

No. 19855

**UNITED STATES OF AMERICA
and
HAITI**

Project Grant Agreement relating to health services (with annexes). Signed at Port-au-Prince on 30 August 1977

Authentic texts: English and French.

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

**ÉTATS-UNIS D'AMÉRIQUE
et
HAÏTI**

Accord de don pour projet relatif aux services de santé (avec annexes). Signé à Port-au-Prince le 30 août 1977

Textes authentiques : anglais et français.

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

**“STRENGTHENING HEALTH SERVICES II”—PROJECT GRANT
AGREEMENT¹ BETWEEN THE REPUBLIC OF HAITI AND
THE UNITED STATES**

PROJECT GRANT AGREEMENT

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A.I.D. Project No. 521-0086

PROJECT GRANT AGREEMENT dated August 30, 1977, between the REPUBLIC OF HAITI (“Grantee”) 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 Grantee of the Project described below, and with respect to the financing of the Project by the Parties.

¹ Came into force on 30 August 1977 by signature.

Article 2. THE PROJECT

Section 2.1. DEFINITION OF PROJECT. The Project, which is described in Annex 1, will consist of the planning and design of a model rural health delivery system, the strengthening of the Department of Public Health and Population's ("DSPP") capability to expand such a system nationwide, and the funding of a decreasing share of the operating costs of the National Society for Endemic Disease's ("SNEM") malaria control programs leading to eventual full support of such programs by Grantee by the Project Assistance Completion Date defined herein. Annex 1, attached, amplifies the above definition of the Project. Within the limits of the above definition of the Project, elements of the amplified description stated in Annex 1 may be changed by written agreement of the authorized representatives of the Parties named in Section 8.2, without formal amendment of this Agreement.

Section 2.2. INCREMENTAL NATURE OF PROJECT. (a) A.I.D.'s contribution to the Project will be provided in increments, the initial one being made available in accordance with Section 3.1 of this Agreement. Subsequent increments will be subject to availability of funds to A.I.D. for this purpose, and to the mutual agreement of the Parties, at the time of a subsequent increment, to proceed.

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

Article 3. FINANCING

Section 3.1. THE GRANT. To assist the Grantee to meet the costs of carrying out the Project, A.I.D., in furtherance of the purposes of the Alliance for Progress, and pursuant to the Foreign Assistance Act of 1961, as amended, agrees to grant the Grantee under the terms of this Agreement not to exceed Seven Million Five Hundred Twenty Five Thousand United States ("U.S.") Dollars (\$7,525,000) ("Grant"). The Grant may be used to finance foreign exchange costs, as defined in Section 6.2, of goods and services required for the Project.

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

(b) The resources provided by Grantee for the Project will be not less than the equivalent of U.S. \$5,600,000, including costs borne on an "in-kind" basis.

Section 3.3. PROJECT ASSISTANCE COMPLETION DATE. (a) The "Project Assistance Completion Date" (PACD), which is 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 services financed under the Grant will have been performed and all goods financed under the Grant 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 Grant 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 7.1 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 Grantee, may at any time or times reduce the amount of the Grant 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. CONDITIONS PRECEDENT TO DISBURSEMENT

Section 4.1. FIRST DISBURSEMENT. Unless A.I.D. otherwise agrees, prior to the first disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Grantee will 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 Grantee, and that it constitutes a valid and legally binding obligation of the Grantee in accordance with all of its terms;
- (b) A statement of the name of the person holding or acting in the office of the Grantee specified in Section 8.2, and of any additional representatives, together with a specimen signature of each person specified in such statement;
- (c) Evidence that Grantee has duly and lawfully established a department for administration within DSPP.

Section 4.2. ADDITIONAL DISBURSEMENT. Unless A.I.D. otherwise agrees, prior to disbursement under the Grant, or to issuance by A.I.D. of documentation pursuant to which disbursement will be made, for any purpose other than to finance the technical advisor to SNEM, the Grantee will furnish to A.I.D. in form and substance satisfactory to A.I.D. an implementation plan containing a time phased work schedule for SNEM's activities during the first year of the Project and a similar schedule for DSPP, which schedules describe the activities to be carried out, the goals and targets to be achieved, and the offices or individuals responsible for each activity.

Section 4.3. DISBURSEMENT FOR OPERATING AND PERSONNEL EXPENSES. Prior to disbursement under the Grant, or to issuance by A.I.D. of documentation pursuant to which disbursement will be made, to finance operating or personnel expenses of SNEM or DSPP, Grantee will furnish to A.I.D., in form and substance satisfactory to A.I.D., a plan including:

- (a) An itemization of the specific operating and personnel expenses for SNEM and DSPP during the first year of the Project for which Grant funds will be used; and
- (b) A staffing plan for SNEM and DSPP showing the organization and positions necessary for the Project, the schedule for establishing and filling these positions, the salaries for these positions, and the source of funds for paying the salaries.

Section 4.4. DISBURSEMENT FOR EQUIPMENT AND MATERIALS. Prior to disbursement under the Grant, or to issuance by A.I.D. of documentation

pursuant to which disbursement will be made, to finance equipment or materials, Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

- (a) A plan for procurement of equipment and materials for the Project, including for each procurement the estimated cost, source and origin, purpose, destination, delivery time and method of effecting the procurement; and
- (b) Plans and specifications, bid documents, cost estimate, and time schedules for Grant financed equipment and materials.

Section 4.5. DISBURSEMENT FOR TRAINING. Prior to disbursement under the Grant, or to issuance by A.I.D. of documentation pursuant to which disbursement will be made to finance training, Grantee will, except as the Parties may otherwise agree in writing, furnish A.I.D. in form and substance satisfactory to A.I.D. a training plan for the Project including:

- (a) Proposed long and short term training;
- (b) The schedule and estimated costs of the proposed training;
- (c) The criteria used in selecting participants; and
- (d) Measures to be taken for insuring that trainees continue to work in the positions for which they receive training.

Section 4.6. DISBURSEMENT FOR SNEM. Unless A.I.D. otherwise agrees, prior to disbursement under the Grant or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made after December 31, 1979, to finance any SNEM activity, the Grantee will furnish to A.I.D. in form and substance satisfactory to A.I.D. a plan for the integration or merger of SNEM and the DSPP.

Section 4.7. NOTIFICATION. When A.I.D. has determined that the conditions precedent specified in Sections 4.1 through 4.6 have been met, it will promptly notify the Grantee.

Section 4.8. TERMINAL DATES FOR CONDITIONS PRECEDENT. (a) If all of the conditions specified in Section 4.1 have not been met within 60 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 Grantee.

(b) If all of the conditions specified in Section 4.2, 4.3, and 4.4 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 cancel the then undisbursed balance of the Grant, to the extent not irrevocably committed to third parties, and may terminate this Agreement by written notice to the Grantee.

(c) If all of the conditions specified in Section 4.5 have not been met within 180 days from the date of this Agreement, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may cancel the then undisbursed balance of the Grant to the extent not irrevocably committed to third parties, and may terminate this Agreement by written notice to the Grantee.

(d) If all of the conditions specified in Section 4.6 have not been met by December 31, 1979, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may cancel the then undisbursed balance of the Grant, to the extent

not irrevocably committed to third parties, and may terminate this Agreement by written notice to the Grantee.

Article 5. SPECIAL COVENANTS

Section 5.1. PROJECT EVALUATION. Grantee shall furnish A.I.D. within 180 days from the date of this Agreement an evaluation plan which will be revised annually during the Project. Except as the Parties otherwise agree in writing, the plan 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; and
- (d) Evaluation, to the degree feasible, of the overall development impact of the Project.

Section 5.2. REVISED PLAN FOR OPERATING AND PERSONNEL EXPENSES. Grantee and A.I.D. will, except as the Parties may otherwise agree in writing, revise and update annually during the Project the plan submitted by Grantee under Section 4.3.

Section 5.3. REVISED TRAINING PLANS. Grantee will, except as the Parties may otherwise agree in writing, furnish A.I.D. semi-annually during the Project in form and substance satisfactory to A.I.D. a revised updated version of the training plan submitted by Grantee under Section 4.5.

Section 5.4. RURAL HEALTH POLICY. During this Project and thereafter, Grantee will continue to give the extension of health services to rural areas high priority as a national goal and will coordinate the activities of A.I.D. and the Pan American Health Organization ("PAHO") relating to DSPP's extension of health services to rural areas to insure that A.I.D.'s and PAHO's efforts complement and reinforce each other without wasteful duplication or inconsistency.

Article 6. PROCUREMENT SOURCE

Section 6.1. FOREIGN EXCHANGE COSTS. Disbursements pursuant to Section 7.1. will be used exclusively to finance the costs of goods and services required for the Project having their source and origin in the United States (Code 000 of the A.I.D. Geographic Code Book as in effect at the time orders are placed or contracts entered into for such goods and services) ("Foreign Exchange Costs"), except as A.I.D. may otherwise agree in writing, and except as provided in the Project Grant Standard Provisions Annex, Section C.1 (b) with respect to marine insurance.

Section 6.2. LOCAL CURRENCY COSTS. Disbursements pursuant to Section 7.2 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 Haiti ("Local Currency Costs").

Article 7. DISBURSEMENT

Section 7.1. DISBURSEMENT FOR FOREIGN EXCHANGE COSTS. (a) After satisfaction of conditions precedent, the Grantee may obtain disbursements of

funds under the Grant for the Foreign Exchange Costs of goods or services required for the Project in accordance with the terms of this Agreement, by such of the following methods as may be mutually agreed upon:

- (1) By submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, (A) requests for A.I.D. to procure commodities or services in Grantee'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 for such goods or services.

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

Section 7.2. DISBURSEMENT FOR LOCAL CURRENCY COSTS. (a) After satisfaction of conditions precedent, the Grantee may obtain disbursements of funds under 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.

(b) The local currency needed for such disbursements may be obtained:

- (1) By acquisition by A.I.D. with U.S. Dollars by purchases or from local currency already owned by the U.S. Government; or
- (2) By A.I.D. (A) requesting the Grantee to make available the local currency for such costs, and (B) thereafter making available to the Grantee, through the opening or amendment by A.I.D. of Special Letters of Credit in favor of the Grantee or its designee, an amount of U.S. Dollars equivalent to the amount of local currency made available by the Grantee, 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 7.3. OTHER FORMS OF DISBURSEMENT. Disbursements of the Grant may also be made through such other means as the Parties may agree to in writing.

Section 7.4. RATE OF EXCHANGE. Except as may be more specifically provided under Section 7.2, if funds provided under the Grant are introduced into Haiti by A.I.D. or any public or private agency for purposes of carrying out obligations of A.I.D. hereunder, the Grantee will make such arrangements as may be necessary so that such funds may be converted into currency of Haiti at the

highest rate of exchange which at the time the conversion is made, is not unlawful in Haiti!

Article 8. MISCELLANEOUS

Section 8.1. 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 addresses:

To the Grantee:

Mail address:

Secretary of State for Public Health and Population
Department of Public Health and Population
Port-au-Prince, Haiti

Alternate address for cables:

Secretary of State for Public Health and Population
Department of Public Health and Population
Port-au-Prince, Haiti

To A.I.D.:

Mail address:

Director
USAID Mission to Haiti
c/o United States Embassy
Port-au-Prince, Haiti

Alternate address for cables:

DIRUSAID
United States Embassy
Port-au-Prince, Haiti

Other addresses may be substituted for the above upon the giving of notice. All notices, requests, communications, and documents submitted to A.I.D. hereunder may be in French, but must be accompanied by an official English translation.

Section 8.2. REPRESENTATIVES. For all purposes relevant to this Agreement, the Grantee will be represented by the individual holding or acting in the office of Secretary of State for Public Health and Population and A.I.D. will be represented by the individual holding or acting in the office of Mission Director of USAID/Haiti, 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 Grantee, 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 8.3. STANDARD PROVISIONS ANNEX. A "Project Grant Standard Provisions Annex" (Annex 2) is attached to and forms part of this Agreement.

Section 8.4. LANGUAGE OF AGREEMENT. This Agreement is prepared in both English and French. In the event of ambiguity or conflict between the two versions, the English language version will control.

IN WITNESS WHEREOF, the Grantee 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 Haiti:

By: WILLY VERRIER
Dr. Willy Verrier
Title: Secretary of State for Public
Health and Population

By: E. BROS
Emmanuel Bros
Title: Secretary of State for Finance and
Economic Affairs

By: RAOUL BERRET
Raoul Berret
Title: Executive Secretary, CONADEP

United States of America:

By: FRAZIER MEADE
Frazier Meade
Title: Chargé d'Affaires a.i.
American Embassy
Port-au-Prince, Haiti

By: P. D. MASSEY
Parke D. Massey
Title: Acting Director, USAID/Haiti

ANNEX 1

PROJECT DESCRIPTION

A. *The Project*

This Project represents the second phase of a planned three-phase program, the goal of which is to extend affordable health services to a majority of the population in Haiti's rural areas. The purpose of this project is to develop the capacity of the Department of Public Health and Population (DSPP) to plan and administer an integrated rural health delivery system (RHDS).

Specifically, the DSPP will (a) conduct national health planning based on community health needs, (b) design a rural health delivery system suitable for nation-wide replication, and (c) take steps to strengthen its planning and administrative capacity so as to be capable of supporting such a nation-wide rural health delivery system (RHDS). Concurrently, the National Malaria Service (SNEM) will carry out activities aimed at reducing malaria to an annual incidence of 500 cases per million people or less in order to make it feasible to incorporate malaria control into an integrated RHDS. The DSPP's Directorate General will have principal responsibility for implementing the project, and for administering the flow and utilization of project-financed resources and services to organizational entities within the DSPP. SNEM will be responsible for administering the malaria control program, until such time as DSPP's strengthened administrative capacity and the lowered incidence of malaria make possible the integration of SNEM into the DSPP. Since the Pan American Health Organization (PAHO) is also providing assistance to the DSPP in carrying out the Government of Haiti's program to regionalize health administration, the DSPP will coordinate PAHO and AID-assisted efforts to insure that these efforts are complementary

and mutually reinforcing. Specific activities to be undertaken under this Project are as follows:

1) *Health Planning*

The primary objective of planning activities carried out under this project will be to develop all details of a Rural Health Delivery System (RHDS) suitable for nation-wide replication under a follow-on project.

The RHDS model will be designed to alleviate the major health problems of rural Haiti as defined by epidemiological and demographic data, and will represent a synthesis of the experience to date of the most cost-effective health interventions in Haiti. The design process will examine these and alternative interventions, including refinements deriving from regional differences, and will include considerations of malnutrition, fertility rates, water supply, traditional practices, socio-economic conditions, and additional factors affecting the health status of rural Haitians. Because of the limited budgetary resources of the Government of Haiti, the planning process will focus on least-cost approaches to rural health service delivery.

Under the previous Strengthening Health Services I project, long and short term technical assistance is being provided through a contract with Westinghouse Health Systems (WHS) to assist the DSPP in producing a revised national health plan which will reflect analysis of health sector needs and priorities and in conducting certain analyses preliminary to planning a model rural health delivery system (RHDS) including analysis of national health legislation; clarification of relationships between other donor projects as these relate to planning, and implementing health projects in the North and South regions; analysis and synthesis of various existing health sector projects for potential adaptation under the RHDS; assistance in clarifying intra-DSPP organizational relationships for purposes of planning the RHDS; analysis of health sector manpower needs; identification of transportation system requirements; inventory of rural health facilities, as well as the renovations, equipment, and maintenance needed to create a functioning facilities network under the RHDS; and analysis of DSPP's central and field communications needs to implement the RHDS.

Under this project, additional technical assistance will be provided to assist the DSPP in conducting the analyses and tests necessary, and drawing up the formal plans, for nation-wide implementation of the RHDS. As to be addressed will include, but not be limited to construction, vehicle, and maintenance requirements of the central and field transportation systems (estimated to require six (6) person/months of technical assistance); construction, drugs, medical supplies, equipment and management systems needed by DSPP's supply and logistics units (estimated to require nine (9) person/months of technical assistance), and development of a time-phase plan for integration of SNEM within the DSPP in order to carry out malaria control programs within an integrated RHDS. The first draft of this integration plan will be completed by June, 1978.

Additional technical assistance will be provided to assist the DSPP in identifying opportunities for coordination of rural health services with private voluntary agencies; developing a unified training program for integration into public and private health sector training plans; developing staffing patterns, including salary requirements for central and field health personnel under a nation-wide RHDS; and evaluating the immediate and longer term cost implications for all elements of the proposed RHDS model, and proposed funding sources.

The project will finance two years' worth of certain personnel and operating costs, as well as training, equipment and materials for the DSPP's Bureau of Health Planning and Evaluation; design and some testing of the RHDS model, and a technical exchange and training program in the School of Medicine's Department of Community Medicine.

The DSPP's Bureau of Health Planning and Evaluation will be primarily responsible for organizing, carrying out, and evaluating all activities related to the design of the RHDS, and will present this design to AID on or about June, 1978.

2) *Institutional Strengthening*

Under the previous Strengthening Health Services I project, long and short-term technical assistance is being provided through Westinghouse Health Systems contract to assist the DSPP in strengthening its institutional capabilities. This includes analysis and recommendations in the fields of manpower (in the central headquarters), transportation, supply and logistics, and information systems; it also includes analysis of, and assistance in implementing, recommendations of the Commission on Administrative Reform; and preliminary technical services to the Statistics Section in improving the DSPP's health data and management information systems.

Under this project, additional technical services will be financed in the areas of program budgeting and budget systems (estimated at 2 person/months of technical assistance); continuing support to strengthen data handling, and information systems (estimated at 12 person/months of technical assistance); DSPP evaluation of this project and on-going internal evaluation capability (estimated at 2 person/months of technical assistance and general long and short-term assistance to all parts of the organization in administration, and initial implementation of the RHDS. The project will finance two years' worth of certain personnel and operating expenses as well as training, equipment, and materials for the DSPP's Bureau of Administration and the Statistics Section.

3) *Malaria Control*

Project funds will be used to finance a contract for an administrative advisor to SNEM. In addition, this Project will finance a decreasing share of the costs of personnel and some operating costs of SNEM. These costs will be absorbed by the GOH on an increasing basis over the life of the Project. The GOH will finance the cost of drugs and medicine, equipment and materials, pesticides and larvicides, and vehicles to carry out malaria control activities over the life of the Project.

Continued PAHO technical advisory support to SNEM, and provision of advanced long-term training for a SNEM epidemiologist and parasitologist during this Project, are considered essential to reaching the previously stated goal for reduced malaria incidence, which will in turn provide a basis for the future merger of SNEM and DSPP.

B. *Resources*

The A.I.D. grant of \$7.525 million will constitute approximately 54% of the total project cost of \$14.977 million. These funds will be made available on an incremental basis, with \$7.1 million to be approved in A.I.D.'s Fiscal Year 1977 and \$425,000 in Fiscal Year 1978 (subject to availability of funds). The A.I.D. contribution will cover the costs of technical assistance, personnel and operating expenses, training, equipment and materials as shown in Tables I and II attached to this Annex. The Government of Haiti will provide the equivalent of up to \$5.6 million, or 40% of total project cost. A continuing PAHO contribution to SNEM in the form of technical advisory services and training would constitute 6% (\$852,000) of the total project cost. DSPP's activities under this project (totaling \$1.525 million will take place over a two-year period.) SNEM's activities will take place over a five-year period.

The Government of Haiti may make changes among line items up to 10% of the value of each line item set forth in Financial Tables I and II attached to this Annex. Proposed changes exceeding 10% must be by mutual, written agreement between A.I.D. and the Government of Haiti.

Attachments:

Table I: Projected Expenditures

Table II: Projected Inputs

Annex 1. Table I

STRENGTHENING HEALTH SERVICES II

SCHEDULE OF PROJECTED EXPENDITURES

(\$U.S. 000)

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
<i>A.I.D. Contribution</i> ¹	2,430	2,083	1,351	882	779	7,525
DSPP:						
Technical assistance ²	495					495
Training	156	156				312
(DSPP staff)	(51)	(50)				(101)
(Petit Goave)	(10)	(11)				(21)
(Croix-des-Bouquets area)	(15)	(15)				(30)
(Technical exchange)	(80)	(80)				(160)
Personnel	103	116.5				219.5
Operating costs	80	231				311
Equipment/materials	23	12.5				35.5
Contingency/inflation	66	86				152
DSPP sub-total	923	602				1,525
SNEM:						
Personnel (salaries, allowances, per diem)	1,342	1,366	1,285	810	700	5,503
Operating expenses (lubricants, POL)	55	60	66	72	79	332
Other	110	55	—	—	—	165
SNEM sub-total	1,507	1,481	1,351	882	779	6,000
<i>Government of Haiti Contribution</i>	920	1,020	1,120	1,220	1,320	5,600
SNEM:						
Technical assistance	61	62	60	60	56	299
Personnel				413	532	945
Operating costs (office furniture/ other)	203	260	366	356	357	1,542
Commodities	656	698	694	391	375	2,814
(Equipment and materials)	(149)	(145)	(235)	(2)	(1)	(532)
(Drugs and medical supplies)	(200)	(220)	(150)	(110)	(100)	(780)
(Pesticides, larvicides)	(245)	(274)	(254)	(222)	(216)	(1,211)
(Vehicles and spare parts)	(62)	(59)	(55)	(57)	(58)	(291)
SNEM:						
PAHO contribution (est.). Technical assistance, training	186	154	160	171	181	852
TOTAL PROJECT EXPENDITURES	3,536	3,257	2,631	2,273	2,280	13,977

¹ Subject to Project Agreement, Section 2.2.² Includes funds for one year of administrative advisor to SNEM.

Annex I. Table II

STRENGTHENING HEALTH SERVICES II

PROJECT INPUTS TO ENTITIES

(\$U.S. 000)

Foreign (FX) or local (LC) currency	Department of Public Health and Population (DSPP)													
	Bureau of Planning		Bureau of Admin.		Statistics Section		Design of RHDS		Department of Com. Med.		SNEM		Totals	
	FX	LC	FX	LC	FX	LC	FX	LC	FX	LC	FX	LC	FX	LC
<i>A.I.D. Contribution</i> ¹	399	164		72	106	116		335	80	101		6,000	737	6,788
Technical assistance ²	399				96								495	
Personnel		128		33		19.5		39				5,502		5,721.5
Training		17		23		61		30	80	101			80	232
(DSPP staff)		(17)		(23)		(61)								(101)
(Petit Goave)										(21)				(21)
(Croix-des-Bouquets)								(30)						(30)
(Technical exchange)									(80)	(80)			(80)	(80)
Operating costs ³		11		11		30		259				332		643
Equipment and materials		8		5	10	5.5		7					10	25.5
Other												166		166
Contingency/inflation													152	
<i>GOH Contribution</i>											2,282	3,318	2,282	3,318
Technical assistance												299		299
Personnel												945		945
Operating costs												162		162
Commodities											2,282	598	2,282	598
Other												1,314		1,314
<i>PAHO Contribution (est.)</i>											852		852	
TOTAL INPUTS	399	164		72	106	116		335	80	101	3,134	9,318	3,871	10,106

¹ Subject to Section 2.2 of Project Agreement.² Includes funds for one year of administrative advisor to SNEM.³ Includes \$150,000 operating costs for the Petit Goave project and \$109,000 for Croix-des-Bouquets.

ANNEX 2

PROJECT GRANT STANDARD PROVISIONS ANNEX

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

Article A. PROJECT IMPLEMENTATION LETTERS

To assist Grantee in the implementation of the Project, A.I.D., from time to time, will issue Project Implementation Letters that will furnish additional information about matters stated in this Agreement. The parties may also use jointly agreed-upon Project Implementation Letters to confirm and record their mutual understanding on aspects of the implementation of this Agreement. Project Implementation Letters will not be used to amend the text of the Agreement, but can be used to record revisions or exceptions which are permitted by the Agreement, including the revision of elements of the amplified description of the Project in Annex 1.

Article B. GENERAL COVENANTS

Section B.1. CONSULTATION. The parties will cooperate to assure that the purpose of this Agreement will be accomplished. To this end, the Parties, at the request of either, will exchange views on the progress of the Project, the performance of obligations under this Agreement, the performance of any consultants, contractors or suppliers engaged on the Project, and other matters relating to the Project.

Section B.2. EXECUTION OF PROJECT. The Grantee will:

- (a) Carry out the Project or cause it to be carried out with due diligence and efficiency, in conformity with sound technical, financial, and management practices, and in conformity with those documents, plans, specifications, contracts, schedules or other arrangements, and with any modifications therein, approved by A.I.D. pursuant to this Agreement; and
- (b) Provide qualified and experienced management for, and train such staff as may be appropriate for the maintenance and operation of the Project, and, as applicable for continuing activities, cause the Project to be operated and maintained in such manner as to assure the continuing and successful achievement of the purposes of the Project.

Section B.3. UTILIZATION OF GOODS AND SERVICES. (a) Any resources financed under the Grant will, unless otherwise agreed in writing by A.I.D., be devoted to the Project until the completion of the Project, and thereafter will be used so as to further the objectives sought in carrying out the Project.

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

Section B.4. TAXATION. (a) This Agreement and the Grant will be free from any taxation or fees imposed under laws in effect in the territory of the Grantee.

(b) To the extent that (1) any contractor, including any consulting firm, any personnel of such contractor financed under the Grant, and any property or transaction relating to such contracts and (2) any commodity procurement transaction financed under the Grant, are not exempt from identifiable taxes, tariffs, duties or other levies imposed under laws in effect in the territory of the Grantee, the Grantee will, as and to the extent provided in and pursuant to Project Implementation Letters, pay or reimburse the same with funds other than those provided under the Grant.

Section B.5. REPORTS, RECORDS, INSPECTIONS, AUDIT. The Grantee will:

- (a) Furnish A.I.D. such information and reports relating to the Project and to this Agreement as A.I.D. may reasonably request;
- (b) Maintain or cause to be maintained, in accordance with generally accepted accounting principles and practices consistently applied, books and records relating to the Project and to this Agreement, adequate to show, without limitation, the receipt and use of goods and services acquired under the Grant. Such books and records will be audited regularly, in accordance with generally accepted auditing standards, and maintained for three years after the date of last disbursement by A.I.D.; such books and records will also be adequate to show the nature and extent of solicitations of prospective suppliers of goods and services acquired, the basis of award of contracts and orders and the overall progress of the Project toward completion; and
- (c) Afford authorized representatives of a Party the opportunity at all reasonable times to inspect the Project, the utilization of goods and services financed by such Party, and books, records and other documents relating to the Project and the Grant.

Section B.6. COMPLETENESS OF INFORMATION. The Grantee confirms:

- (a) That the facts and circumstances of which it has informed A.I.D., or caused A.I.D. to be informed, in the course of reaching agreement with A.I.D. on the Grant, are accurate and complete, and include all facts and circumstances that might materially affect the Project and the discharge of responsibilities under this Agreement;
- (b) That it will inform A.I.D. in timely fashion of any subsequent facts and circumstances that might materially affect, or that it is reasonable to believe might so affect, the Project or the discharge of responsibilities under this Agreement.

Section B.7. OTHER PAYMENTS. Grantee affirms that no payments have been or will be received by any official of the Grantee in connection with the procurement of goods or services financed under the Grant, except fees, taxes, or similar payments legally established in the country of the Grantee.

Section B.8. INFORMATION AND MARKING. The Grantee will give appropriate publicity to the Grant and the Project as a program to which the United States has contributed, identify the Project site, and mark goods financed by A.I.D., as described in Project Implementation Letters.

Article C. PROCUREMENT PROVISIONS

Section C.1. SPECIAL RULES. (a) The source and origin of ocean and air shipping will be deemed to be the ocean vessel's or aircraft's country of registry at the time of shipment.

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

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

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

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

Section C.3. PLANS, SPECIFICATIONS, AND CONTRACTS. In order for there to be mutual agreement on the following matters, and except as the Parties may otherwise agree in writing:

(a) The Grantee will furnish to A.I.D. upon preparation:

- (1) Any plans, specifications, procurement or construction schedules, contracts, or other documentation relating to goods or services to be financed under the Grant, including documentation relating to the pre-qualification and selection of contractors and to the solicitation of bids and proposals. Material modifications in such documentation will likewise be furnished A.I.D. on preparation;
- (2) Such documentation will also be furnished to A.I.D., upon preparation, relating to any goods or services which, though not financed under the Grant, are deemed by A.I.D. to be of major importance to the Project. Aspects of the Project involving matters under this subsection (a)(2) will be identified in Project Implementation Letters;

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

(c) Contracts and contractors financed under the Grant for engineering and other professional services, for construction services, and for such other services, equipment or materials as may be specified in Project Implementation Letters, will be approved by A.I.D. in writing prior to execution of the contract. Material modifications in such contracts will also be approved in writing by A.I.D. prior to execution; and

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

Section C.4. REASONABLE PRICE. No more than reasonable prices will be paid for any goods or services financed, in whole or in part, under the Grant. Such items will be procured on a fair and, to the maximum extent practicable, on a competitive basis.

Section C.5. NOTIFICATION TO POTENTIAL SUPPLIERS. To permit all United States firms to have the opportunity to participate in furnishing goods and services to be financed under the Grant, the Grantee will furnish A.I.D. such information with regard thereto, and at such times, as A.I.D. may request in Project Implementation Letters.

Section C.6. SHIPPING. (a) Goods which are to be transported to the territory of the Grantee may not be financed under the Grant if transported either: (1) on an ocean vessel or aircraft under the flag of a country which is not included in A.I.D. Geographic Code 935 as in effect at the time of shipment, or (2) on an ocean vessel which A.I.D., by written notice to the Grantee, has designated as ineligible; or (3) under an ocean or air charter which has not received prior A.I.D. approval.

(b) Costs of ocean or air transportation (of goods or persons) and related delivery services may not be financed under the Grant, if such goods or persons are carried: (1) on an ocean vessel under the flag of a country not, at the time of shipment, identified under the paragraph of the Agreement entitled "Procurement Source: Foreign Exchange Costs," without prior written A.I.D. approval; or (2) on an ocean vessel which A.I.D., by written notice to the Grantee, has designated as ineligible; or (3) under an ocean vessel or air charter which has not received prior A.I.D. approval.

(c) Unless A.I.D. determines that privately-owned United States-flag commercial ocean vessels are not available at fair and reasonable rates for such vessels, (1) at least fifty percent (50%) of the gross tonnage of all goods (computed separately for dry bulk carriers, dry cargo liners and tankers) financed by A.I.D. which may be transported on

ocean vessels will be transported on privately-owned United States-flag commercial vessels, and (2) at least fifty percent (50%) of the gross freight revenue generated by all shipments financed by A.I.D. and transported to the territory of the Grantee on dry cargo liners shall be paid to or for the benefit of privately-owned United States-flag commercial vessels. Compliance with the requirements of (1) and (2) of this subsection must be achieved with respect to both any cargo transported from U.S. ports and any cargo transported from non-U.S. ports, computed separately.

Section C.7. INSURANCE. (a) Marine insurance on goods financed by A.I.D. which are to be transported to the territory of the Grantee may be financed as a Foreign Exchange Cost under this Agreement provided (1) such insurance is placed at the lowest available competitive rate, and (2) claims thereunder are payable in the currency in which such goods were financed or in any freely convertible currency. If the Grantee (or government of Grantee), by statute, decree, rule, regulation, or practice discriminates with respect to A.I.D.-financed procurement against any marine insurance company authorized to do business in any State of the United States, then all goods shipped to the territory of the Grantee financed by A.I.D. hereunder will be insured against marine risks and such insurance will be placed in the United States with a company or companies authorized to do a marine insurance business in a State of the United States.

(b) Except as A.I.D. may otherwise agree in writing, the Grantee will insure, or cause to be insured, goods financed under the Grant imported for the Project against risk incident to their transit to the point of their use in the Project; such insurance will be issued on terms and conditions consistent with sound commercial practice and will insure the full value of the goods. Any indemnification received by the Grantee under such insurance will be used to replace or repair any material damage or any loss of the goods insured or will be used to reimburse the Grantee for the replacement or repair of such goods. Any such replacements will be of source and origin of countries listed in A.I.D. Geographic Code 935 as in effect at the time of replacement, and, except as the Parties may agree in writing, will be otherwise subject to the provisions of the Agreement.

Section C.8. U.S. GOVERNMENT-OWNED EXCESS PROPERTY. The Grantee agrees that wherever practicable United States Government-owned excess personal property, in lieu of new items financed under the Grant, should be utilized. Funds under the Grant may be used to finance the costs of obtaining such property for the Project.

Article D. TERMINATION; REMEDIES

Section D.1. TERMINATION. Either Party may terminate this Agreement by giving the other Party 30 days' written notice. Termination of this Agreement will terminate any obligations of the Parties to provide financial or other resources to the Project pursuant to this 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 this Agreement. In addition, upon such termination A.I.D. may, at A.I.D.'s expense, direct that title to goods financed under the Grant be transferred to A.I.D. if the goods are from a source outside Grantee's country, are in a deliverable state and have not been offloaded in ports of entry of Grantee's country.

Section D.2. REFUNDS. (a) In the case of any disbursement which is not supported by valid documentation in accordance with this Agreement, or which is not made or used in accordance with this Agreement, or which was for goods or services not used in accordance with this Agreement, A.I.D., notwithstanding the availability or exercise of any other remedies under this Agreement, may require the Grantee to refund the amount of such disbursement in U.S. dollars to A.I.D. within sixty days after receipt of a request therefor.

(b) If the failure of Grantee to comply with any of its obligations under this Agreement has the result that goods or services financed under the Grant are not used effectively in accordance with this Agreement, A.I.D. may require the Grantee to refund all or any

part of the amount of the disbursements under this Agreement for such goods or services in U.S. dollars to A.I.D. within sixty days after receipt of a request therefor.

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

(d) (1) Any refund under subsection (a) or (b), or (2) any refund to A.I.D. from a contractor, supplier, bank or other third party with respect to goods or services financed under the Grant, which refund relates to an unreasonable price for or erroneous invoicing of goods or services, or to goods that did not conform to specifications, or to services that were inadequate, will (A) be made available first for the cost of goods and services required for the Project, to the extent justified, and (b) the remainder, if any, will be applied to reduce the amount of the Grant.

(e) Any interest or other earnings on Grant funds disbursed by A.I.D. to the Grantee under this Agreement prior to the authorized use of such funds for the Project will be returned to A.I.D. in U.S. dollars by the Grantee.

Section D.3. NONWAIVER OF REMEDIES. No delay in exercising any right or remedy accruing to a Party in connection with its financing under this Agreement will be construed as a waiver of such right or remedy.

Section D.4. ASSIGNMENT. The Grantee agrees, upon request, to execute an assignment to A.I.D. of any cause of action which may accrue to the Grantee in connection with or arising out of the contractual performance or breach of performance by a party to a direct U.S. dollar contract with A.I.D. financed in whole or in part out of funds granted by A.I.D. under this Agreement.
