera Al Shamaliya)	OUTPUT 2: Support Specific target aspects of regeneration in other LGUs	Enhance the Socio-economic regeneration of the targeted HCs.	June, 2017	- Lack of capacity within the target HCs to follow up with the implementation of the activities. - Some of the target areas are located in Area "C"
MDLF	Output 3: MDLF management fees	MDLF operation cost for implementing the programme.	December, 2018	
All benefit LGUs.	Output 4: Start-up cost	Announcements for the projects.	December, 2018	
All benefit LGUs	Component 5: National consultancies for design and follow up	Technical support and enhance the capacities of the HCs ,	December, 2018	



8.5: Obstacles and Challenges:

Obstacle/ Risk	Adverse Impact	Mitigation Measures/ remedial actions
Difficult process on reaching consensus on the concept design.	Long period for obtaining the approval of local authorities on the concept design	Meeting in the presence of MDLF were conducted.
Extra requirement of local authorities / Municipalities were requested.	Budget of the project increased	Extra Budget was located for justified requirements.
Lack of LGUs capacities in review and implement this type of projects.	Long period for preparing the LGUs projects	MDLF & LTC conduct workshops to enhance the capacity of the LGUs. MDLF support the technical staff for the LGUs.
Some of the target areas are located within Area "C".	Long period to discuss this issue.	MDLF & LGUs consulted this issue with all partners.

8.6: Lessons Learned and Recommendation:

- It is essential to allow for a maximum participation of local communities within the activities of the program.
- For enhanced results, it appears to be mandatory to enhance the existing communication strategy between all stakeholders, as well as citizens at each cluster.
- Clarify in more details the role of all partners (MoLG, MoTA, MDLF, and BTC) by signing MoU between the partners.
- Review and update the laws & regulation relating to the preservation & protection of the historical centers from the MoLG.
- Conduct workshops and training courses to enhance the capacities of the LGUs, and the contractors.





9. Integrated Cities and Urban Development Project (ICUD)

9.1 Introduction:

The project focuses on strengthening the institutional and technical capacity of participating urban areas to plan for sustainable urban growth through, among other things, the provision of Technical Assistance, goods, and training, ensuring a robust process of collaboration among local government units (LGUs) comprising of participating urban areas and their strong ownership and commitment.

It is a four year project designed to enhance capacities needed for the cities and towns in the participating main urban areas of WBG to plan for sustainable urban growth.

The ICUD project will be implemented by the Municipal Development and Lending Fund (MDLF) and technically overseen by Ministry of Local Government (MoLG). The Local authorities in main urban areas will technically collaborate with coordination with the Ministry of Local Government and Municipal Development and Lending Fund in implementing the project. MDLF will be responsible for the fiduciary management of ICUD, the reporting and M&E, and for the environmental and social safeguards of the project.

9.2 Description

9.2.1 Project development Objectives (PDO)

The Project Development Objective (PDO) of ICUD is to enhance the capacity of participating urban areas to plan for sustainable urban growth.

9.2.2 Project Beneficiaries

The participating project urban areas will consist of four urban agglomerations² in the West Bank (Nablus, Hebron, Bethlehem, and Ramallah) and Gaza City. These five participating urban areas have been selected because of their strategic importance in terms of population and future economic growth. The population estimate of these urban areas as they currently stand is **1, 340, 4253 (Based on PCBS predicted populations for 2016)** representing 28% of the total population of West Bank and Gaza and includes 15 municipalities, 13 VCs, and 6 refugee camps.

The currently identified LGUs of the urban areas are:

- (i) **Ramallah agglomeration with the municipalities of Ramallah, Al-Bireh, Bitounia, and Surda-Abu Qash, and Al Am'ari Refugee Camp.** The adjacent cities of Ramallah and Al Bireh and Bitounia, with Al Am'ari camp that lies within Al Bireh, and Surda-Abu Qash connects to Al-Bireh from the north; all making one urban area that shares infrastructures and resources. This urban area is currently one of the most important Palestinian cities, as it is considered the administrative capital of the temporary Palestinian Authority and attracts a lot of internal migration from job seekers.

2. The urban agglomerations are defined as built-up urban areas extending across existing municipal and village council boundaries with common labor and housing markets, and were identified through spatial analysis of urban extent, and in consultation with MoLG and selected LGUs.



- (ii) **Bethlehem agglomeration with Bethlehem, Beit Jala, Beit Sahur, Ad Doha, and Al Khader local authorities, and Aida and Ad Duheisha Refugee Camps.** The Bethlehem agglomeration also includes the towns of Beit Jala, Beit Sahur and Ad Doha, two camps and Al Khader village, all having biblical significance; that makes the economic base of religious tourism which this urban area is famous for, as well as sharing natural resources and basic overlapping infrastructures.
- (iii) **Nablus agglomeration with Nablus Municipality, and the VCs of Azmut, Deir-al-Hatab, Salim, Rujeib, Kafr Qalill, 'Iraq Burin, Tell, Sarra, Beit Iba, Qusin, Zawata, Beit Wazan, Al Juned, and 'Ein Beit el Ma, Ballata, and Askar and Refugee Camps.** Nablus city is surrounded by a group of under-developed villages that act like suburbs with big demand on housing, and have three camps within its bounders, making the biggest urban center in the north of West Bank, home to many educational and health institutions, and creating job opportunities. The population projections showed that more 424,400 inhabitants will be served by the Greater Nablus area in the year 2025. This rapid increase of population almost accompanying with the increase demand on space, water, infrastructure, job opportunities and renewable resources needs to be addressed at the agglomeration level to overcome the problems facing the city, and upgrading the planning process from the local level to the agglomeration level is needed.
- (iv) **Hebron agglomeration with the municipalities of Hebron, Taffuh, Dura, Halhul, and Beit Kahil VC.** Hebron city and the surrounding adjacent four big towns are highly dense urban areas with the population of over 300 thousands by the end of 2016, is considered the hub of the commercial and industry in the southern part of west bank, yet faces lack of proper planning, congestions, deficiencies in upgrading and developing different parts of the urban area, hinders investments; thus making the urban growth planning a necessity to reach their potential economic growth limits.
- (v) **Gaza City Municipality for Gaza City.** The Gaza strip is very population dense which makes identifying a clear agglomeration difficult. After consultations with Gaza City and taking into account the different constraints of working across administrative boundaries, as well as the huge and very dense population in Gaza City proper, the ICUD project will focus its support only on Gaza City. This will enable the authorities to better integrate and utilize forward looking growth planning in their work, and also would support them in integrating different neighborhoods into the city's planning.

9.2.3 Project Components

Component 1: Planning for Sustainable Urban Growth.

This component objective is to strengthen the institutional and technical capacity of participating urban areas and analytical underpinning of current urban planning practice to plan for sustainable urban growth through provision of, inter alia, Technical assistance (TA), goods, and training.



Through the intra-urban area coordination mechanisms, the participating urban areas will be supported to conduct urban growth planning. The objective of capacity development support for urban growth planning is to enable the urban areas to respond more efficiently to the needs of their growing population and private sector with more sustainably and well-planned urban spaces and infrastructure.

Component 2: Project Implementation Support and Management Cost.

This component will finance the training, operating costs, and goods necessary for the technical oversight and implementation support of the proposed project to be performed by, inter alia, a Technical Supervisor (TS), Local Coordinator (LC) for Bethlehem, Hebron, and Nablus areas, and the existing Local Coordinator for the Ramallah-Al Bireh-Bitounia (RAB) Joint Coordination Unit. This component will also finance the management fee of the Municipal Development and Lending Fund (MDLF) that will manage procurement, finance, safeguards, and reporting for the proposed project based on technical inputs from the TS. Table 19 below shows the project time frame per component

Table 19: Estimated Timeline of the project (2017-2020)

#	Project Component /Timeline	Year 1	Year 2	Year 3	Year 4
1.	Planning for Sustainable Urban Growth.	x	x	x	x
1.1	Sub-Component 1: Structured capacity development support for urban growth planning.	x	x	x	x
1.2	Sub-Component 2: Demand-driven customized support for urban growth planning for the West Bank urban areas.		x	x	x
1.3	Sub-Component 3: Demand-driven customized support for urban growth planning for Gaza urban area: Gaza City		x	x	x
2.	Project implementation support and management cost.	x	x	x	x

9.3 Financing Partner Contribution

The project is funded by the WB in the amount of **USD 5 million**. A provision for retroactive financing in the amount of USD 500,000 (10% of Grant amount) will be provided to the MDLF to cover necessary financing, e.g. TS salary and initial operating costs. The cost breakdown is shown in table (20) below.

Table 20: Project Costs and Financing

Project Components	Project cost (USD million)	% Financing
Planning for Sustainable Urban Growth.	4.55	91%
1. Sub-Component 1:	4.00	
2. Sub-Component 2, 3:	0.55	
2. Project implementation support and management cost.	0.45	9%
Total Financing Required	5.0	100%



9.4 Implementation Status

Since the signature of the project agreement on October 13th, 2016 and particularly during the reporting period, MDLF accelerated the project mobilization where the following activities have taken place:

- The project's technical supervisor was recruited to commence project activities. In addition, the recruitment of the project's local coordinators and GIS specialist are in their final stages. Several meetings between the project implementing partners have taken place to ensure effectiveness and completion of project's management documents including budgets, work plans, and procurement plans.
- The project was officially launched in the five urban areas. The project activities has commenced through launching workshops attended widely by participating LGUs and the projects implementing partners as follows:
 - **Nablus Urban Area:** The launch workshop was organized on Nov 28, and was attended by the Planning and Engineering teams from Nablus Municipality, and representative from the village councils Azmout, Deir al Hatab, Tell, Zwata, Salim, Rujeib, Kafr Qallil, Iraq Burin, Sarra, Beit Iba, Qusin, Beit Wazan, in addition to the head of the directorate of planning at MoLG, the head of the planning unit at Nablus MoLG directorate and the project's technical supervisor. The project's objective, scope and prospective activities were introduced and discussed. Creating joint planning and coordination team representing the LGUs to facilitate project activities was highlighted as an immediate priority.
 - **Ramallah al Bireh Urban Area:** The launch workshop was organized on Nov 21st, 2016, and was attended by the planning, engineering and GIS teams from the Municipalities of Ramallah, al Bireh, Beitunia, and Surda Abu Qash, in addition to the coordinator of the Ramallah & Albireh Joint Cooperation Unit (RAB JCU), the World Bank representative, head of the general directorate of planning at MoLG, the director general of MDLF and the project's technical supervisor. The projects objective, scope and prospective activities were discussed, more specifically strengthening the existing RAB- JCU mechanism including incorporating Surda Abu Qash Municipality in the RAB- JCU was discussed as well.
 - **Bethlehem Urban Area:** The launch workshop was organized on Nov 29th, 2016, and was attended by the planning and engineering teams and municipality managers





from the municipalities, Bethlehem, Beit Jala, Beit Sahur, Ad Doha, and Al Khader, in addition to the head of planning at Bethlehem directorate, head of the general directorate of planning at the MoLG, and the project's technical supervisor. The project's objective, scope and prospective activities were discussed. The importance of reviving and building on the previous efforts for creating a joint development unit among Bethlehem area municipalities was highlighted as a priority.

- **Hebron Urban Area:** The launch workshop was organized on Dec 13th, 2016, and was attended by the planning and engineering teams, and representatives from the municipalities Hebron, Halhul, Taffuh, Dura, and Beit Kahel village council, in addition to the head of planning at Hebron Directorate, head of the general directorate for planning at the MoLG, and the project's technical supervisor. The project's objective, scope, and prospective activities were discussed and key next steps were jointly identified including creating a coordination team among participating LGUs to facilitate the implementation of project activities and as an initial step of creating a more institutionalized form of planning and development coordination and collaboration among the participating LGUs.
- **Gaza Urban Area:** A conference meeting was organized with Gaza City planning and engineering team on Nov 9th, 2016 to discuss the project's objective, scope and prospective activities. The need for comprehensive urban data on Gaza city and the absence of update planning schemes for the city were highlighted as urgent needs to be addressed by the project.
- Follow up meetings were organized with the participating LGUs in the urban areas to start creating intra-urban area coordination teams and start designing project's roadmaps encompassing detailed activities of the project's milestones; namely;
 - (i) establish and maintain intra-urban area coordination mechanisms;
 - (ii) complete baseline assessment of existing urban extent;
 - (iii) complete exercise to develop cost-analyzed urban growth scenarios; and
 - (iv) modify respective member LGUs' plans based on the optimum urban growth scenario selected. The first draft of the project's roadmap in Gaza urban area was prepared jointly with Gaza municipality and is currently under further review. It is expected to be cleared during the next month which will enable





immediate start of technical assistance activities for Gaza city. The follow up meetings were also conducted to evaluate the recent and current planning context in the participating LGUs, in addition to further discuss the project's activities and assessing technical assistance, and capacity building needs.



10. Local Government Services Improvement Project (LGSIP)

10.1: Introduction

The PA has made the strategic choice to reform key areas of its Village Support program, focusing on institutional strengthening and reforming the financing mechanism to improve service delivery in villages. With support from the World Bank and other Development Partners, the PA formulated the Local Government and Services Improvement Program (LGSIP) to respond to the institutional and financial challenges that VCs face. The LGSIP focusses attention on VCs' service delivery responsibilities and provides technical, institutional and financial support to VCs through a combination of PA budgetary support as well as specific Technical Assistance (TA) and investment support by Development Partners "DPs".

The LGSIP channels budgetary resources, including the Transportation Fee, and specific earmarked subsidies to the MoLG for infrastructure development in villages. An integral element of this approach is the PA's intention to reform the local government financing system, through a reform of the Transportation Fee allocation and disbursement mechanism.

LGSIP will assist the PA in establishing a systematic approach for strengthening the institutional systems for viable local authorities that have the capacity to provide services to their citizens in an accountable manner and can be financially sustainable in the future.

10.2: LGSIP Description

The development objective of LGSIP is to strengthen the local government financing system and improve local service delivery in Program villages. The Program builds upon the PA's Village Support program objective of enhancing local accountability through improving stakeholder participation and strengthening institutional systems and processes for citizen engagement. The Program introduces the allocation of transparent and predictable fiscal transfers to VCs to finance implementation of participatory capital investment plans. The Program will also strengthen local accountability through enhanced reporting to citizens and strengthened grievance process.

The LGSIP consists of delivering infrastructure at the village level through a combination of investment support in the 241 VCs with specific support to the investment requirements in "Area C", coupled with implementation arrangements to address VC capacity constraints. The LGSIP has a five year duration from 2016-2020 and comprises the following Sub-Activities:



(i) Annual capital grants for delivery of Local Services: Provides local services through village councils, through allocating certain amounts of funds based on the population of each village council which was deemed as eligible. The allocated amounts are then used to implement projects in the village councils as per priorities stated in the development plans of these villages.

(ii) Conditional Capital Grants for investment in Joint Projects: Provides infrastructure through joint projects, this is achieved by offering funds/grants conditional to implementing joint projects between various village councils.

(iii) Capacity Support for strengthening Local Governance Institutions: This component aimed at enhancing the capacities and provide more targeted capacity support to VCs and JSCs in line with their key roles and responsibilities making them eligible for funding; also, to raise the capacity of the MoLG staff to enable them to carry out their tasks accordingly.

(iv) Investments in “Area C”, which is financed through Program Parallel financing.

Program Financing

The Palestinian Authority (PA) has received a grant from the World Bank for the amount of US\$5 million towards the LGSIP, channeled through the Government systems, using the World Bank Program for Results (PforR) financing instrument. Additional Program commitments to be co-financed using the PforR instrument amount to US\$15 million, including US\$13 million financed by the Government of Sweden through the Multi-Donor Trust Fund-Program for Infrastructure Development (MDTF-PID), administered through the World Bank, and a US\$ 2 million equivalent commitment from the PA. In addition to these amounts, Program parallel financing is expected to reach US\$44 million. With the proposed allocation of US\$9.0 per capita for VCs and an expected participation of 50 percent of eligible VCs in 2017, 60 percent 2018, and 70 percent in 2019 and in 2020, the cost for capital investment grants would be **approximately US\$12 million for the grants to VCs. Capacity Building activities** in the Program are **budgeted with estimated US\$1.5 million**. Joint investments would be expected at a cost of **around US\$4.5 million** as shown in table 21 below.

Table 21: LGSIP Financing per Donor

Source	Modality	Amount	% of Total
PA	Co-financing	2.0	10
World Bank	PforR	5.0	25
PID MDTF	Co-financing	13.0	65
Total Program Financing		20.0	100



Program Management

The Ministry of Local Government and the Municipal Development and Lending Fund are responsible to administer the implementation of the program. In order to achieve this, a committee, headed by the Ministry of Local Government with the Municipal Development and Lending fund and the Ministry of Finance as members, was formed to oversee the implementation of the program.

The Ministry of Local Government (MoLG) will be responsible for the overall oversight of the implementation of Program sub-Activities I and III, while MDLF will be responsible for the overall management of Program Sub-Activities II and IV. MDLF is also responsible for carrying out Program Management activities in its capacity as the Program Secretariat bearing the responsibility to develop the needed reports to the funding parties.

Grants Allocations Mechanism

- Upon meeting the LGSIP eligibility criteria, capital investment grants would be allocated based on a simple per capita formula. The eligibility assessment will be done by MoLG on an annual basis, verified by the (Independent Verification Agent) IVA.
- Grant allocations per VCs will then be calculated by the MDLF, as the Program Secretariat performing the Program management function. Grants would be allocated annually based on recurrent annual cycle.
- For joint projects financed by Conditional Capital Grants, additional funding would be provided as a 'top-up' capital grant, determined by the sum of pooled individual allocations of participating VCs multiplied with an incentive factor of 9.
- Individual allocations would be small but provide a predictable annual grant allocation to VCs. Per capita allocations under the annual capital grant are designed to match at minimum the current Transportation Fee allocation of around NIS25.00 (US\$6.5 equivalent) to provide a meaningful source of timely and predictable revenues, and to serve as an incentive for reform. At appraisal, the amount was agreed to be US\$9.0 per capita.

Disbursement Linked Indicators

The LGSIP would use the PforR financing instrument to leverage financial incentives to achieve results and mainstream reforms into the PA systems. The PforR would help support system changes across the program by leveraging the actions contained in the Program Action Plan (PAP) and Disbursement Linked Indicators (DLIs) to trigger positive responses on needed reforms in the sector. Program funds will be released based on the attainment of results, instead of as inputs to achieve results. This shift would achieve mainstreaming of critical reform initiatives into the formal PA systems, which has not always been possible with a traditional Investment Project Financing approach



The DLIs have been selected according to the Program's incremental result chain so critical results can be achieved during the early stage of the Program for building incremental results to reach the PDO

A. Results linked to signing of the agreements (pre-results):

- Enabling steps to strengthen local governance adopted by MoLG: (i) Standardized governance framework for joint service provision; (ii) Formula for annual capital grant allocations finalized; and (iii) Local Government Procurement Instructions.

B. Results linked with the implementation of a program (indicators linked to exchange):

- Timely communication and disbursement of Formula based Annual Capital Grant allocations to VCs
- Percentage of VCs meeting LGSIP eligibility criteria annually
- Cumulative number of joint projects approved
- Aggregated expenditure (percentage) of approved joint projects
- Steps to improve transparency and predictability of Transportation Fee adopted by MoLG: (i) transportation fee reform directive submitted for approval to Cabinet of Ministers; and (ii) share of transportation fee disbursed annually to VCs on a per capita basis and in a timely manner
- Capacity Building Activities delivered by MoLG based on their annual capacity Development Plan.

10.3: Implementation Status

The LGSIP agreement was signed with the World Bank on March 14th, 2016 for USD 5M. On April 11th, 2016, the project was launched at the government level. Since then, work on necessary preparations were commenced, which makes it possible to obtain necessary financing through achieving results, since the program is results-based.

➤ **Accomplished Activities:**

At the General Framework Level:

- The Allocation of funds' formula was adopted for individual and joint projects, more specifically:
*The value of the annual financial allocation per village = population according the PCBS * 9 USD*
*The value of the joint project = value allocated fund to the village council * 9 times*
- The report was prepared by the General Secretariat of the Council of Ministers (verification agency) Indicating that the MoLG has made the first of two results of the program granting it a million dollars. These results are:
 - 1- Adopting the allocations formula
 - 2- Amending the JSCs law
- The program was launched at the level of village councils through a workshop held on October 25th, 2016, under the patronage of H.E. the Deputy of MoLG, and the



general director of Municipal Development and Lending Fund. The workshop introduced the idea of the project and actions associated with it, the roles of each ministry and the MDLF, and the requirements for qualifications; also, how to prepare development plans, financial management and budgeting.

- The Independent Verification Agent was contracted by MDLF and submitted the 1st verification report to MDLF for revision. The report will be submitted to the WB and concerning partners early March 2017.

At the Financial Management Level:

- Based on the MoLG achievement of the first two requirements for the project, one million dollars were transferred from the World Bank for the benefit of the project on September 5th, 2016.
- The general administration for financial affairs explained transfer mechanism during a workshop held on October 25th, 2016 to the village council.
- The budget for 2017 was enrolled for USD 3.345M.
- The village councils were asked to provide a special banking account number specifically designed for the project stating the IBAN plus source of deduction, a step preceding the transferring of part of the allocated value to the benefiting villages in 2017.
- The village councils were notified of their qualified status as of January 15th, 2017.
- 60% of the financial allocations were transferred for larger village councils (those with populations greater than 4,000) as of January 24th, 2017.

In Terms of General Procurement Law:

- On June 28th, 2016, a law for general Procurement was passed through the council of ministers, coming into force starting on July 1st, 2016.
- The head of the higher council for the public procurement policies was contacted for this specific law. The information and instructions were circulated through the MoLG on December 14th, 2016, to the Local Government directorates, which in return circulated the information to the village councils at their own governorate.
- Two training workshops will be held regarding the general procurement law, the first which consisted of seven sessions was held on the 2nd of July 2016; the second to be held during March of 2017, for the benefit of the MoLG related staff and departments, as well as engineers of village councils and joint service councils.

In Terms of Formations:

- The general administration for formations updated the information on the village councils' names and their populations in order to calculate the financial allocation for each village council benefiting from the project.



In Terms of Capacity Building:

- A general framework for capacity building plan was introduced and adopted by the MoLG as well as FPs, with activities designed in line with the MoLG's policies and LGSIP.
- Work is currently underway to complete the operational capacity building plan for 2017, which will include capacity building in the areas of planning, procurement management, budgeting, financial management, infrastructure management, and environmental management.
- MOUs and partnerships to be signed with GIZ through LGRP program as well as the BTC through LGRDP Program.
- The capacity building program will be implemented through training workshops in various fields as well as by learning through practice (on the job training).
- Work currently is underway to prepare the terms of reference related to capacity building in the field of financial management, prior to signing of a contract with an institute to do so.
- Dates were scheduled to carry out training workshops related to general procurement which will take place during February 2017. The workshops will target engineers at village councils and joint-service councils as well as individuals responsible for procurement there in addition to the staff of MoLG and related directorates. The objective of these workshops is to familiarize the participants with the framework of the law of public procurement for 2014, and the system related to it.

In Terms of Preparing the Annual Capital Investment Plans (ACIP)

- The general administration for planning and urban Planning through its employees at its different directorates (Strategic Development and Investment Planning Committee), and in cooperation with the projects department and budgeting department, supervised the preparation of development plans for 63 Palestinian villages. In collaboration with a number of consultants and volunteers who coordinated with village councils, building its capacity in terms of identifying needs and priorities, and preparing the plan for 2017.

The Most Notable Accomplishments

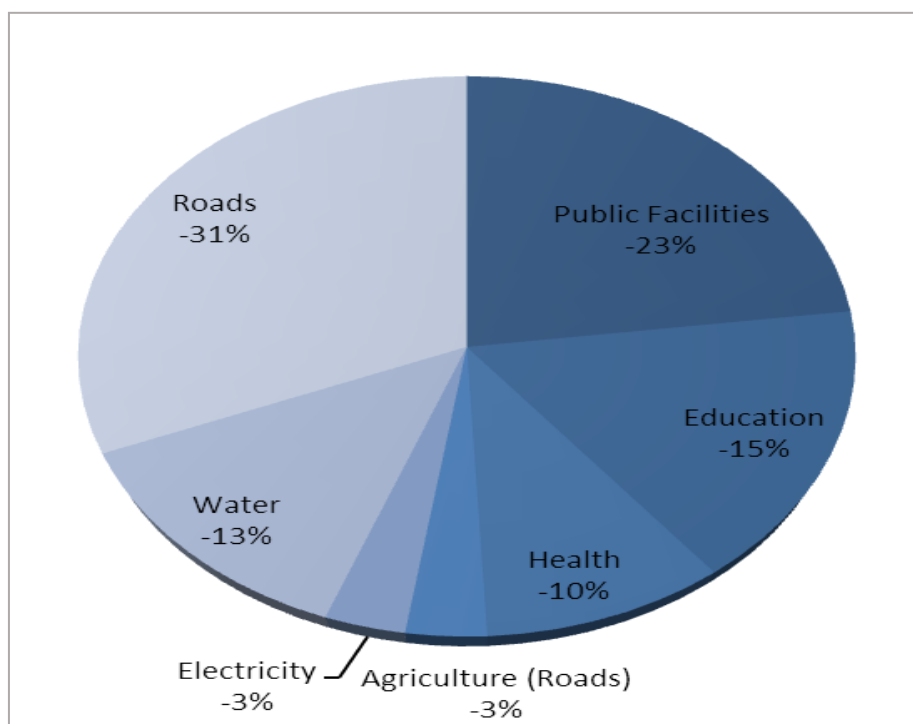
- All of the involved villages carried out all field activities, meetings and steps agreed upon under the clauses of simplified procedures for the preparation of the annual development plans. The presence of previous experience in the field of planning helped achieve these results, as well as the assistance of consultants and volunteers on the ground that facilitated these meetings.
- All of the plans were received with the exception of two villages in the Jerusalem governorate.
- All received development plans were publicly disclosed through one or two methods, namely:



- The gateway/website to the local government units: *baladiyat.ps*, total of 63.
- Through social networking pages for the village councils.
- All budgets submitted, **totally 63**, were disclosed through the *baladiyat.ps* website. Note that it will be published through the program of public administration for budgeting, following the completion of approvals from the MoLG.
- The total estimated value of the projects listed for the year 2017 through LGSIP was 1.684M USD, where the contribution from the village council would be to cover the difference.
- The value of financial allocations for village councils was 1,541,682 USD divided as follows:
 - Allocations for larger councils: USD 661,482
 - Allocations for smaller village councils (less than 4000 inhabitants) linked to a qualified services council: USD 470,745
 - Allocations for smaller village councils, which are not linked to a qualified services council: USD 409,455
 - **Therefore, the total financial allocation for villages ready to be put to work equals USD 1,132,227**
- The projects expected to be implemented in the eligible councils were distributed under each development sector as shown in Chart 18 below:

Chart 18: Distribution of VCs Priorities Per Sector

C





In Terms of Budgets:

- The general administration for budgeting at the MoLG received the budgets for the eligible village councils.
- All drafts of budgets numbering (63) were disclosed through baladiyat.ps website. The final budget will be published after it has been approved by the Minister of Local Government.

In Terms of Joint Service Councils:

- The system for joint councils was updated and endorsed as of 26th of February, 2016.
- The establishing agreement of the Joint Service Councils and its affiliated villages was upgraded.
- Assessments have been completed for the Joint Service Councils. A special report of the assessment will be published pursuant to its review by partners.

➤ **Anticipated Activities:**

- Identify the village councils to be nominated as beneficiaries of the grant for 2018: This will be done through identifying the villages which were part of qualified Joint Service Councils in the year 2016, particularly in village councils with a population less than 4,000. It is proposed that the number of village councils increases to about 140.
- Communicate with these village councils to enhance their capacities, enabling them to qualify for this project.
- Complete the steps for joint planning (Joint ACIP) note: Steps have been prepared, currently awaiting review by stakeholders, a step which precedes requesting of MDLF to add it to their program operational manual.
- Translate the program guide
- Implement activities in accordance with the Capacity Building plan as scheduled in the operational plan.

10.4: Achievements against DLIs

Table (22) below indicates the achievement against the DLIs showing that DLI 1 “Enabling steps to strengthen local governance adopted by MOLG” was achieved, where the Standardized governance frame work for joint service provision and the Adoption of formula for annual capital grant allocation for VCs/JSCs were adopted by MOLG early 2016. Additionally the MOLG issued the procurement instructions for LGUs to follow in procuring local services.

With regards to DLI 2, “Timely communication to VCs of the formula –based annual capital investment grant (ACIG) allocations and timely transfer of ACIGs to eligible VCs”, this DLI was achieved where the communication done by Jan 15th while the transferring done by Jan 24th, 2017.



Table (22): LGSIP Achievements against DLIs

#	DLI	Indicative time line for DLI indicator	Date of Achievement
1.	DLI1: Enabling steps to strengthen local governance adopted by MOLG	(i)Standardized governance frame work for joint service provision adopted	Done in early 2016
		(ii)Adoption of formula for annual capital grant allocation for VCs/JSCs	
		MOLG issue procurement instructions for LGUs to follow in procuring local services	Done in 14/12/2016
2.	DLI2:Timly communication to VCs of the formula –based annual capital investment grant (ACIG) allocations and timley transfer of ACIGs to eligible VCs	Communication of the ACIG allocation to VCs by Jan 15 and transfer of ACIG to eligible VCs by Jan 31	The communication done by jan 15 while the transferring done by Jan 24 2017
3.	DLI3 :Percentage of the VCs meeting the program eligibility criteria annually	50%	61 VCs became eligible by the end of 2016
4.	DLI4 Commutative # of Joint projects approved	16	Not due yet for the year 2016
5.	DLI5: Aggregated expenditure percentage of approve joint projects		Not due yet
6.	DLI6 : Steps to improve transparency and predictability in allocation of transportation fee adopted by MOLG	Transportation fee reform directive submitted for approval cabinet ministers	Not due yet
7.	DLI7: Capacity Building activities delivered by MOLG on their annual capacity development plan	Five year capacity development plan prepared	Done by mid of 2016
		Annual capacity development plan executed	On going



10.5: Obstacles and Challenges

Obstacles faced during the preparation of the annual planning can be summarized as follows:

- Most residents were busy with their own work, rendering them unable to find the necessary time for meetings. This meant that meetings can only be carried out during weekends or at night, limiting the public participation in developing the plan, specifically affecting women and youth from participating.
- The short period limited the ability to carry out a major community mobilization, which was necessary to increase the participation of citizens.
- Limited skills by the staff of village councils in different areas of capacity, including skills to draft, utilizing tools for disclosure, ability to conduct meetings, describe projects...etc. All of which meant higher reliance on consultants.
- Challenges in coordination between various public departments at the ministry, donors, as well as MDLF.
- Lack of staff meant to aid the coordinator with logistics.



Success Stories



SUCCESS STORY

Development of Marginalized Communities - HIMI

Rehabilitation of Internal Roads of Al- Rashayda, and the Rehabilitation of Bruqin Road Entrance



The Municipal Development and Lending Fund “MDLF” has received a grant from the Swiss Agency for Cooperation and Development “SDC” towards the “Development of the Marginalized Communities in West Bank and Gaza” with a total of (US\$ 2.1 million). This project is part of the “High Impact Micro-Infrastructure Project – HIMI” funded by the SDC. An MOU was signed on November 1st 2014 extending till October 30th 2015.

The main objective of this project is to support the marginalized communities in West Bank and Gaza Strip with basic services including “Community development projects, small scale infrastructure & social infrastructure projects”. Thus, the project has targeted 7 localities in Area C in the West Bank and 9 localities in Gaza strip.

The localities were deemed in urgent need for basic services including: “access to roads, access to water and wastewater networks, Kindergartens and schools”.

The suggested subprojects were all related to the urgent needs of the marginalized communities within the targeted localities, as they have been prioritized in the consultation meetings between the Local Government units and their local communities. The priorities were also emphasized during the field visits conducted by MDLF and the MOLG when residents had a chance to convey them.

Success Stories at this stage includes the project for rehabilitation of Internal Roads of Al- Rashayda. The total area covered was 650 meters length and 5 meters wide. It included additional 0.8-meter base course and concrete sidewalks on each side with reinforced concrete box culvert (4mX2m) with safety features which included signing and marking.

It is worth mentioning that this project had significant impact on the local community within the municipality of “Al-Nwai’meh & Duyok Al- Foqa”. This project will have positive social and environmental impact as 1,690 individuals will directly benefit from its implementation.

Constructing the box culvert was meant to facilitate the movement of the residents and reduce the risks associated with flooding. These roads also lead to an elementary school where the residents of Al- Rashayda area regularly use these roads.

Another project which was part of the Development the Marginalized Communities in West Bank and Gaza (funded by Swiss Development Agency - SDC) is the rehabilitation of Bruqin entrance with a total value of 188,500 USD.

The project consists of rehabilitation of the entrance which included 900-meter length by 8-meter wide road. It also included 2-meter wide sidewalks on each side, construction of required storm water drainage, and safety features including signing and marking.

It is worth mentioning that this project is having a significant impact over the local community within the municipality of “Bruqin”. This project will have positive social and environmental impact as 4,000 individuals benefit from it. Bruqin road leads to the Town and the Secondary schools. Residents of the nearby villages use this road as well.

These project are considered a success due to the positive impact they will have on the local communities in Al-Rashayda and Bruqin.



SUCCESS STORY

Municipal Development Program – Phase II Bicycle Lanes in Jericho



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.

Objectives:

Development Objective: to improve the municipal management/governance practices and to ensure the better coverage of services with better quality.

Long Term Objective: to contribute in strengthening municipal governance to enable municipalities to become creditworthy and thereby access resources from the market for investments that will enhance municipal service delivery.

Funding Partners:

The MDPII 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), the German International Technical Cooperation (GIZ), the Netherlands (through VNG International) and the Switzerland (through SDC).

Program Windows:

Window 1: infrastructure Investment

Window 2: Innovative Projects

Window 3: Capacity Building

Window 4: Program Management

Windows 5: Gaza Municipal Emergency Grants.

Jericho is a city where bicycles are a common sight partially due to the suitable topography of the city. Used frequently by students on their way to their schools, it was necessary to provide high-quality, safe lanes that reflect the beauty of the city, building upon the vision of the municipality to develop all aspects of life in the city. Thus, the idea came to life, to start with bicycle lanes alongside Jerusalem street on the western side of the city. The project included creating side-walks and 1300-meters bicycle lanes as well. The lanes start from the Muqataa (PA Headquarters) to the roundabout of Aqbat Jaber Refugee Camp.

This project aimed to provide a safe track for pedestrians and as well as bicycle riders, especially students of Hisham Bin Abdelmalek School. In addition, the project aimed to highlight the aesthetic appeal of the landscape of the city as well as to provide visitors with means to move about the city, thus fostering tourism.

Aspects of the project included filling the docks along the bicycle lanes with colored pebbles laid over plastic sheets. This came in addition to installing safety railings along the tracks.

Prior to the implementation of the project, reality appeared grim for bicycle drivers who faced numerous dangers due to the fact that they rode alongside the southern main entrance to the city. After the lanes were put in place, safety from traffic was assured and arrival of refugee camp students to their schools across the city was made easier.

Other benefits that were reaped that are worth mentioning was that the lanes increased the social networking between the refugee camp and the city, provided safe pedestrian tracks along the southern entrance of the city, reduced traffic accidents, and founded a solution to cars parking over the bicycle lanes. Currently, over 7500 persons benefit directly from the project.



SUCCESS STORY

Municipal Development Program – Phase II

Illar Park



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.

Development Objective: to improve the municipal management/governance practices and to ensure the better coverage of services with better quality.

Long Term Objective: to contribute in strengthening municipal governance to enable municipalities to become creditworthy and thereby access resources from the market for investments that will enhance municipal service delivery.

Funding Partners:

The MDPII 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), the German International Technical Cooperation (GIZ), the Netherlands (through VNG International) and the Switzerland (through SDC).

Program Windows:

Window 1: infrastructure Investment

Window 2: Innovative Projects

Window 3: Capacity Building

Window 4: Program Management

Windows 5: Gaza Municipal Emergency Grants.

About 17 kms northeast of Tulkarm lies the municipality of Illar, standing over ancient ruins of civilizations that once inhabited the area such as the Canaanite and Roman. With limited social services, yet a central location in the northern West Bank, the Municipality became a service provider for surrounding villages. Lacking a significant competitive advantage to Palestinian towns of similar nature and size of population, the best that the town could offer was a central location and warm yet pleasant atmosphere.

Already started to attract residents of surrounding villages through services provided at the municipality as well as other businesses, Illar Municipality needed to improve its services and further attract more people to visit the town who would be willing to extend the duration of their visits, for all the economic and social benefits that are to be had. The municipality decided to establish a multi-purpose park in Illar offering sports playgrounds, children parks, swimming pools, family areas, picnic areas, with convenient facilities and excellent views that utilize the natural beauty of Illar.

The park was established in several phases, the first phase which was completed stretches over 50 Dunums, boasting 1200 seating areas, playgrounds for volleyball and basketball as well as other sports, children's park, and a semi-Olympic swimming pool. The park was an instant success, welcoming an influx of people from the surrounding villages known collectively as *Sha'rawiyeh*, Jenin and Nablus Governorates, as well as visitors from the nearby 1948 areas.

The municipality decided to make entrance to the park free of charge, yet chose to charge a nominal fee for using the playgrounds and swimming pools, in order to maintain the park's facility and support its 13 workers; also, possibly help enlarge the park during the next phases. An extension to the park will increase the seating areas to 3,000 and may host a Bird Zoo, "a first of its kind in Palestine" according to a Sufian Shadid, Mayor of the municipality.

"We were amazed by the number of visitors from Tulkarm, Nablus, Jenin and the *Sha'rawiyeh* villages" the mayor added, emphasizing the importance of providing this service by the municipality as part of the municipality's duties and responsibilities for both residents and visitors.

Today, the park still attracts large numbers of visitors, specifically over the weekends. Many residents call it their own backyard and spend a significant amount of time there with friends and families. The Illar Park is a successful example to be examined and duplicated elsewhere on different scales, in order to provide better life for the residents of municipalities and to complement their sense of pride in their own towns.



Annexes

✓ **Annex A: MDPII**

✓ **Annex B: Financial Data**



Annexes



ANNEX A

Municipal Development

Program – Phase 2

(MDP-II)



MDPII - 1st cycle estimated cost

No.	Financing Partner	WB	WB-AF-Gaza	KFW	KFW-AF-Gaza	AFD	MDTF	<i>Sida</i>	<i>Danish</i>	MDTF-AF-Gaza	GIZ	PA-MOLG	PA	BTC	BTC-AF-Gaza	VNG	SDC	Total (Euro)
		Euro	Euro	Euro	Euro	Euro	Euro	<i>Euro</i>	<i>Euro</i>	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	
1	Window 1: Municipal Grants	3,705,000	0	12,085,000	0	0	8,219,000	<u>2,526,500</u>	<u>5,692,500</u>	0	0	3,534,000	3,515,400	930,000	0	0	496,000	32,484,400
2	Window 2: Support to Municipal Responsiveness and Innovations	600,000	0	0	0	700,000	2,110,000	<u>0</u>	<u>2,110,000</u>	0	0	0	0	0	0	558,000	0	3,968,000
<u>2.1</u>	<u>Piloting Innovations</u>	<i>600,000</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>700,000</i>	<i>0</i>			<i>0</i>	<i>0</i>		<i>0</i>	<i>0</i>	<i>0</i>	<i>558,000</i>	<i>0</i>	<i>1,858,000</i>
2.1.1	E-governence	325,000	0		0		0			0								325,000
2.1.2	Renwable Solar Energy	275,000	0		0		0			0								275,000
2.1.3	Local Economic Development		0		0	700,000	0			0						558,000		1,258,000
<u>2.2</u>	<u>Post Amalgamation Support</u>		<i>0</i>		<i>0</i>		<i>2,110,000</i>	<u>0</u>	<u>2,110,000</u>	<i>0</i>					<i>0</i>			<i>2,110,000</i>
3	Category 3 (W3): Capacity Building	250,000	0	410,000	0	230,000	545,000	<u>163,500</u>	<u>381,500</u>	0	372,000	0	0	0	0	0	620,000	2,427,000
<u>3.1</u>	<u>Capacity Building for Municipalities</u>	<i>250,000</i>	<i>0</i>	<i>410,000</i>	<i>0</i>	<i>0</i>	<i>545,000</i>	<u>163,500</u>	<u>381,500</u>	<i>0</i>	<i>372,000</i>		<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>620,000</i>	<i>2,197,000</i>
<u>3.1.1</u>	<u>Improved Financial managemnet</u>	250,000	0	265,000	0	0	0	<u>0</u>	<u>0</u>	0	306,000		0	0	0	0	0	821,000
3.1.1.1	Integrated Financial Management Information System (IFMIS)	250,000	0	265,000	0		0			0								515,000
3.1.1.2	Fixed Assets Registration and Valuation (FARV)		0		0		0			0	246,000							246,000
3.1.1.3	Training on financial management including: (revenues generation, external audit, budgets,FPM manuals)		0		0		0			0	60,000							60,000
<u>3.1.2</u>	<u>Strategic Development and Investment Plans (SDIP)</u>	0	0	0	0	0	0			0	66,000		0	0	0	0	0	66,000
3.1.2.1	Develop SDIPs for Municipalities		0	0	0		0			0	66,000							66,000
<u>3.1.3</u>	<u>Citizen Service Center</u>		0	0	0		545,000	<u>163,500</u>	<u>381,500</u>	0							590,000	1,135,000
<u>3.1.4</u>	<u>Operation and Maintenance</u>		0	145,000	0		0			0	0							145,000
<u>3.1.5</u>	<u>Citizenship, communication and outreach guidelines</u>		0		0		0			0							30,000	30,000
<u>3.2</u>	<u>Capacity Byuilding for MDLF as of strategic plan</u>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>230,000</i>	<i>0</i>	<u>0</u>	<u>0</u>	<i>0</i>	<i>0</i>		<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>230,000</i>
3.2.1	Informative Researches	0	0		0	100,000	0			0								100,000
3.2.2	Coordination on LED and lending initiatives		0		0	100,000	0			0								100,000
3.2.3	E-MDLF		0		0	30,000	0			0								30,000
4.	Window 4: Program Management	945,000	152,174	1,005,000	450,000	70,000	926,000	<u>310,000</u>	<u>616,000</u>	608,696	28,000	266,000	264,600	70,000	0	42,000	84,000	4,911,470
<u>4.1</u>	<u>MDLF Management Fee (7%)</u>	<i>385,000</i>	<i>152,174</i>	<i>945,000</i>	<i>350,000</i>	<i>70,000</i>	<i>826,000</i>	<u>210,000</u>	<u>616,000</u>	608,696	28,000	266,000	264,600	70,000		42,000	84,000	4,091,470
<u>4.2</u>	<u>Technical Supervison and Assistance (LTC)</u>	<i>460,000</i>	<i>0</i>	<i>0</i>	<i>100,000</i>	<i>0</i>	<i>0</i>			<i>0</i>								<i>560,000</i>
<u>4.3</u>	<u>Monitoring and Evaluation</u>	<i>40,000</i>	<i>0</i>	<i>60,000</i>		<i>0</i>	<i>0</i>			<i>0</i>	<i>0</i>		<i>0</i>	<i>0</i>		<i>0</i>	<i>0</i>	<i>100,000</i>
<u>4.4</u>	<u>Outreach and communication campaign</u>	<i>60,000</i>	<i>0</i>				<i>100,000</i>	<u>100,000</u>		<i>0</i>								<i>160,000</i>
5	Window 5: Gaza Emergency Response - Additional Financing	0	2,021,739	0	4,550,000	0	0	<u>0</u>	<u>0</u>	8,086,957	0	0	0	0	350,000	0	0	15,008,696
	<u>Total</u>	<i>5,500,000</i>	<i>2,173,913</i>	<i>13,500,000</i>	<i>5,000,000</i>	<i>1,000,000</i>	<i>11,800,000</i>	<i>3,000,000</i>	<i>8,800,000</i>	<i>8,695,652</i>	<i>400,000</i>	<i>3,800,000</i>	<i>3,780,000</i>	<i>1,000,000</i>	<i>350,000</i>	<i>600,000</i>	<i>1,200,000</i>	<i>58,799,565</i>

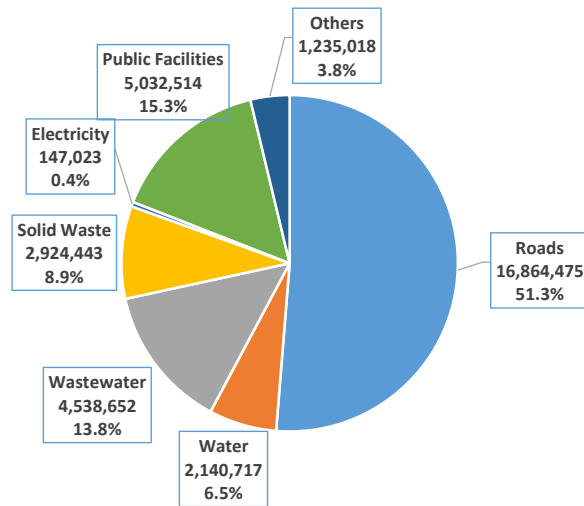
MDPII - 2nd cycle estimated cost

		WB	German FC /KFW (original fund for cycle 02)	AFD	MDTF (original fund for cycle 02)	<i>Sida</i>	<i>Danish</i>	GIZ	PA	BTC	VNG	SDC	EU / KFW	MDTF - (Additional fund- 2nd cycle (Danish)	German FC / KFW (additional fund for Cycle 02)	Total (Euro)
		Euro	Euro	Euro	Euro	<i>Euro</i>	<i>Euro</i>	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	
1	Window 1: Municipal Grants	1,448,465	6,840,000	5,000,000	6,068,409	1,085,591	4,982,819	0	4,173,300	837,000	0	589,000	6,017,860	5,052,756	9,300,000	45,326,790
2	Window 2: Support to Municipal Responsiveness and Innovations	0	0	345,000	0	0	0	92,010	0	0	558,000	0	0	0	0	995,010
2.1	<i>Piloting Innovations</i>	0	0	345,000	0	0	0	92,010	0	0	558,000	0	0			995,010
2.1.1	E-governence							92,010								92,010
2.1.2	Renwable Solar Energy															0
2.3.3	Local Economic Development			345,000							558,000					903,000
2.2	<i>Post Amalgamation Support</i>															0
3	Category 3 (W3): Capacity Building	220,000	540,000	170,000	190,000	0	190,000	279,990	0	0	0	620,000	500,000	0	0	2,519,990
3.1	<i>Capacity Building for Municipalities</i>	220,000	540,000	170,000	150,000	0	150,000	279,990	0	0	0	620,000	500,000	0	0	2,414,990
3.1.1	<i>Improved Financial managemnet</i>	220,000	240,000	0	0	0	0	30,000	0	0	0	0	0			490,000
3.1.1.1	Integrated Financial Management Information System (IFMIS)	220,000	240,000													460,000
3.1.1.2	Fixed Assets Registration and Valuation (FARV)							15,000								15,000
3.1.1.3	Complementary package for financial management							15,000								15,000
3.1.2	<i>Strategic Development and Investment Plans (SDIP)</i>	0	0	0	0	0	0	10,000	0	0	0	0	0			10,000
3.1.2.1	Develop SDIPs for Municipalities		0					10,000								10,000
3.1.2.2	Quality Assurance for SDIPs		0													0
3.1.3	<i>Citizen Service Center</i>			170,000	150,000		150,000	174,990				590,000				1,084,990
3.1.4	<i>Operation and Maintenance</i>		300,000										340,000			640,000
3.1.5	<i>Citizenship, communication and outreach guidance</i>											30,000				30,000
3.1.6	<i>Technical Assistance Tool for Municipalities for Service Quality</i>	0	0	0	0	0	0	0	0	0	0	0	160,000			160,000
3.1.6.1	Development, testing and finalization of a Technical Assistance Tool "Participatory Municipal Monitoring and Evaluation"												110,000			110,000
3.1.6.2	Preparation, Review of Pilot Experiences and Incorporation of Successful "Revenue Enhancement Capacity Development" Tools into the IFMIS TA Package within the Municipal Development Programme MDP												50,000			50,000
	<i>Social Accountability</i>							65,000								
3.2	<i>Capacity Byuilding for MDLF as of strategic plan</i>	0	0	0	40,000		40,000	0	0	0	0	0	0			40,000
3.2.1	Informative Researches															0
3.2.2	Coordination on LED and lending initiatives			0												0
3.2.3	Technical Assistance to MDLF				40,000		40,000									40,000
4	Category 4 (W4): Program Management	233,110	620,000	485,000	1,234,504	221,496	1,013,008	28,000	336,700	63,000	42,000	91,000	456,250	380,315	700,000	4,669,879
4.1	<i>MDLF Management Fee (7%)</i>	133,110	560,000	420,000	524,504	91,496	433,008	28,000	336,700	63,000	42,000	91,000	456,250	380,315	700,000	3,734,879
4.2	<i>Technical Supervison and Assistance</i>	0	0	0	610,000	130,000	480,000	0	0	0	0	0	0			610,000
4.2.1	<i>Local Technical Consultant</i>				580,000	130,000	450,000									580,000
4.2.2	<i>Lab Test for Quality Control on window 1 sub-projects</i>				30,000		30,000									30,000
4.3	<i>Monitoring and Evaluation</i>	40,000	60,000	65,000	0			0	0	0	0	0	0			165,000
4.4	<i>Outreach and communication campaign</i>	60,000			100,000	0	100,000	0	0	0	0	0	0			160,000
4.5	<i>Contengency</i>								300,000							300,000
	<i>Total</i>	1,901,575	8,000,000	6,000,000	7,492,913	1,307,087	6,185,827	400,000	4,810,000	900,000	600,000	1,300,000	6,974,110	5,433,071	10,000,000	53,811,669

Distribution of MDPII/Cycle 1/ W1 Allocation Per Sector (in Euro)

Sector	Roads	Water	Wastewater	Solid Waste	Electricity	Public Facilities	Others	Total
West Bank	12,854,660	1,212,736	535,551	342,554	147,023	3,141,259	442,744	18,676,527
%	69%	6%	3%	2%	1%	17%	2%	100%
Gaza	4,009,816	927,980	4,003,101	2,581,889	0	1,891,255	792,274	14,206,314
%	28.2%	6.5%	28.2%	18.2%	0.0%	13.3%	5.6%	100.0%
West Bank & Gaza	16,864,475	2,140,717	4,538,652	2,924,443	147,023	5,032,514	1,235,018	32,882,841
%	51.3%	6.5%	13.8%	8.9%	0.4%	15.3%	3.8%	100.0%

Distribution of MDPII/ Cycle 1 / Window 1 Allocation Per Sector



Window 1 - Cycle 1 / West Bank

Status	No. of projects	Percentage	Allocation (Euro)	Percentage
Mun. review	0	0%	0	0%
MDLF review	0	0%	0	0%
LTC Review	0	0%	0	0%
Approval	0	0%	0	0%
Tendering	0	0%	0	0%
Evaluation	0	0%	0	0%
Awarded	2	1%	680,875	4%
on going	3	2%	714,693	4%
Completed	137	96%	17,086,367	91%
Transferred to 2nd Cycle	1	1%	194,591	1%
Total	143	100%	18,676,526	100%

Window 1 - Cycle 1 / Gaza

Status	No. of projects	Percentage	Allocation (Euro)	Percentage
Mun. review	0	0%	0	0.0%
MDLF review	24	0%	2,997,955	0.0%
LTC Review	0	0%	0	0.0%
Pre-Approval	0	0%	0	0.0%
Tendering	0	0%	0	0.0%
Evaluation	0	10%	0	21.1%
Awarded	0	0%	0	0.0%
Ongoing	2	1%	251,621	1.8%
Completed	214	89%	10,956,738	77.1%
Transferred to 2nd Cycle	0	0%	0	0.0%
Total	240	100%	14,206,314	100%

Window 1 - Cycle 1 / West Bank & Gaza

Status	No. of projects	Percentage	Allocation (Euro)	Percentage
Mun. review	0	0.0%	0	0.0%
MDLF review	24	6.3%	2,997,955	9.1%
LTC Review	0	0.0%	0	0.0%
Approval	0	0.0%	0	0.0%
Tendering	0	0.0%	0	0.0%
Evaluation	0	6.3%	0	0.0%
Awarded	2	0.5%	680,875	2.1%
on going	5	1.3%	966,314	2.9%
Completed	351	91.6%	28,043,104	85.3%
Transferred to 2nd Cycle	1	0.3%	194,591	0.6%
Total	383	106%	32,882,839	100%

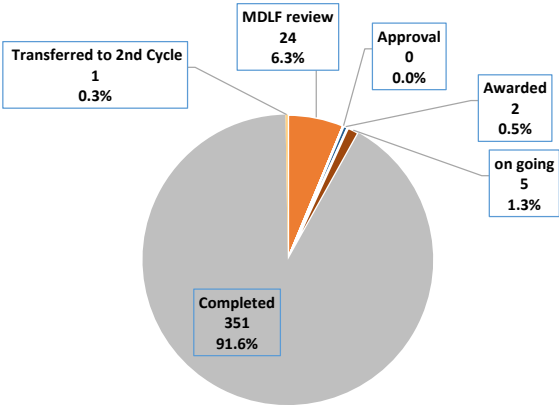
notes:

mun. review: preparing the desing, specifications and bidding documents, getting the approvals from inline ministries (if needed)

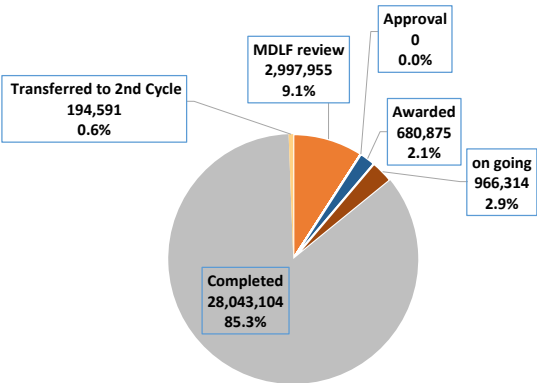
LTCs review: verify the desing, the specification and the bidding documents

MDLF review: final verification prior the approval on the tendering.

Status of W1-1st cycle - in terms of No. of Sub.projects



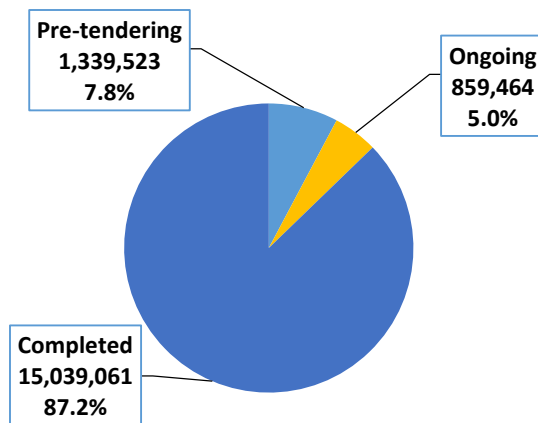
Status of W1- 1st cycle - in terms of Sub.projects Allocation



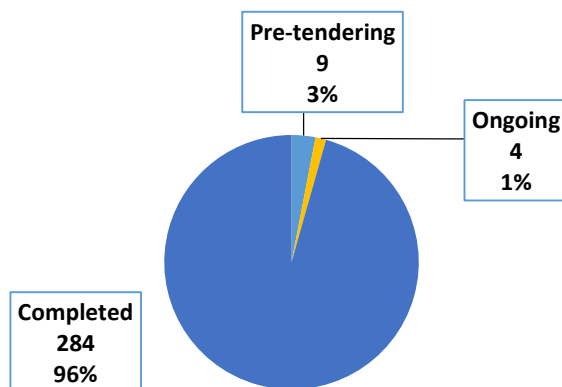
Status of Window 5 sub-projects

	No.	Percentage	Allocation in Euro	Percentage
Pre-tendering	9	3%	1,339,523	7.8%
Tendering	0	0%	0	0.0%
Awarded	0	0%	0	0.0%
Ongoing	4	1%	859,464	5.0%
Completed	284	96%	15,039,061	87.2%
Total	297	100%	17,238,048	100%

Status of W5 interms of allocation

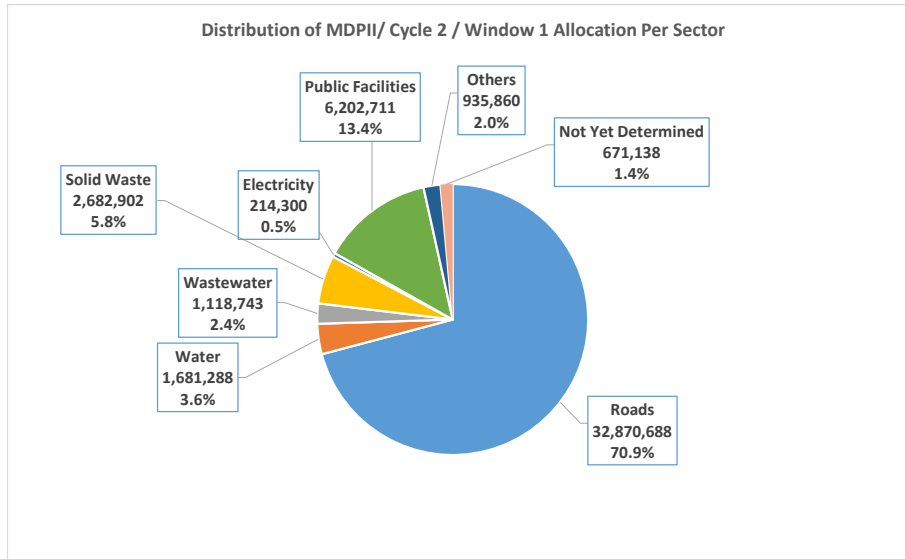


Status of W5 interms of No. of sub-projects



Distribution of MDPII/Cycle 2/ W1 Allocation Per Sector (in Euro)

Sector	Roads	Water	Wastewater	Solid Waste	Electricity	Public Facilities	Others	Not Yet Determined	Total
West Bank	21,779,990	466,821	159,386	107,967	214,300	2,248,461	657,881	516,138	26,150,944
%	83%	2%	1%	0%	1%	9%	3%	2%	100%
Gaza	11,090,698	121,446	959,357	2,574,935		3,954,250	277,979	155,000	20,226,686
%	54.8%	6.0%	4.7%	12.7%	0.0%	19.5%	1.4%	0.8%	100.0%
West Bank & Gaza	32,870,688	1,681,288	1,118,743	2,682,902	214,300	6,202,711	935,860	671,138	46,377,630
%	70.9%	3.6%	2.4%	5.8%	0.5%	13.4%	2.0%	1.4%	100.0%



Window 1 - Cycle 2 / West Bank

Status	No. of projects	Percentage	Allocation (Euro)	Percentage
Mun. review	0	0%	0	0%
MDLF review	10	6%	1,591,781	6%
Approval	1	1%	65,000	0%
Tendering + Retendering	4	3%	336,821	1%
Evaluation	6	4%	790,242	3%
Awarded	2	1%	398,232	2%
on going	58	36%	12,302,559	47%
Completed	78	49%	10,666,309	41%
Total	159	100%	26,150,945	100%

Window 1 - Cycle 2 / Gaza

Status	No. of projects	Percentage	Allocation (Euro)	Percentage
Mun. review	34	17%	3,644,893	18.0%
MDLF review	0	0%	0	0.0%
Approval	0	0%	0	0.0%
Tendering + Retendering	4	2%	484,028	2.4%
Evaluation	0	0%	0	0.0%
Awarded	0	0%	0	0.0%
on going	27	13%	3,442,177	17.0%
Completed	136	68%	12,655,587	62.6%
Total	201	100%	20,226,685	100%

Window 1 - Cycle 2 / West Bank & Gaza

Status	No. of projects	Percentage	Allocation (Euro)	Percentage
Mun. review	34	9.4%	3,644,893	7.9%
MDLF review	10	2.8%	1,591,781	3.4%
Approval	1	0.3%	65,000	0.1%
Tendering + Retendering	8	2.2%	820,849	1.8%
Evaluation	6	1.7%	790,242	1.7%
Awarded	2	0.6%	398,232	0.9%
on going	85	23.6%	15,744,736	33.9%
Completed	214	59.4%	23,321,896	50.3%
Total	360	100%	46,377,630	100%

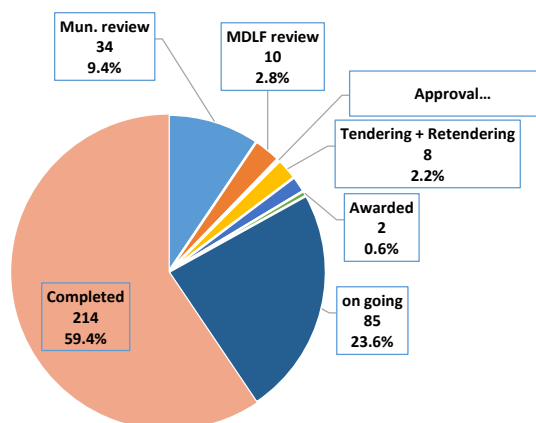
notes:

mun. review: preparing the desing, specifications and bidding documents, getting the approvals from inline ministries (if needed)

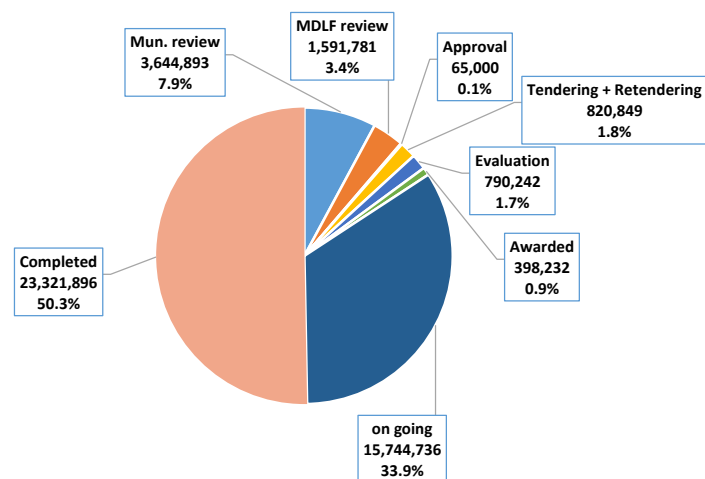
LTCs review: verify the desing, the specification and the bidding documents

MDLF review: final verification prior the approval on the tendering.

Status of W1-2nd cycle - in terms of No. of Sub.projects



Status of W1 - 2nd cycle - in terms of Sub.projects Allocation



**Summary of Environmental and Social Issues within MDPII Cycle 1
Implementation Stage**

▪ **Environmental and Social Notes / Environmental Penalties**

Municipality	Notice Number	Date	Mitigation Measure Violated	Final Payment (Euro)
Al-Itihad	(1)	5/5/2014	Not committed to public safety measures	0
Al-Itihad	(2)	15/5/2014	Not committed to public safety measures	40
Al-Itihad	(3)	3/6/2014	Not committed to public safety measures	40
Al-Itihad	(4)	8/7/2014	Not committed to public safety measures	40
Al-Ram	(1)	11/9/2014	Not enough watering	0
Marj Ben Amer	(1)	3/6/2014	Not using traffic signs	0
Seelet Ad Daher	(1)	11/6/2014	Not enough separation around the culvert area	0
Aqqaba	(1)	21/7/2014	Not enough watering	0
Jayyus	(1)	22/7/2014	Dumping of waste in the street	0
Kufor Tholoth	(1)	19/7/2014	Dumping of construction waste in the school yard	0
Baqa AlSharqyeh	(1)	1/6/2014	Not using warning and traffic signs	0
Baqa AlSharqyeh	(2)	2/6/2014	Not using warning and traffic signs	35.83
Baqa AlSharqyeh	(3)	3/6/2014	Not using warning and traffic signs	35.83
Baqa AlSharqyeh	(4)	8/7/2014	Not using warning and traffic signs	35.83
Deir AlGhouson	(1)	4/6/2014	No water spraying of dust	0
Deir AlGhouson	(2)	11/6/2014	No water spraying of dust	48.92
Jammaen	(1)	2/7/2014	No stairs provided to reach first floor	0
Nablus	(1)	2/9/2014	Not committed to public safety measures	0
Ad Daheriyya	(1)	12/11/2014	Dust emission	0
Ad Daheriyya	(1)	12/11/2014	Hindering people movement in the road (social)	0

Municipality	Notice Number	Date	Mitigation Measure Violated	Final Payment (Euro)
Ad Daheriyya	(2)	13/11/2014	Dust emission	114.1
Ad Daheriyya	(2)	13/11/2014	Hindering people movement in the road	0
Ad Daheriyya	(3)	16/11/2014	Dust emission	114.1
Halhul	(1)	7/12/2014	The lack of warning signs	0

▪ **Social Complaints**

Municipality	Compliant	Solution	Complaint Method	Duration
Jayyus	Shift of pavement of 14.9m2 out of masterplan	This area was excluded of the project	Written	1.5 Month
AlSaqahreh AlSharqyeh	Partial destruction of an external wall	Wall has been built after agreement between the citizen, municipality and contractor	Verbal	10 days
AlZababdeh	Cesspit was found in the road	Municipality couldn't solve the issue with the citizen considering that cesspit shall be removed from the road, though works has hindered and municipality has selected different road	Verbal	2 months, considering that a letter was issued by municipality on this regard on 1/11/2014 even it was verbal complaint

MDPII/Cycle 1 - Capacity Development Package

No	Municipality	CD Package
1	Abasan Al Kabira	CSC
2	Al Eizariyya	
3	An Nseirat	
4	Anata	
5	Arraba	
6	Bedia	
7	Beit Hanun	
8	Beit Ummar	
9	Beta	
10	Seir	
11	Deir Al Balah	
12	Deir Debwan	
13	East Bani Zeid	
14	Idna	
15	Qatanna	
16	Rafah	
17	Silwad	
18	Surif	
19	West Bani Zeid	
20	Azzun	
21	Kafr Dan	
22	Deir Al Ghosoun	

MDPII/Cycle 1 - Capacity Development Package

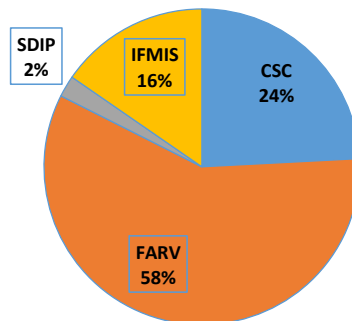
No	Municipality	CD Package
1	Abasan Al Jadeeda	FARV
2	Abwein	
3	Al Fokhari	
4	Al Masdar	
5	Al Mazra'a Ash Sharqeyya	
6	Al Moghraqa	
7	Al Naser	
8	Al Newe'emeh	
9	Al Oja	
10	Al Shokeh	
11	Al Tayybeh	
12	Al Zahra	
13	Al Zawayda	
14	Al Zawyeh	
15	Al-Kafriyyat	
16	Allar	
17	Aqqaba	
18	As Sawahreh Ash Sharqiyya	
19	Aseera Ash Shamaliyya	
20	Ash Shoyukh	
21	Atara	
22	Az Zababedah	
23	Bal'aa	
24	Baqa Al Sharqeyya	
25	Beit Awwa (Al-Yasiriyya)	
26	Beit Foreek	
27	Beit Leed	
28	Beit Ula	
29	Borqin	
30	Bruqin	
31	Deir Ballut	
32	Hableh	
33	Howwara	
34	Jammaein	
35	Janata	
36	Jayyus	
37	Kafr Al Labad	
38	Kharas	
39	Kufor Al Deek	
40	Ne'lin	
41	Qarawat Bani Hassan	
42	Sabastya	
43	Seelet Ad Daher	
44	Seelet Al Hartheyya	
45	Sinjel	
46	Tammun	
47	Tarqumia	
48	Turmosayya	
49	Um Al Naser	
50	Wadi Al Salqa	
51	Wadi Gaza	
52	Nuba	
53	Se'ier	

MDPII/Cycle 1 - Capacity Development Package

No	Municipality	CD Package
1	Ad Doha	IFMIS
2	Al Bireh	
3	Al Braij	
4	Al Ittihad	
5	Al Qarara	
6	Al Ram	
7	Aqraba	
8	Beit Fajjar	
9	Beit Jala	
10	Beit Lahia	
11	Beitunia	
12	Gaza	
13	Marj Bin Amer	
14	Salfit	
1	Al Ubeidiyya	SDIP
2	Nuba	

Package	No. of Municipalities
CSC	22
FARV	53
SDIP	2
IFMIS	14

Distribution of CD packages- MDPII/Cycle 1



MDPII - Cycle 2 - Capacity Development Packages

No.	Municipality	Governorate	CD Package
1	Beit Ummar	Hebron	O&M
2	Kufor Tholoth	Qalqilia	
3	Salfit	Salfit	
4	Birzeit	Ramallah & Albireh	
5	Aqraba	Nablus	
6	Al Ram	Jerusalem	
7	Nablus	Nablus	
8	Abu Dees	Jerusalem	
9	Al Bireh	Ramallah & Albireh	
10	Ramallah	Ramallah & Albireh	
11	Gaza	Gaza	
12	Beit Lahia	North Gaza	
13	Qabalan	Nablus	
14	Anabta	Tulkarm	
15	Tubas	Tubas	
16	Hebron	Hebron	
17	Bani N'eim	Hebron	
18	Jammaein	Nablus	
19	Al Qarara	Khan Younis	
20	Ya'bad	Jenin	
21	Jenin	Jenin	
22	Abasan Al Kabira	Khan Younis	
23	Qabatya	Jenin	
24	Al Zawayda	Deir Albalah	
25	Al Ubeidiyya	Bethlehem	
26	Atteel	Tulkarm	
27	An Nseirat	Deir Albalah	
28	Beit Sahur	Bethlehem	
29	Beit Ula	Hebron	
30	Bedia	Salfit	
31	Bethlehem	Bethlehem	
32	Se'ier	Hebron	
33	AL Samu'e	Hebron	
34	Halhul	Hebron	
35	Tulkarem	Tulkarm	
36	Dura	Hebron	
37	Yatta	Hebron	
38	Deir Al Balah	Deir Albalah	
39	Khan Yunis	Khan Younis	
40	Rafah	Rafah	
41	East Bani Zeid	Ramallah & Albireh	
42	beit Fajjar	Bethlehem	
43	Jabalia	North Gaza	
44	Taffuh	Bethlehem	
45	Bani Sheila	Khan Younis	
46	Al Eizariyya	Jerusalem	
47	Beit Foreek	Nablus	
48	Beit Jala	Bethlehem	
49	Al Yamun	Jenin	
50	Kharas		

MDPII - Cycle 2 - Capacity Development Packages

No.	Municipality	Governorate	CD Package
1	As Sawahreh Ash Sharqiyya	Jerusalem	IFMIS
2	Kufor Al Deek	Salfit	
3	Qarawat Bani Hassan	Salfit	
4	Beit Hanun	North Gaza	
5	Anata	Jerusalem	
6	Tammun	Tubas	
7	Sabastya	Nablus	
8	Ne'lin	Ramallah & Albireh	
9	Meithalun (Al-Muttahida)	Jenin	
10	Baq'a Al Sharqeyya	Tulkarm	
11	Janata	Bethlehem	
12	Az Zababedah	Jenin	
13	AdDaheriyya	Hebron	
14	Beit Awwa (Al-Yasiriyya)	Hebron	
1	Al Braij	Deir Albalah	CSC
2	Beit Liqia	Ramallah & Albireh	
3	Ad Doha	Bethlehem	
4	Al Zahra	Gaza	
5	Tarqumia	Hebron	
6	Al Shokeh	Rafah	
7	Khaza'aa	Khan Younis	
8	Al Maghazi	Deir Albalah	
9	Borqin	Jenin	
10	Taqu'a	Bethlehem	
11	Ash Shoyukh	Hebron	
12	A I Khader	Bethlehem	
13	Al-Kafriyyat	Tulkarm	
14	Al Zawyeh	Salfit	
15	Nuba	Hebron	
16	Kafr Al Labad	Tulkarm	
17	Aqqaba	Tubas	
18	Howwara	Nablus	
19	Aseera Ash Shamaliyya	Nablus	

Results Framework and Monitoring

Country: West Bank and Gaza

Project Name: GZ-Second Municipal Development Project (P127163)

Results Framework

Project Development Objectives

PDO Statement

The objective of the project is to improve municipal management practices for better service delivery and municipal transparency.

Project Development Objective Indicators

Indicator Name	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection	Update as of Feb 2017
				YR1	YR2	YR3	YR4	End Target				
Affected population in Gaza with access to restored municipal services	☐	Number	0.00					100,0000	End of MDPII	Municipal Application forms	MDLF/Local Technical Consultants	1,147,133
Number of municipalities that graduate up the performance category in which they are currently classified, by the end of MDP-II	☐	Number	0.00			25.00		40.00	End of each Cycle	Ranking criteria, Municipal Ranking surveys, Published municipal data	MDLF, Independent Consultants	- 70 municipalities were graduated by end of cycle 01 - MDLF is currently working on updating the ranking for Cycle 02
Number of municipalities that graduate to A ranking, by the end of MDP-II	☐	Number Sub-Type Breakdown	0.00					5.00	End of each Cycle	Ranking criteria, Municipal Ranking surveys, Published municipal data	MDLF, Independent Consultants	No municipality was graduated to rank A by end of cycle 01.

Number of Municipalities that graduate to B ranking	☐	Number Sub-Type Breakdown	0.00					20.0	End of each Cycle	Ranking criteria, Municipal Ranking surveys, Published municipal data	MDLF, Independent Consultants	54 municipalities were graduated to rank B by end of cycle 01. 12 mun. to rank B 42 mun. to rank B+ The new update is currently undergoing
Percentage of municipalities that apply social accountability measures, specifically, at least two public disclosure mechanisms, by the end of MDP-II.	☐	Percentage	68.00			75.00		80.00	End of Each Cycle	Municipal Ranking survey, Published Municipal data, Citizen Satisfaction survey (for verification)	MDLF, Independent Consultancy (for verification)	94% had applied at least two public disclosure mechanism by end of cycle 01. The new update is currently undergoing
Municipalities publically disclosing external audit reports with minimum standards, and with unqualified opinion	☐	Number Sub-Type Supplemental	0.00					55.0	End of Each Cycle	Municipal Ranking surveys, Published Municipal data	MDLF, Independent Consultancy	72% (76 mun. out of 105 mun had disclosed their external audit reports). The new update is currently undergoing
Municipalities publically disclosing participatory SDIP execution and updates.	☐	Number Sub-Type Supplemental	0.00					90.0	End of Each Cycle	Municipal Ranking surveys and mapping, Published municipal data, Citizen Satisfaction Surveys (for verification).	MDLF, Independent Consultancy (for verification)	95.5% (129 mun. out of 135 mun. had disclosed the SDIP execution) The new update is currently undergoing
Municipalities establishing service quality standards for tracking in Citizen Service Support Centers	☐	Number Sub-Type Supplemental	8.00					16.00	End of Each Cycle	Municipal Ranking Survey, Published Municipal data, Citizen Satisfaction Survey (for verification)	MDLF, Independent Consultancy (for verification)	22 municipalities (18 in WB and 5 in Gaza) have a functional CSCs. MDLF is currently working on establishing 18 CSC under cycle 02 (to be completed by June 2017)

Percentage of investments financed under the Project that are operational and in an adequate state of usability, according to technical audits.	☐	Percentage	0.00			90.00	90.00	End of Each Cycle	Technical Audits, Sample of infrastructure sub-projects, site visits, Citizen Satisfaction Surveys (for verification)	MDLF, Independent Consultancies	30 sub-projects were audited (12 in Gaza and 18 in WB). 28 out of 30 audited sub-projects, are fully/partially completed, those sub-projects are functioning suitably and utilized efficiently by the beneficiaries. The other two sub-projects were audited by the in terms of implementation arrangements, and, technical soundness, ...etc. and were not audited in terms of functionality or usability since they were not yet completed. It is worth noting that MDLF had assessed the functionality and usability of those two sub-projects once completed and found they were fully utilized by the beneficiaries. The new update is foreseen to be conducted by April 2017
Direct project beneficiaries	☒	Number	0.00				3,000,000	End of Each Cycle	Municipal Application forms	MDLF/Local Technical Consultants	W1 – (WB : 1,171,055) (Gaza: 964,698) W5: (1,147,133) Total Direct Beneficiaries: (3,282,886) Note: there might be a multiple count, particularly for Gaza, where the beneficiaries of W1 might be the same beneficiaries of W5.

Female beneficiaries	☒	Percentage Sub-Type Supplemental	0.00					49.00				49% * 3,282,886 = 1,608,614
Beneficiaries from roads and public parks established/rehabilitated, by the end of MDP-II	☐	Number	0.00					1,200,000	End of Each Cycle	Municipal Application forms	MDLF, Local Technical Consultants, Municipalities	<u>Cycle 1</u> W1- WB : roads 707,618 W1 -Gaza roads : 156,128 <u>Cycle 2</u> W1- WB: roads 824,338 W1-Gaza roads: 782,229 Total = 2,470,313

Intermediate Results Indicators

Indicator Name	Core	Unit of Measure	Baseline	Cumulative Target Values					Frequency	Data Source/ Methodology	Responsibility for Data Collection	
				YR1	YR2	YR3	YR4	End Target				
Share of identified priority damages repaired by Gaza municipalities.	☐	Percentage	0.00					30	End of MDPII	Damage assessment report, application forms	MDLF/Local Technical Consultants	- The total allocated fund to Gaza emergency component is (\$23.95 Million) from WB, MDTF, KFW, BTC, SDC and EU. - The total estimated damage is (\$ 72 million including the cost of recurrent expenditures needed to restore the basic services) - % of W5 contribution to restore the basic services = 23.95 / 72

												= 33%
Affected population in Gaza with access to restored municipal services	☐	Number	0.00					1000,000	End of MDPII	Municipal Application forms	MDLF/Local Technical Consultants	1,147,133
Number of people in urban areas provided with access to all-season roads within a 500 meter range under the project	☒	Number	0.00					260,000	End of Each Cycle	Municipal Application forms	MDLF, Local Technical Consultants, Municipalities	W1- WB : roads 707,618 Gaza roads : 156,128 Total = 863,746
Roads rehabilitated, by the end of MDP-II	☐	Kilometers	0.00					200.00	End of Each Cycle	Municipal Application forms, Municipal Infrastructure Database	MDLF, Local Technical Consultants, Municipalities, PCBS	W1 – West Bank : 148 Km W1 – Gaza : 14 Km W1 – West Bank: 114 Km W1 - Gaza: 28 Km W5: 45 Km Total = 349 Km (so far)

Number of municipalities that have succeeded in implementing one of the following innovative ideas under Component 2 (renewable energy, E-Municipality, and Local Economic Development)	☐	Number	0.00					8.00	By the End of MDP-II	MDLF Evaluation/Verification	MDLF	- E-Municipality: the MDLF is piloted the E-Municipality on 4 municipalities in West Bank. Renewable Energy: the MDLF is piloted the renewable energy on 8 municipalities (6 in WB and 2 in Gaza) LED: MDLF piloted the LED approach on 12 municipalities in WB funded by the VNG.
Direct Beneficiaries from social infrastructure projects implemented in merged municipalities	☐	Number	0.00					40,000	End of MDP-II	Municipal Application Forms	MDLF, Local Technical Consultants, Municipalities	The total no. of beneficiaries from social infrastructure sub-projects is equal to 113,731
Number of municipalities that have updated their fixed assets and valuation database	☐	Number	0.00			25.00		50.00	End of Each Cycle	Municipal Ranking surveys	MDLF, Independent Consultancy	122 mun. had updated their fixed assets The new update is currently undergoing
Number of municipalities that have updated their Strategic Development and Investment Plans (SDIPs) through applying participatory approach	☐	Number	0.00			30.00		60.00	End of each Cycle	Municipal Ranking Surveys	MDLF, Independent Consultancy	115 mun. had updated their SDIPs The new update is currently undergoing
Number of municipalities where the Operations and Maintenance Manual is rolled out and being applied, by the end of MDP-II.	☐	Number	10.00			30.00		50.00	End of Each Cycle	Municipal Ranking Surveys, Technical Audit, MDLF Verification	MDLF	A manual was developed under MDPI. MDLF is currently working on developing a software for O&M to be piloted on 4 municipalities. It is expected to apply the software on 50 mun in MDPII-cycle 02.
Percentage of municipalities that	☐	Percentage	0.00			90.00		100.00	End of each Cycle	Citizen and Client Beneficiary	MDLF, Independent	A rapid assessment was done for 14 mun. out of 22 which

recorded at least 20% reduction in processing time for at least two of the defined set of services in Citizen Service Centers.										Satisfactions Surveys, Municipality records, MDLF verification	Consultancy	benefited from cycle 1. The results indicated that 50% reduction in the processing time was achieved. The full assessment will be conducted for both cycle by sep.2017.
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ANNEX B

Financial Data



MDPII Disbursement by end of Dec 2016 - (excluding Emergency Component to Gaza) in EURO

Financing Partner	WB		MDTF		KFW		VNG		AFD		PA & MOLG		GIZ		SDC		BTC		Total		
Window	Allocated	Disbursed	Allocated	Disbursed	Allocated	Disbursed	Allocated	Disbursed	Allocated	Disbursed	Allocated	Disbursed	Allocated	Disbursed	Allocated	Disbursed	Allocated	Disbursed	Allocated	Disbursed	(%)
Window 1	5,153,465	4,867,238	14,287,409	14,060,478	12,085,000	11,604,004	0	0	0	0	11,222,700	3,357,017.00	0	0	1,085,000	1,085,000	1,767,000	1,767,000	45,600,574	36,740,737	81%
Window 2	600,000	406,875	2,110,000	1,544,745	0	0	953,250	872,445	700,000	202,521	0	0	0	0	0	0	0	0	4,363,250	3,026,586	69%
Window 3	470,000	27,030	735,000	548,983	410,000	51,657	0	0	230,000	116,721	0	0	372,000	372,000	1,240,000	514,505	0	0	3,457,000	1,630,896	47%
Window 4	1,178,110	925,118	2,160,504	1,542,505	1,005,000	942,861	71,750	80,399	70,000	24,000	867,300	81,047.00	25,000	28,000	175,000	120,049	133,000	133,000	5,688,664	3,876,979	68%
Total	7,401,575	6,226,261	19,292,913	17,696,711	13,500,000	12,598,522	1,025,000	952,844	1,000,000	343,242	12,090,000	3,438,064	400,000	400,000	2,500,000	1,719,554	1,900,000	1,900,000	59,109,488	45,275,198	77%

Note: the WB, MDTF, SDC,VNG, agreements are utilized for both cycles.

MDPII Additional Financing to Gaza Strip - Disbursement by end of Dec 2016 in Euro

Financing Partner	WB		MDTF		KFW		BTC		SDC W5		Total		Percentage
Window	Allocated	Disbursed	Allocated	Disbursed	Allocated	Disbursed	Allocated	Disbursed	Allocated	Disbursed	Allocated	Disbursed	(%)
Window 4	177,019	177,069	634,007	634,058	450,000	372,553	0	0	103,830	102,350	1,364,856	1,286,030	94%
Window 5	2,041,443	2,041,442	8,086,957	7,842,003	4,550,000	4,346,839	350,000	350,000	729,170	729,350	15,757,570	15,309,634	97%
Total	2,218,462	2,218,511	8,720,964	8,476,061	5,000,000	4,719,392	350,000	350,000	833,000	831,700	17,122,426	16,595,664	97%

MDPII Disbursement by end of Dec 2016 - (2nd cycle Agreements) in EURO

Financing Partner	KFW 8000		KFW 10000		AFD 6000		MDTF Additional Financing for Cycle 2		GIZ		KFW Eu		Total	
Window	Allocated	Disbursed	Allocated	Disbursed	Allocated	Disbursed	Allocated	Disbursed	Allocated	Disbursed	Allocated	Disbursed	Allocated	Disbursed
Window 1	6,840,000	4,420,084	10,000,000	4,559,454	5000000	2,805,908	5,052,755.90	2820552	0	0	6,017,860	4,443,409	27,857,860	16,228,855
Window 2	0	0	0	0	345,000	0			92010	92,010	0	0	437,010	92,010
Window 3	540,000	0	0	0	170,000	53,236			279,990	19,371	500,000	27,303	1,489,990	99,910
Window 4	620,000	331,725	700,000	343,000	485,000	215,000	380,314.97	212,004	28,000	8,282	456,250	250,228	2,289,250	1,148,235
Total	8,000,000	4,751,809	10,700,000	4,902,454	6,000,000	3,074,144	5,433,071	3,032,556	400,000	119,663	6,974,110	4,720,940	32,074,110	17,569,010

LDPIII Disbursement by end of Dec 2016 in US\$

Component	Allocated in US\$	Revised Allocated in US\$	Disbursed Amount During 2016	Total Disbursed by end of Dec 2016	% of Disbursement
Output 1: Participatory amalgamation process	456,030	378,784	94,255	375,793	99%
Output 2: Institutional Development of New Municipalities	729,649	215,135	200,254	240,554	112%
Output 3: Joint Projects Implemented	4,742,717	4,770,645	1,783,757	4,755,268	100%
Output 4: Strengthened Local Governance	660,332	385,930	335,825	335,825	87%
5. Programme Management	995,970	674,781	136,324	667,421	99%
5.1 Technical Assistance (Local/International)	259,025	272,494	52,324	273,309	100%
5.2 Reviews (mid-term and annual)	200,653	0	0	0	0%
5.3 MDLF management fee (*)	536,292	402,287	84,000	394,112	98%
Unallocated (1%) / Returned Budget	76,613	882,245			0%
Total	7,661,311	7,307,520	2,550,414	6,374,860	87%

LGRDP Disbursement by end of Dec of 2016 in EURO

Component	Allocated in Euro	Disbursed Amount During the f 2016	Total Disbursed by end of Dec 2016	% of Disbursement
Support for amalgamation in 4 areas (incl. equivalent of 7% management fee)	8,650,000	2,428,999	7,606,594	88%
Total	8,650,000	2,428,999	7,606,594	88%

GSWMP Disbursement by end of Dec 2016 in Euro

WB

Description	Allocation EUR	Actual EUR 2013	Actual EUR 2014	Actual EUR 2015	Actual EUR 2016	Total by end of Dec 2016	Remaining
Com. 1: Solid Waste Transfer and Disposal Facilities	4,927,536	0	0	2,084	870	2,954	4,926,666
Com. 2: Institutional Strengthening	289,855	0	23,285	69,613	56,314	149,212	233,541
Com. 3: Primary Collection and Resource Recovery	72,464	0	0	0	0	0	72,464
Com. 4: Project Management	1,355,072	0	100,000	0	24,490	124,490	1,330,582
Contingencies	601,449	0	0		0	0	601,449
Total uses of Funds	7,246,377	0	123,285	71,697	81,674	276,656	7,164,703
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>7,246,377</u>	<u>0</u>	<u>123,285</u>	<u>71,697</u>	<u>81,674</u>	<u>276,656</u>	<u>7,164,703</u>

GSWMP Disbursement by end of Dec 2016 in Euro

AFD

Description	Allocation EUR	Actual EUR 2013	Actual EUR 2014	Actual EUR 2015	Actual EUR 2016	Total by end of Dec 2016	Remaining
Com. 1: Solid Waste Transfer and Disposal Facilities	7,074,428	0	0	21,900	15,373	37,273	7,059,055
Com. 2: Institutional Strengthening	916,377	0	0	26,545	55,640	82,185	860,737
Com. 3: Primary Collection and Resource Recovery	2,932,406	0	0	0	42,421	42,421	2,889,985
Com. 4: Project Management	1,319,583	0	62,840	0	169,925	232,765	1,149,657
Contingencies	2,507,207	0	0	0	0	0	2,507,207
Total uses of Funds	14,750,000	0	62,840	48,445	283,359	394,644	14,466,641
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>14,750,000</u>	<u>0</u>	<u>62,840</u>	<u>48,445</u>	<u>283,359</u>	<u>394,644</u>	<u>14,466,641</u>

Disbursement of LGRDP II - (by end of Dec 2016)

#	Component	Disbursement in EURO
	Total Available Cash	-
A 02 01	support to implementation of regeneration plans for model LGUs	-
A 02 02	support specific target aspect of regeneration in other LGUs	-
A 02 03	MDLF management fees	-
A 02 04	start-up costs-recruitment	651.65
A 02 05	National consultancies for design and follow up	36,896.30
	Total	37,547.95

Disbursement of LGRDP II - (by end of Dec 2016)

	Item	Disbursement in EURO
A 04 01	support Investments in the cluster (MDLF)	217,728.70
A 02 02	MDLF management fees	-
	Total	217,728.70

Disbursement of HIMI -SDC - (by end of Dec 2016)

No.	Item	Cost (\$)	Disbursement by end of Dec 2016 (\$)	Percentage
1	Infrastructure (WB)	1,079,000	1,081,072	100%
2	Infrastructure (Gaza)	1,350,000	1,349,986	100%
3	LTC for design and supervision (WB)	120,263	117,702	98%
4	Audit	4,000	4,000	100%
5	Management fees (7%)	190,000	190,000	100%
Total Budget		2,743,263	2,742,759	100%