

## SAMPLE CONTRACT

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This contract (The Agreement) is effective (Date)

between

NGO/UN agency hereinafter referred to as the “first party”

and

Company/agent hereinafter referred to as “second party”

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WHEREAS the first party desires to transfer money from Turkey into Syria within the frame of its humanitarian activities in the north of Idleb Governorate, Syria, and the second party has the proven capacity, experience and highest reasonable standard of financial due diligence to facilitate the transfers.

The Parties agree to nominate one primary contact person to manage this account on daily basis and to collaborate as follows:

### ARTICLE 1. Objective of the Agreement

- 1.1. The first party intends to transfer money to people residing in areas outside of the control of the Government of Syria;
- 1.2. The second party has the proven capacity, experience and highest reasonable standard of diligence to facilitate the transfers.

### ARTICLE 2. Obligations of the first party

- 2.1 Apply the highest reasonable standard of diligence\* to ensure that the money transferred under this agreement is not transferred to any individual or entity listed as a Designated Terrorist;
- 2.2 Coordinate what public statements / agree comms strategy will be made regarding the transfers that involve beneficiaries;
- 2.3 Inform the second party of the amount of money to be transferred to Syria at least 7 days before the due date of payment so that they can arrange the necessary liquidity;
- 2.4 Inform the second party of the specific locations where the money is required, within a 6km radius of the most distantly located recipients, so that they can position agents within safe reach of the intended recipient;
- 2.5 Provide the second party with the full list of recipients 1 day before the due date of disbursement;
- 2.6 In a hawala transaction where no physical cash provided to the second party is taken cross-border, reimburse the same amount plus the agreed commission charge by bank transfer within no more than 3 days after the distribution;
- 2.7 In a transaction where physical cash provided to the second party is taken cross-border:
  - ensure bank notes are legal tender and undamaged. Invalid or damaged notes of all types of currencies will be covered by the first party;
  - pre-agree the maximum liability that can be covered by bank guarantee or private bond;
- 2.8 Payment will be in USD or Euro, based on a pre-agreed exchange rate (see 3.3).

### ARTICLE 3. Obligations of the second party

- 3.1 Apply the highest reasonable standard of diligence to ensure that the money transferred under this agreement is not transferred to any individual or entity listed as a Designated Terrorist;
- 3.2 Provide first party's representatives with Syrian Pounds (SYP), Turkish Liras (TL) or US Dollars (USD), as appropriate, within an agreed schedule per distribution area;
- 3.3 Use an exchange rate equal to or more competitive than the Money Changers in the black currency exchange market;
- 3.4 Include all overheads, including any taxes incurred as a result of this agreement, as part of the following commission for each area:
  - Sarmada: 0.6%; xxx: 1.0%; xxx: 2.5%

- 3.5 Transfer the exact amount of money to the people listed within an agreed schedule per distribution area;
- 3.6 Inform the first party about any problem which may cause delay in the cash being delivered beyond the agreed distribution period;
- 3.7 In the case of cash being provided late (i.e. more than 24 hours after being requested despite agreeing to provide the money), the exchange rate offered will be revised again (at the time of delivery). If the second exchange rate is unfavourable to the first party, then the second party will agree to revert to the original agreed rate;
- 3.8 During the transit and disbursement of cash, provide the necessary and suitable personnel, security, logistics and communication arrangements to ensure that the recipients receive their money on time and in as secure an environment as possible;
- 3.9 At the end of each individual disbursement, issue a 3-copy receipt of the delivered amount to the recipient, to be signed by the recipient at the time of receiving the due amount. One copy will be given to the recipient, one to the first party, and one kept by the second party;
- 3.10 At the end of the distribution cycle, provide a full account of payments made together with photographs of the receipts (and ID cards). This should be emailed or passed to a representative of the first party without delay to avoid accidental loss, destruction or delayed reimbursement;
- 3.11 Provide bank notes that are legal tender and undamaged. Invalid or damaged notes of all types of currencies will be changed with newer ones;
- 3.12 In a transaction involving the transport of cash provided by the second party across the border, provide a bank guarantee or personal bond equivalent to the maximum cash payment released by the second party as cash security.

#### **ARTICLE 4. Duration**

- 4.1 This contract is valid for a period of \_\_\_\_\_ months commencing from the signature date.

#### **ARTICLE 5. Modification and Cancellation**

- 5.1 The Parties may only amend this agreement through mutual written consent;
- 5.2 In case the second party cannot provide the required amount, he should submit something in writing to care stating his reason, based on which the first party can ask another money dealer to provide the needed amount onwards;
- 5.2 Should either of the parties intend to terminate this agreement prematurely, notice of two weeks must be submitted to the other party in writing, in order to end the agreement on good terms.

#### **ARTICLE 6. Dispute Resolution**

- 6.1 Both parties shall use their best efforts to resolve any dispute in a friendly manner, through consultation and clear communication;
- 6.2 Any dispute which cannot be resolved in such a way will be taken to a mutually agreed mediator on a cost-sharing basis.

<b>For [NGO/UN agency]</b>	<b>For [company/agent]</b>
Name:	Name:
Position:	Position:
Date:	Date:

Two original signed copies should be produced to validate the contract.

## KNOW YOUR SUPPLIER

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**Aid agencies should hold sufficient information about the circumstances and business of their supplier (in this case financial service provider) and its beneficial owners to inform their risk assessment processes, and thus manage their money laundering and terrorist financing risks effectively.**

The information about a *hawala* agent or MSB that they should consider obtaining as part of their risk assessment includes:

### **Maturity of the business, and its owners' experience**

It is relevant to consider whether or not the MSB is a new or established operation, the level of experience the management and those running the business have in this type of activity, and whether or not providing money services are the customer's primary, or an ancillary, business.

### **Location(s) and market(s) served**

Money laundering risks within an MSB can vary widely depending on the locations, customer bases, and markets served. Relevant considerations include whether markets served are domestic or international, or whether services are targeted to local residents or to broad markets.

It is important to know and understand any associations the MSB may have with other jurisdictions (headquarters, operating facilities, branches, subsidiaries, etc.) and the individuals who may influence its operations (political connections, etc.). A visit to the place of business may be helpful to confirm the existence and activities of the entity.

### **Ownership and control**

In deciding who the beneficial owner is in relation to a customer who is not a private individual, the objective must be to know who has ownership or control over the funds which form or otherwise relate to the relationship, and/or form the controlling mind and/or management of any legal entity involved in the funds.

### **\*Guide for how to interpret: 'highest reasonable standard of diligence'**

The following questions should be used to guide the conversation with the agent when an aid agency is establishing whether he is an appropriate partner.

- (1) **Agent selection:** who is your agent at the pay-out destination? How long have you been dealing with them? Is this an established relationship (i.e. are you related to them or have you conducted long-standing business with this person), or a new relationship?
- (2) **Payment method:** how do you settle payment with your agents? By cash courier; trade; bank; third party settlement?
- (3) **Human resources:** will you use your own resources, or will you outsource some of the assignment? What is your capacity, and the accountability built into other relationships?
- (4) **Working capital:** what is your average transaction size, and your largest?