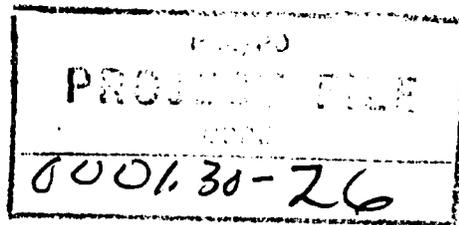


AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON D C 20523

65206



APR 19 1985

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR, PRE

FROM: PRE/PPR, Russell Anderson *Russell Anderson*

SUBJECT: PATH/HEALTHLink- Grant No. PDC-0002-G-SS-4184-00
Extension of Services to Morocco, Tunisia and,
Potentially, Elsewhere Outside the ASIA Region

Problem: Your approval is needed to allow extension of the Health Link Program 1) presently, to support Phase I of the proposal of NE Bureau to promote private sector joint ventures in health products and services in Morocco and Tunisia (see attached draft Action Memo of NE Bureau) and 2) in the future, to regions outside ASIA as opportunities arise.

Discussion: During the past year PATH has been actively exploring health related project possibilities in the Near East/North Africa Region. They have been supported in this effort by Near East Bureau (working through Pritech) and other (non-AID) sources. Management and resources for this work, performed initially by PATH's Carl McEvoy, have been recently strengthened by the addition to PATH's executive staff of John Tamaro, who is experienced in the region. NE Bureau is prepared to support Phase I of PATH's proposal to promote joint ventures in Morocco and Tunisia. This will consist of a survey by PATH in both countries in May 1985 to 1) identify needed health products which could be used as prototype private sector investment opportunities in the region and 2) explore with local organizations the possibilities of establishing a program to finance these investments (see attachment). NE/PD/PRE has endorsed the proposed Phase I efforts of this project and is requesting \$28,450 from a Regional Project fund of NE Bureau to fund these activities in Morocco and Tunisia. In order to expedite the project, and enable PATH to start work in early May, NE Bureau has approached PRE with the proposal that PRE allow the survey (Phase I of the project) to be carried out under our Health Link Program. NE Bureau would reimburse PRE for the cost of the survey (estimated \$28,450), which amount - as is the case with "Reflows" - would not affect the total amount of the Health Link Grant (\$1,461,235). Our intention would be to increase the amount of the grant as some time in the future, by Authorization Amendment and Congressional Notification.

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The progress of the Health Link Program to date in Thailand and Indonesia, as reported to us in the meeting on April 16, and the above-mentioned strengthening of PATH's management resources, appears to support PATH's contention that it is organizationally capable of taking on the added responsibility. Such extension of the Health Link program, on a selective basis, to countries outside the Asia Region - in this case Morocco and Tunisia - would conform with the Health Link program description, and PRE's interest in geographical extension of health activities. In order for Health Link to operate in Morocco and Tunisia, the text of the Health Link Grant Agreement would need to be amended, on page 1 of Attachment 2 (Program Description, page attached, with proposed changes marked therein) to read " --, Health Link may pursue, with the prior approval of PRE's Project Manager in each case, special opportunities as they arise in other AID -assisted countries, including those outside the ASIA region."

Recommendation: That you approve amendment of the Health Link Grant to read as above and, subject to NE Bureau's approval of the attached Action Memorandum, use of \$28,450 from Health Link funds to finance visits by PATH to Morocco and Tunisia to identify projects and local organizations for potential joint ventures in Health products and services.

Approve: _____

Y. Heade (Acting)

Disapprove: _____

Date: _____

4/19/85

APR 19 1985

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Approve: _____

Disapprove: _____

Date: _____

Clearance:	PRE/DAA:L.P. Reade	<u>LPR</u>	Date:	<u>4/18/85</u>
	GC/PRE:SCarlson	<u>SCC</u>	Date:	<u>4/19/85</u>
	PRE/PPR:RBeckman		Date:	
	NE/PD/PRE:RWilliams	<u>RA (phone)</u>	Date:	<u>4/18</u>

PRE:RDodson:tmh:4/18/85:0630L

ACTION MEMORANDUM FOR THE OFFICE DIRECTOR, NE/PD

From: R.M. Williams, Private Enterprise Officer, NE/PD
Subject: Project 298-0050, Near East Region Private Sector
Development Fund, Health Products and Services Joint
Ventures in Morocco and Tunisia

Problem: Your approval is needed to use Project 298-0050 funds to finance Phase I of a proposal by Program for Appropriate Technology in Health (PATH) to promote health products and services joint ventures in Morocco and Tunisia.

Discussion:

NE/TECH/HPN has requested that Project 298-0050 funds be used to jointly finance Phase I of a proposal by PATH to promote health products and services joint ventures in Near East Countries (see attached Memo from NE/TECH/HPD). In Phase I, PATH personnel will travel to Morocco and Tunisia to (1) identify needed health products which could be used as prototype private sector investment opportunities in the Region and (2) explore with local organizations the possibilities of establishing a program to finance these investments. If successful, Phase II would be the creation of a program for health technology transfer involving local entrepreneurs to establish new production and marketing firms, local and regional Arab development banks to provide capital for loan financing, AID and others to provide funding for feasibility studies and technical assistance and PATH to manage and provide technical assistance to the program. About 15% of the financing for Phase I will come from PATH itself (see PATH proposal and budget)

NE/TECH/HPN endorses the proposed Phase I efforts of this project and has requested \$28,450.00 from the subject Regional Project to fund these activities in Morocco and Tunisia for the following reasons:

First, from a Regional point-of-view, PATH's proposal is fully consonant with current efforts of NE/TECH/HPN to foster private

sector involvement in the health sectors of Near Eastern countries. Local production of health products is one of the principal recommendations of a group of influential business donors and governmental representatives from the Near East Region for involving private enterprise in the countries' health sectors (i.e., see proceedings of the Regional Strategic Planning Meeting: Expanding Private Roles in Middle East Health, Burgenstock, Switzerland, April 26-28, 1984).

Second, there is good reason to believe that both Morocco and Tunisia offer opportunities for private sector involvement in health products production. The Moroccan Ministry of Health shows definite signs of recognizing the limitations of the public health services to meet the health needs of the population and ^{has indicated} a willingness to examine the possibility of expanding the role of private enterprise in the health sector. The country's population size, 22 million, also offers a large market potential. USAID/Rabat welcomes the proposed PATH visit to Morocco (see Rabat 2175 and 2568). Efforts have already been launched in Tunisia to assess the possibility of private sector production of Oral Rehydration Salts. Two private firms have been identified as potential technology recipients. PATH would build on these prior efforts as well as explore the possibilities of private sector production of other health products. Again, USAID/Tunis fully supports PATH'S activities in Tunisia (see Tunis 2561).

Third, PATH has experience in working with AID in creating this sort of health technology transfer program in Asia, working through the "Health Link" program financed by the PRE Bureau. Also, PATH has demonstrated its capabilities to work effectively with the private sector in the Near East, i.e., in Jordan, to evaluate the feasibility of ORS production. PATH's plans to marry the technical aspects of health products production with the financial in Phase I of the Project will assure the soundness of the investment opportunities it identifies and proposes for Phase II support.

The project would be implemented by amending the grant agreement that PATH has with the PRE Bureau for promoting health products joint ventures in Asia (Grant Agreement No. PDC-0002-G-SS-4184-00).

Recommendation:

1. That you approve the use of \$28,450 from Project 298-0050 funds to finance visits by PATH to Morocco and Tunisia to identify projects and local organizations for potential joint-ventures in health products and services.

Approved: _____

Disapproved: _____

Date: _____

2. That you sign the attached Memoradum instructing M/SER/CM to amend the Grant Agreement with PATH to perform the required services.

Clearances:

NE/TECH/HPN:TLukas: _____

PRE/PPR:RDodson: _____

NE/PD/MENA:DReese: _____

NE/DP/PL:LRosenberg: _____

NE/DP/PR:WMiller: _____

NE/NENA:JRoberts: _____

NE/PD:RWilliams:(Doc#0941C)

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ATTACHMENT 2 - PROGRAM DESCRIPTION

1. Purpose

The grant to the Program for Appropriate Technology in Health (PATH) described in this scope will support an initiative of the Bureau for Private Enterprise (PRE) to expand the role of private enterprise in the provision of health products to persons at the lower end of the cash economy in Thailand, Indonesia and potentially other AID-assisted countries.

PATH will establish a program, HEALTHLink, to assist in the expansion or establishment of for-profit, health-related businesses in those selected developing countries. HEALTHLink will develop new technology transfer projects in these Asian countries and provide needed technical assistance or project monitoring. (Loan funds will be made available to borrowers through conventional banking channels.)

While most of HEALTHLink's activities will be in Indonesia and Thailand (approximately 90%), HEALTHLink may pursue special opportunities, as they arise, in other AID-assisted countries, **INCLUDING THOSE OUTSIDE THE ASIA REGION.**

WITH THE PRE
APPROVAL OF
PROJECT MANAGER
IN EACH CASE

2. Background

There are two major factors that contribute to the existence of a gap between developed world resources and developing world health needs.

i. ~~Companies in developed countries that have potentially~~ useful products may not have the means to introduce their products to the developing world. Further, they may feel that there exists insufficient profit potential to justify devoting substantial efforts to marketing their products to the poorer sectors of developing countries.

ii. Developing country pharmaceutical and health product companies lack access to products and related know-how. Most of these companies would be willing to establish production and distribution of important health products if they could have access to modern production technologies.