

**Supplementary Implementation Agreement on the Project
Of the China-aided Building of the Ministry of Foreign Affairs of the Palestinian
National Authority**

Signed by

The Ministry of Commerce of the People's Republic of China, the Ministry of Foreign
Affairs (MOFA) of Palestinian National Authority (PNA) and the United Nations
Development Programme / Programme of Assistance to the Palestinian People

The Ministry of Commerce of the People's Republic of China (hereinafter referred to as the Chinese Side), MOFA of the Palestinian National Authority (hereinafter referred to as the **Palestinian Side**) and **the United Nations** Development Programme / Programme of Assistance to the Palestinian People (hereinafter referred to as UNDP/PAPP), based on the exchange of letters between the Chinese Government and the Palestinian National Authority on December 14th, 2009 and the Implementation Agreement on the Project of the Building of the Ministry of Foreign Affairs of the Palestinian Side signed by the Chinese Side, the Palestinian Side and UNDP/PAPP on October 4th, 2008, and through friendly negotiations, **have** reached consensus on the scale and investment of the Project, and conclude an agreement as follows:

I Agreement Basis

1. Exchange of Letters between the Chinese Government and the Palestinian National Authority on December 14th, 2009.
2. Implementation Agreement on the Project of the China-aided Building of the Ministry of Foreign Affairs of PNA signed by the Chinese Side, the Palestinian Side and UNDP/PAPP on **October 4th, 2008**.

II Project Scale

The Building of the MOFA of PNA will be built in Ramallah, with a total area of 9,841.74 m² and a total investment within 11 million US dollars, inclusive of design costs, construction costs and management fees paid to UNDP/PAPP and the Chinese consultation firm.

UNDP/PAPP shall design and construct within the budget limit, while ensuring a construction scale of 9,841.74 m² and its designed functionalities. Any excess to the total project investment caused by design factors shall not be supplemented by the Chinese side.

Office equipment and furniture necessary for the project shall be provided under other arrangements made by negotiations between the Chinese Side and the Palestinian Side, and not be included in this Supplementary Agreement.

III Use and Payment of Grant

1. Total investment (including management fees paid to UNDP/PAPP and Chinese consultation firm) for this project shall not exceed 11 million US dollars. UNDP/PAPP shall organize tenders for EPC implementations within the fund limit. If contract price (including management fees) of **the EPC** implementation decided through bidding is within the above limit, the **priced** amount shall be the actual investment and borne by the Chinese side. In case the contract price of EPC implementation exceeds such limit, the **excess** amount should be covered through negotiations between the Palestinian Side and UNDP/PAPP.

Cost borne by the Chinese shall be covered by grant stipulated in the Economic and Technical Cooperation Agreements signed by the Chinese and Palestinian Governments on December 27th, 2004 and May, 18th, 2005. After each payment, the Chinese side shall render bills in quadruplicate and handle accounting matters through the China

Development Bank and Ramallah Branch of Arab Bank designated by the two governments under "Aid Account No. 8" and "Aid Account No.9". The Chinese Side shall convert the dollar amount appropriated to UNDP to Chinese RMB, each time, on the selling rate of USD against Yuan announced by Bank of China of the day, take into account of the remittance fee and thus determine the actual settled RMB amount.

2. The above grant shall be used exclusively for following activities related to project implementation:

- a. Organization of Project Tender;
- b. Project Inspection, design and consultation;
- c. Project construction and engineering; **24 months are needed for implementation from the day the civil works start on site.**
- d. Management fees paid to UNDP/PAPP for organization of project implementation;
- e. Management fees paid to the Chinese **Consultation Firm** for supervision of project implementation;

In case the grant is used for activities **other** than those mentioned above, approval from all sides must be obtained, in advance.

3. UNDP/PAPP management fees on design and construction shall account for 7% of direct cost of the total EPC contractor price, which will be appropriated directly to UNDP designated bank account by the Chinese Side.

4. Management fees to be paid to the Chinese **Consultation firm** for Supervision of project implementation shall account for 3% of the direct fees of the total contractor price to be deducted from the total agreed amount and appropriated directly to the commissioned consultation firm while appropriating the amount in III-5-a.

5. Price stipulated in III-1 is only temporary. Deducting the payment of 2 million US dollars to UNDP/PAPP according to Implementation Agreement signed by three sides, the remaining shall be settled according to the following method and sequence:

a. Within one month after the Supplementary Agreement comes into effect, the Chinese side shall appropriate 2 million US dollars to UNDP/PAPP, for the tender organization, making of construction drawings, and other preparation work prior to construction.

b. After UNDP/PAPP determines the EPC total bid amount, the three sides shall separately calculate the managements fees to be paid to each the UNDP/PAPP and the consultation firm commissioned by the Chinese side. The three sides shall sign another supplementary agreement so as to determine the total cost of project implementation.

Ten months after the official commencement and submission of project progress and financial reports by deducting the appropriated 4 million US dollars of prepayment and management fees paid to the *consultation firm commissioned by the Chinese side*, the Chinese side shall appropriate 80% of the total implementation balance.

c, within one month since completion and acceptance of the project by the Chinese and Palestinian Sides, the Chinese Side shall appropriate the remaining amount to UNDP/PAPP **accounts**;

d, Management fees to be paid to consultation firm commissioned by the Chinese side shall be appropriated directly to such firm.

6. All taxes incurred from use of the above grant shall be exempted by the Palestinian Side.

IV Force Majeure

In cases force majeure, such as political events, strikes, wars, fire breakout, typhoons, and earthquakes result to failure to fulfill the supplementary agreement, the construction period should be prolonged, and after friendly negotiations, an extra investment should be considered by signing of supplementary agreement(s) by the three sides, based on actual situation.

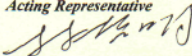
VI Others

This Supplementary Agreement serves as a component of the Implementation Agreement signed by the Chinese Side, the Palestinian Side and UNDP/PAPP on October 4th, 2008. For any contradictions between the Supplementary Agreement and the Implementation Agreement, this Supplementary Agreement shall prevail. Matters not mentioned herein shall be handled according to related clauses in the above Implementation Agreement.

Done in triplicates in Ramallah on September 5, 2010, in the English and Chinese languages, each side keeping one original and the English text shall prevail. This Supplementary Agreement goes into effect once signed by the three Sides.

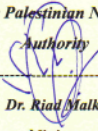
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