

PD-AAL-120

ISN 2125

AID Loan Number 621-U-026

AID Project Number 621-0163

PROJECT LOAN AGREEMENT

BETWEEN THE

UNITED REPUBLIC OF TANZANIA, ZANZIBAR

AND THE

UNITED STATES OF AMERICA

FOR THE

ZANZIBAR MALARIA CONTROL PROJECT

APPROP. NO: 72-1111021.8

72-11x1024

72-11x1024

ALLOT. NO: 148-61-621-00-68-11

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Date: September 30, 1981

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Project No. 621-0163

Project Loan Agreement

Dated September 30, 1981

Between

The United Republic of Tanzania, acting through the Revolutionary Government of Zanzibar ("Borrower")

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 under-taking by the Borrower 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, will assist the Borrower to undertake the establishment of a malaria control program for Zanzibar including the development of a Malaria Control Unit within the Ministry of Health and Social Welfare. This Project provides assistance to the malaria control activities which emphasize chloroquine or any other effective or appropriate drug treatment of all suspect fever cases, chloroquine or any other effective prophylaxis for high-risk groups and vector control measures. A.I.D. will assist by providing technical assistance, commodities, training and other goods and services required to carry out the program. Within the limits of the above definition of the project, elements of the amplified project description stated in Annex 1 may be changed by written agreement of the authorized representatives of the Parties named in Section 9.2., without formal amendment of the Agreement.

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

### Article 3: Financing

SECTION 3.1. The Loan. To assist the Borrower to meet the costs of carrying out the Project, A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended, agrees to lend the Borrower under the terms of this Agreement not to exceed Eleven Million Seven Hundred and Seventy-One Thousand United States ("U.S.") Dollars (\$11,771,000) ("Loan"). The Aggregate amount of disbursements under the Loan is referred to as "Principal". The Loan may be used to finance foreign exchange costs, as defined in Section 7.1, and local currency costs, as defined in Section 7.2., of goods and services required for the Project.

### SECTION 3.2. Borrower Resources for the Project

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

(b) The resources provided by Borrower for the Project will be not less than the equivalent of U.S. \$4,259,000, including costs borne on an "in-kind" basis.

### SECTION 3.3. Project Assistance Completion Date

(a) The "Project Assistance Completion Date" (PACD), which is 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 Loan will have been performed and all goods financed under the Loan 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 Loan for services performed subsequent to the PACD or for goods furnished for the project, as contemplated in this Agreement, subsequent to the PACD.

(c) Requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters are to be received by A.I.D. or any bank described in Section 8.1 no later than nine (9) months following the PACD, or such other period as A.I.D. agrees to in writing. After such period, A.I.D., giving notice in writing to the Borrower, may at any time or times reduce the amount of the Loan 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: Loan Terms

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

SECTION 4.2. Repayment. The Borrower will repay to A.I.D. the Principal within forty (40) years from the date of the first disbursement of the Loan in thirty-one (31) approximately equal annual installments of Principal and interest. The first installment of Principal will be payable nine and one-half (9-1/2) years after the date on which the first interest payment is due in accordance with Section 4.1. A.I.D. will provide the Borrower with an amortization schedule in accordance with this Section after the final disbursement under the Loan.

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

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

SECTION 4.5. Renegotiation of Terms. (a) The Borrower and A.I.D. agree to negotiate, at such time or times as either may request, an acceleration of the repayment of the Loan in the event that there is any significant and continuing improvement in the internal external economic and financial

position and prospects of United Republic of Tanzania, Zanzibar which enable the borrower to repay the loan on a shorter schedule.

(b) Any request by either Party to the other to so negotiate will be made pursuant to Section 9.2., and will give the name and address of the person or persons who will represent the requesting Party in such negotiations.

(c) Within thirty (30) days after delivery of a request to negotiate, the requested Party will communicate to the other, pursuant to Section 9.2., the name and address of the person or persons who will represent the requested Party in such negotiations.

(d) The representatives of the Parties will meet to carry on negotiations no later than thirty (30) days after delivery of the requested Party's communication under subsection (c). The negotiations will take place at a location mutually agreed upon by the representatives of the Parties, provided that, in the absence of mutual agreement, the negotiations will take place at the office of Borrower's Ministry of Health and Social Welfare in Zanzibar.

SECTION 4.6. Termination on Full Payment. Upon payment in full of the Principal and any accrued interest, this Agreement and all obligations of the Borrower and A.I.D. under it will cease.

#### Article 5: Conditions Precedent to Disbursement

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

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

(b) A statement of the name of the person holding or acting in the office of the Borrower specified in Section 9.2., and of any additional representatives, together with a specimen signature of each person specified in such statement

SECTION 5.2. Notification. When A.I.D. has determined that the conditions precedent specified in Section 5.1. have been met, it will promptly notify the Borrower.

SECTION 5.3. Terminal Dates for Conditions Precedent. If all of the conditions specified in Section 5.1. have not been met within 90 days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by written notice to Borrower.

Article 6: Special Covenants

SECTION 6.1. Project Evaluation. AID and the Borrower agree to establish as part of the Project, the evaluation program described in Annex 1.

SECTION 6.2. Project Implementation. The Borrower agrees that the Project will be implemented by the Zanzibar Ministry of Health and Social Welfare.

SECTION 6.3. Maintenance of Adequate Staff. The Borrower shall take such steps as are necessary to ensure that qualified personnel are placed and maintained in all Malaria Control Program staff positions described in Annex 1.

SECTION 6.4. Project Vehicles. The Borrower agrees to take such steps as are necessary to ensure that Project-financed vehicles are used only in support of project activities.

SECTION 6.5. Staff Houses. The Borrower agrees to make available for rental by the AID-financed Project Technicians two houses in Zanzibar town.

SECTION 6.6. Inter-ministerial Committee. The Borrower agrees to establish an inter-ministerial committee comprised of representatives from the Ministry of Health and Social Welfare, the Ministry of Education, the Department of Road Works, the Ministry of Agriculture, and the other government agencies concerned with malaria control to coordinate the Project at the national level.

SECTION 6.7. Ministry of Health and Social Welfare Reorganization.

The Borrower agrees to reorganize the Ministry of Health and Social Welfare to include the Malaria Control Program as described in Annex 1.

SECTION 6.8. Cooperating Country Funding. The Borrower agrees to at least sustain during this project its present level of funding for antimalaria drugs and insecticides in addition to providing salaries for all present and projected Zanzibar Malaria Control Program workers.

SECTION 6.9. Insecticide Handling. The Borrower agrees to ensure that malaria control workers dealing with potentially toxic insecticides are provided with special training, protective clothing and toxicity monitoring to guarantee their safety.

SECTION 6.10. Office and Storage Space. The Borrower agrees to provide the office space and storage space required to accommodate the AID financed project personnel and materials at no cost to A.I.D.

Article 7: Procurement Sources

SECTION 7.1. Foreign Exchange Costs

(a) Disbursements pursuant to Section 8.1 will be used exclusively to finance the costs of goods and services required for the Project having their source and origin in Code 941 of A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts entered into for such goods or services ("Foreign Exchange Costs"), except as A.I.D. may otherwise agree in writing, and except as provided in the Project Loan Standard Provisions Annex, Section C.1 (b) with respect to marine insurance.

(b) Ocean transportation costs will be financed under the loan only on vessels under flag registry of the United States, the Borrower, or any other Code 941 country as listed in the A.I.D. Geographic Code Book in effect at the time shipment is contracted for.

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

Article 8: Disbursements

SECTION 8.1 Disbursement for Foreign Exchange Costs

(a) After satisfaction of conditions precedent, the Borrower may obtain disbursements of funds under the Loan 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 Borrower'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 Letter 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 Borrower in connection with Letters of Commitment and Letters of Credit will be financed under the Loan unless Borrower instructs A.I.D. to the contrary. Such other charges as the Parties may agree to may also be financed under the Loan.

SECTION 8.2 Disbursement for Local Currency Costs

(a) After satisfaction of conditions precedent, the Borrower may obtain disbursements of funds under the Loan 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

(2) by A.I.D. (A) requesting the Borrower to make available the local currency for such costs, and (B) thereafter making available to the Borrower, through the opening or amendment by A.I.D. of Special Letters of Credit in favor of the Borrower or its designee, an amount of U.S. Dollars equivalent to the amount of local currency made available by the Borrower, 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 8.3. Other Forms of Disbursement. Disbursements of the Loan may also be made through such other means as the Parties may agree to in writing.

SECTION 8.4. Rate of Exchange. Except as may be more specifically provided under Section 8.2., if funds provided under the Loan are introduced into the United Republic of Tanzania by A.I.D. or any public or private agency for purposes of carrying out obligations of A.I.D. hereunder, the Borrower will make such arrangements as may be necessary so that such funds may be converted into currency of the United Republic of Tanzania at the highest rate of exchange which, at the time the conversion is made, is not unlawful in the United Republic of Tanzania.

SECTION 8.5. Date of Disbursement. Disbursements by A.I.D. will be deemed to occur (a) on the date on which A.I.D. makes a disbursement to Borrower or its designee, or to a bank, contractor or supplier pursuant to

a Letter of Commitment, contract, or purchase order; (b) on the date on which A.I.D. disburses to the Borrower or its designee local currency acquired in accordance with Section 8.2 (b) (1); or (C) if local currency is obtained in accordance with Section 8.2 (b) (2), on the date on which A.I.D. opens or amends the Special Letter of Credit there referred to.

Article 9: Miscellaneous

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

To the Borrower

Mail Address:

Ministry of Health and Social Welfare  
P. O. Box 236  
Zanzibar, Tanzania

To A.I.D.

Mail Address:

USAID  
P. O. Box 9130  
Dar es Salaam, Tanzania

Alternate address for cables:

USAID  
c/o American Embassy  
Dar es Salaam, Tanzania

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

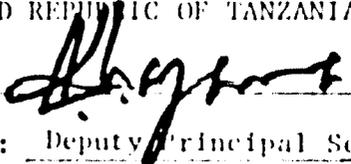
SECTION 9.2. Representatives. For all purposes relevant to this Agreement, the Borrower will be represented by the individual holding or acting in the office of Minister of Health and Social Welfare, and A.I.D. will be represented by the individual holding or acting in the office of Mission Director, USAID/Tanzania, 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 Borrower, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this

Agreement, until receipt of written notice of revocation of their authority.

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

IN WITNESS WHEREOF, the Borrower 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.

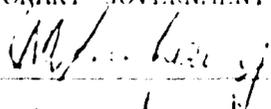
UNITED REPUBLIC OF TANZANIA

By: 

Title: Deputy Principal Secretary, Ministry of Finance

Date: September 30, 1981

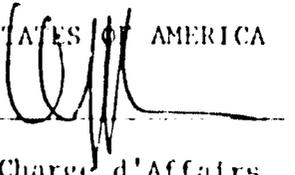
REVOLUTIONARY GOVERNMENT OF ZANZIBAR

By: 

Title: Minister  
Ministry of Health and Social Welfare

Date: September 30, 1981

UNITED STATES OF AMERICA

By: 

Title: Charge d'Affairs

Date: September 30, 1981

Project Loan Number: 621-U-026

Project Number 621-0163

## AMPLIFIED PROJECT DESCRIPTION

Except as specifically provided herein and within the limits of the definition of the Project set forth in Section 2.1., elements of this Amplified Project Description may be changed by written agreement of the authorized representatives of the Parties named in Section 8.2 without formal amendment of this Agreement.

### I. General Project Description

The purpose of this project is to reduce the prevalence of malaria on Zanzibar to a level at which it no longer constitutes a major public health problem, through adaptation of known control methods to local conditions in such a way that the Government of Zanzibar will be able to maintain effective control with its own resources. The program is to be integrated into both the national Primary Health Care system and the national development plan.

This Six year Project is the first phase of a long term commitment by the Government to control malaria on the islands. Over the long term every effort will be made to effect the greatest possible reduction in the percentage of the population infected by Malaria from an estimated 75 percent to far below 50 percent. During the first phase a strong foundation for a Phase Two follow-on will be prepared. A major objective of the long term effort would be the full institutionalization of Malaria control on Zanzibar beyond the year 1990.

The selection of appropriate antimalarial activities for Zanzibar is based upon the present epidemiologic situation, the local efficacy of methods proposed, the level of national political commitment and public cooperation, the current level of professional training, and the administrative, operational and financial feasibility of the overall program.

Through the Zanzibar Malaria Control Project, AID will provide assistance to the Government of Zanzibar to develop a Malaria Control Unit within the Ministry of Health and Social Welfare which is capable of initiating and sustaining the variety of integrated antimalarial activities which make up the comprehensive malaria control program described below. AID will contribute two long-term technicians, short-term consultants, training, commodities and selected operating costs for a Six-year period beginning in 1981. During this initial Six years of the Zanzibar Malaria Control Program, the Malaria Control Unit will institute a control program based primarily upon the following activities.:

1. Chemotherapy of all suspect fever cases;
2. chemoprophylaxis through chloroquine distribution to the high-risk elements (children under 15 and pregnant women) of the population;
3. Vector control - to be undertaken in urban, periurban and selected rural areas of high endemicity;

- a. engineering interventions to reduce vector breeding sites,
  - b. larviciding,
  - c. space spraying (Ultra Low Volume, ULV),
  - d. residual spraying in the periurban fringe communities and selected rural areas of high endemicity;
4. Health education/community motivation campaign; and
  5. Operational research, as indicated to evaluate the effectiveness of the elements of the program.

This program will build upon the programs of the existing Malaria Unit of the Ministry of Health and Social Welfare and involve other organizations whose activities may affect the malaria control program, either favorably or negatively. The institutional development of the new Malaria Control Unit will address each of the principal shortcomings of the present Malaria Unit. These include a requirement for improved administration and management, basic and in-service training for all levels of malaria workers, procurement, distribution and maintenance of program equipment and materials, information collection and use, and more effective integration into Zanzibar's primary health care program as well as the activities of other ministries.

The reorganization and staffing of the Ministry of Health and Social Welfare to accommodate the Zanzibar Malaria Control program is illustrated in Figures 1 and 2 and Table 1 which are shown on pages 4-7 of this Annex.

The following outputs are expected over the course of this project.

1. the organization of the Malaria Control Program;
2. the establishment of an effective source reduction program through engineering;
3. the establishment of an active larviciding program;
4. the establishment of an active space spraying program;
5. the establishment of an active intradomiciliary spraying program;
6. the establishment of an effective chloroquine distribution program for prophylactic and therapeutic purposes;
7. the establishment of an effective health education and community motivation program;
8. the establishment of continuous malarimetric (epidemiologic, parasitologic, and entomologic) and operational surveillance necessary to permit perpetual, dynamic adaptation of control methodologies to the circumstances of Zanzibar;
9. the integration of other sector programs, as appropriate, into malaria control; and
10. the establishment of both basic and in-service training programs as necessary to develop and maintain all levels of malaria control workers.

## II Inputs of the Parties

### A. A.I.D. Inputs

The following section describes A.I.D.'s anticipated project inputs over the life of the Project.

#### 1. Technical Assistance

a. Long-term personnel: Approximately ten person years of long term technical assistance, furnished under contractual arrangements to be described later, will be provided as follows:

- (1) Senior Malariologist. Term 5 years. This technician will be the Chief of Party of the Contract team and the senior contract technician on the Zanzibar Malaria Control Program staff. The senior technician along with the Zanzibar Director of the project will be responsible for the administration of AID provided goods and services for the project. He or she will serve as an advisor to the Director of the Malaria Control Program and will collaborate in the management, technical support and monitoring of all project activities. The specific responsibilities of this technician will include, inter alia:
  - (a) Provides administrative and technical supervision of project long-term and short-term field personnel;
  - (b) Coordinates AID inputs into the project and into each specific project activity;
  - (c) Has responsibility for collaborating with the director of the Malaria Control Program in the preparation of annual workplans;
  - (d) Assumes major responsibility for designing and conducting the surveillance and operational research surveys necessary for the selection and refinement of malaria control methods;
  - (e) Collaborates in the preparation of the training curricula and teaching materials for all categories of malaria control workers and participates in both the basic and in-service training activities of the project; and
  - (f) Prepares regular program reports as required by AID, the Government of Zanzibar and other contractual agreements.

The person selected for the position of Chief of Party must have had previous field experience in either malaria eradication or malaria control work in a developing country setting, ideally in Africa. He or she should have either a doctoral level or masters degree in malariology, entomology or parasitology and have demonstrable administrative ability based upon recent program leadership experience. Resourcefulness, flexibility, patience and commitment will be required to succeed in the somewhat isolated island setting of Zanzibar. An ability to speak Kiswahili at the Foreign Service Institute level of S-2 is required to begin this job, and what training is necessary should be provided prior to arrival as an authorized contract expense.

Figure 1

MANAGEMENT ORGANIZATION - ZANZIBAR MALARIA CONTROL

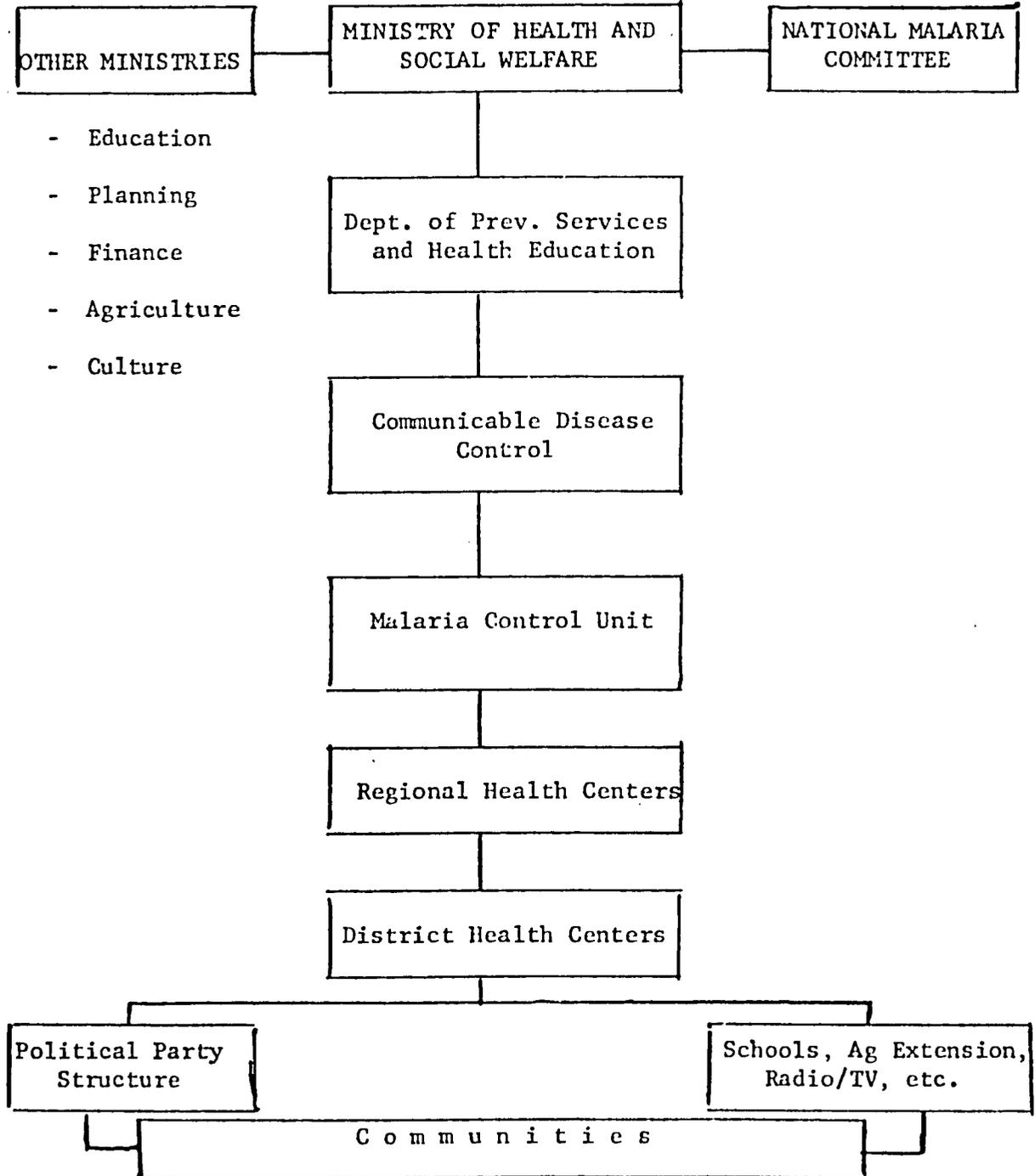
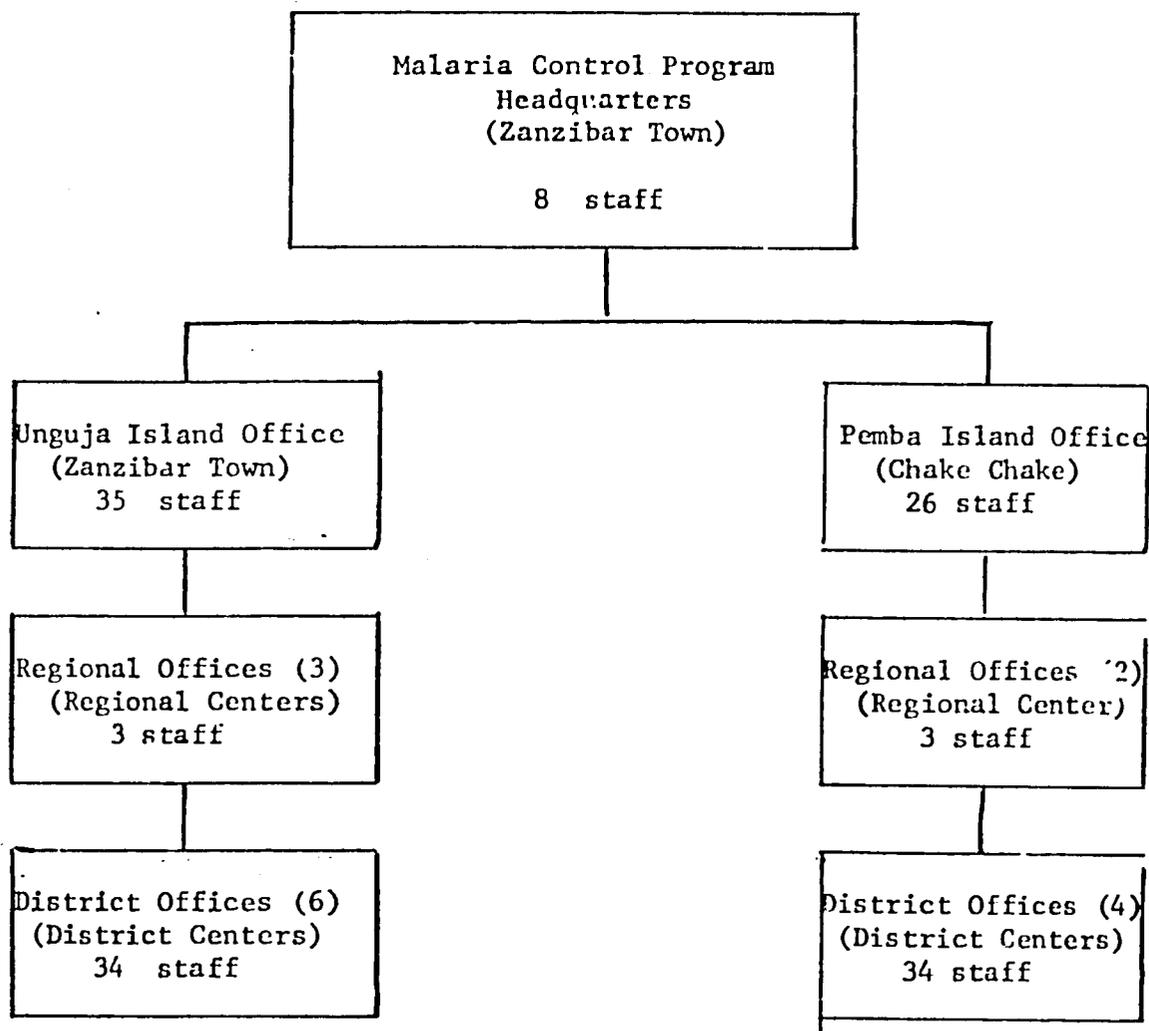


Figure 2

MALARIA CONTROL PROGRAM ORGANIZATION



See Table 3 for a listing of personnel for each level of program organization.

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Table 1

MALARIA CONTROL PROGRAM STAFFING

<u>Headquarters:</u>	<u>Present</u>	<u>Proposed</u>	<u>Increase</u>
1. Director (Malariologist)	-	1	1
2. Chief Parasitologist/Entomologist	1	1	-
3. Chief Health Educator*	1	1	-
4. Chief Health Inspector	1	1	-
5. Program Controller	-	1	1
6. Secretary	-	2	2
7. Messenger/Driver	1	1	-
		<u>8</u>	

Unguja Island Office:

1. Senior Health Inspector	1	1	-
2. Health Educator*	1	1	-
3. Sanitarian/Engineer	1	1	-
4. Pump Mechanic	-	1	1
5. Medical Recorder	-	1	1
6. Typist	1	1	-
7. Clerk	1	1	-
8. Office Keeper/Messenger	1	1	-
9. Storekeeper/Recorder	-	1	1
10. Storeman/Packer	1	2	1
11. Transport Officer	-	1	1
12. Drivers	1	5	4
13. Draftsman/Cartographer	-	1	1
14. Source Reduction Supervisor	-	2	2
15. Senior Laboratory Technician	1	1	-
16. Parasitology Assistant	1	1	-
17. Microscopists	8	8	-
18. Laboratory Cleaners/Washers	1	5	4
		<u>35</u>	

Pemba Island Office

1. Senior Health Inspector	1	1	-
2. Health Educator	1	1	-
3. Sanitarian/Engineer	-	1	1
4. Pump Mechanic	-	1	1

On Unguja the Health Educators will work in the Health Education Unit of the Ministry of Health and Social Welfare.

<u>Pemba Island Office (cont.)</u>	<u>Present</u>	<u>Proposed</u>	<u>Increase</u>
5. Medical Recorder	-	1	1
6. Typist	-	1	1
7. Clerk	-	1	1
8. Office Keeper/Messenger	-	1	1
9. Storekeeper/Recorder	-	1	1
10. Storeman/Packer	1	2	1
11. Transport Officer	-	1	1
12. Drivers	-	2	2
13. Draftsman/Cartographer	-	1	1
14. Source Reduction Supervisor	-	2	2
15. Senior Laboratory Technician	1	1	-
16. Parasitology Assistant	1	1	-
17. Microscopist	4	4	-
18. Laboratory Cleaner/Washer	-	<u>3</u>	3
		26	
<u>Regional Offices (5 Regions):</u>	<u>Present Total</u>	<u>Proposed (per region)</u>	<u>Total Increase</u>
1. Regional Rural Health Assistant	5	1	-
2. Entomology Assistant	3	1	(2)
3. Driver	-	<u>1</u>	(5)
		3	
<u>District Offices (10 Districts):</u>	<u>Present Total</u>	<u>Proposed (per district)</u>	<u>Total Increase</u>
1. District Rural Health Assistant	10	1	-
2. Entomology Aide	-	1	(10)
3. Oilers	8	3	(24)
4. Source Reduction Laborer	-	4	(45)
5. Spraying Supervisor	-	1	(10)
6. Sprayers	-	6	(60)
7. Malaria Supervisors	12	3	(17)
8. Malaria Agents	81	<u>15</u>	(72)
		34	
Totals	151	424*	282

\* The differences between this figure and the figure of 433 cited earlier is due to the additional assignment of malaria agents, laborers and oilers to the district office covering the urban area of Zanzibar Town.

Figures in parentheses ( ) indicate training requirements for all regional or district offices.

(2) Vector Control Specialist Terms: 5 years. The other long term technician will be responsible to the Chief of Party and whenever necessary can act in his behalf. This person will be responsible for all of the mosquito control activities of the project and must possess both a wealth of varied experience and training. He or she will collaborate most closely with the Chief Parasitologist/Entomologist and the source reduction engineers and will have the following specific responsibilities, inter alia:

- (a) Helps design and conduct the surveys necessary to determine where antimosquito activities are required;
- (b) Helps plan and execute all project breeding site reduction, larviciding, space spraying and household spraying activities including training all of the personnel involved in these activities;
- (c) Carries on the surveillance necessary to evaluate the effectiveness of the above activities; and
- (d) Prepares reports as required by the Chief of Party.

This technician must have extensive field experience in mosquito control work in a leadership capacity. He or she should have at least masters' degree level training and have sufficient expertise in source reduction engineering and entomology to be able to train, supervise and evaluate all the personnel required for antimosquito work. An FSI S-2 level of Kiswahili proficiency is also required for this position.

b. Short-term personnel: Approximately 24 person months of short-term consultancies will be provided. The consultancies will be used to supplement the skills of the long-term technicians whenever additional special areas of expertise are required by specific project activities.

## 2. Training.

a. In-country: In-country training activities to be financed by AID are as follows:

- (1) 249 various technicians (Table 1) will receive basic training regarding their respective roles;
- (2) all 433 Malaria Control Program workers (Table 1) will receive regular in-service training;
- (3) 7000 local political leaders, 3000 school teachers and 300 Primary Health Care workers will be oriented to their important roles in the Project; and
- (4) Orientation seminars will be undertaken to familiarize Government officials with the Project.

b. Participant Training: Government officials will undertake approximately ten person years of MPH level training in the U.S. They will major in health services administration and malaria control.

c. International Conferences: Funding will be provided for attendance at appropriate international conferences.

3. Commodities.

A.I.D. will finance approximately 30 four-wheel vehicles and 520 two-wheel vehicles, their spare parts, chloroquine for both treatment and prophylaxis, insecticides and other equipment needed for vector control activities, office equipment, and furniture and appliances for technician houses.

4. Other Costs.

A.I.D. will finance other costs related to the project such as petrol, in-country travel expenses, hiring of local personnel for contractors administrative support, public information campaign costs, utilities for technician housing, and rental costs of staff houses.

B. Borrower Inputs

As part of its general obligation under Section 3.2. to supply funds and resources needed for the Project, the Borrower will make the following inputs to the project:

1. Technical Assistance.

The Borrower will provide the services of all of the Malaria Control Program personnel listed in Table 1 and the part-time services of local political leaders, school teachers, Primary Health Care Workers and other government personnel as required to reach the objectives of the Project.

2. Training

The Borrower will provide the annual in-service training for local political leaders, school teachers and health workers.

3. Commodities

The Borrower will at least maintain its current level of provision of chloroquine and insecticides.

4. Other Costs

The Borrower will provide:

- a. office, work, storage space and salaries for all personnel listed in Table 1.
- b. office space for Project financed technicians at no cost to A.I.D.
- c. housing to be made available for rental by Project financed technicians.

### III. Implementation

#### A. Administrative Arrangements

The executing agency for the Project at the national level will be the Ministry of Health and Social Welfare. The organizational relationships and personnel staffing pattern of the Malaria Control Program are presented in Figures 1 and 2 and Table 1.

The Ministry of Health and Social Welfare will be joined by representatives of other involved ministries in an inter-ministerial Malaria Control Program Committee at the national level. Committee representation will include, inter alia, the Ministry of Health and Social Welfare, the Ministry of Education, the Department of Road Works, the Ministry of Agriculture, and the other government agencies concerned with the control of Malaria. This committee will meet quarterly to monitor program progress but in ordinary circumstances will not be involved in routine project management. The technicians provided by AID are intended to serve as catalysts to the first phase of the Project, and each will have government counterparts, but will work at all levels of the Project. The counterpart of the Chief of Party will be the Director of the Malaria Control Program, and the counterpart of the Vector Control Specialist will be the Chief Parasitologist/Entomologist. During the Project both technicians will play a major role in the development of program materials, training and stimulating activities at all levels.

AID inputs to the Project will be monitored by the Health, Nutrition and Population Office of USAID/Tanzania.

#### B. Procurement.

AID will utilize loan funds to contract with a U.S. contractor or institution with expertise or experience in the management of malaria control programs. The contractor will be responsible for providing the long term technical assistants, short term consultancies, training, and procurement of commodities, except for malaria control agents and equipment and vehicles which will be procured by AID. The contract will be negotiated between AID and a suitable contractor chosen through normal AID contractor selection procedures, with the Borrower and USAID/Tanzania participating in final contractor selection.

The Borrower will continue to procure chloroquine and insecticides directly for its share of these commodities.

C. Implementation Schedule

The following illustrative schedule identifies key implementation actions and the dates by which it is targeted that the actions will occur:

<u>Date</u>	<u>Activity</u>	<u>Action Agent(s)</u>
August 1981	PP approved	AID/W
September 1981	Loan Agreement Signed	USAID/T & ZanGov
" "	PIO/T for TA prepared	USAID/T & ZanGov
October 1981	RFP published or mailed	USAID/T & REDSO
Oct. - Dec. 1981	Conditions Precedent to Disbursement met	ZanGov
January 1982	Vehicles ordered	ZanGov
" "	Contractor Selection	USAID/Tanzania, ZanGov, AID/W
March 1982	Contract negotiated and signed	REDSO, Contractor
" "	Technician Swahili Training	Contractor
June 1982	ETA of long term technicians	Contractor
" "	Launching of orientation meetings for government officials	Contractor, ZanGov
July 1982	Arrival of short-term consultants (Health Educator, Entomologist, Medical Laboratory Specialist)	Contractor
" "	Recruitment of additional personnel for new malaria Control Unit begins	Contractor, ZanGov
" "	Training seminars held for MOH staff and supervisory Malaria Unit staff	Contractor, ZanGov
" "	Formation of National Malaria Control Committee	Contractor, ZanGov
" "	Entomological survey of Zanzibar town initiated to identify breeding sites	Contractor, ZanGov
August 1982	Analysis of existing blood survey data undertaken to identify possible high endemicity areas	Contractor, ZanGov
" "	Microscopists trained	Contractor, ZanGov

<u>Date</u>	<u>Activity</u>	<u>Action Agent(s)</u>
August 1982	Entomologists trained for survey work	Contractor, ZanGov
" "	Initiate blood surveys to confirm areas of high endemicity to choose two areas on Unguja and two on Pemba for initial drug distribution	Contractor, ZanGov
" "	Prepare catalogue of locations for all temporary and permanent breeding sites -- Zanzibar town	Contractor, ZanGov
" "	Finalize network of larval and adult sampling stations for entomological surveys	Contractor, ZanGov
Sept. 1982	First annual workplan due	Contractor
" "	Vector susceptibility tests initiated (periodic, every 6 months)	Contractor, ZanGov
" "	Train source reduction personnel, Zanzibar town	Contractor, ZanGov
" "	Finalize long-term plan for engineering interventions to reduce number of breeding sites previously identified	Contractor, ZanGov
Oct. 1982	Source reduction activities begin, Zanzibar town	Contractor, ZanGov
" "	Design drug distribution system record keeping and logistics	Contractor, ZanGov
" "	Identify 4 areas, 2 on Unguja, 2 on Pemba with high endemicity for initial drug distribution system	Contractor, ZanGov
" "	Perform random blood survey of four areas	Contractor, ZanGov
" "	Finalize permanent larviciding schedules	Contractor, ZanGov
Nov. 1982	Prepare training manuals for drug distribution	Contractor, ZanGov
" "	KAP surveys undertaken in 4 identified areas	

<u>Date</u>	<u>Activity</u>	<u>Action Agent(s)</u>
December 1982	Train malaria supervisors and agents for these areas identified above	Contractor, ZanGov
" "	Design public information campaign	Contractor, ZanGov
" "	Select population sample for long-term monitoring throughout the project, gather baseline data	Contractor, ZanGov
January 1983	Prepare training manuals for residual spraying	Contractor, ZanGov
" "	Train Balozi, teachers, health workers in four identified areas for drug distribution	Contractor, ZanGov
February 1983	Train spray supervisors	Contractor, ZanGov
" "	Initiate drug distribution system in these 4 areas (should cover approximately 25% of target groups)	Contractor, ZanGov
" "	Train source reduction personnel Pemba	Contractor, ZanGov
" "	Train sprayers	Contractor, ZanGov
March 1983	Train spray personnel for ULV use	Contractor, ZanGov
" "	Initiate source reduction in urban areas of Pemba (Wete, Chake Chake, Mkoani)	Contractor, ZanGov
April 1983	Initiate residual spraying in rural sections of the our high endemicity areas already identified	Contractor, ZanGov
" "	Begin ULV spraying in urban Zanzibar town	Contractor, ZanGov
May 1983	Train remaining drug distribution personnel	Contractor, ZanGov

<u>Date</u>	<u>Activity</u>	<u>Action Agent(s)</u>
May 1983	Initiate random blood surveys in other areas	Contractor, ZanGov
" "	Begin monthly tests of sample sprayed houses to determine length of effectiveness of residual spray	Contractor, ZanGov
June 1983	Extend drug distribution system Unguja	Contractor, ZanGov
" "	Initiate residual spraying in foci identified from blood sample	Contractor, ZanGov
July 1983	Extend drug distribution system-- Pemba	Contractor, ZanGov
" "	First annual report due	Contractor, ZanGov
" "	Finalize revision of malaria curriculum for schools with Ministry of Education	Contractor, ZanGov
" "	First retraining of drug distribution, parasitology, entomology, source reduction personnel to take place semi-annually through rest of project	Contractor, ZanGov
" "	First evaluation	Contractor, ZanGov, USAID/T
Sept. 1983	2nd annual work plan due (yearly hereafter)	Contractor
Feb. 1984	Repeat random blood survey in 4 original areas and extend to others according to passive case detection data	Contractor, ZanGov
" "	Begin second phase residual spraying (yearly hereafter)	Contractor, ZanGov
Mar. 1984	Retraining of residual spray teams prior to spraying cycle; to be repeated annually prior to each spray period	Contractor, ZanGov
April 1984	Begin second phase ULV - yearly hereafter in response to rains	Contractor, ZanGov

<u>Date</u>	<u>Activity</u>	<u>Action Agent(s)</u>
July 1984	External evaluation by outside evaluation team and USAID/T representative	Contractor, USAID, Outside team
" "	Second annual report (due yearly hereafter)	Contractor
September 1984	Third annual work plan due	Contractor
July 1985	Third annual report due	Contractor
September 1985	Fourth annual work plan	Contractor
July 1986	Final external evaluation	Contractor, USAID Outside team
" "	Fourth annual report	Contractor
September 1986	Fifth annual work plan	Contractor
June 1987	Final project report due	Contractor

#### IV. Evaluation

Nearly every program activity will require a baseline survey to aid in the selection of malaria control techniques or educational methodologies, and there will have to be repeated subsequent surveys to judge the effectiveness of project activities and to guide their adaptation. Hence, evaluation will be a continuous feature of the Zanzibar Malaria Control Project. In addition there will be three special project evaluations scheduled to provide an overall evaluation of all aspects of the project and to permit dissemination of the lessons learned in the project to other countries trying to deal with malaria. These evaluations will be held at the end of the first, second and fourth years of implemented project activities, and the latter will provide the basis for planning the next phase of the program. The first will be an in-house AID evaluation, while the second and last will be major evaluations using teams of AID and Zanzibar personnel and outside experts. The result of this last evaluation will be used to define and plan for health and institutional goals for a Phase II project and for the full institutionalization of Malaria Control on Zanzibar beyond the year 1990.

For many of the continuous monitoring requirements of the project, a single random sample of the population will be studied twice a year at the time of peak disease transmission through the life of the project. This will involve identifying an appropriate size sample of households using the random cluster sampling technique and clusters of 30 households and monitoring their knowledge, attitudes and practices with respect to malaria, their levels of productivity and income, and their health status with particular attention to fevers, parasitemia and participation in the

malaria control program. This study will help in the initial identification of those rural areas with the highest malaria prevalence and should demonstrate the impact of the project on the health of the population and on the level of productivity which depends upon that health. Of particular interest will be the relationship between the fluctuations in malaria prevalence and the seasonal variations in agricultural labor inputs required to achieve maximum productivity. The project will provide short-term consultants to help design and field test this survey.

There will be continuous monitoring of mosquito life on the islands, concentrated in urban areas and rural areas with high malaria prevalence where the antimosquito activities will be concentrated. Mosquito species will be identified, their habits described, their breeding places located, their susceptibility to insecticides measured, their parasite-carrying rates determined and their densities monitored as an important part to the permanent monitoring activity of the control program.

Operational research will be carried out for each of the major project activities to permit the continued refinement of methodologies required to fully adapt malaria control technology to Zanzibar and to evaluate the cost effectiveness of each activity.

#### V. Illustrative Financial Plan

The following table illustrates the A.I.D. and Borrower contributions to the Project. Changes in the figures contained in the tables may be made by agreement in writing by the authorized representatives of the Parties named in Section 9.2, without formal amendment of the agreement as long as such changes do not cause AID's contribution to exceed the amount set forth in Section 3.1, and the Borrower's contribution to be less than the amount set forth in Section 3.2. A.I.D. contributions to the project in excess of that obligated under this Agreement are subject to the conditions of Section 2.2.

PROJECT FINANCIAL PLAN

(\$000)

Zanzibar Malaria Control Project (621-0163)

PROJECT INPUTS	TOTAL OBLIGATIONS					
	AID			ZANZIBAR		
	FX	LC	Total	FX	LC	Total
Technical Assistance						
Long Term	2143		2143		2450	2450
Short Term	984		984			
Training						
Long Term	384		384			
Short Term	174	716	890		261	261
Commodities	5076		5076	1494		1494
Other Costs		2294	2294		54	54
Total	8761	3010	11771	1494	2765	4259

Project Loan Standard

Provisions Annex

Definitions: As used in this Annex, the "Agreement" refers to the Project Loan 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 Borrower 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 Borrower will:

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

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

SECTION B.3. Utilization of Goods and Services.

(a) Any resources financed under the Loan 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 Loan, 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. (See Handbook 18, Appendix D.)

SECTION B.4. Taxation.

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

(b) To the extent that (1) any contractor, including any consulting firm, any personnel of such contractor financed under the Loan, and any property or transactions relating to such contracts and (2) any commodity procurement transaction financed under the Loan are not exempt from identifiable taxes, tariffs, duties, or other levies imposed under laws in effect in the territory of the Borrower, the Borrower 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 Loan.

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

The Borrower 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

SECTION B.5.(b)

under the Loan. 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 Loan.

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

(a) that the facts and circumstances of which it has informed A.I.D., or caused A.I.D. to be informed, in the course of reaching agreement with A.I.D. on the Loan, 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. Borrower affirms that no payments have been or will be received by any official of the Borrower in connection with the procurement of goods or services financed under the Loan except fees, taxes, or similar payments legally established in the country of the Borrower.

SECTION B.8. Information and Marking. The Borrower will give appropriate publicity to the Loan 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/aircraft's country of registry at the time of shipment. /or

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

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

SECTION C.2. Eligibility Date. No goods or services may be financed under the Loan 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 borrower 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 Loan, 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 Loan, 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 Loan will be approved by A.I.D. in writing prior to their issuance, and their terms will include United States standards and measurements;

SECTION C.3.

(c) Contracts and contractors financed under the Loan 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

(b) Consulting firms used by the Borrower for the Project but not financed under the Loan, 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 Borrower for the Project but not financed under the Loan 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 Loan. 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 Loan, the Borrower 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 Borrower may not be financed under the Loan 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 Borrower 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 Loan, if such goods or persons are carried:

SECTION C.6.

(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 Borrower, 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 Borrower 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 any cargo transported from 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 Borrower may be financed as a Foreign Exchange Cost under this Agreement provided,

(1) such insurance is placed at the lowest available competitive rate, and

SECTION C.7.

(2) claims thereunder are payable in the currency in which such goods were financed or in any freely convertible currency. If the Borrower (or government of Borrower), 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 Borrower 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 Borrower will insure, or cause to be insured, goods financed under the Loan 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 Borrower 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 Borrower of the replacement or repair of such goods. Any such replacement will be of source and origin of countries listed in A.I.D. Geographic Code 935 as in effect at the time of replacement, and, except as the Parties may agree in writing, will be otherwise subject to the provisions of the Agreement.

SECTION C.8. U.S. Government-Owned Excess Property. The Borrower agrees that wherever practicable United States Government-owned excess personal property, in lieu of new items financed under the Loan, should be utilized. Funds under the Loan may be used to finance the costs of obtaining such property for the Project.

Article D: Termination; Remedies.

SECTION D.1. Cancellation by Borrower. The borrower may, by giving A.I.D. 30 days written notice, cancel any part of the Loan which has not been disbursed or committed for disbursement to third parties.

SECTION D.2. Events of Default; Acceleration. It will be an "Event of Default" if Borrower shall have failed:

(a) to pay when due any interest or installment of Principal required under this Agreement, or

SECTION D.2.

(b) to comply with any other provision of this Agreement, or

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

(1) such unrepaid Principal and accrued interest hereunder will be due and payable immediately, and

(2) the amount of any further disbursements made pursuant to then outstanding commitments to third parties or otherwise will become due and payable as soon as made.

SECTION D.3. Suspension. If at any time:

(a) An Event of Default has occurred; or

(b) An event occurs that A.I.D. determines to be an extraordinary situation that makes it improbable either that the purpose of the Loan will be attained or that the Borrower will be able to perform its obligations under this Agreement; or

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

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

Then A.I.D. may:

(1) suspend or cancel outstanding commitment documents to the extent they have not been utilized through irrevocable commitments to third parties or otherwise, giving prompt notice thereof to the Borrower;

(2) decline to issue additional commitment documents, or to make disbursements other than under existing ones; and

SECTION D.3.

(3) at A.I.D.'s expense, direct that title to goods financed under the Loan be transferred to A.I.D. if the goods are from a source outside Borrower's country, are in a deliverable state and have not been offloaded in ports of entry of Borrower's country. Any disbursement made under the Loan with respect to such transferred goods will be deducted from Principal.

SECTION D.4. Cancellation by A.I.D. If, within sixty (60) days from the date of any suspension of disbursements pursuant to Section D.3, the cause or causes thereof have not been corrected, A.I.D. may cancel any part of the Loan that is not then disbursed or irrevocably committed to third parties.

SECTION D.5 Continued Effectiveness of Agreement. Notwithstanding any cancellation, suspension of disbursements, or acceleration of repayment, the provisions of this Agreement will continue in effect until the payment in full of all Principal and accrued interest hereunder.

SECTION D.6 Refunds.

(a) In the case of any disbursement which is not supported by valid documentation in accordance with this Agreement, or which is not made or used in accordance with this Agreement, or which was for goods or services not used in accordance with this Agreement, A.I.D., notwithstanding the availability or exercise of any other remedies provided for under this Agreement, may require the Borrower to refund the amount of such disbursement in United States Dollars to A.I.D. within sixty (60) days after receipt of a request therefor. The right to require such a refund of a disbursement will continue, notwithstanding any other provision of this Agreement, for three (3) years from the date of the last disbursement under this Agreement.

(b)

(1) Any refund under the preceding subsection, 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 Loan, 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,

SECTION D.6(b)(2)

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 the installments of Principal in the inverse order of their maturity and the amount of the Loan reduced by the amount of such remainder.

SECTION D.7. Nonwaiver of Remedies. No delay in exercising any right or remedy accruing to a Party in connection with its financing under this Agreement will be construed as a waiver of such right or remedy.

Clearance:

P. Ehmer, HNPO Paul G. Ehmer

M. Bonner, PRM Margaret Bonner

I. Peterson, CONT I. Peterson

E. Spriggs, RLA E. Spriggs