

UNITED NATIONS DEVELOPMENT PROGRAMME

Programme of Assistance to the Palestinian People

PROJECT DOCUMENT

Number: ATLAS # :
PAL10 - Proposal #: 37586, Project #: 41156
PAL50 - Proposal # 37588, Project #: 41158

Title: Poverty Oriented Infrastructure - Employment
Generation Programme - Phase III

Duration: 24 Months

Project Site: West Bank

ACC/UNDP
Sector: 1500 - Employment
Sub-sector: 1520 - Employment Promotion

Local
Implementing
Institution: Municipalities, Local Councils, NGO's and LCC's

Beneficiary: Unemployed workers, general population of the West Bank

Executing
Agency: United Nations Development
Programme (UNDP-PAPP)

Estimated
Starting
Date: December 2005

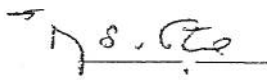

Trust Fund


Trust Fund:
KfW #00817
Programme Amount:
EURO 12,962,963
Support Cost Fees: 8%
EURO 1,037,037

Total Contribution From the
Government of Germany through
the KfW :

EURO 14,000,000

This Programme is the third phase of projects funded by the Government of Germany through the KfW to provide relief to Palestinian Communities in the West Bank through small and medium scale social infrastructure works. This component of projects will combine capacity & Institution building for counterparts by meeting the priority needs of the community through employment generation techniques. It is anticipated that 230,083 workdays will be created through these project activities.

On behalf of	Signature	Date	Name/Title
United Nations Development Programme			

APPROVED
IN ATLAS
Initials 
8/12

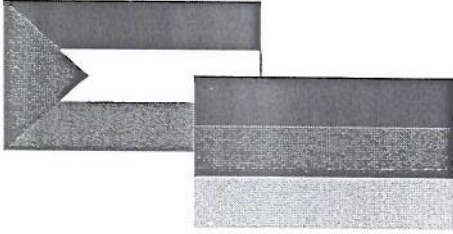
Mr. Timothy Rothermel
Special Representative

United Nations Official exchange rate at date of signature of project document:

1 US\$ = 4.35 MIS
1 US\$ = .754 EURO



التعاون الإنمائي الألماني الفلسطيني



German Palestinian Development Cooperation



**EMPLOYMENT GENERATION PROGRAMME THROUGH ECONOMIC AND
SOCIAL INFRASTRUCTURE DEVELOPMENT**

Poverty Oriented Infrastructure Phase III – West Bank

GLOSSARY

CBO	Community Based Organization
ERP	Emergency Response Programme
KfW	Kreditanstalt fuer Wiederaufbau
KPI	Key Performance Indicator
LA	Local Authorities
LIO	Local Implementing Organization
MLG	Ministry of Local Government
MOA	Ministry of Agriculture
MOE	Ministry of Education
MOFA	Ministry of Foreign Affairs
MOP	Ministry of Planning
MOU	Memorandum of Understanding
NGO	Non-Governmental Organization
oPt	occupied Palestinian territory
PA	Palestinian Authority
PARC	Palestinian Agricultural Relief Committees
PCBS	Palestinian Central Bureau of Statistics
PDP	Palestinian Development Programme
PECDAR	Palestinian Economic Council for Development and Reconstruction
PMO	Programme Management Officer
PPA	Participatory Poverty Assessment
PC	Programme Coordinator
PSU	Programme Support Unit
PWA	Palestinian Water Authority
RCC	Refugee Camp Committee
TIA	Target Intervention Area
TOKTEN	Transfer of Knowledge Through Expatriate Nationals
UNDP/PAPP	United Nations Development Programme/Programme of Assistance to the Palestinian People
UNRWA	United Nations Relief and Works Agency
UNSCO	Office of the United Nations Special Coordinator for the Middle East Peace Process
UNV	United Nations Volunteers

I. EXECUTIVE SUMMARY

Employment Generation Programme through Economic and Social Infrastructure Development - Poverty Oriented Infrastructure Programme Phase IV in the West Bank (the Programme) is submitted by the United Nations Development Programme/Programme of Assistance to the Palestinian People (UNDP/PAPP to the *Kreditanstalt fuer Wiederaufbau* (KfW). The Programme responds directly to the goal of generating emergency employment opportunities while increasing access to basic social services in Palestinian communities. This new proposal builds on an ongoing Programme funded by the German Government through KfW and implemented by UNDP/PAPP (EGP Phases I & II – West Bank and Gaza Strip). The ongoing Phases carry the same main goal of generating emergency employment opportunities through the development of priority social and economic infrastructure and targeting the northern parts of the West Bank, Hebron City as well as the Gaza Strip for a total value of Euro 12 million. Additionally, it complements a new phase (IV) of the Programme to start in the near future and targets the Gaza Strip localities specifically, for a total value of Euro 10 million.

As a result of the sudden breakdown of peace initiatives in Israel and the occupied Palestinian territory (oPt) in September 2000, accompanied by the ensuing violent confrontations, severe closures and a drastic economic downturn, the Palestinian people are facing an institutional crisis that will have economic and social consequences for years to come. The German Government funds Employment Generation Programmes that respond to the immediate need of providing job opportunities in the West Bank and Gaza Strip while at the same time developing and improving vital social and municipal infrastructure. The identification process of all activities to be supported under the Programme will be carried out through full involvement of the communities and their representatives including community based organizations (CBOs), Non Governmental Organizations (NGOs), Local Authorities (LAs) and relevant national institutions. Furthermore, emphasis will be given to initiatives that support Human Development and Community Empowerment Programmes that target in particular children, youth and women. The Programme will target poverty stricken areas in the northern and central parts of the West Bank which are considered target intervention areas for the German Development Cooperation.

The design of the Programme is based on a combination of bottom up and top down approaches to ensure that priority needs of the communities are identified and that they are in line with those identified in the medium and long term strategic plans of the Palestinian Authority (PA). A transparent and public project identification process will be adopted. However, preceded by an information dissemination campaign that would entail reaching out to needy communities, acting as a catalyst, facilitator and supporter to their own internal process of needs identification and priority presentation.

A Participatory Poverty Assessment (PPA), a unique and unprecedented joint effort by UNDP/PAPP and the Ministry of Planning (MoP), provides solid data concerning the problems facing the target intervention areas (TIAs), and reinforces and establishes sound contacts with the communities therein. Additional rapid assessments based on priorities identified by the Ministry of Local Government (MLG) and other national institutions such as the Palestinian Water Authority (PWA), municipal and local councils and representatives from the communities will all contribute to the identification of priority needs of the target communities. UNDP/PAPP's twenty-five years of development cooperation in the oPt, its well-established and long-term partnerships with the institutions and its large network of field staff presently working with the communities guarantee that UNDP/PAPP is closely attuned to the cultural and political environment and can obtain accurate and detailed knowledge of urgent needs, what is being done to meet them, and could be done through this Programme.

UNDP/PAPP's basic criteria for selection of priority projects to be supported will be: high unemployment and poverty rates; dilapidated general infrastructure; shortage in basic social facilities to meet present and future demand; deteriorated municipal infrastructure and absence of community facilities; as well as the urgent need for community outreach Programmes and training for youth and women.

The communities within the identified intervention areas will be selected and grouped into clusters based on their proximity and accessibility to each other in order to facilitate project implementation, monitoring and supervision and to maximize impact of the activities on the beneficiary communities. Other UNDP/PAPP Programmes within these clusters will bring an added value to the Programme activities. Additionally, other donors working in the same target areas will be consulted to coordinate planned interventions and ensure no duplication.

UNDP/PAPP will utilize a participatory approach in the implementation of the Programme from inception to completion, partnering with the local community groups, Local Authorities (LAs) and PA organizations. The Programme will thus enhance the capacity of partner organizations and the community by requiring their full involvement in the design and implementation process.

The Programme will leave a visible and tangible social, economic and environmental impact on the identified target intervention areas and will generate approximately **262,135 workday** opportunities over a twenty four **(24) month** period.

II. PROGRAMME DESCRIPTION

The Programme incorporates two main components:

- Employment Generation through Infrastructure Development to be implemented, primarily, in several localities in the northern and middle West Bank, mainly rural areas. The total budget to be allocated for this component will be Euro 14 million;
- Rehabilitation and Upgrading of Water Supply Systems in localities under the jurisdiction of the Jerusalem Water Undertaking (JWU). The total budget to be allocated for this component will be Euro 2 million.

This Programme proposal will deal mainly with the first component.

A. Goals and Objectives

A.1. Main Goal

The main goal of the Programme is to alleviate poverty, generate employment and improve access to basic social services in impoverished Palestinian communities through implementing labour-intensive infrastructure projects that have long-term impact on social and human development particularly for children, youth, women and other marginalized segments of the population.

A.2. Objectives

The Programme's goals will be achieved through three main objectives that correspond with those of the KfW Employment Generation Programme. UNDP/PAPP will base its selection of the Programme's components on a combination of bottom up and top down approaches, which ensure the community needs and proposed interventions are also in line with the medium and long term strategic plans of the PA. To reach maximum impact, the three objectives below will be accomplished through integrated interventions that will contribute to meeting the main goal of the Programme.

Objective 1: To provide immediate job opportunities through a set of labor-intensive interventions that will generate approximately 262,135 skilled and unskilled person workdays.

UNDP/PAPP will ensure that the interventions and activities carried out under The Programme are geared towards providing sizeable employment opportunities for inhabitants of the TIAs. To the maximum extent feasible, all interventions will be designed around the use of labor-intensive techniques and utilization of local material and products to ensure more impact on the local economy. The project will also utilize local small contractors, involve non-government organizations (NGOs), and Refugee Camps Committees (RCCs) as well as the local community and indirectly benefit small businesses and factories with the ultimate aim of maintaining their existence. It is anticipated that all projects will have at least a 25% labor content, and that the average daily wage will be approximately Euro 15.

Objective 2: To improve access to basic social services in the TIAs through the construction or improvement of multipurpose municipal/ community centers, water supply systems, roads, clinics, and other social services facilities.

This component of the Programme will improve the essential physical structures that facilitate the provision of basic municipal and community services and that directly affect the basic living conditions in the impoverished TIAs. It will also provide the proper environment for carrying out human development activities through the Programme in cooperation with community based organizations (CBOs).

Objective 3: To empower youth and women through training, cultural, educational and vocational activities.

UNDP/PAPP will utilize its experience in human development and empowerment of youth and women to link many of the infrastructure activities of the Programme with social and educational activities that will address urgent needs in the society. To accomplish this, where appropriate, the proposed infrastructure components will be designed to permit the use of these facilities for community outreach such as training and social centers. The community outreach activities would include activities for school children, women in the labour market, youth and students with special needs. Such activities are urgently needed in the rural areas of the West Bank and will ensure effective utilization of constructed or rehabilitated facilities.

B. Background / Problem Statement

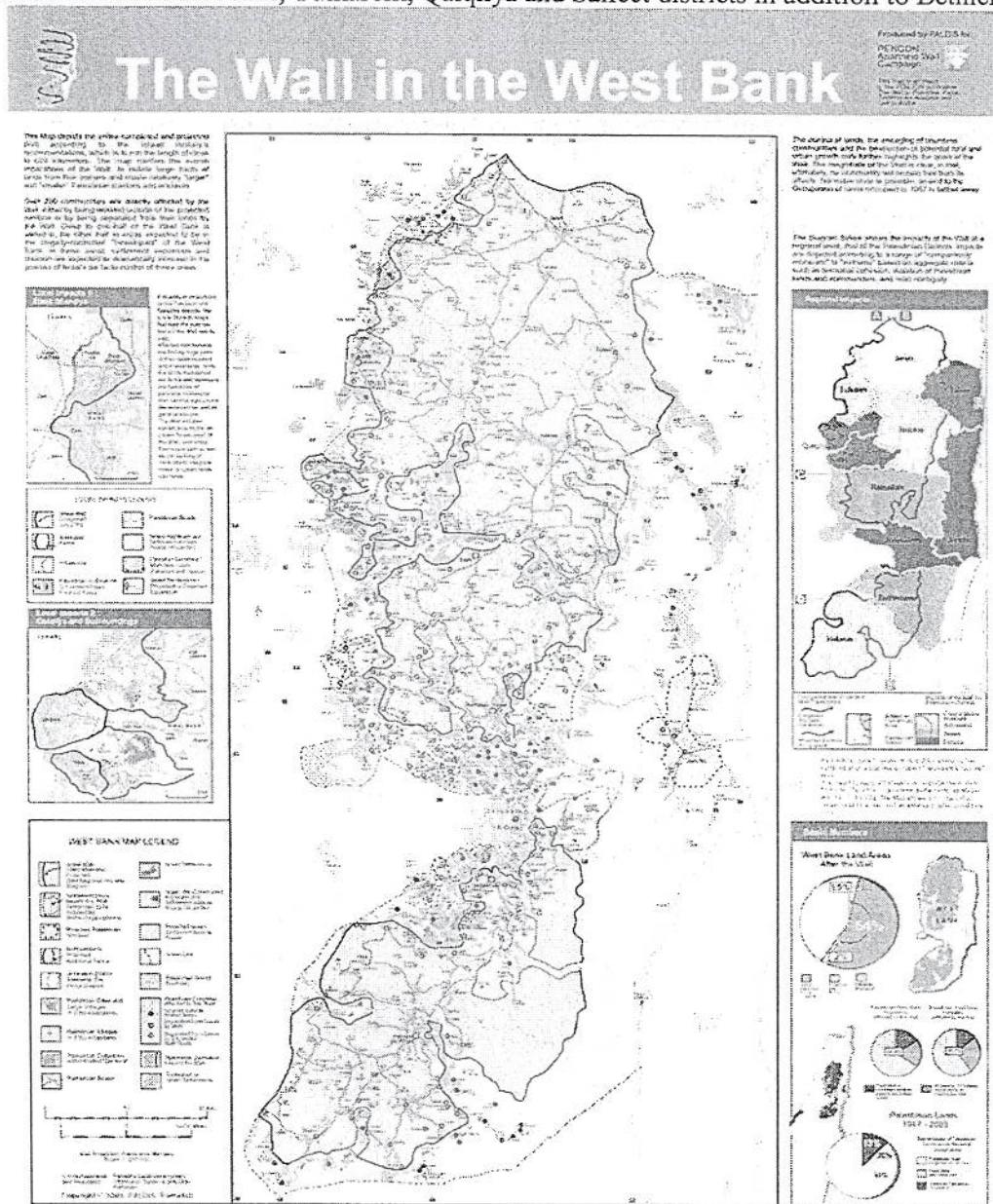
B.1. Selection of the Target Intervention Areas (TIAs) and Clusters

The main issues to be considered in the selection of the TIAs are:

- 1- The poverty and unemployment levels including the availability of basic social and physical infrastructure;
- 2- Extent of socio-economic losses due to the current political conflict (relative to their base of economy);
- 3- The economic production patterns, including agriculture, services and industrial sectors;
- 4- The amount of development assistance provided to date; and
- 5- Falling within the target regions by the German Development Cooperation.

Several factors will assist UNDP/PAPP in assessing the poverty situation in the TIAs, including the Participatory Poverty Assessment (PPA) study UNDP/PAPP which was implemented in the 16 districts of the West Bank and Gaza Strip. The PPA has documented the level of poverty in each of the districts through a community participatory approach that included community discussion groups, questionnaires, interviews and diagnostic surveys of physical and social infrastructure. The results of the PPA were published recently in a

special report "The poor Speak Out" and they are presently being followed on and discussed through a series of workshops involving all relevant parties; community representatives, national government institutions as well as CBOs. UNDP/PAPP will also refer to the Palestinian Poverty Report of 2002 and statistics, analyses of data and assessments of damage and economic losses prepared by the Palestinian Central Bureau of Statistics (PCBS), the World Bank, UNSCO and the reports of various Palestinian ministries, such as the MLG, PWA and the MOA. Other factors to be considered are the effects of the Separation Wall being constructed by the Israeli Government that will separate Palestinian Communities in the West Bank from Israel and Israeli Settlements within the oPt. Due to the confiscation of thousands of dunums of Palestinian land (mainly agricultural) and the isolation of tens of communities from their economic livelihood, the survival of these communities is at stake and urgent assistance is required. In its first phase, which is almost complete, the Wall will directly affect tens of communities in the Jenin, Tulkarem, Qalqilya and Salfeet districts in addition to Bethlehem and Jerusalem¹.



¹ "The wall in Palestine – Facts, Testimonies, Analysis and Call to Action." (The Palestinian Environmental NGOs Network – PENGON, June 2003)

After the broad TIAs will be identified according to these criteria, communities selected will be clustered based on geographic contiguity and whether they are socially and economically inter-reliant. The planning for the infrastructure and capacity building activities will be based on the individual community needs; however the collective need of the cluster as a whole will be taken into consideration in the distribution and type of the required interventions (community centers, connecting roads, social and training centers and programmes). For example, certain communities will be selected in a target area and benefit from a group project because they share or participate in the same municipal services and community and social programmes, work and or shop in each other's communities, and/or benefit financially from the same industries.

The clustering arrangement will strengthen and facilitate the management, monitoring and supervision of implementation.

B.2. The Current Socio-Economic Situation in the oPt

The Palestinian economy, which has been to a large degree based on labor employment in Israel, was hit severely in during the ongoing Intifada as a result of the closure policies and the deteriorated political situation. The third year of Intifada witnesses a further steep decline in all Palestinian Economic Indicators. The economic losses and physical damage to infrastructure and investments during the last 30 months exceeded US\$ 8.5 billion. The effects are wide-reaching, burdening the already weak economy, and increasing poverty to unprecedented levels. Between September 2000 and December 2002, Palestinian exports and imports both contracted by about a third. Total investment fell from US\$ 1.45 billion in 1999 to some US\$ 150 million in 2002, a decline of about 90%. Overall Gross National Income losses reached US\$ 5.2 billion after 27 months of the Intifada.²

a. Unemployment

In September 2000, an estimated 129,000 Palestinians (representing 21% of Palestinian employment) worked in Israel and Israeli settlements (permit holders). With the outbreak of hostilities and start of the closure policy by Israel, the numbers of permit holder workers dropped dramatically to less than 20,000. During periods of total closures all permits are annulled and no workers are allowed into Israel. Additionally, the negative impact on domestic employment of job losses in Israel was aggravated by the difficulties in conducting business within the West Bank and Gaza. The effects of internal closures and curfews are attended by significant transactions costs, disruption in production cycles, losses of perishable outputs, and lower economies of scale. The results are devastating on local employment market. The World Bank reports that 16.5% of Palestinian private sector jobs had been lost in the West Bank by the third quarter of 2002 and 33% in the Gaza Strip. The increase in unemployment levels resulted in a swift rise in the dependency ratio on each bread winner to reach 5.8 persons in the West Bank and 8.2 in the Gaza Strip.

Although unemployment figures remain difficult to calculate accurately, the broad trends are clear. PCBS and World Bank figures for the third quarter of 2002 show that unemployment rates in West Bank and Gaza (based on the ILO relaxed definition of employment) and the discouraged workers percentages reached 55% of the labor force present prior to September 2000. According to PCBS, unemployment rates based on updated surveys for April-June 2003 in the West Bank according to the ILO relaxed definition reached 31.7 percent in the West Bank (see figures below)³

² "Twenty Seven Months – Intifada, Closure and Palestinian Economic Crisis, May 18 2003 (World Bank, May 2003)

³ "Press Release on Labour Force Survey Results (April– June, 2003 round) (PCBS Main Findings)

The Distribution of Persons Aged 15 Years and Over in the Palestinian Territory by Labour Force Components and Region (Relaxed Definition) is as follows:

Region	Labour Force		Outside Labour Force		Total	
	Number	Percent	Number	Percent	Number	Percent
	West Bank	616,000	48.3	659,000	51.7	1,275,000
Gaza Strip	286,000	42.7	384,000	57.3	670,000	100
Palestinian Territory	902,000	46.4	1,043,000	53.6	1,945,000	100

The Distribution of Labour Force Participants Aged 15 Years and Over in the Palestinian Territory by Labour Force Components and Region (Relaxed Definition) is as follows:

Region	Employment		Unemployment		Total	
	Number	(%)	Number	(%)	Number	(%)
West Bank	421,000	68.3	195,000	31.7	616,000	100
Gaza Strip	179,000	62.3	107,000	37.7	286,000	100
Palestinian Territory	600,000	62.1	302,000	37.9	902,000	100

b. Municipal Infrastructure (water, sewage, roads, municipal and service buildings)

Municipalities and local councils in the oPt are responsible for the provision of many services to the Palestinian residents. In most cases, particularly in smaller towns and villages, the councils operate out of small rented buildings without appropriate facilities, severely jeopardizing their credibility and ability to deliver quality services to their community. The municipalities' budget for running costs as well as development activities comes from local revenues and taxes collected from the public and small amounts allocated from the central authority budget. Currently, the deteriorating economic condition of the PA has meant severe cuts from the municipalities' budgets and in turn the levels of services they provide. This situation is compounded by long years of neglect during occupation, which left most municipal infrastructure in a deteriorated state. The larger municipalities have responded by cutting benefits to staff and reducing services offered. In general, new development projects are shelved while the municipalities attempt to deal with priority maintenance and survival issues.

Additionally, most of Palestinian localities suffer from severe infrastructure deficiencies due to decades of neglect and lack of investments in infrastructure development and maintenance of existing facilities. An assessment of the

physical infrastructure situation in the proposed TIAs reflects a vast need for development and improvement of public buildings, markets, water and sanitation systems and road networks. It is important to note that many of the smaller towns and villages have been by-passed by international donors, who have concentrated most of their development assistance on major urban centers and part of the rural communities in other regions of the West Bank and Gaza.

c. Social and Human Development

Within the TIAs, several communities needs have been identified that civil society groups could address through innovative community based activities and programmes. These proposed areas of intervention are: students with special needs, the nurturing of untapped talents of the youth, female dropouts from the formal educational system and new graduates without employment. For example, women in the rural areas in general and in the TIAs in specific have a limited chance to contribute to the economy and work-force. Although they represent more than 50% of the population they only constitute around 12% of the formal work-force. Empowerment of women and establishment of rural girls development centers are essential to mobilize this important and substantial part of the work-force. Furthermore, new graduates, under the prevailing economic and political situation, are finding no employment opportunities to allow them to enter the labor market. Traditional employment generation programmes do not target skilled/professional segments of the unemployed. Additionally, many students in the Palestinian school system possess certain abilities and talents that are not being properly nurtured, and without proper stimulation and care these capacities can not develop and if ignored could even wither away.

B.3. Rationale for UNDP/PAPP and KfW Partnership

The Poverty Oriented Infrastructure Programme overall goal of financing “labour intensive employment generation programmes that develop and improve Palestinian social and economic infrastructure and social service” mirrors many of UNDP/PAPP’s objectives and goals. The following sheds some light on the UNDP/PAPP major interventions in this field.

a. UNDP/PAPP’s Experience in Infrastructure Development and Employment Generation Programmes

UNDP/PAPP has a long track record in successfully implementing projects specifically designed to establish and upgrade basic community infrastructure, generate income and create employment opportunities in times of crisis. Since the beginning of the Intifada in September 2000, UNDP/PAPP has mobilized over \$100 million for generating employment opportunities through sustainable infrastructure and economic activities including from the German Government. KfW can substantially leverage UNDP/PAPP’s experiences in planning and implementing similar Programmes based on labor-intensive infrastructure and social interventions, as well as the in-depth knowledge of UNDP/PAPP’s staff of local conditions to achieve the goals set forth by the German Development Cooperation and KfW in support of the Palestinian People. UNDP/PAPP has also established partnerships and fully developed networks with various trusted PA, civil society institutions and international organizations, which provide opportunities to develop successful partnerships for projects’ identification and implementation.

The implementation of the activities under this Programme will be smoothly integrated into complementary projects currently being carried out by UNDP/PAPP in and around the TIAs including the ones under the ongoing KfW funded Programme. Several of these projects are carried out under the umbrella of UNDP/PAPP’s Emergency Response Programme (ERP), launched in October 2000 with funding from Germany, the Islamic Development Bank, Japan, USAID, Norway, Sweden and other donors. Under the ERP, UNDP/PAPP has implemented several Emergency Employment Generation Programmes through the development of social and municipal infrastructure which have already generated hundreds of thousands of

workdays opportunities and upgraded scores of schools, clinics, roads, water systems and other types of social infrastructure in more than 100 localities in the West Bank and Gaza. Another important example of UNDP/PAPP experience is the diverse multi-sectoral Local Rural Development Programme, which is currently implementing works in a cluster of villages in the Tulkarem, Hebron and Bethlehem areas.

b. *UNDP/PAPP's Institutional Capacities*

UNDP/PAPP operates under international rules of financial management, control and auditing, and as an international public institution, it is fully transparent and accountable to donors. Its staff of 190 is highly experienced, especially in fields of engineering and human development, many of whom are located in various areas of the West Bank and Gaza Strip. UNDP/PAPP personnel are able to access most localities inaccessible to international and local NGOs under closure using United Nations vehicles and identity cards. UNDP/PAPP also has established mechanisms for dealing with Israeli Authorities, which facilitate procurement, mobility and other matters essential to operating in this unique environment. Additionally, UNDP/PAPP, as a member of the larger UN family, has access to global knowledge, expertise and experience available at many specialized UN and other partner agencies in the region and abroad. UNDP/PAPP will utilize its specialized Programmes such as Transfer of Knowledge Through Expatriate Nationals (TOKTEN) and United Nations Volunteers (UNV) to provide free technical assistance to this Programme, if needed.

C. Technical Approach, Selection Criteria and Process and Expected Interventions

C.1. Technical Approach

The design of the overall employment generation Programme by UNDP/PAPP is based on a full appreciation of the local circumstances and a practical assessment of present constraints. Such an assessment shows that there are specific factors that have to be taken into consideration in terms of the closure and its effects, the social structure, the labor force, the demographic and geographic dimensions and the institutional framework.. Such factors have to be taken into consideration in the design of any intervention and in the selection of individual projects and in the implementation modality to be adopted.

Factors Governing Technical Approach:

- a. Concentration is on small to medium size projects not exceeding in value Euro 300,000.
- b. The impact of small to medium size projects would be more substantial on smaller rural communities and refugee camps compared to larger urban centers that require larger interventions to have considerable impact. Hence the Programme will target mainly rural communities and refugee camps. However, if certain proposed interventions in urban centers meet the selection criteria they will not be excluded from the selection process.
- c. Flexibility in the design of all projects and willingness to adapt to the ever changing political, security and local circumstances. Responsiveness would be guaranteed through the UNDP/PAPP, which teams are fully involved in the field working closely with the communities and the PA.
- d. The ability to move between different localities varies in accordance with the security situation. Thus, local hiring of workers and contractors to reduce need for movement between areas is to be adopted.
- e. Concentration is on small-scale projects with high labor content and minimum dependence on imported materials. Actually, utilization of available local material will be a condition on implementing institutions and will be incorporated in the design and tender documents to be prepared.
- f. As for the institutional setup, experienced institutions like certain Municipalities and Local Councils, several Refugee Camps Committees and NGOs (referred to as Local Implementing Organizations, LIOs) will be utilized for projects' implementation to the maximum extent feasible.
- g. Particularly in direct hire projects (see implementation approach sector), priority will be given to workers who are sole bread winners for their families, have been unemployed for extended periods and are willing to accept the recommended minimum wages (average Euro 12).

- h. The social and community development activities will be integrated into the physical structures and facilities that will be built under the Programme.

C.2. Selection Criteria

1. The Programme will focus on the regions where German Development Cooperation is already providing support particularly in the North and Central West Bank (TIA). If specific high priority projects fall outside the TIAs special provisions could be made after consultation with KfW.
2. Projects to be selected should have the highest labour content possible and possibility to utilize mostly local materials and products in the implementation. The decisive factor would be impact on local economy more than pure labor content.
3. Unemployment and poverty rates will be considered in the selection of targeted community.
4. Willingness of the targeted community to participate in project preparation and implementation process.
5. Community Contribution such as land, construction equipment, etc...
6. Benefit of the improved infrastructure to the target group particularly women and youth.
7. Project readiness for immediate implementation.
8. Project sustainability including how operation and maintenance costs will be secured. The technical design should lead to low maintenance and low operating costs.
9. Project costs not to exceed EURO 300,000 to ensure fair distribution of available funds to the maximum number of needy communities.
10. Another criterion that should be applied concerns the level of support already received by the area from other donors or sources of funding. This is also to ensure fair distribution of scarce resources.

A sub-Programme implemented by Jerusalem Water Undertaking will be included into the Programme up to an accumulated amount of EUR 2,000,000. Selection criteria for this sub-Programme will be discussed and agreed upon at a later time with both the KfW and JWU.

C.3. Selection Process

The Selection of individual Projects under the Programme will be carried out in a two-step procedure. UNDP/PAPP will use its unique expertise in assessing different forms/phenomena of poverty, for example through differentiating between income-poverty and poverty in terms of inadequate access to basic services.

In the first step UNDP/PAPP will use available studies and reports on poverty in the Palestinian Territories (quantitative and qualitative data)⁴ to identify very poor sub-areas and villages in the West Bank as well as to identify those groups who live under very hard conditions in the West Bank. UNDP/PAPP will visit the identified villages, sub-areas as well as groups and encourage them to participate in the Employment Generation Programme. If the communities are interested, they shall undertake – with the support of UNDP/PAPP - a needs assessment and prioritise their needs. If the communities wish, UNDP/PAPP will assist them in formulating a project proposal.

⁴ For example: 'Palestine Human Development Report 2002, Birzeit University - Development Studies Programme, June 2002;

'The Poor speak out', MOPIC in cooperation with UNDP, Ramallah, July 2002;

'Palestinian Public Perceptions on their Living Conditions', Graduate Institute of Development Studies (IUED), Geneva, December 2002;

In the second step the selection of individual projects will be performed by UNDP/PAPP based on the following process:

- A public call for proposals will be launched requesting all eligible governmental and non-governmental institutions to submit to UNDP/PAPP their priority project proposals that meet the set selection criteria. They can submit their proposals either directly or in co-ordination with the relevant line ministries to UNDP/PAPP.
- All submitting institutions will be requested to acquire, when applicable, a no-objection for their proposal from the relevant national ministry or institution.
- UNDP/PAPP will screen and evaluate all submitted proposal against the selection criteria and establish a prioritised list of individual projects. Close co-ordination with the MLG will be established in this regard and the responsibilities of each party outlined in a Memorandum of Understanding (MOU)
- UNDP/PAPP will submit the project list to KfW for its "no objection".
- Subsequently, UNDP/PAPP will inform MOP on the selected projects and will make the list public. Furthermore, UNWRA will be informed on the projects to be implemented in the refugee camps.

C.4. Expected Interventions

In light of the conditions and criteria mentioned above the Programme is expected to include the following components:

- Rehabilitation and construction of public facilities like municipal buildings, clinics and hospitals, public parks, libraries, social centers, etc. in refugee camps, small towns and poor neighborhoods in main cities of the middle and northern West Bank ;
- Rehabilitation and construction of facilities supporting the economy (vocational centers, markets, etc.) and agriculture (water collection pools, etc.)
- Rehabilitation and construction of public infrastructure such as tiling and paving of roads, sewage lines, water lines, etc.
- Hiring labour in service oriented works like small-scale municipal works with high labour content and health services.
- Community Outreach and Human Development Activities. These activities will be implemented in key localities in each cluster to serve all the communities within the cluster. They will be hosted in the facilities provided through the Programme. This category could include pilot programmes like: the establishment of youth and community service centers, school thinking centers, a student homework and activity program, a students with special needs assistance program and a rural girls' empowerment and development center.

D. Management Structure and Implementation Arrangements

D.1. Management Structure

UNDP/PAPP will be the executing agency of the Programme, responsible for the administration of funds and leading, supervising and monitoring implementation. The management structure will be staffed with a combination of UNDP/PAPP existing staff and field staff hired specifically for the implementation of the Programme. Key UNDP/PAPP staff to lead the Programme management will be introduced for KfW approval. An organigram for the management and engineering structure is attached herewith as Annex 1 and 2 respectively.

- a. A UNDP/PAPP staff member will be assigned as the Programme Coordinator (PC). The PC will lead the project team and provide upper-supervision for all the activities.
- b. UNDP/PAPP staff Programme Management Officers (PMOs), reporting to the PC, will perform all managerial and administrative tasks for the project and provide backstopping from the main office in Jerusalem. The PMO, who also manages other UNDP/PAPP projects, is responsible for drafting and processing all contracts and MOUs, monitoring budgetary expenditures and the progress of projects, processing and tracking payments and procurement orders and writing progress and periodic financial reports. He/She acts as a liaison with the field and LIOs and ensures all work is in accordance with UNDP/PAPP rules and regulations and in line with KfW agreement.
- c. UNDP/PAPP will assign from amongst its Engineering Unit at least (2) senior engineers with civil engineering background and (3) multidisciplinary engineers (electrical, mechanical and architectural) to technically back stop the implementation of the activities, including design and tender reviews and upper supervision of all construction.
- d. Also (2) regional engineers from amongst UNDP/PAPP team will be assigned for the northern and middle regions. They will be stationed in the field offices in the West Bank (Nablus and Ramallah) to supervise the day-to-day activities of the Programme and monitor progress from the field. They will be supervising all field staff including site engineers.
- e. Several site engineers (site staff), recruited under the Programme, will be appointed to manage the day-to-day construction works on site of several projects within a Cluster. They will partner with the LIOs assigned engineers. Each will supervise and facilitate implementation in locations within their assigned cluster or sector. The Programme Site Staff and regional engineers and PMOs will maintain overall supervision of the implementation process, whether conducted directly or through the LIOs, from its inception to completion.

The Programme will also be assisted by staff members from UNDP/PAPP's projects located in or nearby the target intervention areas. Such existing resources will facilitate the rapid implementation and start up of the Programme activities. In addition, UNDP/PAPP's own in-house resources will provide support services for the operation of the Programme Support will be provided by the following departments:

- (a) Administration and Operations Section, including Finance, Personnel, Procurement, information systems, Registry and Transport Units.
- (b) Programme Section, including Programme Support Unit, Engineering Unit and the, Infrastructure, Environment and Employment Generation Unit.
- (c) UNDP/PAPP offices in Nablus and Ramallah including engineering and administrative services.

D.2. Implementation Arrangements

a. Implementation Arrangements

- UNDP/PAPP will implement the Programme activities through LIOs such as NGO's, local councils, RCC and other CBOs in each of the target communities. This will strengthen the role of the community in the implementation of the Programme, guarantee sustainability by rooting sense of ownership and ensure the continuity of the implementation during the frequent closures and roadblocks. UNDP/PAPP will determine the level of involvement of these LIOs based on their implementing capacity and human resources, as well as the proper level of technical supervision and support from UNDP/PAPP.
- UNDP/PAPP already has established partners in the TIAs who will be involved in the implementation of Programme activities. All project activities will be coordinated with relevant ministries. For example, the MLG will be fully involved in the entire implementation process.

- All project activities will be implemented using labor-intensive techniques. Accordingly, UNDP/PAPP will ensure that all signed contracts and sub-contracts will include provisions for the enforcement of the use of such techniques. Utilization of local materials and products (when available) will be ensured through specifying them in bills of quantities and tender documents.
- UNDP/PAPP will sign Memorandums of Understanding with LIOs, delegating authority to implement the projects. The MoU's will outline the responsibility of each of the parties, will ensure the projects are implemented in the most effective, transparent as well as accountable way and will comprise an Operation and preliminary Maintenance Plan. The MOU shall also include a statement of the contribution of the implementing agency, if applicable. The MoU's will clearly stipulate that the project funds should not be utilised to cover any customs duties. UNDP/PAPP will request a Zero Vat Clearance from the PA Ministry of Finance which will cover all project activities. If any duties have to be paid they will be covered by the LIO, the project beneficiaries or from other sources. Evidence thereof will be furnished prior to the conclusion of contracts for supplies and services. (Generally, the goods and services to be financed under the Programme shall be exempted from taxes. Nevertheless, local excise taxes might be financed from Programme funds if the projects are implemented under the direct hire modality described below).
- The UNDP/PAPP team will be working with the LIOs on:
 - preparing the necessary technical documents for the project
 - developing an implementation plan for project activities related to the physical works
 - establishing procedures for operations. Two implementation approaches will be proposed to the LIO to adopt:
 - a. **The direct hire modality.** The LIO will be requested to acquire from the Ministry of Labour or other relevant institutions the lists of unemployed workers in accordance with the set criteria mentioned previously. The workers would then be grouped under the supervision of skilled foremen in the planned works. The LIO under the supervision of UNDP/PAPP and applying UNDP/PAPP procurement procedures will procure the material. The LIO assigned engineers will undertake the day to day supervision of the works and the UNDP/PAPP engineers including the project site engineer will have the overall supervision to verify the technical quality of the works. The LIO will pay the workers daily against attendance sheets that will be verified by the UNDP/PAPP.
 - b. **Solicitation of offers or open tenders:** The LIOs will solicit at least five offers from previously qualified small contractors or issue a public tender (a minimum of three offers could be accepted by UNDP/PAPP if good justification is provided by the LIO). Competitive public bidding will be obligatory for projects with an estimated value of more than 150,000.00 EUR. Offers and tenders will be evaluated jointly with UNDP/PAPP engineers and involved line ministry staff and winning bidders selected in accordance with United Nations Rules and Regulations. The LIO will sign contracts with the selected contractors following review by UNDP/PAPP technical staff. Interim payments will be effected to contractors against works accomplished and following verification of UNDP/PAPP site engineer. The supervision of works will be undertaken by the LIO engineers and UNDP/PAPP assigned site and regional engineers. Contractors will be required to employ labour intensive techniques in projects' implementation to ensure the maximum number of workdays generated and to use local material and products when available. Additionally, contractors will be required to utilise workers from the same area to reduce the effect of the closure on the project progress and ensure maximum benefit to the target area. The standard 'targeted contract' used for the contractors in the ongoing phases will be refined based on the recommendations of the PA Strategy on Job Creation (in particular chapter 2.4)
- The procurement of basic equipment for the infrastructure could be financed out of the Programme funds in case the equipment cannot be financed out of other sources. The financing of equipment is limited up to a value of 20 % of the individual projects' cost and would be agreed upon by UNDP/PAPP and KfW.

- The LIOs will be requested to open separate bank accounts in the name of the project in order to receive the funds from UNDP/PAPP. They will have to submit reports on the works and the employment generated in accordance with a format set by the UNDP/PAPP technical team. The LIO will be required to prepare a financial plan on funds disbursement. The UNDP/PAPP will provide the necessary training and technical backstopping for the preparation of such a plan. The UNDP/PAPP will advance funds to the LIO against the plan and a disbursement report. The UNDP/PAPP will verify all disbursements undertaken by the LIO and will ensure all backstopping documents are provided including original invoices. The LIO will submit to the UNDP/PAPP, upon completion of all activities, an end of project report, including a complete certified financial report and certified supporting documents.
- When no capable LIO could be found, and when a request is submitted to UNDP/PAPP, direct implementation by UNDP/PAPP will be utilized. Pre-qualified sub-contractors will be selected from the areas where the project is to be implemented and contracted via a tendering process in accordance with established international UNDP/PAPP Contractor-Selection Criteria and Tendering Procedures, taking into consideration the PA rules and regulations. All projects directly implemented by UNDP/PAPP will also require on average a 25% labour content.
- Designs and tender documents preparation for larger projects will be contracted out to qualified local consulting firms either by the LIO or the UNDP/PAPP directly depending on the project type and capacity of LIO.

E. Community Role

A continuous focus on participatory development and strengthening of civil society is an integral part of UNDP/PAPP overall development approach. This Programme is designed to fully involve the community in all stages, from inception and planning through implementation and monitoring, up until the time for maintenance and operation.

E.1. Community Role in the Needs Identification and Programme Formulation

- Several communities within the TIAs were involved in the PPA process, which was based on ensuring national ownership, a decentralized and community based needs identification and prioritization process and locally implemented response programmes. The PPA targeted the poor wherever they live (city, village or camp) and gave them the opportunity to express their views on what they perceive as the definition of poverty, its reasons and manifestations and how it reflects on their social, health and psychological conditions.
- As such, the outcome of the PPA is believed to be a unique new UNDP/PAPP instrumentality representing the community needs as identified by its poorest as well as its formal and informal representative institutions.
- UNDP/PAPP's large network of staff and partner institutions will be utilized to disseminate information about the Programme, its objectives, criteria of projects selection and implementation mechanisms. The information provided to the poor communities, in particular, will also provide guidance on the methodology for preparing simple proposals.
- A public request for proposals will be issued in the local newspapers listing the criteria, the submittal methodology, and mechanism and giving sufficient time for all interested and qualified parties to submit their priority proposals.
- In order to ensure that funds reach a maximum number of people, and to nestle specific communities' requests within the framework of the PA development plan (the PDP), all of the concerned PA Ministries (MLG, MoP, MOA, PWA,) and municipal and local councils will be consulted and priority project

proposals to be included in this Programme will be solicited, screened and checked against the outcome of the PPA. Letters of endorsement from supporting and involved institutions will be requested with each submitted proposal.

- As reflected above, UNDP/PAPP will adopt a bottom-up approach for the *planning* stage of the Programme proposals. Before the final selection of the individual projects, in depth consultation will take place at different levels with the local communities. UNDP/PAPP personnel will conduct meetings with representatives of the local authorities and grassroots NGOs, as well as line ministries. During these meetings the proposed interventions will be discussed and finalized together with the stakeholders. The technical and economic viability of the projects will also be addressed by UNDP/PAPP technical team, and an understanding will be reached on the most appropriate modalities by which the projects should be implemented. Additionally, the community participation and commitment to support the project and participate in its implementation will be ensured.

E.2. Community Role in the Programme Implementation, Monitoring and Evaluation

The role of the target communities and level of their involvement will differ depending on the type of intervention.

- In infrastructure development, several segments of the targeted local societies will play a major role during the implementation of the Programme. LIOs such as local councils, Refugee Camp Committees, NGOs and CBOs, as local partners, will be the main parties responsible for the implementation of most of the Programme interventions, under the supervision of UNDP/PAPP staff on site. UNDP/PAPP staff will work extensively with the LIOs to enhance their capacity and to ensure technical quality and cost effectiveness of activities undertaken. Moreover, only local contractors, suppliers and laborers will be invited to provide the services needed for the Programme. The entire Programme will be implemented by locally recruited, highly qualified Palestinian staff. Such policies will limit the effect of the closures on the progress of activities and ensure a sense of ownership towards the Programme's process and outputs.
- Community members will be mobilized to contribute to the Programme by providing the land needed for new construction, providing designs and tender documents and contributing construction material and/or labor work in kind where appropriate.
- Community outreach interventions will be implemented directly by the community through existing groups for women, youth and laborers. Individuals in these groups, particularly women and girls, will be invited to participate in special training and empowerment Programmes organized under the Programme or other UNDP/PAPP relevant projects.
- Progress of activities will be monitored through a system of progress sheets to be filled out by the LIOs together with UNDP/PAPP local staff. The LIOs will have sufficient room to express their concerns on a regular basis, whether through the reporting system or the regular coordination mechanism/meetings to be put in place. An evaluation of the Programme would be organized by UNDP/PAPP through local consultants or the KfW appointed consultants. It would be based on a process of community participation and involvement. Questionnaires, individual and group meeting, workshops and other forums will be used to ensure an objective and participatory evaluation process.

E.3. Community Role and Sustainability: Operation and Maintenance

- For most of the interventions under the Programme the local councils, beneficiary NGO's and CBO's and the line ministries will have full responsibility over the maintenance and operation of the infrastructure and facilities provided;
- UNDP/PAPP experience in similar Programmes in the oPt has shown that the beneficiary community and their representative councils with the support of the PA are willing to sustain their new projects, particularly when they are involved in all the stages of its provision and they have a strong sense of ownership.

- UNDP/PAPP staff throughout the design and implementation process of the works and activities will ensure that technical support and training is provided to the LIOs and other involved community groups on future maintenance and operation issues.

F. Expected Impact

The Programme will positively affect the lives of the entire Palestinian population in general and the residents of the TIAs in particular. It will provide approximately 262,135 workdays for skilled and unskilled workers. This direct employment, although short term, will reduce the poverty level in the benefiting communities and revive the local economic activities. The Programme will also lead to the development of hundreds of sustainable jobs that will have a longer-term impact on the communities involved. Equally important is the socio-economic impact of the proposed integrated interventions that cannot be underestimated.

The complementary projects that the UNDP/PAPP is implementing in or nearby the targeted clusters, will provide a considerable added value to the expected impact of the Programme proposed projects

G. Coordination Structure

Coordination at all levels and between all relevant parties will be ensured throughout the Programme implementation phases. The Sectoral Working Group and consultative Group on Job Creation (SWGJC) will be appraised of the Programme progress status. Daily coordination with the various implementing institutions will also take place at the working level. Regular meetings will also be held between the UNDP/PAPP and the KfW representatives to report on progress. Lessons learned from this Programme will be reported to the SWGJC and the MOP to feed into the process of refining and implementing the Job Creation policy and strategy of the PA.

H. Monitoring and Evaluation System

H.1. Monitoring Plan

The Programme will institute a comprehensive monitoring plan to ensure regular collection and analysis of information for assessing the performance of each project and ensuring that its outputs are achieved. The monitoring plan will serve the information needs of the UNDP/PAPP management and KfW at various levels, facilitate the decision making process, provide feedback to planning and policy, and support taking remedial actions and corrective measures for the implementation process.

Apart from the input monitoring, which is part of the routine project reporting system that deals with the deployment of the project resources including finance, equipment, material and human resources, the Programme will be monitored at various other levels. These include monitoring of the results (output monitoring) in order to keep track of the outputs of the project as well as monitoring the performance in order to measure the achievements against expected results and to ensure the involvement of the community and proposed partners as planned.

The Programme's monitoring plan will be accomplished through the following steps:

- Establishment of Key Performance Indicators (KPIs) such as employment figures. This set of performance indicators will represent the core of the Monitoring & Evaluation System. It will be developed at the inception stage of the Programme and verified through a consultative process with the communities and the implementing partners. The KPIs will be tailored to the needs of the Programme and reflecting KfW and the UNDP/PAPP's requirements.

- Quantification of the KPIs at regular intervals throughout the Programme's life and analysis of this information compared with the target data through the internal reporting system

H.2. Evaluation Plan

The Evaluation Plan will entail two different types of evaluations:

- The Mid-term Evaluation. This is an internal review carried out by the UNDP/PAPP to assess the progress of the Programme and see whether it remains on the right track following the Programme outline as agreed upon in the formulation phase. The review will evaluate the effectiveness and efficiency of the Programme. It will also involve policy review through testing hypothesis and extracting lessons related to the implementation mechanisms of the Programme.
- The Final Evaluation. This evaluation involves all areas previously covered by the mid-term evaluation as well as other areas including Impact Evaluation which measures the changes resulting from the project and the wider effects that were caused by the various interventions. The Final Evaluation will be carried out by external evaluators within four months of the date of the operational completion of the Programme.
- KfW could engage its own experts in either of the evaluations mentioned above or to carry out spot-checks of the individual projects' sites to monitor the use of the Programme funds, to audit individual projects' accounts of the implementing institutions and to monitor the labour content of the projects.

In keeping with the Programme's emphasis on community participation, the Monitoring and Evaluation System will also undertake specific initiatives to solicit beneficiary involvement and feedback into the process. Beneficiaries will also be directly involved in the development of the KPIs.

H.3. Reporting

To ensure systematic and timely provision of essential information to the donor, UNDP/PAPP will submit the following reports to the KfW:

- An Inception Report will be submitted to the KfW following the selection and approval of individual projects. It will provide further description of selected interventions, beneficiaries and LIOs.
- Semi-Annual progress and financial reports, in a format to be agreed upon with the KfW, which will outline progress, achievements, problems encountered and remedial actions and resources/costs associated with specific sub-activities, in addition to a separate financial section.
- Terminal report, to cover the achievements of the project and the findings/results of the final evaluation.
- The financial reporting to the KfW shall be in accordance with the requirements set forth by KfW.

I. Financial Management of the Programme

For this Programme, the UNDP/PAPP will open a Special Account (Disposition Fund) in the oPt at an internationally renowned bank according to the stipulations of the Supplementary Conditions of KfW for Payments under the Disposition Fund Procedure ("Supplementary Conditions"). The Special Account shall be kept as a disposition fund in EURO. The amounts deposited in the Special Account will bear interest according to the interest rate prevailing for short-term deposits in the Palestinian Territories. The amounts deposited in the Special Account as well as accumulated interest shall be used exclusively to finance the payments of implementing institutions and contractors. The use of the Special Account will be governed by the "Supplementary Conditions".

The UNDP/PAPP will pay the funds directly to the providers of the projects' supplies and services in accordance with the respective documented progress of the supplies and services. In case, UNDP/PAPP is of the opinion that certain implementing institutions dispose of sound internal control systems with regard to securing the orderly use of the funds, UNDP/PAPP could also pay the funds to special project accounts of these institutions. In such cases, the implementing institutions will be required to open separate bank accounts for their individual project to receive the funds from UNDP/PAPP. Before the first payment with regard to each individual project, the LIO will confirm in writing that the respective projects would solely be financed through Programme funds (and, as the case may be, additionally own funds).

UNDP/PAPP will effect payment to LIOs against financial plans and disbursement report. Payment requests submitted to UNDP/PAPP by the LIO must be supported by the following documents:

For Sub-Contracting:

1. Fully detailed tender documents containing the specifications and quantities for all individual activities;
2. Minutes of bid-opening meeting;
3. Bid analysis and justification of selection of sub-contractor;
4. Signed contract(s) between LIO and sub-contractor(s);
5. Inspection report on work executed; and
6. Original Zero VAT invoice(s) from contractors in the name of the LIO.

For Short Term Employment (Direct Employment)

1. A monthly attendance sheet for workers signed by the LIO representative and the Programme Site Staff.
2. Payment request signed by the LIO or the subcontractor and endorsed by the Site Staff.
3. Tender documents for procurement of materials, evaluation sheets, and signed agreements with suppliers.
4. Original invoices from suppliers and payment checks issued by LIO.

After each monthly payment, the LIO will provide UNDP/PAPP, through the Site Staff, with wages sheets signed by each worker, indicating the amount given to each worker.

UNDP/PAPP operates under international rules of financial management, control and auditing, and, as an international public institution, it is fully transparent and accountable to donors. The Internal Accounting and Financial Control System are outlined in the following:

All budgetary expenditures from the KfW grant will be recorded, tracked and monitored according to UNDP/PAPP's financial control system, whose sole responsibility is to ensure that financial transactions are performed in accordance with UNDP/PAPP rules of financial management, donor agreements, and contractual obligations. PMOs submit payment requests based on purchase orders, the work plan and the budget to the financial officers, whom verify that funds have been set aside for this purpose ("obligated"), that funds are available in the budget, and that all other contractual obligations have been complied with before sending an instruction to the Finance Department to issue the payment. The Finance Department also performs a double check to ensure that all backup documentation has been provided and rules and regulations adhered to before issuing the payment. An electronic financial recording system is used by all PMOs to submit payments thus making tracking and monitoring of all transactions efficient and transparent. Monitoring of budgets and tracking of expenditures is the Finance Department through UNDP/PAPP linked software packages, through which UNDP/PAPP also sends electronically monthly financial transaction reports to UNDP/PAPP headquarters in New York.

UNDP/PAPP will engage a qualified independent external auditor, whom will review the accounting procedures and carry out a financial control related to the Special Account. The first audit will be executed 9 months after the beginning of the Programme. The second and final audit will be executed three months after the last disbursement out of the Special Account. A copy of each auditor's report will be sent to KfW. The terms of reference and the price offer of the auditor as well as a proposal for an audit company have to be presented to and approved by KfW before the award of the contract. The fees of the auditor will be financed out of the Special Account after acceptance of the auditor's services by UNDP/PAPP and KfW. In case that UNDP/PAPP is unable to prove that the financial contribution has been used for the stipulated purpose, KfW may demand the immediate repayment of the respective such amounts.

J. Public Awareness and Visibility

UNDP/PAPP will ensure that optimal publicity is given to KfW in the implementation of project activities. Public awareness activities of the project will entail milestone and hand-over ceremonies, press releases, UNDP/PAPP globally distributed publications, newsletters and PAPP website as well as commemorative signs in and along the projects' site.

In addition, the Programme will have indirect visibility through regular newspaper advertisements that solicit tenders and announce the planned works in the various localities. These advertisements will be run for a number of days and thus will provide visibility for the project in the oPt as the newspapers that will contain the advertisements are nationally distributed.

K. Sustainability Plan

The Programme, with its integrated approach to the development of the targeted communities, will leave a legacy of physical structures and social Programmes that will be highly appreciated by the communities. Additionally, the Programme's design and implementation will highly contribute to its sustainability. Primarily the following issues are important in sustenance and long-lasting impact of the Programme's activities:

1. Several of the activities will be supported by training Programmes that will raise the capacity of the involved institutions in the operations and maintenance of the projects.
2. Letters of commitment will be obtained from the beneficiary institutions in charge of running the activities in the provided facilities, in which they commit themselves to maintain and continue the work of the facilities after completion of the project.
3. The extensive involvement of the local communities in the implementation and design of projects will impart a sense of ownership of these projects which will enhance the commitment of the communities to their maintenance and operation. Also the involvement of the LIOs in the various parts of the Programme will build their capacity in management and implementation.
4. In every contract with sub-contractors, there is a provision that stipulates the commitment of the sub-contractor to provide maintenance for the Programme's projects for at least a one year period. Furthermore, and in cooperation with the MLG and Ministry of Finance, certain operation costs are being covered from the central government budget
5. The construction of municipal/community centres will bring income to the local municipalities or the operating NGOs through renting out the facilities, i.e. multi-purpose halls to the public and/or private service providers or from revenues of providing certain services such as kindergartens and health centers. This revenue will assist these institutions in providing funds for regular maintenance and operations.
6. Prior to construction of any public facility, UNDP/PAPP will have ensured the endorsement of the line ministry and its commitment to operate and maintain these facilities. Previous experiences of UNDP/PAPP in similar activities in the education, health and public services sectors have proved that the Ministries have

become capable institutions that consider maintenance and operation issues of prime importance. For example, in the case of construction of additional classrooms the facilities are in most instances put to use immediately after completion. A commitment letter from relevant institutions will be required prior to the commencement of any works.

L. Implementation Schedule

Within 30 days of receiving the Approved List of Projects from the KfW, a detailed work plan including budget and cash flow schedule will be submitted to KfW..

Overall, it is planned that the Programme will be implemented within a **twenty-four (24) month period**. The implementation arrangements were designed to ensure sufficient capacity for fast and effective implementation particularly due to the emergency nature of the Programme. Additionally, the utilization of local contractors and labor force will facilitate the implementation process even during the closure periods.

M. KfW Proposed Input

The Programme will fall under a Financing and Programme Agreement to be signed between the KfW, Palestinian Ministry of Foreign Affairs, and UNDP/PAPP and a Separate Implementation and Financing Agreement to be signed between the KfW and UNDP/PAPP. The KfW will transfer to the UNDP/PAPP Special Programme Account the total amount of Euro 16.0 million. Euro 14.0 million inclusive of UNDP Support Cost at 8% flat will be utilized to cover the Job Creation Poverty Oriented Infrastructure Component and Euro 2.0 million inclusive of a reduced UNDP support cost at 4% will be utilized to cover a special Water Supply Programme component with the Jerusalem Water Undertaking.

Summary of Proposed Budget to the KfW:

***Poverty - Oriented Employment Generation
Programme III West Bank (2002 65 371)
Component I - Small Scale Infrastructure Works***

Budget Line Description:	Amount Budgeted:
Small Scale Infrastructure Works (EGP III):	€ 12,000,000
10 Site Engineers (10 x 15 x EURO 1500):	€ 225,000
2 Architects (1 x 15 x EURO 1500):	€ 45,000
10 Data Collectors (10 x 2 x EURO 500):	€ 10,000
Programme Development/Capacity Building Training for Counterparts:	€ 50,000
Equipment/Furniture: (5% of EURO 5.74 Million for Facility Construction)	€ 287,000
Audit:	€ 30,000
Construction Contingencies: (2% of EURO 12 Million for Overall Construction Works)	€ 263,000
Sundries/Programme Visibility/Reporting:	€ 52,963
Total Programmable Amount:	€ 12,962,963
Support Cost Fees: (8%)	€ 1,037,037
Total Contribution for Component I:	€ 14,000,000