

ACTION MEMORANDUM FOR THE ACTING DIRECTORBOL-87-012
May 27, 1987

From: HHR - Michael J. Hacker, Chief *by A. Pirzino*

Subject: PACD Extension - Tiwanaku Rural Health Project (OPG
511-0536-30049 with Radio San Gabriel)

TO: A/DIR - George A. Wachtenheim

Problem: Your approval is needed to extend the PACD of the subject project for six months, from October 1, 1987 to March 31, 1988.

Background: The purposes of this project are: 1) to educate the predominately Aymara speaking population of Ingavi and Los Andes provinces about the importance of good health and about simple curative and preventive measures necessary to preserve health; 2) to teach the people the importance of disease prevention through immunization and other basic health measures; and 3) to provide curative health care in health posts built by the beneficiary population. The Grant Agreement was signed on June 28, 1983 for a total of \$300,000. On March 24, 1986 Radio San Gabriel and USAID/Bolivia agreed to extend the project's PACD by three months to September 30, 1986. This extension provided time for the institutionalization of the project's primary health care activities, and for the Ministry of Health to complete plans to assume financial responsibility for the 14 posts operated under the project.

On September 11, 1986 (PIL No. 8) the PACD was further extended for one year, to September 30, 1987, to: 1) reinforce, with remaining funds, the child survival activities of the project and 2) allow the establishment of the project's final component, a revolving fund for pharmaceuticals. This fund would be based on medicines ordered by USAID, which were then expected to arrive within the extended PACD.

Discussion:

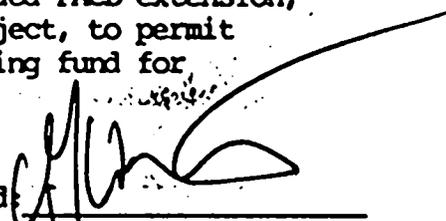
1) The project has never received the medicines scheduled for contribution by USAID, although the first worksheet/order was submitted to AID/W in August 1985. Since proceeds from the sales of these medicines are the base for a revolving fund for the continued, self-financed purchase of health post pharmaceutical products, this non-receipt of medicines has caused problems in meeting project objectives. Earlier in the project, during the hyperinflationary period of 1985, the financial viability of a revolving fund in pesos was doubtful. Since 1986, however, with the improved stabilization of the peso, the revolving fund concept again became feasible in the event that enough time were available for arrival of the medicines and for the training of project personnel to implement the revolving fund.

2) USAID/Bolivia agreed to a 12 month extension of the project, i.e. to September 30, 1987, to (a) enable the project to establish the pharmaceutical revolving fund delayed by the non-arrival of AID/W-procured medicines; and (b) enable Radio San Gabriel to implement additional child survival services, consistent with the high priority which the Agency and USAID/Bolivia assign to child survival.

3) By January 1987, three PIO/C's for medicines were pending with AID/W, the earliest dated August 1985. Following several reminders from USAID/B, SER/OP/COMS finally advised the Mission to consolidate the three PIO/C's into a single one for UNICEF procurement. The consolidated PIO/C (511-0536-40028.03), with the corresponding waiver, was sent to AID/W on April 7, 1987.

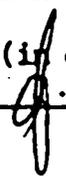
4) In reply to this consolidated PIO/C worksheet, STATE Cable 150015 (attached), was sent to La Paz indicating that UNICEF estimated five months' delivery time for the medicines, that is, they would arrive in Bolivia during October 1987, after project closure. Therefore, in order to allow these urgently-needed medicines to arrive in Bolivia during the project's life, and further to permit the final project component (revolving fund) to be established, an unfunded extension of the PACD will be necessary.

Recommendation: That you approve a six-months, unfunded PACD extension, to March 31, 1988, for the Tiwanaku Rural Health Project, to permit realization of the final project component, a revolving fund for medicines.

Approved: 

Disapproved: _____

Date: 6/3/87

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