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UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington, D. C. 20523

EL SALVADOR
PROJECT PAPER
STRENGTHENING REHABILITATION SERVICES
ADMENDMENT NUMBER 2

AID/LAC/P-646

PROJECT NUMBER: 519-0346

UNCLASSIFIED

AGENCY FOR INTERNATIONAL DEVELOPMENT

PROJECT DATA SHEET

1. TRANSACTION CODE

A = Add
 C = Change
 D = Delete

Amendment Number

DOCUMENT CODE

3

2. COUNTRY/ENTITY
El Salvador

3. PROJECT NUMBER

519-0346

4. BUREAU/OFFICE

Latin America and the Caribbean

IAC

5. PROJECT TITLE (maximum 40 characters)

Strengthening Rehabilitation Services

6. PROJECT ASSISTANCE COMPLETION DATE (PACD)

MM DD YY
01 6 31 09 4

7. ESTIMATED DATE OF OBLIGATION
(Under "B" below, enter 1, 2, 3, or 4)

A. Initial FY 87 B. Quarter 4

C. Final FY 94

8. COSTS (\$000 OR EQUIVALENT \$1 =)

A. FUNDING SOURCE	FISCAL FY 87			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total						
(Grant)	(855)	(1,595)	(2,450)	(2,216)	(4,134)	(6,350)
(Loan)	()	()	()	()	()	()
Other L						
U.S. 2						
Host Country						
Other Donor(s)						
TOTALS						

9. SCHEDULE OF AID FUNDING (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1)				3,350		1,500		6,350	
(2)									
(3)									
(4)									
TOTALS									

10. SECONDARY TECHNICAL CODES (maximum 8 codes of 3 positions each)

11. SECONDARY PURPOSE CODE

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)

A. Code

B. Amount

13. PROJECT PURPOSE (maximum 480 characters)

To increase FUNTER's capacity to establish and support private rehabilitation services in El Salvador. Support will concentrate on but not be limited to the amputee population.

14. SCHEDULED EVALUATIONS

Interim MM YY MM YY Final MM YY
1 0 9 0 1 0 9 2 0 1 4 9 4

15. SOURCE/ORIGIN OF GOODS AND SERVICES

000 941 Local Other (Specify) 935

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a _____ page PP Amendment.)

This amendment extends the PACD to June 30, 1994, and adds \$3 million, in order to continue production of prostheses, explore production of orthotics, and strengthen activities to become self-sustaining.

17. APPROVED BY

Signature

John Heard

Title

Director, a.i.
USAID/El Salvador

Date Signed

MM DD YY
01 06 28 94

18. DATE DOCUMENT RECEIVED BY AID/W. OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION

MM DD YY

AGENCY FOR INTERNATIONAL DEVELOPMENT
UNITED STATES OF AMERICA A. I. D. MISSION
TO EL SALVADOR
C/O AMERICAN EMBASSY.
SAN SALVADOR, EL SALVADOR, C. A.

PROJECT AUTHORIZATION
AMENDMENT NO.2

Name of Country: El Salvador
Name of Project: Strengthening Rehabilitation Services
Number of Project: 519-0346

The original authorization of August 29, 1987, previously amended on July 13, 1990, is hereby further amended as follows:

a. Paragraph 1 of the Authorization shall now read as follows:

"1. Pursuant to Section 104 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Strengthening Rehabilitation Services Project for El Salvador involving planned obligations of not to exceed Six Million Three Hundred Fifty Thousand United States Dollars (\$6,350,000) in grant funds and encompassing a cooperative agreement with the Fundacion Teleton Pro-Rehabilitacion, with planned obligations over a seven year period from the date of authorization, subject to the availability of funds in accordance with the A.I.D. OYB/allotment process, to help in financing the foreign exchange and local currency costs of the Project."

b. The following paragraph is hereby added to Section 3.1.:

"Commodities and services financed by A.I.D. under this Project Amendment shall have their source, origin and nationality in the United States except for a total of \$950,000 contained in a waiver covering this Amendment, or except as A.I.D. may otherwise agree in writing."

c. The following Section 3.b. is hereby added:

"3.b. Conditions Precedent

"1. Unless A.I.D. otherwise agrees in writing, FUNTER will present to A.I.D., in form and substance satisfactory to A.I.D., no later than January 31, 1992, specific fund-raising and revenue generating goals and activities planned which correspond to a cash income plan that identifies FUNTER's projected level of commitment which the organization is capable of sustaining for operating the prosthetic workshop and providing support services for civilian amputees using non-A.I.D. funds. Fund-raising targets will show a gradual annual increase in its financial participation to approximately 90% of the total workshop operating expenses by the end of the Project.

. a'

"2. Unless A.I.D. otherwise agrees in writing, FUNTER will submit to the USAID, in form and substance satisfactory to A.I.D., a detailed plan to correct any deficiency detected during the financial review. Disbursement of Project funds under this obligation will be subject to USAID acceptance of those measures.

"3. Prior to the disbursement of funds for construction activities, FUNTER will present, in form and substance satisfactory to A.I.D., such studies and analyses necessary for A.I.D. to ascertain that the proposed building is appropriate, that the proposed site has clear title, and that the combination of A.I.D. and FUNTER resources are sufficient to complete the construction of said building to the point of obtaining a Certificate of Occupancy. A.I.D. financing for those sections of the building that directly support the components of this Agreement will not exceed 50% of the total cost of the building and land, up to a maximum of \$500,000, whichever is less.

"4. Prior to further disbursements, FUNTER will present, in form and substance satisfactory to A.I.D.:

- evidence that FUNTER has established three separate bank accounts as follows: (a) one account for the Project activities themselves, (b) one account for the income generated by Project activities, and (c) a specific account for the building line item.

- evidence that FUNTER has established an adequate system of financial management and controls and an adequate procurement system to account for and manage A.I.D. resources and that such a system has been certified by the USAID/El Salvador Controller."

Except as A.I.D. expressly modified or amended herein, the Authorization, as amended, remains in full force and effect.



John Heard
Director, a.i.

6/25/91

Date

Drafted: PRJ:SLaFoy

Clearances:

HPN:RThornton KA M RLT Date 6/27

DPP:TMcKee ST Date 6/27

A/CONT:FBreen JL Date 6/27

CO:LMcGhee MC Date 6/27/71

JA/DDIR:JHeard RC Date 28 June 71

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**Strengthening Rehabilitation Services
Project Amendment
(FUNTER No. 519-0346)**

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**PROJECT PAPER AMENDMENT
STRENGTHENING REHABILITATION SERVICES PROJECT
(FUNTER No. 519-0346)**

I. PROJECT AMENDMENT SUMMARY AND RECOMMENDATIONS

A. Summary

The goal of the project has been modified slightly and now is to improve the quality of life for the Salvadoran handicapped and to allow them fuller participation in the country's social and economic development. The project purpose, which has been changed substantially to be more specific and focussed, is to increase FUNTER's capacity to establish and support private rehabilitation services in El Salvador. Support will concentrate on but not be limited to the amputee population.

The original Strengthening Rehabilitation Services Project was authorized on August 29, 1987, for \$2.45 million in grant funds, and was based on an unsolicited proposal from the Telethon Foundation Pro-Rehabilitation (FUNTER). It was subsequently amended on June 30, 1989, to add another \$900,000, for a current life of project total of \$3.35 million, and the PACD has subsequently been extended twice to the current June 30, 1991.

As originally designed, the Project consisted of four components: establishment of a prosthetics manufacturing workshop with a productive capacity adequate to meet civilian demand; a patient support fund to provide assistance to individuals lacking the resources to permit their access to prosthetic devices; development and institutional strengthening of educational rehabilitation and vocational training services offered by the Salvadoran Rehabilitation Institute (ISRI) for the physically, sensorially and mentally disabled; and development of a community education/public awareness program and a network of technical and financial linkages with other private institutions and organizations compatible with Salvadoran social and development objectives and rehabilitation needs of the handicapped.

A recent evaluation of the Project, which was reviewed and accepted in February 1991, was quite positive overall, while acknowledging weaknesses in areas such as fund-raising, organization/administration, and programmatic focus. It was extremely laudatory concerning FUNTER's achievements in creating a prosthetic production and service entity from scratch and delivering low-cost, quality products to the target amputee population. The evaluation recommended continuation of this Project, with recommendations to strengthen its operations, increase its sustainability, and to focus on prosthetics and the exploration of selected orthotics using similar technologies.

FUNTER has requested support to continue and strengthen Project activities (see Annex A). Having received an indication of continuing USAID interest in the Project, FUNTER then developed a proposal for a three-year extension (Annex B), amplified by two later addenda (Annexes C

and D). This proposal requests an additional \$3 million for the period of extension. FUNTER plans on reorganizing in order to better fulfill its objectives: (1) Integrated Services for the Physically Handicapped, and (2) Information, Education and Communication. This new organizational structure will allow more integrated focus on general administration; integrated treatment of physically handicapped, focussed on amputees; and community programs, promotion and education. The Project has two other components to support the objectives: General Administration and Construction. A detailed description is found in Annexes B, C and D.

B. Recommendation

Given the success of the Project, and the continuing needs of the physically handicapped civilian population in El Salvador, the Project Development Committee recommends amendment of the Strengthening Rehabilitation Services Project (FUNTER) (519-0346), to authorize an additional \$3 million in DA grant funds and to extend the life of project for an additional three years, to June 30, 1994.

II. BACKGROUND AND RATIONALE

A. Background

The Project which began in August 1987 consisted of four components:

- Establishment of a prosthetics manufacturing workshop with a productive capacity adequate to meet civilian demand. This component assists FUNTER in the construction, equipping and staffing of a privately-managed prosthetics workshop in the metropolitan San Salvador area. AID grant funds have been used to purchase equipment and raw materials, to partially subsidize operating costs during the life of the Project, and to obtain expert technical assistance in the manufacturing of prosthetic devices. FUNTER was to finance the construction and/or purchase of a building and the installation costs of the equipment.
- Establishment of a patient support fund (PSF) to provide assistance to individuals lacking the resources to permit their access to prosthetic devices. A.I.D. funds were to be used to finance technical assistance to assist FUNTER in the establishment and management of the patient support fund so that schemes could be developed which would enable FUNTER beneficiaries to contribute to the cost of the prosthetic services provided. FUNTER would develop and capitalize the fund with Salvadoran and international charitable donations, using fund-raising techniques such as the research and development of alternate paycheck schemes, whereby patients are given the means to cover a portion of the cost of their prostheses, i.e., a jobs program which teaches patients a new skill while providing a wage.

- Development and institutional strengthening of educational rehabilitation and vocational training services offered by ISRI for the physically, sensorially and mentally disabled. Assistance provided in this component was to improve the organization and technical quality of special rehabilitation services available in El Salvador for the amputee, and other disabled, population groups. Basic staff skills upgrading and strengthening as well as improved management and administration were considered key to improved services.

- Development of a community education/public awareness program and a network of technical and financial linkages with other private institutions and organizations compatible with Salvadoran social and development objectives and rehabilitation needs of the handicapped. This component was to enable FUNTER to develop materials and public service messages to project positive role models by and for the handicapped within Salvadoran society, and to develop and disseminate a resource guidebook on services and programs available for the handicapped.

The Project's purpose and activities were slightly amended in Amendment No. 2 dated June 30, 1989, but still fell within the components listed above. Amendment No. 2 served to delineate more clearly activities within these components, and added such things as investigating cheaper ways of producing prostheses using alternate materials; including other institutions besides ISRI to receive educational rehabilitation and vocational training and technical and material assistance from FUNTER; and expanding prosthetic provision activities into rural areas (outreach).

A Project-funded evaluation of the Project was completed by MSC I in October 1990, in order to measure progress in the improvement of rehabilitation services through FUNTER-established programs, and to assess the level of institutional development of FUNTER since the beginning of the Project. The evaluation was in general highly complimentary, especially in its prosthetics workshop and patient attention. A more detailed description of achievements can be found below in the section on Results to Date. Copies of the evaluation are available in the HPN and DPP Offices.

The evaluation also identified some weaknesses within the organization, such as: (1) lack of strategic planning and failure to identify and prioritize the needs which should be addressed by the Project; (2) insufficient attention to fund-raising to ensure long-term viability of the institution; (3) insufficient space for patient support; and (4) lack of program integration.

The principal recommendations of the evaluation were the following:

1. FUNTER should identify and pursue specific goals and objectives with regard to growth, funding strategies, internal coordination, and the image it projects to the outside world.

2. FUNTER should continue to provide and expand services in areas where it has been successful (prosthetics and perhaps orthotics).

3. FUNTER should not initiate activities in the areas of mental retardation, learning disabilities, speech and hearing, or visual impairments; vocational orientation should be offered to amputees only.

4. FUNTER should undertake more aggressive fund-raising and develop more realistic plans and activities conducive to sustaining its level of operation when USAID funds are no longer available.

5. All FUNTER programs and personnel should be concentrated in a single location with sufficient space to reduce lost time and resources, and improve communication within the Project and within the Foundation. In other words, FUNTER needs its own building, preferably built with non-USAID funds.

On January 30, 1991, FUNTER requested a three-year, \$3 million extension of the Project. This initial letter was followed by a detailed proposal with addenda during the month of March. A no-cost, three-month extension of the PACD from 31 March to 30 June 1991 was granted to enable the Mission to analyze the proposal fully.

B. Rationale

World Health Organization (WHO) statistics show that, under normal circumstances, approximately 10% of the world population needs rehabilitation services. In El Salvador, considering the civil conflict, this percentage is expected to be higher: according to the FUNTER census, 30% of amputees have been caused by the violence. This means that in El Salvador, approximately 13% of the population might need rehabilitation services. Statistical averages have estimated that approximately 4,400 people would be the target population for prosthetics and orthotics services in this country. FUNTER so far has registered a total of 1,818 amputees nationwide. However, this census must be considered incomplete, since certain areas of the country have limited access due to the conflict. In addition, there is a broader beneficiary group of approximately 165,000 people who probably suffer from some degree of locomotor impediments. Because of the magnitude of the problem in rehabilitation in El Salvador, public institutions such as the Salvadoran Institute for Rehabilitation of Invalids (ISRI) are unable to meet the demand for services.

The 20-30 Club and individuals involved in rehabilitation had provided continuing support to ISRI, but they found that the need for rehabilitative services still was not being met, leaving many, especially the poor, unable to obtain appropriate attention; consequently, they established FUNTER in 1987. FUNTER has accelerated the process of institutional development in the area of rehabilitation in El Salvador. FUNTER is presently implementing programs like financial and technical support to other rehabilitation institutions, training, promotion of national infrastructure in rehabilitation service delivery, and community awareness and outreach to detect and solve problems of the handicapped in their own community.

From the late 1970's until the mid-1980's, the regional economic crisis and socio-political conflict in the countryside combined to cause a steep economic decline. In 1989, however, the GOES began to carry out macro-economic adjustment measures designed to stimulate production and improve economic growth in the next decade. A short-term negative impact must be expected in some families' income despite GOES employment generation programs. There is also optimism that the civil conflict is finally near to being resolved. However, while recent events are promising, until the country moves more securely onto the growth path, expanded social service programs, especially rehabilitation programs, will continue to need support, to make rehabilitation services accessible and affordable.

C. Project Results to Date

As mentioned above, FUNTER has used the A.I.D resources provided under the Project to create a very successful operation to assist amputees and other handicapped who otherwise were not being attended. Their major achievements were the following:

- FUNTER planned, designed and put into operation the prosthetic laboratory and delivered its first prosthesis after only nine months.

- It has provided 1,350 artificial limbs (upper and lower extremities) of U.S. quality as of March 31, 1991, exceeding the Project goal of 1,000.

- It has produced quality prosthetic products at about one-tenth of the production costs in the U.S. by manufacturing prostheses at FAPRO rather than importing them.

- Eleven Salvadorans have been trained as prosthetists up to U.S. standards for that level of technology.

- It has developed and maintained a detailed and accurate national amputee registry.

- It has raised Salvadorans' awareness of the handicapped through the training of rural health workers, civic groups and other community change agents on how to prevent and treat simple disabling conditions.

- It has developed a series of practical courses that can be used by other interested organizations and has organized training seminars for professionals in other institutions.

- It has produced high quality patient support services, including temporary lodging, transportation and home follow-up.

- The workshop normally fits patients with artificial limbs in less than 15 days.

- It has collected materials on disability and rehabilitation suitable for a technical library.

- It has produced and distributed over 50,000 copies of health education materials.

- It has identified which agencies serve the disabled, creating an inventory/registry of this community of services.

D. Constraints Analysis

1. Financial and Economic Constraints:

Financial constraints to expansion of rehabilitation services in the country exist at two levels: that of the provider, be it FUNTER, ISRI or another agency, and that of the client. From the provider's point of view, the country's economic situation and the current adjustment programs greatly inhibit the ability of providers to finance their treatment of the handicapped population fully.

At the user level, family incomes remain low, while prices for basic food and medicines have increased. Therefore, many patients cannot afford the full costs related to rehabilitation and treatment. Because of these factors, during the life of this project FUNTER will seek a combination of fund-raising/income-generating strategies to meet the costs of rehabilitation, allowing patient access to diagnosis, treatment and follow-up at a reasonable cost.

2. Institutional Constraints:

Institutional constraints having an impact on the outputs of the Project are two-fold: those which affect FUNTER and those which affect other agencies that would coordinate with FUNTER.

a. Over the last three years, the FUNTER staff has grown from seven people to seventy-two. This rapid growth has resulted in some organizational and management weaknesses, as noted in Section II.A. Above. Briefly, those weaknesses include lack of strategic planning and prioritization, weak fund-raising, poor working conditions and lack of adequate reporting, monitoring, accountability and follow-up.

b. Insufficient emphasis has been placed on networking with other institutions such as ISRI, the MOH, the National Secretariat for the Family, UNICEF, or the Cooperative Association of the Independent Pro-Integral Rehabilitation Group, and this may lead to unnecessary overlap in programs aimed at improving rehabilitation services. FUNTER continues to have a laudable but unrealistic tendency to want to expand its own services to meet a variety of needs, rather than to look to other organizations who can complement those services which only FUNTER provides.

E. Relationship to Mission Strategy and A.I.D. Policies

The Project is in line with the Mission's 1990-1994 CDSS goal of spreading the benefits of growth, specifically addressing the objective of increasing access to family planning, reducing infant and child

mortality and improving health and health services. This link is made even more explicit in the FY92-93 Action Plan, which includes as a sub-objective to "encourage accelerated opportunities for increased participation in the economy by the historically disadvantaged." Not only do the objectives of this Project contribute to the goals of the CDSS, but the mode and focus are also in line with the CDSS; FUNTER is a private institution delivering health services and it has strengthened its outreach to the poorest populations in rural areas over the last two years of the current Project.

F. Relationship to other A.I.D. Projects

There are three A.I.D. projects which directly complement this Project to some extent:

- Health Systems Support Project (APSISA) - 519-0308. This Project is A.I.D.'s largest health sector project (recently amended to a total LOP of \$69,000,000), aimed at supporting the Ministry of Health to increase primary health services, improve its institutional capacities to deliver services and to undertake rational programming, budgeting and allocation of resources. The FUNTER Project has provided training of MOH Community Health Promoters in simple identification, management and referral of the handicapped. Under the Project Extension, this training will continue to be provided along with follow-up supervision to support the trained field personnel.

- Strengthening Achievement in Basic Education Project (SABE) - 519-0357. This is a major new project to improve the quality, relevance and effectiveness of basic education, authorized in 1990 with a LOP of \$27,000,000. FUNTER and the Ministry of Education will coordinate to provide training to teachers as well as presentations/skits to schools to increase public awareness of the problems of the handicapped and to increase early identification of handicapping conditions.

- Family Health Services Project - 519-0363. This is a \$22,000,000 project to provide family planning and child survival services through a private institution. Its network of health promoters will be trained so that they can provide referral for the handicapped in each of their rural communities.

G. Relationship to Other Donor Activities

Through this Project, A.I.D. has become the largest donor in El Salvador in the amputee/prosthetic field. However, there are a number of other donors active in the field, with most of whom FUNTER has some link. These donors include UNICEF, Medicos sin Fronteras, Public Welfare Foundation, Lilliane Fund of Sweden, Salvadoran American Foundation (FUSAM), the South Korean Government, and the German Technical Cooperation Agency (GTZ):

- UNICEF has funded a rehabilitation seminar on Community Based Rehabilitation which was organized by the Interinstitutional Commission on Community Based Rehabilitation.

- Medicos sin Fronteras, a French PVO, has supported rehabilitation of the handicapped through the training of physical therapists at the National University. It also provides support to ISRI's Physical Rehabilitation Center and training of ISRI specialists. The Ministry of Health has also benefited from this PVO's help in its establishment of hospital-based rehabilitation centers.

- The Public Welfare Foundation of the United States has provided equipment and funding in the amount of \$48,635 in the past two years to help FUNTER with its programs.

- The Government of South Korea provided FUNTER with a \$37,000 donation in vehicles for FUNTER's program in hearing loss prevention (PONI).

- The German Technical Cooperation Agency's (GTZ) contribution is to provide vocational courses to the Salvadoran handicapped to learn marketable skills to facilitate their re-entry into society.

- The Interamerican Development Bank (IDB) is beginning to provide funds to the GOES's Social Investment Fund (FISS). The FISS is targeted to such organizations as PVOs, and could provide funding for rehabilitation to any institutions meeting the IDB's requirements.

III. PROBLEM STATEMENT AND PROJECT STRATEGY

The problem is that, despite a greater proportion of handicapped than the average due to the many years of civil conflict, there is insufficient and inadequate institutional capacity to treat this handicapped population. The situation is exacerbated by the effect on the economy of poor economic policies until recently and of the constant drain from diverting scarce resources either to pursue defense or to repair damages caused by the civil conflict. The consequence is a large handicapped population without economic means to procure needed care, and institutions who cannot meet the demand even if the handicapped could afford their services.

This Project addresses this problem by increasing the level of prosthetic/orthotic services available to the handicapped population, and reducing their cost. The Project will also increase the efficiency and effectiveness of a range of services to a broader handicapped population through support to, and mutual referrals to/from, complementary institutions, both public and private.

FUNTER's continued success in providing these services will be assured by assisting FUNTER to strengthen its fund-raising efforts and to increase production of prosthetics and orthotics for a broader market at a profit in order to continue subsidizing the Project's target population of the poorer handicapped.

IV. AMENDED PROJECT DESCRIPTION

A. Project Goal and Purpose

The goal of the Project is to improve the quality of life for the Salvadoran handicapped and allow them fuller participation in the country's social and economic development. The Project purpose is to increase FUNTER's capacity to establish and support private rehabilitation services in El Salvador. Support will concentrate on but not be limited to the amputee population.

B. Amended Description of Project Components

1. Integrated Services for the Physically Handicapped

The Integrated Services for the Physically Handicapped component is the central focus of the Project, which all the other components of the Project are designed to support.

a. Prosthetic and Orthotic Devices

Through this component FUNTER will provide prosthetic devices for those civilian amputees who need them. They will also provide maintenance to devices which they have already fitted, thereby updating and maintaining services to their client population. The Project will provide funding for the procurement of materials/supplies and parts needed to maintain this operation. The purchase of these needed materials/supplies will be made in the U.S., Central American Common Market and/or Mexico depending upon prices to lower production costs (see waiver attached). The Project will finance a feasibility study to explore the possibility of producing and exporting devices to Central America.

b. Patient Support

The Patient Support and Clinical Services Component provides FUNTER with the funding to identify, diagnose, refer, counsel, treat and follow up on rehabilitating clients. This component supports medical services for all patients, all support services to counsel and refer the patient not only for physical treatment but also for occupational therapy and vocational training. These integrated services are combined with social work services to provide all FUNTER patients with a multidisciplinary approach to care. In some cases, even home visits are warranted.

Finally, this component will follow up on clients who need periodic review and evaluation because their treatment requires it.

This component will require the following support positions to be funded by the Project:

one workshop general manager, who will coordinate the entire workshop activities financed under this Project,
one manager assistant,
two executive secretaries,
one coordinator for the Patient Support Fund Program,
one psychologist,
four social workers,
one physical therapist,
two psychiatrists,
two stock clerks,
three cleaning persons,
six prosthetists,
one physical therapist,
one vocational psychologist,
a nurse,
a vocational therapist,
four orthotists (if the feasibility study is positive), and
one orthotics training assistance (if the feasibility study is positive).

In addition, short-term technical assistance will be provided to FUNTER under this component in orthotics if this Project justifies the need for and feasibility of producing these devices.

Because of the quality of care being provided through this multidisciplinary approach, an extension program through Ministry of Health hospitals has been activated by FUNTER. This outreach activity at the professional level will continue so that more cases can be coordinated for referral and subsequent local follow-up.

2. Education, Information and Communication

This component improves integrated rehabilitation services provided by public and private institutions through education of their leaders and administrators. It will include modules on the management of community programs, promotional campaigns, coordination meetings and the exchange of information.

a. Education

Continuing education will be funded under this component for the prosthetic workers of FUNTER and those who manage this portion of the Project. This will include TDY consultations from the U.S. for training as well as funds available for travel to international and regional workshops and seminars. The FUNTER team providing the integrated rehabilitation services must stay abreast of the latest techniques in the field. Therefore, in-service education will be offered under this component.

The Project will provide community education using various methods. A community-based training strategy is planned. Under this strategy, Ministry of Health promoters, Ministry of Education teachers and Ministry of Agriculture extension agents will be trained in appropriate techniques in referral and on-site treatment. Another important aspect of this component is the training of community leaders to legitimize the rehabilitation concerns in the community and to seek a stronger commitment from the community to diagnose and treat the physically handicapped.

b. Information

Community awareness is an important component of the Project, in that it provides FUNTER with the linkages to other institutions and community agents that can refer clients into the FUNTER rehabilitation service system. A community information campaign aimed at existing community change agents who can promote referrals will be pursued during the extension and expansion of the cooperative agreement. A variety of methods to disseminate FUNTER's message will be used, with the expectation that it will generate increased awareness of FUNTER's goals and mission. A clearing house and library for rehabilitation and the physically handicapped will assist professionals and act as an informational resource for clients as well.

c. Communication

A mass media campaign to increase the level of knowledge about FUNTER services and where to obtain them will be developed during the extension period. The mass media campaigns will use mostly radio as the channel for dissemination of their messages. The messages will be pretested to assure their efficacy in the target community. A simple impact analysis will be conducted at the conclusion of the campaign using focus groups.

Puppet theater is considered both an entertaining and effective channel for conveying the FUNTER message to target communities. Therefore, puppet theater will also be funded under this component to achieve higher community awareness.

All of the above mentioned strategies to improve community awareness, networking and referral will be evaluated before the end of the Project to assess the effectiveness of such strategies and how they may be improved.

This component will require the following support positions to be funded by the Project:

- one coordinator in charge of Information and Education activities,
- one coordinator for programs to be implemented in the communities,
- one training assistant, and
- one secretary.

In addition, short-term technical assistance will be provided to FUNTER under this component in the areas of information, education and communication to enable FUNTER to develop and strengthen its technical skills in developing and implementing mass media awareness campaigns. Similarly, technical assistance will be provided to reinforce FUNTER's training capabilities to reach different types of communities and personnel.

3. Administration

This component will support the management and smooth administrative functioning of the Project. This component strengthens the entire Project by providing the administrative support personnel required to maintain operations. This component is also necessary to provide office materials and supplies to maintain timely implementation of the Project.

In addition to the patient support fund which provides assistance to individuals lacking the resources to purchase a prosthetic device, A.I.D. will assist FUNTER in examining other schemes to defray recurrent Project costs and strategies for generating more income to assure continuation of FUNTER activities beyond the Project Assistance Completion Date of this Project.

Under this component, the Project will continue to finance specific administrative personnel as follows:

- one technical manager who will have responsibility for the overall Project monitoring,
- one accountant,
- one assistant accountant,
- one executive secretary,
- one clerk typist,
- one messenger,
- two drivers, and
- four guards.

In addition, the Project will provide specific short-term technical assistance in Management, Administration, Fund-raising, Public Relations, and Procurement and Financial Management.

4. Infrastructure

The present physical separation of the various FUNTER divisions has proven to be a serious management problem for coordination and communication among FUNTER personnel. This new component permits resources to be placed at the disposition of FUNTER to further the objectives of the Project activity. A.I.D. Project funds will contribute towards the construction of those sections of a building to house those components supported under the Project. FUNTER will pay for the land and the rest of the construction costs.

The estimated costs of providing FUNTER with a building adequate for the needs of this Project are calculated as follows:

<u>Item</u>	<u>A.I.D.</u>	<u>FUNTER</u>	<u>Total</u>
Land	0	200	200
Constr.	500	300	800
Total	500	500	1,000

A.I.D. will provide up to \$500,000, or 50 percent, of the total cost of the land and construction of the new FUNTER building, whichever is less. A.I.D. funds will only be used for the construction, not acquisition of the land.

FUNTER will apply the A.I.D. funds and their counterpart funds to building those sections of the building directly supporting the components of this Project (i.e., the Administration, Integrated Patient Care, Prosthetic Workshop and Information Education and Communications components). FUNTER will be responsible for 100% of the costs of constructing any other sections of the building (such as The Nutrition Center, Vocational Education Center, Deafness Prevention Center, etc.).

No additional personnel will be needed to develop this component. FUNTER, following the USAID Engineer's guidelines, will proceed with the contracting of both a construction and a supervisory firm to provide adequate follow-up to the construction process, involving the USAID at every step of the process. This component will be executed in conformance with A.I.D. Handbook 11.

5. Technical Assistance

All the technical assistance will be short-term in nature. It will include a feasibility study to explore the possibility of producing and exporting devices to Central America on a for-profit basis. Short-term technical assistance will also be provided in orthotics, if the need for and feasibility of producing these devices prove it justified.

Technical assistance will immediately be made available in the fields of procurement and financial accountability. They will set up a procurement system and, until FUNTER staff are fully trained, undertake procurements. As stated below in the Financial Plan, the technical assistance will also provide concurrent voucher review and financial monitoring services while assisting FUNTER to correct financial accounting weaknesses, and will certify all vouchers, etc., until FUNTER has a certified accounting system. Management and administration are two other areas which will receive technical assistance.

Other areas which will benefit from technical assistance during the three-year extension are information, education and communication; and reinforcement of training capabilities for FUNTER to reach different types of communities and personnel. Lastly, there will

be short-term but intensive technical assistance to FUNTER in the area of fund-raising, to increase its self-sustainability by the end of the Project.

V. REVISED COST ESTIMATES AND FINANCIAL PLAN

A. Financial Analysis and Plan

1. Project Budget

The total cost of activities contemplated under this Amendment is \$5,225,181, of which A.I.D. will contribute \$3,000,000 (57.4%) and FUNTER will contribute \$2,225,181 (42.6%) of in-kind and other counterpart. The additional A.I.D. resources will be used to finance the following activities: Project Administration (\$300,000), Integrated Patient Care (\$1,000,000), Information, Education and Communication (\$300,000), Infrastructure (500,000), Technical Assistance (\$425,000), Evaluations and Audits (\$282,000) and Contingencies (\$193,000).

Table I shows an estimate of project expenditures by year. Table IV contains the Payment Verification Matrix which summarizes the proposed method of implementation and financing for each major category of inputs. Tables II and III contain the Illustrative Financial Plans for grant funds and counterpart, and by grant by foreign exchange and local currency, respectively.

2. Responses to Financial Management Issues and Concerns

- Does FUNTER have adequate internal controls in place to safeguard and account for Project resources? According to the financial review performed by Price Waterhouse, which covered the period August 31, 1987, through August 31, 1990, the internal control system was found to be deficient in several areas, such as appropriate reconciliations, adequate purchasing procedures and adequate control over warehousing operations. USAID and FUNTER met on June 6, 1991, to discuss the report and agreed on the steps required to correct deficiencies.

- Does FUNTER have an adequate accounting system for recording, summarizing and reporting on Project costs? Not according to the Price Waterhouse review mentioned above. The issue has been discussed between FUNTER and USAID, and steps have been taken to correct some of the deficiencies found. To correct the weaknesses, Technical Assistance will be provided in the form of concurrent voucher review and financial monitoring services to be performed by a CPA firm. The assistance will include certification of all vouchers submitted to A.I.D., periodic field checks, concurrent review of accounting records and any other assistance as required in the opinion of FUNTER and USAID.

B. Effect on Recurrent Costs

The total cost of the Project Amendment is \$5,225,181 (\$3,000,000 A.I.D. and \$2,225,181 FUNTER) over a three-year period. However, this total includes some extraordinary, as opposed to recurrent, expenses such as: Project evaluation and audit (\$282,000), the new building (\$1,000,000), and short-term technical assistance (\$425,000). The total program costs of FUNTER after the LOP are estimated at \$750,000 per year. Assuming that FUNTER will be able to continue to contribute approximately \$333,000 yearly from its current sources, and that program activities continue at projected levels, there would be a shortfall of approximately \$410,000 per year after the Project's end.

While the program will not be self-sufficient at Project levels of activity, FUNTER does plan to increase its revenues in several ways. First, if FUNTER is able to improve the level of repayments by patients for devices from the current average of \$90 per device to \$120 (compared to an estimated average cost of \$285), an additional \$18,000 could be recovered for a low average of 600 new or replacement devices per year.

Second, by the end of the Project, FUNTER is expected to be producing devices at a profit for the commercial market. Because of FUNTER's developing cheaper ways of producing prosthetic devices by using Mexican-produced polyurethane and foot molds instead of either importing U.S.-produced forms or materials, a considerable cost savings has been achieved (for example, a lower-extremity device costs \$15 each; a U.S. wooden foot costs \$47.80, a savings of \$32.80 each). Assuming that FUNTER products are sold for the same as inferior wooden U.S.-manufactured devices, the profit per device would be at least \$30. In reality, their profit margin would probably be significantly higher. Assuming further that by the end of the Project, FUNTER has increased their production by 50%, or an additional 200 lower limb devices, for the commercial market, they will have an additional yearly income of \$6,000. This revenue may increase as their marketing skills develop. This assumes there is broader demand for their very competitive products.

Third, the consolidation into one building is expected to reduce operating costs, including three leases, less vehicle wear and tear, time savings, etc.

TABLE I
INTER PROJECT PAPER
ECTED EXPENDITURES BY YEAR
(US \$)

PROJECT	YEAR I		YEAR II		YEAR III		TOTAL		% AID	% FUNTER
	AID	FUNTER	AID	FUNTER	AID	FUNTER	AID	FUNTER		
ADMINISTRATION	82,500	85,893	175,000	122,171	42,500	165,031	300,000	373,085	6.7%	7.1%
INTEGRATED PATIENT CARE	437,500	138,708	460,000	326,870	102,500	678,835	1,000,000	1,040,413	19.1%	19.8%
INFORMATION, EDUCATION & COMMUNICATION	100,000	24,210	146,000	45,784	54,000	141,680	300,000	211,674	5.7%	4.1%
INFRASTRUCTURE	500,000	250,000	0	250,000	0		500,000	800,000	9.6%	9.6%
TECHNICAL ASSISTANCE	175,000		250,000		0		425,000	0	8.1%	0.0%
EVALUATION & AUDITS	75,000		107,000		100,000		282,000	0	5.4%	0.0%
CONTINGENCIES	130,000		43,000	100,000	20,000		193,000	100,000	3.7%	1.9%
	1,500,000	496,811	1,181,000	844,825	319,000	883,546	3,000,000	2,225,182	68.6%	41.8%

TABLE II
ILLUSTRATIVE FINANCIAL PLAN
US DOLLARS
LOP Obligation

ELEMENT NUMBER		LINE ITEMS	PREVIOUS BUDGET	TOTAL AMENDMENT	LOP USAID CONTRIB.	PREVIOUS FUNTER CONT.	THIS FUNTER CONT.	LOP FUNTER CONT.	TOTAL PROJECT
5	(A)	PROJECT ADMINISTRATION	\$506,900.00	\$300,000.00	\$806,900.00	\$70,000.00	\$373,095.00	\$443,095.00	\$1,249,995.00
2	(B)	INTEGRATED PATIENT CARE: Prosthetic Workshop	\$1,595,892.50	\$800,000.00	\$2,395,892.50	\$512,600.00	\$1,040,412.50	\$1,552,912.50	\$3,948,805.00
3		Patient Support Fund	\$220,280.50	\$200,000.00	\$420,280.50	\$150,000.00	\$150,000.00	\$150,000.00	\$570,280.50
4	(C)	INFORMATION, EDUCATION & COMMUNICATION: Comm. Educ./Awareness	\$209,000.00	\$130,000.00	\$339,000.00	\$40,000.00	\$211,673.75	\$281,673.75	\$560,673.75
1		Strengthening Rehab Ser.	\$597,300.00	\$170,000.00	\$767,300.00	\$50,000.00	\$50,000.00	\$50,000.00	\$817,300.00
10	(D)	INFRASTRUCTURE	\$0.00	\$500,000.00	\$500,000.00		\$500,000.00	\$500,000.00	\$1,000,000.00
9	(E)	TECHNICAL ASSISTANCE	\$0.00	\$425,000.00	\$425,000.00				\$425,000.00
8	(F)	EVALUATION & AUDITS	\$60,000.00	\$282,000.00	\$332,000.00				\$332,000.00
6	(G)	CONTINGENCIES	\$170,827.00	\$193,000.00	\$363,827.00	\$15,000.00	\$100,000.00	\$115,000.00	\$478,827.00
	GRAND TOTALS		\$3,350,000.00	\$3,000,000.00	\$6,350,000.00	\$837,600.00	\$2,225,181.25	\$3,062,681.25	\$9,412,681.25

USAID CONTRIBUTION	THREE YEAR AMENDMENT	\$3,000,000.00	57.41%
FUNTER COUNTERPART		\$2,225,181.25	42.59%
TOTAL PROJECT		\$5,225,181.25	100.00%

USAID TOTAL PROJECT CONTRIBUTION	\$6,350,000.00	67.46%
FUNTER TOTAL PROJECT CONTRIBUTION	\$3,062,681.25	32.54%
TOTAL PROJECT COSTS	\$9,412,681.25	100.00%

FX vs. LC
 ILLUSTRATIVE FINANCIAL PLAN
 IN DOLLARS
 (LOP OBLIGATION)
 (IN \$000)

TABLE III

LINE ITEMS	LOP	91 - 92		TOTAL 1991/92	92 - 93		TOTAL 1992/1993	93 - 94		TOTAL 1993/1994	TOTAL Fx	TOTAL Lc	TOTAL	
		Fx	Lc		Fx	Lc		Fx	Lc					
(A) PROJ. ADMIN.	\$300.0	\$32.5	\$50.0	\$82.5	\$40.0	\$135.0	\$175.0	\$15.0	\$27.5	\$42.5	\$67.5	\$212.5	\$300.0	
(B) INT. PATIENT CARE	Prost. Workshop	\$800.0	\$150.0	\$200.0	\$350.0	\$120.0	\$250.0	\$370.0	\$30.0	\$50.0	\$80.0	\$300.0	\$500.0	\$800.0
	Patient Sup. Fund	\$200.0	\$2.5	\$65.0	\$87.5	\$18.0	\$72.0	\$90.0	\$0.0	\$22.5	\$22.5	\$20.5	\$179.5	\$200.0
(C) INFO, EDUC, COMM	Comm. Educ./Aw.	\$130.0	\$22.5	\$17.5	\$40.0	\$16.0	\$50.0	\$66.0	\$15.0	\$9.0	\$24.0	\$53.5	\$78.5	\$130.0
	Stren. Rehab Ser.	\$170.0	\$20.0	\$40.0	\$60.0	\$10.0	\$70.0	\$80.0	\$0.0	\$30.0	\$30.0	\$30.0	\$140.0	\$170.0
(D) INFRASTRUCTURE	\$500.0	\$0.0	\$500.0	\$500.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$500.0	\$500.0	
(E) TECH. ASSIST.	\$425.0	\$175.0	\$0.0	\$175.0	\$250.0	\$0.0	\$250.0	\$0.0	\$0.0	\$0.0	\$425.0	\$0.0	\$425.0	
(F) EVAL. & AUDITS	\$282.0	\$0.0	\$75.0	\$75.0	\$0.0	\$107.0	\$107.0	\$100.0	\$0.0	\$100.0	\$100.0	\$182.0	\$282.0	
(G) CONTINGENCIES	\$193.0	\$30.0	\$100.0	\$130.0	\$0.0	\$43.0	\$43.0	\$0.0	\$20.0	\$20.0	\$30.0	\$163.0	\$193.0	
GRA TOTALS	\$3,000.0	\$432.5	\$1,067.5	\$1,500.0	\$454.0	\$727.0	\$1,181.0	\$160.0	\$159.0	\$319.0	\$1,046.5	\$1,953.5	\$3,000.0	

TABLE IV
PAYMENT VERIFICATION MATRIX
FUNTER PROJECT PAPER
PROJECT NO. 519-0346
(US \$)

	METHOD OF FINANCING	APPROXIMATE AMOUNT
COMMODITIES	DIRECT PAY, DIRECT REIMB, PSA CONTRACT	700,000
TRAVEL & TRAINING	DIRECT REIMB.	250,000
PROJECT SUPPORT & ADMINISTRATION	DIRECT REIMB.	650,000
INFRASTRUCTURE	DIRECT REIMB.	500,000
TECHNICAL ASSISTANCE	DIRECT PAY	425,000
EVALUATION & AUDITS	DIRECT PAY	282,000
CONTINGENCIES	TO BE DETERMINED	193,000
		3,000,000

Fourth, technical assistance will be provided under the Project Extension to enable FUNTER aggressively to pursue fund-raising opportunities, both domestically and internationally. Given prior other donor support, it is not unrealistic to consider this a viable option. The Salvadoran Government, via the new Social Investment Fund (FISS), is another possible funding source.

Finally, with the improved economic situation, the Salvadoran private sector will be in a better position to increase contributions to FUNTER.

Given the nature of the program and its target population of the poor, and the country's economic situation, it is not realistic to require 100% self-sufficiency by the end of June 1994, when A.I.D. support to FUNTER will end. However, the Mission is clearly interested in seeing the program continue beyond the LOP, even at a reduced level of activity, limited to the workshop. Therefore, the Cooperative Agreement Amendment will include a Special Provision which states that FUNTER will present to A.I.D., in form and substance satisfactory to A.I.D., no later than January 31, 1991, specific fund-raising and revenue generating goals and activities planned which correspond to a cash income plan that identifies FUNTER's project level of commitment which the organization is capable of sustaining for operating the prosthetic workshop and providing support services for civilian amputees using non-A.I.D. funds. Fund-raising targets will show a gradual annual increase in its financial participation to approximately 90% of the total workshop operating expenses by the end of the Project.

C. Financial Monitoring, Accountability and Audit

With technical assistance, FUNTER will establish an adequate procurement system and be responsible for all local procurements, receiving advances which are then liquidated against expenditure reports. The USAID will undertake dollar-funded procurements which may be procured through GSA. Other offshore procurements will continue to be done by FUNTER, with USAID review prior to issuance of letters of commitment.

The Controller's Office recently reviewed FUNTER's financial system and USAID contracted for a financial review. Based on the latter's findings, in addition to yearly audits meeting GAO standards and following a Scope of Work approved by the RIG/T/A, FUNTER will be required to employ technical assistance to upgrade its financial accountability systems, resolve all findings and implement the financial review recommendations, and to provide concurrent voucher review and financial monitoring until such time as FUNTER receives certification from the Controller's Office.

D. Counterpart Contribution

Under the Amendment, FUNTER will contribute the equivalent of \$2,200,000 in counterpart contribution. These resources, including financing, services or in-kind, will support the Administration, Integrated Patient Care, Information, Education and Communication, and Infrastructure Components.

VI. REVISED IMPLEMENTATION PLAN

A. Implementation Responsibilities and Administrative Arrangements

FUNTER will continue to implement this Project. Within FUNTER, the Project General Manager has general responsibility for the Project, and specific responsibility for planning, organization, direction and control. There will also be a Technical Advisory Committee, with a representative from the Board of Directors, USAID's Technical Advisor and FUNTER's Executive Director, to assist and provide guidance to the FUNTER Project General Manager.

A detailed Action Plan, including a budget and schedule of activities, for each year of the Project will be developed by FUNTER for USAID review and approval, and will be a Condition Precedent to each year's disbursements. Progress toward goals established in this Plan, and disbursements pursuant thereto, will be reviewed each semester by the USAID Technical Advisor (funded under the Project) and the USAID Project Manager. Subsequent allocations will be contingent on successful implementation of the activities described in the annual Action Plans.

The annual Action Plans will normally be prepared and submitted for USAID approval in the October prior to the beginning of each calendar year of the Project. After review by the USAID Project Implementation Committee, USAID approval will be transmitted by Project Implementation Letters. Once approved, the Plan and budget will constitute the basis for all Project expenditures. For activities identified in the plan, no further A.I.D. approval will be required unless the value of a good or service exceeds \$25,000.

Implementation of the Project will be monitored by a USAID Project Implementation Committee which will meet periodically, and at the regularly scheduled semi-annual Project reviews with the Mission Director and representatives of all Mission offices. The Project Implementation Committee will include representatives from the Office of Health, Population and Nutrition, the Projects Office, the Controller's Office, the Contracts Office and the Development Programming and Planning Office. The USAID Project Manager will be responsible for USAID's day-to-day oversight of the Project.

B. Disbursement Procedures

1. Initial advances: FUNTER will provide a Cash Needs Projection by month for the initial 90-day period of the grant and 3 forms SF-1034, one requesting an advance for each of the three months. A.I.D. will advance these funds prior to the beginning of each monthly period.

2. Subsequent advances: Throughout the remainder of the agreement period FUNTER will be advanced funds for each succeeding 30-day period based upon projections of cash needs, liquidations of prior advances and net cash on hand. Funds will be advanced in accordance with the following procedures:

- Ten days after the end of the first month of operations under the Amendment and each succeeding month thereafter, FUNTER shall submit a report of actual disbursements made during that month in accordance with the Standard Provisions.
- At the same time, the Recipient shall submit an updated Cash Needs Projection showing funds needed for each month of the 90-day period following the month for which actual disbursements are reported. The projection shall update previous estimates of disbursements for the first and second month of this 90-day period and provide a best estimate of disbursements for the third month of the period.
- Net Cash Needs shall be the net of all prior advances (including funds advanced for the first month and previously requested for the second month of the 90-day period) compared to all liquidations (including disbursements being reported) plus projected disbursements for the 90-day period.
- Approximately five days before the beginning of a month, A.I.D. will advance the net amount of cash required for the recipient's operations for the succeeding 30-day period based upon reported actual disbursements and projected cash needs.
- Upon signature of the Amendment, USAID will contract with funds obligated under this Project for technical assistance to assist FUNTER to upgrade its financial accountability and procurement systems to a level permitting certification by the Controller of USAID. Disbursements for Project activities will be subject to supervision and certification by the technical assistance.

C. Procurement Procedures

FUNTER will be responsible for construction contracting, procurement of local commodities. These local procurement activities will be supervised, examined and certified by ad-hoc technical assistance contracted by USAID. The selection of consultants, commodities and equipment, shipping, etc., will be done in accordance with acceptable procurement procedures, based on HB 11 standards. Except for items which USAID can procure directly through the GSA mechanism, offshore procurement will also be the responsibility of FUNTER, subject to USAID review prior to issuance of letters of commitment. Since the financial review found some weaknesses in this area, technical assistance will install an adequate procurement and stock system and train FUNTER staff. Until this is in place and working, USAID and FUNTER will develop acceptable interim methods for necessary procurement.

Since a major thrust of the Project is to make FUNTER's operations as self-sufficient and as competitive as possible, using the least expensive materials and technologies, the source and origin of materials will largely be Code 935, except for any major equipment items (See waiver attached). Consultants will be nationality Code 000, unless

appropriate people from the United States cannot be found, in which case waivers will be sought on a case-by-case basis. Local support and administrative costs, local or third country training, and construction of the building are exempt from the need for a waiver per 90 STATE 410442, A.I.D.'s latest guidance on Buy-America.

D. Schedule of Major Events

A chronology providing an overview of Project Implementation with essential activities and timing is included in Annex B but will be more fully developed in the annual Action Plans.

VII. MONITORING PLAN

A. A.I.D. Project Monitoring Arrangements

Project monitoring will be exercised by the Office Director of USAID's Health, Population and Nutrition (HPN) Office. The USAID Project Manager, assisted by USAID's FUNTER Technical Advisor, will work closely with FUNTER to assure that Project implementation plans and objectives are met. The Technical Advisor is funded from Project resources. Quarterly Project review meetings will be held with FUNTER implementing staff to review and guide Project implementation.

The FUNTER Project Manager will also call upon other Mission Offices and Regional Services as needed throughout implementation of the Project Amendment. These will include:

1. The Projects Office (PRJ), which will monitor Project implementation to assure that the terms and conditions of the Amended Project are met.
2. The Controller (CONT), who will review disbursement and reimbursement requests for conformity with A.I.D. regulations and will ensure that adequate financial controls are exercised.
3. The Program Office (DPP), which will assist in carrying out A.I.D. Project evaluations and related assessments.
4. The Contracts Office (CO), which will assist in negotiations with FUNTER, insure compliance with the terms of the Agreement Amendment, and monitor/review off-shore procurement activities.

B. Assessment of A.I.D. Monitoring Capabilities

Current Mission staffing is adequate to discharge all Project monitoring responsibilities.

VIII. SUMMARIES OF ANALYSES

A. Technical Analysis

The technical interventions promoted by this Project relate to production of prostheses and orthotics, and community and patient education. These areas are chosen because they are the most critical in civilian rehabilitation for the country. The Project will provide for manufacturing of prostheses and orthotics to meet the civilian demand, as well as mechanisms to provide assistance to individuals lacking the resources and access to such devices.

Production of Prostheses and Ortheses has proven to be a need in El Salvador for the civilian population. Prostheses are devices to replace missing or amputated limbs. Orthotics are devices which supplement, or support the body, such as braces. Approximately one-third of all the amputees detected in this country are related to the civil conflict. Need for continuation of A.I.D. support to this component has been verified by data published in the recent Project evaluation carried out in September 1990. These projections indicate 240 new cases per year. The evaluation's summary projections of the new cases of people currently using an artificial limb and that need either maintenance or replacement indicate a demand of 564 prosthetic devices per year. FUNTER expects to fill that demand with USAID assistance from this Project.

The prostheses produced by FUNTER are of a standard equal to those made in the U.S. of the same complexity, with improved quality due to lighter and harder materials (polyurethane rather than wood). The technology being used is relatively simple and appropriate for El Salvador, both from a cost and maintenance perspective. More complex prostheses, using such technologies as electronics, would cost too much and would require more sophisticated facilities and human resources than are currently feasible in El Salvador.

The prosthetists who have been trained under this Project recently underwent a written and oral exam for certification and all passed.

Orthotics is another field in which FUNTER may appropriately become involved. However, this will be carefully evaluated to determine potential demand and the cost-effectiveness of local manufacture before starting this activity. The range of orthotics will be limited to production technologies already in use for the prostheses.

Community and Patient Education: FUNTER rehabilitation services would not be complete without providing close follow-up to the patients using artificial limbs manufactured by FUNTER. This follow-up includes educational efforts which reaches the patient's family and community. This Project component seeks full social integration of the amputee into a normal and productive life. As an integral part of the community education, both training of rehabilitation professionals and the promotion of rehabilitations services, are crucial. Current GOES ministries such as Health and Education lack a rehabilitation plan, and

the MOH provides technical services to the disabled without adequate follow-up. FUNTER will continue to collaborate with these institutions to coordinate patient care and community education. These are well tested and effective ways both of insuring success in use of the devices and in making it possible for more handicapped to obtain needed services.

B. Economic Analysis

One of the most pressing needs in the area of contemporary social development in El Salvador is the physical rehabilitation and treatment of the handicapped. The physically impaired population cannot command enough attention on their own to press for the care and priority they need to continue productive lives in a highly competitive national labor market. This Project will continue to assist the handicapped in returning to productive lives through the A.I.D.-funded inputs to FUNTER. These inputs will complement a larger effort to identify, diagnose, treat, rehabilitate and reintegrate FUNTER clients into society and the economy.

From the economic standpoint, these activities will increase the productivity of the handicapped who receive treatment. They will have greater physical mobility and, with it, the ability to assume greater participation in the workforce. A simple numerical exercise will underscore the returns to society from the Project. Some 2,000 adults will have been fitted with prosthetic devices over the seven year life of the Project at an approximate annual cost to society of \$550. This includes the fixed and variable cost to FUNTER and the cost to the individual of a new device every three years and annual adjustments and maintenance annually during the intervening period.

Once fitted with a device, the individual will be able to contribute more to the product stream of society. On the average, each member of Salvadoran society contributes about \$900 annually, the average GDP per capita during the life of this Project (including the extension). Obviously, a handicapped person without treatment will not meet the average, but some small portion of the average. The contribution could even be negative if the person cannot work and must be cared for by other people whose productivity is thereby diminished. We believe that it would be fair to state that treatment and rehabilitation will increase the productivity of the handicapped by more than \$550 annually for the rest of the individual's life. At that point, the Project becomes economically viable.

Obviously, the returns to society will far exceed what we have been able to generate in this simple numerical example. No figure can be placed on the psychic gratification that comes from being able once again to function as a normal human being. No number can be assigned to the social and political impact of attending to the victims of a war-torn society. If it were possible to quantify such benefits, the rate of return to this Project would approach the infinite. It would indeed be churlish for any analyst to fail to recognize that.

C. Social Soundness Analysis

The Project extension is predicated on the feasibility of increased demand for prosthetic services and increased awareness of these services in the community. The national context (continuing conflict and economic adjustment and varying degrees of service referral) will affect the success of the Project.

If one assumes a linear expansion of the demand for prostheses, we would expect an increase to 564 cases a year, including clients who need repair or maintenance for their devices. The number of new amputees identified over the life of this Project is expected to number 240 individuals per year. Each person offers a unique problem, diagnosis and selection by FUNTER. That is why such services are necessary and more costly than the usual health services.

Since the target population is civilian, the Project will benefit women amputees/handicapped as well as men. As part of the Project, FUNTER maintains a registry of amputees, from which gender-disaggregated data will be obtained, and which can be compared with FUNTER's patient records to verify that women are also benefiting from the Project.

In order to reach the maximum beneficiaries, an educational process is also necessary. Conquering unreasonable fears with regard to negative attitudes toward treatment and making amputees aware of the possibilities are an important part of the Project and vital to assisting the maximum numbers possible. Without outreach to the handicapped to make them aware that with assistance they can participate more fully in a normal life, enhancing their own self-esteem as well as that of their family and other people with whom they live and work, the services that FUNTER offers under this Project will not be used to their fullest. The Project's public awareness campaign is designed to stimulate demand and raise the general population's understanding of the handicapped's problems. Patient counseling routines will also be utilized and expanded so that the handicapped can be better guided on the type and extent of care recommended for them, and to encourage them to participate more fully in society and the economy. The public awareness and education campaigns also are designed to overcome prejudices against the handicapped and to encourage their acceptance, both in a social context and in the workplace.

Other social barriers must be conquered before the Project can be termed a success. Decreasing the distance a patient must travel to obtain FUNTER assistance is especially helpful. Through the FUNTER outreach program and referral system, and through coordination with other related institutions, FUNTER can continue to increase production of prosthetic devices while offering appropriate service and treatment to handicapped at the various referral levels.

As the conflict decreases, the patient demand for services will still be high. Since 66% of the FUNTER patients' needs are due to either accidents or congenital reasons unrelated to the conflict, the demand for prosthetics will continue into the future.

In general, the social impact of this Project is positive on society. The visibility of the Project, the number of people that may return to productive lives, and the positive community relations it engenders for the handicapped population are important to continuing improvement of services to the handicapped in El Salvador.

D. Administrative Analysis

1. **Organization:** The Telethon Foundation Pro-Rehabilitation (FUNTER) is a nonprofit institution operating in El Salvador since 1986. Its primary objective is to support rehabilitation services for the civilian population of El Salvador. Over the last four years, FUNTER has received \$3,350,000 in A.I.D. support. Besides A.I.D. contributions, FUNTER receives donations from local sources, especially from the 20-30 Club. This Club conducts periodic telethons to raise funds in support of FUNTER activities. The last telethon took place in November 1990; the next might take place in late 1991, in 1992 at the latest.

The Foundation is governed by a Board of 12 Directors selected by a General Assembly of 96 members, who designate primary operational responsibility to an Executive Director who oversees 71 employees (62.5% paid by A.I.D. Project funds). These employees are distributed in three managerial areas: the A.I.D./FUNTER Project, the PONI (program for early identification and treatment of children with hearing problems) and other projects and General Administration. The Board is responsible for making important decisions on policy and strategic planning. In addition, the Technical Committee is the consulting-bridging body between the technical and policy levels of FUNTER.

2. **Management:** FUNTER has been decentralized since its beginnings. However, it is becoming more centralized due to the need to consolidate fiscal control over operations. Until the organization can be fully united, development of fiscal control and decision-making will continue to be hampered. The physical separation is also responsible for a lack of coordination at the managerial level. Weaknesses in procurement and financial accountability will be addressed on a priority basis under the Project Amendment. The Executive Director, responsible for planning and programming within the institution, has been unable to provide the necessary leadership and needs training and/or technical assistance to upgrade managerial skills. This situation impairs institutional development, especially critical given the great expansion in personnel and activities during the life of the Project.

3. **Staffing:** As stated before, training is required to upgrade skills in management areas. While the staff, in general, has the skills required to implement the Project, technical managerial training for key FUNTER managers and technicians is required to sustain Project activities and foster improved fiscal/managerial control over the Project. Under the Project the areas of finance and management will be reinforced through external technical assistance during the extension period of the Project. Consolidation of the personnel system through clarification and delineation of duties will also take place during the extension of the Project. In this manner, FUNTER will be better equipped to plan, coordinate and control the work in each of its divisions.

4. Procurement Capability: Existing capabilities for local procurement and contracting of local consultants, with some preliminary technical assistance, can be made adequate. FUNTER has developed an internal procurement system following guidelines of HB 11 (Host Country Contracting). Offshore procurements with dollars will be made by FUNTER using letters of commitment, except for commodities and equipment which USAID can procure directly through the General Services Administration (GSA).

5. Accounting and Financial Control Systems: The report of the Price Waterhouse financial review of FUNTER indicates that the financial system has some shortcomings which will need to be addressed on a priority basis. Among other things, the draft review found that the accounting system was weak, with inappropriate liquidation procedures to USAID, inadequate reconciliation with bank statements, lack of appropriate control of supporting documentation, procedural deficiencies in internal control of purchase of goods and services, and lack of written evidence of review and authorization. As far as meeting the terms of the Agreement, FUNTER also failed to establish appropriate records for counterpart attributions. Under the amendment, there will be a three-pronged approach to rectify these deficiencies: (1) FUNTER will arrange mission-supervised annual audits using prequalified audit firms approved by the RIG/A/T, and a scope of work conforming to Government Auditing Standards and vetted by RIG/A/T. (2) Technical assistance will be provided to upgrade the financial accountability systems, and to resolve all findings and implement the recommendations of the final Price Waterhouse financial review. (3) Technical assistance will also provide concurrent voucher review and other financial monitoring services. Once the accounting system meets A.I.D. standards, it will be certified by USAID's Controller's Office.

6. Sustainability: The issue of financial sustainability is a major constraint to continuing or increased services currently being provided under the Project. As discussed in more detail in Section V.B., Recurrent Costs, above, during this extension period, more attention will be placed on identification of objectives to foster organizational growth through increased fund-raising, better administration of funds and increasing proceeds from FUNTER production.

IX. CONDITIONS PRECEDENT AND COVENANTS

A. Special Provisions

New or revised special provisions will be added in the Cooperative Agreement as follows:

1. Unless A.I.D. may otherwise agree in writing, FUNTER will present to USAID, in form and substance satisfactory to A.I.D., no later than January 31, 1992, specific fund-raising and revenue generating goals and activities planned which correspond to a cash income plan that identifies FUNTER's projected level of commitment which the organization is capable of sustaining for operating the prosthetic workshop and providing support services for civilian amputees using non-A.I.D. funds.

Fund-raising targets will show a gradual annual increase of its financial participation to approximately 90% of the total workshop operating expenses by the time USAID support to FUNTER terminates at the end of June 1994.

These targets represent FUNTER's responsibility to develop and carry out a dynamic fund-raising program generating income equal to an identified level of recurrent expenditures for personnel, inventory, and operating expenses for the Prosthetic Workshop and related support services. Progress against the established targets will be reviewed every six months. Continued A.I.D. funding will be based on progress against these targets, as well as on technical performance.

2. The USAID contracted a local auditing firm which carried out a financial review of FUNTER's internal control systems as well as financial aspects of this Project's activities. Unless A.I.D. otherwise agrees in writing, FUNTER will submit to the USAID, in form and substance satisfactory to A.I.D., a detailed plan to correct any deficiency detected during the financial review. Disbursement of Project funds under this obligation will be subject to USAID acceptance of those measures.

3. Prior to the disbursement of funds for construction activities, FUNTER will present, in form and substance satisfactory to A.I.D., such studies and analyses necessary for A.I.D. to ascertain that the proposed building is appropriate, that the proposed site has clear title, and that the combination of A.I.D. and FUNTER resources are sufficient to complete the construction of said building to the point of obtaining a Certificate of Occupancy. A.I.D. financing for those sections of the building that directly support the components of this Agreement Amendment will not exceed 50% of the total cost of the building and land, up to a maximum of \$500,000, whichever is less. Handbook 11 regulations will be followed by FUNTER for the construction of the building. In addition, separate vouchers exclusively for the construction under the Infrastructure Component of the Project will be submitted for the USAID approval by both the Engineer and the HPN Office before their final submission to the Controller's Office. FUNTER shall maintain a separate bank account for this specific Project item.

4. Prior to further disbursements, FUNTER will present, in form and substance satisfactory to A.I.D.:

- evidence that FUNTER has established three separate bank accounts as follows: (a) one account for the Project activities themselves, (b) one account for the income generated by Project activities, and (c) a specific account for the construction item.

- evidence that FUNTER has established an adequate system of financial management and controls and an adequate procurement system to account for and manage USAID provided resources and that such a system has been certified by the USAID Controller. The USAID will contract a local technical assistance firm to (a) help FUNTER to review and, if necessary, make any improvements to their internal financial and procurements systems deemed appropriate to allow the USAID Controller's Office sufficient time and data to certify the systems; and (b) perform concurrent financial and procurement monitoring services.

X. REVISED EVALUATION ARRANGEMENTS

A major evaluation of the Project was completed in the first quarter of FY91, and its recommendations have been used by FUNTER in preparing its proposal, and by USAID in reviewing it. A final evaluation will take place in March 1994. The evaluation will review FUNTER's improvements in efficiency and efforts to increase non-USAID financial resources; progress in orthotics and developing and supplying a commercial market for prostheses; and increased productiveness of treated patients.

Annexes:

- A - FUNTER Request for Additional Assistance
- B - FUNTER Proposal (see PP Files)
- C - First Addendum to Proposal (see PP Files)
- D - Second Addendum to Proposal (see PP Files)
- E - Logframe
- F - Initial Environmental Examination
- G - Source/Origin/Nationality Waiver
- H - Project Checklist

73PRJ (6/26/91)



FUNDACION
TELETON
PRO
REHABILITACION

ANEX A

83a. Av. Norte 3
Col. Escalón, San Salvador
El Salvador, C.
Tel. 23-56

30 de enero de 1991

Ref. LEA-088-91

Señor
Henry Bassford
Director de la
Agencia para el
Desarrollo Internacional
Presente

Ref. Convenio de Cooperación
529-0346-A-00-7599-00

Estimado Sr. Bassford:

Nos dirigimos a Usted en relación al Convenio No. 519-0346-A-00-7599-00, que fue suscrito entre la AID y FUNTER el día 31 de agosto de 1987, para un período de tres años y que fue prorrogado a partir del 1o. de septiembre de 1990 hasta el 31 de marzo de 1991, sin ampliación de fondos, con el objeto de completar las metas inicialmente fijadas.

A ese respecto le comunicamos lo siguiente:

1. El Convenio AID/FUNTER fue el primero dedicado a la rehabilitación en El Salvador y contenía objetivos ambiciosos para la atención de las personas que, como resultado de la violencia imperante, presentan diversas invalideces.
2. La rehabilitación en el país estaba en una situación bastante necesitada de recursos, tanto financieros como humanos, por lo que en respuesta a la misma necesidad se había constituido la Fundación Teletón Pro-Rehabilitación, en 1987.
3. Los eventos Teletón habían recaudado de la comunidad salvadoreña, \$10,496,900.00 para hacer frente a las necesidades de las personas impedidas, pero la demanda de atención era tan grande que a pesar de todos los esfuerzos, no lograba ser satisfecha en un nivel aceptable.

.../

- 31 -

4. Se suscribió entonces el Convenio entre la AID y FUNTER, con metas orientadas a hacer frente a la demanda de servicios de rehabilitación para civiles impedidos como resultado del conflicto, tomando como prioritaria la población de amputados.

A la fecha, enero de 1991, se ha avanzado sustancialmente en el cumplimiento de las metas inicialmente planteadas, pero nos damos cuenta que los resultados han sido magníficos solamente hasta el nivel de rehabilitación funcional (física y psicológica), de los pacientes atendidos.

Sin embargo, la capacidad económica del 90% de las personas rehabilitadas a través del Convenio, se ha mantenido en los mismos niveles que prevalecían antes de haber sido atendidas, limitando considerablemente su capacidad adquisitiva, no sólo para las prótesis necesarias a su funcionalidad, sino también para los requisitos de subsistencia de sus familias.

Hemos analizado este fenómeno, considerando que debemos completar el proceso de Rehabilitación Integral (*) para que nuestra obra realmente sea positiva y se garantice la integración de las personas impedidas a la vida productiva del país, si rehabilitamos funcionalmente a una persona y además le enseñamos a trabajar, estaríamos optimizando los esfuerzos y recursos empleados hasta esta fecha.

Por otra parte, la Fundación está formalmente empeñada en fortalecer los recursos humanos y materiales para que el nivel de evolución alcanzado en materia de rehabilitación en el Salvador, se mantenga con nuestro apoyo e incluso que continúe mejorando en concordancia con los avances de la ciencia y la tecnología.

En este sentido, solicitamos a Usted nos conceda una prórroga de tres años al Convenio, con ampliación de fondos por US\$3,000,000.00 que serán distribuidos principalmente, pero no se limitarán, a los objetivos siguientes:

1. Ayudar a resolver el problema de espacio físico para poder fusionar a todos los programas actuales en un mismo lugar (Fábrica de Prótesis, FAPRO; Programa de Ayuda a Pacientes, PAP;

* La Rehabilitación Integral comprende:

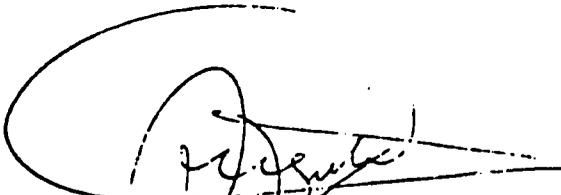
- a. Rehabilitación preventiva
- b. Rehabilitación funcional (física y psicológica)
- c. Rehabilitación profesional
- d. Integración social

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Promoción de los Servicios de Rehabilitación, PROMOSER; Concientización y Educación a la Comunidad, CEC; Administración General de FUNTER, y del Proyecto AID y el Programa Protejamos el Oído de nuestros niños, PONI).

2. Re-estructuración de la FAPRO para continuar dotando de prótesis a la población amputada; pero además montar líneas de producción de partes de prótesis con materiales y tecnología local, que serán comercializadas a nivel regional, al igual que se ofrecerá también capacitación de técnicas en la elaboración de ambos tipos de aparatos a nivel centroamericano.
3. Re-estructuración del Programa de Ayuda a Pacientes, teniendo como objetivo mejorar la interrelación de sus actividades con la Fábrica de Prótesis, aumentando la eficiencia de los recursos humanos con que cuenta, mediante la reorientación de las funciones del equipo técnico multidisciplinario, y la modificación de las estrategias de obtención de fondos para financiar prótesis donadas.
4. Evolución de los componentes PROMOSER y CEC para convertirlos en un programa que además de vigilar por el mantenimiento y mejoría de los logros alcanzados en materia de rehabilitación, se vuelva progresivamente auto-financiable.

Al agradecerle anticipadamente su colaboración a nuestra causa, aprovechamos la oportunidad para saludarle muy cordialmente,



Luis Ernesto Angulo
Director Ejecutivo

TELETHON FOUNDATION PRO-REHABILITATION
(FUNTER)

<u>NARRATIVE SUMMARY</u>	<u>OBJECTIVE VERIFIABLE INDICATORS</u>	<u>MEANS OF VERIFICATION</u>	<u>ASSUMPTIONS</u>
<p><u>GOAL:</u></p> <p>To improve the quality of life for the Salvadoran handicapped and to allow them fuller participation in the country's social and economic development.</p>	<p><u>MEASURES OF ACHIEVEMENT:</u></p> <ul style="list-style-type: none">- Increase the proportion of amputees engaged in economically productive activities.	<p>Evaluations</p>	<ul style="list-style-type: none">- That with prosthetic devices, clinical support and orientation, and public awareness campaigns, amputees have the motivation to become more independent and active, and that others are more willing to accept and employ the handicapped.- That economic development increases employment opportunities.
<p><u>PURPOSE:</u></p> <p>To increase FUNTER's institutional capacity to establish and support private rehabilitation services in El Salvador. Support will concentrate on but not be limited to the amputee population.</p>	<p><u>END OF PROJECT STATUS (EOPS):</u></p> <ul style="list-style-type: none">- Approximate staff ably performing duties as a result of training and other Project assistance.- Up to date Registry of Salvadoran amputees in place.- FUNTER operations consolidated into one building owned by the foundation.- Technical rehabilitation library established and operational.- Effective public awareness/ education program in place.- Workshop 90% self-sustainable from FUNTER resources.	<ul style="list-style-type: none">- Evaluations- Reports	<ul style="list-style-type: none">- Continued FUNTER commitment and management stability.- Civil conflict either ends or does not significantly inhibit access to target population.
<p><u>OUTPUTS:</u></p> <p>Improved prosthetic capability, community outreach, patient triage and treatment available for the civilian population.</p>	<p><u>MAGNITUDE:</u></p> <ul style="list-style-type: none">- 540 new and replacement prostheses fitted per year.- 200,000 people received direct or indirect services.- 7,500 people trained in community based rehabilitation, rehabilitation for professionals, motivation, etc.- Public education, mass media campaigns, special group presentations carried out.	<ul style="list-style-type: none">- Reports- On-site verification- A & E reports- Evaluations	<ul style="list-style-type: none">- Continued FUNTER commitment and management stability.

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TELETHON FOUNDATION PRO-REHABILITATION
(FUNTER)

EXECUTIVE SUMMARY

OBJECTIVE VERIFIABLE INDICATORS

MEANS OF VERIFICATION

ASSUMPTIONS

INPUTS:

IMPLEMENTATION TARGETS: (000)

A.I.D.

- Project Support
- Services
- Commodities
- Communication
- Infrastructure
- Technical Assistance
- Evaluation and Audits
- Contingencies

<u>PREVIOUS*</u>	<u>AMENDMENT</u>	<u>TOTAL</u>
N/A	650,000	--
N/A	350,000	--
N/A	300,000	--
N/A	300,000	--
N/A	500,000	--
N/A	425,000	425,000
50,000	282,000	332,000
170,827	193,000	363,827
<u>3,350,000</u>	<u>3,000,000</u>	<u>6,350,000</u>

- Obligations
- Advance/Liquidations Report
- Audits

FUNTER

- Project Support
- Services
- Commodities
- Infrastructure
- Contingencies

<u>PREVIOUS*</u>	<u>AMENDMENT*</u>	<u>TOTAL</u>
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A
0	500,000	500,000
15,000	100,000	115,000
<u>837,500</u>	<u>2,225,181</u>	<u>3,162,681</u>

LOP Project Total

9,412,681

29PRJ

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LAC-IEE-91-63

ENVIRONMENTAL THRESHOLD DECISION

Project Location : El Salvador

Project Title : Strengthening Rehabilitation Services project - Amendment

Project Number : 519-0346

Funding : \$6,350,000

Life of Project : 8 Years (FY 87-91) - Revised

IEE Prepared by : Vera L. LaFoy, PRJ
USAID/El Salvador

Recommended Threshold Decision : Negative Determination

Bureau Threshold Decision : Concur with Recommendation

Comments : Construction activities are limited to the proposed clinic, with construction subject to the approval of plans the Mission Engineer and Mission Environmental Officer. Plans must include actions designed to mitigate environmental impacts of construction. The Mission Engineer and Mission Environmental Officer will monitor construction activities to assure that the plans are followed and environmental impacts are minimized. No additional construction activities will be allowed under this project without an Environmental Assessment approved by the LAC Chief Environmental Officer.

Copy to : Henry H. Bassford, Director
USAID/El Salvador

Copy to : Vera L. La Foy, USAID/El Salvador

Copy to : Wayne Williams, REA/CEN
ROCAP/Guatemala

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LAC-IEE-91-63

**ENVIRONMENTAL THRESHOLD
DECISION (cont.)**

Copy to : Thomas Park, LAC/DR/HPN
Copy to : Mark Silverman, LAC/DR/CEN
Copy to : Lorraine Simard, LAC/CEN .
Copy to : IEE File

James S. Hester Date 6/27/91

James S. Hester
Chief Environmental Officer
Bureau for Latin America
and the Caribbean

AGENCY FOR INTERNATIONAL DEVELOPMENT
UNITED STATES OF AMERICA A. I. D. MISSION
TO EL SALVADOR
C/O AMERICAN EMBASSY.
SAN SALVADOR, EL SALVADOR, C. A.

ANNEX F

INITIAL ENVIRONMENTAL EXAMINATION

Project Location: El Salvador

Project Title: Strengthening Rehabilitation Services
Project (519-0346) - Amendment

Life of Project (Revised):.. FY 1987-1994

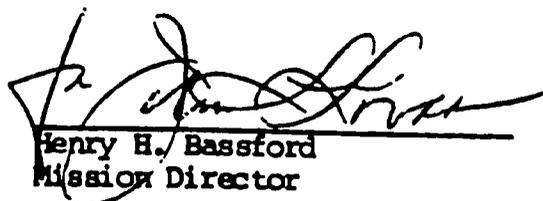
Funding (Revised): A.I.D.: \$6,350,000 Health Grant

IEE Prepared By: Vara L. LaFoy, PRJ, USAID/ES

IEE Reviewed By: Kenneth Ellis, RDO, USAID/ES

Environmental Action Recommended: Negative Determination. No further
environmental analysis is required.
Public awareness campaigns, training,
production and fitting of prosthetics
and orthotics, along with attendant
services, fall into the categories
qualifying for a categorical
exclusion. The building to be
constructed will be according to
municipal and A.I.D. standards and is
not considered significant.

Mission Director Concurrence:


Henry H. Bassford
Mission Director

May 30, 1991
Date

INITIAL ENVIRONMENTAL EXAMINATION

Strengthening Rehabilitation Services Project (519-0346)

I. Project Description

The original Project was authorized in August 1987. The current Amendment, also unsolicited, is for \$3 million, increasing the new LOP value to \$6.35 million. The grantee is a Salvadoran Private Voluntary Agency whose aim is to assist the country's handicapped.

The goal of the Project is to improve the quality of life for the Salvadoran handicapped. The Project purpose is to improve the capacity of Salvadoran rehabilitation service institutions to meet the growing demand for services resulting from the armed conflict in the country, focusing but not limiting support to benefit the amputee population.

The Project consists of four major components: promotion and education; the prosthetic workshop; patient support program and clinical services; and community education awareness.

A. Component 1: Promotion and Education

This component will improve integrated rehabilitation services provided by public and private institutions through educating their leaders and administrators. It will include modules on management of community programs, promotional campaigns, coordination meetings, exchange of information, etc.

B. Component 2: Prosthetic Workshop

In this component FUNIER will provide prosthetic devices for those civilian amputees who need them. They will also provide maintenance for devices which they have fitted, thereby providing continuing service to their client population. Depending on the results of a feasibility study, the workshop will probably expand into the production and provision of orthotics as well.

C. Component 3: Patient Support Program and Clinical Services

The Patient and Clinical Services Component assists FUNIER to identify, diagnose, refer, counsel, treat and follow up with rehabilitation clients. This component supports medical services for all patients, all support services to counsel and refer the patient not only for physical treatment but also for occupational therapy. This component will also follow up on clients who need periodic review and evaluation.

D. Component 4: Community Education Awareness

The community awareness component provides FUNIER with linkages to other institutions and community agents who can refer clients to FUNIER and vice-versa. The first part consists of general awareness campaigns to increase the level of knowledge about FUNIER services and where they are located. The second is a community education program aimed at health promoters, teachers and other community change agents who can promote referrals. While the first strategy uses mass media techniques, the second will use a variety of methods to spread the word, thereby increasing interest in and demand for FUNIER's services.

An element of this Project extension is partial funding to construct a new building in which all of FUNIER can be housed. At present different parts of the organization are scattered in three converted residences in different parts of the city. FUNIER will construct the building, subject to review and approval by the Mission Engineer of the terrain, building plans and construction contract. The GOES's seismic standards will be met. There will also be a contracted A&E firm to oversee actual construction.

II. Recommendations

Components 1 and 4 (Promotion and Education, and Community Education Awareness) fall into the category of "education, technical assistance, or training programs" of Section 216.2(c)(2)(i) of the Environmental Procedures and are consequently eligible for a categorical exclusion.

Activities under Components 2 and 3 (Prosthetic Workshop and Patient Support program and Clinical Services) come under the rubric of "programs involving nutrition, health care or population and family planning services" of Section 216.2(c)(2)(viii) and consequently also are eligible for a categorical exclusion.

The only output of the Project which has the potential for having a negative impact on the environment is the construction of a building to house the entire FUNIER organization together. As indicated above, from selection of the terrain through final construction, all plans and decisions will be reviewed, approved and monitored by the Mission, based on the recommendations of the Mission's Engineer. It is to be a relatively small building (2,395 square meters). As such it does not fall into the classes of actions normally having a significant effect on the environment per Section 216.2(d); consequently, a negative determination is recommended.

Drafted: PRJ: S. Roy

Clearances:

PRJ:MSDugan

RDO:Kellis

AMDO:JHeard

DDIR:JLLovaas

WP+/PRJ-21

15/ date 5/20/91
for [signature] date 5/28/91
[signature] date 5/28/91
date _____

AGENCY FOR INTERNATIONAL DEVELOPMENT
UNITED STATES OF AMERICA A. I. D. MISSION
TO EL SALVADOR
C/O AMERICAN EMBASSY.
SAN SALVADOR, EL SALVADOR, C. A.

ANNEX C

ACTION MEMORANDUM FOR THE ACTING DIRECTOR

FROM: Maureen S. Dugan, A/PRJ *MSD*

SUBJECT: Waiver of Source, Origin and Nationality, Amendment to the Strengthening Rehabilitation Services Project (FUNTER), No. 519-0346

Problem: Your approval is required to waive the authorized geographic code from Geographic Code 000 to allow for local and Other Free World source (Geographic Code 935) procurements under this amendment of categories of expenditures up to the amounts estimated below.

- a) Project: - Strengthening Rehabilitation Services Project Amendment
- b) Authorizing Document: Amendment to Project 519-0346
- c) Nature of Funding: Grant
- d) Description of Goods and Services: - Materials for Prostheses: Third Country, \$300,000; Local, \$200,000
- Training: \$220,000
- Technical Assistance: Audits and Marketing, \$230,000
- e) Estimated Total Value of this Waiver: \$950,000
- f) Source, Origin and Nationality: El Salvador and Other Free World (Geographic Code 935)

Background: The FUNTER Project was originally authorized on August 29, 1989, to develop the capacity of FUNTER, a local PVO, to manufacture and distribute prostheses for the civilian amputee population, as well as to provide general technical support in the rehabilitation field. Under the Amendment, the Project contains four components (1) Integrated Patient Care; (2) Information, Education and Communication; (3) Administration; and (4) Infrastructure. One of the major objectives of the Project is to provide prostheses and orthotics to the poorer populations at the most reasonable cost possible to help insure later sustainability.

Discussion: Under the new Buy America guidance issued in 90 STATE 410441, dated 5 December 1990, procurements under the Project Amendment which are not from Geographic Code 000, are logically available on the local economy and/or are over certain cost ceilings, now require a waiver.

This waiver applies to approximately \$950,000 of the total additional authorized amount of \$3 million, over the extended LOP to 30 June 1994. The following justifications are provided for waiver from Geographic Code 000 for the following classes of goods and services for funding from the additional authorized funds.

A. Prosthetic and Orthotic Manufacturing Materials

Waiver No. 519-24-90 dated August 22, 1990, waived source/origin requirements for polyurethane under the subject Project. Based on extensive research, it was found that Mexico produced its own polyurethane foam, to be used in the production of prosthetic devices, at a significant cost savings, compared to importing polyurethane from the United States; polyurethane foam from the United States costs \$9.85 per kilogram, while Mexico can provide it for only \$3.75 per kilogram, a 262% difference in price. Likewise, while the local cost of producing a finished form such as an ankle block, using the polyurethane foam from Mexico, would only be about \$6, the same item in wood costs \$24 from the United States, a 400% increase in price. Moreover, such products in polyurethane are of better quality (aesthetics, resistance and lightness) than the wood ankle blocks available from the United States.

It is estimated that the value of the polyurethane to be financed under this amendment will not exceed \$300,000.

Other materials used for prosthetics or orthotics, as well as exercise equipment such as parallel bars, up to a total value of \$200,000, will also be procured locally or in neighboring countries (CACM and Mexico). This materials category includes a wide range of items (resin, pigment, nylon and cotton stockinettes, chalk, wooden feet, talcum, webbing, leather, etc.) which are from one half to one tenth the cost of importing the same or equivalent items from the United States.

Handbook 1, Supplement B, Section 5B4a, criteria for waivers, states that source and origin of commodities may be waived, among other criteria: "...when Geographic Code 000 is authorized and the lowest available delivered price from the United States is reasonably estimated to be 50 percent or more higher than the delivered price from a country or area included in Geographic Code 941."

B. Technical Assistance

Some technical assistance, such as the marketing and feasibility studies for commercial sales of prosthetics, and both subsidized and commercial distribution of orthotics, require individuals who not only speak Spanish, but who are familiar with Salvadoran and Central American markets, culture and business environment. Auditing services is another area where local firms will be used, as they can provide concurrent, on-site review of FUNTER's operations. However, the Cooperative

Agreement Amendment stipulates that the auditing firm must be an affiliate of a U.S. CPA firm. The estimated cost of this technical assistance will not exceed \$230,000.

C. Training

The training necessary for implementation of Project activities must meet several criteria. First, since the people being trained may not have a strong educational background, they must be trained in Spanish. Secondly, the technology being taught must be appropriate not only to the trainees' capacity to learn, but also appropriate to El Salvador in its current state of development, i.e., simple, low-cost and easily maintained. In order to meet these criteria, much of the training will have to be sought outside the United States, in Spanish-speaking countries.

Handbook 1, Supplement B, Chapter 5D, Paragraph 10 Waivers, states that "A waiver to authorize a different geographic code ...must be based on one of the following criteria:...(b) No suppliers from countries or areas included in the authorized geographic code are able to provide the required services."

Authority: Delegation of Authority No. 752, dated April 7, 1989, grants you authority to waive source, origin or nationality requirements to permit the procurement of commodities and services in countries included in A.I.D. Geographic Code 941, 899, or 935, up to \$5 million per transaction.

Recommendation: That you approve the waiver of source, origin and nationality requirements for procurements of up to \$950,000 from Geographic Code 000 to Code 935 under the Amendment to the Strengthening Rehabilitation Services Project, No. 519-0346, for the above reasons. Approval of this waiver also indicates your certification of the following:

Exclusion of procurement 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.

Approved:

John Heard

Disapproved:

Date:

6/28/91

Clearances:

HPN: RThornton K. R. T. date 6/27
DPP: TMcKee [Signature] date 6/27
A/CONT: FBreen [Signature] date 6/27
OO: LMcGhee [Signature] date 6/27
ADDIR: JHeard [Signature] date 6/27

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5C(2) - ASSISTANCE CHECKLIST

ANNEX H

Listed below are statutory criteria applicable to the assistance resources themselves, rather than to the eligibility of a country to receive assistance. This section is divided into three parts. Part A includes criteria applicable to both Development Assistance and Economic Support Fund resources. Part B includes criteria applicable only to Development Assistance resources. Part C includes criteria applicable only to Economic Support Funds.

CROSS REFERENCE: IS COUNTRY CHECKLIST UP TO DATE?

Yes. See PAAD Balance of Payments (519-0369).

A. CRITERIA APPLICABLE TO BOTH DEVELOPMENT ASSISTANCE AND ECONOMIC SUPPORT FUNDS

1. Host Country Development Efforts (FAA Sec. 601(a)): Information and conclusions on whether assistance will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture, and commerce; and (f) strengthen free labor unions.

This Project supports a private non-profit organization in providing assistance to the civilian amputee population.

2. U.S. Private Trade and Investment (FAA Sec. 601(b)): Information and conclusions on how assistance will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).

This Project does not affect U.S. trade and investment.

3. Congressional Notification

Yes

a. General requirement (FY 1991 Appropriations Act Secs. 523 and 591; FAA Sec. 634A): If money is to be obligated for an activity not previously justified to Congress, or for an amount in excess of amount previously justified to Congress, has Congress been properly notified (unless the notification requirement has been waived because of substantial risk to human health or welfare)?

b. Notice of new account obligation (FY 1991 Appropriations Act Sec. 514): If funds are being obligated under an appropriation account to which they were not appropriated, has the President consulted with and provided a written justification to the House and Senate Appropriations Committees and has such obligation been subject to regular notification procedures?

N/A

c. Cash transfers and nonproject sector assistance (FY 1991 Appropriations Act Sec. 575(b)(3)): If funds are to be made available in the form of cash transfer or nonproject sector assistance, has the Congressional notice included a detailed description of how the funds will be used, with a discussion of U.S. interests to be served and a description of any economic policy reforms to be promoted?

N/A

4. Engineering and Financial Plans (FAA Sec. 611(a)): Prior to an obligation in excess of \$500,000, will there be: (a) engineering, financial or other plans necessary to carry out the assistance; and (b) a reasonably firm estimate of the cost to the U.S. of the assistance?

5. Legislative Action (FAA Sec. 611(a)(2)): If legislative action is required within recipient country with respect to an obligation in excess of \$500,000, what is the basis for a reasonable expectation that such action will be completed in time to permit orderly accomplishment of the purpose of the assistance?

N/A

6. **Water Resources (FAA Sec. 611(b); FY 1991 Appropriations Act Sec. 501):** If project is for water or water-related land resource construction, have benefits and costs been computed to the extent practicable in accordance with the principles, standards, and procedures established pursuant to the Water Resources Planning Act (42 U.S.C. 1962, et seq.)? (See A.I.D. Handbook 3 for guidelines.)

N/A

7. **Cash Transfer and Sector Assistance (FY 1991 Appropriations Act Sec. 575(b)):** Will cash transfer or nonproject sector assistance be maintained in a separate account and not commingled with other funds (unless such requirements are waived by Congressional notice for nonproject sector assistance)?

N/A

8. **Capital Assistance (FAA Sec. 611(e)):** If project is capital assistance (e.g., construction), and total U.S. assistance for it will exceed \$1 million, has Mission Director certified and Regional Assistant Administrator taken into consideration the country's capability to maintain and utilize the project effectively?

N/A

9. **Multiple Country Objectives (FAA Sec. 601(a)):** Information and conclusions on whether projects will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions.

This Project does support a private non-profit organization.

10. **U.S. Private Trade (FAA Sec. 601(b)):** Information and conclusions on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).

This Project does not affect U.S. trade and investment.

11. Local Currencies

a. **Recipient Contributions** (FAA Secs. 612(b), 636(h)): Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized in lieu of dollars.

The local NGO recipient contribute over 25% of total project costs, all in local currencies.

b. **U.S.-Owned Currency** (FAA Sec. 612(d)): Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?

No

c. **Separate Account** (FY 1991 Appropriations Act Sec. 575). If assistance is furnished to a foreign government under arrangements which result in the generation of local currencies:

N/A

(1) Has A.I.D. (a) required that local currencies be deposited in a separate account established by the recipient government, (b) entered into an agreement with that government providing the amount of local currencies to be generated and the terms and conditions under which the currencies so deposited may be utilized, and (c) established by agreement the responsibilities of A.I.D. and that government to monitor and account for deposits into and disbursements from the separate account?

(2) Will such local currencies, or an equivalent amount of local currencies, be used only to carry out the purposes of the DA or ESF chapters of the FAA (depending on which chapter is the source of the assistance) or for the administrative requirements of the United States Government?

(3) Has A.I.D. taken all appropriate steps to ensure that the equivalent of local currencies disbursed from the separate account are used for the agreed purposes?

(4) If assistance is terminated to a country, will any unencumbered balances of funds remaining in a separate account be disposed of for purposes agreed to by the recipient government and the United States Government?

12. Trade Restrictions

a. Surplus Commodities (FY 1991 Appropriations Act Sec. 521(a)): If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar or competing commodity?

No

b. Textiles (Lautenberg Amendment) (FY 1991 Appropriations Act Sec. 521(c)): Will the assistance (except for programs in Caribbean Basin Initiative countries under U.S. Tariff Schedule "Section 807," which allows reduced tariffs on articles assembled abroad from U.S.-made components) be used directly to procure feasibility studies, prefeasibility studies, or project profiles of potential investment in, or to assist the establishment of facilities specifically designed for, the manufacture for export to the United States or to third country markets in direct competition with U.S. exports, of textiles, apparel, footwear, handbags, flat goods (such as wallets or coin purses worn on the person), work gloves or leather wearing apparel?

N/A

13. Tropical Forests (FY 1991 Appropriations Act Sec. 533(c)(3)): Will funds be used for any program, project or activity which would (a) result in any significant loss of tropical forests, or (b) involve industrial timber extraction in primary tropical forest areas?

No

14. Sahel Accounting (FAA Sec. 121(d)): If a Sahel project, has a determination been made that the host government has an adequate system for accounting for and controlling receipt and expenditure of project funds (either dollars or local currency generated therefrom)?

N/A

15. PVO Assistance

a. Auditing and registration (FY 1991 Appropriations Act Sec. 537): If assistance is being made available to a PVO, has that organization provided upon timely request any document, file, or record necessary to the auditing requirements of A.I.D., and is the PVO registered with A.I.D.?

Yes

b. Funding sources (FY 1991 Appropriations Act, Title II, under heading "Private and Voluntary Organizations"): If assistance is to be made to a United States PVO (other than a cooperative development organization), does it obtain at least 20 percent of its total annual funding for international activities from sources other than the United States Government?

N/A

16. Project Agreement Documentation (State Authorization Sec. 139 (as interpreted by conference report)): Has confirmation of the date of signing of the project agreement, including the amount received, been cabled to State L/T and A.I.D. LEG within 60 days of the agreement's entry into force with respect to the United States, and has the full text of the agreement been pouched to those same offices? (See Handbook 3, Appendix 6G for agreements covered by this provision).

N/A

17. Metric system (Omnibus Trade and Competitiveness Act of 1988 Sec. 5164, as interpreted by conference report, amending Metric Conversion Act of 1975 Sec. 2, and as implemented through A.I.D. policy): Does the assistance activity use the metric system of measurement in its procurements, grants, and other business-related activities, except to the

Yes, except where the metric system is not used locally.

extent that such use is impractical or is likely to cause significant inefficiencies or loss of markets to United States firms? Are bulk purchases usually to be made in metric, and are components, subassemblies, and semi-fabricated materials to be specified in metric units when economically available and technically adequate? Will A.I.D. specifications use metric units of measure from the earliest programmatic stages, and from the earliest documentation of the assistance processes (for example, project papers) involving quantifiable measurements (length, area, volume, capacity, mass and weight), through the implementation stage?

18. Women in Development (FY 1991 Appropriations Act, Title II, under heading "Women in Development"): Will assistance be designed so that the percentage of women participants will be demonstrably increased?

Only if the target group (amputees) increases its percentage of females.

19. Regional and Multilateral Assistance (FAA Sec. 209): Is assistance more efficiently and effectively provided through regional or multilateral organizations? If so, why is assistance not so provided? Information and conclusions on whether assistance will encourage developing countries to cooperate in regional development programs.

No.

20. Abortions (FY 1991 Appropriations Act, Title II, under heading "Population, DA," and Sec. 525):

No

a. Will assistance be made available to any organization or program which, as determined by the President, supports or participates in the management of a program of coercive abortion or involuntary sterilization?

No

b. Will any funds be used to lobby for abortion?

No

21. Cooperatives (FAA Sec. 111): Will assistance help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward a better life?

22. U.S.-Owned Foreign Currencies

N/A

a. Use of currencies (FAA Secs. 612(b), 636(h); FY 1991 Appropriations Act Secs. 507, 509): Describe steps taken to assure that, to the maximum extent possible, foreign currencies owned by the U.S. are utilized in lieu of dollars to meet the cost of contractual and other services.

b. Release of currencies (FAA Sec. 612(d)): Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?

23. Procurement

a. Small business (FAA Sec. 602(a)): Are there arrangements to permit U.S. small business to participate equitably in the furnishing of commodities and services financed?

Yes

b. U.S. procurement (FAA Sec. 604(a)): Will all procurement be from the U.S. except as otherwise determined by the President or determined under delegation from him?

Yes.

c. Marine insurance (FAA Sec. 604(d)): If the cooperating country discriminates against marine insurance companies authorized to do business in the U.S., will commodities be insured in the United States against marine risk with such a company?

N/A

d. Non-U.S. agricultural procurement (FAA Sec. 604(e)): If non-U.S. procurement of agricultural commodity or product thereof is to be financed, is there provision against such procurement when the domestic price of such commodity is less than parity? (Exception where commodity financed could not reasonably be procured in U.S.)

N/A

e. Construction or engineering services (FAA Sec. 604(g)): Will construction or engineering services be procured from firms of advanced developing countries which are otherwise eligible

No

under Code 941 and which have attained a competitive capability in international markets in one of these areas? (Exception for those countries which receive direct economic assistance under the FAA and permit United States firms to compete for construction or engineering services financed from assistance programs of these countries.)

f. **Cargo preference shipping (FAA Sec. 603):** Is the shipping excluded from compliance with the requirement in section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 percent of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed shall be transported on privately owned U.S. flag commercial vessels to the extent such vessels are available at fair and reasonable rates?

Yes. A blanket waiver exists, and AID/W has been requested to renew it.

g. **Technical assistance (FAA Sec. 621(a)):** If technical assistance is financed, will such assistance be furnished by private enterprise on a contract basis to the fullest extent practicable? Will the facilities and resources of other Federal agencies be utilized, when they are particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs?

Yes, and yes

h. **U.S. air carriers (International Air Transportation Fair Competitive Practices Act, 1974):** If air transportation of persons or property is financed on grant basis, will U.S. carriers be used to the extent such service is available?

Yes

i. **Termination for convenience of U.S. Government (FY 1991 Appropriations Act Sec. 504):** If the U.S. Government is a party to a contract for procurement, does the contract contain a provision authorizing termination of such contract for the convenience of the United States?

Yes

j. Consulting services
(FY 1991 Appropriations Act Sec. 524): If assistance is for consulting service through procurement contract pursuant to 5 U.S.C. 3109, are contract expenditures a matter of public record and available for public inspection (unless otherwise provided by law or Executive order)?

k. Metric conversion
(Omnibus Trade and Competitiveness Act of 1988, as interpreted by conference report, amending Metric Conversion Act of 1975 Sec. 2, and as implemented through A.I.D. policy): Does the assistance program use the metric system of measurement in its procurements, grants, and other business-related activities, except to the extent that such use is impractical or is likely to cause significant inefficiencies or loss of markets to United States firms? Are bulk purchases usually to be made in metric, and are components, subassemblies, and semi-fabricated materials to be specified in metric units when economically available and technically adequate? Will A.I.D. specifications use metric units of measure from the earliest programmatic stages, and from the earliest documentation of the assistance processes (for example, project papers) involving quantifiable measurements (length, area, volume, capacity, mass and weight), through the implementation stage?

Yes, except when the metric system is not used locally

l. Competitive Selection
Procedures (FAA Sec. 601(e)): Will the assistance utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise?

Yes

24. Construction

a. Capital project (FAA Sec. 601(d)): If capital (e.g., construction) project, will U.S. engineering and professional services be used?

No

b. Construction contract (FAA Sec. 611(c)): If contracts for construction are to be financed, will they be let on a competitive basis to maximum extent practicable?

Yes

c. Large projects, Congressional approval (FAA Sec. 620(k)): N/A
If for construction of productive enterprise, will aggregate value of assistance to be furnished by the U.S. not exceed \$100 million (except for productive enterprises in Egypt that were described in the Congressional Presentation), or does assistance have the express approval of Congress?

25. U.S. Audit Rights (FAA Sec. 301(d)): N/A
If fund is established solely by U.S. contributions and administered by an international organization, does Comptroller General have audit rights?

26. Communist Assistance (FAA Sec. 620(h)). Yes
Do arrangements exist to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries?

27. Narcotics

a. Cash reimbursements (FAA Sec. 483): N/A
Will arrangements preclude use of financing to make reimbursements, in the form of cash payments, to persons whose illicit drug crops are eradicated?

b. Assistance to narcotics traffickers (FAA Sec. 487): Yes
Will arrangements take "all reasonable steps" to preclude use of financing to or through individuals or entities which we know or have reason to believe have either: (1) been convicted of a violation of any law or regulation of the United States or a foreign country relating to narcotics (or other controlled substances); or (2) been an illicit trafficker in, or otherwise involved in the illicit trafficking of, any such controlled substance?

28. **Expropriation and Land Reform (FAA Sec. 620(g)):** Will assistance preclude use of financing to compensate owners for expropriated or nationalized property, except to compensate foreign nationals in accordance with a land reform program certified by the President? Yes
29. **Police and Prisons (FAA Sec. 660):** Will assistance preclude use of financing to provide training, advice, or any financial support for police, prisons, or other law enforcement forces, except for narcotics programs? Yes
30. **CIA Activities (FAA Sec. 662):** Will assistance preclude use of financing for CIA activities? Yes
31. **Motor Vehicles (FAA Sec. 636(i)):** Will assistance preclude use of financing for purchase, sale, long-term lease, exchange or guaranty of the sale of motor vehicles manufactured outside U.S., unless a waiver is obtained? Yes
32. **Military Personnel (FY 1991 Appropriations Act Sec. 503):** Will assistance preclude use of financing to pay pensions, annuities, retirement pay, or adjusted service compensation for prior or current military personnel? Yes
33. **Payment of U.N. Assessments (FY 1991 Appropriations Act Sec. 505):** Will assistance preclude use of financing to pay U.N. assessments, arrearages or dues? Yes
34. **Multilateral Organization Lending (FY 1991 Appropriations Act Sec. 506):** Will assistance preclude use of financing to carry out provisions of FAA section 209(d) (transfer of FAA funds to multilateral organizations for lending)? Yes
35. **Export of Nuclear Resources (FY 1991 Appropriations Act Sec. 510):** Will assistance preclude use of financing to finance the export of nuclear equipment, fuel, or technology? Yes

36. Repression of Population (FY 1991 Appropriations Act Sec. 511): Will assistance preclude use of financing for the purpose of aiding the efforts of the government of such country to repress the legitimate rights of the population of such country contrary to the Universal Declaration of Human Rights? Yes

37. Publicity or Propoganda (FY 1991 Appropriations Act Sec. 516): Will assistance be used for publicity or propoganda purposes designed to support or defeat legislation pending before Congress, to influence in any way the outcome of a political election in the United States, or for any publicity or propoganda purposes not authorized by Congress? No

38. Marine Insurance (FY 1991 Appropriations Act Sec. 563): Will any A.I.D. contract and solicitation, and subcontract entered into under such contract, include a clause requiring that U.S. marine insurance companies have a fair opportunity to bid for marine insurance when such insurance is necessary or appropriate? Yes

39. Exchange for Prohibited Act (FY 1991 Appropriations Act Sec. 569): Will any assistance be provided to any foreign government (including any instrumentality or agency thereof), foreign person, or United States person in exchange for that foreign government or person undertaking any action which is, if carried out by the United States Government, a United States official or employee, expressly prohibited by a provision of United States law? No

E. CRITERIA APPLICABLE TO DEVELOPMENT ASSISTANCE ONLY

1. Agricultural Exports (Bumpers Amendment) (FY 1991 Appropriations Act Sec. 521(b), as interpreted by conference report for original enactment): If assistance is for agricultural development activities (specifically, any testing or breeding feasibility study, variety improvement or introduction, consultancy, publication, conference, or training), are such activities: (1) specifically and principally designed to increase agricultural exports by the host country to a country other than the United States, where the export would lead to direct competition in that third country with exports of a similar commodity grown or produced in the United States, and can the activities reasonably be expected to cause substantial injury to U.S. exporters of a similar agricultural commodity; or (2) in support of research that is intended primarily to benefit U.S. producers?

N/A

2. Tied Aid Credits (FY 1991 Appropriations Act, Title II, under heading "Economic Support Fund"): Will DA funds be used for tied aid credits?

No

3. Appropriate Technology (FAA Sec. 107): Is special emphasis placed on use of appropriate technology (defined as relatively smaller, cost-saving, labor-using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor)?

Yes

4. Indigenous Needs and Resources (FAA Sec. 281(b)): Describe extent to which the activity recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage institutional development; and supports civic education and training in skills required for effective participation in governmental and political processes essential to self-government.

The prosthetic and ortho devices to be produced and fitted are to meet the unmet needs of the civilian amputee/handica population. The materia and technology are desig for the workers and the beneficiary to be most low-cost and acceptable.

5. **Economic Development (FAA Sec. 101(a)):** Does the activity give reasonable promise of contributing to the development of economic resources, or to the increase of productive capacities and self-sustaining economic growth?

Yes. Amputees with artificial limbs are more productive.

6. **Special Development Emphases (FAA Secs. 102(b), 113, 281(a)):** Describe extent to which activity will: (a) effectively involve the poor in development by extending access to economy at local level, increasing labor-intensive production and the use of appropriate technology, dispersing investment from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using appropriate U.S. institutions; (b) encourage democratic private and local governmental institutions; (c) support the self-help efforts of developing countries; (d) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (e) utilize and encourage regional cooperation by developing countries.

The workers trained to produce the prostheses come from the poorer elements of the population. The handicapped being served are those who otherwise would not have the financial means to be served.

7. **Recipient Country Contribution (FAA Secs. 110, 124(d)):** Will the recipient country provide at least 25 percent of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or is the latter cost-sharing requirement being waived for a "relatively least developed" country)?

The PVO recipient will provide at least 25% counterpart.

8. **Benefit to Poor Majority (FAA Sec. 128(b)):** If the activity attempts to increase the institutional capabilities of private organizations or the government of the country, or if it attempts to stimulate scientific and technological research, has it been designed and will it be monitored to ensure that the ultimate beneficiaries are the poor majority?

Yes

9. Abortions (FAA Sec. 104(f); FY 1991 Appropriations Act, Title II, under heading "Population, DA," and Sec. 535):

a. Are any of the funds to be used for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions? No

b. Are any of the funds to be used to pay for the performance of involuntary sterilization as a method of family planning or to coerce or provide any financial incentive to any person to undergo sterilizations? No

c. Are any of the funds to be made available to any organization or program which, as determined by the President, supports or participates in the management of a program of coercive abortion or involuntary sterilization? No

d. Will funds be made available only to voluntary family planning projects which offer, either directly or through referral to, or information about access to, a broad range of family planning methods and services? N/A

e. In awarding grants for natural family planning, will any applicant be discriminated against because of such applicant's religious or conscientious commitment to offer only natural family planning? N/A

f. Are any of the funds to be used to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning? No

g. Are any of the funds to be made available to any organization if the President certifies that the use of these funds by such organization would violate any of the above provisions related to abortions and involuntary sterilization? No

10. **Contract Awards (FAA Sec. 601(e)):** Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise? Yes

11. **Disadvantaged Enterprises (FY 1991 Appropriations Act Sec. 567):** What portion of the funds will be available only for activities of economically and socially disadvantaged enterprises, historically black colleges and universities, colleges and universities having a student body in which more than 40 percent of the students are Hispanic Americans, and private and voluntary organizations which are controlled by individuals who are black Americans, Hispanic Americans, or Native Americans, or who are economically or socially disadvantaged (including women)? Not yet known

12. **Biological Diversity (FAA Sec. 119(g)):** Will the assistance: (a) support training and education efforts which improve the capacity of recipient countries to prevent loss of biological diversity; (b) be provided under a long-term agreement in which the recipient country agrees to protect ecosystems or other wildlife habitats; (c) support efforts to identify and survey ecosystems in recipient countries worthy of protection; or (d) by any direct or indirect means significantly degrade national parks or similar protected areas or introduce exotic plants or animals into such areas? N/A

13. **Tropical Forests (FAA Sec. 118; FY 1991 Appropriations Act Sec. 533(c)-(e) & (g)):** N/A

a. **A.I.D. Regulation 16:** Does the assistance comply with the environmental procedures set forth in A.I.D. Regulation 16?

b. **Conservation:** Does the assistance place a high priority on conservation and sustainable management of tropical forests? Specifically, does the assistance, to the fullest extent

feasible: (1) stress the importance of conserving and sustainably managing forest resources; (2) support activities which offer employment and income alternatives to those who otherwise would cause destruction and loss of forests, and help countries identify and implement alternatives to colonizing forested areas; (3) support training programs, educational efforts, and the establishment or strengthening of institutions to improve forest management; (4) help end destructive slash-and-burn agriculture by supporting stable and productive farming practices; (5) help conserve forests which have not yet been degraded by helping to increase production on lands already cleared or degraded; (6) conserve forested watersheds and rehabilitate those which have been deforested; (7) support training, research, and other actions which lead to sustainable and more environmentally sound practices for timber harvesting, removal, and processing; (8) support research to expand knowledge of tropical forests and identify alternatives which will prevent forest destruction, loss, or degradation; (9) conserve biological diversity in forest areas by supporting efforts to identify, establish, and maintain a representative network of protected tropical forest ecosystems on a worldwide basis, by making the establishment of protected areas a condition of support for activities involving forest clearance or degradation, and by helping to identify tropical forest ecosystems and species in need of protection and establish and maintain appropriate protected areas; (10) seek to increase the awareness of U.S. Government agencies and other donors of the immediate and long-term value of tropical forests; (11) utilize the resources and abilities of all relevant U.S. government agencies; (12) be based upon careful analysis of the alternatives available to achieve the best sustainable use of the land; and (13) take full account of the environmental impacts of the proposed activities on biological diversity?

c. Forest degradation: Will assistance be used for: (1) the procurement or use of logging equipment, unless an environmental assessment indicates that all timber harvesting operations involved will be conducted in an environmentally sound manner and that the proposed activity will produce positive economic benefits and sustainable forest management systems; (2) actions which will significantly degrade national parks or similar protected areas which contain tropical forests, or introduce exotic plants or animals into such areas; (3) activities which would result in the conversion of forest lands to the rearing of livestock; (4) the construction, upgrading, or maintenance of roads (including temporary haul roads for logging or other extractive industries) which pass through relatively undergraded forest lands; (5) the colonization of forest lands; or (6) the construction of dams or other water control structures which flood relatively undergraded forest lands, unless with respect to each such activity an environmental assessment indicates that the activity will contribute significantly and directly to improving the livelihood of the rural poor and will be conducted in an environmentally sound manner which supports sustainable development?

d. Sustainable forestry: If assistance relates to tropical forests, will project assist countries in developing a systematic analysis of the appropriate use of their total tropical forest resources, with the goal of developing a national program for sustainable forestry?

e. Environmental impact statements: Will funds be made available in accordance with provisions of FAA Section 117(c) and applicable A.I.D. regulations requiring an environmental impact statement for activities significantly affecting the environment?

14. **Energy (FY 1991 Appropriations Act Sec. 533(c)):** If assistance relates to energy, will such assistance focus on: (a) end-use energy efficiency, least-cost energy planning, and renewable energy resources, and (b) the key countries where assistance would have the greatest impact on reducing emissions from greenhouse gases?

N/A

15. **Sub-Saharan Africa Assistance (FY 1991 Appropriations Act Sec. 562, adding a new FAA chapter 10 (FAA Sec. 496)):** If assistance will come from the Sub-Saharan Africa DA account, is it: (a) to be used to help the poor majority in Sub-Saharan Africa through a process of long-term development and economic growth that is equitable, participatory, environmentally sustainable, and self-reliant; (b) to be used to promote sustained economic growth, encourage private sector development, promote individual initiatives, and help to reduce the role of central governments in areas more appropriate for the private sector; (c) being provided in accordance with the policies contained in FAA section 102; (d) being provided in close consultation with African, United States and other PVOs that have demonstrated effectiveness in the promotion of local grassroots activities on behalf of long-term development in Sub-Saharan Africa; (e) being used to promote reform of sectoral economic policies, to support the critical sector priorities of agricultural production and natural resources, health, voluntary family planning services, education, and income generating opportunities, to bring about appropriate sectoral restructuring of the Sub-Saharan African economies, to support reform in public administration and finances and to establish a favorable environment for individual enterprise and self-sustaining development, and to take into account, in assisted policy reforms, the need to protect vulnerable groups; (f) being used to increase agricultural production in ways that protect and restore the natural resource base, especially food production, to maintain and improve basic transportation and communication networks,

N/A

to maintain and restore the renewable natural resource base in ways that increase agricultural production, to improve health conditions with special emphasis on meeting the health needs of mothers and children, including the establishment of self-sustaining primary health care systems that give priority to preventive care, to provide increased access to voluntary family planning services, to improve basic literacy and mathematics especially to those outside the formal educational system and to improve primary education, and to develop income-generating opportunities for the unemployed and underemployed in urban and rural areas?

16. Debt-for-Nature Exchange (FAA Sec. 463): If project will finance a debt-for-nature exchange, describe how the exchange will support protection of: (a) the world's oceans and atmosphere, (b) animal and plant species, and (c) parks and reserves; or describe how the exchange will promote: (d) natural resource management, (e) local conservation programs, (f) conservation training programs, (g) public commitment to conservation, (h) land and ecosystem management, and (i) regenerative approaches in farming, forestry, fishing, and watershed management.

N/A

17. Deobligation/Reobligation (FY 1991 Appropriations Act Sec. 515): If deob/reob authority is sought to be exercised in the provision of DA assistance, are the funds being obligated for the same general purpose, and for countries within the same region as originally obligated, and have the House and Senate Appropriations Committees been properly notified?

N/A

18. Loans

a. Repayment capacity (FAA Sec. 122(b)): Information and conclusion on capacity of the country to repay the loan at a reasonable rate of interest.

N/A

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b. Long-range plans (FAA Sec. 122(b)): Does the activity give reasonable promise of assisting long-range plans and programs designed to develop economic resources and increase productive capacities?

c. Interest rate (FAA Sec. 122(b)): If development loan is repayable in dollars, is interest rate at least 2 percent per annum during a grace period which is not to exceed ten years, and at least 3 percent per annum thereafter?

d. Exports to United States (FAA Sec. 620(d)): If assistance is for any productive enterprise which will compete with U.S. enterprises, is there an agreement by the recipient country to prevent export to the U.S. of more than 20 percent of the enterprise's annual production during the life of the loan, or has the requirement to enter into such an agreement been waived by the President because of a national security interest?

19. Development Objectives (FAA Secs. 102(a), 111, 113, 281(a)): Extent to which activity will: (1) effectively involve the poor in development, by expanding access to economy at local level, increasing labor-intensive production and the use of appropriate technology, spreading investment out from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using the appropriate U.S. institutions; (2) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward better life, and otherwise encourage democratic private and local governmental institutions; (3) support the self-help efforts of developing countries; (4) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (5) utilize and encourage regional cooperation by developing countries?

b/c

20. Agriculture, Rural Development and Nutrition, and Agricultural Research (FAA Secs. 103 and 103A):

a. Rural poor and small farmers: If assistance is being made available for agriculture, rural development or nutrition, describe extent to which activity is specifically designed to increase productivity and income of rural poor; or if assistance is being made available for agricultural research, has account been taken of the needs of small farmers, and extensive use of field testing to adapt basic research to local conditions shall be made.

N/A

b. Nutrition: Describe extent to which assistance is used in coordination with efforts carried out under FAA Section 104 (Population and Health) to help improve nutrition of the people of developing countries through encouragement of increased production of crops with greater nutritional value; improvement of planning, research, and education with respect to nutrition, particularly with reference to improvement and expanded use of indigenously produced foodstuffs; and the undertaking of pilot or demonstration programs explicitly addressing the problem of malnutrition of poor and vulnerable people.

N/A

c. Food security: Describe extent to which activity increases national food security by improving food policies and management and by strengthening national food reserves, with particular concern for the needs of the poor, through measures encouraging domestic production, building national food reserves, expanding available storage facilities, reducing post harvest food losses, and improving food distribution.

N/A

21. Population and Health (FAA Secs. 104(b) and (c)): If assistance is being made available for population or health activities, describe extent to which activity emphasizes low-cost, integrated delivery systems for health, nutrition and family planning for the poorest people, with particular attention to the needs of

This Project focusses only on the handicapped. However, the Project sup; and extensive effort at outreach and referral with other entities, inc. health and education institutions.

mothers and young children, using paramedical and auxiliary medical personnel, clinics and health posts, commercial distribution systems, and other modes of community outreach.

22. **Education and Human Resources Development (FAA Sec. 105):** If assistance is being made available for education, public administration, or human resource development, describe (a) extent to which activity strengthens nonformal education, makes formal education more relevant, especially for rural families and urban poor, and strengthens management capability of institutions enabling the poor to participate in development; and (b) extent to which assistance provides advanced education and training of people of developing countries in such disciplines as are required for planning and implementation of public and private development activities.

N/A

23. **Energy, Private Voluntary Organizations, and Selected Development Activities (FAA Sec. 106):** If assistance is being made available for energy, private voluntary organizations, and selected development problems, describe extent to which activity is:

N/A

a. concerned with data collection and analysis, the training of skilled personnel, research on and development of suitable energy sources, and pilot projects to test new methods of energy production; and facilitative of research on and development and use of small-scale, decentralized, renewable energy sources for rural areas, emphasizing development of energy resources which are environmentally acceptable and require minimum capital investment;

b. concerned with technical cooperation and development, especially with U.S. private and voluntary, or regional and international development, organizations;

c. research into, and evaluation of, economic development processes and techniques;

d. reconstruction after natural or manmade disaster and programs of disaster preparedness;

e. for special development problems, and to enable proper utilization of infrastructure and related projects funded with earlier U.S. assistance;

f. for urban development, especially small, labor-intensive enterprises, marketing systems for small producers, and financial or other institutions to help urban poor participate in economic and social development.

24. Sahel Development (FAA Secs. 120-21). If assistance is being made available for the Sahelian region, describe: (a) extent to which there is international coordination in planning and implementation; participation and support by African countries and organizations in determining development priorities; and a long-term, multidonor development plan which calls for equitable burden-sharing with other donors; (b) whether a determination has been made that the host government has an adequate system for accounting for and controlling receipt and expenditure of projects funds (dollars or local currency generated therefrom).

N/A

CRITERIA APPLICABLE TO ECONOMIC SUPPORT FUNDS ONLY

N/A

1. **Economic and Political Stability (FAA Sec. 531(a)):** Will this assistance promote economic and political stability? To the maximum extent feasible, is this assistance consistent with the policy directions, purposes, and programs of Part I of the FAA?

2. **Military Purposes (FAA Sec. 531(e)):** Will this assistance be used for military or paramilitary purposes?

3. **Commodity Grants/Separate Accounts (FAA Sec. 609):** If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made?

4. **Generation and Use of Local Currencies (FAA Sec. 531(d)):** Will ESF funds made available for commodity import programs or other program assistance be used to generate local currencies? If so, will at least 50 percent of such local currencies be available to support activities consistent with the objectives of FAA sections 103 through 106?

5. **Cash Transfer Requirements (FY 1991 Appropriations Act, Title II, under heading "Economic Support Fund," and Sec. 575(b)).** If assistance is in the form of a cash transfer:

a. **Separate account:** Are all such cash payments to be maintained by the country in a separate account and not to be commingled with any other funds?

b. Local currencies: Will all local currencies that may be generated with funds provided as a cash transfer to such a country also be deposited in a special account, and has A.I.D. entered into an agreement with that government setting forth the amount of the local currencies to be generated, the terms and conditions under which they are to be used, and the responsibilities of A.I.D. and that government to monitor and account for deposits and disbursements?

c. U.S. Government use of local currencies: Will all such local currencies also be used in accordance with FAA Section 609, which requires such local currencies to be made available to the U.S. government as the U.S. determines necessary for the requirements of the U.S. Government, and which requires the remainder to be used for programs agreed to by the U.S. Government to carry out the purposes for which new funds authorized by the FAA would themselves be available?

d. Congressional notice: Has Congress received prior notification providing in detail how the funds will be used, including the U.S. interests that will be served by the assistance, and, as appropriate, the economic policy reforms that will be promoted by the cash transfer assistance?

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