

UNITED STATES GOVERNMENT

Memorandum

4p

TO : Distribution

DATE: September 28, 1979

FROM : ASIA/PD/EA, M. K. Sinding *MKS*

SUBJECT: THAILAND - Project Loan and Grant Agreement & Annexes 1 and 2
Anti-Malaria Project
A.I.D. Loan No. 493-U-022
A.I.D. Project No. 493-0305

A copy of subject document is attached for your information and files.

Attachment: a/s

Distribution:

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Attached are three pages which may have been missing from the above-described document you received.



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A.I.D. Loan No. 493-U-022

A.I.D. Project No. 493-0305

PROJECT LOAN AND GRANT AGREEMENT

Dated: August 29, 1979

Between THE KINGDOM OF THAILAND, acting through the Ministry of Finance ("Government") and THE UNITED STATES OF AMERICA, acting through the Agency for International Development ("A.I.D.").

ARTICLE I

The Agreement

The purpose of this Agreement is to set out the understandings by the parties named above ("Parties") with respect to the undertaking by the Government of the Project described below, and with respect to the financing of the Project by the Parties.

ARTICLE II

The Project

SECTION 2.1. Definition of Project. The Project, which is further described in Annex I, is a set of activities designed to strengthen the Government's institutional capability to provide malaria control measures and malaria treatment for the people residing in the high malaria transmission areas of Thailand.

UNITED STATES GOVERNMENT

Memorandum

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PD-ADD-732

40p

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A.I.D. Loan No. 493-U-022

A.I.D. Project No. 493-0305

PROJECT
LOAN AND GRANT AGREEMENT
between
the
KINGDOM OF THAILAND
and the
UNITED STATES OF AMERICA
for
ANTI-MALARIA PROJECT

Dated: August 29, 1979

Annex I, attached, amplifies the definition of the Project contained in this Section 2.1. Within the limits of the definition of the Project in this Section 2.1, elements of the amplified description stated in Annex I may be changed by written agreement of the authorized representatives of the Parties named in Section 9.2, without formal amendment of this Agreement.

ARTICLE III

Financing

SECTION 3.1. The Grant, the Loan. To assist the Government to meet the costs of carrying out the Project, A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended, agrees to grant the Government under the terms of this Agreement not to exceed Five Hundred Thousand United States ("U.S.") Dollars (\$500,000) ("Grant") and to lend the Government under the terms of this Agreement not to exceed Four Million U.S. Dollars (\$4,000,000) ("Loan"). The aggregate amount of disbursements under the Loan is referred to as "Principal". The Loan and the Grant together are referred to as the "Assistance".

The Loan and the Grant may be used to finance foreign exchange costs, as defined in Section 7.1, and local currency costs, as defined in Section 7.2, of goods and services required for the Project.

SECTION 3.2. Country Resources for the Project.

(a) The Government agrees to provide or cause to be provide for the Project all funds, in addition to the Assistance, and all other resources required to carry out the Project effectively and in a timely manner.

(b) The resources provided by the Government for the Project will be not less than the equivalent of \$1,500,000 including costs borne on an "in-kind" basis.

SECTION 3.3. Project Assistance Completion Date.

(a) The "Project Assistance Completion Date" (PACD), which is December 31, 1982, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all services financed under the Assistance will have been performed and all goods financed under the Assistance will have been furnished for the Project as contemplated in this Agreement.

(b) Except as A.I.D. may otherwise agree in writing, A.I.D. will not issue or approve documentation which would authorize disbursement of the Assistance for services performed subsequent to the PACD or for goods furnished for the Project, as contemplated in this Agreement, subsequent to the PACD.

(c) Requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, are to be received by A.I.D. or any bank described in Section 8.1 no later than nine (9) months following the PACD, or such other period as A.I.D. agrees to in writing. After such period, A.I.D., giving notice in writing to the Government, may at any time or times reduce the amount of the Assistance by all or any part thereof for which requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, were not received before the expiration of said period.

ARTICLE IV

Loan Terms

SECTION 4.1. Interest. The Government will pay to A.I.D. interest which will accrue at the rate of two percent (2%) per annum for ten (10) years following the date of the first disbursement of the Loan hereunder and at the rate of three percent (3%) per annum thereafter on the outstanding balance of Principal and any due and unpaid interest. Interest on the outstanding balance will accrue from the date (as defined in Section 8.5) of each respective disbursement, and will be payable semiannually. The first payment of interest will be due and payable no later than six (6) months after the first disbursement of the Loan hereunder, on a date to be specified by A.I.D.

SECTION 4.2. Repayment. The Government will repay to A.I.D. the Principal within forty (40) years from the date of the first disbursement of the Loan in sixty-one (61) approximately equal semiannual installments of Principal and interest. The first installment of Principal will be payable nine and one-half (9½) years after the date on which the first interest payment is due in accordance with Section 4.1. A.I.D. will provide the Government with an amortization schedule in accordance with this Section after final disbursement under the Loan.

SECTION 4.3. Application, Currency, and Place of Payment. All payments of interest and Principal hereunder will be made in U.S. Dollars and will be applied first to the payment of interest due and then to the repayment of Principal. Except as A.I.D. may otherwise specify in writing, payments will be made to the Controller, Office of the Financial Management, Agency for International Development, Washington, D.C. 20523, U.S.A. and will be deemed made when received by the Office of Financial Management.

SECTION 4.4. Prepayment. Upon payment of all interest and any refunds then due, the Government may prepay, without penalty, all or any part of the Principal. Unless A.I.D. otherwise agrees in writing, any such prepayment will be applied to the installments of Principal in the inverse order of their maturity.

SECTION 4.5. Renegotiation of Terms.

(a) The Government and A.I.D. agree to negotiate, at such time or times as either may request, an acceleration of the repayment of the Loan in the event that there is any significant and continuing improvement in the internal and external economic and financial position and prospects of Thailand, which enable the Government to repay the Loan on a shorter schedule.

(b) Any request by either Party to the other to so negotiate will be made pursuant to Section 9.1, and will give the name and address of the person or persons who will represent the requesting Party in such negotiations.

(c) Within thirty (30) days after delivery of a request to negotiate, the requested Party will communicate to the other, pursuant to Section 9.1, the name and address of the person or persons who will represent the requested Party in such negotiations.

(d) The representatives of the Parties will meet to carry on the negotiations no later than thirty (30) days after delivery of the requested Party's communication under subsection (c). The negotiations will take place at a location mutually agreed upon by the representatives of the Parties,

provided that, in the absence of mutual agreement, the negotiations will take place at the office of the Government's Ministry of Finance in Thailand.

SECTION 4.6. Termination on Full Payment. Upon payment in full of the Principal and any accrued interest, this Agreement and all obligations of the Government and A.I.D. under it will cease, except as such obligations relate to irrevocable commitments involving financing under the Assistance which either the Government or A.I.D. may have to third parties. Any such commitment, or the A.I.D. obligation in respect thereto, shall be promptly disposed of in a manner satisfactory to A.I.D., whereupon the Agreement will be deemed terminated for all purposes.

ARTICLE V

Conditions Precedent to Disbursement

SECTION 5.1. Initial Disbursement. Prior to the first disbursement of the Assistance, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made hereunder, the Government will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) An opinion of counsel acceptable to A.I.D. that this Agreement has been duly authorized and/or ratified by, and executed on behalf of the Government, and that it constitutes a valid and legally binding obligation of the Government in accordance with all of its terms.

(b) A statement of the names of the persons, in addition to the person specified in Section 9.2, designated as representatives of the Government for purposes of the Agreement, together with a specimen signature of each person specified in such statement.

SECTION 5.2. First Disbursement after Commencement of Each Fiscal Year of the Project. Except for the disbursement of Grant funds for services, prior to disbursement of the Assistance, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made after the commencement of each fiscal year of the Government during the life of the Project, the Government will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) An implementation plan (Annual Plan of Action) for the current fiscal year of the project, which includes and integrates the resources to be provided hereunder with those to be furnished by the World Health Organization (WHO) and the Peace Corps, and evidences the agreement and commitment of WHO and the Peace Corps with respect to their respective inputs.

(b) A report reflecting that the Annual Plan of Action approved for the preceding fiscal year is being carried out.

(c) Evidence that the Government's Malaria Division has obtained sufficient operating budget to insure that all on-going commitments as well as all operations and supplies in support of the project have been adequately provided for in the budget.

(d) Evidence that adequate measures are being taken to fill personnel vacancies.

(e) Evidence that the Malaria Division will procure a minimum of 15 motor vehicles during the current fiscal year.

(f) Evidence that adequate travel allowances are being provided for malaria workers who utilize private motor-cycles.

(g) A review plan as provided in Section 6.7(b) for the current fiscal year.

; SECTION 5.3. Procurement of Goods and Services. Prior to the first disbursement under the Loan for procurement of goods and services or to the issuance by AID of documentation pursuant to which disbursement will be made for such procurement, the Government shall, except as the Parties may otherwise agree in writing, furnish to AID in form and substance satisfactory to AID a procurement plan which includes cost estimates, purchase and delivery schedules, adequate maintenance procedures and the proposed utilization of the goods and services.

SECTION 5.4. Training Activities Within Thailand.

Prior to commencement of any in-country training activities for which reimbursement under the Loan will be requested hereunder, the Government shall, except as the Parties may otherwise agree in writing, furnish to AID in form and substance satisfactory to AID a comprehensive training plan which includes cost estimates, quantity and sources of instructors and teaching materials to be used, outlines of courses and accommodations for students.

SECTION 5.5. U.S. and Third Country Training. Prior to the first disbursement of the Grant for participant training or to the issuance by AID of documentation pursuant to which disbursement will be made for such training, the Government shall, except as the Parties may otherwise agree in writing, furnish to AID in form and substance satisfactory to AID a comprehensive participant training plan which includes a description of the academic and short term training to be carried out in the United States and the short term training to be carried out in countries other than Thailand and the United States. Such training shall have their source and origin in countries included in Code 941 of the A.I.D. Geographic Code Book, unless A.I.D. otherwise agrees in writing.

SECTION 5.6. Research. Prior to the first disbursement of the Assistance for research or to the issuance by AID of documentation pursuant to which disbursement will be made

for such research, the Government shall, except as the Parties may otherwise agree in writing, furnish to AID in form and substance satisfactory to AID, a comprehensive research plan which includes deliniation of the roles of WHO and of the Armed Forces Research Institute of Medical Sciences (AFRIMS) in research activities.

SECTION 5.7. Vehicle Overhauls. Prior to the commencement of any vehicle overhauls for which reimbursement will be requested hereunder, the Government shall, except as the Parties may otherwise agree in writing, furnish to AID in form and substance satisfactory to AID, a list of the vehicles to be overhauled with their identification numbers, a schedule for the overhauls, cost estimates and assurance that the vehicles following overhaul will be properly maintained.

SECTION 5.8. Motorcycle Revolving Fund. Prior to the first disbursement of Assistance for establishment of a motorcycle purchase fund or to the issuance by AID of documentation pursuant to which disbursement will be made for such purpose, the Government shall, except as the Parties may otherwise agree in writing, furnish to AID in form and substance satisfactory to AID, a comprehensive plan for administering the fund including procedures for lending and repaying the funds and for maintaining complete records of all transactions involved with the administration of the fund.

SECTION 5.9. Construction Activities. Prior to the commencement of any construction activities for which reimbursement will be sought, the Governemnt shall, except as AID may otherwise agree in writing, furnish to AID in form and substance satisfactory to AID, detailed plans of the construction to be carried out, including locations, design specifications, contracting arrangements, and firm cost estimates.

SECTION 5.10. Notification. When AID has determined that the conditions precedent specified in this article have been met, it will promptly notify the Government.

SECTION 5.11. Terminal Dates for Conditions Precedent. If all of the conditions specified in Section 5.1 have not been met within 90 days from the date of this Agreement, or such later date as AID may agree in writing, AID, at its option, may terminate this Agreement by written notice to Government.

ARTICLE VI

SPECIAL COVENANTS

SECTION 6.1. Malaria Control Actions. The Government covenants that throughout the life of the project it will carry out on a regular basis effective spraying and surveillance operations in those areas of malariogenic potential as described in Section 2.1 and Annex 1 of this Project Agreement.

SECTION 6.2. Equipment Maintenance. The Government covenants that it will establish and maintain a maintenance system for all vehicles, equipment and other property used in carrying out the Project to assure that such items remain in satisfactory operating condition throughout the life of the Project.

SECTION 6.3. Safety Measures for Handlers of Insecticides. The Government covenants that throughout the life of the Project it will provide adequate procedures, equipment and training for the safety of persons engaged in the handling of insecticides to minimize their exposure to the dangers associated with the handling of insecticides.

SECTION 6.4. Quality Control. The Government covenants that throughout the life of the Project it will maintain rigid control over the quality of insecticides procured for the Project to assure that they meet the technical specifications of WHO and AID for the intended use.

SECTION 6.5. Compliance With Annual Plans of Action. The Government covenants that throughout the life of the Project it will comply with the Annual Plans of Action (Implementation Plans), as referred to in Section 5.2, with such modifications as may be agreed upon by AID in writing.

Section 6.6. Reports. The Government covenants that throughout the life of the Project it will provide AID with periodic reports on procurement, shipping and Project Implementation as well as such other matters relating to the Project as AID may from time to time reasonably request.

SECTION 6.7. Project Evaluation.

(a) The Parties agree to establish an evaluation program as part of the Project. Except as the Parties may otherwise agree in writing, the program will include during the implementation of the Project and at one or more points thereafter: (1) evaluation of progress towards attainment of the objectives of the Project; (2) identification and evaluation of problem areas or constraints which may inhibit such attainment; (3) assessment of how such information may be used to help overcome such problems; and (4) evaluation, to the degree feasible, of the overall development impact of the Project.

(b) The Government further agrees to establish a project review committee including A.I.D. representatives and to hold review meetings at least three times a year beginning no later than six months following the execution of this Agreement.

SECTION 6.8. Trainees. The Government covenants that Government Malaria control personnel trained under the Project will be used for no less than 3 years in Malaria related programs in Thailand.

ARTICLE VII

Procurement Source

SECTION 7.1. Foreign Exchange Costs. Disbursement under the Loan pursuant to Section 8.1 will be used exclusively to finance the costs of goods and services required for the Project having their source and origin in countries included in Code 941 of the A.I.D Geographic Code Book as in effect at the time orders are placed or contracts entered into for such goods and services ("Foreign Exchange Costs"), and disbursements under the Grant pursuant to Section 8.1 will be used exclusively to finance the costs of goods and services required for the Project having their source and origin in the United States (Code 000 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts entered into for such goods or services) ("Foreign Exchange Costs"), except as A.I.D. may otherwise agree in writing, and except as provided in the Combined Loan and Grant Standard Provisions Annex, Section C.1(b) with respect to marine insurance. Ocean shipping costs will be financed under the Loan only on vessels under flag registry of the United States or Thailand, and ocean shipping financed under the Grant shall be procured in the United States except as A.I.D. may otherwise agree in writing.

SECTION 7.2. Local Currency Costs. Disbursement pursuant to Section 8.2 will be used exclusively to finance the costs of goods and services required for the Project having their source and, except as A.I.D. may otherwise agree in writing, their origin in Thailand ("Local Currency Costs").

ARTICLE VIII

Disbursements

SECTION 8.1. Disbursement for Foreign Exchange Costs.

(a) After satisfaction of conditions precedent, the Government may obtain disbursements of funds under the Assistance for the Foreign Exchange Costs of goods or services required for the Project in accordance with the terms of this Agreement, by such of the following methods as may be mutually agreed upon:

- (1) by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, (A) requests for reimbursement for such goods or services, or (B) requests for A.I.D. to procure commodities or services in the Government's behalf for the Project; or

(2) by requesting A.I.D. to issue Letters of Commitment for specified amounts: (A) to one or more U.S. banks, satisfactory to AID, committing AID to reimburse such bank or banks for payments made by them to contractors or suppliers, under Letter of Credit or otherwise, for such goods or services, or (B) directly to one or more contractors or suppliers, committing AID to pay such contractors or suppliers for such goods or services.

(b) Banking charges incurred by the Government in connection with Letters of Commitment and Letters of Credit will be financed under the Assistance unless the Government instructs AID to the contrary. Such other charges as the Parties may agree to may also be financed under the Assistance.

SECTION 8.2. Disbursement for Local Currency Costs.

(a) After satisfaction of conditions precedent, the Government may obtain disbursement or reimbursements of funds under the Assistance for Local Currency Costs required for the Project in accordance with the terms of this Agreement, by submitting to AID, with necessary supporting documentation as prescribed in Project Implementation Letters, requests to finance such costs.

(b) The local currency needed for such disbursement or reimbursement hereunder may be obtained by acquisition by AID with U.S. dollars by purchase. The U.S. dollar equivalent of the local currency made available hereunder will be the amount of U.S. dollars required by AID to obtain the local currency.

SECTION 8.3. Other Forms of Disbursements. Disbursements of the Assistance may also be made through such other means as the Parties may agree to in writing.

SECTION 8.4. Rate of Exchange. If funds provided under the Assistance are introduced into Thailand by AID or any public or private agency for purposes of carrying out obligations of AID hereunder, the Government will make such arrangements as may be necessary so that such funds may be converted into currency of Thailand at the highest rate of exchange which, at the time the conversion is made, is not unlawful in Thailand.

SECTION 8.5. Date of Disbursement. Disbursement by AID will be deemed to occur on the date on which AID makes a disbursement to the Government or its designee, or to a bank, contractor or supplier pursuant to a Letter of Commitment, contract, or purchase order.

ARTICLE IX

Miscellaneous

SECTION 9.1. Communications. Any notice, request, document, or other communication submitted by either Party to the other under this Agreement will be in writing or by telegram or cable, and will be deemed duly given or sent when delivered to such party at the following addresses:

To the Government:

Mail Address: Ministry of Finance
Royal Grand Palace
Bangkok, Thailand.

Cable Address: MINANCE
Bangkok, Thailand.

To A.I.D.:

Mail Address: United States Agency for
International Development
American Embassy
Bangkok, Thailand.

Cable Address: USAID
Bangkok, Thailand.

All such communications will be in English, unless the Parties otherwise agree in writing. Other addresses may be substituted for the above upon the giving of notice.

SECTION 9.2. Representatives. For all purposes relevant to this Agreement, the Government will be represented by the individual holding or acting in the Office of Minister of Finance and AID will be represented by the individual holding or acting

in the Office of the Director, United States AID Mission to Thailand, Agency for International Development, each of whom, by written notice, may designate additional representatives for all purposes other than exercising the power under Section 2.1 to revise elements of the amplified description in Annex 1. The names of the representative of the Government, with specimen signatures, will be provided to AID, which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

SECTION 9.3. Standard Provisions Annex. A "Combined Loan and Grant Standard Provisions Annex" (Annex 2) is attached to and forms part of this Agreement.

,IN WITNESS WHEREOF, the Kingdom of Thailand and the United States of America, each acting through its duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

KINGDOM OF THAILAND

UNITED STATES OF AMERICA

/s/ Chanchai Leetavorn
By: Chanchai Leetavorn
Deputy Minister of Finance
Acting on behalf of the
Minister of Finance

/s/ Donald D. Cohen
By: Donald D. Cohen
Director, USAID/Thailand

Annex 1

Project Description

The purpose of this project is to provide the institutional capability for providing to the rural inhabitants of Thailand's endemic malaria areas of high risk, continuing malaria control services for the foreseeable future at a level and quality sufficient to minimize the occurrence of the disease and to provide timely and proper treatment to those who do contract the disease.

Because the purpose is to develop the institutional capability for providing services, and not to provide the services directly, the project generally will not finance such items as DDT, drugs, or other recurrent expenses. Rather, it will emphasize improvements in training, health education, and case detection and treatment. The project will facilitate decentralization of malaria control and improve followup, supervision, and community participation wherever practical.

The project will assist in the development and support of some 200 sector level clinics for diagnosis and treatment, development of an approximately 20,000 member community volunteer support system, as well as health education interventions designed and produced in the private sector.

In addition, support will be provided for training (both academic and technical), transportation, improving spraying efficiency and effectiveness, and research. The project will run for three years and will terminate at about the same time as the Fourth Five Year Development Plan of Thailand as well as the Fourth Five Year Plan of Operations of the Royal Thai Government's Malaria Division.

The \$4.5 million AID input is expected to help finance two full-time malaria monitors and about 15 person months of consultative services as well as two evaluations. Services of a private sector marketing consultant are also expected to be financed under the project and several research efforts are planned. Training for approximately 250 microscopists, 20,000 malaria volunteers, 50 vehicle maintenance workers, trainers, and various malaria and health workers is included in the project. Observation tours in the U.S. and third countries are planned as well as Master's degree training in Thailand and the U.S.

Construction/improvement of training facilities and laboratories will be financed from the assistance and approximately 250 microscopes, 2,000 sprayers, 40,000 spray tips, spare parts and various training support items will be procured under the project. It is planned that five regional and 33 zonal vehicle repair shops will be upgraded/equipped

under the project, about 400 vehicles will be overhauled and three laboratories equipped. In addition, approximately 20,000 malaria volunteer kits will be procured and distributed under the project, and a motorcycle revolving fund will be instituted.

The implementing agency for the project will be the Royal Thai Government's Malaria Division of the Department of Communicable Disease Control within the Ministry of Public Health. Operational responsibility will in large part be delegated to the regional malariologists. It is expected that the U.S. Peace Corps, Armed Forces Research Institute for Medical Sciences, and World Health Organization also will be involved in various elements of the project.

Financial Plan

The total cost of the three year project is estimated at approximately \$33 million of which the AID contribution of \$4.5 million (\$4.0 million loan and \$500,000 grant) is obligated by this Agreement.

Except for elements that AID directly administers, the Royal Thai Government's Department of Technical and Economic Cooperation (DTEC) will administer the Grant funds under the Project in accordance with established Government regulations and consistent with the Agreement.

DTEC also will provide counterpart funds for local currency costs required for contracting two full time Malaria project monitors, and will provide partial funding for the services of a private sector marketing firm for assisting health education efforts pertaining to the Anti-Malaria Project. In addition DTEC will provide counterpart funds for approximately half the costs associated with participant training efforts under the Project. Attachment 1A indicates the provisional costs to be funded by Grant funds and counterpart funds. AID will advance Grant funds to DTEC when requested by DTEC upon meeting relevant provisions and conditions precedent under this Agreement for financing technical assistance, off shore training and marketing services on the following basis:

1. The initial disbursement will be made as an advance to cover the estimated expenses for the ensuing 60 days.
2. All subsequent disbursements will be made monthly after receipt by USAID from DTEC of a financial report summarizing the actual expenditures of the previous 30 days period.
3. The documentation and format of financial reports required will be prescribed in Project Implementation Letter(s).

AID will make its contribution to incountry training, vehicle overhauls, and construction elements of the Project on an actual cost reimbursement basis under the Loan, i.e. AID will reimburse the Borrower/Grantee for actual costs providing they do not exceed reasonable cost estimates reviewed and approved by AID. Reimbursements will be made upon satisfactory completion of the agreed upon elements.

AID will advance an agreed amount of dollars under the Loan which will be converted to Baht in accordance with Section 8.4 for establishing a revolving fund for motor-cycles, pursuant to Section 5.8, procured in country under the Project. The advance will be made when the relevant conditions precedent on procedures and a lending mechanism have been met. A fund for research conducted under the project will also be established through an advance of an agreed amount of dollars under the Loan when relevant conditions precedent have been met.

ANTI-MALARIA PROJECT

Project Financial Plan (\$ thousand)

<u>Project Inputs</u>	<u>AID Loan</u>	<u>AID Grant</u>	<u>RTG</u>	<u>Total</u>
Technical	-	205	60*	265
Training	570	185	70*	825
Research	100	-	-	100
Capital Improvements	635	-	-	635
Commodities	840	-	-	840
Vehicle Overhauls	400	-	-	400
Health Education Software/Materials	205	70	90*	365
Revolving Fund	500	-	-	500
Evaluation	-	40	-	40
Other/Operating Expenses	-	-	28,000	28,000
Inflation	400	-	-	400
Contingency	<u>350</u>	<u>-</u>	<u>-</u>	<u>350</u>
Totals	4,000	500	28,220	32,720

* DTEC Counterpart Funds for local costs associated with two full-time Malaria monitors (\$60,000), training (\$70,000), and marketing services (\$90,000)

Note: Cost breakdowns are provisional. Actual amounts to be allotted for each line item may differ from this cost estimate if mutually acceptable to AID and the Government. This financial plan excludes any additional costs incurred by the Government under Section B.4(b), Standard Provisions Annex.

TABLE OF CONTENTSCOMBINED LOAN AND GRANT STANDARD PROVISIONS ANNEX

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Annex 2

Combined Loan and Grant Standard Provisions Annex

Definitions:

As used in this Annex, the "Agreement" refers to the Loan and Grant Agreement to which this Annex is attached and of which this Annex forms a part. Terms used in this Annex have the same meaning or reference as in the Agreement.

ARTICLE A

Project Implementation Letters

To assist the Government in the implementation of the Project, A.I.D., from time to time, will issue Project Implementation Letters that will furnish additional information about matters stated in this Agreement. The Parties may also use jointly agreed-upon Project Implementation Letters to confirm and record their mutual understanding on aspects of the implementation of this Agreement. Project Implementation Letters will not be used to amend the text of the Agreement, but can be used to record revisions or exceptions which are permitted by the Agreement, including the revision of elements of the amplified description of the Project in Annex 1.

ARTICLE B

General Covenants

SECTION B.1. Consultation.

The Parties will cooperate to assure that the purpose of this Agreement will be accomplished. To this end, the Parties, at the request of either, will exchange views on the progress of the Project, the performance of obligations under this Agreement, the performance of any consultants, contractors or suppliers engaged on the Project, and other matters relating to the Project.

SECTION B.2. Execution of Project.

The Government will:

(a) carry out the Project or cause it to be carried out with due diligence and efficiency, in conformity with sound technical, financial, and management practices, and in conformity with those documents, plans, specifications, contracts, schedules or other arrangements, and with any modifications therein, approved by A.I.D. pursuant to this Agreement; and

(b) provide qualified and experienced management for, and train such staff as may be appropriate for the maintenance and operation of the Project, and, as applicable for continuing activities, cause the Project to be operated and maintained in such manner as to assure the continuing and successful achievement of the purposes of the Project.

SECTION B.3. Utilization of Goods and Services.

(a) Any resources financed under the Assistance will, unless otherwise agreed in writing by A.I.D., be devoted to the Project until the completion of the Project, and thereafter will be used so as to further the objectives sought in carrying out the Project.

(b) Goods or services financed under the Assistance, except as A.I.D. may otherwise agree in writing, will not be used to promote or assist a foreign aid project or activity associated with or financed by a country not included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time of such use.

SECTION B.4. Taxation.

(a) This Agreement and the Assistance will be free from, and the Principal and interest will be paid free from, any taxation or fees imposed under laws in effect in Thailand.

(b) To the extent that (1) any contractor, including any consulting firm, any personnel of such contractor financed under the Assistance, and any property or transaction relating to such contracts and (2) any commodity procurement transaction financed under the Assistance, are not exempt from identifiable taxes, tariffs duties or other levies imposed under laws in effect in Thailand the Government will pay or reimburse the same with funds other than those provided under the Assistance.

(c) Details of arrangements implementing subsection (b) may be more specifically provided in the Agreement to which this Annex is attached or in Project Implementation Letters.

SECTION B.5. Reports, Records, Inspections, Audit.

The Government will:

(a) furnish A.I.D. such information and reports relating to the Project and to this Agreement as A.I.D. may reasonably request;

(b) maintain or cause to be maintained, in accordance with generally accepted accounting principles and practices consistently applied, books and records relating to the Project and to this Agreement, adequate to show, without limitation, the receipt and use of goods and services acquired under the Assistance. Such books and records will be audited regularly, in accordance with generally accepted auditing standards, and maintained for three years after the date of last disbursement by A.I.D.; such books and records will also be adequate to show the nature and extent of solicitations of prospective suppliers of goods and services acquired, the basis of award of contracts and orders, and the overall progress of the Project toward completion; and

(c) afford authorized representatives of a Party the opportunity at all reasonable times to inspect the Project, the utilization of goods and services financed by such Party, and books, records and other documents relating to the Project and the Assistance.

SECTION B.6. Completeness of Information.

The Government confirms:

(a) that the facts and circumstances of which it has informed A.I.D., or caused A.I.D. to be informed, in the course of reaching agreement with A.I.D. on the Assistance, are accurate and complete, and include all facts and circumstances that might materially affect the Project and the discharge of responsibilities under this Agreement; and

(b) that it will inform A.I.D. in timely fashion of any subsequent facts and circumstances that might materially affect, or that it is reasonable to believe might so affect, that Project or the discharge of responsibilities under this Agreement.

SECTION B.7. Other Payments.

The Government affirms that no payments have been or will be received by any official of the Government in connection with the procurement of goods or services financed under the Assistance except fees, taxes, or similar payments legally established in Thailand.

SECTION B.8. Information and Marking.

The Government will give appropriate publicity to the Assistance and the Project as a program to which the United States has contributed, identify the Project site, and mark goods financed by A.I.D., as described in Project Implementation Letters.

ARTICLE C

Procurement Provisions

SECTION C.1. Special Rules.

(a) The source and origin of ocean and air shipping will be deemed to be the ocean vessel's or aircraft's country of registry at the time of shipment.

(b) Premiums of marine insurance placed in Thailand will be deemed an eligible Foreign Exchange Cost, if otherwise eligible under Section C.7(a).

(c) Any motor vehicles financed under the Assistance will be of United States manufacture, except as A.I.D. may otherwise agree in writing.

(d) Transportation by air, financed under the Assistance, of property or persons (and their personal effects) will be on carriers holding United States certification, to the extent service by such carriers is available. Details on this requirement will be described in a Project Implementation Letter.

SECTION C.2. Eligibility Date.

No goods or services may be financed under the Assistance which are procured pursuant to orders or contracts firmly placed or entered into prior to the date of this Agreement, except as the Parties may otherwise agree in writing.

SECTION C.3. Plans, Specifications, and Contracts.

In order for there to be mutual agreement on the following matters, and except as the Parties may otherwise agree in writing:

(a) The Government will furnish to A.I.D. upon preparation,

- (1) any plans, specifications, procurement or construction schedules, contracts, or other documentation relating to goods or services to be financed under the Assistance, including documentation relating to the prequalification and selection of contractors and to the solicitation of bids and proposals. Material modifications in such documentation will likewise be furnished A.I.D. on preparation;

(2) such documentation will also be furnished to A.I.D., upon preparation, relating to any goods or services which, though not financed under the Assistance, are deemed by A.I.D. to be of major importance to the Project. Aspects of the Project involving matters under this subsection(a) (2) will be identified in Project Implementation Letters;

(b) Documents related to the prequalification of contractors, and to the solicitation of proposals for goods and services financed under the Assistance will be approved by A.I.D. in writing prior to their issuance, and their terms will include United States standards and measurements;

(c) Contracts and contractors financed under the Assistance for professional services and such other services, equipment or materials as may be jointly agreed in Project Implementation Letters, will be approved by A.I.D. in writing prior to execution of the contract. Material modifications in such contracts will also be approved in writing by A.I.D. prior to execution; and

(d) Consulting firms used by the Government for the Project but not financed under the Assistance, the scope of their services and such of their personnel assigned to the Project as A.I.D. may specify, and construction contractors used by the Government for the Project but not financed under the Assistance, shall be acceptable to A.I.D.

SECTION C.4. Reasonable Price.

No more than reasonable prices will be paid for any goods or services, financed in whole or part, under the Assistance. Such items will be procured on a fair and, to the maximum extent practicable, on a competitive basis.

SECTION C.5. Notification to Potential Suppliers.

To permit all United States firms to have the opportunity to participate in furnishing goods and services to be financed under the Assistance, the Government will furnish A.I.D. such information with regard thereto, and at such times, as A.I.D. may request in Project Implementation Letters.

SECTION C.6. Shipping.

(a) Goods which are to be transported to Thailand may not be financed under the Assistance if transported either: (1) on an ocean vessel or aircraft under the flag of a country which is not included in A.I.D. Geographic Code 935 as in effect at the time of shipment, or (2) on an ocean vessel which A.I.D., by written notice to the Government, has designated as ineligible; or (3) under an ocean or air charter which has not received prior A.I.D. approval.

(b) Costs of ocean or air transportation (of goods or persons) and related delivery services may not be financed under the Assistance, if such goods or persons are carried: (1) on an ocean vessel under the flag of a country not, at the time of shipment, identified under the paragraph of the Agreement entitled "Procurement Source: Foreign Exchange Costs", without prior written A.I.D. approval; or (2) on an ocean vessel which A.I.D., by written notice to the Government, has designated as ineligible; or (3) under an ocean vessel or air charter which has not received prior A.I.D. approval.

(c) Unless A.I.D. determines that privately-owned United States-flag commercial ocean vessels are not available at fair and reasonable rates for such vessels, (1) at least fifty percent (50%) of the gross tonnage of all goods (computed separately for dry bulk carriers, dry cargo liners and tankers) financed by A.I.D. which may be transported on ocean vessels will be transported on privately-owned United States-flag commercial vessels, and (2) at least fifty percent (50%) of the gross freight revenue generated by all shipments financed by A.I.D. and transported to Thailand on dry cargo liners shall be paid to or for the benefit of privately-owned United States-flag commercial vessels. Compliance with the requirements of (1) and (2) of this subsection must be achieved with respect to both any cargo transported from United States ports and any cargo transported from non-United States ports, computed separately.

SECTION C.7. Insurance.

(a) Marine insurance on goods financed by A.I.D. which are to be transported to Thailand may be financed under the Assistance, as a Foreign Exchange Cost under this Agreement provided (1) such insurance is placed at the lowest available competitive rate, and (2) claims thereunder are payable in the currency in which such goods were financed or in any freely convertible currency. If the Government by statute, decree, rule, regulation, or practice, discriminates with respect to A.I.D.-financed procurement against any marine insurance company authorized to do business in any State of the United States, then all goods shipped to Thailand financed by A.I.D. hereunder will be insured against marine risks and such insurance will be placed in the United States with a company or companies authorized to do a marine insurance business in a State of the United States.

(b) Except as A.I.D. may otherwise agree in writing, the Government will insure, or cause to be insured, goods financed under the Assistance imported for the Project against risks incident to their transit to the point of their use in the Project; such insurance will be issued on terms and conditions consistent with sound commercial practice and will insure the full value of the goods. Any indemnification received by the Government under such insurance will be used to replace or repair any material damage or any loss of the goods insured or will be used to reimburse the Government for the replacement or repair of such goods. Any such replacement will be of source and origin of countries listed in A.I.D. Geographic Code 935 as in effect at the time of replacement, and, except as the Parties may agree in writing, will be otherwise subject to the provisions of the Agreement.

SECTION C.8. U.S. Government-owned Excess Property.

The Government agrees that wherever practicable United States Government-owned excess personal property, in lieu of new items financed under the Assistance should be utilized. Funds under the Assistance may be used to finance the costs of obtaining such property for the Project.

ARTICLE D

Termination; Remedies

SECTION D.1. Cancellation by Government.

The Government may, by giving A.I.D. 30 days written notice, cancel any part of the Loan or the Grant which has not been disbursed or committed for disbursement to third parties.

SECTION D.2. Events of Default; Acceleration.

It will be an "Event of Default" if the Government shall have failed: (a) to pay when due any interest or installment of principal required under this Agreement, or (b) to comply with any other provision of this Agreement, or (c) to pay when due any interest or installment of principal or other payment required under any other loan, guaranty or other agreement between the Government or any of its agencies and A.I.D. or any of its predecessor agencies. If an Event of Default shall have occurred, then A.I.D. may give the Government notice that all or any part of the unrepaid Principal will be due and payable sixty (60) days thereafter, and, unless such Event of Default is cured within that time:

- (1) such unrepaid Principal and accrued interest hereunder will be due and payable immediately, and
- (2) the amount of any further disbursements made pursuant to then outstanding commitments to third parties or otherwise will become due and payable as soon as made.

SECTION D.3. Suspension.

If at any time:

- (a) An Event of Default has occurred; or
- (b) An event occurs that A.I.D. determines to be an extraordinary situation that makes it improbable either that the purpose of the Assistance will be attained or that the Government will be able to perform its obligations under this Agreement; or

(c) Any disbursement by A.I.D. would be in violation of the legislation governing A.I.D.; or

(d) The Government shall have failed to pay when due any interest, installment of principal or other payment required under any other loan, guaranty, or other agreement between the Government or any of its agencies and the Government of the United States or any of its agencies; then A.I.D. may:

- (1) suspend or cancel outstanding commitment documents to the extent they have not been utilized through irrevocable commitments to third parties or otherwise, giving prompt notice thereof to the Government;
- (2) decline to issue additional commitment documents or to make disbursement other than under existing ones; and
- (3) at A.I.D.'s expense, direct that title to goods financed under the Assistance be transferred to A.I.D. if the goods are from a source outside Thailand, are in a deliverable state and have not been offloaded in ports of entry of Thailand. Any disbursement made under the Loan with respect to such transferred goods will be deducted from Principal.

SECTION D.4. Cancellation by A.I.D.

If, within sixty (60) days from the date of any suspension of disbursements pursuant to Section D.3., the cause or causes thereof have not been corrected, A.I.D. may cancel any part of the Assistance that is not then disbursed or irrevocably committed to third parties.

SECTION D.5. Continued Effectiveness of Agreement.

Notwithstanding any cancellation, suspension of disbursement, or acceleration of repayment, the provisions of this Agreement will continue in effect until the payment in full of all Principal and accrued interest thereunder.

SECTION D.6. Refunds.

(a) In the case of any disbursement which is not supported by valid documentation in accordance with this Agreement, or which is not made or used in accordance with this Agreement; or which was for goods or services not used in accordance with this Agreement, A.I.D., notwithstanding the availability or exercise of any other remedies provided for under this Agreement, may require the Government to refund the amount of such disbursement in U.S. Dollars to A.I.D. within sixty days after receipt of a request therefor.

(b) If the failure of the Government to comply with any of its obligations under this Agreement has the result that goods or services financed under the Assistance are not used effectively in accordance with this Agreement, A.I.D. may require the Government to refund all or any part of the amount of the disbursements under this Agreement for such goods or services in U.S. Dollars to A.I.D. within sixty days after receipt of a request therefor.

(c) The right under subsection (a) or (b) to require such a refund of a disbursement will continue, notwithstanding any other provision of this Agreement, for three years from the date of the last disbursement under this Agreement.

(d) (1) Any refund under subsection (a) or (b), or (2) any refund to A.I.D. from a contractor, supplier, bank or other third party with respect to goods or services financed under the Assistance, which refund relates to an unreasonable price for or erroneous invoicing of goods or services, or to goods that did not conform to specifications, or to services that were inadequate, will (A) be made available first for the cost of goods and services required for the Project, to the extent justified, and (B) the remainder, if any, (i) if derived from Loan funds, will be applied to the installments of Principal in the inverse order of their maturity and the amount of the Loan reduced by the amount of such remainder, and (ii) if derived from Grant funds, will be applied to reduce the amount of the Grant.

(e) Any interest or other earnings on Grant funds disbursed by A.I.D. to the Government under this Agreement prior to the authorized use of such funds for the Project will be returned to A.I.D. in U.S. Dollars by the Government.

SECTION D.7. Nonwaiver of Remedies.

No delay in exercising any right or remedy accruing to a Party in connection with its financing under this Agreement will be construed as a waiver of such right or remedy.

SECTION D.8. Assignment.

The Government agrees, upon request, to execute an assignment to A.I.D. of any cause of action which may accrue to the Government in connection with or arising out of the contractual performance or breach of performance by a party to a direct U.S. Dollar contract with A.I.D. financed in whole or in part out of funds granted by A.I.D. under this Agreement.