

AIRGRAM

DEPARTMENT OF STATE

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FROM - **MONROVIA**

SUBJECT - **NONCAPITAL PROJECT PAPER (PROP)**

REFERENCE -

NONCAPITAL PROJECT PAPER (PROP)

Country Liberia

Project No. 669-51-740-077

Submission Date July 2, 1970

Original June 1969 Revision No. 1

Project Title: **Public Works Development**

U.S. Obligation Span: **FY 1970 through FY 1972**

Physical Implementation Span: **FY 1970 through FY 1972**

Gross life-of-project financial requirements:

U.S. dollar \$656,500

Cooperating country cash contribution 228,500

Total \$885,000

OTHER AGENCY

State

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PAGE 1 OF 8 PAGES

DRAFTED BY

WAMcDonnell:mda

OFFICE

FW

PHONE NO. DATE

47 6/25/70

APPROVED BY:

William C. Wild, Jr., Director

AID AND OTHER CLEARANCES

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I. SUMMARY DESCRIPTION

During recent years the Government of Liberia has made substantial investments in the field of highways and roads throughout Liberia. Such investments include a substantial investment in capital plant and maintenance equipment valued at approximately 5.0 million dollars. The road net and road maintenance program that now exist in Liberia are inadequate, from the viewpoint of both road mileage and dispersion throughout the country. Further construction and upgraded maintenance programs are required to further the socio-economic progress of the country with attendant diffusion of economic and social benefits throughout the great mass of the population.

Construction and maintenance of an adequate highway net requires a high degree of managerial and technical skills to direct, operate and maintain not only the roads themselves but also the equipment of the physical supporting plant. The required managerial and technical expertise to create a fully viable organization is not available in the required numbers within the existing public works structure. Neither is there a sufficient quality or quantity of trained Liberian personnel elsewhere, in private industry or other governmental organizations, including the military, available to meet the requirements of the present and projected transport net.

Lack of the technical skills and of the necessary commodities to maintain and repair the road net and to maintain equipment in a regular and systematic manner, causes rapid deterioration with an intolerable depreciation rate.

Lacking professional managerial direction and necessary budgetary support, the road system and equipment will continue to deteriorate at an excessive rate. This will further contribute to an already serious burden upon the GOL's strained budget. Such deterioration will exert an inhibitory effect upon any plans for transformation of the rural economy and social structure.

This project will provide managerial and technical assistance in the construction of two rural access roads under AID Loan No. 669-R-016; the same assistance over the next 5 years in the construction of additionally planned roads; managerial and technical assistance in road and equipment maintenance requirements and limited commodity support through the FY 1969 project support loan all of which are directed toward the following broad objectives:

(1) The extension of the highway net, to diffuse social and economic amenities of a developing Liberia throughout the rural areas at an increasing rate, which will involve the rural population in the mainstream of development and national affairs in line with the "National Unification Policy".

(2) Assist the development of agricultural productivity through opening new lands to agriculture and commerce; eventually leading to greater Liberian self-sufficiency in food production.

The basic physical facilities comprising the road systems of Liberia consist of 1177 miles of primary roads, and 1455 miles of secondary, rural access, and farm-to-market roads. The heavy construction fleet of DPW represents an investment of approximately 4.5 million dollars of mobile equipment; an investment which is insufficient to adequately maintain the present road system.

The organization of the Department of Public Works generally follows the functional groupings set forth in the 1961 report by the Special Commission on Government Operations. However, due to limitations of budget, the personnel practices recommended in that report (including adequate pay, development of an adherence to personnel standards and reduction in the number of expatriate employees) has been unattainable. The "austerity budget" of GOL during recent years has almost precluded the establishment of adequate road and equipment maintenance procedures. Under these circumstances the road system is presently rapidly deteriorating and the mobile fleet of the Department is badly in need of repair and replacement. In some cases, maintenance equipment is beyond its economic life span and should be replaced. These major factors, addressed by this project, severely restrain the functions of the Department of Public Works in performance of its duties in connection with the road system and inhibit diffusion of socio-economic development throughout Liberia.

The general approach to the project would involve the employment of technical and managerial expertise in the Department of Public Works, a training element and budgetary support which is being eliminated after FY 1969 under the Project Support Loan. This project calls for the phasing out of the opex incumbent, now assistant to the Undersecretary for Operations, at the termination of his contract in August 1970. Two opex technicians, a Construction Engineer and a Master Mechanic are expected to be on board by June 1970. These two positions are planned to be extended for two tours or four years in total.

The UNDP and IBRD are sponsoring and financing a maintenance study which will take 12 months or more to complete. Based upon the findings and recommendations on maintenance reorganization and requirements at the completion of this study, consideration will be given to the addition of an OPEX Maintenance Engineer to this project. Depending upon the findings of the technicians employed and the completion of graduate studies in soils mechanics by a Liberian student due to receive a degree in civil engineering in the United States this year, an OPEX Materials Engineer will be added to the project for two years. Participant training will be continued and new professional participants will be substantially limited to graduate level studies and practical experience with State highway departments in the United States. Limited training at the subprofessional level will be continued.

II. SETTING

Realizing that an internal transportation system is necessary for the economic and social development and security of a country, the GOL must at the same time utilize its limited resources for both construction and maintenance activities. For practical purposes the road network provides the only method of rapid transport throughout the country. Lack of vehicular access to large portions of the country significantly retards economic and social development. Additionally, lack of proper maintenance procedures has led to accelerated deterioration of portions of the road network with a consequent detrimental effect on the economy.

The Liberian Government has recognized the necessity of improving the management and the technical capability of the Department of Public Works insofar as the construction and maintenance of the highway system is concerned. The "austerity budget" severely limits the funds available to the Department for activities and requires that maximum return be obtained from all funds expended. The shortage of well qualified Liberian technical and administrative employees creates a problem in the present functioning of the organization. Limitations of the DPW budget prevent the Department from obtaining necessary expatriate managerial and technical expertise through fully governmental funded contracts. The project proposes to assist in remedying this through OPEX type assistance in the fields of road construction and possibly maintenance.

Without such technical assistance and badly needed financial assistance, GOL would be unable to carry out its responsibilities toward the road net as well as it does. The lack of this required support would further delay economic and social development for the great mass of the Liberian people. It is essential that technical support be available during the construction of rural roads under Loan 669-H-016 to assure adequate contract supervision, backstopping, and training.

III. STRATEGY

It is axiomatic that an effective transportation system is a fundamental requisite for the growth, development, unification and security of any nation. In Liberia, the transportation system, or lack of such a system, affects the progress of practically every developmental project to some extent. Projects in the fields of public health, public safety, education, agriculture, and public works development at present are all adversely affected by the inadequate road network. In the private sector, commercial and industrial enterprises operate at a disadvantage due to the absence of, or poor condition of, the transportation network.

A. Recognizing the necessity for an adequate road network, it becomes apparent that two basic changes must occur if Liberia is to continue to develop at a reasonable rate, or at least on a par with other African countries. (1) Construction activities must continue at a reasonable pace with particular reference to gaining access to undeveloped areas of the country. (2) Roads must be maintained in order that the public and private sectors may benefit to the greatest extent possible and at the same time the Government minimize its costs due to depreciation.

(1) AID has recognized the desirability of assisting the Government of Liberia in opening new areas to social and economic development through both grants-in-aid and loans for construction of rural access roads. Within the next two years it is anticipated that 51 miles of rural access roads will be constructed under AID Loan number 669-H-016. In addition, the Government plans further moderate expansion of the access road network through Force Account construction. Since the beginning of this project ID has assisted the GOL in the design and construction of such roads by providing contract technicians, first as advisors and later as OPEX personnel, to increase the Department's capability in this type of activity. Additional assistance for such construction has been given under project support loans 669-H-010, 012, 015 and 018.

Future response to this problem will be essentially limited to technical assistance in the field of construction and to assistance under loans. Specifically, while DPW has now achieved a reasonable design capability, further technical assistance is required in actual construction procedures and contract administration, as well as financial assistance for such construction.

(2) The Department of Public Works and Utilities has been unable to carry out an effective maintenance program due to lack of funds, managerial expertise, equipment, and technical capability. To adequately maintain the system of roads, assistance must include financial elements designed to provide logistical support for the Department's mobile fleet, financial assistance for the purchase of basic commodities and technical assistance designed to assure maximum return for all funded inputs.

Technical assistance must include expertise in highway and equipment maintenance and in the engineering use of native materials for highway construction and maintenance. Realizing that many deficiencies exist in the present maintenance organization and its operations, the DFW&U is about to negotiate a maintenance study contract sponsored and financed through the UNDP and the IBRD. The contract is expected to be awarded in June 1970 and will encompass a countrywide study over a period of 12 or more months. The findings and recommendations of this study will undoubtedly result in a complete reorganization of the Maintenance Division of the DFW&U.

B. Alternate methods exist for the solution of both above (1) and (2) problems. The first of these alternatives would be for GOL to contract directly with a large construction firm for construction and maintenance activities within the country. Although this would be a valid concept if only short run advantage were desired, there would be little if any long-run improvement in the developmental, managerial, administrative, and technical capabilities of DFW. Thus, only immediate benefit during the life of the contract would accrue to developmental activities in Liberia.

The second alternative solution would address the overall problems of inadequate budgets and a lack of managerial, technical and administrative expertise through a large, multi-year development loan. Such a loan would necessarily be of sufficient magnitude to allow the Department to purchase a large quantity of construction and maintenance equipment, commodities and necessary expatriate capability under contract. A solution of this type, controlled by the Department would allow assignment of Liberian personnel directly to these activities and would serve as a training ground for future Liberian take-over of the entire activity. Such a loan would of necessity be of great magnitude, probably on the order of \$20,000,000 over the next five years. A project of this type, but more limited in scope, is currently under discussion between GOL and IBRD. Meanwhile, our approach remains as stated in III-A (1) and (2) above.

IV. PLANNED TARGET, RESULTS & OUTPUT

The anticipated results of this project can be classed as short-term and long range objectives. The short-term objectives are: (1) To assist the GOL in the construction of 100 miles of rural access roads over the next four years by providing financial assistance and an OPEX Construction Engineer to institute sound construction procedures, and (2) to provide an OPEX Master Mechanic to assist in maintaining equipment used for construction and maintenance activities. The long-range objectives are: (1) To improve the capability of the DFW&U in planning road projects and in all operational procedures leading to balanced construction and

maintenance programs for a transportation network based on both the needs and resources of the country, (2) in the technical and managerial positions required for road construction and maintenance activities.

AID assistance is envisioned for this project for a period of six years. At the end of that period, it is anticipated that sufficient progress will have been made in meeting the objectives to allow the Department to Liberianize its staff almost completely. The project will be annually reviewed by USAID and the Department of Public Works to evaluate the Department's capability to meet its technical, staff, and financial requirements.

V. COURSE OF ACTION

It is proposed that two contract personnel, a Construction Engineer and a Master Mechanic be furnished to the DFW&U as OPEX personnel in FY 1970. When the UNDP/IBRD maintenance study is completed and if the report indicates the need for a Maintenance Engineer, it is proposed that another OPEX type be recruited, most likely in FY 1972. Also, when graduate studies in Soils Mechanics are completed in the U.S. by a Liberian Engineer, it is proposed that an OPEX type Materials Engineer be recruited in early FY 1972. The incumbent positions are estimated to begin and phase out as follows:

<u>Position</u>	<u>Physical start</u>	<u>Physical completion</u>
Construction Engineer	5/70	4/74
Maintenance Mechanic	5/70	4/74
Maintenance Engineer	1/72	6/75
Materials Engineer	3/72	4/74

Participant training will be continued throughout the life of the project but the emphasis will be shifted to post-graduate specialized and practical training for professionals and third-country training for non-professionals.

Financial assistance in the form of project support loans terminated in FY 1969. No additional PSL program is planned for this project.

The estimated cost with USAID and GOL inputs are as follows:

USAID contribution:		
(a)	13½ technician man/years at \$43,000	\$580,500
(b)	participant training	56,000
(c)	other costs	20,000
		<u>\$656,500</u>

GOL contribution:

(1)	Funding for Portion of Technicians' Salaries	\$60,750
(2)	Counterpart Salaries	60,750
(3)	Gas, oil, spares, and vehicles for travel	25,000
(4)	Logistic support	82,000
		<u>\$228,500</u>

It should be noted that in the figures presented above, costs for personnel services is based on USAID experience for contracts of a similar nature.

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TO - AID/W TOAID A- 238

FROM - Monrovia

SUBJECT - Public Works Development PROP - 669-51-740-077

REFERENCE - Unclass State 121836

Per Refdal, A-1 and A-2 for subject PROP are submitted herewith.

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PAGE 1 OF 1 PAGES 1

DRAFTED BY WAMcDonnell:m2a	OFFICE FW	PHONE NO. 47	DATE 8/5/70	APPROVED BY: John F. Moller, Chief Engineer
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PR *[Signature]*

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NONCAPITAL PROJECT FUNDING (OBLIGATIONS IN \$000)

PROP DATE No/Day/Yr

Table 1

Page 1 of 2

Original

COUNTRY: Liberia

Project Title: Public Works Development

Rev. No. 1 7/2/70

Project No. 669-51-740-077

Fiscal Years	Ap	L/C	Total	Cont ^{1/}	Personnel Serv.			Participants		Commodities		Other Costs	
					AIT	PASA	CONT	U.S. Agencies	CONT	Dir U.S. Ag	CONT	Dir & U.S. ag	CONT
Prior through Act. FY 69	TC	G	4491	1955	808	48	1337	170	-	626	-	884	618
Oper. FY 70	"	"	27	-	-	-	-	27	-	-	-	-	-
Budg. FY 71	"	"	111	85	-	-	85	21	-	-	-	5	-
B + 1 FY 72	"	"	135	129	-	-	129	1	-	-	-	5	-
B + 2 FY 73	"	"	177	172	-	-	172	-	-	-	-	5	-
B + 3 FY 74	"	"	91	86	-	-	86	-	-	-	-	5	-
All Subs.			-	-	-	-	-	-	-	-	-	-	-
Total Life													

^{1/} Memorandum (nonadd) column

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Table 1
Page 2 of 2

Exchg rate \$1- 2 / \$1.00

Project No. 669-51-740-077

Fiscal Years	AID-controlled		Other Cash Contribution Cooperating Country <u>4</u> /	Other Donor Funds <u>5</u> / (\$ equiv.)	Food for Freedom Commodities <u>6</u> /		
	Local U.S.- owned	Currency Country- owned <u>3</u> /			Metric Tons (000)	OOC Value & Freight (\$000)	World Market Price (\$000)
Prior through Act. FY 69			*16,611	*502			
Oper. FY 70			* 3,400	*3,500			*Total Budget figures for all programs under Dept. of Public Works and Utilities.
Budg. FY 71			33	-			
B + 1 FY 72			42	-			
B + 2 FY 73			66	-			
B + 3 FY 74			66	-			
All Subs.			22	-			
Total Life							

2/ As of preparation date.

3/ E.g., counterpart, describe in footnote.

4/ Describe in-kind contributions in narrative.

5/ Footnote names, for food projects or food elements of project, include voluntary agencies here as appropriate.

6/ Identify commodities and approximate tonnages included in a footnote.

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FROM - AID/W

SUBJECT - Public Works Development PROP, 669-51-740-077

REFERENCE - (A) TOAID A-194; (B) TOAID A-238

AID/W is concerned that the subject PROP proposes an expansion from two to four technicians, although it is not presented as being within a sector of concentration. The PROP appears to propose continuation of generalized OPEX personnel to the Department of Public Works despite a substantial shortfall in GOL support for the ^{project}PROP, page 5, final paragraph, and the PAR).

This project was not mentioned in the Country Field Submission as either a terminating activity or one within a sector of concentration. However, to the extent that it provides for rural road construction it would in fact be an important element in the successful implementation of AID's agricultural sector strategy either directly or through strengthening the central departmental organization. It would appear that development of small farm agriculture would certainly require an alleviation of the constraints of transportation.

The Mission is encouraged to reshape and resubmit a proposal in light of this strategy. If in the Mission's judgement the project cannot be so designed within the level of resources available to us and with the likely degree of GOL support of road construction and maintenance, the project should be phased out upon the completion of tours of the present operational personnel. If the Mission reaches this finding, it should consider whether the alternative approaches to meeting the objectives of the agricultural sector strategy will be adequate. On the other hand, if the Mission determines that the project may be redesigned to reflect more

PAGE 1 OF 2 PAGES

DRAFTED BY RAMendosa:jh	OFFICE AFR/CWA	PHONE NO. 28504	DATE 9/16/70	APPROVED BY: 30ChrLstmas:AFR/CWA Acting Deputy Director Congo/Ghana/Liberia Desk
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specific objectives within an approach which can encourage the GOL to make the commitments necessary for effective project support and implementation, AID/W would welcome the new PROF submission.

The subject PROF^{is} also technically inadequate to the extent that it varies from the coverage provided by M.C. 1025.1 and this should be rectified in the new submission.

ROGERS