

Municipality shall contribute at least local funds in counter value of DM 1.0 Million for the financing of the secondary network in the area "Lower South" according to the original agreements.

- 4.5 The bids shall be evaluated by way of comparison by the consultants or by the Recipient in cooperation with the consultants. The evaluation of bids and the substantiated proposal for awarding the contract, which shall bear the certification by the consultants or be accompanied by their separate comments, shall be submitted to KfW early enough for it to make its comments prior to the award of contracts.

KfW reserves the right to demand new competitive bidding for important reasons, for instance if it is obvious that the lowest bid considerably exceeds reasonable cost estimates and new competitive bidding can be expected to result in much lower bids.

Prior to the conclusion of a contract for goods and services KfW shall be furnished for comment with the draft contract as agreed upon, duly provided with the visa of the consultants. The same applies to any subsequent modifying or amending agreements.

- 4.6 The remaining details concerning the awarding procedure and contractual provisions are explained in the "Guidelines of KfW for procurement in the field of Financial Cooperation".

- 4.7 KfW and the Recipient agree on the following specific stipulations:

- a) The wastewater tariffs to be introduced shall cover the operation cost of the whole sewage system and a significant share of its depreciation cost. The tariffs shall depend on individual water consumption and shall be collected with water tariffs accordingly. Thus, the tariff collection shall preferably be delegated to the Jerusalem Water Undertaking (JWU). The Recipient shall elaborate a proposal for an appropriate tariff system with support of the German Technical Assistance and in coordination with the JWU before the conclusion of the main contract for the construction of the wastewater treatment plant and send the proposal to KfW for approval.
- b) The Recipient shall establish and introduce said tariff system with support of the German Technical Assistance and in coordination with the JWU until the start of operation of the wastewater treatment plant.
- c) The Recipient shall appoint and recruit the necessary number of full time employees for the sound operation of the project facilities. The project manager and the future wastewater treatment plant manager shall be integrated in the planning process in coordination with the consultant and introduced to their future duties during the implementation phase. The wastewater treatment plant operators shall be recruited six months prior to putting the plant into operation and introduced to their new jobs appropriately.
- d) The Recipient shall allow the personnel mentioned under c) fulltime participation in operational training measures as planned in the framework of German Technical Assistance.
- e) With support of the German Technical Assistance the Recipient shall adjust and enforce the necessary regulations for the operation of the public sewerage system including the control of onsite disposal activities. In order to secure an ecologically sound wastewater and sludge disposal, the Recipient shall develop a operation monitoring system and a system for the monitoring of industrial effluents.