

PD-ABD-722  
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AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

March 28, 1985

Dr. Carlyle Guerra de Macedo  
Director  
Pan American Health Organization  
525 23rd. Street N.W.  
Washington, D.C. 20037

Subject: Grant No. 596-0136  
Appropriation No. 72-114/51021.8  
Allotment No. LES 485-35596-CG13(468-65-596-00-69-51)  
Obligation No. 5659200

Dear Dr. Guerra de Macedo:

1. I have the honor to refer to your letter request of March 4, 1985 relating to a program for Malarial Control and Essential Drugs for Central America and Panama.
2. I am pleased to inform you that, pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Government of the United States of America, acting through the Agency for International Development (hereinafter referred to as AID) hereby grants to Pan American Health Organization, Regional Office of the World Health Organization, (hereinafter referred to as the Grantee) the sum of Two Million United States Dollars (US\$2,000,000), to be used for support of a project to strengthen malarial control programs, especially in Honduras, El Salvador, Guatemala and Belize, and improve essential drug procurement, distribution, quality control and utilization programs in the Central American region, as more fully described in Attachment A.
3. AID's total contribution to the Project will be provided in increments not to exceed a total of \$6,500,000 United States Dollars, during the period from March 30, 1985 through March 31, 1989, the initial one being made available in accordance with Section 2 of this Agreement. Subsequent increments will be subject to availability of funds to AID for this purpose and to mutual agreement of the Parties, at the time of a subsequent increment, to proceed.

4. This Grant is effective as of the date of this letter and is applicable to commitments made by the Grantee in support of the project during the period March 30, 1985 through March 31, 1989. Funds disbursed by AID but uncommitted by the Grantee at the expiration of this period shall be refunded to AID.

5. It is understood that financial records, including documentation to support entries on accounting records and to substantiate changes within this Grant shall be maintained in accordance with the Grantee's usual accounting procedures, which shall follow generally accepted accounting practices. All such financial records shall be maintained for at least 3 years after final disbursement of funds under this Grant.

6. The Grantee confirms that this program will be subject to an independent audit by the Grantee's outside certified or chartered public accountant and agrees to furnish copies of these audit reports to AID along with such other related information as may be requested by AID with respect to questions arising from the audit report.

7. It is understood that the funds granted hereunder shall be disbursed as set forth in Attachment B hereto entitled Payment Provisions.

8. The parties agree that this grant and the activities financed therewith, shall be managed by the Grantee in accordance with its established policies and procedures. The proposed budget for this Grant is provided in Attachment C.

9. If the use of the Grant funds results in the accrual of interest to the Grantee or to any other person to whom the Grantee makes such funds available in carrying out the purposes of this Grant, the Grantee shall refund to AID any amount of interest earned.

10. The Grantee shall prepare and submit to AID the required financial and technical reports in accordance with the schedule set forth in Attachment D.

11. This Agreement, in whole or in part, may be terminated by either Party at any time upon 30 days written notice. This agreement may be revised only by the written mutual consent of the Parties hereto.

12. Prior to disbursement of grant funds the Grantee and AID shall mutually agree to the terms of reference and the candidates proposed for key Grantee staff assigned to manage and administer the Project.

Prior to disbursement of grant funds the Grantee shall submit an annual workplan, including a budget, which must be mutually agreed upon by the Grantee and A.I.D.

13. The Grantee agrees that grant funds will be additive to ongoing grantee-financed technical assistance, training and operations research programs in malaria and essential drugs.

The Grantee covenants that it will not conduct operations research in malaria in Honduras, El Salvador and Belize unless and until AID has reviewed the proposed operations and has found them to be in compliance with existing environmental assessments.

The Grantee covenants that it will not begin operations research in Guatemala unless and until an Initial Environmental Assessment with a pesticide assessment has been conducted, by an independent consultant approved by AID and paid for from Grant funds if no other assessment has been conducted, and the proposed operations research has been found by AID to be in compliance with the assessments.

The Grantee covenants that AID resources will be utilized only for technical assistance, training and operations research in or for Belize, Costa Rica, El Salvador, Guatemala, Honduras, and Panama.

15. Please indicate your acceptance of this Grant by signing the original and Eight (8) copies of this letter in the space provided below and returning the original and seven (7) copies to the Grant Officer. Two copies may be retained for your files.

16. The AID Technical Office responsible for monitoring this Grant is Linda E. Morse, AID/LAC/DR/HN Room 2247, Washington, D.C. 20523.

THE UNITED STATES OF AMERICA

BY: Victor R. Morse

DATE: 3/28/85

Attachments:

- A. Purpose and Implementation Plan
- B. Payment Provisions
- C. Budget
- D. Reporting Requirements

ACCEPTED:

Pan American Health Organization

BY: 

Carlyle Guerra de Macedo, Director

TITLE: \_\_\_\_\_

DATE: 3/20/85

## STATEMENT OF WORK

### A. Background

Central America and Panama, containing approximately 3.5% of the population of Latin America and the Caribbean, accounts for approximately 34% of the confirmed malaria cases in the hemisphere. Malaria cases have more than doubled in the last ten years. Malaria is a major public health problem in Honduras, El Salvador, Guatemala and Belize, in terms of the number of cases registered, potential for epidemics, and effect on the rural population, on migrants, and on refugees and displaced persons.

The consumption of medicines in Central America is valued at \$13 per capita per year, or more than \$300 million per year, much of it in foreign exchange. One third of the pharmaceuticals purchased each year are used in public sector health delivery systems. Although up to 40% of health expenditures in Central America may be spent on pharmaceuticals, the majority of the population does not have access to many of the essential drugs needed to treat and prevent prevalent diseases.

### B. Objectives

The proposed AID/PAHO joint malaria and essential drugs project ("the Project") has as its objectives to: a) strengthen malaria control programs especially in Honduras, El Salvador, Guatemala and Belize, b) establish and institutionalize a Central American regional training and operations research program for mosquito born diseases, ("the Malaria component") c) improve essential drugs programs in Central American Ministries of Health and Social Security Programs, and d) establish and institutionalize Central American regional training programs in procurement, distribution, quality control and utilization of essential drugs ("The Essential Drugs component").

### C. Proposed Activities and Scope of Work

#### 1. Malaria

AID/LAC will fund a joint PAHO-AID program to provide technical co-operation to Central American countries to design and implement malaria control programs. Regional short term training courses will be designed to meet needs of country programs. Such courses may include: epidemiology, entomology, vector biology, management of malaria control programs, pesticide handling and safety, applied research methodology. These courses will be open on a space available basis to candidates from countries outside of Central America and Panama. Costs for such participation shall not be provided from project funds but are to be

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supported by those countries, AID missions, and PAHO regular programs. The target group of trainees will be technicians and managers with direct line responsibilities for the topics presented in the courses.

Operations research will also be undertaken to determine the most cost-effective mix of malaria control interventions, including intradomestic spraying, larviciding, source reduction and biological control mechanisms.

PAHO will select an institution or institutions to become the regional base for such training, technical assistance and research. These institutions must be selected on the basis of accessibility, institutional capability and interest, laboratory capability, computer facilities, etc. PAHO will also form an advisory committee on malaria to: review the terms of reference for assessing country technical assistance requirements, the organizational mandate and structure of the proposed training and research center, research protocols, etc. AID and the Centers for Disease Control will be invited to participate in the advisory committee.

PAHO will be the major source of technical cooperation for country program design and evaluation, such technical co-operation shall include curriculum design, particularly for in-country training activities, and design and implementation of regional or subregional technical meetings. Certain activities, including curriculum design and short term technical assistance, may be sub-obligated, when appropriate, by PAHO in contracts and/or grants. U.S. institutions, including universities, firms, and other U.S. government organizations, e.g.: CDC for testing of insecticides and operations research, and NIH will be given preference for such sub-obligations.

PAHO will carry out operations research in malaria control in Belize, El Salvador, Honduras and Guatemala. Proposed operations research activities will be reviewed by the AID Environmental Officer to assure compliance with existing environmental assessments in those countries. Operations research undertaken in Guatemala will require an Initial Environmental Assessment with a pesticide assessment undertaken by a short term consultant selected with the concurrence of the Environmental Officer. Operations research proposed for other than malaria control and in countries other than the four specified above will be negotiated as part of the annual work plan. If such research includes the use of pesticides, IEE's and pesticide assessments will have to be undertaken and approved by the Environmental Officer per the case of Guatemala above. Plans on any and all operations research involving pesticides will be approved by the AID project officer only with the written concurrence of the Environmental Officer that environmental issues have been resolved.

## 2. Essential Drugs

AID/LAC will fund a joint AID/PAHO program to provide technical co-operation and training to Central American Ministries of Health, Social Security Institutes and other local organizations to improve their essential drugs programs. PAHO will provide a minimum of 40 months of technical co-operation under this project. PAHO will develop and implement regional training programs, to the extent possible, at Central American institutions, which may be strengthened for this purpose. Short term training courses will be provided in: 1) drug selection, 2) drug procurement, 3) inventory control, 4) quality assurance and control, 5) warehousing, 6) distribution and dispensing, and 7) utilization. These courses will be open on a space available basis to candidates from countries outside of Central America and Panama. Costs of such participation will not be provided from project funds. The target group of trainees will be technicians and managers with direct line responsibilities for the topics presented in the courses.

PAHO will develop a Central America pharmaceutical vendor/pricing information network as part of a more general information system on drug issues which will provide current data on procurements and suppliers within the sub-region.

PAHO will identify and furnish drug therapy information from independent reputable sources to several institutions within each participating country, including reference textbooks, journals and newsletters, and where appropriate, microfiche libraries.

PAHO will prepare guidelines and standards for a prototype drug quality control laboratory, a prototype warehouse, and prototype registration and inspection services. These prototypes will establish for health planners and managers the minimum space, equipment, staffing requirements, etc. Where appropriate such prototypes will be developed for facilities at various levels in the health delivery system. These prototypes may then be adapted to individual country settings.

Finally, PAHO will undertake analyses of drug utilization. Where microcomputers are available and applicable in Central America, the analyses will seek to link patient specific pharmaceutical use, to morbidity outcomes, to drug supply. Existing U.S. drug monitoring software packages where appropriate, will be utilized/adapted for this purpose.

As with the malaria control activities, it is anticipated that, when appropriate, PAHO will utilize qualified U.S. institutions to implement certain of the activities outlined above.

D. Timetable year 1

Appointment of PAHO Project Manager and other Project Staff	Month 1
Formation of Advisory Committee for Malaria Component	Month 1-3
Preparation of 1st Annual Workplan	Month 1-3
Technical Co-operation Plans Developed	Month 3-9
Training Courses Designed	Month 3-9
Operations Research Activities Designed	Month 6-9
Technical Co-operation and Training Implemented	Month 6-12

E. Reporting

The PAHO project manager will submit to AID/LAC a quarterly status report covering implementation progress-to-date and projecting activities for the next quarter. The exact format of this report will be proposed by PAHO as part of the submission of the first annual workplan. PAHO will submit an annual workplan, including a budget, for the malaria and essential drugs components, which must be mutually agreed upon by both organizations prior to implementation of the proposed plan. The project will be jointly evaluated after two years and at the end of the project. The evaluation criteria will be mutually agreed upon by AID and PAHO. The evaluations will be conducted with the participation of AID, PAHO and independent contractors selected by AID. Cost for the evaluations will be borne by AID.

PAYMENT PROVISIONS

(a) AID shall open a Federal Reserve Letter of Credit (hereinafter referred to as an "FRLC") in the amount of funding obligated by this grant, against which the Grantee may draw cash only for immediate disbursing needs. The term "immediate disbursing needs" when applied to FRLC's is defined as the cash requirements for a three-day period. Any subgrantee funded by the Grantee from funds provided by this grant, shall obtain such funds from the Grantee only as needed for disbursement. The financial management system of the Grantee shall provide for effective control over and accountability for Federal funds in accordance with its usual procedures and generally accepted accounting practices.

(b) FRLC Operational Requirements

(1) The Grantee will select a commercial bank that agrees to receive payment vouchers, TFS Form 5401, "Payment Voucher on Letter of Credit," drawn on the U.S. Treasury and to forward such payment vouchers to the applicable Federal Reserve Bank or branch. The Grantee shall select a commercial bank that will credit the account of the Grantee at the time of presentation of the completed payment voucher. Immediate credit by the commercial bank will enable the Grantee to meet its responsibilities to draw cash only when actually needed for disbursements.

(2) After arranging with a commercial bank for operations under FRLC and obtaining the name and address of the Federal Reserve Bank or branch serving the commercial bank, the Grantee shall deliver to the AID Controller, three originals of Standard Form 1194, "Authorized Signature Card for Payment Vouchers on Letters of Credit," signed by those officials authorized to sign payment vouchers against the FRLC and by the designated official of the Grantee who has authority to specify individuals to sign payment vouchers. Only those officials whose signatures appear on the SF-1194 can sign the TFS Form 5401. New signature cards must be submitted whenever there is a change in the persons authorized to

(3) The Grantee shall subsequently receive one certified copy of the Federal Reserve Letter of Credit, SF-1193. No payment vouchers shall be presented to the commercial bank before the FRLC is opened. The SF1193 indicates the effective date the FRLC is opened.

(4) As funds are required for immediate disbursement needs, the Grantee will submit a properly completed payment voucher (Form TFS 5401) to the commercial bank for transmission to the Federal Reserve Bank or branch. The commercial bank may at this time credit the account of the Grantee with the amount of funds being drawn down. Payment vouchers shall not ordinarily be submitted more frequently than daily and shall not be less than \$5,000 or more than \$5,000,000. In no event shall the accumulated total of all such payment vouchers exceed the amount of the FRLC.

(5) In preparing the payment voucher, the Grantee shall assign a voucher number in numerical sequence beginning with 1 and continuing in sequence on all subsequent payment vouchers submitted under the FRLC.

(6) After the first payment voucher (Form TFS 5401) has been processed, succeeding payment vouchers shall not be presented until the existing balance of previous drawdowns has been expended or is insufficient to meet current needs.

(c) FRLC Reporting

Fifteen days following the end of each calendar quarter, the Grantee shall submit, to the office designated in the grant letter, a report showing for that quarter the cash on hand at the beginning of the quarter plus cash drawn under the FRLC during the quarter, the amount of project disbursements, and cash remaining on hand at the end of the quarter. The Grantee will indicate the number of days cash requirements represented by the amount shown as cash remaining on hand.

(d) Suspension of FRLC

(1) If at any time, the AID Controller determines that the Grantee has failed to comply with the terms and conditions of the FRLC, the AID Controller shall advise the Grant Officer who may cause the FRLC to be suspended or revoked.

(2) The Controller may recommend suspension or revocation to the Grant Officer on the grounds of an unwillingness or inability of the Grantee to: (A) establish procedures that will minimize the time elapsing between cash drawdowns and the disbursement thereof, (B) timely report cash disbursements and balances as required by the terms of the grant and (C) impose the same standards of timing of advances and reporting on any subrecipient or any of the Grantee's overseas field organizations.

**ATTACHMENT C (1)**

**Estimated AID Contribution - Central America Malaria Control  
(in thousands US Dollars)**

<u>Activity</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>TOTAL</u>
Applied Field Research		450	300	200	950
Research and Training Center	500	300	250	189,35	1239,35
Short Term Training	100	200	100	100	500
Technical Cooperation	310,65	100	100	100	610,65
Advisory Committee	50	50	50	50	200
<b>TOTAL</b>	<b>960,65</b>	<b>1100</b>	<b>800</b>	<b>639,35</b>	<b>3500</b>

**Estimated AID Contribution - Central America Essential Drugs**

<u>Activity</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>TOTAL</u>
Technical Cooperation	363,85	200	115	100	778,85
Training	230	450	350	256,15	1286,15
Reference Materials	15	15	15	15	60
Pricing Network	50	20	20	20	110
Prototypes	250	150	---	---	400
Drug Utilization Software & Studies	100	165	100	---	365
<b>TOTAL</b>	<b>1008,85</b>	<b>1000</b>	<b>600</b>	<b>391.15</b>	<b>3000</b>

Estimated Budget - Year 1

## AID Contribution:

Component 1: Malaria control

Short term consultants	\$301.100	
Duty travel	69.000	
Contractual services	83.000	
Supplies and equipment	110.000	
Courses and seminars	129.000	
Grants	4.700	
		<hr/>
Subtotal		\$ 696.800

Component 2: Essential Drugs

Short term consultants	\$230.000	
Duty travel	60.000	
Contractual services	130.000	
Supplies and equipment	105.000	
Courses and seminars	150.000	
Grants	70.000	
		<hr/>
Subtotal		\$ 745.000

Project Management

Project manager	73.100	
Administrator	43.500	
Secretary	26.050	
		<hr/>
Subtotal		\$ 142.650
Contingencies (10%)		158.450
		<hr/>
		\$1,742.900
Overhead (13%)		226.600
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<u>TOTAL</u>		<u>\$1,969.500</u>

**PAHO Contribution:**

PAHO will contribute professional staff to implement the program. It is estimated that during the first year period of this grant, PAHO's contribution will be approximately Four Hundred Fifty Thousand United States Dollars (\$450,000.00) as follows:

	US Dollars
<b>PAHO Headquarters</b>	
Professional Staff (5 professionals, 2 at 25% & 3 at 5%)	102,115
<b>Secretarial Staff</b> (5 G.6's at same %'s as above)	35,165
<b>PAHO Country Offices</b>	
1 P.4 Guatemala (20%)	31,120
Country Representative Guatemala (5%)	9,385
1 P.4 Panama (20%)	28,880
Country Representative Panama (5%)	8,580
1 P.4 Honduras (20%)	29,280
Country Representative Honduras (5%)	8,440
1 P.4 El Salvador (20%)	30,080
Country Representative El Salvador (5%)	8,085
Country Representative Cost Rica (5%)	6,440
<b>Consultants</b>	
9 months of Short Term Consultants (3 months, Costa Rica, 6 months Belize)	63,900
<b>Supplies and Equipment</b>	
Essential Drugs Components	30,000
(Malaria) Component	<u>30,000</u>
	421,470
<b>Duty Travel</b>	<u>15,000</u>
<b>TOTAL</b>	<u><u>436,470</u></u>

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REPORTING REQUIREMENTS

Grantee shall submit the following to the AID Technical Office shown under Item 16.

1. Annual work plan, including a budget.
2. Quarterly status reports covering progress to date and projecting activities to the next quarter.