

PD ARH-407
85675

A.I.D. Project Number: 538-0181

**PROJECT GRANT AGREEMENT
AMENDMENT NUMBER TWO**

BETWEEN

**THE ORGANISATION OF EASTERN CARIBBEAN STATES
(OECS)**

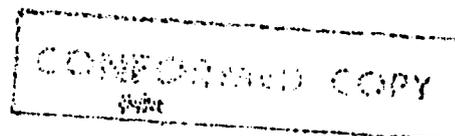
and

THE UNITED STATES OF AMERICA

for the

HEALTH CARE POLICY PLANNING AND MANAGEMENT PROJECT

Dated: October 5, 1993



A.I.D. Project No. 538-0181

AMENDMENT No. 2

to the

PROJECT GRANT AGREEMENT

Dated: October 5, 1993

Between

The Organisation of Eastern Caribbean States ("Grantee")

And

**The United States of America, acting through the
Agency for International Development ("A.I.D.").**

WHEREAS the Grantee and A.I.D. (the Parties) entered into a Project Grant Agreement (the Agreement) on September 21, 1992, later modified by Amendment No. 1 dated February 1, 1993; and

WHEREAS the Parties desire to amend the Agreement to reflect a change to the Project Assistance Completion Date (PACD), and to the Amplified Project Description,

NOW THEREFORE the Parties hereby agree that the Agreement shall be amended as follows:

- 1. In Article 3, Section 3.3 Project Assistance Completion Date, DELETE the words "September 30, 1998", and INSERT in lieu therefor the words "September 30, 1997";**
- 2. INCORPORATE, as part of the Agreement, the Attachment to this Amendment titled "Amendment No. 1 to the Amplified Project Description, Health Care Policy Planning and Management Project".**

Except as amended herein, the Agreement remains in full force and effect.

IN WITNESS WHEREOF, the Grantee and the United States of America, each acting through its duly authorized representative, have caused this Amendment No. 2 to the Agreement to be signed in their names and delivered as of the day and year first above written.

UNITED STATES OF AMERICA

ORGANISATION OF EASTERN
CARIBBEAN STATES

BY:



TITLE: REGIONAL DIRECTOR

BY:



TITLE:

DIRECTOR-GENERAL

**ANNEX I
Amendment No.2 to the
Project Grant Agreement
Project 538-0181**

AMPLIFIED PROJECT DESCRIPTION

AMENDMENT No. 1

**HEALTH CARE POLICY PLANNING
AND MANAGEMENT**

PROJECT No. 538-0181

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AMENDMENT NO. 1

AMPLIFIED PROJECT DESCRIPTION

HEALTH CARE POLICY PLANNING AND MANAGEMENT PROJECT
(538-0181)

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AMENDMENT NO. 1

AMPLIFIED PROJECT DESCRIPTION

HEALTH CARE POLICY PLANNING AND MANAGEMENT PROJECT (538-0181)

AMENDMENT SUMMARY

This Amendment No. 1 to the Amplified Project Description describes the changes to the project consequent to the reduction of planned A.I.D. contribution by one million United States dollars from \$6.5 million United States dollars to \$5.5 million United States dollars, and the contraction of the Project Assistance Completion Date by one year from September 30, 1998 to September 30, 1997. Unless otherwise indicated herein, the original Amplified Project Description remains in full force and effect.

I. BACKGROUND TO THE AMENDMENT

A. Original Project

The Grant Agreement under the Health Care Policy Planning and Management (HCPPM) project was signed on September 21, 1992 by the Organization of Eastern Caribbean States (OECS) and the U.S. Agency for International Development. The Grant was for a six year project, with planned life of project (LOP) contributions from A.I.D. of U.S. \$ 6.5 million. The project was designed as a regional project to benefit the member countries of the OECS, namely Antigua/Barbuda, British Virgin Islands, Dominica, Grenada, Montserrat, St. Kitts/Nevis, St. Lucia, and St. Vincent/Grenadines.

Project assistance was targeted at both private and public institutions involved in the health sector, and originally comprised the following three components:

- (1) Analytic and Diagnostic Studies (\$2.0 million): to provide the data necessary for policy formulation and decision-making through a series of analytic and diagnostic studies;
- (2) Applied Research and Organizational Development (\$3.2 million): to conduct pilot tests and to implement policy reforms and new systems, resulting from data gathered during the analytic and diagnostic studies; and
- (3) Training and Information Dissemination (\$1.3 million): to promote the adoption and acceptance of policy reforms.

The design called for the OECS to establish a unit, the Health Policy Management Unit (HPMU), to coordinate and manage the project on its behalf. This unit would be the focal point for the policy dialogue and development of country work plans, and the institutional contractor providing the required technical assistance would work through this unit. A total of 164 person months of technical assistance was planned to be delivered over a five year period of implementation.

B. Current Status

The Implementing Agency has satisfied all conditions precedent to first and subsequent disbursement, has leased a building to house the Health Policy Management Unit (HPMU), is in the process of contracting the staff for the HPMU, and has ordered furniture for the unit. The Project Director, Administrative Officer and Secretary are expected to assume duties in October 1993.

With the approval of the OECS Director-General, RDO/C has procured computer equipment and software which are being delivered currently, and a contract to provide technical assistance under the project has been competed and awarded. Deployment of the long term advisor is expected by November 1993.

It is anticipated that field activities in the participating countries will be initiated before the end of 1993, with the establishment and staffing of the HPMU completed.

C. Rationale for Project Amendment

The Project Agreement stipulated that incremental funding would be provided subject to the availability of funds to A.I.D. Subsequent to the initial Agreement, severe reductions in funds available to A.I.D. for the Caribbean Regional program have necessitated a reduction in the planned A.I.D. contribution to this project by one million United States dollars over the life of the project. To accommodate a reduction of this magnitude, modifications are required in the level of project activities, and in the period of project assistance.

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II. ADJUSTMENTS TO THE AMPLIFIED PROJECT DESCRIPTION

The changes to the amplified project description are mainly in the number of project outputs, or activities. All other changes are as a consequence of reducing the project life by one year, but have no negative impact on the level of outputs. The level of outputs is driven by the allocation of resources to the technical assistance line item. Given that savings have been realized from other line items consequent to the lower life-of-project (5 years), the reductions to the level of outputs have not been as severe as may have otherwise obtained.

The eligible countries, policy focus, and End-of-Project-Status as outlined in the original Amplified Project Description are also unchanged and remain in force.

A. Goal and Purpose

The Goal and Purpose of the project remain unchanged. The goal is to improve and maintain the health status of the people of the Eastern Caribbean. The purpose is to achieve the more efficient and equitable generation, distribution and use of health sector resources.

B. Outputs and Inputs

The revised project outputs are shown in the comparative table on the following page. In summary, the major changes are in the Analytical and Diagnostic Studies where the number of cost, demand and health insurance feasibility studies will be reduced by one each from the original level. The technical assistance level of effort devoted to this component of the project will be reduced by 13 person months. The Applied Research and Organizational Development component will lose one hospital management study, for a reduction of 6 person months of technical assistance level of effort. Two fewer person months of technical assistance will be available to the Training and Information Dissemination component. Under this component, the number of annual Regional Workshops will be two less (4 instead of 6), and the number of participants to regional training seminars will be reduced from 32 to 30.

These revisions to the project outputs will also force some adjustment to the project outcome. It is now conservatively projected that the reforms in health policy will be most substantively evidenced in three countries, rather than four as originally projected. Indicative of the continuing regional nature of the project, the three countries will not be the same for each outcome measure as defined in the Logical Framework.

A comparison of the original and proposed levels of outputs is shown in the following table.

<u>Component/Activity</u>	<u>Original #</u>	<u># This Amendment</u>
I/1. Brief Country Assessments	3	3
I/2. Long Country Assessments	5	5
I/3. Cost Studies	4	3
I/4. Demand Studies	2	1
I/5. Focus Group demand surveys	4	4
I/6. Insurance Feasibility	3	2
II/1. Hospital Management study	3	2
II/2. Resource Allocation study	2	2
II/3. User Fee pilots	2	2
II/4. Management Reform studies	3	3
II/5. Health Planning + reforms	2	2
II/6. Privatization Pilots	1	1
II/7. Insurance Pilot	1	1
III/1. MOH Policy w/shops	8	8
III/2. Consensus Building W/S	8	8
III/3. Regional Workshops (annual)	6	4
III/4. Public Education campaigns	2	2

In addition to the changes in the number of outputs/activities, the level of effort for the long term advisor is also reduced to 25 person months, instead of 30 as shown in the original Amplified Project Description.

C. Revised Illustrative Implementation Schedule

Below is the revised illustrative project implementation schedule, based on a five year LOP.

ACTIVITY	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
PROJECT MANAGEMENT & ADMINISTRATION					
1. Implementing Agency establishes office and hires staff, procures commodities	Q3-4				
2. Technical assistance contracted	Q4				
3. HPMU develops annual project work plan	Q2	Q1	Q1	Q1	Q1
4. HPMU develops memoranda of understanding with participating countries, with designation of National Coordinators, and country work plans		Q1-2	Q1	Q1	Q1
5. HCF Advisory Committee meets		Q1,3	Q1,3	Q1,3	Q1,3
6. Project Monitoring and Reports	Q4	Q1-4	Q1-4	Q1-4	Q1-4
7. Audits			Q2	Q2	Q2
8. Evaluations			Q1		Q1
TECHNICAL ASSISTANCE ACTIVITIES					
1. HPMU conducts initial assessments to develop country work plans		Q1-3			
2. Analytic and diagnostic studies undertaken		Q1-4	Q1-4	Q1-2	
3. Study results reviewed by HPMU and MOHs, policy options laid out, detailed country work plans to implement policy or management reforms		Q1-4	Q1-4	Q1-4	Q1
4. Applied research (pilot tests) and organizational development activities undertaken		Q2-4	Q1-4	Q1-4	Q1-3
5. Results of pilot tests evaluated		Q4	Q1-4	Q1-4	Q1-4
6. Recommendations for broader policy reform or changes reviewed			Q1-4	Q1-4	Q1-4
7. Implementation of accepted reform activities			Q3,4	Q1-4	Q1-3
TRAINING AND INFORMATION DISSEMINATION					
1. HPMU assembles resource materials on health financing and management issues		Q1-4	Q1-4	Q1-4	Q1-4
2. Regional Health Policy Seminar		Q4	Q4	Q4	Q4
3. MOH Policy workshops		Q1-4	Q1-4	Q1-4	Q1-4
4. Consensus-building policy workshops		Q2-4	Q1-4	Q1-4	Q1-4
5. Short-term training (U.S. or regional)		Q1-4	Q1-4	Q1-4	Q1-2
6. Public Education campaigns to promote support for policy change		Q4	Q1-4	Q1-4	Q1-3

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III. REVISED FINANCIAL PLAN

A. Revised Cost Estimates and Financial Plan

A.I.D. contributions will continue to be used to finance both local cost and foreign exchange costs of implementing the project. The revised budget, taking into account the reduced number of activities and outputs, and the reduction to the life of project by one year, still shows the major expense categories as technical assistance and project coordination. Approximately half of the A.I.D. contribution will be invested in implementing the Applied Research and Organizational Development component.

In-kind contributions from the participating countries have been revalued, based on the lower level of project activity expected in those countries. It is now estimated that the countries will contribute the equivalent of US\$726,000 in cash and largely in-kind outlays in support of implementing this project's activities. The cash outlay will be the same as proposed in the original Project Paper: that is the cost of airfares from point of origin to the mainland U.S. gateway airport for participants going to the U.S. for project-funded training.

Table 1 below summarizes the revised estimates of project costs by line item.

Table 1. REVISED SUMMARY COST ESTIMATE AND FINANCIAL PLAN (US\$ 000)
 (including inflation and contingencies factors in each line item)

Element	Source		
	AID	Coop. Govts	Total
1. Project Coordination (including Operational Expenses)	1119	183	1302
2. Technical Assistance	2929	302	3231
3. Commodities	121	0	121
4. Training/Info. Dissemination	696	241	937
5. Management Support (A.I.D.)	385	0	385
6. Evaluation/Audit	250	0	250
TOTALS	5.500	726	6226

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**PROJECT DESIGN SUMMARY
LOGICAL FRAMEWORK**

LIFE OF PROJECT:
FROM: FY 92 TO: FY 97
TOTAL A.I.D. FUNDING: \$5.5M

PROJECT TITLE & NUMBER: Health Care Policy Planning and Management Project (536-0181)

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>Project Goal To improve and maintain the health status of the people of the Eastern Caribbean.</p>	<ul style="list-style-type: none"> - Life expectancy and infant mortality rates remain stable or improve. - Increased access by general population to wider range of health care services 	<ul style="list-style-type: none"> - Vital and health statistics reports; - Review of utilization and epidemiological statistics. 	<ul style="list-style-type: none"> - Government policies and programs will be supportive of project objectives. - Policy improvements will lead to improved access to better quality health services. - Policy improvements will be implemented by Caribbean governments.
<p>Project Purpose To achieve the more efficient and equitable generation, distribution, and use of health sector resources</p>	<ul style="list-style-type: none"> - Increase cost recovery revenues by 300% in 3 countries - Maintain, or increase by five percentage points, the percentage of government health expenditures devoted to primary, preventive and promotive care in 3 countries - Decrease government role in overall financing of the health sector by 10% in 3 countries - Establish MOH capability to identify, conduct and evaluate health policy research in three countries. - Develop and implement national health policy planning framework in three countries. - Improve management systems in three hospitals. - Increased role of social and commercial risk coverage schemes in health care financing in 2 countries 	<ul style="list-style-type: none"> - Review of work plans and reports developed by HPMU and participating countries. - Review of hospital financial and utilization records. - Review of policy changes made by governments. - Review of social and commercial insurance schemes. 	<ul style="list-style-type: none"> - Outputs are sufficient to promote accomplishment of purpose.
<p>Outputs 3 cost studies 1 demand study 4 focus group studies 2 insurance feasibility studies. 2 hospital management studies. 2 resource reallocation studies. 2 user fee pilot test. 3 hospital reforms implemented 2 resource reallocation reforms. 1 privatization pilot test 1 insurance pilot test. 6 MOH policy workshops 6 consensus building workshops. 4 regional policy workshops. 2 public education campaigns. 1 health finance information center established 48 short-term participants.</p>	<ul style="list-style-type: none"> - Work Plan documents. - Completed reports. - Pilot test evaluation reports completed. - Workshop reports completed. - Promotional materials produced and distributed. - Participant training reports completed. 	<ul style="list-style-type: none"> - Mid-term and subsequent evaluations. - RDO/C monitoring of HPMU. 	<ul style="list-style-type: none"> - Inputs are sufficient to achieve outputs.
<p>Inputs Technical Assistance - Long term advisor - Short term specialists Training - Workshops - Seminars - Short courses - On-the-job Commodities - Computers - Software - Books - Technical documents</p>	<ul style="list-style-type: none"> (a) Material change in policies of health sector (b) 48 Trained HC personnel (c) Equipment in place, material delivered and in use (d) 138 PM long/short term TA provided. 	<p>Project records Training evaluations Site visits</p>	<p>Inputs are available on a timely basis.</p>