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European Union provides EUR 7.3 million to the Municipal Development Programme II – Cycle 2

The European Union (EU) and the Palestinian Authority announced today a new European Union contribution of €7.3 million to support the second cycle of the Municipal Development Program II. The signing ceremony took place at the Municipal Development and Lending Fund (MDLF) office in Al-Bireh in the presence of the Dr. Nayef Abu Khalaf, Minister of Local Government, John Gatt-Rutter, EU Representative, Abdel Mughni Nofal, Director General of the Municipal Development and Lending Fund and Mr. Matthias Hahl, KfW Program Manager.

The Municipal Development Program is a multi-phase national programme funded by the Palestinian Authority, the European Union (EU), the German Government (through KfW and GIZ), l' Agence Française de Développement (AFD), the World Bank, the Danish Government (through DANIDA), the Swedish International Development Cooperation Agency (through SIDA), the Swiss Agency for Development and Cooperation (SDC) and VNG International with the support of the Dutch Government, and Kingdom of Belgium (through BTC). The objective of the programme is to improve the quality and coverage of municipal service delivery by the 137 Palestinian municipalities. This will be achieved by improving municipal management practices and insuring greater accountability and transparency in service delivery.

The Municipal Development Programme is aims to contribute to the wider objective set out in the Palestinian National Development Plan of strengthening the performance of local government in delivering public services and thereby making them more accessible to citizens. It targets all 137 municipalities and provides municipalities with a combination of technical assistance and annual performance-based grants for priority sub-projects designed to improve municipal finance and municipal planning. The performance-based grants aim to create incentives for municipalities to introduce improved management principles in financial management thereby enhancing overall creditworthiness.

"Municipalities and Local Government Units are crucial not only because of their their role as service providers, but also because of the close relationship they enjoy with citizens thereby strengthening democratic participation and citizen empowerment. Our contribution of 7.3 million Euros will be dedicated to municipal capital investment projects and to supporting ways to enhance citizen oversight of service delivery, and

improve revenue generation and payment discipline," said the **EU Representative, John Gatt-Rutter** at the signing ceremony.

"The Municipal Development Program contributes significantly to the improvement of municipalities' service delivery and inducing reforms at the local government sector" said **Mr. Matthias Hahl, KfW Program Manager**. The programme is an excellent model for aid effectiveness that supports the alignment to national priorities and increases ownership by the PA in addition to achieving high degree of harmonization among financing partners.

For further details please contact:

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