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PD-ABC-412

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PROJECT
GRANT AGREEMENT
BETWEEN THE
REPUBLIC OF THE PHILIPPINES
AND THE
UNITED STATES OF AMERICA
FOR THE
FAMILY PLANNING ASSISTANCE PROJECT

Date: May 10, 1990

Table of Contents

Page

ANNEX I - DESCRIPTION OF PROJECT

ANNEX II - PROJECT GRANT STANDARD PROVISIONS ANNEX

Article A: Project Implementation Letters

Article B: General Covenants

Section B.1.	Consultation	1
Section B.2.	Execution of Project	1
Section B.3.	Utilization of Goods and Services	2
Section B.4.	Taxation	2
Section B.5.	Reports, Records, Inspections, Audit	2
Section B.6.	Completeness of Information	3
Section B.7.	Other Payments	3
Section B.8.	Information and Marking	3

Article C: Procurement Provisions

Section C.1.	Special Rules	3
Section C.2.	Eligibility Date	3
Section C.3.	Plans, Specifications and Contracts	4
Section C.4.	Reasonable Price	4
Section C.5.	Notification to Potential Suppliers	4
Section C.6.	Shipping	5
Section C.7.	Insurance	6
Section C.8.	U.S. Government-Owned Excess Property	6

Article D: Termination; Remedies

Section D.1.	Termination	6
Section D.2.	Refunds	7
Section D.3.	Nonwaiver of Remedies	7
Section D.4.	Assignment	8

ANNEX III - POLICY DETERMINATION 3, VOLUNTARY
STERILIZATION

TABLE OF CONTENTS
PROJECT GRANT AGREEMENT

	<u>Page</u>
Article 1: The Agreement	
Article 2: The Project	
Section 2.1. Definition of Project	1
Section 2.2. Incremental Nature of Project	2
Article 3: Financing	
Section 3.1. The Grant	2
Section 3.2. Grantee Resources for the Project	2
Section 3.3. Project Assistance Completion Date	3
Article 4: Conditions Precedent to Disbursement	
Section 4.1. First Disbursement	4
Section 4.2. Additional Disbursement	4
Section 4.3. Notification	4
Section 4.4. Terminal Dates for Conditions Precedent	5
Article 5: Special Covenants	
Section 5.1. Project Evaluation	5
Section 5.2. Exclusion of Funds for Abortions	6
Section 5.3. Voluntary Sterilization Policy	6
Section 5.4. Voluntary Informed Consent	6
Section 5.5. Contraceptive Inventories	6
Section 5.6. Timely Procurement of Project Commodities	6
Article 6: Procurement Source	
Section 6.1. Foreign Exchange Costs	7
Section 6.2. Local Currency Costs	7
Article 7: Disbursements	
Section 7.1. Disbursement for Foreign Exchange Costs	8
Section 7.2. Disbursement for Local Currency Costs	8
Section 7.3. Other Forms of Disbursement	9
Section 7.4. Rate of Exchange	9
Article 8: Miscellaneous	
Section 8.1. Communications	9
Section 8.2. Representatives	10
Section 8.3. Standard Provisions Annex	11

PROJECT GRANT AGREEMENT

Dated: May 10, 1990

Between the Republic of the Philippines ("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.

Article 2: The Project.

Section 2.1. Definition of Project. The Project, which is further described in Annex I to this Agreement, will consist of assisting the Government of the Republic of the Philippines to increase the availability and use of family planning services, and to increase the contraceptive prevalence rate of program methods in the Philippines, through support to the National Population Program. Annex I, 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 I 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., pursuant to the Foreign Assistance Act of 1961, as amended, agrees to grant the Grantee under the terms of this Agreement not to exceed Fourteen Million United States ("U.S.") Dollars (\$14,000,000.00) ("Grant").

The Grant may be used to finance foreign exchange costs, as defined in Section 6.1, and local currency 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. \$16,510,000, including costs borne on an "in-kind" basis.

Section 3.3. Project Assistance Completion Date.

(a) The Project Assistance Completion Date ("PACD"), which is December 31, 1994, 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. 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. 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, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) An opinion of the person holding or acting in the Office of the Secretary of the Grantee's Department of Justice that this Agreement has been duly authorized 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, and

(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.

Section 4.2. Additional Disbursement. Prior to disbursement under the Grant, or to issuance by A.I.D. of documentation pursuant to which disbursement will be made for new activities other than the procurement of contraceptives, the 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., at the beginning of each Project year, an implementation plan for the activities to be funded in that Project year.

Section 4.3. Notification. When A.I.D. has determined that the conditions precedent specified in Sections 4.1 and 4.2 have been met, it will promptly notify the Grantee.

Section 4.4. 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 the condition specified in Section 4.2 has not been met within 90 days from the date of the first day of each Project year, or such later date as A.I.D. may agree to in writing, A.I.D., at its option, may cancel the undisbursed portion 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. The Parties agree to establish an evaluation program as 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; and
- (d) Evaluation, to the degree feasible, of the overall development impact of the Project.

Section 5.2. Exclusion of Funds for Abortions. The Parties agree that none of the funds made available under this Agreement shall be used to pay for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions.

Section 5.3. Voluntary Sterilization Policy. The Grantee agrees that surgical sterilization activities supported in whole or in part by funds made available under this Agreement will conform to A.I.D. sterilization policy guidelines set forth in Section II of A.I.D. Policy Determination 3, dated September 1982, which is appended to this Agreement as Annex III.

Section 5.4. Voluntary Informed Consent. The Grantee agrees to assure that all individuals participating in family planning programs (whether involving distribution of contraceptives or sterilization, or both) supported in whole or in part by funds provided hereunder, do so on the basis of an informed consent voluntarily given with knowledge of the benefits, risks, principal effects and available alternatives. The Grantee further assures that no individual is coerced to practice methods of family planning inconsistent with his or her moral, philosophical or religious beliefs.

Section 5.5. Contraceptive Inventories. The Grantee shall conduct nation-wide contraceptive inventories annually, or at such other times as may be mutually agreed upon by the Grantee and A.I.D.

Section 5.6. Timely Procurement of Project Commodities. The Grantee shall furnish to A.I.D. project implementation orders on a timely basis with respect to contraceptive commodities which the Grantee wishes to be procured on its behalf by agencies of the United States to

ensure the efficient and cost effective procurement of such commodities by agencies of the United States Government. This understanding applies urgently to the initial procurement of oral contraceptives. Completed PIO/Cs, signed by both Parties, are required no later than July 2, 1990.

Article 6: Procurement Source.

Section 6.1. Foreign Exchange Costs. Disbursement pursuant to Section 7.1 will be used exclusively to finance the costs of goods and services required for the Project having, with respect to goods, their source and origin and, with respect to services, their nationality, 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 or 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. Ocean transportation costs shall be financed under the Grant only on vessels under flag registry of the United States.

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, with respect to services, their nationality and, with respect to goods, their source and, except as A.I.D. may otherwise agree in writing, their origin in the Republic of the Philippines ("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 reimbursement for such goods or services, or,

(B) 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 directly to one or more contractors or suppliers, committing A.I.D. to pay such contractors or suppliers for such goods or services.

(b) Banking charges incurred by the Grantee in connection with Letters of Commitment will be financed under the Grant unless the 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 purchased by A.I.D. with U.S. Dollars. The U.S. Dollar equivalent of the local currency made available hereunder will be the amount of U.S. Dollars required by A.I.D. to obtain the local currency.

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 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 Grantee will make such arrangements as may be necessary so that such funds may be converted into Philippine currency at the highest rate of exchange which, at the time the conversion is made, is not unlawful in the Republic of the Philippines.

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: National Economic and Development Authority
P.O. Box 419, Greenhills, Metro Manila
Philippines

Alternate address for cables: NEDAPHIL

Mail Address: Department of Health
San Lazaro Hospital Compound
Sta. Cruz, Manila, Philippines

Alternate address for cables: 40438 DOHPHIL

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.

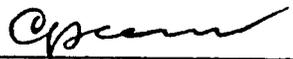
Section 8.2. Representatives. For all purposes relevant to this Agreement, the Grantee will be represented by the individual holding or acting in the office of the Secretary, Department of Health and A.I.D. will be represented by the individual holding or acting in the office of the Director, United 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 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 II) is attached to and forms part of this Agreement.

IN WITNESS WHEREOF, the Grantee and the United States of America, each acting through its duly authorized representatives, 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

UNITED STATES OF AMERICA

By: 
Cayetano W. Paderanga, Jr.

By: 
Nicholas Platt

Title: Director-General
National Economic and
Development Authority

Title: Ambassador
U.S. Embassy, Manila

WITNESS

By: 
Alfredo R.A. Bengzon

By: 
Malcolm Butler

Title: Secretary
Department of Health

Title: Mission Director
United States Agency for
International Development

ANNEX I
FAMILY PLANNING ASSISTANCE PROJECT
PROJECT DESCRIPTION

I. GENERAL PROJECT DESCRIPTION

The Family Planning Assistance Project (FPAP) aims to assist the GOP to continue progress towards meeting the national family planning goal of reducing the total fertility rate in the Philippines. The purpose of the Project is to increase the availability and use of family planning services and the contraceptive prevalence rate of program methods in the Philippines through support to the National Population Program. The core activity supported under the Project is the delivery of family planning services. In general, the other assisted areas are supportive of service delivery. The following are the components of the GOP program supported by FPAP:

- Expansion of Family Planning Service Delivery
- Training
- Information, Education, Communication and Motivation (IECM)
- Logistics
- Contraceptives
- Monitoring, Evaluation and Audit
- Research

The end-of-project status targets are an increase of contraceptive prevalence rate of all methods as follows:

	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>
CPR (percent of MCRA)	36	39	42	46	50

The corresponding targets for reducing the Total Fertility Rate (TFR) are as follows:

TFR	<u>1990</u>	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>
	4.31	4.21	4.05	3.90	3.74

The TFR targets are taken from the "Philippine Population Program Five Year Directional Plan 1989-1993."

A. Expansion of Family Planning Service Delivery

1. Department of Health (DOH) Facilities

The national network of public-sector health stations, clinics and hospitals provides the basis for the DOH to provide family planning services. The Project will provide training and equipment needed to add family planning services to DOH facilities which are not offering such services.

The Project will also provide funding to maintain comprehensive itinerant teams (CITs) in areas hard to service because of topography or settlement patterns, and for the formation and equipping of additional CITs. Funds will be available to test promising approaches to extending information, resupply and referral services into communities, beyond the clinics.

The DOH plans to differentiate its approach to strengthening service delivery between areas of high unmet needs and those already meeting a demonstrated demand for service. In the first group of ten regions, intensive efforts will be made especially in the first two years to increase service outlets; improve the quality of services; and communicate better with couples who need the services, including testing innovative approaches to outreach. Project funds for developing and expanding the DOH's service delivery capacity are to be concentrated in these areas. It is anticipated that the DOH will focus UNFPA service-delivery support in the remaining four regions -- Regions III, VII, X and XI.

- 12 -

Project funds are provided to cover special costs of clinical services such as treatment of complications and laboratory test fees, and the additional costs of expendable supplies.

2. Private Sector

An important factor in increasing services is expanding private-sector capability. Four private-sector avenues have been identified for support under FPAP, which are expected to contribute significantly to the National Population Program.

a. Commerce and Industry. The Project will provide funds to help selected companies in Regions III, VII, X and XI to develop in-plant family planning services. The Project will initially focus on approximately 58 companies that employ from 65 to 75 percent female workers. Expansion to other companies may be approved if funds are available. The Project will finance the formation of family welfare committees in the plants, selection and training of volunteer in-plant communicators, training of clinic staff, equipping the clinics, and operational support costs. In addition, 40 firms in the National Capital Region will also be targeted as recipients of family planning activities.

b. Contraceptive Social Marketing (CSM). Social marketing is selling a socially useful idea using standard marketing techniques. In CSM, products are also involved, usually reversible contraceptive methods, that are sold through existing for-profit marketing networks at prices to increase their accessibility to low-income people. A feasibility study will be conducted early in the Project that will form the basis for the family-planning CSM effort. The Project provides long-term technical expertise, and for the survey of advertising and market research facilities,

private, for-profit health facilities and private pharmacies throughout the country, as potential resources for extending the availability of family planning services.

c. The Non-Governmental Organization (NGO) Community. One objective of the Project is to enhance the capability of Philippine NGO Council on Population, Health and Welfare (PNGOC) to help local NGOs plan and operate effective projects and programs, to allocate and administer grant monies to NGOs, and to develop plans for partial self-sufficiency -- for itself and for its NGO members. It is anticipated that the PNGOC will be able to administer approximately ten NGO subgrants successfully by the end of the project. A long-term resident resource person will be provided, supplemented from time to time by short-term technical assistance. It is expected that FPAP support will also be provided to the major national NGOs, such as the Family Planning Organization of the Philippines, the Institute of Maternal and Child Health and the Integrated Maternal and Child Care Services and Development, Inc.

d. Franchising Family Planning and Health Care. It is anticipated that early in the Project, A.I.D., using other than Project funds, will finance a needs assessment and feasibility study of a health care benefits package that includes family planning. The recommendations of this study may lead to two or three pilot approaches to be funded under the FPAP. The aim of this activity is to extend services to underserved areas, low-income urban and rural. Attractions for the medical and paramedical personnel involved include clinical equipment, loan guarantees, and access to low-cost and subsidized consumable commodities. One feature of the scheme is a repayment plan that enables the medical persons to repay their loans, retain a profit, and eventually become self-supporting.

15

B. Training

Training of staff is key to meeting the urgent need of upgraded and expanded family planning services. Technical assistance under the A.I.D.-financed Population Planning III Project has assisted medical, nursing and midwifery schools to update their curricula on human reproduction and fertility management. The FPAP provides up to 15 months of short-term expert consultation over the life of the project to deal with specialized contraceptive- and program-related subjects as they concern training. The FPAP will also support in-service and pre-service training of family planning program personnel based in regions other than III, VII, X and XI, in which UNFPA assistance is expected to cover training. Project funds will supplement training funds budgeted by the DOH.

Training will cover a broad spectrum of subjects: clinical skills; information and skills related to the health benefits of family planning, the safety of modern contraceptive methods and the case management of contraceptive users, including users of natural family planning; management, supervision and evaluation in family planning programs; communication skills, both for those who design materials and campaigns and for the clinic and community staff who communicate directly with the program's clients; the Field Health Services Information System; supply management and logistics, principally for the DOH staff who will be responsible for the contraceptive commodities.

Project funds may be used for short-term training and observation study tours. Attendance at short-term courses, such as program management and technical family planning subjects, is planned for 10 person-months per year during the project. Up to four person-months of study tours per year for those at policy-making levels are anticipated.

C. Information, Education, Communication and Motivation (IECM)

Informing and educating people about family planning and responsible parenthood is an essential component of expanding the accessibility of high-quality services. Project funds may be used for intensified informational campaigns using the full range of media, giving specific information about the contraceptive methods and where they are available, correcting misinformation and countering rumors, and educating the public on the health benefits to families of regulating fertility. These messages will be reinforced by the personal communications to clients by clinic staff and community-based outreach workers to improve the continuation rates among people who adopt contraception. How to communicate, as well as what to communicate, will be a part of the training of service personnel of the public- and private-sector programs.

Project funds may be provided to one or more NGOs capable of producing IECM materials to serve the needs of NGO and industrial programs. Such materials will be reviewed by the DOH and its national coordinating committee on IECM to ensure compatibility with national program strategy.

A long-term resident specialist and several short-term experts will assist the responsible DOH and NGO personnel in the creation, production and distribution of materials and the mass media placement of media campaigns that will be funded by the DOH and the FPAP.

An evaluation is planned to measure the impact of the campaign and identify areas for improvement.

D. Logistics

The responsibility for family planning logistics has shifted to the DOH from POPCOM. During the first two years of the Project, attention will be focused on the orderly transition to assure an uninterrupted flow of contraceptive supplies to the program's clients.

The Project provides funds for a long-term family planning logistics coordinator to help the DOH design a distribution system and make it operational. During the same period, under an agreement with DOH, POPCOM will contribute its experience in designing the system, help with the training of logistics personnel and continue to distribute the contraceptive supplies already in country that are in POPCOM warehouses.

Project funds may be used to offset the system's operating costs during the first two years of the Project.

E. Contraceptives

Project funds will be used to procure U.S. contraceptives required by the DOH for approximately a five-year period, up to level of funding available under the Project for contraceptives.

The Project funds the annual contraceptive inventory status report for the first two or three years, after which it is expected that the Family Health Service Information System (FHISIS) will be an adequate and reliable source of supply-level information. Project funds may also be used to offset DOH costs of storage and distribution of contraceptives and equipment maintenance and training.

F. Monitoring

The DOH will carry out its on-going function of monitoring current program operations and project-supported actions by two principal means: one is the FHSIS; the other is a program of regular site visits by DOH validation teams to assess quality of services, accuracy of reporting and clients' satisfaction with services.

The Project will support the training and printing costs to introduce the FHSIS as needed to GOP agencies and the NGOs who will be reporting their service and commodity statistics to the DOH. Project funds are provided for four computers for the NGO community. Funds are also allocated for special studies to supplement data regularly generated by FHSIS.

FPAP will contribute, in approximately the first two years of the Project, to the refinement of the validation team supervisory effort. This will include funding a fellowship to a short-term course in the U.S. on management, supervision and evaluation. Longer-range assessments financed under the Project include several external project evaluations, a special evaluation of the IECM component, a contraceptive prevalence survey in 1991, analysis of the 1993 national demographic survey data, and audits.

G. Research/Demonstration

Committees on research and development at national and regional levels, comprised of representatives of DOH, POPCOM, National Economic and Development Authority (NEDA), other GOP agencies and several NGOs, have the responsibility for setting research priorities and coordinating family planning and population research. Areas of study for which Project support is planned include, but are not limited to, contraceptive use and safety,

1/1

sociological research on the use of family planning and the different kinds of services, and data analysis. Training funds are planned for short-term courses to expand research capability.

FPAP support for developing DOH, NGO and other GOP capability to monitor and assess their respective programs is provided under the training component.

In 1989, POPCOM, with AID funds, began to develop the RAPID model for the Philippines, in collaboration with the University of the Philippines, NSO, DOLE, the Department Environment and Natural Resources and other GOP agencies. FPAP funds will be used for technical assistance to finalize the RAPID model, to train presenters, develop a booklet presenting the information, and to fund a subcontract with POPCOM to carry out approximately 50 workshops--two at the national level for legislators, cabinet members, legislative aides and other policymakers and the remainder aimed at population program and local government leaders as well as civic and business leaders throughout the country.

Funds are also provided for technical assistance and operating costs to support the activities of the Philippine Legislators' Committee on Population and Development Foundation, Inc, (PLCPD).

II. RESPONSIBILITIES OF THE PARTIES

A. DOH

The DOH will provide funding for the costs to the clinics and hospitals of performing surgical sterilization and other family planning clinical procedures, as part of its regular budget support for the clinics and hospitals. The DOH will also fund the additional costs of expendable supplies needed by hospitals and clinics to provide family planning services.

The DOH, in consultation with USAID, will contract with an appropriate Philippine PVO to manage the commerce and industry component of the Project, in cooperation with the Department of Labor and Employment.

With regard to training, DOH will form a Central Training Committee (CTC) which may be comprised of representatives of the Family Planning Service and the Health Manpower Development and Training Service units of the DOH, POPCOM, other GOP agencies and NGOs. The CTC will set standards for accreditation of trainers, training institutions, surgical service providers, field training areas and training programs. Regional Training Committees (RTCs), similarly constituted, will ensure adherence to the standards. Previous certifications and accreditations conferred by the POPCOM Technical Committee, of which the DOH was a member, remain valid.

The DOH will be responsible for communication-related training and the adolescent-targeted information programs of the multi-service youth centers. In addition, the DOH will submit monitoring reports to concerned GOP agencies.

B. USAID

USAID plans to obtain technical assistance and other support for the Contraceptive Social Marketing Component, for the IECM component, for the Logistics component, and for the Research/Demonstration (RAPID and PLCPD) component through "buy-ins" to A.I.D./Washington contracts with universities or private companies.

During the second year of the Project, USAID expects to enter into a cooperative agreement or contract with a U.S.-based private and voluntary organization for technical assistance to assist the institutional development of PNGOC. The U.S. PVO will also subgrant FPAP funds to the Philippine NGOs.

III. FINANCIAL PLAN

The financial plan in Attachment 1 is illustrative. Changes to the plan may be made by the representatives of the Parties named in the text of the Agreement in Section 8.2 without formal amendment of the Agreement so long as such changes do not cause (a) A.I.D.'s contribution to exceed the amount specified in the text of the Agreement; or (b) the Grantee's contribution to be less than the amount specified in the Agreement. Future A.I.D. obligations are subject to the availability of funds and mutual agreement of the Parties to proceed.

IV. EVALUATION

The Project provides funds for evaluation of the Project. A.I.D. will contract for a Project evaluation in 1992, or the midpoint of the Project, to identify problems, recommend solutions and determine if changes in Project design or objectives are needed. A.I.D. will also contract for an end-of-project evaluation, in 1994.

A.I.D. will contract for a special evaluation study, which is anticipated to take place in 1993, to measure the impact of the information and education campaigns on contraceptive use.

It is anticipated that A.I.D. will contract for services to assist the Grantee in its contraceptive prevalence survey, scheduled for 1991, and a national demographic survey scheduled in 1993. It is expected that the 1991 and 1993 surveys will be a measure of progress towards achievement of the Project purpose.

A.I.D. may use Project funds to contract unilaterally for an external audit of the Project.

V. SPECIAL CONSIDERATIONS

All participant training financed under the Project will be conducted in accordance with the provisions of A.I.D. Handbook 10 (Participant Training).

All technical assistance, whether local or expatriate, will require DOH concurrence.

27

FAMILY PLANNING ASSISTANCE PROJECT
PROJECT NO. 492-0396
PROJECT FINANCIAL PLAN
(\$000)

Element	Cumulative Obligations FY 1990 A.I.D.		Future Years Anticipated A.I.D.		Total		GOP	
	FX	LC	FX	LC	FX	LC	FX	LC
Expansion of Service Delivery	1,190	-	4,962	-	6,152	-	-	1,759
IECM	960	1,212	500	1,288	1,460	2,500	-	773
Logistics	590	300	-	1,210	590	1,510	-	4,427*
Contraceptives	2,995	-	8,542	-	11,537	-	-	-
Private Sector								
In-Plant	-	1,700	0	500	-	2,200	-	1,041
SOMARC	2,500	-	0	-	2,500	-	-	-
NGO Support	1,000	-	2,590	-	3,590	-	-	-
Franchising	-	-	521	-	521	-	-	-
Training	82	918	328	3,672	410	4,590	-	2,423
Research	300	100	75	292	375	392	-	155
Monitoring/Evaluation/ Audit	75	78	448	72	523	150	-	5,932
Contingency/Inflation	-	-	1,000	-	1,000	-	-	-
Total	<u>9,692</u>	<u>4,308</u>	<u>18,966</u>	<u>7,034</u>	<u>28,658</u>	<u>11,342</u>	<u>-</u>	<u>16,510*</u>

* includes \$662,000 in estimated customs duties & taxes
US\$1 = P22

ANNEX II
PROJECT GRANT STANDARD PROVISIONS ANNEX

Definition: 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 I.

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.

confirms: Section B.6. Completeness of Information. The Grantee

(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; and

(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, 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.

27

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 prequalification 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; and

(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 prequalification 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 on a non-U.S. flag air carrier if a U.S. flag carrier is available (in accordance with criteria which may be contained in Project Implementation Letters) without prior written approval of A.I.D.; 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 U. S. dollars or, as A.I.D may agree in writing, 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 risks 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 replacement 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 payment which they are committed to make pursuant to noncancellable 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 off-loaded 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 (60) 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 (60) 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 refunds 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 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 which A.I.D. financed in whole or in part out of funds granted by A.I.D. under this Agreement.

72'

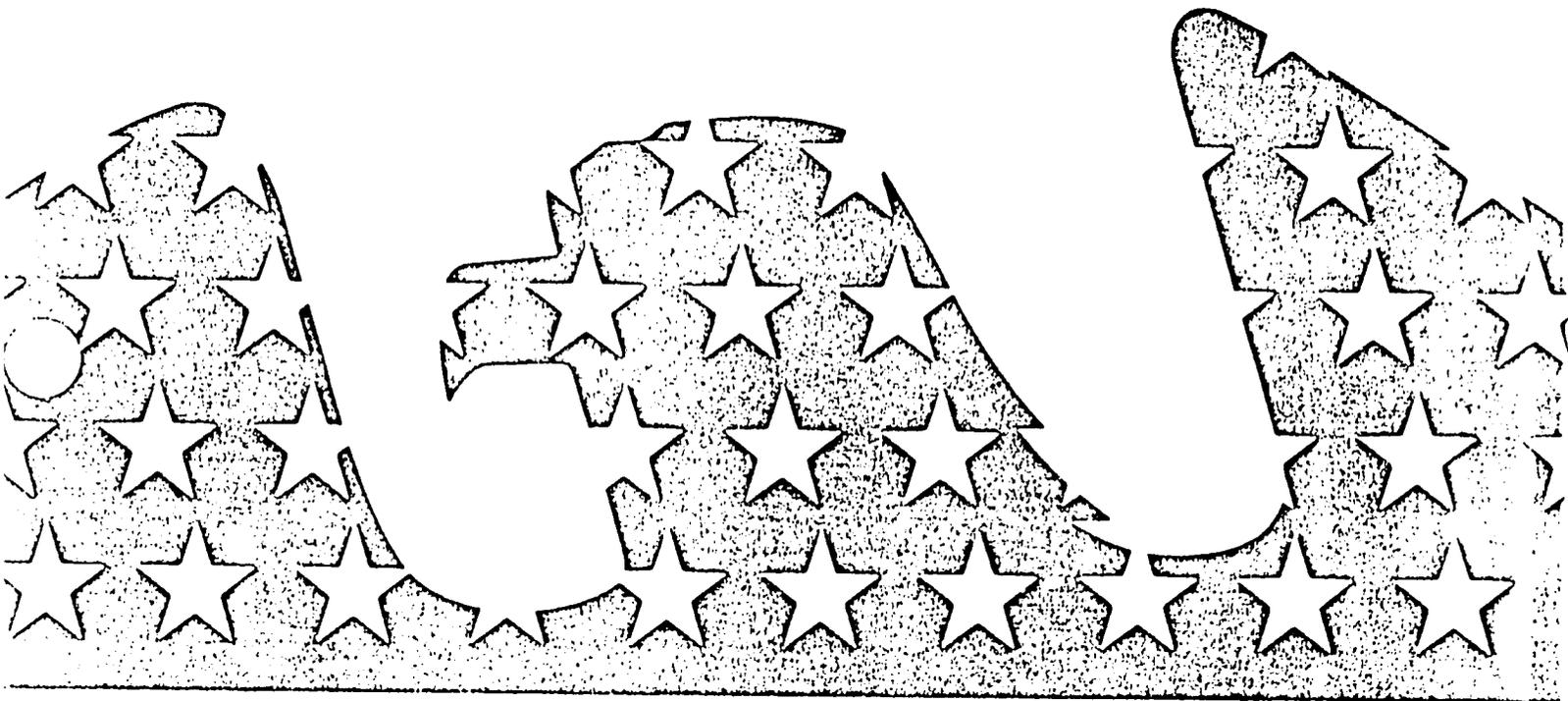
POLICY DETERMINATION

Agency for International Development

PD-3

September 1982

VOLUNTARY STERILIZATION



2/21

A.I.D. POLICY GUIDELINES ON VOLUNTARY STERILIZATION

I. OVERVIEW

The World Population Plan of Action of the World Population Conference of 1974 observed that: "All couples and individuals have the basic right to decide freely and responsibly the number and spacing of their children, and to have the information, education and means to do so ..."

The Foreign Assistance Act (FAA) of 1961 (as amended) reflects additional considerations:

- (1) the process of economic and social development, which is in turn affected by the pace, magnitude and direction of population growth; and,
- (2) in many LDCs high rates of population growth limit attainment of broader development goals, contribute to economic hardship and hazardous health conditions, and deny opportunities for improved quality of life for many parents and their children.

In carrying out a comprehensive population assistance program authorized by the FAA, A.I.D. has responded to the growing number of LDC requests for assistance and has helped to make the various methods of family planning permitted by our legislation available on a broader scale to the rural and urban population for use on a strictly voluntary basis.

More recently, LDC governments and non-government organizations have requested assistance to extend the availability of voluntary sterilization (VS) services.* Such requests are partially in response to the preparatory work conducted by various organizations which have received A.I.D.

*VS service programs included those activities which are primarily intended to provide voluntary male and female sterilizations to persons requesting this type of contraceptive procedure. For purposes of this discussion, however, VS training programs are included, since training generally requires that trainees conduct supervised procedures on patients who have voluntarily presented themselves at a service/training facility for sterilization.

support, including the Association for Voluntary Sterilization (AVS), the Pathfinder Fund, the International Fertility Research Program (IFRP), and the Johns Hopkins University Program for International Education in Gynecology and Obstetrics (PIEGO) as part of its broad program of advance training in obstetrics and gynecology. These organizations have contributed to significant advances in the development of new surgical techniques which make sterilization safer, simpler and less expensive as an outpatient procedure. They have developed specialized equipment and given LDC medical personnel specialized training in the practice of obstetrics and gynecology, including endocrinology, identification of cancerous conditions, maternal care, and the management of infertility and fertility, including sterilization procedures.

In providing support for sterilization services, A.I.D. must reaffirm its long-standing and complete commitment to the basic principle of voluntary acceptance of family planning methods and determine basic conditions and safeguards within which A.I.D. support for sterilization activities can be provided. These conditions and safeguards are needed because of the special nature of sterilization as a highly personal, permanent surgical procedure and to ensure that the needs and rights of individuals are scrupulously protected.

The official positions of national governments are mixed. While voluntary sterilization has become a basic part of comprehensive family planning services in many countries, in some there is only unofficial approval for action by non-government agencies while in other countries there is opposition to the method. A.I.D. staff and A.I.D.-funded grantees and contractors must be fully aware of national sensitivities and must receive AID/W and mission approval before making any commitments on commencing support for sterilization activities in any context.

II. General Guidelines

A.I.D. acknowledges that each host country is free to determine its own policies and practices concerning the provision of sterilization services. However, A.I.D. support for VS program activities can be provided only if they comply with these guidelines in every respect.

PD-3
September 1982

A. Informed Consent: A.I.D. assistance to VS service programs shall be contingent on satisfactory determination by the USAID (bilateral programs) and/or A.I.D.-funded grantees or contractors that surgical sterilization procedures, supported in whole or in part by A.I.D. funds, are performed only after the individual has voluntarily presented himself or herself at the treatment facility and given his or her informed consent to the sterilization procedure.

Informed consent means the voluntary, knowing assent from the individual after he or she has been advised of the surgical procedures to be followed, the attendant discomforts and possible risks, the benefits to be expected, the availability of alternative methods of family planning, the purpose of the operation and its irreversibility, and his or her option to withdraw consent any time prior to the operation. An individual's consent is considered voluntary if it is based upon the exercise of free choice and is not obtained by any special inducement or any element of force, fraud, deceit, duress or other forms of coercion or misrepresentation.

Further, the recipient of A.I.D. funds used all or in part for performance of VS procedures must be required to document the patient's informed consent by (a) a written consent document in a language the patient understands and speaks, which explains the basic elements of informed consent, as set out above, and which is signed by the individual and by the attending physician or by the authorized assistant of the attending physician; or (b) when a patient is unable to read adequately a written certification by the attending physician or by the authorized assistant of the attending physician that the basic elements of informed consent above were orally presented to the patient, and that the patient thereafter consented to the performance of the operation. The receipt of the oral explanation shall be acknowledged by the patient's mark on the certification and by the signature or mark of a witness who shall be of the same sex and speak the same language as the patient. Copies of these informed consent forms and certification documents for each VS procedure must be retained by the operating medical facility, or by the host government, for a period of three years after the performance of the sterilization procedure.

36

PD-3
September 1982

USAID Missions should note their responsibility to monitor A.I.D.-assisted VS programs -- whether such programs are funded bi-laterally or by A.I.D.-funded grantees or contractors -- to ensure continuing adherence to the principle of informed consent. In order to carry out this monitoring function effectively, all proposed programs -- either bilaterally funded or funded by A.I.D.-supported intermediaries -- shall be approved by the mission and AID/W prior to any commitment of funds or promise to commit funds for VS activities. In carrying out this responsibility, USAID staff should be thoroughly familiar with local circumstances and government administrative patterns and be able to communicate effectively with host country representatives.

B. Ready Access to Other Methods: Where VS services are made available, other means of family planning should also be readily available at a common location, thus enabling a choice on the part of the acceptor.

C. Incentive Payments: No A.I.D. funds can be used to pay potential acceptors of sterilization to induce their acceptance of VS. Further, the fee or patient cost structure applied to VS and other contraceptive services shall be established in such a way that no financial incentive is created for sterilization over another method.

D. Quality of VS Services: Medical personnel who operate on sterilization patients must be well-trained and qualified in accordance with local medical standards. Equipment provided will be the best available and suitable to the field situations in which it will be used.

E. Sterilization and Health Services: To the fullest possible extent, VS programs -- whether bilaterally funded or conducted by A.I.D.-funded private organizations -- shall be conducted as an integral part of the total health care services of the recipient country and shall be performed with respect to the overall health and well-being of prospective acceptors. In addition, opportunities for

PD-3
September 1982

extending health care to participants in VS programs should be exploited to the fullest. Consideration must also be given to the impact that expanded VS services might have on existing general health services of the recipient country with regard to the employment of physicians and related medical personnel and the use of buildings or facilities.

F. Country Policies: In the absence of a stated affirmative policy or explicit acceptance of A.I.D. support for VS activities, USAIDs should take appropriate precautions through consultation with host country officials in order to minimize the prospect of misunderstandings concerning potential VS activities. In monitoring the consistency of A.I.D.-supported VS programs with local policy and practice, USAIDs and A.I.D.-funded donor agencies shall also take particular note of program activities among cultural, ethnic, religious or political minorities to ensure that the principles of informed consent discussed under "A" above are being observed and that undue emphasis is not given to such minority groups.



M. Peter McPherson

SEP 1982

Date



Addendum to PD-3
September 1982

Additional A.I.D. Program Guidance for
Voluntary Sterilization (VS) Activities

1. INTRODUCTION: The previously provided Policy Determination No. 3 (PD-3), remains in effect. However, in light of several years experience, additional clarification of a number of points relating to the application of PD-3 and specific interpretation of its provisions appears to be needed.

2. APPLICABILITY OF PD-3: PD-3 states (page 2) "A.I.D. support VS program activities can be provided only if they comply with these guidelines in every respect". This means that the provisions of PD-3 must be applied if A.I.D. funds are used for whole or partial direct support of the performance of VS activities. However, as also noted in PD-3 (page 2), A.I.D. acknowledges that each host country is free to determine its own policies and practices concerning the provision of sterilization services". The provisions of PD-3 do not apply if A.I.D. provides support for population and family planning programs within a country and provision of VS services is not called for in the support agreement, i.e. VS activities may be a part of the host country's program, but A.I.D. funds are not used to support such services. For example, if A.I.D. support for VS program activities is geographically confined to particular parts of a country, PD-3 applies only to those areas with VS program activities supported by A.I.D. PD-3 does not apply if activities and projects are only peripherally related to provision of VS services, for example, A.I.D. support for construction of multipurpose buildings or broad-based training in reproductive health which includes VS techniques. Finally, in A.I.D.-supported population and family planning programs in host countries which use A.I.D. funds for activities other than VS and support VS activities with their own or other non-A.I.D. funds, PD-3 does not apply.

3. INFORMED CONSENT: The recipient of A.I.D. support used fully or in part for performance of VS procedures must obtain and document voluntary informed consent as part of the conduct of any VS procedure. A.I.D. does not require any specific format for this procedure. However, the elements of the procedure described in PD-3 (i.e., an explanation of the nature of the procedure, the attendant risks and benefits, availability of alternative methods of family planning, that the procedure is irreversible, and that the patient may withdraw consent) all must be part of the process of obtaining informed consent.

201

Addendum to PD-3
September 1982

4. METHODS OF PAYMENT: All acceptor and/or provider payments in cash or kind beyond VS service costs as well as fees charged for VS and other contraceptive services shall be established in such a way that no financial incentive is created for sterilization over another contraceptive method.

(A) Payment of Acceptors: It should be noted that guidance differs for payments which may be made to acceptors of VS as contrasted to payments to providers of VS (guidance applicable to providers of VS services is described in para 4.B below). As stated in PD-3, para C, page 4, "No A.I.D. funds can be used to pay potential acceptors of sterilization to induce their acceptance of VS". Further, A.I.D. support generally cannot be provided to VS services which include incentive payments paid to potential acceptors. For example, a VS program supported by A.I.D. cannot be supplemented with acceptor incentives to induce acceptance of sterilization services. Determination of what constitutes an incentive must be made locally based on thorough knowledge of social and economic circumstances of potential acceptors. In general, recompense to acceptors for legitimate, extra expenses related to VS program services such as transportation, food during confinement, medicines, surgically related garments and dressings and the value of lost work are not considered incentive payments and are eligible for A.I.D. support. It should be emphasized that these payments must be of reasonable nature and aimed at making VS services equally available at the same cost as other contraceptive services. For example, payment for lost work must correspond to a reasonable estimate of the value of lost labor over a reasonable duration of convalescence.

(B) Payment of Providers of Services: In light of experience, it seems desirable to modify the previous A.I.D. program guidance relating to reimbursement for VS services as defined in AIDTO Circular 393 (10/27/77), page 6, section 3, "operating service costs", para. 4. The suggested prohibition of reimbursement to providers of VS services on a per-case basis has not proven practical in that payment per case or procedure is the time-honored method of paying for surgical procedures both in developed and less developed countries. Reimbursement of physicians, paramedical and other service personnel on a per-case basis can be an acceptable procedure. Compensation to providers for items such as anesthesia, personnel costs, pre and post-operative care, transportation, surgical and administrative supplies, etc., on a per-case basis is also generally acceptable. These payments to providers must

Addendum to PD-3
September 1982

be reasonable relative to other medical and contraceptive services provided so that no financial incentive is created for the providers to carry out VS procedures compared to provision of other methods of family planning. As in the case of payments to acceptors, this is a judgment which will have to be made on a country and program specific basis. However, in both cases, AID/Washington will provide assistance and guidance in making such determinations, and decisions relating to application of PD-3 should be submitted to AID/Washington for review. Even though payment on a per-case basis is often customary, A.I.D. Missions are advised to encourage patterns of service delivery and methods of payment which do not unduly emphasize VS procedures compared to other methods of fertility control. For example, if physicians who carry out the surgery are paid on a per-case basis and they have no role in the selection or counseling of patients, these service providers cannot induce additional patients to accept sterilizations over other contraceptive methods. Payments of physicians on a per-session rather than a per-case basis may also serve the same function. Since payments on a per-case basis do raise questions, often of a complex nature, beyond those raised by other types of compensation, where a mission can persuade a government to use such other frameworks for payment, whether immediately or phased-in, it should do so.