

PDBCD 043

AID Project Number 690-0058

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PROJECT

GRANT AGREEMENT

between

LESOTHO

and the

UNITED STATES OF AMERICA

for

RURAL HEALTH DEVELOPMENT

Certified to be a true copy of the original signed or initialled

by John H. Kean

Alfred Harding

Alfred Harding, Certifying Officer

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PROJECT GRANT AGREEMENT

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Between

Lesotho ("Grantee")

And

The United States of America, acting through

The Agency for International Development ("A.I.D.")

ARTICLE 1.

The Agreement

The purpose of this Agreement is to set out the understandings of the parties named above ("Parties") with respect to the undertaking by the Grantee of the Project described herein, and with respect to the financing of the Project by the Parties.

ARTICLE 2.

The Project

SECTION 2.1. Definition of Project. The Project, which is further

described in Annex 1, will assist the Grantee to (1) develop the administrative, management, and planning capabilities of the Grantee's Ministry of Health and Social Welfare to support a national health delivery system, and (2) establish and institutionalize a training program which will provide health worker personnel required for a national health service delivery system. A.I.D. will assist in financing technical services, participant training, commodities, and construction of technicians' houses. Annex 1, attached, amplifies the definition of the Project contained in this Section 2.1. Within the limits of the definition of the Project in this Section 2.1., elements of the amplified description stated in Annex 1 may be changed by written agreement of the authorized representatives of the Parties named in Section 8.2., without formal amendment of this Agreement.

SECTION 2.2. Incremental Nature of Project. (a) A.I.D.'s contribution to the Project, as described in Annex 1, will be provided in increments, the initial one being made available in accordance with Section 3.1. of this Agreement. Subsequent increments will be subject to availability of funds to A.I.D. for this purpose and to the mutual agreement of the Parties, at the time of a subsequent increment, to proceed.

(b) In the event that A.I.D. does not add a contemplated increment of funding in a timely fashion, it is understood that either Party

may elect to terminate this Agreement in accordance with Section D.1. of the Grant Project Standard Provisions Annex, provided, that within the limits of then available funds committed to the Project by the Parties, the termination period may be extended beyond a period of 30 days to provide for an orderly arrangements; and that each Party will do all it believes appropriate to retain and extend the benefits of Project activity which has already taken place.

(c) Within the overall Project Assistance Completion Date stated in this Agreement, A.I.D. based upon consultation with the Grantee, may specify in Project Implementation Letters appropriate time periods for the utilization of funds granted by A.I.D. under an individual increment of assistance.

SECTION 2.3. Specific Limitation on Subsequent Incremental Funding.

In addition to the limitations set forth in Section 2.2, and except as A.I.D. may otherwise agree in writing, no additional increments, above the amount obligated pursuant to Section 3.1., will be made available to the Project until it has been determined by A.I.D. that:

(i) there are no laws, rules, or regulations in effect in Lesotho that would prevent nurses trained under this Project from performing the duties for which they were trained;

(ii) Lesotho has taken or is taking all steps necessary to ensure timely gazetting of health workers positions so that trained personnel will be able to fill positions immediately upon completion of training;

(iii) the Private Health Association of Lesotho has made a firm commitment to provide the training services necessary for timely and effective implementation of the Project; and

(iv) the initial evaluation adequately demonstrates that the Ministry of Health and Social Welfare has the technical and administrative capability to support the health workers to be trained under the Project; and

(v) the Grantee's training program for Nurse Assistants is functioning and is training nurse assistants at a level adequate to meet the requirements of this Project, in numbers which will be agreed upon by the Parties in writing.

ARTICLE 3.

Financing

SECTION 3.1. The Grant. To assist the Grantee to meet the costs of carrying out the Project, A.I.D., pursuant to the Foreign Assistance Act of 1961, as amended, agrees to grant the Grantee under the terms of this Agreement not to exceed Nine Hundred and Fifty Thousand United States ("U.S.") Dollars (\$950,000)("Grant"). It is anticipated

that subsequent increments aggregating Two Million Three Hundred and Fifty Thousand U.S. Dollars (\$2,350,000) will be provided by A.I.D. subject to Sections 2.2. and 2.3. of this Agreement.

The Grant may be used to finance foreign exchange costs, as defined in Section 6.1., and local currency costs, as defined in Section 6.2., of goods and services required for the Project.

SECTION 3.2. Grantee Resources for the Project. (a) The Grantee agrees to provide or cause to be provided for the Project all funds, in addition to the Grant, and all other resources required to carry out the Project effectively and in a timely manner.

(b) Except as A.I.D. may otherwise agree in writing, the resources provided by Grantee for the Project will not be less than the equivalent of U.S. \$744,000 (approximately R632,400) including costs borne on an "in-kind" basis.

SECTION 3.3. Project Assistance Completion Date. (a) The "Project Assistance Completion Date" (PACD), which is September, 1982, or such other date as the Parties may agree in writing, is the date by which the Parties estimate that all services financed under the Grant will have been performed and all goods financed under the Grant will have been furnished for the Project as contemplated in this Agreement.

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

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

ARTICLE 4.

Conditions Precedent to Disbursement

SECTION 4.1. First Disbursement. Prior to the first disbursement under the Grant, or to the issuance by A.I.D. of documentation pursuant to which disbursement will be made, the Grantee will, except as the Parties may otherwise agree in writing, furnish to A.I.D. in form and substance satisfactory to A.I.D.:

(a) A statement of the names of the persons holding or acting in the office of the Grantee specified in Section 8.2., and a specimen signature of each person specified in such statement;

(b) An executed contract for construction services for the Ts'akholo dormitory which provides for a construction completion date that will ensure timely implementation of the training component of the Project.

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

SECTION 4.3. Terminal Dates for Conditions Precedent. If all of the conditions specified in Section 4.1. have not been met within 90 days from the date of this Agreement, or such later date as A.I.D. may agree in writing, A.I.D., at its option, may terminate this Agreement by written notice to the Grantee.

ARTICLE 5.

Special Covenants

SECTION 5.1. Project Evaluation. The Parties agree to establish an evaluation program, as described in Annex 1 as an integral part of the Project. Except as the Parties otherwise agree in writing, the program will include, during the implementation of the Project and regularly thereafter: (a) evaluation of progress toward

attainment of the objectives of the Project; (b) identification and evaluation of problem areas or constraints which may inhibit such attainment; (c) assessment of how such information may be used to help overcome such problems, in this or other projects; and (d) evaluation, to the degree feasible, of the overall development impact of the Project.

SECTION 5.2. Utilization of Trained Personnel. The Grantee agrees that personnel trained under this Project, including nurse clinicians, nurse assistants or village health workers, will accept and will be employed in field assignments so as to maximize the benefits of this Project for the rural poor population of Lesotho.

SECTION 5.3. Training Curriculum. The Grantee agrees that the training curriculum for the Project will emphasize the development of skills necessary for meeting the health needs of the rural poor population of Lesotho.

ARTICLE 6.

Procurement Source

SECTION 6.1. Foreign Exchange Costs. Except as stated below or as A.I.D. may otherwise agree in writing, and except as may be provided in the Project Grant Standard Provisions Annex, Section C.1. (b) with

respect to marine insurance, disbursements pursuant to Section 7.1. will be used exclusively to finance the costs of goods and services required for the Project having their source and origin in the United States (Code 000 of the A.I.D. Geographic Code Book as in effect at the time orders placed or contracts entered into for such goods and services) ("Foreign Exchange Costs"). Exceptions to this general procurement requirement are as follows:

(i) construction services and equipment repair and maintenance services may have as their source and origin firms which may be designated as "Free World Firms" as this term is defined in A.I.D. regulations;

(ii) procurement of construction materials may have their source and origin in countries included in A.I.D. Geographic Code 935 ^{are} in effect at the time orders/placed or contracts are entered into for such materials;

(iii) notwithstanding Section C.1. of the Project Grant Standard Provisions Annex, the three project vehicles procured for the Project may have their source and origin in countries included in A.I.D. Geographic Code 935 as in effect at the time orders are placed or contracts entered into for these vehicles.

SECTION 6.2. Local Currency Costs. Disbursements pursuant to Section 7.2. will be used exclusively to finance the costs of goods and services required for the Project having their source and, except as A.I.D. may otherwise agree in writing, their origin in Lesotho ("Local Currency

Costs"). To the extent provided for under this Agreement, "Local Currency Costs" may also include the provision of local currency resources required for the Project.

ARTICLE 7.

Disbursement

SECTION 7.1. Disbursement for Foreign Exchange Costs. (a) After satisfaction of conditions precedent, the Grantee may obtain disbursements of funds under the Grant for the Foreign Exchange Costs of goods or services required for the Project in accordance with the terms of this Agreement, by such of the following methods as may be mutually agreed upon:

(i) by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, (A) requests for A.I.D. to procure commodities or services in Grantee's behalf for the Project; or

(ii) by requesting A.I.D. to issue Letters of Commitment for specified amounts (A) to one or more U.S. banks, satisfactory to A.I.D., committing A.I.D. to reimburse such bank or banks for payments made by them to contractors or suppliers, under the Letters of Credit or otherwise, for such goods or services, or (B) directly to one or more contractors.

or suppliers committing A.I.D. to pay such contractors or suppliers, through Letters of Credit or otherwise, for such goods or services.

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

SECTION 7.2. Disbursement for Local Currency Costs. (a) After satisfaction on conditions precedent, the Grantee may obtain disbursements of funds under the Grant for Local Currency Costs required for the Project in accordance with the terms of this Agreement by submitting to A.I.D., with necessary supporting documentation as prescribed in Project Implementation Letters, requests to finance such costs.

(b) The local currency needed for such disbursements may be obtained:

- (i) by acquisition by A.I.D. with U.S. Dollars;
- (ii) by A.I.D. (A) requesting the Grantee to make available the local currency for such costs, and (B) thereafter reimbursing an amount of U.S. Dollars equal to the amount of local currency made available by the Grantee.

The U.S. dollar equivalent of the local currency made available hereunder will be, in the case of sub-section (b)(i) above, the amount of U.S. dollars

required by A.I.D. to obtain the local currency.

SECTION 7.3. Other Forms of Disbursement. Disbursement of the Grant may also be made through such other means as the Parties may agree to in writing.

SECTION 7.4. Rate of Exchange. If funds provided under the Grant are introduced into Lesotho by A.I.D. or any public or private agency for the purpose of carrying out obligations of A.I.D. hereunder, the Grantee will make such arrangements as may be necessary so that such funds may be converted into currency of Lesotho at the highest rate of exchange which, at the time of conversion is made, is not unlawful in Lesotho.

ARTICLE 8

Miscellaneous.

SECTION 8.1. Communications. Any notice, request, document or other communication submitted by either party to the other under this Agreement will be in writing by telegram or cable, and will be deemed duly given or sent when delivered to such party at the following addresses:

To the Grantee: Permanent Secretary for Planning & Statistics.

Mail Address: P.O. Box MS 630
Maseru, Lesotho.

Alternate Address for cables: Plannoff, Maseru.

To A.I.D.:

Mail Address: Office of Southern Africa Regional Activities
Coordination (OSARAC) Box 750, Mbabane, SWAZILAND.

Alternate Address for cables:

American Embassy
Mbabane, SWAZILAND.

All such communications will be in English, unless the Parties otherwise agree in writing. Other addresses may be substituted for the above upon the giving of notice.

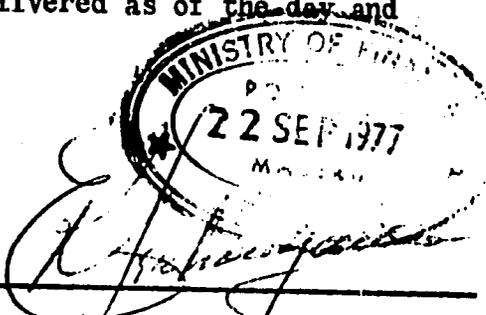
SECTION 8.2. Representatives. For all purposes relevant to this Agreement, the Grantee will be represented by the individual holding or acting in the office of Permanent Secretary, Ministry of Health and Social Welfare, and A.I.D. will be represented by the individual holding or acting in the office of Regional Development Officer OSARAC, each of whom, by written notice, may designate additional representatives for all purposes other than exercising the power under Section 2.1. to revise elements of the amplified description in Annex 1. The names of the representatives of the Grantee, with specimen signatures, will be provided to A.I.D., which may accept as duly authorized any instrument signed by such representatives in implementation of this Agreement, until receipt of written notice

of revocation of their authority.

SECTION 8.3. Standard Provisions Annex. An "Amplified Project Description" (Annex 1) and a "Project Grant Standard Provisions Annex" (Annex 2) are attached to and form part of this Agreement.

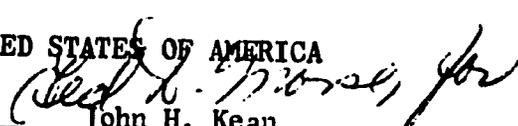
IN WITNESS WHEREOF, the Grantee and the United States of America, each acting through its duly authorized representatives, have caused this Agreement to be signed in their names and delivered as of the day and year first above written.

LESOTHO

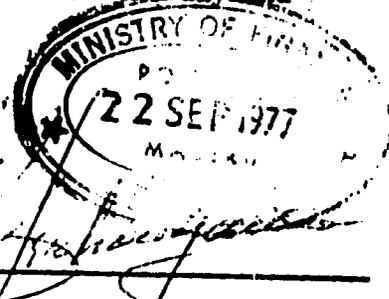
BY: 

TITLE: Hon. Minister of Finance & Development Planning.

UNITED STATES OF AMERICA

BY: 
John H. Kean

TITLE: Regional Development Officer, OSARAC



AMPLIFIED PROJECT DESCRIPTION

Lesotho Health Development Project

1. General Project Description.

The assistance provided by this Project will enable the Grantee, in coordination with the Private Health Association of Lesotho, to overcome several constraints limiting the availability of health services to rural areas of Lesotho. At present, health resources are concentrated in urban areas, are predominantly hospital based, and are directed towards episodic curative care. The Grantee's Ministry of Health and Social Welfare is aware that doctors can not be assigned to most of the country's clinics and health centers for many years to come. The Ministry is also aware that in most instances a doctor's skills are not required for the diagnosis and treatment of the vast majority of patients seen in Lesotho's outpatient facilities and that, therefore, improvement in the diagnostic and treatment skills of nurses can serve as means of extending more professional health care to the rural areas. Both the Ministry of Health and Social Welfare and the non-governmental health organizations comprising the Private Health Association of Lesotho (PHAL) have nurse or nurse assistants training programs. Moreover, both the Ministry and PHAL agree that a system of nurse clinicians supported by nurse assistants and village health workers is the only practical means of expanding and extending health services to the rural areas of Lesotho. At the same time, it is

recognized that, in order for services to be expanded, it will be necessary to upgrade the planning, administrative and management competence of the Ministry of Health and Social Welfare, the ministry most responsible for implementation of this Project, to the level required to develop and maintain a national health services delivery system.

Thus, this Project will address the problem of expanding health services to rural areas in Lesotho through the achievement of the following objectives:

1. upgrading the capabilities of the Ministry of Health and Social Welfare to enable it to plan effectively for future health services needs, and to administer and manage an expanded health service delivery system; and
2. establishing and institutionalizing a training system for health worker cadres required for the rural component of a national health services delivery system.

II. A.I.D. Contribution.

It is anticipated that A.I.D. assistance will be provided over approximately a five year period. This assistance will consist of the following:

A. Technical Assistance

The Project will provide approximately 15 staff years of

long-term technical assistance and approximately 48 staff months of short-term consultancies. The following personnel will provide long-term term technical expertise:

(1) A Health Planner will serve as Chief of the Party and will establish a health planning, programming, and budgeting system within the Ministry of Health and Social Welfare, supportive of the health policy objectives contained in the Ministry's Second Five Year Plan.

(2) A Management Specialist to establish, upgrade, or expand, as necessary, the administrative and logistic support operations of the Ministry.

(3) A Physician-Trainer to assume operational control of the development and execution of training programs for the nurse clinicians and the village health workers.

(4) A Family Nurse Clinician (FNC) Trainer will, under the supervision of the Physician Trainer and in collaboration with short term consultants in curriculum design, participate in the development of educational programs for the preparation of nurses and other paramedical personnel. These programs will be designed to deliver health care in both urban acute care settings in rural areas and will include disease prevention and the promotion of public health. The FNC Trainer will in collaboration with counterparts and other consultants establish courses, give instruction, and serve as a support person

and role model for local tutors in the teaching and supervision of nurses and other paramedicals.

Since this Project contemplates a direct A.I.D. institutional contract for the provision of these technical inputs, support for the technical expert will be included in the contract.

B. Training.

A.I.D. will finance approximately 19 study years of long-term and 24 months of short-term participant training in the U.S., and about four short-term in-country courses in health planning and administration.

A.I.D. will also provide one year of funding for the PHAL Nurse Assistant Training Program and observation tours to third countries for certain of Ministry of Health and Social Welfare Officers to examine the operation of similar rural health delivery systems.

C. Commodities.

A.I.D. will provide three project vehicles, training and office supplies and equipment, and contraceptives.

D. Local Costs. A.I.D. will provide financing for the construction of three technician's houses, and the cost of secretarial services, in-country travel vehicle operation and maintenance, and office expenses, for A.I.D. financed technicians.

III. Grantee's Contribution.

In addition to its general obligation under Section 3.2. to supply funds and resources needed for the Project, the Grantee will provide financing for the following:

- (1) local costs of the Nurse Clinician Training Program;
- (2) local cost contribution to a Nurse Assistants Training Program;
- (3) local cost of the Village Health Workers training programs;
- (4) support to participant trainees;
- (5) office space, and housing for two U.S. technicians;
- (6) distribution of family planning supplies.

Apart from item six above, the local costs indicated as the Grantee's contribution consist largely of trainee salaries and other training program costs. The Grantee will provide sites and construction supervision for the housing to be constructed for the A.I.D. financed technicians. Additionally, the Grantee will construct dormitory facilities for use by the trainees at Ts'akholo. These inputs and the timing requirements for them may be the subject of subsequent Project Implementation Letters.

IV. Contribution of the Private Health Association of Lesotho.

PHAL will continue to support the Nurse Assistants Training Program until the end of the Project. The Association's total estimated input, will be \$94,000, representing largely the costs of trainees allowances, personnel, and training facilities, A.I.D. will contribute to the program during the first project year, and the Grantee will continue to fund the program at about the same magnitude as that of A.I.D. until the end of the Project.

V. Implementation.

A. Technical Assistance.

The Project will be undertaken in two phases and, as stated in Section 2.3., a satisfactory resolution of certain outstanding problems and a favorable evaluation of Phase I activities will be preconditions to moving toward with the second phase of the Project.

(1) Phase I

Phase I, which will last between 12 and 18 months, will provide technical assistance to the Ministry of Health and Social Welfare to increase its planning and administrative capabilities. In particular, the Health Planner, aided by short-term consultants, will train one additional planner to be assigned to the Ministry's Planning Unit and will provide technical assistance to strengthen health planning in the areas of data

gathering, data analysis and interpretation, coordination and group process, and program design. By the end of Phase I it is expected that the Ministry's Assistant Secretary for Planning will have been trained and will be effectively directing health sector planning activities, with the support of other Grantee ministries and the PHAL. Basic research, data collection, and preliminary analyses for the Third Five Year Development Plan will also have been completed. Project Implementation Letters may specify in greater detail further planning activities.

Additionally, the Project will provide the services of a Management Specialist and Health Planner, assisted by short-term consultancies, who will arrive at the beginning of Phase I and will be primarily responsible for ensuring that the administrative and management needs required to support the health delivery system are met. They will assist in the completion of organizational and operational recommendation which will clearly define the line and staff relationships and responsibilities of Ministry personnel at all levels of administration. During this phase of the Project a logistical system to ensure that the expanded health services delivery system will ^{be} adequately and efficiently supplied with medicines and other supplies will be developed and institutionalized. Similar development will also be undertaken in the areas of transportation and communications, budgeting and

accounting, and general records management.

In-country short-term training will be given to personnel already on the "Establishment List" to increase the administrative and management competency of existing ministry personnel. Participant training in administrative/management fields will include two year post graduate training for three trainees in the areas of administration, fiscal management and statistics. Ministry needs for additional expertise in procurement and sanitation science will be met through one year courses for two participants. Short-term training is anticipated to include six month's training in management and planning for two trainees and three month courses for three additional Ministry personnel. By the end of Phase I, all participants will either be in or have completed training, and will be either actively engaged in the implementation of Phase II of the Project, with their positions gazetted on the establishment list, or they will be scheduled to step into a gazetted Ministry operational positions consistent with their training.

(2) Phase II

Upon satisfactory completion of Phase I, preparations will have been made for the initiation of the health worker training programs beginning in Phase II. A training capacity to produce health personnel appropriate to Lesotho's needs will be institutionalized in Phase II. A 12 month

Nurse Clinician Training Program based upon a modularized, problem-oriented curriculum will train Nurse Clinicians. The training of Nurse Assistants, begun under a program sponsored by PHAL, will provide graduates to institutions to supplement nursing services while nurses are being trained and upgraded to the new role of Nurse Clinicians. Upon completion of their training, the Nurse Clinicians will use a simpler, modularized, problem-oriented curriculum to train Village Health Workers whose tasks will be performed predominantly in the preventive/promotive realm.

More specifically, during Phase I the Physician-Trainer and Nurse-Clinician Trainer will be employed on short-term consultancies to, among other purposes, begin development of a Nurse-Clinician curriculum, assist in setting up the trainee selection committee, prepare teaching materials, and select teaching methods. Thereafter, towards the completion of Phase I, these technicians will return to address any unsettled issues and complete the development of the training curriculum. The first Nurse-Clinician training course should begin about two years from the date of this Agreement. About 3 months later development of the curriculum for the Village Health Worker Program will start, as well as other preparatory activities leading to the commencement of the first VHW course in about the 30 month of the Project. Both the NC and VHW programs will continue as scheduled until the ultimate target of approximately 125 Nurse Clinicians, 165 Nurse Assistants, and 1,000 Village Health Workers is achieved.

It is projected that these goals will be met beyond the life of the Project.

Elements of Phase II, including curriculum development, tutor training and establishment of the training programs may be discussed at greater length in Project Implementation Letters.

(3) Procurement of Technical Services.

All technical assistance personnel financed by A.I.D. will be citizens or permanent residents of the United States, except as A.I.D. may otherwise agree in writing. A.I.D. will utilize Grant funds to contract with a U.S. contractor or institution with expertise and experience in the development of health service systems using non-physician health care and competency based modular materials. The contracting institution will fulfill Project requirements for short-term consultancies and will have the capability to provide backstopping support for its personnel. It is anticipated that an institutional contract will be signed by the sixth month of the Project and that the initial technical assistance personnel will arrive six months thereafter.

B. Commodity Procurement.

Grant funded procurement of commodities for the Project, including

motor vehicles, will be carried out either by A.I.D. or the Grantee, as will be specified in Project Implementation Letters after consultation between the Parties. Commodities procured under the Grant will comply with the source and origin limitations specified in this Agreement. The Grantee will assure that motor vehicles procured under this Grant are available for use on the Project within six months from the date of this Agreement.

C. Constructio

The Grantee will be responsible for the construction of the Ts'akholo dormitory on a timely basis and for the construction of three homes for A.I.D.-financed technicians.

A.I.D. will finance the construction of the the homes of the technicians on a Fixed Amount Reimbursement (FAR) basis. No A.I.D. financing will be provided to the dormitory. The Grantee will be reimbursed, subject to this Agreement, \$90,000 for completing the construction of these homes in accordance with the schedules, plans, designs and specifications approved by A.I.D. in advance of construction. These houses will be completed not later than 12 months after the Agreement is signed. The source and origin limitation of the procurement of construction and construction materials are defined in Sections 6.1. and 6.2. of the Grant Agreement. A.I.D. will make disbursements to the

Grantee upon approval of documentation submitted by the Grantee, as specified in Project Implementation Letters, and site inspection of the work to determine that construction has been done in accordance with previously approved plans and specifications.

VI. Evaluation Plan.

Although always an important element of any project, evaluation will play a particularly significant role in this one. This is due to the project's phased structure whereby Phase II is contingent on the successful achievement of activities in Phase I. That is, it is felt that the training and deployment of Lesotho workers can proceed only after it has been determined that the Ministry has the administrative and logistical capability to adequately support and expand health services delivery system. Therefore, three major evaluations are planned at times to be agreed upon by the Parties.

These evaluations will be undertaken by an A.I.D.-funded evaluation team and done with the involvement and cooperation of the MOH. The scope of work will be prepared by A.I.D. and the MOH. Team personnel selected will receive the concurrence of both A.I.D. and the MOH and will include AID staff, as appropriate.

The first and most critical evaluation will determine if the project is prepared to proceed to Phase II. This will involve analyses

of the following areas as related to the development of the health delivery system: required changes in constraints relative to medical practices, availability of trainees and selection criteria, administration arrangements, organization, supply and records managements systems, budget and accounting procedures, transportation and communications, and overall planning capability.

Based largely on their recommendations, a decision will be made to either (1) proceed to Phase II, (2) delay implementation until further necessary pre-program development occurs, (3) modify the project and its objectives to more realistically reflect what can be achieved, or (4) terminate the project.

The second evaluation will determine whether project objectives are being attained, insure that data is being collected to permit measurement of progress, and make recommendations to further assure that project outputs are realistic and can be achieved. Any necessary project alteration requirements will also be recommended to assure project completion by the end of FY 1982.

The final evaluation will be carried out at dates to be agreed upon by the Parties to determine the efficiency, effectiveness, and impact of the Project. Other evaluations may be scheduled as A.I.D. or the Grantee deem necessary.

VII. Financial Plan.

An illustrative Financial Plan is attached as Table I.

Annex I
Table I

Expenditure Schedule, USAID x

Lesotho Rural Health Development Project

	<u>FY 77</u>	<u>FY 78</u>	<u>FY 79</u>	<u>FY80</u>	<u>Fy 81</u>	<u>Total</u>
I. Total	<u>441.5</u>	<u>615.8</u>	<u>888.2</u>	<u>764.8</u>	<u>534.7</u>	<u>3,245.0</u>
A. Technical Assistant/Field	<u>126.0</u>	<u>250.0</u>	<u>427.0</u>	<u>384.0</u>	<u>224.0</u>	<u>1,411.0</u>
1. Administrative/Planning Expert	38.0	75.0	75.0	75.0	37.0	300.0
2. Management Specialist	38.0	75.0	75.0	57.0	-	245.0
3. Physician/Trainer	-	-	75.0	75.0	75.0	225.0
4. Nurse Practitioner/Trainer	-	-	60.0	60.0	60.0	180.0
5. Consultants	50.0	78.0	100.0	80.0	28.0	336.0
6. Inflation Factor: (FY 78-81 @ 7.5% p.a.)	-	22.0	42.0	37.0	24.0	125.0
B. Technical Assistance/Backstop	<u>107.5</u>	<u>138.5</u>	<u>171.5</u>	<u>162.5</u>	<u>125.5</u>	<u>705.5</u>
1. Director	12.5	12.5	12.5	12.5	12.5	62.5
2. Coordinator	30.0	30.0	30.0	30.0	30.0	150.0
3. Admin Assistant/Secretary	15.0	15.0	15.0	15.0	15.0	75.0
4. Staff Trips	3.0	3.0	3.0	3.0	3.0	15.0
5. Admin overhead	47.0	78.0	111.0	102.0	65.0	403.0
C. Training	<u>56.0</u>	<u>143.5</u>	<u>151.0</u>	<u>49.5</u>	<u>11.0</u>	<u>411.0</u>
1. Participant Training	41.0	106.5	84.0	32.5	-	264.0
2. In-Country Training	15.0	15.0	25.0	10.0	10.0	75.0
3. Observation trips	-	-	20.0	-	-	20.0
4. Inflation: FY 78-81 @ 7.5% p.a.	-	7.5	6.5	3.5	1.0	18.5
5. Contingency item C1, 15%	-	14.5	15.5	3.5	-	33.5

x Prepared June 1976 by GOL/OSARAC/REDSO staff and revised Dec. 1976 by OSARAC/Mbabane.

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	<u>FY 77</u>	<u>FY 78</u>	<u>FY 79</u>	<u>FY 80</u>	<u>FY 81</u>	<u>TOTAL</u>
D. Commodities	<u>47.0</u>	<u>62.3</u>	<u>108.2</u>	<u>137.8</u>	<u>149.2</u>	<u>504.5</u>
1. Family Planning Supplies	24.0	48.0	96.0	133.8	146.2	448.0
2. Vehicles	15.0	7.5	-	--	-	22.5
3. Training Supplies and Equipment	2.0	1.5	6.0	2.5	1.5	13.5
4. Office Supplies and Equipment	6.0	4.0	4.0	1.0	1.0	16.0
5. Contingency, items D3, D4, 15%	-	1.3	2.2	0.5	0.5	4.5
E. Local Costs	<u>105.0</u>	<u>21.5</u>	<u>30.5</u>	<u>31.0</u>	<u>25.0</u>	<u>213.0</u>
1. Housing	90.0	-	-	-	-	90.0
2. Secretaries	3.0	3.5	3.5	4.0	3.5	17.5
3. In-Country Travel	4.5	5.5	7.5	7.5	6.0	31.0
4. Vehicle Maintenance and Operator	6.0	7.5	8.5	8.0	7.5	37.5
5. Office Expenses	1.5	2.5	5.5	4.5	2.5	16.5
6. Inflation factor: (FY 78-81, 10% p/a.)	-	2.5	5.5	7.0	5.5	20.5

OBLIGATIONS

FY 1977 Obligations provide initial project funding for contract personnel services under and institutional contract as well as various other initial items. The specific breakdown is provided below. Life of project obligations are anticipated to be in general conformance with the life of project expenditures breakdown given in the "TOTAL" column above. In addition to the obligations listed below, dols 55,000 is being provided under central FY 77 population funding for family planning supplies. Appropriation 72-11X1024 - Allotment 424-52-690-00-69-72

	Previous Total	Increase	Decrease	Total to Date
Contract Personnel		dols 705,000		705,000
Contract Commodities		20,000		20,000
Contract Other Costs		5,000		5,000
Direct Other Costs		125,000		125,000
Appropriation 72-11X1024 - Allotment 424-52-690-00-44-71				
Contract Personnel		<u>40,000</u>		<u>40,000</u>
TOTALS		<u>895,000</u>		<u>895,000</u>

Annex I

Table 2

GOL Contributions x
(Direct and In-Kind)

Lesotho Rural Health Development Project

(660 Rand)

<u>TOTAL</u>	<u>Direct</u>	<u>In-Kind</u>	<u>Total</u>
	<u>R273.0</u>	<u>R374.1</u>	<u>R647.2</u> MN
Percent	(62%)	(38%)	(100%)
A. Nurse Practitioner Trg Program	<u>R115.5</u>	<u>1105.1</u>	<u>R265.6</u>
1. Salaries	107.3	115.5	222.8
a. MD's for Curr. Dev. (9S/M)	-	3.8	3.8
b. MD's for Teaching (60 S/M)	-	13.7	13.7
c. NP' Trainee Replacements (125 NA's)	46.8	-	46.8
d. NP Trainees	60.5	98.0	158.5
1) Regular	-	98.0	98.0
2) Stipends	16.5	-	16.5
3) Salary Increases	44.0	-	44.0
2. Training Facilities	-	3.0	3.0
3. Office Space, U.S. Staff	-	6.4	6.4
4. Housing	-	25.2	25.2
a. Trainees	-	4.2	4.2
b. U.S Staff (2)	-	15.0	15.0
c. Furnishings, US Funded Houses (3)	-	6.0	6.0
5. Other Program Costs	8.2	-	8.2
B. Nurse Ass't Training Program (yrs 2-5)	<u>R87.6</u>	<u>-</u>	<u>R87.6</u>
1. Trainee Allowance	35.2	-	35.2
2. Personnel	28.0	-	28.0
3. Administrative Overhead	11.4	-	11.4
4. Transportation	8.8	-	8.8
5. Training Materials	4.2	-	4.2
C. Village Health Workers Trg Program	<u>R17.0</u>	<u>-</u>	<u>R17.0</u>
1. Trainee Allowances	13.6	-	13.6
2. Other Program Costs	3.4	-	3.4

D. Counterpart Support	<u>R53.0</u>	<u>R -</u>	<u>R53.0</u>
1. Two-year Trainees (4)	19.2	-	19.2
2. Three-year Trainees (3)	19.8	-	19.8
3. One-year Trainees (2)	6.0	-	6.0
4. Six-month Trainees (2)	4.0	-	4.0
5. Three-month Trainees (4)	4.0	-	4.0
E. Distribution FP Supplies		<u>R224.0</u>	<u>R224.0</u>

* Prepared June 1976 by GOL/OSARAC/REDSO staff in Maseru

** Multiplied by conversion rate 1.15 gives US\$744.0

PROJECT GRANT STANDARD

PROVISIONS ANNEX

Definitions: As used in this Annex, the "Agreement" refers to the Project Grant Agreement to which this Annex is attached and of which this Annex forms a part. Terms used in this Annex have the same meaning or reference as in the Agreement.

ARTICLE A.

Project Implementation

Letters.

To assist Grantee in the Implementation of the Project, A.I.D., from time to time, will issue Project Implementation Letters that will furnish additional information about matters stated in this Agreement. The Parties may also use jointly agreed-upon Project Implementation Letters to confirm and record their mutual understanding on aspects of the implementation of this Agreement. Project Implementation Letters will not be used to amend the text of the Agreement, but can be used to record revisions or exceptions which are permitted by the Agreement, including the revision of elements of the amplified description of the Project in Annex 1.

ARTICLE B.

General Covenants.

SECTION B.1. Consultation. The Parties will cooperate to assure that the purpose of this Agreement will be accomplished. To this end, the Parties, at the request of either, will exchange views on the progress of the Project, the performance of obligations under this Agreement, the performance of any consultants, contractors or suppliers engaged on the Project, and other matters relating to the Project.

SECTION B.2. Execution of Project. The Grantee will:

(a) carry out the Project or cause it to be carried out with due diligence and efficiency, in conformity with sound technical, financial, and management practices, and in conformity with those documents, plans, specifications, contracts, schedules or other arrangements, and with any modifications therein, approved by A.I.D. pursuant to this Agreement; and

(b) provide qualified and experienced management for, and train such staff as may be appropriate for the maintenance and operation of the Project, and, as applicable for continuing services, cause the Project to be operated and maintained in such manner as to assure the continuing and successful achievement of the purposes of the Project.

SECTION B.3. Utilization of Goods and Services.

(a) Any resources financed under the Grant will, unless

otherwise agreed in writing by A.I.D., be devoted to the Project until the completion of the Project, and thereafter will be used so as to further the objectives sought in carrying out the Project.

(b) Goods or services financed under the Grant, except as A.I.D. may otherwise agree in writing, will not be used to promote or assist a foreign aid project or activity associated with or financed by a country not included in Code 935 of the A.I.D. Geographic Code Book as in effect at the time of such use.

SECTION B.4. Taxation.

(a) This Agreement and the Grant will be free from any taxation or fees imposed under laws in effect in Lesotho.

(b) To the extent that (1) any contractor, including any consulting firm, any personnel of such contractor financed under the Grant, and any property or transaction relating to such contracts, contractors or personnel and (2) any commodity procurement transaction financed under the Grant, are not exempt from identifiable taxes, tariffs, duties or other levies imposed under laws in effect in the territory of the Grantee, the Grantee will, as and to the extent provided in and pursuant to Project Implementation Letters, pay or reimburse the same with funds other than those provided under the Grant.

SECTION B.5. Reports, Records, Inspections, Audit. The Grantee will:

(a) furnish A.I.D. such information and reports relating to the Project and to this Agreement as A.I.D. may reasonably request;

(b) maintain or cause to be maintained, in accordance with generally accepted accounting principles and practices consistently applied, books and records relating to the Project and to this Agreement, adequate to show, without limitation, the receipt and use of goods and services acquired under the Grant. Such books and records will be audited regularly, in accordance with generally accepted auditing standards, and maintained for three years after the date of the last disbursement by A.I.D.; such books and records will also be adequate to show the nature and extent of solicitation of prospective suppliers of goods and services acquired, the basis of award of contracts and others, and the overall progress of the Project toward completion; and

(c) afford authorized representatives of a Party the opportunity at all reasonable times to inspect the Project, the utilization of goods and services financed by such Party, and books, records and other documents relating to the Project and the Grant.

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

(a) that the facts and circumstances of which it has informed A.I.D., or caused A.I.D. to be informed, in the course of reaching agreement with A.I.D. on the Grant, are accurate and complete, and include all facts and circumstances that might materially affect the Project and the discharge of responsibilities under this Agreement;

(b) that it will inform A.I.D. in timely fashion of any subsequent facts and circumstances that might materially affect, or that it is reasonable to believe might so affect, the Project or the discharge of responsibilities under this Agreement.

SECTION B.7. Other Payments.

Grantee affirms that no payments have been or will be received by any official of the Grantee in connection with the procurement of goods or services financed under the Grant, except as fees, taxes, or similar payments legally established in the country of the Grantee.

SECTION B.8. Information and Marking. The Grantee will give appropriate publicity to the Grant and the Project as a program to which the United States has contributed, identify the Project site, and mark goods financed by A.I.D., as described in Project Implementation Letters.

ARTICLE C.

Procurement Provisions

SECTION C.1. Special Rules. (a) the source and origin of ocean and air shipping will be deemed to be the ocean vessel's or aircraft's country of registry at the time of shipment.

(b) Premiums for marine insurance placed in the territory of the Grantee will be deemed an eligible Foreign Exchange Cost, if otherwise eligible under Section C.7(a).

(c) Any motor vehicles financed under the Grant will be of the United States manufacture, except as A.I.D. may otherwise

agree in writing.

(d) Transportation by air, financed under the Grant, of property or persons (and their personal effects) will be on carriers holding United States certification, to the extent service by such carriers is available. Details on this requirement will be described in a Project Implementation Letter.

SECTION C.2. Eligibility Date. No goods or services may be financed under the Grant which are procured pursuant to orders for contracts firmly placed or entered into prior to the date of this Agreement, except as the Parties may otherwise agree in writing.

SECTION C.3. Plans, Specifications, and Contracts. In order for there to be mutual agreement on the following matters, and except as the Parties may otherwise agree in writing:

(a) The Grantee will furnish to A.I.D. upon preparation,

(1) any plans, specifications, procurement or construction schedules, contracts, or other documentation relating to goods or services to be financed under the Grant, including documentation relating to the pre-qualification and selection of contractors and to the solicitation of bids and proposals. Material modifications in such documentation will likewise be furnished A.I.D. on preparation;

- (2) such documentation will also be furnished to A.I.D., upon preparation, relating to any goods or services which, though not financed under the Grant, are deemed by A.I.D. to be of major importance to the Project. Aspects of the Project involving matters under this subsection (a)(2) will be identified in Project Implementation Letters;
- (b) Documents related to the prequalification of contractors, and to the solicitation of bids or proposals for goods and services financed under the Grant will be approved by A.I.D. in writing prior to their issuance, and their terms will include United States standards and measurements;
- (c) Contracts and contractors financed under the Grant for engineering and other professional services, for construction services, and for such other services, equipment or materials as may be specified in Project Implementation Letters, will be approved by A.I.D. in writing prior to execution of the contract. Material modifications in such contracts will also be approved by A.I.D. in writing prior to execution; and
- (d) Consulting firms used by the Grantee for the Project but not financed under the Grant, the scope of their services and such of their personnel assigned to the Project as A.I.D. may specify, and construction contractors used by the Grantee for the Project but not financed under the Grant, shall be acceptable to A.I.D.

SECTION C.4. Reasonable Price. No more than reasonable prices will be paid for any goods or services financed, in whole/^{or}in part, under the Grant. Such items will be procured on fair and, to the maximum extent practicable, on a competitive basis.

SECTION C.5. Notification to Potential Suppliers. To permit all United States firms to have the opportunity to participate in furnishing goods and services to be financed under the Grant, the Grantee will furnish A.I.D. such information with regard thereto, and at such times, as A.I.D. may request in/^{Project}Implementation Letters.

SECTION C.6. Shipping. (a) Goods which are to be transported to the territory of the Grantee may not be financed under the Grant if transported either: (1) on an ocean vessel or aircraft under the flag of a country which is not included in A.I.D. Geographic Code 935 as in effect at the time of shipment, or (2) on an ocean vessel which A.I.D., by written notice to the Grantee has designated as ineligible; (3) under an ocean or air charter which has not received prior A.I.D. approval.

(b) Costs of ocean or air transportation (of goods or persons) and related delivery services may not be financed under the Grant, if such goods or services are carried (1) on an ocean vessel under the flag of a country not, at the time of shipment, identified under the paragraph of the Agreement entitled "Procurement Source: Foreign Exchange Costs," without prior written A.I.D. approval; or (2)

respect to marine insurance, disbursements pursuant to Section 7.1. will be used exclusively to finance the costs of goods and services required for the Project having their source and origin in the United States (Code 600 of the A.I.D. Geographic Code Book as in effect at the time orders placed or contracts entered into for such goods and services) ("Foreign Exchange Costs"). Exceptions to this general procurement requirement are as follows:

(i) construction services and equipment repair and maintenance services may have as their source and origin firms which may be designated as "Free World Firms" as this term is defined in A.I.D. regulations;

(ii) procurement of construction materials may have their source and origin in countries included in A.I.D. Geographic Code 935 ^{are} in effect at the time orders/placed or contracts are entered into for such materials;

(iii) notwithstanding Section C.1. of the Project Grant Standard Provisions Annex, the three project vehicles procured for the Project may have their source and origin in countries included in A.I.D. Geographic Code 935 as in effect at the time orders are placed or contracts entered into for these vehicles.

SECTION 6.2. Local Currency Costs. Disbursements pursuant to Section 7.2. will be used exclusively to finance the costs of goods and services required for the Project having their source and, except as A.I.D. may otherwise agree in writing, their origin in Lesotho ("Local Currency

competitive rate, and (2) claims thereunder are payable in the currency in which such goods were financed or any freely convertible currency. If the Grantee (or government of Grantee), by statute, decree, rule, regulation, or practice discriminates with respect to A.I.D.-financed procurement against any/marine company authorized to do business in any State of the United States, then all goods shipped to the territory of the Grantee financed by A.I.D. hereunder will be insured against marine risks and such insurance will be placed in the United States with a company or companies authorized to do a marine insurance in a State of the United States

(b) Except as A.I.D. may otherwise agree in writing, the Grantee will insure, or cause to be insured, goods financed under the Grant imported for the Project against risks incident to their transit to the point of their use in the Project; such insurance will be issued on terms and conditions consistent with sound commercial practice and will insure the full value of the goods. Any indemnification received by the Grantee under such insurance will be used to replace or repair any material damage or any loss of the goods insured or will be used to reimburse the Grantee for the replacement or repair of such goods. Any such replacement will be of source and origin of countries listed in A.I.D. Geographic Code 935 as in effect at the time of replacement, and, except as the Parties may agree in writing

will be otherwise subject to the provisions of the Agreement.

SECTION C.8. U.S. Government-owned Excess Property. The Grantee agrees that wherever practicable United States-owned excess personal property, in lieu of new items financed under the Grant, should be utilized. Funds under the Grant may be used to finance the costs of obtaining such property for the Project.

ARTICLE D.

Termination: Remedies.

SECTION D.1. Termination. Either Party may terminate this Agreement by giving the other Party 30 days written notice. Termination of this Agreement will terminate any obligations of the Parties to provide financial or other resources to the Project pursuant to this Agreement, except for payments which they are committed to make pursuant to non-cancellable commitments entered into with third parties prior to the termination of this Agreement. In addition, upon such termination A.I.D. may, at A.I.D.'s expense, direct that title to goods financed under the Grant be transferred to A.I.D. if the goods are from a source outside Grantee's country, are in a deliverable state and have not been off-loaded in ports of entry of Grantee's country.

SECTION D.2. Refunds. (a) In the case of any disbursement which is not supported by valid documentation in accordance with this Agreement, or which is not made or used in accordance with this Agreement, or which was for goods or services not used in accordance with this Agreement, A.I.D., notwithstanding the availability or exercise of any other remedies under this Agreement, may require the Grantee to refund the amount of such disbursement in U.S. Dollars to A.I.D. within sixty days after receipt of a request therefor.

(b) If the failure of Grantee to comply with any of its obligations under this Agreement has the result that goods or services financed under the Grant are not used effectively in accordance with this Agreement, A.I.D. may require the Grantee to refund all or any part of the amount of the disbursements under this Agreement for such goods or services in U.S. Dollars to A.I.D. within sixty days after receipt of a request therefor.

(c) The right under subsection (a) or (b) to require a refund of a disbursement will continue, notwithstanding any other provision of this Agreement, for three years from the date of the last disbursement under this Agreement.

(d) (1) Any refund under subsection (a) or (b) or (2) any refund

to A.I.D. from contractor, supplier, bank or other third party with respect to goods or services financed under the Grant, which refund relates to an unreasonable price for or erroneous invoicing of goods or services, or to goods that did not conform to specifications, or to services that were inadequate, will (A) be made available first for the cost of goods and services required for the Project, to the extent justified, and (B) the remainder, if any, will be applied to reduce the amount of the Grant.

(e) Any interest or other earnings on Grant funds disbursed by A.I.D. to the Grantee under this Agreement prior to the authorized use of such funds for the Project will be returned to A.I.D. in U.S. Dollars by the Grantee.

SECTION D.3. Nonwaiver Remedies. No delays in exercising any right or remedy accruing to a Party in connection with its financing under this Agreement will be construed as a waiver of such right or remedy.

SECTION D.4. Assignment. The Grantee agrees, upon request, to execute an assignment to A.I.D. of any cause of action which may accrue to the Grantee in connection with or arising out of the contractual performance or breach of performance by a party to a direct U.S. Dollar contract with A.I.D. financed in whole or in part out of

funds granted by A.I.D. under this Agreement.