

# TECHNICAL & FINANCIAL FILE

## LOCAL GOVERNMENT REFORM AND DEVELOPMENT PROGRAMME - PHASE II

### OCCUPIED PALESTINIAN TERRITORY

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THE BELGIAN  
DEVELOPMENT COOPERATION **.be**



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## ABBREVIATIONS

AFD	Agence Française de Development
APLA	Association of Palestinian Local Authorities
BTC	Belgian Technical Cooperation
CB	Capacity Building
CD	Capacity Development
CMO	Implementation Agreement (Between the Belgian State and BTC)
CBO	Community Based Organisation
CSOs	Civil Society Organisations
CHF	Cooperative Housing Foundation
ICA	Institutional Capacity Assessment
ICOs	Intermediate Capacity Outcomes
DANIDA	Danish International Development Assistance
DGD	Directorate General for Development Cooperation and Humanitarian Aid
DoUP	Directorate of Urban Planning
DP	Development Partner
GIS	Geographical Information Systems
GIZ	German Federal Enterprise for International Cooperation
ICP	Indicative Co-operation Program
JICA	Japanese International Cooperation Agency
JSCs	Joint Service Councils
LED	Local Economic Development
LGASS	Local Government and Administration Sectoral Strategy
LGRDP	Local Government Reform and Development Programme
LGS	Local Government Sector
LGRD	Local Government Reform and Development
LGs	Local Governments
LGUs	Local Government Units
M&E	Monitoring and Evaluation
MDLF	Municipal Development and Lending Fund
MDP	Municipal Development Programme
MoLG	Ministry of Local Government
MoPAD	Ministry of Planning and Administrative Development
MoWA	Ministry of Women Affairs
MRPC	Micro Region Planning Committees
MTO	Municipal Technical Officers
MTR	Mid-term review
NGO	Non-Governmental Organization

NDP	National Development Plan
NSSP	National Strategic and Spatial Plan
oPt	occupied Palestinian territory
PA	Palestinian Authority
PAPP	Programme of Assistance to the Palestinian People
PAR	Participatory Action Research
PPM	Physical Planning Manual
PPP	Public Private Partnership
PSC	Programme Steering Committee
PSU	Programme Support Unit
RHC	Regeneration of Historic Centres
SDIP	Strategic Development and Investment Planning
SDP	Spatial Development Planning or Framework
SIDA	Swedish International Development Agency
TA	Technical Assistant/Assistance
TFF	Technical and Financial File
ToR	Terms of Reference
UNDP	United National Development Programme
USAID	United States Agency for International Development
USD	US Dollars
VC	Village Council
WB	World Bank

## EXECUTIVE SUMMARY

In an overall challenging socio-political context, local government is seen by the Palestinian Authority and the government of Belgium as a driving force for promoting both state building and local economic development in the Palestinian Territory. Contributing to both of these objectives constitutes the backbone of the bilateral cooperation in the Local Government sector in the Palestinian Territory. It guided Belgium support since 2001, and with an incremental approach, towards facilitating and strengthening collaboration mechanisms between Local Government Units, with a particular focus on the smaller local authorities. The Local Government Reform and Development Programme (LGRDP) - phase II (based on LGRDP achievements) is a step further in this direction.

The programme strategies are aligned to Palestinian national and sector policies. The National Development Plan (NDP) 2014-2016 sets out the Palestinian Authority's strategic objective in the local government sector for the coming years: i) LGUs throughout governorates are more capable of a better public service delivery ; (ii) more effective delivery of, and equitable access to, public services. The intention is to create a streamlined LGS that is capable of realising sustainable development, boosted by effective community participation and with reduced development gaps between communities.

Main challenges and opportunities of the current institutional and policy context of the local government sector reform have been identified as such :

- The slow attempts at decentralization and the slow implementation of the announced local governance reform initiatives are part of the complexity in the national politics. The subsequent unclear division of roles and mandates of stakeholders in the LGS
- Relationships between the levels of territorial administration, are governed by guidance , control and compliance, rather than monitoring, support and coaching. There is often a government top-down approach to reform instead of a more inclusive, equitable governance approach between government units, local communities and citizens.
- Better service delivery remains among the key drivers of local government reform, with an inherent tension between the need for short term, efficient delivery of urgently needed infrastructure and services and the longer term, more complex, need to build state legitimacy and viable local institutions.
- The frequent changes in MoLG's leadership in the past years have contributed to the weakening of its institutional capacity for planning and implementation of plans. Donor's interventions which are often implemented in an uncoordinated way also contribute to further hindering MoLG's ownership and leadership.

While Key opportunities of the Local government Sector (LGS) today are:

- In 2010 the MoLG managed to define and agree on a vision, mission, values, and objectives for the local governance sector including the MoLG itself with a strategic plan. A new strategic plan has been developed in 2014 which confirm these directions for the years to come. The strategic work and inter-departments communication was facilitated with the creation of a policy unit.
- The MoLG has drawn the lessons from the first years of amalgamation experience and is considering how to create space for new forms of LGU collaboration and accompany them
- A greater role is recognized in the National Development Plan to Regional Directorates
- Local Government Units (LGUs) 's capacities (above all municipalities) are improving in particular in technical areas of strategic planning, procurement and financial management.

In this context LGRDP II aims first of all at strengthening stakeholders in their respective roles in the Local Government Sector (LGS).

The programme design also builds on and reinforces key achievements and lessons of LGRDP implementation :

- Processes of progressive rationalization and consolidation of LGU's require tailor made, context-bound approaches of institutional development. LGRDP experience in the 4 clusters contributed to showing that amalgamation is not the sole option. A wide range of joint arrangements exists ranging from specific contractualisation modalities to increased political representativeness.
- LGRDP II must accompany MoLG in the transition from accompanying pilots approaches to an uptake into policy work. Coherence and strategic focus between the programme different areas of support are necessary to better promote the leverages to go, 'from a pilot to a policy'.
- LGUs themselves must be considered as actor of their own development. This means paying more attention to local governance (and not only local government), focusing on the relationships between stakeholders at local level (LGU's but also private sector, civil society..), on improving their interaction, stimulating accountability of local government towards the citizens, social demand from citizens etc....
- MoLG regional directorates (RD's) role in interaction with key actors at each level of the local government system must be further reinforced,
- Belgium support to the LG sector - LGRDP and Regeneration of Historic Centers - must be made more effective and efficient through further integration at programme level

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

LGU collaboration through JSCs is seen as the entry point for capacity building of LGUs - in particular the smaller rural LGUs - to improve service provision, promote local development and contribute to territorial integration, particularly of LGUs in area C or with parts of LGU territory in area C.

The specific objective is therefore *to contribute to the strengthening of the capacities of LGUs to collaborate in providing services, promoting local development and contributing to territorial integration.*

LGRDP II will contribute to territorial integration through support to inclusive planning and development of LGUs' territories with a special focus on reducing local disparities (social, economic and political), covering A, B and C areas as well as various socio-economic realities. Territorial integration is to be understood as all processes that are contributing to and that are promoting as well as allowing the development of a territory and of all actors on this territory. It refers (i) to the reduction of economic and social disparities between localities and between citizens on this territory, (ii) to capacities to generate development at the local level and to contribute as such to the national development and (iii) to capacities to provide equal services to all citizens on the entire territory.

The programme has five results:

- The decentralised policy and regulatory framework for LGU collaboration is further developed on the basis of the MoLG's experience with the supported LGUs in pilot clusters
- The MoLG's institutional capacities to support, coach, supervise and monitor LGU collaboration in a decentralised framework are sustainably strengthened.
- The supported LGUs collaborate to provide services, promote local development and

contribute to territorial integration.

- The supported LGUs invest in infrastructure to provide services, promote local development and contribute to territorial integration. This result will be implemented through an agreement with MDLF.
- The supported LGUs actively promote community participation in relevant functions and facilitate residents' expression of their opinions on issues and priorities of public interest.

These results are pursued through parallel strings of capacity development activities, organised as far as possible as successive Participatory Action Research (PAR) projects around the priority issues that must be solved as far as possible by MoLG and/or LGU staff to attain the results.

The programme is embedded in the mandates and work flow (tasks) of the MoLG and MDLF staff and thus fully integrated into the MoLG structure, its regional directorates and LGUs. The component implemented by MDLF will also rely on the agency's existing staff and structure.

It will be implemented through the MoLG systems and procedures as much as possible. The Programme Support Unit will be institutionally anchored at the Minister/Deputy Minister level in the MoLG. The Minister will designate the program responsible. For the additional workload related to capacity enhancement support and programme management, specific additional human resources will be provided in different forms: a national policy advisor, an international policy advisor, technical assistants at regional level, an operations manager and support staff in the programme support unit.

A specific focus will be put on developing methods and tools for tracking change processes at institutional, organisational and individual level. The M&E will be one element in this endeavour, as well as the use of participatory action research and a complementary set up of technical assistance which can facilitate learning at each stage and each level of programme implementation.

## ANALYTICAL RECORD OF THE INTERVENTION

Title of the intervention	Local Government Reform and Development Program (LGRDP) Phase II
Intervention number	NN 3014028
BTC Navision Code	PZA 13 033 11
Partner Institution	Ministry of Local Government
Duration of Specific Agreement	72 months
Duration of the intervention	60 months
Estimated start-up date	2015
Contribution of the Partner Country	€ 95.000
Belgian Contribution	€ 12 million
Sector (DAC codes)	DAC 15112 Government and civil society - Decentralisation and support to subnational government
Brief description of the intervention	Support to local government reform and development in the Palestinian territory
Overall Objective	The management, the development and the administration system of the Local Government Sector in the Palestinian territory are improved within a decentralised framework
Specific Objective	The capacities of LGUs to collaborate in providing services, promoting local economic development and contributing to territorial integration are strengthened
Results	<p>R1. The decentralized policy and regulatory framework for LGU collaboration is further developed on the basis of the MoLG's experience with LGU's in pilot clusters</p> <p>R2. The MoLG's institutional capacities to support, coach, supervise, and monitor LGU collaboration in a decentralized framework are sustainably strengthened.</p> <p>R3. The supported LGUs collaborate to provide services, promote local development and contribute to territorial integration</p> <p>R4. The supported LGUs invest in infrastructure to provide services, promote local development and contribute to territorial integration</p> <p>R5. The supported LGUs actively promote community participation in relevant functions and facilitate citizen's expression of their opinions on issues and priorities of public interest</p>

# 1 SITUATION ANALYSIS

## 1.1 General context

### 1.1.1 Introduction

The guiding principle of co-operation between the Government of Belgium and the Palestinian Authority (PA) is to contribute as effectively as possible to the implementation of the reform-driven National Development Plan (NDP) and the long-term development vision adopted by the PA. Local Government (local governance) constitutes a priority sector for Belgium bilateral cooperation support in the Palestinian Territory (the other is the education sector). Local Government is recognized both by the Palestinian Authority and the government of Belgium as a key pillar in the state building efforts: not only through its contribution to a better public sector performance, but also through its potential for local economic development on a territorial basis. Contributing to both of these objectives constitutes the backbone of the bilateral cooperation in the Local Government sector. It guided Belgium support through years, and with an incremental approach, towards facilitating and strengthening collaboration mechanisms between Local Government Units, with a particular focus on the smaller local authorities. The Local Government Reform and Development Programme (LGRDP) - phase II (based on LGRDP achievements) is a step further in this direction.

### 1.1.2 The National Development Plan 2014-2016

State-formation under occupation remains Palestinian Authority's main policy priority and also biggest challenge for the coming years. The National Development Plan (NDP) 2014-2016<sup>1</sup> - State Building to Sovereignty - is "designed to materialise a sovereign State and consolidate control over natural resources; develop the so-called Area C; particularly the Jordan Valley; and restore East Jerusalem and Gaza".

The key challenges to NDP implementation lie in the complex dynamics of international and domestic politics and their consequences on the socio-economic situation. The NDP itself distinguishes the following key challenges to the achievement of the policy agenda for the coming years: the Israeli occupation, the Palestinian internal political and administrative divide, the deteriorating economic situation and financial crisis, and poverty and unemployment, particularly affecting women and youth.

Local Government Reform and Development is a key component of NDP implementation in the coming three years. It is also deeply affected by these international and domestic challenges.

### 1.1.3 The fragmentation of the Palestinian Territory under occupation

The institutional and political situation within which the Palestinian Authority and local governments currently operate is largely the result of the Israeli-Palestinian peace agreements signed in 1993 (also called the Oslo Agreements). The Interim Agreements divided the West Bank into three categories: Area A, currently<sup>2</sup> comprising about 18% of the land in the West Bank, which includes all the Palestinian cities and most of the Palestinian population of the West Bank; the Palestinian Authority (PA) is endowed with governmental powers this area. Area B, comprises approximately 22% of the West Bank and encompasses large rural areas. Israel retained security control of the area and transferred control of civil matters to the PA. Some 2.4 million Palestinian residents live in these two areas, which are subdivided into 165 separate units of land that have no territorial contiguity. Area C covers 60% of the West Bank. Israel has retained almost complete control of this area, including

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<sup>1</sup> PNA NDP; 2014

<sup>2</sup> May 2014 (this section is largely based on [http://www.btselem.org/area\\_c/what\\_is\\_area\\_c](http://www.btselem.org/area_c/what_is_area_c) consulted on 13/07/14)

security matters and civil matters. The PA is responsible for providing education and medical services to the Palestinian population. However all land-related civil matters, including land allocation, planning and construction, and infrastructure remains under Israeli Administration's control.

Area C, which does have territorial contiguity, includes 125 Israeli settlements in the West Bank. According to the UN Office for the Coordination of Humanitarian Affairs (OCHA) there are 300,000 Palestinian residents in Area C, with approximately 60,000 Palestinians living in at least 180 villages and communities that lie entirely within Area C. The rest reside in approximately 290 villages and towns where only some of the built-up areas of these communities are located in Area C<sup>3</sup>.

This constraint and "control" system was initially temporary but is still operating until today. This strategy of territorial control leads to progressive strangling of Palestinian territorial development and reduce prospects for territorial integration. The fragmentation of the territory in connection with the implementation of the peace agreements and the de facto retreat of the population to so-called "autonomous" Palestinian locations also help make the local level a scale of action of the utmost importance in the Palestinian territory<sup>4</sup>.

#### 1.1.4 Internal political and administrative divide

The internal split since 2007 disrupted national policy and planning and created fiscal imbalances. The Palestinian Legislative Council (PLC) has been dysfunctional in both the West Bank and Gaza. In spite of the reconciliation between Hamas and the Fatah in April 2014 the domestic political scene remains complicated and fragile, particularly in the context of reconstruction of Gaza after the summer 2014 fighting between the Israeli army and Palestinian militants in the Gaza Strip.

Deteriorating economic situation and financial crisis

Against this backdrop of challenging political situation, the Palestinian territory has seen a declining economic performance, reflected in a low growth rate, increasing unemployment and poverty, inadequate investment, and trade. Israeli policies and practices, including impediments and restrictions on the movement of persons and goods, denied access to and investment in natural resources and heritage sites in Area C and East Jerusalem, severe blockade on Gaza since 2008, and impeded trade between the West Bank and Gaza, are the dominant factor driving this prolonged economic crisis. The declining growth rate since 2012 is also attributable to volatility in external financial support and plummeting private investment<sup>5</sup>.

The June 2013, Public Financial Management Performance Report, reveals nevertheless that progress<sup>6</sup> was achieved since 2007 by the PA in indicators related to comprehensiveness and transparency, control and audit. Systemic weaknesses persist in budget preparation, budget execution, and accounting/reporting.

The PFM report raises a number of PFM issues related to public service delivery in general and by local governments in particular: lack of transparency of intergovernmental fiscal relations, uncompleted procurement legal and regulatory framework, absence of financial information on resources received by service delivery units and difficulties in establishing an accurate and

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<sup>3</sup> According to UN food aid agencies, these communities face a high degree of food insecurity – 34% after receiving aid – as compared with 24% among the Palestinian population of Area C as a whole, and 17% in Areas A and B.

<sup>4</sup> AFD, Focales, le système de Gouvernement Local en Palestine Aude Signoles, 2010, p.13

<sup>5</sup> GDP growth dropped to 1.5% in 2013 and declining projections of 2%, 1.5% and 1.0% in 2014, 2015 and 2016 respectively may prove to be too optimistic. (the economist 2014)

<sup>6</sup> Progress made includes: relocation of the Budget Department in Ramallah; development of the central treasury account; implementation of a new Integrated Financial Management Information System (IFMIS) built around a budget classification modernized in line with the 2001 GFSM and the COFOG; establishment of a Debt Management Office; reintroduction of monthly reporting and annual financial statements; and development of internal and external audits.

comprehensive picture of donor- financed projects<sup>7</sup>. The central government bears major fiscal risks raised by losses of local Palestinian utilities companies<sup>8</sup>.

Procurement reform is ongoing. Implementing regulations have been issued in 2013 for the High Council of Procurement (established in 2011 as an independent entity to monitor the regulatory framework of procurement). Not all provisions of the new procurement legal and regulatory framework are currently implemented.

### 1.1.5 Poverty and unemployment, particularly affecting women and youth

Poverty, unemployment and expanding social gaps are substantial challenges to national public policy, limiting inclusive, sustainable development throughout the society. Poverty rates continue to be high, particularly in Gaza. According to monthly consumption patterns, poverty among individuals was 25.8%, (17.8% in the West Bank and 38.8% in Gaza). Of these, 12.9% suffer from extreme poverty, including 7.8% in the West Bank and 21.1% in Gaza, further increasing the burden on social protection programmes and demand for basic social service delivery<sup>9</sup>.

Poverty is closely linked to unemployment. In 2013, the unemployment rate among labour force participants was 25.2%. Disparity between the West Bank and Gaza remains significant, unemployment was 38.5% in Gaza, compared with 18.2% in the West Bank. The unemployment gender gap continues to be significant, marking 23.1% among men and 33.5% among women. Unemployment of young people aged between 20 and 24 is the highest, reaching 39.4% among males and 62.1% among females. Women's participation in the labour market remains low. Discrimination on the basis of gender, as well as age, community, and other social classifications remains a challenge<sup>10</sup>.

The destruction of property and loss of human life by Israeli bombing of Gaza in June and July 2014 further aggravated the already serious situation.

## 1.2 Local Government Sector Policies and Institutions

### 1.2.1 Political Economy of the Local Government Reform

Local government reform processes in a decentralised framework are not only multi-level, multi-actor and multi-issue processes. These processes are also highly political, eminently national (sovereign), rooted in the past, and evolving in interaction with the international context, particularly in neighbouring countries. The apparently technical, financial, regulatory and legal issues involved touch upon historically deeply anchored cultural, social, political, issues around relations between people, their land, their administration and their government. Understanding the dynamics of evolving stakeholders' mutual perceptions and expectations in areas of legitimacy, motives and power and their utility for the pursuance of their own interests, as they perceive them, is key.

In the specific situation of the Palestinian Territory the stakes are much higher than elsewhere and the stakeholders are not only national, but regional and global: (i) the typical political decentralisation

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<sup>7</sup> Financial information on resources received by service delivery units is missing. No routine collection of data information (through the Integrated Financial Management Information System, IFMIS) from primary units (for example primary school and primary health centers) exists, and neither surveys nor analysis on a sample basis has been carried out. It is generally not possible to assess the cost of services by delivery unit and evaluate their performance

<sup>8</sup> The unpaid invoices to the Israeli electricity/water companies are paid by the Israeli budget; the latter deducts correspondent amount on the clearance revenues transferred to the PA budget; the latter deducts in turn the amount from the transfer of property tax recovered by the PA tax administration to the municipalities which raises a loss for their budgets. At the end the municipalities bear the final weight of the losses due to unpaid invoices by the users; the latter being left in some sense with no more incentive to effectively pay their bills and clear their arrears.

<sup>9</sup> West Bank & Gaza, Public Expenditures and Financial Accountability, PEFA, June 2013.

<sup>10</sup> PEFA, June 2013

balancing act has only started recently (in 1993 after signing the Oslo agreements by the PLO), between a PA central government returned from exile and well established municipalities who have assured basic services for the population, during the entire duration of the Israeli occupation (1967-1993), (ii) seeking a modus vivendi for state formation under Israeli occupation, (iii) in a fragmented and progressively strangled territory, (iv) with the national political elite divided between Fatah, who signed and has its political base more at the national level and in the West Bank, and Hamas, who did not sign and had a stronger base at the local level in Gaza, (v) each of the major stakeholders, Fatah, Hamas and Israel, in the Local government reform and development (LGRD) process having international allies with complex loyalties to both parties in the on-going Israeli - Palestinian conflict and peace process and, (vi) the financial viability of the Palestinian territory remaining heavily donor dependant including in the local government reform support.

At stake in Local Government Reform and Development (LGRD) is not just a sovereign issue, but sovereignty itself: LGS reform must contribute to State Building to Sovereignty. This overriding political goal is shared, understood and clear (NDP 2014-2016). LGRD is part of state-formation under Israeli occupation. But due to the high stakes and the stakeholders involved, the exact potential contribution of local government reform and development in a decentralised framework and the path to follow to realise its full potential are much less clear.

The political economy of local government sector reform in the Palestinian territory probably explains why (i) successive NDPs do not explicitly put local government sector reform at the forefront of state building under occupation, through territorial integration and local development, and mostly speak of service delivery functions and (ii) no clear agenda or roadmap federating divergent interests exist today, no roadmap to guide the reform process, (iii) technically important and seemingly urgent decisions on related legislation, regulation, reorganisation, procedure, etc. are frequently delayed, even if efforts have been provided in this direction as will be explored in the next sections.

This national context of mixed political drivers and incentives for and against LG reform, and of donors' – still poorly coordinated - financial and conceptual support to the reform must be taken as a starting point by any external support to the LGS in the Palestinian territory.

### 1.2.2 Evolutions in the LGS landscape

Looking back at local government history (until 2010), following elements can be highlighted as constituting the background for every reform effort in the Palestinian territory.

Palestinian Local Government Units (LGU's) pre-existed the Palestinian state. They developed from the 19<sup>th</sup> century on and were the only political institutions authorized to exist, at least officially, during the entire duration of the Israeli occupation.

The Ministry of Local Government (MoLG), established by the PA in 1994, put forward a new vision of the Palestinian local government system as functioning on two main levels: (i) a first level consisting of 14 Governorates and two districts, which were controlled by the Ministry of Interior and (ii) a second level of local government by local government units (LGUs) including municipalities and other smaller local authorities. From 1994 it increased the number of these LGUs for various reasons<sup>11</sup>: level of government service provisions, representativeness of the communities before central and international bodies; benefit from central government allocations to the local level, promoting but also controlling better planning and urban development, pressure from the community leaders, but also political considerations (in reaction to Israeli settlements..). Afterwards, LGUs were classified

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<sup>11</sup> In 1993 30 municipalities and 109 village councils existed in the West Bank and Gaza Strip. By 1997 there were 119 municipalities and 251 village councils. MoLG 2009/06

according to criteria as the population, date of their establishment.

LGU's represent very different realities: besides 135 Municipalities (whose performance is varying greatly, there exist 251 Village councils whose population is under the 5000, and 127 very small communities called 'project committees.

The great majority of the population within these LGUs are within areas A and B (see above). However, parts of the municipal areas lie within area C, as do extensive territories belonging to the village councils (the borders of which have not been officially defined). Most of the communities represented by project committees lie within area C.

The Local Government Law of 1997 which specifies municipal functions including the provision of a set of basic services to their citizens, attributes the same functions for all LGU's without distinction between municipalities and VCs<sup>12</sup>. In practice around 80% of all 132 municipalities provide only 12 services or less<sup>13</sup>.

### 1.2.3 Increasing LGU's efficiency

Against this backdrop of varying LGU efficiency and viability the MoLG started from 1997 on focus on steps to reduce the number of LGUs by integrating them into larger municipalities capable to perform their functions and to provide the services.

Micro region planning committees (MRPC), Joint Service Councils (JSC), and amalgamation strategies, have in common to put in place basic conditions with a view to shaping a policy and strategy of merging individual LGUs into bigger municipalities in a structural and sustainable manner. These initiatives emanated from the PA as well as from local government assistance programmes<sup>14</sup>.

**Joint Service Councils** (JSC) aim to organise two or more LGUs into a joint set-up for the delivery of basic services to the communities that form part of the arrangement<sup>15</sup>. While on the ground the idea of setting up joint arrangements started being practised in the second half of the 1990s, the Department of Joint Councils (DJC) in the MoLG was formally established in 2004<sup>16</sup>.

JSCs are divided into two categories: (i) JSCs for single service which run and operate one service for their LGU members within their jurisdiction, or for other LGUs based on special agreements; (ii) JSCs performing more than one function or service on behalf of their members (also called JSC for planning and development).

The following functions of LGUs can be performed by JSCs in general after consultation with all stakeholders of the sector : developmental planning, implementation of projects, establishing and running joint facilities, provision of services such as the management of solid waste, water and waste water, strengthening coordination and collaboration between JSCs and other governmental and non-governmental bodies, encouraging communication and collaboration between LGU members of the

<sup>12</sup> the 27 functions are : Town and streets planning ; Building and construction permits; Water supply ; Electricity distribution; Sewage (public toilets) ; Public market; Trades & business licensing ; Public hygiene (street cleaning, waste collection); Public health & supervisions; Public stores (supervision of commercial, entertainment entities); Public parks; Precautions for natural disasters; Cultural, sports facilities; Public transportation; Peddlers & display boards, sunshades ;Weights & steelyard, measures control; Advertisements/signboards; Wrecking buildings; Sales of closed roads; Beggary controls; Cemeteries; Hotels controls; Animal livestock control; Canine control; Budgeting, staff ; Management of LGU assets; Fire fighting; Others.

<sup>13</sup> WB, LGISP and village background, working document, 2014/03.

<sup>14</sup> Following programme have been involved in support t merging mechanisms : (i) JICA's Project for Improvement in Local Governance System in the Jericho Valley, (ii) DANIDA's Local Development Programme for the Jenin Governorate, (iii) UNDP administered Participatory Rural Development and Planning Project (PRPDD) with funding from Ireland, World Bank funded Village and Neighbourhood Development Programme (VNDP) administered and managed by the MoLG and BTC's Local Infrastructure and Capacity Building Programme (LICP) supporting LGUs in several Governorates (Jerusalem, Salfet and Tulkarem) 2009/06, p05

<sup>15</sup> The notion of JSC has its origins in earlier Jordanian laws where it has been applied for quite some time. The legislation on JSC in the Palestinian territory comprises a provision in the Local Councils Law 1997 (under Art. 27 dealing with 'Other Functions') and By-laws have been formulated in 1998, 2003 and 2006

<sup>16</sup> MoLG, 2009/06

JSCs in both technical and administrative fields. JSCs as well as Municipalities provide building permits, exercise planning and zoning functions and collect property tax.

**Amalgamation** is a process in which two or more local authorities are merged into one entity in a new and united jurisdiction, where all their functions become the responsibility of the new established administration. Services and functions of local authorities are transferred gradually to new legal entities that are established for this purpose. In the current Palestinian context, JSCs are the only available legal entities that can play this role.

A policy framework and an implementation strategy for amalgamation of LGUs in the Palestinian territory have been elaborated in 2009.

After 5 years of implementation and with the support of donors (among which Belgium cooperation) MoLG has drawn some major conclusions with regard to the amalgamation processes:

- (i) amalgamation has been dealt with as a procedural administrative process rather than as a developmental and institutional process particularly sensitive at the individual and community level
- (ii) Donor project funding of amalgamation proposals has led many communities to perceive amalgamation as a donor requirement, and
- (iii) there is a strong connection between the amalgamation and the JSCs approaches. JSCs can help in facilitating any future amalgamation process.

The MoLG's approach has led LGU's and citizens to perceive the amalgamation policy and procedures as authoritarian, top-down ministerial decisions that must be implemented all at once rather than gradually following a preparation phase at the grassroots level at the targeted communities. These obstacles are compounded by the absence of a common language between the various officials at MoLG with regard to communication with the target communities on matters concerning amalgamation, as well as the incompleteness of regulations and procedures necessary for implementing the amalgamation legal framework. In addition, the Ministry has not involved the other relevant ministries in the amalgamation implementation process.

Moreover, in many cases LGUs initially showed responsiveness to ensure the obtainment of donor support and then behaved differently after the funding is received. LGU's are somehow driven to make such a conclusion in light of the extensive daily interference of donors in the oversight of projects (sometimes through MoLG), and giving rise to the misperception that amalgamation is donor-driven rather than an essentially community-oriented policy applicable at the national level.

Considering the challenges of amalgamation, JSCs can serve as a preceding stage that facilitates the amalgamations process. JSCs are a technical approach of providing services collectively in areas where they can achieve a better quality of services. They are also able to enhance planning for development on a regional level, including setting plans for issues related to services. Reassigning services from LGUs to JSCs is a choice made by LGUs. The new JSC strategy (2013) also encourages the private sector to take part in service delivery in public-private partnerships, based on cost-effectiveness and maintaining the same level of quality through cooperation and partnership with JSCs.

#### 1.2.4 Strategic Development and Investment Planning Policies

A national working group for Strategic Development and Investment Planning (SDIP) in Palestinian cities and towns was formed by a ministerial decree in March 2008 with the mandate to develop a unified Strategic Development Planning Concept and approach for Palestinian Cities and Towns. It has developed various documents such as the policy note on SDIP; manuals and tool kits for the implementation of SDIP.

Since 2010-2011 the SDIP has been widely rolled out to Municipalities by the MoLG/Municipal Development and Lending Fund (supported by a number of Donors among which Belgian cooperation) and procedures have been adapted since 2013 to fit with realities of smaller LGU's. Joint planning processes (between amalgamating Municipalities or within the JSC framework) are still to be better defined.

The Key Planning Documents the current Planning practice makes reference to are: the Urban Planning Law (1966); the SDIP and the Physical Planning Manual (PPM). A National Spatial Plan is under development which seeks to consider 3 levels for planning in the Palestinian territory (the national, the regional –which has not been addressed systematically till now- and the local level).

### 1.2.5 LGU revenue sources

The Local Government Act (Law No. 1 of 1997) governs the transfer of funds from central government to local government units (LGUs). Transfers, which are assessed in this indicator, consist of 50 percent of all automobile licensing fees and fines, 65 percent of which are allocated in proportion to the population size of the LGUs, with the rest based on a variety of criteria such as notion of need, assistance to merging municipalities, and location such as Jerusalem. In addition, the Central Government Tax Department collects property tax on behalf of LGUs, withholding ten percent as a collection charge<sup>17</sup>.

Transfers are not an important source of local government funding. Other sources of local revenue are from user charges (water, electricity, and solid waste collection), market and building fees, and shop licenses.

LGUs benefit from the donor-financed support<sup>18</sup>. Financial and technical donor capacity building support to LGUs is evolving from specific donor approaches towards more coordinated support to the Local Government Reform policy as formulated by the MoLG with their support. The creation of the Municipal Development and Lending Fund (MDLF), which aims to improve financial performance and the underlying principles of the Municipal Development Program (MDP) underpinning the MDLF are better-managed and accountable local governments for provision of improved local government services. The MDLF has a grants allocation mechanism formula that distributes infrastructure grants to LGUs based on performance, population and need<sup>19</sup>.

### 1.2.6 Local Government Policy

In March 2010 the MoLG published its Strategic Framework for 2010-2014<sup>20</sup>. It takes its point of departure in a vision of "good local governance able to achieve sustainable development with effective community participation" and a mission of "a leading Ministry that supports Local Government Units' capacity and resources development towards achieving citizens' welfare within a good local governance framework and practices".

The strategic objectives of the local government sector are to: (i) promote the decentralization of the LGU's ; (ii) institutionalise community participation and (iii) promote partnerships between the LGU's and the private and public sectors (PPP's), and with civil society organizations, in order to achieve

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<sup>17</sup> In practice, each tax department has its own database with little or no linkages. The Property Tax Department has its own computerized property tax database. It has a system of linking evidence of registration (through evidence of payment) to other activities: public bodies cannot pay a contract without the contractor furnishing proof of payment of property tax; rental payment cannot be made without proof of payment of property tax. This system is being extended to electricity payments. The department also carries out physical inspections of localities for new buildings at the end of each quarter. As part of its overall assessment of rental values, it evaluates additional municipalities (eight, in 2012) and re-values existing municipalities on a five-year cycle (13 in 2012, and 60 in total re-evaluated thus far). Some 500,000 properties are now in the database.

<sup>18</sup> PEFA, 2013, p37

<sup>19</sup> See sections 1.3.3 (MDLF) and 1.5 (Donors) for more detail

<sup>20</sup> MoLG, 2010/03

sustainable local development. The adoption of an amalgamation strategy that insures LGU's capability of providing better services and resources is formulated as a result, in order to enhance the degree of decentralization in the LGU's. Whereas the adoption of the Joint Councils' Strategy is seen as part of enhancing the role of the LGU's in physical and developmental planning<sup>21</sup>.

A new sector strategy has been designed and endorsed by the MoLG at the end of 2014.

In the NDP 2014 - 2016, Local Government is part of the 'Good Governance and Institution Building sector'<sup>22</sup>. The strategic approach in this sector builds, among other things, on (i) effective and efficient national and sub-national governments that are capable of high- quality, proficient public service delivery, (ii) public participation and a decentralised approach to decision-making and public accountability processes. Efforts focus on enhancing and sustaining social services and ensuring equitable access to those services.

**With regard to Local Government Reform and Development, the NDP formulates two objectives:** (i) LGUs throughout governorates are more capable of a better public service delivery ; (ii) more effective delivery of, and equitable access to, public services. The intention is to create a streamlined LGS that is capable of realising sustainable development, boosted by effective community participation and with reduced development gaps between communities. To do this the government will implement the following priority policies over the upcoming three years<sup>23</sup>:

- Expand the territorial scope of LGUs, particularly in Area C, by adding new vital areas to current structural plans, (...) ensure geographical and service contiguity with the rest of the Palestinian territory, and improve public service delivery in these communities.
- Develop an LGU classification policy, encourage inter-agency collaboration either by consolidation or merger, and create legal mechanisms to facilitate this process, while at the same time maintaining the identity of relevant communities.
- Promote better LGU financial resource management and increase and sustain LGU revenues by enhancing fee collection mechanisms, providing capacity building, and developing an informed guidance and oversight system.
- Hold periodic, competitive and fair local elections. LGUs will seek a broader community participation in relevant functions.
- Strengthen the district offices of line ministries, including the ministries of health, education, social affairs and labour. To further promote a decentralised approach, ensure coordination between these district offices and LGUs.
- Develop a legal framework to build partnerships between LGUs, the public and private sectors, and civil society organisations to jointly contribute to local development initiatives.
- Enhance and support LGU capacity to cope with emergencies, including snow storms, floods, and earthquakes.
- Upgrade legislation, including laws, bylaws and regulations, needed to develop the local government sector, support further decentralisation, (...) ensure more consistent and clearer roles of local government sector actors.

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<sup>21</sup> This policy was still under construction when the first Belgian supported LGRDP has been formulated.

<sup>22</sup> The NDP is structured along the lines of four key sectors: Economic Development and Employment; Good Governance and Institution Building; Social Protection and Development; and Infrastructure.

<sup>23</sup> PNA, NDP 2014-2016.

## 1.3 Local government Sector Stakeholders

A presentation of local governance stakeholders in interaction is given in the next figure. LGUs and JSCs, the focus of the NDP 2014-2016 LGS policies, are at the centre. The MoLG, its internal structures and external relations as the organisational enabling environment for LGU development is on top and the civil society actors are at the base. LGS donors and donor agencies are not shown, but present at all levels.

### 1.3.1 National level

The MoLG is one of the ministries of the PA and interacts as such with other ministries at that level. The Association of Palestinian Local Authorities (APLA) should be another key stakeholder at the national level. It is not at present –for internal reasons mainly linked to politics and governance- an active stakeholder in LGS reform..

### 1.3.2 MoLG

The Deputy Minister manages the operational level in the MoLG. He is assisted by Deputy Assistants who oversee groups of directorates. These include General Directorates (GDs) and Units at national level, responsible for policy preparation and monitoring of implementation. The GDs interact with Regional Directorates (RDs) in each Region, responsible for policy implementation. Also, at organisational level the new MoLG organigram has not been enforced yet even if progress is already to be noted in comparison with past years (particularly with the policy unit).

The Regional Directorates are the linchpin in the LGS stakeholder system since they interact to a greater or lesser extent with all other stakeholders. The RDs are organised in several departments, each of which is at least twice yearly in direct contact with all LGUs, big and small, on the one hand and with the relevant General Directorates (GDs) at national, MoLG, level, on the other hand. Guidance, understood as informing LGUs of MoLG policies, laws and regulations, and monitoring, understood as control, are the main functions of the RDs at the interface with LGUs.

The RDs tend to be considered primarily implementation structures at the interface with GDs. The RDs are also the major operational link with the Governorate and the other line ministries at Regional level. The Governor represents the PA. Ministries, including the MoLG, are present at this level with their own Regional Directorates (RD), coordinated in principle by the Governor<sup>24</sup>. MoLG RDs conduct ad hoc or regular monthly meetings with the Governorate on regulation, planning and other LG issues<sup>25</sup>.

An institutional Capacity Assessment of MoLG Directorates including Regional Directorate has been conducted in 2011-2012 with Belgium support<sup>26</sup> revealing that opportunities for capacity building (mainly training) are less than at the central level, while regional level is representing 56% of MoLG staff. A synthesis of the assessment main findings is provided in Annex 7.2 as this exercise is a key element in the analysis of the existing capacities (and also gaps) LGRDP can build on.

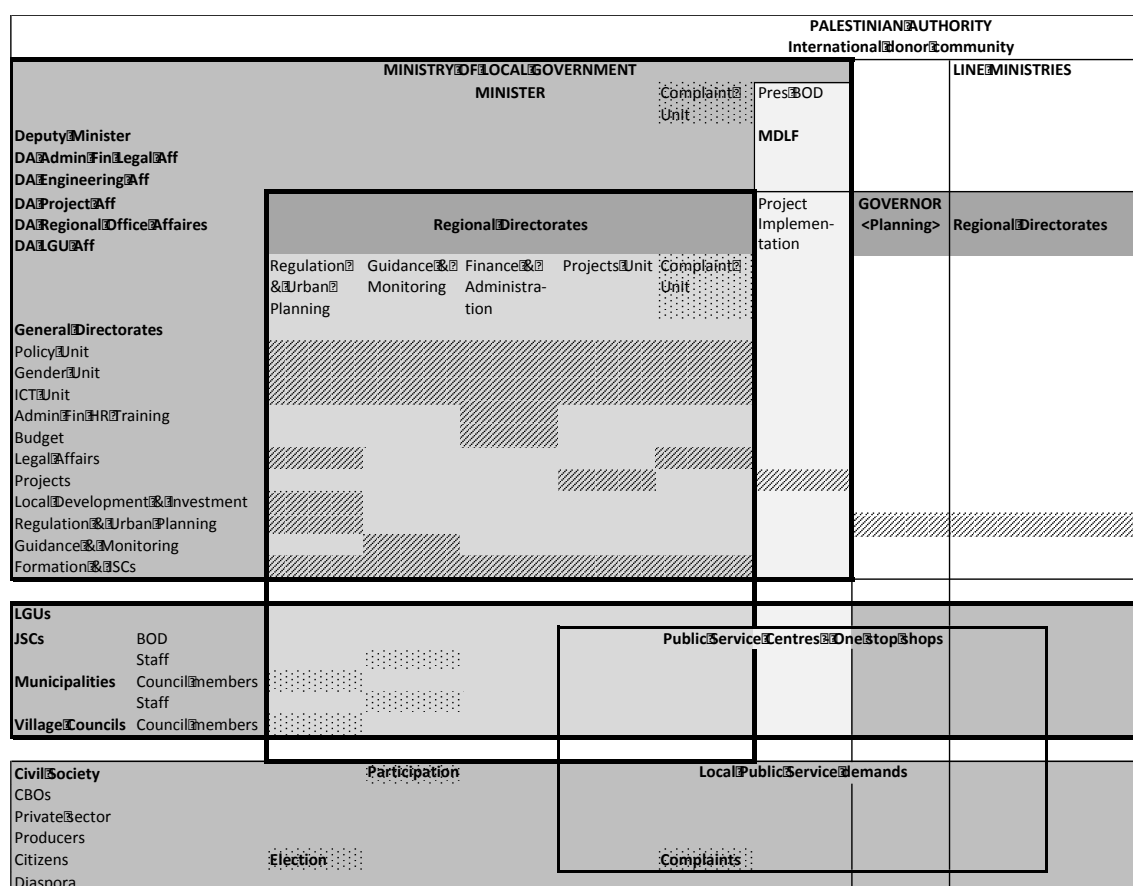
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<sup>24</sup> Planning is an important coordinating issue. Today the Director of the MoLG District Directorate heads the regional planning committee. The governor is representative of PA ensuring order and security on the territory, with no clear planning function.

<sup>25</sup> BTC/MoLG, MoLG -districts offices Institutional Capacity Assessment and Strategic Response, 2012/06 p34.

<sup>26</sup> BTC/MoLG, 2012/06 p34.

**Figure 1 LGS stakeholders in interaction**



### 1.3.3 MDLF

The Municipal Development and Lending Fund (MDLF) is in charge of implementing policies and programmes developed by MoLG in Municipal LGUs. It is a semi-governmental institution (2005) that manages funds to enable Municipalities to provide quality services and achieve sustainable development in harmony with national plans and policies; providing them with a transparent and efficient channel of financing and technical assistance. It has acquired over the years recognised competence and reliability in financial and technical project management. In spite of the fact that the Minister is president of the Board of Directors, this has led to issues of roles and responsibilities with the MoLG. MDLFs culture is primarily one of dealing with Municipalities, but experience with JSCs involving VCs has been progressively being built up. MDLF primarily interacts with LGUs through consultants.

In partnership with six funding partners, one of which is Belgium, and the World Bank as lead, MDLF has developed the Municipal Development Programme (MDP). MDP is a multi-phase national program; which provides Municipalities with a combination of technical assistance and annual performance based grants for sub-projects that improve service delivery. The MDLF also implements a number of other projects on behalf of the MoLG at the Municipal level. Currently the MDLF is involved with the World Bank in the preparation of a comparable multi-donor programme, focussing on smaller LGUs, the Local Governance and Services Improvement Program (LGSIP).

MDP is the only joint donor financed programme in the sector and therefore widely regarded as a key element in the development of a future more coherent system of donor support in the sector. MDP's first phase (2009-2012) aimed at improving municipal management practices for better transparency in West Bank and Gaza. MDP second phase (May 2013 to May 2017) is funded to an amount of USD 75 million and has been slightly revised as compared to phase 1. It's "window 2" promotes learning

and innovation to facilitate municipal development, including implementation of Ministry of Local Government policy decisions. This includes strengthening newly amalgamated municipalities towards achieving improved service levels through financing of small-scale social infrastructure and demand driven municipal capacity building packages. Window 3 assists municipalities in establishing citizen service centers and in developing and rolling out citizen guidelines for service delivery.

### 1.3.4 LGUs

All the LGUs interact primarily with the MoLG through the RDs and with MDLF through consultants in projects. As described above LGUs are still numerous, with greatly varying population and area size, history, culture, legal and administrative background, location in the Area classification of the occupation, and other characteristics relevant for service provision local development and territorial integration. All LGUs have a council and a mayor. JSCs and Municipalities have to a greater or lesser extent staff. Small LGUs, VCs, hardly have any staff and if any it is often part time and/or voluntary.

LGUs interact between them through various arrangements with various degrees of formalisation ranging from simple contractual arrangements, through JSCs, clusters, agglomeration, to amalgamated municipalities. The situation, history and future evolution of each LGU, its system of relations and its ambitions, are unique, complex, and fraught with potential for conflict. Promotion of any form of collaboration must be based on understanding and taking these specifics into account to succeed.

#### Village Councils

VCs deliver maximum 10 functions out of the 27 LGU's competences prescribed by Law; mostly waste management, water supply, street cleaning, budgeting and limited revenue collection. Capital (infrastructure) investments are mostly executed by external partners.

The total number of VCs in 2012 is estimated at 243 with 70% having a population of less than 3000<sup>27</sup>. An estimated 149 VCs with a population of 200 000 (OCHA estimate) are in area C.

A recent VC background review by the World Bank<sup>28</sup> makes the following observations. On governance and administration: (i) Village Councils and mayors are still often selected by acclamations, i.e. few popular elections in VCs, (ii) council meetings are held weekly in larger VCs, but only monthly in smaller, (iii) the Mayor is also administrator (head), (iv) administrative staff with very limited capacity (small VCs have only part time accountant and revenue collector, larger VCs have some 4-6 staff: an accountant, a revenue collector, one or two technicians or an engineer, a secretary, a cleaner).

On finances: (i) same revenue assignment as municipalities, except for property tax (VCs are entitled to personal tax and ceiling tax, yet both lack statutory rate and are under-utilized; (ii) heavy dependence on user fees (waste management) and (unpredictable) transportation tax transfer; (iii) 180 VCs submitted budgets in 2011 (budget submission to the MoLG is only mandatory from 2009); (iv) all sample villages had access to an accountant; (v) most VCs hire 'collectors'; (vi) total Revenues is 15 million in 2010 and 21 million in 2011; (vii) external support is very volatile (donors aid amounts 1,5 mil in 2010 and 0.7 mil in 2011); (viii) most stable sources of revenues are service fees, other revenues and fees; (ix) there is an important operating deficit: 77% in 2010 and 58% in 2011 (due above all to large arrears in water and electricity bills,...); (x) the largest expenses (2011) are Salaries and Operations & Maintenance (38%), Solid waste management (31%), General Services (roads, buildings, street lighting) (21%).

<sup>27</sup> The overall number of VCs is unclear: 243 estimated in 2012, 217 in 2013.

<sup>28</sup> WB, LGSIP and Villages background, working document, 2014/03.

### 1.3.5 Civil Society

Interaction between LGUs and their Civil Society is part of these historically and culturally laden interwoven relationships at local level. Formal interaction with citizens occurs through elections of council members, through participation in LGU projects and plans, mostly with staff, through demands for service and through complaints. The latter two are handled in bigger municipalities through Public Service Centers or "One-Stop-Shops". In other LGUs demands must go through the meanders of local administration and complaints must go directly to the MoLGs RD's complaint department.

### 1.3.6 Donors

Belgian and other donors' involvement as stakeholders in Palestinian Local Government Reform and Development will be treated in the next chapters.

**As a summary, main challenges and opportunities in the current institutional and policy context of the local government sector reform are the following:**

- The slow attempts at decentralization and the slow implementation of the announced local governance reform initiatives are part of the complexity in the national politics and are influenced by hesitant political will, itself part of a larger political economy context.
- The subsequent unclear division of roles and mandates of stakeholders in the LGS (e.g. MoLG & MDLF, but also the distribution of roles and responsibilities of each level in the territorial administration).
- Local government versus local governance: leading to a government top-down approach to reform instead of a more inclusive, equitable governance approach between government units, local communities and citizens.
- Relationships between the levels of territorial administration, are governed by guidance, control and compliance, rather than monitoring, support and coaching
- better service delivery remains among the key drivers of local government reform, with an inherent tension between the need for short term, efficient delivery of urgently needed infrastructure and services and the longer term, more complex, need to build state legitimacy and viable local institutions.
- The frequent changes in MoLG's leadership in the past years have contributed to the weakening of its institutional capacity for planning and implementation of plans. Donor's interventions which are often implemented in an uncoordinated way also contribute to further hindering MoLG's ownership and leadership.

Key opportunities are:

- In 2010 the MoLG managed to define and agree on a vision, mission, values, and objectives for the local governance sector including the MoLG itself with a strategic plan. A new strategic plan is under development
- The strategic work and inter-departments communication was facilitated with the creation of a policy unit within the MoLG organigram
- The MoLG has drawn the lessons from the first years of amalgamation experience and is considering how to create space for new forms of LGU collaboration and accompany them
- A greater role is recognized in the NDP to Regional Directorates
- LGU's capacities (above all municipalities) are improving in particular in technical areas of

strategic planning, procurement and financial management.

## 1.4 Belgian support to LGRD

Belgian LGRD support was initiated in 2001 with the call for promoting capacity and efficiency of local government units (LGUs), enabling them to provide high quality and cost-effective services to citizens at the local level. Keeping a focus on the smaller local governments units which had been the targeted beneficiaries since years, Belgian cooperation turned from 2010 on to a more comprehensive institutional strengthening strategy, with the “Local Government Reform and Development Programme”.

As part of support to the Palestinian Authority's decentralization efforts, LGRDP aims at strengthening the smaller and non-viable local governments into more sustainable and effective structures through the Government policy of Local Government Units (LGU) amalgamation and the creation of joint service arrangements in four clusters of LGUs. The LGRDP project supports this policy since 2011 in 4 pilot clusters of LGUs in 4 Districts. It has three components: (i) MoLG capacity development (capacities of selected departments, to implement Strategic Plan); (ii) Support to Joint Service and Amalgamation (Joint arrangements, capacity building, planning, management, participation, accountability and infrastructure development); (iii) Support to newly amalgamated Municipalities, through the multi donor Municipal Development Programme. The programme is running till the end of December 2015 (closure of activities to start in June 2015), with a budget of € 15 million.

The Joint Commission between Belgium and the Palestinian Authority in November 2011, reaffirmed Belgium support to the local government sector (financial envelop of € 20 millions) through two complementary components. The first component aims at enhancing Local Governments capacity to revitalize their historic centres as part of a sustainable local social and economic development approach. In line with LGRDP, the target group are clusters of collaborating LGU's for joint visioning and planning, offering the opportunity for endogenous and local economic development starting from their historical centres. The project started in 2013 for 5 year, with a budget of € 8 million.

The second component is the present “Extension of Local Government Reform and Development Programme” which is called LGRDP II, is expected to start in 2015, and builds on LGRDP achievements and lessons learnt.

Key achievements and lessons of LGRDP implementation until now are summarized below<sup>29</sup> :

First, MoLG- LGRDP collaboration contributed to showing that processes of progressive rationalization and consolidation of LGU's (a priority national policy for the sector) require **tailor made approaches of institutional development** based on a thorough understanding of the specific context of the LGU's involved in the collaboration.

This was promoted both at policy level and in the support to 4 clusters institutional development.

At policy level, LGRDP supported and fed into MoLG efforts to draw lessons from its amalgamation experience of the past years (see section 1.2 above). It contributed to opening up the debate around agglomeration and **other forms of inter-municipal collaboration** through analytical work, organizing study tours, development of inter-country partnerships agreements (France, Belgium). The context of the municipal elections in November 2012 (Village Councils not recognizing themselves into the new ‘amalgamated’ elected structure...) provided a further trigger.

Also Belgium experience in the 4 clusters contributed to showing that amalgamation is not the sole option. A wide range of joint arrangements exists ranging from specific contractualisation modalities to

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<sup>29</sup> This section builds on the recommendations of the Mid Term Review which has been conducted in October 2013, the subsequent SWOT analysis and reorientations developed by LGRDP and the formulation mission findings.

increased political representativeness. The participating LGUs can form Joint Service Councils, which can provide specific or multiple services, eventually amalgamate and get the legal status of Municipalities. But they can also adopt other cooperative modes and trajectories depending on their specific context and goals. Therefore a customized institutional capacity building approach is required, which facilitates various trajectories from technical, through participative to representative ('political') joint arrangements. As an illustration setting up a Common Water Department in Beit Lyqia (one of the programme's pilot cluster) not only requires from the involved LGU's to plan together for the future, but also show how the various dimensions of institutional development (economical, ecological, social etc..) can be articulated around setting up a project that meet local needs and interests. This project is conceived as a first step for transferring competences to another, joint level of administration. Details on the institutional development trajectories in the 4 clusters are provided in section 3.

Second, LGRDP had to draw the lessons from its own strategy design which envisaged supporting the LGU amalgamation process through MDLF. **The strategy for accompanying pilots has been underestimated and underdeveloped**, in an overall context of unclear policies regarding amalgamation/inter-LGU collaboration and lack of piloting guidance from the MoLG. The need to reorient this component was clear after two years. A better alignment to the stakeholder's mandates is required. MoLG must be reinforced and accompanied in its role of support and supervision of the institutional development of the LGU's/clusters, whereas MDLF is the relevant agency for infrastructure projects implementation.

Furthermore the **learning component** which should accompany pilot's experiments was very weak at institutional level. Besides reporting on deliverables, no systematic process of drawing lessons learned was conducted by MDLF nor by MoLG. A weak JSC Directorate with a lack of technical guidelines and of staff and capacities for piloting the amalgamation process was also part of the challenges. LGRDP recently recruited an institutional development expert in support to this Directorate.

In the same perspective, promoting the development of a task force or committee for amalgamation and inter-village collaboration within the MoLG is being envisaged. It would be one of the step stones for developing conceptual approaches reinforcing the strategic leadership of the MoLG for the amalgamation/agglomeration processes. In the meantime it would assure that approaches which are 'tested' on the ground are built on and uptaken into policy work.

Third, in this process of cluster development, **LGUs must be considered as actor of their own development**. The reorientation of LGRDP component 2 is an opportunity to rethink how this role can be enhanced throughout programme's support. This means paying more attention to local governance (and not only local government), focusing on the relationships between stakeholders at local level (LGU's but also private sector, civil society.. ), on improving their interaction, stimulating accountability of local government towards the citizens, social demand from citizens etc.... The communication strategies developed with LGRDP support in each cluster are part of this approach LGRDP II will have to build on.

Fourth, LGRDP experience showed how **support to transversal functions** in the local government system offers leverage for change as building blocks of the LG reform and development. With LGRDP support MoLG has conducted an institutional capacity assessment (ICA) in 2011 as starting point for the development of an institutional capacity development plan from an integrated and comprehensive understanding of and approach to governance<sup>30</sup>. The findings of the assessment and analysis of the data will constitute key guiding principles for the next phase of support (see section 2 below). As will the Human Resources Capacity Development Strategy adopted and published by the MoLG in 2014

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<sup>30</sup> BTC/MoLG, ICA, 2012/06

and is subsequent<sup>31</sup> Three-Year Training Plan<sup>32</sup>. LGRDP also supported the development of an integrated budgeting system and a communication strategy.

In this overall Capacity development strategy LGRDP started to strengthen **MoLG regional directorates (RD's)**, mainly through equipment and ad hoc training. Their role in interaction with key actors at each level of the local government system must be further reinforced, and the support to transversal functions becomes a key element in the capacity development process to be supported by LGRDP.

Fifth, the **multi anchorage and multi- level** (policy and operational level of territorial administration) strategy is a recognized added value of the MoLG-LGRDP collaboration. However more coherence and strategic focus between the different areas of support are necessary to better promote the leverages to go, through an incremental approach, 'from a pilot to a policy' as mentioned in the above paragraphs.

In this same perspective the added value of LGRDP third component as it is currently implemented has been questioned in the framework of the programme MTR (october 2013). Belgian contribution to MDP implemented by MDLF has been distributed for investments among ten amalgamated municipalities starting from the 2nd cycle (2012). Belgian participation in the MDP intended to be a contribution to the sector approach but the fact of not linking it to the other LGRDP components reduced the impact of this relatively small contribution.

As far as LGRDP implementation strategy is concerned, **additional lessons have been drawn from LGRDP implementation. :**

- a better integration of programme technical assistance in the existing organization and structures must be ensured; (ex : relying on MDLF staff where relevant)
- focus on the institutional capacity development of MoLG to provide tailor-made support to LGU amalgamation processes and withdraw progressively from direct implementation of LGU support;
- an institutional anchorage for the programme at a higher level in the MoLG (Minister or Deputy Minister) is needed to assure leverage, flexibility and coordination in technical assistance deployment;
- Belgium support to the LG sector - LGRDP and Regeneration of Historic Centers - must be made more effective and efficient through further integration at programme level

These lessons are being applied within the framework of the current LGRDP intervention's design and form the basis of the design of LGRDP II as described in section 2 below.

## 1.5 Other donor's support to LGRD

The GIZ-LGP project's donor mapping report for the Local Governance Sector in the Palestinian territory gives the situation in March 2014, on behalf of the MoLG (see table below).

The report observes that fewer programmes in the Local Governance sector address the village level than the municipal level. Of the programmes that work at village level, most are limited to the amalgamating or amalgamated LGUs or Joint Councils (BTC-LGRDP, Denmark-LDP III, JICA - Improvement of Local Governance System in the Palestinian territory, and KfW/UNDP EGP IX). The capacity and financing gap concerning service delivery at village level remains and is partly exacerbated through the continued lack of funds.

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<sup>31</sup> MoLG, Human Resources Capacity Development Strategy , 2013/07.

<sup>32</sup> MoLG, 2013/07

The World Bank is supporting since March 2014, with other Development Partners, the development of a Local Governance and Services Improvement Program (LGSIP) <sup>33</sup>. The proposed LGSIP would specifically target LGUs that currently do not have access to funds provided under the Municipal Development Program (MDP), i.e., VCs and marginalized communities. The proposed program would complement MDP by targeting the “bottom end of the LGU spectrum” in a comprehensive approach to improve local service delivery performance. The program would support LGUs to improve and consolidate service provision to reach performance levels comparable to municipalities. In the medium-to-long run, targeted VCs would be expected to “graduate” and qualify to gain access to funding provided under the MDP performance allocation formula.

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<sup>33</sup> WB, Aide memoir of the mission in Marche, June and November 2014.

**Table 1 Summary presentation of LG sector support**

Donor, Agency	Programme	Targeted LGUs	Period & Budget '000USD
Denmark, IMDLF	LDP III Supports the amalgamation process	30 Village Councils	01/12-12/14, 7600
Denmark, UNDP	GDPT Enhance LGU town source revenues	N/A	01/12-06/14, 723
DFID, EU	Construction	Area C in West Bank	02/14-03/15, 5400
DFID, UN Habitat	Area C planning	Area C in West Bank	02/14-03/15, 1800
EU, IMDLF	Social Infrastructure	5 LGUs	03/14-09/15, 2700
EU, UN Habitat	Planning and Zoning in Area C	36 LGUs in Area C	08/13-02/15, 1350
Germany, GIZ	Strengthening regulatory framework, tap-city strengthening, Municipal responsiveness		04/12-03/15, 11900
Germany, GIZ	Infrastructure, Renewable energies, Youth participation	Marginalised or communities	03/13-02/15, 3100
Germany, GIZ	Policy advice and reform fund		08/13-04/14, 130
Germany, GIZ	GDPT Enhance LGU town source revenues through business promotion		11/13-05/15, 108
Islamic Dev Bank, WB	Promoting PPPs	Bigger Municipalities	07/12-03/14, 170
JICA	Solid Waste Management	JCs for SWM in Jericho, Hebron, Turkarem, Benin, Safit	04/14-12/15, 7350
JICA	Own Source Revenue improvement	24 LGUs	10/12-09/16, 5500
JICA	Effective public service delivery (SDIPs & SCs)	10 LGUs	06/12-03/14, 1080
SDC, GIZ	Pilots for improving service delivery and social accountability	Municipalities	see GIZ
SDC, IMDLF	High Impact Infrastructure Initiative	Area C and Gaza	05/14-01/15, 2000
UNDP	CSO oversight	5 Municipalities	12/12-12/14, 272
UNDP	Legal framework for national spatial planning		02/14-11/14, 30
UNDP	Legal framework for governorates		01/12-10/14, 97
USAID	LGU Infrastructure programme	55 LGUs	09/10-09/15, 100000
WB	TA information on VCs	217 LGUs	10/12-02/14, n/a
WB	TA municipal finance		03/12-06/14, 161
WB	Output-based pilot SWM	Municipalities and SCs in Hebron and Bethlehem Governorates	11/13-11/17, 8500
WB leads multi-donor	Improve SWM	Municipalities and SCs in Hebron and Bethlehem Governorates	11/09-12/14, 2712

Source: based on GIZ-LGP, 2014/03

## 2 STRATEGIC ORIENTATIONS

### 2.1 Aligning to LG policies and stakeholders

#### 2.1.1 Supporting “building blocks” of the reform

The guiding principle of co-operation between the Government of Belgium and the Palestinian Authority is to contribute as effectively as possible to the implementation of the National Development Plan (NDP) and the long-term development vision adopted by the PA. The MoLG policies are updated in the framework of the NDP 2014 - 2016 strategic objective of "Good Governance and Institution Building" (See section 1.1.2.1).

Strengthening local government is seen in this regard as a major contributor to improvements in governance: it is a key component for the Palestinian institutional legitimacy but also, at the local level, for improving as much as possible poor, unequal and difficult living conditions of Palestinian citizens.

Nevertheless in the absence of a vision or roadmap for the local government reform, and also in the absence of a comprehensive decentralisation policy, many aspects of the local government reform process remain incomplete and volatile. The absence of fiscal decentralization and the still to be conducted discussion on the (re)distribution of the roles at the different levels of government, must be noted in this regard. This debate is also influenced by the overall political economy on the Palestinian as well as on the donors' side.

In the overall challenging context of political and territorial fragmentation described in section 1 LGRDP programme aims at exploring new collaborative modes between LGU's, insisting on tailor made approaches for institutional development and capacity building. This includes strengthening MoLG and MLDF in **their roles** of accompanying the development of viable (efficient and effective) and responsible (responsive to social demand, accountable) LGU's. Pilots must be developed, accompanied, but also uptaken in policy changes.

**The focus of LGRDP II remains on the small LGUs collaboration and clustering** - JSCs, newly amalgamated municipalities and VCs – in pilot clusters<sup>34</sup> by completing on-going institutional processes and gradually getting out of the pilot approach. At this local level LGRDP will complete the beneficiaries of the current intervention with a greater inclusion of civil society as described above.

At the central level the focus of institutional capacity building and the anchorage of technical assistance will be on the MoLG, with a focus on directly concerned Departments<sup>35</sup> and on the regional directorates<sup>36</sup> as the key components of the sustainable enabling environment for LGU collaboration.

In the current situation of still 'no clear local government reform', LGRDP and other programs are meant to contribute to the **building blocks of the reform**. This was the perspective adopted in 2014 by LGRDP I following the mid-term review and new orientations adopted by the PSC and will be pursued in its second phase.

In this view LGRDP support to the LG reform promotes both:

*a wider decentralization reform and national policy conducive to local development.* Here the focus is on inter-LGU's collaboration but also, strengthened accountability lines, institutional support to

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<sup>35</sup> Especially the JSC Department, the Policy Unit, the Legal Department and Capacity development Departments (HR development), Budgeting Department, ...

<sup>36</sup> In relevant Districts concerned by beneficiary clusters (notably Ramallah, Nablus, Hebron and Bethlehem)

MoLG at central and branches level. This is the trajectory LGRDP has started building over the past years which still needs to be developed and completed.

a support to *local stakeholders* in developing *their* approach of local development: based on supporting leadership exercised by the local authorities themselves, willingness and ability, but also the added value generated through local economic development. This support started with LGRDP component 2 and gets also a specific attention in the regeneration of historical centers project.

### 2.1.2 LGRDP II Strategic areas of support

This LGRDP strategy, translates into its results framework: **LGU collaboration and clustering (municipalisation)** is the key strategic area of support. It must be sustainably enabled by its institutional environment. This environment is the management, the development and the administration system of the Local Government Sector in the Palestinian Territory within a decentralised framework, which is the MoLG's mission.

LGRDP has made the transition (confirmed with the MTR exercise) from MoLG and LGU support to a focus of all components on pilot amalgamation (or inter-villages collaboration modes) experiences in four clusters. The LGRDP 2<sup>nd</sup> phase must now make the transition “from pilot to policy”: that is from support to pilot experience (their success stories and lessons learned) to LG reform policy support informed by LGRDP and other MoLG amalgamation experiences.

This means contributing to a **sustainable enabling environment** for LGU collaboration where policies are, as far as possible, 'evidence-based'.

Following key results areas for support have been identified for contributing to this enabling environment:

- The further development of the decentralization policy and regulatory framework for LGU collaboration on the basis of the MoLG's experiences
- The strengthening, in a sustainable way, of MoLG's institutional capacities to support, coach, supervise, monitor LGU collaboration in a decentralised framework

In this enabling environment, a particular attention will be paid to **Regional Directorates** which should form the linchpin of LG system. They should be the effective linkage and connection between the Ministry, the LGUs (JSCs, municipalities and VCs in the clusters) and local communities. Building the human resources capabilities at the regional directorates level will allow them to connect with, better access and promote decentralization of the LGU's and the institutionalization of community participation. Similarly **JSCs** are at the core of LGUs collaboration processes and progressively concentrate in these processes the staff to support the participating LGUs. Together they can promote community participation and work on strengthening the capacities of the LGUs, and can tighten the gap between the citizens and the ministry.

Collaboration must not be limited to institutional arrangements between LGUs, but include cooperation with their civil society. LGU's must actively promote community participation in relevant functions and facilitate residents' expression of their opinions on issues and priorities of public interest.

LGRDP II will contribute to **territorial integration** through support to inclusive planning and development of LGUs' territories with a special focus on reducing local disparities (social, economic and political), covering A, B and C areas as well as various socio-economic realities. These support activities will also be conducted in collaboration with the RHC project.

Territorial integration is to be understood as all processes that are contributing to and that are promoting as well as allowing the development of a territory and of all actors on this territory. It refers

(i) to the reduction of economic and social disparities between localities and between citizens on this territory, (ii) to capacities to generate development at the local level and to contribute as such to the national development and (iii) to capacities to provide equal services to all citizens on the entire territory.

The current LGRDP intervention has focussed on **infrastructure development and service provision** and is currently engaging, in collaboration with the RHC project, in **local development** and, to a lesser extent, community participation (though the communication strategy may be considered as a first step in this direction).

In line with the RHC project LGRDP II will actively promote **community participation** in relevant LGU functions in the implementation of LED strategies and plans. Residents' expression of their opinions on issues and priorities of public interest will be facilitated through the PA's public service centre policy in JSCs when feasible and through strengthening of MoLGs complaints structures and procedures. Such support might be provided through LED plans and through partnerships with NGO's.

### 2.1.3 LGRDP II result areas aligned to NDP 2014-2016 policy areas

The table on the next page shows the relation between the LGRDP II general objective and the NDP 2014-2016 policies for public service provision in general and the relation between the LGRDP II specific objective and the NDP 2014-2016 policies for the local government sector in particular. It also shows how each NDP policy provides progress indicators to monitor and evaluate progress towards the first LGRDP II result area (enabling environment).

The second LGRDP II result area (LGU collaboration) clearly relates to key selected policies to contribute to the creation of a streamlined LGS that is capable of realising sustainable development, boosted by effective community participation and with reduced development gaps between communities.

**Table 2 PND 2014 LG and public service policies vs LGRDP II**

<b>Selected priority policies PND 2014</b>	<b>LGRDP II Objectives and result areas</b>	<b>LGRDP II indicators categories</b>
<b>Public Service Provision:</b> more effective delivery of, and equitable access to, public services	<b>General Objective:</b> “The management, the development and the administration system of the Local Government Sector in the Palestinian territory are improved within a decentralised framework”	
a) Continue to develop results-based administration.		Results-based administration increases
b) Resolve conflicts and duplications in the roles, tasks and responsibilities of public sector bodies.		Conflicts and duplications in the roles, tasks and responsibilities of public LGS stakeholders decrease
c) Promote an institutional and professional culture based on mutual respect and service delivery inasmuch as it is a public right amongst civil servants.		Institutional and professional culture based on mutual respect and service delivery spreads
d) Develop laws, regulations and processes, which ensure access to information and freedom of expression and freedom of the press.		Access to information improves
e) Organise and institutionalise participation of civil society actors and the private sector in decision-making processes and promote community accountability for government actions.		Participation of civil society actors and the private sector in decision-making processes increases Community accountability for government actions increases
f) Review current public service prices (including access to justice, utilities, healthcare, education, and social protection), to ensure equitable access for all social groups, and pay more attention to vulnerable		Financial and geographic access to public services improves for all social groups, including the vulnerable and marginalised

Selected priority policies PND 2014	LGRDP II Objectives and result areas	LGRDP II indicators categories
groups and marginalised.		
g) Avoid discrimination, ensure high-quality, effective and efficient public service delivery across line ministries and government bodies.		Discrimination in public service delivery is reduced
h) Improve e-government, through ICT development to save time, effort and money and to raise the quality of service provision.		E-government, through ICT development, saves time, effort and money and raises the quality of service provision
<b>LGUs:</b> create a streamlined LGS that is capable of realising sustainable development, boosted by effective community participation and with reduced development gaps between communities	<b>Specific Objective:</b> The capacities of LGUs to collaborate in providing services, promoting local development and contributing to territorial integration are strengthened	
1. Expand the territorial scope of LGUs, particularly in Area C, by adding new vital areas to current structural plans. Also, develop structural plans for all residential communities in Area C, enhance infrastructure networks, ensure geographical and service contiguity with the rest of the Palestinian territory, and improve public service delivery in these communities.	contribute to territorial integration  through collaboration to provide services and to promote local economic development	new vital areas are added to current structural plans structural plans for all residential communities in Area C are developed infrastructure networks are enhanced geographical and service contiguity with the rest of the Palestinian territory is ensured public service delivery in Area C communities is improved
2. Encourage inter-agency collaboration either by consolidation or merger, and create legal mechanisms to facilitate this process, while at the same time maintaining the identity of	collaborate to provide services  and	Consolidation or merger is encouraged Legal mechanisms to facilitate this process are facilitated Identity of relevant communities is maintained

<b>Selected priority policies PND 2014</b>	<b>LGRDP II Objectives and result areas</b>	<b>LGRDP II indicators categories</b>
relevant communities. The MoLG will promote representation and coordination delivered by the LGU Union. It will encourage LGUs to provide public services and implement joint projects to enable effective and efficient administrative, technical and financial capacities. Coordination and integration between LGUs will also be consolidated in line with an integrated approach and sound planning.	to promote local economic development	LGUs provide services LGUs implement joint development projects
4. LGUs will seek a broader community participation in relevant functions and encourage residents to express their opinions on issues and priorities of the public interest. Experience with the Public Service Centres will be extended with a view to consolidating good governance principles and practices.	governance approach	Broader community participation in relevant LGU functions Residents to express their opinions on issues and priorities of the public interest Experience with the Public Service Centres is extended
6. Develop a legal framework to build partnerships between LGUs, the public and private sectors, and civil society organisations to jointly contribute to local development initiatives.	collaborate to promote local development	LGUs, the public and private sectors, and civil society organisations jointly contribute to local development initiatives

## 2.2 Guiding principles for the intervention strategy

The LGRDP II intervention strategy is based on the lessons learned by development partners with support to national LG sector reform and development processes in general, in the specific context of the Palestinian Territory and on the current Belgo-Palestinian experience with support to amalgamation in the LGRDP programme in particular.

The Identification Form (IF) of the *Local Government and Development Programme - Phase II* specifies that *the LGRDP II should be fully based upon the current LGRDP in the framework of MoLG updated policies in order to develop, to complement, to complete and/or to widen the current intervention.*

Both elements, **the continuity with LGRDP I and the alignment to MoLG principles** and strategic plan constitute the foundations of LGRDP II programme strategy. The strategy design for the LGRDP II support is based on the following operational design principles:

- Build on **existing MoLG conceptual framework and strategies on capacity building.**
- Support the transition from pilot to policy through **facilitating a mutual learning system including all LGRD stakeholders**, particularly JSCs in the clusters and MoLG in the regions and at the center;
- Provide diversified **context bound technical assistance** for facilitation of institutional, organisational and individual capacity building
- Provide **structured flexibility** to track progress on capacity development while taking into account the changing internal and external MoLG institutional environment (which is beyond programme influence)
- **Enhance coherence and complementarities between Belgium's supported interventions in the Local Government Sector towards a one programme of support**
- Pursue the development of **complementarities and synergies with other donor support** in the sector

### 2.2.1 An Institutional capacity development framework for LGRD

The conceptual framework for LGRDP II institutional capacity building strategy is the one developed by the MoLG in its Institutional Capacity Assessment and strategic Response (ICA 2012) and in its Human Resources Capacity Development Strategy and subsequent plan (2013). Both are recently approved documents. Human resources and capacities for their implementation exist but have not been organized yet. While relying on these strategies LGRDP will also continue to reinforce them.

Design principles enumerated in these documents are maintained in LGRDP II. Key principles among these for the CD strategy are the following:

- **A holistic approach of CD** : “While the focus of the strategy is on human resources development, analysis of the related organizational enabling environment (policies, organizational structure, programs/projects, hardware, software and other technology required to access, use and develop data and services for decision making) is performed as well. Both, the HR and the enabling environment, are interlinked and complementary to each other and together will lead to institutional performance development” (HR CD strategy).
- **CD as multi-level and multi stakeholder processes**: the focus is on **collaborative** stakeholder engagement and capacity development: linking MoLG central and regional directorates to other line ministries and governmental bodies, civil society, private sector. (ICA)

- based on **identified interests with a self-help potential** to cover all elements of capacity (ICA). Capacity development is not a standalone activity. It needs to be understood, planned and implemented within a specific context to respond to specific interests and key results. Basing this CB strategy on existing efforts and initiatives in the MoLG but also on the stakeholders existing resources is thus paramount. This strategy focuses on designing capacity development that drives local solutions for priority goals.
- **aiming at institutional change and reform**: the focus is on designing capacity development to achieve outcomes that will advance change processes toward institutional reforms. The strategy will contribute to the achievement of the MoLG development goals that are validated by the stakeholders, owned by, and meaningful to the sector.
- **involving tracking of change process**: The framework highlights the intermediate capacity outcomes (ICOs) bridging the gap often found between broad overall objectives, institutional capacity and specific capacity development activities, so change processes can be better monitored and managed. They facilitate the strategic design of capacity development, track and monitor progress compare results across programs, improve the understanding of how institutional change occurs, and support systematic examination of the outcomes achieved and contributions to development goals. This approach has been taken over in the results framework and monitoring system for LGRDP II (see section 3).
- in this framework also **financial assistance to LGU investments** is provided as parallel strings of support to capacity development

These principles are meant to build on, to consolidate and to use the current pilot experiences in the clusters to support MoLG and the PA to formulate and implement LGRD policy.

### 2.2.2 Supporting a mutual learning system : “from pilot to policies”

LGRDP strategy rests on a mutual learning approach that can provide an environment for progressive policy development and implementation capacity. This approach will focus on how to link learning cycles existing at the individual level, at the level of teams and organizations (related to an improved performance) and how it can in turn feed into sector policies.

The transition from pilots to policy can only be made in an inclusive approach to institutional capacity development with all stakeholders in local government reform and development (LGRD), with MoLG and JSCs in the pilot clusters, but open to and receptive for all amalgamation and LGU collaboration experience in the Palestinian territory.

Several mechanisms will be supported in order to facilitate (and to a certain extent frame) learning opportunities:

- Identifying and **supporting learning opportunities in the horizontal** (among stakeholders at one level) **and vertical** (between operational and policy levels in the system) dynamics of the LG sector system, becomes an explicit element of the intervention strategy of LGRDP II with dedicated resources (see also section 2.2.5 below);
- Within the overall institutional capacity building process, the programme activities will be organized, as far as possible, in **action-research projects** of short term cycles, involving all stakeholders of the intervention (see section 3 below for more details). This has the immediate advantage of instilling result-oriented administrative capacities through repetition (within the 5 year LGRDP II duration there should be around ten participatory action-research (PAR) projects cycles in each cluster ). Some action –research initiatives can cover one or more clusters for disseminating experiences or mutual influences.
- PAR projects design and evaluation will be organized in regular **workshops** (minimum 2

workshops per year with the concerned clusters) which provide an additional opportunity for overall structuring of institutional, organisational and individual capacity building at local, regional and central level.

- Linking with the academic and research world (as is also foreseen in the RHC project) will be privileged
- Individual and team learning will also be facilitated through on the job training, or targeted training with coaching methods, but also by exposure to other international practices through study tour, seminars, support for networking etc...
- and through a set of technical assistance oriented towards change facilitation as detailed in the next section

### 2.2.3 A diversified and context bound set of technical assistance modalities

Sustainable strengthening of MoLG's departments' and staff's capacities implies first of all that technical assistance is primarily facilitating.

TA can take different forms and assume different roles in the present intervention. However, each type of technical assistance shall contribute to some extent to a change process facilitated by the programme, this entails working on individual and organizational capacity enhancement and on the enabling environment.

#### External Technical assistance provided

Technical assistance is provided at senior level to assure that short term activities and achievements support the long term vision in general and that the transition from pilot experiences in the clusters inform and lead to LG reform and development policy.

Technical assistance (TA) at organisational level is diversified and context bound, depending on the organisational challenge at hand, each requiring a different TA strategy and attitude. **A national Policy Advisor** located within the MoLG and working closely with the Strategy and Policy Unit will have a key change facilitator role in strengthening further the MoLG work on policies, strategies and actions plans. He will consolidate the establishment and capacity building of the Strategy and Policy Unit in the Ministry.

**An international Policy Advisor**, acting also primarily as a Change **Facilitator** will be responsible for the coordination of the entire change process(es) supported by the programme. Such senior technical assistance is not only needed for political and administrative astuteness to navigate the complex context of Palestinian governance and to spot learning opportunities and PAR projects, but also to identify the key challenge to be met for activities to succeed in terms of organisational change and institutional development. Institutional development does not only concern the MoLG, but the whole stakeholder system; particularly the MoLG at central and regional level and the LGUs in the four clusters.

This long term technical expert will also be responsible for assuring coherence between different types of assistance foreseen in the intervention but also for assuring that the different activities of the intervention contribute to the achievement of the Specific Objective.

**A Capacity Development expert** will facilitate and coach the implementation of the HR capacity Development Strategy including the progressive development of a Capacity Building team within the MoLG. S/he will also contribute to identifying the specialized TA needed to support specific organisational development domains, and also support other CB activities at individual level. This expertise will be located within the MoLG and collaborate specifically with the Policy Unit, the Human Resources Development Department and other relevant departments. This expertise will be provided

through regular technical missions (with a longer mission at the beginning) by an expert with international experience.

**Two national TA's** will be recruited to support programme activities related to LGU collaboration at cluster level. These national TAs will be recruited for a period of 3 years, and work directly with MoLG regional directorates and JSC staff. They will operate as coaches and knowledge brokers to help develop inner skills and potentials of these organisations so that their role can be endorsed by regular staff of these structures after 3 years.

**Specialized expertise**, responsible for providing short or medium term support can also be recruited during the intervention. This type of TA will work on organizational capacity of the teams s/he will work with (e.g. supporting an MoLG branch in the concerned Districts ; assisting technical aspects of transfer of services at cluster level, etc.), as well as on individual capacity of the team members through on-the-job training, coaching, etc... A provision has been foreseen for international or national targeted consultancies to be provided on demand.

Under a specific requirement of the MoLG, the project could also support Palestinian TA's for specific tasks directly related to the project specific objective if this requirement is supported by an integration plan of this staff within the Ministry after a period of maximum 2 years. This is the case for the expertise recruited on LGRDP I to supporting **DJSC on the one hand, and the Local Economic Development Unit on the other (co-financed for the latter with the RHC project)**. The **LED expert** will support the development of LED tools, promote and coordinate LED processes and draft a LED policy (under the coordination of the MoLG).

Junior International Assistance will support the ITA policy advisor in its responsibilities related to M&E and communication processes.

**Technical missions by an international expert in action-research in the LG sector** will be organised once a year (it could be twice during the first year). The focus of these missions is the substance of the mutual learning process being carried out with LGRDP support in the local governance reform, taking into account the political economy context.

**Periodic technical backstopping missions by BTC will be organised.** The focus of these missions is the technical substance of the work being carried out by the LGRDP. The objective is to reinforce the process of ongoing joint reflection starting from the needs at program and/or sector level, with a perspective of learning, improving of quality and scaling up<sup>37</sup>. This expertise may be required twice a year during project first year of activity and subsequently on a yearly basis.

## **Sustainability of the change processes**

The MoLG must be author and actor of its institutional, organisational and individual capacity development if it is to become a sustainable enabling environment for LGUs. This implies also that **facilitating organisational change must itself become a competence of MoLG**. This process is to be facilitated by the national policy advisor in the first place, as the direct link to the Minister who is to be considered as the 'sponsor'<sup>38</sup> of the envisaged changes.

LGRDP strategy is thus also to contribute to promote and develop national expertise and resources to act as change facilitators. Sustainability of the CD strategy requires to rely on MoLGs and LGUs available human resources in quantity and quality to meet the challenges coming up in the processes of resolving the priority issues including building capacity of MoLG and JVCs to provide technical

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<sup>37</sup>BTC Backstopping Missions for Development Interventions, Concept Note, BTC, 2013.

<sup>38</sup> In the 'change management' vocabulary, the sponsor of the change process is the authority which is in charge of validating and orienting the change processes.

assistance. The ICA and the HR CD strategy show that the MoLG dispose of well-educated human resources, including 10% staff younger than 31 years, to build the strategy on MoLG resources.

This includes identification, training and coaching by the external technical assistance of change agents, technical assistance and coaching from within the MoLG organisation.

Participation in the action-research and overall CD process will allow the identification of motivated and capable MoLG staff. Once identified, focused training and coaching by LGRDP technical assistance will complement each promising staff member's on-the-job training in the programme activities. This will create a pool of MoLG internal organisational change facilitators linking also with the Human Resources Development Strategy implementation supported by the CD expert.

#### 2.2.4 Provide Structured flexibility to track CD progress

While national states are expected to perform on the basis of mid-term and long-term planning frameworks and scenarios, such a time horizon is almost incompatible with current operating conditions and uncertainty about future developments in West Bank and Gaza. It makes the status quo not only fragile, but also difficult to predict (policy priorities may change, ministers change, key staff may be re-affected, etc. . .). Moreover decentralisation reform processes are by definition complex and un-linear processes as described in section 1 above.

Though the system of LGS reform in the Palestinian territory is beyond project influence it is part of the context to be taken into account for realistic expectations of outcomes in project design.

Support must be provided in a long-term perspective based on the best possible evolving understanding of the political economy of the reform at any time in the reform process.

**Flexibility** is thus needed to take the evolving internal and external MoLG institutional environment into account. LGRDP intervention is designed in such a way that windows of opportunity to tackle priority issues can be seized as they occur and can be temporarily abandoned as they close. A window of opportunity is a combination of politico-administrative opportunities and motivated MoLG and LGU (JSC) change agents to take action on a priority issue in the LGRD stakeholder system.

To be able to do this the LGRDP II capacity building support must be able to: (i) keep an up to date mapping of the issues in LGRD as they evolve and understand the politico-administrative and technical logic (sequencing) , (ii) to inform the MoLG to assist in the prioritisation of issues within the constraints of the moment; (iii) spot the windows of opportunity to act upon these priority issues; (iv) change project support activities in terms of the priority issues and opportunities to take a step towards their solution.

This has several implications for programme strategy:

- It is not possible to plan activities to attain project outcomes in a linear fashion. Progress towards outcomes comes about in steps, as and when opportunities arise.
- Optimal use of these opportunities is made through the overview of issues, understanding of their relations, but also through positioning to advise at the proper level in MoLG and to shift project activities according to the MoLG priorities of the moment. To do this the support must be institutionally anchored at the highest politico-administrative level within the MoLG and it must be possible within the project to change activities at relatively short notice. (see also chapter 5 for implementation modalities)

At the LGU level the same principles apply: steps in the institutional collaboration and organisational development processes must equally be made as and when windows of opportunity are identified and temporarily suspended when these windows close for political, social, cultural or other reasons beyond programme control.

There must of course be **a minimum of predictability, of order and structure** to make simultaneous coordinated progress on priority issues on all three levels of change (institutional, organisational and individual) and at all three Palestinian administrative levels (national, regional and local). The iterative process of participatory action research described in the above section forms the backbone of the programme structured flexibility.

Structure in institutional capacity development is also maintained through developing a programme **monitoring and evaluation (M&E) conducive to learning**. The results of each activity formulated as a topic for action-research are logically related to the resolution of one of the programme outcomes. Progress towards outcomes is measured in terms of Intermediate Capacity Outcomes. Each activity should thus lead to an Intermediate Capacity Outcome (ICO) - such as adopted by-laws, transferred services from LGU to JVC, inclusive A, B, C area plans, procedures or another domain of organizational performances, improved relations between actors etc... Indicators are conceived, accepted and understood by the participants in the projects. This M&E framework is further described in chapter 3 below.

Besides support will be provided to develop (i) the linguistic skills necessary for effective M&E facilitation and (ii) access to and mastery of ICT assisted modern project planning, monitoring and evaluation as well as other modern management tools for improvement of the management, the development and the administration system of the MoLG and LGUs involved in the LGRDP II.

## 2.2.5 Enhance complementarities between Belgium's supported interventions in the local government sector towards one programme of support

The internal coherence of Belgium's support increasingly lies on the following: contributing to strengthening the structure and the administration of the Palestinian 'state' at local level both as part of the 'state-building' efforts (performance of the public sector) and as part as of promoting local development.

LGRDP and RHC have thus to be considered as one support, with multiples entry points and leverages for change: urban planning, amalgamation and inter LGU collaboration, but also policy dialogue and support to the policy unit. The present configuration of LGRDP and RHC offers potential in this regard if it can be utilized in a coherent way.

Cross-cutting issues have already been identified where complementarities must be reinforced. :

- *Planning practice* : combining technical , participatory approach and needed capacity building, translating development on the space, focusing on territorial development
- *Institutional development* : considering local government as 'actor' ('agent' and not 'object') of the reform process, building capacity among them, paying attention to specific governance mechanisms at local level, encouraging responsible leadership, attention for social networks, political institutions , local politics and political leadership, etc..
- *Local economic development* : encouraging an endogenous definition of local economic development -how to leverage comparative advantages and mobilize resources at local level, developing vision which combine local potentialities and national policies/objectives,

At the operational level, these principles will have the following implications:

- These principles for strategic approach are to be translated in joint programming, joint activities
- Autonomous management of both programme teams is maintained, each having its own work plan, reporting and M&E system from which some aspects can be common.

- a sharing of competences (e.g. urban planning, institutional development, and local economic development) is to be organized. In this perspective a LED expert has been recruited jointly.
- the counterpart is however a very good and open collaboration and the set-up of mechanisms for continuous sharing of information, on time communication, etc...
- interventions in support to LG need to be presented under a common 'umbrella': this is particularly relevant for communication materials, flyers, workshops to be organized, presentations to the Palestinian partners, donors.
- In the same perspective BTC backstopping missions will be planned, and conducted to address the whole program of support to LG

The operational implications of these principles are further described in chapter 5 below though they will have to be continuously fine-tuned during programme implementation.

### 2.2.6 Pursue the development of complementarities with other donors in support to the sector

LGRDP started developing complementarities and collaborations which will be pursued in the next phase:

- With GIZ and Global Communities with regard to strategic reflexions on the local government reform and MoLG institutional strengthening, as well as joint CD activities (as the development of the HR CD Strategy ). Activities related to the policy framework and institutional development at MoLG level will be supported in close collaboration with these partners: in particular the support to the implementation of the HR CD strategy, the linkages of the programme with the Guidance and Monitoring Department (a procedure manual has been supported by Global Communities) the development of joint planning processes (supported by GIZ through MDLF), etc..
- with the WB studies are currently conducted jointly on the issues of inter-villages collaboration, and the process of institutional development of village's clusters, in the framework of the new programme of support to joint service provision de throughout MDLF. Complementarity will be particularly needed at the level of MoLG capacity strengthening as LGRDP aims at strengthening MoLG coaching, monitoring and supervision roles of LGU collaboration.
- with the Danish cooperation, experiences and lessons learned on Amalgamation were shared and the collaboration will be pursued in the development of the new Amalgamation policy .Support the MoLG/ Policy Unit is also a common goal.
- with AFD on which the foundations for a more systematic collaboration on infrastructures and investments have been laid (starting with the common water department in Beit Liquia )
- with the Dutch cooperation through VNG (Dutch Association of Local Authorities) with which collaboration is developed on the LED pilot initiatives
- and through development of partnerships with local authorities abroad

## 3 INTERVENTION FRAMEWORK

### 3.1 Objectives

#### 3.1.1 General Objective

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

#### 3.1.2 Specific Objective

The programme contributes to improvement of the management, the development and the administration system of the Local Government Sector within a decentralised framework through its support to institutional capacity building of the MoLG and other LG stakeholders to enable LGU collaboration through JSCs.

LGU collaboration through JSCs is seen as the entry point for capacity building of LGUs - in particular the smaller rural LGUs - to improve service provision, promote local development and contribute to territorial integration, particularly of LGUs in area C or with parts of LGU territory in area C.

The specific objective is therefore *to contribute to the strengthening of the capacities of LGUs to collaborate in providing services, promoting local development and contributing to territorial integration.*

### 3.2 Result areas

The programme has **two result areas**:

1. The MoLG provides a **sustainable enabling environment** for LGU cooperation and development:
2. The **supported LGUs collaborate** through viable and sustainable institutional arrangements and promote community participation

Each of these results areas are broken down in specific results to emphasize an actor focused programme management and monitoring as well as to ease 'tracking' of results in term of change processes.

1. The decentralised policy and regulatory framework for LGU collaboration is further developed on the basis of the MoLG's experience with the supported LGUs in pilot clusters
2. The MoLG's institutional capacities to support, coach, supervise and monitor LGU collaboration in a decentralised framework are sustainably strengthened.
3. The supported LGUs collaborate to provide services, promote local development and contribute to territorial integration.
4. The supported LGUs invest in infrastructure to provide services, promote local development and contribute to territorial integration.
5. The supported LGUs actively promote community participation in relevant functions and facilitate residents' expression of their opinions on issues and priorities of public interest.

These results are pursued through parallel strings of activities, organised as far as possible as successive Participatory Action Research (PAR) projects around the priority issues that must be

solved by MoLG and/or LGU staff to attain the results.

### 3.3 Intermediate capacity outcomes

LGRDP progress towards attainment of the results is monitored and periodically evaluated in terms of intermediate capacity outcomes (ICO's). ICO's are the solutions envisaged to the challenges posed by the priority issues. They are called "intermediate capacity outcomes" as they represent the stepping stones in the capacity development process which are needed in order to attain the results areas in the LG reform. This TFF can provide indicative (and non-comprehensive) categories for these ICO's but specific ICO's can only be defined during programme implementation by and with the involved stakeholders.

As explained in section 3.7 below, capacity development support must also facilitate the opportunities to identify, e.g. through collective learning moments, emerging change in capacities which had not been expected or even foreseen in intermediate capacity outcomes but which may be significant.

### 3.4 Expected results

#### 3.4.1 Result area 1: The MoLG provides a sustainable enabling environment for LGU collaboration and development

**The decentralised policy and regulatory framework for LGU collaboration is further developed on the basis of the MoLG's experience with LGU's in pilot clusters**

The central idea of LGRDP II is that MoLG experience with the preparation and implementation of the facilitation of tailor made solutions for LGU collaboration in the supported clusters -facilitated by the supported Regional Directorates- will inform policy making, legislation and regulation for small LGUs collaboration and clustering process in a decentralised framework.

Strengthening existing policies and regulatory framework for inter LGU collaboration aims at pursuing MoLG CB component with a more strategic focus than was originally thought of in LGRDP I. It represents Belgium's strategy to contribute to the reform providing an entry point for its support. While doing this LGRDP will remain open and flexible for supporting other majors areas of LG reform linked to territorial administration and development depending on windows of opportunities in the evolving context (as for instance the support to a communication strategy). It will thus adopt an incremental approach towards the reform.

Intermediate capacity outcomes here include ministerial decisions, regulations, draft legislation, policies (including harmonisation and consolidation of present multiple policies, laws and regulations), reorganisations, procedures including measures for their compliance and monitoring, but also the development of a task force around amalgamation and LGU collaboration issues, contribution to think tanks around the LG reform, etc..

Objectively verifiable performance indicators will in all cases include the deliverable quality and evidence of its actual use in the policy preparation or implementation process.

**The MoLG's institutional capacities to support, coach, supervise, monitor LGU collaboration in a decentralised framework are sustainably strengthened**

The sustainable strengthening of MoLG's and other stakeholders in LGRD, particularly the JSCs, institutional capacities to support, coach, supervise, monitor LGU collaboration in a decentralised framework will be progressively attained through progress in attitudes and administrative practice at individual, organisational and institutional level.

To improve MoLG performance as an enabling environment to attain regional and local objectives in

service provision, development and territorial integration, individual attitudes and practice must change : from centralisation to decentralisation, from top down unilateral guidance and instruction to interactive mutual learning, from an understanding of monitoring as primarily control to an understanding of monitoring as primarily a basis for performance improvement of all stakeholders in the LGR system.

Again, these areas for capacity development support intend to focus on functions (support and supervision) which are both considered as essential for an enabling environment and where a margin of improvement exists. Other core or support functions at MoLG level may be promoted (as pursuing the work on HRD strategies and budget system) if they are understood as enabling environment for LGU collaboration.

At the organisational level the intermediate capacity outcomes need also to be defined within the existing formal and informal incentive system. Where bureaucratic rather than entrepreneurial behaviour is encouraged must be understood and taken into account when designing activities.

Being at the interface of the LGS stakeholders, the regional level will be a key actor in the attainment of this result area. The CD path will be an ongoing process of discovering and encouraging which of the diverse context-specific institutional forms will lead to higher functionality of the Regional Directorates. This means that each regional department may have a different function that it would like to improve with central level support as for instance budgetary management, monitoring and supervision missions, support to planning issues etc...

The system of cyclic issue mapping and prioritisation, activity flexibility combined with structuring in mutual learning through projects and design and evaluation workshops and coaching, is designed to do this.

Objectively verifiable performance indicators will in all cases include proof of progress in the exercise of their functions as observed by both relevant MoLG central directorates and JSCs in their region, as well as routine control and audit mechanisms.

### **3.4.2 Result area 2: The supported LGUs collaborate to deliver services , promote LED and territorial integration, and promote community participation**

**In the area of collaboration**, transfer of LGU competences from LGUs in the clusters to JSCs is a key example. Each cluster will thus develop 'roadmaps' for institutional development but issues will again vary per cluster as will prioritisation and sequencing. ICOs will be identified on this basis for each cluster by the participating LGUs through a visioning exercise, with support of their JVCs facilitated where necessary by MoLG's Regional Directorates and LGRDP technical assistance.

The participatory evaluation exercise that is to be regularly organized by LGRDP to assess the trajectory for institutional development in the 4 clusters, and to analyse success and challenges encountered will inform this process of tailor made capacity building.

In Cluster where collaboration has not yet advanced the initial major challenge will be to "defreeze" the situation. This could be done by initially suspending all support until all or subgroups of the involved LGUs return with a request for technical assistance to develop a mutual learning project to initiate change in the desired direction.

Intermediate capacity outcomes (ICOs) in LGU collaboration will include observable stepping-stones and building blocks towards improved collaboration for service provision, local development and territorial integration.

Changes in capacities regarding **service provision** will include the key steps in the planning,

budgeting, implementation and management of infrastructure investments financed by LGRDP II through an execution agreement with MDLF (see chapter 5).

Indicators will be in terms of functions or resources transferred, services provided, % of JSC's population served and satisfaction with the service. Comparable indicators are used for local development and territorial integration.

ICO's will also include observable advances in stakeholders' mutual shared understanding of their roles and their capacities to assume them.

In that respect supporting **communication strategies in the cluster** will aim at promoting and organizing relationships between stakeholders by implementing formal and informal spaces of coordination and collaboration. The objective is that communication participates to building up a same vision which will boost and give more meaning to cultural, economic and social initiatives and development processes at the cluster level. This should lead to social mobilisation, key conditions for social cohesion and sustainable development.

Finally ICOs regarding participation of communities will thus include observable steps in the following aspects : (i) information of citizens and awareness raising on public issues, policies and programs, through for example training and coaching ; (ii) community participation in relevant functions such as planning and budgeting and facilitation of residents' expression of their opinions on issues and priorities of public interest through, for example, public service centers or ICT facilitated improved communication.

## 3.5 Activities

MoLG staff, MDLF, JSC staff and LGUs in the supported clusters will be responsible for all activities leading to intermediate Outcomes. Their activities will be organised as far as possible as action research projects with (i) an objective explicitly related to the result area, (ii) a time horizon of about six months, (iii) an involvement of at least two stakeholders categories in local government reform and development and (iv) mutually understood and agreed performance indicators. Activities to be supported in the first months have been described in more details below.

The LGRDP II capacity development activities to support the LGRD stakeholders to attain their results fall in three categories: support action- research initiatives and facilitate related workshops, support to vertical and horizontal communication, technical and financial assistance.

### 3.5.1 activities under result 1 : The decentralised policy and regulatory framework for LGU collaboration is further developed on the basis of MoLG experience with LGU's in the pilot cluster

Activities at MoLG central level include all steps needed to prepare and execute ministerial decisions, regulations, draft legislation, policies (including harmonisation and consolidation of present multiple policies, laws and regulations).

Examples of activities include: studies, exchange visits, production of short, medium or long term plans or programs, production of manuals, software, reorganisation proposals, procedures, job descriptions, etc. The main requirement being the mutually understood - by the relevant stakeholders - relevance for the attainment of MoLG's capacity to provide an enabling environment for LGU collaboration.

To assure mutual learning and CB, these activities must be conducted by at least two stakeholder categories; i.e. MoLG central directory with regional directory or JSC or MDLF, etc.

Pursuing support to Master Plans in area C will also be part of this result. LGRDP II will not consider

Master Plans in Area C as an isolated activity but an integral part of Belgium's support strategy towards territorial integration (see chapter 2 above).

First activities to be supported at policy level include thus:

- Support amendments to 1997 Local Authorities Law and Amalgamation Policy with regard to possibilities and modalities of LGU collaboration
- Facilitate the set-up of a MoLG task force on inter-village collaboration (the possibility to extend the scope and mandate of the existing Amalgamation Committee is to be envisaged).
- This task force will be responsible for the further development of the MoLG diagnosis on Amalgamation experiences; informing policy work with regard to LGU collaboration, but also organizing monitoring and learning on the experiences in the pilot clusters supported by Belgian cooperation and other external support.
- Pursue support to issuance and approval of Master plans for communities in Area C, in close coordination with the Directorate of Urban Planning in the Ministry of Local government, as well as EU Delegation and members states involved.

### **3.5.2 activities under result 2 : The MoLG's institutional capacities to support, coach, supervise, monitor LGU collaboration in a decentralised framework are sustainably strengthened**

The regional directorates will form the linchpin from which the activities under result 2 will be supported. In particular they will guide the support to be provided to transversal functions which need to be strengthened within MoLG to enable LGU collaboration.

Support will also be provided so that these CB activities can feed into the further development of MoLG CD strategy and its implementation linking it with the Human Resources Development Strategy. It will also aim at developing a pool of MoLG internal organisational change facilitators.

Activities of MoLG regional departments - conducted with staff from central departments and from JSCs - will mainly involve steps to change structures, processes and attitudes in the conduct of their functions from an essentially centralising instruction and control approach to an essentially decentralising coaching, monitoring and learning approach to provide an enabling environment for LGU collaboration.

Example of steps at this level include: integrated financial and budgeting systems in place and operational, improved quality of the regional departments supervisions mission in the clusters ...

First activities to be supported by LGRDP under this result will entail the following:

- ⇒ Update the institutional assessment on Regional Directorates, particularly through: facilitating a participatory capacity assessment exercise with the regional directorates of the supported pilot clusters. The Capacity assessment will entail a deeper functional analysis on how the functions of coaching, monitoring, supervision, and control of LGU collaboration are currently conducted. This capacity assessment will be a continuous exercise to be repeated regularly during programme implementation. It will also provide a first set of data for programme baseline exercise, to be completed in an incremental way in the course of the programme
- ⇒ facilitate the set-up of a team responsible to reflect on the HR CD strategy implementation within MoLG
- ⇒ secure expertise to technical staff within MoLG Directorates (DJSCPD, LED)

- ⇒ launch the action-research process (launching workshops, identification of the 1st action research teams etc...)

### 3.5.3 activities under result 3 : the supported LGUs collaborate to provide services, promote local development and contribute to territorial integration

**Activities at JSC/LGU level** are focused on developing collaboration with tangible results in terms of (i) transfer of functions and/or resources from LGUs to JSCs, (ii) enhancement of LGU capacities for better provision of services to the JSCs' population, (iii) promotion of local cultural, social and/or economic development and contribution to territorial integration through improved planning processes.

LGRDP currently supported 'institutional development roadmaps' in 4 clusters of LGU's in the West Bank enter into this category of activities. A summary of the progress and the direction which has been adopted in the 4 institutional roadmaps is provided in Annex 7.3 As highlighted in the latter services to be transferred will depend on each cluster priorities and potentialities (eg water services, solid waste management building license etc..).

Main support activities comprised in the 3 activity lines described above, are detailed hereunder, as well as the mechanisms for their implementation:

(i) Transfer of functions/resources to JSC for joint service provision will entail the following activities:

- assessment of the existing services in each locality : quality of services, financial situation & balance ,fixed assets identification, registration and valuation, etc..;
- legal assistance for the establishment of the new judicial entity ;
- assessment of material and equipment needs (including an assessment of what can be transferred from the current LGU's) ;
- proposal of a business plan and new tarif structure, preparation of customer services procedures , billing systems etc.. ;
- set up of a new organisational structure, job description , staff transfer and recruitment plan , (update of) operation manuals , reporting procedures etc.. ;
- assistance for procurement of equipement and recruitment of extra staff ;
- capacity building (training, on the job-training, coaching, study tour etc..) and awareness raising activities are to be provided alongside the transfer process for different target groups : the board of directors, management team of the new service department, citizens and users of the services, etc.. ;

(ii) Support to planning processes will comprise :

- awareness raising on how to conduct joint participatory planning exercises ;
- providing assistance for establishing the diagnosis, the identification of local assets and constraints, the choice on priorities for local economic, social and cultural development . A special emphasis will be put on the integration of LED approaches and tools into the planning process since the diagnostic phase ;
- providing assistance for integrating environment and gender perspective in whole planning exercise

- a particular attention will be devoted to promoting participatory processes, including non state actors (communities but also the private sector ..) in the key moments of the planning exercise
- a specific attention will be provided to “operations and maintenance” : making of these issues a key element in the very first steps of the planning of every initiative of infrastructure project

(iii) Activities related to LGU’s capacities enhancement will entail enhancement of knowledge and skill on technical thematics (as contract management, financial management ...) for improving the management of service provision. They will also comprise the development of ‘soft skills’ and attitudes leadership , negotiation, conflict management , building networks and partnerships etc..

Capacity Building activities will use a mix of modalities and techniques for enhancing individual capacities while taking into account the organisational and institutional environment. Besides more standardized training sessions, LGRDP II will promote on the job training, coaching, exposure through study tour, development of partnerships, etc..

Complementarities between LGRDP II and other programs targeting capacity development for LGU collaboration will be looked for, and more specifically with the new WB and GIZ programmes which are still under formulation.

All these activities will be supported through the relevant departments in the regional directorates (district offices) facilitated by LGRDP II technical assistance (TA). External assistance will progressively decline as soon as capacities to endorse these roles are strengthened at regional level. Two technical assistants will be recruited in this regard with complementary profiles : one assistant will have expertise and experience in the management of public investments at local level (engineer --type of profile), the other will be expert in the sociological aspects of local and territorial development, and stakeholders relationships at local level (anthropo/sociologist-type of profile).

Each assistant will be responsible for advising and supporting 2 (or 3) supported clusters (the one in the southern region of the Palestinian territory and the other in the North) but exchange of experience will be systematically organized so that the whole programme can benefit from these complementary profiles.

A technical Committee will be set up in each cluster in order to ensure a smooth articulation of activities with MDLF who will be responsible for infrastructure projects implementation.

A specific support will be also be provided by LGRDP to help LGU’s build network and relationships abroad. In the aftermath of the “Conference on Local Authorities in solidarity with the Palestinian people” (2014)<sup>39</sup>, a dynamic of support and solidarity is being launched with local authorities worldwide. Synergies and complementarities between the action of local authorities and that of the bilateral collaboration and other type of aid and international relations represent an important lever for LGU socio-economic development. This is particularly true in a context where numerous physical and administrative barriers and restrictions exist to the potential of economic development.

First activities to be implemented under this result entail:

- recruit 2 TA (by LGRDP support unit)
- conduct a participatory evaluation exercise of institutional development trajectories in the clusters supported by LGRDP

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<sup>39</sup> This Conference was organized in November 2014 in the framework of the International Year for the Solidarity with the Palestinian People , with a strong involvement of the MoLG and a multi-donor financial and technical support , among which Belgian cooperation.

- finalize ToR for technical assistance to support the services transfer process

### **3.5.4 activities under result 4 : The supported LGUs invest in infrastructure to provide services, promote local development and contribute to territorial integration**

Investment in infrastructure will be provided to collaborating LGUs and/or isolated small LGUs in the supported clusters.

These investments at LGU level will depend on the visioning and planning exercise described above and will vary according to each clusters socio-economic potentialities and priorities.

The list of infrastructure work and investments completed or ongoing under the LGRDP I is provided in annex 7.4 as an illustration.

Based on the experience of the past years the following requests for capital investment related to LGU's competences and services (by sector) is expected :

- education sector : additional classrooms, equipment for schools , computer centers, and kinder garten
- health sector: upgrading / equipement of public health care center
- transportation & public spaces: construction of new or maintenance of linking roads (inter-villages) , internal roads , street enlighting
- water sector : water tank, additional network for water distribution
- environment sector : additional garabage collector car ,garbage container
- socio-cultural sector : women center, library , multi purpose centers
- new administrative building and/ or equipment for joint services center

The participative planning process and institutional roadmaps in the clusters will lay the foundations for identifying activities eligible for support under Result 4. Propositions of the LGU-clusters will be transmitted to a Technical Committee (including representatives of MoLG , MDLF and LGRDP TA).

MDLF will facilitate the timely implementation of the approved activities - according to the agreed planning and quality checks – by providing support and follow-up in close collaboration with the LGUs and their JSCs.

MDLF support will entail the following activities:

- procurement support : MDLF will make sure that appropriate norms & standards for infrastructures are respected and that procedures defined in MDLF's procurement manual (also used in the framework of the MDP interventions) are followed
- technical support : MDLF will finance well-defined, technically sound and cost-effective projects. MDLF will assist LGU's further designing them to meet quality standards. A particular emphasis will be laid on operations and maintenance (see MDLF manual), on environment and on gender (see MDLF mainstreaming strategy) .
- administrative and financial follow-up : MDLF will be responsible for the management of the funds, making all payments to contractors and suppliers on behalf of the LGU's since no funds will be transferred to the municipalities
- overall reporting: (based on MDLF M&E system)

The LGU-clusters will have particular responsibilities in the following areas :

- conduct participative planning and exchange with the local population, and conduct preparatory activities (including operations & maintenance) before projects' implementation
- based on their planning, submit capital investment projects for MDLF 's financing
- follow-up activities related to design & tendering
- be responsible for all contracting once the MDLF has approved the projects
- submit invoices to the MDLF who will be responsible for making direct payments to contractors and suppliers
- follow- up activities related to construction supervision

The delegation of responsibility to MDLF will be confirmed in an Agreement signed between BTC and MDLF that will stipulate how MDLF systems and procedures for financial and contract management as well as reporting and audits will be used. Main principles on which this Agreement will be based have been described in chapter 5 of this TFF.

First activities to be implemented under this result are :

- finalize the agreement between MDLF and BTC , based on the guidelines and principles developed in the TFF as well as the MDLF organizational assessment
- consolidate the list of investments identified in the clusters for planning year 2015 (transition with LGRDP I)
- set up technical committees at the cluster level

### **3.5.5 activities under result 5: The supported LGUs actively promote community participation in relevant functions and facilitate residents' expression of their opinions on issues and priorities of public interest.**

Community participation will be promoted in crucial phases of LGU planning and development. LGRDP support in that respect will entail the following activities ;

- (i) continue to support the development of a **communication strategy at LGU level**.

The objective is that communication will harmonize the different policy components (LGU collaboration processes, SDIP, LED plans, capacity development strategies, the area C strategy etc...) and reflect an integrated view of the LG reform process to the local population. Communication plans are supported which consists out of different communication activities that allow and facilitate the LG reform process by placing it in the long-term process of strengthening the administration of the territory (improving service delivery and promoting local development).

The objective of this support communication strategy is 3-fold : inform, share a vision and participate. Each cluster may interpret these objectives in its own way , based on local perceptions and needs. As an illustration , the first communication strategy initiatives which have been developed focus on ;

- in Al Karmel: the promotion of voluntary work for the benefit of the whole cluster. The JSC wants to create accountability in each and every one to create a community that works together instead of individualism.
- in Beit Lyqia: on raising awareness about water usage, the use of the pre-paid meters and the importance and necessity of the Common Water Department.
- in Joret Eshama': in awareness raising around the services delivered by the JSC. They also intend to streamline the Communication Plan with the project support (water and solid waste management).

An evaluation of the supported communication strategies is ongoing.

- (ii) The expression of citizen's opinions will also be encouraged through support to complaints commission. Earlier unsuccessful experiences with support of green lines for complaints will be evaluated and other uses of mobile phones short messages, for instance for M&E will be explored.
- (iii) An ICT policy will be developed to increase benefits from information technology (e-governance and accountability mechanisms) in the support to LGU collaboration.

### 3.5.6 Action research processes

LGRDP strategic approach is that organisational and individual learning in small relatively short projects of participatory action-research (PAR) contribute to overall institutional development through mutual learning.

As these activities are different from the current routine of LG stakeholders, external facilitation will be necessary (at least at the beginning) for awareness raising, coaching and monitoring the process.

LGRDP CD expert will be responsible for framing the process with methodological support and facilitation. He will coach the 2 national experts to provide support at cluster level. An international expert with senior experience in action research in the LG sector will also be recruited to allow for "in-progress evaluation" of the action research results.

Support to PAR processes will entail the following activities:

- LGRDP PSU getting trained and familiar with the participatory action-research approach, discussion on objectives and methods (by the CD expert with support of ITA expert )
- launching of the action-research process through a first workshop with representatives of the MoLG district offices, representatives of JSCS, MoLG at central level (by LGRDP expert team with external support if needed)
- constitution of a first group of research-action teams at regional level (some action –research initiatives can cover one or more clusters for disseminating experiences or mutual influences).
- identification by the research team of organizational/ professional practice issues or challenges, exploring their causes, identifying scenarios, planning for activities, ...
- implementation of the project by the research action team for a period of 6 months
- organisation of workshops at regular intervals. A typical workshop starts with peer review (evaluation), between teams involved in comparable projects, of the implementation of the mutual learning projects during the past six months, on the basis of the monitoring results and the narrative of the project spokesperson and the coaches. LGRDP will not only facilitate these workshops but will also be working with MoLG internal resources in on-the-job training as described above.
- Peer review will be followed by discussion of results, lessons learnt in a plenary session, followed by design of recommendations to improve relevant policies, by-laws, regulations, procedures, structures, manuals, monitoring systems and other aspects of the LG sector as well as the next learning-project if the challenge at hand has not yet been fully addressed.
- The nature of the workshops depends on the level - VC, JS, municipality, district or national - and the nature of the challenge addressed. The basic cycle is about 6 month for cluster workshops at District level. Participants include the stakeholders in the Districts of the pilot clusters. The workshops are organised alternately by one of the Districts. The District workshops start with the reporting and evaluation of the participants' projects in thematic sub groups followed

by plenary discussion and recommendations. The next day could for instance be used to discuss a challenge of the cluster in the host District and a cross District theme identified as an important and/or urgent cross-district challenge in the plenary on the previous day or by the MoLG. The next two days can be used for mutual learning workshops, including training for the design of the next generation of learning-projects, their indicators and monitoring system as well as for drafting recommendations on the basis of lessons learned in completed mini-projects. Recommendations will include recommendations for the LGRDP Steering Committee that will be shortly after the District workshops integrating and validating the decision taken within programme management.

- The District workshops at the end of the programme's transition phase of 6 months, at the midterm review and at the beginning of the programme's consolidation phase (at policy and institutional level) will be held with all Districts and with major municipalities of the country. Their purpose is horizontal sharing of LGRDP experience and other important MoLG experiences across all Districts in the country. The emphasis of mutual learning will be on LG sector policies for territorial integration.

## 3.6 Logical framework

**Table 3: Logical Framework**

	<b>Intervention Logic</b>	<b>Progress Indicators*</b>	<b>Sources of verification</b>	<b>Assumptions</b>
<b>GO</b>	The management, the development and the administration system of the Local Government Sector in the Palestinian territory are improved within a decentralised framework"	Cases of results-based administration used in non-project supported MoLG management; Number of reported cases; (NDP)	Reported cases, monitoring report of MoLG strategic framework  Evaluation reports of all action research projects	Repeated involvement of MoLG staff in all directorates in result-oriented participatory action research projects instils the motivation and provides the capabilities to introduce and use RBA
	See NDP results for public services and LGS sector : <ul style="list-style-type: none"> <li>• result based administration</li> <li>• resolve conflicts and duplication in roles</li> <li>• develop laws and processes to ensure access to information</li> <li>• institutionalization of civil society &amp; private sector participation in decision making</li> <li>• financial and geographic access to public services</li> <li>• quality of public service delivery</li> <li>• e-government to raise quality of service provision</li> </ul>	Cases of resolved conflicts and duplications in the roles, tasks and responsibilities in and between MoLG and LGU bodies ; Number of reported cases; (NDP)	Reported cases , monitoring report of MoLG strategic framework  + contribution through evaluation reports of all action research projects	
		Number of reported cases of laws, regulations and processes, which ensure access to information ;	Reported cases  + contribution through monitoring of LGRDP _ R1	
		Number of reported cases of CS actors' participation in supported LGUs in non-project supported decision-making processes;	Reported cases  + contribution through Monitoring of LGRDP - R5	
		Annual review of prices for supported LGU's services; use of LGU's services by social group and by area A, B and C	To the extent possible based on available national or regional survey data, Contribution through monitoring of LGRDP R3 to R5	

	Intervention Logic	Progress Indicators*	Sources of verification	Assumptions
<b>SO</b>	The capacities of LGUs to collaborate in providing services; promoting local economic development and contributing to territorial integration are strengthened	Cases of successful collaboration between LGUs in the currently successful and non successful clusters supported by LGRDP Number of reported cases; Significance of reported cases for attainment of R1-Rn	Reported cases	<p>Willingness and readiness are the key component for capacity development.</p> <p>The key assumption is therefore that LGU's political, social and cultural will to collaborate can be positively and sustainably influenced and incentivized by LGRDP II TA support to MoLG's and JSCs institutional development and by financial support to selected JSC investments in service provision, infrastructure and CS participation</p>
		Perceived raise in quality of service to citizens and at interfaces within the MoLG LGR system by users and producers of the information	Appreciative Inquiries + contribution through LGRDP II M&E	
		cases of LGU's the public and private sector and civil society organisations jointly contributing to local economic development initiatives , participation of women organisations	National M&E of SDIP's  Contribution through LGRDP monitoring of R4	
		Broader community participation in relevant LGU functions , including women's participation		
<b>R01</b>	The decentralised policy and regulatory framework for LGU collaboration is further developed on the basis of MoLG's experience in the supported clusters	Legal mechanisms that facilitate the collaboration (either by consolidation of merging) maintaining identities of the communities		

	Intervention Logic	Progress Indicators*	Sources of verification	Assumptions
		Efficiency and effectiveness of the Task force on amalgamation as a vehicle from pilots to policy	Task force reports Task force meeting Minutes	
<b>R02</b>	MoLG institutional capacities to promote, coach, monitor, evaluate and control LGU's capacities to collaborate are sustainably strengthened	Number and significance of cases of progress realised entirely with MoLG staff in LGRDP II facilitated action research projects or arguably inspired by (participation in) these projects	Capacity assessments (functional analysis) and its regular updates MoLG internal audit report Reported cases	
		Number, importance, spread over directorates, % of staff in these directorates, of MoLG staff, (self) identified and successful as change agents in action research projects (See critical mass)	Evaluation reports of action research projects	
		Number, importance, spread over directorates, % of staff in these directorates, of MoLG staff, (self) identified and successful as contributing members in action research projects (See critical mass)	Evaluation reports of action research projects	
		Perceived change from a centralised instruction and control approach to LGU support to a decentralised coaching, monitoring and mutual learning approach to LGU support	Appreciative Inquiries at LGU level Action Research Evaluation reports	

	<b>Intervention Logic</b>	<b>Progress Indicators*</b>	<b>Sources of verification</b>	<b>Assumptions</b>
		Coverage of identified institutional, organisational and individual capacity issues in the LGUs and in the MoLG enabling environment (importance and priority weighed % of issues addressed in PAR projects and issues identified)	Evaluation reports of action research projects; number, priority ranking and importance of addressed issues; number, priority and importance of identified issues	
		Development of a common language between stakeholders in LGS reform: convergence of indicators used in M&E of mutual learning projects	Evaluation reports of action research projects	
<b>R03</b>	Supported LGU's collaborate to improve services, promote local development and contribute to territorial integration of A, B and C areas	Number and significance of cases of transfer of functions, human or financial resources from LGUs to their JSCs	Annual reports of JSCs and participating LGUs and Evaluation reports of all relevant action research projects	
		Number of services provided, % of JSC population served and satisfaction of population served	Annual reports of JSCs and participating LGUs and Evaluation reports of action-research, Appreciative /Satisfaction inquiries	
		Cases of enhancement in infrastructure networks	Annual reports of JSCs and participating LGUs, MDLF reporting	
		Documented cases of local development promotion; Significance of reported cases in terms of % of JSC population benefitting and cultural, social and/or economic value added	Annual reports of JSCs and participating LGUs and Evaluation reports of all relevant action research projects	

	<b>Intervention Logic</b>	<b>Progress Indicators*</b>	<b>Sources of verification</b>	<b>Assumptions</b>
		Documented cases of territorial integration of A, B and C areas; Significance of reported cases in terms of % of JSC population benefitting and cultural, social and/or economic value added	Structural plans , Annual reports of JSCs and participating LGUs and Evaluation reports of all relevant action research projects	
<b>R4</b>	The supported LGUs invest in infrastructure to provide services, promote local development and contribute to territorial integration	Number and quality (integrating O&M criteria) of infrastructure projects implemented	MDLF reporting , audits (See agreement)	
		Degree of participation of JSC and LGU's in the procurement and contracting related to the infrastructure projects implementation	Appreciative inquiries ,action research reporting and workshops	
		; % of local development infrastructures promoting gender equality and women's empowerment		
<b>R5</b>	The supported LGUs actively promote community participation in relevant functions and facilitate residents' expression of their opinions on issues and priorities of public interest	Broader community participation in relevant LGU functions	Appreciative inquiries, most significant changes techniques	

\*wherever relevant indicators data will be sexo-disaggregated

### 3.7 Beneficiaries

The focus of LGRDP II remains on the LGUs - JSCs, newly amalgamated municipalities and VCs - in clusters. At this local level it will complete the beneficiaries of the current intervention to include better Civil Society as described above.

The location of the intervention will be maintained in the four pilot clusters supported by the current LGRDP to make the transition from pilot to policy. The variety in the regions, the clusters and in the supported LGUs allows the LGRDP II to provide evidence for national PA and MoLG local government reform and development policy in the three result areas of LGU collaboration: provide services, promote local development and contribute to territorial integration.

The continuation of support to the thus far relatively less successful cluster in term of amalgamation is justified by the need to learn from challenging situations and not only from successful ones. An evaluation of the cluster institutional development trajectories will be conducted by LGRDP during the preparation phase following a result-oriented approach. In Cluster where collaboration has not yet advanced the initial major challenge will be to "defreeze" the situation. This could be done by initially suspending all support until all or subgroups of the involved LGUs return with a request for technical assistance to develop a mutual learning project to initiate change in the desired direction

The possibility of including other clusters has been foreseen in LGRDP II budget. This selection will be based on an assessment of the current clusters support. The following weighted criteria will be respected:

- small rural areas (as the targeted beneficiaries of Belgium support in the Local governance sector)
- existence of local dynamics of LGU collaboration, through local leadership, or community based initiatives, with or without previous external support etc...
- privileging synergies with areas supported by the RHC project
- area with potentialities of complementarities with NGO's working in support to the civil society in the local governance sector (preference will be given to areas already supported by Belgian partners, in order to enhance coherence of Belgian support)

This selection criteria list will be completed and validated by the Programme Steering Committee (PSC) at programme start up. The selection of new areas for support itself will also have to be validated by the PSC. At the central level the focus of institutional capacity building and the anchorage of technical assistance will be on the MoLG, with a focus on the regional directorates as the key components of the sustainable enabling environment for LGU collaboration.

As part of the MoLG enabling environment for LGU collaboration MDLF will continue to be involved with a focus on its role as implementing agency for LGU infrastructure investment support.

Thus the LGRDP II beneficiaries will include:

- Small LGUs: collaborating Village Councils and Municipalities in their Joint Service Councils;
- Civil Society in these LGUs: CBO's, private sector, individual citizens, Bedouins, diaspora;
- MDLF
- MoLG at central and regional level.

## 3.8 Monitoring & Evaluation

Monitoring and evaluation is a core function of institutional capacity development. M& E is not only crucial to monitor changes but is also part of the change process itself, in particular through collaborative mutual learning approaches.

As such the M&E system must be able to:

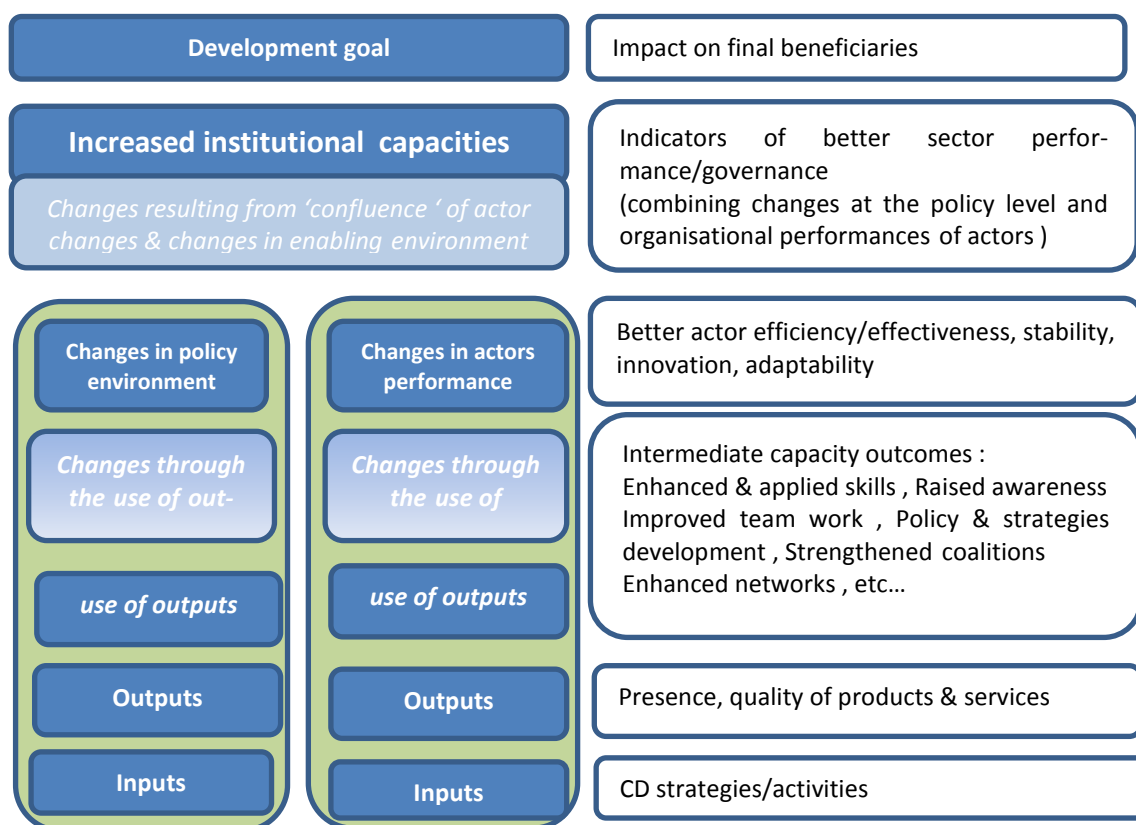
1. Develop the institutional, organisational and individual willingness (habit, disposition) and ability to learn from performance as measured by mutually understood and agreed performance indicators;
2. Develop a language shared and understood by all stakeholders in Palestinian local government reform and development enabling them to speak about local government reform and development;
3. Inform all LGRDP II stakeholders, but particularly the PA and the Government of Belgium of progress towards outcomes;
4. Manage the overall institutional development process.

The uses of PAR projects with clear objectives, agreed progress indicators, short duration and multi-stakeholder participation, assures frequent involvement of LGRDP II stakeholders in mutual learning. Involvement in project design, implementation and peer review in workshops develop the ability to learn from measured performance. The short duration and peer review in the workshops develop the habit and the social acceptance of doing so.

For all action research projects performance indicators are developed and fine-tuned within the programme teams, a shared language related to national policy objectives will progressively develop to talk about LG reform and development.

LGRDP II progress towards the attainment of results is monitored and periodically evaluated in terms of intermediate capacity outcomes (ICOs). Indeed for each of the result areas Intermediate capacity outcomes will be defined with appropriate indicators. These are process indicators, which focus on the **early signs of change** (showing the steps in the direction for change) at institutional/organizational and individual level. The changes are derived from the use of the outputs delivered by activities as illustrated in the figure below.

**Figure 2: Process indicators focussing on “the early signs of change” at institutional/organizational and individual level**



A common language for result-based, service oriented and collaborative administration attitudes and behaviour does not come naturally in an administrative environment with a tradition and culture of hierarchical, top-down, instruction and control relations in internal and external relations. Conditions must be created for repeated practice of key desired behaviour in a purposeful collaborative setting.

Explicit and sustained attention for progressive development of a shared language and jargon for local government reform between all stakeholders including the external technical assistance is essential for effective support and sustainable institutional capacity building focused on collaboration.

Mastery or at least an understanding of Arabic is essential for effective technical assistance in institutional capacity building. Improvement of necessary conditions for mutual understanding for collaboration between technical assistants and national stakeholders with different native languages and different professional jargon, concepts and perspectives implies that (i) all documents are available in translation, (ii) international technical assistants take a course in Arabic, (iii) Involvement in Area C implies access to translation of Israeli documents, communications and in meetings.

## 3.9 Risk analysis

### 3.9.1 Strategic and sustainability risks

Risk	Level	Alleviation measures
Instability of the PA	High	All strategic and sustainability risks are linked to the specific volatile socio-political context of the Palestinian Territory. The recent events in Gaza reinforce this unstable context. These are typically risks which cannot be addressed within the interventions direct control
Government commitment to LGU capacity reinforcement is not translated in sustained effective action	Medium	Donor coordination and dialogue EU and Belgian policy dialogue EU and Belgian policy on Israeli occupation, trade with settlers and area C investment
Necessary laws, regulations, reorganisations, revisions of procedures, etc. are not elaborated in a transparent, participatory manner, not finalised, not adopted or not implemented	High	Belgian-Palestinian Dialogue at PA and MoLG level High level Programme anchorage (Minister or its Representative) A flexible learning-project approach, allowing for adapting programme support efforts at 6 month intervals as opportunity windows open and close in terms of decisions or lack of them
Instability of appointments of key "change agents" at all levels of programme support	High	A flexible collaborative approach for mutual learning with horizontal and vertical exchanges of experiences and lessons (PAR projects) , to reach out an important number of potential 'change agents'
"Facilitating change" cannot remain in the long run a competence of external support only but become a competence of MoLG itself	Medium	LGRDP strategy must be to contribute to promote and develop national expertise and resources to act as change facilitators. National expertise should be privileged supported with regular mission of high level international backstopping.
Insufficient number of learning opportunities and/or coverage of relevant themes for institutional change	Low	Working in pilot clusters, with about 24 LGUs in interaction with each other and other LGUs in different JSCs as well as with multiple CSOs, accompanied by MoLG District Directorates in interaction with sector ministries at District level and with 14 General Directorates at Central level provides a "population" of learning opportunities and initiatives of sufficient size to reduce this risk

### 3.9.2 Implementation, management and fiduciary risks

Risk	Level	Alleviation measures
MoLGs difficulty to accommodate the proposed mutual learning approach at the heart and close to the top of the organisation	Low	A continuous and multi-level dialogue at technical, strategic and political level

Risk	Level	Alleviation measures
Insufficient impact of mutual learning-by-doing approach on normative and standardized approach promoted by other instruments (e.g. LGSIP)	Low	Open approach both to sharing project knowledge in six monthly workshops in the supported Districts and to actively support learning from other approaches in all 11 Districts through 18-monthly rotating workshops with national participation of key actors in the 3 cities in the intervention area
Access to Area C and the granting of required permits.	High	Belgium will consult firstly with the Palestinian Authority and EU on appropriate approaches to working in Area C if investment and activities in these areas are approved by the projects governance structures.
Implementation delays due to use of MDLF procedures for investments in LGUs	Medium	clear terms in the implementation agreement , technical assistance when needed in coordination with other donors support
Implementation delays due to handling of multiple mini-projects most of which depend on MoLG general and district directorates collaboration	Medium	Small size of projects, facilitated participative design, shared understood progress indicators closely monitored by stakeholders and by LGRDP II

## 4 RESOURCES

### 4.1 Financial resources

The Belgian contribution for this intervention is 12 million Euros over 60 months (5 years) period. The draft budget outline is as follows:

**Table 3: Tentative budget**

	<i>EUR</i>
Result 1	550,000
Result 2	794,000
Result 3	1,836,000
Result 4	6,465,000
Result 5	300,000
Reserve	55,000
General means	2,000,000
	12,000,000

The Palestinian contribution for this specific intervention is estimated at € 95,000.

It is foreseen that the PA contribution specifically MoLG will contribute mainly in-kind in the following elements:

- office space and running costs for the National Coordinator and CD expert in the MoLG : € 5,000
- office space and running costs for national TA at cluster level (MoLG district offices) : € 10,000
- national staff (for reporting, M&E, participation in activities) both at the level of MoLG and the district level (where LGU-clusters will be supported) over a period of 5 years: € 80,000

The detailed budget for the Belgian contribution is shown below.

TOTAL BUDGET: PZA 13 33 11 - LGDRP II				Management Mode	TOTAL BUDGET	%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
<b>S.O. To contribute to the strenthening of the capacities of LGUs</b>					<b>9,945,000</b>	<b>83%</b>	<b>2,558,000</b>	<b>3,258,000</b>	<b>2,361,000</b>	<b>1,542,000</b>	<b>226,000</b>
A	01	<i>R1. Policy and regulatory framework for LGU cooperation is further developed</i>			550,000	5%	75,000	105,000	180,000	105,000	85,000
A	01	01	legal studies & expertise	BTC mgmt	50,000		10,000	10,000	10,000	10,000	10,000
A	01	02	support to policy unit strategic work & planning	BTC mgmt	200,000		20,000	50,000	50,000	50,000	30,000
A	01	02	PAR workshops & seminars	BTC mgmt	200,000		25,000	25,000	100,000	25,000	25,000
A	01	03	communications, publications	BTC mgmt	100,000		20,000	20,000	20,000	20,000	20,000
A	02	<i>R2. MolG institutional capacities to support, coach, supervise, monitor LGU cooperation are smgthened</i>			794,000	7%	161,000	251,000	159,000	127,000	96,000
A	02	01	support to capacity assessments	BTC mgmt	30,000		10,000		10,000		10,000
A	02	02	CD activities at central level	BTC mgmt	180,000		20,000	50,000	50,000	50,000	10,000
A	02	03	CD activities at regional level	BTC mgmt	200,000		10,000	80,000	50,000	30,000	30,000
A	02	04	LED expert (DoUP)	BTC mgmt	72,000		36,000	36,000			
A	02	05	DJCSC institutional developement (staff member)	BTC mgmt	72,000		36,000	36,000			
A	02	06	Capacity Development expert	BTC mgmt	240,000		49,000	49,000	49,000	47,000	46,000
A	03	<i>R3. Supported LGU's cooperate (in 5 clusters)</i>			1,836,000	15%	682,000	672,000	332,000	150,000	0
A	03	01	awareness raising activities	BTC mgmt	20,000		10,000		10,000		
A	03	02	support to planning & development activities	BTC mgmt	100,000		50,000			50,000	
A	03	03	Technical assistants at cluster level	BTC mgmt	216,000		72,000	72,000	72,000		
A	03	04	institutional developement activities (competences & services transfer)	BTC mgmt	1,500,000		550,000	600,000	250,000	100,000	
A	04	<i>R4. Supported LGU's invest in LGU's</i>			6,465,000	54%	1,620,000	2,140,000	1,620,000	1,070,000	15,000
A	04	01	support investments in the cluster (MDLF)	Co mgmt	6,000,000		1,500,000	2,000,000	1,500,000	1,000,000	
A	04	02	management fees MDLF (7%)	Co mgmt	420,000		105,000	140,000	105,000	70,000	0
A	04	03	monitoring/audits	BTC mgmt	45,000		15,000		15,000		15,000
A	05	<i>R5. supported LGU's promote community participation</i>			300,000	3%	20,000	90,000	70,000	90,000	30,000
A	05	01	quality of service delivery studies & agreements	BTC mgmt	50,000		10,000	10,000		20,000	10,000
A	06	02	gender activities	BTC mgmt	150,000			50,000	50,000	50,000	
A	03	03	support communication strategy in the clusters	BTC mgmt	100,000		10,000	30,000	20,000	20,000	20,000
X	<b>Budgetary reserve (max 5% * total activities)</b>				<b>55,000</b>	<b>0%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>55,000</b>
X	01	<i>Budgetary reserve</i>			55,000	0%	0	0	0	0	55,000
X	01	02	Reserve	BTC mgmt	55,000						55,000

<b>Z</b>	<b>General Means</b>				<b>2,000,000</b>	17%	<b>476,000</b>	<b>356,000</b>	<b>406,000</b>	<b>356,000</b>	<b>406,000</b>
Z 01	<i>Salaries</i>				1,455,000	12%	293,400	290,400	290,400	290,400	290,400
Z 01 01	internation policy advisor, technical co-manager	BTC mgmt	900,000				180,000	180,000	180,000	180,000	180,000
Z 01 02	national policy advisor	BTC mgmt	210,000				42,000	42,000	42,000	42,000	42,000
Z 01 02	national coordinator	BTC mgmt	18,000				3,600	3,600	3,600	3,600	3,600
Z 01 04	programme assistant	BTC mgmt	150,000				30,000	30,000	30,000	30,000	30,000
Z 01 05	driver	BTC mgmt	54,000				10,800	10,800	10,800	10,800	10,800
Z 01 06	Financial and Admin officer	BTC mgmt	120,000				24,000	24,000	24,000	24,000	24,000
Z 01 07	recruitment costs	BTC mgmt	3,000				3,000				
Z 02	<i>Investments</i>				65,000	1%	65,000	0	0	0	0
Z 02 01	Vehicles	BTC mgmt	50,000				50,000				
Z 02 02	ICT Equipment	BTC mgmt	15,000				15,000				
Z 03	<i>Running Costs</i>				200,000	2%	41,600	39,600	39,600	39,600	39,600
Z 03 01	Vehicles Operating Costs	BTC mgmt	25,000				5,000	5,000	5,000	5,000	5,000
Z 03 02	Communication costs	BTC mgmt	15,000				3,000	3,000	3,000	3,000	3,000
Z 03 03	office supplies	BTC mgmt	6,000				1,200	1,200	1,200	1,200	1,200
Z 03 04	National Field Missions	BTC mgmt	40,000				8,000	8,000	8,000	8,000	8,000
Z 03 05	Training	BTC mgmt	12,000				4,000	2,000	2,000	2,000	2,000
Z 03 06	Rental of office	BTC mgmt	100,000				20,000	20,000	20,000	20,000	20,000
Z 03 07	Bank costs	BTC mgmt	2,000				400	400	400	400	400
Z 04	<i>Audit, Monitoring and Evaluation</i>				280,000	2%	76,000	26,000	76,000	26,000	76,000
Z 04 01	Monitoring and evaluation	BTC mgmt	100,000				20,000		40,000		40,000
Z 04 02	international backstopping (action research)	BTC mgmt	120,000				40,000	20,000	20,000	20,000	20,000
Z 04 03	Audits	BTC mgmt	30,000				10,000		10,000		10,000
Z 04 04	HQ Backstopping	BTC mgmt	30,000				6,000	6,000	6,000	6,000	6,000
<b>TOTAL</b>					<b>12,000,000</b>		<b>3,034,000</b>	<b>3,614,000</b>	<b>2,767,000</b>	<b>1,898,000</b>	<b>687,000</b>
		<b>Co mgmt</b>	6,420,000				1,605,000	2,140,000	1,605,000	1,070,000	0
		<b>BTC mgmt</b>	5,580,000				1,429,000	1,474,000	1,162,000	828,000	687,000

## 4.2 Human resources

### 4.2.1 Principles

- The programme is embedded in the mandates and work flow (tasks) of the MoLG and MDLF staff.
- The programme is fully integrated into the MoLG structure, its regional directorates and LGUs. The component implemented by MDLF will also rely on the agency's existing staff and structure.
- It will be implemented through the MoLG systems and procedures as much as possible. The Programme Support Unit will be institutionally anchored at the Minister/Deputy Minister level in the MoLG.
- For the additional workload related to capacity enhancement support and programme management, specific additional human resources will be provided in 3 different forms:
  - a National Policy Advisor
  - Long-term international and national technical assistance;
  - Short-term and periodic technical assistance and consultancies provided where there is a clear need for additional expertise
  - Support staff for management and administration of the programme activities
- National Coordinator and TA should not substitute MoLG, MDLF or LGU's staff, but are an added value to improve the quality of implementation of the programme.
- National Coordinator and TA should not only be technically proficient but also have clear capacity building skills, and be oriented towards promoting learning opportunities, as highlighted in section 3 above.

### 4.2.2 Long-Term and Short-Term technical assistance

The list of the programme staff is indicated in the table below. Terms of reference for the permanent staff are provided in Annex 7.2.

The National policy Advisor, recruited by BTC (and financed on LGRDP) will have an important role of support to policy work at the Ministry level. To this aim he will work closely with the strategy and Policy Unit staff.

BTC will appoint an International Policy Advisor with significant experience in local government reform and institutional development. The advisor will have a direct strategic and advisory link with the MoLG Minister or Deputy Minister. The advisor will have a coordinating role of the programme's expertise provided on Belgian contribution.

A Capacity Development Expertise will be recruited on the Belgian contribution. S/he will be an expert in organisational development and change facilitation, knowledgeable in international practice and with comparative experience, disposing of a good network in the areas of expertise. S/He will be specifically responsible to facilitate, and feed the mutual learning process of institutional and organizational development at MoLG central, link with the regional level. S/he could be recruited on short term mission's basis (not permanent).

The institutional development expert who is financed by the current LGRDP in support to the DJSC, as well as the LED expert (shared with RHC project) in support to the LED Unit/DoUP will be financed

each for 2 years. This temporary funding will be pursued after LGRDP I only if it deems viable that the MoLG itself can take the full responsibility for financing these profiles within the 24 months.

Two national technical assistants will be recruited to facilitate LGU collaboration and institutional development at cluster level. They will have experience in accompanying strategic planning, public investment planning and monitoring, partnerships development etc... at local level. Each TA will be responsible for coaching 2 (or 3) clusters.

A provision for short term consultancies will be foreseen to be utilized based on needs. Short-term consultancies on specific topics may for instance be necessary for the transition phase of the programme, e.g. the update of the ICA assessment, the evaluation of institutional development trajectories (roadmaps) in the clusters, as described in chapter 3 above. Additional needs will be identified during the first baseline exercise at the beginning of the intervention. These needs will also be regularly reviewed and adapted in the annual strategic planning process. This short term technical assistance will be solicited both nationally and internationally through consultancy contracts.

Belgium will continue to finance a Junior Technical Assistant with a specific role in supporting monitoring activities and communication activities at cluster level, actively participating to developing an M&E system conducive to learning and the integration of learning cycles.

The table below summarizes the technical assistance staff which has been foreseen for the programme

**Table 4: Programme technical assistance**

TOPICS	Estimated Quantity	
National Policy Advisor	60 months	PSU member , located in MoLG
International Technical Assistant - Policy advisor	60 months	PSU Member
Capacity Development Expert	300 md	through regular missions, (framework contract) located in MoLG
2 TA for supporting LGU cooperation and institutional development at cluster level	36 months each	PSU Member- duty station at regional level
International & national consultancies (for ad hoc organizational support)	300 md	Specific consultancies , ToR to be developed based on needs
International technical backstopping in participatory action-research	60 md	external consultancy
BTC Technical backstopping	60 md	Support by BTC HQ, according to BTC backstopping approach
Institutional development expert , staff member at DJSC	24 months	Paid by programme on a o-base salary, not part of programme staff , ToR developed jointly by MoLG and BTC on LGRDP I
LED expert, staff member at DoUP	24 months	Paid by programme on a o-base salary, recruited jointly by RHC and LGRDP I programmes

### 4.2.3 Programme management and support staff

- A National coordinator will be designated by the MoLG with a role of facilitating the overall implementation , ensuring a sound management and coordination of the programme as well as a good communication between all stakeholders.
- A Programme Co-manager (who is the –international Policy Advisor described above)
- A Financial and administrative officer
- An operations manager (coordinating daily activities)
- A driver

### 4.2.4 Recruitment's prescriptions

MoLG will designate the National Coordinator.

BTC will recruit the International Policy Advisor as per Belgian rules and regulations through BTC headquarters in Brussels. The selected person will be submitted to MoLG for approval.

The National policy Advisor, the Capacity Development Expertise and the Finance and Administrative Officer will be recruited through BTC in Jerusalem as per Belgian rules and regulations.

The 2 national experts and the PSU support staff will be recruited by LGRDP as per Belgian rules and regulations.

## 4.3 Material resources

The material resources will include

- small equipment (office supplies and ICT) to facilitate the work of the units at the central level
- small equipment (office supplies and ICT) to facilitate the work of the programme at district level and its communication with the central level and the local level;
- small equipment for programme activities
- 2 vehicles (to facilitate exchanges between the central and decentralised level).

## 5 IMPLEMENTATION MODALITIES

### 5.1 Principles

This chapter describes how the intervention will be managed, from start-up until closure, in all its management areas: strategic steering, coordination, technical content management (scope), procurement management, financial management, human resources management, quality management and audit.

Following key principles guide the design of the implementation modalities:

- All activities and decisions related to the programme strategic steering, programme scope and methodological approaches, technical content and quality management will be implemented in “joint responsibility” by the Palestinian Party (MoLG) and the Belgian Party (BTC). This joint responsibility will be ensured at several management levels: the Steering Committee, the Technical Committee(s) and the PSU.
- The intervention will rely as much as possible on existing national systems and procedures. Using national systems is considered as one element of the sustainability of the capacity development efforts themselves (e.g. with regard to JSC or LGU’s procurement capacities, management of contracts etc...).
- In the same perspective several activities will be directly implemented by the relevant institutions through a execution Agreement. This is the case for infrastructure investments with the MDLF agency (see section 5.5 below). The use of the national systems in this regard will be balanced with risks and constraints, as assessed by the overall assessment made in 2011 and the organizational assessment of MDLF made in 2014.
- At the exception of the Execution Agreement with MDLF, the execution modality for procurement and financial management of the whole intervention will be BTC management
- No matter the choices made in terms of systems and execution modality, partnership, collaboration, transparency and mutual information will apply in managing the intervention

A synthesis of the programme modalities is provided in the table below:

**Table 5: Programme modalities**

Domain	Responsibility	Systems used
Programme strategies and scope technical decisions & activities , quality management (WHAT and HOW to achieve progrom outcomes)	Joint responsibility (PSC- PTC- PSU)	MoLG and BTC
Technical assistance , M&E and audits	BTC responsibility	BTC procedures (+ linking with MoLG M&E system)
Procurement management	BTC responsibility (also called BTCdirect management)	World Bank Regulations
Financial management	BTC responsibility (also called BTC direct management)	BTC procedures
Execution Agreement	Delegation to MDLF , BTC remains responsible through a posteriori controle	MDLF & World Bank systems (to be defined)

## 5.2 Contractual Framework

The contractual framework of this intervention is supported by the following documents:

- The General Agreement between the Kingdom of Belgium and the Palestinian Authority signed on the 12<sup>th</sup> of November 2001.
- The Indicative Cooperation Program (2012 – 2015) between the Government of Belgium and the Palestinian Authority signed on the 23<sup>rd</sup> of November 2011.
- The Specific Agreement – which TFF is part of – signed between the Government of Belgium and the Palestinian Authority.

The Palestinian Authority identifies the “Ministry of Local Government” hereinafter referred to as “MoLG” as the entity responsible for the implementation and follow up of the intervention.

MoLG designates a high official (Minister or deputy Minister) as the responsible for the overall implementation and follow-up of the Programme.

The Kingdom of Belgium designates the Directorate-General for Development Cooperation, hereinafter referred to as “DGD”, represented by the Belgian Consulate in Jerusalem, as the Belgian entity responsible for the Belgian contribution.

The Kingdom of Belgium entrusts the implementation and the follow-up of its obligations to the “Belgian Technical Cooperation”, a public-law company with social purposes, hereinafter referred to as “BTC” and represented by the BTC Resident Representative in Jerusalem. To that effect an “Implementation Agreement - CMO” is signed between BTC and the Belgian Government.

## 5.3 Intervention duration and lifecycle

The duration of the programme Specific Agreement (SA) is 6 years (72 months).

Before the signature of this agreement, the period between the validation of the present TFF by the Steering Committee and the notification of the Implementation Agreement (CMO) to BTC by the Belgian State, may already be used for conducting several activities, among others:

- preparing the needed regulatory frameworks
- mobilising the national counterpart contribution
- launching national and international HR recruitments.
- opening the main project account ;
- preparing procurements for material and logistics.
- preparation procurements for baseline.

Some expenditure (prior to the notification of the CMO) may also be made, provided that they are linked to the recruitment process or the procurement of logistics, for a maximum amount of € 79,000, as broken down in the table below:

**Table 6: Expenditures before notification of the implementation agreement**

<i>Expenditures</i>	<i>EUR</i>
Recruitment costs	3,000
Logistics costs	6,000
Vehicles purchase	50,000
ICT equipment purchase	20,000
Total	79,000

The programme duration is 5 years (60 months). Its lifecycle may be divided in the following stages :

1. The transition phase : 6 months (consolidating LGRDP I and preparing for LGRDP II activities), starting after the CMO notification
2. The implementation period of 4 years
3. The operational and financial closure: 6 months.
4. The administrative closure.

As a consequence, the SA duration provides a buffer of 12 months. Administrative closure occurs at the end of the Specific Agreement.

### **5.3.1 Transition phase (indicative duration = 6 months)**

The technical activities which this phase entails (consolidation of LGRDP I activities, identification of a new cluster, assessments at the regional level etc...) have been described in section 3 above.

During that phase, the incoming project team will also assume the following management duties:

- ⇒ Finalisation of the recruitment process
- ⇒ Opening of the operational accounts
- ⇒ Organisation of the needed trainings
- ⇒ Writing of the Programme operation manual (POM) based on this TFF and referring to the BTC administrative and financial manual for the bilateral cooperation program in the Palestinian territory
- ⇒ The operational and financial planning of the intervention

As described in chapter 3, working on the different results will need the intervention strategy to be fine-tuned (i.e. on the basis of the evaluation study in the clusters), as will operational planning.

The transition report comprises: the signed minutes of the Programme Steering Committee (PSC) first meeting; the organogram of the project team recruited; the project operation manual; work plan of the baseline, including the M&E matrix and system and the first operational and financial planning.

### **5.3.2 Implementation phase ( 48 months)**

The effective implementation phase has duration of 48 months. It begins with the approval of the 'transition report' by the PSC and ends with the approval of the closing planning by the PSC.

### **5.3.3 Operational closure phase (indicative duration = 6 months)**

The closing phase starts at least 6 months before the end of the duration of the intervention. Three months before the closing phase, a detailed planning of the activities and the expected deliverables of this phase will be elaborated by the PSU and submitted to the PSC approval.

The final report is produced and presented for approval to the PSC in the 3 months after the end of the operational activities. This report entails the operational and financial closing documents. Once this report is approved, the PSU is discharged.

Six months before the end of the Specific Agreement, no commitment will be authorized without the approval of the Authorizing Officer and Co-Authorizing Officer and under the condition that the payment of the commitment is planned before the end of the Specific Agreement.

After the end of the Specific Agreement, no expenditure will be authorized unless they are linked to commitments taken 6 months before the end of the SA and detailed in the Minutes of the last PSC.

## Administrative Closure phase

The final report is updated at the end of the operational closing process and is sent by BTC to DGD to request the final reception. Once this report is approved by DGD, the intervention is administratively closed.

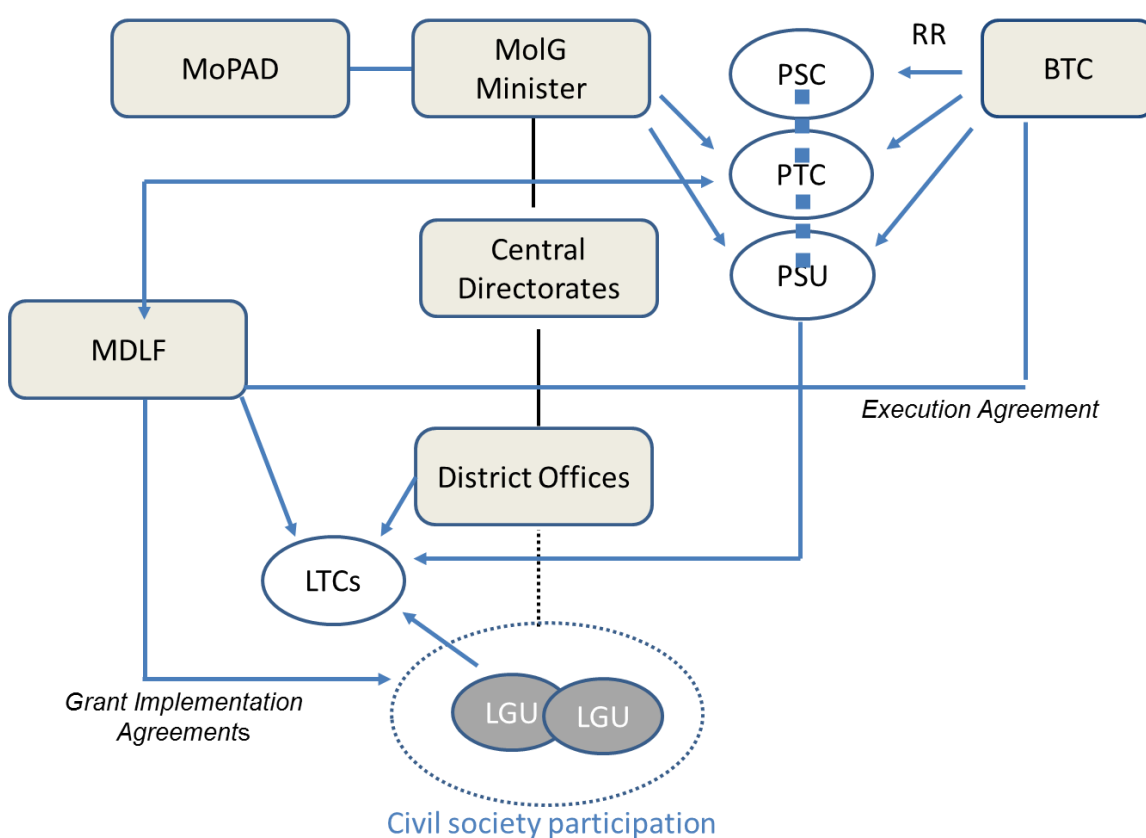
## 5.4 Intervention organization and anchorage

### 5.4.1 Organizational structure and institutional anchorage

As described in section 2 the intervention aims at bringing deep and sustainable change in the Local Government Reform and Development , and entails an important component of technical and policy advisory role (both by Programme National coordinator and by the ITA-Policy advisor). The intervention will thus anchor its support functions at the Minister/Deputy Minister level. A Programme Coordinator will be recruited to liaise with MoLG and provide technical support and coordinate programme daily management with the ITA policy advisor. They will be assisted by a team of technical experts and support staff.

LGRDP will work with several departments within the Ministry, at the regional level (with MoLG district offices) and at cluster level (with JSC's representatives and staff). This multiple anchorage and implementation arrangements are shown below.

**Figure 3: Anchorage and implementation arrangements**



## 5.4.2 Programme Steering Committee (PSC)

### Role

The PSC is the highest level of decision in the intervention. It is in charge of the strategic steering of the intervention. The main responsibilities of the PSC are:

- Defining the intervention strategy, validating main changes in the intervention strategy and ensuring their alignment to the also evolving overall MoLG strategy (strategic planning, annual planning and budgeting),
- Assessing the development Results obtained by the intervention (strategic quality assurance and control) and approve intervention reports and planning, including the Palestinian contribution to the intervention
- Managing strategic changes on overall and specific objectives, on total intervention budget and/or on duration) and other important changes like budget line and intermediate Results changes, changes on implementation modalities as well as the adaptation of the intervention organization and anchorage within MoLG ,
- Solving problems that cannot be solved at the operational level and management level in the PSU/
- Enhancing harmonization among donors.

### Composition

The **members** of the PSC are:

- The Minister of Local Government is the chair of the PSC
- The representative of the Ministry of Planning and Administrative Development
- The representative of the MDLF
- The BTC Resident Representative, or his delegate

Representatives of the JSC or the clusters can be invited on an ad hoc basis, depending on the thematics to be addressed.

The members of the Programme Support Unit participate as observers and informants. The PSU acts as the secretariat of the PSC.

### Operating rules of the PSC

The PSC will establish its Operating Rules.

It meets at least every six months by invitation of the chairperson and at any other time deemed necessary. The invitation must be received by the members at least 7 days before the meeting. The invitation includes an agenda, suggested decisions and supporting documents. A PSC meeting will only take place if at least 2/3 of its voting members are present, with an obligation to have always representatives of MoLG and of BTC.

Decisions are taken by consensus. Observers and informants have no voting power if no consensus can be found.

Decisions of each meeting of the PSC are recorded in minutes signed by PSC voting members.

The PSC may invite external experts or stakeholders as resource people for a particular meeting.

With a view to develop gradually a programme approach (see infra) LGRDP II PSC will be organized through joint sessions with the RHC project. This joint Steering Committee will continue to deal with

the strategic follow up of each intervention but it will also give the opportunity to consider transversal topics and provide, when relevant, transversal solutions.

This will lead in a medium term –in the framework of the next bilateral cooperation programme- to a unique Steering Committee for Belgium support programme to the local government sector.

The MoLG Minister (or his representative) for the Palestinian side, and BTC Resident Representative at BTC side, will actively promote and accompany these steps towards a programme approach.

### 5.4.3 Program Support Unit (PSU)

**Role** The PSU is the operational level in the intervention. It prepares strategic decisions for submission to the PSC and implements decision taken by the PSC. At operational level, the PSU takes operational decisions and manages intervention activities on a day to day basis in order to fully implement the intervention strategy, in time and within budget, as approved by the PSC. The main responsibilities of the PSU are to:

- Perform the necessary analysis in order to prepare strategic decisions by the PSC
- Implement decisions taken by the PSC
- Develop, propose and implement the intervention strategy and corresponding operational plans
- Prepare consolidated<sup>40</sup> quarterly and annual reports for the stakeholders,
- Coordinate and provide quality assurance and quality control in the processes of procuring the capacity building services and any other services, goods or works requested by the intervention (content management), as well as proper monitoring and evaluation of the intervention.
- Ensure proper management and apply stringent accountability arrangements for the management of the financial resources allocated to the intervention,
- Ensure that procurement processes and procedures used by the intervention are conform to the applicable procurement guidelines,
- Ensure proper human resources management practices conforming to the applicable guidelines,

The PSU will be located in the premises rent for the current LGRDP intervention. National coordinator and CD expert will have an office in the MoLG premises to ease contact and work with MoLG staff. Technical assistance at cluster level will have an office in the premises of the MoLG districts offices at regional level.

The responsibilities of the PSU are further developed in the following paragraphs.

### Composition

**The members of the PSU are:**

- A MoLG assigned **Programme Coordinator**. He liaises with the Minister/deputy as responsible for programme coordination and follow up.
- A National Policy Advisor (BTC recruited) as technical support to MoLG institutions and MoLG Policy Unit in particular
- A BTC recruited international technical assistant - **Policy Advisor** in local government reform and institutional development. He oversees and guides overall change brought about by the intervention by ensuring global coherence, focus and coordination. This person will be acting as

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<sup>40</sup> Quarterly and annual reports will also be provided by MDLF ,and JSC's ,under their execution agreements procedures

authorizing officer for the Belgian side. He will be referred to in the following paragraphs as the “**co-manager**”. The co-manager coordinates the PSU together with the Programme Coordinator.

- A BTC recruited **Financial and Administrative Officer**, in charge of all administrative, procurement and financial matters.
- A BTC recruited operations Manager , responsible for technical and logistical coordination of programme daily activities
- A BTC recruited **CD expertise** (which can be provided on a non-permanent basis)
- **2 National Technical assistants** in support to reform and development at cluster level
- **Support staff** : Financial and Administrative Officer, Programme Assistant, driver

### Operating rules of the PSU

The PSU meets at least once a month and at any other time if deemed necessary.

Meetings of the PSU are prepared, organized, and followed-up by the Programme Coordinator and the Co-manager, by default. However other clear arrangements can be decided by the PSU.

Decisions are taken by consensus by Programme management.

### 5.4.4 Technical Committees

#### Technical Committee'(s)

Programme Technical Committees (PTC), chaired by a representative of the MoLG, support the qualitative technical management of the different programme components. They have a significant role in facilitating the communication among the different stakeholders on programme implementation. They seek joint arrangements and ensure the consolidation of strategic options and decisions which are taken regarding the implementation of the programme's activities. Key responsibilities of this Committee include work planning and preparation of technical proposals for endorsement by the Steering committee.

Recommendations by the Technical Committee to the Steering Committee will be consensus-based.

With regard to LGRDP II activities, 2 Technical Committees are envisaged for the main programme components:

- one Technical Committee for all activities related to MoLG institutional and organisational CB (already existing with LGRDP I )
- Technical committee's at cluster level for ensuring a smooth articulation of the institutional/capacity development component with the capital investment component of the programme support to LGU collaboration, gathering experiences and lessons learned at local level, etc...

The composition and tasks of these Technical Committees will be reviewed during the course of implementation and approved by the Steering Committee.

The PTC at national level (already functional in the current LGRDP intervention) will be composed of:

- representatives of MoLG central Directorates
- LGRDP Coordinator
- LGRDP International Policy advisor, national policy advisor and technical experts

With regard to the thematic to be discussed, representatives of MDLF, representatives of regional Directorates, JSC, RHC staff, external expertise etc... will be invited for topics regarding common areas of support.

### **Towards a coordinated support to the LGS**

As complexity, scope and budget of the belgo-palestinian interventions increase, there is a growing need to promote a programme approach regarding the management of these interventions.

Programme approach encompasses the following functions: (i) to promote strategic and technical consistency through constructive coordination between interventions teams; (ii) to identify common difficulties and constraints faced by all interventions and, if relevant, provide shared solutions.

A gradual and pragmatic transition towards a programme approach will be encouraged, through the following mechanism :

- on the operational level, Technical Committee's will provide the space for this progressive coordination at the condition : a respective participation of each team in the other intervention's PTC will be ensured whenever relevant.
- ⇒ Steering Committee of both interventions will be organized as joint sessions.
- ⇒ Working sessions gathering both interventions PSU's will also be organized on a regular basis which main objectives and tasks will be:
  - ⇒ Identifying articulation between interventions strategies and activities in order to improve consistency and effectiveness of the belgo-palestinian programme (see section 2.5 above for a description of strategic and technical complementarities between the two interventions).
  - ⇒ Sharing lessons learnt from the implementation of the interventions.
  - ⇒ Preparing jointly the Steering Committee;
  - ⇒ Exchanging on each other operational and financial planning.

Meetings will be held at least each quarter when preparing the operational monitoring and planning.

In any case, the coordination efforts towards a Belgian programme will always be embedded and not counteract existing spaces and platforms for coordination and consultation at sector level and within the Ministry as an organization.

### **5.4.5 Operational planning**

Every year, an operational and financial planning for the coming year will be prepared by the PSU and validated by the PSC. This planning will entail the following elements:

- Planning of the activities
- Procurement plan
- Execution agreement plan
- Financial planning

The planning will be done according to the templates and tools delivered by BTC. The operational planning will follow the format of the logical framework and will be the basis for the financial planning.

### **5.4.6 Mandates**

For the budget lines under own management, BTC is responsible for the commitments and the payments. Mandates follow BTC internal procedures. The ITA- Policy advisor will be provided with a

mandate until €25,000. National experts within the clusters will be provided a limited mandate or (€5,000) in order to facilitate implementation of activities at the local level.

## 5.5 Financial Management

With regard to the agreement with MDLF, the processes will be aligned to the system of the agency. The principles are highlighted in section 5.8 below and will be detailed in the agreement itself.

Besides this agreement all finance management processes will use BTC systems and procedures. The modality of BTC direct management will be used.

### 5.5.1 Bank accounts

From the signature of the Specific Agreement a main bank account in BTC direct management will be opened at commercial bank in named "BTC project – LGRDP II "in EURO. Other bank accounts (operational accounts) can be opened when needed.

All payments made under the BTC direct management budget line must be paid from funds on the BTC direct management bank or cash accounts and with

BTC personnel signatory rights.

### 5.5.2 Fund transfers

From the notification of implementation agreement between the Belgian State and BTC and after the opening of the main accounts, a cash call can be submitted by PSU to BTC Representation. The requested amount must be in line with the financial needs of the first three months and will follow the BTC internal procedures.

To receive subsequent transfers, the PSU must request a cash call to the RR following BTC procedures. Subsequent requests for transfers must be based on action and financial plans approved by the Steering Committee.

Each transfer should equate to the estimated funding requirements of the project as prepared by the PSU for the succeeding three months, plus a small margin for contingency, possibly paid in several tranches. The transfer of funds by BTC to the bank accounts will be made provided that:

- The financial accounts for the project are up to date and have been submitted to the BTC Representative
- All required reports have been submitted to the local representation of BTC
- Any recommendations proposed by external audits and/or MTR have been followed up or implemented and reported to the BTC representation

In addition, intermittent urgent cash transfers may be requested; but such urgent cash calls are only acceptable if they are fully justified in relation to extraordinary events.

The final payment of the project will follow the same conditions as described above.

The cash management procedures and rules of BTC (transfer to operational accounts, cash management...) apply.

### 5.5.3 Budget management

#### **Budget constraints:**

The total budget and the budget per execution mode may not be exceeded. The budget of the project sets out the budgetary limits within which the project must be executed.

**Budget change:**

Overshooting of the budget at the level of the results (A\_01, A\_02, . . . to A\_06) or General means section (Z\_01) is only authorized if the overrun is limited to maximum 10 % of the approved budget.

At budget line level, budget overspending is allowed if it is less than 10% of the initial budget amount for this line and if less than 50,000 EUR.

At the level of the annual budget, there are no constraints, except for the general means section for which the annual budget overspending cannot be more than 5%.

In case a budget increase is needed, a written request for the increase must be submitted by the national party to the Belgian state after agreement of the steering committee. If Belgium accepts the request an exchange of letters is signed by both parties.

For all other budget changes, a written agreement of the Authorizing Officer and Co- Authorizing officer is sufficient.

For each request for budget change, the project team must elaborate a budget change proposition according to BTC's procedures.

The contingencies budget can only be used for project activities and after approval of the JLCP.

#### **5.5.4 Budget monitoring**

Each year, the project team must develop a budget planning proposal for the next year following BTC procedures. In this budget proposal, an indicative budget for the following years should also be included. This budget proposal must be approved by the PSC.

The annual budget is part of the annual plan and provides the basis for the monitoring of budget execution of the next year.

Each quarter, the project must report on the budget execution and the forecast of expenditure, compared to the total budget and annual budget approved. The reporting is done according to the format provided by BTC and is part of the quarterly reporting.

The project must ensure proper control and regular budget monitoring of commitments.

#### **5.5.5 Accounting**

Accounting is done on a monthly basis according to BTC rules and regulations and its own financial system and tool.

The accounting documents that must be forwarded to the BTC Representation include an electronic file, the supporting documents as well as the bank statements and petty cash statements

The accounting documents must be up to date, accurate, reliable and conform accounting standards and rules in place.

Eligible costs are actual costs which meet the following criteria:

- They are identifiable and verifiable, in particular being recorded in the accounting records of the project according to the applicable accounting standards
- They relate to activities and criteria as specified in the TFF and necessary for achieving the results
- They are indicated in the budget and registered under the correct budget line
- They comply with the requirements of sound financial management.

### 5.5.6 Asset and inventory

According to the intervention's objectives, the PSU can acquire infrastructure, equipment and goods to support the partner organization. Assets acquired by the PSU for its own use must be registered in an inventory updated on a quarterly basis according to BTC rules and regulations and its own administrative system. Their use is strictly limited to the activities of the intervention. At the end of the intervention, PSU's assets can be transferred to a partner institution after decision by the PSC. It must be formalized by an official transfer statement signed by all parties.

Transfer of equipment, infrastructure and goods to a partner institution has to follow rules and procedures of the Palestinian Authority in terms of inventory management.

### 5.5.7 Procurement management

#### **Principles:**

The Programme Coordinator and the BTC Co-Manager approve the annual procurement plan and review it quarterly in joint responsibility. Technical aspects related to the tendering (terms of reference, technical specification, follow up on quality) are a joint responsibility (by the programme Coordinator and the ITA-Policy Advisor).

The authorizing power is exercised by BTC through the programme Co-manager, who should make sure to get the approvals in accordance with BTC internal rules<sup>41</sup>.

Systems to be used are the procurement World Bank guidelines and procedures. This is however with the exception of activities concerning monitoring, evaluation and audits, including BTC existing agreements (e.g. frameworks contracts), where Belgian procurement regulations will be followed.

Where World Bank Guidelines<sup>42</sup> and procedures are followed the supplementary World Bank Standard Bidding Documents and Evaluation Forms for procurement of works, goods and services shall be used.

#### **Procurement of Works and Goods:**

Procurement will be carried out using National Competitive Bidding (NCB) procedures. Contracts estimated to cost less than € 85,000 may be procured using Shopping procedures. In situations and circumstances that are in compliance with the provisions of paragraph 3.7 of the Guidelines procurement may be done through Direct Contracting.

#### **Selection of consultants:**

Contracts for consultancy services will be procured through Quality and Cost Based Selection (QCBS) or Quality Based Selection (QBS). For services costing less than € 85,000, the Consultants' Qualifications method (CQS) may be used. Individual Consultants will be selected under the provisions for the Selection of Individual Consultants.

#### **Procurement Information and Documentation:**

Complete procurement documentation for each contract, including bidding documents, advertisements, bids received, bid evaluations, letters of acceptance, contract agreements, securities, related correspondence, contract award information, etc., will be maintained in an orderly manner and made readily available for any audit.

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<sup>41</sup> Tenders below € 25,000 must have the non-objection of the ITA co-manager, or his substitute. For tenders of € 25,000 the ITA-co-manager must request the non-objection of the co-authorizing officer (RR BTC). Above the €85,000 a positive evaluation of a legal advisor is needed.

<sup>42</sup> Guidelines: Procurement under IBRD Loans and IDA Credits' and Grants by the World Bank Borrowers: Procurement of Goods, works and non-consulting services and Selection and Employment of Consultants,' edition of January 2011 (any subsequent editions will be considered)

All guidelines and procedures related to the procurement will be further detailed in the financial and operational manual to be elaborated during the projects' set-up phase.

National procurement procedures will not be used until reforms are put in place and that it can be demonstrated that a reformed national system is functioning adequately. An assessment by the BTC would then be carried out to ensure that risks and mitigating measures are acceptable for BTC and the Belgian Government.

### 5.5.8 Other modalities: Agreement with MDLF

An agreement will be signed with MDLF as a public third-party partner to delegate the execution of the activities of LGRDP II result 4.

The institutional mandate and the missions assigned to MDLF by law makes the organization eligible to this specific modality. An organizational assessment of the capacities of MDLF– strictly linked with the scope of the intervention - has been outsourced during the formulation and concluded that *„MDLF demonstrates strong organisational capacity(..) in particular related to ‘fiduciary issues’, and/or clear potential for further enhancement. However, the OA apprehends in particular the fundamental weaknesses in internal audit and recommends more attention to “value for money”<sup>43</sup>.*

The modalities of the agreement are defined on the basis of this assessment. If necessary, an update of the organizational assessment conducted during the formulation, will be done during implementation. The ToR will be decided jointly. BTC is responsible for the update of the assessment.

With regard to the different management domains to be part of the Agreement, following principles will be applied. These principles combine the use of MDLF's systems and procedures with additional (programme-specific) measures related to programme consolidation (coherence between the different results) and risks mitigation.

#### Coordination and oversight

MDLF's board of Directors is the policy and strategy-setting authority responsible for monitoring the direction and performance of the MDLF. The Minister of Local Government is the Board Chairman. Its members consist of representatives of public sector entities (Ministry of planning, Ministry of Finances, Ministry of National Economy), of civil society (Banking Association, Association of Local Authorities, women's association etc..) and 2 mayors.

LGRDP result 4 will thus be implemented by MDLF and managed within the overall institutional framework of MDLF, with ultimate policy guidance from the Board.

The MDLF will also ensure that LGU's responsibilities in the preparation and following up of the implementation of investment projects is respected and strengthened (as described in chapter 3 above).

Also, in the framework of LGRDP implementation modalities, following arrangements will prevail :

- The programme Steering Committee is responsible for assessing the development Results obtained by the whole intervention (strategic quality assurance and control) and will approve intervention reports and planning , including these of the MDLF.
- A Technical Committee will be set up to follow up the activities implemented under the agreement between BTC and MDLF
- Technical committee's will be set up at cluster level for ensuring a smooth articulation of

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<sup>43</sup> Assessment of MDLF's organizational capacities and performance in financial management, procurement, control environment, project management and support to LGU development (BTC, June 2014)

the institutional/capacity development component with the capital investment component of the programme support to LGU collaboration, gathering experiences and lessons learned at local level, etc...

### **Human Resources management**

Existing MDLF staff working on related technical issues will support implementation, just as the existing financial management and procurement staff will support the overall financial management of this component (result) of LGRDP.

The equivalent of the standard 7% management fee of MDLF will cover all costs associated with MDLF management of the results. MDLF will make sure that the staff dedicated for following up the activities is appropriate in quantity and quality. Within the programme framework : an MDLF senior staff will be affected (on a part-time basis) as a focal point for LGRDP programme support. If not possible to designate this person in the current MDLF staff , an additional personal will be recruited on the management fees. He will liaise with the Support Unit of the intervention in order to ensure technical and financial consistency within the intervention's overall management.

### **Financial management**

MDLF has the overall responsibility for the management of the transferred funds and for implementing the arrangements decided in the Agreement.

#### Budget preparation :

Each year, MDLF will prepare a budgeted annual plan of activities, separately identifying activities to be financed by individual donors, including that of BTC, and will submit it to the Financing Partners. Budget preparation will follow the procedures laid out in the MDLF 's Operational and Procedures Manual.

Towards the end of each fiscal year, MDLF will prepare the cash budget for the coming year in consultation with departmental heads. The cash budget will include the figures for the year, analyzed by quarter. The cash budget for each quarter will reflect the detailed specifications for program activities, schedules (including procurement plan), and expenditure on quarterly program activities. The annual cash budget will be sent to BTC at least two months before the beginning of the program fiscal year for review and approval.

#### Flow of funds

MDLF will open two bank accounts in a Commercial Bank in Ramallah : one 'designated account' for "LGRDP Result 4" and one account for "BTC Management fees LGRDP". The first separate account will be used for funds provided by the Belgian contribution only. The second bank account will be replenished by the Representation on basis of the audited Interim Financial Reports (IFR) and will cover the management fees the previous period.

Designated Accounts (excluding management fees) will be replenished directly from BTC on a quarterly basis. Procedures to be followed for first and subsequent transfers are described in Annex 7.5

#### Accounting

The accounting will follow MDLF systems and procedures. Transactions will be recorded and reported in a timely manner by source of funding, location, components, activities and expenditure categories and subcategories. MDLF computerised system includes, inter-alia, general accounting, budgeting,

cost centers, asset management, Withdrawal Application's disbursement monitoring, is able to generate IFRs and annual financial statements.

### Financial Planning and Reporting

The IFRs prepared by MDLF according to its procedures should be submitted to BTC no later than 45 days from the end of the previous quarter. They include :

#### Quarterly Reviewed Interim Financial Reports which entail:

- *Financial Reports* include a statement showing for the period and cumulatively (program life or year to date) inflows and outflows by main expenditure classifications and by individual donor; opening and closing cash balances of the Designated Account; and supporting schedules comparing actual and planned expenditures with detailed deviation analysis between actual figures and budgeted ones. The reports will also include cash forecast for the following six months.
- *Physical Progress Reports, which include narrative information*, and output indicators linking financial information with physical progress, and highlighting issues that require attention.
- *Designated Account statement and reconciliation* showing deposits and replenishments received, payments, interest earned on the account and the balance at the end of the reporting period.
- *Contracts listing* which will reflect all signed contracts, their value and how much have been disbursed under each as at the report date.
- *Commitments listing* which will reflect all committed amounts for the next 6 months

#### Annual Programme Financial Statements which include :

- *A Statement of Sources and Uses* of funds (by Grant Category / by Activity showing Bank and Counterpart Funds separately);
- *A Statement of Cash Flow* for Program Funds from all sources;
- *Statements reconciling the balances* on the various bank accounts (including Bank Dedicated Account) to the bank balances shown on the Statement of Sources and Uses of funds;
- *IFRs Withdrawal Schedule* - Bank Grant listing individual withdrawal applications relating to disbursements by the IFR Method, by reference number, date and amount;
- *Balance Sheet* showing Accumulated Funds of the Program, bank balances, other assets of the Program, and liabilities, if any;
- *The Notes* to the Financial Statements for the significant accounting policies and all other relevant information.

### **Procurement management**

Procurement related to the activities funded by Belgium under the Agreement with MDLF will be carried out by the MDLF using the *supplementary World Bank Standard Bidding Documents and Evaluation Forms for procurement for works, goods and services in accordance with the World Bank regulations and Guidelines*.

Procurement management modalities to be applied will be based on the conclusions of the Organizational assessment conducted in 2014.

A prior approval by BTC will be required for :

- i) the annual action plan, budget and procurement plan to be developed jointly by MDLF and the LGRDP II team in consultation with the LGU involved;
- ii) the approval of sub-projects to be funded through the execution agreement between the LGRDP II and MDLF;
- iii) the changes to the above mentioned action plan, budget and procurement plan; with at least an in-depth half-yearly review jointly conducted by MDLF and the LGRDP II team.

The prior approvals (“no objection”) by BTC in the execution (of the approved plan, budget and procurement plan) will be provided for expenditures exceeding € 85.000.

At its own level, BTC will keep / make “financial controlling” capacity available for analysing financial reporting and for systematically providing feedback on budget execution to MDLF, at least on a quarterly basis.

### **Monitoring and Reporting management**

LGRDP result 4 will have a separate planning and reporting structure following the MDLF procedures. These will be integrated by LGRDP PSU into the programme reporting tools.

- MDLF will report on progress on a six monthly basis (drawing information from the quarterly interim reports). These semi-annual progress reports will cover the first six calendar months and include a performance based action plan for the following semester. (Report to be provided by mid-August at the latest) . They will be used to feed into LGRDP Steering Committee sessions.
- At the end of each calendar year MDLF will report on the implementation on a cumulative basis and provide planning for the following 12 months, as part of MDLF’s overall Cumulative annual progress Report (to be submit by end of February at the latest)
- At the end of the intervention MDLF will submit an Implementation Completion Report within 6 months of closing date (see below)

The monitoring and evaluation procedures used for MDLF will be applied. MDLF is currently strengthening its M&E system to be more result oriented and directly linked to the organization strategic framework as well as the the local government sector policies.

Within the course of LGRDP implementation it will be assessed if MDLF newly developed M&E system meet the two following requirements : (at programme level) enabling appropriate decisions if and how to adjust intervention design and the implementation of the Agreement, but also (ii) (at sector level) contributing to lessons learned for the pilot to policy exercise around policy design .

Additional ad hoc support could be provided based to enhance MDLF’s monitoring evaluation and learning practice. A budget provision, under BTC responsibility and systems, has been foreseen in that respect under result 4 , besides the budget to be implemented by the Agreement.

### **Evaluation and audits**

MDLF internal audit reports must be put at disposal of the Support Unit and Steering Committee in order to take the adequate management decisions and mitigating risks measures.

As agreed upon in the MDLF procedures, quarterly reviews of IFRs will also be conducted by independent private and qualified auditors acceptable to the Donors before submission of the IFR.

Those quarterly reviews will be part of the scope of the annual audit : an external auditor acceptable to all Donors will audit Program Consolidated Financial Statements on an annual basis.

The external review and audit fees will be financed out of the MDLF management fees.

Additional audits (financial and/or technical) can be organized on the request of BTC, as part of BTC procedures for annual audits or through separate contracts if needed .

## 5.6 Quality management : monitoring & review

### 5.6.1 Monitoring

A result oriented monitoring framework has been set up for this intervention to be used for accountability, for systematic learning and for strategic steering purposes. This framework is based on the intervention strategy. The indicators reflect the delivery of main results (and their quality), intermediary changes (i.e. the change processes) through Intermediate capacity outcomes, specific and general objective. The framework is indicative and will be fine-tuned during the intervention's transition phase, based on LGRDP I M&E system, and finally approved by the steering committee. The results framework can be found in point 3.6 page 47.

The PSU will have the primary responsibility for monitoring the implementation of the programme. The Programme Coordinator and the ITA are responsible for the delivery and quality of monitoring.

#### **Baseline:**

A baseline will be established at the beginning of the project as a joint responsibility of the Programme Coordinator and ITA with the support of the PSU staff. Whenever relevant the baseline will build on LGRDP I indicators and monitoring results.

The Baseline is the first component of the Monitoring process. By providing the intervention with a finalized and realistic monitoring framework, the baseline is the link between formulation and implementation. As such, the baseline is about preparing the monitoring of the intervention in order to ensure:

- that stakeholders are on a same level of understanding of the change process (the intervention) that is supposed to take place
- that everybody knows how progress towards this change (compared to the starting situation) will be measured
- that risks and opportunities are identified and taken into account in the implementation strategy
- that the accountability, steering and learning needs are addressed
- that systematic and continuous learning is encouraged throughout the intervention so as to be also able to identify unexpected outputs and changes when they appear and to learn from it

The Baseline report is the final output of the baseline process which contains: the M&E framework of the intervention, indicators, sources of verifications, a risk management table and an updated operational planning.

The Baseline Report needs to be established at the beginning of the project (within the 9 months of the starting phase) though some more in depth data will only be available at a later stage (e.g. based on the learning projects to be developed). The principle of an 'incremental baseline', will contribute to the 'structured flexibility' which is a key principle of LGRDP intervention strategy.

The Baseline report will also describe how the action-research processes and M&E system of LGRDP intervention will feed into each other.

The Baseline will also include a section on the Gender Budget Scan. Taking gender as a guiding principle of good governance in public policies and reforms as well as in the present programme, allows for a gender-specific analysis of the budget and the inclusion of the gender approach as a

monitoring tool in the design, planning, implementation, follow-up and evaluation of the programme.

The goal of this exercise is to estimate (ex-ante) planned expenses in function of their estimated impact/effect on the target groups of women and men. It allows for monitoring (et nunc) during implementation and evaluation (ex-post) during the final evaluation of commitments taken.

The Gender Budget Scan (GBS) is a tracking device used in all new BTC programmes. If not included during the formulation phase, the Baseline is the appropriate moment for integrating the GBS. Specific attention will be given to this issue during the preparation of the Baseline working plan. Support and coaching of BTC gender expert can be provided in this regard.

The Baseline Report will be presented to the Programme Steering Committee (PSC). The PSC takes note of the Baseline Report and validates the way the intervention will be monitored.

### **Operational monitoring**

Operational monitoring refers to both planning and follow-up of the intervention's management information (inputs, activities, outputs). It is a management process, carried out by the intervention team on a quarterly basis and using a BTC tool (MoNop).

### **Results Monitoring**

Results Monitoring refers to an annual participatory reflection process in which intervention team (PMU and other stakeholders involved in the project activities) reflects about the achievements, challenges, etc. of the past year, and looks for ways forward in the year(s) to come. The result monitoring report is to be approved by the PSC and is sent to the donor.

### **Final Monitoring**

The purpose of final monitoring is to ensure that the key-elements on the intervention's performance and on the development process are transferred to the partner organisation, the donor and BTC and captured in their "institutional memory". This enables the closure of the intervention, the hand-over to the partner organisation and the capitalisation of lessons learned.

The table hereinafter summarizes the main information about the monitoring's component:

**Table 7: The different components of monitoring**

	<b>Report Title</b>	<b>Responsibility</b>	<b>System</b>	<b>Frequency</b>	<b>Users</b>
<b>Baseline</b>	Baseline Report	PSU	BTC	Unique	Programme, PSC , BTC
<b>Operational Monitoring</b>	MONOP	PSU	BTC	Quarterly	Programme, BTC Rep office
<b>Results Monitoring</b>	Results report	PSU	BTC	Yearly	Programme team, partners, PSC, BTC rep office, BE embassy
<b>Final Monitoring</b>	Final Report	PSU	BTC	Unique	PSC, Partner, BTC rep office BE embassy, donor

## **5.6.2 Reviews**

The main function of a review is to offer an external perspective on the intervention's performance as

well as to analyse in-depth the on-going or completed development process. In doing so, reviews are used to: (i) analyse if interventions have to be re-oriented in order to achieve the development outcome; (ii) inform strategic decisions; (iii) identify and reflect upon lessons learned.

Performed by an independent external actor, reviews play an important role in the accountability of the intervention's performance.

Reviews are organized twice during the lifetime of the intervention:

A Mid-Term Review (MTR) will be organized after two years of implementation. The MTR will assess the project progress and identify the challenges encountered. It will compare the indicators with the baseline indicators as gathered during the baseline study. It also verifies progress made with regard to the initial Gender Budget Scan. If necessary, the MTR will update the results framework. It will provide recommendations for the remaining years of the project. In the MTR the focus is on strategic decision making for the intervention.

An End-of-Term Review (ETR) will be organized at the end of the intervention. In the ETR, the focus is on learning. Therefore, special attention will be given to expected and unexpected change at the level of beneficiaries. The gender impact will also be assessed during the ETR.

The ToR of the reviews and their implementation are managed by BTC Brussels, with strong involvement of all stakeholders. The recommendation of the reviews are submitted to the PSC that will take timely and appropriate decisions on the proposed recommendations. The intervention will establish an M&E framework that is to be used for accountability and, systematic learning, and for steering purposes at all levels of the intervention, up to the specific objective.

## 5.7 Audits

### 5.7.1 Intervention audits by BTC

Audits will be organised by BTC during the intervention implementation period. A qualified external financial auditor selected and contracted by BTC, will execute the auditing. BTC will elaborate the Terms of Reference and select the audit firm. The audit will include the following items:

- verification of the existence and the respect of procedures;
- verification if the accounts of the intervention reflect reality

The auditor's reports will be presented to the PSC. The audit reports will include recommendations and proposal of corrective actions.

If necessary, the intervention team will elaborate an action plan in order to improve the intervention procedures and to prove that corrective measures have been taken.

BTC and the Steering Committee may request additional audits if necessary.

Terms of Reference of BTC audits are a BTC responsibility and will be shared with MoLG for information.

### 5.7.2 Intervention Audits by External Control Bodies

Each year, BTC accounts are audited by the Belgian government auditors, who have the right to audit any intervention implemented by BTC. BTC internal audit is also free to decide to audit any intervention implemented by BTC.

Intervention audits reports are mutually shared and presented to the PSC.

BTC Audit Committee can also request that BTC internal auditors audit a project.

## 5.8 Modification of the TFF

The present TFF may be amended by mutual consent of the parties.

It is essential to install an attitude of expecting and encouraging a practice of regular modifications based on the insights gained during the implementation. The task of the intervention management unit and the PSC is to assess the quality of the argumentation for the suggested changes and to request further explanation if necessary. Careful consideration must nevertheless be given not to change the present TFF in a way that would unnecessarily change the objectives, main strategies and “philosophy” of the intervention.

Amendments to the TFF follow an “escalation route” depending on the modifications’ scope.

At the highest level, a formal agreement by the Belgian government is needed for the following changes:

- Modification of the duration of the Specific Agreement;
- Modification of the total Belgian financial contribution;
- Modification of the Specific Objective of the intervention.

The request of the above modifications has first to be approved and motivated by the Steering Committee. The exchange of letters requesting these modifications shall be initiated by the Palestinian party and shall be addressed to the Belgian Embassy.

The following changes to the TFF will have to be approved by the Steering Committee (without exchange of letters):

- The execution modalities;
- The program Results and activities and their respective budgets;
- The composition and responsibilities of the Steering Committee;
- The mechanism to change the TFF.

BTC will inform the the Belgian Consulate in Jerusalem, may this type of changes be undertaken.

All other changes to the TFF should be approved by the chairman of the PSC and the BTC resident representative. The adapted version of the TFF shall be communicated to the BTC headquarters and the Belgian Consulate in Jerusalem.

## 6 CROSS CUTTING THEMES

### 6.1 Environment

Environment, including waste management and sanitation aspects, is an important aspect of development potential in small rural LGUs and in urban LGUs. As such, environment is an integral part of service provision (clean water provision, access to energy, waste management.) as well as of local development. Because environment issues are geographically unrelated to administrative territory, environmental management issues are directly related to territorial integration.

The creation of JSCs and other collaborative arrangements between LGUs in the clusters will lead to enhanced capacities for management of environmental problems in conformity with Palestinian policies such as the Environment Sector Strategy of March 2010. The Physical Planning Manual (PPM) developed under the Local Government Capacity Building Project (LGCBP, funded by the Government of Denmark and administered by the World Bank) will also serve as a reference document. The PPM is managed by the Municipal Development and Lending Fund (MDLF) under the supervision of the Ministry of Local Government (MOLG).

The infrastructure projects to be funded may include - but are not restricted to - roads, parks, electricity services not provided by a utility and street lighting, and improvement, rehabilitation and maintenance of existing water systems (water wells, water networks, wastewater and sanitation). The expected environmental and social impacts of these investments are expected to be positive. Minor temporary negative impacts during the construction phases will be mitigated through the Environmental Management Plan prepared by MDLF. In any case, and according to the Palestinian regulations, Environmental Impacts Assessment (EIA) will be conducted for all infrastructure projects. Costs and results of environment impact assessments will be integrated in the infrastructure investments.

A financing agreement to support the intervention “*Enhancing the Capacities of the PA in Mainstreaming Environment and Climate Change in the Palestinian Territories*” has been concluded in 2013 between the Kingdom of Belgium and UNDP in the framework of a delegated cooperation activity. Lessons learned from this intervention will be taken and integrated in the present LGRDP II project and possibly enhanced and continued.

### 6.2 Gender

Gender is an explicit Palestinian policy concern, a specialised Ministry of Women’s Affairs (MoWA) exists and the MoLG has a Gender Unit (women’s units becoming gender units were established in 2005 in all Ministries). Gender Mainstreaming is one of the five key principles which guided the elaboration of the new National development Programme 2014-201 which wants to promote a “gender responsive approach” to “better integrate gender-related issues in national plans and budgets (...) ensure fair distribution of resources between various social groups and secure an adequate level of sustainable development and social justice”<sup>44</sup>.

The Ministry of Local Government formed the unit of Women's Affairs in the Ministry of Local Government late in 1996 to support, activate and develop women's participation in local government and local bodies. In mid-2005 and based on the decision of the Council of Ministers No. (12) the MoLG created a Gender Unit under the authority of the Minister's Office.

The mission of the MoLG gender unit is to increase the participation of women in local councils, activate and enable participation and gender mainstreaming in policies, plans and programs of the

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<sup>44</sup> NDP2014-2016 , p.19

ministry and bridge the gender gap in all areas of governance.

The Gender Unit first focus has been on the enhancement of women's participation in elections, their contribution to the work with the local community, the importance of women's participation in local government unit bodies, as candidates and voters<sup>45</sup>. This focus has been stronger than the focus on the integration of gender and gender needs in the plans, programs and policies of the ministry and local bodies. Moreover, as is the case for many other ministerial gender units, the limited number of staff members, poor lines of communication with the MoWA, their limited influence on the management of the MoLG, on the level of awareness and of political will of the latter, is important bottlenecks for an effective focus on structural and organisational change. MoLG Gender unit is currently supported by GIZ, USAID and Spanish financial and technical assistance.

With regard to Belgium Support, the overall experience with gender has been until now rather focused on the local level, though lacking a clear methodology and tools to do so. Culturally and socially, particularly in the smaller rural LGUs that the LGRDP project supports, gender is not yet an important issue (lying on traditional socio-cultural norms and behaviours) , but this may be changing fast with increased communication.

Initiatives of the current LGRDP programme entail: a twin-track gender strategy, aiming at integrating the gender dimension in the communication plans for the clusters of local authorities and through the implementation of specific actions, targeted at women, or involving women as key actors in government processes. There is also a potential for success at the level of the technical committees (partners at local level), where strategies are discussed, implementation and M&E issues are analysed. Without calling upon quota, women's presence in these committees has been enhanced.

A potential for change has also been detected through funding investments for social development. The staff of MDLF is composed of 18 women out of 50 and the organisation has a training component on gender as an entry point for further action. Requests for funding have to be revisited by the technical department on gender of MDLF and all ToR have to be gender sensitive and criteria for consultants are gender sensitive.

Guidelines for municipalities and communities are gender sensitive. Planning phases for new investments, conducted with the beneficiaries, take into account the needs and interests of women. During such participatory processes (with mixed meetings), women are invited to speak up, which does not necessarily translate women's voices. There are neither separate meetings nor separate community/communication plans for women.

Through these participatory approaches, women come up with different preferences. These are primarily located in the 'soft' sector, addressing traditional gender roles and focussing mainly on relieving domestic tasks. Nevertheless, other activities –more gender related- are also proposed, for example business opportunities, out-door school activities, measures improving mobility (investments in transportation to connect villages), improving health centres. Additional needs have been expressed and concern small projects for women's centers, crèches, internet centers, management of small businesses, skills enhancement like lobbying, negotiation, gender mainstreaming, awareness raising, quality control, procurement, analysing impact on socio and environmental issues. Women systematically propose to include the youth. Some of these items have been taken into account in the development plans, always in consensus with men.

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<sup>45</sup> Training and conferences were provided in different domains (definition of civil society, report writing, the art of communication, project management of women's rights, strategic planning, fundraising, conflict management, financial management and budget, influence and pressure) and in collaboration with feminist organisations, concerned authorities, MoWA and NGO's and donor agencies (GIZ).

Following points of attention can be taken into account in implementing LGRDP II, and by doing so reinforce the implementation of MoLG Unit's strategic objectives:

- activate the participation of women in the development process and decision-making, through
  - Supporting and strengthening the positions of women's and youth's representatives in the technical committees for SDIP (30 % each);
  - Supporting the integration of gender in LGU communication strategies ;
  - paying attention to women's movements which can play an important role of aggregating needs and express voice at local level (through their participation in planning, communication strategies etc..)
- Promote the advancement of women and develop their role and ensure the rights of nomination and election, through :
  - Contributing to raising awareness of the laws of the local government and enhance the capacities of the local councils.
  - contributing to financing programs , courses and workshops to support and empower women in decision-making positions
- Improve the quality of services in rural areas and relieve the burden on women through
  - increasing participation and voice of women in local planning and technical bodies
  - valorising MDLF efforts to incorporate gender in a transversal way in investments preparation and implementation

In order to achieve the aims regarding gender in this programme, methodology and clear instruments are needed, to address the target groups in an appropriate way. Support could be provided in this respect by linking with national gender institutes and expertise.

For this reason, besides the integration of gender throughout programme's activities, a budget line has also been foreseen (under result 5, community participation) for methodological resources and support, or targeted activities related to gender.

It is also worth mentioning that the facilitating approach to capacity development LGRDP relies on carries a risk of neglect of the gender aspect which all supported stakeholder activities in LGRD have. The learning project approach with mutually agreed performance indicators provides the opportunity to make sure the gender aspect is taken into account.

The MoLG gender unit will be involved in mutual institutional learning to gender mainstreaming of the LGRD.

The gender strategy for the programme will be determined further during the baseline study. The Baseline will also provide guidance for the integration of the Gender Budget Scan in the programme.

## 7 ANNEXES :

### 7.1 ToR Long term personnel

#### 7.1.1 Programme Coordinator

The Programme Coordinator is directly linked to the Minister/ Deputy Minister who is the Responsible for the Palestinian side of overall programme follow up and coordination. The Programme Coordinator has also a role of technical adviser to support MoLG institutional development. S/he is responsible, together with the ITA-Policy advisor for daily coordination and management of the intervention.

The responsibilities of the Programme Coordinator include, but are not necessarily limited to, the following areas:

- liaise with MoLG stakeholders concerned by the programme to ensure a smooth realization of the activities
- liaise with other ministries and agencies involved in the programme areas to facilitate complementarity and maximize synergies at a strategic and operational level
- assist MoLG and BTC in the monitoring and evaluation of the programme, and in the action-research process

S/He will also, in close coordination with the ITA Co-manager of the intervention:

- organise, coordinate and supervise the implementation of programme component activities in accordance with the approved programme work plans;
- attend the Steering committee meetings and the meetings of the coordination platform on a regular basis and on ad-hoc basis as required
- consolidate the narrative and financial reports to be submitted to the Steering Committee
- supervise the preparation of financial and procurement planning
- provide financial management and timely compilation of progress reports and budgeted work plans
- ensure coherence and coordination of project strategies and activities with RHC project, and facilitate in this perspective the technical coordination platform for Belgian support to local governance

The Programme Coordinator will be based within the MoLG premises.

S/he will be recruited on national competitive basis by MoLG with BTC approval.

The profile of the preferred candidate includes:

- Relevant and internationally recognised degree in economics, public administration or other relevant field,
- Minimum of 10 years relevant work experience in public sector reforms
- Good understanding of decentralization policies and stakeholders in the Palestinian Territory
- Minimum 5 years' experience with development cooperation programmes management with development partners
- Good experience of programme management (planning and monitoring, HR, finances...)
- Proven, effective facilitator skills and the ability to develop effective interpersonal relationships; teamwork, negotiate and manage conflict.
- Excellent communication and report writing skills.
- Excellent planning, management and organisational skills
- A high level of computer literacy, including Word, Excel, Internet, E-mail, Power Point
- Excellent English and Arabic

### 7.1.2 International Policy Advisor

The international policy advisor will be responsible for the coordination of the entire change process(es) supported by the programme. S/he will be responsible for assuring that intervention activities of the intervention contribute to the achievement of the Specific Objective. He/she will assist the MoLG on specific technical and policy issues as requested.

S/he will be the BTC representative (co-manager) within the project management framework. S/he will be part of the Support Unit and he will be responsible, together with the Programme Coordinator, of the intervention overall technical management.

This long term technical expert will also be responsible for assuring coherence and coordination between the different types of technical assistance foreseen in the intervention.

The responsibilities of the Advisor will include, but not necessarily be limited to, the following areas:

- Provide policy advice to the amalgamation process, LGU collaboration and other local government reform issues as requested by MoLG,
- advise the MoLG on all relevant issues regarding the programme, this will include assistance to drafting of ToR for studies and consultancy services
- identify the key opportunities and challenge to be met for activities to succeed in terms of organisational change and institutional development
- assist MoLG and BTC in the monitoring and evaluation of the programme, and in the action-research process
- assist the Belgian Government with Donor-Government dialogue on sector issues through the sector working group and liaise/coordinate on a regular basis with other LG stakeholders including PA institutions, Development partners and NGOs among others.
- coordinate technical assistance provided by the Belgian contribution through the LGRDP programme
- Ensure coherence and coordination of project strategies and activities with RHC project, and facilitate in this perspective the technical coordination platform for Belgian support to local governance

S/he will also, in close coordination with the Programme Coordinator , and BTC Co-manager for of the intervention

- Organise, coordinate and supervise the implementation of programme component activities in accordance with the approved programme work plans;
- attend the Steering committee meetings and the meetings of the coordination platform on a regular basis and on ad-hoc basis as required
- Consolidate the narrative and financial reports to be submitted to the Steering Committee
- Coordinate the implementation of the project with other donor agencies supporting the local government sector
- Supervise the preparation of financial and procurement planning
- Provide financial management and timely compilation of progress reports and budgeted work plans

The policy advisor will be based within LGRDP's office in Ramallah.

The profile of the preferred candidate includes:

- Relevant and internationally recognised degree in public administration or other relevant field,
- Minimum of seven years relevant work experience with local government reforms internationally – preferably with experience from Middle Eastern countries,
- Minimum 5 years' experience with project management in developing countries
- Experience of institutional development , capacity building in the public sector reform area
- Experiences with LG cooperation /restructuring processes from other countries,
- Sound understanding of all aspects of decentralisation reforms,
- Proven, effective facilitator skills and the ability to develop effective interpersonal relationships; teamwork, negotiate and manage conflict.
- Excellent communication and report writing skills.
- Excellent planning, management and organisational skills
- A high level of computer literacy, including Word, Excel, Internet, E-mail, Power Point
- Excellent English , Arabic would be a distinct advantage

### 7.1.3 National Policy Advisor

The National Policy Advisor will be member of the programme PSU. S/he will be working directly as an advisor at the Strategy and Policy Unit in the Ministry of Local Government.

S/he will have a key change facilitator role in strengthening further the MoLG work on policies, strategies and actions plans. S/he will also consolidate the establishment and capacity building of the Strategy and Policy Unit in the Ministry.

The responsibilities of the National Policy Advisor include, but are not necessarily limited to, the following areas:

- support the work on policies, strategies and action plans in the Ministry.
- support enhancement of capacities of the Policy Unit staff
- support enhancement of capacities of selected departments and units of the ministry , in particular with regard to internal strategy development and result -oriented monitoring and evaluation
- support coordination and concertation between MoLG departments in designing, implementing, and following up the MoLG strategic plan
- support MoLG to collect evidence, draw lessons learned, and build on experience with regard to inter-LGU's collaboration modes (amalgamation processes and other modes) in order to feed into MoLG policy development
- provide quality controle during the implementation of the programme to ensure compliance with MoLG requirements
- participate and attend meetings, workshops, missions and other activities related to the implemented tasks,
- participate actively in (desining and following up) action research projects , and partiulrally for those at the policy level
- Liaise with different stakeholders including the MDLF, line ministries, and related donor.
- supervise the preparation of financial and procurement planning related to its activities
- contribute actively to the programme monitoring, provide inputs for the programme progress reports and participate in PSU coordination meetings

The National Policy Advisor will be based within the MoLG premises.

S/he will be recruited on national competitive basis by BTC with MoLG approval.

The profile of the preferred candidate includes:

- Relevant internationally recognised degree in planning, public administration, policy formulation or related fields.
- Minimum 10 years' experience in strategy/policy formulation and management in the local government sector
- Minimum 5 years' experience with development cooperation programs management with development partners
- Knowledgeable about the Palestinian local government sector
- Knowledgeable about planning, monitoring and evaluation techniques and tools
- Proven, effective facilitator skills and the ability to develop effective interpersonal relationships; teamwork, negotiate and manage conflict.
- Excellent planning, management and organisational skills
- Excellent communication and report writing skills.
- Excellent English and Arabic

### 7.1.4 Capacity Development Expert

Within the broader framework of supporting an enabling environment for LGU collaboration, the Capacity Development Expert will have as strategic area to facilitate institutional and organisational change at the MoLG central and regional level.

The expert will support the capacity development activities in support of the selected MoLG departments and the associated district level. He will also assist MoLG in its strategic thinking about - and actual development of - a broader long term capacity development strategy and team within the Ministry.

The expert will mainly be in charge of following tasks and responsibilities:

- provide technical and strategic guidance regarding the preparation, implementation of any activity undertaken under result 2 of the programme and assure its technical and administrative follow-up,
- facilitate and frame methodologically the process of action-research and workshops
- identify and follow-up the specialized TA needed to support specific organisational development domains, etc...) and attract punctual external assistance (consulting) for specific capacity development activities where appropriate,
- facilitate MoLG's strategic thinking about capacity development, accompany the progressive development of a Capacity Building team within the MoLG
- assure liaison with representatives of MoLG responsible for capacity development-related initiatives and
- participate in any capacity development-related initiative organised within MoLG at the latter's request
- provide input for the project's monitoring and learning activities, planning and reporting requirements
- participate in the Steering Committee and in the technical coordination platform as requested.
- assure the integration and follow-up of the gender dimension in the programme, including working closely together with the gender unit of MoLG

This expertise will be provided through regular consultancy technical missions (ensuring that the missions provide the time necessary for quality , and foreseeing a longer mission at the beginning) by an expert with international experience.

The profile of the preferred candidate includes:

- Relevant and recognised degree at master level in public administration ,sociology , economics or similar field,
- Minimum of ten years relevant work experience with public sector reforms in the Palestinian Territory or internationally with a focus on capacity needs,
- good understanding of decentralisation reforms,
- experience in the development and/or implementation of support to institutional and organizational development within the public sector, including strategic, methodological and operational aspects,
- sound experience of approaches and tools for capacity assessments, stakeholder analysis and appropriate methods for planning monitoring and evaluation of change processes in a complex environment
- good understanding and experience with gender issues
- strong interpersonal and networking skills.
- excellent communication and report writing skills.
- excellent planning, management and organisational skills
- a high level of computer literacy, including Word, Excel, Internet, E-mail, Power Point
- excellent English and Arabic

The expert will be provided during his/her missions with office space within MoLG.

### 7.1.5 National TA's in support to LGU collaboration and institutional development at cluster level

Two technical assistants will be recruited to facilitate LGU cooperation and institutional development at cluster level. These national TAs will be recruited for a period of 3 years. The direct beneficiaries of their support will be MoLG regional directorates (district offices) and JSC's in the supported clusters. They will operate as coaches and knowledge brokers to help develop inner skills and potentials of these organisations so that their role can be endorsed by regular staff of these structures after 3 years.

Each TA will be responsible for coaching 2 or 3 clusters. Their skills and experience will be complementary so as to cross-fertilize their support through systematic exchange of their respective experience.

The experts will mainly be in charge of following tasks and responsibilities:

- provide technical support for enhanced capacities of regional offices in supporting LGU cooperation
- provide technical support to strategic planning, investment planning and monitoring, by local stakeholders for better services delivery through joint arrangements and LGU collaboration at local level
- provide support to partnerships development in a view of promoting local economic development and territorial development
- facilitate community participation in all relevant moments of planning , monitoring, of local services
- facilitate expression by the citizens of their interests, complaints, etc... with a specific attention for women and youth
- provide technical and strategic guidance regarding the preparation, implementation of any activity undertaken under result 3 , 4 , 5 of the programme and assure technical and administrative follow-up,
- liaise with the CD expert and PSU management to facilitate the process of action-research and workshops
- identify and follow-up the specialized TA needed to support specific organisational development domains, etc...) and attract punctual external assistance (consulting) for specific capacity development activities where appropriate at regional and cluster level ,
- participate in collecting lessons learned and feed into and stimulate any MoLG capitalization exercises on LGU collaboration experiences
- provide insights and inputs for programme management, planning and monitoring , as part of the PSU
- participate in the Steering Committee and Coordination Platform when required

Profiles of the preferred candidate include:

#### **Profile 1: public investment planning and monitoring expert**

- Relevant and recognised degree at master level in engineering, economics or similar field,
- Minimum of ten years relevant work experience with planning and monitoring of investments (infrastructure works, facilities, public services etc..) with local authorities
- good knowledge of procurement systems and procedures applicable to the LGU level in The Palestinian territory
- good understanding of decentralisation reforms and of local economic development ,

- strong interpersonal and networking skills.
- good communication and report writing skills.
- good planning, management and organisational skills
- good level of computer literacy, including Word, Excel, Internet, E-mail, Power Point
- excellent English and excellent Arabic

#### **Profile 2: expert in social dynamics & development at the local level**

- Relevant and recognised degree at master level in sociology, anthropology or similar field,
- Minimum of ten years relevant work experience with development planning and monitoring with stakeholders at local level
- good experience of capacity building with civil society organizations at the local level
- good experience of participatory approaches, methods and tools in capacity building related to these areas
- good understanding of decentralisation reforms and of territorial approaches of development ,
- good understanding and experience with gender issues at the local and community level
- strong interpersonal and networking skills.
- good communication and report writing skills.
- good planning, management and organisational skills
- good level of computer literacy, including Word, Excel, Internet, E-mail, Power Point
- excellent English and excellent Arabic

#### **7.1.6 Administrative and Financial Officer**

The financial and administrative officer is responsible for a variety of finance-related tasks including the ones listed below (this list is not exhaustive). He/she works under direct supervision of the International Policy Advisor-Co-Manager.

Responsible for financial administration and procedures :

- Control all financial administration issues: solves problems, helps improve financial administration by developing tools, points out and corrects errors and problems, reports any major problem to the co-managers and seeks advice from the LAF when necessary.
- Ensure a correct, smooth and efficient organization of the financial administration;
- Organize regular meetings with financial and administrative staff, and ensure good communication, information and cooperation within the financial administration team.
- Supervise compliance with legal and administrative procedures and guidelines; this implies he studies, checks and reinforces financial guidelines and procedures of the Belgian Technical Co-operation and Ministry of Finance (for own management) in addition to the Palestinian regulations (for co-management), including the Specific Agreement, the TFF, the BTC operational manual and any guidelines provided from Brussels HQ or Representation at Jerusalem, Palestinian legal texts.
- Update guidelines and system of all types of payments in project, esp. allowances.
- Update Administrative and Financial Manual, and ensure communication of new procedures to all admin/fin staff involved.

Financial activity reporting

- Final responsibility for timely production of FIT statements; provide guidance and supervision to the accountant who produces the FIT statements.
- Produce financial reports whenever requested following the agreed format (e.g. for steering

committees), or develops customized formats for ad hoc reports (in excel).

- Make electronic back-up of final versions of financial reports
- Consolidate the financial reporting received from MDLF in order to have a comprehensive and clear view of the whole programme.

#### Budgeting and financial planning

- Follow up and update of budget; Compare budget and planning with actual expenses; Provide monthly overview of budget balance to co-management and technical teams
- Financial short-and long term planning: overall, yearly and quarterly (in co-operation with co-management and technical teams); monthly and weekly, in co-operation with accountant and financial administrator/logistics assistant
- Overall management of bank and cash accounts, making cash calls on basis of the financial planning.

#### Auditing, monitoring, consulting, training

- Audit and analyse project expenses monthly, report any inconsistencies or irregularities.
- Control supporting accounting documents on quality and completeness, and follow up on corrections by the accountant.
- Consult and monitor financial issues related to technical project components (e.g. transfer of scholarship funds, accountability of beneficiaries and institutions)
- Prepare and provide training on financial management for stakeholders
- Preparing and assisting internal and/or external financial audit missions any other tasks reasonably requested

#### Profile :

- University degree in finance, business administration or business economics;
- Minimum 5 years' experience in financial management and project administration;
- Management experience, and experience with an international organization or NGO;
- Very good hands-on knowledge of excel and word is a must. Other programs (Database, accounting programs) a strong advantage;
- Proficient in English and Arabic with good translation skills;
- Mature, good communicator and team player;
- Able to work under stressful conditions and not objecting to overtime and field missions.
- Knowledge of the World Bank Public Procurement guidelines is an asset

## 7.2 Main findings of institutional Capacity Assessments & HR training strategy

The LGRDP has supported MoLG capacity development in several ways. Two studies provide building blocks for design of further support: the "Institutional Capacity Assessment" and its follow-up the "Human Resources Capacity Development Strategy & Three-Year Training Plan".

### 7.2.1 Institutional Capacity Assessment

As part of the first LGRDP project the MoLG has conducted an institutional capacity assessment (ICA) in 2011 as starting point for the development of an institutional capacity development plan from an integrated and comprehensive understanding of- and approach to governance<sup>46</sup>.

#### Conceptual framework and approach

A capacity development plan operationalises the processes with which the MoLG institutional, organizational and individual elements obtain, strengthen and maintain the capabilities to set and achieve their own development objectives.

The approach is based on assessing the capacity of: the policy environment, institution, individuals and teams, with the aim to strengthen skills, processes, systems, financial, physical, political, socio-economic, cultural, laws, policies, strategies and other complex realities of the environment in which it evolves, before assessing whether there are adequate facilities funds and logistics.

MoLG capacity development, targeted by this strategy, will be planned and implemented to ensure that capacity development is always **based on identified interests with a self-help potential** to cover all elements of capacity including developing support policies and legal frameworks, cultivating political, social, and bureaucratic will, operating systems in the various areas concerning management and administration of decentralised governance organisations, developing institutions, developing the requisite human resource, putting in place facilities and equipment's, mobilizing and providing sufficient financial resources etc.

Within the overall goal of strengthening good governance, decentralisation involves all stakeholders in two dimensions: vertical and horizontal. Vertical decentralization requires shifts in central government policy, laws as well as institutional and structural arrangements to provide for the sharing of powers, authority, functions and resources and enable local governments to perform fully. Horizontal decentralisation requires determined mobilisation and organisation of local communities to participate fully in the planning and implementation of socio-economic activities that are aimed at strengthening their capacities to determine and enjoy their socio-economic livelihood.

In a holistic approach to capacity development stakeholder mapping includes all actors and their inter linkages. It does not only target government structures such as the MoLG, LGU, JSCs etc., but includes civil society, CBOs, private enterprise, etc., as well as donor agencies, in a local governance perspective of stakeholders in interaction. Inadequate capacity is a problem found among almost all players involved in decentralised governance. The difference is in the extent to which the capacity is lacking. Continued monitoring and review is necessary as the picture of available and lacking capacities continues to change following the implementation of the various components of the strategy.

#### Guiding principles

The MoLG staff identified the following guiding principles for the strategy:

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<sup>46</sup> BTC/MoLG, 2012/06

- Multi stakeholder: Focus is on collaborative stakeholder engagement and capacity development: linking MoLG central and regional directorates to other line ministries and governmental bodies, civil society, private sector.
- Development goal anchored: The strategy will contribute to the achievement of the MoLG development goals that are validated by the stakeholders, owned by, and meaningful to the sector
- Full institutional diagnosis: The strategy will address reform opportunities based on an institutional capacity assessment of the institutional constraints to goal achievement across three institutional capacity areas: stakeholder ownership, policy instruments and organizations.
- Institutional change and reform: Focus is on designing capacity development to achieve outcomes that will advance change processes toward institutional reforms.
- Coherent response planning: The strategy will emphasize project support that is complementary and coordinated to focus on priority outcomes toward development goals.
- Results and local solutions: Focus on designing capacity development that drives local solutions for priority goals. This approach uses capacity development as a strategic instrument, which leads to transformative, sustainable change
- oPt Context-specific capacity development: The work groups applied the framework to guide a process of discovery, learning and decision-making, which helped to improve how stakeholder activities contribute to institutional change and development goals and thus make capacity development more effective
- Results chain and Tracking of change process: The framework highlights the intermediate capacity outcomes (ICOs) bridging the gap often found between broad overall objectives, institutional capacity and specific capacity development activities, so change processes can be better managed. Standardized indicators for ICOs institutional characteristics facilitate the strategic design of capacity development, track and monitor progress compare results across programs, improve the understanding of how institutional change occurs, and support systematic examination of the outcomes achieved and contributions to development goals.
- Adaptive management based on learning of what works: The strategy will be continuously reviewed and revised with stakeholders to incorporate new learning based on results achieved or not achieved and improved understanding of a given context.
- Institutional change: Capacity development supports reform of characteristics that contribute to the capacity areas of stakeholder ownership, policy instruments and organizational arrangements.
- Agents of change: Are the MoLG including district offices directorates' staff, donor agencies, CSO, NGOs etc...who are capacitated by taking on roles to support priority institutional changes changes/outcomes toward MoLG institutional reforms
- Change processes: In order to learn what works and what does not in capacity development practice, the ICOs are designed to reflect on the functional and capacities that characterises the change processes associated with capacity development to support stakeholder engagement, analysis, design, implementation, monitoring and measurement of capacity development programs.

### **Major findings on sector and policy development**

The slow attempts at decentralization and the slow implementation of the announced local governance

reform initiatives are part of the complexity in the national politics and are influenced by hesitant political will.

However, the 2011 assessment suggests that the MoLG is more interested in administrative decentralization, not devolution of power, or fiscal decentralization. Further developments in decentralization are unlikely to include more space for local decision-making. Rather, it will most likely result in more state control over local affairs.

If, on the other hand, decentralization proceeds beyond administrative decentralization to include both fiscal decentralization as well as devolving more power to local authorities, the scenarios may vary. Some local leaders might use that as a base to further strengthen their traditional power. This could result in a weaker state and stronger communities, if these local voices do speak on behalf of their communities. Alternatively, it could lead to further aggravating intra-tribal conflicts.

The frequent changes in MoLG's leadership in the past years had contributed to the weakening of its institutional capacity for planning and implementation of plans. Over the years, numerous studies and development external bodies prepared plans with a limited input from the Ministry's personnel, further hindering MoLG's ownership and leadership. In 2010 the MoLG managed to define and agree on a vision, mission, values, and objectives for the local governance sector including the MoLG itself. However, after two years it is still critical for MoLG's to develop a more pro-active leadership role and leading a process of building a national consensus on such vision.

Some of the key dilemmas constraining governance sector reform generally and MoLG capacity and effective donor support for LGS reform particularly are:

1. State and state building process: in the Palestinian territory the limitations of reforms are largely a reflexion of competing perspectives and diverging interests in the absence of national processes through which a multi-stakeholder vision for the country's future can be articulated.
2. Technical versus political approaches to capacity building: provision of services and infrastructure does not address institutional and conceptual barriers that reinforce the status quo: (i) inflexibility of programming timelines, institutional obstacles, fast turnover of personnel of international assistance, (ii) reluctance to be perceived as challenging central government on sensitive issues in a context of conflict, (iii) resistance to discuss political issues.
3. Local government versus local governance: mutual mistrust between civil society and (local) government, leading to a government approach to reform instead of a more inclusive, equitable governance approach between government units, local communities and citizens.
4. Efficiency versus building legitimacy in local economic, social and environmental development: better service delivery and local development outcomes remain among the key drivers of local government reform, with an inherent tension between the need for short term, efficient delivery of urgently needed infrastructure and services and the longer term, more complex, need to build state legitimacy and viable local institutions.
5. Institutional dialogue, transparency and accountability systems: how to strengthen state legitimacy in a conflict context where local actors may either compete with the state for legitimacy or may even have a stronger basis for legitimacy.

### **7.2.2 Human Resources Capacity Development Strategy**

The Strategy is elaborated to serve as a roadmap for the Ministry to guide, enhance and coordinate existing and future capacity building activities in support of the Ministry's goals and intended outcomes.

The following key recommendations have been based on the findings of the assessment and analysis

of the data of for the Human Resources Capacity Development Strategy adopted and published by the MoLG<sup>47</sup>:

#### **Focus on the Development of Mobile Outreach Multidisciplinary Teams:**

Team/s composed of the ministry's well experienced and qualified individuals and members of the youth can be formed to provide capacity building to the staff of the Central Ministry and its Directorates. The capacity building should be demand driven and based on specific needs.

Training the youth to be trainers through a Training of Trainers (TOT) program and including them in the outreach teams will empower them to become future leaders and agents of change in the local government sector. Eventually they could be a strategic sustainable resource for the Ministry.

The teams could utilise multiple methodologies for capacity building activities such as specialised training sessions, workshops, coaching and mentoring through on-the-job training, which helps employees become skilled at using equipment, technology and procedures particular to their workplace and specific to their requirements. It is envisioned that these teams would be able to provide sustainable solutions for local challenges.

#### **Focus on the Regional Directorates:**

Regional Directorates form the largest linkage and connection between the Ministry, the LGUs and local communities. They can promote community participation and work on strengthening the capacities of the LGUs, and can tighten the gap between the citizens and the ministry. Directorates' employees comprise 56% of the Ministry's personnel, yet despite this fact, the assessment conducted revealed that employees there did not receive equal training opportunities as the Central Ministry staff.

Building the human resources capabilities at the directorates could allow them to connect with, better access and promote decentralization of the LGU's and the institutionalization of community participation.

#### **Establishment of Collaboration Programs:**

Through mutual agreements, collaboration programs could be established with relevant national and international partners. The aim of these programs is to induce collaboration and exchange of knowledge and experience between the partners.

The Ministry staff could benefit from learning and gaining from best practices that have been used by others and that have proven effective. As well, these partnerships could focus on select performance areas that MoLG aims to improve and to which the other partner can provide the needed knowledge for. The programs should follow a set of key principles to ensure that the partnerships are mutually beneficial and result in tangible improvements of service delivery. Exchange visits and ICT are some of the tools that can be utilised in these programs for communication and exchange of ideas and lessons learned.

#### **Improvement of Communications:**

Communication is one of the most important work tools that can be used within the work place as it is used by everyone in the work place at all times. MoLG, in addition to its current focus on its external communications, should strengthen its internal vertical and horizontal communication systems.

An ICT policy should be developed to increase benefits from information technology, help employees and the Ministry to adapt to new circumstances, assist in promoting information sharing, transparency and accountability and in reducing bureaucracy. The policy could also provide responsive tools and models to challenges posed by ICT.

**Enhancement of Knowledge Management (KM):**

The assessment revealed that the Ministry lacks an appropriate discipline that promotes an integrated approach to identifying, capturing, evaluating, retrieving, and sharing all of the organization's information assets. Developing a system for KM, including through ICT, and the development of an internal and external communications system, complimentary to and interconnected with a M & E system, would enhance transparency and improve performance. In developing KM, the Ministry should look at how it will better manage its knowledge for its own benefit and that of its stakeholders.

**Improvement of Performance Management:**

Enhancing performance management will allow the Ministry to improve employees' performance and motivation. It will help ensure meaningful alignment between MoLG's goals and employees' day-to-day work plans, accountabilities, and career objectives. It could support focusing on effective work planning and performance feedback systems: employees need to know what is expected of them, they need the right skills, training, tools, equipment, direction and authority to do their work, as well as clear feedback on their performance.

**Staff Training:**

Through investing in proper staff training, the Ministry will have many benefits, number one being efficiency. Good targeted training can motivate employees and could be considered as important as other fringe benefits they receive.

In general, employees deliver better performance and are more loyal to institutions that value their growth. A well trained staff will help reduce risks of potential accidents within, and will condition employees to give their best in any given task. Making training count is the way to influence the future success of the Ministry of Local Government as its health depends on the development of its people. As well, prioritising the establishment of a training department, which is already envisioned in the Ministry's new organizational chart, would allow for better planning, coherence and coordination of training activities.

### 7.3 Institutional roadmaps progress in LGRDP 4 clusters

Below is a brief summary of main achievements and challenges related to each cluster. LGRDP II will build on these, based on a thorough assessment and consolidation exercise at the beginning of LGRDP second phase.

Beit Lyqya Cluster: the strategic clustering (JSC) is based on the implementation of a joint water department (in parallel with the restoration of the water distribution network – first phase). One of the villages is strongly resisting the amalgamation process. The focus is thus on gradually transferring services to the JSC (1. building licenses and Solid waste management; 2. Water service). The current status is: road map designed; approved JSC by-law; MoU signed (with the resolution of the debt issue); water department manager recruited, the working plan is approved and on-going (investments, working tools, manuals, equipment's, awareness campaign...). This cluster could be a pilot for "agglomerating" (amalgamation by keeping a village political level).

Al Karmel Cluster: there is here a strong will of the four LGUs to amalgamate and to create one municipality together. The strategy should consist in recognizing as soon as possible the status of a Municipality (basement for building up the new municipal administration). The starting process will focus on developing the water service. The current status is: MoU still to be signed and institutional development plan under design (for building up Municipal services), the new common administrative building under construction.

Beita Cluster: a will for "working together" is confronted to important difficulties. The three small villages fear to be "absorbed" by the municipality and lose their direct specific "revenues" as well as their "political" existence. Among the challenges are very low fees collection rate and "unclear" financial situation, LGUs are confronted to a structural deficit and a huge debt to their electricity and water provider. A principle agreement for transferring gradually services to the JSC has been reached: planning and building licenses, water service, electricity and solid waste service. There is still an unclear road-map and vision on the inter-village arrangement. They could also follow the agglomeration model in which each village keeps its "political" representation.

Jort Eshama Cluster: after a long process, a clearer vision for developing together a JSC for further amalgamation has been reached. Among the difficulties are: poor collection rate, un-unified fees, debts on water and solid waste, weak HR. A pre-road map is to be fine-tuned in the near future but not yet MoU. A gradual transfer of services to the JSC is planned: planning and building licenses, solid waste management, craft services and water service. A sound human resources development strategy is to be applied.

## 7.4 Infrastructure work and investments completed or ongoing under the LGRDP I



صندوق تطوير وإقراض البلديات  
Municipal Development & Lending Fund



Tuesday 25<sup>th</sup> November 2014

### List of LGRDP PROJECTS ACTIVITIES

Cluster	Project/activity	Budget €	Status
All clusters	Developing physical and strategic plan in selected clusters - South West Bank	105,377	Completed
	Developing physical and strategic plan in selected clusters - North West Bank	101,790	Completed
	Awareness campaigns for merging of clusters -North West Bank	12,071	Completed
	Awareness campaigns for merging of clusters - South West Bank	12,416	Completed
	Assets registration in selected clusters - North West Bank)	38,252	Completed
	Assets registration in selected clusters - South West Bank)	34,784	Completed
	Supplying of Furniture for JSC	12,552	Completed
	Supplying of IT Equipment for JSC	39,000	Completed
	Supplying of total station for JSC	23,200	Completed
	Preparing Aerial Photogrammetric, Master (physical) Plans and Strategic Local Development Plans in Area C	109,943	Completed
Al-Karmel	Rehabilitation of Al Karmel entrance road	420,016	Completed
	Equipping the computer centers in Al-Karmel Secondary Girls School	11,487	Completed
	Rehabilitation and tiling of Al Karmel internal streets	56,000	Completed
	Rehabilitation of Al Karmel Primary School Garden	21,535	Completed
	Paving of Al Karmel Primary School entrance road	13,789	Completed
	Rehabilitation of computer center at Al-Karmel secondary girl school	9,657	Completed
	Equipping the clinic lab of the Public Health Clinic and in Al-Karmel	12,000	Completed
	Rehabilitation of Main Primary School yard in Main	14,950	Completed

	Karmel Construction & Finish of Joint Service Center	255,000	On going
	Construction and finishing of additional floor in Khalet Saleh School.	167,000	On going
	Construction and rehabilitation of Al- Karmel Public Health Clinic Garden	100,000	Planned
	Water tank	70,000	Planned
	Garbage collector car	90,000	Planned
	Supply of Garbage containers	25,000	Planned
	Rehabilitation of Al-Karmel main road	100,000	Planned
	Rehabilitation Of Al- Hodaidia school	60,000	Planned
Beit Leqya	Link roads rehabilitation (Beit Leqya-Kharbatha almisbah), (Kharbatha almisbah-Beit seera) & (Beit Leqya-Beit nuba) / Beit Leqya Cluster	249,310	Completed
	Paving of link road (Beit Leqia-Beit Sera)	207,728	Completed
	Rehabilitation of the water supply system in Beit liqia, Beit Seera, Beit Nouba and Kharbatha Al Mesbah/Phase I	700,000	On going
	Equipping the computer centers at Beit Leqya Secondary Girls & Boys Schools	12,581	Completed
	Rehabilitation and tiling of Biet Seera kindergarten entrance road	38,000	
	Construction and finishing of additional floor and rehabilitation of the public health center in Beit Leqya	109,455	On going
	Tiling of kindergarten entrance road in Beit Seera	41,387	On going
	Lighting of internal roads in Beit Nuba	49084	Completed
	Tiling of internal roads in Beit Nuba	14263	Completed
	Rehabilitation of the Primary Boys School in Beit Seera	90,591	On going
	Technical Assistance to Common Water Department of JSCPD (Beit Leqya, Kharbatha Al Misbah, Beit Seera and Beit Nuba) under the Local Government Reform and Development Program (LGRDP	54995	On going
	Construction and finishing of 5 additional classrooms in the Boys' Secondary School in Kharbatha Al Misbah	102,493	On going
	Rehabilitation of computer center at Beit Leqya secondary girl school	13,534	Completed
Beita	Asphalting of Internal Roads in Beita, Audala, Ausreen and Za'tara / Beita Cluster	349,985	Completed
	Construction and finishing of additional 3additional classroom the Co-od School in Audala	113,006	On going
	Maintenance of the secondary girl school - third floor and construction and finishing of the canteen in Ausareen	36,268	Completed

	Expansion of the existing Public Health Clinic in Beita.	138,609	On going
	Construction and finishing of 6 additional classrooms in Beita Secondary Girls School	110,390	On going
	Construction and finishing of Women Center in Ausa-reen	110,487	On going
	Construction of children garden.in Za'tara	25,000	On going
	Rehabilitation of Audala Boys School	28,535	Completed
	Tiling of internal street sidewalks in Za'tara	12,850	Completed
	Beita Spring park	200,000	On going
	Asphalting of Internal Roads in Beita, Audala, Ausa-reen and Za'tara	100,000	On going
	Furnishing the main road of Beita cluster	100,000	On going
	Supply garbage container to the cluster	35,000	On going
Jour Eshmaa	Paving of Link Road (Jort eshama' – Wad Rahal)	187,323	Completed
	Lighting of internal roads for nine villages in Joret El Shama'a cluster Bethlehem	217,392	On going
	Raising the Electricity Power of Schools in Jort eshama' Cluster	25,408	On going
	Rehabilitation of Jort eshama' Cemetery yard in Jort eshama'	350,000	Completed
	Construction, finishing and equipping 2 labs for Khalet El Haddad Primary Co-ed School in Khalet Elhadad	97,008	On going
	Construction and finishing of Multipurpose Hall Al Mansheeyah	97,822	On going
	Rehabilitation of Al Ma'sarah kindergarten yard	30,180	On going
	Construction and finishing of Multipurpose Hall in Marah Rabah	57,724	On going
	Finishing works of the Multipurpose Hall and Women Center inside the Village Council building in Marah m'ala	30,000	Completed
	Construction of Public Garden in Um Salamon	110,000	On going
	Construction of an Amphitheater to Wad Al-Ness stadium	350,000	Planned
	Construction of additional class room to Jort Eshama' boys' school.	90,000	Planned
	Construction and finishing of additional classroom in Al Maasara Girl school.	80,000	Planned
	Administrative building	400,000	Planned

## 7.5 LGRDP I : Results Monitoring Data

The following monitoring data are derived from LGRDP results report 2014. They allow to monitor LGRDP achievements in terms of outputs (products and services delivered with project support) as well as contributions to the outcome (monitoring of change processes). These data can provide baseline elements for the 2<sup>nd</sup> phase, particularly for the programme Result 1 (MoLG institutional building). It must be highlighted that the new approach for programme Result 2 (related to the institutional development trajectories in the 4 clusters) is still very young, starting after the MTR at the end of 2013. For this reason a deeper evaluation of this result specifically is foreseen at the end of LGRDP I and will offer additional elements of baseline for LGRDP II intervention.

LGRDP developed in 2013 an 'outcome-oriented' M&E system which is still in use now. The system will be improved in 2015 and with the start up of LGRDP II in order to better 'track' and learn from institutional, organisational and individual change processes.

Following tables are showing the evolution in terms of indicators. The narrative of the analysis of the progress made can be found in LGRDP result report 2014.

### 1/ Progress on Logical Framework indicators<sup>48</sup>

#### Outcome indicators

<b>Outcome: Improved institutional capacities of smaller LGUs and MoLG through a Local Government Reform Policy and, more particularly, through inter-LGUs collaboration and arrangements (amalgamation) in 4 pilot LGUs' clusters</b>					
<b>Indicators</b>	<b>Value 2012</b>	<b>Value 2013</b>	<b>Value 2014</b>	<b>Target 2014</b>	<b>End Target</b>
1. Clear, feasible and up-dated policies regarding the LG reform (MoLG strategic plan, JSC strategy and amalgamation policy, LED policy, Area C strategy) that are including lessons learned – Focusing on “amalgamation” and viability of LGUs	D-	C	C+	B	B+
2. Institutional development in pilot clusters	D-	C	B-	B+	A
3. Quality of LGUs outputs (quality of services)	D	C	C+	B	B+
4. Sustainability of LGUs clusters (towards their integration process)?	D-	D	C-	C	B
5. Awareness, satisfaction and participation of citizens in local public action	D-	C	B-	A	A
6. Municipal performance score (MDLF ranking)	<b>Not yet relevant – will be done by MDLF when clusters will get the status of municipality</b>				

A: yes/good; B: yes/good but still to be improved; C: not yet really good/done, but the process started and must still be developed; D: no/not yet (still unclear evolution)

<sup>48</sup> See detailed analyses and ranking in annex 4.5.

## Results ('outputs') indicators

Indicators	Baseline value	2013	2014	Target 2014	End Target	Comments
<b>Output 1: MoLG is capacitated to implement the MoLG strategic plan and to design, to promote and to implement the LG reform with a focus on LG joint services and arrangements</b>						
Selected departments have clearly defined their strategic and operational goals (JSC – to be completed in January 2015 / Legal Department / Budgeting Department / HR department)	10%	80%	90%	90%	100%	
Selected departments can show a successful implementation of their respective departmental work (HR Department / Budgeting department)	-	60%	80%	80%	100%	
Enhanced exchanges between central and district level takes place	-	75%	75%	90%	100%	
<b>Output 2: Smaller LGUs are facilitated for provision of joint services and pilot amalgamation processes through institutional development, capacity building and infrastructure development</b>						
% of LGU clusters that after year 2 have formally approved new institutional structures in place (TFF indicator) – regarding the formal creation of a JSC	0%	100%	-	-	100%	JSC formally created
% of LGU clusters that after year 2 have formally approved new institutional structures in place (TFF indicator) – regarding the operation / performance of the JSC / following an institutional development plan	0%	0%	50%	75%	100%	JSCs in place with a minimum staff and their development plan are partly designed
% of LGU clusters with SDIP and updating	0%	100%	-	-	100%	Done, but “shopping” list of infrastructures
LED strategy and plan	0%	0%	20%	50%	100%	Pilot LED strategy and methodology has been designed and implementation started (pilot process in Al Karmel)
Capacities in HRM	0%	10%	25%	75%	100%	Some punctual staff (Engineer, planner and secretary) – one JSC director recruited (Beit Lyqya)
Capacities in financial management	0%	0%	25%	75%	100%	Financial procedures under preparation in Beit Lyqya
Capacities in service delivery	0%	5%	25%	50%	100%	Some competencies already transferred in JSCs (Al Karmel and Beit Lyqya)
Capacities in local accountability	0%	25%	50%	75%	100%	Thanks to the communication plan implemented (second generation)
Infrastructure development: % completion of planned infrastructures at acceptable quality / realistic operation and maintenance plans for all investments / sustained operations after end of project support	0%	100%	100%	100%	100%	Completion of infrastructures planned in 2013 (will all be completed before the end of Q1 2015)

Output 3: Newly amalgamated municipalities (merged smaller LGU's) are continuously progressing their performance through MDP						
% completion of planned infrastructures in 2013	-	100%	100%	100%	100%	
Level of quality	-	75%	-	-		Must be monitored in 2015 Q2
Capacity of maintenance (maintenance plans)	-	0%	-	-		Must be monitored in 2015 Q2

## 2/ Monitoring of change processes (qualitative analysis)

This further development of the M&E aims at tracking more precisely change processes . It is based on a systematic analysis (through answers to several key questions) of 4 main dimensions of the change processes LGRDP wants to contribute to :

- MoLG performance in delivering on its mandate
- progress of LGU's institutional development
- the quality of LGU's outputs (mainly the quality of services that they provide)
- the sustainability of LGU's clusters (integration process )

This system will be further developed with LGRDP programme and in particular with the topics of action research projects which will be closely linked to the M&E system.

ITEM	Year 2013	Year 2014	Evidence and/or qualitative analyses	
<b>Performance of MoLG in its role</b>				
Does a MoLG strategic plan exist?	D	A	Strategic plan adopted at the end of 2014	
Is that MoLG strategic plan regularly up-dated?	-	A	Done in December 2014	
Is that strategic plan known, approved and supported by stakeholders?	-	B	Must still be translated in an action plan	
Do policies and regulations* regarding decentralisation and LG reform exist and how is that political framework evolving (development of policies, new policies)?	D	C	<ul style="list-style-type: none"> <li>- Lack of decentralisation policy</li> <li>- Some disconnected and incomplete policies (planning, Amalgamation, JSCs, Area C, PPP, Participation)</li> <li>- Lack of some key policies (LED) but pilot LED launched in Al Karmel</li> <li>- New JSC strategy not yet developed</li> <li>- Still on-going reflexions on amalgamation policy</li> </ul>	
Do methodological tools*(guidelines) regarding decentralisation and LG reform exist and how is that political framework evolving (development of guidelines, new guidelines)?	D	C	Lessons learned still to be identified from pilots	
Do they include lessons learned?	D	C	On-going process but still weak	
<b>Global measure</b>	<b>D-</b>	<b>C+</b>	<b>A still very weak and slow policy making process but some internal diagnostic done and shared within the MoLG which is strongly supportive to the project implementation</b>	
<b>Progress on institutional development in the clusters</b>			It aims to measure the evolution of the "merging" process from isolated villages to an amalgamated/agglomerated new Municipality and the way the MoLG is developing the related policy and implementation tools for that purpose.	

Do inter-LGUs cooperation and collaboration arrangements exist in the 4 pilot clusters and are they gradually consolidating?	D	B-	<ul style="list-style-type: none"> <li>- Joint services councils in place (legal recognition) and equipped</li> <li>- JSC are preparing operational development plans operational (no budget and no working plan)</li> </ul>	
Is the organisation of the common administration in place, clear and effective and how do they manage their common tasks?	D	C+	On-going process	
Do clusters have a comprehensive development plan and do they implement it?	D	B+	A pilot local development plan is under design in Al Karmel, following a designed methodology	
Do clusters have their institutional development plans and do they implement it?	D	B+	Institutional assessments provided clear guidance and roadmaps regarding the institutional development process. Must still be implemented.	
Are these pilot processes feeding the policy making process about "amalgamation"?	D	C	The actual situation led to a review of the approach and to clarify the necessary role of the MoLG for piloting the process. The policy unit is involved in the process.	
<b>Global measure</b>	<b>D-</b>	<b>B-</b>		
<b>Quality of LGUs outputs (quality of services)</b>			this indicator aims to evaluate the quality and the evolution of services provided by LGUs clusters to the citizens compared to Municipal legal competencies and responsibilities.	
What services are provided by the cluster administration?	D	B-	<ul style="list-style-type: none"> <li>- JSCs designed and implemented a communication plan</li> <li>- Some technical services are "under construction" (Water department in Beit Lyqya, building licence and waste management in Al Karmel, ...)</li> <li>- Investments in infrastructures improving the service delivery capacity are done</li> </ul>	
What is the quality of services provided?	-	C	The JSCs capacity are slowly improving (with additional staff supported by LGRDP)	
What is the quality of investments and infrastructures?	-	B	Monitoring of investments will be done in 2015	
What is the level of satisfaction of citizens regarding social, economic and civil services provided?	-	C+	Citizens are still waiting the completion of key investments	
<b>Global measure</b>	<b>D</b>	<b>C+</b>		
<b>Sustainability of LGUs clusters (within their integration process):</b>			this indicator aims to evaluate the sustainability of inter-villages arrangements (from the JSC to the new amalgamated municipality). This sustainability aspect is one of the most important problem encountered by previous amalgamated municipalities <sup>49</sup> .	
Do they have a budget?	D	B	Beita and Al Karmel have premises of a cluster budget	
Are LGUs clusters capable to fund their staff and their running cost?	D	D	Only Beita is capable to support some staff and running cost of the JSC. LGRDP has fully supported the installation of JSCs and the staff in all clusters (Engineer, Planner and secretary)	
Do they include maintenance of their infrastructures in their budget?	D	C-	On-going process	
Do they have adequate capable and effective staff?	D	C+	All 4 clusters are actually organizing their staff	
Do they take into account the	D	B	Environment impact of investments are	

<sup>49</sup> Identified by the MoLG diagnostic on amalgamation

environment issues in their policies?			assessed (by MDLF) and this issue is a part of Clusters' communication plans	
Do they fund their investments?	D	D	-	
<b>Global measure</b>	<b>D-</b>	<b>C-</b>		

## 7.6 Agreement with MDLF : flow of funds and transfer procedures

MDLF will open two bank accounts in a Commercial Bank in Ramallah : one 'designated account' for "LGRDP Result 4" and one account for "BTC Management fees LGRDP". The first separate account will be used for funds provided by the Belgian contribution only. The second bank account will be replenished by the Representation on basis of the audited IFR and will cover the management fees for the next period.

### Designated Account

Designated Accounts (excluding management fees) will be replenished directly from BTC on a quarterly basis. Procedures to be followed for first and subsequent transfers are described below.

### First transfer

The initial deposit into the Designated Account will be based on a six-month forecast prepared by MDLF and submitted with a Withdrawal Application, as soon as the Implementation Agreement is signed between BTC and the Belgian State.

MDLF shall submit a first request for funds transfer to the BTC Representation on the basis of the following:

- a letter of request from MDLF (Withdrawal Application);
- the operational and financial planning for the first six months, as approved in the steering committee
- Bank account opening confirmation
- List and proxy holders copies of signatures

The BTC Representation will validate the request and send it to BTC HQ.

Subsequent transfers : the amount of each subsequent transfer will be equivalent to the amount mentioned in the semi-annual budget and work plan (included in the relevant Interim Financial Reports), net of the remaining un-disbursed amount from the previous transfers.

Any withdrawal request shall be signed by an authorised person of the MDLF and delivered to BTC together with the relevant IFR, including the following documents on which the withdrawal will be based:

- quarterly Interim Financial Reports (IFRs) (showing each donor part separately),
- the updated semi-annual budget and work plan;
- bank statement from the Designated Account;
- reconciled bank statements,
- a consolidated statement of expenditures justifying the amount disbursed during the relevant quarter
- external audit reports of IFRs (quarterly).

The IFRs will document the disbursed amounts for the past quarter, the commitment for the coming quarter, and the next six months needs.

Requests for disbursement will be presented on the basis of approved work plans and cash flow projections for expenditures as presented in the relevant IFR consistent with the cash flow forecasts presented under the Annual Work Plan and Procurement Plan.

Withdrawal Applications accompanied with quarterly IFRs will be prepared by the MDLF, and submitted to BTC. The complete file shall get the positive advise of the International Technical Advisor and thereafter be validated by the BTC representation.

#### The Management Fees Bank Account

The transfer of management fees will be based on the effective disbursements done during the previous quarter. The Representation will calculate exactly how much is due on basis of the audited IFR received every quarter. In case expenditures done are considered as ineligible, the Representation reserves the right to ask for more details and supporting documents. If after that additional information the expenditures remain ineligible, the Representation will withdraw this amount from the total reference figures for the 7% calculation and transfer.

Before the Representation operates the first transfer, MDLF will supply with the following documents: Bank account opening confirmation and list and proxy holders copies of signatures.

For the subsequent transfers, MDLF will comply with the same requirements as mentioned for the overall designated accounts. There will be two withdrawal requests one for the funds dedicated to the implementation, one for the management fees.