

ISLAMIC DEVELOPMENT BANK
JEDDAH - SAUDI ARABIA



Registry / Seta
البنك الإسلامي للتنمية
TDB - IV
جدة - المملكة العربية السعودية

معا نمنى مستقبلنا أفضل
TOGETHER WE BUILD A BETTER FUTURE
معا نبني مستقبلنا أفضل

Date: ١٠ / أكتوبر / ٢٠٠٤
5 - OCT 2004

No. : ٢٥ / ٢٣٦ / ٧٨
Enc. : الاتفاقية

سعادة الأخ / تيموثي روزمير
الممثل الخاص للمدير العام
برنامج الأمم المتحدة الإنمائي
القاهرة - فلسطين

**الموضوع : مشروع الدعم الطارئ للجماعات السكانية الفلسطينية المحاصرة
نتيجة بناء الجدار الفاصل**

تحية طيبة وبعد ،،
يسرني أن أرفق بطيه نسخة موقعة حسب الأصول من الاتفاقية بين البنك
الإسلامي وبرنامج الأمم المتحدة الإنمائي لتنفيذ مشاريع البنية التحتية في
المناطق التي تضررت من بناء الجدار الفاصل في الضفة الغربية .
راجياً اتخاذ إجراءكم بسرعة البدء بتنفيذ المشروع .

شكراً لكم حسن تعاونكم ،،

منسق وحدة صندوق الأقصى بالإجابة
عبدالله
محمود خالد عز الدين

TRUST FUND AGREEMENT**BETWEEN****THE ISLAMIC DEVELOPMENT BANK (IDB)****AND****THE UNITED NATIONS DEVELOPMENT PROGRAMME
(UNDP/PAPP)****REGARDING****The Emergency Small-Scale Infrastructure Projects in Areas
Affected by the Separation Wall in the West Bank**

WHEREAS the United Nations Development Programme ("UNDP") and the Islamic Development Bank ("IDB") have agreed to cooperate in the implementation of the Project IDB- Phase IV (#00031454) ("The Project") which is summarised in Annex 1 to this Agreement and more fully described in the Project Document " Emergency Small-Scale Infrastructure Projects in Areas Affected by the Separation Wall in the West Bank- ("the Project Document");

WHEREAS the IDB hereby agrees to contribute funds from Al-Aqsa Fund established to support the Palestinian People ("the Contribution") to UNDP towards implementation of the Project;

WHEREAS UNDP is prepared, through a trust fund established by its Administrator under its financial regulations and rules to receive and administer the Contribution for the implementation of the Project;

WHEREAS UNDP shall designate the UNDP Programme of Assistance to the Palestinian People (UNDP/PAPP) as the Executing Agency ("the Executing Agency");

WHEREAS UNDP/PAPP, for selected activities approved under the Project shall designate various local Palestinian Municipalities, City Councils, Non Governmental Organizations and other organisations/institutions, as the case may be, as implementing Agencies for the implementation of the Project ("the Implementing Agencies");

WHEREFORE, the IDB and UNDP hereby agree as follows:

Article I. The Contribution

1. The IDB shall, in the manner referred to in paragraph 2 of this Article, place at the disposal of UNDP/PAPPP a total Contribution in the amount of US\$ 4.0 million (United States Dollars Four millions) to be used to finance the Project activities including the administrative and operational support (AOS) costs referred to in Article II, Clause 2, below.
2. The IDB shall upon signature of this Agreement make deposits against the total Contribution in accordance with the following payment schedule:
 - An initial mobilization advance payment at 25% of the total agreed upon contribution;
 - Subsequent interim deposits based on advance requests to be submitted by the UNDP/PAPP stating planned activities and obligations as well as liquidation statements which justify expenditures against previously received amounts;

The deposits shall be made to the following Bank and account:

Arab Bank, Plc.

Al Ram Branch

Special Bank Account No.: 9110-462762-8-511 (U.S. Dollars)

All deposits made shall state the purpose as: The Palestinian Programme, UNDP/PAPP project reference Project IDB- Phase IV (#00031454).

3. UNDP shall immediately in writing acknowledge receipt of the funds.
4. UNDP shall receive and administer the payments in accordance with the regulations, rules and directives of UNDP.
5. All financial accounts and statements shall be expressed in United States dollars.
6. The value of the contribution-payment, if made in other than United States dollars, shall be determined by applying the United Nations operational rate of exchange in effect on the date of payment. Should there be a change in the United Nations operational rate of exchange prior to the full utilisation by UNDP of the contribution-payment, the value of the balance of funds still held at that time will be adjusted accordingly. If, in such a case, a loss in the value of the balance of funds is recorded, UNDP shall inform the IDB with a view to determining whether any further financing could be provided. Should such further financing not be available, the assistance to be provided to the Project may be reduced, suspended or terminated by UNDP, after consultation with IDB.

Article II. Utilization of the Contribution

1. The Contribution shall be utilised by UNDP for the purpose of meeting the costs of the Project as set out in the Project Document as well as the costs of support services relating thereto as specified in the following paragraph.
2. The contribution shall be charged eight percent (8%) for additional costs incurred by UNDP for administering the Contribution as well as the Administrative and Operational Services of UNDP/PAPP as the Executing Agency.
3. Any interest income attributable to the Contribution shall be credited to the UNDP trust fund and shall be utilised in accordance with established UNDP procedures for the benefit of the Project.
4. The implementation of the responsibilities of UNDP, the Executing Agency, and of the Implementing Agencies pursuant to this Agreement and the Project Document shall be dependent on receipt by UNDP of the Contribution in accordance with Article I, Clause 2, above.
5. The aggregate of the amounts budgeted for the Project, together with the estimated costs of reimbursement of related support services, shall not exceed the total resources available to the Project under this Agreement.
6. If unforeseen increases in expenditures or commitments are expected or realised (whether due to inflationary factors, fluctuation in exchange rates or unforeseen contingencies) UNDP shall submit to the IDB on a timely basis a supplementary estimate showing the further financing that will be necessary.
7. If the payments are not received in accordance with the payment schedule set forth in Article 1. Clause 2, or the additional funding required in accordance with Clause 6 above is not forthcoming from the IDB or other sources, the assistance to be provided to the Project under this Agreement may be reduced, suspended or terminated by UNDP, after consultation with IDB.

Article III. Administration and Reporting

1. UNDP shall establish and administer the Trust Fund and the activities financed therefrom in accordance with the applicable regulations, rules, procedures and directives of UNDP, and shall maintain separate financial records.
2. UNDP through UNDP/PAPP shall undertake the responsibility of monitoring the implementation of the Project by the Implementing Agencies. If matters arise during the implementation of the Project, which are considered by UNDP of substantive character, UNDP shall inform and consult with the IDB.
3. The IDB may at any time evaluate the progress and results of the Project through evaluators appointed by the IDB. Such Project evaluation will be financed by funds outside this Agreement.

4. UNDP/PAPP shall prepare operational and financial progress reports to be submitted to the IDB on quarterly basis. The quarterly operational reports shall include information on outputs compared to targets, work plans and time schedules, use of inputs, problems encountered or foreseen and other information related to the implementation of the Project. The quarterly financial reports shall include a statement of expenditures showing expenditures as compared to budgets including comments on substantial deviations if any.
5. From the UNDP Bureau of Management/Comptroller's Division, the IDB shall receive an annual certified financial statement as of 31 December every year to be submitted no later than 30 June of the following year.
6. UNDP/PAPP shall submit to the IDB a Final Progress and Financial Report within six (6) months after the date of completion or termination of the Project. The Final Report shall give a summary of activities undertaken, outputs realized and an assessment of the Project effectiveness and efficiency as well as provisional financial data.
7. From the UNDP Bureau of Management/Comptroller's Division, on completion of the project, the IDB shall receive a certified financial statement to be submitted no later than 30 June of the year following the financial closing of the project.
8. The IDB shall respond to UNDP in writing within six (6) weeks of receipt of the Final Reports. In responding, the IDB shall indicate approval of the Report, or explain the reasons for non-approval. If no response is received within the time period specified above, the Report should be deemed approved. If the IDB indicates non-approval of the Report within the time period specified above, the Parties shall consult with a view to reaching promptly a mutually acceptable solution.

Article IV. Equipment

Ownership of equipment, supplies and other properties financed from the Contribution shall vest in the UNDP. Matters relating to the transfer of ownership by UNDP shall be determined in accordance with the relevant policies and procedures of UNDP.

Article V. Auditing

The Contribution shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of UNDP. Should an audit report of the External Auditors of UNDP to its governing Body contain observations relevant to the Contribution, a copy of such report and of UNDP's published comments shall be made available to the IDB.

Article VI. Completion of the Agreement

1. UNDP shall notify the IDB when all activities relating to the purposes for which the trust fund was established have been completed.
2. Notwithstanding the completion of the project financed from the trust fund, UNDP shall continue to hold unutilized contribution payments until all commitments and liabilities incurred in the implementation of the project have been satisfied and project activities brought to an orderly conclusion.
3. If the unutilized contribution payments prove insufficient to meet such commitments and liabilities, UNDP shall notify the IDB and consult with the IDB on the manner in which such commitments and liabilities may be satisfied.
4. Any payments that remain unexpended after such commitments and liabilities have been satisfied shall be refunded to the IDB no later than six (6) months from the date IDB approves the Final Report submitted by UNDP as per Article III, Clause 9.

Article VII. Termination of the Agreement

1. After consultations have taken place between the IDB and UNDP, and provided that the contribution-payments already received are sufficient to meet all commitments and liabilities incurred in the implementation of the Project, this Agreement may be terminated by UNDP or by the IDB. The Agreement shall cease to be in force thirty days after either of the Parties may have given notice in writing to the other Party of its decision to terminate the Agreement.
2. Notwithstanding termination of this Agreement, UNDP shall continue to hold unutilised contribution-payments until all commitments and liabilities incurred in the Project implementation before the date of the notice of termination have been satisfied and Project activities brought to an orderly conclusion.
3. Any contribution-payments that remain unexpended after commitments and liabilities, referred to in this Agreement, have been satisfied shall be refunded to the IDB no later than six (6) months from the date IDB approves the Final Report submitted by UNDP as per Article III, clause 8.

Article VIII. Amendment of the Agreement

1. The Agreement may be amended through an exchange of letters between the IDB and UNDP. The letters exchanged to this effect shall become an integral part of the Agreement.
2. Any relevant matter of which no provision is made in this Agreement shall be determined in a manner mutually acceptable to the UNDP and the IDB and in this regard each party shall give sympathetic consideration to any proposal made by the other party.

Article IX. Entry into Force

This Agreement shall enter into force on the date of its signature and shall remain in full force until both Parties have fulfilled all obligations arising from it, and all commitments and liabilities incurred in the implementation of the Project have been satisfied. Whether these obligations shall be regarded as fulfilled shall be determined in consultations between the Parties.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have signed the present Agreement in the English language in two copies.

**For the United Nations
Development Programme**

**For the Islamic Development
Bank**

Name: Mr. Timothy S. Rothermel

Name: Dr. Ahmad Mohamed Ali

T.S. Rothermel

Title: Special Representative

Title: President

Date 13 Sep 2004

Date



List of Projects

		Tulkarem			
1	Tulkarem area	Roads	Asphalting and Rehabilitating Internal Roads	\$200,000	
2	'Aqqaba	Roads & Electricity	Electric Generator & Internal Roads Rehabilitation	\$60,000	
3	Baqa Shargiyiyeh	Roads	Asphalting and Rehabilitating Internal Roads - 2 kilometers	\$80,000	
4	Nazlet Issa	Electricity	Maintaining & Expanding Electricity Services	\$80,000	
5	Qaffin	Health	Establishing a Medical Services Center	\$80,000	
6	Al Maskoufah	Roads	Asphalting and Rehabilitating Internal Roads - 2 kilometers	\$60,000	
7	Al Jaroushiyyeh	Construction	Continued Construction & Finishing of Community Services Building	\$60,000	
8	Zeita	Roads	Constructing Phase III of Main Roads	\$150,000	
9	Nazlet Abou Nar	Education	Constructing a Kindergarten	\$50,000	
10	An-Naziah Al Wasiah	Education	Building a Sanitary Unit and School Wall	\$50,000	
11	Kufr Zeibad	Roads	Asphalting and Rehabilitating Internal Roads - 2 kilometers	\$80,000	
	Total Tulkarem Area			\$950,000	
		Qalqiya			
12	Qalqiya	Education	Finishing Works for Basic Kufr Saba Neighborhood School for Girls	\$300,000	
13	Qalqiya	Water/Sanitation	Construction of 500 Cubic Meter Reservoir	\$130,000	
14	Beil Amin/ Siniya	Roads	Asphalting and Rehabilitating Connecting Roads - 3 kilometers	\$150,000	
15	Ras Atiyah	Education	Constructing New School with 12 classrooms	\$150,000	
16	Habiah	Water/ Sanitation	Construction of 500 Cubic Meter Reservoir	\$130,000	
17	'Azzoun 'Atmeh	Roads	Asphalting and Rehabilitating Internal Roads - 2.5 kilometers	\$100,000	

18	Falameya Total Area	Water/Sanitation & Electricity	Maintaining & Expanding Water and Electricity Services	\$100,000
	Qalqiya			\$1,060,000
Jenin				
19	'Aneen	Roads	Asphalting and Rehabilitating Internal Roads -- 2 kilometers	\$80,000
20	Taybeh Barta'a	Infrastructure/Health	Finishing Works & Construction of Community Services Building and Clinic	\$150,000
21	Sharqiyyeh	Water/Sanitation	Maintaining Internal Water Network -- Phase II	\$150,000
22	Im Reehan	Roads	Asphalting and Rehabilitating Internal Roads -- 1.5 kilometers	\$60,000
23	Khirbet Abdallah	Water/Sanitation	Maintaining Internal Water Network	\$60,000
24	Khirbet Barta'a	Water/Sanitation	Maintaining Internal Water Network	\$60,000
25	Zibdah	Water/Sanitation	Maintaining Internal Water Network	\$100,000
26	Al-'Arqah	Roads	Asphalting and Rehabilitating Internal Roads -- 2 kilometers	\$80,000
	Total Jenin Area			\$740,000
Ramallah				
27	Al-Midyah	Water/Sanitation/Roads	Rehabilitation and Maintenance of Water Network	\$80,000
28	Badras	Education	Construction and Finishing of Classrooms	\$60,000
29	Na'aleen	Water/Sanitation	Rehabilitation and Maintenance of Internal Water Supply Network	\$90,000
30	Safa	Infrastructure	Construction of Community Services Center	\$60,000
31	Beit Seera	Roads	Asphalting and Rehabilitating Internal Roads -- 2 kilometers	\$80,000
32	Rantis	Roads	Asphalting and Rehabilitating Internal Roads -- 2 kilometers	\$80,000
33	Qibiyah	Roads	Asphalting and Rehabilitating Internal Roads -- 2.5 kilometers	\$70,000
	Total Ramallah Area			\$520,000

		Jerusalem		
34	Biddo	Water/Sanitation	Construction of Main Sewage Lines	\$100,000
35	Khirbet Ellahem	Roads	Asphalting and Rehabilitating Main Road	\$50,000
36	Al Qbeibeh	Roads	Asphalting Internal Roads - 2 kilometers	\$80,000
37	Beit Soureek	Roads	Asphalting Internal Roads - 2 kilometers	\$80,000
38	Beit Ijzah	Roads	Asphalting Internal Roads - 1.5 kilometers	\$60,000
39	Beit Diqqo	Roads	Asphalting Internal Roads - 1.5 kilometers	\$60,000
40	Beit Ikka	Water/Sanitation	Rehabilitation and Maintenance of Water Network	\$100,000
41	Qatanna	Infrastructure	Construction and Finishing Works for Classrooms	\$100,000
42	Beit 'Anan	Water/Sanitation	Rehabilitation and Maintenance of Water Network	\$100,000
	Total Jerusalem Area			\$730,000
	Total Programmable Costs			\$4,000,000

Note:

1. The IDB and the UNDP/PAPP mutually reserve the right to transfer and relocate funds between individual projects, where they deem necessary and fit for the overall fulfillment of project activities, within the grant allocation. This is done in coordination between the two parties, and notifying each other in writing of such changes.