

CONFORMED COPY

GRANT NUMBER TF056832

PHRD Grant Agreement

**(Co-financing Avian and Human Influenza Control and
Preparedness Emergency Project)**

between

KINGDOM OF CAMBODIA

and

**INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as Administrator of PHRD Grants Provided by Japan**

Dated May 8, 2008



GRANT NUMBER TF056832

PHRD GRANT AGREEMENT

AGREEMENT dated May 8, 2008, between KINGDOM OF CAMBODIA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“World Bank”), acting as administrator of grant funds provided by Japan under the Policy and Human Resources Development Fund. 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”) constitute an integral 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 Standard Conditions, in this Agreement, or in the Financing Agreement of the same date as this Agreement for the Project (the “Financing 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 (the “Project”). To this end, the Recipient shall carry out Part A of the Project through MAFF, Part B of the Project through MOH, and Part C of the Project through NCDM 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 and the provisions in Schedule 2 to the Financing 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 PHRD grant in an amount equal to three million United States Dollars (\$3,000,000) (“the Grant”) to co-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
Additional Remedies**

4.01. The Additional Events of Suspension referred to in Section 4.02(i) of the Standard Conditions consist of the following:

(a) Cofinancing. (i) Subject to sub-paragraph (ii) of this paragraph: (A) the Recipient's right to withdraw the proceeds of the IDA Grant and the AHI Grant has been suspended, canceled or terminated in whole or in part, pursuant to the terms of the Financing Agreement and the Avian and Human Influenza Facility Grant Agreement of the same date as this Agreement respectively; and (ii) Sub-paragraph (i) of this paragraph shall not apply if the Recipient establishes to the satisfaction of the World Bank that: (A) such suspension, cancellation, or termination was not caused by the failure of the Recipient to perform any of its obligations under said Financing Agreement and said Avian and Human Influenza Facility Grant Agreement; and (B) adequate funds for the Project are available from other sources on terms and conditions consistent with the Recipient's obligations under this Agreement.

(b) Event prior to Effectiveness. The World Bank has determined after the Effective Date referred to in Section 5.01 of this Agreement that prior to such date but after the date of this Agreement, an event has occurred which would have entitled the World Bank to suspend the Recipient's right to make withdrawals from the Grant Account if this Agreement had been effective on the date such event occurred.

**Article V
Effectiveness, Termination**

5.01. This Agreement shall come into force and effect on the date upon which the Financing Agreement becomes effective ("Effective Date").

5.02. If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice of effectiveness until such event (or events) has (or have) ceased to exist.

5.03. Termination for Failure to Become Effective. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date 90 days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article VI
Recipient's Representative; Addresses

6.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is Recipient's Minister of Economy and Finance.

6.02. The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Economy and Finance
92nd Street
Sangkat Wat Phnom, Khan Daun Penh
Phnom Penh
Kingdom of Cambodia

Facsimile: (855- 23) 427-798

6.03. 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

AGREED at Phnom Penh, Cambodia, as of the day and year first above written.

KINGDOM OF CAMBODIA

By: /s/ Ouk Rabun

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION acting
as an Administrator of the PHRD Grants provided by Japan

By: /s/ Ian Porter

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to assist the Recipient in implementing its Comprehensive Avian and Human Influenza (AHI) National Plan, specifically, to minimize the threat posed to humans and to the poultry industry by AHI infection, and to prepare for, control, and respond if necessary to human influenza pandemics. The Project consists of the following parts:

Part A: Animal Health

1. Improving the Recipient's veterinary services at central, provincial, municipal, district, and village levels.
2. Strengthening the Recipient's capacity in HPAI investigation and rapid response to disease outbreaks through: providing emergency vaccinations on a trial basis, providing resources to the Department of Animal Health and Production of MAFF to implement emergency responses; and undertaking surveillance and epidemiological studies.
3. Reviewing high risk practices in production and marketing of poultry and implementing appropriate measures to reduce these risks.
4. Conducting information, education and communications (IEC) campaigns to improve the knowledge and understanding of AHI diseases among the general public, including stakeholders involved in the poultry production, marketing, and processing.
5. Preparing animal health staff for pandemic response; and preparing a sectoral pandemic preparedness and response plan.
6. Providing operational support to the Coordinating Unit of the Department of Animal Health and Production under MAFF for implementing this Component A.

Part B: Human Health

1. Providing training to health care providers, including the development of reference materials for use by health care providers.
2. Providing training and operating support to provincial rapid response teams in the areas of surveillance, investigation, and rapid response.
3. Strengthening the capacity of the Recipient's referral hospitals in case management and infection control.

4. Strengthening the capacity of the Recipient's public health laboratories to perform testing for H5N1 virus and other respiratory pathogens.
5. Developing health sector policy guidelines and provincial pandemic preparedness plans.
6. Providing training to staff of provincial and district health care centers/hospitals, relevant government agencies, and border quarantine staff for H5N1 virus rapid containment; and supporting the implementation of rapid containment measures.
7. Providing operational support to the PIU within MOH for implementing this Component B.

Part C: Interministerial Coordination for Pandemic Preparedness, Project Coordination and Management

1. Strengthening the capacity of NCDM, including: (a) development of draft legislation on pandemic preparedness planning and decrees/sub-decrees defining NCDM's roles and responsibilities; (b) strengthening the capacity of the NCDM General Secretariat and internal units to oversee implementation of coordination among ministries and external partners for pandemic preparedness activities.
2. Preparing and carrying out a pandemic preparedness, response, and recovery program (PPRRP), including preparation of the PRRP and PRRP testing through conducting simulations of disaster preparedness and emergency response.
3. Establishing a monitoring and evaluation system for implementation of the National Plan; and developing and implementing a reporting system for emergency information management.
4. Incorporating pandemic preparedness activities into community-based disaster risk reduction programs.
5. Providing operational support to NCDM for the implementation of this Component C and for overall coordination and management of the Project.

SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

Project Management

1. The Recipient shall maintain, in each case with terms of reference, staffing, funds and other resources acceptable to the Association, throughout the period of implementation of the Project:

(a) the Coordination Unit within the Department of Animal Health and Production of MAFF to be responsible for day-to-day management and coordination of Part A of the Project;

(b) the Project Implementation Unit (PIU) within MOH to be responsible for day-to-day management and coordination of Part B of the Project; and

(c) the General Secretariat of NCDM to be responsible for:
(i) implementation of Part C of the Project; and (ii) overall coordination and management of the Project.

Project Implementation

2. The Recipient shall:

(a) by September 30, 2008, adopt and thereafter implement the Project Implementation Plan, acceptable to the Association, which shall include the description of: (i) Project implementation arrangements and the work plan and budget for calendar year 2008; (ii) procurement arrangements consistent with Section III of this Schedule 2; (iii) accounting, financial management, and audit procedures, consistent with paragraph B of Section II of this Schedule 2; (iv) monitoring and evaluation arrangements; (v) terms of reference for preparing annual work programs and budgets; and (vi) copies of the Environmental Management Plan and the Ethnic Minorities Planning Framework, and

(b) not amend, abrogate, suspend, or waive any provisions of said Project Implementation Plan without the prior concurrence of the Association. In case of any conflict between the provisions of this Agreement and those of the Project Implementation Plan, the provisions of this Agreement shall prevail.

3. The Recipient shall: (a) by July 31, 2008, prepare and adopt an Environmental Management Plan and an Ethnic Minorities' Planning Framework for the Project, acceptable to the Association; and disclose said plan and framework in a manner

satisfactory to the Association; and (b) thereafter carry out the Project in accordance with said plan and framework, in a manner satisfactory to the Association. The Recipient further undertakes not to amend, abrogate, suspend, or waive any provisions of said plan and framework without the prior concurrence of the Association.

4. The Recipient shall:

(a) by no later than September 30 of each year, commencing in 2008, prepare and provide to the Association for its review and comment an annual work plan and budget for the next succeeding calendar year, together with the financing plan, including sources of funds, therefor; and

(b) thereafter implement in a manner satisfactory to the Association such annual work plan and budget as shall have been agreed with the Association.

5. The Recipient shall carry out the Project in accordance with the provisions of the Good Governance Framework, and the Anti-Corruption Guidelines in a manner satisfactory to the Association.

Section II. Project Monitoring, Reporting, Evaluation

A. Project Reports.

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the indicators agreed with the Association. Each Project Report shall cover the period of one (1) calendar semester, and shall be furnished to the Association not later than forty-five (45) days after the end of the period covered by such report.
2. By April 30 of each year commencing in 2009, and by April 30, 2010, the Recipient shall hold an annual review and a mid-term review, respectively, with the Association to evaluate the progress in Project implementation and in achievement of the Project objectives and two (2) months thereafter submit annual review and mid-term review reports to the Association for review.

B. Financial Management, Financial Reports and Audits.

1. The Recipient through MAFF and NCDM shall no later than September 30, 2008 establish and thereafter maintain a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association as part of the Project Report not later than

forty five (45) days after the end of each calendar quarter, interim un-audited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one (1) fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

Section III. Procurement

A. General.

1. **Goods and Works.** All goods and works required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Schedule.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Schedule.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association 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 table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used:

Procurement Method
(a) National Competitive Bidding subject to procedures listed in the Annex 1 to this Schedule
(b) Shopping
(c) Procurement from UN Agencies
(d) Direct Contracting

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 table specifies methods of procurement, other than Quality- and Cost-based Selection, which may be used for consultants’ services. The Procurement Plans shall specify the circumstances under which such methods may be used.

Procurement Method
(a) Quality-based Selection
(b) Selection based on Consultants’ Qualification
(c) Least Cost Selection
(d) Single Source Selection
(e) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants
(f) Sole Source Procedures for the Selection of Individual Consultants

D. Review by the Association of Procurement Decisions.

Except as the Association shall otherwise determine by notice to the Recipient, the following contracts shall be subject to Prior Review by the Association: (a) each contract for goods and works estimated to cost the equivalent of \$100,000 or more; (b) each contract for goods and works to be procured through Direct Contracting and Procurement from UN Agencies methods, regardless of contract value thereof; (c) the first contract for goods and works to be procured through National Competitive Bidding method under each Part of the Project, regardless of contract value thereof; (d) each contract for consultants services provided by a firm estimated to cost the equivalent of \$100,000 or more; (e) each contract for consultants services provided by an individual estimated to cost the equivalent of \$50,000 or more; and (f) each contract for consultants’ services to be procured through Single-source and Sole-source Selection methods, regardless of contract value thereof. All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of the Proceeds of the Grant

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 Association 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.

<u>Category</u>	<u>Amount of the Financing Allocated (expressed in USD)</u>	<u>Percentage of Expenditures to be Financed (inclusive of taxes)</u>
1. Part B of the Project (a) Training/workshops (b) Consultants’ services	220,000 1,869,000	100%
2. Part C of the Project Consultants’ services	911,000	100%
TOTAL AMOUNT	<u>3,000,000</u>	

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, except that withdrawals up to an aggregate amount not to exceed \$300,000 equivalent may be made for payments made prior to this date but on or after February 15, 2008, for Eligible Expenditures under Categories (1) and (2).
2. The Closing Date referred to in Section 3.06(c) of the Standard Conditions is December 31, 2011.

Section V. Other Undertakings

1. Unless otherwise agreed to between the Recipient and the Association, and for the purposes of Section III of Schedule 2 to this Agreement, the Recipient shall use the services of a procurement agent engaged by the MEF under terms of reference satisfactory to the Association for all procurement to be undertaken under the Project except for through Direct Contracting, Procurement from United Nations Agencies, and Single-Source and Sole-Source Selection methods.
2. For the purposes of Section III of Schedule 2 to this Agreement, guidance for implementing the Procurement Guidelines and the Consultant Guidelines is provided in the Kingdom of Cambodia's Externally Assisted Project Procurement Manual: Goods, Works and Services, issued under Sub-Decree 14 dated February 26, 2007, on Promulgating of the Standard Procedure for Implementing the World Bank and the Asian Development Bank Assisted Projects.

Annex to Schedule 2

National Competitive Bidding Procedures

The procedure to be followed for National Competitive Bidding shall be those set forth in the *Sub-decree 14 on Promulgating of the Standard Procedure for Implementing the World Bank and the Asian Development Bank Assisted Projects* dated February 26, 2007 and relevant provisions of the *Royal Government of Cambodia Externally Assisted Project Procurement Manual for Goods, Works and Services* with modifications set forth below in order to ensure economy, efficiency and transparency and broad consistency with the provisions of Section I of the *Guidelines for Procurement under IBRD Loans and IDA Credits* published by the Bank/Association in May 2004 and revised in October 2006 (the Guidelines) as required by paragraph 3.3 and 3.4 of the Guidelines.

1. Eligibility

The eligibility of bidders shall be as defined under Section I of the Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the Association for reasons other than those provided in Section I of the Guidelines. Foreign bidders shall not be asked or required to form joint ventures with national bidders in order to submit a bid. Bidders located in the same province or city as the procuring entity shall not be given preference over bidders located outside that city or province.

2. Qualification Criteria

The assessment of the qualification of a bidder shall be conducted separately from the technical and commercial evaluation of the bid and in strict adherence to the qualification criteria that shall be clearly specified in the bidding documents. Such assessment shall only take into account a bidder's capacity and resources to perform the contract, specifically its experience and past performance on similar contracts, capabilities with respect to personnel, equipment and construction and manufacturing facilities, and financial capacity.

3. Bid Submission, Bid Opening and Bid Evaluation

(a) The evaluation of a bid shall be made in strict adherence to the criteria that shall be clearly specified in the bidding documents and quantified in monetary terms for evaluation criteria other than price; merit points shall not be used in bid evaluation.

(b) No bidder shall be rejected on the basis of a comparison with the Recipient's estimate and budget ceiling without the Association's prior concurrence.

(c) A copy of the minutes of the public bid opening shall be promptly provided to all bidders and to the Association with respect to contracts subject to Prior Review.

(d) Neither shall all bids be rejected nor shall new bids invited without Association's prior written concurrence.

4. Complaints by Bidders and Handling of Complaints

The Recipient shall implement an effective and independent protest mechanism allowing bidders to protest and to have their protests handled in a timely manner.

5. Fraud and Corruption

The Association shall declare a firm or individual ineligible, either indefinitely or for a stated period, to be awarded a contract financed by the Association, if it at any time determines that the firm or individual has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for, or in executing, a contract financed by the Association.

6. Right to Inspect/Audit

Each bidding document and contract financed from the proceeds of the Financing shall include a provision requiring bidders, suppliers, contractors and subcontractors to permit the Association, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract and to have said accounts and records audited by auditors appointed by the Association. The deliberate and material violation by a bidder, supplier, contractor or subcontractor of such provision may amount to obstructive practice.

APPENDIX**Definitions**

- (a) “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.
- (b) “Categories” means categories (1), and (2) set forth in the table in Section IV of Schedule 2 to this Agreement.
- (c) “Coordination Unit” means the unit referred to in paragraph 1(a) of Section I of Schedule 2 to this Agreement.
- (d) “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004 and revised in October 2006.
- (e) “EMP” and “Environmental Management Plan” mean the environmental management plan to be adopted by the Recipient, and referred to in paragraph 3 of Section I of Schedule 2 to this Agreement, which sets forth measures to mitigate any adverse environmental impact that may result from the implementation of the Project, as said Plan may be amended from time to time with the prior agreement of the Association.
- (f) “Ethnic Minorities Planning Framework” means the ethnic minorities planning framework to be adopted by the Recipient and referred to in paragraph 3 of Section I of Schedule 2 to this Agreement, which sets forth the guidelines, satisfactory to the Association, to address any social or cultural impact on ethnic minorities caused by the execution of the Project, including screening and monitoring procedures and the development of ethnic minorities development plan or plans, where applicable, as said framework may be amended from time to time with the prior agreement of the Association.
- (g) “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006).
- (h) “Good Governance Framework” means the framework dated February 14, 2008 satisfactory to the Association setting out the Recipient’s anti-corruption measures for the Project, adopted by MAFF, MOH, and NCDM on February 14, 2008, and referred to in paragraph 5 of Section I of Schedule 2 to this Agreement.
- (i) “H5N1” means a subtype of the Influenza A virus with the H5 and N1 subtypes.

- (j) “HPAI” means Highly Pathogenic Avian Influenza.
- (k) “Incremental Operating Costs” means the reasonable cost of incremental expenditures incurred by the Coordinating Unit of MAFF, the PIU of MOF, and the General Secretariat of NCDM, required for the implementation of their Respective Parts of the Project, including the cost of travel and per diem; consumable materials and office supplies; costs of communication and printing; vehicle rental; operation, maintenance and insurance of equipment, vehicles and laboratories; and charges for the Project bank accounts; all of which expenditures would not have been incurred absent the Project, but excluding the salaries of the Recipient’s civil servants.
- (l) “PIU” means the project implementation unit referred to in paragraph 1(b) of Section I of Schedule 2 to this Agreement.
- (m) “Procurement Guidelines” means the “Guidelines: Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004 and revised in October, 2006.
- (n) “Procurement Plans” means, collectively, the procurement plans prepared by each of MAFF, MOH, and NCDM for its Respective Part of the Project, each dated February 14, 2008 and adopted by MAFF, MOH, and NCDM on February 14, 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.
- (o) “MAFF” means the Recipient’s Ministry of Agriculture, Forestry and Fisheries, and any successor thereto.
- (p) “MEF” means the Recipient’s Ministry of Economy and Finance, and any successor thereto.
- (q) “MOH” means the Recipient’s Ministry of Health, and any successor thereto.
- (r) “National Plan” means the Recipient’s Comprehensive Avian and Human Influenza National Plan.
- (s) “NCDM” means the Recipient’s National Committee for Disaster Management, and any successor thereto.
- (t) “Project Implementation Plan” means the plan referred to in paragraph 2 of Section I of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior agreement of the Association.

- (u) “Respective Part of the Project” means in respect of MAFF, Part A of the Project; in respect of MOH, Part B of the Project; and in respect of NCDM, Part C of the Project.