



صندوق تطوير وإقراض الهيئات المحلية  
Municipal Development & Lending Fund

# ANNUAL REPORT 2024

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# Annual Report 2024

## Municipal Development and Lending Fund (MDLF) – Palestine

*“Promoting Resilience amidst Service Sustainability Challenges”*

February 2025





## Our Vision

Efficient and effective local government units that contribute to achieving a better life for citizens.

## Our Mission

A national organization that strives to translate the local government policies into sustainable development programs by managing the funds effectively.

## 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 LGUs and enhancement of its responsiveness
- Strengthening MDLF institutional development
- Empowerment of vulnerable communities and enhancement of its resilience

## To Our LGUs

It is our promise to demonstrate our persistence to help create more efficient and effective local government units, and improve the lives of our citizens.





## 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                                |
| EOI:   | Expression of Interest                                  |
| FARV:  | Fixed Assets Registration and Valuation                 |
| FAO:   | Food and Agriculture Organization at the United Nations |
| 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      |
| JEDCO: | Jerusalem District Electricity Company                  |
| 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                                     |
| UPFI:  | Urban Project Finance Initiative                        |
| WBG:   | West Bank & Gaza                                        |



## Board of Director (BOD)

|                          |                                                                                         |
|--------------------------|-----------------------------------------------------------------------------------------|
| Dr. Sami Hajjawi         | Chairman of the Board,<br>Minister of Local Government                                  |
| Mr. Iyad Zitawi          | Board Member,<br>Representing Palestinian Monitory Authority                            |
| Dr. Saleem Abu Thaher    | Board Member,<br>Representing Ministry of Public Works and Housing                      |
| Mr. Majdi Al-Hassan      | Board Member<br>Representing Ministry of Finance and Planning                           |
| Ms. Areej Odeh           | Board Member<br>Representing Civil Society Organizations                                |
| Ms. Nadia Habash         | Board Member<br>Representing Engineers Association                                      |
| Mr. Abdel Kareem Zubaidi | Board Member<br>Representing Association of the Palestinian Local<br>Authorities (APLA) |
| Mr. Moahannad Amro       | Board Member<br>Mayor of Dura Municipality (Representing<br>the Municipalities)         |
| Mr. Mansour Al-Salayma   | Board Member<br>Mayor of Al-Ram Municipality (Representing the<br>Municipalities)       |



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## A Message from the Chairman of the BOD

The report gives insights into the organization's roles, performance, and achievements, while highlighting the difficulties and barriers that the local government sector faces, in light of the current political and security measures put in place by Israel on the entire Palestinian Territories, especially Gaza.



One cannot reflect on the past year without touching on the devastating effect that the war on Gaza had on the local government sector and the economy at large; but I am very proud of the way in which we were able to steer the fiscal ship through the challenges. Tough decisions had to be taken and implemented to ensure tangible service delivery outcomes which were achieved with the limited resources at our disposal. Through our robust budgeting and monitoring processes we were able to restructure and steer the available budget in such a manner that funds could be unlocked and reprioritized towards key priorities.

Unfortunately, the Israeli aggression on Gaza and the West Bank has placed the local governance sector in extremely difficult circumstances. The relevance of LGU roles has multiplied in the face of the severe damage and challenges resulting from the war. It has been necessary to take urgent action to reduce the catastrophic effects on residential areas and infrastructure. However, LGUs capacity to play their roles has been extremely limited due to the massive destruction of their premises and equipment. Statistics reveal that 40% of the Gaza LGUs' premises were completely destroyed, while 36.8% of their equipment and heavy machinery were damaged. Furthermore, 55% of LGUs' generators sustained severe damage.

The MoLG and MDLF have raised the red flag to immediately respond to support the LGUs with all possible means to sustain basic services with forward looking to keep the momentum for local governance sector development - which we all agree - is a cornerstone for building our Palestinian state.

As a response to the difficult situation, an emergency window was established as a reaction to the ongoing conflict and its devastating impact on local communities and the economy. This funding under this window was intended to help municipalities to cover operating costs and to support cash for work activities addressing the high unemployment rate. The new window was designed to benefit West Bank municipalities in addition to Gaza municipalities (within the scope possible). With this emergency support under the flagship program "Municipal Development Program", the development agenda will continue to be pursued with forward looking to maintain the momentum of reform at the municipal level.

Reconstruction of Gaza can only be achieved through joint efforts, in an organized and structured manner starting from the relief and early recover which will establish the way forward for reconstruction in a better way. I fully support the crucial role that MDLF plays and urge donors to continue supporting the MDLF interventions in the Local Governance sector.

**Dr. Sami Hajjawi**  
**Chairman of the Board of Director**  
**Minister of Local Government**



## A Message from MDLF Director General

With great honor, I present the MDLF Annual Report 2024, which outlines the goals and duties, accomplishments and performance, and outlook for the development of the Local Governance Sector. The MDLF plays a crucial role in the overall machinery of the MoLG by ensuring an effective management of the Local Government services. It also advocates good governance principles among the 163 municipalities in the West Bank and Gaza; thereby upholding local democracy.



The MDLF continues to constantly guide all Local Government Units so that their respective priorities and actions align with the national development agenda, thus creating the synergy for enhanced social, cultural, and economic development. The year 2024 has been substantially influenced by the continued Israeli aggression in the West Bank and Gaza, which began on October 7<sup>th</sup>, 2023. This report provides an update on the progress MDLF has made during this period despite the difficult circumstances. It also details how the implementation plans have been adjusted to address these challenges.

The commencement of the fourth phase (MDP4) was among our top priorities over the past year. The program's distinctive features, including its transparent allocation criteria among municipalities and its application of an incentive-based approach towards sector reform, make it a cornerstone of the Local Governance Sector Reforms and Development. Since the beginning of the Israeli aggression on Gaza, the execution of the project activities in Gaza have been suspended. However, progress has continued in the West Bank municipalities despite of the ongoing security constraints, blockade, access restrictions and invasions by the Israeli forces. In addition to that, despite the Israeli political obstacles, MDLF was able to proceed with project implementation in Area C, turning it into one of the major interventions with noteworthy successes.

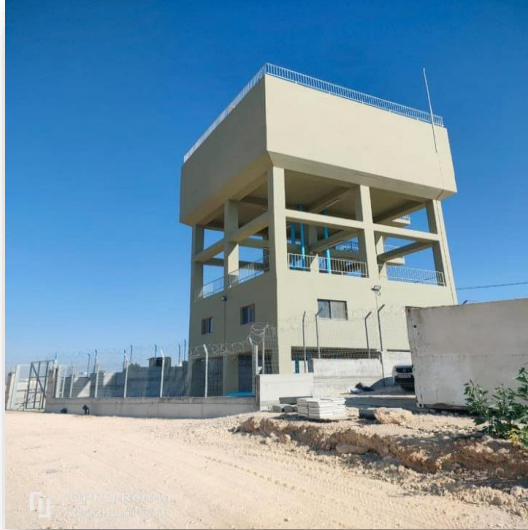
As an immediate response from MDLF to tackle the challenges arising from the prolonged Israeli war, a concept note for emergency support to municipalities was prepared by MDLF and shared with Development Partners "DPs" during the 1<sup>st</sup> few months of 2024. The concept note was designed to address the challenges and the negative impacts of the Israeli war on the LGUs with specific focus on the municipalities. It highlighted the facts on dire socio-economic conditions, rising unemployment, deteriorated fiscal situation of the Palestinian Authority (PA), and emphasized the critical risk to municipalities' financial sustainability which have severely hindered their capacity to deliver and sustain essential services to citizens.

To the end, the financing agreements for additional emergency support have been materialized with AFD (EUR 10 million), WB (US\$15 million), the Multi-donor Trust Fund (US\$ 7 million), the German Federal Foreign Office (FFO) and channeled through KfW (EUR 5 million) and the SDC (\$ 2.7 million).

Whilst there have been successes, we are mindful that there are challenges that remain. We will focus on areas where we were less successful and that would require greater effort to have the impact we desire. I am confident that we have the resilience, determination and persistence to persevere and improve in the implementation of the MDLF 2022-2026 Strategic Plan.

**Mohammed Al-Ramahi**  
**General Director**

## SECTION ONE: ACHIEVEMENTS HIGHLIGHT





## Key Milestones - 2024

### **Extra €38.3 Million Secured for Phase 4 of Municipal Development Program to Tackle Economic and Municipal Service Challenges:**

An additional **EUR 38.3 million** has been secured for the Municipal Development Program – Phase 4. This includes US\$ 15 million from the World Bank, US\$ 7 million from the Multi-Donor Trust Fund administered by the World Bank, EUR 10 million from the French Development Agency (Agence Française de Développement), EUR 5 million from Germany through KfW, and US\$ 2.7 million from the SDC. This funding aims to address the challenges arising from the aggressive war on Gaza and the restrictive measures imposed by the Israeli occupation in the West Bank, which have severely impacted the economy, increased unemployment rates, and disrupted municipal revenue streams, ultimately hindering the provision and sustainability of essential services.

### **Phase 1 of Integrated Solid Waste Management Project Successfully Prepared with a Total Funding of \$25 Million:**

The preparation of the Integrated Solid Waste Management Project -phase 1 in the West Bank was accomplished with a total financing **US\$ 25 million** of which US\$ 20 million from the World Bank and US\$ 5 million from the Multi-Donor Trust Fund administered by the World Bank.

The project aims to address critical gaps in infrastructure and operational capacity for the collection, transfer, treatment, and disposal of solid waste services. These challenges have been further exacerbated by the ongoing conflict, hindering the efficiency and long-term sustainability of solid waste management in the West Bank.

The project is part of the World Bank's broader support, structured programmatically through a series of follow-up initiatives aimed at addressing the complex challenges in the Solid Waste Management (SWM) sector in WB&G. This phased approach seeks to bridge critical infrastructure gaps while enabling gradual policy reforms to advance Integrated Solid Waste Management.

The 1<sup>st</sup> phase of this project "ISWMP-1" will focus on: (i) constructing and rehabilitating essential solid waste infrastructure in the West Bank; (ii) strengthening sector policies and institutional capacities, including national ministries, LGUs, and JSCs; and (iii) developing studies and waste management plans to guide future efforts.

### **New €7.6 Million Package Launched for Area C Development Programme in the West Bank – Package VII:**

The new package (Package VII) **funded by German "BMZ" VIA KfW through the EU and with parallel financing from the Denmark to MDLF** has been launched since July 2024. The total financing of this package is EUR 7.6 million, of which 6 million were jointly funded through the EU "EUR 4 million from the EU and EUR 2 million from the German BMZ via KfW through the EU". Additionally EUR 1.6 million is funded by the Denmark as a parallel financing to MDLF. 14 sub-projects in 14 localities were approved by the steering committee for the benefit of 36,183 residents. The approved sub-projects are; two school, 3 sanitation networks, 2 water networks, 5 roads, 2 electricity networks.

### **New €6 Million Support Package Launched for Village Councils**

The new fund was secured from BMZ through KfW to support 30 village councils in the West Bank who have population exceeding 4,000 inhabitants with a total financing EUR 6 million. The VCs support is foreseen to enhance the delivery of basic services, with a total no. of beneficiaries estimated at 160,959 Citizens in rural areas of West Bank.

**Major Milestones Achieved: Completion of MDLF Headquarters and Launch of Advanced Grants Management System:**

- A) **The construction of the MDLF building was finished and handed over in 2024.** The new building is a significant achievement that contributes to improving the MDLF's staff working environment and the organization's sustainability.
- B) **The Grants Management Information System** was completed and made available for MDLF departments. This will enable MDLF to use the MIS, for tracking, managing, and analysing its projects, grants, and financial transactions.

**Disbursement For the Year 2024:**

During the year 2024 the MDLF disbursed nearly US\$ 35 million of infrastructure, capacity building and innovative projects to all municipalities in West Bank and Gaza, despite the political and technical challenges tackled.





## **MDLF's Role**

### **Gaza Interim Rapid Damage and Needs Assessment (IRDNA)**

The genocidal war on Gaza started on 8<sup>th</sup> October 2023 and lasted for 470 days with a cease fire that took effect on 18<sup>th</sup> January 2024. The scale of damage in Gaza Strip is massive and has led to the destruction of all aspects of civilian life including economic and municipal infrastructure. 80-90% of houses were destroyed at various levels within Gaza governorates, and more than 70% of roads were destroyed. Additionally, the high level of destruction has also reached municipal installations across all service sectors; water and wastewater, solid waste management, transportation systems, social and recreational facilities, and the overall urban environment of Gaza population clusters. More importantly, the genocidal war caused unprecedented loss of life, with 47,161 martyrs of whom 17,841 children and 12,298 women<sup>1</sup>, and more than 170,000 injured, that is with 2,000,000 people internally displaced or 90% of Gaza Strip's population<sup>2</sup> without counting individuals who managed to leave Gaza until the total closure of Rafah crossing on 6<sup>th</sup> May 2024.

Assessment of damages was extremely difficult to perform during the war due to the high risk of movement and the overwhelmed LGUs with managing the bare minimum of people needs, in addition to LGUs being also targeted as much of municipal installations where damaged, as the case of Rafah Municipality main building which was completely wiped off during the ground invasion of the city in May, 2024. MDLF maintained constant communication with LGUs and JSCs in Gaza by its staff on the ground, which helped MDLF to take the role of collecting the data of the damage municipal assets into the IRDNA as part of the national team. The exercise was initiated by the World Bank UN, and the EU, with training to the national team on the methodology provided on 25<sup>th</sup> September 2024. The IRDNA is, "A globally accepted methodology developed by the WB, UN and EU for countries to estimate the extent of disaster's effects and impact across all sectors and social groups in a coordinated and integrated manner"<sup>3</sup>.

To provide an evidence-based assessment, and in line with the IRDNA methodology, MDLF depended on baseline data compiled by MDLF prior to the war of all municipal fixed assets in Gaza Strip; this inventory followed an internationally approved method in compiling all municipal assets into a Fixed Assets Registration & Valuation (FARV) inventory. During the war, MDLF worked directly with all 25 municipalities in Gaza to update the FARV based on the scale of damage, which was categorized as full damage, partial damage, or no damage. Any damage exceeding 40% was considered full damage, where the facility was deemed nonfunctional.

As part of the national team, MDLF focused on assessing damage to municipal buildings and equipment. Furthermore, the damage to the solid waste management sector was also assessed where the solid waste management is handled by two Joint Service Councils (JSCs) along with the municipalities. It is important to note that municipal assets related to water and wastewater services are limited to those owned and operated by the municipalities such as water wells, pump stations, service facilities, lagoons, and reservoirs.

The IRDNA methodology outlined a sectoral scope, with the MDLF focusing primarily on infrastructure related to municipal services, while also contributing to the transportation sector and cross-cutting categories. The assessment process began by evaluating the pre-war value of assets. For the needs assessment, post-war unit prices were used, adjusted to account for inflation, labor market challenges, the principles of building back better (BBB), and difficulties related to logistics and access.

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<sup>1</sup> PCBS, MoH and UN OCHA: [https://www.pcbs.gov.ps/site/lang\\_en/1405/Default.aspx](https://www.pcbs.gov.ps/site/lang_en/1405/Default.aspx)

<sup>2</sup> PCBS 2023 Population projections.

<sup>3</sup> Proceedings of the training to the National Team conducted on 25<sup>th</sup> September 2024.

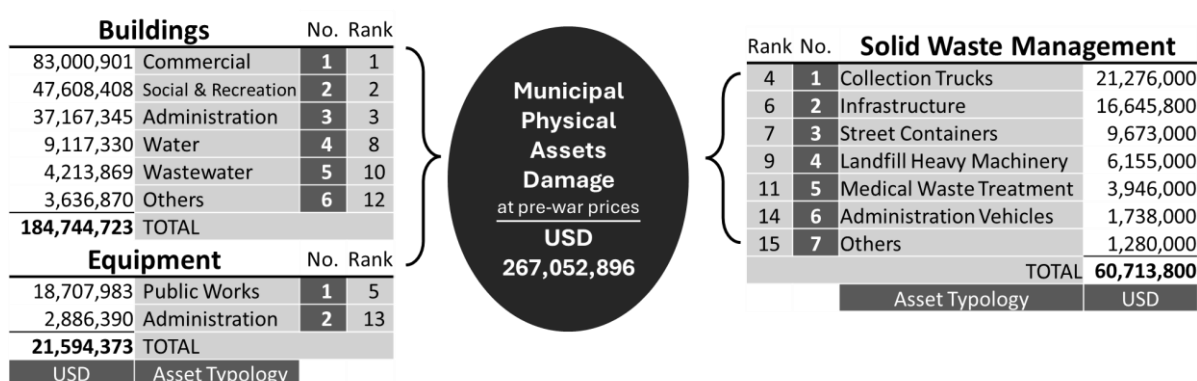


### IRDNA Sectoral Scope

| Social                       | Infrastructure                                      |
|------------------------------|-----------------------------------------------------|
| – Education                  | – Water and Sanitation                              |
| – Health                     | – Transport                                         |
| – Housing                    | – Energy                                            |
| – Social Protection & Jobs   | – Municipal Services & DRM                          |
| – Cultural Heritage          | – Digital Development & ICT                         |
| – Social                     |                                                     |
| Productive                   | Cross-cutting                                       |
| – Agriculture & Food Systems | – Environment & Natural Resources                   |
| – Commerce and Industry      | – Emergency Management                              |
| – Financial Sector & Banking | – Governance                                        |
|                              | – Macroeconomic Impact & Poverty                    |
|                              | – Land                                              |
|                              | – Social: Community Institutions, Inclusion, Gender |
|                              | – FCV and Displacement                              |

The IRDNA conducted during the war concluded that the total damage to municipal services was estimated at US\$267 million<sup>4</sup>, with solid waste management accounting for approximately 23% of this total. The destruction or severe damage of public buildings, social facilities, roads<sup>5</sup>, and other critical infrastructure has further disrupted community life, and the destruction of key infrastructure such as solid waste collection vehicles, transfer stations, and waste management facilities has severely hindered municipalities' ability to provide essential services. Following is the breakdown of damages per typology:

**Figure (1): Pre-war value of damages of municipal services per typology**



MDLF will continue its mission to support LGUs and JSCs in Gaza within its available resources. It will also collaborate with financing partners under the Palestinian Government's guidance to contribute to emergency interventions and Gaza's reconstruction. This aligns with the Palestinian Council of Ministers' decision on January 8<sup>th</sup>, 2025 (Session No. 19/40), which authorized MoLG and MDLF to develop an emergency plan to assist Gaza LGUs following the ceasefire.

<sup>4</sup> Updated figure post October 2024; officially published is US\$233 as of October 2024; pp. 4 and pp.III respectively, Gaza and West Bank Interim Rapid Damage and Needs Assessment, February 2025

<sup>5</sup> Damage to roads is not included in the US\$267 million as explained in the previous paragraphs.



## Insights on “Area C Development Programme in the West Bank” – updates and challenges

MDLF strategic plan (2022-2026) identified the “Empowerment of vulnerable communities and enhancement of its resilience” as a strategic pillar aiming at improving the level of services provided to citizens with special focus on the less fortunate areas specifically “Area C”. This priority consists of two folds: it reflects the empowerment of LGU’s through enhanced infrastructure service delivery and through institutional capacity development interventions, where both of which priorities are targeted under the Area “C” development programmed in the West Bank. Despite numerous challenges which had been faced on the ground during the implementation, including issuing of stop working orders and confiscation of equipment by the Israelis in some locations, and the lack of capacity of the targeted village councils; the implementation of the social infrastructure in Area C witnessed a noticeable progress, **where the programme have been targeting have targeted 81 localities with 107 projects benefiting around 121,201 people living in Area C (40% of Area C population).**

### A. Completed Packages

Seven packages of this programme were successfully completed, (5) out of which are funded by the EU and its member states (Denmark, France and UK) and two packages are funded by the Swiss envelope with total financing (EUR 20 million).

In terms of beneficiaries’ satisfaction and overall impact of the projects, the EU and SDC packages were satisfactorily evaluated with a clear recommendation to build upon the success achieved and to be replicated in other marginalized communities across the West Bank. The outcomes of the projects can be summarized as follows:

- Improved social, economic and environmental conditions of the residents.
- Enhanced public facilities conditions for better service delivery and citizen engagement activities
- Improved access to better education through the expansion and development of schools.
- Enhanced conditions of roads through construction and rehabilitation of internal roads
- Improved access to drinking water and electricity networks through rehabilitation and maintenance of water and electricity networks.
- Increased access to recreational facilities by the construction of public parks and gardens.

The final evaluation of package (V) highlighted significant improvements in water quality, system reliability, cost, and coverage, as well as enhanced accessibility and infrastructure for electricity sub-projects. These developments led to high community satisfaction and improved living conditions. The completed sub-projects remain functional, maintained by LGUs, with most having operation and maintenance plans. Strong beneficiary ownership supports sustainability. The evaluation confirmed the package's efficiency, coordination, and alignment with national policies on Area C support. Additionally, local NGO-led mobilization efforts effectively integrated community engagement with infrastructure development.

### B. Ongoing Packages

#### • Package VI –funded by AFD through the EU

Unfortunately, package VI of the programmed “funded by the AFD through the EU” has been facing certain challenges on both technical and political fronts which have hindered the overall progress and led to a deviation from the current operational plan. More specifically, unforeseen delays have arisen due to budget constraints, lengthy processes for design reviews and approvals from relevant ministries, and most significantly, the political instability following the outbreak of war on Gaza which commenced in October 2023, along with Israeli measures affecting the West Bank Territories, particularly Area C. As a result an additional “**18 months – No Cost Extension**” was requested, to accomplish the project activities and thus to achieve its intended objectives.



A steering committee meeting was held to oversee the implementation progress of Area C Development Programme in the West Bank-Packages VI, in light of the Stop-Work Orders (SWO) /Demolition Orders (DO) issued by the Israeli Authorities for three out of four social infrastructure sprojects under package VI. Furthermore, some technical issues have arisen and need to be addressed in the way forward at the contractual and operational matters.

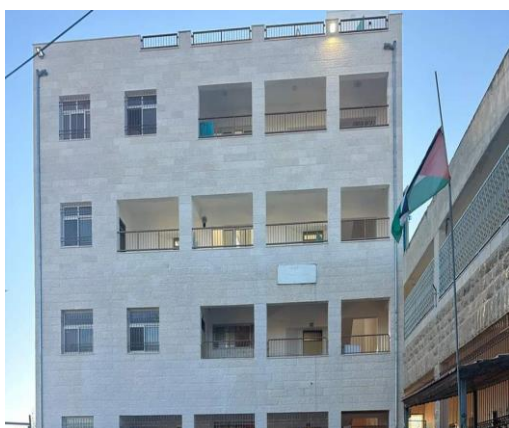
The SC collectively agreed to establish an effective coordination mechanism among PA institutions and Development Partners (DPs) with Israeli Authorities, as necessary, aiming at the completion of the projects currently on hold under package VI, specifically, Al-Jiftlick road, Al-Aqaba School and the demolished multi-purpose building in Frush Beit Dajan. They also affirmed to maintain and further improve the two-way dialogue between the PA institutions and the EU/EU member states to ensure coordinated communication with Israeli authorities. The SC will meet again in the coming period and assess the situation and the way forward.

- **Package VII –funded by German BMZ via KfW through the EU and parallel with the Danish Support to MDLF**

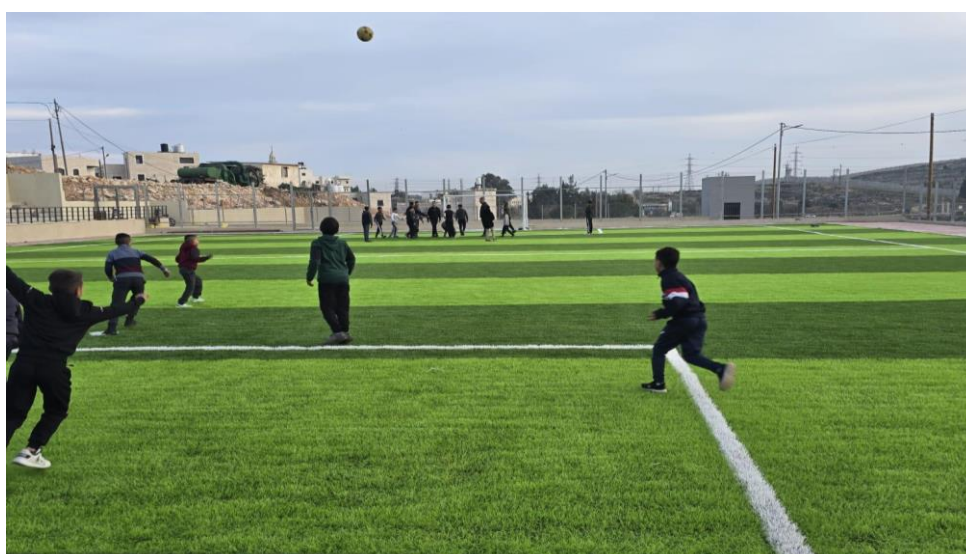
The new package (Package VII) which will target a total of 36,183 residents in 14 localities is still in the projects design stage. The projects are; two school, 3 sanitation networks, 2 water networks, 5 roads, 2 electricity network.

- **Phase 2 - funded by SDC**

The SDC package in Area C – Phase 2 is progressing, however some projects were subject to verbal stop working orders by the Israeli Authorities resulting some delays and disrupted operational plans. The agreement was extended for additional 18 months ending on 30<sup>th</sup> June 2026. A new implementation plan was shared with SDC accompanied with the no cost extension.



Expansion of Fuqeiqes Elementary School –  
Dora Municipality, Hebron Governorate



Construction of Playground in Qalandia



## Insights on MDLF Support for Village Councils

VCs, small in population size and with limited potential for own source revenue generation, face a particular challenge to reach acceptable levels of service delivery at reasonable cost. Most VC's have a population size below 4,000 inhabitants; and even the few relatively larger villages suffer from inefficient service provision, heavy burden of staff salaries, and insufficient technical capacity. While the majority of municipalities, around 80 percent, provide only 12 or less of the 27 assigned functions, VCs cover even fewer functions. The smallest VCs carry out only around four functions. Institutional capacity is very limited and many VCs operate without permanent staff. More than 50% of VC's own source revenues come from charges and fees in the enterprise budget, the most important one related to public utility services such as electricity and water. Although those revenues should not be retained by LGUs, VCs use the income to cross-subsidize other service functions given the lack of alternative revenue sources.

Through its commitment to strengthen the capacity of village councils, a concept note for supporting 30 village councils in the West Bank was submitted and agreed upon with the KFW with a total financing of EUR 6 million. This support aims to enhance the delivery of basic services and foster greater engagement of women, youth, and people with disabilities, thereby improving local participatory planning and accountability processes. The agreement for VC support was signed in December 2024.

The development objective of the project is to improve the delivery of inclusive local services in large<sup>6</sup> Village Councils across the West Bank.

- Inclusiveness: Citizens in selected rural areas of the West Bank (participating VCs) actively engaged in local development planning. (this result will be achieved through the GIZ engagement for ACIP development/update).
- Services Accessibility: Improved access of citizens in large VCs in the West Bank to public services.

This project reflects MDLF's commitment to carry out projects in line with the MoLG strategy 2021-2023 which addressed sustainable services delivery as a key pillar. The project contributes to MoLG's strategic objectives #2 "Empowerment of localities towards Financial Sustainability, and the strategic objective #4 "Promotion of Local Economic Development" and the strategic objective #5 "Improvement of Services Delivery". The VCs support is foreseen to build on the approach followed under the LGSIP to sustain the planning approach among participating VCs as an entry point for services delivery enhancement, with a total no. of beneficiaries is estimated at 160,959 Citizens of 30 communities in rural areas of West Bank.

The project will provide technical support to the targeted VCs in terms of soft capacity building activities/packages based on diagnostic study to explore the institutional/capacity gaps with a capacity building plan for the targeted VCs. The project will develop a performance based

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<sup>6</sup> Large CVs are those with population more than 4000 inhabitants.



## Limitations and Challenges FY 2024 and the Way forward

The Israeli aggression on Gaza which was accompanied with measures on the West Bank territories put its shadows on the MDLF programs and operations, and marked as the big challenge being tackled by MDLF during the year 2024. MDLF has been deeply engaged in addressing the impacts of the recent war on its operations and programs which can be outlined as follows:

### **Gaza Support and Operations**

- The MDLF support to Gaza has been continuously assessed by MDLF in consultation with DPs to better diagnose the situation and proactively response when the situation allows. So far, the MDLF activities in Gaza has been suspended due to the Israeli aggression on Gaza and given the inability of MDLF to intervene since the beginning of the war. A preliminary assessment of the infrastructure reveals severe damage, with the majority of MDLF's interventions in municipal services and infrastructure either fully or partially destroyed.
- The programs for Gaza that were active before the conflict, such as the second phase of Gaza Vulnerable Communities Development Programme funded by SDC and the Construction of the Recreational Public Space "Seafront Project" for Gaza City funded by GIZ, have both been terminated and closed out. Payments were made for the activities completed prior to the outbreak of the war.
- **Adjustments of MDP4 Framework and Funding for Gaza:** It is also important to mention that the MDP4-DPs have all agreed that the nature of the MDP4 activities and components are no longer valid for Gaza municipalities. For instance, the performance ranking along with the allocation mechanism would not be applied given the extensive destruction of municipalities capacities making them ineligible for financing under component 1-cycle 02 "based on the design of the MDP4". Similarly, the climate change interventions under the 3<sup>rd</sup> component of MDP4 are no longer relevant. Furthermore, the capacity building packages may require substantial restructuring to be more appropriate and efficient. Consequently, it is foreseen that any support to Gaza under the MDP4 in relation to services delivery and infrastructure shall be redirected to the newly designed component 6 which focusses on emergency support including recurrent expenditure and cash for work activities. Alternatively, the design of Component 1 may be adjusted, particularly for Gaza municipalities, to provide greater flexibility in addressing their emerging needs. It was also affirmed that while the current MDP4 framework may continue to support Gaza in restoring services (if the situation allows), the extensive needs for reconstruction and capacity building will necessitate alternative funding sources given the significant financing demand resulted from the extensive damages and destructions in Gaza.



- **Post-War Interventions for Gaza: “Emphasis on Service Restoration and Coordinated Recovery”:** Based on MDLF's assessment and consultations with DPs, it has been concluded that the post-conflict situation requires a more robust approach to restoring services than the current MDP4 framework provides. This includes offering emergency support to cover recurrent expenditures and C4W (Cash for Work) activities at the municipal level as a short-term measure. For the medium to long term reconstruction of municipal services and infrastructure, future efforts and plans will need a well-coordinated approach within a multi-sectoral recovery strategy, emphasizing the **"build back better"** and the **build forward better** principles.

In response to a request from the Palestinian Government, MDLF successfully prepared a three - year plan for Gaza Relief & Early Recovery of municipal services. The plan was prepared based on the following:

- o The Interim Damage & Needs Assessment (IRDNA) (conducted by the World Bank, EU, and UN), where MDLF was heavily involved in the process.
- o The circulated institutional assessment template (which identifies critical organizational and capacity-building needs).
- o The municipalities' extensive project proposals and priorities.

The plan was prepared with a clear methodology and work plan over two stages: (Stage 1: Relief 0-12 months) and (Stage 2: Early Recovery 6-36 months) with overlapping of 6 months between the two stages. The concept note was shared with MOPIC through MOLG and considered a building block in the overall national plan for Gaza Recovery and Reconstruction Plan.

#### **West Bank Operations**

- **Challenges Facing West Bank Municipalities:** West Bank municipalities, meanwhile, have been affected by severe Israeli violations and settlers violence, along with restrictions on movement and blockade. These challenges have led to delays in some projects, with certain activities postponed and others required review or amendments. Furthermore, field visits to the potential projects have been negatively affected due to the Israeli invasions in the West Bank and the increasing number of Israeli military checkpoints. Thus, the operational plans for MDLF projects in the West bank were revisited and amended accordingly.
- The performance ranking criteria is the core element of the MDP4. However, due to the adverse effects of the prolonged war on Gaza and its consequences on the West Bank municipalities, it appears that these municipalities may struggle to meet the financial indicators required for graduation on the performance ladder. Consequently, the MDP4 results and intended targets have been reassessed and adjusted to better align with the current situation.
- **Area “C” programme:** Area “C” programme was also affected by the political instability. Field visits by the MDLF team and LTCs have been extremely challenging due to settler violence and the Israeli blockade on Area “C” regions. Additionally, some projects in Area “C” have received stop-work and demolition orders.



## Executive Summary 2024

This annual report reflects the progress MDLF has made during the year 2024 to fulfill its strategic priorities. A number of project activities have been acquired or finished, and considerable implementation progress has been made. On the other hand, the year 2024 witnessed the worst Israeli aggression on Gaza Strip and the West Bank. The Israeli aggression has led to severe risks and challenges concerning the disruption of plans and the destruction of realized projects. Remedial action is being considered, and plans for future support to the municipalities in West Bank and Gaza have been formulated.

Significant physical damage was inflicted across Gaza, causing heavy damage to municipal facilities, including many projects implemented by MDLF. Local Government Units in the West Bank face significant challenges due to the country's political instability, leaving them vulnerable and unable to deliver essential services effectively. Economic and political pressures have severely constrained municipal authorities' ability to maintain basic services, and the recent conflict has further intensified these challenges, likely delaying the overall recovery timeline.

### The Implementation of Municipal Development Program-phase 4 – (RMSP)

Regarding the progress of **component (1) for Municipal Performance and Services Delivery**, a total of 173 sub-project proposals were submitted by 134 municipalities in the West Bank. Analysis of these proposals reveals that 65% of the West Bank allocation will be invested in the roads sector, making it the highest priority. The second priority is the service equipment with 8% of the total allocation. Solid waste and public facilities constitute 7% of the budget respectively. Other sectors include water at 6%, and Electricity at 3%. In contrast, solar energy and wastewater sub-projects have the smallest allocation shares, at 2% respectively.

In terms of status, **31%** of the total sub-projects are completed and **37%** are ongoing. Together they constitute **68% of the total number of projects**. They also represent more than half of the total allocated budget **15,385, 043 (67%)**. The remaining projects are in the stages of tendering, evaluation or appraisal. **The implementation is on track and progressing as scheduled and anticipated to be completed by end of 2025.**

**The progress of sub-component (2.a): “On Demand Capacity Building for Municipalities has also witnessed some progress:** MDLF has informed municipalities about the capacity packages they will receive under the first cycle of the MDP4 and has started the required contracting for the most pressing packages. Municipalities have signed the GIAs with MDLF and have started the implementation of certain packages accordingly. On the other hand, MoLG has nominated 4 village councils to be upgraded to become municipalities. MDLF plans to enhance the performance of the newly formed municipalities through capacity building packages to fulfill the requirements needed to be eligible for MDP4 cycle 2 grants.

**Additionally, the progress on sub-component 2.b, namely, “Policy and Institutional Development Support for PA institutions” has witnessed some progress for LG sector and policy reforms**, focusing on the intergovernmental fiscal transfers (IGFT), property tax, transportation fees, and profession fees, despite financial challenges. A national team is collaborating with international partners to advance IGFT development, while efforts to improve transparency and fairness in transportation fee allocations are ongoing. Property tax collection has been expanded to 88 municipalities, but a proposal to allocate all revenues to them faces resistance from the Ministry of Finance. Additionally, NIS 80 million in profession fees was approved for LGUs but remains frozen due to the financial crisis.



**The Component (3): Competitive Grants for Natural hazard and Climate Change Resilience:** MDLF has successfully completed the mobilization phase for this component, which includes two sub-components: one financed by Enabel and the other supported by AFD, WB, MDTF, and Denmark (DRO). The progress for this component can be summarized as follows:

- **Contribution of Enabel under Green West Bank Portfolio:** MDLF has made significant progress in implementing Enabel's contribution to MDP4, successfully completing the installation of PV solar systems and upgrading street lighting in the northern and southern clusters. Additionally, essential equipment for solid waste management, including garbage and maintenance vehicles, has been procured for five JSCs. In December 2024, the steering committee approved the expansion of energy efficiency and renewable energy initiatives as urgent support for conflict-affected municipalities and decided to strategically reallocate funds towards green public spaces. Plans for training, promotional activities, and project implementation are scheduled for 2025, ensuring sustained progress.
- **Contribution of AFD, WB, MDTF, and Denmark (DRO):** A secondary urban risk assessment has been completed through reviewing 15 resilience plans from MDP3 along with other primary risk studies. This assessment resulted in a long list of potential climate change mitigation and adaptation projects for competitive selection. The list, along with the assessment report and eligibility criteria, has been shared with development partners. A total of 30 projects have been shortlisted for the secondary selection process. Application forms with integrated scoring criteria have been distributed to targeted municipalities, with the appraisal and scoring of projects expected to be finalized by the end of Q2 2025.

**The Component (6): Emergency O&M Support to Participating Municipalities:** This component will be implemented within the framework of the parent program (MDP4). The proposed short-term support intervention is a highly responsive measure to the dire needs of the municipalities in the West Bank and Gaza Strip, whose fiscal situation was already deteriorating prior to the war, where the debt is now anticipated to worsen due to a potential reduction in local revenues. It is crucial to stress that the labor-intensive projects for operation and maintenance are also a responsive measure to generate much-needed job opportunities to restore essential services and help improve the rapidly declining socioeconomic conditions.

After determining municipalities allocations, a total of **402 sub-project proposals** were submitted by 138 municipalities in the West Bank with a total allocation of **29,189,869**. Analysis of these projects reveals that 342 projects are classified as "recurrent expenditure" with a total allocation of **EUR 25,934,679** representing **88%** of the total allocation and 60 projects are classified as **Emergency labor-intensive O&M of municipal services** with a total allocation of **EUR 3,255,190** representing **12%** of the total allocation.

Quick analysis of the projects reveal that municipalities prioritize covering their recurrent expenditure to sustain basic operating services and to partially compensate for potential decline of revenues given the severe funding constraints facing municipalities resulted from the bad economic crisis.

The implementation of this component is progressing with **30 sub-projects are completed and 278 are undergoing, both constitutes around 62% of the total no. of sub-projects with total allocation EUR 25,086,898 amounting around 86% of the total entire allocation for West Bank municipalities.**



### The Implementation of Area C Development Programmed in the West Bank

- The implementation of the **“Area “C” Development Programme Package V – jointly funded by Denmark and the EU** had resulted in a positive impact on the living conditions of the lesser-served residents living in area “C” of the West Bank. The implementation of the Area “C” Development Programme Package V has been completed with the completion of 15 projects, and one project suspended.
- On the other hand, the other package funded by the AFD through the EU is **Area “C” Development programme Package VI** with a total budget of (Euro 2,000,000) has witnessed major challenges and delays. The major delays were caused by the measures imposed by the Israeli Authorities including the Stop Working or Demolition Orders against three out of four sub-projects.

Under this political context which is beyond the control of the PA and MDLF at the operational level, this entire package has been assessed at critical risk and its intended objectives are unlikely to be achieved. The **only project** which is progressing with no major challenges is the Construction of Secondary Boys School in Haris. The project was successfully completed and is currently functional for the 2<sup>nd</sup> educational calendar year 2024/2025.

The implementation period of this package and its entire budget was amended with the implementation period extended for additional 18 months based on the addendum signed on 17<sup>th</sup> December 2024. The implementation period has become a total of 48 months ending on Feb, 2026.

- **The second phase of the Area C Support programme, funded by the SDC, has made notable progress despite facing some unforeseen delays.** These delays are primarily due to technical issues, including a lengthy approval process from line ministries, and the impact of Israeli actions in the West Bank and Gaza. To mitigate these setbacks, the agreement between MDLF and SDC has been extended by 18 months, ending in June 2026. It is worth noting that the ongoing Israeli blockade, being in place since October 7<sup>th</sup>, 2023, has further hindered the project implementation, with verbal stop-work orders issued for three sub-projects: **i) an elementary school in Jit village, ii) road rehabilitation in Isla, and iii) the Qalandia playground construction.** Despite these obstacles, MDLF successfully completed the Isla road rehabilitation and Qalandia playground projects. The Jit school construction has been resumed after being relocated to a less risky site, following an agreement between MOLG, MDLF, the LGU, and SDC. In total, MDLF has completed **9 sub-projects**, with **2 partially completed, 1 ongoing, and 1 still in the initial identification phase.**
- **Regarding Area C Development Programme – Package VII:** During the reporting period, MDLF completed the preparation of the new Area C Development Programme – Package VII with total financing of EUR 7.6 million. Fourteen (14) projects in fourteen (14) localities will be implemented, of which twelve (12) will be financed jointly by the EU and (BMZ via KfW through the EU); and the other two projects will be financed by Denmark. Those localities and projects were selected based on the criteria which was approved by the Steering committee on November 23<sup>th</sup>, 2023. The specific objectives (outcomes) of the programme are composed of two folds (i) to improve access to essential and public infrastructure services in Area C and; (ii) to strengthen the capacity of the targeted LGUs to deliver and sustain essential social and public services in Area C. The agreement was signed and the implementation has started with two projects awarded and 12 are under design stage.



## Outreach and Communication

Ensuring effective communication and extensive visibility of projects has remained one of the top priorities for the Municipal Development and Lending Fund (MDLF) in 2024. In continuation of our commitment to this objective, we have successfully executed a range of activities throughout the year. This section highlights the key communication and outreach efforts undertaken by MDLF to engage our stakeholders, promote transparency, and share the impact of our projects.

### Online Communication and Social Media

Throughout 2024, MDLF has maintained a robust and dynamic presence on social media platforms, particularly Facebook and Twitter. Our social media content has been consistently updated to foster meaningful engagement with our target audiences on various topics related to our project activities. We have shared success stories, before-and-after project transformations, and updates on ongoing initiatives to keep our followers well-informed.

MDLF's Facebook page has experienced significant growth, with an increase in followers and engagement over the course of the year. We have seen a steady rise in visits to the page, reflecting heightened interest and active participation from our community, as evidenced by increased page views and extended visit durations.

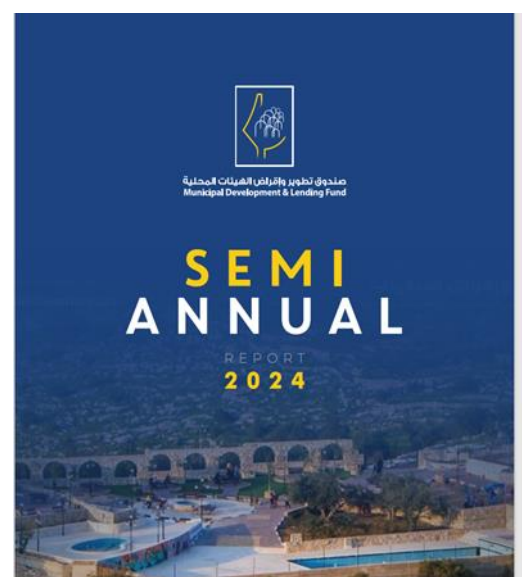
In addition to regular posts, we have addressed over 15,000 questions through our Facebook account, showcasing our commitment to transparency and community interaction. Our proactive approach to responding to inquiries and feedback has strengthened our relationship with the community and further demonstrated our dedication to effective communication.

Furthermore, we have developed a variety of original visual content, including factsheets, web visuals, social media illustrations, animations, and interactive pieces. These formats have effectively conveyed key project information, ensuring that our updates and success stories resonate with our audience. The positive feedback received from the public is a testament to the impact and success of our initiatives, reinforcing the importance of our communication efforts in shaping public perception and engagement with MDLF projects.

### Publications and Printed Material

In line with our commitment to transparency, MDLF issued several publications and printed materials during the year 2024. A key highlight was the release of the *SEMI Annual Report 2024*, which showcased the remarkable achievements and impact of our projects. The report was designed in line with our standard branding identity to maintain consistency across our communications.

Additionally, MDLF produced a series of fact sheets for different projects, providing concise and informative summaries of their objectives, outcomes, and benefits to the communities. These publications have been essential tools for informing stakeholders about the progress of our initiatives.



### **TV and Radio Interviews**

Visual and audio storytelling have been integral parts of our communication strategy. To provide deeper insights into our projects and their impact, MDLF participated in numerous TV and radio interviews throughout 2024. These media engagements documented project activities, showcased successful pilot clusters, and highlighted before-and-after project transformations.

Our content was effectively distributed through multiple channels, including our website, YouTube, and Facebook. Furthermore, MDLF utilized social media platforms to feature stories related to our activities, further enhancing the reach and impact of our media content.



### **Press Releases and Media Relations**

Maintaining strong media relations has been crucial in disseminating information about MDLF's initiatives. Throughout 2024, we continued to issue numerous press releases to inform the public and media about significant events, workshops, and training activities. Our press releases garnered extensive coverage in daily newspapers and other media outlets at both national and regional levels. Each release was subsequently shared across our social media channels, ensuring broader visibility and engagement, and amplifying the reach of our communication efforts.

### **Inauguration and Signing Agreements**

MDLF has continued to prioritize the establishment of direct linkages and the fostering of communication channels with our beneficiaries and stakeholders throughout 2024. We have engaged in numerous meetings, workshops, and signing agreements aimed at strengthening our partnerships. These collaborations involved government officials, donor institutions, local municipalities, and other key stakeholders, reaffirming our collective commitment to driving positive change and enhancing the quality of life for citizens across the region.





### Inauguration of Ein Qinya Village Council Building and Health Clinic

In 2024, Palestinian Minister of Local Government Dr. Sami Hajjawi, alongside the Republic of Cyprus Minister of Foreign Affairs, Constantinos Kombos, inaugurated the Ein Qinya Village Council Premises and Health Clinic. This important project, valued at nearly one million shekels, was funded by the Cyprus government and implemented by the Municipal Development and Lending Fund (MDLF).



The initiative aims to provide improved access to essential local governance services and quality healthcare to the residents of Ein Qinya and its visitors. The inauguration ceremony, attended by representatives from Cyprus, MDLF, and local officials, underscores the strong partnership between Palestine and Cyprus in fostering sustainable development and enhancing community resilience.

### Partnership Between Palestinian Authority and Germany: (€23 Million Support for Local Development)

The Palestinian Authority (PA), in collaboration with the Federal Republic of Germany, signed three key agreements valued at €23 million to bolster local development and improve services for Palestinian citizens. These agreements, implemented through the Municipal Development and Lending Fund (MDLF), underscore the enduring partnership between the two nations. The fund will be distributed across the following:



- **Municipal Development Program – Phase IV (MDP4):** A €12 million contribution from Germany – BMZ through the KFW will fund Cycle II of the program, increasing Germany's total contribution to €45 million, which now represents 32% of the program's overall value. **Additionally, €5 million from the German FFO through the KFW** will be allocated to address the urgent financial needs of municipalities, enabling them to sustain essential services and offer temporary job opportunities especially during this critical time as they face significant financial challenges after the events of October 7<sup>th</sup>
- **Village Councils Support Program:** A €6 million allocation will target 30 village councils with populations exceeding 4,000, aiming to enhance service delivery and support development in rural areas. These agreements highlight Germany's continued commitment to sustainable local governance and improving the quality of life for Palestinian citizens. The MDLF will manage the implementation of these initiatives, ensuring they meet the diverse needs of municipalities and rural councils across Palestine.



### **Seventh Package of Area C Program Signed, Worth €6 Million, Implemented by MDLF**

In Ramallah, Prime Minister Dr. Mohammad Mustafa attended the signing ceremony for the seventh package of the Area C Program, valued at €6 million. This initiative, funded by the European Union and Germany through the German Development Bank, will be implemented by the Municipal Development and Lending Fund (MDLF).



The package is set to support 12 communities across the West Bank, benefiting approximately 33,000 residents. It aims to improve public services and infrastructure in Area C, a critical area for the development and future of a Palestinian state.

Minister of Local Government, Dr. Sami Hajjawi, expressed gratitude for the continued support, while EU Representative Alexander Stutzmann and German Representative Oliver Ovtcha emphasized the significance of this aid in bolstering Palestinian presence and development in the region.

### **Signing of \$33 Million Agreement to Support Palestinian Municipalities**

Under the auspices of Prime Minister Dr. Mohammad Mustafa, a significant agreement was signed in Ramallah, securing \$33 million in funding from the World Bank (\$15 million), the Multi-Donor Trust Fund (\$7 million), and the AFD - Agence Française de Développement (EUR 10 million) to support Palestinian municipalities. This funding, part of the Municipal Development Program Phase 4, is crucial in addressing pressing economic challenges.



### **Receiving Delegation: Strengthening Partnerships for Local Development**

#### **High-Level German Delegation Visit to MDLF**

The Municipal Development and Lending Fund (MDLF) had the honor of hosting a high-level German delegation led by Ms. Deike Potzel, Director-General of the German Ministry of Foreign Affairs and Special Envoy for Humanitarian Aid. The meeting centered around strengthening cooperation to support Palestinian municipalities, particularly in the areas of local development and the provision of essential services under challenging conditions. During the visit, Ms. Potzel praised MDLF's ongoing efforts and reaffirmed Germany's continued commitment to supporting sustainable development in Palestine.





### Meeting on Local Governance Sector Reform and Financial Sustainability

A meeting was held at the Municipal Development and Lending Fund (MDLF) headquarters in Ramallah, with the participation of the Minister of Local Government and the Minister of Planning and International Cooperation. The meeting focused on discussing proposals for the local governance sector reform agenda, including studies prepared by the World Bank that analyzed the root causes of rising local authority debt ("net lending"), assessed the local authority functions system, and reviewed the intergovernmental financial transfer system. The Minister of Planning and International Cooperation praised MDLF's role in strengthening local authorities and emphasized the government's intention to enhance the Fund's capacity, particularly in activating its lending function to support local authorities' financial sustainability. The meeting also outlined next steps for the Ministry of Local Government, forming the basis for discussions in the government committee tasked with reforming the sector.



### Municipal Development and Lending Fund Honors SDC Deputy Director:



Mohammad Al Ramahi, Director General of MDLF, honored Mr. Thomas Jenatsch, Deputy Director of Cooperation at the Swiss Agency for Development and Cooperation (SDC), on the completion of his mission in Palestine. Al Ramahi praised Jenatsch's efforts in facilitating developmental projects and supporting the local governance sector in Palestine. Jenatsch expressed appreciation for the positive and constructive bilateral relations, affirming continued Swiss support.

### MDLF Participates in the World Urban Forum in Cairo

The Municipal Development and Lending Fund (MDLF) participated in the World Urban Forum held in Cairo, Egypt. This prestigious event offered a platform for discussing pressing urban issues and exploring innovative solutions for developing cities and local communities. Through its participation, MDLF aimed to strengthen collaborations and exchange valuable expertise with international partners, further enhancing its capacity to support sustainable urban development in Palestine.





## MDLF Hosts French Delegation to Strengthen Partnership on Local Governance and Development

Mohammad Al-Ramahi, Director General of the Municipal Development and Lending Fund, welcomed a distinguished French delegation led by Yves Guicquéro, the Regional Director of the French Development Agency for the Middle East. Al-Ramahi highlighted the strong partnership that has developed over 15 years, focusing on support for local governance and development projects, particularly through the Municipal Development Program (MDP), which empowers municipalities to improve their services and better meet community needs. Guicquéro emphasized the agency's commitment to enhancing the quality of life in local communities through sustainable development initiatives, including infrastructure improvements, economic growth, and better public services.



## Workshop on Challenges Facing Municipalities and Proposed Solutions

On October 16, 2024, the Ministry of Local Government, in partnership with the Palestinian Federation of Local Authorities and the Local Government Development and Lending Fund (MDLF), held a strategic workshop in Ramallah to address the key challenges facing municipalities and discuss potential solutions. The workshop was attended by several high-ranking officials, including Minister of Local Government Dr. Sami Hajjawi, Minister of Interior General Ziad Habreish, Minister of Planning and International Cooperation Dr. Wael Zaqout, Minister of Tourism and Antiquities Hani Hayek, and MDLF Director General Mohammad Al-Ramahi.



The discussions centered on financial and administrative challenges municipalities are currently facing, particularly regarding the allocation of additional financial support to strengthen their roles in delivering essential services. Participants emphasized the importance of enhancing the municipalities' capacity to continue their critical functions despite the ongoing challenges. At the conclusion of the workshop, it was agreed that collaborative efforts would be undertaken to address issues such as municipal debts, outstanding dues, and the safeguarding of public assets. Recommendations from the session will be submitted to the Cabinet for further action and implementation.



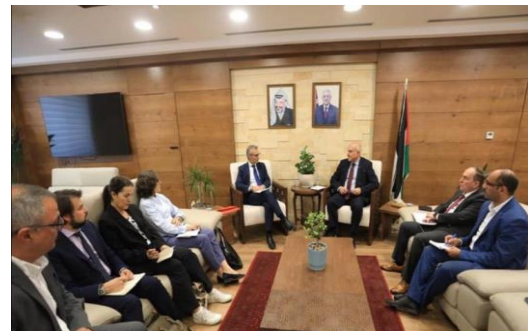
#### Meeting with British Delegation:

Mohammad Al Ramahi, Director General of MDLF, participated in a meeting where Minister of Local Government Dr. Sami Hajawi outlined plans to enhance local government revenues and ensure financial sustainability. The meeting, attended by a British delegation and the British Consul General in Jerusalem, focused on partnerships with the private sector and financial challenges.

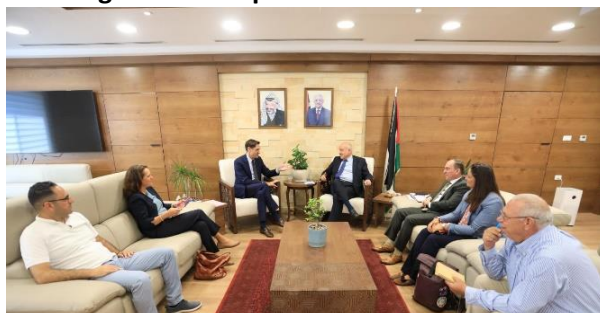


#### Meeting with French Development Agency (AFD):

The Minister of Local Government, Dr. Sami Hajawi, received a high-level French delegation from the French Development Agency (AFD) in Ramallah, led by Cyril Belier, along with the presence of Mohammad Al-Ramahi, Director General of MDLF. The discussion focused on French support for rural development projects and the fourth phase of the Municipal Development Program (MDP IV).



#### Meeting with EU Representative:



Dr. Sami Hajawi, Minister of Local Government, briefed the EU representative in Palestine, Alexander Stutzmann, on the challenges facing the local governance sector. The meeting, held at the ministry's headquarters in Ramallah, highlighted issues such as the Israeli occupation's practices and the destruction of infrastructure.

#### Ceremony for New Minister of Local Government:



Dr. Sami Hajawi officially assumed his role as the new Minister of Local Government, succeeding Eng. Majdi Al-Saleh. During the handover ceremony, Mohammad Al-Ramahi presented a commemorative shield to the outgoing minister in appreciation of his efforts and achievements.



### 🚩 Stakeholder Engagement in Project Design:

As part of the Municipal Development Program Phase 4, municipalities began disclosing projects and implementing stakeholder engagement plans to involve "stakeholders and marginalized groups" in designing and preparing environmental and social plans for infrastructure projects.



### 🚩 Visit from Belgian Consul General:

Wilfried Pfeffer, Belgian Consul General in Jerusalem, visited MDLF to discuss cooperation and support for Municipalities. Pfeffer affirmed Belgium's commitment to supporting local governance and commended MDLF's efforts.



### 🚩 Monitoring Visit by Cypriot Delegation:

Ambassador Dr. Demetris Assos from Cyprus and Mr. Mohammed Al Ramahi conducted a monitoring visit to assess the progress of the local council project in Ain Quenia. The project, funded by the Cypriot government through MDLF, focuses on constructing a multi-purpose building for the local council.



### 🚩 Opening of Three New Public Spaces in Qalqilya Governorate



In collaboration with the Ministry of Local Government, local authorities, and community representatives, the UN-Habitat Program in Palestine inaugurated three new public spaces in Hajja, Jayyous, and Azzun in Qalqilya Governorate. This initiative was implemented in partnership with the Municipal Development and Lending Fund, the World Food Programme, the Palestinian Agricultural Relief Committees, and funded by the Swiss Agency for Development and Cooperation.

These new public spaces are designed to be safe and inclusive areas that meet the needs of all community members, contributing to social cohesion and the well-being of residents in local communities and the governorate. The project is part of the "Enhancing Local Authorities' Capacities in Area C of the West Bank: Regional Planning and Joint Zoning Committees in Qalqilya Governorate" initiative.



## Institutional Development

### Grants and Project Management Information System

The MDLF Grants and Project Management Information System is a tool that will be utilized by MDLF to enhance its efficiency and effectiveness. By using the power of MIS, MDLF can track, manage, and analyze its projects, grants, and financial transactions. Therefore, the data-driven information obtained from the MIS can enable MDLF to make wise decisions.



In 2023, the Software Requirement Specifications (SRS) was prepared, verified and approved by MDLF management. Based on the developed SRS, a software company was contracted during the 2<sup>nd</sup> half of 2023 to develop the system including different modules for each department.

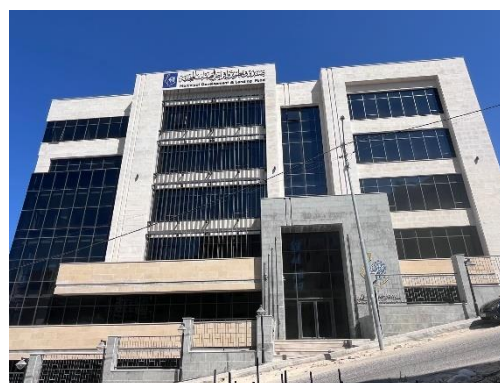
In November 2024, the software development was completed and made available for MDLF departments. All departments were introduced and trained during development. A pilot test with 25 LGUs ensured proper information flow between LGUs and MDLF. These LGUs were trained, and their user information and setup data were prepared to facilitate further training. After the successful pilot test, the software received final acceptance in December 2024 and was deployed at MDLF premises.

In 2025, the plan is as follows:

- 1) Distribute the user information to all LGU's and facilitate workshop sessions for further training that is essential for data entry.
- 2) Follow up with the software provider in the upcoming maintenance period to resolve any bugs, problems and system regular follow up.
- 3) MDLF departments will fill out the central level projects starting from the **Agreements/Programs/Windows/Components/Projects** of MDP4.
- 4) MDLF will go through the project life cycle during 2025.

### Finishing MDLF Headquarter building.

The construction of the MDLF building was finished and handed over in 2024. The new building is a significant achievement that contributes to improving the MDLF's staff working environment and the organization's sustainability. It is expected to officially move all operations beginning of 2025.



## SECTION TWO: MDLF PROGRAMS AND PROJECTS





## 1. Municipal Development Program Phase IV

### 1.1 MDP IV Description

#### A. PDO

To strengthen municipal capacity to deliver accountable, sustainable, inclusive and resilient services to the municipal population in the West Bank and Gaza.

#### B. PDO Level Indicators

The achievement of the Project Development Objective (PDO) will be measured against the following proposed key results:

| PDO Result Area                          | Indicators                                                                                                                                                                                                                                                     |
|------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Greater municipal capacity               | 1. Municipalities that graduate up the performance category in which they are currently classified (Number)                                                                                                                                                    |
| Greater municipal accountability         | 2. Beneficiaries satisfied with the services provided under the project (Percentage)                                                                                                                                                                           |
| Greater municipal service sustainability | 3. Direct beneficiaries of activities under Component 1 "Performance Based Service Delivery Grant" and Component 3 "Competitive Grants for Natural hazard and Climate Change Resilience". (Number)<br>4. Operations Manual for the IGFT finalized and approved |
| Greater resilience to disasters          | 5. Number of subprojects completed that address natural hazard and climate change risks (Number)                                                                                                                                                               |

#### C. Project Beneficiaries

The participants of the project are all municipalities in the West Bank and Gaza. The beneficiaries are the populations in all of the municipalities, which is estimated to 3, 611,649<sup>7</sup> represent 75% of the total population of West Bank and Gaza<sup>1</sup>.

#### D. Project Components

##### Component 1: Performance Based Service Delivery Grant

This sub-component will cover all municipalities in the WB&G. Bi-annual allocation for municipalities will be distributed to municipalities to be utilized for municipal infrastructure and service delivery. The bi annual allocation will be split into: (basic block grant and performance-based grants). Through this component the program will provide participating municipalities with the Performance-Based Grant (PBG) financing that will be used to finance infrastructure sub-projects in the following sectors: road rehabilitation , public facilities, water and wastewater services, electricity and energy projects, and solid wastes management, taking into consideration a negative list which considers high social and environmental risk projects, in accordance with project Environmental and Social Framework (ESF) requirements. The specific infrastructure sub-projects will be selected from the municipality Strategic Development and Implementation Plans (SDIPs).

Like MDPI and MDPII and MDPIII, municipal performance will be measured through Key Performance Indicators (KPIs) focusing on financial sustainability, good governance, integrated planning, and inclusion of vulnerable groups. The eligible sector under this sub-component are those stated in the LGUs law # 1 for 1997.

##### Component 2: Sector Policy and Institutional Development

This component, implemented by MDLF, is designed to reinforce, and complement MDP other components with targeted technical assistance (TA), policy guidance, and capacity development for

<sup>7</sup> Based on Palestinian Central Bureau of Statistics predicted populations for 2016.



municipalities and other various public agencies at the national level. Its primary aim is to increase the capacities of municipalities to be able to provide better services for their citizens. Additionally, MDP4 will aim at increasing transparency and accountability in administering the intergovernmental fiscal system; develop ways and means of improving local government revenues (including fiscal transfers and own-source revenues); and provide on-demand technical support to participating municipalities seeking to meet performance criteria or improve their resilience and climate change related planning and implementation efforts. This component consists of the following sub-components:

**A) Sub-component 2.a: On-demand Capacity Development Support for Municipalities**

This sub-component of the project would continue to strengthen municipal capacity in financial management, planning, operation and maintenance, social accountability and credit worthiness. Specific attention will be paid to weak municipalities through customized capacity building packages. Adding to that, this component includes technical assistance to enhance preparedness of municipalities to respond to disasters and shocks and strengthen resilience at the local level. Municipal capacity development activities will continue to be identified by municipalities and MDLF and the identification of CB packages per municipalities will be subject to well defined criteria taking into consideration the lessons learnt from the impact evaluation of CB which was conducted in 2021. The performance measuring system will be applied to identify relevant capacity building activities to the municipalities, which will be delivered to improve capacity and sustain results achieved.

**B) Sub-component 2.b: Policy and Institutional Development Support for PA institutions**

This sub-component will support MDLF for institutional development in general and particularly in line with the lending roadmap. Also, it will support the MOLG for specific issues related to reform and policy agenda for local governance development.

**Component 3 (competitive window): *Competitive Grants for Natural hazard and Climate Change Resilience***

In alignment with National Policies 7 and 31 “Responsive Local Government and improving services to citizens” and “Ensuring a Sustainable Environment” of the National Development Plan 2021-2023, the component looks to foster support to municipalities to incentivize local economic development and increase municipal revenue. In the process, municipalities in the long term can contribute to strengthening economic growth, providing improved services to citizens, and reducing net lending/municipal utility debt. Considering the latter, this component looks to support the realization of project investments that address climate adaptation with strong potential to formalize partnerships between local government and the private sector and serve further as an opportunity to create alternative and sustainable revenue sources for already financially strained municipalities. In parallel, this component further seeks to reduce natural hazard related risks in support of the efforts of the Palestinian Authority (PA) to alleviate climate change impacts and reduce all forms of environmental pollution. The component will cover TA as well as offer financing of physical works. Climate change will be integrated along all project’s components. Projects will be selected, designed, and implemented to address climate change, adaptation and mitigation measures.

Under this component a detailed vulnerability assessment for climate change mitigation and adaptation will be conducted and the priorities will be concluded accordingly. Those priorities will be subject to appraisal criteria through a competitive call for proposals. Once the priorities are identified the implementation will be done as component 1. This component consist of the following sub-components:

- **Sub-component 3.1: Natural hazard and climate change risk assessments.**
- **Sub-component 3.2: Natural hazard and climate change adaptation investments.**
- **Sub-component 3.3: Promotion of Green Services and Climate Change Initiatives in Local Governance**



#### **Component 4: Project Implementation Support and Management**

This component will cover the technical assistance to Municipalities in the Design/supervision of the projects under (component 1.a, 1.b and component 3). It also includes the cost for monitoring and evaluation assignments, outreach and communication and the management fees.

#### **Component 5: Contingency Emergency Response**

This component was put under the MDP4 to respond for emergent situations with zero budget to be activated as necessary with no need for restructuring. The activation of this component shall go through a set procedures and operational manual along with emergency action plan to be agreed upon.

**Component 6: Emergency Financing :** This component was designed and added under the MDP4 as a responsive measure to the dire needs of the municipalities in the West Bank and Gaza Strip, whose fiscal situation was already deteriorating prior to the 7<sup>th</sup> October war, where the debt is now anticipated to worsen due to a potential reduction in local revenues.

This component comprises of the two sub-components:

- **Sub-component (6.a)- Recurrent Expenditures:** Given the severe funding constraints facing municipalities resulting from the bad economic crisis, this sub-component will provide support to municipalities to cover part of their non-wages recurrent expenditures.
- **Sub-component (6.b)- Emergency labor-intensive Municipal Services:** this sub-component will provide financial support to municipalities to maintain local services provision through labor-intensive O&M and local infrastructure development activities. In addition to supporting the maintenance and continuity of service provision, this component will facilitate temporary job creation through a cash-for-work (C4W) element, partially addressing the wide-scale unemployment challenge expected to result from the current economic shut-down.

## **1.2 Financing Partners Contributions**

The MDP4 is supported by the Palestinian National Authority along with the Agence Française de Développement (AFD), the Danish International Development Assistance (DANIDA), Enabel, the World Bank, the German Government through (KfW and GIZ), and the Switzerland (through SDC) and the European Union "EU". Table 1 and Chart 1 below illustrate the financial contributions of financing partners for MDP4 and Chart 2 illustrates the financing per component.

**Table 1: MDP4 Financing**

| Financing Partner            | Cycle 1 Agreement  | Cycle 2 Agreement | Additional Financing – emergency Support | Total Financing (EUR) | Percentage  |
|------------------------------|--------------------|-------------------|------------------------------------------|-----------------------|-------------|
| German cooperation (via KfW) | 28,000,000         | 12,000,000        | 5,000,000                                | 45,000,000            | 31.5%       |
| Enabel                       | 7,000,000          |                   | 0                                        | 7,000,000             | 4.9%        |
| German cooperation (via GIZ) | 600,000            |                   | 0                                        | 600,000               | 0.4%        |
| SDC                          | 5,100,000          |                   | 2,454,545                                | 7,554,545             | 5.3%        |
| AFD                          | 8,000,000          |                   | 10,000,000                               | 18,000,000            | 12.6%       |
| DRO                          | 14,560,000         |                   | 0                                        | 14,560,000            | 10.2%       |
| PA                           | 9,566,000          |                   | 0                                        | 9,566,000             | 6.7%        |
| WB                           | 14,018,692         |                   | 13,636,364                               | 27,655,056            | 19.4%       |
| MDTF                         | 6,542,056          |                   | 6,363,636                                | 12,905,692            | 9.0%        |
| <b>Total</b>                 | <b>105,386,748</b> |                   | <b>37,454,545</b>                        | <b>142,841,293</b>    | <b>100%</b> |



Chart 1: Distribution of MDP4 Financing Per Doner

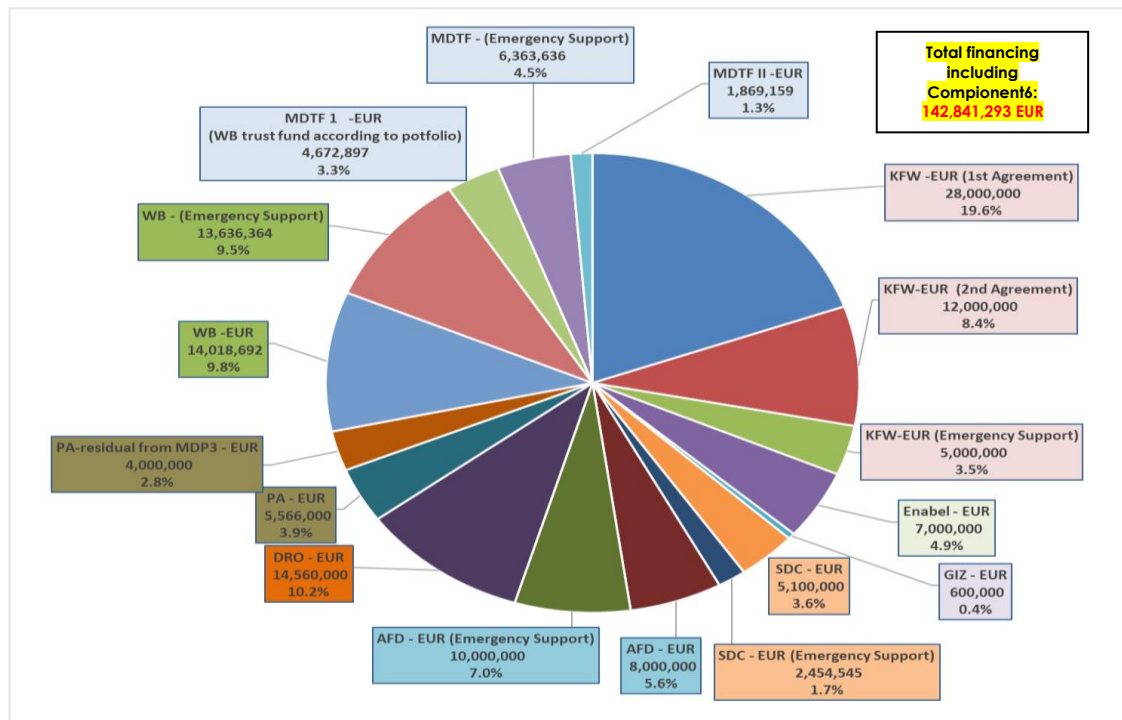
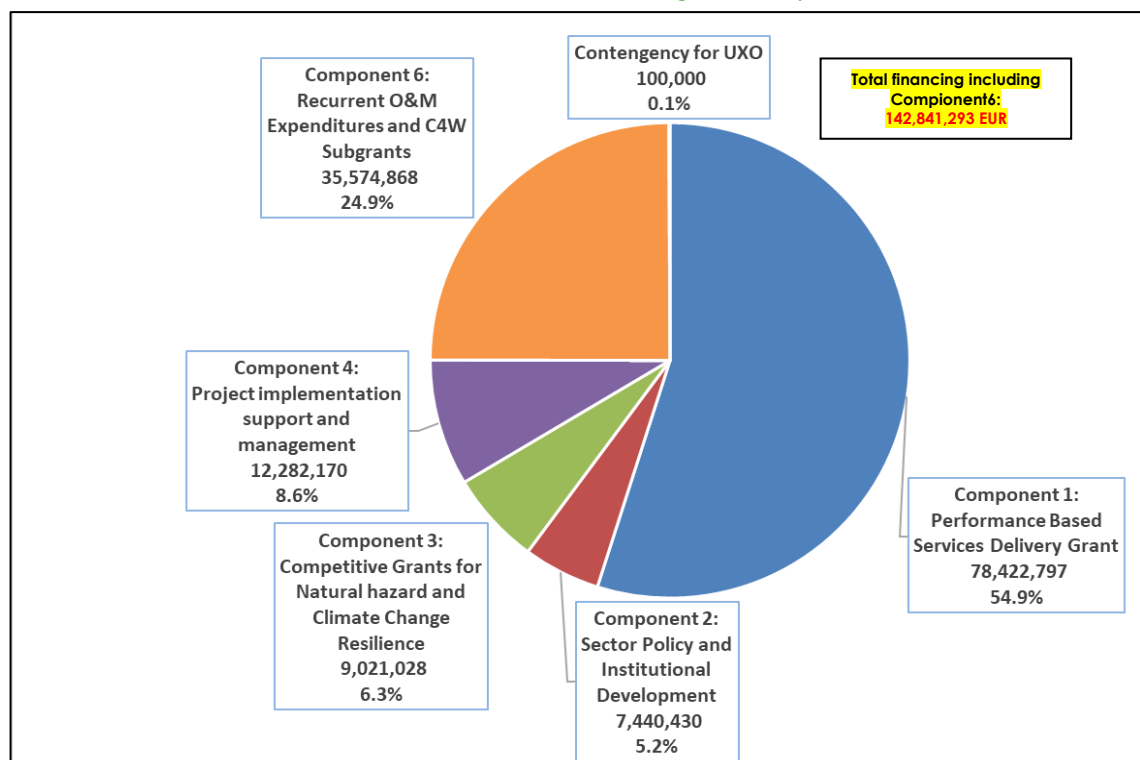


Chart 2: Distribution of MDP4 Financing Per Component





### 1.3 The Grant Allocation Mechanism “GAM”

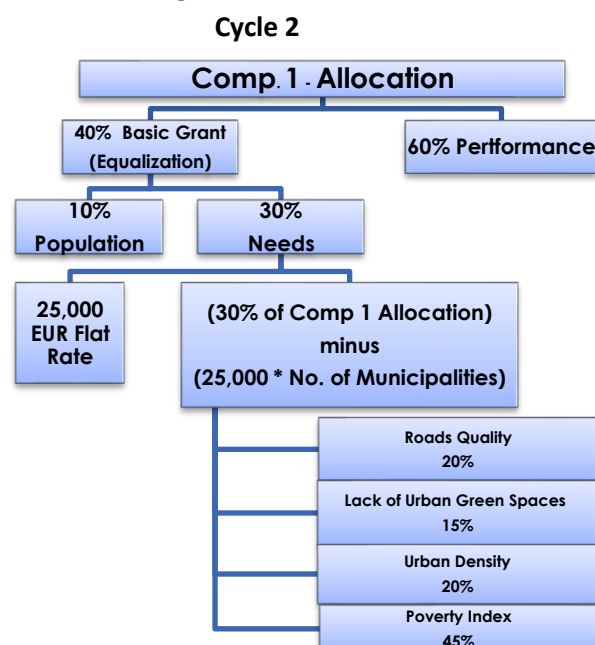
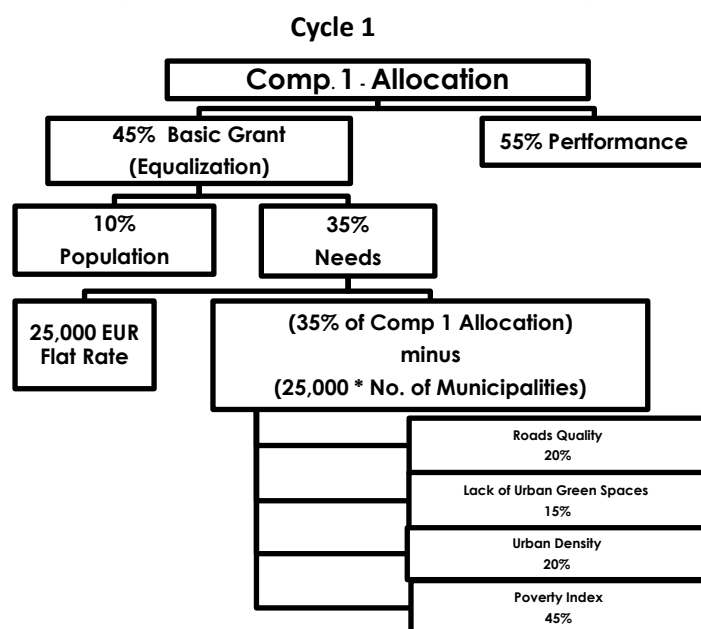
The following Grant Allocation Mechanism (GAM) concept for MDP 4 is based on the revised and updated GAM of MDP 3. The MDLF and the DPs agreed that the allocation formula for MDP 4 will be as follows: The allocated fund under component 1 will be distributed among eligible municipalities based on this criterion.

#### Cycle 1:

- **45% of the total component 1 financing would be allocated for the block grant (less than MDP 3 by 5%):** The block grant will be allocated based on population (10%) and needs (35%). All municipalities will receive block grants, subject to eligibility criteria (minimum conditions). Regarding the needs, it consists of a flat rate of 25.000 EUR (no change compared to MDP 3), and the remaining needs allocation will be distributed based on existing infrastructure and access to services and based on the poverty index as calculated by the PCBS).
- **55% for performance (exceeds MDP 3 by 5%):** but with modified key performance indicators (19 KPIs for MDP4 vs. 21 KPIs for MDP3) and with modification on the graduation ladder.

#### Cycle 2:

- **40% of the total component 1 financing would be allocated for the block grant (less than MDP 3 by 10%):** The block grant will be allocated based on population (10%) and needs (30%). All municipalities will receive block grants, subject to eligibility criteria (minimum conditions). Regarding the needs it consists of a flat rate of 25.000 EUR (no change compared to MDP 3), and the remaining needs allocation will be distributed based on existing infrastructure and access to services and the poverty index as calculated by the PCBS).
- **60% for performance (exceeds MDP 3 by 10%):** but with modified key performance indicators (19 KPIs for MDP4 vs. 21 KPIs for MDP3) and with modification on the graduation ladder



#### Ranking

The KPIs have been prioritized from the most basic to the most sophisticated. The Rank D includes three basic indicators. For Rank C, Rank B and finally Rank A, the indicators covering the areas of municipal performance are more and more challenging. Rank A indicators are the most challenging and reflect best municipal performance.



The graduation of municipalities on the performance ladder requires compliance with the different KPIs of each rank. In total there are 10 ranks of performance from the highest to the lowest level of performance (A++), (A+), (A), (B++), (B+), (B), (C++), (C+), (C), and (D).

It was suggested to maintain in principle the established performance graduation system under MDP3 with slight adjustment to fit with the reduction to 19 KPIs.

**Table2: Performance Graduation**

| D                    | C                                                                                                                                   | B                                                                                                                                                    | A                                                                                                                                                               |
|----------------------|-------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3 KPIs               | 4 KPIs                                                                                                                              | 6 KPIs                                                                                                                                               | 6 KPIs                                                                                                                                                          |
| Compliance of 3 KPIs | C: compliance of 2 out of 4<br>C+: compliance of (3) out of 4<br>C++: compliance of 4 out of 4<br>In addition to the KPIs in rank D | B: compliance of (2) out of 6<br>B+: compliance of (3,4) out of 6<br>B++: compliance of (5,6) out of 6<br>In addition to the KPIs in rank D & rank C | A: compliance of (2) out of 6<br>A+: compliance of (3,4) out of 6<br>A++: compliance of (5,6) out of 5<br>In addition to the KPIs in rank D & rank C and rank B |

Regarding the incentive multipliers, it is suggested to preserve the ratio of performance fund allocation established in the previous MDP 3. The fund allocation is based on a per capita allocation with a specific multiplicator for each Rank.

**Table 3: Fund allocation factors for different performance ranks**

| Criteria                                | RANK | Multiplicator |
|-----------------------------------------|------|---------------|
| Minimum criteria met / not met          |      | 0             |
| RANK D three criteria fulfilled         | D    | 1             |
| RANK C two criteria fulfilled           | C    | 2             |
| RANK C three criteria fulfilled         | C+   | 3             |
| RANK C four criteria fulfilled          | C++  | 4             |
| RANK B two criteria fulfilled           | B    | 5             |
| RANK B three or four criteria fulfilled | B+   | 6             |
| RANK B five or six criteria fulfilled   | B++  | 7             |
| RANK A two criteria fulfilled           | A    | 8             |
| RANK A three or four criteria fulfilled | A+   | 9             |
| RANK A five or six criteria fulfilled   | A++  | 10            |



#### **MDP4-Baseline - Ranking KPI 19**

The results analyzed below are based on data available for the ranking of municipalities under MDP4 baseline ranking assessment, and the PCBS study on municipal infrastructure of 2023.

For the simulation, it was assumed that all 159 municipalities fulfilled the basic eligibility criteria and thus they are eligible for financing. Of those who are eligible, 152 municipalities will receive both basic grants and performance grants as they fulfilled the minimum conditions for performance ranking.



However, 7 municipalities will receive only (basic grants) as they didn't fulfill the minimum KPIs for performance ranking. Chart 3 below shows municipalities ranking based on their compliance with the MDP 4 key performance indicators.

Chart 3: MDP4-Baseline - Ranking KPI 19

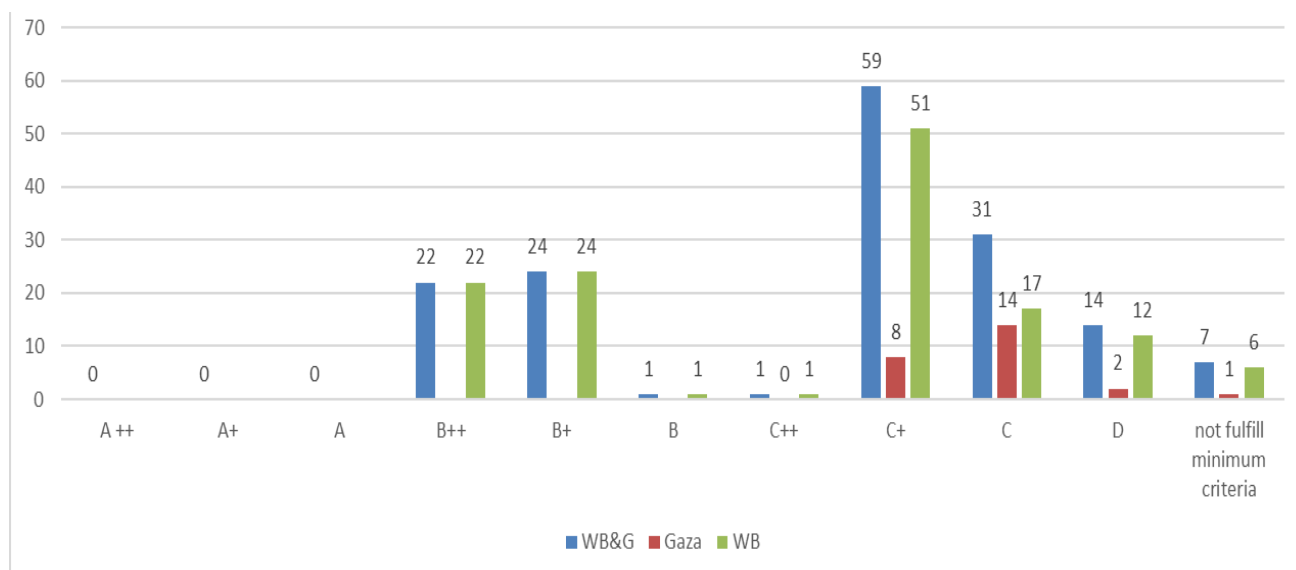


Table 3: KPIs for MDP4

| KPIs – 1 <sup>st</sup> Cycle      | Verification Protocol                                                                                                                 | Performance Areas         | Rank | No of Municipalities complied with KPIs (Baseline Figures) |
|-----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|---------------------------|------|------------------------------------------------------------|
| 1. Cost Accounting Systems Set up | a) LGU is applying a costing method for setting out the needed resources for costing the major services.                              | Institutional Performance | A    | 4                                                          |
|                                   | b) The current system provides the structure of the applied costing method (What expenses are direct and what expenses are indirect). |                           |      |                                                            |
|                                   | c) The current system provides necessary reports for forecasting, planning, and ratios for the last complete FY.                      |                           |      |                                                            |
|                                   | Eligibility Condition: The Adoption of IPSAS (Accrual Accounting) and Fund accounting.                                                |                           |      |                                                            |
| 2. IFMIS implemented              | a) financial position statement generated from the system for the last FY.                                                            | Institutional Performance | A    | 66                                                         |
|                                   | b) financial performance statement generated from the system for the last FY.                                                         |                           |      |                                                            |
|                                   | c) Cash flows statement generated from the system for the last FY.                                                                    |                           |      |                                                            |
|                                   | d) Comparison statement between actual and planned results for the last FY.                                                           |                           |      |                                                            |
|                                   | Eligibility Condition: The Adoption of IPSAS (Accrual Accounting) and Fund accounting.                                                |                           |      |                                                            |



Table 3: KPIs for MDP4

| KPIs – 1 <sup>st</sup> Cycle                                                                                                  | Verification Protocol                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Performance Areas                                                                                                            | Rank | No of Municipalities complied with KPIs (Baseline Figures) |
|-------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|------|------------------------------------------------------------|
| 3. Green Spaces implemented                                                                                                   | a) The municipality has expanded or rehabilitated green spaces (at least 0.1 m <sup>2</sup> per capita in the past two years)<br>b) Availability of public green space of > 0.5 m <sup>2</sup> per capita in West Bank urban municipalities and > 0.3 m <sup>2</sup> per capita in Gaza and West Bank rural municipalities.                                                                                                                                                                                                                    | Services Quality                                                                                                             | A    | 78                                                         |
| 4. LGU's Liquidity.                                                                                                           | a) The calculation for this ratio is Current Ratio (Liquidity) = Current Assets/Current Liabilities.<br>b) 1 < X < 2. A current ratio of "2.00" is considered sufficient; but to be able to provide service to the public and to pay off its debts when they are due, a current ratio of "1.00" is considered a safety limit for the institution's payment capability.<br>c) financial position statement generated from the system for the last FY.<br>Eligibility Condition: The Adoption of IPSAS (Accrual Accounting) and Fund accounting. | Used to evaluate a LGU's ability to pay its short-term obligations, such as accounts payable and wages) Financial Management | A    | 34                                                         |
| 5. At least 10% of the SDIP-identified priorities (in terms of # of projects) serve vulnerable groups and marginalized areas. | a) At least 10% of SDIP's planned projects serve vulnerable communities and groups including PWD's, the elderly, women and girls, and youth as well as the people living in marginalized areas within the boundaries of the municipality.                                                                                                                                                                                                                                                                                                      | Transparency and Accountability                                                                                              | A    | 133                                                        |
| 6. Electronic Services in place and functional                                                                                | a) Up-to-date EMS portal information<br>b) Evidence for functional EMS                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Services Quality, Transparency, and Accountability                                                                           | A    | 31                                                         |
| 7. 10% < X < 15% of the operational expenditure <u>Paid</u> for Maintenance                                                   | a) Paid maintenance expenditure 10% < X < 15% of Paid total operational expenditure in the last complete FY<br>b) The calculation for this ratio is: <u>Paid</u> Maintenance expenditures/ <u>Paid</u> Operating expenditures                                                                                                                                                                                                                                                                                                                  | Service Sustainability                                                                                                       | B    | 43                                                         |
| 8. Operational Surplus achieved                                                                                               | a) Operational revenues exceed operational expenditures for the last FY<br>b) Operational Surplus (margin) = <u>Collected</u> Operational revenues - <u>Paid</u> operational expenditures.                                                                                                                                                                                                                                                                                                                                                     | Financial Management                                                                                                         | B    | 111                                                        |
| 9. LGU's Fiscal Autonomy                                                                                                      | a) The calculation for this ratio is: Own Revenues /Total Revenues<br>b) This ratio must be at least 80% (WB) or 70% (Gaza) in the last complete FY<br>Total revenues <b>do not include</b> grants & the equation will be calculated on the accrual basis                                                                                                                                                                                                                                                                                      | Service Sustainability                                                                                                       | B    | 145                                                        |
| 10. At least two SA tools implemented annually by the municipality and the SA committee                                       | a) Municipal budgets and resource allocation for SA tools.<br>b) Reports related to implemented SA tools                                                                                                                                                                                                                                                                                                                                                                                                                                       | Transparency and Accountability                                                                                              | B    | 106                                                        |



Table 3: KPIs for MDP4

| KPIs – 1 <sup>st</sup> Cycle                                                                                                                                                    | Verification Protocol                                                                                                                                                                                                                                                | Performance Areas                                  | Rank | No of Municipalities complied with KPIs (Baseline Figures) |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|------|------------------------------------------------------------|
| 11. At least Two major SDIP projects take into account adaptation to climate change risk.                                                                                       | Revision of SDIP document and quantification of CC adaptation-related projects                                                                                                                                                                                       | Services Quality, Transparency, and Accountability | B    | 113                                                        |
| 12. Minimum standards for the Grievance Redress Mechanism are met.                                                                                                              | a) Municipalities have a clear and known procedure for categorization by types of grievances, their classification (Suggestion, Comment, Inquiry, and Complaint), their handling with time frames (at each level); and clarity on the types of process and outcomes. | Transparency and Accountability                    | B    | 134                                                        |
|                                                                                                                                                                                 | b) Reports in place regarding statistics related to the complaints with proven evidence of response.                                                                                                                                                                 |                                                    |      |                                                            |
| 13. Unqualified audit opinion from annual external audit executed according to standard ToR of MOLG and audit findings from the previous year (if any) are addressed adequately | a) Audit report satisfactory concerning items listed in the manual and ToR.                                                                                                                                                                                          | Institutional Performance                          | C    | 130                                                        |
|                                                                                                                                                                                 | b) The audit follows up on previous management letters and the municipality has addressed issues raised adequately                                                                                                                                                   |                                                    |      |                                                            |
| 14. Audit opinion disclosed to citizens and stakeholders by foreseen means                                                                                                      | a) External Audit in the last complete FY                                                                                                                                                                                                                            | Transparency and Accountability                    | C    | 129                                                        |
|                                                                                                                                                                                 | b) Disclosure of audit opinion by foreseen means, such as the LGU website.                                                                                                                                                                                           |                                                    |      |                                                            |
| 15. Staff Costs <40% WB <50% GZ of Operational expenditure                                                                                                                      | a) Total staff expenditure <40% (WB) or <50% (Gaza) of total operational expenditure in the last complete FY.                                                                                                                                                        | Financial Management                               | C    | 102                                                        |
|                                                                                                                                                                                 | b) The calculation for this ratio is:<br><u>Paid</u> Salaries & Wages expense / <u>Paid</u> Operating expense.                                                                                                                                                       |                                                    |      |                                                            |
| 16. No increase in net lending                                                                                                                                                  | a) Revision of water and electricity arrears from MOF records.                                                                                                                                                                                                       | Institutional Performance                          | C    | 89                                                         |
|                                                                                                                                                                                 | b) Review the outstanding liabilities for water and electricity from the financial position statement for the last FY.                                                                                                                                               |                                                    |      |                                                            |
| 17. Fixed asset register in place and regularly updated representing actual values                                                                                              | a) Fixed asset registry set up according to manual                                                                                                                                                                                                                   | Institutional Performance                          | D    | 152                                                        |
|                                                                                                                                                                                 | b) Fixed asset registry has been updated annually                                                                                                                                                                                                                    |                                                    |      |                                                            |
| 18. Executed budget statement for the previous FY submitted to MoLG on time via the foreseen electronic platform.                                                               | a) An executed budget covering the complete fiscal year (January – December) available                                                                                                                                                                               | Institutional Performance                          | D    | 158                                                        |
|                                                                                                                                                                                 | b) The previous year's budget was generated from the Ministry of Local Government portal.                                                                                                                                                                            |                                                    |      |                                                            |
|                                                                                                                                                                                 | c) MoLG informs MDLF                                                                                                                                                                                                                                                 |                                                    |      |                                                            |
| 19. Public disclosure of executed budget and executed SDIP                                                                                                                      | a) Information disclosed in line with public disclosure procedures                                                                                                                                                                                                   | Transparency and Accountability                    | D    | 159                                                        |
|                                                                                                                                                                                 | b) (second cycle) Annual budget plan disclosure done in the readable budget format                                                                                                                                                                                   |                                                    |      |                                                            |



- **Municipalities Allocation (1<sup>st</sup> cycle)**

A total of **EUR 40 million** out of the total allocated fund for component 1 (**78,422,797 EUR**) was allocated to 159 municipalities in WB&G (134 in WB and 25 in Gaza). The allocation was calculated based on the agreed Grant Allocation Mechanism (10% pop, 35% for needs, 55% for Performance). Table 4 below illustrates the total allocation by doner and per WB&G.

**Table 4: Allocation for MDP4 Cycle 1 by Doner**

|                     | German<br>Cooperation<br>KFW -EUR | SDC - EUR | AFD - EUR | DRO -<br>EUR | PA - EUR  | PA-<br>residual<br>from<br>MDP3 -<br>EUR | WB -EUR   | MDTF 1 -<br>EUR<br>(WB trust<br>fund<br>according<br>to<br>portfolio) | MDTF II -<br>EUR | Total (EUR) |
|---------------------|-----------------------------------|-----------|-----------|--------------|-----------|------------------------------------------|-----------|-----------------------------------------------------------------------|------------------|-------------|
| Cycle 1             | 11,400,000                        | 2,121,500 | 6,070,000 | 6,653,767    | 5,176,380 | 3,720,000                                | 1,973,375 | 1,164,504                                                             | 1,720,474        | 40,000,000  |
| Gaza - Cycle 1      | 4,969,213                         | 924,753   | 2,645,488 | -            | 5,176,380 | ,720,000                                 | -         | -                                                                     | -                | 17,435,834  |
| West Bank - Cycle 1 | 6,430,787                         | 1,196,747 | 3,424,512 | 6,653,767    | -         | -                                        | 1,973,375 | 1,164,504                                                             | 1,720,474        | 22,564,166  |

**Special Note:**

The allocation for the municipalities in Gaza strip has been frozen since October 7<sup>th</sup> 2023 where the situation doesn't allow to intervene given the prolonged Israeli war on Gaza. It was agreed with the development partners, that the situation will be assessed later stage to agree on the way forward and how to proceed with different scenarios.

## 1.4 MDP4 - Implementation Status and Activities

### Component (1): Performance Based Service Delivery Grant

#### Preparatory Activities for MDP4

- MDLF conducted the Launching Ceremony for MDP4.
- MDLF informed municipalities about:
  - Their ranking.
  - Their allocation.
- MDLF prepared the Operation Manual for MDP4, which includes:
  - Technical Manual
  - Environmental and Social Risk Management Instruments
  - Grants Allocation Mechanism
  - Monitoring and Evaluation (M&E) Arrangements
  - Financial Manual
  - Procurement Manual



- Capacity Building Manual
- MDLF conducted four orientation workshops for all municipalities:
  - Three workshops in the West Bank and one in Gaza.
  - These workshops familiarized municipal staff with the objectives, components, and requirements of the new program.
  - Attendees included city managers and engineers.
  - The workshops provided detailed explanations on project management and implementation stages, handling bids, filling out infrastructure project applications, Environmental and Social Management Framework (ESMF) materials, and capacity development packages.



### Technical progress

- The procurement process for hiring the LTCs and Environmental and Social (E&S) individual consultants has been completed:
  - New LTCs are onboard to provide technical assistance to municipalities according to the agreed Terms of Reference (TOR). This includes three LTCs in the West Bank.
  - Individual consultants for Environmental and Social aspects have been contracted to support MDLF and municipalities in the screening and appraisal of sub-projects, as well as in supervising social and environmental considerations (West Bank only).
- Technical progress for Component (1) includes the following updates:
  - Application forms from municipalities have been received.
  - MDLF engineers have conducted site visits to potential projects, despite movement restrictions in the West Bank (ongoing process).
  - The road manual has been updated to address climate change considerations.
  - The TOR for ESF training has been approved by donors, and the procurement process for implementing the training is expected to start in September 2024.



Sample of Photos from the Engineers' sites visits to the proposed projects



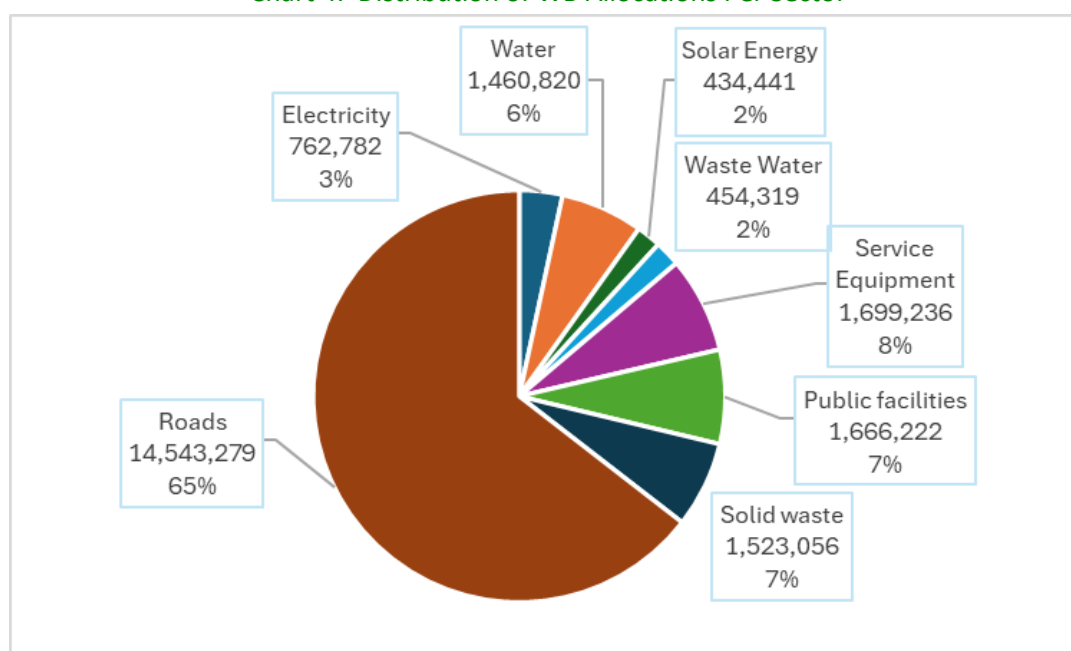
### Analysis of Sub-projects per Sector

A total of 173 sub-project proposals were submitted by 134 municipalities in the West Bank. Analysis of these proposals reveals that 65% of the West Bank allocation will be invested in the roads sector, making it the highest priority. The second priority is the service equipment with 8% of the total allocation. Solid waste and public facilities constitute 7% of the budget respectively. Other sectors include water at 6%, and Electricity at 3%. In contrast, solar energy and wastewater sub-projects have the smallest allocation shares, at 2% respectively.

**Table 5: Distribution of West Bank Allocation Per Sector**

| Sector                                                                                                                                        | No. of Project/Sector | Allocation (EUR)  | % of Total Allocation |
|-----------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-------------------|-----------------------|
| Electricity                                                                                                                                   | 8                     | 762,782           | 3%                    |
| Water                                                                                                                                         | 17                    | 1,460,820         | 6%                    |
| Solar Energy                                                                                                                                  | 6                     | 434,441           | 2%                    |
| Waste Water                                                                                                                                   | 6                     | 454,319           | 2%                    |
| Service Equipment                                                                                                                             | 17                    | 1,699,236         | 8%                    |
| Public facilities                                                                                                                             | 11                    | 1,666,222         | 7%                    |
| Solid waste                                                                                                                                   | 13                    | 1,523,056         | 7%                    |
| Roads                                                                                                                                         | 94                    | 14,543,279        | 65%                   |
| <b>Total</b>                                                                                                                                  | <b>172</b>            | <b>22,544,155</b> | <b>100%</b>           |
| <b>Note: There's an unidentified project for Abu Dees municipality with a total remaining allocation of 20,010. Total becomes: 22,564,165</b> |                       |                   |                       |

**Chart 4: Distribution of WB Allocations Per Sector**





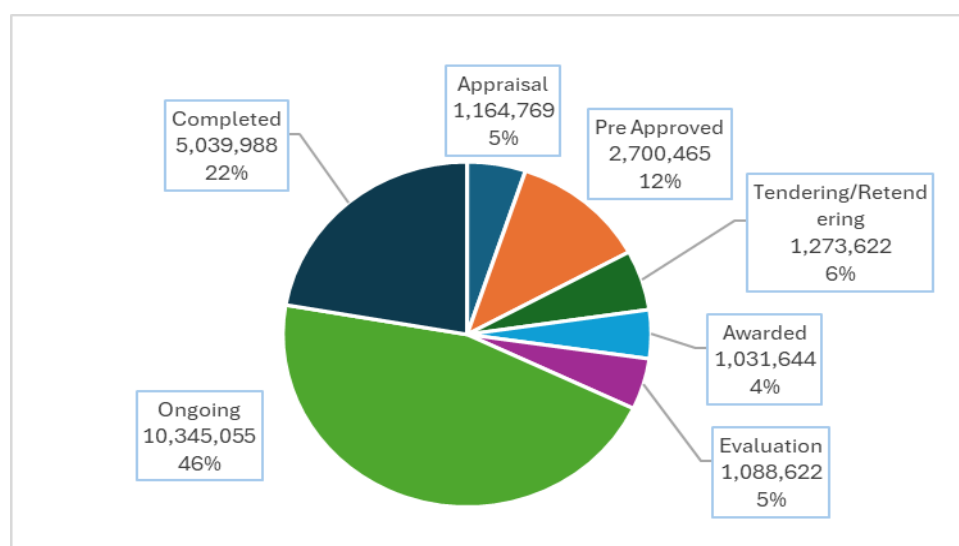
### Projects Status:

Regarding the status of the sub-projects, Table 6 and Chart 5 illustrate the status of the sub-projects.

Table 6: Status of Component 1

| Status                                                             | No. of Sub-projects | Allocation (Euro) | % Total of Allocation |
|--------------------------------------------------------------------|---------------------|-------------------|-----------------------|
| Appraisal (including the new sub-project of Abu Dees municipality) | 5                   | 1,164,769         | 5%                    |
| Pre Approved                                                       | 16                  | 2,700,465         | 12%                   |
| Tendering/Retendering                                              | 13                  | 1,273,622         | 6%                    |
| Awarded                                                            | 10                  | 1,031,644         | 5%                    |
| Evaluation                                                         | 12                  | 1,088,622         | 5%                    |
| Ongoing                                                            | 63                  | 10,345,055        | 46%                   |
| Completed                                                          | 54                  | 5,039,988         | 22%                   |
| <b>Total</b>                                                       | <b>173</b>          | <b>22,544,165</b> | <b>100%</b>           |

Chart 5: Status of MDP4/Cycle 01/West Babk in terms of Allocation



### Overall analysis of sub-projects:

- In terms of No. of sub-projects, **31%** of the total sub-projects are completed and **37%** are ongoing. Together they constitute **68% of the total number of projects**. They also represent more than half of the total allocated budget **15,385, 043 (67%)**. The remaining projects are in the stages of tendering, evaluation or appraisal. **The implementation is on track and progressing as scheduled and anticipated to be completed by end of 2025.**

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

- **54 sub-projects** out of 173 were completed with a total allocation of **EUR 5,039,988 amounting 22%** of the total entire allocation for West Bank municipalities.
- **63 sub-projects** out of 173 are undergoing with a total allocation of **EUR 10,345,055 amounting to 46 %** of the total entire allocation for West Bank municipalities.
- **35 sub-projects** out of 173 are in the tendering/bid evaluation/awarding phase with a total allocation of **EUR 3,393,888 amounting 15%** of the total entire allocation for West Bank municipalities.



- **21 sub-projects** out of 173 are still at the appraisal/approval process with a total allocation of **EUR 3,865,234 amounting 17%** of the total entire allocation for West Bank municipalities and expected to be tendered within three months.

#### **Environmental, Social, Health and Safety Performance:**

##### **Assessment and Management of Environmental and Social Risks and Impacts:**

MDLF has appointed a qualified team in the West Bank to manage the program's Environmental, Social, Health, and Safety (ESHS) risks and impacts. This team includes three Environmental Specialists, three Social Specialists, and one E&S Liaison Consultant. The E&S consultants have conducted site visits to the sub-projects across 134 municipalities in the West Bank to assess the environmental and social conditions in the proposed project areas.

Approximately 20% of the screened sub-projects were approved following the signing of agreements with stakeholders and after reviewing the environmental and social assessments along with the relevant Environmental and Social Management Plans (ESMP) or checklists. Based on the results of the E&S assessment, municipalities, with support from E&S consultants, prepared E&S instruments for each sub-project, such as ESMPs, E&S checklists, and Stakeholder Engagement Plans (SEPs). These documents were disclosed on public websites or social media platforms (e.g., Facebook). Additionally, municipalities incorporated the ESMP/E&S checklists into the bidding documents, along with other requirements related to Codes of Conduct (COC), ESMP implementation, labor rights, working conditions, and safety and health orientations. Municipalities are responsible for supervising the ESHS performance of contractors, while MDLF monitors compliance with ESHS measures as specified in the sub-project E&S instruments.

#### **Labor and Working Conditions:**

Labor management concerns encompass various aspects, including occupational health and safety (OHS), working conditions, equal opportunity, and addressing sexual exploitation and abuse (SEA), sexual harassment (SH), and labor rights. MDLF is actively implementing the Labor Management Procedures (LMP) for the sub-projects. For example, contractors are required to conduct orientations for their workers before project work begins. These orientations cover essential topics such as anticipated risks during project implementation and their mitigation strategies, the code of conduct, SEA/SH issues, workers' rights, the grievance mechanism available for workers, and ensuring a safe and healthy work environment. Contractors must provide evidence of compliance with these procedures to both municipality and MDLF.

#### **Resource Efficiency and Pollution Prevention and Management:**

The E&S Consultants assisted municipalities in assessing potential pollution sources and waste production resulting from project activities. To date, most submitted projects are categorized as having low to moderate pollution risks. The municipalities have incorporated mitigation measures into the Environmental and Social Management Plans (ESMPs) prepared for these sub-projects to address and minimize these impacts. The E&S assessments indicate that the anticipated risks associated with waste production range from low to moderate. The ESMPs and E&S checklists for the sub-projects include appropriate measures to mitigate these risks effectively.



### **Community Health and Safety:**

The sub-projects have been assessed for anticipated risks related to community health and safety, including traffic, safety, and issues of sexual exploitation and abuse (SEA) and sexual harassment (SH). Most sub-projects are categorized as having a low to moderate risk level, and appropriate mitigation measures have been incorporated into the Environmental and Social Management Plans (ESMP) and E&S checklists. For some sub-projects with moderate risks, a traffic management plan was required to be prepared by the contractor before the start of implementation. Additionally, for SEA/SH risks, workers on the sub-projects have been oriented on these issues as part of their Code of Conduct (COC) training.

### **Land Acquisition, Restrictions on Land Use and Involuntary Resettlement:**

Approximately 24% of the submitted sub-projects during the reporting period were approved by MDLF after municipalities signed agreements with affected persons. These agreements primarily pertain to the reconstruction of stone walls, fences, entrances to houses and shops, replanting of trees, and similar activities. All agreements have been executed with the affected parties. It is important to note that these sub-projects are not expected to negatively impact the livelihoods of residents in the project areas. Consequently, no Land Acquisition Plans (LAPs) have been prepared at this stage of the project.

### **Biodiversity Conservation and Sustainable Management of Living Natural Resources**

The sub-projects submitted during the reporting period are set to be implemented in urban and semi-urban areas identified in the town master plan. These areas are not expected to have significant biodiversity conservation value; however, there may be risks related to tree cutting due to road expansion and construction activities.

MDLF has integrated biodiversity protection measures into all sub-projects requiring an Environmental and Social Management Plan (ESMP). The mitigation hierarchy technique will be applied as necessary under the ESMPs, in accordance with the ESMF guidelines produced for the project and ESS6. Activities with potential major impacts on biodiversity are excluded. The risk to biodiversity was assessed during the environmental evaluation, and the ESMPs stipulate the use of the mitigation hierarchy method where appropriate. The Environmental Assessment and ESMPs direct contractors to minimize tree loss and damage to adjacent vegetation wherever possible. Contractors are also required to restore vegetative cover at building sites to mitigate adverse impacts on green cover.

### **Cultural Heritage:**

Cultural heritage preservation has been addressed in the Environmental and Social Management Framework (ESMF) and the Environmental and Social Management Plans (ESMPs) for the sub-projects. This includes the policy and legal framework, definitions related to “Chance Finds Procedures,” and contractor responsibilities for managing culturally valuable materials discovered during excavation and construction activities. Contractors and municipalities are responsible for implementing appropriate mitigation measures, while MDLF will oversee and monitor the process.

This Environmental and Social Standard (ESS) is applicable to approximately 95 out of 166 sub-projects, which involve excavation works where the Chance Finds Procedures (CFP) may be relevant. However, during the reporting period, no antiquities or culturally valuable materials were uncovered during excavations or project implementation.



## Stakeholder Engagement and Information Disclosure

MDLF has updated and implemented a Stakeholder Engagement Plan (SEP) for the Project, in accordance with ESS10. The SEP outlines methods for providing stakeholders with timely, relevant, comprehensible, and accessible information. Municipalities, under the supervision of Social Consultants, have conducted meetings and consultations with residents and stakeholders in a culturally respectful manner, free from manipulation, interference, coercion, prejudice, and intimidation. The SEP, initially released on December 23<sup>th</sup>, 2022, was amended and re-disclosed on April 19, 2024. It will continue to be applied throughout the Project's execution.

During the reporting period, one complaint was recorded concerning the project "Rehabilitation of Internal Roads at Al-Doha Municipality." The complaint was lodged by a citizen regarding the installation of interlock tiles in front of his house entrance, with a request for replacement with asphalt. The municipality addressed the concern through discussions with the citizen, and the complaint was resolved.

## Capacity Building:

MDLF is enhancing the capacity of all involved parties—E&S Consultants, LTCs, Municipality Engineers, and MDLF Engineers—on ESHS aspects through various activities such as workshops, on-the-job training, and orientations. For instance, E&S consultants received training on conducting E&S assessments and preparing risk management instruments in accordance with the ESF and ESSs. Municipality engineers underwent on-the-job training in preparing E&S assessments, drafting ESMPs, and supervising the implementation of ESHS measures as outlined in the ESMPs. LTCs participated in meetings and workshops where E&S risk management instruments were thoroughly discussed and presented. Additionally, MDLF developed ESF Terms of Reference (TOR) to increase municipality engineers' understanding of ESHS safeguards and the E&S instruments prepared for the program. Further training and orientations are planned for the next reporting period.

## Component (2) Sector Policy and Institutional Development

This component, implemented by MDLF, is designed to reinforce and complement MDP other components with targeted technical assistance (TA), policy guidance, and capacity development for municipalities and other various public agencies at the national level. Its primary aim is to increase the capacities of municipalities to be able to provide better services for their citizens. Additionally, MDP4 will aim at increasing transparency and accountability in administering the intergovernmental fiscal system; develop ways and means of improving local government revenues (including fiscal transfers and own-source revenues); and provide on-demand technical support to participating municipalities seeking to meet performance criteria or improve their resilience and climate change related planning and implementation efforts. It comprises of two sub-components:

- i) **On-demand Capacity Development Support for Municipality,** ii) **Policy and Institutional Development Support for PA institutions**





**Sub-Component 2.a) On-demand Capacity Development Support for Municipality:** 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.

**Capacity Building packages.**

- Financial packages.
- Operation & Maintenance
- Citizens Service Centers.
- E-Municipality.
- Social Accountability.
- Resilience.
- Climate Change.
- Institutional development, and
- Advanced packages).

These packages are divided between standard packages and newly formed packages as follows:

|                                                                                                                                        |                                                                                           |
|----------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| <b>Standard packages:</b> Financial packages, Operation & Maintenance, Citizens Service Centers, E-Municipality, and Social Inclusion. | <b>New packages:</b> Resilience, climate change, institutional package, advanced package. |
|----------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|

**Newly formed packages can be defined as follows:**

| Package                      | Definition                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Resilience</b>            | <p>This package lays the foundation for integrating resilience in local governance through the production of technical knowledge, information, and guidelines and conduct the corresponding institutional capacity development. This package consists of primary and secondary levels. Primary level includes the development of resilience plans. The secondary level will assess the potential projects for each municipality that have been identified in the municipality resilience plans.</p> <p>The tool for preparing resilience scoring will be presented and how the resilience plans should be integrated with current planning processes at the municipalities.</p>                                                                                                                                                                                                               |
| <b>Climate change</b>        | <p>MDLF designed a Climate Change package to build the capacities of the MOLG, MDLF, and municipalities in climate change and natural hazards for different stakeholders that play an important role in planning, designing, and implementing the climate change interventions, rather than Climate Change were adapted into the SDIPs while preparing it for the four coming years.</p> <p>Integration of climate change as a capacity building package by providing training on its elements, risks and impacts is an important prerequisite for later investment funding. The capacity building activities will include conducting of trainings, workshops, orientations, awareness campaigns and debates, and may cover different level of training such as Individuals, (Mayor, Engineers, Operation Employees), organization &amp; system, online courses, workshops, study visits.</p> |
| <b>Institutional package</b> | <p>A new package that provides institutional support for weak municipalities to develop their performance in financial and technological aspects to upgrade their level to reach other advanced municipalities. This package will:</p> <ul style="list-style-type: none"> <li>- Provide support in financial management to prepare them to implement IFMIS.</li> <li>- Provide technological support to prepare them for CSC and/or e-services.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Advanced package</b>      | <p>A new package for municipalities that have finalized all the standard packages. This package will include:</p> <ul style="list-style-type: none"> <li>- Conducting Creditworthiness self-assessment.</li> <li>- Financial Aspects such as cost accounting, advanced financial skills, revenue enhancement plans or any other gaps that might come out of the assessment.</li> <li>- Providing advanced technological support to further enhance municipal service quality and efficiency.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                       |



## V General Progress for sub-component 2.a

The Capacity development component includes (4) phases including the preparation phase, procurement phase, implementation phase and the closing phase. The following section outlines the progress of the first preparation phase as follows:

- The Capacity building manual was updated to include new elements of MDP 4 such as the social and environmental aspects.
- Four orientation sessions (3 in WB and 1 in Gaza) were conducted for all municipalities to introduce the MDP 4 capacity building interventions.
- Application forms were updated and launched electronically on the MDLF website.
- The Grant Implementation Agreement - GIA's were updated.
- The Capacity Development plan was prepared for projects activities in consistency with costing and procurement plan.
- The application forms were evaluated by the CB technical committee according to identified criteria.
- Municipalities were informed about the packages they were qualified for.
- ToR's were prepared for each package.
- A focal point for each municipality was nominated and selected for each package to facilitate the processes.
- New capacity development packages were identified and agreed upon including (Institutional package, and advanced package)



Upon completion of these preparatory activities, the total number of municipalities per package was finalized and the status is detailed in table 8 below:

**Table 7: Number of municipalities per package and the status of each package**

| Capacity Building Package | WB | Updated implementation status                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|---------------------------|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Financial Package         | 40 | <ul style="list-style-type: none"> <li>- A concept note was prepared taking into consideration the lessons learned from previous experience of implementing the IFMIS and the obstacle facing municipalities, consultants, and MDLF staff.</li> <li>- The institutional assessment was accomplished and categorizing the 40 municipalities into three groups according to their readiness to implement IFMIS. MDLF will work with 37 municipalities during cycle one and two.</li> <li>- The Software provider TOR had been developed taking into consideration the final compliance sheet , the new concept note and the additional modules. MDLF will proceed in the procurement procedure accordingly.</li> <li>- The TOR for the coaching assignment was accomplished with a decision made to be conducted by company instead of individuals.</li> <li>- The Hardware bidding document is under preparation according to the final BOQ prepared by institutional assessment project lately.</li> </ul> |



| Capacity Building Package                    | WB  | Updated implementation status                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|----------------------------------------------|-----|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| O&M                                          | 23  | <ul style="list-style-type: none"> <li>- The IT assessment has been completed.</li> <li>- The supply of the hardware is in the delivery process but some of the delivery items have been delayed due to Israeli restrictions. It is expected to have delivery in March 2025.</li> <li>- The assignment for physical inspection and data collection is currently under implementation. The field work of roads and buildings has been accomplished for all the targeted municipalities and is currently under the process of data validation.</li> <li>- A TOR for the O&amp;M software is under the procurement process.</li> </ul>                                                   |
| CSC                                          | 19  | <ul style="list-style-type: none"> <li>- The IT assessment has been completed. The BOQ was prepared according to the IT assessment and the design of the CSC.</li> <li>- The design and supervision of the CSC physical space have been contracted and is currently under implementation with completion scheduled in April 2025.</li> <li>- The CSC business process re-engineering has been completed. The consultant will create an optimized working process (including the complaints) for each municipality.</li> <li>- The Hardware bidding document is under preparation.</li> </ul>                                                                                          |
| E-Municipality                               | 8   | <ul style="list-style-type: none"> <li>- The IT assessment has been completed.</li> <li>- The readiness assessment has been completed.</li> <li>- The supply of E-municipality Hardware in the bidding process.</li> <li>- The Terms of Reference (TOR) for EMS software development is being prepared and under review, considering the recently agreed-upon digital strategy arrangements according to the Ministry of Local Government (MOLG) and historical Lessons learnt with previous projects.</li> </ul>                                                                                                                                                                     |
| Social Inclusion And Complain Responsiveness | 138 | <ul style="list-style-type: none"> <li>- Terms of Reference (TOR) for social inclusion has been developed and the assignment is still under procurement stage.</li> <li>- Evaluation of EOI for social inclusion has been accomplished.</li> <li>- This package will be implemented through a local NGO where the West Bank municipalities will be divided into three clusters (Nort, Middle and South)</li> <li>- Terms of Reference (TOR) for Conducting a detailed baseline study on responsiveness of Local Government Units from citizens' perspective in the West Bank".</li> <li>- The Assignment of Complain Responsiveness is in the procurement process.</li> </ul>         |
| Climate change                               | 134 | <ul style="list-style-type: none"> <li>- A Terms of Reference (TOR) was updated upon a meeting with MolG and GIZ based on the pilot training modules.</li> <li>- The training will encompass all municipalities, organized into clusters. The training modules will cover topics such as an introduction to climate change, greening, and mobility.</li> <li>- The training will be held within the Q2-Q3 of year 2025.</li> </ul>                                                                                                                                                                                                                                                    |
| Institutional                                | 34  | <ul style="list-style-type: none"> <li>- The Institutional Package will encompass two key aspects based on the IDTA team's initial assessment: <ul style="list-style-type: none"> <li>o Financial Aspect: This will be addressed through the institutional assignment under the financial package. The outcomes of the institutional assessment will be implemented based on the specific needs of the municipalities.</li> <li>o Technological Aspect: This will involve providing coaching and support to help municipalities overcome technological challenges.</li> </ul> </li> </ul>                                                                                             |
| Advanced Financial Package                   | 7   | <ul style="list-style-type: none"> <li>- The technical team is in the process of TOR preparation.</li> <li>- The implementation of the advanced financial packages will be implemented during 2025 due to the required two audited reports on accrual basis from the targeted municipalities, beside successful implementing of IFMIS.</li> <li>- The Implementation of the credit worthiness self-assessment TOR is ready for the procurement stage.</li> <li>- Improve LGUs' Own-Source Revenue Management TOR is ready for the procurement stage.</li> <li>- The cost accounting framework will be implemented through the GIZ with the MDLF technical team assistance.</li> </ul> |



| Capacity Building Package   | WB | Updated implementation status                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-----------------------------|----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                             |    | <ul style="list-style-type: none"> <li>- After working closely with the municipalities that have implemented IFMIS during the previous MDPs, municipalities requested additional modules that improve the revenue collection such as Mobile application and e-payment (ESADAD).</li> <li>- The technical offer is under evaluation</li> </ul>                                                                                                                                                                                                                                                |
| Newly Formed municipalities | 4  | <ul style="list-style-type: none"> <li>- Four village councils were upgraded to municipalities by MOLG.</li> <li>- A unified TOR of FARV, SDIP and FPPM has been prepared for the targeted municipalities.</li> <li>- The following steps will be covered: <ul style="list-style-type: none"> <li>o Orientation about MDLF scope of work and the IDTA packages in technical development and institutional Assistance.</li> <li>o The IDTA will cover all requirements of Rank D that will include FARV, SDIP and FPPM to be ready for cycle two ranking requirements.</li> </ul> </li> </ul> |

### Sub-Component 2.b) Policy and Institutional Development Support for PA institutions:

MDLF has engaged a local consultant to oversee sector and policy reform issues related to net lending, intergovernmental fiscal transfers among local government units (LGUs), and other relevant matters. The consultant's task is to address the beforementioned issues within the framework of Local Governance reform interventions that may emerge during the implementation of MDP4. To date, progress under this sub-component is illustrated as follows:

#### Inter-governmental transferee system:

- The process of developing this system has started at the beginning of 2024, when the Ministerial Council formed a committee. This committee was tasked to examine a comprehensive financial inter-relation between the Ministry of Finance and the LGUs; However, the committee has concentrated its efforts on tackling the net lending issue rather than developing a plan for Intergovernmental Fiscal Transfers (IGFT).
- The new government has put the reform agenda in Local Government Sector as a top priority, focusing on decentralization process. This approach creates a valuable opportunity to advance for reform agenda. For this purpose, a national team has been formed including representatives from (Ministry of Local Government, Ministry of Finance, Ministry of Planning, MDLF and APLA). The team according to its mandate is going to work closely with international partners (World bank and GIZ) to develop interventions for financial reform and other related tasks. The main progress in this topic is the consensus among all parties on prioritizing the development of IGFT with a plan to start as soon as logistic arrangements are finalized.
- A contract was recently signed with a regional consultant to carry out this assignment, along with providing strategic advice on the reform plan. The MOLG minister has sent a letter to coordinate the assignment's management, ensuring the involvement of all relevant parties and securing the buy-in of all concerned stakeholders.

#### Transportation fees:

- On May 7th 2024 , the council of ministers decided to allocate the amount of transportation fees to LGUs to cover the period of 2023. The total amount allocated is NIS 175,242,801 NIS to be distributed based on established criteria. However, due to financial crisis of the government, the Ministry of Finance did not transfer the allocations yet.



- A recent positive development is the minister's decision to enhance the allocation process to ensure greater transparency and fairness. The minister has also decided to establish a committee to develop the allocation criteria and oversee the distribution accordingly.
- The ministry of MOLG has provided the Ministry of Finance with the allocation details for each LGU and has agreed on a monthly transfer of 10-12 million shekels based on the designated percentages. The Ministry of Finance has committed to this arrangement and has been transferring the allocated amount on a monthly basis.

#### Property tax:

- The main development in the reform agenda is that 88 municipalities are eligible to collect property tax following their valuation. Currently, 39 municipalities are actively collecting this tax, while 7 others are awaiting a decision from the Council of Ministers, which is expected soon.
- The plan is to transfer the collection mandate to approximately 88 municipalities by the end of 2025 and to complete the valuation for an additional 138 municipalities.
- In this regard, the ministerial committee for reform approved the MOLG's proposal to allocate 100% of the revenues to municipalities instead of the current 84%. The Council of Ministers has referred this recommendation to the Minister of Finance and the Minister of Local Government for a final decision. The Ministry of Finance, citing the financial impact on government revenues and legal considerations, remains highly reluctant to approve this proposal.
- The progress made is significant but considered only a preliminary step. It is necessary to evaluate this progress by comparing the collection efficiency and assessing whether it has led to increase revenues.

#### Profession fees:

- This year has seen notable progress regarding the profession fees, with the Ministry of Finance approving an allocation of NIS 80 million for the period from 2020 to 2023. This is a key development, as it counters the Ministry's earlier position that these fees were ineligible for LGUs since 2020.
- The MOLG proposed that the eligible amount for each LGU to be deducted from the debt as a first step. However, the Ministry of Finance maintained that while this amount is designated for LGUs, it is currently frozen due to the financial crisis.





### Capacity Building for MOLG

In addition to the aforementioned activities, this sub-component will also emphasize on institutional development for the Ministry of Local Government (MoLG), specifically targeting the upgrade and development of the budget portal. This will involve a technical and functional assessment to define the scope of the necessary improvements. The functional assessment of the MoLG budget portal has been accomplished and the Assessment report is in the revision stage at MOLG to prepare for the next steps. Furthermore, a Help Desk for the budget portal to ensure the sustainability of LGU usage was contracted to cover the period of July 2024 to June 2025.

### Component (3) Competitive Grants for Natural hazard and Climate Change Resilience

Under this component a secondary urban risk assessment for climate change mitigation and adaptation will be conducted and the priorities will be concluded accordingly. Those priorities will be subject to appraisal criteria through a competitive call for proposals. Once the priorities are identified the implementation will be done as component 1. This component consists of the following sub-components:

- Sub-component 3.1. Natural hazard and climate change risk assessments.
- Sub-component 3.2. Natural hazard and climate change adaptation investments.
- Sub-component 3.3: Promotion of Green Services and Climate Change Initiatives in Local Governance.

**Implementation progress for each component can be summarized as follows:**

- ✓ **Sub-component 3.1. Natural hazard and climate change risk assessments**
- ✓ **Sub-component 3.2. Natural hazard and climate change adaptation investments.**

Regarding sub-components 3.1 and 3.2, (AFD, WB, MDTF and DRO contribution), a secondary urban risk assessment is completed where the consultant has assessed the 15 resilience plans prepared under MDP3 along with other studies considered as primary risk assessment. Based on this assessment, a long list of potential sub-projects was identified as climate change mitigation/adaptation initiatives and will be subject to competitive scoring criteria.

The Consultant was hired to provide technical assistance to MDLF in conducting secondary risk assessment for 15 municipalities (in the West Bank) and selecting specific projects to be implemented taking into consideration, resilience to climate change, involvement of respective LEDs units in the targeted municipalities and potential joint investments between the targeted municipalities considering the basis of PPP. This will entail reviewing existing documentation, assessment of identified projects, assisting municipalities in selecting priority projects, and working with MDLF on the feasibility and costing of the projects to be financed. **(These interventions are financed by WB, MDTF, AFD and DRO)**

The list of potential projects, along with the assessment report, has been shared with development partners (DPs). The report outlines the eligibility selection criteria, with 30 sub-projects identified as eligible for the secondary competitive selection process. An application form, incorporating various elements of the scoring criteria, has been prepared and shared with the targeted municipalities. The appraisal and scoring of potential projects under this sub-component are expected to be finalized by the end of Q2-2025.



### V Sub-component 3.3: Promotion of Green Services and Climate Change Initiatives in Local Governance (Enabel Contribution to MDP4)

MDLF has successfully completed the mobilization and assessment phases for this component, which includes two sub-components: one financed by Enabel and the other supported by AFD, WB, MDTF, and Denmark (DRO). The progress for Enabel's contribution can be summarized as follows:

- i) **Consultant Contracts:** Two individual consultants were engaged—one specialized in energy efficiency/renewable energy (EE/RE) and another responsible for preparing specifications for solid waste management equipment and overseeing its delivery to the five targeted Joint Service Councils (JSCs).
- ii) **Assessment, Identification and Implementation of EE/RE Interventions:** the mobilization, the assessment and the design phases have been completed for the first round of RE/EE interventions at the northern and southern clusters, including:

#### Round # 1

- Northern cluster: 210 KW PV solar system has been installed on the rooftops of public buildings, and contracts for replacement of 200 traditional street lighting lamps and replacement of un-efficient water pump has been awarded.
- Southern Cluster: Contracts for installation of 320 KW PV solar system on the rooftops of public buildings have been awarded. In addition to that, a contract for the replacement of 1,050 traditional street lighting lamps has been awarded.

#### Round # 2

- The assessment and the design phases have been completed for the second round of RE/EE interventions which will target three solid waste JSCs, (Nablus, Hebron and Northeast & Southeast Jerusalem) through installation of 130 KW PV solar systems.

#### Round # 3

- The assessment for the third round of RE/EE interventions is currently in progress. The consultant has visited three potential sites: Bethlehem, Hebron, and Nablus Municipalities. These interventions are expected to have a significant impact, promoting integration across various sectors (Energy, Water, and Wastewater). Additionally, they will contribute positively to the environment, public health, and climate change while enhancing the quality of municipal services for citizens.

- iii) **Supply of Equipment and Tools to Enhance Solid Waste Management to five JSCs (Nablus, Hebron, Bethlehem, Tubas and Northeast & Southeast Jerusalem):** the assessment, design and tender phases have been completed to provide each JSC with garbage collector vehicle as well as mobile maintenance vehicle (totaling 5 per each type). The contract delivery of five garbage vehicles was signed on May 15<sup>th</sup>, 2024, and it is expected to be delivered by End of May 2025. The delivery of five mobile maintenance vehicles was signed on July 2024 and a preliminary handover had been completed in December 2024. Moreover, the assessment phase of supplying solid waste bins with its spare parts for the five JSCs has been completed, and the bidding preparation has been initiated in coordination with MOLG and the JSCs.



Supply of 5 five mobile maintenance vehicle for 5 JSCs



## Steering Committee Meeting

A steering committee meeting for the Green West Bank portfolio, which includes the Enabel Contribution for MDP4, was held on December 11, 2024. During the meeting, MDLF provided an update on the project's progress, highlighted key challenges and obstacles, and outlined planned activities. Additionally, MDLF presented a proposed amendment and budget reallocation, considering potential additional financing from Enabel to expand target areas. The discussion also covered reallocating funds from the retrofitting component to green public spaces. It was agreed:

- Á To reassess the prioritization of Energy Efficiency and Renewable Energy (EE/RE) interventions, aiming to expand their implementation across various local government units (LGUs) within the same five clusters, based on the consultant's assessment. The residual funds became available due to cost savings, as the contracted values were lower than the allocated amounts.
- Á Regarding the potential additional financing, it was agreed to support LGUs that have experienced invasions in recent months, particularly following the outbreak of the war on Gaza. This assistance is intended as relief support to help sustain basic services for citizens amid the current challenging conditions. The focus will be on the most affected LGUs, including the municipalities of Jenin, Qalqilya, and Tulkarem, with interventions aligned with the existing thematic areas, specifically Energy Efficiency (EE) and Renewable Energy (RE).
  - o Ask for project amendment to reflect the proposed changes and modification on the current description of the project including:
  - o Budget reallocation across results/activities "consultancies Vs works/goods"
  - o Amend the geographical scope.
  - o Change the modality for women engagement in Green Public Spaces. "to be covered in LTC – TOR through enhancing the social component within the TOR".
  - o Reallocate the fund for green buildings/retrofitting to Green Public Spaces. "the new locations will be identified and agreed upon with MOLG and Enabel".
- Á Conduct promotional activities inline with the results achieved on the ground, precisely FY 2025.
- Á Implementation of CB/training in Q2-Q3/2025.
- Á Tendering for design and supervision of Green Public Spaces where the implementation is anticipated in Q3-Q4/2025.

## Component (6): Emergency O&M Support to Participating Municipalities

**The additional financing responds to the PA's request for urgent international financial assistance to support municipalities in the West Bank and Gaza to respond to the economic crisis, maintain basic service delivery and ensure the operational service continuity.**

The AF will provide urgent financial support to municipalities in the West Bank and Gaza to maintain basic service provision which has been severely affected by the implications of the Israeli war on Gaza and the Israeli measures across West Bank territories since October 7<sup>th</sup>. This component was designed as a relief support to combat the ongoing decline in municipal finances caused by the conflict, which has impeded their ability to provide and sustain essential services.

This component will initially focus on municipalities in the West Bank, with plans to extend coverage to the Gaza Strip at a later stage, contingent on the situation. The WB and SDC have decided that the



funds for Component 6 will be used exclusively for the West Bank. While the 5.0m funds from the German FFO have been fully allocated to the West Bank, if agreed with the FFO and KfW, that parts of it could be reallocated to Gaza to enable immediate intervention once a ceasefire is achieved.

This component will finance part of the municipalities' recurrent operating expenditures to continue with service delivery. No salaries of municipal servants will be financed under this AF. The AF will also contribute to sustaining basic services through implementing labor-intensive cash for work (C4W) activities to support the O&M of municipal assets. In doing so, the AF will alleviate the financial burden imposed on municipalities, as well as directly contribute to the local economy and social-economic conditions across the West Bank through temporary job creation provided under the project.

### **Additional Financing Sub-Components**

#### ***1. Subcomponent-6.a Recurrent Operating Expenditures***

This subcomponent will provide support to municipalities to cover a part of their recurrent operating expenditures, excluding salaries. The exact items to be financed will be defined by participating municipalities after AF approval. Nevertheless, it will include, among others, payment of the Joint Services Council (JSC) Solid Waste Management fees, spare parts for O&M, and payment of electric bills related to service delivery. Based on surveys conducted by MDLF, most of the urgent financial assistance needed by municipalities is for covering their recurrent expenditures, which is estimated to be about 80 percent of the total amount allocated under Component 6.

#### ***2. Subcomponent- 6.b Emergency labor-intensive O&M municipal services***

This subcomponent will provide financing to eligible municipalities in the West Bank to maintain the provision of local services through labor- intensive O&M (C4W), local infrastructure development activities and the payment of professional (Backoffice) services within municipalities. Based on consultations with municipalities and the MDLF, the O&M activities to be supported can include costs of labor, equipment and supplies for roads repairs and maintenance, periodic cleanup of drainage system, solid waste collection and sorting, fumigation, and clean up, among others, as detailed in the POM. An estimated 20 percent of the total amount under Component 6 will be allocated for supporting labor-intensive O&M activities based on a rapid assessment conducted by MDLF of municipal needs. MDLF will carry out further assessment/evaluation periodically to determine the level of need and adjust the proposed allocation, as needed.

### **Allocation Mechanism for Emergency O&M Support under Component 6.**

All municipalities in the West Bank will be eligible to receive financial support under Component 6, based on the following allocation mechanism:

- a) 65% for equalization (EUR 30,000) per municipality) and the remaining will be distributed per capita.
- b) 30% based on the Poverty Index at the municipal level of PCBS.
- c) 5% based on verified recent damages sustained on municipal infrastructures and assets.



## Component 6 Financing

The financing includes confirmed commitment of 22 million dollars from the World Bank, EUR10 million from the French Development Agency (*Agence Française de Développement*), EUR 5 million from the German FFO via KfW, and 2.7 million dollars from the SDC.

Table 8: MDP4 - Additional Financing Per Doner

| Budget for Additional Emergency Financing - MDP4 (EUR) |                                                                 |                                           |                    |           |           |            |           |             |       |
|--------------------------------------------------------|-----------------------------------------------------------------|-------------------------------------------|--------------------|-----------|-----------|------------|-----------|-------------|-------|
| Component                                              |                                                                 | WB - Reallocation from original Agreement | WB - New Agreement | MDTF      | KFW       | AFD        | SDC       | Total (EUR) | %     |
| Component 6                                            | Recurrent O&M Expenditures and C4W Subgrants - West Bank        | 878,505                                   | 12,681,818         | 5,781,818 | 2,450,000 | 5,115,000  | 2,282,727 | 29,189,869  | 76.0% |
|                                                        | Recurrent O&M Expenditures and C4W Subgrants - West Bank - Gaza | 0                                         | -                  | -         | 2,000,000 | 4,185,000  | -         | 6,185,000   | 16.1% |
|                                                        | Rebuilding MDLF-Gaza Office                                     | 0                                         | -                  | -         | 200,000   | -          | -         | 200,000     | 0.5%  |
| Component 4                                            | Project implementation support and management                   | 66,124                                    | 954,545            | 581,818   | 350,000   | 700,000    | 171,818   | 2,824,306   | 7.4%  |
| 4.a                                                    | M. fees                                                         | 66,124                                    | 954,545            | 445,455   | 350,000   | 700,000    | 171,818   | 171,818     | 0.4%  |
| 4.b                                                    | LTCs                                                            |                                           |                    | 136,364   |           |            |           | 136,364     | 0.4%  |
| Total (EUR)                                            |                                                                 | 944,629                                   | 13,636,364         | 6,363,636 | 5,000,000 | 10,000,000 | 2,454,545 | 38,399,174  | 100%  |
| %                                                      |                                                                 | 2.5%                                      | 35.5%              | 16.6%     | 13.0%     | 26.0%      | 6.4%      | 100%        |       |

Regarding the fund for Gaza under component 6, particularly from the AFD, it was decided to maintain this allocation for Gaza to be utilized as an immediate response once the situation allows for intervention. In case of not being able to intervene in Gaza under the prolonged Israeli war, further assessment will be done by MDLF and the AFD by end of 2024 to agree on the way forward.

However, while the 5.0m funds from the German FFO have been fully allocated to the West Bank, if agreed with the FFO and KfW, parts of it could be reallocated to Gaza to enable immediate intervention once a ceasefire is achieved.

## Progress of implementation for Comp.6:

A total of **402 sub-project proposals** were submitted by 138 municipalities in the West Bank. With a total allocation of **29,189,869**. Analysis of these projects reveals that 342 projects are classified as “recurrent expenditure” with a total allocation of **EUR 25,934,679** representing **88%** of the total allocation and 60 projects are classified as **Emergency labor-intensive O&M of municipal services** with a total allocation of **EUR 3,255,190** representing **12%** of the total allocation.

Table 9: Description and Analysis of sub-projects under Comp.6

|                             | Recurrent Exp. Sub-projects                                                                                                                                                                                                                                                                   | Emergency labor-intensive O&M of municipal services                                                              | Total          |
|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|----------------|
| No. of Sub-projects         | 342                                                                                                                                                                                                                                                                                           | 60                                                                                                               | 402            |
| Allocation (EUR)            | EUR 25,934,679 representing 88% of the total allocation                                                                                                                                                                                                                                       | EUR 3,225,190 representing 12% of the total allocation.                                                          | EUR 29,189,869 |
| Description of Sub-projects | Projects covering the <b>municipal recurrent expenditure</b> include municipal electricity bills, fuel and oil fees, insurance fees, water bills, wastewater and solid waste fees. Covering the solid waste fees constitute the biggest bulk, with electricity fees and fuel fees coming next | O&M include projects such as the employment of workers in various municipal affairs, mostly maintenance of roads |                |



Quick analysis of the above reveal that municipalities prioritize covering their recurrent expenditure to sustain basic operating services and to partially compensate for potential decline of revenues given the severe funding constraints facing municipalities resulting from the bad economic crisis.

Table 10: Status component 6 in terms of no. of sub-projects

|                                   | Recurrent Exp. | O&M       | Total      | %           |
|-----------------------------------|----------------|-----------|------------|-------------|
| <b>Appraisal/Approved Stage</b>   | 43             | 49        | 92         | 22.8%       |
| <b>Tendering/Evaluation Stage</b> | 0              | 2         | 2          | 0.5%        |
| <b>Ongoing Stage</b>              | 269            | 9         | 278        | 69.2%       |
| <b>Completed Sage</b>             | 30             | 0         | 30         | 7.5%        |
| <b>Total</b>                      | <b>342</b>     | <b>60</b> | <b>402</b> | <b>100%</b> |

Table 11: Status component 6 in terms of no. of sub-projects

|                                   | Recurrent Exp. (EUR) | O&M (EUR)        | Total (EUR)       | %           |
|-----------------------------------|----------------------|------------------|-------------------|-------------|
| <b>Appraisal/Approved Stage</b>   | 994,801              | 3,087,380        | 4,082,181         | 13.98%      |
| <b>Tendering/Evaluation Stage</b> |                      | 20,790           | 20,790            | 0.07%       |
| <b>Ongoing Stage</b>              | 22,438,293           | 147,020          | 22,585,313        | 77.37%      |
| <b>Completed Sage</b>             | 2,501,585            | -                | 2,501,585         | 8.57%       |
| <b>Total</b>                      | <b>25,934,679</b>    | <b>3,255,190</b> | <b>29,189,869</b> | <b>100%</b> |

### **Management of Environmental and Social Safeguards for Component 6**

- MDLF updated the MDP4 Environmental and Social (E&S) management instruments to incorporate the additional requirements related to supporting municipalities' operational expenses and the employment of workers under Component 6. Both the Environmental and Social Commitment Plan (ESCP) and the Stakeholder Engagement Plan (SEP) were amended and disclosed on the MDLF website on April 30<sup>th</sup>, 2024.
- On March 25<sup>th</sup>, 2024, MDLF held a virtual consultation meeting to discuss the latest developments in the E&S framework and the SEP for the Municipal Development Program – Phase 4, with a focus on the additional financing for municipal operational expenses and workers employment. The meeting was attended by 33 participants, including representatives from municipalities (e.g., Al-Bireh, Beit Ummar), NGOs such as the General Union of Palestinian Women (GUPW), the Palestinian Engineering Association (PALENG), the Association of Palestinian Local Authorities (APLA), as well as various government ministries and authorities, including the Ministry of Local Government (MoLG), Ministry of Health (MoH), Ministry of Labor (MoL), Ministry of Women Affairs (MoWA), Environment Quality Authority (EQA), Palestinian Water Authority (PWA), Palestinian Civil Defense (PCD), Palestine Polytechnic University, Palestine Green Building Council, and the Palestinian General Federation of Trade Unions.
- During the meeting, participants raised concerns about funding, procedural requirements for this component, implementation arrangements (both through municipalities and contractors), and the extent of coverage for recurrent expenditures. MDLF addressed these inquiries and noted that further details would be provided once the additional financing requirements are finalized with donors. MDLF also emphasized that, given the emergency nature of this component, procedures would be streamlined as much as possible in accordance with donor agreements and manuals.



## 1.4 RMSP/MDP4” – Amended Results Framework

| Project Development Objectives(s)                                                                                                                    |
|------------------------------------------------------------------------------------------------------------------------------------------------------|
| To strengthen municipal capacity to deliver accountable, sustainable, inclusive and resilient services to the municipal population in the West Bank. |

### Project Development Objective Indicators

| Indicator Name                                                                                           | Baseline | End Target | Revised Target | Progress Achieved                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----------------------------------------------------------------------------------------------------------|----------|------------|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Greater municipal capacity</b>                                                                        |          |            |                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Municipalities that graduate up the performance category in which they are currently classified (Number) | 0.00     | 80.00      | 50             | <p>Municipal ranking update <b>will be conducted though a mid-term assessment</b> by the end of the first cycle (expected mid-2025) through an outsourced comprehensive assessment. Accordingly, municipal ranks will be determined after their assessment according to the agreed upon KPI's.</p> <p>On the other hand, according to the baseline assessment ranking:</p> <p>22 municipality (in WB are ranked B++)</p> <p>24 municipality are B+ (in WB)</p> <p>1 municipality is ranked B</p> <p>1 municipality is ranked C++</p> <p>59 municipality is ranked C+</p> <p>31 municipality is ranked C</p> <p>14 municipality is ranked D</p> <p>7 municipalities will receive only (basic grants) as they didn't fulfill the minimum KPIs for performance ranking</p> <p>It is planned that 50 municipalities (target) will have an enhanced category rank in which they are currently classified. Municipalities performance will be enhanced through the CB packages. Progress in the capacity building component include the following:</p> <ul style="list-style-type: none"> <li>- MDLF has informed municipalities about the capacity packages they will receive under the first cycle of the Project and has started the required contracting for the most pressing packages.</li> <li>- Municipalities have signed the Grants Implementation Agreements with MDLF and have started the implementation of certain packages accordingly.</li> <li>- On the other hand, MoLG has nominated 4 village councils to be upgraded to become municipalities. MDLF plans to enhance the performance of the newly formed municipalities through capacity building packages to fulfill the requirements needed to be eligible for MDP4 cycle 2 grants.</li> <li>-</li> </ul> |



| Indicator Name                                                                    | Baseline | End Target   | Revised Target | Progress Achieved                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-----------------------------------------------------------------------------------|----------|--------------|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Greater municipal accountability</b>                                           |          |              |                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Beneficiaries satisfied with the services provided under the project (Percentage) | 0.00     | 75.00        | 75             | This indicator will be measured through a Beneficiaries Satisfaction Assessment “BIA” that will be conducted at the end of each cycle. (planned during 2 <sup>nd</sup> half of 2025 as mid term assessment)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| People under 18 years of age (Percentage)                                         | 0.00     | 50.00        | 50             | This indicator will be measured through a Beneficiaries Satisfaction Assessment “BIA” that will be conducted at the end of each cycle. (planned during 2 <sup>nd</sup> half of 2025 as mid term assessment)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Percentage of which are people with disabilities (Percentage)                     | 0.00     | 10.00        | 10             | This indicator will be measured through a Beneficiaries Satisfaction Assessment “BIA” that will be conducted at the end of each cycle. (planned during 2 <sup>nd</sup> half of 2025 as mid term assessment)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Greater Municipal service sustainability</b>                                   |          |              |                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Direct beneficiaries of Component 1 and 3 activities (Number)                     | 0.00     | 1,000,000.00 | 600,000        | <p>A total of 173 sub-project proposals were submitted by 134 municipalities in the West Bank. Analysis of these proposals reveals that 65% of the West Bank allocation will be invested in the roads sector, making it the highest priority. The second priority is the service equipment with 8% of the total allocation. Solid waste and public facilities constitute 7% of the budget respectively. Other sectors include water at 6%, and Electricity at 3%. In contrast, solar energy and wastewater sub-projects have the smallest allocation shares, at 2% respectively.</p> <p><b>Status:</b> In terms of No. of sub-projects, 31% of the total sub-projects are completed and 37% are ongoing. Together they constitute 68% of the total number of projects. They also represent more than half of the total allocated budget 15,385, 043 (67%). The remaining projects are in the stages of tendering, evaluation or appraisal. The implementation is on track and progressing as scheduled and anticipated to be completed by end of 2025.</p> <p><b>It is anticipated by end of cycle 1 – Dec 2025, the target will be surpassed.</b></p> |
| Percentage of which are women (Percentage)                                        | 0.00     | 50.00        | 50             | <p>Not yet measured.</p> <p>The target is matching with the female composition of population in the West Bank and Gaza. <b>Meaning that that target will be achieved.</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Percentage of which are people with disabilities (Percentage)                     | 0.00     | 10.00        | 10             | <p>Not yet measured. The target exceeds the composition of PWD within the overall population in West Bank and Gaza. <b>Meaning that the target need to be revised during the midterm review to match with the PCBS figures.</b></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |



| Indicator Name                                                                                | Baseline | End Target | Revised Target | Progress Achieved                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-----------------------------------------------------------------------------------------------|----------|------------|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Percentage of which are people under 18 years of age (Percentage)                             | 0.00     | 44.00      | 44             | Not yet measured<br>The target is matching with the female composition of population in the West Bank and Gaza. <b>Meaning that that target will be achieved.</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Operations Manual for the IGFT prepared and adopted (Yes/No)                                  | No       | Yes        | Yes            | <ul style="list-style-type: none"> <li>- A national team has been formed including representatives from (Ministry of Local Government, Ministry of Finance, Ministry of Planning, MDLF and APLA) to oversee the implementation of the IGFT plan. The team according to its mandate is going to work closely with international partners (World bank and GIZ) to develop interventions for financial reform and other related tasks. The main progress in this topic is the consensus among all parties on prioritizing the development of IGFT with a plan to start as soon as logistic arrangements are finalized.</li> <li>- An international consultant has been contracted to prepare such manual/system with a forward looking to be endorsed by the PA.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Greater resilience to disasters</b>                                                        |          |            |                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Number of subprojects completed that address natural hazard and climate change risks (Number) | 0.00     | 25.00      | 15             | <p><b><u>Projects under component 3:</u></b></p> <ul style="list-style-type: none"> <li>- <b>In terms of planning:</b> MDLF has conducted an assessment for 15 municipalities referring to their resilience plans, strategic Development and Investment plans, the World Bank studies and the National Adaptation Plan to identify the potential CC investments for the coming two years. MDLF has developed an evaluation criterion that has been applied to assess projects chosen by the municipalities.</li> <li>- <b>In terms of Implementation:</b> It is anticipated to have at <b>least 7 projects that address climate change</b>, specifically in the sectors of Solid Waste Management (Separation, recycling, composting,...), Solar Energy and Energy Efficiency, Drainage Systems to enhance the infrastructure resilience for flash flooding, Green Buildings, Water Harvesting and Irrigation, Green Spaces...etc.</li> </ul> <p><b><u>Projects under component 1:</u></b><br/>Adding to that, <b>a number of projects under component 1 are marked as CC interventions, meaning that it is anticipated to surpass the end target.</b></p> |



| Indicator Name                                                                                            | Baseline | End Target | Revised Target | Progress Achieved                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|-----------------------------------------------------------------------------------------------------------|----------|------------|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Intermediate Results Indicators by Components</b>                                                      |          |            |                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Component 1: Performance Based Service Delivery Grant Transfer</b>                                     |          |            |                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Percentage of projects implemented by the program for the benefit of vulnerable communities. (Percentage) | 0.00     | 10.00      | 10             | Not yet assessed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Number of municipalities that have completed the entry of data in the net lending portal (Percentage)     | 0.00     | 20.00      | 20             | The portal for net lending is still under development by the World Bank as part of their support to the MOF. Once the portal is successfully developed and tested, the municipalities will be asked to enter the data on the system, noting that, it is one of the eligibility conditions for financing under cycle 2.                                                                                                                                                                                                                                                       |
| Square meters of public spaces constructed/rehabilitated (Square Meter(m2))                               | 0.00     | 20,000.00  | 15,000         | Not yet assessed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Percentage of investments with adequate and soundness state and used as intended (Percentage)             | 0.00     | 90.00      | 90             | This indicator will be measured by the end of the cycle through an outsourced external assessment, precisely "Technical audit and Usability Assessment".                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Number of municipalities having responsive GRM for implemented projects (Number)                          | 0.00     | 80.00      | 60             | Not yet assessed.<br>It will be assessed by end of the cycle.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Component 2. Sector Policy and Institutional Development</b>                                           |          |            |                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Adoption and publication of annual IGFT report carried out in each year of project implementation (Text)  | No       | Yes        | Yes            | - A national team has been formed including representatives from (Ministry of Local Government, Ministry of Finance, Ministry of Planning, MDLF and APLA) to oversee the implementation of the IGFT plan. The team according to its mandate is going to work closely with international partners (World bank and GIZ) to develop interventions for financial reform and other related tasks. The main progress in this topic is the consensus among all parties on prioritizing the development of IGFT with a plan to start as soon as logistic arrangements are finalized. |



| Indicator Name                                                                                 | Baseline | End Target | Revised Target | Progress Achieved                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|------------------------------------------------------------------------------------------------|----------|------------|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                |          |            |                | - An international consultant has been contracted to prepare such manual/system with a forward looking to be endorsed by the PA.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Municipalities that adopted revenue enhancement plans (Number)                                 | 0.00     | 22.00      | 15             | Not yet assessed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Number of municipalities with responsive complaint system (Number)                             | 0.00     | 40.00      | 30             | - This indicator is one of the KPIs under MDP4. The next assessment for this indicator will be conducted by mid-2025 as part of the update on ranking assessment (end of MDP4 cycle 1).<br>- The CSC business process re-engineering has been contracted. The consultant will create an optimized working process (including the complaints) for each municipality, this was completed in December 2024.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| National LGU classification/ranking system enhanced (Text)                                     | No       | Yes        | Yes            | Not yet started.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Number of municipalities implementing at least 2 social accountability tools annually (Number) | 0.00     | 80.00      | 60             | - This indicator is one of the KPIs under MDP4. The next assessment for this indicator will be conducted by mid-2025 as part of the update on ranking assessment (end of MDP4 cycle 1).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Number of municipalities with functional IFMIS (Number)                                        | 80.00    | 120.00     | 85             | This indicator has not been achieved yet. However, MDLF is in the designing and planning phase, with the following updates:<br><br>- A concept note was prepared taking into consideration the lessons learned from previous experience of implementing the IFMIS and the obstacle facing municipalities, consultants, and MDLF staff.<br>- The institutional assessment was accomplished and categorizing the 40 municipalities into three groups according to their readiness to implement IFMIS. MDLF will work with 37 municipalities during cycle one and two.<br>- The Software provider TOR had been developed taking into consideration the final compliance sheet , the new concept note and the additional modules. MDLF will proceed in the procurement procedure accordingly.<br>- The TOR for the coaching assignment was accomplished with a decision made to be conducted by company instead of individuals.<br>- The Hardware bidding document is under preparation according to the final BOQ prepared by institutional assessment project lately. |



| Indicator Name                                                         | Baseline | End Target | Revised Target | Progress Achieved                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|------------------------------------------------------------------------|----------|------------|----------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Annual reports from the net lending portal are published yearly (Text) | No       | Yes        | Yes            | Not yet achieved, given the fact that the portal is still under development by the WB under their technical assistance to MOF.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Number of municipalities with functional O&M system (Number)           | 76.00    | 140.00     | 118            | <p>This indicator has not been achieved yet. However, MDLF is in the designing and planning phase to <b>target 23 municipalities under the 1<sup>st</sup> cycle</b>, with the following updates:</p> <ul style="list-style-type: none"> <li>- The IT assessment has been completed.</li> <li>- The supply of the hardware is in the delivery process but some of the delivery items have been delayed due to Israeli restrictions. It is expected to have delivery in March 2025.</li> <li>- The assignment for physical inspection and data collection is currently under implementation. The field work of roads and buildings has been accomplished for all the targeted municipalities and is currently under the process of data validation.</li> <li>- The O&amp;M software is under the procurement process.</li> <li>- <b>It is anticipated to achieve the target by end of both cycles, noting that the functionality of the O&amp;M system will be assessed as part of the ranking assessment where the utilization of O&amp;M software is on the KPIs.</b></li> </ul> |
| Number of municipalities having electronic services (Number)           | 12       | 25.00      | 20             | <p>This indicator has not been achieved yet. However, MDLF is in the designing and planning phase for <b>targeting 8 municipalities in the 1<sup>st</sup> cycle</b>, with the following updates:</p> <ul style="list-style-type: none"> <li>- The IT assessment has been completed.</li> <li>- The readiness assessment has been completed.</li> <li>- The supply of E-municipality Hardware in the bidding process.</li> <li>- The Terms of Reference (TOR) for EMS software development is being prepared and under review, considering the recently agreed-upon digital strategy arrangements according to the Ministry of Local Government (MOLG) and historical Lessons learnt with previous projects.</li> <li>- <b>It is anticipated to achieve the target by end of both cycles, noting that the functionality of the EMS system will be assessed as part of the ranking assessment where the utilization of O&amp;M software is on the KPIs.</b></li> </ul>                                                                                                             |



| Indicator Name                                                                                                                    | Baseline | End Target | Revised Target | Progress Achieved                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-----------------------------------------------------------------------------------------------------------------------------------|----------|------------|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Component 3. Competitive Grants for Natural hazard and Climate Change Resilience</b>                                           |          |            |                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Number of municipalities capacity building support on climate change (Percentage)                                                 | 20.00    | 60.00      | 60             | This indicator has not been achieved yet. However, MDLF is in the design and planning phase, with the following updates: <ul style="list-style-type: none"> <li>- A Terms of Reference (TOR) for the delivery of this activity was updated through consultations with MoIG and GIZ based on the piloted training modules .</li> <li>- The training will encompass all municipalities, organized into clusters. The training modules will cover topics such as an introduction to climate change, greening, and mobility.</li> </ul> |
| Share of subprojects that address natural hazard and climate with female engineers employed in delivery of solutions (Percentage) | 0.00     | 25.00      | 20             | Not yet assessed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Component 4: Project implementation support and management</b>                                                                 |          |            |                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Percentage of municipalities satisfied with MDLF performance (Percentage)                                                         | 0.00     | 90.00      |                | This indicator will be measured at mid- term and at project closing as part of the clients satisfaction assessment.                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Component 6: Emergency O&amp;M support to participating municipalities</b>                                                     |          |            |                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Number of paid working days created through the C4W (Number)                                                                      | 0        | 50,000     |                | Not yet Assessed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Percentage of O&M, out of municipal operational budgets (excluding wages and salaries) financed by the project (Percentage)       | 0        | 4          |                | Not yet Assessed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |



## 1.5 Challenges and Obstacles:

- **Delay Due to Political Circumstances:** The escalation of the conflict in the Gaza Strip led to some donors requesting to withhold their financial contributions after MDLF allocated funds to eligible municipalities. This significantly impacted the project's progress.
- **Challenges with Field Visits:** Israeli restrictions in the West Bank have hindered MDLF engineers and LTCs from conducting field visits as initially planned, leading to some delays in the sub-projects appraisal process.
- **Delayed Consultation Processes:** The consultation process related to social safeguards documentation took longer than anticipated, further delaying project progress.
- **Shifts in Municipal Priorities:** The ongoing political situation has forced municipalities to reassess their priorities to address immediate basic needs, such as those in the roads and water sectors. This has led to some delays in receiving and approving sub-projects proposals.
- **Documentation and Compliance Issues:** There was a lack of commitment from municipalities in submitting required documents for MDLF appraisal and verification. Many municipalities began preparing designs and permits only after receiving allocation letters from MDLF, despite having identified these sub-projects in their SDIPs. In some cases, submitted design documents were incomplete or inadequate.
- **Capacity Gaps in ESMF Requirements:** A gap in municipalities' understanding of ESMF requirements necessitated additional efforts from MDLF and LTCs to ensure compliance with standards and procedures outlined in MDLF operational manuals.
- **Project Focus and Allocation:** The types of projects selected were predominantly road projects to align with the limited allocations available to municipalities.
- **Lack of Ownership and Over-reliance:** In some cases, municipal staff did not fully assume ownership of their sub-projects and relied heavily on LTC engineers, consultants, and MDLF staff for quality control and financial management. This reliance was exacerbated by the financial crisis, which led to irregular salary payments.
- **Staffing Issues and Bureaucracy:** Many municipalities experienced understaffing, excessive routine work, and multi-tasking. Bureaucratic delays in data collection and verification of infrastructure sub-projects were also observed.
- **Capacity Constraints:** Municipal staff exhibited low capacity in evaluating bids, preparing bidding documents, and supervising projects. Additionally, some engineers worked part-time across several municipalities, which contributed to delays, particularly in larger municipalities where bid evaluations took longer time than expected.
- **Relevance of Some CB packages:** The ongoing political conflict and escalations in the Palestinian Territories have negatively impacted perceptions of social accountability and civic engagement among citizens and municipalities. Consequently, activities related to these areas have been postponed or suspended, as they are assumed to be infeasible under the current circumstances.



## 1. Area C Development Programme in the West Bank – Package VI – (Funded by the AFD through the EU)

### 2.1 Background

This action is based on the Financing Agreement “Support to Sustainable Economic Development and Enhanced Governance - ENI/2018/041-137”, the Financing Agreement was signed between the European Union (EU) and the Palestinian Authority (PA) on 18<sup>th</sup> June 2019 and amended on 1<sup>st</sup> May 2021 considering the contribution of EUR 2 million from the AFD.

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 LGUs to the ICA”. It is worth noting that the projects are based on the statutory outline plans which are developed in a participatory manner by the communities with support from the urban planning firms. The statutory outline plans and the detailed planning packages were submitted by the LGUs 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 Municipal Development and Lending Fund (MDLF) has been nominated for the implementation of basic infrastructure in Area C based on (i) the recommendation letter of the Ministry of Local Government (MoLG) on 20<sup>th</sup> 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 2.1.2.1 (b+c)].

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 targeted localities.

The PA/MOLG and the MDLF prepared competitive selection criteria for the identification and selection of eligible localities and respective social infrastructure projects in Area C. These criteria were shared and discussed with financing partners and finally approved by the Steering Committee on 30<sup>th</sup> June 2016 and reconfirmed in the Steering Committee meeting on 4<sup>th</sup> February 2020.

The selection criteria<sup>8</sup> 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 a competitive selection criterion for projects.

The preparation for this action has started when MOLG proposed a list of localities to be targeted considering the earmarking of the AFD to support the clusters of “Al-Jiftlik, Salfeet, Nablus and Tubas”. The proposed localities were then assessed in terms of meeting the 1<sup>st</sup> eligibility criteria as well as the adoption of the competitive selection criteria. Accordingly, a short list of 4 localities was concluded as follows: Al-Jiftlik- Jericho Governorate; Furush Beit Dajan-Nablus Governorate, Al-Aqaba- Tubas Governorate, Haris-Salfit Governorate.

The action plans of the localities were then revisited and field visits were conducted by MDLF, MOLG and the EU to verify the description of the selected projects and the estimated cost. Following the field visits, close coordination with the local authorities was conducted to verify the proposed 4 projects. Finally, the list of localities and projects was endorsed by the steering committee on 13<sup>th</sup> April 2022.

<sup>8</sup> For more details on the selection criteria please see section 2.1.3.4 of the grant proposal.



## 2.2 Budget Breakdown

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 2,000,000). Table 12 illustrates the budget breakdown.

Table 12: Budget Breakdown

| Item                                                                        | Budget (Euro)       |
|-----------------------------------------------------------------------------|---------------------|
| <b>1- MDLF management fees (indirect cost) = 7% of direct eligible cost</b> | 130,830             |
| <b>2- Total Direct Eligible Cost</b>                                        | <b>1,869,170</b>    |
| <b>2.1 Other Costs and Services</b>                                         | <b>35,000</b>       |
| Expenditure Verification/Audit                                              | 5,000               |
| Evaluation Cost                                                             | 10,000              |
| Visibility Actions                                                          | 20,000              |
| <b>2.2 Other</b>                                                            | <b>1,834,170</b>    |
| Legal Fees                                                                  | 10,000              |
| Cost of Infrastructure Sub-Projects                                         | 1,570,000           |
| Local Technical Consultancy for Design and Supervision                      | 120,000             |
| Technical support Expert/s                                                  | 50,000              |
| Consultancy for Civic Engagement                                            | 24,000              |
| Potential claims by contractors                                             | 60,170              |
| <b>Total Cost of the Action</b>                                             | <b>2,000,000.00</b> |

## 2.3 Sub-projects Identification and Scoping

Based on the approved selection criteria, and considering the earmarking from the AFD to target the clusters of (Al-Jiftlik, Tubas, Nablus and Salfeet) a set of localities were initially suggested and coordinated with the EU, AFD and MOLG.

The action plans of the localities were then revisited and field visits were conducted by MDLF, MOLG and the EU to verify the scope of the selected projects and the estimated cost.

Following the field visits, close coordination with the local authorities was conducted to verify the proposed sub-projects (4), in terms of the readiness and validation of the projects' sites including the following:

1. Approvals from the line ministries were obtained, particularly the Ministry of Education (MoE) particularly for Haris and Al-Aqaba schools.
2. Compliance with the social and environmental safeguards to be fully ensured. This included the assurance of land ownership of the sub-projects sites where the public buildings and their linked facilities will be constructed.
3. Written commitments from the targeted LGUs were obtained to sustain and perform the needed maintenance of the projects.

Regarding the road sub-project in Al-Jiftlick, the following conditions were considered throughout the validation process:

1. The roads projects have to be located within the outline plan boundaries.
2. The Right of Way (ROW) has to be respected wherever it is implementable according to the outline plans taking into consideration the difficulties related to physical obstructions. Accordingly, the longitudinal and transversal geometric details of these roads will be finally designed in close consultations with the LGUs and MoLG.
3. The final design of the roads, should be based on a well-structured geometric design which consists:

- Three dimensional aspects of roads layout, i.e. “alignment, profile and cross section”;
- Safety measures;
- Cost efficiency and;
- Possible adverse impacts on the environment.

On 13<sup>rd</sup> April 2022 the Steering Committee endorsed the sub-projects listed below.

- o Rehabilitation and Construction of Internal Roads in Al-Jiftlik
- o Continue the Construction of the Existing Haris Secondary Boys School
- o Construction of a Multi-Purpose Building for Furush Beit Dajan Village Council
- o Construction of an Elementary Mixed School in Al-Aqaba



## 2.4 Assessment of Results Achieved (so far)

The outcomes and the outputs of the action will be assessed later stage given that the projects are still in the implementation stage where the results have not yet materialized as shown below.



Table 13: Assessment of Results Achievements

|                                           | Results chain                                                                                                                                                                                         | Indicator                                                                                                                                                                           | Baseline<br>(value & reference year)                                                                 | Target<br>(value & reference year)                                                          | Achievement Progress                                                                                                                                                                      | % of Achievement |
|-------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| <b>Overall objective: (Impact)</b>        | 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 | Number of residents living in Area C in the targeted localities                                                                                                                     | 8947 (2022)<br>Disaggregated by sex<br>4384 females<br>4563 males                                    | 5% increase beyond the natural growth rate (2027)                                           | Not yet assessed                                                                                                                                                                          |                  |
|                                           |                                                                                                                                                                                                       | % increase of LGUs revenues as a result of the implemented interventions                                                                                                            | 0 (2022)                                                                                             | 15% increase (2027)                                                                         | Not yet assessed                                                                                                                                                                          |                  |
| <b>Specific objective(s) : Outcome(s)</b> | <b>SO 1:</b> To improve access to essential and public infrastructure in Area C (Schools, public buildings, roads)                                                                                    | Number of direct beneficiaries that have been supported to get access to essential and public services in Area C, under MDLF programmes (including the SDC interventions in area C) | 103,000 people (51 % males & 49 % (females), (2022)                                                  | 140,000 people (51 % males & 49% females), (2027)                                           | So far <b>112,614 inhabitants have been supported.</b>                                                                                                                                    |                  |
|                                           |                                                                                                                                                                                                       | Number of localities supported through Area C Development Programme in the West Bank (through the EU and SDC interventions)                                                         | 66 (2022)                                                                                            | 100 (2027)                                                                                  | So far <b>74 localities have been supported.</b>                                                                                                                                          |                  |
|                                           |                                                                                                                                                                                                       | Number of students benefited from the schools constructed under this package<br>a) primary education,<br>b) secondary                                                               | Primary 400 (2022)<br>Secondary 75 (2020) (enrolled to unfortunate and crowded education facilities) | Primary 440 (2025)<br>Secondary 80 (2025) (to be enrolled to better educational facilities) | <b>Not yet Achieved</b><br>- The primary school in Al-Aqaba is suspended due to SWO by the Israeli Authorities.<br>- The secondary school is completed with a total of 350 beneficiaries. |                  |
|                                           | <b>SO 2:</b> To strengthen the Palestinian institutions' capacity to deliver                                                                                                                          | % of citizens satisfied with the outcomes of the implemented projects and                                                                                                           | NA <sup>9</sup>                                                                                      | 75% (2025)                                                                                  | Not yet assessed                                                                                                                                                                          |                  |

<sup>9</sup> To be defined during the first year of action implementation through the diagnostic study under the civic engagement component.



|                | <i>Results chain</i>                                                                                                                | <i>Indicator</i>                                                                                    | <i>Baseline<br/>(value &amp; reference<br/>year)</i> | <i>Target<br/>(value &amp; reference year)</i>                              | <i>Achievement Progress</i>                                                                                                                                                                                                                                                                                                    | <i>% of<br/>Achievement</i> |
|----------------|-------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|------------------------------------------------------|-----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
|                | essential social and public sustainable services in Area C                                                                          | services provided by the LGUs under this package                                                    |                                                      |                                                                             |                                                                                                                                                                                                                                                                                                                                |                             |
|                |                                                                                                                                     | % allocated budget of LGU for operation, sustainable performance and development projects in Area C | 0 (2022)                                             | 10%, (2025)                                                                 | Not yet assessed                                                                                                                                                                                                                                                                                                               |                             |
|                |                                                                                                                                     | % of inhabitants participated in community mobilization activities                                  | 0 (2022)                                             | 15% (2025) in average                                                       | <ul style="list-style-type: none"> <li>- The local NGO is currently working on community mobilization activities including the implementation of social accountability tools.</li> <li>- 150 participants represent 1.67% of total inhabitants.</li> </ul>                                                                     |                             |
| <b>Outputs</b> | <b>Output related to SO1:</b><br>New/improved public facilities implemented in Area C including: (schools, public buildings, roads) | Number and areas of schools constructed under this package                                          | 0 (2022)                                             | Two (2) schools with total area of 1950 SQM of constructed/expanded. (2025) | <b>Partially Achieved</b> <ul style="list-style-type: none"> <li>- The primary school in Al-Aqaba is suspended due to SWO by the Israeli Authorities.</li> <li>- The Haris secondary school is completed with 1500 SQM</li> </ul>                                                                                              | 77%                         |
|                |                                                                                                                                     | Number and area of public buildings constructed under this package                                  | 0 (2022)                                             | One public building constructed with total of 300 SQM, (2025)               | <b>Not Achieved</b> <ul style="list-style-type: none"> <li>- The VC for Frush Beit Dajan was demolished by the Israeli Authorities</li> </ul>                                                                                                                                                                                  |                             |
|                |                                                                                                                                     | Total length of roads constructed/rehabilitated under this package                                  | 0 (2022)                                             | 2 km of roads constructed/rehabilitated, (2025)                             | <b>Not yet achieved</b> <ul style="list-style-type: none"> <li>- Only 0.8 Km will be implemented under this package due to budget limitation. Where the other 1.2 Km is planned to be implemented under the new package 7.</li> <li>- Even the segment of 0.8 Km, is verbally suspended by the Israeli Authorities.</li> </ul> |                             |



|  | <i>Results chain</i>                                                                                                                                      | <i>Indicator</i>                                                          | <i>Baseline<br/>(value &amp; reference<br/>year)</i> | <i>Target<br/>(value &amp; reference year)</i> | <i>Achievement Progress</i>                         | <i>% of<br/>Achievement</i> |
|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|------------------------------------------------------|------------------------------------------------|-----------------------------------------------------|-----------------------------|
|  | <b>Output related to SO2:</b> Enhanced capacity of the concerned LGUs and local communities in Area C for social and public sustainable services delivery | Number of social mobilization workshops conducted                         | 0 (2022)                                             | 12 (2025)                                      | Achieved with 23 sessions.                          | 192%                        |
|  |                                                                                                                                                           | Number of operational and maintenance plans prepared                      | 0 (2022)                                             | 4 (2025)                                       | In process                                          |                             |
|  |                                                                                                                                                           | Number of SA plans implemented                                            | 0 (2022)                                             | 8 (2025)                                       | 10 plans were implemented                           | 125%                        |
|  |                                                                                                                                                           | Number of training sessions conducted for the targeted LGUs <sup>10</sup> | 0 (2022)                                             | 20 (2025)                                      | 40 sessions including 10 sessions per LGU (10*4=40) | 200%                        |

<sup>10</sup> Capacity building includes for instance; document management protocol, reporting and correspondences, project management skills, orientation on budgeting, and orientation on strategic planning.



## 2.5 Implementation Progress at the Activity Level

### **Infrastructure Component**

Since the signature of the agreement between MDLF and the EU, MDLF has started the coordination with the key stakeholders effectively (EU, the MOLG, APLA and the target LGUs) to meet the planned targets and to avoid any miss communication during the implementation. In this regard, 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.

In parallel to effective communication with the key stakeholders, MDLF had contracted one local technical consultant in West Bank for design and supervision and a technical support expert to assist MDLF to follow up on the project activities.

The LTC was contracted on the 27<sup>th</sup> of December 2022 and the TSE was contracted on the 18<sup>th</sup> of June 2023. Following the contract with the LTC, a kick-off meeting was conducted to ensure a clear understanding from the consultant of the scope of work and the main tasks of the LTCs. Upon the kick-off meeting, the LTC was requested to communicate with the target LGUs and conduct field visits to projects locations to verify the description and the costing of the projects as well.

More focus on the works conducted during the reporting period can be summarized as per the following:

### **Preliminary Stage:**

- Field visits had been conducted to the target LGUs in all Governorates by MDLFs' engineers and the LTCs 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 project sites are located within the master plan boundaries.
- A procurement plan (PP) was prepared for all the work packages where some of them are consultancy, non-consultancy services, works, and goods.

### **Design & Tendering Stage:**

To prepare a complete design for every single sub-project the following steps were taken:

- The needed design data was collected, and the site investigation was conducted to decide and verify the steps needed in every single project.
- Special attention was given to the structural and capacity assessment for the existing secondary school in Haris as the project is the construction of 2<sup>nd</sup> and 3<sup>rd</sup> floors on the existing building.
- The collected data was represented in the format that would assist in preparing an environmental risk assessment and social risk assessment.
- A direct consultation was conducted with the target LGUs and line ministries to verify the required standards and design criteria.
- The LTCs, with 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.
- The final design for the schools projects in Al-Aqaba and Haris was finally approved by the MOE after being discussed for many times to fit the design with the budget estimation.

#### Insights on the Financing Gap

- Once the final design was approved by MDLF and relevant PA institutions, it was noticed that the estimated cost is higher than the allocated budget. Thus the gap was discussed with the EU to assess how to be fulfilled putting different scenarios including: i) reducing the areas with maintaining the original scope, ii) postpone Al-Jiftlik road project to the upcoming package, iii) ask for additional financing to fill the financing gap.
- The gap was also confirmed after finalizing the tendering of all sub-projects where the total lowest responsive bidders/contracted amount exceed the allocated budget for the infrastructure component as shown in **table 14** below.
- To the end, the steering committee held on November 23<sup>rd</sup>, 2023 agreed that Al-Jiftlik road project will be directly financed by the AFD as a parallel financing **up to EUR 300,000** under the portfolio of Rural Development Programme-phase 2 but still to be reported as part of this package.

**Table 14: List of Sub-Projects Showing the Financing Gap**

| Locality                           | Governorate | Sub-Project                                                                    | Sector            | Allocated Budget (EUR) | Contracted (EUR)                                                                                            |
|------------------------------------|-------------|--------------------------------------------------------------------------------|-------------------|------------------------|-------------------------------------------------------------------------------------------------------------|
| Al-Jiftlik                         | Jericho     | Rehabilitation and Construction of Internal Roads                              | Roads             | 300,000                | <b>199,955</b><br>- to be funded by the AFD directly in accordance to the MOU signed between MOLG and MDLF. |
| Haris                              | Salbit      | Continue the Construction of the Existing Haris Secondary Boys School          | Education         | 500,000                | <b>824,360</b>                                                                                              |
| Furush Beit Dajan                  | Nablus      | Construction of a Multi-Purpose Building for Furush Beit Dajan Village Council | Public Facilities | 220,000                | <b>257,488</b>                                                                                              |
| AL-Aqaba                           | Tubas       | Construction of an Elementary Mixed School                                     | Education         | 550,000                | <b>599,909</b>                                                                                              |
| <b>Total</b>                       |             |                                                                                |                   | <b>1,570,000</b>       | <b>1,881,712</b>                                                                                            |
| <b>Gap with Al-Jiftlik Road</b>    |             |                                                                                |                   |                        | <b>311,712</b>                                                                                              |
| <b>Gap without Al-Jiftlik Road</b> |             |                                                                                |                   |                        | <b>111,757</b><br>(To be covered by other budget items)                                                     |

#### Summary of Implementation of Sub-Projects:

- One sub-project was demolished by the Israeli Authorities, in particular the construction of a multi-purpose building for Furush Beit Dajan Village Council.
- One sub-project is completed, in particular, the continue of construction for the existing secondary boys school in Haris.
- Two sub-projects (Al-Aqaba mixed school and Al-Jiftlik road) are suspended due to Stop Work Orders by the Israelis.
- The detailed status and the incidents undertaken by the Israeli measures are illustrated in table 15 below.



Table 15: Implementation Status of Sub-Projects

|                                          | Al-Jiftlik Road                                                                                                                                                                                                                                                                                                                                                       | Haris School                                                                                                                                                                                                                                                                                                               | Al-Aqaba School                                                                                                                                                                                                                                                                                           | Furush Beit Dajan Multi-Purpose Building                                                                                                                                                                                                                               |
|------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Description</b>                       | The project consists of the construction of one road segment of 0.8 km length. The works include excavation, levelling, base course, asphalt pavement, concrete sidewalks, box culvert rehabilitation, concrete shoulders, and road furniture. The roads' width is 5.75m, 4 m (asphalt), and up to 1.5 m sidewalks each side, 0.75 m concrete shoulders where needed. | Completion of Boys' secondary school comprised of ten (10) classrooms – two floors – vertical expansion (1,000 SQM) and finishing of the existing ground floor (500 SQM) and external works. The Ministry of Education will provide the furniture and equipment for the school. The total area of the school is 1,500 SQM. | Construction of an elementary mixed school comprised of ten (10) classrooms, laboratory, teachers' room, computer lab, sanitary unit (toilets and septic tank), and external works. The total area of the school is about 700 M2.                                                                         | The project consists of construction the village council premise. It will include a venue for the agriculture cooperative and women's gathering society in the community. It comprises of two floors of total area 300 SQM. Furniture will be provided by the project. |
| <b>Status</b>                            | Suspended since 4/8/2024 due to verbal SWO by the Israelis Authorities                                                                                                                                                                                                                                                                                                | Ongoing with some delays and expected to be completed by 15/11/2024 according to the revised work plan                                                                                                                                                                                                                     | Suspended since 13/6/2024 due to: (raid by the Army on 13/6/2024, SWO with confiscation of equipment by the Israeli Authorities on 26/6/2024)                                                                                                                                                             | Demolished by the Israelis Authorities on 7/8/2024                                                                                                                                                                                                                     |
| <b>Contract Value</b>                    | EUR 199,955                                                                                                                                                                                                                                                                                                                                                           | EUR 824,360                                                                                                                                                                                                                                                                                                                | EUR 599,909                                                                                                                                                                                                                                                                                               | EUR 257,488                                                                                                                                                                                                                                                            |
| <b>Description of the Executed Works</b> | <ul style="list-style-type: none"> <li>- Excavations,</li> <li>- Rockfill Layers</li> <li>- Base Coarse</li> <li>- Interlock Tiles and Curbstone</li> </ul>                                                                                                                                                                                                           | <ul style="list-style-type: none"> <li>- Skelton works completed</li> <li>- Finishing works undergoing including: (plastering + painting + tiling + electromechanical works)</li> </ul>                                                                                                                                    | <ul style="list-style-type: none"> <li>- Casting of retaining and boundary walls (partially completed)</li> <li>- Casting of the septic tank (completed)</li> <li>- Excavation of main building foundations (partially completed)</li> <li>- Basement retaining walls and columns ( completed)</li> </ul> | <ul style="list-style-type: none"> <li>- Skelton works ready (concrete work + block work)</li> </ul>                                                                                                                                                                   |
| <b>Remaining Works</b>                   | <ul style="list-style-type: none"> <li>- Asphalt Pavement</li> <li>- Box Culvert Works</li> <li>- Shoulders</li> <li>- Road Furniture</li> </ul>                                                                                                                                                                                                                      | <ul style="list-style-type: none"> <li>- External works</li> <li>- Finishing works to be completed</li> </ul>                                                                                                                                                                                                              | <ul style="list-style-type: none"> <li>- The construction of the basement and the 1<sup>st</sup> floors</li> </ul>                                                                                                                                                                                        | NA – the project was demolished                                                                                                                                                                                                                                        |
| <b>Value of Executed Works</b>           | EUR 70,000                                                                                                                                                                                                                                                                                                                                                            | EUR 824,360                                                                                                                                                                                                                                                                                                                | EUR 120,000                                                                                                                                                                                                                                                                                               | EUR 95,100                                                                                                                                                                                                                                                             |
| <b>Project Start Date</b>                | 20/04/2024                                                                                                                                                                                                                                                                                                                                                            | 20/12/2023                                                                                                                                                                                                                                                                                                                 | 4/05/2024                                                                                                                                                                                                                                                                                                 | 16/12/2023                                                                                                                                                                                                                                                             |
| <b>Planned Contract Finish Date</b>      | 19/08/2024                                                                                                                                                                                                                                                                                                                                                            | 16/08/2024                                                                                                                                                                                                                                                                                                                 | 27/02/2025                                                                                                                                                                                                                                                                                                | 11/08/2024                                                                                                                                                                                                                                                             |



|                                          | Al-Jiftlik Road                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Haris School                                                                                                                                                                                                                                                                                                                                                                                                            | Al-Aqaba School                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Furush Beit Dajan Multi-Purpose Building                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Incidents / Israeli measures</b>      | <ul style="list-style-type: none"> <li>- Verbal Stop-work Order by the Israeli Army on 4/8/2024.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <p>NA</p>                                                                                                                                                                                                                                                                                                                                                                                                               | <ul style="list-style-type: none"> <li>- On 13 June 2024, the project site was raid by the Israeli Army.</li> <li>- The project staff was arrested for few hours and then were released.</li> <li>- The excavator and the concrete pump were confiscated</li> <li>- Since 13 June 2024 the work has been suspended.</li> <li>- On 26 June 2024, a Stop Working Order was issued by the ICA.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <ul style="list-style-type: none"> <li>- Stop work order was issued on March, 24<sup>th</sup>, 2024</li> <li>- Demolition order was issued on May 15, 2024.</li> <li>- The matter was followed up legally by the PA, unfortunately, the project was demolished on August 7<sup>th</sup>, 2024.</li> </ul>                                                                                                                                                                                         |
| <b>Follow Up and Next Steps (if any)</b> | <ul style="list-style-type: none"> <li>- No legal follow up.</li> <li>- The suspension has been discussed with the MOCA – Jericho Office.</li> <li>- A communication channel has been set between the Israeli Authorities and the MOCA.</li> <li>- The resumption of work depends on the results of the discussions between the MOCA with the Israeli Authorities.</li> <li>- Joint visits were conducted between the MOCA- Jericho office and the Israeli Authorities on: (21/8/2024, 30/9/2024, and 1/12/2024), to have a visual inspection of the box culvert and to explore the opportunity for resumption of work. The Israeli Authorities asked for structural analytical report for the box culvert which is under preparation by the Local Technical Consultant.</li> </ul> | <ul style="list-style-type: none"> <li>- The work has been completed with some delays.</li> <li>- The project was handed over on 16/1/2025.</li> <li>- An inauguration ceremony is scheduled on 19/2/2025 with presence of AFD, EU, MOLG, MDLF and MOE.</li> <li>- It was confirmed by MOE that the school will be furnished by and operated in the 2<sup>nd</sup> semester of the academic year 2024/25025.</li> </ul> | <ul style="list-style-type: none"> <li>- MOLG, MOCA and CWRC were informed about the incident.</li> <li>- The SWO has been followed up legally.</li> <li>- MOLG provided the needed planning package to the lawyer.</li> <li>- The matter has been followed up legally by the PA, and the licence application has been submitted since July 10<sup>th</sup>, 20224.</li> <li>- The ICA rejected the license application on the basis that Al-Aqaba Area is designated as a military zone, and prior authorization from the military commander is required before submitting license applications.</li> <li>- The PA legal advisor recommended that the 1<sup>st</sup> step shall be removing Al-Aqaba Area from the military zone designation. This will allow for moving forward in following up the master plan.</li> <li>- The village council tasked Neta Amar (VC legal advisor), who submitted a request to the ICA to remove the village of Al-Aqaba from the military zone designation which usually takes max two months to receive response from the ICA. This request has been followed up by the PA legal advisor asking for expediting the response from the ICA.</li> <li>- Receiving positive or negative response will guide the way forward.</li> </ul> | <ul style="list-style-type: none"> <li>- The VC will apply for a new license of the public building with shifting the location 50 meters approximately.</li> <li>- The license application will be supported with a request from the VC for designating the whole parcel of land with a total area (12 Donums), and with proposition to be utilized for a set of public buildings.</li> <li>- The application will be submitted to the Israeli Authorities before the end of Jan-2025.</li> </ul> |



## Photos of the projects Construction of an Elementary Mixed School at AL-Aqaba (External Works)



## Frush Beit Dajan – Demolished VC Premise



המנדל האזורי – וועדת המועצה למיקוח



עמוד: 1  
תאריך: 15/05/2024

### פרטי החיוב

תק"ב: 85/24  
שם המחזיק: עזרא מלמד חגי מוחמד  
ת"ז המחזיק: 962170496  
ב"כ המחזיק: עידית בסאם כראית  
כפר: חריבת סנא וחלמא  
גפז: חבסע

### חברי הוועדה

סמיר לילאם כות, יו"ר הוועדה

### החלטה

ביום 24 במרץ 2024 נמשך צו המסקת עבודה ביוזם לתיק ב"כ זה (בשל שעות שומר נסתבה בצו המסקת העבודה השפרה "4" במקום "3"). בהתאם לתיאור המבנה בצו המסקת העבודה ולתיקוד החוזות שחוגג לו, במסגרת זה תתיק כלל מבנה של חד קומתי ללא קירות, רצפת בטון, יסודות והכנה ליציאת גג, הכשרת שטח ומיתוח. כפי שניתן לראות, מועלים נכחו במקום בעת מסירת החד.  
ביום 17 באפריל 2024 התקיים דיון בוועדה בה נכח ב"כ המחזיק, אשר הודה כי הביטוי הוקם ללא היתר בנייה דיון, אך מפיון שהגיש בקשה להיתר ביקש לעכב את הליכי האכיפה עד להכרעה בהלך התכנוני. בשיום הדיון הוחלט על החלטת צו שופי להמסקת עבודה ולהרשה, אשר גשלה לב"כ המחזיק ביום 8 במאי 2024.  
בהתאם לתיקוד אשר הוגג לי נמשכו העבודות בסבנה, וזאת בניגוד לצו המסקת העבודה. כך, ביום 8 במאי 2024 ננפה הביטוי כאשר נוספה קומה שניה למבנה השלד, והוקמו קירות בלוקים.  
מורכבות תמונות המחזיקות את השינויים אשר נעשו וזאת בניגוד לצו המסקת העבודה שהוצא ביום 24 במרץ 2024.

### Rehabilitation and Construction of Internal Roads at AL-Jiftlik



### Continue the Construction of the Existing Haris Secondary Boys School



### Capacity Development Component

The action seeks to enhance access to crucial public infrastructure in four localities within Area C, while also strengthening the institutional capabilities of the targeted Village Councils (VCs) to provide essential, sustainable social and public services. Addressing the needs of underserved communities



through improved service delivery necessitates robust institutional development and support for VCs to ensure effective and lasting service provision.

The primary goal of this component is to supplement the program's infrastructure component by improving the VCs' capacity and performance at both strategic and operational levels. The Municipal Development and Lending Fund (MDLF), as the implementation agency for Area C intervention, has hired a professional institutional development Consultant. The Consultant conducted an institutional needs assessment to identify capacity gaps, and develop a capacity-building action plan accordingly. The Consultant has employed a participatory and utilization-focused approach to both assessment and planning to ensure the ownership of these processes Upon agreement with MDLF.

A comprehensive assessment was conducted for four Village Councils to identify their strengths and areas for improvement. The assessment took into account a rigorous examination of Village Council's (VC) documents, procedures, and policies, supplemented by in-depth interviews with various council stakeholders, including Mayors, members, and staff. The interviewees exhibited significant transparency and a robust desire for growth and development of the VC's systems.

The proposed interventions in these areas will be followed up with training and coaching sessions for council members and employees:

1. **Resource Mobilization and Management Plan Development:** This strategy encompasses conducting an exhaustive feasibility analysis and formulating a robust resource mobilization and management plan. The plan would be particularly geared towards each Village Council's assets and services, thereby optimizing their potential for local economic growth.
2. **Revision of ACIP:** The Village Council's Annual Capital and Investment Plan (ACIP) should be updated in a participatory manner that encourages input from all community members, especially marginalized groups. Simultaneously, environmental and climate change challenges should be integrated across the entire plan. This comprehensive approach will ensure a more equitable and sustainable community development strategy.
3. **Stakeholder Relationship Management and Increased Visibility:** A comprehensive communication and visibility strategy should be developed to engage various institutions, including governmental bodies, academic institutions, the private sector, civil society organizations, municipalities, and other village councils. In addition, a comprehensive database for various stakeholders should be established.
4. **Administrative and Human Resources Policies:** For streamlined operations, it's essential to formulate clear and precise instructions that outline the administrative and human resources policies and procedures. These should be specifically tailored to suit the unique needs and capacities of each Village Council.
5. **Financial Policies and Procedures:** Similarly, the creation of comprehensive yet concise guidelines for financial policies and procedures is vital. This ensures transparency and financial accountability, and these guidelines must be tailored to the unique needs and capabilities of each village council.
6. **Fundraising Strategy:** A comprehensive fundraising strategy, which includes diversified funding sources, should be developed to ensure financial sustainability.

The full report provides clear strategies to address the identified gaps and build capacity, empowering the target Village Councils to improve their efficiency and delivery of services to the community.

*It is worth noting that the capacity building activities mentioned above need special interventions rather than being considered under this package, however, light CB support activities were considered under the current working packages, precisely through the citizens engagement and the on-job training being conducted by the LTC.*



In the process of conducting the needs assessment & capacity gap of the (4) VC's, the following challenges were encountered:

- **Data Availability and Accuracy:** Triangulating data received from interviewees proved challenging due to various reasons, including the unavailability of documents, disorganization in the filing system, and the unfamiliarity of new village council members with the council's documentations.
- **Political Situation:** The study was conducted during a period marked by Israeli incursions into several Palestinian towns. This situation hindered the ability to arrange and attend meetings with village council members and staff, causing delays and postponements.
- **Limited Number of Interviewees:** The visited village councils primarily consisted of a small staff and council members who were available for meetings. This led to a limited number of interviews being conducted, which may have impacted the study's breadth and depth.

## 2.6 Civic Engagement and Promotion of Social Accountability

The Communities Mobilization Activities are designed based on previous experience and lessons learned gained from the implementation of the completed four packages under the Area C Development Programme, as well as the lessons learned from the mid-term evaluation of Area C conducted through the EU. It was stated by the evaluators: “The Project has been carried out more or less as an engineering/construction project focusing and constructing a certain number of infrastructure sub-projects. Following such a top-down construction management approach has left little space for participatory processes to take place. The Project could have been more effective if the construction activities were augmented by other accompanying socially and/or environmentally related training/interventions. It is important, in this case to strike the right balance between administrative management requirements to carry out the construction component versus engaging in a development dialogue/support with the LGUs”.

Addressing the needs of the marginalized communities by improving service delivery and their participation in decision making process cannot be fully realized without the effective involvement and assistance of civil society. The civic engagement activities were designed in a way to engage reputable and experienced civil society organizations (CSOs) as an implementing partner to empower the local community activities. The primary objective is to complement the Program's hard infrastructure Component by enhancing civic participation of vulnerable communities in local-decision making and thereby improving citizen-local governmental relations and the latter's accountability.

### V Objective of Citizens Engagement

The overall objective of citizens engagement is to mainstream citizen engagement and social accountability in local decisions making to improve the development results and contribute to building sustainable systems and strategies for citizen engagement with local governance sector.

The specific objective of such activities is to institutionalize citizen engagement and social accountability in local governance through adopting formal guidelines/procedures and good practices for strengthening civic engagement as an approach where marginalized communities have the power to influence the decisions and services provided by the LGUs.

In order to have progress toward effective community participation (CP), the assignment will focus on the following:

- Integrate and institutionalize CP and SA tools and practices in LGUs affairs;



- Build the capacity of LGUs employees, and decision-makers to apply SA concepts and tools in the LGUs for accountable service delivery;
- Awareness/engagement of the citizens and the LGUs councils' members on the projects activities and the projects related data;
- Awareness to the citizens about the action plans and update the communities' priorities in a participatory manner as needed, and provide assistance to LGUs in addressing their needs to MoLG;
- Conduct Awareness workshops to the local communities to engage them in the design of social/environmental mitigation measures as part of the Environmental and Social Management Plan "ESMP";
- Build the awareness of the concerned LGUs and citizens on the concept of operation and maintenance of the implemented sub-projects in coordination with the Local Technical Consultants (LTCs);
- Enhance the role of media in social accountability, and increase the public's access to information;
- Enhance complaints mechanisms within the framework of social accountability in the targeted locations and increase citizens role on how to use them;
- Increase community participation including women, youth and marginalized groups, ensuring that they are heard and their inputs are reflected in the joint decision – making; and
- Additionally, conduct a beneficiary impact assessment to assess the perception of the direct beneficiaries/inhabitants on the delivered outcomes of the intervention.

**V Progress So far (general):**

- A local NGO was contracted on February 1<sup>st</sup>, 2024.
- One-day coaching and orientation session was held on February 11<sup>th</sup>, 2024 via ZOOM. The session was attended by the whole team of the consulting NGO.
- Introductory meeting was held in each targeted location to introduce the assignment in terms of team, objectives, activities, etc.
- A proposed methodology has been developed for assessing the SA and CP environment, alongside the Training Needs in the (4) target localities.
- In a participative manner with the LGUs, and the MDLF, the local NGO has set a list of selection criteria for Civic Mobilization and Social Accountability Committees (SACs) in each locality. Each SAC is composed of 7-9 members representing the local community members in general and area "C" in particular.
- The assessment of SA enabling environment was conducted through the collection and analysis of both quantitative and qualitative data of the LGU officials, civic groups (CBOs), local social mobilizers with a special attention will be given to youth, women and people with disabilities and citizens at the community level regarding the SA and CP.
- Development of social accountability action plans and implementing 10 SA tools across the targeted VCs and communities.
- **Training:** Based on the findings of the Training Needs Assessment conducted by the local NGO in the (4) target localities, a series of training sessions for the LGUs' officials and Staff, civic groups (CBOs), local social mobilizers in the (4) targeted LGUs and communities have been conducted, where the training topics are illustrated below:



| SACs Training Topics                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | LGUs Training Topics                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>- Tools, pillars, and components of social accountability.</li> <li>- The importance of accountability and its role in society and local governance.</li> <li>- Communication and interaction, especially in effective use of social media.</li> <li>- Personal skills necessary for implementing accountability.</li> <li>- Managing dialogues and discussions.</li> <li>- Mechanisms and procedures for handling objections and complaints.</li> <li>- Enhancing teamwork skills and organizing community awareness campaigns.</li> <li>- Annual action plans.</li> <li>- Creating a Facebook page for the committee.</li> <li>- Presentation of the accountability tools guide.</li> </ul> | <ul style="list-style-type: none"> <li>- Tools, pillars, and components of social accountability.</li> <li>- The importance of accountability and its role in society and local governance.</li> <li>- Communication and interaction, especially concerning the effective use of social media.</li> <li>- Personal skills necessary for implementing accountability and community engagement.</li> <li>- Local governance laws and programs, and regulations that align with accountability and community participation.</li> <li>- Mechanisms and procedures for handling objections and complaints.</li> <li>- Mechanisms to strengthen supporting units for community accountability in "Area C."</li> <li>- How to apply transparency, disclosure, and complaints primarily.</li> <li>- Strengthening supporting units for community accountability in "Area C."</li> <li>- Disaster and Risk Management Plans for each LGU- DRR</li> <li>- Electronic portal for municipalities.</li> <li>- Presentation of a Disaster and Risk Management Plans Plan Template.</li> <li>- Presentation of the disclosure plan / complaints system.</li> </ul> |

Training on social accountability for village councils and social accountability committees is an essential step towards empowering communities to take an active role in governance. It ensures that public officials are responsive to the needs of the people and that public resources are used efficiently and equitably. Through these training programs, local communities are better equipped to contribute to the development and well-being of their regions.

## 2.7 Beneficiaries/affiliated Entities and Other Cooperation

### Key Stakeholders

The key stakeholders of the action 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 Ministry of Civil Affairs "MOCA" who coordinates with the ICA regarding the planning meetings and follow up the stop working orders/confiscation of equipment once happened.
- 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 sub-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 (LTCs) 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 and other financing partners working in Area C, i.e the financing partners who are members or observers in the steering committee for instance AFD.
- Association of Palestinian Local Authorities “APLA” which is an independent organization aiming to represent and lobby for the collective interests of its members LGUs (in general), and is currently managing an intervention for institutional development for the LGUs (including Area C) funded by the EU.

### Coordination among the Key Stakeholders.

MDLF effectively coordinated with stakeholders during the last period as follows:

- 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.
- A close communication between MDLF, MOLG and the target localities was done to ensure that all the preparatory activities were done regarding the permits and approvals from the line ministries.
- MDLF also shared the design of school projects with the MOE to ensure the compliance of designs with technical requirements for line ministries.
- MDLF shared the information related to this package with the Prime Minister Office as part of MDLF regular reporting.
- There was continuous communication between MDLF and the EU notifying them about the progress and the challenges throughout the implementation.
- The financing gap was communicated with the EU and discussed during the steering committee on 23<sup>rd</sup> November, 2023 who decided to finance Al-Jiftlik road project directly from the AFD under the ongoing programmed (Rural Development Programme-phase 2).
- The SWO as well as the demolition orders were legally followed up by the PA legal advisors in accordance to the agreed upon protocol for following up such matters.

## 2.8 Visibility

The original visibility plan was adjusted to reflect the ongoing circumstances which have affected the implementation of the projects. The following new plan was prepared and shared with the EU for approvals. The main activities will be outsourced through a firm specializing in promotion and visibility.

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1. General Communication Strategy:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <ul style="list-style-type: none"> <li>- To increase the public awareness and understanding of Area C as a key element for future demographic and economic growth of a viable Palestinian state.</li> <li>- To promote and publicize the Area C Development programme as a key intervention funded by the EU.</li> </ul>                                                                                                                                                                         |
| <b>2. Specific Objectives:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <ul style="list-style-type: none"> <li>- To promote the strategic partnership with the EU and it's Member States, for instance Denmark, France and Germany, to support the Palestinian presence and the development interventions in Area C in line with the EU commitment toward the two-states solution.</li> <li>- To promote the achievements of the programme, such as the improvement of services delivery and the quality of life for the marginalized/vulnerable communities.</li> </ul> |



| Target Group                                            | Message                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Communication Tool                                                                                                                                                                                                                                                                                                                   |
|---------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Decision Makers</b>                                  | <ul style="list-style-type: none"> <li>- The Area C Development Programme is a national programme funded by the EU and its member states within the framework of local government sector development towards state building.</li> <li>- The EU has been providing substantial developmental support to the Palestinians in Area C in line with the EU's political position considering AREA C as an integral part of the Palestinian state.</li> <li>- The MDLF has been implementing the Area C development programme in a series of packages, in line with MDLF strategic direction for targeting the marginalized communities with basic social infrastructure services.</li> </ul>                                                                                                                                                                                                                | <ul style="list-style-type: none"> <li>- Face to face meetings,</li> <li>- High profile printing and promotional materials,</li> <li>- Invitation to Inaugurations of projects in different localities.</li> </ul>                                                                                                                   |
| <b>Local clients (LGUs)</b>                             | <ul style="list-style-type: none"> <li>- The Area C development programme funded by the EU has targeted the marginalized localities with public infrastructure projects with positive impact on the quality of life for the marginalized communities in area C.</li> <li>- The programme will focus on citizen's engagement and community mobilization, and the job-training for the LGUs as a soft component will complement the hard component of the programme.</li> <li>- The EU is a real partner for the Palestinians and places Area C at the top of its agenda.</li> <li>- The Area C interventions are fully coordinated between the MDLF and the MOLG in terms of selection of localities and identification of projects.</li> </ul>                                                                                                                                                        | <ul style="list-style-type: none"> <li>- Meetings</li> <li>- MDLF report</li> <li>- Brochures</li> <li>- Ceremonies</li> <li>- Orientation Workshops</li> </ul>                                                                                                                                                                      |
| <b>Media</b>                                            | <ul style="list-style-type: none"> <li>- The Area C Development Programme funded by the EU is a national programme within the framework of local government sector development towards state building.</li> <li>- The Area C development programme is a key intervention for services delivery improvement with high impact on the marginalized communities.</li> <li>- The EU support aims at promoting economic development and improving the quality of life of Palestinian communities in Area C. This is in line with the EU commitment towards the two-state solution.</li> </ul>                                                                                                                                                                                                                                                                                                               | <ul style="list-style-type: none"> <li>- Press Conferences</li> <li>- Field visits to important projects (Journalist tour bus)</li> <li>- Involvement in activities for the programme.</li> <li>- Spots &amp; Videos</li> </ul>                                                                                                      |
| <b>Local communities and general Palestinian public</b> | <ul style="list-style-type: none"> <li>- The Area C Development Programme funded by the EU is a national programme within the framework of local government sector development towards state building.</li> <li>- The Area C development programme funded by the EU has targeted the marginalized localities with public infrastructure projects with positive impact on the quality of life for the marginalized communities in Area C.</li> <li>- The EU supports projects promoting economic development and improving the quality of life of Palestinian communities in Area C in the areas of the private sector, the environment and agriculture. This is in line with the EU commitment towards the two-state solution.</li> <li>- The Area C interventions are fully coordinated between the MDLF and the MOLG in terms of selection of localities and identification of projects.</li> </ul> | <ul style="list-style-type: none"> <li>- Media</li> <li>- High profile printing and promotional materials,</li> <li>- Fact sheets</li> <li>- MDLF website</li> <li>- Social media channels</li> <li>- Awareness raising events for the local communities including (community's mobilization activities, kids' fun days).</li> </ul> |



| 3. Communication and Visibility Activities (Programme Level)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                     |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| Main Activity                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | General Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | How to be Implemented And when?                                                     |
| Printings and Promotional material                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <b>PUBLICATIONS:</b> <ul style="list-style-type: none"> <li>- Brochures: Design and print informative brochures that provide an overview of the Area C Development Programme</li> <li>- Media Kits: press releases, articles.</li> <li>- Factsheet for each sub-project</li> <li>- Calendar for Area C Development Programme 2026</li> <li>- Folders</li> </ul>                                                                                                                                                                                                       | - will be implemented through specific items under the media coverage and outreach. |
| I Project Website\ Social Media Web Packages Facebook                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <ul style="list-style-type: none"> <li>- Website: dedicated section for the programme on MDLF website containing all relevant materials that is updated regularly and in line with the milestones achieved within the project.</li> <li>- MDLF social media platforms will house posts and feature stories related to the project's activities.</li> <li>- Photographer (shooting with drones)</li> <li>- Design special digital theme for Area C projects to be used on MDLF Facebook page and promote it.</li> </ul>                                                | - will be implemented through MDLF                                                  |
| Media Relations:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Targeted information will be shared with the press who will be invited to participate in selected project events.                                                                                                                                                                                                                                                                                                                                                                                                                                                     | - will be implemented directly by MDLF                                              |
| Main Activity                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | General Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | How to be Implemented                                                               |
| Event Management                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <ul style="list-style-type: none"> <li>- 4 inaugurations</li> <li>- The inauguration events will mark the completion and official opening of four significant projects under the Area C Development Program in the West Bank VI.</li> <li>- The events will include Audio-Visual Setup, Signage and Branding, Catering, Media Engagement</li> </ul>                                                                                                                                                                                                                   | - will be implemented through specific items under the media coverage and outreach. |
| Outreach Activities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>Community Clean-Up Day: (Haris Village Council)</b> <ul style="list-style-type: none"> <li>- Collaborate with local organizations, parents, and students to organize a community clean-up day in the vicinity of the school.</li> <li>- Provide branded t-shirts, gloves, and cleaning tools for participants, featuring the school project's logo or message.</li> <li>- Use this opportunity to talk about the importance of a clean and safe environment for education and highlight the positive impact the school project brings to the community.</li> </ul> | - will be implemented through specific items under the media coverage and outreach. |
| <b>Activities which are out of the media coverage and outreach assignments and considered as cross-cutting with other programme activities:</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                     |
| <ul style="list-style-type: none"> <li>- MDLF Website and Facebook Page will be activated through promoting the programme, including a Web-Portal on MDLF Website for Area C with Interactive Map, and live videos on MDLF Facebook Page.</li> <li>- Interviews on TV\Radio (to inform stakeholders and the target groups about the programme)</li> <li>- Testimonial (Writing about group of people whose life has been affected by the Project by telling their story, and use photos for illustration)</li> <li>- Press Releases for the impact of the projects.</li> <li>- Power point presentations</li> <li>- Big signs for each sub-project will be installed in the site and will be part of the projects mobilization and will be done by the contractors.</li> <li>- Stickers for the Furniture with the EU Logo</li> </ul> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                     |



- Field visits will be conducted by MDLF and the development partners concerned with the target localities with media coverage.
- The public building projects should have visual identity.

### 1. Indicators

#### Quantitative indicators:

- No. of events organized
- No. and breakdown of participants in the events
- No. of outreach activities organized
- No. of Reach and engagement on social media

#### Qualitative Indicator:

- Overall reaction to respective event/tool usage

### 2. Resources

- MDLF intends to contract a firm for media coverage and outreach of Area C- Package VI.
- MDLF Technical Department and Strategic Planning Department will be fully engaged in the implementation of the communication and visibility plan.
- Stakeholder feedback
- Media coverage quality
- Audience engagement and interaction
- This assignment is planned to be conducted during the period (February 2025 until the end of action).
- The estimated cost for the assignment is **EUR 20,000**

## 2.9 Challenges and Obstacles

- The Israeli Authorities has delivered two stop working orders against 3 sub-projects in Furush Beit Djan, Al-Aqaba and Al-Jiftlick, which one of them was upgraded to a demolition order, precisely Frush Beit Dajan village council premises. Israeli army have also confiscated some equipment from workers in Al-Aqaba.
- There is a 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 and MDLF area engineers.
- There was a dispute with the mayor of Al-Jiftlik village council regarding the selected roads segments which were endorsed by the steering Committee. Several correspondences/meetings were conducted to tackle this issue followed by a field visit with EU/AFD/MOLG/MDLF. The decision was taken to move forward in designing one segment (adjacent to the UN school) and check the overall estimation of the 2<sup>nd</sup> requested segment by the Mayor. Given that the estimated cost exceeds the available budget, the focus was given for one segment (adjacent to the UN school), whereas the other segment could be considered for further packages. The decision was also made to be funded out of this package due to budget deficit and to be financed directly by the AFD under the RDP2 which was mutually agreed upon in the last steering committee held on Nov. 2023 concerning package 7.
- There was a substantial delay in the design phase where the approvals from the MOE and the civil defense consumed more time than anticipated.
- There was a financing gap between the allocated budget and the cost estimate determined by the technical design of the projects. This gap can be attributed to currency fluctuations and the significant increase in prices compared to those during the initial appraisal of the projects.



### 3. Area C Development Programme in the West Bank – Package VII

#### 3.1 Introduction

This action proposal is in reference to the invitation letter sent by the EUREP on 24 April 2024, Ares(2024)3015788. It is based on the Financing Agreement “European Union Joint Support to Area C-ACT-60689” CRIS Number: NDICI-GEO-NEAR/2022/044-880, signed between the European Union and the Palestinian Authority on 21<sup>st</sup> December 2023 and its addendum 01 signed on 30<sup>th</sup> March 2024 that considers the contribution of BMZ via KfW.

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 LGUs to the ICA”.

It is worth noting that the social infrastructure projects identified under this action are based on the statutory outline plans which were developed in a participatory manner by the communities with support from the urban planning firms. The statutory outline plans and the detailed planning packages were submitted by the LGUs to the Israeli Civil Administration (ICA). At the Israeli Civil Administration, the plans were registered and processed through a complex and cumbersome process.

The Municipal Development and Lending Fund (MDLF) has been nominated for the implementation of basic infrastructure services in Area C based on (i) the recommendation letter of the Ministry of Local Government (MoLG) on 20<sup>th</sup> 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 [article 3.1.1].

A Steering Committee composed of the European Union (EU), PA (Palestinian Authority), MDLF and of other donors financing<sup>11</sup> 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 those localities. The updated selection criteria was shared and discussed with financing partners and agreed upon on 27<sup>th</sup> March 2023 and confirmed on 21<sup>st</sup> June 2023. The list of identified projects under this action are among those approved by the Steering Committee on 23<sup>rd</sup> November 2023, precisely (11 out of 13) which went through appraisal process conducted by MDLF, MOLG and the financing partners.

#### 3.2 Objective of the Action

The overall objective (impact) is to contribute to equipping the Palestinians in Area C to protect their physical, economic and social assets and rights, and preserve Area C as territorial and institutional part of a future Palestinian State.

The specific objectives (outcomes) are composed of two folds (i) to improve access to essential and public infrastructure in Area C; (ii) to strengthen the capacity of the targeted LGUs to deliver and sustain essential social and public services in Area C.

#### 3.3 Broad Time Frame

The time frame of the action is 50 months from the start date, including the mobilization and preparation, implementation, monitoring, and closing phases.

<sup>11</sup> The composition of the steering committee under this action is the EU, MDLF, MOLG and KfW. The DRO is also a member of the Steering Committee with a previous support under package II and the ongoing package V through the EU and with a parallel financing to MDLF targeting two localities (Al-Midya and Arab Al Fureijat). The AFD is also part of the Steering Committee with a previous support under package IV and the ongoing package VI through the EU.



### 3.4 Project Details

|                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-----------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Title of the action:                          | Area C Development Programme in the West Bank – Package VII                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Location(s) of the action:                    | 1. Al Funduq & Hajja street, Qalqilia Governorate<br>2. Al Haffasi, Tulkarm Governorate<br>3. Al Uddeisa, Hebron Governorate<br>4. Barta'a Ash Sharqiya, Jenin Governorate<br>5. Habla, Qalqilia Governorate<br>6. Idhna North, Hebron Governorate<br>7. Jiftlik, Jericho Governorate<br>8. Jurat Ash Sham'a, Bethlehem Governorate<br>9. Khirbet Mas'ud, Jenin Governorate<br>10. Shufa, Tulkarm Governorate<br>11. Wadi Ar Rasha, Qalqilia Governorate<br>12. As Simya, Hebron Governorate |
| Total duration of the action<br>(Y 2 y ů K ă) | p n Y 2 y ů K ă                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Requested EU contribution<br>(amount)         | EUR 6.0 million                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

### 3.5 Implementation Status

#### A) Pre-contract stage: Projects Identification and Selection- **Completed**

- Based on the approved Eligibility and Competitive Criteria for the Selection of Communities and Identification of Respective Social and Public Infrastructure Projects (version 27<sup>th</sup> March 2023), a simulation was done to identify the potential localities that would benefit from this action (package VII).
- Based on the simulation, 56 localities (Long List) were identified and presented during the SC meeting on 21<sup>st</sup> June 2023. Based on the conclusions of the SC, the technical team established the Short List of localities that includes 32 localities with score equal or more 28 points.
- The technical team from MoLG, MDLF, EU, DRO, German Representative Office, and KfW conducted field technical and verification visits during the period, 15<sup>th</sup> July – 02<sup>nd</sup> October 2023, to assess the recommended localities and projects. The screening was conducted to assess the compliance of the proposed projects with appraisal criteria.
  - During the fields visits, and based on the discussions with MOLG, LGUs regarding the status of the master plans, as well as the visual observations; risks were analyzed at the locality level as well as at the project level.
  - The proposed projects were assessed in accordance to the following criterion:
    - Proposed Project is located within LOP and Area C;
    - Proposed Project is included in Sectoral Action Plan;
    - Proposed Project responds to actual need;
    - No duplication with other projects/programmes;
    - For Roads: ROW is implementable;
    - LGU accept to take the risk;
    - Land Ownership: Land owned by LGU;
    - Land designated as Public land use within LOP and;
    - Project is technically implementable.



- Based on the above screening and identification process, the final recommended list of localities and projects was presented to the SC on 23<sup>rd</sup> November 2023 for discussion and principle agreement including 13 projects in 13 localities. Among them, 11 projects in 11 localities will be implemented under this action. Following is the list of projects which includes the 11 projects that will be financed by the EU and and BMZ (via KfW through EU).

**Table 12: List of Identified Projects**

| No. | Locality             | LGU                                | Governorate | Proposed Project                                | Brief Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Estimated cost (€) <sup>12</sup> | Funding Source                 |
|-----|----------------------|------------------------------------|-------------|-------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|--------------------------------|
| 1   | Al Funduq & Hajja    | Al Funduq & Hajja Village Councils | Qalqiliya   | Construction of Internal Road at Hajja          | <p>The project consists of construction of about 0.4 km length of internal road and rehabilitation and widening of the main road with total length of About 0.5 km , the scope of work includes:</p> <ul style="list-style-type: none"> <li>- Construction of new 4300 m2 asphalted road.</li> <li>- Construction of 1700 L.m. curb stones.</li> <li>- Construction of 2400 m<sup>2</sup> interlock tiles sidewalks.</li> <li>- Construction of 1200 m<sup>2</sup> concrete shoulders.</li> <li>- Construction of 90 L.m steel guard rail.</li> <li>- Construction of Retaining Concrete Walls</li> <li>- Construction of Boulder</li> <li>- Road marking and traffic signs</li> <li>- Water pipes and electricity infrastructure</li> </ul> | 290,000                          | EU/BMZ (KfW) under this action |
| 2   | Khirbet Mas'ud       | Zabda Al Jadida Village Council    | Jenin       | Construction of Internal Road at Khirbet Mas'ud | <p>The project consists of rehabilitation of about 0.5 Km length, the scope of work includes.</p> <ul style="list-style-type: none"> <li>- Soil replacement</li> <li>- Construction of 3000 m2 asphalted road.</li> <li>- Construction of 600 m<sup>2</sup> concrete shoulders.</li> <li>- Installation of steel guard rail.</li> <li>- Construction of Retaining Concrete Walls</li> <li>- Road marking and traffic signs.</li> <li>- Replacement of existing water line</li> <li>- Water pipes and electrify infrastructure.</li> </ul>                                                                                                                                                                                                    | 290,000                          | EU/BMZ (KfW) under this action |
| 3   | Barta'a Ash Sharqiya | Barta'a Ash Sharqiya Municipality  | Jenin       | Construction of Sewer Network                   | <p>The project scope consists of construction of 2 km gravity sewer line with diameters of 6", 8" &amp; 10"and installation of 40 house connections.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 590,000                          | EU/BMZ (KfW)                   |

<sup>12</sup> The estimated cost is based on general scoping of the projects during the appraisal stage and will be revised based on the final design that will be prepared by the LTC.



| No. | Locality         | LGU                              | Governorate | Proposed Project                                              | Brief Description                                                                                                                                                                                                                                                                                                                                                                                                        | Estimated cost (€) <sup>12</sup> | Funding Source                 |
|-----|------------------|----------------------------------|-------------|---------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|--------------------------------|
|     |                  |                                  |             |                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                          |                                  | under this action              |
| 4   | Jurat Ash Sham'a | Jurat Ash Sham'a Village Council | Bethlehem   | Construction of Primary Mixed School with Kindergarten        | The project aims to provide primary mixed school grades 1-4 comprises of ten (10) classrooms, administration rooms, in addition to library & technology laboratory, teacher's room, multipurpose hall, resources room, staircases, toilet units, septic tank, and external works. The furniture and equipment for the school will be provided by the Ministry of Education. The total area is about 1400m <sup>2</sup> . | 1,100,000                        | EU/BMZ (KfW) under this action |
| 5   | Habla            | Habla Municipality               | Qalqiliya   | Construction of Gravity Sewer Network                         | The project scope includes construction of two alignments with a total length of 1.1 km of gravity sewer lines with diameter of 8"                                                                                                                                                                                                                                                                                       | 240,000                          | EU/BMZ (KfW) under this action |
| 6   | Wadi Ar Rasha    | Habla Municipality               | Qalqiliya   | Construction of Gravity Sewer Network                         | The project scope includes construction of one 8" gravity sewer line with a total length of 260 l.m                                                                                                                                                                                                                                                                                                                      | 50,000                           | EU/KfW under this action       |
| 7   | Shufa            | Shufa Village Council            | Tulkarem    | Rehabilitation and development of the Water Network in Shoufa | The project scope of work includes<br><ul style="list-style-type: none"> <li>- Replacement of existing water network and expansion of the network in Area C, the length of the proposed lines is as follows:</li> <li>- 2.6km of 3" water lines</li> <li>- 2.8km of 2" water lines</li> <li>- 3.5 km of less than 2" water lines</li> <li>- Replacement of existing submerged water pump</li> </ul>                      | 570,000                          | EU/BMZ (KfW) under this action |



| No.          | Locality    | LGU                         | Governorate | Proposed Project                                               | Brief Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Estimated cost (€) <sup>12</sup> | Funding Source                 |
|--------------|-------------|-----------------------------|-------------|----------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|--------------------------------|
| 8            | Al Haffasi  | Kafr Labad Municipality     | Tulkarem    | Rehabilitation of Main Road in Al Haffasi                      | <p>The project consists of rehabilitation of about 0.6 Km length.</p> <ul style="list-style-type: none"> <li>- Construction of 4800 m<sup>2</sup> asphalted road.</li> <li>- Construction of 960 m<sup>2</sup> concrete shoulders</li> <li>- Construction of Retaining Concrete Walls</li> <li>- Road marking a traffic signs.</li> <li>- Replacement of existing water line</li> <li>- Installation of new water line</li> <li>- Installation of street lighting (solar)</li> </ul> | 280,000                          | EU/BMZ (KfW) under this action |
| 9            | Al Uddeisa  | Si'ir Municipality          | Hebron      | Construction of Elevated Water Tank and Main Transmission Line | The project consists of construction of 500 m <sup>3</sup> elevated water tank, and construction of 1500 l.m of transmission pipe line.                                                                                                                                                                                                                                                                                                                                              | 610,000                          | EU/BMZ (KfW) under this action |
| 10           | Idhna North | Idhna Municipality          | Hebron      | Rehabilitation of Electrical Network                           | the project aims to install additional 4 transformers on towers and installation of 5km of underground high voltage cables                                                                                                                                                                                                                                                                                                                                                           | 500,000                          | EU/BMZ (KfW) under this action |
| 11           | Al Jiftlik  | Al-Jeftlick Village Council | Jericho     | Rehabilitation and construction of internal roads              | The project consists of the construction of two roads segments of 1.2 Km length. The works will include excavation, levelling, base course, asphalt pavement, concrete sidewalks, box culvert rehabilitation, concrete shoulders, infrastructure [like: electricity poles/cables, water pipes, manholes ,etc...] and road furniture. The roads' width is 5.75, 4 m (asphalt), and up to 1.5 m sidewalks each side, 0.75 m concrete shoulders where needed.                           | 250,000                          | EU/BMZ (KfW) under this action |
| <b>Total</b> |             |                             |             |                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                  | 4,770,000                      |

In addition to the above listed projects, it is suggested to include As-Symia Electricity Network to allow for completion of this particular sub-project which was planned to be implemented under package 5. However, it was subject to a warning notice / verbal SWO on June 13<sup>th</sup> 2021, followed by a confiscation of equipment by the Israeli Authorities on July 25<sup>th</sup> 2022. Accordingly the project was terminated in



December 2022 after being coordinated with the ICA through the GACA and the EU several times. The estimated cost for the project is EUR 50,000.

It is worth noting that the work package related to the cost of infrastructure projects will also cover the potential claims of the contractors that may arise during the implementation. The reserved cost for this matter is 92,477 Euro, which is considered as contingency budget with the cost estimation of the infrastructure works. The contractors will be compensated for the fees associated to the confiscation of equipment and SWO/DO as well as the eligible liquidated damages resulted from such cases as per the signed contracts with them.

Accordingly the total estimated cost for the infrastructure projects work package will be totaling (EUR 4,912,477) as follows:

- i) EUR 4,770,000 for the approved projects from the SC,
- ii) EUR 50,000 for Al-Simia Electrical Network, and
- iii) EUR 92,477 for potential claims from contractors.

**B) Mobilization – The following activities were either completed or in process**

- Effective coordination between MDLF, MOLG with the LGUs encouraging them to be well prepared for the implementation. **Completed**
- Preparation of the Local Technical Consultant terms of references. Special focus will be given to the quality control, supervision, composition and qualifications of the requested personnel. **Completed**
- Preparing implementation plan including (procurement plan, disbursement plan, and communication and visibility plan). **Completed**
- Contracting of Technical Support Expert who will be hosted at MDLF under the management of the Technical Department and will be responsible for daily follow up and coordination with stakeholders. The scope of the TSE will be a complementary support to MDLF beyond the engineering works of MDLF area engineers or any other MDLF staff. Meaning that the TSE qualification would cover technical engineering skills with emphasis on managerial qualifications. The TSE shall have a knowledge about master plans, policy knowledge about working in Area C, excellent reporting skills, analytical skills, and institutional development themes. **In process**
- Contracting a Legal Advisor to provide assistance to MDLF and the EU in tackling the potential SWO/DO once happened. The TOR for this consultancy service will be agreed upon with the EU. **In process**

**C) Preparation for the implementation - The following activities were either completed or in process**

- Contracting of Local Technical Consultant for the design and supervision, who will provide technical support to the targeted LGUs with a clear scope stipulated in the Terms of Reference. **Completed**
- Preparing the design and the bidding documents for the selected projects including the Environmental and Social Management Plan (ESMP) by the contracted LTCs. Special focus will be given to the selection criteria of the contractors/suppliers to ensure their financial, technical and professional capacity to implement the infrastructure projects (The bidding documents will be verified, cleared and endorsed by MDLF). The final layouts for roads, locations of schools or public facilities, for the nominated projects will be submitted to the EU prior review before launching the tendering procedures by the respective LGUs if physical locations are modified from the approved location by the SC. **In process.**



- Advertise/Announce for bids, composition of opening and evaluation committees, evaluating and awarding the contracts by LGUs/MDLF with support from LTCs. (All procurement process are subject to prior formal approval from MDLF). **To be launched by mid-March 2025.**



## 4. Development of Marginalized Communities in the West Bank (Area “C” Development Programme-Phase II) - SDC Portfolio

### 4.1 Summary Sheet

|                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Donor</b>                                               | Swiss Agency for Development and Cooperation “SDC”                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Implementing Agency</b>                                 | Municipal Development and Lending Fund                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Budget</b>                                              | <b>US\$ 4,000,000</b> to be utilized for supporting several villages in Area C.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Duration</b>                                            | The grant agreement was signed on May 1 <sup>st</sup> , 2022 until the end of December 31 <sup>st</sup> 2024.<br>The agreement is anticipated to be extended for additional 14 months.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Context and Background for Area C Support Programme</b> | <ul style="list-style-type: none"> <li>- The SDC and Palestinian Authority (PA) agreed on an approach for implementing social and public infrastructure sub-projects in Area C. Sub-projects can begin once a statutory outline plan is either formally approved by Israeli authorities or tacitly approved if no objections are raised within 18 months of submission by local government units (LGUs) to the Israeli Civil Administration (ICA).</li> <li>- The outline plans are created with support from NGOs and private firms, considering long-term demographic and socio-economic needs. After being submitted to the ICA, the plans go through a complex approval process. Along with the outline plans, a participatory action plans are prepared including a list of priorities aiming at improving quality of life through improving the quality of services provided by the Local Government Units in Area C.</li> <li>- The Municipal Development and Lending Fund (MDLF) was designated by the PA to implement basic infrastructure, with a Steering Committee (SC) formed to oversee the program, composed of the SDC, PA, MDLF, and other donors. The SC is responsible for endorsing the target localities and selected projects.</li> <li>- The PA and MDLF developed eligibility and competitive criteria for selecting eligible localities and infrastructure projects. The criteria covers basic elements such as the population size, the vulnerability scoring prepared by OCHA, and many other elements related to the sub-projects screening and appraisal.</li> <li>- The Area C development programme under which this project is located has been financed by different donors including the EU, AFD, Denmark, DFID, KFW and the SDC with a total portfolio reaches around 33 million EUR since 2015 of which <b>(EUR 20 M completed, EUR 5.6 M undergoing and 7.6 are under design and tendering)</b>.</li> <li>- The programme has been implemented by MDLF in a series of packages with a coordinated and harmonized approach among donors to avoid duplication, and to ensure the impactful of interventions towards the resilience of residents in Area C.</li> </ul> |
| <b>Objectives (Outcomes)</b>                               | <ul style="list-style-type: none"> <li>- <b>The main objective</b> of the project is to support the marginalized communities in Area C of the West Bank with basic services including “Community development projects, small scale infrastructure &amp; social infrastructure projects”.</li> <li>- <b>Basic services include:</b> the “access to roads, the access to water networks, the construction or rehabilitation of schools buildings, public space facilities, among others, as prioritized in the development action plans for the LGUs.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Expected Outputs</b>                                    | <ul style="list-style-type: none"> <li>- The expected number of beneficiaries for the selected 12 localities is estimated 9611 inhabitants.</li> <li>- The implementation of those sub-projects will affect positively on the living conditions of marginalized people in Area C in the West Bank who are denied from access to land and natural resources.</li> <li>- Infrastructure projects expected outputs (based on preliminary site visits) <ul style="list-style-type: none"> <li>o Construction of 150 cubic meter water tank with transmission line.</li> <li>o Adding and construction of around 2,000 square meter of schools.</li> <li>o Construction of 1,200 square meter grass Playground.</li> <li>o Construction/rehabilitation of around 2.0 Km of roads with 5.2-meter asphalt width.</li> </ul> </li> <li>- Complementary works for previous projects <ul style="list-style-type: none"> <li>o Supply of solar system for electricity production (40 KW),</li> <li>o Construction/rehabilitation of 1.0 km of roads.</li> <li>o Complementary works for schools (Fence, boundary walls, water tank, etc...), and supply/install Solar Led Street Lights, seats and toys, etc.).</li> </ul> </li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Components</b>                                          | <ul style="list-style-type: none"> <li>- <b>Component 1 (budget: 3,475,000 \$):</b> Improving accountable Service Delivery for Vulnerable communities through <b>small infrastructure sub-projects</b>. This component includes the recruitment of a <b>local technical consultancy firm “LTC”</b> for design and supervision of the sub-projects as well as the <b>project engineer/coordinator</b>.</li> <li>- <b>Component 2 (budget: 190,000 \$):</b> Community mobilization and civic engagement of vulnerable communities in local decision-making and community development. This component includes:</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |



|                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|--------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                        | <ul style="list-style-type: none"> <li>o contracting a local NGO and relevant consultancies,</li> <li>o implementing civic engagement and initiatives, and</li> <li>o conducting trainings for village councils and SA committees.</li> </ul> <ul style="list-style-type: none"> <li>- <b>Programme Management (budget: 335,000 \$):</b> which covers the cost for management fees and the external audit.</li> </ul>                                                                         |
| <b>Geographical Scope</b>                              | <ul style="list-style-type: none"> <li>- The program covers 11 LGU's and one LGU is still in the waiting list to be decided later stage. More specifically, (8 new localities and 4 localities previously targeted under phase I).</li> </ul>                                                                                                                                                                                                                                                 |
| <b>Implementing Partners/ Supporting Consultancies</b> | <ul style="list-style-type: none"> <li><b>A) The Selected LGU's</b> who are the owners of sub-projects and will be (as key stakeholders) engaged in the implementation of program components and activities.</li> <li><b>B) The Contracted NGO under component 2</b></li> <li><b>C) The contracted Local Technical Consultant "LTC":</b> A local consulting firm was contracted by MDLF to design and supervise the component 1 – subprojects.</li> <li><b>D) Project Engineer</b></li> </ul> |

## 4.2 Executive Summary

The 2<sup>nd</sup> phase of Area C Support “funded by the SDC” has witnessed good progress, but with some unanticipated delays. These delays can be attributed to two main reasons; technical issues, including a prolonged approval process from line ministries; and Israeli practices and aggression on the West Bank and Gaza. The Israeli aggression on Gaza which was accompanied with measures on the West Bank territories has put its shadows on the MDLF programs and operations including the Area C” programme.

The Israeli blockade, which has been in effect since October 7<sup>th</sup> 2023, has adversely impacted the implementation status of the project. Verbal and written stop-work orders from Israeli Authorities were issued against **3 sub-projects** including: **i) construction of an elementary school at Jit village, ii) road rehabilitation in Isla, and ii) the construction of playground Qalandia.** The MDLF has successfully finished the road rehabilitation project in Isla and has proceeded with the construction of the Qalandia playground and the construction of the elementary school at Jit despite a stop-work orders. In order to address these delays, the agreement between MDLF and SDC is planned to be extended by an additional 14 months.

Despite the challenges, MDLF has continued the implementation with the rest of the projects with following progress: **9 sub-projects have been completed, (2) are partially completed , (1) ongoing, and (1) is still in the preliminary stages.**

**Two sub-projects, specifically the installation of the solar-led street led lights for the benefit of Um Al Khair VC, and the rehabilitation works for Iskaria school** are partially completed (final stages). One project is planned to be implemented in Hajja and it is preliminary identified.

In addition to the advancements made in social infrastructure implementation, a local NGO was engaged to foster civic engagement aiming at improving responsiveness and enhancing community participation across the targeted localities. During the reporting period a thorough desk review and baseline survey was conducted to assess the SA gap and document the best practices and challenges. A mobile application, "It's Our Right to Ask- Ask4You," was developed to facilitate direct communication and transparency between citizens and the LGUs, with testing and a promotional campaign planned for September. Furthermore, capacity-building efforts have been conducted including virtual training for village councils and social accountability committees, focusing on emergency management, social accountability tools, and community engagement, focusing on vulnerable groups.



#### 4.3 Assessment for Results Achieved

|                                                                                                                                                          | Key performance indicators                                                                                                                                  | Target                                               | Progress So far                                                  | Results (with justification for deviation, if any)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Outcome 1</b><br>Improved Access to public services (small-scale infrastructure) are delivered in rural areas of the West Bank with a focus on Area C | - # of direct Beneficiaries (inhabitants, students, kids, etc), of whom % are women/girls.                                                                  | 10,000 inhabitants                                   | 4438 beneficiaries have benefited from completed 9 sub-projects. | The project is progressing satisfactory with 9 completed projects that serve 8 localities with an estimation of 4438 beneficiaries. Completed projects are in the following sectors: road, education (schools), water solar energy, in addition to rehabilitation of recreational facilities such as playgrounds and public gardens. Beneficiaries are children, women and men.                                                                                                                                                                                    |
|                                                                                                                                                          | - % of Households connected to the constructed/expanded water.                                                                                              | 100%                                                 | The water project is completed.                                  | 150 m3 water tank and transmission pipeline was installed for the benefit of AL-Mansoura village council. AL-Mansoura has a population of around 324 inhabitants. The water tank will serve all the locality which has around 65 households. The connection with the main transmission line is expected to be done by the PWA soon.                                                                                                                                                                                                                                |
|                                                                                                                                                          | - % of Households connected to rehabilitated roads                                                                                                          | 100% in two localities                               | Achieved                                                         | Three projects are classified as roads rehabilitation and construction in three localities as follows:<br>1.Rehabilitation of Isla internal road with a total length of 0.7 Km (5% coverage)<br>2. Rehabilitation of Kafa internal road with a total length of 0.9 Km (80% coverage)<br>3. Rehabilitation of Hajja Road which is still in the preliminary stage.<br>Indirect Beneficiaries: (100%) of the households in both Isla and Kafa localities are served with the rehabilitated/constructed roads. The third road project in Hajja is still not completed. |
|                                                                                                                                                          | - Proportion of beneficiaries satisfied with public service delivered by supported state authorities according to key human rights criteria and principles. | 85%<br><br>The results to be disaggregated by gender | Not assessed yet                                                 | Not yet assessed. The BIA will be conducted at the final stage when all projects are completed.                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |



|                                                                                                                          |                                                                                             |                                           |                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|--------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|-------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Outcome 2</b><br>Strengthened social accountability of targeted LGUs towards citizens and civic groups (youth, women) | BA (T0) indicator of satisfaction with LGUs-citizen relations (quantitative).               | The results to be disaggregated by gender | Not assessed yet                                                                      | Not yet assessed. The BIA will be conducted at the final stage when all projects are completed.                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Outputs</b>                                                                                                           | <b>Key performance indicators</b>                                                           | <b>Target</b>                             | <b>Progress So far</b>                                                                | <b>Results (with justification for deviation, if any)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Output (1):<br>Infrastructure projects in new areas are implemented catering the needs of vulnerable communities         | # and Type of projects implemented                                                          | 8 sub-projects                            | 6 sub-projects were completed in 6 new localities                                     | 6 projects were completed in 6 new areas. The projects are:<br>- Rehabilitation of Isla internal road with a total length of 0.7 Km<br>- Rehabilitation of Kafa internal road with a total length of 0.9 Km.<br>- expansion of elementary school in Wadi Rahhal<br>- expansion of elementary school in Dora<br>- Installation of a 150 m3 water tank and transmission pipeline at AL-Mansoura<br>- Construction of a 1200 m2 playground at Qalandia.<br><br>Two final projects are still not completed. |
|                                                                                                                          | Number of supported local authorities which have benefitted from increased budget resources | 8 localities                              | Undergoing (6) local authorities will benefit from increased budget resources so far. | Sub-projects at the selected 8 localities are ongoing with 6 projects completed.                                                                                                                                                                                                                                                                                                                                                                                                                        |
|                                                                                                                          | 150 cubic meter water tank with transmission line constructed.                              | 150 CM                                    | Completed                                                                             | The project is completed for the benefit of Al-Mansoura village council in Jenin.                                                                                                                                                                                                                                                                                                                                                                                                                       |



|  |                                                         |          |                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|--|---------------------------------------------------------|----------|-----------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  |                                                         |          |                                                           | 150 m3 water tank and transmission pipeline was installed for the benefit of AL-Mansoura village council. AL-Mansoura has a population of around 324 inhabitants. The water tank will serve all the locality which has around 65 households.<br>The connection with the main transmission line is expected to be done by the PWA soon.                                                                                                                                                     |
|  | 2000 square meter of schools constructed/rehabilitated. | 2000 SQM | Undergoing (1000 m2 of schools construction is completed) | This indicator reflects the construction/rehabilitation of a total of 1000 m2 of schools, distributed among (3) different schools and 3 different projects as follows: <ol style="list-style-type: none"> <li>1. Rehabilitation of Al elementary school at Al-Jit VC with a total of 1000m2. <b>Ongoing</b></li> <li>2. Expansion of Khirbet Nahla elementary school (500 m2 ) – <b>completed</b></li> <li>3. Expansion of Fuqeiqas elementary school (500m2)- <b>completed</b></li> </ol> |
|  | 1200 square meter grass Playground constructed.         | 1200 SQM | completed                                                 | The construction of the playground is completed.                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|  | 2.0 Km of roads rehabilitated/reconstructed             | 2.0 Km   | 1.6 km                                                    | (2) road rehabilitation and construction projects were successfully implemented with a total length of 1.6 KM as follows: <ul style="list-style-type: none"> <li>- Rehabilitation of Isla internal road with a total length of 0.7 Km</li> <li>- Rehabilitation of Kafa internal road with a total length of 0.9 Km.</li> </ul> One final road project in Hajja is still in the preliminary stage.                                                                                         |



| Outputs                                                                                                                                          | Key performance indicators                                                                  | Target                | Status                                     | Results (with justification for deviation, if any)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|--------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|-----------------------|--------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Output (2): top up infrastructure projects for municipalities from phase 1                                                                       | # and Type of projects implemented                                                          | 5 projects            | 3 projects are completed and 2 are ongoing | (3) top-up sub-projects were completed as follows: <ul style="list-style-type: none"> <li>(2) sub-project in Al-Aqaba which are the supply of 30 KW solar system and complementary works at Al-Aqaba public garden</li> <li>Supply and install 10 KW solar system at Yanoun VC.</li> </ul>                                                                                                                                                                                                                                                   |
|                                                                                                                                                  | Number of supported local authorities which have benefitted from increased budget resources | 4 localities          | 2 localities                               | 3 sub-projects at 2 localities are completed.<br>As a result, 2 local authorities have benefited from increased budget resources as a result of the implemented projects.                                                                                                                                                                                                                                                                                                                                                                    |
|                                                                                                                                                  | 40 KW of solar system for electricity production installed.                                 | 40 KW                 | Completed                                  | 40 kw of solar system for electricity production was installed for the benefit of Al-Aqaba VC.                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|                                                                                                                                                  | 1.0 km of roads rehabilitated.                                                              | 1.0 km                | suspended                                  | The rehabilitation of the road is suspended. It is anticipated to terminate the contract and pay for the completed works related to the school.                                                                                                                                                                                                                                                                                                                                                                                              |
|                                                                                                                                                  | Complementary works for schools                                                             |                       | completed                                  | This indicator includes the following complementary works at 2 sub-projects as follows: <ul style="list-style-type: none"> <li>Rehabilitation works ( school) for Iskaria - completed</li> <li>Supply seats and Toys for the Public Garden - Al Aqaba - Completed</li> </ul>                                                                                                                                                                                                                                                                 |
| Output (3) A pool of local CSOs, LGUs' staff, civil groups and citizens are trained on Civic Participation and Social Accountability Guidelines. | # of trainings held and number of trainers/CSOs trained (disaggregated by gender).          | 25 training sessions) | Undergoing                                 | The following results reflect what has been achieved so far: <ul style="list-style-type: none"> <li>52 training hours for VC's and SA committees were conducted as 1<sup>st</sup> round of training sessions including on-job training for preparing 10 emergency plans.</li> <li>140 people from SA committees (63 of which are women (45%)) have participated in the training sessions conducted.</li> <li>36 LGUs staff have participated in the training sessions on CE and CP as well as the development of emergency plans.</li> </ul> |
|                                                                                                                                                  | # of SA workshops conducted                                                                 | 50 SA sessions)       | Undergoing                                 | The SA initiatives are preliminary identified by the local community. MDLF will conclude the final list early March.                                                                                                                                                                                                                                                                                                                                                                                                                         |



| Outputs                                                                         | Key performance indicators                                                                                                                                 | Target      | Status     | Results (with justification for deviation, if any)                                                                                                            |
|---------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Output (4) Enhanced public participation in influencing projects prioritization | # Dialogue sessions between citizens and LGUs in new areas                                                                                                 | 50 sessions | Undergoing | SA tools is undergoing and the final figures for civic engagement will be reflected in the coming report.                                                     |
|                                                                                 | Proportion of women with a positive perception on their influence in exercising their political functions                                                  |             | Undergoing | The SA initiatives as well as the implementation of SA tools is undergoing and the final figures for civic engagement will be reflected in the coming report  |
|                                                                                 | Number of people (M/F) participating in and influencing public services provision, decision-making and budgets in their localities out of which are women. |             | Undergoing | The SA initiatives as well as the implementation of SA tools is undergoing and the final figures for civic engagement will be reflected in the coming report. |





#### 4.4 Progress at the Activity Level

##### 4.1.1 Activities Related to **Output 1 and Output 2** - (Infrastructure Sub-projects)

##### A) Sub- Projects Identification and Selection which also includes the preparatory activities conducted before signing the agreement with the SDC.

- As part of the preparatory activities prior signing the agreement with the SDC, the list of **sub-projects were selected 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, involving a broad spectrum of the affected communities, including the women, boys and girls and the elderly in the community, after which it was endorsed by the Ministry of Local Government.
- The **selected projects were visited by MDLF staff** in collaboration with the MOLG, SDC, 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 list of projects were then approved by the SDC in September, 2022. The only project which is still pending is the rehabilitation of internal roads in Hajja. The project was proposed by the village council and put in a waiting list to be decided later stage.**
- The total amount allocated for construction is **EUR 3,221,800**. Chart 6 and 7 show the breakdown of the allocation per governorate and project sectors respectively.

Chart 6: Distribution of Projects Allocation Per Governorate

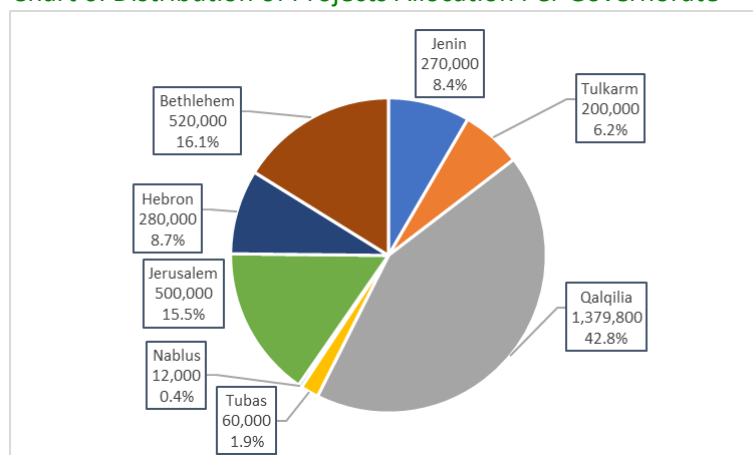


Chart 7: Distribution of Projects Allocation Per Sector

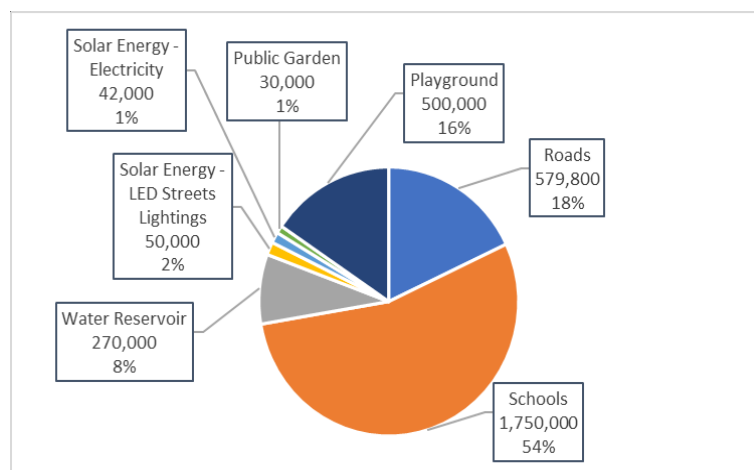




Table 13: Summary of the sub-projects

| Governorate                             | Location                  | Sub-Project                                                                                                                  | Population | Cost Estimate \$ | New / Complementary                                                                       | Related Output |
|-----------------------------------------|---------------------------|------------------------------------------------------------------------------------------------------------------------------|------------|------------------|-------------------------------------------------------------------------------------------|----------------|
| Qalqilia                                | Jit                       | Construction of new Elementary <b>School</b> - 1000m2                                                                        | 974        | 1,000,000        | New                                                                                       | Output 1       |
|                                         | Hajja                     | Rehabilitation of internal <b>roads</b>                                                                                      | 2941       | 279,800          | New (not yet confirmed) -the project was put in a waiting list to be decided later stage) | Output 1       |
|                                         | Isla                      | Rehabilitation of internal <b>roads</b>                                                                                      | 1180       | 100,000          | New                                                                                       | Output 1       |
| Tulkarm                                 | Kafa                      | Rehabilitation of internal <b>roads</b>                                                                                      | 552        | 200,000          | New                                                                                       | Output 1       |
| Bethlehem                               | Khirbet Al Nahla          | Expansion of elementary <b>School</b> - 500 m <sup>2</sup> additional floor                                                  | 179        | 270,000          | New                                                                                       | Output 1       |
|                                         | Iskaria                   | Rehabilitation works ( <b>Roads and school</b> ) for Iskaria including school walls isolation and interlock paving for roads | 311        | 250,000          | Top up                                                                                    | Output 2       |
| Hebron                                  | Fuqeiqis & Khirbet Salama | Expansion of elementary <b>School</b> - 500m <sup>2</sup> additional floor)                                                  | 409        | 230,000          | New                                                                                       | Output 1       |
|                                         | Um Al Khair               | Supply and install <b>Solar</b> LED street light with light control outdoor waterproof IP65 polycrystalline Silicon LED.     | 949        | 50,000           | Top up                                                                                    | Output 2       |
| Jenin                                   | Al Mansoura               | 150 m3 <b>Water Tank</b> and transmission pipe line                                                                          | 324        | 270,000          | New                                                                                       | Output 1       |
| Tubas                                   | Al Aqaba                  | Supply and install <b>Solar</b> system for electricity production(30KW)                                                      | 263        | 30,000           | Top up                                                                                    | Output 2       |
|                                         |                           | Supply seats and Toys for the <b>Public Garden</b> .                                                                         |            | 30,000           | Top up                                                                                    | Output 2       |
| Nablus                                  | Yanoun                    | Supply and install <b>Solar</b> system for electricity production(10KW)                                                      | 141        | 12,000           | Top up                                                                                    | Output 2       |
| Jerusalem                               | Qalandiya                 | Construction of 1200m2 of grass <b>playground</b>                                                                            | 1390       | 500,000          | New                                                                                       | Output 1       |
| Total Estimated Cost for above projects |                           |                                                                                                                              |            | 3,221,800        | 8 New                                                                                     |                |
|                                         |                           |                                                                                                                              |            |                  | 5 top up                                                                                  |                |
|                                         |                           |                                                                                                                              |            |                  |                                                                                           |                |



## B) Sub- Projects Design, Tendering and Implementation

- **MDLF Coordination with Key Stakeholders:** Since the agreement between MDLF and SDC, MDLF coordinated with key stakeholders (SDC, MOLG, and target LGUs) through meetings to ensure all preparatory activities, including obtaining necessary permits and approvals from relevant ministries, were completed for the smooth implementation of infrastructure projects.
- **Kick Off Meeting:** A kick-off meeting in July 2022 between MOLG, SDC, UN-Habitat, and MDLF provided an orientation on their respective interventions in Area C, with all parties agreeing to maintain coordination throughout the implementation.
- **Contracting Local Technical Consultant for Design and supervision:**
  - o The Terms of Reference (TOR) for the local technical consultant (LTC) were prepared, focusing on quality control, supervision, personnel qualifications, and technical assistance to local government units (LGUs).
  - o The LTC was contracted in August 2022 to plan, design, and supervise projects, as well as assist LGUs in defining scopes of work, pricing, and identifying challenges, including technical, social, and environmental issues.
  - o MDLF assigned a project engineer in early 2023 to oversee day-to-day project activities and supervise the LTC in preparing design schemes, implementation plans, and supervision.
- **Design, Tendering, and Implementation Stage:**
  - o Field visits and surveys were conducted by MDLF engineers and the LTC to collect data and assess project areas.
  - o The LTC coordinated with MOLG to confirm that project sites were within master plan boundaries and began collecting design data.
  - o Design data and site investigations were completed, and all required tests and structural investigations were conducted.
  - o The LTC finalized project designs, prepared bidding documents, and 90% of sub-projects were tendered, with most awarded to contractors.



Table 14 below illustrates the status of the sub-projects under output 1 and output 2.



Table 14: Status of the Projects

| No. | Locality | LGU     | Governorate | Sub-Project                                           | Cost Estimate Dollar | Contracted Amount Dollar | Related Output | Status                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-----|----------|---------|-------------|-------------------------------------------------------|----------------------|--------------------------|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1   | Jit      | Jit VC  | Qalqilia    | Construction of new Elementary <b>School</b> - 1000m2 | 1,000,000            | 1,005,263                | Output 1       | <p>The contract has been signed but the contractor couldn't reach the site due to roads closures by Israel Army and the Stop Working Order issued by the Israeli Army in January, 2024. A new alternative for the parcel of land was proposed for the construction of the school which is assessed as low risky location. A field visit led by MDLF and MOLG was conducted. A new design for the school was prepared to match the new location. It is anticipated to move forward with the implementation Mid-Novemver 2024.</p> <p>Update:<br/>The project is currently undergoing</p> |
| 2   | Isla     | Isla VC | Qalqilia    | Rehabilitation of internal roads                      | 100,000              | 102,050                  | Output 1       | <p>The work has been subject to verbal SWO on 27/8/2023 issued to the village council. However, MDLF contractor continued the work with the contractor. The contractor prepared an action plan to overcome the delays.</p> <p>Update:<br/>The project is completed</p>                                                                                                                                                                                                                                                                                                                  |



| No. | Locality                  | LGU                   | Governorate | Sub-Project                               | Cost Estimate Dollar | Contracted Amount Dollar | Related Output | Status                                                                                                                                                                                                                                                                                                                                                                       |
|-----|---------------------------|-----------------------|-------------|-------------------------------------------|----------------------|--------------------------|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3   | Kafa                      | Tulkarem municipality | Tulkarem    | Rehabilitation of internal roads          | 200,000              | 160,749                  | Output 1       | Update:<br>The project is Completed.                                                                                                                                                                                                                                                                                                                                         |
| 4   | Khirbet Al Nahla          | Wadi Rahhal VC        | Bethlehem   | Expansion of elementary school            | 270,000              | 259,648.11               | Output 1       | Update:<br>The project is Completed.                                                                                                                                                                                                                                                                                                                                         |
| 5   | Iskaria                   | Iskaria VC            | Bethlehem   | Rehabilitation works ( roads and school ) | 250,000              | 120,000                  | Output 2       | - The work is ongoing slowly due to the blockade and closures by Israel army which has been tackled since the outbreak of Israeli war on Gaza.<br>Update:<br>- The work related to school rehabilitation was completed.<br>- The rehabilitation of the road is suspended. It is anticipated to terminate the contract and pay for the completed works related to the school. |
| 6   | Fuqeiqis & Khirbet Salama | Dora Municipality     | Hebron      | Expansion of elementary school            | 230,000              | 167,294.5                | Output 1       | Update:<br>The project is Completed.                                                                                                                                                                                                                                                                                                                                         |



| No. | Locality    | LGU                 | Governorate | Sub-Project                                                       | Cost Estimate Dollar | Contracted Amount Dollar | Related Output | Status                                                                                                                                                                                                                                                                                                                          |
|-----|-------------|---------------------|-------------|-------------------------------------------------------------------|----------------------|--------------------------|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 7   | Um Al Khair | Um Al Khair VC      | Hebron      | Supply and install solar led streetlight                          | 50,000               | 43,850                   | Output 2       | Update:<br><ul style="list-style-type: none"> <li>- The project was partially completed.</li> <li>- The materials were delivered to the site but could not be installed by the contractor.</li> <li>- The contractor tried several times to install the lighting units but was prevented by the Israeli Authorities.</li> </ul> |
| 8   | Al Mansoura | Al Mansoura VC      | Jenin       | 150 m3 Water tank and transmission pipeline                       | 270,000              | 273,941                  | Output 1       | Update:<br>The project is technically completed but pending approval from PWA to connect the water tank with the main transmission line                                                                                                                                                                                         |
| 9   | Al Aqaba    | Al Aqaba VC         | Tubas       | Supply and install solar system for electricity production (30KW) | 30,000               | 22,200                   | Output 2       | Updated:<br>The project is Completed                                                                                                                                                                                                                                                                                            |
| 10  | Al Aqaba    | Al Aqaba VC         | Tubas       | Supply seats and toys for the public garden                       | 30,000               | 24,325                   | Output 2       | Updated:<br>The project is Completed                                                                                                                                                                                                                                                                                            |
| 11  | Yanoun      | Aqraba Municipality | Nablus      | Supply and install solar system for electricity production (10KW) | 12,000               | 9,400                    | Output 2       | Updated:<br>The project is Completed                                                                                                                                                                                                                                                                                            |
| 12  | Qalandiya   | Qalandiya VC        | Jerusalem   | Construction of 1200 m2 grass playground                          | 500,000              | 446,000                  | Output 1       | <ul style="list-style-type: none"> <li>- Although the work has witnessed a SWO, the contractor has decided to proceed with the work.</li> <li>- The project is now completed</li> </ul>                                                                                                                                         |



**Photos of implementation**

Supply and installation of solar system, for electricity production in Al-Yanoun in Nablus



Supply and installation of solar system, for electricity production in Al-Aqaba in Tubas.



Supply seats and other facilities for the Aqaba public garden.





Rehabilitation of an internal road in Kafa locality.



Construction of 1200 m2 playground for Qalandia village council.





Rehabilitation of an internal road at Isla/Qalqilia



Construction 150 m3 Water tank and transmission pipeline – Al Mansoura



Expansion of elementary school in Khirbet Al Nahla





#### 4.1.2 Activities Related to Output 3 and Output 4 “Communities Mobilization and Civic Engagement”

- A consulting NGO has been contracted since August 2023 to implement the communities mobilization and civic engagement among the targeted localities.
- The project is progressing with minor adjustments to address the challenges arising after the October 7<sup>th</sup> events. These challenges include political, security, and economic issues in both the West Bank and Gaza, which directly affected the daily lives of citizens and the functioning of village councils, particularly those located in Area C.
- Therefore, it was agreed with the local NGO on some changes to ensure the continuity of the project while maintaining its nature and the agreed-upon terms of reference.
- In this context, two new measures were adopted:
  - O **Measure One:** Shift to a "Digital Accountability" approach, using digital platforms to enable citizen participation in social accountability, while still incorporating key face-to-face activities.
  - O **Measure Two:** Enhance village councils' capacity to manage emergencies and sustain public services, while using social accountability to monitor their performance in crisis situations.

*The assignment aims to enhance civic participation of vulnerable communities in local decisionmaking, improving relations between citizens and local governments, and strengthening governmental accountability. Effective service delivery and participation of marginalized communities require civil society involvement. Reputable civil society organizations (CSOs) will implement the task by empowering local activities and supporting social management, helping local governments in Area C deliver sustainable public services. The specific goal is to institutionalize citizen engagement and social accountability by adopting formal guidelines and good practices, ensuring marginalized communities influence decisions and services provided by local governments.*





### Main Activities Implemented During the Past Period related to (output 3 and output 4):

| Activity                                                                                                        | Description and Progress                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|-----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Activity One: Guiding Local Authorities and Defining the Environment for Enabling Social Accountability.</b> | <ul style="list-style-type: none"> <li>- The focus has been on <b>guiding local authorities and defining an environment for enabling social accountability</b>. A comprehensive set of activities has been carried out to achieve this goal, taking into account the unique challenges faced by Palestinian village councils, particularly in marginalized areas that suffer from significant capacity weaknesses.</li> <li>- <b>A comprehensive desk review</b>, which included studying all previous studies, evaluation surveys, reports, and available community social files was done by the NGO. Additionally, integrated community action plans (ACIP), websites, and social media platforms of local authorities were reviewed. This review aimed to identify gaps between local authorities and citizens, document best practices, successes, challenges, and provide recommendations.</li> <li>- <b>A baseline survey was designed and developed using mixed quantitative and qualitative methods</b>. A comprehensive questionnaire was prepared to gather accurate information to assess social accountability from the perspective of citizens and the local community. This survey was developed electronically through the smart application (Ask4you), with one of its sections dedicated to conducting surveys directed at citizens.</li> <li>- The <b>baseline questionnaire</b> covered five main areas: <ul style="list-style-type: none"> <li>o Area One: Disclosure and Transparency</li> <li>o Area Two: Participation</li> <li>o Area Three: Responsiveness.</li> <li>o Area Four: Community Monitoring.</li> <li>o Area Five: Concept and Practice of Social Accountability in Reality.</li> </ul> </li> <li>- Based on the data collected from the desk review and the village councils, a <b>social accountability needs assessment questionnaire was developed for village councils</b>. This questionnaire was filled out through individual interviews with the heads and members of the village councils using Zoom technology.</li> <li>- <b>Consultative field visits</b> were organized with local authorities to introduce the project and discuss the results of the review and evaluation. During these visits, successes and challenges documented were shared, and priorities and areas needing improvement were identified. This activity aimed to build consensus on the concept and applications of social accountability, contributing to a common understanding between local authorities and the community on the importance of transparency and community participation.</li> </ul> |



| Activity                                                                                                                  | Description and Progress                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|---------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Activity Two:</b><br><b>Developing a Mobile Application for Social Accountability "It's Our Right to Ask-Ask4You"</b>  | <ul style="list-style-type: none"> <li>- Work has been done to <b>develop a mobile application named "It's Our Right to Ask."</b> This application aims to enable citizens to practice social accountability digitally, enhancing interaction between local authorities and citizens easily in a direct manner.</li> <li>- <b>The application is still undertesting</b> to ensure its effectiveness before being promoted and launched widely.</li> <li>- The development journey of the application began with defining its core idea, which is to provide a platform that allows citizens to communicate directly with local authorities.</li> <li>- <b>Various sections of the application were identified to enhance transparency and effective communication between village councils and citizens.</b> These sections include: <i>services provided by village councils, latest news, surveys and service evaluations, complaints and events, volunteering opportunities, reports and publications, information center, and information on social accountability.</i></li> <li>- <b>Comprehensive tests</b> have been conducted, including functional tests and performance tests, to ensure that all features of the application work correctly and meet user needs. These tests have been implemented with the participation of a selected group of users (citizens who are members of community accountability committees) to gather their feedback and improve the application based on their comments.</li> <li>- <b>It is anticipated to launch the application early November</b> for users in the targeted sites.</li> <li>- A digital awareness campaign will be launched to promote the importance of the application and encourage citizens to download and use it.</li> </ul> |
| <b>Activity Three:</b><br><b>Capacity Building and Training for Village Councils and Social Accountability Committees</b> | <ul style="list-style-type: none"> <li>- A series of <b>capacity-building and training activities targeting village councils and social accountability committees have been implemented.</b> This activity aims to strengthen the capacities of local authorities in emergency and crisis management, develop social accountability tools, and increase community participation, with a special focus on vulnerable groups such as youth, women, and people with disabilities.</li> </ul> <p><b>Training of VCs</b></p> <ul style="list-style-type: none"> <li>- The targeted village councils were divided into <b>two groups</b> (North Group and Central-South Group), and an <b>intensive 3-day virtual training was held, encompassing 20 training hours for each group.</b> The training focused on emergency and crisis management, and enhancing relationships with the local community during periods of instability. This was the first round of training for the village councils, with a second round planned for the upcoming months to implement digital social accountability tools.</li> <li>- <b>36 members and employees</b> from the targeted local authorities were trained in emergency and crisis management, and enhancing community relations.</li> <li>- As an outcome of the training process for the village councils, <b>ten preliminary emergency and crisis management plans were prepared, tailored to the needs and conditions of each local authority.</b> These plans included a rapid analysis of the local context regarding environmental and infrastructure services, social and cultural conditions, economic situations, and the state of governance and good</li> </ul>                                                                                |



| Activity | Description and Progress                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|          | <p>management in the village councils. The plans also outlined the crisis management team's structure, responsibilities, and tasks, identified risks, and detailed pre-crisis, during-crisis, and post-crisis procedures. A participatory approach was used in preparing the plans in collaboration with council members and the project's consulting team. <b>(The training sessions was accomplished at the level of VCs by preparing 10 well-studied and detailed emergency and crisis management plans).</b></p> <p><b>Training of SA committees</b></p> <ul style="list-style-type: none"> <li>- Virtual Training Sessions for Social Accountability Committees lasting two days and encompassing <b>12 training hours was organized</b>, focusing <b>on civic participation and social accountability, digital social accountability tools, and community mobilization</b>, with an emphasis on vulnerable groups such as youth and women.</li> <li>- The social accountability committees were divided into two groups (<b>North Group</b> and <b>Central-South Group</b>), with the second round of training planned for the upcoming period.</li> <li>- <b>Training materials were prepared</b> in accordance with the nature of the target group, aiming to enhance participants' knowledge of social accountability for village councils. The training process also encouraged the concept of cooperation and teamwork by strengthening relationships among trainees through group work during the sessions.</li> <li>- The <b>training sessions were evaluated through verbal assessments</b> and using pre- and post-training evaluation forms, with analyses and recommendations on the learning process for participants.</li> <li>- Various interactive training <b>methods were employed</b> to ensure effective learning. The training content and implementation method included the following: <ul style="list-style-type: none"> <li>o Definition of social accountability, community participation, right to disclosure and responsiveness</li> <li>o Importance of social accountability</li> <li>o Principles and foundations of social accountability</li> <li>o Requirements for implementing social accountability</li> <li>o Obstacles to implementing social accountability</li> <li>o Social accountability tools</li> <li>o Advantages of using social accountability tools</li> </ul> </li> </ul> |



#### 4.5 Timeframe and Action Plan

The following table represents the project's timeframe and action plan.

| Table 15: Action Plan                    |                                                              |                   |         |         |         |         |           |         |         |         |           |         |         | Extension for additional 18 months |
|------------------------------------------|--------------------------------------------------------------|-------------------|---------|---------|---------|---------|-----------|---------|---------|---------|-----------|---------|---------|------------------------------------|
| Milestone                                | Status                                                       | Planned Vs Actual | Q2-2022 | Q3-2022 | Q4-2022 | Q1-2023 | Q2 - 2023 | Q3-2023 | Q4-2023 | Q1-2024 | Q2 - 2024 | Q3-2024 | Q4-2024 |                                    |
| TOR preparation for LTC                  | Completed                                                    | Planned           |         |         |         |         |           |         |         |         |           |         |         |                                    |
|                                          |                                                              | Revised Planned   | NA      |         |         |         |           |         |         |         |           |         |         |                                    |
|                                          |                                                              | Actual            |         |         |         |         |           |         |         |         |           |         |         |                                    |
| Contracting LTC                          | Completed                                                    | Planned           |         |         |         |         |           |         |         |         |           |         |         |                                    |
|                                          |                                                              | Revised Planned   |         | NA      |         |         |           |         |         |         |           |         |         |                                    |
|                                          |                                                              | Actual            |         |         |         |         |           |         |         |         |           |         |         |                                    |
| Recruitment of Project Engineer          | Completed                                                    | Planned           |         |         |         |         |           |         |         |         |           |         |         |                                    |
|                                          |                                                              | Revised Planned   |         |         |         |         |           |         |         |         |           |         |         |                                    |
|                                          |                                                              | Actual            |         |         |         |         |           |         |         |         |           |         |         |                                    |
| Projects Verification                    | Completed                                                    | Planned           |         |         |         |         |           |         |         |         |           |         |         |                                    |
|                                          |                                                              | Revised Planned   |         |         |         |         |           |         |         |         |           |         |         |                                    |
|                                          |                                                              | Actual            |         |         |         |         |           |         |         |         |           |         |         |                                    |
| Projects Endorsement by SC               | Completed                                                    | Planned           |         |         |         |         |           |         |         |         |           |         |         |                                    |
|                                          |                                                              | Revised Planned   |         |         |         |         |           |         |         |         |           |         |         |                                    |
|                                          |                                                              | Actual            |         |         |         |         |           |         |         |         |           |         |         |                                    |
| TOR preparation for NGO/civic engagement | Completed                                                    | Planned           |         |         |         |         |           |         |         |         |           |         |         |                                    |
|                                          |                                                              | Revised Planned   |         | NA      |         |         |           |         |         |         |           |         |         |                                    |
|                                          |                                                              | Actual            |         |         |         |         |           |         |         |         |           |         |         |                                    |
| Contracting NGO for civic engagement     | Completed                                                    | Planned           |         |         |         |         |           |         |         |         |           |         |         |                                    |
|                                          |                                                              | Revised Planned   |         |         |         |         |           |         |         |         |           |         |         |                                    |
|                                          |                                                              | Actual            |         |         |         |         |           |         |         |         |           |         |         |                                    |
| Projects Design                          | Completed                                                    | Planned           |         |         |         |         |           |         |         |         |           |         |         |                                    |
|                                          |                                                              | Revised Planned   |         |         |         |         |           |         |         |         |           |         |         |                                    |
|                                          |                                                              | Actual            |         |         |         |         |           |         |         |         |           |         |         |                                    |
| Projects Tendering                       | Completed                                                    | Planned           |         |         |         |         |           |         |         |         |           |         |         |                                    |
|                                          |                                                              | Revised Planned   |         |         |         |         |           |         |         |         |           |         |         |                                    |
|                                          |                                                              | Actual            |         |         |         |         |           |         |         |         |           |         |         |                                    |
| Projects Implementation                  | In progress to be accomplished within the proposed extension | Planned           |         |         |         |         |           |         |         |         |           |         |         |                                    |
|                                          |                                                              | Revised Planned   |         |         |         |         |           |         |         |         |           |         |         |                                    |
|                                          |                                                              | Actual            |         |         |         |         |           |         |         |         |           |         |         |                                    |
| Civic Engagement and CD initiatives      | In progress to be accomplished within the proposed extension | Planned           |         |         |         |         |           |         |         |         |           |         |         |                                    |
|                                          |                                                              | Revised Planned   |         |         |         |         |           |         |         |         |           |         |         |                                    |
|                                          |                                                              | Actual            |         |         |         |         |           |         |         |         |           |         |         |                                    |
| M&E (Beneficiaries Impact Assessment)    | Not yet Started                                              | Planned           |         |         |         |         |           |         |         |         |           |         |         |                                    |
|                                          |                                                              | Revised Planned   |         |         |         |         |           |         |         |         |           |         | NA      |                                    |
|                                          |                                                              | Actual            |         |         |         |         |           |         |         |         |           |         |         |                                    |
| Auditing                                 | Not yet Started                                              | Planned           |         |         |         |         |           |         |         |         |           |         |         |                                    |
|                                          |                                                              | Revised Planned   |         |         | NA      |         |           |         | NA      |         |           |         | NA      |                                    |
|                                          |                                                              | Actual            |         |         |         |         |           |         |         |         |           |         |         |                                    |



#### 4.6 Challenges and Obstacles:

##### **A) For Social and Infrastructure Sub-projects**

- In general, Area C interventions have been implemented in a very challenging environment; given the political obstacles and the substantial delays in sub-projects identification. Furthermore, the sub-projects' design and the approvals from the line ministries consumed more time than anticipated, which have led to multi versions of designs that correspond to the allocated budget.
- One sub-project, particularly, Fuqeqis school was tendered several times due a dispute with the Palestinian Contractors Union. However, this issue was resolved and the project has been awarded and is progressing.
- Isla road was subject to verbal SWO issued to the VC by the Israeli army with confiscation of the council's JCB. The contractor of the project was reluctant to work under the SWO issued to the VC. However, the contractor decided to resume the work and the project is currently undergoing and progressing.
- One sub-project, particularly, Al Mansoor water tank has faced a significant delay in getting the needed technical approvals from the water authority. However, MDLF was able to obtain the needed approvals and proceeded with the tendering and awarded to the contractor and the construction of the water tank is progressing.
- The difficulties on the ground and the implications of the ongoing Israeli War on Gaza Strip which has started on 7/10/2023 put its shadows on the sub-projects' implementation in Area C. Challenges imposed by the Israeli occupation include: Access restrictions, closures, checkpoints, cement blocks, arrests, settlers attack, confiscation of equipment, and lack of safety for field officers and contractors, etc., all of which have badly affected the implementation process of the sub-projects.

##### **B) For Civic Engagement and Social Accountability**

- **Security and Political Challenges** One of the most significant challenges have been faced in implementing CE/SA is the unstable security situation in Area C. Security tensions disrupt scheduled activities and delay project implementation, affecting the efficiency of field teams. Additionally, we may encounter political obstacles related to obtaining support and cooperation from local and national authorities.
- **Technical Challenges:** Rural and marginalized areas may face a lack of technological infrastructure needed to support the use of digital applications and



tools. Moreover, there might be a deficiency in technical skills among village council workers and citizens. This challenge has been addressed by:

- o Continuous Training: Provide ongoing training for village councils and citizens to enhance their technical skills.
  - o Technical Support: Establish technical support teams to assist users in solving technical problems.
- **Social and Cultural Challenges:** Resistance to change in some local communities can be an obstacle to adopting social accountability principles and civic participation, especially in environments that have experienced long-term marginalization. The diversity of the target groups and their varying needs add complexity to the design and implementation of programs. This challenge has been addressed by:
  - o Awareness and Education: Organize awareness campaigns to enhance understanding of the importance of civic participation and social accountability.
  - o Encouragement and Incentives: Provide incentives for community participation and clarify the benefits derived from the project.
  - o Community Consultation: Involve local community leaders in designing and implementing activities to ensure their acceptance and adoption.
- **Communication and Participation Challenges:** There may be a lack of effective communication between village councils and citizens, affecting the level of community participation and trust between both parties. Additionally, engaging marginalized groups, such as youth, women, and people with disabilities, requires extra efforts to ensure their effective participation. This challenge has been addressed by:
  - o Enhancing Communication: Use multiple communication channels, such as public meetings, social media, and newsletters, to improve communication with citizens.
  - o Consultation with Marginalized Groups: Organize special meetings with marginalized groups to ensure their voices are heard and their needs are met.