

**LETTER OF AGREEMENT
BETWEEN
THE UNITED NATIONS DEVELOPMENT PROGRAMME/PROGRAMME OF
ASSISTANCE TO THE PAESLTINIAN PEOPLE**

AND

COASTAL MUNICIPALITIES WATER UTILITY (CMWU)

Your Excellency,

1. Reference is made to the consultations between officials of the United Nations Development Programme (hereinafter referred to as "UNDP") in occupied Palestinian territory and officials of the Coastal Municipalities Water Utility (hereinafter referred to as CMWU) with respect to the implementation of project PAL10: 75788, Improve the Capacity of CMWU for Monitoring the Quality of Water Supply in the Gaza Strip" as specified in Attachment 1: Project Document, to which UNDP has been selected as executing entity.
2. In accordance with the Project Document and with the following terms and conditions, we confirm our acceptance of the activities to be provided by CMWU towards the project, as specified in Attachment 2: Description of Activities (hereinafter referred to as "Activities"). Close consultations will be held between CMWU and UNDP on all aspects of the Activities.
3. CMWU shall be fully responsible for carrying out, with due diligence and efficiency, all Activities in accordance with its Financial Regulations and Rules.
4. In carrying out the activities under this Letter, the personnel and sub-contractors of CMWU shall not be considered in any respect as being the employees or agents of UNDP. UNDP does not accept any liability for claims arising out of acts or omission of CMWU or its personnel, or of its contractors or their personnel, in performing the Activities or any claims for death, bodily injury, disability, damage to property or other hazards that may be suffered by CMWU, and its personnel as a result of their work pertaining to the Activities.
5. Any subcontractors, including NGOs under contract with CMWU, shall work under the supervision of the designated official of CMWU. These subcontractors shall remain accountable to CMWU for the manner in which assigned functions are discharged.
6. Upon signature of this Letter, UNDP will make payments to CMWU, according to the schedule of payments specified in Attachment 3: Schedule of Activities, Facilities and Payments.
7. CMWU shall not make any financial commitments or incur any expenses which would exceed the budget for the Activities as set forth in Attachment 3. CMWU shall regularly consult with UNDP concerning the status and use of funds and shall promptly advise UNDP any time when CMWU is aware that the budget to carry out these Activities is insufficient to fully implement the project in the manner set out in the

Attachment 2. UNDP shall have no obligation to provide CMWU with any funds or to make any reimbursement for expenses incurred by CMWU in excess of the total budget as set forth in Attachment 3.

8. CMWU shall submit a cumulative financial report each quarter (31 March, 30 June, 30 September and 31 December). The report will be submitted to UNDP through the UNDP Country Director or UNDP Resident Representative within 30 days following those dates. The format will follow the standard UNDP expenditure report [a model copy of which is provided as Attachment 4]. UNDP will include the financial report by CMWU in the financial report for PAL10 75788, *Improve the Capacity of the CMWU for Monitoring the Water Supply in Gaza Strip*.

9. CMWU shall submit such progress reports relating to the Activities as may reasonably be required by the project manager in the exercise of his or her duties.

10. CMWU shall furnish a final report within 12 months after the completion or termination of the Activities, including a list of non-expendable equipment purchased by CMWU and all relevant audited or certified financial statements and records related to such Activities, as appropriate, pursuant to its Financial Regulations and Rules.

11. Equipment and supplies that may be furnished by UNDP or procured through UNDP funds will be disposed as agreed, in writing, between UNDP and CMWU.

12. Any changes to the Project Document which would affect the work being performed by CMWU in accordance with Attachment 2 shall be recommended only after consultation between the parties.

13. For any matters not specifically covered by this Letter, the Parties would ensure that those matters shall be resolved in accordance with the appropriate provisions of the Project Document and any revisions thereof and in accordance with the respective provisions of the Financial Regulations and Rules of the CMWU and UNDP.

14. The arrangements described in this Letter will remain in effect until the end of the project, or the completion of activities of CMWU according to Attachment 2, or until terminated in writing (with 30 days notice) by either party. The schedule of payments specified in Attachment 3 remains in effect based on continued performance by CMWU unless it receives written indication to the contrary from UNDP.

15. Any balance of funds that is undisbursed and uncommitted after the conclusion of the Activities shall be returned within 90 days to UNDP.

16. Any amendment to this Letter shall be effected by mutual agreement, in writing,

17. All further correspondence regarding this Letter, other than signed letters of agreement or amendments thereto should be addressed to Mr. Jens Toyberg-Frandzen, Special Representative of the Administrator, UNDP/PAPP.

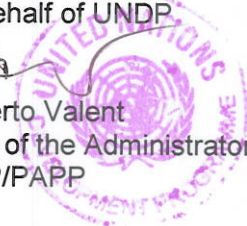
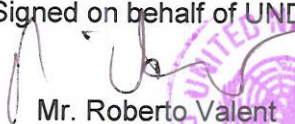
18. CMWU shall keep the UNDP Special Representative fully informed of all actions undertaken by them in carrying out this Letter.

19. UNDP may suspend this Agreement, in whole or in part, upon written notice, should circumstances arise which jeopardize successful completion of the Activities.

20. Any dispute between the UNDP and CMWU arising out of or relating to this Letter which is not settled by negotiation or other agreed mode of settlement, shall, at the request of either party, be submitted to a Tribunal of three arbitrators. Each party shall appoint one arbitrator, and the two arbitrators so appointed shall appoint a third arbitrator, who shall be the chairperson of the Tribunal. If, within 15 days of the appointment of two arbitrators, the third arbitrator has not been appointed, either party may request the President of the International Court of Justice to appoint the arbitrator referred to. The Tribunal shall determine its own procedures, provided that any two arbitrators shall constitute a quorum for all purposes, and all decisions shall require the agreement of any two arbitrators. The expenses of the Tribunal shall be borne by the parties as assessed by the Tribunal. The arbitral award shall contain a statement of the reasons on which it is based and shall be final and binding on the parties.

21. If you are in agreement with the provisions set forth above, please sign and return to this office two copies of this Letter. Your acceptance shall there by constitute the basis for your institution's participation in the execution of the project.

Yours sincerely,
Signed on behalf of UNDP



Mr. Roberto Valent
Special Representative of the Administrator, a.i.
UNDP/PAPP

Date:

Signed by:

Fair

Dr. Majed Awmy Abu-Ramadan
Chairman of CMWU
Date:

