

***Lebanon Financing Facility for Reform,
Recovery and Reconstruction
Multi-Donor Trust Fund***

Grant Agreement

**(Beirut Housing Rehabilitation and Cultural and Creative Industries Recovery
Project)**

between

**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT/
INTERNATIONAL DEVELOPMENT ASSOCIATION**

**(acting as administrator of Lebanon Financing Facility for Reform, Recovery and
Reconstruction Multi-Donor Trust Fund)**

and

UNITED NATIONS HUMAN SETTLEMENTS PROGRAMME

(for the benefit of the Republic of Lebanon)

**LEBANON FINANCING FACILITY FOR REFORM, RECOVERY AND
RECONSTRUCTION MULTI-DONOR TRUST FUND
GRANT AGREEMENT**

AGREEMENT dated as of the Signature Date between UNITED NATIONS HUMAN SETTLEMENTS PROGRAMME (“UN-HABITAT”) (“Recipient”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT/INTERNATIONAL DEVELOPMENT ASSOCIATION (“Bank”), acting as the administrator of Lebanon Financing Facility for Reform, Recovery and Reconstruction Multi-Donor Trust Fund. The Recipient and the Bank hereby agree as follows:

**Article I
Standard Conditions; Definitions**

- 1.01. The Standard Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. The Financial Management Framework Agreement (“FMFA”) (as defined in the Appendix to this Agreement) constitutes an integral part of this Agreement. Without limitation to the provisions of the FMFA, in respect to the Recipient:
 - (a) all references in the FMFA to “Letter Agreement(s)” shall be references to this Agreement;
 - (b) all references to “Trust Fund Grant(s)” shall be references to the Grant referred to in Section 2.01 of this Agreement;
 - (c) all references to “the UN” and to a “UN Organization”, including in particular reference in Section 7 of the FMFA, shall be references to “UN-HABITAT”;
 - (d) all references to “the UN Controller” shall be references to the “UN-HABITAT Comptroller”;
 - (e) all references to the “UN Financial Regulations” shall be references to the “UN-HABITAT Financial Regulations and Rules”; and
 - (f) all references to the “Parties” in Section 11 of the FMFA shall be a reference to the “Bank” and the “UN-HABITAT” or, alternatively, to the “Bank” on the one hand and the “United Nations Secretariat”; and all “UN Organizations” (as that term is defined in the FMFA) on the other, if a satisfactory consolidated review mechanism is established.

- 1.03. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in the Appendix to this Agreement.

**Article II
The Project**

- 2.01. The Recipient declares its commitment to the objective of the project described in Schedule 1 to this Agreement (“Project”). To this end, the Recipient shall carry out Part 1 and Part 3 of the Project and shall cause the Project Implementing Entity to carry out Part 2 of the Project, all in accordance with the provisions of Article II of the Standard Conditions and Schedule 2 to this Agreement.

**Article III
The Grant**

- 3.01. The Bank agrees to extend to the Recipient a grant in an amount not to exceed Twelve Million Seven Hundred Fifty Thousand United States Dollars (\$12,750,000) (“Grant”) to finance the Project.
- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.
- 3.03. The Grant is funded out of the abovementioned trust fund for which the Bank receives periodic contributions from the donors to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds.

**Article IV
Additional Remedies**

- 4.01. The Additional Events of Suspension consist of the following:
- (a) if, by notice sent to the Recipient pursuant to sub-paragraph (iv) of paragraph 9 of the FMFA, the Bank confirms that it reasonably believes the actions taken previously in accordance with said Section 9 have not been sufficient to fulfill its fiduciary obligation to ensure that the proceeds of the Grant were used for eligible expenditures; or

- (b) if, by notice sent to the Recipient pursuant to sub-paragraph (iii)(a) of paragraph 10 of the FMFA, the Bank confirms that alternative financial management arrangements mutually acceptable to the Bank and the Recipient were not reached within the period stipulated therein; or
- (c) if, the Bank determines at any time that a reference in either paragraph 1 or paragraph 4 of Section II.B of Schedule 2 to this Agreement to the Recipient's Financial Regulations is incomplete or inaccurate in any material respect; or
- (d) if, the Bank for any reason revokes the application of the Alternative Procurement Arrangements set forth in Section III.1 of Schedule 2 to this Agreement.

Article V Effectiveness; Termination

- 5.01. This Agreement shall become effective as of the Signature Date.
- 5.02. For purposes of Section 10.05(b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is ten (10) years after the Signature Date.

**Article VI
Recipient's Representative; Addresses**

- 6.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is the Recipient's Head of Beirut Office.
- 6.02. For purposes of Section 7.01 of the Standard Conditions: (a) the Recipient's address is:

United Nations Human Settlements Programme (UN-Habitat)
P.O. Box 300-30,
Nairobi 00100,
Kenya; and

- (b) the Recipient's Electronic Address is:

Facsimile: _____ [E-mail:] _____

6.03. For purposes of Section 7.01 of the Standard Conditions: (a) the Bank's address is:

International Bank for Reconstruction and Development/International
Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

(b) the Bank's Electronic Address is:

Facsimile:

1-202-477-6391

AGREED as of the Signature Date.

**UNITED NATIONS HUMAN SETTLEMENTS
PROGRAM**

By



Authorized Representative

Name: Neil Khor _____

Title: Chief of Staff a.i. _____

Date: 23-Feb-2022 _____

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT/
INTERNATIONAL DEVELOPMENT ASSOCIATION
(acting as administrator of Lebanon Financing Facility for
Reform, Recovery and Reconstruction Multi-Donor Trust
Fund)**

By



Authorized Representative

Name: Saroj Kumar Jha _____

Title: Regional Director _____

Date: 23-Feb-2022 _____

SCHEDULE 1

Project Description

The objectives of the Project are to support the rehabilitation of prioritized historical housing for the most vulnerable people and to provide emergency support to creative practitioners and entities in the cultural sector in the Port of Beirut explosion areas

The Project consists of the following parts:

Part 1: Housing Recovery

Part 1.1: Residential Housing Rehabilitation

Providing support for: (a) rehabilitation of select vacant structurally damaged residential units in the historical neighborhoods located within five kilometers of the epicenter of the Port of Beirut August 4, 2020 explosion and that were inhabited by lower-income and vulnerable households; (b) necessary inspection and supervision of the works; and (c) development of communication and awareness materials, website and a hotline for the grievance redress mechanism.

Part 1.2: Technical Assistance for Rental Support

Providing technical assistance towards: (a) increasing stability and sustainability of tenants' rental arrangements with their landlords affected by the Port of Beirut August 4, 2020 explosion, by promoting proper housing and land property documents, including lease agreements and facilitating rental cost threshold arrangements; (b) carrying out capacity development, training and outreach and awareness campaigns to make vulnerable households aware of housing and property rights, and enhance government and non-governmental actors' understanding and engagement in housing and property rights issues; (c) documenting the learning process to inform the development of the housing recovery strategy and other affordable housing initiatives.

Part 2: Emergency Support for CCI Recovery

Providing grants ("CCI Grants") to eligible practitioners and entities in the cultural and creative industry sector ("CCIs") affected by the Port of Beirut August 4, 2020 explosion ("Eligible CCI Grant Recipients"), including carrying out of the outreach and communication campaign to raise awareness of the activity.

Part 3: Project Management and Monitoring and Evaluation

Project implementation support to the PMT for the management, coordination, communication, awareness raising and outreach pertaining to the Project activities, and monitoring and evaluation of the Project, and to cover the Project-related management and

Operating Costs, audits, financial management, and compliance Environmental and Social Standards, including ESCP, Direct Costs and Indirect Costs.

SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

A. Institutional Arrangements.

1. The Recipient shall carry out the Project with due diligence and efficiency and in conformity with appropriate administrative, financial, technical, Environmental and Social Standards and practices, and in accordance with the FMFA, ESCP and the Project Operational Manual, and shall promptly provide the funds, facilities, services, and other resources required for the Project.
2. Unless otherwise agreed with the Bank, the Recipient shall have identified by not later than one (1) month after the Effective Date the Project Implementing Entity, which shall be responsible for supporting the Recipient in the implementation of Part 2 of the Project, as further elaborated in the Project Operations Manual (POM).
3. The Recipient shall (a) maintain, throughout the life of the Project, the Project Management Team (“PMT”) which shall be responsible for the day-to-day management and implementation of the Project, including the staffing of core functions, including the technical, fiduciary (i.e., procurement and financial management), health and safety, social and environmental aspects of the Project, and coordination of all field activities, as detailed in the Project Operation Manual.
4. To facilitate the implementation of Part 1 of the Project, and to sustain and build the skills and capacity of local stakeholders, the Recipient shall establish by not later than three (3) months after the Effective Date, a Technical Advisory Committee (TAC), consisting of representatives of local public sector, civil society and other stakeholders, as may be relevant from time to time, providing guidance and strategic-level advice on Project implementation, and thereafter consult the TAC, all on terms of reference acceptable to the Bank.
5. The Recipient shall carry out its supervision and monitoring of Project activities, in accordance with its own policies and procedures, and shall share information related to said supervision and monitoring in the detail and frequency as the Association and Recipient shall agree in writing

B. Subsidiary Agreement

1. To facilitate the carrying out of Part 2 of the Project, and unless otherwise agreed with the Bank, the Recipient shall by not later than two (2) months after the Effective Date, enter into a subsidiary agreement with Project Implementing Entity

(“Subsidiary Agreement”), under terms and conditions satisfactory to the Bank, which shall be consistent with the ACG and the requirements of the ESCP and shall include the following:

- (a) the Recipient shall provide, on a grant basis, financing on terms and conditions acceptable to the Bank, to cover the activities under Part 2 of the Project and related direct costs and indirect costs, all in accordance with the specifications in the POM;
 - (b) the Project Implementing Entity shall carry out its activities in accordance with the requirements of the POM, anti-corruption, financial management and reporting, audit, procurement provisions and Environmental and Social Standards, in a manner acceptable to the Bank; and
2. Except as the Bank shall otherwise agree, the Recipient or the Project Implementing Entity shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.
3. The Recipient shall exercise its rights under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the Bank and to accomplish the purposes of the Grant. Except as the Bank shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

C. Project Operations Manual

1. The Recipient shall adopt by not later than one (1) month after the Effective Date, the Project Operational Manual (POM), satisfactory to the Bank, and, thereafter, carry out the Project in accordance with said manual, which shall include the rules, methods, guidelines, standard documents and procedures for the carrying out of the Project, including the following:
 - (a) detailed description of Project implementation activities and the detailed institutional arrangements of the Project to ensure inter-institutional coordination;
 - (b) conditions and mechanism, including selection criteria for prioritizing and selecting damaged buildings eligible for support under Part 1.1 of the Project, including *inter alia*, a model rehabilitation agreement to be entered with the building owners; guidelines for approval, implementation, monitoring and evaluation of said activities;
 - (c) conditions and mechanism for disbursing CCI Grants under Part 2 of the Project, including *inter alia*, a model grant agreement (“CCI Grant

Agreement”), operating procedures governing the activities to be financed by the CCI Grants, specific criteria for activities to be eligible for financing under the CCI Grants, eligibility criteria for Eligible CCIs, guidelines for approval, implementation, monitoring and evaluation of said activities;

- (d) monitoring, evaluation, reporting and governance procedures for the Project; and
 - (e) overall Project administrative, accounting, auditing, reporting, financial, environmental and social, procurement and disbursement procedures.
2. In the event that any provision of the Project Operational Manual conflicts with this Agreement, the terms of this Agreement shall prevail.
 3. The Recipient shall ensure that the Project Operational Manual is not amended without the prior written agreement of the Bank.

D. Provision of CCI Grants under Part 2 of the Project

1. The Recipient shall cause the Project Implementing Entity to provide CCI Grants to Eligible CCI Grant Recipients in accordance with terms and conditions, eligibility criteria and procedures set forth in the POM, including the requirement for Project Implementing Entity to:
 - (a) conduct a selection of Eligible CCI Grant Recipients based on eligibility criteria and selection process, including a review by a CCI Grant Approval Committee, to select applications from cultural and creative industries and practitioners, all in accordance with the POM;
 - (b) ensure that each CCI Grant does not exceed the ceiling established in the POM;
 - (c) ensure that each CCI Grant supports activities deemed to be eligible under the POM and does not finance activities deemed ineligible under the ESCP; and
 - (d) enter into an CCI Grant Agreement with each Eligible CCI Grant Recipient consistent with the terms outlined in the POM prior to disbursing the CCI Grant to the Eligible CCI Grant Recipient, which terms shall include an obligation by the selected CCI to:
 - (i) (1) carry out its respective activities with due diligence and efficiency and in accordance with sound technical, financial and managerial standards and practices, environmental and social standards, and in accordance Alternative Anticorruption

Arrangements; (2) provide, promptly as needed the resources required for these purposes; and (3) maintain adequate records;

- (ii) maintain policies and procedures adequate to enable it to monitor and evaluate, in accordance with indicators acceptable to the Bank, the progress of its activities and the achievement of its objectives;
 - (iii) the Recipient has the right to inspect by itself, or jointly with the Bank, if the Bank and/or the Recipient so requests, the goods, sites, and plants included in the activities, the operations thereof, and any relevant records and documents;
 - (iv) maintain an appropriate financial management system; and
 - (v) prepare and furnish to the Recipient and the Bank, all such information as the Bank shall reasonably request, relating to the implementation of the activities, and the performance of its obligations under the CCI Grant Agreement.
2. The Recipient shall cause the Project Implementing Entity to suspend or terminate the right of the Eligible CCI Grant Recipient to use or administer the proceeds of the grant, or to obtain a refund of all or any part of the amount of the CCI Grant then withdrawn, upon failure by the Eligible CCI Grant Recipient to perform its obligations under the CCI Grant Agreement; and
3. The Recipient shall, and shall cause the Project Implementing Entity, to promptly inform the Recipient and the Bank of any condition which interferes or threatens to interfere with the progress of its activities, or the performance by it of its obligations under the CCI Grant Agreement.

E. Anti-Corruption

1. The Recipient shall and shall cause the Project Implementing Entity to carry out its Respective Parts of the Project subject to the provisions of the General Conditions and the following undertakings:
- (a) In the event that the Recipient or the Bank becomes aware of information that indicates the need for further scrutiny of the implementation of the Project or any expenditures under the proceeds of the Grant (including non-frivolous allegations that corrupt, fraudulent, collusive or coercive practices were undertaken in relation to any activity under the Project) the Recipient or the Bank, as the case may be, shall promptly bring such information to the attention

of the appropriate official or officials of the other party, as designated from time to time by each party by written notice to the other party.

- (b) Without limitation to paragraph (a) above, concurrently with submission of a Project Report under Section II.A, the Recipient's Internal Audit and Investigation Group shall submit to the World Bank Group's Integrity Vice Presidency a statement confirming whether or not, during the reporting period of the Project Report, Recipient has received any non-frivolous allegations referred to in paragraph (a) above, and a brief description of any such allegations received. The information provided in such statement shall be governed by the confidentiality procedures outlined in the memorandum of understanding between the Recipient and the World Bank Group dated Sept 2, 2019. The costs of preparing such reports will be borne by the Project.
 - (c) Following consultation between the Recipient and the Bank, the Recipient will, to the extent the information relates to actions within the authority or accountability of the Recipient, take timely and appropriate action in accordance with its accountability and oversight framework, including applicable regulations, rules, and administrative instructions, to investigate this information. For greater clarity on this matter, the Recipient and the Bank agree and acknowledge that the Recipient has no authority over, and accordingly shall have no responsibility to investigate, any government official or officials or consultants of the Bank.
 - (d) To the extent such investigation confirms the allegations and to the extent that remedial action is within the authority of the Recipient, the Recipient will take timely and appropriate action in response to the findings of such investigation, in accordance with the Recipient's accountability and oversight framework, including its regulations, rules, policies and procedures.
 - (e) To the extent consistent with the Recipient's accountability and oversight framework, including its regulations, rules, policies and procedures, it will keep the Bank regularly informed by agreed means of actions taken pursuant to Section I.E.1(c) immediately above, and the results of the implementation of such actions, including where relevant, details of any recovery of funds or writing-off of losses. The Recipient will use its best efforts, consistent with its regulations, rules, policies and procedures to recover any funds misused. The Recipient will, in consultation with the Association, credit any funds so recovered to the Association or agree with the Association to use these funds for a purpose mutually agreed upon.
2. In the event that the Association reasonably believes that timely and appropriate action has not been taken by the Recipient under Section I.E.1 above, the Association may request direct consultations at a senior level between the Association and the Recipient in order to obtain assurances that the Recipient's oversight and accountability

mechanisms have been and are being fully applied in connection with such allegations. The Recipient and the Association take note of the provisions of Article VIII of the United Nations Financial Regulations and Rules and the Recipient's corresponding relevant provisions in its Financial Regulations and Rules.

3. The Association may, following consultation with the Recipient, by notice to the Recipient, suspend the right of the Recipient to make further withdrawals of the proceeds of the Grant if the Bank reasonably believes the actions taken by the Recipient under Section I.E.1 above have not been sufficient to fulfill its fiduciary obligation with respect to the Grant.
4. The Bank has the right and authority, pursuant to the Anti-Corruption Guidelines, to investigate allegations or other information relating to possible corrupt, fraudulent, coercive, or collusive practices (as defined in Section I.E.7 below) by any third party, and to sanction any such third party which the Bank has determined to have engaged in such practices; provided, however, that in this Section, "third party" does not include the Recipient. To the extent consistent with the Recipient's oversight framework, including its regulations, rules, policies and procedures, and if requested by the Bank, the Recipient shall cooperate with the Bank in the conduct of such investigations.
5. Without limitation to the provisions of paragraph E.1 of this Section, the Bank retains the right to conduct an investigation in connection with the information referred to in paragraph E.1(a) of this Section and any information provided to the Recipient regarding allegations of corrupt, fraudulent, coercive, or collusive practice in connection with the bidding process, the award, or implementation of any contract to be or being financed out of the proceeds of the Grant, except that the Bank may not investigate the Recipient or other UN agency. In all such investigations, the Recipient agrees to facilitate such investigations.
6.
 - (a) The Recipient will require any third-party commercial entity with which it has a long-term arrangement or to which it intends to issue a purchase order or a contract financed with the proceeds of the Grant to disclose to the Recipient whether it is subject to any sanction or temporary suspension imposed by any organization within the World Bank Group. The Recipient will give due regard to such sanctions and temporary suspensions, as disclosed to it when issuing contracts during the Project implementation.
 - (b) If the Recipient intends to issue a contract in connection with the Project with a party that has disclosed to the Recipient that it is under sanction or temporary suspension by the World Bank Group, the following procedure will apply: (i) the Recipient will so inform the Bank, before signing such contract; (ii) the Bank then may request direct consultations at a senior level, if required, between the Bank and the Recipient to discuss the Recipient's decision; and (iii) if after such consultation, the Recipient

elects to proceed with the issuance of the contract, the Bank may inform the Recipient by notice, that the proceeds of the Grant may not be used to fund such contract.

- (c) Any portion of the proceeds of the Grant received by the Recipient under this Agreement that may have been used to fund a contract in respect of which the World Bank Group has exercised its right under paragraph 6(b)(iii) immediately above, shall be used to defray the amounts requested by the Recipient in any subsequent Withdrawal Application, if any, or will be treated as a balance in favor of the Recipient in the calculation of the final balances prior to the Closing Date.

7. For the purposes of the provisions of this Section I.E, the following definitions of sanctionable practices shall apply:

- (a) “corrupt practice” is the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party;
- (b) “fraudulent practice” is any act or omission, including misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain financial or other benefit or to avoid an obligation;
- (c) “collusive practice” is an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party; and
- (d) “coercive practice” is impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.

F. Environmental and Social Standards

1. The Recipient shall, and shall cause the Project Implementing Entity, to ensure that the respective Parts of the Project are carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Association. The Recipient shall report to the Bank any instances of Project Implementing Entity’s non-compliance with the Environmental and Social Standards, and shall work with the Project Implementing Entity to remedy such instances of non-compliance, in a manner consistent with the Environmental and Social Commitment Plan (“ESCP”).
2. Without limitation upon paragraph 1 above, the Recipient shall, and shall cause the Project Implementing Entity to ensure that the Project is implemented in

accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Association. To this end, the Recipient shall, and shall cause the Project Implementing Entity to ensure that:

- (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
 - (b) sufficient funds from the Grant are available to cover the costs of implementing the ESCP;
 - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
 - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Association shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. Without limitation upon the provisions of paragraph 2 above, if sixty (60) days prior to the Closing Date, the Bank determines that there are measures and actions specified in the ESCP which will not be completed by the Closing Date, the Recipient shall: (a) not later than thirty (30) days before the Closing Date, prepare and present to the Bank, an action plan satisfactory to the Bank on the outstanding measures and actions, including a timetable and budget allocation from the Grant for such measures and actions (which action plan shall be deemed to be considered an amendment of the ESCP); and (b) thereafter, carry out said action plan in accordance with its terms and in a manner acceptable to the Association.
4. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
5. The Recipient shall ensure that:
 - (a) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Association, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and

- (b) the Bank is promptly notified of any Significant Event related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
- 6. The Recipient shall establish, publicize, maintain, and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of the Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.
- 7. The Recipient shall, ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors, and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

G. Third Party Monitoring Agent (TPMA)

- 1. The Recipient shall and shall cause the Project Implementing Entity to cooperate with Third-Party Monitoring Agents engaged under Lebanon Financing Facility for purposes of Third-Party Monitoring of Project implementation, and enable such external monitoring agents to: (a) to visit any facilities and sites included the Project; and (b) to examine the goods financed out of the proceeds of the Grant, and any documents relevant to the performance of its obligations under this Agreement. Nothing in the foregoing provision shall be construed as granting audit access to any such Third-Party Monitoring Agent or the Bank hereunder.
- 2. The Recipient shall and shall cause the Project Implementing Entity to cooperate with TPMA in preparing and submitting to the Bank a technical audit report on a quarterly basis, within forty-five (45) days of the end of each quarter, containing an evaluation of Project implementation carried out by the TPMA.

H. Annual Investment Plan and Budget

1. The Recipient shall, by not later than four (4) months after the Effective Date, and thereafter on an annual basis, by not later than January 31 each year, prepare and furnish to the Association an annual investment plan and budget (“Annual Investment Plan and Budget”) for the Project for the subsequent year, said Annual Investment Plan of such scope and detail as the Bank shall have reasonably requested.
2. The Recipient shall afford the Bank a reasonable opportunity to review such Annual Investment Plan and Budget, and, thereafter, the Recipient shall carry out and cause Project Implementing Entity to carry out the Annual Investment Plan and Budget as shall have been approved by the Bank. Only the activities included in the Annual Investment Plan shall be eligible for financing.
3. The Annual Investment Plan may be revised by the Recipient as required during Project implementation subject to the Bank’s prior written approval.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

1. The Recipient shall ensure that each Project Report is furnished to the Bank not later than one month after the end of each calendar semester, covering the calendar semester. The Recipient shall ensure that each Project Report contains an update on the implementation of the activities under the Procurement Plan.

B. Financial Management; Financial Reports; Audits

1. The Recipient shall maintain or cause to be maintained a financial management system, including records and accounts, adequate to reflect the transactions related to the Project, in accordance with the requirements of the UN-Habitat Financial Regulations and Rules, (hereinafter referred to as the Financial Regulations). In accordance with Article 10 of the FMFA, the Recipient shall notify the Bank of any changes to these Financial Regulations, that occur after the signing of this Agreement within 30 days of their adoption and shall make them available via Recipient’s external website.
2. The Recipient shall maintain records (“Ledger Account”) and accounts that provide a complete, true and faithful record of all the expenditures from the proceeds of the Grant and of all the expenditures paid from such proceeds, in a manner that allows for the clear and separate identification of the activities financed by the Association.
3. The Recipient shall prepare periodic financial statements in accordance with its Financial Regulations and accounting standards acceptable to the Bank. The

financial statements will be submitted to the Bank in accordance with the provisions of Section II. Financial Reports and Audits of the Disbursement and Financial Information Letter referred to in Section IV(A).

4. The Recipient shall ensure that the audit of the Project is: (a) carried out pursuant to the Financial Regulations; and governed by (b) the Financial Management Framework Agreement. In addition, if agreed by the Recipient and the Bank, the Recipient will carry out any additional due diligence activities as agreed by the Recipient and the Bank in separate terms of reference.
5. The Recipient shall retain, and shall cause the Project Implementing Entity to retain, until at least one year after the Bank has received the final interim unaudited financial report referred to in the Disbursement and Financial Information Letter referenced in Section IV.A of this Schedule covering all records (contracts, orders, invoices, bills, receipts and other documents) evidencing all expenditures in respect of which withdrawals of the proceeds of the Grant were made.

Section III. Procurement

1. All goods, works, non-consulting services and consulting services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the applicable procurement policies, procedures, regulations and practices of the Recipient, as such procurement policies, procedures, regulations and practices have been assessed and found to be acceptable by the World Bank, and the Procurement Plan.
2. If the World Bank determines that the procurement policies, procedures, regulations, or practices of the Recipient have been modified, suspended, or waived such that they are no longer acceptable to the World Bank, the World Bank may, in addition to the World Bank's other rights under the Agreement, revoke the procurement provisions set out in paragraph 1 of this Section III.

Section IV. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions and the Disbursement and Financial Information Letter; and (b) this Section; to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, and consulting services under Part 1 of the Project	8,275,520	100%
(2) Goods, consulting services, non-consulting services and CCI Grants under Part 2 of the Project	1,951,857	100%
(3) (a) Indirect Cost under Part 3 of the Project (5%)	607,143	100%
(3) (b) Direct Costs under Part 3 of the Project	1,915,480	
TOTAL AMOUNT	12,750,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made:
- (a) for payments made prior to the Signature Date.
 - (b) for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, is prohibited by a decision of the United

Nations Security Council taken under Chapter VII of the Charter of the United Nations.

- (c) unless otherwise agreed with the Bank, under Category (2) unless and until the Recipient and the Project Implementing Entity have entered into the Subsidiary Agreement under terms satisfactory to the Bank.
- 2. All withdrawals shall be made on the basis of the interim unaudited financial reports referred to in Section II.B.4 of this Schedule and under such other terms and conditions as the Bank shall specify by notice to the Recipient contained in the Disbursement and Financial Information Letter addressed or to be addressed by the Bank to the Recipient for purposes of the Grant.
- 3. Without prejudice to the provisions of Section 4.05 of the Standard Conditions, in the event that the Bank requests a refund of any portion of the proceeds of the Grant that has been used in a manner inconsistent with the provisions of this Agreement, the Bank and the Recipient will adopt the procedures set forth in paragraph 9 of the FMFA.
- 4.
 - (a) It is understood that the Recipient shall not be responsible for, and shall have no obligation to initiate or continue implementation of, the pertinent activities under the Project unless the proceeds of the Grant allocated to such activities have been made available to the Recipient.
 - (b) Notwithstanding any suspension of the Grant or any portion of the Grant under this Agreement, the Bank will make available to the Recipient the portion of the proceeds of the Grant required to meet the obligations entered into by the Recipient prior to the date on which the Recipient shall have received the notice of suspension.
- 5. The Closing Date is December 15, 2024.

APPENDIX

Section I. Definitions

1. “Alternative Procurement Arrangements” means the procurement arrangements set forth in Section III of Schedule 2 to this Agreement, as permitted by the Bank’s “Procurement Regulations for IPF Borrowers”, dated November 2020.
2. “Annual Investment Plan and Budget” each means each annual work plan, together with the related budget, for the Project approved by the Bank pursuant to the provisions of Section I.H of Schedule 2 to this Agreement.
3. “Anti-Corruption Guidelines” means, for purposes of paragraph 2 of the Appendix to the Standard Conditions, the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006, and revised in January, 2011, and as of July 1, 2016.
4. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
5. “CCI Grants” means grants to Eligible CCIs under Part 2 of the Project.
6. “CCI Grants Approval Committee” means the committee to be established by the Project Implementing Entity pursuant to Section I.D.1a of Schedule 2 to this Agreement and as further elaborated in the POM.
7. “Direct Costs” means the actual cost of the Recipient and the Project Implementing entity that can be directly traced to the deliverables and technical output under the Project, including Project Operating Costs.
8. “Eligible CCI Grant Recipient” means a CCI selected as a grant beneficiary under Part 2 of the Project, in accordance to the criteria set forth in Section I.B of Schedule 2 to this Agreement.
9. “Environmental and Social Commitment Plan” or “ESCP” means the environmental and social commitment plan for the Project, dated February 8, 2022, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Recipient shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.

10. “Environmental and Social Standards” or “ESSs” means, collectively: (i) “Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts”; (ii) “Environmental and Social Standard 2: Labor and Working Conditions”; (iii) “Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management”; (iv) “Environmental and Social Standard 4: Community Health and Safety”; (v) “Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement”; (vi) “Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources”; (vii) “Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities”; (viii) “Environmental and Social Standard 8: Cultural Heritage”; (ix) “Environmental and Social Standard 9: Financial Intermediaries”; (x) “Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure”; effective on October 1, 2018, as published by the Bank.
11. “Financial Management Framework Agreement” or “FMFA” means the Financial Management Framework Agreement between the World Bank and the Recipient, dated November 4, 2016. For purposes of the FMFA, the “World Bank” means the International Development Association and the International Bank for Reconstruction and Development.
12. “Financial Regulations and Rules” means the following financial management regulations and rules of the Recipient: The UN-Habitat Financial Regulations and Financial Rules.
13. “Indirect Costs” means the indirect costs incurred by the Recipient as a function and in support of the Project, which cannot be traced unequivocally to the deliverables and technical outputs of the Project.
14. “Operating Costs” means the reasonable expenses including expenses covering vehicle operation and fuel, office space, utilities, communication charges, *per diems* and in-country transportation or travel allowances and any other costs listed as Operating Costs in the POM.
15. “Procurement Regulations” means, for purposes of paragraph 20 of the Appendix to the Standard Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated November 2020.
16. “Project Implementation Entity” means UNESCO or an entity that has been identified by the Recipient with the prior approval of the Bank to carry out the implementation of Part 2 of the Project as described in Section I.A.2 of the Schedule 2 to this Agreement.

17. “Procurement Report” means the report to be prepared by the Recipient and furnished to the Bank in accordance with Section III.2 of Schedule 2 to this Agreement.
18. “Project Management Team” or “PMT” means the Recipient’s Project Management Unit as further described in Section I.A.3 of Schedule 2 to this Agreement and the POM (as described hereinafter).
19. “Project Operations Manual” means the manual to be prepared and adopted in accordance with the provisions of Section I.C of Schedule 2 to this Agreement, as such manual may be amended from time to time with the written approval of the Bank.
20. “Signature Date” means the later of the two dates on which the Recipient and the Bank signed this Agreement and such definition applies to all references to “the date of the Grant Agreement” in the Standard Conditions.
21. “Standard Conditions” means the “International Bank for Reconstruction and Development and International Development Association Standard Conditions for Grant Financing Made by the Bank out of Trust Funds”, dated February 25, 2019, with the modifications set forth in Section II of this Appendix.
22. “Subsidiary Agreement” means the agreement to be entered into by the Recipient and the Project Implementing Entity as described in Section I.B of the Schedule 2 to this Agreement and further detailed in the POM. If the Project Implementing Entity is UNESCO or another UN agency, the parties understand that the Recipient will enter into a UN-to-UN Agreement under terms acceptable to the Bank.
23. “Technical Advisory Committee” means the committee to be established by the Recipient pursuant to Section I.A.4 of the Schedule 1 to this Agreement and as further detailed in the POM.
24. “Third-Party Monitoring” means monitoring activities of the Recipient (including, *inter alia*: periodic site visits; assessment of local context and conditions; interviews; awareness raising; Training and preparation of reports) to be carried out by a Third-Party Monitoring Agent with the purpose of carrying out satisfactory monitoring and evaluation of the activities of the Project.
25. “Third Party Monitoring Agent” or “TPMA” means a firm or organization, with internationally recognized expertise in monitoring and evaluation of development projects, including for financial management, procurement, and environmental safeguards aspects of such development projects, to be engaged under the Lebanon Financing Facility for carrying out third-party monitoring in accordance with relevant terms of reference agreed to with the Bank.

26. “Training” means the costs associated with training of health providers and personnel, supervisors and managers involved in activities under the Project based on the Periodic Work Plan and Budget, such term including seminars, and workshops, and associated travel and subsistence costs for training participants, costs associated with securing the services of trainers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to training preparation and implementation of the training.
27. “UNESCO” means the United Nations Education, Scientific and Cultural Organization.
28. “World Bank Group” means the Association, the International Bank for Reconstruction and Development, the International Finance Corporation, the International Centre for the Settlement of Investment Disputes, and the Multilateral Investment Guarantee Agency.

Section II. Modifications to the Standard Conditions

The Standard Conditions are modified as follows:

1. **Amendment to Article II:** Sections 2.05 and 2.07 are, respectively, deleted in their entirety, and Sections 2.06, 2.08, 2.09 and 2.10 are, respectively, renumbered as Sections 2.05, 2.06, 2.07 and 2.08.
2. The newly re-numbered Section 2.07 is modified to reads as follows:

“Section 2.07. *Visits*. The Recipient shall, throughout the implementation of the Project:

 - (a) if it is the Member Country, enable the representatives of the World Bank to visit any part of its territory for purposes related to the Grant;
 - (b) if it is not the Member Country, take all measures required on its part to enable the World Bank to visit any part of the Member Country’s territory for purposes related to the Grant; and
 - (c) enable the World Bank’s representatives to visit any facilities and sites included in the Project.”
3. **Amendment to Article III:** Section 3.07 is deleted, and Section 3.08 is renumbered as paragraph 3.07.
4. **Amendment to Article V:** Sections 5.01, 5.02 and 5.03 are, respectively deleted and replaced with the provisions of Section 21 of the FMFA.

5. **Amendment to the Appendix:** The Appendix (**Definitions**) is modified as follows:

The following paragraphs are, respectively, deleted: paragraphs 5, 11, 24 and 25, and the following paragraphs 6, 7, 8, 9, 10, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23 and 26, are, respectively, re-numbered as paragraphs 5 through paragraph 22.