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OPTIONAL FORM NO. 10
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UNITED STATES GOVERNMENT

Memorandum

UNCLASSIFIED

TO : LAC/DR, AID/W

DATE: July 21, 1980

FROM : ^{TWS} Thomas W. Stukel, Loan Officer, USAID/Guatemala

SUBJECT: Rural Health Services II - AID Loan 520-L-021

Pursuant to M.O. 1264 I IV attached is Loan Completion Report on subject loan.

Attachment: a/s



5010-108

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

USAID/Guatemala
LOAN COMPLETION REVIEW AND REPORT
AID Loan 520-L-021

Borrower: The Government of Guatemala
Project Title: Rural Health Services II
Loan Authorized: June 29, 1972
Loan Agreement Signed: February 14, 1973
Amount and Terms: \$3.4 million
40 years
2% per annum - 1st 10 years
3% per annum - thereafter
Date Initial CPs Met: August 1, 1973
Terminal Disbursement Date: March 31, 1980
GOG Contribution: 1,500,000

Purpose:

To assist in the improvement of the Health Care Delivery System of Guatemala.

Extension of Terminal Dates

The TDD, originally December 31, 1977, was extended 3 times for a total of 2 years and 3 months. The third and final extension provided an additional 3 months and was primarily for the purpose of allowing for delivery of equipment orders in process and submission of final vouchers.

Delays in project implementation were due primarily to lengthy contract preparation and approval procedures as well as the lack of institutional capacity to accelerate these procedures. Delays may be also attributed to the 1976 earthquake which diverted human and material resources from project activities to earthquake damaged areas.

Amendments to the Loan

Annex I of the Loan Agreement was revised on November 22, 1978 to reflect a reprogramming of project activities. This reprogramming is described in Implementation Letter No. 15.

Implementation

Loan Implementation was the responsibility of a project team comprised of representatives from the following divisions: Public Health, Capital Development, Engineering and Controller. The Mission project team met weekly with the MOH implementing unit, the Programa de Fortalecimiento de Salud Rural.

Construction contractors were selected by MOH personnel and contractors, and contracts were reviewed and approved by USAID. All construction activities and equipment installations were periodically inspected by USAID engineers who collaborated with supervisory engineering consultants to ensure compliance with plans and specifications.

The following table illustrates loan outputs:

<u>Output Indicator</u>	<u>Status as of TDD (March 31, 1980)</u>
1. Renovation of 8 regional hospitals. (Mazatenango, Tiquisate, Coatepeque, Zacapa, Chiquimula, Melchor de Mencos, Jutiapa, Huehuetenango)	7 hospitals have been completed and over half of the work on the 8th hospital has been completed.
2. Renovation and Expansion of Quirigua Training Center.	Completed.
3. Construction of Jutiapa Nursing School.	Near completion. Installation of windows and doors pending.
4. Design of Radio Communications Network.	Design completed for 4 departments.
5. Installation of clinical equipment for rural hospitals, 100 health posts, Quirigua Training Center and Jutiapa Nursing School.	About half of the last major equipment procurement was completed prior to TDD. The remaining is being shipped and is to be paid for by GOG counterpart funds.
6. Health Planning Sector.	Loan financed the salaries of 8 technicians in the health sector planning unit of the CNPE. As of December 31, 1979 the GOG assumed financing of these technicians.

Outstanding Actions

In the post disbursement period of the loan the following conditions of the Loan Agreement require action on the part of the Borrower:

1. Amortization of the loan (Section 2.02);
2. Maintenance of records on the project for at least five years after final disbursement of AID loan funds (Section 4.10);
3. Operation and maintenance of all physical facilities and equipment financed under the Loan in conformity with sound engineering, financial, administrative, and technical practices (Section 4.05);
4. Completion of construction of the 8th hospital and the Jutiapa Nursing School;
5. Receipt, allocation and payment for balance of counterpart financed equipment.

The USAID/Controller will be responsible for monitoring the collection of principal and interest payments. The Mission project team will periodically inspect physical facilities and equipment to ensure proper operation and maintenance. The project team will also monitor the progress of construction activities and equipment procurement pending completion as of TDD.