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Report No: **T7688 - XK**

TECHNICAL ANNEX

ON A

PROPOSED GRANT

IN THE AMOUNT OF SDR 2.0 MILLION
(US\$3 MILLION EQUIVALENT)

TO THE

UNITED NATIONS INTERIM ADMINISTRATION MISSION
IN KOSOVO FOR THE BENEFIT OF KOSOVO

FOR AN

AVIAN INFLUENZA CONTROL AND HUMAN PANDEMIC
PREPAREDNESS AND RESPONSE PROJECT

UNDER THE

GLOBAL PROGRAM FOR AVIAN INFLUENZA AND HUMAN PANDEMIC
PREPAREDNESS AND RESPONSE (GPAI)

JANUARY 8, 2007

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CURRENCY EQUIVALENTS
(Exchange Rate Effective October 29, 2006)

Currency Unit = Euro
Euro 0.80 = US\$ 1
US\$ 1.33 = Euro 1

FISCAL YEAR
January 1 – December 31

ABBREVIATIONS AND ACRONYMS

CWG	Communications Working Group
FAO	Food and Agriculture Organization of the United Nations
FAQ	Frequently Asked Question
GAIWG	Government Avian Influenza Working Group
GDP	Gross Domestic Product
GPAI	Global Program on Avian Influenza
HPAI	Highly Pathogenic Avian Influenza
IDA	International Development Association
IEC	Information, Education and Communication
IPH	Institute of Public Health
ISDS	Integrated Safeguards Datasheet
KAP	Knowledge, Attitudes and Practices
KVFA	Kosovo Veterinary and Food Agency
KVL	Kosovo Veterinary Laboratory
MAFRD	Ministry of Agriculture, Forestry and Rural Development
MFE	Ministry of Finance and Economy
MOH	Ministry of Health
OIE	World Organization for Animal Health (Office International des Epizooties)
PCR	Polymerase Chain Reaction
PISG	Provisional Institutions of Self-Government
PPE	Personal Protective Equipment
RVP	Regional Vice President
UNICEF	United Nations International Children's Fund
UNMIK	United Nations Interim Administration Mission in Kosovo
USAID	United States Agency for International Development
VEU	Veterinary Epidemiological Unit
WAHIS	World Animal Health Information System
WHO	World Health Organization

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KOSOVO

Avian Influenza Control and Human Pandemic Preparedness and Response Project

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KOSOVO
AVIAN INFLUENZA CONTROL AND HUMAN PANDEMIC PREPAREDNESS
AND RESPONSE PROJECT

TECHNICAL ANNEX FOR NEW OR RESTRUCTURED GPAI GRANT

Europe and Central Asia Region
ECSSD

<p>Date: January 10, 2007 Country Director: Orsalia Kalantzopoulos Sector Manager/Director: Marjory-Anne Bromhead/ Peter Thomson Lending instrument: Emergency Recovery Grant</p>		<p>Team Leader: Ibrahim Hackaj Sectors: General agriculture, fishing and forestry sector (50%);Health (50%) Themes: Natural disaster management (P);Other communicable diseases (P);Rural policies and institutions (S);Other environment and natural resources management (S) Environmental screening category: Partial Assessment Safeguard screening category:</p>	
Financing Data:			
	A. New Financing	B. Additional Financing	C. Existing Financing (restructuring)
Project ID(s):	P102165		
Financing type	Loan <input type="checkbox"/> Credit <input type="checkbox"/> Grant <input checked="" type="checkbox"/> Other <input type="checkbox"/>	Loan <input type="checkbox"/> Credit <input type="checkbox"/> Grant <input type="checkbox"/> Other <input type="checkbox"/>	Loan <input type="checkbox"/> Credit <input type="checkbox"/> Grant <input type="checkbox"/> Other <input type="checkbox"/>
Amount:	SDR 2.0 million (US\$3.0 million)		
Implementation period:	Start January 1, 2007 End: May 29, 2010		
Expected effectiveness date:	May 29, 2007		
Expected closing date:	November 29, 2010		
Borrower:	UN Interim Administration Mission in Kosovo Kosovo Tel: 381-38-504-604		
Responsible agency:	Ministry of Health Kosovo Tel: 381-38-200-34 246 Ministry of Agriculture, Forestry and Rural Development 35 Mother Theresa		

	Street Pristina, Kosovo					
Total IDA Financing (US\$m.): 3.0						
Financing Plan (US\$m)						
Source	Local		Foreign		Total	
BORROWER/RECIPIENT	0.00		0.00		0.00	
IDA Grant	1.20		1.80		3.00	
Total:	1.20		1.80		3.00	
Estimated disbursements (Bank FY/US\$m)						
	2007	2008	2009	2010	2011	2012
Total IBRD/IDA Trust Funds	0.50	1.50	1.00			
Does the project or new component require any exceptions from Bank policies? Ref. Section D.7 of Guidelines Have these been approved by Bank management?					[X]Yes [] No	
					[X]Yes [] No	
Are there any critical risks rated “substantial” or “high”? Ref. Section C.4 of Guidelines					[X]Yes [] No	
Does the project (and/or new components, as applicable) meet the Regional criteria for readiness for implementation? Ref. Section D.7					[X]Yes [] No	
Development objective Ref. Section B.2 The project development objective is to strengthen the government of Kosovo’s capacity to prevent the spread of avian influenza among poultry, to prevent the transmission of avian influenza from birds to other animals and humans, and to prepare for a potential pandemic of avian influenza transmissible between humans.						
Short description [<i>one-sentence summary of each component</i>] Ref. PAD B.2, Technical Annex 4 Component 1, Public Awareness and Information (US\$ 283,500), will help develop and implement a communications policy to inform the public, particularly those more likely to be exposed to HPAI, about the threat of HPAI and how they can minimize the risk of transmission and spread of disease, through supporting a) Risk Communication, and b) Communication for Behavior Change. Component 2. Animal Health (US\$ 1,597,300) will support a national program to develop and implement short and long term HPAI prevention, containment, and control and eradication activities in animals, through a) Enhancing HPAI Prevention and Preparedness Capability; b) Strengthening Disease Control Capacities, and Improving Surveillance, Diagnostic Capacities and Applied Research; and c) Strengthening HPAI Control Programs and Outbreak Containment Programs, including financing of a Compensation Fund for culled livestock. Component 3. Human Health (US\$ 968,500) will support a national program to develop and implement short and long term prevention of an outbreak of HPAI among humans and reduce the impact of a pandemic virus, by: a) Enhancing Coordination and Program Planning; b) Strengthening the National Public Surveillance System; and c) Strengthening Health Care Response Capacity. Component 4. Project Implementation and Monitoring and Evaluation (US\$ 210,700, including \$60,000 from UNDP) will support and complement the capacity of the Project Team for effective						

<p>implementation and management of the project, through: a) Providing Support to the Project Team; and b) supporting Monitoring and Evaluation (M&E) capacities.</p>			
<p>Which safeguard policies are triggered, if any? Ref. Section D.6 Environmental Assessment (OP/BP/GP 4.01). The project supports investments in civil works (construction and rehabilitation of laboratories and hospitals) and in carcass disposal, it receives a B category for safeguard screening. An Environmental Assessment and Environmental Management plan satisfactory to the Association (both conditions of effectiveness) will address these issues. A waiver for the requirements to complete the EA and EMP during project preparation has been sought per para. 12 of OP 4.01.</p>			
<p>Significant, non-standard conditions, if any, for: Ref. Section C.5</p> <p>Loan/credit effectiveness: The key conditions needed to minimize the risks to the Project have been addressed by Kosovo having met the eligibility requirements for participating in the GPAI (see GPAI PAD paragraphs 43 through 45).</p> <p>Specific provisions have been developed to meet the standard requirements covering organizational and staffing arrangements, as well management, procurement and financial management arrangements.</p> <p>The Additional Conditions of Effectiveness consist of the following:</p> <p>(a) the Annual Work Program for the first year of the implementation of the Project, satisfactory to the Association, has been prepared and adopted by the Recipient;</p> <p>(b) the Project Operational Manual, satisfactory to the Association, has been adopted by the Recipient, to include establishment of modalities for operating the Compensation Fund and usage of the Fund</p> <p>(c) the Environmental Assessment and Management Plan, satisfactory to the Association, has been adopted by the Recipient.</p>			
	A. New Financing		
Approval:	January 29, 2007		
Loan/credit effectiveness:	Effectiveness Deadline is the date ninety (90) days after the date of the Grant Agreement.		
Covenants applicable to project or component implementation:	<p>1. The Recipient shall ensure, through the MAFRD and the MoH, that:</p> <p>(i) the Project is carried out in accordance with the respective terms of the Project Operational Manual and the Environmental Management Plan, and the policies, procedures and arrangements therein respectively set forth are applied and implemented; and</p> <p>(ii) the Project Operational Manual and the Environmental Management Plan, or any provision of either one thereof, shall not be amended, suspended, abrogated, terminated or waived or</p>		

	<p>permitted to be amended, suspended, abrogated, terminated or waived, except with the prior written approval of the Association.</p> <ol style="list-style-type: none"><li data-bbox="683 310 1424 575">2. The Recipient shall ensure that the MAFRD and the MoH, with support from the Project Team, shall, not later than September 30 of each year during the Project implementation, starting September 30, 2007, submit to the Association an Annual Work Program for the following calendar year, and shall agree with the Association on the activities to be taken in the following calendar year.<li data-bbox="683 596 1424 758">3. The Recipient shall ensure that PISG shall, by March 31, 2007, procure, in accordance with the Consultant's Guidelines, WHO Services from WHO and UNICEF Services from UNICEF, in each case on terms and conditions satisfactory to the Association.

I. STRATEGIC CONTEXT AND RATIONALE

A. Territory and Sector Background

1. The Global Program for Avian Influenza (GPAI)¹ outlines in detail the magnitude and nature of the threat posed by Highly Pathogenic Avian Influenza (HPAI) globally and in the Europe and Central Asia region. Although there have been no diagnosed cases in Kosovo² neighboring countries experienced confirmed outbreaks of HPAI either in wild birds or among domestically reared poultry in the first half of 2006.³ The vulnerability of the region to outbreaks and the difficulty of preventing spread of the disease across boundaries create significant concerns regarding Kosovo's vulnerability to HPAI outbreaks among wild birds or domestic poultry. The potential consequences of an undetected or unchecked outbreak include transmission of the virus to humans and/or the emergence of a virus transmissible between humans.⁴

2. Kosovo's poultry population was estimated at 2.6 million in late 2005.⁵ The vast majority of poultry are layers (96 percent of Kosovo's poultry meat is imported).⁶ Around 75 percent of poultry is reared free-range on roughly 113,000 small household farms in rural areas; thus around half of rural households own poultry, with an average of 19 heads per farm. The remainder of Kosovo's poultry population is reared in industrial poultry farms for egg production. Of Kosovo's estimated 2 million people, roughly 1.3 million live in rural areas and potentially stand to be exposed to risk of infection from infected poultry. Kosovo's veterinary services, under the Kosovo Veterinary and Food Agency (KVFA), are relatively organized, but both public and private services are poorly resourced.

3. Kosovo's Provisional Institutions of Self-Government (PISG), with the support of the international donor community, since late 2005 have focused on mounting a rapid response to improve surveillance, detection and containment measures. A PISG decision of October 28, 2005, endowed the Office of the Prime Minister with the role of overseeing overall preparedness and planning, while the implementing and executive authority for HPAI preparedness and response activities has been vested in the relevant

¹ The Global Program for Avian Influenza and Human Pandemic Preparedness and Response: GPAI program framework document (GPAI PAD) presents the overall framework for World Bank support to client countries to address the challenges posed by the avian influenza and the possibility of a human flu pandemic. More details and the document can be found at www.worldbank.org.

² Kosovo is currently under the administration of the United Nations Interim Administration Mission in Kosovo (UNMIK) under the terms of UN Security Council Resolution 1244 (1999).

³ Most Balkan countries have confirmed outbreaks: Albania in backyard poultry; Bosnia and Herzegovina in wild swans; Bulgaria in wild birds; Croatia in wild swans; Serbia and Montenegro in wild birds and backyard poultry; and Romania in poultry (Source: World Bank, Avian Influenza ECA Country Overview).

⁴ See GPAI PAD p.1-3.

⁵ Information about the poultry sector tends to vary by source. In addition poultry numbers vary by season, and are reported to have undergone a contraction since late 2005 as a result of the spring 2006 outbreaks of HPAI among poultry across the region. Figures here are from "Series 2: Agriculture and Environment Statistics Agriculture Household Survey 2005," Statistical Office of Kosovo, 2006.

⁶ MAFRD Agriculture Master Plan for Kosovo at <http://www.ampkosovo.com/index1.html>.

line Ministries, in particular the Ministry of Agriculture, Forestry and Rural Development (MAFRD) for Animal Health aspects of the response, and Ministry of Health (MOH) for human health.⁷ An Avian Influenza Working Group has been established, chaired by the Deputy Minister of Agriculture and sitting in MAFRD. The Working Group comprises MAFRD, the MOH, Institute of Public Health (IPH), the Ministry of Public Services (Department of Emergency Management), the Kosovo Police Services, and the Kosovo Protection Corps and other key emergency services. With the assistance of the World Health Organization (WHO), the United Nations Interim Administration Mission in Kosovo (UNMIK), UNDP, FAO and other agencies Kosovo's PISG have produced three territory-wide plans related to HPAI: the "Action Plan for the Prevention of Influenza Pandemic" prepared by the MOH in February 2006; the "Operational Plan on Fighting and Eradicating Avian Influenza" prepared by the Department of Emergency Management (DEM) under the Ministry of Public Services; and, the "Operational Plan for Zones Infected with Avian Influenza" prepared by MAFRD. Amongst other actions the KVFA banned trade in poultry during the 2006 outbreaks in neighboring countries. The MOH is establishing regional and municipal AI commissions⁸ (for human public health), and several simulations have been held to help prepare for a human pandemic.

4. Notwithstanding the work that has been carried out to date, there is an urgent need to improve and scale up Kosovo's capacity to prevent, identify, contain and eradicate HPAI outbreaks, and deal with a potential pandemic should this contingency develop. Needs include institutional strengthening, capacity-building, increasing public awareness, and increased resources (including, potentially, the need for compensation funds). To address these needs the PISG have requested World Bank financing for its efforts. Kosovo meets the financing eligibility and criteria for the GPAI, has demonstrated its commitment and has an appropriate program of rapid response, detection and containment measures, including appropriate implementation and monitoring arrangements that the international agencies and donor community, including the Bank, can support.⁹

B. Rationale for Bank Involvement and Partnership Arrangements

5. This project will bring important benefits in the areas of strengthening veterinary and public health services and mitigating the social and economic fallout of a potential influenza pandemic.

6. The WHO, FAO, UNDP and UNICEF have taken the lead in helping Kosovo prepared for a potential HPAI outbreak, while UNMIK has assisted the PISG with preparing their response. These agencies have responded to some of the most critical needs that have been identified, for example assisting the PISG with coordination and planning (including simulation exercises), and have laid critical groundwork in assessing the PISG's preparedness and recommending areas for improvement (see details in Section I. A.). The EU is also providing important assistance in laboratory design and

⁷ See decision of the Council of Ministers dated 28 October, 2005, No. AVM-219/05.

⁸ These commissions are within main regional and municipal hospitals and health care centers.

⁹ See the "Financing Eligibility and Criteria" in the GPAI PAD, paragraphs 43 through 45.

construction that will assist with surveillance and diagnosis of AI as well as other diseases.

7. The project laid out in this Project Technical Annex (replacing the Project Appraisal Document for GPAI projects) builds on the work of these agencies. The World Bank anticipates that these UN agencies will continue to take the lead in providing technical assistance, including in areas assessed to have critical risks in terms of access and coordination with minority communities. However, the scale of the response that is needed to prevent, contain and eradicate avian influenza outbreaks, and prevent transmission to humans, requires mobilization of financial resources beyond the mandate and means of these organizations, and well beyond the PISG's resources. The World Bank is able to bring critical assistance to these efforts in the form of financing in an IDA grant. The World Bank also brings experience of assisting other countries under the GPAI umbrella. The Bank is able to bring valuable lessons learned from other countries facing similar threats and in similar operating environments. It also has important operational experience in mounting emergency response grant financing; and in integrating and coordinating the ongoing efforts of other agencies into an integrated PISG response.

II. PROJECT DESCRIPTION

A. Project Development Objective and Key Indicators

8. The project development objective is to strengthen the PISG's capacity to prevent the spread of avian influenza among poultry, to prevent the transmission of avian influenza from birds to other animals and humans, and to prepare for a potential pandemic of avian influenza transmissible between humans.

9. The key project outcome indicators will be:

With regard to **Public Awareness and Information:**

- Targeted population (*poultry producers, veterinary and health personnel*) and general population are aware of the HPAI threat and practice measures to protect themselves and others from HPAI (baseline survey to be conducted at beginning of project).

With regard to **Animal Health**, measures are in place such that if there is an outbreak of HPAI among poultry:

- Kosovo Veterinary Laboratory identifies the presence of HPAI;
- The PISG cull birds at the infection point and establish a protection zone, with participation of local governments and the population;
- The PISG compensate farmers for culled birds in a timely manner.

With regard to **Human Health**, measures are in place such that if there is an HPAI outbreak among humans:

- contained Infection is diagnosed and
- appropriate treatment for HPAI infection Patients receive

B. Project Financing Instrument and Project Components

10. The project comes under the GPAI discussed by the Board on January 12, 2006. The financing instrument for the project will be an Emergency Recovery Grant of US\$3,000,000 equivalent.

Component 1. Public Awareness and Information (US\$283,500 equivalent)

11. This component will help develop and implement a communications policy to inform the public, particularly those more likely to be exposed to HPAI, about the threat of HPAI and how they can minimize the risk of transmission and spread of disease.

12. The first subcomponent will support Risk Communication to the population by identifying mechanisms for communication on the HPAI situation, and establishing and maintaining productive working relationship with all levels of population and the media in propagating essential and consistent information relating to HPAI.

13. The second subcomponent will focus on Communication for Behavior Change. Key messages and materials will be developed and disseminated for different audiences, in community languages, particularly targeting key high-risk groups, such as poultry producers and children in areas where probability of exposure is high. This subcomponent will also support capacity development for interpersonal communication (IPC) and communication for behavior change targeting communication working groups at all levels, media, health and veterinary professionals, teachers and community groups (NGOs, youth organizations, community leaders). Monitoring and evaluation of the communication component will be supported by rapid assessments and evaluations, focus groups and other qualitative methods. A Knowledge, Attitudes and Practices (KAP) survey will be conducted at the beginning of the project and at the end of the project.

14. The component has been developed in close coordination with UNICEF, the lead technical agency in public awareness and communication. UNICEF will fund project activities prior to Effectiveness to the amount of US\$10,000.

Component 2. Animal Health (US\$1,471,900 equivalent)

15. This component will support a territory-wide program to develop and implement short and long term HPAI prevention, containment, and control and eradication activities in animals. This will comprise three subcomponents:

16. The first subcomponent will Enhance HPAI Prevention and Preparedness Capability. It will strengthen Kosovo's policy and regulatory environment for veterinary service and inspection, and will also support improved HPAI prevention and control planning.

17. The second subcomponent will Strengthen Disease Control Capacities, and Improve Surveillance, Diagnostic Capacities and Applied Research. It will strengthen veterinary epidemiological surveillance through the creation of a Veterinary Epidemiological Unit (VEU). Territory-wide diagnostic capacities and bio-safety protocols will be strengthened at the Kosovo Veterinary Laboratory, and animal disease information systems will also be improved. The AI laboratory will be constructed to the relevant bio-security level (2+).

18. The third subcomponent will focus on Strengthening HPAI Control Programs and Outbreak Containment Programs. It will target virus eradication at the source through culling, disinfection and disposal of infected and at-risk poultry, and control of movement of birds. This will be achieved with the provision of proper mobile culling, rendering and disinfection equipment. The third subcomponent will also include a Compensation Fund of US\$537,300 equivalent to support the PISG in compensating farmers for culled livestock.

Component 3. Human Health (US\$968,500 equivalent)

19. This component will support a national program to develop and implement short and medium term prevention of an outbreak of HPAI among humans and reduce the impact of a pandemic virus. It will comprise three subcomponents:

20. The first subcomponent will Enhance Coordination and Program Planning, by: (i) strengthening intra-sectoral command and sector coordination mechanisms; (ii) supporting regular revisions, and updating and further detailing of the MOH contingency plan; (iii) drafting of territory-wide strategic plans for strengthening public health surveillance and disease control systems, and drafting administrative procedures in line with the International Health Regulations; (iv) establishing a framework for data sharing between Pristina and the parallel system in the North of Kosovo; (v) developing a detailed implementation plan for "social distancing" measures in the case of an epidemic; (vi) preparing the training program; and (vii) conducting regular simulation exercises.

21. The second subcomponent will Strengthen the Public Surveillance System by: (i) establishing an active influenza surveillance system and strengthening the capacity of the IPH and regional epidemiological investigation and response teams; and (ii) establishing an Influenza Laboratory and providing equipment, kits and reagents and PPE, and the training/retraining of laboratory staff.

22. The third subcomponent will Strengthen Health Care Response Capacity, by strengthening the capacity of medical services to isolate and treat patients with severe communicable diseases, supporting the purchase and distribution of anti-viral drugs and

developing effective guidelines for their use, and expanding immunization against seasonal flu for staff and population at risk.

**Component 4. Project Implementation and Monitoring and Evaluation
(US\$276,100 equivalent)**

23. Though existing capacity will be used as much as possible to implement the project and form the Project Team (PT), this component will support and complement these capacities for effective implementation and management of the project. It will comprise the following subcomponents:

24. The first subcomponent will Provide Support to the Project Team through strengthening capacities of existing staff assigned to the project through training, providing additional staff for coordination, financial management, procurement and monitoring and evaluation, and supporting costs associated with project management and coordination, including consumables and audit and operational review requirements.

25. The second subcomponent supports Monitoring and Evaluation (M&E) through training staff in M&E techniques, planning and implementation; and supporting program monitoring and impact evaluation.

III. IMPLEMENTATION

A. Institutional Arrangements

26. The Project will be implemented by existing governmental institutions, in line with the existing PISG plan for implementation of HPAI preparedness and response measures. The focal point for project coordination will be the lead agency in MAFRD, the KVFA, which will assume responsibility for financial management and procurement functions for components implemented by both MAFRD and MOH. For project implementation the two main agencies will be MAFRD and MOH, and their related central and regional offices. Other governmental agencies and NGOs and service providers (including relevant Ministries, agencies like private veterinarians and community-based organizations, and government institutions at the regional and municipal level) will also be involved in the delivery of a variety of services. The project will be managed by existing staff apart from the hiring of one financial management specialist and local and international procurement expertise (financed by the project under Component 4) and the hiring of epidemiological staff for implementation of the Animal Health component (financed by the project under Component 2).

27. In line with the PISG's legislative framework for AI preparedness, executive responsibility for AI preparedness will be with the Government AI Working Group (GAIWG), which sits in, and is headed by, the MAFRD, with inter-ministerial membership from the appropriate ministries. The Office of the Prime Minister has a coordinating and planning role and is fully informed of the GAIWG's activities. The GAIWG will continue to sit and meet on a regular basis, and will report to the Office of

the Prime Minister/Council of Ministers as necessary, and at least once a month, on developments related to the project, to the HPAI situation in Kosovo and in the region, etc.

28. Given that MAFRD heads this working group, MAFRD will also be responsible for project coordination, with the lead agency in MAFRD being the KVFA. The Chief Executive Officer of the KVFA has two responsibilities regarding the project: he has been assigned as Lead Project Coordinator to coordinate the overall project, and is also responsible for implementation of the Animal Health component (Component 2). This Lead Project Coordinator will be supported in his day-to-day project coordination and management responsibilities by one of the seven epidemiologists being financed by the project, who will be assigned the role of Deputy Project Coordinator. A second of these seven epidemiologists will be assigned responsibility for project Monitoring and Evaluation (see below). These two epidemiologists will perform these project support roles for the majority of their time for the duration of the project, after which their epidemiological duties will become more important. The Lead Project Coordinator and his Deputy will prepare Annual Work Programs for project implementation and the Animal Health component; submitting inputs to the Project's quarterly and annual financial monitoring reports and progress reports; and other duties as necessary.

29. Project Coordinators for specific components have also been assigned, sitting in the relevant line ministries. As stated above, the Lead Project Coordinator also has responsibilities for Animal Health (Component 2). The Director of the Department of Epidemiology in Kosovo's IPH has been assigned as Project Coordinator for Human Health (Component 3), while a Project Coordinator for Public Awareness and Information Campaign (Component 1) has also been assigned in the IPH. For their duties related to the World Bank project they will report to, and receive support from, the Lead Project Coordinator, in addition to their usual reporting lines in their own agencies. The Chief of Animal Health in the KVFA will be responsible for implementing the Compensation Fund, with support from project Financial Management and Procurement staff as necessary.

30. Together the Lead Project Coordinator, the two Project Coordinators, the two epidemiologists and the procurement and financial management staff will constitute the Project Team (see organigram in Appendix 5).

31. The Project Coordinator for each technical component (1. Public Awareness and Information, 2. Animal Health and 3. Human Health) will be responsible for implementing his or her respective Component, including preparing Annual Work Programs in their sectors; monitoring and collecting relevant data and compiling them into progress reports, focusing on the status of physical implementation, use of project funds and monitoring indicators for their component; supporting the Lead and Deputy Project Coordinators in the quarterly and annual financial monitoring reports as necessary for their component; and coordinating component activities with the staff and departments in the Ministries involved (depending on the nature of the Component this might require the involvement of several Ministries, for example Ministry of

Environment, Ministry of Education etc). The Lead Project Coordinator, his Deputy and the Project Coordinators for the components will meet on a frequent and regular basis to ensure integration and effective implementation of project activities, and the Lead Project Coordinator will have overall responsibility for ensuring that there is sufficient coordination between different components. Government institutions at the regional and municipal levels will be utilized and involved as much as possible.

32. In minority enclaves where the PISG is not able to fully operate, WHO and UNICEF will assist with project implementation. Both organizations have extensive experience in operating in these areas as well as in the rest of Kosovo. They also have appropriate technical capacities.

33. The Project Team will coordinate and collaborate as necessary in their planning and implementation activities and in updating the preparedness plan with the UN HPAI Coordinator sitting in the Office of Public Safety (OPS), Office of the Prime Minister.¹⁰

34. **Procurement expertise** will be provided by a local consultant to be hired, using project funds, for the duration of the project and to sit in the KVFA with the Lead Project Coordinator and the rest of the project team. This individual will be supported by existing capacity in Public Procurement Agency (reporting to the Council of Ministers); and by an international procurement consultant to be hired initially for two months during the first year of the project to assist during the most intensive period of procurement activity. Further expertise, including technical expertise in drafting specifications, will come from procurement expertise in the KVFA.

35. As the focal point for project coordination, the KVFA, in collaboration with the Grant Unit at the MFE, will assume responsibility for **financial management** functions for components implemented by both MAFRD and MOH. A qualified financial management consultant will be hired, using project funds, to consolidate the annual Work Programs and budgets, to consolidate quarterly financial management reporting and progress

¹⁰ This UN HPAI Coordinator is a position established upon joint initiative and co-sharing of UNDP, WHO, UNICEF, FAO and the Office of the UN Development Coordinator. The HPAI Coordinator is tasked to assist the PISG in finalising an integrated “Kosovo HPAI Pandemic Preparedness & Contingency Plan” as per the outline already in place, which will incorporate plans already approved by the PISG (Action Plan for the Prevention of Influenza Pandemic” by the Ministry of Health; the “Operational Plan on Fighting and Eradicating Avian Influenza” by the Department of Emergency Management (DEM) and the “Operational Plan for Zones infected with Avian Influenza” by the Ministry of Agriculture, Forestry and Rural Development). The Coordinator will ensure that adequate planning and preparedness measures envisaged by the plan are undertaken both at central and local levels; ensure the establishment of a working coordination mechanism between central and local levels; organize the assigned work in such a way that plans are built around several scenarios and can be adjusted according to the evolution of science and knowledge as well as to the assessed risk for a pandemic; ensure harmonization between the “Kosovo Human Influenza Pandemic Preparedness Plan” and other plans prepared by countries in the region; link with regional institutions and civil society organizations involved in pandemic preparedness and planning; identify areas where UN Agencies can provide support as per their area of expertise; inform the UN Development Coordinator and the other UN Agencies monthly on the developments; and perform other duties as required.

reports, and to administer the Compensation Fund. An action is required to ensure that arrangements are fully satisfactory for the project, with its specific FM needs, especially with respect to the Compensation Fund. Satisfactory implementation of the action plan will ensure the establishment of a financial management system that fully meets requirements of the Project and of the Bank. According to the Action Plan the KVFA and MFE will prepare a revised Financial Management Manual for the inclusion of internal controls and fund flow arrangements regarding the Compensation Fund. This Action Plan was discussed with the Recipient during Negotiations and the Manual will be included in the Project Operational Manual (a condition of project effectiveness).

36. These Project implementation arrangements, involving minimal use of additional staff, support the Interim Strategy Note for Kosovo (March 2006) which includes the goal of reducing the budget deficit with measures that include reducing the government wage bill, a measure also supported by the IMF.

B. Monitoring and Evaluation of Outcomes/Results

37. A detailed results framework and the associated arrangements for monitoring are included in Appendix 2. These are broadly consistent with GPAI standards and expectations. Overall responsibility for monitoring and evaluation will be with the Project Coordinators in MAFRD, to be implemented by one of the epidemiologists hired under the Animal Health component and sitting in the Veterinary Epidemiological Unit.

C. Sustainability, Critical Risks, and Other Possible Controversial Aspects

38. Critical to the sustainability of the Project is the continuous commitment and ownership of this initiative by the various stakeholders, coupled with strong political support to carry out project activities in a timely manner. Institutional sustainability would be ensured by: (i) strengthening of programs to maintain public awareness of the threat of avian influenza and other rapid spreading infectious diseases; (ii) sustained surveillance and prevention and control activities, particularly in high risk regions; (iii) strengthened government capacity to manage at territory-wide and local levels the risk factors associated with the spread of AI and other infectious diseases; and, (iv) effectiveness of programs to control the spread of AI from birds to the general population in the territory. Senior officials are well aware of the potential risk of Avian Influenza and the PISG has committed itself to a medium term strategy, endorsed by WHO and other donors, to address these issues. The MAFRD with its KVFA and the MOH, has set up concomitant groups at central and local levels, comprising experts and relevant institutional services. A multidisciplinary Working Group chaired by the Deputy Minister of Agriculture is coordinating these efforts, in coordination with the Prime Minister's office. Government is informed on a weekly basis and passes adequate orders and certain decisions, including the provision of necessary human and financial resources.

39. Main critical risks are associated with the following:

Insufficient public awareness of the HPAI threat and measures that can be taken to prevent it; Public awareness of the danger of an HPAI outbreak and measures that can prevent it is low, resulting in preparedness steps not being taken up by the population. This risk is mitigated by the public awareness and information campaign.

Poultry industry structure makes Kosovo vulnerable to HPAI outbreaks occurring and spreading; The existence of significant numbers of backyard poultry increases the risk of HPAI for Kosovo. This risk will be mitigated by a public awareness campaign emphasizing the importance of correct handling of poultry during outbreaks.

Timely payment of compensation to farmers; If the PISG are unable to pay farmers satisfactory and timely compensation for culled poultry, farmers may not report outbreaks and resist culling. To mitigate this risk satisfactory operational procedures for the compensation fund have been developed and the fund has been sufficiently capitalized.

Misuse of the Compensation Fund facility; There is a risk that corruption will lead to misuse of the Compensation Fund. To mitigate this risk detailed procedures for the operation of the Compensation Fund, including mechanisms for controls, reviews, and audits, will be included in the Operational Manual.

Difficulty of implementing social distancing measures; People may resist any policy of social distancing should it become necessary. Mitigation of this risk will be aided by the public information campaign and training of case workers in early identification.

Weak Project implementation capacity; Capacity within the PISG may be stretched by project implementation requirements. Provision of training, appointment of supporting staff for coordination, Monitoring and Evaluation, Procurement and Financial Management will build on existing capacity, while regular supervision visits (facilitated by proximity of the World Bank Task Team Leader and Financial Management and Procurement Specialists) will enable close support and early identification of any problems.

Lack of coordination across ministries; An effective response to the threat of HPAI requires a cross-sectoral response. The potential risk of lack of coordination across multiple agencies is mitigated by the presence of the GAIWG, and the presence of the full-time Project Team and coordination with the Public Safety office in the Office of the Prime Minister.

Limited ability of PISG to implement the project in North Mitrovica minority enclaves; This poses a real threat to implementation of project activities. This risk is mitigated by using WHO and UNICEF, both of whom have extensive experience operating in such areas, to implement project activities in these areas as necessary.

Absence of data sharing between Pristina and the parallel institutions in North Mitrovica; This poses a real threat to project implementation and prevention and control efforts to contain an outbreak, let alone a pandemic. To mitigate this risk, technical support to develop a functional framework allowing for data sharing through an intermediary partner such as WHO/UNICEF will be carried out.

Lack of coordination between health and veterinary services, especially in North Mitrovica and minority enclaves; This may impede active search for human cases should an outbreak in poultry occur and may therefore increase the risk of disease

among humans with a possible outbreak. To mitigate this, the project will focus on having a Commission for Influenza Pandemic Management (CIPM, to be established under the project) to oversee regular data collection from both services (to be carried out through WHO/UNICEF in the north) while increasing awareness among stakeholders at the central, sectoral, organizational and municipal levels.

40. There are no controversial aspects to the project. It is consistent with the PISG's interim strategy and endorsed by the PISG. The project is fully consistent with the GPAI.

D. Grant conditions and covenants

Conditions of Effectiveness

41. The key conditions needed to minimize the risks to the Project have been addressed by Kosovo having met the eligibility requirements for participating in the GPAI (see GPAI PAD paragraphs 43 through 45).

42. Specific provisions have been developed to meet the standard requirements covering organizational and staffing arrangements, as well as management, procurement and financial management arrangements.

43. The Additional Conditions of Effectiveness consist of the following:

- (a) The Annual Work Program for the first year of the implementation of the Project, satisfactory to the Association, has been prepared and adopted by the Recipient.
- (b) The Project Operational Manual satisfactory to the Association has been adopted by the Recipient.
- (c) The Environmental Assessment and Environmental Management Plan, each satisfactory to the Association, have been prepared through MAFRD and adopted by the Recipient.

44. The Effectiveness Deadline is the date ninety (90) days after the date of the Financing Agreement.

Condition of Withdrawal

45. No withdrawal shall be made for expenditures for payments made prior to the date of the Financing Agreement, except that retroactive financing will be available for payments made after January 1, 2007 (i) up to SDR 280,000 equivalent for expenditures under the Project other than Eligible Emergency Imports, and (ii) up to SDR 120,000 equivalent for expenditures for Eligible Emergency Imports, subject in the latter case to fulfillment of the conditions mentioned in (iii), (iv) and (v) below. In addition, no withdrawals shall be made for expenditures for payments in respect of Eligible Emergency Imports unless: (iii) a territory-wide emergency on HPAI has been declared by the Recipient, and/or the PISG, and a well-defined emergency recovery program, satisfactory to the Association, has been adopted by the Recipient; (iv) for goods supplied under a contract which any territory-wide or international financing institution or agency other than the Association

shall have financed or agreed to finance or which the Association has financed or agreed to finance under another Grant, or under a Credit, if applicable; and (v) in excess of an aggregate amount equivalent to fifty percent (50%) of the amount of the Financing for any category of Eligible Emergency Imports without prior approval by the Association.

Implementation Arrangements

46. The Recipient shall ensure that the Project is carried out in accordance with the institutional and coordination arrangements set forth below and in Section I of Schedule 2 of the Financing Agreement.

47. The Office of the Prime Minister shall have overall oversight of the Project, including responsibility for HPAI preparedness, Project coordination and planning.

48. The Recipient shall ensure, through the MAFRD and the MoH, that the AIWG shall be maintained, for the entire duration of Project implementation, with terms of reference satisfactory to the Association, and with sufficient and suitable financial and technical resources. The AIWG shall be housed within the MAFRD and shall: (a) have executive responsibility for HPAI preparedness; (b) report in writing to the OPM at least once each calendar month during Project implementation, or more frequently as may be required, on developments related to the Project; and (c) be chaired by the Deputy Minister of MAFRD and have inter-ministerial membership drawn from, *inter alia*, MAFRD, MoH, Ministry of Public Services, the Institute of Public Health, the Kosovo Police Services and the Kosovo Protection Corps.

49. The Recipient shall ensure, through the MAFRD, that the Project Team shall be maintained, for the entire duration of Project implementation, with terms of reference satisfactory to the Association, and with sufficient and suitable financial and technical resources. The Project Team shall be: (a) responsible for implementation of the Project; (b) established within the MAFRD; and (c) composed of staff with qualifications and under terms of reference satisfactory to the Association.

50. The Recipient shall ensure that the MAFRD and the MoH, with support from the Project Team, are responsible for coordination and management of the Project, including, without limitation, financial management, preparation of the Annual Work Program, implementing the Poultry Culling Compensation Funding, and monitoring and evaluation, as well as progress and financial reporting and audits. To this end, the Recipient shall ensure that the MAFRD, no later than January 31, 2007, hires a financial management consultant with qualifications and terms of reference acceptable to the Association.

51. The Recipient shall ensure that all procurement activities required for the Project and to be financed out of the proceeds of the Financing shall be carried out by:

- (i) the Public Procurement Agency until the earlier of:
 - (a) twelve months following the Effectiveness Date, or such later date as the Association may determine; and

- (b) the date upon which the Association has notified the Recipient in writing that the Association has satisfied itself as to the capacity of the MAFRD to carry out such procurement activities; and
- (ii) thereafter, for the remaining duration of Project implementation, the MAFRD.

52. Subject to the preceding paragraph, the Recipient shall ensure that MAFRD is staffed throughout Project implementation with procurement specialists in sufficient numbers and with qualifications, experience and terms of reference acceptable to the Association. To this end, the Recipient shall ensure that MAFRD hires:

- (i) a local procurement consultant, no later than 30 days following the Effectiveness Date;
- (ii) an international procurement consultant, no later than by June 30, 2007.

Implementation Covenants

53. The Recipient shall ensure, through the MAFRD and the MoH, that:

- (i) the Project is carried out in accordance with the respective terms of the Project Operational Manual and the Environmental Management Plan, and the policies, procedures and arrangements therein respectively set forth are applied and implemented; and
- (ii) the Project Operational Manual and the Environmental Management Plan, or any provision of either one thereof, shall not be amended, suspended, abrogated, terminated or waived or permitted to be amended, suspended, abrogated, terminated or waived, except with the prior written approval of the Association.

54. The Recipient shall ensure that the MAFRD and the MoH, with support from the Project Team, shall, not later than September 30 of each year during the Project implementation, starting September 30, 2007, submit to the Association an Annual Work Program for the following calendar year, and shall agree with the Association on the activities to be taken in the following calendar year.

55. The Recipient shall ensure that PISG shall, by March 31, 2007, procure, in accordance with the Consultant's Guidelines, WHO Services from WHO and UNICEF Services from UNICEF, in each case on terms and conditions satisfactory to the Association.

IV. APPRAISAL SUMMARY

A. Economic and financial analyses

56. The activities supported by this project are aimed at reducing the likelihood of an avian influenza outbreak spreading among poultry, reducing the likelihood that it will spread from poultry and other animals to humans, and preparing for a possible pandemic of H5N1 among humans. The economic implications of an outbreak of HPAI among poultry constitute both first and second order effects, and are potentially far-reaching. The spread of the disease among humans would have a far more profound economic impact. Calculating the economic benefits of the project is complicated by uncertainties regarding the likelihood of these events occurring and the magnitude of the impact that they would have. Therefore this analysis focuses on the direct financial implications of outbreaks (both contained and catastrophic) among poultry.

57. Calculating the financial impact of an outbreak on the poultry sector requires making assumptions about the probabilities of contained and catastrophic outbreaks occurring in a given year. These are presented in the “with project” scenario and “without project” scenario in Appendix 8. The analysis then calculates the financial losses in terms of poultry lost as a result of outbreaks, assuming that during contained outbreaks 7 percent of the total poultry stock is lost, and during catastrophic outbreaks 30 percent is lost. The total number of poultry in Kosovo is estimated at 2 million, and the average value of a mature bird estimated at US\$8.¹¹ Based on the value of poultry lost under these scenarios, and the assumptions given above, the with/without project analysis indicates that the internal rate of return for the project is 18 percent.

58. This analysis is limited to the short term financial implications of the spread of the virus among poultry, thus representing a lower bound on the potential economic benefits of the investment. It does not take into account the second order benefits of reducing the probability of outbreaks among poultry, for example related to depressed demand for poultry or damage to the industry and restricted trade as a result of outbreaks. It also does not take into account the much more significant benefits from preventing the spread of the virus to humans; benefits beyond the life of the project (it can be assumed that the benefits of the project will fully come into play after the end of the project); and the long-term benefits of the project, which include strengthened capacity in the veterinary and human health systems to prepare for, control and respond to HPAI infection and other zoonoses and infectious disease emergencies in both animals and humans.

¹¹ The model also assumes the poultry stock is not replaced each year. All poultry in the commercial sector are layers and the majority of backyard poultry are also reared for egg production. This complicates the exercise of calculating the market price for a chicken since poultry are not usually sold for meat. However, market surveys indicate that domestic poultry (comprising 70 percent of Kosovo’s poultry sector) are sold at prices between □6 – 8 in Pristina and □5 – 10 in Lipjan. Market prices for industrial poultry (30 percent of the sector) are less. US\$ 8 is taken as an estimate based on these factors. The figure of 2 million poultry is an estimate based on figures from late 2005 and reported reductions since then.

B. Technical

Public Awareness and Information

59. Information and public awareness is a critical and overarching component of an effective HPAI prevention and response strategy that demands special attention. The current situation regarding information and public awareness is not satisfactory. The general population is not well informed about HPAI, ways of transmission, risks and prevention. The lack of policies or a multi-sectoral approach covering this area needs to be addressed as soon as possible. Fragmented and sometimes confusing and conflicting information propagated by media outlets and institutions indicate that the focus should be directed at effective coordination between the different stakeholders that have a role to play; and mechanisms to reach both specific groups and the general population. The activities under the project will help the PISG to put in place a common communication strategy and help ensure that all involved partners “speak a common language” in regard to HPAI.

Animal Health

60. Successful implementation of the project depends on a phased multi-disciplinary strategy based on a sound epidemiological approach to prevention and control of HPAI outbreaks. This strategy has to take into consideration the range of epidemiological scenarios that exist or may arise in Kosovo, as well as the different poultry production systems in the territory and different levels of incidence (ranging from high incidence with variable flock outbreaks, through low frequency disease outbreaks with partial flock immunity, to sporadic outbreaks). A balanced combination of appropriate disease control options, tailored to the specific characteristics and needs of Kosovo, is therefore essential for the achievement of the project objectives.

61. The final aim would be to improve the capacity of Kosovo’s veterinary services, primarily the KVFA as the PISG’s competent authority for animal health, but also subordinated veterinary stations in the territory. Key issues to be addressed by the project include: capacity of veterinary services, harmonization of disease information systems; capacity for practicing effective bio-safety measures; coordination between public agencies and linkages with the private sector; disease surveillance and control, diagnostic capacities and applied research; and surveillance and control of HPAI. The project will also address communicating to farmers how to protect their poultry from exposure to HPAI.

Human Health

62. Though there have been no reported cases of HPAI in humans to date, given the numbers of domestically-reared poultry in Kosovo there is significant risk of transmission of the virus to humans should an outbreak among poultry occur. Should an outbreak occur, the capacity of the MOH, IPH and other stakeholders to rapidly and accurately detect HPAI cases in humans, appropriately treat patients and prevent the

transmission and spread of the virus is still relatively limited. Investigation teams do exist at both the territory-wide and regional levels, but their capacity to quickly and effectively investigate and respond to local outbreaks appears limited. The capacity of health services to effectively isolate suspicious cases and treat patients contaminated with the virus is at present also extremely limited. This puts both patients and health workers at high risk if virus mutation leads to possible human to human transmission. Lastly, in the case of a pandemic, health services will rapidly become unable to cope with a rapid increase of the number of patients.

63. The project addresses these constraints through Component 3, Human Health, by giving priority to: i) establishing an active surveillance system at the territory-wide and regional IPH levels; ii) strengthening the capacity of the investigation teams through training and provision of necessary equipment, notably PPE; iii) the creation of isolation rooms; iv) training of health workers in managing patients affected with highly pathogenic viruses; and v) identification of culturally and socially appropriate social distancing measures in case of a pandemic event and the preparation of “clean out plans” for hospitals.

C. Fiduciary

64. The Grant Unit of the MFE will be responsible for disbursement, financial reporting and auditing of the project, while the KVFA will ensure that payments are approved by appropriate staff only after services have been delivered before payment requests are forwarded to the MFE.

65. Assessments of the financial management arrangements of the implementing entities for the project were undertaken. The MFE’s financial management system is capable of supporting the implementation of the proposed project in accordance with the requirements of OP 10.02, except for the Compensation Fund sub-component for which internal control and fund flow arrangements will be prepared before effectiveness. The overall financial management risk for the project is moderate to substantial before mitigation measures, and with adequate mitigation measures in place, the financial management residual risk is rated moderate.

66. As of the date of this report, the MAFRD, MFE and UNMIK do not have any overdue audit. The annual audited project financial statements will be provided to the Bank within six months of the end of each fiscal year and also at the closing of the project.

67. An Operational Financial Accountability Report was finalized in May 2005. Despite significant progress since 2001, public financial management in Kosovo suffers from fundamental weaknesses, and basic structures for financial accountability are still in their infancy. The overall legal framework for budgeting and budget management is largely compatible with internationally recognized standards, but for some aspects it appears to be too advanced for the current administration’s capacity. Carry-over practices and weaknesses in capacity, organization and coordination hamper budget preparation and undermine the credibility of the budget as a policy management instrument. While

treasury and cash management are well-regulated areas of public financial management, they suffer from inefficiencies. The system through which Commitment and Payment Orders flow to ensure authorization of payments is well regulated. The Treasury authorizes commitments and payments based on proposals and supporting documentation by budget organizations and municipalities. The Treasury pays from a single account in the central Banking and Payment Authority of Kosovo (BPK).

68. As with most public financial management functions, accounting is constrained by limited capacity, and financial reporting needs more realistic requirements and statutory deadlines, improved procedures, and trained personnel. Internal control and internal audit at all levels of government are in their infancy. Considerable time and effort will be required to make them fully operational. External audit is undeveloped and, as with internal audit, it will need sustained external support for its development.

D. Social

69. The approximately 113,000 rural families (roughly half of all rural households)¹² who own an estimated 1.5 million backyard poultry birds for their own consumption will be particularly affected by an HPAI outbreak, and stand to gain most from increased capacity to prevent the spread of HPAI among poultry. Such households are at highest risk of exposure to HPAI, in particular women and children who are most often involved in the handling of chickens (feeding, egg collection etc.).

70. Given the involvement of children in managing domestic poultry, the Public Awareness and Information component is an important step, and awareness and educational efforts need to ensure that children are effectively targeted with appropriately designed messages. Reaching women and marginalized communities will similarly require specific dissemination and outreach channels.

71. Households dependent on backyard poultry will also suffer loss of income as a result of an outbreak, and have fewer opportunities for income open to them if they are deterred from entering poultry production, with unemployment high and participation in the labor market low in rural areas.¹³ Poultry is an important source of food and own-produced food such as poultry is important preventive factor reducing income poverty in rural areas.¹⁴ Even if they do not lose their poultry as a result of an outbreak, the need to

¹² Share of families having chickens is 56.3% Survey of rural families, Riinvest 2004.

¹³ The Kosovo Development Fund, a World Bank-funded CDD operation, informed the World Bank team about the cancellation of a project aimed at supplying single parent families (mostly female headed) with poultry to start commercial operations. The project was supposed to start in early 2006 but did not as a result of HPAI outbreaks in the region (beneficiaries did not want poultry because of fear of HPAI). Also, unemployment is an important determinant of poverty (*Kosovo Poverty Assessment. Promoting Opportunity, Security, and Participation for All*. World Bank Report No. 23278-XK. June 16, 2005).

¹⁴ “The contribution of own produced food to household consumption—which is included in the welfare aggregate used to derive the poverty figures—was much higher in rural areas (19 percent) than in urban areas (less than 2 percent).” *Kosovo Poverty Assessment. Promoting Opportunity, Security, and Participation for All*. World Bank Report No. 23278-XK. June 16, 2005.

change husbandry practices may impose additional production costs and decrease their income.

72. The remaining 500,000 of Kosovo's poultry stock is reared on approximately 122 commercial farms. Two of these have more than 100,000 head of poultry; three have more than 10,000; while the rest are small businesses with 1,000 to 10,000 head of poultry (averaging around 3,600).¹⁵ The effects of an HPAI outbreak will be strongly felt by small commercial farms of between 1,000 and 5,000 chickens. Most of these are family businesses where all family members are involved in operations, and all family members would be exposed to the risk of infection. They also suffer financially and are most likely to be pushed out of the sector as a result of a decrease in egg consumption (in January and February 2006 egg consumption in Kosovo decreased by 90 percent). In other countries with HPAI projects the poultry sector has been unsupportive of campaigns to increase awareness of HPAI due to the negative effects of increased awareness on poultry consumption. In order to counter this, the public awareness and information campaign will be designed in a sensitive way to avoid unnecessarily depressing the demand for poultry products.

73. A concern relating to project implementation is the division of society along ethnic lines, particularly with regard to parallel institutions in the health sector. In the animal health sector integration is satisfactory, and the veterinary authorities have been involved in livestock culling and compensation with ethnic Albanians and with the minority Serb population. Lack of integration in the health sector is more of a problem. An effective communication strategy that targets all minority groups increases the probability that project objectives will be achieved, for example communicating the need for preventive measures; and, in the case of an outbreak, communicating the need for culling measures, the terms of compensation and the importance of cooperation with the veterinary services. Key to achieving this will be the involvement of representatives from minority groups in the design and implementation of the communication strategy and the delivery of messages, particularly at the grassroots level within minority communities.

E. Environment

74. Activities under the Project are not expected to generate significant adverse environmental effects as they are focused largely on public sector capacity building and improved readiness for dealing with outbreaks of avian influenza in domestic poultry and human health. These prevention-focused activities are expected to have a positive environmental impact as the Project's investments in facilities, equipment, and training for laboratories will improve the effectiveness and safety over the existing avian influenza handling and testing procedures and meet the international standards established by the WHO and OIE. There are three environmental issues that will be addressed in the Operations Manual: the procedures for culling and disposal of poultry; the handling of medical waste generated by laboratories and health care facilities; and civil works associated with the rehabilitation of labs and the construction of the virology laboratory for the KVFA.

¹⁵ Poultry Association of Kosovo.

F. Safeguard policies

75. The project supports investments in civil works (construction and rehabilitation of laboratories and hospitals) and in carcass disposal; hence, it receives a B category for safeguard screening. An Environmental Assessment and Environmental Management Plan satisfactory to the Association (both conditions of effectiveness) will address these issues. A waiver for the requirements to complete the EA and EMP during project preparation has been sought per para. 12 of OP 4.01.

G. Policy Exceptions and Readiness

76. The only policy exception requested has been with regard to the waiver of the completion of the EA and EMP per para. 12 of OP4.01, which has been granted by Bank management. Given the emergency nature of the proposed project due to the imminent threat of the proposed outbreak a delay in the completion and disclosure of the EA and EMP were granted from the normal appraisal stage, instead making this a condition of project effectiveness. The project meets the regional criteria for readiness for implementation.

Appendix 1: Territory and Sector or Program Background
KOSOVO: Avian Influenza Control and Human Pandemic Preparedness and Response Project

77. The potential threat posed by HPAI is well documented in the GPAI PAD. With the emergence of the global HPAI threat and its spread to Europe, Kosovo is regarded as a place at strategic risk, due to its shared borders with countries with confirmed occurrences of HPAI and/or that are also identified as countries at strategic risk; the numbers of poultry reared on small family farms in proximity to humans;¹⁶ and its nearby position in relation to migratory bird routes, which entails a risk of exposure to potentially infected wild birds flying from neighboring countries. Thus there is considerable risk of potential outbreaks and the spread of HPAI. There have been no reported cases of avian influenza in Kosovo to date, however Kosovo is the only territory with no detected cases in the region.

78. An outbreak of HPAI among wild birds or domestic poultry, even without it spreading, would have a serious effect on Kosovo's economy, particularly in rural areas. It is estimated that about 75 percent of Kosovo's estimated 2 - 2.6 million poultry population is domestically reared, free-range, averaging 19 birds per household in about 113,000 small farms.¹⁷ The remainder is reared on about 122 commercial farms. The poultry industry, which primarily consists of layers, contributed about 4 percent of agricultural GDP in 2005 and is one of the sub-sectors that show signs of growth and with a potential comparative advantage. The outbreaks that occurred throughout Europe in early 2006 caused significant damage to Kosovo's poultry industry due to depressed demand for poultry products; much greater harm would come from an outbreak.¹⁸ In addition to consequences for poultry sector performance, an outbreak would also have negative effects on rural income and poverty. The sale of domestically produced eggs and meat (average approximately \$ 8 market price for a chicken), provides an important source of income for rural families, who also rely on domestic poultry and eggs production as a source of food.

79. The most direct economic impact of an HPAI outbreak will stem from the need to cull poultry in affected areas and offer compensation to affected farmers for loss of their birds. Even in areas where a cull is not necessary, other necessary measures to prevent the spread of the disease such as enclosing all poultry (which increases the cost to small farmers of raising poultry due to housing and increased feeding costs) and prohibiting

¹⁶ Factors such as widespread migration to Western Europe and widespread new construction following the conflict of 1999, mean that domestically-reared poultry or poultry on small family farms are generally reared in more bio-secure conditions than previously. For example, they are kept away from human residences. There is also evidence that people are willing to enclose their poultry during periods when the risk of HPAI outbreaks is high.

¹⁷ Poultry numbers were estimated at 2.6 million in "Series 2: Agriculture and Environment Statistics Agriculture Household Survey 2005," Statistical Office of Kosovo, 2006. Poultry numbers tend to vary by season, and are reported to have undergone a contraction since late 2005 as a result of the spring 2006 outbreaks of HPAI among poultry across the region.

¹⁸ World Bank, Kosovo Economic Memorandum, p.60.

transport of and trade in poultry, have already affected the industry and will do so again as enforcement is strengthened.

80. The spread of HPAI to humans, and the mutation of the virus to a form transmissible between humans, could have a devastating effect on Kosovo along the lines of the probable effect in other countries (see GPAI PAD).

81. The PISG has responded proactively to the HPAI threat, but mounting an appropriate and effective response is beyond the financial and technical capacity of the PISG. Critical needs include investing in newly-created structures with the necessary mandates and authorities; communicating the messages needed to prevent HPAI outbreaks and control the spread of the disease among the population and encourage farmers to participate in culling schemes; and strengthening the territory's public health and veterinarian systems to prevent and manage an outbreak.

82. Kosovo's PISG has so far produced three coordinated territory-wide plans related to HPAI including: the "Operational Plan on Fighting and Eradicating Avian Influenza" prepared by the Department of Emergency Management (DEM), focusing on overall planning response; the "Action Plan for the Prevention of Influenza Pandemic" prepared by the MOH, focusing on human health; and the "Operational Plan for Zones infected with Avian Influenza" prepared by the MAFRD. Several assessments have concluded that many aspects of these plans are well developed, but with some important concerns remaining.

83. The DEM's Operational Plan on Fighting and Eradicating Avian Influenza is regarded as a well-articulated plan, bringing together various stakeholders in the response to HPAI outbreaks amongst birds and the possible spread to humans. The roles and responsibilities of the various actors are clearly defined and simulation exercises have been carried out to fine tune the operational plan, but issues remain, such as limited capacity to address multiple HPAI outbreaks, the need for greater clarity over what institutions are able and mandated to provide support to the response plan. DEM and other civil defense actors lack some material and financial resources critical to the success of the operation (i.e. decontamination vehicles); these need to be costed so that resources can be mobilized.

84. A key issue on the MOH's "Action Plan for the Prevention of Influenza Pandemic" is that the MOH lacks the financial resources to fully implement the plan, in spite of urgent and critical elements that need to be funded. In addition the pandemic phase (WHO Phase 6) scenario and operational response needs to be better elaborated, especially from a public health perspective, articulating exactly what the public health measures and enforcements need to be put into place. This will also enable other departments and sectors to plan accordingly.

85. MAFRD's Operational Plan for Zones infected with Avian Influenza has been reviewed by FAO Rome and assessed as viable and technically sound. Overall it seems that planning, preparedness and awareness-raising for an outbreak of HPAI (amongst

poultry) is good, both within the PISG and amongst the general public. The PISG veterinary agency has also established good links with poultry farmers and veterinarians throughout the territory. However, development and implementation of the plan requires financial and technical support from donor agencies.

86. A key concern is the lack of cooperation between authorities in Pristina and parallel institutions based in North Mitrovica that govern Serb areas in the North and in enclaves across Kosovo. The KVFA is able to operate throughout Kosovo, including in such areas. In other sectors, however, the lack of cooperation has the potential to compromise Kosovo's ability to tackle the HPAI threat. This particularly applies to public health institutions, but also to education; in both sectors public sector workers receive salaries and other institutional support from Belgrade, and report to the same. On an overall planning level, the PISG and the parallel institutions are using different preparedness and contingency plans, the latter using a plan formulated by Belgrade.

87. Operating in "minority enclaves" is difficult for the PISG, which has implications for the DEM and the project. This task is frequently delegated to KFOR and UN agencies. In addition, the discrepancies and lack of communication and collaboration between the public health systems under the PISG and the parallel institutions have important ramifications for HPAI response; in order to contain and or respond to the spread of the influenza, communication and cooperation between these two systems is a necessity. A solution for the latter, at least at the technical/operational level, is a critical precursor to mounting an effective operation to prevent, prepare and plan for an HPAI outbreak. In order to promote effective communication and project implementation in minority enclaves the project will utilize the technical capacities of UNICEF and WHO. Both UN agencies are credible and have a presence in these areas, and can assist with implementing the project and in bridging this communication gap.

Appendix 2: Results Framework and Monitoring

KOSOVO: Avian Influenza Control and Human Pandemic Preparedness and Response Project

Results Framework

PDO	Project Outcome Indicators	Use of Project Outcome Information
<p>The project development objective is to strengthen the PISG's capacity to prevent the spread of avian influenza among poultry, to prevent the transmission of avian influenza from birds to other animals and humans, and to prepare for a potential pandemic of avian influenza transmissible between humans.</p>	<p>With regard to Public Awareness and Information:</p> <ul style="list-style-type: none"> • Targeted population (<i>poultry producers, veterinary and health personnel</i>) and general population are aware of the HPAI threat and practice measures to protect themselves and others from HPAI <p>With regard to Animal Health, measures are in place such that if there is an outbreak of HPAI among poultry:</p> <ul style="list-style-type: none"> • Kosovo Veterinary laboratory identifies the presence of HPAI; • The PISG cull birds at the infection point and establishes a protection zone, with participation of local governments and the population; • PISG compensates farmers for culled birds. <p>With regard to Human Health, measures are in place such that if there is an HPAI outbreak among humans:</p> <ul style="list-style-type: none"> • Infection diagnosed and contained • Patients receive appropriate treatment for HPAI infection 	<p>YR1 Gauge effectiveness of PISG HPAI strategy YR2 Determine if PISG HPAI strategy needs to be changed YR3 Mainstream lessons learned from HPAI strategy into animal health and public health systems</p>
Intermediate Outcomes	Intermediate Outcome Indicators	Use of Intermediate Outcome Monitoring
<p>Kosovo Communication policy developed and targeted populations are aware and</p>	<p>Territory-wide Communication Strategy and Plan developed and endorsed.</p>	<p>YR1-YR3 No change in behavior indicates need to review key messages and</p>

practice measures to protect themselves and others from HPAI.	<p>Communication materials developed, tested and disseminated.</p> <p>Public Information education and communication campaign is conducted.</p> <p>Evidence of high level of awareness provided.</p>	information-communication channels used.
Communication capacity among targeted groups developed.	HPAI Communication training sessions completed and attendants have developed communication skills and established functional networking at all levels (Central, Regional and Municipal)	YR1-YR3 Identification of gaps and need for additional support.
The PISG is prepared for each stage of response to outbreaks of HPAI.	<p>Integrated and operational response plan for animal health delivered.</p> <p>Simulation exercises conducted.</p>	YR1-YR3 assessment of plan and results of simulation exercises used to identify need for information, training and equipment
Farmers report sick poultry to veterinarians	A compensation fund with total funding of US\$0.54 million equivalent is established, has legal status and pays legitimate claims in a timely manner.	YR1-YR3 Systematic improvement in territory-wide surveillance system for HPAI infection of poultry
The MAFRD in Kosovo has the capacity to conduct regular surveys of HPAI in animals.	<p>The Veterinary Laboratory is constructed and upgraded to the relevant bio security standard.</p> <p>Equipment for animal testing for HPAI delivered, installed and tested.</p> <p>Personnel are trained.</p> <p>Personnel have used laboratory equipment and results have been validated by an independent laboratory.</p>	YR1-YR3 Systematic improvement of capacity for monitoring and surveillance of HPAI infection of animals.
The MAFRD in Kosovo has the capacity to organize outbreak containment and control in collaboration with the other ministries and the international organizations.	<p>Culling, carcass disposal and disinfection equipment, protective clothing etc., are delivered.</p> <p>Personnel are trained in outbreak containment and control techniques.</p> <p>Simulation exercises are successful.</p> <p>Outbreaks are contained and controlled</p>	YR1-YR3 Systematic improvement of PISG capacity for containment and control of HPAI epidemic

<p>Public health program planning and coordination enhanced to better manage public health emergencies.</p>	<p>Territory-wide strategic plans for strengthening public health surveillance and disease control systems prepared and administrative procedures in line with the International Health Regulations (IHR) established (according to WHO recommendations).</p> <p>Simulation exercises conducted each year and report produced and disseminated to all stakeholders.</p>	<p>YR1: Review and approve plan and procedures with WHO to ensure global consistency and appropriateness of program</p> <p>YR2-YR3: Results of simulation exercises and actual investigation of outbreaks used to identify need for information, training and equipment</p>
<p>Territory-wide public health surveillance systems strengthened.</p> <p>Influenza Laboratory established in central IPH.</p>	<p>Surveillance guidelines and procedures developed and adopted.</p> <p>Health information system in place for coordination and sharing of HPAI data between north Mitrovica (parallel system) and Pristina</p> <p>ALERT-early warning system for influenza like syndromes functional.</p> <p>All IPH regional teams trained in influenza surveillance and control.</p> <p>Laboratory guidelines and procedures developed and adopted including infection control.</p> <p>Renovation of laboratory space and upgrading to the relevant bio-security level.</p> <p>Laboratory personnel trained.</p> <p>5 days elapse between collection and transmittal of specimens to reference laboratory</p> <p>No lab or IPH staff contaminated with HPAI</p>	<p>YR1-YR2: identification of gaps and needs for additional support.</p> <p>YR1-YR3: Assess functionality of system, accurateness and timeliness in reporting of data. Need for WHO/UNICEF assistance to develop a working framework.</p> <p>YR2-YR3: Assess need to revise the strategy for alert, investigation of outbreaks and response.</p> <p>YR1-YR3: Assess need for further training.</p> <p>YR1: Review to verify that bio-safety standards are met.</p> <p>YR1-YR3: Assess need for further training.</p> <p>YR1-YR3: Assess and evaluate to identify bottlenecks to implementation.</p> <p>YR1-YR3: Review procedures and modify to prevent further infection</p>
<p>Vaccination strategy</p>	<p>100% of IPH, at least 30% of</p>	<p>YR1-YR3: Review procedures</p>

implemented.	hospital and PHC service personnel, and at least 15% of population at high risk vaccinated against seasonal influenza.	and modify to meet targets.
Drugs procured.	1500 doses of Tamiflu stockpiled annually.	YR2-YR3: Review procurement and storage procedures
Healthcare facilities upgraded.	8 isolation rooms (3 with negative pressure) established, staffed and equipped in Pristina and North Mitrovica.	YR2-YR3: Assess progress in establishing rooms and revise procedures if objectives not met.

	Target Values				Data collection and reporting		
	Baseline	Year 1	Year 2	Year 3	Frequency of reports	Data collection instruments	Responsibility for data collection
Component 1							
Subcomponent A							
70 percent of at-risk population practicing safe handling procedures with respect to poultry and poultry meat.	To be taken	40 %	60%	70%	Annually	WG Rapid Assessments and KAP Survey	GAIWG
70 percent of the general population is aware of the HPAI threat and safe handling procedures and practice measures to protect themselves from HPAI.	Est. 20 %	40 %	60 %	70 %	Annually	WG Rapid Assessments and KAP Survey	GAIWG
Component 2							
Detail and operational response delivered and simulation exercises conducted	2 simulations	1 plan 2 simulation exercises	1 simulation exercise	Tbd	Annually	Reports by Office of Emergency and GAIWG	GAIWG
A compensation fund with total funding of US\$0.54 million equivalent is established, has legal status and is functional to pay legitimate claims	No fund exists	Fund is established and capitalized to US\$235,700 equivalent	Fund is capitalized to US\$537,300 equivalent	Fund is capitalized to US\$537,300 equivalent	Annually	Audit and Operational Review reports	KVFA
AI Veterinary Laboratory constructed and upgraded. Equipment delivered, installed and tested; personnel are trained; personnel have used the laboratory equipment; and the results have been validated by independent laboratory.	None delivered or trained	Laboratory constructed and upgraded; all equipment delivered and installed; all staff trained	Surveillance and diagnosis capacity fully in place	Surveillance and diagnosis capacity fully in place	Annually	Mission supervision CAPMU reports; report from independent laboratory	KVFA
Culling, carcass disposal and disinfection equipment delivered together with disinfectants; personnel are trained how to use them; simulation exercises are successful	Limited delivery and training	All equipment and disinfectants delivered. All staff trained	All containment systems are operational	All containment systems are operational	Annually	Mission supervision reports. CAPMU reports	KVFA

	Target Values				Data collection and reporting		
	Baseline	Year 1	Year 2	Year 3	Frequency of reports	Data collection instruments	Responsibility for data collection
If there is an outbreak of HPAI among poultry following implementation then:							
Kosovo Veterinary Laboratory identifies the presence of HPAI	Capacity improvements in progress	Within 72 hours of sample collection with 95% confidence	Within 48 hours of sample collection with 95% confidence	Within 48 hours of sample collection with 95% confidence	Quarterly for CAPMU reports; semi-annual for mission supervision report; one end of project evaluation report	Laboratory records	KVFA
The PISG cull birds at infection point and establishes a protection zone with the participation of the local administration and the population	Partial readiness	An outbreak is contained within 72 hours	An outbreak is contained within 72 hours	An outbreak is contained within 72 hours	Quarterly for CAPMU reports; semi-annual for mission supervision report; one end of project evaluation report	Reports by Emergency Commissions	KVFA
Compensation of farmers for culled birds	No of compensation mechanisms in place	Farmers are compensated within 10 days after containment	Farmers are compensated within 10 days after containment	Farmers are compensated within 10 days after containment	Quarterly for CAPMU reports; semi-annual for mission supervision report; one end of project evaluation	Reports by Emergency Commissions; Beneficiary Surveys; Financial reports/Audit and Operational	KVFA/GAIWG

	Target Values				Data collection and reporting		
	Baseline	Year 1	Year 2	Year 3	Frequency of reports	Data collection instruments	Responsibility for data collection
ALERT-early warning system functioning (under surveillance system)	0	0	Hospital based Sentinel system in place	Sentinel system evaluated	Annually	MOH/IPH report	IPH
All IPH regional teams trained in influenza surveillance and control	0	All regional teams trained	Refresher course organized	Refresher course organized	Annually	MOH/IPH report	IPH
Subcomponent B2							
Laboratory guidelines and procedures developed and adopted including infection control	None available so far.	Guidelines and procedures developed and adopted	Guidelines and procedures followed	Guideline and procedures followed	Annually	IPH	IPH
Renovation of laboratory space and upgrading to the relevant bio-security level.	AI laboratory space not ready. Bio-safety level 2(-)	2 Spaces renovated for AI lab. Bio-safety level 2 (+) and Real Time PCR in use	RT PCR in use	RT PCR in use	Annually	MOH/IPH report	IPH
5 days elapse between collection and transmittal of specimens to a reference laboratory	TBD	TBD	TBD	TBD	Annually	MOH/IPH report	IPH
No lab or IPH staff contaminated with HPAI	0	0	0	0	Annually	MOH/IPH report	IPH
Subcomponent C1							
100% of IPH, at least 30% of hospital and PHC service personnel, and at least 15% of population at high risk vaccinated against seasonal influenza.	TBD	IPH 100%, Hospital Staff 30%, High-risk Population 15%	IPH 100%, Hospital Staff 50%, High-risk Population 20%	IPH 100%, Hospital Staff 50%, High-risk Population 20%	Annually	IPH report	IPH
Subcomponent C2							
1500 doses of Tamiflu stockpiled (by year)	TBD	1500 treatments	1500	1500	Annually	MOH report	MOH

	Target Values				Data collection and reporting		
	Baseline	Year 1	Year 2	Year 3	Frequency of reports	Data collection instruments	Responsibility for data collection
			treatments	treatments			
Subcomponent C3							
8 isolation rooms (3 with negative pressure) established, staffed and equipped in Pristina and North Mitrovica.	0	2 negative pressured and 3 normal isolation rooms established	1 negative pressured and 2 normal isolation rooms established	All rooms established and equipped	Annually	MOH report	MOH-Hospital department

Appendix 3: Detailed Project Description

KOSOVO: Avian Influenza Control and Human Pandemic Preparedness and Response Project

Component I: Public Awareness and Information (US\$283,500 equivalent)

88. An effective public awareness and information dissemination campaign will be critical for promoting the widespread adoption of measures to prevent the spread of the disease, by reducing the risk of animal to animal transmission; reducing the risk of animal to human transmission; and preventing the spread of human influenza. It will also be crucial for keeping the population informed of developments.

89. Some work has been done on a public awareness in 2005 and early 2006. Regular press conferences were held during the early 2006 European outbreaks, along with other public awareness and communication activities such as leafleting campaigns and television campaigns.

90. The Institute of Public Health (IPH) has a Department for Health Promotion which includes a Central unit placed in Pristina and a network of health promotion units in Regional IPHs. This department has important experience gained from numerous Information, Education and Communication (IEC) Campaigns carried out during the last 6 years, for example in conducting immunization campaigns for Polio eradication, Measles control, HIV/AIDS etc. Some IEC materials have already been developed by the communications working group and disseminated through a network of health institutions. On the animal health side KVFA has also developed printed materials (leaflets and posters) and a television spot targeting poultry workers and animal health workers. KVFA field activities have involved high ranking PISG officials and were given important place in Kosovo mass media. Generally speaking communication of the PISG and its institutions with territory-wide and local media are good and should be seen as an asset to successful implementation of the Public Awareness and Information component.

91. In spite of this, communication efforts are fragmented and insufficiently coordinated. Considerable work is needed to create and implement an effective communications campaign.

92. In general people are not well informed on avian flu, ways of transmission, risks and prevention, and confusing and conflicting information is propagated including by media outlets. The communications response also lacks effective coordination between the different stakeholders that have a role to play. A successful communication campaign in Kosovo should initially answer the following key questions: which are the target populations to be reached, their specifics and commonalities, and what are the key risky behaviors of those target populations, in order to inform message positioning strategy etc.

93. A considerable proportion of the Kosovo population lives in rural areas and in close contact with poultry. An important feature in Kosovo is parallelism of social and political systems in minority (Serb) areas and the fact that even technical issues are highly politicized. The most socially disadvantaged community in Kosovo is the minority Roma-Ashkalia-Egyptian (RAE) community, especially the portion of this community that lives in camp settings and in ghettos characterized by poor economic status, poor hygiene and sanitation conditions and poor

infrastructure in general. In these areas, where risk of an outbreak is greatest and poor hygiene practices and poor information and awareness pose a particular problem, PISG directives aimed at preventing and containing HPAI are most scarce and difficult to promote and enforce.

94. This component is designed primarily to safeguard human health, in particular for extension staff, animal health workers, poultry producers and their families, by improving public awareness and information. It will achieve this through assistance in developing the strategic communication plan and developing and testing messages and materials to be used to help prevent the spread of HPAI among poultry and its transmission to humans. It will further enhance the structures in place to coordinate communication and disseminate information from territory-wide to local levels for all communities, and between the public and private sectors.

95. Coordination, an inter-sectoral approach and networking and involvement of all relevant structures are seen as a critical feature of the communication component. Therefore, establishment of the Communication working groups at all three levels of activities is a must for the successful implementation of the communication component. At a central level an inter-sectoral technical Communication Working Group (CWG) with initially 11 members representing the MOH, IPH, MAFRD, KVFA, Ministry of Environment and Spatial Planning (MESP), Ministry of Education, Science and Technology (MEST), WHO, and UNICEF (and possibly others), has been established as a subsection of the PISG's GAIWG, and has started working on a strategic communication plan for prevention of HPAI. This CWG will channel its activities to the community level through a network of seven Regional CWGs and 30 Municipal CWGs (Kosovo is divided into five administrative regions and 30 municipalities). Each working group will be comprised from five members representing stakeholders, health sector, veterinarian sector, education sector and NGO/civil society. At the regional level CWG will be established from regional governmental structures while at the municipal level from municipal governmental structures, implementing institutions and civil society. In total there will be over 200 people involved in communication network. Special attention should be paid to the organizational approach of the CWGs to involve Kosovo Serb and RAE communities, and a strictly technical approach towards planning and implementation of this component should be employed to avoid politicization.

96. This Component will be implemented in close coordination with other donors that bring technical expertise in the area of communications, and a wealth of experience conducting such campaigns in Kosovo and elsewhere. UNICEF is the principal agency in this regard. It is expected that UNICEF will play a lead role in the donor community response to public awareness and information needs. UNICEF is funding activities prior to project effectiveness to the amount of US\$10,000.

A. Risk Communication

97. The main goal for outbreak communication is to communicate with the public in ways that build, maintain or restore trust, provide them with information on the status of HPAI in the territory, the PISG's strategy, and what they can do to mitigate the risk.

98. The institution responsible for overseeing and developing the communication strategy and plan, announcing updated information, and establishing a functional relationship with the media, will be the Central CWG. The multi-dimensional problems associated with HPAI infection necessitate collaboration between a wide range of stakeholders: various ministries, KVFA, Veterinary services, IPH, health institutions, UN agencies, NGOs and civil society organizations, private sector companies and farmer associations and media. This multidimensional character is reflected in the proposed composition of the Central CWG. Development of the HPAI Communication Strategy will be strongly supported by UNICEF.

99. The Main activities of the CWG will include maintaining communication channels with the media and the general public and continuing to collect feedback from the public on the level of awareness of the specific prevention/protection measure according to the outbreak phase. The Central CWG will appoint a liaison officer from its membership and prepare a risk communication plan that will be shared on a regular basis with relevant Governmental structures and institutions. Those institutions will announce updated information to the general public through appointed spokespersons and available media channels on a regular basis. If agreed by the leading institutions the CWG liaison officer will establish an effective working relationship and interaction with the media to update them on the situation and measures being taken and will also establish a mechanism for receiving feedback from the public on the level of awareness. She or he will also share information and raise awareness among printed and electronic media outlets on how to prevent the spread of avian flu and identify ways media can help with this (organize awareness meetings, prepare media advocacy packs, FAQs to share with media representatives). The communications working group will also be responsible for improving the effective coordination and collaboration among these multiple stakeholders.

100. In the second and third years of the project the communications working group will focus on sustaining communication channels established in the first year, and adjust information-sharing according to the evolving situation and development of various global and territorial scenarios. The Central CWG will advise the GAIWG on all matters related to the communications campaign through regular and frequent contact with GAIWG.

B. Communication for Behavior Change

101. This subcomponent will consist of a pre-epidemic campaign in the first 6-12 months of the project. It will aim to make the public aware of the need to handle poultry and poultry products more cautiously and to improve hygiene knowledge and practices relating to normal human flu. The aims are to identify and design key messages and production of sets of IEC materials targeting all target audiences, in particular for a) professional staff (in all relevant sectors) to increase knowledge, skills and practices in communication for behavior change to prevent spread of HPAI, and b) for the general public to be aware and empowered to protect themselves from HPAI.

B1: Preparation, production and distribution of Information, Education and Communication (IEC) materials.

102. The project will support materials targeting the general public and specific target groups: children, health and veterinary personnel, poultry producers and hunters' associations, teachers and hard to reach and excluded communities. The central CWG will define key messages, analyze and define target audiences, develop test sets of IEC materials to be produced and distributed in community languages (Albanian, Serbian, Roma and Turkish), and identify most suitable channels of communication. The design of communication materials needs to take into account ethnic and cultural characteristics of target audiences.

103. IEC sets of printed materials¹⁹ with basic prevention messages for most at risk audiences will be developed in the shortest time possible. Quantities of printed materials in different languages will have to be carefully calculated and, following a rapid field test, will need to be adjusted accordingly to cover needs and be available and accessible for target audiences.

104. In addition to printed materials for general audience an IEC package adjusted for children with child-friendly and simple information (games, puzzles) will be produced as a part of a school package that will complement the teachers' guide for prevention of avian influenza. IEC materials will be distributed by the government structures: health, education, agriculture agencies, and the existing NGO network. Special outreach distribution strategies will be developed for the most marginalized, hard to reach communities e.g. the RAE community.

105. For the first six months of the project this subcomponent aims to support production and broadcasting of two television spots focusing on key messages and targeting the general public (e.g., hand washing and food safety issues), ensuring broad coverage of the population. TV spots for the general public will be aired on the territory-wide and local televisions and radios (RTK, KTV, RTV21, MOST network). Television is seen as one of the most successful and cost effective communication channels in Kosovo, and almost all houses in Kosovo have television sets. Airing of the television spot should be based on the media assessments that are available and that suggest which are the main television channels, their coverage and most popular viewing times. Key stakeholders of the PISG and supporting agencies should be encouraged and asked to use their authority and influence to request main media to support broadcasting public service announcements.

106. In addition to classic communication methods innovative approaches should be used, such as inter-personal communication, focus group discussions, human advertisement, internet and web casting etc. Existing web-pages of key PISG institutions will be enriched with the HPAI folder and provide information and links to key web-sites dealing with HPAI.

107. After the initial campaign in the first year of the project, this subcomponent will aim to sustain the campaign, by supporting efforts to achieve and maintain the proposed behavior changes, and assessing the impact of aggressive social mobilization interventions during the first six months. The inventory of TV spots and other IEC materials will be updated based on continuous monitoring of the efficacy and acceptance of the materials used during the first year.

¹⁹ Posters, flyers, leaflets, brochures, T-shirts, caps, banners.

Line ministries and authorities will provide administrative support and guidance to ensure coordination of structures in the field.

B2: Capacity development

108. This subcomponent will support capacity development for interpersonal communication (IPC) and communication for behavior change. It will target CWGs at all levels, media, health and veterinary professionals and teachers and community groups (NGOs, youth organizations community leaders). Training guidelines will be prepared by experts in ministries of health, education and agriculture and will include a trainers' manual, a unified field communications guide and a practical tool/guideline for teachers on how to develop extracurricular activities related to prevention of HPAI. An inter-sectoral team of trainers will be identified at the territory level and trained on communication for behavior change. These experts will facilitate capacity development of core resource people at the regional and municipal levels that will be involved in social mobilization.

109. During the first phase (until the end of 2007) activities will mainly focus on the high risk areas and the regional level. Local structures and community groups involved in social mobilization will develop their capacities and skills in IPC and other communication techniques. Regional training sessions will be organized for the personnel of regional institutions and municipalities identified as having high risk areas. At a later phase each regional team, supported by central institutions, will organize training sessions at the municipal level.

110. Trained personnel will be closely monitored and followed up by a supervisory team composed of three persons, representing the Central and Regional CWGs, which will conduct regular visits during the first phase of the intervention.

111. The second phase (FY08 and beyond) will focus more at the municipal level targeting all municipalities, and will seek involvement of veterinary and health service providers and teachers. This phase will also be used to fine-tune the capacity development methodology and tools, and define the adequate supervisory structure.

B3: Social mobilization

112. A coordinating structure will be established at each region and each municipality with representatives from the health, education, food and agriculture departments, community leaders, representatives of local NGOs, youth groups and local media to coordinate work at regional levels. The core of the municipal coordination structure will be the municipal CWG. Activities will focus on raising awareness with representatives of local government and community groups, youth organizations, reporters, teachers and parents and health personnel, veterinary personnel and farmers. Local structures and community groups involved in social mobilization will develop their capacities and skills in interpersonal communication (IPC) and other communication techniques. Social mobilization activities will be tailored by the audience and will involve relevant professionals and influential individuals in the community.

113. Social mobilization activities will be initiated in the first year of the project. Activities thereafter will aim to expand social mobilization to all levels and build sustainable behavior change in specific groups and the general population.

B4: Monitoring and evaluation

114. At the onset of the launching of the Public Awareness and Information component of the project a rapid assessment will be conducted to assess key behavior of the population related to the suggested practices for change. It will provide baseline data to measure the impact of the Public Awareness and Information activities.

115. Within the first six months of the project a Knowledge, Attitudes and Practices (KAP) survey will be prepared and conducted to provide wider information and monitor the impact of the communication for behavior change activities on the target population. During this phase the subcomponent will also focus on mapping out of main social structures at the region and the municipal level to assist in planning of social mobilization interventions. It will conduct monitoring and supervision of capacity development and social mobilization activities to ensure maximum impact; engaging local structures, youth organizations, social business structures.

116. In the second and third years monitoring and evaluation interventions will focus on sustaining results achieved during the first year in terms of achieving and maintaining the proposed behavior changes, assessing the impact of aggressive social mobilization interventions during the first phase. Monitoring and evaluation interventions will also focus on project implementation indicators based on the agreed timetables.

117. Impact evaluation will be supported by rapid assessments and evaluations, focus groups and other qualitative methods. At the end of the project a final Knowledge, Attitudes and Practices (KAP) survey will be conducted.

Component II: Animal Health (US\$1,471,900 equivalent)

118. The Kosovo Veterinary and Food Agency (KVFA) is the veterinary authority in Kosovo responsible for animal health, veterinary public health and animal welfare through disease surveillance and control programs; control of food imports at Border Inspection Posts (BIP); and pharmaco-vigilance. KVFA, formerly Kosovo Veterinary Service (KVS), is a new organization established in 2001 in the Directorate of Rural Affairs (DRA) under UNMIK. In December 2003 the responsibility was transferred to the PISG under MAFRD. With technical assistance and support from UNMIK, FAO, EU, USAID, etc. the institutional capacity of KVFA has improved and it has developed sustainable program and been able to develop and implement its mandate in Kosovo. KVFA employs a limited number of official staff and outsources public veterinary tasks to private practitioners. KVFA intends to become integrated in the network of officially recognized International Veterinary Organizations.

119. **Personnel:** The total number of veterinarians in Kosovo is 200, of which 153 are in private practice and 47 are employed by the PISG. There are 55 Veterinary stations with 64 veterinarians and seven district veterinary inspectors for five regions. The veterinary stations'

main task is to provide clinical veterinary services. Each station has at least one veterinarian. The Veterinary Stations are not on the PISG payroll. However, they are provided with funds to undertake tasks on behalf of the Ministry such as vaccinations, tuberculosis tests, blood sampling and other measures from the Prophylactic Program, which is issued by the MAFRD. Thirteen veterinarians are providing veterinary services in minority enclaves. The inspectors are responsible for both animal health and veterinary public health. They are also responsible for organizing the control measures in case of an outbreak of infectious disease. The Chief Veterinary Officer (CVO) of the KVFA is based in Pristina, and since 11 September 2006 has been reporting officially to the OIE.

120. **Veterinary laboratory:** In Kosovo there is one Veterinary Laboratory, located in Pristina. The Kosovo Veterinary Laboratory (KVL) is the scientific/supporting establishment of the Veterinary Service, and it is equipped and staffed for animal disease monitoring and surveillance besides food safety control. This laboratory is authorized by the MAFRD to deal with Avian Influenza. The ownership of the building is not clearly defined between the Faculty of Agriculture, the MAFRD and the Municipality. KVL has only very limited space for laboratory units and the four laboratory rooms are fairly well equipped through donations from the World Bank, FAO and other donors. The KVL is staffed with five veterinarians, two technicians, and 7 support personnel. The size and structure of the existing KVL building do not meet the demands of a Central Veterinary Laboratory for the whole of Kosovo. Apart from the fact that bio-security is not guaranteed, all corridors and rooms, where potentially contaminated and infectious material is stored and worked with, are open to the public. There is no Virology section. Food and feed examinations are carried out in the same laboratory. There are no isolated premises for rabies or BSE diagnosis. Necropsy is performed in a room without adequate facilities for intensive cleaning and disinfection; the security system does not meet international standards. Safety and Quality Control, and Good Laboratory Practice are not introduced. The limited space in the building for veterinary laboratory activities and the structure of the building itself will not allow the introduction of at least bio-safety level 2, which is the minimum but absolutely essential for this kind of diagnostic activities. The KVL is not sufficiently staffed with academic, technical and support personnel.

121. **Education and postgraduate training:** There is one Veterinary faculty in Kosovo which is located within the Agricultural University in Pristina. It trains 20 students for the veterinary profession yearly. Since the Veterinary faculty in Pristina has no accreditation, students have to take their last year in Albania.

122. **Animal identification and registration of animal holdings:** An EU funded project for animal identification and registration was completed between 2004 and 2006. Although the project was focused on bovines it has the capacity to be extended for other species and holdings and to be upgraded for disease control purposes, subsidy and compensation payments. Animal Health Modules would provide useful information on the animal health status to support surveillance and monitoring programs and trade in animal commodities.

123. **Animal health program:** The PISG finance measures against some infectious diseases included in Kosovo's prophylactic plan; Avian Influenza is one of them. For 2006 the PISG have allocated □300,000 for Avian Influenza to the MAFRD. The PISG recognize the need for

expansion of human resources and capacities in the veterinary sector, but does not have resources available to support hiring of additional staff. This component of the project will support the existing territorial veterinary service structure as the most effective means to achieve major impacts in HPAI prevention and control, and sustainable improvements in animal health in general.

A. Enhancing HPAI Prevention and Preparedness Capability

A1: Strengthening the Policy Regulatory Environment.

124. The Veterinary Law was adopted in 2004. It regulates the organization, functioning and financing of the veterinary service and inspectorate, and the authority and the duties of the veterinary administration. This subcomponent will provide technical assistance to support the much-needed development of sub-laws, regulations and protocols in accordance with OIE standards and guidelines. This will include developing guidelines and manuals, especially in chapters and articles of the law dealing with disease control, surveillance, and eradication. This component will be extended to develop new regulations, sub laws and statutes ensuring coordination between the private and the public veterinary sector.

A2: Improving HPAI Prevention and Control Planning.

125. This subcomponent will provide technical assistance in the field of animal epidemiology and animal disease diagnosis, to help improve Kosovo's animal disease control capacity and address the inter-related issues needed to achieve effective response. A multidisciplinary team composed of local and international experts and local veterinary staff will monitor, improve and update the existing "Kosovo Operational Plan for Control and Eradication of Avian Influenza" on a regular basis. The project will support participation of Veterinary Services officials and project staff in regional and international information exchange and dissemination of expertise on avian influenza. The short-term objective is improvement of capacity and preparedness for preventing and controlling HPAI. The long-term objective is to lay down a framework for dealing with other zoonotic diseases in Kosovo, such as brucellosis, rabies, tuberculosis, and others. The plan shall represent a flexible base for developing project implementation strategies and monitoring tools.

B. Strengthening Disease Control Capacities: Improving Surveillance, Diagnostic Capacities and Applied Research.

126. This component will support activities to strengthen Kosovo's veterinary services and enhance animal disease surveillance, diagnostic and research capabilities. The component will have the following sub-components:

B1: Strengthening Veterinary Epidemiologic Surveillance.

127. There are seven district veterinary inspectors for the five regions. The inspectors are responsible for both animal health and veterinary public health. There are no specially trained epidemiologists.

128. This subcomponent of the project will provide technical support to update the relevant legislation to strengthen intra-service coordination. This will include institutional and organizational restructuring and training of staff aimed to speed surveillance dynamics and information flow. This subcomponent will also assist upgrading of priority infrastructure (equipment, materials and supplies, and technical assistance).

129. During the project special emphasis will be placed on detecting cases of suspected HPAI in poultry and other domestic animals by introducing appropriate early detection systems at the village level, paying special attention to high-risk areas.

130. Capacity building for veterinary epidemiology surveillance will be supported through the establishment of a Veterinary Epidemiological Unit (VEU), composed of the 5 regional veterinary epidemiologists, and the two veterinarians at the Central Administration who will be responsible for communication with the Veterinary Directorate and the Laboratory. The project will provide technical assistance for establishing the VEU with an international veterinary expert on epidemiology and animal disease surveillance. Financing of the VEU will be covered by project funds for 18 months, after which it will be fully integrated into the territorial veterinary service and supported by the PISG. Project finalization will include final evaluation and further recommendations for maintenance, continuation and updates of the unit. The PISG will commit to maintaining the VEU after completion of the project.

131. These veterinarians will be responsible primarily for monitoring poultry health, initiating the response to any suspect cases and reporting regularly to veterinary agencies at the territory-wide level. Secondly they will be in charge of monitoring any indicative changes in behavior of wild birds, in cooperation with staff of the Ministry of Environment operating at the regional level.

Animal health monitoring

132. Animal health monitoring is focused on migratory birds and autochthonic wild birds and on poultry respectively.

A. Monitoring of migratory and autochthonic wild birds

Concerning the number and varieties of migratory birds and their stays in Kosovo, so far there have been no large-scale ornithological studies other than the counting performed in 2005/2006. The project will assist in tracking of the total number and varieties of wild birds, as well as of the periods of their stay on the territory of Kosovo. The regional epidemiologists will make weekly visits to the locations at risk where migratory birds land because of large water surfaces, and collect all necessary data gathered by ornithologists, hunters, gamekeepers, owners of fishponds and workers employed at fishponds. They will report cases of any diseased or dead bird to the locally competent veterinary service. They will carry out regular meetings with representatives of hunting organizations to give them instructions to place wild birds in enclosures and how to keep them properly.

The epidemiologists will also monitor the wild birds regarding:

- locations at risk (main wild bird resting spots); main pathways (Sites where interaction with poultry is most likely to occur)
- periods at-risk: Post nuptial arrival; Post molt arrival; Early fast passage towards Africa; Late slow passage towards Mediterranean; Arrival of wintering birds; Winter still period; Departure of wintering birds; Slow passage from Mediterranean; Fast passage from Africa; Departure of wanderers towards breeding sites; and Breeding stationary period (from May to July).

Based on this they will do hazards identification and risk analysis

B. Monitoring of poultry health

The poultry business in Kosovo can be classified into two groups: highly intensive and backyard farming. The level of bio-security at intensive farms is satisfactory, so that the possibility of AI introduction is relatively low. Unfortunately, this is not the case for small farms, which are considered to be the points of highest risk. Another important activity for the assigned regional epidemiologists is targeted monitoring and registration of all holdings and birds within 3 km of water areas (lakes, rivers, etc.), even holdings on which poultry is kept for own consumption. Taking into consideration the number of villages (1,432), size of the territory and topography of some regions, problems could be expected in the rapid implementation of the measures and the consequent control.

B2: Strengthening of Diagnostic Capacities and increasing Bio-Safety levels.

133. This subcomponent will support the Kosovo Veterinary Laboratory (KVL) in its efforts to provide systematic, safe, quick and reliable diagnostic capacities. The KVL has the capacity to perform routine influenza diagnostic tests (ELISA and RAIV Ag. Type A specific antigen in avian cloaca resp. scattered faces, swabs Immunochromatographic test.)

134. The Kosovo Diagnostic Laboratory has inadequate processing capacity. Although some sophisticated laboratory equipment for routine tests exists, it is only partly installed due to poor infrastructure of the laboratory, and upgrading of the existing bio-safety level is impossible. A new site has been identified but no funding is available for construction. There is a need for the following bio-safety equipment: lamina flow cabinets, negative pressure, micro filters, containers for decontamination of wasted water, double ended autoclave for decontamination of materials etc. The laboratory technicians need training for GLP (Good Laboratory Practice) and on HPAI differential diagnosis.

135. Diagnostics kits and equipment related to the improvement of testing capacity for HPAI have been provided to the KVL by USAID funding for 2006, meaning that the Project will only cover such expenses for the period after this. As identified immediate need of the IVR the project will support acquisition of diagnostic kits for RAIV Ag. Type A specific antigen in avian cloacal resp. scattered faces, swabs Immunochromatographic test and ELISA.

136. The project will support the building of the future Avian Influenza Diagnostic laboratory to BSL-2+ by allocating resources for the related civil works including appropriate laboratory infrastructure. The creation of the new laboratory will be accompanied by an appropriate design and construction, with technical assistance provided through an animal health laboratory expert. In the long term this investment will strengthen the diagnostic capacities of the laboratory and the capabilities of KVFA to control the disease.

137. Support through this subcomponent will include technical assistance for: standardization of methods and procedures for laboratory diagnostics; improvement of laboratory safety and waste disposal procedures; strengthening bio-safety during transportation of samples; strengthening human resource capacity; strengthening communication between veterinary and human laboratories at the central and regional level; and preparation of guidelines and training programs for the establishment of the quality control systems and bio-safety manual.

138. The project will support the establishment of reliable means for transportation of samples from Kosovo to the international veterinary reference laboratories for diagnosis confirmation.

B3: Strengthening Animal Diseases Information Systems.

139. This subcomponent will provide technical assistance to support the development of analytical capacity and a uniform disease information system in Kosovo, so that KVFA can participate in global disease information sharing. This will enable the KVFA to comply with its obligations to OIE, thereby contributing to better global and regional disease control and eradication. The system will be linked with rapid and standardized methods of routine analysis of surveillance data, which will be able to detect important changes in the H5N1 situation, and promptly supply this information to relevant personnel. The project will use software developed for this purpose by FAO.

C. Strengthening HPAI Control Programs and Outbreak Containment Plans

140. Control of HPAI in animals is the principal means to reduce opportunities for human infection, and consequently reduce opportunities for a pandemic virus to emerge. This subcomponent will support the implementation of HPAI outbreak containment actions. The overriding objective for the overall Kosovo veterinary services is prevention of outbreaks, and eradication of the disease at the source of infection before it becomes endemic.

141. Despite the progress made by the PISG in tackling this threat, and the intensive support provided by the international community, the campaign to reduce levels of H5N1 virus treat is still at an early stage. Major territory-wide and international efforts are still needed to prevent HPAI infection in poultry and to contain infection when it occurs. Long-term political commitment, continued vigilance and substantial technical and financial assistance are essential to reduce the risk of epidemics. Singular success stories should not lead to complacency and relaxation but serve as examples for possible implementation.

C1: Targeting Virus Eradication at the source.

142. The project will support the Kosovo veterinary services to mobilize the necessary physical and human resources to respond quickly and effectively to contain and eradicate HPAI outbreaks at the source. The steps that need to be in place include: (a) destruction of infected and at-risk poultry; (b) compensation to farmers and industrial poultry producers at an agreed upon market-oriented price; (c) disposal of carcasses and potentially infective materials in a bio-secure and environmentally acceptable manner; and (d) control of movement of birds and products that may be infected, including controls at the interface of infected/non-infected areas and border controls.

143. The project will equip KVFA with mobile culling and rendering equipment for an AI epidemic situation as well as portable disinfection equipment and disinfectants shown on the attached tables. This will enable to cull birds at the infection point, to destroy their carcasses with minimum hazard for further spread of the virus through transport vehicles and to disinfect the infected premises immediately following the international best practice.

144. As previously mentioned, the project will support the creation of a Veterinary Epidemiological Unit. Apart from epidemiological and research tasks, the unit will be responsible for leading the emergency response in HPAI outbreaks, helping to coordinate the above tasks. It is envisaged that the unit will have at a central level two trained epidemiologists, prepared at any time to travel to reported potential outbreak areas with the required equipment and trained staff. The project will support creation, training, staffing and provision of equipment for this unit. Note that vaccination may be considered if the disease becomes endemic and previous approach fails. Therefore the Kosovo Veterinary Service should undertake measures to ensure access to the EU vaccine bank. This subcomponent will support the KVFA in developing the vaccination strategy. The PISG will guarantee funding for vaccination purchase, delivery and storage.

145. A manual on technical procedures for emergency response to HPAI outbreaks will be developed, disseminated and incorporated in the field veterinary services. The manual might include guidelines on: access to suspected infected premises; preliminary investigation; sampling and transportation of samples; confirmation of HPAI; depopulation and disposal of dead birds; disposal/destruction of infected materials; disinfection of infected premises; additional investigations, data collection and sampling; list of equipment to be used along with its location and quantities; list of disinfectants along with the guidelines for their use; and information flow charts and contact information for all relevant personnel.

C2: Human safety

146. Veterinarians, public health personnel and individuals participating in HPAI control and eradication activities are at increased risk of exposure to HPAI, due to prolonged, direct contact with infected birds and/or contaminated surfaces. They can minimize their exposure by using adequate protective equipment and following standard set regulations and safety protocols. Surveillance and monitoring of exposed workers is also important.

147. This subcomponent will support provision of training of people likely to be in direct contact with birds and other animals that may carry the live virus (veterinary and extension field staff involved in the identification of the disease, farm workers involved in culling and in disposing of manure, and laboratory workers involved in virus isolation and diagnosis). Adequate resources will be allocated for training and equipment (bio-safety hoods and appropriate personal protective gear and clothing). In addition, all veterinary staff and workers will be vaccinated against seasonal human influenza.

C3: Compensation Fund

148. A successful livestock culling program, critical for preventing the spread of HPAI outbreaks, can be implemented only if farmers cooperate and submit their animals for culling. Farmers require credible assurances that they will be compensated for the loss of their poultry. In Kosovo there is a legal basis for compensation for culled livestock, as well as written procedures for implementation of compensation. Compensation has already been conducted for other diseases. However, experience of compensating farmers for culled livestock to date has only been used on a much smaller scale, and could be overwhelmed in the event of a serious HPAI outbreak.

149. The component will set up the Compensation Fund and will ensure adequate legal basis for compensation of the culled birds in the case of High Pathogenic Avian Influence outbreak. Through this component appropriate mechanisms will be established to implement effective compensation if culling measures are employed. The component will use adjusted practices of current compensation practices. Adjusted practices will be determined and will be appropriate for small scale poultry owners and industrial poultry. The necessary fiduciary and control mechanisms for the fund will be set up within the Project Team that is composed with the two epidemiologists who are going to work together under the CVO. Together with the Lead Project Coordinator they carry on the work is needed for the compensation whenever an outbreak will happen. The Compensation Fund will be funded to US\$537,300 equivalent.²⁰ The necessary fiduciary and control mechanisms for the fund will be set up within the Operations Manual. (See Appendix 3b for details).

Component III: Human Health (US\$968,500 equivalent)

150. This component will support a national program to develop and implement short and medium term prevention of an outbreak of HPAI among humans and reduce the impact of a pandemic virus. It will comprise three subcomponents.

A. Enhancing coordination and program planning:

151. There have been no known or recorded outbreaks of avian influenza among humans in Kosovo to date. Nevertheless, the PISG are well aware of the potential risks of avian influenza and the possibility of outbreaks occurring and is working with external partners to address these risks.

²⁰ This is estimated to cover around 5 percent of the poultry sector, depending on the exact market value of poultry as determined at the time of compensation. This is in line with other World Bank funded projects.

152. The MOH and the Institute of Public Health (IPH) in Pristina have jointly prepared a draft action plan for the prevention of an influenza pandemic, which is divided into three periods and six phases depending on the stage of the pandemic to be addressed (based on WHO recommendations).²¹ The plan, described briefly at the beginning of the Technical Annex, foresees the establishment of the Commission for Influenza Pandemic Management (CIPM) (whose members will include representatives from the Office of the Prime Minister, MOH, MAFRD, IPH and others), to manage and implement all necessary measures and recommendations in case of an outbreak/pandemic. At this stage the plan does not clearly define coordination mechanisms to be put in place within the health sector or with other sectors, or coordination mechanisms with public health structures in North Mitrovica. Timely implementation of the plan will depend on good coordination, strong political support and continued interaction with the UN/international organizations in Kosovo.

153. Currently, legal and ethical frameworks coherent with international legislation, such as the International Health Regulations, have not been established, though the PISG is in the process of issuing two laws to this end (Communicable Disease Law and Public Health Law). Policies and regulatory frameworks to ensure implementation and monitoring of influenza pandemic prevention and control activities are not yet in place and no administrative structures have been officially instructed to ensure future enforcement. Despite this, the MOH has already assigned an avian influenza coordinator, a public awareness officer as well as two planning and health policy officers.

154. The project will fund and provide technical support for: (i) strengthening intra-sectoral command and sector coordination mechanisms; (ii) regular revisions, updating and further detailing of the MOH contingency plan with a view to more clearly define operational priorities as well as roles and responsibilities of stakeholders within the health system; (iii) drafting of territory-wide strategic plans for strengthening public health surveillance and disease control systems, and drafting administrative procedures in line with the International Health Regulations, as per WHO recommendations, to build a platform of shared knowledge and ability to respond to rapidly-evolving health emergencies worldwide; (iv) preparation of the training program for health sector staff (lab, investigation teams, staff in hospitals, family physicians); and (v) regular simulation exercises.

155. The project will also finance and provide technical support to develop a functional framework for data sharing between Pristina and North Mitrovica and other Serb minority enclaves to ensure appropriate dialogue between the respective systems operating in these areas at the operational level. This will be carried out in close consultation with WHO/UNICEF, who will help oversee implementation and ensure sustainability. Not less in importance is the need for

²¹ The plan proposes having the Kosovo Coordination Room (lead by the Prime Minister), the Veterinary and Healthcare Coordinating Body (lead by the Ministers of Health and Agriculture), and the Municipal Coordination Room (lead by the Mayor) play active roles in ensuring timely coordination of activities and legislations. It also proposes activating a Central Room for Avian Influenza Outbreak Monitoring and Prevention to work closely with expert committees in the ministries of Health and Agriculture, Emergency Situation Department, Emergency Services for Civil Protection as well as others.

the project to also support efforts to coordinate between the veterinary and health services especially in the North where reporting is inconsistent.

156. This subcomponent will also finance the development of a detailed implementation plan for “social distancing” and “hospital clean-out” measures to be activated in case of an epidemic. Social distancing measures will typically be activated on advice from health professionals and institutions, although they will not be the enforcing agencies. The implementation plan will have therefore to explicitly define institutional responsibilities for activation and enforcement of social distancing measures and for inter-agency and inter-ministerial coordination. Additional preventive actions that will complement social distancing (such as personal hygiene promotion through various communication channels, including hand-washing and proper cooking, and distribution and use of masks) will also be supported. Support will also be provided for the preparation of measures to be taken to protect health care workers and ensure that they will be willing and can continue to be at work in a pandemic situation.

B. Strengthening Public Health Surveillance System (Human health)

B1: Active Surveillance System

157. There is an existing territory-wide surveillance system in place, which is coordinated through the central IPH. The system is currently functioning for all communicable diseases but does not yet incorporate specific routine human influenza surveillance. In the current system, reporting occurs at the regional level through the regional network of IPHs; however, private sector engagement in surveillance activities is very limited. To this end, the MOH has recently issued an administrative order obligating private practices to report all communicable diseases. Although there are currently seven outbreak investigation teams in Kosovo, coordination with the veterinary side is limited, especially in the North, impeding the active search for human cases should an outbreak in animals occur.

158. The PISG’s draft action plan for the prevention of an influenza pandemic has correctly identified the need for establishing an early warning system to be part of the general surveillance system. This comes with the aim to promptly reporting avian influenza cases through: (i) promoting detection of human cases; (ii) detecting human cases in case of animal epizootics; (iii) supporting epidemiological research; (iv) coordinating clinical research; (v) strengthening risk assessment; and (vi) strengthening the territory-wide strategy for prevention and control.

159. The project will finance and provide technical assistance for the establishment of an active influenza surveillance system through: (a) drafting of guidelines, procedures and case definition; (b) establishing a hospital based sentinel system for influenza like illness; (c) strengthening the reporting system of infectious diseases with technical assistance from WHO; (d) training of IPH staff and other health professionals including family doctors and primary care physicians; (e) assisting with transport; (f) provision of personal protective equipment and other materials (disinfectants); and (g) communications equipment for the 30 municipalities to assist in building a computerized network for the reporting system and operating with the newly developed WHO surveillance software (replacing the old EpiInfo program) for which technical assistance from WHO will be provided.

B2: Influenza Laboratory

160. The Laboratory of Microbiology is located within the premises of the IPH. It is accredited by WHO for Measles and Rubella, but does not currently have the capacity to function as a reference laboratory for routine influenza diagnosis. Despite this, the laboratory has spaces that can be renovated to allow for the establishment of a reference influenza lab. This will require, in addition to other things, equipment (including a RT-PCR), protective personal equipment for lab staff, kits and reagents and consumables for the typing and sub-typing of specimens.

161. The project will fund and provide technical support for establishing an Influenza laboratory through: (i) renovating 2 spaces in the microbiology laboratory fitted with negative pressure systems, HEPA filtration and a system for treatment of wastes; (ii) developing guidelines and procedures for testing; (iii) training of lab staff on diagnostic testing, virus typing and subtyping, as well as, training regional IPH staff to enable them to adequately and safely collect and send specimens; (iv) providing equipment (notably a real time PCR), kits and reagents, triple packages, cool packs, viral transport media as well as other lab consumables including bio-safety boxes for the transport of samples; (v) providing protective personal equipment for laboratory staff; and (vi) providing disinfectants for laboratory staff. Finally, the project will also finance sending specimens for confirmation to an international reference laboratory such as the European Influenza Center in London, UK. There is an obvious need to re-train the laboratory staff for them to fully implement protocols and procedures.

C. Strengthening Health Care Response Capacity

162. At this point in time the system appears relatively unprepared to respond to the first human cases, let alone cope with a pandemic. Seasonal influenza vaccination remains limited and the MOH has a very limited stock of anti-virals. The situation in the hospital makes it impossible to properly isolate and take care of highly infectious patients. Health workers will need to be re-trained in many aspects and will need to be provided with protective personal equipment.

C1: Vaccinations

163. This subcomponent will help expand regular seasonal flu vaccination for targeted priority groups²² (as defined in the draft action plan). It will also finance the development of a detailed logistical (procurement and distribution) plan for mass vaccination should an HPAI vaccine become available. The project will also finance the procurement of antibiotics.

²² Including children below 5 and persons over 65 years of age, residents of nursing homes, children and adults with chronic disorders of the pulmonary and cardiovascular system or chronic metabolic diseases or immuno-suppression.

C2: Anti-virals

164. This subcomponent will provide support for the purchase and distribution of anti-viral drugs in accordance with WHO guidelines and arrangements and adoption of measures to avoid inappropriate use (to limit the development of antiviral resistance). One type of drug is recommended for treatment of avian influenza infections: neuraminidase inhibitors (oseltamivir and zanamivir). However, the availability of influenza anti-viral medications is limited. Therefore, planning by health agencies is needed to assure effective use of available drugs. To this end, support will be provided for developing guidelines and educating physicians, nurses, and other health personnel before and during the pandemic to promote effective use of these drugs. Given the current worldwide shortage of the drug and the limited stock available to the countries, priority will have to be given to population groups most exposed to immediate risk. The project will finance stockpiling of 1,500 doses, to be replenished as and when necessary during the duration of the project. In case a need does not arise, the funds allocated to the procurement of anti-virals may be reallocated to the other subcomponents as deemed necessary.

C3: Strengthening medical services:

165. Assistance will be provided to the MOH for preparedness planning and strategy development to provide optimal medical care and maintain essential community services.

166. To this end, the project will provide: (a) support for the establishment of eight isolation rooms, including two negative pressure isolation rooms in Pristina and one in North Mitrovica; (b) equipment of the isolation rooms; (c) emergency stocks of antibiotics and consumables, (d) protective equipment for health workers; and (e) the training and retraining of staff at all levels of the health care system to include, among others, training on rapid response and infection control.

167. In case of a declared influenza pandemic, this component will finance emergency imports identified as necessary under a well-defined preparedness and response program to be prepared as part of project implementation. These imports are likely to include: (i) pharmaceuticals and vaccines; (ii) medical supplies and equipment; (iii) communication equipment, supplies and information campaigns; (iv) food and water containers; and (v) protective clothing.

Component 4. Project Implementation and Monitoring and Evaluation (US\$276,100 equivalent)

168. Staff capacities in the PISG are good and there are staff in place that are capable of managing and implementing the project in the central administration provided they receive adequate support.

169. Though existing capacity will be used as much as possible to implement the project and form the Project Team, this component will support and complement these capacities for effective implementation and management of the project.

A. Support to the Project Team

170. MAFRD has been given responsibility for planning and implementing the response to Avian Influenza. The PISG's Working Group to prepare and implement the plan for Avian Influenza sits in MAFRD, and thus the focal point for project implementation will be within this Ministry. Additional Project Coordination responsibilities will sit in appropriate agencies (MOH for the Human Health Component and IPH for the Public Awareness and Information Component) but lines of responsibility in matters related to the project will report to the project structures in MAFRD. Regional and municipal structures of the local government representing MAFRD, MOH and other ministries are the local beneficiaries and implementing agencies of the project.

171. This subcomponent will support staff and institutional strengthening and costs associated with project management and coordination.

172. To support the executive capacities of the AI Working Group to implement the project, this subcomponent will support the work of a Lead Project Coordinator (also responsible for the Animal Health Component) and two Project Coordinators (one each for the Public Awareness and Information Component and the Human Health Component), all assigned in September 2006 from existing staff. The Project Coordinators will be responsible for implementing decisions of the AI Working Group and ensuring that the appropriate entities are taking the necessary actions, for coordinating the responses of different entities, and for liaising with donors working on HPAI response. They will be responsible for compiling the Project Operational Manual, preparing and reviewing Annual Work Plans and ensuring coordination and linkages across relevant agencies and international partners, and for overseeing Monitoring and Evaluation. The three Coordinators will be responsible for coordinating with the relevant PISG departments to guide and monitor project implementation at the central and local levels. The relevant PISG departments will be responsible for assisting with preparation of Annual Work Programs, budgets and reporting as needed. The full Terms of Reference for the Project Coordinators will be included in the Project Operational Manual.

173. The Project Coordinators will receive additional management training to facilitate their transition to a coordinating and management role in the project. The Coordinators will also collaborate with and receive support if necessary from the UN HPAI Coordinator (funded from UNDP, WHO, UNICEF, FAO, UN Development Coordinator budget and reporting to the UN Development Coordinator), who will sit in the Office of Public Safety (OPS), Office of the Prime Minister, and who will assist the OPS in preparedness and contingency planning.

174. The Project Coordinators will also be supported by the following staff appointed for overall administration, procurement and financial management, and monitoring and evaluation:

- One of the epidemiologists hired under the Animal Health Component will be assigned as **Deputy Project Coordinator**, to take care of some of the day-to-day responsibilities of the Lead Project Coordinator. This individual will also receive management training.

- A second epidemiologist hired under the Animal Health Component will be assigned as **Monitoring and Evaluation Specialist** (see below).
- A local **Procurement Specialist** will be hired under the project, and will be assisted by existing staff in the Public Procurement Agency, who have experience in procurement for World Bank projects. The Procurement Specialist will also be assisted by an international procurement consultant during the initial phase of project implementation, and the technical procurement expertise of existing staff in the KVFA.
- **Financial Management** will be carried out by a consultant to be hired for the project.

175. The project will also provide a budget for consumables, and will cover the costs of project audit and an operational review for the internal control framework and procedures, especially for the Compensation Fund, and the inventories of drugs, vaccines, medical and veterinary equipment, and other sensitive and/or expensive assets.

176. The project will also procure the services of WHO and UNICEF to implement the project activities in minority enclaves where the PISG have limited access, as and when necessary.

B. Monitoring and Evaluation (M&E)

177. M&E will constitute a critical part of project implementation. M&E will be carried out at all administrative levels, while responsibility for overall M&E for the project will be given to one of the two epidemiologists hired under the Animal Health component. This individual will spend the majority of her or his time on M&E during the project, after which their epidemiological duties will become paramount.

178. This subcomponent will provide support for M&E activities through the following:

B1: Training

179. This subcomponent will support training in participatory monitoring and evaluation at all administrative levels; a mid-term evaluation workshop; and development of an action plan for M&E and replication of successful models. It will support the following activities:

- Training in M&E.
- Developing an M&E plan for the project.
- Implementation of baseline studies.
- Mid-term evaluation of the project.
- Ongoing participatory monitoring and evaluation.
- Final project evaluation.

180. These activities will be conducted by the epidemiologist tasked with performing M&E for the project.

B2: Program Monitoring and Impact Evaluation

181. The M&E epidemiologist will also be responsible for developing project monitoring and impact evaluation assessments. Two types of M&E are envisaged:

- (i)* Monitoring of project implementation. Relevant data will be collected from line ministries and other implementation agencies and then compiled into semi-annual or quarterly progress reports (as the case may be) focusing on status of physical implementation by component, use of project funds and monitoring indicators. Specific surveys will be conducted to obtain data for this purpose. Annual expenditure reviews will be conducted to assess PISG commitment to strengthen the public health functions as measured by budgetary allocations and their distribution by activity.

- (ii)* Impact evaluation. The aim of evaluation is to assess whether the interventions are effective or the Program is having the desired impact. The evaluation will include both quantitative and qualitative aspects and be conducted on an annual basis. The quantitative aspects will rely on new information systems and surveys implemented as part of the various components of the project, currently existing data sources, and primary evaluative data collection efforts. The goal of the qualitative aspect of the evaluation will be to document perceptions of program managers, staff, patients, and local and territory-wide leaders.

Appendix 3b: Compensation Plan

182. Early detection and reporting, as well as rapid response, depend critically on the poultry owners to report very quickly any sick and/or dead poultry to veterinarians. Without adequate compensation arrangements in place, poultry owners have no incentive to do this, and will fear that with the destruction of their poultry they will lose their valuable capital.

183. Within the Animal Health component there will be a Compensation Fund, accompanied but an adequate legal basis for compensation of the culled birds in the case of an outbreak of HPAI. Through this component appropriate mechanisms will be established to implement effective compensation if culling measures are employed. The component will use adjusted practices of current compensation practices. Adjusted practices will be determined and will be appropriate for small scale poultry owners and industrial poultry. The necessary fiduciary and control mechanisms for the fund will be set up within the Project Team

184. Current procedures for compensation for culled livestock in Kosovo are relatively well-developed. The Law number 21/2004, The Law on Veterinary Services, confirms the right of farmers to be compensated for the culling of contagious animals and animals at risk, in order to prevent spreading of the disease, and determines the procedures for culling and compensation. In order to compensate the farmers the following documents/steps are required with the current practices

- The form for the reporting of the suspicious contagious disease which is filled by the local veterinarian
- Minutes which describe the situation in the property with the poultry suspected to be contagious filled by the regional inspector
- Chief of Animal Health Section in the KVFS prepares a report for suspicion for the presence of the disease.
- Availability of the laboratory results.
- Decision of the Chief Executive Office of the KVFA for establishing of the commission to assess the damage in order to determine the amount for compensation
- Assessment report based and proposal for compensation by market value
- Decision for the compensation

185. In the event of an HPAI outbreak in Kosovo, the Project will provide support for culling and elimination of infected and at-risk poultry, with compensation to farmers and commercial poultry producers based on the existing legal framework. The ordinance/order/by-law [*currently being drafted and to be ready by the Appraisal mission*] for culling and compensation will determine in advance the compensation values by type of poultry (rather than requiring a commission to determine the value on a case-by-case basis). Part of the ordinance will be the compensation amount which will be determined every 6 months, and will be defined as average value of market values separately for back yard chicken and industrial chicken. Accurate lists will be kept of all poultry culled, so that the culling committee can calculate the compensation that will go to each poultry owner. Strict requirements will apply to recording, reporting and verification of poultry culling, compensation claims and payments.

186. The compensation fund will be financed by the World Bank project up to the amount of US\$537,300 equivalent. The usage of the funds will be conditioned to the modalities for operating the Fund being satisfactory established and approved by the Bank.

Village and Backyard Poultry Culling

187. In potential future cases of outbreak the procedures will include the following steps: After the confirmation of the suspicion of the outbreak the Chief Executive Officer of the Kosovo Veterinary and Food Agency- KVFA will authorize a five member team to undertake necessary measures for control of disease. The team will be comprised by a) KVFA representative; b) Village Administrator; c) Regional Veterinary Inspector; d) Local Veterinarian; and e) a member of the department for emergencies (TBC). With the confirmation of the disease actual culling is undertaken. After the culling the owner and commission sign a form defined in the ordinance/by law /regulation that is currently being prepared in three copies. One copy is kept by the owner, one copy is submitted at the KVFA Ministry of Agriculture, and the third copy is submitted at the Project team. Pre-numbered forms will be given to the team based on the number of the properties in the at risk region. Signed Form will be a base for payment to the farmers. The payments will be done through bank transfer. After culling, a paying list of farmers per village including the amounts to be compensated will be announced in public space. The Project Team upon receiving the signed forms will do the actual payments.

Commercial Poultry Culling

188. At commercial poultry enterprises or extensive producers the culling will be done by a team established by the KVFA Chief Executive, in the presence of the owner. The team in this case is same with the change where the village administrator will be substituted with a member of the Poultry Association. All sign a form listing the culled birds, which is completed in 3 copies. One copy of the form will be kept by the owner of the commercial enterprise; a second copy will be kept at the KVFA Ministry of Agriculture and third will be sent to the Project Team. Compensation amounts are paid through bank wire transfers. The forms are pre-numbered.

Database and Forms

189. Forms will be printed, pre-numbered and kept at the Project Team. The Project Team will keep the database of number of forms sent to each owner and commercial producer

Compensation Payments

190. The parameters for payments include the following:

- Compensation to the farmers will be through bank transfer. The bank accounts will be provided by the owner and will be entered in the form to be signed after the culling. Appropriate procedures for supervising and verifying payment will be specified in further detail in the operational manual.

- For compensation to backyard poultry farmers the following options for compensation per bird can be considered: (i) average market price of the laying hens as reported by the competent authority twice a year or (ii) average market price during last year (i.e. the period before any price distortion caused by HPAI outbreaks), adjusted for inflation;
- For commercial producers, compensation will be provided by bank transfer. Compensation will be for reasonable replacement cost, i.e. for birds less than 3 months old at the cost of one-day chicks, and for birds older than 3 months at the cost of 3-months-old birds, at the amount as reported by the competent authority.

191. The compensation amounts will be established based on the parameters in the previous paragraph. KVFA/MAFRD will issue an ordinance (as previously mentioned) for usage of funds for compensation adjusted for the HPAI outbreak, which will include the parameters for compensation amounts. The compensation amounts to be used in the cases of the HPAI outbreak will be made public in advance in the village and the center of the municipality.

Flow of Funds

192. Procedures need to minimize delay but ensure maximum transparency. The execution of payments will be done through wire transfer to the farmers, and commercial poultry producers.

193. The PMU will verify that forms are complete, and on the basis of the form specified in the ordinance [to be approved] will execute transfers from the Compensation Fund to the specified accounts of the farmers and commercial producers. All transfers will be handled by the PT.

194. It would be highly desirable for compensation to be completed in a short time, for example no longer than 7 days.

Appendix 4: Project Costs

KOSOVO: Avian Influenza Control and Human Pandemic Preparedness and Response Project

Summary of financial arrangements cofinanced by IDA and PISG ('000 US\$ equivalent):

	GOVT		IDA		Total		For. Exch.	Local (Excl. Taxes)
	Amount	%	Amount	%	Amount	%		
A. Kosovo Avian Influenza Project								
1. Public Awareness	-	-	283.5	100.0	283.5	9.5	59.4	224.1
2. Animal Health	-	-	1,471.9	100.0	1,471.9	49.1	759.9	712.0
3. Human Health	-	-	968.5	100.0	968.5	32.3	924.8	43.8
4. Project Management	-	-	276.1	100.0	276.1	9.2	134.2	141.8
Total PROJECT COSTS	-	-	3,000.0	100.0	3,000.0	100.0	1,878.3	1,121.7

195. Note: the PISG will provide an in-kind contribution through assigning the following existing staff to the project: one Lead Project Coordinator; two Project Coordinators; Procurement staff in MAFRD and the Public Procurement Agency; and two advisory staff in the MOH. In addition the PISG have committed to providing office space and communications to the Project Team. After January 2009 the seven new epidemiologists will be paid for by the PISG, amounting to US\$42,000 equivalent for base salaries during the life of the project (they will continue as PISG staff beyond the life of the project).

Project Cost By Component ('000 US\$ equivalent):

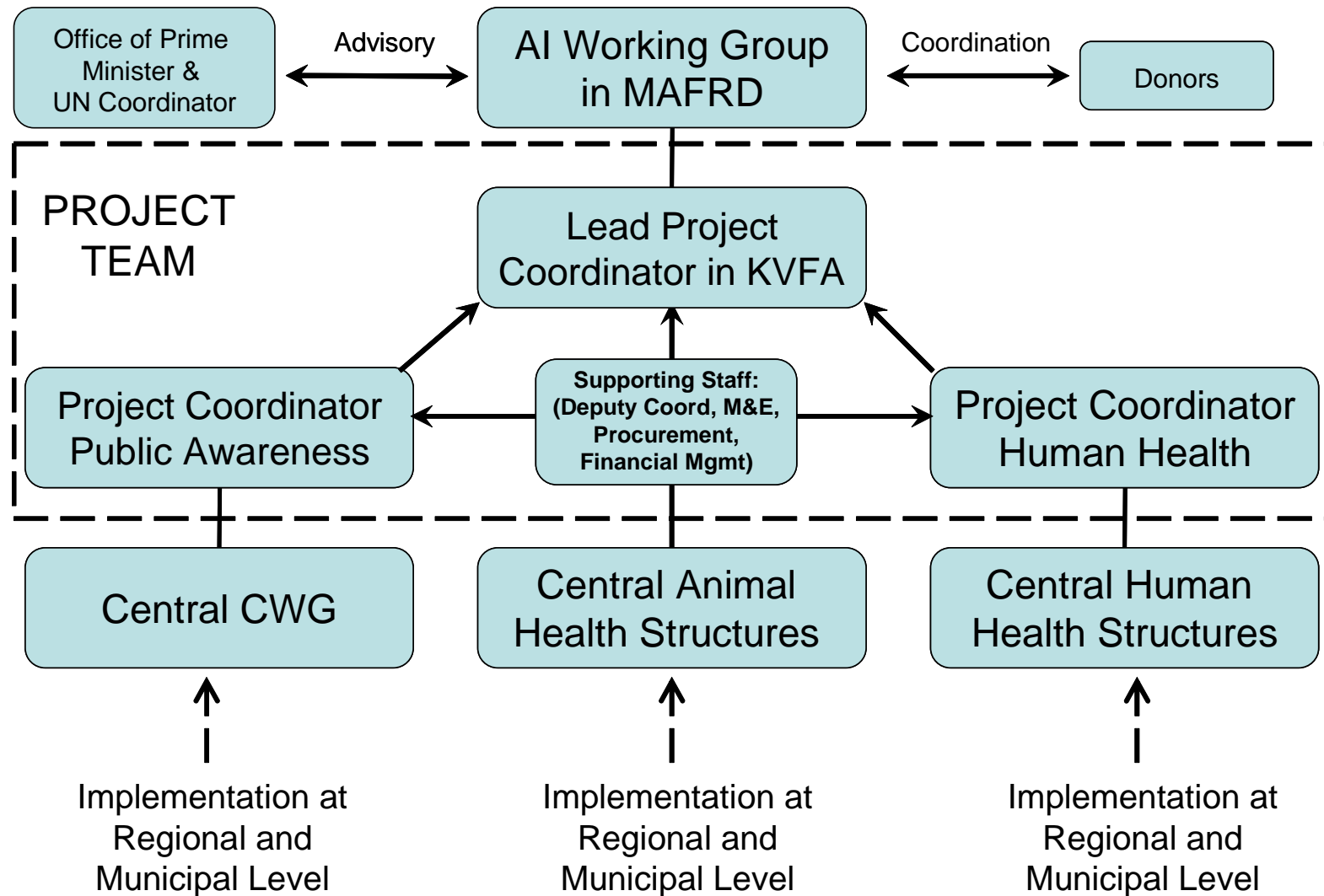
	(US\$ '000)			% Foreign Exchange	% Total Base Costs
	Local	Foreign	Total		
A. Kosovo Avian Influenza Project					
1. Public Awareness	224.1	59.4	283.5	21	10
2. Animal Health	712.0	759.9	1,471.9	52	49
3. Human Health	43.8	924.8	968.5	95	32
4. Project Management	141.8	134.2	276.1	49	9
Total BASELINE COSTS	1,121.7	1,878.3	3,000.0	63	100
Physical Contingencies	-	-	-	-	-
Price Contingencies	-	-	-	-	-
Total PROJECT COSTS	1,121.7	1,878.3	3,000.0	63	100

Project Cost By Activity ('000 US\$ equivalent):

	(US\$ '000)			% Foreign Exchange	% Total Base Costs
	Local	Foreign	Total		
I. Investment Costs					
A. Civil Works	121.9	209.4	331.3	63	11
B. Equipment, Materials and Supplies	140.3	1,315.4	1,455.7	90	48
C. Technical Assistance	235.5	203.9	439.4	46	15
D. Training	86.8	149.6	236.4	63	8
E. Compensation Fund	537.3	-	537.3	-	18
Total Investment Costs	1,121.7	1,878.3	3,000.0	63	100
II. Recurrent Costs					
Total BASELINE COSTS	1,121.7	1,878.3	3,000.0	63	100
Physical Contingencies	-	-	-	-	-
Price Contingencies	-	-	-	-	-
Total PROJECT COSTS	1,121.7	1,878.3	3,000.0	63	100

Appendix 5: Project Coordination and Implementation Arrangements

KOSOVO: Avian Influenza Control and Human Pandemic Preparedness and Response Project



196. For implementation arrangements, see Section III. A. The PISG is committed to the inter-ministerial cooperation described therein and in the diagram above to ensure that the Project Team and the lines of responsibility and reporting function effectively.

197. Project preparation was conducted in collaboration with other donors, including WHO, UNICEF, FAO, UNDP and the Office of the UN Development Coordinator, and the Project will be integrated with other donor responses. Specifically, the UN HPAI Coordinator, supporting the Office of Public Safety (OPS) in the Office of the Prime Minister in preparedness and contingency planning, will coordinate and collaborate as necessary with the Project Team. In addition WHO will provide ongoing technical assistance (as described in the detailed description of the Component 3, Human Health component in Appendix 3); and UNICEF will be closely involved in implementing Component 1, Public Awareness and Information. The Bank and the Project Team will continue to consult with other donors to identify opportunities for coordination as their future funds are programmed, and it is anticipated that the Project will be modified accordingly to avoid overlap.

Appendix 6: Financial Management and Disbursement Arrangements
KOSOVO: Avian Influenza Control and Human Pandemic Preparedness and Response Project

Territory Issues

198. An Operational Financial Accountability Report was finalized in May 2005. Despite significant progress since 2001, public financial management in Kosovo suffers from fundamental weaknesses, and basic structures for financial accountability are still in their infancy. The overall legal framework for budgeting and budget management is largely compatible with internationally recognized standards, but for some aspects it appears to be too advanced for the current administration's capacity. Carry-over practices and weaknesses in capacity, organization and coordination hamper budget preparation and undermine the credibility of the budget as a policy management instrument. While treasury and cash management are well-regulated areas of public financial management, they suffer from inefficiencies. The system through which Commitment and Payment Orders flow to ensure authorization of payments is well regulated. The Treasury authorizes commitments and payments based on proposals and supporting documentation by budget organizations and municipalities. The Treasury pays from a single account in the central Banking and Payment Authority of Kosovo (BPK).

199. As with most public financial management functions, accounting is constrained by limited capacity, and financial reporting needs more realistic requirements and statutory deadlines, improved procedures, and trained personnel. Internal control and internal audit at all levels of government are in their infancy. Considerable time and effort will be required to make them fully operational. External audit is undeveloped and, as with internal audit, it will need sustained external support for its development. The external audits and operational review would be carried by auditors acceptable to the Bank.

Risk Analysis and conditions

200. The overall financial management risk for the project is substantial before mitigation measures, and with adequate mitigation measures agreed, the financial management residual risk is rated moderate. . Table below summarizes the financial management assessment and risk ratings of this project:

<i>Risk</i>	<i>Risk Rating</i>	<i>Risk Mitigation Measures</i>	<i>Residual Risk</i>
Inherent Risk			
Territory financial management risk. The overall risk in the public sector in Kosovo	H	<i>Internal control and internal audit at all levels of government are in their infancy. Considerable time and effort will be required to make them fully operational. External audit is undeveloped and, as with internal audit, it will need sustained external support for its development.¹ External audit would be done by auditors acceptable to the Bank.</i>	S
Entity Level. Risk of political interference in entity's	S	<i>Any changes to the structure and key staffing in the implementing agencies will require</i>	M

management.		<i>agreement with the Bank</i>	
Project Level. Project is small sized, and not complex except for the compensation component	S	<i>Adequate control mechanism for compensation fund have been agreed and to be included in the project operational manual</i>	M
OVERALL INHERENT RISK	S		M
Control Risk			
<i>Budget KVFA has experiences with planning and budget for Bank's financed projects.</i>	M	<i>Rely on MFE</i>	M
<i>Accounting.</i>	M		M
<i>Internal Controls Delays may occur in the formulation of acceptable procedures relating to the compensation fund or procedures may not be followed</i>	S	<i>Implementation arrangements for the Compensation Fund should incorporate strong features of transparency, community involvement, and ex-ante and ex-post checks that have been found effective in the territory under other projects. Compensation Fund procedures a condition of effectiveness.</i>	M
<i>Funds flow No special account but need to enhance fund flow for compensation fund</i>	S	<i>Adequate controls for the compensation fund are incorporated in the Technical Annex and would be included in FM Manual</i>	M
<i>Financial Reporting KVFA has experiences with IFRs</i>	M/S	N/A	M
<i>Auditing</i>	M/S	N/A	M
Overall Control Risk	M		M
Project FM Risk	M		M

201. Corruption remains a concern in Kosovo. The UN Review of Standards identifies corruption as “a widespread phenomenon where efforts to assess its extent by international police, prosecutors and intelligence officers has been unsuccessful, due to clan solidarity, codes of silence, language problems and inexperienced local law enforcement institutions”. A World Bank survey of Kosovo enterprises found that 35 percent of surveyed firms consider corruption as a severe constraint to doing business. Kosovo has made some initial progress in the fight against corruption in the passing of A Suppression of Corruption Law, and the recent reforms of public expenditure management also lay the foundation for improved transparency, but much more remains to be done. Positively, the media and civil society are increasingly active in promoting accountability. In relation to this project, especially the compensation fund, adequate mitigation measures are incorporated in the project which can be summarized as follows: (a) finalization and implementation of appropriate internal controls and operational manual for culling and payments is a condition of effective – key control principles are included in the project (annex 3b) and annex 7, (b) transparent procedures for handling of culling, including supervision of culling by a team of 5 independent members and use of an independent audit firm to monitor the culling and to certify the culling report for commercial farmers, (c) compensation payment to poultry owners will be by bank transfer or postal transmission and there will be no vouchers or animal replacements, (d) enhanced disclosure and transparency of project-related information - after culling, a paying list of farmers per village including the amounts to be compensated will be announced in public space, (e) there will be regular/annual operational reviews to confirm the validity and legitimacy of the compensation payments made, and (f) institute appropriate complaints handling mechanism.

Strengths

202. The significant strengths that provide a basis of reliance on the project financial management system include: (i) the experience of MFE, MOH and UNMIK of implementing previous projects and satisfying Bank financial management requirements; and (ii) the audit reports and management letters issued by the auditors.

Weaknesses and Action Plan

203. Financial management arrangements for the project are generally adequate, but an action is required to ensure that arrangements are fully satisfactory for the project, with its specific FM needs, especially with respect to the Compensation Fund. The following action plan will be discussed with the Recipient during Negotiations. Satisfactory implementation of the action plan will ensure the establishment of a financial management system that fully meets requirements of the Project and of the Bank.

	Action	Responsibility	Due Date
1	Revised Financial Management Manual for the inclusion of internal controls and fund flow arrangements regarding the compensation fund	KFVA and MFE	To be ready before effectiveness

Implementing Entity

204. The proposed project implementation will be streamlined within the existing structures of the relevant government agencies. In line with the government's legislative framework for AI preparedness, responsibility for planning will sit with the Office of the Prime Minister, while executive responsibilities will be with the AI Working Group, which sits in, and is headed by, the MAFRD, with inter-ministerial membership from the appropriate ministries.

205. The lead agency in MAFRD, the Kosovo Veterinary and Food Agency (KVFA) will be responsible for project coordination. The Chief in the KVFA will be also responsible for implementing the Compensation Fund, with support from project Financial Management and Procurement staff as necessary.

206. The Grant Unit of the MFE will be responsible for disbursement, financial reporting and auditing of the project, while the KVFA will ensure that payments are approved by appropriate staff only after services have been delivered before payment requests are forwarded to the MFE. The Grant unit in collaboration of the KVFA will be responsible for ensuring that the Project establishes and maintains: (i) adequate accounting systems and procedures; (ii) flow-of-funds mechanisms facilitating timely disbursement of funds and timely payments for goods, works and services; (iii) regular reporting on the use of funds; and (iv) appropriate arrangements for regular financial audits and operational reviews on the Compensation Fund. The Grant unit has experience with financial management under Bank-financed projects and has established sound internal control mechanisms on the application and use of funds. However, additional internal

control procedures for the operation of the Compensation Fund, will be developed to respond to the specific risks associated with the flow-of-funds mechanism envisaged under the project. These procedures will be outlined in the Operations Manual.

Accounting

Staffing

207. All Commitment and Payment Orders (CPOs) produced by all the implementing entities will be submitted to the MFE. The KVFA will hire an additional staff to deal with financial management issues of the project. On the other hand, the MFE will assign a staff member in the Grant Unit to be the focal point for processing and control of payments, production of withdrawal applications, as well as producing quarterly and annual financial statements for the project. The Grant unit at the MFE will work closely with the KVFA to ensure that quarterly interim un-audited financial reports (previously called Financial Monitoring Reports, FMRs), annual financial statements and other progress reports are submitted in a timely manner to the Bank reflecting the implementation status of the project.

208. The KVFA is in process of recruiting an additional staff with adequate qualifications and experience.

Information systems

209. The chart of accounts is based on the Government's Financial Management Information System. This system was assessed in the Operational Financial Accountability Report and found to be acceptable for the purpose of registering the necessary financial information. As the participants under the project fall under the umbrella of the Kosovo Consolidated Budget, all project related payments would be made via the Single Treasury Account (STA), unless direct payments on an exceptional basis are chosen, and the accounts would be maintained as part of the MFE's accounting system.

Accounting policies and procedures

210. The accounting books and records are maintained on a cash basis by MFE based on the documentation provided by the KVFA including additional commitment information for signed contracts. Quarterly and yearly project financial statements will be presented in EUR. MFE has instituted a set of appropriate accounting procedures and internal controls including authorization and segregation of duties for this project based on previous similar projects.

211. The risk associated with accounting before implementation of mitigation measures is moderate.

Budgeting

212. The KVFA will be preparing budget based on procurement plans. These budgets will form the basis for allocating funds to project activities and for requesting funds from the Bank. KVFA has experiences with planning and budgeting for Bank's financed operations.

213. The risk associated with planning and budgeting before mitigation measures is assessed as substantial.

Compensation Fund

214. The Law on Veterinary Services - confirms the right of farmers to be compensated for the culling of contagious animals and animals at risk, in order to prevent spreading of the disease, and determines the procedures for culling and compensation. The KVFA at the MAFRD will manage the Compensation Fund. The necessary operational and financial details will be developed, agreed, and included in the Operations Manual.

215. The KVFA will execute gross payments from Compensation Fund to agreed agents of each of the affected towns/villages. The agents will make payments to individual farms and households.

Internal Control Arrangements for the Compensation Fund

216. Annex 3b sets forth the procedures for recording poultry culled under government orders and for establishing and recording poultry owner's claims for compensation payments. A number of minimum internal control procedures and risk mitigation measures will be implemented with respect to recording and verifying poultry culling and claims for compensation payment before any flow of funds is initiated.

- The financial and operational manuals will detail the mechanisms, as described also in Annex 3b, for identifying those eligible for compensation payments, ensuring that there will be no multiple claims. A Compensation Fund database will be maintained by the Project to facilitate record keeping, claim verification, payment facilitation, monitoring and auditing.
- In the event of government-ordered culling of poultry, the culling and the preparation and processing of culling records and compensation claims will be done in accordance with the procedures detailed in Annex 3b and summarized in paras. below.
- All forms to be used to record poultry culling and compensation claims will be provided by the Project. They will be pre-numbered and recorded in the database of the Compensation Fund. All unused forms, as well as any invalid or incorrectly completed forms, must be returned to the Compensation Fund when the culling records are submitted.
- Compensation payment to poultry owners will be by bank transfer or postal transmission. There will be no vouchers or animal replacements. Payment will be made within a maximum of four weeks from the date of culling.

217. The owners of *village and backyard poultry* will, in cases of outbreak, perform the following steps: After the confirmation of the suspicion of the outbreak the Chief Executive Officer of the Kosovo Veterinary and Food Agency- KVFA will authorize a five member team to undertake necessary measures for control of disease. The team will be comprised by a) KVFA member b) Village Administrator c) Regional Veterinary Inspector d) Local Veterinarian and e) a member of the department for emergencies. With the confirmation of the disease actual culling is undertaken. After the culling the owner and commission sign a form defined in the ordinance/by law /regulation that is being prepared in three copies. One copy is kept by the owner and one copy is submitted at the KVFA Ministry of Agriculture. Pre-numbered forms will be given to the team based on the number of the properties in the at risk region. Signed Form will be a base for payment to the farmers. The payments will be done through bank transfer. After culling, a paying list of farmers per village including the amounts to be compensated will be announced in public space. The Project units upon receiving the signed forms will prepare the Commitment and Payment Orders (CPOs) and will submit to the MFE for further processing and payments via the Single Treasury Account.

218. **Commercial Poultry.** At commercial poultry enterprises or extensive producers the culling will be done by the team set by the KVFA Chief Executive, in the presence of the owner. The team in this case is same as for village and backyard poultry culling, except that the village administrator will be substituted with the member of the Poultry Association. All sign a form listing the culled birds, which is completed in 3 copies. One copy of the form will be kept by the owner of the commercial enterprise; and a second copy will be kept at the KVFA Ministry of Agriculture. Compensation amounts will be paid through Single Treasury Account, as described above. The forms are pre-numbered. In addition, an independent audit firm will be required to monitor the culling and to certify the culling report.

219. **Flow-of-Funds Arrangements for the Compensation Fund.** Procedures need to minimize delay but ensure maximum transparency. The execution of payments will be done through wire transfer to the farmers, and commercial poultry producers. Once authorized by the KFVA, compensation payments will be effected by the Compensation Fund through the Single Treasury Account system.

220. It would be highly desirable for compensation to be completed in a short time, for example no longer than 7 days.

Compensation Payments

221. The parameters for payments include the following:

- Compensation to the *farmers* will be through transfer. The bank accounts will be provided by the owner and will be entered in the form to be signed after the culling. Appropriate procedures for supervising and verifying payment will be specified in further detail in the operational manual. For compensation to *small farmers* the following options for compensation per bird can be considered: (i) average market price of the laying hens as reported by the competent authority twice a year or (ii) average market

price during last year (i.e. the period before any price distortion caused by HPAI outbreaks), adjusted for inflation;

- For **commercial producers**, compensation will be provided by bank transfer. Compensation will be for reasonable replacement cost, i.e. for birds less than 3 months old at the cost of one-day chicks, and for birds older than 3 months at the cost of 3-months-old birds, at the amount as reported by the competent authority.

222. The compensation amounts will be established based on the parameters in the previous paragraph. The KVFA will issue an ordinance (same one mentioned before) for usage of funds for compensation adjusted for the HPAI outbreak, which will include the parameters for compensation amounts. The compensation amounts to be used in the cases of the HPAI outbreak will be made public in advance.

223. **Reviews and Audits for the Compensation Fund.** The KFVA will carry out, or will arrange to have carried out, additional checks to ensure that the eligible poultry owners, and only they, are paid in full. This will include, but not be limited to, annual operational reviews, under TORs acceptable to IDA, to confirm the validity and legitimacy of the compensation payments made. The reviewers will be required to verify compensation claims and payments made in randomly selected samples of villages and Kosovo territories; this verification will include: checking against the database maintained by the Compensation Fund, collecting and verifying information available and obtained at the village level, checking with individual poultry owners, checking forms and reports, etc. Any significant weaknesses identified will be promptly rectified in close consultation with IDA. In addition, the external independent auditors will be asked to provide an opinion on the reasonableness of the accounting, reporting and internal controls in respect of the operations of the Compensation Fund, and the audit TORs (acceptable to IDA) will include these specific requirements. All ineligible claims will be refunded to the Compensation Fund and to IDA.

Internal controls

224. With the exception of the Compensation Fund component, for which the Grant Unit does not have previous experience, the unit has maintained an effective internal control system to ensure that project expenditures are properly authorized, supporting documents are maintained; accounts are reconciled periodically; project assets, including cash, are safeguarded, and cash compensation grants are properly accounted for. These internal control procedures are currently reflected in their internal Financial Management manual. However, additional internal control procedures for the operation of the Compensation Fund will be developed to respond to the specific risks associated with the flow-of-funds mechanism envisaged under the project. These financial manual would be revised to include control procedures for the compensation fund.

225. The risk associated with internal control before mitigation measures is substantial.

Financial Reporting

226. MFE will produce all financial reports and Statement of Expenditures (SOEs) for the Bank. The formats of the quarterly interim un-audited financial reports to be agreed during

negotiations will be used for project monitoring and supervision and the formats of these will be included in the FM manual. MFE will produce a full set of interim un-audited financial reports every three months throughout the life of the project.

227. Based on monthly reports from this system (Freebalance) MFE in cooperation with the KFVA in MAFRD will produce the quarterly and annual financial reports required mainly through reports from the Freebalance system. The consolidated reports on Statement of Sources and Uses of Funds, on uses of funds according to organizational code, the uses of funds according to sub-component, and the commitment/obligation analysis report with commitment and actual data, will all be produced by the Freebalance system on request of the Grant Unit. The contract monitoring information will be produced by the MFE based on the commitment/obligation analysis report and the information on each contract. The narrative report and the consolidation of the other reports will be done by the KFVA. KFVA has experiences with the generation of IFRs on timely basis.

228. The risk associated with financial reporting before mitigation measures is moderate.

External Auditing

229. Current project financial statements and auditing arrangements for the previous projects managed by MFE are acceptable and it has been agreed that these arrangements will be replicated for the proposed project. Annual audits of the project financial statements will cover all aspects of the project, including specific requirements for the Compensation Fund. The audits will be performed by independent auditors acceptable to the Bank, and in accordance with International Standards on Auditing (ISA), and the Bank's guidelines on auditing. They will include both the audit of financial transactions, an assessment of the internal control, funds flow mechanisms, and the reasonableness of the accounting, reporting and internal controls in respect of the Compensation Fund. The annual audit reports will consist of a single opinion on the financial statements of the project, incorporating the project accounts, including Statement of Expenditures (SOE); as well as a Management Letter. The auditors' TOR will be prepared by the MFE and cleared by the Bank before the engagement of the auditor.

230. The cost of the operational review and financial audit will be eligible for financing from the Grant. The KFVA and Grant Unit at the MFE will provide the auditor with full access to project-related documents and records, including the compensation claims database, and with the information required for the purpose of the audit.

231. The audit reports will be submitted to the Bank not later than six months after the end of the fiscal year to which they relate.

232. The following chart identifies the audit reports that will be required to be submitted by the project implementation agencies together with the due date for submission.

<i>Audit Report</i>	<i>Due Date</i>
Entity financial statements	N/A
Project financial statements (PFS), including also Statement of Expenditures (SoE). The	Within six months of the end of each fiscal year and also at the closing of the project

<i>Audit Report</i>	<i>Due Date</i>
PFS include sources and uses of funds by category, by components and by financing source; SoE, and notes to financial statements.	
Annual operational reviews on the compensation fund	Within six months of the end of each fiscal year and also at the closing of the project

233. The risk associated with external audit is moderate.

Flow of Funds and Disbursement Arrangements

234. All payments will be made by the MFE from its own sources of funds and no designated account will be needed. Based on the documents prepared by the implementing entities all relevant documents will be processed by the Grant Unit in the MFE, either to be paid by treasury or by direct payments. The MFE will prepare all the relevant documents in support of applications for withdrawal, sign it and forward to the Bank through UNMIK. Fund flow arrangements for compensation are included in the section 14 below, but additional control mechanism should be included to ensure funds are used and paid to recipients correctly.

235. Bank funds will be disbursed under the Bank's transactional procedures including Statement of Expenditures (SoE) and direct payments. Supporting documentation for SoE, including completion reports and certificates, will be retained by the Borrower and made available to the Bank during project supervision. Disbursements for expenditures above the SoE thresholds will be made against presentation of full documentation relating to those expenditures. There is no plan to move to periodic disbursements.

236. The risk associated with funds flow and disbursement before mitigation measures is substantial.

Supervision Plan

237. During project implementation, the Bank will supervise the project's financial management arrangements in two main ways: (i) review the project's the quarterly interim un-audited financial reports as well as the project's annual audited financial statements and auditor's management letter; and (ii) during the Bank's supervision missions, review the project's financial management and disbursement arrangements (including interim financial reports (IFR)) to ensure compliance with the Bank's minimum requirements. As required, a Bank-accredited Financial Management Specialist will assist in the supervision process. The first mission it will be 6 months after the effectiveness.

Appendix 7: Procurement Arrangements

KOSOVO: Avian Influenza Control and Human Pandemic Preparedness and Response Project

238. As described in OP 8.50 for Emergency Recovery Assistance (ERA) and in addition to providing emergency assistance, the Bank may support operations for prevention and mitigation in countries prone to specific types of emergencies. Such operations could assist in: (a) developing a strategy, (b) establishing an adequate institutional and regulatory framework, (c) carrying out studies of vulnerability and risk assessment, (d) reinforcing vulnerable structures, and (e) acquiring hazard-reduction technology.

239. Given the threat that HPAI poses to the economic and social fabric of Kosovo, as well as to the health of its population because of the risk of an influenza pandemic, the Project will be financed through an IDA Grant to be approved following ERA procedures.

240. Procurement under the project will be carried out in accordance with the Bank's "Guidelines: Procurement under IBRD Loans and IDA Credits" dated May 2004 (Procurement Guidelines), and "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004 (Consultants' Guidelines), and with the provisions stipulated in the Financing Agreement. The various items are described in general below. For each contract to be financed from the Grant proceeds, the different procurement and selection methods, estimated costs, prior review requirements, and time frame are agreed between the Recipient and the Bank in the Procurement Plan. The Procurement Plan will be updated at least annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

Procurement of Works

241. Works procured under this Project would include construction of a veterinary laboratory, renovation of microbiology laboratory, upgrading and renovation of isolation rooms. All works estimated to cost up to US\$500,000 equivalent, will be procured through National Competitive Bidding (NCB). Small works estimated to cost less than US\$100,000 equivalent will be procured through shopping procedures. The procurement will be done using the Bank's ECA regional bidding documents for NCB and shopping.

242. All contracts at the amount of US\$100,000 equivalent or more and the first two contracts at the amount of less than US\$100,000 equivalent per contract will be subject to Bank's prior review. All other contracts will be subject to post review.

Procurement of Goods and Services (other than consultants services)

243. Goods and services (other than consultants services) procured under this project would include: equipment and furniture for isolation rooms with negative pressure; equipment and consumables for CWG; sampling kits and diagnostic reagents; portable pumps for disinfection; disinfectants; equipment and materials for Institute for Veterinary Research; furniture and office equipment; supplies for Epidemiological Unit (IT equipment, sampling equipment and personal

protective equipment), vehicles, laboratory equipment (polymerase chain reaction equipment, laminar flow cabinets, triple packages, cool packs, viral transport media), IT equipment, faxes, software; TV air time; radio jingles; printing of posters leaflets and social mobilization materials. The following methods of procurement will be used depending on the packages, their cost estimates and sources of supply:

- (i) **International Competitive Bidding (ICB)** procedures will be used for contracts at the amount of US\$100,000 equivalent or more.
- (ii) **Shopping** procedures will be used for contracts at the amount of less than US\$100,000 equivalent per contract for supply of office equipment and spare parts.
- (iii) **Direct Contracting (DC)** would be used, subject to the Bank's prior approval, for procurement of TV air time and radio jingles and airing and for supply of goods which meet requirements for direct contracting referred to in paragraph 3.6 of the Procurement Guidelines.

244. The procurement will be done using the Bank's Standard Bidding Documents for all ICB's and ECA regional documents for shopping. All documents will be agreed with the Bank.

245. All contracts at the amount of US\$100,000 equivalent or more and the first two contracts at the amount of less than US\$100,000 equivalent per contract and all direct contracts will be subject to Bank's prior review. All other contracts will be subject to post review.

Procurement from UN Agencies

246. Tamiflu and other seasonal vaccines and drugs will be procured in accordance with paragraph 3.9 of the Procurement Guidelines, Procurement from UN Agencies. All contracts with UN Agencies will be subject to prior review.

Selection of Consultants

247. Consultants will be selected to provide international and local technical assistance and hiring of: virologists; epidemiologists; laboratory engineer; infection control consultant; procurement advisor and procurement specialist; financial management specialist; WHO specialist; UNICEF specialist, and for: preparation of detailed design and supervision; rapid assessment of key practices and behavior; KAP survey; and for project audit and operational review of internal control including compensation fund. The following methods for selection of consultants would be followed:

- (i) **Least Cost Selection (LCS)** procedures will be used for selection of auditing firm for annual audits throughout the life of the project.
- (ii) **Selection Based on Consultants' Qualifications (CQ)** procedures would be used for very small consulting assignments at the amount of less than US\$100,000.

- (iii) **Individual Consultants** (local and international) would be hired in accordance with Section V of the Consultants' Guidelines.
- (iv) **Single Source Selection (SSS)** would be used, subject to the Bank's prior approval, for very specialized low value contracts which meet requirements for SSS of the Consultants' Guidelines.

248. The selections will be done using the Bank's Standard Request for Proposal (RFP) and other regional sample documents agreed with the Bank. Short lists of consultants for services estimated to cost less than US\$100,000 equivalent per contract may be composed entirely of national consultants in accordance with the provisions of paragraph 2.7 of the Consultant Guidelines.

249. Requests for Proposals (RFPs), short lists, terms and conditions of contracts, as well as evaluation reports and recommendations for award for the first two individual contracts and all individual contracts at the amount of more than US\$25,000 equivalent and first two contracts with firms and all contracts with firms at the amount of more than US\$50,000 equivalent and all SSS contracts will be subject to Bank's prior review. All other contracts will be subject to post review.

250. **Training of veterinarians by the Faculty of the Veterinary.** In the scope of the project, veterinarians from the regional laboratories and epidemiologists from the regions will be trained on antroponosis (diseases transmittable from animals to humans). The training must be provided in the local language, and the Faculty of the Veterinary is the only local agency with the unique qualifications to provide this training. There are no private sector alternatives with the facilities to carry out this training at the regional level. Even though the Faculty of the Veterinary is not a legally, managerially or financially autonomous agency, there is no alternative group that can provide the training. Therefore, the concerned training activities—at a total cost not to exceed US\$25,000 for the whole project period—will be awarded to this Faculty on a single source basis.

251. **Training of medical staff by the IPH:** In the scope of the project, medical staff from the regional laboratories and hospitals and epidemiologists of the regions will be trained on antroponosis (diseases transmittable from animals to humans) and surveillance system for AI Preparedness. The training must be provided in the local language and the Institute of Public Health is the only local agency with the unique qualifications to provide this training. No other private sector alternative is available for such services that have facilities to carry out this training at the regional level. Even though the Institute of Public Health is not a legally, managerially and financially autonomous agency, there is no alternative source that can provide this training. Therefore, the concerned training activities at a total cost not to exceed US\$40,000 for the whole project period will be awarded to this Institute on a single source basis.

Training

252. The Project will finance trainings for epidemiologists, laboratory staff, private practitioners, veterinary inspectors and HQ staff. The trainings will be carried out according to training plans, which the project coordinators will revise semi-annually and submit to the IDA for approval prior to implementation. The expenses will be covered under training category and disbursed based on SOE.

Assessment of the agency's capacity to implement procurement

253. KVFA at the MAFRD will be in charge of the overall project coordination and for the procurement under the components to be implemented by both MAFRD and MOH. An assessment of the capacity of the implementing agency to implement procurement actions for the project was carried out by Plamen Kirov (ECSPS, Procurement Specialist) in November of 2006. The volume and the intensity of the procurement planned to be completed during the first year would require involvement of highly qualified procurement staff with experience in Bank procurement. KVFA's procurement staff does not have experience with WB procurement and hence does not have the required capacity to handle the procurement under the project during the initial period of project implementation. Therefore, it was discussed and agreed that the procurement during the first year of the project will be carried out by the Public Procurement Agency (PPA), with the participation of the procurement and other technical staff from the KVFA and the relevant implementing ministry, and assisted by the international procurement advisor. In addition, a local procurement specialist will be hired for the duration of the project.

254. The PPA has been established about 4 years ago and has about 15 people staff with different backgrounds in economics, law, engineering etc. Some of them have passed training courses in procurement organized by the Bank and International Labor Organization (ILO). Some of the people have been involved and gained some additional experience in Bank procurement during the implementation of the following Bank's projects: BETA and PEMTAG. It was indicated during the discussions with the PPA's management that due to the PPA's involvement in some other projects the PPA is currently understaffed and it does not have enough qualified and English speaking people to handle the additional procurement work. Therefore, it was agreed that one procurement specialist will be hired by the KVFA and paid from the Grant. He/she will be working under the PPA's guidance and with the KVFA's other technical and procurement staff who will be in charge of the preparation of the technical specifications and terms of references. After gaining some experience during the first year of the project implementation the procurement will be gradually transferred to the procurement specialist at the KVFA. The PPA's staff (two procurement experts) assigned for the implementation of the procurement under the AI Project have passed training courses in procurement organized by the Bank and ILO and have been involved in the procurement for the mentioned Bank's projects. To assist the PPA, it was also agreed that an international procurement advisor experienced in Bank procurement will be hired for about 2-4 months to help and train the PPA staff and the KVFA's staff in the process of the project start-up and the initial procurement.

255. Kosovo Operational Procurement Review (June 2004) has assessed the risks (legal and regulatory framework, control environment, corruption, etc.) that may negatively affect the ability of the implementing agencies to carry out procurement process and has rated it a high risk. Therefore the prior review thresholds are those peculiar to a high risk. The recommended corrective measures (in addition to the above mentioned hiring of one local and one international procurement specialists) are that the Bank procurement specialist will: (i) provide training to the PPA procurement staff and KVFA on the application of the current Procurement and Consultants' guidelines and the respective documents; (ii) provide training to the KVFA staff on the preparation of the technical parts of the bidding documents and terms of reference; (iii) conduct a comprehensive procurement training for all project related staff as part of the project launch workshop; (iv) provide the PPA and KVFA with the Bank's Standard Bidding Documents and Requests for Proposals and ECA's sample formats for small procurement.

256. The Bank will monitor procurement activities. The Bank procurement specialist will conduct prior and post reviews and will provide guidance in all procurement related activities.

Procurement Plan

257. The Recipient, at appraisal, developed a procurement plan for project implementation which provides the basis for the procurement methods and selection methods, estimated costs, prior review requirements, and time frame. This plan has been agreed between the Recipient and the Project Team November 3, 2006, and the final version will be agreed during Negotiations. It is available in the Project's database and in the Bank's external website.

258. The Procurement Plan will be updated in agreement with the Project Team annually or as required to reflect the actual project implementation needs and improvements in institutional capacity.

Frequency of Procurement Supervision

259. The following frequency of procurement supervision is recommended: one supervision mission per six months to visit the field and to carry out post review of procurement actions. The project procurement staff shall properly collect and maintain the procurement documentation.

Details of the Procurement Arrangements Involving International Competition

1. Goods, Works, and Non Consulting Services

(a) List of contract packages to be procured following ICB and direct contracts

1	2	3	4	5	6
Ref. No.	Contract (Description)	Estimated Cost US\$' 000	Procurement Method	Review by Bank (Prior / Post)	Expected Bid-Opening Date
1.	Television Air Time (3 packages)	40	DC	Prior	Throughout the project
2.	Radio jingles (3 packages)	6	DC	Prior	Throughout the project
3.	Equipment & Materials: Double-Ended Autoclave; Equipment for ventilation with negative pressure; Water Decontamination Equipment; Fumigation Cupboard (formaldehyde); Vertical Laminar Flow Cabinet	237.5	ICB	Prior	April 01, 2007

2. Consulting Services

(a) List of consulting assignments with participation of international consultants and where SSS will be used:

1	2	4	5
Ref. No.	Description of Assignment	Selection Method	Review by Bank (Prior / Post)
1.	Audit	LCS	Prior
2.	International Technical Assistance	IC	Prior
3.	Training of veterinarians by Faculty of Veterinary	SS	Prior
4.	Training of medical staff by the IPH	SS	Prior

260. **Additional arrangements:** Following ERA procedures, the Project is likely to include financing for items included on a positive list of imports identified as necessary under a well-

defined preparedness and response program to be prepared as part of project implementation. In case of a declared national emergency on Avian Influenza, which will trigger disbursement conditions for critical imports, support will be provided under the Project for the procurement of a positive list of critical imports. These may be procured under Modified International Competitive Bidding (MICB), according to paragraphs 2.66 and 2.67 of the Procurement Guidelines. Also, commonly traded commodities may be procured through organized international commodity markets or other channels of competitive procurement acceptable to the Bank, in accordance with the provision.

261. The positive list of critical inputs to be prepared by PISG or to be purchased by the Borrower from the private sector, based on historical imports during emergencies, will include:

- Pharmaceuticals and vaccines
- Medical and veterinary supplies and equipment
- Protective clothing and gear

Appendix 8: Economic and Financial Analysis

KOSOVO: Avian Influenza Control and Human Pandemic Preparedness and Response Project

262. The activities supported by this project are aimed at reducing the likelihood of an avian influenza outbreak spreading among poultry, reducing the likelihood that it will spread from poultry and other animals to humans, and preparing for a possible pandemic of H5N1 among humans.

263. An outbreak of HPAI among poultry would have potentially far-reaching economic implications. A contained outbreak (such as those that have occurred in neighboring countries) would oblige the culling of all poultry within a three kilometer radius of the suspected outbreak, leading to loss of income for farmers which would be paid for through government compensation funds. Other economic implications include restrictions in internal and cross-border trade, and depressed demand for poultry products. A catastrophic outbreak, in which a significant percentage of the poultry stock is destroyed at one time, could potentially decimate the poultry industry, and would cause significant economic disruption as cross-border trade comes to a halt. The spread of the disease among humans would have far more profound economic impact: social distancing measures such as quarantine would be enforced, and potentially great loss of human life might ensue.

264. Calculating the economic benefits of the project is complicated by uncertainties regarding the likelihood of these events occurring and the magnitude of the impact that they would have. Therefore this analysis focuses on the direct financial implications of outbreaks (both contained and catastrophic) among poultry. Since the second order effects of an outbreak such as restricted trade will also have a significant economic impact, and since an outbreak among humans could potentially have a much greater impact, this should be taken as a lower bound of the benefits of project investments.

265. Calculating the financial impact of an outbreak on the poultry sector **requires making assumptions about** the probabilities of contained and catastrophic outbreaks occurring in a given year. These are presented in the “with project” scenario and “without project” scenario in Table 1. These probabilities are based on incidence of the disease in neighboring countries, and, in the “without project” scenario, probabilities increase as the disease spreads without a corresponding increase in capacity to contain it.

Table 1: Assumptions about the Probability of Spread of HPAI in the Poultry Sector

	Year 1	Year 2	Year 3
<i>Probability of outbreaks (without the project)</i>			
Sporadic contained outbreaks	95 %	95 %	95 %
Widespread outbreak	40 %	45 %	50 %
<i>Probability of outbreak (with project)</i>			
Sporadic contained outbreaks	90 %	80 %	70 %
Widespread outbreak	25 %	20 %	15 %

266. The model assumes that during contained outbreaks 7 percent of the total poultry stock is lost, and during catastrophic outbreaks 30 percent is lost. The total number of poultry in Kosovo is estimated at 2 million, and the average price of a mature bird estimated at US \$8.²³ Based on the value of poultry lost under these scenarios, and the assumptions given above, the with/without project analysis indicates that the internal rate of return for the project is 18 percent.

267. As mentioned previously, this analysis is limited to the short term financial implications of the spread of the virus among poultry, thus representing a lower bound on the potential economic benefits of the investment. It does not take into account the following factors that would contribute to a higher rate of return:

- The analysis does not include the second order benefits of outbreaks among poultry, for example depressed demand for poultry, damage to the industry and restricted trade.
- The analysis does not quantify the critical benefits of preventing the spread of the virus to humans.
- The analysis does not take into account benefits beyond the life of the project. It can be assumed that the benefits of the project will fully come into play after the end of the project
- The analysis does not take into account long-term benefits of the project, which include strengthened capacity in the veterinary and human health systems to prepare for, control and respond to HPAI infection and other zoonoses and infectious disease emergencies in both animals and humans.

²³ The model also assumes the poultry stock is not replaced each year. The figure of 2 million poultry is an estimate based on figures from late 2005 (when numbers were estimated at 2.6 million) and reported reductions since then, which have produced revised estimates from MAFRD and the Poultry Association.

Appendix 9: Potential Environmental and Social Safeguard Issues and Mitigation Measures

KOSOVO: Avian Influenza Control and Human Pandemic Preparedness and Response Project

268. Has an environmental analysis been done? Yes [] No [X].

269. Activities under the Project are not expected to generate significant adverse environmental effects as they are focused largely on public sector capacity building and improved readiness for dealing with outbreaks of avian influenza in domestic poultry and human health. These prevention-focused activities are expected to have a positive environmental impact as the Project's investments in facilities, equipment, and training for laboratories will improve the effectiveness and safety over existing avian influenza handling and testing procedures by meeting international standards established by the WHO and OIE.

270. There are three environment-related issues that the project will address: the procedures put in place for culling and disposal of poultry; the handling of medical waste generated by laboratories and health care facilities; and minor civil works for rehabilitation of laboratories, hospitals and the construction of the virology laboratory for the KVFA.

Culling and disposal of poultry:

271. The environmental considerations for carcass disposal typically have the potential for one or more of the following environmental impacts: health and safety hazards for the workers and the public; soil and water pollution from leakages of the carcass waste; excavation of materials and disposal of surplus soil/earth and other materials, risks to environmentally sensitive areas, flora and fauna; vicinity of the disposal site to the busy areas like roads, health centers, markets, schools or natural reserves or historic sites; site location (avoiding flooded, eroded or sliding areas).

Handling of medical waste:

272. Impacts associated with the handling of medical waste can be minor but still it is particularly important that wastes generated are addressed during project implementation and also monitored during operation.

Minor civil works:

273. Minor civil works will be performed for the rehabilitation of laboratory and hospital buildings and construction of the virology section of the Kosovo Veterinary Laboratory. The impacts of both rehabilitation and construction works will be minor, and apart from any sanitation services provided and the disposal of any other wastes generated, they will also be relatively low. In this respect, it is particularly important that the issue of the management of wastes generated at these facilities is addressed during project design and is monitored during operation.

Mitigation

274. These potential hazards will be avoided by employing international best practice guidelines in the culling and disposal of carcasses and handling of medical waste. Mitigation measures will include: i) Careful siting, alignment and timing of works; ii) careful selection of disposal areas and methods; iii) protection of sensitive areas within or close to site and incorporation of safety and environmental requirements in contract documents; iv) immediate halting work in vicinity of discoveries, pending instructions from relevant authorities; v) provision of appropriate drainage and soil stabilization.

275. Since the Project supports investments in carcass disposal for culled poultry and investments in laboratories and hospitals it receives a B category for environmental screening. The project operations manual (a condition of effectiveness) will include an environmental assessment (EA) and environmental management plan (EMP) to address these issues. A waiver for the requirement to complete the EA and EMP during project preparation per para. 12 of OP 4.01 has been granted.

276. Minor civil works will follow procedures similar to other projects. There is extensive experience in Kosovo in undertaking civil works projects and managing the environmental implications. The Operations Manual will lay out guidelines for the environmental impact assessment to be followed prior to undertaking the works.

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment (OP/BP/GP 4.01)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Natural Habitats (OP/BP 4.04)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Pest Management (OP 4.09)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Cultural Property (OPN 11.03 , being revised as OP 4.11)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Involuntary Resettlement (OP/BP 4.12)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Indigenous Peoples (OD 4.20 , being revised as OP 4.10)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Forests (OP/BP 4.36)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Safety of Dams (OP/BP 4.37)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects in Disputed Areas (OP/BP/GP 7.60)*	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Projects on International Waterways (OP/BP/GP 7.50)	<input type="checkbox"/>	<input checked="" type="checkbox"/>

277. Does the project affect the natural habitats of certain rare fauna and flora species?
Yes or No .

- a. Does the project involve the use of chemicals for culling birds or for decontamination of poultry houses? Yes or No .
- b. Does the project encroach upon forests? Yes or No .

278. Does the project affect other environmentally sensitive areas (beaches, coastal wetlands, other)? Yes or No .

* By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties' claims on the disputed areas

279. Social Safeguards

- c. The main beneficiaries of the project. Who are they? How many are considered “poor?” How many are considered “non-poor?”

280. The main beneficiaries of the project will be rural families owning poultry and commercial poultry owners involved in egg production. The beneficiaries will see improved veterinary services resulting from the planned investments in the Veterinary sector; and reduced likelihood that they will lose their livestock in an HPAI outbreak, as improved veterinary response capacities and improved knowledge among farmers reduce the probability that outbreaks will spread. They will also benefit from better knowledge on how to avoid being infected with HPAI by poultry.

281. The extreme poverty index among rural populations (the ratio of the poverty rate among a particular group to the average poverty rate in the population) is 14.8. 70.2 percent of the extreme poor live in rural areas.²⁴

282. The population as a whole will benefit from the communications strategy which will decrease the likelihood of the transfer of HPAI from birds to humans. They will also benefit from increased capacity in Public Health institutions to respond to and contain a potential HPAI outbreak and other pandemics. According to Household Budget Survey data 37 percent of the population lives in poverty.

283. Beneficiaries are also veterinary and public health workers whose risk of exposure to the disease will be decreased as a result of investments in training and equipment to protect them; and other players in the poultry industry (traders, processors) whose livelihoods would be adversely affected by an outbreak of HPAI.

- d. Have the beneficiaries been consulted on the project? Please describe.

284. The social assessment team consulted with poultry producers and their representatives (the Poultry Association), and with rural households rearing poultry to discuss elements of the project, chiefly related to functioning of the Compensation Fund. In addition, staff members at health centers and hospitals have been consulted on their needs with respect to equipment and training.

- e. Has the civil society concerned with the project been consulted? Yes. Please describe.

285. The Poultry Association has been consulted at several stages of preparation.

286. Will the beneficiaries and NGOs be consulted or involved in the implementation of the project? Yes. Please explain.

²⁴ Kosovo Poverty Assessment. Promoting Opportunity, Security and Participation for All. World Bank Report No. 32378-XK. June 16, 2005.

287. The Veterinary services maintain regular ongoing contact with the Poultry Association, and have a cooperation arrangement. In the event of an outbreak members of the Poultry Association will be involved in potential culling operations and compensation to commercial egg producers. This involvement is defined in the regulations defining the culling and compensation procedures for the AI outbreak.

288. The Public Awareness and Information component will involve extensive use of schools, health institutions, community based organizations (associations) and NGO networks, in municipal Communications Working Groups; collaboration with stakeholders and dissemination of messages; distribution of IEC materials; social mobilization; and also including them in capacity-building measures.

289. Does the project require that people have to be resettled to other areas? Yes or No .

290. Are there any people whose livelihood will be affected negatively by the project? Yes or No . If yes, please explain.

291. Does the project affect the livelihoods of indigenous peoples? Yes or No .

292. Does the project require any land acquisition for burial of dead birds and contaminated waste? Yes or No .

Other safeguards

293. Does the project have a negative impact on cultural property? Yes or No .

294. Does the project affect the safety of dams? Yes or No .

295. Does the project affect international waterways? Yes or No .

296. Is the project carried out in Disputed Areas? Yes or No .
If yes, please explain.

Social Analysis

297. The issue of compensation for lost birds can be addressed under social analysis as it is not defined to be a social safeguard issue. For further details, refer to the Involuntary Resettlement Sourcebook (OP 4.12²⁵) and the Social Analysis Sourcebook.

²⁵<http://intranet.worldbank.org/WBSITE/INTRANET/OPSMANUAL/0,,contentMDK:20064610~menuPK:64029426~pagePK:60001255~piPK:60002611~theSitePK:210385,00.html>