

UNCLASSIFIED
Department of State

OUTGOING
TELEGRAM

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PAGE 01 STATE 303912
ORIGIN AID-33

7524

STATE 303912

INFO OCT-01 NEA-10 EB-08 IGA-02 QES-07 /061 R

DRAFTED BY NE/CD: WAFRASER: JA
APPROVED BY NE/CD: SATABENBLATT
NE/EI: GKAMENS (INFO)
NE/CD: THLUSTIG (DRAFT)
NE/GC: GBISSON
NE/CD: DJBRENNAN

DESIRED DISTRIBUTION
7T ACTION NE CHRON 1 3 6 8 INFO GCNE RS GC GCFLD FM AATA CMGT CTR
OST JJP

-----117921 211922Z /40

P 211842Z DEC 77
FM SECSTATE WASHDC
TO AMEMBASSY CAIRO PRIORITY

UNCLAS STATE 303912

AIDAC

E. O. 11652: N/A

TAGS:

SUBJECT: NATIONAL ENERGY CONTROL CENTER LOAN 263-K-037

REF: (A) CAIRO 21505 (B) CAIRO 21550

1. HARRIS COMPLAINT: RESOLUTION OF HARRIS COMPLAINT CONTINUES TO BE PRIME LIMITING FACTOR TO AID CONTRACT APPROVAL. HARRIS ADVISES IT WILL SUBMIT O/A DEC. 23 RESPONSE TO DATA PROVIDED BY EEA/GILBERT WHICH DISCUSSED HARRIS' TECHNICAL DEFICIENCIES. TIME NEEDED TO ANSWER HARRIS UNDETERMINABLE AT THIS JUNCTURE BUT COULD RUN TWO MONTHS OR LONGER THOUGH AID WILL MAKE BEST EFFORTS TO COMPRESS. WHILE AID/W HOPES TO BE IN BETTER POSITION TO CONCLUDE HEARING AFTER HARRIS RESPONSE RECEIVED, AID MAY NEED INDEPENDENT EXPERT ADVICE TO ADEQUATELY ADDRESS TECHNICAL ASPECTS OF HARRIS PROPOSAL.

2. OVERHEAD AND G&A: REFTEL B ASKS AID/W TO SEEK VERIFICATION OF CDC, AND G.E., OVERHEAD RATE AND G&A RATE. AFTER FIRST CHECKING WITH DCAA AND FINDING THAT IT DOES NOT HAVE ANY OVERHEAD DATA ON EIER

CDC AUTOCON DIV. OR G.E. POWERLINE CARRIER DIV., WE DISCUSSED NEED FOR EVIDENCE VERIFYING RATES WITH RICHARD POWERS OF CDC. HE ADVISES ITS CPA FIRM (PEAT, MARWICK, MITCHELL) CAN PROVIDE VERIFICATION.

WE ADVISED CDC, IT ESSENTIAL IT PROVIDE CLEAR EVIDENCE SUBSTANTIATING RATES BEFORE AID COULD APPROVE CONTRACT AND BEFORE EGYPTIANS WOULD BE IN POSITION TO EXECUTE CONTRACT. CDC/POWERS ADVISED US NEGOTIATING TEAM DUE BACK IN HOME OFFICE ON WEDNESDAY, DEC. 21 AND THAT CDC WOULD BE BACK TO US FOLLOWING DISCUSSIONS WITH TEAM LEADER S. TART.

3. ADDITIONAL FUNDING NEEDED: SINCE ADDITIONAL FUNDING REQUIREMENT NOT YET FIRM, NOR WILL IT BE FIRM UNTIL CONTRACT FULLY NEGOTIATED, AID CANNOT BEGIN PROCESSING PP AMENDMENT (INCREASE) OR NOTIFICATION TO HILL. WHILE SOME CONTINGENCY AMOUNT PROBABLY SHOULD BE ADDED TO ADDITIONAL AMOUNT CURRENTLY ANTICIPATED TO FULLY FUND CDC CONTRACT,

FIXED PRICE OF CONTRACT NOT CERTAIN UNTIL FULLY EXECUTED AND FUNDING NEEDS OVER AND ABOVE 24 MILLION ALREADY APPROVED NOT CLEAR.

PD-AAC-258

4. WE WILL ADVISE USAID FURTHER AFTER CDC CALLS US AS MENTIONED PARA TWO ABOVE. VANCE

263-023

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