

**AGREEMENT BETWEEN THE REGIONAL MINISTRY OF ELECTRICITY IN  
KURDISTAN OF THE GOVERNMENT OF REPUBLIC OF IRAQ  
AND  
THE UNITED NATIONS DEVELOPMENT PROGRAMME**

WHEREAS the Regional Ministry of Electricity in Kurdistan of the Government of Republic of Iraq (hereinafter referred to as the "Government") and the United Nations Development Programme (hereinafter referred to as "UNDP") have agreed to co-operate in the implementation of a project/programme in the Electricity Sector Reconstruction Project in Kurdistan Region stage II (hereinafter referred to as "the Project ") which Project is summarized in Attachment A to this Agreement;

WHEREAS the Government has informed UNDP of its willingness to contribute funds (hereinafter referred to as "the contribution") to the UNDP on a cost-sharing basis to increase the resources available for the Project;

WHEREAS the UNDP shall designate an implementing partner for the implementation of each project financed from the contribution (hereinafter referred to as "the Implementing Partner")

NOW THEREFORE, UNDP and the Government hereby agree as follows:

**Article I**

1. The Government shall, in the manner referred to in paragraph 2 of this Article, place at the disposal of UNDP the contribution of 6,449,930 USD.
2. The Government shall, in accordance with the schedule of payments set out below, deposit the contribution in **UNDP Representative in Iraq USD Account, Account No.: 3752218189** at the **Bank of America, 1401 Elm St., Dallas TX 75202**.

<b><u>Date payment due</u></b>	<b><u>Amount(US\$)</u></b>
(a) Within sixty (60) days after the Effective Date	1,160,987
(b) Subsequent payments to be determined based on the quarterly submission of invoices with supporting documents and worklogs	

The above schedule of payments takes into account the requirement that contributions shall be paid in advance of the implementation of planned activities. It may be amended to be consistent with the progress of project delivery.

3. All financial accounts and statements shall be expressed in United States dollars.



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4. UNDP may agree to accept contribution-payments in a currency other than United States dollars provided such currency is fully convertible or readily usable by UNDP and subject to the provisions of paragraph 5, below. Any change in the currency of contribution--payments shall be made only in agreement with UNDP.
5. The value of a contribution-payment, if made in a currency other than United States dollars, shall be determined by applying the United Nations operational rate of exchange in effect on the date of payment. Should there be a change in the United Nations operational rate of exchange prior to the full utilization by UNDP of the contribution-payment, the value of the balance of funds still held at that time will be adjusted accordingly. If, in such a case, a loss in the value of the balance of funds is recorded, UNDP shall inform the Government with a view to determining whether any further financing could be provided by the Government. Should such further financing not be available, the assistance to be provided to the Project under this Agreement may be reduced, suspended or terminated by UNDP.
6. Any interest income attributable to the contribution shall be credited to the UNDP account and shall be utilized in accordance with established UNDP procedures.

## Article II

1. In accordance with the decisions and directives of UNDP's Executive Board reflected in its Policy on Cost Recovery from Other Resources, the Contribution shall be subject to cost recovery for indirect costs incurred by UNDP headquarters and country office structures in providing Security and General Management Support (GMS) services. To cover these Security and GMS costs, the contribution shall be charged a fee equal to 2% and 7% respectively. Furthermore, as long as they are unequivocally linked to the specific project(s), all direct costs of implementation, including the costs of implementing partner, will be identified in the project budget against a relevant budget line and borne by the project accordingly.
2. The aggregate of the amounts budgeted for the project, together with the estimated costs of reimbursement of related support services, shall not exceed the total resources available to the project under this Agreement as well as funds which may be available to the project for project costs and for support costs under other sources of financing.

## Article III

1. The contribution shall be administered by the UNDP in accordance with UNDP regulations, rules and directives, applying its normal procedures for the execution of its projects.



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2. Project management and expenditures shall be governed by the regulations, rules and directives of UNDP and, where applicable, the regulations, rules and directives of the Implementing Partner.

#### Article IV

1. The implementation of the responsibilities of the UNDP and of the Implementing Partner pursuant to this Agreement and the relevant project document shall be dependent on receipt by the UNDP of the contribution in accordance with the schedule of payments set out in Article I, paragraph 2, above.
2. If unforeseen increases in expenditures or commitments are expected or realized (whether due to inflationary factors, fluctuation in exchange rates or unforeseen contingencies) UNDP shall submit to the Government on a timely basis a supplementary estimate showing the further financing that will be necessary. The Government shall use its best endeavors to obtain the additional funds required.
3. If the contribution-payments referred to in Article I, paragraph 2, above, are not received in accordance with the payment schedule, or if the additional financing required in accordance with paragraph 2, above, is not forthcoming from the Government or other sources, the assistance to be provided to the Project under this Agreement may be reduced, suspended or terminated by UNDP.

#### Article V

Ownership of equipment, supplies and other property financed from the contribution shall vest in UNDP. Matters relating to the transfer of ownership by UNDP shall be determined in accordance with the relevant policies and procedures of UNDP.

#### Article VI

The contribution shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of UNDP.

#### Article VII

UNDP shall provide the Government on request with financial and other reports prepared in accordance with UNDP reporting procedures.



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### Article VIII

1. UNDP shall notify the Government when all activities relating to the contribution have been completed.
2. Notwithstanding the completion of all activities relating to the contribution, UNDP shall continue to hold unutilized contribution-payments until all commitments and liabilities incurred in implementation of the activities financed by the contribution have been satisfied and these activities brought to an orderly conclusion.
3. If the unutilized contribution-payments prove insufficient to meet such commitments and liabilities, UNDP shall notify the Government and consult with the Government on the manner in which such commitments and liabilities may be satisfied.
4. Any contribution-payments that remain unexpended after such commitments and liabilities have been satisfied shall be disposed of by UNDP in consultation with the Government.

### Article IX

1. After consultations have taken place between the two Parties to this Agreement and provided that the contribution-payments already received are, together with other funds available to the Project, sufficient to meet all commitments and liabilities incurred in the implementation of the Project, this Agreement may be terminated by UNDP or by the Government. The Agreement shall cease to be in force thirty days after either of the Parties may have given notice in writing to the other Party of its decision to terminate the Agreement.
2. If the unutilized contribution-payments, together with other funds available to the Project, are insufficient to meet such commitments and liabilities, UNDP shall notify the Government and consult with the Government on the manner in which such commitments and liabilities may be satisfied.
3. Notwithstanding termination of this Agreement, UNDP shall continue to hold unutilized contribution-payments until all commitments and liabilities incurred in implementation of the activities financed by the contribution have been satisfied and these activities brought to an orderly conclusion.
4. Any contribution-payments that remain unexpended after such commitments and liabilities have been satisfied shall be disposed of by UNDP in consultation with the Government.



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**Article X**

This Agreement shall enter into force upon signature and deposit by the Government of the first contribution-payment to be made by the Government in accordance with the schedule of payments set out in Article I, paragraph 2 of this Agreement.

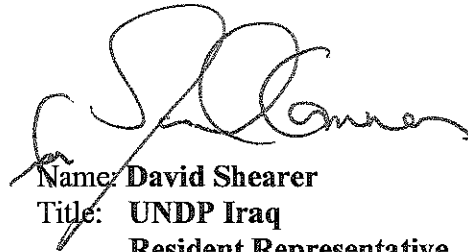
IN WITNESS WHEREOF, the undersigned, being duly authorized thereto, have signed the present Agreement in the English language in two copies.

**For the Government:**

**For the United Nations  
Development Programme**



Name: **Hoshyar Abdul Rahman Siwaily**  
Title: **Minister of Electricity**  
**Kurdistan Regional Government**  
**Republic of Iraq**



Name: **David Shearer**  
Title: **UNDP Iraq**  
**Resident Representative**

Date: 17 November 2008

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**Project Description**

**1. Objective**

The objective of the Project is to recover the electricity network in the Kurdistan region comprising of three northern governorates of Duhok, Erbil and Sulaimaniyah, by provision of necessary equipment and machinery and rehabilitation for transmission and distribution systems, thereby contributing to improving the levels of reliability and availability of the electricity network and promoting socio-economic stability and expansion.

**2. Location**

Kurdistan region in Iraq, comprising three northern governorates of Duhok, Erbil and Sulaimaniyah

**3.Strategy**

UNDP Iraq’s JICA partnership loan management pilot project successfully assisted in the equipment procurement and enhancement of the RMEK staff capacity. The existing standards/specifications were reviewed and technical specifications were prepared using international best practices, essential and critical for international competitive bidding. RMEK staff were provided with on-the-job-training, ensuring their sustainable capacity enhancement for even more Iraqi-led investment efforts in the future.

Building on the pilot project, UNDP Iraq will assist to recover the electricity network in the Kurdistan region. The project will provide necessary equipment and machinery and rehabilitate transmission and distribution systems, thereby contributing to improving the levels of reliability and availability of the electricity network and promoting socio-economic stability and expansion.

The Project consists of the following four subprojects in order to achieve the project objectives:

Subproject 1	Procurement, delivery, commissioning and acceptance of Testing Equipment for Substation
Subproject 2	Procurement, delivery, installation, commissioning and acceptance of Mobile Substations (132/33kV, 132/11kV and 33/11kV)
Subproject 3	Procurement, delivery, installation, commissioning and acceptance of Materials and Equipment for Rehabilitation of the Distribution system
Subproject 4	Site survey, detailed design, specification, procurement and construction of 132/33/11kV Substation

The responsibilities of the agencies will be as follows:

Regional Ministry of Electricity in Kurdistan (RMEK)

RMEK is in charge of implementation, operation and maintenance (O&M) for the




electricity networks in Kurdistan region (Governorates of Duhok, Erbil and Sulaimaniyah). The Project Management Committee (PMC) established in RMEK in 2007 and headed by the Directorate General of Planning will support project management activities with the assistance of UNDP Iraq and Directorate General of Transmission and Directorate General of Distribution of the Headquarter in Erbil will manage the implementation of the project across the three Governorates. RMEK as a whole will take responsibility, with the assistance of UNDP Iraq, for all the activities in the Project including: overall project coordination, procurement management, asset management (including tracing and reporting of each item to be procured under JICA ODA Loan), financial management (including checking of all accounts and preparation of disbursement requests to JICA), arrangement of audit, monitoring and evaluation, and preparation of reports such as Progress Reports (P/R), in collaboration with the related office of RMEK.

#### UNDP Iraq

UNDP Iraq will maintain the Team engaged in the JICA partnership loan management project as the Project Management Team (PMT) of this Project and immediately start working for RMEK based on the TOR attached to the invitation letter, dated July 20<sup>th</sup>, 2008, Ref. No.:5783. The PMT based in Amman is to provide overall technical and administrative services for the implementation and management of each sub-projects in order to meet the expected completion dates according to the project schedule and assuring the overall quality of works. It will consist of technical and administrative/financial management supports and act as a coordinator between RMEK and JICA, which would surely contribute to accelerating the JICA procedures. The Project Manager will be stationed in Erbil and will overall be responsible for the supervision of all UNDP project staff at the site and the project activities. UNDP Iraq will assign suitably qualified personnel, with the consultation with RMEK, to fully comply with the TOR.

