

A.I.D. Project No. 391-0475
Appropriation No. 72-1121037
Budget Plan Code : HESA-82-27391-KG13

PROJECT GRANT AGREEMENT

BETWEEN

THE PRESIDENT OF THE ISLAMIC REPUBLIC OF PAKISTAN

AND THE

UNITED STATES OF AMERICA

FOR

PRIMARY HEALTH CARE

DATED: September 25, 1982

(CONFORMED COPY)

TABLE OF CONTENTS

		<u>Page</u>
Article 1:	The Agreement	1
Article 2:	The Project	1
SECTION 2.1	Definition of Project	1
SECTION 2.2	Incremental Nature of Project	2
Article 3:	Financing	3
SECTION 3.1	The Grant	3
SECTION 3.2	Grantee Resources for the Project	3
SECTION 3.3	Project Assistance Completion Date (PACD)	3
Article 4:	Conditions Precedent	5
SECTION 4.1	Conditions Precedent to Disbursement Other Than Disbursements for the Procurement of Technical Assistance and Vehicles and Household and Office Furniture and Equipment for said Technicians	5
SECTION 4.2	Conditions Precedent to the Initial Disbursement for the Accelerated Expanded Program of Immunization (E.P.I.) prior to September 30, 1984	6
SECTION 4.3	Conditions Precedent to Disbursement for Architectural and Engineering (A & E) Services	8
SECTION 4.4	Conditions Precedent to Disbursement for Construction of Medical Technician Training Schools	8
SECTION 4.5	Conditions Precedent to Disbursement for Furniture and Equipment for Medical Technician Training Schools	9
SECTION 4.6	Conditions Precedent to Disbursement on or after September 30, 1984 for Accelerated E.P.I.	10

	<u>Page</u>	
SECTION 4.7	Conditions Precedent to Disbursement after September 30, 1985 for Accelerated E.P.I.	11
SECTION 4.8	Notification	14
SECTION 4.9	Terminal Dates for Conditions Precedent	14
Article 5:	Covenants Re Project Evaluation	16
SECTION 5.1	Project Evaluation	16
SECTION 5.2	Work by Persons Trained Under Project	16
Article 6:	Procurement Source	17
SECTION 6.1	Foreign Exchange Costs	17
SECTION 6.2	Local Currency Costs	18
Article 7:	Disbursement	19
SECTION 7.1	Disbursement for Foreign Exchange Costs	19
SECTION 7.2	Disbursement for Local Currency Costs	20
SECTION 7.3	Other Forms of Disbursements	22
SECTION 7.4	Rate of Exchange	22
Article 8:	Miscellaneous	23
SECTION 8.1	Communications	23
SECTION 8.2	Representatives	24
SECTION 8.3	Standard Provisions Annex	25

PROJECT GRANT AGREEMENT FOR PRIMARY HEALTH CARE

Dated: September 25, 1982

Between

The President of the Islamic Republic of Pakistan
(hereinafter referred to as the "Grantee")

and

The United States of America, acting through the Agency
for International Development ("A.I.D.").

Article 1: The Agreement

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

Article 2: The Project

SECTION 2.1. Definition of Project. The Project, which is further described in Annex 1, is designed to assist the Government of Pakistan to improve the quality and expand the coverage of primary health care services in the rural areas. This Project will include, amongst other things, funding for the following components:

(1) Program Management (2) Medical Technician and Community Health Worker Training (3) Program Operations (4) Research and Evaluation and (5) Accelerated Expanded Program of Immunization. Annex 1, attached, amplifies the above definition of the Project. Within the limits of the above definition of the Project, elements of the amplified description stated in Annex 1 may be changed by written agreement of the authorized representatives of the Parties named in Section 8.2, without formal amendment of this Agreement.

SECTION 2.2. Incremental Nature of Project.

(a) A.I.D.'s contribution to the Project will be provided in increments, the initial one being made available in accordance with Section 3.1 of this Agreement. Subsequent increments will be subject to availability of funds to A.I.D. for this purpose, and to the mutual agreement of the Parties, at the time of each subsequent increment, to proceed.

(b) Within the overall Project Assistance Completion Date (PACD) stated in this Agreement, A.I.D., based upon consultation with the Grantee, may specify in Project Implementation Letters appropriate time periods for the utilization of funds granted by A.I.D. under each individual increment of assistance.

Article 3: Financing

SECTION 3.1. The Grant. To assist the Grantee 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 Grantee under the terms of this Agreement not to exceed Five Million Five Hundred Thousand United States ("U.S.") Dollars (\$5,500,000) ("Grant").

The Grant may be used to finance foreign exchange costs, as defined in Section 6.1, and local currency costs, as defined in Section 6.2, of goods and services required for the Project.

SECTION 3.2. Grantee Resources for the Project.

The Grantee agrees to provide or cause to be provided for the Project all funds, in addition to the Grant, and all other resources required to carry out the Project effectively and in a timely manner.

SECTION 3.3. Project Assistance Completion Date (PACD).

(a) The PACD, which is September 30, 1987, 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 Grant 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 Grant 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 7.1, 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 Grantee, may at any time or times reduce the amount of the Grant 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 4: Conditions Precedent

SECTION 4.1. Conditions Precedent to Disbursement Other than Disbursements for the Procurement of Technical Assistance and Vehicles and Household and Office Furniture and Equipment for said Technicians. Except as A.I.D. may otherwise agree in writing, prior to any disbursement under the Grant other than for the procurement of technical advisory services and vehicles and household and office furniture and equipment for said technicians or the issuance by A.I.D. of documentation pursuant to which such disbursement will be made, the Grantee shall, within sixty (60) days after the signing of the Project Agreement, 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 the Project Agreement has been duly authorized and/or ratified by, and executed on behalf of, the Grantee and it constitutes a valid and legally binding obligation of the Grantee in accordance with all its terms; and

(b) A statement setting forth the name of the person holding or acting in the office of the Grantee as specified

in Section 8.2 and of any additional representative(s), together with a specimen signature of each person specified in such statement.

SECTION 4.2. Conditions Precedent to the Initial Disbursement for the Accelerated Expanded Program of Immunization (E.P.I.) prior to September 30, 1984.

Except as A.I.D. may otherwise agree in writing, prior to disbursement under this Grant for the Accelerated E.P.I. program prior to September 30, 1984 or to the issuance by A.I.D. of documentation pursuant to which such disbursement will be made, the Grantee, acting through its Federal Ministry of Health (MOH), shall furnish to A.I.D., in form and substance satisfactory to A.I.D., evidence that:

(a) A Federal Advisory Council has been established to review the Primary Health Care Project and to provide guidance to the provinces for its implementation;

(b) Except as the Parties may otherwise agree in writing, membership of the Federal Advisory Council shall include the Secretary MOH, (Chairman), the Director General Health, MOH, (Vice Chairman); the Joint Secretary, Federal Ministry of Finance, Planning and Economic Affairs; the Secretaries of Health for the four provinces; and the Chief of the Health Section, Planning Division,

Federal Ministry of Finance, Planning and Economic Affairs;

(c) The Federal Advisory Council is required to meet no less than twice annually;

(d) The Federal Advisory Council has held at least one meeting;

(e) Primary Health Care Steering Committees have been established in each of the four provinces for the purpose of reviewing the Project;

(f) Except as the Parties may otherwise agree in writing, membership of the Provincial Steering Committees includes the following provincial officers: the Secretary of Health (Chairman); the Director of Health Services (Vice Chairman); the Additional Secretary, Finance; and the Chief of the Health Section of the Planning and Development Department;

(g) The Provincial Steering Committees are required to meet no less than twice annually;

(h) Each of the Provincial Steering Committees has held at least one meeting; and,

(i) The Federal Basic Health Services Cell in the

Federal Ministry of Health has, unless the Parties have otherwise agreed in writing, staffed the following positions: The Deputy Director General (Basic Health); the Assistant Director General, Training; and the Assistant Director General, Operations.

SECTION 4.3. Conditions Precedent to Disbursement for Architectural and Engineering (A & E) Services. Except as A.I.D. may otherwise agree in writing, prior to the disbursement of funds by A.I.D. under the Grant with respect to each of the 13 medical technician training schools, other than for site investigations, or to the issuance by A.I.D. of documentation pursuant to which such disbursement will be made, the Grantee shall establish, in form and substance satisfactory to A.I.D., its right to ownership or adequate and sufficient use and occupancy of that land site proposed for the building.

SECTION 4.4. Conditions Precedent to Disbursement for Construction of Medical Technician Training Schools. Except as A.I.D. may otherwise agree in writing, prior to disbursement under the Grant for actual construction or renovation of any medical technician training schools in a province or to the issuance by A.I.D. of documentation pursuant to which such disbursement will be made, the Grantee, acting through the MOH, shall furnish to A.I.D., in form and substance satisfactory to A.I.D. evidence that:

(a) The Provincial Government of the province wherein the medical technician training school for which disbursement is sought is located has initiated the formation of both administrative and technical posts for their training schools; and

(b) The Provincial Steering Committee of the province wherein the medical technician training school for which disbursement is sought is located has recommended approval of a budget allocation for each school, which the Committee has determined to be adequate and appropriate for the operation of each school.

SECTION 4.5. Conditions Precedent to Disbursement for Furniture and Equipment for Medical Technician Training Schools. Except as A.I.D. may otherwise agree in writing, prior to the disbursement under the Grant for furniture, equipment, audio-visual aids and transport for the medical technician training schools in any province or to the issuance by A.I.D. of documentation pursuant to which such disbursement will be made, the Grantee, acting through the MOH, shall furnish to A.I.D., in form and substance satisfactory to A.I.D., evidence that:

(a) The Provincial Governments of the province wherein the medical technician training school for which disbursement is sought is located has created both administrative and technical

posts for the staff of the training schools, and has initiated recruitment; and,

(b) The Provincial Government of the province wherein the medical technician training school for which disbursement is sought is located has undertaken sufficient advertisement for recruitment of students for the training schools, and that all female high schools have been timely notified and provided information as to the next scheduled medical technician training classes.

SECTION 4.6. Conditions Precedent to Disbursement on or After September 30, 1984 for Accelerated E.F.I. Except as A.I.D. may otherwise agree in writing, prior to the disbursement under the Grant on or after September 30, 1984 for the Accelerated E.F.I. program or to the issuance by A.I.D. of documentation pursuant to which such disbursement will be made, the Grantee, through its MOH, shall furnish in form and substance satisfactory to A.I.D., evidence that:

(a) A Federal plan of operation for Primary Health Care has been prepared and has been approved by the Federal Advisory Council;

(b) Provincial plans of operation, approved by the cognizant Provincial Steering Committee, have been prepared and are being implemented for each of the provinces;

(c) A baseline health survey to record morbidity and mortality patterns and the status of delivery of preventive health services has been conducted.

(d) Performance targets set forth in Project Implementation Letters for the prior twelve month period have been substantially met with respect to:

- (1) Program Management
- (2) Medical Technician and Community Health Worker Training
- (3) Program Operations
- (4) Research and Evaluation.

SECTION 4.7. Conditions Precedent to Disbursement after September 30, 1985 for Accelerated E.P.I. Except as A.I.D. may otherwise agree in writing, prior to the disbursement under the Grant for the Accelerated E.P.I. program after September 30, 1985 or to the issuance by A.I.D. of documentation pursuant to which such disbursement will be made, the Grantee, acting through the MOH, shall furnish to A.I.D., in form and substance satisfactory to A.I.D., evidence that:

(a) The Federal Advisory Council and Provincial Steering Committees for the PHC project have been institutionalized and have had at least two meetings to review progress and implementation of the Project in each of the United States Fiscal Years since it has been formed;

(b) At least 16 Federal and provincial level health officials responsible for Primary Health Care (Basic Health Services) have been trained overseas in management systems, including analysis and evaluation;

(c) At least 85 Medical Officers posted at Integrated Rural Health Complexes, District Health Officers and Divisional Deputy Directors who deal with Primary Health Care (Basic Health Services) have been trained in management and oriented in the Primary Health Care Project;

(d) Logistics/Support systems and procedures have been reviewed and revised where necessary and operating manuals for Integrated Rural Health Complexes have been adopted, published, and distributed in each of the four provinces;

(e) Ninety percent of the physician and paramedical tutors in the program have been trained or retrained in the revised curriculum and training methods;

(f) Eighty percent of the Medical Technicians trained and deployed by December 30, 1985 have trained an average of 10 Community Health Workers who in turn are supported and regularly supervised by Medical Technicians;

(g) Procedures have been adopted in each province to insure that Medical Technicians and Community Health Workers

have been provided and are using transport, medical kits, uniforms and other commodities procured under the Project;

(h) At least 40 percent of the Medical Technicians that have been trained and deployed are females;

(i) Double round surveys/evaluations have been conducted in project years three and four to establish the impact of the Project on morbidity, mortality, and immunization status; and,

(j) At least 53 additional Integrated Rural Health Complexes (29 in Punjab, 12 in the North West Frontier, 7 in Sind and 5 in Baluchistan) are operational.

For purposes of the Agreement, an operational Integrated Rural Health Complex (IRHC) is defined as one in which:

(a) at least 80 percent of the authorized doctors and Medical Technicians are in place and working, and Community Health Workers have been trained in accordance with Section 4.7(f) above;

(b) at least 80 percent of the required standard drugs are available at all times;

(c) at least 80 percent of the required standard

equipment is on hand and in operating condition;

(d) a functional vehicle is available for ambulance and supervisory services with sufficient funds provided for P.O.L. and routine maintenance services throughout the fiscal year; and,

(e) a laboratory is equipped and staffed to do routine examinations of blood, urine, stools and sputum.

SECTION 4.8. Notification. When A.I.D. has determined that the conditions precedent specified in each of Sections 4.1, 4.2, 4.3, 4.4, 4.5, 4.6, and 4.7 have been met, A.I.D. will promptly so notify the Grantee.

SECTION 4.9. Terminal Dates for Conditions Precedent.

(a) If all of the conditions specified in Section 4.1 have not been met within 60 days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by written notice to the Grantee.

(b) If all of the conditions specified in Sections 4.2 and 4.4 have not been met within two years from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may cancel the then undisbursed balance of the Grant, to the extent not irrevocably committed to third parties, and may terminate this Agreement by written notice to the Grantee.

(c) If all of the conditions specified in Section 4.3 have not been met within 30 months from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may cancel the then undisbursed balance of the Grant, to the extent not irrevocably committed to third parties, and may terminate this Agreement by written notice to the Grantee.

(d) If all of the conditions specified in Sections 4.5 and 4.6 have not been met within 3 years from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may cancel the then undisbursed balance of the Grant, to the extent not irrevocably committed to third parties, and may terminate this Agreement by written notice to the Grantee.

(e) If all of the conditions specified in Section 4.7 have not been met within 5 years from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may cancel the then undisbursed balance of the Grant, to the extent not irrevocably committed to third parties, and may terminate this Agreement by written notice to the Grantee.

Article 5: Covenants Re Project Evaluation.

SECTION 5.1: Project Evaluation. The Parties agree to establish an evaluation program as part of the Project. Except as the Parties otherwise agree in writing, the program will include, during the implementation of the Project and at one or more points thereafter;

(a) evaluation of progress towards attainment of the objectives of the Project;

(b) identification and evaluation of problem areas and constraints which may inhibit such attainment;

(c) assessment of how such information may be used to help overcome such problems; and,

(d) evaluation, to the degree feasible, of the overall development impact of the Project.

SECTION 5.2. Work by Persons Trained Under Project.

The Grantee shall make every reasonable effort to require that each participant trained outside of Pakistan under this Project works in Primary Health Care activities in Pakistan for not less than three times the length

of time of his or her training program provided, however, that in no event shall the participant be allowed to work for less than one year from the date of the participant's return to Pakistan. This covenant shall not apply to training of less than 45 days duration.

Article 6: Procurement Source

SECTION 6.1. Foreign Exchange Costs. Except as A.I.D. may otherwise agree in writing, disbursements pursuant to Section 7.1 will be used exclusively as follows:

(a) 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 and services), or Pakistan, except as provided in the Project Grant Standard Provisions Annex, Section C.1(b) with respect to marine insurance.

(b) To finance the costs of participant training required for the Project in those countries listed in Code 901 of the A.I.D. Geographic Code Book.

(c) To finance ocean transportation costs under the Grant only on vessels under flag registry of the United States or Pakistan. If A.I.D. determines either that there are no vessels under flag registry of Pakistan generally available for ocean transportation, or that Pakistan has no access to U.S. flag service, A.I.D., in a Project Implementation Letter, may agree to finance under the Grant ocean transportation costs on vessels under flag registry of any country included in A.I.D. Geographic Code Book 941.

SECTION 6.2. Local Currency Costs. Disbursements pursuant to Section 7.2 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 Pakistan ("Local Currency Costs"). To the extent provided under this Agreement, "Local Currency Costs" may also include the provision of local currency resources required for the Project.

21

Article 7: Disbursement

SECTION 7.1. Disbursement for Foreign Exchange Costs.

(a) In accord with requirements of conditions precedent, the Grantee may obtain disbursements of funds under the Grant 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 Grantee'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 A.I.D., committing A.I.D. to reimburse such bank or banks for payments made by them to contractors or suppliers, under Letters of Credit or otherwise, for such goods and services, or (B) directly to one or more contractors or suppliers, committing A.I.D. to pay such contractors or suppliers for such goods or services.

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

SECTION 7.2 Disbursement for Local Currency Costs.

(a) In accord with requirements of conditions precedent, the Grantee may obtain disbursements of funds under the Grant for Local Currency Costs required for

the Project in accordance with the terms of this Agreement, by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, requests to finance such costs.

(b) The local currency needed for such disbursements may be obtained:

(1) by acquisition by A.I.D. with U.S. Dollars by purchase or from local currency already owned by the U.S. Government, or,

(2) by A.I.D. (A) requesting the Grantee to make available the local currency for such costs, and (B) thereafter making available to the Grantee, through the opening or amendment by A.I.D. of Special Letters of Credit in favor of the Grantee or its designee, an amount of U.S. Dollars equivalent to the amount of local currency made available by the Grantee, which Dollars will be utilized for procurement from the United States under appropriate procedures described in Project Implementation Letters.

The U.S. Dollar equivalent of the local currency made available hereunder will be, in the case of subsection (b) (1) above, the amount of U.S. Dollars required by A.I.D. to obtain the local currency, and in the case of subsection (b) (2) above, an amount calculated at the rate of exchange specified in the applicable Special Letter of Credit Implementation Memorandum hereunder as of the date of the opening or amendment of the applicable Special Letter of Credit.

SECTION 7.3. Other Forms of Disbursements.

Disbursements of the Grant may also be made through such other means as the Parties may agree to in writing.

SECTION 7.4. Rate of Exchange. Except as may be more specifically provided under Section 7.2, if funds provided under the Grant are introduced into Pakistan by A.I.D. or any public or private agency for the purposes of carrying out obligations of A.I.D. hereunder, the Grantee will make such arrangements as may be necessary so that such funds may be converted into currency of Pakistan at the highest rate of exchange which, at the time the conversion is made, is not unlawful in Pakistan.

Article 8: Miscellaneous

SECTION 8.1. 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 Grantee:

Mail Address: Economic Affairs Division
Ministry of Finance and Economic Affairs
Government of Pakistan
Islamabad (Pakistan)

Alternative address for cables: ECONOMIC ISLAMABAD

To A.I.D.:

Mail Address: USAID Mission to Pakistan
P.O. Box 1028
Ramna 5
Islamabad (Pakistan)

Alternative address for cables: USAIDPAK ISLAMABAD.

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. The Grantee, in addition, will provide the USAID Mission/Pakistan with a copy of each communication sent to A.I.D.

SECTION 8.2. Representatives. For all purposes relevant to this Agreement, the Grantee will be represented by the individual holding or acting in the Office of the Secretary, Joint Secretary and the Deputy Secretary for Economic Affairs Division and A.I.D. will be represented by the individual holding or acting in the Office of the Director, USAID Mission to Pakistan, 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 representatives of the Grantee, with specimen signatures, will be provided to A.I.D., which may accept as duly authorised any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

SECTION 8.3. Standard Provisions Annex. A "Project Grant Standard Provisions Annex" (Annex 2) is attached to and forms part of this Agreement.

IN WITNESS WHEREOF, the Grantee 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.

GOVERNMENT OF PAKISTAN

BY: Sd/-

NAME: Ejaz A. Naik

TITLE: Secretary, Economic
Affairs Division

UNITED STATES OF AMERICA

BY: Sd/-

NAME: Ronald I. Spiers

TITLE: Ambassador of the United
States of America

BY: Sd/-

NAME: Donor M. Lion

TITLE: Director, USAID/Pakistan

PROJECT DESCRIPTION

A. Background

In 1977, the Government of Pakistan (GOP), recognizing that it was impossible to adequately respond to the health problems in the country with a physician-based system of medical care, launched a rural health program involving the use of paramedics. The GOP's program, which received support from A.I.D. under the Basic Health Services Project (391-0415) between 1977 and 1981, was based on a system of Integrated Rural Health Complexes (IRHCs) consisting of three tiers as follows :

1. a Rural Health Center (RHC) staffed by one male and one female doctor and male and female medical technicians (MTs);
2. satellite Basic Health Units (BHUs) staffed by one male and one female MT; and,
3. one male and one female Community Health Worker (CHW), trained and supervised by the MTs in the nearest BHUs, and living and working in their own village to serve up to 1,000 villagers.

While the previous A.I.D. Project fell short of its ambitious objectives, it did achieve the following results:

1. It introduced a cadre of health providers that was previously non-existent;
2. It firmly established the concept that properly trained paramedics could provide effective, simple, curative and preventive health care;
3. A six-volume, competency-based curriculum for MTs was developed and adopted and, by the end of the project, a total of 85 MT tutors, 124 MTs, and 55 CHWs were trained and deployed;
4. 6 RHCs and 24 BHUs were constructed and fully staffed, resulting in the formation of 6 operational IRHCs; and,
5. 27 MT training schools were established throughout the country and have continued to operate even after A.I.D. input terminated.

The GOP has firmly adopted this new approach to health care and is proceeding with training of paramedical personnel and the construction of RHCs and BHUs. However, the GOP recognizes the need to strengthen the system in the key areas of management, supervision, and training, and to identify ways to accelerate the recruitment of female health workers. The proposed Primary Health Care Project is designed to build on the accomplishments and apply the lessons learned from the previous Project by assisting the GOP in these areas to improve the quality and expand the coverage of Primary Health Care services in the rural areas. This will be accomplished by:

1. training and deploying significant numbers of female MTs and CHWs to reach women and children who are unable to obtain services because of cultural constraints;
2. increasing the management and supervisory capability at all levels of the health system and institutionalizing a monitoring system to measure program effectiveness;
3. improving the quality of the on-the-job performance of the MTs and CHWs; and,
4. promoting community participation in health activities by an effective outreach program.

As a result of the Project, Federal and Provincial health authorities will be better able to implement those health care interventions which will impact most effectively on diseases of high prevalence or significant morbidity and mortality and to make the RHCs and BHUs truly functional facilities.

B. Project Goal and Purpose

The goal of this Project is to improve the health status of the rural population. This will contribute substantially to the Government's overall objective of social and economic development. The Project purpose is to improve the quality and expand the coverage of Primary Health Care services in the rural areas. Measures of purpose achievement by the end of the project include the following:

1. In areas served by the Project:
 - a. at least a 20 percent reduction in infant and child mortality;
 - b. at least a 20 percent reduction in moderate to severe malnutrition; and,
 - c. at least a 35 percent reduction in deaths due to diarrheal disease;

2. 75 percent of the MTs devoting at least half of their time to training and supervising CHWs;
3. 80 percent of IRHCs with authorized drugs and medical supplies available;
4. 75 percent of BHUs receiving at least one visit weekly from MT supervisors posted at IRHCs; and,
5. 29, 12, 7 and 5 or a total of 53 additional operational IRHCs in the Punjab, NWFP, Sind and Baluchistan, respectively.

C. Project Outputs

The Project is expected to produce the following outputs which together should achieve the Project purpose:

1. one Federal Advisory Council and four Provincial Steering Committees (one per province) established and functioning effectively;
2. approved annual Provincial operational Primary Health Care plans for each province;
3. a planning and management system for IRHCs implemented with an institutionalized mechanism for continuing analysis and review of the system;
4. a revised MT curriculum and training materials developed and translated into Urdu for MTs and CHWs;
5. all currently deployed MTs and tutors retrained in the revised curriculum;
6. each MT deployed by December 1975 training and supervising on the average 10 CHWs;
7. 13 permanent consolidated MT training schools with hostel accommodations constructed or renovated;
8. a simple surveillance system designed and in use to monitor IRHC operations; and,
9. at least 40 percent of all MTs and CHWs are females.

D. Project Components

The proposed Primary Health Care Project will provide funds in support of an integrated package of five components which are designed to achieve the above objectives :

1. Program Management

High level Federal and Provincial Advisory Committees will be created to formulate policy and provide effective leadership. The Committees, project managers, and other key officials involved in the Primary Health Care system will be supported and strengthened by : long and short-term expatriate and Pakistani consultants; management workshops for personnel at all levels; participant training in the U.S. and third countries; and in-country observational visits. Provincial operating plans, management systems and procedures, and operating manuals for RHCs and BHUs will be developed as a part of this process.

2. Medical Technician and Community Health Worker Training

Long and short-term U.S. and Pakistani training advisors will assist GOP health officials to revise the curriculum and to develop training materials, both of which will be translated into Urdu, for both MTs and CHWs and to design and conduct training workshops, including in-service workshops for deployed MTs. Participant training in the U.S. and third countries will be provided for key personnel. Thirteen consolidated permanent MT schools will be constructed or rehabilitated, furnished and equipped, and provided with transport. Hostels will be built at each school for male and female students, the latter being especially important for the recruitment of females.

3. Program Operations

In addition to improved management and training inputs, the performance of MTs and CHWs will be enhanced by the provision of suitable uniforms, medical kits, and low-cost transport (probably a motorized bicycle). A health promotion and education campaign will be designed and implemented to enhance the status and acceptance of field workers and to foster community awareness and participation in the health system.

4. Research and Evaluation

Field studies will be undertaken at the beginning of the Project to provide baseline data on the prevalence and associated mortality of selected diseases to be used for a major end of project evaluation of program effectiveness, which will be conducted jointly by the GOP, WHO, UNICEF and A.I.D. Other research to be undertaken during the Project will include the collection of data on mortality trends of children 0 to 4 years of age in selected areas served by the Project and research on recurrent costs. In addition, Project progress will be assessed annually in evaluation workshops involving Federal and Provincial health personnel, Project staff, and representatives of A.I.D. and WHO.

5. Accelerated Expanded Program of Immunization (EPI)

As one of three accelerated interventions in health, the Government is launching an Accelerated EPI, a two-year effort designed to immunize 15 million young children against six preventable diseases that cause about 33 percent of all deaths in children under five. The Project will support this effort by financing equipment for the production of DPT vaccine, vaccines, and simple cold storage equipment. In addition, funds will be provided to procure chemicals for the preparation of oral rehydration salts. This assistance will be provided in a manner that will reinforce the Primary Health Care Project's long-term institution-building objectives.

E. Implementation Plan

1. A.I.D. Responsibilities

A.I.D. will be responsible for: (a) contracting with all expatriate and Pakistani advisors; (b) procuring all offshore project-financed vehicles and other commodities as necessary; (c) contracting with a Pakistani Architectural and Engineering (A&E) firm to design and supervise the construction or renovation of Medical Technician training schools; (d) contracting with Pakistani firm(s) to construct or renovate the schools; (e) financing all costs of in-country training workshops, the translation and printing of training materials, and research studies; (f) arranging for short-term training in the U.S. and other countries for selected participants; and, (g) providing sufficient staff to participate in the scheduled Project evaluations and to liaise with appropriate Federal and Provincial Government agencies in the implementation of this Project.

2. Federal and Provincial Government Responsibilities

Project activities will be implemented by the four Provincial Departments of Health under the overall guidance and direction of the Federal Ministry of Health.

The Federal Ministry of Health will be responsible for: (a) preparing a plan of operations for the life of the Project; (b) establishing a Federal Advisory Council for the Project; (c) ensuring that its Basic Health Services Cell is fully staffed; (d) coordinating all in-country training workshops and seminars; (e) contracting in the first Project year with an appropriate Pakistani firm to design appropriate transport for MTs, visual training aids, other training materials and MT and CHW promotional materials;

(f) distributing project-financed equipment and training supplies; and, (g) arranging, coordinating, and participating in Project evaluations and project-financed research activities.

The Provincial Health Ministries will be responsible for:
(a) constructing Rural Health Centers and Basic Health Units and operating Integrated Rural Health Complexes; (b) preparing annual provincial plans for the Project; (c) establishing Provincial Steering Committees for the Project; (d) operating, supervising, and evaluating MT schools; (e) creating posts for newly graduated MTs and arranging for their immediate deployment; (f) training, monitoring and evaluating CHWs; (g) developing management and operational rules and regulations for IRHCs; (h) nominating and releasing Provincial health personnel for the various management and training workshops held over the life of the Project; and, (i) providing staff to participate in Project evaluations.

PRIMARY HEALTH CARE PROJECT

SUMMARY OF PROJECT COSTS BY EXPENSE CATEGORY AND SOURCE OF FUNDING
(in 000s)

Expense Category	FY 1982		Life of Project ^{1/}	
	A.I.D. Dollar Grant (in \$)	GOP (in Rs)	A.I.D. Dollar Grant (in \$)	GOP (in Rs)
Technical Assistance	2,017	-	2,856	-
Training	1,218	5,765	3,963	61,920
Commodities	866	1,340	4,726	46,200
Other Costs ^{2/}	932	37,895	5,670 ^{3/}	326,600 ^{4/}
Total	5,033	45,000	17,215	434,720
Contingency	467	-	2,785	-
GRAND TOTAL	5,500	45,000	20,000	434,720

^{1/} Subject to the availability of funds to A.I.D. for this purpose, and to the mutual agreement of the parties to proceed at the time of each subsequent increment.

^{2/} Includes costs associated with construction, research and evaluation, and operational costs.

^{3/} Includes \$5,443,000 for construction or renovation of 13 Medical Technician Training Schools.

^{4/} Includes Rs 275,600,000 for the construction of 53 Integrated Rural Health Complexes.

PROJECT GRANT

STANDARD PROVISIONS ANNEX

Definitions: As used in this Annex, the "Agreement" refers to the Project 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 Grantee 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 Grantee 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.

Article B: General Covenants (Continued)

SECTION B.3. Utilization of Goods and Services.

(a) Any resources financed under the Grant 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 Grant, 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 Grant will be free from any taxation or fees imposed under the laws in effect in the territory of the Grantee.

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

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

The Grantee 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 Grant. 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

Article B: General Covenants (Continued)

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 Grant.

SECTION B.6. Completeness of Information. The Grantee confirms:

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

(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, the Project or the discharge of responsibilities under this Agreement.

SECTION B.7. Other Payments. Grantee affirms that no payments have been or will be received by any official of the Grantee in connection with the procurement of goods or services financed under the Grant, except fees, taxes, or similar payments legally established in the country of the Grantee.

SECTION B.8. Information and Marking. The Grantee will give appropriate publicity to the Grant 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 for marine insurance placed in the territory of the Grantee will be deemed an eligible Foreign Exchange Cost, if otherwise eligible under Section C.7(a).

Article C: Procurement Provisions (Continued)

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

(d) Transportation by air, financed under the Grant, of property or persons, 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 Grant 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 Grantee 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 Grant, 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 Grant, 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 bids or proposals for goods and services financed under the Grant 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 Grant for engineering and other professional services, for construction services, and for such other services, equipment or materials as may be specified 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

Article C: Procurement Provisions (Continued)

(d) Consulting firms used by the Grantee for the Project but not financed under the Grant, 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 Grantee for the Project but not financed under the Grant, 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 in part, under the Grant. 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 Grant, the Grantee 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 the territory of the Grantee may not be financed under the Grant 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 Grantee 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 Grant, 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 Grantee, 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

Article C: Procurement Provisions (Continued)

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 the territory of the Grantee 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 U.S. ports and any cargo transported from non-U.S. ports, computed separately.

SECTION C.7. Insurance.

(a) Marine insurance on goods financed by A.I.D. which are to be transported to the territory of the Grantee may be financed 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 Grantee (or government of Grantee), 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 the territory of the Grantee 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 Grantee will insure, or cause to be insured, goods financed under the Grant 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 Grantee 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 Grantee for the replacement or repair of such goods. Any such replacements 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 Grantee agrees that wherever practicable, United States Government-owned excess personal property, in lieu of new items financed under the Grant, should be utilized. Funds under the Grant may be used to finance the costs of obtaining such property for the Project.

Article D: Termination; Remedies.

SECTION D.1. Termination. Either Party may terminate this Agreement by giving the other Party 30 days written notice. Termination of this Agreement will terminate any obligations of the Parties to provide financial or other resources to the Project pursuant to this Agreement, except for payment which they are committed to make pursuant to noncancellable commitments entered into with third parties prior to the termination of this Agreement. In addition, upon such termination A.I.D. may, at A.I.D.'s expense, direct that title to goods financed under the Grant be transferred to A.I.D. if the goods are from a source outside Grantee's country, are in a deliverable state and have not been off-loaded in ports of entry of Grantee's country.

SECTION D.2. 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 under this Agreement, may require the Grantee to refund the amount of such disbursement in U.S. Dollars to A.I.D. within sixty (60) days after receipt of a request therefor.

(b) If the failure of Grantee to comply with any of its obligations under this Agreement has the result that goods or services financed under the Grant are not used effectively in accordance with this Agreement, A.I.D. may require the Grantee 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 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 Grant, 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, will be applied to reduce the amount of the Grant.

Article D: Termination; Remedies (Continued)

(e) Any interest or other earnings on Grant funds disbursed by A.I.D. to the Grantee 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 Grantee.

SECTION D.3. 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.4. Assignment. The Grantee agrees, upon request, to execute an assignment to A.I.D. of any cause of action which may accrue to the Grantee 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.