

LIMITED SCOPE GRANT AGREEMENT

Between the United States of America, acting through
the Agency for International Development ("AID")

and

The Republic of Peru, acting through the Peruvian
Social Security Institute
(Grantee or "IPSS")

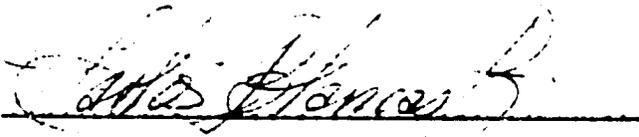
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|--|---------------------------------------|
| 1. Activity Title: Child Survival (Family Planning Assistance) | 2. Source of AID Funding: 527-0000 |
|--|---------------------------------------|

The above-named parties hereby mutually agree to carry out the activities described in this Agreement in accordance with (1) the terms of this Agreement, including any annexes attached hereto, and (2) any general agreement between the two governments regarding economic or technical cooperation.

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| 3. Amount of AID Grant: \$165,000 | 4. Grantee Contribution: \$75,000 | 5. Activity Assistance Completion Date: September 30, 1987 |
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6. This Agreement consists of this title page, Annex A, Description of Activities and Annex B, Standard Provisions.

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| 7. For the Republic of Peru: | 8. For the Agency for International Development: |
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Signature: Dr. Carlos Blancas Bustamante
Title: Minister of Justice,
Acting Foreign Affairs Minister

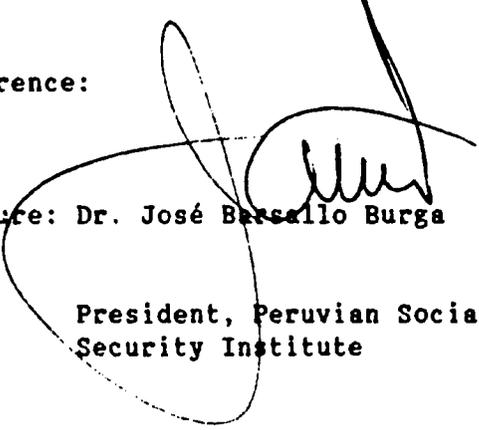


Signature: John A. Sanbrailo
Title: Mission Director

Date: September 1, 1986

Date: August 29, 1986

Concurrence:

Signature:  Dr. José Basallo Burga

Title: President, Peruvian Social
Security Institute

Date: Lima, August 29, 1986.

LIMITED SCOPE GRANT AGREEMENT

ANNEX A

Description of Activities

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|--|---------------------------------------|
| 1. Activity Title: Child Survival (Family Planning Assistance) | 2. Source of AID Funding: 527-0167 |
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3. The parties agree to carry out the following activities pursuant to this Agreement:

I. Purpose:

The purpose of this agreement is to assist the Peruvian Social Security Institute (IPSS) strengthen its national family planning program that operates in all IPSS hospitals and health centers throughout the country, and to strengthen its national child survival program.

II. Background

A. Introduction

Family planning has been provided as a part of IPSS services since 1984 with AID support. Approximately 1,590,000 female workers and 800,000 recently added spouses of workers are now included in IPSS coverage and qualify for family planning services. Currently, only 2% receive family planning assistance.

B. Project Activities

The principal activity of this project is to develop, strengthen and expand IPSS family planning services to all those who desire them in two to four areas of high need. The experience and models developed during this year will become the prototype for nationwide expansion under the Child Survival Project. Project activities include: (1) establishing a formal National Family Planning Program within IPSS; (2) conducting a general needs assessment; (3) compiling relevant data; (4) developing and executing a first year operational plan; (5) determining and appointing needed IPSS personnel; (6) establishing and equipping the main office; (7) designing and initiating a logistical system; (8) revising the family planning norms; (9) developing and executing a personnel training program; (10) developing and executing an IEC campaign; and, (11) developing a simple record keeping system of users.

The activities that are financed under this donation include:

(1) Program Director

At the request of IPSS, AID will finance a contract with a full time Peruvian medical expert in public health, especially in family planning. The salary and travel expenses for supervision by the Program Director will be included in this contract.

(2) Equipment

In order to utilize a family planning information system, AID will finance a computer. Also, a four wheel drive vehicle for supervision and transportation of materials will be provided.

(3) Other Items

AID assistance will also include staff training for doctors, nurses and promoters in the areas of program development and implementation, a community awareness and patient education campaign, (including folders, posters, radio shows, group meetings and talks, etc.), a small commission that will meet for four days in order to prepare the family planning long-term strategy, the improvement of the logistical system, and a small needs assessment study and baseline survey of IPSS users. The MOH will provide contraceptives from those stocks financed by AID for the MOH (including pills, IUDs, condoms and foams).

III. Responsibilities

A. A.I.D.

A.I.D. will provide funds as shown in the Budget and will purchase equipment in conformity with the requirements in Annex B, the Basic Provisions, and in accordance with Article IV. Specifically, A.I.D.:

1. will contract the services of a qualified expert to administer the family planning program of IPSS.
2. will provide a vehicle for the program supervision and a computer for program administration and evaluation.

3. will provide financing to conduct a needs assessment and baseline survey to initiate the program.

4. The needed contraceptives for the project will be provided by the MOH central warehouse from stocks funded by AID.

B. IPSS

From its staff, IPSS will provide full time personnel dedicated only to family planning, including at least a secretary, an IEC specialist, an administration specialist, a logistical and evaluation specialist, and clinical personnel to assist with the training and supervision, as well as a chauffeur and messenger. All costs for travel and per diem needed for supervision, shipping costs of supplies, customs clearance, warehouse storage, office space and equipment and other operational costs of the program financed by AID, will be provided by IPSS.

The IPSS will incorporate in these family planning activities, those couples who voluntarily desire to participate in them.

IV. Budget

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| 1. Program Director | | \$23,000 |
| a. Salary and benefits | 18,000 | |
| b. Travel and other costs | 5,000 | |
| 2. Equipment | | \$22,000 |
| a. 1 computer | 4,000 | |
| b. 1 4-wheel drive vehicle | 18,000 | |
| 3. Other Direct Costs | | \$120,000 |
| a. IEC Material and Public Education (including movies, posters, radio, brochures and community talks) | 85,000 | |
| b. Personnel training and education | 20,940 | |
| c. Micro-Commission to prepare Strategic Plans of the National Family Planning Program | 560 | |
| d. Child Survival Assistant | 4,500 | |
| e. Baseline Survey and Operational Research | 6,000 | |
| f. Inflation and Contingencies | 3,000 | |
| | | <hr/> |
| | TOTAL | \$165,000 |

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V. Source and Origin of Commodities and Nationality of Services

A. Commodities financed by AID under this Agreement shall have their source and origin in the United States and Peru except as the parties otherwise agree in writing. Except for ocean shipping, the suppliers of commodities or services shall have the United States or Peru as their place of nationality, except as the parties otherwise agree in writing. Ocean shipping financed by AID under the project shall, unless the parties otherwise agree in writing, be financed only on flag vessels of the United States.

B. Goods financed by AID under this Agreement and furnished through any private organization will be purchased by AID or by the implementing agency of the Peruvian Government.

VI. Special Provisions

For all purposes relevant to the implementation of this Agreement, Grantee will be represented by the individual holding or acting in the office of the President of IPSS, and AID 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 except amending this Agreement.

VII. Conditions Precedent to Disbursement

1. Complete an Executive Presidential Resolution that will create a new National Family Planning Program for IPSS at a high level with an independent structure, whose content and implementation will be in accordance with the Law that directs Population Policy in Peru.

2. Evidence that the IPSS has granted independence and autonomy for the administrative and financial management of the program.

3. Provide the program with offices, telephone and warehouse.

PROJECT AGREEMENT

ANNEX B

PROAG STANDARD PROVISIONS ANNEX

A. Reference to 'this Agreement' means the original Project Agreement as modified by any revisions which have entered into effect. Reference to 'cooperating country' means the country or territory of the Grantee.

B. (1) AID will make available the amount specified in Block 3 of this Agreement, as necessary for the Project, as may be further described in Annex A.

(2) The Grantee will make available the amount specified in Block 4 of this Agreement, as necessary for the Project, as may further be described in Annex A. The Grantee will also make, or arrange to have made, additional contributions of property, services, facilities and funds required for carrying out the Project as specified in Annex A.

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

D. Except as otherwise specified herein or subsequently agreed by the parties, all contributions of the parties pursuant to this Agreement shall be made on or before the Project Assistance Completion Date, or amended dated. A contribution of goods or services shall be considered to have been made when the services have been performed and the goods furnished as contemplated in this Agreement. Disbursement of funds may take place after final contributions have been made, but AID shall not be required to disburse funds hereunder after the expiration of nine months following the estimated Project Assistance Completion Date (Block 5 of this Agreement) or any amended Project Assistance Completion Date specified.

E. The procurement of commodities and services to be financed in whole or in part by AID may (where so required by AID procedures) be undertaken only pursuant to Project Implementation Orders (PIOs) issued by AID.

F. Unless otherwise specified in the applicable PIO or Project Implementation Letter (PIL), the procurement of commodities imported specifically for the Project and financed with the AID contribution referred to in Block 3 of this Agreement shall be subject to the provisions of AID Regulation 1.

G. Unless otherwise agreed by the parties or otherwise specified in the applicable PIO, title to all property procured through financing by AID pursuant to Block 3 of this Agreement shall be in the Grantee, or such public or private agency as it may authorize.

H. (1) Any property furnished to either party through financing by the other party pursuant to this Agreement shall, unless otherwise agreed by the party which financed the procurement, be used effectively for the purposes of the Project in accordance with this Agreement, and upon completion of the Project, will be used so as to further the objectives sought in carrying out the Project. Either party shall offer to return to the other, or to reimburse the other for, any property which it obtains through financing by the other party pursuant to this Agreement which is not used in accordance with the preceding sentence.

(2) Any funds provided to either party pursuant to this Agreement which are not used in accordance with this Agreement, shall be refunded to the party providing the funds.

(3) Any interest or other earnings on funds provided by AID to the Grantee under this Agreement will be returned to AID by the Grantee.

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

(2) If any personnel (other than citizens and residents of the cooperating country), whether United States Government employees, or employees of public or private organizations under contract with, or individuals under contract with AID, the Grantee or any agency authorized by the Grantee, who are present in the cooperating country to provide services which AID has agreed to furnish or finance under this Agreement, are under the laws, regulations or administrative procedures of the cooperative country, liable for income and social security taxes with respect to income which they are obligated to pay income or social security taxes to the Government of the United States of America, for property taxes on personal property intended for their own use, or for the payment of any tariff or duty upon personal or household goods brought into the cooperating country for the personal use of themselves and members of their families (not including such personal or household goods as may be sold by any such personnel in the cooperating country) or if any firm, not normally resident in the cooperating country, is liable for income, receipts, or other taxes on work financed by AID hereunder, the grantee

will pay such taxes, tariff, or duty unless exemption is otherwise provided by any applicable international agreement.

J. If funds provided by AID are introduced into the cooperating country by AID or any public or private agency for purposes of carrying out obligations of AID hereunder, the Grantee will make such arrangements as may be necessary so that such funds shall be convertible into currency of the cooperating country at the highest rate which, at the time the conversion is made, is not unlawful in the cooperating country.

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

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

M. AID and the Grantee shall each furnish the other with such information as may be needed to determine the nature and scope of operations under this Agreement and to evaluate the effectiveness of such operations.

N. The present Agreement shall enter into force when signed. Either party may terminate this Agreement by giving the other party thirty (30) days written notice of intention to terminate it. Termination of this Agreement shall terminate any obligations of the two parties to make contributions pursuant to Blocks 3 and 4 of this Agreement, except for payments which they are committed to make pursuant to noncancellable commitments entered into with third parties prior to the termination of the Agreement. It is expressly understood that the obligations under paragraph H relating to the use of property or funds shall remain in force after such termination. In addition, upon such termination AID may, at AID's expense, direct that title to goods financed under the Grant be transferred to AID if the goods are from a source outside the Grantee's country, are in a deliverable state and have not been offloaded in ports of entry of the Grantee's country.

O. To assist in the implementation of the Project, AID, from time to time, may issue PILs that will furnish additional information about matters stated in this Agreement. The parties may also use jointly agreed-upon PILs to confirm and record their mutual understanding on aspect of the implementation of this Agreement.

P. The Grantee agrees, upon request, to execute an assignment to AID 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 AID financed in whole or in part out of funds granted by AID under this Agreement.

Prohibition on Abortion Related Activities

None of the funds made available under this Grant may be used to finance any costs relating to:

- (a) performance of abortion as a method of family planning,
- (b) motivation or coercion of any person to undergo abortion,
- (c) biomedical research which relates, in whole or in part, to methods of, or the performance of, abortion as a method of family planning, or
- (d) active promotion of abortion as a method of family planning.