صندوق تطوير وإقراض الهيئات المحلية
Municipal Development & Lending Fund

Municipal Development & Lending Fund

Technical Manual

2023

Preface

The purpose of this manual is to elucidate, step by step, the operations and procedures to be implemented by the Technical Department (TD) of Municipal Development and Lending Fund (MDLF) in managing and implementing the MDP4 sub-projects along its life cycle (appraisal, design, procurement, and implementation). All necessary tools such as forms, guidelines, and checklists that are needed to implement MDLF's technical operations and procedures will be incorporated herein.

This manual is designed to be used alongside with number of other documents, including MDLF's Transfer Mechanism Manual on allocation of municipal funds and MDLF's Procurement and Financial Manuals.

As part of its purpose, this manual develops all necessary tools (forms, guidelines, and checklists) needed to implement MDLF's technical operations and procedures.

This manual is an updated version of MDLF's Technical Manual that was prepared in 2006 and updated many times during the previous series of MDP projects where the last updated been implemented in March 2021. The updates were necessary to conform to the new changes in MDLF's programmatic activities. The updates were fundamental and resulted through extensive consultation with interested stakeholders including MDLF key staff, donors, and municipalities.

Finally, this manual is a living document and needs to be updated as conditions allow. In fact, the manual will need modifications by the end of the first cycle of implementing capital investment projects; by then, modifications shall be based on real piloting of the manual and benefit from actual lessons learned.

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Abbreviations

AFD	French Development Agency
BOD	Board of Directors
BOD TC	Board of Directors Technical Committee
BOQ	Bill of Quantities
CB	Capacity Building
CBOs	Community–Based Organizations
DANIDA	Danish International Development Assistance
DCF	Data Collection Form
DCG	Donor Coordination Group
DG	Director General
EC	European Commission
ENABEL/BTC	Belgian Technical Cooperation
ESF	Environmental and Social Framework
ESMF	Environmental Social Management Framework
ESMP	Environmental Social Management Plan
FD	Financial Department
FM	Financial Management
FPs	Financing Partners
FY	Fiscal Year
GAM	Grants Allocation Mechanism
GBV	Gender-based Violence
GD	General Director
GIA	Grant Implementation Agreement
GIZ	German Technical Cooperation
GM	Grievance Mechanism
KFW	German Development Bank
KPIs	Key Performance Indicators
LALP	Land Acquisition and Livelihood Plan
LALF	Land Acquisition and Livelihood Framework
LGUs	Local Government Units (Municipalities or Municipal Areas for the purpose of this manual)
LMP	Labor Management Procedure
LTC	Local Technical Consultant
MC	Minimum condition
MDLF	Municipal Development and Lending Fund of Palestine
MDP4	Municipal Development Program phase 4

MoF	Ministry of Finance
MOFP	Ministry of Finance &Planning
MOLG	Ministry of Local Government
MP	Master Plan
O&M	Operations and Maintenance
OM	Operations Manager
PD	Procurement Department
PNA	Palestinian National Authority
PPE	Personal Protection Equipment's
PPM	Procurement Plan Milestone
PRDP	Public Reform Development Plan
RFA	Request for Applications
RFP	Request for Proposals
RFQ	Request for Quotations
RM	Responsibility Matrix
SEP	Stakeholder Engagement Plan
SDC	Swiss Agency for Development Cooperation
SDIP	Strategic Development and Investment Plan
SDP	Strategic Planning Department
SIDA	Swedish International Development Assistance
TA	Technical Assistance
TC	Technical Committee composed of TD manager and one supervisor, Procurement Department Manager, and chaired by OM
TD	Technical Department
TOM	Technical Operational Manual
UNMAS	United Nations Mine Action Service
URA	Urban Risk Assessments
UXO	Unexploded Ordnance
VAR	Variation Order Request
VNG	International Cooperation Agency of the Association of Netherlands Municipalities
WB	World Bank
WBG	World Bank Group

1 Technical Operations in support of MDLF's Mission and Values

The Technical Operations support the mission and values of the MDLF with respect to:

- Managing Funds effectively.
- Harmonizing local development with national plans and policies.
- Enabling LGUs to provide quality services.
- Enabling LGUs to achieve sustainable development.
- Ensuring effective monitoring and evaluation techniques
- Operating with transparency, professionalism, accountability, credibility, and scientific method

The mission of the MDLF: "A national organization that strives to empower the local government units to implement national programs and projects that are derived from the local government policies by managing the funds for grants and loans".

MDLF provides municipalities[1] with grants[2] . The money is embodied into development projects on the ground. MDLF manages, monitors, and evaluates projects funded by its grants. MDLF directly reports the progress and the impact of these projects to stakeholders, in particular to the public, the national government and donors.

This Technical Operations Manual (TOM) supports the MDLF mission and values in the way illustrated in Table No. (1) below.

1 LGUs means all local government Units, but the MDLF is supporting mainly municipalities anticipating that other smaller village councils will merge in a bigger community called municipalities, or under Innovation Window as part of a joint service council under specific programs. Therefore, this manual will use the term municipality.
2 MDLF at the time when municipalities are at the level of creditworthy, they may be receiving loans, the mechanism for such practice is not yet developed, therefore, this manual deals with grants only.

Table 1: The Technical Operations Manual supports MDLF mission and values

MDLF Mission & Values	Contribution of the Technical Operations Manual
Manage Funds effectively	- Adopts MDLF's Transfer Mechanism which allocates grants to municipalities in equitable, efficient, and accountable way; it creates incentives for improving municipalities performance. - Encourages substantial cost sharing by municipalities. - Enables MDLF to manage, monitor and evaluate projects' design and implementation
Harmonize local development with national plans and policies	- Creates incentives for municipalities to improve their performance; hence supports national development goals for development at local level. - Encourages the implementation of projects resulted from an approved SDIPs. - Projects' identification, assessment and approval procedures support harmony with national plans and policies.
Enable municipalities to provide quality services and achieve sustainable development	- Creates incentives for municipalities to improve their performance; this improves the general capacity of municipalities to provide better quality and sustainable service. - Requires municipalities to submit proper operation & maintenance plan for each proposed project. - Requires municipalities to propose priority-need projects as seen by the citizens, which are economically feasible, and do not cause any unmitigated environmental & social risks.
Operate with transparency, professionalism, accountability, credibility, and scientific method	- MDLF's grant allocation mechanism is documented and open for all municipalities; it is based on scientific analysis of real data. - Municipalities identify their priority-need projects with direct community consultations. - Municipalities themselves assess their projects against well-defined illegibility criteria, while MDLF audits projects' assessment. - MDLF appraises, funds, monitors, and evaluates projects' design and implementation using professional tools and procedures. - Evaluation reports compare achievements to commitments for both the MDLF and the municipalities. - Applications, decisions, and records are documented and open to stakeholders and the public.

2 Types of Projects Supported by the MDLF

Key Points

- Municipalities are eligible to receive grants from MDLF if they comply with basic eligibility criteria in accordance with the Grants Allocation Manual.
- The grants will cover investments or activities that are within the legal mandate of municipalities as per the Local Authorities Law of 1997 or revision thereof.
- Rehabilitation (including goods and works), reconstruction, extension and new construction of municipal infrastructures and facilities may receive MDLF support.
- The municipal projects shall come out of SDIP.
- The ceiling of funds each municipality is eligible to receive from MDLF, under municipal grant for capital investment component, is calculated using the grant allocation formula in which allocations are based on population (10%), needs (35%) and performance (55%) for cycle 1 while, population (10%), needs (30%) and performance (60%) for cycle 2.

2.1 Eligible Applicants for investments in municipal infrastructure

The allocations for municipalities will be allocated for cycle 1 and cycle 2 consequently, (45%, 40%) of the total component 1 financing for the block grant and (55%, 60%) for the performance-based grant.

All Municipalities are eligible to receive block grants if they: submit their annual budget which is approved from the municipal council to MOLG, their SDIPs are prepared according to the guidelines, they are actively submitting information within Ministry of Finance net lending portal and their annual budget are disclosed.

2.2 Eligible Projects

The grants will cover investments or activities that are within the legal mandate of municipalities as per the Local Authorities Law of 1997 or revision thereof. The eligible sectors (including but not limited to (i) Water and waste water services if provided by the municipalities; (ii) Solid Waste Management; (iii) Roads and sidewalks; (iv) Public Facilities (v) Street Lighting and (vi) Electricity Services not provided by a commercial utility), Revenue Generation projects (, car parking,…), recurrent expenditure for Gaza municipalities, and renewable energy are those that constitute the core areas of municipal services to be provided to the citizens or enable the municipalities to provide or develop those services.

Municipalities are requested to show that they have coordinated with relevant national bodies, such as Palestinian Energy Authority and Palestinian Water Authority, Ministry of Education, Civil Defence, etc. to ensure avoidance of any duplication of investment. The grants will not cover projects that contain significant to high environmental and social risk impacts. These types of projects would require a full Environmental and Social Impact Assessment (ESIA). They would also require a Resettlement Action Plan (RAP) depending on the number of Project Affected Persons (PAPs) and resettlement impact anticipated. Further details about the eligible projects from environmental and social point of view were provided in the ESMF, (attached in Annex 1) which includes the project exclusion criteria where all sub-projects will be screened against it as well as, the exclusion list of sub-projects that will be avoided during conducting the E&S screening process.

3 Introduction

3.1 MDP as a core program

In 2009, the Palestinian National Authority (PNA) has initiated a national Municipal Development Program (MDP) to support local development in the country with specific focus on improving capacities of municipalities to provide better services to the Palestinian citizens. The Municipal Development and Lending Fund (MDLF), as the national development agency in the local government sector, has been mandated to implement the MDP.

The MDP is a multi-phase national program that has been financed by the Palestinian government and several financing partners (FPs), including; World Bank (WB), German Development Bank (KFW), Danish International Development Assistance (DANIDA), Swedish International Development Assistance (SIDA), Swiss Agency for Development Cooperation (SDC), International Cooperation Agency of the Association of Netherlands Municipalities (VNG), Belgian Technical Cooperation (ENABEL/BTC), French Development Agency (AFD), the European Commission (EC), and German Technical Cooperation (GIZ).

The MDP is designed to contribute to the larger Palestinian Government objectives related to strengthening local governments by enhancing their efficiency and effectiveness in managing their municipal affairs by moving them towards fiscal stability over the longer-term. The first phase of the MDP spanned over a three-year period from 2010 to 2013. The second phase of MDP started in 2014 and was concluded in 2017. Currently, the MDLF is implementing the third phase of the MDP which is expected to be concluded in August 2023.

The MDP was designed to address the core issues in municipal service delivery including poor management practices that compound an already severe budgetary crisis (lack of local budgets for capital investments and low revenue generation). To do so, the design of the MDP included a multi-stage hierarchy of objectives, as described below:

1. **Sector-Level objective**: Over the long-term and drawing on the MDLF's institutional mandate and vision, the MDP would contribute to strengthening municipal governance to enable municipalities to become creditworthy and thereby access resources from the market for investments that will enhance municipal service delivery.
2. **Program-Level objective**: Over the medium-term and drawing on the Palestinian national plans, the MDP was designed to support municipalities in providing better coverage and improved quality of municipal services.
    - Objective of the First Phase of the MDP was: To support municipalities in improving their management/governance practices.
    - Objective of the Second Phase of the MDP was: To improve municipal management practices for better service delivery and municipal transparency.

- Objective of the current Third Phase of the MDP is: To enhance the institutional capacity of municipalities in the West Bank and Gaza for more accountable and sustainable service delivery.

The three phases of the MDP have targeted all municipalities and provided municipalities with a combination of technical assistance and annual performance-based grants for priority sub-projects that would improve municipal service delivery. The performance-based grants (known as the Grants Allocation Mechanism-GAM) was designed to create incentives for municipalities to introduce management principles to enable progress towards creditworthiness. The MDP allocation mechanism is characterized as: (Transparent, Coverage 100% of municipalities, Equity, Fair, Incentive based distribution).

3.2 MDP4 Objective & Components

The Municipal Development Program Phase Four Objective is: To strengthen municipal capacity to deliver accountable, sustainable, inclusive, and resilient services to the municipal population in the West Bank and Gaza.

Municipal Development Project (MDP4)[3] is structured in five components and will be implemented in two consecutive cycles. Component 1: Performance Based Service Delivery Grants, Component 2: Sector Policy and Institutional Development, Component 3: Competitive Grants for Natural hazard and Climate Change Resilience, Component 4: Implementation support and management and Component 5: Contingency Emergency Response. Building on the success and lessons learned of the MDP series, MDP4 will continue to support municipalities to deliver on their service delivery mandates. It will do so by continuing to strengthen the decentralization process by allowing municipalities to depend on more transparent and predictable grant financing to budget their service delivery to their citizens. Going beyond previous MDP operations, this MDP will focus more on improving the performance of municipalities and the sustainability of the intergovernmental transfer system under component 2.

Scope: MDP4 will support 159 municipalities in West Bank and Gaza, which includes 25 municipalities in Gaza and 134 in the West Bank. The number of participating municipalities may increase as village Councils might graduate to municipality status, based on requests and the definition proscribed by MoLG.

3.2.1 Component 1: Performance Based Service Delivery Grants

Through this component the MDP4 will provide participating municipalities with the PBG financing needed to advance in the process of fulfilling their mandated service delivery

[3] Also called “West Bank and Gaza Resilient Municipal Services Project - RMSP”

responsibilities and will support alignment with the capacity building activities under component 2.

Minimum Eligibility Criteria: to participate under component 1, municipalities will have to first comply with a series of Minimum Conditions (MCs) which are the basic requirements. Basic MCs are:

- The annual budget is submitted via the foreseen electronic platform and approved by MoLG.
- SDIPs are prepared according to the guidelines and updated annually.
- Municipalities are actively submitting information within the MoF Net lending portal (second Cycle) to agree with development partners.
- Public disclosure of annual budgets, SDIP and MDP Performance ranking.

1. **Types of grants and utilization**. Municipalities will receive two grants to finance municipal service delivery infrastructure sub-projects including financing the design of the sub-projects. The first of which will be based on an evaluation of municipal needs and equity and the second will be performance based. It is a similar approach to the one taken as part of the MDP project series. However, the proposed project will have a stronger focus on the performance of municipalities. In the first cycle at least 55 percent of grant financing will be assigned to the PBG for all municipalities and the second cycle will see an increase to 60 percent. More specifically:

i) **Needs based Grant.** It will be composed of two parts:

a. **Block Grant.** During each cycle a fixed allocation[4] will be transferred to all participating municipalities in the Project.

b. **Needs-Based Grant.** The grant amounts will be based on a formula that considers the size of the population and a series of proxy indicators for service delivery gaps and poverty. 10 percent from the total gross allocation is proposed to be distributed based on population and the remaining allocation will be distributed according to the following indicators: a) Roads Quality (20 percent); b) Lack of Urban Green Space (15 percent); (c) Urban density (20 percent); and (d) Poverty on municipal level (45 percent).

ii) **Performance based Grant.** Participating municipalities will receive an amount determined based on the achievement of municipal KPIs. The grants will be substantial enough in per capita terms to allow municipalities to undertake relatively larger capital investments, to adequately incentivize municipalities to achieve performance targets and make impactful service delivery improvements. These KPIs will focus on financial

[4] A fixed allocation of EUR 25,000 is proposed to be allocated to each participating municipality in each investment cycle.

sustainability, good governance, integrated planning, and inclusion of vulnerable groups.

2. **Performance Assessments.** There will be 3 assessments of municipal performance based on the KPIs. The first will be carried out during the initiation of the project to create a Municipal Performance Assessment baseline and rank municipalities for the first grant cycle disbursements. The second will be conducted at the project's midterm to determine the second grant cycle disbursements. The final assessment will be carried out at project's closing to measure the progress of participating municipalities through the project lifetime but will not involve any grant disbursements. The Municipal Performance assessment will be carried out by an independent third-party verification agency hired by the MDLF.

Grant Utilization: Grants under component 1 will be used to finance infrastructure sub-projects, except in Gaza Strip where municipalities will be able to use up to 20 percent to finance recurrent expenditures to reflect the special circumstances they face. The specific infrastructure subprojects will be identified and prioritized as part of the preparation process of the SDIPs. These will be limited to the sectors outlined in the LGUs law # 1 for 1997, taking into consideration a negative list which considers high social and environmental risk projects, in accordance with project Environmental and Social Management Framework (ESMF) requirements.

MDP4 subprojects fall within but not limited to the following sectors:

- Road Rehabilitation and Maintenance Services: Goods and works for construction, maintenance, rehabilitation, and reconstruction of new/existing internal roads, including traffic signs, road line demarcations, safety rails, traffic signals, street lighting, sidewalks, road maintenance tools and equipment; fuel and vehicle insurance. Large scale sub-projects with high risk will be excluded such as regional highways, railways, underground stations, etc. Comprehensive road projects covering main items such as underground infrastructure, street lighting, sidewalks, planting trees and road furniture will be implemented. This as applicable and where is needed.
- Water and Wastewater Services: Installation, maintenance, extension and rehabilitation of municipal water and sewerage networks (if only served by wastewater treatment plant), rehabilitation of wells and reservoirs; provision of chemicals for water purification; repair and maintenance of equipment, such as pumps, generators, vacuum tanks, and vehicles; purchase of spare parts (based on an existing maintenance plan), and fuel; the extensions of networks and purchase of new equipment and vehicles only for projects being part of the priorities of a municipal development plan. Storm water drainage networks, and flood management. Large scale sub-projects with high risk will be excluded such as wastewater trunk lines, and wastewater collection

networks that are connected to an operating treatment plant, large water desalination plants, large wastewater plants, dams, large scale drainage systems, etc.

- Public Facilities: Establishment/construction, rehabilitation and equipment of parks, kindergartens, youth centers, cultural centers, small public market infrastructure, municipal buildings and facilities, green interventions, retrofitting and bus stations. Large scale sub-projects with high risk will be excluded such as large/mega markets with large infrastructure, etc.
- Electricity and Energy Projects: Electricity and energy projects, including goods and works for rehabilitation of distribution networks, street lighting, energy efficiency and renewable energy related projects for the benefit of municipalities. Large scale sub-projects like waste to energy, with high risk will be excluded such as large power plants, etc.
- Solid Waste Management: Solid waste containers, tools, trucks, and compactors used for solid waste collection and disposal, spare parts for solid waste trucks, equipment and materials based on a solid waste management concept; in addition, service contracts for solid waste collection, as well as labor, dumping fees, fuel, vehicle lubricants, insurance, and other related direct running costs for municipal service provision. Large scale sub-projects with high risk will be excluded such as construction of landfills, etc.

Recurrent expenditure for Gaza municipalities:

Considering the circumstances Gaza municipalities face, they will be allowed to use up to 20 percent of each municipality to finance recurrent expenditures excluding paying wages of public servants, such recurrent expenditures finance is considered crucial as direct inputs for sustaining essential municipal services in Gaza. The provisions will include the expenditures as listed in Table No.2 below on the account for the cost of cleaning and maintaining public land, facilities, and assets including road maintenance; water and electricity utilities related to the provision of municipal services; collecting and dumping solid waste in legally permissible areas; carrying out laboratory tests; the cost of maintaining and operating municipal service vehicles; equipment spare parts; vehicle insurance; maintaining electromechanical and IT equipment; carrying out advertisements under the Procurement Plan, regarding the procurement of goods and works; office supplies; public awareness related to increasing municipal revenues; the cost of communications; renting service vehicles; provision of equipment and supplies to combat the spread of the COVID-19 virus, all directly related to the provision of essential municipal services.

Table 2: Item Categories – 20% in Gaza Municipalities

#	Item Category	Details	Comments
1.	Oil for vehicles and electricity generators	1. Oil for service vehicles including the administration's vehicles 2. Oil for Water and Wastewater Facilities and the Administration (to operate the Stade by Generators)	
2.	Vehicles and Electricity Generators spare parts including tires and Batteries as well.	1. Items for service vehicles (all sectors) 2. Items for Service Electricity Generators (all Sectors) 3. Items for electricity Generators for the administration	
3.	Electromechanical Maintenance contracts for Water and Wastewater Facilities Spare parts		
4.	Primary solid waste collection cost (hiring of labor)	Hiring labor using donkey carts/using hand carts	
5.	Secondary solid waste collection through private sector (from transfer stations to the main landfill)	Contracting private companies to transfer solid waste from the transfer stations to the main land fill	
6.	Solid waste councils' fees/ Solid Waste fees for the use of the Land fill	Payments against the solid waste service provided by the public entity on a regular basis.	
7.	Joint Service councils' fees	Payments against municipal services provided by the service councils (using wheel loaders, trucks, wastewater vehicles…. etc.).	
8.	Materials for municipality workshop	Small to medium size tools for municipal services maintenance regular activities	
9.	Maintenance of solid waste containers		
10.	Materials and tools for safety	Example clothes and shoes for workers (PPE)	
11.	provision of equipment, materials, and supplies to combat the spread of the COVID-19 virus,		

#	Item Category	Details	Comments
12.	all directly related to the provision of essential municipal services		
13.	Fuel for service vehicles and generators		
14.	Water& Wastewater, street lighting and Electricity Utilities related to municipal services		
15.	Vehicles and labor insurance		
16.	Office supplies		
17.	Public awareness related to increasing municipal revenues		
18.	Renting service vehicles		

Economic and Financial Analysis

Economic and financial analysis to be considered based on sub-project's nature and type. This will provide a guidance to MDLF during appraisal stage. Annex 8 includes methodology of conducting economic and financial analysis to be used by municipalities.

Natural hazard and climate change Risk informed SDIPs and across sub-projects.

Under component one climate change responsiveness will be part of the sub-project life cycle where applicable including screening, technical design, implementation (ESMPs) and operation. For example, for roads sub-projects plantation will be considered as improvement to the sub-project climate change responsiveness, moreover, using water saving plant types and using water saving irrigation (Dripping) systems creating a more climate change responsive investments. Table No. 3 below provide criteria that may be considered where applicable to assess sub-projects climate change responsiveness.

Table 3: sub-projects climate change responsiveness Criteria

Project Type	Climate Change Responsive Criteria
Road Rehabilitation and Maintenance Services	- Drainage for storm control and water collection - Roadside lighting and signs powered by captured energy. - Applying compensation principle, for each 10meter square asphalting, a tree should be planted in the rehabilitated road itself if applicable otherwise in another place.

	- More walkability and less car mobility - Permeable surfaces
Public Facilities	- Efficient design for thermal regulation and comfort, building site and orientation, building layout and configuration, among others. - Rooftop solar panels - Use of green roofs and facades - Selection of construction materials - Greywater reuse, collection of rooftop water - Open green spaces such as green corridors
Water and Wastewater Services	- Sewer collection system to be served by wastewater treatment plant. - Design of storm water system and its structures considering flood management. - Storm water system to be drained away of residential houses and goes naturally.
Electricity and Energy Projects	- Materials, equipment, and systems that considered Eenergy efficiency. - Renewable energy projects (rooftop solar panels, small – medium scale renewable energy plant) - Disposal of different types of wastes as per solid waste management plan considering end of life for the electrical equipment.
Solid Waste Management	- Disposal of wastes to sanitary landfill - Existing of legal transfer station - Presence of solid waste management plan

In addition, as part of the second cycle, the project will pilot the introduction of the natural hazard and climate change risk informed subprojects, delivered under the planned 60 resilience plans, into the municipal SDIPs. By design, the project does not have a list of activities to be financed until the next round of SDIPs is prepared. However, based on the most recent set of investments under the MDP3, this will result in the identification, design and construction of climate resilient roads, street lighting, solar panels for buildings and water distribution, flood risk mitigation works, etc.[5] Other expected activities, could include as part of mitigation activities, energy efficient building rehabilitation, rooftop solar energy, solid waste management, urban nature-based solutions like green roofs, green corridors, urban

[5] For MDP3, SDIPs mostly consisted of roads, piped water supply, solid waste collection, and sanitation works and parks rehabilitation.

farming, urban parks and forests. These investments can also support climate adaptation helping cities to combat the urban heat island effect.

Unexploded Ordnance (UXO) – Gaza Strip Municipalities

To mitigate health risk related to the chance of finding unexploded ordnance (UXO) during excavation at previously shelled sites in Gaza Strip, MDLF and following the previous practice in MDP3 will approach the UNMAS to carry out the UXO assessment wherever needed. Financed subprojects will be subject during screening and appraisal to UXO assessment by MDLF specialists to assess whether UNMASS involvement is needed or not. Subprojects that will be implemented within sites that directly shelled will be considered relevant to involve UNMAS for detailed specialized assessment which will be financed from municipality own budget or other institutions who are working in this field.

3.2.2 Component 2: Sector Policy and Institutional Development

This component, implemented by MDLF, is designed to reinforce, and complement Components 1 and 3 with targeted technical assistance (TA), policy guidance, and capacity building training for various public agencies at the national and local level. Its primary aim will be to strengthen intergovernmental systems by improving regulatory oversight of the sector; increase transparency and accountability in administering the intergovernmental fiscal system; develop ways and means of improving local government revenues (including fiscal transfers and own-source revenues); and provide on-demand technical support to participating municipalities seeking to meet performance criteria or improve their resilience and climate change related planning and implementation efforts.

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

As participants in the performance grant financing scheme municipalities will be eligible to receive support under this component to strengthen their budget preparation, financial management, procurement, spatial planning, operations and maintenance programming, social accountability, credit worthiness and e-governance. This Component will also fund pre-investment studies for civil works capacity and sustain results achieved.

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

This sub-component will support the Ministry of Local Government (MOLG) in its capacity as policy maker and regulator of the local government sector, specifically through the reform and policy agenda for the local government development. In addition, it will support MDLF in its evolving role as a financial intermediary for municipalities, including strategy development, market analysis and other relevant studies to strengthen Local Government Unit (LGU) access to private and concessional financing.

3.2.3 Component 3. Competitive Grants for Natural hazard and Climate Change Resilience

In alignment with National Policy 31 "Ensuring a Sustainable Environment" of the National Development Plan 2021-2023, the component will support municipalities to reduce natural hazard related risks in support of the efforts of the Palestinian Authority (PA) to alleviate climate change impacts and reduce all forms of environmental pollution. The component will cover TA as well as offer financing of small-medium scale physical works. More specifically this component will cover:

Subcomponent 3.1. Natural hazard and climate change risk assessments. Building on the recent urban hydrological, climatological and climate change risk research carried out by the World Bank, as well as the resilience plans developed for 20 large municipalities under the Third Municipal Development Project (MDP3), the subcomponent will support the development of primary and secondary level Urban Risk Assessments (URA) for natural hazard risks for 60 municipalities.

Secondary URA will be conducted for the 20 municipalities who developed their resilience plan under MDP3. The proposed risk reduction interventions will address municipal governance and behavioural issues for hazards as well as risk mitigation works which will be implemented under the competitive window. MDLF will hire a consultant who will conduct the assessment and support the municipalities in selecting resilience projects to be implemented in accordance with international best practices.

In addition, this sub-component supports conducting primary URA to additional 40 municipalities which will be selected by MDLF in coordination with MOLG. based on specific criteria such as municipalities with rank C+ and more, its geographic distribution, its size and need in West Bank and Gaza, among others. The assessment will lead to further 40 resilience plans, which will be integrated in the SDIPs and will be given a priority to be financed by the second cycle grants. MDLF will hire a consultant to conduct the assessment and to prepare the resilience plans which will lead to resilience projects that will be implemented in accordance with international best practice.

Sub-component 3.2. Natural hazard and climate change adaptation investments.

The subproject will support the identification, design and construction of natural hazard risk mitigation works from the 20 municipalities that have developed resilience plans under MDP3. Prior submitting the proposals, MDLF will set selection criteria, define the process of selection the activities and set the accepted ceiling budget for the activities to be financed considering the available budget for this sub-component. MDLF will publish transparently the criteria and the list of activities to be financed to all municipalities who are expected to submit their proposals in the first 6 months of project implementation. All proposals will be screened against the criteria and will be evaluated and have a score as presented in this section. The proposal with the highest score will be implemented.

The screening will be implemented in accordance with the step presented hereafter, MDLF will form a technical committee to be responsible to evaluate the proposals and select the winning project. The committee will include the following members (Operation Manager, Technical Manager, Strategic Planning Manager and E&S Specialists). Evaluation report will be prepared by the committee and will be submitted to the General Manager for approval.

The table below provides guidance to determine the scoring of the project.

Table 4: Criteria and its Score to Assess the Submitted Projects

Criteria	Total Score
Risk of Climate Change	50
Number of Beneficiaries (N)	15
Sector	35

Table 5: Guidance to Evaluate the Submitted Projects

Criteria	Evaluation	Score
Risk of Climate Change (X)	Low risk: low exposure, low potential impact, GHG emissions	X ≤ 15
	Medium risk: moderate exposure, moderate potential impacts, GHG emissions	15 < X ≤ 35
	High risk: high exposure, high potential impacts[6], GHG emissions	35 < X≤ 50
Number of Beneficiaries (N)	N < 10,000 capita	5
	10,000< N ≤ 20,000 capita	10
	N > 20,000 capita	15
Sector (S)	Public spaces & gardens	S ≤ 10
	Solid waste management	10 < S ≤ 15
	Renewable Energy & energy efficiency	15< S ≤ 20
	Wastewater management	20 < S ≤ 25
	Public & green buildings,	25 < S ≤ 30
	Water and flood management	30 < S ≤ 35

Note: these criteria and guidance may be modified based on further assessment of the resilience plans of the 20 municipalities by the specialized consultant.

[6] Exposure refers to assess the current and future exposure of the project location to relevant climate and geophysical hazards, and impacts refer to assesses the current and future impacts of identified climate and geophysical hazards on the project's physical components as currently designed under relevant sectors.

The winning project will be deduced from summation of the scoring for the above-mentioned criteria as follows:

Winning project Score = X + N + S

In case two projects have same score; the committee will have the right to carry out additional evaluation based on the geographic location of the project as well as the municipality rank (higher rank will have the right to win the project). The selected municipalities will be responsible for implementing the infrastructure projects identified, under the MDLF's oversight and supervision. MDLF will hire local technical consultants who will support municipalities in submission the projects and compete as per the above-mentioned criteria to win. In addition, to coordinate with the related authority to ensure smooth implementation of the project.

The following are some types of activities to be financed under this sub-component:

- Flood management projects such as water harvesting, construction of flood management structures, surface drainage system.
- Sewer collection system to be served by wastewater treatment plant.
- Construction of small wastewater treatment plant.
- Renewable energy projects (rooftop solar panels, small – medium scale renewable energy plants).
- Energy efficiency projects.
- Green building and public spaces where interventions can be taken inconsideration to encourage the use of these places for women and youth.
- Solid waste management projects such as the cartoons and paper from the markets and where the municipalities will arrange with the private sector to gather these materials with light compaction and take them instead of sending them to landfills to remanufacture and reuse these materials.
- Composting projects.
- Encouraging the use of marketing of hand manufacturing material and food in public spaces through different types of events.
- Emergency response equipment.

Subcomponent 3.3. Promotion of Green Services and Climate Change Initiatives in Local Governance

To tackle climate negative impacts in Palestine, including increased draughts, flooding, and heat islands effects as well as environmental degradation, such as soil and air pollution and biodiversity losses, investing in resilient and low carbon infrastructures are essential to take the path of a green transition and cope with the effects of climate change. Enable in coordination with MOLG and other line ministries such as PENRA and EQA set climate change initiatives aiming at piloting innovative approaches to the Palestinian context and scaling up interesting existing solutions in 4 sectors: including:

- **Green Buildings:** Support retrofitting of at least two public buildings by applying green building models and practices.
- **Green Public Spaces:** Facilitate the development of public spaces in at least two urban areas of the selected Governorates through integrating the green concepts.
- **Other Green Services:**
  - RE and EE: promote rooftops on the Municipality Buildings among the selected Clusters, and potential Mid-Size solar panels on a territorial Level.
  - SWM: provide Solid waste Equipment's, tools, and Vehicles for the benefit of the JSC among the selected Clusters.

The aforementioned initiatives will target specific clusters across the West Bank as agreed with steering committee (MDLF, Enabel and MoLG).

Potential interventions to be identified after appraisal of project in coordination with Enabel, MOLG and MDLF. A Local technical consultant will be contracted to complement the initial studies through conducting in-depth analysis and developing detailed competitive selection criteria to support MDLF, MOLG and Enabel to better identify the potential interventions and projects in the targeted clusters.

3.2.4 Component 4: Implementation support and management

This component will finance the functioning of the teams that are part of the MDLF supporting the implementation of the project. It will finance the management costs of the MDLF as well as the required goods, consultant services (local technical infrastructure supervision) and non-consulting services needed for the effective monitoring and evaluation, ESF management, procurement, outreach, and communications for the project.

3.2.5 Component 5: Contingency Emergency Response

Providing immediate response to an Eligible Crisis of Emergency, as needed. The objective of this Component is to support the response capacity in the event of an emergency by reallocating funds from other project Components or serving as a conduit to process additional financing from other funding sources for eligible emergencies to mitigate, respond to and recover from the potential harmful consequences arising from the emergency.

3.3 MDP4 Environmental and Social Management Instruments

3.3.1 Environmental and Social Management Framework (ESMF)

MDLF prepared the Environmental and Social Management Framework (ESMF) to facilitate the planning and implementation of MDP4 and to establish procedures and methodologies for environmental and social assessments as well as to review, approve and implement investments to be financed under the project as the nature, scope, and locations of activities become known during the implementation of the project. The ESMF has been developed as the E&S instrument for assessing, managing, and monitoring E&S risks and impacts of the project given that the full nature, scope, and geographical locations were not known at the time of preparing the ESMF. The ESMF establishes the screening processes and tools to be directly implemented by the benefiting municipalities and contractors in assessing the risks and impacts of the sub-projects. This will facilitate the recommendation of appropriate mitigation and monitoring measures for each subcomponent and/or activity.

The ESMF describes the policy and legal framework in which the E&S Standards are embedded, including national and international laws and regulations, and supporting instruments. It further lays out an environmental and socio-economic baseline; classifies the E&S risks and mitigation measures. The document then explains the institutional and implementation arrangements for the project and for the ESMF and lays out the Monitoring Plan for the ESMF. It also lists the Project Grievance Mechanisms (GM) and explains anticipated training and capacity development initiatives.

Environmental and Social Screening Process

Screening Process MDLF will provide oversight of all E&S screening processes. The participating municipality will be responsible for the screening of all its respective activities. The screening will be based on the sub-project-specific E&S **Screening Form**.

- ✓ All proposed sub-projects will be subjected to a screening process to be carried out by MDLF supported by E&S consultants at MDLF. The outcome of the screening will determine whether:
- ✓ The activity is high-risk and will be excluded.
- ✓ Site-specific ESIAs/ESMPs or other E&S instruments (e.g., LALP) is required for substantial or moderate sub-projects under components 1 and 3 (covering all project activities). ESIAs/ESMPs are to be prepared by municipalities supported by the MDLF E&S consultants, the instruments selection will depend on the complexity of the subproject and proportionate E&S assessment of the subproject,

- ✓ Sub-projects of low to moderate Risk, in this case, incorporate potential mitigation measures into the design of the subprojects and the Environmental and Social Checklist would be prepared based on the sectorial E&S checklists.
- ✓ The screening report will further help to determine which ESF standards are applicable and which steps need to be taken and which provisions or procedures apply, as laid out in the ESMF. The process will also identify critical issues that might be relevant to the respective sub-project.

  ESMF Document is attached in Annex 1.

3.3.2 Labor Management Procedures (LMP)

The Labor Management Procedures (LMP) is developed by MDLF to help MDP4 manage the risks under the Advancing Sustainability in Performance. The LMP sets out the Project's approach to meet national requirements as well as the World Bank's Environmental and Social Framework, Labor and working conditions, ESS2 and Community Health and Safety (ESS4). The LMP identified key risks and impacts associated with Project implementation, associated with workers as well as community health and safety, and the risk associated with labor impact for different subcomponents of MDP4. It addresses the labor-related risks and provides mitigation measures to minimize those risks, assists in identifying labor requirements and compliance with the environmental and social standards.

LMP full document is attached in Annex 2.

3.3.3 Land Acquisition and Livelihood Framework (LALF)

MDLF has developed a Land Acquisition and Livelihood Framework (LALF) in accordance with the Palestinian Laws and the international standards. LALF comes to ensure that the MDP4-funded development and infrastructure projects will take into consideration the social and economic circumstances of the local communities. Moreover, it provides procedures that will ensure economic stability and fair compensation to the individuals who are affected by the projects (PAPs), particularly the marginalized groups. LALF has further developed to ensure compliance with environmental and social standards, particularly ESS 5, the methodology of developing the framework was based on reviewing relevant Palestinian laws and regulations and international standards such as the World Bank's Standards, meetings with the Ministry of Local Government (MoLG), meetings and interviews with MDLF staff, meetings with legal and development experts, and a consultation workshop with stakeholders.

Equally important, LALF outlines a group of major principles which include the respect of private property and only expropriating it for the public interest, the communities' right to development, minimizing the negative impacts of the implemented subprojects, and preventing the demolition of structures or the relocation of its residents. Furthermore, the LALF clearly states that subprojects must not be implemented where legal disputes exist,

emphasizes the importance of participatory planning and implementation of projects, and ensures the compensation of individuals who are affected by the subprojects in accordance with the legal procedures. For further details about the LALF, please refer to Annex 3

3.3.4 Stakeholder Engagement and Information Disclosure (SEP)

The objective of the Stakeholder Engagement Plan (SEP) is to define a program for stakeholder engagement, including public information disclosure and consultation, throughout the project cycle. The SEP outlines the ways in which the project team will communicate with stakeholders and includes a mechanism by which people can raise concerns, provide feedback, or make complaints about the project and any activities related to the project. The involvement of the local population is essential to the success of the project and to ensure smooth collaboration between project staff and local communities and to minimize and mitigate environmental and social risks related to the proposed project activities. In the context of infectious diseases, broad, culturally appropriate, and adapted awareness-raising activities are particularly important to properly sensitize the communities to the risks related to infectious diseases. During the implementation of the project, the project's affected parties shall be consulted about the sub-project activities and components (including information on the LALF), and the types of methods that will be used to communicate the project's information to each of the stakeholder groups and the timetables).

SEP document is attached in Annex 4.

3.3.5 Environment and Social Commitment Plan (ESCP)

ESCP is a part of grant agreement and project agreement signed with donors. It sets out material measures and actions that the MDLF shall carry out or cause to be carried out, including, as applicable, the timeframes of the actions and measures, institutional, staffing, training, monitoring, and reporting arrangements, and grievance management. The ESCP also sets out the environmental and social (E&S) instruments that shall be adopted and implemented under the Project, all of which shall be subject to prior consultation and disclosure, consistent with the ESS, and in form and substance, and in a manner acceptable to the donors. Once adopted, said E&S instruments may be revised from time to time with prior written agreement by the donors.

The ESCP will be revised from time to time if necessary, during Project implementation, to reflect adaptive management of Project changes and unforeseen circumstances or in response to Project performance. In such circumstances, MDLF and the donors agree to update the ESCP to reflect these changes. MDLF will promptly disclose the updated ESCP.

Annex 5 includes the ESCP of the project.

3.4 ESF Implementation and Arrangement

3.4.1 MDLF Environmental and Social Team

MDLF has its Environmental and Social Specialists in West Bank and Gaza Strip. The team is fully responsible for managing and implementing environmental and social instruments during MDP4. MDLF will recruit consultants to support in managing and implementing the ESSs, through the recruitment of:

- Individual consultants (Environment and Social Individual Consultants).
- Local Technical Consultant LTC.

The main roles and responsibilities of the environmental and social staff and the consultants are to:

- Ensure compliance with the environmental and social compliance requirements of MDP4 (the ESCP), support the municipalities to prepare, and monitor the implementation of E&S tools and procedures during the MDP4 components and phases.
- Supervise implementing the E&S tools during the implementation phase (ESMP/ES Checklist/ESIA, LMP, LALF, SEP, and LMP
- Reporting to donors (semi-annual and annual)
- Notify the donors about the accident in 48 hrs and provides a detailed report in 15 days about the roots and the corrections measures to be taken.

3.4.2 Review and Approval

MDLF E&S Specialist, supported by E&S consultants will prepare the E&S screening for each sub-project and will advise on the recommended E&S instruments to be prepared by the participating municipality. For low to moderate sub-projects, the ESMP/ESMP Checklist prepared by municipality supported by E&S consultants will be reviewed and cleared by MDLF and disclosed by MDLF and on Municipality website/Facebook. On the other hand, for subprojects that are screened of substantial E&S risk, the ESIA/ESMP will be prepared by municipalities, reviewed by MDLF who will communicate with the related donor to have an approval on the ESIA/ESMP prior disclosing on the MDLF, municipality website.

3.4.3 Environmental and Social Auditing and Post Review

MDLF will hire a specialised E&S consultants who will conduct an annual environmental and social audit for a representative sample of sub-projects, will cover the sub-projects of low and moderate risk classification, of various sectors, and implemented by municipalities of different capacities and sizes.

MDLF will prepare TOR and share it with all donors for review and clearance. The audit report will be submitted from MDLF to doners.

3.4.4 Project Worker Grievance Mechanism

A grievance mechanism shall be provided for project workers for each sub-project (and, where relevant, their organizations) to raise workplace concerns. Such workers will be informed of the grievance mechanism at the time of recruitment and the measures put in place to protect them against reprisal for its use. Measures will be put in place to make the grievance mechanism easily accessible to all such project workers. MDLF has its internal grievance mechanism which is considered part of its manual. The grievance mechanism allows the employees to raise their complaints through a specific channel.

All the new hired employees will be oriented about the system and the process of submitting, handling, and closing the complaints. The MDLF will require contractors/municipalities to conduct an orientation session for their workforce on the grievance mechanism prior to the start of civil works / activities. Information about the existence of the grievance mechanism will be available to all project workers through using the existing municipal complaining system, and using new complaining channels where needed such as complaints box at the site to be checked regularly by supervision teams (Municipality, Consultant, MDLF) or direct mobile number to be published and responded by supervision team. Supervision Engineers and Social Consultants will monitor the contractors'/municipalities recording and resolution of grievances, and report these in the progress reports.

Municipalities will manage complaints according to the complaints manual that was shared by MDLF. MDLF social consultants shall provide continuous on-job training to municipalities on the grievance procedures and ensure that municipalities have assigned a GM focal point. MDLF will monitor whether these complaints are dealt with properly and in accordance with the GM manual. Further detail about the grievance mechanism is presented in the ESMF attached in Annex 1 and GM manual attached in Annex 6.

3.4.4.1 Orientation Workshops and Trainings

MDLF will organize environmental and social capacity-building activities at the early stage of project implementation to build the capacity of MDLF E&S staff, consultants and technical teams, and the municipalities so that sub-projects are implemented in compliance with ESF requirements. Also, MDLF will continue engaging their E&S staff and consultants to support municipalities during sub-project preparation and implementation. Further details about the training plan that was prepared based on assessing the existing capacity of MDLF and different parties/stakeholders been presented in the ESMF.

3.4.4.2 Information Disclosure Strategy

MDLF and the municipalities will disclose the E&S instruments that will be prepared for each subproject on the web pages. Shared information will be provided in an understandable and accessible format and the mechanism of information dissemination will be simple and accessible to all stakeholders.

The following two means are possible to be followed for dissemination including briefing material and organization of community consultation sessions.

- Posts on municipalities' websites (including project information, details of entitlements including grievance mechanism).
- Leaflets (including project information, details of entitlements including grievance mechanism) to be distributed in the project area.

Technical Operations Flow Chart

Technical Operations:
Detailed Description

4 Mobilization Stage

This phase is a preparatory phase for project cycle to start; in this phase MDLF ranks municipalities, allocates municipal grants, prepares package of necessary documents to be distributed to municipalities, and trains municipalities and raise their awareness regarding MDLF's support program, its conditions, and requirements.

4.1 Allocating Municipal Funds

This step consists of two main activities; in the first MDLF ranks municipalities, and in the second MDLF calculates allocations for each municipality. Both steps are executed based on MDLF's Transfer Mechanism.

4.1.1 Ranking Municipalities

This activity is executed every cycle by MDLF Strategic Planning Department (SPD); it starts at the beginning of each cycle. Basically, at the preparation phase of each cycle, the MDLF SPD distributes "data collection forms (DCF) on performance indicators" to all municipalities and gives them two weeks' time to fill in the forms and send them back to MDLF with all supporting documents. SPD then verifies and validates the information submitted by the municipalities. This process takes three weeks. Based on validated information, SPD identifies the corresponding rank of each municipality. Results are then submitted to Operations Manager (OM). OM reviews and validates the results and forwards his recommendations for the MDLF'S General Director (GD) for final approval of results. GD informs municipalities officially about their corresponding ranks, municipalities are given two weeks to appeal. MDLF discloses the ranks of municipalities on its website and in the LGUs capacity building activities.

4.1.2 Identifying Allocations for each Municipality

SPD computes the allocation for each municipality in the following sequence:

- Determine the allocation for population, needs, and performance.
- Compute the allocations per municipality based on population.
- Compute the allocations per municipality based on need.
- Determine average per capita allocations and the per capita allocation for each rank.
- Compute the total allocation for each rank.
- Compute the allocation per municipality based on performance.
- GD will approve the result of allocations.

- The TD is informed with the results of evaluation / ranking process and the funds allocated for each municipality.

4.2 Self-Environmental and Social Management for Municipalities

In the first cycle of the project, MDLF will continue managing the E&S aspects of the project and providing municipalities with support through MDLF E&S Specialists and consultants. MDLF will not delegate the E&S management for any municipality in the first cycle. While, in the second cycle and based on the capacity assessment that will be conducted for the municipalities at the end of first cycle, MDLF may delegate fully and partially E&S management for the capable municipalities based on their performance and other criteria. For further details in this regard, please refer to the ESMF, Annex (1).

4.3 Preparing all Necessary Documents

This step consists of two main activities; these are preparing necessary documents to be given to municipalities. Preparing for orientation workshops proper material to be delivered to participating municipalities, explaining MDLF's support program conditions and requirements.

4.3.1 Preparing Package of Documents to be distributed to Municipalities

This activity is executed biannually. In this activity the technical department (TD) prepares a package of documents to be available online (at the MDLF website) to all municipalities.

The package includes basically the following documents:

- Environmental and Social Management Framework (ESMF) (Annex 1).
- Labor Management Procedure (Annex 2).
- Land Acquisition and Livelihood Framework (Annex 3).
- Stakeholder Engagement Plan (Annex 4).
- Environmental and Social Commitment Plan (Annex 5)
- Grievance Redress Manual (Annex 6)
- Project Application Form (Annex 7-F2)
- Operation and Maintenance (O&M) plan form (Annex 7-F02)
- Procurement Planning Milestone (PPM) Form (Annex 7-F03)
- Grant Implementation Agreement (GIA) form (Annex 7-F04)
- Cost benefit analysis Guidelines (Annex 8)

- Any other necessary document including reports forms, bidding document forms, ESMP's/E&S checklists.

TD submits the prepared package to OM for revision.

OM reviews the package send his notes to the GD for final approval before issuance on MDLF'S website and notifying the municipalities (e.g. via fax, E-mail, etc.).

4.3.2 Preparing Material for Orientation Workshops

This activity must be completed before implementation of each cycle; TD staff conducts the orientation workshops and might request local technical consultant (LTC) support for the any project cycle to prepare a proper training material.

The training material should basically focus on the following issues:

- Raising awareness of municipalities regarding MDLF'S municipal support program, its schedule, conditions, and requirements including the fund allocation formula.
- Natural Hazards and Climate Change mitigation and adaptation.
- Component 3 content and the competitive approach to select wining proposal.
- Completion of the application form and provision of supporting documents
- Conducting project environmental and social impact (preliminary) assessments, the eligible standards, how to use the environmental and social management Framework (ESMF), and other E&S instruments such as the LMP, the SEP, the content of ESCP, amended version of LALF, how to properly manage subproject environmentally and socially, how to implement health and safety measures during construction and operation, how to receive and solve complaints, and how to report cases.
- Roles and responsibilities will be fulfilled under the Local Technical Consultant support during project stages.
- Preparing PPM and O&M for projects.
- Details of the GIA.
- Procurement Instructions.
- Project cost-benefit analysis guidelines.
- Financial Instructions.

TD submits copy of the training material to OM for comments and feedback.

4.3.3 Conducting Orientation workshops for the LGUs

In this step MDLF splits municipalities into groups and then invites them to participate in scheduled orientation workshops. This activity is executed each cycle during the first month after disseminating the allocations, the TD splits the 159 municipality into groups in both West Bank and Gaza Strip. TD schedules the orientation to be conducted in one identical orientation workshop for each group. TD submits the orientation schedule to OM and DG for feedback and final approval.

5 Identification Stage

At the beginning of each cycle the MDLF will issue a Request for Application (and invites eligible municipalities to propose projects and seek financial support. This RFA should be issued after the GD approval of the municipal allocations.

5.1 Projects Identification, Preparation, and Submission for approval

The filled application from municipality will include detailed project description, the preliminary design or full design, required professional certificates, cost-benefit analysis, priced BOQ, stakeholder engagement report (such as the focus group report which is formed from the citizens and institutions affected by the project), and any other supporting document, etc.). After that MDLF will designate engineers from the technical department to follow up and work closely with the municipalities. The responsibilities of the engineers will be divided geographically among the governorates to cover all the work of the MDLF. Each area engineer will be responsible to assist the municipalities in his or her area throughout the project lifecycle.

The area engineer provides municipalities with information, guidelines, and explanations to complete their applications. This assistance may be provided in one of two ways, subject in all cases to limitations of the MDLF budget and the approval of the engineer's supervisor:

a. The engineer may provide technical assistance.

b. The technical department manager of the MDLF may request a local technical consultant (LTC) support.

The municipality should select its project(s) (Component 1) from the Strategic Development and Investment Plan (SDIP). The municipality must provide a stamped copy of this plan with the application form.

The municipality must assess the selected project according to the eligibility assessment criteria summarized in table No. (6) below. Each project must be evaluated against:

- Social/Environmental standards (exclusion list of projects). Subproject should cover the natural hazard and climate change risk as applicable.
- Ceiling of budget requested from MDLF.
- Environmental Impact and Proper Mitigation Measures.
- Social Impact and Proper Mitigation Measures.
- Cost – Benefit Soundness.
- Availability of Adequate PPM.
- Availability of Adequate O&M.
- For Equipment projects, simplified feasibility studies for the equipment sub-projects including reliable data regarding the use, efficiency, operation, and maintenance cost for the purchased equipment.
- Project Budget Exceeds 500,000 Euro, or Income Generation Project (in such case, each project should be attached with a feasibility study).

Table 6: Summary of Project Eligibility Assessment Criteria

Project Application Evaluation Form						
No.	**Project Appropriateness Indicators**	**MDLF Conclusions**	**Evaluation of Indicators**			**Results (A/R/Re)**
			Approved (A)	**Revision (R)**	**Rejection (Re)**	
1.	**Environmental Standards**	☐ Positive list ☐ Negative List	Positive list	N/A	Negative list	
2.	**Social/Environmental Standards**	☐ Positive list ☐ LALP	Positive list	N/A	Negative list	
3.	**Climate change adaptation**	☐ Positive list ☐ Negative List	Positive list	N/A	Negative list	
4.	**Vulnerability issues**	☐ Positive list ☐ Negative List	Positive list	N/A	Negative list	
5.	**Budget requested from MDLF**	☐ below allocated Ceiling ☐ above with commitment letter from municipality ☐ above with no commitment letter	Below ceiling/ or Above with Commitment Letter	N/A	Above with no commitment letter	
6.	**Environmental Impact**	☐ Adequate ☐ Needs Revision ☐ Inadequate	Adequate	Revision	Inadequate	
7.	**Social Impact**	☐ Adequate ☐ Needs Revision ☐ Inadequate	Adequate	Revision	Inadequate	
8.	**Risk Assessment**	☐ Un-Risky ☐ Risky	Un-Risky	N/A	Risky	
9.	**Availability of adequate PPM**	☐ Adequate ☐ Needs Revision	Adequate	Revision	N/A	
10.	**Availability of adequate O&M Plan**	☐ Adequate ☐ Needs Revision	Adequate	Revision	N/A	
11.	**Project budget more than 500,000 EURO or income generation**	☐ Yes ☐ No	Yes	N/A	No	
12.	**Social Accountability**	☐ Adequate ☐ Needs Revision ☐ Inadequate	Adequate	Revision	Inadequate	
13.	**Social Safeguards: land acquisition and Livelihood Action Plan**	☐ Accepted ☐ rejected	Payment to PAP	N/A	RAP not implemented	
14.	**Basis of Design**	☐ Adequate ☐ Needs Revision ☐ Inadequate	Adequate	Revision	Inadequate	
15.	**Integrated project (Roads only).**	☐ Yes ☐ Needs Revision ☐ No	Yes	Revision	No	
16.	**UXO (Gaza)**					
MDLF Decision	☐ **Approval**	☐ **Needs Revision/ Modification**	☐ **Pre-Approval and requires further detailed studies**	☐ **Rejection**		

The municipality may apply for more than one project under the following condition:

- The total amount of money (for all projects) requested from MDLF will not exceed the ceiling of fund allocated for the municipality for that cycle.
- Municipalities may contribute to the cost of the project from their own sources or from sources other than the MDLF fund. Contributions must either be in design, cash or in physical assets, typically land in condition of abiding to LALF. Staff time or other in-kind contributions can't be counted.

Completing Application Form

The application form reinforces sound principles of development, while being appropriately easy to complete. Without using technical terminology, it calls for a conceptual design of the project, along with the cause-and-effect relationships tying project activities to developmental outcomes. It lays the groundwork for later monitoring and evaluation. The application form can be used for both works and goods projects.

The completed application dossier shall consist of the following:

a. Complete application form and a signed copy by the mayor.

b. Stamped Strategic Development and Investment Plan (SDIP).

c. Municipality Master Plan and an indication of the project location on that plan (only for projects involves construction of works).

d. Land ownership documents, and in case the municipality are to acquire land for the sub-project, procedures in LALF are to be followed.

e. Procurement Plan Milestone (PPM) for each project using PPM. Operating and maintenance plan explaining the expected sources of funds to be used to operate and maintain the project (O&M plan).

f. Environmental and Social impact Assessments that identify project impacts and illustrate how negative impacts have been avoided or will be adequately mitigated.

g. Initial assessment of the sub-project standards eligibility

h. For municipalities with fully environmental and social management to submit detailed environmental and social screening for the sub-project following ESMF and LALF.

i. Preliminary or full Design (only for projects involves construction of works).

j. In case the design is not available, the municipality could pay from its own budget or request part of its allocation for the consultancy services to do the required full design.

k. Preliminary priced Bill of Quantities (BOQ).

l. Any Relevant Certificate or licensee needed for the project.

m. Any other documents that may be requested by the MDLF.

Completed application dossier shall be submitted to the MDLF offices. For each project one hard copy and one soft copy (one CD or by E-mail) must be submitted. The administrative assistant of TD will register the receipt of the AF (after checking the availability of hard and soft copies) and provide the municipality representative with Acknowledgment of Application Receipt Notice.

5.2 Applications Evaluation and Revision by MDLF

MDLF Technical Department TD screens the subproject environmentally and socially, reviews, and evaluates projects application according to the project's eligibility assessment criteria. TD should review the application dossier and prepare their recommendations in the form of report (Project Application Evaluation Report). MDLF teams conduct site visits to all sub-projects sites to verify information, assess the situation on ground and consult with municipality staff. For specific sub-projects which require implementing the scope in more than one stage, MDLF will consider the readiness of the design and studies of the next project's stages before approval of the project selection for the proposed stage. Initial screening will be done using environmental screening and social screening forms to verify if the sub-project falls under exclusion list presented in the ESMF. Where the sub-project doesn't fall under Category (High) of environmental assessment, environmental screening and social screening will be conducted.

Note: in the second cycle of the project, Municipalities self-managing their sub-projects environmentally and socially starting at screening stage are to abide to the following where solely environmental and social related conditions could be fully managed by the municipality unless LALP is required, for more details please read the procedures depicted in the Environmental Capacity Assessment Procedures (Annex 3).

Four cases may result:

Case 1: Rejection of the project: if the assessment process produces the following:

a) The project is not within the strategic plan of the municipality.

b) If the project is not complying to environmental and social standards and ESMF.

c) if the sub-project requires Land acquisition and Livelihood Plan is not satisfactory, or when municipality are not willing to compensate the project affected people.

d) The project budget exceeds the ceiling of the allocated fund for the municipality and there is no commitment letter from the municipality to cover the exceeded budget.

e) Even if sub-project falls under eligible list; if environmental and social impact assessments produce negative impacts that are hard to mitigate within the subproject resources or require costly mitigation measures.

f) If the project will be executed in phases and the municipality plan to execute the other phases is not clear.

In this case the technical department prepare notes and recommendations documenting them on the AF revision report. An Application Status Notice must be sent to the municipality informing them with the rejection and its causes and giving them one more opportunity to submit new application.

Case 2: Request further details or modifications or processes:

a) if the costing is not convincing.

b) if the sub-project requires Land acquisition and Livelihood Plan.

c) uncertainty on impacts on people or environment or the negative impact mitigation strategy is inadequate for the identified impacts.

d) documents are missing.

e) Modifying the PPM or O&M plan is requested.

f) Social accountability measures not adequately reflected.

In these cases, the technical department prepares notes and recommendations documenting them on the AF revision report. An Application Status Notice must be sent to the municipality asking them to re-prepare and submit the requested information and documents or a revised project application form and dossier according to MDLF notes. For LALP, the municipality to follow procedures depicted in the LALF and thoroughly coordinate with MDLF in LALP implementation.

Case 3: Give Pre-Approval and request detailed studies:

a) environmental impacts assessment that are provided for as in the form of ESMF) and environmental review showed that certain environmental, social, safety requirements to be included in the design.

b) where LALP was prepared and approved and in final process of approval

c) Social accountability measures are adequately illustrated,

d) full design and required licenses or permit are required.

e) for goods, energy efficiency technical assessment /design is required.

f) or the project is income generating (financial viability study), in these cases, and if the application passes all the assessment steps, the TD prepares notes and recommendations documenting them on the AF evaluation report.

An Application Status Notice must be sent to the municipality asking them to prepare and submit a detailed feasibility study according to the feasibility study preparation guidelines, requested information and documents or a revised.

Case 4: Approving the project:

a) if the costing is reasonable and within the municipal allocation,

b) the project has conducted a comprehensive impact assessment on people and the environment and designed an adequate negative impact mitigation strategy, social accountability measures are adequately illustrated, and passes successfully all the assessment steps.

c) Full design and required licences and permits are submitted.

d) The sub-project LALP is approved and disclosed, the compensation contracts are signed and LALP is implemented.

Note: If the cost estimate of the project is higher than the municipality allocation and the municipality cannot contribute giving that the type of project is to be implemented in two phases, the municipality can ask MDLF to approve the continues execution of subproject between two cycles despite that the project will not be functional in the first cycle. An example of those projects is public facility subprojects where the structural work can be executed in the first cycle and the finishing works and external works during the second cycle. If this is approved a condition for that will be inserted in the GIA to be ensure that the municipality should select that project in the second cycle.

The TD recommend the projects for approval. An Application Status Notice must be sent to the municipality informing them with the official approval and asking them to sign the Grant Implementation Agreement GIA (Annex 7-F5). MDLF shall document approved and rejected projects, MDLF will inform the corresponding donor with the approved projects applications if requested.

Table 7: Responsibility Matrix RM - Revision of the Projects Applications

#	Project Type	Activity	Technical Department				MDLF OM	MDLF GD	MDLF board
			Area Engineer	Environmental and Social	Supervisor	Technical Department Manager			
1	Projects under 500,000 Euro	Application Revision	Revision – notes and recommendations	Notes and Recommendations	Notes and Recommendations	Final Notes and recommendations	Notes and Recommendations		
		Request Further Details		Notes and Recommendations		Notes and Recommendations	Revision, Recommendations	sending official letter	
		Rejection, and sending official letter		Notes and Recommendations		Notes and Recommendations	Revision, Recommendations	Rejection & sending official letter	
		Approval, and sending official letter		Notes and Recommendations		Notes and Recommendations	Revision, Recommendations	Approval & sending official letter	
2	Projects more than 500,000 Euro, or Income Generating projects	Application Revision	Preliminary Revision – Notes and Recommendations	Notes and Recommendations	Notes and recommendations	Notes and Recommendations			
		Request Further Details		Notes and Recommendations		Notes and Recommendations	Revision, Recommendations	Sending official letter	
		Pre-approval and request detailed studies		Notes and Recommendations		Notes and Recommendations	Recommendations and follow up	Recommendations and follow up – Sending official letter after Board approval	discussing GD recommendations – Pre approval and

#	Project Type	Activity	Technical Department				MDLF OM	MDLF GD	MDLF board
			Area Engineer	Environmental and Social	Supervisor	Technical Department Manager			
									requesting detailed studies
		Rejection, and sending official letter		Notes and Recommendations		Notes and Recommendations	Revision, Recommendations	Recommendations and follow up – Sending official letter after Board rejection	discussing GD recommendations – Rejection
		Approval, and sending official letter		Notes and Recommendations		Notes and Recommendations	Revision, Recommendations	Recommendations and follow up – Sending official letter after Board approval	discussing GD recommendations – final approval

Note: all official correspondence must be sent through the GD.

The MDLF rejection decisions are open to appeal by the municipalities. In such a case, the municipality shall submit whatever arguments that it has through an official letter to the General Director. In his or her turn, he will follow up their request with the technical department manager and the OM. Appeals are settled by the executive management and/or Technical Committee (TC), with no further right of appeal. The GD will send an official letter to the municipality informing them with the result of their appeal and any other consequence may result from the revision process.

The Approval or disapproval letter (rejection letter) signed by the MDLF will be sent to the municipalities by fax, e-mail or through the area engineer within one week of the decision date informing them regarding the approval or disapproval of their application. The appraisal and approval period shall not exceed twelve weeks from the date the MDLF receives a completed application unless LALP is required for the sub-project.

A summary sheet of all applications environmental and social screening outputs is prepared by MDLF and may annexed to MDLF reports, including those submitted by municipalities that fully manage their sub-projects environmentally and socially.

5.3 Signing Grant Implementation Agreements

Area Engineers must assist municipality in preparing the GIA documents as the following:

- the GIA form, this will be done in coordination with the related MDLF departments. In the second cycle of the project, in case the municipality is partially or fully environmentally self-managing their sub-project or/ and will handle their allocation themselves, this will be reflected in the GIA.
- The GIA will include commitments from municipalities side in term of ESHS requirements incorporated in the ESCP.
- Two copies of the GIA must be prepared and signed. One copy for MDLF and the other copy for the municipality
- The GIA must be accompanied with cost sharing plan if requested.

6 Procurement Stage

6.1 Preparation of bidding documents

Upon signing the GIA of the project, the municipality shall prepare a bid package that includes all the technical documents, specifications, bills of quantities (BOQ), design drawings (only for works projects), assessments, environmental and social management instruments, and estimated project costs. The municipality shall take into consideration all the variables and risks of the contracting method to be followed (according to MDLF procurement manual either for works or goods). The completed draft of the detailed technical documentation shall be endorsed by the municipality (Related department / procurement department) and submitted to MDLF.

The TD shall perform a review, considering the following issues[7]:

- Consistency with the approved application
- Proper preparation and documentation, including engineering or other professional certifications as appropriate, ESMP's/E&S checklists are proper.
- For municipalities fully and partially managing their sub-projects in the second cycle of project. Municipalities shall provide letter stating that ESMP follows the E&S instruments of the program and municipality is responsible on inclusion of all site-specific impacts/measures. Further to their responsibility of inclusion of the ESMP/E&S checklists into the bidding document
- Technical soundness

Two cases may Arise:

Case 1 The technical documentation is incomplete and/or differs materially from the approved application:

The municipality must provide a written justification. The area engineer will review the justification and make a recommendation to the technical Department manager (through the supervisor) as whether to allow the differences. "Materiality" in this contest includes the following:

- Any increase in the amount of funds sought from the MDLF.
- An increase in total project cost of greater than 10%

7 The first 3 bids from each area engineer and any bid above $100,000 have to be first reviewed and approved by the PD before getting final approval from MDLF management.

- Reduction in the project cost sharing or change in the form or timing of the cost sharing.
- Any reduction in the deliverables
- Any other change that reduces the value of the project in a significant way
- Generally, the MDLF will look favourably on changes arising from the following reasons:
- Better project estimates and more accurate details
- Improvement in project impact and negative impact mitigation or cost-effectiveness discovered in the preparation of the technical documentation.
- Generally, the MDLF will not look favourably on the following types of changes:
- Change in project scope, type, and location.
- Change in costs that are not subject to competitive bidding, e.g., personal services, consultancy, and sole source.

Case 2 if project cost increases and exceeds the ceiling of the allocation, in this case the municipality will be requested to cover the difference in the cost whether this increase is due to additional work or currency differences. An official commitment letter from the municipality should be attached prior to the bidding documents. The following steps should be followed:

- The municipality must provide the MDLF with a commitment letter to cover the exceeded budget.
- The first payment /s for the bidder should be from this account and the total share of the municipality must be paid before the final payment from the MDLF.

MDLF shall send a Bidding Documents Status Note to the municipality requesting modifications.

Following the MDLF's review of technical documentation, the municipality shall make any necessary modifications and resubmit.

Upon the fulfilment of the municipality’s obligations, MDLF will issue a Bidding document Status Note for the municipality informing with the approval and asking to start bidding process.

The technical documentation complies with the approved application:

The TD recommends GD through official channels to issue Bidding documents Status Note

The GD will issue a Bidding document Status Note for the municipality informing with the approval and asking to start bidding process.

Table No. (8) Below summarizes the bidding documents approval responsibility matrix.

Table 8: Bidding Documents Approval Responsibility Matrix

#	Activity		Types of Projects	Area Engineer	Procurement Department	Supervisor	Technical Department Manager	MDLF GD
1	Bidding documents revision		Project less than ($200000 for works, $100000 for goods)	Revision – Notes and Recommendations				
			The first 3 bids from each area engineer and also any bid above ($200,000 for works, $100000 for goods)	Preliminary Revision – Notes and Recommendations	Notes and recommends	Follow up	Notes and recommends	
	If complying with application form – Issue bidding process start letter		Project less than ($200000 for works, $100000 for goods)	Revision – Notes and Recommendations			Notes and recommends	Issue Bidding Documents Status Note
			The first 3 bids from each area engineer and also any bid above ($200,000 for works, $100000 for goods		Notes and recommends		Notes and recommends	Issue Bidding Documents Status Note
	If the bidding documents differs from the approved application form	The difference is large and exceeds the limits permitted – Issue letter to reject the bidding documents and asking to resubmit new project application	Project less than ($200000 for works, $100000 for goods)	Revision – Notes and Recommendations		Notes and recommends	Follow up	Issue Bidding Documents Status Note
			The first 3 bids from each area engineer and also any bid above ($200,000 for works, $100000 for goods		Notes and recommends	Notes and recommends	Follow up	Issue Bidding Documents Status Note
		The difference s is small and within limits permitted	Project less than ($200000 for works, $100000 for goods)	Revision – Notes and Recommendations			Notes and recommends	Issue Bidding Documents Status Note
			The first 3 bids from each area engineer and also any bid above ($200,000 for works, $100000 for goods		Notes and recommends		Notes and recommends	Issue Bidding Documents Status Note

Note: all official correspondence must be sent through the GD or a copy of it must be sent him.

6.2 Bidding Process

The municipality should follow the bidding process as explained in MDLF Procurement Manual. MDLF has established a sound control and audit system of procurement activities that will be carried out by municipalities for some of window 1 sub-projects as stipulated in the procurement manual. The system requires municipalities to seek MDLF's no objection prior to proceeding with key steps of the procurement process as stipulated in the procurement manual. For this purpose, MDLF has set thresholds for prior review for Works and Goods contracts as detailed in the procurement manual. The sub-project procurement plan, to be prepared by each municipality and approved by the MDLF, will specify the contracts of each procurement method that will be subject to prior/post review by the MDLF. The MDLF does not finance expenditures under a contract if MDLF concludes that such contract has been mis-procured according to MDLF procurement manual.

The municipality will open and evaluate the bidding offers and then request the no objection to award from MDLF as detailed in the procurement manual.

In case the contract amount will exceed the project allocation and a municipality contribution is needed, the municipality must open an Escrow Account, and deposit its sharing in this account, and provide the MDLF with the details of the account. This is conditional where bid evaluation approval will be suspended until receiving the account details.

7 The Surplus of Municipality Allocation

After signing the contracts between the municipality and the contractors and if there is surplus from the municipality allocation, three cases may be dealt with:

A. Case One:

The type of project allows the variation orders and there is a need for such variation, the municipality may proceed with the process of variation orders following the process mentioned in MDLF manuals.

B. Case Two:

The surplus amount and the time frame of the existing cycle allow for new projects, the municipality may submit new application form for new project and follow the process of identification, procurement, and implementation stages.

C. Case Three:

The municipality can ask MDLF approval for transferring the surplus from the allocation of the first to the second cycle of MDP.

8 Implementation Stage

8.1 Implementation Arrangements

Notification: in the second cycle of the project, municipalities delegated the environmental and social management fully or partially are to abide to the following procedures concerning environmental and social management in addition to conditions depicted in the Capacity Assessment procedures, ESMF and LALF. In case of works project, the municipality will issue a project start order and send it to the contractor. A copy of this order must be sent to MDLF.The Contractor shall start implementing the project on the schedule provided in the bid documents.

The municipality throughout the implementation phase shall ensure the following are done:

a. Supervision of all quality control, technical, and financial provisions in accordance with the contract agreement, the technical specification and MDP guidelines

b. Ensuring the implementation of environmental and social mitigation measures that was determined from the stakeholder engagement tool such as focus group discussion during the identification stage in addition to occupational health and safety. Supervise the contractor's compliance and implementation of the environmental management plan satisfactorily. The Municipality Engineer shall follow contractor compliance to environmental considerations according to the ESMP, E&S checklist, ESMF and LALF and will gain support from MDLF area engineers and officers to ensure compliance of the municipalities with the ESMF[8].

c. Furthermore, the bidding documents will depict in detail the procedure of environmental noncompliance penalties following to ESMF guidelines.

   Complaint mechanism must be available at the municipality as referred to in section 9.3 of the ESMF. Considering that prior to the implementation of the project, the municipality will announce its willingness to accept the local community complaints through different ways, such as:

   - Distribution of leaflets to the public places
   - Notice Boards
   - The Municipality Website

[8] Contractor Compliance is depicted in ESMF and reflected in the procurement documents.

- Telecommunication tools (SMS and phone line)
- Public Meetings

The municipality will record complaints including detailed information about the social and/or environmental issue (key issues, date complaint received, compliant addressed, how resolved, date etc.). This complaint should be archived in the project profile and be solved or mitigated within two weeks maximum. The municipality should inform the MDLF of all the complaints through continuous recording in the reports and/ or through site visits, so that the MDLF and/ or the LTC will intervene to solve the issue if the municipality was not able to solve or mitigate it.

Supervision is mandatory for the sub-projects, municipality shall keep in the project document copies of all daily supervision reports, weekly reports milestone reports, and final reports. These reports are to cover progress of the work against the original working schedule, technical and managerial constraints facing the project and the solutions adopted to overcome these constraints, divergence from MDP guidelines and justification, contractor performance, environmental and social management, environmental notes and penalties, health and safety measures, complaints, etc. Furthermore, municipality is required to submit periodical reports for environmental and social management, occupational health and safety following MDLF reports forms.

d. Verification and approval of payments requested by the contractor.

e. Preparation of milestones progress reports (connected to contractor payment requests) which will be forwarded to the MDLF no later than 15 days. Such reports shall include progress of the work against the original working schedule, technical and managerial constraints facing the project and the solutions adopted to overcome these constraints, divergence from MDP guidelines and justification, Contractor performance, environmental and social management, and payments request submitted by the Contractor approved by the municipality.

Either for works or goods project, MDLF will process the payment requests according to the contract administration guidelines documented in the procurement manual. For selected municipalities in the West Bank who are proven to have strong performance based on the performance assessment (ranked B++ and above) and meet standards and fiduciary requirements, MDLF will cease to make direct payments to contractors and suppliers on their behalf. Instead, the component 1 fund will be transferred in tranches directly to the municipal bank accounts for them to handle associated payment and reconciliation on their own. The continued disbursement from the second tranche onward, however, will be subject to the municipalities' demonstrated ability to conduct proper financial management, procurement, and supervise works by contractors to ensure satisfactory sub-project quality.

When laboratory tests are needed (for quality assurance purposes), the municipality shall request these tests and pay it off directly. These payments shall be reimbursed by the contractor to the municipality based on original invoices. The Financial offer of the bidder/ supplier should include the cost of these tests. It is the right of the municipality to choose the best technical laboratory to conduct the tests and this should be clear to the bidder/ supplier in the bidding documents.

8.2 Variation Orders

- The municipality should submit a variation order request in any case that requires variation in the contractual timeframe, deliverables, quantities, cost, specifications, etc.
- The municipality should submit the Variation Order Request (Annex 10) to the area engineer.
- The MDLF will process the Variation Orders according to the level of authorities explained in the Variation Order Request form and as follows:

  a. the variation order will not exceed 15% of the total contract, the process will be reviewed through area engineer, supervisors, technical department manager and the final decision will from the general director.

  b. the variation order exceeds 15% of the total contract, the process will be reviewed through area engineer, supervisor, technical manager, procurement department and the final decision will be from the general director.

- MDLF will send official response letter to the municipality regarding their variation order request.

In case of work projects, MDLF throughout the implementation phase shall monitor the work process and verify the output and the progress of the work to ensure compliance with MDP guidelines and quality control. The Area Engineer (and based on the progress reports submitted by municipalities and his visits, and the output monitoring indicators which were defined in the project log-frame developed in the design phase of the support program) will update electronically the monitoring process to document the physical achievement of the projects and the percentages of disbursements.

The environmental and social specialists would monitor the sub-projects environmentally and socially, will support municipalities and area engineers to provide sound construction management environmentally and socially, in addition to following other requirements as per ESMF, LMP and LALF. The specialists will prepare reports following requirements in ESMF.

At the completion of the project activities, the municipality will issue a handover certificate for the Contractor. Before issuing such a certificate the municipality shall:

a. Invite the area engineer and/or local technical consultant to participate in the preliminary handing over to ensure that the project is completed at satisfactory standards (compared to project objectives / targeted outputs) and the handover certificate could be issued.

b. Verify that the maintenance bond is secured and maintenance of the work during the maintenance period will be guaranteed.

In case of Goods projects, once goods delivery is completed, the municipality will issue a handover certificate for the supplier. Before issuing such a certificate the municipality shall:

a. Invite the area engineer and/or local technical consultant to participate in the preliminary handing over to ensure that the project is completed at satisfactory standards (compared to project objectives / targeted outputs) and the handover certificate could be issued.

b. If applicable, the area engineer verifies that the maintenance bond is secured and maintenance of the supplied goods during the maintenance period will be guaranteed.

c. Regarding materials import for Gaza strip projects, in case some pending are faced, MDLF will communicate with donors to specify the issue and handle it as possible.

Within thirty days, starting the day the municipality issues the handover certificate, the municipality shall prepare and submit the project final report to the area engineer. Such a report will include and verify the following:

a. All deliverables of the project

b. Contract price and contract Bill of Quantities (BOQ) in comparison to actual cost and BOQ

c. Approved variation orders

d. Actual time schedule vs. contract time schedule

e. Approved time extension

f. Actual dates of payments to the contractor

g. Documentation for all quality control measures such as laboratory tests

h. Special problems encountered during the implementation of the project.

i. The report to include environmental and social issues and complaints, copies of environmental notes and penalties, list and copies of complaints.

j. The report shall include output achievements and outcome indictors.

k. Rating of the project in terms of usability and usage.

The municipality shall submit one copy and one soft copy of the final report.

At least, MDLF will summarize the progress of the program semi-annually and annually and post them on the web, include them in its communication campaign material, and disclose them at exiting one-stop-shops and upon specific requests.

9 Financial management arrangements

The financial management arrangements under MDPIII will continue to be followed under MDP4, except for the FM arrangements for the eligible municipalities that will pay contractors directly. The MDP4 will be implemented by MDLF in close partnership with Municipalities. The MDLF will be responsible for the implementation of all project components.

There will be two types of financial management arrangements:

Type 1, a number of selected West Bank (excluding Gaza) municipalities that are proven to have strong financial management arrangements, sound control environment, based on the performance assessment criteria would be responsible for financial management for their sub-projects financed under component 1. Hence, MDLF will not transfer direct payments to contractors and suppliers on behalf of such municipalities and instead transfer the component 1 project fund directly to these municipalities' bank accounts for them to handle associated payment and reconciliation on their own. **Type 2**, for the rest of municipalities in West Bank and Gaza under Window 1, MDLF will be responsible for making payments to contractors and suppliers on their behalf. Municipalities which lack the capacity to prepare and implement sub-projects (including sub-project application, tendering documents, environmental and social impacts, safeguard policies, procurement, and supervision of works) would receive assistance from Local Technical Consultants. Below is a detailed description for each type of the FM arrangements.

9.1 For municipalities receiving funds directly

FM arrangements for municipalities that will receive funds directly to their bank accounts will have increased FM responsibilities. As part of project preparation, an assessment of the FM capacities of municipalities was carried out using a representative sample of municipalities. Based on the assessment, it was determined that while some municipalities are well capacitated in terms of their FM systems and procedures, there are still weaknesses in the FM capacities of other municipalities. The Performance Assessment of municipalities carried out by MDLF includes several indicators relating to FM capacity, and thus, provides a good indicator of the FM capacities of municipalities. Accordingly, municipalities with a high-performance ranking (B++ and above) will be granted greater responsibility for managing funds for their sub-projects under component 1. MDLF will verify that the municipality is eligible

to receive funds based on the following criteria: (i) Specified Performance Ranking (B++ and above), (ii) that the municipality have secured MoLG approval on its previous year budget, and (iii) that the municipality's external auditor did not express an adverse or disclaimer audit opinion on its previous year financial statement.

This arrangement is applicable for certain Financing Partners (FPs) who agree to use their funds to increase FM responsibilities to eligible municipalities. For the other FPs, MDLF will have the sole responsibility to disburse on behalf of municipalities directly to contractors.

Following are the FM arrangements required to control program funds and mitigate the risk at eligible municipalities that will receive funds to their bank accounts:

i. A subsidiary agreement will be signed between MDLF and each fund receiving municipality. The subsidiary agreement will explicitly state such fund flow arrangements.

ii. MDLF will open a separate general ledger in its accounting system to account for funds advanced and expenditure incurred by each selected municipality. In turn, each selected municipality will open a separate general ledger in its accounting system.

iii. Each selected municipality will open a separate bank account to receive and disburse funds for its allocation.

iv. Payment of direct grants to eligible municipalities will be semimanual instalments for their pertinent allocation over the two-year grant cycle. Municipalities will submit evidence of eligible expenditures. Payments for the sub-grant will be against documentation of eligible expenditures. Ineligible expenditures will remain as advance to the municipalities until providing eligible expenditures in lieu or refund the grant account. This payment method will be confirmed with the MDLF by appraisal.

v. Each municipality will submit to MDLF within 15 days of the end of each semester the following simplified Interim Unaudited Financial Reports (IFRs): i) Statement of Cash Receipts and Expenditures, for the period and cumulatively from project inception, (ii) Statement of Designated Accounts reconciling period-opening and end balances.

vi. Recurrent expenditure scheme to Gaza municipalities: Under this scheme, no funds will be channelled to Gaza municipalities. Recurrent expenditure payments will be made by MDLF to suppliers against invoices of recurrent expenditure on behalf of Gaza municipalities, and in accordance with the MDLF FM policies and procedures manual. Recurrent expenditures should be verifiable, traceable, and reportable. The list of eligible expenditures and ceiling is defined in this operation manual.

9.2 For municipalities not receiving funds directly

The FM arrangements for the rest of West Bank and Gaza municipalities that will not receive funds directly to their bank accounts will be as follows: Funds will not be channeled to municipalities under this category; MDLF will have the sole responsibility to disburse on behalf of municipalities to contractors. Payments will be reviewed and approved by the MDLF according to MDLF policies and procedures manual.

10 Project Operations and Maintenance

The Municipality shall operate the project in a conscientious manner and will use all possible means to ensure that:

a. The project meets its objectives.

b. The funds and skills necessary for the project operation and maintenance is provided.

c. The municipality operates and maintains the project according to the operation and maintenance plan.

d. The Municipality shall submit to MDLF annual report for the first operational year clarifying the following:

   - Compatibility with the O&M
   - Problems and Solutions
   - Recommendation for future

e. Area Engineer audits the Operation and Maintenance Reports.

11 Termination of the Grant Implementation Agreement (GIA)

This Agreement can be terminated by MDLF only through a written notice that will come into effect five (5) working days after ensuring that the recipient has received this notice. In this case, the balance of grant funds recorded in the Agreement, and not disbursed, will stay in the MDLF account, and all other obligations and liabilities stated in this Agreement by MDLF and/or the Recipient will cease by termination of this Agreement.

The Agreement can be terminated under the following conditions:

1. In case a municipality fails to comply with its commitments in the GIA, MDLF has the right to end the signed agreement with the municipality (GIA) and its allocation or part of its allocation will be retrieved to MDLF. Consequently, the municipality has no right to get any of this allocation in the future such cases is noncompliance with the deadlines mentioned in the allocation letter (the submission of the application form, the bidding process and signing the contracts and finally completing the implementation of projects).
2. If the municipality(s) is dissolved, and thus lose any recognized legal status.
3. If internal disputes or problems arise within the municipality(s), that may block the implementation of the project.
4. Any corruption or fraudulent management of project funds in any stage of the project implementation.
5. If the municipality(s) is taken to court by any other party or donor and mismanagement or misallocation of fund is established by court.
6. In case of ESHS requirements was triggered without notifying the MDLF, or court case is being raised against the municipality regarding sub-project related triggering of the ESHS requirements.
7. In case the municipality submit E&S assessments with not accurate information or documents. And the municipality is not complying to her responsibilities in term of preparing and implementing the ESHS requirements as per the ESMF and other E&S instruments.

The savings resulted from municipalities allocations after completion of the projects and/or the retrieved allocations resulted from the termination of the GIA(s) of some municipalities will be put in MDLF pool of funds and will be re-allocated and utilized in the following cycle.

The following milestones should be applied by municipalities within each cycle which consists of two years:

1. The application forms should be filled and submitted to MDLF by maximum three months after receiving the allocation letter. The appraisal process will be within three months i.e., it will not exceed 6 months from distributing the allocations without acceptable justification to MDLF.
2. The required design, licenses and permits from other authorities and line ministries if needed and then preparing bidding documents for the approved projects should be submitted to MDLF by maximum 5 months from receiving the pre-approval.

3. The procurement process including the tendering, evaluation and signing the contract should not exceed 4 months from getting the MDLF no objection for tendering without acceptable justification.
4. The implementation period will not exceed 7 months from signing the contracts.
5. The duration from filling the application form and the completion of implementation for the projects should not exceed 20 months except for large projects and for reasonable and justified reasons can be extended to 22 months. The municipalities that will not or could not meet the defined milestones should be presented to BOD to take the required decision which may reach to cancellation of their allocation.

The sequence will be as follows:

1. The delay of submission of application form:
   a. MDLF will send a warning letter for the municipality and ask them to submit the filled application form within two weeks. If the municipality response is positive or ask for not more than another week with acceptable justification, MDLF can accept and wait.
   b. If the municipality did not respond within the two weeks or within the extended week then MDLF will raise the issue to the board.
   c. The MDLF board will review the case and take the decision either to extend for another period and not to exceed two weeks, or/ transfer their allocation to the following cycle or cutting off part of their allocation which is not exceeding 20% of the total allocation.
2. The delay of submission of the required documents, such as the designs and licenses or the bidding documents, evaluation of bidding documents or during the procurement process. MDLF will send a warning letter and ask the municipality to send the required documents within a month otherwise MDLF raise the issue to the Board then the Board decisions can be as above.
3. The delay of implementation with weakness or lack of supervision from municipalities side. If the municipality appears to have weak supervision, and approval of unacceptable works that causes delays, MDLF will prepare a report about the municipality's performance during implementation of projects in the municipalities that causes delay and in this case the allocation can`t be cancelled as there is a contract but the Board can study the case and decide accordingly.

Annexes

Annexes

(Annexes 1-6 have been sent and approved by donors)

Annex .1: Environmental and Social Management Framework (ESMF)

Annex 2: Labor Management Procedure (LMP)

Annex 3: Land Acquisition and Livelihood Framework (LALF)

Annex 4: Stakeholder Engagement Plan

Annex 5: Environmental and Social Commitment Plan (ESCP)

Annex 6: Grievance Redress Manual

Annex 7: Forms

- TOM-F-01 Grant Application Form.
- TOM-F-02 Operation & Maintenance Plan – Template.
- TOM-F-03 Procurement Plan Milestone.
- TOM-F-04 Grant Implementation Agreement.
- TOM-F-05 Acknowledgment of Application Receipt Letter.
- TOM-F-06 Project Application Evaluation Report.
- TOM-F-07 Project Progress Report.
- TOM-F-08 Field Visit Report.
- TOM-F-09 Project Final Report.

Annex 8: Economic and financial analysis of sub-projects

Annex 7: Forms

TOM-F-01 Grant Application Form.

صندوق تطوير وإقراض الهيئات المحلية

طلب تمويل
لمشاريع خدمات البنية التحتية

إسم الهيئة المحلية	
المحافظة	
نوع الهيئة المحلية	
إسم البرنامج	
إسم المشروع	
تاريخ تقديم الطلب	

لاستخدام صندوق تطوير وإقراض الهيئات المحلية فقط	
رقم طلب المشروع	
تاريخ الاستلام	
الشخص المستلم	
تم تسجيله في ملف صندوق البلديات الخاص بتسجيل الطلبات المستلمة	نعم ○ لا ○

الجزء الأول: معلومات الهيئة المحلية:

معلومات الإتصال والتواصل مع الهيئة المحلية:

الموقع الالكتروني للهيئة المحلية	E-mail الهيئة المحلية	ادراج شعار البلدية	
رئيس الهيئة المحلية	الهاتف	الجوال	E-mail
منسق المشروع	الهاتف	الجوال	E-mail

المعلومات الادارية:			
تصنيف الهيئة المحلية لدى الصندوق			
المخصص الاجمالي من الصندوق (يورو) (حسب رسالة المخصص)			
عدد السكان (نسمة) (حسب الجهاز المركزي للإحصاء)			
الخدمات المقدمة من الهيئة المحلية	☐ تخطيط المدينة/ البلدة ☐ شبكة الطرق والمواصلات ☐ المياه والصرف الصحي ☐ الكهرباء ☐ النفايات الصلبة ☐ المكتبات ☐ المقابر ☐ أسواق الخضار ☐ المباني العامة والمدارس ☐ الحرف والصناعات ☐ رخص البناء ☐ الحدائق والمساحات العامة ☐ أخرى (الرجاء التوضيح)		
عدد الموظفين الكلي الهيئة المحلية	دوام كامل:		دوام جزئي:
هل تم مصادقة موازنة السنة الحالية؟	☐ نعم ☐ لا		ملاحظة: يرجى ارفاق كتاب المصادقة اذا كان الجواب بنعم
هل يوجد مخطط هيكلي؟	☐ نعم ☐ لا		ملاحظة: يرجى ارفاق نسخة عن المخطط الهيكلي المصادق اذا كان الجواب بنعم
تاريخ المصادقة على المخطط الهيكلي	مساحة المخطط الهيكلي (دونم)		العدد الإجمالي للوحدات السكنية

هل يوجد خطة تنموية للهيئة المحلية؟	☐ نعم ☐ لا	ملاحظة: يرجى ارفاق نسخة عن الخطة التنموية اذا كان الجواب بنعم
هل المشروع المقترح من ضمن الخطة التنموية للهيئة المحلية؟	☐ نعم ☐ لا	
هل يوجد الية لإستقبال الشكاوى والإستجابة لها في البلدية؟	☐ نعم ☐ لا	ملاحظة: يرجى تحديد اليات الشكاوى اذا كان الجواب بنعم

الجزء الثاني: معلومات المشروع المقترح للتمويل

المعلومات الخاصة بالمشروع المقترح:

إسم المشروع			
الهدف من المشروع			
وصف أنشطة المشروع			
وصف موقع المشروع (إرفاق مخطط موقع للمشروع)			
جهة تصميم المشروع	☐ الهيئة المحلية	☐ مكتب هندسي	☐ مؤسسة عامة
البند المالي للمشروع	☐ أعمال استشارية	☐ بضائع	☐ أعمال وبضائع ☐ خدمات
قطاع المشروع المقترح	☐ مياه ومواصلات ☐ نفايات صلبة ☐ صحة وبيئة عامة	☐ كهرباء ☐ صرف صحي ☐ أخرى (وضح)	☐ طرق ☐ مرافق ومباني
الموافقات والتراخيص اللازمة (ارفاق الموافقات والتراخيص اللازمة)	☐ الهيئة المحلية ☐ وزارة التربية والتعليم ☐ سلطة الطاقة ☐ البيئة ☐ أخرى (وضح)	☐ وزارة الحكم المحلي ☐ وزارة النقل والمواصلات ☐ وزارة الداخلية	☐ وزارة الصحة ☐ سلطة المياه ☐ سلطة جودة
المستفيدين المباشرين من المشروع	العدد:	الوصف:	

المستفيدين الغير مباشرين من المشروع	العدد:	الوصف:	
التمويل اللازم للمشروع (أرفاق الكلفة التقديرية)	_____ يورو	☐ أقل أو يساوي مخصص الهيئة المحلية	☐ أكبر من مخصص الهيئة المحلية (إرفاق كتاب تعهد بتغطية الزيادة عن المخصص)
الفترة الزمنية المتوقعة لتنفيذ المشروع (ارفاق خطة الشراء للمشروع المقترح)	_____ يوم	_____ شهر	_____ سنة
هل تم تحليل التكلفة والمنفعة للمشروع المقترح؟	☐ نعم ☐ لا ينطبق	☐ لا	☐ لا ملاحظة: يرجى ارفاق نسخة عن ملف الاكسل المتعلق بالمشروع اذا كان الجواب بنعم
أهم مخرجات المشروع			
أجراءات التشغيل والصيانة للمشروع المقترح (ارفاق خطة التشغيل والصيانة للمشروع المقترح)			

الآثار الإيجابية والسلبية المتوقعة على المجتمع والبلدة بشكل عام كنتيجة لتنفيذ المشروع؟

أثناء التنفيذ	بعد التنفيذ
١-	١-
٢-	٢-

العدد المتوقع لعمال المشروع:

العمال المباشرين	العمال المتعاقدين	الموردين الرئيسين	العمال المحليين

العمال المباشرين	الماهرين:	غير الماهرين:	شبه الماهرين	النساء:
العمال المتعاقدين	الماهرين:	غير الماهرين:	شبه الماهرين	النساء:
عمال التوريد الرئيسي	الماهرين:	غير الماهرين:	شبه الماهرين	النساء:
العمال المحليين	الماهرين:	غير الماهرين:	شبه الماهرين	النساء:

التغير المناخي:		
هل سيساهم المشروع في التخفيف من أثار التغير المناخي؟	☐ نعم	☐لا
اذا كانت الاجابة على السؤال السابق بنعم، قم بتعبئة التالي:		
كيف يرتبط المشروع المقترح بعملية التغير المناخي؟		
اذكر المدخلات المراد تنفيذها خلال المشروع للتخفيف أو/و الحد من أثار التغير المناخي		

الجزء الثالث: الملائمة البيئية والاجتماعية للمشروع المقترح

الملائمة البيئية والاجتماعية للمشروع المقترح		
المشاريع المؤهلة للتمويل:		
هل المشروع يقع ضمن المشاريع التالية: مشاريع واسعة النطاق ذات مخاطر بيئية واجتماعية عالية، مثل: • الطرق السريعة ؛ • طرق إقليمية Regional • محطات كبيرة لمعالجة مياه الصرف الصحي ؛ • محطات كبيرة لتحلية المياه؛ • محطات كبيرة لتوليد الطاقة؛ • مكبات نفايات كبيرة؛ • أسواق ضخمة؛ • توريد مواد خطرة ومسببة للتآكل	☐ نعم ☐ لا	
هل للمشروع أثار بيئية واجتماعية طويلة المدى ومن المستحيل تجنبها بالكامل بسبب طبيعته ؟ (مثال: مشروع يسبب فقدان موطن طبيعي للحيوانات أو النباتات أو تحويل استخدام أراضي بالكامل)	☐ نعم ☐ لا	توضيح :
هل للمشروع تأثيرات بيئية واجتماعية تراكمية وكبيرة في الحجم و / أو في المدى المكاني (مثال: مشروع ذات تأثير بيئي واجتماعي كبير الى كبير جدا على المنطقة الجغرافية أو/و على حجم السكان المحتمل أن يتأثروا)	☐ نعم ☐ لا	توضيح :
هل للمشروع آثار بيئية واجتماعية ضارة كبيرة عابره للحدود؟	☐ نعم ☐ لا	توضيح :
هل المشروع لديه احتمال كبير بحدوث آثار ضارة خطيرة على صحة الإنسان و / أو البيئة، مثل:	☐ نعم ☐ لا	توضيح :

• مشاريع تسبب حوادث للسكان؛ • مشاريع التخلص من النفايات السامة ؛		
هل المشروع يتضمن ازالة سكن/مأوى/مساكن للمواطنين؟ أو يتضمن اعادة توطين مواطنين؟	☐ نعم ☐ لا	توضيح :
هل المشروع يتضمن انتاج أو استخدام مواد خطرة مثل الاسبست، مبيدات الأفات، مبيدات الأعشاب ؟	☐ نعم ☐ لا	توضيح :
هل يراعي المشروع السياسات الوقائية الخاصة بالممرات المائية الدولية (OP 7.50)؟	☐ نعم ☐ لا	
خاص بقطاع غزة:		
هل تم قصف الموقع المراد تنفيذ المشروع فيه سابقا؟	☐ نعم ☐ لا	
اذا كانت الاجابة على السؤال السابق بنعم، قم بتعبئة التالي:		
هل تم فحص الموقع من قبل UNMASS لتقييم خطر وجود مواد متفجرة ؟	☐ نعم ☐ لا	
اذا كانت الاجابة على السؤال السابق بنعم، يرجى تقديم تقرير الفحص. اذا كانت الاجابة على السؤال السابق بلا يرجى تحديد الوقت المراد لتقديم فحص UXO وتقرير التقييم للموقع من قبل UNMASS		
خاص بملاحظات صندوق تطوير واقراض الهيئات المحلية:		
استنتاج صندوق تطوير واقراض الهيئات المحلية: المشروع يصنف ضمن ☐ القائمة القابلة للتمويل ☐ القائمة غير القابلة للتمويل		

تقييم الآثار والمخاطر البيئية والاجتماعية (تعبئته من قبل البلدية):	
هل هناك أية أثار أو مخاطر محتمل وقوعها نتيجة تنفيذ المشروع على: • البيئة (المياه، الهواء، التربة، الأشجار والنباتات) • صحة وسلامة عمال المشروع • التنوع البيولوجي ومصادر الموارد الطبيعية • صحة وسلامة المجتمع المحلي	☐ نعم ☐ لا

• مصادر الرزق وسبل العيش للمواطنين • مواقع أثرية أو تاريخية • الفئات المستضعفة والمحرومة (المطلقات، الأطفال، كبار السن، الأرامل، اصحاب الاعاقة)		
اذا كانت الاجابة على السؤال السابق بنعم، قم بتعبئة التالي:		
الاجراءات الوقائية المقترحة: ١. ٢. ٣.		
هل ينطوي المشروع على مخاطر محتملة للعنف المبني على النوع الاجتماعي والاستغلال الجنسي	☐ نعم ☐ لا	
اذا كانت الاجابة على السؤال السابق بنعم، اذكر الاجراءات الوقائية المقترحة:		
خاص بملاحظات صندوق تطوير واقراض الهيئات المحلية:		
استنتاج صندوق تطوير واقراض الهيئات المحلية: المشروع يصنف ضمن ☐ مناسب ☐ بحاجة الى مراجعة ☐ غير مناسب		

إقرار:

نقر نحن في الهيئة المحلية _____ بصحة المعلومات الواردة في طلب التمويل لمشروع: _____، ونلتزم بجميع إجراءات صندوق تطوير وإقراض الهيئات المحلية أثناء تنفيذ المشروع وبعد الانتهاء من تنفيذه.

اسم رئيس البلدية: _____

ختم وتوقيع رئيس الهيئة المحلية: _____

Annex 7: Forms: TOM-F-02 Operation & Maintenance Plan – Template

خطة تشغيل وصيانة

عام	
اسم الهيئة المحلية	
البرنامج	
خطة تشغيل وصيانة لمشروع	
رقم المشروع	
الفترة التي تغطيها الخطة	(_____ ٢٠ إلى _____ ٢٠)
تاريخ آخر مراجعة (إذا توفر)	

الهدف من خطة التشغيل والصيانة	
قطاع المشروع	طرق ابنية عامة اليات ومعدات اخرى _____
كفالة الضمان :	مدة الضمان الكلية: _____ سنة تفاصيل الضمان_____

- هدف وخطة تشغيل وصيانة مبيناً قائمة بأهم مخرجات ـ المشروع: منشات- معدات.....
- وصف خطة التشغيل :
  - الاليات : عدد ايام العمل اسبوعيا ك ـذاتيا ـ تاجير للغير
  - المباني : ٤ ايام بالاسبوع
  - الطرق :

إجراءات التشغيل الرئيسية والموارد اللازمة									
إجراءات التشغيل الرئيسية (النشاطات)		التكاليف الشهرية	المسؤولية		التكاليف التشغيلية (شاملة لتكاليف التدريب والرواتب)			مصدر وقيمة الميزانية المتاحة لتغطية التكاليف	
		التكالفة باليورو	المدة	نوع الدوام	سنة اولى	سنة ثانية	سنة ثالثة	القيمة	المصدر
الاليات	سائق	١٠٠٠ شهريا	٥ شهر	دوام جزئي	٥٠٠٠	٥٥٠٠	٥٥٠٠		
	ترخيص	٥٠٠ سنويا			مورد	٥٠٠	٥٠٠	١٠٠٠	بلدية
	تامينات	١٠٠٠سنويا			مورد	١٠٠٠	١٠٠٠	٢٠٠٠	
	وقود	٥٠٠ شهري	١٢ شهر		٦٠٠٠	٦٠٠٠	٦٠٠٠	١٨٠٠٠	
المباني	حارس	٥٠٠ شهري		دوام كلي	٦٠٠٠	٦٠٠٠	٦٠٠٠		
	مراسل	٣٠٠ شهري		دوام جزئي	٣٦٠٠	٣٦٠٠	٣٦٠٠		
	تامين وترخيص مباني	١٥٠٠	١سنه		١٥٠٠	١٥٠٠	١٥٠٠	٤٥٠٠	البلدية
الطرق	عامل صيانة	٣٠٠ شهري		دوام جزئي	٣٦٠٠	٣٦٠٠	٣٦٠٠		
المجموع الكلي (لسنة باليورو)					١٣٥٠٠	١٥٠٠٠	١٥٥٠٠		
المجموع الكلي (ل٣ سنوات باليورو)					٤٦٥٠٠				

القطاعات	إجراءات الصيانة الرئيسية (النشاطات)	ضمن قدرة موارد الهيئة المحلية	بحاجة إلى مصادر خارجية	تكاليف الصيانة (يورو)			مصدر وقيمة الميزانية المتاحة لتغطية التكاليف	
				سنة اولى	سنة ثانية	سنة ثالثة	القيمة	المصدر
الصيانة الوقائية								
اليات	صيانة دورية			مورد	١٠٠٠	١٠٠٠		
مباني	صيانة وقائية – عزل ودهان			المقاول	٥٠٠	٥٠٠	١٠٠٠	
طرق	دهان دوري – مناهل وقنوات				المقاول	١٠٠٠	١٠٠٠	
الصيانة العلاجية / طوارئ								
اليات	حوادث طارئة لا يغطيها التامين ١-٢٪							
مباني	حوادث ٢٪							
طرق	تخريب حوادث ٢٪							
	المجموع الكلي (لسنة باليورو)							
	المجموع الكلي (ل٣ سنوات باليورو)							

Annex 7: Forms : **TOM-F-03 Procurement Plan Milestone**

النقاط الرئيسية لخطة شراء

اسم البلدية:

معلومات عامة										
1	وصف المشروع									
2	القطاع									
3	التكلفة الكلية									
4	Commitment Amount									
5	طريقة الشراء									
المخطط له مقابل الفعلي	وثائق العطاءات		تاريخ الدعوة	تاريخ فتح العطاءات	تقرير تقييم العطاءات		تاريخ توقيع العقد	تاريخ بداية العقد	تاريخ الانتهاء	
	تاريخ التقديم	تاريخ عدم الممانعة			تاريخ التقديم	تاريخ عدم الممانعة				
التاريخ المخطط له										
التاريخ الفعلي										

أعدت من قبل: المسمى الوظيفي: مهندس البلدية التاريخ التوقيع: ختم البلدية:

Annex 7: Forms. **TOM-F-04 Grant Implementation Agreement.**

اتفاقية تنفيذ المنحة (GIA)

برنامج تطوير البلديات المرحلة الرابعة – الدورة الأولى (MDPIV)

صندوق تطوير واقراض الهيئات المحلية

التاريخ: \ \ ٢٠٢٣ م

إتفاقية تنفيذ المنحة

<u>الفريق الاول</u> : صندوق تطوير و إقراض الهيئات المحلية والمعروف لغايات هذه الاتفاقية (الصندوق/الفريق الاول) ممثل(بالسيد بصفته مدير عام صندوق تطوير وإقراض الهيئات المحلية)

و

<u>الفريق الثاني</u>: بلدية ..... والمعروف لغايات هذه الاتفاقية(البلدية/الفريق الثاني) ممثلة

(بالسيد ..... رئيس بلدية .....)

المقدمـــة

حيث أن الصندوق يعمل على تنفيذ العديد من المشاريع والأعمال التي تستفيد منها البلديات؛ وحيث أن البلدية قد أبدت رغبتها بالاستفادة من المنح المقدمة من خلال الصندوق؛ وحيث أن البلدية أبدت التزامها الكامل بوثيقة برنامج تطوير البلديات وكافة الوثائق والاتفاقيات من أجل الحفاظ على أهداف برنامج تطوير البلديات (MDPIV) الذي يتم تنفيذه من قبل صندوق تطوير وإقراض البلديات؛ كما أن البلدية أبدت التزامها الكامل بوثيقة برنامج تطويرالبلديات وإتفاقيات التمويل وسياسة صندوق تطوير وإقراض الهيئات المحلية والاجراءات التشغيلية المتضمنة في دليل الإجراءات الخاص بالصندوق وأدلة العمل المعتمدة للبرنامج ؛ وحيث أن الصندوق وافق على إستفادة البلدية من المنح وعليه فقد تم الإتفاق بين الفريقين على الأسس والشروط والأحكام التالية :

١ <u>إدراج المقدمة والملاحق في الإتفاقية</u>

١,١ تعتبر المقدمة أعلاه جزءاً لا يتجزأ من هذه الإتفاقية.

١,٢ تنطبق هذه لاتفاقية على كافة المشاريع الفرعية التي يمولها الفريق الأول لصالح الفريق الثاني.

١,٣ تعتبر الملاحق المرفقة في نهاية هذه الإتفاقية جزءاً لا يتجزأ منها.

٢ <u>تعريفات وتفسيرات</u>

سيكون للمصطلحات التالية تعريفات مرادفة لها حيثما وردت في هذه الإتفاقية، ما لم يتم ذكر غير ذلك في السياق.

٢,١ "الاتفاقية-GIA":- ويقصد بها هذه الإتفاقية وجميع الوثائق، والملاحق المرفقة في هذه الإتفاقية والتي تعتبر جزءاً لا يتجزأ منها.

٢,٢ "البلدية":- ويقصد بها الفريق الثاني/ بلدية ..... التي تعتبر طرفاً في هذه الاتفاقية.

٢,٣ "العملة" **:-** العملة التي ذكرت في رسالة الطلب والتي تحدد المبلغ المخصص الملزم "للبلدية" (اليورو الأوروبي)، وتكون العملة الرسمية المستخدمة لتحضير المدفوعات المحددة في هذه الاتفاقية.

٢,٤ الشركاء الممولونFPs:- ويقصد به كل المؤسسات الثنائية ومتعددة الأطراف التي تمول مشروع تطوير البلديات كما ذكرت في برنامج تطوير البلديات. وهي تعني مجتمعة الوكالة الفرنسية للتنمية، الحكومة الدنماركية، البنك الدولي ، التعاون الألماني (البنك الألماني للتمنية والوكالة الألمانية للدعم الفني)، ، الوكالة السويسرية للتنمية ، الوكالة البلجيكية للتمية، واتحاد البلديات الهولندية بالإضافة إلى الحكومة الفلسطينية .

٢,٥ المشروع:- إسم المشروع الوارد في طلب المنحة أو المشاريع المدرجة في الملحق (ب).

٢,٦ التمويل/المبلغ :- (المبلغ المخصص من الصندوق الذي تم إبلاغ البلدية به).

٢,٧ المقاول:-هو شخص أو هيئة متحدة أو شركة تم قبول عرضهم لتنفيذ الأعمال من قبل صاحب العمل.

٢,٨ المورد: هو شخص أو هيئة متحدة أو شركة تم قبول عرضهم لتوريد بضائع من قبل صاحب العمل.

٢,٩ برنامج تطوير البلدياتMDPIV **: -** وهو برنامج مشترك تموله الحكومة الفلسطينية والشركاء الممولون من خلال صندوق تطوير وإقراض الهيئات المحلية ، كما هو مذكور في وثيقة برنامج تطوير البلديات المرحلة الرابعة من البرنامج 2023 - ٢٠٢٧ .

٣ شروط عامة

٣,١ يتعهد صندوق تطوير وإقراض الهيئات المحلية بإصدار رسالة (تقديم طلب تمويل) محدداً المخصص المالي الملزم (للبلدية)، ورسالة موافقة تحدد المشاريع الموافق عليها للتنفيذ تحت إطار هذه الإتفاقيه فيحال تحقيق المتطلبات المذكورة في دليل الإجراءات لصندوق تطوير و إقراض الهيئات المحلية.

٣,٢ تلتزم البلدية بإستخدام المبلغ المخصص والمحدد في هذه الإتفاقية كاملاً فقط للمشاريع كما هو محدد في الملحق "ب" من هذه الإتفاقية، والذي يعتبر جزءاً لا يتجزأ من هذه الإتفاقية، كما أن أي تعديل أو إستبدال لأي من المشاريع الفرعية من قبل البلدية يجب أن يوافق عليها الصندوق خطياً وبشكل مسبق ويجب أن يستبدل المشروع الفرعي الأصلي في الملحق "ب".

٤ البدء و المدة الزمنية لتنفيذ الإتفاقية

٤,١ تصبح هذه الإتفاقية نافذة منذ تاريخ التوقيع عليها من قبل الطرفين،

٤,٢ تتعهد البلدية بإعداد خطة نهائية لتنفيذ المشروع محددة تاريخ البدء في تنفيذ المشروع وتاريخ انتهاء كي يتم الموافقة عليها من قبل الصندوق، وتعتبر موافقة الصندوق على خطة التنفيذ المفصلة وخطة الشراء هو شرط لتوقيع إتفاقية تنفيذ المنحة. وتلتزم البلدية بأن تظهر في الخطط التي ستعدها ترتيبات ذات صيغ تشير الى الإنجازات والمتطلبات المالية والتقنية اللازمة لتكوين جدول العمل لديها.

٥ واجبات و مسؤوليات البلدية

٥,١ تتعهد وتلتزم البلدية بأن تستغل/تتصرف بالتمويل الذي ستحصل عليه وفق الأهداف التي تم تخصيص المنحة لأجلها وتلتزم البلدية بإجراء التوثيقات اللازمة وحفظ المستندات الضرورية التي تثبت آلية التصرف وتزويد الصندوق بها عند طلبها، وفي حال وجود أي تمويل آخر للبلدية يتوجب على البلدية إبلاغ الصندوق والإلتزام بالتنفيذ حسب متطلبات التمويل المشترك المذكور في دليل إجراءات الصندوق.

٥,٢ تتعهد البلدية عند اختيارها للمشروع الفرعي وعند تنفيذها للمشروع بالالتزام بسياسة حيازة الاراضي وتحسين حياة الناس (LALAPF) وفي حال دعت الحاجة لخرق هذه السياسة فالبلدية ملزمة بتطبيق اطار حيازة الاراضي وتحسين حياة الناس وتعويض المتأثرين بالمشروع **بحسب خطة عمل حيازة الاراضي وتحسين حياة الناس والتي ستعدها البلدية على حسابها الخاص ةحسب اجراءات الصندوق وبعد موافقته الخطية على تلك الخطة .**

٥,٣ تلتزم البلدية عند اختيار المشروع الفرعي وتنفيذه بالالتزام بشروط الاطار العام للادارة البيئية والاجتماعية والصحية (ESMF)

٥,٤ تلتزم البلدية عن اختيار المشروع الفرعي وعند تنفيذه وتقييمه باشراك ذوي العلاقة والمصلحة وتطبيق الخطة الخاصة بها (SEP) , وتلتزم البلدية بالإفصاح عن كل البيانات المتعلقة بالمشروع والمتعلقة

بالامور الفنية والبيئية والإجتماعية والصحة والسلامة العامة والمتعلقة بعملية الشراء والتعاقد مع المقاولين على مواقع البلدية الرسمية ووسائل التواصل الاجتماعي وان تكون بلغة واضحة وسهلة الوصول للجميع وان للصندوق الحق في النشر واستخدام أي من تلك البيانات.

٥,٥ تلتزم البلدية عند اختيار المشروع باجراء تحليل التكلفة والمنفعة او دراسة الجدوى ووفقا لحجم وطبيعة المشروع.

٥,٦ تتحمل البلدية بشكل كامل تبعات اية اثار سلبية اثناء تنفيذ المشروع لم تقم البلدية بادراجها في مرحلة التحضير واختيار المشروع بما فيها تعويض المتأثرين، وفي حال ظهور بعض المخاطر المتعلقة بالأمور الاجتماعية والبيئية والصحة والسلامة العامة (Unforeseen ESHS) خلال تنفيذ المشروع(chance find)فانه يتوجب اعلام الصندوق خطياً ورفع تقرير وتطبيق الاجراءات اللازمة حسب الادلة والاجراءات المعتمدة وضرورة التنسيق مع الجهات ذات العلاقة على نفقة البلدية أو/ و المقاول حسب طبيعة الحالة ووثائق العطاء.

٥,٧ تتعهد البلدية بتوفير منسق للمشروع والالتزام به خلال فترة التفيذ وفي حال تم تغييره فانه يتوجب اعلام الصندوق خطيا بذلك.

٥,٨ تتعهد البلدية بتخصيص مهندس لمتابعة المشروع في جميع مراحله من مرحلة تحضير التصاميم اللازمة وتحضير وثائق العطاء وطرحه وفتحه وتقييمه والاشراف عليه واستلامه والتنسيق مع المختصين في اقسام البلدية المختلفة ، وان يتم مراعاة كافة المعايير الهندسية والفنية اللازمة عند اعداد التصاميم ووثائق العطاء الخاصة بالمشاريع الفرعية وضرورة ومراعاة النواحي المتعلقة بالتغير المناخي وتعزيز القدرة على الصمود ومواجهة المخاطر

٥,٩ تتعهد البلدية بتحديد/بتعيين مختص بيئي او مختص ذي علاقة بالامور البيئية والسلامة العامة للاشراف على المشروع في حال صنف المشروع ذو خطورة متوسطة فاعلي (substantial).

٥,١٠ تلتزم البلدية بتنفيذ المشروع بإتقان وفعالية طبقاً لمعايير وممارسات تقنية وفنية واقتصادية ومالية و إدارية و بيئيةوصحية و إجتماعية صحيحة وسليمة ومرضية للصندوق طبقاً لأحكام دليل إجراءات الصندوق ومكافحة الإحتيال والفساد والتي تعرف بالإرشادات ضد الفساد، **<u>وفي هذا الإطار تقرّ وتصرح البلدية أنها إطلعت على كافة ملاحق هذه الإتفاقية والأدلة الخاصة بهذا البرنامج وتلتزم بمضمونها بشكل كامل.</u>**

٥,١١ على البلدية أن تتعهد بفتح حساب بنكي منفصل (Escrow Account) للمبالغ التي سيتم المساهمة بها (إن وجدت) من قبل البلدية, وعلى البلدية أن تتعهد بتزويد الصندوق بأي معلومات خاصة بهذا الحساب قبل توقيع عقد المشروع \ أو طلب الشراء, ومساهمة البلدية في اية مشروع يتوجب دفعها قبل دفع المطالبة النهائية للمشروع من قبل الصندوق.

٥,١٢ تتعهد البلدية بتزويد الصندوق بتقارير دورية عن سير العمل في المشروع من كافة النواحي المرتبطة بالمشروع وكما هو محدد في القسم الثامن من هذه الإتفاقية ويجب أن ترفق هذه التقارير بكافة المستندات الداعمة إذا لم تستطع البلدية توفير المستندات الداعمة المطلوبة. وللصندوق الحق في إيقاف المشروع المعني دون أن يكون للبلدية الحق في الإعتراض.

٥,١٣ تتعهد البلدية بتسهيل الزيارات الميدانية لموظفي الصندوق أو للشركاء الممولين أو لأي طاقم أو استشاريين أو مدققين خارجيين قام الصندوق بتعيينهم أو شركاء ممولين لمقرات البلدية أو مواقع المشاريع كما يستلزم الأمر، والتأكيد على وجود السجلات للمراجعة والفحص في كل الأوقات كجزء من عملية المتابعة والتقييم.

٥,١٤ تتعهد البلدية بتوفير سبل الحفاظ على السلع المستوردة و التي تمولها المنحة, وذلك لتفادي حوادث عشوائية ويتم ذلك منذ الحصول على السلع و حتى نقلها وتسليمها الى المكان المخصص لإستخدامها أو تركيبها، أي تعويض عن أية أضرار يجب أن يكون مدفوعا بأية عملة مستعملة لإستبدال أو تعويض تلك السلع.

٥,١٥ستكون البلدية مسؤولة عن مهمة الحصول على كل **التصاريح/الأذونات** اللازمة لتنفيذ المشروع.

٥,١٦في حال قام صندوق تطوير و إقراض الهيئات المحلية بإعطاء موافقة مبدئية على المشروع لحين إستكمال إجراءات ترخيص أو بعض المتطلبات ولم تقدم البلدية ما هو مطلوب خلال التاريخ المحدد من قبل الصندوق في كتاب الموافقة المبدئية، او في حال قيام الصندوق باصدار موافقة نهائية ولم تلتزم البلدية بما هو مطلوب منها, فيحق لصندوق تطوير و إقراض الهيئات المحلية إلغاء المشروع وإلغاء الإلتزام المالي ما بين البلدية والصندوق.

٥,١٧ تتعهد البلدية بإعداد خطة تشغيل وخطة صيانة (O&M)للمشروع وأن تتأكد من إدراج أية مصاريف ذات صلة في موازنتها السنوية، تتعهد البلدية دائماً بتشغيل وصيانة، أو الإيعاز بتشغيل وصيانة كل المرافق المتعلقة بالمشروع وبالسرعة المطلوبة، بالإضافة لتنفيذ أو الإيعاز بتنفيذ كافة التصليحات والتجديدات طبقاً لخطة التشغيل والصيانة (O&M).

٥,١٨ تتعهد البلدية بتسهيل عمل المدقق الخارجي الذي يعينه الصندوق كي يدقق المشروع الممول خلال فترة التنفيذ، وعند إكمال المشروع، و/أو بعد (خلال خمس سنوات)إنهاء المشروع. و يتم دفع رسوم التدقيق مباشرة من قبل الصندوق للمدقق الخارجي المعين.

٥,١٩ تتعهد البلدية بتزويد الصندوق بقائمة للمصادر ومبالغ التمويل للمشروع أو النشاط الممول بهذه المنحة (راجع الملحق ب)، وعلى البلدية أن تتعهد بفتح حساب بنكي منفصل لأية مساهمة مالية للبلدية حسب الملحق (٤).

٥,٢٠ من المتفق عليه بين الطرفين أنه من غير المسموح للبلدية أن تقوم بتغيير المشاريع الممولة من خلال هذه المنحة من دون موافقة الصندوق الخطية خلال فترة التنفيذ، وفي حال حدوث أي تغيير بأولويات البلدية بعد موافقة الصندوق على المنحة، على البلدية أن تسعى للحصول على موافقة مكتوبة من الصندوق قبل إجراء أي تغيير في مخصص التمويل وهذا سيستلزم إجراء تعديل على هذه الاتفاقية .

٥,٢١ تتعهد البلدية بتوفير كافة المصادر اللازمة لتنفيذ المشروع\المشاريع .

٥,٢٢ تتعهد البلدية بالحصول على كل السلع والأعمال والخدمات الممولة من المنحة طبقاً لأحكام أدلة الصندوق ذات العلاقة و الإتفاقيات مع الشركاء الممولين.

٥,٢٣ تتعهد البلدية بالحفاظ على السياسات والإجراءات بالطريقة اللازمة لتمكين عملية متابعة وتقييم سير العمل الذي يتم إحرازه والإنجاز وتحقيق الأهداف طبقاً للمؤشرات المقبولة لدى الصندوق.

٥,٢٤ تتعهد البلدية بإعداد وتزويد الصندوق بكل الوثائق والمعلومات اللازمة للصندوق والمتعلقة بماسبق .

٥,٢٥ تلتزم البلدية بالتقيد بالإجراءات الخاصة بالمشتريات والعطاءات وفق النحو الآتي :

٥,٢٥,١ يتم تمويل عملية الحصول على كل الأعمال والسلع والخدمات الإستشارية من خلال المنحة طبقاً لأحكام دليل المشتريات للصندوق والذي تم إقراره من قبل مجلس الادارة و الشركاء الممولين، وخطة الشراء التي تم الموافقة عليها من قبل الصندوق والمرفقة مع طلب التمويل وعلى البلدية اخذ الموافقة المسبقة على وثائق العطاءات قبل طرحها والإعلان عنها وكذلك توفير كل العروض ومحاضر فتح وتقييم العطاءات وطلب عدم الممانعة على الترسية من الصندوق قبل التعاقد مع المقاول او المورد ، والتي يمكن أن يتم تحديثها فقط بموافقة الصندوق .

٥,٢٥,٢ كافة الأصول الثابتة المكتسبة من خلال هذه الإتفاقية هي ملكية حصرية للمشروع \أو البلدية ويتوجب على البلدية المحافظة عليها وتسجيلها ضمن اصول البلدية.

٥,٢٦ تأخذ البلدية على عاتقها وضع اللوحة المعتمدة من الصندوق على مدخل موقع المشروع/المشاريع والتي تشير إلى إسم البلدية، إسم المشروع، مصدر التمويل(الشريك الممول)، وشعارات الصندوق والشركاء الممولين , بالاضافة الى وضع لوحة رخامية لمشاريع (المرافق والمباني العامة) ويتوجب على البلدية الحفاظ على تلك اللوحات لمدة ٥ سنوات من الإنتهاء من تنفيذ المشروع .

٥,٢٧ تتعهد البلدية بأتباع نظام شكاوي لتوثيق شكاوي المواطنين بخصوص المشروع وتوثيق رد البلدية و اجراءاتها بخصوص تلك الشكاوي وابلاغ الصندوق بكافة الشكاوي الواردة والاجراءات التي تمت من البلدية لحلها والتعامل معها. وعلى البلدية ان تفصح للمواطنين عن هذا النظام والية الوصول اليه.

٥,٢٨ تكون البلدية مسؤوله عن مراقبة تطبيق المقاول للمخططات والمواصفات الفنية للعمال حسب وثائق المشروع ولخطة الالتزام البيئيئ والصحي والاجتماعي وما يتعلق بها من وثائق وملحقات اثناء تنفيذ المشروع , وبالنسبة للبلديات التي تدير مشاريعها بيئيا واجتماعيا ذاتيا على البلدية تقديم تقارير شهرية للصندوق بالادارة البيئية والاجتماعية وملزمة بتسهيل عمل الصندوق. وتتحمل البلدية كامل المسؤولية ان وجد اي اختراق في تطبيق الاجراءات اللازمة **وستتحمل البلدية الاجراءات بحقها التي ستصل لسحب المخصص وستكمل الصندوق ادارة المشروع بيئيا واجتماعيا.**

٥,٢٩تكون البلدية مسؤوله عن مراقبة تطبيق المقاول لخطة ادارة العمالة LMP والعمل عى التأكد من استكمال كافة العقود والوثائق المرتبطة بها وتوثيق اية شكاوى من العمالة المرتبطة بالمشروع ومراعاة تطبيق القوانين الخاصة بالعمال خلال المشروع وشروط السلامة والصحة المهنية. واعلام الصندوق بتلك الشكاوى وكيف تم حلها من قبل المقاول او جهات الاختصاص اذا تعلقت تلك الشكاوى بالمقاول وعماله

- تلتزم البلدية بإعلام الصندوق بشكل خطي وسريع في حال حدوث أي حوادث تتعلق بالمشروع. كما تلتزم بتقديم تقرير سبب الحادث والخطوات والاجراءات الني تم اخذها بعد حصول الحادث.

٥,٣٠ **التزام البلدية بإجراءات السلامة والصحة العامة طول فترة تنفيذ المشروع وليس في فترة العمل الرسمي فقط.**

٥,٣١ الحفاظ على تحقيق الهدف او الغاية من المشاريع (الابنية العامة خاصة)

٥,٣٢ اذا كانت البلدية معطاة صلاحيات الدفع للمقاول سيقوم الصندوق بتحويل المبالغ لحساب البلدية وستقوم البلدية بتحويل الدفعات للمقاول حسب اجراءات الصندوق

٥,٣٣ التزام البلدية بالسياسة الحكومية وقراراتها فيما يتعلق بصافي الاقراض

٦ إلتزامات ومسؤوليات صندوق تطوير وإقراض الهيئات المحلية

٦,١ يلتزم الصندوق بتحويل أموال المنحة التي تم الموافقة عليها مباشرة للمقاولين او الاستشاريين طبقاً لهذه الاتفاقية وطبقاً للأحكام المجملة في دليل الاجراءات (إجراءات الميزانية والدفع).

٦,٢ بناء على المعايير الموضحة في دليل الاجراءات و السياسات المالية للصندوق، سيقوم الصندوق بتنفيذ عملية التقييم لتحديد البلديات التي لديها القدرة الفنية و المالية و التشغيلية للحصول على التمويل مباشرة ومن ثم الدفع مباشرة للمقاول أو المورد. وبناء على ذلك سوف يتم تعديل الإتفاقية بإضافة ملحق يوضح الإجراءات التفصيلية لتحويل المنح المخصصة للمشاريع لحساب البلدية الخاص بتلك المشاريع، حيث تكون البلدية مسؤولة عن الصرف من هذه الحسابات للمقاول/المورد وفق الإجراءات المالية للصندوق وبما ينسجم

مع إتفاقيات التمويل بين الصندوق وشركاء التمويل. (ملاحظة: هذا الإجراء ينطبق على المنح الممولة من شركاء التمويل الذين وافقوا على تحويل الدفعات المالية للبلديات في إطار تعزيز اللامركزية)

٦,٣ يوفر الصندوق تدريباً ومساعدة فنية للبلدية حسب إمكانياته المتوافرة ووفقاً لما هو مذكور في دليل الإجراءات لصندوق تطوير و إقراض الهيئات المحلية إما عن طريق طاقمه الخاص أو عن طريق مستشارين خارجيين، لضمان جودة عالية في تنفيذ المشروع وذلك بناءاً على إحتياجات تم تحديدها من قبل البلدية الحاصلة على المنحة وتم الموافقة عليها من قبل الصندوق .

٧ الميزانية وإجراءات الدفع

٧,١ وفقاً لهذه الإتفاقية وبناءاً على آلية تخصيص الأموال المتبعة لدى الصندوق ، وخطة الشراء، ومقترح المشروع الموافق عليه يخصص صندوق تطوير وإقراض الهيئات المحلية ميزانية كلية على أن لا تتجاوز قيمة مخصص البلدية هو **(€) (.....يورو)**

٧,٢

٧,٣ ما لم تعطى البلدية صلاحية الدفع للمقاول او المورد, سيقوم الصندوق بتحويل الدفعات مباشرة للمقاول او المورد ، بناءاً على طلب مباشر من البلدية، مدعم بكل المستندات اللازمة، وعلى البلدية أن تقدم تقريراً عن سير المشروع مع كل دفعة مطلوبة، وستكون دفعات الأموال بناءاً على إجراءات الدفع المنصوص عليها في الإتفاقيات مع الشركاء الممولين ذات العلاقة.

٧,٤ أي أموال لم يتم إستخدامها من المبلغ المخصص للبلدية تحفظ في الحساب الخاص والذي يديره الصندوق وسيتم إستخدامه طبقاً لإتفاقية التمويل الموقعة بين السلطة الوطنية الفلسطينية والشركاء الممولين .

٨ تقارير سير العمل والتقارير المالية

٨,١ على البلدية أن تقدم للصندوق تقارير عن سير و إكتمال المشروع بناءاً على خطة الشراء التي تم الموافقة عليها(كما هو مشار في دليل الاجراءات)، وعلى البلدية أن تستشير الصندوق حول نوع التقارير والنماذج الخاصة والتي تم اعتمادها من الصندوق .

٨,٢ يجب ان تتضمن تقارير البلدية المرفوعة للصندوق والتي من ضمنها التقرير النهائي للمشروع المنفذ ان كان هناك شكاوي وردت بخصوص المشروع وكيفية التعامل معها .

٨,٣ يجب تقديم كل التقارير المذكورة أعلاه للصندوق وفقاً لجدول زمني وفي مواعيدها المحددة

٩ شروط خاصة

٩,١ على البلدية إدارة العقد بطريقة سليمه مع المقاول حسب أدلة عمل صندوق تطوير و إقراض الهيئات المحلية وإجراءاته وتوثيق عملية إدارة العقد والإشراف على المشروع وإرسال نسخ من المراسلات بين البلدية والمقاول لصندوق تطوير و إقراض الهيئات المحلية بكل ما يتعلق بالمشروع من حيث التأخير في الاعمال وآلية إجراءات الفحوصات المخبرية ونتائجها وما يترتب عليها، وكذلك تجديد الكفالات حيثما يلزم وغير ذلك من أمور ، والالتزام بوثائق العطاء الموافق عليها من الصندوق

٩,٢ على البلدية عدم إعطاء أوامر تغييريه للمقاول إلا بعد أخذ الموافقة الخطية المسبقة من صندوق تطوير وإقراض الهيئات المحلية وحسب نماذج الصندوق وإلا فإن البلدية تتحمل اي نتائج يقررها الصندوق لاحقاً بما فيها عدم اعتماد او الدفع على اية اعمال او كميات تخالف العطاء والاوامر التغيرية المعتمدة من الصندوق.

٩,٣ على البلدية التعاون مع المكتب الإستشاري الذي يعينه صندوق تطوير و إقراض الهيئات المحلية لمساعدة البلديات في تنفيذ المشروع .

٩,٤ على البلدية أن تزود صندوق تطوير و إقراض الهيئات المحلية بالتقارير المطلوبة منها حسب نماذج الصندوق أو حسب ما يطلب منها، والإلتزام بالمواعيد التي يطلبها الصندوق خلال مراسلاته وإلا فالبلدية تتحمل أي قرارات ناتجه عن عدم إلتزامها بتلك المواعيد .

٩,٥ على البلدية ان تقوم بدعوة الصندوق للمشاركة في الاستلام الابتدائي , وكذلك الاستلام النهائي للمشروع بعد انتهاء فترة الصيانة .

٩,٦ على البلدية تحري الدقة في كافة البيانات والمعلومات والمخططات واية وثائق يتم تقديمها للصندوق بما يخص المشاريع في كافة مراحلها, وتتحمل البلدية وحدها مسؤولية تقديم اية بيانات او معلومات خاطئة او منقوصة وما يترتب عليها من آثار.

١٠ انهاء الاتفاقية

من المتفق عليه بين الفريقين أنه يحق للفريق الاول إنهاء هذه الإتفاقية في أي وقت من الأوقات ودون بيان الأسباب ودون أي تبعات مالية أو قانونية على الفريق الاول وذلك بإشعار خطي من قبل صندوق تطوير وإقراض الهيئات المحلية وفق الآتي:

١٠,١ يتم إنهاء هذه الإتفاقية من قبل الصندوق من خلال إشعار مكتوب للبلدية ويصبح الإشعار نافذاً بعد خمسة أيام من تسلم البلدية لهذا الاشعار، وفي هذه الحالة فإن المتبقي من المخصص المالي المحدد في هذه الإتفاقية والذي لم يتم صرفه يبقى في حساب صندوق تطوير وإقراض البلديات، وكل الإلتزامات والمسؤوليات القانونية المترتبة على الصندوق التي تولدت من هذه الإتفاقية تنتهي وتلغى بإنتهاء هذه الإتفاقية في حين تظل البلدية مسؤولة عن تنفيذ الإلتزامات القائمة وغير المنفذة حتى تاريخ انهاء الاتفاقية.

١٠,٢ بالإضافة إلى ما ذكر أعلاه فإنه يجوز للصندوق إنهاء هذه الإتفاقية بدون إشعار أو إنذار ودون الحاجة للجوء للقضاء في الحالات التالية :

١٠,٢,١ إذا لم تقم البلدية بالإنتهاء من تصميم المخططات والحصول على التراخيص اللازمة وطرح العطاءات وكذلك في حال عدم الإنتهاء من التعاقد والمباشرة في تنفيذ المشاريع وفي حال عدم الانتهاء من تنفيذ المشاريع بالتواريخ التي يحددها الصندوق وحسب ما هو وارد في وثائق العطاءات , وتتحمل البلدية اي تاخير في تنفيذ المشروع الموقع مع المقاول في حال تاخر المشروع لما بعد اغلاق المنحة ويلغى ما تبقى من المخصص (ماليا).

١٠,٢,٢ إذا تم حل البلدية بطريقة تفقدها أي اعتبار قانوني، أو تأثرت إعتباريتها القانونية بطريقة معينة لتؤثر بشكل أساسي على قدرة البلدية على الإلتزام بهذه الاتفاقية.

١٠,٢,٣ إذا ظهرت خلافات داخلية في مؤسسة\ أو البلدية و التي من شأنها أن تعيق تنفيذ المشروع في رأي صندوق تطوير وإقراض الهيئات المحلية .

١٠,٢,٤ إذا تأكد لدى الصندوق وجود دليل على فساد أو إحتيال في إدارة تمويل المشروع، أو أي مخالفة لدليل البنك الدولي لمنع مكافحة الإحتيال والفساد في المشاريع الممولة من خلال قروض IBRD وقروض ومنح IDAوالتي تعرف بالإشارات ضد الفساد، و إذا تم مثول البلدية أمام المحكمة من قبل أي طرف أو ممول بسبب سوء الإدارة وسوء توزيع الأموال .

١٠,٢,٥ إذا انتهت إتفاقية الصندوق مع الشركاء الممولين، فإنه تحت هذا الظرف فقط يحق للبلدية الحصول على تعويض على الإلتزامات غير القابلة للإلغاء والتي إستوجبت قبل تاريخ إشعار الإنهاء الرسمي.

١٠,٢,٦ في حال وجود إحتيال أو فساد في إدارة التمويل من قبل البلدية، فإن للصندوق الحق إتخاذ كافة الإجراءات القانونية ضد الجهات المسؤولة في البلدية.

١٠,٢,٧ إذا فشلت البلدية في تنفيذ أي من إلتزاماتها التي نصت عليها الإتفاقية.

١٠,٢,٨ إذا تأكد لدى صندوق تطوير و إقراض الهيئات المحلية أن البلدية لم تقم بواجبها و إلتزاماتها تجاه تحضير الموقع أو متطلبات أخرى لتنفيذ المشروع من قبل المقاول أو المورد في مدة تزيد عن شهر من أمر المباشرة بالعمل للمقاول أو خلال شهر متواصل أثناء التنفيذ .

١٠,٢,٩ إذا كان هنالك تقصير من قبل البلدية في الإشراف على المشروع حسب وثائق العطاءات.

١٠,٢,١٠ في حال إخلال البلدية بأي من إلتزاماتها او الشروط الواردة في هذه الإتفاقية.

١٠,٣ وفي جميع حالات الإنهاء المذكور أعلاه يبقى المبلغ المالي المخصص و/ أو المتبقي منه والذي لم يتم صرفه للبلدية في حساب صندوق تطوير وإقراض الهيئات المحلية ولا يحق للبلدية المطالبة به بأي حال من الاحوال حيث يحق للفريق الأول في هذه الحالة التصرف بهذا المخصص بالصورة التي يراها مناسبة. ويعتبر المبلغ المصروف على المشروع دينا على البلدية لصالح الصندوق في حال تأكد اخلال البلدية بمسؤولياتها الواردة في هذه الاتفاقية بما يتعلق بما تم الصرف عليهمن المشروع.

١١ <u>الإخلال بأحكام الإتفاقية</u>

إذا أخل الفريق الثاني بأي من إلتزاماته الواردة في هذه الإتفاقية أو قام بتنفيذها بشكل معيب أو ناقص و/أو في حال التأخر في التنفيذ فيكون من حق الفريق الأول إتخاذ كل أو بعض الإجراءات المبينة أدناه بإرادته المنفردة ودون الحاجة لإشعار و/أو إخطار الفريق الثاني ودون الحاجة للجوء للقضاء:

١١,١إنهاء أو فسخ هذه الاتفاقية فوراً.
١١,٢الامتناع عن صرف أي قسط/دفعة/ من دفعات أو أقساط المنحة.
١١,٣إسترداد أي دفعات قام الفريق الأول بدفعها فعلياً.
١١,٤الرجوع على الفريق الثاني بالتعويض عن الضرر.

١٢ <u>أحكام عامة:</u>

١٢,١تتحمل البلدية المسؤولية القانونية وحدها عن أي مخالفات للتشريعات السارية المفعول نتيجة تنفيذ هذه الإتفاقية.

١٢,٢أي توضيح أو تعديل يجري على هذه الإتفاقية أو أي بند من بنودها أو ملاحق من ملاحقها أو مرفقاتها يجب الإتفاق عليه بشكل خطي بين فريقيها.

١٢,٣أي خلاف أو نزاع حول تفسير/تطبيق بنود هذه الإتفاقية أو أي خلاف يتعلق بأي موضوع من مواضيع هذه الإتفاقية أو أي بند من بنودها تكون محاكم دولة فلسطين هي المختصة بالفصل في هذا النزاع/الخلاف وفق التشريعات السارية.

١٢,٤تسري القوانين السارية في مناطق السلطة الوطنية الفلسطينية على أحكام وآثار هذه الاتفاقية.

١٢,٥لا حاجة لتبادل الإخطارات/ الإشعارات/ التبليغات العدلية أو العادية لغايات تنفيذ مضمون هذه الاتفاقية.

١٢,٦يسقط الفريق الثاني حقه بالإدعاء بيمين كذب الإقرار و/أو بعدم القبول و/أو الوفاء و/أو التمسك بأي دفع شكلي و/أو موضوعي حول صحة ما ورد في هذه الإتفاقية والأمور المتعلقة بها و/أو الناشئة عنها.

١٢,٧إن مجرد إرسال أي إشعار أو خطاب إلى الفريق الثاني على العنوان المثبت لدى الفريق الأول يعتبر بينة كافية وتبليغاً أصولياً.

١٢,٨نظراً لأن هذه الاتفاقية تتكون من عدة صفحات فإن توقيعها من قبل فريقيها على أي صفحة من صفحاتها يعتبر توقيعاً من قبل فريقيها على جميع الصفحات وبدون أن يكون لأي من الفريقين حق الطعن بأي صفحة من صفحاته بداعي عدم التوقيع عليها.

١٢,٩تتكون هذه الاتفاقية من مقدمة و اثني عشرة مادة بما فيها هذا البند من هذه الإتفاقية وقد جرى تحريرها وتوقيعها بعد تلاوتها وتفهم مضمونها في هذا اليوم ..... الموافق .....

أصدرت هذه الاتفاقية في مدينة البيرة-رام الله، وهي ملزمة للموقعين أدناه بتاريخ .....

بلدية	**صندوق تطوير وإقراض الهيئات المحلية**
اسم رئيس البلدية	**محمد الرمحي**
رئيس بلدية	**مدير عام صندوق تطوير وإقراض الهيئات المحلية**

Annex 7: Forms: **TOM-F-06 Project Application Evaluation Report**

Project Application Evaluation Report

MDP 4

Municipality Name			
Municipality Code			
Project Application NO.			
Project Title			
Date Received			
Name			

Project Application Evaluation Form						
No.	**Project Appropriateness Indicators**	**MDLF Conclusions**	**Evaluation of Indicators**			**Results (A/R/Re)**
			Approved (A)	**Revision (R)**	**Rejection (Re)**	
17.	**Environmental Standards**	☐ Positive list ☐ Negative List	Positive list	N/A	Negative list	
18.	**Social/Environmental Standards**	☐ Positive list ☐ LALP	Positive list	N/A	Negative list	
19.	**Climate change adaptation**	☐ Positive list ☐ Negative List	Positive list	N/A	Negative list	
20.	**Vulnerability issues**	☐ Positive list ☐ Negative List	Positive list	N/A	Negative list	
21.	**Budget requested from MDLF**	☐ below allocated Ceiling ☐ above with commitment letter from municipality ☐ above with no commitment letter	Below ceiling/ or Above with Commitment Letter	N/A	Above with no commitment letter	
22.	**Environmental Impact**	☐ Adequate ☐ Needs Revision ☐ Inadequate	Adequate	Revision	Inadequate	
23.	**Social Impact**	☐ Adequate ☐ Needs Revision ☐ Inadequate	Adequate	Revision	Inadequate	
24.	**Risk Assessment**	☐ Un-Risky ☐ Risky	Un-Risky	N/A	Risky	
25.	**Availability of adequate PPM**	☐ Adequate ☐ Needs Revision	Adequate	Revision	N/A	
26.	**Availability of adequate O&M Plan**	☐ Adequate ☐ Needs Revision	Adequate	Revision	N/A	
27.	**Project budget more than 500,000 EURO or income generation**	☐ Yes ☐ No	Yes	N/A	No	
28.	**Social Accountability**	☐ Adequate ☐ Needs Revision ☐ Inadequate	Adequate	Revision	Inadequate	
29.	**Social Safeguards: land acquisition and Livelihood Action Plan**	☐ Accepted ☐ rejected	Payment to PAP	N/A	RAP not implemented	
30.	**Basis of Design**	☐ Adequate ☐ Needs Revision ☐ Inadequate	Adequate	Revision	Inadequate	
31.	**Integrated project (Roads only).**	☐ Yes ☐ Needs Revision ☐ No	Yes	Revision	No	
32.	**UXO (Gaza)**					

MDLF Decision ⇨	☐ **Approval**	☐ **Needs Revision/ Modification**	☐ **Pre-Approval and requires further detailed studies**	☐ **Rejection**

Following are MDLF detailed notes and recommendations	
MDLF Detailed Notes/ Recommendations / Requirements	
Social Officer **Signature:** **Date:**	
Environmental Officer **Signature:** **Date:**	
Area Engineer **Signature:** **Date:**	

Supervisor **Signature:** **Date:**				
Evaluator ⇩	☐ **Recommendation Approval**	☐ **Needs Revision/ Modification**	☐ **Pre-Approval and requires further detailed studies**	☐ **Rejection**
TD Manager **Signature:** **Date:**	**Technical Department Manager Revision/ Recommendations**			
OM **Signature:** **Date:**	**OM Revision/ Recommendations:**			
DG **Signature:** **Date:**	**DG Final Approval/ Recommendations:**			

Annex 8: **Economic and Financial Analysis of sub-projectss**

Overview

- The program proposes to finance municipal sub-projects through the Municipal Development and Lending Fund (MDLF). MDLF will allocate funds to municipalities to finance their priority investment projects according to the conditions and processes laid out in this Manual.

- Municipal priorities are defined through a public consultation process. As part of municipal projects' appraisal process, MDLF engineers check whether the public consultation was held, whether the proposed program corresponds to one of the priorities identified, and whether program costs fall into the municipal allocation. However, even if the public consultation process leads to identifying priority problems to be solved, the chosen program approach does not necessarily solve the problems in the most cost effective way.

- Economic and financial analysis to be considered based on sub-project's nature and type. This will provide a guidance to MDLF during appraisal stage.

- MDP Phase I cycle 2 was a testing phase for an improved and simplified methodology to assess cost efficiency of the MDP subprojects, which was rolled out in MDP Phase II and applied in MDPIII and will be also applied in MDPIIIICI for projects < 500,000 EUR which fall into the following main categories: road rehabilitation, construction equipment, street lighting, public buildings, public parks, water networks or sewers (excel templates have been developed for these project types) and for projects > 500,000 EUR. For smaller projects in other sectors, the approval of the relevant technical authority is sufficient.. The roll out of the economic and financial assessment of projects will include a training of municipal staff on the concept of economic and financial analysis and on how to use the simplified methodology described in the present guideline.

- The MDLF's technical department trained to evaluate projects > 500,000 EUR using the simplified methodology and relying on further orientation given in the World Bank "Handbook on Economic Analysis of Investment Operations". For larger projects, the analysis will comprise in addition to the simplified methodology the following elements:

a. the evaluation will estimate to a reasonable extent the full financial and economic costs and benefits of the sub-project, including if necessary project specific items not foreseen in the standard excel templates;

b. will compare life time financial and - if relevant - economic net costs and benefits for different options and techniques in order to opt for the least cost and the most effective option and
c. will include a sensitivity analysis of main assumptions.

Projects with the following characteristics shall require a separate justification of the applicant and can be rejected by MDLF:

- high costs per beneficiary expressed in a Financial Net Present Value (FNPV) above EUR 100[9]. This applies to all projects except those without clearly identifiable beneficiaries, such as construction equipment, municipal workshops or similar, roads projects that include investments of other types of infrastructure such as water or wastewater lines or culverts…in the same road ;
- a Financial Rate of Return below 15% for all projects conceived as revenue generating projects, such as market stalls and shops;
- revenues below Operation and Maintenance Costs for public services such as Water Supply or Solid Waste Management; or
- Own costs higher than 90% of comparable rental costs for public buildings and construction equipment;

For such projects, MDLF's technical department and LTCs (if there are) shall advise on different technical alternatives or a different project altogether that is more likely to yield higher benefits for the community.

The Economic and Financial Analysis in the Sub-Projects approval process

The sub-projects approval process is shown in Figure 1. The Economic and Financial Analysis will be done by the municipalities and screened by MDLF technical staff. When the project is over 500,000 EUR, the municipality should submit a separate detailed economic and financial analysis to MDLF.

For smaller projects (<500,000 EUR) and roads rehabilitation projects (over 500,000 EUR) that consist of several internal segments of roads , the municipality may rely on the excel templates and the present guidelines for its Economic and Financial Analysis and has to submit the filled template as part of the application. If the project requires a separate justification (see

[9] Justification of the threshold: Palestinian Municipalities manage investment budgets of approx. 20 EUR per capita and year. Single projects should not support excessively certain beneficiary groups with investments that would not be replicable for other beneficiaries.

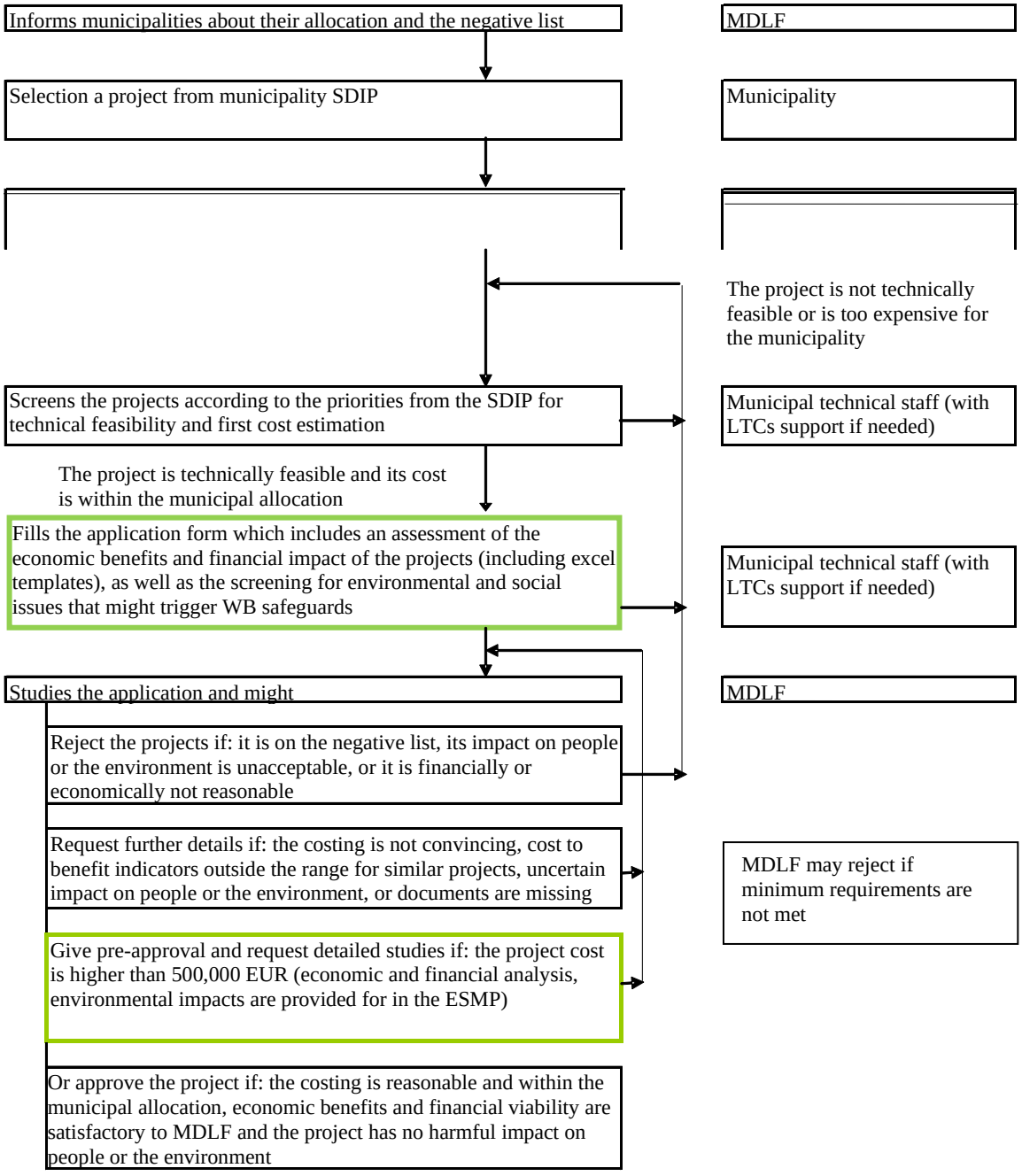
above), the municipality shall request MDLF or LTC (if there is) support to examine technical alternatives or alternative projects.

Simplified Methodology for Sub-projects' Economic and Financial Screening

The methodology promotes basic techniques to analyze the projects qualitatively and then estimate basic indicators to monitor economic outcomes and cost effectiveness. The methodology includes a set of questions in the application form and excel templates that deliver the basic indicators if nurtured with adequate data. The methodology proposes to compare sub-projects' costs to their benefits or to the costs of alternative options (e.g. rental of similar premises or equipment) using simple indicators.

The simplified economic and financial analysis takes into account direct costs, revenues and the project beneficiaries. For larger projects (> 500,000 EUR) the analysis shall contain also a qualitative description of further benefits: social, environmental, or health related.

Figure 1 Sub-Projects Approval Process



Short theoretical background on financial mathematics used in the simplified methodology

The excel templates are based on financial mathematics used commonly to assess projects that generate costs and benefits (monetary expenditures and revenues and possibly also non-monetary costs and benefits such as environmental costs or social benefits) over lifetime.

The first principle is to abstract from inflation, which simplifies the assessment. However, it has to be kept in mind that the fees (e.g. water fees, parking fees, rental charges, etc.) necessary to cover operation and maintenance costs will have to be adjusted to inflation during the operation period of the project.

The second principle is to use negative values for costs (expenditures) and positive values for revenues.

The main underlying assumption of financial mathematics is that people give higher value to a benefit / revenue in the current year compared to a benefit / revenue in coming years. This assumption is called the time preference. It is reflected by an interest rate used to discount costs and benefits and expenditures and revenues in future years. With a discount rate of 5%, the revenue of 100 EUR in the coming year would correspond to 95 EUR of revenue today.

Another way to look at this discount rate is to say, that public investment should generate at least such a return on investment per year (developed countries often apply discount rates between 3 and 6%, some developing countries up to 15%). Under the particular conditions of the Palestinian Territories a very high return on public investment is difficult, therefore the excel templates are based on a discount rate of 5% per year, net of inflation.

Most non-monetary benefits are difficult to value. For all projects that are not revenue generating, the cost per beneficiary is therefore an important element of the economic analysis. In order to compare projects with different lifetime and with different operation and maintenance costs, the excel templates use the Financial Net Present Value (FNPV) per beneficiary as a core indicator. The FNPV consists of the total discounted monetary costs and revenues over the lifetime of the project. Therefore it is called “financial” NPV, because it does not include non monetary costs and benefits. If projects are not revenue generating (monetary costs are higher than revenues), the FNPV is negative.

Revenue generating projects should provide a higher return on investment than the discount rate used for public investments. The Financial Internal Rate of Return (FIRR) provided in the excel templates expresses the annual return on the invested capital. Mathematically, the

underlying calculation is an approximation. Therefore, the excel template needs an estimated interest rate to facilitate this approximation. In some very special cases, there may be no result.

Getting to know the investment

To carry out the analysis, municipal technical staff have to answer the following questions (included in the application form):

a. What is the objective of the program? What will the program finance?
b. What will happen if the program is undertaken? What if not?
c. What is the problem that the program is trying to address?
d. What other solutions can solve the problem?
e. Are other technical alternatives envisaged?
f. What are the investment costs of the program?
g. What is the average maintenance cost for the program over its life expectancy?
h. What is the life expectancy of the program?
i. What are the direct revenues of the program? Does the program result in savings?
j. What are the other expected benefits? Do they have a monetary value?
k. How many people directly benefit from the program? Are there secondary beneficiaries?

Assessing the project's's effectiveness

The municipality will assess whether there is a real need for the planned investment project. To do so, it will first determine the level of existing service (e.g. % of paved roads, % coverage of waste collection, green areas per capita, existence of youth club, kindergarten, sports area, library) and then assess the needs for increased service (e.g. priorities of local development plans established in a participatory process; improved service coverage). The proposed project should fill the gap in services in the most efficient way.

Carrying out the financial analyses

Financial costs of the project include: investment costs and operation and maintenance costs over the life cycle of the program. Operation and maintenance costs should be estimated for each project, even if another legal entity is supposed to cover these costs.

Important note: all costs have to be inserted as negative values in the excel templates.

Financial revenues (benefits) of the project include: rent, user fees, single payments of beneficiaries (connection fees, initial payment to acquire the right to rent a shop) etc.

Financial benefits in form of savings: If the use of projects is free of charge while similar investments or services are also provided by the private sector (e.g. buildings, construction equipment), the financial costs have to be compared to financial benefits in form of savings,

e.g. the rent of private premises or the rent of construction equipment. The financial costs should not exceed 90% of financial savings.

The financial costs and benefits do not incur at the same time. In order to allow an assessment at the time of investment, the costs and benefits of coming years are discounted. The simplified methodology suggests to use real prices at the time analysis (year of project application) without considering future price escalation as well as a discount rate of 5%[10].

The present value of the net financial costs and benefits of the program (FNPV) is the sum of the discounted benefits and costs of the program over its life period.

The Financial Internal Rate of Return (FIRR) is the discount factor that generates an FNPV equal to zero. Revenue generating projects have to show a positive FIRR of at least 15%.

When different alternatives with the same effect are considered, the FNPV of each alternative will be estimated and compared to each other. The alternative resulting in a higher FNPV is the preferred option.

Comparing economic costs to benefits

Some projects have indirect costs and benefits: those paid or saved by other stake holders. These are not taken into account in the financial analysis, and might include health costs or benefits that affect people living in the program vicinity, or protection of the environment, or social effects. The analysis of larger projects (> 500,000 EUR) shall describe these costs and benefits in qualitative manner and if possible also quantify the economic costs and benefits.

The present value of the net economic benefits of the project (ENPV) is the sum of the discounted, direct and indirect benefits and costs of the project over its life period.

The Economic Internal Rate of Return (EIRR) is the discount factor that generates an ENPV equal to zero. The higher this value is, the better economically the program is.

When different alternatives with similar effects are considered, the alternative with a higher ENPV may be chosen, even if the FNPV is lower.

Because not all the effects of the project are easy to quantify, an additional indicator (the FNPV per Beneficiary) will be used. It allows getting a sense of the costs of the project related to the beneficiaries.

Projects with a negative FNPV of -100 EUR or less require a separate justification. As Palestinian municipalities provide presently only around 20 EUR investments per capita and

[10] This is the discount rate suggested by KfW. World Bank may use a discount rate below 10% if it is justified in the country assistance strategy. March 2012, 10 years Israeli Government Bonds yield 3.66% and Israeli Central Bank expects 2012 inflation of 2.5%. The low real interest for NIS justifies a discount rate clearly below 10%.

year to their citizens, very costly projects for few beneficiaries need additional justification (e.g. facility for handicapped children).

Illustrations

1. Rehabilitation / repaving / paving of internal roads

These sub-projects benefit mainly the local vehicular traffic and facilitate access to solid waste collection equipment. The viable approach is a least cost analysis, i.e. to invest the minimum road width pavement and pavement design suitable for the wheel loads the pavement will be subjected to. This aims at maximizing the useful life before the pavement will require replacement or restoration. Most of the existing Master Plans in the Palestinian Territories often do not follow this approach. Existing media (water, electricity, sewers, rainwater drainage) in internal roads which are defect or worn out may be included in the investment. However, if the road rehabilitation is accompanied by an extension of the water supply network or the sewer system, the economic and financial assessment for the new water supply network or the new sewers component should follow the criteria for water supply or sewerage networks (see below).

The MDP funds the rehabilitation, repaving or paving of internal roads with traffic of < 400 vehicles / peak hour only up to a maximum road width of 7m including two sidewalks (4.5 – 5 m road, 2 – 2.5 m sidewalks); maximum width of 8 m (3 – 3.5 m sidewalks) if the pedestrian traffic is > 100 / peak hour (e.g. schools). The municipality has to attach a traffic count at peak hour (clearly indicating date and time of traffic count with signature of surveyors and municipality). If the municipality intends to rehabilitate or newly pave a larger width (e.g. to provide parking space or because the paving of the full width between houses bordering the road is technically more viable) i.e the municipality should submit a reasonable justification.

Ratios:
Investment cost / running meter of internal road (including sidewalks)
FNPV per beneficiary

2. Rehabilitation / upgrading major inner urban roads and outer connection roads

Major roads are part of the main arteries connecting municipalities to the north and south or east and west or a combination of routes. A more comprehensive analysis should comprise a traffic count over at least 1 weak and indicating (i) traffic in peak hours and (ii) importance of medium and heavy weight traffic (> 7.5 tons; maximum wheel loads). The traffic count results should be used for the pavement design calculations. The projection for future traffic increase should be based on a 10 years horizon with a maximum factor of 2 compared to the actual traffic count.

Furthermore, the design should include safe pedestrian crossings (e.g. including speed bumps, warning signs and marked pedestrian crossings) and general pedestrian safety (e.g. hand railing for retention walls exposing pedestrians to a high risk of fatal accidents).

The MDLF funds rehabilitation or upgrading of major inner urban roads with traffic

- between 400 and 1000 vehicles / peak hour up to a maximum width of 10 m (6.5 – 7 m road, 3 – 3.5 m for two sidewalks);
- between 1000 and 1800 vehicles / peak hour up to maximum width of 15 m (10 m road, 5 m for two sidewalks), possibly in addition a greened middle strip (up to 2.5 m width);
- > 1800 vehicles / peak hour four lane roads up to a maximum width of 18 m (6 m road in each direction, 6 m for two sidewalks), plus a greened middle strip (up to 2.5 m width);

If the municipality intends to rehabilitate or newly pave a larger width (e.g. to provide parking space) i.e the municipality should submit a reasonable justification.

The MDLF shall fund rehabilitation or upgrading of outer connection roads with traffic

- < 400 vehicles / peak hour up to a maximum width of 6 m (no sidewalk)
- Between 400 and 1000 vehicles / peak hour up to 6.5 m (no sidewalk)
- > 1000 vehicles / peak hour up to 7.5 m (no sidewalk).

Ratios:

Investment cost / running meter of internal road (including sidewalks)

FNPV per beneficiary

It is worth mentioning that MDLF has prepared a new Road-Transportation Manual to be used in planning of roads and transportation in urban areas. The manual includes such guidelines and thresholds to be taken in the process of identifying the width of roads and the type of works to be implemented in these roads. In the appraisal process the MDLF should consider these guidelines in addition to the previous thresholds for cost-benefit analysis.

3. Purchase of road construction equipment

Subprojects consisting of purchase of road construction equipment are subject to a critical financial justification as such services can better be outsourced in lieu of purchasing. Many municipalities will not be able to maintain the equipment adequately and the useful life will be compromised. The financial justification should include the downtime for maintenance and repairs, the liability insurance, O&M costs (including salaries of municipal staff), etc. compared to the cost of hiring such equipment.

Ratio:

FNPV / discounted number of working hours < 90% of market rate for hiring such equipment.

4. Rehabilitation / extension of street lighting

Subprojects consisting of extending street lighting should be cost-efficient with regard to investment and operation and maintenance and respect the guidelines developed for energy efficiency. If the project consists only in the replacement of bulbs with more energy efficient bulbs, the FIRR shall be at least 15%.

Ratios:
FNPV / km of lightened street
FNPV / beneficiary
FIRR > 15% (only for replacement with energy efficient bulbs)

5. Rehabilitation / extension of water supply and/or installation of water meters

The rehabilitation or replacement of a section of an existing network which may be damaged causing environmental or health hazards and the installation of new water pipes and house connections under streets prior to paving require a least cost analysis based on standard designs. A minimum requirement is that the current water revenues in the water enterprise budget are covering at least the operation and maintenance costs of the water enterprise. The cost-efficiency ratio shall be based for simplicity on the FNPV per beneficiary. If the investment consists mainly in the installation of water meters, the expected increase in billing and collection efficiency shall result in a FIRR of at least 15%.

Ratios:
Current revenues > operation and maintenance costs
FNPV / beneficiary
FIRR > 15% (only for installation of water meters)

6. Rehabilitation / extension of sewerage network

The rehabilitation or replacement of a section of an existing network which may be damaged causing environmental or health hazards and the installation of new sewerage house connections under streets prior to paving require a least cost analysis based on standard designs. However, the minimum requirement is that the sewers are connecting to an operating waste water treatment plant. In addition the current water revenues in the water enterprise budget shall cover at least the operation and maintenance costs of the water and sewerage services. The cost-efficiency ratio shall be based for simplicity on the FNPV per beneficiary.

Ratios:
Current revenues > operation and maintenance costs
FNPV / beneficiary

7. Rehabilitation / extension / new construction of public buildings

Generally such investments are justified if the existing buildings are insufficient for municipal services and costs are below the local rental prices (max. 90% of local rental prices). If the municipality intends to erect buildings as revenue generating projects (e.g. markets), the FIRR should be at least 15%. For new construction of buildings the effective area (Aeff) shall be at least 60%.

Ratios:

Investment cost / m² (m³ in case of abnormal hights)

Aeff = Effective Area (m²)/ Gross Area (m²)

FNPV / m² and month compared to local rental prices

FNPV / beneficiary

FIRR > 15% (for revenue generating projects)

8. Rehabilitation / new development of public parks or playgrounds

Such investments are very important for social coherence and well being, especially for densely urbanized areas. However, the maintenance of such public spaces presents a major challenge and MDP gives priority to projects that respond to a demand and can cover the operation costs (watering, gardening, solid waste management) from site specific revenues (e.g. parking tickets, rent of small shops or restaurants). For existing facilities, the assessment should include a visitor count preferably for different periods in the year and an evaluation which share of the population uses the facility. For new facilities, the applicant should gain information on visitor numbers and share of population using the facility from a reference facility in a comparable setting.

Ratios:

Investment cost / m² of building

Expected rent / m² of building and month

Total investment / m² of park

FNPV / beneficiary;

FNPV / visitor;

Projected operation and maintenance cost < projected direct revenue from the site (exception: special social benefit and the municipality has a reliable revenue source to cover projected O&M deficit).

End.