

No. 19866

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**UNITED STATES OF AMERICA  
and  
PHILIPPINES**

**Project Loan and Grant Agreement for Panay unified  
services for health (with annexes). Signed at Manila  
on 2 June 1978**

*Authentic text: English.*

*Registered by the United States of America on 10 June 1981.*

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**ÉTATS-UNIS D'AMÉRIQUE  
et  
PHILIPPINES**

**Accord de prêt et de don relatif à un projet concernant des  
services de santé unifiés à Panay (avec annexes). Signé  
à Manille le 2 juin 1978**

*Texte authentique : anglais.*

*Enregistré par les États-Unis d'Amérique le 10 juin 1981.*

# PROJECT LOAN AND GRANT AGREEMENT<sup>1</sup> BETWEEN THE REPUBLIC OF THE PHILIPPINES AND THE UNITED STATES OF AMERICA FOR PANAY UNIFIED SERVICES FOR HEALTH

Dated: June 2, 1978

A.I.D. Loan No. 492-U-053  
A.I.D. Project No. 492-0312

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<sup>1</sup> Came into force on 2 June 1978 by signature.

<sup>2</sup> For the text of the annex, see p. 127 of this volume.

LOAN AND GRANT AGREEMENT dated June 2, 1978, between the REPUBLIC OF THE PHILIPPINES ("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 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 I, will consist of strengthening the regional health system to deliver essential health services down to the barangay level by recruiting, training, equipping and deploying approximately 600 Barangay Health Workers (BHWs). It is expected that the Project will utilize the BHWs to improve the health status of the residents of approximately 600 underdeveloped and economically depressed villages on Panay Island by (a) reducing the incidence of tuberculosis, diphtheria, tetanus and gastro-intestinal infections; (b) reducing the infant mortality rate; (c) reducing the crude birthrate; (d) reducing the incidence of malnutrition among children aged six years and below; and (e) providing sanitary toilets and water of improved quality. Annex I, attached, amplifies the definition of the Project contained in this Section 2.1. Within the limits of the definition of the Project in this Section 2.1, elements of the amplified description stated in Annex I 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 I will identify those elements of the Project for which Grant financing will be employed, and those for which Loan financing will be employed.

The Regional Development Council VI (RDC VI) will be the Implementing Agency, responsible to the National Economic and Development Authority (NEDA) for the effective and timely implementation of the Project.

*Article 3. FINANCING*

*Section 3.1. THE GRANT; THE 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 Three Hundred Sixteen Thousand United States ("U.S.") Dollars (\$316,000.00) ("Grant") and to lend the Cooperating Country under the terms of this agreement not to exceed Five Million Four Hundred Thousand U.S. Dollars (\$5,400,000.00) ("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 Assistance may be used to finance foreign exchange costs, as defined in Section 7.1, and local currency costs, as defined in Section 7.2, of goods and services required for the Project.

*Section 3.2. COOPERATING COUNTRY RESOURCES FOR THE PROJECT.* (a) The Cooperating Country agreed 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. \$2,972,000.00, including costs borne on an "in-kind" basis.

*Section 3.3. PROJECT ASSISTANCE COMPLETION DATE.* (a) The "Project Assistance Completion Date" (PACD), which is August 30, 1982, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all portions of the Project financed jointly by them on a Fixed Amount Reimbursement (FAR) basis will have been completed, that all services financed under the Loan other than on a FAR basis will have been performed, and that all goods financed under the Loan other than on a FAR basis 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 FAR portions of the Project completed subsequent to the PACD, or, in case of portions of the Project financed under the Loan other than on a FAR basis, 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 years following 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 8.5) 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 Cooperating Country will repay to A.I.D. the Principal within twenty (20) years from the date of the first disbursement of the Loan in twenty-one (21) 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 the Republic of the Philippines, 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 Director-General of the National Economic and Development Authority in the Republic of the Philippines.

*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 Cooperating Country and A.I.D. relating to the Loan provisions of this Agreement will cease. However, with respect to any obligations arising out of the expenditure of Grant funds, this Agreement will remain in full force and effect.

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

*Section 5.1. FIRST DISBURSEMENT.* Prior to the first disbursement under the Loan portion 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 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) The evaluation program referred to in Section 6.1;
- (d) A copy of the Memorandum of Agreement between NEDA, the RDC VI, Department of Public Works, and the Department of Health, which contains their respective responsibilities in the implementation of the Project;
- (e) A copy of the RDC VI document establishing the PUSH Project Management Team (PMT), with authorities and responsibilities to enable the PMT to effectively carry out assigned functions;
- (f) Copies of documents evidencing that the five-man Project Support Staff (PSS) has been hired, and a certification that the PSS has been provided with office space, office equipment and other forms of support to become operational;
- (g) A plan for the implementation of the Project prepared by the RDC VI;
- (h) A copy of the initial Advice of Allotment and the initial Cash Disbursement Ceiling (CDC) issued to RDC VI for executing the PUSH Project;
- (i) Copies of the Memoranda of Agreement between each of the participating Panay provinces and the National Economic and Development Authority, Department of Health, Regional Development Council VI and the Department of Local Government and Community Development, which shall stipulate the responsibilities of the provincial and municipal governments in the implementation of the PUSH Project, particularly the manner by which the provinces will disburse the funds that will be advanced to them under the PUSH Project;
- (j) A copy of the Barangay Health Worker's Handbook, and a copy of the Training Manual to be used in the training of BHWs; and
- (k) A copy of the Administrative Systems and Procedures Manual, which shall include a section on the implementation of the environmental sanitation sub-projects in the barangay.

*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 Cooperating Country.

*Section 5.3. TERMINAL DATES FOR CONDITIONS PRECEDENT.* If all of the conditions specified in Section 5.1 have not been met within 120 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 the Loan portion of this Agreement by written notice to the Cooperating Country.

#### *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 and at one or more points 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, in this or other project; and

(d) Evaluation, to the degree feasible, of the overall development impact of the Project.

*Section 6.2. SELECTION OF PARTICIPATING BARANGAYS.* The Cooperating Country covenants and agrees that the barangays where the Project will be implemented will be agreed upon by the Cooperating Country and A.I.D.

*Section 6.3. ASSURANCE OF FUNDING.* The Cooperating Country covenants and agrees that sufficient funds shall be released to the RDC VI on a timely basis to assure orderly implementation of the Project as scheduled.

*Section 6.4. ASSURANCE OF CONTINUITY.* The Cooperating Country covenants and agrees that the four participating provinces in Panay will assume the financial responsibility of maintaining the Barangay Health Workers after the three-year external financial subsidy has terminated.

#### Article 7. PROCUREMENT SOURCE

*Section 7.1. FOREIGN EXCHANGE COSTS.* (a) Disbursements of Loan funds 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(b) with respect to marine insurance.

(b) Disbursements of Grant funds pursuant to Section 8.1 will be used exclusively to finance the costs of 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 services ("Foreign Exchange Costs"), 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 the Republic of the Philippines ("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.* The Cooperating Country may obtain disbursements of funds under the Loan or the Grant 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; provided that Loan funds may be disbursed only after satisfaction of conditions precedent:

- (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.

*Section 8.2. DISBURSEMENT FOR LOCAL CURRENCY COSTS.* (a) The Cooperating Country may obtain disbursement of funds under the Loan or the Grant for Local Currency Costs required for the Project in accordance with the terms of this Agreement, by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, requests to finance such costs; provided that Loan funds may be disbursed only after satisfaction of conditions precedent.

(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 from local currency already owned by the U.S. Government; 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 the Republic of the Philippines 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 the Republic of the Philippines at the highest rate of exchange which, at the time the conversion is made, is not unlawful in the Republic of the Philippines.

*Section 8.5. DATE OF DISBURSEMENT.* Disbursements of the Assistance 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.* Except as expressly provided in Section 4.3, 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:

National Economic and Development Authority  
P.O. Box 1116  
Manila, Philippines

Alternate address for cables:

NEDAPHIL Manila

To A.I.D.:

Mail Address:

United States Agency for International Development  
c/o The American Embassy  
Manila, Philippines

Alternate address for cables:

USAID/AMEMB Manila

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 Cooperating Country will be represented by the individual holding or acting in the office of the Director-General, National Economic and Development Authority and A.I.D. will be represented by the individual holding or acting in the office of the Director, United States A.I.D. Mission to the Philippines, 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 I. The names of the representatives of the Cooperating Country, 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 "Combined Loan and Grant Standard Provisions Annex" (Annex II)<sup>1</sup> is attached to and forms part of this Agreement.

<sup>1</sup> For the text of the annex, see p. 127 of this volume.

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.

Republic of the Philippines:

*[Signed]*

*By:* GERALDO P. SICAT

*Title:* Secretary of Economic Planning  
(Director-General), National Economic and Development Authority

United States of America:

*[Signed]*

*By:* PETER M. CODY

*Title:* Director, U.S. Agency for International Development

*Concurrence:*

*[Signed]*

*By:* CLEMENTE S. GATMAITAN

*Title:* Secretary, Department of Health

*[Signed]*

*By:* CONRADO J. NORADA

*Title:* Chairman, Regional Development Council VI

*[Signed]*

*By:* CONRADO J. NORADA

*Title:* Governor, Province of Iloilo

*[Signed]*

*By:* CORNELIO L. VILLAREAL, Jr.

*Title:* Governor, Province of Capiz

*[Signed]*

*By:* EVELIO B. JAVIER

*Title:* Governor, Province of Antique

*[Signed]*

*By:* ROBERTO Q. GARCIA

*Title:* Governor, Province of Aklan

## ANNEX I

### DESCRIPTION OF PROJECT

The goal of the Panay Unified Services for Health (PUSH) Project is to improve the health status of the residents of 600 depressed barangays in Panay Island. The 600 barangays will be selected, using a set of socio-economic indicators, from Class V municipalities in the provinces of Iloilo, Antique, Capiz and Aklan. Attainment of the Project's goal is to be reflected in terms of reducing by an estimated 25% the incidence of tuberculosis, tetanus and gastro-intestinal infections, a similar 25% reduction in the infant mortality rate, a reduction of the crude birth rate from 31.5 to approximately 24 per thousand, and in concert with the efforts of the Philippine National Nutrition Program, reduction by an estimate 70% and 40%, respectively, of the incidence of second and third degree malnutrition among children aged six years and below.

The purpose of the Project is to strengthen the capacity of the regional health system to deliver integrated services to the barangay level. Achievement of project purpose will require the following outputs:

(1) *Barangay Health Workers (BHWs)*

The Project will recruit, train, equip and deploy 600 Barangay Health Workers. The key figure in the planned barangay health care delivery system, the BHW will be a male or female resident of the barangay, between 18 to 45 years old, with at least six years of formal education, who will undergo a six-week basic training course and 2 weeks refresher course every six months to enable him or her to respond to simple medical problems and undertake preventive and health promotive activities in the barangay.

The BHW will be from and based in the barangay, nominated by the barangay, endorsed by the Rural Health Unit and the Provincial Health Officer and appointed by the Provincial Governor. All BHWs will be paid, full-time employees of the provincial government. The BHWs will be under the operational supervision of the Rural Health Unit. BHWs will serve as barangay contact points and facilitators for existing technical personnel such as sanitary inspectors, social workers, municipal population officers, nutrition workers and general health workers in carrying out their line agency functions.

In order to avoid confusion in the utilization of the BHWs by other line agency technicians, coordination of such activities will be maintained at the municipal level through the Rural Health Unit which will formulate the BHW's work program in the barangay. The BHWs will function as extenders of the services provided by the Rural Health Unit. At the barangay level, they will work on seven general areas of concern:

(a) *Community Organization.* Public Health is premised on community effort. One important function of the BHWs will be to organize the barangays and mobilize them into collective action to combat existing barangay health problems. They will provide assistance to the barangay in the identification of health projects, in the formulation of project plans and in securing external assistance needed for project implementation. Group meetings with barangay residents will be utilized also as avenues for the dissemination of nutrition and family planning information and on the promotion of proper health habits and practices.

(b) *Environmental Sanitation.* The BHWs, with technical assistance from the sanitary engineer and the Provincial Engineering Office, will identify areas in the barangay where water facilities need to be constructed or improved. They will organize the community and catalyze efforts to obtain the commodities and expertise to construct or improve the water facility, and promote proper water handling and utilization practices. They will periodically monitor water quality and apply simple water treatment procedures, when necessary.

They will campaign for sanitary waste disposal and organize the community to obtain basic commodities and expertise for the construction of water-seal toilets for every household in the barangay. They will likewise provide practical advice on the proper handling of household refuse, fly and mosquito control, and other disease-causing environmental nuisances in the barangay.

(c) *Family Planning.* The BHWs will provide information on the different forms of contraceptives available in the locality, motivate potential contraceptive users, refer acceptors to appropriate agencies and resupply ongoing users with the required commodities. The PUSH BHWs will provide necessary services if a family planning program in the barangay is already established. Otherwise, they will take the primary initiative on organizing one.

(d) *Nutrition.* The BHWs will periodically weigh and keep records of the weights of children in the barangay aged 6 years old and below in order to prioritize the targets of the barangay nutrition program. They will provide barangay residents with basic information on nutrient requirements, common food sources of essential nutrients, and proper infant feeding techniques. They will assist in the barangay food production campaign in coordination with other agencies, and in the distribution of food assistance commodities. They will initiate and conduct barangay feeding programs for first and second degree

malnourished children, and refer for rehabilitation children with third degree malnutrition. In every contact with individual patients or groups of barangay residents, the BHW will use this opportunity to motivate the people to adopt proper nutrition habits and practices.

The BHW will not duplicate or replace the services of a nutrition worker who may be deployed in the barangay by the Philippine Nutrition Program coordinated by the National Nutrition Council. The BHW will provide support services if such a person has been deployed. If a nutrition program has not yet been established in the barangay, the BHW will take the initiative in organizing one.

(e) *Control of Communicable Diseases.* The BHWs will identify and prioritize the targets of the barangay immunization program. They will spearhead efforts to obtain technicians and supplies to achieve the objectives of the immunization campaign. Furthermore, they will identify the signs and symptoms of reportable diseases, report and refer them for treatment and follow up these cases regularly. They will provide barangay level assistance to whatever disease-control campaign the RHU may be conducting in the barangay.

(f) *Curative Functions.* The BHWs will often be the first persons to be consulted within a barangay if medical problems arise. They will therefore screen patients and identify those that need immediate care and refer them to the nearest medical facility. Patients that can be handled at their own level of competence will be given the appropriate treatment. BHWs will follow up patients who are undergoing a prolonged treatment regimen to insure that medicines are being taken regularly and proper patient care is provided.

(g) *Vital Statistics.* The BHWs will keep records of vital events in the barangay such as deaths and births and submit periodic reports of these to the RHU. They will maintain household spot-maps of the barangay. Individual family health folders will be kept and maintained which will contain records of illnesses, treatment received and outcome of illness of the household members.

## (2) *Barangay Household Water and Waste Disposal Facilities*

In order to provide an adequate water supply of improved quality, an estimated 280 functional deep wells are to be drilled, approximately 1,200 shallow driven wells are to be emplaced, some 5,400 open dug wells are to be improved, and an estimated 40,000 water-sealed toilets are to be constructed.

Using its own resources, the Bureau of Public Works, Government of the Philippines, will drill an estimated 160 deep wells in barangays included within the Project. The remaining deep wells, approximately 120 will be financed from funds made available under this Agreement.

## (3) *Botica sa Barangay (Village Drugstores)*

Village drugstores will be organized within each participating barangay. Each drugstore will be owned, operated and managed by the barangay itself. Under the leadership and initiative of the BHW, the barangay will develop its own accounting, pricing and resupply system and arrangements for custody of the drug supply. The Rural Health Units will provide continuing technical supervision in this process, especially with regard to the nature of drugs that the barangay will need to stock. After showing evidence that the barangay has organized itself, an initial \$100 drug supply will be provided under the Project to the barangay as starting capital. Depending on the preferences of the people, a small mark-up may be charged on the purchase cost of drugs to cover operational expenses and to generate funds to finance other community health projects.

## (4) *Rural Health Units*

An estimated 100 Rural Health Units in the four provinces of Panay will be supplied with vaccines in support of the DPT and BCG immunization drive under this Project. Anti-TB drugs will also be supplied for the treatment and control of tuberculosis in the Project areas.

(5) *Provincial Health Laboratories*

Four Provincial Health Laboratories, one in each of the four Panay provinces, will be equipped to perform such support services as water analysis including bacteriological examination and sputum examination for the early detection of tuberculosis cases.

(6) *Barangay Nutrition Outreach Services*

With the BHWs in place and in coordination with the Philippine National Nutrition Program, 600 barangay nutrition outreach service points will be established. These are expected to provide nutrition services and commodities to an estimated 10,000 mal-nourished children.

(7) *Barangay-level Family Planning Supply Points and Services*

Through the efforts of the BHWs and in cooperation with the National Family Planning Outreach Program, a total of 600 barangay-level Family Planning Supply Points will be established. Services provided will include dissemination of family planning information, motivation of potential contraceptive users, resupply of current users and referral services.

An Illustrative Project Financial Plan is incorporated as Attachment 1 to this Annex.

*Annex I—Attachment 1*  
PROJECT FINANCIAL PLAN  
Source and Application of Funding—\$000  
*Table 1—Total Life of Project Funding\*\**

Project Components	A.I.D.				G.O.P.		Other*		Subtotal	
	Loan		Grant		FX	LC	FX	LC	FX	LC
	FX	LC	FX	LC						
U.S. consultants .....			66						66	
Local consultants .....				102						102
Participant training (foreign) ....			40			20			40	20
Project Mgmt. training (local) ...				15						15
Administration and supervision .						1,001				1,001
Rent and utilities .....						69				69
Drilled deep wells .....		889				916				1,805
Driven shallow wells .....		208						(16)		208
Improved dug wells .....		529						(76)		529
Toilets .....		325						(565)		325
BHN training .....		392								392
BHW salaries .....		600				69				669
BHW supply kits .....		66								66
Barangay drugs .....		60								60
RHU supplies .....	150								150	
Provincial health labs .....	10								10	
Vehicles .....	140								140	
Training and support .....	45	7							45	7
Project support staff .....		331								331
15% contingency .....	52	511	16	18		311		(99)	68	840
Cost escalation .....	59	1,026	20	39		586		(184)	79	1,651
<b>SUBTOTAL</b>	<b>456</b>	<b>4,944</b>	<b>142</b>	<b>174</b>		<b>2,972</b>		<b>(940)</b>	<b>598</b>	<b>8,090</b>
<b>TOTAL</b>		<b>5,400</b>		<b>316</b>		<b>2,972</b>		<b>(940)</b>		<b>8,688</b>

\* Estimated contribution of project beneficiaries. Non-add.

\*\* Adjustments between line items of up to 20% may be made without modification of this financial plan, provided the obligations of the Parties are not increased.

*Annex I—Attachment 2*  
**PROJECT FINANCIAL PLAN**  
*Table 2—A.I.D. Loan Contribution*  
 (\$000)

Component	Year 1		Year 2		Year 3		Year 4		Year 5		Life of Project		Total
	FX	LC	FX	LC	FX	LC	FX	LC	FX	LC	FX	LC	
<i>Environmental sanitation</i>		205		275		374		452		645		1,951	1,951
Drilled deep wells . . . .		178		178		178		178		178		889	889
Driven shallow wells . .		9		27		44		52		76		208	208
Improved dug wells . .		10		40		85		118		275		529	529
Toilets . . . . .		8		30		67		104		116		325	325
<i>Barangay health workers</i>		58		117		203		284		330		992	992
Training . . . . .		44		62		82		98		106		392	392
Salaries . . . . .		14		55		121		186		224		600	600
<i>Equipment and supplies</i>	345	133									345	133	478
BHW supply kits . . . .		66										66	66
Barangay drugs . . . . .		60										60	60
RHU supplies . . . . .		150								150			150
Provincial health labs .		10								10			10
Vehicles . . . . .		140								140			140
Training and Support .	45	7								45	7		52
<i>Project support staff</i> . .		66		66		67		66		66		331	331
<i>15% contingency</i> . . . . .	52	69		69		96		120		157	52	511	563
<i>Cost escalation</i> . . . . .	59	37		76		167		287		459	59	1,026	1,085
<b>TOTAL</b>	<b>456</b>	<b>568</b>		<b>603</b>		<b>907</b>		<b>1,209</b>		<b>1,657</b>	<b>456</b>	<b>4,944</b>	<b>5,400</b>

*Annex I—Attachment 3*  
**PROJECT FINANCIAL PLAN**  
*Table 3—A.I.D. Grant Contribution*  
 (\$000)

Component	Year 1		Year 2		Year 3		Year 4		Year 5		Life of Project		Total
	FX	LC	FX	LC	FX	LC	FX	LC	FX	LC	FX	LC	
U.S. consultants . . . . .	18		12		12		12		12		66		66
Local consultants . . . . .				16		16		16		54		102	102
Participant training (foreign) . . . . .	12		20		8						40		40
Project management training (local) . . . . .		15										15	15
15% contingency . . . . .	4	3	5	2	3	3	2	2	2	8	16	18	34
Cost escalation . . . . .	2	1	5	3	4	4	4	6	5	25	20	39	59
<b>TOTAL</b>	<b>36</b>	<b>19</b>	<b>42</b>	<b>21</b>	<b>27</b>	<b>23</b>	<b>18</b>	<b>24</b>	<b>19</b>	<b>87</b>	<b>142</b>	<b>174</b>	<b>316</b>

Annex I—Attachment 4

PROJECT FINANCIAL PLAN

Table 4—Central and Local Government Contribution  
(\$-P000)

Component	Year 1		Year 2		Year 3		Year 4		Year 5		Life of Project	
	\$	P	\$	P	\$	P	\$	P	\$	P	\$	P
BHW salaries .....							14	105	55	413	69	518
Participant training .....	6	45	10	75	4	30					20	150
Deep wells .....	183	1,372	183	1,372	183	1,373	183	1,373	184	1,380	916	6,870
Administration and supervision .....	132	990	175	1,313	225	1,687	231	1,733	238	1,785	1,001	7,508
Rent and utilities .....	14	105	14	105	14	105	14	105	13	98	69	518
15% contingency .....	50	375	57	428	64	480	66	495	74	555	311	2,333
Cost escalation .....	27	203	64	480	110	825	158	1,184	227	1,703	586	4,395
TOTAL	412	3,090	503	3,773	600	4,500	666	4,995	791	5,934	2,972	22,292

NOTES:

- (1) All GOP contributions are for peso costs of the Project.
- (2) Conversion rate \$1 = P7.5.