

For this purpose, we propose that the following be agreed upon:

1. Logical Framework and Monitoring Plan

Both sides agree herewith that the project is based on the objectives, results and measures shown in the logical framework matrix and the monitoring plan attached hereto and that the performance of the project shall be measured by the indicators mentioned therein (Annex 1).

2. Details of the Project and Specification of the Goods and Services

- 2.1 According to the documentation at KfW's disposal and the negotiations held between KfW and the Recipient, the Project comprises the following measures at the estimated costs so far used as basis:

Sewerage Project Al Bireh

<u>Measures</u>	<u>Total Cost</u>	<u>Local Cost</u>	<u>Foreign Exchange Cost</u>	<u>To be Financed From Financial Contribution</u>	
				<u>1,000 NIS</u>	<u>1,000 DM¹⁾</u>
1) Sewage Treatment Plant	24,375	7,917	16,458	24,375	11,700
2) Effluent pipe and Seasonal Reservoir	2,292	2,292	0	2,292	1,100
3) Consulting Services	4,646	0	4,646	4,646	2,230
Subtotal Construction and Equipment	31,313	10,209	21,104	31,313	15,030
4) Contingencies (15 %)	4,700	1,550	3,150	4,700	2,270
5) Inflation (4 % p. a.)	3,570	1,164	2,406	3,570	1,700
Total Project Cost	39,583	12,923	26,660	39,583	19,000

1) 1 NIS = 0.48 DM

Should any major changes emerge in the measures stated in the above list of project measures or in the cost estimates, KfW shall be informed without delay. Execution of such measures may commence only on the basis of revised planning and upon KfW's prior consent.

- 2.2 The list of the goods and services to be financed from the financial contribution shall be prepared on the basis of the contracts concluded for such goods and services. Accordingly, KfW shall be furnished with an original or a copy of each of said contracts and of any relevant amending contracts.

If any project measures are to be executed on force account and no contracts have been concluded, KfW shall receive, in lieu of the contracts, a schedule of the measures