

INTERNATIONAL MAILING ADDRESSUSAID
POST OFFICE BOX 1446
MONROVIA, LIBERIAUNITED STATES MAILING ADDRESSUSAID
APO NEW YORK 09166

OCT. 20 1988

COOPERATIVE AGREEMENT

Mr. Paul Ippel
Executive Secretary
Christian Health Association of Liberia
P. O. Box 1046
Monrovia, Liberia

Subject: Grant No. 669-0165--A-00-1-00

Dear Mr. Ippel:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development (hereinafter referred to as "A.I.D." or "Grantor") hereby grants the Christian Health Association of Liberia (CHAL) (hereinafter referred to as "Recipient"), the sum of \$1,140,000 to provide Operation Program Grant (OPG) assistance to strengthen Primary Health Care (PHC) activities in Liberia as outlined in Attachment 1, "Schedule", Attachment 2, "Program Description."

The above amount represents the total amount granted by USAID/Liberia at this time. The total estimated amount of the grant, subject to the availability of funds, is \$3,000,000.

This Cooperative Agreement is effective and commitment is made as of the date of this letter and shall apply to commitments made by the Recipient in furtherance of program objectives during the period beginning with the effective date and ending August 31, 1989.

This Grant is made to the Recipient on condition that the funds will be administered in accordance with the terms and conditions as set forth in Attachment 1, entitled "Schedule", Attachment 2, entitled "Program Description," Attachment 3, entitled "Source/Origin Non-Competitive Waiver," Attachment 4, entitled "List of Drugs to be Procured from UNICEF," Attachment 5, entitled "Standard Provisions," and Attachment 6, entitled "Optional Standard Provisions."

Please sign the original and seven (7) copies of this letter to acknowledge your receipt of the Cooperative Agreement, and return the original and six (6) copies to the Grant Office listed below.

Sincerely,

Mary C Kilgour

Mary C. Kilgour
Director

Attachments:

1. Schedule
2. Program Description
3. Source/Origin Non-Competitive Waiver
4. Monrovia Cable 08436 - List of Drugs to be Procured from UNICEF
5. Standard Provisions dated 1/85
6. Optional Standard Provisions dated 1/85

ACKNOWLEDGED;

CHAL

BY: *Paul Andrew Appel*

Title: -----
Executive Secretary

Date: 29 Oct 1986

FISCAL DATA

Appropriation: 72-116!0201
 Budget Plan Code: GDAA-86-21669-CG13
 PIO/T No: 669-0165-3-60027
 Project No. 669-0165
 Total Estimated Amount: \$3,000,000
 Total Obligated Amount: \$1,140,000
 Funding Source: USAID/Liberia/CON
 Cognizant Technical Officer: Health Officer, USAID/Liberia
 Funds available: *He Michael A. Royal*
 Controller, USAID/Liberia

*In the Standard Provisions,

Grantee "means Recipient,"
 "AID Grant Officer" means "AID Agreement Officer"
 "Subgrant" means "Subcooperative Agreement", and
 "Subgrantee" means "Subrecipient."

ATTACHMENT ONE

SCHEDULE

A. Purpose:

The purposes of this Cooperative Agreement with the Christian Health Association of Liberia (CHAL), (hereinafter referred to as the "Recipient") are to:

(i) enable the members of the Recipient to expand the coverage of their Primary Health Care (PHC) and water and sanitation activities in rural Liberia;

(ii) sustain the operations of Curran and Phebe Hospitals while assisting those organizations to adopt and carry out plans to achieve financially sustainable operations within three to five years; and

(iii) to strengthen the financial and operating capacity of the Recipient so that it may be an alternative channel to the Government of Liberia's (GOL) Ministry of Health and Social Welfare (MHSW) for providing support for health services to rural Liberia. The Program is further described in Attachment 2 hereof.

B. Period of Cooperative Agreement:

The effective date of this Grant is the date of the cover letter. The date through which commitments can be made under this Grant is August 31, 1989. Funds committed hereunder are available for program expenditures for the estimated period October 1, 1986 to August 31, 1989 as indicated by the financial plan below.

C. Amount of Cooperative Agreement Payment:

1. AID hereby commits the amount of \$1,140,000 for purposes of this Cooperative Agreement. AID anticipates that its total estimated contribution to the program will be \$3,000,000 during the period of this Agreement. Subsequent increments in AID funding up to that amount will be subject to the availability of funds to AID for this purpose and to the mutual agreement of the Parties at the time of the subsequent increments to proceed.

2. Payment shall be made to the Recipient in accordance with procedures set forth in Attachment 6 - Optional Standard Provisions 14a, entitled "Payment - Periodic Advance".
3. The total committed amount column under D, "Financial Plan and Payment," represents the total funds authorized to be expended by the Recipient during the period indicated.
4. Financial reports shall be submitted to the Cognizant Technical Officer listed on the second page of the Grant letter and shall include a separate page listing expenditures to date by line items in D below. The final "SF-245 Federal Cash Advance Status Report" shall include an attachment that shows expenditures for the Cooperative Agreement by line item (as specified in section D below).

D. Financial Plan and Payment:

The following is the financial plan for this Cooperative Agreement. Revision to this plan shall be made in accordance with Standard Provisions of this Grant, entitled "Revision of Grant Budget."

	\$(000)		
	AID Committed Amount (10/1/86- 7/31/87)	AID Estimated Additional Funding (8/1/87- 8/31/89)	Total Estimated Funding (10/1/86- 8/31/89)
1. Technical Assistance	75	0	75
2. Personnel	79	159.5	238.5
3. Training	43	70	113
4. Vehicles	100	162	262
5. Commodities	127	0	127
6. Construction	83	74	157
7. Medical Supplies	260	370	630
8. PHC Program	208	442	650
9. Other	114	119	233
10. Cost Reducing Investment	51	211.5	262.5
11. Contingency	0	252	252
=====			
TOTAL	1,140	1,860	3,000

Payment:

1. Payment to the Recipient shall be in accordance with Attachment 6, Optional Standard Provision No. 14a entitled "Payment - Periodic Advance." Vouchers shall be submitted to, and approved by, the USAID/Liberia Project Officer prior to submission for payment.
2. CHAL will be responsible for the procurement of goods and services needed by the private sector component of the Project. It will enter contracts for those goods and services, and will be reimbursed by A.I.D. for the cost of such goods and services. Working advances of up to needs for 30 days may be made to that account upon the presentation of proper justification by CHAL.

Reports and Evaluation:

1. Progress Reports CHAL will be responsible for monitoring the performance of the Subrecipients in their use of Project funds and in complying with the undertakings contained in their agreements with CHAL for the use of those funds. CHAL will require such reports and perform such reviews as may be necessary for it to meet that monitoring responsibility. At a minimum CHAL will provide quarterly reports to AID setting forth:
 - (a) the amount and nature of expenditures made during the quarter;
 - (b) the new activities undertaken during the quarter;
 - (c) the problems faced by each major activity during the quarter and the actions taken to overcome those problems;
 - (d) the progress made against the targets contained in the approved implementation plan; and
 - (e) recommendations for adjustments to the implementation plan for the remaining life of the Project.

These quarterly reports will be due by the end of January, April, July and October of each year. They will be the basis for quarterly reviews of progress to be held jointly with AID.

2. Financial Reports

CHAL will submit to AID annual audits by an independent accounting firm of the handling by CHAL and its members of funds provided pursuant to this Cooperative Agreement.

3. Evaluation

(a) There will be a mid-term assessment of the Program in October, 1987. A representative of the Recipient will participate with AID and external evaluators. If necessary, contingency funds from the Program budget may be used to meet the expenses of the assessment. The assessment will focus on the extent to which (1) the planned activities are being carried out in a timely fashion (2) the Recipient is meeting its administrative and supervisory responsibilities; and (3) the PHC programs of the Subrecipients are being conducted in a manner likely to result in their sustainability beyond the life of the Cooperative Agreement. The assessment will make recommendations regarding modifications to the design or implementation of the Program as may be called for.

(b) The final evaluation will be carried out in July-August 1989. The evaluation team will include external evaluators and representatives of AID, the GOL and the Recipient. The evaluation will focus primarily on two aspects of the Program: (1) the extent to which the Subrecipients have increased primary health care coverage and can sustain current levels; and (2) the degree to which the major institutions supported by the Program have moved toward covering their operating costs. The team will study the ability of the Recipient itself to continue its various roles in supporting member institutions, including the provision of technical assistance and the purchasing of drugs. The evaluation team will make some judgments about the comparative advantages of the private and public sectors in providing health services in Liberia and recommendations to USAID about the most cost-effective approach to future support of the health sector in Liberia.

F. Standard Provisions

The Mandatory Standard provisions for Non-Governmental Grantees (dated 1/85 and attached as Attachment 5) constitute the Standard Provisions of this Grant.

G. Special Provisions

1. The following Optional Standard Provisions (Attachment 6) are hereby deleted from this Grant:

Payment - Cost Reimbursement	AID 1420-54B
Local Cost Financing with U.S. Dollars	AID 1420-54G
Voluntary Population Planning	AID 1420-54L
Protection of the Individual as a Research Subject	AID 1420-54M
Negotiated Overhead Rates	AID 1420-54N
Title to and care of property	AID 1420-54Q
Title to and care of property	AID 1420-54R

2. Representatives: For all purposes relevant to this Cooperative Agreement the Recipient will be represented by the individual duly authorized to represent its President and AID will be represented by the Agreement Officer. AID will be represented by the Director USAID/Liberia, or his/her designee. The Grantee will designate its representative in writing.

H. SUBSTANTIAL INVOLVEMENT

1. Conditions Precedent

(a) Prior to the first disbursement under the Cooperative Agreement or to the issuance by AID of documentation pursuant to which disbursement will be made, the Recipient will, except as the Parties may otherwise agree in writing, furnish to AID in form and substance satisfactory to AID:

(i) An opinion of counsel acceptable to AID that this Cooperative Agreement has been duly authorized and/or ratified by, and executed on behalf of the Recipient and that it constitutes a valid and legally binding obligation of the Recipient in accordance with all of its terms; and

(ii) A statement of the name of the person or persons authorized to represent the Recipient together with a specimen signature of each person specified in such statement.

(b) Prior to the expenditure of any funds for the cost of its staff or for technical assistance, the Recipient will obtain AID's approval of the selection of the personnel to be added to its staff to carry out its responsibilities or to provide technical assistance under the project and of the terms of the contracts under which that staff will work or the technical assistance will be provided.

(c) An initial disbursement of \$5,000 will be made to CHAL to hire a local accounting firm to assist in setting up accounting and record-keeping systems acceptable to AID. Prior to the expenditure of Project funds for purposes other than technical assistance, the Recipient will provide AID with evidence that the accounting and other financial and property controls followed by CHAL and the Subgrantees are adequate to assure the proper utilization of the funds or of the property or services purchased with those funds.

(d) Prior to the expenditure of funds for each of the constituent activities of its program the Recipient will provide AID with a detailed implementation plan for the conduct of the constituent activity during the remaining life of the Project.

(e) Prior to the use of project funds for the construction or renovation of any building by the Recipient or a Subrecipient, the Recipient will supply AID with satisfactory evidence that it or the Subrecipient has title or leasehold rights of at least 10 years to the land on which the property to be constructed or renovated is located, and that firm cost estimates for the construction or renovation work have been obtained. AID will approve the terms of any lease.

(f) Prior to the use of Project funds in support of the PHC or water and sanitation activities of any Subrecipient, the Recipient will present to AID, in form and substance satisfactory to AID, an explanation of the standards used in selecting that Subrecipient's activities for support and of the terms and conditions which will govern the utilization of the Project funds by that Subrecipient.

(g) Prior to the use of Project funds in support of Curran Hospital or Phebe Hospital the Recipient will present to AID, in form and substance satisfactory to AID, agreements with each hospital on the purposes to be achieved through the Project's support and the manner in which the accomplishment of those purposes would be measured and monitored. Those agreements will include the identification of the key professional personnel who will assist in carrying out the programs which are the subject of the agreements.

2. Continuing Involvement

(a) AID will review and approve the selection of and the terms of contract employment (both full and part time) for the personnel of the Recipient to be paid with funds provided by AID pursuant to this Agreement.

(b) AID will review and approve the accounting and other financial property controls to be followed by the Recipient and its members who receive funds pursuant to this Agreement (the Subrecipients).

(c) AID will review and approve the detailed implementation plans presented to it by the Recipient for the conduct of each constituent activity in the program.

(d) AID will review and approve the plans for any construction or renovation to be financed with funds provided pursuant to this Agreement.

(e) AID will review and approve the agreements to be entered by the Recipient and its members for the conduct of the PHC and water and sanitation activities.

(f) AID will review and approve the agreements to be entered by the Recipient and Curran and Phebe Hospitals for the utilization of funds provided by this Cooperative Agreement including the identification of the key professional personnel who will assist those hospitals in carrying out the programs which are the subject of those agreements.

(g) AID will participate with the Recipient in quarterly reviews of the progress being made under the Program. These reviews will be based on quarterly reports to be presented to AID by the Recipient.

(h) AID will participate in a mid-term assessment of the Program with the Recipient and external evaluators in October 1987 and in a final evaluation of the Program with CHAL and external evaluators in July-August 1989.

(i) AID will approve the independent accounting firm chosen to perform the yearly audit of the handling by the Recipient and its members of funds provided pursuant to this Cooperative Agreement. The terms of reference for these annual audits will be approved by AID.

3. Covenants

(a) The Recipient will devote the staff and management resources necessary to fulfill its obligations under this Cooperative Agreement.

(b) The Recipient will make available drugs for purchase by the GOL'S health facilities in Grand Gedeh and Sinoe Counties if, for reasons beyond the control of those facilities, the GOL's National Drug Service is unable to provide the drugs necessary to carry out the level of services planned for those counties under its Primary Health Care Project with AID.

(c) The Recipient and Subrecipients will provide health care and other program support to persons irrespective of their religious affiliation.

4. Authorized Source and Origin: The authorized source and origin of goods and services under this Cooperative Agreement shall be limited to the United States and the Cooperating Country (Liberia) except for the items listed in Attachment 3 which may be procured as well from UNICEF as indicated in Attachment 4.

ATTACHMENT TWO

PROGRAM DESCRIPTION

The purposes of this Cooperative Agreement with the Christian Health Association of Liberia (CHAL), (hereinafter referred to as the "Recipient") are to:

- (i) to enable members of the Recipient to expand the coverage of their Primary Health Care (PHC) and water and sanitation activities in rural Liberia.;
- (ii) sustain the operations of Curran and Phebe Hospitals while assisting those organizations to adopt and carry out plans to achieve financially sustainable operations within three to five years; and;
- (iii) to strengthen the financial and operating capacity of the Recipient so that it may be an alternative channel to the Government of Liberia's (GOL) Ministry of Health and Social Welfare (MH&SW) for providing support for health services to rural Liberia. The Program is further described in Attachment 2 hereof.

The major outputs of the Project will be:

- 1) Improved systems of accounting, inventorying, administration and programming for CHAL.
- 2) Four volunteer supervisors trained for CHAL's water and sanitation program.
- 3) Three cooperating church employees trained to carry out CHAL's health activities.
- 4) Materials developed in at least six dialects relating to CHAL's programs in ORT, nutrition, immunization and other preventive health activities.
- 5) Curricula, a training guide and a supervision system for the TBA training program conducted by CHAL and the MHSW.
- 6) 50,000 additional people will have received PHC services from CHAL members.

7) 60 wells and 225 latrines will have been built by CHAL members.

8) CHAL will have procured approximately \$1,750,000 in goods and services for its member institutions.

9) An in-country emergency drug stock will be established by CHAL for the use of its members.

10. Financial stabilization programs adopted by Curran and Phebe Hospitals.

At the end of the Project the following conditions should exist:

1) CHAL will have adopted improved financial, management and inventory systems which will permit it to continue to operate at the higher level of activities achieved.

2) CHAL will be maintaining computerized current basic information on the programs of all CHAL members including their financial status and indicators of their accomplishments.

3) CHAL will be operating a self-sustaining system for the ordering, warehousing and selling of drugs for its members. The system will be capable of handling some \$800,000 worth of drugs a year, and will be maintaining an emergency in-country stock of \$200,000. It will be employing a professional manager and the requisite administrative and security personnel.

4) CHAL's PHC program will be active with at least 10 of its members in 375 communities affecting at least 75,000 people, and will be capable of expanding at a rate of 100 additional communities per year if funds are made available.

5) CHAL will have in place a tested program for initiating, supervising and evaluating PHC activities. CHAL will have integrated its water/sanitation, church/health and PHC activities so that it is able to plan systematically with its members and the GOL a program to expand health programs throughout the country.

- 6) CHAL will have accumulated at least \$200,000 in earnings from its participation in the Project which it will use to meet the expenses of maintaining the higher level of program activity.
- 7) CHAL will have increased its yearly earnings from \$27,000 in 1985 to approximately \$110,000 in 1989, and will be able to maintain those earnings at approximately \$110,000 per year even without further external concessional assistance from AID or other public donors.
- 8) Curran and Phebe Hospitals will continue to provide at least the level of PHC activities which they were providing in 1985 - 1986.
- 9) Curran and Phebe Hospitals will have adopted cost and revenue measures to reduce their operating deficits to a level which can be met by anticipated GOL subsidies.
- 10) The GOL will have adopted a long range plan for its support of the operations of key hospitals and other facilities supporting the programs of the various systems providing PHC coverage in Liberia.

A. Support For CHAL Under the Cooperative Agreement

CHAL has a membership of five hospitals, 40 clinics and about 75 individual health personnel located throughout Liberia. It currently acts as a purchasing agent for drug supplies for its members; supports programs of primary health care and improvements in water and sanitation of its members with funds provided by foreign donors; provides some technical assistance to its members; and seeks to represent its members' interests to the GOL. The Project will assist CHAL in the following areas:

I. INSTITUTIONAL SUPPORT

Although CHAL has had considerable experience in procuring commodities for its members and in overseeing programs in support of primary health care, the Project will increase substantially the level of CHAL's activities. It will be necessary to increase CHAL's administrative and monitoring capability in order for it to meet its responsibilities under the Project. AID grant funds will be used to

pay the costs of CHAL's hiring under contract the following personnel during the three year life of the Project:

- i) A financial analyst/accountant to set up, establish and maintain a financial system to monitor the use of Project funds by CHAL and its members and to prepare the necessary reports for AID;
- ii) An administrative officer to negotiate and monitor the implementation of the agreements which CHAL enters into with its members, suppliers of commodities and services procured with Project funds, and AID;
- iii) A coordinator of the primary health care program described in part 3.3.3. below;
- iv) A procurement officer and a warehouse manager to manage the expanded drug and medical supplies services for the program as described in the following sections and;
- v) An additional driver for the above personnel and a security service for the warehouse.

CHAL is confident that it can identify and hire qualified Liberian nationals for these positions.

In addition to the above listed personnel CHAL will need additional equipment and expanded operating space to meet its responsibilities. The needs are the following:

- i) Three four-wheel drive vehicles (one for the administrative officer, one for the coordinator of the primary health care support program, and one for the water and sanitation program), and one pickup truck (for transporting drugs) and four motorcycles and operating support for those vehicles for three years;
- ii) One desktop computer to maintain the drug inventory, financial records, primary health care program records and data on the program outputs and impact;
- iii) Renting, renovation and equipping of office space for the expanded staff and;

iv) A generator to assure the reliable operation of CHAL's present equipment and that to be purchased with Project funds, and fuel to run that generator for three years.

Finally, in order to enable CHAL to plan its own development better and to prepare it and its members for the higher level of activities to be achieved under the Project, AID funds will be used to support several studies and analyses to be carried out by external evaluators. These will include: (i) an evaluation of how CHAL might improve its efficiency; (ii) an evaluation of the quality of the curative and preventive medical services being provided by the smaller members of CHAL; and (iii) a study of how the systems of CHAL's members and the GOL could be more mutually supportive and of what agreement with the GOL would be needed to rationalize the relationship of the various systems. CHAL also will contract for short term technical assistance to assist its MR&SW members in evaluating the appropriateness of their physical plant and equipment, and in instituting reforms in their accounting and control systems and in their fee and cost structures.

II. TRAINING

The following is a list of training opportunities which will be funded by AID under the Cooperative Agreement.

CHAL Staff Training

PHC workshops (2/yr) for 25 participants

CHAL Planning seminars (2/yr) for 30 participants

Training for Members

Water and Community Health In-service Training
Materials for Water and Sanitation Training
Short-term Training in Drug Mgt,

Financial Mgt, Health Ed, and
Health Mgt in U.S.

Child Survival workshops, (ort, nutrition education,
vaccination) 1 wkshop/yr.

III. EXPANDED DRUG SUPPLY

CHAL will be the procurement agent for the purchasing of the drugs needed in the private sector component of the Project. The drug supply will serve two purposes: (1) to provide the drugs needed in the particular programs described below and (2) to establish an in-country emergency supply of drugs under CHAL's control for use by CHAL's members and, if necessary, for government facilities involved in the Project. The Project will finance the purchase of \$200,000 in drugs by CHAL to establish the in-country supply. The existence of such a stock will assure that lapses in ordering and other failures in the drug supply system will not necessarily result in an interruption of drug supplies. It thus would be a backup to any possible failure in the National Drug Service's operation. Since CHAL earns a fee of 5% of the value of drugs handled as a procurement agent, or a markup of 25% on drugs bought and sold for its own account, this increased stock of drugs will give CHAL a source of income to support the expanded level of its operations. By the end of the Project CHAL should generate enough income from the handling of drugs to pay at least all expenses of that operation, including the salaries of the warehouse personnel paid with AID Project funds during the three year life of the Project.

CHAL has been using the warehouse of the Lutheran Church Mission for the temporary storage of drugs it orders for its members. It is a long, open building with several partitions. CHAL has been using the largest room which is at the loading end of the building. To handle that quantity of drugs and maintain an in-country supply of \$200,000, the space devoted to warehousing will have to be expanded, renovated and equipped with air conditioning, refrigerated space and a security and communication system. CHAL will enter into a written lease with the Lutheran Church Mission assuring it the space for at least 10 years and setting forth the ways in which that space will be modified and the state in which the space will be returned to the lessor. AID will have the right to review and approve the lease.

In addition, the project will purchase \$75,000 worth of drugs for the dispensary at Ganta Hospital.

IV. PRIMARY HEALTH CARE OUTREACH

CHAL has had a special interest in the area of community-based preventive health care since its inception. All the cooperative programs developed jointly by CHAL and the GOL have shared this focus. Currently, CHAL is making an effort to improve the curriculum for training TBA's and CM's and develop a national program for their supervision.

CHAL promotes preventive health care by offering workshops and seminars, collecting materials for its development library, and, for the last three years, awarding small grants to interested members for experimental projects at the village level. These projects have included training of VHW's and TBA's; establishing revolving drug funds; conducting immunization campaigns; building bridges, wells and latrines; and providing health education. CHAL currently has two staff members working on a program to provide water and sanitation facilities. These staff members have focused their attention on training community volunteers in the construction and maintenance of wells and latrines. CHAL also has initiated a program which encourages church leaders to mobilize their congregations and communities for preventive health care.

The Project will provide \$650,000 for CHAL to support at least ten of its members in expanding their community health programs to reach underserved members of their neighboring communities while strengthening the capacity of CHAL to provide adequate training, support, and supervision of the program. (Final choice of the CHAL member programs to be supported would be made during the course of implementation of the program. However, 20 members operating in ten different areas of the country have been identified as potential participants.) The result would be to increase the PHC coverage from 125 communities (25,000 people) to 375 communities (75,000 people) by the end of three years. At the end of the Project CHAL will have the capacity to operate a PHC program expanding its coverage by some 100 communities per year. Earnings accumulated during the Project will permit it to cover the recurrent costs of this level of activity.

The CHAL program would use the MH&SW PHC guidelines for all CHAL's members in developing and expanding their PHC activities. The Coordinator would be responsible for developing a three year PHC plan with the members seeking to participate. The Coordinator also would assist in training, developing materials, supervising, and evaluating the PHC efforts. Activities would include fostering community development committees, training and supervising of VHW's and TBA's, health education, water and sanitation, immunizations, family planning, community drug funds, and nutrition and growth monitoring.

The program will be guided by the following standards:

1. CHAL will provide funding to those members which seek to expand their community program by actively involving the people of the community in discussing its problems and designing and implementing the solutions.
2. Grants will normally be for three years, generally amounting to \$10,000-\$60,000 per grant.
3. Generally anything that enables a CHAL member to carry out the program could be supported. This could include financing for vehicles, motorcycles, gas, oil, license fees, insurance, medical supplies and equipment, educational materials and supplies, salaries, training programs, and material for water and sanitation projects.
4. Each Subrecipient will coordinate its activities with other government and non-government health workers in the area. A written plan will be formulated for the joint activity.
5. Each Subrecipient will indicate how the level of activity will be maintained after the period of the Subgrant; and will develop a system for the ongoing training, support, and supervision of the community health program at the termination of the Subgrant. The plan will be written within 12 months of making the Subgrant.
6. All Subgrants will be administered by a contract between CHAL and its members with activities, budget, timelines, and the mechanism for fund release described. The form for these contracts will have been approved by AID.
7. The PHC Subgrants will follow the current CHAL procedures for review and monitoring.

B. Hospital Maintenance and Sustainability

Among CHAL's members there are three full service hospitals serving largely rural populations: Curran, Phebe and Ganta. They are operating currently with large deficits as the GOL's support to them has been reduced drastically and the economic conditions have made it difficult for them to collect fees for services provided. There is a danger that they may not be able to continue operation or that they will have to reduce their operations so drastically that there will be irreparable damage to the institutions themselves and severe hardship to the population now served by these hospitals.

CHAL will prepare a program for near-term sustainability with Phebe and Curran Hospitals for AID's approval. CHAL would then administer funds in support of these programs and monitor progress on behalf of AID. The release of funds would be tied to progress in carrying out the programs. Funding from AID would be used to augment CHAL's capacity to do this.

Following is a description of project support to Curran and Phebe Hospitals.

I. CURRAN HOSPITAL

a. Recurrent Costs

The hospital proposed that AID provide the funds to cover most of its operating deficit during the next three years. However, in order to encourage the hospital to reach a level of operations which is sustainable AID decided to support the hospital's first year expenditures on gas, oil, and generator fuel.

b. Capital Expenditures

The hospital also proposed that AID finance a series of capital expenditures. CHAL and AID reviewed the proposal to determine whether the proposed investments were essential to keep the hospital in operation or were of a nature which would significantly reduce the operating expenses of the hospital in the near term. The result was agreement to fund certain identified capital and equipment investments.

The particular investments agreed on for financing during the life of the Project are:

To replace vehicles used in the primary health care program

To replace worn out generators

To re-equip the delivery room of the hospital

To provide emergency maintenance on the hospital building and staff housing

To replace the hospital's water system

In addition the Project earmarks a fund of \$103,500 which would be used to fund additional capital expenditures, identified by the hospital and the technical assistance to be provided by CHAL, as being of priority in further reducing the operating costs of the hospital. These investments would be for such items as replacement of equipment which is expensive to maintain (e.g., laundry facilities); addition of new systems which would reduce operating expenses (e.g., solar lighting systems) and; modification to the physical plant. It is anticipated that those investments would be indentified by the second year of the Project.

c. Training

The project will also fund training programs for RN's and clinical staff of the hospital.

d. Drugs

The project will supply drugs in the amount of \$40,000 for the dispensary at Curran hospital.

e. Summary

The total cost of the program with Curran Hospital over three years would be \$457,500. In return the hospital will continue to provide the current level of medical services and primary care outreach, and will prepare a program to reach a balanced financial situation at the end of the Project assuming that the GOL will be providing a subsidy of \$50,000 at that time and will continue to provide at least the number of salaried employees to the hospital as it does at present. In preparing that program the hospital will explore both rationalized procedures to cut costs as well as differing approaches to fees structure. In particular it will collect the full cost of the drugs and medical supplies which it uses, and will take steps to increase to 90% the proportion of total hospital charges which are collected from patients. To enable it to meet the demands of this program the hospital will engage the full-time services of a professional hospital administrator acceptable to AID.

II. PHEBE HOSPITAL

a. Recurrent Costs

The AID Mission will support the first year's supply and a portion of the second year's supply of fuel and maintenance costs.

b. Capital Expenditures

AID will finance a series of capital expenditures as well. The particular investments agreed on for financing beginning in year one of the Project are:

To replace vehicles for the Community Health Department and the hospital

To replace the hospital steam boiler and pharmacy refrigerators

To replace the IV System

The Project also would earmark a fund of \$159,000 which would be used to fund additional investments to be identified by the hospital and the technical assistance to be provided by CHAL as being of priority in further reducing the operating costs of the hospital.

c. Drugs

The project will fund drug purchases for the hospital in the amount of \$206,000.

d. Summary

The total cost of the program over three years would be \$692,000. In return the hospital will continue to provide the current level of health care and primary care outreach, and will prepare a program to reach a balanced financial situation at the end of the Project assuming that the GOL will be providing a subsidy of \$667,000 per year. Emphasis will be placed on the hospital's recovering the full costs of drugs and medical supplies and on increasing the rate of effective collection for medical and hospital fees to 90% by the end of the Project.

2. Inputs from Participating Organizations

In addition to the AID inputs described above contributions to the project will come from various Liberian entities. Following is a breakdown, by organization, of non-AID contributions to the Project.

A. CHAL

The estimates for the contribution of CHAL are based on the current actual expenditures of the organization on activities for which USAID funds will be made available under the Project.

(CHAL Project Inputs
(\$000)

	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>	<u>TOTAL</u>
PERSONNEL	40	45	50	135
TRAINING	8	8	8	24
COMMODITIES	5	6	7	18
OTHER	21	21	21	63
TOTAL	<u>74</u>	<u>80</u>	<u>86</u>	<u>240</u>

B. CHAL Members and Communities:

CHAL members and the communities in which they work will make the following contributions in support of the Project.

CHAL MEMBER AND COMMUNITY
PROJECT INPUTS
(\$000)

	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>	<u>PROJECT TOTAL</u>
<u>CHAL MEMBERS (10)</u>				
Personnel	60,000	60,000	60,000	180,000
Supplies	5,000	5,000	5,000	15,000
Support	10,000	10,000	10,000	30,000
=====				
SUBTOTAL	75,000	75,000	75,000	225,000
<u>COMMUNITIES (375)</u>				
=====				
Initial Drug Stock	46,875			46,875
Reimbursement of VHW/TDAs	75,000	75,000	75,000	225,000
Lodging for Trainers	31,250	31,250	31,250	93,750
=====				
SUBTOTAL	153,125	106,250	106,250	365,625
=====				
TOTAL, CHAL MEMBERS AND COMMUNITIES	228,125	181,250	181,250	590,625

C. CURRAN HOSPITAL

Estimates of Curran's contributions are based on current actual expenditures for the activities in which USAID funds will be used. The contribution of Curran is not expected to increase over the Project years except for drugs. In year one of the Project Curran will be provided with drugs purchased with USAID funds in order to establish a revolving drug fund. Thereafter, the proceeds from the sale of the drugs through the revolving drug fund scheme are counted as Curran's contribution.

CURRAN HOSPITAL PROJECT INPUTS
(\$000)

	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>	<u>TOTAL</u>
PERSONNEL	207	207	207	621
TRAINING	12	12	12	36
COMMODITIES	0	40	40	80
OTHER	20	75	80	175
=====				
TOTAL	239	334	339	912

D. PHEBE HOSPITAL

Phebe's contribution is based on estimates of its current actual expenditures (excluding accounts payable) on activities which will be supported by USAID funds. Phebe will be provided with \$200,000 worth of USAID purchased drugs and medical supplies in year one and \$56,000 worth of drugs in year two. The proceeds from the sale of these commodities will be counted as part of Phebe's contribution in subsequent years.

PHEBE HOSPITAL PROJECT INPUTS
(\$000)

	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>	<u>TOTAL</u>
PERSONNEL	766.5	766.5	766.5	2,299.5
TRAINING	111.3	111.3	111.3	333.9
COMMODITIES	0	200	276	476
OTHER	971.2	981.2	991.2	2,943.6
=====	=====	=====	=====	=====
TOTAL	1,849	2,059	2,145	6,053