


**Financing Agreement**

dated 25/10/ 2016 

between

**KfW, Frankfurt am Main**  
("KfW")

and the

**United Nations Development Programme**  
("UNDP" or "Recipient")

(together the "Parties" and each also as "Party")

for

EUR 20,000,000.00

- – Rehabilitation of Basic Infrastructure and income generation / Foster the Recovery of Disrupted Livelihoods Programme –

**BMZ-No. 2016 40 713**

**UNDP-Code xxxx**

## **Preamble**

KfW for the account of the Federal Republic of Germany and UNDP hereby enter into the following Financing Agreement (the “**Agreement**”):

### **Article 1**

#### **Amount and Purpose of the Financial Contribution**

- 1.1 KfW shall extend to the Recipient a financial contribution not exceeding  
EUR 20,000,000.00.  
  
This financial contribution (the “**Contribution**”) shall not be repayable unless otherwise stipulated in Article 3.2.
- 1.2 The Recipient shall use the financial contribution exclusively for the implementation of the Rehabilitation of Basic Infrastructure and income generation / Foster the Recovery of Disrupted Livelihoods Programme and as further described in Annex 1 (“**Project**”).
- 1.3 In accordance with Article II of the Convention on the Privileges and Immunities of the United Nations that provides, inter alia, that the United Nations, including its subsidiary organs, is exempt from all direct taxes, except charges for public utility services, and is exempt from customs restrictions, duties, and charges of a similar nature in respect of articles imported or exported for its official use, it is expected that no customs duties or import charges will be imposed with respect to the import of supplies and equipment procured by UNDP for the Project and financed by the Contribution made under this Agreement. The Recipient shall communicate to KfW if, notwithstanding UNDP’s exemption, customs duties or import charges are being imposed and they will be considered as direct cost in the budget.
- 1.4 Interest accrued in connection with this financial contribution shall be used in accordance with the financial regulations, rules and directives of the Recipient. Insurance recoveries accrued in connection with this financial contribution shall be used under a programme of the Recipient of the same project type.
- 1.5 The Recipient shall use the Contribution only for necessary and reasonable expenditures in accordance with sound business principles. The Recipient may charge costs for general management services not exceeding 8% as stated in Annex 1.

## Article 2

### Disbursement

- 2.1 KfW shall disburse the Contribution in full and in Euros within six weeks upon signature of this Agreement to UNDP's Euro account:

Bank Name: Bank of America-London  
Account Name/title: UNDP Contribution EUR Account  
Account No: 6008-62722022  
Bank Address: 5 Canada Square, London 5AQ E14  
National Sort Code: 165050  
Swift Code: BOFAGB22  
IBAN No: GB59BOFA16505062722022

KfW will inform UNDP when the Contribution is paid via an e-mail message with remittance information to [contributions@undp.org](mailto:contributions@undp.org) providing the following information: KfW, UNDP Syria, Rehabilitation of Basic Infrastructure and income generation / Foster the Recovery of Disrupted Livelihoods Programme.

- 2.2 KfW shall have the right to refuse to make disbursements after 30.12.2016. The Parties acknowledge and agree that UNDP shall not be obliged to continue with any activity under the Project to the extent funding is not available.

## Article 3

### Suspension of Disbursements and Repayment

- 3.1 KfW may not suspend disbursements unless
- a) the Recipient fails to perform its obligations to KfW to make payments when due,
  - b) obligations under this Agreement or under separate agreements pertinent to this Agreement have been violated,
  - c) the Recipient is unable to prove that the disbursed amounts have all been used for the stipulated purpose,
  - d) the fulfilment of KfW's obligations under this Agreement violates applicable law; or
  - e) extraordinary circumstances arise that preclude or seriously jeopardize the implementation, the operation, or the purpose of the Project.
- 3.2 If any of the situations specified in Article 3.1 b), c) or d) has occurred and has not been eliminated within a period determined by KfW, which shall, however, be at least 30 days, KfW may,

- a) in the case of Article 3.1 b) or d), demand the immediate repayment of all amounts which have not been committed or spent;
- b) in the case of Article 3.1 c), demand the immediate repayment of such amounts as the Recipient is unable to prove to have been used for the stipulated purpose which have not been committed or spent. In relation to amounts which have been committed or spent, the Recipient shall reimburse only recovered amounts.

#### Article 4

##### Costs and Public Charges

The Recipient shall bear all transfer and conversion costs accruing in connection with the disbursement of the financial contribution.

#### Article 5

##### Contractual Statements and Power of Representation

- 5.1 The Administrator of UNDP and such persons as designated by him or her to KfW and authorised by specimen signatures authenticated by him or her shall represent the Recipient in the execution of this Agreement. The power of representation shall not expire until its express revocation by the representative of the Recipient authorised at the time has been received by KfW.
- 5.2 Amendments or addenda to this Agreement and any notices and statements delivered by the contracting Parties under this Agreement shall be in writing. Any such notice or statement shall have been received once it has arrived at the following address of the corresponding contracting Party or at such other address of the corresponding contracting Party as notified to the other contracting Party:

For KfW:

KfW  
Postfach 11 11 41  
60046 Frankfurt am Main  
Federal Republic of Germany  
Fax: +49 69 7431-2944

For the Recipient:

United Nations Development  
Programme  
One United Nations Plaza  
New York, NY 10017  
United States of America  
Represented by: ...  
Country Director, UNDP Syria

## Article 6

### The Project

The Recipient shall

- a) prepare, implement, operate and maintain the Project in conformity with sound financial and engineering practices and substantially in accordance with the Project conception agreed upon between the Recipient and KfW;
- b) assign the preparation and supervision of construction of the Project to independent, qualified consulting engineers, and the implementation of the Project to qualified firms;
- c) award the contracts for the goods and services to be financed from the Contribution according to the Recipient's internal rules and regulations for procurement and contracts, including international competitive bidding when relevant;
- d) use its best endeavours to ensure the full financing of the Project and, upon request of KfW, furnish to KfW evidence proving that the costs not paid from this Contribution are covered;
- e) maintain, or cause to be maintained, books and records unequivocally showing all costs of goods and services required for the Project and clearly identifying the goods and services financed from this Contribution;
- f) enable the representatives of KfW at any time to evaluate and visit the Project and all installations related thereto;
- g) furnish to KfW any and all such information and reports on the Project and its further progress as KfW may request, in particular make available to KfW on an annual basis a copy of its certified financial statements and external auditors' report on its financial statements prepared by the United Nations Board of Auditors in accordance with the United Nations Single Audit Principle. Internal audit reports will be made public by disclosure on the UNDP internet site and will be made available to KfW. Details on the Project's progress will be reported quarterly and as further specified in Annex 1;
- h) of its own accord promptly inform KfW of any and all circumstances that preclude or seriously jeopardize the implementation, the operation, or the purpose of the Project.

## Article 7

### Publication and transfer of project-related information

7.1 To comply with internationally accepted principles of utmost transparency and efficiency in the development cooperation, KfW publishes selected information (including evaluation reports) about the Project and how it is financed during pre-contractual negotiations, while the Project-related agreement(s) is (are) being implemented and in the post-contractual stage (hereinafter referred to as the "Entire Period").

The information is published regularly on KfW's website for its business area "KfW Development Bank"

(<http://transparenz.kfw-entwicklungsbank.de/>).

The publication of information (either by KfW or third parties in accordance with Article 7.3 below) about the Project and how it is financed does not include any contractual documentation or any sensitive financial or business-related detailed information about the parties involved in the Project or its financing, such as

- a) Information about internal financial data;
- b) business strategies;
- c) internal corporate guidelines and reports;
- d) personal data of natural persons;
- e) KfW's internal rating of the Parties' financial position.

7.2 KfW shares selected information about the Project and how it is financed during the Entire Period with the entities mentioned below, particularly to ensure transparency and efficiency:

- a) subsidiaries of KfW;
- b) the Federal Republic of Germany and its competent bodies, authorities, institutions, agencies or entities;
- c) other implementing organisations involved in German bilateral development cooperation, particularly the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH;
- d) international organisations involved in collecting statistical data and their members, especially the Organisation for Economic Cooperation and Development (OECD) and its members.

7.3 Furthermore, the Federal Republic of Germany has requested, KfW to share selected information about the Project and how it is financed throughout the Entire Period with the following entities, which publish the sections relevant to the purpose:

- a) Federal Republic of Germany for the purposes of the International Aid Transparency Initiative

([http://www.bmz.de/de/was\\_wir\\_machen/wege/transparenz-fuer-me-hr-Wirksamkeit/index.html](http://www.bmz.de/de/was_wir_machen/wege/transparenz-fuer-me-hr-Wirksamkeit/index.html));

- b) Germany Trade & Invest (GTAI) for the purposes of market information (<http://www.gtai.de/GTAI/Navigation/DE/trade.FOO>);
- c) OECD for the purpose of reporting financial flows in the framework of development cooperation (<http://stats.oecd.org/>);
- d) German Institute for Development Evaluation (DEval) for the purposes of evaluating the overall German development cooperation to ensure transparency and efficiency (<http://www.deval.org/de/>).

7.4 KfW further reserves the right to transfer (including for the purposes of publication) information about the Project and how it is financed during the Entire Period to other third parties so as to safeguard legitimate interests.

The information is not transferred by KfW to other third parties if the legitimate interests of the Recipient in the information not being transferred outweigh KfW's interests in it being transferred. The legitimate interests of the Recipient particularly include the confidentiality of the sensitive information mentioned in Article 7.1, which is excluded from publication.

Furthermore, KfW is entitled to transfer information to third parties if this is necessary due to statutory or regulatory requirements or to assert or defend claims or other legal rights in court or administrative proceedings.

## Article 8

### Miscellaneous Provisions

- 8.1 The Agreement shall come into force on the date of its signature by both Parties.
- 8.2 The Recipient shall ensure that the persons charged by the same with the preparation and implementation of the Project, the award of any contract for the supplies and services to be financed and with requesting disbursements of financial contribution amounts do not demand, assume, render, grant, promise or obtain a promise of unlawful payments or other advantages in connection with these tasks.
- 8.3 The Recipient represents that it does not maintain any business relationship or has not engaged in any other activity (i) with or in favour of persons, organisations or entities which are listed on a sanctions list issued by the United Nations Security Council ("**Sanctions Lists**"), or (ii) which would constitute a breach of embargoes regulating foreign trade or of so-called financial sanctions issued by the aforementioned institution (together "**Sanctions**").

The Recipient will not enter into or continue any business relationship with persons, organisations or entities listed on any Sanctions Lists and will not engage in any other activity that would constitute a breach of Sanctions.

The Recipient will inform KfW, promptly and of its own accord, of the occurrence of any event which results in (i) the Recipient, (ii) any member of its management bodies or (iii) other governing bodies or any of its shareholders, being listed on any Sanctions Lists.

8.4 With regard to sanctions obligations the Recipient will, subject to and in accordance with the status, privileges and immunities of the United Nations and its applicable rules, policies and procedures, provide KfW, as soon as the respective relevant information is available, with a list detailing the partners who will receive funds in connection with the implementation of the Project (the "KfW List"). The KfW list contains the following information: Name of the contractor/supplier/implementing partner and country of registration. The recipient will notify KfW of any changes to the KfW list without undue delay. To the extent required by KfW, and subject to and in accordance with the status, privileges and immunities of the United Nations and its applicable rules, policies and procedures, the Recipient will make reasonable endeavours to provide additional details in order to assist KfW to establish the identity of specific contractors/suppliers/implementing partners on the KfW List. If, from the perspective of KfW, an entry in the KfW List presents any concerns, KfW will inform the Recipient accordingly. In this case, considering the Recipient as the ultimate and final procurement authority in the procurement process, the Recipient will be free to proceed [under its own responsibility](#) with the award with funding from other source (donors) and not KfW funding.

8.5 The Recipient shall promptly make available to KfW on demand all information and documents (except when this is a violation of the UN Single Audit Principle) which KfW requires to fulfil its obligations to prevent money laundering and terrorism financing as well as for the prevention of fraud and corruption and for the continuous monitoring of the business relationship with the Recipient, which is necessary for this purpose.

In entering into and implementing this Agreement the Recipient acts in its own name and for its own account. With regard to German law or the law of the country of incorporation of the Recipient

- a) the Recipient's own resources or the amounts invested in the financing of the Project will not be of illicit origins and, in particular, this list being non-exhaustive, will not be linked to drug trafficking, corruption, organised criminal activity or terrorism;
- b) the shareholder capital of the Recipient will not at any time be of illicit origins and, in particular, this list being non-exhaustive, will not at any time be related to drug trafficking, corruption, organised crime or terrorism;
- c) the Recipient will not be engaged in the acquisition, possession or use of property that is of illicit origins and, in particular, this list being



non-exhaustive, will not at any time be related to drug trafficking, corruption, organised crime or terrorism; and

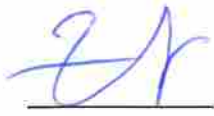
- d) the Recipient will not be engaged in financing terrorism.
- 8.6 If any of the provisions of this Agreement is invalid, all other provisions shall remain unaffected thereby. Any gap resulting therefrom shall be filled by a provision consistent with the purpose of this Agreement.
- 8.7 The Recipient may not assign or transfer, pledge or mortgage any claims from this Agreement.
- 8.8 The Parties to this Agreement shall use their best efforts to settle amicably any dispute, controversy or claim arising out of, or relating to this Agreement or any breach, termination or invalidity thereof. Where the Parties wish to seek such an amicable solution through direct conciliation, the conciliation shall take place in accordance with the UNCITRAL Conciliation Rules as at present in force, or such other procedure as may be agreed between the Parties. Unless, any such dispute, controversy or claim between the Parties is settled amicably within sixty (60) days after receipt by one Party of the other Party's request for such amicable settlement, such dispute, controversy or claim may be referred by either Party to arbitration in accordance with the UNCITRAL Arbitration Rules as at present in force. The arbitration proceedings shall take place in Geneva, Switzerland. The proceedings will be held in the English language. The arbitral tribunal shall have no authority to award punitive damages. The Parties shall be bound by any arbitration award rendered as a result of such arbitration as the final adjudication of any such controversy, claim or dispute.
- 8.9 The legal relations established by this Agreement between KfW and the Recipient shall terminate with the end of the useful life of the Project, but not later than 15 years after the signing of this Agreement.

Done in 2 originals in the English language.

Frankfurt am Main, this 25/10/2016

Damascus, this 19/10/2016

KfW



Name:

Title:



Name:

Title:

UNDP



Name: Ali Al-Zaitani

Title: UNDP RR

**Annex 1**

Project template "Rehabilitation of Basic Infrastructure and income generation / Foster the Recovery of Disrupted Livelihoods" -

UNDP - KfW Results and Resource Framework for the Resilience Building

Output	Activity	Indicator	Target	Total jobs created during the project
<p><b>Output 1:</b> Basic and social services and infrastructure restored, improved and sustained to enhance community resilience</p>	<p>1.1 Rehabilitation and maintenance of basic infrastructure: 1.1.1 Rehabilitation and maintenance of Water and Sewage networks 1.1.2 Rehabilitation and maintenance of social infrastructure 1.1.3 Rehabilitation of productive units</p>	<p># of jobs created # of km of basic infrastructure repaired # of social &amp; basic services infrastructure rehabilitated # of productive infrastructure rehabilitated # of people/residents benefiting from services</p>	<p>8775 jobs created 180 km of basic infrastructure repaired 3 social &amp; basic services infrastructure rehabilitated 250 productive units rehabilitated 700,000 - 750,000 beneficiaries</p>	<p>8.775</p>
	<p>1.2 Solid Waste Management: 1.2.1. Restoration and maintenance of the municipal services equipment and machinery 1.2.2 SW collection, Removal and Recycling activities</p>	<p># of jobs created # of municipal service pieces of equipment repaired # of Tons of solid waste removed # of Tons of sorted solid waste for recycling purposes # of cleaned neighborhoods # of tools, necessary equipment provided to local actors # of Hygiene awareness sessions conducted # of people/residents benefiting from services</p>	<p>5720 jobs created 375 equipment repaired 200,000 tons collected &amp; removed 45,000 tons sorted 42 neighborhoods cleaned 625 tools provided 25 awareness sessions conducted 500,000 - 600,000 beneficiaries</p>	<p>5.720</p>

<p>1.3. Debris Management: 1.3.1. Debris/rubble Collection , Removal and Recycling activities</p>	<p># of jobs created Tons of debris removed # of cleaned roads and neighborhoods Tons of sorted debris for recycling # of tools, necessary equipment provided to local actors # of people/residents benefiting</p>	<p>4995 jobs created 592,000 tons removed 35 neighborhoods cleaned 60,000 tons sorted 592 tools provided 700,000 - 750,000 beneficiaries</p>	<p>4,995</p>
<p><b>Sub Total - Output 1</b></p>			
<p><b>19,490</b></p>			
<p><b>2.1 Business revival &amp; Support livelihood opportunities</b></p>	<p># of jobs created # of productive assets distributed to create jobs and revive businesses # of businesses revived/established</p>	<p>3000 Jobs created out of business revival and provision of productive assets 30 grants provided to support SMEs revived/established</p>	
<p><b>2.1.1: Cash for work</b></p>			
<p><b>2.1.2: Provision of productive assets</b></p>			
<p><b>2.1.3: Revival of businesses</b></p>			
<p><b>2.1.4: Provision of vocational training</b></p>	<p># of affected people benefiting from vocational training</p>	<p>1500 affected persons benefiting from vocational training</p>	<p>12,000</p>
<p><b>2.1.5: Provision of start-up toolkits</b></p>	<p># of startup tool kits distributed</p>	<p>1500 startup toolkit distributed</p>	
<p><b>2.1.6: Provision of productive assets</b></p>	<p># of productive assets distributed at household level</p>	<p>1500 productive asset distributed at household level</p>	
<p><b>Output 2: Livelihoods of affected communities restored through job creation and income generating activities</b></p>	<p># of Job created (for PWDs) # of businesses revived # of productive assets distributed to PWDs</p>	<p>500 Jobs created (for PWDs) 5 businesses revived 80 productive assets distributed to PWDs</p>	<p>500</p>

	2.2.3: Vocational training 2.2.4. Provision of Start-up Tool Kits	# of PWDs benefitted from vocational training # of start-up toolkits distributed for PWDs	50 PWDs benefitting from vocational training 50 start-up toolkits distributed to PWDs	
	<b>Sub Total - Output 2</b>			<b>12,500</b>
<b>Output 3: Youth engagement and mobilization enhanced</b>	3-1 Community level monitoring mechanisms through establishing local youth networks	# of jobs created # of Youth receiving specialized capacity development services # of Youth network established	100 jobs created 200 youth receiving specialized capacity development A youth network established of 100 participants	100
	3-2 Youth networks engaged in crisis related awareness campaigns	# of jobs created # of awareness sessions of Total Beneficiaries	100 Job created 24 awareness sessions 1200 beneficiaries (IDPs- Hosting community)	100
	3-3 Youth led Community Based Initiatives	# of jobs created NGOs/CBOs receiving grants to implement Youth income generation activities	1000 jobs created NGOs/CBO receiving grants	1000
	<b>Sub Total - Output 3</b>			<b>1200</b>
<b>Grand Total</b>				<b>33,190</b>

ing programme

Input EURO	Description	Governorates
3.200.000		Homs Rural Damascus Hama Lattakia Al Hassakeh Tartous Aleppo
2.000.000	The budget lines refer to the establishment of various emergency employment/labor intensive schemes for rehabilitation of basic infrastructure and restoration of community services. The Budget estimation includes cash-for-work wages, cost of materials and equipment, cost of money transfer companies/money vendors, etc.	Tartous Hama Homs Lattakia Rural Damascus Al Hassakeh Aleppo

1.850.000		Homs Rural Damascus Lattakia Aleppo
<b>7.050.000</b>		
3.780.000	This budget line refers to support/ establishment and/ or revival of SMEs and productive workshops for job opportunity creation,	
1.500.000	This budget line refers to provision of vocational training and distribution of productive assets / start up toolkits to beneficiaries	Damascus Rural Damascus Homs Hama Tartous Lattakia Aleppo Hassakeh
1.845.000	provision of productive assets to support businesses and individuals/ households (equipment, raw material, farming inputs...etc.) in addition to in-kind grants to support initiating micro income generating activities	
238.750	This budget line refers to the establishment of productive business for creation of job opportunity for PWDS.	
80.000	This budget line refers to support of income generating activities of PWDS through provision of productive assets. The Budget estimation includes cost of materials and equipment.	

56.250	This budget line refers to running vocational training, distribution of start-up toolkits for self-reliance employment opportunity for PWDs. The budget estimation includes wages and cost of materials and goods.	
<b>7.500.000</b>		
350.000	The budget lines refer to the development of community level monitoring mechanisms including youth networks to better engage in emergency responses. Youth will be trained on effective monitors, coordination and project development mechanism. This will increase their opportunities of finding proper jobs in NGOs/INGOs and UN agencies.	Tartous Hama Homs
750.000	Youth networks will be engaged in crisis. Number of awareness campaigns will be implemented in 9 governorates. The main topics are: 1) understating and respecting others, 2) hygiene and solid waste, #) energy saving and 4) effective community participation.	Lattakia Rural Damascus Al Hassakeh Aleppo
600.000	Inter- intra communal income generation activities will be implemented through grants, cash-for-work wages cost of materials and equipment, cost of money transfer companies/money vendors, etc.	Damascus
<b>1.700.000</b>		
<b>16.250.000</b>		