

United Nations Development Programme
Programme of Assistance to the Palestinian People



Contr. #:

Grant from the Government of Japan

Project: PAL50-00047396: The Construction of Sewage Treatment Plant and Main Pressure Line in Khan Younis.

MEMORANDUM OF UNDERSTANDING

BETWEEN: The United Nations Development Programme, Programme of Assistance to the Palestinian People (UNDP/PAPP)

AND : Khan Younis Municipality

WHEREAS the United Nations Development Programme/Programme of Assistance to the Palestinian People (hereinafter called the UNDP/PAPP) has been entrusted by the Government of Japan with a Grant of 14,830,000 US dollars for the implementation of the project "PAL50-00047396 – The Construction of Sewage Treatment Plant and Main Pressure Line in Khan Younis. It is envisaged that the Grant will contribute to improve the living conditions of the targeted areas and the provision of social and economic infrastructure services. The project is one of the strategic projects and has been for many years considered as a very high priority by the Palestinian Authority.

WHEREAS Khan Younis Municipality (hereinafter referred to as the Counterpart) is the beneficiary institution since the project is located in Khan Younis Governorate, and whereas the activities will consist of the Following Projects:

SN	Project Title	Budget in US\$
1.	Construction, mechanical, electrical and other works of the Treatment Plant	12,550,000
2.	Construction of the Main Pressure Line	1,000,000

And the maximum amount available for the project budget of the Government of Japan assistance is US\$ 14,830,000 including the UNDP/PAPP General Management Cost.

WHEREAS the parties under this agreement agree that the UNDP/PAPP will be the overall Executing Agency providing the overall supervision of project performance, and whereas at the same time will be holding the responsibility for direct project implementation of all activities related to the construction and building works of the project.

WHEREAS both UNDP/PAPP and the Counterpart are willing to cooperate to realize the successful implementation of the above mentioned project, and whereas UNDP/PAPP will co-ordinate all necessary issues with the Counterpart, and whereas the maximum duration of the project implementation is 24 months starting from the date of signing this MOU, depending on the availability of the completed of the project detailed designs.

Now, therefore the UNDP/PAPP and the Counterpart (hereinafter called the parties) enter into this agreement in a spirit of friendly co-operation. It has been agreed upon that the project preliminary beneficiaries will be the residents of Khan Younis town; the residents of the whole Governorate of Khan Younis are the ultimate beneficiaries of the project. Additionally unemployed people and their families who lost their jobs over the past few years.



Article I Responsibilities of the Khan Younis Municipality:

Khan Younis Municipality will:

- Assign from amongst its staff site engineers of the various technical areas, i.e. civil, electromechanical, etc. to take an integral substantial part in the day-to-day supervision and management of the project.
- Secure the required lands and permits for the construction works from the local Palestinian Authorities.
- Present to the local authorities and the general public the objectives and importance of the project.
- Participate in the development of an implementation and financial plan for various project activities.
- Participate with the UNDP/PAPP technical staff and the Project's Team in the review process of the tender documents and drawings.
- In cooperation with UNDP/PAPP maximize the safety measures during the implementation of the Project.
- Ensure the donor and UNDP visibility throughout the project implementation.
- Play a key role in problem solving and conflict with either the residents, the local or external authorities concerning the implementation of the project.
- Be responsible for operation and maintenance of the built facility in cooperation with the Coastal Water Utility.
- Be responsible for raising additional funds to complete project activities, if the allocated budget from the Government of Japan was not sufficient to cover all related costs of the project.

Article II Responsibilities of the United Nations Development Programme/ Programme of Assistance to the Palestinian People

UNDP/PAPP will perform the following tasks:

Operational

- Assign a Programme Management Officer and Senior Engineers from amongst the UNDP/PAPP's Programme and Engineering Teams to participate on behalf of UNDP in the Project Execution and Monitoring. A Project Manager and Site Engineers will be assigned and paid from the programme budget.
- Approve all detailed work plans of the planned activities after being reviewed in coordination with the Counterpart Project Manager and technical team.
- Review and approve all tender documents and drawings.



- Together with the Counterpart identify the optimal contracting type, i.e. local, international or a joint venture, however the preferred contract type is to have the project constructed by a local contractor with a joint venture with international contractor could execute the construction of the treatment plant.
- Identify a list of eligible contractors in coordination with the Counterpart.
- Verify, approve and issue payments of all invoices submitted by the contractor based on the modality outlined under article VII.
- Undertake overall upper supervision and monitoring of project activities in close cooperation with the Counterpart Project Manager, who will be responsible for the day-to-day project implementation and supervision.
- Conduct regular inspection visits to the project sites to verify the technical quality, cost effectiveness and the labor content of works undertaken.
- Review progress reports prepared by Project Manager.

Financial Management

- Transfer Project funds to contractors to cover the costs of Project activities as described in the Project Document in accordance with the policies established by UNDP/PAPP, according to approved submittals of the contractors and after measuring and verifying the described work quantities.
- Be responsible for overall management and monitoring of the Project Budget (incl. monitoring of the sub-contracted firms, control invoices including pay receipts and proof of delivery of materials) to ensure that Project components are implemented within financial conditions and limits of project funds and in accordance with the policies established by UNDP/PAPP.
- Arrange for its official auditing service of the Project accounts.
- Reserve the right to terminate the Project, demand the return of unspent funds and any amount spent on unauthorised expenditures in case the Government of Japan or the UNDP/PAPP senior management decides, for violations of the MOU, to stop funding of the Project.

Reporting

- Prepare quarterly financial and operational progress reports to be submitted to the Donor.
- Prepare any additional reports, as requested by the Donor.
- Prepare a comprehensive terminal report not later than six months after the termination of the period of activity.
- Prepare a final financial statement within six months after the date of expiration or termination of the Agreement between Japan and UNDP/PAPP.



Article III: Contracting Procedures

Works will be undertaken by pre-qualified contractors on the basis of competitive bidding in accordance with UNDP rules and regulations as set out below:

- The bidding procedures to be followed will be based on the bill of quantities with particular specifications and general conditions.
- The General Conditions governing the works will be similar to those applied on UNDP/PAPP contracts.

Article IV Inputs

The Government of Japan is contributing an amount of US\$ 14.83 millions for the implementation of the project "PAL50-00047396– The Construction of Sewage Treatment Plant and Main Pressure Line in Khan Younis.

The Municipality of Khan Younis will provide the land, permits and licenses needed for the construction of the project, and the project preliminary and detailed designs.

UNDP will be responsible for all the needed supervision, financial management and reporting requirements of the Project.

Article V Use of Assistance

UNDP/PAPP and the Khan Younis Municipality shall exert their best efforts to make the most effective use of the assistance for the purpose for which it is intended, and shall make sure it is properly administered and accessible to all the beneficiaries.

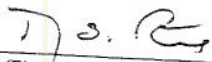


Article VI Suspension or Termination of Assistance

1. The UNDP/PAPP may, by written notice to Khan Younis Municipality, suspend its assistance to this project if, in the judgment of the UNDP/PAPP, any circumstances arise which interfere or threaten to interfere with the successful completion of the project or the accomplishment of its purposes. The UNDP/PAPP may, in the same or a subsequent written notice, indicate the conditions under which it is prepared to resume its assistance to the project. Any such suspensions shall continue until such time as such conditions are accepted by the UNDP/PAPP. The UNDP/PAPP shall give written notice to Khan Younis Municipality that it is prepared to resume its assistance.
2. The UNDP/PAPP as well reserves the right to discontinue or suspend financial assistance to the project - in part or in whole for violation of any of the provisions of the MOU with Khan Younis Municipality and contracts with the local and/or international contractors.
3. The provisions of this article shall be without prejudice to any other rights or remedies the UNDP/PAPP may have in the circumstances, whether under general principles of law or otherwise.

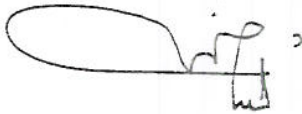
IN WITNESS WHEREOF the undersigned, duly appointed representatives of UNDP/PAPP and Khan Younis Municipality have on behalf of the parties signed this agreement.

For the United Nations
Development Programme


Mr. Timothy S. Rothermel
Special Representative



For Khan Younis Municipality


Dr. Usama Al-Farra
Mayor



Signed on 26 October 2005