Ms. Mirta Roses Periago  
Director  
Pan American Health Organization  
525 23rd Street, N.W.  
Washington, D.C., 20037

Re: ATN/SF-9618-RG. Nonreimbursable Technical Cooperation for a Program for Preventing and Preparing Latin American and the Caribbean Countries for an Eventual Avian Influenza and Human Pandemic Influenza Threat.

Dear Ms. Roses Periago:

We are pleased to inform you that the Inter-American Development Bank (the "Bank") approved a nonreimbursable technical cooperation to support the preparation of a Program to Prevent and Prepare Latin American and the Caribbean Countries for an eventual Avian Influenza and Human Pandemic Influenza Threat (the "Program"). The terms of this Technical Cooperation are included in the Plan of Operations, which is attached hereto and forms an integral part of this Agreement. The principal aspects of this operation are the following:

1. The Bank shall expend, from the resources of the net income of the Fund for Special Operations, the amount of one hundred-forty nine thousand dollars of the United States of America (US$149,000), or its equivalent in other convertible currencies (the "Contribution") to contract and pay the individual expert(s) or consulting firm(s) (the "Consultants") to meet the objectives of this Technical Cooperation as described in Appendix I. The Contribution is granted on a nonreimbursable basis. Unless otherwise stated in this Agreement, the term “dollars” shall hereinafter refer to the currency of legal tender of the United States of America.

2. PAHO undertakes to assist the Consultants in the performance of their tasks, and to provide the necessary technical, logistic, and secretarial support required for the coordination and development of the Evaluation of Current Preparedness Plans. The cost of PAHO's support for these activities is estimated in an amount equivalent to fifty-one thousand dollars (US$51,000).

3. The contract(s) the IDB may sign with the Consultant(s) to carry out this Technical Cooperation will provide that the intellectual property rights to the final deliverables resulting from the work carried out by the Consultant(s) will be the joint property of the IDB and PAHO. The contract(s) PAHO may sign with any consultant(s) to carry out work under this Technical Cooperation Agreement in connection with the collective assessment tool to evaluate and prepare LAC countries for an avian flu epidemic (hereinafter the collective assessment tool) will provide that the intellectual property rights to the final deliverables resulting from work carried out by the Consultant(s) will be the joint property of PAHO and the IDB. If PAHO’s employees carry out all or part of the work under this Technical Cooperation Agreement relating to the collective assessment tool, then PAHO hereby assigns to the IDB the joint property to the collective assessment tool. The Parties will make the final deliverables derived from the cooperation under this Agreement freely available to the domestic and

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international community, provided that proper credit is given to the IDB and PAHO.

4. The Consultants will be subject to the provisions of their contracts with the Bank and will be hired in accordance with the procedures set forth in Document GN-2350 approved by the IDB’s Board of Executive Directors on January 19, 2005. Approval of Consultants’ reports and work product as well as payment of all consultants’ fees will be the sole responsibility of the IDB. Consultants will not be entitled to any payment, allowance, grant or indemnity from PAHO, including but not limited to travel and transportation expenses and repatriation and will not be covered under the United Nations Joint Staff Pension Fund or the Staff Compensation Plan for service incurred accident, illness or death. When working at PAHO’s premises consultants will be considered visitors.

5. The financing of the consulting services detailed in this Agreement does not imply any commitment whatsoever by the Bank to finance, wholly or partially, any other program or project that might directly or indirectly result from the execution of this Technical Cooperation. The opinions of the Consultants shall not commit the Bank to the same position. The Bank reserves the right to express any comments or reservations regarding such opinions as it may deem appropriate.

Please confirm your acceptance of the terms and conditions of this Agreement, in representation of the PAHO, by signing and returning one original hereof to the Bank’s Headquarters in Washington, D.C.

This Agreement shall be signed in two (2) originals of equal tenor by the duly authorized representatives of the parties hereto, and shall enter into force on the date of its signature by the PAHO’s Representative.

Yours Faithfully,

[Signature]
Nohra Rey de Marulanda
Manager, Integration and Regional
Programs Department

AGREEED:

Pan American Health Organization

[Signature]
Mirta Roses Periago
Director

Date: APR 12 2006

Place: Washington, DC
Plan of Operations

Preventing and Preparing Latin American and the Caribbean Countries for an eventual Avian Influenza and Human Pandemic Influenza Threat

Regional

Project Number: RG-T1194

Project Team: Andre Medici (SDS), Team Leader, Cesar Falconi (SDS), Robert Wilen (DEV), Peter Pfaumann (SDS), Christina Novinskey (SDS), Ricardo Santiago (CFR), Tomas Engler (RE1), Gabriel Montes (RE1), Francisco Basilio de Souza (RE3), Juan Manuel Fariña (RE3), Marie Gaarder (RE2), John Horton (RE2), Nancy Jerusun-Clements (RE2), Bernadete Buchsbaum (LEG/OPR) and Rafael Villa (INT).

Executing Entity: Inter-American Development Bank.

Beneficiaries: Borrowing member countries of the Bank

Sources of Funding:
- IDB (FSO Net Income): US$149,000
- World Health Organization (in kind): US$ 51,000
- Total: US$200,000

Terms:
- From the approval date: 6 months
- Execution period: 8 months

Social and Environmental Review: The project document was sent to SDS/ENV for information and comments. Its main recommendations were taken into consideration in the document (see paragraph 7.1).
warning system. In this phase, the main activities are on strengthening surveillance in animal health, human health and sanitary regulation.

1.7 The implementation of the pre-pandemic phase tasks is crucial for the full implementation of national preparedness plans for a possible influenza pandemic and to prevent the countries' shift to the emergency and the pandemic phase. In those cases in which preparedness measures cannot be properly executed, the Bank should support the countries to make preparedness possible and, of course, to help them whether possible emergency and pandemic situations.

1.8 The preliminary 2005-2007 budget addressing PAHO needs to support countries for responding pandemic influenza, excluding vaccines and antiviral drugs, reaches US$ 31.9 millions. The purchasing of pandemic vaccine and antiviral drugs, for the same period, is estimated at US$ 1.5 billion, value that could varies if technological and production parameters change.

1.9 Many countries in LAC have already started to take action to avoid the spread of the disease in the Region by developing preparedness plans to face a possible epidemic. In November 2005, only Canada, US, Chile and Mexico had completed and published their plans, while the majority of countries had unpublished draft versions available and others were in various stages of preparation. There is still no evaluation of the quality of these plans and most of them are focused only in human health. Many aspects regarding agriculture and environment need to be addressed in those plans.

1.10 The most urgent tasks related with the elaboration and execution of the countries preparedness plans in LAC are: (a) evaluate the current status of the avian flu risks in each LAC country and the infrastructure for animal and human health surveillance and coordination to implement the preparedness plans; (b) elaborate a template and check-lists mechanisms for the preparedness plans; (c) based on the previous task, evaluate the current preparedness plans elaborated in LAC countries; their capability to be implemented and estimate the gaps (inclusive financial gaps) to implement them.

C. Coordination with other official development and finance institutions

1.11 The World initiative to prevent an AI pandemic threat has been coordinated, since the beginning of 2005 by the World Health Organization (WHO), the Food and Agriculture Organization (FAO), the World Organization for Animal Health (OIE) and The World Bank. Most of these efforts are concentrated in worldwide initiatives and in Asia, as the Region with the highest risk.

1.12 The institutional coordination in Latin American and Caribbean was delegated by WHO to the Pan American Health Organization (PAHO), who has co-sponsored two regional meetings in November-December, 2005 to: (a) coordinate with international and bilateral specialized technical cooperation (OIRSA, IICA, FAO, OIE, USAID and others) and multilateral banks (World Bank, IDB and CAF) to harmonize their action plans at regional level; (b) provide technical assistance to the regional countries to develop and implement their AI preparedness plans.
F. Components

2.3 The technical cooperation is structured in four activities: (i) Regional diagnosis and assessment to respond to an avian influenza threat; (ii) Elaboration of an AI template for the country preparedness plans; (iii) Evaluation of the Current Countries AI Preparedness Plans and; (iv) Elaboration of the IDB financial response to attend the countries’ needs.

a) Regional (and country based) diagnosis and assessment to respond an AI threat (US$60,000)

2.4 With the resources of the Contribution, the Bank will hire consultants who will prepare rapid assessment reports on the following subjects: (a) institutional capability of the Health and Animal Surveillance Systems to face an AI threat; (b) response capability of the health services; (c) the current institutional capability to produce and storage vaccines for the avian and human influenza; (d) the current institutional capability to produce and to built the stockpile of antivirals; (e) the economics of poultry and other avian products in the region and potential losses associated with an AI threat; (f) the socioeconomic impact of an AI and the financial needs to compensate the producers and to mitigate the poverty effects among vulnerable populations (small farmers, rural poor population, etc.).

b) Support the preparation of AI Preparedness Plans (US$ 35,000)

2.5 This activity, coordinated with PAHO, will contract consultants to develop an AI Country Preparedness Plan Template, according to WHO and FAO/OIE recommendations and to develop indicators for monitoring the preparedness plans.

c) Evaluation of the Current Countries Preparedness Plans (US$ 70,000)

2.6 Based on the template and check list indicators, this activity, coordinated with PAHO and FAO/OIE, will develop a quality evaluation of the current AI Countries Preparedness Plans in LAC, estimate the gaps and the financial needs to implement the preparedness plans.

d) Elaboration of the IDB response (US$ 9,000)

2.7 With the resources of the Contribution, the Bank will hire consultants who will prepare a document on the institutional response of the IDB to the AI threat, proposing financial instruments and developing the tasks to be developed at headquarters and country offices to support country needs and the inter-agencies coordination to implement the AI preparedness plans.

2.8 The TC will also finance a regional meeting to present and discuss with countries the diagnosis, to discuss the template for the preparedness plans; to schedule implementation and monitoring activities for these plans and to advertise about the available resources and instruments to support countries in the efforts for improve animal and human health surveillance.
IV. EXECUTING ORGANISM AND MECHANISM

A. Execution Organism

4.1 The Bank, through the Social Program Division (SDS/SOC) (technical responsibility) of the Sustainable Development Department (SDS), in coordination with the IDB task force on Avian Influenza. This task force, created informally in the end of November 2005, includes representative of the three regional departments, INT and DEV.

4.2 To develop the first component, IDB will contract five consultants in the areas of human health (epidemiology and/or surveillance systems), animal health (veterinary services or animal health surveillance and bird migration), health economics (economic analysis and socioeconomic impact evaluation); agriculture and avian production and health systems (specially logistics to attend emergencies and natural disasters). If necessary the IDB could hire other professionals on environmental issues and bird migration.

4.3 The consultants, under the activity described in paragraph 2.4, will undertake a review of the organization in each country, experience working in the field and, specifically, the distinct starting points and institutional capacities of each country. They will have to analyze both the public and private sectors. It was suggested that the analyses should be done country by country, in order to prepare sub-regional strategies and cooperation.

4.4 The Pan American Health Organization (PAHO) will second the Bank in the coordination of the components (ii) and (iii) and the IDB will contract the consultants needed by PAHO to develop these tasks. Essentially, the terms of reference (including activities to be performed), will be prepared by the Bank in accordance with PAHO.

4.5 The last component will be conducted by the IDB, mostly assessing internal documentation and looking for internal consensus. External consults will be hired to write the IDB response Plan based on internal information and the information resulting from the previous components.

4.6 The documents produced by the TC will be presented at an International Meeting for health and agricultural authorities and multilateral organization. This seminar, scheduled tentatively for late April, will be co-sponsored with PAHO in a place to be determined.

B. Program Implementation Readiness

4.7 IDB and PAHO agreed that the information, guidelines and instruments developed by this TC would be shared among the beneficiaries and other international organizations. To assure this compromise, this TC previewed the
and exporting poultry meat in the world. The avian production in the Region reached US$ 24 billion in 2004 and potentially the Region could increase its external market due the AI threat in Asia and other continents. The poultry meat is also the least inexpensive source of protein available to the poorest population in LAC. A poultry production collapse could affect the nutritional security of millions of poor in the Region.

6.3 The main (but remote) risk could happen if the Region suffers an unexpected AI pandemic during this TC preparation. In this case, the needs of a pre-pandemic preparation will be over and the Bank would need to move quickly to other kinds of financial support to mitigate the social and economic effects of an AI pandemic.

6.4 Other risks and the proposed mitigation arguments are the following:

a. *Overlap and lack of coordination with other national and international efforts:* On the last two months, PAHO has affirmed its role as the coordination institution on the efforts to prepare countries to the AI threat in LAC. For this reason, PAHO is taking the necessary measures to coordinate with other multilaterals and Ministries of Health and Agriculture and to mitigate the risk of overlapping.

b. *Limited scope of this TC:* Even with limited resources, this TC, to be executed in three months, is the first step to identify the needs and resources to the implementation of the AI country preparedness plans and to coordinate it with the resources that should be available by other international organizations and multilateral Banks.

VII. ENVIRONMENTAL AND SOCIAL REVIEW

7.1 The project was reviewed by the SDS/ENV on December 2005. It is considered that due to their nature, the studies and training financed in the proposed operation will not have environmental impacts or negative social impacts. Moreover, the development of tools and a response plan for an eventual Avian Influenza and Human Pandemic Influenza Threat will produce positive social impacts.

VIII. APPROVAL

8.1 In accordance with the Document CC-5290, approved by the Coordination Committee on August 2, 1995, and the corresponding memorandum of simplification ("Simplification of Procedures and Delegation of Authority to Approve Non-Reimbursable Technical Cooperation"), dated September 12, 1995,
ANNEX I

PREVENTING AND PREPARING LATIN AMERICAN AND THE CARIBBEAN COUNTRIES FOR AN EVENTUAL AVIAN INFLUENZA AND HUMAN PANDEMIC INFLUENZA THREAT (RG-T1194)

TERMS OF REFERENCE FOR CONSULTING SERVICES

Justification

Avian influenza (AI) is a contagious animal disease caused by viruses that most commonly infect birds. The causative agent, the H5N1 virus, is now considered endemic in many parts of Asia and has been found in some European countries and in Canadian waterfowl. The attention of the donor community at this stage is focusing on Asia.

The economic and social costs of an AI pandemic could be enormous. In addition to potential losses of human lives, there could be severe losses in the poultry industry, international trade and tourism. Many rural families could be thrown into poverty in the absence of compensation mechanisms. Most of the countries in LAC do not have adequate preparedness plans to face a possible epidemic.

As a financial institution the IDB, if the need arises, should deploy its own funds and mobilize and coordinate donor funds and other resources to support the regional efforts developed by technical agencies, essentially PAHO in collaboration with WHO and FAO/OIE, in order to prevent an AI pandemic and to support countries in the design and implementation of their AI preparedness plans.

Objectives

The main objective of this consultancy service is to structure the response of IDB to support country and regional needs on preventing and preparing the regional institutional framework for an eventual AI pandemic.

The Bank has substantive instruments at its disposal enabling it to collaborate in a multi-agency effort to fight the AI threat. As in the case of other MDBs, these include: (i) Retrofitting existing loans to address urgent needs (reprogramming); (ii) AI Facility: the creation of a fast disbursement instrument for this specific situation or an adjustment of the current Natural Disaster Facility (approved in 2001); (iii) Fostering regional technical cooperation to develop national preparedness plans, support surveillance at the regional level (cross-border surveillance), and foster R&D in vaccines and antivirals, etc.; and (iv) TC-INTRA, used by the Country Offices, could facilitate the transfer of knowledge and experience.

To support non-financial products, the Bank should also promote regional dialogues to increase the level of internal (country level) and external coordination needed to
### ANNEX II
### PROCUREMENT PLAN
### RG-T1194

<table>
<thead>
<tr>
<th>Principal Project PROCUREMENT</th>
<th>Amount US$</th>
<th>Financing Sources</th>
<th>Procurement Method</th>
<th>Prequalification</th>
<th>Specific Procurement Notice</th>
<th>Status</th>
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<td>5 Consultants for the Regional Diagnosis</td>
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