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A.I.D. Project No. 504-0066

PROJECT LOAN AND GRANT AGREEMENT

between

GUYANA

and the

UNITED STATES OF AMERICA

for

RURAL HEALTH SYSTEMS

Date: August 31, 1979

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Project

Loan and Grant Agreement

RURAL HEALTH SYSTEMS

Dated: August 31, 1979

Between

The Government of Guyana ("Cooperating Country")

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 Cooperating Country 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 consist of the improvement and expansion of primary health care services in Guyana through the development of a nationwide rural health and delivery system, training of community health workers and ~~medex~~, and utilizing them in an interlocking tiered, supervisory and referral structure. Annex 1, attached, amplifies the above definition of the Project.

Within the limits of the above definition of the Project, elements of the amplified description stated in Annex 1 may be changed by written agreement of the authorized representatives of the Parties named in Section 9.2, without formal amendment of this Agreement. Annex 1 will identify those elements of the Project for which Grant financing will be employed, and those for which Loan financing will be employed.

Article 3: Financing

SECTION 3.1. The Grant and Loan. To assist the Cooperating Country 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 Cooperating Country under

the terms of this Agreement not to exceed One Million Eight Hundred Thousand United States ("U.S.") Dollars (\$1,800,000) ("Grant") and to lend the Cooperating Country under the terms of this Agreement not to exceed Two Million Nine Hundred Thousand U.S. Dollars (\$2,900,000) ("Loan"). The aggregate amount of disbursements under the Loan is referred to as "Principal". The Loan and the Grant together are referred to as the "Assistance". The Loan 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. The Grant may be used to finance all the foreign exchange costs, as defined in Section 7.1, of goods and services required for the Project.

SECTION 3.2. Cooperating Country Resources for the Project.

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

(b) The resources provided by the Cooperating Country for the Project will be not less than the equivalent of U.S.\$3,013,000 including costs borne on an "in-kind" basis.

SECTION 3.3. Project Assistance Completion Date.

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

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

(c) Requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, are to be received by A.I.D. or any bank described in Section 8.1 no later than nine (9) months following the PACD, or such other period as A.I.D. agrees to in writing. After such period,

A.I.D., giving notice in writing to the Cooperating Country, may at any time or times reduce the amount of the Assistance by all or any part thereof for which requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, were not received before the expiration of said period.

Article 4: Loan Terms

SECTION 4.1. Interest. The Cooperating Country will pay to A.I.D. interest which will accrue at the rate of two percent (2%) per annum for ten (10) years following the date of the first disbursement of the Loan hereunder and at the rate of three percent (3%) per annum thereafter on the outstanding balance of Principal and on any due and unpaid interest. Interest on the outstanding balance will accrue from the date (as defined in Section 3.5) of each respective disbursement, and will be computed on the basis of a 365 day year. Interest will be payable semi-annually. The first payment of interest will be due and payable no later than six (6) months after the first disbursement of the Loan hereunder, on a date to be specified by A.I.D.

SECTION 4.2. Repayment. The Cooperating Country will repay to A.I.D. the Principal within twenty-five (25) years from the date of the first disbursement of the Loan in thirty-one (31) approximately equal semi-annual installments of Principal and interest. The first installment of Principal will be payable nine and one-half (9½) years after the date on which the first interest payment is due in accordance with Section 4.1. A.I.D. will provide the Cooperating Country 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 Cooperating Country 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 Cooperating Country and A.I.D. agree to negotiate, at such time or times as either may request, an acceleration of the repayment of the Loan in the event that there is any significant and continuing improvement in the internal and external economic and financial position and prospects of Guyana which enable the Cooperating Country to repay the Loan on a shorter schedule.

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

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

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

SECTION 4.6. Termination of Full Payment. Upon payment in full of the Principal and any accrued interest, this Agreement and all obligations of the Cooperating Country and A.I.D. relating to the Loan provisions of this Agreement will cease, provided that, with respect to any obligations arising out of the expenditure of Grant funds, this Agreement will remain in full force and effect until such obligations are fulfilled.

Article 5: Conditions Precedent to Disbursement.

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

(a) An opinion of the Attorney General of Guyana or other counsel acceptable

to A.I.D. that this Agreement has been duly authorized and/or ratified by, and executed on behalf of, the Cooperating Country and that it constitutes a valid and legally binding obligation of the Cooperating Country in accordance with all of its terms;

(b) A statement of the names of the persons holding or acting in the office of the Cooperating Country specified in Section 9.2, and a specimen signature of each person specified in such statement;

(c) Evidence that the Ministry of Health has designated a manager for the Project;

(d) A time-phased implementation plan for carrying out the Project; and

(e) Evidence that a Primary Health Care Coordinating Council has been established, comprised of representatives of the Cooperating Country responsible for implementing primary health care programs.

SECTION 5.2. Conditions Precedent to Disbursement for Construction - Loan.

Except as A.I.D. may otherwise agree in writing, prior to any disbursement under the Loan, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made for construction, the Cooperating Country shall furnish to A.I.D., in form and substance satisfactory to A.I.D.:

(a) Plans and specifications, bid documents, cost estimates, and time schedules for carrying out the construction;

(b) Executed contract(s) for construction activities with a firm(s) acceptable to A.I.D.; and

(c) Evidence that title to the selected site(s) is in the name of the Cooperating Country, and confirmation that medex will be deployed to that facility (or facilities).

SECTION 5.3. Conditions Precedent to Disbursement for Equipment and

Materials. Except as A.I.D. may otherwise agree in writing, prior to any disbursement of the Assistance, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made to finance equipment and materials, the Cooperating Country shall furnish to A.I.D. in form and substance satisfactory to A.I.D. a list of the equipment and materials for which disbursement is requested.



SECTION 5.4. Conditions Precedent to Disbursement for Engineering or Other Technical Services. Except as A.I.D. may otherwise agree in writing, prior to any disbursement of the Assistance, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, for engineering or other technical services, the Cooperating Country shall furnish to A.I.D., in form and substance satisfactory to A.I.D., an executed contract for engineering or other services with a firm acceptable to A.I.D.

SECTION 5.5. Notification of Meeting Conditions Precedent. When A.I.D. has determined that the conditions precedent specified in Sections 5.1 through 5.4 have been met, it will promptly notify the Cooperating Country with respect to each Section.

SECTION 5.6. Terminal Dates for Conditions Precedent.

(a) 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 the Cooperating Country.

(b) If all of the conditions specified in Sections 5.2 through 5.4 have not been met within 180 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 cancel the then undisbursed balance of the Assistance, to the extent not irrevocably committed to third parties, and may terminate this Agreement by written notice to the Cooperating Country. In the event of such termination, the Cooperating Country will repay immediately the Principal then outstanding and any accrued interest; on receipt of such payments in full, this Agreement and all obligations of the Parties hereunder will terminate, except with respect to any obligations arising out of the expenditure of Grant funds.

Article 6: Special Covenants

SECTION 6.1. Project Evaluation. The Parties agree to establish an evaluation program as an integral part of the Project. Except as the Parties otherwise agree in writing, the program will include, during the implementation of the Project at least annually:

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

(b) identification and evaluation of problem areas or constraints which may inhibit such attainment; (c) assessment of how such information may be used to help overcome such problems, in this or other project; and (d) evaluation, to the degree feasible, of the overall development impact of the Project.

SECTION 6.2. Budget Support. The Cooperating Country covenants that it will adequately plan and budget for maintenance for facilities constructed under the Project.

SECTION 6.3. Project Funding. The Cooperating Country, except as A.I.D. may otherwise agree in writing, covenants that it will furnish to A.I.D., on an annual basis, evidence satisfactory in form and substance to A.I.D., that adequate resources have been allocated to provide the required counterpart funding for the Project.

SECTION 6.4. Medex Posting. The Cooperating Country, except as A.I.D. may otherwise agree in writing, covenants that during the life of this Project medex assigned to health care facilities will be posted only to those facilities located in rural areas of the country, with priority to the hinterland.

Article 7: Procurement Source

SECTION 7.1. Foreign Exchange Costs.

(a) Disbursements under the Loan pursuant to Section 8.1 will be used exclusively to finance the costs of goods and services required for the Project having their source and origin in Guyana and/or countries included in Code 941 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts entered into for such goods and services, and disbursements under the Grant pursuant to Section 8.1 will be used exclusively to finance the costs of goods and services required for the Project having their source and origin in the United States (Code 000 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts entered into for such goods or services) ("Foreign Exchange Costs"), ~~except~~ as A.I.D. may otherwise agree in writing, and except as provided in the Standard Provisions Annex, Section C.1(b) with respect to marine insurance.

(b) Except as A.I.D. may otherwise agree in writing, ocean shipping will be financed under the Loan only on vessels under flag registry of U.S. or Guyana.

If A.I.D. determines either that there are no vessels of flag registry of Guyana generally available for ocean transportation, or that Guyana has no access to U.S. flag service, A.I.D. in a Project Implementation Letter, may agree to finance under the Loan ocean transportation costs on vessels of other flag registry. Ocean transportation costs financed by the Grant shall be on vessels under flag registry of the United States, except as A.I.D. may otherwise agree in writing.

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 Guyana ("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 8: Disbursements

SECTION 8.1. Disbursement for Foreign Exchange Costs.

(a) After satisfaction of conditions precedent, the Cooperating Country may obtain disbursements of funds under the Loan or the Grant for the Foreign Exchange Costs, as defined in Section 7.1, of goods and services required for the Project in accordance with the terms of the Agreement by such of the following methods as may be mutually agreed upon:

(1) by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, (A) requests for reimbursement for such goods or services, or, (B) requests for A.I.D. to procure commodities or services in the Cooperating Country'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, through Letters of Credit or otherwise, for such goods or services.

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

SECTION 8.2. Disbursement for Local Currency Costs.

(a) After satisfaction of conditions precedent, the Cooperating Country may obtain disbursement of funds under the Loan or the Grant for Local Currency Costs, as defined in Section 7.2, of goods and services 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 hereunder 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 Cooperating Country to make available the local currency for such costs, and (B) thereafter making available to the Cooperating Country through the opening or amendment by A.I.D. of Special Letters of Credit in favor of the Cooperating Country or its designee, an amount of U.S. Dollars equivalent to the amount of local currency made available by the Cooperating Country, 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 or the Grant 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 or the Grant are introduced into Guyana by A.I.D. or any public or private agency for purposes of carrying out obligations of A.I.D. hereunder, the Cooperating Country will make such arrangements as may be necessary so that such funds may be converted into currency of Guyana at the highest rate of exchange which, at the time the conversion is made, is not unlawful in Guyana.

SECTION 8.5. Date of Disbursement. Disbursements of the Loan by A.I.D. will be deemed to occur (a) on the date on which A.I.D. makes a disbursement to the Cooperating Country or its designee, or to a bank, contractor or supplier pursuant to a Letter of Commitment or Credit; (b) on the date on which A.I.D. disburses to the Cooperating Country 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 Cooperating Country:

Mail Address:	Minister of Health, Housing and Labour Homestretch Avenue D'Urban Park Georgetown, Guyana.
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Address for Cables:	MINHEALTH Georgetown, Guyana.
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To A.I.D.:

Mail Address:	U.S.A.I.D. Mission to Guyana P.C. Box 25 Georgetown, Guyana.
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Address for Cables:	USAID, American Embassy Georgetown, Guyana.
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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 Cooperating Country will be represented by the individual holding or acting in the office of Minister of Health, Housing and Labour and A.I.D. will be represented by the individual holding or acting in the office of Director, USAID Mission to Guyana, 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 Cooperating Country, with specimen signautres, 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 "Combined Loan and Grant Standard Provisions Annex" (Annex 2) is attached to and forms part of this Agreement.

IN WITNESS WHEREOF, the Cooperating Country 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.

GUYANA

In Presence of:

(Sgd) C.B. Hinds  
Charles B. Hinds  
Acting Secretary to the  
Treasury

By: (Sgd) Frank E. Hope  
Frank E. Hope  
Title: Minister of Finance

UNITED STATES OF AMERICA

In Presence of:

(Sgd) John R. Burke  
John R. Burke  
Ambassador

By: (Sgd) Edna A. Boorady  
Edna A. Boorady  
Title: Director, USAID Mission to Guyana

Certified to be a true copy of the original  
signed by Edna A. Boorady, Director, USAID/Guyana.

Bruce M. Berry  
Executive Officer (Acting)  
USAID/Guyana

PROJECT DESCRIPTION

I. Goal and Purpose

The Project's sector goal is the improvement in the health status of Guyana's citizens through development and expansion of primary health care services. Specifically, it proposes to accomplish this through the development of a functioning, tiered delivery system. The project provides basic training, continuing education, supervision and logistical support of health auxiliaries who are to be responsible for primary health care, including preventive services, in the rural areas.

II. Project Components

A. Technical Assistance

1. Training

Approximately 70 mid-level paramedical workers called medex are to be trained to provide promotive, preventive and curative health services using problem-oriented, competency-based training modules. In addition, the medex will be taught how to train more peripheral community health workers (CHW) with similar but less complex modules and to supervise them once trained. Medex are also taught how to organize and supervise local support for the CHWs. Approximately 200 CHWs are to be trained under this Project.

Appropriate competency-based methodology has been worked out for the basic training of medex in a three-year project sponsored by the International Development Research Council of Ottawa (IDRC), with major involvement of the Health Manpower Development Staff of the University of Hawaii during the period 1977-1979. The Rural Health Systems Project will refine and expand the training program for medex, develop a competency-based methodology for the CHWs, and make the necessary adjustments in the training program and assignment of medex as indicated by experience and evaluation of the IDRC-assisted project.

In addition to the basic training of medex and CHWs, the project will train medex tutors, both thru overseas fellowships, and local workshops. Continuing education workshops will be conducted annually during the project to retain the currency of medex skills and to add new knowledge and competencies. Senior medex and senior public health nurses designated for supervision of medex

will be trained for supervision on a short-term basis in workshops of 4-6 weeks. Additional short course training will be given to selected senior medex and public health nurses to equip them to participate in administration at regional and central levels.

Appropriate training workshops will also be arranged for all medical officers, health workers involved in management and logistic support, equipment maintenance and selected district supply clerks.

In addition, the Project will finance both long and short-term participant training in Primary Health Care, for approximately 90 person months, as well as technical assistance for training and logistic support.

2. Management Support

Development of a permanent, institutionalized management support infrastructure is considered essential to effective utilization of medex and CHWs in the field. With this in mind, the Project will extend technical assistance to the MOH to help develop and strengthen its systems for supervision, communications, transportation, supply, information, facilities development and maintenance, and health services management in rural areas.

B. Equipment and Materials

Provision of those items of equipment and supplies considered essential for achievement of project objectives is an integral part of the Project. The following are the major categories to be provided:

1. Equipment and supplies for medex training unit.
2. Basic medex equipment and supply kit.
3. Basic CHW equipment and supply kit.
4. Equipment and supplies required for construction of exemplary village water supplies and latrines in the CHWs
5. Transportation equipment and spare parts - (boats, jeeps, motorcycles).
6. Communications equipment and spares - (two-way radios).
7. Hand pumps for health station water systems.  
(where medex are deployed).



Most of the materials required for the exemplary village level water systems and sanitary latrines are to be provided by the villagers with the project financing the remaining costs.

C. Facility Construction and Maintenance.

Existing health facilities in rural areas, while affording at least minimal space, are deficient in staff housing. As most medex are married and have growing families, adequate housing is considered an absolute prerequisite to their posting to rural areas. Hence, at the approximately 100 rural locations where medex are to be deployed, the Project will undertake construction of three-bedroom houses at an estimated 41 locations.

As most existing rural health facilities do not have a dependable 24-hour water supply and sanitary latrines, the Project is allocating funds for construction of approximately 50 elevated water tanks with trestles and latrines to be built at the rural health facilities where medex are posted.

Though existing rural health facilities are all usable, many are barely so and in need of renovation, including some expansion/upgrading. During the first year, the Project will finance the costs of a local engineering firm to do a site-by-site study of all proposed or actual medex locations and determine the specific renovation required at each site to ensure that the medex will have adequate facilities in which to work, such as examination room, laboratory and some reception/education space. The Government of Guyana and USAID will then consider whether additional financing will be necessary for this work.

Facility maintenance and repair will be supported in part by the Project Loan.

III. Administrative Arrangements

The Borrower/Grantee will be the Government of Guyana. The implementing agency will be the Ministry of Health. In the MOH, the Chief Medical Officer (CMO) will be responsible for executing the Project. It is anticipated that the MOH will reactivate and fill a Principal Medical Officer (Community Health) position, the incumbent of which will then assume the role of Project Manager on behalf of

the CMO, with day-to-day responsibility for project implementation.

Training will be the responsibility of the Medex Training Unit, under the administrative supervision of the CMO. It is anticipated that when the proposed Faculty of Health Sciences, University of Guyana, becomes operational, the Medex Training Unit will be institutionalized there without any interruption in the training component of the project.

#### IV. Financial Plan

The total cost of the Project is estimated at \$7,713,000. Of this total A.I.D. is providing \$4,700,000 of which \$2,900,000 is financed by the Loan and \$1,800,000 is being provided as a Grant to the Government of Guyana. A.I.D. will fully fund its contribution to the Project upon the signing of the Combined Loan/Grant Agreement. The foreign exchange component of the Project is estimated to be \$2,970,000 and will be funded entirely from the A.I.D. funds.

The Government of Guyana will provide \$3,013,000 from the Ministry of Health budgetary funds and from participating villages, which approximates 39% of project costs.

The Summary Financial Plan is as follows:

	<u>Grant</u>				Grand
Technical Assistance	1,511		1,511		1,511
Training	196	206	402	404	806
Construction, Sites and Facilities		1,143	1,143	152	1,295
Equipment		1,108	1,108		1,108
Other Project Support Costs		180	180	2,183	2,363
Contingency	<u>93</u>	<u>263</u>	<u>356</u>	<u>274</u>	<u>630</u>
	1,800	2,900	4,700	3,013	7,713

Combined Loan and Grant  
Project Standard Provisions Annex

Rural Health Systems  
A.I.D. Project No. 504-0066

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

Article A: Project Implementation Letters. To assist the Cooperating Country 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 Cooperating Country 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 arrangement, and with any modifications therein, approved by A.I.D. pursuant to this Agreement; and

(b) provide qualified and experienced management for, and train such staff as may be appropriate for the maintenance and operation of the Project, and, as

applicable for continuing activities, cause the Project to be operated and maintained in such manner as to assure the continuing and successful achievement of the purposes of the Project.

SECTION B.3. Utilization of Goods and Services.

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

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

SECTION B.4. Taxation. (a) This Agreement, and the Assistance will be free from, and the Principal and interest of the Loan will be paid free from, any taxation or fees imposed under laws in effect in the territory of the Cooperating Country.

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

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

The Cooperating Country will:

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

(b) maintain or cause to be maintained, in accordance with generally accepted accounting principles and practices consistently applied, books and records relating to the Project and to this Agreement, adequate to show, without limitation,

the receipt and use of goods and services acquired under the Assistance. Such books and records will be audited regularly, in accordance with generally accepted auditing standards, and maintained for three years after the date of last disbursement by A.I.D.; such books and records will also be adequate to show the nature and extent of solicitations of prospective suppliers of goods and services ~~acquired~~, the basis of award of contracts and orders, and the overall progress of the Project toward completion; and

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

SECTION B.6. Completeness of Information.

The Cooperating Country confirms:

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

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

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

SECTION B.8. Information and Marking. The Cooperating Country will give appropriate publicity to the Assistance and the Project as a program to which the United States has contributed, identify the Project site, and mark goods financed by A.I.D., as described in Project Implementation Letters.

Article C: Procurement Provisions

SECTION C.1. (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 Cooperating Country will be deemed an eligible Foreign Exchange Cost, if otherwise eligible under Section C.7(a).

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

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

SECTION C.2. Eligibility Date. No goods or services may be financed under the Assistance which are procured pursuant to orders or contracts firmly placed or entered into prior to the date of this Agreement, except as the Parties may otherwise agree in writing.

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

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

(a) The Cooperating Country will furnish to A.I.D. upon preparation;

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

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

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

(c) Contracts and contractors financed under the Assistance for 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

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

#### SECTION C.4.

for any goods or services financed, in whole or in part, under the Assistance. Such items will be procured on a fair, and, to the maximum extent practicable, on a competitive basis.

#### SECTION C.5.

##### Notification to Potential Suppliers.

To permit all United States firms to have the opportunity to participate in furnishing goods and services to be financed under the Assistance, the Cooperating Country 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 Cooperating Country may not be financed under the Assistance if transported either: (1) on an ocean vessel or aircraft under the flag of a country which is not included in A.I.D. Geographic Code 935 as in effect at the time of shipment, or (2) on an ocean vessel which A.I.D., by written notice to the Cooperating Country, has designated as ineligible, or (3) under an ocean or air charter which has not received prior A.I.D. approval.

(b) Costs of ocean or air transportation (of goods or persons) and related delivery services may not be financed under the Assistance, if such goods or persons are carried: (1) on an ocean vessel under the flag of a country not, at the time of shipment, identified under the paragraph of the Agreement entitled "Procurement Sources: 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 Cooperating Country, 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.

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 territory of the Cooperating Country on dry cargo liners shall be paid to or for 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.

(a) Marine insurance on goods financed by A.I.D. which are to be transported to the territory of the Cooperating Country may be financed under the Assistance, as a Foreign Exchange Cost under this Agreement provided (1) such insurance is priced 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 Cooperating Country, 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 Cooperating Country 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 Cooperating Country will insure, or cause to be insured, goods financed under the Assistance imported for the Project against risks incident to their transit to the point of their use in the



Project; such insurance will be issued on terms and conditions consistent with sound commercial practice and will insure the full value of the goods. Any indemnification received by the Cooperating Country 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 Cooperating Country for the replacement or repair of such goods. Any such replacement will be of source and origin of countries listed in A.I.D. Geographic Code 935 as in effect at the time of replacement, and, except as the Parties may agree in writing, will be otherwise subject to the provisions of the Agreement.

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

Article D: Termination; Remedies

SECTION D.1. Cancellation by Cooperating Country.

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

SECTION D.2. Events of Default; Acceleration.

It will be an "Event of Default" if the Cooperating Country shall have failed:

(a) to pay when due any interest or installment of principal required under this Agreement, or (b) to comply with any other provision of this Agreement, or (c) to pay when due any interest or installment of principal or other payment required under any other loan, guaranty or other agreement between the Cooperating Country 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 Cooperating Country notice that all or any part of the unrepaid Principal will be due and payable sixty (60) days thereafter, and, unless such Event of Default is cured within that time:

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

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

- (a) An Event of Default has occurred; or
- (b) An event occurs that A.I.D. determines to be an extraordinary situation that makes it improbable either that the purpose of the Assistance will be attained or that the Cooperating Country 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 Cooperating Country 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 Cooperating Country 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 Cooperating Country;
- (2) decline to issue additional commitment documents or to make disbursement other than under existing ones; and
- (3) at A.I.D.'s expense, direct that title to goods financed under the Assistance be transferred to A.I.D. if the goods are from a source outside Guyana, are in a deliverable state and have not been offloaded in ports of entry of Guyana. Any disbursement made under the Loan with respect to such transferred goods will be deducted from Principal.

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

SECTION D.5. Continued Effectiveness of Agreement.

Notwithstanding any cancellation, suspension of disbursement, or acceleration of repayment, the provisions of this Agreement will continue in effect until the payment in full of all Principal and accrued interest 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 Cooperating Country 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 the Cooperating Country to comply with any of its obligations under this Agreement has the result that goods or services financed

under the Assistance are not used effectively in accordance with this Agreement, A.I.D. may require the Cooperating Country to refund all or any part of the amount of the disbursements under this Agreement for such goods or services in U.S. dollars to A.I.D. within sixty days after receipt of a request therefor.

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

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

(c) Any interest or other earnings on Grant funds disbursed by A.I.D. to the Cooperating Country 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 Cooperating Country.

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

SECTION D.8. Assignment. The Cooperating Country agrees, upon request, to execute an assignment to A.I.D. of any cause of action which may accrue to the Cooperating Country in connection with or arising out of the contractual performance or breach of performance by a party to a direct U.S. Dollar contract with A.I.D. financed in whole or in part out of funds granted by A.I.D. under this Agreement.