



صندوق تطوير وإقراض البلديات
Municipal Development & Lending Fund



MDLF

Semi-Annual Report 2013



August 2013



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for better life



صندوق تطوير وإقراض البلديات
Municipal Development & Lending Fund



Semi Annual Report 2013

Covering the period from January 1st to June 30th , 2013

Municipal Development and Lending Fund

(MDLF) - Palestine

August, 2013





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Glossary

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



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



Our Vision

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

Our Mission

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

MDLF Values

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

Our Strategic Themes

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

To Our Municipalities

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



Board of Director (BOD)

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



Achievements Highlights

Since the inception of MDLF programs, the purpose has been to improve the municipal services provision and to enhance the municipal performance capacities. We think we contribute in building our state through improving the vital services of local governments. Following is a synopsis of our accumulative accomplishments by end of June 2013:

Roads	<u>509</u> <u>4.6</u> <u>12,254</u> <u>10.9</u> <u>59</u>	kilometer of roads were paved, developed and rehabilitated, kilometer of street lighting networks were rehabilitated, lighting units were supplied, kilometer of retaining walls were constructed, kilometer of sidewalks were constructed.
Water	<u>28.3</u> <u>31,459</u> <u>2,135</u> <u>3</u>	kilometer of water networks were rehabilitated/constructed , L.m of pipes were supplied, water meters were installed , water pumps were installed.
Wastewater	<u>49</u> <u>7,498</u> <u>6</u>	kilometer of wastewater networks were rehabilitated/constructed, L.m pipes were supplied, wastewater pumps were installed
Electricity	<u>11</u> <u>1,647</u>	kilometer of electrical networks were rehabilitated, pre-paid meters were installed.
Public Facilities	<u>15,183</u> <u>84,928</u>	Sq. meter of public buildings were constructed, Sq. meter of parks and public gardens were constructed.
Solid Waste	<u>1,396</u> <u>2</u>	solid waste containers were installed, tractors, and <u>4</u> trailers were installed.
SDIPs	<u>97</u>	municipalities were supported in preparing SDIP
IFMIS	<u>34</u>	municipalities were supported in applying the Integrated Financial Management Information System "IFMIS"
FPPM	<u>130</u>	municipalities were coached on using the financial policies and procedures manual "FPPM".
Fixed Assets Registration	<u>70</u>	municipalities were supported in registering and valuation their assets
Physical Plans	<u>6</u>	municipalities were supported in developing their physical plans
Persons Days		About 1.8 million Persons. day were created





Executive Summary

The Municipal Development and Lending Fund (MDLF) is a semi-governmental juridical entity established by the Council of Ministers Decree, to accelerate Palestine's drive toward self-sustained, decentralized, prosperous and creditworthy local governments.

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

The reporting period witnessed a noticeable progress in the implementation of the ongoing programs/projects including, the (Municipal development program- phase I “**MDP-I**”, funded by **multi donors**), the (Local Government Reform Development Programme – “**LGRDP**” funded by the **Kingdom of Belgium**), the (Local Development Programme phase III – “**LDPIII**”), and the (Local Government Policy Development Programme – “**LGPD**”) funded by the Danish Government.

More focus on the MDP-I, it is a remarkable milestone of MDLF efforts towards improving the municipal performance and services delivery capabilities of the local government units in Palestine. During the 1st half of 2013, MDLF had succeeded in completing 73 infrastructure sub-projects in West Bank and Gaza. Furthermore, MDLF had completed the coaching of municipalities on the use of the financial policies and procedural manual for 21 municipalities and completed the fixed assets registration and valuation of 26 out of 28 municipalities in WB&G. Most importantly, and regarding the strategic development and investment plans, MDLF has finalized the preparations of SDIPs for 27 municipalities in WB&G and still working with local consultants to finalize another 22 SDIPs in the coming period. In the same context, MDLF had contracted local consultancy firms to update the SDIPs for 52 municipalities concerning (phase 4 & 5) and targeting the municipalities having SDIPs (phase 1-3), the updating process is in progress where 49 municipalities had finalized the update of their SDIPs (phase 4&5). Another package for municipal capacity development is the operation and maintenance manual which is being developed and piloted on 10 municipalities in WB&G.

In the same framework and regarding the implementation of MDP-I innovation and efficiency component, MDLF had successfully completed the energy efficiency sub-component which was piloted in four municipalities. A dissemination for the results took place and a post evaluation was carried out by an individual consultant during the reporting period. The assessment report was satisfactory in terms of the results and the process of implementation.

Within the same context, MDLF started the implementation of community development projects within 8 newly amalgamated municipalities under the sub-component of amalgamation under MDPI. During the 1st half of 2013 MDLF has kept the momentum of implementing such projects where the implementation is in progress and expected to be completed in August 2013.

Most importantly, MDLF had started the implementation of Citizens Services Centers (OSS) in three piloted municipalities in Gaza. The establishment and the use of such centers enhances transparency and responsiveness towards citizens, as well as enable citizens to participate and monitor municipal



performance. During the reporting period, the institutional assessment and the mapping of the process management within the targeted municipalities were completed, whereas the other sub-activities including the construction work, the furniture, and the installation of IT equipment are still in progress and expected to be completed in August 2013.

It is worth mentioning that a supervision mission from the MDP-I financing partners was held early May 2013 to discuss the overall progress and implementation status of MDPI and to discuss the overall achievements of MDPI highlighting on the results of evaluation surveys which were completed during the reporting period. The results of the surveys were satisfactorily perceived by the mission, where MDLF had presented these results as per the pre-identified targets and objectives indicated in the MDPI results framework.

In parallel to the MDPI implementation, MDLF and the Financing Partners worked together on finalizing all preparations of launching MDP-II, including the updated ranking, awareness of municipalities on the new ranking criteria, and the coordination with financing partners regarding the project documents, the MOU and the financing agreements.

In line with MOLG policies and initiatives and regarding the amalgamation of smaller LGUs into bigger, efficient and effective ones, MDLF has started the implementation of LDP III. During the 1st half of 2013 the study of feasibility and willingness to amalgamate and the study of Investment needs were finalized for two clusters out of three targeted clusters.

Another programme falls under the same initiative is the (LGRDP) funded by the kingdom of Belgium. The LGRDP witnessed a noticeable progress during the reporting period regarding the support for reform and improved capacities and services in smaller LGUs as well as the MDP aligned components.

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

This report presents the activities and achievements of the MDLF programs and projects during the period from January 1st until June 30th, 2013. It intends to keep the Palestinian Government and other MDLF Partners informed about the various programs and projects and to highlight the future plans to reform and improve local government units for better quality of life for the Palestinians.



Programs / Projects

- 1- Municipal Development Program (MDP - phase 1)
- 2- Local Development Programme Phase III (LDP-III)
- 3- Local Government Reform Development Programme (LGRDP)
- 4- Local Government Policy Development (LGPD)





1- The Municipal Development Program (phase 1)

1.1- Background

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

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

1.2- MDP Description

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

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

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

The MDP has four windows as follows:

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

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

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

Window 4 - Provides funding for program management, client and citizen satisfaction assessments, technical assistance for municipalities, and outreach programs to make sure citizens and municipal leaders have a full understanding of the Grants Allocation Mechanism and the MDP development



objectives. It helps citizens to understand where their municipality is ranked, and encourages leaders to meet higher performance levels.

1.3- Financing Partners Contributions

The MDP is supported by the Palestinian National Authority along with the Agence Française de Development (AFD), the Danish Government, the Swedish International Development Cooperation Agency (Sida), the World Bank, the German Development Bank (KfW), and the German International *Technical* Cooperation (GIZ). Furthermore, the saving from the KfW under the EMSRP II with an amount of **Euro 1,640,094** was invested in window 1 of the MDP 1 – Cycle 1. In addition to that, the Kingdom of Belgium, has committed to support the MDP through its ongoing



program (**Local Government Reform and Development Programme – LGRDP**) and starting from the 2nd cycle of MDP-phase 1. All the 1st cycle agreements were signed in late 2009, with the exception of Sida and Denmark who chose to finance the MDP through a trust fund administered by the World Bank. The agreement was signed on June 10th, 2010. The total allocated amount for the 1st cycle fund was **Euros 30,004,263.**

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

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

Donor	Fund Amount (1 st cycle)	Signature Date	Completion Date as per the Agreement	Fund Amount (2 nd cycle)	Signature Date	Completion Date as per the Agreement
GIZ Agreement	€ 450,000	November 12 nd , 2009	March 31 st , 2012	€ 300,00	June 27 th , 2012	March 31 st , 2015
KfW Financing Agreement	€ 7,500,000	December 6 th , 2009	December 6 th , 2012	€ 9,500,000	February, 14 th 2012	February, 14 th 2015
AFD Financing Agreement	€ 3,200,000	April 6 th , 2010	December 31 st , 2012	€ 6,000,000	December, 21 st 2011	December, 31 st 2014



Donor	Fund Amount (1st cycle)	Signature Date	Completion Date as per the Agreement	Fund Amount (2nd cycle)	Signature Date	Completion Date as per the Agreement
World Bank Agreement	\$10,000,000	October 29 th , 2009	August 31 st , 2013	\$ 2,000,000	December, 21 st , 2011	August 31 st , 2013
Multi Donor Trust Fund Agreement	\$13,477,042	The agreement was signed on June 10 th , 2010.	August 31 st , 2013	\$ 12,209,718	June 27 th , 2012	August 31 st , 2013
The Kingdom of Belgium	---	---	---	€ 1,000,000	This contribution to MDP is allocated under the 3 rd component of the ongoing programme "Local Government Reform & Development Programme", with total amount of (Euros 3 million) distributed on MDP cycles.	

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

Chart 1: Distribution of MDP Fund Per Donor (both cycles)

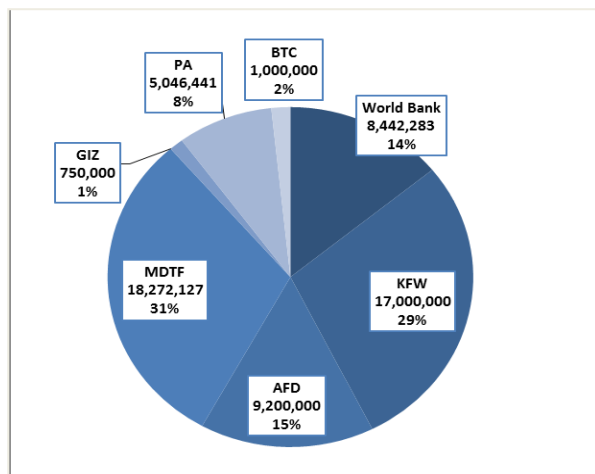
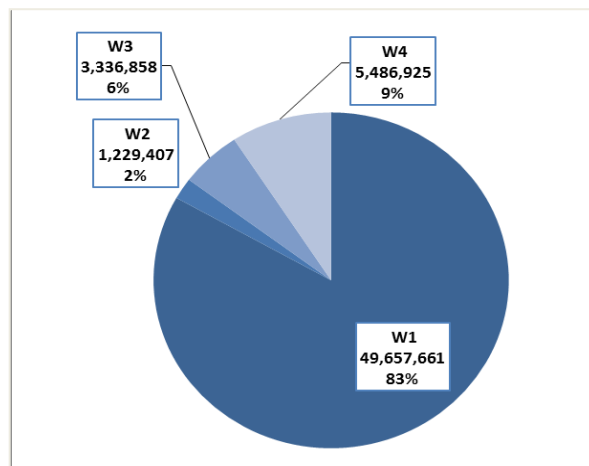


Chart 2: Distribution of MDP Fund Per Window (both cycles)





1.4- Achievements Against the Overall Objective

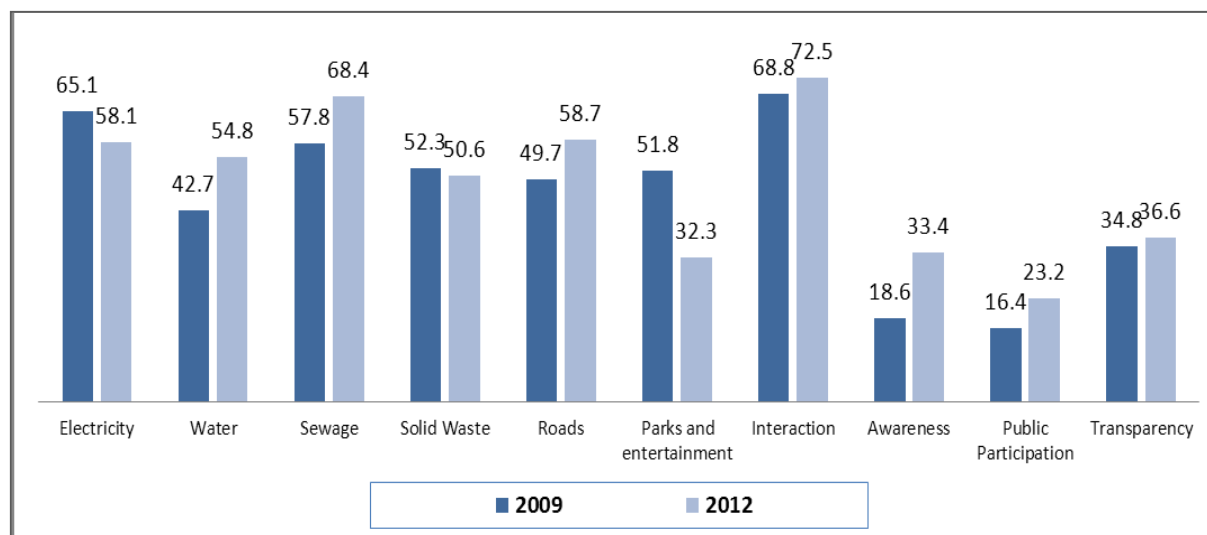
Project Overall Objective: To improve the quality and coverage of municipal service delivery

Indicator 1: At the end of each program phase, municipalities are rated satisfactorily on the quality and coverage of service delivery by citizens, through citizen satisfaction surveys.

- This indicator was measured by conducting a post survey by end of 2012 to assess the perception of citizens towards the municipal services concerning the infrastructure, transparency, awareness, public participation and interaction.
- The results of the surveys and interviews were for most parts positive and indicated improvements from 2009 but highlighted some reoccurring issues.
- The effects of MDP-I are clear on some of the services but issues that extended beyond the capacity of the Municipalities, may have skewed the perceptions of respondents.
- The descriptive table below and **Chart 3** show the 2009 base line scores of citizens perception towards municipal services compared with 2012 survey scores of the citizens who benefited from the MDP-I interventions.
- Finally, the total score was calculated by summing the weighted scores for all services together.

<u>Item</u>	<u>2009</u>		<u>2012</u>	
	<u>Satisfaction Score</u>	<u>Overall</u>	<u>Satisfaction Score</u>	<u>Overall</u>
Electricity	65.1	50.0	58.1	57.1
Water	42.7		54.8	
Sewage	57.8		68.4	
Solid Waste	52.3		50.6	
Roads	49.7		58.7	
Parks and	51.8		32.3	
Interaction	68.8	---	72.5	---
Awareness	18.6		33.4	
Public Participation	16.4		23.2	
Transparency	34.8		36.6	

Chart 3: Citizens Satisfaction Results (2009 Versus 2012)

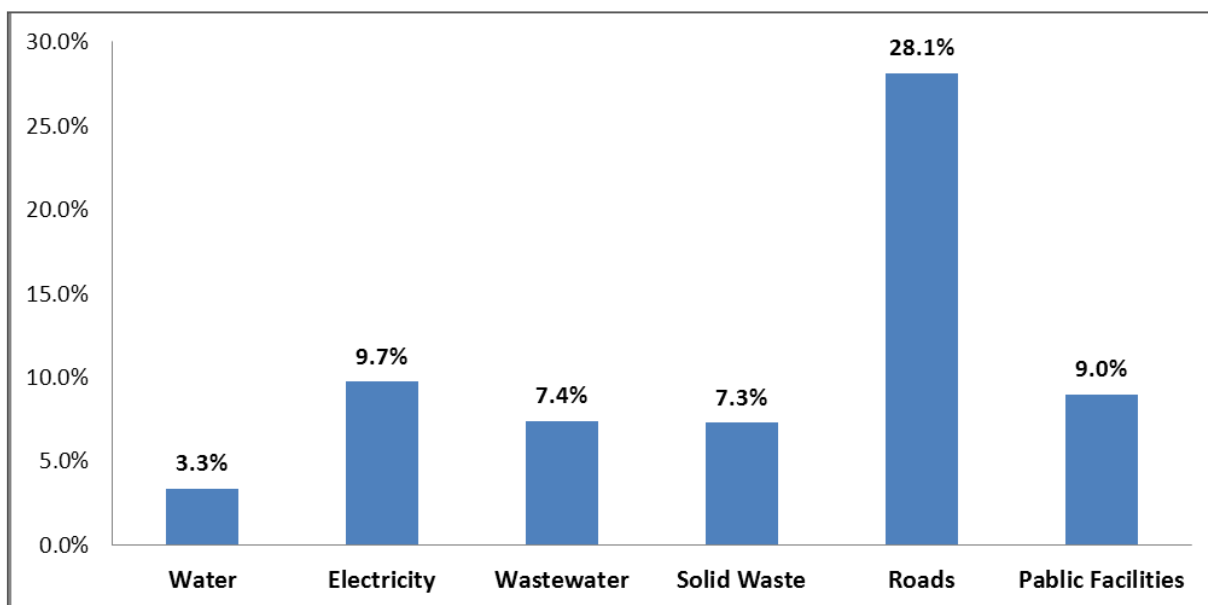




Indicator 2: Percentage of coverage of municipal services (households, neighborhoods) through MDP-financed investments as shown in the MDLF municipal infrastructure database.

- This indicator was measured through a post survey of the municipal infrastructure database. This assessment was conducted by the PCBS as a single source and financed by the AFD.
- The results indicated such improvements in coverage of municipal services and municipal infrastructure.
- The assessment indicated such improvement for the municipal infrastructure coverage at the municipal level in water, wastewater, roads, electricity.
- MDPI has noticeable contribution in the overall change, in particular roads construction and rehabilitation.
- The MDPI contribution is 14.7% (overall), (10.3% WB), (34% Gaza) of the total invested amounts at municipalities over the last three years (2010, 2011, 2012) regarding the infrastructure coverage and services quality. **Chart 4** bellow illustrates the MDPI contribution to municipal infrastructure per sector over the last three years in terms of fund allocations.

Chart 4: MDPI contribution to the municipal infrastructure services (2010, 2011,2012)

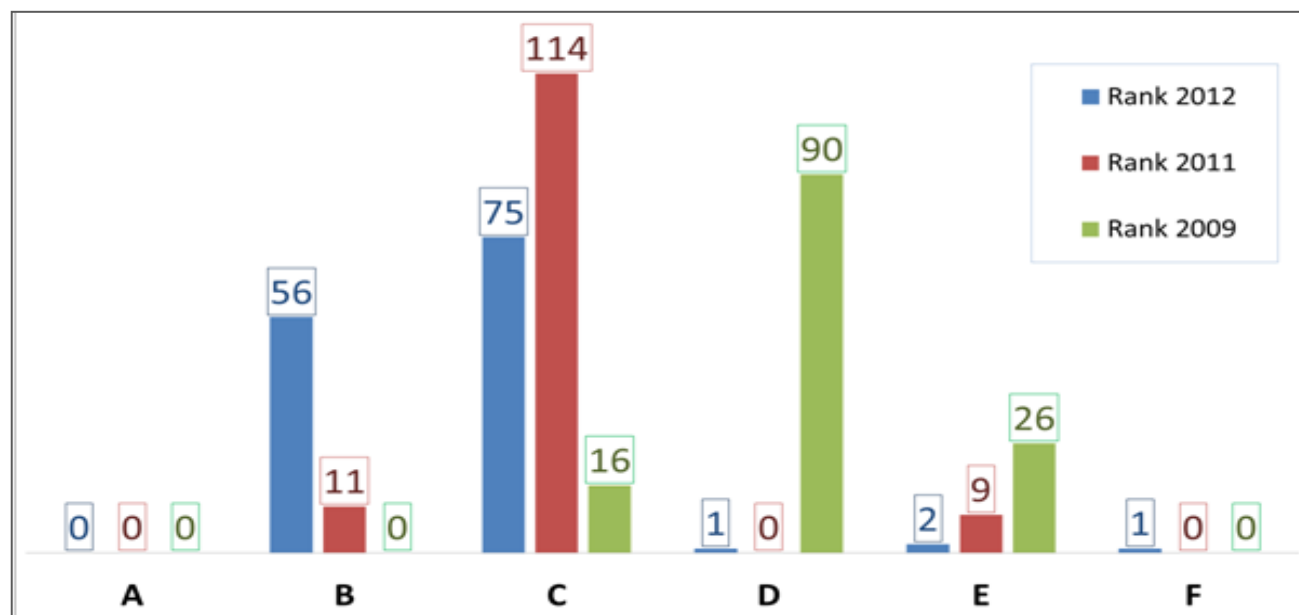




1.5- Progress of Outcomes and Intermediate Outcomes

Project Development Objective (PDO) : To improve municipal management practices for better transparency						
Indicators	Baseline (end of 2009)	End of cycle 1 (mid 2011)		End of cycle 2 (end of 2012)		Comments
		Target	Achieved	Target	Achieved	
The percentage of municipalities that graduate up the performance category in which they are currently classified, by the end of phase 1	0	15%	86%	25%	96%	<i>This Indicator is Over-achieved.</i> The municipal graduation by end of MDPI is described as follows: Graduated E-C: 15 Graduated E-B: 8 Graduated D-C: 58 Graduated D-B: 32 Graduated C-B : 14 No change (2 in C) No change (2 in E) Two newly amalgamated – B One newly established (Nuba) Backward (E-F) : 1 (Al Oja) The graduation status is shown in Chart 5 below.

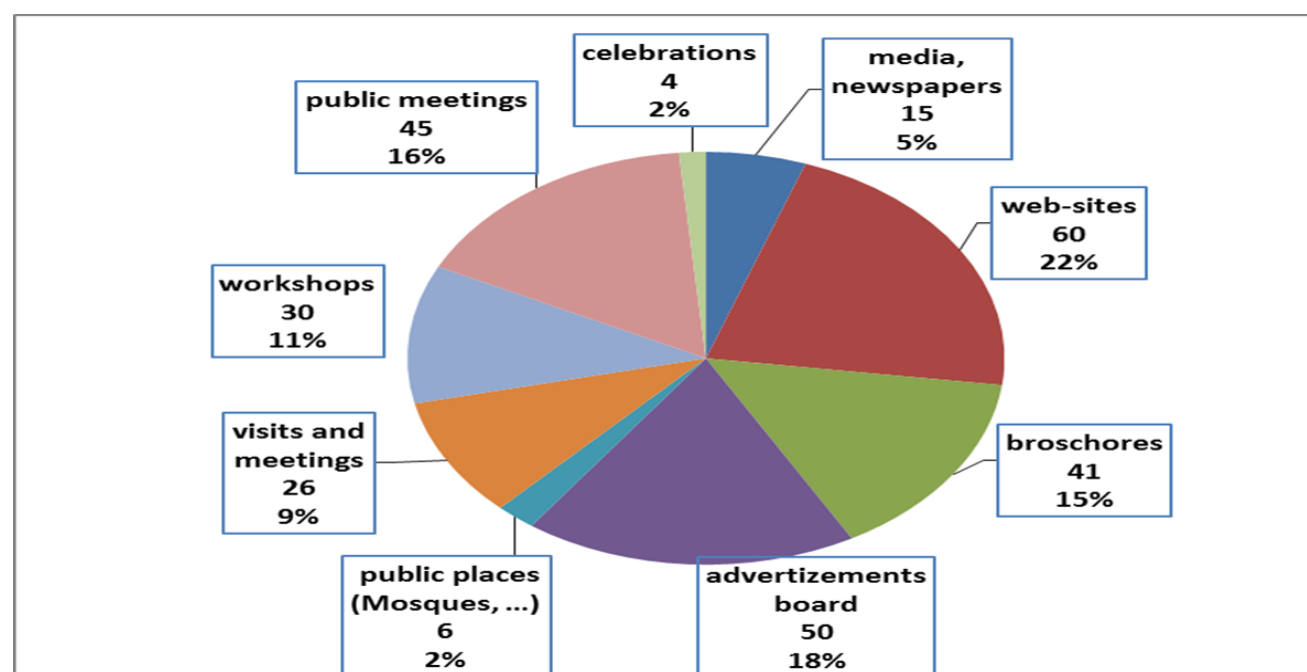
Chart 5: Municipal Ranking (2009 -2012)





Project Development Objective (PDO) : To improve municipal management practices for better transparency						
Indicators	Baseline (end of 2009)	End of cycle 1 (mid 2011)		End of cycle 2 (end of 2012)		Comments
		Target	Achieved	Target	Achieved	
Percentage of municipalities that apply at least two public disclosure (publicly available SDIPs, Annual External Audits, project related data, municipal budgets and performance rankings) by the end of Phase 1	0	30%	68%	50%	68%	<i>This indicator is over-achieved.</i> SDIP disclosure: (119 out of 129) – 92% External Audit disclosure: (41 out of 61) – 67% Municipal budgets disclosure: (75 out of 134) - 56% Ranking disclosure : (89 out of 134) – 66% The verification of the survey was conducted by an outsourced consultant. The results are shown in chart 6 below.

Chart 6: Public Disclosure Methods applied by Municipalities





<i>Intermediate Outcomes (Components Indicators)</i>						
<i>IO1 - Window 1 - Improved municipal infrastructure through capital investment grants</i>						
Indicator	Baseline (2009)	End of cycle 1 (mid 2011)		End of cycle 2 (end of 2012)		Comments
		Target	Achieved	Target	Achieved	
Percentage of investments financed that were identified in the municipal Strategic Development and Investment Plans (SDIPs)	0	100%	100%	100%	100%	<i>This Component Indicator is fully achieved.</i> All the municipalities that have SDIPs submitted sub-projects that are already identified in their SDIPs. (37 sub-projects) in the 1st cycle and (198) in the 2nd cycle.
Percentage of investments financed under MDP Phase 1 that are operational and in adequate state of usability according to Technical Audits	0	80%	NA	80%	97%	<i>This Component Indicator is Over-achieved.</i> Based on the technical audit & usability assessment which was conducted by individual consultants in West Bank and Gaza, the audit reports indicated that the functionality, usability, and sustainability are acceptable and satisfactory. Based on a sample of 30 sub-projects. However one sub-projects in Gaza is partially utilized. (i.e) this indicator is over achieved where more that 97% of sub-projects are in adequate state of usability.



IO2 - Window 2 - improved municipal management through application of innovative initiatives						
Indicator	Baseline (2009)	End of cycle 1 (mid 2011)		End of cycle 2 (end of 2012)		Comments
		Target	Achieved	Target	Achieved	
The number of municipal amalgamation initiatives initiated, by the end of phase 1	4	NA	NA	6	8	<i>This component indicator is over-achieved.</i> 8 newly amalgamated municipalities had selected 13 social and small scale of infrastructure sub- projects in health, education, culture, roads.
The number of Energy-Efficient projects for enhancing municipal revenues that are implemented	0	NA	NA	2	4	One year after the installation of energy saving equipment's, a post process evaluation was conducted. The results for the measurement and verification in 2012 indicated a noticeable achievements regarding the energy savings in the 4 piloted municipalities in the amount reached 1,523,235 KWH (165,479 Euro)
Pilots of one-stop-shops implemented in at least 3 municipalities in Gaza;	0	1	NA	3	3	This assignment is ongoing and it is anticipated to have one stop shop in 3 municipalities in Gaza. (Jabalia, Al Qarara and Bani Suhaila)



IO3 - Window 3 - Developed capacities for municipalities through the capacity development packages						
Indicator	Baseline (2009)	End of cycle 1 (mid 2011)		End of cycle 2 (end of 2012)		Comments
		Target	Achieved	Target	Achieved	
The percentage of municipalities that graduate up the performance category in which they are currently classified, by the end of phase 1	0	15%	86%	25%	95.5%	The municipal graduation by end of MDPI is described as follows: Graduated E-C: 15 Graduated E-B: 8 Graduated D-C: 58 Graduated D-B: 32 Graduated C-B : 14 No change (2 in C) No change (2 in E) Two newly amalgamated – B One newly established (Nuba) Backward (E-F) : 1 (Al Oja)
Procedures for Operations and Maintenance are established and piloted in at least 5 municipalities;	0	O&M Procedures Approved		O&M procedures are piloted in at least 5 municipalities and relevant training is completed		The scope of this assignment was developed to have a manual for O&M regarding the roads and public facilities where a set of municipalities (10) will be coached by a consultancy firm on the use of the manual. The implementation of this assignment is in progress and expected to be completed in November 2013.
IO4 - Window 4 - Good and effective management of MDP I						
satisfactory performance of MDLF as measured by meeting targets it defines in the Annual Work Plan	satisfactory	satisfactory	satisfactory	satisfactory	satisfactory	MDLF has achieved more than 95% of the forecasted disbursement for 2010 ,2011 and 2012.



1.6- Progress of Outputs

Window 1:

✓ *outputs (key achievements)*

270 Km of roads were rehabilitated, 3,415 street lighting units were supplied, 6379 L.m of retaining walls were constructed, 740 L.m of culverts were constructed, 42.05 Km of sidewalks were rehabilitated, 47 groundwater wells were rehabilitated, 11 Km of water networks were rehabilitated, 35 Km of wastewater networks were rehabilitated, 4 transformers were installed, 3,870 sq. of public buildings were constructed, 29,000 sq.m of public gardens were constructed, 498 solid waste containers were supplied.

Window 2:

✓ *outputs (key achievements)*

Amalgamation : This sub-component is still under implementation, it is anticipated to complete 13 social infrastructure sub-projects within 8 newly amalgamated municipalities.

Energy Efficiency: A number of energy efficient equipment, in particular, the pumps and public buildings and street lighting were installed for the targeted municipalities.

One Stop Shop: This sub-component is still under implementation, it is anticipated to finalize OSS in three municipalities in Gaza.

Window 3:

outputs (key achievements)

Financial Policies and Procedures Manual (FPPM): 96 municipalities has benefited from the financial package

Strategic Development and Investment Plans (SDIPs): 90 municipalities has benefited from the SDIP package

Fixed Assets Registration and Valuation (FARV): 32 municipalities has benefited from the fixes assists registration and valuation package

Operation and Maintenance (O&M): 10 municipalities will be coached on the use of O&M manual.

For more details about MDPI results please see annex (A)



1.7- Implementation Status and Activities

Window 1 – 1st cycle

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

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

Window 1 – 2nd cycle

Regarding the status of W1 – 2nd cycle sub-projects in the West Bank, **139 sub-projects** were approved with total allocations **(15,948,035 Euros)** where the status is described as follows:

- **115 sub-projects** out of **139** were **completed** with total allocations **(11,846,058 Euros)** amounting **(74%)** of the budget.
- **22 sub-projects** are **ongoing** with total allocations **(3,625,868 Euros)** amounting **(23%)** of the budget.
- **2 sub-projects** are in the tendering phase with total allocations **(476,109 Euros)** amounting **(3%)** of the budget and expected to start early July 2013.

Chart 7 illustrates the status of the W1-sub-projects allocated funds in the West Bank

Chart 7: Status of W1 sub-projects in WB

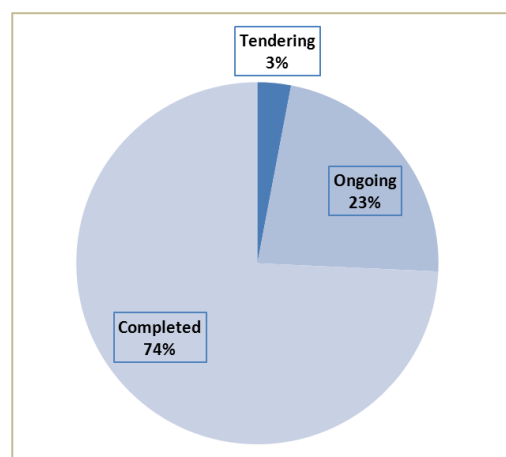
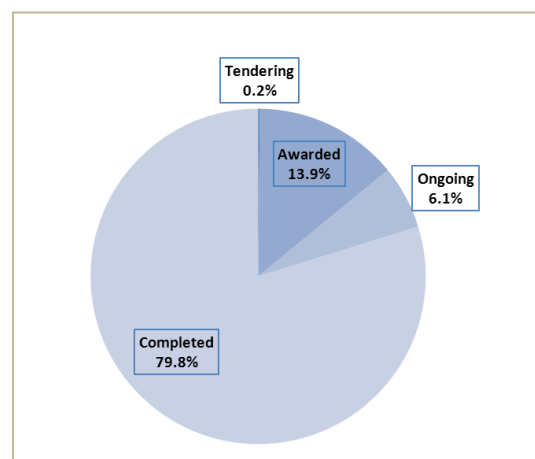


Chart 8: Status of W1 sub-projects in Gaza



Regarding the status of the W1 -2nd cycle- sub-projects in Gaza strip, **161 sub- projects** were approved with total allocations **(10,948,409Euros)** where the status is described as follows:

- **146 sub-projects** out of **161** were **completed** with total allocations **(8,735,106 Euros)** amounting **(79.8%)** of the budget.



- **4 sub-projects** out of **161** are **ongoing** with total allocations **(671,828 Euros)** amounting **(6.1%)** of the budget.
- **10 sub-projects** are **awarded** with total allocations **(1,523,432 Euros)** amounting **(13.9%)** of the budget.
- **1 sub-projects** are in the tendering phase with total allocations **(18,044 Euros)** amounting **(0.2%)** of the budget.

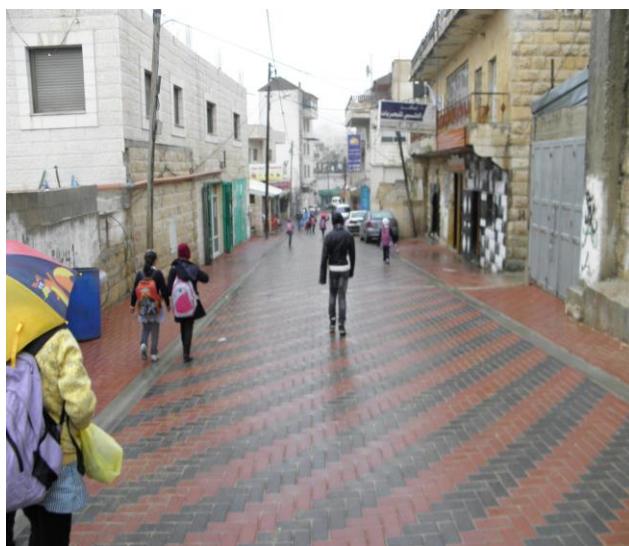
Chart 8 illustrates the status of the W1-sub-projects allocated funds in the West Bank.

During the reporting period, it is obvious there is an effective progress in the implementation of sub-projects. There is a dramatic increase in the percentages of (completed) sub-projects and a decrease in the percentages of (Pre-tendering and ongoing) subprojects amounting 39% of the total budget. All these figures are illustrated Table 2 bellow.

Table 2: (MDP-W1 sub projects) status over the time in terms of Allocated Fund (WB&G)

	January 1 st , 2013	June 30 th , 2013	Trend
Pre-tendering	2%	0%	Decrease (positive trend)
Tendering	2%	2%	Steady
Awarded	6%	6%	Steady
Ongoing	53%	16%	Decrease (positive trend)
Completed	37%	76%	Increase (positive trend)

Note: for more details about the MDP-W1 status please refer to annex A.





Window 2: Municipal Innovations and Efficiency

❖ ***Energy Efficiency:*** *this sub component had been implemented over the two cycle s of MDPI and financed by the World Bank.*

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

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

With three main intervention areas in mind; namely public buildings, street-lighting, and Water/sewage pumping stations, this innovative pilot project has been staged into the following: 1) pre-audit, 2) investment in equipment and installation, 3) post-implementation measurement and verification, 4) post-implementation process evaluation and results dissemination;

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

The post-implementation measurement and verification was also conducted over the year 2012 where the saving outcomes for the four Municipalities over the period (11/2011-11/2012) are summarized as follows:

- Total annual Energy Savings = 1,514,461 kWh/year
- Total annual savings= 181,735 Euro/year
- Total annual environmental savings = 1,599,402 kg CO2 /year

During the reporting period a dissemination workshop had been conducted on January 30th 2013 where the project stages and outcomes had been illustrated through the presentation of the individual consultant and the supporting printed material.

The assessment of the workshop showed that Municipalities has acknowledged the project objectives and stages, and showed great interest and willingness in its application.

Furthermore the post implementation process evaluation assignment was carried out by an Individual Consultant who assessed the pilot project process, stages and outcomes and reported the outputs, lessons learned and main recommendations for enhancement of each step of the energy efficiency within municipalities.



❖ **Amalgamation:** *this sub component has been implemented in the 2nd cycle of MDPI and financed by the Multi - Donor Trust Fund.*

This sub-component was designed to support the newly amalgamated municipalities, with focus on the **community development projects which will** fund the expansion of the municipality services, including some small scale infrastructure and social infrastructure sub-projects. In this regards the total allocated fund in the amount of **(608,185 Euros)** from the MDTF fund was distributed among 8 newly amalgamated municipalities. MDLF asked those municipalities to apply for community development projects early October 2012 and the application forms were appraised and approved early November 2012. The total no. of approved sub-projects were **13** distributed across **8 municipalities** as follows:

3 sub-projects out of 12 are roads sub-projects in **(Baqa Al-Sarqiyya, Azzaytouna, Al-Ittihad)** municipalities.

10 sub-projects out of 12 are public buildings including (school maintenance, supplying equipment's for school, construction of health center, external works for health clinic) in **(Al-Kafriyyat, Marj Bin Amer, Al-Muttahida, Al-Yasiriyya, Azzaytouna, Al-Ittihad)** municipalities.

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

6 sub-projects were **completed** with allocation **(137,208 Euro)** amounting **(22.5%)** of the total budget.

7 sub-projects are **ongoing** with allocation **(470,976 Euro)** amounting **(77.5%)** of the total budget and expected to complete in August 2013.

❖ **One Stop Shop:** *this sub component has been implemented in the 2nd cycle of MDPI and financed by the Multi - Donor Trust Fund.*

This activity was designed to assist municipalities in establishing Citizen Services Centers as a piloting phase under the MDPI. The establishment and use of such centers enhances transparency and responsiveness towards citizens, as well as enable citizens to participate and monitor municipal performance. Activities under this sub-component include institutional assessment and business process management assessment, provision of IT equipment, software installation and implementation, civil works to accommodate the citizen service center.





During the reporting period the progress and the implementation status can be summarized as follows:

- ***MDLF had applied a specific criteria to select three municipalities for the implementation of OSS as a pilot phase. The selected municipalities were (Jabalial, Al Qararah and Bani-Suhaila).***
- ***A contract has been signed with an individual consultant on February 2013 to conduct the institutional assessment for the selected municipalities. The consultant has completed mapping, tracking and documenting the ongoing institutional processes and municipal delivery procedures in all selected municipalities.***
- 1- ***A survey was conducted in March 2013 through "satisfaction questionnaire" to prepare baseline measures for the level of satisfaction of the employees as well as the residents of each the three municipalities. The satisfaction surveys' results will be used at a later stage to monitor the difference in perceptions regarding the satisfaction of both the employees and the citizens. Table 3 below shows the main results of the baseline survey.***

Table 3: Baseline Satisfaction Results of Employees and Citizens

No.	Item	Satisfaction weight		
		Jabalial	Bani Suhaila	Al Qararah
1	Daily average (# of citizens)	70	30	15
2	Sample Percentage "citizens using OSS" (%Male / %Female)	83/17	98/2	78/22
3	satisfaction with the service in general (<i>Don't know</i>)	64%	68%	60%
4	satisfaction with the performance of municipal employees (<i>agree</i>)	72%	70%	70%
5	satisfaction with the physical location to serve the public (<i>Don't agree</i>)	4.4%	62%	70%
6	satisfaction with the methods of collection of fees and taxes (<i>Don't know</i>)	64%	68%	56%
			(<i>agree</i>)	
7	satisfaction with the means of communication and networking (<i>agree</i>)	72%	72%	74%

- ***Physical inspections for placing the OSS were done, BOQ has been created for the OSS place requirements in terms of place' rehabilitation (construction works), furniture, Air conditions and IT equipment.***
- ***On 18th of June 2013, a contract has been signed with a local contractor company who will perform the rehabilitation for the OSS' places in the three municipalities.***
- ***The contract for the software' supplier is in the awarding process, the commencement date for the contract is expected to take place early July 2013.***



- *The contracts for supplying the furniture, Air-conditions and IT equipment are under procurement and expected to be signed late July 2013.*

Window 3.A: Capacity Building for Municipalities

Window 3 .A– 1st cycle

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. The capacity building packages for the 1st cycle included:

- Improved financial management through rolling out of Financial Policies and Procedures Manual; Fixed Assets Registration and Valuation; Budgeting Guidelines; and promotion of Municipal External Audits.
- Support for improved planning capacity through rolling out Phase 1-3 of the Strategic Development and Investment Planning (SDIP) process to municipalities that do not have SDIPs; and rolling out of Phase 4 & 5 of SDIPs to municipalities having SDIPs with (Phase 1-3).
- Support for improving Operations and Maintenance (O & M) would assist municipalities in improving O&M for roads and public buildings (pilot phase).

Table 4 illustrates the distribution of capacity building packages of the 1st cycle by region per donor.

Table 4: Capacity Building Packages/ 1st cycle

Capacity Building Package	No. of Municipalities	West Bank	Gaza	Financing Partner
FPPM (Financial Policies & Procedures Manual)	75	60	15	GIZ
SDIP (Strategic Development & Investment Plan)	41	31	10	AFD: 10 mun West Bank MDTF: 8 mun West Bank KFW: 8 mun West Bank KFW: 4 mun Gaza Strip GIZ: 5 mun West Bank GIZ: 6 mun Gaza Strip
FARV (Fixed Assets Registration & Valuation)	4	4	0	MDTF
Total Number of Municipalities	120	95	25	

Note: For more details on the CB packages distribution for the 1st cycle please refer to (Annex A)



All capacity development packages which were implemented under window 3.A - 1st cycle were completed in 2012.

Window 3.A – 2nd cycle

The capacity building packages for the 2nd cycle were distributed among municipalities based on the municipal ranking which was measured by end of the 1st cycle to ensure the graduation of the municipalities according to the MDP ranking system.

Table 5 illustrates the distribution of capacity building packages of the 2nd cycle by region per donor.

Table 5: Capacity Building Packages/ 2nd cycle

Capacity Building Package	No. of Municipalities	West Bank	Gaza	Financing Partner
FPPM (Financial Policies & Procedures Manual)	21	14	7	GIZ
SDIPs (Strategic Development & Investment Plan phase 1-3)	49	36	13	AFD: 8 mun West Bank AFD: 6 mun Gaza Strip MDTF: 17 mun West Bank GIZ: 11 mun West Bank GIZ: 7 mun Gaza Strip
SDIPs Update (phase 4&5)	52	42	10	AFD: 13 mun West Bank MDTF: 29 mun West Bank MDTF: 10 mun Gaza Strip
FARV (Fixed Assets Registration & Valuation)	28	26	2	MDTF
Total Number of Municipalities	98	76	22	

Note: For more details on the CB packages distribution for the 2nd cycle please refer to (Annex A)

The implementation status of these packages can be described as follows:

- i. **Improving financial management** through:
 - a) **External Audits:** Municipalities would be expected to ensure an external audit of their finances in accordance with a specified TOR published by MDLF through its website.
 - b) **Financial Policies and Procedures Manuals (FPPM):** Support the use of standardized budget guidelines (developed and endorsed by the MoLG) through coaching and training municipalities on the use of the guidelines. The municipalities were grouped in two clusters (**One cluster in West Bank comprising “14 municipalities”**) and (**one cluster in Gaza Strip comprising “7 municipalities”**). The



implementation process for Gaza cluster has started in early November and completed by end of June 2013. However, the coaching of West Bank municipalities has started in Mid of December 2012 and expected to be completed by mid of July 2013.

During the reporting period, the following sub-activities were implemented:

- ***The consulting firm in the west bank has conducted an assessment on the requirements and needs of the municipalities in terms of their ability to apply the manual.***
- ***The consulting firms worked closely with the financial departments in all targeted municipalities, step by step to ensure that they are able to apply the cash based financial procedures manual.***
- ***The targeted municipalities were coached to do all required financial transactions using the fund accounting method. In addition, the municipalities were assisted in preparing and producing all the required financial templates and reports mentioned in the manual.***
- ***The targeted municipalities produced two monthly financial reports including a set of the required report mentioned in the manual (for January and February of 2013).***
- ***MDLF has circulated a questionnaire to the municipalities that were coached on the use of the cash bases FPPM. And based on the results of the survey, the consulting firm conducted re-coaching sessions on the areas that were not clearly understood by the municipalities and identified by the MDLF.***
- ***Regarding Gaza municipality, the financial department was coached on applying the FPPM for modified accrual basis and submitted all the required deliverables.***



C) Fixed Assets Registration and Valuation (FARV): This capacity building package was designed to support **28 municipalities** in registering and valuating their fixed assets. Municipalities were grouped into 4 clusters (3 clusters in West Bank comprising **26 municipalities**) and **(one cluster in Gaza Strip comprising 2 municipalities)**.

The implementation status of this assignment had started late 2012 where the consulting firms had provided a training for the targeted municipalities in WB&G on the work mechanism and the use of the methodology related to estimating fixed assets. Currently municipalities are working on recording fixed assets and collecting supporting documents related to fixed assets.



During the reporting period, the following sub-activities were implemented:

- **Eight lab sessions for training the nominated staff of municipalities in WB&GS were conducted on the work mechanism and the use of the methodology related to estimating fixed assets.**
- **A detailed and comprehensive final fixed asset valuation following the forms annexed to the valuation methodology document and taking into consideration the comments from all the stakeholders complied with all supporting information and documents needed were submitted for 17 municipalities while 9 are still under revision in the West Bank and 2 in Gaza (to be finalized before mid of August 2013).**
- **Amendments of contracts have been signed to include 41 municipalities in the West Bank & 12 municipalities in Gaza (who already have created the register of the fixed assets in previous years) to direct municipalities on how to update their record of fixed assets in terms of adding capital expenses, new items, omit the disposed items and update the accumulated depreciation, the needed coaching was done, and its envisaged to start the on-job training during July/ August 2013.**



ii. **improving planning capacity through:**

- a) **Strategic Development and Investment Planning (SDIP):** *The process of preparing/developing SDIPs consists of five phases including the preparation of the strategic plan (Phase 1-3) and the implementation and monitoring of the plan (Phases 4&5) for municipalities already having SDIPs. This capacity building package was designed to support **49 municipalities** in the preparation of their strategic development and investment plans, the technical assistance package include the roll out of (Phase 1-3) of SDIPs preparation. Municipalities*





were grouped into **7 clusters (5 clusters in West Bank comprising 36 municipalities) and (2 clusters in Gaza Strip comprising 13 municipalities)**. The implementation process in the West Bank and Gaza clusters has started in 2012 except one cluster in West Bank comprising of 11 municipalities which has been contracted on 23d of June 2013.

Work has been initiated with the 49 municipalities that have requested and received support to prepare the Capacity Building Package for Strategic Development and Investment Planning: **27 municipalities have finalized all work on the ground (public meetings and SDIP required workshops). 11 municipalities have submitted all of their SDIP outputs to the consultant, who finalized and delivered their complete list of obligations to MDLF, the rest are still ongoing in the West Bank (eleven municipalities: The cluster in which these municipalities were enlisted had faced numerous delays due to the initial procurement process of seeking international consultancy firms to be assigned for this specific cluster).**

During the reporting period the following sub-activities have been conducted:

- *Training and orientation sessions on the SDIP methodology were provided to municipal councils and the municipal staff through local MDLF Consultants.*
- *Public meetings, workshops and technical committees' meetings have been conducted by municipalities and citizens all over WB&GS, to prepare their local plans for the years 2013-2016, these huge voluntary efforts extended for the last six months and resulted in having tens of community contracts signed by local communities in support of the SDIPs.* Table 6 illustrates the progress of preparing SDIPs (phase 1-3) for municipalities



Table 6: Implementation Status of SDIPs package (phase 1-3) – 2nd cycle

Item (progress)	No. of Municipalities
Prepare SDIPs (phase1-3)	49
Municipalities with complete SDIPs	27
Municipalities held their 2 nd workshop and are preparing for the final public meeting. The municipalities have submitted the outputs to the consultant, who finalized and delivered their complete list of obligations to MDLF	11
Municipalities just started formulating the core teams and committees Those municipalities have recently initiated their work to develop an SDIP (the contract was signed on the 23 th of June 2013)	11



b) Quality Assurance of selected SDIPs:

- Three Quality Assurance Consultants (QA) (Social Expert, Strategic Planner and Organizational Development Expert) were contracted to assess the quality at ten municipalities in the West Bank currently in the process of developing their SDIPs.
- The QA consultants reviewed and assessed the deliverables of the local consultants at the ten chosen municipalities from cycle 2, they attended sample workshops and submitted recommendations to enhance quality during the process.
- An assessments of nine sample municipalities chosen from the nine clusters that received support to develop their SDIPs during cycle one of MDP I were completed by the Strategic Planner and the Organizational Development Expert.
- In Gaza, the quality assurance consultancy firm that was contracted to monitor the progress of the work for **13 municipalities** has approved the complete SDIP deliverables for **seven municipalities**. However, another **six municipal SDIPs** are not approved yet by the consultant and still under process.

c) Implementation of Phases Four and Five from the Strategic Development and Investment Planning Project (SDIP).

During the reporting period, the following activities were implemented:

- *Implementation, evaluation and update phases were initiated for another 52 municipalities across the West Bank and Gaza. These municipalities have previously received support in preparing their SDIPs by the MDLF or other entities.*
- *Several meetings were held with these municipalities to discuss the goals of the project and to mobilize the committees to complete the remaining phases of the SDIP manual.*
- *In the West Bank, four consultants have completed their work with (38) municipalities, they submitted all deliverables, which are now being reviewed by MDLF.*
- *In Gaza, the consulting company has completed their works with (10) municipalities across two clusters and submitted all deliverables, which are now being reviewed by MDLF.*
- *Four (4) municipalities in the West Bank have recently been added to the Level of Effort of two firms in the West Bank supporting municipalities in developing their SDIPs. These four municipalities have previously received support to develop their SDIPs by another entity. The implementation status of SDIP update is illustrated in table 7 below.*



Table 7: Implementation Status of SDIP update (phase 4&5)

Item (progress)	No. of Municipalities
SDIP Update (phase 4&5)	52
Municipalities completed the SDIP update	49
Municipalities conducted the participatory evaluation and project scheduling workshop and preparing for final public meeting	3

iii) Improving Service Delivery: through developing and implementing operations and maintenance plans for roads and public buildings. This capacity building package (O&M) will be implemented in four main phases:

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

During MDPI-cycle 02, MDLF will be focusing on the 1st and 2nd phases of O&M package. The implementation process for the 1st phase was completed end of December 2012 where the assessment study and the guideline for operationalize the operations and maintenance package” was prepared. However the implementation of the 2nd phase has started mid 2013.

During the reporting period the following activities were implemented:

- *Ten pilot municipalities were selected across the West Bank and Gaza which are: Nablus, Hebron, Qalqilya, Al Bireh, Dura, Salfit, Al Samua, Rafah, Dir Al Balah and Al Maghazi.*
- *A contract was signed in May 2013 with a consulting firm for “Implementing the O&M-Developing an Operation and Maintenance (O&M) System, documenting it in a Manual and coaching piloted Municipalities on its Use”. The consulting firm initiated preparing the O&M manual. It is anticipated to finalize the O&M manual by November 2013.*

Window 4: Project Management

❖ Local Technical Consultants (LTCs)

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



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

LTCs - 1st cycle

- The local technical consultants (LTCs) were distributed among 4 clusters as follows:
 - North of the West Bank cluster financed by the World Bank.
 - Middle of the West Bank cluster financed by the AFD.
 - South of the West Bank cluster financed by MDTF (Sida and Denmark).
 - Gaza Strip cluster financed by the KfW.
- All the LTCs for the West Bank were contracted in June 2010. Gaza LTC was contracted in December 2010 following the receiving of No-Objection from KfW.

LTCs - 2nd cycle

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

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

❖ Monitoring and Evaluation:

Under this sub-component, there are set of surveys for evaluation purposes of MDP-I. The results of these surveys were used to measure the outcome and intermediate outcome indicators as reflected in



the in the assessment of outcomes and intermediate outcomes. Additionally the results will be utilized as baseline surveys for MDP-II as per the following:

Survey	Financing Partner	Objective, Scope and Description of the Assignment	Implementation Status
Municipal Ranking update (end of cycle 1)	MDTF	To update the municipal ranking in accordance to MDPI ranking system using the 12 KPIs as indicated in the MDPI – Transfer Mechanism. This assignment was implemented through an individual consultant who did a verification for the document received from the municipalities to check the compliance of the municipalities with the 12 KPIs. The results have been used for evaluation purposes of MDPI-cycle 1.	This assignment was implemented over the period (September – October 2011)
Municipal Ranking Update (end of cycle 2)	KFW	To update the ranking of municipalities based on the MDPI and MDPII ranking systems. This assessment will be served for evaluation purposes of MDPI (based on MDPI ranking system) and will be utilized as a baseline for MDP-II “based on the new ranking system of MDP-II). The consultant was requested to review and verify the supporting documents received from the municipalities, in site inspection at municipalities, document the results with the municipalities and then update municipal ranking using both criteria’s (the MDP-I ranking system (12 KPIs) and the MDP-II updated ranking system (16 KPIs)).	This assignment had started in January and Completed in April 2013.
Technical audit and Usability assessment	KFW	This audit was carried out in both West Bank and Gaza Strip through two individual consultants one in West Bank and the other in Gaza. The study aimed at evaluating a representative sample of infrastructure sub-projects (18 sub-projects in WB and 12 sub-projects in Gaza). The sample of sub-projects was randomly selected by the two individuals in coordination with MDLF to cover the implemented sub-projects in both cycles of MDP-I. The assessment focused on the technical quality and structural soundness, and the compliance of implemented sub-projects with technical specifications. Furthermore, it assessed the approaches and processes during the implementation of sub-projects and provides recommendations for future improvements.	This assignment had started in September 2012 and completed in December 2012.
Update of Municipal Infrastructure Database	AFD	The main objective of this assignment is to collect a reliable data and indicators on basic municipal infrastructure for 134 municipalities in West Bank & Gaza. The results of the survey have been utilized specifically for evaluation purposes of the ongoing “MDP-phase 1” and will be used as baseline for the upcoming “MDP-phase 2”. Moreover, the updated infrastructure data will be used as proxy indicators to reflect the municipalities needs as one of the main criteria for the updated grants allocation formula. MDLF had contracted the PCBS in September 2012 to collect the needed information using the survey tools and instruments for the baseline survey 2009. The PCBS was asked to conduct a comparative analysis between the 2009 and 2012 figures regarding the municipal infrastructure database.	This assignment had started in September 2012 and completed in December 2012



Survey	Financing Partner	Objective, Scope and Description of the Assignment	Implementation Status
Clients and Citizens satisfaction assessment	WB	The objective of this consultancy is to conduct a Clients and Citizens Satisfaction Assessment as a post evaluation of the MDP-I by combining two surveys: (1) MDLF clients' satisfaction survey with municipalities and (2) citizens satisfaction survey with municipalities' performance. In particular, the aims of the assignment are to: - Assess the satisfaction of municipalities with the performance of the MDLF - Assess the satisfaction of citizens with the performance of municipalities - Performing comparative analysis between the situation before and after the MDP-phase1, i.e. between the 2009 baseline and the 2012 survey - Develop recommendations and lessons learned, based on the empirical findings, to address the identified performance concerns (with 1) and (with 2) - that are within the realm of both entities. This study will be utilized specifically for evaluation purposes of the ongoing program "MDP-phase 1" and will be used as baseline for the upcoming "MDP-phase 2". MDLF had contracted a consultancy firm to conduct the assessment using both quantitative -(questionnaires for citizens satisfaction)- and qualitative methods -(focus groups, key informants interviews for LTCs, SDIP committees, and municipal staff)-. The sample size was pre-identified to be (1200 citizens, 200 key informants interviews and 4 focus groups) distributed among 31 municipalities in West Bank and Gaza. It is worth mentioning that the contract was amended to expand the scope of work in particular the qualitative surveys including (additional 5 focus group, additional 117 key informants interviews with municipal staff distributed among additional 39 municipalities in WB&G). Furthermore, the new scope of work included conducting additional 105 key informant interviews with SDIP committees and institutions engaged in preparing the municipal SDIPs.	This assignment had started in October 2012 and completed by March 2013.



1.8- Financial Status

1st cycle Disbursement by end of reporting period

Financing Partner	WB		MDTF		KFW		AFD	
Window	Allocated	Disbursed	Allocated	Disbursed	Allocated	Disbursed	Allocated	Disbursed
Window 1	5,314,685	5,657,287	7,365,360	7,342,775	6,280,000	6,187,697	2,620,000	2,617,077
Window 2	489,510	468,782	699,094	107,581	0	16,350	0	0
Window 3	419,581	69,727	409,092	254,972	420,000	189,503	230,000	221,010
Window 4	769,231	734,531	950,958	731,193	800,000	688,237	350,000	359,028
Total	6,993,007	6,930,327	9,424,504	8,436,519	7,500,000	7,081,787	3,200,000	3,197,116

Financing Partner	PA		GIZ		BTC		Total (Euro)		(%)
Window	Allocated	Disbursed	Allocated	Disbursed	Allocated	Disbursed	Allocated	Disbursed	
Window 1	2,265,377	2,192,372	0	0	0	0	23,845,422	23,997,207	101%
Window 2	0	0		0	0	0	1,188,604	592,712	50%
Window 3	0	0	418,500	418,582	0	0	1,897,173	1,153,794	61%
Window 4	171,374	164,238	31,500	31,502	0	0	3,073,063	2,708,729	88%
Total	2,436,751	2,356,610	450,000	450,084	0	0	30,004,262	28,452,443	95%

1st cycle Disbursement During the reporting period

Financing Partner	WB	MDTF	KFW	AFD	PA	GIZ	BTC	Total (Euro)
Window 1	260,404	247,738	68,760	0	0	0	0	576,901
Window 2	13,500	107,085	16,350	0	0	0	0	136,934
Window 3	35,910	49,713	0	49,101	0	0	0	134,724
Window 4	47,147	20,809	87,051	31,315	0	0	0	186,322
Total	356,961	425,343	172,161	80,417	0	0	0	1,034,882



2nd cycle Disbursement by end of reporting period

Financing Partner	WB		MDTF		KFW		AFD	
Window	Allocated	Disbursed	Allocated	Disbursed	Allocated	Disbursed	Allocated	Disbursed
Window 1	1,235,983	1,147,478	7,415,865	6,698,735	8,723,523	7,438,799	5,079,856	4,270,003
Window 2	0	0	40,803	0	0	0	0	0
Window 3	24,232	0	724,976	123,655	111,477	0	300,000	122,885
Window 4	189,061	134,526	665,979	495,093	665,000	534,611	620,144	381,884
Total	1,449,276	1,282,004	8,847,623	7,317,482	9,500,000	7,973,410	6,000,000	4,774,772

Financing Partner	PA		GIZ		BTC		Total (Euro)		(%)
Window	Allocated	Disbursed	Allocated	Disbursed	Allocated	Disbursed	Allocated	Disbursed	
Window 1	2,427,012	227,663	0	0	930,000	910,981	25,812,239	20,693,658	80%
Window 2		0		0		0	40,803	0	0%
Window 3		0	279,000	91,090		0	1,439,685	337,629	23%
Window 4	182,678	5	21,000	4,050	70,000	54,757	2,413,862	1,604,926	66%
Total	2,609,690	227,668	300,000	95,139	1,000,000	965,738	29,706,589	22,636,213	76%

2nd cycle Disbursement During the reporting period

Financing Partner	WB	MDTF	KFW	AFD	PA	GIZ	BTC	Total (Euro)
Window 1	190,772	1,744,710	2,531,178	1,522,628	151,282	0	183,493	6,324,062
Window 2	0	0	0	0	0	0	0	0
Window 3	0	93,614	0	112,858	0	58,778	0	265,249
Window 4	40,548	116,510	173,447	98,767	0	26	2,682	431,980
Total	231,320	1,954,833	2,704,625	1,734,253	151,282	58,803	186,175	7,021,291



1.9- MDPI Supervision Mission

During the reporting period, the Supervision Mission for the Municipal Development Project I (MDP I) was carried out by its Funding Partners (AFD, Government of Denmark, GIZ, KfW, Government of Sweden, BTC, the World Bank, and the Palestinian Authority) during May 8th -16th, 2013. The objective of the mission was to assess the progress and achievements of MDP 1.

During the mission, the MDLF and FPs discussed the key findings of the MDPI evaluation surveys concerning the MDPI results framework. The FPs were pleased to note positive outcome results from the surveys. Consequently, the PDO is rated as **satisfactory**.

Moreover, the MDP 1 is rated **satisfactory** regarding the Implementation Progress, Procurement, FM, Project Management, and Monitoring and Evaluation.

In-depth discussions took place during the mission concerning the construction quality of sub-projects which has improved from the first to second cycle but still varies from good to “below expected standard” but is on average rated satisfactory. In order to further improve implementation quality of sub-project deficiencies in this particular part of the tender documents still have to be resolved by municipalities. In the same context, the mission encouraged MDLF to implement recommendations outlined in the Technical Audit and Usability Assessment report and Technical Review which was conducted by an outsourced consultants in both WB&G.

1.10- Challenges Encountered and Obstacles

- **Market conditions:** Limited resources among the local service providers resulting of re-tendering some assignments.
- **Municipal Capacity:** Municipalities have widely varying capacity that is influenced by:
 - Lack of certain specialties, understaffing, overloads of routine works & multi-tasking, and bureaucracy in some municipalities caused delays in collection and verification of the data.
 - Limited commitment of some decision makers towards reforms in management,
 - Dependency on the consultants to execute CB packages,
 - Lack of proper documentation and archiving at some Municipalities made it difficult to identify the ownership, acquisition year and costs of assets.
 - Low revenues and financial resources and high dependency on external funds which limited the ability of implementing SDIPs.
- **Political conditions:** Delays in the start of implementation of CB packages due to the Israeli war on Gaza in November 2012 and the local elections for the majority of municipalities in the West Bank took place in October 2012.



- Low capacity of municipalities staff in evaluation, bidding documents preparation and project supervising. Some of the municipal engineer are working in municipalities as a part time, and working in more than one Municipality, this required more efforts from LTCs.
- Some municipalities did not assign site engineers for following up the implementation of MDP projects. Accordingly, in many cases, the technical output, coordination with LTC, and following the project in terms of technical, administrative and financial issues was not satisfactory.
- The Municipality strategic plans are not clear enough and the Municipality allocations are not sufficient to implement large scale projects.
- Municipalities are not ready to implement the strategic plan projects (lands, master plan or governmental permit's).
- Procedures in the large municipalities in the evaluation of biddings documents took longer time than what was expected by the LTCs and the MDLF engineers.
- The rainy days caused delay in the progress of some projects
- There have been delays observed in progress of work especially in the projects funded by the Palestinian Authority. Delay in no objection to award and delay in paying bills to contractors.

1.11- Lessons Learnt and Recommendations

- It is recommended to design the contracts packaging for consultancy services, particularly for capacity building packages, to maximize the interest by qualified consultants and to provide for optimal use of MDLF procurement and contract management capacity.
- Most municipalities in the second cycle were small municipalities with a small to medium-sized populations with limited human resources, thus approaches such as using simplified processes for SDIP planning (below 8000 inhabitants) is recommended, the same with financial management (manuals: cash base/ accrual base).
- The need for more cooperation from LG national entities (MoLG, APLA and MDLF) to support, campaigns, and to have a harmonized approach towards municipal reforms.
- It is recommended to take into consideration the municipality performance in projects implementation to be reflected in the transfer mechanism.
- It is recommended in the community participation meetings for the purpose of strategic plan upgrade to include social and environmental issues.



MDPI Grants Allocation Criteria

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

The rankings levels are from A to F, with A constituting the highest possible rank based on 12 criteria encompassing planning, management and financial accountability.

A Fulfillment of all indicators	1. <i>Current account surplus for two consecutive years</i> 2. <i>Unqualified external audit</i> 3. <i>Integrated financial management system In place</i>
B Fulfillment of all below indicators and at least one indicator in rank B	4. <i>Operational account surplus (2007)</i> 5. <i>Fixed assets register In place</i> 6. <i>Maintenance plan</i>
C Fulfillment of all below indicators and at least one indicator in rank C	7. <i>Strategic Development and Investment Plan In place</i> 8. <i>Financial accounting policies and procedures In place</i> 9. <i>External audit</i>
D Fulfillment of all below indicators and at least one indicator in rank D	10. <i>Capital Budget approved, executed and properly submitted to the MOLG</i>
E Fulfillment of all below indicators and at least one indicator in rank E	11. <i>Recurrent budget approved, executed and properly submitted to the MOLG</i>
F	12. <i>No budgetary information</i>





MDPII Grants Allocation Criteria

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

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

A++	<i>Fulfillment of all 16 KPIs</i>	1. Substantial Operation and Enterprise Account Surplus.
A+	<i>Fulfillment of 4 out of 5 in addition to below indicators</i>	2. Unqualified External Audit
A	<i>Fulfillment of 3 out of 5 in addition to below indicators</i>	3. Use of an Integrated Financial Management System IFMIS
B++	<i>Fulfillment of all 5 indicators in addition to all indicators below B</i>	4. Satisfactory Service Quality
B+	<i>Fulfillment of 3 or 4 out of 5 in addition to all indicators below B</i>	5. Good Collection Efficiency and own Revenue Generation
B	<i>Fulfillment of 2 out of 5 in addition to all indicators below B</i>	6. Basic Operation and Enterprise Account Surplus
C++	<i>Fulfillment of all 5 indicators in addition to all indicators below C</i>	7. Fixed Assets Register in place and updated
C+	<i>Fulfillment of 3 or 4 out of 5 in addition to all indicators</i>	8. Operation and Maintenance Plan in place and updated
C	<i>Fulfillment of 2 out of 5 in addition to all indicators below B</i>	9. Public disclosure of all municipal investments, SDIP execution, and external audit reports
D	<i>Fulfillment of indicator in rank D</i>	10. Satisfactory Collection Efficiency and own Revenue Generation.
E		11. Municipal Strategic Development and Investment Plan SDIP in place and updated
		12. Financial Accounting Policies, Procedures and Reports in place
		13. External Audit according to minimum standards
		14. Public disclosure of budgets, SDIP plan and ranking
		15. Basic collection efficiency and own revenue generation
		16. Municipal Budgets approved by MOLG (operating, enterprise, and development budgets).
		None approved budget



2. Local Development Programme (LDP III)

2.1- *Background*

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

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

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

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

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

- Clarification of amalgamation procedures and improved communication of these to all stakeholders including LGU staff, politicians and community members,
- The amalgamation process should be more systematic – following a clear plan based on the (updated) Amalgamation Manual,
- Initial step of amalgamation process should be assessment of technical, financial and social viability of the amalgamation,
- An initial plan for the process should be clearly agreed upon with local political leadership and communities and clearly documented/disseminated,
- This should be followed by a planning process for the new Municipality: outlining the future vision and broad priorities and forming the initial elements of a SDIP prior to investments in infrastructure,



- The identification, selection, and planning of individual projects for funding should be further improved upon to ensure that they contribute to the viability of a new municipal council by providing sustainable joint services,
- Projects in support of local economic development (LED) should be highlighted as a particular relevant area for LGU intervention in their SDIP,
- The governance aspects of the entire process should generally be strengthened – in particular, issues related to women's and youth's participation in the interim municipal council structures and later permanent municipal council.

2.2- (LDP III) Description

The overall aim of the Local Development Program phase III is to assist the Local Government Units (LGUs) in each of three areas to amalgamate into a municipality and strengthen mechanism for improved local governance through involvement of women, youth and action research on local governance issues. The LGU amalgamation will be achieved through institutional development of the local administrations and through implementation of joint projects (infrastructure and community development projects). The program approach is based on the experiences from support to LGU amalgamation in Jenin Governorate (LDPI and II) that developed a best practice model for the MoLG to promote amalgamation of small local councils into municipalities throughout the Palestinian territory. The LDP III will support amalgamation of smaller, unviable local government units in **three clusters** in the West Bank into new municipalities with potential for delivery of more cost effective and sustainable services to its residents. The identified clusters include one in Hebron Governorate (Dura cluster), One in Nablus Governorate (Qabalan cluster), and one in Salfeet Governorate (Salfeet cluster).

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

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

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

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

2.3- Financing Partners Contributions

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



2.4- Implementation Status

During the reporting period the following activities were conducted:

- The study of ' feasibility and willingness to amalgamate for two clusters (South East Nablus & Salfit) were completed, however the study for Dura Cluster has not yet started.
- The study of 'Investment needs for two clusters (South East Nablus & Salfit) was completed, however, the study for Dura Cluster has not yet started
- The ToR for Local Technical Consultant was prepared.
- Two meetings with South East Nablus JSC members were conducted in Nablus MoLG office.
- Three meetings with Salfit JSC members were conducted in Salfit MoLG office.
- More than 10 site visits were conducted concerning the implement the mentioned studies in each cluster.

During the coming months, it is anticipated to have a steering committee meeting to approve the list of joint projects for South East Nablus & Salfit Clusters and to take a decision regarding the implementation of the programme in Dura Cluster. Additionally, the joint projects as well as the assignment of the local technical consultant are expected to be implemented. Most importantly, the TOR for the technical committee and the approval on the technical committee members will take place in the coming few months.

2.5- Financial Status

Component	Allocated in US\$	Disbursed Amount During the 1st half 2013	Total Disbursed Amount Until 30-06-2013	% of Disbursement
Output 1: Participatory amalgamation process	456,030	0	0	0%
Output 2: Institutional Development of New Municipalities	729,649	44,435	46,459	6%
Output 3: Joint Projects Implemented	4,742,717	0	0	0%
Output 4: Strengthened Local Governance	660,332	0	0	0%
5. Programme Management	995,971	0	16	0%
5.1 Technical Assistance (Local/International)	259,025	0	0	0%
5.2 Reviews (mid-term and annual)	200,653	0	0	0%
5.3 MDLF management fee (*)	536,292	0	16	0%
Unallocated (1%)	76,613	0	0	0%
Total	7,661,312	44,435	46,475	1%



2.6- Challenges Encountered and Obstacles

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

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

2.7- Lessons Learnt and Recommendation

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



3. Local Government Reform and Development Programme (LGRDP)

3.1- Background

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

3.2- LGRDP Description

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

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

Component 1 – Support for MoLG Capacity Development

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

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

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

The programme will support reform and improved capacities and services of smaller LGUs in four selected clusters as shown in table 7 below:



Table 7: LGRDP Targeted Clusters

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

The LGUs will receive four broad areas of support:

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

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

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

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

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



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

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

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

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

Result 5 - Newly amalgamated municipalities are continuously progressing their performance

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

Description of Beneficiaries

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

- **At the decentralized level:**
 - ✓ Staff and politicians in the selected clusters of LGUs,
 - ✓ Staff at the district level,
 - ✓ Residents in the selected clusters of LGUs – on the basis of the initial list from MoLG of six priority areas this amount to approximately 83,000 persons.
- **At the national level:**
 - ✓ Ministry of Local Government (MoLG) in its capacity of key actor for delivering policy formulation, providing a regulatory framework, setting quality standards, technical assistance & advice, M&E, and sector coordination. Particular attention will be given to the following units:
 - ✓ Complaints Directorate;
 - ✓ Internal Control Directorate;
 - ✓ Department of Formulation and Merging.



3.3- Financing Partners Contributions

The program will be implemented over five-years period with total budget of **(Euro 15 million)**, where the agreement between the Belgian Development Agency and the MoP was signed on October 28th, 2010. Table 8 illustrates the budget breakdown.

Table 8: LGRDP Budget Break Down

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



3.4- Implementation Status

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

Component 2: Support for reform and improved capacities and services in smaller LGUs.

Result 2:

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

Activity 2.1:

An initial survey of the technical and financial viability as well as social acceptability of the proposed future institutional arrangements

Sub-Activity 2.1.1:

The 1st and the 2nd phases of awareness campaign assignment were completed whereas the 2nd phase is still in progress. **(80% completion)**

Tasks completed in the 1st phase of awareness campaign :

- Revision of the data collected by the consultant.
- Revision of the LGUs assessment and



		the citizen's survey questionnaire. - Conducting a visit to a successfully example of amalgamation "Al-Kafriyyat municipality". - Distribution of brochure. - Conducting a public meetings in each cluster. - Revision of the data collected by the consultant regarding the (post survey after the awareness campaign) - Identifying the social and infrastructure projects. - Revision and approval of the final report for the awareness campaign assignment. <u>Tasks completed in the 2nd phase of awareness campaign :</u> - Preparation of Communication Action Plans. - Drafting of 4 communication action plans for the 4 JSCs - Review and revisit of the action plans with the JSCs - Finalizing the contents of the action plans with cost estimates - Preparation of specifications for all the sub activities in the action plans. <u>During the reporting period and regarding the 2nd phase of awareness campaign the following tasks were implemented:</u> - The bidding documents, advertising, RFQ evaluation and the request orders were accomplished regarding the (Supply of Printing and Advertising Materials for JSCs) and the (Supply of Logistic services and Materials for JSCs). - Part of the printing and advertising materials were supplied. - logistic services and materials for social activities were provided. - Completion of Wall Art Painting in Jort eshama' Cluster, including 9 drawings in selected sites.
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	<u>Activity 2.2:</u> In cooperation with the LGUs, a valuation will be made of the each local council's assets that would be incorporated in the new municipality	<u>Sub-Activity 2.2.1:</u> The Fixed Assets Registration and Valuation assignment was completed (100% completion). <u>Tasks completed:</u> - Technical Proposals Evaluation. - Financial Proposal Opening. - Negotiation with the high ranked firm. - Signing the Contract. - Conduct Kick-off meetings. - Review of Inception report. - Work Plan with LGUs. - Gathering of fixed asset sheets. - Investigation of data. - Carry out physical inspection of fixed assets. - Coordinate with MDLF, MoLG, and local committees for standards and regulations. - Preparation of draft fixed asset register. - Preparation of the final fixed asset register. Note: this sub-activity was completed before the reporting period.
	<u>Activity 2.3:</u> The LGU will be supported with consultants hired under the project and technical staff from MDLF to develop a comprehensive development plan in line with the national guidelines.	<u>Sub-activity 2.3.1:</u> The Strategic Development and Investment Plans were completed whereas the physical planning is still in progress. (90% completion). <u>Tasks completed regarding the SDIPs:</u> - Follow up the diagnosis of the current status. - Follow up the formulation of the vision and objectives. - Setting integrated operation plans and evaluation plan. - Preparation of the draft SDIP. - Follow up with Municipal Council to Approve the SDIP - Conduct The Second Public Meeting - Prepare the final SDIP <u>Tasks completed regarding the Physical Planning:</u> - Review the planning framework report. - Determining the possibilities and challenges. - Supervise the sectoral assessment. - Approving the Spatial Development Framework Plan SDFP. - Submission the negative of the aerial photos.



		<u>During the reporting period regarding the physical planning the following tasks were implemented:</u> - Final digitized aerial photogrammetry maps were submitted. - Land Use Plan, zoning & building regulations were prepared and approved by the District Planning Commission . - Draft Final Report was submitted.
	<u>Activity 2.4:</u> The LGUs will be supported to develop a comprehensive capacity development plan that inter alia will include recommendations for organizational structures staffing, office facilities, training programmes and minor equipment.	<u>Sub-Activity 2.4.1:</u> The institutional capacity assessment and development assignment is in progress. (55% completion) <u>Tasks completed:</u> - Technical Proposals Evaluation. - Financial Proposal Opening. - Negotiation and signing the contract with the high ranked firm. Where the implementation of the assessment is in progress. <u>During the reporting period and regarding the institutional capacity development, the following tasks were implemented:</u> - LGUs Assessment Questionnaire was prepared - The local government laws were reviewed - Workshops with the concerned communities were conducted. - A draft by-laws was prepared - SWOT analysis was prepared - The municipalities' objectives and main duties were reviewed - The organizational structures proposed by MoLG was reviewed - Jobs descriptions and jobs classifications were prepared. - Departments functions and duties description were prepared - Human resources development plan was prepared - Procedural manual for the municipalities" operations was prepared. <u>Tasks completed regarding the Technical Assistance to the Common Water Department (CWD) " of the Joint Service Council for Planning and Development (JSCPD) / Beit Liqya Cluster.</u> - Technical Proposals Evaluation. - Financial Proposal Opening. - The implementation is anticipated to start soon.



Result 3: Capacities of the selected LGUs are enhanced for improved planning, HRM, financial management, service delivery and accountability	Activity 3.1 capacity development programme will be implemented	Sub-activity 3.1.1: The Equipment and Furniture were supplied within the targeted clusters. (100% completion) Tasks completed: - Supply of IT Equipment for JSCs. - Supply of Furniture for JSCs. - Supply of Total Station for JSCs. - Supply of Stationery for JSCs. Sub-Activity 3.1.2: The office building (extension or renovation) activity is in progress. (15% completion) Tasks completed: - Assess the current needs for JSCs buildings. - Preparing the bidding documents. Sub-Activity 3.1.3: The financial support for 12 months initial employment of staff activity is in progress (95% completion) Tasks completed: - JSCs need assessment. - Announcing the vacancies (Secretary, Engineer, Urban Planner and Accountant) for each JSC. - CVs Shortlisting. - Interview shortlisted candidates. - Recruitment and contracting. - Follow up with recruited staff. - Announcing the vacancies (Engineer, Financial & Administrative Officer) for each JSC. - CVs shortlisting
Result 4: LGUs service delivery is improved through sustainable infrastructure development in the clusters	Activity 4.1: Provision of funding for infrastructure development that enhance the new institutional status of the LGU (amalgamated into municipal council or as JSC).	Sub-Activity 4.1.1: Engage Consultant or Technical Team to assist LGU's (20%) Tasks completed during the reporting period: - Preparing the TOR, and finalizing the procurement arrangements to sign the contract with the winner. - Preparing the TOR and starting the procurement arrangements to contract a Local Technical Consultant-Water Network Rehabilitation in Beit Liqya Cluster



		<u>Sub-Activity 4.1.2:</u> Implementation and follow up of the approved infrastructure sub- projects. (95% completion) <u>Tasks completed:</u> - Review the infrastructure projects identified with public participation within the awareness campaigns. - Get the steering committee approval on the first phase infrastructure projects (connection roads). - The 1st phase of infrastructure projects was completed. During the reporting period, and regarding the 2nd phase of infrastructure projects (social infrastructure) as well as the 3rd phase of infrastructure projects, the projects were approved by the steering committee where the implementation is in progress.
Component 3: Support for newly amalgamated municipalities (MDP-aligned). The BTC financial contribution under this component is going to be distributed among the amalgamated municipalities through MDP, starting from the 2nd cycle. Noting that, during the reporting period, MDP- 1st cycle was under implementation where the 2nd cycle planning started by the end of 2011. Consequently, the BTC contribution under (MDP-Window 1- 2nd cycle), was distributed among (10) amalgamated municipalities where MDLF informed the municipalities about their allocations and received their projects priorities.		
<u>Result 5:</u> Newly amalgamated municipalities are continuously progressing their performance	<u>Activity 5.1:</u> Undertake regular assessments of municipalities and provide general oversight and guidance to the concerned LGUs (by MDLF staff)	<u>Sub-Activity 5.1.1:</u> Municipal Ranking Assessment was completed. (100% completion) <u>Tasks completed</u> - Evaluate the new amalgamated municipality to decide their performance category in accordance to the municipal performance criteria used by MDLF. <u>All the amalgamated municipalities in Rank C)</u>



	Activity 5.2: Provide fiscal transfers to municipalities that is linked to their performance during the assessments. In this manner the municipalities will be provided with incentives for continuous improvements in their performance.	Sub-Activity 5.2.1: Fiscal Transfers to the amalgamated municipalities is in progress. (90% completion) Tasks completed - Inform the municipalities about their allocated budget. - Nominate projects for implementation according to their SDIPs or by conducting public participation sessions in case they don't have SDIP. - Projects appraisal phase. - Bidding documents preparation phase - The projects were completed.
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Note: For more details about the list of approved sub-projects under component 2 & 3 as well as the last quarterly progress report please see annex B.

3.5- Financial Status

Component	Allocated in US\$	Disbursed Amount During the 1st half 2013	Total Disbursed Amount Until 30-06-2013	% of Disbursement
Support for amalgamation in 4 areas (incl. equivalent of 7% management fee)	9,000,000	579,772.35	1,909,047.87	21%
MDP Contribution (incl. 7% management fee)	2,900,000	186,175.20	965,737.65	33%
Total	11,900,000	765,948	2,874,786	24%

3.6- Challenges Encountered and Obstacles

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

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



3.7- Lessons Learnt and Recommendations

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





4. Local Government Policy Development Programme (LGPD)

4.1- Background

The “Local Government Policy Development Programme” LGPD, aims at supporting the Palestinian National Authority (PNA) policies and programs on its way to state building. This program is funded by the Danish Government and executed through the Municipal Development and Lending Fund (MDLF) on behalf of the Ministry of Local Government MOLG. This program supports the on-going efforts of the Palestinian National Authority to reform the local government system at the national level. The Local Government Policy Development Programme (LGPD) was formulated in October and December 2010 in close cooperation with the Ministry of Local Government (MoLG) and the Municipal Development and Lending Fund (MDLF). In April 2011 an agreement signed between the MoLG and the Danish Representative Office (DRO) specifying MDLF’s responsibility for the LGPD implementation and the management of the programme.

4.2- LGPD Description

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



- **Component 1: Support to Policy and Strategy Unit in MoLG**

The main objective of this component is for MoLG to have a fully functioning policy and strategy unit, capable of formulating and monitoring MoLG policies and strategies being implemented in the local government sector.

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

The objective of this component is to strengthen MDLF to implement its working programme with enhanced efficiency, effectiveness and quality including implementation of policies for the LG sector.



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

The objective of this component is to strengthen APLA in its ability to voice the interest of LGU members in policy issues.

4.3- Financing Partners Contributions

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

4.4- Progress of Outputs

Component 1: Support to Policy and Strategy Unit in MoLG

Objective: MoLG have a fully functioning Policy and Strategy Unit, capable of formulating and monitoring MoLG policies and strategies to be implemented in the local government sector.

Output 1.1 (MOLG): Support to contracting staff and setting up working stations	Key Achievements ▪ Job descriptions for all six PSU positions are developed. ▪ Announcement of positions for the (Head of Unit and Monitoring and Documentation Director), and head hunting of the secretary. ▪ Selection and hiring of PSU staff to be finalized late February 2012. ▪ Purchasing computers and furniture for the PSU office spaces: three IT tenders were made, and one furniture tender.
Output 1.2. Support to prioritization of key areas for policy and strategy development by PSU	Key Achievements ▪ Conduction of a PSU Work Plan seminar/ work session was made and the PSU was presented for the higher planning council. ▪ A list of prioritized polices were identified by the PC.
Output 1.3: Support to awareness raising and integration of the PSU in MoLG work	Key Achievements ▪ Orientation meetings were made to clarify the roles and duties of the PSU, and to present their work, through the regular meetings of the planning council. ▪ Focal points within different directorates were established.
Output 1.4: Support to development of concrete MoLG policies, strategies and action plans in accordance with the PSU Work Plan	Key Achievements ▪ A second contract was signed with LGDK to support to plan the process of developing concrete policies, strategies and action plans: LGDK introduced the policy and strategy framework to the PSU, and an inception report and orientation was made, two missions were scheduled of which the first was conducted in Oct-Nov 2011 and Feb 2012. ▪ Support to the actual development of the selected concrete



	policies, strategies and action plans: as a first phase two examples were chosen: City beatification and HR Policy framework, which were translated to English, reviewed and discussed with the staff and related departments. The recommendation then was made to work with priority policies of: - Municipal fulfilment of their service obligations and other duties: a draft study was made based on a survey conducted among municipalities and several workshops were conducted with municipalities to get their feedback. - Amalgamation: several workshops were made and lessons-learnt were documented, a draft modified strategy is prepared but yet not endorsed. - Decentralization: workshops to assess the current practices started ▪ Training of PSU staff on specific subjects stemming from the working processes: the first training is 60 hour tailored English Course for four staff members of PSU, policy making, introduction to similar experiences. PMP training, monitoring and evaluation training including the last training for the two researchers in Egypt.
Output 1.5: Support to development of general methodologies, guidelines etc. regarding development of policies, strategies and action plans and regarding monitoring methodologies, approaches and procedures.	▪ PSU with the assistance of LGDK prepared "steps to formalize a policy" ▪ Action plan for preparing policies is drafted.
Output 1.6: Development of communication strategy (internal and external).	▪ The PSU is recognized as the address to coordinate for LG policies and has been participating for the review of the LG cross sectoral strategy, anti-corruption policy, public participation policy, PPP policy, amalgamation etc.
Component 2: Support to Municipal Development and Lending Fund (MDLF) Objective: MDLF strengthened to implement its working programme with enhanced efficiency, effectiveness and quality including implementation of policies for the MD&LG sector.	
Output 2.1 (MOLG): MDLF prepared for implementation of Lean culture	<u>Key Achievements</u> ▪ Introduction meeting to Lean with the MDLF was made by KL team.
Output 2.2. Training and Lean application	<u>Key Achievements</u> ▪ Selection of MDLF staff to be educated as ILCs. ▪ A meeting with Gaza via video conference was made to MDLF employees about "lean". ▪ Conducting the first lean training in May 2012 ▪ Conducting the second lean training in December 2012 ▪ Conducting the 3d lean training in March 2013



	- Conducting the 4th lean training in May 2013 - Conducting 5th lean training in June 2013
Output 2.3: Follow-up and consolidation	<u>Key Achievements</u> The lean trainers are working on specific cases of work flow with MDLF departments (to be evaluated by LGDK expert by end of November 2013).
Component 3: Support to the Association of Palestinian Local Authorities <u>Objective:</u> APLA strengthened in its ability to voice the interest of LGU members in policy issues.	
Output 3: to be identified by APLA	<u>Key Achievements</u> - This component is pending: as a prior requirement is: APLA should have the newly elected mayors and councils on board to insure democratization processes are pursued and the policies formulated included the voice of LGUs. Election of the new executive board was made in June 2013. - The suggested interventions are: - TA (LGDK support) on preparing position papers, lobbying for policies, exposure to KL experience - Seminars among the LGUs regarding LG laws and policies. - Local consultancy: opinion surveys etc. - The suggested interventions are to be discussed in the coming steering committee of the program.

4.5- Implementation Status

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

The primary purpose of the establishment of a Policy and Strategy Unit (PSU) in MoLG is to enhance the ministry's capability to prepare coherent policies and strategies in the field of the local government sector and to transform these policies and strategies into action plans which can subsequently be implemented.

The capacity of the PSU is considered to be much higher than when the





Programme started, but PSU is, according to observers, yet to prove its role and expertise in development of policies.

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

The integration of the Policy and Strategic Unit (PSU) to the Ministry of Local Governments (MoLG) is probably the most visible result of the support being provided. From Programme onset, the PSU has been strengthened in its capacity to relate with other departments and to involve them in monitoring. PSU has established links with focal points in other 11 departments (in the MoLG at national level) and 11 directorates (throughout West Bank). The focal points also had the opportunity to participate in two training sessions including monitoring & evaluation and policy formulation. The departments fill in data on progress and submit reports to the PSU. LGDK has also presented information on indicators in the training which has further strengthened and confirmed the importance of having a monitoring system. Some of the indicators from the workshop are being used in the monitoring system.



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

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

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

Among other issues, the Programme has supported training for other MoLG staff on the formulation of working processes for policies, strategies and action plans. In September 2012, LGDK gave training on "identification of indicators for monitoring the strategic framework for MoLG 2010-2014." The presentation points toward possibilities for revising the sectoral strategic objectives and sectoral goals. Likewise, it presents the log frame approach (objectives,



results, activities, indicators), in which the MoLG operates using a language of goals, objectives, sub-objectives, initiatives and activities. The PSU has contributed to the update of the MoLG's Strategic Plan and its action plan. The knowledge offered by the TA being provided has yet to be applied to this process. The MoLG has decided to maintain the present goals and objectives. Likewise, the AP indicates the main department in charge of an activity and the allocated budget. A local consultant, financed by CHF, in coordination with the deputy assistant and the PSU, had reviewed the strategic plan and the overall action plan after consultation with each department. In the future, and under ideal circumstances, the PSU may prepare a review of the strategic plan without having to use a local consultant.

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

Development of concrete policies:

Some progress has taken place regarding the actual preparation of policies, particularly, the amalgamation/classification and decentralization process.

The preparatory studies (diagnosis) have been made, and the legal department has identified 18 areas where local governments have their own competences. Likewise, a "reality-check" with municipalities took place, showing that they in fact still must deal with national regulations even in areas where they have competences.

Regarding amalgamation, a gradual process involving several steps has been suggested, as opposed to a more rapid merger of the LGUs.



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



preparation of a working paper fits in (it is first step before actually preparing any draft policies).

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

During the reporting period, the following activities have taken place as per the following:

✓ **Amalgamation Strategy:**

- ***A Meeting with amalgamated municipalities to discuss outstanding problems and solutions.***
- ***Through the conference of local government: a session on amalgamation was conducted that aim at consolidation of policies and strategies of the Ministry of Local Government.***
- ***A Workshop of the joint councils and ways to support the amalgamation process through the joint councils.***



Main observations and recommendations regarding the amalgamation

- The need for an evaluation study of the merged local bodies and gaps/ problems occurred during the amalgamation process.
- Preparation for joint assessment with civil society organizations in the amalgamated areas.
- MoLG not to back down and to support the process on the ground and the need for a unified position regarding the merger (a decision or choice).
- There is an urgent need to develop a clear law that defines the mechanics of mergers and annexation, elections and representation structures, budgets and debt in the merged bodies.
- There is an urgent need for the Ministry of Local Government diagnosis and determine the legal requirements, the financial and service sectors of the merged bodies.
- There is need for the Ministry of Local Government to lobby and conduct awareness campaigns about introductory steps before the merger and adopt persuasion rather than imposition of amalgamation



✓ **Decentralization Policy:**

- *The conference of local government: that aims at consolidation of policies and strategies of the Ministry of Local Government towards LG sector was held in February 2013 where the decentralization was the main theme of discussions.*
- *A workshop to discuss financial policies at the local sector was held in May 2013*



Main observations and recommendations regarding the requirements for decentralization

- 1- **Provide legal environment:** the ministry is working in consultation and participation with all the actors in the sector to amend the local authorities Law No. 1 of 1997, with a clear vision of the essence of the required amendments. The ministry is concentrating on the development of regulations and instructions provided by law, the ministry has worked in this direction to:
 - Revise the by-laws and LG practices.
 - Develop budget call: where standards of budgets were developed with partnership with the local authorities and the ministry's role is clarified as oversight and guidance.
 - The development of unified accounting system, which aims at enabling the management of accounts according to international standards and allowing the Ministry to focus on guidance, control and non-interference in detail with the finance of local authority.
- 2 - **Enable and capacitate local authorities:** Decentralization requires the presence of local bodies able and competent to carry out their responsibilities and duties in providing the best services to citizens.
- 3- **Sustainable local authorities that are able of development:** the requirements of decentralization is the presence of strong bodies that are active both at the level of representation or the provision of services and is able to achieve development: In order to achieve this requirement to move toward decentralization, the ministry embraced a number of policies and strategies, such as: policy of annexation, merger, which aims to build local bodies that are able to function and self sustain.
- 4- **Participation and accountability as basis for decentralization:** an emphasis in providing the right environment for decentralization, the conviction of the ministry and the best practices of international experience suggest that the development of participation and accountability community is the basis of decentralization, which include to the accountability of LGUs towards the citizens, and the role of the central authority is the oversight and support.
- 5- **Expanding the authorities of LGUs in local economic development and investment:** the decentralization requires expanding the role of local authorities to include LED tasks in addition to the services.



✓ **public private partnership policy**

- ***workshop on feedback of "public private partnership policy" was conducted with participation of private sector representatives and municipal decision makers to discuss the five pillars of the policy.***

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

As the “lean approach” is a combination of increased customer value and better quality, increased job satisfaction and improved efficiency. MDLF decided to invest in its staff by introducing them to these concepts through training a group of employees from diverse departments in West Bank and Gaza.



The workshops on indicators and the LEAN methodology have provided inspiration and some of the trained staff members have initiated internal

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

During the reporting period, the third training session was carried out early March 2013, followed by a workshop in Egypt for Gaza staff 13th -16th of May 2013, and a workshop in Ramallah 10th -14th of June 2013 for west bank team concentrating on value stream mapping. A special session for lean to managers was also conducted to evaluate and assess the way ahead for MDLF lean process. Distribution of 15 certificates were made to participants by the end of the last training course

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

The objective of this component is “*strengthening its ability to voice the interest of LGU members on policy issues*” through active participation of Palestinian Local Authorities (APLA), and since election of the executive committee had not taken place in APLA since 2006, the



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

Within the present Programme the focus could be on involving municipalities and APLA in policy formulation processes and arrangements would be included through the program in 2013 to insure the voice of LGUs included in the policy formulation. For that reason a meeting with the executive director of APLA was made in the 18th of April 2013 at MDLF with the participation of the policy unit to agree on the program involvement, and after seeking the temporary executive committee of APLA through the executive manager, the following activities were approved:



Item	Intervention
TA support from LGDK (KL)	The TA support to cover <i>but not limited to</i> : - How to develop Position Papers on Policies. - How to Lobby for certain policies/ policy modifications To be exposed to Denmark Experience in LG (relation between LGDK and municipalities)
Seminars	- Specific seminars to discuss (legal aspects of LGUs mandates etc.) - Seminars might include seminar logistics, accommodations, printing materials etc. Seminars <i>in the presence of KL experts</i> (to be exposed to LGDK experience-see above comments)- parallel with MoLG – KL missions
Translation & Interpretation	Logistics for seminars in the presence of KL experts
Local consultancies	Hiring advisors, studies/opinion surveys etc.



The election of the executive committee had taken place on the 8th of June 2013. This was the first time after the last elections of APLA in 2006. yet it's worth mentioning that it included west bank LGUs only with reserving seats to Gaza, and that elections witnessed the withdrawal of Hebron governorate LGUs due to disputes on representation criteria. Although this was partial elections, it still carries out an important factor of the possibility of revitalizing this important LG institution.



LGDK Contribution

The technical assistance (TA) applied by (LGDK) is based on the learning-by-doing principle combined with coaching and with specific training on selected subjects. LGDK carried out one mission during the reporting period in connection with the programme and the components (3rd -7th March 2013). A report was prepared for this visit, covering all components. LGDK consulted the PSU on information and material needed. Workshops were organized with participation by the PSU, the focal points in the departments and the directorates. A number of Power Point presentations have been prepared, including the following activities:

- *Amalgamation Strategies: Field visit to Jenin, revision of amalgamation paper*
- *Meeting with joint service councils.*
- *Participation in the preparation for 2013 activities (decentralization policy).*

4.6- Financial Status

Component	Allocated in US\$	Disbursed Amount During the 1st half 2013	Total Disbursed Amount Until 30-06-2013	% of Disbursement
Support to Policy and Strategy Unit in MoLG	515,293	93,605	330,326	64%
Support to Municipal Development and Lending Fund (MDLF)	102,391	31,198	58,773	57%
Support to the Association of Palestinian Local Authorities	64,598	0	0	0%
Mid Term Review	36,000	0	0	0%
Audit	52,200	0	7,000	13%
Management Fees	53,934	55	11,724	22%
Contingencies	38,524	0	0	0%
Total	862,940	124,859	407,823	47%



4.7- Challenges Encountered and Obstacles

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

Political:

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

Security

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

4.8- Lessons Learnt and Recommendations

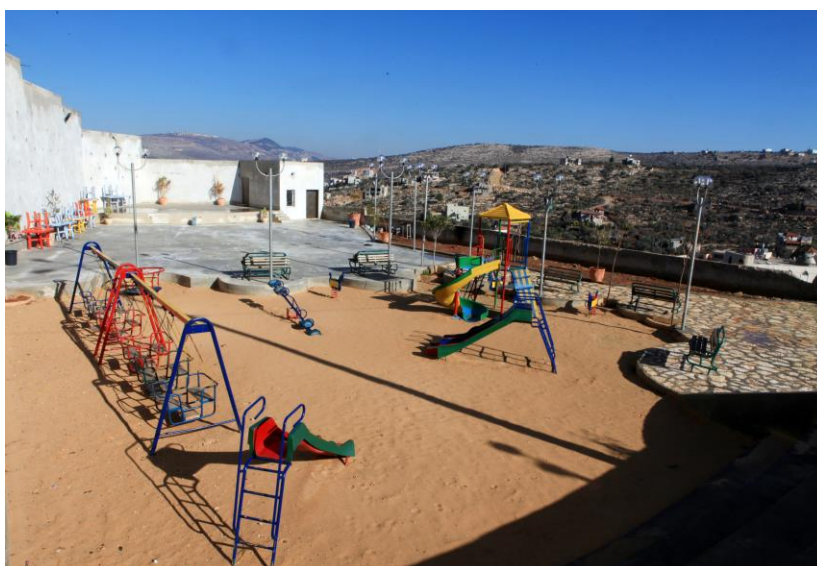
- **Policy development:** It's important to increase ownership of different MOLG departments towards implementing policies and strategies through their yearly plans.
- The importance of strengthening the M&E system at MoLG especially in setting indicators.
- For MDLF to be able to make use of the "lean approach" in enhancing the effectiveness and efficiency. Lean culture techniques should be implemented including periodic Kaizen meetings and Value streaming workshops.



Annexes

I Annex A – (MDP I)

II Annex B – (LGRDP)

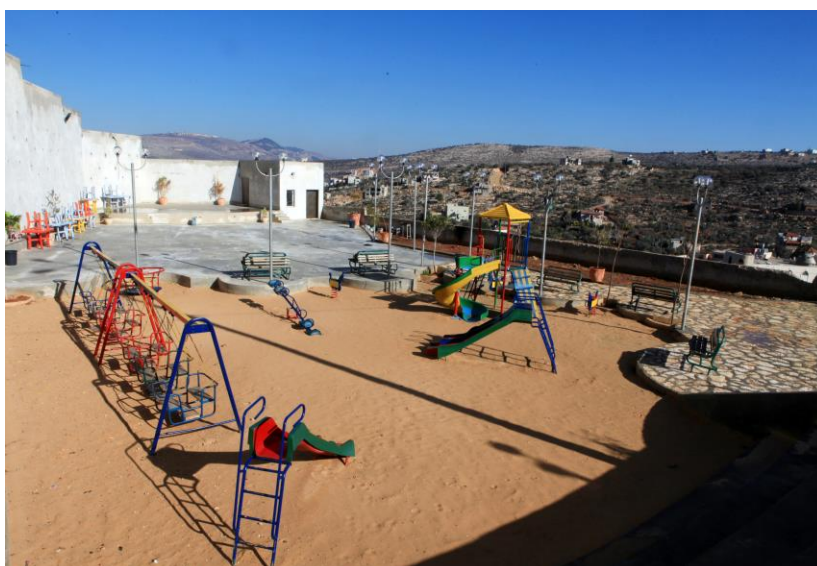




Annexes

I Annex A – (MDP I)

II Annex B – (LGRDP)



ANNEX A

Municipal Development Program (MDP-I)

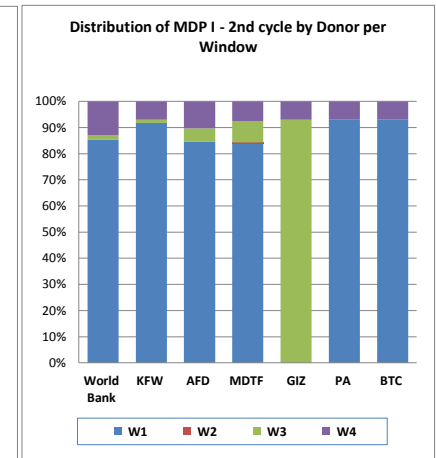
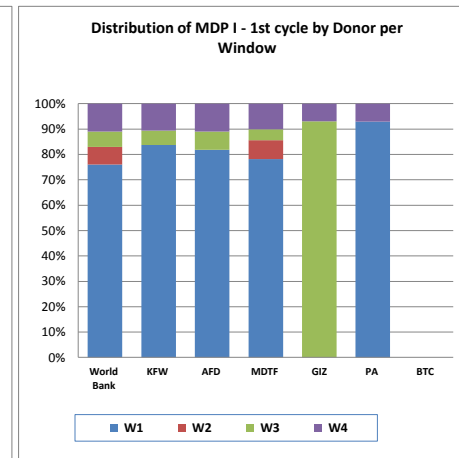
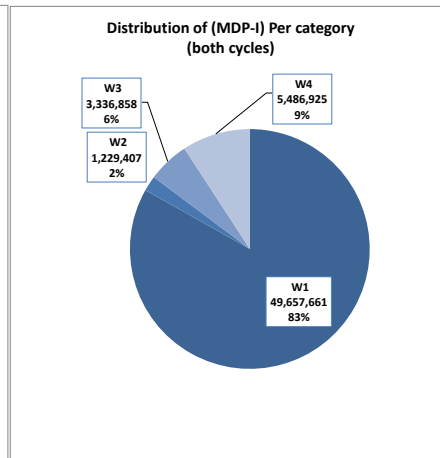
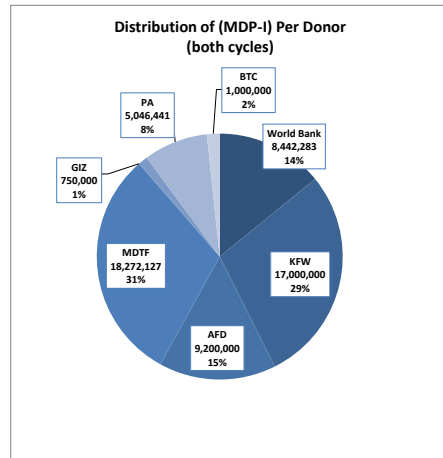


Distribution of (MDP -1) by Donor Per Category

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

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

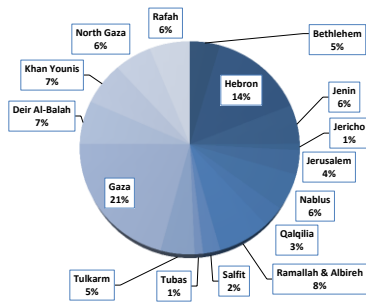


MDP - Window 1 - 1st Cycle -

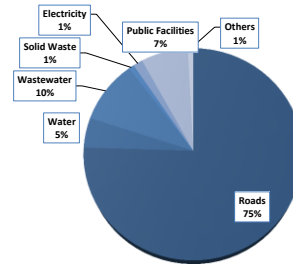
Distribution of Sub-Projects by Sector Per Governorate

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

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



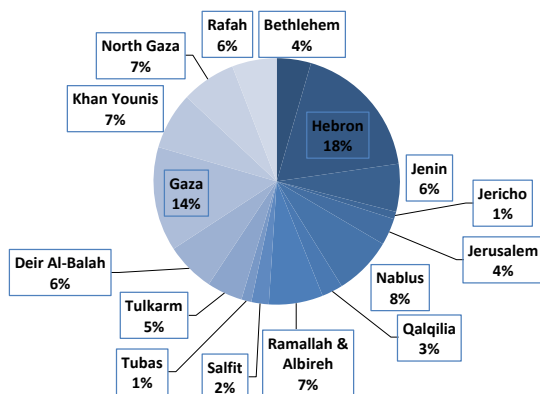
MDP - W1 - 1st Cycle -
Allocated Fund by Sector



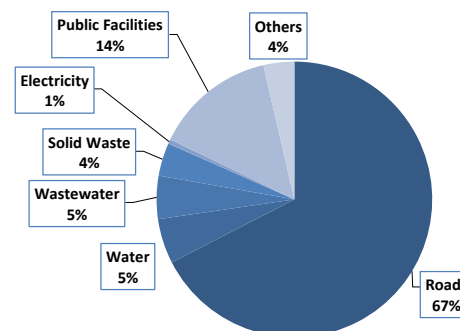
Distribution of MDP-1 / 2nd cycle / Window1 by Sector Per Governorate

Governorate	No. of Projects	Sector (Euro)							Total Allocation (Euro)
		Roads	Water	Wastewater	Solid Waste	Electricity	Public Facilities	Others	
Bethlehem	11	1,185,085					24,231		1,209,316
Hebron	26	3,679,684	53,000	499,414			431,944	231,679	4,895,721
Jenin	14	1,116,335	261,939				310,936		1,689,210
Jericho	3	210,197					50,425		260,622
Jerusalem	11	629,116	90,932			64,952	161,574		946,574
Nablus	17	1,683,965	83,099	150,000			151,353		2,068,417
Qalqilia	7	523,905		73,741			145,302		742,948
Ramallah & Albireh	20	1,097,534					813,306		1,910,840
Salfit	11	323,162	132,153				102,077	57,629	615,021
Tubas	3	273,795					80,040		353,835
Tulkarm	16	542,807	50,153	260,964		76,535	233,012	92,061	1,255,532
Total West Bank	139	11,265,584	671,277	984,119	0	141,487	2,504,200	381,368	15,948,035
Deir Al-Balah	44	872,041	94,000	95,164	104,692		370,759	209,566	1,746,222
Gaza	26	2,696,885	368,487	113,478	359,500			148,347	3,686,697
Khan Younis	46	1,181,095	143,329	100,000	177,854		316,333	93,412	2,012,023
North Gaza	28	1,448,766	105,695	70,000	156,000		65,868	80,000	1,926,329
Rafah	17	675,963	31,318		242,000		567,131	60,726	1,577,138
Total Gaza	161	6,874,750	742,829	378,642	1,040,046	0	1,320,091	592,051	10,948,409
Total WB&G	300	18,140,334	1,414,106	1,362,761	1,040,046	141,487	3,824,291	973,419	26,896,444

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

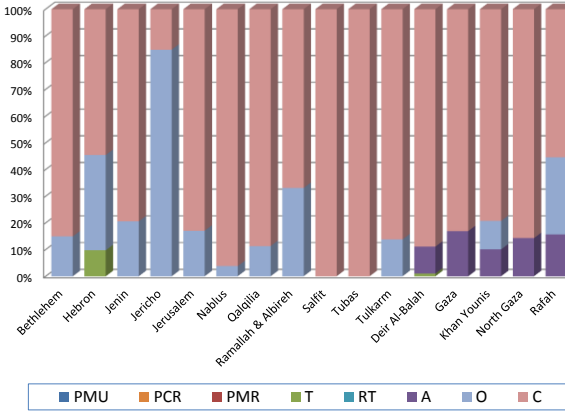
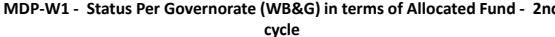
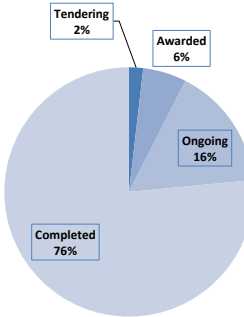
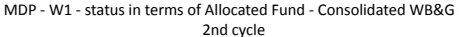
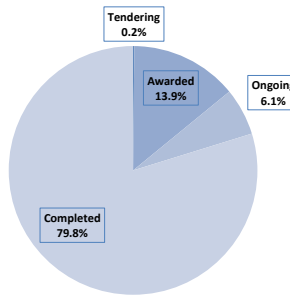
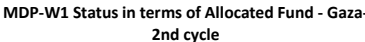
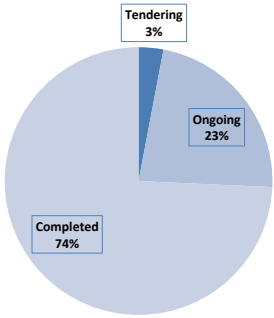
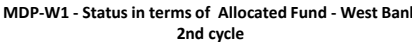


Ditribution of MDP 1 - Cycle 2 - W1 per Sector



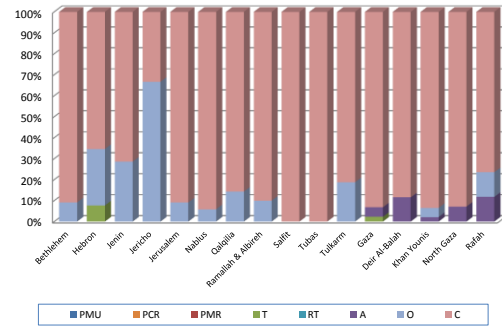
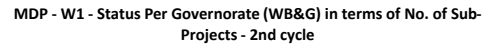
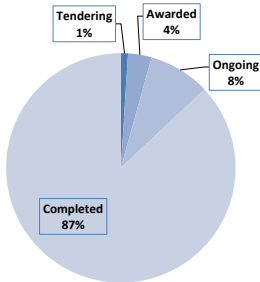
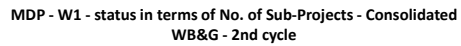
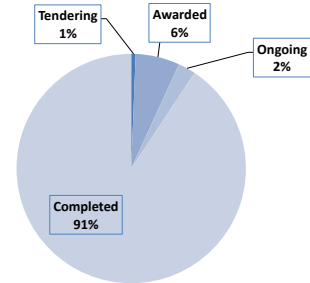
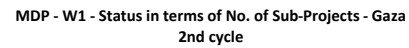
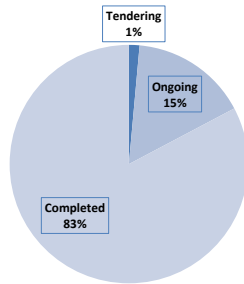
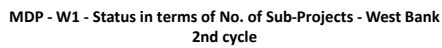
Status of MDP-1 / 2nd cycle / Window-1 / (interms of allocated fund)

Governorate	No. of Projects	Status in terms of Sub-projects Allocations								Total
		Pretendering (Documents at	Pretendering (Consultant	Pretendering (MDLF Review)	Tendering	Re-Tendering	Awarded	Ongoing	Completed	
		PMU	PCR	PMR	T	RT	A	O	C	
Bethlehem	11							180,567	1,028,749	1,209,316
Hebron	26				476,109			1,747,650	2,671,961	4,895,720
Jenin	14							347,232	1,341,978	1,689,210
Jericho	3							221,098	39,524	260,622
Jerusalem	11							161,574	785,000	946,574
Nablus	17							78,159	1,990,258	2,068,417
Qalqilia	7							84,209	658,739	742,948
Ramallah & Albireh	20							632,194	1,278,646	1,910,840
Salfit	11								615,021	615,021
Tubas	3								353,835	353,835
Tulkarm	16							173,185	1,082,348	1,255,533
Total West Bank	139	0	0	0	476,109	0	0	3,625,868	11,846,058	15,948,035
Deir Al-Balah	44				18,044			175,971	1,552,207	1,746,222
Gaza	26							3,062,485	3,062,485	3,686,697
Khan Younis	46							202,087	1,595,719	2,012,023
North Gaza	28				274,691				1,651,638	1,926,329
Rafah	17							246,471	873,057	1,577,138
Total Gaza	161	0	0	0	18,044	0		1,523,432	671,828	10,948,410
Total WB&G	300	0	0	0	494,153	0		1,523,432	4,297,696	20,581,164



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

Governorate	No. of Projects	Status in terms of no. of sub-projects								Total
		Pretendering (Documents at Municipalities)	Pretendering (Consultant Review)	Pretendering (MDLF Review)	Tendering	Re-Tendering	Awarded	Ongoing	Completed	
		PMU	PCR	PMR	T	RT	A	O	C	
Bethlehem	11							1	10	11
Hebron	26				2			7	17	26
Jenin	14							4	10	14
Jericho	3							2	1	3
Jerusalem	11							1	10	11
Nablus	17							1	16	17
Qalqilia	7							1	6	7
Ramallah & Albireh	20							2	18	20
Salfit	11								11	11
Tubas	3								3	3
Tulkarm	16							3	13	16
Total West Bank	139	0	0	0	2	0	0	22	115	139
Deir Al-Balah	44				1		2		41	44
Gaza	26						3		23	26
Khan Younis	46						1	2	43	46
North Gaza	28						2		26	28
Rafah	17						2	2	13	17
Total Gaza	161	0	0	0	1	0	10	4	146	161
Total WB&G	300	0	0	0	3	0	10	26	261	300

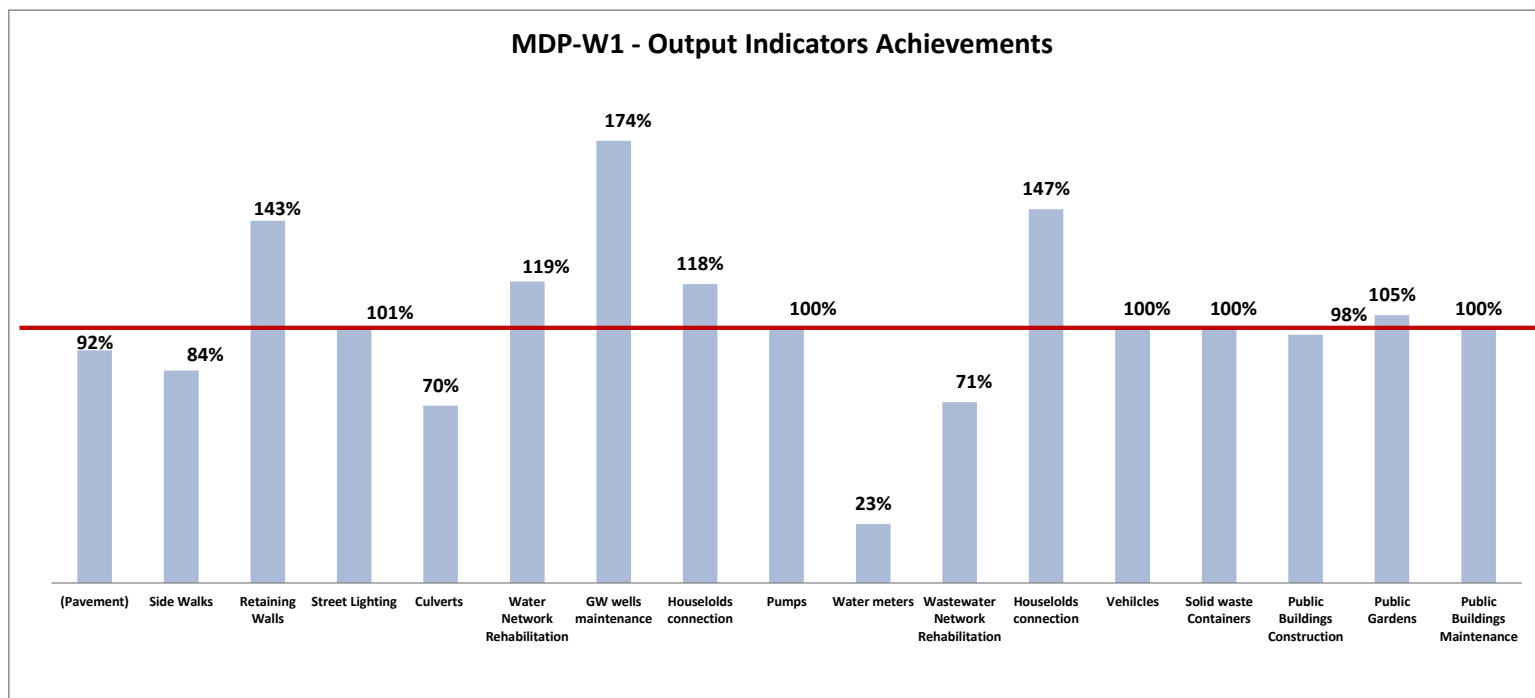


MDP - Window 1 - Outputs - (Consolidated for WB&G) - MDPI - (1st & 2nd cycle)

Sector	Sub-Sector	Indicator	Unit	Target	Achieved	% of Achievements
Roads	(Pavement)	Length of roads rehabilitated	Km	295	270	92%
	Side Walks	Length of Sidewalks rehabilitated	L.m	50,312	42,052	84%
	Retaining Walls	Length of retaining walls rehabilitated	L.m	4,405	6,279	143%
	Street Lighting	No. street lighting units supplied	No.	3,386	3,415	101%
	Culverts	Length of storm water drainage rehabilitated	L.m	1,060	740	70%
Water	Water Network Rehabilitation	Length of water networks rehabilitated	Km	9	11	119%
	GW wells maintenance	# of wells maintained	No.	27	47	174%
	Houselolds connection	No. of households connection installed	No.	142	167	118%
	Pumps	No. of pumps instslled	No.	1	1	100%
	Water meters	No. of water meters installed	No.	5318	1232	23%

Sector	Sub-Sector	Indicator	Unit	Target	Achieved	% of Achievements
Wastewater	Wastewater Network Rehabilitation	Length of wastewater networks rehabilitated	Km	50	35	71%
	Houselolds connection	No. of households connected	No.	70	103	147%
	Vehilcles	No. of vehicles installed	No.	1	1	100%
Solid Waste	Solid waste Containers	No. of containers supplied	No.	498	498	100%
Public Facilities	Public Buildings Construction	Area of public buildings constructed	Sq.m	3,958	3,870	98%
	Public Gardens	Area of public gardens constructed	Sq.m	27,500	29,000	105%
	Public Buildings Maintenance	Area of public buildings maintained	Sq.m	35,187	35,159	100%

Sector	Sub-Sector	Indicator	Unit	Target	Achieved	% of Achievements
Others	Service Tools	No. of tractors supplied	No.	2	2	100%
		No. of rollers supplied	No.	3	3	100%
		No. of excavators supplied	No.	7	7	100%
		No. of total stations supplied	No.	1	1	100%



Capacity building packages for MDP 1st Cycle

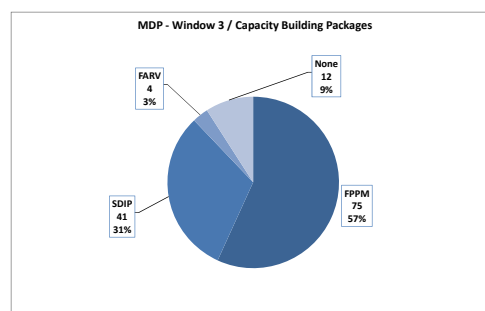
Summary of the Results	
FPPM	75
SDIP	41
FARV	4
None	12
Total Number of Municipalities	132

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

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

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

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



Capacity building packages for MDP 2nd Cycle

Summary of the Results	
FPPM	21
SDIP	49
FARV	28
O&M	10
Total Number of Municipalities	134

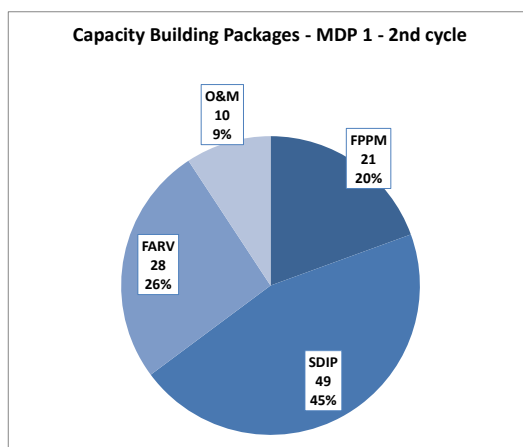
Financial policies and procedure manual (FPPM)

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

Fixed Assets registration and Valuation (FARV)

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

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



ANNEX B

LGRDP – BTC Fund





Support to Local Government Reform and Development Programme LGRDP - Baladeyati

PROGRESS REPORT Q2/2013 AND PLANNING FOR Q3/2013

Progress for the period from
(April 1st, 2013 – June 30th, 2013)

Planning for the period from
(July 1st, 2013 – September 30th, 2013)

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Acronyms

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

1. The Local Government Reform and Development Programme LGRDP - Baladeyati

1.1 Background

The Palestinian Authority (PA) has received a grant from the Government of the Kingdom of Belgium towards the cost of “Support to Local Government Reform and Development Programme” (LGRDP).

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

This project supports the on-going policies of the Palestinian National Authority (PNA) to reform the local government system in the West Bank and Gaza (WBG) which is a core part of the wider overall public sector reform program being undertaken by the PNA. The overall development objective is to improve local governance and accountability and, thereby, foster the efficient and sustainable economic, social and physical development of the urban and rural areas in WBG.

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

The proposed program will have three components. These components are,

- Support for MoLG Capacity Development.
- Support for reform and improved capacities and services in smaller LGUs.
- Support for newly amalgamated municipalities (MDP aligned).

1.2 LGRDP Description

The programme will in particular address one urgent key priority of the Government’s decentralisation efforts by strengthening the smaller and unviable local governments into more sustainable and effective structures through the Government policy of LGU amalgamation and creation of joint service arrangements for LGUs. In addition, the programme will support institutional development of selected departments of MoLG and contribute to the financing of the joint donor funded MDP with an aim of possibly later a larger joint MDP-funded intervention.

The proposed program will have three components supporting five key results further discussed in section 2.2. The programme will be guided by one overall steering committee but also retain specific institutional arrangements for each of the three components as elaborated hereinafter.

The programme needs to maintain a degree of flexibility, to reflect the complexities of the environment in which it will operate. It builds on the experiences and lessons learnt of previous programmes in this field, notably LICP.

Ownership is necessary for the Palestinians to make a successful transition from externally assisted emergency rehabilitation and post-conflict reconstruction to sustainable social and economic development, greater self-reliance, and confident competitiveness in global markets. Currently, some LGUs in the West Bank are too small to be able to deliver services effectively to the communities they serve.

Strengthening the ability of LGUs to meet the needs of the communities will require capacity building and may necessitate structural reform (through merging, clustering or amalgamation into bigger units). The process of local government reform and development must be driven by ownership (central and at the level of the relevant communities as this is a process that may fuel suspicion if not handled in a transparent manner). Donors must ensure that their interventions are well-coordinated and contribute to the larger reform process.

The MoLG leads the amalgamation reform process. Within the ministry, the Department for Joint Councils (DJCspd) is the focal point. This programme is based on the Local Government Action Agenda; on sector policies related to Strategic Development and Investment Planning, Local Government Finance, Solid Waste Management and others; and on policies (and draft policies) relating to restructuring of LGUs.

A top-down reform is unlikely to be successful in sensitive areas such as restructuring LGUs, and certainly the LGU's representatives need to be willing participants in the process. LGUs have upward linkages to other levels of government (regional and national) on the one hand, and downward linkages to the community within their territorial boundaries on the other. This makes LGUs key players in terms of communication, representation and accountability in both directions.

The programme therefore proposes to strengthen the MoLG's leadership of the process, in core areas such as setting the policy and regulatory framework, developing implementation strategy and planning, supporting and facilitating implementation and overseeing and coordinating the reform process at all levels, and building the capacity of the ministry and governorates to ensure that LGUs function well.

The programme will also support the involvement of local communities in the work of the LGUs, such as information on the role of local government, participation in municipal development planning, and in supporting the maintenance of public services (including through holding LGUs to account). The programme has an infrastructure component, which will support infrastructure projects to LGUs which have either successfully reformed or are in the process of reforming, in order to provide both an incentive for reform and to increase the sustainability of infrastructure projects.

1.3 Analytical record of the intervention

DGD intervention number	NN 3007129
Navision code	BTC PZA 09 024 11
Partner institution	Ministry of Local Government (MoLG)
Duration of intervention	5 years (validity of Specific Agreement: 6 years)
Estimated starting date of intervention	January 2011
Partner's contribution	160,000 EUR
Belgian contribution	15,000,000 EUR
Intervention sector	Local government sector-DAC Code: 43030/ local development
General objective (Impact)	To strengthen institutional and management capacities of the local government system.
Specific objective (Outcome)	To support institutional reform through improved capacities and services of selected clusters of smaller LGUs and to improve the institutional capacity of MoLG
Results (Outputs)	Component 1: Support for MoLG capacity development.
	Result-1: Selected departments of MoLG capacitated to implement their responsibilities as per MoLG strategic plan
	Component 2: Support for reform and improved capacities and services in smaller LGUs "LG joint Services and Amalgamation"
	Result-2: smaller LGUs in selected clusters have developed appropriate joint institutional arrangements for joint services and amalgamation,
	Result-3: capacities of these LGUs are enhanced for improved planning, HRM, financial management, service delivery and accountability,
	Result-4: LGUs service delivery is improved through sustainable infrastructure development in the selected clusters
	Component 3: Support for newly amalgamated municipalities (MDP-aligned)
	Result 5: Newly amalgamated municipalities are continuously progressing their performance

1.4 Main Lines of Action

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

Component 1 – Support for MoLG Capacity Development

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

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

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

The programme will support reform and improved capacities and services of smaller LGUs in six selected clusters (see map and list in annex). The LGUs will receive four broad areas of support:

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

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

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

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

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

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

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

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

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

Result 5 - newly amalgamated municipalities are continuously progressing their performance

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

1.5 Description of Beneficiaries

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

- At the decentralised level:
 - ✓ Staff and politicians in the selected clusters of LGUs;
 - ✓ Staff at the district level;
 - ✓ Residents in the selected clusters of LGUs – on the basis of the initial list from MoLG of six priority areas this amount to approximately 83,000 persons (see details in annex 7.5).
- At the national level:
 - ✓ Ministry of Local Government (MoLG) in its capacity of key actor for delivering policy formulation, providing a regulatory framework, setting quality standards, technical assistance & advice, M&E, and sector coordination. Particular attention will be given to the following units;
 - ✓ Complaints Directorate;
 - ✓ Internal Control Directorate;
 - ✓ Department of Formulation and Merging.

1.6 Financial Resources

The program will be implemented over a **five-year** period within the following budget framework provided by Belgium.

Component No.	Component	Allocated Budget (Euro)	Implementation Agency
Component 1	CB of MoLG	1,824,140	MoLG
Component 2	Support for amalgamation in 6 areas (incl. equivalent of 7% management fee)	9,000,000	MDLF
Component 3	MDP Contribution (incl. 7% management fee)	2,900,000	MDLF
General Means (International TA salaries, administrative and financial officer, reviews, etc.) and budgetary reserve		1,275,860	BTC
Total		15,000,000	

It is foreseen that the PA contribution mainly will be in-kind (staff, offices etc.), more specifically, MoLG will contribute for a total amount of **160,000 EUR** to the intervention.



1.7 LGRDP Targeted Clusters

1. North "West Bank" Clusters:

No.	Cluster	Governorate	Localities
1	Beita	Nablus	Audala
			Beita
			Ausreen
			Za'tara
2	Beit leqya	Ramallah	Beit leqya
			Kharbatha al misbah
			Beit seera
			Beit nuba

2. South "West Bank" Clusters:

No.	Cluster	Governorate	Localities
3	Jort eshama'	Bethlehem	Jort eshama'
			Um salamona
			Wadi ennis
			Marah m'ala
			Marah rabah
			Al ma'sarah
			Khalet Elhadad
			Al mansheeyah
			Wad rahal
4	Karmel	Hebron	Karmel
			Main
			Khalet saleh
			Hadedeyah



2. Narrative Progress Report Q2/2012 and Planning for Q3/2013

R2: Smaller LGUs in four clusters have developed appropriate joint institutional arrangements for joint services and amalgamation:

Activities	Sub activities	% of Completion	Responsible	Progress during Q2 / 2013	Planning for Q3 / 2013			Remarks / difficulties / points of attention
					July	Aug.	Sept.	
B.1.1.1: An Initial Survey of the Technical and Financial Viability as Well as Social Acceptability of the Proposed Future Institutional Arrangements.	B.1.1.1.1: identify each cluster and screening.	100%	MoLG	LGUs are identified (Clusters) Workshops was done Socio-Economic characteristics SWOT analysis was prepared Local Technical committee was formed.				
	B.1.1.1.2: Awareness Campaigns. Prepare the TOR, EOI, advertise Bid opening and evaluation Awarding and contracting Implementation and out-puts	85%	MDLF, JSC's.	1st phase of awareness: Implemented activities attached bellow 2nd phase of awareness: (Communication Strategy) Implemented activities attached bellow	→			-It is a pre-quest for the following activities to find out social acceptability for the project.
B.1.1.2: Valuation of each local council's assets that would be incorporated in the new municipality.	B.1.1.2.2: Fixed Assets Registration. Prepare the TOR, EOI, advertise Bid opening and evaluation Awarding and contracting Implementation and out-puts	100%	MDLF	Implemented activities attached bellow				
B.1.1.3: The LGU will be supported with consultants and technical staff from MDLF to develop a comprehensive development plan in line with national guidelines.	B.1.1.3.1: conduct a physical plan and SDIP. Prepare the TOR, EOI, advertise Bid opening and evaluation Awarding and contracting Implementation and out-puts	90%	MDLF, MoLG, JSC's.	Implemented activities attached bellow	→			Conducting the SDIP and the physical plan will be based on the manuals prepared by the MoLG.
	B.1.1.3.2: a list of project eligible for funding are identified.	60%	MDLF	1st phase of projects (Connection roads) are approved 2nd phase of projects (Social Infrastructure projects) are approved 3rd phase of projects (Infrastructure projects) are approved				Extracted from the SDIP. The projects to be implemented will be identified through the JSCs and will be approved by the steering committee.

	B.1.1.3.3: the JSC's indicative budgets are identified. Steering committee approves actual budget allocations for infrastructure, equipment and systems.	40%	MDLF, BTC, MoLG.	1st phase of projects (Connection roads) allocation is approved (1,415,000 Euro) 2nd phase of projects (Social Infrastructure projects) allocation is approved (1,807,000 Euro) 3rd phase of projects (Infrastructure projects) allocation is approved (1,170,000 Euro)				
B.1.1.4: The LGUs will be supported to develop a comprehensive capacity development plan	B.1.1.4.1: Develop a capacity development plan. Prepare the TOR, EOI, advertise Bid opening and evaluation Awarding and contracting Implementation and out-puts	55%	MDLF, MoLG.	Institutional Capacity Assessment and Development: Implemented activities attached bellow Technical Assistance to the Common Water Department: Implemented activities attached bellow				The TOR should include the administrative, management, financial, technical and staff assessments components.

▪ Evolution of the context

- 1- Delay of identifying the clusters that will be targeted in the LGRDP programme.
- 2- Delay of the first preparatory meeting between the stakeholders.
- 3- Delay of launching the LGRDP programme.

■ Evaluation of activities (Implemented activities)

Activities	Progress:				Comments (only if the value is C or D)
	A	B	C	D	
1- Awareness Campaigns (85%) * 1st phase of Awareness Campaigns - Bidding phase (Completed) Preparing TOR, REOI EOI Evaluation, short listing RFP Issue Technical & Financial Evaluation, Award Recommendation Negotiation, Signing the Contract - Implementation (Completed) Mobilization (Meetings: MDLF, BTC, Consultant, LGUs...etc.) Kick-off meetings Disk review, Inception report LGUs Assessment Questionnaire Citizen Survey Questionnaire, Progress report Focus Group Guide lines Data Collection and Filed Work Visit of successfully example of amalgamation Conduct Public workshops Review the social and infrastructure projects Review the data (Survey after awareness campaign). Review the final report * Water Management Workshop (Completed) * Visit Successful Amalgamated Municipality (Completed) * Amalgamation Policy and Merging Process Workshop (Completed) * 2nd phase of Awareness Campaigns (Communication and Social Activities) - Preparation of Communication Action Plans (Completed) Communication and discussion of the JSCs representatives and citizens about intended social activities based on certain dimensions Drafting of 4 communication action plans for the 4 JSCs Review and revisit of the action plans with the JSCs Finalizing the contents of the action plans with cost estimates Preparation of specifications for all the sub activities in the action plans 1st bid (Supply of Printing and Advertising Materials for JSCs) 2nd bid (Supply of Logistic services and Materials for JSCs) - Bidding Phase (Completed): Preparing bidding documents Advertisement, RFQ Evaluation for Quotations Purchase Orders - Supplying and Implementation (In Progress) Supply part of printing and advertising materials Provide logistic services and materials for social activities Implement part of the social activities * Wall Art Painter in Jort eshama' Cluster - Bidding phase (Completed) Preparing TOR, REOI CVs Evaluation, short listing Negotiation, Signing the Contract - Implementation (Completed) Conducting 9 drawings in the cluster selected sites			X		Fill the gap by implementing direct awareness activities by MDLF staff prior starting the 1st phase of awareness assignment which was delayed because of the whole programme delay. Each targeted cluster has its special situation, so the consultant designed an awareness campaign relevant to that situation. 2nd phase of awareness (Communication Strategy) was planned and is under implementation

2- Physical & Strategic Planning (90%) - Bidding phase (Completed) Preparing TOR, REOI EOI Evaluation, short listing RFP Issue Technical & Financial Evaluation, Award Recommendation Negotiation, Signing the Contract - Implementation (In Progress) - <i>For Strategic Planning</i> Mobilization (Meetings: MDLF, MoLG, Consultant, LGUs...etc.) Kick-off meetings Disk review, Inception report Conduct SDIP Orientation Sessions with LGU Councils Formulate (Core Planning Team, Strategic Planning Committee, Institutional Building Committee) Training for Core Planning Team Finalize the Stakeholder Analysis process Formulating Stakeholder Representative Committee Formulating Specialized Committees Conduct the First Public Meeting Diagnosis of the current status Follow up the formulation of the vision and objectives Identification and profiling of project Setting integrated operation plans and evaluation plan Preparation of the draft SDIP Follow up with Municipal Council to Approve the SDIP Conduct The Second Public Meeting Prepare the final SDIP - <i>For Physical Planning</i> Review the past and present maps and plans Specify Aerial Photos boundary (Not progressing from MoLG) Review the planning framework report Supervise the sectoral assessment Determining the possibilities and challenges Approving the Spatial Development Framework Plan SDFP Submission the negative of the aerial photos Submission final digitized aerial photogrammetry maps Preparation of Land Use Plan, zoning & building regulations District Planning Commission approval Preparation of Draft Final Report			X	Implementing the Physical and Strategic Planning parallel to the Awareness Campaigns instead of after it, to recover the whole programme delay. MDLF team conducted direct workshops with the targeted LGUs in order to speed the formulation of all committees. The assignment was delayed because of delay in preparing aerial photo maps for the whole cluster. The local elections caused a delay in some public community meetings, in addition to delay from MoLG feedback
3- Fixed Assets Registration and Valuation (100%) - Bidding phase (Completed) Preparing TOR, REOI EOI Evaluation, short listing RFP Issue Technical & Financial Evaluation, Award Recommendation Negotiation, Signing the Contract - Implementation (Completed) Mobilization (Meetings: MDLF, Consultant, LGUs...etc.) Kick-off meetings Training workshop Inception report Data collection from targeted clusters Work Plan with LGU Gathering fixed asset sheets Investigation of data Carry out physical inspection of fixed asset Preparation of draft fixed asset register Preparation of the final fixed asset register			X	Implementing the Fixed Assets Registration parallel to the Awareness Campaigns instead of after it, to recover the whole programme delay.
4- Institutional / Capacity Assessment and Development Plan (55%) <i>* Institutional Capacity Assessment and Development</i> - Bidding phase (Completed) Preparing TOR, REOI			X	MDLF combines the two assignments (institutional capacity assessment + capacity development plan) into one assignment. Signing the contract for

Evaluating submitted EOIs EOI Evaluation, short listing RFP Issue Technical & Financial Evaluation, Award Recommendation Negotiation, Signing the Contract - Implementation (In Progress) Mobilization (Meetings: MDLF, BTC, Consultant, LGUs...etc.) Kick-off meetings Disk review, Inception report LGUs Assessment Questionnaire Review the local government laws Conduct workshops with the concerned communities Prepare a draft by-laws Prepare SWOT analysis Review the municipalities' objectives and main duties Review the organizational structures proposed by MoLG Propose job description and job classification Prepare Departments functions and duties description Prepare human resources development plan Prepare procedural manual for the municipalities' operations * Technical Assistance to the Common Water Department (CWD) of the Joint Service Council for Planning and Development (JSCPD) / Beit Leqya Cluster - Bidding phase (In Progress) Preparing TOR, REOI Evaluating submitted EOIs EOI Evaluation, short listing RFP Issue Technical & Financial Evaluation, Award Recommendation Negotiation,					Institutional Capacity Assessment and Development was delayed due to taking long time for receiving BTC no objection to award the contract. Adding additional services for the consultant to prepare By-Laws and Organizational Structure for the JSCs to be the transition way for the new municipalities
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▪ Analysis of progress made

As the result indicated above which is, the targeted LGUs are facilitated for provision of joint services and amalgamation, these activities will lead the targeted clusters to reach the vision of establishing a new viable and sustainable municipality.

Generally, some activities are still in progress. So it not clear if there will be a need to expand or to add other activities to achieve the result. However, the awareness campaigns assignment is already finished and according to the outputs raised from it, a second phase of awareness (Communication Strategy) was planned and is be implemented in the targeted clusters.

However, political aspects "local elections in LGUs" contributed to delay of the progressive activities.

■ **Correction measures**

Measures	Source	Actor	Deadline
1- The relationship between implemented activities was changed from (Finish – Start) to (parallel implementation)	R1	LGRDP Team	Q4 - Y2
2- Second phase of awareness (Communication Strategy) is planned and under implemented in the targeted clusters	R1	LGRDP Team	Q4 - Y3
3- The two activates (Inst.& capacity assessment + capacity development plan) were combined into one to speed up the processes and to avoid delay	R1	LGRDP Team	Q3 – Y3
4- Adding additional services for the consultant of (Institutional Capacity Assessment and Development) to prepare By-Laws and Organizational Structure for the JSCs to be the transition way for the new municipalities	R1	LGRDP Team	Q3 – Y3



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

Activities	Sub activities	% of Completion	Responsible	Progress during Q2 / 2013	Planning for Q3 / 2013			Remarks / difficulties / points of attention
					July	Aug.	Sept.	
B.1.2.1: A capacity development programme will be implemented.	B.1.2.1.1: supplying equipment & furniture. Prepare the RFQ, advertise Bid opening and evaluation Awarding and Purchase Order Implementation and receiving goods	100%	MDLF, JSC's.	Phase 1 for JSCs: Quick JSCs Assessment done Implemented activities attached below Phase 2 for new municipalities:				
	B.1.2.1.2: office building (extension or renovation). Prepare tender documents, advertise. Bid opening and evaluation. Awarding and contracting. Implementation and follow up.	15%	MDLF JSC's.	Quick JSCs Assessment done Implemented activities attached below	→			
	B.1.2.1.3: financial support for 12 months initial employment of staff. Need assessment, announce CVs shortlisting and evaluation Interview shortlists Contracting Recruitment and follow up	95%	MDLF, JSC's.	Phase 1- one year contract (Engineer, Secretary, Urban Planner and Accountant) for each JSC: Quick JSCs assessment done Implemented activities attached below Phase 2- one year contract (Engineer, Financial & Administrative Officer) for each JSC: Quick JSCs assessment done Implemented activities attached below	→			
	B.1.2.1.4: training.	0%	MDLF JSC's.				→	Will be decided according to the need. (Will be reflected in the financial plan).
	B.1.2.1.5: provision of general awareness campaigns.	0%	MDLF JSC's.					To inform and consult.

- **Evolution of the context**

- 1- The targeted clusters (LGU's) had JSCs with limited capacity and resources.
- 2- The JSCs didn't provide the services to the LGUs comprising the clusters yet.

▪ **Evaluation of activities (Implemented activities)**

Activities (See guidelines for interpretation of scores)	Progress:				Comments (only if the value is C or D)
	A	B	C	D	
1- Supply Furniture & Equipment (100%) * Supply of IT Equipment - Bidding phase (Completed) Preparing bidding documents Advertisement, RFQ Evaluation for Quotations Purchase Order - Supplying (Completed) * Supply of Furniture - Bidding phase (Completed) Preparing bidding documents Advertisement, RFQ Evaluation for Quotations Purchase Order - Supplying (Completed) * Supply of Total Station - Bidding phase (Completed) Preparing bidding documents Advertisement, RFQ Evaluation for Quotations Purchase Order - Supplying (Completed) * Supply of Stationery - Bidding phase (Completed) Preparing bidding documents Advertisement, RFQ Evaluation for Quotations Purchase Order - Supplying (Completed) * Rent of 4 Cars/6 months for JSCs - Bidding phase (Completed) Preparing bidding documents RFQ Evaluation for Quotations Purchase Order - Renting (In Progress)			X		Direct assessment for JSC's was conducted.
2- Office Building (extension or renovation) (15%) - Bidding phase (In Progress) Preparing tender documents			X		LGUs was encouraged to either donate a land for JSC building , rent building or reach to agreements with the existing JSC to have a temporary places for JSC premises.
3- Financial Support for 12 Months Initial employment of staff (95%) * 1 st phase one year contract (Engineer, Secretary, Urban Planner and Accountant) for each JSC - Recruitment phase (Completed) Announcing the vacancies (Secretary, Engineer, Urban Planner and Accountant) for each JSC CVs shortlisting			X		Direct assessment for JSC's was conducted. Direct follow up with the recruited staff continuously carried out by MDLF. 2 nd phase for another one year is approved to equip the JSCs with the needed resources in order to provide

Interview shortlisted candidates Recruitment and contracting - Follow up with recruited staff (In Progress) Salaries Disbursement * 2 nd phase one year contract (Engineer, Financial & Administrative Officer) for each JSC - Recruitment phase (In Progress) Announcing the vacancies (Engineer, Financial & Administrative Officer) for each JSC CVs shortlisting					the services for the LGUs comprising the clusters
4- Training Human resource (0%)			X		
5- Provision of general awareness campaigns (0%)			X		

■ Analysis of progress made

In general, the JSCs for the targeted clusters had no resources at all. The implemented activities will facilitate these JSCs to have the good structure that is equipped with the needed resources in order to provide the services for the LGUs comprising the clusters.

However, provision of staffing for the JSCs provided the required capabilities to follow up on the projects implemented by the JSCs. And the provision of furniture and equipment enabled the JSCs to have the basic elements for operating the JSCs.

■ Correction Measures

Measures	Source	Actor	Deadline
1- Quick need assessment for the JSCs was done to support them in administrative, management, financial and technical aspects before the deep and detailed assessment that will be raised from the capacity and institutional assessment assignment.	R2	LGRDP Team	Q4 – Y5



R4: The services of these LGUs are improved through provision of sustainable infrastructure development:

Activities	Sub activities	% of Completion	Responsible	Progress during Q2 / 2013	Planning for Q3 / 2013			Remarks / difficulties / points of attention
					July	Aug.	Sept.	
B.1.3.1: Provision of funding for infrastructure development.	B.1.3.1.1: engage consultant or technical team to assist LGU's and MoLG on development of the capacity development's needs. Prepare the TOR, EOI, advertise Bid opening and evaluation Awarding and contracting Implementation and out-puts	20%	MDLF	Local Technical Consultant West Bank Clusters (2013): Implemented activities attached bellow Local Technical Consultant Water Network Rehabilitation in Beit leqya Cluster:				Subject to the implementation and the achievement of result 1.
	B.1.3.1.2: implementation and follow up with the approved projects. Prepare tender documents, advertise Bid opening and evaluation Awarding and contracting Implementation and follow up	100%	MDLF, LTC, JSC's.	1st phase of projects (Connection Roads) <i>(attached)</i> Review the infrastructure projects identified within public participation Get the steering committee approval Implemented activities attached bellow 2nd phase of projects (Social Infrastructure) <i>(attached)</i> Review the infrastructure projects identified within public participation Get the steering committee approval Implemented activities attached bellow 3rd phase of projects (Infrastructure) <i>(attached)</i> Review the infrastructure projects identified within public participation Get the steering committee approval				Subject to achieving result 2 especially the SDIP and identifying a list of projects eligible for funding.

▪ **Evolution of the context**

- 1- The JSCs have difficulties in preparing the design documents since they have no financial resources to cover the design costs.
- 2- There was delay getting the No Objection from BTC on the bidding documents.

■ Evaluation of activities (Implemented activities)

Activities (See guidelines for interpretation of scores)	Progress:				Comments (only if the value is C or D)
	A	B	C	D	
1- Engage Consultant or Technical Team to assist LGU's (20%) * Local Technical Consultant West Bank Clusters (2013) - Bidding phase (In Progress) Preparing TOR, REOI Evaluating submitted EOIs EOI Evaluation, short listing RFP Issue Technical & Financial Evaluation, Award Recommendation Negotiation, * Local Technical Consultant-Water Network Rehabilitation in Beit Iqya Cluster - Bidding phase (In Progress) Preparing TOR, REOI			X		MDLF support the JSCs directly to prepare the design and bidding documents for the first phase of infrastructure projects.
2- Implementation and Follow Up with the approved Projects (95%) * 1st phase of infrastructure projects (<i>Connection Roads</i>) - Review projects identified within public participation (Completed) - Get steering committee approval (Completed) - Bidding phase (Completed) Preparing tender documents announce the invitation for bids (IFB) Bids Opening and evaluation Awarding and contracting - Implementation (Completed) * 2nd phase of infrastructure projects (<i>Social Infrastructure</i>) - Review projects identified within public participation (Completed) - Get steering committee approval (Completed) - Bidding phase (In Progress) * 3rd phase of infrastructure projects (<i>Infrastructure</i>) - Review projects identified within public participation (Completed) - Get steering committee approval (Completed) - Bidding phase (In Progress)			X		MDLF support the JSCs directly to prepare the design and bidding documents for the first phase of infrastructure projects.

■ Analysis of progress made

The first phase of infrastructure projects will improve the services of the targeted LGUs through provision of sustainable infrastructure projects (connection, entrance and internal roads). However these projects will support the amalgamation process.

The progresses of the main activities were good to achieve the completion of planned first phase infrastructures at acceptable quality.

■ Corrective Measures

Measures	Source	Actor	Deadline
1- To not wait the final SDIPs that will identify the projects for each JSC, MDLF previously added a task (quick scan and projects identification) to be carried out during the awareness campaigns in order to implement the first phase of infrastructure projects.	R3	LGRDP Team	Q2 – Y2
2- MDLF support the JSCs directly to prepare the design and bidding documents for the first phase of infrastructure projects.	R3	LGRDP Team	Q2 - Y2

3. Overall LGRDP Challenges and Obstacles

During the reporting period, the following challenges and obstacles were faced:

- ✓ *More than one assignment and activity were carried out in each cluster which confuses the targeted clusters.*
- ✓ *Formulating the Joint Service Councils was delayed and that affects the implementation of LGRDP activities.*
- ✓ *Limited resources in the clusters were delaying the implementation.*

4. Annexes

List of first phase infrastructure projects:

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

List of second phase infrastructure projects ** :

Cluster	Locality	Project Name	Project and work Description	Approx. Area
Beita	Beita	Expansion of the existing Public Health Clinic.	The existing building consists from one floor (130 m ²). The expansion will be by adding one floor and staircase of approximately (190 m ²).	190 m ²
		Construction and finishing of 6 additional classrooms in Beita Secondary Girls School.	The existing building is concrete and consists from two floors (350 m ² each floor). The construction for the 6 classrooms will be on the third floor.	350 m ²
	Audala	Construction and finishing of 2 additional Classrooms in the Boys School.	The existing building is concrete and consists from two floors, 4 classes (250 m ²). The construction for the 2 classrooms will be on the third floor.	80 m ²
		Construction and finishing of additional Multipurpose Hall to the Co-od School.	The existing building is concrete and consists from three floors, 8 classes (430 m ²). The constructions for the additional hall with utility units will be on the fourth floor.	200 m ²
	Ausareen	Maintenance of the Secondary Girls School- third floor –and construction and finishing of canteen.	The existing building consists from three floors, 18 classrooms (500 m ² each floor). The maintenance will includes roof isolation, third floor internal plaster repairing and painting due to roof leakage and walls humidity. In addition to construction and finishing of canteen (3 x 3 m) in the school yard.	500 m ²
		Construction and finishing of Women Center.	The construction for the Women Center (140 m ²) will be on exiting donated land.	140 m ²
	Za'tara	Tiling of internal street sidewalks.	Sidewalks tiling with interlock blocks for internal street. Curbstones are existing and the sidewalk will be (600 x 1 m).	600 m ²
		Construction of children garden.	The construction of the garden will be on land located in the center area of Za'tara (1500 m ²). The construction will includes leveling, fencing walls, gate, seats, lighting and kid games.	1500 m ²
Beit leqya	Kharbatha al misbah	Construction and finishing of 5 additional classrooms in the Boys' Secondary School.	The existing building is stone and consists from 2.5 floors (320 m ² for each floor). The construction for the 5 classrooms will be on the second floor.	320 m ²

	Beit leqya	Rehabilitation and equipping two computer centers in both Secondary Boys and Girls Schools.	The work is to rehabilitate the girl's school computer lab and to renovate new room in the boy's school to be the lab. The labs need to be equipped with (50 computer, 50 desks, 100 chairs, 2 TVs). In addition to installing related networks.	
		Construction and finishing of additional floor and rehabilitation of the Public Health Center.	The existing building is concrete and consists from one floor (200 m ²) area suffer from humidity and water leakage in the courtyard. The constructions for the additional floor will depend on the building's structural and physical condition and the ministry requirements.	200 m ²
	Beit nuba	Tiling and lighting of internal roads.	Tiling with interlock blocks for internal roads (550 x 3 m). Works may include 1 m concrete sidewalks. In addition to installing 15 lighting units (lamp and arm) on the existing Electrical poles.	1650 m ²
	Beit seera	Rehabilitation of the Primary Boys School.	The existing building is concrete and consists from three floors (350 m ² for each floor). Rehabilitation will include painting the whole school, replacing stairs tiling, renovate 6-8 utility units, construction of (4 x 5 m) canteen, and construction of drinking fountain and install metal cantilever (30 x 4 m).	140 m ²
		Tiling of kindergarten entrance road.	Tiling with interlock blocks for internal roads (300 x 4.5 m). Works may include 1 m concrete sidewalks.	1350 m ²

Note/ **: The list of projects is subject to change during the LTC assignment. The work description for each project is for guiding purposes that will be finalized according to the LTC final recommendations after coordinate with JSCs, LGUs, MDLF and line ministries.



Cluster	Locality	Project Name	Project and work Description	Approx. Area
	Jort eshama'	Raising the electricity power of Girls and Boys secondary Schools.	The existing Boys Secondary School building consists from two floors (1000 m ²). Raising the electricity power will be done by converting the internal electricity network from 1 phase to 3 phase and connect the school to the electricity source by 3 phase cable. The existing Girls Secondary School building consists from three floors (1200 m ²). Raising the electricity power will be done by connecting the school to the electricity source by 3 phase cable.	
		Rehabilitation of Jort eshama' Cemetery yard.	The work will be done by construction of cantilever (20x5 m) inside the existing cemetery yard.	100 m ²
	Um salamona	Construction of Public Garden.	The construction of the public garden will be on available land (3000 – 5000 m ²). The required design will be for the whole public garden while the construction will be for first phase to include leveling, seats, lighting, cafeteria, utility units and kid games.	3000 m ²
	Marah m'ala	Finishing works of the Multipurpose Hall and Women Center inside the Village Council building.	The existing building consists from three floors. Finishing works will be for: finishing works for the existing Multipurpose Hall on the first floor (120 m ²) and finishing works for the Women Center on the second floor (70 m ²).	190 m ²
	Marah rabah	Construction and finishing of Multipurpose Hall.	The construction for the Multipurpose hall (200 m ²) will be on the first floor of exiting Village Council building.	200 m ²
	Al ma'sarah	Raising the electricity power of Al-Zawahra' Secondary School.	The existing building consists from two floors (600 m ² for each floor). Raising the electricity power will be done by converting the internal electricity network from 1 phase to 3 phases.	
		Rehabilitation of Al ma'sarah kindergarten yard.	The existing building consists from one floor (100 m ²) with side yard (80 m ²). The rehabilitation will include supplying of grass, sand area, mobile seats, outdoor games, fencing the yard and construction of mobile cantilever.	80 m ²



	Khalet Elhadad	Construction, finishing and equipping 2 labs for Khalet El Haddad Primary Co-ed School.	The existing building consists from one floor, 5 classrooms (500 m ²). The construction for the 2 computer and scientific labs (100 m ²) will be besides the existing building. In addition to equipping the 2 labs.	100 m ²
	Al mansheeyah	Construction and finishing of Multipurpose Hall.	The construction for the Multipurpose Hall (120 m ²) will be on available land located in C area.	120 m ²
	Wad rahal	Connecting Thabra Primary Co-ed School to electricity and water source.	The existing building is under final stages of construction. Works to be done is to connect the school to the electricity source by 3 phase cable and installation of 5 electricity poles. In addition to connect the school to the water source.	
		Raising the electricity power of the Girls Secondary School.	The existing building consists from two floors (600 m ²). Raising the electricity power will be done by converting the internal electricity network from 1 phase to 3 phase and connect the school to the electricity source by 3 phase cable.	
	9 LGUs (Cluster)	Lighting of the Cluster internal roads.	Installing 550 lighting units (lamp and arm) on the existing Electrical poles distributed in the internal roads of the 9 Villages of the Cluster.	550 units
Al-Karmel	Al-Karmel	Rehabilitation of Al Karmel Primary Co-ed School Garden and Rehabilitation of the school entrance road.	The existing building consists from two floors (550 m ² for each floor). The rehabilitation of the garden will be on land (450 m ²) located inside the school boundary. The work will include supplying seats, lighting, kid games and construction of metal cantilever (30x4 m). In addition to rehabilitation of the school entrance road (250x4 m).	120 m ²
		Equipping the computer center in Al Karmel Secondary Girls School.	The existing lab room needs to be equipped with (20 computer, 20 desks, 40 chairs, TVs). In addition to installing related networks.	
		Rehabilitation of the Public Health Clinic and equipping the clinic lab.	The existing building consists from one floor (160 m ²). The existing lab room needs to be rehabilitated and equipped. The equipment will be upon the cluster needs and the ministry requirements.	100 m ²

	Main	Rehabilitation of Main Primary School yard.	The existing building consists from four rental class rooms with side yard. The rehabilitation will include supplying of mobile seats, outdoor games, fencing the yard and construction of mobile cantilever (12.5x4 m).	50 m ²
	Khalet saleh	Construction and finishing of additional floor in Khalet Saleh Co-od School.	The existing building is stone and consists from 1.5 floors (450 m2), 2 classrooms in the out yard and 2 rented classrooms outside the school boundary. The construction for the 4 classrooms, computer and scientific labs will be on the first floor. In addition to paving the school yard (600 m2) and rehabilitate existing utility units.	200 m ²

Note/ **: The list of projects is subject to change during the LTC assignment. The work description for each project is for guiding purposes that will be finalized according to the LTC final recommendations after coordinate with JSCs, LGUs, MDLF and line ministries.



List of third phase infrastructure projects:

Cluster	Project Name	Project and work Description
Beita	Construction of Spring Park.	The construction of the park (phase 1) will be on Tourist and archeological area located in Beita. The construction will includes leveling, retaining and boundary walls, seats, lighting, services building, canteen, walkways, grass and sand yards, car parking, Theater stage and kid games.
	Supply of Garbage containers.	The Garbage containers will be distributed in the whole cluster with total of 250 units (150 in Beita, 50 in Audala and 50 in Ausreen).
	Asphalting of Internal Roads in Beita, Audala, Ausreen and Za'tara	Asphalting will be for unpaved internal roads in the whole cluster with total of 1.35 km (0.50 km in Beita, 0.44 km in Audala and 0.41 km in Ausreen).
	Furnishing Beita main road.	The existing main road in Beita is 2.5 km two sides with four lanes separated by median island. The works include pavement marking lines, cat eyes, bus stations on sidewalks, Afforestation, traffic signs and traffic circles enhancement.
	Study and design for water distribution network.	There is an old water network in Audala . Pre study is required before the implementation.
Al-Karmel	Construction and finishing of Joint Services Center.	The new building will be on available land (2000 m ²) located in Al-Karmel. The construction will be stone and consists from three floors, 750 m ² total area.
	Construction of Public Garden.	The construction of the garden will be on land located in Al-Karmel. The construction will includes leveling, boundary walls, seats, lighting, services building, canteen, walkways, grass and sand yards, car parking, and kid games.
	Study and design for water distribution network.	There is reservoir (500 m ³) with no water network in Al-Karmel. Pre study is required before the implementation.
Jort eshama'	1- Construction of retaining wall for the playground of Jort eshama' secondary girl's school. 2- Rehabilitation of the yard of Al Beeda school in Wad rahal. 3- Rehabilitation of Marah m'ala kindergarten yard and raising the electricity power of the building. 4- Rehabilitation of the yard of Al mansheeyah co-ed primary	



school and raising the electricity power. 5- Finishing works of the kindergarten basement floor in Um Salamona. 6- Levelling Wadi ennis stadium. 7- Construction of Al ma'sarah Garden. 8- Construction of Marah rabah Garden. 9- Construction of Khalet Elhadad Garden.	
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Local Government Reform Development Programme "LGRDP"

Component 3: List of MDP infrastructure projects

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