18 October 2010

Cost-sharing agreement between the Norwegian Ministry of Foreign Affairs and the United Nations Development Programme regarding "UNDP- Access Coordination and Monitoring support, Gaza", Occupied Palestinian Territory

WHEREAS the United Nations Development Programme (UNDP) and the Norwegian Ministry of Foreign Affairs (MFA) have agreed to cooperate in the implementation of "UNDP - Access Coordination and Monitoring support, Gaza", (the Project) in the Occupied Palestinian Territory (oPt),

WHEREAS UNDP and the Government of Norway concluded a Framework Agreement on 2 December 2003 (the Framework Agreement) setting out the general arrangements for receipt and use of resources from Norway,

WHEREAS MFA hereby agrees to contribute funds to UNDP on a cost-sharing basis for the implementation of the Project,

WHEREAS UNDP is prepared to receive and administer the contribution for the implementation of the Project,

WHEREAS the Palestinian Authority has been duly informed of the contribution of MFA to the Project,

NOW THEREFORE UNDP and MFA hereby agree as follows:

Article I Scope and objective

1. This Agreement together with the Framework Agreement sets forth the terms and procedures for MFA's contribution to the Project which is summarized in Annex I to this Agreement and more fully described in the Project Document "Strengthening Access Coordination and Monitoring" dated 30 June 2010,

2. The Goal of the Project is that Gaza recovery and reconstruction is supported by key rehabilitation and reconstruction initiatives.

3. The Objectives of the Project are that access of materials in Gaza is facilitated and UNDP is fully accountable for the use of imported materials, through the establishment of access facilitation and monitoring systems to secure approval from Israel on the import of dual-use construction materials into Gaza for UNDP projects, and to ensure their correct use.

Article II The Contribution

MFA shall, subject to Parliamentary appropriation and on the terms and conditions set forth in this Agreement, and Article II, Paragraph 5 of the Framework Agreement in accordance with the schedule of payments set out below, contribute to UNDP an amount not exceeding NOK 6 700 000 to be used exclusively to finance the Project and cover the costs referred to in Article VI, Paragraph 1 covering the planned period XX October 2010 – XX October 2011. The contribution shall be transferred to:

The contribution shall be deposited in DNB NOR Bank ASA, Stranden 21, Aker Brygge, 0021 Oslo, Norway, UNDP Contributions (NOK) Account #7001-02-43287,

IBAN# NO4370010243287, SWIFT# DNBANOKK, Bank Code: 00019, Account code: 1001.

Schedule of payments	Amount
25 October 2010	3 350 000 NOK
25 April 2011	3 350 000 NOK

UNDP shall promptly upon identification in writing acknowledge receipt of the funds.

The value of the payment, if made in a currency 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 utilization by the UNDP of the 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 MFA with a view to determining whether any further financing could be provided by MFA. Should such further financing not be available, the assistance to be provided to the Project may be reduced, suspended or terminated by UNDP.

1. After consultation with UNDP, MFA may withhold disbursements in case of:

a. substantial deviations from agreed plans and budgets;
b. failure of UNDP to provide the reports in Article IV as agreed;
c. evidence of financial mismanagement of the Project.

MFA may claim repayment in full or in part of funds from the contribution to the extent UNDP has been able to obtain repayment from the negligent party if the funds are found to be misused or not satisfactorily accounted for. Such repayment shall be in accordance with the Financial Regulations and Rules of the UNDP. Before withholding disbursement or reclaiming payment, UNDP and MFA shall consult with a view to resolving promptly the matter. UNDP reserves the right to reduce, suspend or terminate the activities, in its sole discretion.

Article III Utilization of the Contribution

1. The implementation of the responsibilities of UNDP pursuant to this Agreement and the Project Document shall be dependent on receipt by UNDP of the contribution in accordance with the schedule of payment as set out in Article II, Paragraph 1.

2. If unforeseen increases in expenditures or commitments are expected or realized (whether owing to inflationary factors, fluctuation in exchange rates or unforeseen contingencies), UNDP shall submit to MFA on a timely basis a supplementary estimate showing the further financing that will be necessary.

3. If the payments referred to in Article II, Paragraph 1 are not received in accordance with the payment schedule, or if the additional financing required in accordance with Paragraph 2 above is not forthcoming from MFA or other sources, the assistance to be provided to the Project under this Agreement may be reduced, suspended or terminated by UNDP.

Article IV Administration and reporting

1. For the implementation of this Agreement MFA shall be represented by the Norwegian Representative Office of Norway to the Palestinian Authority (NRO) in Al Ram and UNDP by UNDP Programme of Assistance to the Palestinian People (PAPP). All communication concerning the Project shall be between the abovementioned representatives.

2. Representatives of MFA and UNDP shall have consultations six months after the contribution has been made, in accordance with the Framework Agreement Article VIII, in order to:

a. review the progress of the Project
b. discuss possible revisions of plans and budgets
c. discuss issues of special concern for the implementation of the Project.

3. The documents specified in the Framework Agreement Articles V and VI shall form the basis for the semi-annual consultation.

4. Project management and expenditures shall be governed by the Financial Regulations and Rules of UNDP. If matters arise during the execution of the Project, which are considered by UNDP of substantive character, UNDP shall inform and consult with MFA. UNDP shall ensure that the contribution is recorded in the accounts of UNDP and reported together with all other (non-core) resources to UNDP from Norway.

5. UNDP headquarters and country office shall provide reporting to MFA as outlined in the Framework Agreement prepared in accordance with UNDP accounting and reporting procedures.

6. If special circumstances so warrant, UNDP may provide more frequent reporting at the expense of MFA. The specific nature and frequency of this reporting shall be specified in an annex of the Agreement.

Article V Evaluation

All UNDP programmes and projects are evaluated in accordance with UNDP Evaluation Policy. UNDP and the Palestinian Authority in consultation with other stakeholders will jointly agree on the purpose, use, timing, financing mechanisms and terms of reference for evaluating a project including an evaluation of its contribution to an outcome which is listed in the Evaluation Plan. UNDP shall commission the evaluation, and the evaluation exercise shall be carried out by external independent evaluators.

Article VI Equipment

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

Article VII Management and support services

1. In accordance with the decisions and directives of UNDP's Executive Board reflected in its Policy on Cost Recovery from Other Resources, the Contribution shall be subject to cost recovery for indirect costs incurred by UNDP headquarters and country office structures in providing General Management Support (GMS) services. To cover these GMS costs, the contribution shall be charged a fee equal to 7%. Furthermore, as long as they are unequivocally linked to the specific project(s), all direct costs of implementation, including the costs of executing entity or implementing partner, will be identified in the project budget against a relevant budget line and borne by the Project accordingly.
2. 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 as well as funds which may be available to the Project for programme/project costs and for support costs under other sources of financing.

Article VIII Audit

Arrangements for audit of Project activities are as set forth in the Framework Agreement.

Article IX Completion, termination and amendments

1. UNDP shall notify MFA when all activities relating to the Project have been completed.

2. After consultations have taken place between MFA and UNDP, and provided that the payments already received are, together with other funds available to the Project, sufficient to meet all commitments and liabilities incurred in the implementation of the Project, this Agreement may be terminated by UNDP or by MFA. The Agreement shall cease to be in force 30 (thirty) days after either of the Parties have given notice in writing to the other Party of its decision to terminate the Agreement.

3. Notwithstanding termination of this Agreement, UNDP shall continue to hold unutilized payments until all commitments and liabilities incurred in implementation of the Project up to the date of termination have been satisfied and the Project activities brought to an orderly conclusion.

4. Any payments that remain unexpended after such commitments and liabilities have been satisfied may be utilized for the benefit of other activities within the Project upon agreement between the Parties.

5. The Agreement may be amended through an exchange of letters between MFA and UNDP. The letters exchanged to this effect shall become an integral part of the Agreement.

Article X Entry into force

1. This Agreement shall enter into force upon its signature by both Parties and shall remain in force until all obligations arising from it have been fulfilled 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 the undersigned, acting on behalf of their respective institution, have signed the present Agreement in the English language in two copies.

For the Norwegian Ministry of Foreign Affairs	For the United Nations Development Programme:
TOR WENNESLAND Representative Representative office of Norway to the Palestinian Authority (NRO)	ROBERTO VALENT Special Representative of the Administrator a.i.

Annex I

Agreed Project Summary

Identification of the Project
* Project Title/Name: "UNDP – Access Coordination and Monitoring support, Gaza"
* Executing agency: United Nations Development Programme (UNDP – PAPP)
* Norwegian Partner institution: The Representative Office of Norway to the Palestinian Authority (NRO)

Description of the Project
Goal:
Gaza recovery and reconstruction is supported by key rehabilitation and reconstruction initiatives.

Objectives:
Access of materials in Gaza is facilitated and UNDP is fully accountable for the use of imported materials.

Planned Outputs:
The establishment of an access coordination and monitoring team, and building of a UNDP warehousing capacity in Gaza with staff to manage it.

This will empower UNDP to be able to carry out its various functions including:

- Extensive coordination with all partners involved, including a) the Israeli authorities b) the PA c) Gaza local authorities d) UN and other international partners (UNSCO, UNRWA, OQR, donors)
- Close monitoring of entry, checking transportation, storage and handling of materials from arrival to final use
- Reporting on usage of materials and progress of work

Programme Beneficiaries / Target Groups:

The civilian population of Gaza is the target group of this project.

Inputs
* Funds: A grant of up to NOK 6 700 000 (equivalent to approximately USD 1 074 423) from MFA.

Major risk factors (internal and external)
Key potential risks are associated with the project. These risks relate to the potential deterioration of the security situation in the Gaza Strip, to variations in the flow of merchandises into the Gaza Strip, and to the misuse of or the tampering with the materials imported by one or several parties. While these risks cannot be all responded to in an exhaustive manner, several measures can be put in place in order to mitigate the impact of these risks if they materialize. The main mitigation measures are: 1) phasing of the recruitment of personnel in order to ensure that staff deployment coincides with the expected increase in the flow of merchandises into Gaza and that it is adapted to the requirements of the procedures imposed upon UNDP or put in place by UNDP to secure access and ensure adequate monitoring of construction materials in Gaza; and 2) full transparency with the various stakeholders, including Israeli and Palestinian authorities and continuous flow of information to receive and provide early warning on potential issues and policy changes.

Overall budget

The total budget for the Project within a 12 month implementation period is USD 1 074 423, not exceeding a ceiling of NOK 6 700 000 (Six million, seven hundred thousand Norwegian Kroner).

Budget for the Project:

	Level / Type	Quantity	Unit Price USD	Total Price USD
Activity 1: Access Coordination and Monitoring Team				
Senior Access Coordination Officer	P4	1	274,000	274,000
Coordination Officer (Israeli side)	P3	1	172,934	172,934
National Coordination Officer (Gaza)	NOA	1	39,600	39,600
Access Coordination Assistant	G5	1	28,800	28,800
Drivers	G3	2	21,600	21,600
Security	Equipment	6	1,500	9,000
Vehicles	MOSS compl.	2	40,000	80,000
Equipment	Office	4	2,000	8,000
Travel			NA	20,000
Miscellaneous and recurring operational costs			NA	20,000
Sub-total Activity 1				**673,934**
Activity 2: Warehouse management				
Store Manager	G7	1	36,000	36,000
Store Assistant	G5	2	28,800	57,600
Cleaner	G3	1	21,600	21,600
Warehouse handling equipment (forklifts)		2	25,000	50,000
Security (for staff)	Equipment	4	1,500	6,000
Security (including CCTV, fire alarm, etc.)	Equipment		15,000	15,000
Equipment	Office	3	1,500	4,500
Miscellaneous and recurring operational costs			NA	10,000
Sub-total Activity 2				**200,700**
Activity 3: Security support				
Security Guard supervisor	G5	1	28,800	28,800
Security Guards	G3	3	21,600	21,600
Driver	G3	1	21,600	21,600
Security	Equipment	5	1,500	7,500
Vehicles	MOSS compl.	1	40,000	40,000
Miscellaneous and recurring operational costs			NA	10,000
Sub-total Activity 3				**129,500**
TOTAL ACTIVITY 1+2+3				**1,004,134**
GMS 7%				70,289
GRAND TOTAL				**1,074,423**