

بسم الله الرحمن الرحيم



البنك الإسلامي للتنمية  
صندوق الأقصى



سلطة الوطن الفلسطينية



برنامج الأمم المتحدة الإنمائي  
برنامج مساعدة الشعب الفلسطيني

## TRIPARTITE AGREEMENT

BETWEEN

THE PALESTINIAN AUTHORITY (PA),

THE ISLAMIC DEVELOPMENT BANK (IDB) AS THE BODY ADMINISTERING  
AL-AQSA FUND

AND

THE UNITED NATIONS DEVELOPMENT PROGRAMME / PROGRAMME OF  
ASSISTANCE TO THE PALESTINIAN PEOPLE (UNDP/PAPP)

REGARDING

THE DEPRIVED FAMILIES ECONOMIC EMPOWERMENT PROGRAMME  
(DEEP)

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**REGARDING  
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This agreement was signed on 12/08 / 2007 between the Palestinian Authority (referred to hereafter as PA) represented by Ministry of Planning (MOP), Ministry of Social Affairs (MOSA) and Ministry of Labour (MOL), the Islamic Development Bank (referred to hereafter as IDB) as the body administering Al-Aqsa Fund, and the United Nations Development Programme (UNDP).

WHEREAS the IDB agreed with the PA to empower the Palestinian deprived families to migrate from being recipients of humanitarian assistance to self-generators of income through launching a pilot programme "the Deprived Families Economic Empowerment Programme (referred to hereafter as DEEP)", and an amount of USD 29,700,000 (twenty nine millions and seven hundred thousand US dollars) has been allocated by the donors listed in Annex 1 of this agreement for the purposes of the implementation of DEEP;

WHEREAS the Programme Document was signed by the PA, IDB and UNDP on 13 May 2006 and included an agreement of the three parties on all issues related to DEEP scope, funding mechanism, and implementation procedures;

WHEREAS the IDB and the PA have agreed by a memorandum of understanding signed by both parties on 20 January 2005 to assign UNDP as the Executing Agency;

WHEREAS the UNDP agreed to undertake the responsibility of the overall management of the programme, and an agreement for administering the resources of this project (referred to hereafter as the Resource Management Agreement) was signed between the IDB and UNDP on 18 June 2006, and the UNDP agreed to designate an amount of USD 500,000 (five hundred thousand US dollars) to contribute to the administration and implementation of the programme;

WHEREAS the PA and the UNDP express their willingness to cooperate in the realization of the above mentioned programme; and *whereas* both parties agree that the programme will contribute to improving the living conditions of deprived Palestinian families through the development of income and employment generating opportunities as a means to reduce poverty;

NOW THEREFORE, the IDB, the PA and the UNDP, hereby agree as follows:

## **Article I**

The above preamble and annex attached to this agreement shall be considered as an integral part of the agreement and shall all be dealt with as an inseparable unit.

## **Article II: The Contribution**

1. The IDB shall secure the funds required for the implementation of the Programme from its own resources and funding sources listed in Annex 1.
2. The UNDP shall manage the Programme for the purpose of achieving its objectives in accordance with specific strategies adopted by the Board of Trustees (BOT) and in line with the regulations, rules and directives of the UNDP in the following manner:
  - (a) The UNDP shall receive the full contribution, as per the provisions of the RMA, and direct it to DEEP components according to the technical design of the project as approved by BOT.
  - (b) The UNDP shall fund microfinance institutions in order to provide financing services to the targeted poor Palestinian households within the scope of DEEP.
  - (c) The UNDP in cooperation with the PA shall establish and administer a revolving fund for the project and shall set out the conditions and mechanism for the operation of this fund. Upon the completion of DEEP duration, the balance of this fund shall be transferred to the endowment fund, which is considered part of the financial mechanism of the system emanating from DEEP institutionalization.
  - (d) Within a period not exceeding six months from the signing of this agreement, the UNDP shall present an integrated vision and concept for the institutionalization of the mechanism, to be owned by the PA and funded by the repayment of loans and any other contributions assigned to it. This fund shall be employed in future lending or funding services and shall be administered on a sustainable basis to achieve DEEP objectives in accordance with its technical standards.

## **Article III Utilization of the Contribution**

The contribution shall be utilized for the purpose of meeting the costs relating thereto;

1. Lending: including the provision of micro and small business financing, housing and home improvement financing as a setting for income-generating activities, consumption and education loans and social security package loans.
2. Promotional Social Safety Net services for the social and economic empowerment of the poorest households in coordination with relevant ministries to help graduate them from poverty through: capacity building, asset transfer, formal and informal educational support, training, vocational training and mentoring to business development for the poorest households.
3. Capacity building for MOSA, MOL, MOP, Promotional Social Safety Net Institutions (NGOs) and Micro-Finance Institutions (MFIs).
4. Consolidation of the technical capacity of the Project Management Office (PMO), provision of consultancy and advisory services and any other related services indicated as per the results of

the technical design.

#### **Article IV Responsibilities of the Palestinian Authority**

The PA represented by the Ministry of Planning (MOP), Ministry of Social Affairs (MOSA) and Ministry of Labour (MOL), is the overall owner of the Programme responsible thereafter for the following:

1. Leading the Board of Trustees (BoT), constituted by the Minister of Social Affairs, as the chair, the Minister of Labour and Minister of Planning, both as deputy chairs, in addition to a representative of Al-Aqsa Fund/the Islamic Development Bank on behalf of the donors, and another of UNDP/PAPP.
2. Provide through the BoT strategic directions for programme implementation and the development of the pilot initiative into a full-scale programme.
3. Monitor through the BoT overall performance and ensure that the results of the programme are being achieved.
4. Mobilize resources for the full-scale implementation of the programme in cooperation with the other two parties.
5. Provide advice and consultation in regard to the selection of key staff.
6. Support to UNDP in all operational aspects of the programme, including the identification of the target beneficiaries' needs, provision of sample benefiting households, collection of baseline data and the creation of a data base for the targeted families.
7. Formation of the Consultative Committee (CC), to be constituted by the Minister of Labour - the chair of the CC and representatives of PA institutions, academia, private sector and NGOs. The CC shall ensure the soundness of Project implementation, and shall provide advice on policies, sector specific regulations and main technical aspects of the programme.
8. Through the Technical Assurance Committee chaired by MOP, lead the assurance of the project, and therefore will be responsible along with UNDP for technical and financial reporting on the implementation of the project to the BOT which comprises the highest authority of the programme.
9. Formal registration of the institutionalized structure and its accreditation for receipt of repayments made to the entity that will assume the responsibility for DEEP through the institutionalization process and for the extension of the lending process after the first cycle of lending.

#### **Article V Responsibilities of UNDP**

UNDP/PAPP shall act as the executing agency and manager for the programme, responsible thereafter for the following:

1. Overall management and implementation of the programme, and achievement of programme objectives and outputs. For this purpose, it will assume, in cooperation with the PA and executing partners, the following tasks
  - a. Preparing the programme overall work plans and providing regular progress reports to the BoT.
  - b. Leading the operational aspects of the programme while ensuring proper documentation and supervision of subcontractors.

- c. appointment of competent staff and experts for the management and implementation of the project in close collaboration with the PA, Al-Aqsa Fund and according to UNDP recruitment procedures,
  - d. Setting up the management and lending mechanisms utilizing the NGO execution modality and/or subcontracting microfinance institutions, Promotional Social Safety Net Organizations and business support institutions.
  - e. Building the PMO's Institutional Capacity and a financial model to ensure financial sustainability and viability from revenues that ensure rewarding resources for a sustainable institutional structure to serve the poor of Palestine.
2. Provide continuous technical assistance to the PA and intermediary organizations throughout the life of the project utilizing its internal and external pool of experts, while tapping on international good practices in this field.
  3. Transfer the ownership of equipment, supplies and other property financed from the contribution to the entity that will be established upon the institutionalization of DEEP at the end of the project duration.

The implementation of the responsibilities of the UNDP pursuant to this Agreement shall be dependent on receipt by the UNDP of the Contribution in accordance with the schedule agreed upon.

#### **Article VI Responsibilities of IDB**

Al-Aqsa Fund administered by the Islamic Development Bank shall be responsible thereafter for the following:

1. Mobilize a total contribution in the amount of USD 29,700,000 and place it at the disposal of the executing agency in accordance with spending needs and the Resource Management Agreement between Al-Aqsa Fund and UNDP (Annex 1).
2. Contribute through the BoT to the strategic directions for programme implementation and the development of the pilot initiative into a full-scale programme,
3. Support the programme with the technical expertise available through Al-Aqsa Fund/Islamic Development Bank.

#### **Article VII Entry into Force**

This Agreement shall enter into force upon signature by the authorized representatives.

#### **Article VIII Completion of the Agreement**

1. UNDP shall notify the PA and IDB when all activities relating to the purposes of the program have been completed.
2. Any unutilized balance of the Contribution shall not be disposed of until all commitments and liabilities incurred in the implementation of the programme have been satisfied and programmes activities brought to an orderly conclusion.
3. If the unutilized Balance of the Contribution payments proves insufficient to meet such commitments

and liabilities, UNDP shall notify and consult with the BOT on the manner in which such commitments and liabilities may be satisfied.

4. Any payments or amounts that remain unexpended during and after such commitments and liabilities have been satisfied shall be deposited in the endowment fund.

**Article IX. Amendment of the Agreement**

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

In witness whereof the undersigned identified below in their names and positions, being duly authorized thereto, have signed the present in Arabic and English languages, with each party holding two original copies in both languages.

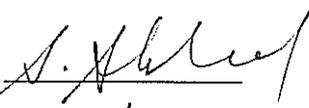
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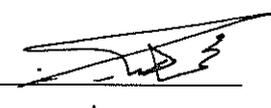
**For the Palestinian Authority**

**Ministry of Planning**  
**Name: Dr. Sameer Abdullah**  
**Title: Minister**

**Ministry of Social Affairs**  
**Name: Mr. Mahmoud Al-Habbash**  
**Title : Minister**

**Ministry of Labour**  
**Name: Dr. Sameer Abdullah**  
**Title : Minister**

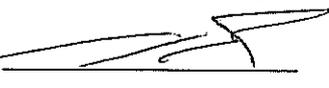
Signature:   
Date : 12/8/2007

Signature:   
Date : 12/8/2007

Signature:   
Date : 12/8/2007

**For the Islamic Development Bank:**

**Name: Dr. Ahmad Mohammed Ali**  
**Title : Head of IDB consortium**

Signature:   
Date : \_\_\_\_\_

**For the United Nations Development Programme/ PAPP**

**Name: Jens Toyberg-Frandzen**  
**Title: Special Representative of the Administrator**

Signature:   
Date: \_\_\_\_\_