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AMENDMENT OF COOPERATIVE AGREEMENT

PAGE 1 OF 20

1. Amendment No. Three	2. Effective Date See Block 13	3. Coop. Agr. No. 527-0335-A-00-9373-00	4. Effective Date September 22, 1989
5. Recipient (Name and Address) Dr. Josephine Gilman Executive Director Proyectos de Informatica, Salud, Medicina y Agricultura (PRISMA) Av. de las Artes s/n San Borja, Lima - Peru		6. Administered by: Agreement Officer Regional Contracting Office USAID/Quito APO Miami 34039	
7. PIO/T No. Multiple (See page 2) Appropriation No. See page 2 BPC: See page 2 RESV CTL NO. See page 2 Amt. Oblig. Prior this Amd. \$2,217,302 Amt. Oblig. by this Mod. \$6,393,973 Total Obligated Amount \$8,611,275		8. Previous PIO/T's 527-0335-3-90073	

9. Description of Amendment: \emptyset

The purposes of this amendment are:

- a. To determine final budget for Project Year 1,
- b. To increase the Agreement amount to \$11,800,000,
- c. To incrementally fund \$6,393,973,
- d. To include a revised Program Description,
- e. To extend period of Agreement up to September 30, 1993.

Accordingly, this Agreement is amended as follows: (See continuation sheet).

AID TECHNICAL OFFICE: USAID/Peru - HPN

10. This modification is entered into pursuant to the authority of the Foreign Assistance Act of 1961, as amended. Except as herein provided, all terms and conditions of the Cooperative Agreement referenced in Block 13 remain unchanged and in full force and effect.

11. Recipient: is required to sign this document and return 6 copies to issuing office.

12. RECIPIENT ACKNOWLEDGMENT

BY Josephine Gilman

(Name typed or printed)

TITLE Director
DATE 10/3/90

13. UNITED STATES OF AMERICA
AGENCY FOR INTERNATIONAL DEVELOPMENT

BY James J. Dunlap

(Name typed or printed)

TITLE Regional Agreement Officer
DATE 8/31/90

DUPLICATE
ORIGINAL

1. Cover Letter

- a. Paragraph 1, delete "\$2,217,302" and replace with "\$8,511,275."
- b. Paragraph 2, delete "September 21, 1990, and replace with "September 30, 1993."
- c. FISCAL DATA, add the following:

"Fiscal Data-Amendment No. 3

Project No. 527-0335
PIO/T No. 527-0335-3-00082
Appropriation No. 72-1101021
BPC: LDPA-90-25527-KG13 R000298 \$3,927,000
LDHA-90-25527-KG13 R000299 \$ 68,000
LDHA-90-25527-JG13 R000300 \$1,865,509
LDPA-90-25527-JG13 R000301 \$ 483,535

PIO/T No. 527-0335-3-00086
Appropriation No. 72-11X1021
BPC: LDHX-90-25527-KG13 R000296 \$10,040
LDPX-90-25527-KG13 R000297 \$39,889

Revised Total Estimated Amount: \$11,800,000

2. SCHEDULE

- a. Section A. Purpose of Agreement, delete "one-year" in first line and replace with "four-year."
- b. Section B. Period of Agreement:
Paragraph 1, delete "September 21, 1990" and replace with "September 15, 1993."
Paragraph 2, delete "September 21, 1991" and replace with "September 30, 1992."
- c. Section C. Amount of Grant and Payment, delete "\$2,217,302" in paragraph 1 and replace with "\$8,511,275."
- d. Section D. Agreement Budget, delete in its entirety and replace with the following:

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"D. Agreement Budget

The following is the Agreement Budget, including local cost financing items. Revisions to this budget shall be made in accordance with Mandatory Standard Provision 4 of this Agreement, entitled "Revision of Grant Budget".

TABLE I, PROJECT COSTS, BY PROJECT COMPONENT
(US \$000)

<u>Project Component</u>	<u>Amount</u>
A. PROGRAM COSTS	10,311
1. PVO Institutional Support	2,363
2. Technical Assistance	760
3. Contraceptive Commodities	7,188
B. ADMINISTRATIVE COSTS	936
1. Direct Inputs	541
2. Evaluation	110
3. Audits	215
4. USAID Monitoring (PY1 only)	70
C. INDIRECT ADMINISTRATIVE COSTS	117
D. CONTINGENCIES	<u>436</u>
TOTAL PROJECT	11,800

TABLE II, ANNUAL AND TOTAL PROJECTED EXPENDITURES
 BY PROJECT COMPONENT
 (US\$000)

<u>Project Component</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Total</u>
A. PROGRAM COSTS	<u>1,754</u>	<u>3,784</u>	<u>2,992</u>	<u>1,781</u>	<u>10,311</u>
1. PVO Ins. Support	<u>667</u>	<u>690</u>	<u>550</u>	<u>456</u>	<u>2,363</u>
- APROSAMI	<u>161</u>	<u>165</u>	<u>165</u>	<u>131</u>	<u>622</u>
- ATLF	<u>45</u>	<u>55</u>	<u>35</u>	<u>30</u>	<u>165</u>
- CENPROF	<u>60</u>	<u>65</u>	<u>45</u>	<u>35</u>	<u>205</u>
- INPPARES	<u>155</u>	<u>145</u>	<u>105</u>	<u>90</u>	<u>495</u>
- PLANIFAM	<u>96</u>	<u>90</u>	<u>85</u>	<u>70</u>	<u>341</u>
- (Cuzco)	<u>(65)</u>	<u>(65)</u>	<u>(50)</u>	<u>(40)</u>	<u>(220)</u>
- (Puno)	<u>(31)</u>	<u>(25)</u>	<u>(35)</u>	<u>(30)</u>	<u>(121)</u>
- PROFAMILIA	<u>150</u>	<u>170</u>	<u>115</u>	<u>100</u>	<u>535</u>
- (Lima)	<u>(95)</u>	<u>(115)</u>	<u>(85)</u>	<u>(70)</u>	<u>(365)</u>
- (Huancayo)	<u>(55)</u>	<u>(55)</u>	<u>(30)</u>	<u>(30)</u>	<u>(170)</u>
2. Technical Assistance	<u>60</u>	<u>425</u>	<u>150</u>	<u>125</u>	<u>760</u>
- IEC	<u>0</u>	<u>25</u>	<u>20</u>	<u>10</u>	<u>55</u>
- Training	<u>0</u>	<u>25</u>	<u>35</u>	<u>25</u>	<u>85</u>
- Research	<u>60</u>	<u>350</u>	<u>50</u>	<u>50</u>	<u>210</u>
- Other	<u>0</u>	<u>25</u>	<u>45</u>	<u>40</u>	<u>110</u>
3. Contraceptive Commod.	<u>1,027</u>	<u>2,669</u>	<u>2,292</u>	<u>1,200</u>	<u>7,188</u>
B. ADMINISTRATIVE COSTS	<u>246</u>	<u>208</u>	<u>236</u>	<u>246</u>	<u>936</u>
1. Wages & Benefits	<u>76</u>	<u>87</u>	<u>87</u>	<u>87</u>	<u>337</u>
2. Office Expenses	<u>16</u>	<u>32</u>	<u>23</u>	<u>23</u>	<u>94</u>
3. Vehicle Costs	<u>12</u>	<u>25</u>	<u>6</u>	<u>6</u>	<u>49</u>
4. Local Travel	<u>7</u>	<u>14</u>	<u>20</u>	<u>20</u>	<u>61</u>
5. Evaluation	<u>20</u>	<u>0</u>	<u>40</u>	<u>50</u>	<u>110</u>
6. Audits	<u>45</u>	<u>50</u>	<u>60</u>	<u>60</u>	<u>215</u>
7. USAID monitoring	<u>70</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>70</u>
C. INDIRECT ADMINISTRATIVE COSTS	<u>27</u>	<u>30</u>	<u>30</u>	<u>30</u>	<u>117</u>
D. CONTINGENCIES	<u>0</u>	<u>121</u>	<u>170</u>	<u>145</u>	<u>436</u>
TOTAL PROJECT	<u>2,027</u>	<u>4,143</u>	<u>3,428</u>	<u>2,202</u>	<u>11,800</u>

Notes:

(1) Year 1 expenditures shown are actual; expenditures shown for years 2 thru 4 are projected.

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(2) Some funds will be administered directly by USAID. Local currency (LC) financing is authorized. Within the context of this summary budget specific approvals on these subjects, to include any FX/LC reprogramming necessary, will be formalized in implementation letters, with a copy of each such implementation letter to be provided to the Agreement Officer.

(3) The Recipient may reprogram or adjust budget line items, however, without prior written approval of the Agreement Officer the variance for any individual line item may not exceed 15%.

e. Section J. Substantial Involvement Understandings, delete the existing Section and replace it with the following:

"J. Substantial Involvement Understandings

PRISMA and USAID agree that the nature of the activities to be carried out under the Agreement require the substantial involvement of USAID. PRISMA therefore agrees with the following:

1. Contraceptive Commodities:

The Implementing Agency will authorize USAID to issue a funded PIO/C on its behalf to purchase contraceptives to be distributed under the Project. Funding will be provided under the Cooperative Agreement. USAID will review commodity requests and issue the necessary cables to AID/W. The Implementing Agency will be responsible for receiving, storing, and distributing contraceptives to the PVOs and the public sector once the commodities are in-country. USAID approval of local handling arrangements (i.e., direct arrangements by the Implementing Agency or subcontract to another local organization) will be required.

2. Buy-ins to AID/W centrally-funded projects:

USAID may recommend and will review and approve all requests for buy-ins to AID/W centrally-funded projects under the Cooperative Agreement. After such approval, the Implementing Agency will authorize USAID to issue the necessary PIO/Ts on its behalf, with funding provided under the Cooperative Agreement.

3. Project Personnel:

USAID approval will be required prior to selection and contracting of project key personnel by the Implementing Agency. These include the Administrative/ Management Specialist, Accounting Analyst, and Logistics/ Statistics Coordinator. Any deviation from the number of support personnel as specified in the Project Paper will require the prior approval of USAID.

4. Local Contracts For Technical Services and Consultants:

USAID will participate in the preparation of scopes of work for all subcontracts issued by the Implementing Agency under the Cooperative Agreement for local technical services and consultants. This will include, but not be limited to, institutional financial audits of the Implementing Agency and the participating PVOs, and the two technical studies (cost study and market study). Prior approval from USAID will be required for all Requests for Proposal (RFPs), and selection of subcontractors and consultants.

5. PVO Subgrants:

USAID will participate in the preparation of PVO subgrant budgets for institutional support and, where appropriate, technical assistance. Prior approval from USAID will be required for all PVO subgrants made under the Cooperative Agreement.

6. Technical Advisory Group:

The Project Manager and/or Project Monitor will participate in all meetings of the Technical Advisory Group, as described in the Implementation Plan.

7. Evaluation of Participating PVOs:

USAID will participate with the Implementing Agency in end-of-year evaluations of progress made by the participating PVOs in achieving their institutional and service delivery goals. All decisions regarding continuation or discontinuation of PVOs in the Project will require the prior approval of USAID.

8. Approval of Work Plans:

Prior to undertaking activities for each project year 2 through 4, the Implementing Agency will prepare, and submit to USAID for approval, detailed month by month work plans.

3. PROGRAM DESCRIPTION

PROGRAM DESCRIPTION - AMENDMENT NO. 3

(Note - The Program Description below applies to years 2 through 4. For purposes of technical clarity it is being added to the Agreement without deleting the original Program Description set forth in the basic Agreement.)

The Private Voluntary Family Planning Services Expansion Project (PVFP) is designed as a four-year activity to assist six PVOs to increase their capacity to provide quality family planning services. Authorization was originally granted for the first year of this planned 4-year project with funds being obligated through a one-year Cooperative Agreement with Proyectos en Informatica, Salud y Agricultura ("PRISMA" or "Implementing Agency"). Termination date of that Cooperative Agreement was originally established for September 21, 1990. A threshold evaluation of the Implementing Agency was carried out during the eighth month of PY 1 which established PRISMA's capacity to implement the remainder of the Project over the next three years. A Project Paper Supplement prepared in July 1990 called for a change in USAID's project monitoring role and added two new elements to the Project. The first of these additional elements is a Demographic and Health Survey to be funded under the Project through a "buy-in" to an A.I.D./W central contract. The other new element is the procurement, handling, distribution and monitoring of contraceptive commodities for use in public sector programs, in support of increased PVO-public sector collaboration. Authorization has been given for the three remaining years of the Project and the Cooperative Agreement with PRISMA will be extended to cover that period.

A. Summary Project Description

The project goal is to improve the quality of life for Peruvian families through increased access to the means to achieve the desired number and spacing of their children. The project purpose is to maximize the availability of family planning services to women and men who wish to use them by strengthening the capacity and improving the performance of the private voluntary sector to deliver quality and efficient services, focusing on long-lasting contraceptive methods, and maintaining support for temporary supply methods and natural family planning methods.

Six family planning service delivery private voluntary organizations (PVOs) will be the major participants in the Private Voluntary Family Planning Service Expansion (PVFP) Project. They include:

- Asociacion de Trabajo Laico Familiar (ATLF),
- Asociacion de Profesionales para la Promocion de la Salud Materno-Infantil (APROSAMI),
- Centro Nor-Peruano de Capacitacion y Promocion Familiar (CENPROF),
- Instituto Peruano de Paternidad Responsable (INPPARES),
- Promocion de Labores Educativas y Asistenciales en Favor de la Salud (PROFAMILIA), and
- Proyecto Planificacion Familiar (PLANIFAM).

Other Peruvian PVOs may receive donated contraceptive commodities and may be invited to participate in specific activities, such as training, research, and production of educational materials production. Project support may be extended to include non-family planning development agencies which wish to collaborate with the public sector to offer family planning services. Project support may also be extended to a PVO coordinating body, when and if such an entity begins to function.

The objectives of the project are:

1. to strengthen the capacity of six PVOs to deliver family planning services (institution building),
2. to improve the availability of long-lasting contraceptive methods,
3. to maintain support for temporary supply methods and natural family planning, and
4. to enhance rural family planning coverage through PVO-public sector collaboration.

Increased capacity to deliver family planning services. The project will strengthen institutional management of the six primary PVOs through the introduction, acquisition, and application of management systems and skills. One of the first project activities will be to develop and install a standardized management information system (MIS) for tracking staffing and resource allocations, logistics (commodities), and service statistics.

Participating PVOs will be assisted to identify administrative and program costs, both direct (program) and indirect (capital, administrative, and support), and to analyze and use that information to determine cost-effectiveness ratios and other financial indicators. The data for these analyses will be provided by the MIS, and the indicators produced will be used for institution and program planning, monitoring, and evaluation.

The project will strengthen the PVOs' ability to utilize market analyses for the family planning services and methods they offer to enable them to increase the productivity of existing services, adjust the fees they charge, and expand into new geographical areas, income levels, and/or contraceptive methods. The project also will assist the participating PVOs to acquire skills required to undertake income-generating activities: specifically, to increase local in-kind and cash donations, and to undertake profit-making activities.

Availability of long-lasting contraceptive methods. PVOs will receive technical assistance to improve the utilization of their existing clinical capacity to provide long-lasting methods. This will include adding new services, increasing community outreach efforts, and better integration with non-clinic, community-based distribution programs. The rotating medical post system will be expanded in some peripheral urban areas of the country, both by increasing the frequency of operation from twice a month to weekly in those posts already operating at peak output and by opening new post locations in underserved areas. Community workers (volunteers) will be trained to screen their clients for reproductive risk using such Ministry of Health (MOH)

criteria as age, parity, and previous obstetric problems, and to refer high-risk women to medical posts and/or clinics for intrauterine devices (IUDs) or voluntary surgical contraception (VSC).

As clinic programs expand their capacity to provide long-lasting contraceptive methods, project support will increase for this element and will decrease for the existing support of salary subsidies for community based distribution (CBD) personnel (e.g., supervisors). Over the life of the project salary subsidies shall be eliminated. Project-funded contraceptive commodities will continue throughout the entire four years of the project.

Maintenance of support for temporary supply methods and natural family planning. Given the importance of providing the full range of legally acceptable contraceptive choices to prospective and continuing users, the project will continue commodity donations of temporary supply methods to all the participating family planning PVOs. Institutional strengthening assistance will also be provided to a PVO specializing in natural family planning. A key element in this project will be to assist the PVOs in cost recovery and income generation, so that they can begin to purchase their own temporary contraceptive supplies locally from Peruvian manufacturers. Contraceptive Social Marketing (CSM) products will be promoted as part of the interface between this project and the Private Commercial Family Planning Project (527-0326)).

Rural coverage through PVO-public sector collaboration. In rural areas where family planning services are underutilized or nonexistent, project funds will be provided for PVOs to enter into agreements with MOH departmental health units and hospital directors to provide family planning services. These services will be provided at public sector hospital outpatient clinics in the afternoons when normal clinic activities cease. The MOH (or IPSS) will provide the facility, equipment, and contraceptive supplies. The PVO will contract and train staff, including a midwife, nurse auxiliary, receptionist, and statistical clerk. Depending on local conditions, these staff may be either MOH personnel or may be drawn from the private sector. (This collaborative approach to service delivery has been tried with considerable success under an A.I.D.-funded operations research project of INOPAL (The Population Council) with Vecinos Peru, a PVO affiliated with World Neighbors.)

B. Implementation Plan.

1. Schedule of Activity, by Project Year

a) Project Year (PY) 1:

PY1 has been a period of testing the capabilities of the Implementing Agency to implement the project; and validating the project approach. Generally, PY1 has continued the previously existing PVO services and operatives (with minimal expansion) and has ensured continued availability of contraceptive

commodities. User targets have been expanded by a maximum of 3 percent across the board (to adjust for population growth of women of reproductive age). Service expansion has been limited to targets of opportunity in the rural sector.

Activities scheduled for PY1 have included the following:

- i. develop a uniform and integrated logistics/service statistics system and implement it in all PVOs receiving A.I.D. commodities;
- ii. conduct cost and market studies;
- iii. conduct institutional financial audits of all six participating PVOs;
- iv. review and refine strategic plans;
- v. analyze and design an appropriate zonification strategy for the entire country, including a reexamination and possible modification of the Lima zonification strategy;
- vi. prepare administrative and financial procedures and manuals to be followed by the project and the recipient PVOs;
- vii. commence roll-back of salary subsidies to urban CBD;
- viii. evaluate the progress of individual PVOs toward meeting institutional development objectives to determine whether they should continue in the project; and
- ix. evaluate the performance of the Implementing Agency and the implementation modality tested in the Year One, and authorize the remainder of the project with modifications in project goals and methodology, as necessary.

The threshold evaluation of the Implementing Agency carried out in May 1990 included, but was not limited to, successful design and implementation of the integrated logistics/services statistics system and completion of the institutional financial audits and two technical studies. Authorization of the remaining three years of the project was made contingent on the findings of the threshold evaluation of the Implementing Agency and affirmation of the methodological approval.

b) Project Year (PY) 2:

Based on the threshold evaluation of the performance of the Implementing Agency, the remainder of the four-year project has been authorized and the cooperative agreement may now be extended. PY 2 activities will focus on the initiation of income generating and cost recovery elements.

Activities scheduled for PY2 include:

- i. evaluate one-year operational plans and modify long-term plans;
- ii. establish institutional goals for cost recovery and income generation, including numerical utilization and self-sufficiency targets;
- iii. complete phase-out of salary subsidies to urban CBD;

- iv. commence and/or continue cost recovery and income generation for clinical services;
- v. initiate procurement of CSM commodities with non-A.I.D. donated income;
- vi. open/continue rural after-hours clinics and CBD programs;
- vii. develop and implement a uniform management and accounting system in all PVOs receiving project institutional support;
- viii. establish uniform pricing/salary policies in Lima, including sliding scales;
- ix. develop new methodology for user targets; and
- x. evaluate progress of individual PVOs toward meeting institutional development objectives to determine whether they should continue in the project.

c) Project Year (PY) 3:

During the third year, increasingly greater resources will be concentrated on PVO self-sufficiency. A major focus will be on cost efficiency of their operations.

Activities scheduled for PY 3:

- i. evaluate institutional targets and modify plans as appropriate;
- ii. achieve utilization and self-sufficiency targets in urban full-service clinics; commence roll-back of subsidies to rotating posts;
- iii. extend uniform pricing and salary policies to other urban areas;
- iv. open/continue after-hours rural clinics and rural CBD programs;
- v. develop and expand other marketing and commercial schemes;
- vi. expand user targets; develop cost efficiency targets;
- vii. evaluate progress of individual PVOs toward meeting institutional development objectives to determine whether they should continue in the project; and
- viii. conduct a mid-term evaluation of the project, modifying goals, end of project status, output indicators (and benchmarks), and methodology, as necessary.

d) Project Year (PY) 4:

The fourth year of the project will consolidate the gains made earlier in institutional strengthening.

Activities scheduled for PY 4:

- i. evaluate performance and modify institutional plans;
- ii. increase percent of institutional budgets from non-A.I.D. sources;
- iii. achieve utilization and self-sufficiency targets for rotating medical posts;
- iv. open/continue after-hours rural clinics and rural CBD programs;

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- v. set and achieve targets for local procurement of contraceptive commodities (CSM products) with non-A.I.D. income;
- vi. expand user targets; increase cost efficiency;
- vii. conduct the end-of-project evaluation.

2. End of Project Status Indicators

As stated, earlier, the overall objectives of the project are (1) to increase the capacity of selected PVOs to delivery family planning services (institution building); (2) to improve the availability of long-lasting contraceptive methods; (3) to maintain support for temporary supply methods and natural family planning; and (4) to enhance rural family planning coverage through PVO-public sector collaboration.

a) Increased Capacity to Deliver Family Planning Services:

Institution building is a crucial prerequisite to increasing the availability of cost effective services and information and to providing family planning services to more users. By the end of the project, the participating agencies will have reduced the unit costs of services delivered so that they will be able to increase the number of users served at present donor funding levels or reduce the international donor support required to maintain the current level of users served. This is reflected in indicators presented immediately below.

Improved Administrative Systems. By the end of the project (EOP), all six participating PVOs will have developed and implemented:

- strategic plans,
- annual operational plans and financial objectives, and
- management information systems.

Improved Costs Effectiveness. By EOP, participating PVOs will have improved operational efficiency, reduced costs, and improved cost efficiency. Costs per service delivered will vary by contraceptive method, service delivery outlet, and geographic region. Following the completion of the technical studies in PY 1, numerical targets for use of installed capacity in both full-service clinics and rotating posts will be specified for PY 2, 3 and, 4.

- for urban areas: (a) full-service clinics, and
(b) rotating posts; and
- for rural areas: (a) full-service clinics, and
(b) rotating posts.

Enhanced Financial Self-Sufficiency. Financial sustainability will be encouraged by increasing locally generated revenues, principally through cost recovery (fees for services and supplies) and income generation (sales of other services, commodities, local donations, etc.). By EOP, urban CBD programs will be self-sufficient, except for donated commodities. In addition, after the completion of the technical studies in PY 1, numerical self-sufficiency targets will be established for PY 2, 3, and 4 for:

- urban clinics,
- urban rotating posts, and
- rural programs (in non-public sector installations).

b) Availability of Long-Lasting Contraceptive Methods:

Installed Capacity. During PY 1, numerical (percentage) targets will be established for increasing PVO capacity to delivery IUDs, and VSC and for increasing the portion of the PVOs' operating budgets dedicated to delivery of long-lasting methods.

Long-Lasting Contraceptive Method Users Served. Following the trends observed between 1987-1988, the number of acceptors of IUDs and VSC served directly by the PVOs will increase by 35 percent per year. The proportion of IUD and VSC acceptors over all acceptors in urban areas will increase by 20 percent per year. These levels take into consideration current Peruvian law and MOH norms which allow VSC only for men and women at high health risk.

c) Increased Rural Coverage:

After-hours family planning clinics will be opened in 30 public sector hospitals and/or health centers, of which 10 will be operated by the MOH or IPSS before the project terminates. Four rural CBD programs will be established. As a result of project activities, rural contraceptive prevalence will increase by 2 percent per year, and modern method use will increase to 75 percent of all contraceptive use.

d) Gender Considerations:

The numbers of women in management and other professional positions will be increased as a result of project activities. To correct historical imbalances, at least 67 percent of new hires in professional/management positions will be women. Participation of women in management training courses will be equal to their representation in the PVOs' work force or 50 percent of all management trainees, whichever is greater.

More men will be recruited as CBD distributors and supervisors. Twenty percent of all new CBD distributors trained will be men. Since the restructuring of urban CBD programs will include reducing the numbers of supervisors, no numerical targets for male supervisors will be stipulated. However, programmatic activities aimed at promoting male methods will be encouraged to recruit male supervisors.

3. Implementing Agency Team

During PY 2 through 4, the Implementing Agency will continue to field a 7-person team led by the agency's director, who will dedicate 25 percent of her time to this effort. She will be the counterpart of the USAID Project

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Manager and is responsible for directing the day-to-day activities of the project. The team leader will also be the authorized representative of the Implementing Agency for the purposes of this project. The other key members of the team will be an Administrative/Management Specialist, an Accountant Analyst, and a Logistics/Statistics Coordinator. They will be supported by a Financial Assistant, two secretaries, and a driver/messenger.

a) Job Descriptions, Key Personnel:

Administrative/Management Specialist. This individual should have extensive private sector management expertise in Latin American contexts and previous experience working with private voluntary organizations. Previous experience in family planning is not required. He/she will be responsible for strengthening the management and financial capabilities of the participating PVOs. His/her responsibilities will include:

- providing technical assistance and training to the participating agencies in setting up and implementing management systems, including personnel, legal, supervisory, procurement, inventory, and logistical support;
- identifying management technical assistance and training needs of the participating agencies and providing the necessary resources to meet those needs;
- assisting with the coordination of the participating agencies through the development of job description, personnel evaluations, and staff development;
- providing technical assistance to the participating agencies in developing income generating capabilities, including expansion of resource base;
- actively participating as a trainer or lecturer in in-country management training programs and board of directors training;
- implementing strategic planning and other project activities with PVO management staff and boards of directors;
- assisting in the identification and training of any replacement; and
- participating in Project evaluations.

Logistics/Statistics Coordinator: This individual should be a Peruvian national resident in Peru. He/she should have at least 3 years of experience in evaluation and/or research of family planning service delivery and in training and supervising evaluation staff, supervisors, and field staff. The Logistics/Statistics Coordinator will be responsible for implementing the logistics/service statistics system in the PVOs and will monitor operations research projects funded by the project. His/her responsibilities will include:

- assisting the Administrative Specialist in implementing systems developed by the project in the participating PVOs, training PVO staff in their use, and monitoring their performance;
- supervising all aspects of project data collection, including timeliness, completeness, and quality control;

- preparing quantitative progress reports;
- coordinating service statistics and production reports of the PVOs, including effectiveness and efficiency indicators, commodities distribution, and inventory;
- assisting in the preparation of projections of commodities needs of the participating PVOs and in coordinating project commodity requests with the Peruvian National Family Planning Program;
- providing technical assistance to operations research projects funded by the project and liaison with AID/W centrally-funded projects in research and evaluation of family planning services delivery in the PVO sector;
- actively participating as a trainer or lecturer in in-country supervision and evaluation programs;
- assisting in the identification and training of any replacement; and
- participating in Project evaluations.

Accountant Analyst: This position should be filled with a Peruvian national with accounting and logistics experience, perhaps a certified public accountant. He/she will provide administrative back-up to the senior project staff. His/her responsibilities will include:

- participating in the preparation of administrative reports for USAID, including collecting the required financial and logistics information from the participating PVOs and monitoring it for completeness and accuracy;
- tracking financial disbursements and logistics flow, including liaison with the MOH and Peruvian customs; and
- maintaining project financial records and prepare the financial statements and reports of the Implementing Agency.

b) USAID Project Monitoring:

The Office of Human Resources will have responsibility within USAID for managing the project. The Population Officer will serve as the Project Manager and will be responsible for the administrative approval of all project inputs and for overall project monitoring and coordination. The Project Manager shall be assisted by the Population Specialist.

The Project Manager shall be assisted:

- in contracting and procurement actions, by the Regional Contracting Officer (located in Quito) and the Mission's Executive Office;
- in legal interpretations, by the Regional Legal Officer (in Quito),
- in financial matters, by the Office of the Controller;
- in evaluation, donor coordination, and project design/implementation activities by the Program Office (including the Project Development Officer);
- in training activities, by the Training and Social Development Division within O/HR; and
- in logistics matters by the Executive Office.

These Mission (or regional) resources shall be supplemented by AID/W backstop staff in the Office of Development Resources in the Bureau for Latin America and the Caribbean (LAC/DR), various offices within the Bureau for Science and Technology (S&T), and the Office of Data Management and the Office of Contracts and Commodity Procurement in the Management Services Bureau.

C. Budget Elements

Program Costs include those elements of direct benefit to the participating PVOs, including institutional support for program operations, technical assistance, and contraceptive commodities.

PVO Institutional Support. In the early stages of the Project the bulk of PVO support will go to improvements and modifications of urban-based programs. Some funding will be applied to opening after-hours family planning programs in public-sector facilities in rural areas. Depending on need, project funds may be used for staff salaries, purchasing local equipment, in-country training, etc. It is anticipated that as the PVOs generate more income, decreasing percentages of their recurring costs, especially in urban areas, will be underwritten by project funds. By the last year, approximately 40 percent of the A.I.D. project-funded PVO institutional support will be applied to rural programs.

Technical Assistance. During PY 1, technical assistance has been limited to two technical studies on service delivery costs and marketing/pricing of commodities and services. The successful implementation of these studies and a commodity logistics system with the participating PVOs has been the central criteria against which PRISMA was evaluated in determining whether to negotiate a new Cooperative Agreement with PRISMA or to seek a new obligating mechanism for Project Years 2-4. These studies will also serve as a basis for the operations and direction for the remaining three years of the project.

Contraceptive Commodities. The implementing agency will be responsible for estimating, calling forward, receiving, storing, and distributing contraceptives to participating PVOs and monitoring their use. In addition, beginning in PY2 PRISMA will also be responsible for handling these activities for the public sector (with the exception of planning and estimating contraceptive requirements which will continue to be done by the MOH). The actual procurement will be undertaken by A.I.D. The implementing agency will authorize USAID to issue a PIO/C to access the central AID/W purchasing contract. Commodity handling costs are also included under this line item.

Administrative Costs are comprised of all personnel and administrative inputs directly and exclusively dedicated to this project, many of which also will directly benefit the participating PVOs. All of these costs cease at the end of the Project. They include wages and benefits of advisors and staff hired by the Implementing Agency, office expenses incurred by the Implementing Agency, local travel and vehicle costs for Project staff, evaluations and audits of both the Implementing Agency and the participating PVOs, and funding of USAID Project monitoring.

The following personnel inputs are required for the Implementing Agency: Team Leader (part-time only); Administrative/Management Specialist; Logistics/Statistics Coordinator; Accountant/Analyst (equivalent to CPA); Accounting Assistant; Secretary (2); and Driver/Messenger.

Other direct inputs are legal assistance (retainer), insurance, rental of space and selected equipment, maintenance contracts, and all other normal and usual administrative costs. All of these costs are exclusive to the support of the Project and can be readily verified.

Evaluations. A threshold assessment starting in Month 8 of PY1 concentrated on the success of PRISMA's efforts as the implementing agent; favorable findings have led to the decision to extend the cooperative agreement and authorize the remaining three years of the project (with modifications, as necessary).

Audits. Annual audits (of PRISMA and the participating PVOs) will be conducted in accordance with A.I.D. policies. Funds are provided to contract out the independent, certified audits and to bring in external evaluators.

USAID Monitoring. USAID has determined that the Personal Services Contract Project Monitor position authorized for PY1 will be discontinued at the end of PY1. For the remainder of the project the USAID Population Officer, assisted by the Population Specialist, will assume the Project Monitor functions.

Overhead. "Overhead", or indirect administrative costs of program support, has been developed by an analysis of the monthly input of all PRISMA core personnel having a recurring input. This input, for most, will decline over the first year, reaching a minimum level required to monitor assistance to the PVOs and financial reporting during the remaining three project years. Included in this cost category also are those core administrative expenses related to core personnel inputs. These costs are minimal and not expected to exceed US\$1,000 annually. "Overhead" will be reimbursed based upon monthly billings from PRISMA in local currency.

D. Procurement Plan

1. Technical Assistance

Technical assistance (TA) will be provided by project staff and short-term consultants contracted by the Implementing Agency on behalf of the participating PVOs. Funding for project staff is included under the "Project Office" line item of the cooperative agreement. Funding for short-term consultants is included in the cooperative agreement and is separate from the institutional support provided directly to PVOs, as subgrants.

2. Institutional Support

Institutional support in the form of pass-through funding will be provided to each of the six primary PVOs. Annual project subgrants will be negotiated individually between each participating PVO and the Implementing Agency, with the participation of and subject to final approval by USAID.

3. Research Support

A Demographic and Health Survey will be funded by the Project through a "buy-in" to the Institute for Resource Development. This will be accomplished by means of a PIO/T issued by USAID to add funds to the AID/W centrally funded DHS survey.

E. Disbursement Procedures

1. Methods of Financing Foreign Exchange Costs

USAID will assume responsibility for disbursing funds for some of the foreign exchange costs under the Project. These include commodities, but not domestic transportation and handling costs. These commodity foreign exchange costs will be disbursed by AID/W and charged to the Project through advices of charge (AOC). Evaluations will be contracted and paid by USAID, upon written requests of PRISMA, and/or cosigning PIO type document.

With prior AID approval (through cooperative agreement implementation letters), PRISMA will contract for their annual audit and the PVOs and systems and procedures assistance. As is the current custom, payment will be made in US dollars. Payment will either be made by PRISMA or upon request by PRISMA directly by AID on their behalf. This will be reviewed during implementation and will be dependent on the economic situation and the GOP's policy on dollar accounts. Project audits will be contracted through the non-federal audit mechanism established by RIG/A/T. The PIO/T and Contract will be executed by the USAID. Payment terms will be negotiated by the EXO or RCO, as appropriate in their contracting negotiations. Financial Management Reviews will be confirmed and contracted through co-signed PIO/Ts and contracts executed directly by USAID/Peru.

2. Methods of Financing Local Currency Costs

PVO institutional support, technical studies, technical assistance and project management costs will all be defined and approved by AID through the PIL procedure. Funds will be provided on an advance basis, based upon monthly approved cash flow projections, covering basic cash needs. The advances will be liquidated by monthly billings from PRISMA. Assuming PRISMA continues to adequately monitor and control USAID funds as under their current projects, the Mission will perform or, if appropriate, contract accounting firms to

perform on USAID's behalf (from the financial review line item) post review of vouchers at the implementing offices. If during the audits on financial reviews it is determined that the systems are no longer adequate, USAID will require all supporting documents until action is taken to resolve problem areas.

PVO institutional support advances will be in turn advanced by PRISMA, based upon each PVO's basic cash needs for each thirty days operations. The PVO will submit monthly reports of expenditures to PRISMA clearing their advances; and, PRISMA will consolidate these submissions in a reporting format, approved by USAID, which will serve to clear their advances from USAID.

PRISMA will use the same basic financial reporting system for the six PVOs as has been used by PRISMA in reporting to USAID under its other current projects. The system is adequate in the informational sense but its effectiveness will depend upon refinements needed in the PVO's basic accounting systems. These refinements will be provided by PRISMA with assistance from the financial consultants chosen for systems and procedures installation.

Technical assistance and technical studies will be approved by the PIL procedure for PRISMA contracting and monitoring. USAID will provide advances as needed. The process will be the same as explained above.

Project management costs of PRISMA will be approved by USAID as follows: an annual cash flow projection of administrative costs will be developed presenting monthly cash requirements; quarterly requirements will be presented to USAID as the basis for monthly advances of cash requirements. Monthly advance liquidations presented to USAID will be made after the bank statements have been received and accounts reconciled by PRISMA. These advance clearances will be made on or before the fifteenth day following the end of the reporting month. Indirect administrative costs ("overhead") will be reimbursed based upon monthly billings from PRISMA in local currency.