

**STANDARD LETTER OF AGREEMENT BETWEEN  
THE UNITED NATIONS DEVELOPMENT PROGRAMME AND  
THE COASTAL MUNICIPALITIES WATER UTILITY  
ON THE EXECUTION OF  
THE CONSTRUCTION OF KHAN YOUNIS WASTE WATER TREATMENT  
PLANT PROJECT, KY WWTP**

Your Excellency,

1. Reference is made to the consultations between officials of the United Nations Development Programme (hereinafter referred to as "UNDP") in the Programme of Assistance to the Palestinian People and officials of the Palestinian Water Authority and the Coastal Municipalities Water Utility with respect to the realization of activities by the Coastal Municipalities Water Utility in the execution of the project PAL 10:00047395, Construction of Khan Younis Waste Water Treatment Plant, as specified in Attachment 1: Project Document, to which UNDP has been selected as the 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 the Coastal Municipalities Water Utility towards the project, as specified in Attachment 2: Description of Activities (hereinafter referred to as "Activities"). Close consultations will be held between the Coastal Municipalities Water Utility and UNDP on all aspects of the Activities.
3. The Coastal Municipalities Water Utility 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 the Coastal Municipalities Water Utility 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 the Coastal Municipalities Water Utility 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 the Coastal Municipalities Water Utility, and its personnel as a result of their work pertaining to the Activities.
5. Any subcontractors, including NGOs under contract with the Coastal Municipalities Water Utility, shall work under the supervision of the designated official of the Coastal Municipalities Water Utility. These subcontractors shall remain accountable to the Coastal Municipalities Water Utility for the manner in which assigned functions are discharged.
6. Upon signature of this Letter, UNDP will make payments to the Coastal Municipalities Water Utility, according to the schedule of payments specified in Attachment 3: Schedule of Activities, Facilities and Payments.
7. The Coastal Municipalities Water Utility shall not make any financial commitments or incur any expenses which would exceed the budget for the Activities as set forth in Attachment 3. The Coastal Municipalities Water Utility shall regularly consult with UNDP concerning the status and use of funds and shall promptly advise UNDP any time when the Coastal Municipalities Water Utility 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 the Coastal Municipalities Water Utility with any funds or to make any reimbursement for expenses

incurred by the Coastal Municipalities Water Utility in excess of the total budget as set forth in Attachment 3.

8. The Coastal Municipalities Water Utility 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 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 the Coastal Municipalities Water Utility in the financial report for the project PAL 10:00047395, Construction of Khan Younis Waste Water Treatment Plant.

9. The Coastal Municipalities Water Utility 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. The Coastal Municipalities Water Utility 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 the Coastal Municipalities Water Utility 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 the Coastal Municipalities Water Utility.

12. Any changes to the Project Document which would affect the work being performed by the Coastal Municipalities Water Utility 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 Coastal Municipalities Water 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 the Coastal Municipalities Water Utility 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 the Coastal Municipalities Water Utility unless it receives written indication to the contrary from UNDP.

15. Any balance of funds that is undispersed 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:

Frode Mauring  
Special Representative of the Administrator  
United Nations Development Programme  
Programme of Assistance to the Palestinian People  
Tel: + 972 2 626 8200 Ext 202  
Fax: + 972 2 626 8222  
4A Ya'qubi Street, P.O. Box 51359,  
91911 Jerusalem

18. The Coastal Municipalities Water Utility shall keep the UNDP Special Representative of the Administrator 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 the Coastal Municipalities Water Utility 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 thereby constitute the basis for your Coastal Municipalities Water Utility participation in the implementation of the project.

Yours sincerely,

Signed on behalf of UNDP



Frode Muring

Special Representative of the Administrator

25 February 2014



Signed on behalf of the Coastal Municipalities Water Utility, CMWU



Maged Abu Ramadan

CMWU Chairman

25 February 2014



**Attachment 1**

PROJECT DOCUMENT

## Attachment 2

### DESCRIPTION OF ACTIVITIES

**Project number: PAL 10:00047395**

**Project title: Construction of Khan Younis Waste Water Treatment Plant; KY WWTP**

#### Results to be achieved by the Coastal Municipalities Water Utility (CMWU)

Khan Younis Waste Water Treatment Plant project is a strategic environmental project aims at protecting public health, water resources and environment of more than 320,000 residents of Khan Younis Governorate aside from contributing to a developed public and social infrastructure of the Gaza Strip.

In addition, it will contribute to achieving the Palestinian Water Authority's objective of exploring further resources for balanced water management by providing a new non-conventional water source of treated waste water that will be recharged into the local aquifer to ultimately be used for agricultural purposes.

The overall project comprises of constructing the first phase of Khan Younis Waste Water Treatment Plant at a flow capacity of 26,600 cubic meters per day to serve 217,000 residents in year 2018; complete with its supplementary components of constructing effluent and emergency pressure pipeline, infiltration basins and electrical power supply line and undertaking one year operation after commissioning to be a comprehensive, functional and operational treatment plant.

Toward achieving the desired results of overall project, along with enhancing the implementation capacity of national partners, the Coastal Municipalities Water Utility will implement two main components of the project, namely; the construction of 70 percent of the effluent and emergency steel pressure pipeline and the construction of the infiltration basins.

Aiming at exchanging knowledge and proper codes of practice to Coastal Municipalities Water Utility as service provider and final operator of the project, the international contractor who will construct and commission the plant will carry out one year operation after commissioning of the plant within the Coastal Municipalities Water Utility's full involvement, support and cooperation.

The outputs to be achieved by the Coastal Municipalities Water Utility are:

- Effluent and Emergency Pressure pipeline of 13 kilometers length constructed;
- Al Fukhari infiltration basins of 97 dunums area to recharge treated waste water into aquifer constructed;
- The implementation and operational capacity of the Coastal Municipalities Water Utility enhanced.

#### Work to be performed by the Coastal Municipalities Water Utility (CMWU)

The Coastal Municipalities Water Utility will be fully responsible for the project's management, operation and maintenance after being constructed and finally commissioned. Therefore, the involvement of the Coastal Municipalities Water Utility in implementing two main components of the overall project and working effectively with the international contractor during the one year operation after commissioning will enhance their managerial and operational capacities to guarantee the project's long-term sustainability.

In light of the above, the Coastal Municipalities Water Utility will be responsible for the following:

- Implement, construct and commission 13 kilometers length of the effluent and emergency steel pressure pipeline from Sofa and Saleh Eldeen streets' junction to the sea shore, with diameters ranging between 920-1030 mm, as per the project's detailed design, tender documents and specifications;
- Implement, construct and commission Al Fukhari infiltration basins of 97 dunums area as per the project's detailed design, tender documents and specifications;
- Provide all managerial, administrative, procurement, technical, financial and logistic support required for efficient implementation of the above mentioned project two components within constrained budget and timeframe;
- Assign from their staff a sufficient team to carry out the management, tendering, coordination, on-site monitoring and supervision tasks to efficiently implement the above mentioned project two components and the agreed upon activities;
- Follow up, in cooperation with PWA, the land acquisition issue for the infiltration basins and work closely with all concerned authorities to secure the required land and construction permits;
- Open a separate bank account to receive funds from UNDP for the implementation of the agreed upon activities;
- Send UNDP monthly and quarterly progress and financial reports with all supporting documents on the implementation of the above mentioned project two components and the agreed upon activities.

To achieve the desired outputs in conformity with the corresponding milestones of the overall project's work plan detailed in Attachment 1: Project Document, the Coastal Municipalities Water Utility shall undertake, but not limited to, the following main activities for the implementation of the 70 percent of the effluent and emergency pressure pipeline and the infiltration basins:

- Mobilize CMWU's management, procurement and administrative team.
- Participate in carrying out the constructability review of design and tender documents of KY WWTP project and issuing approval of the final tender documents;
- Launch tendering processes for the construction works by carrying out pre-qualification of local contractors;
- Carry out tendering processes for the construction works;
- Review and evaluate bids in close cooperation with UNDP and PWA, and award contracts after getting UNDP and Islamic Development Bank's approval;
- Mobilize the Coastal Municipalities Water Utility direct implementation team;
- Carry out the on-site day-to-day construction supervision tasks including monitoring quality and on-site progress;
- Coordinate for and work on accessing construction materials into the Gaza Strip;
- Approve payments to contractor against accomplished work;
- Keep continuous liaison and cooperation with the UNDP direct implementation team and consultant's team, who will carry out the overall construction supervision tasks including monitoring quality and the on-site progress;
- Report on progress to UNDP;
- Assure finalizing the construction works;
- Commission and hand over the 70 percent of the effluent and emergency steel pressure pipeline and the infiltration basins.

After constructing and commissioning the treatment plant and its supplementary components, the Coastal Municipalities Water Utility shall:

- Assign amongst its staff a sufficient professional team responsible for the management, operation and maintenance of the treatment plant, who will work closely with the contractor's team who will operate the treatment plant during the one year operation after commissioning of the plant.

**Description of inputs:**

The Coastal Municipalities Water Utility shall make the following inputs and all needed resources available for efficient and successful implementation of the agreed upon activities:

- Tender documents after vetted through the Constructability Review;
- Management, procurement and financial team;
- Direct implementation team for on-site construction supervision tasks;
- Operation team for the operation and maintenance of the treatment plant;
- Contracts;
- Local contractors;
- Coordination to access the construction materials and equipment into the Gaza Strip;
- Construction materials and equipment;
- Vehicles;
- All needed administrative and logistic services;
- Technical and financial progress reports;
- Auditing services and reports.

And, UNDP shall make the following inputs available for efficient and successful implementation of the agreed upon activities:

- Tender documents after vetted through the Constructability Review;
- USD 13,936,000;
- UNDP direct implementation team for overall management and supervision;
- UNDP's consultant team for overall on-site construction supervision.

**Annexes:**

N/A





**Attachment 3-1**

**Detailed Schedule of Payments**

**Year: 2013 - 2018**

EXPECTED OUTPUTS	Planned Budget USD	Schedule of payments by UNDP - USD																				
		2013			2014					2015					2016					2017		
		Q3	Q4	Total 2013	Q1	Q2	Q3	Q4	Total 2014	Q1	Q2	Q3	Q4	Total 2015	Q1	Q2	Q3	Q4	Total 2016	Q1	Q2	Total 2017
<b>Output 1:</b> Effluent and Emergency Pressure pipeline of 13 km length constructed.	<b>6,000,000</b>	0	0	0	0	0	0	600,000	<b>600,000</b>	300,000	400,000	700,000	800,000	<b>2,200,000</b>	800,000	800,000	600,000	500,000	<b>2,700,000</b>	500,000	0	<b>500,000</b>
<b>Output 2:</b> Al Fukhari infiltration basins of 97 dunums area to recharge treated waste water into aquifer constructed.	<b>7,400,000</b>	0	0	0	0	0	0	740,000	<b>740,000</b>	1,000,000	1,000,000	1,200,000	1,500,000	<b>4,700,000</b>	1,200,000	760,000	0	0	<b>1,960,000</b>	0	0	<b>0</b>
<b>Output 3:</b> The implementation and operational capacity of Coastal Municipalities Water Utility enhanced.	<b>536,000</b>	0	0	0	53,600	53,600	0	42,880	<b>150,080</b>	41,600	44,800	60,800	73,600	<b>220,800</b>	64,000	49,920	19,200	16,000	<b>149,120</b>	16,000	0	<b>16,000</b>
<b>Total</b>	<b>13,936,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>53,600</b>	<b>53,600</b>	<b>0</b>	<b>1,382,880</b>	<b>1,490,080</b>	<b>1,341,600</b>	<b>1,444,800</b>	<b>1,960,800</b>	<b>2,373,600</b>	<b>7,120,800</b>	<b>2,064,000</b>	<b>1,609,920</b>	<b>619,200</b>	<b>516,000</b>	<b>4,809,120</b>	<b>516,000</b>	<b>0</b>	<b>516,000</b>

