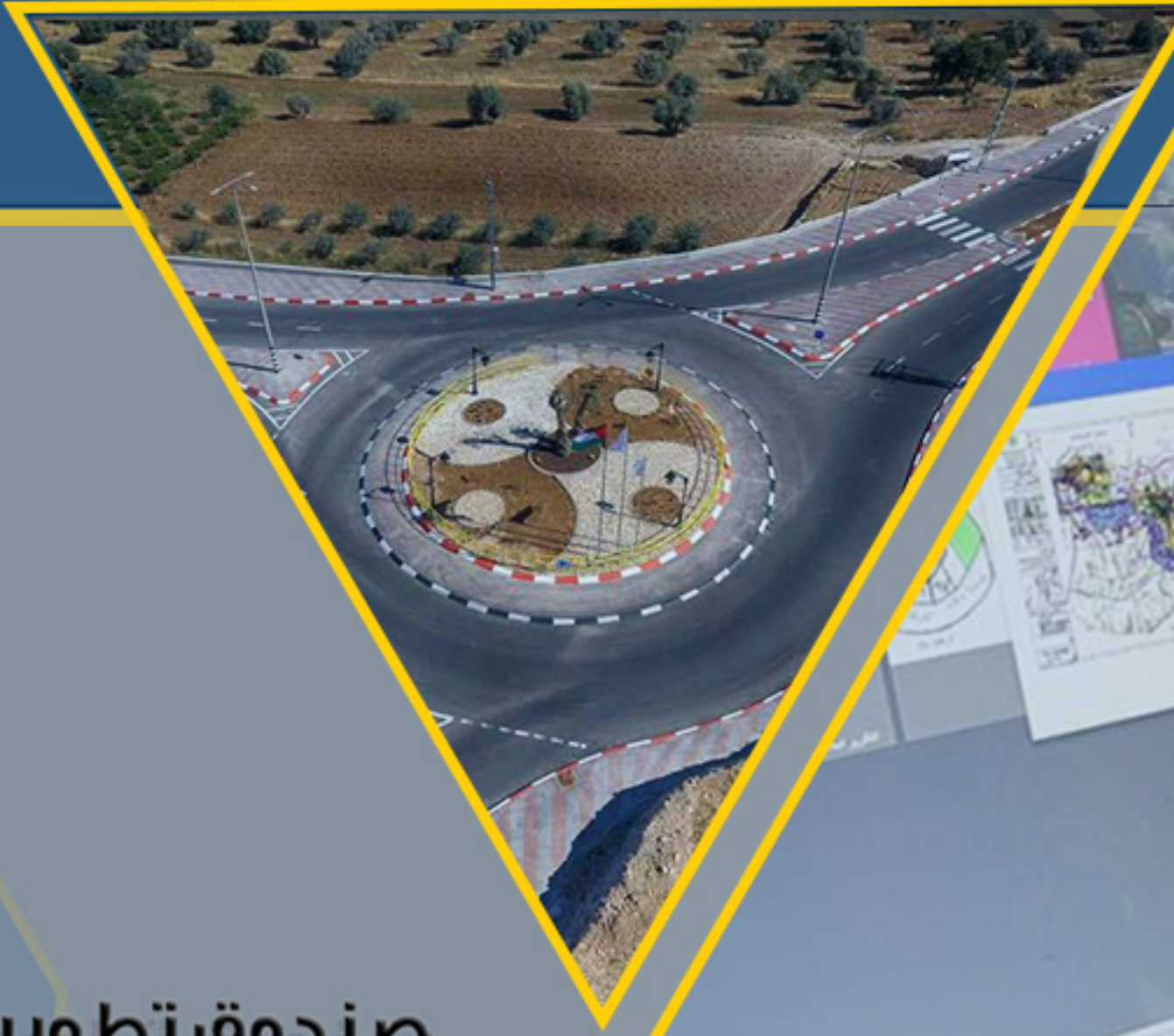




صندوق تطوير وإقراض الهيئات المحلية
Municipal Development & Lending Fund

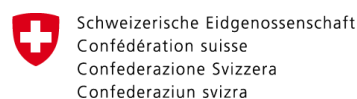
Annual Report 2018





Annual Report 2018

*Municipal Development and Lending Fund
(MDLF) - Palestine
February 2019*





Our Vision

Efficient and effective local government units contributing to achieve a better life for citizens

Our Mission

We are a national organization that strives to empower the local government units to implement national programs and projects that are derived from the local government policies by managing the funds for grants and loans.

MDLF 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

- Empowerment of Local Government Units
- Strengthening MDLF Institutional Development
- Translating the Local Government National Policies to National Programs and Projects

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 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 Centres
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 of Local Government
Mr. Fadi Al-Sharif	Board Member, Representing Palestinian Monetary Authority
Mr. Faisal Fraihat	Board Member, Representing Ministry of Public Works and Housing
Ms. Laila Sbaih	Board Member Representing Ministry of Finance and Planning
Mr. Ammar Al-Dwaik	Board Member Representing Civil Society Organizations
Mr. Majdi Saleh	Board Member Representing Engineers Association
Eng. Musa Hadid	Board Member Representing Association of the Palestinian Local Authorities (APLA)
Mr. Mohammad Abu Ghali	Board Member Mayor of Jenin Municipality (Representing the Municipalities)
Mr. Jihad Khair	Board Member Mayor of Beit Sahour Municipality (Representing the Municipalities)





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A Message from the Chairman of the BOD

As a Minister of the Local Government, and as the Chairman of the Board of Directors of the Municipal Development and Lending Fund “MDLF”, it is with great pleasure to present the MDLF Annual Report for the year 2018. MDLF is one of the leading national institutions; it has been contributing towards developing the State of Palestine through enabling Local Governance. MDLF strives to improve services delivery, achieving sustainable development, and promoting municipal efficiency and accountability. The MDLF concluded one more successful year, with guidance from the Central Government and from the MoLG, with major targets accomplished and new projects undertaken during 2018.



During 2018, the MDLF addressed issues which included infrastructure work, capacity building of municipalities, and with great innovation and creativity developed the multi-phased Municipal Development Program “MDP”. In 2018, the second phase of MDP was officially closed proceeded with major accomplishments in the field which was clearly stated in the evaluation mission of MDPII.

We believe the first step towards improving municipal services is having a well-managed and more accountable local government units. The MDLF started the implementation of the third phase of MDP, with groundbreaking new initiatives in development and reform. The cornerstone of MDP is the way it links the municipal infrastructure allocations with the municipalities' performance. MDP provided technical capacities to the municipalities in aspects of operation and maintenance, planning and financial management, among many others.

Ever since the “MDLF” Law was passed by H.H. President Mahmoud Abbas, the status of MDLF has summited. We value MDLF's full alignment with the national policies and agendas established as part of the overall efforts meant to ensure reform, transparency, and efficiency, which are crucial to develop 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.

It is worth noting that all these achievements would not have been reached without the full support and commitment of H.E the President and the Central Government headed by H.E the Prime towards the development of the local government sector. 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 our achievements possible.

Dr. Husein Al-A'raj

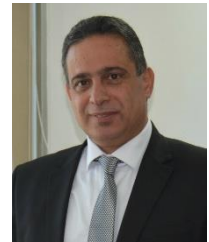
Chairman of the Board of Director,

Minister local Government



A Message from MDLF Acting Director General

2018 marked a year when the MDLF tested new waters and ventured into new territories, trying new approaches while remaining faithful to its primary obligations. We focused on our strengths, improved our operational performance thus achieved promising outcomes. We carried our success while bearing in mind having a responsibility towards our municipalities and the needs of our local society. These issues were all considered in the MDLF new strategy (2017-2021) which was endorsed by the Board of Directors, under which all MDLF interventions were clearly identified towards achieving MDLF objectives.



The core business of MDLF is the Municipal Development Program “MDP”, a ground-breaking initiative aimed towards the development and reform of the local government sector. Designed by the Municipal Development and Lending Fund (MDLF), guided by the Palestinian National Authority, the MDP recognizes that the first step towards improved municipal services is preparing well-managed and more accountable local government units. In 2018, the MDLF has proudly spent US\$ 35 million (thirty five million dollars) in various programs, projects, workshops and initiatives under the MDP, as well as other MDLF programs.

In 2018, we started the implementation of the third phase of the Municipal Development Program (MDPIII), and we officially closed the MDPII which proceeded with major accomplishments on the ground. We carried on introducing the use of advanced information and communication technology to deliver better, more interactive, services and information to citizens under the MDP “windows” which have become the hallmark of the MDLF. Perhaps one of the most unique tasks of the MDLF is working closely with municipalities through its capacity building packages to help them graduate from lower levels up to a higher ranking level, this includes Social Accountability initiative, Fixed Assets Registration and Valuation (FARV), Integrated Financial and Management Information System (IFMIS), Revenue Management Information System (RMIS), and E-municipality (EMS), as well as providing Operations and Maintenance (O&M) packages, and furnishing municipalities with Citizen Services Centers (CSC) and preparing the municipal strategic plans (SDIP) in accordance with the new guidelines.

Most importantly, hundreds of infrastructures and services delivery projects were accomplished along with a number of capacity development packages at the municipal level with more focus on social accountability and citizens engagement as key elements of the reform and good governance.

Furthermore, the MDLF is proud to be one of the few national organizations who dared to work in the Area “C” in the West Bank. The program has been implemented since 2015 and financed by different donors (EU, SDC, DRO, AFD, DFID). Despite the challenges hindered the implementation of infrastructure projects in Area C, MDLF has been implementing several projects with a total financing (EUR 13.5 million) targeting 45 localities which are considered the most vulnerable among the West Bank localities.

MDLF kept the momentum with the implementation of the Gaza Solid Waste Management Project (GSWMP), the 2nd phase of the Local Government Reform Development Programme (LGRDPII), the Regeneration of Historical Centers (RHC) which focuses on strengthening the institutional and technical capacity of involving urban areas in planning their future together, as well as the Local Governance Services Improvement Program (LGSIP) aiming at strengthening the local government financing system and improve local service delivery in program villages.



The "Multi-site Regeneration Project for Jericho, Palestine" Project aims at enhancing the economic development of the city through the localization and rehabilitation of key infrastructures. Additionally, several new programs which expanded our realm of influence were launched. This included the new fund from the GIZ to support the vulnerable communities in Gaza Strip through joining the ongoing programme "Gaza Vulnerable Communities Development- GVCD" funded by the SDC.

I would like to express my appreciation to all of our partners who supported MDLF mission towards a successful 2018. Also, I would like to thank H.E. Dr. Husein Araj, Minister of Local Government and chairman of the board of directors, as well as MDLF staff and employees, for all the hard work they have contributed. I 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 for the benefit of the Palestinian people.

Dr. Tawfiq Bdairi

General Director



Achievements

Since the initiation of MDLF with the aim of improving the municipal services and enhancing the municipal performance. We believe that our work contributes to the building of our Palestinian State through improving the quality and quantity of vital services at the Local Government Units. The following are the accumulated accomplishments achieved until the end of December 2018:

Roads	<u>1,165</u> <u>37,643</u> <u>29.5</u> <u>280</u>	kilometer of roads were paved, developed and rehabilitated, lighting units were supplied, kilometer of retaining walls were constructed, kilometer of sidewalks were constructed.
Water	124	kilometer of water networks were rehabilitated/constructed ,
Wastewater	178	kilometer of wastewater networks were rehabilitated/constructed,
Electricity	<u>14</u> <u>1,647</u>	kilometer of electrical networks were rehabilitated, pre-paid meters were installed.
Public Facilities	<u>112,021</u> <u>111,204</u>	Sq. meter of public buildings were constructed, Sq. meter of parks and public gardens were constructed.
Solid Waste	<u>10,397</u>	solid waste containers were provided,
Persons Days	About 3.5 million Persons day were created	





Key Achievements 2018

Work Progress:

- A new agreement with GIZ was signed targeting the marginalized communities in Gaza Strip.
- The implementation of the Area C Development Programme funded by the EU, SDC, AFD, DFID, DRO witnessed a noticeable progress on the ground.
- The preparation of the new package for Area C Development Programme funded by the EU and the DRO has started since September 2018.
- The 2nd phase of MDP was officially closed by having an ICR mission who confirmed the successful implementation and achievements of MDPII.
- The 1st round of LGSIP joint projects were endorsed by the programme committee and agreed upon with the World Bank and the KFW.
- The LGSIP midterm review was successfully undertaken with a positive findings regarding the implementation progress and achievements.
- MDLF has kept the momentum of implementing the MDPIII, LGRDP II, GVCD, MSR, RHC, LGSIP, ICUD, and Gaza Solid Waste Management Project "GSWMP" with a recorded progress on the ground.

Disbursement:

- *During 2018 the MDLF disbursed nearly US\$ 35 million of infrastructure, capacity building and innovative projects to all municipalities in West Bank and Gaza.*

Institutional Development:

- The MDLF human resources bylaws were upgraded.
- MDLF has kept the momentum for IT and systems development.
- The Grants Management Information System "PGMIS" was upgraded and being tested.
- The MDLF capacity was developed in terms of equipment, tools, and facilities.
- Training to MDLF staff was provided to enhance their capacity.
- Job security for MDLF staff has been improved which included incentives and promotions.
- Web application survey was activated and used for MDLF communication with municipalities.
- Implementation plans for all MDLF interventions were developed.

Communication and Outreach:

- The MDLF PR activities were implemented in accordance with the updated PR strategy and action plan.
- Workshops were organized to outreach Mayors and municipalities staff.
- The MDLF Facebook page was activated.



- MDLF actively participated in the regional events which were organized by the development partners to share MDLF experience regionally.

Projects Outputs:

- 77 Km of roads have been paved.
- 4,231 street lighting units were installed.
- 35 Km of sidewalks/ shoulders and 1 Km of retaining walls have been constructed.
- 31 Km of water networks and 42 Km of sewage network were rehabilitated.
- 17,828 Sq.m public buildings were constructed/rehabilitated
- 11,025 of public parks were constructed.
- 2,466 solid waste containers were provided.
- Around 300,000 Person-Day was created.
- Hundreds of thousands of US\$ were channeled to Gaza municipalities as budgetary support to cover operational expenses and maintenance cost of municipal equipment.





Executive Summary

Our Annual Report for the year 2018 continues celebrating 13 years of The Municipal Development and Lending Fund (MDLF) during which it has accomplished hundreds of projects in various sectors worth more than USD400 million. Our report also reveals new projects and new cycles which demonstrate our insistence to help create more efficient and effective local government units, and improve the lives of our citizens.

Since it was established in 2005, MDLF has had noticeable achievements in community development as well as reforming the local government sector in Palestine through improving municipal infrastructure services, providing capacity development, and nurturing innovative initiatives at the municipal level.

The core business of MDLF is the Municipal Development Program-MDP, a Multi-phased program distinguished by the transfer mechanism aimed to enhance the capacity of municipalities through its four components (capital investments, municipal partnership projects, capacity development and program management). MDP is financed by the Palestinian Government along with several Financing Partners (FPs) including the Agence Française de Développement (AFD), the Danish Representative Office-Ramallah (DRO), 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).

An agreement was signed to launch the third phase of the Municipal Development Program late 2017, with a total value of USD 110 million. The General Director of MDLF, Dr. Tawfiq Bdairi described MDP as a program “where donors collectively support a national program in a coordinated and structured manner, with a single system of funds allocation, standard project selection criteria and standard implementation mechanism based on procedures developed by the MDLF.”

The year 2018 MDLF officially closed the 2nd phase, the closure of MDPII was conducted by an evaluation mission who reported satisfactorily on the implementation and the achievements of the project. Parallel to that, the implementation of MDPIII activities witnessed noticeable progress, where the capital investment for municipal infrastructure sub-projects were well identified and appraised reaching a point that 76 sub-projects (20%) are either completed, 168 sub-projects (49%) are ongoing and 97 sub-projects (31%) are in the tendering and pre-tendering phase (to be implemented during 2019). Additionally, the municipalities' capacity development packages were well identified and communicated with the target municipalities. The TORs for the capacity development packages were updated and shared with development partners and the procurement arrangements has started.

MDLF succeeded in implementing a set of packages for Area “C” development programme in the West Bank funded by the EU and the SDC. The programme aims to improve the social and economic conditions of Palestinian communities in Area C which is crucial for maintaining Palestinian presence in Area C and for the development of the Palestinian economy. Despite numerous challenges faced on the ground including Israeli stoppage and lack of capacity of the target village councils, the implementation of the social infrastructure in Area C witnessed a noticeable progress during the reporting period, so far, around 73% of the sub-projects are either completed, however, 27% are under implementation. The current packages are



expected to be completed by the end of March of 2019 except four sub-projects that would be completed by fall 2019.

Furthermore, MDLF has kept the momentum in implementing the ongoing Programs/Projects in Gaza including the Gaza Solid Waste Management Project (GSWMP) which is funded by the World Bank, Sida, AFD and EU, considered one of the biggest investment in Palestine aiming at improving the solid waste management services in Gaza Strip. Also, the MDLF has been diligently working on implementing the Gaza Vulnerable Communities Development project funded by the SDC, a project which was designed to improve the provision of basic services to the marginalized populations in Gaza Strip. The project was launched and the NGO was contracted to conduct the community mobilization activities at the municipal and the community levels. Most importantly, the GIZ joined the Gaza vulnerable program by topping up the services delivery component aiming at supporting the resilience of those marginalized communities with basic services.

During the reporting period the Integrated Cities for Urban Development (ICUD), a program that enhances the institutional and technical capacities of the selected urban areas for planning a sustainable urban growth, witnessed a noticeable progress for the structured capacity development support as well as the demand driven customized support for Urban Growth Planning in West Bank & Gaza Urban Areas which was clearly stated during the world bank mission April 2018.

The second phase of Local Government Reform Development Programme (LGRDP II) has been progressing efficiently; the most nearly 80% of the projects were either handed over or ongoing. Additionally the Rehabilitation of Historic Centers project (RHC) aiming at improving the economic, cultural and social circumstances in the historical cores of the West Bank has been implemented with some delays due to the sensitivity of the project and lack of capacity of the local councils to rehabilitate the historic centers of a number of ancient localities including Ni'lin, Sabastya, Burqa, Anabta, and Arraba.

On the other hand, Jericho received a distinct attention with a project designed to address some of its core functions¹. The Multi-site Regeneration Project for Jericho aims at enhancing the economic development of the city through the process of "relocalization and rehabilitation" of key infrastructures. The project has started since April 2017 with some progress concluded by signing the work supervision contract as well as the signature of the municipal garage work contract with some delays encountered the institutional arrangements and capacity development.

Following the endorsement of the LGSIP program committee of the 122 eligible village councils to benefit from the LGSIP late 2017, the MOLG have communicated with the VCs and started the sub-projects identification, tendering and implementation effectively. Furthermore, 10 joint projects were identified and then approved by the program committee to be implemented in 2018/2019.

This report presents the progress of MDLF programs and projects during the year 2018 highlighting the key challenges and lessons learnt throughout the implementation. We would like to thank you for your continued support of our actions to assure the success of our Programs.

¹ The rehabilitated infrastructures are the slaughterhouse, the Spanish Garden, and the Municipal garage, all of which shall contribute to support the main city's economic activities (tourism and farming).



Institutional Development

✓ MDLF Strategic Dimensions (2017 – 2021)

Approach and Methodology

At the beginning of 2017, a new strategy for MDLF was developed for the years 2017-2022 taking into account the achievements of MDLF during the previous years and bearing in mind the lessons learned from the multi-dimensional interventions concerning the local government sector development. An outsourced consultant -who was contracted by the GIZ for the benefit of MDLF- followed a clear approach to develop/update the MDLF strategy as follows:

- Desk review of relevant documents provided by MDLF (previous strategic plans, external evaluation reports, annual reports, internal audit reports, projects documents, monitoring and evaluation reports, citizen satisfaction survey reports, municipal ranking reports, programs concept notes and other relevant literature including the 2017-2022 draft local government sector strategy);
- Interviews with members of the Board of Directors, MDLF executive director, manager of operations, heads of departments and some staff to solicit their opinions on progress, obstacles and areas for improvement; in addition to interviews with other stakeholders including: Minister of Local Government the chairman of the MDLF's Board of Directors, Deputy Minister of Local Government, Deputy Director General of Joint Services Councils directorate mayors of Ramallah and Bethlehem Municipalities, representatives of the donor agencies;
- Focus group sessions with representatives of West Bank and Gaza Strip municipalities.
- The process included an open discussion session with the MDLF management team held prior to finalizing the strategic plan update.
- The process involved soliciting information from the key stakeholders related to their satisfaction level of the MDLF's performance, challenges faced, future needs, and areas of recommended improvements to be included in the updated strategic plan of 2017-2022.
- The process included a three-day strategic planning workshop which was held during the period of January 12nd – January 14th , 2017 and followed by small group discussions at more of operational level to produce the operational plan.

The methodology for preparing the strategic plan of MDLF relied on a comprehensive approach to analyze the internal and external environment of MDLF, shown in figure 1 below which illustrates a summary of the approach and steps followed in preparing the five-year strategic plan of MDLF.

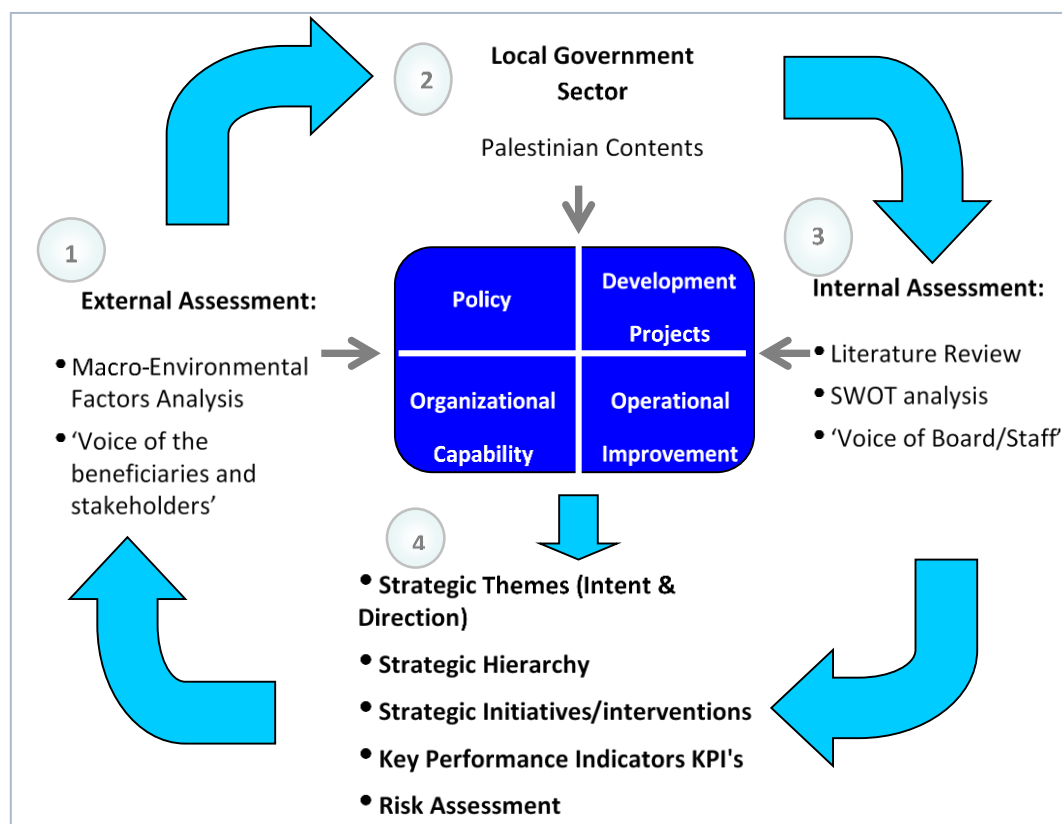


Figure 1: Illustration of approach for SP update (2017-2021)

Assessment (Diagnostic) of MDLF was carried out through three main sources:

- Results of the overall environmental scanning covering MDLF's internal and external environment with an overview of its *Organizational Capacity*. The purpose is to explore the *Strengths* and *Areas for Improvement* that do exist within the internal environment of MDLF as well as the *Threats* and *Opportunities* facing the organization in its external environment, and use these as *organizational learning* with forward-looking approach to determine how to maximize the impact of MDLF, thus serving as main inputs into the five-year strategic plan (2017 – 2021).
- Further follow-up sessions with senior managers including the Executive Director to solicit their opinions on the results of the evaluation particularly vis-à-vis the Strengths and Weaknesses as identified by the overall evaluation.
- The results of the assessment (diagnostic) report was shared with the Board Members for their review. The key findings, SWOT analysis, and the strategic framework were presented and discussed with the Board of Directors who endorsed the strategic framework for the 2017-2021 strategic plan.

MDLF Strategic Themes and Objectives:

Based on the understanding of MDLF's Strengths, Weaknesses, Opportunities and Threats in the current environment of the organization, the Board of Directors, the Management and staff at MDLF will continue in the next five years to scan the environment, assess and deepen their approaches to the work and the various interventions. Simultaneously, MDLF will continue



assuming its leadership role in managing the funds (grants and loans) to empower the local government units to implement the national programs and projects and will explore the possibility of actively engaging all relevant bodies and stakeholders in its programs. MDLF will explore all possible means to achieve sustainability to achieve its stated mission and goals. It will identify and ensure best practices in the design, delivery and monitoring of its programs and services, including the conduct of needs assessments, effective and efficient design of the programs, and the setting of appropriate measures and techniques with particular reference to measuring the impact of its work. Among other strategic choices, MDLF will continue working to achieve the following strategic themes and objectives:

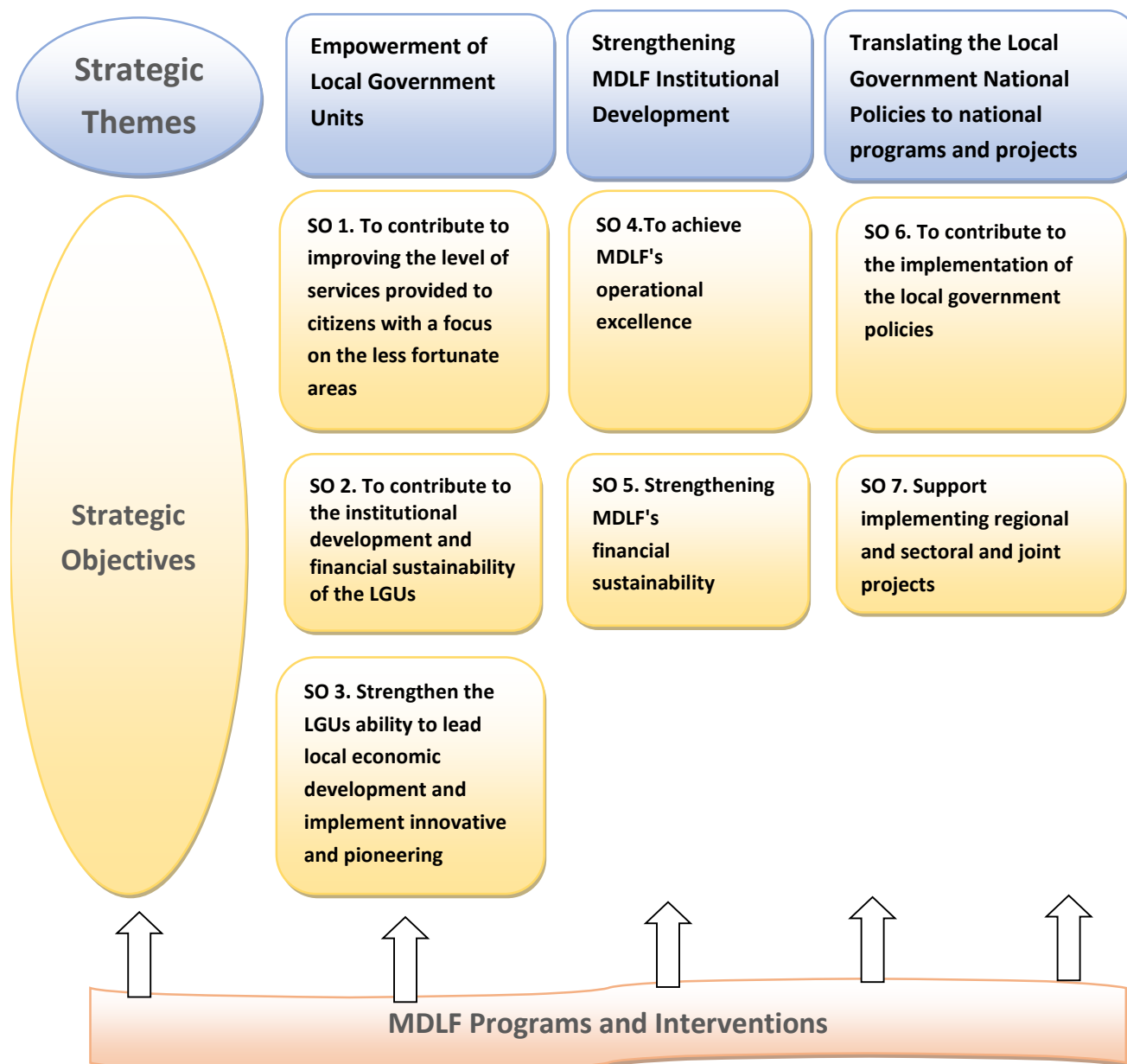


Figure 2: Illustration of MDLF Strategic Themes and Strategic Objectives (2017-2021)



✓ Human Resources Development

The HR unit updated the HRDP, and conducted several training programs for the MDLF employees. These pieces of training aimed at developing the performance of the MDLF employees in all aspects of MDLF operations and programs. Eventually, this will lead to having the goals of each department met in line with the overall MDLF strategic objectives.

The HR unit updated the financial and administrative manuals. These updates are:

- Reviewed the overall HR system of MDLF.
- Reviewed the existing organizational structure.
- Reviewed the financial and administrative procedures.

During 2018, different trainings were conducted for the employees. The pieces of trainings were carried out both locally and internationally, they included:

- Effective Budgeting and Cost Control (two employees attended)
- Electronic Archiving (two employees attended)
- Procurement management in the public sector (two employees attended)
- E-Procurement (two employees attended)
- PMP (Eight employees attended)
- Result Based Management (One employee attended)
- Strategic planning and administrative development (Five employees attended)

✓ Outreach and Communication

MDLF prepared a communication plan for 2018 to share its vision, goals, and activities with the Palestinian municipalities, its partners as well as the public. The plan served as a guide for media and public relations activities in which MDLF was engaged throughout the year 2018. Various outreach models were taken into consideration in order to establish dialogues and linkages with various institutions or groups, including presentations, meetings, and applying communication products.

MDLF promotional and media coverage:

Throughout the year 2018, MDLF issued different materials in-print including an Informative brochure in Arabic and English about MDLF and MDP III, the updated Strategic Plan, the Semi-Annual report, MDLF Infographic, MDLF E-Newsletter in Arabic and English about Area C Program.

Also, MDLF used audio and video tools, to create documentary films that promoted MDLF and MDP Achievements as a core business of MDLF. Other promotional short spots were made covering in a simple way the work of MDLF. These tools were launched on MDLF website, YouTube and Facebook. A specific web page was also launched for the movie to reach larger audience.

Events and workshops:

As part of our belief in creating direct linkages and opening communication channels with our beneficiaries, tens of workshops were held for different programs covering all aspects of MDLF interventions. Several events like signing grants implementation agreements with the target LGUs benefiting from the Area C development programme –package III and IV (funded by the Danish, AFD, UK through the EU), Also Signing an agreement with the KFW for the support of the third phase of Municipal Development Program (MDP), and signing an agreement For The Implementation Of Nineteen Social Infrastructure Projects In Area C.

Furthermore, many orientation and training workshops were held by MDLF on solar Energy for West Bank and Gaza Strip Municipalities. Additionally, a workshop for West Bank and Gaza Strip Municipalities to discuss the preparations of MDPIII Program was carried out concurrently. Also Municipal Development And Lending Fund And The Ministry Of Local Government Held A

Workshop Entitled: "Social Accountability".Also, a "Marathon" was organized at North Idna, Hebron Governorate, for children. The activity was part of the EU-funded project for Area C Development, which was successfully implemented by the Municipal Development and Lending Fund (MDLF).



Field Visits & Meetings: During 2018, MDLF specially focused on reaching out for the municipalities in the West Bank and Gaza, headed by the Director-General as well as the executive staff. MDLF visited numerous municipalities and their projects to be able to get direct feedback on MDLF interventions.



Receiving Missions: Throughout the year 2018, MDLF received several missions from different international and national organizations working in the field of local government. The missions received an introduction about the work carried out by MDLF, especially focusing on MDP III, with the aim of promoting a collaborative approach.





MDLF Programs/Projects

- ✓ 1: Municipal Development Program – Phase III (MDP III)
- ✓ 2: Development of Area C in the West Bank – Package II “EU/DRO Fund”
- ✓ 3: Development of Area C in the West Bank – Package III “EU Fund”
- ✓ 4: Development of Area C in the West Bank – Package IV “EU/(AFD+UK) Fund”
- ✓ 5: Development of Area C in the West Bank – Package II “SDC Fund”
- ✓ 6: Gaza Vulnerable Communities Development “SDC Fund”
- ✓ 7: Gaza Solid Waste Management Project (GSWMP)
- ✓ 8: Local Government Reform & Development Programme – Phase 2 – (LGRDP II)
- ✓ 9: Regeneration of Historical Centers (RHC)
- ✓ 10: Integrated Cities for Urban Development (ICUD)
- ✓ 11: Multi-site Regeneration Project in Jericho
- ✓ 12: Local Government Services Improvement Programme (LGSIP)





1. The Municipal Development Program (MDPIII)

1.1 Introduction

The Palestine Liberation Organization, for the benefit of the Palestinian National Authority (PNA), has received an initial financing of EUR 102.8 *Million* from the World Bank-International Development Association (IDA), KfW, Denmark, SDC, VNG, GIZ and AFD towards the cost of the 3rd phase of the Municipal Development Program (MDPIII).

The MDPIII is aligned with the PA's long-term strategy to consolidate and strengthen service delivery in the local governance sector towards financially sustainable LGUs, as specified in the MoLG's Sector Strategy 2017-2022.

The MDPIII is at the center of a series of interlocking interventions by the multi donors in collaboration with the central government to strengthen the institutional development, accountability and financial sustainability of local governance and service delivery in Palestine. The MDPIII will consolidate and scale up past gains under MDPI and MDPII in municipal performance and accountability enhancement and will start enabling the environment for municipal partnerships with the private sector to improve the efficiency and sustainability of municipal services.

1.2 MDP III Description

A. PDO

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

B. Project Beneficiaries

The participants of the project are all 144 municipalities in the West Bank and Gaza. The beneficiaries are the population in all the municipalities, which is estimated to 3, 611,649² representing 75% of the total population of West Bank and Gaza.

C. Project Components

Component 1: Municipal performance and Service Delivery. MDPIII is the third municipal development project to support and incentivize improvements in the development of municipal management capacity. Previous MDPs financed municipal infrastructure and service delivery through the provision of basic block and performance-based grants, and provided demand-driven capacity development support for municipalities. This approach was very innovative at design and has shown to be highly effective. The proposed MDPIII would continue this overall approach while focusing more on improving financial sustainability and accountability in municipal service provision. Like MDPI and MDPII, municipal performance will be measured through Key Performance Indicators (KPIs), yet these have been substantially revised to reflect a greater focus on the sustainability of municipal services. Performance measurements will encompass three main areas for reform: i) Financial Performance and Sustainability, ii) Institutional Performance, and iii) Transparency, Accountability and Participation.

² Based on Palestinian Central Bureau of Statistics predicted populations for 2016.



Component 2: Capacity Development. This component of the project would continue to strengthen municipal capacity in the project's three performance areas: (i) financial sustainability, ii) institutional performance and iii) transparency, accountability and participation. In addition, specific attention will be paid to higher order needs of municipalities that will enable them to improve their financial sustainability and credit worthiness, strengthening other core municipal functions as well as strengthen their social accountability to their citizens and stakeholders.

Municipal capacity development activities will continue to be identified by municipalities and MDLF to enable municipalities to achieve results and improve their performance. The performance measuring system will be applied to identify relevant capacity building activities to the municipality, which will be delivered to improve capacity and sustain results achieved.

Component 3: Municipal Partnership Projects. This component will provide technical assistance and project financing to municipalities to: a) engage more effectively with the private sector, and b) work across administrative boundaries to develop joint and/or innovative investments for municipal service delivery and local economic development. The Bank will finance only the technical assistance portion under Sub-component A.

- **Sub-Component A: Private Sector Partnership Support.:** In order to better leverage private sector engagement, this component will support municipalities to identify, develop, and structure opportunities for private sector participation in municipal service delivery and local economic development on a demand-driven basis.
- **Sub-Component B.** This sub-component will finance top-up payments complementary to the grant allocations under component 1 to incentivize municipal joint and/or innovative investments based on municipal demands to leverage economies of scale for municipal investments and facilitate financially sustainable municipal investments.

Component 4: Project Implementation Support and Management. This component will finance goods and consultant services for monitoring and evaluation, outreach and communication and local technical consultants for the engineering supervision of Component 1 and the MDLF management fee.

1.3 Financing Partners Contributions

The MDPIII is supported by the Palestinian National Authority along with the Agence Française de Développement (AFD), the Danish International Development Assistance (DANIDA), the World Bank, the German Development Bank (KfW), the German International Technical Cooperation (GIZ), the Netherlands (through VNG International) and the Switzerland (through SDC). **Table 1** below illustrates the list of financing agreements and the contributions of financing partners for MDPIII.





Table 1: List of MDPIII Signed Agreements

Donor	Fund Amount	Signature Date	Completion Date as per the Agreement	Notes
GIZ Agreement (for cycle 1)	€ 150,000	December 5 th , 2017	December 31 st , 2018	This fund will be utilized in MDPIII-1 st cycle. The GIZ contribution to MDPIII-Cycle 1 was added as an amendment of the LGRP.
KfW Financing Agreement (for cycle 1 & cycle 2)	€ 40,000,000	December 12 nd , 2018	December 30 th , 2022	This fund will be divided equally for MDPIII-1 st cycle and MDPIII-2 nd cycle.
AFD Financing Agreement (for cycle 1)	€ 4,000,000	April 26 th , 2017	December 31 st , 2021	This fund will be utilized in MDPII-1 st cycle
World Bank Agreement (for cycle 1 and cycle 2)	\$16,000,000	September 18 th , 2017	February 28 th , 2022	This fund will be utilized in both cycles of MDPII
Multi Donor Trust Fund Agreement (for cycle 1 and cycle 2)	\$ 20,000,000	November 27 th , 2017	February 28 th , 2022	This fund will be utilized in both cycles of MDPIII
SDC Agreement (for cycle 1 and cycle 2)	€ 4,818,000	November 1 st , 2017	December 31 st , 2021	This fund will be utilized in both cycles of MDPIII
VNG Agreement (for cycle 1 and cycle 2)	€ 1,200,000	October, 2017	December 31 st , 2020	This fund will be utilized in both cycles of MDPII

Additionally, the PA contribution was committed to be 10% of the total fund plus the residual fund from the PA from MDPII. Furthermore, the saving from the (AFD-MDPII) in the amount of **Euro 875,000** was agreed with the AFD to be invested in window 1 of the MDPIII- Cycle 1. Chart 1 & Chart 2 below illustrates the financing partners contribution for MDPII and the financing distribution per component, respectively.

The total cost of the MDPIII reaches **EUR 102,883,800** – from which **EUR 51,049,083** million Euros will be invested in the 1st cycle, and **EUR 51,834,717** will be utilized for cycle II.

Chart 1: MDPII Financing Partners Contribution for the MDPIII

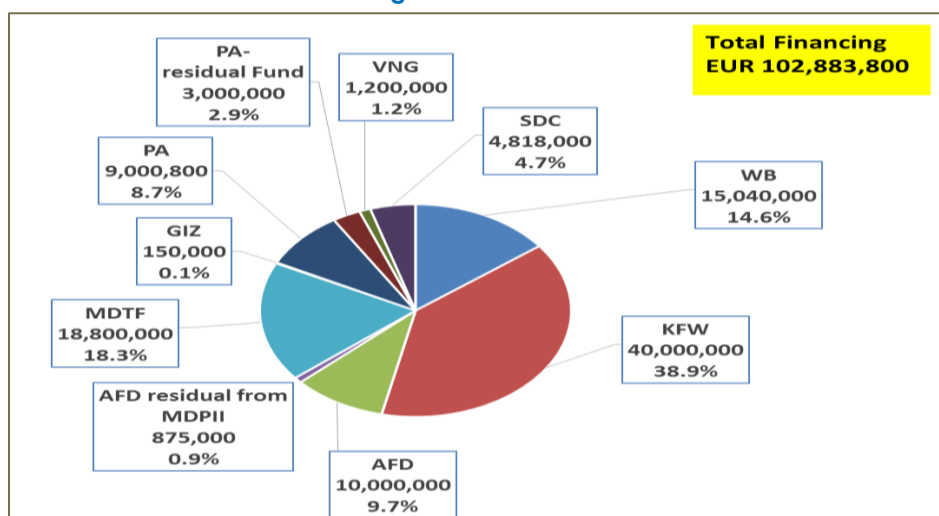
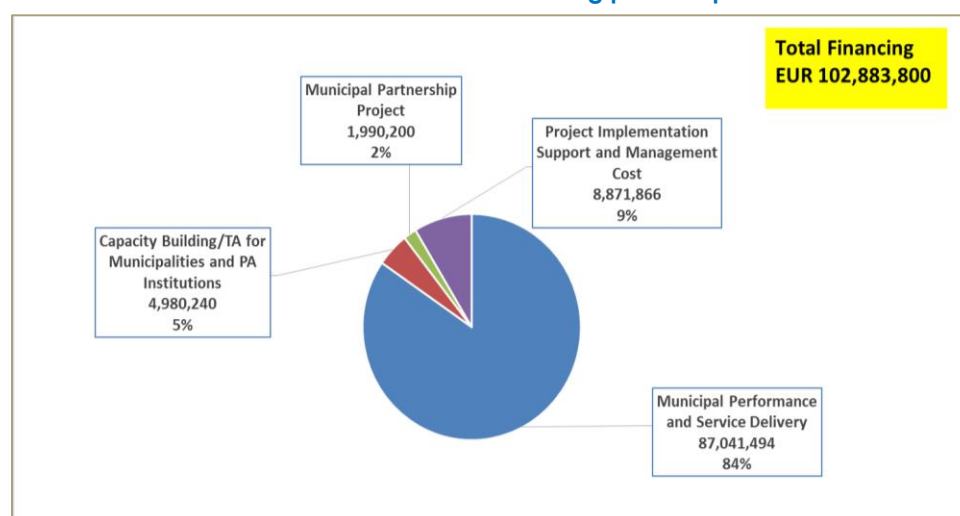




Chart 2: Distribution of MDPIII Financing per Component



1.4 The Grant Allocation Mechanism “GAM”

The Grant Allocation Mechanism is the most important element of the MDP. A performance-based formula has been used in conjunction with infrastructure grants in Palestine. Grant Allocation Mechanism (GAM) concept for MDP III is based on the revised and updated GAM of MDP II. The concept aims at changing contents and procedures gradually and as far as justified by challenges identified in the stakeholder assessments, while maintaining proven features. The MDLF and the Financing Partners agreed that the allocation formula for MDP III will be as follows:

- **50% of the total component 1 financing would be allocated for the block grant**

The block grant will be allocated based on population (40%) and needs (60%). All municipalities will receive block grants, subject to simple eligibility criteria. Regarding the needs it consists of a flat rate of 25.000 EUR (no change compared to MDP II), and a remaining needs allocation will be distributed based on existing infrastructure and access to services³.

- **50% for performance** (equal to MDP II), but with modified key performance indicators (21 KPIs for MDPIII- vs. 16 KPIs for MDPII) and with modification on the graduation ladder.

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 10 levels (D, C, C+, C++, B, B+, B++, A, A+, A++) as illustrated in Table 2 below. Within each ranking level (D, C, B and A) specific key performance indicators were identified which reflect the municipal performance in:

- Financial Performance and Sustainability (FPS)
- Institutional Performance (IP)
- Transparency, Accountability and Participation (TAP)

³ Under MDP II, the remaining needs share after the flat rate was attributed to 50% according to infrastructure equipment and to 50% according to household income data on governorate level. PCBS is presently not updating the governorate based household income data, so there is not recent data base available and the link to poverty on municipal level is weak.



Table 2: Key Performance Indicators for MDPIII

1. Basic Grant allocated based on population and needs				
Eligibility Conditions	i. Annual Budget approved by the Municipal Council and submitted to MoLG on a timely basis ii. SDIP prepared according to new Guidelines (from year 3)			
2. Performance Grant. Grant allocated to municipalities based on performance according to KPIs				
Categories	D	C	B	A
No. of KPIs	3 KPIs	6 KPIs	6 KPIs	6 KPIs
Graduation	Compliance of 3 KPIs	C: compliance of 2 out of 6 C+: compliance of (3,4) out of 6 C++: compliance of 5,6 out of 6 In addition to the KPIs in rank D	B: compliance of (2) out of 6 B+: compliance of (3,4) out of 6 B++: compliance of (5,6) out of 6 In addition to the KPIs in rank D & rank C	A: compliance of (2) out of 6 A+: compliance of (3,4) out of 6 A++: compliance of (5,6) out of 6 In addition to the KPIs in rank D & rank C and rank B
Performance Areas	Key Performance Indicators Matrix			
Financial Performance and Sustainability			7. At least 10% of the budget execution for O&M a) O&M expenditure > 10% of total operational expenditure in last complete FY	1.O&M Plan in place a) Computerized plan in line with manual b) Annually updated c) Plan consistent with assets registry and new works and services d) Plan includes instit. development
		13. Year on year increase or > 50 NIS own source revenues (excluding enterprise revenues) a) Own source revenues (see manual) have increased compared to previous FY or reached 50 NIS per capita	8. Operational Surplus achieved a) Operational expenditures are below operational revenues of the last complete FY	2. Staff Costs <45% WB <70% GZ of Operational and Capital expenditure a) Total staff expenditure operational budget <45% (WB) or <70% (Gaza) of total expenditure operational budget in last complete FY
	19. Separate bank Accounts for Enterprise revenues established a) Bank statements showing that separate bank accounts are opened and in use.	14. Separate financial accounting for enterprise revenues and expenditures established a) Executed enterprise budget of last FY with income statement and bank reconciliation (if any enterprise activities)	9. No increase in net lending a) No increase in net lending according to MoF data b) Administrative reduction of net lending has not been counterbalanced by an increase in net lending	3. Cost Accounting Systems set up a) financial statement for each fund in last complete FY b) report for each cost center of enterprise fund in last complete FY c) documented and justified overhead allocation in last complete FY



Institutional Performance	20. Financial Accounting Policies and Procedures in place a) two last quarterly reports available and conforming with minimum content according to manual	15. Executed Budget Statement for the previous FY submitted to MoLG on time a) Executed budget covering complete fiscal year (January – December) available b) MoLG informs MDLF	10. Unqualified Audit Opinion from Annual external audit a) Audit report totally satisfactory with regard to items listed in the manual b) Audit follows up previous management letters and municipality has addressed issues raised adequately	4. IFMIS implemented a) system is conforming to minimum requirements (see main manual) b) timely issuance of last two quarterly reports within one month after the end of reporting period
		16. Fixed Asset Register in place and updated a) Fixed asset registry set up according manual b) Fixed asset registry has been updated annually	11. At least 70% Budget Execution a) Operational revenues executed > 70% of budget plan b) Operational expenditure does not exceed planned operational revenues, except covered by executed revenues	5. Green Spaces implemented a) maintained green areas, sport areas, play grounds and parks (source PCBS) > 0.5 m ² per capita in WB urban and > 0.3 m ³ in WB rural and Gaza
Transparency, Accountability and Participation	21. Public Disclosure of annual budget, SDIP and MDP performance ranking a) Information disclosed in line with public disclosure procedures b) (second cycle) Annual budget plan disclosure done in the readable budget format	17. Public Disclosure of executed budget and executed SDIP a) Council decision approving executed budgets (see manual) b) Council disclosed executed budget and executed SDIP according to disclosure procedures by March 31 of the following year c) (second cycle) Budget disclosure done in the readable budget format	12. Audit opinion disclosed to citizens and stakeholders a) External Audit in the last complete FY b) Disclosure of audit opinion by foreseen means	
		18. Municipal Complaint System established a) Complaint process posted on homepage / Facebook or bulletin's board		6. Functional Municipal Complaint System following MoLG guidelines a) (still to be specified)



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 MDPIII and early 2017, 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 levels. **Chart 3 and Chart 4** show the municipal ranking and the compliance of municipalities with the KPI-16 before launching MDPIII.

Chart 3: Municipal Ranking – MDPIII baseline 2017

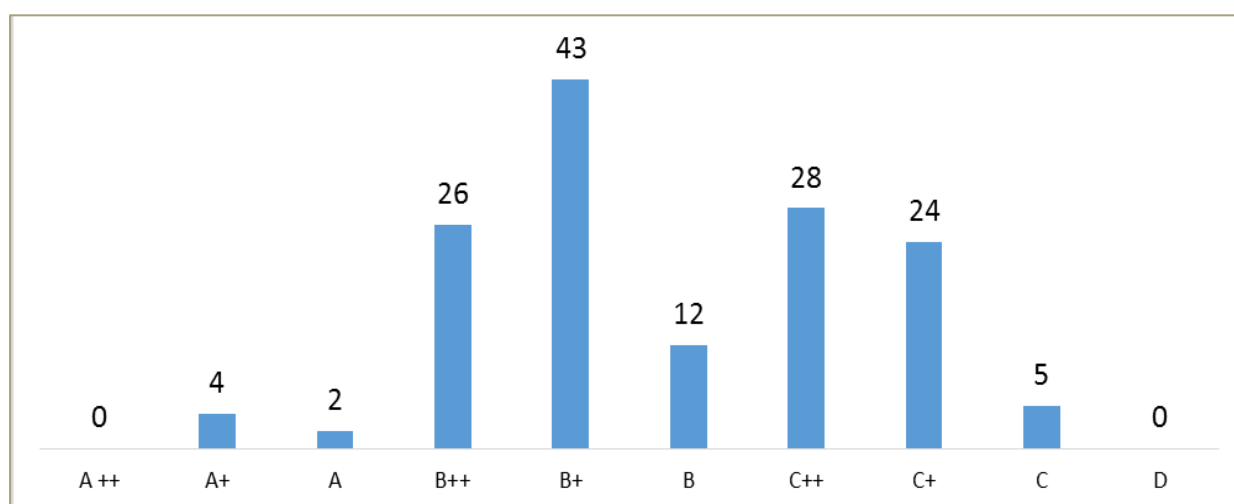
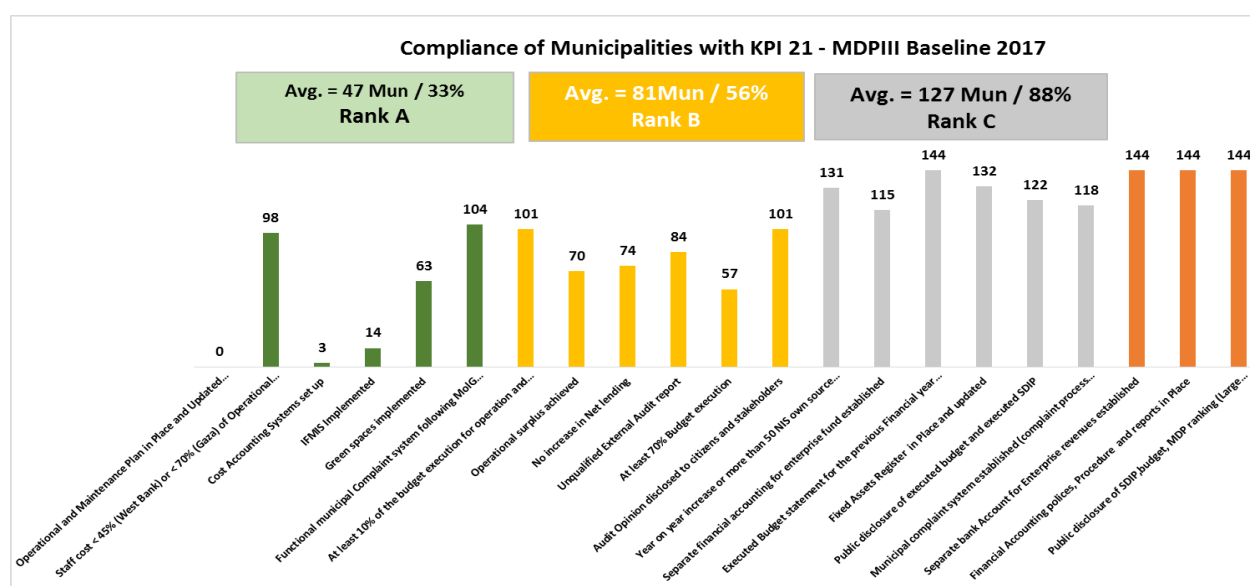


Chart 4: Compliance of Municipalities with KPI-16



✓ **Municipalities Allocation (1st cycle)**

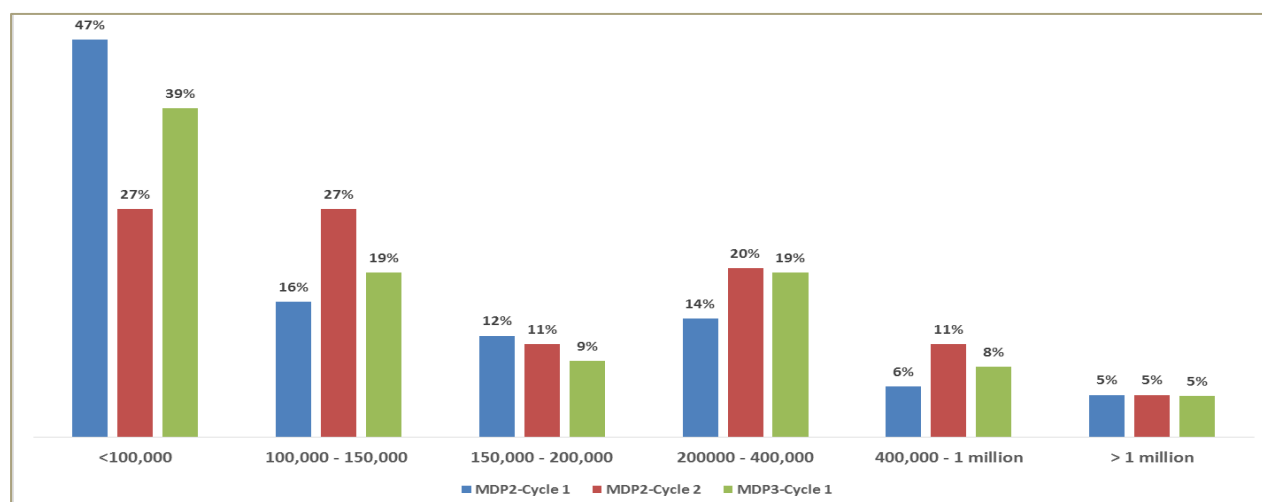
Allocations were calculated using the new criteria for MDPIII (50% performance, 20% population, 30% needs). Where the total allocated amount for this component is equal to **EUR 42,818,489**.

Based on the allocation formula, the majority of municipalities (39 %) were allocated less than EUR 100,000; around 19% was allocated EUR (100,000-150,000); around 9% was allocated EUR (150,000-200,000); around 19% was allocated EUR (200,000-400,000); around 8% 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 MDP cycles.

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



1.5 MDP III - Implementation Status and Activities

✓ Component 1: Municipal performance and Service Delivery (1st Cycle)

This Component allocates the block and performance-based grants for capital investments in municipal service provision and for operating expenditures especially for Gaza municipalities. The fund are distributed across 144 municipalities (119 in West Bank and 25 in Gaza Strip). The total allocated amount for this component is equal to **EUR 42,818,489** out of which **55% are allocated for West Bank and 45% for Gaza Strip**.

Table 3: MDPIII-Cycle 1 Allocation

	WB	KFW	AFD+AFD residual	MDTF	PA	SDC	Total (EUR)
	6,142,218	18,240,712	4,433,750	7,810,529	4,179,234	2,012,045	42,818,489
West Bank	3,474,296	10,451,013	2,585,202	4,475,042	1,377,340	1,152,801	23,515,696
Relative Weight	57%	57%	58%	57%	33%	57%	55%
Gaza	2,667,921	7,789,698	1,848,548	3,335,488	2,801,894	859,244	19,302,793
Relative Weight	43%	43%	42%	43%	67%	43%	45%

The municipalities were informed about their allocation in **October 2017** and they were asked to apply for their investment priorities using a standardized application form published on the web. Since then, the municipalities started filling out the application forms under a direct supervision from MDLF engineers. 4 orientation workshops attended by all municipalities in WB&G were conducted during the 1st quarter of 2018. During the workshops MDLF presented the updated ranking, infrastructure application forms, Environmental and social Management Framework (EMSF), Land Acquisition and Livelihood (Policy) Framework (LALPF), Cost-Benefit Analysis as well as the financial and procurement arrangements. MDLF had also presented the lessons learnt from the MDPII implementation regarding the infrastructure priorities, procurement and bidding documents.



One of the major obligations of MDPIII 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 April, 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, **142 sub-projects proposals were received from 119 municipalities in the West Bank in a total allocation (EUR 23,515,696) and 207 sub-projects proposals from 25 municipalities in Gaza Strip in a total allocation (EUR 19,302,793).**

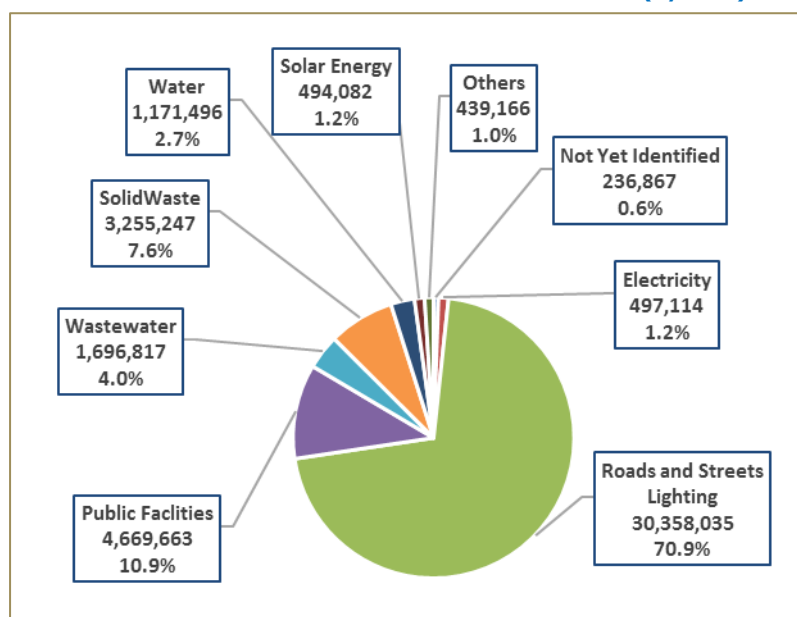
A quick look into the submitted sub-projects proposals reveals that **(71%)** of the W1 allocated fund will be invested in road projects. The second sector is the public facilities **(11%)** including municipal buildings, libraries, community centers, and public parks. The third needed sectors is Solid Waste in a percentage **(7.6%)** followed by **Water (2.7%)** and **Wastewater (4%)**. **Table 4 and Chart 6** illustrates the distribution of **(window 1- cycle 1)** allocation by sector.



Table 4: Distribution of MDPIII-W1 Fund Per Sector (cycle 1)

	Sector	Not Yet Identified	Electricity	Roads and Streets Lighting	Public Facilities	Wastewater	SolidWaste	Water	Solar Energy	Others	Total
West Bank	Allocation (EUR)	236,867	497,114	17,785,424	2,630,393	468,903	341,769	903,530	247,517	404,178	23,515,696
	No. of Projects	2	3	103	15	4	4	6	1	6	144
Gaza	Allocation (EUR)	0	0	12,572,611	2,039,270	1,227,913	2,913,478	267,966	246,565	34,988	19,302,793
	No. of Projects	0	0	82	20	14	60	12	5	4	197
Total Allocation		236,867	497,114	30,358,035	4,669,663	1,696,817	3,255,247	1,171,496	494,082	439,166	42,818,488
Total No of Projects		2	3	185	35	18	64	18	6	10	341
Percentage (Allocation)		0.6%	1.2%	70.9%	10.9%	4.0%	7.6%	2.7%	1.2%	1.0%	100%

Chart 6: Distribution of MDPIII-W1 Allocation Per Sector (cycle 1)



✓ **Status of W1 sub-projects (cycle 01)**

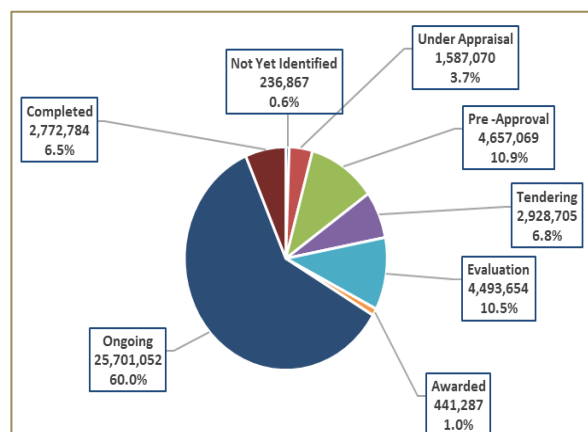
The implementation of W1 – 1st cycle sub-projects in the West Bank and Gaza is still at the design and appraisal stage where the status can be illustrated in table 5 and chart 7 below:

Table 5: Window 1 - Cycle 1 / West Bank & Gaza

	Status	Not Yet Identified	Under Appraisal	Pre -Approval	Tendering	Evaluation	Awarded	Ongoing	Completed	Total
West Bank	Allocation	236,867	1,587,070	2,818,666	1,489,650	4,493,654	345,287	11,620,070	924,432	23,515,696
	No. of Projects	2	10	19	9	21	4	66	13	144
Gaza	Allocation	0	0	1,838,403	1,439,055	0	96,000	14,080,983	1,848,352	19,302,793
	No. of Projects	0	0	21	10	0	1	102	63	197
Total Allocation		236,867	1,587,070	4,657,069	2,928,705	4,493,654	441,287	25,701,052	2,772,784	42,818,489
Total No of Projects		2	10	40	19	21	5	168	76	341
Percentage (Allocation)		0.6%	3.7%	10.9%	6.8%	10.5%	1.0%	60.0%	6.5%	100%

Chart 7: Status of W1 sub-projects in WB&G

- **76 sub-projects out of 341** was completed with total allocation (EUR **2,772,784**) amounting (6.5%) of the budget.
- **168 sub-projects out of 341** are ongoing with total allocation (EUR **25,701,052**) amounting (60%) of the budget.
- **5 sub-projects out of 341** were awarded with total allocation (EUR **441,287**) amounting (1%) of the budget.





- **21 sub-projects out of 341** are under bid evaluation with total allocation (EUR **4,493,654**) amounting (10.5%) of the budget.
- **19 sub-projects out of 341** are under tendering with total allocations (EUR **2,928,705**) amounting (6.8%) of the budget.
- **40 sub-projects out of 341** were pre-approved with total allocations (EUR **4,657,069**) amounting (10.9%) of the budget.
- **10 sub-project out of 341** are still under appraisal with total allocations (EUR **1,587,070**) amounting (16.7%) of the budget.
- **2 sub-projects out of 341** are still not yet appraised where the projects proposals are not completed with total allocations (EUR **236,867**) amounting (0.6%) of the budget.



✓ Environmental and Social Management

The Environmental and Social Management Framework (ESMF) and the Land Acquisition and Livelihood Framework (LALPF) govern the environmental and social management for component 1 and component 3 implementation.

The Program respects the revised Palestinian Basic Law of 2003, the Jordanian Law No. 79 of 1966, the Cities, Villages and Buildings Regulating Law, as well as the Buildings and Regulation Bylaw for Local Authorities No. 5 for 2011, further to complying with the Palestinian Environmental Law and the Environmental Assessment Policy (Category B). The program respects the Physical cultural resources policy and the Internal Waterways Policy. Additionally, the program can host projects that trigger the Involuntary Resettlement Policy and Pest Control Management (Solely for Gaza Strip).

The progress of MDPIII Preparation Concerning the Environmental and Social Aspects:

- Several meetings were conducted with the World Bank's social safeguard teams which resulted in having simplified LALAPF implementation agreed upon at the end of April 2018.
- MDLF conducted a two-day training aiming to introduce the municipalities' engineers of LALAPF to the terms of preparation and implementation. Each two-



day training targeted up to 20 municipalities (from 7 clusters) in both the West Bank and the Gaza Strip.

- For environmental management of MDPIII; MDLF received environmental safeguard mission as early as July of 2018, where MDPII and MDPIII environmental management were discussed.

The progress of Environmental and Social Management - MDPIII Cycle 1

✓ Capacity Assessment

- The environmental and social capacity assessment was conducted for five municipalities which had passed the financial assessment.
- None of the municipalities passed the screening due to a condition set up by the OSH Officer. However, all municipalities received a capacity development package and an orientation session to develop their environmental and social management capacity during the first cycle.
- MDLF collaborated with the LTCs in order to verify the methodology of development needed per each municipality's regulatory system and staff capacity development.

✓ Environmental and Social Screening-Assessment

Regarding the environmental and social screening and assessment, MDLF commenced environmental and social screening in March of 2018 after finalizing the LALAPF training. The progress was slow at the beginning till the end of April of 2018 where more simplifications were agreed on with the World Bank.

Sub-projects' Environmental Screening and Social Screening went through desk revision, site visits were conducted for both social and environmental assessment of all sub-project, moreover, a social safeguard committee (including the social officer, technical department manager, the environmental officer) was created to facilitate the social screening progress adhering to LALAPF requirements.

The main environmental assessment was of Category B or C, the nature of the selected sub-projects were of minor, short term, low-risk environmental impacts, the projects adhered to the physical and the cultural resources and the involuntary resettlement policy which in some cases were listed in the environmental and social assessment summary sheet.

The Summary sheet was forwarded to the donors including the Environmental assessment category, cultural resources policy, pest control management, the international waterways policy, risks, impacts, and implication to design, and ESMP sector. In addition, social safeguards triggering involuntary resettlement were included: (sort the impact by each affected person, proposed mitigation, agreement, then provided approvals)

The following is a summary of the number of appraised sub-projects in West Bank until Mid December 2018:

- 114 sub-project were screened to Category B
- 15 sub-project were screened to Category C
- None of the sub-project triggered the International Waterways policy
- None of the sub-project triggered the Physical Cultural Resources Policy
- Social safeguards for approved sub-project: 72 sub-projects did not trigger involuntary resettlement, 42 sub-projects were conducted with agreements with citizens

The following is a summary of the No of appraised sub-projects in Gaza Strip until Mid-November 2018:

- 79 sub-projects were screened to Category B
- 75 sub-projects were screened to Category C
- 10 sub-projects were screened to category B-C (Waste Projects)



- 34 sub-projects went through appraisal
- 7 included supply of materials to health and environment departments
- None of the projects caused internal displacement
- None of the sub-project triggered the International Waterways policy
- None of the sub-project triggered the Physical Cultural Resources Policy
- 34 sub-projects included agreements with citizens

✓ **Sectorial ESMPs, and Environmental and Social, Health and Safety (ESHS) in Bidding Documents**

The objective of the subproject Environmental and Social Management Plan (ESMP) is to cater to the environmental and social needs of the MDP in a simple, responsive and cost-effective manner that will unnecessarily overload or impede the project cycle.

The ESMF provides sectorial ESMPs that must be included in the tender documentation, so that potential bidders are aware of environmental and social performance standards, further to complying with safety requirements expected from them and are able to reflect that in their bids.

In addition to the environmental compliance section where breakdown for the cost of each mitigation-measure noncompliance is detailed in this section and will be enclosed in bidding documents.

MDLF prepared sectorial ESMP's for roads, Public Facilities, Energy/Electricity/Street lighting, Water/Wastewater/Strom water drainage sectors, to be used with modifications where site-specific requirements were highlighted during appraisal.

Regarding ESHS, most of the sub-projects were of small scale, with a minor environment, social or health, and safety risk or impact, though these conditions were not applicable for any of the tendered sub-projects.

Although MDLF reviewed each bid separately, it added more enforcement to the health and safety measures in the technical specifications and BOQ's introductions, based on the complexity of the project and the potential risks and hazards.

✓ **Component /(Window) 2:**

Window 2.1: Component 2: Capacity Development 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 during the 1st half of 2018. 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:

- Financial Systems (IFMIS & RMIS)
- Operation & Maintenance (O&M)
- E-municipality (EMS)
- Strategic Development & Investment Plans (SDIPs)
- Fixed Assets Registration and Valuation (FARV)
- Financial Policies & Procedures Manual (FPPM)
- Citizens Services Centers (CSCs_



- In addition to that, a social accountability (SA) package will support 30 municipalities in this cycle, noting that the SA is a cross cutting issue which is mainstreamed across all MDPIII components.

Regarding the implementation status:

This sub-component supports municipalities in improving their performance to graduate to a higher performance category from which they are currently classified; it supports consultant's services, training, and equipment for municipalities in both the West Bank and Gaza. Applications for capacity building packages were received from municipalities as MDLF conducted the evaluation for the submitted forms along with the supporting documents during the 1st half of 2018. It is worth mentioning that the municipalities were also able to fill and submit their Capacity Building Applications online. The capacity building packages were identified as per municipality after which the municipalities were notified about the awarded packages.

The capacity building packages for the 1st Cycle included:



In addition to social accountability (SA) package that will support 30 municipalities in this cycle, the SA is a cross-cutting issue which is mainstreamed across all MDP-III components.

Regarding the implementation status:

- Online application forms were revised and updated.
- Each package has specified pre-requisites to be fulfilled by the LGUs.
- The municipalities were contacted and informed about the readiness of the applications and the need to look at them.
- Each municipality received a username and password for the online application.
- The municipalities filled the CB application tentatively.
- Orientation workshops for municipalities on the available CB packages as well as the online application were conducted in West Bank and Gaza.
- Municipalities were called upon to submit the final CB application after considering orientation workshop instructions.
- MDLF provided technical assistance during the entire process of choosing a CB package and during the process of filling out the CB packages application for each municipality. The applications were submitted online where they were immediately evaluated.
- The final applications were received by MDLF.
- The municipalities were informed of the results as shown in table 6.

Table 6: Distribution of Capacity Development Packages

Package	SDIP	O&M	IFMIS	RMIS	E-Municipality	FPPM	FARV	Social Accountability	CSC
Number of Benefiting Municipalities	92	24	14	9	6 (upon the readiness assessment that will be done prior to the final selection)	6 (newly established municipalities)	6 (newly established municipalities)	30	7



- MDLF has been modifying the TORs of the above mentioned packages to be shared with the financing partners for No. objection.
- It is worth noting MDLF finalized the budgeting of this component and identified the packages/assignments per each financing partner which was reflected in the submitted procurement plan.

Operation & Maintenance Package

- The O&M aims at encouraging the municipalities to make sure to allocate budget to operate and maintain their projects, primarily when it relates to roads and public facilities as they appear in their updated Fixed Assets chart. The O&M software also provides what is known as the "Priority Index" which is an effective tool to prioritize the budget expenditure based on the most urgent and most relevant projects, as opposed to keeping it to the often inaccurate guesses of those responsible for operations or maintenances or their biases.
- Sub-assignments under the O&M package:
 - Physical Inspection for Roads & Public Buildings
 - IT Assessment
 - Rollout of the O&M Software on additional Municipalities
 - Hardware Supply and Installation
- The implementation approach will be as follows:
 - Conducting physical inspection of roads and buildings in reference to procedures, forms and templates of the updated O&M manual and as needed to establish the O&M database for each selected municipality.
 - Preparing a base map from the updated master plan containing road centerlines, sections and directions.
 - Coaching the selected municipalities and conducting on the job training on data collection and the use of the physical inspection forms and O&M process, also training on the data entry using the O&M software.
- 24 municipalities will be supported by the O&M package as distributed into 3 clusters (North WB, Middle WB, and Gaza).
- This package will be financed by the KFW & the PA.

RMIS Package

- This assignment will complement MDLF work in implementing IFMIS in the municipalities, as one of the modules in the IFMIS package is the RMIS. And given the fact that the implementation of IFMIS cannot be implemented in all municipalities at once, MDLF will initially provide the municipalities with the RMIS to help their readiness for implementing IFMIS. The RMIS and the IFMIS can be integrated together at the implementation stage of IFMIS at the end.
- The project of RMIS aims to strengthen LGUs' financial capacities through enhancing their revenue collection that improves their mechanism for offering/charging their services, tracking and controlling their outstanding debts.
- The specific objectives of the RMIS are:
 - Managing and controlling municipal 'revenue resources;
 - Ensuring that all tax and non-tax revenues are collected, and payments are made correctly promptly;
 - Ensuring that citizens' consolidated statements of accounts are optimally managed and controlled. That achieved by establishing a unified structure for tracking provided municipal' services accounts via a customer single account system;
 - Provide integration with General Ledger (GL) module and OSS module is essential and will enable the one stop shop taking a customer account-led approach to online services.
- The RMIS will be implemented as follow:
 - Institutional Assessment
 - Coaching and Opening Balances
 - Software Development, Testing & Deployment
 - Hardware Supply and Installation
- 9 municipalities will be supported by the RMIS package upon the institutional assessment.
- The RMIS will be financed by the WB, KFW and the PA



IFMIS Package

- The objective of this package is to implement a modern, comprehensive and integrated financial management information system at the selected municipalities.
- The IFMIS is a management tool that will give municipal officials and MOLG managers the information needed for making decisions, planning their activities, monitoring and evaluating outcomes.
- The integration between the municipalities and MOLG is a crucial part of this assignment and should be done using the best technologies and architectures.
- The Integrated financial management information system (IFMIS) is a system that Integrates financial processes executed by different related systems such as budget preparation software (BPS), General ledger (GL), Revenue Management Information System (RMIS), Fixed Assets Registration, Payroll system to derive full benefits from performance-based public financial management. It worth to mention that the integration between the Budget module with the current budget system used by MOLG is essential.
- The IFMIS package will be implemented through three main phases:
 - **Phase one: Institutional Assessment for IFMIS implementation** at the selected municipalities. This consulting assignment aimed to determine the Municipalities which will meet the minimum capacity mandatory to qualify for IFMIS. And, identify gaps and shortcomings against future staffing and skills requirements on an individual and departmental basis to ensure successful IFMIS implementation.
 - **Phase two: Coaching Municipalities in Implementing IFMIS.** This consulting assignment aimed to:
 - Coach the selected municipalities in applying the financial policies and procedures as described in the Financial Policies and Procedure Manual (FPPM) on a modified accrual basis. Coach the financial staff at the selected municipalities in performing all the transactions based on fund accounting method.
 - Support financial staff to generate all balance sheet line items as of the latest close month and to provide sufficient documentation support the process taken to justify all amounts recorded as opening balances.
 - Assist (MDLF) to supervise the implementation of an integrated financial management information system (IFMIS).
 - **Phase three:** this phase will be performed in parallel with phase two which was aimed to supply and implement the IFMIS at the selected municipalities according to specified functional requirements.
 - **Phase four:** Supply the necessary hardware which has been specified in the first phase.
- 14 municipalities will be supported by the IFMIS package upon the institutional assessment.
- The IFMIS package will be financed by the WB, MDTF and the PA.

Citizens Services Centers

- The main objective of this assignment is to support the automation of municipal service delivery mechanisms at selected municipalities.
- The CSCs will provide easy access and reporting on complaints, type of complaint and percentage resolved and will provide efficient services to citizens.
- The CSCs will be implemented as follows:
 - Phase one: Institutional Assessment for Introducing Citizen Service Centres (mapping, identifying gaps in the working process, optimization of the work process, developing system requirement specifications, developing citizens' guidelines for CSCs).
 - Installation and deployment of the CSCs system.
 - Supply and installation of the hardware that will be identified upon the IT assessment.
 - Supply of furniture for the CSCs.
 - Printing of CSCs charter.
- The CSCs will be financed by the AFD, SDC and the PA.
- 7 municipalities will be supported by the CSCs (6 mun. in the West Bank and One mun. in Gaza)



Table 7: Updated Status per Package

Capacity Building Package	No. of Municipalities	West Bank	Gaza	Updated implementation status
FARV	6	6	0	MDLF completed FARV with three municipalities; it is currently in the process of working with the remaining three municipalities.
Financial Packages: (IFMIS + RMIS)	23	19	4	Institutional Assessment: - Consultants were contracted to conduct the Institutional assessment and to perform the IT assessment in the West Bank and Gaza IFMIS & RMIS Coaching : - MDLF is in the process of updating the TOR since it will be submitted for the no objection during February of 2019 Supply Hardware: - Supply of hardware will start after the IT assessments of IFMIS is finalized IFMIS & RMIS Software : - MDLF will review and update the TOR during March of 2019. Institutional Assessment: - MDLF has signed a contract with the consulting company start from 27 Jan. 2019 for three months. IFMIS & RMIS Coaching: - MDLF is the process of updating the TOR as it will be submitted for the no objection during February of 2019 Supply Hardware: - Supply of hardware will start after the IT assessments of IFMIS is finalized IFMIS & RMIS Software: - MDLF is in the process of updating the TOR as it will be submitted for the no objection during March of 2019
EMS	6	4	2	E-Municipality (EMS) (Target municipalities: 4 in West Bank, 2 in Gaza) Readiness Assessments & IT Assessments: - Consultants were contracted to conduct the readiness of municipalities and to perform the IT assessment in West Bank and Gaza. - Consultants were completed the inception report and General Readiness Assessments report. - IT Assessments will be ready after MDLF review, also after the BOQ reaches the final stage for a hardware bid. - Readiness Assessments of the requirements of the "MOLG EMS Manual" will be finalized during February of 2019. Supply of Hardware: - Supply of Hardware to all municipalities is currently in the procurement process after the BOQ of IT Assessments was finalized. Supply of a Computerized Software: - The process will start after completing the supply of hardware. Ads and Printing materials - The process will start after completing the supply of computerized software.



CSC	7	6	1	Citizens Service Centers (CSCs) for six municipalities in the West Bank and one municipality in Gaza Rehabilitation of the physical space of the Citizen Service Centers: - The rehabilitation of the physical space in all of the municipalities in the West Bank and Gaza has been completed through own-financing from the Municipalities. MDLF helped and supervised the municipalities during the rehabilitation works. Business process re-engineering & IT Assessments: - Consultants were contracted to do a business process reengineering and IT assessments in the West Bank and Gaza. - IT Assessment was completed in the West Bank municipalities and the BOQ is in the final stage in the West Bank. Regarding Gaza, the assessment and re-engineering process started in the First of February and will be completed by end of March. - Business process re-engineering in the optimization process and will be finalized during February of 2019. Supply of Hardware: - Supply of Hardware in West Bank and Gaza municipalities in the bidding process. Supply of Furniture: - Consultants were contracted to supply furniture in West Bank. - Supply of furniture in Gaza municipalities in the procurement process. Supply of computerized software: - The process will start after completing the supply process of hardware. Print Services Chart - The process will start after completing the supply process of computerized software.
O&M	24	16	8	Physical Inspection <u>In the West Bank.</u> - A Kick-off meeting has been conducted for the two consultants (North & Middle). - An orientation session for the municipalities was also held. - The consultants submitted the inception report. - The field work of the Physical inspection is in process In Gaza, a consultant has already been contracted. And. Completed the stage of physical inspection. MDLF is currently verifying the data, then the consultant will enter the data into the system. Supply of Hardware for O&M, - A firm has been contracted and during the next two months will supply O&M hardware in the West Bank Clusters. - Gaza municipalities are currently in the procurement process. - The rollout of O&M Software The process is currently in the procurement phase after contracting the Physical inspection in the West Bank and Gaza clusters. As MDLF is still waiting for the no objection from the donor due to select the vendor based on single source method.



Social Accountability	30	25	5	In the West Bank - An NGO has been selected and contracted for the three clusters (North, Middle, and South) - The orientation sessions were held for the targeted municipalities - In Gaza, the NGO has been selected and the process is still under negotiation stage. It is expected to start within two weeks.
Total Number of Municipalities	96	76	20	

In addition to that the following interventions in relation to this component can be listed below:

- **An outline of MDLF approach in Implementing Creditworthiness Activities** was prepared and presented to MDLF Funding Partners during the last MDLF Mission. The TOR for this intervention -in establishing creditworthiness activities- was prepared and modified recently based on discussion with the World Bank. Revised version of the TOR has been sent for feedback in the last week of Jan. 2019.
- **Converting the Financial Policies and Procedures Manual (FPPM) from the Modified Accrual Basis to Full Accrual Basis:**
The assignment reached the final stage since the MDLF received the final version of the FPPM. Still, MDLF is trying to schedule a suitable time with MOLG to deliver an orientation workshop about the achieved update on the FPPM. The assignment will be completed by the end of February 2019.
- **Technical Support for Sustaining the Practice of IFMIS:**
The assignment is aimed to support those municipalities which got IFMIS in MDP II (22 in the West Bank, six in Gaza) in order to ensure sufficient usability of IFMIS during the first year of applying the FPPM. The assignment started in September -2018 and it is expected to be completed in June -2019.

✓ **Component / (Window) 3: Municipal Partnership Project**

This component will focus on the public private partnership to better leverage of private sector engagement in municipal services delivery and local economic development. This sub-component will support municipalities to identify the potential modalities for private sector engagement, select the most relevant or appropriate modality based on feasibility, and design the implementation of the agreed modality. Specific areas for support would range from permitting and other processes to structuring private sector participation in infrastructure and service delivery (contracting out, joint ventures, special purpose vehicles and build-operate-transfer agreements), as well as strategic land use planning and associated infrastructure development related to economic growth priorities. This sub-component will be particularly important in terms of supporting technical and human capacity development at the municipal level. The implementation progress can be summarized as follows:

The TOR for the diagnostic study of PPP was cleared by the WB early July, and upon that, MDLF initiated the procurement process to contract a consultant for conducting this study. The study will conclude a detailed design of the technical assistance package to strengthen the municipalities capacities to identify, design and implement modalities for private sector engagement in municipal service delivery and local economic development. It is expected to finalize the study by mid-February 2018.

- The TOR for diagnostic of PPP was prepared and shared with DPs early June 2018.



- The TOR was cleared and uploaded on the procurement system (software) late June 2018.
- The EOI was advertised on July 18th 2018 and the assignment was contracted on Sep. 15th 2018.
- It is expected to complete the diagnostic along with the action plan for institutional development regarding the PPP Mid-February 2019.

In addition to the PPP, this component will support the local economic development in terms of:

- Institutionalization phase for LED in 10 municipalities: (Jenin, Al-Yamoun, Beit Sahour, Beit Ummar, Nablus, Qabatya, Salfit, Surif, Tulkarem, Ya'bad), and
- Operation phase for LED in 5 municipalities: (Ramallah, Al Bireh, Dura, Jericho, Qalqilia).

In terms of implementation:

LED Institutionalization

- A Consolidated action plan was prepared
- TORs are still under preparation

LED Operation

Plans per municipality were submitted

The submitted plans are under review by MDLF & VNG

✓ **Component / (Window) 4: Project Management**

❖ **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:

- (i) Sub-project planning and Identification (Stage 1): from the planning and identification of eligible sub-projects, and preparation of applications to ensuring eligibility criteria (including environmental and social safeguards) per MDP procedures, including assisting in the preparation, review and comment on individual procurement plans, infrastructure and services maintenance, designs, specifications and bidding documents.
- (ii) Sub-project implementation and supervision: building the capacity of municipalities to implement the sub-projects and assisting them in the supervision including reporting on progress of implementation, monitoring of indicators, and compliance with the standards as delineated by the MDLF.
- (iii) Ensuring compliance with technical and fiduciary aspects: building the capacity and providing guidance to municipalities on technical and fiduciary aspects of sub-project preparation and implementation to ensure compliance with MDLF's procurement, financial, social and environment safeguards (including provision of mitigation measures) procedures.

The local technical consultants were distributed among 9 clusters and will be financed by the Multi Donors Trust Fund "MDTF".



2. Area C Development Programme in the West Bank – Package II “EU Fund”

2.1 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.

The Israeli Civil Administration (ICA) prohibits Palestinian construction in vast areas of Area C, citing various rationales, 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 ICA 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 are 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 C4 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 C 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.

2.2 Description

This action is based on the Financing Agreement (FA), ENPI/2012/023-776 Land Development and Access to Basic Infrastructure in Area C. The Financing Agreement (FA) was signed between the European Union and the PA on 19th March 2013 and was amended on 24th August 2015.

The EU and PA agreed on the following approach with regard to project in Area C: "the 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 LGUs to the ICA".

These plans were developed in a participatory manner by the target communities and were supported by Non-Governmental Organizations (NGOs) or private urban planning firms. The statutory outline plans and the detailed planning packages were submitted to the PA and to the Israeli Civil Administration (ICA). At the Israeli Civil Administration, the plans were registered and processed through a complex and cumbersome authorization process. The communities developed the statutory outline plans and the action plans for essential social and public infrastructure in a participatory inclusive mode, taking into account the demographic and socio-economic development needs for the next 20 years.

The FA identified MDLF as an implementing agency for the second component, "Implementation of Basic Infrastructure in Area C". The addendum no.1 to the FA states that a Steering Committee composed of the European Union (EU), PA (Palestinian Authority), MDLF and of other donors financing of the action shall be formed as an organizational set-up of this component. The scope of the Steering Committee is to discuss and endorse the localities as well as the selected projects to be implemented in the target localities in Area C.

As preparatory activities for this action, a Steering Committee was formed and composed of the EU, Ministry of Local Government (MOLG), MDLF and the Danish Representative Office (DRO). Two steering committee meetings were held on 20th of April and 30th of June 2016, respectively. The steering committee endorsed the selection criteria on 30th of June 2016. Then, the MoLG and MDLF technical teams visited the shortlisted localities and respective projects. The EUREP and DRO participated in part of these site visits. Later, the technical teams discussed all nominated localities and projects and finally the Steering Committee approved the selected localities and the proposed infrastructure projects on 8th of November 2016 (8 localities and 9 projects).

It is worth noting that the proposed projects are based on the statutory outline plans (accompanied by detailed planning packages for transport, water and wastewater networks as well as action plans for essential social and public infrastructure projects).

Accordingly, a set of projects proposed in this action were suggested and identified by the local communities with the view to improve the quality of life for the inhabitants within those communities. These projects were re-confirmed during the identification phase of this action including approvals from the respective governmental bodies or ministries.

➤ **Objectives and Expected Results (as per the agreement)**

The overall objective of the action 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 and educational facilities".

The approved sub-projects were identified based on the community needs in response to the urgent needs for improving the services delivery. These sub-projects will focus on covering the basic services for the target communities such as "building schools/ adding classrooms, parks and recreation, construction of multipurpose buildings, and roads construction".

➤ Target Areas and Beneficiaries

This action will be implemented in eight localities in Area C. The target localities are as follows:

- Umm Rihan, Daher Al'Abed, Imreiha Jenin Governorate
- Khirbet Jubara Tulkarm Governorate
- Al Halqum, Al Manshiya, Marah Malla Bethlehem Governorate
- Idna North Hebron Governorate.

The selected projects were identified based on the community needs in response to the urgent needs for improving the services delivery. These projects will focus on covering the basic services for the target communities such as:

Roads: Construction and rehabilitation of 2 different road's projects in 2 different localities with a length of about 2.2 KM.

Schools: Expansion and Development of Elementary School and Expansion of the Secondary Mixed School. The total area is about 900 SQM.

Public Buildings: Construction, finishing and furnishing of four (4) multi purposes buildings in four (4) different localities with a total area of 1,030 square meters in addition to the external works and furniture. The works, also, includes the external works for these buildings.

Public Park: Construction of Public Park in one locality with a total area 1000 SQM.

The expected direct beneficiaries from the proposed action are 6,547 inhabitants distributed among the eight (8) targeted localities.

2.3 Financing

This action is located under the umbrella of the "Financing Agreement ENPI/2012/023-776 Land Development and Access to Basic Infrastructure in Area C signed between the European Union and the Palestinian National Authority in March 2013, and the "MDLF" has received a grant from the European Union "EU" with a contribution from the member state "DRO" towards the cost of "Development of Area C in the West Bank "in a total of (Euro 2,010,211.88). The agreement was signed on December 18th , 2016 (for 15 months). The agreement was amended twice as follows:

- Addendum # 1 on January 18th , 2018: the duration was extended to be 22 months.
- Addendum # 2 on September 26th ,2018: the duration was extended to be 27 months, accordingly, the revised end date is March 17th , 2019.

Regarding the budget, Table 8 below illustrates the budget breakdown:

Table 8: Breakdown Budget – Area C Development Programme - Package II

Item	Budget (Euro)
1-MDLF management fees (indirect cost) = 7% of direct eligible cost	129,150
2-Total Direct Eligible Cost	1,845,000
2.1 Other Costs and Services	45,000
Expenditure Verification/Audit	5,000
Evaluation Cost	15,000
Visibility Actions	25,000
2.2 Other	1,800,000
Legal Fees	30,000
Cost of Infrastructure Sub-Projects	1,660,000
Local Technical Consultancy for Design and Supervision	110,000
3- Provision for contingency reserve	36,061.88
Total Cost of the Action	2,010,211.88



2.4 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 local consultancy firms/NGOs. 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 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 allocated amount for sub-projects in the targeted LGUs in the West Bank is € 1,660,000. Chart 8 illustrates the allocated budget for the sub-projects per governorate.

The approved sub-projects are classified into four sectors as shown in chart 9 below, the roads with a total of € 430,000 forming 26% of the total budget, the Public Facilities with a total of € 825,000 forming 50% of the total budget, the Schools with a total of € 405,000 forming 24% of the total budget.

Chart 8: The Distribution of Sub-Projects Allocation by Governorate

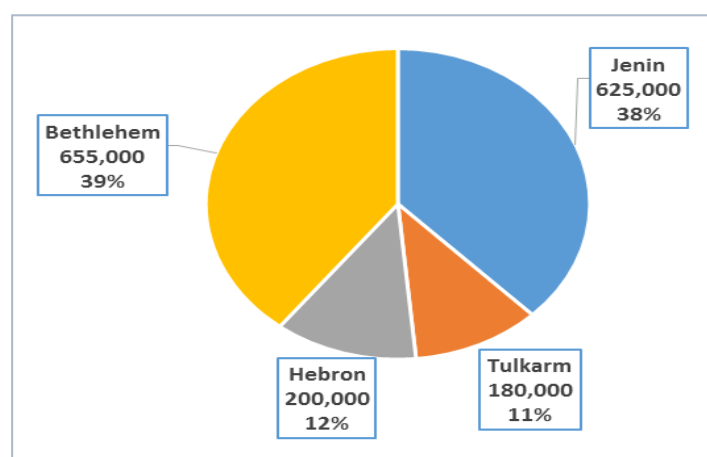
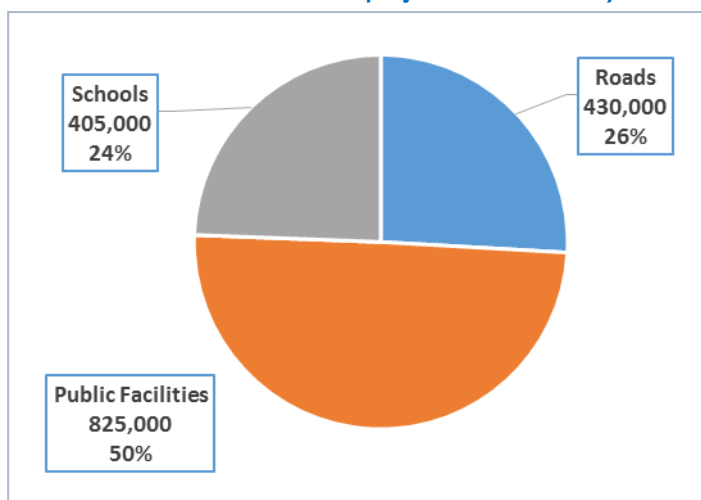


Chart 9: Distribution of the sub-projects allocation by sectors





2.5 Results and Activities

2.5.1 Results at the Outcome Level

Table 9: Assessment of the Outcomes Performance

Overall Objective	Indicator	Target	Achieved
O1: To Improve social and economic conditions of Palestinian communities in Area C which is critical for the future viability of the Palestinian Economy	Number of indirect Beneficiaries	19,000 (indirect beneficiaries)	The project is still undergoing and expected to benefit 19,000 inhabitants (indirectly) and 6,547 inhabitants (directly) once being functional and fully operated.
	Number of direct Beneficiaries	6,547 (direct beneficiaries) Disaggregated by sex 3088 females 3339 males	

Specific Objective	Indicator	Target	Achieved
To Improve Access to Basic Infrastructure in Area C including: -Schools -Public Buildings -Public Parks -Roads	Indicator 1: # & Sq.m of schools developed or expanded	2 schools, 900 sq.m	2 schools were constructed with total area (952 sq.m)
	Indicator 2: # & sq.m of public buildings constructed.	4 public buildings, 1,030 sq.m	Not yet achieved – (three sub-projects are still under implementation while one subproject was stopped by the ICA)
	Indicator 3: # & Sq.m of public parks constructed	1 public park, 1000 sq.m	Not yet achieved – (the sub-project is still under implementation)
	# & Km of roads constructed/rehabilitated	2 roads, 2.2 Km	Not yet achieved – (one sub-project was completed with a total length 0.8 Km and one with a total length 1.4 Km is still under implementation)



2.5.2 Results at the Output Level

Table 10: Assessment of the Output Performance

Results/Outputs	Indicator	Target	Achieved	Percentage of Achievements
R1: New public facilities implemented in Area C including: (schools, public buildings, public parks).	# of GIAs signed between MDLF and LGUs	6	6	100%
	# of Contracts signed for Contractors to implement public facilities.	6	6	100%
	% of disbursement	100%	37%	37%
R2: New basic infrastructure implemented in Area C mainly roads.	# of GIAs signed between MDLF and LGUs	2	2	100%
	# of Contracts signed for Contractors to implement basic infrastructure sub-projects.	2	2	100%
	% of disbursement	100%	79%	79%

2.6 Implementation Progress at the Activity Level

2.6.1: Description of Activities undertaken during the Action:

Since the signature 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 miss communication 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 line ministries such as, getting the needed approvals from the Ministry of Education for adding classrooms, ...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 and a technical support expert to Assist MDLF to follow up the project activities. 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 19th April 2017. Following the contract with the LTCs, a kick-off meeting was conducted to ensure the clear understanding from the LTC of the scope of work and the main tasks in accordance to the TOR. Upon the kick-off meeting, the LTC was requested to start communicating with the target LGUs and conducting the field visits for the projects sites to verify the description as well as the costing of the projects.

More focus on the works conducted dso far could be summarized as per the following:

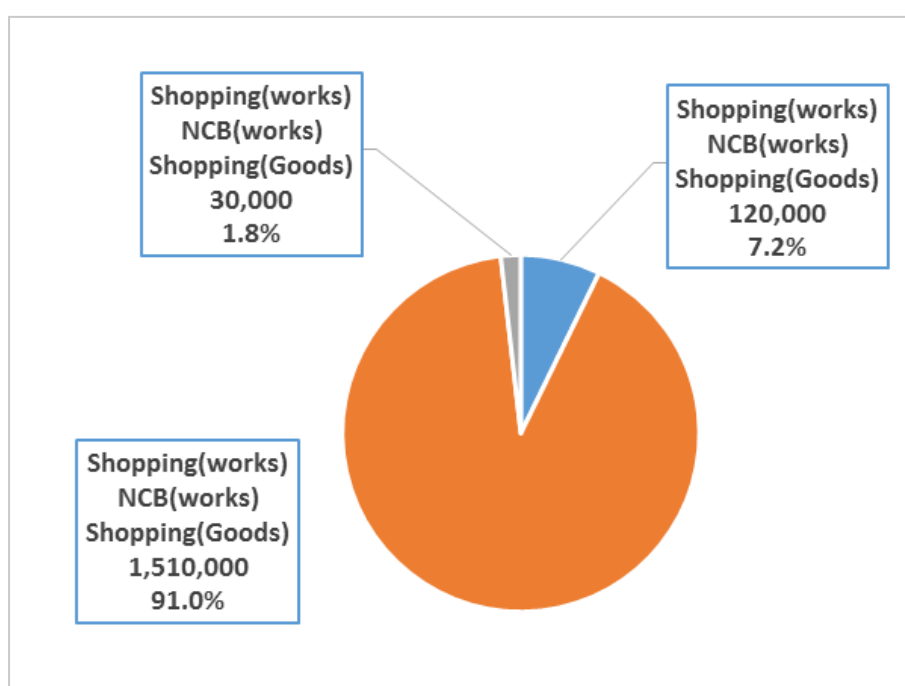
Preliminary Stage:

- A kick-off meeting with LTC representatives and EU engineer was conducted on April 19th, 2017 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 communication and visibility plan for the program was prepared by MDLF cleared by the EU.
- 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.
- Regarding the social infrastructure projects, there are **7 NCB sub-projects (Works)** with total allocation of **€ 1,510,000** forming about **91 %** of the total allocated money and **1 Shopping sub-project (works)** with total allocation of **€ 120,000 amounting 7.2 %** of the total allocation and **4 Shopping sub-project (Goods – furniture and equipment for the multipurpose buildings)** with total allocation of **€ 30,000** forming about **1.8 %** of the total allocation as shown in chart 3 showing the distribution of the total allocated budget by the procurement method.

Chart 3: Distribution of projects (allocation) by procurement method





Design and Tendering Stage:

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

- 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.
- The needed soil and structural investigations and tests was conducted for some projects.
- The project license for some projects from the concerned inline ministries was obtained.
- The LTC had completed the design phase of the projects which was complemented with the bidding documents preparation in accordance with MDLF procurement manual. Consequently, the bids were issued, evaluated and the projects were awarded.
- To fit with the 1st addendum of the financing agreement, the LTC contract was subject to addendum with a modified scope of work until October 18th 2018. The addendum was negotiated and agreed upon with the LTC to provide the needed technical assistance in the submittals approvals, office works, and the participation in the handing over committees, however, MDLF technical staff to complement the onsite supervision and the quality control issues.



Technical Support Expert and Communities Mobilization

A Technical Support Expert (TSE) who has been contracted by MDLF and financed under the Area C Development Programme –Package III was assigned to provide the needed support for this action. In particular, the TSE support has assisted MDLF in the day-to-day follow up of the activities, management and communication with the key stakeholders in addition to provide the technical support throughout the implementation.

In addition to the TSE, a community's mobilization consultant within the LTC contract of package III, was assigned to conduct the mobilization activities of this action. In particular,

- o Integrate the final beneficiaries in the conceptual design of the sub-projects (i.e. collection of beneficiaries' requirements).
- o Awareness of the citizens and the LGUs councils' members on the projects activities and the projects related data.
- o Awareness workshops to the local communities to engage them in the design of social/environmental mitigation measures as part of the ESMP.



- Orientation to the citizens on the complaints mechanism within the framework of social accountability.
- Awareness to the citizens about the action plans and update the communities' development priorities in a participatory manner.
- Capacitate with the LGUs to operate and maintain (sustainability of the intervention) the projects accompanied by Orientation to the citizens in this regard.
- Support the LGUs to report to MoLG about their needs (technical and financial).





Table 11: Implementation Status of the Projects

NO.	Description	Locality	LGU	Governorate	Subproject Description	Allocated Budget (Euro)	Contracted Amount / Lowest Responsive Bidder	Status	Notes
1	Renovation the existing VC premise and construction an additional floor to the VC premise	Umm Rihan	Umm Rihan Village Council	Jenin	Renovating the existing VC premises and adding a second floor with a total area 130 SQM. The project will provide basic furniture to make the building functional. The scope of the project, also, includes external works for the surrounding area for a total of 150 SQM including boundary walls and pavement.	125,000	80,132	ongoing	The project is expected to be completed on 15/2/2019
2	Construction of Multipurpose building and public park	Daher Al 'Abed	Daher Al Abed Village Council	Jenin	The project consists of construction of two floors 150 SQM each. The building will be utilized a multipurpose building including the VC premises, community hall, and sport club. The project will provide basic furniture to make the building functional. The scope of the project will, also, consist of a public park.	300,000	252,703	Ongoing	The project was subject to delay and the contractor who's implementing the works showed under performance. He was notified several times to enhance the performance. The MDLF, in accordance of the MDLF's procurement rules, terminated the contract and negotiated the remaining works with another contractor under a direct contracting. The project is expected to be completed on 15/2/2019



NO.	Description	Locality	LGU	Governorate	Subproject Description	Allocation Budget (Euro)	Contracted Amount / Lowest Responsive Bidder	Status	
3	Construction of Multipurpose building	Imreiha	Ya'bad Municipality	Jenin	The project consists of construction of two floors 150 SQM each. The building will be utilized a multipurpose building including the VC premises, community hall, and sport club. The project will provide basic furniture to make the building functional.	200,000	235,065	Stopped by the ICA	The project has been subject to stop work/demolition orders. An assessment report was prepared by MDLF reflecting the MOLG and MDLI position in this regards. The revised report was submitted to the EU since 25 June 2018 awaiting for their guidance how to proceed. The EU promised to provide direction on how to proceed following consultations with DRO and Brussels. This may imply the extension of the implementation period of the Financing Agreement.
4	Expansion and development of Elementary school	Khirbet Jubara	Al Kafriyat Municipality	Tulkarm	The project consists of adding 4 class rooms, computer lab and scientific lab with a total are 465 SQM. The furniture and equipment will be provided by the MEHE.	180,000	176,771	completed	



NO.	Description	Locality	LGU	Governorate	Subproject Description	Allocated Budget (Euro)	Contracted Amount / Lowest Responsive Bidder	Status	Notes
5	Rehabilitation of Internal Road	Al-Halqum	Tequ' Municipality	Bethlehem	The project consists of reconstruction and rehabilitation of about 1.4 Km of internal roads. The works will include excavation, levelling, retaining walls, concrete shoulders/sidewalks and roads furniture. The roads' width is 5.5 m of asphalt and 1.5 m sidewalks each side.	230,000	248,454	Ongoing	The stone walls which were proposed in the preliminary design were replaced by retaining walls based on the technical assessment done by the LTC to cope with the high elevations which exceeded 3 meters in some cases The owners of the lands adjacent to the proposed road in Al-Halqum have declined to approve the widening of the road several times; despite their written approval during the design phase. This hindered the project implementation causing a noticeable delay. It is worth noting that the contractor was forced to suspend the work several times; awaiting for the landowner's approvals. The project is expected to be completed on 15/2/2019



NO.	Description	Locality	LGU	Governorate	Subproject Description	Allocation Budget (Euro)	Contracted Amount / Lowest Responsive Bidder	Status	Notes
6	Construction of additional class rooms	Al Manshiya	Marah Rabah Village Council	Bethlehem	The project consists of adding 4 class rooms, library, lab, and sanitary unit (toilets and septic tank). The project will be an extension to the existing secondary mixed school horizontally, meaning that there will be earth and foundation works for this extension. The additional class rooms will be served as a secondary school. The furniture and equipment will be provided by the MEHE.	225,000	237,339	completed	
7	Construction of Internal Roads	Idna North	Idna Municipality	Hebron	The project consists of construction of 0.8 Km of a new road. The works will include excavation, levelling, concrete shoulders/sidewalks, and roads furniture. The roads' width is 6 m of asphalt and 2 m sidewalks each side.	200,000	219,506	completed	
8	Construction of Multipurpose building	Marah Ma'allah	Marah Ma'allah Village council	Bethlehem	The project consists of construction two floors 150 SQM each. The building will be utilized a multipurpose building including VC premise and a community hall. The project will provide basic furniture to make the building functional. The scope of the project also includes external works.	200,000	215,133	Ongoing	The project is expected to be completed on 15/2/2019



Table 12: Implementation Time Frame

Task	Responsibility	Dec-2016	Q1 - 2017	Q2-2017	Q3-2017	Q4-2017	Q1 - 2018	Q2-2018	Q3-2018	Q4-2018	Q1-2019
Task 1 - Mobilization (Preparatory Activities)											
Effective coordination between MDLF, MOLG with the LGUs encouraging them to be well prepared for the implementation.	MDLF, MOLG										
Updating of the MDLF procurement manual and guidelines to respond to the specific needs of Area C context.	MDLF,										
Signing the Grant Implementation Agreement (GIA) between MDLF and the LGUs describing the roles and the responsibilities for MDLF and the LGUs.	MDLF, LGUs										
Preparing a detailed implementation plan including (procurement plan, disbursement plan, and communication and visibility plan).	MDLF										
Preparation of the local technical consultant terms of references. Special focus will be given to the quality control and assurance procedures and composition and qualifications of the requested personnel. The terms of reference will include a specific part for the technical assistance and operational support for the local governmental units.	MDLF										



Task	Responsibility	Dec-2016	Q1 - 2017	Q2-2017	Q3-2017	Q4-2017	Q1 - 2018	Q2-2018	Q3-2018	Q4-2018	Q1-2019
Task 2- Preparation for the implementation (Sub-projects Design)											
Contracting a local technical consultant (LTC) for sub-projects design and supervision.	MDLF										
Preparing the design and the bidding documents for the selected sub-projects including the Environmental and Social Management Plan (ESMP) by the contracted LTC. <u>(The bidding documents will be verified, cleared and endorsed by MDLF).</u>	MDLF, LTC										
Advertising, composition of opening and evaluation committees, evaluating.	LGUs										
Contracts award following MDLF no objection. MDLF shall approve and endorse all contract by co-signing or initialing these with the wording <u>"reviewed, cleared and endorsed by the MDLF"</u> .	LGUs/MDLF										
Technical Assistance for supervision											
Assist the LGU's in the supervision of subprojects	MDLF, LTC										
Monitor and Ensure compliance with MDLF standards	MDLF, LTC										



Task	Responsibility	Dec-2016	Q1 - 2017	Q2-2017	Q3-2017	Q4-2017	Q1 - 2018	Q2-2018	Q3-2018	Q4-2018	Q1-2019
Financial Management											
Monitor and Ensure compliance with MDLF financial procedures	MDLF										
Social Safeguards Monitoring											
Monitor and Ensure compliance with social safeguards policies	MDLF, LTC										
Environment Safeguards Monitoring											
Monitor and Ensure compliance with environmental safeguards policies	MDLF, LTC										
Overall monitoring and reporting											
Monitoring of subprojects indicators	MDLF										
Sites Visits	MDLF, MOLG										
Task 4 - Audit and Evaluation											
Midterm evaluation	MDLF, EU										
External audit	external auditor										
Final Evaluation	Outsourced consultant										
Task 5 - Reporting - Final Report	MDLF										



2.7 Beneficiaries/affiliated entities and other Cooperation

2.7.1 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.**

2.7.2 Coordination among the Key Stakeholders

In this context, MDLF has closely coordinated with all stakeholders 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. Additionally, MDLF coordinated its efforts with other stakeholders such as ACCO as well as the technical ministerial committee for Area C.

The coordination between the key stakeholders was conducted at different levels:

- 1- For MDLF to be well and immediately informed about demolition or stopping orders in Area C. MDLF initiated a continuous dialogue and communication with OCHA regarding their work in area C that is relevant to MDLF interventions. MDLF has registered with OCHA notification system and a focal point was nominated to follow up on this issue from MDLF.
- 2- As a member in the technical committee which was established by the Prime Minister's Office specifically to coordinate the work in Area C, MDLF has continued coordination with the technical ministerial committee regarding the interventions in Area C. The technical committee includes representatives from MDLF, Ministry of Local Government, Ministry of Education and Higher Education, Ministry of Health, Ministry of Jerusalem Affairs, and the Palestinian Water Authority. MDLF in this context attended all meetings for this committee and updated them with MDLF interventions in Area C so far as well as the upcoming funds.
- 3- Furthermore, MDLF has continued the dialogue which was initiated with the ACCO which was established by the Prime Minister's Office to follow up all the work of the PA institutions and donor interventions in Area C. The ACCO visited MDLF to be aware of MDLF interventions in Area C and closely coordinate field work whenever is needed.
- 4- 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 has closely coordinated with the technical team in the EUREP and has notified them of the progress and achievements as well as of any delays or challenges hindered the implementation. Furthermore, MDLF has notified the EU in case



there is a demolition of the project or stop order from the Israeli authorities in order to take immediate action and to mitigate the risk as well **(example of Imraiha sub-project)**.

- 5- 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.
- 6- 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 has been supervised by the MDLF in all steps from the 1st day until closing the contract. **The MDLF has been 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.**

2.8 Visibility

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 the stakeholders.

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

- **Events and Workshops:** A signature ceremony of the GIAs between MDLF and the target LGUs was held. These GIAs were signed with presence of representatives of eight localities under the auspices of His Excellency, Minister of Local Government and Chairman of MDLF Board of Directors, Hussein Al-Araj, EUREP Representative Mr. Riccardo Rossi and the DRO delegation. The event was covered by the media.
- **Field Visits & Meetings:** MDLF organized many field visits for EU Delegations, and invited them to see the sub-projects on the ground.
- **Printing materials:** Printing out Brochures for Area C Development Programme- in both English and Arabic, printing out factsheet for each sub-project, design and produce roll ups
- **Fun day:** MDLF conducted a marathon activity for kids in the completed road project in Idhna. The event was successfully held and covered by the media.
- **In addition to the above mentioned activities, it is foreseen to complete all the visibility actions which were agreed upon with the EU during the coming few months.** These activities include:
(Printing materials, billboards, foam boards, production of two spots, two inaugurations, one closing ceremony, and media tour bus).

2.9 Obstacles and Challenges

- The lack of the capacity and skills of most LGU's to prepare the environmental and social management plan "ESMP" as well as the preparation of bidding documents. To overcome this challenge; on-job training and site visits were conducted by the contracted LTCs.
- The need of permits to enter some areas such as Um-Rihan, hindered the progress of the project especially in case of refusing of some staff to enter the area.
- The coordination with the MOLG took more time than anticipated, especially for the verification of the projects locations.
- The road construction project in al-Halqum has suffered a major delay in completing the works as it exceeded the project duration due to objections from citizens to expand the



road from their land in accordance to the master plan despite their prior consent to expand during the design phase. It is worth noting that the contractor was forced to suspend the work several times awaiting for the landowners approvals.

- Disputes arise between the local technical consultant and the contractor, causing delays in project implementation.
- One of the sub-projects in Jenin Governorate - the multipurpose building in Imraiha- was subject to stopping/demolition order by the ICA on 28/2/2018. This order was preceded with a work suspension notice on 24/1/2018 as well as a confiscation of the contractors' containers. Since then, MDLF followed up on this issue in coordination with the Ministry of Local Government "MOLG" and the Ministry of Civil Affairs " MOCA". Several meetings were held with the ICA to discuss the stopping order and the confiscation as well, concluding a release of the confiscated containers. Regarding the SWO/Demolition order, MDLF continued following up this issue with the MOLG and the PA legal advisor and provided the EU with an assessment report of the suspended work with a proposition how to proceed, awaiting for the EU response in this regards.

2.10 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 to be sustained institution.
- Pay more attention for training and workshops especially for social and environmental aspect.
- Conduct training workshops for the local consultants before the implementation stage to ensure that the consultant accommodate the requirements of the Procurement Manual of MDLF.
- Pay more attention for cost estimate of sub-projects to avoid over budget.
- Based on the gained experience from the SWO/DO received, it is necessary to establish a systemized mechanism in place to report about any potential future incidents aiming at taking the appropriate actions from all parties.



3. Area C Development Programme in the West Bank – Package III “EU Fund”

3.1 Background

This programme is based on the Financing Agreement “Access to Essential Social and Public Infrastructure in Area C - ENI/2014/032-783”; the financing agreement was signed between the European Union and the Palestinian Authority on 17th of March 2015 and amended on 13th of July 2016.

The EU and PA agreed on the following approach with regard to projects implementation in Area C: “the 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”.

The MDLF has been nominated for implementation of basic infrastructure in Area C based on (i) the recommendation letter of the Ministry of Local Government (MoLG) of 20th of April 2016 and (ii) compliance to eligibility conditions and essential selection criteria as stipulated in the Technical and Administrative Provisions of the signed financing agreement [articles 2.3.1 (c+d)].

A Steering Committee composed of the European Union (EU), PA (Palestinian Authority), MDLF and of other donors financing the programme was formed as an organizational set-up of implementing this programme. The Steering Committee is mandated to discuss and endorse the localities as well as the selected projects to be implemented in the target localities in Area C. Two Steering Committee meetings were held on April 20th and June 30th, 2016, respectively. It is worth noting that the proposed projects are based on the statutory outline plans (accompanied by detailed planning packages for transport, water, and wastewater networks as well as programme plans for essential social and public infrastructure projects). These plans were developed in a participatory manner by the target communities and were supported by Non-Governmental Organizations (NGOs) or private urban planning firms. The statutory outline plans and the detailed planning packages were submitted to the PA and to the Israeli Civil Administration (ICA). At the Israeli Civil Administration, the plans were registered and processed through a complex and cumbersome authorization process.

The communities developed the statutory outline plans and the action plans for essential social and public infrastructure in a participatory inclusive mode, taking the demographic and socio-economic development needs for the next 20 years into account. Accordingly, a set of projects proposed in these action plans were suggested and identified by the local communities with the view to improve the quality of life for the inhabitants within those localities. These projects were re-confirmed during the identification phase of this programme including approvals from the respective governmental bodies or ministries.

Then, the MoLG and MDLF technical teams visited the shortlisted localities and respective projects. The EUREP participated in part of these site visits. Later, the technical teams discussed all nominated localities and projects and finally the Steering endorsed the selected social infrastructure projects on 10th of April 2017; (15 localities and 10 projects).

3.2 Description

➤ Objectives

The overall objective of the programme is to improve the social and economic conditions of Palestinian communities in area C which is critical for the future viability of the Palestinian Economy.

The specific objectives (outcomes) of the programme are two folds (i) to improve access to essential and public infrastructure in Area C (ii) to strengthen the Palestinian institutions' capacity to deliver essential social and public infrastructure in Area C.



➤ **Expected Outputs:**

- **Roads:** Construction and rehabilitation of 4 different road's projects in 3 different localities with a length of about 2.9 KM.
- **Schools:** Construction of new elementary school with kinder-garden (1250 SQM) and expansion and development of an existing secondary mixed school (250 SQM). The total area is about 1500 SQM.
- **Public Buildings:** Construction, finishing, and furnishing of four (2) multi purposes buildings in two (2) different localities with a total area of 600 SQM in addition to the external works and furniture.
- **Playground:** Construction of a playground in one locality with a total area 2000 SQM.
- **Electrical Transformer:** Supply of Transformer with underground cables.
- **Supply and install of equipment and furniture** for the public buildings and kinder gardens which were implemented in six (6) different localities, under the previous programme (Area – EU – ENPI/2014/351-484).
- The expected direct beneficiaries from the proposed programme are around **18,828** inhabitants distributed among the nine targeted localities.

➤ **Target Areas and Beneficiaries**

This programme has been implemented in fifteen localities in Area C (9 new localities and complementary intervention in 6 localities). The target localities are illustrated in Table 13 below:

Table 13: List of target localities under package III

No.	Locality	Governorate	New or Complementary
1	Oqban & Al Mrooj	Bethlehem	New
2	Al Ma'asara	Bethlehem	New
3	Ad Deirat	Hebron	New
4	Umm Rihan	Jenin	New
5	Barta'a Ash	Jenin	New
6	Al Funduq	Qalqilya	New
7	Kardala	Tubas	New
8	Habla	Qalqilya	New
9	Dab'a	Qalqilya	New
10	Ras Elwad	Bethlehem	Complementary
11	Imnaizel	Hebron	Complementary
12	T'innik	Jenin	Complementary
13	Abdallah Al-Younis	Jenin	Complementary
14	Ras Tira	Qalqilya	Complementary
15	Um Al-Lahem	Jerusalem	Complementary

3.3 Financing

The "MDLF" has received a grant from the European Union "EU" to finance the 3rd package of the Area C Development Programme in the West Bank totaling (Euro 3,220,000). The agreement was signed on June 14th, 2017 for 20 months. Table 14 illustrates the budget breakdown.



Table 14: Breakdown Budget – Area C Development Programme –Package III

Item	Budget (Euro)
1- MDLF management fees (indirect cost) = 7% of direct eligible cost	208,950
2- Total Direct Eligible Cost	2,985,000
2.1 Other Costs and Services	50,000
Expenditure Verification/Audit	5,000
Evaluation Cost	15,000
Visibility Actions	30,000
2.2 Other	2,935,000
Legal Fees	30,000
Cost of Infrastructure Sub-Projects	2,680,000
Project Coordinator	50,000
Local Technical Consultancy for Design, Supervision, and Communities Mobilization Activities (Approximately 7% of the cost of infrastructure sub-projects)	175,000
3- Provision for contingency reserve	26,050
Total Cost of the Programme	3,220,000

3.4 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 local consultancy firms/NGOs. 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 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 allocated amount for sub-projects in the targeted LGUs in the West Bank is € 2,680,000.

The approved sub-projects are classified into four sectors as shown in table 15 below, the roads with a total of € 810,000 forming 30.22% of the total budget, the Public Facilities with a total of € 1,540,000 forming 57.46% of the total budget, the Electricity with a total of € 100,000 forming 3.73% of the total budget.

Table 15: The Distribution of the Infrastructure Allocation by sectors

Sector	Value (Euro)	Percentage
Roads	810,000	30.22%
Public Facilities(buildings, schools, playgrounds)	1,540,000	57.46%
Electricity	100,000	3.73%
Complementary (furniture for the package I)	230,000	8.58%
Total	2,680,000	100.00%



3.5 Results and Activities

3.5.1 Results at the Outcome Level

Table 16: Assessment of the Outcomes Performance

Specific Objective	Indicator	Target	Achieved
SO 1: To improve access to essential and public infrastructure in Area C including: -Schools -Public Buildings -Playgrounds -Roads -Transformer -Supply of furniture and equipment	# & Sq. of schools developed or expanded,	2 Schools (1300 sq.m) One Kindergarten (200 sq.m)	One school was completed (280 sq.m) the othe ones are under implementation.
	# & sq. of public buildings constructed.	2 public buildings, 600 sq.	The two public buildings were completed (654 sq.m)
	#&Sq. of Playgrounds constructed	1 playground, 2000 sq.	Not yet achieved as the project is still under implementation
	# & Km of roads constructed/rehabilitated	4 roads segments, 2.9 Km	4 road segment were constructed, 3.1 Km
	# of transformers installed	1 transformer will be installed	The transformer was installed
	The public buildings and kinder gardens are provided with furniture and equipment and become operational accordingly : (Yes / No)	Yes	The furniture was installed except for the medical equipment.
SO 2: to strengthen the Palestinian institutions' capacity to deliver essential social and public infrastructure in Area C.	Programme plans are updated in a participatory manner (Yes / No)	Yes	Done
	% of inhabitants participated in the mobilization activities	5%	achieved (7% in average)



3.5.2 Results at the Output Level

Table 17: Assessment of the Outputs Performance

Results/Outputs	Indicator	Target	Achieved	Percentage of Achievements
Output 1: New essential social and public infrastructure implemented in Area C including: (Schools, Public Buildings, Playgrounds, Roads, Transformer, the supply of furniture and equipment).	# of GIAs signed between MDLF and LGUs	9	9	100%
	# of Contracts signed with contractors to implement the social and public infrastructure projects and supply of furniture.	9	9	100%
	% of disbursement	100%	28%	28%
Output 2: Enhanced capacity of the concerned LGUs and local communities in Area C for social and public services delivery	communities mobilization activities are conducted as planned (yes / No)	yes	yes	yes
	% of disbursement	100%	56%	56% (embedded within the LTC contract)

3.6 Implementation Progress at the Activity Level

3.6.1 Description of Activities undertaken during the Programme:

Since the signature of the agreement between MDLF and the EU, MDLF has started the coordination with the key stakeholders effectively (EU, MOLG and the target LGUs) to meet the planned targets and to avoid any miss communication during the implementation. In this regards MDLF had conducted several meetings with MOLG and the target LGUs to make sure that all the preparatory activities were done regarding the permits and approvals from the line ministries, for instance, getting the needed approvals from the Ministry of Education for adding classrooms, 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 for design and supervision as well as the contracting of Technical Support Expert (TSE) to assist MDLF in following up the programme activities.

The LTC was contracted on 1st of October 2017 and the TSE was contracted on the 1st of July 2017. Following the contract with the LTCs, a kick-off meeting was conducted to ensure the clear understanding of the LTC on 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 the projects locations to verify the description and the costing of projects as well.

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

Preliminary Stage:



- Field visits had been conducted to the target LGUs by MDLF 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 effective corridor of the road project and within the effective 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 communication and visibility plan for the programme was prepared by MDLF and cleared by the EU.
- A procurement plan (PP) was prepared for all work packages where some of them are consultancy, non-consulting services, works, and goods. The PP was sent to the EU for their feedback and comments.
- Regarding the infrastructure sub-projects, there are 8 NCB projects (Works) totaling € 2,340,000 and amounting 87.3 % of the total allocated budget, 1 Shopping project (works) totaling € 110,000 and amounting 4 % of the total allocated budget, and 4 Shopping sub-project (Goods) totaling € 230,000 and amounting 8.6 % of the total allocated budget to provide furniture for the multipurpose buildings as illustrated in Table 18 below:

Table 18: Distribution of Allocated Budget by Procurement Method

Procurement Method	No. of Projects	Value (Euro)	Percentage
National Competitive Bidding "NCB" (Works)	8	2,340,000	87.3%
Shopping (Works)	1	110,000	4.1%
Shopping (Goods) –Furniture for the package I	4 (complimentary)	230,000	8.6%
Total		2,680,000	100.00%

Design Stage:

In order to prepare a complete design for every single project the following steps were undertaken:

- The needed design data were collected and the site investigation was conducted to decide and verify the steps needed in every single project.
- The collected data was represented in the format that would assist in preparing the environmental and social risk assessment.
- The LTC with a direct support from MDLF instructed the LGUs to create and organize an independent project file for every single project.
- The needed soil tests and structural investigations were conducted as needed.
- The approvals from the concerned line ministries were obtained.
- The design phase was completed and then the projects were tendered in accordance to MDLF procurement manual. **Table 19** below illustrates the status of the sub-projects.



Table 19: Implementation Status of Sub-projects

No.	Locality	LGU	Governorate	Project	Brief Description	Final Contracted Amount (EUR)	Projected Amount at Completion (EUR)	Status
1	Oqban & Al Mrooj	Oqban Village Council – Janata Municipality	Bethlehem	Elementary school + kindergarten	Construction of elementary school (9 classrooms, lab, teachers' room, library, sanitary unit, and external works). Additionally, the project consists of constructing a kindergarten including (2 classrooms, teachers' room, sanitary unit, external works, and games)	698,677	760,000	ongoing
2	Umm Rihan	Umm Rihan Village Council	Jenin	Expansion and Rehabilitation of Local Roads	The project scope of work is limited to 1 Km length, including (excavation, leveling, concrete sidewalks, street lighting, and roads furniture). The asphalt width is proposed (6 m) with (1.5 m sidewalks per each).	183,913	195,000	Physically Completed (not yet handed over)
3	Ad Deirat	Khallet Al Maya Village Council	Hebron	Construction of internal roads	The project scope is limited to 500 Lm length, including (excavation, leveling, concrete shoulders/sidewalks, and roads furniture). The asphalt width is proposed (5 m) with (1 m concrete shoulders per each side).	68,331	68,331	Completed and handed over
4	Barta'a Ash Sharqiya	Barta'a Municipality	Jenin	Construction of internal roads	The project scope is limited to the construction of two roads segments: - Segment 1: 600 meters, the base-coarse 8 meters, the asphalt width is proposed (6 m) with (1 m concrete shoulders per each side). - Segment 2: 800 meters, the base-coarse 8 meters, the asphalt width is proposed (6 m) with (1 m concrete shoulders per each side). In addition to the excavation, leveling, concrete shoulders/sidewalks, and roads furniture/light retaining walls.	512,170	488,000	Physically Completed (not yet handed over)
5	Al Funduq and Hajja Street	Al Funduq – Jinsafout Village Council, Hajja Street – Hajja Village Council	Qalqilya	Development of the Elementary School	The project consists of adding multi-purpose room, resources room (natural science room), arts and crafts room, in addition, to do the maintenance and development of the playground as needed	109,000	150,000	The original contract was completed, however additional works will be implemented as a complementary activities to be negotiated with the same contractor.



No.	Locality	LGU	Governorate	Project	Brief Description	Final Contracted Amount (EUR)	Projected Amount at Completion (EUR)	Status
6	Kardala	Kardala Village Council	Tubas	Construction of a Multipurpose building	The project consists of: - Construction a permanent location for the village council, a health clinic, a center for the women and civil society centers, and a kindergarten. - The total area is 300 m2 + external garden+ furniture and equipment	250,000	290,000	Completed
7	Habla	Habla Municipality	Qalqilya	Playground rehabilitation	The project consists of - Surround the playground with a fence; provide it with changing rooms for players, and bathrooms. - The playground will have stadium seating on both sides, and stadium grassing. In addition, mechanic and electrical works will be required, plus an iron gate	270,577	300,000	Completed
8	Al Ma'asara	Al Ma'asara Village Council	Bethlehem	Construction of Multi-purpose building (women's Centre, cultural and youth club, premises for the village council)	- The project consists of construction 2 story building including a women center in the 1st floor + (VC premise and youth club in the 2nd floor) + external garden + boundary wall + equipment + furniture) The total area is around 300 m2	243,152	320,092	The construction and finishing works for the original contract were completed, however the supply of furniture will be retendered. It is worth noting that the LGU requested additional work as a complementary activities for the project. The additional scope of work was agreed upon and will be negotiated with the same contractor.
9	Dab'a	Habla Municipality	Qalqilia	Supply of Transformer	- This project was intended to be implemented in the 1st package, however, it was postponed and agreed to be implemented under this package. - It consists of installing a new transformer with all accessories and underground cables as needed.	54,827		Completed and handed over



No.	Locality	LGU	Governorate	Project	Brief Description	Final Contracted Amount (EUR)	Projected Amount at Completion (EUR)	Status
10	Abdallah Al-Younis multi purposes center, T'innik kindergarten, Ras Elwad kindergarten, Imnaizel kindergarten, Ras Tira kinder garden, Um Al-Lahem Services Centre)	This tender will be managed centrally at the MDLF level for the benefit of the listed localities	Jenin Bethlehem Hebron Qalqilia Jerusalem	Supply and install of furniture and equipment are for a number of kindergarten and social buildings	The implemented projects under the 1st package will be equipped with furniture, particularly: - Abdallah Al-Younis multi purposes center, - T'innik kindergarten, - Ras Elwad kindergarten, - Imnaizel kindergarten, - Ras Tira kinder garden, -Um Al-Lahem Services Centre)	110,000	103,000	ongoing
	Total						2,728,000	



Table 20: Implementation Time Table

Task	Responsibility	2017								2018												2019
		June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	
Task 1 - Mobilization (Preparatory Activities)																						
Effective coordination between MDLF, MOLG with the LGUs encouraging them to be well prepared for the implementation.	MDLF, MOLG																					
Contracting the Technical Support Expert	MDLF																					
Signing the Grant Implementation Agreement (GIA) between MDLF and the LGUs describing the roles and the responsibilities for MDLF and the LGUs.	MDLF, LGUs																					
Preparing a detailed implementation plan including (procurement plan, disbursement plan, and communication and visibility plan).	MDLF																					



Task	Responsibility	2017								2018												2019
		June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Preparation of the local technical consultant terms of references. Special focus will be given to the quality control and assurance procedures and composition and qualifications of the requested personnel. The terms of reference will include a specific part for the technical assistance and operational support for the local governmental units as well as the communities' mobilization activities.	MDLF																					
Task 2- Preparation for the implementation (Sub-projects Design)																						
Contracting a local technical consultant (LTC) for sub-projects design and supervision where the community's mobilization activities will be included under the scope of the LTC.	MDLF																					



Task	Responsibility	2017								2018												2019
		June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	
Preparing the design and the bidding documents for the selected sub-projects including the Environmental and Social Management Plan (ESMP) by the contracted LTC. <u>(The bidding documents will be verified cleared and endorsed by MDLF).</u>	MDLF, LTC																					
Advertising, the composition of opening and evaluation committees, evaluating.	LGUs																					
Contracts award following MDLF no objection. MDLF shall approve and endorse all contracts by co-signing or initialing these with the wording <u>"reviewed, cleared and endorsed by the MDLF".</u>	LGUs/MDLF																					
Task 3 – Sub-projects Implementation Stage																						
Technical Assistance for supervision																						
Assist the LGU's in the supervision of subprojects implementation. <i>(i.e., construction on sites and delivery of equipment and furniture)</i>	MDLF, LTC																					
Monitor and Ensure compliance with MDLF standards	MDLF, LTC																					



Task	Responsibility	2017								2018												2019
		June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	
Communities mobilization activities	LTC																					
Financial Management																						
Monitor and Ensure compliance with MDLF financial procedures	MDLF																					
Social Safeguards Monitoring																						
Monitor and Ensure compliance with social safeguards policies	MDLF, LTC																					
Environment Safeguards Monitoring																						
Monitor and Ensure compliance with environmental safeguards policies	MDLF, LTC																					
Overall monitoring and reporting																						
Monitoring of subprojects indicators	MDLF																					
Sites Visits	MDLF, MOLG																					
Task 4 - Audit and Evaluation																						
Midterm evaluation	MDLF, EU																					
External audit	external auditor																					
Final Evaluation	Outsourced consultant																					
Task 5 - Reporting - Final Report	MDLF																					



3.7 Beneficiaries/affiliated Entities and Other Cooperation

3.7.1 Key Stakeholders

The key stakeholders of the proposed programme can be 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 Ministerial Committee in charge of Area C** development interventions and its arm “the Area C Coordination Office under the Prime Minister Office (ACCO)”.
- **The Municipal Development and Lending Fund “MDLF”** as the selected implementing Agency for this programme. The MDLF is responsible for managing the fund.
- **The Local Government Units “LGUs”** where the proposed projects will be implemented. The LGUs are the owners of the projects.
- **The Local Technical Consultant “LTC”** who is responsible for the design and the supervision of the infrastructure projects. The LTC is responsible for undertaking the communities' mobilization activities.
- **The Contractors and Suppliers** who are responsible for direct implementation of the projects within the targeted localities. The contractors are managed directly by the LGUs with technical support from the LTC and the MDLF.
- **The European Union as a donor** and other financing partners working in Area C.

3.7.2 Coordination among the Key Stakeholders

In order to better follow up the activities of the programme effectively, a communication plan was prepared. In this context, MDLF coordinated closely with all stakeholders throughout the implementation. Additionally, MDLF coordinated its efforts with other stakeholders such as ACCO and the technical ministerial committee for Area C.

The coordination between the key stakeholders was conducted at different levels:

- For MDLF to be immediately informed about demolition or stopping orders in Area C. MDLF will initiate a continuous dialogue and communication with OCHA regarding their work in Area C that is relevant to MDLF interventions. MDLF has been registered with OCHA notification system and a focal point was nominated to follow up on this issue from MDLF.
- As a member in the technical committee which was established by the Prime Minister's Office specifically to coordinate the work in Area C, MDLF continued coordination with the technical ministerial committee regarding the interventions in Area C. The technical committee includes representatives from MDLF, Ministry of Local Government, Ministry of Education and Higher Education, Ministry of Health, Ministry of Jerusalem Affairs, and the Palestinian Water Authority. MDLF in this context attended all meetings for this committee and updated them with MDLF interventions in Area C so far as well as the upcoming funds.
- Furthermore, MDLF continued the dialogue which was initiated with the ACCO which was established by the Prime Minister's Office to follow up all the work of the PA institutions and donor interventions in Area C. The ACCO visited MDLF to be aware of MDLF interventions in Area C and closely coordinated field work whenever is needed.



- The high-level communication between MDLF and the EU was ensured to agree on the overall plan of the programme regarding the budgeting, work packages, time frame as well as the operational guidelines. MDLF coordinated closely with the technical team in the EUREP and has regularly informed them of the progress and achievements as well as challenges and obstacles. Furthermore, MDLF will early notify the EU in case of work stopping order, demolishing order in order to take immediate action and to mitigate the risk as well.
- A close communication between MDLF, MOLG and the target localities was ensured to make sure that all the preparatory activities were done regarding the approvals from the line ministries as needed.
- 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 including community mobilization activities.

3.8 Visibility

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

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

- **Events and Workshops:** Orientation workshops were held by MDLF through the programme for the target LGUs. Several events like the signature the GIAs between MDLF and the target LGUs. These agreements were signed with the presence of representatives of the target localities under the auspices of His Excellency, Minister of Local Government and Chair of MDLF Board, Hussein Al-Araj, with a presence the Projects Director General at MOLG, EUREP Representative Mr. Riccardo Rossi, and MDLF top management. The event was covered by the media.
- **Field Visits & Meetings:** MDLF organized many field visits for EU Delegations, and invited them to see the sub-projects on the ground.
- **In addition to the above-mentioned activities, it is foreseen to complete all the visibility programmes which were agreed upon with the EU during the coming few months.**

These activities include:

- o Printing materials such as fact sheets, brochures, billboards, foam boards, and calendar.
- o Production of two spots, and one promotional film.
- o Fun day Activities (football game in Habla Playground, fun day for kids).
- o Two inaugurations and one closing ceremony.



3.9 Obstacles and Challenges

- The lack of the capacity and skills of most LGU's to prepare ESMP as well as the preparation of bidding documents and procurement plans. To overcome this challenge; on-job training and site visits were conducted by the contracted LTCs.
- The need for permits to enter some areas such as Um-Rihan hindered the smooth progress of the project especially in case of refusing of some staff to enter the target areas.
- The coordination with the MOLG took more time than expected, especially for the verification of projects locations.
- Despite the road project in AdDeirat has been completed on the ground and handed over, it was subject to stop working order issued by the Israeli Civil Administration (ICA) on 25/6/2018. This issue has been legally followed up in consultation with the MOLG, the Village Council, and the PA legal advisor. Since then, no further orders have been issued by the ICA despite several visits conducted by the ICA officials to the village as stated by the head of the village council.
- The project entitled "Construction of Multi-purpose Building" in Kardala has been subject to stop working order (SWO) issued by the ICA on 17/9/2018 where the project is still under implementation. Following the receipt of the official SWO; MDLF immediately met with MOLG to assess the current situation and to agree on the next steps. The EUREP were updated on the SWO and were informed about the MDLF/MOLG position in this regards.

3.10 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 an efficient and sustained institution.
- Pay more attention to training and workshops especially for social and environmental aspect.
- Conduct training workshops for the local consultants before the implementation stage to ensure that the consultant accommodates the requirements of the Procurement Manual of MDLF.
- Pay more attention to the cost estimate of projects to avoid over budget.



4. Area C Development Programme in the West Bank – Package IV “EU+UK Fund”

4.1 Background

This action is based on the Financing Agreement “Access to Essential Social and Public Infrastructure in Area C - ENI/2014/032-783”, the Financing Agreement was signed between the European Union (EU) and the Palestinian Authority (PA) on 17th of March 2015 and amended on 13th of July 2016.

The EU and PA agreed on the following approach with regard to projects implementation in Area C: “the 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”.

The Municipal Development and Lending Fund (MDLF) has been nominated for implementation of basic infrastructure in Area C based on (i) the recommendation letter of the Ministry of Local Government (MoLG) on 20th of April 2016 and (ii) compliance to eligibility conditions and essential selection criteria as stipulated in the Technical and Administrative Provisions of the signed financing agreement [articles 2.3.1 (c+d)].

A Steering Committee composed of the European Union (EU), PA (Palestinian Authority), MDLF and of other donors financing the action was formed as an organizational set-up of implementing this programme. The Steering Committee is mandated to discuss and endorse the localities as well as the selected projects to be implemented in the target localities in Area C. Two Steering Committee meetings were held on April 20th and June 30th 2016, respectively, resulting in the endorsement of the selection criteria and the endorsement of the proposed localities as well.

The selection criteria⁵ is composed of sub-criterion starting from the high-level eligibility and screening, followed by a competitive scoring of the eligible localities, and ending with competitive selection criteria for projects. Upon that, a set of localities were nominated by MDLF and then endorsed by the SC to be targeted by this action.

Then, the MoLG and MDLF technical teams visited the shortlisted localities and respective projects. The EUREP, the French Development Agency (AFD) and the United Kingdom's Department for International Development (DFID) also participated in part of these site visits. Later, the technical teams discussed all nominated localities and projects and finally, the Steering Committee endorsed the selected social infrastructure projects under this act on 28th of November 2017 concerning the AFD envelope and on 6th of December 2017 concerning the DFID envelope.

It is worth noting that the proposed projects are based on the statutory outline plans (accompanied by detailed planning packages for transport, water, and wastewater networks as well as action plans for essential social and public infrastructure projects). These plans were developed in a participatory manner by the target communities and were supported by Non-Governmental Organizations (NGOs) or private urban planning firms. The statutory outline plans and the detailed planning packages were submitted to the PA and to the Israeli Civil Administration (ICA). At the Israeli Civil Administration, the plans were registered and processed through a complex and cumbersome authorization process.

The communities developed the statutory outline plans and the action plans for essential social and public infrastructure in a participatory inclusive mode, taking the demographic and socio-

⁵ For more details on the selection criteria please see section 2.1.3 of the grant proposal.



economic development needs for the next 20 years into account. Accordingly, a set of sub-projects proposed in this action were suggested and identified by the local communities with the view to improve the quality of life for the inhabitants within those communities. These projects were re-confirmed during the identification phase of this action including approvals from the respective governmental bodies or ministries.

4.2 Description

Objectives of the Action

The overall objective (impact) of the action is to improve the social and economic conditions of Palestinian communities in Area C which is crucial for maintaining Palestinian presence in Area C and for the development of the Palestinian economy.

The specific objective (outcome) of the action is composed of two folds (i) to improve access to essential and public infrastructure in Area C; (ii) strengthening the Palestinian institutions' capacity to deliver essential social and public infrastructure in Area C.

Expected Outputs

It is expected to enhance the living conditions of 9,258 residents in 7 localities: (Furush Beit Dajan 906, Jiftlik 3,337, Ein Shibli 139, Khirbet Ad-Deir 1,523, Al-Rifa'yya 1,460, Al Masqoufa 307, Khashem Ad Daraj 1,586); through the implementation of 10 sub-projects as follows:

- Roads: Construction and rehabilitation of 5 different road's projects with a length of 5.3 KM.
- Schools: Development and expansion of existing schools in three different localities. The total area is about 1,070 SQM.
- Public Buildings: Construction, finishing, and furnishing of a multipurpose building at a locality with a total area of 250 SQM in addition to the construction of village council premise in another locality with a total area 150 SQM.
- Capacity development of the concerned LGUs and community mobilization activities with regards to social public infrastructure implemented under the EU programme in Area C.

Target Areas and Beneficiaries

This action will be implemented in seven localities in Area C. The target localities are illustrated in **Table 21** below:

Table 21: List of target localities under package IV

No.	Locality	Governorate
1	Ein Shibli VC	Nablus
2	Furush Beit Dajan	Nablus
3	Al Jiftlik	Jericho
4	Khirbet Ad Deir	Bethlehem
5	Khallet Al Maya	Hebron
6	Al Masqoufa	Tulkarm
7	Khashm Ad-daraj	Tubas

The expected direct/indirect beneficiaries from the proposed action are around 18,828 inhabitants distributed among the target localities



4.3 Financing Partner Contribution

The “MDLF” has received a grant from the European Union “EU” towards the cost of “Development of Area C in the West Bank” in a total of (Euro 2,219,528.72). The agreement was signed on December 26th, 2017 for 13.5 months. **Table 22** illustrates the budget breakdown.

Table 22: Breakdown Budget – Area C Development Programme –Package IV

Item	Budget (Euro)
1- MDLF management fees (indirect cost) = 7% of direct eligible cost	143,500
2- Total Direct Eligible Cost	2,050,000
2.1 Other Costs and Services	45,000
Expenditure Verification/Audit	5,000
Evaluation Cost	10,000
Visibility Actions	30,000
2.2 Other	2,005,000
Legal Fees	50,000
Cost of Infrastructure Sub-Projects (Component 1 - AFD envelope)	850,000
Cost of Infrastructure Sub-Projects (Component 1 - DFID envelope)	970,000
Local Technical Consultancy for Design, Supervision and Communities Mobilization Activities	135,000
3- Provision for contingency reserve	26,028.72
Total Cost of the Action	2,219,528.72

4.4 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 local consultancy firms/NGOs. 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 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 the importance and vitality of those projects to their localities. The total allocated amount for sub-projects in the targeted LGUs in the West Bank is € 2,219,528.72. Breakdown of the sub-projects allocation by governorate is illustrated in **Table 23**.

The approved sub-projects are classified into two sectors as shown in **Table 24** below, the roads with a total of € 830,000 amounting 46% of the total budget, the Public Facilities with a total of € 990,000 amounting 54% of the total budget.



Table 23: The Distribution of Sub-Projects Allocation by Governorate

Governorate	Names of Involved LGUs	Number of Involved LGUs	Percent of Total
Nablus	Ein Shibli Furush Beit Dajan	2	29%
Jericho	Al Jiftlik	1	14%
Bethlehem	Khirbet Ad Deir	1	14%
Hebron	Al-Rifa'iyya Khashem Ad Daraj	2	29%
Tulkarm	Al Masqoufa	1	14%
Total		7	100%

Table 23. The Distribution of Allocated Budget by Sectors

Sector	Allocation (EURO)	Percent of Total
Roads	830,000	46%
Public Facilities	990,000	54%
Total	1,820,000	100%

4.5 Implementation Status

Since the signature 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 miss communication 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 classrooms, 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 and a technical support expert to assist MDLF to follow up the project activities. 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 11th Feb 2018 and the TSE was contracted on 1st July 2017. 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 19th, 2018 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 effective corridor of the road project and within the effective 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 communication and visibility plan for the program was prepared by MDLF cleared by the EU.
- 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.
- Regarding the infrastructure sub-projects There are 5 NCB sub-projects (Works) with total allocation of € 1,175,000 forming amounting 64.5 % of the total allocated budget and 5 Shopping sub-project(works) with total allocation of € 635,000 amounting 34.9 % of the total allocated budget and 2 Shopping sub-project(Goods) with total allocation of € 10,000 amounting 0.6 % of the total allocated budget to provide furniture for the multipurpose buildings.

Design Stage:

In order to prepare a complete design for every 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 every single project.
- The collected data was represented in the format that would assist in preparing an environmental risk assessment and social impact and social risk assessment.
- A 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 inline 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 every single project.
- The needed soil and structural investigations and tests were conducted for some projects.
- The project license for some projects from the concerned inline ministries was obtained.
- The design phase was completed and then the projects were tendered in accordance to MDLF procurement manual. Table 24 & Table 25 below illustrates the status of the sub-projects.



Table 25: Implementation Status of Sub-projects: List of Localities and Sub-Projects to be included in the AFD Envelope (Package IV)

No.	Locality	LGU	Governorate	Recommended Project	Brief Description	Contracted Amount EURO	status
1	Ein Shibli	Ein Shibli VC	Nablus	Construction of additional classrooms for Ein Shibli mixed school	The project consists of adding 4 new classrooms (vertical expansion), as per the following: - 3 classrooms for students. - 1 Services Room (storeroom) Additionally, the work includes external expansion of the existing sanitary unit (3 Toilet units - skeleton & Finishing) The proposed area for construction is estimated at 210 square meters.	96,719.50	ongoing



No.	Locality	LGU	Governorate	Recommended Project	Brief Description	Contracted Amount EURO	status
2	Ein Shibli	Ein Shibli VC	Nablus	Construction of internal road including the construction of water pipeline in Ein Shibli	Construction of 600 LM road, the work includes road excavation & levelling, 6 m base course material, and 5.25 m asphalt, concrete shoulders where needed, and road furniture, work also includes construction of water pipeline of 600 LM of 2" diameter alongside the road.	101,045.00	Physically Completed
3	Furush Beit Dajan	Furush Beit Dajan Village Council	Nablus	Construction of additional new classrooms for Furush Beit Dajan School	Construction of new classrooms with a total area of 380 Sq. m. (horizontal expansion) The project consists of the following: - 2 classrooms. - 1 Computer lab. - 1 Resources room. - Staircase, toilet units. - External works (Rehabilitation of the existing yard and school entrance, sidewalks, yard shades)	310,035.00	Stopped by ICA



No.	Locality	LGU	Governorate	Recommended Project	Brief Description	Contracted Amount EURO	status
4	Furush Beit Dajan	Furush Beit Dajan Village Council	Nablus	Construction of internal roads in Furush Beit Dajan	Construction of the entrance of Furush Beit Dajan, (0.85 km road of 6.5 m base course and 5.5 m asphalt), the work also includes excavation works, concrete shoulders, and kerbstone, interlock tiles (as needed), guardrails, and road furniture.	108,007.50	Stopped by ICA
5	Al Jiftlik	Al Jiftlik Village Council	Jericho	Rehabilitation of internal roads in Al Jiftlik	Rehabilitation of 1.55 km length (2 segments), the work includes excavation and levelling works, 6.5m base course, 5.5 m asphalt, concrete shoulders where needed, box or pipe culvert, and road furniture.	238,967.50	Ongoing
Total						854,774.5	



Table 26: Implementation Status of Sub-projects: List of Localities and Sub-Projects to be included in the Envelope (Package IV)

No.	Locality	LGU	Governorate	Recommended Project	Brief Description	Contracted amount EURO	status
1	Khirbet Ad Deir	Khirbet Ad Deir Village Council – Tuqu' Municipality	Bethlehem	Development and Expansion of Al Khansa' Elementary Mixed School	The project consists of adding three (3) classrooms, library premises, laboratory premises, and kitchen. The external works will include a retaining wall with a total length of 140 meters, rehabilitation and landscaping of the school backyard area. The furniture and equipment for the elementary school will be provided by MEHE.	258,029.00	ongoing
2	Al-Rifa'iyya	Khallet Al Maya Village Council	Hebron	Construction of Internal Roads	The project consists of the construction of about 0,3 Km in length. The works will include excavation, levelling, and concrete sidewalks and roads furniture. The roads' width is 5 m and up to 1 m concrete shoulders each side.	89,430.00	ongoing
3	Al Masqoufa	Deir Al Ghsoun Municipality	Tulkarm	Construction of Multipurpose Building	The project consists of constructing a clinic and kindergarten with a total area of 250 SQM. The works will include the landscaping of the external garden including a boundary wall. The project will provide basic furniture and equipment to make the building functional.	184,465.00	ongoing



No.	Locality	LGU	Governorate	Recommended Project	Brief Description	Contracted amount EURO	status
4	Khashem Ad Daraj	Khashem Ad Daraj Village Council	Hebron	Construction of Internal Roads	The project consists of the construction of about 2 Km length of roads. The roads' width is 4 m of asphalt. The work includes excavation and levelling in addition to concrete shoulders, where needed, and roads furniture.	186,750.00	ongoing
5	Khashem Ad Daraj	Khashem Ad Daraj Village Council	Hebron	Construction of Khashem Ad Daraj Village Council Premises	The project consists of adding a second current kindergarten building with a total area of about 150 SQM. The works will include, also, the external works including a gate and the staircase. The project will provide basic furniture and equipment to make the building functional	89,035.00	ongoing
Total Estimated Cost (Excluding VAT)						807,709	



4.6 Obstacles and Challenges

- The lack of the capacity and needed skills of most LGU's to design their sub-project and to prepare ESMP, to overcome this challenge through on-job training and site visits.
- The low capacity of the LGU's in general related to procurement procedures, preparation of bidding documents and procurement plans.
- The coordination with the MOLG took more time than expected, especially for the verification of projects locations.
- Stoppage orders by ICA

4.7 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 an efficient and sustained institution.
- Pay more attention to training and workshops especially for social and environmental aspect.



5. Area C Development Programme in the West Bank – Package II “SDC Fund”

5.1 Description

This Project is based on the signed agreement between the Swiss Agency for Development and Cooperation “SDC” and the MDLF in November 2016, “Support to Village Councils- Area C Infrastructure “. As preparatory activities for this action, coordinated efforts took place 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 with the Israeli Civil Administration (ICA). The plans were discussed and complemented with detailed planning packages for roads, buildings, water, and wastewater networks.

At the local level, 116 plans have been prepared across the West Bank, only five out of them were approved by the ICA. However, the remaining ones are currently in progress as (7 plans) were announced for public objection, (90 plans) passed ICA procedures (submitted to ICA) and subject to technical discussion, and (14 plans) are still in the process of data collection and preparation.

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 subprojects 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 of those localities.

Objectives and Expected Results (as per the agreement)

The overall objective of this project is to improve the social and economic conditions of the 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 project is to improve access to basic infrastructure in Area C through supporting the communities with basic services including "community development projects, small-scale infrastructure, social infrastructure projects, and educational facilities".

Target Localities

This project has been implemented in seven localities in Area C. The target localities are as follows:

- An-Nabi Elias, Wad Al Rasha/ Qalqilia Governorate
- Shufa / Tulkarm Governorate
- Yanun / Nablus Governorate
- Harmala / Bethlehem Governorate
- Kirbit Um Dyoub and Jib Eldeeb / Bethlehem Governorate
- Al-Midya / Ramallah Governorate

The approved sub-projects were identified based on the community needs concerning the services delivery improvement including: "rehabilitation/construction of water networks, building schools/ adding classrooms, parks and recreation, electricity services, roads construction, and rehabilitation".



Expected Results

- Roads: Construction and rehabilitation of 4 different road's projects in 4 different localities with a length of about 2.1 KM.
- Schools: Expansion and Development of Elementary School. The total area is about 850 SQM.
- Spring: Rehabilitation of existing spring including the construction of a stone wall to protect the spring, fencing, concrete shoulders, collection manhole, and entrance gate.
- Water: Reservoir construction with around 70 cubic meter capacity, and 1.4KM 4" water main pipeline and 400-meter internal water network.
- Public Park: Construction of Public Park in one locality with a total area of 2000 SQM.



The expected direct beneficiaries from the proposed action are nearly 8,000 inhabitants distributed among the seven-targeted localities.

5.2 Financing Partner Contribution

The SDC granted the MDLF a contribution of EUR 2,885,714.00 to be utilized for supporting a number of villages in Area C. The financing agreement was signed on November 17th, 2016 for a period of 4 years.

5.3 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 consultancy firms under the direct supervision from MOLG. 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 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 the importance and vitality of those projects to their localities.





There is a component that would be directed at supporting the selected localities with social and infrastructure subprojects. The total allocated amount for sub-projects in the targeted localities in the West Bank is € 1,140,000.

Breakdown of the sub-projects allocation by governorate is illustrated in **Table 27**.

Table 27 The Distribution of Allocated Budget by Governorate

No.	Governorate	Total allocations (Euro)	Percentage%
1	Qalqilia	435,000	38.15%
2	Tulkarm	130,000	11.40%
3	Nablus	25,000	2.20%
4	Bethlehem	440,000	38.60%
5	Ramallah	110,000	9.65%
	Total	1,140,000	100.00%

The approved sub-projects are classified into 4 sectors as shown in **table 28** below, the roads with a total of € 440,000 entire allocation, the Schools with a total of € 360,000 forming 31.5% of the entire allocation.

Table 28: The Distribution of the Services Component Allocated Money by sectors

Sector	Value (Euro)	Percentage
Roads	440,000	38.6%
Water	240,000	21.1%
Public Facilities	100,000	8.8%
Schools	360,000	31.5%
Total	1,140,000	100.00%

5.4 Implementation Status

Since the signing of the agreement between MDLF and the SDC, MDLF started the coordination with key stakeholders (SDC, the MOLG, and the target LGUs) to meet the planned targets and to avoid any miscommunication during the implementation phase. MDLF conducted several meetings with the MOLG and target LGUs to make sure all the preparatory activities were done in regards to permits and approvals from line ministries including getting needed approvals of the Ministry of Education for adding classrooms, getting the approval of the Palestinian Water Authority for expansion or construction of water networks...etc.



Since November 2017, and in parallel to the effective communication with the key stakeholders, MDLF hired a technical support expert to assist MDLF in following up on the project activities. Additionally, a clear TOR was prepared for the consultancy service of the design and the supervision work package (i.e. LTC assignment), where the MDLF is responsible for technical review of the LTCs deliverables.

Following the contract with the LTC which took place in November of 2017, a kick-off meeting was conducted to ensure clear understanding of the consultant regarding the scope of work and the main tasks they may be responsible for. Upon launching the kick-off



meeting, the LTC was requested to start communicating with the target LGUs and to conduct the field visits to project locations to verify the description and the costing of the endorsed sub-projects.

More focus on the works conducted so far could be summarized as the following:

Preliminary Stage:

- A kick-off meeting with LTC representatives and MDLF was conducted to discuss the project components, allocations, and other issues.
- Field visits were conducted to the target LGUs 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 effective corridor of the road project and within the effective 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.
- Regarding the infrastructure sub-projects There are 2 NCB sub-projects with a total allocation of € 575,000 forming about 50.4 % of the entire allocation and 6 Shopping sub-project with a total allocation of € 565,000 forming about 49.6 % of the entire allocation as shown in **table 29**.

Table 29: Distribution of infrastructure work package (allocation) by procurement method

Procurement Method	Value €	Percentage %
Shopping	565,000	49.6 %
National Competitive Bidding (NCB)	575,000	50.4 %
Total	1,140,000	100%

Design, Tendering, and Implementation Stage:

In order to prepare a complete design for every single sub-project, the following steps were undertaken:

- The needed design data were collected and the site investigation was conducted to decide and verify the steps needed for every single sub-project.
- The collected data were represented in the format that would assist in preparing an environmental risk assessment and social impact and social risk assessment.
- A 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 line ministries to verify the required standards and design criteria.
- The LTC with direct support from MDLF instructed the LGUs to create and organize an independent project file for every single sub-project.
- The needed soil and structural investigations and tests were conducted for some sub-projects.
- The licenses from the concerned line ministries were obtained.
- The design was completed and finalized.
- The tendering documents were prepared in accordance with the MDLF procurement manual.
- The implementation has been progressing with the following status:
 - ✓ **4 sub-projects out of 8 were completed** with a total cost (**EUR 395,487**) amounting (**38%**) of the total contracted amount.



- ✓ **3 sub-projects** are **ongoing** with a total cost **(EUR 567,587) amounting (54.6%)** of the total contracted amount.
- ✓ **One sub-project** was verbally subject to a stop working order from the ICA, recently this was re-contracted with a new contractor (Direct contract), with a total cost for both contracts **(EUR 76,366) amounting (7.4%)** of the total contracted amount. **Table 30** below, illustrates the status of the sub-projects.

Table 30: Status of Projects

No	Locality	LGU	Governorate	Sub-project	Status	Allocated Budget (EUR)	Contracted Amount (EUR)
1	Yanun	Aqraba Municipality	Nablus	Rehabilitation of Yanun Spring	Completed	25,000	28,844
2	An-Nabi Elias	An-Nabi Elias Village Council	Qalqilia	Rehabilitation of Internal Roads	Ongoing - The excavation works were completed. - Boulders works completed. - Base-course works were completed, but unfortunately, the layer was completely damaged by rain	120,000	94,000
3	An-Nabi Elias	An-Nabi Elias Village Council	Qalqilia	Construction of a public park	Ongoing	100,000	96,855
4	Shufa	Shufa Village Council	Tulkarm	Rehabilitation of Internal Roads	Completed	130,000	82,405
5	Wadi Al-Rasha	Habla Municipality	Qalqilia	Water Reservoir, Water Network Rehabilitation	Almost completed At the final stages.	215,000	194,604
6	Al-Midya	Al-Media Village Council	Ramallah	Rehabilitation of Internal Roads	Completed	110,000	89,629
7	Kirbit Um Dyounf & Jib ElDeeb	Beit Ta'mir Village Council	Bethlehem	Rehabilitation of Access Roads	This sub-project was subject to verbal stop working order by the ICA along with confiscation of the contractor's excavator on 20/6/2018. The confiscated bulldozer was released on (3/7/2018) under the following conditions: - NIS 10,009 (ten thousand and nine shekels) were paid by the contractor to the Israeli Authorities. - An undertaking was signed by the contractor not to resume the work without permission from the ICA. Upon MDLF assessment in consultation with MOLG, it was decided to terminate the contract. Recently MDLF contracted a new contractor to resume the work in this sub-project.	80,000	75,820 (the contract was terminated, the final contracted amount was concluded to be EUR 31,366) (new contract EUR 45,000)



No	Locality	LGU	Governorate	Sub-project	Status	Allocated Budget (EUR)	Contracted Amount (EUR)
8	Harmala	Janata Municipality	Bethlehem	Expansion and Development of Existing School	Ongoing - Progress is around 40%. - A slab on the second floor was cast. - Interior finish works started. - Preparation of third slab floor casting already started	360,000	376,732
Total						1,140,000	1,039,435

5.5 Obstacles and Challenges

- The lack of capacity and skills of most LGU's staff to design their sub-project to prepare the Environmental and Social Management Plan "ESMP", to overcome this challenge the LTC has conducted on-job training focussing on the social and the environmental safeguards in accordance to MDLF working procedures.
- The low capacity of the LGU's in procurement procedures and bidding documents preparation.
- The coordination with MOLG took more time than anticipated, especially for the verification of projects locations (within/out of the outline plans).
- The Stop Orders on work which was issued by the ICA for Beit Taamar internal roads on 20/6/2018 and accompanied with confiscation of the contractor excavator for more than 12 days. An undertaking was signed by the contractor not to resume the work without permission from the ICA. This issue was discussed with MOLG and upon that, it was agreed to terminate the contract under no harm principle while implementing sub-projects in Area C.

5.6 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 an efficient and sustained institution.
- Pay more attention to 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.
- 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.
- ne 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 the 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 of risks materialized.



6. Gaza Vulnerable Communities Development “SDC Fund”

6.1 Introduction

Gaza Vulnerable Communities Development (GVCD) is a program that was designed to improve the provision of basic services to marginalized populations in Gaza Strip, and to increase the accountability at the local municipalities, as well as boost civic duty and participation among vulnerable populations in issues related to local planning and decision-making processes.

GVCD aligns with the Palestinian Authority policies, namely the National Policy Agenda of 2017-2022, and the draft of the Local Government Strategic Framework and the new MDLF Strategy (2017-2021). It further implements the state-building agenda, the Human Right Based Approach (HRBA) of the current Cooperation Strategy (2015-2018).

It is worth noting the GVSD was designed to complement the Municipal Development Program in responding to the vulnerable communities in providing accountable municipal services.

6.2 GVSD Description

GVCD will be implemented over a 9 year period in three consecutive phases (each phase starts every three years), and to start the first phase in (2017 – 2020).

Gaza Vulnerable Communities Development aims at:

- Improving and enhancing accountability at local service delivery for vulnerable communities.
- Strengthening local authorities' accountability toward citizens and civic groups' (youth, women and Neighbourhood Committees) and citizens' participation in local decision-making processes.

The Program seeks to respond to a continued high demand for basic services among vulnerable communities who are often left behind as well as to strengthen their capacity to participate in local decision-making processes with a focus on the three components:

- Component 1: Improving accountable service delivery for vulnerable communities through (10-15) small infrastructure projects;
- Component 2: Increasing Civic Participation & Social accountability of vulnerable communities in local decision-making and community development.
- Component 3: Enhancing Policy Dialogue on vulnerability Issues in the LG sector.





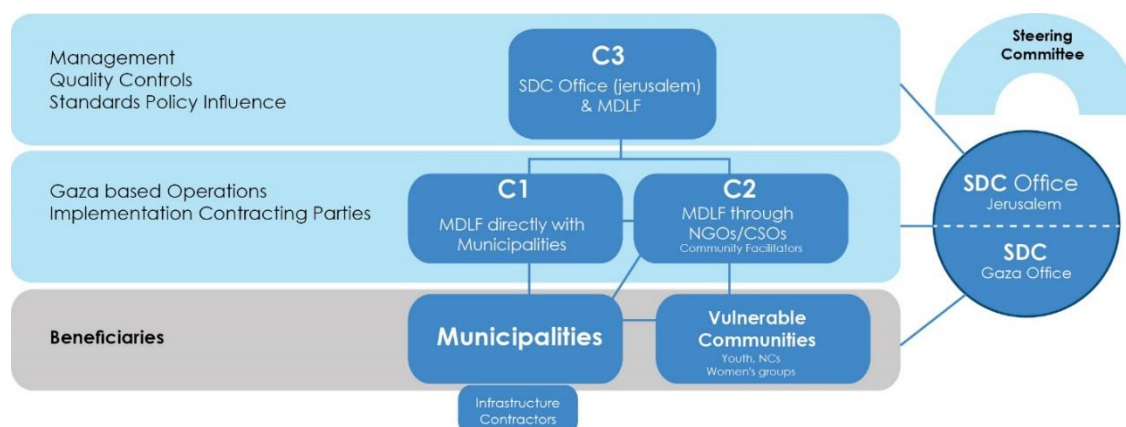
6.3 Implementing Partners

The Municipal Development and Lending Fund (MDLF) will be the principal implementing partner for all three components of Phase 1. Besides the Ministry of Local Government (MoLG), the MDLF is legally mandated to implement PA's policies and strategies related to LGUs.

Thus MDLF will be responsible for the key management, administrative, budgeting, and liaising functions.

Steering Committee (SC): To ensure a smooth implementation of the program, an intervention/ program SC will be set up in the first year of the program. The composition of the SC will include representatives of key implementing partners (MoLG, MDLF, CSOs/ PNGO), SDC as well as UNRWA and GIZ. Representatives from other local/international agencies might be invited to attend steering committee meetings as needed. The SC will meet twice a year to review the intervention's progress, to advice on any troubleshooting matters, risk analysis needs and general steering recommendations as needed.

The overall coordination structure for the Program is illustrated below.



6.4 Financing Partner's Contribution

The SDC has contributed CHF 3 million for the first phase which has started on Nov. 1st, 2017 for three years. Noting that, the intervention was designed to be implemented in three phases with a total financing CHF 12 million over 9 years.

6.5 Implementation Status

During the reporting period, MDLF has given special attention to proceed all preparations to the recruitment of partner NGO, including developing the TOR and evaluation of the candidates' applications for final selection, and ensure that selected NGO possess the capacity and experiences to support GVCD implementation and being able to even take the social participation in the municipal services to a higher level, and being open to innovation and learning for further improvement.

MDLF completed the process of NGO selection and signed the contact with PCDCR the partner NGO to start implementation.

MDLF worked to finalize the selection of vulnerable areas and municipalities, the selection followed the instruction and guidance included in the GVCD document and



referred to the assessment of the infrastructure services by PCBS in 2017, in addition to field visits and discussion among MDLF staff and municipalities staff.

In Addition to that, MDLF has communicated the GVCD to the wider community through the launching workshop that allowed all municipalities, different INGOs, NGOs, consulting firms to know about GVCD and realizes the methodology and tools that MDLF has developed to empower the marginalized communities through the mechanisms of participation and social inclusion, the following summary showing the main progress has been made over the reporting period:

A) GVCD Launching Workshop

- Carry out all preparations and activities required for the launching workshop which included:
- Prepare and development of brochures in both Arabic and English, and promotional materials, invitation.
- Contracting printing office for the design and printing the materials
- Inviting participants: municipalities, INGs, NGOs, consulting firms, Donors
- Run and facilitate the launching workshop on 17 April 2018, at Lighthouse in Gaza.
- A total of 100 Participants had attended the workshop including, municipalities, INGOs, NGOs, Donors, Consulting Firms, and Universities.



B) Selection of Vulnerable Areas and Municipalities:

Develop and finalize vulnerable areas selection methodology with focusing on :

- Review the selection criteria mentioned in the GVCD project documents about areas and municipalities selection.
- Review PCBS assessment report developed in 2017 on infrastructure services and use the information and assessment as a reference to indicate the status of coverage and a shortage of municipal services and realize the gaps and needs.
- Conduct two field visits to the areas located in the middle and south of Gaza Strip(Burije- Khuzaa, Abasan Jadeda- Al Shoka – Al Naser and Rafah), in order to better understand realities, context, and priorities.





- Development area selection report with detailed methodology and plan, and scenarios to be followed to the final selection,
- A conclusion was made to select six to seven vulnerable areas and municipalities as targets, which include: Al Burj – Al Qarara- Abassan Jadeda- Khuzaa- Al Nasser, Al Shoka and Rafah.

(special note: please see annex B for more details)

C) Recruitment of Partner NGO :

- MDLF developed an Expression of Interest EOI to recruit NGO partner and encourage interested NGOs to apply their CVs and applications.
- Contacted 10 NGOs with strong capacity and extensive experience in the field of community participation, mobilization and civic engagement to apply for the EOI.
- Review (10) applications submitted by NOGs who had applied for the EOI, only 6 NGOs succeeded in the evaluation process lead by MDLF committee, they were invited to apply the full proposal.
- Preparing and developing the TOR for the partner NGO to apply a full proposal regarding VCD implementation with focusing on civic engagement and social participation.
- MDLF organized a pre-proposal meeting for the 6 NGOs to provide additional information and answering NGOs questions related to the TOR.
- Four NGOs completed the full proposal, two NGOs withdrew to submit their proposals.
- Evaluate the full proposals submitted by Four NGOs (MAAN Development Center, NDC, PCDCR and Hope, and Life Association, 3 NGOs succeeded in the evaluation of technical proposal and invited to the evaluation of the financial proposal.
- MDLF conducted a meeting with the presence of 3 NGOs to open the financial proposal and claim the winner, PCDCR has been selected based on the evaluation criteria.
- After reviewing the technical proposal, MDLF has requested PCDCR to improve the technical proposal and provided more information on certain areas that need further improvement.
- NGO/ PCDCR signed the contract/ agreement on July 5th, 2018, and provided the inception report which was reviewed by MDLF who requested further information and improvement especially the methodology.
- MDLF contacted the seven selected municipalities to notify them about the implementation of the vulnerable communities' assessment and introduce PCDCR.





D) The partner NGO (PCDCR) developed a methodology and plan to select the vulnerable communities and conducted the following:

- A desk review by referring to all relevant documents and resources (SDIPs, PCBS study, municipalities' reports, MDLF area selection reports, and others.
- Meetings with municipalities' staff for the purpose of orientation and collecting information.
- 17 FGDs with local community members at all select municipalities to cover all selected areas and municipalities and ensure fair representation of the targeted areas and communities.
- 28 key informant interviews, out of which 14 with different municipality's staff, and the remaining with community members and CBOs.
- Distribution of 311 questionnaires on the participants in the FGD to validate the data and information.
- PCDCR provided a draft report and findings that were shared with MDLF and municipalities for their feedback and consultation.
- PCDCR conducted two different workshops with the municipalities and community members to share the findings, and validate the information and data of the report
- PCDCR performed individual follow up meetings with each municipality and the target communities together for further validation and review.

E) Baseline Assessment Firm Recruitment

- MDLF developed the TOR for Baseline Assessment.
- MDLF developed Expressions of Interest and invited 8 consulting firms to apply their CVs, and applications to implement the Baseline Assessment (the consulting firms selected based on their capacity and experience in conducting analytical studies, program evaluation and developing monitoring and evaluation plans.
- Six Consulting Firms has submitted their EOI in the Baseline Assessment, and MDLF has completed the evaluation of all candidates.
- MDLF developed and finalized the TOR of Baseline Assessment regarding GVCD
- Recruitment of the successful Consulting Firm is in the process once the vulnerable communities are concluded.

F) SDC Follow up and Field Visits

- SDC delegate made regular field visits in order to share thoughts, discussing progress and provide support to MDLF team.
- The first visit of SDC team was carried out with the visit included a meeting with MDLF for discussing MDP III and GVCD, also there was a trip to see the previously implemented projects in Gaza, Deir Al Balah and Mughragha





where SDC has supported community infrastructures projects (HIMI).

- The Second Visit was conducted with the SDC team. The visit was meant to discuss GVCD progress and to visit the unrentable areas in AL Shoka, and Al Naser in Rafah, south of Gaza.
- A Meeting with SDC Gaza manager at SCD Office in Gaza meant for sharing thoughts and discussion on GVCD progress and implementation.
- SDC team made afield visit MDLF, to update GVCD progress and visited two vulnerable areas: Al Burije and Al Qarara.
- SDC team had a meeting with MDLF team meant for sharing and discussing work progress.

6.6 Challenges and Limitations

- The concept of vulnerability is often misread and not clearly defined, which requires further interpretation, measurements, and developing criteria to address vulnerability issue to the public.
- Huge demands and severity of need at the vulnerable communities make it more difficult to set priorities and meet the needs of the targeted communities.
- Difficulties in bringing community members and municipalities to work together, which requires improvement.
- It is slightly difficult to identifying and prioritizing vulnerable areas in the Gaza Strip under the complexity and continued deterioration of the socioeconomic of all sectors including municipalities who are suffering from not being able to cover their basic expenditures.
- Lack of studies, information and literature on vulnerability issue in Gaza Strip, and lack of standards to measure vulnerability to guide and support the selection of vulnerable communities and benefices.
- Lack of information and reports on the socioeconomic status and poverty in the rural and marginalized areas,
- Newly experience of NGO engagement with municipalities and municipal services, knowing that NGO has extensive experiences in Community-based projects and participation
- Municipalities have low capacity and experience in community participation and social accountability, this has improved through MDP III and the requirements to insist community participation, but still needs further development and systemization





7. Gaza Solid Waste Management Project (GSWMP)

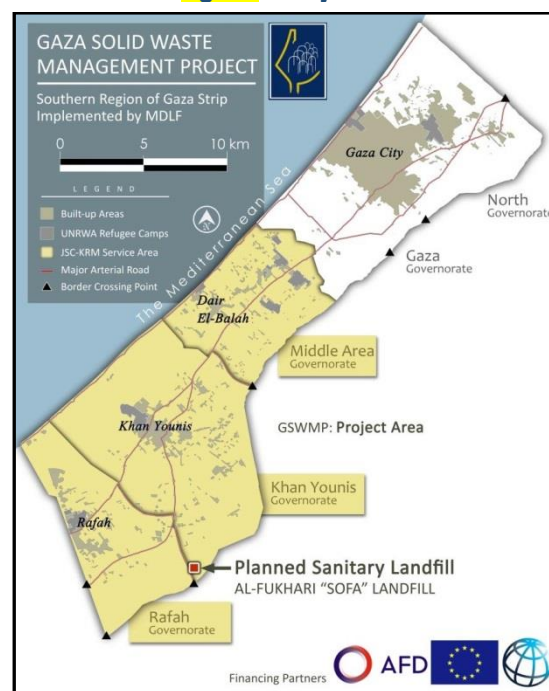
7.1 Introduction

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 to 2014. The three governorates are served by the Joint Service Council for Solid Waste Management in the Governorates of Khan Younis, Rafah, and Middle Area (JSC-KRM).

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 the capacity to serve the 3 governorates until the 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 dunams (47.2 ha.) with immediate land area needed for the first two cells of 10 ha. The new facility will be equipped to operate at a high standard and it will be complemented by a system of solid waste transfer stations in each governorate area in addition to comprehensive capacity building program 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 GSWMP, studies and investments in recycling and resource recovery will take place encouraging the participation of the private sector, in addition to further involvement and participation of the population through broad public outreach and public awareness activities.

Figure 3. Project Area



7.2 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 such as Islamic development Agencies who are focusing on Gaza and the Northern Governorate. 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)

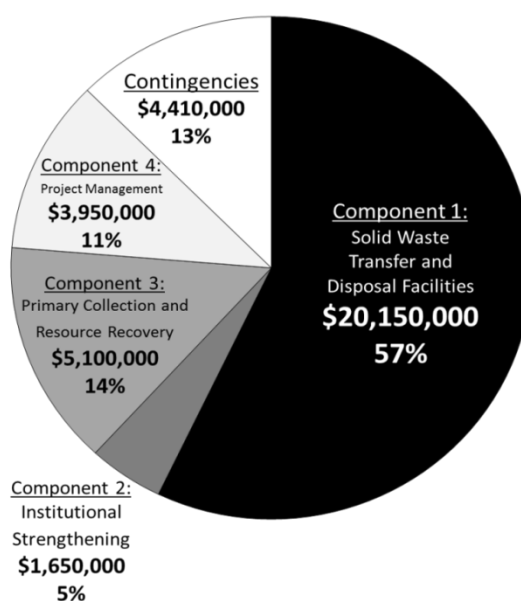


Figure 4. Project Components and Budget
(Including the contributions from PA, IsDB, and UNDP)

Note: AFD/EU contribution is allocated in EURO and the USD amounts in figure (4) correspond to the exchange rate as of July 24th, 2012

7.3 Implementation Status

7.3.1 Component 1: Solid Waste Transfer and Disposal Facilities

New Sofa Landfill at Al-Fukhari

The Construction of Al Fukhari (Sofa) Sanitary Landfill started in late 2016 and beginning of 2017. The original construction duration was set at 22 calendar months; with construction completion expected by the end of August 2018. Major improvements were introduced during implementation within two major variation orders. The first improvement started at the beginning of 2018 and targeted the rehabilitation of the existing dumpsite directly located beside the construction site. Although closure of the existing site is planned after the new cells are constructed, an intervention was required to improve the conditions of the existing dumpsite in terms of expanding its capacity and reducing the alarming steep slopes that posed major risks of collapse due to the continued use of the dumpsite during the construction period. The second group of improvements were introduced in the second half of 2018 and included adjustments to the quantities and the introduction of new material for leachate drainage (geocomposite) at the bottom of the new landfill site replacing large amounts of filter aggregates resulting in overall savings in terms of finances and construction time. Overall, these changes resulted in extending the timeframe for project completion until 01 April 2019.



**Construction of Al-Fukhari Sanitary Landfill & Rehabilitation of Existing Landfill
(December 2018)**

Transport of Earth Material

The produced excavated material due to the construction of Al Fukhary Sanitary Landfill is expected to reach up to 1,350,000 cubic meters. Part of the excavated material was transferred to a governmental vacant land outside the landfill site boundary due to the scarcity of land area within the landfill site.

The Removal and Transfer of Soil sub-project include Loading, transport, unloading, and leveling of soil material. The project aimed to Load and transport 600,000 cubic meters of clay soils from the temporary stockpile area (rented land near the landfill) to the permanent stockpile area with a distance up to 14 Km, as well the works included unloading and leveling of clay soils at the final stockpile site.

The Contractor started the project implementation in June early 2018. The contractor transferred about 600,000 cubic meters within three months (5th June – 4th September). The contractor used on average 125 equipment per day (excavators, wheel loaders, Dumper Trucks, Water Tankers, Grader), and he hired about 130 workers, drivers, and engineers to achieve the work. Implementation of the Environmental and Social mitigation measures was monitored by MDLF staff intensively; The contractor has highly complied with the Environmental and Social Management Plan (ESMP), and he provided additional efforts in order to prevent/mitigate the dust emissions, control the traffic, and mitigate any safety concerns. Intensive consultations were made day by day with the local community, municipalities, some ministries, traffic police, and some NGOs during the project implementation period in order to mitigate any uncomfortable activities; consultations led to achieving the project before the schools' season in September as some schools are located in parts of the soil transport route, as well it led to finish the work before the winter season. Furthermore, received complaints were discussed and solved shortly by the project staff.



**Community consultation meeting
June 24th, 2018**



**Removal and transfer of excavated material from
the temporary stockpile to the final disposal site**

Transfer Stations

Three (3) transfer stations were planned for the Middle and Southern regions of Gaza, one of which (Khan Younis transfer station) was constructed by UNRWA and the other transfer station (Rafah transfer station) is under construction since November 2018, and it is expected to be completed in the 3rd quarter 2019. The design assignment of the third transfer station (Middle Area Transfer Station) was completed and approved. Environmental Assessment studies for solid waste transfer stations were conducted during the 2nd Quarter of 2017 in accordance with Palestinian laws and World Bank Safeguards requirements.

Rafah transfer station facility was designed to accommodate several functions given its unique location adjacent to a sorting facility, across one of most dense population areas in Rafah Governorate (Tal Al-Sultan), and on the route of new development projects (Saudi Projects 1 and 2). The facility consists of a tipping area for solid waste operations, a maintenance workshop, and an administration building. The transfer station is covered by a shed, and served by separated leachate, wastewater, and stormwater networks. Furthermore, the design included plantation of the surrounding areas for improving the aesthetic conditions and in order to form a planted buffer area between the transfer station and the nearest residential area (Tel Al-Sultan Neighborhood).



Construction of Rafah transfer station (December 2018)

The new design of Rafah transfer station exceeded the allocated budget; thus, a fund reallocation was made during the MTR mission with the display of the design



components of the facility. It was determined that the middle area had a different situation in terms of suitability of facility location, therefore efforts were limited to further explore different alternatives for the middle area, which has a number of focused, yet scattered, populations spread across seven localities.

Rehabilitation of New Landfill Access Road

The design works of Road No. 2 (Al-Fukhary Landfill Access Road) were completed at the end of the 2nd quarter of 2018 by a Palestinian/Jordanian Joint Venture (Global Vision / CEC Sajdi and Partners). Several scenarios were submitted by the designer in order to rehabilitate the road in parallel with the operation of the landfill. Such design scenario was built upon a Feasibility Study from 2012 to rehabilitate parts of the road or to perform full rehabilitation at different road widths with minimum negative environmental and social impacts including avoiding the need to acquire parcels at either side of the road. The procurement process of the construction of Al-Fukhary Landfill access road has been completed at the end of 2018. The rehabilitation of the landfill access road is expected to be launched during the 1st quarter, 2019. The rehabilitation works include asphalt removal and replacement in the damaged and deteriorated areas, it also includes a new paving area to increase the width of the road; the new paving area has to be added along both sides of the road, which trench with 75 cm width to be paved at both sides to increase the width of the road from 6m to be 7.5m. Furthermore, Rehabilitation works include adding a new top asphalt layer Along the road; the new layer will be along 2.5 km of the road and with 7.5 m wide. The New asphalt layer will be with thickness 50 mm wearing course asphalt layer (1/2-inch mix design). An Environmental and Social Management Plan (ESMP) has been carried out for the rehabilitation of Al-Fukhary Landfill Access road accordance with Palestinian laws and World Bank Safeguards requirements.



Al-Fukhary Landfill Access Road before the rehabilitation works (September 2018)

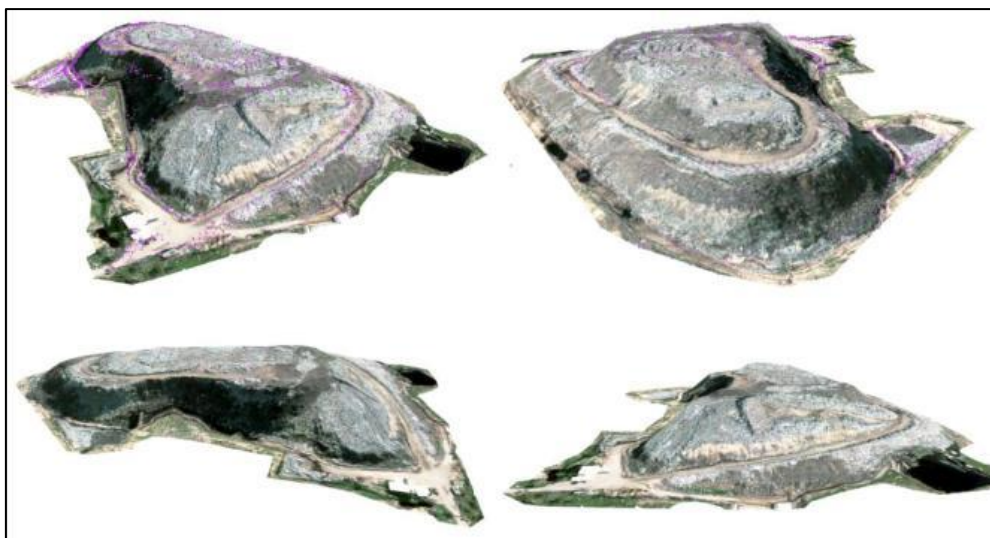
Closure of Dier Al Balah Landfill



Deir El Balah central landfill was built in 1995 and extended in 2002 by the support of the Federal Republic of Germany. The landfill is located on the eastern part of Deir Al Balah City directly near the borders (the 1950 armistice line) with Israel.

Palestinian/German joint venture consultation companies (EMCC, C&E, Rai Consult) was hired by MDLF in the 2nd Quarter, 2018 to design the closure of Dier Al Balah Landfill. The design shall include re-profiling the side slopes to meet the safety requirements and the optimum stability, as well it shall include design of final cover, drainage control system, outline leachate management, and gas management or utilization system. The Consultant shall also submit a post-closure monitoring and management plan, and the Environmental and Social Management Plan.

The design assignment is expected to be complete in the 1st quarter of 2019, whereas the closure works will be implemented in parallel with operating Al-Fukhary Sanitary landfill.



Dier Al-Balah Landfill Field Survey

Implementation of the Abbreviate Resettlement Action Plan (ARAP)

Monitoring phase of the livelihood program for the waste pickers regarding to the approved ARAP of waste pickers started on April 2018 in order to follow up the impacts of the program on the lives of the previous waste pickers (lastly called the beneficiaries of the livelihood program) and to assist ensuring the sustainability of the new income resources for those beneficiaries. The social specialist provided both technical and social consultations and advice for the 16 persons who benefited from the program, in addition to consulting their family members who directly affected from the program activities.

Because some of the beneficiaries faced problems with their animals after May 2018, the social specialist met the veterinarian many times trying to find solutions, and she met the breeders in their farms to advise them on how to feed their animals in a better way and to find other places to keep the newborn lambs.

Monthly visits were conducted to all the beneficiaries in the period between April and December 2018, in order to follow up the project outcomes intensively, and the results were according to the following:

1. seven out of nine beneficiaries who received sheep breeding projects, sold all the sheep and changed the scope of the projects, because most of the newborn lamb's dead, so they decided to rescue the capital of the projects through changing the projects, and find another way to secure the source of living



2. Only one person totally lost his project, the social specialist made many visits to his family and consulted him and his family but he couldn't follow the consultations.
3. Three beneficiaries received Livestock food store but couldn't manage their projects, even though the consultations they had from JSC-KRM. Because of many families financial and social problems, they had.

Table 31: Challenges of the livelihood program for the waste pickers

Issue/ Challenges	Reasons	Risks level
Failure in managing the following projects (three projects)	- Poor project management skills and refusing the consultations. - The location of the stores. - Poor communication skills with the customers and the neighbors. - Complicated social problems inside the family. - No passion for work	High
Six of the sheep breeders changed their projects.	- A number of deaths happened in their flocks. - Lack of experience in breeding. - Uncommitted personalities so they don't want to tie up to feed the animals and clean them. - Wrong assumptions during planning the projects for 3 of the cases	Medium

7.3.2 Component 2: Institutional Strengthening

Advisory Service for JSC-KRM – Operational Management Phase II

The overall objective of this individual consultancy services is to provide the required support and technical assistance for the JSC-KRM in order to enhance its operational & financial management via the means of transfer knowledge, lessons learned, and experience gained in the Southern West Bank Project that will better enable JSC-KRM staff manage the operations of the SWM facilities constructed under the project.

Within this assignment, the consultant analysed the costs of the current and new services including Medical Waste Management MWM to be provided by the JSC-KRM and bridge it with the revenue sources and amounts for municipalities and the JSC itself in order to better identify and justify proposed changes in tariffs and fees for users and municipalities within a context of a Business Plan for the JSC-KRM. The consultant was provided detailed financial analysis including long term costs and revenues and proposed tariff levels for different users.

In addition, the Consultant drafted the legal instrument agreement in cooperation with JSC for the operational agreements between municipalities and the JSC including collection, transport, and disposal of solid waste, adding to the management of the new transfer stations. The Consultant was provided training sessions to JSC-KRM for both administrative and technical staff, including the provision of training material specifically in the performance monitoring and medical waste management topics.



Workshop for JSC-KRM municipalities about SWM performance monitoring

Grievance Redress Mechanism

The most active channel to receive the complaints in the previous six months was the phone channel besides the daily reports from the solid waste trucks drivers in JSC-KRM, who started document the complaints in the new containers at the end of October 2018.

On October 20th, 2018, MDLF signed a contract with an individual consultant to design and program the JSC-KRM website and the e-complaint system. At the second week of November, the consultant conducted a meeting with the municipality's representative to take their notes about the e-complaint module which he prepared, and it is expected to finish the programming phase in the 1st quarter 2019.



Workshop about JSC-KRM new e-complaint system

Communication and Outreach Activities

The overall objective of these activities, is to increase the knowledge, of the people who live in Khan Younis, Rafah and Middle Area Governorates, about the services provided by the Joint Service Council (JSC-KRM), as well the GSWMP activities, showing the impact of GSWMP actions on the residents lives, in addition to enhance their engagement, which will lead to improve the services in the area, through changing the



improper behaviours towards littering and disposal practices, and encourage the people to pay the billed collection fees.

During the second half of 2018, different outreach activities were done according to the following:

1- School Outreach Program:

Objectives: To increase the awareness of the children from age 10 to 17 years in SWM and enhance their littering daily practices.

Beneficiaries: 17,850 students & 758 teachers.

Partners: Ministry of High Education, 8 Municipalities, volunteers youth graduates: art, since and social collages).

Activities: During the second school semester (Sep 2018 to Nov 2018), new outreach activities were carried out in the schools, using scientific workshops and drawing sessions for increasing the awareness of the students towards the wrong practices of the solid waste disposal in the households. In addition to coordinate to plan and implement 40 min. plays in the schools to show the effect of the bad behaviors of the residents towards polluting the environment with household solid waste. The conclusion of the program was:

- The program implemented in 21 schools in the three governorates.
- (40) awareness sessions conducted in the schools by the public awareness team during the program implementation period.
- (11) plays executed in 11 schools about the good and the bad behaviors of the citizens towards the SWM.
- (10) art workshops conducted for a number of students, to produce artworks from the recyclable materials.
- (20) painting and drawing workshops conducted for a number of students to express the SWM good and bad behaviors through drawings.
- printed materials distributed on the students to share it with their family members.
- Media coverage for the program activities was done by the social specialist at the end of the program.



School outreach program

2- Households Outreach Program:

Objectives: to increase the awareness of the households about SWM, as well to reduce the concerns of the PAPs about the environmental and social effects of the project infrastructure, and to increase the community engagement in enhancing the SWM.

Beneficiaries: 5,700 persons

Activities: (7) House to House awareness campaigns in the neighborhoods were conducted, where there are complaints/problems in SW collection and disposal services, in cooperation with the municipalities according to the following:



- Al-Qarrara Municipality: a one-week campaign was implemented in the center of the city on August 2018.
- Bani Suhaila Municipality: two campaigns were implemented in one of the neighborhoods who suffered from an existing dumpsite in the city (July and Sep 2018).
- Abasan Al-Kabira: two campaigns in two neighborhoods in the city (Nov 2018)
- Al-Nussirate Municipality: one campaign was implemented in July 2018
- Khan Younis Municipality: following up the complaints from the JSC-KRM solid waste truck drivers who report about the solid waste problems in the neighborhoods where the new containers are found.

3- Other activities:

- Conducting an awareness session for a group of youth who are active in media, in cooperation with the municipality of Khan Younis, 50 persons attended the session.
- Two video documentary movies were produced about the project activities.
- One new brochure was produced and distributed for the project.
- One fact sheet about the removal and transfer soil project was designed and distributed.



Educational brochure about dealing with solid waste

7.3.3 Component 3: Primary Collection and Resource Recovery

Lunching procurement of landfill equipment

The procurement process was initiated and a contract was signed in May 2018 with multiple suppliers to supply landfill equipment with a total value of 2,057,200€ to the JSC-KRM which consists of the following items:

1. Supply of Track Type Tractor Waste Handler
2. Supply of Loaders and Landfill Compactor
3. Supply of Dump and Vacuum/Jitter Trucks
4. Supply of Thermal Fogger
5. Lunching of other contracts:
 - Supply of Pick-up Service and Operational Vehicles for JSC with total amount 156,000€.
 - Supply of Solid Waste Containers for Khan Younis and Rafah Transfer Stations and Routing System.



The advanced payments for all previous contracts have been paid during the 3rd quarter, 2018, and the Donation number was approved during the same period. Landfill equipment is expected to be received in Gaza Strip in the 1st quarter, 2019.

Supply of Waste Containers

JSC-KRM was provided by 240 solid waste containers (120 of 1cu.m, 110 of 4cu.m, and 10 of 40 cu.m) in November and December 2018. Containers were distributed in Khan Younis, Rafah, and Middle Area governorates to serve more than a third of the JSC-KRM service area. The operation of the seven new compactors, which were supplied by GSWMP, started since the time of containers distribution.



Supply of solid waste containers for JSC-KRM

Study of Primary Collection in the Gaza Strip

The first comprehensive study of waste collection optimization, primary collection, was aimed at improving collection services in the entire Gaza Strip. The objective was met with carrying out detailed studies and designs following environmentally-and-socially-sound principles of primary collection networks for optimizing the quality of services in a cost-effective way, and with the participation of the beneficiary population. Two assessment reports for the current waste collection in the entire Gaza Strip was performed by 25 LGUs and 2 Joint Service Councils. The status of available waste collection vehicles was submitted, and another two deliverables were submitted regarding the list of urgently-needed equipment (with their bidding documents to be purchased in the short term), and the latest submitted deliverable was the report of task 3 final report of Studies for Optimization of Waste Collection in Gaza Strip – Solid Waste Management Manual. All submitted reports were shared with the municipalities and JSCs in Gaza Strip.

Study of Optimizing Solid Waste Recovery

The second major study on waste recovery was launched during 2016 where resource recovery in Gaza was assessed and a number of proposals under this study were



planned to achieve better use of resources presented in solid waste whether through recycling or composting or waste to energy options where workable. Thus, the assessment report of the current situation regarding waste recovery in the Gaza Strip was submitted. Six waste recovery initiatives were proposed by the consultant, and three consultation meetings with stakeholders were conducted in order to choose the best waste recovery initiative; based on the consultation with all stakeholders, the consultant submitted a comprehensive proposal for optimization of waste recovery as required, the final report was submitted and approved in August 2018.

7.4 Financing Partners Mission

A financial partners mission visited and reviewed the project from 8 to 10 May 2018. Another. The visit reviewed the adjustments were made during the MTR to the project components without changes to the overall project development objectives. One change included the design and closure of the existing sofa dumpsite. This activity complemented the ongoing reshaping operations of the existing dumpsite and added to the positive impact of the new landfill on the surrounding area. Other reallocations within budget lines occurred to adjust for better achievement of project objectives. The Project Results Monitoring was therefore adjusted and updated as presented in the next section. Another financial mission visited the project site on October 3rd, 2018, as well separated financial mission visited the project on September 13th, 2018, and procurement mission visited the project on December 4th, 2018.



FPs Mission (October 3rd, 2018)



7.5 Project Result Monitoring

Table 32: Project Results Monitoring updated per Midterm Review

Project (PDO)	Development Objective	Core	Unit of Measure	Base Line	Cumulative Target Values				
					YR 1	YR 2	YR 3	YR 4	YR 5
					2015	2016	2017	2018	2019
PDO Indicator One: Percentage of solid waste collected from the targeted beneficiary population that is disposed of in a new sanitary landfill developed under the project.	☒	%	0%	-	-	0	0	80%	
			Actual	-	-	-			
PDO Indicator Two: Percentage increase in fees collected annually within the JSC towards cost recovery.	☐	%	15%	-	-	20%	40%	50%	
			Actual	-	-	30%			
PDO Indicator Three: Number of waste pickers whose lives depend on the existing solid waste context and who are integrated into inclusion programs under the project	☒	Number	16	-	10	16	16	16	
			Actual	-	-	16			
PDO Indicator Four: Contaminated land managed or dump-sites closed under the project.	☐	Ha	0	0	0	0	0	10	
			Actual	0	0	0			
PDO Indicator Five: Direct Project Beneficiaries (number) of which females (percentage)	☒	Number	N.A	0 (49%)	0 (49%)	2,216 (49%)	2,216 (49%)	917K (49%)	
			Actual	0	0	2,216			
Intermediate Results (Component One): Solid Waste Transfer and Disposal Facilities									
1.1: 1 Sanitary Landfill in the Southern Gaza Strip (Al-Fukhari (Sofa) is constructed and operational.	☐	Yes/No	No	-	-	-	-	Yes	
Status				-	-	-			
1.2: the Interim cell is constructed in a sanitary manner to accommodate incoming MSW from the target area during the construction of the new Sanitary Landfill.	☒	Yes/No	0	-	-	Yes	Yes	Yes	
Status					-	Yes			
1.3: Closure of Existing Dumpsites at Sofa and Dier El-Balah	☐	Yes/No	0	-	-	-	-	-	
Status:				-	-	-	-		
1.4: Industrial and municipal waste disposal capacity created under the project	☐	Cu.m	7	-	-	350K	350K	2,350K	
Status:					0	350k			
1.5: At least one transfer station in the targeted area is constructed, and two transfer stations are fully equipped and operational by the end of the Project	☐	Number	0	-	-	2	2	2	



Project (PDO)	Development Objective	Core	Unit of Measure	Base Line	Cumulative Target Values				
					YR 1	YR 2	YR 3	YR 4	YR 5
					2015	2016	2017	2018	2019
Status:					-	-	1	1	
1.6: Temporary jobs created under the various activities of Component 1.		☐	Number	0	0	10K	20K	30K	40K
Status:					-	2,280	17.35K		
Intermediate Result (Component Two): Institutional Strengthening									
2.1: Training days provided to the Technical Operations Unit and other JSC-KRM staff and Board members as part of the targeted capacity building activities financed under Component 2.		☐	Number	No	-	0	31	50	100
Status:					-	-	31		
2.2: New JSC Bylaw is approved and operational plans are defined.		☐	Yes/No	No	No	No	No	Yes	Yes
Status:					-	-	-		
2.3: Service Contracts are signed with member municipalities and UNRWA		☐	Number	0	0	0	0	15	18
Status:					-	-	-		
2.4: Capacity is established for JSC to operate new infrastructures created under the project.		☐	Yes/No	No	No	No	No	Yes	Yes
Status:					-	-	-		
2.5: Intended beneficiaries that are aware of project information and project supported investments		☐	%	0	0	0	25%	25%	50%
Status:					-	-	2.5%		
Intermediate Result (Component Three): Primary Collection and Waste Recovery									
3.1: A strategic plan for the optimization of primary collection and transportation of solid waste in the targeted areas is created by end of the project.		☐	Yes/No	No	No	Yes	Yes	Yes	Yes
Status:					-	-	No		
3.2: A strategic plan for optimizing waste recovery in the targeted area is created by end of the project.		☐	Yes/No	No	No	Yes	Yes	Yes	Yes
Status:					-	-	No		
3.3: A strategic plan for the elimination of random dumping in the targeted area is created by end of the project.		☐	Yes/No	No	No	Yes	Yes	Yes	Yes
Status:					-	-	No		
Intermediate Result (Component Four): Project Management									
4.1: MDLF-PDSU maintains adequate staffing for project management, environmental and social safeguards and fiduciary staff throughout the life of the Project		☐	Yes/No	No PDSU	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No
Status:					Yes	Yes	Yes		
4.3: Interim IFRs and Progress Reports are submitted to Financing Partners in a timely and satisfactory manner.		☐	Yes/No	No	Yes/No	Yes/No	Yes/No	Yes/No	Yes/No
Status:					Yes	Yes	Yes		



7.6 Obstacles and Challenges

2018 witnessed breakthrough in terms of overcoming of obstacles confronted clearly in the infrastructure component. The Mid-term review provided supportive and vital adjustments providing leverage to produce noticeable progress across the different project activities. The issue of material entry into Gaza went without out obstacles with both MDLF and the financing partners working proactively to facilitate material import. As the project approaches the operation of facilities during 2018, the issue of cost recovery of service providers (LGUs and JSC) constitute a major challenge that the project is addressing through the second component concerned with institutional strengthening, yet the overall context plays a critical role in pushing the cost recovery target in the desired direction.



8. Local Government Reform & Development Programme – Phase 2

8.1 Introduction

The Palestinian Local Government system is in a development process which 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 (LGUs) Cooperation & Amalgamation policy adopted by MoLG serves these local governance concepts.

Both the Palestinian Authority and the Government of Belgium as a key pillar recognize local Government 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 objectives constitutes the backbone of the bilateral cooperation in the Local Government sector. It guided Belgium support through the years, and with an incremental approach, towards facilitating and strengthening collaboration mechanisms between Local Government Units, focusing particularly 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.

8.2 LGRDP II Description

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 benefit clusters. A program steering committee chaired by the MoLG will guide the implementation at the policy level. The Belgian Technical Cooperation (enabel) 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 enabel.

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 uptake into policy work. Coherence and strategic focus of the programme in 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 a local level (i.e. LGUs) but also the private sector, civil society...etc. in order to improve their interaction, stimulating the 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 (3) category clusters in the West Bank which are subject to LGUs collaboration, the clusters are as follows:



- 4 clusters benefit from LGRDPI with a mount (2,352,795 Euro) as follow:
 - 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 Karameh)
 - Baita Cluster – Nablus Governorate (Audala, Beita, Ausareen, and Za'tara)
- 11 new established municipalities with the amount of (1,700,000 Euro), the new municipalities are (Barta'a Al Sharqiya, Aija, Qusra, Kufr Aqab, Hizma, Battir, Beit Hanina, Beit Kahel, Nahalin, Kober, and Deir Samit).
- Six new clusters under ARD initiatives program with the amount of (1,947,205 Euro), the new clusters are (Beit Leqia, Barta'a, Khalat Al Mayah, West Bani Zaid, the first JSC in Qalqilya, and South East Bethlehem JSC)

8.3 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 (LGRDPII). The Subsidy agreement for the LGRDPII was signed on April 25th of 2016, for a duration of 52 months.

8.4 Implementation Status

Through the previous annual year 2018, the following activities are implemented:

- 20 sub-projects under LGRDPII were handed over and completed with the amount of (2,016,622.6 Euro).
- 8 sub-projects are ongoing with the amount of (1,301,927 Euro).
- 7 sub-projects under LGRDPII program are in the tendering phase with the amount of (734,246 Euro)
- the local technical consultant (LTC) start the design & support the clusters in the process of preparing tender documents & supervising the sub-projects for the year of 2018.
- 14 Local Technical Committee meetings were conducted in order to follow up the implementation of the LGRDPII program.
- 4 National Technical Committee meetings were conducted to follow up on the implementation of the LGRDPII program.
- 14 site visits were conducted for the benefit clusters with the aim of raising their capacity in the procurement and implementation process.
- 5 out of 7 sub-projects under subsidy agreement for the six new municipalities were handed over.
- 2 out of 7 sub-projects under subsidy agreement for the six new municipalities were ongoing.
- Preparing the work plan & procurement plan for the investment in the year 2019 for the ARD Initiatives benefit clusters with the amount of (1,947,205 Euro).



The status of the sub-projects implementation is shown in **tables 33 & 34** below:

Table 33: Implementation Status for newly established municipalities sub-projects

Project Name	Municipality	Status	Expected Comp. Date
Rehabilitation & Paving Internal Roads (Nabouh, Al Ras, Kan'an, Hall Roads)	Qusra	Completed	21, June 2018
Rehabilitation & Paving the Main Road in Hezma	Hizma	Completed	19, April 2018
Adding one floor for the preliminary girls' school	Bartaa Al Sharqeya	Completed	1, March. 2018
Construction Public Park in Ajja	Ajjeh	Completed	30, July 2018
Street Lighting	Kufr Aqab	On Going	14, Nov. 2018
construction wastewater network	Kufr Aqab	Ongoing	20, Dec. 2018
Rehabilitation & paving internal roads in Batir	Battir	completed	10, Nov. 2018



Table 34: Progress against the Outputs

Output	Output Target	Output Results	Output Expected Completion Date	Comments (Including reasons for possible delays)
<u>OUTPUT 1:</u> Supported LGUs invest in infrastructure to provide services, promote local development and territorial integration.	Supplying 2200 prepaid water meters & paving 6km of roads, supplying 5 services machines, and supplying 1500 street lighting units, rehabilitation 5km of water networks, develop 4 km of electricity networks, supplying 1 solid waste truck, and one bobcat machine. in the benefit clusters and municipalities.	Supplying 2200 prepaid water meters for Beit Lijia clusters, paving 5.7 km of Roads, supplying 5 services machines, and supplying 1393 street lighting units in the benefit clusters.	June 2019	- 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	7% of the allocation budget	MDLF operation cost for implementing the program.	May 2020	
Output 3: Subsidy agreement support 6 new municipalities	Paving 4 km of roads, supplying 650 street lighting units, and construct 5500 square meters of public facilities & buildings.	Paving 4.5 km of roads, supplying 650 street lighting units, and construct 5300 square meters of public facilities & buildings.	December 2018	Lack of capacity within the target new municipalities to follow up with the implementation of the activities.

Planned activities for the second half of the year 2018:

- Tendering the projects approved for the benefit clusters and new 5 established municipalities.
- identifying and tendering the investments under ARD initiatives clusters.
- follow up the implementation and disbursement for the ongoing projects.
- Follow up the implementation of the investments under ARD initiatives clusters and 5 new established municipalities.



Table 35: Progress per project

Cluster	Project Name	Status
Beit Leqia	Supply and Installation of Prepaid Water Meters for Beit Leqia Beit Seera, Hai Al-Karamah & Kharbatha Al-Misbah Water Supply System - PHASE 01b	Completed
	Street lighting for the main road between Beit Leqia & Kharbatha	Completed
	Purchase Bobcat for Beit Leqia JSC	Completed
	Street lighting for Beit Leqia cluster	Completed
Baita	Supplying Solid Waste Truck for Baita Cluster	Completed
	Supplying Electricity Platform Vehicle for Baita Cluster	Completed
	Supplying Bus for Za'tara, Baita Cluster	Completed
	Paving & Rehabilitation the Main Roads for Udala & Osareen (Baita Cluster)	Completed
	Supplying Furniture & equipment's for the Health Clinic Center for Baita Cluster	Completed
	Supplying Street Lighting units for Baita cluster	Completed
Al Karmel	Street lighting for the main roads in Alkarmel	Completed
	Rehabilitation & Paving Internal Roads in Alkarmel	Completed
	Construction Side Walks for the Main Entrance	Completed
Joret Shama'a	Paving the remaining section of Joret Al Sham'a - Wad Rahal connection Road in South Bethlehem JSC	Completed
LED	Support Al Kamandjati Festival	Completed
Beit Leqia	Street lighting for Beit Leqia cluster	Ongoing
	Rehabilitation of water network in joint services council (Beit Leqia, Kharbatha Al Misbah)	Ongoing
Beita	Developing of Electricity network in Baita Cluster	Ongoing
Al Karmel	Supplying Skid loader (Bob Cat) for Al Karmel Municipality	Ongoing
	Supplying of Solid waste collection Truck for Al Karmel Municipality	Ongoing
	Supplying of Solid waste Containers for Al Karmel Municipality	In the Procurement process
	Processing of Land for Separation of Waste	Under Design
	News Papers Contracts	Ongoing
	LTC for design & Supervision	Ongoing
Qusra	Rehabilitation & Paving Internal Roads (Nabouh, Al Ras, Kan'an, Hall Roads)	Completed
Hizma	Rehabilitation & Paving the Main Road in Hezma	Completed
Bartaa Al Sharqeya	Adding one flour for the preliminary girls' school	Completed
AjjeH	Construction Public Park in Ajja	Completed
Kufr Aqab	Street Lighting	Completed
	Street Lighting	Ongoing
Kufr Aqab	Construction wastewater network	Ongoing
Battir	Rehabilitation & paving internal roads in Battir	Ongoing
Beit Kahel / Hebron	Furnishing and operate the municipality building	Under Design
Nahaleen / Bethlehem	Construction Public Park	Under Design
Deir Samit / Hebron	Furnishing & operate the health clinic center	Under Design
Beit Hanina / Jerusalem	Supplying washing machines for the streets	Under Design
Kober / Ramallah	Rehabilitation & paving Internal Roads	Under Design



8.5 Obstacles encountered the LGRDP II interventions

Table 36: Risk Mitigation Matrix for LGRDP II

Obstacle/ Risk	Adverse Impact	Mitigation Measures/ remedial actions
Difficulty in reaching consensus on the concepts of LGUs collaboration.	A 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.	A 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.

8.5 Lessons Learnt and Recommendations

- 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.



9. Regeneration of Historical Centres (RHC)

9.1 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 elaborate.

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 Centres (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.

9.2 RHC Description

The project of "Regeneration of Historic Centres 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, 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 the 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 Centres and support sustainable local development in these areas.

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.

RHC Results

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 multidimensional approach.

Result 3: Lessons learned from RHC project contribute to evidenced-based policy framework and planning strategies for the PNA.

Target LGUs

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 (QFP) in 5 LGUs:

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

9.3 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 Centres in Local Government Units (RHC) program. The agreement for the RHC program was signed on May 1st of 2016. The total maximum sum of the agreement is Five Million Three Hundred Fifty Thousand Euros (5.356.000 Euros) for a duration of 32 months. The agreement extended for an additional six months, the new deadline is 30, June 2019.

9.4 Implementation status

Through the previous annual year 2018, the following activities are implemented.

- 21 Technical Committee meetings were conducted to follow up on the implementation of the RHC programme.
- One S.C meeting was conducting.
- MDLF handed over all QFP in the five LGUs (Abud, West Bani Zaid, Assera Al Shamaleya, Deir Istia & Bani Na'im), as shown in table 1 below.
- Hire an individual consultant to follow up the business plans for the models' interventions and the QFP operation.
- follow up the operation process for the QFP in five LGUs.
- The operational equipment and tools for the QFP had been installed.
- 54 site visits were conducted to follow up on the appraisal and design of the models' interventions.





- One site engineers were recruited as an individual consultant to supervise the models' intervention in the South Area.
- Under component A02 01 (models interventions) we have 10 ongoing projects, 1 project under tendering evaluation, 2 models projects under tendering, 12 social activities are completed, and three individual assignments are ongoing for daily supervision. The progress for models interventions is shown in table 2 attached.
- MDLF manage two consulting firms (Local Technical Consultants) to support the benefit of LGUs in design and supervision under the models' interventions.

The following table shows the progress to date compared to output targets for the entire programme period.

Table 37: Progress against the outputs

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, Nilin, Anabta, Sabastya, Burqa, and Arraba)	OUTPUT 1: Restoration 4,000 m ² of a historical building, rehabilitation & restoration 10,000 m ² of child garden & public parks and space, and 2.5 Km of roads and paths in the historical centers.	Restoration 4,790 m ² of a historical building, rehabilitation and restoration 10,200m ² of child gardens and public parks and space. , and rehabilitation 3.0 Km of roads and paths in the historical centers.	April 2019	- Lack of capacity within the target HCs to follow up with the implementation of the activities. - The delay in preparing the DUP and feasibility studies for the models' interventions. - The ownership of the historical building and spaces.
Five LGUs Historic Centres in WB (Bani Ni'am, Bani Zaid, Abud, Deir Istya, and Assera Al Shamaliya)	OUTPUT 2: Restoration 3,000 m ² of historical buildings, rehabilitation of 1,000 m ² . of historical centers open surfaces, and 2Km of roads.	Restoration 3,200 m ² of historical buildings, rehabilitation of 850 m ² of historical centers open surfaces, and 2.2 Km of roads.	March 2018	- 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.	June 2019	
All benefit LGUs.	Output 4: Start-up cost	Announcements for the projects.	April 2019	
All benefit LGUs	Component 5: National consultancies for design and follow up	Technical support and enhance the capacities of the HCs,	April 2019	



Anticipated Activities:

- Conduct site visits for the ongoing models' interventions.
- Finalizing the design phase for one Models intervention in Sabastia according to the ministerial committee and tendering the project
- Preparing the business plans for the models' interventions and identifying the operators.
- Follow up the implementation and disbursement for the ongoing models' interventions.
- Follow up the operation of the QFP.
- Follow up the implementation of communication awareness in RHC LGUs.



Progress per Project:

Table 38: List of projects and interventions

Regeneration interventions	Progress
Rehabilitation & Restoration Of Multipurpose Building "Dar Jda' " And The Connecting Path with Lot Mosque in Bani N'iam	Completed
Rehabilitation & Restoration Of Multipurpose Building "Dar Jda' " And The Connecting Path with Lot Mosque in Bani N'iam	Completed
Rehabilitation & restoration Of Multipurpose Building "Dar Khatab in Bani Zaid	Completed
Rehabilitation of the touristic path of Borbara church in Abud	Completed
Developing \$ rehabilitation the central square in Abud	Completed
Rehabilitation & restoration of the multipurpose building in Aseera Al Shamalya	Completed
Maintenance of multipurpose building 'Qaser Al Qasem" in Deir Istya	Completed
Design, Supplying & Installation signage's for the quick fruit projects	Completed
Supplying And installation of wood furniture for the QFP	Completed
Supplying Stainless steel Furniture for quick fruit projects	Completed
Supplying and installing electrical equipment's for the quick fruit projects	Completed
Supplying Electric equipment's	Completed
Supplying & Installation furniture for Abud Projects	completed
Supplying and install sewing equipment's for Assera Al Shamaliya	Tendering
Individual Consultant for RHC Daily supervision (4 assignments)	Completed
Support Al Kamandjati vestal	Completed
Support Al Rozana	Completed
Urban rehabilitation around Al Dahriya Historical center and creation of central square & Parking	On Going
Rehabilitation & Restoration of Multipurpose Shops in Al Dahriya Historical center	Ongoing
Rehabilitation & restoration of Traditional products center and Child club in the Historical center of Al Samu' (Al Ratroust & Al Daghamin Hosh)	On Going
Rehabilitation & Restoration of Citizens services center in the historical center of Al Samu' (Hosh Ajwa)	On Going
Regeneration interventions	Progress
Urban Rehabilitation Around Al Samu' Historical Center & Mosque Square.	On Going
Urban rehabilitation around Ni'lin Historical Center	On Going
Rehabilitation & restoration cafeteria in Ni'lin Historical center " Dar Shahin"	On Going
Rehabilitation & Restoration the agrological site in Sabastya Historical Center " Al Baiader Surface"	Under Design
Urban rehabilitation of the main path in Burqa Historical Center & restoration of	On Going



Citizens services Center	
Urban rehabilitation of the Old Market Road in Anabta Historical Center	On Going
Rehabilitation & Restoration of Anabta Museum " Abd Al Raheem Mahmoud Old Building"	On Going
Rehabilitation multipurpose Shops, paths and creation children garden in Arraba Historical Center	On Going
Rehabilitation & operate the Turkish path in Arrabah historic center	Evaluation
Social Activities (Environmental day for 12 LGUs)	Completed
Supplying electricity cables for the electricity infrastructure for Burqa Path	Completed
Site Engineers for Supervision 3 Assignments	On Going
Local technical Consultant 5 LGUs in West Bank	Completed
LTC for Model (North Area) design & Supervision	On Going
LTC for Model (South Area) design & Supervision	On Going

9.5 Obstacles and Challenges

Table 39: Risk Mitigation Matrix for RHC

Obstacle/ Risk	Adverse Impact	Mitigation Measures/ remedial actions
The difficult process of reaching consensus on the concept design.	A long period for obtaining the approval of local authorities on the concept design	A meeting with the presence of MDLF was conducted.
Extra requirement of local authorities / Municipalities were requested.	The budget for the project increased	Extra Budget was located for justified requirements.
Lack of LGUs capacities in the review and implement this type of projects.	A long period for preparing the LGUs projects	MDLF & LTC conduct workshops to enhance the capacity of the LGUs and contractors. 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.

9.6 Lessons Learnt and Recommendations

- It is essential to allow for 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 of each cluster.
- Clarify in more details the role of all partners (MoLG, MoTA, MDLF, and enable) 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.



10. Integrated Cities and Urban Development Project (ICUD)

10.1 Introduction

The project focuses on strengthening the institutional and technical capacity of participating in 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 the Ministry of Local Government (MoLG). The Local authorities in main urban areas will technically collaborate in 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.

The Integrated Cities and Urban Development Project – ICUD, is a 4-year World Bank funded project jointly implemented by the Ministry of Local Government and the Municipal Development and Lending Fund. The project will work on strengthening the institutional and technical capacities of the participating urban areas to plan for sustainable urban growth through the provision of, inter alia, technical assistance (TA), goods, and training.

10.2 Description

10.2.1 Project Development Objectives (PDO)

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

10.2.2 Project Beneficiaries

The participating project in urban areas will consist of four urban agglomerations⁶ 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

1. 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.



for 2016) representing 28% of the total population of West Bank and Gaza and include 30 LGUs (16 Municipalities and 14 Village Councils).

The currently identified LGUs of the urban areas are:

- (i) Ramallah Al-Bireh agglomeration with the municipalities of Ramallah, Al-Bireh, Betunya and Surda Abu Qash. The adjacent cities of Ramallah and Al Bireh and Betunya, and Surda-Abu Qash; 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 area of the Palestinian Authority and attracts a lot of internal migration from job seekers.
- (ii) Bethlehem agglomeration with Bethlehem, Beit Jala, Beit Sahour, Ad Doha, Artas, and Al Khader local authorities. The Bethlehem agglomeration also includes the towns of Beit Jala, Beit Sahour and Ad Doha, Al Khader and Irtas 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, Dair Sharaf. Nablus city is surrounded by a group of under-developed villages that act like suburbs with big demand on housing, 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 increasing 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. Hebron city and the surrounding adjacent four big towns are highly dense urban areas with the population of over 300 thousand 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 Municipality of Gaza City. The Gaza strip is a 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.

10.2.3 Project Components

Component 1: Planning for Sustainable Urban Growth.

- **Sub-Component 1.1:** *Structured capacity development support for urban growth planning.* 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 the



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.

- *Milestone I. Establish and actively maintain intra-urban area coordination mechanisms.*
- *Milestone II. Complete baseline assessment of existing urban extent.*
- *Milestone III. Complete exercise to develop cost-analyzed urban growth scenarios, and to disclose them to the public.*
- *Milestone IV. Modify respective member LGUs' plans based on the optimum urban growth scenario selected at the urban area level.*
- **Sub-Component 1.2:** Demand-driven customized support for urban growth planning for the West Bank urban areas.
- **Sub-Component 1.3:** Demand-driven customized support for urban growth planning for Gaza urban area: Gaza City

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) from Urban planning department at MOLG, Technical Coordinator (TC), Local Coordinators (LC) for Bethlehem, Hebron, and Nablus areas, and the existing Local Coordinator for the Ramallah-Al Bireh-Bitunia (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 40** below shows the project time frame per component.

Table 40: 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 1.1: Structured capacity development support for urban growth planning.	x	x	x	x
1.2	Sub-Component 1.2: Demand-driven customized support for urban growth planning for the West Bank urban areas.		x	x	x
1.3	Sub-Component 1.3: 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

10.3 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 the **table (41)** below.



Table 41: Project Costs and Financing

Project Components	Project cost (USD million)	% Financing
1. Planning for Sustainable Urban Growth. Sub-Component 1.1 Sub-Component 1.2 , 1.3	4.55 4.00 0.55	91%
2. Project implementation support and management cost.	0.45	9%
Total Financing Required	5.0	100%

10.4 Implementation Status

Component 1. Planning for Sustainable Urban Growth

Sub-component 1.1

Structured Capacity Development Support for Urban Growth Planning

Milestone I

Establish and Maintain Intra Urban Area Coordination Mechanism

To establish and to maintain the intra-urban area coordination between the four urban areas members, three local coordinators in Nablus, Bethlehem, Hebron urban areas were recruited to support the technical committees to jointly implement the project's activities and Milestones (Note that Ramallah & Al-Bireh Area already had an active joint cooperation unit).

For the creation of the Planning and Coordination Unit, **four MOUs between the four urban areas were signed in 2017**, followed by the creation of the technical and steering committees:

Several technical meetings with the urban area technical committee were held by the end of 2017.

The following was accomplished:

- Selection of the committee coordinator
- Discussions of the joint issues, highlighting the most needed areas of intervention as an urban area.
- Designation of Specialized Committees members



In 2018, after assigning an urban planner from MOLG as the new technical supervisor (Nov. 2017), the technical ICUD team (Technical Supervisor (TS), joined the technical coordinator (recruited mid-December of 2017) and the GIS specialist and the urban areas local coordinators design a consultation workshop (Mid-January of 2018) to fulfill the following [main] pillars:

Introduce/reintroduce the project to LGUs mayors and technical teams:

- General introduction of the project objectives in addition to its components and milestones.



- Interaction with relevant stakeholders (technical teams, municipalities, LGUs, MoLG, and MDLF)
- Emphasis on the importance of integrated & joint planning.

i) Present the project progress and the achieved activities:

- Presentation of progress for each urban area, and the area SWOT analysis.
- Present Ramallah Al Bireh Betunia joint cooperation unit success stories, lessons learned and challenges
- Introducing the urban growth scenario assignment.

ii) Exchange of knowledge and experience through discussions and join the presentations.

iii) Working groups/ urban areas to achieve the following objectives:

- Develop urban area road maps including their vision, changes, results, and activities.
- Recommend an Institutionalization process for joint work
- Define the technical assistance priorities as a joint area in subcomponent 1.2
- Draft the 2018 action plan.

As a result, the main outputs were:

- Drafting a roadmap/vision for each urban area.
- Drafting the priorities (sub-component 1.2) for 2018.
- Drafting the 2018 action plan and its activities.



Following the workshop, two meetings were carried out: one for the technical committee and the second for the steering committee (i.e. Mayors) in area-by-area to finalize and endorse the 2018 work plan and its activities to start the implementation.

On April 10th and 12th of 2018, a third mission for the World Bank was accomplished. An aide-memoire was drafted to support ICUD activities. The following activities were included:

- Primarily activities, consultation workshop, components of the project and the milestones, hierarchy, (urban growth assignment consultant UGS) work plan, first mission agenda, etc.
- Urban data workflow, data available, and requested, with UGS priorities for these data. In addition to the challenges and problems having during the stages of collecting data.





- Proposed activities (drafts action plans) under sub-component 1.2 and 1.3 (technical assistance, goods, and pieces of training) for all urban areas were presented, discussed and agreed upon. It meant that all TORs will be prepared, a (short, medium, and long-term) implementation plan would be added to the main deliverables, which has a low-cost intervention which can be implemented directly by the urban areas.
- The mission indicates that the project has progressed and improved significantly since the last support mission in September 2017. The ministry's strong support to the ICUD, particularly the assignment of an urban planner from the Planning Department as well as the Technical Supervisor of the project, was instrumental in getting the project back on track. In addition to the full commitment of the MDLF to the project and its continued efforts to promote project activities with the Local Government Units (LGUs). As a result, the mission acknowledged how the project is able to:
 - (a) Result with a joint LGU work plan for participating LGUs in the four (4) urban areas (i.e., Ramallah-Al Bireh, Nablus, Bethlehem, and Hebron). The joint work plans are developed by the mayors and municipal technical staff and are a concrete step towards an integrated approach to urban planning in the major urban areas in Palestine.
 - (b) The Project launched the Urban Growth Scenario activity that informed the preparation of strategic investments in the Ramallah-Al Bireh, Nablus, Bethlehem Hebron urban areas, and the city of Gaza. The project pays special attention to the city of Gaza and supports the updating of its 1998 master plan to make the city more resilient, fostering its economic development.
 - The Technical Team are able to update and share with the World Bank the ICUD Work plan reflecting the revised timelines for the completion of the UGS exercise and the capacity to store UGS tools as well as related data.
 - The technical team will provide the World Bank with a further written clarification regarding the requested servers for the LGUs, Taffuh and Beit Kahil
 - The technical team will work with the LCs in the finalization of TORs for the identified priority study areas of the five (5) urban areas and share these TORs to WB by June 15, 2018.

ICUD team also work in December for the needed preparation for the MIDTERM Review which will be between 8-14 January 2019

In addition to the formerly mentioned activities, specific activities in a number of urban areas were done include the following:

Ramallah-AlBireh Urban Area

After the contract for the institutional assessment of the RAB JCU was terminated in February of 2018, as the hired consultant failed to submit all the needed deliverables by the expected timeframe (even after the contract was extended due to the same reasons), the ICUD team started works on this assignment internally by Hebron LC, who have a good experience in the field.

A special meeting was launched to present the new assessment methodology and tools with direct coordination by RABSA coordinator. The needed meetings were arranged with the relevant stakeholders (both at the technical & managerial levels).

The assessment was designed to look into the role which the unit played in facilitating a collective urban work (since it was established in 2006). This included examining the opportunities, the bottlenecks, and the challenges affecting work, in order to consider



any upcoming plans to advance it in addition to letting it be known by the future units that the program is being carried out in the rest of the West Bank's urban areas.

The assessment was completed (August 2018), and the ICUD team had the chance to discuss the report in two meetings (September, and December) in order to develop the final draft copy to be presented to the mayors and technical teams (steering committees) of the RAB JCU to agree on strategies to move forward. The work is in the process to coordinate a meeting for the mentioned team after the third mission of CAPSUS (which supposed to take place at the end of January 2019 and the beginning of February 2019).

Bethlehem Urban Area

The local coordinator in Bethlehem resigned on the 1st of June (May), 2018. This placed the urban area a little behind in keeping up with the needed activities, especially for subcomponent 1.2 and due to the limited technical local committee capacities. ICUD core team covered most of the needed activities with direct support from MOLG-Bethlehem's office coordinator.

The new arrangement to hire new local coordinator was done, and started in August 2018 and directly was introduced to the technical committee and mayors of the participation LGUs in Bethlehem Urban Area. ICUD Technical supervisor handles her tasks and briefs her of what had been done and the next steps.

Gaza Urban Area

Due to the difficulties faced that prohibited traveling to Gaza Strip in 2017, several conference meetings were organized with the city of Gaza planning and engineering team that was meant to:

- Launch the project and discuss the project's objective, scope, and prospective activities.
- Formulate a technical team from the technical staff at Gaza Municipality.
- Address the need for comprehensive urban data in The city of Gaza
- Highlight the absence of update planning schemes for the city as an urgent need for the project.
- Prepare the work plan with the detailed activities of the project components and subcomponents.

In 2018, members from the ICUD core team managed to travel to Gaza after getting the needed permit. This enabled following on the ground with the team and oversee the work to plan the needed actions and activities for Data, UGS and technical assistance for 2018.

- The first visit took place between 8th and 10th of January, 2018, by the ICUD GIS specialist, to explain more about the project components and to meet with the technical committee.
- The second visit took place between the 29th and the 30th of May, 2018, by the ICUD technical coordinator & the GIS specialist. The team mainly discussed the following points:





- Discussed urban growth first mission by CAPSUS: discussed activities carried out by the consultant and planned next steps. The needed data was to be prepared by the Municipality.
- Agreed on collecting urban data.
- Discussed the city of Gaza needs and linked it with The World Bank's other project in Gaza known as *Gaza Strength*.
- Another three visits took place between September and October 2018, by the ICUD core team including the technical supervisor for the first time. The team mainly discussed and work with Gaza team on
 - Draft action plan for the remaining years of the project.
 - Suggestions and ideas for the policy levers to overcome urban concerns.
 - UGS Second Mission in September.

Milestone II Complete Baseline Assessment of Existing Urban Extent

After data urban matrix was filled by LGUs, a deep assessment was conducted. A summary sheet was developed providing a brief background on the current urban data availability type of data and its current usage, sources, and limitation to data collection at participating LGUs. Analysis of the assessment was presented during the workshop to show the methodology, gaps, possible sources, challenges and recommendations, and challenges faced during the data collection process.

A summary sheet of the urban data assessment results.

- After Data urban matrix was filled by LGUs and deep assessment was conducted. A summary sheet was developed providing a brief background on the current urban data availability type of data and its current usage, sources, and limitation to data collection at participating LGUs. Analysis of the assessment were presented during the workshop to show the methodology, gaps, possible sources, challenges and recommendations, and challenges faced during data collection process.
- Data collection was done from each LGU as well as data collection from secondary sources, such as PCBs, OCHA, Northern & Southern Electricity Distribution Companies, Jerusalem District Electricity Company, Jerusalem Water Undertaking, Water Supply & Sewerage Authority (WSSA), Palestinian Water Authority (PWA), Ministry of Transportation, Joint Service Council of Solid Waste Management etc. Also, Basic layers have been obtained from GeoMoLG, in addition to the geopolitical data obtained from OCHA. These data layers are the base maps that needed for the urban growth exercise and for other project mapping and analysis.

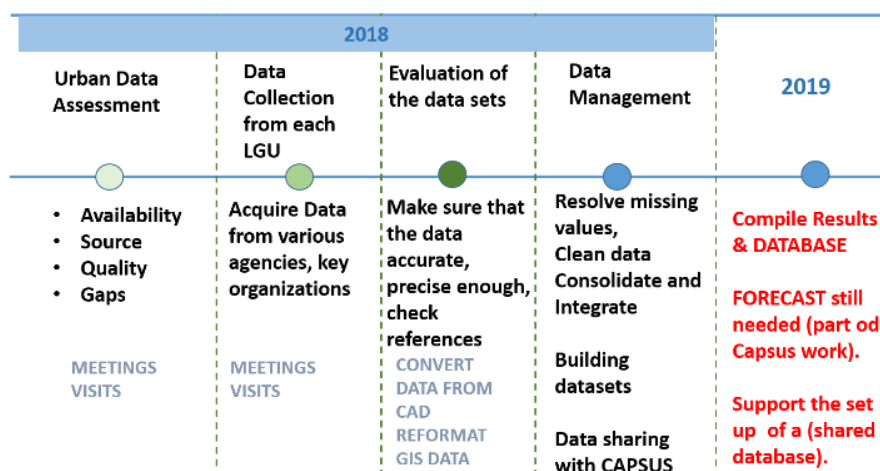


- Data needed on the level of City Quarter was obtained from PCBS according to the 2017 Census results (The official Preliminary Results of Housing and Establishments was released 1 March 2017). Moreover, different site visits to different GIS departments at Participated LGUs were conducted to fill the gaps of missing or unavailable data. All data collected was shared with CAPSUS in order to implement urban growth scenario.

The following is a summary of the key analysis results for each of the urban areas: Within the participated urban areas there is an incompatibility in the data availability and the use of GIS System between the city and the Participated LGUs. It was found out that Ramallah and Al Bireh, Heron, Dura and Gaza have advanced

information Systems while, Nablus, Bethlehem, Beit Jala, Beit Sahour, Halhul manage their data using different GIS software's and No use of GIS in the 13 LGUs in Nablus Urban Area, Surda Abu Qash in Ramallah Al Bireh, Al Doha, Irtas, Al Khader in Bethlehem UA, and Taffouh, Beit Kahil in Hebron UA.

Urban Data - Work Flow



- The source of Population Data is from PCBS 2017 Census data. Master plans are available for all LGUs except for Kufr Qalil. Both Master Plans of Beit Sahour and Gaza is outdated 1998. Information on infrastructure Utilities are available and provided from municipalities and Northern Electricity Distribution Company (NEDCO), Jerusalem District Electricity Company, Water Supply & Sewerage Authority (WWSA).
- Urban Planning studies such as Spatial Development Framework (SDF) which is the Phase One for preparing any master plan according to the new Urban Planning Manual (adopted by MOLG) was an important data source for the joint area of Ramallah-Al Bireh, Beitunia, Bethlehem, Beit Jala, Hebron, etc.... and Sectorial complementary plans for Bethlehem, Beit Jala, Beit Sahour in 2015 covered main sectors (infrastructure networks, water, wastewater, electricity, telecommunication, and solid waste), housing, population, local Economy, Social Services, Natural and cultural heritage, environment).
- Cultural Heritage Plan is available for the old city of Nablus. Mobility study plan covering the Ramallah Al Bireh Beitunia area is available, while mobility and transport study in Bethlehem urban area is ongoing (data collection phase is finished). Conservation Plan & Cultural Heritage Plans are available for the old cities of Nablus, Ramallah, Bethlehem, Beit Jala, Beit Sahour, and Hebron. A high-resolution ortho-map is available for the West Bank (10cm resolution-2016), while No high-resolution aerial photo of Gaza (below 50 cm) is available due to current political constraints.
- CSF results provided the proposed spatial locations of the joint projects in urban areas.



- **Gaza City** has a very developed GIS System. The same as West Bank Urban Areas, PCBS is the main source of the population data. The high-resolution aerial photo is available (less than 20cm resolution-2008). No high-resolution aerial photo of Gaza (below 30cm) is available and all indicators have pointed out that with the current political context, it is almost impossible for photogrammetry companies to arrange for airplanes to fly over Gaza to collect the necessary geospatial data and imagery. Under these constraints, the acquisition of a high-resolution ortho-photo for Gaza will be put on hold until circumstances change currently satellite image (2016) with accuracy 50 cm obtained for Gaza. The Masterplan is old since 1998. No Mobility and transport Plan. Data for Environment, Housing, Socioeconomic, and infrastructure are partially available. No Cultural Heritage Plan is available for the old city of Gaza.
- The five visits to Gaza by ICUD team helped a lot in follow up the available data and the priorities in data collection and a workshop were conducted to discuss the missing data needed for the urban growth scenario.

Milestone III

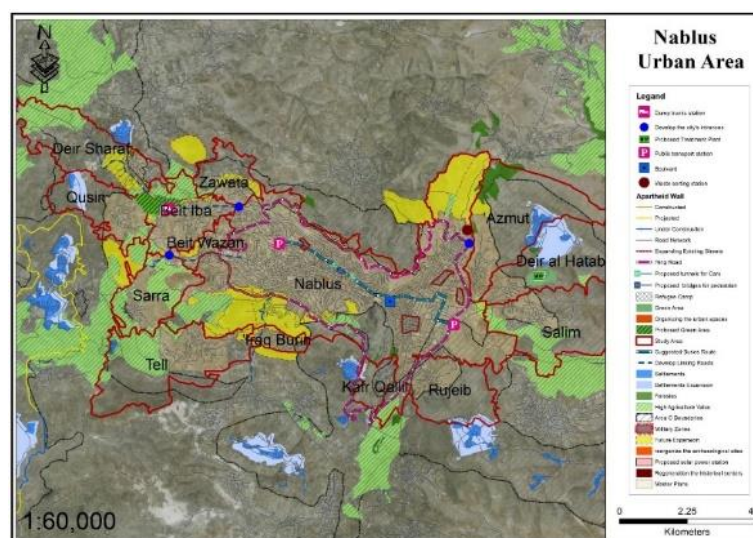
Complete Exercise to Develop Cost Analyzed Urban Growth Scenarios

Following the preparation of the first draft of the Terms of Reference for the exercise led by the World Bank technical support team, discussions with the technical teams of the urban areas municipalities and village councils were carried out. This was to ensure mutual understanding of the exercise and its full commitment to the activities and ownership of its outcomes completed late 2017.

The Terms of Reference for the Urban Growth Scenario was presented during the January workshop, explaining its objectives, scope of work and the expected deliverables. In addition, the rationale in the urban areas targeted was explained, as well as the potential benefits and outcomes. In addition to the information on growth trends and statistics in Palestine, different growth patterns, and how the exercise is set to help address some of the growth challenges and gaps in understanding its dynamics and planning for it.

The advertisement for the expression of interest (EOI) for the urban growth scenario assignment was published in July 2017. Nine firms responded to the EOI, four of them passed the technical evaluation and were asked to submit their proposals (Technical & Financial) by December 31st, 2017; nonetheless, three proposals were submitted by then. The evaluation committee evaluated the technical proposals and one company passed the evaluation while one failed, one was deemed unresponsive. All the needed contacting steps were finalized and the contract was signed on February 22nd, 2018, with a Mexican company called CAPSUS.

The draft inception report was submitted on the 10th of April. Also, the ICUD team prepared for all needed arrangements to help CAPSUS carry out their first mission between April 22nd, and May 3rd.





Mission 1: The first objective of the mission was to introduce the Urban Growth Scenarios (UGS) methodology and tools in the urban areas of Ramallah-Al Bireh, Nablus, Bethlehem, Hebron and The city of Gaza. The main points discussed included UGS ability to help in planning and decision making, how the methodology was applied to Mexican and Jordanian cities and how it will be tailored to Palestinian urban areas. Further discussions were about how the type of information needed to perform the UGS exercise successfully, the expected outcomes, the scope, and schedule for the project.

The second objective was for CAPSUS team to meet with the ICUD team and the technical committees of each urban area to understand their vision for their urban areas, their main urban concerns and the possible solutions they are suggesting or currently implementing. Six-hour workshops were organized in each urban area for this



purpose. The workshops were followed by two-hour field visits. These activities were followed by a second-day technical meeting to discuss the data availability and modeling feasibility of the selected possible solutions. The main outcome of that second day was a short list of possible solutions with their data requirements, availability and main sources. The third objective of the mission was to review the database collected up until then by the ICUD team, identifying missing information and requesting data clarification, homogenization, downscaling and merging. This action was done in close collaboration between CAPSUS and the ICUD team during technical meetings.

Key Findings: Tables summarize the vision, urban concerns and possible solutions for each of the five urban areas. Note that the possible solutions were collected as defined by the local stakeholders, without any intervention from Capsus.

Mission 2 which was held between 30 Sep and 18 Oct 2018 had the following objectives:

1. to present preliminary results for each urban area.
2. To improve the scenarios and the information used to build them by discussing them with
The local technical teams.
3. Start the Capacity development of the technical teams (see profiles in Annex A):
 - a. To understand the advantages of using Urban Growth Scenarios.
 - b. To learn the tool's general structure.
 - c. To understand the kind of information used to create the scenarios and how to Process it to calculate the indicators.

Between the two missions, ICUD contracted an urban planning expert to prepare with the support of the ICUD technical team the Conceptual Spatial Framework (CSF), the following had been done:

Assessment report: Primary/quick assessment of the current masterplans consistency and compatibility for the LGUs within the same Urban area (focusing on the adjacent areas) with the needed GIS maps.

The “Conceptual Spatial Framework”: by organizing a brainstorming workshop to capture feedbacks involving UAs technical teams and services suppliers with support of



the ICUD team, in order to make analysis and evaluation of master plans (particularly land use and road network) in adjacent LGUs areas within each urban area, and determining the spatial implications of the selected Policy Levers that address the Urban Concerns of urban areas.

Following the second mission, ICUD team continue following with the consultant (Capsules) requirement and held several meetings, including the meeting with representative of the urban areas to discuss how to host the tool (Urban Performance) and what kind of requirement (physical and human recourses) are needed within the urban areas to ensure its sustainability of using the tool.

In Addition to the needed preparation to the third mission which will be held in January – February 2019.

Ramallah & AlBireh Urban Area

In the first mission: Two events were held in Ramallah & AlBireh's urban area on April 23rd (workshop) and on the 3rd of May (follow up meeting) in cooperation and coordination with ICUD team. The first event included exercise presentation: objectives, benefits, expected outcomes, a presentation and a discussion of Ramallah urban area and its main urban concerns. Furthermore, indicators, possible solutions, details about the indicators and policy levers, current status, available information to model them, existing calculation methods and selecting the technical committee of the urban area Urban Growth scenario (UGS) with additional technical members from LGUs to cover the urban concerns sectors). The event was held in Ramallah Recreational Centre and was attended by several representatives from MOLG Office, the steering committee and the technical committees, staff members from four LGUs, the ICUD team, CAPSUS team. The workshop was followed by a tour of the urban area. The second event was attended by CAPSUS team and UGS technical committee and ICUD core team to follow up on the indicators and policy levers selected in the first event.



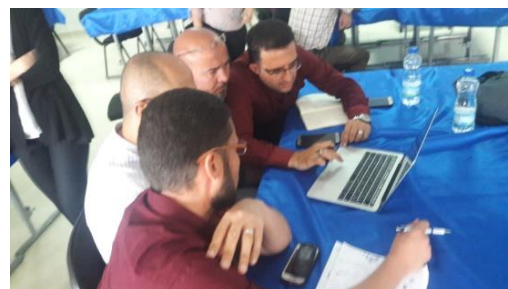
In the second mission: 4 events were conducted. Between the 2ND and the 6th of October:

- Preliminary results presentation to the decision makers and the technical committee.
- Data and methods used to model some policy levers and indicators by topic session, and discussion for the Data and methods improvement and validation with the technical teams.
- Capacity building workshop for the technical committee to elaborate more on the advantages of the UP tool, the types of information, creating policy levers and scenarios, data processing, an overview of the tool.
- Specialized session to start figuring the possibility of creating new policy levers (more on the architecture of the tool and the indicators calculations), regarding waste to energy.
- Results presentation to the mayors and presentation of the advantages of the UP tool to them.



Hebron Urban Area

The same events were held in Hebron city, on April 26th (workshop) and April 28th (a follow-up meeting), in cooperation and coordination with the ICUD team. The first event included exercise presentation: objectives, benefits, expected outcomes, a presentation and a discussion of Hebron urban area and its main urban concerns, indicators, possible solutions as well as details about the indicators and policy levers. Further discussions were about the current status, available information to model them, the existing calculation methods and selecting the technical committee Hebron urban area Urban Growth Scenario (UGS). As for the HJCPU, the same technical committee will be UGS technical committee. The event was held in Hebron Municipality's Child Happiness Centre. The event was attended by several representatives from Hebron MOLG Office, MOLG, HJCPU's steering committee and the technical committees, staff members from five LGUs, ICUD team, CAPSUS team, and ICUD core team. The workshop was followed by a tour of the urban area.



The second event was attended by CAPSUS team and UGS technical committee and ICUD team to follow up on the indicators and policy levers selected in the first event.



In the second mission of CAPSUS in Palestine, two days have been organized on 19 and 23 September 2018; the first day was for the presentation of preliminary results of the UGS, furthermore to define new policy levers and indicators to create UGS by the Urban Performance Tool (UPT); the second day was for a capacity building targeting the urban area UGS technical team in order to enhance their capacities and to

train them in the use of the UPT, the UGS technical team composed of Urban Planners, GIS specialists, IT specialists. The capacity building was preceded by an online training for the same UGS technical team through CAPSUS online training to cover the general use of the UPT and how to generate scenarios and general functions of the tool.

A discussion to host the Urban Performance tool were distinguished between CAPSUS, ICUD and HUA Technical teams, where it was suggested that Hebron Municipality will host the tool and a committee from the UA will manage the different functions of the tool.





Bethlehem Urban Area

Two events were held in the Bethlehem urban area on April 25th (workshop) and April 28th (a follow-up meeting) in cooperation and coordination with the ICUD team. The first event included exercise presentation: objectives, benefits, expected outcomes, a presentation and a discussion of Bethlehem urban area and its main urban concerns,



indicators, possible solutions and details about the indicators and policy levers. Also discussed, was the current status, available information to model them, the existing calculation methods and the selection of the technical committee of Bethlehem urban area Urban Growth scenario (UGS). The same technical committee with additional technical members to cover the urban concerns sectors was decided. The event was held in Beit Jala Centre and was attended by several representatives from Bethlehem MOLG Office, the steering committee and technical committees, staff members from six LGUs, ICUD team, a representative from MOTA, other NGOs, as well as the CAPSUS team. The workshop was followed by a tour of the urban area.

The second event was attended by CAPSUS team and UGS technical committee with the ICUD core team to follow up on the indicators and policy levers selected in the first event.

The second mission for CAPSUS held in Bethlehem for two days (16,17 Oct 2018); the first day was presented the

preliminary results for Urban Performance tool followed by discussion with all specialties from the technical committee and other organization such as Joint Council Service for



Solid Waste, Water Supply and Sewerage Authority and Jerusalem District Electricity Company, in order to improve the information and the scenarios.

The second day was also attended by CAPSUS team and UGS technical committee with the ICUD for capacity development for urban planners, GIS specialists and IT specialists in the urban area, to understand the general structure of the tool and to understand the kind of information in the tool and the calculator.



Nablus Urban Area

Two events were held in Nablus city too on the 24th of April 2018 for the project presentation and workshop for Nablus Urban Area which was attended by ICUD team, the steering committee, the technical committee and relevant team from Nablus Municipality technical departments (i.e. Planning, Traffic and Transportation, Strategically Planning, Water and Wastewaters, Health and Environment). Also attended was the JSC for solid wastes director, AL Najah National



University Department of Planning and GIS, Nablus District MoLG director and the director of the Planning Department at MOLG of Nablus.

The workshop presented the Urban Growth Scenarios (UGS) project, objectives, benefits, expected outcomes, a Presentation of the city and its main urban concerns, a discussion on the main urban concerns, Indicators, possible solutions as well as the UGS technical team designation. The technical follow up meeting was held in the village of Sarra on the 2nd of May 2018 with ICUD and the UGS technical team discussed details about the selected indicators, policy, current status, available information to model them, and existing calculation methods.

The second mission of CAPSUS in Palestine, has organized two days of workshop in October 10th & 11th; the first day was for the presentation of preliminary results of the UGS, which was already started the preparation by CAPSUS after the first mission for which implied the collection of Urban Data for the creation of UGS, furthermore to define new policy levers and indicators to create UGS by the Urban Performance Tool (UPT); the second day was for a capacity building targeting the urban area UGS technical team in



order to enhance their capacities and to train them in the use of the UPT, the UGS technical team composed of Urban Planners, GIS experts, IT experts and engineers specialized in: Traffic and Transportation, Environment, Water and Wastewaters, and strategically planning. The capacity building was preceded by an online training for the same UGS technical team through CAPSUS online training Model, the training covers topics related to the general use of the UPT and how to generate scenarios and general functions of the tool.



The methodology and alternatives for the installation of the UPT in Palestine had been discussed with technical team representatives from the ICUD project Urban Areas, for NUA it had been selected the team based on the roles needed for the management of the UPT; already selected 2 technical trainees from Nablus Municipality who started a capacity building training by CAPSUS in order to become trainers in the use of the UPT in the future after CAPSUS assignment finishes. Nablus Urban Area technical team prefers the installation of the UP through a mixed methodology between the centralized and the independent structure, in order to maintain the interest in the use of the UPT, and in the same time to exchange improvements and experience between the different projects UA.

Gaza Urban area

Two events were held in the city of Gaza on April 29th (workshop) and April 29th (a follow-up meeting) in cooperation and coordination with ICUD team and Gaza Municipality technical team. Travel permits for only two experts from CAPSUS were obtained, whereas the ICUD team members did not manage to get permits.

The first event included exercise presentation: objectives, benefits and expected outcomes, a presentation and a discussion of The city of Gaza and its main urban concerns, indicators and possible solutions, current status, available information to model them, existing calculation methods. In addition, the technical committee of Gaza urban area Urban Growth scenario was selected with additional technical members to cover the urban concerns sectors.

The event was held in Al-Shawa Cultural Centre. The event was attended by several representatives from MoLG, the steering committee, the technical committee, staff members from Gaza Municipality, and other NGOs. The workshop follows by a study tour of the city and urban area.

The second event was attended by CAPSUS team and UGS technical committee to follow up on the indicators and policy levers selected in the first event.

In the second mission: 4 events were conducted. Between 16, 17, 18 October which both Capsus team and ICUD core team:





- Preliminary results presentation to the decision makers and the technical committee.
- Data and methods used to model some policy levers and indicators by topic session, and discussion for the Data and methods improvement and validation with the technical teams.
- Capacity building workshop for the technical committee to elaborate more on the advantages of the UP tool, the types of information, creating policy levers and scenarios, data processing, an overview of the tool.
- Specialized session to start figuring the possibility of creating new policy levers (more on the architecture of the tool and the indicators calculations), regarding pedestrians' and traffic.

Sub-component 1.2. Demand Driven Customized Support for Urban Growth Planning West Bank Urban Areas

Further discussions were organized with the technical representatives of the urban areas LGUs, and draft 2018 annual work plan was drafted/updated following January workshop and follow up meetings aiming at the identification of key technical assistance activities benefiting the urban areas:

- Draft work plan for 2018.
- Technical Assistant activities 2018
- Draft Roadmap of each urban area.

Commensurate with the feedback from the World Bank in April Mission, the following items were approved and the ICUD team started working on:

	Activity Name	Category	Market Approach	Estimated Amount (US\$)	Remark
1	preparing of the TOR for a comprehensive public transportation plan for Ramallah and Al Bireh urban area and expanding the RAB mobility plan to include Surda-Abu Qash	Consultant Services	Limited	5000	Done
2	preparing of a comprehensive public transportation plan for Ramallah and Al Bireh Urban Area and Expanding the RAB Mobility Plan to include Surda-Abu Qash	Consultant Services	Open National	200,000	After being review by the world Back and the technical teams it was agreed to split to two TORs. Bu Q1 2019 will start the procurement process.
3	Preparing the environmental impact assessment study for Nablus and Bethlehem urban areas	Consultant Services	Open National	90,000	Will confirm how to address the environment and link it with the social and environmental safeguards by the MTR early January 2019.
4	Supplying hardware to support	Goods		15,00	Done



	the integrated planning in Gaza Municipality			0	
5	Supplying hardware to support the development of an integrated GIS database in Hebron urban area	Goods		30,000	Done
6	Preparing a mobility study/ traffic study for Hebron and Nablus urban areas	Consultant Services	Open National	90,000	The procurement had started in December.
7	Demographic Change and service demand Study for Bethlehem Urban Area	Consultant Services	Open - National	70,000.00	Draft TOR was prepared, to be finalized with the WB by Q1 2019

Regarding the Capacity building which is an important milestone in the project and serves the main objective, ICUD success to implement the following sessions in 2018:

Capacity Building

Geo- MOLG orientation - 500\$	2 Days – 12 hours	15 Trainees (NUA)	Village Heads- Municipal engineers
Urban Planning Tools – Marsea & Lozan - 9,000\$	10 days-80 hours	2 Trainees Gaza	Municipal engineers
Smart City - South Korea 10,000\$	4 days –	4 Trainees RABSA - HUA	Planers- GIS – IT
Geographic Information System (Esri): 15,000\$	Level1 - 20 hours	20 trainees (NUA)	Gis officers-Municipal engineers-Planners
	Level 2 - 20 hours	15 trainees (NUA)	
Geographic Information System (Q.GIS)	Level1 - 20 hours	20 trainees (HUA + BUA).	Gis officers-Municipal engineers-Planners
	Level 2 – 20 hours	15 trainees (HUA + BUA)	
Urban Planning /Transportation Concepts - 62,000\$	5days – 40 hours	40 trainees (NUA,RBUA,BUH,HUA).	Municipal engineers-Planners- MOLG

Two Arabic Expert was contracted to prepare a 4 days training course in (Urban Planning and Transportation Planning) which target representative from the technical committees in all the targeted Urban areas (except Gaza due to the Inability to obtain the required permits) which had been held in Amman 2-6 December 2019.

In addition to the learning day at Amman Greater Municipality.

The training was very successful and feedback from the participant was excellent. All technical committee recommended for more such training modules/sessions.





Below more details on the activate in this Sub-component 1.2. For each urban area:



Ramallah-AlBireh Urban Area

The following activates were accomplished:

- Follow up discussions were organized with the technical committee/coordination committee of the urban area to finalize the individual consultant (IC) TOR for Prepare the Terms of Reference for a Comprehensive Public Transportation Plan for Ramallah and Al Bireh Urban Area and Expand the RAB Mobility Plan to include Surda Abu Qush Town.
- Following the needed procurement steps to select the IC, the contract was signed on the 20th of June and it is expected to be finalized by 20th of July. The first meeting between the IC, ICUD, RABSA committee was carried out on the 21st of June to discuss the scope and work plan.
- A meeting was done between the IC, ICUD, RABSA committee, with representatives of the MOT and HTC at the end of July to discuss the submitted draft of the TOR, number of notes were discussed regarding the time frame of the comprehensive study needed, the study area, and the scope of work to be done to integrate Surda Abu Qush into the already prepared traffic and transportation plan.
- The notes were realized by the IC, at the first week of August, and approved by RABSA committee and this second draft was sent in parallel to the municipalities for their information and to the TS from the MOLG to obtain any needed approvals.
- The RABSA Committee received notes on the TOR from the WB through the TS from the MOLG at the beginning of October and at the second week of December, and at least, within this period, three meetings between the TC of RABSA and TS team from one hand, and with the IC, TC of RABSA and with steering committee of RABSA





from the second hand were conducted to discuss the notes, and the time frame of the procurement process with a clear recommendation from the steering committee of RABSA to finalize the TOR and start the consultancy as soon as possible because the municipalities are facing ongoing pressures regarding the current Public transportation system and need to approve it based on the outcomes of the needed study. The results of these meetings were consensus of modifications of the TOR based on the notes of WB, the need to finalize the TOR as soon as possible, and the separation of the consultancy into two parallel consultancies one regarding integration of Surda Abu Qush which has to be started as soon as possible because its limited scope, and the second one regarding the public transportation, the modification of the TOR based on the WB's notes and the meetings outcomes is in process by the IC.

- Accordingly, after finish these modifications, ICUD will start the needed procurement procedure to launch the needed two consultancies by Q1 2019.
- Follow up the institutional assessment of the unit, a draft report was completed (at the start of August 2018), and the ICUD team had the chance to discuss the report in two meetings (September, and December) in order to develop the final copy to be presented to the mayors and technical teams (steering committees) of the RAB JCU to agree on strategies to move forward. The work is in the process to coordinate a meeting for the mentioned team after the third mission of CAPSUS (which supposed to take place at the end of January 2019 and the beginning of February 2019)
- Started the Preparation of the CB on sustainable urban mobility by conducting training that will help the city planners understand the complex multifaceted dimensions of urban transport. The training will provide them with the tools to help develop urban transport plans that are more integrated and sustainable in nature (Trans CAD CB).

Nablus Urban Area

The following activates were accomplished:

- The first draft of the TORs for the environmental and the mobility studies for Nablus urban area was completed. The drafts of the Mobility TOR were finalized and cleared by the WB after merging Nablus and Hebron with their surrounding urban areas in one TOR for the Mobility study.
- Regarding the Environmental Impact Study of industrial pollution, a study to assess the impact of the pollutions caused by the industrial activities in the Urban Area and suggestions to alleviate the negative impact on environment and public health (as mention above it will discuss how to address the environment and link it with the social and environmental safeguards by the MTR early January 2019, i.e. will be part of the SESA study (Strategic Environmental and Social Assessment) which should be prepared for all the ICUD project Urban Areas.
- A training plan for the GIS was prepared which included the names of participants and the anticipated schedule for LGUs Mayors and staff:





- GIS capacities: introduce and enhance GIS capacities. The beneficiaries are LGUs engineers: The ArcGIS training for beginners implemented for a duration of 20 hours - four days of training done between 17-18 and 24-25 of November 2018. In addition, for the advanced ArcGIS four days of training to be implemented between 4-5 and 12-13 January 2019 which in total 20 training hours
- GeoMolg training: an introduction to GeoMolg. Beneficiaries are LGUs Mayors and members: (this training had been done in April for two days of training through GeoMOLG dep/ MOLG).

Hebron Urban Area

The proposed technical assistance identified is a mobility and traffic study with the same scope as Nablus urban area, a training module for LGUs GIS and IT technical staff and providing of needed equipment.

- HJCPU technical committee established two specialized groups (SGs), one for traffic and transportation and the second was for GIS and IT, meetings for the two SGs were held to discuss the term of references for the mobility and traffic study, GIS and IT training module that will include (Q GIS data management. Advanced Q GIS and Q GIS and web mapping development) and needed equipment (Taffouh and Beit Kahel will be provided with servers to establish a GIS unit, both LGUs send an official letter to justify the servers needs and ensure their sustainable use) in support of technical committee. The TORs were completed and submitted to start the procurement process.
- In terms of capacity building initiatives, the following were identified: Regional urban planning, land use and management, environmental auditing, transportation planning, and management and GIS application in the three topics.
- The needed specifications of the requested hardware (Workstations, tablets, servers) were prepared by HJCPU and reviewed by ICUD & MDLF, and all the requested hardware were supplied to the 5 LGUs within Hebron urban area end 2018.
- Two training modules (20 hrs each) had been conducted, the first was 4 days conducted on 10 to 13 November 2018, where the training was an introduction to Q GIS and targeted the urban planners and GIS staff. The second training was advanced Q GIS, data management and web mapping that targeted the GIS and IT specialist and had been for 4 days conducted on 15, 16, 22 and 23 December 2018.
- As a result, for this these training modules, HUA LGUs' GIS specialist will assist each other to establish GIS databases in Taffuh and Beit Kahel LGUs and work on the development of current databases on the other LGUs through GIS specialized group.





Bethlehem Urban Area

- In Bethlehem urban area, follow up discussions were organized with the technical committee/coordination committee of the urban area to draft the TOR for the Environmental Impact Assessment study for Industrial pollution (as Nablus area)
- Work on the drafting concept notes and breakdown for the proposed demographic change study, in order to get the World Bank approval and add it in the procurement plan as a result of several meetings with the technical committee, the concept of demographic change study was elaborated and discussed carefully and the urban area agreed to study the impact of the tourism industry on the service demands in Bethlehem urban area.
- As part of the pieces of training, part of the technical committee of the urban area participated in QGIS pieces of training for beginners and advanced with Hebron urban area in Hebron.
- Due to the LC resignation early may, some activities were postponed in this component.

Sub-component 1.3

Demand Driven Customized Support for Urban Growth Planning Gaza Urban Area

Communication and coordination in the city of Gaza remain a challenge especially since the project team was not capable of entering the Gaza Strip in 2017 to conduct on-site investigations and assessments, following the development of the work plan of the city of Gaza.

In 2018 Members of the ICUD core team managed to get into Gaza for five teams. This enabled the project core team to follow up on the ground with them and work to gather to set the needed actions and activities and prepare the work plan draft 2019-2021:

- Equipment: Tow total stations (supplied to GM).
- GPR (Ground Penetrating Radar), Pipe Network Photo Machine (need more coordination and permitting with support with MDLF and WB).
- Survey level, Laptops, and A3 scanners, A4/A3 printers (supplied to GM)
- The capacity Building: Training of the part of the technical committee on integrated urban planning.
- The technical committee emphasized the importance of carrying out the data collection of the current situation since the master plan is outdated (1997) and the latest Satellite image with 12.5 cm resolution from 2008. The data needed include

	2019												2020											
	1	2	3	4	5	6	7	8	9	10	11	12	1	2	3	4	5	6	7	8	9	10	11	12
CAPSUS (UGS)																								
Capacity Building																								
Training1																								
Training2																								
Master Plan																								
Data Collection																								
Master Planning																								
Stuides + Planes																								
Socio Economic Plan																								
Emergency Plan																								
City Center																								
Water Front																								
traffic																								
Equipment																								
Interventions																								



land and building use, building density, road networks, infrastructure (network plans of water, sewer networks, and rainwater drainage), as well as socioeconomic data, accordingly using the World Bank's other project (*Gaza Strength*) the draft TORs were prepared jointly to launch the procurement process early 2019.

- Reviewed the central GIS system and its link with the other departments in the municipality such as the Urban Planning, Survey, and the property tax departments. & data availability and quality were evaluated as well as data proposed to conduct the urban growth scenario analysis

As a result, with the meeting, a draft work plan as shown we proposed and discussed and will be finalized by Q1 2019

11.5 Anticipated Activities

Sub-component 1.1.

Structured Capacity Development Support for Urban Growth Planning

Milestone I.

Establish and Maintain Intra Urban Area Coordination Mechanism

To ensure and maintain interurban area coordination, another workshop will be designed and implemented early 2019, to engorge the joint work and join thinking to define the joint urban and special challenge and set the possible solution.

Maintain the monthly technical meeting for the technical joints committees for each urban area.

Present the results for the institutional assessment of the RAB JCU: opportunities, the bottlenecks, and the challenges affected its work first at RABSA urban area, then to all urban areas to discuss more how the MOLG, MDLF can support this unit and institutionalize it to main the joint planning and join work.

Milestone II.

Complete Baseline Assessment of Existing Urban Extent

The team will continue to jointly work with the LGUs and other national and local authorities and organization on consolidating the available data necessary to complete the urban growth scenario analysis exercise. In parallel, the team will also continue to facilitate discussions with the urban area LGUs on moving forward with the provision and the analysis of the data necessary for their collective urban work.

Preparing the urban data assessment results report: the report will include literature on urban data and urban assessment, the role of data in addressing urban challenges, the context of urban data and analysis in Palestine, status in each urban area, various data sources, and policy recommendations, among others.

Milestone III.

Complete Exercise to Develop Cost Analyzed Urban Growth Scenarios

CAPSUS with ICUD supervision in the next months will finalize the assignment which it anticipates to be finalized by Late April 2019 by have the final field visit and submitting the remaining deliverables (Capacity Development report, Guide Book and the Final Report).

ICUD team will start the preparation for CAPSUS third Mission in January 2019 which will focus on the following:



1. Present and validate the final results with each urban area.
2. Develop the capacities to update and model new future scenarios in the technical teams of the urban areas.
3. Inform the Mayors and the MoLG about the main findings and obtain their support for the main policies or projects for the urban areas.
4. Work with the UA s on the hosting of the Urban Performance tool.

Milestone IV

Modify Respective Member LGU's Plans Based On the Optimum Urban Growth Scenario

N/A

Sub-component 1.2.

Demand Driven Customized Support for Urban Growth Planning for the West Bank Urban Areas

The Following activities are anticipated:

- Finalizing the procurement process for the Mobility Study for Nablus and Hebron Urban Area and start the implantation
- Finalizing the capacity building plan for all the project beneficiates.
- Starting the implementation of some training courses.
- Working with the Bethlehem area on new items in technical assistance.
- Finish the Terms of reference for a Comprehensive Public Transportation Plan for Ramallah and Al Bireh Urban Area and integrate Surda Abu Qush in the already prepared Mobility Plan and start the procurement process and implementation for the two parallel consultancies.

After the MTR a Detailed work plan will be propertyed for all the urban areas for 2019- 2021

Sub-component 1.3.

Demand Driven Customized Support for Urban Growth Planning for Gaza Urban Area

The Following activities are anticipated:

- Finalize the draft work plan for 2019-2021
- Supplying Gaza with the requested phase two of hardware.
- Data collection for urban planning and link with *Gaza Strength* project.
- Start drafting the needed TORs for the upcoming studies (traffic and waterfront upgrade).
- Start defining how to work with the Gaza team on the Development plan as a phase of the city masterplan which will be done by Gaza technical team.
- Launch the procurement process for the above mentions TORs.



10.6 Obstacles and Challenges

- LGUs capacities vary specifically in planning issues including urban analysis and integrated planning among others. In a substantial number of LGUs, there is an absence of planners among the LGU technical teams which makes conveying concepts of sustainable urban growth, smart cities, compact development, etc., slightly challenging.
- Lack of urban data and analysis (in some cases, even the basic analysis) at the majority of LGUs met during the "data availability assessment phase" which may affect the development of the urban growth scenario exercise. Moreover, there are big gaps among the LGUs of the same urban area in terms of GIS availability and capacity, and in terms of data accuracy and quality. In the phase of the data collection process, there is a delay in providing available data either from the LGUs or other sources.
 - The availability of Urban Data at the level of LGUs is very limited, especially in the village councils, and all Urban Data at the street/neighborhood level is not available and much information recovered through estimations.
 - Controversy issues between municipalities concerning city borders, competitiveness of each of the LGUs, and financial background.
- The concept and content of the joint database for each urban area still not clear and requires further discussions with the World Bank geospatial experts.
- Competitiveness between the different municipalities is high under the big municipalities, notability over other smaller ones and of course, and the village councils surrounding them. Within these circumstances, this can be problematic making them all meet and work together on the same level.
- Delay in project activities (due to the time needed for the WB producers) showed mistrust of municipality technical teams and mayors and diminish the project importance.
- The concept of urban growth is new in the Palestinian areas, often not well understood even after launching the activity.
- Many issues were raised related to sustaining cooperation among the UCs, and the ownership of the JCUs that were established and the outputs of the exercise.
 - There must be further work on the cooperation culture itself, and the empowerment of JCUs and LCs.
 - Emphasis on building the capacity of the beneficiaries including technical teams and coordinators in sustainable urban growth.
 - MDLF and its current work on the allocation of some funds for joint projects as incentives must be empowered.
 - The support of the institutionalization of JCUs, on phases based on roadmaps for each UC. The first milestone could be detailed bylaw with the needed organizational structure that elaborates more on the responsibilities, and other institutional issues.
 - The resignation of the Bethlehem local coordinator, which kept the urban area slightly behind in keeping up with the required activities, especially for sub-component 1.2. The ICUD Core team covered most of the needed activities with direct support from MOLG Bethlehem office coordinator.
- Bethlehem Local Coordinator resigned in (1-6-2018) which had kept the urban area on little behind in following the needed activities, especially for Sup. Comp 2, the ICUD Core team covered most of the needed activities with direct support from MOLG Bethlehem office coordinator till the new coordinator join the team early August 2108.



11. Multi-site Regeneration Project for Jericho

11.1 Project Overview

The "Multi-site Regeneration Project for Jericho, Palestine", is currently implemented as part of the technical assistance program by the French Development Agency (AFD), with funding from the European Union -the funds of the Investment Facility for the Neighbourhood (IVF), and in conjunction with partners from the UPFI initiative "Urban Projects Finance Initiative".

The MSR Jericho Project aims at enhancing the economic development of the city through the process of "relocalization and rehabilitation" of key infrastructures. The project which was prepared under the Urban Project Finance Initiative (UPFI), promotes an integrated urban approach in order to optimize public land management, to upgrade key infrastructures, and to strengthen the management capacities of the municipality related to the enforcement of national health policies and to improve its financial accountability. The rehabilitated infrastructures are the slaughterhouse, the Spanish Garden, and the Municipal garage, all of which shall contribute to support the main city's economic activities (tourism and farming).

11.2 Project Description

MDLF is responsible for managing the project with a team that includes a project coordinator, a technical expert, a financial expert, a procurement expert, and an environmental and social specialist.

Furthermore, Jericho municipality has assigned a project coordinator to be part of the project committee to ensure facilitation of proper implementation of all activities and part of the Project committee.

The fund of MSR Jericho is 6.2 million Euro out of 10.2 million Euro of fund granted to MDLF for MDPill and MSR Jericho project according to the financial agreement signed between AFD and Ministry of Finance on April 26th, 2017, and the project will be implemented over two years ending in 2019.

The project Agreement between MDLF and Ministry of Finance was signed on August 7th, 2017, followed by a Grant Implementation Agreement with Jericho Municipality which was signed on November 16th, 2017.

The project Agreement between MDLF and Jericho Municipality was signed on November 16th, 2017

The project Operation Manual containing technical, financial, procurement and monitoring and evaluation of the project.

The project consists of the following subcomponents:

Subcomponent (a) : Slaughterhouse

This component includes construction of new slaughterhouse and remediation works for the old slaughterhouse. The new slaughterhouse is aimed at providing efficient, professional, hygienic and humane slaughtering service at a competitive price for farmers, butchers, and other customers in Jericho and adjacent Palestinian towns and communities. It is aimed that this would be achieved without creating adverse environmental or social hazards. The project will include two major buildings: one for slaughtering cattle such as sheep and goats and the other for slaughtering poultry. Office accommodation will also be provided within the envelope of the largest building, used for cattle (sheep/goats), in addition to supplying the Equipment for the Cattle Slaughterhouse and Supplying of Equipment for the Poultry Slaughterhouse.



For operating the slaughterhouse, a Slaughterhouse Steering Committee (SSC) will be assigned by the municipality to supervise and advise both partners. It will be composed of representatives from the municipality, the private operator, but also from butchers and farmers, as well as from The Public Health Committee, whose exact role will be detailed in a lease agreement.

Remediation works at the old slaughterhouse will commence as soon the new slaughterhouse handed over and operation started.

Subcomponent (b) Municipal Garage

This component includes construction of a new garage and remediation works for the old garage.

The main garage will be an L-shaped single-story, large-span building (approximately 1,800 m² in area). A new two-story amenities building (approximately 930m²) is positioned on the south side of the site. It contains a canteen, changing/washrooms, and office accommodation. External areas will include a car park, yard space, planting, and access roads. Landscape treatment will be important to screen visually the two-story-height buildings.

Remediation is set to be finalized before the commencement of works at the Spanish Garden Extension.

Extension of the Spanish Garden (under MDP III)

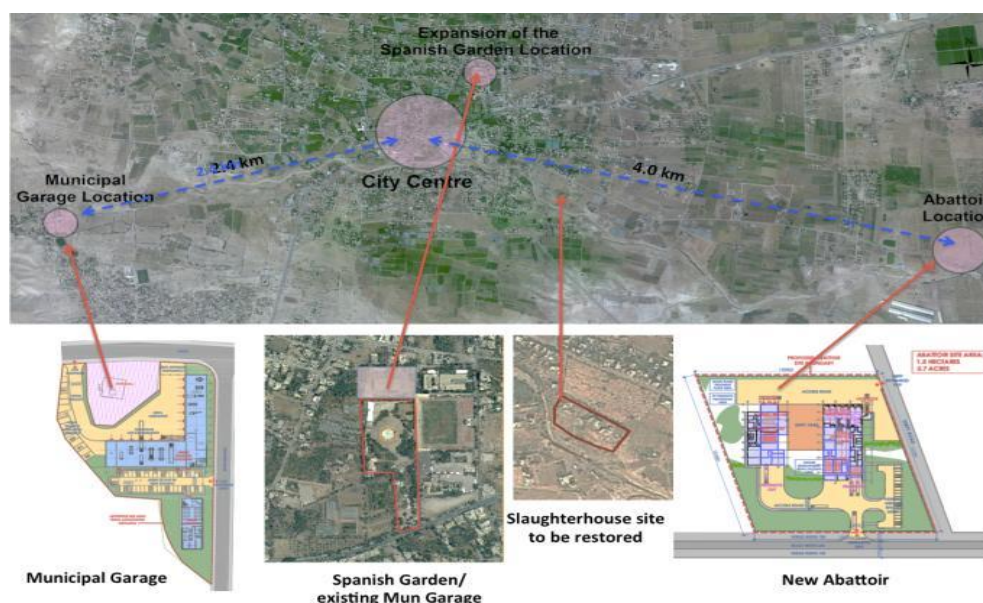
The extension of the Garden onto the lands currently occupied by the Municipal Garage, the MSR project offers the opportunity to enhance substantially the role of the Spanish Garden as a place of leisure in the heart of the City.

Subcomponent c: Technical Assistance

This component includes technical assistance program, which includes the supervision of work and management fees to MDLF, in addition to training and capacity building to support the implementation of the municipal action plan on mitigating illegal slaughtering processes.

MDLF will support Jericho Municipality in implementing designated activities defined under subcomponent C the technical assistance.

Photo 1: MSR Jericho Project Components, (Final Report INTA, CEP, 2016)





11.3 Implementation Status

The progress of Project Components:

1. Work supervision
 - The Contract was Signed on March 25th, 2018.
 - The Commencement of tasks for the Supervision of the Municipal Garage: July 29th, 2018
 - Contract amount: 250,583 Euro
 - End of contract date: January 2nd, 2020 (6 months duration for Municipal Garage and 18 months duration for the slaughterhouse construction, in addition to 2 months for the remediation of the old slaughterhouse site).
 - Amendment was provided to partial commencement of works for the Slaughterhouse Expert to assist in bid evaluation
2. Municipal Garage Construction
 - Contract Signed : 1,283,690 Euro
 - Contract Amendment: 1,439,642 Euro
 - Commencement Date: July 22nd, 2018
 - Progress: Up to 36 % of works (out of 55% planned)
 - Expected End Date: April 22th 2019
 - Expected Operation Date: Mid 2019, and Jericho Municipality to provide transfer plan.



3. MDLF and Jericho Municipality has allocated 51,287 Euro from MDPIII Cycle 1 in order to recruit JEDCO to construct the electricity service network feeding the Municipal Garage facility and is expected to commence in February 2019.
4. Slaughterhouse Construction
 - International competitive bidding documents for Slaughterhouse were tendered, where the bid opening was set for July 25th, 2018.
 - After Bid Evaluation in November 2018, it was agreed to redesign the slaughtering process and types of equipment for both the Cattle and Poultry Slaughterhouses. Additional Amendment was provided to prepare the design



and specifications for both Cattle and Poultry Slaughter equipment's in order to bid separately by Mid of 2019.

5. Jericho Municipality Actions

- Jericho Municipality prepared the Project Awareness Plan, where certain components that require finance from project technical assistance components was reflected in the project procurement plan.
- Furthermore, the municipality started with the first component and conducting consultation with the butchers and farmers to ensure continuous communication and readiness to launch the project.
- A Slaughterhouse Construction and Operation Consultation Meeting with Project Beneficiaries, Jericho Municipality was conducted in July 2018
- Furthermore, the Municipality prepared the revised auction documents for the Slaughterhouse operator and reviewed by MDLF. However, update after Slaughterhouse Equipment's Supply is required.



11.4 Challenges and Mitigations

- The project components of the construction of Municipal Garage and the Construction of Slaughterhouse faced a major delay due to the lack of information regarding water, wastewater, and electricity service connections. Further to the delay in providing the required utility components design. Afterward; a major issue was the deficit of funding to implement those utilities as hasn't been encountered in project proposal at the start. To overcome the financial issue, MDLF proposed a financial methodology correlating potential capability and utilization of MDPIII cycle 1 allocation, this proposal was discussed with Jericho Municipality and the AFD as follows:
- The proposal states that the municipality is to finance the remediation of the old Municipal Garage site.
- MDPIII Cycle 1 allocation will be utilized to:
 - o Finance the electrical connections for the Municipal Garage.



- Finance connection of electrical connection to serve Slaughterhouse project in case deficit of fund after the Slaughterhouse Construction bid opening
 - Finance the water connection for the Slaughterhouse project in case the deficit of fund after the Slaughterhouse Construction bid opening.
- Upon agreement; the Extension of the Spanish Garden was agreed to be shifted to MDPIII cycle2.
- An additional challenge was the delay in finalizing the auction documents at Jericho Municipality, which was supposed to have been launched prior to the commencement of works at the Slaughterhouse Construction Project, for that reason, the Municipality has been advised to dedicate its teams to finalize it during early August of 2018.
- Due to the delay in implementing activities, it was recommended that the project agreements were to be extended in order to cope with the project timeframe.



12. Local Government Services Improvement Project (LGSIP)

12.1 Introduction

The Palestinian Authority made a 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 developed 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 combining PA budgetary support and specific Technical Assistance (TA) and investment support by Development Partners "DPs".

The LGSIP channels budgetary resources, including the Transportation Fee, and 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 can provide services to their citizens responsibly and can be financially sustainable in the future.

12.2 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 of 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 the grievance process.

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

- (i)** Annual capital grants for 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, deemed 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.



12.3 Program Financing

The Palestinian Authority (PA) received a grant from the World Bank in 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, a total of EUR 8 M will be funded by the KFW particularly to support the 2nd component of the program, namely the joint projects through the MDLF as shown in **table 42** below.

Table 42 LGSIP Financing per Donor

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

12.4 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.

12.5 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 the 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, grants 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.



12.6 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 the 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 to the implementation of a program:

- 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.

12.7 Implementation Status

Progress at the General Framework Level

- 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 was commenced, which makes it possible to obtain the necessary financing through achieving results, since the program is results-based.
- The Allocation of funds' formula was adopted for individual and joint projects, more specifically:
 - o The value of the annual financial allocation per village = population according to the PCBS * 9 USD
 - o 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, and the 1st advanced payment totalling million dollars was transferred to MOLG accordingly. These results are:



- Adopting the allocations formula
- 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.
- On June 28th, 2016, the general procurement law was passed by the ministerial council, coming into force starting on July 1st, 2016.
- The head of the Higher Council for the Public Procurement Policies (HCPPP) was contacted for this specific law. The information and instructions were issued 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 governorates.
- Seven Orientation sessions for the benefit of all VCs, JSCs, & MOLG staff were conducted from Feb 12nd until March 7th, 2017. (this was done in cooperation with the World Bank).
- The Bidding documents were prepared and submitted to the eligible VCs.
- The Independent Verification Agent was contracted by MDLF in October 2016, to conduct verification on the DLIs achievements in accordance with the target indicators indicated in the LGSIP-PAD. The IVA used the following approach to conclude the findings:
 - Document and literature review
 - Semi-structured Key Informant Interviews and
 - Validation-Verification Assessment
- The IVA submitted the 3 verification reports which were shared with the WB and the programme committee as per the following:

Table 43: IVA Reports

	DLR Subject to Verification	Conclusion
IVA Report # 1	- (DLR 1.2: MoLG Issued Procurement Instructions for LGUs to follow in procuring local services) - (DLR 7.1: Five Year Capacity Development Plan prepared). The IVA confirmed the achievement of both DLRs	- \$ 1,000,000 was transferred to MOLG through MOFP upon the achievements of the DLRs.
IVA Report # 2	- DLR#2.1: Communication of the ACIG allocation to VCs by January 15, 2017. - DLR#2.2 Communication of the ACIG allocation to VCs by January 15, 2018. - DLR#3.1: 50% of Program eligibility criteria met by Jan 15, 2017 (30% achieved). - DLR#3.2: 60% of Program eligibility criteria met by Jan 15, 2018 (53% achieved). - DLR#7.2: Annual Capacity Development Plan for the year 2017 executed.	- \$ 3,677,500 was transferred to MOLG through MOFP upon the achievements of the DLRs.
IVA Report # 3	- DLR #4.2 10 (accumulative) joint projects approved for the year 2018.	- \$ 1,333,333 was transferred to MOLG through MOLG upon the achievement of the DLR.



Progress Per Component

Annual capital grants for delivery of Local Services

1 st round annual grants to VCs (2016-2017)
- All of the involved villages carried out 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 Jerusalem governorate. - All received development plans were publicly disclosed through one or two methods, namely: (i) The gateway/website to the local government units: <i>baladiyat.ps</i>, a total of 63. (ii) Through social networking pages for the village councils. - All budgets totaling 63, were disclosed through the <i>baladiyat.ps</i> website. Noting that it will be published through the program of public administration for budgeting, following the completion of approvals from the MoLG. - The list of 61 eligible VCs was approved by the project committee. - The total estimated value of the projects listed for the year 2017 through LGSIP was 1.684M USD, where the contribution from the village councils would be to cover the difference between the allocated amount and the estimated cost. - The value of financial allocations for the eligible 61 village councils is US\$ 1,541,682 where the projects implementation status is described as follows: • 14 Large VCs out of 61 eligible VCs with a total allocation US\$ 661,482. • 14 small VCs out of 61 eligible VCs – members of qualified JSCs – with a total allocation US\$ 234,239. • 33 small VCs out of 61 VCs are eligible and not members of a qualified JSC, thus they signed agreements with the nearest Municipality or eligible large VC (the sum of their allocations is \$ 645,961). - In terms of implementation status, out of 61 VCs, 27 VCs completed their projects in (2017) and 34 VCs merged their 1st round allocation with the 2nd round allocation to be implemented in (2018-2019).
2 nd round annual grants to VCs (2017-2018)
- 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 prepared and disclosed on time. - All received development plans were publicly disclosed through one or two methods, namely: (i) The gateway/website to the local government units: <i>baladiyat.ps</i>, a total of 139. (ii) Through social networking pages for the village councils. - All budgets submitted, totaling 139, were disclosed through the <i>baladiyat.ps</i> website. Note that it will be published through the program of public administration for budgeting, following the completion of approvals from the MoLG. - Meetings were conducted with the mobilizers and Planning Department to clarify the procedures for preparing the ACIP and communication mechanism (Planning Department, District Offices, Program Coordinator). In the current cycle, the arrangement became more institutionalized at the district level. - In each governorate, launching meeting was conducted under the supervision of MOLG district office. - The list of 139 eligible VCs was approved by the project committee out of which 17 VCs are located in Area C, meaning that only 122 VCs will be targeted by the 1st component of the project. - In terms of the annual grants to the eligible VCs, a total of US\$ 3,296,889 targeting 122 eligible VCs. Out of which: • 37 large VCs with a total allocation of US\$ 1,721,484. • 33 small VCs-members of qualified JSCs- with a total allocation of US\$ 600,534. • 52 small VCs – members of unqualified JSC- with a total allocation of US\$ 974,871. - In terms of implementation status, out of 122 eligible large or small VC, 13 VCs started the procurement process by preparing for tendering documents, 70 VCs awarded their projects (undergoing) , and 39 VCs completed their projects.



3rd round annual grants to VCs (2018-2019)

- All of the involved villages carried out the field activities, meetings as well as 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 prepared and disclosed on time.
- All received development plans were publicly disclosed through one or two methods, namely: (i) The gateway/website to the local government units: baladiyat.ps, a total of 204. (ii) Through social networking pages for the village councils.
- All budgets submitted, totalling 204, 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.
- Meetings were conducted with the mobilizers and Planning Department to clarify the procedures for preparing the ACIP and communication mechanism (Planning Department, District Offices, Program Coordinator). In the current cycle, the arrangement became more institutionalized at the district level.
- In each governorate, launching meeting was conducted under the supervision of MOLG district office.
- The list of 204 eligible VCs was approved by the project committee out of which 30 VCs are located in Area C, meaning that only 174 VCs will be targeted by the 1st component of the project.
- In terms of the annual grants to the eligible VCs, a total of US\$ 4,275,351 targeting 174 eligible VCs. Out of which:
 - 34 large VCs with a total allocation of US\$ 1,665,063.
 - 170 small VCs with a total allocation of US\$ 2,610,288.

Conditional Capital Grants for Investment in Joint Projects

- The joint services council's by-law was updated and endorsed as of 26th of February 2016.
- The establishing agreement of the Joint Service Council and its affiliated villages was upgraded.
- MDLF has received a list of proposed joint projects through the MOLG. The proposed projects are still under appraisal and will be shared with DPs once the appraisal is completed.
- Orientation workshop with the 7 targeted (3 from the first round and 4 from the second round) qualified JSC for the joint project was conducted.
- MDLF has received a list of proposed joint projects from the four JSCs (second round) where program committee approved their subprojects with a total amount of 3,832,272 USD and they will be send to DPs for final approval.
- Regarding the approved ten subprojects of the first round (with a total amount of 5,512,356 USD). The status of these subprojects is as the following:
 - o Ongoing: 2 subprojects with a mount 26,410 USD and 141,412 euro
 - o Tendering: 4 subprojects with total amount of 1,328,225 USD
 - o Design and bidding documents preparation: 4 subprojects with total amount of 2,676,845 USD



Table 44: Implementation Status of the Joint Projects (1st Round)

JSCs	Allocation (US \$)	Donor	Sub-Project	Status
High JSC for Solid waste Management- Hebron and Bethlehem	173,657	MDTF	Supply of industrial machinery and equipment	Awarded
			Supply & delivery of 4x4 Pickup vehicles.	Retendering
	563,600	KFW	Supplying of Solid Waste Steel containers	Retendering
	190,000	KFW	Supply Solid Waste Plastic containers	Awarded
	1,135,000	KFW	Garbage Truck and Carrier and Trailer transfer trucks	Preparation of tender documents
			Waste Tank and sewage tank	Preparation of tender documents
	360,000	MDTF	A Building(Garage and warehouse)for maintenance and operation for the equipment's	Design Preparing
	976,200	KFW	Supply Skid Loader & Excavators & Bulldozer	Awarded
	423,000	MDTF	Construction of Transfer Station at Yatta	World Bank appraisal
JSC for planning and development/ Tubas	594,864	MDTF	Supply, install and operate the solar Photovoltaic system of capacity 500 kWp for (Wadi Al Far'a ,Tyaseer,Al Aqaba, and Atoof)	Tendering
JSC for Solid Waste Management/Salfit	337,190	MDTF	Supply, install and operate the solar photovoltaic system of 293 kWp for South Salfeet (Yasoof, Farkha, and Iskaka)	Tendering
	653,845	MDTF	Supply of Construction Equipment's for West Salfeet (Masha, Rafat, and Sarta	Preparation of tender documents

Capacity Support for Strengthening Local Governance Institutions

- 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. Where the operational capacity building plan for 2018 included the capacity building in the areas of planning, procurement management, budgeting, financial management, infrastructure management, and environmental management.
- MOUs and partnerships were signed with GIZ through LGRP program as well as the BTC through LGRDP Program in February 2017.
- The capacity building plan has been approved by the ministry and also by the DP's
- Many of TORs were prepared and reviewed by the MOLG, GIZ, and BTC and some of the activities are now under implementation.
- The contract of building the financial management capacity for VCs, JSCs MOLG accountants has been signed and the activities regarding this assignment are ongoing
- Conducting surveying study egarding local economic development is now in the tendering process.



- A number of training workshops related to general procurement will be carried out as soon as the HCPMP finalizing the preparation of the Standard Bidding Document. The workshops will target engineers at village councils and joint-service councils as well as individuals responsible for procurement, 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 procurement law for 2014 and the system related to it.
- Several pieces of training in the fields of Procurement, Budgeting, Financial, Infrastructure management, Community Planning will be conducted to the new eligible VCs staff and repeated for the old eligible VC upon needs.
- The updating of the ACIP for the VCs will take place by the beginning of August.
- The MoLG (Budget dept.) finalize the preparation of the budget portal TOR and the tendering process will start as soon as possible.



12.8 Achievements

Table 45: The achievement against the DLRs

	Total Financing Allocated to DLI	% of Total Financing	DLI Baseline	Indicative timeline for DLI achievement					
				Prior Result	Year 1	Year 2	Year 3	Year 4	Year 5
DLI 1: Enabling steps to strengthen local governance adopted by MoLG			No	DLR 1.1 (i) Standardized Governance framework for joint service provision adopted; (ii) adoption of formula for Annual Capital Grant allocation for VCs/JSCs	DLR 1.2 MoLG Issued Procurement Instructions for LGUs to follow in procuring local services	N/A	N/A	N/A	N/A
Allocated amount (\$m):	1.8	10%		1.0	0.8	-	-	-	-
Achievement Status				Achieved previously upon the verification from the Prime Minister Office.	Achieved previously upon the verification from the IVA-Report # 01				
DLI 2: Timely communication to VCs of the formula-based Annual Capital Investment Grant (ACIG) allocations and timely transfer of ACIGs to eligible VCs			No		N/A	DLR 2.1 Communication of the ACIG allocation to the VCs by January 15 and transfer of ACIGs to eligible VCs by January 31	DLR 2.2 Communication of the ACIG allocation to the VCs by January 15 and transfer of ACIGs to eligible VCs by January 31	DLR 2.3 Communication of the ACIG allocation to the VCs by January 15 and transfer of ACIGs to eligible VCs by January 31	DLR 2.4 Communication of the ACIG allocation to the VCs by January 15 and transfer of ACIGs to eligible VCs by January 31
Allocated amount (\$m):	3.2	18%				0.8	0.8	0.8	0.8
Achievement Status						previously upon the verification from the IVA-Report # 021	previously upon the verification from the IVA-Report # 021		



	Total Financing Allocated to DLI	% of Total Financing	DLI Baseline	Indicative timeline for DLI achievement					
DLI 3: Percentage of VCs meeting the Program eligibility criteria annually			No		N/A	DLR 3.1 50%	DLR 3.2 60%	DLR 3.3 70%	DLR 3.4 70%
Allocated amount (\$m):	5.0	28%				1.0	1.0	1.5	1.5
Achievement Status						Partially Achieved upon the verification from the IVA- Report # 02	Partially Achieved upon the verification from the IVA – Report # 02		
Revised Amount						0.7	1.1	1.6	1.6
DLI 4: Cumulative number of Joint Projects approved			0		N/A	DLR 4.1 6	DLR 4.2 10	DLR 4.3 14	DLR 4.4 18
Allocated amount (\$m):	4.0	22%				1.0	1.0	1.0	1.0
Revised Amount						0	1.33	1.33	1.33
Achievement Status						Not – the amount was reallocated for the following 3 years	Achieved upon the verification from the IVA – Report # 03 (current report)		
DLI5: Aggregated expenditure percentage of approved Joint Projects			0		N/A	N/A	DLR 5.1 30%	DLR 5.2 40%	DLR 5.3 50%
Allocated amount (\$m):	1.5	8%					0.5	0.5	0.5
Achievement Status									



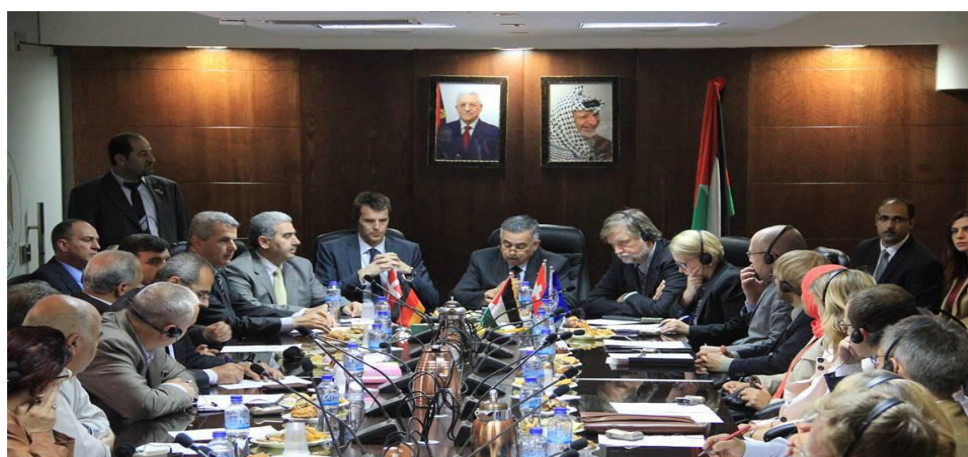
	Total Financing Allocated to DLI	% of Total Financing	DLI Baseline	Indicative timeline for DLI achievement					
DLI 6: Steps to improve transparency and predictability in the allocation Transportation Fee adopted by MoLG			No		N/A	DLR 6.1 Transportation fee reform directive submitted for approval to Cabinet of Ministers	DLR 6.2 At least 25% of the annual allocation of TF to VCs is disbursed using the criteria set out in the Program Operations Manual	N/A	N/A
Allocated amount (\$m):	1.0	6%				0.3	0.7		
Achievement Status						Not Yet Achieved			
DLI 7: Capacity Building Activities delivered by MoLG based on their Annual Capacity Development Plan			N/A		DLR 7.1 Five Year Capacity Development Plan prepared	DLR 7.2 Annual Capacity Development Plan executed	DLR 7.3 Annual Capacity Development Plan executed	DLR 7.4 Annual Capacity Development Plan executed	N/A
Allocated amount (\$m):	1.5	8%			0.2	0.4	0.5	0.4	N/A
Achievement Status					Achieved previously upon verification from the IVA-Report # 01	upon the verification from the IVA – Report # 02			
Total Financing Allocated (in the US \$ million) as per the PAD	18	100%		1.0	1.0	3.5	4.5	4.2	3.8
Total Financing Allocated (in the US \$ million) as per the revision by the IVA	18	100%		1.0	1.0	2.2	4.93	4.63	4.23



12.9 Obstacles and Challenges

Obstacles faced during annual planning can be summarized as follows:

- Most residents were busy with their own work, thus were unable to find the necessary time for meetings. This meant that meetings were only carried out during weekends or at night, limiting the public participation in developing the plan, specifically affecting women and youth from participating.
- 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 in logistics.
- Standard Bidding Documents (SBD) are not ready yet, however, the MOLG in cooperation with the world bank update forms and those will be used until the SBDs become ready.





Success Stories



Success Story

Establishing a New Park for the New Municipality of Ajjah

For a village that is said to have been captured by Thutmose III in the 15th Century BC, and fought against the army of Emir Bashir Shihab II during the Ottoman siege of the Sanur Valley, it is high time that it became a municipality with its own park! Located on the slopes of Sami Mountain in the Jenin Governorate, with several



16th century homes that were once built to around a medieval fortress, the town of Ajjah has an important historic significance.

The town of Ajjah has been inhabited since the Middle Bronze Age. The Palestine Exploration Fund's Survey of Western Palestine described Ajjah as: "A village of small size, but of ancient appearance, perched on the edge of a hill, and built of stone, with olive groves below". Today, Ajjah has declared itself a green village, and boasts a number of solar and wind energy projects that are slowly taking over the town's needs of electricity.

With a number of historic sites, the town is brought up in droll Palestinian proverbs to describe the stringent nature of its inhabitants. It has 7000 residents and the municipality of Ajjah is one of the newest municipalities.

"It was of an utmost importance to provide the citizens with a service that would benefit all of them especially mothers with children who needed a safe space to play" explained Ahmad Battah, Ajjah Municipality Engineer. The public park in Ajjah provided a safe and an appropriate and healthy space for children to play, and for mothers to spend more leisure time with their children, especially during the holidays.

The project itself was the outcome of the LGRDP project funded by the MDLF for the benefit of newly announced municipalities. It comprised of excavation works and general settlement of the garden. It also included concrete works, walls, and maintenance of the building of an existing health unit, as well as tiling, works and family gathering areas. The park required



supply and installation of wooden seats, it also needed to provide more of, and rearrangement of, the slides and children play tools, which were located over sand for protection purposes against injuries.

The park needed more green areas, thus lawn was laid down and trees were planted, with an appropriate lighting works. A cafeteria building and a meeting hall were also constructed that would serve customers and provide a meeting place for the residents of the town.

So far, the garden has been used to host a number of events. "The area for the park was chosen in the center of the town, with a total area of four dunums, so it occupies an excellent location that is easily accessible by everyone" Eng. Battah told MDLF. "It is the first phase of the project to encourage tourism, especially eco-tourism, which is forecasted to cover a total area of 750 dunums", he elucidated. The ultimate goal of the municipality is to develop a substantial tourist project.

Eng. Battah explained how phase two of the project will include an amphitheater to hold public events and festivals. Furthermore, the park will be connected to the green energy gridline soon.

Currently, the park's reception building hosts visitors from all across the country, especially students, who come to learn about Palestine's eco-system, and to benefit from the education and research center that teaches about the history and culture of Ajjah and of Palestine.



Success Story

The First Hotel in Salfit Governorate, A Tribute to the Rich History of Deir Istia

Local architecture links a people to their land and helps to preserve their identity. Yet, despite the fact the architectural heritage of the ancient cities of Palestine is of distinctive human value, the rehabilitation of historic centers in Palestinian localities is one of the most challenging ventures faced in Palestine due to the way it intertwines with politics, economics, and with local society. A well-preserved example of Palestinian



heritage is the beautiful village of Deir Istia, which became the focus of many, including the Municipal Development and Lending Fund.

The village of Deir Istia is located 7-kms northwest of the town of Salfit. It has a population of about four thousand inhabitants according to the census of 2017, and a total area of 36 thousand dunums. Deir Istia is the third largest Palestinian locality in terms of production of olive oil in Palestine. Most of the land of Deir Istia is planted with either olive trees or varieties of citrus trees, and it reflects the natural beauty of a Mediterranean village, but here in Deir Istia beauty and heritage has been preserved, unlike other Palestinian villages which have succumbed to political and social factors.

The old town sits on the highest point in the town, which is 453 meters above sea level, and takes up an area of about 60 dunums. What distinguishes Deir Istiya is its coherent urban fabric, its narrow and twisted alleyways that are covered with stone and ornate tiles. Luckily, the old town has been provided with full infrastructure, and it is currently inhabited by 16 Palestinian families. The center of the old town of Deir Istia shows remnants from Roman times, Mamluk and Ottoman periods. The old town was where the Mamluk sultans and the Ottoman leaders once settled.

In the center of the old Deir Istia, an abandoned palace belonging to the family of Abu Hijleh, stands witnessing history unravel. The owners of the palace are affluent inhabitants from the villages. The entrance is decorated with a small stone bird protruding from above the entrance. A group from the MDLF visited Deir Istiya to inspect one of its historical achievements: the restoration and rehabilitation of the palace, which has been turned into not only the first hotel in the village but the first in Salfit Governorate.

The MDLF was hosted by the Mayor of the village, Mr. Said Zaidan, who told the MDLF about the town and about the project: "Deir Istia is one of the ten most



beautiful towns in Palestine. We ranked fifth among the historic centers of Palestine. Last year we were visited by an Italian delegation, our village was chosen as one of the most beautiful villages (in the Mediterranean). We receive more than 200 visitors on weekly basis, and the number of visitors to the Qana Valley on some occasions and on Fridays reaches hundreds, who come from various parts of the West Bank for a walk and enjoy the beauty of nature".

The palace of Abu Hijleh was built 600 years ago using rock, earth, and olive oil instead of water to emphasize wealth, and with three stories high, it was considered a tower at the time. It contained a jailhouse and gallows, and it was used as the seat of the Ottoman ruler and his officers. The palace was later handed down to a family loyal to the Ottomans at the time, but was later purchased by Abu Hijleh family (about a 120 years ago), who changed its name. Mr. Zaidan explained to the MDLF that in 2016 the municipality made a contract with the family to acquire the palace for 20 years in exchange for its restoration and preservation. "The palace is the premium tourist venue in the old town as well as the largest investment project of the municipality".

The Project supervisor from the MDLF, Eng. Mohamed Rabayaa, explained how "several parties worked on this project, but it was not executed by any of them the way it should have been until the MDLF stepped in. Before [MDLF] started the restoration phase, it was clear to us what would be the operating function. The function became our focus, more so than the restoration itself." Eng. Rabayaa explained the importance of the project by clarifying how "The project was implemented at the request of the municipality and the local community. Most of the residents of the village live abroad, but do come to visit their families. Moreover, local and foreign tourists are learning about the village, thus this project will support the local economic development of the village, increasing the employment opportunities, and reviving the historic center of the Deir Istiya".

The Mayor, Mr. Zaidan, described the place saying "the palace is 750 square meters in size, divided into three suites. It contains ten large rooms, which were once the seat of the Ottoman ruler and heads of the Ottoman army as well as a jailhouse which included a small solitary "cell". The palace also contained a large yard which was used as a horse stable and a place of execution where the gallows once stood."

Mr. Zaidan ended the tour by declaring that "We at the Municipality of Deir Istiya rented the palace from its owners in order to preserve the heritage on the one hand, but also to erase the memory of generations of oppression which the building stood for, bringing it back life but to serve as a guest house after it was dedicated to tyranny in the past. With help from the MDLF, we have restored it within the framework of culture and heritage. The guest house will open during the spring as part of our annual festival. It will be the first hotel in the governorate of Salfit".



Success Story

Rehabilitating Holy Sites in the Village of Aboud

Aboud is a scenic Palestinian village which also has a religious significance to faithful Christians. Located Northwest of the city of Jerusalem. The village is home to nine churches, and one of the oldest continuously-functioning churches in Palestine. Due to its distinctive location, the town has a number of ancient ruins.



"I think that St. Barbara is one of the most important rituals we celebrate at the village of Aboud" said a young resident of the village "We light candles and organize a religious procession towards the place" He explains how the St. Barbara ceremony is celebrated, or Burbara as she is known in Arabic.

"The road to the church was a narrow dirt road that was difficult to jaunt. If the weather was rainy our feet would sink in the mud," he described, adding that it was difficult for country bands and the elderly to reach the place during celebrations, and would stay waiting for revelers down the hill until they were back".

The church of St. Barbara is located on a hill overlooking the village and on the Mediterranean. By mid-December, Western and Eastern Christians celebrate St. Barbara.

The site which includes caves with three rooms, and a grape press whose rock channels were carved and the church, was blown up by the Israeli occupation forces in 2002 under security pretexts. The late President Yasser Arafat ordered the restoration six months after the bombing.

The restoration of the road also came with the grand opening of the village's main square, Bab al-Saha, which included restoration and rehabilitation works as part of the program for restoring the historical centers in local government units, implemented by the Municipal Development and Lending Fund, and financed by the Belgian Cooperation Agency.



"I think that the project has contributed to reviving an area that the occupation has been trying to annex within the separation wall for a long time," said one of the town's youths who visited the site. "The [separation] wall is located within a few steps away from the area" he explained, adding that the town has always stood up against attacks perpetrated by settlers near these sites.

The Regeneration of Historic Centers is an essential intervention that helps revive historic centers, and resurrect the spirit into places that confirm its Palestinian identity, according to Tawfiq al-Blair, the Director General of the Municipal Development and Lending Fund.

For his part, the head of the village council Aboud Hanna Khoury said that the development has greatly motivated the citizens to be present at the site, where it became an outlet for the people of the village and the neighboring villages, explaining that the project will be further advanced in the future.



Annexes

ANNEX A

MDPIII



MDPIII - Tentative Costing												
MDPIII - (1st cycle)												
No.	Financing Partner	WB	KFW	AFD	AFD residual from MDPII	MDTF	GIZ	PA	PA-residual Fund	VNG	SDC	Total (Euro)
		Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	
1	Municipal Performance and Service Delivery	6,142,218	18,240,712	3,620,000	813,750	7,810,529	0	4,179,234	0	0	2,012,045	42,818,489
2	Capacity Building/TA for Municipalities and PA Institutions	250,000	276,788	100,000	0	250,000	139,500	0	1,395,000	0	255,370	2,666,658
2.1	Capacity Building for Municipalities	250,000	276,788	100,000	0	250,000	139,500	0	1,228,000	0	255,370	2,499,658
2.1.1	Improved Financial Management (FPPM, FARV, IFMIS, RMIS)	210,000	99,000			10,000			638,000			957,000
2.1.2	Operation & Maintenance		177,788						400,000			577,788
2.1.3	Strategic Development & Investment Planning						139,500					139,500
2.1.4	Optimized Working Procedures (CSCs & EMS)			100,000		19,000			190,000		141,370	450,370
2.1.5	Social Accountability	40,000				46,000					114,000	200,000
2.1.6	Tailored Capacity Building Packages					175,000						175,000
2.2	Capacity Building for MDLF	0	0	0	0	0	0	0	120,000	0	0	120,000
2.3	Capacity Building for MOLG	0	0	0	0	0	0	0	47,000	0	0	47,000
3	Municipal Partnership Project	480,000					0	0	0	558,000		1,038,000
3.1	Public Private Partnership	480,000										480,000
3.2	Local Economic Development									558,000		558,000
4	Project Implementation Support and Management Cost	571,027	1,482,500	280,000	61,250	1,488,427	10,500	314,566	105,000	42,000	170,666	4,525,936
4.1	Management fees	521,027	1,400,000	280,000	61,250	668,427	10,500	314,566	105,000	42,000	170,666	3,573,436
4.2	LTCs					750,000	0	0	0	0	0	750,000
4.3	M&E (including: satisfaction surveys, municipal performance assessment, technical audit, PCBS municipal infrastructure and services delivery update, procurement audit for a sample of KFW contracts)- to be done at the midterm and at the final evaluations).	50,000	82,500				0	0	0	0	0	132,500
4.4	Outreach and Communication					70,000	0	0	0	0	0	70,000
	Total Euro	7,443,245	20,000,000	4,000,000	875,000	9,548,956	150,000	4,493,800	1,500,000	600,000	2,438,081	51,049,083
	Total USD	7,918,346	21,276,595	4,255,319	930,851	10,158,464	159,574	4,780,639	1,595,745	638,298	2,593,703	

MDPIII - Tentative Costing

MDPIII - (2nd cycle)

No.	Financing Partner	WB	KFW	AFD	MDTF	GIZ	PA	PA-residual Fund	VNG	SDC	Total (Euro)	Total (USD)
		Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro		
1	Municipal Performance and Service Delivery	6,370,782	18,294,288	5,515,000	7,833,471	0	4,191,510	0	0	2,017,955	44,223,005	47,045,750
2	Capacity Building/TA for Municipalities and PA Institutions	250,000	223,212	0	250,000	0	0	1,395,000	0	195,370	2,313,582	2,461,257
3	Municipal Partnership Project	394,200	0	0	0	0	0	0	558,000	0	952,200	1,012,979
4	Project Implementation Support and Management Cost	581,773	1,482,500	485,000	1,167,573	0	315,490	105,000	42,000	166,594	4,345,930	4,623,330
4.1	Management fees	531,773	1,400,000	420,000	647,573	0	315,490	105,000	42,000	166,594	3,628,430	3,860,032
4.2	LTCs	0	0	0	450,000	0	0	0	0	0	450,000	478,723
4.3	M&E (including: satisfaction surveys, municipal performance assessment, technical audit, PCBS municipal infrastructure and services delivery update, procurement audit for a sample of KFW contracts)- to be done at the midterm and at the final evaluations).	50,000	82,500	65,000	0	0	0	0	0	0	197,500	210,106
4.4	Outreach and Communication	0	0	0	70,000	0	0	0	0	0	70,000	74,468
	Total Euro	7,596,755	20,000,000	6,000,000	9,251,044	0	4,507,000	1,500,000	600,000	2,379,919	51,834,717	
	Total USD	8,081,654	21,276,596	6,382,979	9,841,536	0	4,794,680	1,595,745	638,298	2,531,829		55,143,316

MDPIII - (1st & 2nd cycle) Tentative Costing

No.	Financing Partner	WB	KFW	AFD	AFD residual from MDPII	MDTF	GIZ	PA	PA- residual Fund	VNG	SDC	Total (Euro)	Total (USD)	%
		Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro	Euro			
1	Municipal Performance and Service Delivery	12,513,000	36,535,000	9,135,000	813,750	15,644,000	0	8,370,744	0	0	4,030,000	87,041,494	92,597,334	84.6%
2	Capacity Building/TA for Municipalities and PA Institutions	500,000	500,000	100,000	0	500,000	139,500	0	2,790,000		450,740	4,980,240	5,298,128	4.8%
3	Municipal Partnership Project	874,200		0	0		0	0	0	1,116,000		1,990,200	2,117,234	1.9%
4	Project Implementation Support and Management Cost	1,152,800	2,965,000	765,000	61,250	2,656,000	10,500	630,056	210,000	84,000	337,260	8,871,866	9,438,155	8.6%
4.1	Management fees	1,052,800	2,800,000	700,000	61,250	1,316,000	10,500	630,056	210,000	84,000	337,260	7,201,866	7,661,560	7.0%
4.2	LTCs					1,200,000	0	0	0	0	0	1,200,000	1,276,596	1.2%
4.3	M&E (including: satisfaction surveys, municipal performance assessment, technical audit, PCBS municipal infrastructure and services delivery update, procurement audit for a sample of KFW contracts)- to be done at the midterm and at the final evaluations).	100,000	165,000	65,000			0	0	0	0	0	330,000	351,064	0.3%
4.4	Outreach and Communication					140,000	0	0	0	0	0	140,000	148,936	0.1%
	Total Euro	15,040,000	40,000,000	10,000,000	875,000	18,800,000	150,000	9,000,800	3,000,000	1,200,000	4,818,000	102,883,800		100%
Total USD		16,000,000	42,553,191	10,638,298	930,851	20,000,000	159,574	9,575,319	3,191,489	1,276,596	5,125,532		109,450,851	

To calculate management fees15,040,00040,000,00010,000,000875,00018,800,000150,0009,000,8003,000,0001,200,0004,818,000

note 1: MDLF proposed to use the currency variance form the World Bank and the MDTF to finance the PA sub-projects under MDP2 and to reallocate the PA residual funds to MDP30.94

note 2 : The management fees for the SPF funding is included under WB management funding.

MDPIII- Baseline Ranking

No.	Municipalities	Governorate	2017 (KPI 21)
1	Al Tayybeh	Ramallah & Albireh	C+
2	Al Masdar	Deir Albalah	C
3	Al Newe'emeh	Jericho	C+
4	Atara	Ramallah & Albireh	B+
5	Sabastya	Nablus	B+
6	Um Al Naser	North Gaza	C+
7	Zeita	Tulkarm	A
8	Jayyus	Qalqilia	B
9	Wadi Gaza	Gaza	C+
10	Al Zahra	Gaza	C+
11	Abwein	Ramallah & Albireh	C++
12	Deir Istia	Salfit	C++
13	Deir Ballut	Salfit	B+
14	Bruqin	Salfit	C++
15	Kefel Hares	Salfit	C++
16	Az Zababedah	Jenin	B++
17	Turmosayya	Ramallah & Albireh	C
18	Qarawat Bani Hassan	Salfit	B+
19	Beit Sureik	Jerusalem	B++
20	Kufor Tholoth	Qalqilia	C++
21	Beit Anan	Jerusalem	B
22	Kafr Al Labad	Tulkarm	B+
23	Baqa Al Sharqeyya	Tulkarm	B+
24	Al Oja	Jericho	C+
25	Al Mazra'a Ash Sharqeyya	Ramallah & Albireh	C+
26	Birzeit	Ramallah & Albireh	B++
27	Kufor Al Deek	Salfit	C+
28	Ne'lin	Ramallah & Albireh	B+
29	Wadi Al Salqa	Deir Albalah	B+
30	Al Zawyeh	Salfit	B
31	Bir Nabala	Jerusalem	B++
32	Beit Leed	Tulkarm	C
33	East Bani Zeid	Ramallah & Albireh	B+
34	Sinjel	Ramallah & Albireh	B+
35	Deir Debwan	Ramallah & Albireh	B++
36	Janata	Bethlehem	C+
37	West Bani Zeid	Ramallah & Albireh	C++
38	Al Fokhari	Khan Younis	C++

No.	Municipalities	Governorate	2017 (KPI 21)
39	Howwara	Nablus	B++
40	Borqin	Jenin	B+
41	Seelet Ad Daher	Jenin	C
42	As Sawahreh Ash Sharqiyya	Jerusalem	C
43	Hableh	Qalqilia	C++
44	Abasan Al Jadeeda	Khan Younis	C++
45	Silwad	Ramallah & Albireh	B++
46	Allar	Tulkarm	B
47	Azzaytuna	Ramallah & Albireh	C++
48	Jammaein	Nablus	B+
49	Za'tara	Bethlehem	C++
50	Al Naser	Rafah	C+
51	Qatanna	Jerusalem	B
52	Al Moghraqa	Gaza	C+
53	Aqqaba	Tubas	B+
54	Bal'aa	Tulkarm	C+
55	Kharas	Hebron	B+
56	Bedu	Jerusalem	B+
57	Al Ittihad	Ramallah & Albireh	B
58	Meithalun (Al-Muttahida)	Jenin	C++
59	Qabalan	Nablus	B+
60	Anabta	Tulkarm	B+
61	Kufor Ra'ie	Jenin	B++
62	Aseera Ash Shamaliyya	Nablus	B++
63	Beit Liqia	Ramallah & Albireh	C++
64	Azzun	Qalqilia	B+
65	Bedia	Salfit	B+
66	Beit Awwa (Al-Yasiriyya)	Hebron	C+
67	Aqraba	Nablus	B
68	Deir Al Ghosoun	Tulkarm	C++
69	Qaffin	Tulkarm	C+
70	Jaba'a	Jenin	C++
71	Salfit	Salfit	A
72	Ash Shoyukh	Hebron	B+
73	Taqu'a	Bethlehem	C+
74	Atteel	Tulkarm	B+
75	Beta	Nablus	B+
76	Khaza'aa	Khan Younis	B
77	Seelet Al Hartheyya	Jenin	C++
78	Ad Doha	Bethlehem	A+

No.	Municipalities	Governorate	2017 (KPI 21)
79	A I Khader	Bethlehem	B++
80	Arraba	Jenin	B
81	Beit Foreek	Nablus	C++
82	Taffuh	Hebron	B+
83	Al Shokeh	Rafah	C++
84	Al Ubeidiyya	Bethlehem	B++
85	Abu Dees	Jerusalem	B++
86	Tammun	Tubas	B++
87	Beit Ula	Hebron	B+
88	Beit Fajjar	Bethlehem	B+
89	Beit Jala	Bethlehem	B++
90	Anata	Jerusalem	B++
91	Beit Sahur	Bethlehem	B++
92	Surif	Hebron	B
93	Beit Ummar	Hebron	B+
94	Ya'bad	Jenin	B+
95	Tarqumia	Hebron	B+
96	Tubas	Tubas	B++
97	Al Yamun	Jenin	B++
98	Al Zawayda	Deir Albalah	B++
99	Al Eizariyya	Jerusalem	C+
100	Se'ier	Hebron	C++
101	Jericho	Jericho	B++
102	Abasan Al Kabira	Khan Younis	B+
103	Idna	Hebron	C++
104	Qabatya	Jenin	C+
105	AL Samu'e	Hebron	B++
106	Beitunia	Ramallah & Albireh	A+
107	Al Qarara	Khan Younis	B++
108	Bani N'eim	Hebron	B
109	Al Ram	Jerusalem	B+
110	Halhul	Hebron	B+
111	Al Maghazi	Deir Albalah	C++
112	Bethlehem	Bethlehem	B+
113	Ramallah	Ramallah & Albireh	A+
114	Dura	Hebron	B+
115	AdDaheriyya	Hebron	C++
116	Bani Sheila	Khan Younis	B+
117	Al Braij	Deir Albalah	B
118	Beit Hanun	North Gaza	B+

No.	Municipalities	Governorate	2017 (KPI 21)
119	Al Bireh	Ramallah & Albireh	A+
120	Jenin	Jenin	C++
121	Qalqilia	Qalqilia	B+
122	Yatta	Hebron	B++
123	Tulkarem	Tulkarm	B+
124	Deir Al Balah	Deir Albalah	B++
125	Beit Lahia	North Gaza	B++
126	An Nseirat	Deir Albalah	C++
127	Rafah	Rafah	B+
128	Jabalia	North Gaza	B+
129	Nablus	Nablus	B+
130	Khan Yunis	Khan Younis	B+
131	Hebron	Hebron	B++
132	Gaza	Gaza	B+
133	Al-Kafriyyat	Tulkarm	C+
134	Marj Bin Amer	Jenin	C++
135	Noba	Hebron	C+
136	Sorda - Abo Qash	Ramallah & Albireh	C++
137	Kofor Dan	Jenin	C+
138	Al- Karmel	Hebron	C+
139	Qusra	Nablus	C++
140	Ajja	Jenin	B+
141	Barta'a	Jenin	C+
142	Kofor Aqab	Jerusalem	C++
143	Bateer	Bethlehem	C+
144	Hizma	Jerusalem	C+

MDP3 – Results Framework

Project Development Objective Indicators FY

Indicator Name	Baseline	YR1	YR2	YR3	YR4	YR5	End Target	Update end 2018
Number of municipalities that move up one rank in the performance assessment system	0.00	0.00	0.00	50.00	0.00	100.00	100.00	To be assessed in YR3 (ranking update 2019)
People provided with improved urban living conditions	0.00	0.00		250000.00		500000.00	500000.00	MDLF initiated the discussion with LTCs to set up a methodology for identifying the # of direct beneficiaries.
Female beneficiaries	0.00	0.00		125000.00		250000.00	250000.00	Same as above
Municipalities with public disclosure of executed budget and executed SDIP	0.00			50.00		100.00	100.00	To be assessed in YR3 (ranking update 2019)
Number of municipalities with operational and enterprise surplus and no increase in arrears	40.00			60.00		80.00	80.00	To be assessed in YR3 (ranking update 2019)

Intermediate Results Indicators FY

Indicator Name	Baseline	YR1	YR2	YR3	YR4	YR5	End Target	Update end 2018
Number of municipalities graduated to category A	5.00			10.00		15.00	15.00	To be assessed in YR3 (ranking update 2019)
Number of municipalities completing sub projects within each cycle	0.00			100.00		140.00	140.00	To be assessed in 2019 (upon the completion of the 1 st cycle)
Number of municipalities with functional complaint system	22.00			44.00		100.00	100.00	To be assessed in YR3 (ranking update 2019)
Percentage of investments financed under the project in adequate technical state and used as intended	0.00			60.00		80.00	80.00	To be assessed in 2019 (technical audit and usability assessment of cycle 1 sub-projects)
% of beneficiaries satisfied with municipal sub projects executed under MDP 3	0.00			70.00		80.00	80.00	To be assessed in 2019 (BIA)
Percentage of municipalities satisfied with MDLF support	75.00			85.00		95.00	95.00	To be assessed in 2019 (BIA)

Indicator Name	Baseline	YR1	YR2	YR3	YR4	YR5	End Target	Update end 2018
Road Map for MDLF as Lending Intermediary consulted with relevant stakeholders	N						Y	To be assessed by end of MDP3
Municipal audit standard developed	N					Y	Y	To be assessed by end of MDP3
Number of municipalities with yearly increase in revenues collected by the municipality	50.00						120.00	To be assessed in 2019
Number of municipalities reporting enhanced capacity to engage with private sector for municipal service delivery and/or local economic development	0.00						25.00	To be assessed upon the completion of component 2. (end of MDP3)

ANNEX B

GVCD





GAZA VULNERABLE COMMUNITITES DEVELOPMENT

VULNRABLE AREAS SELECTION REPORT

March 2018

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1. Background

Gaza Vulnerable Communities Development Program seeks to improve the provision of basic services to marginalized populations on the one hand (*supply side*) and to increase Municipalities' accountability, civic and vulnerable groups' participation in local planning and decision-making processes on the other (demand side).

The severely needed provision of basic services to the most vulnerable combined with empowered municipal authorities, vulnerable communities, women, youth, NCs that jointly collaborate are expected to be the principal drivers of change in community development. At the macro-policy and donor level, MDLF West Bank and SDC can play a catalytic role in reinforcing advocacy on how to better address the needs of vulnerable communities and enhance qualitative standards for meaningful civic engagement practices.

The entire intervention 's pursuit of a dual-track approach of improving tangible service delivery needs on the one hand and improving participatory, collaborative governance and social cohesion on the other are mutually reinforcing. They are expected to catalyse human and social capital and social cohesion, both critical for building community resiliency conflict affected settings. Adopting "do no harm" lens will further prevent the deepening of inequalities between groups. This means that the intervention will not exclusively target the highest number of beneficiaries or the area with the highest population density for cost efficiency purpose and economies of scale but to rather address equity issues, enabling the right of every citizen to receive basic services across the Gaza Strip.

The highly fragile, unpredictable and conflict-prone context linked to the continued lack of political resolve on the two-state solution tops the list of possible constraints for catalyzing the desired development changes. Possible re-escalation of violence and physical destruction imminently threaten the sustainability of any infrastructure and longer-term development projects in the Gaza strip. At the local level, politicized intergroup dynamics, elite capture of decision making processes, low political will among municipal drivers to catalyze changes, lack of financial resources and low morale among local populations to get involved in community life are other dynamics that can hamper the envisaged development results of the intervention.

Consequently, communities in peripheral areas of large municipalities are commonly neglected in Strategic Development & Investment Plans (SDIPs) and annual implementation plans due to their relatively low density of population, the latter's insufficient voice and limited influence in plans' preparation and prioritization. Smaller rural municipalities, on the other hand, are not able to raise sufficient resources to deliver basic services for their SDIPs. Municipalities situated East of Salah-ed-Din Road in particular have generally low population density and few economic/employment opportunities, hence low municipal revenues and low technical capacity for implementing infrastructure projects.

Capacity-building packages through MDP have been effective and are one of the principal financial transfer mechanisms that support all Municipalities in West Bank and Gaza in a transparent and predictable manner. However, MDP has not been able to target specific segments of the population, such as vulnerable communities.

Recognizing these realities, Gaza Vulnerable Communities Development therefore aims to empower smaller municipalities with vulnerable and marginal populations south of the Gaza city and Middle Areas – e.g. municipalities of Khan Younis and Rafah, as well as areas in the East of Salah-ed-Din Road. This means that the intervention will not exclusively target the highest number of beneficiaries or the area with the highest population density for cost efficiency purpose and economies of scale but to rather address equity issues, enabling the right of every citizen to receive basic services across the Gaza Strip.

GVCDP intervention is developed to enhance vulnerable communities in the targeted areas, it aims to improve accountable infrastructure services and increase community participation in the local decisions.

The selection of vulnerable areas is critical and requires well-articulated and defined criteria , knowing the complexity of the context in Gaza Strip, the continuous deterioration of the social , economic and political situation has resulted of new vulnerable groups. Therefore, the selection based on a combination of methods and actions to ensure more proper methods to approach vulnerable communities and groups.

2. Methodology applied to complete vulnerable areas selection

The methodology used to select vulnerable areas included a combination of actions that were effective to provide tangible and analytical information for comparison and conclusion, it based the process developed as the following:

- a. Literature review of project document, proposal in addition to the assessment of infrastructure services completed by PCBS 2017, the assessment provided information on the basic infrastructure services such as water household connection, solid waste, household connections to waste water networks, roads pavement,
- b. Conduct field visits to the selected areas for further investigation, observation and have better understanding of the context
- c. Create dialogue among MDLF team for consultation, discussion and reflection

As a result, MDLF has reviewed 13 municipalities that are located in the middle and south areas east of Salah El Deen Road as the shown by the figure below.

Infrastructure Serves information for the municipalities (13) which are located in the middle and south of Salah Al Deen ,

1.	Rafah							
No	Municipalities	Pop.	Infrastructure Services				Restrictions to movement and vulnerability to hazards (due to closer to the borders 0	Cumulative indices for infrastructures equipment
			%Wat. House Connec.	%Solid Was. Services. Coverage	%Road Pavement	Public parks and gardens		
	Rafah							
1.	Al Shoka	14453	70%	95%	29%	0.2	High	(15) Al Shoka has weak services (roads & Water house connection
2.	Al Naser	8495	80%	97.5%	29%	0.2	Low	(16) Al Naser has weak services (roads & Water house connection
3	Rafah City	164000	84%	100%	50%	0.5	Medium	(15)
	Khan Younes							
4	Al Foukhary	7194	90	100	29	0.2	High	(14) Al Foukhary has badly services in roads
5	Khuza'a	11880	95	100	64	0.0	High	(11) Khuza'a , badly services(roads and public gardens
6	Abasan Kabeara	23914	95	100	78	0.8	High	(5)
7	Abasan Jadead	7878	100	100	58	0.0	High	(11) Khuzaa , badly services(roads and

								public gardens
8	Al Qarara	25675	55	100	71%	0.1	High	(13) Al Qarara has badly services coverage water connection
9	Bani Sohila	41174	98	100%	71%	0.0	High	(11) Khuzaa , badly services in public gardens
10	Khanyonis	185250	85%	100%	90%	0.3	Low	(8)
	Middle Area							
10	Al Maghazi	30076	99	100	84%	0.0	High	(9) Badly services in public garden
11	Al Buriij	45031	95	98	62%	0.1	High	(14) Badly services in roads & public garden
12	AlMsdar	2491	95	100	67%	1.6	High – medium	(6)
13	Al Mugraqa	8496	90%	100%	86%	0.0	Medium	(10) Badly services in public garden

MDLF is willing to select about 6-7 municipalities that could be served by GVCD fund , MDLF has followed a strategy to select areas based on criteria that include: weak of infrastructure services, low population density, located close to the border, small municipalities, lack of resources and social services.

Two scenarios were developed to guide the selection process that could be summarized as the followings:

a. Scenario (A)

Scenario (A) is based on the *geographic distribution*, which mean select Municipalities that are located in the targeted areas: middle and south of Gaza Strip east of Salah Al Deen Road. This scenario covers the three Governates: Rafah – Khanyounes – Middle Areas. The distinguish among areas in the same geographic areas depends on the PCBS infrastructure services assessment and needs. This scenario support selection of (6) municipalities located in the three governorates :

(Two from Rafah, Three from Khanyounes and One from the Middle Area)

Based on this Scenario (A), the selected areas focused on:

No	Rafah	Khanyounis	Middle area	Total
1.	Al Shoka	Al Fukhari	Al Burij	
2.	Al Naser	Khuza		
3.		Al qarara		
Total	2	3	1	6

Notes on this Scenario:

The main concern of the scenario that it is consider the geographic distribution of the areas, and it provides little room to try different options and it restricts learning to capture lessons and maintain disconnection between municipalities. It is slightly difficult to build a module that might be replicated in future plan.

b. Scenario (B)

The second scenario focuses on the concept of similarities among municipalities in terms of: municipalities size, population density combined with the capacity and resources of the municipalities. This scenario divides the targeted Municipalities into main four groups:

- 1) Large Municipalities with high population density and resources
- 2) Medium Municipalities with medium population density and resources
- 3) Low Municipalities with Low population density and resources
- 4) Refugee camps with extended areas.

This figure shows the variation of infrastructure services in the areas selected based on the above scenario

1.	Rafah				
No	Municipalities	Pop.	Infrastructure Services		

			%Wat. House Connec	%Solid Was. Services. Coverage	%Road Pavement	Public parks and gardens	Restrictions to movement and vulnerability to hazards	Cumulative indices for infrastructures equipment
	Large Municipalities with refugee camps							
1.	Khan Youins	185250	85%	100%	90%	0.3	Low	(8)
2	Rafah City	164000	84%	100%	50%	0.5	medium	(15)
	Mudimu municipalities							
1	Khuza'a	11880	95	100	64	0.0	high	(11) Khuza'a , badly services(roads and public gardens
2	Abasan Kabeara	23914	95	100	78	0.8	high	(5)
3	Abasan Jadead	7878	100	100	58	0.0	high	(11) Abssan Al Jadedda , badly services(roads and public gardens
4	Al Qarara	25675	55	100	71%	0.1	high	(13) Al Qarara has badly services coverage water connection
5	Bani Sohila	41174	98	100%	71%	0.0	high	(11) Bani Sohila, badly services in public gardens
	Small municipalities							

1	Al Shoka	14453	70%	95%	29%	0.2	high	(15) Al Shoka has weak services (roads & Water house connection)
2	Al Naser	8495	80%	97.5%	29%	0.2	Low	(16) Al Naser has weak services (roads & Water house connection)
3	Al Masdar	2491	95	100	67%	1.6	High - medium	(6)
4	Al Mugraqa	8496	90%	100%	86%	0.0	Medium	(10) Badly services in public garden
	Refugee camps with extended areas							
1	Al Maghazi	30076	99	100	84%	0.0	high	(9) Badly services in public garden
2	Al Buriij	45031	95	98	62%	0.1	high	(14) Badly services in roads & public garden

The Conclusion of selected areas based on scenario (B)

No	Gr.1 Larg pop/ big municipal.	Medium popl/m	Small density/small pop	Refugee camps	Comments
1.	Rafah	1. Abssan Al Jadeeda 2. Khuzzaa	Al Shoka	Al Burig	Each area has number of vulnerable communities
2.		Al Qarara	Al Foukhary		
Total	1	3	2	1	7

Notes on Scenario (B)

This scenario provides more options and spaces to maximize learning from the piloting phase, it allows examining the different modules to be developed and applied in similar contexts, it enhances connections among municipalities under the designed module. It might be good example to follow for **the following reasons**.

- It is important to build a module that allows learning and drawing lessons based on similarities that could be used for other context
- It is better to understand the concept of similarities that could help to develop more effective interventions in the future.
- Selection of any area/ municipality in the same group, will help to understand , analyze the factors that enable municipalities to better engage communities and others restrict municipalities performance.
- Work on similarity might give additional space to focus on new areas / issues that might need be visible or known
- The geographic distribution is already included in this scenario
- This scenario covers all types of options to include different population groups include refugee people with the municipal serves, it is useful to understand how the municipalities perform in a certain context.

3. Field Visits Report and Reflection

MDLF team has conducted **Two Filed** visits to the targeted areas covers the Middle Area, Rafah and Khan Younis, the field visits aimed to better understand the reality of vulnerable communities and support making decision

3.1 The Field Visit Report on 14 February 2018 ,

with focuses on the areas: Al Burij, Al Shoka, Al Nasser, Al Fukhari and Bani Suhaila, the main issues summarizes as below:

Governorate	Areas	Communities/ Neighborhoods	Conclusion
Middle Area	Al Burij	1. Al Nuzah	The neighborhood is recently (two months ago) was annexed to the municipality structure, it is noticed the housing is in a good condition, people live in big houses in their lands,
		2. Tal Al Akhdare	

Rafah	Al Shoka	1. Al Nuzah	Area with population of 1000 person, the people living there moved from the area close to the Palestinian airport , Badly service delivery
		2. AlShuhada	
	Al Naser	1. Zخurob	Small community with badly infrastructure services ,
		2. Al Malalha	Poor housing conditions, bad infrastructure services The area is isolated and neglected, around 200 people lives in the neighborhood
		3. Abu Mashi	Small neighborhood with bad services, the road to the only school is unpaved ,
	1. Al Fukhari	1. Agricultural area	few residences are living there, the land is used for agriculture , the problem with the unpaved road affects farmers business
Khanyounis		2. Bani Suhaila	1. Sammour Neighborhood Small area close to Salah Al Deen road, the municipality has constructed the waste water network two months ago , The are is not isolated and close to the center of Bani Suhalia

3.2 Field Visit Report on 5 March, 2018

The field visit covered Rafah and Khan Younis could be summarized as follows:

Governate	Areas	Communities	Conclusion
Khanyounis	1. AlQarara	Al Sirag	Al-Qarara (eastern part), lies east of Khan Younis governorate, it defines as an

			agricultural area with a population of 26,000 people. In general, the infrastructure services in Qarara is in a bitter conditions than others. There is a fairly good road network. The municipality has integrated the construction of swage network in the overall plan of the infrastructure services (currently there is no sewage network). The swage network will be connected with Salah Al Deen Road, the areas visited in Al Qarara include: ➤ Al-Siraj area, located in the eastern border of Al Qarara, with a population of 7,000, the area lacks basic infrastructure services, especially roads. The mobility is difficult especially for students, patients and the elderly. Students walk long distances to the school in difficult conditions. The area lacks infrastructure facilities and services , there is no local organizations or social facilities , no sewage network, no water drainage network,
	Khuzaa'	Khuzaa	Population of Khuza'a is about 15,000 inhabitants, in the far east of Khan Younis Governorate. The area along the border is used for agriculture , it has low density population with bad infrastructure services, no sewage and drainage network,
	Abassan Kabeara	Rmediat	Rumaydat is located outside the authority of Abasan Kabeara, but the municipality provides the basic services to the area. The population of the area is estimated at 4000 people. The area suffers from a severe shortage of infrastructure services, especially unpaved and low roads, which disable and restrict movement especially in winter, when rainwater drains in the lowlands,

		Qudaih	located at the border with a total population of 3000. The area suffers from the problem of unpaved roads that hinder movement in the area, especially patients and people with disabilities. The roads are also exposed to floods. Unpaved roads raise dust especially in the summer. The area used to cross to internal neighborhoods
	Abassan Jadeeda	Al Zaana	Al Zanna is located at the border and lies in the middle of three areas Abasan al-Kabeera, Abasan al-Jadeeda and Bani Suhaila, A densely populated area inhabited by approximately 7,000 people. The area was severely damaged during the recent aggression on the Gaza Strip in 2014 , There are several neighborhoods in the area that suffer from marginalization, including Umm al-Mahd, al-Ghubran and Anzat areas, which lack problems due to a lack of infrastructure services
Rafah Governorate		Al Barazeel	Al Brazil area is densely populated and has been subjected to repeated invasions by the occupation prior to the withdrawal from Gaza, the area is adjacent to the border with the Egyptian side and suffering from neglect and extreme marginalization, which is reflected in the state of roads, buildings and infrastructure services, the municipality has not included this area in the development projects in the past The main concern on the area that it is close to the center of Rafah, and it might benefit of MDP projects.
		Om Amer	The area is poor with intense population , close to the center of the city, and close to Salah al-Din Street, the Swiss has implemented intervention there to construct three roads , paving and connecting them to Salah Al D een
		Khirbet Adas	It is wide lowland area used for agriculture , with a population of about 15000 people, the infrastructure services are bad

			especially roads, the houses reflect a better living conditions,
		Al Zohour	It is an agricultural area with a population of about 20,000 people, with no sanitation services ,

4. General Comments:

- ✓ The field visits helped to realize the vulnerability and understand the context, problems and needs, and ensure the selection of most vulnerable communities. also, it was helpful to rethink and assess the criteria that used to finalize the selection based on the reality
- ✓ It is noticed that, the areas located at the border are mainly used for agriculture, has less density population, they are neglected from the municipalities and they have huge need to the basic services, this is clear with Khuzaa .
- ✓ Based on the observations and reflection on the field visits to the vulnerable areas, it is recommended to develop indicators and metrics on vulnerability issue, and confine the key factors that have influence on increasing vulnerability, and ensure that future interventions could have change the statues and enhance people
- ✓ The fundamental problem in Rafah is that the internal areas which are near the center of the city are more marginalized from agricultural areas in terms of road conditions, population density, poverty, lack of infrastructure services. While the areas at the borders have low density population and huge needs which might increase the cost of interventions with low impact.
- ✓ It is recommended to include marginalized areas close to the city center, this will help to apply GVCD in different context and develop lessons that could have further improvement in the future.

5. Final Conclusion and Selection:

To conclude, there are several reasons led to increasing vulnerability in the targeted areas, as reflected in the report, small communities and low population density, remoteness from urban centers, being a rustic nature area, the high cost of improving the social services. Also, it is important to consider areas that are neglected and marginalized despite the proximity to the Urban centers such as the Brazil neighborhood, Om Amer in Rafah.

It is recommended at the pilot phase to focus on areas that might have more successful impact within the project resource's and use those experience as modeling to draw lessons and enhance learning, this include work with communities on component 2 (civic participation) such as Khanyounis refugee camp.

5.1 Table shows final conclusion of selected areas.

No	Gr.1 Larg. pop/ big municipal.	Medium popl/m	Small density/small pop	Refugee camps	Comments
1.	Rafah - Al Barazeel - Am Amer - Kherbt Addas	Kuzaa'	Al Shoka	Al Buri East part (Tal Al Akhder)	
		Abassan Kabeara//Jadeeda Rmediat/ A			
2.		Al Qarara Al Sirig	Al Naser		
Total	1	3	2	1	7

6. Annexes

6.1 Photos for different areas in the targeted municipalities







ANNEX C

ICUD





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صندوق تطوير وإقراض البلديات
Municipal Development & Lending Fund

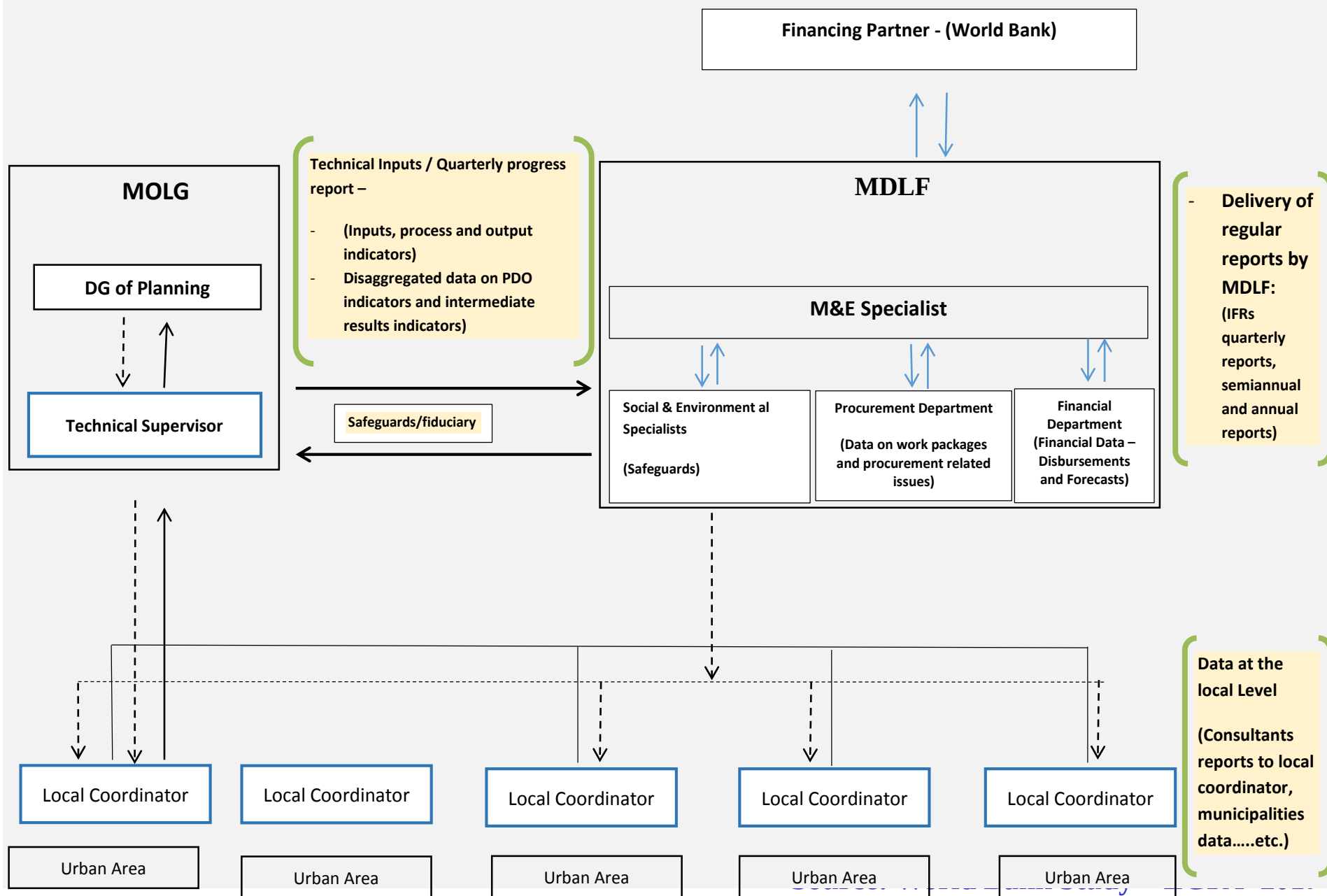


Mid-Term Review Mission

ICUD – Results Framework

January, 2019

Flow of Information Among the ICUD Stakeholders



Results Framework (as indicated in the PAD)

PDO:
to enhance the capacity of participating urban areas to plan for sustainable urban growth

	Target	Achieved
Indicator 1: Number of urban areas that develop cost-analyzed scenarios for urban growth and disclose them to the public.	FY1 :0	80% of the work had been completed by end of year 2. It is expected to achieve 5 urban growth scenarios disclosed to the public by end of Yr 3 which was set as an end target of the project.
	FY2: 0	
Indicator 2: Number of urban areas whose member LGUs’ plans are aligned to the selected growth scenario at the urban area level.	FY1: 0	It is expected to achieve 3 LGUs plans aligned to the selected growth scenarios which would surpass the target FY 3 (i.e one plan). Additionally, it is expected to achieve 10 plans FY 4 surpassing the end target of the project which was set as (5 plans)
	FY2: 0	
Indicator 3:Direct project beneficiaries (Number)	Not Yet Determined	By end of Yr 2, 75 beneficiaries have been targeted by the capacity building training.
Indicator 4: Female beneficiaries (%)	Not Yet Determined	By end of Yr 2, 25% of females have been targeted by the capacity building training.

Results Framework (as indicated in the PAD)

Intermediate Results

Indicator 1:
Number of participating urban areas that establish and actively maintain an intra-urban area coordination mechanism for the life of the project.

Indicator 2:
Urban Growth Planning roadmap prepared for all participating urban areas (Yes/No)

Indicator 3:
Number of urban areas that complete baseline assessments of existing urban extent.

Target		Achieved	
FY1 :3		FY1: 4	
FY2: 4		FY 2: 4	
FY1: No		FY1: Yes	
FY2: Yes		FY 2: Yes	
FY1: 0		FY1:0	
FY2: 3		FY2: 0, However 80% of the work has been completed for 5 urban areas as an end target.	

Results Framework (Proposed Revision)

PDO:
to enhance the capacity of participating urban areas to plan for sustainable urban growth

Indicator 1: Number of urban areas that develop cost-analyzed scenarios for urban growth and disclose them to the public.	Original	FY1 0	FY2 0	FY3 3	FY4 5	FY5 ---	No revision for the indicator as well as for the target values
	Revised	FY1 0	FY2 0	FY3 3	FY4 5	FY4 5	
Indicator 2: Number of urban areas whose member LGUs' plans are aligned to the selected growth scenario at the urban area level.	Original	FY1 0	FY2 0	FY3 3	FY4 5	FY5 ---	The targets and the indicator will be revised as follows: "Number of plans that are produced based on the selected growth scenarios"
	Revised	FY1 0	FY2 0	FY3 0	FY4 5	FY5 10	
Indicator 3:Direct project beneficiaries (Number)	Original	FY1- TBD	FY2- TBD	FY3- TBD	FY4- TBD	FY5 ----	No revision for the indicator, and the targets were identified.
	Revised	FY1	FY2 75	FY3	FY4	FY5 120	
Indicator 4:: Female beneficiaries (%)	Original	FY1- TBD	FY2- TBD	FY3- TBD	FY4- TBD	FY5 ----	No revision for the indicator, and the targets were identified.
	Revised	FY1	FY2	FY3	FY4	FY5 25%	
Indicator 5:No. of indirect beneficiaries	Original	FY1- TBD	FY2- TBD	FY3- TBD	FY4- TBD	FY5 ----	This indicator was added to the RFW
	Revised	FY1	FY2	FY3	FY4	FY5 1,136,000	

Results Framework (Proposed Revision)

Intermediate Results

Indicator 1:
Number of participating urban areas that establish and actively maintain an intra-urban area coordination mechanism for the life of the project.

Original	FY1 3	FY2 4	FY3 4	FY4 4	FY5 -----
Revised	FY1 3	FY2 4	FY3 4	FY4 4	FY5 4

No revision for the indicator as well as for the target values

Indicator 2:
Urban Growth Planning roadmap prepared for all participating urban areas (Yes/No)

Original	FY1 No	FY2 Yes	FY3 Yes	FY4 Yes	FY5 ----
Revised	FY1 No	FY2 370	FY3 Yes	FY4 Yes	FY5 750

The targets were revised as well as the indicator as follows:
“# of person-days training conducted in planning related courses”

Indicator 3:
Number of urban areas that completed baseline assessments of existing urban extent

Original	FY1 0	FY2 3	FY3 5	FY4 5	FY5 ----
Revised	FY1 0	FY2 0	FY3 3	FY4 5	FY5 5

This indicator was rephrased with a revision of the targets as follows: “No. of urban areas that completed baseline assessment”

*Thank
you*

A gold fountain pen nib is positioned at the end of the word "you", as if it has just finished writing the word.

ANNEX D

LGSIP





LGSIP Midterm Review Mission

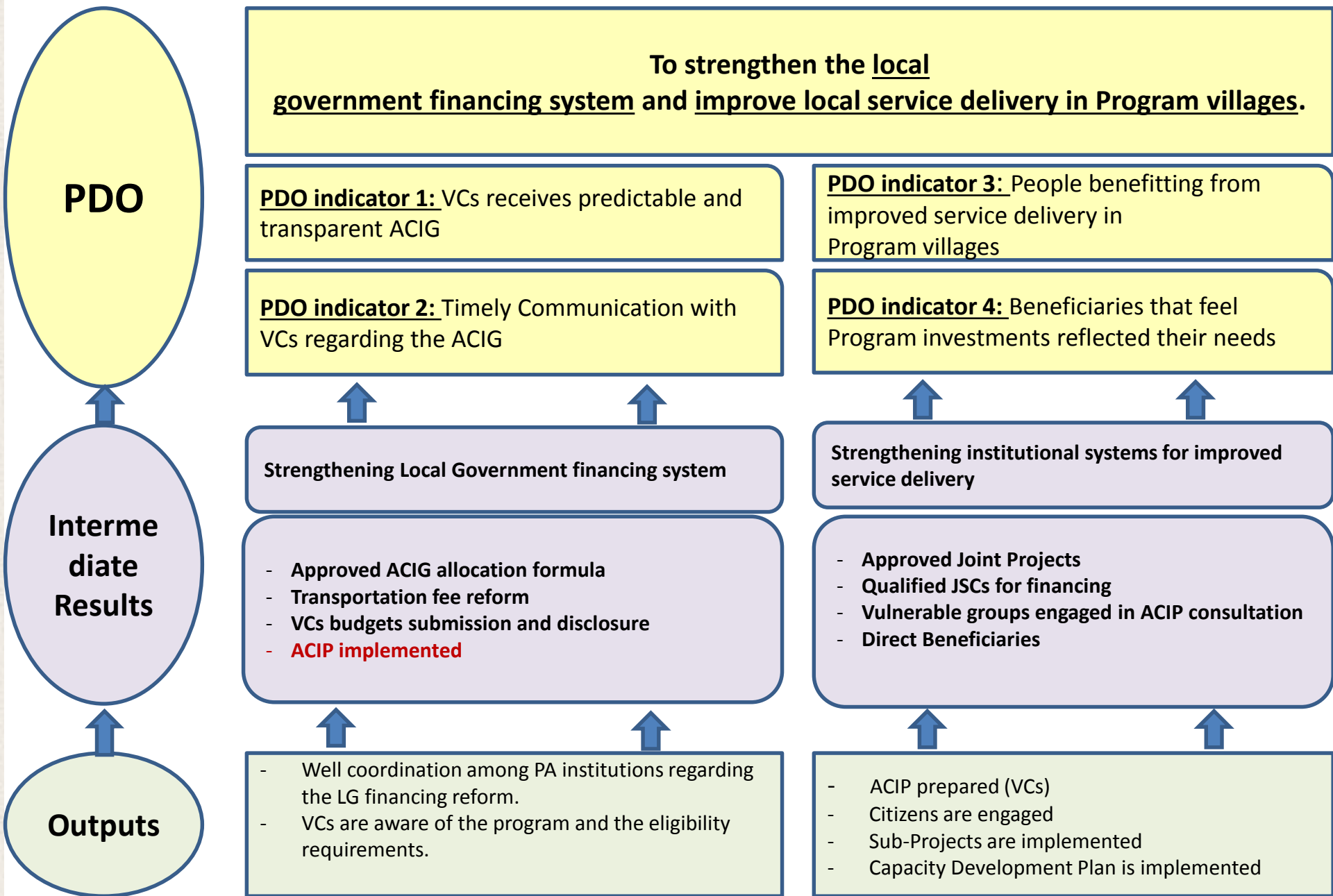
M&E - RFW

September – 2018

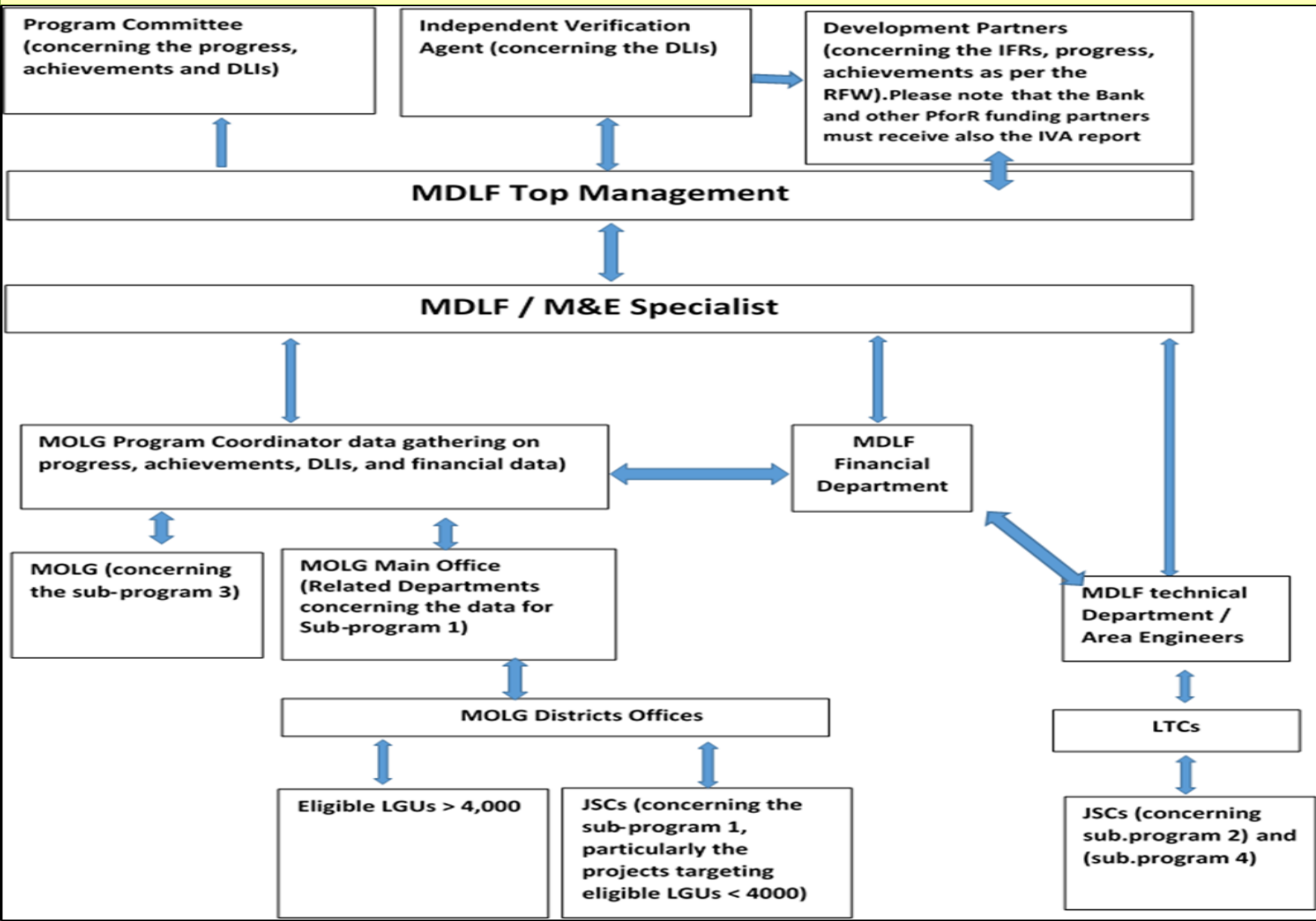
Outline

- ✓ **Results Chain**
- ✓ **Flow of Information**
- ✓ **Achievements against the Results Indicators**
- ✓ **Issues for discussion**

Results Chain



Flow of Information



Achievements against the Results Indicators

PDO Indicators

Indicator	Target	Achieved
PDO Indicator 1: VCs receiving transparent and predictable Annual Capital Grants	Target FY 2017 40% Target FY 2018 50%	Partially Achieved FY 2016/2017 $61 / (241 - 34 - 6) = 30\%$ (confirmed by the IVA) <u>Note:</u> - # VC with pop. Share > 60% = 34 - 6 VCs were promoted to municipalities Achieved FY 2017/2018 $122 / (272 - 44) = 53\%$ (confirmed by the IVA) <u>Note:</u> # VC with pop. Share > 60% = 44
PDO Indicator 2: Timely communication to VCs of the formula based Annual Capital Investment Grant (ACIG) allocations and timely transfer of ACIGs to eligible VCs.	Target FY 2017 Yes Target FY 2018 Yes	Achieved FY 2017 Yes Achieved FY 2018 Yes
PDO Indicator 3: People benefiting from improved service delivery in Program villages	Target FY 2018 (midterm) 230,000	Achieved FY 2017 (171,298) distributed among 61 VCs Achieved FY 2018 (366,321) distributed among 122 VCs including the 1st round eligible VCs
PDO Indicator 4: Beneficiaries that feel Program investments reflected their needs	Target FY 2018 (midterm) 65%	- The TOR will be shared with the WB early September to make sure that all the projects (FY 17 & FY 18) are completed. - The assignment will be implemented late 2018)

Achievements against the Results Indicators

Intermediate Results Indicators

Indicator	Target	Achieved
Intermediate Results Indicator 1: Annual Capital Grant Allocation Formula approved by MoLG	Target FY 2017 Yes	Achieved FY 2017 Yes
	Target FY 2018 Yes	Achieved FY 2018 Yes
Intermediate Result Indicator 2: Steps to improve transparency and predictability of Transportation Fee adopted by MoLG	Target FY 2017 Transportation Fee reform directive submitted for approval to Cabinet of Ministers	Not yet Achieved (in progress)
Intermediate Result Indicator 3: Percentage of VCs submitting their annual budget to MoLG electronically on time and have disclosed budgets publicly	Target FY 2017 30%	Achieved FY 2017 $61/(241-34^* - 6^{**}) = 31\%$
	Target FY 2018 40%	Achieved FY 2018 $122/(272-44^*) = 53\%$ • Pop share > 60% • Promoted to municipalities
Intermediate Results Indicator 4: Percentage of VCs that have implemented at least 60% of their ACIPs	Target by end of 2017 55%	This indicator needs to be revised/rephrased during the midterm review.
	Target by end of 2018 60%	

Achievements against the Results Indicators

Intermediate Results Indicators

Indicator	Target	Achieved
Intermediate Results Indicator 5: Cumulative number of joint projects approved	Target FY 2017 – 6 projects Target FY 2018 - 10 (accumulative)	Achieved FY 2017 Zero Achieved FY 2018 10 (accumulative)
Intermediate Results Indicator 6: Number of JSCs qualifying for financing under the Program	Target FY 2017 18	Achieved in accordance to the JSC assessment conducted by MOLG (19 JSC are qualified out of which 4 JSCs will be targeted by the 2nd comp.)
Intermediate Results Indicator 7: Share of vulnerable groups who participated in ACIP consultations.	Target FY 2018 (midterm review) 30%	Achieved To be verified by the Beneficiaries Impact Assessment that will be conducted by end of 2018
Intermediate Results Indicator 8: Direct beneficiaries (number), of which female (percentage)	Target FY 2018 (midterm) 230,000	Achieved FY 2018 (366,321) distributed among 122 VCs including the 1 st round eligible VCs Female (49%) = 179,497

Issues for Discussion

- End target for # of Beneficiaries (to be revised/ increased)
- Timing for conducting the BIA (end of 2018 – where the VCs sub-projects will be completed)
- **Results Indicator 4:** Percentage of VCs that have implemented at least 60% of their ACIPs (not achievable) (targets FY17-55%, FY18-60%, FY19-65%, FY20-70%)
(to be revised/rephrased)

Suggestion: Percentage of eligible VCs that have utilized their ACIG by end of the fiscal year. (targets FY17-55%, FY18-60%, FY19-70%, FY-80%)

- **Intermediate Result Indicator 2:** Steps to improve transparency and predictability of Transportation Fee adopted by MoLG. (to identity proxy indicators for the transparency and predictability steps)

Thank You !!!!