



UNITED NATIONS DEVELOPMENT PROGRAMME

Programme of Assistance to the Palestinian People

PROJECT DOCUMENT

Number: ATLAS # :
 PAL10 – Proposal 00041098, Project 00046774
 PAL50 – Proposal 00041099, Project 00046775

Title: Poverty Oriented Infrastructure - Employment
 Generation Programme (West Bank & Gaza Strip) –
 Phase V

Duration: 24 Months

Project Site West Bank & Gaza Strip

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:** April 2006

<u>Trust Fund</u>	
<u>Trust Fund:</u>	
Programme Amount:	EURO 18,609,259
Support Cost Fees: As indicated in Budget:	EURO 1,390,741
Total Contribution From the Government of Germany through the KfW :	EURO 20,000,000

This Programme is the fifth phase of projects funded by the Government of Germany through the KfW to provide relief to Palestinian Communities in the West Bank & Gaza Strip 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 280,842 workdays will be created through these project activities.

On behalf of	Signature	Date	Name/Title
United Nations Development Programme		28/3/06	Mr. Jens Toyberg-Frandzen Special Representative

United Nations Official exchange rate at date of signature of project document:	1 US\$ = 4.55 NIS 1 US\$ = 0.805 EURO
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28/7/06

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SECTION I - NARRATIVE:

PART I. SITUATION ANALYSIS:

The current situation is still widely characterized by the Al-Aqsa Intifada, which broke out at the end of September 2000. The Israeli measures imposed on the Palestinian territories in the wake of the Intifada have had a devastating effect on the Palestinian economy and overall living situation. The most significant Israeli measure is the closure policy, which cuts off the West Bank and Gaza Strip from Israel and East Jerusalem, the West Bank from the Gaza Strip, as well as towns and villages within the Palestinian territories from each other. This closure policy, combined with blockades, curfews, incursions, and now with the construction of the Barrier have all had a severe impact on the daily lives of Palestinians.

The Palestinian economy is currently on the verge of a humanitarian crisis. With the surprise outcome of the Palestinian Legislative Elections and formulation of the new PA Government, which resulted in its isolation by most of the donor community as well as the withholding of Clearance Revenues by the State of Israel amounting to about US\$65 million a month, the PA will not be able to pay the approximately 152,000 persons on its payroll. If such a situation should continue without resolution, the PA's capacity to provide services, pay salaries, and ensure security will decrease.

According to the World Bank, at the end of December 2005 an estimated 43% of the population lived below the poverty line of US\$ 2 per day and unemployment stood at 23%. This level is twice what it was prior to the Intifada. It is expected that the figures will increase in 2006 due to the suspension of assistance. In fact, the UN estimates that a 100,000 jobs need to be created in 2006 just to maintain the current rate of employment.

Moreover, according to the World Bank, at the end of 2005 the GDP per capita was estimated at US\$1,152. If in the worse case scenario, there is a total suspension of Clearance Revenue Transfers, Trade and Labor Restrictions, and Reduced Aid Flows, GDP per capita is estimated to drop to US\$ 802 for the year 2006.

PART II. STRATEGY:

2.a Host Country Strategy:

Due to the election of the Hamas lead Government and the ensuing Donor response the newly elected government has been increasingly incapacitated and incapable of providing basic services. The PA's main and immediate objective therefore is to assist to the maximum extent possible the Palestinian People in dealing with the effects of the harsh economic and social conditions they are presently subjected to. In order to achieve such an objective an intervention strategy is drawn out along the following lines:

- On the socio-economic levels, the PA in the past has employed integrated approaches that are adapted as the situation develops:
 1. To initiate employment generation programmes in various developmental sectors such as infrastructure and public facilities rehabilitation and upgrading as well as agricultural activities;
 2. For certain hardship cases to initiate a programme of food security operated under the umbrella of the Ministry of Social Affairs as well as UNRWA and in cooperation with the World Food Programme. Additionally, the PA as well as other relief and humanitarian organizations have had in certain cases to resort to

direct food distribution which is feared to be the only resort in the future if employment opportunities are not created at least to a certain number of the unemployed work force.

2.b Problems to be Addressed:

Weak and dilapidated infrastructure throughout the West Bank and Gaza Strip precludes the Palestinians from providing the necessary essential services the population requires. Insufficient classrooms, old or non-existent water networks, inadequate health care facilities, unpaved or inadequate road networks, weak basic infrastructure, limited recreational facilities, and minimal woman and youth facilities, characterize some of the deficiencies that exist in the Palestinian Territories.

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

Municipalities and local councils in the Palestinian Territories 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.

2.c Project Description:

The primary objectives of the Employment Generation Programme through - Poverty Oriented Infrastructure Phase V in the West Bank & Gaza Strip (the Programme) funded by the *Kreditanstalt fuer Wiederaufbau* (KfW), is to alleviate poverty, generate employment and improve access to basic social services in impoverished Palestinian communities by 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.

The Programme will respond directly to the goal of generating emergency employment opportunities and to increase access to basic social services in Palestinian communities. This new programme builds on the previous ongoing and completed Programmes funded by the German Government through KfW and implemented by UNDP/PAPP (EGP Phases I & II –

West Bank and Gaza Strip, Phase III – West Bank, Phase IV – Gaza Strip). The previous and ongoing phases carry the same main goal of generating emergency employment opportunities through the development of priority social and economic infrastructure and primarily targeting the poor rural areas of the West Bank and Gaza Strip.

Unlike most other programmes in the Palestinian Territories, this programme is based upon an open competition whereas local authorities, Palestinian Ministries and Institutions, and Palestinian Non-Governmental Organizations (NGO's) submit project proposals for consideration. These projects will be reviewed by UNDP/PAPP based upon but not limited to the selection criteria below (*see Annex I – Separate Agreement for more information*).

Selection Criteria

1. 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.
2. Unemployment and poverty rates will be considered in the selection of targeted community.
3. Willingness of the targeted community to participate in project preparation and implementation process.
4. Community Contribution such as land, construction equipment, etc...
5. Benefit of the improved infrastructure to the target group particularly women and youth.
6. Project readiness for immediate implementation.
7. Project sustainability including how operation and maintenance costs will be secured. The technical design should lead to low maintenance and low operating costs.
8. Project costs not to exceed EURO 300,000 to ensure fair distribution of available funds to the maximum number of needy communities.
9. 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.

Finally, 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.

PART III. MANAGEMENT ARRANGEMENTS:

3.a. Implementation Arrangements:

Based upon an amendment (Annex III) to the original Separate Agreement, UNDP has been requested by KfW to directly execute and implement all project activities. As such, no funds will be transferred to the respective counterparts as in the past EGP's and they will have no responsibilities in the execution of the project. However, the counterparts will be requested to provide the required supporting documentation for the project activities including designs, licenses, permits, bill of quantities, tender documents, etc. which will be requested of the counterparts. In addition the counterparts will be responsible for providing operation and management plans for the works to be constructed.

As a result, the UNDP has assigned two Programme Management Officers, one each in the West Bank and the Gaza Strip to manage the everyday administrative and financial issues of the programmes implementation. In addition, the UNDP will through its Engineering Teams assign a project team of two Project Managers in the West Bank and one in the Gaza Strip to supervise on a daily basis all technical related works through its staff of architects, site engineers, and technical support staff. The project team will be responsible for ensuring the qualitative implementation of all agreed upon works which, will be tendered utilizing local Palestinian Contractors. All works will be implemented and completed as per UNDP Rules and Regulations. Finally, a Coordinator will be identified to ensure the smooth flow of information between the West Bank and Gaza Strip, and with the Donor. See *Annex IV* for Programme Organizational Chart.

Moreover, the UNDP will coordinate implementation issues with the Ministry of Local Government, the Ministry of Education, Ministry of Labor, Municipalities, Village Councils, the West Bank Water Department, etc.

3.b. Selection Process:

During the selection process UNDP/PAPP screens and evaluates all submitted proposal against the selection criteria and establishes a prioritised list of individual projects. Close coordination with the Ministry of Local Government (MLG) will be established in this regard and the final list pertaining to Local Authorities will be reviewed and agreed upon with the MLG. Upon Approval, UNDP/PAPP will submit the project list to KfW for its "no objection". Subsequently, UNDP/PAPP will inform the Ministry of Planning 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.

During the preparation phase of the project, approximately 1500 proposals were received and reviewed based upon the agreed criteria. As a result of the review and discussions with the Ministry of Local Government in the presence of the KfW, 114 project activities were identified for funding, 74 of which are located in the West Bank and 40 in the Gaza Strip. The list was forwarded to KfW for final approval and will encompass such activities as listed below:

- 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 West Bank and Gaza Strip
- Rehabilitation and construction of facilities supporting the economy (vocational centers, markets, 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.
- Village Councils, Municipalities, local NGOs and Community based organizations as well as youth committees and womens groups need to work in partnership at the local level to ensure that community infrastructure facilities are utilized to the maximum extent possible. To ensure that village council regular functions are carried out with this additional component, all partners need capacity development of areas such as joint work-planning, project and financial management, resource mobilization and communications. The operational

management component will design capacity training packages on these areas specifically tailored to training local partners in these fields.

See *Annex II* for the complete list of projects approved by KfW for funding.

PART IV. MONITORING & EVALUATION:

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

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.

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.

PART V. LEGAL CONTEXT:

“This programme support document shall be the instrument envisaged in the Supplemental Provisions to the Project Document, attached hereto.”

SECTION II – RESULTS & RESOURCE FRAMEWORK:

Intended Outcome as Stated in the Country Results Framework:			
Outcome indicator as stated in the Country Programme Results and Resources Framework, Including baseline and target.			
Applicable MYFF Service Line:			
Partnership Strategy:			
Project Title & ID: Employment Generation Programme – Poverty Oriented Infrastructure – Phase V.			
Intended Outputs:	Output Targets for (years):	Indicative Activities:	Inputs:
1.1 114 Infrastructure Projects to be Completed. (74 in West Bank and 40 in Gaza Strip)	Projects to be completed within two Years.	<ul style="list-style-type: none"> 1.1.1 Project Selection. 1.1.2 Assessment of Projects 1.1.3 Revise or draft drawings. 1.1.4 Prepare/Review Bill of Quantities and Tender Documents. 1.1.5 Tender Contracts 1.1.6 Evaluation of Tenders 1.1.7 CAP 1.1.8 Awarding of Contracts with Contracting firms. 1.1.9 Begin Construction Works 1.1.10 Weekly Reports 1.1.11 Operation & Maintenance Plan 	EURO 15,584,259 Allocated.

Intended Outcome as Stated in the Country Results Framework:

Outcome indicator as stated in the Country Programme Results and Resources Framework, Including baseline and target.

Applicable MYFF Service Line:

Partnership Strategy:

Project Title & ID: Employment Generation Programme – Poverty Oriented Infrastructure – Phase V.

Intended Outputs:	Output Targets for (years):	Indicative Activities:	Inputs:
1.2. Jenin and Gaza Wastewater Treatment Plants..	12 months	<ul style="list-style-type: none"> 1.1.12 Inauguration of Facility(ies) 1.2.1. Prepare specifications 1.2.2. Tender for Design 1.2.3. CAP 1.2.4. Award Contract to Consultancy Firm(s). 1.2.5. Tender Contracts 1.2.6. Evaluation of Tenders 1.2.7. CAP 1.2.8. Awarding of Contracts with Contracting firms. 1.2.9. Begin Construction Works 1.2.10. Weekly Reports 1.2.11. Inauguration of Facility 	EURO 1,600,000 Allocated.

Intended Outcome as Stated in the Country Results Framework:

Outcome indicator as stated in the Country Programme Results and Resources Framework, Including baseline and target.

Applicable MYFF Service Line:

Partnership Strategy:

Project Title & ID: Employment Generation Programme – Poverty Oriented Infrastructure – Phase V.

Intended Outputs:	Output Targets for (years):	Indicative Activities:	Inputs:
1.3. Operation and Management/Social Services Component	2 years	1.3.1 Capacity Needs Assessment of Counterparts. (O&M) 1.3.2 Designing and implementation of Capacity Training Packages.(O&M) 1.3.3 Community Work Planning and Delivery of Social Programme Packages for utilization of Infrastructure. (SS)	EURO 1,000,000 Allocated (EURO 500,000 each Component)

SECTION III –BUDGET & WORKPLAN:

Budget:

The Programme will fall under a Financing and Programme Agreement signed on the 13th of October 2005 between the KfW, Palestinian Ministry of Planning, and UNDP/PAPP and a Separate Implementation and Financing Agreement to signed on the 13th of October 2005 between the KfW and UNDP/PAPP. The KfW will transfer to the UNDP/PAPP Special Programme Account the total amount of Euro 20.0 million. UNDP Support Cost Fees will amount to EURO 1,390,741, or about 7% of the total budget .

The budget breakdown is as follows:

Description	Budgeted Cost: EURO (€)	Facilities & Management Fees: EURO (€)
Project Staff	€400,000	€0
Miscellaneous (including designs, surveys, tender docs, etc)	€25,000	€0
Sub-Total Project Staff & Miscellaneous:	€425,000	€0
Rehabilitation of the Jenin Wastewater Treatment Plant	€1,000,000	€40,000
Rehabilitation of the Gaza Wastewater Treatment Plant	€600,000	€24,000
Sub-Total Wastewater Treatment Plants:	€1,600,000	€64,000
Small Scale Infrastructure Works - West Bank	€8,497,184	€679,775
Small Scale Infrastructure Works - Gaza Strip	€7,087,075	€566,966
Sub-Total Construction & Rehabilitation Works:	€15,584,259	€1,246,741
Operation and Management Component:	€500,000	€40,000
Social Services Component:	€500,000	€40,000
Sub-Total Social Services / Operation & Management Components:	€1,000,000	€80,000
Programmable Amount:	€18,609,259	€1,390,741
Total Estimated Budget (EURO (€))	€20,000,000	

KfW EGP V Pals0 Proposal - 41099
Annual workplan 2006

Project ID Espected Outputs	Activities	TIMEFRAME				Activity as per budget	Responsible Party	Fund	Donor	BL	Budget Descr	Planned Budget				
		Q1	Q2	Q3	Q4							Amount Euro				
												original	change	Amount Euro	Amount in US\$	
0046775 KfW - Poverty	1. Gaza Strip - Poverty Oriented					Act. 1	UNDP/PAPP	40500	KfW	72105	Svc Co-Construction & Eng.			€ 6,710,000.00	\$8,113,663.85	
			X	X	X		UNDP/PAPP	40500	KfW	74500	Contingency			€ 377,075.00	\$455,955.26	
							UNDP/PAPP	40500	KfW	75100	Facilities & Administration			€ 566,966.00	\$685,569.53	
						Act. 2	UNDP/PAPP	40500	KfW	72105	Svc Co-Construction & Eng.			€ 7,760,000.00	\$9,383,313.18	
			X	X	X		UNDP/PAPP	40500	KfW	74500	Contingency			€ 737,184.00	\$891,395.41	
							UNDP/PAPP	40500	KfW	75100	Facilities & Administration			€ 679,775.00	\$821,977.03	
						Act. 3	UNDP/PAPP	40500	KfW	72105	Svc Co-Construction & Eng.			€ 1,000,000.00	\$1,209,189.84	
			X	X	X		UNDP/PAPP	40500	KfW	75100	Facilities & Administration			€ 40,000.00	\$48,367.59	
							UNDP/PAPP	40500	KfW	72105	Svc Co-Construction & Eng.			€ 600,000.00	\$725,513.91	
							UNDP/PAPP	40500	KfW	75100	Facilities & Administration			€ 24,000.00	\$29,020.56	
						Act. 4	UNDP/PAPP	40500	KfW	71300	Local Consultants			€ 500,000.00	\$604,594.92	
				X	X	X		UNDP/PAPP	40500	KfW	75100	Facilities & Administration			€ 40,000.00	\$48,367.59
								UNDP/PAPP	40500	KfW	71300	Local Consultants			€ 500,000.00	\$604,594.92
								UNDP/PAPP	40500	KfW	75100	Facilities & Administration			€ 40,000.00	\$48,367.59
		X	X	X	Act. 5	UNDP/PAPP	40500	KfW	71405	Service Contracts - Individuals			€ 400,000.00	\$483,675.94		
						UNDP/PAPP	40500	KfW	74500	Miscellaneous Expenses			€ 25,000.00	\$30,229.75		
TOTAL														€ 20,000,000.00	\$24,183,796.86	

UNDP					
MUN					
MAF					
Total					

ANNEX I:
Separate Agreement

We propose that the following be agreed upon:

I. **Project Design**

1. **Details of the Project**

The Project comprises labour-intensive individual projects for the construction, extension and rehabilitation of social and economic infrastructure in the West Bank and the Gaza strip; consulting services to improve operation and maintenance capacities; financing of employment measures in the non-profit service sector to a limited extent; and administrative expenses of the Programme Executing Agency in the context of an open programme approach. It is designed as a continuation of the projects "Employment Generation Programme I, II, III and IV" (poverty-oriented infrastructure) and "Rehabilitation of the Old City of Hebron" (BMZ project IDs: 2001 65 456, 2002 65 140, 2001 65 936, 2002 65 371, 2003 65 189).

The Project objectives are the provision and rehabilitation of social and economic infrastructure as well as services for use especially by poor people, as well as the provision of short-term employment opportunities. This is to contribute to the overall objective of reducing social and economic poverty of the population in the West Bank and the Gaza strip. The logical planning framework, Project objectives and results, the required Project activities as well as the assumptions underlying the Project purpose and the Project results are contained in Annex 1.

The design of the Project is based on the following documents

- Palestine – Evaluation of Employment Generation Programmes, Final Report, Enterplan, January 2004
- 4 years – Intifada, Closures and Palestinian Economic Crisis, World Bank, October 2004

The following Project activities shall be financed from the Financial Contribution: Labour intensive construction, rehabilitation and extension of social and economic infrastructure, as well as basic equipment of the infrastructure if necessary; non-profit social services; capacity building for operation and management planning after project completion; as well as

UNDP/ PAPP's implementation support. At the same time at least about 320,000 man-days will be financed.

2. Time Schedule

The underlying time schedule for the preparation, implementation and operation of the Project is 24 months.

3. Total Cost and Financing

The estimated total Project cost ("Total Cost") underlying the Project appraisal is approximately EUR 23 million. The Financial Contribution amount is not exceeding EUR 20 million. The composition of Total Costs and the financing plan are contained in Annex 2.

4. Changes in the Project Design

Any major changes in the Project design shall require KfW's prior consent. The Project-Executing Agency shall inform KfW thereof immediately, stating the reasons, the planned measures and the consequences of the change (including on Total Cost). Execution of such measures may commence only on the basis of revised planning and upon KfW's consent.

II. Project Implementation

1. Responsibilities and Time, Cost and Financing Schedule

1.1 UNDP/PAPP will inform KfW of the Programme Management Team from amongst its staff who will be responsible for all aspects of the Project implementation. The team should comprise at least a qualified Programme Co-ordinator and two Programme Management Officers to be responsible for the regular supervision of the individual projects. One of the three shall have strong sociological or socio-economic expertise, one of them will be particularly versed on gender issues. Nomination or recruitment of further personnel will depend on the geographical distribution, amount and type of assistance to be provided for the individual projects.

- For each individual project the implementing institutions will be identified. These will be particularly municipalities and local councils, refugee

camps committees and non-governmental organisations including community based organisations.

- An individual Memorandum of Understanding (MoU) will be signed between the UNDP/PAPP and each selected implementing institution, whether governmental or non-governmental. The MoU will outline the responsibilities of each of the parties, will ensure the projects are implemented in the most effective and transparent way and will comprise a realistic Operation and preliminary Maintenance Plan. The MoU shall also include a statement of the contribution of the implementing agency where this is feasible.
- The MoU will clearly stipulate that the project funds should not be utilised to cover any customs duties. If such duties have to be paid they will be covered by the implementing institutions, the project beneficiaries or from other sources. Evidence thereof will have to be furnished prior to the conclusion of contracts for supplies and services.
- The implementing institutions and UNDP/PAPP will agree on the optimal project implementation approach to be adopted. In general, the implementing institutions will be responsible for preparing and implementing the respective project. This would comprise preparing the necessary technical documents for the project and developing an implementation plan for project activities related to the physical works, tendering, contract negotiations and conclusion (or supporting the projects on a direct hire modality), supervision of the works as well as acceptance of the supplies and services provided. An operation and maintenance plan including related budget plans to be applied after implementation will also be prepared. The tender documents and proposals for award of contract will be co-ordinated with UNDP/PAPP. The UNDP/PAPP will assist the implementing institutions in preparing and implementing the individual projects ("joint implementation"). If required, the UNDP/PAPP can implement the respective project on behalf of the responsible institution in case this institution asks the UNDP/PAPP to do so. Additionally, local service providers could be hired to assist the implementing institutions in preparing and implementing individual projects. In any case, the UNDP/PAPP will explain the specific implementation regulations to the implementing institutions.

- 1.2 The detailed time, cost, and financing schedule for the Project, shall be prepared as soon as possible by the Project-Executing Agency and submitted to KfW. Such schedule is to show, by deadlines and amounts, the

intended chronological interrelation of the Project activities and the resulting financial requirements. If any deviation from such schedule becomes necessary during the implementation of the Project, KfW shall be furnished with a revised schedule.

2. Award of Contracts for Goods and other Services

- 2.1 After approval by UNDP/PAPP, the contracts for goods and all other services will be awarded to qualified Palestinian enterprises in the region of the individual projects after competitive public bidding – obligatory for projects with an estimated value of more than EUR 150,000.00 – or after obtaining at least three different offers. The invitations to tender will stipulate a minimum amount of 25% of each contract value for labour. The contractors have to show in their offers, that this amount will be obtained. The respective implementing institution could alternatively execute the works itself if it is sufficiently qualified and possesses sufficient capacity. To this end, the implementing institution would hire unemployed workers ("direct hire modality") who would be grouped under the supervision of skilled foremen in the planned works. Individual projects in Refugee Camps will be implemented directly by the Local Camp Committees in cooperation with UNDP/PAPP and in coordination with UNWRA.

The procurement of basic equipment for the infrastructure can 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.

- 2.2 The bidding period shall be fixed in a way that allows the bidders sufficient time to prepare their bids.
- 2.3 The remaining details concerning the awarding procedure and contractual provisions are explained in the "Guidelines for Procurement in Financial Cooperation with Developing Countries" (Annex 3), which form an integral part of this agreement.
- 2.4 In the pre-qualification notice or – where no pre-qualification is conducted - in the tender documents, the Project-Executing Agency shall obligate the bidders to submit together with the pre-qualification documents or together with the bid a declaration of undertaking with the following content:

The parties to the awarding procedure emphasize the importance of a free, fair and competitive awarding procedure that precludes abuse. In this respect this company thus far has not offered or granted any inadmissible advantages either directly or indirectly to public servants or other persons in connection with its bid, nor shall it offer or grant any such incentives or rewards in the present awarding procedure or, in the case of an award, during the subsequent execution of the Agreement. The company shall inform its employees of their respective duties and their commitment to observe this self-imposed obligation and to abide by the laws of the Palestinian Territories.

- 2.5 When concluding contracts for goods and services to be financed from the Financial Contribution, the Project-Executing Agency shall also observe the following principles:
- a) As no import duties may be financed from the Financial Contribution pursuant to Article 1.3 of the Financing and Project Agreement, such import duties, if part of the contract value, shall be stated separately in the contracts for the goods and services and in the invoices.
 - b) If payments due under the contracts for goods and services are to be made from the Financial Contribution, said contracts shall include a provision stipulating that any reimbursements, guarantee or similar claimable payments and any insurance payments shall be made for account of the Project Executing Agency to account no. 56 000 000 00 at Kreditanstalt für Wiederaufbau, Frankfurt am Main (S.W.I.F.T.: KFWIDEFF; BLZ 500 204 00), with KfW crediting such payments to the account of the Recipient. If such payments are made in local currency they shall be remitted to a special account of the Project Executing Agency in the country of the Project Executing Agency, which may be drawn on only with the consent of KfW. Such funds may be re-utilized for the execution of the Project with KfW's consent.

3. Special Implementation Agreements

3.1 Selection of individual Projects under the Programme

3.1.1 The selection of individual Projects under the Programme will be based on a number of criteria. The process and selection criteria agreed upon between KfW and UNDP/PAPP are as follows:

(A) Poverty-oriented approach

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

In a first step UNDP/PAPP will identify very poor sub-areas, villages and groups in the Palestinian Territories based on their available data and will visit the identified target regions / groups in order to encourage and support them to participate in the Employment Generation Programme (e.g. in prioritising of needs or formulating a project proposal).

In a 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 as well as Non-Governmental Organizations and refugee camp 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. The deadline will be set at least four weeks after publication of the calls for proposal.
- All submitting institutions will be requested to acquire, if necessary, a "no-objection" for their proposal from the relevant national Ministry or institution.
- Municipalities and village councils shall send their proposals in two copies to the MoLG who will keep a log of incoming proposals and forward one of the two copies to UNDP / PAPP. NGOs and refugee camps will submit their proposals directly to UNDP/PAPP. UNDP/PAPP will screen and evaluate all submitted proposal against the selection criteria and establish a prioritised list of individual projects. A close co-ordination with the Ministry of Local Government (MoLG) will be

established in this regard. MoLG will provide a priority list prior to the meeting of the UNDP/PAPP-selection committee in order to ensure that the projects are in line with the development priorities of the MoLG.

- UNDP/PAPP will submit the project list to KfW for its "no objection".
- Subsequently, UNDP/PAPP will inform Ministry of Planning 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.

(B) Selection of individual projects under the programme

The selection criteria agreed upon between KfW and UNDP/PAPP, are the following:

- The Project will in general focus on poor rural areas of the West Bank and the Gaza Strip. Measures in Refugee Camps will be included. Justified exceptions are possible.
- Unemployment and poverty rates (based on quantitative as well as qualitative poverty indicators) shall be considered in the selection of target areas or target groups.
- The benefit of the infrastructure will be mainly directed towards the target group of mostly poor users in underserved areas.
- Projects shall have a direct labour content of at least 25%.
- The target community shall be interested in the project and ready to participate in project preparation, implementation (especially through employment during the construction period) and operation (operation and preliminary maintenance plan shall be agreed upon with the community in the framework of the Memorandum of Understanding).
- No significant environmentally negative effects will be expected to occur during implementation and operation.
- The projects shall be sustainable, especially through a technical design leading to low maintenance and low operating costs.
- Additional financing to projects already supported under previous programme phases are excluded. Exceptions require the no-objection from KfW.
- Individual project costs shall generally not exceed EUR 300,000 (exception: sub-programmes for the rehabilitation and extension of the Waste Water Treatment plant (WWTP) in Jenin and the Rehabilitation of

the Sewage Treatment Plant in Gaza); all other cases will need a specific justification as well as prior approval of KfW.

- A sub-programme to be implemented by the Municipality of Jenin for the rehabilitation and extension of the WWTP Jenin wastewater ponds will be included into the Programme up to an amount of 1.0 Mio. EUR. After reviewing the feasibility study carried out by the municipality of Jenin, UNDP/PAPP will provide KfW with a comprehensive project proposal including implementation and operation concept for approval.
- A sub-programme implemented by the Municipality of Gaza for the labour intensive rehabilitation of the WWTP Abu Ejlan in Gaza-City will be included into the Programme up to an amount of 0,6 Mio. EUR. After reviewing the final assessment of the rehabilitation needs of the WWTP, carried out by Dorsch Consult, Munich, UNDP/PAPP will provide KfW with a comprehensive project proposal including implementation and operation concept for approval. Such proposal shall be limited to rehabilitation measures on the WWTP itself up to the discharge point of the effluent into Wadi Gaza. Rehabilitation/ improvement measures regarding effluent discharge along the Wadi shall not be included in the proposal. In the course of further preparation and implementation of the rehabilitation measures, UNDP shall coordinate closely with the Coastal Municipal Water Utility, who will be responsible for the operation of the WWTP in the future, the Project Management Unit for the FC-supported project "Sewerage Gaza Central" (FC-No. 1998 65 718) and Dorsch Consult, who prepared the assessment of the rehabilitation measures.
- The financing of large scale primary and secondary school construction measures is excluded from the Programme since Germany is already financing the rehabilitation and extension of schools in the West Bank and in the Gaza Strip with Employment Generation Programmes. Small scale rehabilitation or extension work at existing basic education schools in rural areas might be possible up to an amount of 100,000 EUR and on the condition of a no-objection by the Ministry of Education and Higher Education (MEHE).
- The financing of labour-intensive construction, rehabilitation or extension of Vocational Training Centres or Technical Colleges is not excluded in order to support the "Technical and Vocational Education and Training (TVET)"-strategy of the Palestinian Authority, which is supported by the German Technical Assistance GTZ.

- Remuneration payments will be transferred to a bank account under the name of UNDP to be named by UNDP/PAPP.
- UNDP/PAPP will receive a remuneration of 8 % on programme activities. This remuneration will be considered a management fee and will be paid on programme activities exclusively, not on vehicles, sundries or any other budget line. (see Annex 2 for a detailed breakdown)
- A management fee of 4 % will be paid for the works related to management of the Waste Water Treatment Plant rehabilitation in Jenin and the Rehabilitation of the Waste Water Treatment Plant in Gaza.
- UNDP Staff fees can be financed for the projects up to a maximum of 400.000 Euro.
- All remuneration payments will be made in parallel to the payments to the bank account. Thus, the first payment will be made as an advance payment in parallel to the initial deposit in the bank account. Final Accounts will be established after Program conclusion.
- In addition to the above, two Coordinating Officers will be employed within the Ministry of Local Government for two years each in order to facilitate cooperation and communication between all parties. These Coordinating Officers shall be recruited by the Ministry of Local Government and be stationed at the Ministry's premises.

4. Provisions for the Proper Operation of the Project

To secure the proper operation of the Programme, the Programme-Executing Agency shall draw up an operation and maintenance concept for each individual project in cooperation with the respective implementing institution at least one month before commissioning of the project.

At the same time the Project-Executing Agency, in cooperation with the respective implementing institution, shall draw up budget forecasts for each individual project. This forecast is to show that the financing of operation is ensured.

III. List of Goods and Services and Disbursement Procedure

1. List of Goods and Services

- 1.1 The list of goods and services to be financed from the Financial Contribution shall be prepared on the basis of the agreed measures which are described and quantified in a list broken down into main cost groups (List of Goods and Services). This list shall also serve as a basis for preparing the simplified statement of application of funds (see item 4 of Annex 4: Supplementary Conditions for Disbursements under the Disposition Fund Procedure).
- 1.2 The ceiling on reservation of funds shall be the amount specified under item 2.1, which KfW will notify to the Recipient together with the "List of Goods and Services". The amount actually reserved shall result from the List of Goods and Services approved by KfW.
- 1.3 Any contracts for goods and services or related lists containing at least the dates and values of such contracts, the designation of the goods and/or services, the contractor, reference number and amount, or any detailed lists of services for force-account work shall be stored on site (place of storage shall be notified to KfW upon first disbursement) for examination or requisition at any time by KfW or its representatives until at least 5 years after the end of the financed measures.

2. Disbursement Procedure

- 2.1 The disbursement procedure shall be governed by the "Disbursement Procedure" (Annex 4), which form an integral part of this Agreement.

The Financial Contribution funds for the remuneration (Management Fee) of the Programme-Executing Agency shall be disbursed according to the Direct Disbursement Procedure. For all other Programme components, disbursements shall be made under the Disposition Fund Procedure.

IV. Reporting and Other Provisions

1. Reporting

- 1.1 Until further notice, the Project-Executing Agency shall report to KfW semi-annually on the progress of the Project (progress reports) including the fulfilment of the implementation agreements stipulated in Section III of this Agreement and on the development of all other important general conditions. In order to improve the monitoring of the programme effects on poverty, the reporting of UNDP/PAPP shall be extended as compared to the last project phases. The additional points to report on are listed in Annex 5. In addition, the Project-Executing Agency shall report on all circumstances that might jeopardize the achievement of the overall objective, the Project purpose and the results.

At the time of the physical completion and commissioning of all projects, but before the expiry of the guarantee period at the latest, the Project-Executing Agency shall submit a Final report on the measures carried out. The Inception report on the state of affairs shall be submitted three months after signing of this Agreement.

- 1.2 After completion of the Project, the Project-Executing Agency shall report on its further development (see Annex 5 for details). KfW shall in due course inform the Project-Executing Agency about the end of the reporting period.

2. Other Provisions

- 2.1 The Project-Executing Agency shall send KfW all such documents as are necessary for KfW to give the comments and approvals mentioned above or in the enclosed guidelines early enough to allow reasonable time for examination.
- 2.2 Projects financed under the EGP Programmes are funded by the Government of Germany through KfW. All logos and public relations activities have to adhere to the guidance given by the German Representative Office. The Project-Executing Agency shall set up Project sign boards that will contain at least the following message:

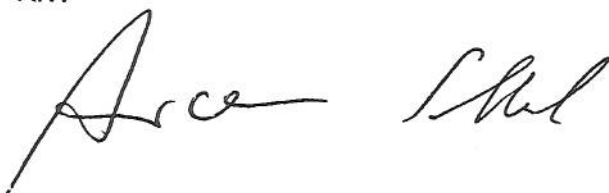
"A development project of the Palestinian Authority, co-financed by the Federal Republic of Germany through Kreditanstalt für Wiederaufbau."

A project seal provided by the German Representative Office shall be placed on the project sign board.

- 2.3 The above provisions may be amended or modified at any time by mutual consent if this should appear useful for the implementation of the Project or the execution of the Financing and Project Agreement. In all other respects, the provisions of Articles 6.2 and 8 of the Financing Agreement shall apply to this Agreement accordingly.

Please confirm your consent to the above Agreement by signing in a legally binding form and returning the enclosed copies.

Yours sincerely,
KfW



Annexes

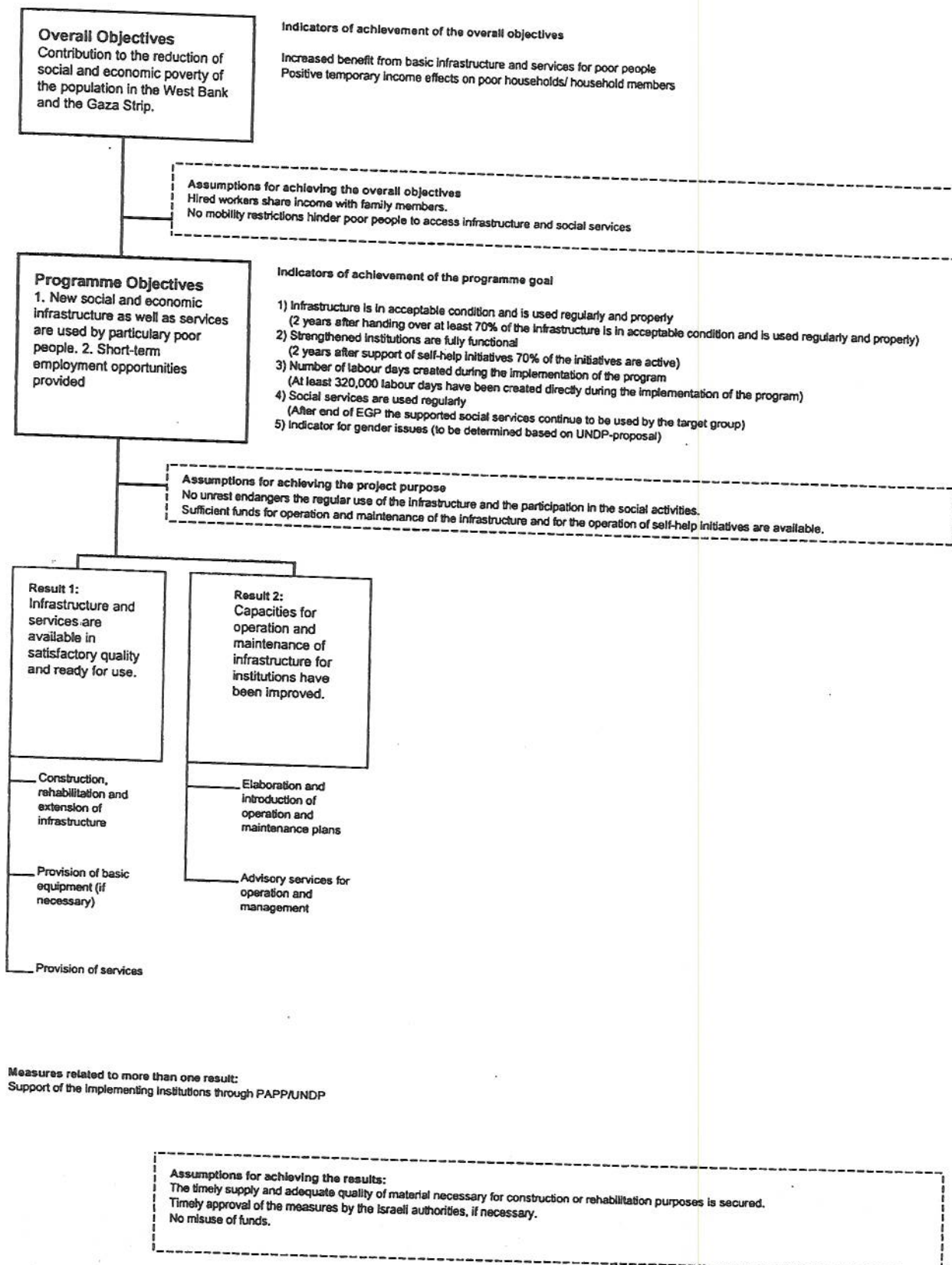
- Annex 1: Project Logframe
- Annex 2: Total Cost and Financing
- Annex 3: Guidelines for Procurement in Financial Cooperation with Developing Countries
- Annex 4: Disbursement Procedure
- Annex 5: Content and Form of Reporting

Read and agreed:

T.S. 13/10/2005



Poverty-oriented Employment Generation Programme V - West Bank and Gaza Strip



Employment Generation Program Poverty Oriented Infrastructure V - West Bank and Gaza Strip
Cost & Financing - Investment

Project Measures ²⁾	Cost ¹⁾				% of cost	Financing		
	Local Cost ¹⁾ (US\$ Mio)	Foreign-Ex. cost ³⁾ (EUR Mio)	Total			Grant (EUR Mio)	FC (EUR Mio)	Own Contr. PEA (EUR Mio)
			(US\$ Mio)	(EUR Mio)				
1. Construction measures ³⁾ <i>of which WWTP Jenin and Gaza</i>	18,49	2,61	21,75	17,40	76%	17,40	17,40	
2. Services	1,70	0,24	2,00	1,60	7%			
3. Capacity Building	0,63	0,00	0,63	0,50	2%	0,50	0,50	
4. Local Taxes and fees, land acquisition	0,63	0,00	0,63	0,50	2%	0,50	0,50	
5. Administration Cost UNDP/PAPP	3,75	0,00	3,75	3,00	13%			3,00
	2,00	0,00	2,00	1,60	7%	1,60	1,60	
Investment/Project cost	25,49	2,61	28,75	23,00	100,0	20,00	20,00	3,00
Financing	25,49	2,61	28,75	23,00	100,0	20,00	20,00	3,00
Total Investment (in Mio EUR)								
								23,00
Financed by	Local cost (US\$ Mio)	Foreign-Ex. cost (EUR Mio)	Total					%
FC (Grant)	21,74	2,61	24,38	20,00	87			
Project Implementing Institutions ⁴⁾	3,75	0,00	3,75	3,00	13			
Total Financing	25,49	2,61	28,75	23,00	100			
%	89	11						

(1) Exchange Rate: EUR 1 = US\$ 1,25

(2) Estimation of cost are based on the experiences of the past projects

(3) Indirect foreign exchange cost component is considered. Assumption: direct and indirect foreign exchange cost building measures 0,15

(4) Implementing institutions are municipalities, NGOs, and other institutions. Own contribution cost: buildings, land and local taxes

ANNEX II:
Approved Project List

Final Selection - by District (West Bank & Gaza Strip)

Office ID:	App. #:	App. Code:	Proposing Institution:	Submitting Body Type:	Project:	Sector:	Locality	District:	Area:	Pop.	Final Budget:
13	-358-		Palestinian Woman Media and Information center	NGO	Constructing a general building that will include training rooms, internet and women recreational areas	Service Buildings	Gaza City	Gaza	Gaza Strip	395,262	€ 150,000
13	-036-		Gaza Sporting Club	NGO	The Establishment of a Sport Activities Building	Sports	Gaza City	Gaza	Gaza Strip	395,262	€ 200,000
13	-013-		Community Training Center and Crisis Management	NGO	Construction of Premises for the Association	Service Buildings	Gaza City	Gaza	Gaza Strip	395,262	€ 100,000
13	-235-		Al Zarqa Society for Social Development	NGO	Building Al Zarqa Cultural Center	Service Buildings	Gaza City	Gaza	Gaza Strip	395,262	€ 60,000
13	-076-	A	Ministry of Labour	Ministry	Construction of Al Shafie's Vocational Center	Human Resource Development	Gaza City	Gaza	Gaza Strip	395,262	€ 300,000
13	-095-		Palestinian Medical Relief Society	NGO	Construction of the Permanent Premises for the Palestinian Medical Relief Society	Service Buildings	Gaza City	Gaza	Gaza Strip	395,262	€ 150,000
13	-032-		Palestinian Women General Union	NGO	Completion of the Main Premises of the Palestinian Women General Union	Service Buildings	Gaza City	Gaza	Gaza Strip	487,904	€ 100,000
13	-056-	A	Al Aqsa University	NGO	Completing the University's Main Infrastructure at the Khan Younis Branch	Infrastructure	Gaza City	Gaza	Gaza Strip	395,262	€ 150,000
12	-007-	A	Wadi Gaza Municipality	MLG	Paving Street Number 9 (Al Mustawsef Street)	Roads	Wadi Gaza	Gaza	Gaza Strip	5,500	€ 100,000
12	-006-	B	Municipality of Al Mughraqa	MLG	Rehabilitation of Al Sika Street	Roads	Al Mughraqa (Abu Midein)	Gaza	Gaza Strip	4,896	€ 130,000
12	-005-	A	Municipality of Gaza	MLG	Development of Al-Yarmouk Stadium	Sports	Gaza City	Gaza	Gaza Strip	395,262	€ 150,000
12	-005-	D	Municipality of Gaza	MLG	Rehabilitation of the Municipal Infrastructure in the area between Yousef A-Adhimah, Khalil Al-Wazir, Al-Jala and Al-Nasser Roads	Infrastructure	Gaza City	Gaza	Gaza Strip	395,262	€ 200,000
12	-005-	J	Municipality of Gaza	MLG	Rehabilitation of Al-Aqsa Road between Jamal Abdel Nasser Road and Al-Qahera Road	Roads	Gaza City	Gaza	Gaza Strip	395,262	€ 300,000
12	-005-	K	Municipality of Gaza	MLG	Rehabilitation of Al-Aqsa Road between Al-Qahera Road and Own Al-Shawwa Road	Roads	Gaza City	Gaza	Gaza Strip	395,262	€ 200,000
12	-008-		Al-Zahraa Municipality	MLG	Development of a Youth Sport Club	Sports	Al Zahra	Gaza	Gaza Strip	5,000	€ 100,000
13	-077-		Right to live Association	NGO	Construction of 10 classroom for Down's syndrome	Health	Al Qarara	Gaza Total	Gaza Strip	18,000	€ 2,390,000
12	-020-	A	Municipality of Abasan Al-Kabira	MLG	Construction of Multipurpose Municipal Services Building	Service Buildings	Abasan Al Kabira	Khan Younis	Gaza Strip	18,000	€ 200,000
12	-017-	B	Khan Younis Municipality	MLG	Rehabilitation of Al Mahatta Area	Infrastructure	Khan Younis	Khan Younis	Gaza Strip	168,000	€ 200,000
12	-017-	A	Khan Younis Municipality	MLG	Rehabilitation of Jurat Allut Algharbi Area	Infrastructure	Khan Younis	Khan Younis	Gaza Strip	168,000	€ 200,000
12	-018-	B	Municipality of Bani Suhayla	MLG	Developing Al Rawda Street	Roads	Bani Suhayla	Khan Younis	Gaza Strip	40,000	€ 100,000
12	-021-	A	Khuza'a Municipality	MLG	Development of Al Madars street	Roads	Khuzaa	Khan Younis	Gaza Strip	11,000	€ 100,000
12	-019-		Municipality of Abassan Al-Jadida	MLG	Establishment of Abasan Al-Jadida Municipality building	Service Buildings	Abassan Al Jadida	Khan Younis	Gaza Strip	6,000	€ 150,000
13	-024-	B	Al Quds Open University	NGO	Building the Permanent Premises for the University in the Middle Area	Human Resource Development	An Nuseirat Camp	Khan Younis Total	Gaza Strip	62,076	€ 1,070,000
13	-087-		Youth services Activity Center in the Nuseirat	NGO	Constructing a Closed Multipurpose Sports Hall	Sports	An Nuseirat Camp	Middle Area	Gaza Strip	62,076	€ 300,000
13	-009-	A	Al Karmel Association for culture and community development	NGO	Establishment of Al Karmel Association Premises	Service Buildings	Nuseirat Camp	Middle Area	Gaza Strip	62,076	€ 170,000
12	-011-		Al Zawayda Municipality	MLG	Development of Al-Sawarha Area (sewage network)	Infrastructure	Zawayda Town	Middle Area	Gaza Strip	14,919	€ 180,000
12	-012-	A	Al Maghazi Municipality	MLG	Developing Birker Al Was street	Roads	Al Maghazi Camp	Middle Area	Gaza Strip	23,399	€ 150,000
12	-013-	B	Deir El-Balah Municipality	MLG	Development of the Main Road in Deir Al Balah	Roads	Deir al Balah	Middle Area	Gaza Strip	47,938	€ 185,000
12	-010-	C	Al-Bureij Municipality	MLG	Development of Al-Shohada street	Roads	Al Bureij Camp	Middle Area	Gaza Strip	34,951	€ 180,000
12	-009-	A	Al Nuseirat Municipality	MLG	Construction of Al Nuseirat Central Market	Area Development	An Nuseirat Camp	Middle Area	Gaza Strip	62,076	€ 200,000
13	-042-		Palestinian Center for Human Resource	NGO	Constructing the Center for Human Resource			Middle Area Total	Gaza Strip	62,076	€ 1,495,000

Office ID:	App. #:	App. Code:	Proposing Institution:	Submitting Body Type:	Project:	Sector:	Locality	District:	Area:	Pop.	Final Budget:
13	-273-		Beit Hanoun Sporting club	NGO	Complete the Construction of Closed Sports Hall	Sports	Beit Hanoun	North Gaza	Gaza Strip	30,770	€ 65,000
13	-027-		Jabalia Youth Sports Club	NGO	Construction of Multipurpose Sports Hall	Sports	Jabalia Camp	North Gaza	Gaza Strip	89,340	€ 200,000
12	-004-	E	Municipality of Jabalia Al Nazla	MLG	Development of Al Karamah Neighborhood	Area Development	Jabalya	North Gaza	Gaza Strip	79,228	€ 300,000
12	-003-	C	Beit Lahia Municipality	MLG	Development of Al-Salateen Area/Al-Atatra Area	Infrastructure	Beit Lahia	North Gaza	Gaza Strip	56,919	€ 250,000
12	-002-	A	Municipality of Umm Al Nasser	MLG	Developing Internal Roads in Umm Al Nasser	Roads	Umm Al Nasser	North Gaza	Gaza Strip	5,000	€ 90,000
12	-001-	B	Beit Hanoun Municipality	MLG	Construction of a Central market	Area Development	Beit Hanoun	North Gaza	Gaza Strip	30,770	€ 270,000
13	-221-		Rafah Service club	NGO	Construction of Multipurpose Sports Hall	Sports	Rafah	Rafah	Gaza Strip	68,466	€ 1,325,000
12	-023-	E	Municipality of Rafah	MLG	Rehabilitation of Internal Roads in Northern Rafah city	Roads	Rafah	Rafah	Gaza Strip	68,466	€ 200,000
12	-023-	C	Municipality of Rafah	MLG	Rehabilitation of Internal Road Connections in the Center of Rafah City	Roads	Rafah	Rafah	Gaza Strip	68,466	€ 150,000
10	-018-	A	Kisan Projects Committee	MLG	Rehabilitation of the Water Network	Water	Kisan	Bethlehem	West Bank	386	€ 100,000
10	-026-	A	Khaliet al Louza Projects Committee	MLG	Water network	Water	Khaliet al Louza	Bethlehem	West Bank	434	€ 120,000
17	-002-	A	Female Rehabilitation Center	NGO	Athletic, health and psychological women rehabilitation club	Recreation	Bethlehem	Bethlehem	West Bank	29019	€ 100,000
17	-067-	A	Marah Ma'alla Sports Club	NGO	Marah Ma'alla sports club building	Sports	Marah Ma'alla	Bethlehem	West Bank	598	€ 40,000
10	-019-	A	Al Khas Council	MLG	Construction of additional classrooms - Al Khas school	Schools	Al Khas	Bethlehem	West Bank	335	€ 80,000
14	-079-	A	The National Society for the Visually Handicapped	NGO	Construction of a library for the blind & a KG for the blind children (first stage)	Special Needs	Beit Jala	Bethlehem	West Bank	16183	€ 300,000
10	14	B	Al Shawareh Village Council	MLG	Construction of a Community Service Building	Service Buildings	Al Shawareh	Bethlehem	West Bank	4000	€ 70,000
10	20	B	Taq'ua Municipality	MLG	Building a Woman Center + Childrens Park	Gender	Taq'ua	Bethlehem	West Bank	9500	€ 85,000
11	-044-	A	At Tabaga village council	MLG	Rehabilitating and paving internal roads	Roads	At Tabaga	Hebron	West Bank	1387	€ 100,000
11	-041-	B	Ad Deir village council	MLG	Development of Water Network	Water	Ad Deir	Hebron	West Bank	1050	€ 110,000
11	-063-	A	Joint council for services, planning, & Development	MLG	Building 5 classrooms to the primary school	Schools	Imreish	Hebron	West Bank	1199	€ 100,000
11	-022-	A	At Tawwanah village council	MLG	Building and finishing a women center	Gender	Al Tawwanah	Hebron	West Bank	780	€ 40,000
11	-060-	A	Joint council for services,planning&Development	MLG	Building 5 Classrooms to the Primary School	Schools	Al Majd	Hebron	West Bank	1759	€ 100,000
11	-034-	A	Umm Al Khair village council	MLG	Construction of internal water network	Water	Um Al Khair	Hebron	West Bank	950	€ 100,000
11	-072-	A	Joint council for services,planning&Development	MLG	Building 5 Classrooms to the Primary school	Schools	Deir al 'Asal al Fauqa	Hebron	West Bank	1787	€ 100,000

Office ID:	App. #:	App. Code:	Proposing Institution:	Submitting Body Type:	Project:	Sector:	Locality	District:	Area:	Pop.	Final Budget:
17	-069-	A	Palestinian Red Crescent Society	NGO	Finishing health clinics/pregnancy care	Health	Ithna	Hebron	West Bank	18199	€ 35,000
17	-092-	A	Pal Family Planning & Protection Association	NGO	Internal finishing works + furniture and equipment	Social Infrastructure	Hebron (Al Khail)	Hebron	West Bank	160470	€ 80,000
11	1		Beit Amra Village Council	MLG	Construction of a Community Service Building	Service Buildings	Beit Amra	Hebron	West Bank	3000	€ 75,000
11	37		Khalet Al Mayah Village Council	MLG	Construction of a Community Service Building (including Womens Center, VC, and Kindergarten)	Service Buildings	Khalet Al Mayah	Hebron	West Bank	2000	€ 75,000
11	62	A	Karma - JSC of Dura	MLG	Construction of a Community Service Building	Service Buildings	Karma	Hebron	West Bank	1331	€ 75,000
11	71		Al Borj - JSC of Dura	MLG	Construction of Additional Classrooms for the Secondary School	Schools	Al Borj	Hebron	West Bank	2409	€ 80,000
1	-012-	B	Faqqu'a Sports Club	NGO	Development of Faqqu'a club	Social Infrastructure	Faqqu'a	Jenin	West Bank	3390	€ 50,000
1	-014-	C	Jalbun Village Council	MLG	Sidewalks and retaining walls	Infrastructure	Jalbun	Jenin	West Bank	2421	€ 80,000
1	-020-	B	Siris Village Council	MLG	Service complex / village council / womens association & kindergarten	Service Buildings	Siris	Jenin	West Bank	4898	€ 100,000
1	-023-	B	Umm at Tout Village Council	MLG	Retaining walls	Infrastructure	Umm at Tut	Jenin	West Bank	974	€ 35,000
1	-025-	C	Ya'bad Municipality	MLG	Constructing Major Water Tank - Capacity "1500 Cubic Meters"	Water	Ya'bad	Jenin	West Bank	14014	€ 120,000
1	-054-	B	Fahma al Jadida Projects Committee	MLG	Additional classrooms, sanitary unit for girls, and maintenance of old school and landscaping.	Schools	Fahma al Jadida	Jenin	West Bank	340	€ 100,000
1	-048-	C	Qabatya Municipality	MLG	Construction of retaining walls	Infrastructure	Qabatya	Jenin	West Bank	19127	€ 80,000
16	-096-	A	Rehabilitation & Care of Blind	NGO	Building 3rd floor of Rehabilitation & Care of Blind Association	Special Needs	Jenin	Jenin	West Bank	34730	€ 120,000
1	-031-	C	Kafr Dan village council	MLG	Culverts and Retaining Walls	Infrastructure	Kafr Dan	Jenin	West Bank	4967	€ 45,000
1	-002-	A	Joint Services Committee - West Jenin	MLG	Construction of Joint Service Council and Stores	Service Buildings	Western Jenin	Jenin	West Bank	11858	€ 100,000
1	7		Village Council of Jalkamous	MLG	Construction of a Community Service Building	Service Buildings	Jalkamous	Jenin	West Bank	2000	€ 80,000
									Jenin Total		

Office ID:	App. #:	App. Code:	Proposing Institution:	Submitting Body Type:	Project:	Sector:	Locality	District:	Area:	Pop.	Final Budget:
8	-008-	A	Local group for oqbat jebber camp services	Camp	Construction of a Water Tank.	Water	Jericho (Ariha)	Jericho	West Bank	19783	€ 100,000
8	7		Fasayal Village Council	MLG	Building a Youth Club	Social Infrastructure	Fasayal	Jericho	West Bank	1000	€ 60,000
9	-027-	A	Beit Jiza village council	MLG	Extension of main water network	Water	Beit Jiza	Jerusalem	West Bank	651	€ 60,000
9	-023-	B	Al Jib village council	MLG	Rehabilitation of internal water network - phase (1)	Water	Al Jib	Jerusalem	West Bank	4505	€ 200,000
9	-013-	B	Qatanna Local Council	MLG	Construction of water reservoir & pumping unit.	Water	Qatanna	Jerusalem	West Bank	7274	€ 150,000
9	-016-	A	Beit Hanina al Balad Village Council	MLG	Rehabilitation of main water network	Water	Beit Hanina al Balad	Jerusalem	West Bank	1345	€ 200,000
14	-001-	A	Zeina - The Center for Families & Friends of children with cancer	NGO	Center for Children with Cancer	Special Needs	Jerusalem	Jerusalem	West Bank	398333	€ 150,000
14	-048-	C	Al Makassed Hospital	Hospital	Construction for the Hospital Main Entrance-Dining room	Health	Al Tur	Jerusalem	West Bank	398333	€ 150,000
9	-017-	A	Umm Al Lahem village council	MLG	Main water network	Water	Kharayib Umm al Lahim	Jerusalem	West Bank	361	€ 180,000
9	-010-	A	'Anata Local Council	MLG	Boundary Wall around school cut off by Separation wall	Social Infrastructure	Anata	Jerusalem	West Bank	9337	€ 80,000
3	-039-	A	Ein Shibli village council	MLG	Additional classrooms, playgrounds, walls ..	Schools	'Ein Shibli	Nablus	West Bank	192	€ 100,000
16	-181-	A	Beit Furik Sports Club	NGO	Finishing Beit Furik sports club	Sports	Beit Furik	Nablus	West Bank	10108	€ 60,000
16	-016-	A	Tell Charity Association	NGO	Retaining Walls and playgrounds	Social Infrastructure	Tell	Nablus	West Bank	4605	€ 60,000
16	-125-	A	The Family Defence Society	NGO	House construction for Protection of Woman.	Gender	Nablus	Nablus	West Bank	130326	€ 250,000
3	37	A	Deir Sharaf Village Council	MLG	Construction of a 500 Cubic Meter Water tank plus 1500 meter pipeline.	Water	Deir Sharaf	Nablus	West Bank	2681	€ 125,000
3	-059-	A	JSC for sothern east of Nablus	MLG	Paving linking roads between Beita,Awarta,Huwarah,Osareen	Roads	Nablus Governorate	Nablus	West Bank	326873	€ 200,000
3	-026-	A	Salim village council	MLG	Community Service Building	Service Buildings	Salim	Nablus	West Bank	4940	€ 100,000
16	-050-	A	Beit Eiba women society	NGO	CONSTRUCTION OFA PARK FOR CHILDREN	Recreation	Beit Iba	Nablus	West Bank	3175	€ 90,000
								Jericho Total			
								Jerusalem Total			€ 1,170,000

Office ID:	App. #:	App. Code:	Proposing Institution:	Submitting Body Type:	Project:	Sector:	Locality	District:	Area:	Pop.	Final Budget:
3	43		Odlia Village Council	MLG	Construction of Additional Classrooms	Schools	Odlia	Nablus	West Bank	1200	€ 80,000
5	-008-	A	Baqat al Hatab village council	MLG	Finishing works of classrooms girls school - four classrooms mixed secondary school	Schools	Baqat al Hatab	Qalqiliya	West Bank	1689	€ 1,065,000
16	-19	A	Al Amal Society for the Deaf	NGO	Construction Classrooms and Dormitory for the Deaf. VTC for the Deaf.	Special Needs	Bani Elias	Qalqiliya	West Bank	1174	€ 250,000
5	-011-	A	Jinsafut Village council	MLG	Building walls+Paving Roads+Rain Water Pipes+Building Sewage Hall for Jinsafut Female School	Infrastructure	Jinsafut	Qalqiliya	West Bank	2203	€ 100,000
14	-015-	A	AUGUSTA VICTORIA HOSPITAL	Hospital	Rehabilitation of clinics, and hospital for villages & palestinian refugees	Health	Biet Liyva, Shuqba, Abboud, Kharbatha	Ramallah	West Bank	398333	€ 150,000
7	-069-	A	Deir as Sudan V.C	MLG	Building a service Center	Service Buildings	Deir as Sudan	Ramallah	West Bank	2104	€ 80,000
15	-079-	B	QARAWA BANI ZAID CLUB	NGO	Rehabilitation of a playfield including construction of the Youth Club	Social Infrastructure	Ramallah	Ramallah	West Bank	24599	€ 55,000
7	-064-	A	JSC for west Ramallah villages	MLG	JSC Building FOR WEST Ramallah Village	Service Buildings	Nifin	Ramallah	West Bank	4589	€ 100,000
7	-053-	A	Surda village council	MLG	Rehabilitation of Surda primary school playground	Recreation	Surda	Ramallah	West Bank	1374	€ 35,000
7	-006-		Deir Abu Mash'al Village council	MLG	Adding Classrooms to girls school.	Schools	Deir Abu Mash'al	Ramallah	West Bank	3323	€ 90,000
15	-011-	A	Juhud Community & Rural Development	NGO	Construction of Children's gardens in the villages affected by the separation wall construction	Recreation	Bill'in	Ramallah	West Bank	1696	€ 50,000
7	-066-	A	Shebteen V.C	MLG	Rehabilitation of the Water Network	Water	Shabtin	Ramallah	West Bank	844	€ 100,000
14	-086-	A	JASMINE CHARITABLE SOCIETY FOR CHILDREN	NGO	Construction of an Additional floor for classrooms.	Special Needs	Ramallah	Ramallah	West Bank	24599	€ 75,000
15	-123-	A	Sharek Youth Forum	NGO	Youth and Children Activities Center	Social Infrastructure	Ramallah	Ramallah	West Bank	24599	€ 150,000
6	-004-	A	Iskaka village council	MLG	Rehabilitating and paving connecting road between Yassouf and Iskaka.	Roads	Iskaka	Salfet	West Bank	1063	€ 160,000
6	-1	A	Salfet Municipality	MLG	Salfet Industrial Zone	Industry	Salfet	Salfet	West Bank		€ 280,000
								Ramallah Total			€ 885,000

Office ID:	App. #:	App. Code:	Proposing Institution:	Submitting Body Type:	Project:	Sector:	Locality	District:	Area:	Pop.	Final Budget:
								Salfeet Total			€ 440,000
4	-029-	A	Kafr sur joint services council	MLG	Rehab. and pav. Kafr Zeibad - Baqar Al Hatab st.	Roads	Kafr Sur	Tulkarem	West Bank	1218	€ 150,000
4	-034-	A	Kur projects committee	MLG	Building retaining walls	Infrastructure	Kur	Tulkarem	West Bank	315	€ 35,000
16	-068-	B	Village Development Charity Associat -Izbat Shufa	NGO	Completion and Finishing of the Health Center	Health	Izbat Shufa	Tulkarem	West Bank	958	€ 20,000
16	-168-	A	Elderly People Care Charitable Association	NGO	Finishing Dar Al Musinin building - Tulkarem	Social Infrastructure	Tulkarm	Tulkarem	West Bank	44169	€ 65,000
4	-021-	A	An Nazla al Gharbiya village council	MLG	An Nazla al Gharbiya primary school	Schools	An Nazla al Gharbiya	Tulkarem	West Bank	860	€ 100,000
4	-019-	A	Al Masqufa village council	MLG	Construction retaining walls	Infrastructure	Al Masqufa	Tulkarem	West Bank	206	€ 50,000
KFW	KFW	KFW	Tulkarem Municipality	MLG	Cleaning & Rehabilitation of Wadi Al Zumar	Solid Waste	Tulkarem	Tulkarem	West Bank	80,000	€ 250,000
16	-154-	A	Charity Social Care Association / North Bank Distr	Camp	Constructing & furnishing a childrens Library	Social Infrastructure	Tulkarem Camp	Tulkarem	West Bank	13114	€ 45,000
								Tulkarem Total			€ 715,000
								Gaza Strip Total			€ 6,710,000
								West Bank Total			€ 7,760,000
								Grand Total			€ 14,470,000

ANNEX III:
Amendment to Separate Agreement

File kfv IV
Agreement
CP



KfW Bankengruppe Postfach 111141 60046 Frankfurt am Main

Programme of Assistance to the
Palestinian People
United Nations Development Programme
P.O. Box 51359
Jerusalem

officer in charge: Angela Tormin
our ref.: Tor
extension: 4571
Email: angela.tormin@kfw.de
Date: 2005-11-22

Phone No.: 00972-2-6268200

**L II/c3 German Financial Cooperation with the Palestinian Territories
Employment Generation Programme V
(Poverty Oriented Infrastructure – West Bank and Gaza Strip)
EUR 20 million No.: 2004 65 948
Addendum to the Separate Agreement to the Financing and
Project Agreement dated October 13, 2005**

Ladies and Gentlemen,

We propose that the following be agreed upon as an addendum to the Separate Agreement between the Programme of Assistance to the Palestinian People (PAPP) of the United Nations Development Programme (UNDP) ("Project-Executing Agency") and KfW ("KfW") dated October 13, 2005:

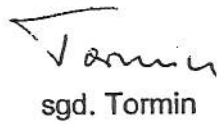
- UNDP/PAPP shall make payments exclusively to contractors and local service providers directly and not to the implementing institutions whether governmental or non governmental.
- Prior to any disbursement, UNDP/PAPP shall screen all recipients of payments against the *Consolidated list of persons, groups and entities subject to European Union financial sanctions* in order to meet the objectives of the Common Foreign and Security Policy and especially to help prevent the financing of terrorism. This list is regularly updated and currently published under the following website:
http://europa.eu.int/comm/external_relations/cfsp/sanctions/list/consol-list.htm

Please confirm your consent to the above addendum to the Separate Agreement by signing in a legally binding form and returning the enclosed copies.

Yours sincerely,
KfW

A handwritten signature in black ink, appearing to be "Arce".

sgd. Arce

A handwritten signature in black ink, appearing to be "Tormin".

sgd. Tormin

Read and agreed:

Jerusalem,



sgd. Timothy Rothermel

ANNEX IV:
Programme Organizational Chart

KFW EGP V Program Management Structure

