

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR (LAC)

FROM: LAC/DR, Marshall D. Brown

Problem: To amend the Project Authorization and Request for Allotment of Funds (PAF) for the Bolivia Rural Health Delivery System project to modify the waiver permitting the procurement of small, light weight motorcycles from countries in A.I.D. Geographic Code 899.

Discussion: On November 8, 1978, the Deputy Administrator authorized the \$12.3 million Rural Health Delivery System project (\$10.0 million in loan funds and \$3.3 million in grant funds). The project will extend, improve, and support the health services available to the rural poor in the Departments of Potosi, Santa Cruz, and La Paz and introduce administrative improvements and reforms in the Ministry of Social Welfare and Public Health.

The Project Paper requested a waiver of A.I.D. restrictions to permit the procurement of small, light weight motorcycles (trailbikes) from countries included in A.I.D. Geographic Code 899. Based upon the quantity and cost estimates in the PP, the PAF (TAB A) included a waiver of normal source/origin requirements permitting the procurement of trailbikes of up to 100 cc's capacity with an approximate total cost of \$84,000 from Code 899 countries.

However, as a result of subsequent review of project requirements, the Mission has concluded that larger capacity trailbikes are necessary for the project due to local topographical conditions and experience in other projects. Regarding project topography, some areas are over 4,000 meters in altitude and at that height, a 30 percent power loss is typical. That factor, coupled with muddy and snow-covered unpaved roads, common in those areas, requires trailbikes of up to 175 cc's. Experience in other projects also indicates that at least 125 cc trailbikes are necessary in low-land areas as a result of rough and muddy terrain.

Based on the above factors, the Mission has requested that the waiver approved in the PAF be expanded to include motorbikes up to 175 cc's for a total approximate cost of \$160,000. In support of this request, the Mission has surveyed the local market and found that:

A. The only known U.S. manufactured motorcycle in Bolivia is Harley-Davidson. That firm does not manufacture a bike of the type required by the project. Although there is one U.S. manufactured trailbike similar to the type needed, that bike is not imported into Bolivia commercially. Therefore, there are no spare parts or maintenance facilities available.

B. There are no known manufacturers or distributors in Bolivia who can supply trailbikes whose source is within A.I.D. Geographic Code 941.

C. The only available sources which can supply motorbikes of the required type are located in countries included in A.I.D. Geographic Code 899, particularly, Japan. Local representatives and service facilities are available in Bolivia.

Motorbikes are an essential part of the outreach system to be implemented under the project. The small, light weight motorcycles being requested are easy to maintain, require little fuel, and are relatively inexpensive. Given these features, they have been selected as the only suitable alternative for use in the project. No comparable model which meets the requirements of the project (including local spare parts and maintenance capability) is manufactured in the U.S. or in any Code 941 country. SER/COM has been consulted and concurs in the expanded waiver request.

It has been determined that the proposed amendment does not constitute a substantive amendment to the PAF and therefore you have the authority to approve the modified source waiver in conformity with Handbook 3, App. 3C.

Recommendation: That you sign the attached Amendment to the Project Authorization and Request for Allotment of Funds, thereby certifying that exclusion of procurement for light weight trail motorcycles from free world countries other than the cooperating country and countries included in Code 941 would seriously impede attainment of U.S. foreign policy objectives and objectives of the foreign assistance program.

Attachment: TAB A - PAF

DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D. C. 20523

ASSISTANT  
ADMINISTRATOR

PROJECT AUTHORIZATION AND REQUEST FOR ALLOTMENT OF FUNDS  
(Amendment No. 1)

Name of Country: Bolivia  
Name of Project: Rural Health Delivery System  
Project Number : 511-0483  
Loan Number : 511-U-063

Pursuant to the authority vested in me as Assistant Administrator, Bureau for Latin America and the Caribbean, by the Foreign Assistance Act of 1961, as amended, I hereby amend the Project Authorization and Request for Allotment of Funds dated November 8, 1978 (the "PAF"), which authorized a loan and a grant to the Republic of Bolivia for a Rural Health Delivery System project, as follows:

1. Section H of the PAF is hereby amended by deleting therefrom the first sentence thereof and by substituting the following sentence therefor:

"Small, light-weight motorcycles of up to 175 c.c.'s and having an approximate value of \$160,000 in the aggregate are essential to the Project."

2. Except as expressly modified and amended hereby, the PAF remains in full force and effect.

Edward W. Coe  
Assistant Administrator  
Bureau for Latin America and  
the Caribbean

Jan 11, 1979  
Date

Clearances:

GC/LAC, JLKessler JK/ML Date 1/9/79

LAC/SA, RBurke RB Date 1/9/79

LAC/DR, TBrown TB Date 11/17/79

LAC/DR, MBrown MB Date 1/11/79

GC/LAC, GMWitter:lb:1/8/79:X29182