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Resilient nations.

PROJECT DOCUMENT*[Country name, or Global/Regional Project]***Project Title: Financial Inclusion****Project Number:****Implementing Partner:****Start Date:** 01/01/2021 **End Date:** 31/12/2021**PAC Meeting date:****Brief Description**

This project, therefore, aims to reduce poverty through financial inclusion (increased equitable access to low-cost financial services). The proposed intervention will focus on enhancing financial inclusion through the creation and provision of innovative low-costs financial services and solutions that caters to the most vulnerable groups in local communities, MSMEs, women, and the informal sector to improve inclusiveness in value chains, with a focus on youth and women entrepreneurship empowerment.

Financial services will include financial literacy, mobile banking, and other digital solutions (e.g., Fintech digital solutions). The provision of such financial services will better connect the diaspora with the recipient community, reduce transactions costs and increase the inflow of remittances, leading to the stimulation of consumption, saving and investment and will, therefore, have significant positive impact on poverty. Innovative digital financial solutions are expected to result in an average of 60% reduction in transactions costs. The financial services that are planned under this proposal will also support private sector, particularly MSMEs, recovery, as recommended by the "Building Back Better for SMEs in Guinea Bissau" study, which was commissioned by UNDP to assess the impact of COVID-19 on SMEs.

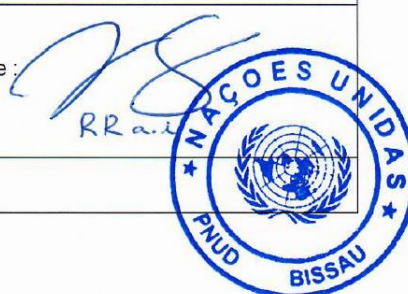
Contributing Outcome (UNDAF/CPD, RPD or GPD):**Outcome 2****Indicative Output(s) with gender marker²:**

2.1: Economic governance and management institutions have the capacity and tools to formulate, monitor and evaluate strategies and plans, and coordinate development aid.

2.2: Vulnerable populations, particularly young people, and women, benefit from emerging economic opportunities and have access to inclusive financing and markets.

Total resources required:	
Total resources allocated:	
	UNDP TRAC 2: 800,000
	Donor:
	Government:
	In-Kind:
Unfunded:	

UNDP

Print Name: Tjark Marten Egenhoff**Signature:****Date:** 19 July 2021

¹ Note: Adjust signatures as needed

² The Gender Marker measures how much a project invests in gender equality and women's empowerment. Select one for each output: GEN3 (Gender equality as a principle objective); GEN2 (Gender equality as a significant objective); GEN1 (Limited contribution to gender equality); GEN0 (No contribution to gender quality)

I. DEVELOPMENT CHALLENGE (1/4 PAGE – 2 PAGES RECOMMENDED)

The environment of financial institutions in Guinea Bissau is underdeveloped. There are only 5 commercial Banks providing limited conventional services that are costly, lack inclusiveness and fail to address market demand. The Financial system is not aligned with the national economic development priorities. The World Bank's Doing Business Index ranks Guinea-Bissau 174 out of 190 countries. It is estimated that only 2.7 percent of businesses in Guinea-Bissau has access to bank credit and financial services, as opposed to 20.7 percent of businesses in Sub-Saharan Africa as a whole.¹ Credit is often only granted to the country's largest firms that operate on cashew farming and excludes most small businesses, and are short-term, thereby limiting opportunities for investment. The bank's margins are high due to limited market size, high transactions costs and institutional instability. Furthermore, the microfinance sector is setback by regulatory and supervisory weaknesses, despite mechanisms introduced by the Central Bank of West African States (BCEAO).²

Women have been particularly disadvantaged. According to an AfDB and UN-WOMEN study, around 76% of rural population (around 50% of which are women) are below the poverty line and 80% of women are engaged in agricultural work. The AfDB and UN-WOMEN study points out that the key areas for the increase in women's economic empowerment include access to financing, financial services, extension services, training, and infrastructures.

In 2018, a study by Samuel Hall showed that 48% of Guinean receive funds³ through remittances. Another study estimates that remittances benefit 70% of Guinea-Bissau families⁴. According to World Bank Development Indicators Database, in 2019, remittances from Guinea-Bissau diaspora amounted to around 131 million USD, up from around 128 million USD and 56.5 million USD in 2018 and 2016, respectively. Meanwhile, the share of remittances in GDP grew from 5% in 2016 to 8.8% and 9.8% in 2018 and 2019, respectively⁵. Currently, remittances are sent using expensive methods such as bank transfers, Wester Union, and Money Gram or informal methods such as sending cash with travelers. The estimated cost of annual transfers, in 2017, were around 10% of total annual transfers.

This proposal, therefore, aims to reduce poverty through financial inclusion (increased equitable access to low-cost financial services). The proposed intervention will focus on enhancing financial inclusion through the creation and provision of innovative low-costs financial services and solutions that caters to the most vulnerable groups in local communities, MSMES, women, and the informal sector to improve inclusiveness in value chains, with a focus on youth and women entrepreneurship empowerment.

Currently, there financial services provided MTN and Orange Money that are used for payments for public services payment (e.g., electricity) and cash transfers among businesses and individuals. Cash express has been launched recently by Ecobank. However, the services are cost prohibitive and have limited outreach as well as suffer from low capacity and bad customer service.

Financial services will include financial literacy, mobile banking, and other digital solutions (e.g., Fintech digital solutions). The provision of such financial services will better connect the diaspora with the recipient community, reduce transactions costs and increase the inflow of remittances, leading to the stimulation of consumption, saving and investment and will, therefore, have significant positive impact on poverty. Innovative digital financial solutions are expected to result in an average of 60% reduction in transactions costs. The financial services that are planned under this proposal will also support private sector, particularly MSMEs, recovery, as recommended by the "Building Back Better for SMEs in Guinea Bissau" study, which was commissioned by UNDP to assess the impact of COVID-19 on SMEs.

¹ <https://www.borgenmagazine.com/credit-access-in-guinea-bissau/>

²

<http://www.unesco.org/education/edurights/media/docs/93b0c189718eeb2e921036d4045f5fe0d2a1def0.pdf>

³ Remittances study by UNDP

⁴ Ibid

⁵ <https://databank.worldbank.org/source/world-development-indicators>

II. STRATEGY (1/2 PAGE - 3 PAGES RECOMMENDED)

The theory change is based on the preconditions that creating an enabling environment for private sector development is precondition for boosting its contribution to livelihoods generation, economic diversification, value addition and inclusive growth.

If financial services and microfinance are made more accessible,

If people of Guinea Bissau, particularly entrepreneurs, understand the basic concepts of finance, how different financial tools and instruments work and how can they manage their business and personal finances better,

Then Vulnerable populations, particularly young people, and women, will benefit from emerging economic opportunities and have access to inclusive financing and markets. More accessible finance and financial service will enhance business environment and enable private sector to grow and for boost its contribution to livelihoods generation, economic diversification, value addition and inclusive growth

III. RESULTS AND PARTNERSHIPS (1.5 - 5 PAGES RECOMMENDED)

Expected Results

- 1) Enhanced access to financial services, particularly for diaspora and the most vulnerable groups: MSMSE/ informal sector/Women/Youth through:
 - Creation and operationalization of one new cost-effective domestic digital payment platform.
 - Creation and operationalization of one new cost-effective digital platform dedicated for international transfer serving the diaspora community (FinTech) mainstreamed into the five existing commercial banks.
 - Creation and operationalization of 7 new MFIs (Microfinances Institutions) in Guinea Bissau, to bring the total of MFIs to 10 covering 8 regions plus the autonomous sector of Bissau, 5 of which are of high category for the financing of projects and activities of SMEs.
 - Five refinancing and capitalization Windows of MFIs (Micro-Finance Institutions) provided by the current five commercial banks operating in the country to provide funding for MFIs. UNDP will also provide the capacity development to commercial banks in relation to this component.
 - Set up one partner guarantee fund: UNDP and UNCDF, in collaboration with the Central Bank and the Professional Association of Banks and Financial Institutions (APBIF), will negotiate with partners (e.g., EU and BADEA) to set up a guarantee fund to facilitate and secure refinance and capitalization provided by commercial banks to MFIs. In addition, UNDP will explore the potential for the diaspora to contribute to the guarantee fund.
- 2) Improved regulatory and policy frameworks related to financial services in place and capacity of regulatory institution and five local commercial banks developed, it will include:
 - One evidence lab embedded into the Central Bank for evidence gathering, testing, and piloting of new initiatives as well as supporting capacity development.
- 3) Raised financial literacy and awareness for 50,000 with 50% women, through direct training of targeted groups (e.g., women and youth entrepreneurs, MSMES, women working in the informal sector) and the introduction of financial literacy modules to school curriculums.

Resources Required to Achieve the Expected Results

- Consultants and equipments

Partnerships

UNDP will partner with UNCDF for the implementation of this project, more result specific partnership will be created as follows:

- Result 1 will be achieved through negotiation and collaboration with commercial banks operating in the country to facilitate establishing MFIs with accessible rates to allow rapid financial inclusion with diversified credit offers and activities and without discrimination of beneficiaries. This will be done in close collaboration with the central bank, the Professional Association of Banks (APBIF), and women cooperatives. Negotiation with commercial banks will also include the provision of more localized banking offers in line with Central Bank strategy.
- Result 2 will be achieved through partnership with the Central Bank as well as the Professional Association of Banks and Financial Institutions (APBIF). The Central Bank will play a key role in devising the regulatory framework, registering, and monitoring financial services and facilitating the negotiation with commercial banks. Capacity development of the central Bank and establishing the evidence lab are, therefore, instrumental to the successful implementation of outputs. Close collaboration and sharing of experience and lessons learnt from Cabo Verde is planned for both outputs.
- Result 3 will be achieved through partnership with Ministry of Education and women cooperatives.

Other areas of Benefits:

- The intervention will have spillover effects in other areas related to climate change and green growth, through favoring blue economy and green sectors (Tourism, Agriculture, Marine resources, Transformations of Local Products and Agro-Industry) in rural areas.
- The interventions designed to improve access to digital financial services to the diaspora through newly created and existing Fintech digital solutions (such as Kudi), will increase inflows of remittances and investments, leading to the stimulation of local economy and will, therefore, support faster recovery from economic impacts of COVID-19.

Risks and Assumptions

- *Refer to the full risk log, which should be attached as an annex.*

Stakeholder Engagement

- Identify key stakeholders and outline a strategy to ensure stakeholders are engaged throughout, including:
 - *Target Groups:* MSMEs, vulnerable groups (e.g. women and youth in rural areas), young entrepreneurs, diaspora, Central Bank, Ministry of Economy and Finance, the Professional Association of Banks and Financial Institutions (APBIF), women cooperatives
 - *Students age 6-17*

South-South and Triangular Cooperation (SSC/TrC)

- *Describe how the project intends to use SSC/TrC to achieve and sustain results, if applicable.*

Knowledge

- Needs and gaps assessment study on financial inclusion and financial services
- Financial regulatory framework gaps assessment
- Mapping exercise diaspora including financial data and capacity of knowledge transfer, using database of Ministry of Foreign Affairs, and tapping into relationships with IOM

Sustainability and Scaling Up

- This is a catalytic initiative with potential for easy- scale up and quick wins, with great interest from development partners.
- Currently the EU is working on addressing challenges related to financial inclusion and access to finance. The project will seek to build synergy with EU interventions and explore areas of collaboration and partnerships.

- Strengthen partnership with DFIs and Central Bank to mobilize at least USD 8,000,000 of funds for financial inclusion and microfinance in Guinea-Bissau from BADEA. UNDP and UNCDF, in collaboration with government counterparts, are in advanced negotiation with BADEA.

IV. PROJECT MANAGEMENT (1/2 PAGES - 2 PAGES RECOMMENDED)

Cost Efficiency and Effectiveness

i) The project is focussed on supporting government (e.g. central bank) and private sector institutions (e.g. MFIs, FinTech and commercial banks) to enhance the provision of accessible digital and non-digital financial services. The project deliverables are very specific with clear and coherent approach and workplan. Partnership with UNCDF will allow the project to tap into its expertise in the area of financial inclusion.

Project Management

The project will be executed directly by UNDP under DIM modality. Specific activities and responsibilities will be delegated to UNCDF for implementation. The Economic strategic unit will assume the responsibility of management and supervision of implementation.

V. RESULTS FRAMEWORK⁶

Intended Outcome as stated in the UNDAF/Country [or Global/Regional] Programme Results and Resource Framework:										
Outcome indicators as stated in the Country Programme [or Global/Regional] Results and Resources Framework, including baseline and targets:										
Applicable Output(s) from the UNDP Strategic Plan:										
Project title and Atlas Project Number:										
EXPECTED OUTPUTS	OUTPUT INDICATORS ⁷	DATA SOURCE	BASELINE		TARGETS (by frequency of data collection)					DATA COLLECTION METHODS & RISKS
			Value	Year	Year 1	Year 2	Year 3	Year 4	Year ..	

⁶ UNDP publishes its project information (indicators, baselines, targets and results) to meet the International Aid Transparency Initiative (IATI) standards. Make sure that indicators are S.M.A.R.T. (Specific, Measurable, Attainable, Relevant and Time-bound), provide accurate baselines and targets underpinned by reliable evidence and data, and avoid acronyms so that external audience clearly understand the results of the project.

⁷ It is recommended that projects use output indicators from the Strategic Plan IRRF, as relevant, in addition to project-specific results indicators. Indicators should be disaggregated by sex or for other targeted groups where relevant.

Output 1 Enhanced access to financial services, particularly for diaspora and the most vulnerable groups: MSMSE/ informal sector/Women/Youth	1.1 % of the population with access to banking financial services (data disaggregated by sex / age / geographic location) 21.28%	UNDP/IPA evidence -Project report -Central Bank Report -APBIF Report -Ministries of Finance and Economy Reports/Partners (World Bank, EU, BAD, BOAD and others)	21.28%	2020	30%					30%	
	1.2 % of the population with access to digital financial services (data disaggregated by sex / age / location)	-Project report -Central Bank Report -APBIF Report -INE	N/A	N/A	10% increase					10% increase	
	1.3 % of the diaspora using local digital financial services	-Project report -Central Bank Report -APBIF Report -INE	0%	2020	5%					5% by 2023	
	1.4 Number of operational Fintech companies in Guinea Bissau	-Project report -Central Bank Report -APBIF Report -INE	0	2020	5					5	

	1.5 Number of MFIs (Microfinance Institutions) users of digital and digital services	-Project report -Central Bank Report -APBIF Report -INE	0	2021	5					5	
Output 2 Improved regulatory and policy frameworks related to financial services in place and capacity of regulatory institution and five local commercial banks developed	2.1 Availability of operational regulatory frameworks for MFIs (Micro-Finance Institutions)	Project report -Central Bank Report -APBIF Report -INE	Regional regulatory framework for microfinance exists in the 8 UEMOA countries, of which Guinea Bissau is a part	2021	Regional regulatory framework for microfinance exists in the 8 UEMOA countries, of which Guinea Bissau is a part					10 by 2023	
	2.2 Availability of regulatory framework and national microfinance policies	-Project report -Central Bank Report -APBIF Report INE	No	2021	available					available	
	2.3 Availability of regulatory and policy frameworks related to digital financial services at the national level	-Project report -Central Bank Report -APBIF Report INE	No	2021	available 2023					available 2023	

	2.4 Number of information and supervision sessions on Microfinance regulation and policy, to regulatory institutions and strategic actors (Parliament, line ministries, NGOs, Cooperatives, SMEs, Associations, and others)	-Project report -Central Bank Report -APBIF Report -INE	0	2021	1 Seminars for Parliamentarians 1 Seminars for Ministries Economies and Finances 2 Seminars for Banks 2 Seminars for MFIs 2 Seminars for SMEs, Cooperatives, and other actors 1 seminar with all stakeholders					1 Seminars for Parliamentarians 1 Seminars for Ministries Economies and Finances 2 Seminars for Banks 2 Seminars for MFIs 2 Seminars for SMEs, Cooperatives, and other actors 1 seminar with all stakeholders	
Output 3: Raised financial literacy and awareness for 50,000 with 50% women	3.1 No. of participants training	-Project report	0	2021	50,000					50,000	
	3.2 Financial literacy module created and integrated into school curriculums	-Project report	0	2021	implemented					implemented	

VI. MONITORING AND EVALUATION

In accordance with UNDP's programming policies and procedures, the project will be monitored through the following monitoring and evaluation plans:
[Note: monitoring and evaluation plans should be adapted to project context, as needed]

Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)	Cost (if any)
Track results progress	Progress data against the results indicators in the RRF will be collected and analysed to assess the progress of the project in achieving the agreed outputs.	Quarterly, or in the frequency required for each indicator.	Slower than expected progress will be addressed by project management.		
Monitor and Manage Risk	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Quarterly	Risks are identified by project management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.		
Learn	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the project.	At least annually	Relevant lessons are captured by the project team and used to inform management decisions.		
Annual Project Quality Assurance	The quality of the project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management decision making to improve the project.	Annually	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.		
Review and Make Course Corrections	Internal review of data and evidence from all monitoring actions to inform decision making.	At least annually	Performance data, risks, lessons and quality will be discussed by the project board and used to make course corrections.		
Project Report	A progress report will be presented to the	Annually, and at			

	Project Board and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual project quality rating summary, an updated risk long with mitigation measures, and any evaluation or review reports prepared over the period.	the end of the project (final report)			
Project Review (Project Board)	The project's governance mechanism (i.e., project board) will hold regular project reviews to assess the performance of the project and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the project. In the project's final year, the Project Board shall hold an end-of project review to capture lessons learned and discuss opportunities for scaling up and to socialize project results and lessons learned with relevant audiences.	Specify frequency (i.e., at least annually)	Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified.		

Evaluation Plan⁸

Evaluation Title	Partners (if joint)	Related Strategic Plan Output	UNDAF/CPD Outcome	Planned Completion Date	Key Evaluation Stakeholders	Cost and Source of Funding
Final Evaluation	UNCDF		Outcome 2	June 2023	FinTech, Central Bank and APBIF	15,000 TRAC 2

⁸ Optional, if needed

VII. MULTI-YEAR WORK PLAN ⁹¹⁰

All anticipated programmatic and operational costs to support the project, including development effectiveness and implementation support arrangements, need to be identified, estimated and fully costed in the project budget under the relevant output(s). This includes activities that directly support the project, such as communication, human resources, procurement, finance, audit, policy advisory, quality assurance, reporting, management, etc. All services which are directly related to the project need to be disclosed transparently in the project document.

EXPECTED OUTPUTS	PLANNED ACTIVITIES	Planned Budget by Year				RESPONSIBLE PARTY	PLANNED BUDGET		
		Y1	Y2	Y3	Y4		Funding Source	Budget Description	Amount
Output 1 Enhanced access to financial services, particularly for diaspora and the most vulnerable groups: MSMSE/ informal sector/Women/Youth <i>Gender marker:</i>	1.1 Undertake needs and gap assessment of the financial market					UNDP	TRAC 1		\$70,000
	1.2 Conduct a mapping exercise in the diaspora including financial data and capacity of knowledge transfer, using database of Ministry of Foreign Affairs, and tapping into relationships with IOM					UNDP	TRAC 2		
									\$55,000.00
	1.3 Support the creation and operationalization of a new FinTech platform in Guinea Bissau and improve access to the fintech domestic financial services for the diaspora					UNCDF	TRAC 2		\$150,000.00

⁹ Cost definitions and classifications for programme and development effectiveness costs to be charged to the project are defined in the Executive Board decision DP/2010/32

¹⁰ Changes to a project budget affecting the scope (outputs), completion date, or total estimated project costs require a formal budget revision that must be signed by the project board. In other cases, the UNDP programme manager alone may sign the revision provided the other signatories have no objection. This procedure may be applied for example when the purpose of the revision is only to re-phase activities among years.

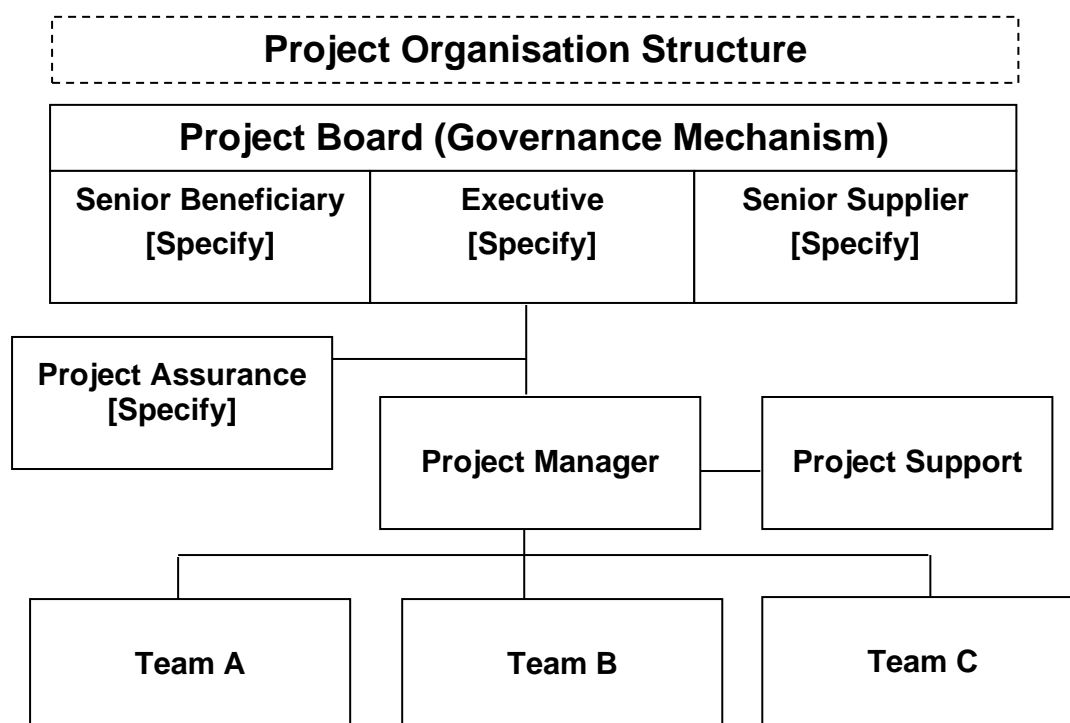
	1.4 Promote and mainstream digital services and solutions into operations of MFIs (Microfinance Institutions)					UNCDF	TRAC 2		\$100,000.00
	1.5 Provide capacity building of the financial institutions and the economic actors, in collaboration with UNDP Cabo Verde					UNDP	TRAC 2		\$100,000.00
	1.6 Support the creation of at least one accessible digital platform with semi-digital solution through Point of Sale (POS) for domestic payment.					UNCDF	TRAC 2		\$100,000.00
	MONITORING								
	Sub-Total for Output 1								\$ 575,000.00
Output 2 Improved regulatory and policy frameworks related to financial services in place and capacity of regulatory institution and five local commercial banks developed <i>Gender marker:</i>	2.1 Conduct a financial regulatory framework gaps assessment					UNDP	TRAC 2		\$60,000.00
	2.2 Provide capacity building of the regulatory institutions in collaboration with UNDP Cabo Verde					UNDP	TRAC 2		\$70,000.00
	2.3 Develop and implement a communication and awareness raising campaign					UNDP	TRAC 2		\$45,000.00
	2.4 Establish an evidence lab at the central bank					UNDP	TRAC 1		\$100,000.00
	MONITORING								
	Sub-Total for Output 2								\$ 275,000.00

Output 3: Raised financial literacy and awareness for 50,000 with 50% women Gender marker:	3.1 Establish partnership with the Ministry of Education for updating of school curricula (in collaboration with UNDP Cabo Verde)					UNDP	TRAC 2		\$61,500.00
	3.2 Develop financial literacy modules for school curricula					UNDP/UNCDF	TRAC 2		
	3.3 conduct targeted training for 50,000 with 50% women					UNDP	TRAC 2		
	MONITORING								
	Sub-Total for Output 2								\$ 61,500.00
Evaluation (as relevant)	EVALUATION								
Total Activities									\$741,500.00
General Management Support									\$59,320.00
TOTAL									\$800,820.00

VIII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

Explain the roles and responsibilities of the parties involved in governing and managing the project. While an example diagram is below, it is not required to follow this diagram exactly. A project can be jointly governed with other projects, for example, through a national steering sub-committee linked to Results Groups under the UNDG Standard Operating Procedures for countries adopting the Delivering as One approach.

Minimum requirements for a project's governance arrangements include stakeholder representation (i.e., UNDP, national partners, beneficiary representatives, donors, etc.) with authority to make decisions regarding the project. Describe how target groups will be engaged in decision making for the project, to ensure their voice and participation. The project's management arrangements must include, at minimum, a project manager and project assurance that advises the project governance mechanism. This section should specify the minimum frequency the governance mechanism will convene (i.e., at least annually.)



IX. LEGAL CONTEXT

[NOTE: Please choose **one** of the following options, as applicable. Delete all other options from the document]

Option a. Where the country has signed the [Standard Basic Assistance Agreement \(SBAA\)](#)

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of (country) and UNDP, signed on (date). All references in the SBAA to “Executing Agency” shall be deemed to refer to “Implementing Partner.”

This project will be implemented by [name of entity] (“Implementing Partner”) in accordance with its financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. Where the financial governance of an Implementing Partner does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, the financial governance of UNDP shall apply.

Option b. Where the country has NOT signed the [Standard Basic Assistance Agreement \(SBAA\)](#)

The project document shall be the instrument envisaged and defined in the [Supplemental Provisions](#) to the Project Document, attached hereto and forming an integral part hereof, as “the Project Document”.

This project will be implemented by [name of entity] (“Implementing Partner”) in accordance with its financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. Where the financial governance of an Implementing Partner does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, the financial governance of UNDP shall apply.

Option c. For Global and Regional Projects

This project forms part of an overall programmatic framework under which several separate associated country level activities will be implemented. When assistance and support services are provided from this Project to the associated country level activities, this document shall be the “Project Document” instrument referred to in: (i) the respective signed SBAA for the specific countries; or (ii) in the [Supplemental Provisions to the Project Document](#) attached to the Project Document in cases where the recipient country has not signed an SBAA with UNDP, attached hereto and forming an integral part hereof. All references in the SBAA to “Executing Agency” shall be deemed to refer to “Implementing Partner.”

This project will be implemented by [name of entity] (“Implementing Partner”) in accordance with its financial regulations, rules, practices and procedures only to the extent that they do not contravene the principles of the Financial Regulations and Rules of UNDP. Where the financial governance of an Implementing Partner does not provide the required guidance to ensure best value for money, fairness, integrity, transparency, and effective international competition, the financial governance of UNDP shall apply.

X. RISK MANAGEMENT

Risks	Probability	Impact	Mitigation strategy
The political context could inflict on the implementation of the project	Low	Medium	The project activities are more focused on interacting with the private sector and social development actors, and therefore the political context may have minimal effect on project implementation.
The failure to develop a partnership with Banks and MFIs for the financing of activities, due to the lack of experience working with	Low	Medium	Banks are interested in the productive sectors, and the project foresees capacity building activities and supervision of financial institutions in the field of agricultural finance and others.

productive sectors (Agriculture, Livestock, Aquaculture, Agro-industry, and others).			
Failure to negotiate with development partner the set-up partner guarantee fund	Low	Medium	There is a growing interest among development partners to engage in microfinance and financial inclusion. UNDP can leverage UNIDO-UNCDF-EU partnership on the ongoing project for the development of the mango fruit value chain. UNIDO, in partnership with UNCDF, through a European Union fund will set up a guarantee fund with 2 commercial banks to facilitate credit to farmers. UNCDF has extensive experience in negotiating and setting up guarantee funds. The collaboration with the Central Bank will be instrumental in securing partners' buy in.
Insufficient funds for the financing of financial inclusion projects	Low	Medium	Funds for financial inclusion activities will be made available, as the project has links with other national and regional programs for poverty reduction through financial inclusion. Moreover, banks are available with resources within the framework of partnership provided for in the project. UNDP-CO is also seeking additional substantial funding from BADEA to complement and scale up private sector support through financial inclusion. Additionally, some resources are available for private sector capacity building linked to financial inclusion through the Blue Economy project funded by RFF 2.0.
The COVID-19 situation may compromise the implementation and achievement of the expected results	Low	Low	The Covid-19 situation emphasizes the importance of this financial inclusion project to reduce the impact on livelihoods, especially for the most vulnerable, through enhancing private sector capacity to cope with the crisis as well as employment and empowerment of women within private sector.
weak government and central bank commitment could undermine national ownership	Low	Low	The central bank and the Government are well engaged in the process of transformation for financial inclusion, and UNDP / UNCDF are the main partners for the achievement of the strategic objectives for poverty reduction through financial inclusion.
The non-adaptation of Fintech in the national context	Medium	Medium	The project plans activities to facilitate the operationalization and promotion of Fintech.

Option b. UNDP (DIM)

1. UNDP as the Implementing Partner will comply with the policies, procedures and practices of the United Nations Security Management System (UNSMS.)
2. UNDP as the Implementing Partner will undertake all reasonable efforts to ensure that none of the [project funds]¹¹ [UNDP funds received pursuant to the Project Document]¹² are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via http://www.un.org/sc/committees/1267/ag_sanctions_list.shtml. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

¹¹ To be used where UNDP is the Implementing Partner

¹² To be used where the UN, a UN fund/programme or a specialized agency is the Implementing Partner

3. Social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (<http://www.undp.org/ses>) and related Accountability Mechanism (<http://www.undp.org/secu-srm>).
4. UNDP as the Implementing Partner will: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.
5. In the implementation of the activities under this Project Document, UNDP as the Implementing Partner will handle any sexual exploitation and abuse ("SEA") and sexual harassment ("SH") allegations in accordance with its regulations, rules, policies and procedures.
6. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.
7. UNDP as the Implementing Partner will ensure that the following obligations are binding on each responsible party, subcontractor and sub-recipient:
 - a. Consistent with the Article III of the SBAA *[for the Supplemental Provisions to the Project Document]*, the responsibility for the safety and security of each responsible party, subcontractor and sub-recipient and its personnel and property, and of UNDP's property in such responsible party's, subcontractor's and sub-recipient's custody, rests with such responsible party, subcontractor and sub-recipient. To this end, each responsible party, subcontractor and sub-recipient shall:
 - i. put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
 - ii. assume all risks and liabilities related to such responsible party's, subcontractor's and sub-recipient's security, and the full implementation of the security plan.
 - b. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the responsible party's, subcontractor's and sub-recipient's obligations under this Project Document.
 - c. In the performance of the activities under this Project, UNDP as the Implementing Partner shall ensure, with respect to the activities of any of its responsible parties, sub-recipients and other entities engaged under the Project, either as contractors or subcontractors, their personnel and any individuals performing services for them, that those entities have in place adequate and proper procedures, processes and policies to prevent and/or address SEA and SH.
 - d. Each responsible party, subcontractor and sub-recipient will take appropriate steps to prevent misuse of funds, fraud or corruption, by its officials, consultants, subcontractors and sub-recipients in implementing the project or programme or using the UNDP funds. It will ensure that its financial management, anti-corruption and anti-fraud policies are in place and enforced for all funding received from or through UNDP.
 - e. The requirements of the following documents, then in force at the time of signature of the Project Document, apply to each responsible party, subcontractor and sub-recipient: (a) UNDP Policy on Fraud and other Corrupt Practices and (b) UNDP Office of Audit and Investigations Investigation Guidelines. Each responsible party, subcontractor and sub-recipient agrees to the requirements of the above documents, which are an integral part of this Project Document and are available online at www.undp.org.
 - f. In the event that an investigation is required, UNDP will conduct investigations relating to any aspect of UNDP programmes and projects. Each responsible party, subcontractor and sub-recipient will provide its full cooperation, including making available personnel, relevant documentation, and granting access to its (and its consultants', subcontractors' and sub-recipients') premises, for such purposes at reasonable times and on reasonable conditions

as may be required for the purpose of an investigation. Should there be a limitation in meeting this obligation, UNDP shall consult with it to find a solution.

- g. Each responsible party, subcontractor and sub-recipient will promptly inform UNDP as the Implementing Partner in case of any incidence of inappropriate use of funds, or credible allegation of fraud or corruption with due confidentiality.

Where it becomes aware that a UNDP project or activity, in whole or in part, is the focus of investigation for alleged fraud/corruption, each responsible party, subcontractor and sub-recipient will inform the UNDP Resident Representative/Head of Office, who will promptly inform UNDP's Office of Audit and Investigations (OAI). It will provide regular updates to the head of UNDP in the country and OAI of the status of, and actions relating to, such investigation.

- h. *Choose one of the three following options:*

Option 1: UNDP will be entitled to a refund from the responsible party, subcontractor or sub-recipient of any funds provided that have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of this Project Document. Such amount may be deducted by UNDP from any payment due to the responsible party, subcontractor or sub-recipient under this or any other agreement. Recovery of such amount by UNDP shall not diminish or curtail any responsible party's, subcontractor's or sub-recipient's obligations under this Project Document.

Option 2: Each responsible party, subcontractor or sub-recipient agrees that, where applicable, donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities which are the subject of the Project Document, may seek recourse to such responsible party, subcontractor or sub-recipient for the recovery of any funds determined by UNDP to have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

Option 3: UNDP will be entitled to a refund from the responsible party, subcontractor or sub-recipient of any funds provided that have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document. Such amount may be deducted by UNDP from any payment due to the responsible party, subcontractor or sub-recipient under this or any other agreement.

Where such funds have not been refunded to UNDP, the responsible party, subcontractor or sub-recipient agrees that donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities under this Project Document, may seek recourse to such responsible party, subcontractor or sub-recipient for the recovery of any funds determined by UNDP to have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

Note: The term "Project Document" as used in this clause shall be deemed to include any relevant subsidiary agreement further to the Project Document, including those with responsible parties, subcontractors and sub-recipients.

- i. Each contract issued by the responsible party, subcontractor or sub-recipient in connection with this Project Document shall include a provision representing that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the proposal, have been given, received, or promised in connection with the selection process or in contract execution, and that the recipient of funds from it shall cooperate with any and all investigations and post-payment audits.
- j. Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the project or programme, the Government will ensure that the relevant national authorities shall actively investigate the same and take appropriate legal action against all individuals found to have participated in the wrongdoing, recover and return any recovered funds to UNDP.
- k. Each responsible party, subcontractor and sub-recipient shall ensure that all of its obligations set forth under this section entitled "Risk Management" are passed on to its

subcontractors and sub-recipients and that all the clauses under this section entitled “Risk Management Standard Clauses” are adequately reflected, *mutatis mutandis*, in all its sub-contracts or sub-agreements entered into further to this Project Document.

Option c. CSO/NGO/Non-UN or other IGO with no signed SBEAA with UNDP

1. Consistent with the Article III of the SBAA *[or the Supplemental Provisions to the Project Document]*, the responsibility for the safety and security of the Implementing Partner and its personnel and property, and of UNDP’s property in the Implementing Partner’s custody, rests with the Implementing Partner. To this end, the Implementing Partner shall:
 - a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
 - b) assume all risks and liabilities related to the Implementing Partner’s security, and the full implementation of the security plan.
2. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the Implementing Partner’s obligations under this Project Document and the Project Cooperation Agreement between UNDP and the Implementing Partner¹³.
3. The Implementing Partner agrees to undertake all reasonable efforts to ensure that no UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml.
4. The Implementing Partner acknowledges and agrees that UNDP will not tolerate sexual harassment and sexual exploitation and abuse of anyone by the Implementing Partner, and each of its responsible parties, their respective sub-recipients and other entities involved in Project implementation, either as contractors or subcontractors and their personnel, and any individuals performing services for them under the Project Document.
 - (a) In the implementation of the activities under this Project Document, the Implementing Partner, and each of its sub-parties referred to above, shall comply with the standards of conduct set forth in the Secretary General’s Bulletin ST/SGB/2003/13 of 9 October 2003, concerning “Special measures for protection from sexual exploitation and sexual abuse” (“SEA”).
 - (b) Moreover, and without limitation to the application of other regulations, rules, policies and procedures bearing upon the performance of the activities under this Project Document, in the implementation of activities, the Implementing Partner, and each of its sub-parties referred to above, shall not engage in any form of sexual harassment (“SH”). SH is defined as any unwelcome conduct of a sexual nature that might reasonably be expected or be perceived to cause offense or humiliation, when such conduct interferes with work, is made a condition of employment or creates an intimidating, hostile or offensive work environment.
5. a) In the performance of the activities under this Project Document, the Implementing Partner shall (with respect to its own activities), and shall require from its sub-parties referred to in paragraph 4 (with respect to their activities) that they, have minimum standards and procedures in place, or a plan to develop and/or improve such standards and procedures in order to be able to take effective preventive and investigative action. These should include: policies on sexual harassment and sexual exploitation and abuse; policies on whistleblowing/protection against retaliation; and complaints, disciplinary and investigative mechanisms. In line with this, the Implementing Partner will, and will require that such sub-parties will take all appropriate measures to:
 - i. Prevent its employees, agents or any other persons engaged to perform any services under this Project Document, from engaging in SH or SEA;
 - ii. Offer employees and associated personnel training on prevention and response to SH and SEA, where the Implementing Partner and its sub-parties referred to in paragraph 4, have

¹³ Use bracketed text only when IP is an NGO/IGO

not put in place its own training regarding the prevention of SH and SEA, the Implementing Partner and such sub-parties may use the training material available at UNDP;

- iii. Report and monitor allegations of SH and SEA of which the Implementing Partner and its sub-parties referred to in paragraph 4 have been informed or have otherwise become aware, and status thereof;
- iv. Refer victims/survivors of SH and SEA to safe and confidential victim assistance; and
- v. Promptly and confidentially record and investigate any allegations credible enough to warrant an investigation of SH or SEA. The Implementing Partner shall advise UNDP of any such allegations received and investigations being conducted by itself or any of its sub-parties referred to in paragraph 4 with respect to their activities under the Project Document, and shall keep UNDP informed during the investigation by it or any of such sub-parties, to the extent that such notification (i) does not jeopardize the conduct of the investigation, including but not limited to the safety or security of persons, and/or (ii) is not in contravention of any laws applicable to it. Following the investigation, the Implementing Partner shall advise UNDP of any actions taken by it or any of the other entities further to the investigation.

b) The Implementing Partner shall establish that it has complied with the foregoing, to the satisfaction of UNDP, when requested by UNDP or any party acting on its behalf to provide such confirmation. Failure of the Implementing Partner, and each of its sub-parties referred to in paragraph 4, to comply of the foregoing, as determined by UNDP, shall be considered grounds for suspension or termination of the Project.

- 6. Social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (<http://www.undp.org/ses>) and related Accountability Mechanism (<http://www.undp.org/secu-srm>).
- 7. The Implementing Partner shall: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.
- 8. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.
- 9. The Implementing Partner will take appropriate steps to prevent misuse of funds, fraud or corruption, by its officials, consultants, responsible parties, subcontractors and sub-recipients in implementing the project or using the UNDP funds. The Implementing Partner will ensure that its financial management, anti-corruption and anti-fraud policies are in place and enforced for all funding received from or through UNDP.
- 10. The requirements of the following documents, then in force at the time of signature of the Project Document, apply to the Implementing Partner: (a) UNDP Policy on Fraud and other Corrupt Practices and (b) UNDP Office of Audit and Investigations Investigation Guidelines. The Implementing Partner agrees to the requirements of the above documents, which are an integral part of this Project Document and are available online at www.undp.org.
- 11. In the event that an investigation is required, UNDP has the obligation to conduct investigations relating to any aspect of UNDP programmes and projects in accordance with UNDP regulations, rules, policies and procedures. The Implementing Partner shall provide its full cooperation, including making available personnel, relevant documentation, and granting access to the Implementing Partner's (and its consultants', responsible parties', subcontractors' and sub-recipients') premises, for such purposes at reasonable times and on reasonable conditions as may be required for the purpose of an investigation. Should there be a limitation in meeting this obligation, UNDP shall consult with the Implementing Partner to find a solution.

12. The Implementing Partner will promptly inform UNDP in case of any incidence of inappropriate use of funds, or credible allegation of fraud or corruption with due confidentiality.

Where the Implementing Partner becomes aware that a UNDP project or activity, in whole or in part, is the focus of investigation for alleged fraud/corruption, the Implementing Partner will inform the UNDP Resident Representative/Head of Office, who will promptly inform UNDP's Office of Audit and Investigations (OAI). The Implementing Partner shall provide regular updates to the head of UNDP in the country and OAI of the status of, and actions relating to, such investigation.

13. Choose one of the three following options:

Option 1: UNDP shall be entitled to a refund from the Implementing Partner of any funds provided that have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of this Project Document. Such amount may be deducted by UNDP from any payment due to the Implementing Partner under this or any other agreement. Recovery of such amount by UNDP shall not diminish or curtail the Implementing Partner's obligations under this Project Document.

Option 2: The Implementing Partner agrees that, where applicable, donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities which are the subject of the Project Document, may seek recourse to the Implementing Partner for the recovery of any funds determined by UNDP to have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

Option 3: UNDP shall be entitled to a refund from the Implementing Partner of any funds provided that have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document. Such amount may be deducted by UNDP from any payment due to the Implementing Partner under this or any other agreement.

Where such funds have not been refunded to UNDP, the Implementing Partner agrees that donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities under this Project Document, may seek recourse to the Implementing Partner for the recovery of any funds determined by UNDP to have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

Note: The term "Project Document" as used in this clause shall be deemed to include any relevant subsidiary agreement further to the Project Document, including those with the Implementing Partner, responsible parties, subcontractors and sub-recipients.

14. Each contract issued by the Implementing Partner in connection with this Project Document shall include a provision representing that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the proposal, have been given, received, or promised in connection with the selection process or in contract execution, and that the recipient of funds from the Implementing Partner shall cooperate with any and all investigations and post-payment audits.
15. Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the project, the Government will ensure that the relevant national authorities shall actively investigate the same and take appropriate legal action against all individuals found to have participated in the wrongdoing, recover and return any recovered funds to UNDP.
16. The Implementing Partner shall ensure that all of its obligations set forth under this section entitled "Risk Management Standard Clauses" are passed on to each responsible party, subcontractor and sub-recipient and that all the clauses under this section entitled "Risk Management" are included, *mutatis mutandis*, in all sub-contracts or sub-agreements entered into further to this Project Document.

Option d. UN Agency other than UNDP, and IGO with signed SBEEA with UNDP

1. [Name of UN Agency/IGO] as the Implementing Partner will comply with the policies, procedures and practices of the United Nations Security Management System (UNSMS.)
2. In the implementation of the activities under this Project Document, [Name of UN Agency/IGO] as the Implementing Partner will handle any sexual exploitation and abuse ("SEA") and sexual harassment

("SH") allegations in accordance with its regulations, rules, policies and procedures. Notwithstanding the foregoing, the [Name of UN Agency/IGO], as the Implementing Partner, will notify UNDP of any such allegations and investigations it may conduct further to such allegations.

3. [Name of UN Agency/IGO] as the Implementing Partner will ensure that the following obligations are binding on each responsible party, subcontractor and sub-recipient that is not a UN entity:
 - a. Consistent with the Article III of the SBAA *[or the Supplemental Provisions to the Project Document]*, the responsibility for the safety and security of each responsible party, subcontractor and sub-recipient and its personnel and property, and of [Name of UN Agency/IGO]'s property in such responsible party's, subcontractor's and sub-recipient's custody, rests with such responsible party, subcontractor and sub-recipient. To this end, each responsible party, subcontractor and sub-recipient shall:
 - i. put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
 - ii. assume all risks and liabilities related to such responsible party's, subcontractor's and sub-recipient's security, and the full implementation of the security plan.
 - b. [Name of UN Agency/IGO] reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the responsible party's, subcontractor's and sub-recipient's obligations under this Project Document.
 - c. In the performance of the activities under this Project, [Name of UN Agency/IGO] as the Implementing Partner shall ensure, with respect to the activities of any of its responsible parties, sub-recipients and other entities engaged under the Project, either as contractors or subcontractors, their personnel and any individuals performing services for them, that those entities have in place adequate and proper procedures, processes and policies to prevent and/or handle SEA and SH.
4. [Name of UN Agency/IGO] agrees to undertake all reasonable efforts to ensure that none of the [project funds]¹⁴ [UNDP funds received pursuant to the Project Document]¹⁵ are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml.
5. Social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (<http://www.undp.org/ses>) and related Accountability Mechanism (<http://www.undp.org/secu-srm>).
6. The Implementing Partner shall: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.
7. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.
8. The Implementing Partner will take appropriate steps to prevent misuse of funds, fraud or corruption, by its officials, consultants, responsible parties, subcontractors and sub-recipients in implementing the project or programme or using the UNDP funds. The Implementing Partner will ensure that its financial management, anti-corruption and anti-fraud policies are in place and enforced for all funding received from or through UNDP.

¹⁴ To be used where UNDP is the Implementing Partner

¹⁵ To be used where the UN, a UN fund/programme or a specialized agency is the Implementing Partner

9. *[This text should be included when the Implementing Partner is a non-UN IGO: The requirements of the following documents, then in force at the time of signature of the Project Document, apply to the Implementing Partner: (a) UNDP Policy on Fraud and other Corrupt Practices and (b) UNDP Office of Audit and Investigations Investigation Guidelines. The Implementing Partner agrees to the requirements of the above documents, which are an integral part of this Project Document and are available online at www.undp.org.]*
10. *[This text should be included when the Implementing Partner is a non-UN IGO: In the event that an investigation is required, UNDP has the obligation to conduct investigations relating to any aspect of UNDP projects or programmes. The Implementing Partner shall provide its full cooperation, including making available personnel, relevant documentation, and granting access to the Implementing Partner's (and its consultants', responsible parties', subcontractors' and sub-recipients') premises, for such purposes at reasonable times and on reasonable conditions as may be required for the purpose of an investigation. Should there be a limitation in meeting this obligation, UNDP shall consult with the Implementing Partner to find a solution.]*
11. The Implementing Partner and UNDP will promptly inform one another in case of any incidence of inappropriate use of funds, or credible allegation of fraud or corruption with due confidentiality.

Where the Implementing Partner becomes aware that a UNDP project or activity, in whole or in part, is the focus of investigation for alleged fraud/corruption, the Implementing Partner will inform the UNDP Resident Representative/Head of Office, who will promptly inform UNDP's Office of Audit and Investigations (OAI). The Implementing Partner shall provide regular updates to the head of UNDP in the country and OAI of the status of, and actions relating to, such investigation.

12. *Choose one of the three following options:*

Option 1: UNDP shall be entitled to a refund from the Implementing Partner of any funds provided that have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of this Project Document. Such amount may be deducted by UNDP from any payment due to the Implementing Partner under this or any other agreement. Recovery of such amount by UNDP shall not diminish or curtail the Implementing Partner's obligations under this Project Document.

Option 2: The Implementing Partner agrees that, where applicable, donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities which are the subject of the Project Document, may seek recourse to the Implementing Partner for the recovery of any funds determined by UNDP to have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

Option 3: UNDP shall be entitled to a refund from the Implementing Partner of any funds provided that have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document. Such amount may be deducted by UNDP from any payment due to the Implementing Partner under this or any other agreement.

Where such funds have not been refunded to UNDP, the Implementing Partner agrees that donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities under this Project Document, may seek recourse to the Implementing Partner for the recovery of any funds determined by UNDP to have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

Note: The term "Project Document" as used in this clause shall be deemed to include any relevant subsidiary agreement further to the Project Document, including those with responsible parties, subcontractors and sub-recipients.

13. Each contract issued by the Implementing Partner in connection with this Project Document shall include a provision representing that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the proposal, have been given, received, or promised in connection with the selection process or in contract execution, and that the recipient of funds from the Implementing Partner shall cooperate with any and all investigations and post-payment audits.
14. Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the project, the Government will ensure that the relevant national authorities shall

actively investigate the same and take appropriate legal action against all individuals found to have participated in the wrongdoing, recover and return any recovered funds to UNDP.

15. The Implementing Partner shall ensure that all of its obligations set forth under this section entitled "Risk Management Standard Clauses" are passed on to each responsible party, subcontractor and sub-recipient and that all the clauses under this section entitled "Risk Management" are included, *mutatis mutandis*, in all sub-contracts or sub-agreements entered into further to this Project Document.

Special Clauses. In case of government cost-sharing through the project, the following clauses should be included:

1. The schedule of payments and UNDP bank account details.
2. The value of the 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 the UNDP of the 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 may be reduced, suspended or terminated by UNDP.
3. The above schedule of payments takes into account the requirement that the payments shall be made in advance of the implementation of planned activities. It may be amended to be consistent with the progress of project delivery.
4. UNDP shall receive and administer the payment in accordance with the regulations, rules and directives of UNDP.
5. All financial accounts and statements shall be expressed in United States dollars.
6. If unforeseen increases in expenditures or commitments are expected or realized (whether owing 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.
7. If the payments referred above are not received in accordance with the payment schedule, or if the additional financing required in accordance with paragraph [] 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.
8. Any interest income attributable to the contribution shall be credited to UNDP Account and shall be utilized in accordance with established UNDP procedures.

In accordance with the decisions and directives of UNDP's Executive Board:

The contribution shall be charged:

- (a) [...] cost recovery for the provision of general management support (GMS) by UNDP headquarters and country offices
 - (b) Direct cost for implementation support services (ISS) provided by UNDP and/or an executing entity/implementing partner.
9. Ownership of equipment, supplies and other properties 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.
 10. The contribution shall be subject exclusively to the internal and external auditing procedures provided for in the financial regulations, rules and directives of UNDP."

XI. ANNEXES

1. **Project Quality Assurance Report**
2. **Social and Environmental Screening Template** [\[English\]](#) [\[French\]](#) [\[Spanish\]](#), including additional Social and Environmental Assessments or Management Plans as relevant.
(NOTE: The SES Screening is not required for projects in which UNDP is Administrative Agent only and/or projects comprised solely of reports, coordination of events, trainings, workshops, meetings, conferences, preparation of communication materials, strengthening capacities of partners to participate in international negotiations and conferences, partnership coordination and management of networks, or global/regional projects with no country level activities).
3. **Risk Analysis.** Use the standard [Risk Register template](#). Please refer to the [Deliverable Description of the Risk Register](#) for instructions
4. **Capacity Assessment:** Results of capacity assessments of Implementing Partner (including HACT Micro Assessment)
5. **Project Board Terms of Reference and TORs of key management positions**