

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

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October 3, 2006

Mr. Jens Toyberg-Frandzen
Special Representative
United Nations Development Programme
Programme of Assistance to the Palestinian People
4A Ya'qubi Street
P.O. Box 51359
Jerusalem

Re: Avian and Human Influenza Facility Grant for
Avian Influenza Prevention and Control Project
Grant Number TF057369

Dear Mr. Toyberg-Frandzen:

I am writing on behalf of the International Bank for Reconstruction and Development/International Development Association (the World Bank) to indicate the World Bank's agreement, as administrator of the Avian and Human Influenza Facility, to make a grant in an amount not exceeding three million dollars (US\$ 3,000,000) (the Grant) to United Nations Development Programme (UNDP) (the Recipient), for the Palestine Liberation Organization for the benefit of the Palestinian Authority.

The Grant is made in response to the Recipient's request for financial assistance with the project described in paragraph 2.01 of Annex I to this Letter Agreement (the Project), on the terms and conditions set forth in Annex I to this Letter Agreement. The Recipient represents, by confirming its agreement below, that it is authorized to contract and withdraw the Grant for the said purposes and on the said terms and conditions.

Please confirm your agreement with the foregoing, on behalf of the Recipient, by signing, dating, and returning to us the enclosed copy of this Letter Agreement. Upon receipt by the World Bank of the copy of this Letter Agreement countersigned by you, this Letter Agreement will become effective as of the date of the countersignature.

Very truly yours,

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT/INTERNATIONAL
DEVELOPMENT ASSOCIATION

By 

A. David Craig
Director

West Bank and Gaza

AGREED:

UNITED NATIONS DEVELOPMENT PROGRAMME

By 

Name Jens Fogberg-Frandsen

Title Special Representative

Date: 3/10/06

Article I
Standard Conditions; Definitions

1.01 **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 20, 2006 (“Standard Conditions”), with the modifications set forth in the Annex II to this Agreement, constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement; provided that for the purposes of this Agreement the term “Project”, whenever used in the Standard Conditions, shall mean the Activities referred to in Section 2.01 of this Annex.

Article II
Grant Execution

2.01. **Grant Objective and Activities.** The objective of the Project is to assist the Recipient in: (a) minimizing the threat posed to humans by the Highly Pandemic Avian Influenza (HPAI) infection and other zoonoses in domestic poultry; and (b) preparing for, controlling, and responding to avian influenza pandemic and other infectious disease emergencies among humans. The activities (“Activities”) for which the Grant is given are as follows:

A. Animal Health and Veterinary Services

1. Carrying out of policy and planning activities through: (a) preparing policy and bio-safety standards and regulations for backyard and commercial poultry; (b) provision of training to the national veterinary services staff on the implementation of the new the bio-safety measures; (c) preparing a training scheme to raise awareness among the farmers on implementation of the new bio-safety measures; (d) supporting a dialogue between partner veterinary services for synchronization and relevance of the bio-safety measures; (e) establishing a technical team composed of selected veterinary services technicians.

2. Carrying out a program for surveillance and diagnostic capacity building through, *inter alia*: (a) the provision of technical assistance, and training to field staff; (b) the provision of personal protective equipment for field technicians; (c) carrying out of epidemiological studies and surveillance programs to inform the improvement of disease control measures; and (d) the provision of vaccines to field staff.

3. Strengthening animal disease surveillance and diagnostic capacity through the provision of one (1) equipped veterinary laboratory in Gaza, and the upgrading of an existing laboratory in the West Bank, including the provision of requisite training for laboratory technicians.

4. Support for: (a) the activities related to culling of infected and at-risk poultry and the provision of cash compensation, from compensation payments, to poultry owners for poultry culled by order of the Palestinian Authority; (b) the disposal of carcasses and potentially infective

materials in a bio-secure and environmentally acceptable manner; and (c) training of staff on procedures to cull infected and at-risk poultry, and data collection.

B. Human Health

1. Support for policy and framework through: (a) the establishing of inter-sectoral command and control system structures; (b) the identifying of laws and regulations requiring revisions or to be established; (c) the preparing of an emergency response plan, including the carrying out of field testing; (d) the developing of operational manuals/procedures to guide field staff and health professionals in the implementation of inspection and public health response; and (e) the establishing of rapid communication channels between decision-makers, line-ministries, technical experts, and media with the different levels of health system, and the existing hotline for information to the public.

2. Support for prevention and human safety through: (a) the protection of highly exposed groups and other workers involved in culling, disposal and extension field and medical field staff involved in the identification of the disease; and (b) the social mobilization and raising public awareness.

3. Provision of support for strengthening public health surveillance systems through: (a) enhancing the capacity building of existing laboratories; (b) provision of training to laboratory technicians on quality control and bio-safety guidelines; and (c) the developing of clinical and virological surveillance criteria and reporting protocols/systems for Influenza-like illnesses, fevers on unknown origin and (c) conducting field serological and epidemiological surveys.

4. Strengthening the health system response capacity through: (a) the provision of training to field staff in the areas of, detection, diagnosis, testing, clinical management, epidemiology, reporting and bio-safety of relevance to influenza-like illness and other relevant infectious diseases; (b) the developing a comprehensive implementation plan for “social distancing” measures, including: (i) the designing of a communication action plan to prevent contracting HPAI; and (ii) the provision of seasonal influenza vaccination to high-risk workers; (c) the provision of technical assistance to complete a needs assessment of the existing hospital capacity and establishment of isolation units; (d) the developing of social distancing measures, treatment guidelines and hospital infection control guidelines, including developing strategies to increase hospital bed availability, provision of training to health personnel, vaccines, and other medical supplies; and (e) the developing of protocols and procedures for managing medical waste.

C. Capacity Building

1. Provision of technical assistance and goods to the Recipient’s Project Implementing Unit of the Project (PIU).

2. Support for the preparation of a Project Operational Manual (POM) including: (a) the Project implementation arrangements; (b) the Project financial management procedures and disbursement modalities; and (c) the Project procurement arrangements, and other administrative, financial, technical and organizational arrangements required for the Project.

2.02. *Grant Execution Generally.* The Recipient declares its commitment to the objectives of the Project and the Grant. To this end, the Recipient shall carry out the Activities in accordance with the provisions of Article II of the Standard Conditions and this Article II.

2.03. *Institutional and Other Arrangements.*

(a) The Recipient shall carry out the Project in accordance with the provisions of the Project Operational Manual, and except as the World Bank shall otherwise agree, the Recipient shall not amend or waive any provision of such manuals if, in the opinion of the World Bank, such amendment or waiver may materially and adversely affect the carrying out of the Project or the achievement of the objectives thereof.

(b) The Recipient shall maintain a PIU in a form and with functions, staffing and resources satisfactory to the World Bank (including specialists in procurement, financial management, monitoring and evaluation and outreach). PIU shall have overall responsibility for day to day Project implementation and management.

2.04. *Financial Management*

(a) The Recipient shall maintain or cause to be maintained a financial management system, including records and accounts, and prepare financial statements in accordance with consistently applied accounting standards acceptable to the World Bank, adequate to reflect the operations, resources and expenditures related to the Activities.

(b) Upon the World Bank's request, the Recipient shall: (i) have the financial statements referred to in subparagraph (a) above audited for the period indicated in the World Bank's request, in accordance with auditing standards, acceptable to the World Bank, by independent auditors acceptable to the World Bank; (ii) furnish to the World Bank as soon as available, but in any case not later than six months after the date of the World Bank's request for such audit, (A) certified copies of the financial statements referred to in subparagraph (a) above for such period, as so audited, and (B) an opinion on such statements by said auditors, in scope and detail satisfactory to the World Bank; and (iii) furnish to the World Bank such other information concerning such records and accounts and the audit of such financial statements, and concerning said auditors, as the World Bank shall have reasonably requested.

(c) For all expenditures with respect to which withdrawals from the Grant Account were made on the basis of report based disbursements, the Recipient shall: (i) retain, until at least one year after the end of the fiscal year in which the last withdrawal from the Grant Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures; (ii) furnish to the World Bank other relevant information concerning such records and the World Bank shall have requested; and (iii) ensure that such reports are included in any audit that the World Bank may have requested pursuant to subparagraph (b) above.

2.05. *Reporting.*

(a) The Recipient shall maintain regular contact with the World Bank and provide to the World Bank quarterly progress reports, and Financial Monitoring Reports (FMRs), in a form and substance satisfactory to the World Bank on the status of the implementation of the Project, starting three months after the date of effectiveness of this Letter Agreement.

(b) The Recipient shall prepare and furnish to the World Bank, not later than six (6) months after the completion of the Project, a report summarizing the activities financed under the Grant and assessing results achieved against the objective of the Project.

2.07. *Procurement*

(a) Except as the World Bank shall otherwise agree, procurement of the goods, works and services required for the carrying out of the Project and to be financed out of the proceeds of the Grant shall be governed by sub-paragraphs (b), (c), (d), (e) and (f) of this paragraph 2.07 to this Annex, as said provisions may be further elaborated in a procurement plan approved by the World Bank (the Procurement Plan), covering the initial 6 months (or longer) period of implementation of the Activities. The Recipient shall update the Procurement Plan in accordance with guidelines acceptable to the World Bank, and furnish such update to the World Bank not later than 3 months after the date of the preceding Procurement Plan, for the World Bank's approval.

(b) General. All goods and services required for the Activities and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

(i) Section I of the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the World Bank in May 2004 ("Procurement Guidelines"), in the case of goods, works and services (other than Consultants' Services); and

(ii) Sections I and IV of the "Guidelines: Selection and Employment of Consultants by World Bank Recipients" published by the World Bank in May 2004 ("Consultant Guidelines"), in the case of consultants' services.

(c) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or the Consultant Guidelines, as the case may be.

(d) Particular Methods of Procurement of Goods, Works, and Services (Other than Consultants' Services)

Except as the World Bank may otherwise agree, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding (ICB), Modified ICB, Limited International Bidding, National Competitive Bidding, Shopping, Direct Contracting and Procurement from UN Agencies.

(e) Particular Methods of Procurement of Consultants' Services

(i) Except as otherwise provided in item (ii) below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

(ii) The following methods may be used for the procurement of consultants' services for those assignments which the Bank agrees meet the requirements set forth in the Consultant Guidelines for their use: (A)

Quality-based Selection; (B) Selection under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants' Qualifications; (E) Single-source Selection; and (F) Selection of Individual Consultants.

(f) Review by the World Bank of Procurement Decisions. Except as the World Bank shall otherwise specify by notice to the Recipient, the first contract to be awarded following each procurement method shall be subject to Prior Review by the World Bank. All other contracts shall be subject to Post Review by the World Bank.

Article III
Withdrawal of the Proceeds of the Grant

3.01. *Eligible Expenditures.* (a) The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of (i) the Standard Conditions, (ii) this Section, and (iii) such additional instructions as the World Bank may specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<u>Category</u>	<u>Amount of the Grant Allocated (in US Dollars)</u>	<u>% of Expenditures to be Financed</u>
(1) Works	286,000	100%
(2) Goods	603,000	100%
(3) Consultants' Services	1,224,500	100%
(4) Compensation Payments	700,000	100%
(5) Incremental Operating Costs	16,500	100%
(6) Administration Fees (6%)	170,000	
 TOTAL	 <u><u>3,000,000</u></u>	

- (b) For purposes of this Annex:
- (i) the term "Compensation Payments" means the payments by the Recipient out of the proceeds of the Grant to be utilized to pay cash compensation to poultry owners for poultry culled and referred to in Part A.4 of paragraph 2.01 to this Agreement; and

- (ii) the term “Incremental Operating Costs” means expenditures incurred to finance the reasonable and necessary incremental expenses incurred by PIU on account of Project implementation, management and monitoring, including travel costs of PIU staff and consultants and cost of communications, supplies, stationery, office equipment, rental vehicles, fuel, rent and utilities and equipment maintenance.

3.02. The World Bank shall arrange to have the funds to be paid to the Recipient in one installment upon receipt of a signed copy of the Agreement. The contribution shall be deposited into UNDP Contributions Account 015-0-02284, Chase Manhattan Bank, New York.

3.03. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made: (a) for payments made prior to the date of countersignature of this Agreement by the Recipient; (b) for expenditures under Category (4) in the table in paragraph 3.01 above, unless a compensation procedures manual, satisfactory to the World Bank, has been adopted by the Recipient, and the Compensation Payments are being made in accordance with criteria and procedures set forth in the compensation procedures manual; and (c) on account of payments for any identifiable taxes levied by, or in the parts of, the West Bank and Gaza under the jurisdiction of the Palestinian Authority on or in respect of Eligible Expenditures.

3.04. The Recipient shall exercise the same care in the administration of the funds of the Grant as it exercises in the administration of its own funds, having due regard to economy and efficiency and the need to uphold the highest standards of integrity in the administration of public funds.

3.05. The Grant shall be disbursed in US dollars.

3.06. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is August 31, 2007. In the event that any Grant funds remain uncommitted by the Closing Date, such funds shall be returned to the World Bank or used in accordance with a prior written agreement to be entered into between Recipient and the World Bank

Article IV Recipient’s Representative; Addresses

4.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is Mr. Toyberg-Frandzen.

4.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

United Nations Development Programme
Programme of Assistance to the Palestinian People
4A Ya'qubi Street
P.O. Box 51359
Jerusalem

4.03. *World Bank's Address.* The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable:

Telex:

Facsimile:

INTBAFRAD

INDEVAS

Washington, D.C.

248423 (MCI) or
64145 (MCI)

1-202-477-6391

Modifications to the Standard Conditions

The Standard Conditions are modified as follows:

1. Section 2.09 is amended to read as follows:

“Section 2.09. *Visits*. The Recipient shall, throughout the implementation of the Project and for a period of ten years thereafter:

(a) enable the representatives of the World Bank to visit any part of the West Bank and Gaza under the jurisdiction of the Palestinian Authority for purposes related to the Grant; and

(b) enable the World Bank’s representatives: (i) to visit any facilities and sites included in the Project; and (ii) to examine the goods financed out of the proceeds of the Grant, and any documents relevant to the performance of its obligations under the Grant Agreement.”

2. Sub-section (a) of Section 3.07 of amended to read as follows:

“Section 3.07. *Financing Taxes*.

(a) The Grant Agreement may specify that the proceeds of the Grant may not be withdrawn to pay for Taxes levied by, or in the parts of West Bank and Gaza under the jurisdiction of the Palestinian Authority on or in respect of Eligible Expenditures, or on their importation, manufacture, procurement or supply. In such case, if the amount of any such Taxes decreases or increases, the World Bank may, by notice to the Recipient, adjust the percentage of such Eligible Expenditures to be financed out of the proceeds of the Grant specified in the Grant Agreement, as required to ensure consistency with such limitation on withdrawals.”

3. Sub-sections (a) and (g) of Section 4.02 are deleted, and consequently, Sub-sections (b) through (i) are re-lettered as Sub-sections (a) through (g).

4. Re-lettered Sub-section (b) of Section 4.02 is amended to read as follows:

“(b) *Cross Suspension*. IBRD or IDA has suspended in whole or in part the right of the Recipient or any agency thereof, or any entity in the West Bank and Gaza under the jurisdiction of the Palestinian Authority, to make withdrawals under any agreement with IBRD or with IDA because of a failure by the Recipient or any agency thereof, or any entity in the West Bank and Gaza under the jurisdiction of the Palestinian Authority, to perform any of its obligations under such agreement or any other agreement with IBRD or IDA.”

5. Re-lettered Sub-section (e) of Section 4.02 is amended to read as follows:

“(e) *Assignment of Obligations; Disposition of Assets.* The Recipient (or any other entity responsible for implementing any part of the Project) has, without the consent of the World Bank: (i) assigned or transferred, in whole or in part, any of its obligations arising under or entered into pursuant to the Grant Agreement; or (ii) sold, leased, transferred, assigned, or otherwise disposed of any property or assets financed wholly or in part out of the proceeds of the Grant; provided, however, that the provisions of this paragraph shall not apply with respect to transactions in the ordinary course of business which, in the opinion of the World Bank: (A) do not materially and adversely affect the ability of the Recipient (or such other entity) to perform any of its obligations arising under or entered into pursuant to the Grant Agreement or to achieve the objectives of the Project; and (B) do not materially and adversely affect the financial condition or operation of the Project implementation entity.”

6. Re-lettered Sub-section (f) of Section 4.02 is amended to read as follows:

“(f) *Condition of Recipient.* If the Grant has been made to a Recipient which is not a member of IBRD:

- (i) Any action has been taken for the dissolution, disestablishment or suspension of operations of the Project implementation entity.
- (ii) The Project implementation entity has ceased to exist in the same legal form as that prevailing as of the date of the Grant Agreement.
- (iii) In the opinion of the World Bank, the legal character, ownership or control of the Project implementation entity has changed from that prevailing as of the date of the Grant Agreement so as to materially and adversely affect the ability of the Recipient (or such other entity) to perform any of its obligations arising under or entered into pursuant to the Grant Agreement, or to achieve the objectives of the Project.”

7. Sub-section (c) of Section 4.03 is amended to read as follows:

“(c) *Misprocurement; Fraud and Corruption.* The World Bank: (i) determines, with respect to any contract to be financed out of the proceeds of the Grant, that (A) the procurement of such contract is inconsistent with the procedures set forth or referred to in the Grant Agreement; or (B) corrupt, fraudulent, collusive or coercive practices were engaged in by representatives of the Recipient or the Palestinian Authority during the procurement or the execution of such contract, without the Recipient having taken timely and appropriate action satisfactory to the World Bank to remedy the situation; and (ii) establishes the amount of expenditures under such contract which would otherwise have been eligible for financing out of the proceeds of the Grant.”

8. Sub-section (a) of Section 4.05 is amended to read as follows:

“(a) If the World Bank determines that an amount of the Grant has been used in a manner inconsistent with the provisions of the Grant Agreement or these Standard Conditions, the Recipient shall, upon notice by the World Bank to the Recipient, promptly refund such amount to the World Bank. Such inconsistent use shall include, without limitation, use of such amount to: (i) make a payment for an expenditure that is not an Eligible Expenditure; or (ii) finance a contract

during the procurement or execution of which corrupt, fraudulent, collusive or coercive practices were engaged in by representatives of the Recipient or the Palestinian Authority, without the Recipient having taken timely and appropriate action satisfactory to the World Bank to remedy the situation.”

9. Sub-section (j) of Section 5.03 is amended to read as follows:

“(j) If, within thirty days after counterparts of the award have been delivered to the parties, the award has not been complied with, any party may: (i) enter judgment upon, or institute a proceeding to enforce, the award in any court of competent jurisdiction against any other party; (ii) enforce such judgment by execution; or (iii) pursue any other appropriate remedy against such other party for the enforcement of the award and the provisions of the Grant Agreement. Notwithstanding the foregoing, this Section shall not authorize any entry of judgment or enforcement of the award against the Recipient except as such procedure may be available otherwise than by reason of the provisions of this Section.”

10. Paragraph (17) of the Appendix is deleted and, consequently, paragraphs (18) through (26) are re-numbered as paragraphs (17) through (25).