

28 NOV 1978

ACTING
ACTION MEMORANDUM FOR THE ADMINISTRATOR

THRU: ES *pc*

THRU: AA/PPC, Alexander Shakow *Shakow*

FROM: AA/LAC, Abelardo L. Valdez

Problem: To approve a \$16.0 million grant project to establish a Rural Health Delivery System (RHDS) in Haiti, and to authorize FY 1979 grant funding totaling \$5,650,000 and subsequent year funding of \$10,350,000 through FY 1983, subject to the availability of funds.

Discussion: The goal of the proposed Project is substantial improvement by 1990 in the health of rural Haitians, most of whom are now effectively without modern medical care. To contribute towards this goal, the Project will establish over a five-year period an outreach system of 1,500 trained health agents supported by 560 trained auxiliary nurses and 270 environmental sanitation officers. The Project will also result in significant strengthening of the Department of Health and Population (DSPP) at all echelons. Building upon the research and technical assistance completed under the Strengthening Health Services I and II Projects, this Project will provide financing for: (a) training health agents, auxiliary nurses, environmental sanitation officers, and other DSPP personnel; (b) construction and renovation of 286 rural dispensaries, 1 demonstration health center, 17 warehouses, 3 garages, and 14 district vehicle maintenance sites; (c) the first year's salary for all health agents; (d) the first year's drugs and supply requirements of all health agents, dispensaries and certain DSPP support sections; (e) establishing nationwide supply, logistics, information systems; and (f) technical assistance to assist the GOH in strengthening health administration activities at national, regional and district levels. The proposed rural health delivery system is designed to reach about 70 percent of rural Haitians with low-cost basic preventive and curative services.

The total cost of the Project is \$33.3 million. A.I.D. will provide \$16.0 million in grant funds and the Government of Haiti (GOH) will provide \$17.3 million, a substantial portion of which will come from resources accruing to the GOH under the PL 480 Title III Agreement. The Government of Haiti will be responsible for the recurring costs of the national health service, including salaries, drugs and supplies, vehicle maintenance and training, all of which are additive to currently estimated project levels.

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An Initial Environmental Examination has been completed and concluded that the Project will not result in any significant detrimental impacts on the human environment. The AA/LAC has concurred in the recommended Negative Determination.

The Interagency Group on Human Rights and Foreign Assistance has reviewed and cleared this Project for authorization.

The Project is included in the FY 1979 Congressional Presentation for \$9.475 million. An Advice of Program Change notifying the Congress of A.I.D.'s planned FY 1979 authorization of the Project was forwarded on October 30, 1978. The 15-day waiting period expired on November 13, 1978.

The LAC Bureau's Development Assistance Executive Committee (DAEC) reviewed the Project on September 22, 1978. Revisions recommended by the DAEC have been incorporated into the PP. Since Haiti is classified as a Relatively Less Developed Country, procurement of goods and services may be authorized from countries in A.I.D. Geographic Code 941 and the host country. The following are exceptions for which waivers have been requested by the Government of Haiti:

- (1) The Project requires the purchase of 237 kerosene-operated refrigerators to store vaccines and serums at dispensaries in rural areas that do not have electricity. Kerosene is the only reliable and economical fuel available in most of rural Haiti. No other type of refrigerator can provide cold storage for vaccines and drugs at the dispensary level. STATE 076329 (March 27, 1978) indicates that such refrigerators are available only in Sweden. Therefore, a procurement source and origin waiver to Code 899 (Free World) is requested for the purchase of these refrigerators.
- (2) A waiver of A.I.D. requirements for formal competitive bidding procedures to permit proprietary procurement of 46 Jeep vehicles is considered necessary by the Haitian Ministry of Health (DSPP). The vehicles are to be used to improve logistics and supply support to the RHDS and to help strengthen central, regional and district level health administrative activities. A new transportation system is being established for the RHDS, based upon an expansion of the existing National Malaria Eradication Service (SNEM) transportation system. As stated in the DSPP's Letter of Application for the RHDS Project, the DSPP proposes to standardize the transportation system using the existing SNEM fleet. The DSPP/Westinghouse Health Service Inventory of the SNEM fleet (See Annex II, Exhibit 4 of the Project Paper) indicates that approximately 100 out of 119 vehicles are of Jeep manufacture. The Mission and the DSPP/WHS Team conducted extensive surveys of the type of vehicle that would be needed to support

the new system, and discussed the RHDS vehicle needs with local representatives of U.S. manufacturers. The conclusion of this survey was that Jeep vehicles are the only vehicles which can be fully serviced by the SNEM/DSPP garage system and that will have access to a reliable supply of spare parts.

Therefore, the DSPP bases its request for a waiver on: (a) the current widespread use of Jeep vehicles by SNEM, leading to a decision to standardize the RHDS fleet; (b) the existing local service capability of SNEM mechanics; and (c) minimal ability of other U.S. manufacturers to meet the conditions of the proposed purchase. In accordance with the provisions of A.I.D. Handbooks 11 (Ch. 3C9a) and 15 (Ch. 3C4c), these criteria constitute a basis for issuance of a waiver permitting proprietary procurement. SER/COM has reviewed the information provided by the DSPP and the Mission (Annexes II and VIII to the Project Paper) with respect to this request and considers a waiver to be well-justified. Therefore, it is requested that a waiver permitting the proprietary procurement of 46 Jeep vehicles for the RHDS be approved.

(3) The Project requires the local procurement of five Jeep vehicles in order to provide timely transportation to the health agent training teams which must begin work in rural Haiti by the sixth month of the Project in order to synchronize training with the construction of rural dispensaries. Current vehicle delivery time from the U.S. to Port-au-Prince is 9-12 months and therefore procurement in the U.S. would seriously delay this crucial facet of the Project. Under the provisions of A.I.D. Handbooks 11 (Ch. 3C9b) and 15 (Ch. 3C5), commodity procurement necessary to avoid a serious delay in the project constitutes a justification for a waiver of formal competitive procedures. Therefore a waiver permitting the emergency procurement of five Jeep vehicles in Port-au-Prince is requested.

Because the ability of the GOH to provide the counterpart funds required for implementation of this Project is largely dependent upon the generation of local currency through the P.L. 480 program, the Bureau and Mission have agreed that no development assistance funds will be obligated until the proposed P.L. 480 Title III agreement has been signed.

Recommendation: That you (i) approve the Haiti Rural Health Delivery System Grant and sign the attached Project Authorization and Request for Allotment of Funds, thereby authorizing a grant of \$5,650,000 for FY 1979 funding and approving incremental funding of the Project up to \$16,000,000, subject to the availability of funds; and (ii) approve the above requested three waivers, certifying with respect to

the source/origin waiver to Geographic Code 899 (clause No. (1) above) that the exclusion of procurement from Free World sources would seriously impede attainment of U.S. Foreign policy objectives and the objectives of the Foreign Assistance Program.

APPROVED: P.M.

DISAPPROVED: _____

DATE: 12/14/78

Clearance:
GC:MBall MO/HW Date 12/6

LAC/DR: ^{WSR}WSRhodes:vc:12/5/78 Ext. 29162

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON

THE ADMINISTRATOR

PROJECT AUTHORIZATION AND REQUEST FOR ALLOTMENT OF FUNDS

Name of Country: Haiti
Name of Project: Rural Health Delivery System
Project Number : 521-0091

Pursuant to Part I, Chapter 1, Section 104 of the Foreign Assistance Act of 1961, as amended, I hereby authorize a Grant to the Republic of Haiti ("Grantee") of not to exceed Five Million Six Hundred Fifty Thousand United States Dollars (\$5,650,000) (the "Authorized Amount") to help in financing certain foreign exchange and local currency costs of goods and services required for the project hereinafter described. The project consists of (i) construction and renovation of rural dispensaries, warehouses, garage facilities and a health center; (ii) supplying and equipping such facilities; (iii) training rural health service delivery and support personnel; and (iv) provision of technical assistance to help implement these activities (the "Project").

I approve the total level of A.I.D. appropriated funding planned for this Project of not to exceed Sixteen Million United States Dollars (\$16,000,000), including the funding authorized above, during the period FY 1979 through FY 1983. I approve further increments during that period of Grant funding up to \$10,350,000, subject to the availability of funds in accordance with A.I.D. allotment procedures.

I hereby authorize the initiation of negotiation and execution of the Project Agreement by the officer to whom such authority has been delegated in accordance with A.I.D. regulations and Delegations of Authority, subject to the following essential terms and covenants and major conditions, together with such other terms and conditions as A.I.D. may deem appropriate:

I. Source and Origin of Goods and Services

Except as set forth in Section IV. hereof, goods and services, except for ocean shipping, financed by A.I.D.

under the Project shall have their source and origin in Haiti or in countries included in A.I.D. Geographic Code 941, except as A.I.D. may otherwise agree in writing. Ocean shipping financed under the Project shall be procured in the United States.

II. Conditions Precedent to Initial Disbursement

Except as A.I.D. may otherwise agree in writing, prior to the first disbursement, or to the issuance of documents pursuant to which disbursement will be made under the Project Agreement, the Grantee shall furnish to A.I.D., in form and substance satisfactory to A.I.D.:

- a. Evidence that a separate Project Account has been established at the National Bank of the Republic of Haiti for receipt of A.I.D. and Grantee local currency contributions to the Project; and
- b. A time-phased implementation plan for the Project which shall include a breakdown by year of the regions within Haiti in which the Project will be implemented and the activities that will take place within each such region.

III. Covenants

Except as A.I.D. may otherwise agree in writing, the Grantee shall covenant and agree to:

- a. Utilize all equipment and material financed under the Project only for purposes of the Project and for similar purposes after the life of the Project; and
- b. Provide all necessary resources to maintain delivery of community health services at or above levels attained under the Project after the Project has terminated, and to provide regular maintenance for all health facilities, equipment, vehicles and other non-expendable commodities financed under the Project.

