

PD-ABH-403  
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AID Project No. 532-0064

AMENDMENT NO.5  
TO THE  
PROJECT GRANT AGREEMENT  
BETWEEN  
THE GOVERNMENT OF JAMAICA  
AND THE  
UNITED STATES OF AMERICA  
FOR  
HEALTH MANAGEMENT IMPROVEMENT

Date: July 30, 1986  
Appropriation: 72-1161021  
Budget Plan Code: LDAA-86-25532-CG13

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PROJECT GRANT AGREEMENT

AMENDMENT NO. 5

Amendment Number 5 between the United States of America acting through the Agency for International Development ("AID") and the Government of Jamaica:

WHEREAS, the Government of Jamaica and AID entered into a Project Grant Agreement dated December 10, 1981 ("Agreement"), and

WHEREAS the Government of Jamaica and AID desire to amend the Agreement to reflect a change in the definition of the Project, an increase of US\$2,000,000 in grant funds, a change in the Grantee resources provided to the Project, and establish a new Project Assistance Completion Date.

NOW THEREFORE, the parties hereto hereby agree that the Agreement shall be further amended to read as follows:

1. Section 2.1 Definition of the Project is deleted in its entirety and replaced by the following:

Section 2.1 Definition of Project. The Project which is further described in Annex 1, will consist of health manpower development, renovation and construction works, the provision of medical equipment and supplies and the improvement of management systems to enable the Ministry of Health of the Grantee to adequately plan, implement and evaluate primary health care and nutrition programs, with particular regard to the Network of Primary Health Care Centers which are vital to extending care to the low income rural population. In addition, the Project will provide resources to assist the Government of Jamaica in implementing health financing and administration policies which will provide for more cost effective and efficient delivery of health services.

2. Section 3.2(b) Grantee Resources for the Project is deleted in its entirety and replaced by the following:

Section 3.2(b) Grantee Resources for the Project. On the basis of a contribution by AID of US\$3,017,000 in grant funds and US\$8,554,000 in loan funds, the resources provided by the Grantee for the Project will be not less than the equivalent of US\$4,068,330, including costs borne on an "in-kind" basis.

3. Section 3.3(a) Project Assistance Completion Date is deleted in its entirety and replaced by the following:

Section 3.3(a) Project Assistance Completion Date.  
The "Project Assistance Completion Date" (PACD), which is June 30, 1988, or such other date as the parties may agree to in writing, is the date by which the parties estimate that all services financed under the Grant will have been furnished for the Project as contemplated in this Agreement.

4. Annex 1, "Amplified Project Description" shall be amended by the deletion of Annex 1 and insertion, in lieu thereof, of a new Annex 1, "Amplified Project Description", appended hereto as Attachment 1.

EXCEPT as amended herein, the Agreement and Amendments Number 1, dated March 31, 1982, Number 2, dated September 30, 1982, Number 3, dated May 17, 1983, and Number 4, dated March 30, 1984, thereto between the Government of Jamaica and AID remain in full force and effect.

IN WITNESS WHEREOF, the Government of Jamaica and the United States of America, each acting through its respective duly authorized representative, have caused this Amendment to be signed in their names and delivered as of the day and date written below.

GOVERNMENT OF JAMAICA



Edward P.G. Seaga, P.C., M.P.  
Prime Minister and Minister of  
Finance and Planning

UNITED STATES OF AMERICA



William R. Joslin  
Director  
USAID/Jamaica

Date: July 30, 1986

ANNEX 1: Amplified Project DescriptionA. Background

While Jamaica has traditionally enjoyed good health status as compared with most lesser developed countries, it was becoming evident by 1979 that the Primary Health Care (PHC) delivery system was making only minor gains in improving the population's health and that, in fact, much of the system had deteriorated significantly over the previous decade. This was most visibly evident in the physical infrastructure, with most of the PHC Centers in a serious state of disrepair. It was also clear that PHC services to the general population were declining, due to weak management, inadequate supplies, and insufficiently trained staff.

It was in this context that the Health Management Improvement Project (HMIP), with a goal of improving the health status of the Jamaican population, was initially conceived in 1979. A formal Project Agreement with the purpose of strengthening the ability of the Ministry of Health (MOH) to plan and implement PHC services was signed between the Government of Jamaica and USAID in 1981.

In February 1983 the Project was evaluated by four consultants. Many of their findings and recommendations were incorporated into a Project reprogramming exercise that resulted in the Supplementary Revision to the Project in May 1984. In 1986, further decline in the economic conditions have called for another look at HMIP assistance to the Ministry of Health (MOH).

B. Project Goal and Purpose

The Project goal continues to be to improve the health and nutritional status of the Jamaican population by improving the efficiency, effectiveness and equity of the public health care delivery system.

The purpose of the Project, to be achieved over a seven year implementation period, is twofold. The Project is designed to strengthen the ability of the MOH to plan, implement and evaluate primary health care delivery including nutrition

programs. This will be accomplished through many of the planned inputs and outputs which are well underway within the current Project framework and will be completed by March 1987.

Additionally, the Project has as a purpose to assist the MOH in assuring that the greatest level of health is provided to Jamaicans given the constraints on public and private sector expenditures. The Project has been expanded in these areas partially in response to a November 1984 audit of the Project, but for the most part as a result of the severe financial constraints faced by the MOH in the current economic climate.

### C. Project Components

For Project management purposes and to emphasize new priorities, activities remaining under the original components and the new activities will be grouped under four headings described below. Under this PP Supplement, budgets and an implementation plan have been developed for these components for the period August 1986 - June 1988. Evaluation of the Project will still be conducted using the objectives of the 1984 Supplement as modified herein and the benchmarks for new activities developed in the logframe (Attachment A).

#### 1. Management Systems Development

The HMIP was developed mainly to address the critical management needs at the Ministry level of the PHC program. Under the Project, more effective systems for various PHC support activities are being developed and implemented. These systems assist the MOH in more effectively utilizing limited resources for the provision of PHC services.

Systems included under this component are Transportation Management, Manpower Development, Health Center Maintenance, Health Information Statistics, Nutrition Surveillance and Supply Management.

These procedural systems and other topics, such as time management, will be institutionalized in the form of a series of MOH manuals. The format for these and a system of manual development and updating has already been established by the Project Implementation Unit (PIU).

Inputs into this component include funding of the PIU, technical assistance, commodities, and training. Funding for the Project Implementation Unit (PIU) includes personal

emoluments, office furniture and equipment, vehicle expenses, and other costs of the Unit. The PIU provides the managerial framework for the Project, and under the direction of the Permanent Secretary for Health, holds responsibility for Project implementation. All lines of authority/responsibility remain the same as currently stated under the Project until dissolution of the Unit in March 1987.

Technical assistance, in addition to consultants already funded, will be provided in health information statistics, financial management and library development. Local technical assistance is currently developing the Drug Handbook and the VEN List.

Commodities procured or being procured include the printing press equipment, tools for maintenance artisans, office furniture and equipment, and vehicles. In addition to this range of items, computer hardware and software will be acquired for Supply Management, Health Information Statistics, and Financial Management. Office supplies needed to support systems development and implementation are also being provided. The building housing the Learning Resources Center was renovated earlier under the Project. Training in support of the new systems is being financed.

All inputs under this component will be provided prior to March 1987.

## 2. Primary Health Care Field Support

Primary Health Care Field Support consists of three activities directed at improvement of service delivery at the field level. These are: (a) Community Projects; (b) Renovation; and (c) Pharmaceutical Procurement.

A series of Community Projects have been developed to elicit community support and assistance in defining and correcting health problems at the community level. Projects thus far approved include areas of nutrition, communicable disease vector control, sanitation and hygiene, and community health education. Communities participating in this activity or developing proposals for submission to the MOH are learning to define health problems and work towards their solution.

The program of major and minor renovations is designed to upgrade the existing PHC facilities. Sixty-two health centers will have received minor repairs/renovations by March 1987. In addition, security, air-conditioning, and refrigeration at Island Medical Stores will have been upgraded and seven regional depots for PHC drugs and supplies will be built.

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Three major renovations in the Project, however, will not be completed by that date. All three will be under construction and due for completion by October 1987.

Completion of these activities and the installation of equipment and furniture procured under the Project will leave a physically functioning, island-wide network of Primary Health Care Centers.

Pharmaceutical procurement is in support of the delivery of primary care services. The procurement, valued at US\$1 million, is to assist the program through the period FY 86-87 as the GOJ looks for alternate solutions to the continuing problem of lack of foreign exchange. The GOJ has in recent years moved to procurement of generic drugs and use of efficient buying sources, such as the Pan-American Health Organization, for immunization supplies. Further gains can be made in these areas. The MOH has already received additional impetus to lower the costs of procurement from the GOJ annual drug budget.

### 3. Support for the MOH Program of Rationalization

Three areas for rationalization will be reviewed under this component. These are the rationalization of personnel, field-level management, and health infrastructure. Activities begin in FY 1986 and will continue through March 1988.

Efficient and effective utilization of PHC personnel is currently being studied through an AID/Washington sponsored PRICOR study. The model developed under the grant is being field tested in Cornwall County and should be completed by October 1986. The HMIP will assist in broader implementation of this model.

As the numbers of MOH personnel are reduced and the participation of parish councils in the provision of health related services is decreased, and yet at the same time requirements for field level management of health care increase, the lines of authority and specific management duties of field personnel will need to be reviewed. Technical assistance will be provided to complete this management review. This will include assessment of the needs developing for integration of PHC and tertiary care management. From this, changes and a plan for making alternatives for more efficient functions of field level management will be developed. The plan will include organization charts and detailed job descriptions for management responsibilities.

Additionally, regional accounting systems will be implemented utilizing twelve microcomputers located in hospitals island-wide. Technical assistance and training will be provided to implement this computerized local accounting system, which has been developed with PAHO assistance in Cornwall County. Implementation of this system will be a consideration in the development of the field level management structure described above.

Rationalization of the health infrastructure includes review of both primary and tertiary care settings. Plans for the conversion of six MOH hospitals to Type III health centers are included in the FY 86-87 budget for HMIP. This activity will consist of renovation/construction and commodity procurement to enable these centers to function as Type III primary care centers.

#### 4. New Initiatives in Health Finance and Administration

The purpose of assistance under the New Initiatives Component is to provide resources under grant funding for the Ministry of Health to review and implement various long-term policy options for the financing of the improvement and expansion of health services.

Over the past several years, the MOH and the GOJ have initiated efforts in the area of health finance. Under the direction of the Prime Minister, a group of public and private sector individuals were brought together to review various options available for collecting additional funds in support of health services. This group, known as the Ogle Committee, developed a paper outlining and critiquing four options. The paper covered the following:

1. Establishment of a mandatory National Health Insurance Scheme;
2. Private management of public facilities;
3. Development of a health maintenance organization; and
4. Development of a national health lottery.

Additionally, through the efforts of Project Hope and USAID, two seminars have been held to discuss issues associated with each of the above. And teams of experts from the U.S. have prepared feasibility assessments for the divestiture of hospital support services in the major Kingston hospitals and for development in Trelawny Parish of an arrangement similar to the HMO concept.

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One constraint to analysis of the issues and implementation of changes has been the time available to MOH staff for these activities. Through the New Initiatives component a three-person secretariat will be hired to coordinate activities in this area. This team - a research assistant, an administrative assistant, and an executive secretary - will be placed under the office of the Chief of Finance, MOH. Their duties will encompass the development and implementation of a strategy for systematic review and selection of various options available to the GOJ in alternative methods of financing health care. They will liaise with the Ogle Committee, UWI, USAID, the World Bank, and other donors. Additionally, they will coordinate all technical assistance in the area of health finance for the MOH.

USAID inputs will provide salary and employee benefits for this team. GOJ funds will provide office space and equipment and access to microcomputers and photocopying as needed.

In the first few months of being convened as a secretariat, the group will develop, for USAID approval, a detailed plan for use of Project funds under this component. Funds have been allocated by Project element between training, technical assistance, commodities, and renovation. However, further analysis is needed before well-defined policy objectives can be developed. Decisions will need to be made at various levels after further review in respect to areas including public/private mix, user fees, and/or establishment of a national health insurance scheme.

USAID funds will be used in formulating and implementing policies that represent real solutions to the on-going financial constraints within the health system. The end result will be oriented toward a better and more efficiently operating health care system. Provision of a total range of services at little or no cost to those least likely to be able to procure services for themselves will continue to be emphasized.

Technical assistance in financial management will be provided to determine the cost-effectiveness of further changes in the health infrastructure. A small amount of additional funds will be provided to assist in renovations and commodity procurements as needed.

D. Project Costs

During the seven and one half year implementation period of this Project, AID will provide up to US\$8,554,000 in Loan funds and up to US\$3,017,000 in Grant funds as follows:

SUMMARY OF ESTIMATED  
PROJECT INPUTS\*  
(US\$)

<u>ELEMENT</u>	<u>AID GRANT</u>	<u>AID LOAN</u>	<u>TOTAL AID</u>	<u>GOJ</u>
Technical Assistance	588,585	1,083,000	1,671,585	77,170
Commodities	300,000	3,170,000	3,470,000	439,520
Renovations	1,907,780	3,717,400	5,625,180	566,530
Support Costs	185,000	315,000	500,000	2,956,840
Training	35,635	263,000	298,635	28,270
Inflation**		<u>5,600</u>	<u>5,600</u>	
TOTAL	3,017,000	8,554,000	11,571,000	4,068,330

\* Inflation and contingency are included in Project elements.

\*\* Reflects funds already disbursed under this element.

\*\*\* See Attachment A for allocation of new funding (Amendment No. 5) by line items.

### E. Financial Implementation

As implemented under the original Project, USAID payments will be made to the GOJ on a cost reimbursable basis. No advances will be made by USAID to the GOJ. Reimbursements are for local currency costs of goods and services included in the approved Project budget. Expenditures will be reported and documented to USAID by the MOH on monthly financial reports in form and substance acceptable to A.I.D. Foreign exchange costs of eligible goods procured by host country institutions will generally be financed under direct letters of commitment or by using a PSA under IQC financing.

Local technical assistance provided to the MOH, including both long term staff and short term consultants, will be funded under host country contracts. Foreign short term technical assistance will be procured using a n AID direct contract PIO/T. All local commodity procurements will be the responsibility of the MOH and will be handled on a reimbursement basis. Renovation activities will be funded through host country contracts using A.I.D. approved procedures. Overseas training under the Project will be accomplished by means of PIO/P's, enabling key personnel to attend short term courses or conferences overseas. Local training will include in-house and on-the-job training conducted either through the MOH or under host country contracts and will be handled on a reimbursement basis. Assessments and evaluations will be obtained by means of an A.I.D. direct contract.

It has been determined that the MOH has adequate capacity and capability to carry out these financial implementation activities. This assessment is based on a financial audit of the Project conducted in November 1984, as well as the Mission's experience with the MOH in implementation of the Project to date.

### F. Implementation Plan

The New Initiatives Component will be managed by a secretariat under the MOH Chief of Finance. This will consist of an administrative assistant, a research assistant, and an executive secretary. The Secretariat will liaise with the Ogle Committee on a regular basis and with other MOH, GOJ, and private sector groups as needed. All other components will be managed by the current PIU through March 1987. Subsequently, the construction advisor position and an administrative assistant for HMIP management will be placed in the MOH with the New Initiatives Secretariat. The GOJ will supply office space, furniture, transportation, and equipment for this group.

The administrative assistant for Project management will interact with other offices such as accounting and budgeting and assure proper auditing and reporting of Project funds. The PIU will assist in developing procedures and reporting formats for this transition prior to March 1987. The PIU is also responsible for training financial management counterparts in AID procedures prior to transition.

Biweekly meetings with appropriate MOH and USAID officials will be instituted with formation of the Secretariat. After March 1987, written reports on Project Implementation will be submitted and reviewed by a Committee chaired by the Minister of Health each month. Current reporting and meeting requirements of the PIU will remain in effect through March 30, 1987.

All Project activities will be developed with a planned Project Assistance Completion Date of June 30, 1988.

#### G. Evaluation Plan

The Project will be jointly assessed by the MOH and USAID in March 1987 in order to determine if the Project is meeting the objectives of this PP Supplement. It will encompass an overall review of the PHC system in Jamaica and determine the impact of the HMIP inputs on its functioning.

This will include a separate review of the "New Initiatives" component in order to review the effectiveness of USAID inputs in assisting the GOJ to develop and implement alternative policies of health administration and finance. This review will provide guidelines for future implementation of remaining Project activities. Pilot projects and sub-projects of this component will be examined as needed.

A final evaluation will be scheduled for March 1988. Technical consultants will provide an overview of progress to that point in achieving MOH defined health goals within an economically viable and functioning health system. Recommendations for areas of expanded implementation will also be a part of this evaluation.

## ILLUSTRATIVE BUDGET

## ATTACHMENT A

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Element	Prior Obligations	This Amendment	Total
Technical Assistance	933,146	(344,561)	588,585
Commodities	0	300,000	300,000
Renovations	0	1,907,780	1,907,780
Support Costs	0	185,000	185,000
Training	83,854	(48,219)	35,635
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	1,017,000	2,000,000	3,017,000

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## FUNDING CITATIONS:

Grant 532-0064  
Appropriation: 72-1161021  
Budget Plan Code: LDAA-86-25532-CG13  
Amount: \$2,000,000

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