

LOAN NUMBER 9116-IR

Project Agreement

(Iran COVID-19 Emergency Response Project)

between

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

and

WORLD HEALTH ORGANIZATION

PROJECT AGREEMENT

AGREEMENT between INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) and the World Health Organization (“Project Implementing Agency,” or “WHO”) (“Project Agreement”) in connection with the Loan Agreement (“Loan Agreement”) of the Signature Date between Islamic Republic of Iran (“Borrower”) and the Bank, concerning Loan No. 9116-IR.

WHEREAS: (A) in response to the global outbreak of the coronavirus disease (“COVID-19”), the World Bank Group has established a Fast Track COVID-19 Facility to provide emergency financing, policy advice, and technical assistance to eligible recipients to assist in addressing health related and development impact of COVID-19;

(B) WHO is contemporaneously signing an Agreement for Delivery of Outputs (“Outputs Agreement”) with the Borrower under which WHO undertakes certain responsibilities over implementation of the Project, more specifically to be outlined in Annex I of the Outputs Agreement.

The Bank and WHO hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Loan Agreement or the General Conditions.

ARTICLE II — PROJECT

- 2.01. WHO shall carry out the Project in accordance with the provisions of Article V of the General Conditions and the Schedule to this Agreement, and shall provide, promptly as needed, the funds, facilities, services and other resources required for the Project.

ARTICLE III — REPRESENTATIVE; ADDRESSES

- 3.01. WHO’s Representative is the Country Representative for the Islamic Republic of Iran.
- 3.02. For purposes of Section 10.01 of the General Conditions: (a) the Bank’s address is:

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

(b) the Bank’s Facsimile is 1-202-477-6391

3.03. For purposes of Section 10.01 of the General Conditions: (a) WHO's address is:

20 Avenue Appia
1211 Geneva 27
Switzerland

(b) WHO's Electronic Address is: hamelmann@who.int and emrgodaf@who.int

AGREED as of the later of the two dates written below.

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By Saroj Kumar Jha
Authorized Representative
Name: Saroj Kumar Jha
Title: Country Director
Date: 14-Jun-2020

WORLD HEALTH ORGANIZATION

By Christoph Hamelmann
Authorized Representative
Name: Christoph Hamelmann
Title: WHO Representative, I.R.Iran
Date: 14-Jun-2020

SCHEDULE

Execution of the Project

Section I. Implementation Arrangements

A. Third Party Verification

1. WHO shall appoint a Verification Agent, to be financed out of the proceeds of the Loan, on the terms of reference (including qualification requirements) prepared by WHO in consultation with the Borrower and satisfactory to the Bank. The procurement document, evaluation report and draft contract for such Verification Agent shall be submitted to the Bank for its review prior to finalizing and issuing the contract for services of the Verification Agent, all in accordance with Annex I of the Outputs Agreement.
2. The Verification Agent shall carry out a verification of the Project implementation, including, *inter alia*, (a) verification of Eligible Goods procured; (b) stock balances by storage locations; (c) verification through post-delivery visits to all Beneficiary Facilities that equipment has been installed and used as intended; and (d) environmental and social performance, including the functioning of the GRM. Each verification report shall cover a period of a calendar quarter.
3. WHO shall furnish a report of said verification to the Bank and the Borrower not later than forty five (45) days after the end of each quarter, and, upon its acceptance by the Bank, shall publish the report on its website.

B. Environmental and Social Standards

1. WHO shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.
2. Without limitation upon paragraph 1 above, WHO shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Bank. To this end, WHO shall ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and provided in the ESCP;
 - (b) sufficient funds 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 Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.

3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
4. WHO 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 Bank, 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;
 - (b) the grievance redress mechanism established by the Borrower is implemented in accordance with the Environmental and Social Standards; and
 - (c) the Bank is promptly notified of any incident or accident 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.

C. Anti-Corruption

1. WHO shall carry out the Project subject to the provisions of the General Conditions and the following undertakings:
 - (a) In the event that WHO 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 Loan (including non-frivolous allegations that corrupt, fraudulent, collusive or coercive practices were undertaken in relation to any activity under the Project), WHO 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) Following consultation between WHO and the Bank, WHO will, to the extent the information relates to actions within the authority or accountability of WHO, take timely and appropriate action in accordance with its accountability and oversight framework, including applicable regulations, rules, and administrative instructions, to investigate this information. WHO and the Bank agree and acknowledge that WHO has no authority over, and accordingly shall have no responsibility to investigate, any government official or officials or consultants of the Bank.
 - (c) To the extent such investigation confirms the allegations and to the extent that remedial action is within the authority of WHO, WHO will take timely and appropriate action in

response to the findings of such investigation, in accordance with WHO's accountability and oversight framework, including its regulations, rules, policies and procedures.

- (d)
 - (i) To the extent consistent with WHO'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.C.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.
 - (ii) WHO will use its best efforts, consistent with its regulations, rules, policies and procedures, to recover any funds misused.
 - (iii) WHO will, in consultation with the Bank, credit any funds so recovered to the Borrower or agree with the Borrower to use these funds for a purpose mutually agreed upon.
- 2.
 - (a) In the event that the Bank reasonably believes that timely and appropriate action has not been taken by WHO under Section I.C.1 above, the Bank may request direct consultations at a senior level between the Bank and WHO in order to obtain assurances that WHO's oversight and accountability mechanisms have been and are being fully applied in connection with such allegations.
 - (b) WHO and the Bank take note of the provisions of Article VIII of the United Nations Financial Regulations and Rules and WHO's corresponding relevant provisions in its Financial Regulations and Rules.
- 3.
 - (a) 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.C.6 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 WHO.
 - (b) To the extent consistent with WHO's oversight framework, including its regulations, rules, policies and procedures, and if requested by the Bank, WHO shall cooperate with the Bank in the conduct of such investigations.
- 4. Without limitation to the provisions of paragraph C.1 of this Section, the Bank retains the right to conduct an investigation in connection with the information referred to in paragraph C.1(a) of this Section and any information provided to WHO 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 Financing, except that the Bank may not investigate WHO or other United Nations agency. In all such investigations, WHO agrees to facilitate such investigations.
- 5.
 - (a)
 - (i) WHO 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 sub-contract financed with the proceeds of the Loan to disclose to WHO whether it is subject to any sanction or temporary suspension imposed by any organization within the World Bank Group.

- (ii) WHO will give due regard to such sanctions and temporary suspensions, as disclosed to it when issuing contracts during the Project implementation.
 - (b) If WHO intends to issue a sub-contract in connection with the Project with a party that has disclosed to WHO that it is under sanction or temporary suspension by the World Bank Group, the following procedure will apply: (i) WHO 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 WHO to discuss WHO's decision; and (iii) if after such consultation, WHO elects to proceed with the issuance of the contract, the Bank may inform WHO by notice, that the proceeds of the Loan may not be used to fund such contract.
6. For the purposes of the provisions of this Section I.C, the following definitions of prohibited 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.

Section II. Progress Monitoring, Reporting and Evaluation

A. Progress Reports

1. WHO shall prepare and furnish to the Borrower and the Bank: (a) *quarterly progress reports*, in a format prepared by WHO in consultation with the Borrower and agreed to by the Bank, summarizing procurement and distribution of Eligible Goods; (b) implementation of ESCP and functioning of the GRM; (c) status of the indicators in the Project results framework; and (d) information on any problems or obstacles that the Project Implementing Agency has faced in the implementation of the Project.
2. The progress reports shall also include: (a) a narrative and financial summary of the status of activities to demonstrate the progress towards the outputs and the linkage between the

payments made under the Outputs Agreement and the deliverables; and (b) a quarterly financial report containing information reflected in Paragraph B.4 below.

3. This progress report shall be submitted within thirty (30) days from the end of each calendar quarter.

B. Accounts and Audits

1. WHO 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 its Financial Rules and Financial Regulations (“Financial Regulations”).
2. WHO shall maintain in a separate account in its records (“Financing Control Account”) a complete, true and faithful record of all the advances from the proceeds of the Loan and of all the expenditures paid from such advances.
3. WHO shall retain all records (contracts, orders, invoices, bills, receipts and other documents) evidencing expenditures under the Project until at least the later of: (a) one (1) year after the Bank has received the interim unaudited financial reports covering the period during which the last withdrawal from the Financing Account was made; and (b) two (2) years after the Closing Date.
4. WHO shall prepare and furnish to the Borrower and the Bank, no later than thirty (30) days after the end of each quarter, *interim unaudited financial reports* on the use of funds, including: (a) statement of cash contributions/receipts and expenditures; and (b) explanatory notes, including schedules showing breakdown of funds received, breakdown of expenditures, list of goods procured by type, quantity and cost.
5. WHO shall, at the request of the Bank, carry out an audit of Project activities with terms of reference acceptable to the Bank.

Section III. Other Undertakings

1. Any funds received by WHO under the Outputs Agreement which are not applied to the cost of the agreed activities and deliverables to achieve the agreed outputs in accordance with the Outputs Agreement, and any procured Eligible Goods not delivered to the Beneficiary Facilities shall be deemed as ineligible expenditures. Such ineligible expenditures shall be treated as part of the balance of funds in favor of the Borrower under the Outputs Agreement, and WHO, upon consultation with the Borrower, shall refund these funds directly to the Bank.
2. In the event the Bank suspends the Project, WHO shall cease the use of uncommitted funds immediately upon receiving notice of suspension from the Bank and hold such uncommitted funds in its bank account until further notice by the Bank.
3. For all contracts with a value exceeding USD 25,000, WHO shall publish a public notice of award of contract, containing information satisfactory to the Bank, within ten (10)

business days from the WHO's notification of contract award to the successful bidder/proposal/consultant. Notwithstanding the foregoing, it is understood that WHO will not be required to publish the actual contract or information that may constitute a breach of confidentiality that would expose WHO to third party claims or liabilities.

4. WHO shall not transfer or channel any of the proceeds of the Loan to and/or through any Borrower's government entities.
5. WHO shall not transfer or channel any of the proceeds of the Loan to public officials or employees employed by any government entities of the Borrower.
6. WHO shall not, without the express written consent of the Bank, lease vehicles for purposes of implementing activities under the Project from WHO's staff or public officials or employees of any Borrower's government entities, or their immediate family members.
7. To the extent that the head of the WHO Country Office in Iran is formally granted any exceptions to WHO's established internal policies and regulations relating to financial or procurement matters pertaining to the delivery of the Project that require approval at the level of WHO's Regional Director or above, then the head of the WHO Country Office in Iran shall indicate such exceptions in the quarterly progress reports submitted to the Bank and the Borrower under Section II.A(1) above. Without prejudice to any remedies otherwise available to the World Bank as part of this Outputs Agreement, it is understood that this information is provided for informational purposes only and does not give the Bank the right to request that the waiver decision be reversed or to question WHO's reasoning for approving the waiver. Furthermore, it is understood that this obligation is exceptional and is therefore not to be regarded as precedent setting for other projects involving WB or IDA funding.

APPENDIX

Section I. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. Section 2.06 (*Financing Taxes*) is deleted in its entirety, and the remaining sections in Article II are renumbered accordingly.
2. Section 5.07 (*Plans; Documents; Records*), Section 5.09 (*Financial Management, Financial Statements, Audits*), Section 5.13 (*Procurement*) and Section 5.14 (*Anti-Corruption*) are respectively deleted in their entirety, and the remaining sections in Article V are renumbered accordingly.
3. In Section 5.10 (renumbered as Section 5.08) (*Cooperation and Consultation*), paragraph (a) is modified as follows:

“(a) from time to time, at the request of either one of them, exchange views on the Project, the Financing, and the performance of their respective obligations under the Legal Agreement;”
4. In Section 5.11 (renumbered as Section 5.09) (*Visits*), paragraphs (a) and (b) are, respectively, modified to read as follows:

“(a) The Project Implementing Agency shall take all action necessary or useful to facilitate that the Member Country affords all reasonable opportunity for representatives of the Bank to visit any part of their territories for purposes related to the Loan or the Project.”

“(b) The Project Implementing Agency shall enable the Bank’s representatives: (i) to visit any facilities and construction sites included in the Project; and (ii) to examine the goods financed out of the proceeds of the Loan for the Project, and any plants, installations, sites, works, buildings, property, equipment, relevant to performance of its obligations under the Legal Agreement.”
5. Section 6.01 is deleted in its entirety.
6. Sections 7.02(h) (*Co-financing*) is deleted in its entirety and the remaining sections in Section 7.02 under Article VII are renumbered accordingly.
7. Sections 8.01 (*Enforceability*), 8.02 (*Failure to Exercise Rights*), and 8.03 (*Arbitration*) under Article VIII are, respectively, deleted and replaced with the provisions of Section 21 of the FMFA.
8. Paragraphs 5 and 17 of the Appendix (*Definitions*) are, respectively, deleted in their entirety and the remaining paragraphs in the Definitions are renumbered accordingly.