

Gaza Reconstruction Mechanism

The Government of Israel (GoI), the Palestinian Authority (PA) and the United Nations (UN) hereby agree:

The following mechanism shall apply only between the GoI, PA and UN in their mutual relations within the framework of the reconstruction of the Gaza Strip.

Implementation of the following mechanism is subject to the current security situation.

The mechanism enables the parties to:

- a. Provide security assurances to the GoI,
- b. Work at the scale required in the Gaza strip
- c. Enable the PA to play the lead role in the reconstruction effort of the Gaza Strip, including the prioritization of projects.
- d. Assure donors that any investments will be implementable without delay.

MECHANISM PARAMETERS:

There are five over-arching parameters for this reconstruction mechanism:

1. Satisfy Israeli security concerns related to the use of construction and dual use material, particularly as related to the monitoring and tracking of material for large scale works;
2. The PA leads the reconstruction of the Gaza Strip, and bear overarching responsibility for its execution, with the UN perform a key role in the monitoring function.
3. Formal and public communication in order to allow all donors to avail themselves of it;
4. The GoI will approve the proposed UN Program of Works upon receipt of basic composition (e.g. schools, housing projects, etc.) and their general locations.
5. The parties would take measures to ensure sufficient crossing capacity.

The following section provides greater detail on two specific streams through which this mechanism would work. The mechanisms outlined below could be made available to other parties wishing to conduct work in the Gaza strip, including using independent UN monitoring and verification processes in support of those works.

A high level steering team (HLST), comprised of representatives of GoI, PA and the UN, would be established to ensure all processes move forward smoothly and to address any challenges that arise.

CONSTRUCTION

1. For PA led construction

Purpose:

- This approach would enable access to Aggregates, Reinforcing Bars, Cement and other dual use items (hereinafter: **ABC**) for both large scale construction (e.g. factories, housing projects, schools) as well as small-scale construction (e.g. housing reconstruction/rehabilitation).
- Process is predicated on the establishment of a central IT database that registers import and transfer of ABC, and their resale within the Gaza Strip, and grants online access to the PA, Gol and UN. The database would be setup and hosted by a reputable entity (e.g. a major auditing company or possibly a UN entity).
- The PA vets all vendors, contractors, concrete batching and brick producing factories utilized under this arrangement. Gol reserves the right to object to any of the above on security grounds.
- Further conditions regarding the entry of specialized dual use items may be placed upon approval.

Assessment of civilian needs survey:

An initial and general assessment of the civilian needs is conducted by the PA on the UN, prior to the following, which would provide a tentative:

- o Preliminary indication of the volume of works (i.e. 2000 shelters) per area (region/ locality)
- o preliminary indication of amount of ABC required per area (region/locality)
- A comprehensive survey of the civilian needs would be presented by the PA to the HLST, as a basis for an ABC request.

A – Private shelter and other rehabilitation works (small- scale)¹

Process:

- PA (e.g. Ministry of Housing or Civil Affairs) vets a number of Palestinian vendors who are registered with the respective Chamber of Commerce to import ABC for resale to individuals seeking to carry out self-rehabilitation.
- PA would be responsible for the materials supplied to the private sector, while ensuring that the materials are delivered to PA selected and vetted vendors in Gaza only. PA-vetted vendors are allowed to import at a preset amount/quota of ABC on a periodic basis (quota increase subject to performance of mechanism).

¹ The definition of the upper limit of small scale works will be determined.

- Import quotas of vendors could be adjusted according to market requirements and compliance.
- Security precautions at storage facilities used by vendors will be taken in accordance with the provisions set in Annex B, and will be linked to and adjusted in accordance with volume of stock held.
- PA or the UN deploys surveyors to carry out assessments to civilian structures subject to rehabilitation:
 - o Register eligible recipients into the central IT based database, e.g. Name, ID number, address/locality, family status and a brief description of the works and additional images.
 - o Determine the amounts of ABC needed for the rehabilitation work. This would generate the maximum amount that individuals could procure. The calculation uses a pre-agreed guide. Should additional amounts be needed, a surveyor could modify the relevant report upon an additional assessment for further processing.
 - o The processing duration between registering potential recipients by surveyors and their ability to purchase ABC shall be limited to two working days.
 - o Eligible recipients would be granted a document that will allow the purchase from specific vendors.
- Sale of ABC by vendors to individuals is limited to individuals registered as eligible in the central database. Transfer of commodities would follow the successful logging of the transaction into the central database. Database system design would prevent repeat purchase or purchase beyond assigned quantity.
- No transfer of ABC between end-users would be allowed. Unused materials would be returned to vendors and registered in the central database.
- Vendors would only be able to log sales but not view other details.
- Process also enables limited rehabilitation of private sector facilities, e.g. factories, based on PA surveyor assessment, using a pre-agreed guide, and subject to same monitoring arrangement.

Monitoring:

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- The PA monitors due-diligence measures and obligations by vendors in terms of registration. In case of irregularity the PA will suspend a vendor's license and in case of violations will delist the vendor.
 - A UN inspection team would be tasked to carry out the following:
 - o Random cross checks of surveyors' assessments [percentage rate to be determined],
 - o Spot checks of end-users rehabilitation works [percentage rate to be determined],
 - o Spot checks of vendors to confirm compliance with the mechanism.

- o Given the three checks above, no additional end use monitoring would be undertaken for this type of works as the scale of the work required would not make this possible.
- Import of new quantities (replenishment of stock) would be against satisfactory reconciliation with sold/utilized quantities only via the central IT database.
- All parties could guide the focus of inspections towards specific areas or users in case of suspected irregularity.
- Spot checks would have to be repeated where majority of procured material was not yet utilized and note where material procured cannot be accounted for.
- Violations and irregularities shall be promptly logged into the central IT database.
- Violations of terms by vendors would lead to delisting and loss of import license. Irregularities discovered would lead to suspension of import license pending completion of inquiry into them.
- End-users found using ABC for purposes other than those declared will be barred from further purchases

B – Formal and Commercial level works (large-scale)²

Process:

This process would be followed both for PA works as well as for works carried out by the private sector submitted via the PA.

- The GoI will approve a PA Program of Works (prospectively presented at a Donors conference), upon receipt of basic composition (e.g. schools, housing projects, etc.) and their general locations.
- The PA submits designs and BoQs to the GoI (on behalf of a Palestinian commercial entity where applicable).
- The project submission will be registered into the central IT database reflecting a completed submission and processing duration.
- [The GoI will process the project submissions and BoQs within a predetermined time-frame which will be based on the category of the project [prospectively ANNEX C]³.
- ~~PA would be responsible for the material supplied to the private sector and ensure that the material is delivered to PA vetted companies.~~
- PA, (e.g. Ministry of Housing or Civil Affairs), vet a number of Palestinian contractors who are registered with the respective Association of Contractors

² Works under this category are all those works not captured under small scale works.

³ ANNEX C: [To this end, the sides will establish a list of categories/types which will be addressed by the GoI regarding the reasonable duration for the completion of the process, which will not exceed one year].

and vendors to import ABC for use in construction projects. The GoI reserves the right to refuse to delivery to contractors/vendors on security grounds.

- PA-vetted contractors and vendors are allowed to import at a preset amount/quota of ABC on a periodic basis.
- Sale of ABC to contractors by vendors would be for approved projects/BoQs only as appearing in the central IT database.
- Import quotas for contractors/vendors could be adjusted according to market requirements and compliance.
- Vendors/contractors violating above terms will be delisted and lose import license.

Monitoring:

- The PA will monitor due-diligence measures/obligations by contractors.
- Inspection would also be undertaken by a UN team using the inspection procedures of UN led projects (see; Annex A), in conjunction with PA ministry led inspections.
- Import of new quantities (replenishment of stock) would be against reconciliation with sold/utilized quantities only via the central IT database.
- Security precautions at storage facilities used by contractors and vendors will be taken in accordance with the provisions set in Annex B, and will be linked to and adjusted in accordance with volume of stock held.

2. For UN projects

Purpose:

- This approach is based on the December 2013 adopted procedure with some amendments to ensure a more efficient process to help meet the increased scale of works.
- The approach would also allow for the expanded role of the Palestinian private sector in the implementation of UN construction works.

Process:

- The GoI approves Program of Works upon receipt of basic composition (e.g. schools, housing projects etc.) and their general locations.
- The UN will submit the BoQs to the GoI which will immediately authorize the entry of a preset percentage of the required quantities of the BoQs while the BoQs continue to be processed by the GoI along the time lines determined in the aforementioned categories list.
- As vendor/contractor capacity in the Gaza Strip grows sufficiently, the UN may procure from Palestinian vendors who would use UN endorsed BoQs with authorized vendors.

Monitoring:

- The UN will monitor contract compliance and report via the central IT database, as outlined in annex A.
- Security precautions at storage facilities used by contractors and vendors will be taken in accordance with the provisions set in Annex B, and will be linked to and adjusted in accordance with volume of stock held.

The parties consider this to be a temporary access mechanism that can be adjusted to changed circumstances through the HLST and with agreement of all three parties.

ANNEX A –

Monitoring of Compliance

1. The PA and/or the UN assures the GoI that it will undertake the following steps regarding each specific project:
 - a. Fulfillment of the UN vetting process in relation to contractors and inclusion of the UN anti-terrorism contract clause;
 - b. The remains of mixed concrete will be used specifically for other approved projects subject to the prompt update of CLA Gaza via the central IT database;
 - c. Details of implementing contractors and suppliers will be updated in the central IT database;
 - d. Ensures that material which departs the crossing and arrives on-site/warehouse matches the description of the manifest;
 - e. The PA/UN undertakes to report theft incidents to the CLA Gaza, and update the central IT database immediately upon discovery, should they occur and the measures taken in this regard.

2. Concrete mixing and brick factories:
 - a. Security measures will be taken in accordance with GoI specifications;
 - b. All receipt of cement, production and dispatch of concrete shall be regularly logged in the central IT database;
 - c. Constant presence of the UN and daily inspections by a UN international staff member in the concrete mixing factory during the mixing for the projects;
 - d. When cement is stored at the factory the provisions of annex B shall apply.

3. The PA and/or the UN will ensure sufficient resources to monitor the projects.

4. ~~The PA and/or the UN shall provide tracking mid and end reports to the CLA~~ Gaza, and the HLST when desired. Supplementary reports to be provided where duration between reports exceeds three months. Reports shall include:
 - a. Percentage of the project's overall progress;
 - b. Pictures of the project's progress;
 - c. Additional requirements to complete the project.
 - d. Additional comments.

Annex B

Warehouses and storage facilities security measures

1. The UN and/or PA assures the GoI that it will undertake the following steps regarding each specific storage facility:
 - a. Report the location of all warehouses/storage facilities;
 - b. Warehouse and storage facility security arrangements, including, for example, placing surveillance cameras and/or guards on site;
 - c. Any Transfer of commodities shall be promptly logged into the central IT database.
 - d. Spot inspections by a UN international staff member in the warehouses/storage facility to insure compliance.
 - e. The GoI reserves the right to refuse authorization based on security grounds.

 2. **Heavy machinery (trucks, bulldozers etc.) supervision:** extra measures of control shall be undertaken, specifically for off-duty hours (e.g. GPS monitoring, central supervision, any movement in and out of the off-duty parking site shall be promptly logged into the central IT database), in addition to the security measures mentioned above.

 3. Security precautions at warehouses and storage facilities will be linked to the volume of stock held.
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Annex C

To Be Determined