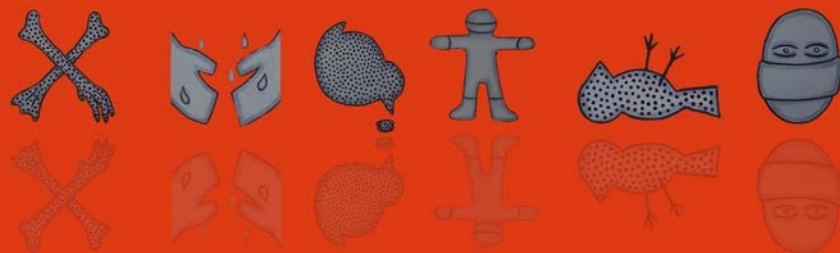




THIRD MEETING OF THE ADVISORY BOARD

Thursday, December 6, 2007
New Delhi, India



FINAL MINUTES

AVIAN & HUMAN INFLUENZA



(AHI) FACILITY

FINAL MINUTES THIRD MEETING OF THE ADVISORY BOARD

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WHO Director General Addresses December 4th Plenary Session of the New Delhi International Ministerial Conference on Avian and Pandemic Influenza

Organizations/Countries represented:

Board members:

Australia, European Commission, Russian Federation, United Kingdom, World Bank

Board Observers:

United Nations System Influenza Coordination (UNSIC), World Organization for Animal Health (OIE)

Observers by Invitation:

Germany, Iceland, Portugal

Facility Administrator:

World Bank

Please see [Page 9](#) below for a full **List of Individual Attendees**

Opening Remarks by Co-Chairs

1. Erich-Wilhelm Muller, Director, Asia incl. Central Asia, EuropeAid Cooperation Office, European Commission, and Co-Chair of the AHIF Advisory Board, welcomed AHIF Advisory Board Members and invited observers to the Meeting.
2. Olga Jonas, AHI Operational Response Coordinator, World Bank, and Co-Chair of the AHIF Advisory Board, introduced representatives of the World Bank operational teams, who were present to respond to Board Members' questions.
3. Reflecting on the overarching aims and objectives of the AHIF to prevent and control Avian Influenza, Mr. Muller noted that the Facility had been active and effective in support of the Integrated National Action Plans (INAPs), which provide a basis for coordinated support at the country-level. It was hoped that observers would get a clearer sense of AHIF activities and consider providing support to the global response through this mechanism.
4. Noting the "impressive" representation by AHIF donors as well as observers from OIE, UNSIC, GTZ, Iceland and Portugal, David Potten, Head, Trust Fund Program Administration, World Bank, and Facility Administrator, reported on progress made since the Board's Second Meeting held in Bamako (December 2006).

Report by the AHI Facility Administrator

5. Mr. Potten reminded participants that AHIF had been originally conceived at the Beijing Conference (January 2006) as a "fund of last resort". It was envisaged that a fund with global scope, structured flexibly and able to respond rapidly to the diverse needs of countries, could play an important role in financing the gaps in INAPs for which no other resources were available.
6. Mr. Potten confirmed that, in the period since Beijing, many countries had completed their INAPs and that AHIF grants have been supporting a wide range of activities at the country level. In this regard, AHIF represented the opposite of the standard "cookie-cutter" approach that had been used in other funds, with AHIF able to fund almost any type of activity with the exception of the purchase of anti-viral drugs.
7. To date, AHIF has made 31 grants totaling \$69 million, of which 29 support single-country activities whereas two support regional activities – in the Latin America Southern Cone and the Middle East. Thanks to donors, and particularly to AHIF's largest donor – the European Commission – the Facility has received well over \$100 million (\$117 million), which does not include an amount of \$20 million provided by the Government of Japan in parallel, complementary funds.
8. The Facility Administrator confirmed that all donors were up to date in terms of their commitments and that three donors had made additional contributions during the review period (Australia, A\$3 million; the European Commission, €24.93 million; and the United Kingdom, £3.5 million).

9. Meeting participants were invited to review Annex 4 of the *Quarterly Report to the Advisory Board for the Period July 1st through September 30th, 2007* for a short summary of the progress made in each project.
10. These project summaries indicate that, even in cases where disbursements were low (or zero) there was often significant activity underway at the country-level suggesting that disbursements, alone, are a poor indicator of progress. To date, 24 of the 31 grant agreements have been signed with the recipients. Fourteen grants have started disbursing, with a total value of \$26.7 million, of which \$5.0 million¹ or 19% has been disbursed. Ten AHIF grants (totaling \$30 million) have been signed, but are not yet disbursing, and seven grants (totaling \$11.7 million) have not yet been signed.
11. The rate of disbursement for signed grants is 7.2% of commitment value. All AHI projects are processed using the World Bank's operational policy and procedures on Rapid Response to Crises and Emergencies (OP 8.00, as revised in March 2007) to reduce processing requirements and ensure a flexible response to emergency situations. In the event that a country does not require emergency assistance, these operations take on the disbursement profile of typical non-emergency investment projects. It is important to note that even where this is the case, AHIF disbursement rates on average exceed those for standard investment projects, with the advantage that funds are readily available (as an undisbursed balance in a grant) in the event of an emergency.
12. World Bank fiduciary requirements (relating to procurement, financial management and social and environmental safeguards) for countries receiving World Bank funds can be complex and compliance with these conditions has, in some cases, delayed the signing of the AHIF grant when the grant is tied to a loan – as both the loan and AHIF grant are always signed simultaneously. It was further noted that delays had also arisen as a result of contracting difficulties between governments receiving AHIF grants for their AHI projects and UN Agencies that supply goods and services to governments for these projects. World Bank procurement policies apply to purchases made by governments using funds from AHIF. Peter Harrold, Director, Operations Services, World Bank, confirmed that a temporary arrangement (entailing a modified contract form and a waiver of World Bank procurement rules for 12 ongoing AHI projects) had finally been reached between the Bank and United Nations system in October 2007, and that this should reduce future delays. Mr. Potten expressed concern that three of the largest AHIF grants (to Afghanistan, Indonesia and Egypt), had yet to disburse².
13. Mr. Potten further noted that, while difficult to confirm the precise level of demand (the "pipeline" of anticipated grant requests), it is evident that demand exceeds supply in many regions, not least in Africa. Recent updates from the World Bank's regional coordinators for the Africa and the Latin America and the Caribbean regions suggest that anticipated near-term demand in Africa alone may exceed available funds by as much as \$35 million.

¹ This figure had increased to nearly \$6 million by December 6th, the date of the Advisory Board's Meeting.

² Subsequent to the Advisory Board Meeting, the AHIF grant to Afghanistan disbursed \$500,000

14. Commenting on efforts to promote and give visibility to the Facility's activities, Mr. Potten confirmed that local signing ceremonies and press coverage were organized when a country grant was awarded. In addition, a brochure explaining the role and activities of the AHIF had been prepared and disseminated widely to participants at the New Delhi meeting.
15. Concluding the presentation, Mr. Potten identified three questions for further Board discussion: (i) Feedback on previous quarterly reports and suggestions as to how the scope and content of future reports might be improved; (ii) Whether the European Commission would revisit its current prohibition on funding taxes; and (iii) Whether the Board could suggest additional sources of funding to meet the demand in Africa and other regions.

Discussion of Facility Administrator's Report

16. Mr. Muller, noting the explanation provided by the Facility Administrator, asked whether there was scope to improve the level of disbursement. In response, Mr. Harrold noted that the current practice was to advance 10% of the grant to a special account established by the recipient government, with funds replenished as expenditures were made.
17. Although there are current limitations on the percentage advanced, it would, in principle, be possible to show disbursement levels of 100% by advancing the full grant amount to the special account held by the recipient, but so doing would not reflect real progress in actual expenditures for goods and services. Mr. Harrold further noted that the disbursement performance of the AHIF grants was comparable with operations of similar age and complexity. Nevertheless, it was agreed that the 10% standard advance figure might be increased where appropriate.
18. John Millet, DFID, congratulated the Facility Administrator on the exemplary quality of the quarterly reports provided, noting that it constituted best practice in progress reporting. Reacting to the reasons advanced for slow disbursement, Mr. Millet expressed understanding but noted that three of the larger non-disbursing grants (Indonesia, Afghanistan and Egypt) were to countries most severely affected and where, in principle the demand should be greatest. Mr. Millet strongly encouraged the World Bank to press these governments to increase their efforts to advance their HPAI response as a matter of urgency.
19. *Overview of Activities in East Asia and the Pacific Region (EAP)*: Piers Merrick, World Bank, representing EAP region, thanked donors for their continued support to the AI response in EAP. AHIF remained a central element of the activities underway in the region, a catalyst for action, and the basis of a coordinated response for which EAP was appreciative.
20. **Indonesia** – The lack of progress (AHIF Grant \$10 million; PHRD grant \$5 million) remains a concern although, as noted by the Administrator, Indonesia remains illustrative of a case where low (zero) disbursement belies significant activity and some progress taking place on the ground. Donors remain coordinated and

committed to assisting the Government; and they are hopeful that, with greater Government commitment, significant progress can be recorded by the time of the next International Meeting (scheduled for October 2008 in Cairo).

21. The programming of the grant into the Government's annual budget cycle remains the initial priority. Until this is done, no disbursements can be made. Only the agencies of government responsible for implementing the activities financed by the grants can program the funds. Earlier delays meant that the authorities had missed the 2007 budget cycle. The World Bank and other partners have emphasized in the strongest terms the need to program the funds in the 2008 budget, both as signal of the Government's commitment, and as a matter of practical necessity.
22. In addition to procedural difficulties in Indonesia, the country faces a highly complex and dynamic situation with regard to the control of HPAI. A June 2007 study conducted by the US Department of Agriculture indicated that as a result of changes in the genetic make up of circulating virus strains, the four available poultry vaccines have been rendered less effective. This antigenic shift has occurred elsewhere (e.g., in China) and does not, in itself, invalidate the proposed vaccination strategy. It does, however, require that vaccines be adjusted (or more effective vaccines procured) to address circulating viral strains; this is likely to take time. Mass culling of infected or potentially infected poultry remains controversial in Indonesia, and lack of acceptance of the practice has required the FAO to adapt its policy to one of targeted culling.
23. **Vietnam** – Concern had been expressed over the low disbursement rate of this AHIF grant (\$10 million). Mr. Merrick confirmed that the Government had met the conditions of effectiveness after some delay. Since then \$500,000 has been disbursed from the AHIF grant (these disbursements, outside the current review period, were not recorded in the progress report). Effectiveness delays of this kind are not uncommon in Vietnam, and further delays are not anticipated.
24. **China** – A pilot program to strengthen communication between the central and district levels of government and build sub-national capacity was progressing well and had received high ratings in an internal World Bank review assessing project quality.
25. **Cambodia** – after significant delays and the subsequent requirement that the project be re-appraised, it was expected that the operation (co-financed by an AHIF grant of \$2 million) would be negotiated with the Government in early 2008.
26. **Lao PDR** – After receiving an initial AHIF grant of \$2 million, a second facility grant of \$2.4 million was approved and signed in December 2007. AHIF has played a substantial and assistive role in supporting the implementation of the Government's program. A rapid and flexible response to the country's changing needs has been achieved through the establishment of Joint Implementation Reviews (JIR) held at least annually, that involve relevant Government agencies, donors, and technical partners in a comprehensive and collective assessment of priorities. The first JIR took place in May 2007 and, in order to ensure the widest possible participation, plans were underway to organize a second JIR in January/February 2008.

27. **Myanmar** – Given the global nature of the threat posed by AHI, the ability of AHIF to support essential activities in countries with only limited access to international assistance is extremely valuable. Final clearances are being sought to an agreement under which FAO (rather than the Government) would be the recipient of the AHIF grant and act as the implementing agency. Donors have requested that the approach adopted in Myanmar to channel funding directly to a UN agency be restricted for exceptional cases.
28. **Mongolia** – An appraisal team was presently in-country with the expectation that an AHIF application for \$4.5-4.7 million would be submitted in the coming weeks.
29. *Overview of Progress in Afghanistan*: Norman Piccioni, World Bank, AHI Coordinator for the South Asia Region (SAR), briefed the Board on the situation and prospects for progress in **Afghanistan**. As the Government was new, it faced many challenges, not just on AHI. Even within the Government, it was recognized that the Ministry of Agriculture (responsible for implementation of the activities financed by the grant) faced particular capacity challenges. In the prevailing political climate, AHI was unlikely to emerge as a governmental priority in the near term.
30. Notwithstanding the foregoing, the relationship being developed with the Ministry is expected to provide a strong foundation for future operations. The location of the Task Team Leader and Operational Team in Kabul was also helpful in ensuring that the operation received sustained attention.
31. *Overview of Progress in Egypt*: Jean-Philippe Tré, AHI Coordinator for the Middle East and North Africa Region (MNA), confirmed that UNDP had been asked to strengthen donor coordination in **Egypt** and to better delineate the roles and responsibilities of those involved in the response. The INAP, initially scheduled to be received in January 2007, was finally delivered in March and has now been endorsed by both FAO and WHO. Government, donor and technical partners were now in the process of identifying priorities.
32. Mr. Harrold further confirmed that UN-World Bank (WB) contracting issues had been the cause of significant delays in some operations. The UN was unable to accept the World Bank's anti-corruption procedures – and specifically are not able to submit to audit by the World Bank in cases where there was *prima facie* evidence of corruption. Additionally, in the event that corruption was found in a project where a UN agency was the grant recipient, the UN was not able to accept the obligation to repay misappropriated funds.
33. As the WB and UN were negotiating the terms of a comprehensive umbrella agreement, a temporary solution (where waivers of WB policy can be sought) is in place. It was noted that regulations that might apply between a financier (e.g., the EC) and the WB do not apply to grant agreements between the WB and UN agencies, as the UN system views the WB as a “sister organization”. Mr. Potten noted that he would be shortly sending donors a formal notification of the measures taken to allow the urgent activities to address the AHI threat in Myanmar to go forward.

34. David Nabarro, UN System Coordinator for AHI, UNSIC, noted that AHIF had not been designed to provide funds to UN agencies. Dr. Nabarro urged AHIF donors to recognize that a functional solution was now in place and that it had brought an end to a number of disagreements that had, in some cases, significantly delayed progress.
35. Bernard Vallat, Director-General of OIE, confirmed that his organization had already completed evaluations of the detection and response capacities for all countries designated as at “high risk” of AI. OIE would be happy to provide their findings on request. Dr. Vallat also noted that he was not certain if OIE had been consulted on the Latin America Southern Cone proposal.
36. Alain Vandersmissen, External Relations Directorate-General, European Commission, noted with concern that, in some cases, the World Bank had not made sufficient efforts to invite the participation of EC partners in country supervision missions. Mr. Harrold confirmed that the Bank would investigate and remedy any instances where this had been the case, since participation by in-country representatives could foster better coordination. Dr. Tré confirmed that, as a minimum, WB teams routinely advise the EC and other partners, who are in-country, of prospective missions, and brief all partners at the beginning and end of each mission.
37. Dr. Nabarro requested that donors explore opportunities to re-brand the AHIF so that it was not misperceived as supporting “World Bank projects”. Ms. Jonas reminded Dr. Nabarro that there was no such thing as a “World Bank project” as all funds were provided to a government for its own project. Projects are appraised and supervised by the World Bank under the terms of the AHI Facility. In the case of stand-alone grants, it is clear that these are AHIF-financed projects. In the case of co-financed projects, the Bank’s teams will take care to correctly identify both the Bank and AHIF as the sources of financing. Mr. Harrold further confirmed that the Bank would continue to give AHIF activities visibility in the press and would seek to provide World Bank Executive Directors with an informal briefing on AHIF to encourage greater awareness and support of the facility.

Updates & Discussion

38. **EC and Taxes** – Mr. Muller confirmed that there were no plans for the EC to revisit its current policy on funding taxes.
39. **Encouraging Wider Donor Participation in AHIF** – It was further noted that the EC continued to encourage EU member states’ participation in AHIF always recognizing that members’ ongoing financial support for AHI programs implemented by UN agencies were complementary to AHIF and should not be discounted.
40. **Greater Emphasis on Monitoring and Impact Evaluation** – Dr. Nabarro confirmed that UNSIC would be working with the WB to focus on monitoring impact. Julie Delforce, Director, Asia Transboundary Section, AusAID, confirmed that evidence of progress and impact would be extremely helpful in making the case for additional funds for AHI. It was confirmed that to be meaningful, results monitoring should be a priority for the implementing agencies and would need to be comprehensive (i.e., it should not focus solely on the activities funded by AHIF grants).

LIST OF INDIVIDUAL ATTENDEES

JOINT-CHAIRS

Erich-Wilhelm Muller – Director, Asia incl. Central Asia, European Commission,
(EuropeAid Cooperation Office)
Olga Jonas – AHI Operational Response Coordinator, World Bank

MEMBERS

Julie Delforce – Director, Asia Transboundary Section, AusAID
John Millet – UK Department for International Development
Victor N. Irza – Head, Laboratory for Avian Influenza and Poultry Disease
Epidemiology, Russian Federation
Valery V. Popovtsev – Counselor, Agriculture, Embassy of the Russian Federation to India
Thomas Wiley – European Commission (EuropeAid Cooperation Office)
Libuse Soukupova – European Commission (EuropeAid Cooperation Office)
Alain Vandersmissen – European Commission (External Relations Directorate-General)

OBSERVERS

David Nabarro, UN System Coordinator for AHI, UN System Influenza Coordination
Bernard Vallat, World Organization for Animal Health (OIE)
Carola von Morstein, Task Team Leader, Avian Influenza, GTZ
Francisco George, Director General of Health, Ministry of Health, Portugal
Auðunn Atlason, Deputy Chief of Mission, Embassy of Iceland to India

AHIF PROGRAM MANAGEMENT TEAM AND WORLD BANK

Peter Harrold	Director, Operations Services
Pauline Zwaans	AHI Consultant, Operations Policy and Country Services
Piers Merrick	AHI Coordination, East Asia and Pacific Region
Jean-Philippe Tré	AHI Coordinator, Middle East and North Africa Region
Norman Piccioni	AHI Coordinator, South Asia Region
James Wilson Smith	Senior Livestock Specialist, Agriculture and Rural Development Network
David Potten	AHIF Administrator, Trust Fund Operations Department
Omar Hayat	Senior Operations Officer, Trust Fund Operations Department
Anju Sharma	Operations Officer, Global Programs and Partnerships Department