

78243

AIDS SURVEILLANCE AND EDUCATION PROJECT

(492-0473)

PROJECT PAPER

USAID/Philippines
May 1992

TABLE OF CONTENTS

	Page
PROJECT DATA SHEET	iii
PROJECT AUTHORIZATION	iv
SUMMARY AND RECOMMENDATIONS	vi
GLOSSARY OF TERMS	viii
I. Project Background and Rationale	
A. Project Background	1
1. Current Status of AIDS in the Philippines	1
2. GOP Program for AIDS Prevention and Control	4
3. Obstacles and Constraints	5
B. Problem Statement	7
C. Approach to the Problem	7
D. Project Rationale	9
1. Relationship of ASEP to USAID Strategy	9
2. Relationship of ASEP to GOP Strategy	10
3. Relationship of ASEP to Other Donor Assistance	10
4. Relationship of ASEP to Other USAID Assistance	11
II. Project Description	12
A. Project Goal and Purpose	12
B. Project Strategy, Components and End-of-Project Status	12
C. Description of Project Outputs	15
1. Component 1 - HIV Sentinel Surveillance	15
2. Component 2 - AIDS Education and Prevention	21
III. Implementation Plan	30
A. Implementation of Project Components	30
B. Administrative and Institutional Arrangements	30
C. Activity Schedule	36
D. Procurement Plan	36
E. Gray Amendment	37
F. Gender Issues	37
G. Environmental Concerns	38

IV. Cost Estimate and Financial Plan	40
A. Cost Estimate	40
B. Methods of Implementation and Financing	40
C. Financial Monitoring	41
D. Audits	42
V. Monitoring and Evaluation Plan	43
A. Routine Implementation Monitoring	43
B. Purpose-level Monitoring	43
C. Project Evaluation	44
VI. Project Analysis	46
A. Technical Analysis	46
B. Financial Analysis	48
C. Economic Analysis	49
D. Social Soundness Analysis	52
E. Institutional and Administrative Analysis	54
VII. Conditions, Covenants and Waivers	57
A. Source and Origin of Commodities, Nationality of Services	57
B. Conditions Precedent	57
C. Covenants	57

ANNEXES

Annex A - GOP Request for Assistance
Annex B - Logical Framework
Annex C - PID Approval Cable
Annex D - Statutory Checklist
Annex E - Gray Amendment Certificate
Annex F - Initial Environmental Assessment
Annex G - Economic Analysis
Annex H - References for Project Analyses
Annex I - Waiver of HB 10 Requirements

COUNTRY/ENTITY PHILIPPINES
 BUREAU/OFFICE ASIA/BUREAU [04]

3. PROJECT NUMBER [492-0473]
 5. PROJECT TITLE (maximum 40 characters) AIDS SURVEILLANCE AND EDUCATION

PROJECT ASSISTANCE COMPLETION DATE (PACD)
 MM DD YY
 [0] [9] [3] [0] [9] [7]

7. ESTIMATED DATE OF OBLIGATION (Under 'B.' below, enter 1, 2, 3, or 4)
 A. Initial FY [9] [2] B. Quarter [3] C. Final FY [9] [7]

8. COSTS (\$000 OR EQUIVALENT \$1 =)

A. FUNDING SOURCE	FIRST FY 92			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total	150.0	500.0	650.0	1910.0	4590.0	6500.0
(Grant)	(150.0)	(500.0)	(650.0)	(1910.0)	(4590.0)	(6500.0)
(Loan)	()	()	()	()	()	()
Host Country	-	-	-	-	2300.0	2300.0
Other Donor(s)						
TOTALS	150.0	500.0	650.0	1910.0	4590.0	8800.0

9. SCHEDULE OF AID FUNDING (\$000)

APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
HE				-		235.0		235.0	
AIDS				-		415.0		6265.0	
TOTALS				-		650.0		6500.0	

SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)
 SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)
 11. SECONDARY PURPOSE CODES
 A. Code
 B. Amount

PROJECT PURPOSE (maximum 480 characters).

Best Available Copy

To establish institutional mechanisms in the public and private sectors which can monitor the prevalence and transmission of HIV infection and encourage behaviors which reduce HIV transmission.

SCHEDULED EVALUATIONS
 Interim MM YY [0] [1] [9] [5] Final MM YY [0] [1] [9] [7]

15. SOURCE/ORIGIN OF GOODS AND SERVICES
 000 941 Local Other (Specify):

AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a page PP Amendment.)

Note: The provisions of the payment verification policy regarding methods of implementation and financing, financial capability of recipients, and adequacy of audit coverage have been adequately addressed in this document.

J. C. Stanford, Controller

7. APPROVED BY
 Signature: John A. Patterson
 Title:

Date Signed MM DD YY
 18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION MM DD YY

PROJECT AUTHORIZATION

Philippines

AIDS Surveillance and Education Project

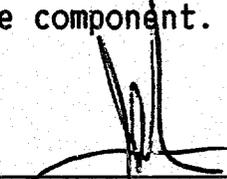
A.I.D. Project No. 492-0473

1. Pursuant to Section 104 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the AIDS Surveillance and Education Project, Philippines (the "Project") for the Republic of the Philippines (the "Cooperating Country") involving planned obligations not to exceed Six Million Five Hundred Thousand United States Dollars (\$6,500,000) in grant funds over a five year period from the date of authorization, subject to the availability of funds in accordance with the A.I.D. OYB/allotment process, to assist in financing foreign exchange and certain local currency costs of the project. The planned life of the project is six years from the date of initial obligation.
2. The Project will assist the Cooperating Country to establish public and private sector mechanisms to (a) monitor the prevalence and transmission of HIV infection, and (b) encourage behavior that reduces the risk of HIV transmission. Funding will be provided for technical assistance, commodities, research, training, and operational support costs.
3. The Project Agreement, which may be negotiated and executed by the officer(s) to whom such authority is delegated in accordance with A.I.D. regulations and Delegations of Authority, shall be subject to the following essential terms and covenants and major conditions, together with such other terms and conditions as A.I.D. may deem appropriate.
4. a. Source and Origin of Commodities, Nationality of Services

Commodities financed by A.I.D. under the Project shall have their source and origin in the Cooperating Country or the United States, except as A.I.D. may otherwise agree in writing. Except for ocean shipping, the suppliers of commodities or services shall have the Cooperating Country or the United States as their place of nationality, except as A.I.D. may otherwise agree in writing. However, procurement of commodities and services whose source, origin or place of nationality is in the Cooperating Country shall be subject to the requirements of Chapter 18 of Supplement B, A.I.D. Handbook 1. Ocean shipping financed by A.I.D. under the Project shall, except as A.I.D. may otherwise agree in writing, be financed only on flag vessels of the United States.

b. Other

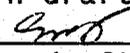
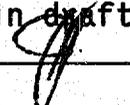
An Environmental Assessment for the surveillance component of the Projects shall be completed and accepted by A.I.D. prior to disbursement, or the issuance of commitment documents under the Project Agreement, for the surveillance component.

By: 
John A. Patterson
Acting Director
USAID/Philippines

Date: July 20, 1992

Clearances:

OPHN:EVoulgaropoulos
DRM:(Acting)GMimhoff
OPE:PRDeuster
PESO:BCornelio
CSO:SHeishman
ONRAD:KPrussner
OFM:JCStanford
OLA:LChiles
OD/ADD:JCStanford

<u>Initial</u>	<u>Date</u>
in draft	6/26/92
	7/27/92
in draft	6/29/92
in draft	6/29/92
in draft	6/29/92
in draft	7/1/92
in draft	6/29/92
in draft	7/2/92
	7/8/92

SUMMARY AND RECOMMENDATIONS

1. PROJECT TITLE AND NUMBER: AIDS Surveillance and Education Project (492-0473)
2. GRANTEE: The Government of the Philippines (GOP).
3. IMPLEMENTING AGENCY: Department of Health
4. FUNDING LEVEL AND TERMS: U.S. \$6.5 million grant from Development Assistance
5. LIFE OF PROJECT: 1992 to 1997
6. PROJECT PURPOSE: To establish institutional mechanisms in the public and private sectors which can monitor the prevalence and transmission of Human Immunodeficiency Virus (HIV) infection and encourage behaviors which reduce HIV transmission.
7. SUMMARY PROJECT DESCRIPTION: The AIDS Surveillance and Education Project (ASEP) is a five-year project which aims to control the transmission of HIV infection within the Philippine population. This aim is consistent with the Medium Term Plan of the National AIDS Prevention and Control Program for the Philippines. This will be measured by a reduction in the annual rate of increase of HIV prevalence. The ASEP is in consonance with on-going WHO and USAID supported activities including the Field Epidemiology Training Program .

The ASE Project has two components. Component 1 will establish an HIV sentinel surveillance system that involves the collection of blood samples for HIV testing from designated groups at risk in strategically located geographic sites throughout the country. The primary purpose of the surveillance program is to generate accurate and reliable data to inform and galvanize public support for its control. Component 2 will support mass media and community-based education, communication, and public relations programs in locations indicated by the sentinel surveillance system. These programs will encourage behavior that reduce the risk of HIV transmission. A network of Non-Governmental Organizations (NGO) will be developed and enlisted to play a significant role in the education/communications program.
8. GRANTEE CONTRIBUTION: The GOP plans to provide the Peso equivalent of \$2.3 million of GOP funds over the five-year life-of-project.
9. STATUTORY REQUIREMENTS: All statutory requirements have been met. See Project Statutory Checklist, Annex D.

10. RESOLUTION OF PROJECT ISSUES: All project issues have been satisfactorily resolved; these are detailed in the Action Memorandum requesting Project Authorization.
11. INITIAL ENVIRONMENTAL EXAMINATION: Categorical Exclusion for the Education/Communication Component and an Environmental Assessment for the Surveillance Component, see Annex F.
12. RECOMMENDATION: Authorization of a grant of U.S. \$6.5 million, if negotiations do not significantly alter the Project in form or substance.
13. PROJECT COMMITTEE: The USAID Project Committee members are:

OLA:LChiles
CSO:AAsistores
OFM:MStein/SDiama
OPE:JTrinidad
ONRAD:KRushing
ODRM:CPippitt

OPHN:PMoser
RRCapul
CAquino

GLOSSARY OF TERMS

AID	Agency for International Development
AIDS	Acquired Immunodeficiency Syndrome
AIDSCAP	AIDS Control and Prevention Project
AIDSCOM	AIDS Communication Project
AIDSTECH	AIDS Technical Support Project
AMC	AIDS Management Committee
ASEP	AIDS Surveillance and Education Project
BRL	Bureau of Research and Laboratories
CDCS	Communicable Disease Control Service
CP	Conditions Precedent
CSO	Contract Services Office, USAID/Philippines
CSW	Commercial Sex Worker
DOH	Department of Health
EA	Environmental Assessment
ELISA	Enzyme-linked Immunosorbent Assay
EOP	End of Project
FETP	Field Epidemiology Training Program
GOP	Government of the Philippines
HIS	Health Information Service
HIV	Human Immunodeficiency Virus
IEC	Information, Education, Communication
IVDU	Intravenous Drug User
LOP	Life of Project
LSU	Local Surveillance Unit
LT	Long Term
MSM	Men who have Sex with Men
MTP	Medium Term Plan for the Prevention and Control of AIDS
NAPCP	National AIDS Prevention and Control Program
NEDA	National Economic Development Authority
NGO	Nongovernmental Organization
NTMF	New Tropical Medicine Foundation
OCW	Overseas Contract Worker
ODRM	Office of Development Resources Management, USAID/Philippines
OLA	Office of the Legal Advisor, USAID/Philippines
OPE	Office of the Program Economist, USAID/Philippines

PA	Particle Agglutination
PACD	Project Activity Completion Date
PIHES	Public Information and Health Education Service
PIL	Project Implementation Letter
PIO/T	Project Implementation Order/Technical
PIO/C	Project Implementation Order/Commodities
PSA	Procurement Services Agent
QAP	Quality Assurance Program
RIG/A	Regional Inspector General/Audit
SHC	Social Hygiene Clinic
ST	Short Term
STD	Sexually Transmitted Disease
TA	Technical Assistance
USAID	United States Agency for International Development/Philippines
WHO/GPA	World Health Organization/Global Programme on AIDS

I. PROJECT BACKGROUND AND RATIONALE

A. PROJECT BACKGROUND

1. Current Status of AIDS in the Philippines

The first case of AIDS was diagnosed in the Philippines in 1984. As of January 31, 1992, sixty-two cases of full-blown AIDS have been reported. This number very likely underestimates HIV/AIDS prevalence due to inaccurate diagnoses or a reluctance to report the disease because of the social stigma associated with AIDS in the Philippines. Screening tests done in Metro Manila, Longapo, and Angeles City identified 244 persons who tested serologically positive for HIV. The seropositive cases represent the three principal high-risk groups for HIV infection in the Philippines: commercial sex workers, male homosexuals, and overseas workers who have returned to the Philippines. The male to female ratio of AIDS cases is greater than 4:1. However, experience from other developing countries indicates that the ratio will approach 1:1 as the disease progresses.

While these data confirm the presence of HIV infection in the Philippines, they do not provide a reliable measure of actual prevalence. The HIV seropositive cases were identified from more than 200,000 tests conducted primarily for screening prostitutes and commercial blood donors, not for surveillance purposes. Ninety-three percent of the tests were performed on blood samples from prostitutes reporting to STD clinics around the U.S. military bases. HIV infection levels are probably low around the bases because U.S. military personnel are screened for HIV before being approved for duty in the Philippines and periodically checked thereafter. Moreover, many of the prostitutes included in the screening program received repeated tests each time they returned to the STD clinics. The bias introduced as a result of multiple counting of the same individuals produces a statistically unreliable measure of disease prevalence.

Despite the bias in currently available screening data, some important patterns can be noted. There has been a steady annual increase in the reported number of AIDS cases and HIV infected individuals since 1984, with a sharp increase in HIV positive cases as a percentage of blood samples tested since 1988. This trend suggests that the

Philippines may be experiencing an increase in HIV transmission. Experience from other countries indicates that, once an increase in the proportion of infected individuals is observed, the growth of the epidemic is logarithmic.

Risk factors which facilitate HIV transmission are present and widespread in the Philippines, raising concerns that existing data on HIV seroprevalence reveals only the tip of an iceberg. Male and female commercial sex workers, male homosexuals, and Philippine overseas workers are the high-risk groups most likely to amplify HIV transmission. Intravenous drug use, although presently considered rare in the Philippines, could also emerge as a transmission amplifier. Statistically reliable data on the prevalence of HIV infection within these risk groups is currently lacking. However, preliminary data from various studies of the behaviors of these groups and the sexual practices of the general population reveal a clear potential for HIV to increase first within these groups and then to be transmitted to the general population.

More than two million Filipino overseas workers are employed in the countries of Africa and the Middle East. The country also supplies many merchant seamen worldwide. More recently, the number of Filipinas working abroad as hostesses and other entertainers in sexually oriented jobs (e.g., the "Japayukis") has increased dramatically. While abroad, these workers are less bound by the standard social norms of Philippine society. In one study, forty-two percent of male overseas workers admitted frequenting prostitutes, while seventy percent of males and fifty-two percent of females engaged in "sexual practices they would never consider at home." Eight percent of male workers sampled also admitted to intravenous drug use. Behaviors of this sort in countries with high HIV prevalence clearly places these individuals at high risk for HIV infection. Upon their return to the Philippines, they represent an ideal vector for wide geographic transmission of the disease throughout the country.

Another major vector for accelerating the transmission of the disease is the large commercial sex industry in the Philippines. This industry attracts tens of thousands of visitors each year and is an important foreign exchange earner. Studies of this industry have found that even among commercial sex workers who understand the danger of HIV/AIDS infection, regular use of condoms does not occur. Customers (Filipino and foreigners) often refuse to use condoms, and economic necessity compels the sex workers to comply. Though homosexuality is formally viewed as highly unacceptable behavior, crossing gender

boundaries among men is a sexual reality in the Philippines. In this context the terms "male homosexual" and "bisexual" lose their meaning. A better term to describe this high-risk group is "men who have sex with men." In behavioral studies on this group, promiscuity and other high-risk sexual behaviors were commonplace. In a study among young adults in Manila, twenty-six percent of males had sex with other males, twenty-nine percent of males had sex with female prostitutes, and fifteen percent reported using intravenous drugs at least once. If the behavior revealed in these studies is indicative of broader behavioral patterns among these high-risk groups, the ingredients exist for potentially explosive growth of HIV infection in the Philippines, if it is not already occurring.

Research data indicate that awareness about AIDS is high among Filipinos, but their knowledge about the disease and its modes of transmission is marginal. A synthesis of recent findings from survey research reported that a significant percentage of Filipinos are aware of HIV/AIDS and its fatal sequelae, but approximately seventy-six percent interviewed stated that they have little or no knowledge about how the disease is transmitted. A significant percentage of those interviewed reported the following types of common misconceptions about HIV transmission: one could become infected by living with an infected person or sharing cooking utensils; or from public toilets, mosquito bites, coughing and sneezing, swimming pools and breathing "infected" air. More than sixty percent of male and female commercial sex workers believed that they could "sense" if a partner was infected. The survey also found a pronounced disinclination toward routine use of condoms, reflecting a serious gap between known effective preventive behaviors and actual behavior.

With this volatile combination of high-risk behaviors and serious misconceptions about the disease, the pattern of HIV transmission in the Philippines could closely mirror the patterns of transmission which have now been documented in Thailand and India. It is estimated that as many as 400,000 Thais have been infected with HIV. As little as three years ago, prior to the installation of a sentinel surveillance system monitoring high-risk groups, the number of actual AIDS cases and reported HIV seropositive cases was similar to the numbers reported in the Philippines today. Now that better data are available, it is estimated that when some sixty AIDS cases (the current number in the Philippines) were reported in Thailand, there were approximately 100,000 HIV infected individuals. The growth of the disease and its spread from high-risk groups to the general population has been nothing short of explosive in Thailand. Prevalence rates among commercial

sex workers are most alarming, having risen from less than one percent to a staggering thirty to forty percent, and higher in certain areas, in just two to three years. Most disconcerting is that comparable conditions exist in the Philippines, meaning that an AIDS epidemic could be growing rapidly while largely unobserved.

The costs of the epidemic in Thailand are estimated to be truly substantial. In 1992 alone, more than \$100 million will be spent by the public and private sectors on AIDS prevention activities. If the transmission of AIDS is uncontrolled, Thailand projects 470,000 - 560,000 deaths from AIDS by the year 2000, with a cumulative loss to the economy of US\$ 7.3 - 8.5 billion. Social disruption caused by such staggering numbers of AIDS deaths is currently being witnessed in some African countries. Substantial numbers of children will be orphaned and the elderly left without family support as a consequence of AIDS deaths. These social consequences will measurably accelerate as the disease progresses during the 1990s. The Philippines appears to be at an earlier stage of the AIDS pandemic in comparison to Thailand, but the scenario unfolding there could be repeated here.

2. GOP Program for AIDS Prevention and Control

The GOP inaugurated national efforts to combat AIDS in 1987 through the Department of Health (DOH) which has received significant support from WHO/GPA. A Medium Term Plan for the Prevention and Control of AIDS in the Philippines was promulgated in 1988, having the following objectives:

- a) prevention of sexual transmission;
- b) prevention of transmission through blood transfusion;
- c) prevention of transmission through injection and other blood-piercing instruments;
- d) prevention of perinatal transmission; and
- e) reduction of the impact of HIV infection on individuals, groups, and society.

A National AIDS Prevention and Control Program (NAPCP) was established in August 1988 to implement the Medium Term Plan under the auspices of the DOH's Undersecretary for Public Health Services. A National AIDS Program Management Committee chaired by a full-time Program Manager was created to coordinate implementation of the

program. The Program Manager is assisted by an AIDS Unit in the DOH responsible for routine coordination of the NAPCP. However, the AIDS Unit has lacked organizational status within the DOH and is staffed by contract personnel.

The primary accomplishments of the NAPCP since 1988 are:

1. **Blood Supply Screening:** expertise and supplies for HIV laboratory testing have been devolved to 19 government regional laboratories and four Social Hygiene Clinics (SHC) serving as regional referral centers. Approximately 40% of the blood supply is screened for HIV prior to use.
2. **Screening for HIV among high-risk groups:** HIV testing has been instituted for high-risk groups seeking services at SHC. Over 200,000 screening tests have been done principally in Metro Manila, Olongapo, and Angeles City.
3. **Communication and Health Education:** mass media campaigns, AIDS hotline service, drop-in centers, and communication campaigns aimed at high-risk groups have been piloted in the Metro Manila area.
4. **Clinical management and care of HIV-infected persons:** clinicians from San Lazaro Hospital and the Research Institute for Tropical Medicine have been trained in counselling and clinical management of HIV/AIDS infected individuals.

Though these accomplishments are important steps in the right direction, much more is needed to establish an effective national AIDS prevention and control program. Should the potential HIV/AIDS epidemic occur in the next few years, the capabilities of the current program would be quickly overwhelmed, providing an inadequate response to the emerging epidemic.

3. Obstacles and Constraints

While the NAPCP has been functional for nearly four years, it continues to experience several significant constraints. These are summarized below:

1. Accurate data on the magnitude and intensity of the AIDS epidemic still do not exist in the Philippines. The present screening program incorporates too much bias to provide

statistically reliable information needed by epidemiologists and program planners to design intervention programs.

2. The absence of an organizational focus for the AIDS Unit responsible for coordinating the various inputs of the NAPCP compromises the DOH's ability to implement the various elements of the Medium Term Plan in a coordinated fashion. Until an organizational focus within the DOH is established, the AIDS program will continue to languish.
3. Programmatic efforts have been concentrated upon Metro Manila, while the locus of the epidemic could be spreading regionally. During the next phase of program implementation, activities will have to be decentralized, requiring regional infrastructure, networks, and institutions.

One weakness in the Medium Term Plan that has become apparent is insufficient attention to developing a systematic surveillance system to monitor HIV/AIDS infection throughout the country. Further, HIV/AIDS communication programs have been initiated, but much more is needed now to slow the spread of the disease at an early stage. Therefore, the most urgent priorities for the NAPCP are the initiation of sentinel surveillance activities and substantially expanded communication programs about AIDS prevention.

Without a national sentinel surveillance system, the prevalence of HIV infection in the Philippines and patterns of transmission cannot be determined. Without the information generated by the surveillance system, the DOH is unable to assess the threat the disease poses to the society, ascertain its rate of growth, and accurately target interventions.

Communication programs targeted at modifying high-risk behaviors cannot await results from the surveillance system. Enough is known about the spread of HIV infection from high-risk behaviors in other countries to plan and implement communication efforts now. Once results from the surveillance system become available, this information can be used to refine targets and messages.

Experience with the HIV/AIDS epidemic has consistently demonstrated that resources invested in interventions at an early stage in the development of the epidemic have a much greater impact than similar

expenditures at a later stage. The AIDS Surveillance and Education Project (ASEP) will enable the DOH and the private sector to undertake critical actions needed immediately to energize the national AIDS program. In entirely too many countries, the response to the epidemic has been too little and too late to prevent widespread infection. In these countries, the damage has been done and they now confront a staggering number of HIV/AIDS cases. Starting now to prevent the same tragedy from occurring in the Philippines is an opportunity the country cannot afford to miss.

B. PROBLEM STATEMENT

In other countries, such as Thailand and India where similar high-risk behaviors are commonplace, HIV infection has already reached epidemic proportions. Though the exact stages in the development of the epidemic vary somewhat across countries, it is reasonable to assume that the epidemic experienced by other countries will occur in the Philippines unless vigorous efforts are initiated immediately to determine the prevalence and spread of HIV infection, combined with advocacy of preventive measures among high-risk groups and the general population.

The lack of reliable surveillance data on the prevalence and spread of HIV infection handicaps efforts to generate greater attention to AIDS prevention within government and the public at large. In Thailand, it was not until a national surveillance system was established that government officials and the general public recognized the scale of the problem at hand. Prior to the surveillance system, the HIV/AIDS problem was officially acknowledged but not taken very seriously, all the while the epidemic was spreading insidiously from high-risk groups to the general population. A comparable dilemma faces the Philippines due to a lack of surveillance data.

Failure to take the necessary actions to control and prevent the spread of HIV/AIDS at the early stages of the epidemic has occurred time and again in other developing countries. The Department of Health initiated a National AIDS Prevention and Control Program in 1988 and has made progress toward heightening public awareness of HIV/AIDS infection. However, these efforts have been concentrated largely in the Metro Manila area and need to be substantially expanded to prepare for the potential scale the epidemic could quickly reach.

C. APPROACH TO THE PROBLEM

The presence of human immunodeficiency virus (HIV) has

been categorically confirmed in the Philippine population. However, reliable information on the prevalence and spread of the disease is lacking at this time. High-risk behaviors associated with the transmission of HIV are widely practiced by many Filipinos and visiting foreigners. Many of the same factors that have accounted for the development of the epidemic in other countries, e.g., large numbers of male and female commercial sex workers, exist in the Philippines. Consequently, there is a strong probability that HIV and, subsequently, Acquired Immunodeficiency Syndrome (AIDS), either already have or eventually will become serious public health problems in the Philippines.

Because of the absence of a vaccine and cure, the key intervention against the AIDS epidemic worldwide is communication and education programs that, through provision of information about the disease, attempt to influence attitudes and ultimately produce the behavioral changes needed for AIDS prevention. Economic analyses from Thailand estimate that prevention efforts instituted now can produce a seventeen fold return on investment by avoiding the costs resulting from widespread HIV/AIDS infection. Therefore, the Philippines needs to undertake vigorous efforts now to mount an AIDS prevention program with the objective of encouraging behaviors that will minimize the transmission of HIV.

On the basis of the above discussion, the logical approach to the problem would be to: a) mobilize a national sentinel surveillance system to monitor the transmission of the disease among population groups, and b) develop and implement effective communication programs about AIDS prevention before the disease reaches major epidemic proportions. The AIDS Surveillance and Education Project (ASEP) will support two major components:

- * the development of a national AIDS sentinel surveillance system initially targeted on known high-risk groups, but later expanded to other segments of the population if the epidemic reaches identified threshold levels; and
- * support for community-based AIDS prevention programs working largely through NGOs (and possibly other organizations) which have access to groups at high risk of HIV infection.

Technical assistance, commodities (e.g., laboratory equipment and supplies needed for HIV testing), local operating and travel expenses, support for applied operational research, as well as funding for community-based

Information, Education and Communication (IEC) programs, will be provided through the project for the two components.

Though both components are principally technical interventions, ASEP also supports important organizational changes within the Department of Health which will improve the operations and performance of the NAPCP. Specifically, ASEP assistance is contingent on the DOH instituting organizational and management changes to enable the NAPCP to function as a strategic planning and coordinating body. Such changes are being implemented by the DOH and will be completed prior to ASEP implementation as stipulated in the conditions precedent to the Project Agreement.

D. PROJECT RATIONALE

1. Relationship of ASEP to USAID Strategy

a. Agency Strategy

ASEP's development goal and purpose, as well as the planned outputs of the project, are consistent with A.I.D.'s AIDS strategy and follows directly from A.I.D.'s AIDS Technical Support Project. ASEP will expand public and private sector efforts in precisely the four areas of assistance emphasized by the central project and supported through its two components - AIDSTECH and AIDSCOM:

- * monitoring and surveillance of the incidence, prevalence and impact of HIV/AIDS;
- * increasing government and public awareness of AIDS and the options for preventing HIV infection;
- * assisting developing countries with the design and implementation of HIV prevention programs; and
- * conducting intervention-oriented applied research.

b. Mission Strategy

The AIDS project fits within the basic services element of the Mission strategy. Even more importantly, we are persuaded by the argument that the AIDS epidemic has serious economic and social costs which would adversely affect the way the Government of the Philippines (GOP) could react to this health condition (and to development needs in general) in the future if certain preliminary (and necessary) steps are not taken now with

direct reference to AIDS. The Mission is proposing this activity at this time because we have the commitment of the GOP, specifically the Department of Health, and other donors (WHO), who will coordinate their talents and resources in this effort. The project should be viewed as an investment -- an investment in the future. It is an investment which will pay large dividends to the Philippines if the economic and social costs related to AIDS can be minimized and controlled as we enter the 21st century. It will provide the GOP with the data necessary to understand the present magnitude of the problem, and plan and implement educational programs to combat its spread. The persuading factor is that the economic and social consequences of AIDS cannot be ignored and that the Philippines must act now to stabilize the detrimental effects of this disease before it is too late.

2. Relationship of ASEP to GOP Strategy

ASEP supports two major elements of the GOP's Medium Term Plan for AIDS Prevention and Control initiated in 1988. Surveillance and IEC programs have not received the attention and funding needed to make them effective national operations. ASEP will provide this assistance and pursue the objective of reducing transmission of HIV infection that is identical to the goal of the GOP's Medium Term Plan.

3. Relationship of ASEP to Other Donor Assistance

World Health Organization/Global Programme on AIDS (WHO/GPA) has provided critical assistance to the NAPCP by funding the program's contract staff as well as providing budget for basic operations and program activities. WHO currently provides a long-term resident advisor who works with the head of NAPCP principally on program management. Discussions with WHO during the design of this project have been held to encourage a high degree of coordination between WHO and USAID over the coming years. WHO assistance will focus upon two areas: (1) building the management capacities and human resources needed by the DOH to develop and manage the National AIDS Prevention and Control Program; and (2) strengthening the DOH capacity to diagnose and treat sexually transmitted disease. The ASEP will complement WHO assistance by expediting development of a national HIV/AIDS sentinel surveillance system and initiating preventive AIDS education and communication programs.

Several donors, such as the Australian International Development Assistance Bureau and the Asian Development Bank, have expressed interest in providing such assistance, but have been frustrated by the organizational

problems affecting the NAPCP to date. Therefore, the organizational and management changes being made by the DOH to strengthen its national AIDS program are expected to encourage additional donors to join WHO and USAID in funding AIDS prevention activities.

4. Relationship of ASEP to other USAID Assistance

The ASEP will coordinate its activities closely with centrally funded projects which have expertise and resources related to AIDS prevention and control. Close collaboration is expected with the new AIDS Control and Prevention (AIDSCAP) project, especially in developing evaluation methodologies for assessing the impact of education/communication activities and for determining the potential economic impact of AIDS in the Philippines.

II. PROJECT DESCRIPTION

A. PROJECT GOAL AND PURPOSE

The goal of ASEP is to control the transmission of HIV infection within the Philippine population. This goal is consistent with the Medium Term Plan of the National AIDS Prevention and Control Program for the Philippines which was established in 1988. This goal will be measured by a reduction in the annual rate of increase of HIV prevalence. Achievement of the goal is premised upon the assumption that adequate political commitment will be marshalled in the public and private sector to recognize and forcefully address the AIDS problem in the Philippines.

The purpose of the project is to establish mechanisms that have been institutionalized in the public and private sectors which: (a) monitor the prevalence and transmission of HIV infection, and (b) encourage behaviors which reduce HIV transmission. A sentinel surveillance system will be established which can detect HIV infection among high-risk groups and serve as a barometer for its spread into the general population. The mass media, interpersonal, and print media campaigns which have been piloted in Metro-Manila will be intensified in their scope and coverage and expanded to other large urban areas through this project.

B. PROJECT STRATEGY, COMPONENTS, AND END-OF-PROJECT STATUS

Experience from the United States, Europe, Africa, and other Asian countries where the AIDS epidemic has proceeded to advanced stages indicate that there are several stages in the natural progression of the AIDS epidemic. The three principal stages are:

- STAGE 1:** The HIV virus is introduced into the population, but is effectively confined to specific groups such as male homosexuals, IVDUs, or blood recipients.
- STAGE 2:** Through one of the primary risk groups the virus is transmitted to secondary risk groups such as male and female commercial sex workers.
- STAGE 3:** The secondary risk groups amplify transmission through heterosexual routes and the entire population is at risk.

Each stage can be viewed as a continuum, with HIV prevalence increasing until a threshold level is reached at which point the disease will break out into the next stage.

The AIDS epidemic in the Philippines appears to be in Stage I. Sixty-two full-blown AIDS cases and 244 HIV positive cases have been found via sporadic screening, primarily among high-risk groups. However, current information is inadequate to ascertain the progress of the disease within the Stage I continuum, and particularly whether prevalence rates among high-risk groups are approaching threshold levels necessary to reach secondary risk groups.

An HIV surveillance system will reveal the presence and frequency of HIV-infected individuals in the Philippines; and predict the spread of infection from high-risk to lower-risk groups in time to intensify and focus the intervention program. It can track the progression of the disease as it moves within and through the three stages of the AIDS epidemic. A surveillance program should generate data which results in definitive actions that can control the spread of the infection within high-risk groups, and can prevent its transmission to the general population. The most effective actions that can be taken at this time are: a) screening of blood donors to secure the safety of the blood supply; b) improved case detection and treatment for sexually transmitted diseases (STDs); and c) education/communication programs which discourage high-risk behaviors among groups at risk and the general population.

HIV surveillance is carried out in five steps corresponding to the stage of viral progression into the community (see Technical Analysis). The Philippines now appears to be at Step 1. Non-systematic blood screening and several informal surveys on high-risk groups have definitively verified the presence of HIV infection in the Philippines, indicating that the Philippines is at risk for an AIDS epidemic.

Resources available through this project will allow the GOP to proceed to Step 2, a national sentinel surveillance system initially focusing on high-risk groups with sentinel sites distributed throughout the country. Intensive intervention systems are too costly to implement at all locations throughout the country. The sentinel surveillance system will identify those regions that require immediate action so that the limited funds available can be spent most efficiently. The findings of the sentinel surveillance system will then be used to guide mass media and community based communication programs that encourage behaviors which reduce the chance of HIV transmission within high-risk groups.

Accordingly, the project will have two components described briefly as follows:

***COMPONENT 1:** will establish an HIV sentinel surveillance system at strategically located geographic sites throughout the country. The sentinel surveillance system will monitor HIV seroprevalence among four high-risk groups: overseas contract workers, male homosexuals, commercial sex workers, and patients at STD clinics. When predetermined threshold prevalence rates are reached within these risk groups, the sentinel surveillance system will be expanded to include secondary risk groups in the Philippines such as intravenous drug users (IVDUs) and women attending antenatal care clinics.

***COMPONENT 2:** will support mass media and community-based education, communication, and public relations programs aimed at groups at risk and the general population, and in locations indicated by the sentinel surveillance system which encourages behaviors that reduce the risk of HIV transmission. The education/communication programs will be introduced in a minimum of four sites - Metro Manila plus three additional sites to be determined during development of an education and communications strategy for AIDS. A network of Non-Governmental Organizations will be developed and enlisted to play a significant role in the education/communication program.

This project will contribute to the NAPCP goal of controlling the transmission of HIV infection within the Philippine population. A reduction in the annual rate of increase of HIV prevalence will indicate that the goal has been met.. The outcome expected upon completion of this project (End-of-Project Status) will be:

1. a surveillance system that yields statistically reliable time series data on HIV prevalence among high-risk groups in thirty strategically located sentinel sites situated throughout the country that will be used to (a) track changes in HIV seropositivity and monitor the progression of the AIDS epidemic in the Philippines and (b) target interventions in the most cost-effective manner.
2. education/communication activities in four sites will have effectively encouraged desired attitudinal and behavioral change among the groups at risk identified as the targets for these programs.
3. an institutionalized network of NGOs in Metro Manila and other urban or high prevalence areas

where high-risk groups can be accessed, possessing an established capacity to undertake successful AIDS education and communication programs.

C. DESCRIPTION OF PROJECT OUTPUTS

1. COMPONENT 1 - HIV SENTINEL SURVEILLANCE SYSTEM

The output of this component of the project is a national sentinel surveillance system which generates time series data on the prevalence of HIV infection among groups at risk. The data currently available on HIV and AIDS from sporadic screening confirms the presence of the disease but under-represents the extent of the problem. The establishment of a reliable surveillance system is considered the backbone of the Philippines NAPCP because it will provide the statistically reliable data on HIV prevalence and geographic distribution needed to target interventions more accurately. It is important to note that the surveillance system is designed to accurately identify groups and geographic regions at risk and therefore should not be designed to identify HIV positive individuals for further interventions. Confidentiality of the individuals tested is a key to accurate voluntary testing. Therefore, direct linkage of a person's identity and his HIV status must be avoided. The DOH will continue its current screening and intervention activities to identify HIV-positive individuals outside the scope of this project.

The DOH has designed a National Sentinel Surveillance Plan, which will be funded under this project for a five-year period. Its objective is to develop an early warning system to reveal the presence and frequency of HIV-infected individuals in the Philippines' population and to predict the spread of the infection to low-risk groups in time to intensify and focus the intervention programs. HIV testing will be carried out in high-risk groups every six months. The surveillance HIV testing will begin in six sites and eventually expand to thirty sites located strategically throughout the country.

a) Selection of Sentinel Groups and Sentinel Sites

In order to maximize the possibility of identifying infected individuals, the precise selection of sentinel groups and sentinel sites is of paramount importance. A consensus has been obtained to include the following high-risk groups as sentinel groups:

- * homosexual males
- * returning overseas contract workers

- * commercial sex workers (male and female)
- * males being treated for STDs.

Once a threshold prevalence has been reached among one or more of these high-risk groups, it is recommended that the sentinel groups be expanded to the following secondary-risk groups:

- * IVDUs
- * pregnant women attending antenatal care units
- * spouses of OCWs
- * partners of CSWs

A threshold prevalence of 3-5% has been recommended among one or more of the high risk sentinel groups before the sentinel surveillance system is expanded to include the secondary-risk groups.

A sample size of three hundred individuals per risk group per sentinel site will be selected using lot quality assurance sampling techniques. Using this sampling technique, a maximum prevalence rate can be forecast.

The sentinel sites will be selected using the following criteria:

- * previous reports of HIV-infected individuals in area
- * suspected high concentrations of high-risk groups
- * exposure to foreign tourists

The sentinel surveillance system will cover four sites during the first round and fourteen sites within three years. This will establish the system in fourteen regional urban centers by 1994. These fourteen sites are considered to have the highest concentration of individuals at risk of HIV infection hence the priority they will receive in establishing the sentinel surveillance system. The pace of subsequent expansion will be guided by the criteria for sentinel site selection, results from the sentinel surveillance program, budgetary constraints, and programmatic considerations. Within ASEP's five year time frame, it is envisioned that the number of sentinel sites will be expanded to thirty sites.

b) Laboratory Support and Testing

There are two laboratory facilities in the

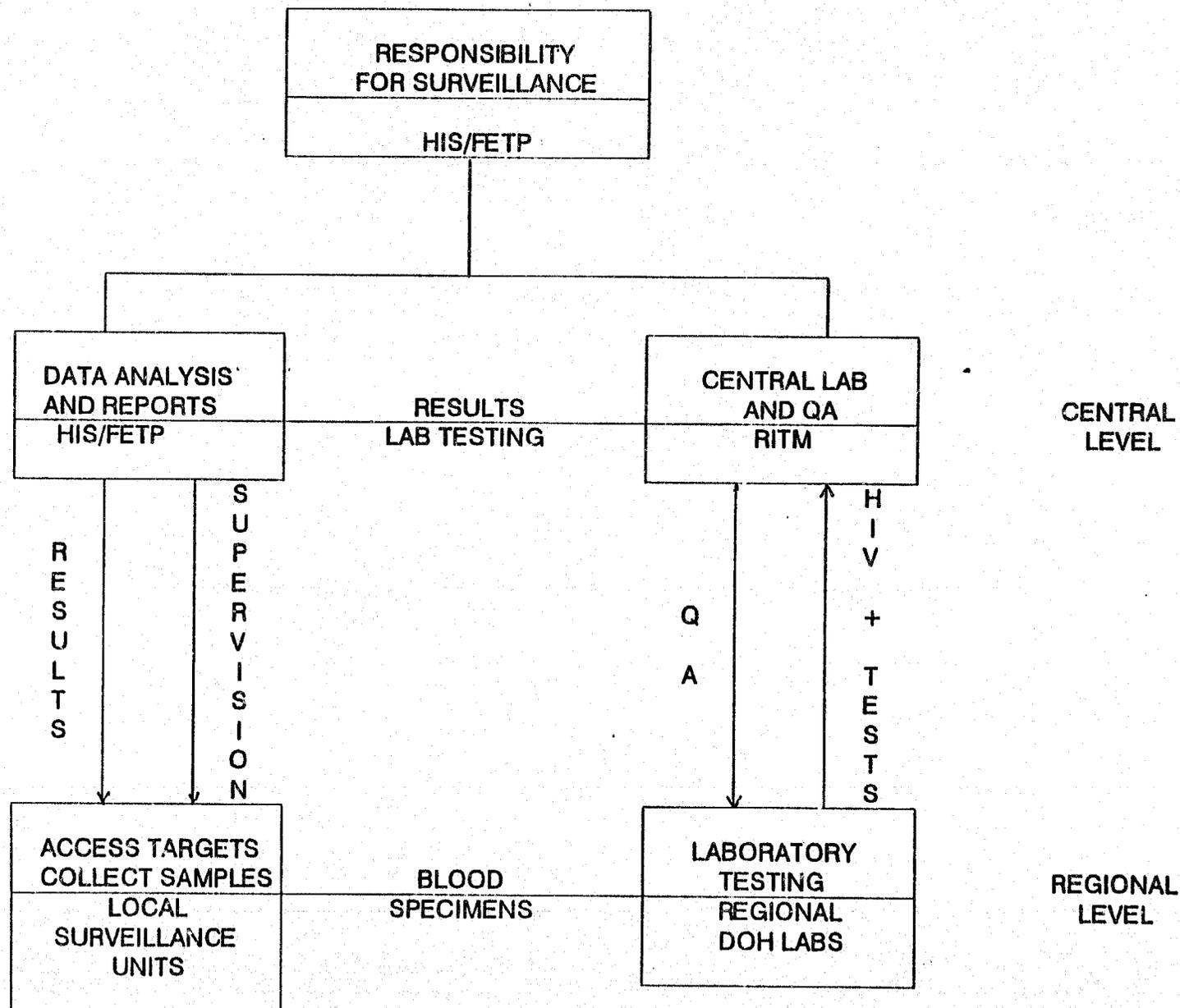
Philippines that have organizational responsibility and predominant capability for HIV testing. These are the Bureau of Research and Laboratories (BRL) responsible to the Undersecretary for Standards and Regulations, and the Research Institute for Tropical Medicine (RITM), a semi-autonomous unit directly responsible to the Secretary for Health. Both have the facilities and expertise to conduct HIV testing using the ELISA, Particle Agglutination, and Western Blot testing procedures. BRL has administrative responsibility for the fourteen regional laboratories which will be responsible for HIV testing under this sentinel surveillance program. RITM has the longest experience and most advanced technical expertise with HIV blood testing in the Philippines.

Because of the experience and capabilities both organizations possess, it has been decided that they will work together collaboratively on the laboratory testing component of the HIV surveillance. However, RITM will be the lead organization in light of its stronger technical capabilities. The responsibilities that each institution will have are described below.

FUNCTION	RITM	BRL
1. selection of labs to conduct HIV field testing	x	x
2. selection of specific tests to be used	x	
3. establish protocols for HIV testing	x	
4. assess training needs of lab techs	x	x
5. training of lab technicians	x	x
6. set quality assurance procedures for regional labs	x	
7. set procedures to process and transport specimens	x	x
8. supervise field operations	x	x
9. supervise quality assurance program for all HIV blood testing including proper disposal of wastes	x	
10. confirm HIV positive tests with Western Blot test	x	

All HIV blood testing of samples taken from sentinel groups will be done at regional DOH laboratories. If programmatic or budgetary constraints dictate, blood screening may also be done at BRL. All blood screening tests will use either the ELISA test or the Particle Agglutination. Confirmatory testing of HIV positive blood tests will be done by RITM using the Western Blot test. Quality assurance for all testing and oversight of surveillance commodities will also be done by RITM.

FIGURE 1 ORGANIZATION AND MANAGEMENT OF SENTINEL SURVEILLANCE SYSTEM



An external reference laboratory will be retained during the period covered by this project to provide an external source of technical expertise and validation for the HIV testing and laboratory initiatives carried out by RITM. The reference laboratory should have internationally recognized expertise and capacity with all methods of blood collection and HIV testing required to incontrovertibly confirm positive and negative HIV tests. The external reference laboratory will provide an external quality assurance capacity for validating the methodologies, techniques and results generated by the HIV testing component of the national HIV sentinel surveillance system.

c) Organization and Management of the Surveillance Program

The sentinel surveillance system will combine activities which must be undertaken at the central level and the local level. The activities and the administrative level at which they must be done are shown below:

ACTIVITY	LEVEL
1. identification of sentinel groups	local
2. HIV blood testing	local
3. confirmatory testing of HIV positives	central
4. data analysis and reporting	central

The arrangements for organizing and managing the sentinel surveillance system are illustrated in Figure 1. The organizational entities and their responsibilities are described below.

1. **Health Information Service/FETP:** will have overall responsibility for managing the entire surveillance system at both central and local administrative levels.
2. **Local Surveillance Units:** These will be established at each sentinel site with responsibility for identifying and accessing high risk groups so that 300 blood samples can be drawn from each sentinel group during each sentinel round. These will be represented by members from regional government, STD clinics, and local NGOs.
3. **Regional laboratories:** will draw blood samples, do HIV testing using the ELISA test or the particle agglutination test,

and send positive tests to the central lab for confirmatory testing.

4. **RITM Central Laboratory:** will confirm all positive HIV tests from regional laboratories with Western Blot test, and will insure quality assurance for all screening and confirmatory testing.
5. **BRL:** will supervise regional laboratories which conduct blood screening to insure safe standard procedures are utilized, and assist RITM with quality assurance.
6. **HIS/FETP:** will collect and analyze all data from the local surveillance units, regional laboratories, and central laboratory; produce semiannual reports with findings from the HIV sentinel surveillance system; and will insure appropriate collection and disposal of materials used in surveillance.

d) Description of Project Inputs for Surveillance

1. COMMODITIES: The project will provide all equipment, tests, and reagents required for the regional laboratories to conduct ELISA tests or Particle Agglutination tests at the sentinel sites and for RITM to conduct Western Blot tests to confirm all HIV positive ELISAs and Particle Agglutination tests. These commodities will be provided for the life of project.

2. TECHNICAL ASSISTANCE: A long-term local consultant with public health management skills will be provided for four person-years. In addition twelve person-months of short-term expatriate technical assistance will be provided for the following purposes:

- * technical assistance for completing an environmental assessment of the surveillance component of the project;

- * supervision of the sentinel surveillance system;
- * refinement of the sentinel surveillance methodology in particular incorporation of additional sentinel groups and selection of additional sentinel sites;
- * analysis of data generated by the sentinel surveillance system and interpretation of findings;
- * assessment of HIV testing capacities at central and regional laboratories;
- * design of quality assurance systems and procedures including safety standards for health personnel involved; and
- * use of new HIV testing technologies.

3. TRAINING: The project will support all domestic training activities necessary to conduct the sentinel surveillance system. These will include refresher training for laboratory technicians on the use of HIV testing techniques, training on quality control procedures, and training on operational elements of the sentinel surveillance system. In addition, funds will be made available for brief international training opportunities on HIV laboratory testing and surveillance techniques and for attendance at international workshops and symposia on AIDS.

4. LOCAL COSTS: The project will fund local costs necessary to support the biannual surveillance of sentinel groups. It is expected that local costs will be required for the following purposes:

- * expenses required by the local surveillance units to identify and access sentinel groups to collect blood specimens;
- * expenses required to implement recommendations of the environmental assessment;

- * implementation and planning workshops prior to each biannual round of surveillance activities;
- * central level supervision of regional sentinel sites and laboratory testing facilities;
- * periodic workshops to discuss issues related to the sentinel surveillance system; and
- * an annual National Workshop on AIDS to discuss findings from the sentinel surveillance system, their implications for national AIDS policy, and to coordinate surveillance findings with behavioral interventions being conducted through the education/communication component of the project.

5. RESEARCH: funds will be made available for discrete research activities which support the sentinel surveillance system. Illustrative examples of the research that might be conducted through the project are:

- * studies on the effectiveness of blood pooling techniques.
- * cost-effectiveness studies on the different HIV antibody testing technologies and blood collection technologies.
- * special surveys and screening of other risk groups not covered by the sentinel surveillance system.

2. COMPONENT 2 - AIDS EDUCATION AND PREVENTION PROGRAM

The output of this component of the project is mass media and community-based public relations, education, and communication activities which encourage behaviors that reduce the risk of HIV transmission within high-risk-groups and within the general population. Presently, education about high-risk behaviors which facilitate HIV transmission is the most effective intervention against the epidemic. The earlier educational interventions are implemented in the course of the epidemic, the greater their impact

and the higher the return on investment. While accurate data on the severity of the AIDS problem in the Philippines must await results from sentinel surveillance, it is clearly not too soon to initiate an intensive education and communication program on AIDS aimed at high-risk groups and the general population.

The education and communication interventions will constitute definitive action taken in response to sentinel surveillance data. The sentinel surveillance system will identify groups at greatest risk for HIV infection and the geographic areas requiring most immediate attention so that education and communication interventions can be targeted most cost-effectively.

a) Current AIDS Education and Communication Activities

Since 1988 the National AIDS Prevention and Control Program (NAPCP) has supported communication activities designed to curtail the spread of the virus. During the first phase it concentrated efforts upon gathering data about high-risk target populations. The second phase, which is to be concluded by September 1992, focusses on small operations research pilot projects conducted by NGOs using interpersonal communication techniques to reach selected high-risk populations principally located in the greater Metro Manila area and around the United States' military bases in Olongapo and Angeles cities. The groups which are being reached by these pilot projects are: a) male and female sex workers; b) medical and nursing students; c) merchant seamen and their wives; d) young adults; e) men who have sex with men; f) teachers; and g) drug users.

Two mass media campaigns have also been conducted. The first campaign was targeted towards the general public and the messages were designed to correct myths, particularly about the modes of HIV transmission. The second campaign, which is currently being aired via television, radio, and print media, targets young adults with two messages: (1) postpone sex; and (2) be careful, use "protection" if you engage in sex. A telephone "hotline" has been connected to the mass media campaigns to answer questions and concerns from the public about AIDS. The hotline has its headquarters in an Information Center that was also established to provide information to the public about AIDS. The Center provides services such as counselling, lectures, film showings and has a small library.

While it is too early to evaluate these projects fully, they have dramatically illustrated the demand for information about AIDS and the need for more intensive education and communication activities for all the targeted population segments. The first media campaign was successful in raising the knowledge levels of many people, but considerable misinformation still exists about the modes of transmission and the population groups at risk. Subsequent to the second mass media campaign which began on February 14, 1992, the AIDS telephone hotline has been deluged with calls. The pilot projects have helped to raise awareness and increase the knowledge within their target groups, but they have been very localized and limited in scope. Very few communication materials have been produced for specific audiences, and those materials which have been produced have been reproduced in extremely limited quantities.

b) Activities Supported Through the Project

The education and communication activities which will be supported through this project will build upon the experience gained from these previous efforts. Their objectives are to encourage the target groups to avoid engaging in behaviors that put individuals at risk of acquiring or spreading the disease; and to change existing behavior patterns to minimize transmission of the HIV virus. The education and communication activities designed and implemented through the project will follow two guiding principles:

- * In order for the communication efforts to be productive, it is important to recognize that the target audiences not only be exposed to and comprehend the messages disseminated, but they must internalize the need to take specific action to reduce their risk of acquiring the disease.
- * Communication efforts must embrace the need for incorporating messages into as many parts of an individual's environment as possible. A multi-channel approach fosters the belief that an idea is more acceptable because one is exposed to it from different sources in different forms as long as the basic message is the same. Intensive communication and public relations campaigns using the mass media and interpersonal communication

channels supported by print materials and collaterals will enhance the messages' reach and acceptability.

Effecting major behavioral changes in a short period of time is extremely difficult. Past experience in AIDS communication interventions around the world have demonstrated that sustained, continued and massive efforts are needed to effect and maintain modifications of sexual behavior. In other countries, it has been clearly demonstrated that the loss of someone close to AIDS - a relative, a friend, or a lover - is the singular event that causes individuals to internalize the danger associated with their behavior and modify it. In the Philippines, where relatively few AIDS-related deaths have occurred, the lack of a perceived risk associated with one's behavior will make behavioral change objectives that much more difficult to achieve. This factor must receive consideration during the design of education and communication activities undertaken through this project.

The education and communication activities will be implemented in cities outside of Metro Manila, such as Davao, Cebu, and Baguio. Locations will be selected that are:

- large urban centers containing large high-risk groups;
- are frequented by foreign tourists;
- consistent with the AIDS Communication Strategy; and/or
- identified by the sentinel surveillance system as places where the epidemic is becoming a serious problem.

The specific activities which will be supported through this project are described below.

1. **Development of a National AIDS Prevention and Control Communication Strategy.** This strategy will determine the target audiences, media, messages, and programs that will be carried out under this component of the project. Moreover, the project will guide the programming of funds for AIDS education and communication activities available through the project and other donor sources. The development of the strategy will be done collaboratively by the DOH joined by other government, private and non-government organizations which will ultimately be responsible for

implementation of these programs. It will be the first activity conducted under this element of the project.

Consensus has already been reached on several elements of the strategy. A total of nine audience segments have been selected as targets for specific messages, divided into three sub-groups: (1) **Influentials**, groups that influence target audiences; (2) **Gatekeeper or Channel** groups through which high-risk groups can be accessed; and (3) **Behaviorals**, groups that exhibit high-risk behaviors putting them at risk for HIV infection. The specific target audiences for the education and communication interventions will be :

1) **Influentials**

- * policy makers/politicians
- * health care workers/clergy
- * media practitioners/entertainers

2) **Gatekeepers/Channels**

- * teachers
- * media practitioners/entertainers
- * health care workers

3) **Behaviorals**

- * overseas contract workers and their wives
- * commercial sex workers and their clients/partners
- * men who have sex with men

The project will use a multi-channel media approach to expose target audiences to messages from different sources. Three media channels will be utilized to transmit messages: mass media, print materials, interpersonal. Mass media has been selected because of the massive impact it has upon all target audiences in the Philippines. Print materials about AIDS are in short supply and must be developed to support messages transmitted through the other media channels.

Interpersonal channels will be extremely important for this component of the project. The Behavioral group target audiences must be accessed primarily through this channel. NGOs with existing community-based networks have the best access to these difficult to reach target

audiences, and will be relied upon heavily in this project to conduct interpersonal education and communication interventions. High priority will be given during the project to nurturing a core group of NGOs which can undertake training, education, counseling and outreach programs to reach these hard-to-access target groups.

2. Continuation and Expansion of On-going Communications Activities of NGOs. Current activities are being funded through a Mission buy-in to the AIDSCOM project. Since these activities will all terminate by September 1992, it is essential to evaluate both the effectiveness of the intervention activities and the capabilities of the organizations implementing the projects. The results of the evaluations will be used to ascertain whether the activities should be continued, continued with modifications, or discontinued; and determine whether the implementing organization is the appropriate one for handling the activity.

3. Identification and Support of New Interventions Targeted Toward Other Audience Segments. These are the audience segments that are not currently being addressed but have been identified as key target groups critical to the success of the AIDS prevention program. The first stage of reaching these groups will be to identify NGOs and GOs which have the potential to access and communicate with them. Once groups have been identified they will develop plans and activities to communicate to each segment in order to achieve specific changes that are needed in that group's knowledge, attitudes, behavior and practices. An illustrative list of communication activities might include seminars, workshops, production and dissemination of audiovisual materials, media campaigns, public relations activities and one-on-one individual meetings.

4. "Rollout" of the education and communications intervention to new locations. The rollout will be done in two stages: a) following the evaluation of ongoing education and communication interventions conducted primarily in Metro-Manila, successful ones will be immediately expanded to the three new locations; and b) following the development of new education and communication interventions, which will be piloted in the Metro-Manila area, the successful ones will be immediately expanded to the three new locations.

A critical benchmark in "rolling out" successful interventions to peripheral sites is the establishment of a local infrastructure which can guide and implement them. This will include the development of a local AIDS committee with representation from the public, private and NGO communities to provide oversight and supervision; and the identification of implementing units such as NGOs, research institutions, advertising, and public relations firms to carry out the tested interventions.

5. **Research.** Research will be a key part of the communication component of the project. The project will support three general types of research: a) a secondary analysis of existing data; b) new audience profiles including lifestyles studies; and c) project/activity specific research including baseline data collection, pretesting, monitoring, and post-intervention evaluations. Some of the research activities will be carried out by qualified staff members of the NGOs while other activities will be contracted out to specialized market and consumer research organizations.

While most of the communication interventions will be community-based activities utilizing the interpersonal channel, mass media and public relations channels will also be used to complement and reinforce interpersonal messages. Past campaigns have demonstrated the positive power of the media in a country that has an excellent communication infrastructure, and where entertainers are idolized. Efforts will be intensified under this project to convince the media and entertainers that their active participation is essential in controlling the spread of the disease. This endeavor is important not only for maximizing the coverage of target audiences, but also from a financial perspective. Cooperation from media owners, media practitioners, advertisers, advertising agencies and entertainers will enable the project to multiply its financial investment.

By using the "Enter-Educate" approach (incorporating educational messages into entertainment programs) and through the support of organizations such as the Philippines ADBOARD, it will be possible to highlight the importance of the AIDS prevention and control program as well as deliver generic and specific messages. One example of this approach is the current DOH agreement with Channel 13 for incorporation of a health news segment (3-5 minutes duration) every evening on the station's 5 o'clock news broadcast. This program can be one vehicle for regularly disseminating in-depth information about AIDS. The Enter-

Educate Foundation that the DOH assisted in launching in October 1991 is another vehicle for engaging the various entertainment sectors in the fight against AIDS. Several of its board members have already signaled their readiness to support the DOH and NGOs in mobilizing their membership in speaking out about AIDS.

An individual's need to be informed about the risks associated with specific behaviors is of paramount concern. Full and accurate information about AIDS is the first step in the process of avoiding or altering risky behavior. Mobilizing peer groups from each segment of the population as the nucleus for action and allowing them the freedom to interact with their colleagues in their own way combined with the provision of financial resources to carry out communication interventions enhances the project's ability to have a meaningful impact on slowing the spread of AIDS in the Philippines.

c) **Description of Project Inputs for Education and Communication**

1. **COMMODITIES:** no commodities will be procured for this component of the project.

2. **TECHNICAL ASSISTANCE:** a long-term local consultant with expertise in designing and implementing education and communication programs will be provided for four years. In addition twelve person-months of short-term expatriate technical assistance will be provided for the following purposes:

- * support NGOs with development of outreach and counseling programs that access high-risk groups.
- * design and analyze market research activities.
- * design and evaluate an AIDS condom social marketing activity.
- * develop protocols and analytic frameworks for lifestyles research.
- * design public relations campaigns to support other media.

3. **TRAINING:** The project will support all training programs conducted by the NGOs for

the target groups. In addition, funds will be made available for international training on education and communication techniques used in AIDS prevention programs; and for attendance at international symposia and workshops on AIDS.

4. LOCAL COSTS: The project will support the local costs required to conduct the mass media and community based education and communication interventions to be supported by the project. Local costs under the project will be used for the following purposes:

- * telephone hotlines in four sites.
- * NGO outreach and counseling programs in the four sites.
- * workshops which support the communication programs.
- * market research as prerequisite to specific education and communication interventions.
- * public relations activities which enhance and reinforce the communication programs conducted through mass media, interpersonal, and print materials channels.
- * advertising and promotion campaigns via mass media.
- * a program to develop a social marketing campaign for an AIDS condom.
- * print materials about AIDS which will support communication programs using mass media and interpersonal channels.

5. RESEARCH: Funds will be made available to support lifestyle research which will provide additional understanding of the behavioral characteristics of high-risk groups as well as and for the audiences which are being targeted under this component of the project.

III. IMPLEMENTATION PLAN

A. Implementation of Project Components

ASEP will initially focus on the planning and implementation of the national sentinel surveillance system and expanding on-going communication activities to areas outside of Metro Manila. These two components will assist the DOH in understanding the scope of HIV infection, to use such information to develop the national AIDS program so that it responds to the progression of the epidemic and to plan and target future IEC activities. During the initial stage of ASE, the present Medium Term Plan will be revised with WHO assistance and a national AIDS communication strategy will be prepared by the DOH.

The expansion of the sentinel surveillance system will occur over a period of several years as the implementing organizations gain experience and capacity to include additional sentinel sites. Expansion to a minimum of 30 sites is anticipated. Depending on the results from the initial rounds of surveillance, the system is designed to add low risk groups to the initial high-risk groups for HIV testing. This expansion will be in direct response to the severity of the epidemic. Crossing specific threshold levels will trigger expansion of the surveillance system and HIV testing to additional segments of the population.

The AIDS education component will initially provide support for on-going communication programs judged to be effective. During the first two years of the project, emphasis will be given to expanding on-going AIDS communication programs to several cities outside of the Metro Manila area, such as Cebu, Baguio and Davao. As the expansion of these activities moves ahead, greater attention will be directed to identifying new programs and additional NGOs with access to specific high-risk groups in Manila and in other areas. Completion of the DOH's AIDS Communication Strategy and information flowing from the sentinel surveillance system will help to direct the expansion of the AIDS education component over the course of project implementation.

B. Administrative and Institutional Arrangements

1. USAID Project Management and Responsibilities

As described in the following sections, the funding mechanisms for the surveillance and prevention components of ASEP minimize over-reliance on both USAID and

DOH administrative systems. USAID will be responsible for U.S. direct procurement of HIV testing equipment and supplies needed for the sentinel surveillance system. USAID will also be responsible for contracting with a U.S.-based institutional contractor for two local long-term advisors (one for each component) and for U.S. short-term technical assistance in those areas where adequate expertise is not available locally.

The Division Chief for Health and Nutrition will be assigned as the USAID project officer for ASEP. Responsibility for project direction and monitoring will be assigned to the OPHN senior foreign national health officer who will serve as the USAID project manager. The project team will be supported by a USAID project committee including staff from the Office of Development Resource Management (ODRM), the Office of the Legal Advisor (OLA), the Office of Financial Management (OFM), the Office of Program Economics (OPE) and the Contract Services Office (CSO). The Mission Environmental Officer will also provide a technical backstopping to address any environmental issues that may arise in the course of project implementation.

The project team will assist the GOP to implement and monitor the project, working closely with their GOP and NGO counterparts. The team's representative will participate as a full member in the ASEP coordinating committee in directing the AIDS education component. The project team will be responsible for fulfilling USAID internal reporting requirements, such as submission of Quarterly Project Status Reports and accrual reports. The composition of the project committee will assure assistance from each of the respective offices in fulfilling its management responsibilities.

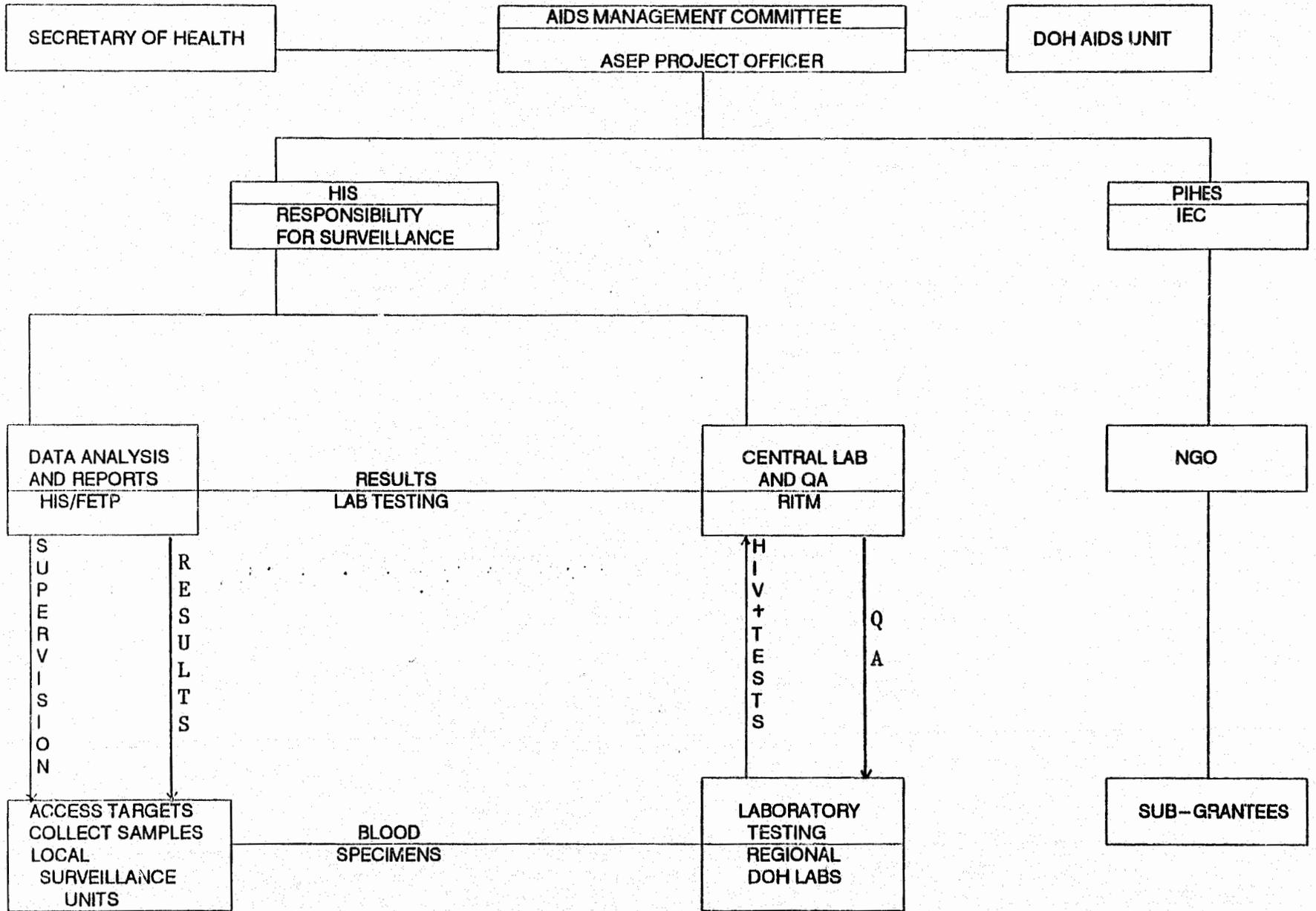
2. GOP Project Management and Responsibilities

NEDA will be the signatory of the Grant and will provide GOP management guidance and oversight for the project. The Department of Health (DOH) will be the primary GOP counterpart agency, under which the following DOH organizational units will have project implementation responsibilities: the National AIDS Management Committee, the DOH AIDS Unit, the Health Information Service, the Public Information and Health Education Service, the Communicable Disease Control Service, the Bureau of Research and Laboratories and the Research Institute of Tropical Medicine.

GOP management capabilities for ASEP will benefit from a planned re-organization of the NAPCP. The program is

AIDS SURVEILLANCE AND EDUCATION PROJECT

FIGURE 2 ORGANIZATIONAL STRUCTURE OF THE AIDS SURVEILLANCE AND EDUCATION PROJECT



currently located in the Communicable Disease Control Service (CDCS) in the Office of Public Health. This current arrangement, in effect, "buries" the NAPCP within the bureaucratic structure of the Department. The result is that the NAPCP simply lacks the organizational stature it needs to coordinate the various DOH Offices involved with the implementation of the National AIDS Program.

A new AIDS Management Committee headed by the Secretary of Health will be established. The staff of the NAPCP will be re-configured as the DOH AIDS Unit located in the Office of the Secretary and placed under the Secretary's supervision. Day-to-day operations of the national AIDS program and the AIDS Unit will be under the supervision of the service chief for HIS/FETP and the Public Information and Health Education Service. Under this new arrangement, the AIDS Unit will be re-oriented to emphasize strategic planning for program direction. It will have no direct implementation functions; rather, it will be a coordinating body that draws on the services of DOH implementing units (e.g., HIS for the surveillance system).

The administrative responsibilities and institutional arrangements among the DOH agencies involved with the implementation of the two ASE components are as follows.

a. The National HIV/AIDS Surveillance Program

The National HIV/AIDS Surveillance Program will require a coordinated effort led by the Health Information Service (HIS) through its Field Epidemiology Training Program (FETP). HIS will be responsible for operational planning and implementation of the system. This will include selecting the sentinel sites and gaining access to the appropriate individuals for HIV testing. Gaining access to and encouraging the participation of individuals for testing will require HIS to be innovative and persistent, working through different organizations and adapting to local site conditions. The AIDS Unit and CDCS will assist in developing field level procedures. HIS will have to assure that blood samples collected at the sentinel sites are properly collected and delivered to the regional laboratory for testing, and the proper disposal of syringes, needles and other potentially harmful wastes resulting from the collection of blood samples.

HIV testing will involve both the Bureau of Research and Laboratories (BRL) and the Research Institute for Tropical Medicine (RITM). BRL is responsible for certifying and licensing all laboratories in the country. It is also responsible for conducting the Quality Assessment

Program to monitor the proficiency of laboratory testing procedures. Regional public laboratories are also under its direction. BRL has been involved with HIV testing for the past few years and conducts confirmatory testing of HIV positive results for public laboratories.

RITM is the designated reference laboratory for HIV testing in the Philippines and has been working on HIV/AIDS infection since 1985. RITM is the acknowledged technical leader in HIV testing in the Philippines, which includes establishing standards for HIV testing protocols. RITM performs all confirmatory testing for HIV positive results from private laboratories. RITM also has a small hospital facility for treatment of HIV/AIDS patients.

The surveillance system needs to become operational as soon as possible while assuring high reliability of test results. This requires utilizing existing technical expertise in HIV testing.

RITM's technical leadership and long involvement with HIV/AIDS infection in the Philippines, therefore, makes it the logical choice for serving as the lead institution for the laboratory testing portion of the surveillance system. RITM will: a) select the tests to be used and develop testing protocols, b) review regional laboratory staff capabilities and recommend needed training to assure quality testing, c) develop and implement a Quality Assessment Program for HIV testing in collaboration with BRL, d) conduct confirmatory tests of samples reported by the regional laboratories as HIV positive and e) safety assurance program for health workers involved and for disposal of materials. Additional contract staff and resources needed to carry out the Quality Assessment Program and implement the USAID environmental assessment recommendations will be funded through ASEP. First round testing of blood samples will be conducted by the regional laboratories; however, if a laboratory cannot meet quality standards for testing, BRL's central laboratory might be used as an alternative.

Operating costs for the surveillance system, such as travel expenses for supervision of field and laboratory work, additional staff needed for the HIV Quality Assurance Program, and costs associated with gaining access to high-risk individuals to be tested, will be funded through a direct grant to the New Tropical Medicine Foundation (established by RITM for direct funding grants from international donors). The Foundation will have administrative responsibility for the use of these funds.

Data from laboratory testing will be analyzed

by HIS/FETP with the AIDS Registrar managing the overall data base on HIV/AIDS infection. The results of this analysis, e.g., a semi-annual report, will be used by DOH AIDS Unit for reporting to the National AIDS Management Committee, for press releases and mass media communications and for strategy and program development.

b. AIDS Education

Gaining access to and establishing credibility with individuals engaging in behaviors which heighten their risk of HIV infection is typically very difficult. This is especially true in societies, such as the Philippines, which formally view such behaviors in direct conflict with cultural and religious values. NGOs have proven to be instrumental in gaining access to these groups in HIV/AIDS prevention programs in other countries. Over the past several years, the Mission and AIDSCOM have been working on similar approaches in the Philippines and several appear to be highly effective (e.g., an AIDS information center, an AIDS walk-in counseling center located in a commercial sex district of Manila, an AIDS telephone hotline).

Building on the pilot efforts to date, the AIDS education component of ASEP will support community-based communication programs designed and implemented by local NGOs whose clientele are high-risk group members. Most of these NGOs will be relatively small and/or new organizations which lack the administrative and financial capabilities to be a direct recipient of a USAID grant. Discussions with NGO leaders during the design of ASEP suggest that it is possible to find a lead NGO with the necessary management and accounting capabilities to receive a direct grant from USAID. This lead NGO will serve as an intermediate institution which administers these funds for sub-grants to smaller NGOs implementing AIDS communication and prevention activities. It would also manage contracting for services needed to carry out other AIDS communication activities funded under this component of ASEP.

Portions of the grant would also be directed to: a) operational "lifestyles" research to understand more clearly the types of behaviors high-risk individuals engage in on a regular basis; b) innovative ideas using existing organizations, such as the union of health care workers, for AIDS education programs; c) temporary "bridge" financing of marketing support for newly introduced STD condoms; d) special public relations and other AIDS communication activities and e) short-term study tours to learn how other countries in the region are conducting AIDS communications

and prevention programs.

USAID and the DOH will make a final determination of the lead NGO for managing this component of ASEP after the Project Agreement is signed. Key criteria for this decision will include: a) administrative and financial management capabilities which satisfy USAID requirements for NGO registration; b) involvement and credibility in the health sector; c) involvement in AIDS prevention; d) moral neutrality with respect to the sub-grantee's clientele; and e) broad acceptability by other NGOs working on AIDS prevention. If the DOH and USAID determine that no local NGO adequately meets all or most these criteria, they may choose to turn to a U.S. NGO which could serve as the grant recipient and help develop local NGOs working on AIDS prevention for future grant management.

An AIDS Prevention Steering Committee consisting of representatives from the local NGO health community, the National AIDS Management Committee and USAID will be established. The Steering Committee will be responsible for providing programmatic guidance to the lead NGO. The Steering Committee will prepare guidelines for funding communication and prevention programs by local NGOs, with the latter participating in or providing input to the development of these guidelines. The lead NGO will review proposals based on these guidelines and work with potential sub-grantees to strengthen their proposals if necessary. The Steering Committee will convene periodically to review program proposals and make final funding decisions on sub-grantee proposals and other communication activities funded under this component.

The lead NGO will be responsible for monitoring sub-grantee performance and providing required financial accounting reports to USAID and the DOH.

3. Technical Assistance

The technical requirements for establishing a new sentinel surveillance system and for developing a new NGO mechanism for community-based communication programs exceeds the limited capabilities of the DOH AIDS Unit. Implementation of these two components are also inconsistent with the DOH AIDS Unit's envisioned role as a strategic planning and coordinating body. Therefore, USAID and the DOH agreed that external technical assistance is needed.

Two local, long-term technical advisors will be obtained for the project components through a U.S.-based institutional contractor. The surveillance contractor will be an epidemiologist or bio-statistician to assist the DOH

to plan and implement all aspects of the surveillance system. The NGO/communication advisor must have experience with NGO community-based communication activities and will assist the lead NGO in working with sub-grantees, including training on administrative procedures, initial proposal development, monitoring and evaluation and other elements as needed by the sub-grantee. The surveillance advisor will report to the service chief for HIS and the communications advisor will report to the head of the lead NGO.

Short-term technical assistance will also be obtained through the institutional contractor for those activities where highly specialized skills and/or experience are required for either project component. This could involve local or U.S. consultants. In addition, USAID will directly contract for short-term technical assistance to complete the environmental assessment as required in Section III G Environmental Concerns of this Project Paper.

C. Activity Schedule

The project is designed with a five-year implementation period. Mission authorization and signing of the Project Agreement are expected to be completed by the end of June 1992. The project completion date will be September 30, 1997.

As soon as the Project Agreement is signed, USAID will obligate some \$600,000 available from de-obligated funds. This will enable start-up of the project before new funding becomes available in Fiscal Year 1993.

Table 1 presents the calendar of major events; Table 2 presents a Gantt Chart for major implementation events; and Table 3 presents indicators of implementation progress and benchmarks.

D. Procurement Plan

The following procurement mechanisms will be used to implement ASEP:

- * USAID procurement of U.S.-sourced commodities and supplies needed for the national sentinel surveillance system will be implemented by a Gray Amendment-entity procurement services agent (PSA);
- * USAID direct contracting for local and expatriate technical assistance services from a U.S. institutional contractor;
- * a direct grant to a lead NGO to fund the AIDS

education component and community-based AIDS education and communication activities by sub-grantees;

- * a direct grant to the New Tropical Medicine Foundation to cover local implementation and operational costs of the sentinel surveillance system; and
- * USAID direct contracting for monitoring, evaluation and audit.

Goods and services procured through the ASEP will have Geographic Code 000 (the United States) and the Philippines as their source and origin. Commodity and professional services procurement will adhere to USAID's Buy America Policy. The contract for technical services will be awarded on a competitive basis to a U.S. institutional contractor; or as a buy-in to a centrally funded contractor.

E. Gray Amendment

Technical assistance under this project will be provided by a U.S. institutional contractor. The project design committee considered the use of a set-aside mechanism to contract for these services. However, neither USAID nor the project design team know of any Gray Amendment firm or organization with the breadth of experience required in the key areas of AIDS-related surveillance programs (including laboratory analyses, epidemiology, health information systems and specialized research) as well as proficiency in the information, education, communication area. Special consideration, will, however, be given to proposals from firms or organizations that intend to utilize appropriate 8(A) firms or other Gray Amendment entities as subcontractors.

Procurement of commodities for the surveillance component will be carried out by a Gray Amendment-qualifying procurement services agent contractor.

F. Gender Issues

If successful, ASEP is very likely to have a positive impact on the health status of various segments of the male and female populations in the Philippines. A crucial group at risk that will be included in the sentinel surveillance system and is already being targeted through HIV/AIDS communication programs are male and female commercial sex workers. Programs are already underway in Manila, Olongapo

TABLE 1 CALENDAR OF MAJOR EVENTS

ACTION	COMPLETION	RESPONSIBILITY
Year 1		
1. Project Agreement signed & funds authorized	June 1992	DOH/USAID
2. PIO/T for NGO Grant completed	June 1992	USAID
3. Initial CPs satisfied except Surveillance CP	Aug 1992	DOH
4. NGO grants finalized and funds committed	Aug 1992	USAID
5. Year 1 implementation plans completed for NGO grant	Aug 1992	Grantee
6. National AIDS Communications Strategy completed	Sept 1992	DOH
7. Evaluation of ongoing AIDS communications activities completed	Dec 1992	DOH
8. PIO/T for TA contract completed	June 1992	USAID
9. TA contract completed	Dec 1992	USAID
10. EA completed	Oct 1992	USAID
11. Surveillance CP accepted	Nov. 1992	DOH
12. Grant for New TM Foundation finalized and funds committed	Nov 1992	USAID
13. First Year Implementation Plans for New TM Foundation grant completed	Dec 1992	Grantee
15. First Round 1993 Surveillance completed	April 1993	DOH
Year 2		
16. Year 2 implementation plans approved	May 1993	USAID/DOH
17. Year 2 budgets funds committed	May 1993	USAID
18. Second round surveillance completed	August 1993	DOH
19. Third round surveillance completed	March 1994	DOH
20. AIDS Communication interventions expanded to three additional sites	Jan 1994	DOH/Grantee
21. Year 2 Project Accomplishments reviewed	April 1994	USAID/DOH
Year 3		
19. Year 3 implementation plans approved	May 1994	USAID/DOH
20. Year 3 budget funds committed	May 1994	USAID
21. Fourth round surveillance completed	August 1994	DOH
22. Fifth round surveillance completed	March 1995	DOH
23. Mid-term Evaluation completed	March 1995	Contractors
24. Year 3 Project accomplishments reviewed	April 1995	USAID/DOH
Year 4		
25. Year 4 implementation plans approved	May 1995	USAID/DOH
26. Year 4 budget funds committed	May 1995	USAID
27. Sixth round surveillance completed	August 1995	DOH
28. Year 4 project accomplishments reviewed	April 1995	USAID/DOH
29. Seventh round surveillance	March 1996	DOH
Year 5		
30. Year 5 implementation plans approved	May 1996	USAID/DOH
31. Year 5 budget funds committed	May 1996	USAID
32. EOP evaluation commences	Jan 1997	Contractors
33. 8th round surveillance	August 1996	DOH
34. 9th round surveillance	March 1997	DOH
35. EOP evaluation completed	March 1997	Contractors
36. PACD	Sept 1997	
37. Project closeout completed	Dec 1997	USAID/DOH

TABLE 2 MAJOR IMPLEMENTATION EVENTS

BENCHMARKS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
SURVEILLANCE					
1. Environmental Assessment Completed	■				
2. Develop operational plan of action for four site sentinel surveillance	■				
3. Conduct first round sentinel surveillance		■			
4. Conduct second round sentinel surveillance		■			
5. Conduct subsequent rounds of sentinel surveillance		■	■ ■ ■	■ ■	■ ■
6. Policy decision or number and geographic expansion beyond 14 sentinel sites			■		
PREVENTION					
1. Development of National AIDS Communication Strategy	■				
2. Evaluation of ongoing AID Communication Interventions	■				
3. Continuation of ongoing AIDS communication interventions in Metro manila		■	■	■	■
4. Geographic expansion of ongoing AIDS communication interventions to 3 other sites		■	■	■	■
5. Development of New AIDS communication interventions in Metro Manila			■		
6. Geographic Expansion of New AIDS Communications Interventions to 3 other sites			■	■	■

Table 3 INDICATORS OF PROGRESS AND BENCHMARKS

OUTPUT 1	MILESTONE	BENCHMARK	INDICATOR OF PROGRESS
<p>National sentinel surveillance system which generated time series data on HIV prevalence among groups at risk</p>	<p>1. Report on results from first round of sentinel surveillance system at 4 regional sites.</p>	<p>1.1 Complete environmental assessment</p> <p>1.2 Develop operational plan of action and protocol for sentinel surveillance in 4 sites</p> <p>1.3 Completion of pilot test at one sentinel site.</p>	<p>1.1.1 Scoping session to agree on SOW for EA</p> <p>1.1.2 Environmental Analysis and report completed</p> <p>1.1.3 EA approved by Asia Bureau Environmental Office</p> <p>1.1.4 Condition Precedent for EA fulfilled</p> <p>1.2.1 Policy decisions made on</p> <ul style="list-style-type: none"> o roles/responsibilities of participating agencies o testing sites o testing protocols for screening and confirmatory testing o protocols for Quality Assurance <p>1.2.2 Workshop conducted to develop operational plan</p> <p>1.3.1 Formation of local surveillance unit</p> <p>1.3.2 Training completed for regional laboratories</p> <p>1.3.3 training completed for local surveillance unit</p> <p>1.3.4 target groups accessed and blood specimens drawn</p> <p>1.3.5 HIV tests conducted by regional labs using pooled blood method</p> <p>1.3.6 Confirmatory tests conducted at central lab</p> <p>1.3.7 Data analyzed and report produced by HIS/FETP</p> <p>1.3.8 Workshop conducted to evaluate pilot test and refine operational plan of action and protocol for 6 regional sites</p>

OUTPUT 1 (cont)	MILESTONE	BENCHMARK	INDICATOR OF PROGRESS
		<p>1.4 Completion of first round of sentinel surveillance system at 4 regional sites</p> <p>2.1 Completion of sentinel surveillance at 14 regional sites</p> <p>2.2 Policy decision made on number and geographic expansion of sentinel sites beyond the 14 regional centers</p>	<p>1.4.1 HIV Tests and ancillary equipment has been procured</p> <p>1.4.2 Technical training of laboratory technicians completed</p> <p>1.4.3 Local surveillance units (LSU) established in 6 sites</p> <p>1.4.4 operational training of all institutions involved in surveillance systems.</p> <p>1.4.5 Blood specimens have been tested by regional labs</p> <p>1.4.6 Confirmatory tests on HIV positives completed</p> <p>1.4.7 Report produced by HIS/FETP</p> <p>2.1.1 Commodities procured</p> <p>2.1.2 LSU formed in 14 sentinel sites</p> <p>2.1.3 Personnel trained</p> <p>2.1.4 Blood testing completed</p> <p>2.1.5 Report produced by FETP on second round of sentinel surveillance</p> <p>2.2.1 Second round data analyzed to identify trends in HIV transmission</p> <p>2.2.2 Using criteria for selecting sentinel sites, recommendation are made for selection of additional sentinel sites and phasing</p> <p>2.2.3 Recommendations are approved by Secretary for Health</p>

OUTPUT #2 (cont)	MILESTONE	BENCHMARK	INDICATOR OF PROGRESS
	<p>2. Communications interventions have been expanded to 3 additional sites</p>	<p>1.3 Additional communications interventions have been developed, pilot tested, and evaluated in Metro Manila</p> <p>2.1 Local infrastructure has been established to oversee and implement expanded communications activities</p>	<p>1.3.1 Market research has been conducted to determine messages and preferred media channels</p> <p>1.3.2 Lifestyles research has been conducted to develop complete profiles of target group.</p> <p>1.3.3 Implementing agencies have been selected to conduct the communications interventions</p> <p>1.3.4 Additional NGOs have been identified with access to target groups</p> <p>1.3.5 Baseline data has been collected to evaluate intervention</p> <p>1.3.6 Interventions have been implemented and evaluated</p> <p>1.3.7 Recommendations are made regarding most effective communications interventions and agencies most qualified to oversee their expansion</p> <p>2.1.1 Local AIDS Committee with representatives from the public, private and NGO sectors have been established in each area which will oversee AIDS communications activities.</p> <p>2.1.2 Local NGOs which can access groups at risk have been identified</p> <p>2.1.3 Local media and influential have been identified in each area who can participate in the AIDS communications activities.</p>

OUTPUT #2 (cont)	MILESTONE	BENCHMARK	INDICATOR OF PROGRESS
		2.2 Communications campaigns have been implemented and evaluated	<p>2.2.1 Baseline data has been collected in each area which can be used to evaluate behavioral change</p> <p>2.2.2 Market research and lifestyles research has been conducted upon target groups to provide a profile sufficient to develop messages and select suitable media channels</p> <p>2.2.3 Mass media and public relations interventions have been developed and implemented</p> <p>2.2.4 Interpersonal communications interventions have been developed and implemented</p> <p>2.2.5 Each communications intervention has been evaluated for impact</p>

and Baguio which are providing information and counseling to female sex workers on the risks and means of prevention of HIV infection. ASEP will support the continuation and expansion of such programs to additional areas of the country.

Women who are the partners of seamen and other overseas contract workers are also increasingly at risk of HIV infection. Overseas contract workers will be included from the start of the surveillance system and programs targeting on their partners are a high priority for future support through the AIDS education component of the ASEP. Women also increase their risk of HIV infection as overseas contract workers themselves. For example, a recent survey found that a substantial percentage of female overseas workers reported that they engage in activities that increase their risk of HIV infection while working abroad which they would not do while at home in the Philippines. Counseling programs for female overseas workers that ASEP could support should also contribute to reducing risk of HIV infection for women.

One program ASEP is likely to undertake is training for health care workers on HIV/AIDS patient treatment and care, and the real risks to which they are exposed. Since the majority of health care workers in the Philippines are women, programs of this sort will also contribute to reducing the risk of HIV infection for women.

An important factor that increases the risk of HIV infection for women is male reluctance or refusal to modify their behaviors and to adopt sexual practices which will reduce exposure to the disease. In this regard, mass media campaigns directed toward men which heighten awareness of the danger of HIV infection and provide information about safe sex practices is likely to benefit the female population of the Philippines as well.

A major concern in the effort to prevent HIV infection is the relatively high level of misunderstanding by the general public about the transmission of HIV/AIDS. As such ignorance is overcome through IEC activities, and behavioral changes are made accordingly, the result should be a reduced risk of HIV infection for women.

G. Environmental Concerns

Considering the project approach, a categorical exclusion from A.I.D.'s Initial Environmental Examination, Environmental Assessment and Environmental Impact Summary requirements is proposed for the Education and Communication

Component only. This proposal is in accordance with A.I.D. Regulation 16, Section 216.2(c)(2)(viii), which provides for such an exclusion for "programs involving nutrition, health care or population and family planning services, except to the extent designed to include activities directly affecting the environment (such as construction of facilities, water supply systems, waste water treatment, etc.)."

During the NAD design, the Mission identified several issues that needed to be addressed, including human safety factors and the disposal of infectious hospital waste. As such, an Environmental Assessment (EA) is proposed for the Surveillance Component of the project. In the design and implementation of the project, resources will be set aside to carry out the EA and to implement the recommendations made in the EA. Project resources for the Surveillance Component will not be expended until the EA satisfies the Mission's concerns and receives the approval of the Bureau Environmental Coordinator. The EA will follow the guidelines established in A.I.D. Regulation 16, Section 216.6. (See Annex F for the full discussion of the Initial Environmental Examination).

IV. COST ESTIMATE AND FINANCIAL PLAN

A. COST ESTIMATE

The AIDS Surveillance and Education Project is estimated to cost \$8.8 million over its five-year life (TABLE 4). Project funds will be provided by USAID and GOP. AID will provide \$6.5 million (74% of total project cost) subject to the availability of funds and the GOP is expected to contribute the equivalent of \$2.3 million (26% of total project cost).

The USAID project contribution will be used to finance commodities, technical assistance, training, grants to local institutions, research, and monitoring, evaluation, and audits.

Planned obligations of USAID project funds are \$650,000 in FY 92, \$1.4 million in FY 93, \$3.3 million in FY 94 and \$1.15 million in FY 95 (see Table 5).

About 71% of the total USAID project cost (\$4.590 million) will be for local grants and the balance of 29% (or \$1.91 million) will be foreign exchange (Table 6). Table 7 shows the projection of local and foreign exchange costs by project element over the five year life of the project.

The GOP is expected to contribute the equivalent of \$2.3 million. A study of the DOH's (implementing agency) financial position has determined that it has the capacity to provide the expected counterpart contribution. The contribution will consist of DOH expenditure for the AIDS Unit, regional hospital contributions for AIDS surveillance and AIDS activities at RITM. Funds will be provided and expended through the regular GOP budgetary process.

B. METHODS OF IMPLEMENTATION AND FINANCING

Table 8 summarizes the methods of implementation and financing for the AIDS Surveillance and Educational Project. The project will be implemented through:

- * a grant to the New Tropical Medicine Foundation for the local costs associated with the sentinel surveillance system.

- * a grant to an NGO which can make grants or execute contracts for the local costs associated with the IEC component.
- * an institutional contract or buy-in to a centrally funded project for the technical assistance.
- * AID direct procurement for commodities.
- * AID direct payment for overseas training and invitational travel
- * AID direct and limited host country contracts for monitoring, evaluation, and audits.

The contracting arrangements are discussed in detail in the Implementation Plan. The majority of financing will be through USAID direct payment. Fund disbursement methods and financial management systems for these contracts and grants will follow standard USAID procedures.

A recent USAID-requested assessment of the DOH determined that it has a satisfactory contracting capability for contracts in the size range required for this project.

USAID's financial support for surveillance and education activities conducted by private sector organizations will be implemented through a cooperative agreement with a local NGO that: a) has acceptable financial accounting and management systems for the control and use of USAID funds, and b) has the ability to maintain procedures that will minimize the time elapsing between the transfer of funds and their disbursements. Financing will be disbursed to the NGOs through the advance payment method.

C. FINANCIAL MONITORING

USAID will review the financial records and reports of the project. Through those reviews USAID will be able to adequately monitor the financing activities of the project including the counterpart contribution. The Office of Financial Management, USAID/Philippines, is responsible for monitoring project disbursements in order to ensure the propriety of transactions. If necessary, the services of independent CPA firms may be contracted by OFM to carry out financial monitoring activities using project funds set aside for that purpose.

TABLE 4
ILLUSTRATIVE FINANCIAL PLAN
(\$000)

Project Elements	AID G RANT		Total Costs	G O P L O P Contribution	Total L O P Costs
	FY Current Obligation	Future Years Anticipated			
Commodities	30	440	470	0	470
Technical Assistance	200	1,040	1,240	0	1,240
Training	42	708	750	0	750
Local Costs	345	3,245	3,590	0	3,590
Research	33	267	300	0	300
Monitoring/Evaluation/Audit	0	150	150	0	150
Counterpart Contribution	0	0	0	2,300	2,300
	650	5,850	6,500	2,300	8,800

TABLE 6
SUMMARY OF COST ESTIMATES AND FINANCIAL PLAN
(\$000)

PROJECT ELEMENTS	LC	USAID FX	TOTAL USAID	TOTAL GOP
1. Commodities	0	470	470	
2. Technical Assistance	0	1,240	1,240	
3. Training	650	100	750	
4. Local Costs	3,590	0	3,590	
5. Research	300	0	300	
6. Monitoring/Evaluation/Audit	50	100	150	
7. Counterpart Contribution	0	0	0	2,300
	4,590	1,910	6,500	2,300

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**TABLE 7
PROJECTION OF EXPENDITURE
BY FISCAL YEAR AND PROJECT ELEMENT
(\$000)**

Project Elements	1		2		3		4		5		TOTAL	
	LC	FX	LC	FX	LC	FX	LC	FX	LC	FX	LC	FX
Commodities	0	27	0	98	0	115	0	115	0	115	0	470
Technical Assistance		180	0	250	0	350	0	350	0	110	0	1,240
Training	70	8	130	24	150	32	150	27	150	9	650	100
Local Costs	372	0	860	0	800	0	820	0	738	0	3,590	0
Research	30	0	85	0	110	0	75	0	0	0	300	0
Monitoring/Evaluation	0	0	10	0	10	50	20	0	10	50	50	100
TOTAL	472	215	1,085	372	1,070	547	1,065	492	898	284	4,590	1,910

**TABLE 8
METHODS IMPLEMENTATION AND FINANCING**

Project Components	Method of Implementation	Method of Financing	Approximate Amount (\$000)
1. Commodities	PIO/C	Direct Payment	470
2. Technical Assistance	AID Direct Contract	Reimbursable Payment	1,240
3. Training	AID Direct Grant	Direct Payment	650
	AID Direct	Direct Payment	100
4. Local Costs	AID Direct Grant	Direct Payment	3,590
5. Research	AID Direct Grant	Direct Payment	300
6. Monitoring/Eval./Audits	AID Direct/HC Contract	Direct Payment	130
	AID Direct (Environmental Assessment)		20
			6,500

D. AUDITS

The project provides funds for non-federal audits of project activities following guidelines from the AID Office of the Inspector General. Primary responsibility for audits of AID-funded projects lies with the Regional Auditors Office (RAO). However, RAO may contract non-federal auditors for this purpose. Any non-federal audit is carried out through contracts with recognized independent public accounting firms, and is financed through funds set aside within this project activity.

V. MONITORING AND EVALUATION PLAN

A. Routine Implementation Monitoring

Monitoring of the use of project inputs and the production of project outputs will be responsibility of the USAID project committee and the DOH AIDS Unit on the GOP side. Reports on expenditures, input use and output production will be provided on a quarterly basis by the New Tropical Medicine Foundation for the surveillance system and by the lead NGO for the AIDS prevention component. These reports will include basic output measures such as the number of sentinel sites currently included in the surveillance system, the number of HIV tests conducted in the most recent round of testing, the number of community-based NGO AIDS prevention programs funded and the number of cities or other geographic areas where NGO programs are currently active. The USAID project manager will use these reports for the Quarterly Project Status Reports, combined with USAID-generated financial, input and output data for direct USAID contracting and procurement.

B. Purpose-level Monitoring

To monitor progress toward attaining the purpose of the project, two key indicators will be used. For the surveillance system component, the key indicator will be the prevalence rates (averaged across the sentinel sites) for the groups currently being included in HIV testing. The availability of these data over time demonstrates that the system is operational and producing the data needed to respond to the epidemic.

For the AIDS education component, progress toward establishing effective communication programs about HIV/AIDS prevention will be more difficult to monitor. Each NGO funded through ASEP will be required to include a monitoring and evaluation plan that will assess the effectiveness of the activity to: a) provide information/knowledge to its target audience and b) influence attitudes about sexual practices and other behaviors that reduce the individual's chance of HIV infection. Experience with AIDS prevention in other countries clearly indicates how difficult it is to achieve actual behavioral changes which reduce the risk of HIV infection in the short-term. Measurement based on self-reported changes in behavior is also known to be highly unreliable; therefore, this will not be included as a purpose-level monitoring indicator.

Achieving knowledge gains and attitudinal changes is clearly a multi-year endeavor with behavioral changes not likely to occur until the epidemic reaches serious proportions. Individuals reached through these programs may have received information and recognize their behavior as placing them at risk for HIV infection. However, they may not actually change their behavior until people they know who engage in the same behavior develop full-blown AIDS and die.

In the interim, a reasonable purpose-level indicator that will be monitored by the lead NGO is the number of sub-grantee programs which are reporting that at least fifty percent of their clientele are reporting that they are better informed about HIV infection and are at least considering changing their high-risk behaviors (e.g., from pre- and post-test interviews).

C. Project Evaluation

Two project evaluations will be conducted. The mid-term evaluation, scheduled for late 1994 or early 1995, will examine the development of the sentinel surveillance system and the progress of NGO community-based programs. This evaluation will be conducted using two consultants - one U.S. and one Filipino - with expertise covering the surveillance and prevention components. One of these consultants will have experience with AIDS surveillance and prevention programs in other countries. The evaluation will recommend actions to improve the effectiveness of the project, determine whether the surveillance system needs to be expanded further and provide guidance on how the education component and the NGO programs could be made more effective and responsive to the future course of the epidemic. The mid-term evaluation will also assess long-term financial costs and make recommendations for financial sustainability of both project components.

A final evaluation, scheduled for early-1997, will examine the extent to which the project goal and purpose are being achieved. The criteria for success of ASEP need to be made very clear. It is unrealistic to assume that a project of this size will be able to produce a measurable impact on the prevalence of the epidemic within five years. Increasing prevalence rates cannot be interpreted as a project failure; this assumes that the epidemic would have been even worse without ASEP. If the HIV/AIDS epidemic reaches a scale approximating what is occurring in other developing countries, \$6.5 million will be just a drop in the bucket in comparison to the level of effort needed to respond to the epidemic.

The final evaluation needs to assess the importance and contribution of ASEP in forwarding the mechanisms needed to respond to the HIV/AIDS epidemic. For example, with the organizational changes made to the DOH AIDS Unit in preparation for ASE, additional donor funding might have been made available. Questions such as the following need to be examined: a) what uses have been made of the surveillance data, b) how has that data been used for communication purposes and how has it affected strategic planning of the AIDS program, c) to what extent has the AIDS education component advanced the development of an NGO network working on the AIDS epidemic nationwide, d) which NGO programs appear to have been most effective in producing behavioral changes that reduce the risk of HIV infection, e) what mechanisms have been incorporated to ensure sustainability of the surveillance system? Answers to these types of questions which focus on the project purpose will be provided by the final evaluation, including recommendations for future AIDS program development and assistance.

The economic justification for the project is based on the substantial savings in direct and indirect costs that will accrue to society from averting morbidity and mortality due to AIDS as a result of the investment being made in the ASEP. Assumptions on current and future HIV prevalence were utilized in the economic model created to calculate the benefit cost ratio for this project. As more accurate data on HIV prevalence is generated by the HIV sentinel surveillance system, this data will be fed into the economic model to more accurately monitor and evaluate the benefit/cost ratios which have been projected in the economic analysis.

Evaluation scopes of work and team selection will be done collaboratively by USAID, the DOH AIDS Unit, the National AIDS Management Committee and the AIDS Prevention Steering Committee, including the lead NGO.

VI. PROJECT ANALYSIS

A. Technical Analysis

1. Sentinel Surveillance

Establishment of sentinel surveillance systems has been an instrumental element of HIV/AIDS prevention programs worldwide. Such systems are fundamental to monitoring the spread of the disease, anticipating its transmission to additional segments of the population as the epidemic spreads, and planning public information campaigns to slow the rate of infection accordingly. By using a carefully designed sentinel surveillance system, i.e., a monitoring system based on carefully selected groups at a limited number of sites throughout a country, such systems can be established and maintained on a cost-effective basis.

The DOH's sentinel surveillance system was designed with assistance of two internationally recognized experts on the epidemiology and monitoring of HIV/AIDS infection. Drawing on the methods and experience from other countries where similar systems have been established, the DOH's sentinel surveillance plan was developed specifically to be cost-effective. The basic idea is to use key groups for HIV testing from strategically selected locations. From the prevalence rates among these groups over time, inferences can be drawn about the spread of the disease through the total population without having to test large numbers of people. A series of thresholds is used to guide the expansion of testing as surveillance data indicates a worsening of the epidemic.

The sentinel surveillance being proposed will permit the surveillance of HIV-infected individuals that can be directed by a small permanent staff located within the Department of Health. Minimal information will be collected in addition to a blood specimen. Thus, sophisticated computers and computer technology will not be required at the sentinel sites. Furthermore, there are laboratories available within the Department of Health with the technical expertise to perform and monitor testing for HIV antibodies. This proposal, therefore, does not call for the creation of additional laboratories, although it will probably be necessary to train technicians in local laboratories. At least two of the laboratories within the Department of Health have experience and expertise in training technicians in the performance of HIV antibody testing.

In conclusion, not only is the proposed sentinel

surveillance program feasible, it is considerably more cost-effective and technically sound than unsystematic testing of individuals.

2. AIDS Education

Communication campaigns about the risks and transmission of HIV/AIDS infection, combined with information about behavioral changes needed to reduce that risk, are the major interventions being made worldwide to respond to this disease. However, experience to date shows that such communication programs require several years, often accompanied by a worsening of the epidemic, to produce desired behavioral changes. The Philippines initiated a mass media campaign on the risk of HIV/AIDS last year and is currently engaged with a second phase focusing on young adults. However, these efforts need to be expanded to have a meaningful impact on slowing the transmission of the disease.

The project will build on the experience gained from pilot efforts in supporting NGO activities which target communication and out-reach services on known high-risk groups, e.g., men who have sex with men, male and female commercial sex workers. These activities have been funded by the Mission and AIDSCOM over the past three years and several appear to be very promising interventions, e.g., an AIDS information center, an AIDS hotline.

ASE will continue to support and expand such activities. In the broader AIDS prevention strategy, it is important to target these groups at the current stage of the epidemic in the Philippines to slow its transmission to the general population.

Expanding on these pilot efforts capitalizes on two fundamental advantages of the Philippines: a) the country has a long tradition of development communications as a mechanism for encouraging behavioral change, and b) the NGO community is especially well developed in the Philippines and is a major force in social and economic development. The mechanisms to be used - out-reach services, public relations and communication programs - are standard "technologies" that NGOs routinely employ. The country also has advanced national communications systems (i.e., radio, television) to which the vast majority of the population has access.

After review of AIDS prevention campaigns in other developing countries and taking into consideration the communications capabilities and access to high-risk groups that NGOs in the Philippines have, this component of the

project is to be considered technically sound.

B. Financial Analysis

The AIDS Surveillance and Education Project is a non-commercially operated project that was designed to improve the socio-economic infrastructure of the country. To establish the financial feasibility of the project the recurrent cost analysis is used for the following reasons: (1) the activities envisioned to be undertaken by the project are only part of the whole spectrum of activities covered by a national AIDS program, thus there is a need to determine whether sufficient funds will be made available at the time they are needed to carry out the project activities; and (2) the sentinel surveillance system which was patterned after the sentinel surveillance program in Thailand, has been demonstrated to be cost effective as it requires the least number of HIV tests to be conducted with adequate statistical significance, thus there is no need to re-analyze the cost effectiveness of this component.

Extensive discussions with the DOH financial management services personnel and the DOH implementors for the national AIDS program were conducted to determine fund sources for the various AIDS prevention activities. Funds for these activities will mainly be sourced from the regular GOP budgetary appropriation, grants from the World Health Organization (WHO), and the US government through this project.

For the current year, P10 million from Primary Health Care funds have been budgeted for AIDS prevention activities and will be used to cover maintenance and operating expenditures. This is in addition to the budgets that will be provided to the other entities involved in the implementation of the national AIDS program (i.e., BRL, HIS, PIHES, San Lazaro Hospital and the regional hospitals). Yearly budgets and expected appropriations for AIDS prevention activities for the rest of the project life are estimated to at least be equal to the levels for the current year. Continued funding and support for these activities will be provided by the DOH after the end of the project in carrying out their mandate as a public health institution.

The grant from the World Health Organization will be used to cover the operating expenses of the National AIDS Prevention and Control Program office. A grant was provided in 1991 with funding support to continue for 5 years. To date funds totalling approximately P768,000 have been released to the NAPCP. The amount of \$399,000 has been budgeted for release in 1992.

The DOH has formally committed to provide at least P77.38 million from its regular budgetary appropriation which is more than the required \$2.3 million in equivalent pesos as counterpart funding for this project and USAID finds the assurance satisfactory. Counterpart funding has been identified to be provided by entities that are directly implementing AIDS prevention activities, i.e., the Office of the Secretary through the Primary Health Care funds, RITM, BRL, San Lazaro Hospital, and regional hospitals for Regions III and VII. The committed level of counterpart funding is expected to greatly exceed the required level when all possible sources are considered. Accounting and reporting for project funds as well as counterpart contribution will not be a problem for this project for the following reasons: 1) the readiness by which data was provided by the above entities is an indication that the necessary accounting systems and controls are in place to properly account for project costs; 2) the identified contribution are directly attributable to AIDS prevention activities, thus eliminating the difficulty encountered in computing imputed costs; and 3) the DOH is aware and is now taking seriously the USAID's requirement for accounting and reporting counterpart contribution.

The commitment of the GOP to implement a national AIDS prevention program, manifested through financial resources to be provided for related activities and the commitment of the DOH financial management staff to exercise the necessary control to ensure proper utilization of funds provide reasonable assurance for the successful implementation of the project from a financial perspective.

C. Economic Analysis

This section of the project paper summarizes the findings of the economic analysis of the proposed ASE project (See Annex G for the full discussion of the Economic Analysis).

Benefit/Cost Elements

The objective of the economic analysis is to determine whether or not the project is worth doing from an economic perspective, namely, whether or not the social benefits resulting from undertaking the project are greater than the social costs required for its implementation.

A. Benefits Economic benefits arising from the proposed project consist of the discounted reductions in the future

direct costs of treatment of AIDS cases, which for purposes of the analysis, were identified as follows:

1. Direct operating costs of inpatient and outpatient medical treatment avoided as a result of the proposed project, including medicines, but not including AZT medications;
2. Estimates of capital costs associated with the direct treatment of future AIDS cases avoided;
3. Estimates of additional investment costs in public sector hospitals, if any, required as a result of the inability of the public sector to accommodate all the increased demand for inpatient hospitalization as the result of the increase in the number of AIDS cases over time;
4. Estimates of other additional investment costs, if any, that may be required; and,
5. Reduced future operating costs of education and other health promotive and illness prevention programs.

Estimation of direct benefits was limited largely to the first and second elements because of severe data constraints, existing government policies on AIDS treatment and other relevant factors. Indirect benefits primarily consisted of the discounted present value of savings foregone due to premature mortality avoided as a result of the proposed project, estimated at 25 years of productive economic earnings using the projected Gross Domestic Product (GDP) per capita as a proxy for social losses due to premature mortality. Other elements of indirect costs (e.g. costs of absenteeism, costs of reduced productivity, reduction in overseas workers' remittances) were considered in the economic analysis. However, lack of adequate information renders quantification of even ball park estimates for these elements unreliable and extra difficult.

Estimation of total benefits from implementing the proposed project also requires projections of HIV/AIDS cases in the Philippines. The following population groups were identified to be at high risk of transmitting HIV and developing AIDS: male homosexuals and other men who have sex with other men, male and female commercial sex workers, intravenous drug users, promiscuous male and females, overseas contract workers, and others subject to blood transfusions, mainly hemophiliacs. Analysis of existing government data on HIV/AIDS cases in the Philippines reveals a serious downward bias in the reporting of HIV and AIDS cases. The data is not representative of the entire

population or even of high risk groups, since the majority of testing involved female sex workers catering to the US Military personnel, and does not incorporate cases detected in the private medical sector where there is known to be great reluctance to report testing results in the interest of protecting the privacy of patients. As of January 1992, 62 cases of AIDS were recorded and a total of 306 HIV positive cases were reported to the AIDS registry.

In spite of these downward biases and other problems with the data, several things were clear: 1) substantial amount of AIDS already exists in Philippines; 2) vast majority of HIV cases recorded appear to have been transmitted via heterosexual relations; and, 3) upward trend of HIV/AIDS cases. Moreover, Thailand's experience shows that at the time when a cumulative total of 60 cases of AIDS were identified, there was an estimated cumulative total of 100,000 HIV carriers in that country.

Modelling the HIV transmission process is critical to the projection of HIV/AIDS cases in the future. Based on the Epidemiologically based Model (EPIMODEL), three different functional forms of the HIV transmission process can be used: linear, exponential and logistical. One of the key assumptions of the model is that the mean time from HIV infection to AIDS illness is 9.8 years when roughly 77 percent display clinical symptoms of AIDS, 22 percent six months thereafter, and the remainder within the next six months. Using an exponential function assumes absence of the proposed project or some other positive intervention designed to interrupt the transmission process in the early stages of an HIV epidemic. The logistical function is an appropriate functional form characterizing HIV transmission in a country that is in the late phases of transmission, or which already has introduced a program designed to retard the transmission process.

Adopting a conservative approach in the economic analysis means assuming the uninterrupted transmission process of HIV in the Philippines in the absence of the proposed project would be linear and not exponential. In the process of projecting the number of HIV/AIDS cases, it was hypothesized that the proposed project will alter the HIV transmission process, from being indefinitely linear to a logistical function where the latter is consistent with the eventual "peaking" out of the HIV transmission altogether.

From 1992 to year 2007 and using conservative assumptions in the number of HIV cases in the reference year 2003, the EPIMODEL projects total AIDS deaths of 21,500-71,800 without the project (linear HIV transmission process)

and 12,800-42,600 with the project (logistical HIV transmission process). The difference between the linear and logistical estimates of AIDS deaths' present the number of deaths that will be averted if the proposed project is implemented successfully.

B. Costs The present value of the social cost of the proposed project equals the sum of the discounted annual disbursements. We assume that the budget of the proposed project, at \$8.8 million over a period of five years, will be expended evenly over the course of five years, averaging at an expenditure of about \$1.76 million during each year of activity. At a discount rate of 15 percent, the present value of the social cost of the proposed project equals \$6.79 million and at a 5 percent discount rate, \$8.01 million.

Results

The medical treatment costs per AIDS patient and the indirect social productivity costs (See A. Benefits) were estimated and projected from 1992 to 2007 and applied to the number of AIDS deaths averted to quantify potential economic benefits. At a 15 percent discount rate, the total of the present value of the benefits range from \$31.4 million to \$105.4 million. At a 5 percent discount rate, the range is from \$116.9 million to \$417.8 million.

Assuming the higher estimate of the present value of social cost (\$8.01 million), the benefit-cost ratio varies from 3.91 to 13.16 at a 15 percent discount rate and 14.60 to 52.16 at a 5 percent discount rate. With the lower estimate of the present value of social cost (\$6.79 million), the ranges of the benefit-cost ratio are 4.62 to 15.53 at a 15 percent discount rate and 17.22 to 61.53 at a 5 percent discount rate.

Since the benefit-cost ratio yield estimates greater than one under conservative assumptions, the proposed project has the potential for generating social benefits in excess of the social cost required for its implementation.

D. Social Soundness Analysis

1. Sentinel Surveillance

The socio-cultural soundness of the surveillance component of the project centers largely on gaining access to and encouraging the participation of adequate numbers of individuals who belong to the high-risk groups to be tested. Of the four initial groups to be tested, finding adequate

numbers of volunteers among STD patients and returning overseas contract workers is likely to be less difficult than for male homosexuals (or men who have sex with men) and commercial sex workers. Individuals in these latter two groups may be unwilling to be identified as engaging in behaviors which are strongly disapproved of by society at large.

Pilot AIDS communication programs carried out by NGOs over the past two years show that gaining access to and establishing credibility with these groups is possible. On a site-by-site basis, the staff of the surveillance system will need to explore various means of identifying and obtaining the participation of these people in testing. Carefully explaining the purpose of the testing and the fact that AIDS is not transmitted to the individual tested (a current misperception in the Philippines) will be essential. The fact that the testing will be done anonymously should also help overcome initial reluctance to be identified and participate in testing.

2. AIDS Education

AIDS prevention in most countries is a highly sensitive issue because it must address the sexual behaviors which facilitate transmission. The difficulty of dealing with HIV/AIDS prevention is even more difficult in developing countries because of lower levels of education and, in the case of the Philippines, very conservative religious beliefs which strongly condemn homosexuality and prostitution as morally unacceptable behaviors. Yet these are the very behaviors that an AIDS prevention program must discuss. Further, heterosexual transmission is the predominant route for HIV transmission in developing countries; therefore, AIDS prevention programs must ultimately include the entire range of sexually active individuals.

In the Philippines, such messages must be communicated recognizing the conservative public morality of the society - especially that espoused in a country which is predominantly Roman Catholic - while knowing that a significant proportion of the population is highly sexually active contrary to this conservative public morality.

As is the case elsewhere, the AIDS epidemic in the Philippines raises issues which most members of the general public, including health professionals, would rather not have to confront. This includes sexual practices that place the individual at risk, the implicit contradiction between moral religious tenets and actual human behavior, and the fear of death and dying. However, on-going AIDS prevention

activities conducted by the DOH through the mass media and by USAID-funded NGOs working with specific high-risk groups demonstrate that carefully crafted programs which take into consideration public norms and moral sensitivities can be undertaken and can be effective. This work has been underway for more than two years and, so far, there has not been a strong negative reaction from conservative elements of the society which would prevent continued support and expansion of these activities. This suggests that the project's strategy of providing information of special relevance and importance directly to high-risk groups through NGOs can proceed without engendering unduly strong opposition.

3. Conclusions

There is sufficient experience with pilot AIDS prevention activities to conclude that both components can be implemented in ways which are socially and culturally acceptable in the Philippines. Given the grave danger HIV/AIDS poses to the population at large, these activities are very likely to have a positive social impact by contributing to a national program of AIDS prevention. The sustainability of the surveillance system is dependent on the DOH's future funding, but its total cost constitutes a very small percentage of the DOH's current operating budget. The sustainability of the AIDS prevention component will be achieved if a functioning network of NGOs can be established during the course of the project. The project is also expected to benefit large numbers of women positively (see Section III - Gender Issues).

E. Institutional and Administrative Arrangements

The National Economic Development Authority will be the signatory for the GOP on the Project Agreement. For USAID, a project committee headed by the OPHN project officer will be responsible for monitoring project implementation. The DOH service chief for HIS/FETP who also serves as National AIDS Program Manager will be the GOP project manager with supervisory responsibilities for both ASEP components, including the long-term advisors.

Project resources for the sentinel surveillance system will be used for USAID direct procurement of equipment and supplies needed for the system over the next five years. Local operational costs of the system will be funded through a direct grant to the New Tropical Medicine Foundation, created by the Research Institute of Tropical Medicine. Project resources for the AIDS education component of the project will flow through a direct grant to a lead NGO which

will serve as an intermediate institution, administrating sub-grants to other NGOs to implement AIDS prevent activities. The NGO grant will also fund communications, research and other activities associated with AIDS prevention. An NGO Steering Committee will be established to provide oversight of the AIDS education component including the NGO-funded activities.

In establishing these institutional and administrative arrangements, the following factors were considered:

- The limited resources currently available for AIDS prevention from the DOH's operating budget, the non-permanent appointments of staff positions for the present NAPCP, the current organizational structure which places the NAPCP within the Communicable Disease Control Service under the Office of Public Health and the consequent impediments this imposes on the NAPCP to function effectively as a national AIDS planning and coordination body.
- The limited technical capabilities of the NAPCP to implement activities and the anticipated re-direction of the unit to focus on strategic planning and coordination with other DOH services implementing activities needed for AIDS prevention.
- The GOP budgeting and allocation process which in recent years has seriously impeded expeditious implementation of project activities, especially considering the urgency of starting the surveillance system, and expanding AIDS prevention activities as quickly as possible.
- The necessity of drawing on the strongest existing technical capabilities for HIV testing to assure reliable results from the sentinel surveillance system, while recognizing overlapping capabilities and responsibilities between RITM and BRL.
- Certain AIDS prevention activities which are of a national scope, such as the sentinel surveillance system, policy formulation, coordination of various prevention activities, can only be undertaken in an integrated fashion by central government agencies, irrespective of the decentralization of other functions stemming from the Local Government Code.
- The fact that many other AIDS prevention

activities, such as outreach and communication to high-risk groups, are done more effectively by NGOs with access and credibility with such groups.

- The promising results of pilot NGO activities in AIDS prevention funded by USAID through AIDSCOM over the past several years and the need to continue support for these activities to encourage the development of a network of NGOs working on the HIV/AIDS problem in the Philippines.

VII. Conditions, Covenants and Waivers

The following conditions, covenants and waivers are included in the Project Authorization:

A. Source and Origin of Commodities, Nationality of Services

Commodities financed by A.I.D. under the project will be procured consistent with A.I.D.'s "Buy America" policy and shall have their source and origin in the United States., except as A.I.D. may otherwise agree in writing. Except for ocean shipping, the suppliers of commodities or services shall have the Cooperating Country or the United States as their place of nationality, except as A.I.D. may otherwise agree in writing. Ocean shipping financed by A.I.D. under the project shall, except as A.I.D. may otherwise agree in writing, be financed only on flag vessels of the United States.

B. Conditions Precedent

1. Prior to any disbursement, or the issuance of any commitment documents for the HIV/AIDS sentinel surveillance activities: a) an Environmental Assessment will be conducted to ascertain precautions necessary to guarantee safe disposal of all blood products, syringes, and ancillary materials used during blood specimen collection and HIV testing in a hygienic, safe, and environmentally acceptable fashion; b) the Cooperating Country will provide an operational plan for implementing the national sentinel surveillance system, including the assignment of lead responsibilities for the components of the system, the selection of HIV tests to be used, the number and location of sentinel sites (or criteria for the selection of sites) to be included in the system and an annual projected budget; and c) the Cooperating Country will provide concurrence in writing to the PIO/T for the RITM grant.

2. Prior to any disbursement, or the issuance of any commitment documents for the education and prevention component, the Cooperating Country will provide concurrence in writing to PIO/Ts for the NGO Grant, and the technical assistance contract as described in the Implementation Plan.

C. Covenants

An external reference laboratory will be mutually agreed upon to provide external quality assurance for all HIV blood collection and testing procedures.

Annex A
GOP Request for Assistance



Cable Address: NEDAPHIL
P.O. Box 419, Greenhills
Tels. 631-09-45 to 64

Best Available Copy JUN 29 1992

RECEIVED
JUL 2 1 01 PM '92
70111
USAID/OCR

MR. RICHARD JOHNSON
Acting Director
U.S. Agency for International Development
Ramon Magsaysay Center
Roxas Boulevard, Manila

Dear Acting Director Johnson:

We wish to convey the Philippine Government's request for \$6.5 million grant to finance the AID's Surveillance and Education Project (ASEP). The Philippine Government envisions to provide \$2.3 million cash and in-kind contributions as counterpart funding for the project.

To be implemented by the Department of Health (DOH), the five-year project aims to establish/institutionalize a mechanism in the public and private sectors for the (a) monitoring of the prevalence and transmission of HIV and (b) promotion of behaviors which reduce HIV transmission. Major activities will involve (a) the establishment of HIV Sentinel Surveillance Systems at strategically located geographic sites throughout the country and (b) mass media and community-based education, communication and public relations programs which encourage behaviors that reduce the risk of HIV transmission.

We understand that to further enhance the design of the project, the DOH is presently coordinating with the Department of Education Culture and Sports (DECS) on the adoption of a long-term educational approach in AIDS prevention through the formal school system. This approach may possibly be pursued through the integration of AIDS prevention into the existing curricula, through the DECS school-based AIDS prevention program.

We shall highly appreciate USAID's full support to the proposed project.

Thank you for your continued interest in the pursuit of our national development goals.

Received in DRM 7/2
Time 1:00 pm
Clearance/Action Log
Document No. 706
Assigned to Car

Very truly yours,

Cayetano W. Paderanga, Jr.
CAYETANO W. PADERANGA, JR.
Director-General and
Secretary of Socio-Economic Planning

cc: Secretary Antonio Periquet, DOH
Secretary Salvador Enriquez, DBM

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Annex B
Logical Framework

PROJECT/DESIGN SUMMARY
LOGICAL FRAMEWORK

Life of Project:
From FY _____ to FY _____
Total U. S. Funding _____
Date Prepared: _____

Project Title & Number: AIDS SURVEILLANCE AND EVALUATION PROJECT

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	IMPORTANT ASSUMPTIONS																								
<p>Program or Sector Goal: The broader objective to which this project contributes: (A-1)</p> <p>Control the transmission of HIV infection within the Philippines population.</p>	<p>Measures of Goal Achievement: (A-2)</p> <p>Reduction of the annual rate of increase of HIV prevalence.</p>	<p>(A-3)</p> <p>Semiannual results from national sentinel surveillance system for HIV infection.</p>	<p>Assumptions for achieving goal targets: (A-4)</p> <p>Adequate political commitment from public and private sectors in the Philippines to recognize and forcefully address the problem.</p>																								
<p>Project Purpose: (B-1)</p> <p>Establish institutional mechanisms in the public/private sectors which can monitor the prevalence and transmission of HIV infection.</p> <p>Encourage behaviors which reduce HIV transmission.</p>	<p>Conditions that will indicate purpose has been achieved: End-of-Project status. (B-2)</p> <p>a) statistically reliable time series data on HIV prevalence from regional sentinel sites.</p> <p>b) evidence of communication activities effectively encouraging desired attitudes and desired behavioral change</p> <p>c) cohesive network of NGOs capable of undertaking AIDS communication activities.</p>	<p>(B-3)</p> <p>a) analysis of semiannual surveillance data</p> <p>b) Baseline monitoring and evaluation reports of individual communication activities.</p>	<p>Assumptions for achieving purpose: (B-4)</p> <p>a) Administrative mechanisms established which empower DOH AIDS unit and support implementation of the national sentinel surveillance system.</p> <p>b) Receptivity among targeted groups toward messages AIDS education and communication program.</p>																								
<p>Project Outputs: (C-1)</p> <p>National sentinel surveillance system which generates time series data on HIV incidence and prevalence among groups at risk.</p> <p>Mass media and community based public relations, education and communication activities that encourage behaviors which reduce the risk of HIV transmission within groups at risk the general population.</p>	<p>Magnitude of outputs: (C-2)</p> <p>a) availability of semiannual surveillance data from regional sentinel sites according to the DOH implementation plan.</p> <p>b) absolute number of mass media and community based public relations, education, and communication activities.</p>	<p>(C-3)</p> <p>a) AIDS Registry</p> <p>b) DOH AIDS Management Committee semiannual reports</p>	<p>Assumptions for achieving outputs: (C-4)</p> <p>a) adequate staff within DOH to design and implement national sentinel surveillance system for HIV infection</p> <p>b) existence or formation of organizations with access to target populations for education and communication</p>																								
<p>Project Inputs: (D-1)</p> <p>Commodities Training Research Technical Assistance Local Costs Monitoring, evaluation and audit Contingency</p>	<p>Implementation Target (Type and Quantity) (D-2)</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>USAID</th> <th>GOP</th> </tr> </thead> <tbody> <tr> <td>Commodities</td> <td>-</td> <td>-</td> </tr> <tr> <td>Training</td> <td>-</td> <td>-</td> </tr> <tr> <td>Research</td> <td>-</td> <td>-</td> </tr> <tr> <td>Technical Assistance</td> <td>-</td> <td>-</td> </tr> <tr> <td>Local Costs</td> <td>-</td> <td>-</td> </tr> <tr> <td>Monitoring, evaluation and audit</td> <td>-</td> <td>-</td> </tr> <tr> <td>Contingency</td> <td>-</td> <td>-</td> </tr> </tbody> </table>		USAID	GOP	Commodities	-	-	Training	-	-	Research	-	-	Technical Assistance	-	-	Local Costs	-	-	Monitoring, evaluation and audit	-	-	Contingency	-	-	<p>(D-3)</p> <p>Project monitoring/evaluation (e.g. quarterly reports, financial reports, evaluations of education/communications activities).</p>	<p>Assumptions for providing inputs: (D-4)</p> <p>a) Timely availability of USAID, GOP and other donor</p> <p>b) Contractors, grantees and commodities are available as needed on a timely basis.</p>
	USAID	GOP																									
Commodities	-	-																									
Training	-	-																									
Research	-	-																									
Technical Assistance	-	-																									
Local Costs	-	-																									
Monitoring, evaluation and audit	-	-																									
Contingency	-	-																									

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Annex C
PID Approval Cable

PLACE AND OPERATE THE GOP AIDS RESEARCH AND SURVEILLANCE SYSTEM; AND THAT THE USAID PROJECT WILL COMPLEMENT WHO AND DOH ACTIVITIES THROUGH A GRANT TO NGOS. THIS GRANT WILL FUND TECHNICAL ASSISTANCE IN DESIGNING PROTOCOLS FOR SELECTION AND TESTING OF SAMPLE POPULATIONS AS WELL AS PROVISION OF COMMUNITY OUTREACH.

--- WE ENCOURAGE THE MISSION TO COLLABORATE WITH THE AIDS CONTROL AND PREVENTION (AIDSCAP) PROGRAM IN BANGKOK AS PROJECT DESIGN CONTINUES. USAID MAY FIND AIDSCAP ASSISTANCE USEFUL IN DEVELOPING EVALUATION METHODOLOGIES AND PROXY INDICATORS NEEDED TO EXPLORE (1) THE IMPACT OF INFORMATION MECHANISMS (E.G., MASS MEDIA, COMMUNITY-BASED ACTIVITIES, AND EDUCATION) ON BEHAVIOR OF HIGH RISK GROUPS; AND (2) THE POTENTIAL ECONOMIC IMPACT OF HIV/AIDS IN THE PHILIPPINES. AIDSCAP MAY PROVIDE ASSISTANCE IN ESTABLISHING QUALITY CONTROL MECHANISMS AS WELL.

WE ARE INTERESTED IN COMPARABILITY OF SURVEILLANCE RESULTS IN THE REGION AND WORLDWIDE. YOUR COLLABORATION WITH AIDSCAP CAN HELP ACHIEVE COMPARABILITY.

C. FOCUS AND CONCENTRATION

--- YOU SHOULD CONSIDER WHETHER THIS IS A PRIORITY OBJECTIVE. IF IT IS, MISSION MAY WISH TO AMEND ITS CURRENT STRATEGY FOR THE ALLOCATION OF RESOURCES IN HEALTH PRIOR TO PROJECT AUTHORIZATION.

D. EVALUATION

--- THE NAD DOES NOT INDICATE HOW YOU WILL MONITOR AND EVALUATE COST-EFFECTIVENESS. THE PROJECT PAPER SHOULD INCLUDE EVALUATION AS A MEANS OF VALIDATING THE ECONOMIC BASIS FOR THE EMPHASIS YOU GIVE TO AIDS.

4. ISSUES PAPERS OUTLINING WID AND R&D/H/AIDS COMMENTS ON THE NAD WERE PROVIDED TO MOSER ON APRIL 13, AND WILL BE FAXED TO THE MISSION (DRM, IMHOFF).

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Annex D
Statutory Checklist

5C(2) - ASSISTANCE CHECKLIST

Listed below are statutory criteria applicable to the assistance resources themselves, rather than to the eligibility of a country to receive assistance. This section is divided into three parts. Part A includes criteria applicable to both Development Assistance and Economic Support Fund resources. Part B includes criteria applicable only to Development Assistance resources. Part C includes criteria applicable only to Economic Support Funds.

CROSS REFERENCE: IS COUNTRY CHECKLIST UP TO DATE?

Yes. As this project is being authorized under a Continuing Resolution, last year's submission is still applicable. It is found in the PAAD for the Private Enterprise Policy Support Program (492-0457).

A. CRITERIA APPLICABLE TO BOTH DEVELOPMENT ASSISTANCE AND ECONOMIC SUPPORT FUNDS

The project will not impact directly upon these institutions.

1. Host Country Development Efforts (FAA Sec. 601(a)): Information and conclusions on whether assistance will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture, and commerce; and (f) strengthen free labor unions.

2. U.S. Private Trade and Investment (FAA Sec. 601(b)): Information and conclusions on how assistance will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).

The project will not impact directly upon trade or investment.

3. Congressional Notification

The waiting period for the Congressional Notification expired on April 17, 1992 without objection

a. General requirement (FY 1991 Appropriations Act Secs. 523 and 591; FAA Sec. 634A): If money is to be obligated for an activity not previously justified to Congress, or for an amount in excess of amount previously justified to Congress, has Congress been properly notified (unless the notification requirement has been waived because of substantial risk to human health or welfare)?

N/A

b. Notice of new account obligation (FY 1991 Appropriations Act Sec. 514): 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

c. Cash transfers and nonproject sector assistance (FY 1991 Appropriations Act Sec.

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

4. 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.

Yes.

5. 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 assistance.

N/A

6. Water Resources

(FAA Sec. 611 (b); FY 1991 Appropriations Act Sec. 501): If project 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

N/A

Resources Planning Act (42 U.S.C. 1962, et seq.)? (See A.I.D. Handbook 3 for guidelines.)

7. **Cash Transfer and Sector Assistance (FY 1991 Appropriations Act Sec. 575(b)):** Will cash transfer or nonproject sector assistance be maintained in a separate account and not commingled with other funds (unless such requirements are waived by Congressional notice for nonproject sector assistance)?

N/A

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

N/A

9. **Multiple Country Objectives (FAA Sec. 601(a)):** Information and conclusions on whether projects will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; and (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions.

See A.1.

10. U.S. Private Trade (FAA Sec. 601(b)): Information and conclusions how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).

See A.2.

11. 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.

The Project Grant Agreement contains a covenant that the grantee will maintain adequate resources for project implementation. Grantee contributions will include logistical and administrative costs to support contractors, salaries of government participants during training, related travel costs during training, office space, training venues, and other support costs.

b. U.S. -Owned Currency (FAA Sec. 612(d)): Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?

No.

c. Separate Account (FY 1991 Appropriations Act Sec. 575). If assistance is furnished to a foreign government under arrangements which result in the generation of local currencies:

N/A. Local currencies will not be generated.

(1) Has A.I.D. (a) required that local currencies be deposited in a separate account established by the 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 chapter is the source of the assistance) or for the administrative requirements of the United States Government?

(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?

(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?

12. Trade Restrictions

a. Surplus
Commodities (FY 1991
Appropriations Act Sec.
521(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

N/A

productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar or competing commodity?

b. Textiles

N/A

(Lautenberg Amendment) (FY 1991 Appropriations Act Sec. 521(c)): Will the assistance (except for programs in Caribbean Basin Initiative countries under U.S. Tariff Schedule (Section 807," which allows reduced tariffs on articles assembled abroad from U.S.-made components) be used directly to procure feasibility studies, or project profiles of potential investment in, or to assist the establishment of facilities specifically designed for, the manufacture for export to the United States or to third country markets in direct competition with U.S. exports, of textiles, apparel, footwear, handbags, flat goods (such as wallets or coin purses worn on the person), work gloves or leather wearing apparel?

13. Tropical

No.

Forests (FY 1991 Appropriations Act Sec. 533(c) (3)): Will funds be used for any program, project or activity which would (a) result in any significant loss of tropical forests, or (b) involve industrial timber extraction in primary tropical forest areas?

14. Sahel

N/A

Accounting (FAA Sec 121(d)): If a Sahel project, has a determination been made that the host government has

an adequate system for accounting for and controlling receipt and expenditure of project funds (either dollars or local currency generated therefrom)?

15. PVO Assistance

a. Auditing and registration (FY 1991 Appropriations Act Sec. 537): 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 A.I.D., and is the PVO registered with A.I.D.?

Assistance is not to a PVO.

b. Funding sources (FY 1991 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 United States Government?

Assistance is not to a PVO.

16. Project Agreement Documentation (State Authorization Sec. 139 (as interpreted by conference report)): Has confirmation of the date of signing of the project agreement, including the amount involved, been cabled to State L/T and A.I.D. LEG within 60 days of the agreement's entry into force with respect to the United States, and has the full text of the agreement been pouched to those same offices? (See Handbook 3, Appendix 6G for

This information will be cabled within the required time period.

agreements covered by this provision).

17. 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 Untied 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.

18. Women in Development (FY 1991 Appropriations Act, Title II, under heading "Women in Development"): Will assistance be designed so that the percentage of women participants will be demonstrably increased?

Yes. There is expected to be a significant number of women participants in the project, both as beneficiaries and as project implementors.

19. Regional and Multilateral Assistance (FAA Sec. 209): Is assistance more efficiently and effectively provided through regional or multilateral organizations? If so, why is assistance not so provided? Information and conclusions on whether assistance will encourage developing countries to cooperate in regional development programs.

No.

20. Abortions (FY 1991 Appropriations Act, Title II, under heading "Population, DA," and Sec. 525):

a. Will assistance 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.

b. Will any funds be used to lobby for abortion?

No.

21. Cooperatives (FAA Sec. 111): Will assistance help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward a better life?

No.

22. U.S.-Owned Foreign Currencies

a. Use of currencies (FAA Secs. 612(b), 636(h); FY 1991 Appropriations Act Secs. 507, 509):: Describe steps taken to assure that, to the maximum extent possible, foreign currencies

N/A

owned by the U.S. are utilized in lieu of dollars to meet the cost of contractual and other services.

b. Release of currencies (FAA Sec. 612(d)): Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?

23. Procurement

a. Small business (FAA Sec. 602(a)): Are there arrangements to permit U.S. small business to participate equitably in the furnishing of commodities and services financed? Yes.

b. U.S. procurement (FAA Sec. 604(a)): Will all procurement be from the U.S. except as otherwise determined by the President or determined under delegation from him? Yes.

c. Marine insurance (FAA Sec. 604(d)): If the cooperating country 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? No.

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 N/A)

where commodity financed could not reasonably be procured in U.S.)

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 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 from 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

Yes.

particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs?

h. U.S. air carriers (International Air Transportation Fair Competitive Practices Act, 1974): 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. Termination for convenience of U.S. Government (FY 1991 Appropriations Act Sec. 504): If the U.S. Government is a party to a contract for procurement, does the contract contain a provision authorizing termination of such contract for the convenience of the United States?

All contracts will contain such provision.

j. Consulting services (FY 1991 Appropriations Act Sec. 524): 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.

k. Metric conversion (Omnibus Trade and Competitiveness Act of 1988, as interpreted by conference report, amending Metric Conversion Act of 1975 Sec. 2, and as implemented through A.I.D. policy): Does the assistance program use the metric system of measurement

Yes.

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 measures 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?

1. **Competitive Selection Procedures (FAA Sec. 601(e)):** Will the assistance utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise?

Yes.

24. Construction

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

N/A

b. **Construction contract (FAA Sec. 611(c)):** If contracts for construction are to be financed, will they be let on a competitive basis to maximum extent practicable?

N/A

c. 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 enterprise in Egypt that were described in the Congressional Presentation), or does assistance have the express approval of Congress?

N/A

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

N/A

26. Communist Assistance (FAA Sec. 620(h)): 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?

Yes.

27. Narcotics

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

Yes.

b. Assistance to narcotics traffickers (FAA Sec. 487): Will arrangements take "all reasonable steps" to preclude use of financing to or through individuals or

Yes.

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?

28. **Expropriation and Land Reform (FAA Sec. 620(g):** 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?

Yes.

29. **Police and Prisons (FAA Sec. 660):** 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?

Yes.

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

Yes.

31. **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 vehicle manufactured outside U.S., unless a waiver is obtained?

Yes.

32. **Military Personnel (FY 1991 Appropriations Act Sec. 503):** Will assistance

Yes.

preclude use of financing to pay pensions, annuities, retirement pay, or adjusted service compensation for prior or current military personnel?

33. Payment of U.N. Assessments (FY 1991 Appropriations Act Sec. 505): Will assistance preclude use of financing to pay U.N. assessments, arrearages or dues?

Yes.

34. Multilateral Organization Lending (FY 1991 Appropriations Act Sec. 506): Will assistance preclude use of financing to carry out provisions of FAA section 209(d) (transfer of FAA funds to multilateral organizations for lending)?

Yes.

35. Export of Nuclear Resources (FY 1991 Appropriations Act Sec. 510): Will assistance preclude use of financing to finance the export of nuclear equipment, fuel, or technology?

Yes.

36. Repression of Population (FY 1991 Appropriations Act Sec. 511): Will assistance preclude use of financing for the purpose of aiding the efforts of the government of such country to repress the legitimate rights of the population of such country contrary to the Universal Declaration of Human Rights?

Yes.

37. Publicity or Propaganda (FY 1991 Appropriations Act Sec. 516): Will assistance be used for publicity or propaganda purposes designed to support

No.

or defeat legislation pending before Congress, to influence the outcome of a political election in the United States, or for any publicity or propaganda purposes not authorized by Congress?

38. Marine Insurance (FY 1991 Appropriations Act Sec. 563): Will any A.I.D. contract and solicitation, and subcontract entered into under such contract, include a clause requiring that U.S. marine insurance companies have a fair opportunity to bid for marine insurance when such insurance is necessary or appropriate?

39. Exchange for Prohibited Act (FY 1991 Appropriations Act Sec. 569): Will any assistance be provided to any foreign government (including any instrumentality or agency thereof), foreign person, or States person in exchange for that foreign government or person undertaking any action which is, if carried out by the United States Government, a United States official or employee, expressly prohibited by a provision of United States law?

**B. CRITERIA APPLICABLE TO
DEVELOPMENT ASSISTANCE
ONLY**

Assistance is not agricultural activities.

1. Agricultural Exports (Bumpers Amendment) (FY 1991 Appropriations Act Sec. 521 (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: (1) 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 (2) in support of research that is intended primarily to benefit U.S. producers?

No.

2. Tied Aid Credits (FY 1991 Appropriations Act, Title II, under heading "Economic Support Fund"): Will DA funds be used for tied aid credits?

No.

3. Appropriate Technology (FAA Sec. 107): Is special emphasis placed on 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)?

4. **Indigenous Needs and Resources (FAA Sec. 281(b)):** Describe extent to which the activity recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage institutional development; and supports civic education and training in skills required for effective participation in governmental and political processes essential to self-government.

5. **Economic Development (FAA Sec. 101(a)):** Does 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?

6. **Special Development Emphases (FAA Secs. 102(b), 113, 281(a)):** Describe extent to which activity will:
(a) effectively involve 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;
(b) encourage democratic private and local governmental institutions; (c) support the

The project will enable the government and people of the Philippines to come to grips with a life threatening situation in an effective and positive way by strengthening the systems aimed at increasing knowledge and awareness of AIDS and in reducing the spread of the disease.

Yes.

N/A

self-help efforts of developing countries; (d) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (e) utilize and encourage regional cooperation by developing countries.

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

Yes.

8. Benefit to Poor Majority (FAA Sec. 128(b)): 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, has it been designed and will it be monitored to ensure that the ultimate beneficiaries are the poor majority?

Yes. The project will support research intended to benefit every segment of society including the poor majority.

9. Abortions (FAA Sec. 104(f); FY 1991 Appropriations Act, Title II, under heading "Population, DA," and Sec. 535):

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?

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 coercing 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?

N/A

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?

N/A

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

No.

use of these funds by such organization would violate any of the above provisions related to abortions and involuntary sterilization?

10. **Contract Awards** (FAA Sec. 601(e)): Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise?

Yes.

11. **Disadvantaged Enterprises** (FY 1991 Appropriations Act Sec. 567): What portion of the funds will be available only for activities of economically and socially disadvantaged enterprises, historically black colleges and universities, colleges and universities having a student body in which more than 40 percent of the students are Hispanic Americans, and private and voluntary organizations which are controlled by individuals who are black Americans, Hispanic Americans, or Native Americans, or who are economically or socially disadvantaged (including women)?

Consideration will be given to firms submitting proposals which utilize the resources of small and disadvantaged firms as primary or sub-contractors. No fixed amount will be set aside for this purpose.

12. **Biological Diversity** (FAA Sec. 119(g)): Will the assistance: (a) support training and education efforts which improve the capacity of recipient countries to prevent loss of biological diversity; (b) be provided under a long-term agreement in which the recipient country agrees to protect ecosystems or other wildlife habitats; (c) support efforts to identify and survey

N/A

ecosystems in recipient countries worthy of protection; or (d) by any direct or indirect means significantly degrade national parks or similar protected areas or introduce exotic plants or animals into such areas?

13. Tropical Forests
(FAA Sec. 118; FY 1991
Appropriations Act Sec.
533(c)-(e) & (g)):

a. A.I.D.

N/A

Regulation 16: Does the Assistance comply with the environmental procedures set forth in A.I.D. Regulation 16?

b. Conservation:

N/A

Does the assistance place a high priority on conservation and sustainable management of tropical forests? Specifically, does the assistance, to the fullest extent feasible: (1) stress the importance of conserving and sustainably managing forest resources; (2) 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; (3) support training programs, educational efforts, and the establishment or strengthening of institutions to improve forest management; (4) help end destructive slash-and-burn agriculture by supporting stable and productive farming practices; (5) help conserve forested watersheds and rehabilitate those which have

been deforested; (7) support training, research, and other actions which lead to sustainable and more environmentally sound practices for timber harvesting, removal, and processing; (8) support research to expand knowledge of tropical forests and identify alternatives which will prevent forest destruction, loss, or degradation; (9) 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; (10) seek to increase the awareness of U.S. Government agencies and other donors of the immediate and long-term value of tropical forests; (11) utilize the resources and abilities of all relevant U.S. government agencies; (12) be based upon careful analysis of the alternatives available to achieve the best sustainable use of the land; and (13) take full account of the environmental impacts of the proposed activities on biological diversity?

c. Forest degradation: Will assistance be used for: (1) the

N/A

procurement or use of logging equipment, unless an environmental assessment indicates 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; (2) actions which will significantly degrade national parks or similar protected areas which contain tropical forests, or introduce exotic plants or animals into such areas; (3) activities which would result in the conversion of forest lands to the rearing of livestock; (4) the construction, upgrading, or maintenance of roads (including temporary haul roads for logging or other extractive industries) which pass through relatively undergraded forest lands; (5) the colonization of forest lands; or (6) the construction of dams or other water control structures which flood relatively undergraded forest lands, unless with respect to each such activity an environmental assessment indicates 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?

d. Sustainable forestry: If assistance relates to tropical forests, will project assist countries in developing a systematic analysis of the appropriate use of their total tropical

N/A

forest resources, with the goal of developing a national program for sustainable forestry?

e. Environmental impact statements: Will funds be made available in accordance with provisions of FAA Section 117(c) and applicable A.I.D. regulations requiring an environmental impact statement for activities significantly affecting the environment?

Yes.

14. Energy (FY 1991 Appropriations Act Sec. 533(c)): If assistance relates to energy, will such assistance focus on: (a) end-use energy efficiency, least-cost energy planning, and renewable energy resources, and (b) the key countries where assistance would have the greatest impact on reducing emissions from greenhouse gases?

N/A

15. Sub-Saharan Africa Assistance (FY 1991 Appropriations Act Sec. 562, adding a new FAA chapter 10 (FAA Sec. 496)): If assistance will come from the Sub-Saharan Africa DA account, is it: (a) to be used to help the poor majority in Sub-Saharan Africa through a process of long-term development and economic growth that is equitable, participatory, environmentally sustainable, and self-reliant; (b) to be used to promote sustained economic growth, encourage private sector development, promote individual initiatives, and help to reduce the role of central governments in areas

N/A

more appropriate for the private sector; (c) being provided in accordance with the policies contained in FAA section 102; (d) being provided in close consultation with African, United States and other PVOs that have demonstrated effectiveness in the promotion of local grassroots activities on behalf of long-term development in Sub-Saharan Africa; (e) being used to promote reform of sectoral economic policies, to support the critical sector priorities of agricultural production and natural resources, health, voluntary family planning services, education, and income generating opportunities, to bring about appropriate sectoral restructuring of the Sub-Saharan African economies, to support reform in public administration and finances and to establish a favorable environment for individual enterprise and self-sustaining development, and to take into account, in assisted policy reforms, the need to protect vulnerable groups; (F) being used to increase agricultural production in ways that protect and restore the natural resource base, especially food production, to maintain and improve basic transportation and communication networks, to maintain and restore the renewable natural resource base in ways that increase agricultural production, to improve health conditions with special emphasis on meeting the health needs of mothers and children, including the establishment of self-

93

sustaining primary health care systems that give priority to preventive care, to provide increased access to voluntary family planning services, to improve basic literacy and mathematics especially to those outside the formal educational system and to improve primary education, and to develop income-generating opportunities for the unemployed and underemployed in urban and rural areas?

16. Debt-for-Nature

N/A

Exchange (FAA Sec. 463): If project will finance a debt-for-nature exchange, describe how the exchange will support protection of: (a) the world's oceans and atmosphere, (b) animal and plant species, and (c) parks and reserves; or describe how the exchange will promote: (d) natural resource management, (e) local conservation programs, (f) conservation training programs, (g) public commitment to conservation, (h) land and ecosystem management, and (i) regenerative approaches in farming, forestry, fishing and watershed management.

17. Deobligation/

Yes.

Reobligation (FY 1991 Appropriations Act Sec. 515): If deob/reob authority is sought to be exercised 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?

18. Loans

N/A

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.

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?

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?

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?

19. Development Objectives (FAA Secs. 102(a), 111, 113, 281(a)): Extent to which activity will: (1) effectively involve the poor in development, by expanding access to economy at local

The poor are expected to participate in and benefit from this project.

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 towards 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?

N/A

N/A

Women are expected to both participate in and benefit from the project.

N/A

20. Agriculture, Rural Development Nutrition, and Agricultural Research (FAA Secs. 103 and 103A):

a. Rural poor and small farmers: If assistance is being made available for agriculture, rural development or nutrition, describe extent to which activity is specifically designed to increase productivity and income of rural poor; or if assistance is being made available for agricultural research, has account been taken of the needs of small farmers, and extensive use of field testing to adapt basic research to local conditions shall be made.

N/A

b. Nutrition:

N/A

Describe extent to which assistance is 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.

c. Food security:

N/A

Describe extent to which activity increases 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.

21. Population and Health (FAA Secs. 104(b) and (c)): If assistance is being made available for population or health activities, describe extent to which activity emphasizes low-cost, integrated delivery systems for health, nutrition, and family planning for the poorest people, with

The project will emphasize effective means of providing AIDS surveillance and education to potential victims including the poor. The education program in particular will emphasize communication with the general population, including the poor majority.

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.

22. **Education and Human Resources Development (FAA Sec. 105):** If assistance is being made available for education, public administration, or human resource development, describe (a) extent to which activity strengthens nonformal education, makes formal education more relevant, especially for rural families and urban poor, and strengthens management capability of institutions enabling the poor to participate in development; and (b) extent to which assistance provides 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.

N/A

23. **Energy, Private Voluntary Organizations, and Selected Development Activities (FAA Sec. 106):** If assistance is being made available for energy, private voluntary organizations, and selected development problems, describe extent to which activity is:

N/A

a. concerned with data collection and analysis, the training of skilled personnel, research on and

N/A

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;

b. concerned with technical cooperation and development, especially with U.S. private and voluntary, or regional and international development, organizations;

c. research into, and evaluation of, economic development processes and techniques;

d. reconstruction after natural or manmade disaster and programs of disaster preparedness;

e. for special development problems, and to enable proper utilization of infrastructure and related projects funded with earlier U.S. assistance;

f. for 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.

24. Sahel Development (FAA Secs. 120-21). If assistance is being made

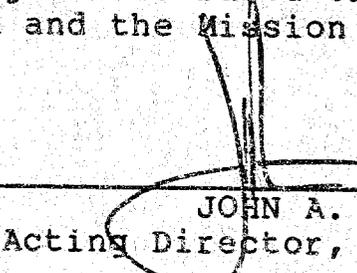
available for the Sahelian region, describe: (a) extent

to which there is international coordination in planning and implementation; participation and support by African countries and organizations in determining development priorities; and a long-term, multidonor development plan which calls for equitable burden-sharing with other donors; (b) whether a determination has been made that the host government has an adequate system for accounting for and controlling receipt and expenditure of projects funds (dollars or local currency generated therefrom).

Annex E
Gray Amendment Certificate

CERTIFICATION PURSUANT TO UTILIZATION OF
GRAY AMENDMENT ORGANIZATIONS

I, JOHN A. PATTERSON, principal officer of the Agency for International Development in the Philippines, have fully considered the potential involvement of small and/or economically and socially disadvantaged enterprises, and do hereby certify the U.S. technical assistance required under the project can best be provided through open competition, with special consideration given to organizations submitting proposals which utilize the resources of small and disadvantaged firms. Commodity procurement for the surveillance component will be carried out by a procurement services agent contractor who will be a Gray Amendment entity. In addition, for project evaluations, efforts will be made to award contracts to Gray Amendment-satisfying firms. My judgment is based on the recommendations of the Project Team and the Mission Review Committee.



JOHN A. PATTERSON
Acting Director, USAID/Philippines

Annex F
Initial Environmental Examination

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INITIAL ENVIRONMENTAL EXAMINATION

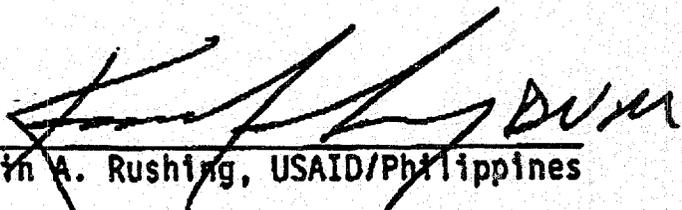
(A) PROJECT COUNTRY: Philippines

(B) ACTIVITY: AIDS Surveillance and Education Project (492-0473)

(C) A.I.D. FUNDING: \$6.5 million

(D) PERIOD OF FUNDING: FY 1992 - FY 1997

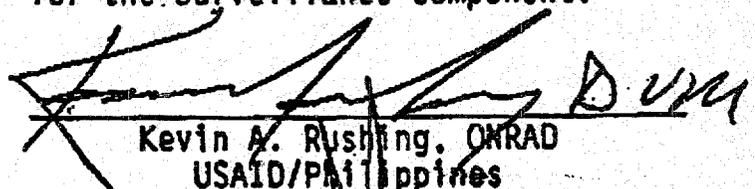
(E) STATEMENT PREPARED BY:


Kevin A. Rushing, USAID/Philippines

(F) ENVIRONMENTAL ACTION RECOMMENDED: Categorical Exclusion under A.I.D. Regulation 16, Section 216.2(c)(2)(vii) for the Education and Communication component.

Environmental Assessment (EA) under A.I.D. Regulation 16, Section 216.6 for the Surveillance component.

(G) ENVIRONMENTAL OFFICER CLEARANCE:


Kevin A. Rushing, ONRAD
USAID/Philippines

(H) USAID/PHILIPPINES DIRECTOR'S DECISION:

APPROVED: 

DISAPPROVED: _____

DATE: May 5, 1992

(I) DECISION OF ASIA BUREAU'S ENVIRONMENTAL OFFICER:

APPROVED: M. Kak

DISAPPROVED: _____

DATE: 5-14-92

EXAMINATION OF THE NATURE, SCOPE AND MAGNITUDE OF THE ENVIRONMENTAL IMPACT

A. Description of the Project:

The proposed project will provide approximately \$6.5 million in project assistance to the Philippine Department of Health (DOH) to establish

institutional mechanisms in the public/private sector which can monitor the prevalence and transmission of HIV infection and encourage behaviors which reduce HIV transmission.

The lack of reliable surveillance data on the prevalence and geographic distribution of HIV infection hampers efforts to generate attention to AIDS prevention, identify groups at risk, and target interventions effectively. Preventive interventions instituted at this early stage in the epidemic will have greater impact than similar interventions at a later stage. The Project's approach is to establish an AIDS sentinel surveillance system among high risk groups which can accurately predict the prevalence and geographic distribution of HIV infection; and to simultaneously support preventive interventions aimed at high risk groups in geographic areas identified by the surveillance system among the general population.

The proposed technical assistance will be in the areas of epidemiological based surveys, public health information, education and communication.

B. Recommended Environmental Action:

Considering the project approach, a categorical exclusion from A.I.D.'s Initial Environmental Examination, Environmental Assessment and Environmental Impact Summary requirements is proposed for the Education and Communication Component only. This proposal is in accordance with A.I.D. Regulation 16, Section 216.2(c)(2)(viii), which provides for such an exclusion for "programs involving nutrition, health care or population and family planning services, except to the extent designed to include activities directly affecting the environment (such as construction of facilities, water supply systems, waste water treatment, etc.)."

During the NAD design, the Mission identified several issues that needed to be addressed, including human safety factors and the disposal of infectious hospital waste. As such, an Environmental Assessment (EA) is proposed for the Surveillance Component of the project. In the design and implementation of the project, resources will be set aside to carry out the EA and to implement the recommendations made in the EA. Project resources for the Surveillance Component will not be expended until the EA satisfies the Mission's concerns and receives the approval of the Bureau Environmental Coordinator. The EA will follow the guidelines established in A.I.D. Regulation 16, Section 216.6.

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Annex G
Economic Analysis

ECONOMIC ANALYSIS FOR THE AIDS SURVEILLANCE AND EDUCATION PROJECT

by James R. Jeffers, Ph. D.

I. Background

A. Purpose of Economic Analysis

The "Economic Analysis" of the proposed project is to establish whether or not the project is "worth doing" from an economic perspective, namely whether or not the social benefits resulting from undertaking the project are greater than the social cost required for its implementation. This effectively is established, if as a result of conducting an appropriate "cost benefit analysis, the ratio of discounted social benefits exceed discounted project costs. Costs and benefits should be calculated on an opportunity cost basis, i.e., what society loses in terms of production, if resources were committed to the best alternative investment rather than toward the implementation of the proposed project. The economic analysis also should consider the cost effectiveness of the project design as compared to any existing alternatives, and to provide some insights as to possible policy initiatives that should be considered during the course of project implementation.

B. Summary of Benefit/Cost Analysis Methodology

The major elements of cost to be considered is the total cost of the project estimated to be US\$8.8 millions, including AID's contribution and a 25% GOP matching contribution. Elements of benefits involved in the Benefit/Cost Analysis consist of savings of direct costs of treatment and ongoing disease and surveillance programs as well as health education programs that would not have to be conducted on such a large scale, if the incidence of HIV positive cases and consequent AIDS cases were reduced. In addition to these, and perhaps most importantly, are the indirect cost savings benefits in the form of reduction in forgone earnings due to reduced mortality from AIDS in the future. Each of the benefit categories will be discussed in detail below, based on an examination of previous literature cited at the end of this section of this Project Paper.

1. Key Direct Benefit Cost Elements

The key elements in the benefits of the proposed project consist of the discounted reductions in the future direct costs of treatment of AIDS cases, which for purposes of this analysis, were identified as follows:

- direct operating costs of inpatient and outpatient medical treatment avoided as a result of the proposed project, including medicines, but not including AZT medications;
- estimates of the capital costs associated with the direct treatment of future AIDS cases avoided;
- estimates of the additional investment costs in public sector hospitals, if any, required as a result of the inability of the public sector to accommodate all the increased demand for inpatient hospitalization as the result of the increase in the number of AIDS cases over time;
- estimates of other additional investment costs, if any, that may be required; and
- reduced future operating costs of education and other health promotive and illness prevention programs.

2. Key Elements of Indirect Benefits

Economic benefits primarily consist of the discounted present value of saving foregone economic production due to premature mortality avoided as a result of the proposed project, estimated at 25 years of productive economic earnings using the projected Gross Domestic Product per capita (GDP/C) as a proxy for social losses due to premature mortality. Note that the use of GDP/C as a measure of potential social loss obviates the necessity of estimating rates of unemployment, since this already is taken into consideration in the projections. Not estimated but acknowledged are the added costs avoided which should be subtracted from the benefits stream in the form of reduced social investment costs of raising children which are avoided as a result of premature death due to AIDS in the case of children and infants. The reduced investment costs of raising children due to premature mortality, however, were not considered in the analysis presented here.

The model used in the analysis assumes that all potential AIDS deaths are members of the adult population and that the concentration of AIDS victims falls in the age group of 15-34. The AIDS transmission processes involving children and infants remains extremely unclear; hence transmission of HIV positive in these cases are not included in the most highly regarded models of HIV transmission and resulting cases of AIDS incidence and mortality.

Other indirect costs include the costs of absenteeism, costs of reduced productivity and retraining requirements, and costs of child rearing on behalf of children who have lost their mothers and fathers were not included in the analysis as was the case in the Thai study, due to the difficulty in making such estimates and the absence of data, time, and other resource inputs that would be required. The same is the case with possible costs associated with reductions in tourism, potential reductions in foreign investment, and reduction in overseas work activities and consequent reduction in foreign exchange remittances, all of which would be avoided if AIDS mortality were reduced as a result of the proposed project.

II. Methodological Issues and Approach: Conclusions from Analysis of Existing Data and Similar Analyses Needed for Projecting Future Benefits

It has been established that cases of AIDS originate only in persons testing positively for the various strains of HIV. It further has been established that the incubation period for the development of clinical symptoms of AIDS is long. While estimates vary, the review of the literature reveals that on the average 50% of HIV positive develop AIDS within 10 years and that 77% of HIV positive develop AIDS within 15 years. Also those displaying clinical symptoms of AIDS usually die within 1.5 years. Thus the basis for projecting the number of AIDS cases that will appear in any given population is to first project the number of HIV positives that are likely to be recorded in that population in the future, and on that basis project the number of AIDS cases that will result thereafter. Also, since there is no known cure for AIDS (although the very expensive drug AZT delays the onset of AIDS symptoms for a few years in some cases) effective intervention is confined to slowing down or eliminating the transmission of the HIV.

Conventional wisdom concerning HIV transmission is predicated on the notion that there are several population groups at high risk including: male homosexuals and other men who have sex with other men, male and female commercial sex workers, intravenous drug users (IVDUs), promiscuous male and females, overseas workers, and others subject to blood transfusions, mainly hemophiliacs. Intervention in the HIV transmission process primary consists of attempting to change the life and work styles of those in the high risk groups to reduce the chances of them transmitting HIV to others within and outside the groups and to change the lifestyle of those in the low risk groups so as to minimize their chances of coming into risk of transmission contact with HIV positives. Specific types of interventions to facilitate these behavioral transitions are discussed later below.

The first major task involves estimating the number of AIDS cases that are likely to be experienced during the next 15 years. The methodological issue

involved in this task concerns determining the stage in which the Philippines is in with regards to HIV transmission and the probable mathematical form of the transmission process (e.g., linear, exponential, or logistic) which is the basis for projecting the future prevalence of HIV positive and consequently new cases of AIDS. The second major task concerns estimating the impact of the project on reducing the number of new AIDS cases, which in turn hinges on the project's impact on interrupting the HIV transmission process.

A. **Current Data Available Concerning Number of HIV and AIDS Cases in the Philippines**

Unfortunately, the current state of the data base and knowledge of the number of HIV positive cases and the rate at which HIV transmission occurs in the Philippines is very underdeveloped, hence the need for the proposed project. The same is true of the state of knowledge concerning the actual number of AIDS cases. Essentially, data available concerning the number of HIV positive and known cases of AIDS come from case finding and voluntary reporting, the later originating at public health medical institutions. The first full-blown case of AIDS was recorded in 1984. As of January 1992, 62 cases of AIDs were recorded and a total of 306 HIV positive cases were reported to the AIDS registry. The bulk of the cases of both HIV positive and AIDS cases resulted from targeted case finding efforts conducted in Metro Manila, Olongapo, and Angeles City, and identified the three largest risk groups as female commercial sex workers, male homosexuals, and overseas workers. These testing exercises, however, were neither true surveillance nor sentinel detection efforts; rather they were focused efforts concentrated on commercial sex areas preponderantly frequented by American Military personnel.

It is estimated that roughly 200,000 tests have been administered in the country, 93% of which were administered to prostitutes working in close proximity to US Military bases. This number of tests even in the absence of "repeat tests" represents less than 1/2 of 1% of the total population. Of the total 306 HIV positives recorded, 244 were recorded in these areas. Most authorities recognize that these testing efforts and their resulting findings do not give a very accurate picture of the incidence, and of the cumulative incidence and prevalence of either HIV positives or of AIDS cases for the following reasons:

- The bulk of the tests administered targeted workers in commercial sex establishments, catering primarily to American military personnel. While usually commercial sex workers constitute a high risk group, for many years US servicemen have been tested for HIV before leaving the US, before disembarking at a foreign port and periodically while serving at overseas posts. Thus the patrons of the workers at the sites

chosen for screening were of unusually low risk resulting in a downward bias in the prevalence of HIV and AIDS cases.

- Many commercial sex workers refused to be tested. One can assume that those who had an idea that the outcome of the test would be positive and thus have dire economic consequences such as the necessity to stop work, would be the most likely to refuse to be tested.
- Testing was repeated over and over for the same people resulting in inflating the denominator which otherwise might have served as a basis for calculating prevalence rates.
- The existing number of HIV positive is very small, and is biased toward female sex workers. Thus the data set does not permit classification into meaningful occupational groupings useful for future projections of probable economic impact of growth in the number of AIDS deaths in the future.
- The data are in no way representative of the entire population or even of high risk groups, since the majority of testing involved female sex workers catering to US Military personnel, and does not incorporate cases detected in the private medical sector where there is known to be great reluctance to report testing results in the interest of protecting the privacy of patients.

In spite of these downward biases and other problems with the data, several things are clear. First a substantial amount of AIDS already exists in the Philippines, and the majority of those infected are Filipinos. Second, the vast majority of HIV cases recorded appear to have been transmitted as a result of heterosexual relations. Note that when Thailand had reached a cumulative total of 60 cases of AIDS, there was an estimated cumulative total of 100,000 HIV carriers in that country (personal interview with Dr. George Peterson, WHO representative, AIDS, Manila, Philippines), most of which had been transmitted as the result of heterosexual relations. Third, the data show a clear upward trend, even in a population which is well informed and heavily tested. This suggests that the trend in HIV and AIDS among other high risk groups and possibly even the general population which is not so well informed is higher than is generally thought, and that the trend in HIV positive and AIDS cases is likely to be rising exponentially. An exponential rate of increase is consistent with all countries in the early stages of HIV and AIDS prevalence prior to pandemic levels of prevalence, which precede virtually uncontrollable epidemic and consequent irreversible disaster, the latter situation already existing in many African countries.

B. Estimation of the Number of Cases of AIDS in the Philippine 15 Years in the Future, With and Without the Proposed Project

1. The HIV Transmission Process: Assumptions Underlying Projections

During the course of a literature review and conducting personal interviews of known experts in AIDS in the Philippines, it was suggested that the proper approach toward estimating the number of Philippines AIDS cases in the future would be to utilize the data that could be generated by a model of the HIV transmission process. Several attempts have been made to model the HIV transmission process based on historical evidence of the rates of growth in high risk populations and the rate of interaction between high risk populations and low risk populations in several countries for which sufficient data are available.

Obviously, the values and norms of each culture determine both the size of high risk populations and the degree of interactions between high and low risk populations at any point in time and over time. Therefore, the choice of the epidemiological model to be used for projecting the rate of growth in HIV infection in the Philippines should be based on the Asian culture in general and should be adjusted to reflect the unique aspects of the Philippines culture as much as possible. In the absence of historical data accurately reflecting the aspects of Philippine culture relevant to projecting the probable rate of growth of HIV in the Philippines, it is impossible to find a model that is "perfect" for the Philippines situation. Models based solely on the US, European, African, and Australian experiences were rejected outright.

The World Health Organization uses a model incorporating point seroprevalance estimates in combination with assumptions about the trend of HIV infections, called "Epimodel", developed by James Chin and Stephen Lwanga of the World Health Organization/Global Program on AIDS (Chin, J, and Lwanga,S., (1990). Estimation and Projection of Adult Aids Cases: A Simple and Non-Mathematical , Epidemiologically based Model. Global Programme on AIDS, WHO, Geneva.) Given information about the year of widespread infection, and the number of cases of HIV infection in a given reference year, the model can be used to extrapolate estimates of the number of HIV and AIDS cases and deaths for several years forward, assuming three different functional forms of the HIV transmission process: linear, exponential, and logistical (the well known "S" shaped curve). Note, as already mentioned above, the model projects only nonpediatric cases and does not allow for competing causes of adult mortality. The model assumes that the mean time from infection from HIV infection to AIDS illness is 9.8 years when roughly 77% display clinical symptoms of AIDS, 22% within six months thereafter,

and the remainder within the next six months. The median time from AIDS illness to death is 1.5 years. These particular assumptions are programmed into the model and can not easily be altered by users. Finally, the model rounds up numbers to even "100s"; thus an input of 59 would be displayed as 100.

The EPIMODEL has been developed for use on personal computers and is thus an excellent tool for making rapid forecasts of the probable number of HIV and AIDS cases a country may experience in the future. The model incorporates several epidemiologically-based and maintained hypotheses about rates of growth of HIV transmissions within high risk groups and between these groups and the general population at low risk, and allows users to input several important assumptions about variables which reflect the special situation of individual countries. The model also allows for specifying a base period in which widespread transmission is likely to have begun, a "window period," a period extending from the base year until a "reference year" at which point projections of "take off" can be made. The window period obviously may be viewed as a period in which substantial intervention efforts can be undertaken in the interests of reducing the rate of growth in AIDS cases in the future. The window period chosen for purposes of analysis is the period 1990-2003. The fact that this period is long reflects both conservatism in terms of how fast HIV is being transmitted currently in the Philippines and allows the model to generate estimated incidence, prevalence, and cumulative prevalence of HIV cases, and the same information in the case of AIDS with the addition of estimates of death to the year 2007, as required for this analysis. The projections of the number of HIV positive and AIDS cases for the period years 1992-2007 are made based on several assumptions which are elaborated below.

Unlike Thailand and India, the rate of HIV infection in the Philippines is assumed not to have begun to spread extensively until the late 1980s or early 1990s, say around 1990, as compared to the middle 1970s in the case of Thailand. It is assumed, however, that the number of AIDS cases reported for the Philippines as of January 1992, 62, undoubtedly reflects substantial under reporting and thus has been somewhat arbitrarily revised upward to 100 for that year.

Under reporting by 1000 fold or more is not inconsistent with the experience of epidemiologists in connection with other communicable diseases at the early detection phases. In the absence of reliable data, however, projecting the number of future HIV cases for the reference year 2003 on the basis of several alternative assumptions appears to be appropriate in order to acquire insight into the possible implications of alternative states of

infection as well as future possible trends in future rates of transmission and resulting deaths from AIDS.

As already stated, when Thailand had 100 AIDS cases, it is estimated that it already had roughly 100,000 persons infected with HIV. Note that if the 7% of the 200,000 tests already administered in the Philippines not targeted at persons associated with US military establishments yielded 62 positive HIV cases (306 - 244) out of 14,000 tests ($.07 \times 200,000$) and these results could be regarded as representative of the number of HIV cases in the entire population at risk, implies a prevalence rate of over 4.4 per thousand ($(62/14,000) \times 1000$). That rate of prevalence if applied to the entire population, say 60,000,000, would yield a number of current HIV positive cases of over 260,000 at the current time. If multiple testing of the same individuals in this fraction of the population already tested occurred, the actual implied prevalence rate even would be higher. One eminent authority has suggested that the current prevalence of HIV positive may be as high as 5/1000 which would imply the existence of roughly 300,000 HIV positive in the country at the present time.

Clearly, the number of cases found as of January 1992 (306) is biased downward drastically for reasons already explained above. Assuming that the prevalence of HIV positive is 5/1000, or even that the number of such cases in the Philippines is the same as in Thailand when that country experienced 60 cases of AIDS, both would seem to be rather high to most Filipinos, given that the Philippines is a rather different culture from that of Thailand. All must admit, however, that the observed number of 60 plus AIDS cases is a fact, and that in spite of cultural differences, epidemiologists would insist that this implies the existence of somewhere in the neighborhood of 100,000 HIV positives. Thus 100,000 cases in the reference year 2003 (11 years from now), would be very conservative, but is considered as the highest among a range of estimates for that year for purposes of this analysis. The lowest estimate is assumed to be 30,000 in the reference year 2003 which by all reasonable interpretations of the data appears to be exceedingly low. The middle range of HIV positive assumed for that year is 70,000 HIV positive cases. For purposes of this analysis, the rate of 70,000 HIV cases by the year 2003 is still a very conservative estimate of HIV cases in that year, with 100,000 sufficient to represent impending epidemicity in the context of the Philippines. If the project shows benefit/cost ratios greater than 1 under these very conservative assumptions, clearly the project is "worth doing."

It is assumed that the Philippines is in the early stages of an HIV epidemic. In the absence of the proposed project or some other positive intervention designed to interrupt the transmission process, the experience of

other countries indicates that the appropriate mathematical functional form characterizing the transmission process be an exponential function. A logistical function involves an initial phase of growth at an increasing rate, yielding to an inflection point after which growth rates continue at a decreasing rate. This functional form often is regarded as an appropriate functional form characterizing HIV transmission for a country that is in the late phases of transmission, or which already has introduced a program designed to retard the transmission process and "bring it under control." In the interests of conservatism, however, it is assumed that the uninterrupted transmission of HIV in the Philippines in the absence of the proposed project would be linear and not exponential.

The impact of the project is that it will alter the transmission process, and thus reduce both the number of HIV positive cases and the resulting number of AIDS cases arising during the course of the next 15 years. The maintained hypothesis of the project is that as a result of its implementation, the HIV transmission process will be altered from being indefinitely linear to a logistical function where the latter is consistent with the eventual "peaking out" of HIV transmission altogether. How this is envisioned to come about and as well as the implications for the future number of AIDS deaths projected in the future is further elaborated below.

2. Three Scenarios of HIV Transmission and the Possible Effects of Proposed Project Interventions on Averting AIDS Deaths

As stated above, early stages of uninterrupted HIV transmission is likely to follow an exponential function. For purposes of analysis in the case of the present study a more conservative approach is taken. It is assumed that in the case of the Philippines, the initial phases of HIV transmission are assumed to be linear and that as a result of the proposed project, the transmission process will be transformed into a logistical process that eventually will peak out.

Table 1 below presents three alternative estimates of the number of AIDS deaths per year projected over the interval 1992-2007, with different assumptions concerning the number of HIV positives assumed to exist in the reference year 2003, namely 30,000, 70,000, and 100,000 cases, respectively. The table also presents the results under the assumption that the HIV transmission process is linear (LIN) and S shaped (S), the later assumed to be achieved as a result of implementing the proposed project. (See Table 1).

Finally, the last three columns of the table (DIF) present the number of deaths that will be averted if the proposed project is implemented successfully, depending on the number of HIV positive cases existing in the

TABLE 1: CASES OF AIDS DEATHS PROJECTED PER YEAR: 1992-2003

YEAR DEATHS OCCUR	LIN 30,000	LIN 70,000	LIN 100,000	LOG 30,000	LOG 70,000	LOG 100,000	DIFF 30,000
1992	100	100	200	0	100	100	100
1993	200	400	600	0	100	200	200
1994	300	800	1,100	100	200	300	200
1995	500	1,200	1,700	100	300	400	400
1996	700	1,700	2,400	200	400	600	500
1997	900	2,200	3,200	200	600	800	700
1998	1,200	2,700	3,900	300	800	1,100	900
1999	1,400	3,200	4,600	400	1,000	1,500	1,000
2000	1,600	3,600	5,200	600	1,400	2,000	1,000
2001	1,700	4,000	5,700	800	1,800	2,500	900
2002	1,800	4,300	6,100	1,000	2,300	3,200	800
2003	2,000	4,600	6,600	1,200	2,800	4,000	800
2004	2,100	4,900	7,000	1,500	3,500	5,000	600
2005	2,200	5,200	7,400	1,800	4,200	5,900	400
2006	2,300	5,500	7,800	2,100	4,900	7,000	200
2007	2,500	5,800	8,300	2,400	5,600	8,000	100
TOTAL	21,500	50,300	71,800	12,800	29,800	42,600	8,900

Source: Calculations of the author generated from EPIMODEL, based on assumptions of HIV positive in the reference year, 2003.

reference year 2003. Note that the number of AIDS deaths rises dramatically in response to the number of HIV positive assumed for the year 2003. This in and of itself is almost sufficient to justify the project which will provide better information on the number of HIV positives in the Philippines.

Measurement of the impact of the proposed project on the rate of transmission of HIV and the consequent reduction in the number of AIDS cases in the future is shown in the last three columns of Table 1 below under the headings "DIF 30,000, 70,000, and 100,000" respectively, indicating the number of AIDS deaths that can be averted by the proposed project. These estimated numbers of AIDS death under the three different assumptions of the number of HIV positives at the reference year 2003 are used to calculate the present value of direct and indirect benefits of the proposed project under these three different scenarios.

III. Direct and Indirect Benefits of the Proposed Project

1. Direct Medical Treatment Cost Savings

There are many approaches to estimating the medical treatment costs of AIDS cases. As is well known, people do not die directly from AIDS, but rather die from a wide range of illness which initially present with classic symptoms until the immune system retrogresses progressively such that clinical symptoms of these illnesses become increasingly pronounced and patients become increasingly unresponsive to known medical therapies administered for treatment of these illnesses. Thus treatment of AIDS cases consists of a range of medical interventions, ranging from measures to cure early disease manifestations, and the administration of preventive therapies (e.g., administration of immediate preventive antibiotic therapy) as well as efforts to maintain or reduce the rate of retrogression of the immune system (vitamin therapy).

In the Thai Study, referenced at the end of this section of the Project Paper, it was conservatively assumed that only 30% of patents with AIDS would seek medical treatment; patients admitted to hospitals would require 25 days of care; and that all of these patients would be treated in the public medical sector. An effort was made to estimate the additional investment in hospital beds due to the increased number of bed days required to handle future AIDS cases presenting at public sector hospitals. It also was assumed that each patient seeking care would visit outpatient clinics 5 times on the average.

In the Philippines, the situation is rather different. In Thailand AIDS patients die within 1.5 years from the on-set of clinical symptoms, whereas in the

Philippines AIDS patients die on the average within 9.6 months. These differences probably reflect the different stages of AIDS incidence between the two countries as well as cultural differences. Currently as a matter of policy, all diagnosed AIDS cases are treated at only two specialized hospitals, San Lazaro and the Research Institute for Tropical Medicine (RITM) hospital. Thus, 100% of known AIDS patients entering the public health system are treated, and are treated at hospitals which are designed to manage AIDS cases effectively. Thus, the costs of AIDS treatment must be determined from the data accumulated at these institutions and should not be inferred from the general costs of ordinary public sector hospitals. Unless the policy of universal treatment is changed, in the Philippines context it is appropriate to assume that all AIDS patients will receive treatment at "specialty" hospitals.

The following information concerning the treatment of AIDS patients and rough estimates of costs relevant to the Philippines situation was obtained from intensive personal interviews of the medical staff at RITM, although the author remains totally responsible for any errors. It is emphasized that RITM has been collecting vast amounts of data concerning various aspects, including treatment costs of AIDS patients in the Philippines, and has been actively seeking technical assistance to organize these data, combine them with estimates of the economic costs of AIDS, and to publish the results for comparative studies and for social policy formulation purposes. Based on the interviews conducted at RITM, AIDS cases are managed with greater reliance at out patient departments rather than as in-patients. AIDS patients are often hospitalized for brief stays only, averaging roughly 12 days per patient. On the average, however, AIDS patients receive about 7.0 outpatient visits. Based on these considerations and the efforts of the medical staff to estimate average cost per AIDS patient the estimates associated with treatment for the year 1992 were derived and are presented in Table 2 below.

TABLE 2: ESTIMATED TREATMENT COSTS OF AIDS PATIENTS, 1992 PESOS

a. Direct Inpatient treatment costs	
Operating costs of In-Patient Treatment,	P24,000
Additional 20% reflecting Government Subsidy	P4,800
Additional mark-up of 10% for depreciation costs	P2,880
Sub-Total	P31,680
b. Direct Out-patient treatment costs	
Operating costs of Outpatient treatment	P17,305
Additional 20% reflecting Government Subsidy	P2,076
Additional mark-up of 10% for depreciation costs	P1,938
Sub-Total	P21,319
Total Costs Per AIDS Patient (Estimated for RITM, 1992)	P52,999

Source: Calculations of the author with the assistance of the medical staff of RITM.

Table 3 below presents direct medical costs per AIDS patient projected over the interval of years 1992-2007. These projections were made by inflating the 1992 cost estimates presented in Table 2 above by projected rates of change in the CPI and Peso/Dollar exchange rates to yield inflation and exchange rate cost estimates in dollar terms over those years. (See Table 8.1 and 8.2) These results were further discounted back to 1992 using two discount rates 5% and 15%, respectively. Justification for using these two discount rates is provided in the immediately following section.

TABLE 3: PRESENT VALUE OF DIRECT MEDICAL TREATMENT COSTS PER AIDS PATIENT PER YEAR 1992-2007 (IN US \$)

YEAR	PRESENT VALUE OF COSTS OF TREATMENT: 15% DISCOUNT	PRESENT VALUE OF COSTS OF TREATMENT: 5% DISCOUNT
1992	1,958	1,958
1993	1,741	1,907
1994	1,541	1,849
1995	1,365	1,793
1996	1,208	1,738
1997	1,069	1,684
1998	821	1,553
1999	725	1,502
2000	640	1,451
2001	564	1,401
2002	496	1,350
2003	436	1,299
2004	333	1,191
2005	292	1,145
2006	257	1,100
2007	225	1,057

Source: Calculations of the author

Note that the AIDS medical treatment cost estimates include estimates of direct operating costs, Government subsidies, and allowances for capital costs. Operating costs include all diagnostic tests and medicines (but not AZT), but exclude the costs of tests employed for research purposes, even though such test results usually are extremely useful for adjusting treatment regimes. The costs presented in Table 3 above were extrapolated into the future for each year until 2007, conservatively assuming an annual increment of cost equal to the projected rate of change in the consumer price index (CPI). This procedure is extremely conservative, since medical cost increases generally exceed the rate of increase in the CPI, and more expensive drugs useful for treating AIDS cases already are available but are not used, because they are too expensive. Newer but expensive drugs are in the clinical trial stages and undoubtedly many such drugs will be used in the treatment of AIDS in the near future.

Note that an effort was made to project the number of new hospitals that would be needed to manage the number of new AIDS cases arising in the future assuming that 30% of these cases would seek admission at public sector hospitals as in the case of the Thai study. The implied investment costs in providing new public sector hospital beds are not included in this analysis in the interests of completing the analysis in a timely fashion, and also in recognition that AIDS cases in the Philippines as a matter of current policy are treated at the two hospitals offering a range of services clearly above those available in typical public sector hospitals. Continuation of that policy would imply the creation of new or expansion of existing specialized AIDS treatment facilities, a matter which could not be explored within the time and other resources available for this study. It should be emphasized, that the fact that estimates of future investment costs in relation to probable new or expanded hospitals and clinics that may be required in the future were not included in the present analysis further understates the direct medical costs of future AIDS cases in this study. One additional source of expenditure not included in the present analysis is the rate of current spending by the Department of Health on AIDS prevention, estimated at roughly 163,000,000 Pesos annually. These estimates were not included, since they are only provisional.

2. Indirect Economic Benefits Assumptions

Assumptions critical to measuring the indirect economic benefits of averted death include the selection of an appropriate measure of social productivity lost through premature mortality, the choice of an appropriate social discount rate, and projections of inflation rates and future levels of exchange rates. The sample set of only 306 positive HIV cases does not permit a reliable basis for

estimation of how future age deaths are likely to be distributed among either age categories or occupational groupings. The data do show, however, that managers, professionals, as well as members of the conventionally defined high risk groups such as female commercial sex workers already have contracted the HIV, and have been or currently are residing in the Philippines.

Experience in other countries has shown that while initially the vast majority of HIV cases appear among high "risk groups", eventually the HIV is increasingly found in low risk groups constituting the bulk of the population. Thus even the Thai analysts who had sufficient data to break-out occupational groupings chose GDP per capita as the measure of a broad measure of social productivity that would be lost due to premature mortality from future AIDS deaths.

GDP per capita is not specific to occupational groupings or rates of employment and unemployment, and thus is lower than measures of personal income, or measures of GDP per employed worker. Using GDP per capita as a measure of social productivity obviates the necessity of estimating future rates of unemployment, changes in the structure and thus employment rates by occupational grouping for periods far into the future. Thus it is assumed that predicted AIDS deaths, while confined to adult cases, are distributed proportionally among all occupational groupings in the future. Note that GDP per capita also has the advantage of measuring productivity in a broader fashion than measures specific to occupational groupings which often bias social productivity downward, as compared to economic productivity, because they fail to include the socially productive activities of housewives, elder grand parents, and other "dependents" whose socially productive activities are not counted in market-based measures of productivity by virtue of their not being market employed, i.e., receiving "wages." Since GDP per capita is lower than say GDP per employed member of the market work force, this measure errs on the side of conservatism which is desirable in the case of an analysis of the sort presented here.

For these reasons, no effort was made to forecast AIDS deaths by specific occupational groupings. Note that those who object to this approach on the grounds that the opportunity costs of say a female commercial sex worker is much lower than current earnings are to be reminded that while this is true, (e.g., studies show that female prostitutes working in the Ermita area earn on the average 17,000 Pesos per month which is higher than the monthly wage of males employed in manufacturing) such earnings are not included in past, current and future measures of GDP, expressed in terms of any possible denominator. Hence no upward bias of any significance is imparted to the estimates of "social productivity" by using GDP per capita as opposed to other measures. In fact using GDP per capita is a very conservative approach to

measuring forgone economic productivity due to premature mortality as compared to known alternatives.

Historical base line data over years 1971-1991 were taken from estimates provided by the National Statistics Coordination Board, National Statistics Office, and the Philippines Statistical Year Book. The bulk of the calculations required were performed by Miss Prudence Orani, Masters Candidate, Economics, University of the Philippines School of Economics. The author, however, remains totally responsible for any possible errors of omission and commission in connection with these analyses.

Predicted inflation rates (CPI) and exchange rates were based on historical data available for the period 1971-1991 and were forecast using an autoregressive moving average forecasting model resulting in estimates of these values for each year over the interval 1992-2032. Initially, Gross Domestic Product was assumed to grow by 5% annually from 1992 onward. This appears reasonable in view of the long nature of the period of projection. The results of these analyses produced inflation and exchange rate adjusted predictions of GDP per capita for each year over the interval of years 1992-2032. (Note that the results of all projections are included in an appendix to the consultant report on which this Economic Analysis was based.)

After having generated nominal inflation and exchange rate adjusted estimates of GDP per capita for all years over the interval 1992-2032, it was possible to estimate discounted present values of 25 years of lost social productivity for each year over the interval 1992-2007, sixteen years into the future. The interval of lost social productivity of 25 years was adopted from the Thai study in recognition of the fact that AIDS deaths fall dominantly in the age group 15-34 which implies a mean premature termination of a socially productive life of 25 years.

The next task was to estimate the present value of a death in each year over the interval 1992-2007. This involved discounting estimated GDP per capita over a 25 period into the future for each of those years. Since the analysis is more sensitive to discount rates than to any other economic variable, two discount rates were used, thus constituting a sensitivity analysis of the results of the economic aspects of the study. The results estimating the present values of deaths in years 1992-2007 are presented in Table 4 below.

TABLE 4: PRESENT VALUE OF DEATHS PER YEAR

YEAR	\$ PRESENT VALUE @ 15%	\$ PRESENT VALUE @ 5%
1992	6,666	14,374
1993	5,906	13,984
1994	5,233	13,610
1995	4,641	13,255
1996	4,119	12,978
1997	3,659	12,598
1998	3,252	12,294
1999	2893	12,004
2000	2,575	11,727
2001	2,293	11,463
2002	2,044	11,217
2003	1,822	10,981
2004	1,626	10,755
2005	1,451	10,539
2006	1,296	10,332
2007	1,158	10,132

Source: Calculation of the author based on assumptions and calculations described in the text above.

A discount rate of 5% was adopted because of its use in the Thai study. A rate of 15% also was used, since this is the rate used by the National Economic Development Authority (NEDA) to determine the viability of other investment projects in the Philippines. Recall that these rates were also used to obtain estimates of the present value of medically treating AIDS cases in the future. Note that a range of 10% in the case of the social discount rate, plus the selection of three different estimates of possible rates of HIV positive existing in the reference year 2003 (from 30,000 to 100,000 cases) provides sufficient variation of the magnitude of results over which to judge the viability of the assumptions underlying the analysis. Given the numbers

presented in Table 4 above, it is possible to calculate the total cost avoided per AIDS death per year, presented in Table 5 below.

The calculations presented in Table 5 are the result of summing direct medical treatment costs and the indirect social productivity costs avoided as a result of averting a case of AIDS in each year over the next 15 years. All values are discounted back to the year 1992. Each row shows the discounted value of the lives saved, i.e., the discounted values of averted medical treatment costs plus the discounted averted lost social productivity, over a forward period of 25 working years, due to avoidance of premature mortality due to AIDS as a result of project intervention.

IV. Discussion of Benefits Relative to Costs

The proposed project is budgeted at \$8.8 million over a period of five years. Not all the money will be spent in the first year. Lacking information to the contrary, for purposes of analysis, it may be assumed that funds will be expended evenly over the course of five years, averaging an expenditure of about \$1.76 million during each year of activity. Thus the present value of the social cost of the project equals the sum of the discounted annual disbursements. Discounting should be performed on the same footing as used for discounted benefits estimated for the project, i.e., at 15% and 5%, respectively. Accordingly, at a 15% rate of discount, the present value of the social cost of the project equals \$6.79 Millions, and at a 5% discount rate it equals \$8.01 Millions. These values represent the social costs of the project to which estimates of social benefit, as presented in Table 5 below, must be compared.

TABLE 5: ESTIMATED DISCOUNTED BENEFITS OF AVERTED AIDS DEATHS DUE TO PROJECT

Year	Present Value Benefits:30T 15 % Discount	Present Value Benefits:70T 15 % Discount	Present Value Benefits:100T 15 % Discount	Present Value Benefits:30T 5 % Discount	Present Value Benefits:70T 5 % Discount	Present Value Benefits:100T 5 % Discount
1992	\$862,400	\$862,400	\$862,400	\$1,633,200	\$1,633,200	\$1,633,200
1993	1,529,400	1,529,400	3,058,800	2,997,600	2,997,600	5,995,200
1994	1,354,800	4,064,400	5,419,200	3,091,800	9,275,400	12,367,200
1995	2,402,400	5,405,400	7,807,800	6,019,200	13,543,200	19,562,400
1996	2,663,500	6,925,100	9,588,600	7,328,000	19,052,800	26,380,800
1997	3,309,600	7,564,800	11,347,200	9,997,400	22,851,200	34,276,800
1998	3,665,700	7,738,700	11,404,400	12,452,300	26,309,300	38,771,600
1999	3,618,000	7,959,600	11,215,800	13,506,000	29,713,200	41,868,600
2000	3,215,000	7,073,000	10,288,000	13,178,000	28,991,600	42,169,600
2001	2,571,300	6,571,100	9,142,400	11,577,600	29,587,200	41,164,800
2002	2,032,000	5,080,000	7,366,000	10,053,600	25,134,000	36,444,300
2003	1,806,400	4,064,400	5,870,800	9,824,000	22,104,000	31,928,000
2004	1,175,400	2,742,600	3,918,000	7,167,600	16,724,400	23,892,000
2005	697,200	1,743,000	2,614,500	4,673,600	11,684,000	17,526,000
2006	310,600	931,800	1,242,400	2,286,400	6,859,200	9,145,600
2007	138,300	276,600	4,287,300	1,118,900	2,237,800	34,685,900
TOTAL	\$31,352,000	\$70,532,300	\$105,433,600	\$116,915,200	\$268,698,100	\$417,812,000

Source: Calculations of the author

Ratios of benefits to cost are presented in Table 6 below.

Since the lowest value of the cost benefit ratio presented in Table 6 is over 3.9, there is no doubt that the proposed project is economically justified. It is clear that based on the present analysis, estimated social benefits exceed social costs under all ranges of assumptions. Based on what is known about AIDS in the Philippines, the proposed project indeed is worth doing and should be undertaken with no reservations on economic grounds.

TABLE 6: BENEFIT/COST RATIOS OF PROPOSED PROJECT

		BENEFIT/COST RATIOS					
		15% DISCOUNT RATES			5% DISCOUNT RATES		
COST OF PROJECT		30,000	70,000	100,000	30,000	70,000	100,000
<u>Discounted @</u> <u>.05%:</u>	<u>\$8.01</u> <u>Millions</u>	3.91	8.81	13.16	14.60	33.55	52.16
<u>Discounted @</u> <u>.15%:</u>	<u>\$6.79</u> <u>Millions</u>	4.62	10.39	15.53	17.22	39.57	61.53

Source: Calculations of the author

V. Feasibility, Sustainability, and Policy Issues

A. Feasibility and Sustainability

The approach taken by the project essentially consists of overcoming the obstacles and constraints that currently exist for the rapid launching of a more intensive AIDS program in the future. These include obtaining accurate data on the number of HIV positive in the country, and developing the educational materials needed to target the highest risk groups existing in the country. In the absence of data and experience, it is impossible to do these things in a cost effective fashion.

The approaches of establishing HIV sentinel systems at strategically located geographical sites, supporting mass media and community based education and communication programs in cooperation with sentinel systems are feasible and sound approaches used in other countries to get HIV transmission processes under control. The critical factor in preventing widespread transmission of HIV/AIDS is the development of mass awareness of the possibility of this occurring and its consequences in the minds of the general public. Once a society has passed the denial stage of believing that the problem does not or could not exist in their country, people can soberly consider the existing

situation and the potential problems posed for the future. They can appreciate the need to take affirmative measures and actively participate in and support the measures that need to be taken. All this can translate into voluntary compliance with changes in life styles and avoidance of indulging in occasional risky activities essential to minimizing the risk of HIV transmission. The proposed project design is an efficient way of obtaining enough facts and to disseminate information in magnitude sufficient to prepare the public to change its thinking and to begin mobilizing resources, individually and collectively, to meet the challenges that the facts may pose to the people.

Alternatives considered such as mass screening and testing approaches would take too long to establish the potential magnitude of the problem in the Philippines, and HIV/AIDS would increase so rapidly as already to be out of control before the data are even analyzed and the seriousness of the rate of HIV infection and rate of transmission are even tentatively established. Thus it would be too late to take appropriate action to avert significant losses that may apply to the entire nation.

The fact that the Philippines is in an earlier stage of the HIV transmission process facilitates the sustainability of project initiated activities, since appropriate interventions are not so costly at the early stages of transmission. If these are effective as anticipated, they will make the job easier to follow up in the future. Given that few foreign advisors are involved in this project and the magnitude of commitment the GOP already has demonstrated to these matters, it is clear that appropriate follow-up continuation efforts are likely to be affordable.

Note that this project and future contemplated complementary project interventions will provide better access to the DOH's Secretary's attention and regular budgetary resources. In particular, under the proposed project, a new AIDS Management Committee and AIDS unit be established under the Secretary's supervision. These organizational changes will serve to highlight the GOP awareness concerning the spread of HIV/AIDS in the Philippines, which in turn, undoubtedly will render the DOH more supportive of the need for sustainability of AIDS prevention activities.

B. Policy and Institutional Initiatives Needed to Sustain Positive Impacts/Benefits

The DOH repeatedly has demonstrated policy commitment to this area. Admittedly, however, past policy statements and follow-up implementation have been conservative but extremely encouraging. Recently, however, the level and intensity of policy advocacy has intensified, and it appears that wide range of policy alternatives are open for consideration which will be pursued during the course of the project.

For several years now the GOP has allowed the screening of overseas workers employed abroad as required by other countries. Additional policies that can

be considered in connection with the information provided from the proposed project include the following:

- Mandatory testing of all foreign workers in the Philippines, including Filipinos that have worked for substantial periods abroad;
- Deportation of expatriate personnel who test HIV positive, with certain exceptions, which reduce possible HIV transmission to acceptable levels;
- Heavy fines and possible quarantine for those knowingly HIV positive who have sexual relations with uninformed partners, or who if self-employed commercial sex workers, fail to register and subject themselves to regular HIV testing, and
- Heavy fines and mandatory jail sentences levied on those who force others into commercial sex activities, particularly under age of consent minors.

Other institutional initiatives that are needed to sustain positive impacts and benefits include:

- Continuous monitoring of the economic costs, both direct medical treatment and indirect in the form of probable loss of productivity through premature mortality due to AIDS are essential to keep decision makers aware of the consequences of not continuing to take affirmative action to prevent further HIV/AIDS incidence and prevalence in a timely fashion (recall the data availability and interest in their analysis expressed by RITM);
- Development and maintenance of full involvement of all elements of the private sector, particularly private providers, health services financing agencies, business firms and trade associations, and NGOs whose financial, moral, and advocacy support for HIV/AIDS preventative actions can magnify the Government's efforts, and will add credibility to the importance of all AIDS prevention activities regardless of sponsorship; and
- Sustained efforts to inform and educate the press, religious leaders, and politicians in creating and maintaining a pluralistic non-partisan support for efforts to control the spread of HIV/AIDS in the "national interest."

VI. Concluding Comments

A. Project Alternatives and the Assessment of the Need for a Cost Effectiveness Analysis

Given the early stage of HIV transmission in the Philippines, there is no other approach that can be taken other than to systematically assemble a base of accurate data, and to launch targeted information, education, and communication programs at the populations at highest risk. The battle of retarding the rate of HIV transmission must be fought and won early at the frontier, namely at the perimeters of the interface within high and low risk groups.

B. Conclusion

The project is economically justifiable, and it appears that there is no viable competing alternative design to be considered, given current knowledge of the current stage of HIV transmission in the Philippines. As a result of the analyses presented in the project paper, it is clear that the project should be implemented as soon as possible.

APPENDIX A: BREAKDOWN OF MEDICAL TREATMENT COSTS OF AIDS PATIENTS

TABLE 7: OPERATING MEDICAL TREATMENT COSTS:SITE OF TREATMENT AND SERVICE

Site of Medical Treatment	Costs per Day/visit	Number of Days/visit	Total Costs
<u>Inpatient Hospitalization</u>			
Accommodation costs/day	P500	12	P6,000
Costs of Tests/day	P1,000	12	P12,000
Costs of Medicines/day	P200	12	P2,400
Costs of Professional Services/day	P300	12	P3,600
Sub-Total	P2,000	12	P24,000
<u>Outpatient Visits</u>			0
Costs of Tests/visit	P1,500	7.6	P11,400
Costs of Medicines/visit	P550	7.6	P4,180
Costs of Professional Services/visit	P227	7.6	P1,725
Sub-Total	P2,277	7.6	P17,305
Total Operating Costs			P41,305

Source: Calculations of the author based on discussions with members of the medical and administrative staff of RITM. The author alone is responsible for any errors of omission or commission.

TABLE 8.1

ACTUAL PER CAPITA GROSS DOMESTIC PRODUCT: 1981-1991 AND PROJECTED PER CAPITA GDP: 1992-2032

Year	Nominal Per Capita GDP		Real Per Capita GDP		Peso-Dollar Exchange Rates (*)
	In Pesos	In Dollars	In Pesos	In Dollars	
1984	10,130.00	606.63	20,981.77	1,256.49	16.699
1985	11,207.00	602.28	18,854.31	1,013.26	18.608
1986	11,413.00	559.85	19,053.42	934.64	20.386
1987	12,350.00	598.04	19,868.09	962.10	20.651
1988	14,064.00	666.71	20,804.73	986.25	21.095
1989	15,394.00	708.19	20,588.47	947.16	21.737
1990	17,474.00	718.78	20,743.11	853.26	24.311
1991	19,702.00	716.99	20,939.53	762.03	27.479
1992	21,687.96	802.54	21,687.96	802.54	27.024
1993	23,904.47	859.59	22,718.56	816.95	27.809
1994	26,352.29	917.02	23,798.69	828.16	28.737
1995	29,029.68	978.15	24,928.88	839.98	29.678
1996	31,938.46	1,043.02	26,114.85	852.84	30.621
1997	35,097.59	1,111.63	27,360.89	866.84	31.564
1998	38,484.07	1,183.87	28,668.11	881.91	32.507
1999	42,140.05	1,259.83	30,039.96	898.00	33.449
2000	46,071.72	1,339.61	31,480.51	915.34	34.392
2001	50,291.89	1,423.29	32,993.43	933.73	35.335
2002	54,818.16	1,511.06	34,579.04	953.17	36.278
2003	59,669.57	1,603.12	36,242.45	973.71	37.221
2004	64,866.78	1,699.69	37,989.33	995.42	38.164
2005	70,432.36	1,801.06	39,821.54	1,018.30	39.106
2006	76,390.93	1,907.44	41,745.96	1,042.37	40.049
2007	82,761.94	2,018.98	43,763.92	1,067.62	40.992
2008	89,581.52	2,136.20	45,895.12	1,094.20	41.935
2009	96,873.46	2,259.28	48,111.97	1,122.07	42.878
2010	104,662.08	2,389.40	50,444.42	1,151.15	43.821
2011	112,982.72	2,523.96	52,894.53	1,181.63	44.764
2012	121,874.46	2,666.49	55,465.55	1,213.53	45.706
2013	131,368.48	2,816.04	58,166.25	1,246.86	46.650
2014	141,496.99	2,973.13	60,997.97	1,281.69	47.592
2015	152,307.36	3,138.09	63,967.81	1,317.97	48.535
2016	163,837.02	3,311.31	67,085.83	1,355.87	49.478
2017	176,141.18	3,493.41	70,357.97	1,395.41	50.421
2018	189,265.70	3,684.83	73,795.65	1,436.75	51.363
2019	203,250.29	3,885.79	77,402.14	1,479.79	52.306
2020	218,149.53	4,096.76	81,180.61	1,524.55	53.249
2021	234,029.75	4,318.53	85,151.27	1,571.29	54.192
2022	250,950.10	4,551.56	89,315.62	1,619.94	55.135
2023	268,968.32	4,796.33	93,687.81	1,670.67	56.078
2024	288,145.76	5,053.42	98,272.83	1,723.48	57.020
2025	308,575.29	5,323.66	103,085.22	1,778.47	57.963
2026	330,329.85	5,607.75	108,141.77	1,835.84	58.906
2027	353,452.94	5,905.75	113,435.26	1,895.36	59.849
2028	378,088.61	6,219.38	119,004.32	1,957.57	60.792
2029	404,290.15	6,548.80	124,842.56	2,022.23	61.735
2030	432,145.74	6,894.70	130,969.13	2,089.56	62.678
2031	461,790.94	7,258.58	137,405.06	2,159.78	63.620
2032	493,295.08	7,640.37	144,146.89	2,232.65	64.563

NOTES:

The basis of the forecasts for 1992 to 2032 are (1) the projected inflation rates for the same period which in turn are derived using the CPI historical data from 1970 to 1991 and (2) the assumption of a 5% growth rate of real per capita GDP from 1992 onwards. For 1991 to 1992, real per capita GDP is assumed to grow by only 3.8%.

SOURCES OF BASIC DATA:

- (1) National Statistical Coordination Board.
- (2) National Statistics Office.
- (3) Philippine Statistical Yearbook.

* Peso/dollar rate (actual data and projections) refer to BAP reference rate.

TABLE 8.2

CONSUMER PRICE INDEX AND INFLATION RATE: 1984 TO 1991
AND PROJECTIONS FOR 1992 TO 2032

Year	CPI (1978=100)	Inflation Rate (%)	CPI (1992=100)	Inflation Rate (%)
1984	286.40	50.34	48.28	50.93
1985	352.60	23.11	59.44	23.11
1986	355.30	0.77	59.90	0.77
1987	368.70	3.77	62.16	3.77
1988	401.00	8.76	67.60	8.76
1989	443.50	10.60	74.77	10.60
1990	499.70	12.67	84.24	12.67
1991	558.10	11.69	94.09	11.69
1992	593.17	6.28	100.00	6.28
1993	624.11	5.22	105.22	5.22
1994	656.83	5.24	110.73	5.24
1995	690.73	5.16	116.45	5.16
1996	725.43	5.02	122.30	5.02
1997	760.67	4.86	128.24	4.86
1998	796.26	4.68	134.24	4.68
1999	832.10	4.50	140.28	4.50
2000	868.10	4.33	146.35	4.33
2001	904.20	4.16	152.43	4.16
2002	940.38	4.00	158.53	4.00
2003	976.61	3.85	164.64	3.85
2004	1012.87	3.71	170.75	3.71
2005	1049.15	3.58	176.87	3.58
2006	1085.45	3.46	182.99	3.46
2007	1121.76	3.34	189.11	3.34
2008	1158.07	3.24	195.23	3.24
2009	1194.39	3.14	201.35	3.14
2010	1230.71	3.04	207.48	3.04
2011	1267.03	2.95	213.60	2.95
2012	1303.35	2.87	219.73	2.87
2013	1339.68	2.79	225.85	2.79
2014	1376.01	2.71	231.97	2.71
2015	1412.33	2.64	238.10	2.64
2016	1448.66	2.57	244.22	2.57
2017	1484.98	2.51	250.35	2.51
2018	1521.31	2.45	256.47	2.45
2019	1557.64	2.39	262.59	2.39
2020	1593.97	2.33	268.72	2.33
2021	1630.29	2.28	274.84	2.28
2022	1666.62	2.23	280.97	2.23
2023	1702.95	2.18	287.09	2.18
2024	1739.27	2.13	293.21	2.13
2025	1775.60	2.09	299.34	2.09
2026	1811.93	2.05	305.46	2.05
2027	1848.25	2.00	311.59	2.00
2028	1884.58	1.97	317.71	1.97
2029	1920.91	1.93	323.84	1.93
2030	1957.24	1.89	329.96	1.89
2031	1993.56	1.86	336.08	1.86

2032 2029.89 1.82 342.21 1.82

NOTES:

The ARIMA (2,1,1) specifications were used in forecasting the CPI for 1992 to 2032. The forecast was specified to reflect ARMA errors. (See Robert S. Pindyck and Daniel Rubinfeld, *Econometric Models and Forecasts*, McGraw-Hill International Book Co., 1981). The projections were computed using Micro TSP 5.1 and were based on CPI historical data from 1973 to 1991.

SOURCES OF BASIC DATA:

- (1) National Statistical Coordination Board.
- (2) National Statistics Office.
- (3) Philippine Statistical Yearbook.

Annex H
References for Project Analysis

References Consulted for the Technical Analysis
of the Sentinel Surveillance and AIDS Prevention Components,
Social Soundness and Gender Issues

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Annex I
Waiver of HB 10 Requirements

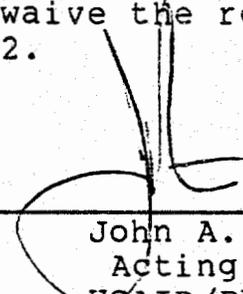
AIDS SURVEILLANCE AND EDUCATION PROJECT
(492-0473)

Waiver of HB 10 Requirement that A.I.D. Pay
International Travel Costs

A.I.D. Handbook 10, Chapter 16 C1, provides that the cost of international travel for participants shall be paid by the host government or other non-AID funding source unless, in the case of Mission-funded programs, the Mission Director has justified and authorized full or partial waivers and has so notified the Regional Assistant Administrator and OIT.

The Government of the Philippines (GOP) has agreed to finance the international travel costs of the participants employed by the GOP. Because of a severe budgetary crisis, and because the Government does not normally finance the international travel costs of participants from the private sector, government financing for international travel costs for private sector individuals is not possible. Private sector institutions, including non-governmental organizations, have been hard hit by the general economic conditions in the Philippines, and have no funds available to commit to financing international travel. If A.I.D. were to require that private sector institutions finance international travel through private resources or other sources, it is most likely that there would be very few, if any, participants from non-governmental or private voluntary organizations.

Therefore, I have determined that it would be prejudicial to U.S. interests and the objectives of the project to require that the international travel costs of all participants be paid by the Government of the Philippines. USAID shall be responsible for funding international travel for participants from private organizations if those organizations cannot contribute full or partial air fare and other sources of funding are not available. I hereby waive the requirement, pursuant to Handbook 10, Chapter 16 C2.



John A. Patterson
Acting Director
USAID/Philippines

Date: July 11, 1992