

GRANT ARRANGEMENT

BETWEEN

THE GOVERNMENT OF CANADA

AND

**THE UNITED NATIONS DEVELOPMENT PROGRAMME
(UNDP)**

Export Development in the West Bank Project - Z020903

NSF

GRANT ARRANGEMENT MADE ON THIS 29 DAY OF MARCH, 2011

BETWEEN:

The Government of Canada as represented by the Minister for International Cooperation, acting through the Canadian International Development Agency (hereinafter referred to as "CIDA");

AND:

The United Nations Development Programme (hereinafter referred to as "UNDP");

WHEREAS CIDA wishes to make a grant to UNDP to support the UNDP's Project entitled "Export Development in the West Bank" as further described in Annex "A" attached to the Grant Arrangement;

WHEREAS UNDP is prepared to receive and administer the grant for the implementation of the Project entitled; "Export Development in the West Bank";

WHEREAS UNDP will enter into agreements with International Trade Centre (ITC) and the Palestinian Trade Promotion Organization (PalTrade) as are necessary to ensure the successful implementation of the Project;

AND WHEREAS the purpose of this Grant Arrangement (hereinafter referred to as "the Arrangement") is to set out the terms concerning the transfer and administration of the grant from CIDA to UNDP;

NOW THEREFORE, CIDA and UNDP (hereinafter referred to as the "Signatories") have reached the following understanding:

Paragraph I. The Grant

1. CIDA will make a grant to UNDP for the purpose of the Project described in the Project Documents attached herewith in Annex "A" (hereinafter referred to as "the Project") in an amount not to exceed five million five hundred and twelve thousand six hundred and eighty-two Canadian dollars (CDN\$5,512,682) (hereinafter referred to as "the Grant").

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2. CIDA will make installment payments in accordance with the following schedule:
 - 2.1 Upon signature of this Arrangement, CIDA will make a first payment of two million five hundred thousand Canadian dollars (CDN\$2,500,000) by March 31, 2011 for CIDA fiscal year 2010/2011.
 - 2.2 A second installment of two million Canadian dollars (CDN\$2,000,000) by March 31, 2012 for CIDA fiscal year 2011/2012.
 - 2.3 A third installment of five hundred thousand Canadian dollars (CDN\$500,000) by March 31, 2013 for CIDA fiscal year 2012/2013.
 - 2.4 A fourth and last installment of five hundred and twelve thousand six hundred and eighty-two Canadian dollars (CDN\$512,682) by March 31, 2014 for CIDA fiscal year 2013/2014.
 - 2.5 Any change to the installment payment schedule above will be made through an amendment to this Arrangement in accordance with the provisions of Paragraph X below.
3. CIDA will make the payments to the UNDP through bank transfers, in Canadian dollars, in the following UNDP bank account:

Bank of America NA, Canada Branch
200 Front Street West, Suite 2700
Toronto, Ontario M5V 3L2
Bank transit number: 56792
Bank code: 241
for credit to: United Nations Development Programme
Account number: 711442252220
4. CIDA will inform UNDP when the Grant is paid via an e-mail message with remittance information to contributions@undp.org.
5. The value of the Grant, made pursuant to this Arrangement in Canadian dollars, will be determined by applying the United Nations operational rate of exchange in effect on the date of payment.
6. In case of devaluation of the value of the Grant, the support to be provided to the Project may be reduced, suspended or terminated by UNDP after consultation with CIDA.
7. UNDP's commitments for the implementation of Project under this Arrangement are contingent upon receipt of the Grant from CIDA in accordance with Paragraph I above.

Paragraph II. Utilization of the Grant

1. UNDP will ensure that the Grant and any interest earned from the Grant are utilized exclusively for the purpose of the Project

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2. CIDA may withhold payment of part of the Grant after consultation with UNDP, should UNDP fail to use the Grant for the purpose of the Project.
3. UNDP will be responsible for the implementation of the Project and will keep CIDA informed.
4. The Grant will be administered by UNDP in accordance with UNDP's regulations, rules, policies and procedures.

Paragraph III. Administration and Reporting

1. All financial accounts and statements will be expressed in United States dollars.
2. UNDP Headquarters and country office will provide CIDA the following document and reports prepared in accordance with UNDP accounting and reporting policies and procedures.
 - a) From the country office, a revised Project Performance Measurement Framework (PMF) and a Project Implementation Plan (PIP), six (6) months after the Arrangement comes into effect.
 - b) From the country office, an annual status report of Project progress for the duration of the Arrangement, as well as the latest available approved budget. The report will include:
 - The status of project implementation;
 - Highlight key activities that took place since the last report;
 - Summarize the results of the Project (outputs and outcomes) as measured in accordance with the project performance measurement framework;
 - Explain any changes made to the performance measurement framework;
 - Describe lessons learned, unexpected results and risk management issues;
 - Include a summary of financial expenditures incurred during the period and since project inception; andOutline the activities planned for the coming period, including any changes proposed as a result of the outcome of the reporting period.
 - c) From UNDP Bureau of Management/Office of Finance and Administration, an annual certified financial statement as of 31st December of every year to be submitted no later than 30th June of the following year.
 - d) From the country office within six months after the date of completion or termination of the Arrangement, a final report detailing major inputs, activities, outputs and results of the Project activities and impact of activities as well as provisional financial data.

- e) From UNDP Bureau of Management/Office of Finance and Administration, on completion of the Project/Program, a certified financial statement to be submitted no later than 30th June of the year following the financial closing of the Project.

Paragraph IV. Administrative and support services

1. In accordance with the decisions of UNDP's Executive Board reflected in its Policy on Cost Recovery from Other Resources, the Grant will be subject to cost recovery for indirect costs or General Management Support (GMS) services equal to 7%. Furthermore, as long as they are unequivocally linked to the specific Project, all direct costs of implementation, including the costs of executing entity or implementing partner, will be borne by the Project and reflected in the Project budget.
2. The aggregate of the amounts budgeted for the Project, including the estimated costs of related support services, will not exceed the total funds available to the Project under this Arrangement.

Paragraph V. Auditing

1. The Grant will be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules, policies and procedures of UNDP. Should an Audit Report of the Board of Auditors of UNDP to its governing body contain observations relevant to the Grant, such information will be made available to CIDA.

Paragraph VI. Evaluation

1. All UNDP Projects are evaluated in accordance with UNDP Evaluation Policy. UNDP and CIDA will jointly agree on the purpose, use, timing, financing mechanisms and terms of reference for evaluating the Project, including an evaluation of the financial contribution to an outcome which is listed in the Evaluation Plan. UNDP will commission the evaluation, and the evaluation exercise will be carried out by external independent evaluators.

Paragraph VII. Visibility

1. UNDP will take all appropriate measures to publicise the fact that the Project has received funding from CIDA, in accordance with its regulations, rules, policies and procedures.

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Paragraph VIII. Termination/Completion

1. UNDP will notify CIDA when all activities relating to the Project have been completed.
2. Either CIDA or UNDP may at any time terminate this Arrangement in whole or in part by giving a 90 (ninety) days written notice.
3. Notwithstanding the completion of the Project or the termination of all or part of this Arrangement, UNDP will continue to hold unutilized Funds until all UNDP's commitments and liabilities incurred in the execution/implementation of the Project have been satisfied and Project activities brought to an orderly conclusion.
4. Any funds that remain unexpended after such commitments and liabilities have been satisfied will be reallocated by UNDP, in consultation and agreement with CIDA.

Paragraph IX. Environmental Assessment

1. This Project does not fall within the scope of the Canadian Environmental Assessment Act.

Paragraph X. Amendment of the Arrangement

1. The Arrangement may only be amended through an exchange of letters signed between CIDA and UNDP. The letters exchanged to this effect will become an integral part of this Arrangement.

Paragraph XI. Notice

1. Any notice to be given to either Signatory with respect to this Arrangement will be effectively given if delivered or sent by letter, fax addressed to the Signatory at the address given in this Paragraph. The address of either Signatory may be changed by notice in the manner set out in this Paragraph.
2. Any notice to CIDA will be addressed to:

Director
West Bank Gaza and Palestinian Refugees
Europe, Middle East and Magreb Directorate (EMM)
Canadian International Development Agency (CIDA)
200 Promenade du Portage
Gatineau, Quebec
Canada K1A 0G4
Telephone: (819) 997-1119
Facsimile: (819) 994-0251
E-mail: sean.boyd@acdi-cida.gc.ca

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3. Any notice to UNDP will be addressed to :

United Nations for Development Programme
Special Representative to the Administrator Programme of Assistance to the Palestinian People
4A, Ya'kubi St.
P.O.Box : 51359
Jerusalem
Telephone.: (+972) 2-626-8200
Facsimile: (+972) 2-626-8222
Email: Yasmine.Sherif@undp.org
Web: www.undp.ps

Paragraph XII. Entire Understanding

1. The Arrangement together with Annex "A", which forms an integral part hereof, constitutes the entire understanding between CIDA and UNDP with respect to the Project.

Paragraph XIII. Anti-Corruption

1. UNDP and CIDA agree that it is important to take all necessary precautions to avoid corrupt practices. To this end, UNDP will maintain standards of conduct that govern the performance of its staff, including the prohibition of corrupt practices in connection with the award and administration of contracts, grants, or other benefits, as set forth in the Staff Regulations and Rules of the United Nations, the UNDP Financial Regulations and Rules, and the UNDP Procurement Manual.

Paragraph XIV. Anti-Terrorism

Terrorist Financing

1. Consistent with numerous United Nations Security Council resolutions, including /RES/1269 (1999), S/RES/1368 (2001), and S/RES/1373 (2001), both Canada and UNDP are firmly committed to the international fight against terrorism, and in particular, against the financing of terrorism.
2. UNDP will screen potential parties and entities to ensure it does not knowingly work with any party and entity appearing on the New Consolidated List established and maintained by the UN Security Council's 1267 Committee.
3. UNDP will use the Grant Arrangement exclusively for the activities described in Annex "A" of this Arrangement.
4. UNDP will also disburse the funds only to implementing parties and entities listed in this Arrangement at Annex "A". UNDP will make its best efforts to provide this list of implementing parties and entities to CIDA before the signature of this Arrangement.

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5. If the list referred to in section 4 is not available before signature, UNDP will provide it as soon as the information is available. Any change to the list of implementing parties and entities will be submitted to CIDA as soon as the information is available. In such instance, upon CIDA's request, CIDA and UNDP will consult to determine the appropriate course of action, if any.
6. UNDP will include in any subsequent funding arrangements, agreements or contracts using CIDA's funds a clause requiring further implementing parties and entities not to use the funding provided hereunder to benefit terrorism.
7. In consultation with UNDP, CIDA may request participation as an observer in the UNDP's monitoring and evaluation of the Project, in accordance with the UNDP's applicable guidelines and procedures.
8. In the event that an implementing party and entity is not included in the UN Security Council's 1267 list, however during the course of the implementation of the Project, is deemed to conduct terrorism activities, CIDA and UNDP will consult to determine the appropriate course of action.

Paragraph XV. General Provisions

1. No member of the Canadian House of Commons will be admitted to any share or part of this Arrangement or to any benefit to arise therefrom.
2. The Arrangement will not be assigned by UNDP without the prior written consent of CIDA.
3. Any payment to be made under this Arrangement is subject to there being an appropriation by the Parliament of Canada for the fiscal year in which the payment is to be made. If CIDA's appropriation is changed by the Parliament of Canada, CIDA may reduce the Grant or terminate this Arrangement with a written notice to UNDP.
4. This Arrangement is not an international treaty. It is an administrative arrangement between the Government of Canada and the United Nations Development Programme.
5. Any difference arising out of or relating to this Arrangement will be settled amicably by the Signatories.

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Paragraph XVI. Duration of the Arrangement

1. The Arrangement will come into effect upon the date of the last signature and will remain in effect until March 31, 2015.

Done in the English language in two copies,

For the GOVERNMENT OF CANADA

For the UNITED NATIONS
DEVELOPMENT PROGRAMME

Signature Sean Boyd

Signature [Handwritten Signature]

Name SEAN BOYD

Name Trade Mission

Title A/DIRECTOR, MED

Title Special Representative

Date 31/03/11

Date 30/3/11



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ANNEX A – Project Description and Budget

Grant Arrangement: Export Development in the West Bank Project. CIDA Project Number Z-020903

1. Description of the Project and Expected Results

Capitalizing on both Israeli easing of some movement restrictions in the West Bank and increasing investor confidence, this project aims to help micro, small and mid-sized enterprises (MSMEs) benefit from increased business export opportunities. In line with the Palestinian Authority's efforts to promote private sector-led economic growth and to reduce Palestinian reliance on international assistance, PalTrade will be supported to better represent and service Palestinian firms in developing and implementing successful export strategies.

This project will be managed directly by UNDP, which will match its own MSMEs institutional and development experience with ITC's expertise in export promotion and development. Drawing on ITC expertise, UNDP will establish a close mentoring and partnering relationship with PalTrade to ensure that Palestinian business owners receive urgently needed services.

As further detailed in the project Logic Model and Performance Measurement Framework (PMF) the **ultimate Outcome** of the project is to increase trade-related opportunities for Palestinian businesses¹ in sectors with export and employment-generating potential.

This outcome will be reached via two **intermediate outcomes**: (i) By enhancing PalTrade's effectiveness to respond to the trade development needs of Palestinian businesses, especially in sectors with export and employment-generating potential, and (ii) by supporting the effective development of export trade initiatives by Palestinian businesses, especially those owned by women.

In turn, these two intermediate outcomes will be reached through five **immediate outcomes**, each corresponding to one of the following project components:

Component One – PalTrade's Management and Strategic functions

Immediate outcome 1: Improved organisational and strategic management capacities of PalTrade.

This component aims at strengthening PalTrade's basic management capacity to ensure full participation in the project and its long-term sustainability through improved strategic and cost recovery planning. The main activities under this component will be to:

- Establish a Strategic Planning Unit (SPU) at PalTrade and elaborate a five-year strategic plan aimed at organisational sustainability.
- Build PalTrade's capacity to identify the private sector support and information needs in key export sectors and to plan and deliver adequate responses. In order to reach this result, a comprehensive assessment of PalTrade's existing resources, services and capacities will be

¹ The project will only cover UNDP activities in the West Bank and exclude Gaza.

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undertaken. It will measure PalTrade's capacity against the needs of Palestinian enterprises and those of other trade support institutions, as well as internationally-recognised good practice among Trade Promotion Organisations (TPOs).

- Make a comprehensive update of the private sector needs by conducting a survey of private sector enterprises already exporting or with export potential (approx. 400), complemented by assessments of the potential of sub-sectors and markets. This will identify gaps in the provision of trade support services in the current range of sectorial export development plans.
- Develop and introduce an internal planning, management and monitoring system at PalTrade based on results-based management principles.

Expected outputs:

1. Strategic Planning Unit (SPU) established and operational.
2. PalTrade institutional assessment/benchmarking completed.
3. Strategic HR/environment/gender capacity needs identified and addressed through targeted training and coaching.
4. Private sector trade development demands identified for more than 200 enterprises.
5. Business sectors² assessed in terms of potential for export development and contribution to poverty reduction and environmental protection. At least 6 new export potential assessments performed.
6. Corresponding business sectors export development plans updated or developed. At least 6 export development plans published.
7. A 5-year strategic plan and a three-year rolling action plan adopted, also ensuring PalTrade's sustainability.
8. RBM system established at PalTrade.

Component Two – Trade Policy

Immediate outcome 2: Enhanced ability of PalTrade to engage the public and the private sectors in trade policy dialogue.

This project component will strive to foster consensus among PalTrade's partners, members and stakeholders on trade policies that lead to sustainable and diversified trade. Maximizing benefits from existing trade agreements is key to short- and medium-term trade diversification and market penetration. Accordingly, following the identification of sectors and markets through the export potential assessments to be carried out under Component 1, the project will build the capacity of PalTrade's Trade Policy Department to:

² Business sector considered will be the ones with both export and employment-generating potential.

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- Undertake a comprehensive assessment of the major existing Free Trade Agreements (FTAs) with a view to identify opportunities to better implement and take advantage of these agreements.
- Prepare and publish trade policy papers reflecting the positions and recommendations of the private sector on how to benefit from FTAs.
- Carry out trade policy-related business advocacy work through facilitated public-private dialogue in the West Bank and abroad.

With the corresponding outputs, the private sector will have received immediately applicable guidance and support for better use of existing FTAs and a mechanism will have been put in place for continued dialogue between the private sector and trade policy makers.

Expected outputs:

1. A comprehensive assessments of the major existing trade agreements performed.
2. Trade policy papers, including recommendations for action by MSMEs, the competent authorities and other parties, published.
3. Trade policy advocacy events (at least 2 per year) with international participation organized by PalTrade.

Component Three – Trade Information

Immediate outcome 3: Improved access of the Palestinian private sector to useful trade information, especially for women-owned businesses.

This component will increase the supply of quality trade information and enhance the ability of the private sector to actively access and use trade intelligence for taking both long-term and day-to-day business decisions. The main activities will be to:

- Develop the ability of PalTrade to manage the provision of trade information, including new information products and on-line services, and to ensure the sustainable identification, acquisition, process and dissemination of trade intelligence which meet the needs of the Palestinian and international business community.
- Design and set up a trade information portal, improving the access to external sources of trade information and the integration with existing or future knowledge networks; procure additional information as appropriate; and deliver relevant trade information to the Palestinian private sector.
- Provide customised trade intelligence on priority sectors and markets to local and international clients.
- Inform the business community about the trade information services available (e.g. basic reports from Trade map, market profiles, export guides to foreign markets, detailed, client tailored information, etc.) and assist exporters in making good use of them.

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Expected outputs:

1. Training and technical assistance in trade information management provided to PalTrade.
2. Trade information, including links giving access to external sources of trade information, developed on-line.
3. Customized, sector specific trade information products and services available for local and international users, including a focus on women-dominated sectors.
4. Information provided to the private sector about trade information and its use including environment and gender issues.

Component Four – Trade Development Services

Immediate outcome 4: Increased access of Palestinian firms to quality export development services, especially for women-owned businesses.

Under this component, the project will work to enhance the capacity of local firms to successfully and sustainably engage in exports – to make them export-ready – while at the same time helping business service providers become sustainable trade development service providers. Particular attention will be paid to the specific needs of women and young entrepreneurs. This will be done by conducting export-readiness assessments of individual firms to identify areas of technical assistance needed, and to deliver firm-level support as needed, through the following activities:

- Train and certify practitioners (in PalTrade and working for business development service providers) to conduct export readiness assessments and to deliver corresponding services. Candidates for becoming certified trade advisers will then be coached when carrying out assessments and building capacity at enterprise level.
- Identify the specific training needs of women and young entrepreneurs, adapt the tools for export development training correspondingly and deliver training. This will be done using the approach successfully applied by ITC's ACCESS programme, in close cooperation with associations of women entrepreneurs.
- Develop the skills of PalTrade and of other trade service providers to manage business advisory programmes, and coach them while delivering such programmes to beneficiary companies, who would participate on a cost-sharing basis.

Expected outputs:

1. Selected practitioners trained and certified to carry out enterprise diagnostics, assist with export strategy design, and to provide firm level advisory services and technical assistance to MSMEs, including a specific focus on women-dominated sectors.
2. Specific training needs of women entrepreneurs identified, tools adapted, and training delivered.

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3. PalTrade staff trained for the management of a business advisory services programme for export development, including environment, trade, women and young entrepreneurs, and trade readiness and export promotion matters.
4. PalTrade staff receives training on specific issues pertaining to women entrepreneurs and trade readiness and export promotion issues.
5. A business advisory services programme for export development delivered on a cost sharing basis under PalTrade's management.

Component Five – Trade Promotion

Immediate outcome 5: Enhanced promotion (exposure and networking) of Palestinian firms in targeted markets, especially for women-owned businesses.

This project component will enable PalTrade to provide support services allowing Palestinian companies to enter foreign markets and find clients through participation in selected promotional events. Enterprise participation in such events will be done on a cost-sharing basis. Activities under this component include:

- Prepare market entry plans for newly export-ready Palestinian enterprises, helping them to put the plans into practice and to update and revise them as necessary. A strong sectoral focus in combination with a value-chain approach will be reflected in the export development plans. This should increase the opportunities for MSMEs, whether as direct exporters or as subcontractors and suppliers.
- Organise an export-oriented trade fair in the West Bank for local enterprises with recognised export potential and facilitate the participation of foreign buyers.
- Organise enterprise participation in international exhibitions and trade missions to target markets for the selected sectors; set up business-to-business meetings; and build relationships between West Bank firms and the Palestinian diaspora. Particular emphasis will be placed on helping MSMEs to prepare and follow up their participation in such promotional events.

Expected outputs:

1. At least five market entry plans developed for selected markets for the key sectors identified. Plans include one for women-owned businesses and women-dominated sectors.
2. Trade show organized in West Bank for local enterprises with export potential. Special provisions developed and integrated to enable women's participation.
3. Participation in international exhibitions for selected sectors organized. Special provisions developed and integrated to enable women entrepreneurs' participation.
4. Participation of local businesses in international trade missions and business to business meetings facilitated, with special provisions developed, if necessary, to enable the participation of businesses owned by women.

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5. Contacts established between local firms and Palestinian diaspora businesses, including those owned by women.

2. Implementation Approach

UNDP will be the Executing Agency of the project. As such, it will be responsible for the overall project management and coordination, including the monitoring and reporting of project activities and results along with the overall management of the project financial resources, in accordance with UNDP financial rules and regulations.

UNDP will partner with the International Trade Centre (ITC) as the UN agency with technical expertise in trade capacity-building advisory and backstopping support services to Trade Promotion Organisations. In particular, ITC will contribute knowledge on international best practice, tried and tested tools and methodologies, as well as a network of partners. ITCs approach to supporting PalTrade will be that of a mentor and facilitator based on the principle of 'learning by doing'.

The broad reach of UNDP's private sector development programme will, combined with ITC's technical expertise, help PalTrade to improve and expand its organisational and its trade-service delivery capacities.

PalTrade will be an intermediary beneficiary of the project as well as an implementer of project activities. In the initial phase of the project, mainly under component 1, Paltrade will benefit from targeted support from ITC and UNDP. Later on, with coaching from ITC as necessary, PalTrade will carry out much of the project activities targeting Palestinian firms.

Upon project approval, UNDP will initiate a six-month inception phase. This phase will be used to further define project parameters, including baseline data to complete the Project Performance Measurement Framework (PMF) and the Project Implementation Plan (PIP), which will be revised annually.

3. Project outreach

The project outreach strategy will make sure that communication and engagement with stakeholders will be as broad and comprehensive as possible. More specifically:

- PalTrade will utilise its links with trade associations and forums to ensure that proper geographic coverage is obtained. PalTrade has established relations with the chambers of commerce in all major West Bank cities, the Businessmen Forum in Hebron, the Business Forum Nablus and the Federation of business associations in Ramallah. It is normal practice for PalTrade to engage these institutions and promote its activities in collaboration with them.
- From a gender equality and youth empowerment standpoint, PalTrade will engage businesswomen's associations, as well as other community associations involving women, and will develop strategies to include young entrepreneurs in the promotion of project activities.

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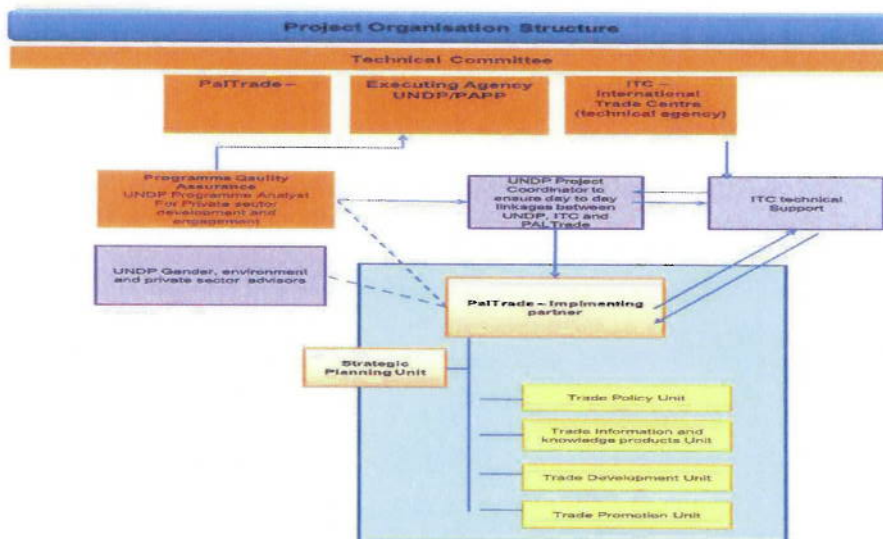
- PalTrade will also engage the various relevant industry/sector trade associations in order to ensure widest possible reach and promote PalTrade's improved services.
- The project will seek out as many opportunities as possible to engage with potential members, make contact with stakeholders and share information about expected activities and results.

4. Project Structure and Management

A technical committee will be established to provide oversight and guidance to the project. The committee will include representatives from UNDP, ITC and PalTrade and other stakeholders, as invited. This committee will meet on a quarterly basis to review the project progress and plans for next quarter. CIDA will be invited to participate in the project technical committee meetings.

At UNDP, a project management unit will be led by a Project Coordinator, supervised by the Director of Operations. The Project Coordinator will be assisted by a programme analyst for private sector development and a gender equality, environment and private sector advisors. ITC will provide technical support on all trade development issues. In addition to UNDP's project management role in the implementation and coordination of the project's activities, the project management unit will prepare periodic progress and financial reports and prepare inputs for the technical committee meetings.

To further illustrate the management arrangement, the following chart clarifies the structure of the project:



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5. Flow and Management of Funds Between UNDP and ITC and PalTrade

Funds management under the project will be handled by UNDP according to its standard procedures. Upon receiving the funds from CIDA, UNDP will finalise funding agreements with ITC and PalTrade for the implementation of the designated activities. The agreement with ITC will be in the form of a UN inter-agency agreement, whereas the agreement with PalTrade will be according to UNDP's terms and conditions for Palestinian NGOs.

All payments will be based on project forecasts and cash flow needs and instalments to ITC and Paltrade will be advanced upon receiving comprehensive financial reports on the previous instalments. Upon completion of the activities, final results and activity progress reports and detailed financial reports will be submitted to UNDP for verification and clearance.

6. Monitoring, Evaluation and Reporting

UNDP will be responsible for monitoring the overall project activities and retain ultimate accountability for project outputs and outcomes. The detailed PMF stipulates which organisation will be responsible for each particular monitoring/performance measurement activity indicators. This framework will be reviewed and revised in accordance with circumstances arising from actual project implementation, and at least once per year by the technical committee.

In addition to ongoing project performance monitoring, UNDP will conduct a mid-term evaluation of the project. The overall purpose of this evaluation will be to identify the impact and the relevancy of planned project results and, as required, identify changes that should be carried out during the remainder of the project implementation. CIDA will also perform its own independent evaluation at the end of the project.

At the end of each calendar year, UNDP will prepare a progress report for CIDA that will include:

- The status of project implementation;
- An highlight of key activities that took place since the last report;
- A summary of the project results (outputs and outcomes) as measured in accordance with the performance measurement framework;
- A description and explanation of any changes made to the performance measurement framework;
- Lessons learned, unexpected results and risk management issues;
- A summary of financial expenditures for each activity incurred during the period and since project inception, explaining the variance between actual and planned budget figures.
- An outline of the activities planned for the coming period, including any changes proposed as a result of the outcome of the reporting period.

Within six months after the date of completion or termination of the Project, UNDP will provide CIDA a final report detailing:

- Inputs and activities;
- Results (outputs and outcomes) as measured in accordance with the performance measurement framework;

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- Lessons learned, unexpected results and risk management issues;
- A summary of financial expenditures for each activity incurred during the project, explaining the variance between actual and planned budget figures.

7. Project financial context

Upon approval of the project, CIDA will provide to UNDP a grant of up to \$ 5,512,682 and will disburse funds according to the following schedule:

FY 2010-2011: CAD\$2,500,000 (following signature of the Arrangement, if before March 31, 2011)

FY 2011-2012: CAD\$2,000,000 (between January and March 31, 2012)

FY 2012-2013: CAD\$ 500,000 (between January and March 31, 2013)

FY 2013-2014: CAD\$ 512,682 (between January and March 31, 2014)

8. Lessons learned

Whenever relevant, the project will apply the following lessons learned by UNDP, ITC and CIDA derived from other trade-related programmes:

- Training in export preparedness must be followed by the provision of extensive expert advice (mentoring).* Trainers and entrepreneurs who have received training in export preparedness have singled out the need to follow-up the training with the provision of expert advice on a range of issues such as product costing, packaging and labeling, sources of working and equity capital at reasonable cost, marketing approaches, etc.
- Business marketing/contact missions can achieve much more than creating business linkages, market opportunities and export sales.* Properly supported trade missions allow exporters to identify productivity and competitiveness obstacles to doing business in any market, e.g., in product design, pricing, packaging, marketing strategy, production or managerial capacity, and logistics, and to develop strategies for overcoming these obstacles.
- Business marketing/contact missions require pre-and post-mission support, particularly for early stage exporters.* Wherever possible, a market-based sector specialist should be engaged to help prepare the companies before the mission and then use the knowledge acquired to set up the most appropriate contacts with potential buyers. By providing this type of support through a combination of domestic service providers and market-based specialists, the costs of providing such expert advice can be reduced while at the same time enhancing the capacity of local business service providers.
- The time horizon for trade-related technical assistance programme implementation should be realistic.* Capacity building for MSMEs and trade support institutions requires time and considerable "handholding" to show results. Therefore, a four-year time horizon for programme implementation, as is the case for this project, is a minimum required to show tangible results at the intermediate outcome level.

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9. Sustainability

The project planned review of PalTrade's strategic focus for the coming years will emphasise on identifying opportunities for increased financial sustainability of the organisation, including receiving core funding from the PA, or soliciting additional donor funding.

The project will also build the capacities of other local trade-support institutions, such as, commerce, industry, young entrepreneurs and women associations, and as well of local Business Development Services providers such as advisory firms and individual experts. As required, this will be done by providing training, coaching and certification to provide quality trade-related services according to international standards and best practices.

10. Links with UNDP's Strategic Programming Framework

UNDP has identified the need to improve MSMEs export competitiveness and access to external markets and will include trade development as part of its 2011-2014 Strategic Plan. It considers this project as an important means to engage comprehensively in the trade sub-sector. The project will also explore meaningful linkages with UNDP/PAPP's Deprived Families Economic Empowerment Programme (DEEP).

11. Coordination

The project will build on the efforts of other donors, development partners and private sector actors working to diversify and strengthen market opportunities for Palestinian businesses. In particular, the project will coordinate its work with funds currently available to assist businesses in making the investments they need to access new markets. The project will also coordinate its work with other trade-facilitation and commercial border management initiatives, including with UNCTAD and the Palestinian Shippers' Council.

12. Equality between Women and Men

Palestinian female-owned businesses are distributed across sectors similarly to those of male-owned businesses, and their size and sophistication of goods produced is also the same. However, MSMEs employ more women than men and 26% of MSMEs are owned by women. Women-owned firms are more likely to hire women, are increasing their workforces at a rate higher than male-owned firms and are less likely than male-owned firms to down-size. Moreover, the share of female-owned firms that export in the West Bank and Gaza is higher than that of male-owned firms (but the absolute numbers of male-owned firms that export is higher--only 20% of businesses are owned by women in West Bank/Gaza). As such, women's entrepreneurial challenges in many ways echo those of MSMEs in general. However, women business-owners prioritize their needs differently from men. The primary constraints to women's entrepreneurship are access to finance, cultural attitudes and market access. Female-owned firms are more likely than male-owned firms (42% to 29%) to report that customs and trade are major or severe constraints to their business operations and growth, thereby making this project highly relevant to women-owned firms.

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At the outcome level, the project result will strive for more effective development of export trade initiatives by Palestinian businesses, especially those owned by women. This will be achieved by the providing to women-owned or operated businesses: i) Improved access to useful trade information; ii) Increased access to quality export development services; and iii) Enhanced promotion (exposure and networking) in targeted export markets.

Under the leadership of a Gender Equality (GE) advisor dedicated to the project, the project will conduct a Gender Analysis during the project inception phase. This analysis will identify and assess data and issues relating to gender inequalities and relations within the specific context of the project. In particular this analysis will look at barriers to business development and market access faced by businesswomen and their specific training and service needs. This information will serve to establish baselines and gender equality indicators required to refine the project's PMF. The project will then develop a GE strategy detailing the project's explicit approach to support the achievement of GE results. This strategy will be developed as part of project final design and implementation plan.

The project will collaborate with Business Women's Association and other relevant associations in order to reach out to their membership base for inputs on the precise form and content of capacity-building activities and for securing the participation of women. The project will also leverage relevant GE experience, lessons and approaches from ITC's ACCESS program for African businesswomen in International Trade and from UNDP's DEEP program in the west Bank.

13. Environmental Considerations

Increased production in sectors with negative environmental impacts could lead to increased environmental degradation and effects on bio-diversity and human health unless environmental management practices are improved. Trade development therefore goes hand-in-hand with increasing the level of environmental awareness and addressing environmental issues. Trade development also provides an opportunity to make producers better understand the importance of environmental management for quality control and for ensuring conformity with regulations and standards in export markets.

The project therefore presents a number of opportunities to integrate environmental considerations. In order to do so, it will perform environmental scans of all sectors of interest in order to identify the key environmental issues and suitable corresponding mitigation measures. The Palestinian Environment Quality Authority, which is currently in the final stages of developing an inventory for major industrial pollution, will contribute significantly to these scans. Its results will be used to guide the selection of sectors the project will focus on.

The project will also ensure that PalTrade and the targeted business service providers become knowledgeable about environment-related trade issues such as ISO 14000 and other environmental standards, environmental management systems, green technologies, and organic certification. PalTrade will incorporate this information in the export development plans for each sector and will use it to guide a series of workshops and promotional activities to increase the awareness of the private sector regarding environmental issues.

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14. Proposed Project Budget³:

(Canadian dollars)	TOTAL
Inception phase	64,641
Project Component 1 PalTrade's Management and Strategic functions	745,631
Project Component 2 Trade Policy	332,502
Project Component 3 Trade Information	920,385
Project Component 4 Trade Development	898,291
Project Component 5 Trade Promotion	2,083,314
Total for all components	5,044,763
Gender Advisor	127,863
Project Management and Coordination	400,688
UNDP - Audit and Evaluation	129,029
Sub -Total (7+8+9+10)	5,702,343
Contribution from PalTrade to Component 4	175,000
Contribution from PalTrade to Component 5	375,305
Total of CIDA funded portion (11 - 12 - 13)	5,152,038
UNDP Administrative Overheads (7%) on CIDA funded portion	360,644
Total of CIDA Grant to UNDP	5,512,682

³ Detailed budget with estimated amounts allocated to ITC and PalTrade are provided in UNDP proposal for this project.

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