

**No. 18627**

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**UNITED STATES OF AMERICA  
and  
INDIA**

**Project Loan Agreement for malaria control (with annex  
and appendix). Signed at New Delhi on 26 August 1978**

*Authentic texts: English and Hindi.*

*Registered by the United States of America on 18 April 1980.*

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**ÉTATS-UNIS D'AMÉRIQUE  
et  
INDE**

**Accord de prêt pour un projet relatif à la lutte antipaludique  
(avec annexe et appendice). Signé à New Delhi le  
26 août 1978**

*Textes authentiques : anglais et hindi.*

*Enregistré par les États-Unis d'Amérique le 18 avril 1980.*

**PROJECT LOAN AGREEMENT<sup>1</sup> BETWEEN THE PRESIDENT OF INDIA  
AND THE UNITED STATES OF AMERICA FOR MALARIA CONTROL**

Dated: August 26, 1978

A.I.D. Loan No. 386-U-224  
Project No. 386-0455

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A.I.D. Loan No. 386-U-224

PROJECT LOAN AGREEMENT dated August 26, 1978, between the PRESIDENT OF INDIA ("Borrower") and the UNITED STATES OF AMERICA, acting through the AGENCY FOR INTERNATIONAL DEVELOPMENT ("A.I.D.").

*Article 1. THE AGREEMENT*

The purpose of this Agreement is to set out the understandings of the parties named above ("Parties") with respect to the undertaking by the Borrower of the Project described herein, 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 (a) spraying in malaria areas, (b) treatment of malaria cases, (c) training and supervision in malaria control techniques, (d) malaria research (basic and

<sup>1</sup> Came into force on 26 August 1978 by signature.

<sup>2</sup> Not printed herein. The annex is deposited in the archives of the Department of State where it is available for reference. (Information supplied by the Government of the United States.)

applied), (e) surveillance of malaria-exposed populations, and (f) malaria prevention education. Annex 1, attached, amplifies the above definition of the Project.

Within the limits of the definition of the Project in this Section 2.1, 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.

### Article 3. FINANCING

*Section 3.1. THE LOAN.* To assist the Borrower to meet the costs of carrying out the Project, A.I.D. pursuant to the Foreign Assistance Act of 1961, as amended, agrees to lend the Borrower under the terms of this Agreement not to exceed Twenty-eight Million United States ("U.S.") Dollars (\$28,000,000) ("Loan"). The aggregate amount of disbursements under the Loan is referred to as "Principal".

The Loan may be used to finance foreign exchange costs as defined in Section 7.1 of goods and services required for the Project.

*Section 3.2 BORROWER RESOURCES FOR THE PROJECT.* (a) The Borrower agrees to provide or cause to be provided for the Project all funds, in addition to the Loan, and all other resources required to carry out the Project effectively and in a timely manner.

(b) The resources to be provided or caused to be provided by the Borrower for the Project are estimated to be not less than the equivalent of U.S. \$87,000,000 for India's fiscal year 1978-79, including costs borne on an "in-kind" basis.

*Section 3.3 PROJECT ASSISTANCE COMPLETION DATE.* (a) The "Project Assistance Completion Date" (PACD), which is December 31, 1980, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all services financed under the Loan will have been performed and all goods financed under the Loan will have been furnished for the Project as contemplated in this Agreement.

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

(c) Requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, are to be received by A.I.D. or any bank described in Section 8.1 no later than nine (9) months following the PACD, or such other period as A.I.D. agrees to in writing. After such period, A.I.D., giving notice in writing to the Borrower, may at any time or times reduce the amount of the Loan by all or any part thereof for which requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, were not received before the expiration of said period.

### Article 4. LOAN TERMS

*Section 4.1. INTEREST.* The Borrower will pay to A.I.D. interest which will accrue at the rate of two percent (2%) per annum for ten 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 8.4) of each respective disbursement, and will be computed on the basis of a 365-day year. Interest will be 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 Borrower will repay to A.I.D. the Principal within forty (40) years from the date of the first disbursement of the Loan in sixty-one (61)

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 Borrower with an amortization schedule in accordance with this Section after the final disbursement under the Loan.

*Section 4.3. APPLICATION, CURRENCY, AND PLACE OF PAYMENT.* All payments of interest and Principal hereunder will be made in U.S. Dollars and will be applied first to the payment of interest due and then to the repayment of Principal. Except as A.I.D. may otherwise specify in writing, payments will be made to the Controller, Office of Financial Management, Agency for International Development, Washington, D.C. 20523, U.S.A., and will be deemed made when received by the Office of Financial Management.

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

*Section 4.5. RENEGOTIATION OF TERMS.* (a) The Borrower and A.I.D. agree to negotiate, at such time or times as either may request, an acceleration of the repayment of the Loan in the event that there is any significant and continuing improvement in the internal and external economic and financial position and prospects of India, which enable the Borrower to repay the Loan on a shorter schedule.

(b) Any request by either Party to the other to so negotiate will be made pursuant to Section 9.1 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 the 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 subsection (c). The negotiations will take place at a location mutually agreed upon by the representatives of the Parties.

*Section 4.6. TERMINATION ON FULL PAYMENT.* Upon payment in full of the Principal and any accrued interest, this Agreement and all obligations of the Borrower and A.I.D. under it will cease.

#### *Article 5. CONDITIONS PRECEDENT TO DISBURSEMENT*

*Section 5.1. FIRST DISBURSEMENT.* Prior to the first disbursement under the Loan, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Borrower will, except as 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 counsel acceptable to A.I.D. that this agreement has been duly authorized and/or ratified by, and executed on behalf of, the Borrower and that it constitutes a valid and legally binding obligation of the Borrower in accordance with all of its terms;
- (b) A statement of the names of the persons holding or acting in the office of the Borrower specified in Section 9.2 and a specimen signature of each person specified in such statement;
- (c) A detailed plan for the procurement and formulation (as applicable) of insecticides to be used for the malaria program;
- (d) Evidence of arrangements for the procurement of A.I.D.-financed commodities including lists and prices of such commodities, a schedule of their purchase and

delivery and a draft tender document including specifications (satisfactory to A.I.D./WHO standards) for imported commodities.

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

*Section 5.3. TERMINAL DATES FOR CONDITIONS PRECEDENT.* If all of the conditions specified in Section 5.1 have not been met within 90 days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may terminate this Agreement by written notice to the Borrower.

#### *Article 6. SPECIAL COVENANTS*

*Section 6.1. PROJECT EVALUATION.* The Borrower agrees to establish an evaluation program satisfactory to the Parties 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 and at one point thereafter: (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; and (d) evaluation, to the degree feasible, of the overall development impact of the Project.

*Section 6.2. ENVIRONMENTAL ASSESSMENT.* The Borrower understands that A.I.D. will finance an environmental assessment during Project implementation. The Borrower covenants to consider guidelines and recommendations identified by this environmental assessment.

*Section 6.3. HEALTH SAFEGUARDS.* The Borrower will take appropriate safety measures including the provision of safety equipment to insecticide handlers and training of handlers and supervisory personnel in the dangers associated with the insecticide and proper procedures for safe handling. The Borrower will also maintain rigid control over the quality of insecticide procured for the Malaria Control Program to insure that it meets WHO and A.I.D. technical requirements.

#### *Article 7. PROCUREMENT SOURCE*

*Section 7.1. FOREIGN EXCHANGE COSTS.* Disbursements made 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 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 ("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 (a) with respect to ocean and air shipping and Section C.1 (b) with respect to marine insurance.

#### *Article 8. DISBURSEMENTS*

*Section 8.1. DISBURSEMENT FOR FOREIGN EXCHANGE COSTS.* After satisfaction of conditions precedent, the Borrower may obtain disbursements of funds under the Loan for the Foreign Exchange Costs of goods or services, required for the Project in accordance with the terms of 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 Borrower's behalf for the Project;

- (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.

Banking charges incurred in connection with Letters of Credit or Commitment shall be for the account of the Borrower and may be financed under the Loan.

*Section 8.2. OTHER FORMS OF DISBURSEMENT.* Disbursements of the Loan may also be made through such other means as the Parties may agree to in writing.

*Section 8.3. RATE OF EXCHANGE.* If funds provided under the Loan are introduced into India by A.I.D. or any public or private agency for purposes of carrying out obligations of A.I.D. hereunder, the Borrower will make such arrangements as may be necessary so that such funds may be converted into currency of India at the highest rate of exchange which, at the time the conversion is made, is not unlawful in India.

*Section 8.4. DATE OF DISBURSEMENT.* Disbursements of the Loan by A.I.D. will be deemed to occur on the date on which A.I.D. makes a disbursement to the Borrower or its designee, or to a bank, contractor or supplier pursuant to a Letter of Commitment, contract or purchase order.

#### Article 9. MISCELLANEOUS

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

To the Borrower:

Mail Address:

Secretary to the Government of India  
Department of Economic Affairs  
Ministry of Finance  
New Delhi

Alternate address for telegrams:  
ECOFAIRS, NEW DELHI

To A.I.D.:

Mail Address:

Mission Director  
USAID  
American Embassy, West Building  
New Delhi

Alternate address for telegrams:  
USAID, NEW DELHI

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

*Section 9.2. REPRESENTATIVES.* For all purposes relevant to this Agreement, the Borrower will be represented by the individual holding or acting in the office of Director, Department of Economic Affairs, Ministry of Finance, and A.I.D. will be represented by the individual holding or acting in the office of Mission Director, each of whom, by written notice, may designate additional representatives for all purposes other than exercising the power under Section 2.1 to revise elements of the amplified description in

Annex 1. The names of the representatives of the Borrower with specimen signatures will be provided to A.I.D. which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

*Section 9.3. STANDARD PROVISIONS ANNEX.* A "Project Loan Standard Provisions Annex" (Annex 2) is attached to and forms part of this Agreement.

*Section 9.4. LANGUAGE OF AGREEMENT.* This Agreement is prepared in both English and Hindi. In the event of ambiguity or conflict between the two versions, the English language version will be used for final interpretation.

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

The President of India:

The United States of America:

By: [Signed]  
 Name: MANMOHAN SINGH  
 Title: Secretary to the Government of India  
 Department of Economic Affairs  
 Ministry of Finance

By: [Signed]  
 Name: ROBERT F. GOHEEN  
 Title: Ambassador

A.I.D. Loan No. 386-U-224

#### ANNEX 1

##### PROJECT DESCRIPTION

The purpose of the Project is to bring malaria under control. The accomplishment of this purpose will contribute to the overall goal of reduced morbidity and mortality from malaria in order to promote greater economic and social development.

The Project is a multi-year effort designed to reduce the incidence of malaria to two or less cases per 1,000 population countrywide as soon as possible. A modified plan of operations for controlling malaria has already been adopted by the GOI in consultation with the WHO. This plan envisages a three-pronged coordinated effort: (1) Government operations such as mass distribution of drugs to reduce morbidity and mortality, intensified spraying, larvaciding programs, etc. (2) enlisting public support and cooperation through the participation of village and community-based organizations, and (3) research and training. The A.I.D. Project Loan will support the modified plan of operations. The technical and operational aspects of the malaria program are more fully described in the modified plan.

Project Loan funds would be used primarily to finance the import of the residual insecticide malathion and DDT and a limited quantity of the larvacide, Abate. A small portion of the Loan would be used to finance ULV sprayers for urban malaria control. A detailed financial plan is attached as Appendix 1 to this Annex. It is anticipated, subject to the availability of funds, that an incremental amount will be provided by A.I.D. in U.S. FY 79 to finance additional quantities of the aforementioned commodities.

The Central Ministry of Health and Family Welfare will be the principal implementing agency which will be responsible for the procurement of all commodities contemplated under the Loan. The Ministry shall ensure safe and secure handling of all insecticides procured under the Loan.

No quantitative annual targets have been fixed for the reduction of malaria incidence because of the technical constraints involved in predicting vector behavior. It is anticipated that the Project should, however, result in a substantial reduction of malaria incidence. The GOI is expanding its

insecticide production capacity which is expected to meet substantially the malaria program requirements as soon as feasible.

*Appendix I*

PROJECT FINANCING PLAN  
(Source and Application of Funding)

Project No.: 386-0455 (Malaria Control)

(Amount in \$ 000's)  
U.S. FY 1978

<i>Project Inputs</i>	<i>AID (Loan)</i>	<i>GOI*</i>	<i>Other**</i>	<i>Total</i>
1. Insecticides .....	27,925	39,129	—	67,054
2. Drugs .....	—	13,659	—	13,659
3. Equipment .....	75	5,318	100	5,493
4. Operating Costs (Including Training and Research) .....	—	28,988	5,470	34,458
<b>TOTAL</b>	<b>28,000</b>	<b>87,094</b>	<b>5,570</b>	<b>120,664</b>

\* GOI Fiscal Year 1978-79 (April 1, 1978-March 31, 1979).

\*\* Anticipated assistance from WHO, UNICEF, SIDA, etc.