

11-113/10-150
A.I.D. Project Number 879-0017
GRANT NO. 889-0017-G-SS-9191

PROJECT
GRANT AGREEMENT
BETWEEN
INDEPENDENT STATE OF PAPUA NEW GUINEA
and the
UNITED STATES OF AMERICA
for
CHILD SURVIVAL SUPPORT PROJECT

Dated:

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 one million one hundred fifty three thousand United States ("U.S.") Dollars (\$1,153,000) ("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.\$4,600,000, including costs borne on an "in-kind" basis.

SECTION 3.3. Project Assistance Completion Date.

(a) The "Project Assistance Completion Date" (PACD), which is August 31, 1997, or such other date as the Parties may agree to in writing, is the date by which the Parties estimate that all services financed under the Grant will have been performed and all goods financed under the Grant will have been furnished for the Project as contemplated in this Agreement.

(b) Except as A.I.D. may otherwise agree in writing, A.I.D. will not issue or approve documentation which would authorize disbursement of the Grant for services performed subsequent to the PACD or for goods furnished for the Project, as contemplated in this Agreement, subsequent to the PACD.

(c) Requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters are to be received by A.I.D. or any bank described in Section 7.1 no later than nine (9) months following the PACD, or such other period as A.I.D. agrees to in writing. After such period, A.I.D., giving notice in writing to the Grantee, may at any time or times reduce the amount of the Grant by all or any part thereof for which requests for disbursement, accompanied by necessary supporting documentation prescribed in Project Implementation Letters, were not received before the expiration of said period.

Article 4: Conditions Precedent to Disbursement

SECTION 4.1. First Disbursement. 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 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 the disbursement under the Grant, or to issuance by A.I.D. of documentation pursuant to which disbursement will be made, for renovation of office buildings for the Regional Support Units, 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.:

Evidence that government funds specifically earmarked by Parliamentary vote will be provided for the operational costs of the four Regional Support Units.

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 the condition specified in Section 4.1 has not been met within 90 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 two years from the date of this Agreement, or such later date as A I.D. may agree to in writing, A.I.D., at its option, may cancel the then undisbursed balance of the Grant, to the extent not irrevocably committed to third parties, and may terminate this agreement by written notice to 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 extent feasible, of the overall development impact of the project.

SECTION 5.2. Training. The Grantee covenants that each person who goes to the United States under the Project will be required to sign a written statement agreeing to return to Papua New Guinea and work for the Grantee on Project activities for a period of time at least twice the length of time spent in A.I.D.-financed training.

SECTION 5.3. Counterparts. The Grantee covenants that it will provide to each long term advisor funded under the Project a Government counterpart during the entire length of assignment of the advisor.

Article 6: Procurement Source

SECTION 6.1. Foreign Exchange Costs. Disbursements pursuant to Section 7.1 will be used exclusively to finance the costs of goods and services required for the Project having, 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 will be financed under the grant only on vessels under flag registry of the United States except as A.I.D. may otherwise agree in writing.

SECTION 6.2. Local Currency Costs. Disbursements pursuant to Section 7.2 will be used exclusively to finance the costs of goods and services required for the Project having their source and, except as A.I.D. may otherwise agree in writing, their origin in Papua New Guinea ("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 (A) to one or more U.S. banks, satisfactory to A.I.D., committing A.I.D. to reimburse such bank or banks for payments made by them to contractors or suppliers, under Letters of Credit or otherwise, for such goods or services, or (B) directly to one or more contractors or suppliers, committing A.I.D. to pay such contractors or suppliers for such goods or services.

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

SECTION 7.2. Disbursement for Local Currency Costs.

(a) After satisfaction of conditions precedent, the Grantee may obtain disbursements of funds under the Grant for Local Currency Costs required for the Project in accordance with the terms of this Agreement, by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, requests to finance such costs.

(b) The local currency needed for such disbursements may be obtained by acquisition by A.I.D. with U.S. Dollars by purchase.

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. If funds provided under the Grant are introduced into Papua New Guinea by A.I.D. or any public or private agency for purposes of carrying out obligations of A.I.D. hereunder, the Grantee will make such arrangements as may be necessary so that such funds may be converted into currency of Papua New Guinea at the highest rate of exchange which, at the time the conversion is made, is not unlawful in Papua New Guinea.

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, cable, or facsimile and will be deemed duly given or sent when delivered to such party at the following addresses:

To the Grantee:

Mail Address:

First Assistant Secretary
Foreign Aid Management Division
Department of Finance and Planning
Post Office - Wards Strip
Port Moresby, Papua New Guinea

Alternative address for cables:

FINANCE
Port Moresby, Papua New Guinea

Alternative address for facsimile:

(675)21-3826

To A.I.D.:

Mail Address:

U.S. Agency for International Development
Regional Development Office/South Pacific (RDO/SP/PNG)
Unit 4, Aspect Houst Apartments
Armit Street, Paga Hill
Port Moresby, Papua New Guinea

Alternative address for cables (telex):

RDO/SP/PNG
USAIDPG NE23401

Alternative address for facsimile:

RDO/SP/PNG
675-21-3423

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 Minister of Finance and Planning and A.I.D. will be represented by the individual holding or acting in the office of the Director, Regional Development Office/South Pacific, each of whom, by written notice, may designate additional representatives for all purposes other than exercising the power under Section 2.1 to revise elements of the amplified description in Annex 1. The names of the representatives of the grantee, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice of revocation of their authority.

SECTION 8.3. Standard Provisions Annex. A "Project Grant Standard Provisions Annex" (Annex 2) is attached to and forms part of this Agreement.

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

INDEPENDENT STATE OF PAGOA NEW GUINEA

By: [Signature]
Paul Pora

Title: Minister for Finance and Planning
31 AUG 1989

UNITED STATES OF AMERICA

By: [Signature]
Everett E. Bierman

Title: Ambassador 31 AUG 1989

By: [Signature]
John B. Woods

Title: Director, Regional Development Office/South Pacific

Funding Data:

Appn.: 72-1191021.8
BPC: QDHA8927879KG13
Receptl. NO.: 5890464
Amount: \$350,000

Appn.: 72-1191021
BPC: QDHA8927879JG13
Receptl. No.: 5840465
Amount: \$308,000

Amplified Project Description
PNG Child Survival Support Project

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- Doc. 0037z

AMPLIFIED PROJECT DESCRIPTION

PNG Child Survival Project

I. Preface:

This project is a joint effort by the Governments of The Independent State of Papua New Guinea (GPNG) and the United States of America to reduce obstacles to improved quality, efficiency, and effectiveness in the delivery of maternal and child survival services in rural areas of Papua New Guinea (PNG).

Elements in this Amplified Project Description may be changed by written agreement of the authorized representatives of the Parties named in Section 8.2 of this Project Agreement without formal amendment of the Project Agreement, provided that such changes are within the general scope of the Project as defined in Section 2.1. of the Project Agreement.

Within the GPNG, the Department of Health will be the implementing agency for this project. However, the provincial health offices are key actors in working toward the project's purpose of improving service delivery for maternal and child health care in rural areas. To assist the provincial health offices expand and better fulfill their responsibilities, the Project will work through the four Regional Support Units (RSU) which are to supercede the existing Regional Epidemiology Units (REU) to provide support, training, and assistance to the provincial health offices.

The Government of the United States of America will work through its Agency for International Development (A.I.D.), specifically its Regional Development Office/South Pacific (RDO/SP) located in Suva, Fiji and its branch office in Port Moresby (RDO/SP/PNG).

II. Goal and Purpose:

The Goal of the Project is to reduce child and maternal mortality in PNG. The Purpose is to improve service delivery for maternal and child health care in rural areas.

III. The End of Project Status:

At the end of the seven years of this Project, the project purpose will have been achieved if the following indicators exist:

- a. Increase by 15% the number of high risk pregnancies with a supervised delivery;
- b. Reduce by 20% the institutional case fatality rates for acute respiratory infections (ARI,, diarrhea, and malaria;
- c. Increase immunization coverage for measles by 25% (to 60%) and for third dose of diphtheria, pertussis and tetanus by 20% (to 60%);
- d. Increase the availability of ORT by 100%; and
- e. Increase the number of children aged 0 to 5 under surveillance for diagnosis and treatment of malnutrition by 50%.

IV. Outputs:

Each Project activity serves one of the following objectives:

ensure technical viability of service delivery; or

ensure institutional viability of service delivery.

Activities to ensure technical viability will improve skills, information and technologies. These include a variety of training activities as well as special studies and pilot interventions to improve child survival technologies most relevant to PNG.

Activities to ensure institutional viability will be directed toward program or financial sustainability. The former is to be achieved through the permanent establishment of local structures and operations that maintain and advance technical capacity. Specific activities to achieve this include the establishment of training courses, and mechanisms for program coordination.

Financial sustainability will be achieved when local capacity exists to maintain viable child survival and maternal health programs. Activities that contribute to this objective include training, technical assistance and studies of alternative methods of financing.

Outputs that contribute to improve technical viability include:

- a. Improved technologies and approaches to planning, management and delivery of child survival and maternal health care which will promote the viability of service delivery through increase in program efficiency and effectiveness.
- b. Trained health service providers capable of delivering effective and efficient maternal and child survival services.
- c. Improved approaches to mobilizing communities to support and participate in their health care.

Outputs to improve institutional viability include:

- a. Institutional mechanisms created or strengthened at the national, regional and provincial levels which promote and sustain viability in service delivery.
- b. Village level mechanisms for improving maternal and health services delivery.
- c. Increased efficiency in the effective delivery of child and maternal survival health services.

Inputs:

1. A.I.D. - Financed Inputs:

- a. Long Term Technical Advisors : Health Management Advisor/Chief of Party (6 years), Maternal Child Health Specialist (6 years), Logistics Advisor (2 years), and Community Health Nursing Advisor/MCH Trainer (3 years).
- b. Short Term Technical Advisors: 12 person months in such specialized areas as applications of health information system for program planning, financial management, budgetary analysis, medical equipment and supplies, laboratory facilities for MCH diagnostic and referral support, and health education.
- c. Contractor Administration and Support: A locally hired administrative assistant and a secretary to assist the contractor team.

d. Training (long term): Three participants for one year training programs in the United States. One person will study nursing administration and two people will study toward a master's degree in public health.

e. Training (short term): One community health nursing advisor from each of the four Regional Support Units (RSU) to study nursing administration in the United States.

f. Training (in PNG): About 15 different study programs and workshops to be prepared and conducted in PNG. An estimated 168 individuals will attend the training programs and 179 attend the various workshops. Airfare and per diem of the participants, plus any short term technical assistance and printing costs relating to this in-country training.

g. Commodities: A limited amount of commodities for each RSU: one vehicle, one microcomputer or personal computer plus printer (if needed), and a limited amount of office equipment such as facsimile machines and typewriters. Also office equipment for the contractor.

h. Renovations for RSU Buildings: Minor renovations for the four RSU buildings.

i. Special Studies: About five special studies: oral rehydration therapy, social problems in communities and health services, financial management, allocation of existing resources for support of maternal and child health services, financing of church health services, and alternatives for collecting revenue for rural health services.

j. Evaluations and Audits: Two general evaluations -- one at mid-term and one at the project's completion plus two audits of project's finances.

k. Project Coordination: One full-time generalist assistant hired locally by A.I.D. to assist the A.I.D. Office in Port Moresby with project monitoring and coordination plus one American Personal Services Contractor to be located in Suva for A.I.D. Project Officer functions.

2. GPNG Inputs:

These contributions will be in the form of (a) salaries of GPNG personnel involved with the project including salaries of participants while away at long or short term training; (b) office space and furniture for the contractor's long and short term advisors; (c) vehicles maintenance and operating costs, including gas and oil; (d) office space, furniture, office equipment (in addition to that supplied by the Project), and supplies for the four RSUs; and (e) all in-country travel costs of RSU personnel other than travel financed by the Project for attending Project-sponsored training and workshops.

3. U.S. Peace Corps Inputs:

The U.S. Peace Corps plans to provide about six volunteers per year for four years to assist with such activities as nutrition education and training, community mobilization and dissemination of health education materials, and the trained birth attendant program. The estimated value of these inputs, which is not included in the Project Financial Plan, is about \$600,000.

VI. Implementation Plans:

Project activities will be implemented in two phases. Phase I, approximately two years, is designed to lay the technical, programmatic, and organizational foundation for Phase II. The activities during Phase I are to provide minimum skills and knowledge essential to strengthening capacity and create conditions required to establish operative mechanisms for institutionalizing capacity. The institutional outputs of Phase I will be used in Phase II to create structures to support services delivery in the provinces and to carry out the promotion, planning, and management of maternal and child health services. Those Phase I activities designed to produce technical outputs will continue under Phase II to generate information that will feed into the programming and evaluation of service delivery.

With the exception of three supporting activities (evaluations, audits, and project coordination), all A.I.D. - financed inputs will be provided by one American contractor under a contract between A.I.D. and the contractor. The contract will be awarded on a competitive basis following A.I.D.'s contracting procedures. The GPNG will review and concur in the statement of work to be prepared by A.I.D. to start the contracting process and will provide one representative to participate in the evaluation of technical proposals.

The evaluations, audits and personal services contractors for project coordination will be contracted directed by A.I.D. with consultation with GPNG prior to contracting.

The U.S. Peace Corps contributions will be provided under arrangements to be described in letters of understanding between the U.S. Peace Corps Country Director and the GPNG in consultation with the Project Coordinating Committee.

A Project Coordinating Committee will be established to guide project implementation. The Committee will consist of the contractor's chief of party, his GPNG counterpart (an authorized representative), the A.I.D. Project Officer in Suva and the A.I.D. Assistant Director for RDO/SP/PNG. In addition to providing overall guidance, the Committee will be responsible for research selection, review, dissemination and utilization. It will review the quarterly progress reports and assess the progress of the project.

VII. GPNG Responsibilities:

The GPNG will designate one or more authorized representatives within the Department of Health (Sections 4.1 and 8.2 of Project Agreement) to work with the contractor and A.I.D. in the implementation of this Project. It is expected that one of the authorized representatives will be on the Project Coordinating Committee.

The GPNG will be responsible for satisfying the Conditions Precedent (Sections 4.1 and 4.2) and carrying out the Covenants (Article 5). The GPNG will also take all necessary steps to convert the four Regional Epidemiology Units into four Regional Support Units within a reasonable time period.

The Government of Papua New Guinea will be responsible for providing its inputs listed in V.2. above in a timely fashion as implementation needs arise. The GPNG will also be responsible for providing duty free import privileges for all project financed commodities and personal effects of expatriate personnel of the American contractor.

The GPNG will assign appropriate counterparts to all of the contractor's long term advisors (Section 5.3 of Project Agreement).

VIII. A.I.D. Responsibilities:

A.I.D. will be responsible for contracting, in collaboration with the GPNG, with a U.S. organization to provide all A.I.D. financed inputs. A.I.D. will also arrange for the evaluations and audits.

A.I.D. will participate in regular meetings of the Project Coordinating Committee. Its designated Project Officer based on Suva and its personal services contractor stationed in Port Moresby will monitor compliance with conditions and covenants of the Agreement and process any approvals required by A.I.D. regulations. This person will have an office in the A.I.D.'s Port Moresby branch office (RDO/SP/PNG) and work under the general supervision of the A.I.D.'s Assistant Director, RDO/SP/PNG.

IX. Contractor's Responsibilities:

The U.S. contractor will provide on a timely basis all the A.I.D.-financed inputs described in V. above except for evaluations, audits, and the PSC project coordinators. The contractor's chief of party will take instructions and guidance from the GPNG's designated authorized project representative and from the A.I.D. The contractor will prepare periodic reports to GPNG and A.I.D. on the progress of the project.

X. Evaluation:

The Project shall be the subject of two formal evaluations to be made by an independent party under A.I.D. contract. The GPNG shall participate in the preparation of the scope of work for these evaluations as well as the evaluations themselves. General guidance on the scope of these evaluations are in Section 5.1, Special Covenants. In addition to these formal, independent evaluations, the project may be evaluated from time to time on an informal basis by the GPNG or A.I.D.

XI. Financial Plan and Budget:

The Project Financial Plan is illustrative and may be revised by the representatives named in the Project Agreement Section 8.2 without formal amendment to the Project Agreement if such changes do not cause (1) A.I.D.'s contribution to exceed the amount specified in the text of the Agreement (Section 3.1) or (2) the GPNG's contribution to be less than the amount specified in Section 3.2(b) of the Agreement.

A.I.D.'s contribution to the Project will be provided in increments, with the initial increment being US\$1,153,000 as stated in Section 2.2. Subject to the availability of funds and the mutual agreement of the Parties at the time of subsequent increments to proceed, it is anticipated that A.I.D. will provide over the life of the project a total amount of US\$9,400,000 in financing for the project.

A.I.D. funds for the project will be disbursed by direct payments by A.I.D. to the U.S. contractor under a direct letter of commitment. A.I.D. will also pay directly to the providers of services for the costs of evaluations, audits, and project coordination.