

No. 17251

**UNITED STATES OF AMERICA
and
PAKISTAN**

**Project Agreement relating to malaria control (with annex).
Signed at Islamabad on 22 June 1976**

**Agreement amending the above-mentioned Agreement.
Signed at Islamabad on 12 January 1978**

Authentic texts: English.

Registered by the United States of America on 24 November 1978.

**ÉTATS-UNIS D'AMÉRIQUE
et
PAKISTAN**

**Accord relatif à un projet concernant la lutte antipaludique
(avec annexe). Signé à Islamabad le 22 juin 1976**

**Accord modifiant l'Accord susmentionné. Signé à Islamabad
le 12 janvier 1978**

Textes authentiques : anglais.

Enregistrés par les États-Unis d'Amérique le 24 novembre 1978.

PROJECT AGREEMENT¹ BETWEEN THE DEPARTMENT OF STATE, AGENCY FOR INTERNATIONAL DEVELOPMENT (AID), AN AGENCY OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA, AND ECONOMIC AFFAIRS DIVISION

AN AGENCY OF THE GOVERNMENT OF [PAKISTAN]

<p>The above-named parties hereby mutually agree to carry out a project in accordance with the terms set forth herein and the terms set forth in any annexes attached hereto as checked below:</p>		1. Project/Activity No. 391-11-510-139	
<input type="checkbox"/> PROJECT DESCRIPTION ANNEX A	<input checked="" type="checkbox"/> FOREIGN CURRENCY STANDARD PROVISIONS ANNEX	2. Agreement No. 76-5	3. <input checked="" type="checkbox"/> ORIGINAL OR REVISION NO. ____
<input type="checkbox"/> STANDARD PROVISIONS ANNEX	<input type="checkbox"/> SPECIAL LOAN PROVISIONS ANNEX	4. Project/Activity Title MALARIA CONTROL	
<p>This Project Agreement is further subject to the terms of the following agreement between the two governments as modified and supplemented:</p>			
<input type="checkbox"/> GENERAL AGREEMENT FOR TECHNICAL COOPERATION	Date	5. Project Description and Explanation (See Annex A attached)	
<input type="checkbox"/> ECONOMIC COOPERATION AGREEMENT	Date		
<input type="checkbox"/> (other)	Date		
		6. AID Appropriation Symbol 72FT745	7. AID Allotment Symbol 360-50-391-00-50-00

¹ Came into force on 22 June 1976 by signature, in accordance with paragraph P of the Project Agreement Foreign Currency Standard Provisions Annex.

8. AID Financing					
<input type="checkbox"/> DOLLARS	<input checked="" type="checkbox"/> LOCAL CURRENCY	<i>Previous total</i>	<i>Increase</i>	<i>Decrease</i>	<i>Total to Date</i>
		(A)	(B)	(C)	(D)
(a) Total	.....		\$6,650,303 Rs65,838,000 (Eq.)		\$6,650,303 Rs65,838,000 (Eq.)
(b) Contract Services	.....			
(c) Commodities	.....			
(d) Other Costs	.....		\$6,650,303 Rs65,838,000 (Eq.)		\$6,650,303 Rs65,838,000 (Eq.)

9. Cooperating Agency Financing— Dollar Equivalent		
\$1.00 = Rs9.90		
(a) Total	.....	Rs59,390,000
(b) Technical and other Services	.....
(c) Commodities	.....
(d) Other Costs	.....	59,390,000

10. Special Provisions (Use Additional Continuation Sheets, if Necessary)

This agreement provides Rs65,838,000 (\$6,650,303 of U.S. owned rupee) PL 480 Title I, Section 104(f) Mondale Funds, complementary to AID Development Loan No. 391-U-163 signed on October 10, 1975¹ (the "loan"), in support of the Pakistan Malaria Control Program (the "Program").

11. Date of Original Agreement June 22, 1976	12. Date of this Revision	13. Estimated Final Contribution Date December 31, 1977
14. For the Cooperating Government or Agency: [Signed] Signature: AFTAB AHMAD KHAN Date: Title: Secretary, Economic Affairs Division	15. For the Agency for International Development: [Signed] Signature: JOSEPH C. WHEELER Date: Title: Director, USAID/Pak	

I. BACKGROUND

A Program aimed at total eradication of malaria was begun in Pakistan in 1961 with the cooperation of the World Health Organization (WHO) and the Government of Pakistan under a Plan of Operations for a fourteen-year period. For the first half of the period, 1961-1967, the Program's success was major. In this period, AID provided substantial development loan and grant assistance to the malaria eradication program.

Whereas in 1961, as many as 7 million people were estimated to suffer from malaria each year, by 1967, this figure had been dramatically reduced to about 9,500 cases. The decline in cases was accompanied by a corresponding drop in

¹ United Nations, *Treaty Series*, vol. 1069, p. 369.

the parasite rate (i.e., in the percentage of persons whose blood samples showed malaria parasites) from 15% to under 0.1%.

By 1969, however, areas where malaria had been reduced began to show evidence of a resurgence particularly in the Punjab and Sind provinces. Malaria has now reached epidemic proportions, especially in the more heavily populated rural areas of Pakistan. The annual parasite incidence (API) rate has risen to a current estimate of 26.31% and malariogenic conditions are regarded as worse than the conditions which existed in 1961.

In 1973, Government officials held a series of meetings with provincial officials to draw up a strategy and to prepare a revision to the 1961 original Plan of Operation. These meetings among USAID, Government health officials and WHO technicians resulted in a Revised Plan of Operation (RPO) for a new five-year 1976-1980 Program.

The Government of Pakistan, in preparing for support of the activities in the RPO, requested renewed AID assistance in financing the substantial foreign exchange and local currency costs of the Program.

II. PROGRAM OBJECTIVE DESCRIPTION AND PURPOSE

The Program seeks, within a five-period, to reduce the incidence of malaria to a level where the disease is a minor factor in Pakistan's overall health situation and can be prevented from resurgence thereafter by minor public fund outlays. The objective of the RPO is to reduce beginning in FY 76 the incidence of malaria to a point where, within five years, the Annual Parasite Incidence (API) is at a level where blood collection reveals no greater evidence than 500 cases per one million.

Specific targets for implementation of the Program are (1) spraying the interiors of rural homes with residual insecticides; (2) continuous surveillance of the population at risk to malaria to detect cases of the disease; (3) treatment of cases detected; (4) advice and assistance to urban malaria control efforts; (5) research and (6) health education.

III. COURSE OF ACTION

The Program, as laid out in the RPO, is a joint effort of national malaria headquarters now known as the Directorate of Malaria Control ("DOM"), a branch of the Ministry of Health and Social Welfare, and the provincial malaria organizations. The first three years of the RPO calls for very substantial expenditures to finance wide-scale spraying of the interiors of rural homes. The last two years in most areas, would be limited to "focal coverage", that is spraying only where a concentration of cases is detected.

IV. IMPLEMENTATION PLAN

The RPO sets forth plans for a number of separate activities which are described below:

A. General

The following actions shall be taken in a timely manner during the first year of the Program:

1. Necessary spray equipment, adequate supplies of newly procured motor vehicles (jeep and pick-up truck types) and supplies of insecticides in sufficient quantities, shall be delivered to all provincial malaria control organizations in sufficient time to be available for the 1976 spray season starting in April 1976.
2. 1976 anti-mosquito spraying operations shall be carried out in all provinces as detailed in the approved plans of action.
3. A comprehensive plan for training and retraining malaria control workers shall be established.
4. A comprehensive plan, including details on time-phasing, for the effective surveillance and control of malaria in urban areas, indicating how the plan will be financed and implemented and which organizations will be responsible for its execution will be drawn up and approved by the responsible officials and the DOM.
5. A comprehensive plan for repair and maintenance of malaria control vehicles shall be developed.
6. A comprehensive plan for all provinces shall be developed and will include details on time phasing for the transfer to, and effective implementation by provincial health services who have responsibility for carrying out malaria control efforts after malaria has ceased to be a significant health problem.
7. Plans of action acceptable to the DOM, WHO, and AID for all provinces for 1977 operations shall be drawn up by April 16th, 1977.
8. Procurement will be carried out for all necessary commodities including but not limited to insecticides, spray equipment, spare parts, and vehicle spare parts, in sufficient time to have all needed commodities in place, in all provinces in order that 1977 spraying operations can be carried out on time.
9. A time phased work plan for health education/information and the training of necessary health educators will be established by September 1976.
10. Prior to July 1976 the Government of Pakistan shall budget for the DOM and in turn the Provincial Governments shall budget for their own health departments, necessary funds in addition to the loan, to ensure effective implementation of the malaria control program to be executed during FY 1976-77. In addition during July the Government shall effect the first quarterly budget release to the DOM and the provinces in order to fund malaria control activities for the 1st quarter of FY 1976-77. Thereafter, on a quarterly basis, the Government will release sufficient funds to guarantee effective implementation of the malaria control program during the remainder of FY 1976-77.

B. *Spraying*

The sprayable surfaces of target structures in the malarious areas will be treated with a residual type of insecticide (DDT, malathion, benzene hexachloride-BHC) prior to the periods during the year when mosquito densities are at their greatest and the transmission of malaria therefore most likely. The number of times an area will be sprayed will be determined by its malariogenic potential

high, medium or low. The type of insecticide used will be based on vector susceptibility which will be regularly assessed.

Spray operation schedules for the three major categories of areas to be sprayed are as follows:

1. Areas of high malariogenic potential (57% of population)
 - 3 to 4 years of total coverage followed by
 - 2 to 3 years of focal coverage (10% of total coverage).
2. Areas of medium malariogenic potential (30% of population)
 - 2 years of total coverage followed by
 - 1 year of selective coverage (25% - 40% of total) followed by
 - 3 years of focal coverage.
3. Areas of low malariogenic potential (13% of population)
 - 1 to 2 years of total coverage followed by
 - 1 to 2 years of selective spraying followed by
 - 3 years of focal coverage.

The work plan for spraying in the first operational year of the plan is as follows:

	<i>Provinces</i>			
	<i>Punjab</i>	<i>Sind</i>	<i>NWFP</i>	<i>Baluchistan</i>
% houses to be sprayed with DDT	10	30	10	44
% houses to be sprayed with BHC	67	70	50	56
% houses to be sprayed with Malathion	23	0	40	0

C. Surveillance Operations—Case Detection

Malaria surveillance operations to detect cases of malaria provide the necessary epidemiological information for proper program planning and evaluation. They are also essential to the effective administration of anti-malaria drugs. These operations take two principal forms: Active Case Detection (ACD) and Passive Case Detection (PCD).

The ACD operation is to be conducted on a monthly basis by a malaria house visitor covering approximately 10,000 persons, equivalent to a sub-sector. A group of 4 to 5 sub-sectors (equivalent to a sector) is supervised by a Zone Office and corresponds to a political District. Regular schedules of work and supervising activity are maintained for each work day. As the house visitor makes his daily rounds he actively searches for fever cases, takes blood slides, and provides presumptive treatment to the fever case with anti-malaria tablets (chloroquine). If upon examination a patient's blood slide is positive, arrangements are made for radical treatment by the malaria inspector, necessary focal spraying, epidemiological investigations, and contact surveys. This group of personnel will become the basic communicable disease control mobile field staff of the general health services in an integrated scheme.

The Passive Case Detection (PCD) operation is carried on at present by health institutions and is aimed at blood slide collections from fever cases visiting or attending clinics at health centers, hospitals, and health posts. At present, these institutions do not fully participate in the malaria PCD program but it is

planned that their role will be expanded over the project period through Ministerial instructions, increased contact with malaria officers, health education, and training courses for medical, public health and malaria workers.

D. *Treatment of Malaria Cases*

The treatment program for Pakistan includes presumptive treatment of a single adult dose of 600 mg of 4-aminoquinoline (chloroquine or amodiaquine). Radical treatment for the present time will consist of a three-day treatment of chloroquine (1500 mg adult dose). Mass chemoprophylaxis on a weekly or fortnightly basis to high risk groups of infants under 5 years of age, and nursing mothers may be considered in areas with a high incidence of the more dangerous *P. falciparum*. Mass radical cures are to be applied on a limited basis to assist in eliminating malaria in problem areas of persistent foci, in focal outbreaks in consolidation/maintenance areas, and in situations associated with population movements or aggregations of people. Mass drug administration is considered a secondary supplementary attack weapon and is not a substitute for proper spraying. There is no documented evidence of chloroquine-resistant malaria parasites in Pakistan.

E. *Continuous Evaluation*

Systems for continuous evaluation of the Program's effectiveness have been built into program plans. With respect to case detection, intensified ACD and PCD, together with improved supervision, will bring to light areas of the Program which are not responding to insecticide spraying or identify areas which can be withdrawn from spraying operations. The system and operation and management of the laboratories will be constantly evaluated in order to assure accurate results from the slide collections. These laboratory evaluations have already been initiated and refresher/in-service training courses have been organized for microscopists. Spray operations will be subjected to both concurrent and consecutive supervisory efforts to obtain both proper and total spray coverage. Overall Program evaluation will be provided through a system of monthly, quarterly and semi-annual review meetings. The first quarterly review meeting is scheduled to take place in February 1976.

F. A program of both basic and applied malaria research is planned by the DOM and will provide epidemiological knowledge on malaria. Studies will include insecticide susceptibility, vector investigation in problem areas and the use of alternate methodologies, the sensitivity of *P. falciparum* (a parasite of the virulent type of malaria) to antimalaria drugs, the role of secondary malaria vectors, the use of immunofluorescence assessment techniques and the impact of malaria on economic development. Research activities will also include an investigation into the potential for vector source reduction through improved water management, larviciding and draining and filling of water sources. This is because the program emphasizes the importance of coordination between health and public works personnel, to assure that planning for irrigation schemes and urban water systems takes malaria program objectives into account. Work will also be continued at the Medical Research Laboratory in Lahore on genetic methods of vector control.

G. *Training*

To assure that malaria workers are fully trained in the techniques of control, program management and objectives, the Government of Pakistan will provide funds for in-service refresher training of existing staff as well as the training of new personnel. The Malaria Eradication Training Center (METC) in Lahore will continue the pre-service training of supervisory staff at both the professional and sub-professional levels. The METC will be supervised by the DOM. Public Health personnel will also be trained in malaria activities and theory at the METC. Malaria workers, for their part, will be trained in the preventive aspects of public health at the Institute of Hygiene and Preventive Medicine and within their own district and provinces. International training needs will be identified as the Program progresses.

H. *Health Education*

The RPO calls for a health education program to be designed to familiarize the general public, through key officials, unions and community social organizations, with the causes of malaria, the methods of prevention and the activities of the malaria control program.

V. FINANCIAL PLAN

The five-year Program is projected to cost the rupee equivalent of \$100,977,000 of which \$62,245,000 is foreign exchange costs and the balance of \$38,732,000 is local currency costs.

1) *Government of Pakistan Inputs*

The Federal and Provincial Governments have approved a total of Rs. 383,440,000 local currency budget for the five-year Program (see page 75). This amount is to be expended for the procurement and transportation of local pesticides (principally DDT and BHC) and for administrative expenses of DOM and the four provincial malaria control establishments ("agreed purposes"). The amount budgeted for the agreed purposes for Government of Pakistan FY 1975-76 is Rs. 125,226,870.

In order to carry out the Program in a timely and effective manner, the Government of Pakistan agrees to make available the budgeted amounts as and when required for the agreed purposes.

2) *U.S. Inputs*

Obligated by this Agreement is a grant of Rs. 65,838,000 U.S. owned rupees. This grant is the first year tranche of a planned Rs. 250,000,000 Mondale grant to be made over the five years of the Program. The purpose of the grant is to assist the Government of Pakistan in meeting the local currency costs of the Program.

The balance of U.S. owned rupees planned contribution for subsequent years will be subject to the availability of funds and the negotiation of satisfactory

project agreements with the Government of Pakistan. For a projection of shared rupee costs for the five-year Program see attached table.

Rupee Release Procedure

In accordance with Part IV, A, para. 10, of this Agreement, prior to any U.S. rupee releases, the Federal Government will release to the DOM and the Provincial Governments to the Provincial Malaria Control authorities, rupee funds allotted for this activity from their own budgets. Following this, USAID will provide reimbursement to the Government of Pakistan for expenditures within the agreed purposes of the local currency budget for the Program, in accordance with the following procedure: Once each calendar quarter or at such other intervals as may be mutually agreed between USAID and the Government of Pakistan, the Ministry of Health shall provide a certification in form and substance satisfactory to USAID of all rupee amounts released to the DOM and provincial offices during the period covered by the certification of expenditures within the agreed purposes of the local currency budget of the Program. After receipt of such certification, USAID shall pay to the Ministry of Finance fifty five per cent (55%) of the rupee amount properly included in the certification, up to Rs. 65,838,000, the total amount of the grant for the first year.

If USAID shall agree in writing, any portion of the grant unexpended during FY 1975-76 may be used to offset a portion of the U.S. support for approved budgeted costs during FY 1976-77.

USAID reserves the right to withhold any and all periodic releases of rupees if the expenditure reports submitted by the Government of Pakistan do not justify to USAID satisfaction the need for additional rupees for the Program at that time.

Expenditure Reports

The Government of Pakistan will arrange for maintenance of detailed project accounts. Quarterly rupee sanction and expenditure reports for the project will be prepared by budget line items as indicated on pages 75 and 76. Such reports will show administrative costs by budget line item under each Province. One copy will be sent to USAID/Islamabad and two copies to the Director of Accounts, Economic Affairs Division, not later than 30 days after the close of each quarter. One copy will then be forwarded from the Economic Affairs Division to the Assistant Director/Controller of USAID/Islamabad together with the Economic Affairs Division comments, if appropriate. The Government of Pakistan will facilitate examination and observation by the representative of the Government of United States of America of all project accounts and records and physical progress of the project.

VI. OTHER CONSIDERATIONS

As noted in block 10 of this Agreement, the parties to this Agreement confirm and agree to the following understandings:

General Financing and Implementing Considerations

(a) The Government of Pakistan has determined that it will undertake the Malaria Control Plan as a long term effort covering at least five years (1976-80).

(b) The Government confirms that the matching funds have been provided in the Federal and Provincial Budgets for malaria control departments.

(c) This Project Agreement provides assistance during the first year of the Program. The Government of Pakistan will encourage the United Nations and other donors, as well as the United States, to assist in the support and implementation of the Program in subsequent years.

(d) On the USAID staff is a professional public health advisor who will be charged primarily with Program monitoring and evaluation. This advisor will establish and maintain a continuous liaison between the Mission and all elements of the Program.

The Program provides a broadened day-to-day monitoring mechanism which will enlarge its scope of activities to continually examine the administration, logistics, communications, execution, supervision, training, staffing patterns and turnovers, procurement and supply of equipment, and equipment and transport maintenance through periodic, monthly, quarterly and semi-annual intensive in-depth program evaluation reviews. Each Province will be represented at semi-annual review meetings to be jointly held by participants to this Program.

The data gathered from this continuous monitoring will be fed back for action to the appropriate departments in the Federal and Provincial governments either informally or through the evaluation review systems.

On the technical side, malaria surveillance operations are being strengthened. These operations provide the necessary epidemiological information for proper Program planning and evaluation.

Since evaluation is an essential element for progress and success in a malaria control program, a series of regular program evaluation meetings, including the following, will be required as part of the loan:

- 1) Monthly internal meetings will be held in Islamabad with participation of the Government of Pakistan, WHO and USAID. At these meetings all data, both administrative and technical, will be examined and fed back into the system as required for action.
- 2) Quarterly internal meetings will be held with participation of Government of Pakistan, WHO and U.S. officials supplemented by the chiefs and other key members of the malaria service in each of the Provinces. Extra attendance at these meetings will vary according to problems.
- 3) Semi-annual review meetings will be held in the summer and winter of each year on dates to be mutually agreed by the Government of Pakistan, WHO and AID. The summer meeting will be for the purpose of determining conformity with the provisions of this Agreement. The winter meeting will be an external review meeting at which technical and managerial progress toward the Program goal for the year shall be evaluated and progress towards plans of action for the next year shall be reviewed and recommendations formulated. The August Annual Review Meeting will be for the purpose of reviewing with the Government of Pakistan its conformity with loan agreement provisions, on the basis of which further requirements for support to the Program will be decided.

Agenda for the meetings will be jointly developed by the Government of Pakistan, WHO and AID officials. Questions which the evaluation will address shall include the following:

1. Progress toward selected program and plan of action targets, national, provincial and district, urban and rural, and reasons for shortcomings or unsatisfactory performance;
2. Physical operational problems and solutions recommended in such areas as insecticide availability, vehicle and sprayer maintenance;
3. Management problems such as communications, procurement and distribution, jurisdictional disputes, program staffing and personnel problems, reporting, funds availability and utilization;
4. Adequacy of epidemiological activity;
5. Progress on research, surveillance and health education objectives;
6. Training progress toward meeting targets and manpower requirements;
7. Effectiveness of foreign technicians;
8. Progress toward integration of malaria services into the basic health services system;
9. Cultural problems relating to Program acceptance by target groups.

There will be a formal follow-up on the actions taken to implement all recommendations made jointly at the evaluation meetings by the Government of Pakistan, AID and WHO.

All reports emanating from regularly scheduled evaluation meetings as well as special reports will be transmitted to Washington along with the annual Project Appraisal Report.

FIVE-YEAR MALARIA CONTROL PROJECT (1975-76 TO 1979-80)

Local Currency Requirement (in Rupees) (Rs. in millions)

	<i>First Year</i>	<i>Second Year</i>	<i>Third Year</i>	<i>Total First 3 Years</i>	<i>Fourth Year</i>	<i>Fifth Year</i>	<i>Project Total</i>
DDT*	33.88	10.76	9.42	54.06	3.36	2.02	59.44
BHC*	46.66	18.70	11.82	77.18	0.30	0.03	77.51
Total Pesticide**	80.54	29.46	21.24	131.24	3.66	2.05	136.95
Admn:***	44.69	58.12	55.75	158.56	43.49	44.44	246.49
Total Rs.	125.23	87.58	76.99	289.80	47.15	46.49	383.44
AID contributions	65.84	63.30	56.62	185.76	32.52	31.72	250.00
GOP Rs. Requirements	59.39	24.28	20.37	104.04	14.63	14.77	133.44

* First year DDT, Rs. 22,050 per metric ton. (1,532 metric tons).

First year BHC, Rs. 15,435 per metric ton (3,010 metric tons).

** Second and subsequent years subject to revision due to increase in world market price of insecticides and change in proportion of local to imported insecticides. Procurement of local pesticides (BHC and DDT) will decrease in 2nd and subsequent years of operation and be replaced by foreign exchange funded Malathion.

*** See Table, page 76. Administration costs have been escalated 5% a year although it should be noted that inflation will probably exceed this rate. Any increase in total local currency requirement will be made available by the Government of Pakistan.

*Breakdown of the administrative budget (estimated)
for the year 1975-76 as per five-year plan*

	<i>Rs. in millions</i>
I. Punjab	
(a) Personnel (including seasonal labour)	22.47
(b) Local purchase	0.13
(c) Local expenses (including POL, TPT, maintenance, repair and miscellaneous.) ..	2.40
	25.00
II. Sind	
(a) Personnel (including seasonal labour)	6.27
(b) Local purchase	0.17
(c) Local expenses (including POL, TPT, maintenance, repair and miscellaneous.) ..	1.70
	8.14
III. N.W.F.P.	
(a) Personnel (including seasonal labour)	7.32
(b) Local purchase	0.50
(c) Local expenses (including POL, TPT, maintenance, repair and miscellaneous.) ..	0.53
	8.35
IV. Baluchistan	
(a) Personnel (including seasonal labour)	2.18
(b) Local purchase	0.08
(c) Local expenses (including POL, TPT, maintenance, repair and miscellaneous.) ..	0.22
	2.48
V. N.H.Q.	
(a) Personnel	0.58
(b) Local purchase	0.01
(c) Local expenses (including POL, TPT, maintenance, repair and miscellaneous.) ..	0.13
	0.72
GRAND TOTAL I + II + III + IV + V	Rs. 44.69

PROAG FOREIGN CURRENCY STANDARD PROVISIONS ANNEX

A. As used herein, "AID" means the Agency for International Development, any component agency, and any successor agency. "Cooperating Agency" means the agency which is a party to this Project Agreement with AID, and "Cooperating Country" means the country of the Cooperating Agency. "Local Currency" means currency originally issued by the Cooperating Country as a medium of exchange therein.

B. (1) AID will make available the amounts specified in Block 8 of this Project Agreement, as necessary for the project, for use for the designated purposes and as may be further described in Block 5 hereof.

(2) The Cooperating Agency will make available the amounts specified in Block 9 of this Project Agreement, as necessary for the project, for use for the designated purposes and as may further be described in Block 5 hereof. The Cooperating Agency will also make, or arrange to have made, additional contributions of property, services, facilities

and funds required for carrying out the project as may be specified in Block 5 hereof or as may subsequently be agreed upon by the two parties.

C. AID and the Cooperating Agency may obtain the assistance of other public and private agencies in carrying out their respective obligations under this Project Agreement. The two parties may agree to accept contributions of property, services, facilities and funds for purposes of this Project Agreement from other public and private agencies, and may agree upon the participation of any such third party in carrying out activities under this Project Agreement.

D. All contributions of AID pursuant to this Project Agreement shall be made within a six-months grace period extending beyond the estimated final contribution date specified herein. Except as otherwise specified herein or subsequently agreed by the two parties, all contributions of the Cooperating Agency pursuant to this Project Agreement shall be made on or before that same date. A contribution of goods or services shall be considered to have been made when the goods or services, provided or financed by the contributing party, are delivered in accordance with commercial practice.

E. The procurement of commodities and contract services to be financed with an AID contribution of currency other than that of the United States or of the Cooperating Country shall be subject to all provisions of, and regulations governing, Foreign Currency Authorizations issued by AID.

F. AID reimbursements or advances shall, in general, not exceed the amount obtained by applying the ratio of AID to Cooperating Agency contributions specified in the Project Agreement to the amount currently contributed by the Cooperating Agency. For example, if the Project Agreement provides for total contributions of \$400,000 by AID and \$600,000 by the Cooperating Agency and if the Cooperating Agency has currently contributed \$6,000, then AID will, in general, reimburse or advance no more than \$4,000. Commodities and services financed with an AID contribution of local currency shall be subject to the following requirements:

(1) *Reimbursement*

As mutually agreed between AID and the Cooperating Agency, either of the following methods may be employed for reimbursement of local currency by AID to the Cooperating Agency:

(a) *Direct Reimbursement*

Once monthly or at such other intervals as may be mutually agreed between AID and the Cooperating Agency, AID will reimburse the Cooperating Agency for local currency expenditures made by the Cooperating Agency in the procurement of approved project requirements. Each such claim for reimbursement must be supported by the following documentation:

- (i) Standard Voucher SF-1146, signed by the properly accredited representative of the Cooperating Agency, and embodying the following additional certification: "The total amount claimed hereunder was expended for the purposes authorized in Project Agreement No. _____ and is supported by the documentation required by said Project Agreement on file in the Cooperating Agency."
- (ii) A report in the format prescribed by the AID Controller, certified as true and accurate by the properly accredited representative of the Cooperating Agency, in support of each such claim for reimbursement.

(b) *Advances*

Once monthly or at such other intervals as may be mutually agreed upon between AID and the Cooperating Agency, AID may advance local currency to the Cooperating Agency for operating purposes. The initial advance will be in an amount agreed upon between AID and the Cooperating Agency as necessary to cover estimated project expenditures for a specified time period, and will be supported by a budget

developed and approved by both AID and the Cooperating Agency. When necessary to replenish the advance, the Cooperating Agency may be reimbursed for amounts actually expended by it by submitting claims for reimbursement of such amounts supported by the documentation prescribed in paragraph (a)(i) above. On the basis of such claims for reimbursement, AID may replenish the working fund in amounts equal to, but not in excess of, the actual expenditures of the Cooperating Agency as so reported, up to the total amount of the AID local currency contribution less the amount of the initial advance.

All expenditures made by the Cooperating Agency against such advances must be supported by the documentation prescribed in paragraph (a)(i) above and such documentation in support of the final expenditures of the Cooperating Agency must be submitted to AID not later than 90 days after the date of the final expenditure.

(2) *Documentation*

With respect to all AID contributed local currency made available to it, the Cooperating Agency agrees to maintain a separate set of accounts for all transactions financed or to be financed, and the Cooperating Agency further agrees to obtain and retain in its files, for inspection and review by AID at any time as requested by AID, the documents listed below in support of each transaction financed with such funds.

(a) *Commodity Transactions:*

- (i) Applicable contract or purchase order between supplier and purchaser;
- (ii) Supplier's detailed invoice and satisfactory evidence of payment;
- (iii) Ocean or inland bill of lading, or other document evidencing delivery to the purchaser;
- (iv) Such additional documentation (e.g. inspection certificate) as may be required from the supplier by the purchaser.

(b) *Contract Services Transactions:*

- (i) Applicable contract between contractor and purchaser;
- (ii) Contractor's detailed invoice and satisfactory evidence of payment;
- (iii) A certificate by the Cooperating Agency as follows: "The undersigned certifies that the services for which reimbursement is requested have been satisfactorily rendered and the costs thereof are properly reimbursable in accordance with the terms of the contract."

(c) *Payroll Costs:*

One copy of certified payroll listings and vouchers, together with satisfactory evidence of payment. Each payroll listing must show for each employee at least the following data: name, applicable job title, salary or wage rate, period covered, and amount paid.

(d) *Other Project Costs:*

One copy of the appropriate authorization documents and invoices covering travel, utility costs, etc.

(3) *Refund Provision:*

With respect to AID-contributed local currency made available to the Cooperating Agency under the methods of financing herein described, the Cooperating Agency agrees to refund promptly to AID, upon demand by AID and pursuant to AID instructions, the entire amount of such currency expended by the Cooperating Agency (or such lesser amount as AID may demand) whenever AID determines that such expenditure was improper as being in violation of the terms and conditions of this Project Agreement

and/or any applicable agreement or arrangement between AID and the Cooperating Agency.

G. Unless otherwise specified, title to all property procured through financing by AID pursuant to Block 8 of this Project Agreement shall be in the Cooperating Agency, or such public or private agency as it may authorize. This provision is inapplicable to any property which may be used in connection with the project but is not financed pursuant to said Block 8.

H. Any property furnished to either party through financing by the other party pursuant to this Project Agreement shall, unless otherwise agreed by the party which financed the procurement, be devoted to the project until completion of the project, and thereafter shall be used so as to further the objectives sought in carrying out the project. Either party shall offer to return to the other, or to reimburse the other for, any property which it obtains through financing by the other party pursuant to this Project Agreement which is not used in accordance with the preceding sentence.

I. (1) If AID and any public or private organization furnishing commodities through AID financing for operations hereunder in the Cooperating Country, is, under the laws, regulations or administrative procedures of the Cooperating Country, liable for customs duties and import taxes on commodities imported into the Cooperating Country for purposes of carrying out this Project Agreement, the Cooperating Agency will pay such duties and taxes unless exemption is otherwise provided by any applicable international agreement.

(2) If any personnel (other than citizens and residents of the Cooperating Country), whether United States Government employees, or employees of public or private organizations under contract with, or individuals under contract with, AID, the Cooperating Agency or any agency authorized by the Cooperating Agency, who are present in the Cooperating Country to provide services which AID has agreed to furnish or finance under this Project Agreement, are, under the laws, regulations or administrative procedures of the Cooperating Country, liable for income and social security taxes with respect to income upon which they are obligated to pay income or social security taxes to the Government of the United States of America, for property taxes on personal property intended for their own use, or for the payment of any tariff or duty upon personal or household goods brought into the Cooperating Country for the personal use of themselves and members of their families (not including such personal or household goods as may be sold by such personnel in the Cooperating Country), the Cooperating Agency will pay such taxes, tariff, or duty unless exemption is otherwise provided by any applicable international agreement.

J. Any personnel (other than citizens and residents of the Cooperating Country), whether United States Government employees, or employees of public or private Organizations under contract with, or individuals under contract with, AID, the Cooperating Agency or any agency authorized by the Cooperating Agency, who are present in the cooperating country to provide services which AID has agreed to furnish or finance under this Project Agreement shall be subject to the approval of the Cooperating Agency and AID, and shall be under the general direction of the Director of the Mission to the Cooperating Country.

K. If any commodity is furnished to the Cooperating Agency, or any public or private agency authorized by the Cooperating Agency, on a grant basis through financing by AID pursuant to this Project Agreement under arrangements which will result in the accrual of proceeds to the Cooperating Agency or any authorized agency and if the applicable agreement between the two governments referred to on the first page of this Project Agreement does not provide for the establishment of a Special Account and the deposit therein of currency of the Cooperating Country, the Cooperating Agency will make such arrangements as may be necessary to establish a Special Account to deposit therein currency of the Cooperating Country in amounts equal to such proceeds, in

accordance with such terms and conditions as may be agreed upon. Funds in the Special Account may be used only as agreed upon by AID and the Cooperating Agency; provided, that such portion of the funds in the Special Account as may be designated by AID shall be made available to AID to meet the requirements of the United States.

L. In the event that currency of a country other than the United States or the Cooperating Country is introduced into the Cooperating Country by AID or any public or private agency for the purposes of carrying out obligations of AID hereunder, the Cooperating Agency will make such arrangements as may be necessary to effect conversion of such currency into the currency of the Cooperating Country at the highest rate which, at the time the conversion is made, is not unlawful in the Cooperating Country. All uses of the currency of the Cooperating Country obtained by this conversion shall be subject to the requirements of paragraph F herein relating to local currency.

M. AID shall expend funds and carry on operations pursuant to this Project Agreement only in accordance with the applicable laws and regulations of the United States Government.

N. The two parties shall have the right at any time to observe operations carried out under this Project Agreement. Either party during the term of the project and three years after the completion of the project, shall further have the right (1) to examine any property procured through financing by that party under this Project Agreement, wherever such property is located, and (2) to inspect and audit any records and accounts with respect to funds provided by, or any properties and contract services procured through financing by, that party under this Project Agreement, wherever such records may be located and maintained. Each party, in arranging for any disposition of any property procured through financing by the other party under this Project Agreement, shall assure that the rights of examination, inspection and audit described in the preceding sentence are reserved to the party which did the financing.

O. Upon completion of the project, a Completion Report shall be drawn up, signed by appropriate representatives of AID and the Cooperating Agency, and submitted to AID and the Cooperating Agency. The Completion Report shall include a summary of the actual contributions by both AID and the Cooperating Agency to the project, and shall provide a record of the activities carried out, the objectives achieved, and related basic data. AID and the Cooperating Agency shall each furnish the other with such information as may be needed to determine the nature and scope of operations under this Agreement and to evaluate the effectiveness of such operations.

P. The present Agreement shall enter into force when signed. Either party may terminate this Project Agreement by giving the other party 30 days' written notice of intention to terminate it. Termination of this Project Agreement shall terminate any obligations of the two parties to make contributions pursuant to Blocks 8 and 9 of this Project Agreement, except for payments which they are committed to make pursuant to non-cancellable commitments entered into with third parties prior to the termination of the Project Agreement. It is expressly understood that the obligations under paragraph H relating to the use of property shall remain in force after such termination.

PROJECT AGREEMENT¹ BETWEEN THE DEPARTMENT OF STATE, AGENCY FOR INTERNATIONAL DEVELOPMENT (AID), AN AGENCY OF THE GOVERNMENT OF THE UNITED STATES OF AMERICA, AND ECONOMIC AFFAIRS DIVISION

AN AGENCY OF THE GOVERNMENT OF PAKISTAN

The above-named parties hereby mutually agree to carry out a project in accordance with the terms set forth herein and the terms set forth in any annexes attached hereto, as checked below:		1. Project/Activity No. 391-11-510-139	
<input type="checkbox"/> PROJECT DESCRIPTION ANNEX A	<input checked="" type="checkbox"/> FOREIGN CURRENCY STANDARD PROVISIONS ANNEX ²	2. Agreement No. 76-5	3. <input type="checkbox"/> ORIGINAL OR REVISION NO. ___
<input type="checkbox"/> STANDARD PROVISIONS ANNEX	<input type="checkbox"/> SPECIAL LOAN PROVISIONS ANNEX	4. Project/Activity Title MALARIA CONTROL	
This Project Agreement is further subject to the terms of the following agreement between the two governments, as modified and supplemented:			
<input type="checkbox"/> GENERAL AGREEMENT FOR TECHNICAL COOPERATION	Date	5. Project Description and Explanation (See Annex A attached)	
<input type="checkbox"/> ECONOMIC COOPERATION AGREEMENT	Date		
<input type="checkbox"/> (other)	Date		
		6. AID Appropriation Symbol 72FT745	7. AID Allotment Symbol B 60-50-391-00-50-00

8. AID Financing	Previous total	Increase	Decrease	Total to Date
<input type="checkbox"/> DOLLARS <input checked="" type="checkbox"/> LOCAL CURRENCY	(A)	(B)	(C)	(D)
(a) Total	\$6,650,303 Rs. 65,838,000 (Eq.)	\$6,393,939 Rs. 63,300,000 (Eq.)		\$13,044,242 Rs. 129,138,000 (Eq.)

¹ Came into force on 12 January 1978 by signature.

² See p. 66 of this volume.

	Previous total (A)	Increase (B)	Decrease (C)	Total to Date (D)
(b) Contract Services . . .				
(c) Commodities				
(d) Other Costs	\$6,650,303	\$6,393,939		\$13,044,242
	Rs. 65,838,000	Rs. 63,300,000		Rs. 129,138,000
	(Eq.)	(Eq.)		(Eq.)

9. Cooperating Agency

Financing—Dollar

Equivalent

\$1.00 = Rs. 9.90

(a) Total	Rs. 59,390,000	Rs. 24,280,000	Rs. 83,670,000
(b) Technical and other Services			
(c) Commodities			
(d) Other Costs	Rs. 59,390,000	Rs. 24,280,000	Rs. 83,670,000

10. Special Provisions (*Use Additional Continuation Sheets, if Necessary*)

1. The Project Agreement No. 391-11-510-139 dated June 22, 1976,¹ is hereby amended to provide an additional rupees 63,300,000 (equivalent to \$6,393,939) to support second year Malaria Control Program from the PL 480 Title 1, Section 104(f) Mondale Funds. This additional amount is complementary to AID Development Loan No. 391-U-163, in support of the Pakistan Malaria Control Program during the second operational year.

11. Date of Original Agreement June 22, 1976	12. Date of this Revision January 12, 1978	13. Estimated Final Contribution Date December 31, 1978
14. For the Cooperating Government or Agency: [Signed] <i>Signature:</i> AFTAB AHMAD KHAN <i>Date:</i> <i>Title:</i> Secretary, Economic Affairs Division	15. For the Agency for International Development: [Signed] <i>Signature:</i> WILLIAM A. WOLFFER <i>Date:</i> <i>Title:</i> Director (A), USAID/Pakistan	

2. *Rupee Release Procedure:* Upon receipt of expenditure reports for the fiscal year 1977 and certification from the Government of Pakistan indicating that the agreed cost of Rs. 87,580,000 has been expended, USAID shall reimburse to the Ministry of Finance up to the maximum USAID contribution of Rs. 63,300,000.

3. Final Contribution Date under Block 13 is hereby extended from December 31, 1977 to December 31, 1978.

4. All other terms and conditions of original Project Agreement remain unchanged.

¹ See p. 66 of this volume.