



Palestinian National Plan 2011-13

Local Government and Administration Strategy

1. Sector Profile

When it was established in 1994, the Palestinian National Authority (PNA) inherited a set of laws, regulations and military order in all areas, including local government. Therefore, the first Presidential Decision No. (1) of 1994 provided that laws, regulations and military orders, which had been effective before 1967, will continue to be in force until they would be consolidated. After the Palestinian Legislative Council (PLC) was established, many laws have been issued forth in this regard. Overall, these regulations express a willingness to transform to a modern local government system. New local government units (LGUs) have been established. Compared to 28 municipalities in place before the PNA was established, 132 municipalities are now in operation. Towards the end of 2009, 483 LGUs have been covering the absolute majority of Palestinian residential areas. A total of 14,000 employees are recruited at LGUs. Compared to USD 5 million in 1968, revenues accrued by municipalities rose to USD 84 million in 1990, USD 188 in 1998, and USD 874 million in 2007. Municipalities' revenues were also estimated at USD 276 million in 2008.

In addition to increasing the number of LGUs, the Ministry of Local Government (MoLG) has merged a number of small residential areas into larger one. With an ultimate goal of creating single municipalities, MoLG established Joint Service and Regional Planning Councils, which incorporate a geographically close LGUs and share similar social, cultural and economic relations. MoLG has also founded 86 Joint Service Council in rural areas. These include councils with single functions, such as solid waste management and water network maintenance, as well as multi-purpose councils, encompassing planning and development functions.

However, this quantitative development has not been paralleled with a qualitative development in management patterns, volume of allocated budgets, and democratised management of local government and administration in terms of expanded powers and diversified political and social representations on LGUs. Powers legally entitled to LGUs remained limited. In reference of the law, it appears that these powers are mainly restricted to the regulation of construction activities, public markets, transportation, traffic, and public parks. LGUs do not enjoy actual powers in the areas of education, social affairs or healthcare service delivery. Apart from administrative powers, Law No. (1) of 1997 Concerning Palestinian Local Bodies does not allow a necessary margin of independence for LGU administrative systems.

2. Situation Analysis

So far, definition of local government and administration is limited to LGUs, Joint Service Councils, Regional Planning and Development Councils, and MoLG and respective directorates. However, other actors play a major role on the local government level, including Governors, Union of Palestinian Local Bodies, Municipalities Development Fund, and central ministries that provide basic services on the local level, such as healthcare, education and security. NGOs, civil society organisations and the private sector play a similar role. In addition, the local government and administration sector still faces other structural, regulatory, functional and performance-related

problems. These have been identified in the Diagnostic Report, 2005 Action Plan, and 2009 Updated Diagnostic Report, which cover the four major components of the sector: (1) MoLG, (2) Union of Palestinian Local Bodies, (3), LGUs, and (4) Governorates.

For the purpose of analysing the local government and administration sector's situation from all angles, a number of important issues, which compose the current sector status, need by highlighted:

- **General Context**

In Palestine, local government and administration sector bodies operate within a framework of a limited sovereignty in light of the continued occupation. As a definite timeline is not in hand, this means that the ultimate shape of the Palestinian State is not yet clear, thereby negatively impacting promotion of the sector as well as respective development vision, plans and strategies.

- **Roles and Responsibilities of Local Government and Administration Bodies**

The Palestinian Reform and Development Plan (PRDP) 2008-10 and the 13th Government Programme, which was approved by the Council of Ministers on 17 August 2010, PNA revealed its commitment to bring the government closer to the people. With more decentralisation, the central government will ensure that local governments are both capable and accountable. In particular, the PRDP and 13th Government Programme envision that more administrative and financial independence is central in that LGUs will be more responsive to citizens' needs as well as more financially responsible. The PRDP 2008-10 Accountable Local Government Programme provides for a commitment to develop a policy framework, which would encourage independence and financial discipline on the local level. However, a problem is still associated with defining the roles and responsibilities of the sector bodies, particularly MoLG and Governors and, to a lesser extent, the Union of Palestinian Local Bodies. In the aftermath of the series of meetings held between MoLG, represented by the Minister, and Governors, the role of both parties in strategic development planning on the regional level was identified. It was agreed to establish Governorate Councils, to be chaired by Governors and include as members, representatives of MoLG branch offices, LGUs, PLC offices, the private sector, and civil society organisations. These Councils will lead and guide strategic development operations and resulting regional development plans throughout Governorates. To be submitted to the Ministry of Planning and Administrative Development (MoPAD), development plans will be an input to a single national development plan. Such agreement will contribute to promoting participation of civil society representatives in development-oriented decision and policy making processes. It will also consolidate a decentralised trend in the local government and administration sector.

- **Regional Coverage of the Local Government and Administration Sector**

The 2004 Diagnostic Report and 2009 Updated Diagnostic Report draw attention to the fact that LGUs do not cover all the Palestinian territory. On the local level, some citizens are not adequately or democratically represented, nor do they receive basic services. Public service delivery is not accountable. Both reports provide for definite measures to expand borders of LGUs, thereby

“defining, consolidating and publicising organisational structures of LGUs so that they cover all the Palestinian territory.” Although procedures have been developed to strengthen LGUs, they have not completely succeeded in addressing issues of regional coverage, rendering this a priority to be addressed in the new Strategy.

- **Legal Framework of the Local Government and Administration Sector**

Operation of the sector bodies is regulated by Law No. (1) of 1997 Concerning the Local Bodies, Law on the Local Elections of 1996, Decree Law No. (9) of 2008 Amending the Local Bodies Law No. (1) of 1997. Additionally, the sector is governed by other regulations of previous historical periods, which are still in force in the West Bank and Gaza Strip.

The need to upgrade the local government and administration legal framework has long been recognised. The 2005 Plan of Action and PRDP 2008-10 include recommendations and activities to amend the legal framework as well as put forward expedient legal rules to support LGUs’ roles and responsibilities and achieve a maximum coordinated and consistent functions. PRDP 2008-10 provides for the enactment of new legislation, which will make clear and regulate the working relationship between central and national governments. However, attempts made to amend the cornerstone Law of Local Bodies No. (1) of 1997 and ensure more decentralised operation have not been successful for several reasons, including unclear outcomes of such an amendment.

- **Legal Status and Independence of Elected LGUs**

Since the PNA was established in 1994 towards May 2004, in which local elections were held, MoLG used to appoint LGU boards. The public were dissatisfied of the validity and legitimacy of these LGUs, which were appointed by the central government, not on grounds of democratic representation. According to the Diagnostic Report, the 2004 local elections addressed several issues of democratic representation on the local level. However, certain developments emphasised the need to maintain the role of representative democratic institutions and clearly define the legal status of elected LGUs. Most importantly, some elected LGUs were dismissed by MoLG (central government), electoral terms of LGUs have expired, and restrictions are imposed on the performance of LGUs.

In December 2008, electoral terms of LGUs, which had been elected in May 2004, expired. At the same time, the current legislation does not allow the central government to extend LGUs’ electoral terms beyond the four-year period prescribed under the 2005 Elections Law. However, Decree Law No. (9) of 2008 amends the Local Bodies Law No. (1) of 1997 so as to enable the Minister of Local Government, upon approval of the Council of Ministers, to dissolve elected LGUs, whose terms have expired, and appoint a transitional committee to manage them for a period of not more than one year until new elections are held. In 2009, MoLG and Council of Ministers used the said Decree Law to allow all elected LGUs to continue operation until the central government is capable of conducting new elections. Though this decision did not change LGU formations, the legal basis of their powers has transformed from an election- to appointment-based jurisdiction.

- **Consolidated Planning Legislation**

Regional planning is an essential task of local governments. It provides the foundation for a set of other main activities, including service delivery planning and development planning. The current consolidated planning model is impaired by the application of various regulations on the planning and zoning of residential areas in the West Bank and Gaza Strip as well as a centralised decision making process, which is not consistent with a broader policy that would support more decentralisation. Operation of Higher Planning Committee is not transparent or accountable. Representation on local and regional committees is inadequate and right to appeal is ineffective.

Against this backdrop, various actors, which play a main role in planning processes, should be made clear in order to avoid confused or overlapped responsibilities. These include central government bodies, such as the Higher Planning Committee, MoLG, MoPAD, sector ministries, LGUs, and Governors. In the planning process, the role and participation of the civil society and the public should also be clearly demarcated.

The 2004 Diagnostic Report states important guidelines to be incorporated within a new Consolidated Planning Law. In 2006, MoLG developed new draft law on planning, which was further refined in 2008. Though the draft law addresses several issues, many are still not settled.

- **Defining the Institutional Framework of Local Government and Administration**

Necessary changes should be introduced to the volume, organisational structure and regional coverage of LGUs. The working relationship with other institutions, which complement the local government system, will also be consolidated. The vision of the local government and administration sector provides that LGUs will cover all the Palestinian territory. Accordingly, implementation mechanisms need be identified, taking account the partition of the Palestinian territory into Areas A, B, and C, areas covered by special administrative arrangements, such as UNRWA-managed refugee camps, LGUs' fragmented borders and activities as a result of the Separation Wall and settlements, and administrative borders demarcated by the Central Elections Commission. To avoid a surplus of national governments, small LGUs, which are unsustainable in financial and logistic terms, will not be established.

The National Strategy of Palestinian Local Administration introduces substantial changes to the regional definition of LGUs. It creates regions/areas, including elected councils on the regional level. The definition of new regional units is another option to be taken into consideration in the process of developing Strategy on Regional Coverage of the Local Government System in Palestine.

According to the Diagnostic Report and May 2004 Plan of Action, the Palestinian local government and administration sector faces major problems, including an excessive number of LGUs, many of which operate very small boards and lack sufficient resources for an effective and efficient service delivery. To cope with this problem, the 2005 Plan Action proposes that small LGUs be consolidated and municipalities be created. These will have an adequate capacity and resources to ensure efficient local government service delivery. The Government has scored a remarkable success

in reducing the number of LGUs by merging smaller ones and composing larger municipalities. Other initiatives focused on joint arrangements to distribute a number of LGUs' substantial tasks by establishing joint councils service delivery, planning and development. Currently, MoLG is developing policy frameworks and practical directives that will provide a solid foundation to make progress in these areas. The Strategy will necessitate that all policies and directives be consistent with the vision of the local government and administration sector. In line with this vision, the policy framework should also provide proper incentives in order to promote re-formation or merger of LGUs.

- **Capacities of Local Government and Administration Bodies**

In spite of the unrelenting efforts made over the past years to building capacities of the local government and administration sector, more coherence and coordination is needed to support sector bodies to carry out respective roles, assignments and responsibilities. Although capacity building needs have been assessed in various bodies, sector-wide needs should be comprehensively evaluated in light of roles and tasks implemented by relevant bodies. accordingly, future capacity building initiatives will be guided to support sector agencies and materialise the sector vision.

2. Situation Analysis

Outcomes of the local government and administration sector SWOT analysis are as follows:

Strengths

• MoLG has a strategic plan.
• The Law on the Election of Local Bodies safeguards representation of women.
• MoLG supervises and regulates functions of the local government and administration sector as well as Governorate bodies. The Municipalities Development Fund is a major and preferable agency that channels technical and financial support to municipalities and LGUs. The Union of Local Bodies also represents LGUs.
• The Union of Municipalities also represents LGUs.
• Laws and regulations govern the local government system.
• Experienced LGUs operation in line with an institutional framework.
• LGUs' comprehensive coverage of all residential areas, with the exception of Jerusalem.
• Positive interaction is in place between LGUs and respective communities.
• "Local, regional and international" partnerships contribute to supporting the sector.
• Central government has been paying more interest in the local government and administration sector.
• Represented by MoLG, the central government adopts a strategic approach towards more, gradual and informed decentralisation.

Weaknesses

<ul style="list-style-type: none"> • Inadequate institutional and technical capacities at certain LGUs.
<ul style="list-style-type: none"> • Limited and weak municipal service delivery.
<ul style="list-style-type: none"> • Limited sources of income available to LGUs (added value, road use, licences, etc.).
<ul style="list-style-type: none"> • Weak participation of the civil society on the local and regional* levels.
<ul style="list-style-type: none"> • Immature concept and formulas of partnership between LGUs and the private sector.
<ul style="list-style-type: none"> • Weak concepts and practices of good governance on the local level (transparency, partnership, etc.).
<ul style="list-style-type: none"> • Scare financial resources and inadequate financial planning throughout LGUs.
<ul style="list-style-type: none"> • Effective laws and regulations do not provide necessary responses to keep pace with the needs to future develop the local government and administration sector.
<ul style="list-style-type: none"> • Overlapping powers and obscure roles of effective sector bodies.
<ul style="list-style-type: none"> • Weak coordination between LGUs.
<ul style="list-style-type: none"> • Varying concept of decentralisation between the national and central governments is a result of the obscure concept of decentralisation itself.

Opportunities

<ul style="list-style-type: none"> • Available government, local and international support to develop operation and promote capacities of the local government and administration sector.
<ul style="list-style-type: none"> • Potential partnership between LGUs and the public and private sectors to initiate local development.
<ul style="list-style-type: none"> • Available local applied and academic expertise that can contribute to developing the local government and administration sector.
<ul style="list-style-type: none"> • Improved environment to consolidate good governance concepts and practices.
<ul style="list-style-type: none"> • The Government Programme provides an opportunity of cooperation and coordination between all partners.
<ul style="list-style-type: none"> • Available experiences, studies and expertise in the local government area on the regional and international levels.

Threats

<ul style="list-style-type: none"> • Ongoing Israeli occupation (the Wall, water sources, sovereignty, Jerusalem, checkpoints, natural resources, settlement activity, geographical contiguity).
<ul style="list-style-type: none"> • Impact of the internal division on the local government and administration system.
<ul style="list-style-type: none"> • Fluctuating political and economic situation on the global, regional and local levels and resulting impact on available funds.
<ul style="list-style-type: none"> • Insufficient financial resources as well as inadequate measures taken by the central government to support Jerusalem and areas affected by the Separation Wall and settlements.

3. Vision

* That is on the level of governorates.

Development approach has been guided by the vision, on which the National Team has agreed: *A good local government sector that is capable of realising a sustainable development through an effective participation by the civil society.* The approach is also consistent with MoLG’s mission: *Working towards developing LGUs’ capacities and further enhance their resources so that they will be more capable of materialising citizens’ welfare within a rational framework of local government.*

4. Strategic Objectives, Policies and Interventions

The tables below summarise strategic objectives as well as major policies and intervention to be implemented in the local government and administration sector. The full Local Government and Administration Sector Strategy includes detailed policies and interventions.

Policy	Policy Interventions
Strategic Objective (1): Consolidate good governance principles and practices in the sector.	
Hold local elections on a regular basis	<ul style="list-style-type: none"> - Upgrade laws, regulations and instructions necessary to ensure that local elections are held regularly. - Build technical capacities of the General Elections Commission. - Promote capacities of security agencies to make sure that elections are convened in a proper manner. - Develop and adopt techniques to ensure that local elections are held throughout the Palestinian territory.
Promote transparency, accountability and community participation in the local government and administration sector	<ul style="list-style-type: none"> - Raise awareness of the public about their role in promoting transparency, accountability and community participation on the local level. - Institutionalise community participation in setting development needs and making decisions on the local and regional levels. - Develop appropriate action techniques and tools to ensure commitment to transparency and accountability practices on the local level. - Build capacities of the Financial and Administrative Control Bureau (FACB). - Amend effective laws and regulations so as to further promote transparency and accountability.
Informed, gradual transformation towards decentralisation	<ul style="list-style-type: none"> - Build capacities of LGUs so that they will be able to shift to more administrative and financial decentralisation. - Develop the guidance and control system in conformity with the decentralised approach. - Invigorate oversight exercised by the society over LGUs’ functions. - Consolidate financial decentralised applications to enable LGUs to gradually attain financial independence. - Expand the scope of LGUs’ work in a gradual and informed manner. - Delegate powers to LGUs to supervise health and education service delivery, if necessary, in residential areas behind the Wall as well as in remote areas.

Policy	Policy Interventions
Strategic Objective (2): Enable sector bodies to possess effective and efficient (administrative, technical and financial) capacities as well as promote coordination and integration between them.	
Re-form LGUs	<ul style="list-style-type: none"> - Merge LGUs in an informed and gradual manner. - Cancel Project Committees and annex them to the nearest LGUs. - Implement development/infrastructure projects in merged areas. - Apply development and regional planning concept in merged areas. - Build (administrative, technical and financial) capacities of new municipalities in merged areas.
Amend the legal framework, institutional structure and infrastructure of the local government and administration sector	<ul style="list-style-type: none"> - Review and upgrade the laws and regulations on functions of the local government and administration sector. - Make clear the sector bodies' as well as develop coordination and cooperation mechanisms between them. - Develop standard procedural manuals to be implemented throughout municipalities and service councils. - Implement the consolidated accounting system in Municipalities A and B. - Implement strategic development plans in residential areas of Municipalities A and B. - Build institutional capacities of the MoLG, Union of Local Bodies, Municipalities Development Fund and Governorate institutions. - Apply regional planning concept and tools as test cases in selected areas. - Develop systems of local and regional service delivery (like solid waste and wastewater management systems). - Develop capacities of LGUs and Joint Service Councils in local environment management and conservation. - Constitute Governorate Councils. - Enable Governorate Councils to lead regional development planning processes. - Implement regional development plans on the governorate level. - Implements development/infrastructure projects in residential areas, which are selected on grounds of community participation. - Strengthen LGUs in the Jerusalem governorate. - Implement projects that support perseverance of LGUs affected by the Wall as well as alleviate respective residents' suffering.
Increase income of local bodies both qualitatively and quantitatively	<ul style="list-style-type: none"> - Transfer the power to collect property tax to Municipalities A and B. - Develop and apply a scientific approach to define tariffs and costs of services delivered by LGUs. - Register and value assets of all municipalities. - Provide LGUs with modern technologies to ensure collection of the prices and fees of delivered services. - Ensure that LGUs are provided with respective government allocations in a transparent and regular manner. - Disseminate and follow up on the implementation of LGU-related licensing, control and tax collection regulations (licensing and controlling buildings; handicrafts and industries; environment and health inspection; ceiled structures, etc.).

Policy	Policy Interventions
Strategic Objective (3): Promote partnership between LGUs and the public and private sectors in order to initiate local development.	
Invigorate and build partnerships to initiate local development	<ul style="list-style-type: none"> - Create a framework for regulation of partnerships between local bodies and the public sector, private sectors and civil society actors. - Prepare municipalities to conclude partnerships with the public sector, private sector and civil society organisations. - Institutionalise the process of building partnerships between municipalities, the public sector, private sector and civil society. - Sponsor and promote successful partnerships between LGUs, the private sector and civil society. - Build partnerships as models in selected area. - Conclude partnerships with the private sector in order to provide services in area beyond boundaries and control of municipalities.

6. Allocation of Resources and Responsibilities

The table below shows cost estimates allocated in accordance with policies and objectives:

Strategic Objectives	Policies	Policy Estimated Cost (NIS '000)	Three-year Estimated Cost (NIS '000)
Strategic Objective (1): Consolidate good governance principles and practices in the sector	Hold local elections on a regular basis	6100	54600
	Promote transparency, accountability and community participation in the local government and administration sector	13100	
	Informed, gradual transformation towards decentralisation	35400	
Strategic Objective (2): Enable sector bodies to possess effective and efficient (administrative, technical and financial) capacities as well as promote coordination and integration between them.	Re-form LGUs	197200	2200320
	Amend the legal framework, institutional structure and infrastructure of the local government and administration sector	1956080	
	Increase income of local bodies both qualitatively and quantitatively	47040	
Strategic Objective (3): Promote partnership between LGUs and the public and private sectors in order to initiate local development.	Invigorate and build partnerships to initiate local development	100000	100000
Total		2354920	2354920

7. Expected Results

Major results to be materialised by this Local Government and Administration Strategy are those identified as effects to be exerted by the approved policies:

1. Enhance citizens' satisfaction.
2. Prepare LGUs to initiate development by providing necessary conditions, including political ones, in order to lobby resources and rejuvenate capacities available to LGUs. Accordingly, they will play an effective, pioneering role in the development process.
3. Develop capacities and improve performance of LGUs.
4. Enhance capacities and performance of the private sector and civil society actors so that they contribute to the development process.
5. Enable sector bodies to possess an institutional structure so that they lead and guide development initiatives on the local and regional levels.
6. Increase LGUs income, thereby enabling them to diversify and enhance the quality of delivered services.
7. Provide legal frameworks that match the development the sector operations.
8. Establish effective and efficient LGUs as a product of restructured local government.

8. Development Approach

Development approach of the Local Government and Administration Strategy has relied on a principle of participation and consultation with respective actors, including the Ministry of Education and Higher Education (MoEHE), Ministry of Health (MoH), Ministry of Finance (MoF), MoPAD, universities, civil society organisations, the private sector, and local and international institutions (see Plans of Action and Consultation, Annex 1). Compiled over a period of six months, development of this Strategy included the following activities:

- (a) A Technical Team included representatives of MoLG, Union of Local Bodies, Municipalities Development Fund and MoLG advisors with support from CHF.
- (b) A National Team comprised MoLG, MoH, MoEHE, Ministry of Interior, MoPAD, MoF, Governors, mayors, the private sector, universities and civil society actors.
- (c) The Technical Team developed an integrated, detailed action plan, including various phases of the Strategy development as well as mechanisms to present, discuss and approve it by the National Team.
- (d) Regular meetings were held between the Technical and National Team, during which the Technical Team presented and discussed the Strategy objectives, roles of various actors, work mechanisms, and Strategy components.
- (e) Three meetings were convened between MoLG Higher Directorate and Governorate.
- (f) Whereas the Technical Team developed a first draft of the Strategy components, the National Team discussed, commented, added to and approved the draft.
- (g) Available documents, reports and data were utilised in order to diagnose the sector status and to analyse and develop intervention and implementation strategies.

It should be noted that the National Team consisted of civil society representatives, who were also invited to all meetings. These made immediate contributions to the form and content of the Strategy. Additionally, donors were invited to meetings held by the National Team, but very few did, including CHF. After the Strategy was approved by the National Team, an abstract was translated and distributed to donors through the Local Aid Coordination Committee (LACC). The National Team also received donors' comments on the Strategy.