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 PD-KAH-183-D1  
 Report Symbol: L-427

CLASSIFICATION  
 PROJECT EVALUATION SUMMARY (PES) - PART I

|   |  |   |   |  |
|---|--|---|---|--|
| 1. PROJECT TITLE<br><br>C.B.C.I. Society for Medical Education<br>(Grant Nos. AID-386-1457, 1457A, 2119)<br>( St. John's Medical College & Hospital ) |  |   | 2. PROJECT NUMBER<br>386-14-550-406   | 3. MISSION/AID/W OFFICE<br>USAID/India |
| 5. KEY PROJECT IMPLEMENTATION DATES   |  |   | 4. ESTIMATED PROJECT FUNDING  |  |
| A. First PRO-AG or Equivalent<br>FY <u>69</u>   | B. Final Obligation Expected<br>FY <u>78</u> | C. Final Input Delivery<br>FY <u>86</u> | A. Total \$ <u>N/A</u>  | B. U.S. \$ <u>23,000,000</u>           |
| 7. PERIOD COVERED BY EVALUATION   |  |   | 6. ACTION DECISIONS APPROVED BY MISSION OR AID/W OFFICE DIRECTOR  |  |
| From (month/yr.) <u>September 1979</u>  |  |   | A. List decisions and/or unresolved issues; cite those items needing further study.<br>(NOTE: Mission decisions which anticipate AID/W or regional office action should specify type of document, e.g., airgram, SPAR, PIO, which will present detailed request.) |  |
| To (month/yr.) <u>September 1980</u>  |  |   | B. NAME OF OFFICER RESPONSIBLE FOR ACTION   |  |
| Date of Evaluation Review   |  |   | C. DATE ACTION TO BE COMPLETED  |  |

| A. List decisions and/or unresolved issues; cite those items needing further study.<br>(NOTE: Mission decisions which anticipate AID/W or regional office action should specify type of document, e.g., airgram, SPAR, PIO, which will present detailed request.) | B. NAME OF OFFICER RESPONSIBLE FOR ACTION | C. DATE ACTION TO BE COMPLETED   |
|---|---|----------------------------------|
| 1. Implementation plan revised  |   | See attached Annex 'A'           |
| 2. Disputes between the Grantee and the Contractors concerning contractors' claim for cost escalation under phase I grant to be resolved requiring legal/arbitration proceedings.   | Messrs. Kumar and Rao                     | 12/31/81                         |
| 3. Bill of the four contractors under Phase I grant who abandoned the work required to be settled and the physical measurements to be completed and verified.   | Mr. Kumar                                 | 9/30/81                          |
| 4. Calculation of the operation deficit for the hospital under Phase III grant to be completed and setting up of the financial records to be completed.   | Messrs. Kapoor and Kumar                  | 12/31/80                         |
| 5. Construction under Phases I and II grants to be completed. Extension for disbursement of funds required under Phase II grant.  | Mr. Kumar                                 | 3/31/81 and 6/30/81 respectively |
| 6. Construction activity under Phase III grant to be started. Bid documents, contract awards and draft contracts for the various construction activities to be reviewed and approved.   | Messrs. Bloom, Rao and Kumar              | 6/30/81                          |

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|--|--|
| 9. INVENTORY OF DOCUMENTS TO BE REVISED PER ABOVE DECISIONS  | 10. ALTERNATIVE DECISIONS ON FUTURE OF PROJECT   |
| <input type="checkbox"/> Project Paper<br><input type="checkbox"/> Financial Plan<br><input type="checkbox"/> Logical Framework<br><input type="checkbox"/> Project Agreement<br><input checked="" type="checkbox"/> Implementation Plan<br><input type="checkbox"/> PIO/T<br><input type="checkbox"/> PIO/C<br><input type="checkbox"/> PIO/P<br><input type="checkbox"/> Other (Specify) _____<br><input type="checkbox"/> Other (Specify) _____ | A. <input type="checkbox"/> Continue Project Without Change<br>B. <input type="checkbox"/> Change Project Design and/or<br><input checked="" type="checkbox"/> Change Implementation Plan<br>C. <input type="checkbox"/> Discontinue Project |

|  |  |
|--|--|
| 11. PROJECT OFFICER AND HOST COUNTRY OR OTHER RANKING PARTICIPANTS AS APPROPRIATE (Names and Titles) | 12. Mission AID/W Office Director Approval |
| Mr. Y.P. Kumar, General Engineering Advisor,<br>USAID/India (Project Officer)                        | Signature<br><i>P. M. Boughton</i>         |
|  | Typed Name<br>Priscilla M. Boughton-D      |
|  | Date<br>10/29/80                           |

**PES - PART II**  
**Regular Evaluation**

Project No.Title: 386-14-550-406, CBCI Society for  
Medical Education, Bangalore.  
(St. John's Medical College & Hospital)

13. **SUMMARY**

a. **First Grant:** Phase I: This is comprised of a 750-bed hospital block, an outpatient block, a nurses hostel and ancillary buildings (kitchen, laundry and store block - 1 each) and facilities, and hospital equipment. This phase is financed by a USAID grant amounting to Rs.48,864,395 from PL 480, Section 104 (f) funds under a Grant Agreement signed on June 16, 1969. Construction of this phase is in an advanced stage of completion. There have been delays in the completion of this phase which has resulted in increased project costs. As a result, construction of two nurses hostels, a nurses teaching block, a residential medical officers' block, a senior resident medical officer's block, two technician blocks and an animal house were held in abeyance.

b. **Second Grant:** Phase II: This phase consists of (a) construction of some buildings which were held in abeyance under the first grant (Phase I) and staff quarters which were provided for in the original Phase II, (b) cost overruns under Phase I, and (c) additional purchase of hospital equipment. This phase is financed by a USAID grant amounting to Rs.26,000,000 under the agreement signed on November 6, 1975. Construction under this phase started in July 1978 and estimated completion is June 1981.

c. **Third Grant:** Phase III: This is comprised of one block each of library, nurses school, nurses hostel, pharmacy and school of pharmacy, convalescent home, residential medical officer's quarters, technician quarters, hospital annex, staff quarters and facilities, and hospital equipment. USAID is providing (a) Rs.42,826,500 to finance the rupee costs for construction and equipment of this phase, and (b) Rs.82,890,000 for creation of an endowment fund the income from which to be used to assist needy patients at the John McCormack Centre. The Grant Agreement was signed on December 30, 1977. Commencement of construction under this phase is scheduled for 1980. This is likely to be delayed until mid 1981 due to the grantee's preoccupation with arbitration proceedings with the civil works contractor under Phase I.

The purpose of the three grants is to construct the above-mentioned buildings to train 60 Doctors, 40 Nurses, 8 Technicians and a number of Community Health Workers every year. In addition, the hospital serves the health needs of the urban and rural poor population in or around Bangalore.

The completion of the project under Phase I has been delayed initially due to lack of grantee's understanding of AID contracting procedures and later due to contractors' disputes with the grantee on the contractors claim for cost escalation.

Most of the hospital equipment has already been procured and commissioned. The program for training medical personnel and for providing the necessary health care services are functioning satisfactorily. Out of 750 beds 250 have been commissioned and occupancy is about 90%. There are about 500 patients visiting outpatient departments every day.

The project initially faced acute shortages of personnel for supervising construction activities. This problem no longer exists because the project is in an advanced stage of completion.

The grantee and the civil works contractor have gone in for arbitration of claims made by the contractor on cost escalation. The arbitration award is likely to be made sometime during the middle of next year.

AID has approved the systems and procedures for calculating the operating deficit. However, the grantee has not yet completed action in setting up of the financial records essential for doing this and using incomes earned from the edowment funds. It is expected that the grantee will be able to establish these records by the end of December 1980 at which time AID officials would review the records for their accuracy.

#### 14. EVALUATION METHODOLOGY

The evaluation in this PES is based on numerous field inspection visits, review of the grantees records connected with project construction and discussions with the grantee and the contractors' officials. The discussions have surfaced problems encountered by the grantee and corrective action taken/proposed by the grantee in implementing the project.

#### 15. EXTERNAL FACTORS

The steep increase in prices of labor and materials in 1974 has delayed the completion of project under Phase I. In May 1974, contractors demanded from the grantee a substantial increase in unit prices. Further, they adopted go slow tactics since 1974 to pressure the grantee to accede to demands for the enhanced rates.

The grantee did not accede to their request since the contracts do not specifically provide for any price fluctuations. Thereafter, three contractors (painting, plumbing and furniture) abandoned work (between period December 1976 to August 1977) and the grantee terminated their contracts. The fourth contractor (electrical) abandoned work in early 1980. The work, therefore, is being carried out by labor contractors with the materials supplied by the grantee.

Since there was no price escalation clause in the contracts, the project completion has suffered a delay. USAID concludes that such eventualities can, in the future, be avoided if grantee/borrowers consider the inclusion of a price escalation clause.

#### 16. INPUTS

Although the grant agreement under Phase I was signed in June 16, 1969, the grantee did not execute construction contracts until early 1971 because of the grantee's lack of understanding of AID contracting procedures for competitive bidding. As a result, completion of the construction activity was delayed. Further, this resulted in reducing the scope of the project due to cost increases of labor and materials.

Additional delays occurred as a result of go-slow tactics used by the contractors to pressure the grantee to accede to their demands for increased costs of labor and materials and thereafter by their abandoning the works on the project.

However, there were negligible delays in the completion of the project under Phase II because of lessons learned under Phase I. Construction under Phase III has yet to be started and we do not expect any problems under this Phase.

The hospital has now been equipped very well with modern equipment purchased with AID funds. However, the grantee has not gone in for sophisticated equipment such as Electro-encephalograph, Echo-cardiograph etc. because of financial constraints and restrictions placed by GOI on imports. It, however, has received some sophisticated equipment by way of donations.

The grantee is facing great difficulty in identifying and recruiting persons who are professionally competent and motivated to serve disadvantaged people. This process is slow and is likely to take time. The grantee's aim is to combine excellence with social concern and is confident to achieve goals set forth.

## 17. OUTPUTS

The implementation schedule has been revised to take account of previous delays in project completion arising from the grantees dispute with the contractors concerning cost escalation. Further, to handle numerous construction problems and grantee disputes with the contractors, the grantee feels the need to set up a separate cell with specialised staff to deal with complex contractors problems.

It is difficult to assess the impact of the project on the training of the medical students. CBCI Society for Medical Education (CBCI) is turning out 60 fully qualified doctors every year. In addition, 8 Technicians and 20 Nurses are being trained each year and, also, community health workers depending on the requirement.

The grantee has been able to purchase most of the needed equipment under Phases I & II without any problems because of their elaborate procurement system. Most of the equipment has been commissioned and put into effective use in the hospital.

## 18. PURPOSE

The project purpose is to construct and equip the hospital and other ancillary buildings; to train Doctors, Medical Laboratory Technicians, Nursing Students and Community Health Workers; and to provide medical and health care services to urban and rural population in and around the project premises. There have been delays in completion of the project due to continued problems during the initial stages. The grantee took necessary steps to reduce the effects of the delays by commissioning those portions of the buildings which were completed and available without waiting for the entire building to be ready for occupancy. As of now 250 beds against an ultimate capacity of 750 beds have been commissioned for patients along with other ancillary facilities such as Outpatient Departments, Nurses Hostel, Kitchen Block, Store Block etc. under Phase I ; and all staff quarters under Phase II. Charges for poorer patients are minimal and financed under the endowment.

## 19. GOAL/SUBGOAL

a. To provide teaching and training of medical students and paramedical workers, and refresher courses for medical graduates.

b. To provide comprehensive medical services for the sick and suffering people especially to the poor and disadvantaged people in or around Bangalore city. In addition, services are being provided to rural areas through its community health department and medico-social workers. CBCI has adopted three villages

with a population ranging from 3000-5000 and is in a process of adopting one block with a total of 101 villages and population of 72,000 against four blocks proposed to be adopted for providing health and medical care, mostly to the rural poor population.

## 20. BENEFICIARIES

The beneficiaries of the program are both the urban and rural poor. While the majority of the patients are from villages within a radius of 10 kilometers, there are many others who visit from other parts of the state, from neighbouring states, and occasionally from other parts of the country. The bed occupancy is about 90%, and about 500 patient visit outpatient departments every day.

The services provided by the hospital are (1) curative medicine through its various departments and specialities, (2) medical care by dedicated service provided by sisters, (3) rehabilitation of patients by physiotherapy department, and (4) preventive and promotive medical care provided by the department of Community Medicine through health education, immunization and other measures for promoting health and preventing sickness. The hospital also provides primary health care through its outreach and outpatient programs and as such helps in the improvement of health of a large section of the people.

In addition, the hospital is training 60 Doctors, 20 Nurses and 8 Technicians a year and, also, community health workers under the program. These personnel, in turn, provide medical care to the urban and rural population throughout the country and therefore contribute in the strengthening of the country's overall health program.

## 21. UNPLANNED EFFECTS

CBCI adopted villages for its outreach program and, also, did plan for training community health workers in its efforts in dealing with medical and health care. The awareness and response by the rural population has been beyond expectation requiring additional resources to which CBCI's response has been truly outstanding and positive, a credit to CBCI personnel.

The land value in the neighbourhood of the project site increased. This did benefit some people living in those areas, but it has led to gradual displacement of the local people. In addition, small shops and huts have sprung up nearby which could possibly lead to health problems. However, CBCI has set up an Action Group for Social Welfare to take care of the health needs and welfare of the people staying around the project sites.

22. LESSONS LEARNED

The construction activity was already underway under Phase I before the grant agreement was signed. Since CBCI had not gone in for competitive bidding as per AID requirements, the original contract had to be terminated. The bids were invited almost one and a half years after the grant agreement was signed due to the grantee's lack of understanding of AID contracting procedures and requirements. This resulted in delays and reduced the scope of the project. AID should monitor the projects more closely during the loan/grant negotiation stages to avoid lack of understanding by the borrowers/grantees of AID's procedures and requirements.

The contract agreements between the grantee and the various contractors did not provide for a price variation clause. The grantees/borrowers, in future, should give consideration for a provision of a price variation clause both for upward or downward market fluctuations to avoid such eventualities as mentioned above.

The project completion schedule provided in the grant agreement has not proved accurate due to a variety of factors, including shortages of building materials. A longer time element should be used in future implementation schedules.

23. SPECIAL COMMENTS OR REMARKS

- a. Any additional policy of program management comments need not to be included.
- b. Number of pages for this PES are 6 plus One Annex.

TIME SCHEDULE AS OF SEPTEMBER 30, 1980  
UNDER THE CURRENT GRANTS

A. Phase I

|   | <u>Original Estimated</u><br><u>Completion Date</u> | <u>Revised Estimated</u><br><u>Completion Date</u> |
|---|---|--|
| 1. Buildings & facilities<br>under this phase | April 1974*   | March 1981   |
| 2. Final Disbursement of<br>Funds             | April 1975*   | December 1981                                      |
| 3. Settlement of Contractors'<br>Disputes     | --  | December 1981                                      |

B. Phase II

|   |            |            |
|---|------------|------------|
| 1. Buildings & facilities<br>under this phase | June 1980* | March 1981 |
| 2. Final Disbursement of<br>Funds             | June 1981* | June 1981  |

C. Phase III

|   |           |           |
|---|-----------|-----------|
| 1. Buildings & facilities<br>under this phase | June 1985 | June 1985 |
| 2. Final Disbursement of<br>Funds             | June 1986 | June 1986 |

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\* These dates are based the various contracts' proposed completion dates.