

Financing Agreement

dated 26th June, 2019

between

KfW, Frankfurt am Main

("KfW")

and

Mongolia

("Recipient")

represented by the

Ministry of Finance

for

EUR 8,000,000.00

- Biodiversity and Adaptation to Climate Change III -

BMZ-No. 2018 68 272

Content

Article 1 – Amount and Purpose of the Financial Contribution.....	3
Article 2 - Disbursement.....	3
Article 3 – Suspension of Disbursement and Repayment.....	3
Article 4 – Costs and Public Charges.....	4
Article 5 – Contractual Statements and Power of Representation	4
Article 6 – The Programme	5
Article 7 – Publication and transfer of Programme-related information.....	6
Article 8 – Miscellaneous Provisions	7
Compliance Covenants.....	9

On the basis of the agreement dated 26th June, 2019 between the Government of the Federal Republic of Germany and the Government of Mongolia on Financial Cooperation ("Government Agreement"), the Recipient and KfW 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 8,000,000.00.

This financial contribution shall not be repayable unless otherwise stipulated in Article 3.2.

1.2 The Recipient shall use the financial contribution exclusively for financing measures to protect and preserve the biodiversity in selected protected areas under the programme "Biodiversity and Adaptation to Climate Change III" ("Programme") as well as consulting measures, and primarily to finance the foreign exchange costs. The Recipient, in this regard represented by the Ministry of Environment and Tourism ("MET") and KfW shall determine the details of the Programme and the goods and services to be financed from the financial contribution by a separate agreement.

1.3 Taxes and other public charges to be borne by the Recipient and import duties shall not be financed from the financial contribution.

Article 2 – Disbursement

2.1 KfW shall disburse the financial contribution in accordance with the progress of the Programme and upon request of the Recipient. By a separate agreement, the Recipient, in this regard represented by MET, and KfW shall determine the disbursement procedure, in particular the evidence proving that the requested funds are used for the stipulated purpose.

2.2 KfW shall have the right to refuse to make disbursements after December 30, 2028.

Article 3 – Suspension of Disbursement 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 Programme.
- 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 disbursed amounts;
 - 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.

Article 4 – Costs and Public Charges

The Recipient shall bear all taxes and other public charges accruing outside the Federal Republic of Germany in connection with the conclusion and execution of this Agreement, as well as 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 Minister of Finance of Mongolia 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: Ministry of Finance
United Nations Street 5/1
Ulaanbaatar – 15160
Mongolia
Fax: +976 51 7262 171

As regards the implementation of the Programme: Ministry of Environment and Tourism (MET)
Government Building II
United Nations Street 5/2
Ulaanbaatar – 15160
Mongolia
Fax: +976 51 261 966

Article 6 – The Programme

6.1 The Recipient shall

- a) prepare, implement, operate and maintain the Programme in conformity with sound financial and engineering practices, in compliance with environmental and social standards and substantially in accordance with the Programme conception agreed upon between the Recipient and KfW;
- b) assign the preparation and supervision of construction of the Programme to independent, qualified consulting engineers, and the implementation of the Programme to qualified firms;
- c) at all times comply with the procurement provisions stipulated in the separate agreement including the respective procurement plan,
- d) ensure the full financing of the Programme and, upon request of KfW, furnish to KfW evidence proving that the costs not paid from this financial contribution are covered;
- e) maintain, or cause to be maintained, books and records unequivocally showing all costs of goods and services required for the Programme and clearly identifying the goods and services financed from this financial contribution;
- f) enable the representatives of KfW at any time to inspect said books and records and any and all other documentation relevant to the implementation and the operation of the Programme, and to visit the Programme and all installations related thereto;
- g) furnish to KfW any and all such information and reports on the Programme and its further progress as KfW may request and
- 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 Programme.

- 6.2 The Recipient and KfW shall determine the details pertinent to Article 6.1 by a separate agreement.
- 6.3 For the transport of the goods to be financed from the financial contribution, the provisions of the Government Agreement, which are known to the Recipient, shall apply.

Article 7 – Publication and Transfer of Programme-related Information

- 7.1 To comply with internationally accepted principles of utmost transparency and efficiency in the development cooperation, KfW publishes selected information (including results of environmental and social categorization and assessment as well as ex post evaluation reports) about the Programme and how it is financed during pre-contractual negotiations, while the Programme-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 Programme 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 Programme 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 Programme 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 Programme 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-mehr-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 Programme 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 Recipient undertakes to comply at all times with the obligations set out in the Annex (Compliance Covenants).
- 8.2 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.
- 8.3 The Recipient may not assign or transfer, pledge or mortgage any claims from this Agreement.

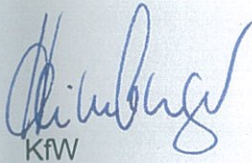
8.4 This Agreement shall be governed by the law of the Federal Republic of Germany. The place of performance shall be Frankfurt am Main.

8.5 The legal relations established by this Agreement between KfW and the Recipient shall terminate with the end of the useful life of the Programme, but not later than 15 years after the signing of this Agreement.

Done in two (2) originals in the English language.

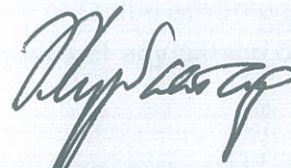
Ulaanbaatar, 26th June, 2019

this


KfW

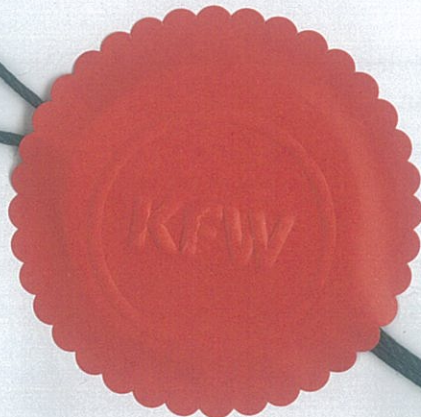
Ulaanbaatar, 26th June, 2019

this


Mongolia
represented by the
Ministry of Finance

Annex

Compliance Covenants



Compliance Covenants

1. DEFINITIONS

Coercive Practice: the impairing or harming, or threatening to impair or harm, directly or indirectly, any person or the property of the person with a view to influencing improperly the actions of a person.

Collusive Practice: an arrangement between two or more persons designed to achieve an improper purpose, including to influence improperly the actions of another person.

Corrupt Practice: the promising, offering, giving, making, insisting on, receiving, accepting or soliciting, directly or indirectly, of any illegal payment or undue advantage of any nature, to or by any person, with the intention of influencing the actions of any person or causing any person to refrain from any action.

Fraudulent Practice: any action or omission, including misrepresentation that knowingly or recklessly misleads, or attempts to mislead, a person to obtain a financial benefit or to avoid an obligation.

Obstructive Practice: (i) deliberately destroying, falsifying, altering or concealing evidence material to the investigation or the making of false statements to investigators, in order to materially impede an official investigation into allegations of a Corrupt Practice, Fraudulent Practice, Coercive Practice or Collusive Practice, or threatening, harassing or intimidating any person to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or (ii) any act intended to materially impede the exercise of KfW's access to contractually required information in connection with an official investigation into allegations of a Corrupt Practice, Fraudulent Practice, Coercive Practice or Collusive Practice.

Person: any natural person, legal entity, partnership or unincorporated association.

Sanctionable Practice: any Coercive Practice, Collusive Practice, Corrupt Practice, Fraudulent Practice or Obstructive Practice (as such terms are defined herein), which (i) is unlawful under German or other applicable law, and (ii) which has, or potentially could have, a material legal or reputational effect on this Agreement between the Recipient and KfW or its implementation.

Sanctions: the economic, financial or trade sanctions laws, regulations, embargoes or restrictive measures administered, enacted or enforced by any Sanctioning Body.

Sanctioning Body: any of the United Nations Security Council, the European Union and the Federal Republic of Germany.

Sanctions List: any list of specially designated persons, groups or entities which are subject to Sanctions, as issued by any Sanctioning Body.

2. INFORMATION UNDERTAKING

The Recipient shall

- a) promptly make available to KfW on demand all relevant "know your customer" or similar information about the Recipient as KfW may request;
- b) promptly furnish to KfW on demand all Programme-related information and documents of the Recipient and its (sub)contracting and other related parties which KfW requires to fulfil its obligations to prevent any Sanctionable Practice, money laundering and/or terrorism financing as well as for the continuous monitoring of the business relationship with the Recipient which is necessary for this purpose;
- c) inform KfW, promptly and of its own accord, as soon as it becomes aware of or suspects any Sanctionable Practice, act of money laundering and/or terrorism financing related to the Programme;
- d) furnish to KfW any and all such information and reports on the Programme and its further progress as KfW may request for the purposes of this Annex; and
- e) enable KfW and its agents at any time to inspect all other Programme-related documentation of the Recipient and its (sub)contracting and other related parties, and to visit the Programme and all installations related thereto for the purposes of this Annex.

3. REPRESENTATION AND WARRANTIES

- 3.1 With regard to German law or the law of the country of the Recipient, the Recipient represents that none of the Persons acting in relation to the Programme on the Recipient's behalf has committed or is engaged in any Sanctionable Practice, money laundering or financing of terrorism.
- 3.2 The representation and warranty set forth in this Article is made for the first time by execution of this Agreement. It will be deemed to be repeated upon each drawing of the financial contribution by reference to the circumstances prevailing at that date.

4. POSITIVE UNDERTAKINGS

The Recipient undertakes, as soon as the Recipient or KfW becomes aware of or suspects any Sanctionable Practice, act of money laundering or financing of terrorism, to fully cooperate with KfW and its agents, in determining whether such compliance incident has occurred. In particular, the Recipient shall respond promptly and in reasonable detail to any notice from KfW and shall furnish documentary support for such response upon KfW's request.

5. NEGATIVE UNDERTAKINGS

The Recipient will not enter into any transactions or engage in any other activities in relation to the Programme that would constitute a breach of Sanctions.