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A.I.D. Project Number 521-0091

PROJECT GRANT AGREEMENT
BETWEEN
THE REPUBLIC OF HAITI
AND
THE UNITED STATES OF AMERICA
FOR
RURAL HEALTH DELIVERY SYSTEM

Dated: June 29, 1979

Project Grant Agreement

Dated June 29, 1979

Between:

The Republic of Haiti ("Grantee"), acting through the Department of Public Health and Population (DSPP)

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 ("Project"), 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 defined in Annex 1 to this Agreement, will consist of installing a functioning, effective rural health services delivery system nationwide in Haiti and strengthening the ability of the Department of Public Health and Population to administer such a system. Within the limits of the above definition of the Project, elements of the amplified project description (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 of up to \$12,373,000 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 a subsequent increment, to proceed, with total sum not to exceed \$16,000,000, which is the estimated full A.I.D. grant contribution over the life of the Project.

Article 2: The Project (Continued)

(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 an 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 Three Million Six Hundred Twenty-Seven Thousand United States Dollars (\$3,627,000) ("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's Resources for the Project

(a) 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.

(b) The resources provided by Grantee for the Project will be not less than the equivalent of Seventeen Million Three Hundred Twenty Thousand United States Dollars (\$17,320,000) over the life of the Project.

SECTION 3.3. Project Assistance Completion Date

(a) The "Project Assistance Completion Date" (PACD), which is June 30, 1984, 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 performed and all goods 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 or for goods furnished subsequent to the PACD for the Project, as contemplated in this Agreement.

Article 3: Financing (Continued)

(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 to Disbursement

SECTION 4.1. Conditions Precedent to Initial Disbursement. Except as A.I.D. may otherwise agree in writing, prior to the first disbursement or issuance of documents pursuant to which disbursement will be made, the Grantee will 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 executed and ratified on behalf of the Republic of Haiti, and that it constitutes a valid and legally binding obligation of the Republic of Haiti in accordance with all of its terms;

(b) A statement of the name(s) of the person(s) designated as Project Manager and other representative(s) authorized to act for the Grantee under the Project Agreement together with a specimen signature of each person specified in such statement, duly certified as to their authenticity;

(c) Evidence that a separate Project Account has been established at the National Bank of the Republic of Haiti (BNRH) for receipt of AID and GOH local currency cost contributions to the Project; and

(d) A time-phased annual implementation and evaluation plan, setting forth when the Project will be implemented into each region in Haiti, including the number of dispensaries and warehouses that will be constructed in each such region.

SECTION 4.2. Conditions Precedent to Disbursement for Technical Services. Except as A.I.D. may otherwise agree in writing, prior to disbursement or issuance of documents pursuant to which disbursement will be made for procurement of technical services, the Grantee will furnish to A.I.D., in form and substance satisfactory to A.I.D.:

Article 4: Conditions Precedent to Disbursement (Continued)

(a) A list of the types of technical assistance required and proposed schedule of arrivals;

(b) An executed contract with a firm, individual or other sources acceptable to A.I.D. including a detailed scope of services to be performed, and a statement as to how and where each technical advisor will be located (including provisions for office space, office equipment and secretarial support as appropriate); and

(c) The names(s) of the DSPP counterpart(s) assigned to work with the technical advisor(s) for the duration of the contract.

SECTION 4.3. Conditions Precedent to Disbursement for Construction or Renovation. Except as A.I.D. may otherwise agree in writing prior to disbursement or issuance of documents pursuant to which disbursement will be made for construction or renovation, the Grantee will furnish to A.I.D., in form and substance satisfactory to A.I.D.:

(a) An executed contract acceptable to A.I.D. with one or more engineering and architectural firms for the overall management and supervision of construction and renovation activities to be conducted under the Project;

(b) Plans, specifications, cost estimates and time schedules for carrying out construction or renovation of each kind of facility stipulated in the Project Agreement for the first year of the Project;

(c) For each individual facility to be constructed or renovated under the Project:

(1) Evidence of clear Grantee title to the land on which the facility will be located and/or a statement that the facility is a designated part of the national health system; and

(2) Evidence that the DSPP has or will provide satisfactorily for on-going maintenance of each facility;

Article 4: Conditions Precedent to Disbursement (Continued)

(d) For Regional warehouses, transport and any other Regional-level facilities, evidence that a Regional administration has been created officially; and that sufficient counterpart staff and funds have been provided at the Regional level to supervise and administer properly such Regional facilities; and

(e) For District warehouses, transport and any other District-level facilities, evidence that the area to be covered by the District has been defined, that the location of the District headquarters has been officially approved, and that sufficient counterpart staff and funds have been provided at the District-level to supervise and administer properly such District facilities.

SECTION 4.4. Conditions Precedent to Disbursement for Commodities. Except as A.I.D. may otherwise agree in writing, prior to disbursement or issuance of documents pursuant to which disbursement will be made for procurement of commodities, the Grantee will furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) Procurement of Vehicles and Garage Equipment

(1) A schedule for ordering, receiving, and installing or putting into operation all vehicles and garage equipment, as well as detailed specifications for such equipment, proposed cost, source and origin during the first year of the project; and

(2) Evidence that a vehicle maintenance plan has been approved for the central DSPP garage and multi-Regional garages.

(b) Procurement of Drugs and Medical Supplies

(1) A plan for strengthening the DSPP supply and logistics system; and

(2) A schedule for ordering, receiving and providing to specific health facilities all drugs and medical supplies, as well as detailed specifications for such drugs and supplies, and proposed costs, source and origin during the first year of the Project.

Article 4: Conditions Precedent to Disbursement (Continued)

(c) Procurement of Warehouse, Dispensary and Other Equipment. A schedule for ordering, receiving and installing or putting in operation all such equipment, as well as the detailed specifications of such equipment, and proposed cost, source and origin, during the first year of the project.

SECTION 4.5. Conditions Precedent to Disbursement for Training. Except as A.I.D. may otherwise agree in writing, prior to disbursement or issuance of documents pursuant to which disbursement will be made for training, the Grantee will furnish to A.I.D., in form and substance satisfactory to A.I.D., for:

(a) Health Agent Training. An approved curriculum, schedule and cost of training for the first year of the Project, geographic source(s) of candidates and expected areas of assignment, and evidence that adequate provision has been made to supervise and supply each agent trained.

(b) Auxiliary Nurse Training. An approved curriculum, schedule and cost of training for the first year of the Project, geographic source(s) of candidates and expected areas of assignment, and evidence that adequate provision has been made to supervise, supply and house each auxiliary trained.

(c) Sanitary Officer Training. An approved curriculum, schedule and cost of training for the first year of the Project, the geographic source(s) of candidates and expected areas of assignment and evidence that adequate provision has been made to supervise and supply each officer trained.

(d) Other In-Country Training. An approved curriculum and training manual, schedule and cost of training (including per diem schedule) for the first year of the Project, source and assignments of all candidates for training (including orientation and refresher training).

(e) Overseas Training

(1) An agreement with an accredited university to conduct a training and exchange program; an approved curriculum and type of diploma or degree to be obtained;

(2) The names of proposed candidates during the first year of the Project and criteria for their selection;

(3) Proof that each candidate will occupy a responsible position in the central DSPP, Rural Health Delivery System or National University Medical School upon completion of training; and

Article 4: Conditions Precedent to Disbursement (Continued)

(4) A signed commitment from each candidate to return to Haiti and provide service to the DSPP for a period not less than three times that spent in overseas training and that if such candidate fails to fulfill this commitment, he will be liable to pay to the Grantee the proportioned cost of the training not provided in service to the Government of Haiti.

SECTION 4.6. Conditions Precedent to Disbursement for Personnel Costs. Except as A.I.D. may otherwise agree in writing, prior to disbursement or issuance of documents pursuant to which disbursement will be made for personnel costs, the Grantee will furnish to A.I.D., in form and substance satisfactory to A.I.D.:

(a) An approved functional statement and staffing patterns for the central DSPP;

(b) A list of positions within the national health system to receive Project-funded salary support and the estimated monthly amount required per position for the first year of the Project.

SECTION 4.7. Conditions Precedent to Disbursement Subsequent to Year One. Except as A.I.D. may otherwise agree in writing, prior to disbursement or issuance of documents pursuant to which disbursement will be made subsequent to one year from the date of compliance with the provisions of Section 4.1 of this Agreement, and annually thereafter, the Grantee will furnish to A.I.D., in form and substance satisfactory to A.I.D.:

(a) Evidence that drugs, medical supplies, salaries and supervision are being provided by the DSPP to dispensaries and health agents in the rural health delivery system, sufficient to maintain community health services delivery at or above levels foreseen in the Project Agreement; and

(b) Plans for the following year of operations under the Project containing the information specified in Sections 4.1 (d), 4.3 (b), 4.4 (a) (1), 4.4 (b) (2), 4.4 (c), 4.5 (a-e), and 4.6 (b) of this Agreement.

SECTION 4.8. Conditions Precedent to Disbursement Subsequent to Year Two. In addition to the information required under Section 4.7 of this Agreement and except as the Parties may otherwise agree in writing, prior to disbursement or issuance of documents pursuant to which disbursement will be made subsequent to two years from the date of compliance with the provisions of Section 4.1 of this Agreement, the Grantee will furnish to A.I.D., in form and substance satisfactory to A.I.D., plans and schedules for consolidating the administration of the maternal/child health and family planning program, the malaria program, and the nutrition program with the national health system administered by the DSPP, and for merging the health services delivery mechanisms and personnel of these programs at all levels.

Article 4: Conditions Precedent to Disbursement (Continued)

SECTION 4.9. Notification. When A.I.D. has determined that the Conditions Precedent specified in Sections 4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 4.7, and 4.8 have been satisfied, it will so notify the Grantee promptly in writing.

SECTION 4.10. Terminal Dates. If any or all of the Conditions Precedent in Sections 4.1 through 4.8 are not met within the time periods set forth below or by such later date as the Parties may agree in writing, A.I.D. may at its option terminate this Agreement by written notice to the Grantee, and cancel the then undisbursed balance of the Grant to the extent it is not irrevocably committed to third parties:

(a) Section 4.1. (a), (b), (c), and (d) within 120 days of the date of this Agreement;

(b) Section 4.2. (a), (b), (c), and (d) within 120 days of the date of this Agreement;

(c) Section 4.6. within 120 days of the date of this Agreement;

(d) Section 4.7. within one year of the date of compliance with the provisions of Section 4.1 and at one year intervals thereafter during the life of the Project;

(e) Section 4.8. within two years of the date of compliance with the provisions of Section 4.1.

Article 5: Special Covenants

SECTION 5.1. Project Evaluation. The Parties agree to establish an evaluation program which will, except as the Parties may otherwise agree in writing, include:

(a) Evaluation of progress toward attainment of the objectives of the Project;

Article 5: Special Covenants (Continued)

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

(c) Assessment of how to overcome such problems; and

(d) Evaluation, to the degree feasible, of the impact of the Project on the health status of rural Haitians.

This evaluation program will be subject to the conditions and frequencies specified in Annex 1 to this Agreement.

SECTION 5.2. Utilization of Equipment and Materials. The Grantee agrees to utilize all equipment and materials financed under the Project only for purposes of the Project during the life of the Project and for similar purposes after the life of the Project.

SECTION 5.3. Post-Project Support. The Grantee agrees to provide all necessary resources to maintain delivery of community health services at or above levels attained under the Project after the Project has terminated; and to provide regular maintenance for all health facilities, equipment, vehicles and other non-expendable commodities financed under this Project.

Article 6: Procurement Source

SECTION 6.1. Foreign Exchange Costs. Disbursement pursuant to Section 7.1. will be used exclusively to finance the costs of goods and services required for the Project having their source and origin in the countries included in Code 941 of the A.I.D. Geographic Code 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 Section C.1. (b) of Annex 2 to this Agreement with respect to marine insurance. All ocean shipping financed under the Grant shall have both its source and origin in the United States.

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 Haiti ("Local Currency Costs"). To the extent provided for under this Agreement, "Local Currency Costs" may also include the provision of local currency resources required for the Project.

Article 7: Disbursement

SECTION 7.1. Disbursement for Foreign Exchange Costs

(a) After satisfaction of the corresponding 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, 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 or 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 the Grantee instructs A.I.D. to the contrary. Such other charges as the Parties may agree to in writing may also be financed under the Grant.

SECTION 7.2. Disbursement for Local Currency Costs

(a) After satisfaction of Conditions Precedent, the Grantee may obtain disbursement 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 disbursement may be obtained through acquisition by A.I.D. with US Dollars.

The US Dollar equivalent of local currency made available hereunder will be, in the case of subsection (b) above, the amount of US Dollars required by A.I.D. to obtain the local currency.

SECTION 7.3. Other Forms of Disbursement. Disbursements of the Grant may also be made through such other means as the Parties may agree to in writing.

Article 7: Disbursement (Continued)

SECTION 7.4. Rate of Exchange. If funds provided under the Grant are introduced into Haiti by A.I.D. or any public or private agency for purposes of carrying out the obligation 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 Haiti at the highest rate of exchange which, at the time of the conversion, is not unlawful in Haiti.

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 and Cable Address: Secretary of State for
Public Health and Population
Palais des Ministères
Port-au-Prince, Haiti

To A.I.D.

Mail and Cable Address: Mission Director
U.S. Agency for International Development
c/o American Embassy
Port-au-Prince, Haiti

All communication will be in English or in French. Other addresses may be substituted for the above upon the giving of notice.

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 of State for Public Health and Population, and A.I.D. will be represented by the individual holding or acting in the office of Mission Director, USAID/Haiti, 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. A.I.D. may accept as duly authorized any instrument signed by authorized representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

Article 8: Miscellaneous (Continued)

SECTION 8.3. Annexes. A "Detailed Project Description" (Annex 1) and a "Project Grant Standard Provisions Annex" (Annex 2) are attached to and form part of this Agreement.

SECTION 8.4. Language of Agreement. This Agreement is prepared in both English and French. In the event of ambiguity or conflict between the two versions, the English language version will control.

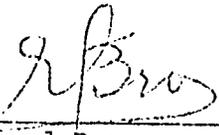
IN WITNESS WHEREOF, the Grantee and the United States of America, each acting through its duly authorized representative, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

REPUBLIC OF HAITI

By: 

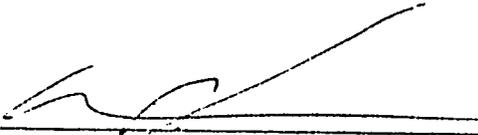
Dr. Willy Verrier

Title: Secretary of State for
Public Health and Population

By: 

Emmanuel Bros

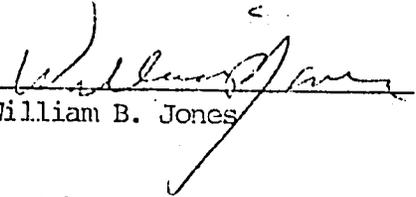
Title: Secretary of State for
Finance and Economic Affairs

By: 

Dr. Raoul Berret

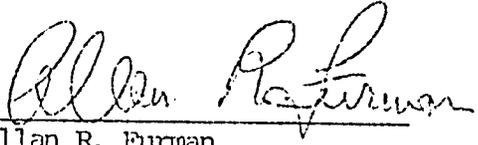
Title: Secretary of State of Plan

UNITED STATES OF AMERICA

By: 

William B. Jones

Title: Ambassador Extraordinary
and Plenipotentiary

By: 

Allan R. Furman

Title: Acting Director, USAID/Haiti

DETAILED PROJECT DESCRI

The long-term goal of the Project is to improve significantly the health status of Haiti's rural poor, as measured by decreased rates of morbidity, mortality and malnutrition (especially among pregnant and nursing women and children up to 6 years of age), and by reduced birth rates.

A.I.D. and Government of Haiti resources will be utilized to create a low-cost nationwide health system which will provide access to basic preventive and curative medical services to up to 70% of the rural population by the end of the Project. The Community Health Service created under this Project will use primarily paramedical personnel (up to 550 auxiliary nurses and 1500 health agents) to deliver these basic medical services directly to residents of rural communities. Paramedical personnel will be trained to provide services in family planning, nutrition information, pre-natal care, oral rehydration of children with diarrhea, treatment of respiratory diseases and immunizations. They will also be trained to collect basic demographic and health status information on a regular basis to create baseline data for DSPP monitoring of national health status and the RHDS Project. Supervision of health agents will be the responsibility of auxiliary nurses assigned to rural dispensaries. The auxiliaries, in turn, will be supervised by graduate nurses reporting to District Administrators.

The Project consists of (i) construction and renovation of rural dispensaries, warehouses, garage facilities and a health center; (ii) supplying and equipping such facilities; (iii) training rural health services delivery and support personnel; and (iv) provision of technical assistance to help implement these activities.

Project funds will finance construction and renovation, drugs, medical supplies, vehicles and spare parts and other commodities, as well as technical advisory services in health planning (24 person months), supply systems (36 person months), information systems (36 person months), personnel management (12 person months), and vehicle maintenance (12 person months) to help the DSPP develop and operate supply, logistics and administrative systems supporting the substantially expanded national health system. Additional technical advisory services in health training, program budgeting, personnel training and facilities maintenance may be made available with AID Grant funds reserved for this purpose under the Project, upon mutual agreement of the Parties that such assistance is required.

The Department of Public Health and Population (DSPP) will utilize AID Grant assistance and its own resources to:

- (1) develop a planning and evaluation system at all levels which will permit periodic revision of the National Health Plan in accordance with priorities dictated by national health status;
- (2) refine the national health information system in accordance with operating experience, train all appropriate personnel in procedures for contributing to and administering the national health information system and this Project;
- (3) install a program budgeting system for rational allocation of financial resources throughout the health system, as well as for continuous evaluation of the cost effectiveness of health services and facilities at all levels;
- (4) develop an active personnel management system including standardized criteria for employment and performance evaluation, identification of health sector manpower and training requirements, and for specification of the functions and appropriate staffing of each section of the DSPP at all levels;
- (5) merge all health transportation systems under DSPP control, provide transport support to the nationwide health system (including building and staffing central and field garage facilities), develop new operating procedures and guidelines for the integrated unit, and train personnel to operate the new system and provide active transport maintenance;
- (6) create a strengthened supply and logistics system to procure and move drugs and other medical commodities quickly and efficiently to all levels of the national health system, as well as to provide adequate protection (e.g. central and field warehouses) and accountability for such commodities;
- (7) create an institutional capability for maintenance of all health facilities serving the rural health delivery system;
- (8) construct or up-grade dispensaries to house auxiliary nurses who will provide medical services to rural communities and provide supply and supervision points for health agents;
- (9) provide basic and refresher training to all personnel responsible for delivery of rural health services or administration of the rural health system, carry out a technical exchange training program between an accredited foreign university and the Department of Community Medicine, construct a Health Center for the model rural health training project at Petit-Goave and provide operating support thereto;

(10) conduct a pilot Community Pharmacy program to determine whether certain basic drugs can be sold to rural clients at cost on a revolving basis;

(11) complete an inventory of all private voluntary organizations (PVO's) providing health services in Haiti and develop standard guidelines for PVO contributions in this area;

(12) develop plans and execute the integration of rural health services currently provided by various public entities into the national health system by the end of the Project;

(13) identify the final jurisdictional location of Regional and District headquarters, and provide adequate staffing and budget support for all Regional and District administrative units to be established under the DSPP's 5-year regionalization plan. Additional DSPP actions relating to efficient and effective management of the national health system may be specified among the terms of the PL 480 Title I Agreements negotiated between the United States and Haitian Governments.

The DSPP will appoint a full-time Project Manager to coordinate all activities under the Project and serve as liaison with AID, DSPP, and other officials involved in the Project. USAID/Haiti will appoint at least one full-time Project Officer for the same purpose.

In the initial stage of Project implementation, emphasis will be placed on recruiting the necessary technical advisory services to assist with the development of the detailed plans and systems to be implemented with Project resources. In this way, the necessary transportation and supply and logistics systems will be functioning when major quantities of vehicles and drugs and medical supplies are received. Implementation Status Reviews will be held at least quarterly during the life of the Project by the DSPP, AID and appropriate contractors or external donors to identify problems and assign responsibility for corrective action to avoid slippage. Independent evaluations will be carried out with Project funds, with the first such evaluation scheduled for 18 months after signature of the Project Agreement, and subsequent evaluations scheduled at 12-month intervals thereafter. DSPP and AID will participate jointly in these evaluations, as well as in the more frequent Implementation Status Reviews.

The following table (Project Financial Plan) indicates the financial responsibilities of the Parties to this Agreement.

PROJECT FINANCIAL PLAN

SOURCE & APPLICATION OF FUNDING
(U.S. \$ 000 or Gourde Equivalent)

Project No. 521-0091

PROJECT INPUTS	INCREMENTAL FUNDING				TOTALS	
	FUNDS OBLIGATED BY THIS AGREEMENT		ANTICIPATED FUTURE YEARS' OBLIGATIONS			
	AID	GOH	AID	GOH	AID	GOH
CONSTRUCTION/RENOVATION	850		4,407		5,257	
- Health Facilities	166		3,887		4,053	
(Dispensary-Renovate)	(50)		(2,464)		(2,514)	
(Dispensary-Construct)	(50)		(1,423)		(1,473)	
(Health Center)	(66)				(66)	
- Garage Facilities	313		118		431	
(Central)	(168)				(168)	
(Multi-Regional)	(125)				(125)	
(District Veh. Mtce. Sites)	(20)		(118)		(138)	
- Warehousing	231		202		433	
(Central)	(165)				(165)	
(Regional-Renovate)	(15)		(30)		(45)	
(Regional-Construct)	(9)		(37)		(46)	
(District)	(42)		(135)		(177)	
- Construction Mgt. Firm	140		200		340	

PROJECT INPUTS	FUNDS OBLIGATED BY THIS AGREEMENT		ANTICIPATED FUTURE YEARS' OBLIGATIONS		TOTALS	
	AID	GOH	AID	GOH	AID	GOH
DRUGS AND VACCINES	700	50	267	2,137	967	2,187
- Basic Formulary	355	50	141	890	196	940
- Dispensary	345		126	947	471	947
- Community Pharmacy				300		300
EQUIPMENT AND SUPPLIES	300		1,113	307	1,413	307
- Dispensary	200		670	160	870	160
- Refrigeration	25		145		170	
(Regional Whse.)			(4)		(4)	
(District Whse.)			(10)		(10)	
(Dispensary)	(25)		(131)		(156)	
- DSPP	75		298	147	373	147
(Transport Sect.)			(100)		(100)	
(Statistics System)	(25)		(115)		(140)	
(Personnel & Budget Sec.)	(50)		(19)		(69)	
(Facility Mtce. Teams)			(64)	(147)	(64)	(147)
VEHICLES & SPARE PARTS	100		1,103	1,493	1,203	1,493
- Motor Vehicles & Spares	100		1,057		1,157	
- Motor Boats & Spares			46		46	
- Gasoline & Maintenance				1,493		1,493
PERSONNEL	260	354	1,370	11,124	1,630	11,478
- Health Agents	203		1,104	2,674	1,307	2,674
- Health Agent Training Teams	57			286	57	286
- Facility Mtce. Teams			266	817	266	817
- Auxiliary Nurses				2,125		2,125
- Graduate Nurses				530		530
- Sanitation Officers				530		530

PROJECT INPUTS	FUNDS OBLIGATED BY THIS AGREEMENT		ANTICIPATED FUTURE YEARS' OBLIGATIONS		TOTALS	
	AID	GOH	AID	GOH	AID	GOH
PERSONNEL (Continued)						
- Central DSPP		354		4,162		4,516
(Staff Offices)		(95)		(1,127)		(1,222)
(Transport System)		(152)		(1,239)		(1,391)
(Supply System)		(39)		(471)		(510)
(Reg./Dist. Admin.)		(68)		(1,325)		(1,393)
TRAINING	220	96	1,635	1,200	1,855	1,296
- Orientation/Refresher Courses			495		495	
- Auxiliary Nurses	95		269		364	
- Health Agents	75		238		313	
- Technical Exchange	50		350	400	400	400
- Sanitation Officers	50		283		283	
- Rural Medicine Demonstration Center (Salaries Operating Costs)		96		510		606
- Dept. Community Medicine (Salaries & Operating Costs)				290		290
TECHNICAL ASSISTANCE	843		1,579		2,422	
- Health Planner (24 P.M.)	177				177	
- Supply Specialist (36 P.M.)	177		103		280	
- Transport Speclst. (48 P.M.)	177		215		392	
- Vehicle Mtce. Speclst. (12 P.M.)			122		122	
- Info. Syst. Speclst. (36 P.M.)	177		103		280	
- Personnel Speclst. (12 P.M.)	111				111	
- Health Ed. Speclst. (3 P.M.)	24				24	
- T.A. Reserve (130 P.M.)			1,036		1,036	
EVALUATION	15		85		100	
CONTINGENCY	339		814	559	1,153	559
TOTALS	3,627	500	12,373	16,820	16,000	17,320

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 3.1. 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 3.2. 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 appropriated 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 purpose of the Project.

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 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.

(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 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, or that it is reasonable to believe might so affect, the Project or 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).

(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) 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.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. Expenses incurred by the DSPP to train 50 Environmental Sanitation Officers during 1978 are eligible for reimbursement under this Project.

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 and 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 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 sub-section (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 AID 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 Borrower 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 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 com-

mercial 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 noncancelable 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.

(e) As interest or other earnings on Grant funds disbursed by A.I.D. to the Project 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 Grantee in connection with or arising out of the contractual performance of 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.