



Office of Health, Population and Nutrition

Action Memorandum to the Acting Mission Director

DATE: July 5, 1996
 THROUGH: Susan K. Brems, OHPN Chief
 FROM: Thomas R. Morris, OHPN Deputy Chief
 SUBJECT: SHIP Authorization Amendment, Project 527-0319

Request

You are requested to approve the attached Amendment No. 3 to the Project Authorization for the Strengthening Health Institutions Project (527-0319), also known as SHIP. The purpose of this amendment is to provide additional funding in the amount of \$2,384,000 for CARE, the implementing organization for the southern component, to meet project objectives and attain important results according to the Mission Strategic Plan. The Cooperative Agreement (CA) with CARE also will be amended to reflect these changes and to extend its expiration date until September 30, 1998.

Background

The Project goal is to improve the health of the population in the Project areas through greater coverage of quality primary health care (PHC) services. The sub-goal is to contribute to health policy dialogue in Peru regarding health care financing and health care delivery. The purpose is to test the operational and financial feasibility of different PHC service delivery models. Under the Mission's new Strategic Plan, SHIP supports Strategic Objective No. 3, "Improved Health, Including Family Planning, of High Risk Populations" and all four intermediate results. These IRs include people taking appropriate preventive, promotive, and curative actions, as well as the sustainability of the institutions and operations that allow those actions to take place.

The SHIP Project was approved on September 28, 1991, and a Cooperative Agreement (CA) was signed with CARE/USA to implement the southern component through CARE/Peru. The northern component of SHIP is being carried out under an Institutional Contract (IC) with University Research Corporation (URC), signed on June 20, 1994. Sanctions, followed by complex procurement issues delayed the beginning of the northern component by nearly three years. The PACD for the entire project is now December 31, 1999, extended from December

31, 1996, by Project Authorization Amendment One. The CA with CARE, as amended, expires on March 31, 1998; the IC with URC expires June 10, 1999.

Under the southern component, CARE has identified a series of models for the provision of quality PHC services through twenty sub-grants to indigenous non-governmental organizations (NGOs), ten in Arequipa and ten in Puno. Moreover, CARE has provided technical assistance, short-term training, and supervisory support, as planned. Coverage under this component, originally designed to reach 150,000 people, is now estimated at 290,000 people in marginal income communities, with most of these people being reached by multiple services. In Puno, SHIP South reaches 90,000 people, principally women and children under five in Aymara Indian communities. In Arequipa, the coverage is estimated at 200,000 people. Most of these live in rural areas of high altitude provinces, but this coverage also includes some peri-urban communities in the cities of Arequipa and Mollendo.

The NGO sub-grants began in late 1992 and 1993 in Arequipa, and in 1993 and 1994 in Puno. Even though a few of these NGOs are affiliated with the Catholic Church or international organizations such as the International Planned Parenthood Federation or the Red Cross, their local operations are small. None of these local NGOs had any previous experience in managing sub-grants that require adherence to USAID administrative requirements; several were created by and for SHIP. The original Project design limited these sub-grants to an average of three years and in some cases two. The original budget for the sub-grants was only 25.5 percent of the total budget for the southern component; now it is 43.4 percent. The increase proposed in this memorandum would provide 51.2 percent of the added funds for the sub-grant activities; consequently, the sub-grant portion of the total budget for the southern component for SHIP would rise to 45.5 percent, reflecting increased NGO responsibility in Project activities.

Discussion

Substantial progress has been made to date in consolidating both the technical and institutional capacity of the SHIP South NGOs to deliver quality PHC services in previously unserved areas, as well as in coordinating these local activities among themselves and with the Ministry of Health (MoH). It is now clear that both the importance of the sub-grants and the potential role of the NGOs were substantially underestimated in the Project design.

It is also clear that the three-year average time period for each sub-grant and the available budget contemplated in the CA were inadequate. This is especially true now given the importance USAID places on sustainability. Moreover, the Ministry of Health (MoH) has recently demonstrated heightened interest in involving NGOs and local communities in public health policy and administration as a means of modernizing the health sector. Finally, there have been some critical delays in Project implementation, resulting from the complexity of USAID requirements for sub-grant approvals, and restrictions on such matters as pharmaceuticals and vehicles, as well as CARE/Peru's lack of knowledge of and adherence to these rules and regulations.

The 1994 mid-term evaluation of SHIP South praised its "focus and concern for grass roots involvement, emphasis on human resource development through training, strengthening of the technical capacity of the NGOs to carry out core primary health care services, and coordination with the Public Sector." It described "notable success in organizing and establishing a strong administrative system." The evaluation also pointed out that, for a majority of the NGOs, "budget constraints have seriously affected their capacity to develop originally scheduled activities." It recommended that "SHIP South activities ... be extended beyond September 1996" and that "sufficient funds ... be provided for this extension."

In May 1995, the Mission resolved a complex impasse over mechanisms and policy for implementing sustainable revolving pharmaceuticals funds in SHIP. An offshore consultancy developed guidelines for safety, quality control, and revolving fund management that will require additional training and technical assistance, as well as some operational research over a two-year period. These precautionary measures should ensure the success of these revolving funds and avoid unnecessary political risks for USAID and the USG.

Also in 1995, a new basic education component was added to support the southern component of SHIP. While the basic education activities will continue through CY97, in order to attain maximum results, it will be important that their PHC-services complement be continued as well, since these activities are mutually reinforcing.

For all of these reasons, additional time and level of effort will be needed. Particularly important, the requested extension and additional funding will allow NGOs to approach their potential for sustainability and effectively demonstrate SHIP's potential for replicability by other agencies, including the MoH.

Over the past three years, in adherence to current Agency strategy, CARE and the sub-grantee NGOs, with USAID encouragement and local community participation, have addressed the issue of sustainability with lively attention and interest. Following a series of local, regional, and national workshops, the NGOs have defined sustainability for SHIP activities in financial, institutional, and social terms. Financial sustainability for SHIP South is the capacity to recover or otherwise generate the financial resources needed for the continuity of SHIP South activities without additional USAID support. Institutional sustainability refers to the capacity of the implementing NGOs to plan, manage, administer, monitor, and adjust Project activities to ensure their effectiveness and continuity. Social sustainability for the SHIP South NGOs connotes community ownership of their activities. Each of the NGOs has developed its own strategy and plan for attaining what it considers to be realistic levels of each of these forms of sustainability. CARE has been providing these NGOs with important technical assistance and training toward that end.

Furthermore the NGO sub-grant activities of SHIP South have been closely coordinated among each other in both Arequipa and Puno through SHIP Regional Coordinating Committees that meet monthly and plan common policies and strategies for mutual support. The Regional Directors of Health in each of these areas participate actively in these meetings and provide the

NGOs with important support and orientation vis-à-vis official public health policy. Each of these Regional Directors has made it clear to USAID Project Officers, as well as to CARE and the NGOs, that SHIP South activities are fully consistent with MoH policy and the GoP's current plans to involve private sector institutions and local communities directly in health services management and delivery. Also, the Regional Directors have stressed the importance to the MoH of SHIP's efforts in consolidating local community-based and district-level organizations, including mothers' clubs, multi-communal organizations, and district planning committees, thereby permitting their more active involvement in public health policy and administration.

Additionally, in both Arequipa and Puno, SHIP South is supported by Technical Advisory Committees that involve regional universities, professionals, and other experts in the planning and coordination of Project activities.

Proposed Additional Level of Effort

Over the past year, CARE, with input from the NGOs and local communities, has presented the Mission with successive proposals for an extension of SHIP South activities and funding in amounts averaging approximately \$3.5 million. Recently, the HPN Office and CARE have come to an understanding on technical aspects of that extension. The current proposal extends the life of the CA until September 30, 1998, with NGO activities through June 30, 1998, and includes up to \$2,384,000 in additional funding to allow for the continuation of the NGO activities and their support with technical assistance, short-term training, and administrative backstopping from CARE, in addition to support for the revolving pharmaceutical funds and basic education activities. CARE's most recent proposal and texts including modifications recommended by the Mission are included as Attachment 2.

The Office of Health, Population, and Nutrition recommends that these activities be continued under a clear plan that will phase them out progressively over a two-year period, in accordance with each NGO's needs to attain the levels of sustainability that it has defined for itself, to be based on clear indicators for each level. Some of the NGOs, particularly in Arequipa, are closer to attaining those levels of sustainability and can be phased out sooner than others. While CARE has been working on indicators for this purpose, we plan to bring in already budgeted technical assistance to help it and the NGOs define these indicators in more technical terms, as well as other indicators to measure the reduction in chronic malnutrition, which continues to be a major problem in many of the rural Project areas.

The Financial Plan for the southern component of SHIP, including the budget that is currently approved, the additional request, and the revised total LOP financing, is provided in Attachment 1. The additional budget requirements for SHIP South will be funded incrementally in FY96 and FY97, subject to the availability of funds, in accordance with the USAID OYB allotment process. Budget allowance for the obligation of FY96 funds in the amount of \$1,544,000 has been received via Advice of Budget Allowance No. 1, dated June 12, 1996, and State 122242 dated June 13, 1996.

A Categorical Exclusion from an Initial Environmental Examination (IEE) was granted on June 21, 1996 (Attachment 5). Technical Notification No. 261, sent to Congress on June 11, 1996, expired on July 3, 1996 (Attachment 6); funds may be obligated beginning July 5, 1996.

The existence of a significant pipeline and unobligated LOP authorization for the northern component of SHIP have been considered, but major expenditures in that component are expected in FY96 and FY97, as new clinics are opened. Consequently, the Mission plans to obligate the balance of the LOP authorization for that component in FY97 and FY98.

SHIP activities in Arequipa will terminate on or before September 30, 1997, and those in Puno on or before June 30, 1998. This will allow CARE three months to complete the documentation for closing out the southern component of SHIP.

Results

SHIP was designed as a project in pre-reengineering terms, and it would be difficult to recast this activity as part of a Results Package at this time, given the nature of existing separate commitments among the different components. However, in the interest of responding to the intent of the new directives, we consider it useful to provide additional information that will focus this activity within a results-oriented context. Similar language will be included in an amendment to the CA with CARE. These results, which support all four Intermediate Results of Strategic Objective No. 3, coincide with or improve upon the Log Frame in the Project Paper.

Because of the variation in values of baseline data across NGO sub-grant activities, some results must be expressed in percentages. Relative to the existing baseline data and proxy indicators to be obtained from other sources, and recognizing the limitations imposed by small sample sizes, as best as can be determined, on or before September 30, 1998, the following results will have been obtained in SHIP South Project areas:

1. Infant mortality will have been reduced by no less than 30 per cent.
2. Maternal mortality will have been reduced by no less than 60 per cent.
3. Vaccine preventable diseases will have been reduced among children under five years by 60 per cent.
4. Acute malnutrition will have been reduced by 40 percent; chronic malnutrition will have been reduced by 15 per cent.
5. The number of births occurring to high risk women will have been reduced by 25 per cent.
6. Revolving pharmaceuticals funds will be supplying more than 50 percent of the local communities served by SHIP in both Arequipa and Puno with a standard list of safe, high-quality medicines and will be recovering 100 percent of their costs after discounting the additional cost of using U. S. pharmaceuticals as seed stock.
7. SHIP South NGOs and the MoH will have established and maintained an ongoing dialogue on health policy and will have consolidated criteria for public-private cooperation in the provision of PHC services.

8. Public health services and other private health-service providers in Peru will be utilizing information and techniques developed in the project to increase access, service coverage, efficiency, and sustainability of PHC services delivery.
9. Viable models will be in place to improve access, use, coverage, cost per service, and sustainability of PHC services; these models will be potentially replicable by public and private PHC services providers.
10. Twenty SHIP sub-grant activities--ten in Puno and ten in Arequipa--will have attained realistic levels of financial, institutional, and social sustainability. These activities will continue to provide quality PHC services to approximately 300,000 people, primarily women and children under five in low-income families, after project completion.

During the fourth quarter of FY96, CARE, with the assistance of Mission-contracted technical assistance, will consolidate existing baseline data for each of the 20 NGO sub-grant activity areas to refine the database for the universe of SHIP South project areas for the period immediately prior to the initiation of the sub-grant activities, the current status, and projections for the end of sub-grant activities, with the corresponding means of verification and assumptions. This will be a participatory effort, together with CARE, SHIP NGOs, local communities and the Mission's Office of Health, Population, and Nutrition. The resulting database and projections will become part of CARE's annual Operating Plans that will be approved by the RCO, as well as by the HPN and PDP Offices of USAID/Peru.

Authority

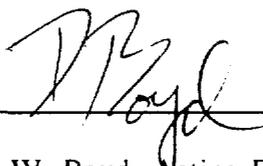
Pursuant to Section 103.5.14b of ADS 103, you have the authority to amend the Project Authorization as herein proposed.

Recommendation

That you sign the attached Project Authorization Amendment Three, thereby increasing the life of project funding by \$2,384,000 to a revised total of \$20,746,000, and to a revised total of \$8,766,000 for Element Two (NGO Health Providers, South) of the Project budget.

Approved:

Disapproved:



Donald W. Boyd, Acting Director

Date: 7/12/96

Donald W. Boyd, Acting Director

Date: _____

PROJECT AUTHORIZATION
(Amendment Three)

Name of Country: PERU
Name of Project: Strengthening Health Institutions Project
Number of Project: 527-0319

A. The original Project Authorization for the Strengthening Health Institutions Project (the "Authorization") was signed on September 28, 1991, and amended on April 1, 1993 and again on August 21, 1995. That authorization is hereby further amended as follows:

1. Paragraph 1 of the Authorization is hereby deleted in its entirety and the following is substituted in lieu thereof:

"Pursuant to Sections 104 and 105 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Strengthening Health Institutions Project for Peru involving planned obligations of not to exceed Twenty Million Seven Hundred Forty-Six Thousand Dollars (\$20,746,000) in Grant Funds ("Grant") over an eight (8) year period from the date of authorization, subject to the availability of funds in accordance with the USAID OYB allotment process, to help in financing foreign exchange and local currency costs for the Project. The planned life of the project is eight years and three months from the date of initial obligation."

- B. Except as expressly amended herein, the Authorization remains in full force and effect.



Donald W. Boyd
Acting Mission Director

7/12/96

Date

ILLUSTRATIVE SUMMARY BUDGET

PROJECT COMPONENT	Previously Approved	This Amendment	Variance	New Totals
I. Self-Financing PHO (North)	10,158	0	0%	10,158
1. Technical Assistance	2,946	0	0%	2,946
2. Commodities	1,064	0	0%	1,064
3. Short-term training	200	0	0%	200
4. Operating Costs	3,741	0	0%	3,741
5. Renovation/Construction	1,157	0	0%	1,157
6. Studies/Audits	50	0	0%	50
7. Overhead (25%)	1,000	0	0%	1,000
II. NGO Health Providers (South)	6,382	2,384	37.35%	8,766
1. Technical Assistance	639	684	107.04%	1,323
2. Commodities	173	17	9.82%	190
3. Short-term training	297	(13)	-4.47%	284
4. Operating Costs	1,312	7	0.51%	1,319
5. Sub-grants	2,771	1,220	44.02%	3,991
6. Studies/Audits	170	98	57.89%	268
7. Overhead (CARE FMC + NICRA)	1,020	371	36.39%	1,391
III. Basic Education Support	362	0	0%	362
1. Technical Assistance	48	0	0%	48
2. Commodities	6	0	0%	6
3. Short-term training	2	0	0%	2
4. Operating Costs	16	0	0%	16
5. Sub-grants	229	0	0%	229
6. Studies/Audits	4	0	0%	4
7. Overhead (CARE FMC + NICRA)	57	0	0%	57
IV. Project Monitoring Support	960	0	0%	960
V. Studies/Evaluation/Pre-Award	500	0	0%	500
TOTAL BUDGET FOR SHIP	18,362	2,384	12.98%	20,746

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Strengthening Health Institutions Project Extension Proposal



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SHIP EXTENSION PROPOSAL

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Strengthening Health Institutions Project Extension Proposal

Executive Summary

This proposal requests a two-year extension for the Strengthening Health Institutions Project, SHIP. SHIP's objective is to strengthen and expand the quality of and access to Primary Health Care (PHC) services and health information for high-risk populations in some of the poorest areas of Arequipa and Puno. To achieve this objective, the project works with eighteen local Non-Governmental Organizations (NGOs) to promote strong community organization and encourage an active relationship with the Ministry of Health (MOH). SHIP also provides technical assistance to the MOH, helping them to achieve improvements in health care delivery that are in direct response to the needs of the population which they represent. SHIP's two-year extension will ensure the sustainability of participating NGOs as health care organizations that will continue to play an increasingly significant role in community and MOH development. The total budget requested for the two-year extension is U.S.\$2,291,046.

SHIP was designed by USAID to test the operational and financial feasibility of private health care delivery in Peru, recognizing the Peruvian Governments efforts to improve people's health care through both the public and private sectors. Participating NGOs and CARE, with funding from USAID, began to implement SHIP in October of 1991, following the signing of a five-year Cooperative Agreement (October 1, 1991 - September 30, 1996) between CARE and USAID. As stated in the cooperative agreement, SHIP has a four-pronged approach: 1) strengthening NGOs' institutional capacities; 2) improving NGOs' core PHC services, 3) establishing coordination between NGOs and the Ministry of Health (MOH); and 4) promoting community participation in NGO activities. The agreement was extended until March 31, 1998, through amendment N° 6, dated September 22, 1995, which incorporates a Basic Education Project (BEP) for Aymara communities in Puno.

As a result of SHIP's activities, NGOs have designed and implemented a wide range of projects which have improved health care services to high-risk populations, especially in the areas of reproductive and child health and family planning. In the project area, immunization coverage has increased by over 20%, there has been a 50% decrease in diarrheal diseases, and a 50% and 30% increase in the number of women receiving prenatal care and postpartum checkups, respectively. Use of a family planning method, and use of a modern

method, has also risen by 10 % and 15%, respectively. Overall, SHIP, through the PHC Projects of each participating NGO, reaches 276,043 people, including 101,927 radio listeners. This number far exceeds the target of 150,000 originally planned for in the Cooperative Agreement.

SHIP's two-year project extension will enable participating NGOs to ~~concretize~~ their ability to be sustainable providers of health care services to people who urgently need them, as well as ~~to be~~ strong and continuous links between communities and the government. The extension will emphasize NGOs' graduation from the project. In order to ensure that the organizations are efficient, viable, and representative of the communities in and around which they work, the project extension will have the following three-pronged approach:

- 1) **Expansion of Service Coverage and Quality:** will improve NGO personnel's ability to accurately and rapidly identify local health care needs and strategies that are appropriate to local social and cultural contexts, with consideration of women's needs and roles, for effective health care delivery;
- 2) **Institutional Strengthening:** will further improve NGOs' effectiveness and scope, including their coordination with the MOH and the Ministry of Education (MOE), as well as successful graduation of participating NGOs from dependence on the project; and
- 3) **Social Support and Increased Community Participation and Demand:** NGOs will continue to develop their working relationships with the MOH to implement more extensive joint PHC activities. They will also continue to support processes that lead to community organization, ensuring that communities actively participate in the development and implementation of activities in their areas.

SHIP's extension will allow NGOs, communities, and local MOH personnel to further the shared participatory process of implementing widespread improvements in people's lives that began during the project's first phase. By helping this participatory process to flourish and enabling it to become sustainable, SHIP will have not only improved people's health care, but will help to pave the way towards a stronger participatory society which is the foundation for sustainable, equitable development in Peru.

1. INTRODUCTION

The Strengthening Health Institutions Project (SHIP) South is a concerted endeavor on the part of eighteen local Non-Governmental Organizations (NGOs), CARE and USAID to strengthen and expand the quality of and access to Primary Health Care (PHC) services and health information for high-risk populations in some of the poorest areas of Arequipa and Puno in Peru. Participating NGOs and CARE, with funding from USAID, began to implement SHIP in October of 1991, following the signing of a five-year Cooperative Agreement (October 1, 1991 - September 30, 1996) between CARE and USAID. As stated in the cooperative agreement, SHIP has a four-pronged approach: 1) strengthening NGOs' institutional capacities; 2) improving NGOs' core PHC services; 3) establishing coordination between NGOs and the Ministry of Health (MOH); and 4) promoting community participation in NGO activities. The agreement was extended until March 31, 1998, through amendment N° 6, dated September 22, 1995, which incorporates a Basic Education Project (BEP) for Aymara communities in Puno.

SHIP South is one of two components designed by USAID to test the operational and financial feasibility of two models of private health care delivery in Peru: 1) assistance to NGOs in expanding and improving health care coverage in some of the poorest areas of Puno and Arequipa in southern Peru, called MAXSERV (SHIP South); and 2) the establishment of a self-sustaining primary health care network in the northern region of Chiclayo called MAXSALUD (SHIP North). Both components improve the health of high-risk populations, as outlined in USAID/Peru's FY1996-1997 Action Plan.¹

To date, SHIP South has worked successfully with eighteen NGOs:

- 1) markedly strengthening their institutional capacities through training in project design, implementation and evaluation; and management for NGOs, including accounting, logistics, human resources, and strategic planning;
- 2) improving their core PHC service quality and coverage by providing technical training for personnel (nurses, doctors, and medical assistants) on delivery of health care services, adult education methods, and planning and monitoring of MCH programs;

¹ USAID/Peru, 1995. *USAID PERU ACTION PLAN, April 1995*. Lima: USAID.

3) developing working relationships with MOH regional personnel through monthly meetings, regional planning meetings for vaccination campaigns, community and MOH personnel training events, as well as exchanging information through the use of the MOH's health information system, HIS; and

4) promoting community participation in NGO activities by establishing ongoing relationships with local leaders and women's organizations, as well as MOH local authorities, thereby helping these groups to strengthen their organizational capacities by exchanging experiences and elaborating group projects.

As a result of these USAID-funded activities, the NGOs have designed and implemented a wide range of PHC projects which have improved PHC services to high-risk populations, especially in the areas of maternal and child health and family planning. In the project area, immunization coverage has increased by over 20%, there has been a 50% decrease in diarrheal diseases, and a 50% and 30% increase in the number of women receiving prenatal care and postpartum checkups, respectively. Use of family planning methods, and use of modern methods, have also risen by 10 % and 15%, respectively. Overall, SHIP, through the PHC Projects of each participating NGO, reaches 276,043 people, including 101,927 radio listeners. This number of beneficiaries far exceeds the target of 150,000 originally planned for in the Cooperative Agreement.

The proposed two-year project extension will allow SHIP to ensure the sustainability of the participating NGOs and of the quality and coverage of the PHC services they provide, in the following ways:

1) **Expansion of Service Coverage and Quality:** by improving NGO personnel's ability to accurately and rapidly identify local health care needs and strategies that are appropriate to local social and cultural contexts, as well as to include a gender strategy for effective health care delivery;

2) **Institutional Strengthening:** through improvement of NGO effectiveness and scope, improvement of NGO, MOH and Ministry of Education (MOE) coordination, and successful graduation of participating NGOs from dependence on the project; and

3) **Social Support and Increased Community Participation and Demand:** NGOs will continue to develop their working relationships with the MOH to implement more extensive joint PHC activities, expanding the relationship between NGOs and communities, ensuring that communities actively participate in the development and implementation of PHC activities in their areas, and that

NGOs are effective advocates of communities' health care needs and priorities to the Government of Peru (GOP).

2. PROBLEM STATEMENT

2.1 SETTING

SHIP was designed at the start of President Fujimori's first term. At the time, the technical and managerial capabilities of the public health sector, specifically the Ministry of Health (MOH), had deteriorated greatly. Since that time, political violence in Peru has decreased, and the national economy has slowly begun to stabilize and grow. Nevertheless, as stated by the Peruvian government, "The inherited crisis makes it impossible for stabilization and reform programs to result, at least in the short term, in a significant relief of poverty...[and] basic needs will continue to go unmet for the foreseeable future."²

Indeed, the number of Peruvians classified as living below the poverty line, with per capita incomes between US\$311 and US\$436 per year, is approximately 11.3 million, close to half of the total 1992 estimated population. Of these families, almost 20% live in extreme poverty, and can not afford even a basic diet. This situation has led to a chronic malnutrition rate of over 45%, and more than 70% in some rural areas, among school age children.³ Other health indicators are also alarming.

Although the infant mortality rate (IMR) in Peru has decreased in recent years, it is still 55 deaths per 1,000 live births, comparatively high for Latin-America region. The major causes that account for approximately 70% of deaths for all children under five are: perinatal complications; acute respiratory infections (ARI); diarrheal diseases; and malnutrition, which is often an underlying cause of poor health.⁴ MOH estimates of the current maternal mortality rate (MMR) are also high, at approximately 300 deaths per 100,000 live births, and other sources indicate that in extremely poor areas it is even higher. Furthermore, according to the 1991-2 Demographic and Health Survey (DHS)⁵, the national total fertility rate (TFR) for Peruvian women was 3.5 births per woman, but in rural areas the TFR was found to be 6.2, unchanged from the 1986 DHS findings. The highest

² Council of Ministers, 1995. Intersectorial Coordination Unit, *DOCUMENTO DE INTERES PARA LA MEJORA DEL GASTO SOCIAL BASICO*. Lima: March, 1995.

³ USAID/Peru, 1995. *USAID:PERU, April 1995*. Lima: USAID.

⁴ Pathfinder International, 1994. *Technical Assistance to the Peruvian Ministry of Health, Project 2000, Technical Proposal*. Lima: Pathfinder.

⁵ MACRO International Inc., 1992. *Encuesta Demografica y de Salud Familiar, ENDES 1991-1992*. Lima: Instituto Nacional de Estadística e Informática; Columbia, Maryland: MACRO International Inc.

TFR, 7.1, was found among women with no formal education and the lowest rate for any group, 1.9, was found among women with university educations.

In response to the country's urgent needs, the GOP has prioritized improving the population's access to essential quality services: "jobs, health, education, security, public services and infrastructure by selective and focused interventions that favors the neediest sectors." The GOP has particularly focused on health care through the creation of the Social Expense Program (now called Basic Health for All), intended to improve quality of and access to basic health services throughout the country. The budget for this program in 1994 was S/.85,791,874, and increased nearly fivefold in 1995 to S/.405,920,000, demonstrating the GOP's commitment to improving health care.

2.2 THE ROLE OF LOCAL NGOS

In addressing the country's urgent health needs, the GOP has recognized the crucial role played by local NGOs and communities in improving the coverage and quality of PHC services. The Ministry of Health, in its document "Politica de Salud 1995-2000" states that health "is a social responsibility which encompasses both the public and private sectors," and that the Ministry is "determined to complete, with participation and consensus of all sectors involved, all the necessary actions to change the current lack of quality [PHC] services, over the next five years."⁶ An example of the MOH's commitment to improving PHC services through the private sector is its development of the Local Health Administration Committees (Comite Local de Administracion de Salud - CLAS), which involve local communities in first level health service management. The operation of these committees involves a shared administration of local health posts between the MOH and the communities under a civil contract. The communities have the direct responsibility of managing the personnel and the budget, as well as implementing and evaluating health care delivery.

In keeping with MOH efforts, SHIP NGOs are implementing innovative modes of health care delivery (e.g. through community-shared management) in the country's neediest areas. For example, local NGOs, physically present in or near the communities they work with, play a central role in the establishment of successful CLAS committees. NGOs help people -- local authorities, women's organizations and local MOH authorities -- organize themselves sufficiently (in

⁶ Ministry of Health, Republic of Peru **POLITICA DE SALUD 1995-2000. HACIA LA EQUIDAD, EFICIENCIA Y CALIDAD EN SALUD.** Lima, September 1995. (Draft)

terms of organizational strengthening and planning, analysis of health care needs, recruitment of trained personnel, and procurement of essential materials) to enter into contracts with the MOH and operate their own health centers. Moreover, through close and ongoing coordination with the MOH and other institutions, including municipalities, NGOs act as delegates for the communities with whom they work, by relating people's health care priorities and concerns. In turn, the MOH and local government are able to respond to the populations' needs in an appropriate and timely manner.

By strengthening civil society, the project is advancing decentralized participation and democracy in the country.

Local NGOs also have a significant role in strengthening the quality of services offered through MOH health posts. With SHIP assistance in coordinating activities at MOH headquarters, participating project NGOs have organized joint training sessions for both their staff and local MOH health post staff in health information systems, administration, accounting, monitoring and evaluation. These training events were so successful that MOH headquarters personnel participated in many of the sessions. NGOs are also providing specialized assistance to the MOH. Examples of this support include helping MOH personnel develop and disseminate radio health messages, training community health workers, and expanding rural family planning services through community-based distribution of contraceptives.

Consequently, sustainable NGOs that are able to provide quality PHC services are key: 1) in promoting strong community organization and in ensuring active decentralized participation in MOH policy; and 2) in providing technical assistance to the MOH and helping them to achieve improvements in health care delivery that are in direct response to the needs of the population. SHIP's two-year project extension will enable participating health NGOs to successfully graduate from the project and become self-sustaining organizations that continue to form the cornerstone of the relationship between a revitalized and responsive MOH and strong, participative communities. By strengthening civil society, the project is advancing decentralized participation and democracy in the country.

3. SHIP ACCOMPLISHMENTS / PROJECT GOALS

Over the last four years of project implementation, SHIP has successfully worked with NGOs, markedly strengthening their institutional capacities and improving their core PHC service quality and coverage, as well as helping them to develop working relationships with the MOH and the communities in and around the areas in which they are active. Currently, all of the project NGOs have initiated management and PHC service systems and practices that will eventually allow them to operate on their own. The two-year project extension will enable the NGOs to consolidate their experience to date, and graduate from project support. Following is a review of the project's achievements to date, based on the project objectives set forth in the Cooperative Agreement.

SHIP's Final Goal: "To achieve sustainable improvements in the coverage and quality of health services provided to 150,000 beneficiaries in the Arequipa region and in the Puno subregion by September of 1996, via the strengthening and expansion of health information and services implemented through NGOs in the project areas".

3.1 Expanded Coverage, Quality and Efficiency of Primary Health Care Services in Puno and Arequipa⁷.

NGOs participating in SHIP work in areas traditionally neglected by the public sector, such as Caraveli, Viraco, and Caylloma in the highlands and marginal urban areas in Arequipa, as well as Juli, Pomata, Pilcuyo, Huacullani, and Kellullo in Southern Puno. With SHIP support, participating NGOs provide PHC services to 276,043 persons, including 101,927 radio listeners. This number far exceeds the 150,000 beneficiaries originally planned for in the Cooperative Agreement (See **Beneficiaries, Table 1**)⁸.

⁷ To date, the community surveys that are part of the final evaluation, and are needed to obtain final health indicators of this objective, have not been undertaken, as they are scheduled for March, 1996. Presented here is a range of results from the analysis of service statistics up to November of 1995 that demonstrate the progress achieved towards the attainment of such indicators.

⁸ This figure does not include the indirect beneficiaries (an estimated 200,000 people) who, as families and neighbors of direct beneficiaries, are also benefiting from the project's activities.

TABLE No. 1

PROGRAMMED POPULATION FOR SHIP OPERATIONAL PLAN CY 1995

	CHILDREN		WOMEN		TOTAL POPULATION**
	<1 YEAR	1-4 YEARS	PREGNANT	WRA***	
AREQUIPA					
ASDE	413	1,722	304	2,949	5,388
AFOSMI	975	3,636	1,304	16,174	22,089
SEDES	101	396	82	913	1,410
CEDER	96	390		1,300	4,424
FUNDACION COLCA	249	1,219	296	2,486	4,250
PRELATURA DE CARAVELI	325	1,453	423	2,134	9,879
P. SAN JOSE DE TIABAYA					3,701
P. SAN MARTIN DE PORRAS	65	324	26	715	2,791
CARITAS***					84,000
AMAKELLA RADIO ****					58,979
SUB TOTAL	2,224	9,140	2,435	26,671	196,911
PUNO					
INPPARES HUANCANE			98	1,129	1,227
INPPARES ILAVE			271	3,121	3,393
WIÑAY MARCA	390	2,095		2,770	3,393
SAN CARLOS	447	1,309	14		3,393
LABOCIT				18,046	9,023
UNCA		1,707	80	1,079	2,866
CEPROSDE	35	981	33	1,029	2,043
CECAPSA PROMOTORES					334
CIDESUR					10,512
CECAPSA RADIO *****					42,948
SUB TOTAL	872	6,092	626	27,174	79,132

* W.R.A. Women of Reproductive Age

** The NGO population counted here does not overlap with other sub-projects

*** Reduced by 30% (from 120,000) to avoid double counting with other NGO populations

**** Reduced by 30% (from 84,255) to avoid double counting with other NGO populations

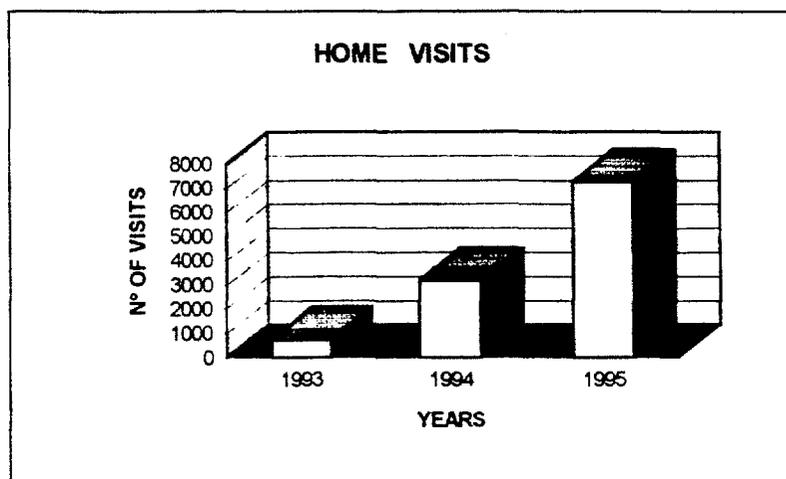
***** Reduced by approximately 46% (from 79,132) to avoid double counting with other NGO populations

Child Health:

The number of child health consultations has nearly tripled in project areas, and immunization coverage in both Puno and Arequipa is now over 80%, an increase of approximately 20% from project baseline figures. This attainment was reflected in one SHIP NGO by UNICEF's recognition of the Paucarpata Health Center (a CLAS organization), run by the community and the NGO AFOSMI in Arequipa. AFOSMI won UNICEF's first prize for being the regional health office with the highest immunization coverage in Arequipa in 1995. In the project area, there has also been a 50% decrease in diarrheal diseases. In Puno,

21,356 children in 290 Wawa Utas are receiving integral health care, and, according to MOH figures as of July, 1995, there has been a decrease in the incidence of ARI reported in the project intervention area in Puno.⁹ Moreover, the number of home visits in the area, which provide follow up to child and family health care, has risen sharply, from 750 in 1993 to 7270 in 1995 (see **Figure 1**).

FIGURE No. 1

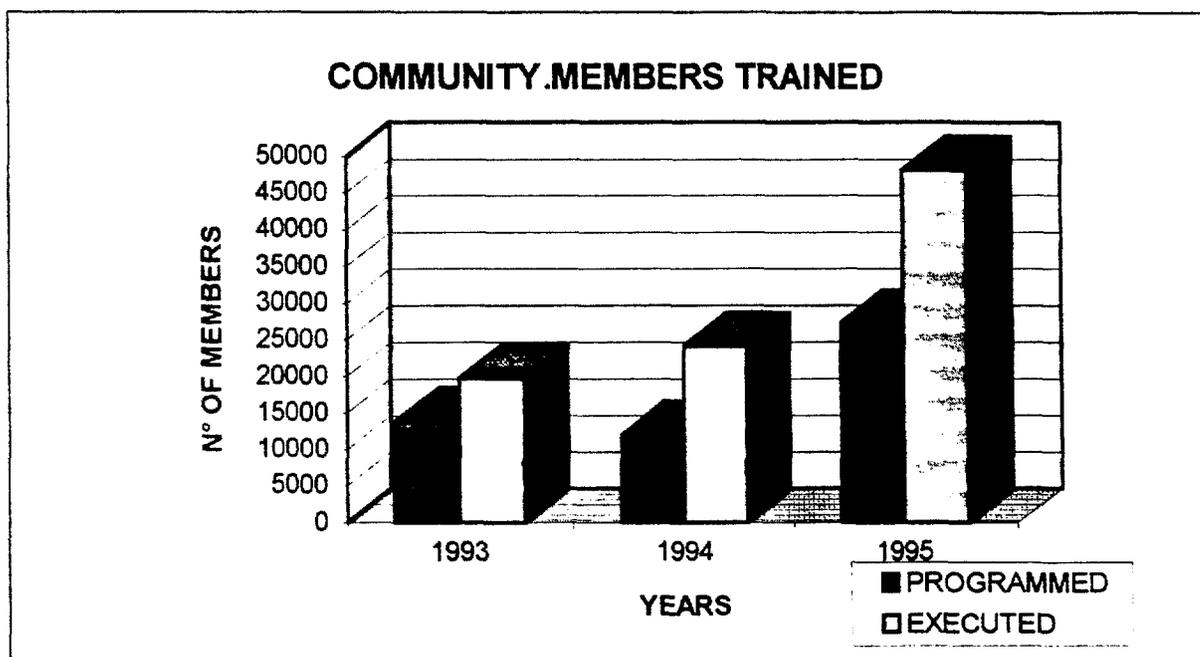


Training:

The project has provided training in essential PHC issues to 48,650 community members, including 19,500 women (see **Figure 2**), 226 community health promoters, and to MOH personnel through their participation in 189 events.

⁹ UTES Yunguyo Semestral Meeting. Presentation by Dr. Luis Mamani, UTES Yunguyo Director. August 14, 1995.

FIGURE No. 2



Other Achievements in PHC:

A dental health program, as well as innovative Schools for Parenting where young adults learn about FP and the responsibilities of parenthood, was established in the NGO Parish of San Jose de Tiabaya in Arequipa. The MOE is currently working with this NGO to replicate the Schools for Parenting in other areas of Arequipa. Also, a model community monitoring program was organized by an NGO in Caraveli to provide ongoing attention to tuberculosis (TB) patients.

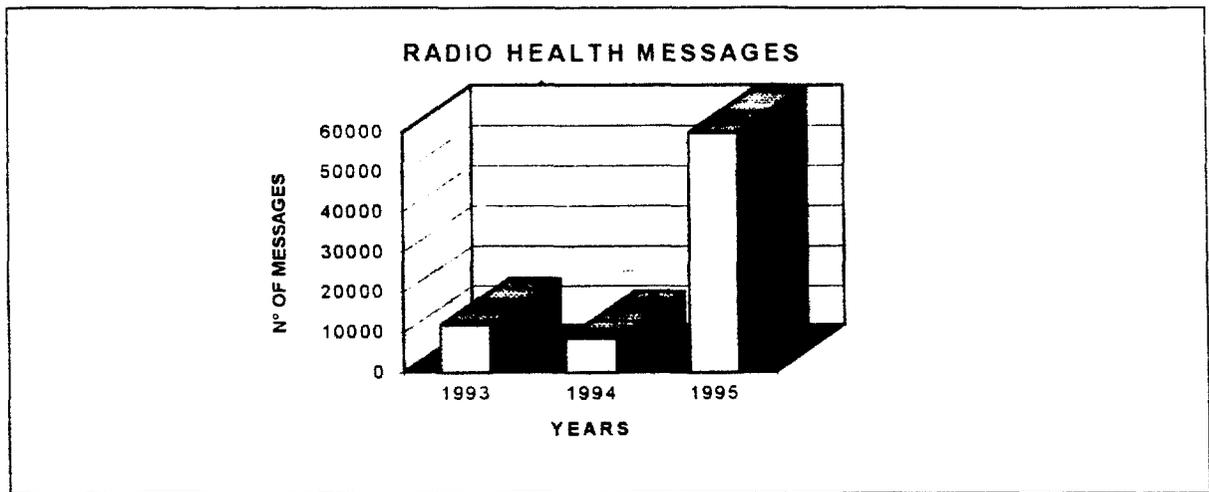
IEC:

The quantity and quality of radio health messages broadcast by Radio Yaravi in Arequipa (run by Amakella) and the seven radio stations in Puno have increased. In 1993, SHIP produced 11,784 radio health education spots. By 1995, this number had soared to nearly 60,000 (see Figure 3). Radio Yaravi broadcasts in both Spanish and Quechua, using local actors. Its success was reflected in its ranking third in radio audience, according to a 1995 community survey, after a national and an Arequipa radio station. Amakella has also established itself as a reliable provider of services to the MOH, and its director, R.P. Eloy Arribas, was appointed President of the Latin American Radio Stations Association (ALER).

E. Arribas

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FIGURE No. 3



PHC Equipment:

In Arequipa, SHIP has contributed to equipping three health centers in Mollendo and seven health posts in the Colca Canyon. Also, NGOs have succeeded in building a maternal-child care module in Paucarpata, and two birth centers, one in Paucarpata and another in Zamácola, both of which offer 24 hour attention. Thanks to this construction and remodeling, these health centers were able to significantly increase their attention and become model establishments in the area.

Maternal Health:

SHIP has also been instrumental in increasing by fourfold the number of antenatal consultations provided from 1993 to 1995 (see **Figure 4**). Moreover, the number of family planning (FP) users has increased more than threefold since the beginning of the project (see **Figure 5**), due mainly to a sharp increase in IUD and condom use.¹⁰

¹⁰ Such impact seems to show Aymara women's openness to modern contraception and is worth investigating further.

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FIGURE No. 4

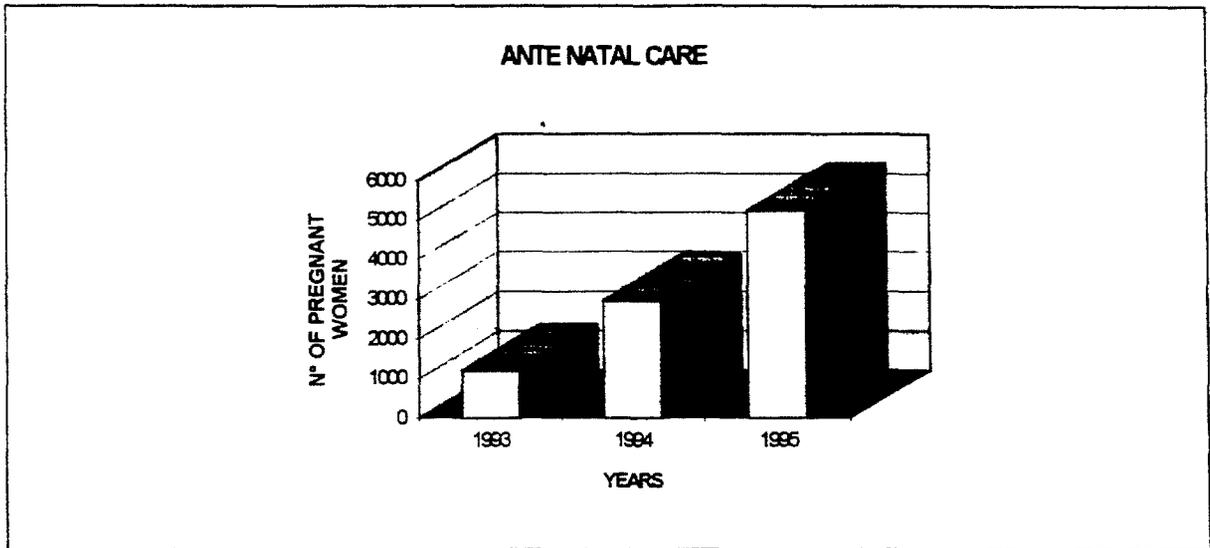
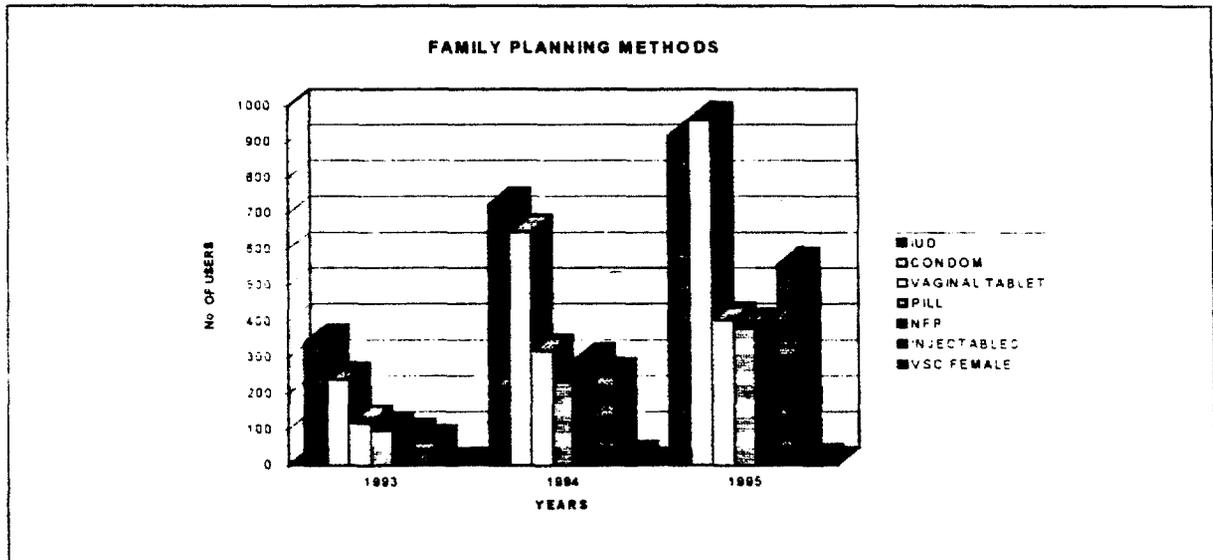


FIGURE No. 5



These results illustrate SHIP's success in helping NGOs expand the coverage, quality and efficiency of PHC services to high-risk populations in the project area. SHIP NGOs in both Puno and Arequipa have succeeded in helping to fill the gap in the non-profit private sector for the provision of high quality health services to the population. Overall, the project NGOs are becoming identifiable and increasingly autonomous institutions within their communities.

The two-year project extension will enable SHIP and participating NGOs to ensure people's access to a complete basic health care package (maternal care,

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family planning, child immunization, diarrheal disease and acute respiratory disease control) in the project areas. Also, quality of care standards will be incorporated in the health services provided by NGOs during the extension period.

3.2 Improved Effectiveness and Scope of the NGOs through Training and Technical Assistance, and Improved Programming, Execution and Administration of Primary Health Care (PHC) Services.

Most of the NGOs working with CARE through SHIP, particularly those in Puno, were new organizations when the project started. Some originated from religious institutions (Parish of San Jose de Tiabaya, Parish of San Martin de Porras in Mollendo, Caritas Diocesana), others from grassroots organizations (*multicomunales* and health promoters in Puno); still others were affiliates of national (INPPARES Ilave/Juliaca) or international (Cruz Roja-Puno) organizations. Some NGOs were formed by groups of experts (CIDESUR), and even by MOH staff (AFOSMI in Paucarpata). Despite their different origins and management styles, the project NGOs have, as a group, become stronger and more efficient organizations. This institutional strengthening is evident in NGO operations.

First, participating NGOs have implemented operational procedures for their internal organization. This was reflected in the NGOs' answers to a questionnaire distributed at SHIP's First Lessons Learned Meeting of March 1994. The NGOs acknowledged that the beginning of their relationship with CARE/SHIP staff was "very tough" because of the continuous follow up and strict rules for proper inventory control, adequate purchasing procedures, etc. But they also agreed that, as one person wrote, "We have received substantial training and learned a lot about project design, computerized systems and management procedures" through SHIP.

Despite a "very tough" beginning, NGOs recognized that with the advent of SHIP "we have received substantial training and learned a lot about project design, computerized systems and management procedures."

Once the NGOs adjusted to the project's procedures, results were apparent in a short time. By mid 1993, all NGOs were using CARE's unique computerized System for Sub-Grant Management (SAS). The External Midterm Evaluation (of September 1994) found that the project had achieved remarkable success in the establishment of good management practices among the NGOs. Furthermore, the NGOs laid the groundwork for their working relationships with the MOH by

incorporating the official MOH Health Information System (HIS). SHIP is the only private sector project in Peru that has access to official MOH information produced by HIS. The NGOs' use of HIS allows the MOH to significantly expand its information base, and strengthens the NGOs' role as advocates for community health care needs.

Second, two external audits carried out by Hansen, Holm, Alonso & Associates, one in 1993 and another in 1994, recognized major improvements in the NGOs' management and accounting systems. The audits identified minimal problems in accounting forms, purchase procedures and records of NGO counterpart contributions. Audit recommendations were implemented by the NGOs, and adjustments were made to improve operations.

SHIP and NGO systems and experiences, including the SAS software, were recently shared with the USAID-funded APOLO Health Project in Ecuador, a project which is based on the SHIP model.

Some participating NGOs have succeeded in organizing themselves so effectively with SHIP support that they have been able to obtain external funding. *Multicomunal* UNCA, for example, received funds from the Indigenous Fund of La Paz, Bolivia, for a multisectoral project. *Multicomunal* Wiñay Marca has obtained funding from GOP institutions, FONCODES and PRONAA, for Wawa Uta equipment and complementary food, respectively. As Modesto Chambi, the Wiñay Marca Project Coordinator, enthusiastically confirms: "Before SHIP, *multicomunales* were dying, and now they have been reborn."

The project's two-year extension will enable CARE to further strengthen these and the other participating NGOs. Drawing on lessons learned to date, NGOs will be able to improve the effectiveness and scope of their programming, which will be supported by the systems they have put in place and eventually allow them to operate independently.

3.3 Improved Collaboration and Coordination Among the NGOs Operating in the Target Areas, the Regional Governments, and the Ministry of Health

SHIP has made significant progress in assisting the NGOs to carry out joint coordination towards common goals (SHIP's objectives). The NGOs have learned to negotiate and to resolve conflicts, while improving the quality of their activities.

SHIP has organized two NGO Coordinating Committees, one in Puno and another in Arequipa. These committees are supported by Technical Advisory Committees, conformed of experts in social sciences and public health from the MOH and local universities. The Coordinating Committees have served as fora for the sharing of common problems and the healthy debate of differences. They have achieved public and MOH recognition in their areas and reputations as serious, honest and hard-working groups.

Currently, the committees hold monthly meetings to set up strategies that will enable them to continue their projects beyond the current funding. They have also discussed the possibility of sharing the costs of maintaining a common administrative and technical office through a consortium. Other local NGOs that do not participate in SHIP have also approached the Coordinating Committees for advice and support.

SHIP and the participating NGOs maintain an ongoing and cooperative working relationship with the MOH, carrying out joint activities in the project communities. There is a continuous flow of information, which includes consultations on regional health policies and periodic meetings to program joint activities, between the NGOs and the MOH. In Arequipa, the regional MOH health director holds monthly meetings with NGO directors, and the regional director of the Shared Administration Program for Pharmaceuticals (PACFARM) has initiated conversations with the NGOs to establish a system for joint purchases of low cost medicines. In Puno, the MOH organized a workshop in November 1995 for its staff, CARE and the NGOs, to discuss joint strategies for PHC activities in the area.¹¹

In Arequipa, the regional health director holds monthly meetings with NGO directors...[and]...in Puno the MOH organized a workshop in November...to discuss joint strategies for PHC in the area.

Through these efforts with SHIP, CARE Peru has furthered the Partnership experience gained in its Agriculture and Natural Resources (ANR) Sector and in the USAID-funded Multisectoral Population Project. SHIP's presentation was an important contribution to the Latin America Partnership Workshop, organized by CARE in May 1995 in San Jose, Costa Rica.

¹¹ These joint planning efforts demonstrate the important role NGOs play in increasing democracy in inner Peru.

The project's two-year extension will enable SHIP to help NGOs and the MOH develop and implement more extensive joint PHC activities, thereby increasing high-risk populations' access to a complete basic health care package, and NGOs' sustainability through their ability to play an active role in meeting people's health care demands.

3.4 Increased Participation by the Beneficiary Communities in the Health Activities, Design and Implementation of NGO Health Projects and in the Demand for Health Services

Community participation has been key to all project activities from the start. Community involvement has taken different forms, in relation to the social and cultural contexts in which each NGO works. These differences are quite varied, especially between Arequipa and Puno. In Arequipa more organized institutions (e.g. municipal governments, health workers' associations) have been actively involved in advancing SHIP NGO interventions, whereas more grassroots community organizations (e.g. *multicomunales*, federations of agricultural women) have participated in the project's activities in Puno. Mothers' Clubs and other rural women's organizations participate actively in these groups. Community groups have significantly improved NGOs' identification of the local populations' immediate needs and wants.

In an effort to promote women's development in the area, SHIP has been able to incorporate, into the local MOH network, women's groups in support of activities in family planning (as with INPPARES Ilave and Huancane, in Puno) and health (as with ASDE, in Arequipa). Women's organizations in Caylloma, as well as the Women's Federation in Huancané, have likewise participated in the planning and implementation of activities. More generally, community organizations in Caylloma, Acari, Viraco, Mollendo and in the district of Miraflores (Arequipa), as well as the *multicomunales* in Puno, have actively contributed to organizing and realizing project activities. A SHIP-supported district development committee, as established in Ilave-Acora, a district development committee (CODDIŚ) in the high areas in Caylloma, and health and development committees were formed in Viraco (COSADVA) and Machaguay (COSADMA). These committees further the motivation and participation of community members from planning meetings to actual PHC project activities. SHIP has also established a training program for community leaders with an eye toward preparing district development plans, and indicators have been identified to evaluate participation and to measure program results.

Improving women's status: in Arequipa's NGO ASDE, during a long discussion between NGO staff and community men on what the needs of the community were, one woman interrupted to say: "Listen, I am a woman of this community and want to speak. In truth, we are undervalued because we don't know how to write. But even our husbands write our ideas, they think with our heads. So we want to be taught how to write letters and petitions and to learn how to talk to the Ministry people, how to address meetings in our community so that we can arrive at good results."

The project's two-year extension will enable both men and women to fully participate in and develop ownership of the planning, monitoring and evaluation of PHC activities and contribute to a broader vision of their own needs and priorities.

4. SUSTAINABILITY OF NGOs PARTICIPATING IN SHIP

As demonstrated by the foregoing, SHIP South, which was designed by USAID to test the operational and financial feasibility of NGO health care delivery, has had significant results to date. SHIP has successfully worked with NGOs, markedly strengthening their institutional capacities and improving their core PHC service quality and coverage, as well as helping them to develop working relationships with the MOH and the communities in and around the areas in which they are active. Currently, all NGOs have initiated management and PHC service systems and practices that will eventually allow them to operate on their own.

As the project's Midterm Evaluation¹² and MSH consultancy¹³ recognize, however, delays in NGO start up and longer project implementation periods have precluded reaching all programmed targets in time (see **Figure 6**). The two-year project extension will enable NGOs participating in SHIP to continue working towards sustainability in the following components:

4.1 Expansion of PHC Service Coverage and Quality: Quality of Care (QOC) standards will be incorporated in all services provided by the NGOs, who will

¹² KEPNER John, GLAVE Manuel, ESTABRIDIS Iliana SHIP SOUTH—ENTERING THE NEW PHASE. SHIP South Mid-Term Evaluation. Lima, October 3, 1994

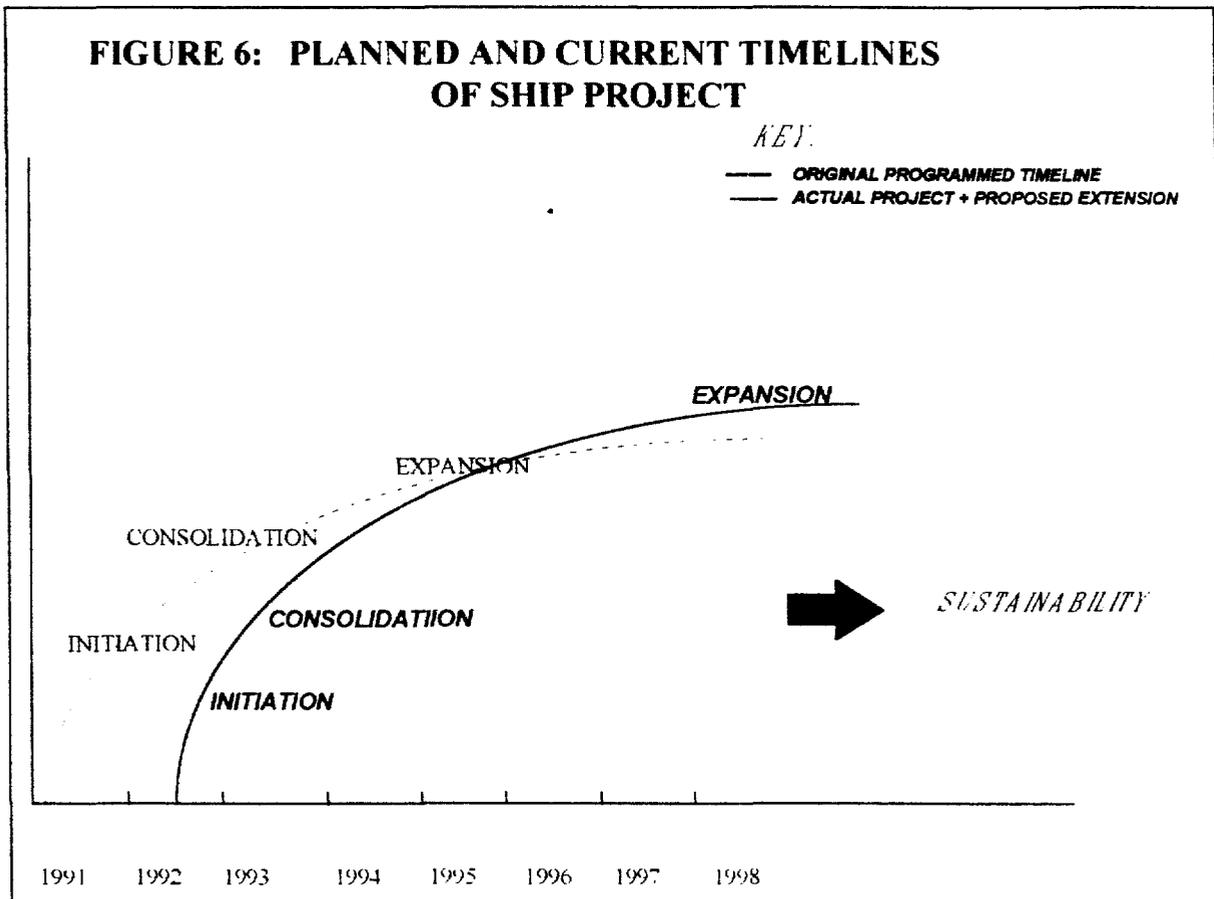
¹³ BERACOCHEA Elvira, OLSON Chris STRENGTHENING REVOLVING DRUG FUNDS AND ASSURING QUALITY PHARMACEUTICAL CARE USAID PERU-MSH. Lima, April 17, 1995.

seek to ensure people's access to a complete basic health care package (maternal care, family planning, child immunization, diarrheal disease and acute respiratory disease control) tailored to local needs and conditions (this corresponds to objective No. 1 of the Cooperative Agreement).¹⁴

4.2 Institutional Strengthening: a) the NGOs will improve their effectiveness and scope, expanding the coverage and quality of their PHC services with the support of the operational systems which are now in place; b) the NGOs will demonstrate effective leadership, will have put together all necessary monitoring and evaluation systems for informed decision-making, and will be capable of retaining quality staff through adequate compensation, incentives and training; c) the NGOs will constantly strive to improve targets and impacts drawing on lessons learned to date, and eventually graduate from project support and operate independently (this corresponds to objective No. 2 of the Cooperative Agreement); and d) the NGOs will achieve **financial sustainability**, and have the ability to generate and/or raise enough funds on their own to continue their activities.¹⁵

¹⁴ QOC tools and scoring systems have been developed for the family planning area and will be adapted to SHIP's PHC services.

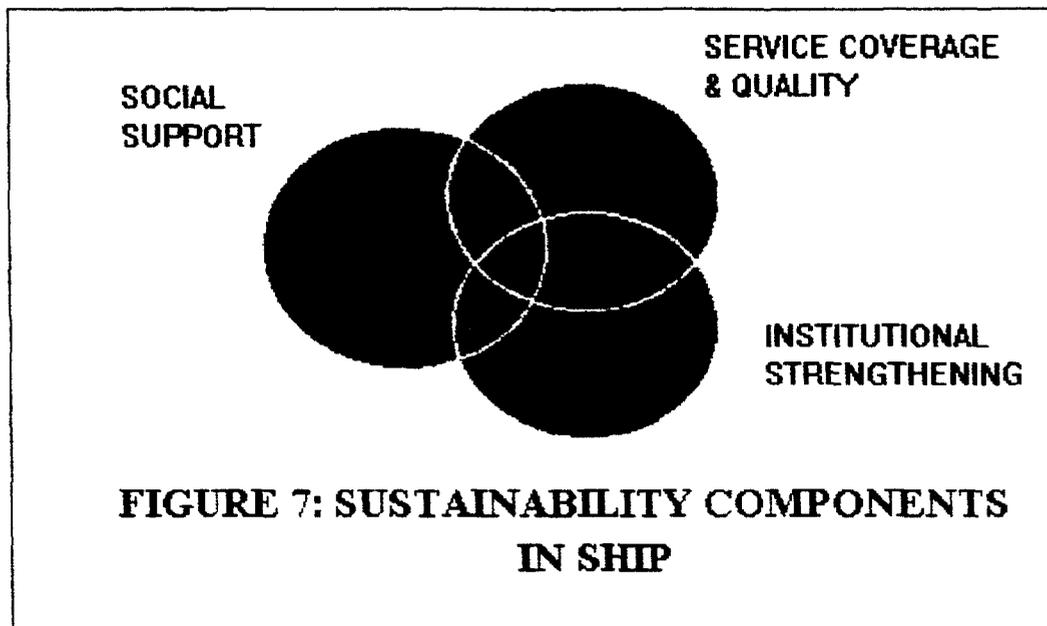
¹⁵ Financial sustainability can be achieved in a variety of ways: self-funding by the sale of services (e.g. a minor fee for check-ups, minor surgery, medicines), and/or a donor portfolio (which may include funding from a variety of donors such as the MOH, the MOE, UNICEF, USAID, the European Union, IDB, the World Bank, etc.).



4.3 Social Support and Increased Community Participation and Demand:

a) the NGOs will articulate their long-term visions and activities with those of the population, public sector (e.g. MOH) and private institutions (NGOs and the commercial sector); b) the NGOs will also expand their relationship between themselves and the communities in and around which they work, ensuring that communities actively participate in the development and implementation of PHC activities in their areas, and that the NGOs faithfully and accurately represent communities' health care needs and priorities to the GOP. Once communities acquire ownership of project activities through active participation, the NGOs will accurately reflect people's increased demand for quality services and overall community development needs (this corresponds to objectives No. 3 and No. 4 of the Cooperative Agreement).

The above components are key for NGO sustainability, regardless of the NGO operational model. These components overlap and complement each other, as shown here in Figure 7.



CARE analyzed the six models of operation represented among NGOs participating in SHIP. These models, described in detail in the project's 1995 Annual Report, range from the provision of basic PHC services to more specialized services by MOH-based and community grassroots organizations, to shared administration and consortium models of operation. The various operational models of participating NGOs have been taken into account when discussing their potential for sustainability.

On Sustainability: Father Carlos Echávarry (who worked in the shantytown Parish of San Jose de Tiabaya in Arequipa) expressed at the end of an important meeting with project NGOs: "With all this talk about efficiency and sustainability, I have learned today that even charity has to be sustainable."

The following table (Table No. 2) is based on the project's objectives and on the above three components necessary for NGO sustainability. This table illustrates the three steps towards the NGOs' graduation from SHIP and serves as a guide for CARE management in monitoring the NGOs' progress toward sustainability.

TABLE No. 2
NGO PROGRESS TOWARD SUSTAINABILITY (ACCORDING TO SHIP OBJECTIVES)

OBJECTIVES AND INDICATORS	START UP (OCT '91)(#)		PROJECT END (SEPT '96)(*)	LEARNING END (SEPT '98)(+)
I. EXPANSION OF SERVICE COVERAGE & QUALITY <ul style="list-style-type: none"> • Immunization • Diarrhea prevalence • Diarrhea treatment (ORS) • Acute/chronic malnutrition • ARI treatment • FP use/modern contraception • Prenatal visits • Tetanus toxoid immunization • Deliveries by trained personnel • Postpartum checkup • Exclusive Breastfeeding (<4mo) • User satisfaction • Quality of Care 	PUNO <ul style="list-style-type: none"> • 65% • 40% • 30% • 11%/49% • 20% • 41%/14% • 30% • ? • 10% • 30% • 80% • N/A • N/A 	AREQP <ul style="list-style-type: none"> • 65% • 20% • 60% • 11%/49% • 40% • 41%/14% • 30% • ? • 10% • 30% • 40% • N/A • N/A 	<ul style="list-style-type: none"> • ≥ 80% of children < 1 • 50% reduction • 90% appropriately treated • < 4%/25% of children < 5 • 80% appropriately treated • ≥ 50%/≥ 30% • 80% with ≥ 2 visits • 50% with 2 doses • 50% of deliveries • 60%, within 2 months • 50% increase • N/A • N/A <p style="text-align: right;"><i>- need concrete numbers</i></p>	<ul style="list-style-type: none"> • ≥ 90% of children < 1 • 50% reduction • 90% appropriately treated • < 4%/25% of children < 5 • 80% appropriately treated • ≥ 60%/≥ 40% • 80% with ≥ 2 visits • (♦) • 70% of deliveries • 60%, within 2 months • 50% increase • 70% users satisfied • High score in all NGOs
II. INSTITUTIONAL STABILITY: II-A. IMPROVEMENT OF NGO EFFECTIVENESS AND SCOPE <ul style="list-style-type: none"> • Administration & Accounting • Activities performance • Pharmaceutical distribution • Pharmaceutical cost-recovery • Core organization & leadership • Strategic planning • Staffing • Investigation & learning • Alternative funding • Cost recovery (CR) 	<ul style="list-style-type: none"> • Minimal • Minimal • None • None • N/A • N/A • N/A • N/A • N/A • N/A 		<ul style="list-style-type: none"> • All participating NGOs have improved administration and accounting systems. • All participating NGOs regularly and properly perform an average of no less than 75% of programmed activities. • (in process) • (in process) • minimal board • Annual Operating Plans • Some incentives, training & compensation • Methodologies used & impact assessed • Additional funds secured • 40-60% CR, cost-reduction & capitalization 	<ul style="list-style-type: none"> • (Achieved) • (Achieved) • 80% of programmed botiquines comunales implemented and regularly supplied • Pharmaceutical distribution systems in Arequipa and Puno having achieved at least 70% cost recovery. • Specialized board • Strategic Plans • specialized staff & HR policy • dynamic changes through lessons learned • Diversified budget & portfolio • 100% CR, NGO Resource mobilization

OBJECTIVES AND INDICATORS	STATUS (OCT '91)(#)	PROJECT END (SEPT '96)(*)	ITEMS TO DO (SEPT '98)(+)
<ul style="list-style-type: none"> Quality control 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> First Quality Assessment Tools 	<ul style="list-style-type: none"> Quality control indicators Assess MOH and NGO Work
II-B. IMPROVEMENT OF NGO COORDINATION <ul style="list-style-type: none"> NGO coordination committees Regional gov (RG)/MOH coordination Technical Advisory Committees HIS (adequate & timely) 	<ul style="list-style-type: none"> None Little None None 	<ul style="list-style-type: none"> One in each region (achieved) Each NGO ≥ 1 agreement w/RG/MOH One in each region (Achieved) One in each region (Achieved) 	<ul style="list-style-type: none"> ≥ 1 NGO joint ventures in each region Joint planning & execution of activities (e.g. sub-contracts). TAC w/community participation Integrated to senior management
III. SOCIAL SUPPORT: INCREASED COMMUNITY PARTICIPATION & DEMAND <ul style="list-style-type: none"> Strengthening Community / Grass Root Organizations (GR) Organizing Community Health / Development Committees (CDC) 	<ul style="list-style-type: none"> Little None 	<ul style="list-style-type: none"> Community representatives participate in monitoring, annual evaluation and programming meetings. Community health committees run health and pharmaceutical activities in coordination with NGO field personnel. 	<ul style="list-style-type: none"> GR engaged in resource generation and management MOH/MOE/CDC Joint planning & execution CDC make district plans, monitor QOC, share-manage Health Centers

(-) Indicators correspond to average pooled figures from the baseline surveys conducted in each region (March 1993 in Arequipa and September 1993 in Puno); specific indicators vary widely according to each location:

A - Arequipa, P - Puno. Proposed new indicators are in italics.

(*) Achievement of these indicators will be shown after end of project's evaluation community survey of March 1996.

(+) Most of the progress will be measured as the capacity of the NGO to reach all underserved population with high quality health care.

(●) See Annex 1

5. STRATEGIC APPROACH

The two-year project extension will allow CARE and participating NGOs to ensure the sustainability of the participating NGOs and of the quality and coverage of the PHC services they provide. The extension will be implemented through three strategic approaches:

- ↪ Tailored technical assistance provided to each NGO, according to its individual needs, to complete the process of institutional strengthening;
- ↪ Implementation of an NGO graduation process, according to each NGO's status; and
- ↪ Evaluation and dissemination of lessons learned and project accomplishments.

5.1 Tailored Technical Assistance To Complete NGO Strengthening

CARE will offer tailored, specific technical assistance and training to the NGOs to ensure that substantial progress is made towards the three components of sustainability, as reviewed above (section 4).

5.1.1 Coverage and Quality

During 1996, SHIP and the NGOs will improve the quality of health services they provide. In accordance with each NGO's need, a specialized team will provide technical support to develop quality standards for their services. For example, standards will be set for PHC services provided (maternal and child health, reproductive health), medicine distribution, broadcasting and training. NGOs will develop their own process and impact indicators. Initially, coverage-quality and KAP survey will provide the actual status of quality health care delivery, and quality indicators.

A social marketing consultancy will identify actual and potential clients for NGO services. The NGOs will then carry out a Strengths, Weaknesses, Opportunities, and ~~Threats~~ (SWOT) Study which will illustrate NGOs' performance and what can be done in the future to improve their services. The SWOT results will be included, for each NGO, as raw material for strategic planning. Operational research will update the results of quality in the future. Results from SHIP NGOs will be shared with other NGOs, district mayors, and community leaders, in seminars and in the SHIP regional bulletins.

In accordance with the recommendations made by the Management Sciences for Health (MSH) consultancy, special emphasis will be placed on the quality of the distribution and the use of medicines, as the project seeks to expand its activity in this area, in order to supply adequate, safe medicines at low cost. Additionally, selected NGOs will initiate a quality assurance process for first-level health care, in selected health centers that have a high degree of cooperation among the public sector, the community, and other NGOs which are not participating in SHIP¹⁶.

In addition to increasing the quality of health care, SHIP will broaden its PHC coverage by ensuring that the communities in and around the areas where each NGO works receive basic PHC packages that are complete and adapted to local needs and priorities as determined through community input. The NGOs will coordinate with the MOH to develop and implement strategies especially designed to reach underserved and vulnerable groups, through pooling of resources from both institutions.

Other strategies to improve NGO service coverage will be adopted by broadcasting projects (e.g. association with other broadcasting stations), promoters training (e.g. consultancies, agreements of Health Promoters Training Center (CECAPSA) with Project 2000 or IDB projects). Operational research projects implemented by NGOs during the SHIP extension period, with substantial involvement of the MOH and the community, will investigate the most appropriate treatments and community outreach strategies, and disseminate important findings to other MOH health centers, NGOs and grassroots organizations which are managing health projects. SHIP will develop an operational research group selected among the Technical Assistant Committee (TAC) experts to support this research, in Puno and Arequipa.

In 1997, NGOs' efforts will focus on organizational strengthening to ensure advances in quality of services, and social support. Consultancies will be carried out to update the NGOs' strategic planning and cost recovery plans. These results will be exchanged in lessons learned meetings, twice a year. CARE and TAC will assist in organizing a quality assurance seminar with the MOH in order to validate the quality indicators. Operational research will continue updating the service quality indicators, (including user satisfaction indicators), medical and pharmaceutical packages, community participation, etc.

¹⁶ Quality assurance has recently been introduced in Peru for the optimization of third level services (management of hospital and specialized clinical services, such as pharmacies, physicians' offices, emergency wards, laboratories) but it has not been given the same priority in first level services that experience from other countries suggests it should.

Similar consultancies and technical assistance will continue through FY1998, to ensure that all of the NGOs have received the complete package of quality assurance, strategic planning, and funding strategies.

5.1.2 Institutional Strengthening .

The NGOs will continue to develop the successful aspects of the particular PHC delivery models they have implemented through SHIP.

For example, the projects implemented by both INPPARES, the Cruz Roja in Puno, and AFOSMI in Arequipa, will continue to test models of financial sustainability through cost recovery mechanisms such as revolving funds. Meanwhile, ASDE and SEDES will establish more joint venture activities with the MOH and municipalities, respectively.

The multicomunales Wiñay Marca and San Carlos will strengthen their community-driven development activities in large areas of Puno. Work in these areas will be facilitated by the operational systems established in all project NGOs.

SHIP EXTENSION STRATEGIES:

- a) Provide tailored technical assistance to complete NGO strengthening;***
- b) Implement a graduation process, according to each NGO's status; and***
- c) Evaluate and disseminate lessons learned and accomplishments.***

A consultancy will help the NGOs in developing strategic plans, which will contemplate all aspects of NGO operation including sustainability, quality of services, and development of social support. As part of strategic planning, CARE will assist the NGOs in developing a diversified budget portfolio. A specialized consultancy will help NGOs to routinely figure their operational costs, with which they will be able to make budget projections and recuperate a share of their operational costs by increasing productivity. CARITAS and CIDESUR will recuperate costs through the sale of medicines. After the procurement of the second batch of medicines from the U.S., these NGOs will use Amendment N° 6 to make local acquisitions of safe medicines at the lowest international market prices.

The processes of strategic planning and cost-recovery will be closely supported by CARE's accounting staff, and by the use of the computerized Sub-Grant Management System (SAS). To ensure that their long-term projections are sound, the NGOs will improve their staffing, incorporating sound human resource policies that include incentives, training and compensation.

5.1.3 Social Support

A SHIP extension will provide the time required for concretizing and expanding the existing extensive coordination networks among the NGOs and local MOH authorities, community leaders, and women's organizations. The NGOs play a crucial role in empowering these groups by helping them to organize themselves, define their needs and priorities, and implement plans to meet these. NGOs can, for example, help communities to organize sufficiently to contract with the MOH to establish Local Health Administration Committees (CLAS)¹⁷, and provide them with the personnel and materials necessary to operate their own health centers in coordination with the NGOs. A community participation study will systematize the Community Participation Workshop results obtained during 1995. This study will help to design better forms of community participation.

The project NGOs will also strive, individually or in consortium agreements, to expand their relationships with the Ministry of Health through round table meetings in which they will carry out specialized activities. These relationships will also be strengthened through consultancies, information sharing through use of the HIS system, joint health operations and programs in specified areas, and shared administration of health establishments.

During the extension period, the NGOs will establish communication and supervision channels for community activities. Also, NGOs will act as community representatives with the MOH, for the identification of community needs and in the development of workplans and budgets. With technical assistance, the NGOs will establish goal-oriented financial management mechanisms and coordinate a more efficient assignment of funds with the participant communities.

In addition, a new sub-grant activity has been added to work with grassroots multi-community NGOs to help ensure that preschool children in Puno enter primary education. This sub-grant, the Basic Education Project (BEP), will work with community children's centers or Wawa Utas, to improve community promoter (teacher) training, enhance community participation, and ensure that children in the participant communities enter primary school. This new activity will also help strengthen community ties with and support of local NGOs.

¹⁷ As part of the effort to modernize the health sector, the Peruvian government established the Local Health Administration Committees (CLAS), which are a form of shared administration of local health posts between the MOH and the communities under a civil contract. The communities have the direct responsibility for managing the personnel, the budget, as well as health activity results and delivery. The CLAS system is an experimental strategy to involve the community in first level services management.

Community leaders, besides being substantially involved in the projects, will be encouraged to seek outside resources and experience in order to increase their district development. A training course for community leaders in each region will give community members basic skills in management, communication, leadership, and accounting. These new skills will be used to develop district plans with close CARE technical assistance. Similarly, the Aymara Women's Action Committee in Puno will receive training in literacy, accounting, leadership, advocacy, project management, and project design to improve women's income.

During FY 1997, the training course for community leaders and the Aymara Women's Action Committee training will continue. Complementary to these activities, CARE will assist the NGOs in updating district plans and round table meetings with the MOH. At the end of the project some models of interaction among NGO-MOH-Communities will be tested and the results described in the SHIP Sustainability Manual.

During FY 1996, all SHIP results on NGO sustainability will be shared in the publication "NGOs' Role in the Peruvian Health Reform Forum" with other NGOs, the MOH and USAID. An "NGO Sustainability Forum" will be carried out in FY1997 and the "SHIP Lessons Learned Forum" in 1998. At the end of the project, the SHIP Sustainability Manual will systematize the overall SHIP experience.

5.2 Implementation of an NGO Graduation Process, According to Each NGO's Status

CARE will provide the necessary technical support to participating NGOs, helping them to achieve sustainability and "graduate" from the project. Graduation from the project refers to the decrease over time in the level of CARE interventions, while at the same time the NGO, working in close coordination with the communities and the MOH, assumes responsibility for the project intervention. During the two-year extension, the NGOs will graduate from the project at various times according to the level of development they have reached during SHIP project implementation. Following is **Table No. 3**, which illustrates the level of sustainability and institutional development of each NGO and the three graduation periods envisioned. This table is organized into three levels (each corresponding to stages of organizational development): Level 1 - Basic; Level 2 - Intermediate; and Level 3 - Advanced.

Level 1 refers to NGOs that have only very basic operational systems, lack working relationships with communities and the MOH, and have no strategic plan for developing a funding portfolio and social support of their organization. Level 2 refers to NGOs that have developed annual operating plans but have no additional funding sources besides CARE, whose administrative and operational structures are new or still weak, that have not yet implemented quality control measures, and whose coordination with communities and the MOH is in the initial stages. Level 3 refers to NGOs that have developed their own strategic plans, have at least one outside funding source besides CARE, deliver appropriate PHC services, and have strong community and MOH relationships and support.

Most SHIP NGOs are currently at Level 2, and a small percentage are at Level 3, ready to graduate from the project at the end of FY 1996. CARE estimates that the NGOs currently at Level 2 will be ready to graduate from the project in FY 1997, and that the NGOs currently at Level 1 will be able to graduate by the end of FY 1998.

TABLE No. 3

**GRADUATION OF NGOs BASED ON
LEVELS OF SUSTAINABILITY**

LOCATION	FIRST GRADUATION (Sept. '96)	SECOND GRADUATION (Sept. '97)	THIRD GRADUATION (Sept. '98)
AREQUIPA	AMAKELLA ? ASDE ND CEDER S.M. PORRAS ? FUNCO* S.J. TIABAYA*	CARITAS ? AFOSMI ✓	SEDES PRECA)
PUNO		LABOCIT ✓ CECAPSA CEPROSDE CIDESUR ? INPPARES-IIave	INPPARES-Huancanc UNCA** WIÑAY MARCA** SAN CARLOS**
LEVELS OF SUSTAINABILITY	LEVEL 3 ADVANCED	LEVEL 2 INTERMEDIATE	LEVEL 1 BASIC

* To withdraw before graduation

** Special groups that are implementing Basic Education Project

5.3 Evaluation and Dissemination of Lessons Learned and Project Accomplishments

SHIP's extension will allow CARE and USAID to evaluate the impact of the project in each location, a crucial step in determining the overall operational and financial effectiveness of SHIP. SHIP's final evaluation will permit a thorough assessment of its strengths, weaknesses, lessons learned and potential for expansion of service delivery after the project ends. Among other elements, the NGOs' ability to continue and expand activities, as well as to successfully obtain new funding from other donors, will be evaluated. Moreover, the SHIP model has already been replicated by CARE's APOLO Project in Ecuador, which coordinates closely with that country's MOH. Further evaluation of SHIP will improve project replicability in other areas and countries. CARE will also provide training to the NGOs on impact evaluation methodologies, which have been successfully applied in all CARE Peru projects.

Seminars for the dissemination of advances in sustainability will be held. For example, the results of pharmaceutical distribution activities will be disseminated through a seminar for the establishment of revolving medicine funds.

Information derived from long-term trends in increased service coverage, improved quality of service, new models of joint public-private health enterprise, socio-anthropologic community changes and public versus private interventions, will all be disseminated in fora and published in national and international journals. SHIP Bulletins in Arequipa and Puno will disseminate project advances.

6. GENDER ISSUES

CARE, as a worldwide development and relief organization, has developed and is implementing a diversity and gender policy. CARE Peru has developed a training manual on gender, which it has shared with other NGOs and donors including USAID, and provides ongoing training to its staff on gender and development issues. Key CARE staff have participated in gender training provided by USAID/Peru, helping CARE to better understand USAID's Women in Development Policy, the evolution of USAID's approach to gender issues in development work, and the specific gender analysis skills expected in USAID program design, implementation, monitoring and evaluation.

The SHIP extension will further develop the gender strategy that CARE has been successfully incorporating into its projects. Training events during SHIP's first phase included gender sensitivity training for NGO personnel. This "sensitizing"

pointed out the need and importance of a balanced participation by men and women, both in the NGOs and in the participant communities. NGOs in the participating communities are promoting the concept of equality in decision-making in the family and the importance of girls' education in women's empowerment. SHIP has accomplished some difficult tasks such as increasing the presence of women in executive positions and convincing the NGOs to develop explicit gender policies. Similarly, the project has helped increase women's participation in community leadership roles, including on some committees previously made up exclusively of men.

The SHIP Project is aware that, in the project areas, family health care is primarily the responsibility of women. SHIP seeks to encourage men's participation in PHC responsibilities by, for example, including men in health care training, increasing men's involvement in the use of family planning methods, extending the attendance hours of the health services (if the health posts and centers are open only in the morning, it is very difficult for men to access them), and participation in self-care.

Women's participation in community decisions, particularly on issues related to their daily responsibilities--health, food, and children's education--has been and will continue to be encouraged.

7. IMPLEMENTATION AND TECHNICAL ASSISTANCE SCHEDULE

FY 1996

TRAINING

Financial Management Course: SHIP will offer this course to NGOs. It will cover the following: accounting procedures, financial management and internal control, as well as monitoring and auditing procedures.

Training for Community Leaders: SHIP will offer a year-long course in management, accounting systems, communications techniques and leadership skills

Aymara Women's Action Committee: this committee will receive training in literacy, accounting, and leadership skills, as well as in advocacy and project management.

CONSULTANCIES

Social Marketing: consultants will offer workshops to NGOs, one for each NGO, in order to help them to design marketing strategies.

Strengthens, Weaknesses, Opportunities, and Threats (SWOT) Analysis: consultants will help each NGO to develop and analyze its SWOT, in order to better understand its organization as a whole and improve its strategic plans.

Strategic Planning: consultants will help NGOs design their strategic plans.

Operational Research: consultants will help NGOs design and analyze data from operational research projects to identify local needs, ensure quality assurance and user satisfaction, community and MOH involvement.

Cost Recovery Study: consultants will help NGOs develop their budget projections.

Costs Recovery Study for Revolving Medicine Funds: consultants will help CARITAS and CIDESUR design and implement a revolving fund mechanism to generate the sustainable sale and distribution of medicines.

Community Participation Study: a consultant will analyze data on participant involvement in NGO activities, making recommendations for strengthening this project component.

TECHNICAL ASSISTANCE

Quality Assurance Seminar: seminars will be offered to NGOs to present and discuss indicators and strategies for quality assurance, as well as NGO and MOH roles and responsibilities in this area.

Donor Portfolios: CARE will assist NGOs in identifying alternative funding sources.

Round Tables with MOH and MOE: periodic meetings will be held between the NGOs, community leaders, the MOH and the MOE in order to establish ongoing communication between the public and private sectors and coordinate multisectoral project interventions.

Community PHC Service Plans: these will be developed by trained leaders of the participating communities, the NGOs, and CARE in order to coordinate with services provided on the district level. NGOs will implement these once they are in Level 3/Advanced (see Table No 3)

Impact Evaluation Methodology Workshops: CARE will provide each NGO with training in the impact evaluation methodology

Gender and Development Workshops: CARE will offer this workshop to each participating NGO, helping it to incorporate gender strategies in its strategic plans.

DISSEMINATION

Forum - NGOs Role in Peruvian Health Sector Reform: In coordination with the MOH, CARE and the NGOs will organize a forum to discuss this topic.

Regional Bulletins: Project advances will be published in two (one in Arequipa and one in Puno) bulletins.

EVALUATION

A KAP Survey and Quality and Coverage Evaluation: consultants will carry out the survey and the evaluation in March and April

Final Close out of NGOs Graduating: 1st. Group

AUDITS

External Audit: of six NGOs that have graduated from the project.

FY 1997

TRAINING

Training for Community Leaders: training will continue throughout the second year.

Aymara Women's Action Committee: training will continue throughout the second year.

CONSULTANCIES

Strategic Planning: NGOs will update their Strategic Plans based on the results of their SWOT analysis.

Cost Recovery Study: NGOs update their budget projections, learning how to enter this a yearly process.

Cost Recovery Study for Revolving Medicine Funds: revolving medicine funds are operational and are sustainable, and both NGOs implementing them graduate from the project.

Operational Research: validation of operational research projects.

TECHNICAL ASSISTANCE

Lessons Learned: CARE and NGOs organize workshops to review lessons learned and exchange experiences with SHIP NGOs, non-SHIP NGOs, community leaders and the MOH.

Quality Assurance Workshops: CARE and NGOs will organize workshops so that NGOs can validate their quality assurance procedures, develop accreditation guidelines for the MOH, and share experiences at the local level with the other NGOs and the MOH.

Internal Auditing and Control Standards: CARE will provide ongoing monitoring and assistance to NGOs as they implement their financial management procedures.

Donor Portfolios: donor portfolios will be updated, emphasizing that this is a yearly process.

Round Tables with MOH and MOE: these will continue throughout the year.

Community PHC Service Plans: these will be implemented and adjusted as necessary. CARE will assist in this process, emphasizing the importance of doing this on a regular basis.

DISSEMINATION

Regional Bulletins: these will be published each trimester ^{quarter}.

NGO Sustainability Forum: CARE and the NGOs will organize a forum to share project achievements, especially those shown to be sustainable in the long-term.

EVALUATION

Final Close out of NGO's Graduating 2nd Group.

AUDITS

External Audit: of seven NGOs that have graduated from the project.

FY 1998

TRAINING

Training for Community Leaders: training will continue throughout the third year.

Aymara Women's Action Committee: training will continue throughout the third year.

CONSULTANCIES

Strategic Planning and Cost Recovery: NGOs, with CARE assistance, will update their strategic and cost recovery plans, emphasizing that this is a yearly process.

SHIP Sustainability Manual: a consultancy will develop a comprehensive manual describing each stage of the project's implementation. The manual will especially focus on the issue of sustainability.

TECHNICAL ASSISTANCE

Operational Research: operational research project findings and methodology will be disseminated to NGOs, the MOH, and other organizations.

Community PHC Service Plans: these will be developed with the remaining NGOs who have moved to Level 3/Advanced (see Table No.3).

Donor Portfolios: donor portfolios continue to be updated for NGOs that have not yet graduated

Round Tables with MOH and MOE: these will continue throughout the year.

DISSEMINATION

SHIP Sustainability and NGO Strengthening and Lessons Learned Forum: CARE and the NGOs will organize a forum to review global project results and lessons learned.

Regional Bulletins: these will be published each quarter

EVALUATION AND AUDITS

SHIP Final Evaluation and Audit: these will both take place during this year.

8. SHIP EXTENSION GOALS AND INDICATORS

The two-year SHIP extension will have the same final goal as the original project. However, the objectives and specific indicators will be adjusted according to the progress made by the NGOs thus far. SHIP has utilized indicators as indicated in the Cooperative Agreement, complemented by a set developed by CARE and submitted to USAID (letter CP #26336/93 of May 7, 1993), which were collected in baseline surveys at the start of project activities. In order to obtain estimates of SHIP's influence and impact, these same indicators will be collected again at the end of the project. In light of the new USAID Performance Measurement Plan, which requires the mission to report project progress and impact in terms of Results Packages, a number of modifications and

additions to indicators are suggested. Thus, new indicators have been added, as applicable, including qualitative ones.¹⁸ A discussion of changes can be found in Annex 1. The following are the proposed goals and indicators for the extension period:

8.1 FINAL GOAL

To achieve permanent improvements in the coverage and quality of health services provided to 300,000 beneficiaries in the Arequipa region and in the Puno region by September of 1998, via the existence of sustainable NGOs carrying out health and development activities in the project areas.

8.2 PROJECT OBJECTIVES

I. Expansion of coverage, quality and efficiency of primary health care services in Puno and Arequipa.

Child Health-related Indicators

1. Not less than 90% of children < 1 year complete basic immunization (DPT3, OPV3, BCG and measles vaccines).
2. 50% reduction in diarrhea among children <5 years.
3. 90% of childhood diarrheas appropriately treated with home fluids, ORS, continued feeding and/or breastfeeding.
4. Less than 4% of children <5 years have acute -and 25% with chronic-malnutrition.
5. 80% of children <5 years with ARI treated appropriately (per MOH norms).

Maternal Health-Related Indicators

1. At least 60% of married women of reproductive age (MWRA) of the beneficiary population use family planning methods, of which at least 40% correspond to modern contraception.
2. 80% of pregnant women receive at least 2 pre-natal visits.
3. 70% of deliveries attended by trained personnel.
4. 60% of women delivering obtain a post-partum checkup within 2 months.
5. 50% increase in infants <4 months old exclusively breastfeed.

¹⁸ Such qualitative indicators will be important to assess some of the objectives of the extension period, such as user satisfaction. Also, new indicators will measure changes in a short period of time (2 years).

User Satisfaction and Quality of Care (QOC) Indicators

1. 70% of users satisfied with the service.
2. All NGOs score high on a Quality of Care scale.

II. The participating NGOs will have substantially strengthened their internal management capacities, resulting in sustainable institutions that can provide quality primary health services in the area.

Indicators:

1. At least 80% of programmed *botiquines comunales* (community dispensaries) implemented and regularly supplied.
2. Pharmaceutical NGOs have established two pharmaceutical distribution systems --one in Arequipa and the other in Puno-- and manage a revolving drug fund that has achieved at least 100% cost recovery by the end of the project.
3. All NGOs with consolidated organization and leadership (including a board of directors).
4. All NGOs have long term strategic plans.
5. All NGOs have specialized staff and human resources policies.
6. NGOs apply lessons learned and impact evaluations for dynamic changes.
7. Participant NGOs have expanded their health project portfolio through alternative sources of funding (public or private), credit/loans, and/or community support.
8. 100% of NGOs have established cost recovery systems.
9. All NGOs with quality control indicators to assess their and the MOH's work.

III. Strong NGOs that contribute significantly to improvement of the health and socioeconomic conditions of the area, through joint ventures in the private and in the public sector.

Indicators:

1. Strong NGO coordination (e.g. through NGO committees, round tables, partnerships and consortia) or joint ventures to obtain funds and expand NGO influence in the area.
2. Each participant NGO with at least one agreement (or sub-contract) signed with the public sector (e.g. MOH/MOE, municipalities, regional governments), for expansion or joint execution of activities.

3. Technical Advisory Committees integrated with public/private institutions, jointly designing local health plans (with community participation).
4. Health Information Systems shared between NGO and MOH senior staff for joint planning and evaluation of activities.

IV. Organized communities participating in the design, funding, management and evaluation of health activities, and in the demand for health services.

Indicators:

1. Grassroots organizations actively engaged in resource generation and management in their communities.
2. District level decentralized planning with the MOH/MOE/municipal government, representatives of local communities and NGO leaders.
3. CDCs contribute to district plans, monitor Quality of Care and share-manage Health Centers

9. SHIP EXTENSION PROPOSAL BUDGET

The SHIP Extension Budget totals US\$2,291,046, which includes US\$236,919 for the July-September period for additional NGO funding, and US\$2,054,127 for the two following years. The extension proposal budget period covered is October 1995 to September 1998, corresponding to USAID fiscal years 1996, 1997, and 1998. This budget has been estimated based on SHIP's CY 1995 budget, including an authorized 15% budget line items deviation, which does not alter its total (see Table 4).

This budget includes the amount authorized through Amendment No. 6 to the SHIP Cooperative Agreement (Column (a) in Table 4). Column (b) reports expenditures through Sep. 30 1996. Columns (d), (f) and (g) show the budget of each fiscal year. Column (e) shows the estimated additional budget only for NGOs. Column (h) shows the FY 97-98 extension budget and column (i) is the total amount for the extension period FY 96-98.

The SHIP Extension Budget will be used to support the NGO sustainability processes. During FY1997 and 1998, the NGOs will assume 20% and 40% of their funding, respectively. NGOs that have reached sustainability will graduate. SHIP expects to graduate up to six NGOs in 1996, up to seven in 1997, and the remainder six in 1998 (see Annex 2).

TABLE No. 4
SHIP EXTENSION PROPOSAL
BUDGET FOR FY1996 TO FY1998

FUNCTIONAL CATEGORY	FY 1995 (1)	FY 1996 (2)	CHANGE AS OF 10/09/95 (a-b)	BASE FUND OCT95-SEP96 (3)	BASE FUND OCT96-SEP97 (4)	BASE FUND OCT97-SEP98 (5)	NON-FUND (6)	TOTAL (7)	TOTAL (8)
TECHNICAL ASSISTANCE	639,140	339,121	300,019	403,449	0	333,014	316,792	649,806	649,806
COMMITTEE	172,858	173,083	(225)	16,993	0	0	0	0	0
SHORT TERM TRAINING	296,782	120,608	176,174	100,220	0	45,000	35,500	80,500	80,500
OPERATIONAL COSTS	1,312,149	883,444	428,705	94,000	0	75,200	70,500	145,700	145,700
SUB-GRANT	2,770,290	2,125,055	645,235	904,870	236,919	514,870	210,556	725,426	962,345
STUDY/AUDIT	169,858	62,215	107,643	71,000	0	41,000	90,000	131,000	131,000
CAPITAL MAINTENANCE	603,295	510,512	92,783	159,053	0	100,908	72,335	173,243	173,243
FOUNDED COST	417,628	321,259	96,369	136,293	0	86,468	61,984	148,452	148,452
TOTAL	6,382,000	4,535,297	1,846,703	1,885,878	236,919	1,196,460	857,667	2,054,127	2,291,046

(1) Includes additional US\$440,000 provided by 6th Amendment

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9.1 TECHNICAL ASSISTANCE (TA):

Technical Assistance has two components: consultancies and project technical staff. Consultancies includes advisement and dissemination (see Table 5). The consultancies will seek to correct NGO weaknesses in social and financing sustainability (demand strengthening); technical advisement will be "tailored for NGOs." Support will be given for social marketing, design of strategies for medicine revolving funds, and quality services improvement (from the user's point of view). Consultancies will decrease as the NGOs acquire better skills and/or get technical assistance on their own. Technical assistance activities will be carried out to develop NGO funding portfolios, district plans, round tables with the moh, and a quality assurance seminar. Finally, results will be disseminated through regional bulletins and forums (see Table 5).

TABLE No.5
CONSULTANCIES FOR SHIP EXTENSION FY 1996-1998

SOCIAL MARKETING FOR NGOS	12,000.00			12,000.00
NGO ORGANIZATIONAL SWOT	7,000.00			7,000.00
NGO STRATEGIC PLANNING	15,000.00	10,000.00	8,000.00	33,000.00
OPERATIONAL RESEARCH	10,000.00	5,000.00		15,000.00
NGO COST RECOVERY STUDY	25,000.00	15,000.00	5,000.00	45,000.00
REVOLVING FUNDS COST STUDY	15,000.00	15,000.00		30,000.00
SHIP SUSTAINABILITY MANUAL			15,000.00	15,000.00
COMMUNITY PARTICIPATION STUDY	5,000.00			5,000.00
SUB-TOTAL CONSULTANCIES	89,000.00	45,000.00	28,000.00	162,000.00
TECHNICAL ASSISTANCE				
QUALITY ASSURANCE SEMINAR	10,000.00	5,000.00		15,000.00
DISTRICT PLANS DEVELOPMENT	15,000.00	8,000.00	5,000.00	28,000.00
FUNDING PORTFOLIO	15,000.00	5,000.00	5,000.00	25,000.00
ROUND TABLES WITH MOH	1,000.00	1,000.00	1,000.00	3,000.00
LESSONS LEARNED ON SUSTAINABILITY MEET	10,000.00	10,000.00	6,000.00	26,000.00
SUB-TOTAL TECHNICAL ASSISTANCE	51,000.00	29,000.00	17,000.00	97,000.00
DISSEMINATION				
REGIONAL BULLETINS	12,000.00	12,000.00	12,000.00	36,000.00
NGOS IN HEALTH REFORM FORUM	20,000.00			20,000.00
SUSTAINABILITY FORUM		10,000.00		10,000.00
SHIP LESSONS LEARNED FORUM			15,000.00	15,000.00
SUB-TOTAL DISSEMINATION	32,000.00	22,000.00	27,000.00	81,000.00
TOTAL	172,000.00	96,000.00	72,000.00	340,000.00

The second component of TA includes funds for salaries (with a 10% annual increment) and social benefits (social security, AFP and others) for sixteen people in Arequipa, Puno and Lima. The positions of Health Advisor and Secretary in Arequipa and Technical Assistant in Puno will be eliminated. By

FY1997, the Health Advisor and Secretary positions in Puno will also be eliminated (See Table 6).

TABLE No. 6
SHIP PERSONNEL FOR SHIP EXTENSION

AREQUIPA	FY 1996	FY 1997	FY 1998
REGIONAL COORDINATOR			
PHC ADVISER			
ACCOUNTANT			
INFORMATION SPECIALIST			
SECRETARY			
DRIVER			
PUNO			
REGIONAL COORDINATOR			
PHC ADVISER			
ACCOUNTANT			
INFORMATION SPECIALIST			
SECRETARY			
ADMINISTRATIVE ASSIST.			
DRIVER			
LIMA			
PROJECT MANAGER			
ASSIST PROJECT MANAGER			
SECRETARY			

9.2 COMPUTERS AND EQUIPMENT:

During FY1996 four obsolete computers and other equipment will be replaced as follows: one computer in Lima; one computer, three hard disks and three memory boards in Arequipa; and two computers, two hard disks and 2 memory boards in Puno. The object of this replacement is to upgrade staff information handling and monitoring capacity given the high volume of information used by the NGOs, and to accommodate Microsoft Windows and other new software (see Table No. 7).

TABLE No. 7: NEW COMPUTERS AND EQUIPMENT

DESCRIPTION	LOCATION	MODEL	RAM	MB
<i>Procurement:</i>				
1 x Lap Top	Lima	486DX2	8	540
1 x Desk Top	Arequipa	486DX2	8	540
2 x Desk Top	Puno (FIS))	486DX2	8	540
<i>Devices Upgrade:</i>				
3 x Hard Disks	Arequipa	486SX 50MHz		540
3 x Memory Boards	Arequipa		4*	
2 x Hard Disks	Puno	486SX 50MHz		540
2 x Memory Boards	Puno		4*	

* Upgrade to 8MB RAM.

9.3 SHORT TERM TRAINING

As mentioned, training for NGOs will be focused on strengthening their health service monitoring, strategic planning, systematization and information systems. Training for NGOs will continue during FY 1997 and FY 1998. (See Table 8).

TABLE N ° 8
NGO TRAINING FOR SHIP EXTENSION

NGOs TRAINING	FY - 96	FY - 97	FY - 98	TOTAL -
FINANCING:	7,000.00			7,000.00
MANAGEMENT COURSE				
TRAINING FOR	30,000.00	15,000.00	7,500.00	52,500.00
COMMUNITY LEADERS				
AYMARA WOMEN ACTION	15,000.00	10,000.00	8,000.00	33,000.00
COMMITTEE				
TOTAL	52,000.00	25,000.00	15,500.00	92,500.00

9.4 OPERATIONAL COSTS

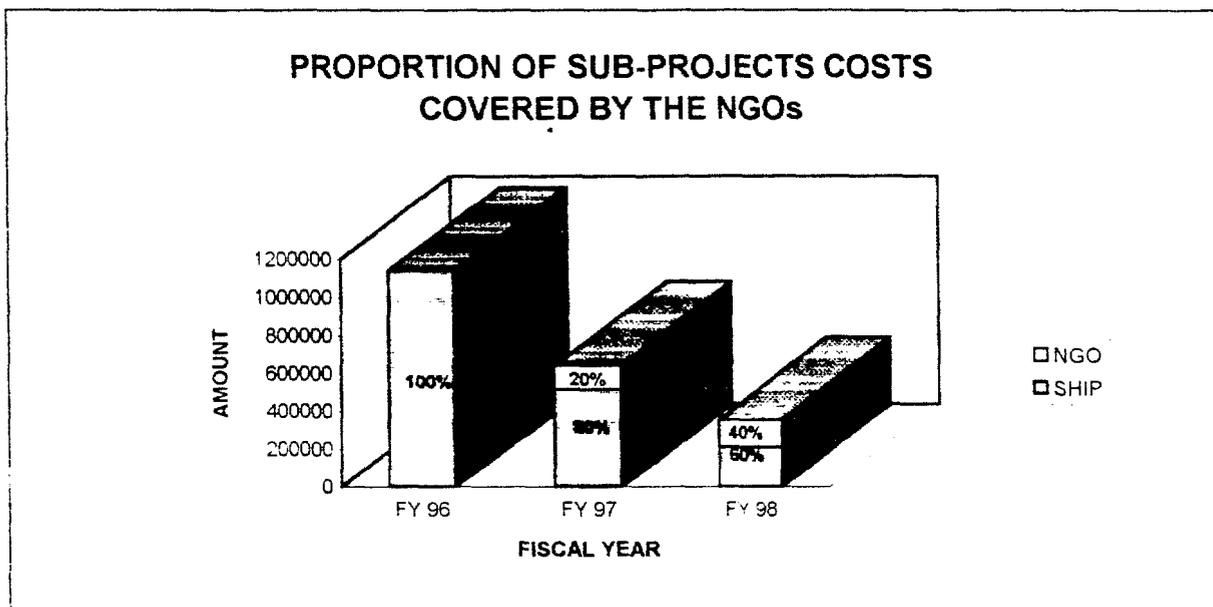
SHIP's operational costs include office supplies and communication costs, miscellaneous, vehicle operation and maintenance including fuel and insurance, field supervision, and the project's final operations (final reports collection, inventory, etc.), assuring compliance with USAID Standard Provisions.

The budget for the FY1997 USAID fiscal year is reduced by 20% from FY1996. This reduction is possible because half of the NGOs in Arequipa will graduate and there will be fewer supervising and office costs. For FY1998, USAID fiscal year operational costs are reduced by 25% from FY1997, because of the graduation of seven more NGOs.

9.5 SUBGRANTS

FY1996 estimated costs are based on each NGO's cost projection from January to September 1995. The FY1996 USAID fiscal year subgrant budget is US\$1,141,789. For FY1997 the budget is US\$514,870; and for FY1998 it is US\$210,556. The NGOs will gradually assume their project administration budgets (20% in FY1997 and 40% in FY1998). They are expected to completely assume their own administrative and operational costs after this two year extension period (see Figure N° 8).

FIGURE N° 8



9.6 EVALUATIONS AND AUDITS

An external annual audit is programmed for FY1997 and FY1998, as well as the project's final audit. A KAP survey is programmed for FY1996. An NGO final evaluation will be done in FY1996 and FY1997. Finally, SHIP's final evaluation will be conducted in FY1998 (see Table N° 9).

TABLE N° 9

EVALUATIONS AND AUDITS FOR SHIP EXTENSION FY 1996-1998

EVALUATIONS AND AUDITS	FY - 96	FY - 97	FY - 98
QUALITY AND COVERAGE EVALUATION (KAP SURVEY)	30,000.00		
NGOS FINAL CLOSE-OUT			
PROJECT FINAL EVALUATION	1,000.00	1,000.00	50,000.00
EXTERNAL AUDITS			
PROJECT FINAL AUDIT	40,000.00	40,000.00	40,000.00
TOTAL	71,000.00	41,000.00	90,000.00

ANNEXES

Annex 1

Changes Made in Goals and Indicators

Project Objectives:

1. Expansion of coverage, quality and efficiency of primary health care services in Puno and Arequipa.

Comments: no changes.

Indicators: Current indicators for this goal in the CA are a mixture of what USAID now calls "increased use of primary health care" and "increased use of preventive practices and first line care in the home and community" in the new Measurement Plan.

Child Health-related

1. Not less than 80% of children < 1 year having completed basic immunization (DPT3, OPV3, BCG and measles vaccines). *Percentage has been increased to 90.*
2. reduction in diarrhea among children <5 years. *No change.*
3. of childhood diarrheas appropriately treated with home fluids, ORS, continued feeding and or breast feeding. *No change.*
4. Less than 4% of children <5 years with acute, and 25% with chronic, malnutrition. *No change.*
5. of children <5 years with ARI treated appropriately (per MOH norms).

Proposed change and comments: The new indicator suggested by USAID is "% of caretakers who know the signs and symptoms of ARI." CARE agrees that the new indicator is better, because it is easier to obtain and more meaningful than the current indicator. Unfortunately, there is no baseline measurement for this indicator in Puno against which change over the life of the project could be assessed. It will be included only for Arequipa.

Maternal Health-related

6. At least 50% of married women of reproductive age (MWRA) of the catchment population use family planning methods, of which at least 30% correspond to modern contraception. *Percentages have been increased to 60 and 40. New FP indicators not included previously add "couple-years protection," "method mix" and "percentage change of contraceptive discontinuation rates." The first two can be obtained easily from project statistics. However, discontinuation rates need a different treatment, with extensive follow-up to ascertain reasons for discontinuation (including contraceptive failure and subsequent unintended pregnancy) and the construction of life tables for total and segment-use of methods. In addition, apart from nationwide DHS analyses, there is no baseline information on the subject. Thus, we would not contemplate utilizing such an indicator to assess SHIP's progress or impact, except as an operations research exercise.*
7. of pregnant women receive at least 2 pre-natal visits. *No change.*
8. of pregnant women receive 2 doses of tetanus toxoid (TT) vaccine. *Deleted from the new set, since in the high-altitude areas of Arequipa and Puno neonatal tetanus is not a public health problem.*
9. of deliveries attended by trained personnel. *Percentage increased to 70.*
10. of women obtain a post-partum checkup within 2 months. *No change.*
11. increase in infants <4 months old exclusively breastfed. *The suggested new indicator is "average duration of exclusive breast feeding." Unfortunately, this important indicator was not included in any of the baseline surveys, and thus cannot be considered for impact measurement.*
12. Finally, two new indicators are proposed in the AID Performance Measurement Plan that were not included in the original SHIP CA. These indicators are: "proportion of children under 24 months old who receive at least two daily servings of weaning food" and "percentage of communities with trained birth attendants, promoters, community-based distributors and mini-pharmacies." The former derives from new findings on appropriate weaning practices and was not considered in SHIP activities, and thus should not be used to judge the project's effectiveness. However, the latter indicator seems suitable for SHIP and can be included in future evaluations. Although no indicators for pre natal, delivery (including appropriate reference) or

postpartum care are included among the new USAID "results package" indicators. some of these are included in SHIP.

II. Improve the effectiveness and scope of 18 NGO programs, through the provision of training and technical assistance of their staff, and through channelling sub-grants for extending and consolidating the areas of programming, execution and administration of the primary health services

Comments: This objective should be changed to reflect the desired objective at the end of the extension period. The revised objective reads:

The participating NGOs will have substantially strengthened their internal management capacities, resulting in sustainable institutions that can provide quality primary health services in the area.

Old Indicators:

1. All participating NGOs have better-trained personnel and improved administration and accounting systems.
2. All participating NGOs regularly and properly perform an average of no less than 75% of programmed activities.
3. of programmed *botiquines comunales* implemented and regularly supplied. *This indicator remains unchanged, since medicines have not yet been procured by SHIP.*
4. Pharmaceutical distribution systems in Arequipa and Puno having achieved at least 70% cost recovery.

Comments: Indicators a. and b. have already been achieved and, thus, are not included in the extension period. Indicator d. has been slightly modified (see below).

New Indicators:

5. Pharmaceutical NGOs have established two pharmaceutical distribution systems --one in Arequipa and the other in Puno-- and managed a revolving drug fund that has achieved at least 100% cost recovery by the end of the project.

6. All NGOs with consolidated organization and leadership (including a board of directors).
7. All NGOs have long term strategic plans
8. All NGOs have specialized staff and human resources policies
9. NGOs apply lessons learned and impact evaluations for dynamic changes
10. Participant NGOs have expanded their health project portfolio through alternative sources of funding (public or private), credit/loans and/or community support.
11. 100% of NGOs have established cost recovery systems.
12. All NGOs with quality control indicators to assess theirs and the MOH's work

III. Improved collaboration and coordination among the NGOs operating in the target areas, the regional governments, and the Ministry of Health

New Objective:

Strong NGOs contribute significantly to the improvement of the health and socioeconomic conditions of their areas, through joint ventures in the private and public sectors.

Old Indicators:

1. An NGO committee in Arequipa and Puno holds at least one coordination meeting every quarter between the NGOs and regional governments/MOH, and two meetings quarterly among NGOs, to facilitate activities and services in the project areas.
2. A Technical Advisory Committee in Arequipa and Puno provides ongoing technical assistance to the NGOs.
3. A health information system in Arequipa and Puno, established in coordination with the MOH, provides adequate and timely progress reports.

New Indicators:

1. Strong NGO coordination (e.g. through NGO committees, round tables, partnerships and consortia) or joint ventures to obtain funds and expand NGOs influence in the area.
2. Each participant NGO with at least one agreement (or sub-contract) signed with the public sector (e.g. MOH/MOE, municipalities, regional governments), for expansion or joint execution of activities.
3. Technical Advisory Committees integrated with public/private institutions, jointly designing local health plans (with community participation).
4. Health Information Systems shared between NGO and MOH senior staff for joint planning and evaluation of activities.

IV. Increased participation by the beneficiary communities in the health activities, design and implementation of NGO health projects and in the demand for health services.

New Objective:

Organized communities participate in the design, funding, management and evaluation of health activities, and in the demand for health services.

Old Indicators:

1. Representatives of the community organizations participate in monitoring, annual evaluation and programming meetings.
2. Community health committees in participating communities run health and pharmaceutical activities in coordination with NGO field personnel.

New Indicators:

3. Grassroots organizations actively engaged in resource generation and management in their communities.

4. District level decentralized planning with the MOH/MOE/municipal government, representatives of local communities and NGO leaders.
5. CDCs contribute to district plans, monitor Quality of Care and share-manage Health Centers

ANNEX 2

SHIP'S SUBGRANTS EXECUTION PERIODS

(USAID FISCAL YEARS)

NGO	FY 1993				FY 1994				FY 1995				FY 1996				FY 1997				FY 1998				
	1ST QTR	2ND QTR	3RD QTR	4TH QTR	1ST QTR	2ND QTR	3RD QTR	4TH QTR	1ST QTR	2ND QTR	3RD QTR	4TH QTR	1ST QTR	2ND QTR	3RD QTR	4TH QTR	1ST QTR	2ND QTR	3RD QTR	4TH QTR	1ST QTR	2ND QTR	3RD QTR	4TH QTR	
AREQUIPA																									
1	CARITAS	23/10/92																							
2	FUNDACION COLCA		(22/2/93)	CAPRODA/COLCA			1/4/94																		
3	AMAKELLA	24/11/92																							
4	ASDE	23/10/92																							
5	PRELATURA DE CARAVELI	27/11/92																							
6	CEDER	23/10/92																							
7	VICARIA SAN JOSE DE TIABAYA		1/3/93																						
8	AFOSMI																								
9	PARROQUIA S M DE PORRES																								
10	SEDES																								
PUNO																									
1	INPPARES ILAVE		1/2/93																						
2	MULTICOMUNAL WINAY MARCA		1/2/93																						
3	CEPROSDE		1/2/93																						
4	CIDESUR		1/2/93																						
5	UNCA		4/1/93																						
6	MULTICOMUNAL SAN CARLOS																								
7	CECAPSA PROMOTORES																								
8	CECAPSA RADIO																								
9	INPPARES HUANCANE																								
10	LABOCIT																								

LEGEND	
ACTUAL EXECUTION	
SHIP EXTENSION	
BUDGET OF AMMENDMENT 6TH	
DISOLVED AGREEMENT	

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ANNEX 3

MAPS

SHIP AREA IN PUNO



LEYENDA

- CAPITAL DE DEPARTAMENTO.
- CAPITAL DE PROVINCIA.
- CAPITAL DE DISTRITO.
- LIMITE PROVINCIAL.
- LIMITE DEPARTAMENTAL.
- LIMITE INTERNACIONAL.
- CARRETERAS.
- FERROCARRIL.

SHIP NGOS IN PUNO

- NGO CECAPSA RADIO
- NGO CECAPSA (PROMOTERS)
- NGO CEPROSE
- NGO CIDESUR
- NGO CRUZ ROJA
- NGO INPPARES ILLAVE
- NGO INPPARES HUANCANE
- NGO SAN CARLOS
- NGO UNCA
- NGO WENAY MARCA

ANNEX 4

**PHOTOS OF SHIP ACTIVITIES
AND PARTICIPANTS**



1. The Aymara Women's Action Committee, comprised of 53 Mothers' Clubs in southern Puno, meet for the "First Workshop on Management for Aymara Women".



2. A community promoter teaches trainees from Caylloma how to give a physical exam to a newborn baby.



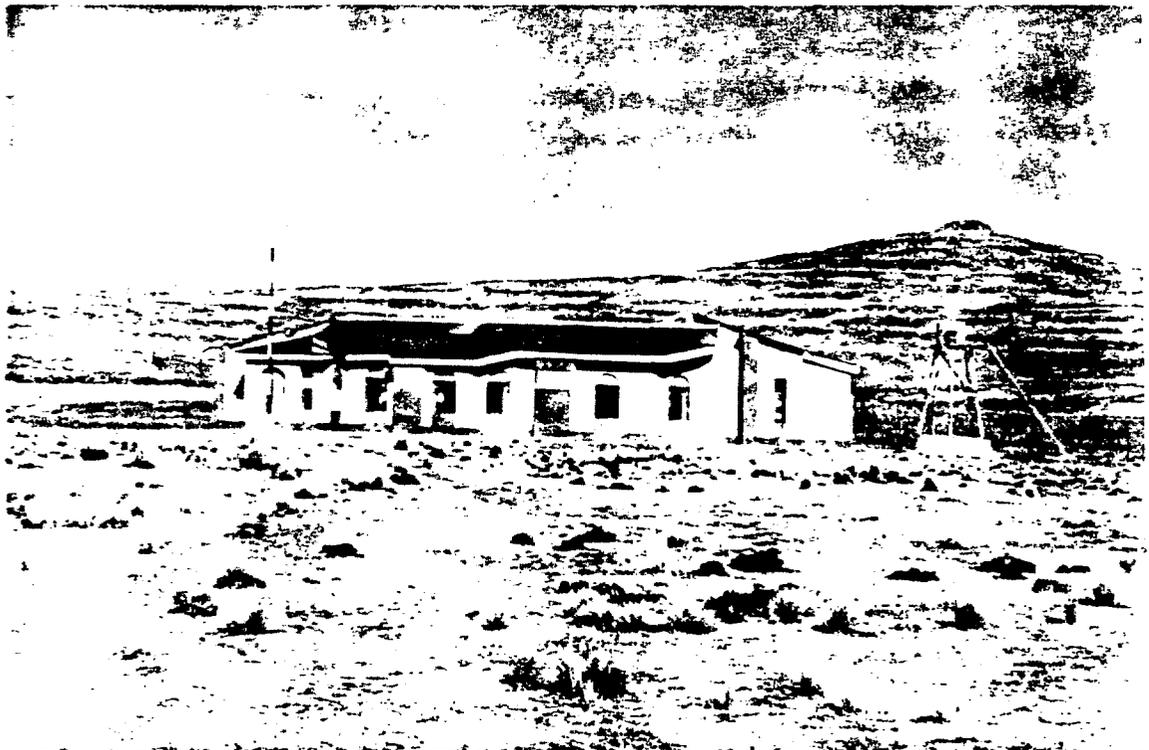
3. The community of Uricachi-Yunguyo is acquiring new health practices. In this photo, the NGO Wiñay Marca promotes latrine construction.



4. Children from the community of Jaqui in Acari - Arequipa have clean water near their school thanks to the joint efforts of SHIP and the Parish of Caraveli.



5. Members of the local NGO SEDES evaluate the nutritional status of children in Viraco, Arequipa



6. Thanks to SHIP, this WAWAUTA, a children's center, is fully operational; note the manual water pump on the right.



7. The local NGO ASDE promotes women's health through a workshop in the province of Caylloma. Arequipa.



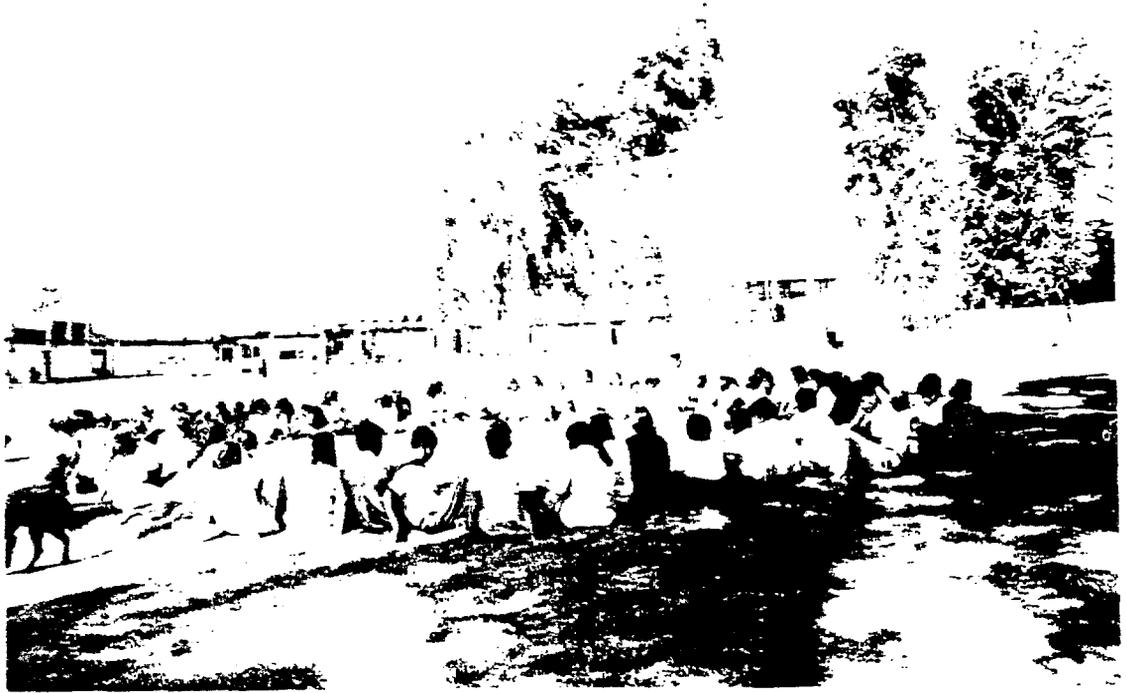
8. A training session for community leaders in Caylloma, Arequipa.



9. Vaccination campaign organized by the local NGO ASDE in coordination with the MOH in Sibayo - Caylloma, Arequipa.



10. A doctor from the local NGO SEDES speaks to a group of mothers from Machagray - Castilla, Arequipa.



11. A School for Parenting organized by the local NGO San Jose de Tiabaya



12. Dental health is an important component for total well being in the NGO San Jose de Tiabaya.



13. Training is offered to community leaders in Caraveli through the NGO PRECA.



14. The local NGO AFOSMI, the MOH, and the community train birth attendants in Arequipa.



15. Membership ceremony for the Health Committee of Ollaraya, which is supported by the NGO Wiñay Marca.



16. The local NGO ASDE trains community leaders in Caylloma.



17. Professor of early childhood education in a Wawauta in Yunguyo, who works with the NGO Wiñay Marca.



18. Children in recess in the Multicomunal of San Carlos.



19. Nurses who work for the local NGO of San Carlos in Puno, in preparation for the vaccination campaign in the community of Challacollo.



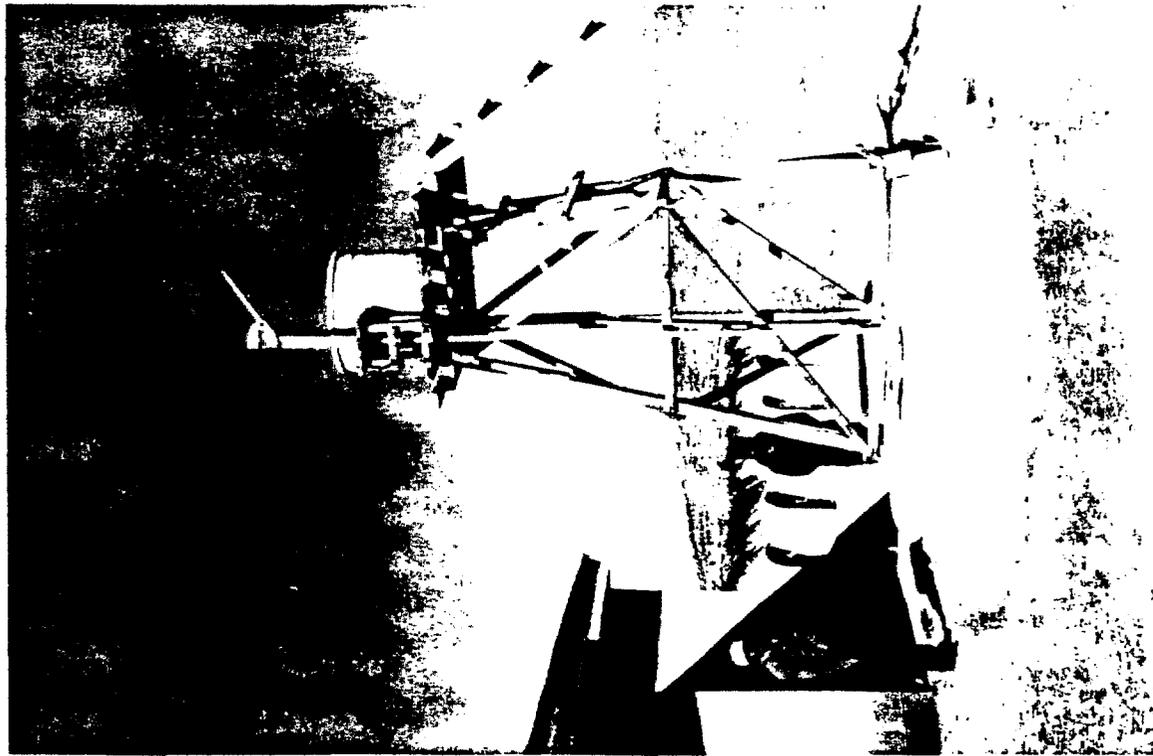
20. Immunization campaign in Caylloma, Arequipa carried out by the local NGO ASDE.



21. The local NGO AFOSMI gives a well-baby check-up.



22. The local NGO Wiñay Marca weighs children under 5 years old.



23. A manual water pump built by the local NGO UNCA for a Wawatta children's center



24. A community first aid chest established by the local NGO CIDE/SUR



25. Community health promoters of the local NGO CECAPSA.



26. Promoting dental hygiene in Mollendo, Arequipa.

**COMENTARIOS DEL PRESUPUESTO DE
EXTENSIÓN DEL PROYECTO FIS**

El monto adicional solicitado para el período de Abril de 1996 hasta Setiembre de 1998, es de US\$2.383.622. A continuación se hacen algunos breves comentarios de los principales cambios introducidos:

- 1. Asistencia Técnica:** se han transferido al rubro de Asistencia Técnica algunos gastos de personal que se encontraban en otros rubros, basados en un más adecuado concepto de los gastos por apoyo técnico de CARE. De esta manera, desde el mes de Abril de 1996, se están incluyendo en este rubro, los sueldos y beneficios sociales del personal del FIS que aparece en el cuadro siguiente.

Localidad	Porcentaje	Fecha de Extensión
LIMA:		
Gerente Salud	29%	Setiembre 1998
Coordinador Nac.	100%	Setiembre 1998
Asist. Coord.	100%	Setiembre 1998
Secretaria	100%	Setiembre 1998
AREQUIPA:		
Coordinador	100%	Setiembre 1997
Asesor APS	100%	Diciembre 1996
Contador	100%	Setiembre 1997
Resp. ADIC	100%	Setiembre 1997
Secretaria	100%	Diciembre 1996
Chofer	100%	Setiembre 1997
PUNO:		
Coordinador	100%	Setiembre 1998
Asesor APS	100%	Setiembre 1997
Contador	100%	Setiembre 1998
Resp. ADIC	100%	Setiembre 1998
Secretaria	100%	Setiembre 1997
Asistente Administ	100%	Setiembre 1996
Chofer	100%	Setiembre 1998

Todo el personal del FIS Arequipa continúa hasta Setiembre de 1997, excepto las plazas de Asesor de APS y de Secretaria del FIS que deben terminar en Diciembre 1996. En Puno, todo el personal del FIS continúa hasta Setiembre de 1998, excepto la plaza de Asistente Administrativo que se cierra en Setiembre de 1996; en Setiembre de 1997 se cierran las plazas de Asesor de APS y de la Secretaria del proyecto. En Lima se mantendrán las plazas vigentes hasta Setiembre de 1998.

Las consultorías y capacitación a corto plazo, han sido adecuadas, en tiempo de ejecución y contenidos, para evaluar el impacto del proyecto en la salud de la población y en el

fortalecimiento de las ONGs. Así, se orientarán las consultorias de análisis de fortalezas institucionales, recuperación de costos y planeamiento estratégico para apoyar las evaluaciones de impacto que se realizarán en Arequipa el segundo semestre de 1996 y en Puno el primer semestre de 1997. Los Planes de desarrollo distrital, la escuela de líderes y las reuniones con el Ministerio de Salud han sido ajustadas para realizarse en el segundo semestre de 1996. El Fórum "Rol de las ONG en la Reforma del Sector Salud" y los Boletines Regionales se mantienen en su programación original.

2. **Computadoras y equipamiento:** en este rubro se están considerando US \$ 16,993 para reemplazar cuatro computadoras (1 Lima, 1 Arequipa, 2 Puno) con el fin de optimizar la información contable, y del HIS para el monitoreo del proyecto.
3. **Capacitación de Corto Plazo.** Como se mencionó en el Plan Operativo del año 1996, este rubro será destinado a la capacitación de líderes y para el apoyo al Comité de Gestión de la Mujer Aymara (alfabetización, capacitación para la formación de pequeñas empresas, apoyo a los clubes de madres) que se encuentra involucrada sustantivamente con el desarrollo de actividades de salud en los Wawa Utas de Puno donde se está experimentando una estrategia.
4. **Costos Operativos:** Se ha considerado los costos operativos normales de CARE (provisiones para el trabajo de oficina, combustibles, reparación y mantenimiento de vehiculos, alquiler y mantenimiento de oficinas de Puno y Arequipa) hasta Diciembre de 1996. Desde Enero hasta Setiembre de 1997, la Oficina de Arequipa reducirá sus costos operativos a la mitad. En el caso de Puno, los costos operativos se mantendrán iguales hasta Setiembre de 1997 y se reducirá a la mitad para el periodo Octubre 1997 a Setiembre de 1998
5. **Subdonaciones:** dos ONGs de Arequipa dejarán de recibir financiamiento del proyecto en Junio de 1996; otras cuatro ONGs de Arequipa lo harán en Diciembre de 1996 y las cuatro ONGs restantes recibirán financiamiento hasta Junio de 1997, y finalizarán sus actividades en Setiembre de 1997.

En Puno, 8 ONGs continuarán recibiendo financiamiento del FIS para los 10 proyectos, hasta Setiembre de 1997. En Octubre de 1997 cuatro ONGs dejarán de percibir financiamiento, las otras cuatro ONGs continuarán recibiendo financiamiento hasta Junio de 1998, y estarán finalizando sus actividades en Setiembre de 1998. (Ver Cuadro Anexo).
6. **Estudios y Auditorías:** los estudios de conocimientos, actitudes y prácticas (CAP), y de cobertura y calidad de servicios que se realizarán en la población beneficiaria del FIS reforzarán la evaluación de impacto del proyecto. Se realizarán, también, las auditorias financieras anuales mencionadas en el Plan Operativo.
7. **Soporte Administrativo de CARE Perú:** son gastos compartidos de apoyo de las áreas de Finanzas, Compras, Recursos Humanos, Auditoria, apoyo de Sistemas de Cómputo y representa aproximadamente 2.5% del costo total de Gastos de Soporte de CARE Lima.

8 Negotiated Indirect Cost Rate Agreement (NICRA). Este rubro se encuentra establecido por contrato, renovado cada año, entre USAID Washington y CARE Atlanta y para el nuevo NICRA se estima en 8.2% globalmente.

PROPUESTA DE EXTENSIÓN DEL PROYECTO FIS

PRESUPUESTO DE SUB DONACIONES ABRIL 1.996 - SETIEMBRE 1.998

PARTIDAS	(E+D-C)	(E+G+H+I+J)	(P - L+M+N+O)	(Q - R+E+P)
	REQUERIMIENTO ADICIONAL ABR-SET 1996	PRESUPUESTO USAID AF 97 OCT96-SEP97	PRESUPUESTO USAID AF 98 OCT97-SEP98	TOTAL REQUESTED AMOUNT
F. SUB DONACIONES	398.763.30	707.962.17	112.949.22	1.219.674.68
Compra de medicamentos	0 00			0 00
AREQUIPA	188.392.81	206.486.32		394.879.12
ANDE	23.346.66	47.094.62		70.441.28
APURUC	18.943.11	32.704.92		51.648.03
CARITAS	15.662.13	35.242.36		50.904.48
UNDES	16.113.18	41.103.33		57.216.51
CEDEP	18.301.12	14.093.16		32.394.28
AMARILLA	18.026.28	11.660.38		29.686.65
FEDERACION COICA	16.789.59			16.789.59
PROCLATURA DE CARAVELLI	18.112.08	15.648.23		33.760.31
SAN JOSE DE TIARAYA	16.789.59			16.789.59
SAN MARTIN DE BOLLINDO	14.309.09	5.939.32		20.248.40
CAPROSA-COICA	0.00			0.00
Escuela de Lideres	12.000.00	3.000.00		15.000.00
PURO	192.777.34	501.475.85	112.949.22	807.202.41
CIDENOR	2.134.81	63.569.59		65.704.40
ISPPARES HUANCANE	27.364.39	53.298.00	28.853.44	109.515.83
ISPPARES ILAVE	23.567.89	45.015.26		68.583.14
FINAY MARCA	23.803.12	46.053.85	25.446.58	95.303.55
SAN CARLOS	7.666.13	44.401.96	23.598.38	75.666.47
LABOCIT	-2.521.93	42.577.46		40.055.52
UNCA	32.606.51	63.588.14	35.050.82	131.245.47
CEPROSDE	35.338.34	65.529.50		100.867.84
CECAPSA	20.542.11	43.225.29		63.767.40
Py. RADIO PURO	22.275.99	34.216.80		56.492.79
AMARILLA PURO				

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PROPUESTA DE EXTENSIÓN DEL PROYECTO FIS

PROYECCION DE PRESUPUESTOS AÑO FISCAL USAID 1996 A 1998 (ABR. 96 - OCT. 98)

PARTIDAS	(A)	(B)	(C=A-B)	(D)	(E=D-C)	(F=A+E)
	PRESUPUESTO Enmienda # 6	GASTO AL 30 DE MARZO	SALDO ABR-SET 1996	PRESUPUESTO ABR-SET 1,996	REQUERIMIENTO ADICIONAL ABR-SET 1996	PRESUPUESTO TOTAL ESTIMADO AL (30/09/96)
1. ASISTENCIA TECNICA	639,140	375,415	263,725	256,928	(6,797)	632,343
2. EQUIPOS	172,858	178,469	(5,611)	11,382	16,993	189,851
3. CAPACITACION A CORTO PLAZO	296,782	133,432	163,350	56,075	(107,275)	189,507
4. COSTOS OPERATIVOS	1,312,149	1,013,443	298,706	65,910	(232,795)	1,079,354
5. SUB-DONACIONES	2,770,290	2,563,915	206,375	605,138	398,763	3,169,053
6. ESTUDIOS Y AUDITORIAS	169,858	76,273	93,585	72,000	(21,585)	148,273
7. CARE LIMA Gastos de Soporte Operativo	568,635	533,311	35,324	35,324	0	568,635
8. HQ (Atlanta) NICRA	452,288	372,676	79,612	85,905	6,293	458,581
TOTAL	6,382,000	5,246,934	1,135,066	1,188,663	53,597	6,435,597

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PROPUESTA DE EXTENSIÓN DEL PROYECTO FIS

PROYECCION DE PRESUPUESTOS AÑO FISCAL USAID 1996 A 1998 (ABR. 96 - OCT. 98)

PARTIDAS	USAID AF 97				
	(G)	(H)	(I)	(J)	(K = G+H+I+J)
	PRESUPUESTO OCT-DIC 1,996	PRESUPUESTO ENE-MAR 1,997	PRESUPUESTO ABR-JUN 1,997	PRESUPUESTO JUL-SET 1,997	PRESUPUESTO USAID AF 97 OCT96-SEP97
1. ASISTENCIA TECNICA	164,819	69,799	77,339	101,147	413,104
2. EQUIPOS	0	0	0	0	0
3. CAPACITACION A CORTO PLAZO	3,854	17,003	11,286	12,857	45,000
4. COSTOS OPERATIVOS	34,885	33,080	33,080	37,240	138,284
5. SUB-DONACIONES	252,296	165,648	159,572	130,445	707,962
6. ESTUDIOS Y AUDITORIAS	0	40,000	0	0	40,000
7. CARE LIMA Gastos de Soporte Operativo	45,585	32,553	28,128	28,169	134,435
8. HQ (Atlanta) NICRA	41,118	29,363	25,371	25,408	115,197
TOTAL	542,556	387,446	334,777	335,266	1,593,982

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PROPUESTA DE EXTENSIÓN DEL PROYECTO FIS

PROYECCION DE PRESUPUESTOS AÑO FISCAL USAID 1996 A 1998 (ABR. 96 - OCT. 98)

PARTIDAS	USAID AF 98					PRESUPUESTO USAID AF 98 OCT97-SEP98
	(L)	(M)	(M)	(N)	(O)	
	PRESUPUESTO OCT-DIC 1997	PRESUPUESTO ANUAL 1997	PRESUPUESTO ENE-MAR 1998	PRESUPUESTO ABR-JUN 1998	PRESUPUESTO JUL-SET 1998	
1. ASISTENCIA TECNICA	85,190	333,475	62,464	67,670	62,231	277,555
2. EQUIPOS	0	0	0	0	0	0
3. CAPACITACION A CORTO PLAZO	14,000	55,146	15,000	13,000	7,000	49,000
4. COSTOS OPERATIVOS	24,699	24,699	24,699	24,699	27,169	101,267
5. SUB-DONACIONES	43,185	497,351	33,019	36,744	0	112,949
6. ESTUDIOS Y AUDITORIAS	40,000	80,000	0	20,000	20,000	80,000
7. CARE LIMA Gastos de Soporte Operativo	20,707	99,067	13,518	16,211	11,640	62,077
8. HQ (Atlanta) NICRA	18,678	84,891	12,193	14,623	10,499	53,194
TOTAL	246,460	1,174,630	160,894	192,947	138,540	736,043

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PROPUESTA DE EXTENSIÓN DEL PROYECTO FIS

PROYECCION DE PRESUPUESTOS AÑO FISCAL USAID 1996 A 1998 (ABR. 96 - OCT. 98)

PARTIDAS	(E=D-C)	(K = G+H+I+J)	(P = L+M+N+O)	(Q = E+K+P)
	REQUERIMIENTO ADICIONAL ABR-SET 1996	PRESUPUESTO USAID AF 97 OCT96-SEP97	PRESUPUESTO USAID AF 98 OCT97-SEP98	REQUERIMIENTO ADICIONAL TOTAL
1. ASISTENCIA TECNICA	(6,797)	413,104	277,555	683,862 ✓
2. EQUIPOS	16,993	0	0	16,993 ✓
3. CAPACITACION A CORTO PLAZO	(107,275)	45,000	49,000	(13,275) ✓
4. COSTOS OPERATIVOS	(232,795)	138,284	101,267	6,756 +
5. SUB-DONACIONES	398,763	707,962	112,949	1,219,675 ✓
6. ESTUDIOS Y AUDITORIAS	(21,585)	40,000	80,000	98,415 ✓
7. CARE LMA Gastos de Soporte Operativo	0	134,435	62,077	196,512 +
8. HQ (Atlanta) NICRA	6,293	115,197	53,194	174,684 +
TOTAL	53,597	1,593,982	736,043	2,383,622

ENVIO: A.I.D.

27- 6-96 11:38AM

USAID/LIMA PERU-

005932500502:# 2/ 2

Amendment Three
Attachment 3
Page 1 of 1

JUSTIFICATION FOR NON-COMPETTIVE AWARD

The Strengthening Health Institutions Project, or SHIP (527-0319), was initially approved on September 28, 1991. It included a waiver for exception of competitive award procedures. A fax from the RCO dated August 1, 1991, following consultation with LAC/GC, justified a non-competitive Cooperative Agreement to CARE/USA for the southern component of the project on grounds of predominant capability, based on CARE's experience and program in Peru.

These same circumstances prevail today, and CARE has gained additional experience and capability as SHIP South has evolved. Any other implementing agency would not have the benefit of the experience gained to date in this unique activity.

According to ADS Chapter 303.5.3c competition is not required for:

"1) amendments to existing assistance awards;"

The proposed increase in LOP funding for Component II (NGO Health Providers, South) of the existing Cooperative Agreement with CARE fulfills the above provision. These changes will allow CARE to consolidate and enhance ongoing activities and are fully consistent with the project goal and purpose as well as with the Mission's Strategic Objective Three and its four Intermediate Results.

Approved

Disapproved


Allen Eisenberg, RCO

Allen Eisenberg, RCO

6/27/96
Date

Date

JUSTIFICATION FOR WAIVER OF 25 PERCENT CONTRIBUTION

Although not mandated by legislation, it is USAID policy that a contribution to total life-of-project costs from non-Federal funds be made for operational program cooperative agreements to PVOs. A waiver of this requirement was incorporated into the initial project authorization in 1991, on grounds that:

"...this is not a typical PVO project in which A.I.D. receives a proposal from the PVO requesting A.I.D. assistance in carrying out one of their programs. Rather, in this case A.I.D. has selected CARE to be the implementing agency of [the southern component] of the Strengthening Health Institutions Project (SHIP). The Mission has a fundamental interest in the SHIP Project because it is a crucial element in the Mission Health Strategy and Country Development Strategy Statement.

For these reasons, it is inappropriate to require CARE to be responsible for project implementation of the MAXSERV Component of the SHIP Project and at the same time be required to comply with A.I.D.'s 25 percent contribution criteria. Nevertheless, the Project Paper prescribes a substantial effort to be made by CARE and the sub-grant recipients of the MAXSERV Component to achieve cost recovery and the sustainability of activities and outputs....

In addition USAID considers it probable that anticipated revenues from service fees will exceed the 25 percent criteria (*sic*)."

Now, Section 303.5.8 of ADS Chapter 300 permits greater flexibility in determining cost sharing arrangements. It authorizes the SO/RP team to negotiate the level of financial participation by the PVO (E303.5.8a) and allows for a final determination to be made by the USAID officer authorizing the activity, subject to that officer's sole discretion, regarding whether there will be a financial contribution by a recipient, and the amount (E303.58b).

Conditions remain essentially the same today as they were at the time of the initial waiver in that, following the Mid-term Evaluation and its recommendations, USAID proposed to CARE that SHIP South activities be extended, the Mission continues to have a fundamental interest in the SHIP Project, because it is a crucial element in Strategic Objective Three of the Mission Strategic Plan, and anticipated revenues from service fees, including those in the northern component, will likely exceed the 25 percent criterion.

Moreover, CARE and the SHIP South NGO sub-grant recipients are indeed making a substantial effort to achieve some cost recovery and the sustainability of activities and outputs. Also, the sub-grants explicitly require in kind contributions of 10 per cent from their recipients.

Under these circumstances, the Strategic Objective Three/Results Package Team agrees that an exception from this policy continues to be appropriate and requests a Final Determination to that effect from the Regional Contracting Officer.

Susan K. Brems

Susan K. Brems
SO3 Team/Results Package Leader

6/28/96

Date

Approved:

Don Boyd

Don Boyd,
Acting Mission Director

7/12/96

Date

Disapproved:

Don Boyd,
Acting Mission Director

OPTIONAL FORM 99 (7-93)

Attachment 5
Page 1 of 1



FAX TRANSMITTAL

of pages ▶ 1

To <i>Edilberto Alarcon</i>	From <i>Eric Feja AID/LAC</i>
Dept./Agency <i>USAID/Peru</i>	Phone # <i>202 647-5677</i>
Fax #	Fax # <i>202 647-8098</i>

NSN 7540-01-317-7368 5099-107 GENERAL SERVICES ADMINISTRATION

AGENCY FOR
INTERNATIONAL
DEVELOPMENT

LAC-IEE-96-26

ENVIRONMENTAL THRESHOLD DECISION

Project Location : Peru

Project Title : Strengthening Health
Institutions (SHIP) Amendment
No. 3

Project Number : 5227-0319

Funding : \$ 2,384,000 (amendment)
\$ 20,746,000 (total)

Life of Project : Seven Years

IEE Prepared by : Edilberto Alarcon, MEO

Recommended Threshold Decision: Categorical Exclusion

Bureau Threshold Decision : Concur with Recommendation

Comments : None

RECEIVED

56 JUN 21 1996 39

USAID/PERU

[Signature] Date 6/21/96
 Jeffrey J. Brokaw
 Chief Environmental Officer
 Bureau for Latin America
 and the Caribbean

- Copy to : George Wachtenheim, Mission Director, USAID/Peru
- Copy to : Edilberto Alarcon, MEO USAID/Peru
- Copy to : Alan Davis, USAID/Honduras
- Copy to : Karen Anderson, LAC/SPM
- Copy to : Thomas Kellerman, LAC/SAM
- Copy to : IEE File

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CONGRESSIONAL NOTIFICATION TRANSMITTAL SHEET

DATE: June 11, 1996

We wish to inform you of proposed actions in the Agency's programs in Fiscal Year 1996.

Eastern Europe and the Baltic States Regional TN:

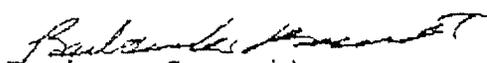
- Independent Media

Peru TNs:

- Justice Sector Support
- PVO Support
- Participatory Democracy
- Sustainable Natural Resources
- Strengthening Private Sector Health Institution
- Microenterprise Support

Indonesia TN - Natural Resources Management

The attached notification was sent to the Hill on June 11, 1996. Obligation may be incurred on June 26, 1996.


Barbara Bennett

Bureau for Legislative and Public Affairs

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JUN 11 1996

UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

TECHNICAL NOTIFICATION

(\$ 000'S)

<u>ct Title</u> <u>ber</u>	<u>FY 96 CP &</u> <u>Prior Reference</u>	<u>Country/</u> <u>Program</u>	<u>Appropriation</u> <u>Account</u>	<u>FY 1996 CP</u> <u>AMOUNT OR</u> <u>LATEST</u> <u>CN/TN AMOUNT</u>	<u>Amount Now</u> <u>Required</u>	<u>Amount of</u> <u>Increase</u>	<u>Reason for</u> <u>Change</u>
CE SECTOR RT 527-	NONE	PERU	DAF	0	650	650	SPECIAL NOTIFICATION SEC. 520.
UPPORT 353	TN #084, DATED 2/8/96	PERU	DAF	950	1,900	950	SPECIAL NOTIFICATION SEC. 520.
IPATORY RACY 527- 0356	NONE	PERU	DAF	0	300	300	SPECIAL NOTIFICATION SEC. 520.
INABLE AL RCES 527- 0368	NONE	PERU	DAF	0	1,000	1,000	SPECIAL NOTIFICATION SEC. 520.
STHENING TE SECTOR H TUTION 319	NONE	PERU	DAF	0	1,545	1,545	SPECIAL NOTIFICATION SEC. 520.
ENTERPRISE RT 527-0349	TN #084 DATED 2/8/96	PERU	DAF	1,209	2,209	1,000	SPECIAL NOTIFICATION SEC 520.

ASSISTANCE CHECKLIST

Listed below are criteria applicable to the assistance resources themselves, rather than to the eligibility of a country to receive the following categories of assistance: (A) both Development Assistance and Economic Support Funds; (B) Development Assistance only; or (C) Economic Support Funds only. assistance.

CROSS REFERENCE: IS COUNTRY CHECKLIST UP TO DATE?

A. DEVELOPMENT ASSISTANCE AND ECONOMIC SUPPORT FUND

1. Congressional Notification

a. **General Requirement** (FY 1996 Appropriations Act Sec. 515; FAA Sec. 634A): If money is to be obligated for an activity or strategic objective not previously justified to Congress, or for an amount in excess of amount previously justified to Congress, has Congress been properly notified (unless the Appropriations Act notification requirement has been waived because of substantial risk to human health or welfare)? Congress has been notified.

b. **Special Notification Requirement** (FY 1996 Appropriations Act Sec. 520): Are all activities proposed for obligation subject to prior congressional notification? YES

c. **Notice of Account Transfer** (FY 1996 Appropriations Act Sec. 509): If funds are being obligated under an appropriation account to which they were not appropriated, has the President consulted with and provided a written justification to the House and Senate Appropriations Committees and has such obligation been subject to regular notification procedures? N/A

d. **Cash Transfers and Nonproject Sector Assistance** (FY 1996 Appropriations Act Sec. 532(b)(3)): If funds are to be made available in the form of cash transfer or nonproject sector assistance, has the Congressional notice included a detailed description of how the funds will be used, with a discussion of U.S. N/A

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interests to be served and a description of any economic policy reforms to be promoted?

2. **Engineering and Financial Plans** (FAA Sec. 611(a)): Prior to an obligation in excess of \$500,000, will there be: (a) engineering, financial or other plans necessary to carry out the assistance; and (b) a reasonably firm estimate of the cost to the U.S. of the assistance? YES

3. **Legislative Action** (FAA Sec. 611(a)(2)): If legislative action is required within recipient country with respect to an obligation in excess of \$500,000, what is the basis for a reasonable expectation that such action will be completed in time to permit orderly accomplishment of the purpose of the assistance? N/A

4. **Water Resources** (FAA Sec. 611(b)): If the assistance is for water or water-related land resource construction, have benefits and costs been computed to the extent practicable in accordance with the principles, standards, and procedures established pursuant to the Water Resources Planning Act (42 U.S.C. 1962, et seq.)? N/A

5. **Cash Transfer/Nonproject Sector Assistance Requirements** (FY 1996 Appropriations Act Sec. 532). If assistance is in the form of a cash transfer or nonproject sector assistance:

a. **Separate Account:** Are all such cash payments to be maintained by the country in a separate account and not commingled with any other funds (unless such requirements are waived by Congressional notice for nonproject sector assistance)? N/A

b. **Local Currencies:** If assistance is furnished to a foreign government under arrangements which result in the generation of local currencies: N/A

(1) Has A.I.D. (a) required that local currencies be deposited in a separate account established by the N/A

recipient government, (b) entered into an agreement with that government providing the amount of local currencies to be generated and the terms and conditions under which the currencies so deposited may be utilized, and (c) established by agreement the responsibilities of A.I.D. and that government to monitor and account for deposits into and disbursements from the separate account?

(2) Will such local currencies, or an equivalent amount of local currencies, be used only to carry out the purposes of the DA or ESF chapters of the FAA (depending on which chapter is the source of the assistance) or for the administrative requirements of the United States Government? N/A

(3) Has A.I.D. taken all appropriate steps to ensure that the equivalent of local currencies disbursed from the separate account are used for the agreed purposes? N/A

(4) If assistance is terminated to a country, will any unencumbered balances of funds remaining in a separate account be disposed of for purposes agreed to by the recipient government and the United States Government? N/A

6. **Capital Assistance** (FAA Sec. 611(e)): If capital assistance is proposed (e.g., construction), and total U.S. assistance for it will exceed \$1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability to maintain and utilize the assistance effectively? N/A

7. **Local Currencies**

a. **Recipient Contributions** (FAA Secs. 612(b), 636(h)): Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized in lieu of dollars. N/A

OK

b. US-Owned Foreign Currencies

(1) **Use of Currencies** (FAA Secs. 612(b), 636(h): Are steps being taken to assure that, to the maximum extent possible, foreign currencies owned by the U.S. are utilized in lieu of dollars to meet the cost of contractual and other services. N/A

(2) **Release of Currencies** (FAA Sec. 612(d)): Does the U.S. own non-PL 480 excess foreign currency of the country and, if so, has the agency endeavored to obtain agreement for its release in an amount equivalent to the dollar amount of the assistance? N/A

8. Trade Restrictions - S u r p l u s Commodities (FY 1996 Appropriations Act Sec. 513(a)): If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar or competing commodity? N/A

9. Environmental Considerations (FAA Sec. 117; USAID Regulation 16, 22 CFR Part 216): Have the environmental procedures of USAID Regulation 16 been met? YES

10. PVO Assistance

a. Auditing (FY 1996 Appropriations Act Sec. 551): If assistance is being made available to a PVO, has that organization provided upon timely request any document, file, or record necessary to the auditing requirements of USAID? YES

b. Funding Sources (FY 1996 Appropriations Act, Title II, under heading "Private and Voluntary Organizations"): If assistance is to be made to a United States PVO (other than a cooperative development organization), does it obtain at least 20 percent of its total annual funding for international activities from sources other than the YES

ab

United States Government? If not, has the requirement been waived?

11. **Agreement Documentation** (Case-Zablocki Act, 1 U.S.C. Sec. 112b, 22 C.F.R. Part 181): For any bilateral agreement over \$25 million, has the date of signing and the amount involved been cabled to State L/T immediately upon signing and has the full text of the agreement been pouched to State/L within 20 days of signing?

N/A

12. **Metric System** (Omnibus Trade and Competitiveness Act of 1988 Sec. 5164, as interpreted by conference report, amending Metric Conversion Act of 1975 Sec. 2, and as implemented through A.I.D. policy): Does the assistance activity use the metric system of measurement in its procurements, grants, and other business-related activities, except to the extent that such use is impractical or is likely to cause significant inefficiencies or loss of markets to United States firms? Are bulk purchases usually to be made in metric, and are components, subassemblies, and semi-fabricated materials to be specified in metric units when economically available and technically adequate? Will A.I.D. specifications use metric units of measure from the earliest programmatic stages, and from the earliest documentation of the assistance processes (for example, project papers) involving quantifiable measurements (length, area, volume, capacity, mass and weight), through the implementation stage?

YES (to the extent possible)

13. **Abortions** (FAA Sec. 104(f); FY 1996 Appropriations Act, Title II, under heading "Development Assistance" and Sec. 518):

a. Are any of the funds to be used for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions? (Note that the term "motivate" does not include the provision, consistent with local law, of information or counseling about all pregnancy options.)

NO

b. Are any of the funds to be used to pay for the performance of involuntary sterilization as a method of family planning or to coerce or provide any financial incentive to any person to undergo sterilizations? NO

c. Are any of the funds to be made available to any organization or program which, as determined by the President, supports or participates in the management of a program of coercive abortion or involuntary sterilization? NO

d. Will funds be made available only to voluntary family planning projects which offer, either directly or through referral to, or information about access to, a broad range of family planning methods and services? (As a legal matter, DA only.) NO

e. In awarding grants for natural family planning, will any applicant be discriminated against because of such applicant's religious or conscientious commitment to offer only natural family planning? (As a legal matter, DA only.) NO

f. Are any of the funds to be used to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning? NO

g. Are any of the funds to be made available to any organization if the President certifies that the use of these funds by such organization would violate any of the above provisions related to abortions and involuntary sterilization? NO

14. Procurement

a. **Source, Origin and Nationality** (FAA Sec. 604(a): Will all procurement be from the U.S., the recipient country, or developing countries except as otherwise determined in accordance with the criteria of this section? YES

b. **Marine Insurance** (FAA Sec. 604(d)): If the cooperating country YES

discriminates against marine insurance companies authorized to do business in the U.S., will commodities be insured in the United States against marine risk with such a company?

c. **Insurance** (FY 1996 Appropriations Act Sec. 528A): Will any A.I.D. contract and solicitation, and subcontract entered into under such contract, include a clause requiring that U.S. insurance companies have a fair opportunity to bid for insurance when such insurance is necessary or appropriate? YES

d. **Non-U.S. Agricultural Procurement** (FAA Sec. 604(e)): If non-U.S. procurement of agricultural commodity or product thereof is to be financed, is there provision against such procurement when the domestic price of such commodity is less than parity? (Exception where commodity financed could not reasonably be procured in U.S.) N/A

e. **Construction or Engineering Services** (FAA Sec. 604(g)): Will construction or engineering services be procured from firms of advanced developing countries which are otherwise eligible under Code 941 and which have attained a competitive capability in international markets in one of these areas? (Exception for those countries which receive direct economic assistance under the FAA and permit United States firms to compete for construction or engineering services financed from assistance programs of these countries.) N/A

f. **Cargo Preference Shipping** (FAA Sec. 603)): Is the shipping excluded from compliance with the requirement in section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 percent of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed shall be transported on privately owned U.S. flag commercial vessels to the extent such vessels are available at fair and reasonable rates? NO

g. **Technical Assistance** (FAA Sec. 621(a)): If technical assistance is financed, will such assistance be furnished by private enterprise on a contract basis to the fullest extent practicable? Will the facilities and resources of other Federal agencies be utilized, when they are particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs? YES
N/A

h. **U.S. Air Carriers** (Fly America Act, 49 U.S.C. Sec. 1517): If air transportation of persons or property is financed on grant basis, will U.S. carriers be used to the extent such service is available? YES

i. **Consulting Services** (FY 1996 Appropriations Act Sec. 550): If assistance is for consulting service through procurement contract pursuant to 5 U.S.C. 3109, are contract expenditures a matter of public record and available for public inspection (unless otherwise provided by law or Executive order)? YES

j. **Notice Requirement** (FY 1996 Appropriations Act Sec. 565): Will agreements or contracts contain notice consistent with FAA section 604(a) and with the sense of Congress that to the greatest extent practicable equipment and products purchased with appropriated funds should be American-made? YES

15. Construction

a. **Capital Assistance** (FAA Sec. 601(d)): If capital (e.g., construction) assistance, will U.S. engineering and professional services be used? N/A

b. **Large projects, Congressional Approval** (FAA Sec. 620(k)): If for construction of productive enterprise, will aggregate value of assistance to be furnished by the U.S. not exceed \$100 million (except for productive enterprises in Egypt that were described in the Congressional Presentation), or does assistance have the express approval N/A

of Congress?

16. **U.S. Audit Rights** (FAA Sec. 301(d)): N/A
If fund is established solely by U.S. contributions and administered by an international organization, does Comptroller General have audit rights?

17. **Communist Assistance** (FAA Sec. 620(h)). YES
Do arrangements exist to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries?

18. **Narcotics**

a. **Cash Reimbursements** (FAA Sec. 483): N/A
Will arrangements preclude use of financing to make reimbursements, in the form of cash payments, to persons whose illicit drug crops are eradicated?

b. **Assistance to Narcotics Traffickers** (FAA Sec. 487): YES
Will arrangements take "all reasonable steps" to preclude use of financing to or through individuals or entities which we know or have reason to believe have either: (1) been convicted of a violation of any law or regulation of the United States or a foreign country relating to narcotics (or other controlled substances); or (2) been an illicit trafficker in, or otherwise involved in the illicit trafficking of, any such controlled substance?

19. **Expropriation and Land Reform** (FAA Sec. 620(g)): YES
Will assistance preclude use of financing to compensate owners for expropriated or nationalized property, except to compensate foreign nationals in accordance with a land reform program certified by the President?

20. **Police and Prisons** (FAA Sec. 660): YES
Will assistance preclude use of financing to provide training, advice, or any financial support for police, prisons, or other law enforcement forces, except for narcotics programs?

21. **CIA Activities** (FAA Sec. 662): Will assistance preclude use of financing for CIA activities? YES

22. **Motor Vehicles** (FAA Sec. 636(i)): Will assistance preclude use of financing for purchase, sale, long-term lease, exchange or guaranty of the sale of motor vehicles manufactured outside U.S., unless a waiver is obtained? YES

23. **Export of Nuclear Resources** (FY 1995 Appropriations Act Sec. 506): Will assistance preclude use of financing to finance, except for purposes of nuclear safety, the export of nuclear equipment, fuel, or technology? YES

24. **Publicity, Propaganda and Lobbying** (FY 1996 Appropriations Act Sec. 547; Anti-Lobbying Act, 18 U.S.C. § 1913; Sec. 109(1) of the Foreign Relations Authorization Act, Fiscal Years 1988 and 1989, P.L. 100-204): Will assistance be used to support or defeat legislation pending before Congress, to influence in any way the outcome of a political election in the United States, or for any publicity or propaganda purposes not authorized by Congress? NO

25. **Commitment of Funds** (FAA Sec. 635(h)): Does a contract or agreement entail a commitment for the expenditure of funds during a period in excess of 5 years from the date of the contract or agreement? NO

26. **Impact on U.S. Jobs** (FY 1996 Appropriations Act, Sec. 539):

a. Will any financial incentive be provided to a business located in the U.S. for the purpose of inducing that business to relocate outside the U.S. in a manner that would likely reduce the number of U.S. employees of that business? NO

b. Will assistance be provided for the purpose of establishing or developing an export processing zone or designated area in which the country's tax, tariff, labor, environment, and safety laws do NO

not apply? If so, has the President determined and certified that such assistance is not likely to cause a loss of jobs within the U.S.?

c. Will assistance be provided for a project or activity that contributes to the violation of internationally recognized workers rights, as defined in section 502(a)(4) of the Trade Act of 1974, of workers in the recipient country, or will assistance be for the informal sector, micro or small-scale enterprise, or smallholder agriculture? NO

B. DEVELOPMENT ASSISTANCE ONLY

1. **Agricultural Exports (Bumpers Amendment)** (FY 1996 Appropriations Act Sec. 513(b)), as interpreted by conference report for original enactment): If assistance is for agricultural development activities (specifically, any testing or breeding feasibility study, variety improvement or introduction, consultancy, publication, conference, or training), are such activities: (a) specifically and principally designed to increase agricultural exports by the host country to a country other than the United States, where the export would lead to direct competition in that third country with exports of a similar commodity grown or produced in the United States, and can the activities reasonably be expected to cause substantial injury to U.S. exporters of a similar agricultural commodity; or (b) in support of research that is intended primarily to benefit U.S. producers? N/A

2. **Recipient Country Contribution** (FAA Secs. 110, 124(d)): Will the recipient country provide at least 25 percent of the costs of the activity with respect to which the assistance is to be furnished or is this cost-sharing requirement being waived for a "relatively least developed" country? N/A

3. **Forest Degradation** (FAA Sec. 118):

a. Will assistance be used for the N/A

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procurement or use of logging equipment? If so, does the an environmental assessment indicate that all timber harvesting operations involved will be conducted in an environmentally sound manner and that the proposed activity will produce positive economic benefits and sustainable forest management systems?

b. Will assistance be used for: (1) actions which will significantly degrade national parks or similar protected areas which contain tropical forests, or introduce exotic plants or animals into such areas; (2) activities which would result in the conversion of forest lands to the rearing of livestock; (3) the construction, upgrading, or maintenance of roads (including temporary haul roads for logging or other extractive industries) which pass through relatively undergraded forest lands; (4) the colonization of forest lands; or (5) the construction of dams or other water control structures which flood relatively undergraded forest lands? If so, does the environmental assessment indicate that the activity will contribute significantly and directly to improving the livelihood of the rural poor and will be conducted in an environmentally sound manner which supports sustainable development?

N/A

4. **Deobligation/Reobligation** (FY 1995 Appropriations Act Sec. 510): If deob/reob authority is sought to be exercised under section 510 in the provision of DA assistance, are the funds being obligated for the same general purpose and for countries within the same region as originally obligated, and have the House and Senate Appropriations Committees been properly notified? [Note: Compare to no-year authority under section 511.]

N/A

5. **Capital Assistance** (Jobs Through Export Act of 1992, Secs. 303 and 306(d)): If assistance is being provided for a capital activity, is the activity developmentally sound and will it measurably alleviate the worst

N/A

manifestations of poverty or directly promote environmental safety and sustainability at the community level?

6. Loans

a. **Repayment capacity** (FAA Sec. 122(b)): Information and conclusion on capacity of the country to repay the loan at a reasonable rate of interest. N/A

b. **Long-range plans** (FAA Sec. 122(b)): Does the activity give reasonable promise of assisting long-range plans and programs designed to develop economic resources and increase productive capacities? N/A

c. **Interest rate** (FAA Sec. 122(b)): If development loan is repayable in dollars, is interest rate at least 2 percent per annum during a grace period which is not to exceed ten years, and at least 3 percent per annum thereafter? N/A

d. **Exports to United States** (FAA Sec. 620(d)): If assistance is for any productive enterprise which will compete with U.S. enterprises, is there an agreement by the recipient country to prevent export to the U.S. of more than 20 percent of the enterprise's annual production during the life of the loan, or has the requirement to enter into such an agreement been waived by the President because of a national security interest? N/A

7. Planning and Design Emphases. Has agency guidance or the planning and design documentation for the specific assistance activity under consideration taken into account the following, if applicable?

a. **Economic Development.** FAA Sec. 101(a) requires that the activity give reasonable promise of contributing to the development of economic resources or to the increase of productive capacities and self-sustaining economic growth. YES

b. **Special Development Emphases.** FAA Secs. 102(b), 113, 281(a) require that assistance: (1) effectively involve N/A

the poor in development by extending access to economy at local level, increasing labor-intensive production and the use of appropriate technology, dispersing investment from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using appropriate U.S. institutions; (2) encourage democratic private and local governmental institutions; (3) support the self-help efforts of developing countries; (4) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (5) utilize and encourage regional cooperation by developing countries.

c. Development Objectives. FAA Secs. 102(a), 111, 113, 281(a) require that assistance: (1) effectively involve the poor in development, by expanding access to economy at local level, increasing labor-intensive production and the use of appropriate technology, spreading investment out from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using the appropriate U.S. institutions; (2) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward better life, and otherwise encourage democratic private and local governmental institutions; (3) support the self-help efforts of developing countries; (4) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (5) utilize and encourage regional cooperation by developing countries?

These are primary health care service delivery activities, designed to enhance child survival in poor rural and peri-urban areas. They directly involve local community members and regionally based professionals and technicians, with coordination by a USA PVO, thus they provide income in high poverty areas and directly support self help activities of women to improve their health and that of their children. This is a Peruvian Ministry of Health priority as well as in the interest of the people of the United States.

d. Agriculture, Rural Development and Nutrition, and Agricultural Research. FAA Secs. 103 and 103A require that: (1) **Rural poor and small farmers:** assistance for agriculture, rural development or nutrition be specifically designed to increase productivity and income of rural

N/A

poor; and assistance for agricultural research take into account the needs of small farmers and make extensive use of field testing to adapt basic research to local conditions; (2) **Nutrition:** assistance be used in coordination with efforts carried out under FAA Section 104 (Population and Health) to help improve nutrition of the people of developing countries through encouragement of increased production of crops with greater nutritional value; improvement of planning, research, and education with respect to nutrition, particularly with reference to improvement and expanded use of indigenously produced foodstuffs; and the undertaking of pilot or demonstration programs explicitly addressing the problem of malnutrition of poor and vulnerable people; (3) **Food security:** assistance increase national food security by improving food policies and management and by strengthening national food reserves, with particular concern for the needs of the poor, through measures encouraging domestic production, building national food reserves, expanding available storage facilities, reducing post harvest food losses, and improving food distribution.

e. **Population and Health.** FAA Secs. 104(b) and (c) require that assistance for population or health activities emphasize low-cost, integrated delivery systems for health, nutrition and family planning for the poorest people, with particular attention to the needs of mothers and young children, using paramedical and auxiliary medical personnel, clinics and health posts, commercial distribution systems, and other modes of community outreach.

f. **Education and Human Resources Development.** FAA Sec. 105 requires that assistance for education, public administration, or human resource development (1) strengthen nonformal education, make formal education more relevant, especially for rural families and urban poor, and strengthen management capability of institutions enabling the poor to participate in development; and

Project activities include training of mothers in appropriate breast feeding, weaning procedures, and dietary supplements.

N/A

These activities place a strong emphasis on low-cost, integrated health delivery systems, involving local communities, mothers' clubs and regionally based NGOs. They include nutrition and family planning, are directed at very poor mothers and young children, using paramedical and auxiliary medical personnel, clinics and health posts, commercial distributions systems for pharmaceuticals and other modes of community outreach.

A basic education program including early childhood stimulation, pre school education, implementation of kindergartens with culturally and linguistically appropriate materials, as well as, a

(2) provide advanced education and training of people of developing countries in such disciplines as are required for planning and implementation of public and private development activities.

transitional program to facilitate entry into the first grade, in Aymara Indian communities.

g. Energy, Private Voluntary Organizations, and Selected Development Activities. FAA Sec. 106 requires that assistance for energy, private voluntary organizations, and selected development problems may be used for (1) data collection and analysis, the training of skilled personnel, research on and development of suitable energy sources, and pilot projects to test new methods of energy production; and facilitative of research on and development and use of small-scale, decentralized, renewable energy sources for rural areas, emphasizing development of energy resources which are environmentally acceptable and require minimum capital investment; (2) technical cooperation and development, especially with U.S. private and voluntary, or regional and international development organizations; (3) research into, and evaluation of, economic development processes and techniques; (4) reconstruction after natural or manmade disaster and programs of disaster preparedness; (5) special development problems, and to enable proper utilization of infrastructure and related projects funded with earlier U.S. assistance; (6) urban development, especially small, labor-intensive enterprises, marketing systems for small producers, and financial or other institutions to help urban poor participate in economic and social development.

N/A

The project south component is being carried out under cooperative agreement with a US PVO and provides subgrants to local NGOs.

Project activities test models for primary health care service delivery.

N/A

N/A

N/A

h. Appropriate Technology. FAA Sec. 107 requires that assistance emphasize use of appropriate technology (defined as relatively smaller, cost-saving, labor-using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor.

N/A

i. Tropical Forests. FAA Sec. 118

and FY 1991 Appropriations Act Sec. 533(c) as referenced in section 532(d) of the FY 1993 Appropriations Act) require that:

(1) **Conservation:** assistance place a high priority on conservation and sustainable management of tropical forests and specifically: (i) stress the importance of conserving and sustainably managing forest resources; (ii) support activities which offer employment and income alternatives to those who otherwise would cause destruction and loss of forests, and help countries identify and implement alternatives to colonizing forested areas; (iii) support training programs, educational efforts, and the establishment or strengthening of institutions to improve forest management; (iv) help end destructive slash-and-burn agriculture by supporting stable and productive farming practices; (v) help conserve forests which have not yet been degraded by helping to increase production on lands already cleared or degraded; (vi) conserve forested watersheds and rehabilitate those which have been deforested; (vii) support training, research, and other actions which lead to sustainable and more environmentally sound practices for timber harvesting, removal, and processing; (viii) support research to expand knowledge of tropical forests and identify alternatives which will prevent forest destruction, loss, or degradation; (ix) conserve biological diversity in forest areas by supporting efforts to identify, establish, and maintain a representative network of protected tropical forest ecosystems on a worldwide basis, by making the establishment of protected areas a condition of support for activities involving forest clearance or degradation, and by helping to identify tropical forest ecosystems and species in need of protection and establish and maintain appropriate protected areas; (x) seek to increase the awareness of U.S. Government agencies and other donors of the immediate and long-term value of tropical forests; (xi) utilize the resources and abilities

N/A

of all relevant U.S. government agencies; (xii) be based upon careful analysis of the alternatives available to achieve the best sustainable use of the land; and (xiii) take full account of the environmental impacts of the proposed activities on biological diversity.

(2) **Sustainable forestry:** assistance relating to tropical forests assist countries in developing a systematic analysis of the appropriate use of their total tropical forest resources, with the goal of developing a national program for sustainable forestry. N/A

j. **Biological Diversity.** FAA Sec. 119(g) requires that assistance: (i) support training and education efforts which improve the capacity of recipient countries to prevent loss of biological diversity; (ii) be provided under a long-term agreement in which the recipient country agrees to protect ecosystems or other wildlife habitats; (iii) support efforts to identify and survey ecosystems in recipient countries worthy of protection; or (iv) by any direct or indirect means significantly degrade national parks or similar protected areas or introduce exotic plants or animals into such areas. N/A

k. **Benefit to Poor Majority.** FAA Sec. 128(b) requires that if the activity attempts to increase the institutional capabilities of private organizations or the government of the country, or if it attempts to stimulate scientific and technological research, it be designed and monitored to ensure that the ultimate beneficiaries are the poor majority. N/A

l. **Indigenous Needs and Resources.** FAA Sec. 281(b) requires that an activity recognize the particular needs, desires, and capacities of the people of the country; utilize the country's intellectual resources to encourage institutional development; and support civic education and training in skills required for effective participation in governmental and political processes. N/A

essential to self-government.

m. **Energy.** FY 1991 Appropriations Act Sec. 533(c) as referenced in section 532(d) of the FY 1993 Appropriations Act) requires that assistance relating to energy focus on: (1) end-use energy efficiency, least-cost energy planning, and renewable energy resources, and (2) the key countries where assistance would have the greatest impact on reducing emissions from greenhouse gases. N/A

n. **Debt-for-Nature Exchange.** FAA Sec. 463 requires that assistance which will finance a debt-for-nature exchange (1) support protection of the world's oceans and atmosphere, animal and plant species, or parks and reserves; or (2) promote natural resource management, local conservation programs, conservation training programs, public commitment to conservation, land and ecosystem management, or regenerative approaches in farming, forestry, fishing, and watershed management. N/A

C. ECONOMIC SUPPORT FUND ONLY N/A

1. **Economic and Political Stability** (FAA Sec. 531(a)): Does the design and planning documentation demonstrate that the assistance will promote economic and political stability?

To the maximum extent feasible, is this assistance consistent with the policy directions, purposes, and programs of Part I of the FAA?

2. **Military Purposes** (FAA Sec. 531(e)): Will this assistance be used for military or paramilitary purposes?

3. **Commodity Grants/Separate Accounts** (FAA Sec. 609): If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made? (For FY 1996, this provision is superseded by the separate account requirements of FY 1996 Appropriations Act Sec. 532(a), see Sec. 532(a)(5).)

4. **Generation and Use of Local**

Currencies (FAA Sec. 531(d)): Will ESF funds made available for commodity import programs or other program assistance be used to generate local currencies? If so, will at least 50 percent of such local currencies be available to support activities consistent with the objectives of FAA sections 103 through 106? (For FY 1996, this provision is superseded by the separate account requirements of FY 1996 Appropriations Act Sec. 532(a), see Sec. 532(a)(5).)

5. **Capital Activities** (Jobs Through Exports Act of 1992, Sec. 306): If assistance is being provided for a capital project, will the project be developmentally-sound and sustainable, i.e., one that is (a) environmentally sustainable, (b) within the financial capacity of the government or recipient to maintain from its own resources, and (c) responsive to a significant development priority initiated by the country to which assistance is being provided.

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