



# Increasing Own-source Revenues for Palestinian Local Governments

11 November 2011



## United Nations Development Programme Programme of Assistance to the Palestinian People

**Program Title:** Increasing own-source revenues for Palestinian local governments.

**CP Outcome:** Responsive governing institutions strengthened

**Outcome (Development Objective):** Own-source revenues for Palestinian Local Governments enhanced.

**Immediate Objectives:**

1. Capacities and efficiency of the property tax staff improved
2. Property tax operations automated
3. Comprehensive own source revenues assessment study completed
4. New unified property tax legal frame developed

**Expected Output(s):**

1. Capacity of property tax staff (MoF) and staff in 134 municipalities enhanced - for appropriate property valuation and tax collection leading to property revaluation in 109 municipalities.
2. Institutionalized automated system of property tax
3. Comprehensive analytical and diagnostic assessments and reports of own-source revenues developed.
4. New unified and modern legal frame that meets international standards established.

**Executing Entity:** UNDP/PAPP

**Implementing Partners:** UNDP/PAPP, Ministry of Finance (MoF), and in cooperation with Ministry of Local Government (MoLG), and the Association of Palestinian Local Authorities (APLA)

**Brief Description**

This initiative – prepared and drafted in consultation with the Ministry of Finance - is an integral part of UNDP/PAPP's Local Governance Support Programme (LGSP) aimed at contributing to the development of a democratic, decentralized, transparent and inclusive system of local government in the oPt in order to deliver responsive and quality services to local communities. This project is designed to provide technical support to: a) develop the capacities of the property tax staff of the Ministry of Finance in order to conduct comprehensive property valuation in 108 newly upgraded municipalities to enable property tax collection resulting in increasing assigned revenues for local governments, b) institutionalize an automated system of property tax operations ; c) develop comprehensive analytical assessment reports of own-source revenues; and d) develop a new property tax law that is modern, unifies procedures in the West Bank and Gaza Strip (WB&GS) and meets international standards. The project will be jointly implemented by UNDP/PAPP, Ministry of Finance, Ministry of Local Government, Association of Palestinian Local Authorities (APLA), and selected local governments.

<p>Programme Period: 3 Years</p> <p>Program Title: <b>Increasing own-source revenues for Palestinian Local Governments</b></p> <p>Atlas Award ID: 00073971</p> <p>Start date: 2012</p> <p>End Date: 2014</p> <p>Local Project Appraisal Committee Meeting Date</p> <p>Management Arrangements: DEX</p>	<p>Total resources required: \$ 2,558,281.00</p> <p>Total allocated resources: \$ 1,131,775.00</p> <ul style="list-style-type: none"> <li>• Regular: TRAC Fund: \$</li> <li>• Other: <ul style="list-style-type: none"> <li>○ JICA \$ 250,000.00</li> <li>○ Danida \$ 821,775.00</li> <li>○ GIZ \$</li> <li>○ World Bank \$ 60,000.00</li> <li>○ USAID \$</li> <li>○ Government \$</li> </ul> </li> </ul> <p>Unfunded budget: \$ 1,426,506.00</p> <p>in-kind contributions</p>
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Agreed by  (UNDP)

Ministry of Finance/General Directorate Property Tax

Date: 15 / 11 / 2011

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## Table of Contents

Abbreviations.....	4
Preamble.....	5
1. Introduction and Context.....	5
2. Sector Needs Analysis.....	6
3. Program Strategy.....	7
4. Program Interventions.....	11
5. Results and Resources Framework.....	14
6. Annual Work Plan.....	18
7. Management Arrangements.....	24
8. Monitoring Framework and Evaluation.....	27
<b>Annexes</b>	
Annex I: Property Tax Collection chart (2006-2010).....	28
Annex II: UNDP/PAPP Program Risk Assessment.....	29
Annex III: Program Memorandum of Understanding.....	43
Annex IV: Danida Progress Reporting format.....	44

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## Abbreviations

ACHL	Ad Hoc Liaison Committee
APLA	Association of Palestinian Local Government
CTA	Chief Technical Advisor
Danida	Danish International Development Agency
DEX	Direct Execution
GDPT	General Directorate Property Tax
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
IFMIS	Integrated Financial Management and Information System
IMF	International Monetary Fund
JCSPD	Joint Councils for Services, Planning and Development
JICA	Japan International Cooperation Agency
LDP III	Local Development Program III
LGSP	Local Governance Support Programme
LGU	Local Government Unit
M&E	Monitoring and Evaluation
MDLF	Municipal Development and Lending Fund
MDP	Municipal Development Programme
MoF	Ministry of Finance
MoLG	Ministry of Local Government
MoPAD	Ministry of Planning and Administration Development
oPt	occupied Palestinian territory
PA	Palestinian Authority
PARF	Policy Advice and Reform Fund
PDM	Project Design Matrix
PLC	Palestinian Legislative Council
PNDP	Palestinian National Development Plan
PSC	Program Steering Committee
SPR	Semi-annual Progress Reports
UN	United Nation
UNDP/PAPP	United Nation Development Programme/ Programme of Assistance to the Palestinian People
WB & GS	West Bank and Gaza Strip
WB	World Bank

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## Preamble

The purpose of this program document is to provide a general framework for a work program on own source revenue generation in the oPt with a more specific focus on improving property tax revenue generation. It is a 'living document' that can be adjusted in agreement with the Program Steering Committee (PSC) (constituted as per page 24 of this document) and interested donors who have agreed to its contents. (Note that as of 10 November, 2011 financing and technical partners include JICA, UNDP, Denmark, GIZ, and the World Bank).

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## 1. Introduction and Context

### Property Tax in State Building:

In an attempt for the PA to move the state building agenda forward in August 2009 the PA released the Thirteenth Government Plan entitled "Ending the Occupation, Building the State" with the intention of preparing the occupied Palestinian territory (oPt) for eventual statehood by 2011. The document states: "The basic aim is to meet the demand of our people for transparent, accountable institutions that deliver services, social development, economic growth, and career opportunities free from favoritism and wastefulness." This process accompanies the preparation of sector strategies (covering 18 thematic areas such as agriculture, education, local governance and health as well as five cross-cutting areas; public administration reform) that led to the Palestinian National Development Plan (PNDP) 2011-2013). The latter will serve as three year national development strategy with detailed plans and budgets to facilitate governance and growth in the oPt.

The earlier PRDP 2008-2010 emphasised the "commitments to work progressively towards administrative and fiscal decentralization"<sup>1</sup>. The PNDP focuses on the empowerment of local governance sector through enabling fiscal resources that ensures improved public services to citizens. It is stated that "The local government sector strategy focuses on further rationalization and consolidation of LGUs, as well as standardization and unification of operation procedures and accounting systems". In regards to priority policies under the local governance sector, the PNDP (2011-2013) calls for three priorities:

- 1- "Complete the ongoing rationalization and consolidation of LGUs and provide support to build administrative and financial management capacity"
- 2- "Accelerate the fiscal decentralization, placing LGUs on the path to self-sufficiency"; and
- 3- "Promote community participation in local government".

Progress towards the goal of Palestinian statehood was reviewed at the most recent Ad Hoc Liaison Committee (ACHL) meeting for Assistance to the Palestinians in April 2011. At this meeting, the UN, the World Bank, the International Monetary Fund (IMF) and the Office of the Quartet, based on reports and recommendations from the parties, concluded that the Palestinian Authority (PA) "is above the threshold for a functioning state in the key sectors they studied and that Palestinian institutions compare favourably with those in established states."<sup>2</sup>

Local Governance is one of the main sectors that play a vital role in establishing a Palestinian state that is viable. The Palestinian local governance sector continues to be the main recipient of international financial support. One of the dilemmas that is hindering the sustainability of the Palestinian local governance sector is the lack and/or the inactive own source revenues that are essential for its financial sustainability. If own-source revenue collection is improved it will significantly reduce dependency, and will ensure ability in providing services for its citizens.

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<sup>1</sup> Palestinian National Development Plan (PNDP 2011-2013), pages 28-29

<sup>2</sup> The AHCL meeting was held in Brussels on 13 April 2011. The citation is from the Chair's Summary, available at [http://www.lfd.ps/documentsShow.aspx?ATT\\_ID=3878](http://www.lfd.ps/documentsShow.aspx?ATT_ID=3878) (accessed 16 April 2011).

One main own source revenue that should be further activated and mainstreamed in all Palestinian local government units regardless of its classification whether municipalities or village councils is the property tax collection since it forms the lions share, if collected, of the local government already assigned own source revenue. An example is the transferred property tax collections to the Municipality of Al-Bireh in 2009 which formed 47% of its eight million USD of its annual budget.

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## 2. Sector Needs Analysis

The legal framework for property tax dates back to the British Mandate, with subsequent modifications under Jordanian property tax law (No. 11, 1954) in the West Bank, and under Egyptian and British property tax law (No. 5, 1942) in the Gaza Strip. These laws remained valid after 1967 when Israel occupied the oPt. The Jordanian property tax law permits collecting property tax only from within municipal boundaries and, accordingly, does not allow for collection in village councils.

Property tax is based on property valuations, with the last valuation in 1985 in the then 26 municipalities (prior to the establishment of the Palestinian Authority). It is of course the case that the value of the properties in the oPt has increased significantly since then. In 2008, the General Directorate Property Tax (GDPT) at the Ministry of Finance put together a plan to conduct comprehensive valuations of properties in 134 municipalities in the West Bank and Gaza.

Since the establishment of the Palestinian Authority (PA) in 1994, there have been attempts to introduce decentralized local governance. Indeed, this was one of the purposes of the 1997 law on local governance<sup>3</sup>. This was intended to consolidate and clarify the legal basis for local governance, which was previously subject to laws derived from the British Mandate, Jordanian, Egyptian local governance and Israeli Military orders. In addition, these laws and their linked bylaws did not allow for significant administrative or fiscal decentralization. Thus, the financial framework is characterized by limited decentralized fiscal responsibilities and a severe shortage of local revenues.

Partly in consequence, many Local Government Units (LGUs) face significant budgetary deficits and have had difficulty meeting their statutory responsibilities. This is compounded by low capacities for collecting local fees and taxes, with the result that actual collection rates for local fees and taxes are very low. Further, with the national economy in crisis and dependent upon donor support, fund transfers from the central budget have been irregular. There is thus a clear need to increase revenues from sources which provide revenues which local government units can themselves retain.

Finance for LGUs come from three sources: (a) transfers from the central budget; (b) direct funding of infrastructure by international organizations; and (c) revenues from taxes, fees, and user charges, which are collected locally and can be retained by the LGU concerned. In addition, revenues come from locally collected fees such as: building licenses, education tax, and solid waste collection fee etc. In many cases, these fees are poorly collected or uncollected, especially in the newly upgraded municipalities. These municipalities were village councils and property tax was not eligible for collection from within the boundaries of village councils according to the still valid Jordanian property tax law number 11 for 1954 which clearly states that property tax can only be collected in municipalities.

In practice, transfers and revenues (i.e. sources (a) and (b)) are usually insufficient to meet recurrent costs and hence there is obvious appeal in increasing revenues from sources which allow such funds to be retained. In addition to property taxes, these comprise transportation taxes, education taxes, profession fees, marriage and divorce fees and building licensing fees. It is also anticipated, as a secondary benefit, that increased revenue collection by LGUs will encourage more predictable transfers from the central budget on the basis that LGUs are seen to be capable of effective financial management.

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<sup>3</sup> Law No. 1, 1997 - On Palestinian Local Authorities.

The fact that the first main two sources of local revenues for local governments are electricity and water user charges while the property tax come second<sup>4</sup> makes the property tax as one of the vital own source revenues to be developed towards increasing revenues for local governments including all 134 municipalities and all remaining local government units through valuation of properties in all LGUs to enable collection of the property tax for all LGUs.

Given that the village councils could not legally collect property tax, the amalgamation of municipalities means that the total area in which property tax can be collected increases. In view of municipalities' dependence on property tax as a source of revenue, this increases the need for an efficient of valuation and collection. In addition, success in increasing revenues in this way is likely to act as a motivation to the PA, municipalities and village councils to amalgamate.

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### 3. Program Strategy

The scope of intervention is aligned with the Palestinian ambitions to establish the Palestinian state:

*“The local government sector strategy focuses on further rationalization and consolidation of LGUs, as well as standardization and unification of operating procedures and accounting systems. This will strengthen the capacity of LGUs to take on greater responsibility and authority, enabling government to be more responsive to, and accountable for, local development and service delivery needs. Priority policies of the sector strategy are....accelerate the process of fiscal decentralization, placing LGUs on the path to self-sufficiency”.*<sup>5</sup>

The nature and scope of the intervention is aligned with the efforts of the Palestinian Authority to promote financial reform of local governance in the oPt which was lately manifested by the establishment of the Inter-ministerial Technical Committee on Local Government Financial Reform by Cabinet Decision (# 94) on June 20, 2011. The PSC will ensure harmonization and coordination with respect to the program outputs with the inter-ministerial technical committee since MoF will be chairing the PSC and at the same time MoF is a member of the inter-ministerial technical committee. It also reflects the participating financial partners' strategies and joint efforts on the issue, including UNDP/PAPP's Mid Term Strategic Plan (2008-2011) to support democratic governance and to strengthen governing institutions, in addition to increasing income generation and employment opportunities.

The Program is planned to provide technical, financial and logistical support to enhance the capacities of the General Directorate Property Tax (GDPT) at MoF towards conducting comprehensive valuation of properties in all municipalities in the oPt, yet enabling collections that will result in immediate increase of revenues that will genuinely contribute to the financial sustainability of local government units in mitigation of the continuous budget deficits that all local government units are experiencing.

This Program is designed to serve as a joint activity framework for all active partners in providing support to the property tax through MoF who will be chairing the PSC which includes all partner donors and relevant authorities as and when needed to perform an overall management, quality assurance and ensure coordination of the program partners individual activities through a joint reporting format that will be carried out by MoF and an external Mid-term Review with technical assistance from financing partners in order to take stock of program progress, adjust program interventions, and direction in order to emphasize synergies and harmonization of partner activities.

Through the program lifecycle, properties in all 134 municipalities in the oPt will be valued and collections will be enabled yet a unified property tax legal frame will be developed that is expected to provide a better degree of decentralization in addition to the fact that capacities of both property tax staff at MoF and municipalities would have been developed. Consequently a considerable degree of financial and administrative independence would have been reached and external aid from donors will decrease.

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<sup>4</sup> Municipal Finance and Service Provision Report #52347-GZ, page 72, World Bank Jan. 26, 2010

<sup>5</sup> As stated in the Palestinian National Development Plan, 2011-2013, page 28-29

Regarding program implementation in Gaza, UNDP and MoF will work directly with the municipalities in Gaza to develop their capacities on property valuation, property tax collection and public awareness. UNDP will moreover liaise with the Municipal Development and Lending Fund office and staff in Gaza. Furthermore, UNDP/Gaza will lead on the development of the unified property tax legal frame where at least three main municipalities will be involved in developing consensus on the new unified and modern legal frame that meets international standards.

Finally, the successfulness of the own source revenues program will require also a built in mechanism of the development of the unified legal frame to fight corruption, empower good governance and respect women and human rights. The law should address fair treatment of property owners, take into consideration people with special needs and respect their rights, and positive discriminate toward women and elderly in addition, it must be designed to maintain social justice and gender equality. Also the transparency of the public expenditures process, financial audits circulation and functioning internal audit departments will decrease corruption risks and will increase the good governance tools at MoF and LGUs.

### **Contributions from the International Partners**

In the past two years UNDP, JICA and USAID provided assistance to the General Directorate Property Tax in the MoF in support of its efforts in conducting revaluation of properties, renovation of the property tax district offices and providing field vehicles that was complementary to UNDP's support to the property tax which started in 2008.

In 2012, GIZ and the World Bank are planning to join forces in providing support to the development of the property tax and other own-source revenue in advancing municipal financial sustainability. Moreover, the Government of Denmark as one of the largest bilateral donors to the municipal sector will provide financial support through UNDP for 2012-2013 with an input of approximately \$ 1 million. This section contains an indicative overview of the planned activities<sup>6</sup> by the different donors and implementing agencies who intend to provide financial, technical and logistical support to the property tax in the coming three years:

- **The United Nations Development Programme/Programme of Assistance to the Palestinian People (UNDP/PAPP) contribution**

The United Nations Development Programme of Assistance to the Palestinian People (UNDP/PAPP) has played a significant role in supporting governance since its inception and presence in the oPt from 1978. The organization's vision statement is as follows: *UNDP/PAPP is a leading and responsive development agency that works together with the Palestinian people to fulfil their aspiration for sustainable human development based on self-determination, equality and freedom.*

In March 2008, the UNDP Local Governance Support Programme, with funding from the Government of Japan, provided support to the Ministry of Finance aimed at increasing property tax collection. UNDP provided the Ministry's Department for Property Tax with vehicles, computers, capacity development, software, and additional staff in order to conduct an assessment of property values throughout the West Bank. An assessment of the Ministry's property tax operations was also made in order to identify areas of improvement. Recommendations on revisions to the law on property tax, as well as a harmonized approach in Gaza and the West Bank, were also proposed.

As a result of the first phase of support (2008-2010), properties were revalued in 38 municipalities leading to a significant increase in the total value of tax collected [*Annex II*]. Property tax is collected by the Ministry of Finance on behalf of municipalities, with 90% of the amount collected then returned to the municipalities

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<sup>6</sup> For further detail, see the Result Resource Framework in this Program Document



where it originated. Given that property tax makes up some 40-50% of municipal revenues, this increase led to a significant improvement in municipal revenues.

In 2011, UNDP continued to provide technical support to MoF/General Directorate Property Tax (GDPT). Twenty property tax staff was trained as trainers to continue training of 500 property tax staff at both MoF and LGUs for them to conduct property valuation, collection and public awareness. In addition, UNDP covered the costs of ten field workers on data entry and property valuation at MoF for one year in contribution to enabling and expediting valuation of properties for the first time in newly upgraded municipalities. The recruitment of the field workers accelerated the property valuation in 38 municipalities. Based on the agreement between MoF and UNDP to enroll the best performed recruited field workers on the Program, MoF officially recruited six (6) out of ten, starting October 2011. Also UNDP equipped 10 of the property tax governorate offices in the West Bank with IT equipment and furniture.

- **Japan International Cooperation Agency (JICA) contribution**

*Background*

JICA's technical assistance on property tax derives from its overall intervention to the local governance sector. Throughout the activities of previous project of *Improvement of Local Governance System in Palestine (2005-2010)*, "the Local Financial Policy" for Ministry of Local Government was developed, where the development of property tax is acknowledged as a highly prioritized action.

Since 2008, JICA's contribution to property tax includes support to staff training, establishment of Ramallah main office (staff and equipment), hiring consultants, conducting a survey on legal and capacity development needs on MoF staff including governorate office staff. These interventions are rather aiming to short-term improvement of taxation operations and upgrading of on-going land/building valuation processes. The upcoming interventions from the year 2012 shall take a more strategic approach based on a longer-term perspective as explained below.

*Expected Intervention from 2012*

In August 2011, JICA dispatched a basic fact finding mission to determine and finalize the direction of its technical intervention in 2012 (supposedly starting 3<sup>rd</sup> quarter) though the exact timing of the possible intervention has not been determined yet. JICA expressed to MoF the following directions in the upcoming interventions;

- The Development of Valuation Standard Mission discovered a great room for improvement in valuation methodology especially in the rural areas. The current system of rent-value based methodology shall face some limitations and difficulties as valuation process expands to rural areas, where rent properties are fairly scarce.

- In order to change the system, revision of the legal frame is essential; although JICA recognized that it will take time to legally change the system. In the meantime, JICA expressed its interest in supporting MoF in creating the necessary basis for the viable revisions on property valuation standards.

- Capacity development of MoF staff on valuation and taxation; on-going questionnaires survey would clarify some issues and weaknesses to be tackled for the further efficiencies and effectiveness in day-to-day operations of valuations and taxation. MoF requested JICA to support the capacity development activities, including training of MoF staffs according to identified subjects as a result of the survey.

- Piloting of improvement process in valuation operation in the areas of Jerusalem and Ramallah

In relations to above identified directions, JICA agreed with MoF in supporting over-all improvement in both valuation and taxation operations in the local level. This part of intervention shall initially concentrate on MoF's directorate offices' in Ramallah Governorate and Jerusalem, and this would include enhancing efficiency in newly initiated valuations and the cycle of re-evaluation operations.

Concrete plan of activities and project design matrix (PDM) shall be further developed after May or June 2012, when the detailed design mission is planned.

- **Danida (Denmark) contribution**

Danida is providing support to the local governance sector by financing activities including the Municipal Development Programme (MDP) and the Local Development Program III (LDP III) aiming at amalgamation of local government units into municipalities. Danida will provide financial support to this Program through a financial agreement with the UNDP. The activities funded by Danida will support the MoF's and the other financing partners' interventions. Accordingly, Danida supported activities will focus on the development of a new unified Property Tax Legal Frame in oPt and support to the acceleration of conducting property valuation and property tax collection in oPt in 45 municipalities in 2012 - 2013 where the newly amalgamated municipalities will be targeted to enable collections of property tax for the first time.

This support comes in line with the recommendations of the Updated Diagnostic Report on Local Governance that was funded by the Government of Denmark and implemented by UNDP (2009-2010) to continue the support to increase own source revenues for local government units with focus on property tax.

- **World Bank contribution**

In 2010 the World Bank produced its annual report on "Municipal Finance and Service Provision for 2009" where its main general objective is "To promote a deeper understanding of municipal finance in the West Bank and Gaza including identification of the key issues that local governments currently face with particular emphasis on; 1. Clarify the actual role that municipalities play in the provision of local services; 2. Evaluate the current assignment of municipal revenue sources and determine their adequacy to cover current expenditure functions; and 3. Determine the balance between expenditures and revenues aiming primarily to assess whether the current revenue sources cover the estimated costs of municipal services that are being provided."<sup>7</sup>

World Bank contribution will be directed to Output 3 "Comprehensive analytical and diagnostic assessments and reports of own-source revenues developed", by covering the costs of conducting the assessment study.

- **GIZ (GTZ) contribution**

GIZ have been/will be working on with the MoF/MoLG/MDLF on LG fiscal reform as follows:

- In cooperation with the World Bank, GIZ – Local Governance Program has facilitated a brainstorming workshop (in May 2011) in the presence of the Minister of Local Government and key officials from MoLG, MoF, and MDLF. The workshop aimed at facilitating a common understanding on the future direction of municipal finance in the Palestinian territory. As a result, an Inter-ministerial Technical Committee on Local Government Finance was established by a Cabinet Decision (# 94) on 20<sup>th</sup> of June 2011. GIZ – LGP III (2012- 2015) will be supporting this committee through providing necessary technical assistance and advice.
- GIZ- LGP has facilitated a study trip for Inter-ministerial Committee to Jordan in July 2011. The purpose of the trip was to investigate the Jordanian automated system (with specific focus on the property tax module) in order to identify the feasibility of transforming the system to Palestine.

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<sup>7</sup> World Bank Municipal Finance and Service Provision Report Number 52437-GZ, January 26, 2010

- Based on the results of the investigation trip, MoF will request GIZ – Policy Advice and Reform Fund (PARF) to support the customized transformation of the system. PARF and MOP have to decide on MoF application. If positive, GIZ-PARF will be supporting the transformation of the system.

In addition to the above recent activities, GIZ-LGP has been closely working with the MDLF on developing and rolling out an integrated municipal financial and information management system (IFMIS) financed by Denmark (including asset registration and valuation, reforming municipal financial departments to implement modified accrual accounting system and introducing the unified chart of accounts, etc.)

- **USAID/Chemonics contribution**

USAID implemented<sup>8</sup> a capacity development project targeting nine PA ministries one of which was the Ministry of Finance through Chemonics when provided and completed the following activities in 2010:

- Renovated and fully equipped Property Tax Office in Hebron.
- Conducted comprehensive assessment of the department including action plan.
- Developed and implemented operating procedure manual, covering all services delivered, for the first time since the establishment of this department.
- Renovated and fully equipped Nablus Property Tax Office.
- Conducted comprehensive assessment of the level of technology used by all area offices. Clear recommendations for upgrading is reported to the senior management.
- Improved staff skills through conducting different training covering topics such as: customer service, management skills, behavioral skills etc.
- Conducted an awareness contributions campaign.
- Produced service guide to be used by citizens that is distributed to area offices all over the West Bank.

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## 4. Program Interventions

This Program is supported by the financing partners as mentioned earlier and will overall result in increased own source revenues for LGUs through updating the property valuation in all 134 municipalities in the West Bank and Gaza and expected new municipalities as a result of the ongoing amalgamation process implemented by the MDLF with generous funding from the Government of Denmark and Belgium in cooperation with MoLG.

The expected increased property tax collection are expected to substantially relief the budget deficits and constraints LGUs are facing that hinders their ability and capacity in obtaining a higher degree of decentralization on one hand and their financial sustainability and capacity in delivering better services to its constituencies on the other hand. Thus, the program outputs are interrelated and their complete achievement will enhance a pioneer own source revenue mechanism to decrease the dependency of the LGUs on the central PA funding (and external donors funding) and will empower their own economic independency, accountability and their constituencies local voice.

Actions will cover three years (2012-2014) and focus on supporting a comprehensive revision of the fragmented legal base for property tax, as well as unifying laws in Gaza and the West Bank. The development objective is to *increase own-source revenues for local governments* through allowing collection of property tax in all LGUs regardless of their status in terms of its classification (municipality or village council).

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<sup>8</sup> USAID/ Chemonics project activities will end by December 2011 and no clear information is available on future planned intervention.

Interventions thus aim at (a) allowing greater role for LGUs in property tax operations; and (b) developing the capacities of the General Directorate Property Tax (GDPT) staff in LGUs and the MoF to carry out property valuations and collections.

The support will target 134 municipalities (109 in the West Bank and 25 in Gaza) in developing their capacities to assume greater roles in property tax operations. This will principally involve allowing greater autonomy in collection to municipal level, with the MoF already having assented to this change in responsibility. Actions to achieve this will result in the following four outputs.

## **Program Outputs**

### **1. Capacity of property tax staff (MoF) and staff in 134 municipalities enhanced - for appropriate property valuation and tax collection leading to property revaluation in 109 municipalities**

Support to the MoF will target the property tax directorate general and its thirteen regional offices, which are based in the governorates in the oPt (12 in West Bank and 1 in Gaza). In addition, it will target staff of the municipalities concerned with property tax operations in empowering LGUs capacities in performing an active role.

In developing sustainable self capacities of the property tax staff, a training-of-trainers course for 20 MoF property tax staff was conducted for the trainers to deliver training in the four main regions: middle, north, and south of the West Bank and in Gaza. The training will address property valuation, tax management and collection; and public awareness on property tax. It will also be achieved through establishing six new and well equipped sub-governorate support offices through providing MoF with new valuers, data entry and collection staff.

For details on activities see Results and Resources Framework.

### **2. Institutionalized automated system of property tax**

Part of the existing property tax operations (including billing and archiving) are still performed manually. This delays operations and hinders accuracy. It also makes addresses difficult to locate and to bill. In response, support will be given to the design and installation of a coding system that contributes to the easy identification and referencing of properties and links to the billing system. This will be integrated in an automated system<sup>9</sup> which includes electronic archiving, computerized billing and computerized data base.

For details on activities see Results and Resources Framework.

### **3. Comprehensive analytical and diagnostic assessments and reports of own-source revenues developed.**

Centered on a comparison of the cost of statutory responsibilities with forecasts of revenues, this assessment will address the extent to which revenues constrain municipalities in fulfilling their duties. It will further assess ways in which revenues other than from property tax can be increased, identifying other possible sources of revenues and, in addition, possible modifications to tax systems. For example, education taxes may be reviewed.

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<sup>9</sup> It is worth noting that UNDP/Jordan has developed a similar system for the Jordanian Government. It is feasible to explore options whereby some content is transferred and thereby reducing time and cost.

For details on activities see Results and Resources Framework.

#### **4. New unified and modern legal frame that meets international standards established.**

This activity aims to develop a modernized and consistent legal frame for property tax that meets international standards. In order to do this, a national technical committee<sup>10</sup> will be formed from the MoLG, MoF, APLA, select LGUs' and the Local Governance Committee at the Palestinian Legislative Council (PLC) to design the legal framework. The main task of this committee is to develop national consensus on the property tax system and decide on the main issues of who will be responsible for valuation, collections and operations of the property tax. Once this is achieved, revised legislation will be drafted and ratified.

For details on activities see Results and Resources Framework.

#### **Exit Strategy**

This Program will provide technical assistance and capacity development to MoF and municipalities to enhance their capacities in property valuation and property tax collection as a main tool of own source revenues among others that will be identified as a result of the own source revenue assessment study. In addition, the new unified property tax legal frame will serve as the bases for the sustainability of the property tax reform and own source revenues mechanism. Thus it is anticipated that the product of this Program will bring in a lasting and sustainable basis for own source revenues that will lead to considerable financial independence of LGUs by 2014.

Moreover, the dependency of the GDPT on international financial support will be reduced through the considerable increase in property tax collections enabled as a result of this intervention in all municipalities in the oPt yet allowing new own source revenues for the newly upgraded municipalities in the oPt for the first time which is expected to genuinely contribute to reduce the current budget deficits for both MoF/GDPT and LGUs.

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<sup>10</sup> This matter needs to be negotiated in light of the new cabinet approved Inter-Ministerial Technical Committee of Financial Management for the Local Governance Sector. However, in order to maintain focus, it may be advantageous to have a specific committee concentrated solely on the property tax managed by the Director General of the Property Tax.

## 5. Results and Resources Framework

Intended Outcome as stated in the Country Programme Results and Resource Framework: Responsive governing institutions strengthened			
Outcome indicators as stated in the Country Programme Results and Resources Framework, including baseline and targets:			
1-	Number of municipalities where property tax is collected.		
2-	Percentage increase of property tax collection (revenues).		
3-	Automation of selected property tax operations, including property identification and billing.		
4-	Assessment of potential for own-source revenues for LGUs.		
5-	A new and unified Property Tax Law.		
6-	Collection of property tax is assigned to selected municipalities.		
Program title and ID (ATLAS Award ID): Increasing own-source revenues for Palestinian Local Governments PAL10_73971			
INTENDED OUTPUTS	OUTPUT TARGETS FOR (2012-2014)	INDICATIVE ACTIVITIES	RESPONSIBLE PARTIES
<p><b>Output 1:</b> Capacity of property tax staff (MoF) and staff in 134 municipalities enhanced - for appropriate property valuation and tax collection leading to property revaluation in 109 municipalities.</p> <p><b>Baseline:</b> Capacities of the property tax staff at MoF were designed to serve only 30 municipalities and capacities of municipalities in valuation and collection are weak.</p> <p><b>Indicators:</b></p> <ul style="list-style-type: none"> <li>▪ Number of property tax staff at MoF, municipal staff, and municipal officials trained on property tax operation</li> <li>▪ Satisfaction of training by participants (as evaluated through end-users surveys)</li> <li>▪ Properties are valued in new municipalities</li> <li>▪ Collection of property tax enabled in new municipalities.</li> </ul>	<p><b>Targets for Year One</b></p> <p>Capacity development of the property tax staff at MoF headquarters and twelve regional offices in property valuation, property tax collection and public awareness.</p> <p>Capacity development of 24 municipalities in property valuation and property tax collection.</p> <p><b>Targets for Year Two</b></p> <p>Capacity development of 40 municipalities in property valuation and property tax collection</p> <p><b>Targets for Year Three</b></p> <p>Capacity development of 45 municipalities in property valuation and property tax collection.</p>	<p>1.1. Establish the program implementation unit (for 3 years, including staff, transport, rental premise, security, communications, etc.)</p> <p>1.2. Conduct 10 training courses regarding valuation, collection, accounting, administration, and computer. (2 years).</p> <p>1.3. Conduct 15 (12 in WB &amp; 3 in Gaza) capacity development workshops for 134 municipalities on property valuation, property tax collection and public awareness.</p> <p>1.4. Recruit 10 property tax valuation field workers (2 years).</p> <p>1.5. Recruit program coordination officer to coordinate the joint activities by donors. (2 years)</p> <p>1.6. Establishment of new Ramallah property tax office</p> <p>1.7. Conduct 4 advanced capacity development training.</p> <p>1.8. Establish 6 new and well equipped sub-governorate offices in the WB and Gaza to</p>	<p>UNDP/Danida</p> <p>MoF/UNDP</p> <p>MoF/UNDP</p> <p>MoF/UNDP/Danida/JICA</p> <p>MoF/JICA</p> <p>JICA/MoF</p> <p>UNDP/MoF</p> <p>UNDP/Danida/MoF</p>
			<p>\$396,480.00</p> <p>\$100,000.00</p> <p>\$100,000.00</p> <p>\$156,000.00</p> <p>\$48,000.00</p> <p>\$20,000.00</p> <p>\$40,000.00</p> <p>\$180,000.00</p>

			support the main district offices. 1.9. Conduct 2 public awareness campaigns to promote the property tax valuation & collection.  1.10. M&E	UNDP/MoF  UNDP	\$140,000.00  \$4,812.50  <b>\$1,185,292.50</b>
<b>Total for output 1</b>					
<b>Output 2:</b> Institutionalized automated system of property tax. (Automation activities will be determined upon agreement between MoF and GIZ). <b>Baseline:</b> Property tax operations are partially computerized. <b>Indicators:</b>			2.1 Procure and install data base and computerized billing systems. 2.2 Conduct three training workshops on operating the three new software 2.3 Develop and operate an electronic archiving system. 2.4 Develop and operate a new properties coding system. (Automation activities will be determined upon agreement between MoF/UNDP and GIZ).	MoF/UNDP/GIZ  MoF/UNDP/GIZ  MoF/UNDP/GIZ  UNDP/MoF/MoLG/GIZ	\$280,000.00  \$50,000.00  \$100,000.00  \$470,000.00 (please note, this is an estimated budget figure may vary depending on the applicability of the system developed in Jordan)
<ul style="list-style-type: none"> <li>▪ Property tax data base installed.</li> <li>▪ Property tax billing system installed.</li> <li>▪ Property tax archiving system installed.</li> <li>▪ Properties' coding system developed.</li> </ul>	<p><b>Target for Year One</b> Development of the existing manual property tax operations to a partially computerized system.</p> <p><b>Targets for Year Two</b> Development and operation of new Electronic Archiving system.</p> <p><b>Targets for Year Three</b> Development and operation of properties' coding system.</p>		2.5 M&E	UNDP	\$4,812.5
<b>Total Output 2</b>					<b>\$904,812.5</b>

<p><b>Output 3:</b> Comprehensive analytical and diagnostic assessments and reports of own-source revenues developed.</p> <p><b>Baseline:</b> Own-source revenues of LGUs is not studied</p> <p><b>Indicators:</b></p> <ul style="list-style-type: none"> <li>▪ Assessment Report completed.</li> <li>▪ Recommendations for improved deployment of resources and responsibilities of LGUs development.</li> <li>▪ Development of detailed analytical report on the existing local tax regimes and rates.</li> <li>▪ Achievement of consensus on restructuring the own source revenues.</li> </ul>	<p><b>Targets for Year One</b> Conduct of analytical assessment on the own-source revenues for 134 municipalities.</p> <p>Preparation of comprehensive assessment report and recommendations.</p>	<p>3.1 Procure the services of a vendor to conduct the assessment studies on the existing own-source revenues.</p> <p>3.2 Conduct 9 national workshops on the main findings of the assessment reports.</p> <p>3.3 Develop recommendations for improved deployment of resources and responsibilities of LGUs.</p> <p>3.4 Detailed analytical report on the existing local tax rates in light of the overall Palestinian taxation system.</p> <p>3.5 Develop consensus on systematic and structure own- source revenues system for LGUs.</p> <p>3.6 Develop, print, and finalize the comprehensive diagnostic assessment report.</p> <p>3.7 M&amp;E</p>	<p>World Bank</p> <p>World Bank</p> <p>World Bank</p> <p>World Bank</p> <p>World Bank</p> <p>World Bank</p>	<p>\$60,000.00</p>
<p><b>Total Output 3</b></p>				<p><b>\$60,000</b></p>



<b>Output 4:</b>	<b>Targets for Year One</b>	4.1 Form a National Technical Committee to steer the activities in drafting a new property tax legal frame.	UNDP/MoF/MoLG/APLA/PLC	(consultative meetings and decision to form the committee)
New unified and modern legal frame that meets international standards established.	Consensus development among Palestinian counterparts on revisiting the existing property tax legal frame.	4.2 Conduct 3 national workshops (2 in the West Bank & 1 in Gaza) to develop consensus on the main components of the new property tax legal frame.	MoF/UNDP/Danida/MoL.G/APLA/PLC	\$15,000.00
<b>Baseline:</b>	<b>Targets Year Two</b>	4.3 Study international advanced property tax systems.	UNDP/Danida/MoF/MoL.G/APLA/PLC	\$20,000.00
The existing legal frame of property tax is old and fragmented.	Development and endorsement of a draft of the new legal frame for property tax.	4.4 Procure the services of a national legal expert for two years.(80 working days/year)	UNDP/Danida	\$40,000.00
<b>Indicators:</b>	Validation of the new unified and modern legal frame for property in oPt.	4.5 Conduct 3 workshops (2 in West Bank & 1 in Gaza) to discuss and finalize the draft of the new legal frame.	UNDP/Danida MoF/MoL.G/PLC/APLA	\$15,000.00
▪ Consensus development on the new property tax legal frame components amongst stakeholder.		4.6 Draft, endorse, finalize and print the new unified and modern legal frame.	UNDP/Danida MoF/MoL.G/PLC/APLA	\$20,000.00
▪ Endorsement of draft recommendations by the PA relevant institutions.		4.7 Conduct a media campaign/public awareness to promote the new property tax legal frame.	MoF/MoL.G/PLC/APLA/ UNDP/Danida	\$60,000.00
▪ PLC endorsement of the final new unified and modern property tax legal frame.		4.8 Conduct six (5 in WB & 1 in Gaza) induction workshops on the new legal frame for property tax.	MoF/MoL.G/PLC/APLA/ UNDP/Danida	\$20,000.00
		4.9 M&E	UNDP	\$ 4,812.50
		4.10 External Mid-Term Review.	UNDP/Danida	\$46,000.00
<b>Total for output 4</b>				<b>\$240,812.50</b>
<b>Total Estimated Budget</b>				<b>\$2,390,917.50</b>
<b>GMS 7%<sup>11</sup></b>				<b>\$167,364.25</b>
<b>Grand Total</b>				<b>\$2,558,281.75</b>

<sup>11</sup> GMS will be charged only on activities implemented through UNDP, other activities implemented directly by the donors will not be charged.

## 6. Annual Work Plan

### Year One

EXPECTED OUTPUTS And baseline, indicators including annual targets	PLANNED ACTIVITIES <i>List activity results and associated actions</i>	TIMEFRAME				RESPONSIBLE PARTY	PLANNED BUDGET		
		Q1	Q2	Q3	Q4		Funding Source	Budget Description	Amount
<b>Output 1</b> Capacity of property tax staff (MoF) and staff in 134 municipalities enhanced - for appropriate property valuation and tax collection leading to property revaluation in 109 municipalities  <b>Target:</b> <ul style="list-style-type: none"> <li>Capacity development of the property tax staff at MoF headquarters and twelve regional offices in property valuation, property tax collection and public awareness.</li> <li>Capacity development of 24 municipalities in property valuation and property tax collection.</li> </ul>	Establish the program implementation unit	X	X	X	X	UNDP/Danida	Operations Cost	\$132,160.00	
	Conduct 5 training courses regarding valuation, collection, accounting, administration, and computer.		X	X		MoF/UNDP	Contractual Services	\$50,000.00	
	Conduct 5 (4 in WB & 1 in Gaza) capacity development workshops for municipalities on property valuation, property tax collection and public awareness.			X	X	MoF/UNDP	Contractual Services	\$35,000.00	
	Recruit 10 property tax valuation field workers	X	X	X	X	MoF/UNDP/Danida	Contractual Services	\$78,000.00	
	Recruit program coordination officer to coordinate the joint activities by donors.	X	X	X	X	MoF/JICA		\$24,000.00	
	Establishment of new Ramallah property tax office	X	X	X	X	JICA/MoF		\$20,000.00	
	Conduct 2 advanced capacity development training.		X		X	UNDP/MoF	Contractual Services	\$20,000.00	
	Establish 3 new and well equipped sub-governorate offices in the WB to support the main district offices.		X	X	X	UNDP/Danida/MoF	Contractual Services	\$90,000.00	
	Conduct 1 public awareness campaign to promote the property tax valuation & collection.				X	UNDP/MoF	Contractual Services	\$70,000.00	
	M&E				X	PM/CTA		\$1,604	
<b>Output 2:</b> Institutionalized automated system	Procure and install data base and computerized billing systems.			X	X	MoF/UNDP/GIZ	Contractual Services	\$280,000.00	

<p>of property tax. (Automation activities will be determined upon agreement between MoF and GIZ).</p> <p><b>Target:</b> Development of the existing manual property tax operations to a partially computerized system.</p>	<p>Conduct three training workshops on operating the three new software</p> <p>M&amp;E</p>		X	X	MoF/UNDP/GIZ		Contractual Services	\$50,000.00
<p><b>Output 3:</b> Comprehensive analytical and diagnostic assessments and reports of own-source revenues developed.</p>	<p>Procure the services of a vendor to conduct the assessment studies on the existing own-source revenues (this will result in 3-5 diagnostics).</p> <p>Conduct 9 national workshops on the main findings of the assessment reports.</p> <p>Develop recommendations for improved deployment of resources and responsibilities</p> <p>Detailed analytical report on the existing local tax rates in light of the overall Palestinian taxation system.</p> <p>Develop consensus on systematic and structure own-source revenues system for LGUs.</p> <p>Develop, print, and finalize the comprehensive diagnostic assessment report.</p> <p>M&amp;E</p>	<p>X</p> <p>X</p> <p>X</p> <p>X</p> <p>X</p> <p>X</p> <p>X</p>	X	X	World Bank	World Bank	Contractual Services	\$60,000.00
<p><b>Target:</b></p> <ul style="list-style-type: none"> <li>• Conduct of analytical assessment on the own-source revenues for 134 municipalities.</li> <li>• Preparation of comprehensive assessment report and recommendations.</li> </ul>			X	X	World Bank	World Bank	Contractual Services	

<b>Output 4:</b> New unified and modern legal frame that meets international standards established.	Form a National Technical Committee to monitor the activities in drafting a new property tax legal frame.	X	X	X	UNDP/MoF/MoLG/APLA/PLC		(consultative and meetings and decision to form the committee)	
	Procure the services of a national legal expert. (80 working days/Year).	X	X	X	UNDP/Danida	Danida	Contractual Services	\$20,000.00
	Conduct 3 regional workshops to develop consensus on main amendments on the existing property tax legal frame.	X		X	MoF/UNDP/Danida/MoLG/APLA/PLC	Danida	Contractual Services	\$15,000.00
	Study international advanced property tax systems.	X		X	UNDP/Danida/MoF/MoLG/APLA/PLC	Danida	Contractual Services	\$20,000.00
	M&E			X	PM/CTA	Danida		\$2,406.25
<b>TOTAL</b>								<b>\$969,774.25</b>
<b>GMS7%</b>								<b>\$67,844.20</b>
<b>Grand Total</b>								<b>\$1,037,658.45</b>

**Year Two**

EXPECTED OUTPUTS And baseline, indicators including annual targets	PLANNED ACTIVITIES <i>List activity, results, and associated actions</i>	TIMEFRAME				RESPONSIBLE PARTY	PLANNED BUDGET		
		Q1	Q2	Q3	Q4		Funding Source	Budget Description	Amount
<b>Output 1:</b> Capacity of property tax staff (MoF) and staff in 134 municipalities enhanced - for appropriate property valuation and tax collection leading to property revaluation in 109 municipalities.	Establish the program implementation unit  Conduct 5 training courses regarding valuation, collection, accounting, administration, and computer.  Conduct 5 (4 in WB & 1 in Gaza) capacity development workshops for municipalities on property valuation, property tax collection and public awareness.	X	X	X	X	UNDP/ Danida	Operations Cost	\$132,160.00	
					UNDP/MoF	Contractual Services	\$50,000.00		
					UNDP/MoF	Contractual Services	\$35,000.00		
<b>Target:</b> Capacity development of 40 municipalities in property valuation and property tax collection	Recruit 10 property tax valuation field workers  Recruit program coordination officer to coordinate the joint activities by donors.  Conduct 2 advanced capacity development training.  Establish 3 new and well equipped sub-governorate offices in the WB to support the main district offices.  Conduct 1 public awareness campaign to promote the property tax valuation & collection.  M&E	X	X	X	X	MoF/JICA	Contractual Services	\$78,000.00	
					MoF/JICA	Contractual Services	\$24,000.00		
					UNDP/MoF	Contractual Services	\$20,000.00		
					UNDP/Danida/MoF	Contractual Services	\$90,000.00		
					UNDP/MoF	Contractual Services	\$70,000.00		
					PM/CTA		\$1,604		
<b>Output 2:</b> Institutionalized automated system of property tax (Automation activities will be determined upon agreement between MoF and GIZ).	Develop and operate an electronic archiving system.		X			MoF/UNDP/GIZ	Contractual Services	\$100,000.00	

<p><b>Target:</b> Development and operation of new Electronic Archiving system.</p>	M&E				X	PM/CTA			\$1,604
<p><b>Output 4:</b> New unified and modern legal frame that meets international standards established.</p>	<p>Form a National Technical Committee to monitor the activities in drafting a new property tax legal frame</p>	X	X	X	X	UNDP/MoF/MoLG/APLA/PLC		(consultative and meetings and decision to form the committee)	
<p><b>Target:</b> • Development and endorsement of a draft of the new legal frame for property tax. • Validation of the new unified and modern legal frame for property tax in oPt</p>	<p>Procure the services of a national legal expert. (80 working days/Year)</p>	X	X	X	X	UNDP/Danida	Danida	Contractual Services	\$20,000.00
	<p>Conduct 3 workshops (2 in West Bank &amp; 1 in Gaza) to discuss and finalize the draft of the new legal frame.</p>	X	X	X	X	UNDP/Danida/MoF/MoLG/PLC/ APLA	Danida	Contractual Services	\$15,000.00
	<p>Draft, endorses, finalize and print the new unified and modern property tax legal frame.</p>				X	UNDP/Danida/MoF/MoLG/PLC/ APLA	Danida	Contractual Services	\$20,000.00
	<p>Conduct a media campaign/public awareness to promote the new property tax legal frame.</p>				X	UNDP/Danida/MoF/MoLG/PLC/ APLA	Danida	Contractual Services	\$60,000.00
	<p>Conduct six (5 in WB &amp; 1 in Gaza) induction workshops on the new legal frame for property tax.</p>				X	UNDP/Danida/MoF/MoLG/PLC/ APLA	Danida	Contractual Services	\$20,000.00
	M&E		X		X	PM/CTA	Danida		\$2,406.25
	External Mid-term		X			UNDP/Danida	Danida	Contractual Services	\$46,000.00
<b>TOTAL</b>									\$785,774.25
<b>GMS 7%</b>									\$55,004.20
<b>Grand Total</b>									\$840,778.45

**Year Three**

EXPECTED OUTPUTS <i>And baseline, indicators including annual targets</i>	PLANNED ACTIVITIES <i>List activity results and associated actions</i>	TIMEFRAME				RESPONSIBLE PARTY	PLANNED BUDGET	
		Q1	Q2	Q3	Q4		Funding Source	Amount
<b>Output 1:</b> Capacity of property tax staff (MoF) and staff in 134 municipalities enhanced - for appropriate property valuation and tax collection leading to property revaluation in 109 municipalities.	Establish the program implementation unit  Conduct 5 (4 in WB & 1 in Gaza) capacity development workshops for municipalities on property valuation, property tax collection and public awareness.	X	X	X	X	UNDP	Operations Cost	\$132,160.00
<b>Target:</b> Capacity development of 45 municipalities in property valuation and property tax collection.	M&E		X		X	PM/CTA		\$1,604.00
<b>Output 2:</b> Institutionalized automated system of property tax. (Automation activities will be determined upon agreement between MoF and GIZ).	Develop and operate a new properties coding system.	X	X	X	X	UNDP/MoF/MoLG/GIZ	Contractual Services	\$470,000.00
<b>Target:</b> Development and operation of properties coding system.	M&E		X		X	PM/CTA		\$1,604.00
<b>TOTAL</b>								\$635,368.00
<b>GMS7%</b>								\$ 44,475.76
<b>Grand Total</b>								\$679,843.76

## Risks and Challenges

Despite full back up to the Program by the MoF and all financing partners and other agencies the Program is faced with the risk of the continuous geopolitical separation between the West Bank and Gaza and the lack of a functioning PLC will remain as a major risk with relation to the endorsement of the new unified legal frame. The West Bank and Gaza property tax still valid laws are Jordanian and Egyptian respectively for decades and since the presence of the PA, Palestinian people and government have been genuinely eager to unify the oPt and the laws which will contribute to mitigating the previously mentioned major risk.

However, this could also be mitigated by two alternatives; the first, is that the two governments in the West Bank and in Gaza will agree to apply the foreseen unified property tax law regardless of the geopolitical separation. The other alternative is the application of the law only in the West Bank in a Presidential decree form, and the continuation of the LGUs in Gaza to collect their own source revenues directly.

In addition, the lack of trust of the citizens in the expenditure performance of the LGUs or and MoF might hinder them from their paying their financial commitments which could affect the degree of the revenue level and consequently decrease the quality and even the quantity of the service delivery to the citizens.

However, the mitigation of the citizens' lack of responsiveness will be addressed in increasing their public awareness of the importance of paying the property tax by creative initiatives of the MoF and the LGUs in implementing concrete projects and name them after the property tax payers which will bring in the visibility and the ownership of the tax payers to these projects and accordingly encourage them to pay the property tax. Also the Municipal Development Programme will actively work on citizens' surveys on service delivery; surveys which could increase willingness to pay property tax.

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## 7. Management Arrangements

A Program Steering Committee (PSC) will be established to coordinate the joint activities and ensure the quality assurance of the program outputs, timely and quality reporting on the program activities<sup>12</sup>. In addition, the PSC will approve annual work plans and budgets and will endorse consultants' ToR. The PSC will be chaired by MoF and UNDP will serve as secretariat. Moreover, all financing partners donor will be represented in the PSC as well as other national authorities as and when needed.

### *UNDP Comparative Advantage*

UNDP has substantial experience in supporting local governance in the oPt from 1994 onwards, when PAPP designed and successfully implemented the Local Rural Development Programme (LRDP 1994-2004). The LRDP successfully created, and supported the development of Joint Councils for Services, Planning and Development (JCSPD).

In 2003, UNDP supported the work of the Reform Support Group for local governance. This was a donor forum for reform of local governance and was based on a diagnostic report and a reform action plan prepared by UNDP. In 2009, UNDP updated the diagnostic report, thereby providing the basis for the development of a strategy for local governance and an action plan for implementation.

Through its Local Governance Support Programme, UNDP provides, technical assistance in increasing revenues for LGUs, capacity development, developing a decentralized model for LGUs in contributing to local economic development and transparency and accountability.

### *Implementation modalities*

Under the overall steering, guidance and management of the Steering Committee, donor partners will directly implement their own agreed upon activities as articulated in the Results Resource Framework of this document while the MoF will ensure coordination of all activities in addition to joint semiannual reporting while an External Mid-term Review will be conducted jointly with all donor partners and stakeholders aiming at providing a stocktaking of progress, obstacles and lessons learnt and determining the way forward in the program lifecycle towards achieving its

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<sup>12</sup> A Draft ToR for the Program Steering Committee will be presented to the MoF and financing partners before the first PSC meeting. The ToR will be agreed during that first PSC meeting.



set outputs. UNDP delivers through the Direct Execution (DEX) modality which will be the mechanism for the implementation of this Program. The DEX modality, which takes into account the institutional capacities, the legal setting and evolving situational context, UNDP works in partnership with national authorities, civil society, private sector, the international community and UN sister agencies. On the ground progress monitored by a project manager who will be recruited through UNDP Human Resources Unit and according to the Organization's Human Resources rules and regulations. The project manager will work under the supervision of a UNDP/PAPP Chief Technical Advisor who is also a local governance expert.

### ***Planning and Management of Activities***

The project manager will run the program components on a day-to-day basis within the constraints laid down by the Steering Committee and under the direct guidance and supervision of an assigned Chief Technical Advisor / Local Governance Expert. With support of his/her subordinates, the project manager will be responsible for day-to-day management and decision-making for the program component under his/her management mandate. The project manager's prime responsibility is to ensure that the Program produces the results specified in the program document to the required standard of quality and within the specified constraints of time and cost. The program support will be provided by current UNDP/PAPP administrative and program staff. The Steering Committee will assume the role of program quality assurance.

### ***Program Communication Strategy***

Effective communication with all stakeholders (Government, UNDP, financing partners, beneficiaries), is fundamental to the program's success.

Information and communication needs of the stakeholders relative to the progress of the program will be determined and highlighted as a communications plan/matrix. The project manager, with the help of the communications unit will be able to develop and complete the plan. Communications aspects will then be budgeted for where appropriate.

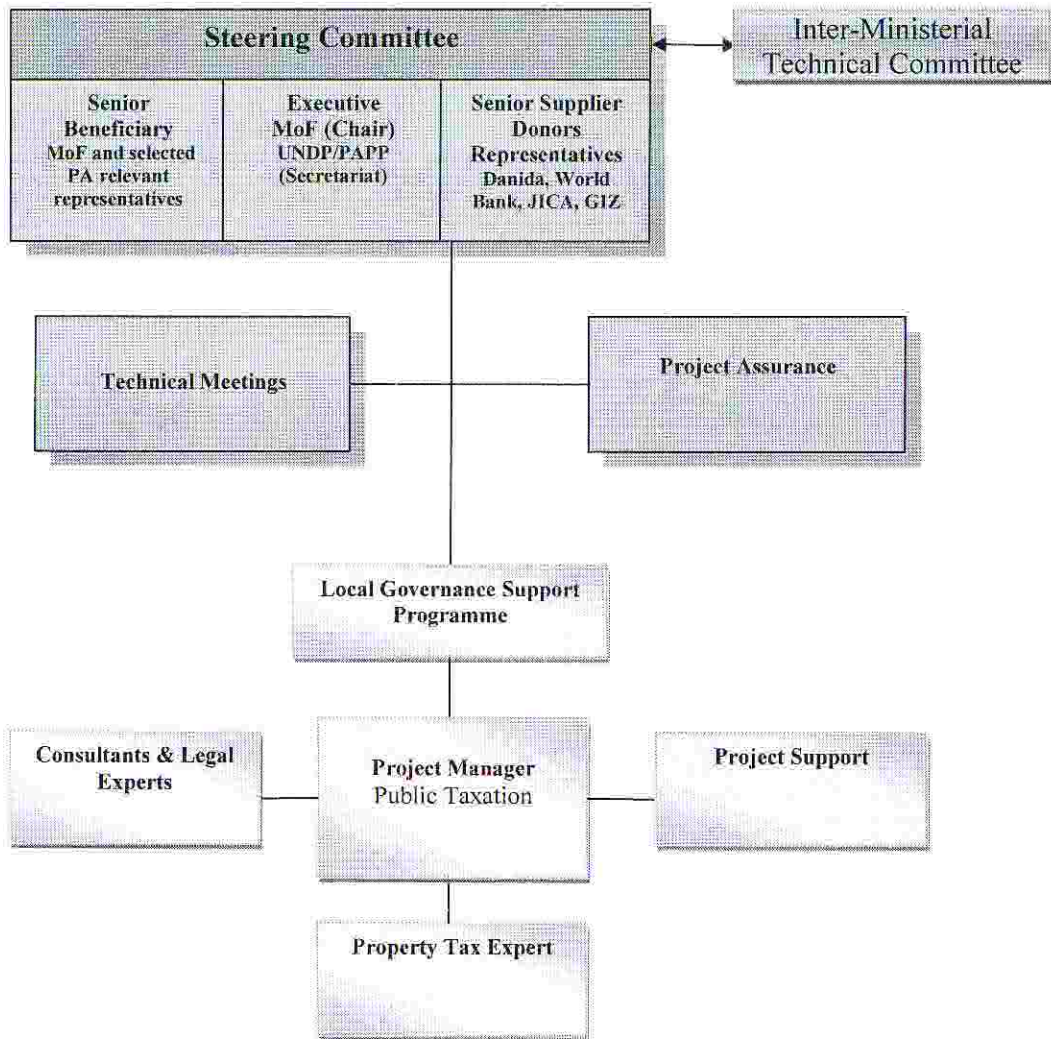
The plan will identify the means/medium and frequency of communication between the different stakeholders. It will include: List of stakeholders and their information requirements, Communication mechanisms to be used (such as written reports, press releases, workshops, frequency and information collection and collation, roles and responsibilities of key individuals responsible for ensuring communication is adequate and timely.

### ***Program oversight and assurance***

The PSC is responsible for making management decisions on a consensus basis for the Program when guidance is required by the project manager and/or MoF and financing partners, including recommendations for approval of program revisions. Program semiannual and annual reviews by the PSC are made at designated decision points during the running of the Program, or as necessary when raised by the project manager and/or the PSC. The PSC is consulted by the project manager for decisions when program tolerances (i.e. constraints normally in terms of time and budget) have been exceeded. The Steering Committee will convene semi-annually, in the West Bank (and Gaza Strip as the situation permits).

Program assurance for this Program will be delegated responsibility of the PSC. The program assurance role supports the Steering Committee by carrying out regular objective and independent program oversight and monitoring functions. It ensures that appropriate program management milestones are managed and completed. The following chart explains the program organization structure:

**Program Organization Structure**



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## 8. Monitoring Framework and Evaluation

- *General provisions*

Under the supervision of the Chief Technical Advisor-Local Governance, the project manager will prepare a Communication and Monitoring plan (C&M plan) in support of program objectives with details on external and internal monitoring and communication activities. The project manager will need to ensure adequate monitoring of all program activities and should draw on counterparts' resources for activity monitoring in a bid to strengthen capacities in this regard.

The contribution of achieved program outputs to the intended outcome will be monitored by the UNDP/PAPP Governance Team in close connection with the Gaza Office Programming Team. Provisions for program evaluation in support of lessons learned in the implementation should be taken into consideration. The Project Board should make recommendations for the application of such an evaluation, building on dialogue with local stakeholders.

- *Regular monitoring activities*

On a semiannual basis, a quality assessment shall record progress towards the completion of key results, based on quality criteria and methods captured in the Quality Management table below. An Issue Log shall be activated in Atlas and updated by the project manager to facilitate tracking and resolution of potential problems or requests for change.

A risk log shall be activated in Atlas and regularly updated by reviewing the external environment that may affect the program implementation.

Based on the above information recorded in Atlas, a Semiannual Progress Reports (SPR) shall be submitted by the project manager and the MoF to the PSC, using the standard Danida Progress Reporting format (semi-annual and annual).

A Program Lesson-learned log shall be activated and regularly updated to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the Lessons-learned Report at the end of the Program. A Monitoring Schedule Plan shall be activated in Atlas and updated to track key management actions/events

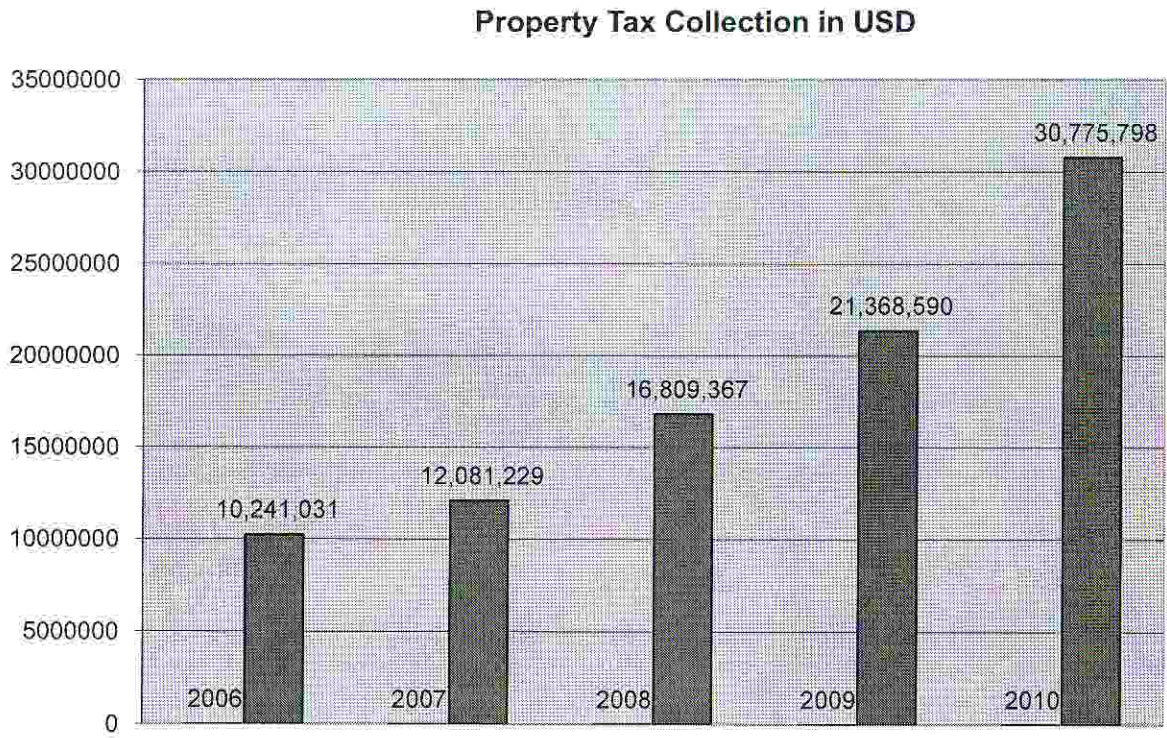
- *Annual Monitoring and Evaluation activities*

An annual Progress Report shall be prepared by the project manager and shared with the PSC. As minimum requirement, the annual Progress Report shall meet the signed Agreement with Danida (and also consist of the Atlas standard format for the SPR covering the reporting period with updated information for each above element of the SPR as well as a summary of results achieved against pre-defined targets at the output level). The Program will also undergo external financial audits.

Based on the semiannual and annual reports, a midterm and annual program review shall be conducted during the second and last quarter of each year or soon after, to assess the performance of the program and appraise the Work Plan for the next year. In the second year, this review will be a final assessment. This review is driven by the steering committee and external evaluators, PSC may involve other stakeholders, as required. It shall focus on the extent to which progress is being made towards outputs, and that these remain aligned to appropriate outcomes.

**Annex I:**

**Chart: Property Tax Collections (2006-2010)**





**UNDP/ PAPP**  
**Program Risk Assessment**

<b>TITLE</b>	<b>Increasing Own-source Revenues for Palestinian Local Governments</b>
<b>PROGRAMME MANAGER</b>	Chief Technical Adviser – Imad Saed Project Manager – Sakher AlAhmad
<b>OUTCOME</b>	<b>Own-source revenues for Palestinian Local Governments enhanced.</b>
<b>EXPECTED OUTPUTS/Benefits</b>	<ol style="list-style-type: none"> <li>1. Capacity of property tax staff (MoF) and staff in 134 municipalities enhanced - for appropriate property valuation and tax collection leading to property revaluation in 109 municipalities.</li> <li>2. Institutionalized automated system of property tax</li> <li>3. Comprehensive analytical and diagnostic assessments and reports of own-source revenues developed.</li> <li>4. New unified and modern legal frame that meets international standards established.</li> </ol>
<b>DURATION/ Implementation Dates</b>	36 months January 2012 – December 2014
<b>LOCATION</b>	West Bank Security Level: Substantial Gaza Security Level: Substantial Existing UNDP/PAPP embedded offices to be utilized
<b>Extent other projects dependent on project's continued implementation</b>	Negligible
<b>Project Status</b>	Awaiting approval, additional staff to be recruited as project progresses.
<b>ADDITIONAL STAFF</b>	1
<b>DUTY STATION</b>	Ramallah
<b>CRITICALITY*</b>	Essential
<b>PROGRAMME RESIDUAL RISK</b>	WB: Medium Gaza: Medium to High

*\*Programme Criticality:*

- *Essential*
- *Critical*
- *Extreme*

*To be determined by UNDP*

## West Bank Risk Analysis

Threat Factors	Programme Activities Affected by Threat Scenarios	Vulnerabilities	Security Risk Analysis			Residual Risk
			Threat Likelihood	Threat Impact	Risk Level	
<b>Armed Conflict</b>	<ul style="list-style-type: none"> <li>* PA militants are heavily armed.</li> <li>* Availability of arms and ammunitions allow any individual to be a significant threat.</li> <li>* IDF operations and settlers activities.</li> <li>* Unresolved internal conflicts.</li> <li>* Palestinian arena is influenced by different regional and international powers</li> </ul>	<ul style="list-style-type: none"> <li>* Volatile and unpredictable security and political situation.</li> <li>* Palestinian internal conflicts.</li> <li>* Availability of weapons, ammunitions and explosive materials.</li> <li>* Large UN foot prints in WB.</li> <li>* Different agendas of regional and international powers.</li> <li>* Missions can only be conducted by roads.</li> <li>* Wrong place wrong time.</li> </ul>	<b>Likely</b>	<b>Moderate</b>	<b>High</b>	<p><b>Recommended Mitigating Measures</b></p> <ul style="list-style-type: none"> <li>* Only MOSS compliant field vehicles are used when travelling in the West Bank.</li> <li>* Helmets and flack jackets for SMs in WB.</li> <li>* Mission tracking and security clearance protocols in place.</li> <li>* Specific roads and routes have been identified for UN use.</li> <li>* West Bank road travel protocols in place.</li> </ul> <p style="text-align: center;"><b>Medium</b></p>
<b>Terrorism</b>	<ul style="list-style-type: none"> <li>* Extremist elements do exist in WB.</li> <li>* The dramatic emergence of the salafist groups (Al Qaida affiliated or sharing the same ideology) in Gaza is indicative and reason of growing concern..</li> <li>* Availability of</li> </ul>	<ul style="list-style-type: none"> <li>* Some UN offices located in either PNA or residential buildings where WB MOSS cannot be fully met.</li> <li>* Volatile and unpredictable security and political situation.</li> <li>* Palestinian internal</li> </ul>	<b>Moderately Likely</b>	<b>Critical</b>	<b>High</b>	<p><b>Recommended Mitigating Measures</b></p> <ul style="list-style-type: none"> <li>* Trained security guards.</li> <li>* Premises access control protocols.</li> <li>* Office safe haven identified.</li> <li>* JSCO and ECS.</li> </ul> <p style="text-align: center;"><b>Medium</b></p>

## West Bank Risk Analysis

Threat Factors	Programme Activities Affected by Threat Scenarios	Vulnerabilities	Security Risk Analysis			Residual Risk	
			Threat Likelihood	Threat Impact	Risk Level		
							Threat Likelihood
	<p>weapons and explosive materials.</p> <ul style="list-style-type: none"> <li>* UN has been identified by Al Qaida leaders and prominent figures as a legitimate target.</li> <li>* No clear indications of AQ presence in WB however the threat should be considered as a potential one.</li> </ul>	<p>conflicts.</p> <ul style="list-style-type: none"> <li>* Availability of weapons, ammunitions and explosive materials.</li> <li>* Large UN foot print in WB.</li> <li>* Different agendas of regional and international powers.</li> <li>* Missions can only be conducted by roads.</li> <li>* Wrong place wrong time.</li> </ul>				<p>* Mission tracking protocols.</p> <p>* Protective gear.</p> <ul style="list-style-type: none"> <li>* Only MOSS compliant vehicles permitted in WB.</li> <li>* WB MOSS and specific security mitigating measures.</li> </ul>	
<b>Civil Unrest</b>	<p>Small and large demonstrations or strikes triggered by anti-government, anti Israeli and IDF practices, political, economic, religious and internal conflict motives.</p> <ul style="list-style-type: none"> <li>* Carrying fire arms and shooting in the air is a common means of protest.</li> <li>* Locations are mainly downtown WB cities, and the vicinity of UN premises, but occasionally may be in front of UN premises.</li> <li>* Protests have potentials for blocking</li> </ul>	<ul style="list-style-type: none"> <li>* Volatile and unpredictable security and political situation.</li> <li>* Palestinian internal conflicts.</li> <li>* Availability of weapons, ammunitions and explosive materials.</li> <li>* Large UN foot print in WB.</li> <li>* UN activities cover almost every aspect of Palestinian people daily life.</li> </ul>	<b>Likely</b>	<b>Moderate</b>	<b>High</b>	<ul style="list-style-type: none"> <li>* Trained security guards.</li> <li>* Premises Access control protocols.</li> <li>* Office Safe haven identified.</li> <li>* First aid kits and fire extinguishers in offices.</li> <li>* Premises fire /evacuation plan in place and exercised bi annually.</li> <li>* JSCO and ECS</li> </ul> <p style="text-align: center;"><b>Medium</b></p>	

## West Bank Risk Analysis

Threat Factors	Programme Activities Affected by Threat Scenarios	Vulnerabilities	Security Risk Analysis			Residual Risk	
			Threat Likelihood	Threat Impact	Risk Level		
	or attacking UN premises, who are directly or indirectly associated with subject of the demonstration.						
<b>Crime</b>	<ul style="list-style-type: none"> <li>* WB is generally safe; however, high unemployment, poverty and economic situation contributed to the increased incidents of house / office break-ins, auto break-ins, auto thefts.</li> </ul>	<ul style="list-style-type: none"> <li>* Wrong place wrong time.</li> <li>* Absence of sufficient / reliable law enforcement services.</li> <li>* Low personal security awareness.</li> </ul>	<b>Likely</b>	<b>Minor</b>	<b>Medium</b>	<ul style="list-style-type: none"> <li>* Avoid leaving vehicles unwatched, and unguarded and badly lit locations.</li> <li>* Attending personal security training and maintaining vigilance in its application.</li> <li>* Situational awareness always.</li> </ul>	<b>Low</b>
<b>Hazards</b>	<ul style="list-style-type: none"> <li>UN staff and internationals were subject to traffic accidents</li> <li>* Lack of fire alarm and fighting equipments in most buildings.</li> <li>* Serious lack of emergency exits in buildings design.</li> <li>* Aged and poorly maintained buildings are prone to electrical</li> </ul>	<ul style="list-style-type: none"> <li>* Missions can only be conducted by road.</li> <li>* Hard terrain.</li> <li>* Roads serving Palestinians only are in poor conditions.</li> <li>* Some of fires co-located in public/ government buildings where full MOSS compliance is difficult to achieve.</li> <li>* Limited capability of civil defence fire fighting resources</li> </ul>	<b>Moderately Likely</b>	<b>Critical</b>	<b>High</b>	<ul style="list-style-type: none"> <li>* No travel in WB after dusk.</li> <li>* WB road travel protocols in place.</li> <li>* Defensive drivers' training.</li> <li>* Only/MOSS compliant field vehicles used to travel within WB.</li> <li>* Trauma and First aid training.</li> </ul>	<b>Medium</b>



## West Bank Risk Analysis

Threat Factors	Programme Activities Affected by Threat Scenarios	Vulnerabilities	Security Risk Analysis			Recommended Mitigating Measures	Residual Risk
			Threat Likelihood	Threat Impact	Risk Level		
	<p>fire hazard.</p> <p>* WB is within a geological zone that is seismically active</p>	<p>* Earthquakes cannot be predicted and almost impossible to mitigate against their physical impact.</p> <p>* Even the most robust buildings will not withstand or provide total protection to major earthquake activity. Majority of buildings in WB are not built to</p>					

GAZA Risk Analysis									
Threat	Situation	Assessment	UN Weaknesses	UN Strengths	Impact	Likelihood	Risk Level	Risk	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
<b>Armed Conflict:</b>									
<b>1. IDF Air Attack</b>	IDF Air strike of Militant Trg Areas, HSF installations & militants in border zone routine.	Gaza is at Security Level IV. Agencies therefore conduct Emergency or Humanitarian relief ops. Such ops require staff to enter areas where there is conflict or tension.	Border Force levels and dispositions remain at pre-conflict levels. Conditions remain unpredictable. Militant attacks on IDF patrols commonplace.	UNRWA and UNSCO installations were collaterally damaged during conflict. Intentional targeting of UN Unlikely	Current likelihood of collateral damage has reverted to pre-conflict levels.	UN liaison with IDF remains cordial and effective.	High	Liaison - Maintain Liaison with IDF - Notify IDF of UN presence in IDF cleared areas - Pass GPS Locations on UN complexes and residences to IDF Protection - Flak Jackets and Helmets issued - Compound protection inc. SRF - SRF on residences Information Gathering - AOO information system Information dissemination - 24/7 Communications Radios and	Medium
<b>2. IDF Tank Fire</b>	Individual IDF soldiers may be subject to anti UN rhetoric and a shooting of a UN staff member has not been fully investigated.	UN system has facilities spread throughout the Strip in all areas; facilities and staff therefore are under threat.	The small area of the Strip together with the level of activity means that staff are never far from armed activity.	UN liaison with IDF remains cordial and effective.	Highly visible staff and vehicles.	Security Level IV imposed. All UN staff completed			
<b>3. IDF HMG</b>	Routine targeting of persons approaching >300m fm border.								
<b>4. IDF Small Arms</b>									

		<p>WFP have facilities in Khan Younis and Rafah. They also have a warehouse near Kami that has been caught in crossfire.</p> <p>Other agencies are based in Gaza City but required to travel throughout the Strip.</p> <p>Rocket/Mortar strike causing casualties is very likely to provoke disproportionate IDF response; by air in the first instance. Large scale ground incursion assessed unlikely at this time.</p> <p>Hamas SF capacity to protect UN staff &amp; facilities is increasing. The Minister of Interior has directed robust exercise of authority and influence; police capacity</p>	<p>used as platform/screen for attack on IDF</p> <p>Remote controlled Drone Air Attack unpredictable. No strike in Gaza City during reporting period.</p> <p>Erez is only crossing option in and out of Strip</p> <p>IDF internal liaison chain is tenuous.</p> <p>IDF have in past ignored presence of UN markings on buildings.</p>	<p>interactive UN security training CDs.</p>	<p>mobiles to Staff</p> <ul style="list-style-type: none"> <li>- All vehicles fitted with radios</li> <li>- Daily briefs</li> <li>- Movement Control</li> <li>- Security Clearances</li> <li>- Minimise Movement</li> <li>- Movement limited at night</li> <li>- SOP</li> <li>- Evacuation</li> <li>- Gaza Area - Security Plan</li> <li>- Bunkers and safe rooms.</li> <li>- DSS maintains effective liaison with Hamas to ensure safety and security of the staff and operations during such situations.</li> <li>- Security Level IV environment, failure to comply with security policy reported immediately to heads of agency corrective action</li> <li>Phase IV MOSS standards are in place and established.</li> <li>Agencies, funds and programs complied fully with CEMU MOSS</li> </ul>
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		continues to improve throughout strip under the guidance of Chief of Po IDF				inspection findings & requirements as at 02Feb09
<p><b>5. Militant/Criminal Small Arms</b></p>	<p>The militants' activity occurs daily and their activities are not predictable</p> <p>HMR and 81mm Mortar fire routinely.</p> <p>Increase in firing 122mm "Grad" Rockets.</p> <p>The threat is increasing at night as the most dangerous and devastating attacks take place under cover of darkness.</p>	<p>routinely conduct localised incursions in order to neutralise IED and to clear covered approaches to border fence.</p> <p>Militants often retaliate with Mortars; IDF respond with direct fire, often from tanks.</p>	<p>Militants under pressure have been known to use UN facilities as cover.</p> <p>IDF routinely conduct localized incursions in order to neutralize IED and to clear covered approaches to border fence.</p> <p>Militants often retaliate with Mortars; IDF respond with direct fire, often from tanks.</p> <p>Visitors to Gaza vary in adherence to the procedures. In particular the carriage of helmets and flak jackets; holding and using VHF radios; notification of movement, escort by staff with security</p>	<p>Good information on static and temporary positions</p> <p>Organized Militants would avoid UN.</p> <p>UN International Staff all live in the Rimal area of Gaza City, which is relatively calm.</p> <p>UN staff do not move closer than 1km to the border without advance clearance. 2 Hardened vehicles are required.</p> <p>In general UN Staff based in Gaza are good at adhering to the security policies and procedures.</p>		<p>Level IV Gaza-Specific MOSS, MORSS.</p>
<p><b>7. Militant IED</b></p>	<p>Militants may seek to exploit conditions of limited visibility to emplace IED targeting IDF border patrol routes</p>					

					briefing or attending a visitor's brief.				
<b>Civil Unrest:</b>									
<b>8. Demos &amp; Riots</b>	Civil unrest and riots not evident during reporting period. Peaceful demonstrations an accepted element of Gazan political culture. French Foreign Minister was attacked in Gaza in January 2011. However, it was an isolated incident, connected with contradictory the political statement of the French Minister.	Food aid is distributed to groups at risk				Medium	Unlikely	Low	Very Low
<b>Crime:</b>									
<b>9. Theft, Robbery House and Car Break-ins</b>	In the overwhelming majority of post-conflict environments criminality rises.	Likelihood unchanged from pre-conflict period.	Depressed economic conditions increase likelihood of opportunistic	De facto security apparatus effective in maintenance of public order.		Moderate	Very Unlikely	Very Low	Very Low

	To date not evident in Gaza.		crime. UN staff & resources represent high-value targets.						
<b>Hazards:</b>									
<b>10. Traffic Accidents</b>	Staff movement is conducted entirely in vehicles.	Increased humanitarian traffic could result in increases in the near term.	Local population may not be so disciplined in following traffic rules.	UN staff drivers advised to follow traffic rules, also mission tracking rules. The vehicles remain in good condition.	<b>Moderate</b>	<b>Unlikely</b>	<b>Low</b>	<p>Hamas traffic police effective, maintain high visibility.</p> <p>Security Standing Procedures. Restrict movement after last light.</p>	<b>Very Low</b>
<b>11. H1N1</b>	<p>Threat is Seasonal.</p> <p>Gaza strip in path of major fly-way for migratory birds and vulnerable to cross-border virus transmission.</p> <p>Pilgrims vulnerable to infection at crowded pilgrimage sites, resulting in cross-border transmission on return.</p>	<p>WHO reported that until 31Jan10, (264) cases of H1N1 influenza are confirmed; (10) fatalities amongst patients immune compromised to a certain degree reported.</p> <p>PA/MoH has agreed to provide the pandemic influenza A (H1N1) 2009 vaccine to all UN and INGO staff and their dependents</p>	High population density and closed borders serve to increase likelihood of localized epidemic.	<p>Strengthened public health capacity of MoH.</p> <p>UN access to dedicated prophylactic and treatment resources.</p>	<b>Moderately Likely</b>	<b>Moderate</b>	<b>Moderate</b>	<p>Increased MoH organic capacity and dedicated Tamiflu stocks maintained by UN reduce likelihood to <i>Very Unlikely</i>.</p>	<b>Very Low</b>

<p><b>12. Natural Disaster.</b></p>	<p>Inundation./Flood Threat is seasonal. Region subject to flash-floods.</p> <p>Earthquake: Gaza is within a geological zone that is seismically active. 3 earthquakes (EQ) &gt;4.0 RS recorded in Region 2009.</p>	<p>living and working in the West Bank and Gaza. This includes area staff.</p> <p>Restricted road mobility &amp; distribution site inundation obstruct timely materiel delivery to beneficiaries.</p> <p>EQ cannot be predicted with accuracy. Physical impact difficult to mitigate Few if any bldg in Gaza are earthquake resistant .</p>	<p>Collapsed drainage and sewerage infrastructure delay out-flow. National staff residences affected.</p> <p>Staff safety &amp; security awareness regularly reinforced with advisories. Office emergency /evacuation plans. UN-country security plan.</p>	<p>Inundation localized. Effective Civil Defence response capability.</p>	<p>Level IV MOSS. UN emergency programme, temp shelters, materiel and resources mitigate impact.</p> <p>Ensure continuing MOSS &amp; MORSS compliance. ETB trg for SFP &amp; First aid training recommended to all staff. Maintain emergency food, water, medicine, tools and clothing at office and at home. Each agency to check their premises for resilience to earthquakes.</p>	
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<p><b>13. UXO</b></p>	<p>IDF used multiple different kinds of munitions in Gaza. UNMAS UXO specialists have completed assessment of the UXO threat.</p>	<p>UNMAT assess no significant UXO threat to UN staff in the normal conduct of their duties.</p> <p>Gaza MOSS requires that all international staff travel be in B6 Hardened Vehicles with escort</p> <p>In line with DO and SMT decisions, Security clearances for overnight stays will be granted subject to the vehicle lift capacity in their agency hardened vehicles inside Gaza calculable at 4 staff per vehicle, excluding driver.</p> <p>Agencies with staff in Gaza, already in excess of their total lift capacity in hardened cars will have to either reduce their staff</p>	<p>Misappropriation by militant elements in order to extract remnant explosives and/or convert to IED.</p>	<p>No significant UXO threat to UN staff in the normal conduct of their duties.</p> <p>UNMAT providing training support to UN staff. Their training packages are effective, adapted to local conditions and presented in English and Arabic.</p>	<p><b>Critical</b></p>	<p><b>Moderately Likely</b></p>	<p><b>High</b></p>	<p>Prior to field deployment staff receive briefing on hazards common to post-conflict environments e.g. UXO and structurally damaged buildings.</p>	<p><b>Medium</b></p>
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<p><b>15. Kidnapping</b></p>	<p>Hostage taking an effective means of significantly disrupting UN staff and programs. And of discrediting de facto Authorities.</p>	<p>Deployment of increased number of staff members from different agencies for emergency humanitarian operations</p>	<p>or small cell determined to create terror. Explosives widely available. Significant Militant IED experience &amp; capacity. Smuggling through tunnels will have resulted in increased availability of explosive devices.</p>	<p>UN consolidated into 3 locations with good standoff distance and strong access control procedures.  Hamas do not share Al Qaeda ideology.</p>	<p>Catastrophic Severe</p>	<p><b>Moderately Likely</b></p>	<p><b>High</b></p>	<p>Strong de facto security authorities who will not tolerate challenge to their domestic agenda.  Hamas contained &amp; significantly reduced threat posed by Salafist groups operating in Gaza.  Effective program of "re-education" after large-scale arrest campaign.</p>	<p><b>Medium</b></p>
			<p>Increased number of UN staff in extremely unstable security environment. Protection provided by Security Forces (SF) lasts only as long as de facto Government retains coherence &amp; authority – likely to disintegrate in event of determined &amp; full-scale IDF force projection.</p>	<p>Previous trend of immediate reaction to both emotionally or religiously sensitive incidents and factional gain neutralised by effective SF.</p>				<p>Impose staff ceiling based on following factors:  1) Strictly apply adequate criteria for entry.  2) Number of hardened vehicles available for staff transport.  3) Capacity of UNDSS approved residences.  Gaza-specific MOSS, incl 2 Vehicle policy.</p>	

**Annex III: Program Memorandum of Understanding**

## **Annex IV: Danida Progress Reporting Format**