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CONFORMED COPY

GRANT NUMBER TF092237

World Bank Iraq Trust Fund Grant Agreement

(Regional Health Emergency Response Project)

between

**MINISTRY OF HEALTH OF KURDISTAN REGIONAL GOVERNMENT OF
THE REPUBLIC OF IRAQ**

and

**INTERNATIONAL DEVELOPMENT ASSOCIATION
(Acting as Administrator of the World Bank Iraq Trust Fund)**

Dated June 19 , 2008

WORLD BANK IRAQ TRUST FUND GRANT AGREEMENT

AGREEMENT dated June 19, 2008, entered into between: MINISTRY OF HEALTH OF KURDISTAN REGIONAL GOVERNMENT OF THE REPUBLIC OF IRAQ (“MOH” or “Recipient”); and INTERNATIONAL DEVELOPMENT ASSOCIATION (“World Bank”), acting as administrator of grant funds (“Grant Funds”) contributed by various donors (collectively “Donors”)¹ to the World Bank Iraq Trust Fund (“ITF”).

The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions

1.01. The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 20, 2006 (“Standard Conditions”), with the following modifications, constitute an integral part of this Agreement:

(a) Section 4.02(c) is modified to read in its entirety as follows:

“(c) *Cross Suspension.* IBRD or IDA has suspended in whole or in part the right of the Recipient (or of the Member Country if the Recipient is not the Member Country) or of any other recipient of grant funds contributed by various donors to the World Bank Iraq Trust Fund to make withdrawals under any agreement with IBRD or with IDA because of a failure by the Recipient (or by the Member Country) or by such other recipient to perform any of its obligations under such agreement or any other agreement with IBRD or IDA.”

(b) A new Section 4.02(i) is added after Section 4.02(h), to read in its entirety as follows, and the existing Section 4.02(i) is re-lettered as Section 4.02(j):

“(i) *Payment Failure.* The Member Country has failed to make payment (notwithstanding the fact that such payment may have been made by a third party) of principal, interest, service charge or any other amount due to IBRD or IDA: (i) under any agreement between the Member Country and IBRD; or (ii) under any agreement between the Member Country and IDA; or (iii) in consequence of any guarantee extended or other financial obligation of any kind assumed by IBRD or IDA to any third party with the agreement of the Member Country.”

¹ The following donors have provided their contributions to the World Bank Iraq Trust Fund: Australia, Canada, European Community, Finland, Iceland, India, Japan, Republic of Korea, Kuwait, Netherlands, Norway, Qatar, Spain, Sweden, Turkey, United Kingdom, and United States.

- 1.02. 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 and the following additional terms have the following meanings:
- (a) “Environmental and Social Screening and Assessment Framework” means the Environmental and Social Screening and Assessment Framework dated December 10, 2007 which shall be used for the Project.
 - (b) “Implementation Manual” means the Implementation Manual adopted jointly by the Recipient and UNOPS and setting out, *inter alia*, details of all procedures, guidelines, timetables and criteria required for the Project, including the procurement, financial, administrative, safeguard and operational arrangements relating to the carrying out of the Project, and referred to in paragraph 2 of Section I of Schedule 2 to this Agreement.
 - (c) “PCU” means the Project Coordination Unit established within the MOH to coordinate all Project activities as set forth in the Implementation Manual.
 - (d) “Procurement Plan” means the Recipient’s procurement plan for the Project, dated May 22, 2008 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
 - (e) “Project Implementation Agreement” means the agreement satisfactory to the World Bank, entered into between the Recipient and UNOPS for the purposes of day to day Project implementation, including, *inter alia*, UNOPS’s responsibilities for procurement, financial management, disbursement and reporting activities under the Project, and referred to in paragraph 1 of Section I of Schedule 2 to this Agreement.
 - (f) “UNOPS” means United Nations Office for Project Services, the entity employed by the Recipient for the purposes of Project implementation pursuant to provisions of the Project Implementation Agreement.

**Article II
The Project**

- 2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement (“Project”). To this end, the Recipient shall carry out the Project through UNOPS in accordance with the provisions of Article II of the Standard Conditions.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

**Article III
The Grant**

- 3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to eight million seven hundred thousand Dollars (\$8,700,000) (“Grant”) to assist in financing the Project.
- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.

**Article IV
Recipient’s Representative; Addresses**

- 4.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Minister of Health Kurdistan Regional Government of Iraq.
- 4.02. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Health of Kurdistan Regional Government

Erbil Governorate
Qala Street, Erbil
Republic of Iraq

Telephone:

00964 66 2230086

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

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable:	Telex:	Facsimile:
INDEVAS Washington, D.C.	248423 (MCI) or 64145 (MCI)	1-202-477-6391

IN WITNESS WHEREOF, the parties hereto, acting through their representatives duly authorized, have caused this Agreement to be signed in their respective names as of the day and year first above written.

MINISTRY OF HEALTH OF KURDISTAN REGIONAL
GOVERNMENT OF THE REPUBLIC OF IRAQ

By /s/ Abdelrahman Yones

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION
(acting as Administrator of the World Bank Iraq Trust Fund)

By /s/ Hedi larbi

Authorized Representative

IRAQI STRATEGIC REVIEW BOARD

By /s/ Huda Malik

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to assist the Kurdistan Regional Government to build capacity in the establishment of rapid, coordinated and effective response services to health emergencies, including those resulting from acts of violence, accidents, or natural disasters.

The Project consists of the following parts:

Part A: **Emergency Coordination Centers**

Strengthening emergency coordination and response in the Northern Governorates of Erbil, Sulaymaniya and Dohuk through: (a) establishment of an Emergency Coordination Center (ECC) in each of these Governorates; and (b) provision of ECC related equipment, including telecommunications equipment and ambulances, and equipment related training.

Part B: **Capacity Building and Training in Emergency Procedures**

Building capacity of medical and paramedical staff providing pre-hospital emergency services through the provision of: (a) technical assistance for the development of new procedures for health staff assigned to pre-hospital emergency services; and (b) training of doctors, nurses, emergency medical technicians, paramedics, and ambulance drivers of ECCs and other emergency health centers.

Part C: **Blood Banks**

Upgrading the capacity of existing blood transfusion services through: (a) improvements in the quality of collection, screening, testing, processing, storage and distribution of blood and blood products; (b) construction of, and provision of laboratory equipment for, a blood bank in Erbil; (c) renovation of, and provision of laboratory equipment for the existing blood bank in Sulaymaniya; and (d) renovation of, and provision of laboratory equipment for the existing blood bank in Dohuk.

Part D: **Project Management**

Strengthening the Recipient's capacity for the Project management, monitoring and evaluation, including establishment of the PCU and training of PCU staff, and financing of UNOPS's service fee and Operating Costs.

SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

1. The Recipient shall:
 - (a) enter into the Project Implementation Agreement, acceptable to the World Bank, with UNOPS, and shall assign to UNOPS day to day Project management responsibilities for procurement, financial management, disbursement and reporting activities under the Project; and
 - (b) exercise its rights under the Project Implementation Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant, and except as the World Bank shall otherwise agree, shall not assign, amend, abrogate or waive the Project Implementation Agreement or any of its provisions.
2. The Recipient, through UNOPS, shall implement the Project in accordance with the provisions of the Implementation Manual and of the Environmental and Social Screening and Assessment Framework, which shall be an integral part of the Implementation Manual, and shall maintain the Implementation Manual in form and content satisfactory to the World Bank and shall not assign, amend, abrogate or waive the Implementation Manual or any provision thereof without the prior approval of the World Bank.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Recipient, through UNOPS, shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators agreed with the World Bank. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.
2. The Recipient, through UNOPS, shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

B. Financial Management; Financial Reports; Audits

1. The Recipient shall cause UNOPS to ensure that: (a) a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions; and (b) interim unaudited financial reports for the Project are prepared and furnished to the World Bank as part of the Project Report not later than one month after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.
2. The Recipient, through UNOPS, shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

Section III. Procurement**A. General**

1. **Procurement and Consultant Guidelines.** All goods, works and services required for the Project 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:
 - (a) Section I of the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the World Bank in May 2004 (“Procurement Guidelines”) in the case of goods and works, and Sections I and IV of the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004 (“Consultant Guidelines”) in the case of consultants’ services; and
 - (b) the provisions of this Section III, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines (“Procurement Plan”).
2. **Definitions.** The capitalized terms used below in 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 Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Works.** The following methods, other than International Competitive Bidding, may be used for procurement of goods and works for those contracts specified in the Procurement Plan: (a) Limited International Bidding; (b) National Competitive Bidding, subject to additional provisions set forth in the Annex to this Schedule 2; and (c) Shopping.

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those assignments which are specified in the Procurement Plan (a) Selection based on Consultants' Qualifications; (b) Single-source Selection;.

D. Review by the World Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the World Bank's Prior Review. All other contracts shall be subject to Post Review by the World Bank.

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, (b) this Section, and (c) 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 table in paragraph 2 below.
2. The following 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:

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods	4,450,000	100%
(2) Works	1,620,000	100%
(3) Consultants' services	200,000	100%
(4) Training	320,000	100%
(5) UNOPS service fee	415,000	100%
(6) Operating Costs		100%
(a) UNOPS	1,185,000	
(b) PCU	75,000	
(7) Unallocated	435,000	100%
TOTAL AMOUNT	8,700,000	

For the purposes of this paragraph:

(a) the term "Training" means training courses, workshops and seminars conducted under the Project, including purchase and publication of materials, rental of facilities and equipment, course fees, and travel and subsistence of trainees; and

(b) the term "Operating Costs" means incremental operating costs incurred by: (i) UNOPS on account of Project management, implementation, and monitoring activities, including office rental and maintenance, office supplies, utility charges, banking charges, personnel cost, travel and per diem expenditures of UNOPS staff as required to implement Project activities, and (ii) by PCU on account of office supplies, vehicle fuel and maintenance, communication services, Project related staff travel and per diem expenditures; and other

miscellaneous costs directly associated with the Project and acceptable to the World Bank.

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the date of this Agreement.
2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2010.

**ANNEX TO
SCHEDULE 2**

**Additional Provisions Applicable to
National Competitive Bidding**

1. Standard bidding documents approved by the Administrator shall be used.
2. Invitations to bid shall be advertised in at least one widely circulated national daily newspaper and bidding documents shall be made available to prospective bidders, at least twenty-eight (28) days prior to the deadline for the submission of bids.
3. Bids shall not be invited on the basis of percentage premium or discount over the estimated cost.
4. Bidding documents shall be made available, by mail or in person, to all who are willing to pay the required fee.
5. Foreign bidders shall not be precluded from bidding and no preference of any kind shall be given to national bidders.
6. Qualification criteria (in case pre-qualifications were not carried out) shall be stated in the bidding documents, and if a registration process is required, a foreign firm determined to be the lowest evaluated bidder shall be given reasonable opportunity of registering, without any hindrance i.e. no non-registration status should be considered as a non-eligibility-to-bid criterion.
7. Bidders may deliver bids, at their option, either in person or by courier service or by mail.
8. Bids shall be opened in public in one place preferably immediately, but no later than one (1) hour, after the deadline for submission of bids.
9. Evaluation of bids shall be made in strict adherence to the criteria disclosed in the bidding documents, in a format, and within the specified period, agreed with the Administrator.
10. Bids shall not be rejected merely on the basis of a comparison with an official estimate without the prior concurrence of the Administrator.
11. Split award or lottery in award of contracts shall not be carried out. When two or more bidders quote the same price, an investigation shall be made to determine any evidence of collusion, following which: (A) if collusion is determined, the parties involved shall be disqualified and the award shall

then be made to the next lowest evaluated and qualified bidder; and (B) if no evidence of collusion can be confirmed, then fresh bids shall be invited after receiving the concurrence of the Administrator.

12. Contracts shall be awarded to the lowest evaluated bidders within the initial period of bid validity so that extensions are not necessary. Extension of bid validity may be sought only under exceptional circumstances.
13. Extension of bid validity shall not be allowed without the prior concurrence of the Administrator: (A) for the first request for extension if it is longer than eight (8) weeks; and (B) for all subsequent requests for extensions irrespective of the period.
14. Negotiations shall not be allowed with the lowest evaluated or any other bidders.
15. Re-bidding shall not be carried out without the Administrator's prior concurrence.
16. All contractors or suppliers shall provide performance security as indicated in the contract documents. A contractor's or a supplier's performance security shall apply to a specific contract under which it was furnished.
17. A provision shall be included in bidding documents and in contracts financed by the Grant requiring bidders, suppliers and contractors to permit the Bank to inspect their accounts and records and other documents relating to the bid submission and contract performance and to have them audited by auditors appointed by the Bank.