



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.

PD-ABW-605

115303

ACTION MEMORANDUM FOR THE MISSION DIRECTOR

FROM: *Connie J. Johnson* Health Office Director and
Bernard Harrison SBO Director

SUBJECT: Approval of the SO End Date and Activity Document
Amendment for the "Healthy Salvadorans" Activity under
the Health Strategic Objective

ACTION REQUESTED: Your approval is requested to establish June 30, 2005 as the End Date for Strategic Objective 519-003 "Sustainable Improvements in the Health of Women and Children Achieved" and to amend the Activity Document for the "Healthy Salvadorans" Activity No. 519-0430 (1) to increase the Life-of-Activity (LOA) funding by \$21,146,910 from \$37,450,000 to a new total of \$58,596,910, and (2) to extend the Activity Completion Date (ACD) from September 30, 2003 to June 30, 2005.

BACKGROUND: The New Activity Document (NAD) dated March 17, 1998 was approved on April 16, 1998, at an original funding level of \$37,450,000 for a five-year period from FY 1998 to FY 2003. The NAD consisted of a program description and implementation plan for Activity No. 519-0430 entitled "Healthy Salvadorans" (otherwise known as SALSA) in support of Strategic Objective 519-003 "Sustainable Improvements in the Health of Women and Children Achieved." The "Healthy Salvadorans" Activity incorporated approved Results Package (RP) No. 3.1: "Increased use of Appropriate Child Survival Practices and Services", RP No. 3.2: "Increased Use of Appropriate Reproductive Health Practices and Service", and RP No. 3.3: "Enhanced Policy Environment to Support Sustainability of Child Survival and Reproductive Health Programs." Funding was made available through a Strategic Objective Grant Agreement (SOAG) with the Government of El Salvador and subsequent amendments.

The "Healthy Salvadorans" Activity was built upon the successes of many years of USAID assistance to the Salvadoran health sector. The Activity design integrated successful child survival (CS) and reproductive health (RH) interventions focused on improving the health of women and children living in rural areas of the country. The Activity also continued to support selective public and private entities to carry out ongoing CS

and RH interventions essential to the improvement of the quality and coverage of healthcare in rural areas. Healthcare policy and reform was a new area of emphasis for the Activity, seeking significant health system reforms, while providing assistance to improve the legislative and policy framework for healthcare in El Salvador.

The Mission's current Strategic Plan originally covered the period from 1997 to 2002. In 2000, the Mission was granted approval by the LAC Bureau to extend the current Strategic Plan through September 2003. Subsequently, the Mission extended all activities under existing strategic objective agreements from FY 2002 to FY 2003. At that time, the extension of the "Healthy Salvadorans" Activity under the Health SOAG did not require an increase in the LOA funding level. In 2001, the Mission was authorized by the LAC Bureau to further extend the current Strategic Plan through FY 2004, allowing the Mission to devote full attention to its earthquake reconstruction and recovery activities.

During the Mission's discussions on the extension of the current strategy and during the Health Program's Semi-Annual Review held in September 2001, the Health Office (HO) proposed the continuation of the "Healthy Salvadorans" Activity until the end of the Mission's Strategic Plan which is September 30, 2004.

One additional issue was the establishment of an End Date for the SO. Since no End Date for the Health SO (519-003) was specified in the original Strategic Plan, subsequent Annual Reports submitted to the LAC Bureau which formed the basis for the Management Contracts or the request to extend the current Strategic Plan, in accordance with ADS Section 201.3.4.8, the effective End Date for the Health SO is the date twelve months after the end of the Strategic Plan Period which, in this case, would be September 30, 2005. However, the Mission Director requested that, for internal purposes, each technical office determine an earlier End Date that would enable the office to complete the activities to achieve its SO and request approval for such SO End Date. The Health Office has determined that an End Date of June 30, 2005 would be sufficient for purposes of the Health SO and requests approval for such SO End Date.

DEVELOPMENT CHALLENGE: Although progress in health status has been achieved in El Salvador, there's still a constraint to development faced by the health sector which continues being the lack of an adequate health status of the population, especially the rural poor and vulnerable groups such as women, youth and

children. Diarrheal diseases caused by lack of potable water, poor sanitation, poor hygiene, poor nutrition and breastfeeding practices, and acute respiratory infections are the most frequent causes of illness and death among infants and children; all of these causes are preventable.

Other constraints include: under-financing and poor distribution of financial and human resources for health; inadequate primary healthcare coverage, particularly in rural areas; low quality and effectiveness of public and private healthcare delivery systems; and an inadequate legal and policy framework to support better healthcare services.

RESULTS TO BE ACHIEVED UNDER AMENDMENT: The Health strategic objective framework was revised to improve the framework's usefulness as a planning, management, and communication tool [See Attachment 1]. The revisions in the Health SO framework do not represent changes in strategy, activities, funding levels or SO-level indicators. However, new IR and Sub-IR indicators were added to help us better manage performance while complying with new annual reporting requirements.

The "Healthy Salvadorans" Activity will be amended under the revised Health strategic objective framework [See Attachment 2]. Many interventions that were initiated and implemented during the 1997-2002 period of the strategy will continue, with a continued focus on technical assistance and training to improve primary healthcare services and practices. Research will also be conducted to support health sector planning. It is expected that by the end of the extension period, one important result will be the strengthening of the internal reform process of the Ministry of Health, which implies more community participation in making health decisions based on actual health status of the population. Thus, community involvement and delegation from central MOH levels toward the periphery of key managerial areas of the SIBASI function will constitute the basis for an improved and efficient national health system needed to decrease maternal, child and infant mortalities.

This will result in significantly improved health by the end of the extension period, as reflected by our results-level indicators: the proportion of births attended by skilled MOH personnel will increase from 40% to 44%; infant mortality will decrease from 35 to 32 deaths per 1,000 live births; DPT3 coverage will increase from 65% to 68%; and the total fertility rate will decrease from 3.58 to 3.1.

Under the amended "Healthy Salvadorans" Activity, the water and sanitation intervention will provide critical inputs to improved health to approximately 33,000 beneficiaries. This change allows us to clearly identify and directly link the benefits derived from water and sanitation programs to improved child health through the reduction of the incidence of diarrhea by 26% among children under five years old in the areas benefited by the activity.

ILLUSTRATIVE INTERVENTIONS: In particular, activities and results contemplated and expected during the extension period will continue to be implemented under the following programmatic areas: 1. Child Survival (CS), 2. Maternal and Reproductive Health, 3. Sexually Transmitted Diseases (STDs) and Human Immunodeficiency Virus and Acquired Immune Deficiency Syndrome (HIV/AIDS), 4. Policy and Health System Modernization, and 5. Water Supply and Sanitation for Health. The Water Supply and Sanitation intervention will now be developed under the Activity with the purpose of reducing the incidence of diarrheal diseases in children under five years, in selected areas, by providing access to potable water supply and sanitation systems, as well as through intensive health education to the communities.

For administrative purposes such as official registration and VAT reimbursement, we intend to provide through the mechanism of the SOAG the names of contractors and recipients providing technical assistance for this SOAG and who are resident in El Salvador. All other technical assistance contractors and recipients for this SOAG who are not resident in San Salvador will follow procedures developed within the Mission and USAID/W for VAT reimbursement and other administrative procedures.

For a detailed description of the Illustrative Interventions see Attachment 3.

SUPPORTING ANALYSIS AND CONSULTATION PROCESS: The Health Office reviewed the original analysis for the NAD. Based on this review and that of the consultants report for SALSA and mid-term evaluation of the PROSAGUAS activity, we have determined to stay with essentially the approach described originally in the NAD. The sub-activities are the correct kind and mix needed to achieve the Health Strategic Objective. As mentioned in the previous section, the Health S.O. framework -on which this amendment is based-, was revised in consultation with AID/PPC and LAC bureaus, as well as host country counterparts. In addition, in 2001 MOH counterparts, field support partners, and USAID management participated in a management review of the

implementation and coordination mechanisms originally employed by the "Healthy Salvadorans" flagship sub-activity implemented under the MOH action plan.

Following Mission approval of the amendment to the NAD, further discussion and consultations will take place among HO members, extended team members, key donors and Salvadoran counterparts in the health sector to refine plans for specific interventions during the extension period under the various sub-activities of the SOAG. This process will address immediate planning needs for the SOAG extension as well as strategic planning needs required for the design of a new health strategy.

The Health Office will continue to ensure that the "Healthy Salvadorans" sub-activities are closely coordinated with health sector assistance activities financed by other donors (especially the IDB, PAHO, UNICEF, UNFPA and bilateral donors such as GTZ). The shared objective of such donor coordination will be to ensure maximum impact, promote cost-effectiveness and sustainability, and avoid duplication of effort.

IMPLEMENTATION AND MANAGEMENT PLAN: During the "Healthy Salvadorans" extension, funding for ongoing sub-activities will be provided through an amendment to the current SOAG as follows:

- 1) The amendment will define the interventions to be carried out under the Ministry of Health action plan.
- 2) The HO will continue to support selected reproductive health interventions under a cooperative agreement with the Salvadoran Demographic Association (SDA). A justification for an exception to competition has been presented to and approved by the Regional Contracting and Grants Officer, subject to your approval of this Action Memorandum (Attachment 9).
- 3) A Request for Applications was published in May to select an implementing partner to carry out a water supply and sanitation for health intervention as a sub-agreement under the amended "Healthy Salvadorans" Activity.
- 4) Technical assistance for all of the interventions developed during the extension of the "Healthy Salvadorans" Activity will continue to be provided through Field Support contracts and agreements. Technical assistance through USAID field support was selected because it was found to be an efficient mechanism to access technical support in a timely manner from a variety of sources. These mechanisms will be used to obtain technical

support from approximately twelve existing Global Health bureau activities. The support will range from policy advice to assistance in improving the quality of child survival, reproductive health and HIV/AIDS prevention interventions to the Ministry of Health and local NGOs.

The Health Office will not require additional management resources during the extension period for the proposed activities described in this document. Current HO staffing will be maintained until the end of the extension period.

PERFORMANCE MONITORING PLAN: The HO Performance Monitoring Plan is being updated to reflect the proposed extension of the "Healthy Salvadorans" Activity and the recently approved revision to the Health S.O. framework and indicators. This revision will include the development of targets for FY 2003 and FY 2004. The Performance Monitoring Plan will also reflect information obtained through the data quality assessments that were carried out in February 2002.

Detailed annual work plans will be required of all the "Healthy Salvadorans" Activity implementing partners as well as semi-annual or quarterly progress reports describing progress towards meeting work plan objectives. Performance monitoring will take place through the review and analysis of regular progress reports, site visits by HO activity managers, and frequent meetings with partners and customers. These venues will provide a forum for the discussion of progress as well as unforeseen problems and opportunities. Based upon these discussions, adjustments will be made in work plans and targets as necessary to achieve planned results.

The annual audit requirements of the new activity will be carried out in accordance with ADS 591.5.4, Audits of Foreign For-Profit, Non-Profit Organizations and Foreign Host Government Entities, ADS 591.5.5, Audits of Host Country Contracts and ADS 591.5.7 Pre-Award Audits. Funding for audits will be provided for in each implementing instrument as a separate line item. For Pre-Award Surveys or Audits, funds will be budgeted in the USAID/El Salvador Management Costs line item. For unsolicited proposals and/or small grants, the audit mechanism will be determined and budgeted during each individual sub-activity approval process.

FINANCIAL REQUIREMENTS: Additional funds required to support the "Healthy Salvadorans" Activity from FY2003 through FY2005

is \$21,146,910, subject to the availability of funds. This brings the total USAID authorized amount for the Activity from \$37,450,000 to \$58,596,910. See Attachment 4 (A and B) for the planned obligation schedule and illustrative budget.

In determining the increase required in the host country contribution under Section 110 of the Foreign Assistance Act of 1961, as amended (the "FAA"), the Health Office considered USAID General Notice dated September 18, 1996 entitled "Host Country 25% Contribution Requirement -- Application of FAA Section 110 to Obligations by Strategic Objective" which appears as a mandatory reference to ADS Chapter 350, Grants to Foreign Governments. The General Notice states in Section I.B that "Section 110 is interpreted to apply only when the government of a country is directly benefited or directly involved in managing the assistance which has been obligated by bilateral agreement to the host country government... Furthermore, FAA 110 will not apply to components or activities that will be implemented through cooperative agreements or grants to, or contracts with, PVOs or NGOs, even though funds are initially obligated in a bilateral Strategic Objective Agreement (SOAG) or a Limited Scope Grant Agreement (LSGA) unless the activities, components, or program directly and substantially involve the host government in management or control, or directly benefit the host government."

With regard to the water supply and sanitation interventions to be implemented during the extension period, a competition will be conducted leading to the selection of a nongovernmental organization(s) (NGO) and the award of a cooperative agreement(s). The direct beneficiaries of these interventions will be the members of the communities chosen for activity/intervention sites. The Health Office has determined that the Government of El Salvador (GOES) will not be directly benefited by the assistance to be provided for the water supply and sanitation interventions to be implemented under the cooperative agreement(s), nor with the GOES be directly involved in managing such assistance. Accordingly, based on the guidance in the General Notice quoted above, the Health Office proposes to include the funds for these interventions in the SALSA SOAG but to exclude these interventions (and the related cooperative agreements) from the calculation of the host country contribution.

The Health Office also considered the large cooperative agreement with the Salvadoran Demographic Association (SDA) under the General Notice. With the exception of the extensive

health and population survey carried out by SDA, the Health Office has determined that the GOES will not be directly benefited by the assistance to be provided for the continuation of reproductive health interventions to be implemented by the SDA, nor will the GOES be directly involved in managing such assistance. However, in addition to the guidance cited above, the General Notice includes in section II.A.1 the following Note: "Even if certain private sector activities may be excluded under the tests given in Section I.B, USAID and the host government instead may choose to include them, e.g., in order to count sizeable private sector contributions to the SO." When this issue was previously reviewed in June of 2000, the Health Office, in reliance on the foregoing guidance, decided not to exclude the SDA cooperative agreement from the host country contribution calculation. Because of the difficulty with changing the approach mid-stream and with segregating and monitoring the portion of the cooperative agreement related to the survey and because SDA continues to provide a sizeable contribution to the SO (the cost share provided by SDA projected to \$3,750,000 as of FY2002 or 29.88% of host country contribution), the Health Office proposes to continue with the approach taken in June of 2000; that is, to include the SDA cooperative agreement in the host country contribution calculation; but to allow the cost sharing provided by the SDA to count against, and as part of, the host country contribution. This approach is consistent with the following guidance in section II.A.2 of the General Notice: "The contributions of private organizations which are included in the calculation of total cost of the SO program should be counted as part of the host country contribution, along with those of the host government."

Considering the above proposals, the GOES would be required to provide a host country contribution only with regard to \$54,896,910 which is calculated by deducting from \$58,596,910 the amount of \$3,700,000 for the water supply and sanitation interventions (and related cooperative agreement(s)) which are being excluded from the host country contribution calculation (See Annex 4(A)). Based on this reduced figure, the Health Office has determined that the host country contribution to be provided by the GOES should be increased from \$12,550,000 to \$18,299,000 through the next SOAG amendment and also the SOAG amendment should include language to permit the cost share provided by the SDA (anticipated to be increased from \$3,750,000 to approximately \$5,726,000) to count towards the host country contribution of the GOES required under the SOAG. (See Annex 4 (B))

With regard to cost-sharing contributions from NGOs, it is the policy of the Mission to negotiate and obtain as much cost-sharing contribution as possible to achieve maximum impact from its assistance. The Host Country contribution requirement is not applicable to activities or components implemented through non-governmental organizations, unless the activities, components, or program directly and substantially involve the Host Government in management or control, or directly benefit the Host Government as stated above. Reports for all host country and cost-sharing contributions will be required semiannually and will be followed up by the Activity Managers.

CHECKLISTS: The FY 2002 Country Checklist is included as Attachment 5. The Assistance Checklist for the Activity is included as Attachment 6.

INITIAL ENVIRONMENTAL EXAMINATION (IEE): Attachment 7 shows the amended IEE (LAC-IEE-02-18) for the "Healthy Salvadorans" Activity that includes the water supply and sanitation for health intervention. The IEE for the Activity received a categorical Exclusion/Positive Determination.

CONGRESSIONAL NOTIFICATION: The FY 2003 Congressional Budget Justification (CBJ) approved on April 2, 2002 notified the Life of Objective Funding increase and the extension of the Completion Date to FY2004. If this Action Memorandum is approved, the further extension of the Completion Date will be notified in the CBJ for next year (Attachment 8).

AUTHORITY: Under ADS Section 103.3.14.2a, Mission Directors in the LAC Bureau were delegated strategic planning authority pursuant to ADS Section 103.3.8.1, subject to the limitations on re-delegation set forth in ADS Section 103.3.8.1b. The foregoing limitations provide that Mission Directors may not approve strategic plans or substantive amendments thereto; exceptions to strategic planning procedures; or substantive terms and conditions of management contracts or amendments thereto. As noted above, the proposed increase in the Life-of-Activity funding for "Healthy Salvadorans" Activity is consistent with the approval for extension of the existing USAID/El Salvador strategy provided by the Senior Deputy Assistant Administrator for the LAC Bureau (SDAA/LAC) under memorandum dated August 30, 2001. Therefore, you have the authority to approve the actions requested in this memorandum.

RECOMMENDATION: That you approve June 30, 2005 as the End Date for SO 519-003 for internal purposes and amendment of the Activity Document for the "Healthy Salvadorans" Activity No. 519-0430, (1) to increase the Life-of-Activity Funding by \$21,146,910 from \$37,450,000 to a new total of \$58,596,910, and (2) to extend the Activity Completion Date (ACD) from September 30, 2003 to June 30, 2005. If you agree with these changes, please sign this Action Memorandum, which includes several attachments.

APPROVED:



DISAPPROVED:

DATE:

7/5/02

Attachments:

- Attachment 1 Revised Health Results Framework
- Attachment 2 Graphic of HO SOAG, Activity, and Sub-Activities
- Attachment 3 Illustrative Interventions
- Attachment 4 Illustrative Financial Plan
- Attachment 5 FY 2002 Country Checklist for El Salvador
- Attachment 6 FY 2002 Assistance Checklist for the "Healthy Salvadorans" Activity No. 519-0430
- Attachment 7 Amended Initial Environmental Examination (IEE)
- Attachment 8 Program Data Sheet for the Health SO, Congressional Budget Justification (CBJ)
- Attachment 9 Request for Exception to Competition for the Salvadoran Demographic Association (SDA)

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Drafted: RToledo, HO
ACMejía, SDO

[Signature] Date 4/30/2002
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Cleared: KWelch, HO
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[Signature] Date 5/15/02
[Signature] Date 5/10/02
[Signature] Date 6/12/02
____ Date _____

Office of the Controller

REVIEWED

[Signature] 5/9/02 *[Signature]*

DATE

ATTACHMENT 1

March 8, 2002 Revised Version

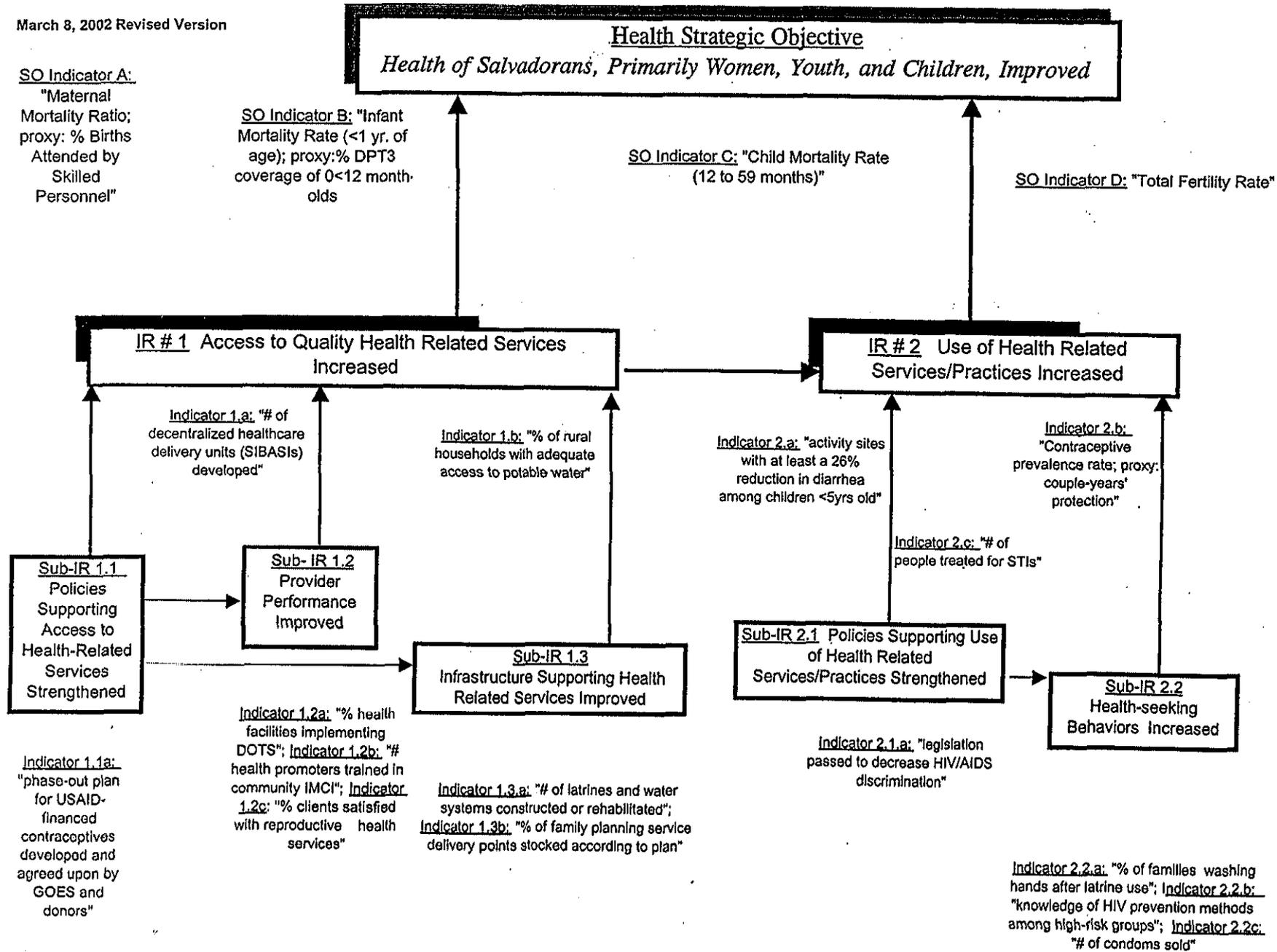
SO Indicator A:

"Maternal Mortality Ratio; proxy: % Births Attended by Skilled Personnel"

SO Indicator B: "Infant Mortality Rate (<1 yr. of age); proxy: % DPT3 coverage of 0<12 month-olds"

SO Indicator C: "Child Mortality Rate (12 to 59 months)"

SO Indicator D: "Total Fertility Rate"



12

ATTACHMENT 2

STRATEGIC OBJECTIVE 519-008
Health of Salvadorans, Primarily Women
Youth and Children, Improved

IR 1: Access to Quality Health
Related Services Increased

IR 2: Use of Health Related
Services/Practices Increased

Interventions
Child Survival
Infectious Diseases
HIV/AIDS
Water Supply and Sanitation
Reproductive Health
Policy and Reform
Research

HEALTHY SALVADORANS ACTIVITY
No. 519-0430 DOCUMENT AMENDMENT

STRATEGIC OBJECTIVE GRANT AGREEMENT
(SOAG) AMENDMENT

MOH Action Plans

Cooperative Agreement
with SDA

Cooperative Agreement
with USPO for WS&S

Field Support
Contracts

USAID Management
Costs

ATTACHMENT 3

ILLUSTRATIVE INTERVENTIONS

I. Child Survival (CS)

Proposed activities for the period concentrate on three areas to improve child survival. These are: (1) reduction of diarrheal disease, respiratory infections, and other common childhood illnesses; (2) improved nutritional status; and (3) reduction of neonatal morbidity and mortality due to low birth weight, asphyxia and sepsis. Interventions will focus on health promotion, education and preventive actions in poor, rural communities.

Specific interventions considered for the extended activity period are grouped by the following CS strategies:

A. Crosscutting: During the extension of the Activity USAID/El Salvador will continue providing support to the MOH to improve referrals between promoters and health facilities as well as the monitoring and evaluation of "Healthy Salvadorans" CS activities to date. Since the Sistemas Básicos de Salud Integral (Basic Integrated Health Systems), or SIBASIs, will be responsible for supervision of the health promoters, USAID will assist the MOH in training SIBASI supervisors on the new health promoter profile and on their supervisory responsibilities. A continuing education program for the health promoter will also be developed. Finally, a mass media campaign will be designed to promote the most important practices that mothers and caretakers should adopt to protect infant and child health.

B. Integrated Management of Childhood Diseases (IMCI): The "Healthy Salvadorans" Activity, in close coordination with the Pan American Health Organization (PAHO), has provided training, technical assistance and limited commodity support to assist the MOH implement its plan for a gradual introduction of IMCI in the majority of MOH health units nationwide. NGOs have also been trained in IMCI. A National IMCI Committee has been formed, led by the MOH with the participation of other international donors such as PAHO and UNICEF, the Salvadoran Social Security Institute and NGOs. This Committee is working to incorporate the training of IMCI in the curriculum of medical students.

Under this extension, the Activity will continue supporting IMCI interventions at the community level through the training of new health promoters as needed, as well as nurses and doctors in the

clinics. Coordination with the NGOs, and participation and support for the National IMCI Committee will continue. In addition, dengue preventive actions will also be included in the IMCI intervention, implementing behavioral change activities at the community level, based on the results of the actual behavior research conducted under the CHANGE Project in six communities of San Salvador. These activities will include training of health workers, students, and community leaders in how to motivate people to take appropriate action to control and prevent dengue infection. Educational materials and a mass media campaign to reinforce the desired behavior change will accompany the training.

C. Mother-Baby Package: The majority of infant deaths occur within the first month of life. To address this problem, medical and paramedical personnel from 28 hospitals have been trained in the care of the newborn and the mother. At the same time mothers were trained in basic-care of the newborn. The MOH has started to monitor and evaluate implementation of protocols to prevent newborn deaths.

Under this extension USAID/El Salvador will upgrade the training of medical doctors and nurses in newborn care with an emphasis on emergency procedures. USAID/El Salvador will help the MOH develop a more systematic monitoring system.

D. AIN (Atención Integral en Nutrición, Integrated Nutrition Care): "Healthy Salvadorans" has supported the launch of AIN, a nationwide, community-based strategy designed to prevent malnutrition in children under the age of two and in pregnant women. Nutrition volunteers supervised by the MOH weigh children monthly to ensure that diseases and weight loss are detected early enough to prevent malnutrition, serious illness or death. Pregnant women are also weighed and counseled monthly to promote adequate weight gain.

During the extension, USAID will assist the MOH to continue training community nutrition volunteers to scale-up the AIN program, strengthen the MOH supervisory system of the volunteers and improve the logistic system for the distribution of micronutrients (vitamin A, iron and folic acid) to health units. Additionally, the MOH will involve the Rural Nutrition Centers (CRNs in Spanish) in the AIN strategy.

Along with the AIN strategy, a micronutrient activity will be implemented to teach mothers and teachers in the community about the importance of consuming a balanced diet and the role of

nutrient supplementation, when needed. Because of the severity of anemia in women and children, USAID will support a campaign to educate the community on how to prevent and treat anemia.

E. Breastfeeding: A 2001 MOH baseline study assessing breastfeeding practices at the hospital and household level found that very few women were practicing exclusive breastfeeding when they returned home after giving birth. During the extension, USAID will assist the MOH and selected NGOs to expand counseling activities at the community/household level as a strategy to improve exclusive breastfeeding.

F. Water and Sanitation: Health benefits result from improved quality and increased quantities of water, adequate sanitary facilities, and changes in hygiene behaviors. Provision of potable water and sanitation to rural populations decreases diarrhea among children under five years old.

The water supply and sanitation for health strategy will continue to be used to reduce the incidence of diarrheal diseases in children under five years old in selected areas, by providing access to potable water supply and sanitation systems, as well as through intensive health education to the communities. Extensive health education, with a special focus on mothers and others who care for small children will be provided to community members. Support will also be provided to ensure community participation in the design, construction, and management of the water systems and latrines. In communities with MOH or local NGO health promoters, the promoter will participate in the education activities during the Activity Implementation process and beyond the Activity Completion date in order to assure sustainability of the health impact achieved.

II. Reproductive Health (RH)

This component of the "Healthy Salvadorans" Activity focuses primarily on: (1) preventive and educational interventions, (2) research to improve RH and use of family planning (FP), and (3) selected contraceptive supply support. This component will continue to be integrated with the child survival component in such areas as health promotion, education, training, and work with the NGO sector.

The proposed interventions for the extension period are:

A. Postpartum Care: Assistance will be provided to the MOH in the improvement of postpartum care, including referrals,

provided at the SIBASI level. Assistance will also focus on improving the quality of care provided in hospitals and health units.

B. Emergency Obstetrical Care (EOC): During 2001, USAID provided support to the MOH in the start up of an EOC strategy to improve maternal health care in the SIBASI of Ciudad Barrios. During the extension, USAID will provide support to improve the EOC provided at the SIBASI's health facilities, strengthen the referral system for emergency cases, and increase awareness of community organization about clean and safe deliveries.

C. Adolescents Sexual and Reproductive Health (SRH): In order to improve the SRH care of adolescents and to increase birth spacing intervals, USAID has assisted the MOH in providing more "adolescent friendly" services in three hospitals (Sonsonate, Usulután and Zacatecoluca). During the extension, USAID will assist the MOH in a second phase of this intervention, focusing first on prevention, and when necessary, delaying the first pregnancy. For this, support will be provided for peer education, and counseling plus upgrading the health units' capabilities to promote and educate adolescents on SRH.

D. Family Planning (FP): USAID/El Salvador has worked with the MOH in expanding, strengthening and ensuring that family planning services and counseling are accessible and closer to the community level. USAID plans to continue to support the FP Program of the MOH in the following areas:

1. Training of health care providers in FP norms, appropriate counseling and informed choice,
2. Promotion of community information and education to expand the knowledge, access, and use of FP services.
3. System strengthening to ensure adequate supplies for contraceptives, including the strengthening of the contraceptive logistics system and the development and initiation a "phase out" plan for purchase of USAID-funded contraceptives.

Considering the important role played by the Salvadoran Demographic Association (SDA) in the provision of family planning services, USAID will further support SDA during the extension in its efforts to sustain affordable FP services for rural women and adolescents.

E. Other RH interventions: In addition, USAID will provide support to other areas of RH, such as:

1. Improvement of early prevention and detection of cervical cancer at the SIBASI level.
2. Dissemination of national norms related to prenatal, delivery, postpartum and newborn care; and cervical cancer screening.
3. Continuing Education to midwives to upgrade their capacity to provide clean and safe deliveries.

F. RH Research: During the extension period, the "Healthy Salvadorans" Activity will provide support for the development and implementation of the 2003 National Family Health Survey (FESAL), in collaboration and coordination with other donors and government organizations. This survey will continue to serve as an important planning and decision-making tool in the health sector, and will constitute the basis for designing a new USAID health strategy during 2003 and 2004.

G. Sexually Transmitted Infections (STIs), including HIV/AIDS: USAID has supported the MOH in three major areas: 1) Training of personnel (including NGOs and Social Security Institute) in counseling, patient management and biosecurity, (2) Information campaign, developing a hotline and posters to provide information on prevention of STIs and HIV/AIDS, (3) Completion of a National HIV/AIDS Strategic Plan, HIV/AIDS treatment protocols, norms for managing STIs, and biosecurity measures related to preventing HIV/AIDS transmission, and (4) norms and protocols for prevention and control of congenital syphilis.

Under the extension, USAID assistance will include the evaluation of the previous training activities and improvement to training curricula and materials based on the evaluation results. USAID will also help develop a Voluntary Counseling and Testing (VCT) protocol for the MOH with subsequent training of private and public health care providers on its use. Support will also include technical assistance from the Centers for Disease Control and Prevention (CDC) to improve the MOH's national surveillance system for STIs and HIV/AIDS. The extension of the "Healthy Salvadorans" Activity will allow for the implementation and evaluation of this intervention.

USAID recently designed a new behavior change intervention to control and prevent HIV/AIDS transmission among groups at high risk for becoming infected. The new activity targets the National Civilian Police force and their families. Assistance during the extension will also support behavioral research on mother to child transmission of HIV. The research findings will inform the MOH development of educational material to promote

VCT among pregnant women. All of these interventions will be closely coordinated with the Regional G-CAP HIV/AIDS Program.

III. Other Infectious Diseases

The "Healthy Salvadorans" Activity will continue to support the prevention and control of infectious diseases such as dengue and tuberculosis through expansion of community-based interventions led by the MOH and NGOs. To address the dengue problem in El Salvador, a behavior change intervention to prevent and control dengue will be implemented at community level through the SIBASIs; the strategy will be based on the results of the behavior research conducted by CHANGE in six communities of San Salvador.

IV. Policy and Health System Modernization

This component of the "Healthy Salvadorans" Activity contributes to the development of a more appropriate legal and policy framework for increasing access to quality health services as well as increasing the use of those services. The extension period will allow USAID to provide specific assistance to support the continued reform. This includes policies and budget allocations that favor primary health care and place greater emphasis on the health needs of poor women and children; modernization of health structures and systems; and more effective coordination of policies, plans and resources within the health sector.

A. Reform and Modernization of the Health Care Delivery System:

The "Healthy Salvadorans" Activity will continue supporting MOH efforts to have more efficient health service delivery at the community level focusing on strengthening the management of the Integrated Basic Health Systems (SIBASI for its name in Spanish) which makes participation of providers and recipients the most important tool in providing a quality service. The MOH internal reform process is built on improving the operation of the SIBASI. Key managerial areas such as monitoring and supervision, human resources, procurement, and supply management will be strengthened with technical assistance provided both at the local levels (SIBASI) of the MOH. While supporting the overall reform of the MOH, USAID/El Salvador will concentrate efforts on seven SIBASIs that comprise 27% of all MOH facilities. The seven SIBASIs to be supported by USAID/El Salvador are 25% of all the SIBASIs, and serve approximately 1,254,000 inhabitants of El Salvador (about 20% of the total population). They are Cojutepeque, Suchitoto, La Paz, San Vicente, Jiquilisco, Usulután and San Miguel. Several donors are supporting SIBASIs in other geographical areas. Experience from the work in the

seven SIBASIs will inform the MOH's decentralization efforts nationwide.

Another important process in the strengthening of the SIBASI is coordinating assistance with other donors to maximize results and avoid duplication of effort with GTZ, PAHO, the IDB and the World Bank; something that has taken effect during the implementation of the activity and will continue under the extension.

Since decentralization is a long and difficult process, the "Healthy Salvadorans" Activity assistance will continue to focus on strengthening strategic planning, financial, personnel, logistics and data management systems at the central as well as local levels. Particular attention will be given to increasing community participation in defining local health priorities with the MOH. It is expected that by the end of the extension period and with USAID support, the aforementioned seven SIBASIs will although not totally "developed" (See footnote below¹), reach a high degree of efficiency with de-concentration of most administrative functions, leading to improved health care service delivery.

B. Policy Research: USAID has supported, on a limited scale, operations and program-related health policy research to inform and guide the development of new policies and programs for improved health care delivery. Working closely with the Democracy & Governance Office, a feasibility study involving municipalities in the financing, oversight and provision of health services may be carried out. In addition to determining how the role of local government could be strengthened under the current decentralization process, the study would explore the legal and practical feasibility of funding and implementation mechanisms for local governments to contract or directly provide health services. This will be worked with both the Ministry of Health and COMURES.

Defining health care funding options and preferences in the health sector is another important topic not clearly defined in

¹ The Ministry of Health has defined a SIBASI as developed when the following five conditions are met: (1) Availability of financial resources, (2) service agreements signed between the SIBASI and the central level of the MOH, (3) minimum of resources to function have been assigned to the SIBASI, (4) social consultation and provision committees constituted and legalized, and (5) norms, protocols and operation manuals fully developed. No SIBASI has fully achieved the five conditions; therefore, the MOH measures degree of development based on the extent the conditions are fulfilled. Based on these criteria, SIBASIs are at different stages of "development". We do not expect that the seven USAID/EI Salvador supported SIBASIs will be "developed" at the end of the activity but progress toward decentralization has to be achieved and the success will be measured by the percent of achievement measured against those five criteria.

the Reform Proposal elaborated by the National Reform Commission in the 2000. Assistance for such research may be provided, subject to the degree of progress achieved by the reform of the sector and the involvement of other players in the policy dialogue process. Also, subject to funding availability, selected operations research may be conducted to support improving the MOH's internal reform and decentralization process.

C. Health Reform Donor Coordination: During the first four years of the current strategy, the interagency committee for donors supporting health reform and modernization, known as CIM-R, was renewed as a result of USAID-led efforts. The "Healthy Salvadorans" Activity will continue to support the work of the MOH in health reform coordinately with GTZ, PAHO, IDB and the World Bank. This assistance will occur through long- and short-term technical assistance, observational visits, and policy or technical research, and will continue to be coordinated with the CIM-R.

ANNEX 4 (A)
Activity Number 519-0430
SALSA Obligations by Fiscal Year and Account
(US \$)

	Fiscal Year	Population		Child Survival		TB		HIV/AIDS		Totals		Grand Total
		LC	FX	LC	FX	LC	FX	LC	FX	LC	FX	
SOAG	1998	\$ 2,650,000	\$ 950,000	\$ 2,640,000	\$ 550,000				\$ 100,000	\$ 5,290,000	\$ 1,600,000	\$ 6,890,000
Amd 1 + 2	1999	\$ 775,000	\$ 900,000	\$ 4,205,910	\$ 600,000				\$ 100,000	\$ 4,980,910	\$ 1,600,000	\$ 6,580,910
Amd 3 + 4	2000	\$ 2,587,000	\$ 1,385,000	\$ 4,577,000	\$ 300,000				\$ 100,000	\$ 7,164,000	\$ 1,785,000	\$ 8,949,000
Amd 5 + 6	2001	\$ 2,266,000	\$ 1,725,000	\$ 3,318,000	\$ 1,050,000				\$ 40,000	\$ 5,584,000	\$ 2,815,000	\$ 8,399,000
	2002	\$ 2,312,000	\$ 1,710,000	\$ 1,641,868	\$ 1,550,000	\$ 250,000			\$ 500,000	\$ 4,203,868	\$ 3,760,000	\$ 7,963,868
	2003	\$ 2,600,000	\$ 1,400,000	\$ 1,566,000	\$ 1,550,000				\$ 500,000	\$ 4,166,000	\$ 3,450,000	\$ 7,616,000
	2004	\$ 2,600,000	\$ 1,400,000	\$ 2,428,132	\$ 1,570,000				\$ 500,000	\$ 5,028,132	\$ 3,470,000	\$ 8,498,132
	A. Non-water Sub-Total	\$ 15,790,000	\$ 9,470,000	\$ 20,376,910	\$ 7,170,000	\$ 250,000	\$ -	\$ -	\$ 1,840,000	\$ 36,416,910	\$ 18,480,000	\$ 54,896,910
	2003			\$ 2,000,000						\$ 2,000,000		\$ 2,000,000
	2004			\$ 1,700,000						\$ 1,700,000		\$ 1,700,000
	B. Water Sub-Total			\$ 3,700,000						\$ 3,700,000		\$ 3,700,000
	A+B	\$ 15,790,000	\$ 9,470,000	\$ 24,076,910	\$ 7,170,000	\$ 250,000	\$ -	\$ -	\$ 1,840,000	\$ 40,116,910	\$ 18,480,000	\$ 58,596,910

Obligations FY1998 - FY2001 prior to this amendment	\$ 30,818,910	As approved by Amendment No. 6 to the SAoAg dated Sept. 19, 2001
FY2002 obligation by Amendment No. 7	\$ 1,000,000	
	\$ 31,818,910	
Mortgage required to fully fund the SoAg	\$ 5,631,090	
Previous SoAg Total	\$ 37,450,000	
Amount to be obligated FY2002	\$ 6,963,868	
Cumulative obligations through FY2002	\$ 38,782,778	
Additional FY2002 obligation amount which increases LOA	\$ 1,332,778.00	
FY2003 planned obligation	\$ 7,616,000	
FY2004 planned obligation	\$ 8,498,132	
Planned water & sanitation obligations	\$ 3,700,000	14,317,508
Total this Amendment	\$ 58,596,910	

ANNEX 4 (B)

SUMMARY OF USAID FY1998 - FY2004 OBLIGATIONS BY TYPE OF RECIPIENT

Elements	USAID Previous Obligations thru FY2001	USAID Obligations FY2002	USAID Obligations FY2003	USAID Obligations FY2004	TOTAL OBLIGATIONS
Activities Implemented by the grantee	\$ 15,066,508	\$ 1,846,370	\$ 1,516,000	\$ 2,278,132	\$ 20,707,010
Activities implemented by NGOs (a+b)	\$ 7,142,502	\$ 1,857,498	\$ 4,400,000	\$ 4,400,000	\$ 17,500,000
a Local Reproductive Health NGO	\$ 7,142,502	\$ 1,857,498	\$ 2,400,000	\$ 2,400,000	\$ 13,800,000
b Water and Sanitation NGO	\$ -	\$ -	\$ 2,000,000	\$ 1,700,000	\$ 3,700,000
USAID Management	\$ 809,900	\$ 500,000	\$ 250,000	\$ 350,000.00	\$ 1,909,900
Total Obligated by the Mission	\$ 23,018,910	\$ 4,203,868	\$ 6,166,000	\$ 6,728,132	\$ 40,116,910
USAID/Washington Obligation	\$ 7,800,000	\$ 3,760,000	\$ 3,450,000	\$ 3,470,000	\$ 18,480,000
TOTAL	\$ 30,818,910	\$ 7,963,868	\$ 9,616,000	\$ 10,198,132	\$ 58,596,910

SUMMARY OF HOST COUNTRY COUNTERPART AND ESTIMATED COST SHARING BY CATEGORY

Elements	Previous LOA Contribution thru FY2002	FY2003 FY2004 Contribution	Total Host Country Contribution/NGO cost share	Percentage of Total Activity Cost
Activities subject to Host Country contribution	\$ 12,550,000	\$ 5,749,000	\$ 18,299,000	25%
a Activities by Grantee (*)	\$ 8,800,000	\$ 3,773,000	\$ 12,573,000	-
b Activities by local NGO (Reproductive Health NGO)	\$ 3,750,000	\$ 1,976,000	\$ 5,726,000	-
Activities not subject to Host Country contribution (Water & Sanitation NGO)	\$ -	\$ 1,235,000	\$ 1,235,000	25%
TOTAL	\$ 12,550,000	\$ 6,984,000	\$ 19,534,000	-

(*) It Includes Activities by GOES, USAID Management and Field Support

TOTAL ACTIVITY COST: USAID Contribution plus Host Country Contribution/NGO Cost Share

Elements	USAID	Host Country	Total
USAID Contribution plus Activities subject to Host Country contribution	\$ 54,898,910	\$ 18,299,000	\$ 73,195,910
USAID Contribution plus Activities not subject to Host Country Contribution	\$ 3,700,000	\$ 1,235,000	\$ 4,935,000
GRAND TOTAL	\$ 58,598,910	\$ 19,534,000	\$ 78,130,910

ANNEX 4 (C)

SALSA Actual and Projected Cumulative Expenditures by Implementing Entity, Fiscal Year and Type of Cost
(US \$000)

Budget By Entity	FY 98		FY - 98 Total	FY 99		FY - 99 Total	FY 2000		FY - 00 Total	FY 2001		FY - 01 Total	FY 2002		FY - 02 Total	FY 2003		FY - 03 Total	FY 2004		FY - 04 Total	FY 2005		FY - 05 Total
	LC	FX		LC	FX		LC	FX		LC	FX		LC	FX		LC	FX		LC	FX		LC	FX	
Ministry of Health	-	-	-	1,930	-	1,930	1,794	-	3,724	5,296	-	9,020	5,126	-	14,146	2,250	-	16,396	2,374	-	18,770	1,937	-	20,707
Local NGO	-	-	-	397	-	397	2,809	-	3,206	2,586	-	5,792	3,208	-	9,000	2,400	-	11,400	2,000	-	13,400	400	-	13,800
USPVO	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Field Support	-	1,600	1,600	-	1,600	3,200	-	-	4,985	-	2,815	7,800	-	3,760	11,560	1,960	-	15,010	1,580	-	18,480	-	-	18,480
USAID Management	-	-	-	47	-	47	83	1,785	130	295	-	425	-	-	755	-	3,450	1,205	550	3,470	1,755	155	-	1,910
Totals	-	1,600	1,600	2,374	1,600	5,574	4,686	1,785	12,045	8,177	2,815	23,037	8,664	3,760	35,461	7,060	3,450	45,971	6,504	3,470	55,945	2,652	-	58,597

Field Support obligations are assumed to be expended in the same FY

ANNEX 4 (D)

Obligations, Expenditures & Pipeline

	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY2005	Totals
Beginning Pipeline	-	5,290	7,897	10,375	7,782	3,322	2,428	2,651	
+ Obligation	5,290	4,981	7,164	5,584	4,204	6,166	6,728	-	40,116
= Total Available	5,290	10,271	15,061	15,959	11,986	9,488	9,155	2,651	
- Expenditures	-	2,374	4,686	8,177	8,664	7,060	6,504	2,651	40,116
= Ending Pipeline	5,290	7,897	10,375	7,782	3,322	2,428	2,651	0	

Field Support

Beginning Pipeline	-	-	-	-	-	-	-	454	
+ Obligation	1,600	1,600	1,785	2,815	3,760	3,450	3,470	-	18,480
= Total Available	1,600	1,600	1,785	2,815	3,760	3,450	3,470	454	
- Expenditures	1,600	1,600	1,785	2,815	3,760	3,450	3,470	-	18,480
= Ending Pipeline	-	-	-	-	-	-	-	-	

95

ATTACHMENT 5

EL SALVADOR COUNTRY CHECKLIST FY2002

ADS ADDITIONAL HELP FY 2002 STATUTORY CHECKLISTS

- I. INTRODUCTION
 - II. COUNTRY CHECKLIST
 - III. ASSISTANCE CHECKLIST
-

I. INTRODUCTION

The checklists are convenient references when planning and designing assistance programs. For additional country or assistance specific prohibitions, restrictions, or limitations, and additional "notwithstanding" authorities, please consult with the attorneys assigned to your bureau or mission.

Please see ADS 201. 3.3.4 for the rules on when a checklist must be prepared. In doing a checklist you make a reasonable inquiry, determine the applicability of each statutory reference, and set forth any additional comments or issues (e.g., "We are not aware of any information that requires action under this section" or "We are not aware of any violations under this provision").

Country Checklist

The Country Checklist includes the important provisions of general application from the Foreign Assistance Act of 1961, as amended ("FAA") and the FY 2002 Foreign Operations Appropriations Act, Pub. L. 107- ("FY 2002 Act"). The Country Checklist does not list every statutory or regulatory provision applicable to a particular country.

PART A of the Country Checklist contains the general statutory prohibitions. PART B has the "taking into consideration" provisions. They are considered by the Administrator in the annual "Taking into Consideration" Memorandum as part of the Operational Year Budget ("OYB") process for all countries, not just those in the OYB. Because they have already been taken into account as part of the budget process, you do not have to include them in doing the checklist.

Assistance Checklist

The Assistance Checklist has the activity-specific provisions of the FAA and the FY 2002 Act.

Notwithstanding Authorities

There are various "notwithstanding" authorities that can be invoked to provide assistance when it would otherwise be prohibited. Some examples follow:

1. Disaster Assistance (FAA Sec. 491).
2. Health and Disease Prevention (FAA 104(c)(6)(C)(ii) and Child Survival and HIV/AIDS (FY 2002 Act Sec. 522).

3. Assistance for Eastern Europe and the Baltic States (Title II of the FY 2002 Act).
4. Assistance to the Independent States (FAA Sec. 498B(j)).
5. Afghanistan, Lebanon and Montenegro; victims of war, displaced children; displaced Burmese; and tropical forestry, biodiversity conservation and energy programs aimed at reducing greenhouse gas emissions (FY 2002 Act Sec. 534).
6. Non-governmental organizations and P.L. 480 (FY 2002 Act Sec. 537).
7. Title II Emergency Programs (PL 480 Sec. 202(a)).
8. ESF funds for democracy activities of non-governmental organizations in the Peoples Republic of China (FY 2002 Act Sec. 526).

II. COUNTRY CHECKLIST

The Country Checklist includes the important provisions of general application from the Foreign Assistance Act of 1961, as amended ("FAA") and the FY 2002 Foreign Operations Appropriations Act, Pub. L. 107-115, January 10, 2002 ("FY 2002 Act"). The Country Checklist does not list every statutory or regulatory provision applicable to a particular country.

PART A of the Country Checklist contains the general statutory prohibitions. All items in PART B have been taken into consideration in setting the OYB.

Part A

1. NARCOTICS CERTIFICATION (FY 2002 Act Sec. 591; FAA Sec. 490). Applies to the following "major illicit drug-producing or drug-transit" countries: Afghanistan, the Bahamas, Bolivia, Brazil, Burma, China, Colombia, Dominican Republic, Ecuador, Guatemala, Haiti, India, Jamaica, Laos, Mexico, Nigeria, Pakistan, Panama, Paraguay, Peru, Thailand, Venezuela, and Vietnam.

Is your country on the list?

No, El Salvador is not on the list.

If yes, check with your bureau and lawyer because there are new requirements for FY 2002 before assistance can be provided.

2. INDEBTEDNESS TO U.S. CITIZENS (FAA Sec. 620(c)). Absent a Presidential determination based on national security needs, assistance to a government is prohibited if the government is indebted to any U.S. citizen or person, and (a) such citizen or person has exhausted available legal remedies, (b) the debt is not denied or contested, or (c) the indebtedness arises under an unconditional guaranty of payment given by such government (or controlled entity).

Is this restriction applicable? Please comment.

No this restriction does not apply to El Salvador. We are not aware of any debts owed by the Government of El Salvador to any U.S. citizen for goods or services that meet the criteria set forth in this section.

3. SEIZURE OF U.S. PROPERTY (Section 527 of the Foreign Relations Authorization Act, 1994-95, which superseded FAA Sec. 620(e)). Absent a waiver by the Department of State, assistance to a government is prohibited if that government has expropriated or seized ownership or control of property at least 50 percent beneficially owned by U.S. citizens without

- (a) Returning the property to the owner,
- (b) Compensating the owner for the property,
- (c) Offering a domestic procedure providing prompt, adequate, and effective compensation for the property, or
- (d) Submitting the dispute to international arbitration.

[CONTACT: State/EB/IFD/OIA, Neil Efirid, 202-736-4586]

Is this restriction applicable? Please comment.

This restriction does not apply to El Salvador.

4. SPECIFIC COUNTRIES (FAA Secs. 620(a) and 620(f); FY 2002 Act Secs. 507). Assistance is prohibited to: Cuba, Iran, Iraq, Libya, North Korea, Sudan, Syria. [Notes: Prohibitions on assistance to China, Tibet and Vietnam have been waived. Prohibition on indirect assistance in section 523 of the FY 2002 Act applies only to "indirect" assistance, i.e., through international financial institutions and multilateral development banks.]

Is this restriction applicable? Please comment.

This restriction does not apply to El Salvador.

5. LOAN DEFAULT (FAA Sec. 620(q); FY 2002 Act Sec. 512 [Brooke Amendment]; see ADS 623). Absent a Presidential waiver, assistance is prohibited where

- (a) The government of the recipient country has been in default for more than six months on interest or principal of any loan by the U.S. to such country under the FAA; or
- (b) The country has been in default for more than one calendar year on interest or principal on any U.S. foreign assistance loan.

As of December, 2001, Afghanistan, Dem. Rep. Of the Congo, Ethiopia, Liberia, Somalia, Sudan and Syria were in default. Check with FM/LM.]

Is this restriction applicable? Please comment.

This restriction does not currently apply to El Salvador. The desk officer will check on the status of El Salvador prior to any obligation of funds.

6. DIPLOMATIC RELATIONS WITH U.S. (FAA Sec. 620(t)). Assistance is prohibited if diplomatic relations between the U.S. and the recipient country are currently severed.

Is this restriction applicable? Please comment.

This restriction does not apply to El Salvador.

7. INTERNATIONAL TERRORISM (FY 2002 Act Sec. 527; FAA Secs. 620A, 620G). Absent a Presidential waiver on national security grounds or for humanitarian reasons, assistance is prohibited to a recipient country that the Secretary of State has determined

- (a) Grants sanctuary from prosecution to any terrorist, or
- (b) Otherwise supports or assists terrorist governments (as determined by FAA Sec. 620A) or international terrorism.

No countries have been designated under the above provisions. However, under 6(j) of the Export Administration Act (50 U.S.C. App. 2405(j)) and 40(d) of the Arms Export Control Act), the Department of State in 1993 designated as state sponsors of terrorism or not cooperating with U.S. antiterrorist efforts; Afghanistan, Cuba, Iran, Iraq, Libya, North Korea, Sudan, and Syria. Source: Department of State Publication 10687 from the Office of the Secretary of state, Office of the Coordinator for Counterterrorism.

Is this restriction applicable? Please comment.

This restriction does not apply to El Salvador.

8. EXPORT OF LETHAL MILITARY EQUIPMENT TO TERRORIST STATES (FY 2002 Act Sec. 544; FAA Sec. 620H). Absent a Presidential determination, assistance is prohibited to a government which that provides lethal military equipment to a terrorist government (those listed in 7 above).

[Contact: Newell Highsmith, State/L/PM, 202-6472886]

Is this restriction applicable? Please comment.

This restriction does not apply to El Salvador. As of 1/22/02, no countries have been so identified.

9. COMPLIANCE WITH UN SANCTIONS AGAINST IRAQ (FY 2002 Act Sec. 534). Absent certain Presidential determinations or certifications, assistance is prohibited to a country not in compliance with UN sanctions against Iraq.

[Note: As of 1/22/02, only Turkey and Jordan have been identified and both have received waivers.]

[Contact: John Sandage, State/L/UNA, 202-647-2886]

Is this restriction applicable? Please comment

This restriction does not apply to El Salvador.

10. DISCRIMINATION (FAA Sec. 666(b)). Assistance is prohibited to a recipient country that objects, on the basis of race, religion, national origin, or sex, to the presence of any officer or employee of the U.S. who is present in such country to carry out economic development programs under the FAA.

Is this restriction applicable? Please comment.

This restriction does not apply to El Salvador.

11. NUCLEAR TECHNOLOGY (Arms Export Control Act Secs. 101, 102).

- (a) Absent special certification by the President, assistance is prohibited if the recipient country has either delivered or received from any other country nuclear enrichment or reprocessing equipment, materials, or technology, without specified arrangements or safeguards any time after August 3, 1977.
- (b) Absent special certification by the President, assistance is prohibited if the recipient country has, on or after June 30, 1994,
 - (1) Transferred a nuclear explosive device to a non-nuclear weapon state,
 - (2) Received or detonated a nuclear explosive device, or
 - (3) Exported (or attempted to export) illegally from the U.S. any material, equipment, or technology that would contribute significantly to the ability of a country to manufacture a nuclear explosive device.

Are these restrictions applicable? Please comment.

These restrictions do not apply to El Salvador. We are not aware of any information that requires action under this section.

12. MILITARY COUP or DECREE (FY 2002 Act Sec. 508). Assistance is prohibited to the government of a country where the duly elected head of government of the recipient country has been deposed by military coup or decree unless the President has notified Congress that a democratically elected government has since taken office. New for FY 2002, the section does not apply to assistance to promote democratic elections or public participation in democratic processes.

Is this restriction applicable? Please comment.

This restriction does not apply to El Salvador.

13. EXPLOITATION OF CHILDREN (FAA Sec. 116(b)). Assistance is prohibited where the Department of State has determined that the recipient government has failed to take appropriate and adequate measures, within its means, to protect children from exploitation, abuse, or forced conscription into military or paramilitary services.

Is this restriction applicable? Please comment.

This restriction does not apply to El Salvador. We are not aware of any information that requires action under this section.

14. PARKING FINES (FY 2002 Act Sec. 545). Assistance to a recipient country shall be reduced by 110 percent of the amount of unpaid parking fines owed to the District of Columbia and, new for FY 2002, New York City [Check with Sharon Nichols, PPC/M/RA, 202-712-4533]

Is this restriction applicable? Please comment.

El Salvador OYB levels are adjusted by amounts owed by PPC/M/RA as part of the OYB process. [Note: No action required by country desk. Contact: Sharon Nichols, PPC/M/RA, 202-712-4533]

15. DELIVERY OF HUMANITARIAN ASSISTANCE (FAA Sec. 620I). Absent a Presidential determination, assistance is prohibited where the recipient government has prohibited or otherwise restricted, directly or indirectly, the transport or delivery of U.S humanitarian assistance.

Is this restriction applicable? Please comment.

This restriction does not apply to El Salvador. We are not aware of any information that requires action under this section.

16. ASSISTANCE TO CUBA (FAA Sec. 620(y), as amended by section 2810 of FY 98/99 Foreign Relations Authorization Act, P. L. 105-277; LIBERTAD Act Sec. 111; P.L. 104-114).

- (a) If a country (or any entity in the country) provided (1) nuclear fuel and related assistance and credits or (2) assistance or credits in support of the Cuban nuclear facility at Juragua, Cuba at any time after March 12, 1996, then assistance to such country must be reduced by an amount equal to the sum of any such assistance or credits.
- (b) Assistance to a recipient country must be reduced by an amount equal to the aggregate value of nuclear fuel related assistance and credits provided by that country to Cuba during the preceding fiscal year, unless Cuba
 - (1) Has ratified the Treaty on the Non-Nuclear Proliferation of Nuclear Weapons or the Treaty of Tlatelolco and Cuba is in compliance therewith;
 - (2) Has negotiated and is in compliance with full-scope safeguards of the International Atomic Energy Agency not later than two years after ratification by Cuba of such treaty; and
 - (3) Incorporates and is in compliance with internationally accepted nuclear safety standards.

Are these restrictions applicable? Please comment.

These restrictions do not apply to El Salvador. We are not aware of any information that requires action under this section.

17. HUMAN RIGHTS VIOLATIONS (FAA Secs. 116 and 502B).

If the Department of State has determined that the recipient government has engaged in a consistent pattern of gross violations of internationally recognized human rights, then

- (a) Economic Support Fund funds may be used only if the assistance will directly benefit the needy; and
- (b) Development Assistance funds may be used only if the President has found that the country has made such significant improvement in its human rights record that furnishing such assistance is in the U.S. national interest.

Is this restriction applicable? Please comment.

This restriction does not apply to El Salvador. We are not aware of any information that requires action under this section.

18. TRAFFICKING IN PERSONS (Sec. 110 of Trafficking Victims Protection Act of 2000, P. L. 106-386). Nonhumanitarian, nontrade-related foreign assistance is not to be provided to any government that the Secretary of State has identified as

- (a) Not complying with minimum standards for the elimination of trafficking; and

(b) Not making significant efforts to bring itself into compliance with such standards.

Note: Not effective until January 1, 2003 . No action necessary for FY 2002.

PART B

All items in PART B have been taken into consideration when setting the OYB.

- 1. MOB ACTION** (FAA Sec. 620(j)). Assistance may be terminated if the recipient country permitted (or failed to take adequate measures to prevent) damage or destruction of U.S. property by mob action.
- 2. SEIZURE OF U.S. FISHING VESSELS** (FAA Sec. 620(o); Fishermen's Protective Act of 1967, as amended, Sec. 5 (22 U.S.C. 1975(b)). Assistance may be denied or offset if the recipient country has seized, or imposed any penalty or sanction against, any U.S. fishing vessel fishing in international waters.
- 3. OVERSEAS PRIVATE INVESTMENT CORPORATION ("OPIC") INVESTMENT GUARANTY** (FAA Sec. 620(l)). Assistance may be denied if the recipient country has failed to enter into an investment guaranty agreement with OPIC.
- 4. United Nations (U.N.) OBLIGATIONS** (FAA Sec. 620(u)). The payment status of the recipient country's U.N. obligations is to be taken into account when considering assistance levels.
- 5. ALGIERS MEETING** (ISDCA of 1981, Sec. 720). The fact that a country attended and otherwise failed to disassociate itself from the communiqué issued at the Meeting of Ministers of Foreign Affairs and Heads of Delegations of the Non-Aligned Countries to the 36th General Assembly of the U.N. on September 25 and 28, 1981, is to be taken into account when considering assistance levels to such country.

CLEARANCE PAGE FOR EL SALVADOR FY02 COUNTRY CHECKLIST

Clearances:

LAC/CEN:P Kranstover: _____ Date: 2/25/02
WHA/CEN:T Pickrel _____ via e-mail _____ Date: 2/14/02
INL/PC:A Ohlrich _____ via e-mail _____ Date: 2/14/02
GC/LAC:J Fraser _____ via e-mail _____ Date: 2/27/02

Information:

LAC/SPO:D Soules
LAC/SPO: C Mohan

LAC/CEN:M Kerst:1/23/02:712-1743
P:\lac.cen.pub\CENPUB\DOCS\CHECKKLIS\FY02EISalvadorChecklist 021402.doc

Additional Help: 200-203

File Name: P:/Lac.Cen.Pub/CEN.PUB/DOCS/CHECKKLIS/FY02EISalvadorChecklist
final022702.doc

Last Revised: February 27, 2002

**III. ASSISTANCE CHECKLIST
FOR THE STRATEGIC OBJECTIVE GRANT AGREEMENT
ACTIVITY No. 519-0430 "HEALTHY SALVADORANS"
MARCH 2002**

This checklist is to help managers and teams ensure that activities are consistent with applicable law. Since different provisions apply at different stages of the process, this Checklist is divided into the following parts: (A) Planning; (B) Congressional Notifications; and (C) Obligating Documents.

In addition to completing this Checklist, managers and teams should check with the Desk Officer to make sure that the Country Checklist has been completed and nothing has occurred since completion of the Country Checklist which would affect USAID's ability to provide assistance.

For the most part, no distinction between Development Assistance and Economic Support Fund funds is made in this Assistance Checklist because the FAA provides that, to the maximum extent feasible, ESF assistance should be provided consistent with the policy directions, purposes and programs of Development Assistance.

PART A. PLANNING (in alphabetical order)

1. AGRICULTURAL ACTIVITIES (BUMPERS AMENDMENT) (FY 2002 Act Sec. 513(b), as interpreted by the conference report for the original enactment). No funds may be used for agricultural development activities (specifically, any testing or breeding feasibility study, variety improvement or introduction, consultancy, publication, conference, or training) that would compete with a similar commodity grown or produced in the United States unless such activities

- (a) Are designed to increase food security in developing countries and where such activities will not have a significant impact in the export of agricultural commodities of the United States; or
- (b) Are research activities intended primarily to benefit American producers.

Is this restriction applicable? Please comment.

This restriction does not apply.

2. COMMUNIST ASSISTANCE (FAA Sec. 620(h)). Arrangements should be made 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.

Please comment.

This provision does not apply.

3. ADVERSE ECONOMIC IMPACT UPON THE UNITED STATES.

(a) **Productive enterprises competing with U.S. enterprises (FAA Sec. 620(d)).** No funds may be used for any productive enterprise that will compete with U.S. enterprises, unless

- (1) There is an agreement by the recipient country to prevent export for use or consumption in the U.S. of more than 20 percent of the enterprise's annual production during the life of the loan, or

- (2) If in the absence of such an agreement, the President has established import controls to effectuate that agreement.

This may also be waived by the President due to national security interest.

Is this restriction applicable? Please comment.

This restriction does not apply.

(b) Impact on U.S. Jobs: Relocation; Export Zones; Violation of Workers' Rights (FY 2002 Act, Sec. 533, see PD 20). Assistance may not be provided:

- (1) To a business located in the U.S. for the purpose of inducing that business to relocate outside the U.S. in a manner that would likely reduce the number of U.S. employees of that business; or
- (2) For the purpose of establishing or developing an export processing zone or designated area in which the country's tax, tariff, labor, environment, and safety laws do not apply, unless the President has determined and certified that such assistance is not likely to cause a loss of jobs within the U.S. [Note: this subsection not in FY 2002 but still in PD 20];
- (3) For a project or activity that contributes to the violation of internationally recognized workers rights of workers in the recipient country; except that assistance may be provided for such a country for the informal sector, micro or small-scale enterprise, or small-holder agriculture.

Please comment.

Provisions (1) and (2) do not apply. This Activity does not contribute to the violation of internationally recognized workers rights in the recipient country. We are not aware of any complaint or notification of violation under this Activity.

(c) Production of Surplus Commodities (FY 2002 Act Sec. 513(a). Assistance may not be provided to establish or expand production of any commodity for export if the commodity is likely to be in surplus on world markets and substantial injury will be caused to U.S. producers of the same, similar, or competing commodities.

Is this restriction applicable? Please comment.

This restriction does not apply.

4. ENVIRONMENT

(a) Environmental Assessment (FAA Sec. 117; USAID Regulation 16, 22 CFR Part 216, see ADS 204). USAID Regulation 16 requires that an Initial Environmental Examination, unless the proposed assistance falls within certain exceptions and other actions.

Please comment.

The Activity is operating under approved Initial Environmental Examination (IEE) and Environmental Assessments. The IEE for this Activity granted a Positive Threshold Decision (4/17/1998). However, due to the nature and scope of changes proposed and to the inclusion of a water supply and sanitation for health intervention, an updated IEE was prepared and approved by the Mission Director on April 25, 2002 and approved by

USAID/W on May 2, 2002. This IEE (LAC-IEE-02-18) received a categorical Exclusion/Positive Determination.

(b) CITES - Convention on International trade in Endangered Species of Flora and Fauna. (FY 2002 Act, "Development Assistance" heading under Title II). No funds may be used in support of activities which contravene CITES.

Is this applicable? Please comment.

This provision does not apply.

(c) Debt-for-Nature Exchange (FAA Sec. 463). Assistance that will finance a debt-for-nature exchange must

- (1) Support protection of the world's oceans and atmosphere, animal and plant species, or parks and reserves; or**
- (2) Promote natural resource management, local conservation programs, conservation training programs, public commitment to conservation, land and ecosystem management, or regenerative approaches in farming, forestry, fishing, and watershed management.**

Is this applicable? Please comment.

This provision does not apply.

(d) Tropical Forest Degradation (FAA Sec. 118). Funds may not 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 that will significantly degrade national parks or similar protected areas that contain tropical forests, or introduce exotic plants or animals into such areas;**
- (3) Activities that 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) that pass through relatively undergraded forest lands;**
- (5) The colonization of forest lands; or**
- (6) The construction of dams or other water control structures that flood relatively undergraded forest lands.**

However, funds may be used for activities in (3) through (6) above if an environmental assessment indicates that the proposed activity will contribute significantly and directly to improving the livelihood of the rural poor and will be conducted in an environmentally sound manner that supports sustainable development.

Is this applicable? Please comment.

This provision does not apply.

5. EXPROPRIATION AND LAND REFORM (FAA Sec. 620(g)). Assistance may not be used to finance compensation to owners for expropriated or nationalized property, except to compensate foreign nationals in accordance with a land reform program certified by the President.

Is this applicable? Please comment.

This provision does not apply.

6. FAMILY PLANNING.

(a). Abortions and Involuntary Sterilizations Prohibited (FAA Sec. 104(f); FY 2002 Act Sec. 518 and, "Development Assistance" heading under Title II). Funds may not be used

- (1) To perform abortions as a method of family planning or to motivate or coerce any person to practice abortions. (Note that the term "motivate" does not include the provision, consistent with local law, of information or counseling about all pregnancy options.)
- (2) 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.
- (3) To pay for any biomedical research that relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning.
- (4) For any country or organization if the President certifies that the use of these funds by such country or organization would violate the three provisions above.
- (5) To lobby for or against abortion.
- (6) To any organization or program that supports or participates in the management of a program of coercive abortion or involuntary sterilization.

Is this applicable? Please comment.

This provision applies. The Grantee has been notified about this provision through an Implementation Letter (4/29/1999) and the Activity Agreement was amended (3/3/199).

(b) Voluntary Family Planning Support (FY 2002 Act, Title II, under heading "Development Assistance"): Funds may be made available only to voluntary family planning projects that

- (1) Offer, either directly or through referral to, or provide information about access to, a broad range of family planning methods and services. (As a legal matter, Development Assistance only.)
- (2) Meet the following requirements:
 - (a) Service providers do not implement or are not subject to quotas, or targets, of numbers of births, family planning acceptors, or acceptors of a particular form of family planning (quantitative estimates or indicators for planning and budgeting purposes is acceptable);
 - (b) No payments of incentives, bribes, gratuities, or financial rewards for becoming a family planning acceptor or achieving numerical target or quota;
 - (c) Do not deny any right or benefit, including right of access to any program of general welfare or right of access to health care, as a consequence of any decision not to accept family planning services;

- (d) Provide comprehensible information of the health benefits and risks of method chosen; and
- (e) Ensure that experimental drugs and services are provided only in the context of scientific study in which participants are advised of potential risks and benefits.

- (3) No applicant should be discriminated against because of such applicant's religious or conscientious commitment to offer only natural family planning. (As a legal matter, Development Assistance only.)

Is this applicable? Please comment.

This provision applies. The Grantee has been informed about this provision through an Implementation Letter (4/29/1999) and the Activity Agreement was amended (3/3/199).

c) Certifications for Foreign Organizations (FY 2000 Act Sec. 599D). [NOTE: NOT Applicable To FY 2002 funds because it was not included in the FY 2002 Act but it still applies to FY 2000 Act funds]. Notwithstanding any other provision of law, population assistance may made available for any foreign private, non-governmental, or multilateral organization until the organization certifies that it will not, during the availability of these funds –

- (1) Perform abortions in any foreign country, except where the life of the mother would be endangered, or in cases of rape or incest, or
- (2) Violate the laws of any foreign country concerning the circumstances under which abortion is permitted, regulated, or prohibited, or engage in activities or efforts to alter the laws or governmental policies of any foreign country concerning the circumstances under which abortion is permitted, regulated, or prohibited.

The President may waive (1) and (2), but if he does so, the amount of funding for population assistance is reduced by \$12.5 million. That amount is to be transferred to the Child Survival and Disease Programs fund for assistance for infant and child health programs that have a direct, measurable, and high impact on reducing the incidence of illness and death among children. The waiver authority is limited to allow the provision of \$15 million to organizations that do not certify.

Is this applicable? Please comment.

This provision applies. A certification was provided by the sub-recipient local non-governmental organization that implements reproductive health and family planning activities on February 2, 2000.

7. INTERNATIONAL CONFERENCES (FY 2002 Act Sec. 542, see Guidance on Funding Foreign Government Delegations to International Conferences, Mandatory Reference to ADS 302, 303, 306, 308, 350, and 522). Development Assistance funds may not be used to pay the costs for participation of another country's delegation at international conferences held under the auspices of multilateral or international organizations.

Is this applicable? Please comment.

DA funds under the Activity will not be used to pay for the participation of a delegation of the recipient country to international conferences sponsored by multilateral or international organizations. Funds will only be used for training activities, including Human Capacity Development, and will focus on improving the skills of physicians, nurses, auxiliaries, health promoters, midwives, as well as members of the Public Health Committee of the Legislative Assembly, NGO personnel, and community members. Training activities will be addressed through on-site technical assistance, one-on-one communication, group talks and classes,

37

demonstrations, written materials, and to a limited extent, some formal institutional based training. The training will be held in the U.S., third country, and in country.

8. LEGISLATIVE ACTION (FAA Sec. 611(a)(2)). If the obligation is more than \$500,000 and requires legislative action within the recipient country, there must be a basis for a reasonable expectation that such action will be completed in time to permit orderly accomplishment of the purpose of the assistance.

Is this applicable? Please comment.

The only legislative action required within the recipient country for the obligation of funds in excess of \$500,000 is the ratification by the Legislative Assembly of the Amendment to the Strategic Objective Grant Agreement (SOAG) for the Activity.

9. LOANS (FAA Section 122(b)). In making loans, USAID must consider the following:

- (a) Information and conclusion on capacity of the country to repay the loan at a reasonable rate of interest.
- (b) Does the activity give reasonable promise of assisting long-range plans and programs designed to develop economic resources and increase productive capacities?
- (c) If repayable in dollars, the interest rate must be at least percent per annum during a grace period which is not to exceed 10 years, and at least 3 percent per annum thereafter, but no higher than the applicable legal rate of interest of the country in which the loan is being made.

Is this applicable? Please comment.

This provision does not apply.

10. MILITARY PURPOSES (FAA Sec. 531(e)). Congress has explicitly provided that funds may not be used for military or paramilitary purposes.

Is this restriction applicable? Please comment.

This provision does not apply.

11. NUCLEAR RESOURCES – EXPORT OF (FY 2002 Act Sec. 506). Assistance may not be used to finance, except for purposes of nuclear safety, the export of nuclear equipment, fuel, or technology.

Is this restriction applicable? Please comment.

This provision does not apply.

12. POLICE AND PRISONS (FAA Sec. 660). Assistance may not be used to provide training, advice, or any financial support for police, prisons, or other law enforcement forces (see exceptions in Sections 660 (including a customs exception added to section 660 by section 574 of the FY 2002 Act), 119 and 534 of the FAA and Sec. 536 of FY2002 Act).

Is this restriction applicable? Please comment.

This provision applies. The only assistance provided for police, prisons, or other law enforcement forces under the Activity is in the HIV/AIDS program/intervention under which they may participate if they are included as part of a larger public health initiative to combat HIV/AIDS; the program/intervention is the same as that received by other population groups similarly situated in terms of HIV/AIDS transmission risk; and neither the program/intervention nor any

commodities transferred under the program/intervention can be readily adaptable for law enforcement, internal security or military purposes.

13. PUBLICITY, PROPAGANDA, AND LOBBYING (FY 2002 Act Sec. 540; Anti-Lobbying Act, 18 U.S.C. § 1913). Assistance may not be used 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 propaganda purposes not authorized by Congress.

Is this applicable? Please comment.

This provision does not apply.

14. PVOs -- Funding Sources for U.S. PVOs (FY 2002 Act Sec. 501) If assistance is to be made to a United States PVO (other than a cooperative development organization), it must obtain at least 20 percent of its total annual funding for international activities from sources other than the United States Government. This may be waived in certain circumstances. Check with the Bureau for Humanitarian Response, Office of Private and Voluntary Cooperation (BHR/PVC) to see if the U.S. PVO has met the requirement.

Is this applicable? Please comment.

This provision applies. USAID/EI Salvador Health Office will check with BHR/PVC to make sure that any U.S. PVO selected to receive funds under the Activity funding increase has met this requirement.

PART B. CONGRESSIONAL NOTIFICATIONS.

1. GENERAL NOTIFICATION (FY 2002 Act Sec. 515; FAA Sec. 634A). Obligations must be notified to Congress. This is usually accomplished through the Administrator's annual Congressional Presentation. It may be subject of a Special Notification, as below. Additionally, a new Congressional Notification must be made 15 days in advance of the obligation if the amount of the obligation has increased from that previously notified. If this Action Memorandum is approved, the further extension of the Completion Date will be notified in the CBJ for next year

Is this applicable? Please comment.

This provision applies. FY 2002 obligation has been notified to Congress through the FY 2003 Congressional Budget Justification (CBJ) sent to USAID/Washington on January 22, 2002 and approved on April 2, 2002.

2. SPECIAL NOTIFICATION (FY 2002 Act, "Burma" and Title II headings and Secs. 517, 520 and 526). Special Notifications, 15 days in advance of obligation, are required for the following:

(a) **COUNTRIES** – Burma, Colombia, Democratic Republic of Congo, Haiti, Iraq (ESF) Liberia, Newly Independent States (NIS) countries, Pakistan, Serbia, Sudan, Zimbabwe, and fostering democracy in the People's Republic of China.

(b) **OTHER**

(1) Account transfer, i.e., obligations under an appropriations account to which the funds were not originally appropriated (FY 2002 Act Sec. 509). Notification is to be made to the House and Senate Appropriations Committees.

(2) Cash transfers or non-project sector assistance (notification should include a discussion of how funds will be used, U.S. interests served and economic policy reforms to be promoted)(FY 2002 Act Sec. 529).

(3) Construction of productive enterprise, if aggregate value of assistance to be furnished by the U.S. exceeds \$100 million (except for productive enterprises in Egypt that were described in the Congressional Presentation)(FAA Sec. 620(k)).(Express approval of Congress required.)

(4) Use of "notwithstanding" authorities for assistance through non-governmental organizations (FY 2002 Act Sec. 537).

(5) Transition initiatives (FY 2002 Act "Transition Initiatives" heading under Title II. An advance notice of five days is required.

(6) If an amount in excess of \$50 million is provided to the Global Fund for AIDS, malaria and tuberculosis, as authorized in title II of the conference report,

(7) Assistance to support democracy, human rights, press freedom, women's development, and the rule of law in countries with significant Muslim populations (FY 2002 Sec. 526)

(8) Plans to wind up activities of an Enterprise Fund must be submitted pursuant to the regular notification procedures,

(9) Assistance to the Central Government of Cambodia for basic education and to support the Government's Ministry of Women and Veteran's Affairs to combat trafficking,

Please comment.

This provision does not apply.

3. DEOBLIGATION/REOBLIGATION (FY 2002 Act Sec. 510). If deobligation/reobligation authority is being used, the funds being obligated must be for the same general purpose and for countries within the same region as originally obligated, and the House and Senate Appropriations Committees must be properly notified. (Note: Compare to no-year authority under section 511.)

Is this applicable? Please comment.

This provision does not apply.

4. ENTERPRISE FUNDS – DISTRIBUTION OF ASSETS (FY 2002 Act Sec. 562). Before the distribution of any assets resulting from the liquidation, dissolution, or winding up of an Enterprise Fund, a plan regarding the distribution of those assets must be sent to Committees on Appropriations.

Is this applicable? Please comment.

This provision does not apply.

PART C. OBLIGATING DOCUMENTS

1. SOURCE, ORIGIN AND NATIONALITY (See ADS 310).

(a) **General (FAA Sec. 604(a)):** All procurement must be from the U.S., the recipient country, or developing countries except as otherwise determined in accordance with Agency rules. If planning procurement elsewhere, a waiver must be obtained.

Please comment.

The Activity and the SOAG provide procurement from the United States (Geographic Code 000) and, in accordance with the local procurement policy, from El Salvador. No

40

procurement is planned elsewhere. Should procurement from elsewhere become necessary, a waiver will be obtained.

(b) Automobiles -- buy only U.S. made motor vehicles (FAA Sec. 636(i)). Assistance may not be used to finance the purchase, sale, long-term lease, exchange, or guaranty of the sale of motor vehicles manufactured outside U.S., unless a waiver is obtained.

Please comment.

All motor vehicles are and will be bought U.S. made.

(c) Agricultural Procurement (FAA Sec. 604(e)). Agricultural commodities and products thereof must be procured within the U.S. unless the commodity or product could not be reasonably produced in the U.S. in fulfillment of the particular assistance program. Waivers are available in some circumstances.

Please comment.

This provision does not apply.

(d) Construction or Engineering Services (FAA Sec. 604(g)): No engineering or construction services may be procured from advanced developing countries eligible under Code 941 that have attained competitive capability in international markets, *unless*

- (i) The advanced developing country is receiving direct economic assistance under the FAA and
- (ii) Its own assistance program would permit U.S. firms to compete for similar services.

Please comment.

Engineering and construction services will not be procured from advanced developing countries eligible under Code 941.

2. CASH TRANSFERS -- REQUIREMENT FOR SEPARATE ACCOUNT (FY 2002 Act Sec. 529(b)). If assistance is in the form of a cash transfer or nonproject sector assistance, all such cash payments must be maintained by the country in a separate account and not commingled with any other funds (unless such requirements are waived by Congressional notice for nonproject sector assistance).

Please comment.

This provision does not apply.

3. CAPITAL ASSISTANCE

(a) Mission Director Certification/Assistant Administrator Determination (FAA Sec. 611(e)). When capital assistance is proposed (e.g., construction), and total U.S. assistance for it will exceed \$1 million, the Mission Director must certify and the Regional Assistant Administrator must take into consideration the country's capability to maintain and utilize the assistance effectively.

Please comment.

No construction project will exceed \$1 million.

(b) Developmentally sound projects (Jobs Through Export Act of 1992, Sections 303 and 306(b)), P.L. 102-549, 22 U.S.C. 2421b and 2421d(b). If assistance is being provided for a capital activity, the activity must be developmentally sound and measurably alleviate the worst manifestations of poverty or directly promote environmental safety and sustainability at the community level.

Please comment.

This provision does not apply.

(c) U.S. Engineering Services (FAA Sec. 601(d)). If using capital (e.g., construction) assistance, U.S. engineering and professional services must be used to the maximum extent, consistent with U.S. interests.

Please comment.

The construction projects will use capital assistance and U.S. engineering and professional services to the maximum extent, consistent with U.S. interests.

4. ASSISTANCE GENERATING LOCAL CURRENCY (FY 2002 Act Sec. 529). If assistance is furnished to a foreign government under arrangements that result in the generation of local currencies

(a) USAID must

- (1) Require that local currencies be deposited in a separate account established by the recipient government,
- (2) Enter 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
- (3) Establish by agreement the responsibilities of USAID and the host government to monitor and account for deposits into and disbursements from the separate account.

(b) Local currencies, or an equivalent amount of local currencies, can be used only to carry out the purposes of the Development Assistance or Economic Support Fund chapters of the FAA (depending on which chapter is the source of the assistance) or for the administrative requirements of the United States Government.

(c) USAID should take all necessary steps to ensure that the equivalent of local currencies disbursed from the separate account is used for the agreed purposes.

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

Please comment.

This provision does not apply.

5. PRINTING COSTS. The Bureau for Legislative and Public Affairs (LPA) must approve printing costs of a report of study (except feasibility, design, or evaluation reports or studies) more than \$25,000. [Note: While the requirement for this review is not in the FY 2002 Act, the USAID guidance still applies.]

Please comment.

All reports in excess of \$25,000 will be sent to LPA for approval of printing costs before they are sent to the printing house. However, it is not expected that a report of study under this Activity be in excess of \$25,000.

6. ALCOHOLIC BEVERAGES AND CERTAIN ENTERTAINMENT EXPENSES (FY 2002 Act Sec. 550). Development Assistance or Economic Support Funds may not be used for alcoholic beverages or entertainment expenses that are substantially of a recreational nature.

Please comment.

This provision does not apply.

7. STATE DEPARTMENT NOTIFICATION OF BILATERAL AGREEMENTS WITH AN OBLIGATION OF \$25 MILLION OR MORE (ADS 350.5.5; Case-Zablocki Act, 1 U.S.C. Sec. 112b, 22 C.F.R. Part 181, see ADS 350). The date of signing and the amount involved must be cabled to State Office of Assistant Legal Adviser for Treaty Affairs (L/T) immediately upon signing and the full text of the agreement should be pouched to State/L/T within 20 days of signing.

Please comment.

The obligation under the Activity SOAG for FY 2002 will be less than \$25,000,000. The cumulative obligation is \$56,125,000.

8. ENGINEERING AND FINANCIAL PLANS (FAA Sec. 611). Before an obligation of more than \$500,000, there must be

- (1) Engineering, financial, or other plans necessary to carry out the assistance; and
- (2) A reasonably firm estimate of the cost to the U.S. of the assistance.

And, if the plan relates to a water or water-related land resource construction, the plan should include a computation of benefits and costs. This figure must be 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.).

Please comment.

- 1) *The necessary plans and analyses have been conducted as part of the planning process. Additional technical analyses may be required and are done as part of the process of selecting specific sites and interventions.*
- 2) *Reasonably firm estimates of costs are developed for each authorized or approved activity; such estimates are based on analyses by USAID's technical staff and consultations with partners and staff of the Controller's office and the regional contracts and grant office.*



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

ATTACHMENT 7

LAC-IEE-02-18

ENVIRONMENTAL THRESHOLD DECISION

Activity Location : El Salvador

Activity Title : Healthy Salvadorans (SALSA)

Activity Number : 519-0430

Funding : \$21,097,910 This Amendment
\$58,596,910 New Program Total

Life of Project : Sept. 30, 2003 – Sept. 30, 2005 (see IEE)

IEE Prepared by : Elizabeth Gonzalez, USAID/El Salvador
Ana Cristina Mejia, USAID/El Salvador

Recommended Threshold Decision : Categorical Exclusion/ Positive Determination

Bureau Threshold Decision : Concur with Recommendation

Comments:

This Environmental Threshold Decision amends LAC-IEE-98-14 to reflect an increase in the life of program funding and extension in program completion date. It also covers new activities in dengue control and prevention.

Pursuant to 22 CFR 216.2(c)(i) and (iii), a **Categorical Exclusion** is issued to activities of SALSA involving education, training and technical assistance that will not have an adverse impact on the environment, as well as to those activities involving research, analysis and studies.

Pursuant to 22 CFR 216.2(c)(viii), a **Categorical Exclusion** is issued to activities involving nutrition, health care or population and family planning services to the extent that they do not have an adverse impact on the environment. Should the Reproductive Health component support activities with the potential to generate medical waste, the Mission shall require the implementing partners to adhere to environmental guidelines for the handling and disposing of medical and hazardous wastes currently being developed by the Ministry of Health under the Earthquake Reconstruction program. To the extent feasible, the Reproductive Health component should, through training and other capacity building activities, seek opportunities to raise awareness of the need for proper handling and disposal of medical wastes.

1300 PENNSYLVANIA AVENUE, N.W.
WASHINGTON, D.C. 20523

44

A **Positive Determination** is issued to the Water Supply and Sanitation for Health component, for activities involving the construction of water supply and sanitation systems. Mitigation measures and environmental guidelines developed by the Mission and approved by LAC Bureau Environment Officer for similar activities (e.g., Environmental Assessment (EA) for 519-0320 and *Environmental Considerations for Water and Sanitation Systems and Well Drilling for the AGUA* activity) will be used to guide implementation of the proposed activities. Should the implementing partner change, the capacity of the new partner to implement and mitigation potential environmental impacts, as per the approved EA, shall be assessed prior to initiating activities.

Morris Israel Date 5/2/02
Morris Israel
Deputy Bureau Environmental Officer
Bureau for Latin America and the Caribbean

- Copy to : Mark Silverman, Director, USAID/El Salvador
- Copy to : William Patterson, MEO, USAID/El Salvador
- Copy to : Mike Kerst, LAC/CEN
- Copy to : Mike Donald, REA-CA, USAID/G-CAP
- Copy to : IEE File

45



Agency for International Development
United States of America A.I.D
c/o American Embassy
San Salvador, El Salvador, C.A.

WE -- Environment Office

AMENDMENT OF INITIAL ENVIRONMENTAL EXAMINATION

Activity Location: El Salvador

Activity title: Healthy Salvadorans (SALSA)

Activity Number: 519 - 0430

Funding: \$58,596,910

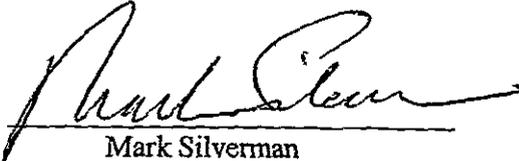
Life of Project: Extension from September 30, 2003 to June 30, 2005, or such later date as the Mission Director for USAID/El Salvador shall approve in writing up to ~~and including~~ September 30, 2005; provided that the LAC BEO is notified via-Email of such later date.

IEE Prepared BY: Elizabeth de Gonzalez, Water and Environment Office,
Ana Cristina Mejia, Strategic Development Office
USAID/El Salvador

Recommended Threshold Decision: Categorical Exclusion and Positive Determination

Mission Threshold Decision: Concur with Recommendation

Date Prepared: April 15, 2002


 Mark Silverman
 Mission Director
 4/25/02
 Date

- Attachment A – IEE for the Healthy Salvadorans (SALSA) Activity No. 519-0430
- Attachment B – Environmental Considerations for Water and Sanitation Systems and Well Drilling
- Attachment C – Environmental Guidelines for Water and Sanitation Projects

Cleared by: CJohnson, HO CGJ Date April 24, 2002
 WPatterson, WE WP Date 4/24/02
 DHarrison, SDO DMA Date 4/25/02
 RGouhgnour, DDIR _____ Date _____

ATTACHMENT A

IEE FOR THE HEALTHY SALVADORANS (SALSA) ACTIVITY No. 519-0430

Many interventions within the Healthy Salvadorans Activity that were initiated and implemented during the 1997-2002 period of the strategy will continue during the extension period. However, the primary focus will be on technical assistance and training to improve services, and research needed to support operational and policy decisions. In addition, the work in health reform will support establishing a stronger and more sustainable legal, policy and regulatory framework for more sustainable improvements in the quality and coverage of the health care delivery system.

Fundamental problems facing the health sector include poor health status of the population, especially the rural poor and among vulnerable groups such as women, youth and children. Several factors have contributed to this problem such as underfinancing and poor distribution of financial and human health resources; inadequate coverage, quality and effectiveness of public and private health care delivery systems; and inadequate legal and policy framework to support better health care services. Diarrheal diseases caused by lack of potable water, poor sanitation, poor hygiene, nutrition and breastfeeding, and acute respiratory infections are the most frequent causes of illness and death among infants and children. Although the health of the Salvadoran population has improved significantly in recent years, health status, especially of the rural population, still falls below acceptable levels. According to National 2000 "Census on Weight per Height", malnutrition levels are still high nationwide (19.5%). This doubles in the rural areas. While DPT vaccination coverage reached 98% according to the Ministry of Health, only 32 percent of rural households have access to potable water. Additionally, more than 40 percent of pregnant women do not receive prenatal care and fertility rates are much higher in rural areas, contributing to the high level of reproductive health problems of rural women. However, some health indicators show that significant results have been achieved, especially in the areas of family planning, child health, and infectious diseases.

I. Activity Description

The above problems are addressed by the "Healthy Salvadorans" Activity through the following interventions:

1. **Child Survival (CS).**

Since the principal CS problems--acute respiratory infections (ARIs), diarrheal disease, and malnutrition-- are largely preventable, the interventions proposed under this component of the "Healthy Salvadorans" Activity focus on health promotion, education and preventive actions in the rural poverty areas where these problems are most acute, emphasizing community level involvement and participation.

Proposed interventions for the extension period continue to concentrate on three areas key to improved CS: 1) reduction of diarrheal disease, respiratory infections, and other common childhood illnesses; 2) improved nutritional status; and 3) the treatment of neonatal morbidity and mortality whose origins include low birth weight, asphyxia and sepsis.

Water Supply and Sanitation for Health

The lack of access to water and sanitation is a major constraint to health improvements in rural areas, and that the large difference in infant and child mortality rates between urban and rural areas is closely connected to this constraint. The purpose of the water supply and sanitation for health intervention is to reduce incidence of diarrheal diseases in children under five years, in selected areas, by providing access to potable water supply and sanitation systems, as well as through intensive health education to the communities. Extensive health education, with a special focus on mothers and others who care for small children, will be provided to community members to promote appropriate hygiene behaviors that lead to less diarrheal diseases and other infections. Through this intervention between 25,000 to 40,000 rural residents will be benefited by the year 2005, depending on the creative solutions proposed by the implementers to be selected. The target population will mainly be the rural residents, especially the women and children who live in communities located in the eastern region of the country, which has the highest levels of poverty and also risk of drought.

2. Reproductive Health (RH).

USAID is strengthening reproductive health and family planning to improve birth outcomes and maternal health, and prevent sexually transmitted infections. Proposed key interventions for the extension period continue to include: 1) essential and emergency care; 2) informed choice for family planning clients; 3) high quality postpartum care; and 4) steadier efficient supply of contraceptives. Under the extension, support will continue to be provided to the local NGO partner, the Salvadoran Demographic Association (SDA), which has built a nationwide network that provides access to low-cost contraceptives for rural couples. However, special emphasis will focus on the development of revenue-generation activities to support SDA's ability to finance its rural health program. This component will continue to be implemented in an integrated manner with the child survival component in such areas as promotion, education and training. Also reproductive and child survival activities will be integrated when working with the NGO sector as well as public sector.

3. Sexually Transmitted Diseases (STDs), Human Immunodeficiency Virus (HIV) and Acquired Immune Deficiency Syndrome (AIDS).

During the extension period, USAID will continue support to the MOH's HIV/AIDS Program with assistance in training, laboratory equipment, printing materials, mass media campaigns, and drafting of norms and protocols for patient management and bio-safety. USAID will further assist the MOH by improving the HIV/AIDS surveillance system resulting in better data and more targeted public health interventions to prevent the spread of HIV. USAID coordinates activities and assistance with other donors through the local UNAIDS committee.

Support will also continue during the extension period to local NGOs and other Salvadoran institutions such as the National Civilian Police to prevent and control HIV/AIDS. USAID/EI Salvador will provide assistance through the field support mechanism.

4. Infectious Diseases:

4.1 Tuberculosis (TB)

USAID/El Salvador initiated support to the TB Control and Prevention program of the Ministry of Health in July 1999. This support has contributed to important health improvements, recognized at regional and international levels. USAID assistance will continue during the extension period. Drug resistance and HIV/AIDS and TB co-infection studies will be carried out as well as the strengthening of the MOH laboratory network to make the National TB program self-sustainable.

4.2 Dengue

In 2000, the country suffered a major dengue epidemic with 26 deaths officially reported. In response, the Mission launched a new strategy to prevent dengue transmission through the development of a sustainable and integrated program for dengue control and prevention which involves the MOH, communities, private organizations, universities, etc. This recently launched strategy will continue during the extension period of the Activity.

5. Research and Coordination Activities

The 2003 Demographic Health Survey, FESAL, will be carried out during the extension period. The results of this survey, conducted approximately every five years, will be utilized to inform the design of the Mission's new health strategy. Fieldwork will begin early in FY2003, and the final report will be printed and distributed during the second quarter of FY2004. The local IPPF affiliate, Salvadoran Demographic Association, will carry out the survey in close coordination with technical support from the Centers for Disease Control and Prevention, CDC, in Atlanta, GA. In addition, an interagency committee has been formed to coordinate the planning of the FESAL with other El Salvador's institutions as well as with other international donors such as UNDP, UNICEF and PAHO.

Research is anticipated in other areas such as HIV/AIDS and reproductive health. In HIV/AIDS, research will include special studies related to tuberculosis and HIV/AIDS, as well as studies in sentinel sites established nationwide in MOH maternity units. In reproductive health, a series of feasibility studies for capital investments will be conducted early in the extension period to identify ways to strengthening the financial sustainability of the Salvadoran Demographic Association (SDA).

Coordination activities will continue with local NGOs, governmental institutions, local communities and international donors. Interagency committees, which have been developed under the current health strategy for specific programs (health reform, reproductive health, HIV/AIDS, child survival, nutrition, etc.) will continue to serve an important coordinating role. USAID/El Salvador's memberships in these committees has facilitated and expedited implementation of activities; in addition, close coordination with other donors has also avoided duplication of activities and subsequent waste of resources.

6. Policy and Health System Modernization

This intervention contributes to the development of a more appropriate legal and policy framework for increasing access to quality services as well as increasing the use of those services. In this regard, the "Healthy

Salvadorans” Activity builds upon the internal reform process developed by the Ministry of Health during the first four years of the current strategy. The MOH process fully matches the reform pillars identified by the National Health Reform Commission in 2000. The extension period will allow USAID to provide specific assistance which include policies and budget allocations that favor primary health care and place greater emphasis on the health needs of poor women and children. In addition, the extension will support modernization of health structures and systems (decentralization), and more effective coordination of policies, plans and resources within the health sector. These expected results will improve service quality and coverage at the local level needed to meet the health care needs of poor rural children and women.

II. Recommendation

Based on the information in this Activity Description, the actions contemplated under Sections 1, 2, 3, 4, 5 and 6 of the Activity Description will not have an effect on the natural or physical environment and so this Activity qualifies for Categorical Exclusion of Initial Environment Examination under Section 216.2(c)(2)(i), "Educational, technical assistance, or training..." and (iii) "Analyses, studies, academic or research workshops and meetings," of 22CFR.

A Positive Determination is issued for the **Water Supply and Sanitation for Health** intervention. This intervention will be a follow-on to the Public Services Improvement Activity No. 519-0320 that has an approved Environmental Assessment (EA) and a Positive Determination. The same EA will be used for this intervention under the “Healthy Salvadorans” Activity. Additionally, Attachments B and C present the Environmental Considerations for Water and Sanitation Systems and Well Drilling that were used for the Access, Management and Rationale Use Of Water (AGUA) Activity No. 519-0443, and the Environmental Guidelines for Water and Sanitation projects approved under a Programmatic Environmental Assessment (PEA) for the Earthquake Recovery Program. We plan to use these two attachments as environmental guidance for all potable water and sanitation projects and well drilling activities in the future and they must therefore be attached to contracts, grants or cooperative agreements used to implement the water supply and sanitation for health intervention under the “Healthy Salvadorans” Activity.

After obtaining MEO clearance, the contractor/grantee must obtain final approval for the water or sanitation projects from the Ministry of Environment and Natural Resources.

ATTACHMENT B

ENVIRONMENTAL CONSIDERATIONS FOR WATER AND SANITATION SYSTEMS AND WELL DRILLING

I. Overview

Past interventions to provide potable water in El Salvador have concentrated on providing potable water and, more recently, on organizing communities to manage their water systems. These interventions gave little attention to the need to protect water sources and, more broadly, to treat water as a scarce resource that has competing uses rather than as a "free good". Water has not been managed on an integrated basis. As a consequence, many water sources are polluted and water systems are often operated very inefficiently. Integrated water resources management is an approach that treats water as a scarce, finite, and vulnerable resource and considers all uses for it. Integrated Water Management entails a shift from a project-based supply-augmentation approach to an integrated supply and demand management approach. The Integrated Water Management approach is preferred because it will more efficiently allocate and conserve water, solve conflicts among competing uses, account for the social, economic and environmental value of water, and increase the participation of communities and the private sector in decision-making and financing.

In many cases, during activity design, well drilling was not considered an option in rural communities but recent field visits have shown that wells are an important and often the only alternative in water project activities. In order to proceed with well drilling activities, USAID recommends that the following set of guidelines be used by our Grantee and we expect these guidelines may set an example for other water projects in the mission.

II. Guidelines for Well Drilling

The National Administration of Water and Sewage (ANDA) has provided us with the guidelines that will be followed for well drilling and they will contain the following aspects:

- A. General Information
- B. Mobilization
- C. Perforation and Construction
- D. Well Characteristics
- E. Plan view
- F. Excavations and soil movements
- G. Terms on Quantity and Costs
- H. Project site map
- I. Liabilities and contractor guarantees.

The Grantee will also provide a detailed hydro-geological study on each site to be developed with the following content:

GEOLOGY

- a. Determination of Geology of the area.
- b. Historical geology
- c. Differentiated geological formations

HYDROLOGY

- a. Climate
- b. Rain fall
- c. Soil permeability, (based on geological formation)
- d. Underground water availability (Superficial drainage, flow direction)
- e. Hydric Balance
 - Rain fall at the site
 - Drainage
 - Evotranspiration
 - Infiltration

III. Environmental Mitigation

One of the outputs of the activity is a watershed diagnostic for the watersheds in the activity area. These studies, prepared by the Grantee, will indicate where to implement remedial environmental actions and how to manage the impact of additional wells. Specific remedial activities that will be considered are these:

- a. Delimitation of Infiltration areas
- b. Soil protection measures
- c. Reforestation
- d. Environmental Education
- e. Watershed conservation activities

IV. Recommendations

The Grantee will follow the recommendations contained in this amended IEE to avoid any significant negative effects on the environment or the availability of underground water resources.

A negative determination with conditions is issued for well drilling activities. The Mission Environmental Officer will monitor implementation of both the guidelines and mitigation measures.

V. Recommended Conditions

The following conditions are necessary to grant a Negative determination and should be complied with by the Grantee or any of their sub-contractors.

A. DESIGN

1. The Grantee will conduct hydro-geological studies in each well site area.
2. The Grantee will maintain compliance with the appropriate Watershed Management Plan.

B. CONSTRUCTION

1. Soil material excavated during well drilling activities (barrow) should be deposited in protected areas such as pits, to avoid sedimentation and fugitive dust.
2. Cut areas should be protected by safe slopes, revegetation and other appropriate techniques to avoid soil erosion and slides.
3. Waste drilling composed of bentonite and drilling material must be stored and kept moist to prevent fugitive dust and buried at the end of drilling activities.
4. Special care must be exercised with the use and handling of MAX GEL (Crystalline Silica) to ensure that the dust is not inhaled or does not come in contact with skin.
5. Care should be taken to avoid any contamination of the well area with petroleum combustibles or lubricants.

C. OPERATION

1. USAID and the Grantee will keep track of the results and effectiveness of these guidelines and will use this experience for improvement. We will also provide suggestions to the Ministry of Environment and Natural Resources on the content of a national guideline for well drilling activities.

**ATTACHMENT C
ENVIRONMENTAL GUIDELINES FOR WATER
AND SANITATION PROJECTS**

**USAID/El Salvador
FIELD CHECKLIST**

For Environmental Assessment of Water/Sanitation Construction Projects

Information on Implementing Organization and Assessment Specialist

1.	Organization Name	
2.	Organization Address	
3.	Organization phone	
4.	Name, title of field specialist completing guideline	
5.	Contact information for field specialist	

Date of Certification of Field Specialist: _____

General Project Information

1.	Name of Barrio, Community, (population unit being analyzed)	
2.	Municipality	
3.	Department	
4.	Other entities involved in project (with name and phone of contact persons)	
5.	Name and title of local project contact (in the neighborhood or the community)	
6.	Repair of damaged system or complete CONSTRUCTION (explain)	
7.	Number of households served	
8.	Number of households present	
9.	Type of system (source)	
10.	Type of service (distribution)	
11.	Household sanitation services to be provided (describe)	
12.	Construction timeline	
13.	Tentative inauguration date	

FIELD CHECKLIST
For Environmental Assessment of Water/Sanitation Construction Projects

Please complete the following checklists, asking the question for the appropriate population unit (neighborhood, community):

“Are there possible problems or adverse impacts related to this issue?”

Answer each question using the following, (noting pertinent observations as well):

- “NA” = this issue is **Not Applicable** to this situation;
- “No” = There are **NO** problems or impacts related to this issue,
- “Y” = **YES** there is a problem or adverse impact, **MITIGATION** measures or **INVESTIGATION** requirements are described in the Mitigation Plan,

All issues that receive a “Y” must be addressed in the mitigation plan. The “observation” column is for the field specialist to note any clarifications that are felt to be necessary. Some issues, in particular those addressing service provision, require verification of the answer.

Checklist for Water/Sanitation Construction Projects

WATER/SANITATION CONSTRUCTION SITE				
#	ISSUE	NA	No	Y
1.	Is there sufficient water for the design population? Has the source been confirmed to provide an amount in excess of the future design dotation for the system? Have flows been measured at height of dry season? Are there any other users of the source that could impact the quantity of water available?			
Observation:				
2.	Is the water quality acceptable, according to GOES norms? Water quality has been tested by accredited laboratory and requires no treatment. For treatment, see DESIGN Section #2.			
Observation:				
3.	Has a Legal document been obtained to establish the population’s right to capture and use this water?			
Observation:				

55

WATER/SANITATION CONSTRUCTION - SITE Continued..

#	ISSUE	NA	No	Y
4.	Has a Legal document and title to terrain surrounding the source been obtained by the population?			
Observation:				
5.	Has the population obtained right of way for the distribution system from appropriate landowners? Can pipelines pass across fields, roads, etc.?			
Observation:				
6.	Has the population obtained rights for land on which storage tank and treatment systems will be built. Are there any problems with this process?			
Observation:				
7.	Are there impermeable soils and rocky areas? Impermeable and /or rocky soils can impact construction timelines, impact water distribution and sanitation infrastructure. Drainage is also impacted by impermeable or rocky terrain.			
Observation:				
8.	Does the Pipeline have to cross streams or quebradas? Crossings are dangerous to build and can be problematic to maintain if designs and materials are poor.			
Observation:				
9.	Are there areas through which the distribution network passes or any of the major works are located that is vulnerable to landslide, fluvial erosion or any other dangers?			
Observation:				

WATER/SANITATION CONSTRUCTION - SITE Continued				
#	ISSUE	NA	No	Y
10.	Can raw materials used for construction be obtained easily without conflict? These include sand, gravel, stone, wood.			
Observation:				
11.	Will the system be built in an area that is forested or protected? Will construction of the system entail building roads or trails into these areas?			
Observation:				
12.	Will the system be built in an area that has historic or archeological importance? Will construction of the system entail building roads or trails into these areas?			
Observation:				
13.	Are there possible problems associated with the water table? High water table impacts sanitation system design and construction as well as other construction that involves earth moving or excavation. Low water tables impact access to groundwater that may be used for drinking water. Water table should be observed in Wet and dry seasons.			
Observation:				
14.	Are there problems associated with provision of appropriate disposal of human waste? What are the conditions at each household that will lead to the selection of appropriate household sanitation solutions – i.e. lot size, soil type, soil permeability, household water sources, proximity to water sources, groundwater table, economics, etc.			
Observation:				
15.	Are there neighboring houses or settlements or communities that will be affected by the project? – right of way for pipelines, use of the water source, use of the watershed, water, laundry spots on rivers.			
Observation:				
16.	ATTACH SOCIAL SURVEY IF REQUIRED BY USAID OFFICER			
Observation:				

WATER/SANITATION CONSTRUCTION - DESIGN

#	ISSUE	NA	No	Y
1.	Will water quality be protected? Do the designs call for measures that will protect water quality and quantity? These include watershed protection, and other design parameters to prevent contamination of water at the source.			
Observation:				
2.	Is there a treatment system? Is the treatment system a standard design with a history of successful implementation in El Salvador? Is the treatment system complex, requiring highly trained technicians to operate and maintain? How is the treatment system to be operated for the long term?			
Observation:				
3.	Are there issues associated with system mechanization? Is the use of complicated machinery (i.e. motorized pumps) contemplated? How is long term viability of machinery to be sustained?			
Observation:				
4.	Is disposal of gray water at taps and households provided for according to norms?			
Observation:				
5.	Does household sanitation solution meet design criteria? Is training in operation of the technology required? Is there hygiene education planned? <i>All sewers and all wastewater treatment systems require site-specific environmental assessments.</i>			
Observation:				

WATER/SANITATION CONSTRUCTION - CONSTRUCTION				
#	ISSUE	NA	No	Y
1.	Are any conditions in construction of this system that pose serious risks to the safety of workers or others in the area? Will large trees be felled? Will slopes be terraced? Will towers, bridges be built? Will pipes cross steep terrain? Is dynamite to be used? Are deep pits to be dug? Will there be a large increase in truck traffic that could threaten inhabitants?			
Observation:				
2.	Are there problems associated with water during construction? Will water be drained from construction sites onto slopes or into water courses? Will water be needed at construction sites?			
Observation:				
3.	If large amounts of earth are moved, will the disposal of the earth cause any problems? Is there a threat of erosion of the moved earth (from trenches) and sedimentation into nearby water bodies?			
Observation:				
4.	Will construction be a noisy endeavor that bothers nearby inhabitants? (See Social survey)			
Observation:				

WATER/SANITATION - CONSTRUCTION Continued...				
#	ISSUE	NA	No	Y
5.	Will construction cause dust or mud that will cause a nuisance?			
Observation:				
6.	Does construction require a local labor contribution that might impact the local populace adversely? Will laborers be brought in for construction that must be fed and housed?			
Observation:				
7.	Will construction block roads, train tracks, or otherwise inhibit transportation?			
Observation:				
8.	Are there members of local Community Development committee or other local citizens involved in decision-making or planning with respect to this facility?			
Observation:				

WATER/SANITATION CONSTRUCTION - OPERATION				
#	ISSUE	NA	No	Y
1.	What is the extent of the community's contribution to this project? Local materials, unskilled labor, cash? Nothing?			

Observation:

2. Is there a management plan for the protection of the source and its watershed?*

Observation:

3. Has the water committee been established according to best practices?*

Observation:

4. Has a tariff been established and agreed to by the community to pay for water and sanitation services?*

Observation:

5. Have Water system operators been trained for system operation and maintenance? Are they being paid?*

Observation:

* ALL answers to be verified for construction on new sites. Attach completed Verification Sheet.

WATER/SANITATION CONSTRUCTION - OPERATION					Continued.....		
#	ISSUE	NA	No	Y			
6.	Have the members of the committee been trained in applicable accounting, financial, management and administration skills?*						

Observation:

7. Is there a warehouse with spare parts that is controlled by the committee?

Observation:

8. Is training provided for use, upkeep, operation, and maintenance of the household sanitation system?

Observation:

* ALL answers to be verified for construction on new sites. Attach completed Verification Sheets.

NOTES:

MITIGATION PLAN
For USAID/El Salvador Water/Sanitation Construction Projects

Name of Organization: _____

Name of Field Specialist: _____

Name of Neighborhood, Community, Communities: _____

Name of Facility: _____

Date of Field Visit: _____

Enter the number # of the Issue as it is listed in the field checklist.

#	Description of Impact	Prescribed Mitigation or Investigation Measures
	SITE	
	DESIGN	
	CONSTRUCTION	
	OCCUPATION	

NOTES:

EXAMPLE

**MITIGATION PLAN
For USAID/El Salvador Water/Sanitation CONSTRUCTION Project**

(note that this example mitigation plan presents the most common types of issues, impacts and mitigation measures that are addressed in El Salvador)

Name of Organization: _____

Name of Field Specialist: _____

Name of Neighborhood, Community, Communities: _____

Name of Facility: _____

Date of Field Visit: _____

Enter the number # of the Issue as it is listed in the field checklist.

#	Description of Impact	Prescribed Mitigation or Investigation Measures
	SITE	
1.	Available water not sufficient for daily design dotation.	Public instead of individual connections, water conservation, find additional source e.g. Rainwater, recharge aquifer artificially, deepen well,
2.	Water quality does not meet standards	Treatment, find different source, supplement with rainwater for drinking, provide technology for household treatment of drinking water
3.	Community without rights to water	Obtain rights from government, find different source or sources, negotiate or purchase water rights
4.	Community land title to micro-watershed not clear	find different source, purchase land in micro-watershed, work with government entities to limit human activities near the source
5.	Land right for passage of pipeline not obtained	Obtain rights, negotiate with land-owners, bury pipe deeper, use different route,
6.	Land rights for storage and treatment system location not obtained	Obtain rights, change location, purchase land, trade access to water for the land
7.	impermeable soils prevent proper pipe burial	Use galvanized iron pipe, build protection over pipe, use excavating machinery to bury pipe, change route, change design requirements for depth and backfill
8.	Pipeline crossing streams or quebradas	Design calls for special considerations materials, pipe material, anchorage, etc. in accordance with local norms
9.	Site is vulnerable to river/fluvial erosion, landslide, etc.	Cross using a bridge, avoid area, stabilize banks with accepted technologies, use other accepted strategy
10.	Certain crucial materials for construction not available locally	Adapt designs to local materials so that repairs can be more easily made, use designs that require low inputs,
11.	The water source is in a protected or forested area	Excavate without removing trees, do not open up roads to source, keep trails small and primitive,
12.	The project site is in an Area of historic or archeological Importance	Avoid these areas, negotiate passage of pipeline through or over them.

EXAMPLE

Mitigation Plan for Water Supply and Sanitation Projects..... Continued....

#	Description of Impact	Prescribed Mitigation or Investigation Measures
13.	Water table is high where distribution system is to pass, also high many households where latrines are to be built	Take precautions to join pipe in dry conditions, ensure no chance of negative pressures in these sections. For latrines, use shallow, sealed pit or
14.	Some sites are perfect for pit latrines, people can afford and want pour flush latrines, some households have high water tables	Designs for household sanitation systems are specific to the household and based on site conditions and household economics. Training must be applicable to the type of system used.
15.	Water source is being used by local rural population. Capturing and protecting the source will effectively prohibit these nearby inhabitants from using the water. Watershed is currently forest, but is being cut and cleared by local inhabitants to cultivate maize. Main pipeline from source to the community cuts across land of farmers who refuse to allow passage.	Work with this population to ensure that they can still access the water through a tap-stand or other means. Work with municipality and other concerned governed entities to purchase or otherwise protect the watershed. Negotiate with these landowners for right to pass. CONDUCT SOCIAL SURVEY OF NEARBY POPULATION
#	Description of Impact	Prescribed Mitigation or Investigation Measures
DESIGN		
1.	Water source is being impacted by nearby agricultural runoff Watershed forests are being cleared and spring source is drying up	Design calls for fencing, gate, drainage structures to protect water quality and quantity Purchase as much watershed land above the spring as possible, work with municipality to prevent harmful activities in rest of watershed
2.	Treatment system requires aeration for iron removal, sedimentation, slow sand filtration and chlorination	Design must be proven successful for El Salvador and a training program for community system operators must address this.
3.	A submersible electric pump is to be used to exploit a groundwater source.	Technology selected must be locally accepted with local source of replacement parts, electricity supply must be maintained through tariffs
4.	Disposal of gray water at taps and households is required	Drainage pits built to accepted standards for ambient soil, slope and groundwater conditions.
5.	Water table is very high and traditional pit or pour-flush latrines cannot be used.	The composting latrine with a vault above the water table has proven an effective solution for human waste given that proper promotion and education of users takes place. A system for sewage collection and disposal is not possible because there are not resources

EXAMPLE

Mitigation Plan for Water Supply and Sanitation Projects..... Continued....

CONSTRUCTION		
1.	Building a tower for water tank, blasting of impermeable zone, crossing a wide, deep quebrada, 3 meter deep latrine pits at households	Insure that workers have proper protective equipment, use safety ropes, practice proper blasting safety, insure that pits are covered or access impeded during construction
2.	Water diversion during construction of intake leads to erosion, forms stagnant pools	Divert water back into a natural channels immediately, drain pools
3.	Spoils from trenching erode during rainfall and flow into road or stream	Excavate and rebury trenches quickly, dispose of other spoils away from water courses. Revegetate disturbed areas
4.	Noise from well drilling other activity disturbs inhabitants	Schedule work so as to minimize impact, use less noisy construction techniques
5.	Construction leads to dust or mud	Schedule certain construction to avoid dry or wet conditions if possible, spread water to keep dust down, drain areas prone to mud
6.	Community, already economically stressed form the earthquakes must work on system rather than in fields or other jobs	Consider food for work, reduce or adapt community contribution
7.	pipeline crossing road blocks traffic	Schedule construction for low traffic days, or hours, phase construction to block portion of road at different times
8.	The construction is to be carried out by hired contractors. No community participation in construction, planning or supervision is contemplated	Community input must be established and maintained during all project steps. A member of the Water committee will work with supervising engineer from implementer during design will maintain a field presence during construction as well.
OPERATION <i>describe how these will be addressed, a mitigation plan is not required</i>		
1.	Community Contribution	Community performs all unskilled labor, contributes all sand and gravel, and pays for transportation of all materials. Community members also participate in planning, construction supervision and maintaining a warehouse for materials and equipment.
2.	Plan for protection of watershed	Community purchasing 1 manzana and fencing it with barbed wire, posting with signs made by school-children. Community working with municipal government to limit land use in watershed, allowing grazing but preventing clearing of forest.
3.	Formation of junta / committee	Formed at project planning stage with ongoing training in administration, leadership, and management
4.	Tariff established	Tariff established with the community and agreed to before ground is broken on the project. It is set at 40 colones per month per family.

EXAMPLE**Mitigation Plan for Water Supply and Sanitation Projects..... Continued....**

#	Description of Impact	Prescribed Mitigation or Investigation Measures
5.	Operation and Maintenance capacity	Two operators are being trained by the implementing entity and will be employees of the water committee. They will receive a salary of 450 colones per month.
6.	Administration capacity	Four members of committee receiving offsite training and onsite support for system administration until 2 months after inauguration
7.	Bodega established	Locked warehouse with inventory system established. Keeper receives monthly salary from committee.
8.	Three different latrine technologies being employed in the community	Training for owners of each type is provided as well as follow-up inspections by field staff to troubleshoot problems. There is also hygiene education being led by women's' group and also done in school.

PROGRAM DATA SHEETS

USAID MISSION: El Salvador

PROGRAM TITLE: Health for Women and Children (Pillar: Global Health)

STRATEGIC OBJECTIVE AND NUMBER: Sustainable Improvements in the Health of Women and Children Achieved, 519-003

STATUS: Continuing

PLANNED FY 2002 OBLIGATION AND FUNDING SOURCE: \$8,522,000 CSH

PRIOR YEAR UNOBLIGATED AND FUNDING SOURCE: \$0

PROPOSED FY 2003 OBLIGATION AND FUNDING SOURCE: \$9,628,000 DA

INITIAL OBLIGATION: FY1997

ESTIMATED COMPLETION DATE: FY2004

Summary: USAID's Health Program in El Salvador includes a mix of technical assistance and training to:

- improve child survival practices and services including the provision of water supply and sanitation services to rural communities to reduce diarrheal disease;
- prevent and control infectious diseases, including HIV/AIDS, tuberculosis, and dengue;
- strengthen health sector policies and reforms;
- support the Ministry of Health (MOH) efforts to improve the quality of and access to appropriate reproductive health services and practices for couples, especially rural women and adolescents; and
- strengthen and improve the Salvadoran Demographic Association (SDA) to sustain health and social programs, especially the Rural Health Services Program which offers promotion, education and provision of Reproductive Health (RH) and Family Planning (FP) services for rural women.

Inputs, Outputs and Activities: *FY 2002 Program:* USAID proposes to increase planned funding by more than 10% of the amount notified in the FY 2002 Congressional Budget Justification. CSH funds will support the MOH's program to (a) reduce diarrheal and respiratory diseases; (b) improve the nutritional status of children; (c) train rural health promoters to better manage childhood illnesses and promote breastfeeding; (d) train midwives and rural hospital personnel in prenatal care; and (e) implement health policy reform activities. It will also finance water and sanitation activities including the expansion of these activities into earthquake-affected communities. Funds will be used to better identify the magnitude of HIV/AIDS and tuberculosis infections through improved surveillance and laboratory support so that El Salvador can more effectively target prevention and treatment interventions to reduce the suffering and death caused by these diseases. USAID will also assist in the prevention of dengue transmission through a sustainable and integrated community-based program.

CSH Family Planning/Reproductive Health funds will improve the quality of services offered by the MOH and SDA through (a) programs targeting the special needs of adolescents, (b) training in family planning counseling, and (c) development of a sector-wide contraceptive security strategy to ensure the availability of contraceptive methods and condoms for people who want to plan their families and for HIV prevention. Funds will support MOH efforts to better monitor its new contraceptive logistics management system and ensure the use of high quality data for decision-making. USAID will help identify options to promote the financial sustainability of SDA.

SUBMISSION OF THIS PROGRAM DATA SHEET CONSTITUTES FORMAL NOTIFICATION OF USAID'S INTENT TO OBLIGATE FY 2002 RESOURCES FOR THE ACTIVITIES DESCRIBED ABOVE.

Planned FY 2003 Program: USAID plans to use FY 2003 DA funds to help the MOH implement a new health promoter monitoring and evaluation system, and to continue working with rural health promoters to better manage childhood diseases and enhance the nutrition of children through an

integrated strategy in rural areas. USAID will also train mothers to increase the duration of exclusive breastfeeding, especially among adolescent mothers. Technical assistance will help the MOH implement the decentralization process with community participation in twelve integrated health systems. USAID will expand water and sanitation activities in several of the poorest departments of the country located in the eastern region that have the lowest potable water coverage. Finally, USAID intends to promote prevention and control of HIV/AIDS, particularly among men, and continue its work to promote HIV/AIDS and tuberculosis surveillance activities.

USAID also expects to use FY 2003 funds for population activities to help strengthen the capacity of the MOH to implement the contraceptive security strategy developed in FY 2002. USAID will finance the 2003 national demographic and health survey with assistance from the Centers for Disease Control and Prevention, improve and expand family planning counseling and services provided by the MOH and SDA, and help SDA to finalize a viable sustainability plan for its operations.

Performance and Results: As a result of the 2001 earthquakes, most health indicators were negatively affected during the first quarter of the year compared to the same period in 2000. The

USAID-supported assistance contributed to significant reform of the Ministry of Health in 2001.

modernization process carried out by the MOH was seriously delayed by the earthquake crisis. The entire health system was severely effected with approximately 25% of all public health facilities suffering damages. However, by the middle of the year, USAID-supported activities advanced significantly the internal reform process of the MOH. During 2001, approximately 1,400

MOH personnel participated in a consultative process to develop the MOH reform agenda. In addition, USAID supported MOH's field personnel to enhance child survival, reproductive health, and tuberculosis programs, training approximately 3,000 health personnel with a focus on improvement of community-based health services. Women of reproductive age and children under five are the key beneficiaries of these programs. To address an increase in the number of HIV/AIDS cases, USAID developed a four-year plan focused on high-risk populations. Under the USAID-supported tuberculosis program, the Ministry of Health increased cure rates by almost 24% from 68% in 1997 to 85% in 2001, meeting the WHO's recommendation. The rapidity with which these results were achieved suggests that the MOH program may be a model for other countries. Assessments carried out in water and sanitation project areas reported a dramatic reduction in the incidence of diarrheal diseases. Continued efforts in these activities will be made to recuperate the losses resulting from the 2001 earthquakes.

End products sought include the delivery of health services in a decentralized mode as a norm using the integrated health system model, full institutionalization of the provision of pre-natal health care by trained professionals in country, widespread use of breastfeeding, and further increases in contraceptive prevalence rates and decreases in diarrheal rates among children under age five.

Principal Contractors, Grantees, or Agencies: USAID's activities are being implemented through Salvadoran public and private agencies such as the Ministry of Health, the SDA, and the U.S. PVO CARE. Activities are supported by U.S. contractors or cooperative agencies as well. Prime grantees and contractors include: Management Sciences for Health, Abt Associates, International Science and Technology Institute, University of North Carolina, Family Health International, Academy for Educational Development, the Centers for Disease Control and Prevention, Tuberculosis Coalition Technical Assistance, John Snow Inc, and The Population Council.

US Financing in Thousands of Dollars

El Salvador

519-003 Sustainable Improvements in the Health of Women and Children Achieved	CSD	CSH	DA	ESF
Through September 30, 2000				
Obligations	23,715	0	144,931	36,610
Expenditures	12,517	0	140,896	36,299
Unliquidated	11,198	0	4,035	311
Fiscal Year 2001				
Obligations	6,814	0	3,991	0
Expenditures	8,821	0	3,554	311
Through September 30, 2001				
Obligations	30,529	0	148,922	36,610
Expenditures	21,338	0	144,450	36,610
Unliquidated	9,191	0	4,472	0
Prior Year Unobligated Funds				
Obligations	0	0	0	0
Planned Fiscal Year 2002 NOA				
Obligations	0	8,522	0	0
Total Planned Fiscal Year 2002				
Obligations	0	8,522	0	0
Proposed Fiscal Year 2003 NOA				
Obligations	0	0	9,628	0
Future Obligations	0	0	0	0
Est. Total Cost	30,529	8,522	158,550	36,610



ACTION MEMORANDUM FOR THE MISSION
DIRECTOR AND THE AGREEMENT OFFICER

WAIVER NO. 519-05-02

FROM: Connie J. Johnson, Health Office Team Leader

SUBJECT: Request for Exception to Competition in order for USAID to extend the existing cooperative agreement with the Salvadoran Demographic Association (SDA) to provide family planning and reproductive health services under the Healthy Salvadorans (Salvadoreños Saludables - SALSA) Activity No. 519-0430

DATE: May 6, 2002

PROBLEM STATEMENT:

Despite overall gains made in El Salvador in the use of family planning and reproductive health services, demographic indicators reveal a continued sharp discrepancy between the urban and rural areas. As an example, the total fertility rates (TFR) projected for the years 2000-2005, indicate that while women in urban areas have a TFR of 2.5, (still above population replacement levels), those in rural areas are projected to have a much higher TFR of 3.52.

Regarding unmet demand for contraceptives, more than half of women from 15-34 years of age who are not currently using contraception, desire to do so. In addition, based on current risks for unintended pregnancy among rural women of fertile age, the unmet need for contraceptives among rural women is 2.5 times that of urban women (12.1% and 4.9%). Unfortunately, this discrepancy has persisted over the years.

Neither the GOES nor donors are increasing financial support for contraceptives at a pace that will keep up with unmet needs. Given the high population density in El Salvador, the consequences of this funding gap would be catastrophic.

In recent years, the political vicissitudes of the public sector with regard to its commitment to the provision of family planning services has been of major concern to USAID. Stockouts of contraceptives are common, particularly in rural areas, precisely the areas where family planning needs are greatest. In order to protect its long and costly investment in assuring the availability of family planning services, particularly to the poor, and to guarantee the sustainability of those programs, USAID has identified SDA as the NGO partner with the strongest

commitment to family planning and with the greatest potential for long-term financial independence.

BACKGROUND:

USAID Assistance in Family Planning (FP) - Given the serious economic and social consequences of rapid population growth for El Salvador, the areas of reproductive health and family planning have long been a top priority for USAID development assistance, ensuring that women of reproductive age, especially those living in rural areas of the country, have the widest possible access to family planning information and services. In addition to the Ministry of Health (MOH), the SDA has been USAID's principal partner in this effort.

USAID Assistance to SDA - USAID/El Salvador has provided support to SDA, the local IPPF (International Planned Parenthood Federation) affiliate, to expand and improve reproductive health and family planning services. In 1966, SDA received for the first time USAID and IPPF financing (approximately \$42,000) to support maternal-child health clinics. Since then, IPPF and USAID have worked together, to support SDA. The result: SDA is the only Salvadoran NGO with a nationwide network of promoters providing family planning services targeted specifically to the rural poor. Currently, SDA has over 700 promoters working in rural areas of the country where access to health services is lacking.

Current Cooperative Agreement - The current Cooperative Agreement (July 1, 1999 through September 30, 2002, for a total amount of \$9,000,000) was approved as a non-competitive follow on agreement, based on "exclusive or predominant capability".

The purpose of the current agreement was to strengthen and improve SDA's capacity to generate income to cross-subsidize health and social programs, especially the Rural Health Services Program and the Adolescents Reproductive Health Program. Regrettably, sustainability targets were not built into the agreement, so sustainability has not been adequately measured. In fact, all the benchmarks and targets were focused on the health and social programs just mentioned. In addition, more than half (54%) of funding under the cooperative agreement was directed toward these non-income-generating activities. Conversely, activities with the most income generating potential (e.g., Profamilia Hospital, Social Marketing and Pharmacies) received less than 5% of total funding.

Assessment of SDA financial sustainability - The 2001 earthquakes negatively affected the SDA's service program goals, as well as the institution's ability to attain higher levels of financial sustainability within the timeframe of the cooperative agreement. Much of the population with low and lower-middle socio-economical

status, who formerly purchased their contraceptives from the SDA, was no longer able to pay out of pocket for contraception. They were forced to discontinue their protection or to seek services from the MOH, which was unprepared to meet the increased demand for free contraceptives.

The constraints created by the earthquakes had a negative impact on all of SDA's income generating activities, including fund raising efforts. Many former contributors to SDA social programs are now directing their resources away from family planning and toward supporting activities related to earthquake reconstruction.

SDA income generation was also negatively affected by delays (in some cases up to one year) in the procurement of equipment financed under the agreement. For instance, a mammography and four ultrasound units suffered nearly a 47% drop in demand because of equipment delays.

USAID carried out an external assessment of SDA's sustainability during the first two weeks of March 2002. Results show that SDA has made notable progress toward reaching self-sufficiency not only through the support provided by USAID, but also as a result of several successful endeavors not related to USAID support, such as generation of additional income through the financial support from other donors and from private enterprises. SDA self sufficiency strengths are: positive cash flow generated by the three new pharmacies, the social marketing program and the Pro-Familia Hospital. In addition, clinical services are applying the principle of cross-subsidization, where clients with higher income levels cross-subsidize family planning services for clients with little or no ability to pay. Also, the rural promoter program is already recovering 35% of its costs. Further, SDA is already purchasing 40% of its total contraceptive needs (60% are USAID funded).

From the beginning of the current agreement until the end of 2001, SDA increased their ability to cross subsidize social programs by 35%(decreasing the negative free cash flow from 39.3% to 25.5%). The assessment points out that the outlook for the future is positive in terms of the positive trends expected from the maturity of capital investments made during the period of the current agreement. The assessment also recommends additional support for future capital investments that will generate income to further increase the cross-subsidization of social programs to keep up with increases in unmet demand for contraceptives.

JUSTIFICATION/WAIVER CRITERION:

The Automated Directives System (ADS) Section E303.5.5d describes authorization procedures for an exception to competition.

According to ADS Sections 303.5.5d (1) and the related essential procedures in E303.5.5d (1), competition shall not be required for amendments to existing awards or follow-on awards for the same activity, or to further develop an existing assistance relationship as long as the SO Team Leader can justify in writing, to the satisfaction of the Agreement Officer, why it would be more "advantageous" for USAID to amend an award or create a new follow-on award without the benefit of competition rather than use a competitive process. ADS Section 303.5.d (1) further provides that the authority to rely on this exception to extend an award beyond 10 years, requires the approval of the Mission Director if the award is to a non-U.S. organization, as in this case.

Advantages of an extension to the current SDA agreement include:

1) Financial Considerations and Time Constraints.

Taking into account the limited time (approximately two years) and funding towards the end of the current USAID strategic plan period, it would be more advantageous for the US Government to extend the current agreement with SDA, since the Health Office strongly believes that it will not be possible during that short period, to build an NGO's capacity on a par with SDA in terms of: a nationwide community-based distribution (CBD) network of family planning providers, commitment to high-quality reproductive health/family planning services, and capacity for self-sufficiency. Even if one or more NGOs were to make the commitment to vastly expand their coverage to compete with SDA for an award, they would essentially have to create a huge, entirely new management and service provision infrastructure to match the scale of SDA. Recruitment and training would take months if not years to build the extensive network of rural family planning promoters needed to carry out a CBD program on the scale of SDA's, and even then, they would lack the vital experience and credibility in rural communities currently enjoyed by SDA promoters. Also, the cost to support these institution-building activities would greatly reduce the amount of USAID funding available for programmatic activities at a critical time when, as described above, available resources for such activities have been reduced or diverted to earthquake reconstruction activities.

2) SDA's capability and SDA's coverage, especially in rural areas.

SDA has had excellent performance in carrying out the activities supported by USAID. SDA has very capable and committed professional staff with high knowledge and capability in implementing reproductive health/family planning services.

SDA is a unique NGO, with the expertise and experience to provide reproductive health services nationwide and particular success serving hard-to-reach groups such as adolescents and rural women.

SDA, the largest Salvadoran NGO with more than 1,000 volunteers and staff, is the only Salvadoran NGO that has declared population and family planning as its principal mandate.

SDA's family planning program covers approximately 15% of the total population in El Salvador, which is an important and unique segment of the population that the MOH and the ISSS do not have the capacity to serve, nor any other family planning provider.

Most other NGOs working in health-related programs provide limited family planning coverage to small geographic areas. Together these NGOs account for less than 10,000 of active family planning users, which is only a fraction of the approximately 160,000 family planning users served by SDA.

3) Previous investments in SDA's sustainability will not be fully capitalized on if USAID walks away now.

Extending the current agreement will protect the heavy USAID investments in SDA's institutional capacity to provide family planning services to rural poor, which is not only sensible but also saves money. Therefore, the Health Office (HO) considers that at this stage of time, it would be more advantageous to the US Government to continue supporting SDA, in terms of all the investments that USAID has already made and in terms of the potential loss in coverage. For reasons already described, SDA has not reached a level of sustainability for complete cross-subsidization of the rural and adolescent program costs serving the current number of beneficiaries. The extension would provide additional support to SDA to increase the number of beneficiaries reached by their family planning and adolescent programming financed by income generated and other activities. The Assessment of SDA Financial Sustainability estimates that at the end of the proposed extension, SDA would be able to finance the 100% of the rural program costs, maintaining 80% of the current level of beneficiaries, and that SDA will also be able to finance all costs of the adolescent program at the current level of beneficiaries.

In addition, the Mission began in 2001 the design of a rational, phased plan to transfer the procurement of contraceptive commodities from USAID to local partners in both the public and private sectors. These partners require time and some technical assistance to set up procurement systems, acquire procurement and fundraising skills, and assure budget requirements are in place for an orderly phase-over of contraceptive procurement. USAID experiences in other family planning programs in the LAC region indicate that such phase-overs require from three to four years. SDA is a key partner in this exercise, and it is estimated that a successful phase-over of contraceptive procurement could take at least two years beyond the present agreement's completion date of September 2002.

4) Importance to USAID of Data from Nationwide Survey.

In 2000 USAID began funding SDA to prepare the National Family Health Survey (FESAL) 2003. The extension is needed to support the uninterrupted implementation and dissemination of FESAL 2003 (the timeline runs through September 2004). SDA is the only Salvadoran organization with the technical capability and the expertise to carry out this nationwide survey. The FESAL, conducted every five years, presents essential evaluation and planning data for health decision makers in the public sector, nongovernmental organizations and donor agencies. The FESAL 2003 will also serve as a key planning document for USAID in developing the new Mission Strategy.

PURPOSE AND OUTCOMES OF THE PROPOSED EXTENSION:

The purpose of the extension is to contribute to the sustainability of continued access to affordable family planning methods, especially in rural areas, and sexual and reproductive health education for adolescents, through the expansion of SDA's capability to generate income to cross-subsidize these programs.

The HO will first identify and "graduate" certain activities that are now considered self-sustaining (i.e., operating expenses of the clinics, the commercial marketing program, and the three pharmacies). The extension of SDA will focus on four elements:

- 1) Continued support for FESAL 2003 without interruption;
- 2) Expansion of SDA income-generating activities to further increase the self-sufficiency of the rural CBD program and the Adolescent Reproductive Health Program;
- 3) Reduction in direct USAID support for the rural program and adolescent program; and
- 4) Implementation of a Phase-out Plan for the donation of USAID funded contraceptives.

Expected outputs of this extension are:

- 1) Completion of the FESAL 2003 activities, including fieldwork, analysis, final report and dissemination of results.
- 2) Provision of rural reproductive health and family planning services to approximately 38,204 beneficiaries per year. This means a total of approximately 95,508 women in rural areas benefited in the extension period (a 20% decrease compared to number of current beneficiaries).
- 3) Provision of sexual and reproductive health education and information to approximately 17,185 adolescents per year (same level as current beneficiaries), which accounts for an approximate total of 42,962 beneficiaries in the period of the extension.
- 4) An increase in SDA financial sustainability shown by an increase of the percentage of social program costs covered directly by SDA, from 30% to 100%.

5) SDA initiation of contraceptive procurement in 2003 to replace USAID-funded commodities.

In addition, in the period of the extension SDA will continue to provide reproductive health and family planning services through the rest of their programs. Other outputs projected in the extension are:

- 278,000 Couple Years of Protection
- 31,000 New Family Planning Users
- 97,000 Maternal Health References
- 67,000 Child Health References
- 250,000 Women's Health Care interventions
- 34,000 Child Health Interventions

As part of the proposed extension, SDA specific target and cost-sharing contribution will be reviewed and expanded to take into account the increased life of activity and additional funding. The program description will also be amended to reflect these changes.

AUTHORITY OF THE MISSION DIRECTOR:

Pursuant to ADS Section 303.5.5d (1), Mission Directors have the authority to approve the extension of an award to a non-U.S. organization beyond 10 years of its original award date.

RECOMMENDATION TO THE MISSION DIRECTOR:

That, subject to the approval below by the Agreement Officer of this exception to competition, you approve an extension of the current cooperative agreement with SDA beyond 10 years of its original award date (June 1990), in order to: 1) contribute to the sustainability of continued access to affordable family planning methods, especially in rural areas; 2) continue to provide access to sexual and reproductive health education for adolescents; 3) allow the development and implementation of a Phase Out Plan for USAID donated contraceptives and 4) allow continued support for the development and implementation of FESAL 2003. The proposed level of funding for this extension (from October 1, 2002 through June 30, 2005) will be determined during the development of the program description, but it is expected that the funding would be approximately \$4,800,000.

APPROVED BY MISSION DIRECTOR: 

DISAPPROVED BY MISSION DIRECTOR: _____

DATE: 5/15/02

AUTHORITY OF THE AGREEMENT OFFICER:

Pursuant to ADS Section 303.5.5d(2), all justifications for exceptions to competition must be submitted to the Agreement Officer for review and approval. Accordingly, the Agreement Officer has the authority to approve this exception to competition request.

RECOMMENDATION:

That you approve this request for an exception to competition in order to allow USAID to extend the current cooperative agreement with the SDA to: 1) contribute to the sustainability of continued access to affordable family planning methods, especially in rural areas; 2) continue to provide access to sexual and reproductive health education for adolescents; 3) allow the development and implementation of a Phase Out Plan for USAID donated contraceptives and 4) allow continued support for the development and implementation of FESAL 2003. The proposed level of funding for this extension (from October 1, 2002 through June 30, 2005) will be determined during the development of the program description, but it is expected that the funding would be approximately \$4,800,000.

APPROVED BY AGREEMENT OFFICER: Beth S. Paige

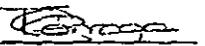
DISAPPROVED BY AGREEMENT OFFICER: _____

DATE: 5-20-02

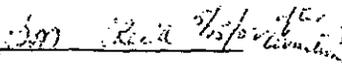
Request for Exception to Competition in order for USAID to enter directly into a cooperative agreement with the Salvadoran Demographic Association (SDA) for family planning and reproductive health services under the Healthy Salvadorans (Salvadoreños Saludables - SALSA) Activity (519-0430).

Drafted by: M Estrada, HO  Date: 05/02/2002

Cleared by: C Johnson, HO (in draft) Date: 4/26/02

I Parraga, RCGO  Date: 5/3/02

^{G. Curran}
_{5/3/02} D Harrison, SDO  Date: 5/3/02 to connections

B Myers, RLA  Date: 5/15/02

R Goughnour, DDIR  Date: 5/15/02

Request for Exception to Competition in order for USAID to enter directly into a cooperative agreement with the Salvadoran Demographic Association (SDA) for family planning and reproductive health services under the Healthy Salvadorans (Salvadoreños Saludables - SALSA) Activity (519-0430).

Drafted by: MEstrada, HO lanja Date: 4-24-02

Cleared by: CJohnson, HO CJA Date: 4-26-02

IParraga, RCGO _____ Date: _____

DHarrison, SDO _____ Date: _____

BMyers, RLA _____ Date: _____

RGoughnour, DDIR _____ Date: _____