



MARIANNE FAY
Country Director
Bolivia, Chile, Ecuador and Peru

23-Sep-2021

Mr. Jorge Baca
Chief of Mission
International Organization for Migration
Miguel Seminario 320, San Isidro
Lima, Peru

**Re: SPF Grant No. TF0B6669-PE
COVID-19 Emergency Response for Venezuelan Migrants and Refugees in Peru
Letter Agreement**

Dear Mr. Baca:

I am writing on behalf of the International Bank for Reconstruction and Development (“Bank”) to indicate the Bank’s agreement, as administrator of grant funds provided by donors (“Donors”) under the State and Peacebuilding Fund (“SPF”), to make a grant in an amount not exceeding three million four hundred ninety-nine thousand seven hundred ninety-seven United States Dollars (USD 3,499,797) (“Grant”) to the International Organization for Migration (“Recipient” or “IOM”) for the benefit of Venezuelan migrants and refugees in the Republic of Peru (“Member Country”).

The Grant is made in response to the Recipient’s request for financial assistance and for the purposes and on the terms and conditions set forth in the Annex to this letter agreement (“Agreement”). Without limiting the generality of the foregoing, these terms and conditions include those of that certain Financial Management Framework Agreement between the World Bank and the United Nations which are incorporated in this Agreement to form a part hereof as if they were recited at length herein. The Recipient, by countersigning this Agreement, acknowledges that it has received a copy of the Financial Management Framework Agreement (“FMFA”) as defined in the Annex to this Agreement, and, if the Recipient was not an original signatory thereof, agrees that it is bound by the terms of the Financial Management Framework Agreement as if the Recipient had been an original party thereto. The Recipient represents, by confirming its agreement below, that (i) it is authorized to contract and withdraw the Grant for the said purposes and on the said terms and conditions, and (ii) the references in sub-paragraphs (a) and (d) of paragraph 5 of the Annex to this Agreement to the Recipient’s financial regulations and rules are complete and accurate, and the Recipient makes this representation knowing that the Bank shall rely on it for purposes of deciding to make the Grant.

This Grant is funded out of the abovementioned trust fund for which the Bank receives periodic contributions from the Donors. 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. Accordingly, the Bank shall not have any liability whatsoever to the Recipient or to any third parties in respect of any expenditures or liabilities incurred in connection with this Agreement which exceed the amount made available to the Bank for the purposes of the Grant.

Please note that it is the Bank's policy to make publicly available this Agreement and any information related thereto, after this Agreement has become effective and the Recipient has given its consent to such disclosure. The Recipient, by countersigning this Agreement, confirms its consent to such disclosure.

Please confirm your agreement with the foregoing, on behalf of the Recipient, by signing, dating, and returning to us the enclosed copy of this Agreement. Upon (i) receipt by the Bank of the copy of this Agreement countersigned by you, and (ii) adoption by the Recipient of the Operations Manual referenced in Section 2.2 of the Annex to this Agreement, this Agreement will become effective as of the date of the countersignature.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By  _____
Marianne Fay
Country Director
Bolivia, Chile, Ecuador and Peru

AGREED:

INTERNATIONAL ORGANIZATION FOR MIGRATION

By  _____
Name Jorge Baca
Title Chief of Mission
Date: 24-sep.-2021

Enclosure: Disbursement Letter of the same date as this Agreement, together with the "Disbursement Guidelines for Investment Project Financing", dated February 2017

cc: H.E. Pedro Francke Ballvé, Minister of Economy and Finance
Mr. Jose Antonio González Norris, Executive Director, Agencia Peruana de Cooperación Internacional, Ministry of External Relations, Republic of Peru

Purposes, Terms, and Conditions of the Grant

1. *Purposes and Activities*

1.1. The purpose of the Grant is to provide emergency economic support to contribute to consumption smoothing of some of the most vulnerable Venezuelan migrants and refugees impacted by the COVID-19 pandemic in selected Peruvian cities. The activities (“Activities”) for which the Grant is given are as follows:

Implementation of Emergency Cash Transfers to Venezuelan Migrants and Refugees

Provision of support for the:

- (a) pre-identification and registration of presumed Eligible Beneficiaries through the information available in, *inter alia*: databases provided by key relevant institutions, various communication channels (e.g., email and social media), contacts established by IOM staff in the field, and case referrals by relevant stakeholders (e.g., local government units, humanitarian partners);
- (b) evaluation of the level of vulnerability of each presumed Eligible Beneficiary through the analysis of existing socio-economic data from relevant official databases that will allow to identify the presumed Eligible Beneficiary’s level of vulnerability based on a set of prioritization criteria, and grouped according to three (3) levels of vulnerability: *low*, *medium* and *high*. Vulnerability prioritization criteria will include: single-parent headed families; families with dependent children and/or people over sixty (60) years old; pregnant and breastfeeding women; families with members that have mental and physical disabilities and/or in need of medical treatment; families infected with COVID-19; irregular migrants; people in need of international protection; asylum seekers and refugees; victims of gender-based violence; victims and/or potential victims of human trafficking; people with chronic illnesses; LGBTIQ population in vulnerable conditions; indigenous people; people in the process of reunification; people without support networks; and people with no income to meet their basic needs;
- (c) delivery of Cash Transfers of 760 Peruvian soles to each Eligible Beneficiary who falls under medium or high scale of vulnerability based on the evaluation in (b) above through the following modalities:
 - (i) mobile transfers to at least 5,317 Eligible Beneficiaries, requiring valid identification of each recipient Eligible Beneficiary and a Peruvian mobile number for registration;
 - (ii) prepaid cards to be distributed to at least 3,000 Eligible Beneficiaries through designated courier locations or through the relevant IOM staff, as applicable, requiring physical presence and valid identification of each recipient

Eligible Beneficiary, for either encashment or consumption in specific local establishments; and

- (iii) wire transfers to be distributed to approximately 6,000 Eligible Beneficiaries through designated courier locations, requiring physical presence and valid identification of each recipient Eligible Beneficiary;
- (d) carrying out of outreach and communication activities for the promotion of the Cash Transfers, and of appropriate hygiene, preventive health services and COVID-19 infection prevention; and
- (e) acquisition of necessary personal protective equipment for the IOM staff distributing the Cash Transfers and providing training on their use and disposal, as well as implementation of proper prevention strategies in alignment with guidelines from the World Health Organization and the Republic of Peru's Ministry of Health.

1.2 **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in this Section:

- (a) "Alternative Procurement Arrangements" or "APA" means the special procurement arrangements set forth in Section 3.1 of this Annex.
- (b) "Anti-Corruption Guidelines" means 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.
- (c) "Cash Transfers" means an emergency safety net grant provided out of the proceeds of the Grant to an Eligible Beneficiary pursuant to the criteria and requirements set forth in the Operations Manual.
- (d) "Category" means a category set forth in the table in Section 4.2 of the Annex to this Agreement.
- (e) "Closing Date" has the meaning provided in Section 4.3(c) of this Annex.
- (f) "COVID-19" means the coronavirus disease caused by the 2019 novel coronavirus (SARS-CoV-2).
- (g) "Eligible Beneficiary" means a family of or an individual Venezuelan migrant(s) or refugee(s) in areas prioritized by the Recipient including, *inter alia*: Lima, Piura, Trujillo and Tumbes, which meet(s) the criteria set forth in the Operations Manual, including prioritization and grouping according to their level of vulnerability; collectively referred to as "Eligible Beneficiaries".
- (h) "Environmental and Social Commitment Plan" or "ESCP" means the environmental and social commitment plan for the Activities dated 24 February 2021, 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 Activities, 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.

- (i) “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.
- (j) “Financial Regulations” has the meaning given in Section 5.5(a) of this Annex.
- (k) “Financial Management Framework Agreement” or “FMFA” means the Financial Management Framework Agreement between the World Bank and the United Nations dated March 10, 2006, duly acknowledged and acceded by IOM through a Letter dated 23 June 2017.
- (l) “Incremental Operating Costs” means the reasonable costs required for the day-to-day coordination, administration and supervision of the Activities, including, *inter alia*, leasing and/or routine repair and maintenance of vehicles, fuel of specialized vehicles, equipment, facilities and office premises, office supplies, utilities, consumables, communication expenses, translation, printing, photocopying and postal expenses, bank charges, advertising expenses, insurance, Activities-related meeting expenses and Activities-related travel.
- (m) “Indirect Service Cost” or “ISC” means the IOM overhead applicable to the Activities related to COVID assistance equal to 5% of the Grant.
- (n) “IOM’s Financial Regulations” means the financial regulations of IOM dated 5 December 2008.
- (o) “Operations Manual” or “OM” means the manual referred to in Section 2.2 of this Annex.
- (p) “Personal Data” means any information relating to an identified or identifiable individual. An identifiable individual is one who can be identified by reasonable means, directly or indirectly, by reference to an attribute or combination of

attributes within the data, or combination of the data with other available information. Attributes that can be used to identify an identifiable individual include, but are not limited to, name, identification, number, location data, online identifier, metadata and factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of an individual.

- (q) “Procurement Plan” means the Recipient’s procurement plan for the Activities dated November 24, 2020, and referred to Section 3.1 of this Annex, as the same shall be updated from time to time with the concurrence of the Bank.
- (r) “World Bank” means, collectively, the Bank and the International Development Association.
- (s) “World Bank Group” means the International Development Association, the Bank, the International Finance Corporation, the International Center for the Settlement of Investment Disputes, and the Multilateral Investment Guarantee Agency.

2. *Implementation Generally*

2.1. (a) The Recipient shall: (i) carry out the Activities with due diligence and efficiency, in accordance with the provisions of this Annex; (ii) promptly provide the funds, facilities, services and other resources required for that purpose; (iii) furnish all information covering the Activities and the use of the proceeds of the Grant as the Bank shall reasonably request; (iv) from time to time exchange views with the Bank’s representatives on the progress and results of the Activities; (v) use its reasonable best efforts with the authorities of the Republic of Peru to enable the Bank to visit the territory of the Republic of Peru for purposes related to the Grant; and (vi) cause all goods and services financed out of the proceeds of the Grant to be used exclusively for the purposes of the Grant.

(b) Without limitation on the foregoing, the Recipient shall, if the Bank shall so request, prepare and furnish to the Bank promptly upon completion of the Activities a report, in form and substance satisfactory to the Bank, on the results and impact of the Activities.

2.2 ***Operations Manual.*** (a) The Recipient shall prepare in accordance with terms of reference acceptable to the Bank, an operations manual (“Operations Manual”), providing details of arrangements and procedures for the implementation of the Activities, including inter alia: (i) administrative, institutional administration, coordination and day-to-day execution of the Activities; (ii) procurement, financial management, and disbursement arrangements; (iii) detailed guidelines, policies and procedures for the provision of Cash Transfers to Eligible Beneficiaries, including but not limited to systems for monitoring and evaluation of the implementation of Cash Transfers; (iv) evaluation criteria for Eligible Beneficiaries among the Venezuelan population in the targeted regions acceptable to the Bank; (v) monitoring, evaluation, reporting, information, education and communication arrangements of the Activities; and (vi) detailed guidelines and procedures for Personal Data collection and processing in accordance with applicable law and good international practice.

(b) Notwithstanding the provisions under paragraph 2.1 above, the Recipient shall ensure that the Activities are carried out in accordance with the Operations Manual; provided, however, that in case of any conflict between the provisions of the Operations Manual on the one hand, and those of this

Agreement on the other, the provisions of this Agreement shall prevail. The Recipient shall not amend or waive any provisions of the Operations Manual without the prior written agreement of the Bank.

2.3 **Data Protection.** Except as may otherwise be explicitly required or permitted under this Agreement or as may be explicitly requested by the Bank, in sharing any information, report, or document related to the Activities described in Section 1.1 of this Annex, the Recipient shall ensure that such information, report, or document does not include Personal Data.

2.4 **Anti-Corruption.** The Recipient shall carry out the Activities subject to the provisions of this Annex and the following undertakings:

- 2.4.1. (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 Activities 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 of the Activities), 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) The Recipient will discuss the information with the Bank in accordance with the Cooperation Agreement between the World Bank and the Recipient dated May 11, 2018 (the "Cooperation Agreement") to agree on the course of action, including investigation and/or recovery of amounts pertaining to this Agreement.
 - (c) Without limitation to paragraph (b) above, 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 Bank, credit any funds so recovered to the Bank or agree with the Bank to use these funds for the Activities.
- 2.4.2. The Bank 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 Financing if the Bank reasonably believes the actions taken by the Recipient under Section 2.4.1 above or the Cooperation Agreement have not been sufficient to fulfill its fiduciary obligation with respect to the Financing.
- 2.4.3. The Bank has the right and authority, pursuant to the Anti-Corruption Guidelines, to investigate any allegations or other information relating to possible corrupt, fraudulent, coercive, or collusive practices (as defined in Section 2.4.5 below) by any third party, and to sanction or take remedial action against 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.
- 2.4.4. (a) The Recipient will require any party 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 Activities implementation.

- (b) If the Recipient intends to issue a contract in connection with the Activities 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 2.4.4(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 on the final deadline for withdrawal applications in accordance with Section 4.3(c).

2.4.5. For the purposes of the provisions of this Section 2.4, 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.

2.5 *Environmental and Social Standards.*

- (a) The Recipient shall ensure that the Activities are carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.
- (b) Without limitation upon paragraph (a) above, the Recipient shall ensure that the Activities are implemented in accordance with the ESCP, in a manner acceptable to the Bank. To this end, the Recipient shall ensure that:
 - (i) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
 - (ii) sufficient funds are available to cover the costs of implementing the ESCP;

- (iii) 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
 - (iv) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
- (c) In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
- (d) The Recipient shall ensure that:
- (i) 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 Bank, setting out, inter alia: (A) the status of implementation of the ESCP; (B) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (C) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (ii) the Bank is promptly notified of any incident or accident related to or having an impact on the Activities which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, including, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.
- (e) The Recipient shall establish, publicize, maintain and operate an accessible grievance mechanism to receive and facilitate resolution of concerns and grievances of Activities-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.

3. Procurement

3.1. All goods, non-consulting services and consulting services required for the Activities 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 that have been assessed and found to be acceptable to the Bank, and the Procurement Plan.

3.2. If the 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 Bank, the Bank may, in addition to the Bank's other rights under this Agreement, revoke the procurement provisions set out in paragraph 3.1 above.

3.3 Notwithstanding Section 2.1(b) above, the Recipient shall furnish to the Bank an Activities report, in form and substance satisfactory to the Bank, no later than forty-five (45) days after each calendar semester following the effectiveness of this Agreement. The Recipient shall ensure that each Activities report contains an update on the implementation of the Activities under the Procurement Plan.

4. *Withdrawal of Grant Proceeds*

4.1. The amount of the Grant shall be credited to an account opened by the Bank on its books in the name of the Recipient (“Grant Account”), and be withdrawn therefrom by the Recipient in accordance with the provisions of this paragraph 4, for expenditures in respect of the reasonable cost of goods and services required for the Activities and to be financed out of the proceeds of the Grant (sometimes hereinafter referred to as “eligible expenditures”). Withdrawals from the Grant Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Agreement.

4.2. The table below sets forth the Categories of items to be financed out of the proceeds of the Grant, the allocation of the amounts of the Grant to each Category, and the percentage of expenditures for items so to be financed in each Category:

<u>Category</u>	<u>Amount of the Grant Allocated (in USD)</u>	<u>Percentage of Expenditures to be Financed (exclusive of taxes)</u>
Cash Transfers, goods, non-consulting services, consultants’ services, Incremental Operating Costs and Indirect Service Cost to IOM under the Activities of the Grant	3,499,797	100%
TOTAL	<u>3,499,797</u>	

4.3. Notwithstanding the provisions of paragraph 4.2 above:

(a) No withdrawals shall be made from the Grant Account for payments made for expenditures prior to the date of signature of this Agreement by the Bank, except that withdrawals, in an aggregate amount not exceeding USD 1,399,918, may be made on account of payments made for expenditures before that date but after January 1, 2021 (but in no case more than 12 months before the date of this Agreement);

(b) The Recipient may withdraw amounts of the Grant only to the extent that such amounts are available to the Bank from the Donors to the SPF for the purposes of the Grant; and

(c) No withdrawals shall be made from the Grant Account after June 30, 2022 or such later date that the Bank shall establish by notice to the Recipient (“Closing Date”). However, withdrawals may be made after the Closing Date for expenditures incurred prior to the Closing Date if the corresponding withdrawal application is received by the Bank within four months after the Closing Date, after which time any amount of the Grant remaining unwithdrawn from the Grant Account shall be canceled.

4.4. When the Recipient shall desire to withdraw any amount from the Grant Account, it shall deliver to the Bank an electronic application for withdrawal of such amount in the form specified by the Bank. Withdrawal applications shall be: (a) signed on behalf of the Recipient by the IOM Chief of Mission or such other person as he or she shall have authorized in writing; and (b) accompanied by

such evidence in support of the application as the Bank shall reasonably request. Authenticated specimen signatures of the person authorized to sign withdrawal applications shall be provided prior to the first application bearing his or her signature. Each withdrawal application for an amount of the Grant and its supporting evidence must be sufficient in form and substance to satisfy the Bank that the Recipient is entitled to withdraw such amount from the Grant Account and that such amount is to be used in the carrying out of the Activities. The Bank shall pay the amounts withdrawn by the Recipient from the Grant Account only to or on the order of the Recipient.

4.5. Withdrawals from the Grant Account shall be made on the basis of the interim unaudited financial reports referred to in paragraph (c) of Section 5 and under such other terms and conditions as the Bank shall specify by notice to the Recipient contained in the Disbursement Letter addressed or to be addressed by the Bank to the Recipient for purposes of the Grant.

4.6. Withdrawals of the proceeds of the Grant shall be made in the currency of the Grant. The Bank, at the Recipient's request and acting as an agent of the Recipient, shall purchase with the currency of the Grant withdrawn from the Grant Account such currencies as shall be required to pay for expenditures to be financed out of the proceeds of the Grant. Whenever such currency purchase by the Bank due to Recipient's request shall be necessary, for the purposes of this Agreement, to determine the value of one currency in terms of another, such value shall be as reasonably determined by the Bank.

5. ***Financial Management; Financial Reports; Audits***

(a) The Recipient shall maintain a financial management system, including records and accounts, adequate to reflect the transactions related to the Activities in accordance with the applicable policies, procedures and guidance in the IOM's Financial Regulations, the FMFA document signed by IOM on June 23, 2017, and IN/267 "Financial Management Rules and Procedures", dated October 19, 2018 of the IOM (hereinafter referred to collectively as the "Financial Regulations"). Any changes to the Financial Regulations that occur after the signing of this Agreement will be shared with the Bank within thirty (30) days of their adoption.

(b) 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 in a manner that allows for the clear and separate identification of the activities financed by the Bank. In the event that the Recipient becomes aware of factors related to any transactions or activities financed by the Bank that require additional scrutiny, the Recipient will promptly notify the Bank to determine whether a joint review is required or additional measures implemented to mitigate any emerging risks.

(c) The Recipient shall prepare periodic financial statements, in accordance with the Financial Regulations and accounting standards acceptable to the Bank. The Recipient shall prepare, on a semi-annual basis, interim unaudited financial reports related to the Activities. The first said interim unaudited financial report shall be furnished to the Bank no later than forty-five (45) days after the end of the first semester after the Effective Date, and shall cover the period from the incurrence of such semester; thereafter, each interim unaudited financial report shall be furnished to the Bank not later than forty-five (45) days after each subsequent semester, and shall cover such semester.

(d) The Recipient shall ensure that the audit of the Activities is governed by: (i) the Financial Regulations as applicable; (ii) the Financial Management Framework Agreement; and (iii) made available to the Bank within ten (10) days of public disclosure on the IOM website. In addition

and as agreed by the Recipient and the Bank, the Recipient shall carry out any additional due diligence activities as agreed by the Recipient and the Bank in separate terms of reference.

(e) The Recipient shall retain, until at least one year or standard practice of the IOM, whichever is longer, after the Bank has received the final interim unaudited financial report, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing all expenditures in respect of which withdrawals of the proceeds of the Grant in accordance with Section 4.1 of this Annex have been made.

6. *Suspension and Cancellation*

6.1. The Bank may at any time, by notice to the Recipient, suspend the right of the Recipient to make further withdrawals from the Grant Account if any of the following events has occurred and is continuing: (a) the Recipient has failed to comply with any of its obligations herein specified; or (b) the right of the Recipient to make withdrawals under any loan agreement with the Bank or any development credit, grant or financing agreement with the International Development Association has been suspended; or (c) if, by notice sent jointly to the United Nations and the Recipient pursuant to paragraph (iv) of Section 9 of the Financial Management Framework Agreement, 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 (d) if, by notice sent jointly to the United Nations and the Recipient pursuant to sub-paragraph (a) of paragraph (iii) of Section 10 of the Financial Management Framework Agreement, the Bank confirms that alternative financial management arrangements mutually acceptable to the Bank and the relevant UN Organization were not reached within the period stipulated therein; or (e) if the Bank determines at any time that a reference in sub-paragraph (a) or (d) of paragraph 5 of the Annex to this Agreement to the Recipient's financial regulations and rules is incomplete or inaccurate in any material respect; or (f) if the Bank revokes the application of the Alternative Procurement Arrangements pursuant to paragraph 3.2 of this Annex.

6.2. The Bank may, by written notice to the Recipient, terminate the right of the Recipient to make further withdrawals from the Grant Account: (a) at any time after the right of the Recipient to make withdrawals from the Grant Account has been suspended pursuant to the provisions of paragraph 6.1 above; or (b) if the Recipient has failed to take action, satisfactory to the Bank, within six months after the effective date of this Agreement, to carry out the Activities.