



الاتحاد الفلسطيني للهيئات المحلية
Association of Palestinian Local Authorities

The Association of Palestinian Local Authorities (APLA)

Strategic Plan 2019-2022





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► Abbreviations



APLA	The Association of Palestinian Local Authorities
AC	Administrative Committee
EC	Executive Committee
GA	General Assembly
EO	Executive Office
MoLG	Ministry of Local Government
MDLF	Municipal Development and Lending Fund
MoFP	Ministry of Finance and Planning
PA	Palestinian Authority
PalG	Palestinian Government
LGUs	Local Government Units
VC	Village Council
LGA	Local Government Act
LGL	Local Government Law
JSC	Joint Service Council
LGSS	Local Government Sector Strategy
NP	National Policy
SF	Strategic Framework
SO	Strategic Objective
SDG	Sustainable Development Goal
IDP	International Development Partner
VNG	The Association of Netherlands Municipalities
BTC	Belgium Technical Cooperation Agency (Enable)
DANIDA	Danish International Development Agency
GIZ	German Technical Cooperation Agency
MoU	Memorandum of Understanding
LED	Local Economic Development
M&E	Monitoring and Evaluation
O&M	Operation and Management

Foreword



It is my honour, as president of the Association of Palestinian Local Authorities, to present to my fellow Mayors and Partners the first-ever APLA's Strategic Plan 2019 – 2022. This new strategic plan presents another opportunity towards strengthening APLA's institutional and operational capacities to better serve its members and enhancing the capacities of local governments in Palestine, no matter the size or location, to provide better services to Palestinian citizens. The new strategic plan will empower APLA to better represent and support all LGUs in Palestine and advocates for their interests and rights, locally and internationally, in line with the National Policy Agenda and in accordance with good governance principles.

The process of developing APLA's first strategic plan was perhaps more important than the plan itself. It gave APLA's Executive Committee, the Administrative Committee, the General Assembly and its partners another opportunity to engage in assessing past successes and failures and decide on key priorities with a clear plan of action for the next 4 years. I am proud to say that the plan was developed with full involvement of APLA's members and in consultation with all our local and international partners.

This year marks the 20th anniversary since the establishment of APLA. And despite the fact that the past 20 years have been challenging for the organization, we are now determined collectively, more than any times before, to reinvigorate APLA and

create a more responsive, accountable and transparent local government institutions that put citizens' interests and needs first each and every day. I call on each and every member of APLA, our government partners' organizations (MoLG and MDLF) and our international partners to lend their full support to our strategy and walk alongside APLA to achieve a greater local government sector in Palestine.

Finally, I would like to express my sincere thanks and gratitude to each and every member of APLA, our government and international partners for their cooperation and continued support and most importantly our citizens for their commitment which motivate our resolute for a better future, not only for LGUs, but for Palestine as whole.

Musa Hadid
President of APLA

Chapter I



► Introduction



► Introduction



Local Government Units (LGUs) form the backbone of public administration in Palestine and play an essential role in both Palestinian state-building and democratization. LGUs are the first point of contact and often the only interface between local communities and the Palestinian Government (PaLG). They are responsible for providing 27 essential services and other government functions under the Palestinian Local Authorities Law No. (1) of 1997, including water and electricity supplies, street and town planning, and issuing building permits.

The core institutional support structure supporting the LGUs at the central level includes the Ministry of Local Government (MoLG) and its Directorates (11 in West Bank and 5 in Gaza), the Association of Palestinian Local Authorities (APLA) and the Municipal Development and Lending Fund (MDLF).

Founded in 1997, APLA is an independent organization mandated to represent and lobby for the collective interests of LGU's by supporting capacity building among municipalities, facilitating exchange of knowledge and best practices, and serving as vehicle for dialogue between the central government and LGUs.

Since 2004, several donor-funded programmes have provided support

for APLA's institutional strengthening. Notwithstanding, APLA continues to operate well below its optimal level. Shortcomings in its governance structure, lack of clarity in its relations with LGUs and government, limited financial resources, and conflicts between the large municipalities over questions of representation, were among the main obstacles that have prevented APLA from serving as a strong and credible body representing the interests of LGUs.

APLA's weakness continues to disadvantage the position of local authorities in Palestine. A strong APLA can contribute to a more influential voice for LGUs that is capable of promoting their interests and representing their needs. A credible APLA can be a platform for greater cooperation and mutual support between LGUs. However, supporting APLA to assume its role remains a key priority for the development of the local government sector in Palestine.

Until 2014, all attempts to revitalize APLA have failed, including the last attempt to reach a compromise between the large municipalities at the Executive Committee (EC) retreat which was held in Jericho in late 2014. However, since 2015, following the change of leadership within APLA and the agreement among the EC members to appoint the Vice-President, the Mayor of Ramallah, as the acting president of APLA, substantial efforts were made to overcome



the past challenges, reform and reinvigorate APLA to become true and credible representative body for local authorities in Palestine. The acting president essentially inherited bankrupt institution: no office, no staff, and no archives or records. Payments of membership fees from municipalities and LGUs had almost stopped and considerable debts have accumulated.

On the positive side, following the leadership change in 2015, a number of steps were taken to put APLA back on track and move forward with a credible reform process. These steps were even more meaningful after the 2017 local government elections which produced new mayors and subsequently new EC for APLA. ***And today this document represents a first-ever strategic plan, which was developed with full involvement of APLA's members and in cooperation with all of its partners.***

This new strategic plan covers the period 2019-2022 and presents another opportunity towards strengthening APLA's

institutional and operational capacities to better serve its members, the Palestinian local authorities. The process of developing APLA's first strategic plan was perhaps more important than the plan itself. It gave APLA's EC, the Administrative Committee (AC) and the GA another opportunity to engage in assessing past successes and failures and decide on key priorities with a clear plan of action for the next 4 years. When the plan was finalized, everyone involved expressed hope that it will increase APLA's effectiveness, transparency and accountability and will contribute to the reactivation and revitalization of an almost fully defunct organization that is capable to bring about a measurable change on the ground.

Methodology and Approach

The process for developing APLA's Strategic Plan was genuinely inclusive and consultative to ensure full participation and ownership of all stakeholders, including its large group of members and partners, particularly the Palestinian Local Government Units. The following methodology was used:

a. Inception Phase:

During the inception phase, preliminary meetings were held with APLA's President, Executive Director and other key stakeholders to discuss scope, methodology and timeline. Inception report was developed highlighting APLA's contextual situation to date and outlining the key steps and methodology that will be used to develop the strategic plan with specific deliverables and timeline.

b. Analysis and Consultation:

Immediately following the inception phase, all secondary data and relevant reports and documents available since the inception of APLA were collected, reviewed and analysed, including but not limited to: the National Policy Agenda 2017 - 2022, the Sustainable Development Agenda 2030, the Local Government Sector Strategy 2017 - 2022, the Reactivation Plan of 2015,

the Activation Plan of 2016, APLA's related bylaws, the local authorities law.

Simultaneously, 21 individual interviews were conducted with key stakeholders and partners reflecting on the history and future prospects of APLA, as well as challenges and opportunities and best way forward. This phase outlined APLA's most pressing issues and identified gaps to be addressed and opportunities to capitalize on. The list of interviewees includes APLA's AC members, representatives of the MoLG and the MDLF and the main local and international partner organizations.

c. Define / Draft a Strategic Plan 2019 – 2022:

Following the analysis conducted during phase 2 and the feedback received from different sources, the first draft strategic plan was formulated guided by the following questions:

- Where does APLA stand today?
- Where does APLA want to be in 2022?
- What does APLA want to achieve during this timeline?
- What is the key purpose of APLA as an independent organization mandated to represent and lobby

for the collective interests of LGUs?

- How would APLA work to deliver its expected goals in an efficient and effective manner?
- How will APLA get there? And what resources are needed?
- What might go wrong for APLA? And how would APLA avoid this?
- How will APLA know when they get there? (measure of success)
- How will APLA monitor lessons learnt and integrate that learning into successive plans and strategies?

d. Validation:

A second round of consultation on the first draft was conducted focusing on group discussions and meetings. The aim of this round of consultation was to validate the direction proposed in the draft document, and to obtain constructive input to improve the document. Two workshops were held, one for APLA's members and local partners and the second workshop was held for international partners.

e. Draft Finalization and Dissemination:

This phase was particularly important because it followed the process of endorsing and approving the Strategic Plan by APLA's EC, AC and the GA. The aim was to capitalize on the inclusive and consultative process of developing the strategy to generate a momentum where members of APLA can own the strategy and line up behind its implementation. Following the endorsement process, APLA's Strategic Plan was disseminated and has become the first road map with an action plan for the revitalization of APLA to be able to play its cardinal role as an independent organization mandated to represent and lobby for the collective interests of LGUs by supporting capacity building among municipalities, facilitating exchange of knowledge and best practices, and serving as vehicle for dialogue between the central government and LGUs.

Linkages with the National Policy Agenda and the Sustainable Development Goals

At the onset of the process, APLA's leadership wanted its strategic plan to be strongly linked and aligned with the National Policy Agenda (NPA) 2017 – 2022, **“Putting Citizens First”** and the Global 2030 Agenda, **the Sustainable Development Goals (SDGs)**. This decision came out of a conviction that APLA should not limit itself to local experiences but should expand its horizon to be part of national, regional and global initiatives and partnerships. Therefore, APLA's Strategic Plan 2019 – 2022 is fully aligned with the NPA, which recognizes LGUs as important economic, cultural and political actors and as key development players together with the government agencies, private sector and civil society organizations. APLA's Strategic Plan also complies with the SDGs, which explicitly localises the implementation of the sustainable development goals through an active involvement of local Authorities.

National Policy Agenda

The NPA 2017-2022, in its second pillar related to Government reform, is prioritizing the goal of a citizen-centred Government with two related national policies aiming at: (a) promoting responsive Local Government (National Policy 7) and (b) improving services to citizens (National Policy 8), with a special focus on “Area C.”

For achieving such an objective, **the NPA explicitly provides that, “with the necessary national institutions in place, the next step will be to determine the optimal governance arrangements and structures for local government.** The local level comprises 146 Municipalities and 286 Village Councils (As in Dec. 2018). A far-reaching governance reform, to be designed and implemented over the medium and the long term, will rethink and restructure local government with a view to bringing government closer to citizens. This national project will touch every community and citizen. To fund additional, better quality services, **local governments will require expanded authority to raise revenue and manage their resources.** In addition, a fair, reliable system of intergovernmental transfers between central and local governments must be established. **Finally, greater emphasis must be placed on stimulating local economic development** as increased LGU revenues should ideally derive from expanded economic growth rather than taxation.”

The NPA recognises the need for more **“Responsive Local Government”**, that as national policy, will be accomplished through: (a) reform and restructure local government and its administrations; (b) decentralize services to LGUs, while building their capacity and fiscal capacity to carry out these services; (c) expand LGUs taxation, revenue-raising and resources management mandates; (d) develop an effective system of intergovernmental transfers and expand local economic development.

In such a framework, **APLA's role in the local government reform agenda appears to be crucial as a "pillar" for preparing and generating new development dynamics. In fact, strengthening LGUs and enabling them to perform, as fully functional local authorities accountable to citizens, are key priorities for APLA as well as the PalG.** This stems from the PalG's public sector reform strategy outlined in the NPA and in the supplemental sector strategies developed by the MoLG, which is fully incorporated into this document of APLA's Strategic Plan 2019 – 2022. This approach demonstrates a reinforced effort by APLA to improve planning, lobbying and coordination across different policy fields and among local, national and international partners aiming to provide Palestinian citizens

with an improved standard of living, better services accessible to all and responsive, accountable, transparent local government institutions that put citizens' interest and needs first each and every day.

The PalG's policies in the NPA had been assessed in terms of their impact on women and girls and the ways in which they advance principles of gender equality. At the local level, APLA will work on gender mainstreaming practices and provide tools to ensure that the principles of gender equality are integrated into its policies and related planning and budgeting processes.

SUSTAINABLE DEVELOPMENT GOALS

As mentioned above, the Sustainable Development Agenda 2030 explicitly localises the implementation of the SDGs through an active involvement of Local Authorities. Below are some examples of how APLA's Strategic Plan can be linked with the global Agenda 2030.

The inclusion of **SDG 11 to "make cities and human settlements inclusive, safe, resilient and sustainable"** is, in large part, the fruit of the hard-fought campaign by local governments, their associations and the urban community. It is the main goal, out of 17, which relates directly to the work of LGUs around the world as well as in Palestine. **SDG 11** marks a major step forward in the recognition of the transformative power of LGUs for development, and of the role of city leaders in driving global change from the bottom up.

However, the role of LGUs in the achievement of the 2030 Agenda goes far beyond **SDG 11**. All of the SDGs have targets that relate in one way or another to the daily work of LGUs in Palestine. Local governments should not be seen as mere implementers of the 2030 Agenda. Local governments should play a key role in policy making, and act as catalysts of change as the level of governance that is best-placed to link the global goals with local communities. The following matrix outlines the linkages between the various SDGs and the role of APLA.

SDG	Description	APLA's Role
1 NO POVERTY 	Raising the incomes of the poorest; Ensuring access to basic services; and Protecting everyone from human-caused and natural disasters.	Assist LGUs in their responsibilities to provide better services to citizens, such as water and sanitation; Promote Local Economic Development as a tool to create jobs and raise citizens' incomes.
4 QUALITY EDUCATION 	Enabling everyone to study, learn, and fulfil their full potential.	Assist LGUs in their responsibility over education, particularly at primary level. Support LGUs to reach out to vulnerable and marginalized individuals and communities to ensure they have access to education and training.
5 GENDER EQUALITY 	Ending violence and discrimination against women and girls and making sure they have equal opportunities in all areas of life.	Encourage LGUs to provide equal services to women and ensure equal access to local opportunities. Support female leaders in local government to challenge gender stereotypes and set an example to young girls.
8 DECENT WORK AND ECONOMIC GROWTH 	Creating decent jobs and economic opportunities for everyone.	Support LGUs' initiatives to generate growth and employment from the bottom up through local economic development strategies that harness the unique resources and opportunities in their communities.
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	Making sure everyone has the infrastructure they need to connect to the rest of the world.	Build the capacity of LGUs to promote small-scale industry and start-ups in their local economic development strategies, taking into account local resources, needs and markets.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS 	Keeping people safe and making sure that government works effectively and fairly.	Assist LGUs to adopt participatory decision-making, such as participatory budgeting and planning and become even more responsive to their communities, making sure no group is excluded.
17 PARTNERSHIPS FOR THE GOALS 	Working together at the local, national and global levels to achieve the SDGs and make the Post-2015 Agenda a reality.	Encourage and facilitate partnerships between LGUs, public bodies, the private sector and civil society as well as LGUs and international partners.

Chapter II



► Contextual Analysis



► Contextual Analysis



With increasing political and geographical fragmentation of Palestine and the Palestinian people, over the last two decades, **LGUs have gained paramount importance providing services to citizens, particularly in areas where the relatively young central government is politically, geographically, and fiscally constrained.** Palestinian LGUs predate the creation of the Palestinian Authority (PA) by over a century. Prior to the establishment of the PA, local authorities, in addition to civil society organizations, were often the only means by which services maintained and citizens' basic needs are met. The creation of the PA in 1994 brought forth deliberate efforts to build state-local relations by expanding the functions of the LGUs, representing citizens' needs through elected officials, and incorporating community participation in decision making. Since 1994, the PA has taken a more deliberate approach to local governance by passing laws governing local administration and local elections, defining different classes of municipalities, and promulgating by presidential decree or the Ministry of Local Government administrative policies various rules affecting LGUs.

Below is a critical view at the state of affair for APLA's past and current situation as well as the challenges and opportunities surrounding the work of LGUs in Palestine, taking into account their relationships with the national and global actors.

The Association of Palestinian Local Authorities (APLA)

As stated previously, LGUs have variable levels of institutional strengths and weaknesses. Variability is primarily along the lines of big versus small LGUs. However, **LGUs as a collective are made weaker by the absence of a credible voice to aggregate their interests and demands.** In order to address this shortcoming, the Association of Palestinian Local Authorities (APLA) was formed in 1997 as an independent organization mandated to represent and lobby for the collective interests of LGUs, by supporting capacity building among local governments, facilitating exchange of knowledge and best practices, and by serving as vehicle for dialogue between the central government and LGUs.

Shortcomings in its governance structure, lack of clarity in its relations with LGUs and government, limited financial resources and conflicts between the large municipalities over questions of representation, are among some of the main obstacles that have been preventing APLA from serving as a strong and credible body representing the interests of LGUs. APLA's weakness continues to disadvantage the local



government sector as a whole by denying LGUs a strong and clearly identifiable voice capable of promoting their interests and representing their needs, as well as a platform for greater cooperation and mutual support between LGUs.

Up until June 2007, the Mayor of Gaza was the President of APLA. As a result of the political and geographical split between the West Bank and Gaza in June 2007, **APLA as a unified national institution was affected and eventually was also divided between the West Bank and Gaza.** The national divide had a negative impact on APLA as well as many other governmental and non-governmental institutions. The division within APLA remains until today, although Gaza seats on the EC and AC committees are reserved for Gaza representatives until local government elections take place in the Gaza Strip. According to APLA's internal bylaw, the EC membership comprise of 25 seats (for West Bank and Gaza Municipalities) and 47 seats in the AC. The current and future APLA's leadership has much to do to unify the organization and bring all its members - from the West Bank and Gaza, big and small - under one canopy.

The years between 2007 and 2015 fluctuated between stagnation and further fragmentation between the Northern and Southern municipalities of the West Bank, which further complicated the internal situation of the organization. In 2015, things

started to change and move in a more positive direction, but internal divisions and difficulties were still far away from being resolved. At that time, the former chairman of APLA resigned and his deputy, the Mayor of Ramallah was appointed as an acting chairman until the next local government elections take place, which was scheduled at that time to take place in 2017.

APLA's financial standing and management presented another challenge. With accumulated debt of over half a million dollars and members are not paying their dues, the organization is practically paralyzed. Although it is regarded as one of the best functioning local government association in the Arab World, APLA after 20 years of its establishment continues to face serious internal and external challenges. The lack of sustainable financial resources is a major one, but other challenges are equally important, inter alia:

The Low collection rate of the membership fees creates an unfair situation where a handful of municipalities are bailing out the entire organization. In 2018 and after serious efforts by the President, the EC members and APLA's executive director, only 49 out of 146 municipalities and 432 total members have paid their membership dues. The current and future leadership of APLA

must make this issue a priority if they seriously desire to keep APLA afloat. On the other hand, LGUs who are members of APLA demand to see progress on the internal reform before they can pay their membership dues. It has become a vicious circle where municipalities expect to see some improvement in the services provided by APLA while on the other hand, APLA is unable to provide the needed services without adequate financial resources and sustainable income.

The relationship between APLA and the Government has fluctuated over the years. It simply depends on who is in office on both sides of the aisle. In the interviews with representatives from the Government, it was stated clearly that the Government would like to see a strong APLA that is capable of managing the relationship between the Government and the LGUs. They added that APLA should be a partner in the policy development process and contribute to decision making on behalf of LGUs, especially when three of its EC members sit on the Board of Directors of MDLF. On the other hand, some members of the APLA expressed their scepticism towards the true intention of the Government and stated that they don't see enough support from the government for APLA as an institution representing the entire second tier of the Palestinian public administration structure.

Almost everyone interviewed expressed the need to strengthen APLA's executive office in order to be able to carry out its important responsibilities and mandate. However, financial constraints and lack of a coherent organization are among the main reasons mentioned by those interviewed why APLA almost never had a strong executive office, with enough resources and capacity. No future policy will be implemented without an executive arm. Therefore, in the strategic

priorities below, a clear focus is given to APLA's executive office and the need to bring in more financial and human resources to its current structure if APLA as a collective organization of LGUs is serious about implementing this new strategy.

After the local government elections in 2017 (20 years since the establishment of APLA) a new era for APLA has officially started. Several meetings of all APLA's committees (the EC and the AC) have taken place, where members agreed on a road map to revitalize the organization, to pay its debt, increase the collection rate of the membership fees and ensure more effective representation to the rights and needs of the LGUs.

Annex 1 below, sheds the light on the challenges and opportunities surrounding the work of LGUs in Palestine, taking into account their relationships with APLA, the national and global actors. Annex 1 covers in great detail, LGUs' capacities and challenges, inter alia: revenue sources and service provision, property tax collection, intergovernmental transfer, net lending dilemma for water and electricity, municipalities' vs. village councils' responsibilities, fiscal decentralization, and local economic development responsibilities.

In sum, Palestine lacks an effective association of local governments. The current association is perceived as somewhat dormant and has little or no influence on the PalG, although some large municipalities appear to have direct access to the PalG and its national institutions. This complicates and possibly diminishes the lobbying powers of the local perspective in national policy design issues and makes it more difficult to address in a concerted way the problem of local government fragmentation.

Chapter III



► APLA's Strategic Framework

► APLA's Strategic Framework



APLA's Strategic Plan 2019 - 2022 contains specific and realistic activities, taking into account APLA's internal and external constraints and its operating environment.

APLA's Strategic Plan covers a four-year period, in order to be aligned with the NPA timeframe, and is composed of three strategic objectives. Under each objective a number of interventions will be implemented.

APLA's strategic plan will serve as a guiding document for APLA's leadership, members and partners for implementing key policy interventions and provide support to APLA to become a strong and viable institution that advocates for the interests and priorities of LGUs and provides valuable support to LGUs in Palestine. The following outlines the elements of APLA's Strategic Framework (SF) for the years 2019-2022.

Based on the previous contextual analysis and in line with the current vision and mission of APLA; this Strategic Plan 2019 – 2022 will contribute towards achieving the following **Vision, Mission and three Strategic Objectives (SO)**:

VISION

APLA is an independent, professional, and viable organization that represents and advocates for the interests and priorities of LGUs and provides valuable contribution to the local government sector in Palestine.

MISSION

APLA is the official national umbrella that strives to represent and support the Palestinian LGUs, and advocates for their interests and rights to develop and reach their independence in line with the National Policy Agenda and in accordance with good governance principles.

SO 1

Strengthen the institutional and operational capacities of APLA

SO 2

Enhance the capacity of LGUs to provide better services to citizens

SO 3

Lobby, and advocate for the interests and needs of LGUs, locally and internationally

STRATEGIC OBJECTIVE 1:

Strengthen the Institutional and Operational Capacities of APLA

Interventions under the first Strategic Objective aim at building APLA as a strong, trustworthy, and capable organization that has the necessary internal procedures, systems, and capacity to realize its functions and services. Specific interventions under this objective include:

◆ Implement APLA's Strategic Plan 2019 – 2022:

Overseeing the implementation of the Strategic Plan should be one of the main functions of APLA for the next four years. In Chapter Four below, APLA commits to implementing a realistic action plan covering four years period. The action plan will be reviewed, amended and updated annually in consultation with the members and partners, taking into account the internal and external changes and available resources.

◆ Review and update the current APLA's bylaw:

In 2002, APLA was established by a presidential decree number 16. Following the presidential decree, it was left to the Administrative Committee to put in

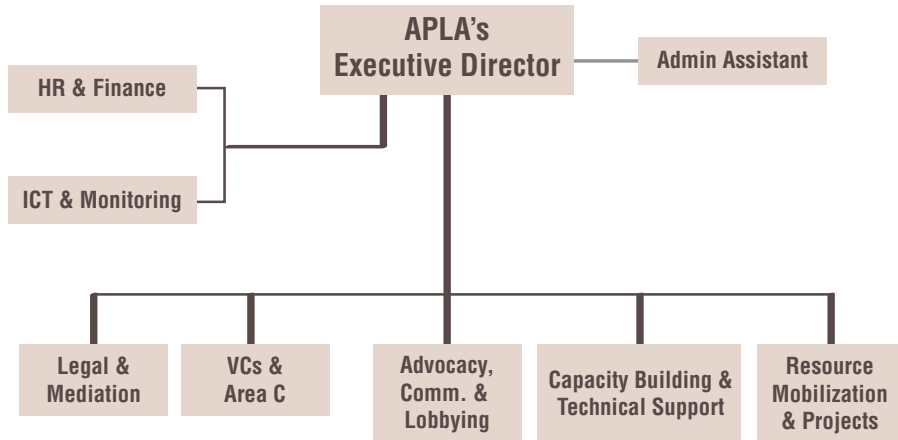
place the needed systems and bylaws. The current bylaw of APLA was ratified in 2016. However, several members of APLA pointed out to the need to assess the relevancy and applicability of the bylaw in light of lessons learnt and priorities of the new Strategic Plan.

◆ Restructure APLA's executive office and ensure APLA's organizational capacity:

The low performance of APLA's executive office has been a critical issue for some time. The low capacity of the executive office has affected the work of the organization and partnerships for many years. Coupled with the lack of resources, internal conflict and low capacity, the executive arm of APLA has been the main issue of concern for APLA's members and partners. During the consultation with APLA's EC, many of members stressed the need to have a strong executive office capable of implementing this strategy. However, the current staff of APLA are showing enthusiasm and good results, which could be a positive sign to build on as APLA continues to strengthen its internal capacity.

Below is a proposed new organizational structure for APLA's executive office. The proposed structure takes into consideration the one included in the internal bylaw with some new additions and improvements to ensure that APLA has the needed capacity to implement this strategy.

New Organizational Structure for APLA's Executive Office



- APLA's Executive Director
 - Admin Assistant
- Advocacy, coordination and Communication (Incl. media, public relations, internal coordination, twining, lobbying ...)
- Resource Mobilization and Projects (Incl. fundraising and reporting ...)
- Capacity Building and Technical Support (Incl. LED, Municipal HUBs, policy, bylaws and legislation)
- Legal and Internal Mediation (Incl. conflict resolution ...)
- Finance and Administration
- ICT and Monitoring
- A special unit to support VCs, especially those located in "Area C"

Additionally, to fulfil its mandate and to function as a professional and transparent organization, APLA will develop its internal systems and manuals related to technical, financial, and human resources procedures. Simultaneously, a training program will be put in place to build the capacity of the executive office, particularly in areas such as: advocacy, lobbying, coordination and communication, resource mobilization, project implementation and reporting.

◆ **Establish a follow up mechanism to monitor the implementation APLA's official decisions and meetings' recommendations:**

A key responsibility for APLA's Executive Office is to call for meetings regularly and follow up on the outcomes of the meetings. In order to carry out this responsibility, APLA must allocate enough human and financial resources to its executive office.

According to the internal bylaws, the GA should meet at least once a year, the AC at least twice a year and the EC at least once every two months. Regular meetings are essential to follow up on pressing issues and in keeping a positive momentum and energy among all members. The outcome of these meetings must be properly documented and archived and more importantly, implemented and monitored for lessons learned and accountability.

◆ **Improve the internal and external financial auditing system**

According to the Palestinian Law, all organizations must have accredited financial systems that are subject to internal and external audit. The audit is an important accountability and transparency tool that LGUs' councils have at their disposal to check and ensure that the assignments they have commissioned are being performed in a responsible and correct way. During 2019 and as part of this strategic plan, APLA will invest in a sound financial system that meets international standards. A new head of finance will be recruited and trained to run the new system. Once the financial system is in place, regular reports will be generated

and submitted to APLA's Executive Director and the Executive Committee to ensure internal accountability and transparency.

In the first quarter of 2019, APLA's EC will choose the external auditor in order to properly audit the fiscal year of 2018. The external auditor will prepare the audit report and present it to the EO and the EC for feedback. The latter will prepare a response within days and send it back to the external auditor. Once the external audit report is finalized it will be endorsed by the AC and published on APLA's website to be accessible to all members and partners.

◆ **Develop and promote a revitalized image for APLA based on its vision and mission through designing and utilizing appropriate PR tools including: website, social media, e-magazine, etc.**

Since its inception 20 years ago, APLA has had serious internal and external challenges which affected the image of the organization and raised doubts among many from within and outside the organization about the purpose of its existence and mandate. However, since 2015, following the leadership

change, a number of steps were taken to put APLA back on track and move forward with a credible reform process. These steps were even more meaningful after the 2017 local government elections which produced new mayors and subsequently new EC for APLA.

Regaining trust in the organization and its leadership is a mandatory step towards ensuring successful reform and a stronger APLA that is capable of advocating for the rights and needs of LGUs in Palestine. Therefore, the current EC and APLA's Executive Director are determined to change the tainted image of APLA by organizing a series of PR campaigns targeting LGUs and partners. Primarily, social media tools will be used to reach out to members and partners alike coupled with confidence building measures to restore hope in the organization and its leadership.

◆ **Establish an archiving and unified electronic database:**

After 20 years of its establishment, APLA does not have a proper archiving system, records or an electronic system that connects APLA with its members and provide e-services to the members. A new electronic system will be developed and used as a method of communication between APLA and its members. The new system will include a database about LGUs in Palestine, with information such as: contact details, administrative and financial forms, training materials, new documents, policies, bylaws, and/or legislation for consultation, events and meeting materials ...

STRATEGIC OBJECTIVE 2:

**Enhance the Capacity of LGUs to
Provide Better Services to Citizens**

Interventions under this Strategic Objective aim at rebuilding trust and strengthen the internal cooperation among APLA's members (i.e. LGUs) through carrying out services and outreach activities. Additionally, special emphasis will be given improving the regulatory framework (bylaws and procedures) as well as programs that will strengthen the capacity of LGUs in tax collection and management, revenue generation, resource mobilization, LED projects and localizing SDGs. Specific interventions under this objective include:

■ **Support the review and development of required bylaws and procedures for LGUs:**

APLA's mission as stated earlier is "APLA is the official national umbrella that strives to represent and support the Palestinian LGUs, and advocates for their interests and rights to develop and reach their independence in line with the National Policy Agenda and in accordance with good governance principles."

One of the core mandates of APLA is to lobby and advocate on behalf of its members, therefore, APLA will allocate huge efforts and resources to play a master role in policy reform activities in Palestine, include reviewing and updating the current regulation, and develop new policies and position papers. APLA will conduct a need assessment process for the LGUs, to identify and prioritize the Laws, Bylaws, Rules and Regulations that must be modified and updated, or new laws to be adopted.

■ **Launch regular outreach programs directed towards LGUs' key priority issues:**

Communication between APLA and its members is vital for its survival and growth. Improving communication between APLA and its members will generate better results and create a healthy and democratic space where decisions are made or lobbied for internally or with the central government. The outreach programs can also be used to raise awareness among LGUs and citizens for certain issues of importance to citizens or LGUs and shed the light on new policies or legislation that concern the right and interest of local citizens. APLA can also use the outreach programs to encourage citizens to pay their fees and taxes and

for LGUs to pay their dues to APLA. Over the next four years, APLA will use the following tools and methods to connect with its members and partners taking into account gender equality.

- Social media campaigns;
- Traditional press;
- Biannual newsletter;
- Interactive website and online communication system; and
- Regular visits to its members.

■ **Establish thematic taskforces/working groups within APLA's AC to support LGUs:**

APLA's internal bylaw allows for the formation of thematic committees to ensure follow up and implementation of key programs and activities. Below is a list of committees which will be formed immediately following the formal endorsement and approval of this strategy. The list below covers the committees in the bylaw, but it also includes new ones in order to meet the needs and interests of LGUs and APLA today.

- Advocacy, Coordination and Communication (Incl. media, public relations, internal coordination, twinning, ...);
- Resource Mobilization and Projects (Incl. fundraising and reporting ...);
- Capacity Building and Technical Support (Incl. LED, Municipal HUBs, training programs);
- Policy Research and Development (incl. lobbying for new policies, bylaws and legislation, ...);
- Legal support and Internal Mediation (Incl. conflict resolution ...);

- Finance and Administration;
- ICT and Monitoring;
- A special committee to support VCs, especially those located in “Area C”;
- Planning, infrastructure and services; and any other committee the AC deems necessary.

■ **Provide specialized training/orientation programs for Mayors and Council members:**

On a regular basis, APLA will design and implement specialized training programs for mayors and council members, particularly the newly elected ones. Such training aims at enhancing the capacity of the mayors to be able to run their municipalities effectively and make informed decisions.

■ **Provide technical support to LGUs and expand the “Municipal Hubs” program:**

APLA believes enhancing the capacity of LGUs is key to enable them to provide better services to citizens. Without duplicating or overlapping with similar capacity building and technical assistant services provided by MoLG, MDLF, and other partners, APLA will facilitate specific technical support services in key areas including: Legal support and internal mediation, Area C, municipal internships, simplification of procedures and process re-engineering, gender and women empowerment. Other related interventions will include:

- The establishment of “**an online support system**” where LGUs can raise questions in an open forum and receive answers to local problems.
- The establishment of “**municipal internships**” where staff from one municipality can be exposed to the work of another municipality and acquire new techniques and information.
- Expand the “**Municipal Hubs**” program where staff of the same background and responsibility from different municipalities can learn from one another and be trained on new techniques to address local challenges.
- Support LGUs to simplify procedures and facilitate service delivery to citizens. Such programs include: **e-services, one stop shop ...**
- Support **local economic development initiatives** in LGUs through training, providing experts, exchange of knowledge and experiences, ...

STRATEGIC OBJECTIVE 3:

Lobby and advocate for the interests and needs of LGUs, locally and internationally

Lobbying for the needs and interests of LGUs is one of APLA's key priorities and mandate. When APLA was created 20 years ago, defending the rights and interests of LGUs was one of the key reasons behind its establishment. Interventions under this Strategic Objective will promote APLA as a representative of the LGUs and as a key player in the local government sector. In addition, interventions aim to provide APLA with networking opportunities locally and internationally. Specific interventions under this objective include:

► Develop a “systematic policy feedback mechanism” for APLA:

In order for APLA and LGUs to be effective in policy development and influencing key policy decisions, an internal “systematic policy feedback mechanism” must be put in place to ensure strong involvement of APLA in all policies and legislation related to the work of LGUs in Palestine. Such

mechanism requires the establishment of the Policy Research and Development (PRD) committee, as part of APLA's AC, to be the reference point for APLA and LGUs and mandated to initiate and oversee internal policy discussion and lobby partners for new policies, bylaws and legislation. The new committee will be linked with the Advocacy and Communication unit (ACU) at APLA's EO which will conduct all the background research to support the work of the PRD committee.

Any piece of policy or legislation will be analysed, examined or initiated through the PRD committee and circulated to all members through the ACU/APLA's EO for feedback and substantive contribution. APLA's EO will follow up with all members to ensure enough involvement and will process all the feedback and present it to the PRD committee for endorsement. Once a unified position is reached, it will be used as the basis for advocacy and lobbying with the government and other partners.

► Participate in, and contribute to, the development of new policies and legislation:

APLA has low capacity but high potential to become a strong organization with an influential voice in the policy development process in Palestine. A key mandate and responsibility of APLA is to represent LGUs and lobby central government and other partners for the interests of LGUs. This activity has the highest priority in the future agenda of

APLA.

Since the inception of the Palestinian National Authority, APLA and LGUs were never deeply involved in the national processes of developing national plans and sector strategies. They weren't and aren't involved in developing the general budget, on an annual basis, of the Palestinian National Authority. On the other hand, government thematic committees, where decisions are initiated, and policies are recommended, do not include representatives of APLA or LGUs. Some of these government committees traditionally include representatives of civil society and/or the private sector, but never a representative of LGUs. This situation has to change and APLA has to fight for the right of LGUs to become members in the relevant government committees and be part of the national processes for developing the future national plans, sector strategies and the general budget.

specialized teaching and learning programs that targets local governments and public administration, these programs are still theory-based based with minimum practical implication on LGUs real issues. APLA can chose to lobby for new plans, policies or laws but could also chose partner with academic institutions to connect theories and research with the development of new policies and interventions in key areas. Such areas include:

- Property tax;
- Decentralization;
- Intergovernmental transfers and fiscal policy;
- Local government sector strategy;
- Local Elections Law;
- Local Economic Development;
- Sustainable development goals;
- National policy agenda and sector strategies; and
- Gender mainstreaming and women empowerment.

► Establish partnerships with local academic institutions and other relevant organizations, to conduct research and draft position papers in key policy areas, and influence policy development:

Systematic and evident-based research is critical to the development of better policies and programs in the LG sector. Despite that a number of Palestinian academic institutions have started

► **Strengthen APLA's partnerships with Arab and international organizations and forums:**

This activity is particularly important not only for APLA or LGUs but for Palestine as a whole. Therefore, APLA will seek membership in international networks and will strengthen cooperation with similar Arab or international organizations by signing MoUs for cooperation and knowledge sharing.

► **Support the review and development of twinning agreements between Palestinian LGUs and international cities:**

Palestinian LGUs are generally eager to enter into partnership or twinning agreements with international cities. However, they often lack the needed knowledge, experience and tools that will ensure fair and beneficial agreements with the partners. Therefore, APLA will provide legal, technical and policy support to LGUs and use peer coaching to create solidarity and unified Palestinian approach to twinning with international partners.

► **Facilitate and support the official participation of APLA members in key international events related to local government:**

Regional and international cooperation is essential for growth and connectivity with other partners but the participation in international events could be stressful to many of LGUs. Dealing with the logistical parts or language barrier is one thing but preparing to be an active participant is something that requires high level communication and negotiation skills.

Often, the participation in international forum requires serious preparation, including: presentation of papers, hosting events, and organizing side events. It may also require negotiation with partners on issues of upmost importance to the work of LGUs. Therefore, APLA will provide all needed support to LGUs to facilitate their active participation in international forum and events.



APLA's Fiscal Sustainability

As stated before, collection rate of the membership fees is very low among APLA's members. This Strategic Plan will remain another document on the shelf if financial resources are not made possible to implement this strategy. The vast majority of LGUs, whether big or small, are financially capable of paying their dues agreed upon in the internal bylaw. Therefore, a program will be put in place to encourage LGUs to pay their share if they want to see a stronger APLA. If they insist on not meeting their financial obligations towards APLA, other measures must be considered with the help of the MoLG and MDLF.

In 2018, collection rate was around 30% among the total number of municipalities and around 10% among the total number of LGUs. Simply APLA can never be financially sustainable unless members pay their dues. Therefore, over the coming four years, APLA aims to raise the collection rate to 75% among municipalities and over 50% among all LGUs. During that time, APLA would have to depend on support from international development partners to cover its operating budget and programs.

APLA should not be a poor organization, in debt or raising fund continually. On the contrary, if every member LGU of APLA does its part, particularly, pay its membership dues, APLA would be a self-sufficient organization. Until the collection rate of the membership fees

increases, APLA's EC and EO should actively seek funding from international development partners, ideally for 3 to 5 years until APLA is able to depend on the resources it collects from its members. Additionally, MDLF could facilitate the allocation of funds to support APLA's operating and programmatic expenses until 2022. After that year, APLA should be a self-sufficient organization that depends solely on the fees it collects from its large and capable group of members.

As stated in the work plan and budget below, the implementation of this strategic plan 2019-2022 requires almost \$1.6 million USD for four years - dependency on donor funds will decrease each year as collection rate of the membership fee picks up gradually. During the next four years and given the current financial and organizational challenges of APLA, a shared responsibility among all partners to cover the needed funds is the only way forward. APLA has a responsibility to increase gradually the collection rate of the membership fees, while LGUs who are members in APLA must pay their membership dues retroactively. This is not a matter of choice anymore; it is a matter of life or death for the organization if APLA wants to maintain its independence and ensures its sustainability.

On the other hand, central government and international partners have a role to play to keep APLA afloat until collection rate of the membership fees reaches a level that would ensure APLA's sustainability. For APLA to be self-sufficient, it would require complementary support from international partners until 2022. Central government represented by MDLF could facilitate the allocation of funds to APLA while international partners could provide capacity building support to APLA and its members, particularly the Executive Office.



Gender Equality

Culture and social practices in Palestine determine different gender roles for men and women, but also define different needs that should be taken into consideration. Similarly, these factors tend to hinder women from accessing and benefiting from available resources. APLA's policies should be defined to ensure that different needs are considered and that they are empowering both men and women. More importantly, this strategy strives to create the right conditions for women to have a more equal access to the decision-making process at the local level.

The PalG's policies in the NPA had been assessed in terms of their impact on women and girls and the ways in which they advance principles of gender equality. At the local level, APLA will work on gender mainstreaming practices provide tools to ensure that the principles of gender equality are integrated into its policy, legislative drafting and related planning and budgeting processes.

The National Policies and Policy Interventions under National Priority 7 of the NPA, state clearly the importance of Gender Equality and Women's Empowerment. And to remove barriers that prevent the full participation of women in community and economic development and public life.

The National Policy 9, assures to institutionalize gender mainstreaming in policy-making, planning and budgeting. Because of the importance of this point, this strategy takes into consideration the importance of achieving gender equality in attaining sustainable economic growth,

equality in decision making and reducing inequalities.

Palestinian municipalities can create better conditions for economic growth and generate more employment opportunities, through more effective, gender sensitive and responsive services. Additionally, Palestinian municipalities should make sure that decision-making processes at the local level are more inclusive, gender sensitive and transparent, and must work to remove barriers that prevent the full participation of women in community and economic development and public life in LGUs.

Enhancing gender equality within APLA and LGUs is a cross-cutting specific objective in APLA's strategic plan. All of the planned key implementation measures will be examined from this perspective.

At the Outcome level, the following indicators will be monitored:

- Improved satisfaction rate of citizens (including females) related to key LGUs services;
- % of females who assume senior level positions in LGUs;
- Improved awareness of citizens (including females) about key issues;
- Level of sensitivity to gender in the developed/reviewed bylaws; and
- Level of gender mainstreaming in policies, research, and strategies.

At the Output level, the following indicators will be monitored:

- (if formed) APLA participation in PalG committee on gender equality;
- # of position papers produced by APLA on gender equality and submitted to PalG;
- #/% of female participants in training/orientation sessions;
- #/% of female participants in the “Municipal Hubs”;
- #/% of female attendees at meetings of Arab organizations and international forums;
- Gender related training manual is developed, and training is provided to LGUs and APLA's EO; and
- # of gender sensitive budgets in LGUs

Main Assumptions

A number of assumptions were contemplated in the preparation of the Strategic Plan and are key to the achievement of the intended results. These assumptions include:

1. The duration of the Strategic Plan coincides with timeframe of the NPA in order to harmonize APLA's efforts with the national priorities and objectives;
2. APLA should finance (fully or partially) its main operation costs through membership fees and/or contributions from its members. This will demonstrate serious and positive attitude from APLA's members toward the ownership and sustainability of the organization. At the minimum, APLA should cover the cost of human resources of the core team, rent of office, and expenses for internal meetings;
3. Parallel to the previous point, APLA will seek to secure financial self-reliance for its core operations, through increasing and revisiting its membership fee collection and other structural forms of income generation;
4. APLA should explore with international partners and funders the possibility of introducing overhead cost as a percentage of funded activities. This overhead will help APLA in sustaining its operations and covering some of its expenses.
5. Maintaining good and collaborative relationship with key institutions in the sector, mainly MoLG and MDLF, is necessary for the empowerment of APLA and the realization of its mandate.
6. APLA will explore the possibility of utilizing the trusted mechanisms of MDLF to channel

funding from potential partners through MDLF for specific interventions;

7. The ambitions of APLA are to be realistically phased, taking into account the restrictions of the capacity of APLA and the financial resources available;
8. APLA need to concentrate/focus on key activities that yield (short-term) results, with high visibility among members and the international donor community
9. APLA should avoid duplication with ongoing support initiatives for local governments and play a clear value-added role;
10. More than in the past, APLA will involve and call upon its members to carry out its tasks and responsibilities in the field of lobbying and service provision, based on the philosophy that: APLA is an organization of, for and by local authorities and that operates in a democratic, participatory manner; More efforts are necessary to communicate APLA's usefulness and value-added to all its members and the international community;

What Will APLA Offer Its Members?

During the life span of the strategy and beyond, APLA will provide the following services to its members:

- Strong representation on behalf of all LGUs internally and externally;
- Active participation and lobbying on behalf of LGUs in policy development and legislation;
- Capacity development programs for mayors, council members and staff of LGUs;
- Access to international forums, organizations and events;
- Access to media outlets locally and internationally on behalf of LGUs;
- Internal mediation and legal support;
- Resource mobilization, project management and reporting;
- Exchange of experiences locally and internationally; and
- Access to official documents and reports related to local governments locally and internationally.

Chapter IV



► Work Plan and Budget

The table below represents APLA's work Plan and budget until 2022, however, a more detailed annual work plan (with annual breakdown of the budget) will be developed by APLA's Executive Office following the official approval of the strategy by the General Assembly.

Intervention	By Whom	By When	Estimated Cost in USD
SO 1: Strengthen the Institutional and Operational Capacities of APLA			
Implement APLA's Strategic Plan 2019 – 2022	EO, EC, AC, GA & Partners	Dec. 2022	Total (4 years) 1.589 Million
Review and update the current APLA's bylaw	EO, AC	June 2020	15,000
Restructure APLA's executive office and ensure APLA's organizational capacity	EO & EC	Dec. 2022	720,000
Establish a follow up mechanism to monitor the implementation APLA's official decisions and meetings' recommendations	EO	Ongoing	20,000
Improve the internal and external financial auditing system	EO & EC	Dec. 2019	16,000
Develop and promote a revitalized image for APLA based on its vision and mission through designing and utilizing appropriate PR tools including: website, social media, e-magazine, etc.	EO	Ongoing	72,000
Establish an archiving and unified electronic database	EO, EC & Partners	March 2020	24,000



Intervention	By Whom	By When	Estimated Cost in USD
SO 2: Enhance the Capacity of LGUs to Provide Better Services to Citizens			
Support the review and development of required bylaws and procedures for LGUs	EO, EC, AC & MoLG	Ongoing	28,000
Launch regular outreach programs directed towards LGUs' key priority issues	EO	Ongoing	120,000
Establish thematic taskforces/working groups within APLA's EC to support LGUs	EO & GA	Sept. 2019	10,000
Provide specialized training/orientation programs for Mayors and Council members	EO, EC & Partners	Ongoing	60,000
Provide technical support to LGUs and expand the "Municipal Hubs" program	EO, EC & Partners	Ongoing	200,000



Intervention	By Whom	By When	Estimated Cost in USD
SO 3: Lobby & advocate for the interests and needs of LGUs locally and internationally			
Develop a “systematic policy feedback mechanism” for APLA	EO & AC	June 2019	12,000
Participate in, and contribute to, the development of new policies and legislation	EC & AC	Ongoing	96,000
Establish partnerships with local academic institutions, and relevant partners, to conduct research in key policy areas and influence policy development	EO & EC	Ongoing	32,000
Strengthen APLA's partnerships with Arab and international organizations and forums	EO, EC, MoLG & Partners	Ongoing	40,000
Support the review and development of twinning agreements between Palestinian LGUs and international cities	EO, EC & Partners	Ongoing	24,000
Facilitate and support the official participation of APLA members in key international events related to local government	EO & Partners	Ongoing	100,000

Chapter V



► Monitoring Framework

APLA's Strategic Plan 2019-2022 constitute a series of promises to APLA's members and partners. Following the approval of the strategic plan, the monitoring matrix below will be tested in 2019 and implemented in the years after. The system will have specific interventions and indicators and will be reviewed and updated annually. A senior M&E staff person will be appointed in APLA's executive office who will be responsible for the M&E function of the overall Strategic Plan. The development and implementation of the M&E system will be overseen by APLA's EC, particularly the M&E committee.

In order to ensure that proper and consistent reporting structures are followed and are in line with the Plan's objectives and national standards, clear baselines, targets and benchmarks will be added during the testing period as well as consistent data collection, progress monitoring and reporting will be built into APLA's capacity.

Evaluation will be the main tool to assess the Plan's progress toward achieving its objectives. Actions to be taken to address the deficit and improve delivery. The Plan will be monitored and evaluated periodically through regular EC meetings, regular reporting by APLA's M&E department. Adjustments can be made to adapt to the changes, to improve where necessary, and to ensure the Plan's consistency and response to the changing conditions in the local government sector. Lessons learnt during the assessment and evaluation process will be used to adjust where needed, and for planning and programming of future activities.

APLA's monitoring system is essential to ensure APLA's accountability to the members and partners. APLA needs to demonstrate that services have been delivered, advices provided, and general political results have been obtained. The system will also allow APLA to explain why some results have not been obtained and to learn from mistakes for future activities.

Monitoring Framework Matrix

Strategic Objective	Interventions	Indicators	NPA, LGSS & SDGs
 SO 1: Strengthen the Institutional and Operational Capacities of APLA		Increase in membership fees collected # of bylaws and systems developed % of APLA's budget funded internally Improved satisfaction rate of members towards APLA Improved awareness about and visibility of APLA	NP 7 LGSS Outcome 5, 7 & 8 SDG 11 & 16
	Implement APLA's Strategic Plan 2019 – 2022	% of achievements in work plan each year	NP 7, 8, 9 LGSS Outcome 5,7,8, 9,10 SDG 1,4,5,8,9,11,16,17
	Review and update the current APLA's bylaw	Updated and endorsed bylaw	NP 7 LGSS Outcome 5,7
	Restructure APLA's executive office and ensure APLA's organizational capacity	Organizational structure finalized and endorsed # of manuals and systems developed	NP 7 LGSS Outcome 5,7
	Establish a follow up mechanism to monitor the implementation APLA's official decisions and meetings' recommendations	% of decisions implemented	NP 7 LGSS Outcome 5,7
	Improve the internal and external financial auditing system	Annual internal and external auditing reports	NP 7 LGSS Outcome 5,7, 8
	Develop and promote a revitalized image for APLA based on its vision and mission through designing and utilizing appropriate PR tools including: website, social media, e-magazine, etc.	# of PR tools developed and used	NP 7 LGSS Outcome 5,7
	Establish an archiving and unified electronic database	Database developed and used # of users in the e-database	NP 7 LGSS Outcome 5,7
	Develop a manual for APLA's EO on how to incorporate gender related issues in the work of LGUs	Manual developed # of staff trained	NP 9 LGSS Outcome 5,10 SDG 5

Monitoring Framework Matrix

Strategic Objective	Interventions	Indicators	NPA, LGSS & SDGs
 SO2: Enhance the Capacity of LGUs to Provide Better Services to Citizens		Improved satisfaction rate of citizens related to key LGUs services. Improved skills/knowledge of LGUs. % of females who assume senior level positions in LGUs Enhanced regulatory framework, and application of good practices among LGUs Improved awareness of citizens about key issues Level of sensitivity to gender in the developed/reviewed bylaws	NP 7, 8, & 9 LGSS Outcome 5,7,8,9,10 SDG 1,4,5,11 & 16
	Support the review and development of required bylaws and procedures for LGUs	# of reviewed/developed bylaws	NP 7 LGSS Outcome 5,7,8 SDG 11
	Launch regular outreach programs directed towards LGUs' key priority issues	# of outreach campaigns # of reached citizens	NP 7 LGSS Outcome 5
	Establish thematic taskforces/working groups within APLA's EC to support LGUs	# of thematic taskforces established	NP 7 LGSS Outcome 5
	Provide specialized training/orientation programs for Mayors and Council members	# of training/orientation activities % of participants who reported an increase in their knowledge	NP 7 LGSS Outcome 7 SDG 5, 11 & 16
	Provide technical support to LGUs and expand the "Municipal Hubs" program	Improved satisfaction rate of LGUs about the technical support provided. # of "Hubs" created # of meetings conducted in the "Hubs"	NP 7 LGSS Outcome 5,7 SDG 11 & 16
	Develop a gender related training manual and provide gender training for LGUs	Training manual developed # of LGUs' staff trained on gender issues	NP 9 LGSS Outcome 7,10 SDG 5
	Support gender sensitive budgets in LGUs	# of gender sensitive budgets developed in LGUs	NP 9 LGSS Outcome 8,10 SDG 5
	Support Local Economic Development initiatives	# of initiatives established in LGUs	NP 7 LGSS Outcome 9 SDG 1,8,9,11, & 17

Monitoring Framework Matrix

Strategic Objective	Interventions	Indicators	NPA, LGSS & SDGs
 SO3: Lobby & Advocate for the Interests & Needs of LGUs, Locally & Internationally		Enhanced reflection of LGUs perspective in policies, research, and strategies. Level of gender mainstreaming in policies, research, and strategies. Improved exchange and learning opportunities between APLA and international partners	NP 7 & 9 LGSS Outcome 7,10 SDG 5, 11, 16 & 17
	Develop a “systematic policy feedback mechanism” for APLA	Developed and approved mechanism	NP 7 LGSS Outcome 5,7
	Participate in, and contribute to, the development of new policies and legislation	# of developed policies and procedures	NP 7 LGSS Outcome 5,7
	Establish partnerships with local academic institutions, and relevant partners, to conduct research in key policy areas and influence policy development	# of established partnerships with relevant institutions	NP 7 LGSS Outcome 9 SDG 17
	Strengthen APLA's partnerships with Arab and international organizations and forums	# of MoUs signed	NP 7 LGSS Outcome 9 SDG 11 & 17
	Support the review and development of twinning agreements between Palestinian LGUs and international cities	# of signed/revised twinning agreements	NP 7 LGSS Outcome 9 SDG 17
	Facilitate and support the official participation of APLA members in key international events related to local government	# of events in which APLA's members participated	NP 7 LGSS Outcome 9 SDG 17

ANNEXES

Annex 1: LGUs' Capacities and Challenges

The overall size of LGUs in Palestine is relatively small and its revenues are insufficient to fulfil many of LGUs' functional mandates. LGUs' revenues amount to 11 percent of total revenues, while LGUs' expenditures account for only 6 percent of total expenditures, which is only a fraction of what is observed in other countries around the world. LGUs are assigned 27 different functions, but the large majority of them on average exercise only 12 of those, leaving many mandates unfulfilled due to inadequate revenues.

Increasing LGUs' tax revenues should be an important policy priority. LGUs' revenues amount to less than 5 percent of GDP, roughly one third of the level observed in East Asia and one half observed in Europe. However, the revenue dearth is even worse than shown by the above figure because roughly one half of all municipal revenues, for example, come in the form of enterprise revenues, which is related to the fact that Palestinian municipalities provide utility services, such as electricity, water and sewerage, which in many countries are provided by public or private utilities and these revenues are not counted in municipal budgets.

An obvious source of significant additional revenues is the property tax, which is currently collected in only about 22 percent of all municipalities and it is not collected by Village Councils (VCs). **Palestinian LGUs could easily double or even triple their property tax collections.**

Furthermore, another reason behind inadequate LGUs' finances is that **transfers from central to LGUs are irregular and relatively small in size.** At present, there are no formalized and regular grants or transfers available from the PA to supplement the shortage of LGUs' own-source revenues. The criteria applied to decide on the distribution of transfers are not always clear. This opens room for arbitrary allocations, which may not best serve government policy objectives, or allocate funding to local governments most in need, which is particularly problematic in case of Palestine, where poorer municipalities have significantly lower revenues and expenditures. It also limits the ability of LGUs to plan their budgets.

Due to a combination of limited revenues and poor corporate governance in the utility sector, **many LGUs rely on utility revenues (mostly electricity) to finance their operational expenditures,** rendering the utility sector unsustainable. This behavior represents a significant source of fiscal burden on the PA because, Israel deducts most of the unpaid bills by distribution companies and LGUs from the indirect taxes it collects on behalf of the PA and it ends up costing the PA in excess of \$200 million per year. In fact, not only does the PA pay for unpaid electricity bills by local government, it also ends up paying an 11% late payment fee.

Significant weaknesses in budgeting practices of LGUs exist and ought to be addressed in order to improve transparency, sustainability, and efficiency of LGU finances. One of the most conspicuous issues is a large divergence between approved and actual budgets, which is an indication of poor budget planning. Very often, municipalities and VCs have planned for much larger budgets than they are able to execute. The mismatch between planned and executed budgets is more acute with VCs, but also significant among municipalities.

LGUs' development expenditures are financed from a number of sources. These include: (i) the PA budget; (ii) the MDLF; (iii) IDP grants provided to LGUs; (iv) projects directly implemented and funded by IDPs; and (v) LGUs' own resources. In some of the larger and longer established municipalities, these different funding sources are included in the municipality budget which provides comprehensive coverage of municipal-level public investment.

The division of responsibility between the PA and LGUs for funding local-level infrastructure is not always clear cut. This applies particularly in the health and education sectors, where in theory LGUs are responsible for construction of schools and primary health facilities, while the relevant PA ministry funds staff and other current costs. In practice, construction may be funded either through the PA or the IDPs.

Municipalities vs Village Councils' Responsibilities

Besides the Palestinian national institutions, only one second tier of government exists in Palestine. This second tier comprises 146 municipalities (121 in the West Bank and 25 in Gaza) and 286 village councils (VCs). The history of many municipalities predates by many years the Oslo Accords of 1993 and 1995. These LGUs have elected councils and are responsible for local service delivery for the highly urbanized population, with three-fourths residing in municipalities.

Compared to other countries, LGUs in Palestine are rather small. LGUs' revenues amount to 11 percent of total revenues, while their expenditures account for only 6 percent of total expenditures, a fraction of what is observed in other countries. This is an indication that **fiscal decentralization is still in the early stages in Palestine.** The current level of decentralization can be best analyzed by looking at the share of each level of government in the general government total revenues and expenditures.

The central government accounted for around 89 percent of general government revenues and around 94 percent of general government expenditures. In turn, municipalities accounted for around 10 percent of revenues and 5.5 percent of expenditures in those same years. The respective shares of VCs are much smaller: 1 percent for revenues and close to 1 percent for expenditures.

Although formally Palestinian law does not distinguish between municipalities and VCs, the main accepted definition or difference between municipalities and VCs is population size. While most municipalities have more than 5,000 inhabitants, around 70 percent of VCs have populations below 3,000, with the smallest one having a population of 272 (2011-2013 average). Many VCs have populations under 2,000 inhabitants, which is considered very small; this seriously handicaps efficiency in the delivery of the most common local public services. On the other hand, some VCs that are larger in population size than some municipalities. Thus, no clear size-based distinction exists between the two. Other defining characteristics of VCs (vis-à-vis municipalities) are that they tend to be poorer in terms of economic base and also very often lack permanent staff. Nevertheless, the line of separation between municipalities and VCs remains unclear.

Beyond the need to legally clarify the distinction between municipalities and VCs, **the most important issue with the current vertical structure of government is the large number and small size of VCs.** This has generally been perceived as a stumbling block for the long-term sustainability of local service delivery in Palestine. To address this problem, **the PA has worked on an amalgamation program on a voluntary basis,** but this effort has had very little success to date as it appears that most VCs wish to keep their own identity and are worried about losing representation as part of larger jurisdictions' councils. This is consistent with the experience of many countries in Europe and elsewhere, whereby voluntary amalgamation programs have not worked even when they have been heavily incentivized. Forgoing the mandatory amalgamation of LGUs,

which has been increasingly used in a number of countries, the PA has introduced a program of voluntary associations of VCs for the delivery of certain local services. **The Local Government Law (LGL) provides for local governments to create Joint Service Councils (JSCs)** for the joint provision of public services. Over 70 JSCs have reportedly been created in the West Bank, typically for one type of specific service, including solid waste management, water supply, wastewater, and road and infrastructure maintenance. Often these JSCs are created with the support of foreign donors so there is concern about the future viability once that support ends. In addition, some JSCs suffer from their own weak governance, reflected in the lack of legal agreements among members and unclear rules on fee contribution and arrears management.

Key Revenue Sources and Service Provision

The LGL assigns 16 revenue sources to municipalities, of **which four are local taxes: the property tax, the professional tax, the transportation tax, and the education tax**. Of these four, only the property tax and the professional tax are properly local taxes and even then, have many limitations. For the transportation tax, the figure is one of a shared tax (or revenue sharing) as opposed to a local tax. And the education tax has its revenues earmarked for school maintenance and renovations managed outside the municipal budgets. The lion's share of municipalities' own revenues comes from a variety of fees and charges.

Local revenues are relatively small and inadequate to fund LGUs' expenditures. Total local government revenues are below 5 percent of GDP, shown earlier to be sufficient to cover only a small minority of LGUs' functions and corresponding expenditure requirements. Compared to local government revenue levels of countries in the region and around the world, **Palestinian LGUs' revenues are very low. Property tax revenue collection is significantly below potential.** On average, developing countries collect around one percent of GDP in property tax revenues. The

amounts reported in the municipal budgets and those intercepted by the MoFP fall short of their revenue potential, which **could easily be at least twice the current collections.** The property tax has a long history of limiting its scope to a reduced number of municipalities and is not levied in VCs. This long history is associated with poor and very infrequent value assessment methods and many local residents' unwillingness to pay the tax because of their perception of ineffectiveness on the expenditure side of municipal budgets, given low quality or nonexistent services. Another reason is absence of property valuations between 1994 and 2009. Valuations resumed in 2009, and collections increased significantly between 2006 and 2016.

Beyond inadequate property tax collection, **the tax is not applied to all 146 existing municipalities**, for two main reasons: (i) capacity within the MoFP to carry out value assessments in all municipalities; and (ii) a legal barrier – prior to the introduction of the property tax, the law required the existence of an urban municipal plan approved by the Ministry of Local Government (MoLG), but the MoLG has been unable to develop all the required municipal plans.

Notably, **municipalities seem to be more effective at collecting property taxes than the central government.** Property tax is collected by the MoFP and then transferred to municipalities. The education tax is levied by municipalities on the very same base used to collect property taxes and should amount to 7 percent of the property taxes collected. The analysis conducted for the World Bank PER shows that education tax collection efforts by municipalities are consistently more effective than property tax collection by the MoFP.

Decentralization of tax collection normally increases collection effectiveness, which could explain the inferior tax collection by the MoFP compared to municipalities. The difference in collection rate efficiency may not be due entirely to effectiveness in tax administration. It might be because the education tax is earmarked for school renovation and maintenance, which is quite visible, and because the amounts involved in the education tax are much smaller, increasing

residents' willingness to pay the education tax vis-à-vis the property tax. Nevertheless, the World Bank's recommendation is to decentralize property tax collection to LGUs, which is in line with good practice from other countries.

It is worth noting that the **collection fees the MoFP charges LGUs for taxes it collects on their behalf are very excessive by international standards.** For property tax in Palestine, the MoF sets the base and rate and collects the tax in a limited number of municipalities. In theory, after collecting the tax, the MoFP would retain 10 percent of the revenues and allocate the other 90 percent to the municipality where they were collected. A retention rate of 10 percent for supposedly administration costs is high by international standards. Central governments often do not charge for these services; if they do, the amount is closer to 3 percent of revenues. In practice, much of the property tax revenues get fully or partially intercepted by the MoFP because of municipalities' arrears in payments, mostly for electricity supplier charges and water charge deductions that Israel makes from its PA's revenues for unpaid electricity and water bills by municipalities to Israeli service suppliers. The data and methodology used for the intercepts remain unclear and appear arbitrary because they are not substantiated by information on the origin and size of the arrears. In Gaza, on the other hand, municipalities are fully in charge of administering the tax—setting the rate and base and collections—and they keep 100 percent of the revenues.

Consequently, **the quality of service provision varies to a large degree depending on the incidence of poverty across LGUs.** A considerable number of VCs do not provide even the basic services. The vast majority of the VCs lacked a sewage network while only 18 have one. Thirty VCs have no water network availability or only partially so; for garbage collection services, 21 VCs have no or only partial services. For municipalities, the availability of basic utility services is more general. However, the large majority of municipalities still lacked a sewage network and 8 municipalities still completely lacked a garbage collection service. Road infrastructure is of poor quality in most municipalities. In the vast majority of VCs, less

than 10 percent of the roads are paved.

The Net Lending Dilemma

“Net lending” is a serious problem facing Palestinian intergovernmental fiscal relations. Net lending arises when those LGUs that function as distributors of electricity and water services collect service fees from residents but rather than using those revenues to pay the Israeli water and electricity suppliers, make only partial payment or no payment at all, thus accumulating arrears. These LGUs see collected fees as a necessary source of revenue and clearly use them to cross-subsidize other activities, including their operating and development budgets.

Israel intervenes on behalf of the Israeli Electric Corporation (IEC) and other Israeli utilities and settles electricity and water related payment arrears by Palestinian LGUs **by deducting a part of the value-added tax and customs revenues** that Israel collects and is obliged to transfer to the PA on a monthly basis. Besides the amounts due for electricity and water, **Israel charges a late payment penalty of 11 percent.** The MoFP attempts to recover those losses from LGUs by intercepting local revenues from the municipal property tax, the professional permit fee, and the transportation tax that otherwise would have been transferred to them. Because MoFP intercepts of local tax revenues are often insufficient to offset local lack of payment, arrears accumulate, and disputes arise due to the lack of information. Getting a clear picture of the extent of net lending and accumulated arrears has been historically difficult because of the lack of data and opaque procedures.

One reason for the persistence of the net lending problem is that it has all the features of a “perverse” equilibrium. First, Israel eventually gets their funds plus a fine, which means higher revenues. Many LGUs prefer to keep the “cash in hand” from electricity fees, as opposed to the promised transferred funds from local taxes, which are likely to be smaller in size anyway. The PA gets sandwiched in the middle but gets to retain the property tax, professional permit fee, and transportation tax, thus at least temporarily minimizing the blow.

Local Economic Development: Challenges and Opportunities

Local Economic Development (LED) and municipal borrowing are relatively new concepts in Palestine. Historically, economic development activities at the national and local levels were led by the central government and/or the private sector. **Municipalities had limited authority and experience to undertake local economic development.**

In Palestine today, municipalities face two key challenges: (1) a crippling financial crisis that is preventing them from covering their operating costs or making necessary capital investments in new projects and (2) redefining their role in light of the consolidation of key services (water, sewage, electricity, solid waste, roads, and public facilities) and increasing need for demand-driven service provision.

Close to 73% of the population of the West Bank and Gaza is urban and lives within the boundaries of 146 municipalities. Municipalities predate the establishment of the Palestinian Authority (PA) and have historically provided a variety of public services. Prior to the year 2000 almost 90% of the budget of municipalities came from local revenue collection. In the last 15 years however, municipal revenues have fluctuated between a sharp decline and gradual increase.

Nevertheless, **municipalities are in a dilemma: they have to improve services, invest in new infrastructure projects and increase revenues but they do not have the capital or finance needed to achieve these objectives.** Municipalities have therefore to find alternative sources of capital and finance. The private sector is an important source in this regard. Local Economic Development offers municipalities and the private sector in Palestine an opportunity to work together to improve the local economy. LED will help focus the efforts of the local partners on improving the business environment, generating job opportunities, enhancing competitiveness, increasing sustainable growth and ensuring that development is inclusive.

The current laws and regulations in Palestine do not encourage LED investments or partnerships with the private sector. The current laws and regulations do not grant privileges or give preferential status to municipalities to initiate LED projects. Additionally, the current local government laws and regulations grant the Minister of Local Government powers of approval in most of the municipalities' decisions regarding LED. This is considered to be good for monitoring and accountability on one hand but has its negative side in limiting the municipal councils' authority and flexibility in such decisions.

The importance of LED projects and public private partnerships has emanated from the desire to obtain better and more efficient services at the local level. In Palestine, it is also coupled with the need for additional sources of financing in order to provide the needed services. In most developing countries, LED and PPP have been in areas of economic infrastructure such as: electricity, water, telecommunications and roads but in Palestine, LED and PPP have been in the area of infrastructure for commerce and transportation.

Taking into consideration the Palestinian economic and political context, priority should be given to investments in infrastructure in sectors such as: **Domestic Tourism, Transportation, Commerce and services, Youth and Sports and Renewable Energy.** These sectors have the potential to attract private investment, improve the overall business climate, and generate additional revenues for the municipality and job opportunities for the local community.

The ambiguity in the local governance regulatory framework, weak LGUs' capacities, and limited control of revenues and scarce resources all lead to **limited financial revenues, which hamper LGUs' ability to fulfill their mandates. Limited financial revenue is often cited by LGUs as the most pressing challenge facing them today.** As a result of the above challenges; economic development and democratic governance have been weakened in Palestinian communities.

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