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PD-ARBM-111

A.I.D. Project Number: 538-0181

**PROJECT GRANT AGREEMENT**

**AMENDMENT NUMBER FOUR**

BETWEEN

**THE ORGANISATION OF EASTERN CARIBBEAN STATES  
(O ECS)**

and

**THE UNITED STATES OF AMERICA**

for

**THE HEALTH CARE POLICY PLANNING AND MANAGEMENT PROJECT**

Dated: September 7, 1995

**A.I.D. Project Number 538-0181**

**AMENDMENT Number Four (4)**

to the

**PROJECT GRANT AGREEMENT**

Dated: September 7, 1995

Between

The Organisation of Eastern Caribbean States ("Grantee")

And

The United States of America, acting through the  
Agency for International Development ("A.I.D.").

WHEREAS the Grantee and A.I.D. ("the Parties") entered into a Project Grant Agreement ("the Agreement") on September 21, 1992, subsequently amended on February 1, 1993, and on September 21, 1993, and on March 28, 1994;

WHEREAS the Agreement specifies at Article 2, Section 2.2 that A.I.D.'s contribution to the Project will be provided in increments;

WHEREAS the Parties desire to add an increment of A.I.D.'s contribution;

NOW THEREFORE the Parties hereby agree that the Agreement shall be amended as follows:

1. In Article 3, Section 3.1 The Grant,  
DELETE the words "Two Million, Seven Hundred and Five Thousand United States ("U.S.") Dollars (\$2,705,000)," and  
INSERT in lieu therefor the words "Three Million Two Hundred Seventy Two Thousand Nine Hundred Eighty United States ("U.S.") Dollars ((\$3,272,980));"
2. In Article 3, Section 3.3 Project Assistance Completion Date,  
DELETE the words "September 30, 1997," and  
INSERT in lieu therefor the words "June 30, 1996;"
3. INCORPORATE, as part of the Agreement, the Attachment to this Amendment titled "Amendment Number 2 to the Amplified Project Description, Health Care Policy, Planning and Management (HCPPM) Project."
4. INCORPORATE, as part of the Agreement, the Attachment to this Amendment titled "Project Budget, Health Care Policy, Planning and Management (HCPPM) Project."

5. In Article 2, Section 2.1 Definition of Project,  
DELETE the phrase "The Project, which is further described in Annex 1, will assist eight (8) English -speaking counties of the Eastern Caribbean," and  
INSERT in lieu therefor the phrase The Project, which is further described in Annex 1, will assist nine (9) English -speaking counties of the Eastern Caribbean"
6. DELETE Article 3, Section 3.2 Grantee Resources for the Project.

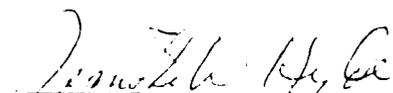
Except as amended herein, the Agreement remains in full force and effect.

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

UNITED STATES OF AMERICA

ORGANISATION OF EASTERN  
CARIBBEAN STATES

BY:

  
Jeanette W. Hyde

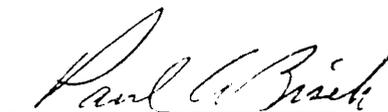
BY:

  
Vaughan A. Lewis

TITLE: Ambassador

TITLE: Director-General

BY:

  
Paul A. Bisek

TITLE: Acting Director  
USAID, RDO/C

**AMENDMENT NO. 2**

**AMPLIFIED PROJECT DESCRIPTION**

**HEALTH CARE POLICY PLANNING AND MANAGEMENT (HCPPM) PROJECT  
(538-0181)**

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## AMENDMENT SUMMARY

This Amendment Number 2 to the Amplified Project Description describes the changes to the project consequent to the reduction of the planned A.I.D. contribution by two million United States dollars from \$5.5 million United States dollars to \$3.27 million United States dollars and the contraction of the Project Assistance Completion Date by 15 months from September 30, 1997 to June 30, 1996. This Amendment also reflects the deletion of the requirement for host country contribution to the project; extension of the long term advisor contract by 5 months to a total of 30 months; addition of Anguilla as an OECS beneficiary country; and transfer of responsibility for administration of HCPPM Project funds to John Snow Incorporated (JSI).

### I. BACKGROUND

#### A. Original Project

The HCPPM Project was approved on September 21, 1992 as a six year project with life of project (LOP) contributions from USAID totaling US\$6.5 million. A Handbook III grant was approved on the same date to the Organisation of Eastern Caribbean States (OECS) for the same period and in the same amount. The project was designed as a regional project to benefit the OECS member countries, namely: Antigua/Barbuda, British Virgin Islands, Dominica, Grenada, Montserrat, St. Kitts/Nevis, St. Lucia and St. Vincent and the Grenadines.

On September 23, 1993 Amendment No. 1 to the Project Authorization was approved to effect a one year reduction to the LOP from September 30, 1998 to September 30, 1997 and to reduce the USAID contribution by US\$1 million from US\$6.5 million to US\$5.5 million. Additionally, Amplified Project Description Amendment No. 1 which described revised implementation arrangements, inputs and outputs, and delineated the revised project budget was also approved.

The project was designed to assist both private and public institutions involved in the health sector and consisted of the following three components:

- I. Analytic and Diagnostic Studies (\$2.0 million revised to \$1.7 million further revised to \$1.1 million) to provide the data necessary for policy formulation and decision making;
- II. Applied Research and Organizational Development (\$3.2 million revised to \$2.7 million further revised to \$1.7 million) to conduct pilot tests and to implement policy reforms and new systems, resulting from data gathering during the analytic and diagnostic studies; and
- III. Training and Information Dissemination (\$1.3 million-revised to \$1.1 million further revised to \$0.7 million) to promote the adoption and acceptance of policy reforms.

The design called for the OECS to establish the Health Policy Management Unit (HPMU) to coordinate and manage the project on its behalf. This unit would be the focal point for the

policy dialogue and development of country work plans. The institutional contractor providing the required technical assistance would work under the direction of this unit. A total of 164 person months of technical assistance was planned for delivery over the six year life of the project. This number has since been reduced to a total of 116 person months - 48 p.m. of long term, 36 p.m. of short term expatriate technical assistance and 32 p.m. of short term local technical assistance.

## **B. Current Status**

Field activities under the HCPPM project began in earnest with the establishment of the HPMU in early 1994. Damage done to the HPMU offices by Tropical Storm Debbie required that the HPMU be relocated. The HPMU is now staffed with a full complement of technical and support positions. Technical staff include the Project Director, Health Economist, Health Management Specialist and an Administrative Officer.

During the initial meeting of the ECDS/HPMU Joint Advisory Board a decision was made to focus project efforts in three main areas: User Fee Reform, National Health Insurance Implementation and Development Training. Several activities are noteworthy. St. Vincent and the Grenadines has implemented user fee reforms at Kingstown General Hospital. A publicity campaign and assistance in strengthening of the billing and admissions system were complimentary activities which contributed to a successful implementation of reforms. The HPMU has provided a significant amount of technical assistance to the Government of St. Lucia in an attempt to implement National Health Insurance. Six health care professionals have participated in the Harvard Summer Program on Managing Health Care Delivery in Developing Countries. Two Harvard/UWI Joint Seminars on Health Care Policy and Financing Issues have been conducted in the region. The first focused on Senior Level Health Policy Makers. The second focused on Senior Health Management Professionals. Several Ministries of Health in the region have requested costing studies to be performed in their public hospitals: namely Dominica, Grenada and Montserrat. Improvements to the Hospital Billing and Admissions Systems have been made in Dominica and in St. Lucia. A regional publicity campaign is underway to support present and future health policy reforms.

## **C. Rationale for Project Amendment**

Over the past year several key changes occurred which have necessitated an amendment to this Amplified Project Description. RDO/C was notified in the Fall of 1993 that the Mission would be scheduled for closure no later than September 30, 1996. Evaluation of the impact of the RDO/C Mission closing in September 1996 indicated that the project life must be shortened by fifteen months to June 30, 1996 in order to achieve Mission close-out in a timely manner. In light of the plan for acceleration of Mission closure and in order to reduce the burden on its Controller's Office, responsibility for administration and oversight of the project funds has been transferred from OECS/HPMU to JSI.

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## II. REVISED PROJECT PLAN

The goal and purpose of the project remain unchanged. The goal is to improve and maintain the health status of the people of the Eastern Caribbean. The purpose is to achieve the more efficient and equitable generation, distribution and use of health sector resources.

The changes to the project description are mainly in the number of project outputs or activities. Anguilla has recently been granted the status of full membership in the OECS and as such has been added to the list of HCPPM Project beneficiaries. Anguilla will be eligible for participation in regional workshops and seminars. All other changes are as a consequence of reducing the project life by an additional fifteen months.

The policy focus and End of Project Status as outlined in the original Amplified Project Description are unchanged and remain in full force.

### A. Revised Project Outputs

The revised project outputs are shown in the comparative table on the following page. In summary, the Analytical and Diagnostic Studies component will see greater focus on hospital cost studies and focus group sessions while the number of insurance feasibility studies has been reduced by one. The technical assistance level of effort devoted to this component will be reduced by approximately 12 person months. The Applied Research and Organizational Development component will experience greater focus on hospital management studies and insurance pilot tests. Resource reallocation studies and reforms, as well as privatization pilot tests will be deleted from the list of anticipated project outputs. There will be a total reduction of approximately 21 person months of technical assistance level of effort. In order to reinforce the regional nature and benefits of the project the Training and Information Dissemination component will see the number of short term training participants triple and the addition of 2 case studies and 2 public education campaigns to support user fee and insurance reform efforts. The total amount of technical assistance provided under this component will be reduced by approximately 12 person months.

These revisions to the project outputs will also force some adjustment to the project outcomes. It is now conservatively projected that the reforms in health policy will be most substantively evidenced in two countries, rather than four as originally projected. Indicative of the continuing regional nature of the project, the two countries will not be the same for each outcome measure as defined in the Logical Framework.

A comparison of the original, amended and proposed levels of output is shown in the following table.

<u>COMPONENT/ACTIVITY</u>	<u># IN ORIGINAL PP</u>	<u># IN AMENDMENT 1</u>	<u># IN AMENDMENT 2</u>
I/1. Brief Country Assessment	3	3	3
I/2. Long Country Assessment	5	5	0
I/3. Cost Study	4	3	6
I/4. Demand Study	2	1	2
I/5. Focus Group Demand Survey	4	4	30
I/6. Insurance Feasibility	3	2	2
II/1. Hospital Management Study	3	2	5
II/2. Resource Allocation Study	2	2	0
II/3. User Fee Pilot	2	2	2
II/4. Management Reform Study	3	3	3
II/5. Health Planning + Reform	2	2	0
II/6. Privatization Pilot	1	1	0
II/7. Insurance Pilot	1	1	2
III/1. MOH Policy Workshop	8	8	0
III/2. Consensus Building Workshop	8	8	7
III/3. Regional Workshops (Annual)	6	4	0
III/4. Public Education Campaigns	2	2	2

In addition to the changes in the number of outputs/activities, the level of effort for the Long Term Advisor is increased to the original 30 person months, instead of 25 as shown in Amendment Number 1 of the Amplified Project Description. All these changes in level of effort are reflected in Appendix 2, Revised Technical Assistance Table.

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## B. Revised Illustrative Implementation Schedule

Below is the revised illustrative project implementation schedule, based on a 45 month LOP.

ACTIVITY	1992-93	1993-94	1994-95	1995-96
<b>Project Management &amp; Administration</b>				
1. OECS establishes office & hires staff, procures commodities.		Q1-4		
2. Technical assistance contracted.	Q1			
3. HPMU develops annual project work plan.			Q1	Q1
4. HCPPM Advisory Committee meets.		Q4	Q3	Q3
5. Project reports.		Q1-4	Q1-4	Q1-4
6. Audits.			Q2	
<b>Technical Assistance</b>				
1. HPMU conducts initial assessments to develop individual country work plans.		Q2-4	Q1-2	
2. Analytic & Diagnostic studies undertaken.		Q2-4	Q1-4	Q1-2
3. Applied research (pilot tests) & organizational development activities undertaken.		Q3,4	Q1-4	Q1-3
4. Recommendations for broader policy reform or changes reviewed.		Q4	Q1-4	Q1-4
5. Implementation of accepted reform activities.			Q2-4	Q1-4
<b>Training &amp; Information Dissemination</b>				
1. HPMU assembles resource material on health financing & management issues.		Q1-4	Q1-4	Q1-4
2. Consensus-building policy seminars.			Q3	Q1-4
3. Short-term training (U.S. or regional).		Q2-4	Q1-4	Q1-4
4. Regional public education campaigns to promote support for policy change.		Q3,4	Q1-4	Q1-4

### III. REVISED FINANCIAL PLAN

#### A. Revised Cost Estimates and Financial Plan

When the initial decision was made to close out RDO/C's program, there was indication that the major constraint to completing planned activities would be the shortened time frame. However, subsequent severe budget reductions became a significant factor, especially in delaying activities because of a prolonged period of uncertainty as to the level of funding that would be available. This project paper amendment was consequently deferred until the Mission was able to clarify both the probable level of funds that would be available and the activities which could be completed with those funds in the time remaining. The Mission has now determined that the maximum total amount which is likely to be available and which could be used through the PACD of June 30, 1996 is US\$3.27 million. The financial plan is as follows:

**REVISED SUMMARY COST ESTIMATE AND FINANCIAL PLAN (US\$000)**  
(including inflation and contingency factors in each line item)

	Element	Amount
1.	Project Coordination (including operational expenses)	662
2.	Technical Assistance	1816
3.	Commodities	78
4.	Training/Information Dissemination	442
5.	Management Support (USAID)	200
6.	Evaluation/Audit	75
	<b>Totals</b>	<b>3,273</b>

#### B. Methods of Implementation and Financing

The implementation and financing methods proposed in Amendment No.1 have been revised. The following table is presented to show the revised amounts and their financing and implementation methods.

#### METHODS OF IMPLEMENTATION AND FINANCING

INPUT	IMPLEMENTATION	FINANCING	AMOUNT (000'S)
Project Coordination	A.I.D. Contract	Direct Reimbursement	662
U.S./Regional Technical Assistance	A.I.D. Contract	Direct Reimbursement	1816
Country Workshops	A.I.D. Contract	Direct Reimbursement	442
Seminars & U.S. Courses			
Computers/Software & Reference Materials	A.I.D. Contract	Direct Reimbursement	78
A.I.D. Management	A.I.D. PSC Contract	Direct Payment	200
Evaluations/Audits	A.I.D. Contract	Direct Payment	75
<b>TOTALS</b>			<b>US\$3,273</b>

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**APPENDIX 1**  
**HEALTH CARE POLICY PLANNING & MANAGEMENT (HCPPM) PROJECT**  
**(538-0181)**  
**PROJECT DESIGN SUMMARY (REVISED)**  
**LOGICAL FRAMEWORK**

LOP: FROM 9/92 - 6/96  
TOTAL U.S. FUNDING: \$3.27 MILLION

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<u>Project Goal</u> To improve & maintain the health status of the people of the Eastern Caribbean.	<ul style="list-style-type: none"> <li>• life expectancy &amp; infant mortality rates remain stable;</li> <li>• increased access by general population to wider range of health care services.</li> </ul>	<ul style="list-style-type: none"> <li>• Vital &amp; health statistics reports;</li> <li>• review of utilization &amp; epidemiological statistics.</li> </ul>	<ul style="list-style-type: none"> <li>• Government policies &amp; programs will be supportive of project objectives.</li> <li>• Policy improvements will lead to improved access to better quality health services.</li> <li>• Policy improvements will be implemented by participant governments.</li> </ul>
<u>Project Purpose</u> To achieve the more efficient & equitable generation, distribution & use of health sector resources.	<ul style="list-style-type: none"> <li>• Material change in policies of health sector;</li> <li>• Increase cost recovery revenues by 60%.</li> <li>• Decreased government role in overall health care sector financing by 10%.</li> <li>• Improve management systems in three hospitals.</li> <li>• Increased role of social &amp; commercial risk coverage schemes in health care financing in three countries.</li> </ul>	<ul style="list-style-type: none"> <li>• Review of work plans &amp; reports developed by HPMU &amp; participating countries.</li> <li>• Review of hospital financial &amp; utilization records.</li> <li>• Review of policy changes made by participating governments.</li> <li>• Review of social &amp; commercial insurance schemes.</li> </ul>	<ul style="list-style-type: none"> <li>• Outputs are sufficient to promote accomplishment of purpose.</li> </ul>
<u>Outputs</u> 6 cost studies 2 retrospective demand studies 30 focus group studies 2 insurance feasibility studies 5 hospital management studies 2 user fee pilot tests 3 hospital reforms implemented 2 insurance pilot tests 7 regional seminars/consensus building workshops 4 public education campaigns 1 resource center 2 case studies 150 short term training participants	<ul style="list-style-type: none"> <li>• Work plan documents;</li> <li>• Completed reports;</li> <li>• Pilot test evaluation reports completed;</li> <li>• Workshop reports completed;</li> <li>• Promotional materials produced &amp; distributed;</li> <li>• Participant training reports complete</li> <li>• Resource materials delivered &amp; in use;</li> <li>• 150 trained health care personnel;</li> </ul>	<ul style="list-style-type: none"> <li>• RDO/C monitoring of HPMU activities.</li> </ul>	<ul style="list-style-type: none"> <li>• Inputs are sufficient to achieve outputs.</li> </ul>

<u>Inputs</u>		(000's)		
<b>Technical Assistance</b>	Project Coordination	\$662	<ul style="list-style-type: none"> <li>• Inputs are available on a timely basis.</li> </ul>	
• Long Term Advisor	Technical Assistance	\$1,816		<ul style="list-style-type: none"> <li>• Project records</li> <li>• Training evaluations</li> <li>• Site visits</li> </ul>
• Short Term Specialists				
<b>Training</b>	Training	\$442		
• Workshops				
• Seminars				
• Short Courses				
• On-the-job				
<b>Commodities</b>	Commodities	\$78		
• Computers	Management Support (USAID)	\$200		
• Software	Evaluation/Audit	\$75		
• Books				
• Technical documents				

**APPENDIX 2**  
**Health Care Policy Planning & Management (HCPPM) Project (538-0181)**  
**REVISED ALLOCATION OF TECHNICAL ASSISTANCE LEVEL OF EFFORT**  
 Through June 30, 1995  
 U.S. and Regional Sources

CATEGORY	EXPATRIATE TA	REGIONAL TA	TOTAL TA
<b>Short Term Technical Assistance (Person Months)</b>			
National Health Insurance - Pilot Tests	0.00	0.00	0.00
National Health Insurance - Policy/Public Dialogue & Studies	3.55	2.55	6.10
User Fees - Pilot Tests	1.52	1.50	3.02
User Fees - Policy/Public Dialogue & Studies	1.00	1.07	2.07
Hospital Billing & Admissions Systems	4.57	3.24	7.81
Hospital Costing Studies & Systems	3.90	4.90	8.81
Organizational Development	1.20	0.00	1.20
Human Resource Development	3.79	1.12	4.91
Market Research & IEC	8.64	4.23	12.87
<b>Total Short Term Technical Assistance (Actual &amp; Budgeted)</b>	<b>28.17 (36)</b>	<b>18.62 (32)</b>	<b>46.79 (68)</b>
<b>Long Term Technical Assistance (Person Months)</b>			
Long Term Advisor (Actual & Budgeted)	20.36 (30)	0.00	20.36 (30)
Technical Assistance Administrator (Actual & Budgeted)	5.39 (18)	0.00	5.39 (18)
<b>Total Long Term Technical Assistance (Actual &amp; Budgeted)</b>	<b>25.75 (48)</b>	<b>0.00</b>	<b>25.75 (48)</b>
<b>TOTAL LOE (ACTUAL &amp; BUDGETED)</b>	<b>53.92 (84)</b>	<b>18.62 (32)</b>	<b>72.54 (116)</b>

**APPENDIX 3  
GRANT AGREEMENT 538-0181**

**HEALTH CARE POLICY PLANNING AND MANAGEMENT  
PROJECT BUDGET  
(GRANT FUNDS US\$000)**

PROJECT ELEMENT	PRIOR OBLIGATIONS	THIS AMENDMENT	OBLIGATIONS TO DATE
1. Project Coordination	550	112	662
2. Technical Assistance	1510	306	1816
3. Commodities	65	13	78
4. Training & Information Dissemination	305	137	442
5. A.I.D. Management Support	200	0	200
6. Evaluation/Audits	75	0	75
<b>TOTALS</b>	<b>\$2,705</b>	<b>\$568</b>	<b>\$3,273</b>