

**PARTIAL DESIGN DOC.
GRANT PAPER**

4980206③
FD-440-963-B1
December 22, 1972

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR, SUPPORTING ASSISTANCE BUREAU

THRU: Mr. Charles Breecher, SA/PPB *CB*

FROM: SA/RD, Kenneth Rabin *KR*

20p

Problem: To increase the US contributions to the Mekong Committee's Delta Hydrology Project and to the Mekong Cargo Handling Project to cover unforeseen costs.

Discussion: On June 9, 1972, the Coordinator, Supporting Assistance approved a contribution of \$44,000 to the Mekong Committee's Delta Hydrology project (Tab A). The US funds supplied for this purpose are to provide items of hydrologic equipment that can only be supplied by the US Geological Survey. Funds were allotted to the field and a PIO/C for \$38,900 was issued on August 2, 1972 (Tab B). Now it appears that the budget drawn up by US Geological Survey did not include shipping costs and RED requests an additional allotment of \$11,000 to cover the cost of transportation (para 2, TAB C).

In addition, cost overruns have been incurred and new requirement identified on the Mekong Committee's Cargo Handling Project. This activity was funded over a two year period (1971: \$216,000; 1972: \$67,000). Devaluation of the Kip portion of the project's budget and inflation have created a cost overrun of about \$23,000. In addition, it has been found necessary to provide Rip-RAP protection to the top of the five remaining cargo ramps in Laos to insure the durability and longevity of the ramps. This additional work, estimated at about \$27,200, plus the overruns mentioned above and a small contingency amount require a total of \$50,000 to complete the activity (See budget, Tab D).

Because of some recent reductions in cost estimates of other Mekong Basin Development sub-activities, we believe we can absorb these additional costs within our current OYB.

Recommendation: That you authorize an additional allotment of \$61,000 to cover the increased cost of the US contributions to the Mekong Committee's Delta Hydrology Project and the Mekong Cargo Handling Project.

Approved *Garnett G. Zimierley*

Clearance: SA/RD:B.Wood (draft)

Disapproved

Date 12/27/72

SA/RD:HGruppe:jpm:12/22/72



EMBASSY OF THE
UNITED STATES OF AMERICA
Regional Economic Development Office
Bangkok, Thailand

220-4030

January 31, 1974

Mr. W.J. van der Oord
Executive Agent
Mekong Coordinating Committee
Mekong Annex, Kasatsuk Bridge
Bangkok 5, Thailand

Dear Mr. van der Oord:

Pursuant to Mr. Macaspac's letter of 03 July 1973, MP/A 1612 TEC 322(5-5) and the Plan of Operation Navigation Improvement Ports and Ferry Ramps, E/CN.11/WRD/MKG/L.388, dated December 1973 I am pleased to inform you that the United States Government (USG) through the Agency for International Development (AID) herein represented by the Regional Economic Development Office (RED), American Embassy, Bangkok hereby grants U.S. \$85,000 to the Mekong Coordinating Committee to finance the construction of three new ramps as described in the above Plan of Operation and as set forth in the budget therein. This Plan of Operation is hereby incorporated into this Agreement as "Annex A."

This grant is in addition to the grant of U.S. \$215,870 made available by the USG-Mekong Committee Letter of Agreement dated 03 May 1971, and the grant of U.S. \$50,000 made available by the USG-Mekong Committee Letter of Agreement number 220-3034 dated 28 February 1973. It is agreed that construction of these three ramps will be the final construction in this series. No additional Mekong River mainstream ramps sponsored through the Mekong Committee are required or projected by either the Mekong Committee or the Governments concerned at this time. This unusual extension of this activity was necessitated by the unanticipated volume of refugees being settled in the areas to be served by these proposed ramps, and the prospect of increasing the foreign exchange earnings of the Royal Lao Government (RLG) through facilitating the export of forest products.

The funds granted herein may be used for the purposes described above and shall be available for obligation no later than 30 June 1974, and for expenditure no later than 31 December 1975 without the written approval of RED.

This Agreement also is subject to the following:

1. No line item in the budget as set forth in Appendix I of the Plan of operation shall be increased or decreased by more than 15 percent without the prior written approval of RED.

2. The Mekong Coordinating Committee shall maintain suitable controls with respect to the administration of these grant funds which shall be maintained in a separate, identifiable account open to inspection, on request, by duly accredited officers of the USG. The parties to this Agreement, during the term of the Agreement and for three years following final disbursement or deobligation of this Grant (whichever takes place last), shall have the right to inspect and audit any records and accounts with respect to funds herein provided wherever such records may be located and maintained.

3. The Mekong Coordinating Committee shall submit quarterly progress reports during the period for which these funds are made available. These reports shall include, in addition to a statement of construction progress, the following by the Plan of Operation budget line item: the amount of funds granted, funds received, funds expended prior to the period, funds expended during the period, and unexpended balances.

4. The Mekong Coordinating Committee shall furnish a final consolidated report which includes the final financial report of the status of funds granted herein. This report shall include the following by the Plan of Operation budget line item: the amount of funds granted, funds received, funds expended, and unexpended balances.

The final consolidated report shall be due by no later than 31 January 1976 without the written approval of RED. The Mekong Coordinating Committee shall, at the same time, return to the USG any funds which are not used for the purposes specified in this Agreement or any funds which remain unused at the end of the period unless otherwise agreed in writing by RED.

5. The Mekong Coordinating Committee shall deposit in a separate account for the United States Treasury any interest earned on funds made available by this Agreement and shall return such interest at the time the financial report referred to in paragraph (4) is submitted.

6. Any commodities financed under this Grant must be of U.S., Thailand or Laos source and origin unless otherwise agreed in writing by AID. The USG, through RED and US AID/

Laos, may assist in procurement of selected goods or services which require funds provided under this Agreement, and for which it is mutually agreed that such assistance is essential to the achievement of project objectives.

This letter and your acceptance of its terms by signature in the space below will constitute an Agreement between the Executive Agent on behalf of the Mekong Coordinating Committee and the USG and will be the basis for the transfer of funds to the Mekong Coordinating Committee in accordance with the terms hereof.

Sincerely,


Harry J. Petrequin
Acting Director


_____ date 31 Jan. 1974
ACCEPTED and APPROVED for
The Mekong Coordinating Committee
by Mr. W. J. van der Oord
Executive Agent

**UNITED NATIONS
ECONOMIC
AND
SOCIAL COUNCIL**



DRAFT



E/CN.11/WRD/MKG/L. 388

December 1973

ORIGINAL : ENGLISH

UNITED NATIONS

ECONOMIC COMMISSION FOR ASIA AND THE FAR EAST

Committee for Co-ordination of Investigations
of the Lower Mekong Basin
(Khmer Republic, Laos, Thailand and the
Republic of Viet-Nam)

PLAN OF OPERATION
NAVIGATION IMPROVEMENT
PORTS AND FERRY RAMPS

1. INTRODUCTION

1.1 The Mekong Project seeks the development of the water resources and related resources of the Lower Mekong Basin in terms of hydro-electric power, irrigation, navigation improvement, flood control, and other related benefits. The Mekong Project is directed by the Committee for Co-ordination of Investigations of the Lower Mekong Basin (Mekong Committee), which the four Lower Mekong Riparian Governments (Khmer Republic, Laos, Thailand and the Republic of Viet-Nam) established in 1957 as an autonomous intergovernmental agency under the aegis of the United Nations Economic Commission for Asia and the Far East (ECAFE). The Committee consists of four plenipotentiary representatives, one from each of the four countries, and is authorized to promote, co-ordinate, supervise, and control the planning and investigation of water resource projects in the Basin. In 1959, the Committee appointed an Executive Agent for the day-to-day management of the Project. The Executive Agent performs his duties in close liaison with ECAFE. He heads a Secretariat, which is supported by UNDP and several co-operating countries and agencies. The work of the Committee and its Secretariat is divided into basic data collection, basinwide planning, mainstream projects planning, tributary projects planning, navigation improvement, flood control, agricultural development and ancillary projects including experimental and demonstration farms, mineral surveys, power market projections, technical and economic training, and social development and public health. As of the end of June 1973, resources of some US\$261 million equivalent had been pledged to projects sponsored by the Committee by 25 countries, 16 UN Agencies, 5 Foundations, and several private businesses. In addition, both the World Bank and the Asian Development Bank are assisting the Committee.

The Mekong Project seeks to advance the welfare of the people of the Basin without distinction as to nationality, religion or politics. In 1966, the Committee and its co-operating entities received the Ramon Magsaysay Award for International Understanding.

/Background

Background

1.2 Among the many activities covered in the programme for navigation improvement such as hydrography, channel marking, improvement of cargo handling facilities, shipyards, improvement of river craft design, pilot training, study on a basinwide canal system, bridges and basinwide transportation survey, attention is being given to the renovation or construction of ports and ferry landings along the Mekong River and to minor channel improvements which can be considered as a direct and effective means of improving navigation in difficult stretches while waiting for major improvements which would eventually result from the mainstream dam projects planned by the Mekong Committee.

1.3 In July 1968, Transportation Consultants Inc. (TCI) completed a report entitled "Feasibility Study of Ports, Cargo Handling and Boatbuilding Facilities, Mekong River, Thailand and Laos". This study, which was financed by a United States grant to the Mekong Committee, recommended a large-scale programme covering : channel improvement at critical locations; the construction of cargo handling facilities; the modernization of vehicular ferry systems; and passenger landing improvements. The report was subsequently reviewed by a consultant in the light of current traffic flows along and across the Mekong, which review revealed that a series of small transportation and navigation improvement projects would benefit both existing cross-haul and line-haul traffic. Practical, straightforward solutions to problems of Mekong River transport, as opposed to larger capital-intensive construction and costly equipment procurement, were therefore recommended.

1.4 During the 52nd session of the Committee (20-30 April 1971), a Plan of Operation (E/CN.11/WRD/MKG/L.322 Rev.1) was signed providing for United States Government assistance in improving ferry and ramp facilities on the Mekong at seven sites in Laos, and two in Thailand. This work is now nearing completion and it is expected

/that

that it will be concluded by the end of 1974 at all nine sites. The present Plan of Operation provides for additional United States financial assistance for construction of the proposed ferry ramps at the three new sites described in section 2 below.

2. PURPOSE AND DESCRIPTION

Objectives

2.1 In Laos, in the vicinity of Ban Thon Pheung - Ban Done Savanh (proposed site indicated on attached sketch-map - Appendix III) will be built a concrete-paved port/ferry ramp (7 m width) with an appropriate bank protection.

2.2 In Thailand, at Chiang Saen and Chiang Khong districts of Chiang Rai province (proposed sites indicated on attached sketch-map - Appendix IV) will be built two concrete-paved port/ferry ramps (7 m width) with an appropriate bank protection.

2.3 All three ramps will lead at the top to a marshalling area (parking place).

3. PRIOR OBLIGATION

3.1 Ramp facilities are to be constructed in accordance with plans developed by the Ministry of Public Works in Laos and by the National Energy Administration in Thailand, and reviewed by USAID/Laos and USOM/Thailand respectively, by the Regional Economic Development, US Embassy, Bangkok, and by the Mekong Secretariat in both cases, and are subject to AID/Washington review and approval. The submission and review of such plans shall precede any disbursement of funds in each case.

/4. WORK PLAN

4. WORK PLAN

Financial support from the Government of the United States

4.1 For the purpose of implementing this project, it is expected that the Government of the United States, through RED, United States Embassy, Bangkok, will make available as a grant to the Mekong Committee the sum of US\$85,000, or equivalent in Laos or Thai currency, for the financing of the work described in Appendix I. It is expected that the funds will be made available to the Executive Agent of the Mekong Committee under a letter of agreement containing the terms of the grant, which is to be concluded between the Executive Agent on behalf of the Mekong Committee and the appointed representative of the United States Government and which will be subject to acceptance by the United States Government of the plans submitted by the Governments of Laos and Thailand as specified in 3.1, above.

Obligations of the Government of Laos

4.2 The Government of Laos undertakes to appoint the Ministry of Public Works as the executing agency for the project and to :

- (a) provide a plot of land for the construction of the ramp and marshalling area in Ban Done Savanh;
- (b) construct a road connecting the ramp site to the main road which runs between Ban Houei Say and Ban Thon Pheung;
- (c) prepare topo-hydrographic surveys at scale 1:500 for the Ban Done Savanh site;
- (d) design and submit plans for the port/ferry ramp;
- (e) provide all equipment and labour and pay for the cost thereof, and for all construction works as shown in Appendix II;
- (f) allow duty-free and unrestricted import of any materials which might be purchased outside of Laos for the purposes of the project;

/(g)

- (g) report monthly to the Executive Agent of the Mekong Committee on the progress of work during the construction period.

Obligations of the Government of Thailand

4.3 The Government of Thailand undertakes to appoint the National Energy Administration as the executing agency for the project and to :

- (a) provide a plot of land for construction of the ramps and marshalling areas at Chiang Saen and Chiang Khong;
- (b) construct or improve roads connecting two ramps to the main roads;
- (c) prepare topo-hydrographic surveys at scale 1:500 for the two ramp sites;
- (d) design and submit plans for the two port/ferry ramps;
- (e) provide all equipment and labour and pay for the cost thereof, and for all construction works as shown in Appendix II;
- (f) report monthly to the Executive Agent of the Mekong Committee on the progress of work during the construction period.

Obligations of the Mekong Committee

4.4. The Mekong Committee, through its Executive Agent, undertakes to receive and administer the project funds to be made available by the United States Government for the project. To these ends the Executive Agent shall :

/(a)

- (a) open, and operate according to sound business practice, a special account or accounts with an officially recognized banking institution in Bangkok (and, if he deems it necessary, Vientiane);
- (b) maintain accounts showing and supporting all vouchers submitted for payment;
- (c) submit to RED, United States Embassy in Bangkok, monthly statements of accounts;
- (d) submit to RED, United States Embassy in Bangkok, a closing statement of accounts and remit any credit balance upon completion of the project.

Organization

4.5 Project implementation shall be the responsibility of the national executing agencies. Co-ordination and supervision of the project shall be undertaken by the Executive Agent of the Mekong Committee, in consultation with the RED, United States Embassy and USOM/Thailand in Bangkok, and with USAID/Laos in Vientiane.

Schedule of Operations

4.6 The national executing agencies shall proceed with their prior obligation, as specified in section 3, above, following which the project shall begin operations.

4.7 Following signature of the Plan of Operation, it is expected that the United States Government, through its Embassy in Bangkok, will conclude the letter of agreement with the Mekong Committee, as provided for in paragraph 4.1 above, and make available the amount of grant specified in paragraph 4.1 above, or an advance to be subsequently made up to the amount of the full grant, as may be agreed.

4.8 It is anticipated that at the end of the 1975 dry season, the two Thai ramps and the Lao ramp will be completed.

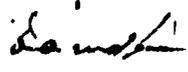
4.9 During the course of project implementation, free rights of access to the project sites for the purpose of supervising the project implementation shall be granted to the representatives of RED, United States Embassy Bangkok, USAID/Laos, USOM/Thailand and the Mekong Committee.

5. REPORTS

5.1 The Executive Agent of the Mekong Committee shall provide the RED office of the United States Embassy and USOM/Thailand in Bangkok, as well as USAID/Laos, with quarterly progress reports, and with a final project report, in triplicate.

6. SIGNATURES

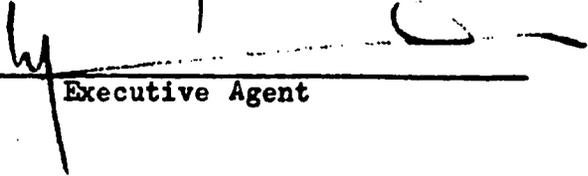
6.1 Approved by the undersigned :

Date: 31 Jan 74 
For the Government of the Khmer Republic

Date: 31 Jan 74 
For the Government of Laos

Date: 31 Jan 74 
For the Government of Thailand

Date: 31 Jan 74 
For the Government of the Republic of Viet-Nam

Date: 31 Jan 74 
Executive Agent

APPENDIX I

UNITED STATES GOVERNMENT GRANT FOR PORT/FERRY RAMPS
(Material costs only)

Port/ferry ramps

		<u>Laos</u> <u>US\$</u>	<u>Thailand</u> <u>US\$</u>
1.	Chiang Saen	--	30,000*
2.	Chiang Khong	--	28,000
3.	Ban Thon Pheung	27,000*	--
	TOTAL :	<u>27,000</u> =====	<u>58,000</u> =====

* As accurate surveys or designs are not yet available for Chiang Saen and Ban Thon Pheung, ramp cost estimates are based on the Chiang Khong figure.

APPENDIX II

ESTIMATED LOCAL CONSTRUCTION COSTS IN US DOLLARS
(Equipment and labour costs)

A. Counterpart funds contributed by the Government of Laos

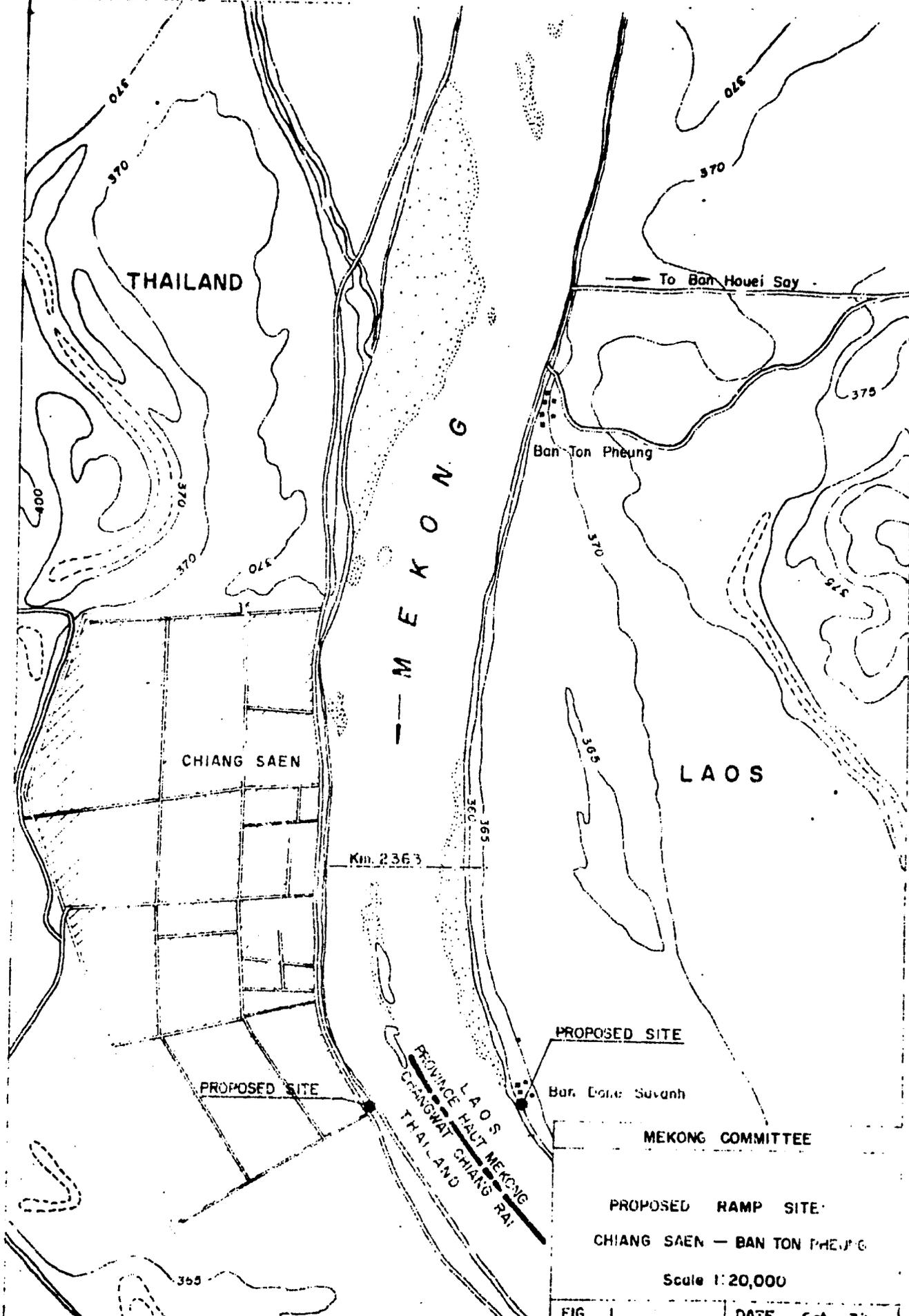
1. Port/ferry ramp at Ban Thon Pheung US\$20,000*

B. Counterpart funds contributed by the Government of Thailand

1. Port/ferry ramp at Chiang Saen US\$27,000*

2. Port/ferry ramp at Chiang Khong US\$12,500

* As accurate surveys or designs are not yet available for Chiang Saen and Ban Thon Pheung, ramp cost estimates are based on the Chiang Khong figure.



PROPOSED SITE

Ban Dong Savanh

MEKONG COMMITTEE

PROPOSED RAMP SITE
CHIANG SAEN - BAN TON PHEUNG

Scale 1:20,000

FIG 1	DATE: Oct. 73
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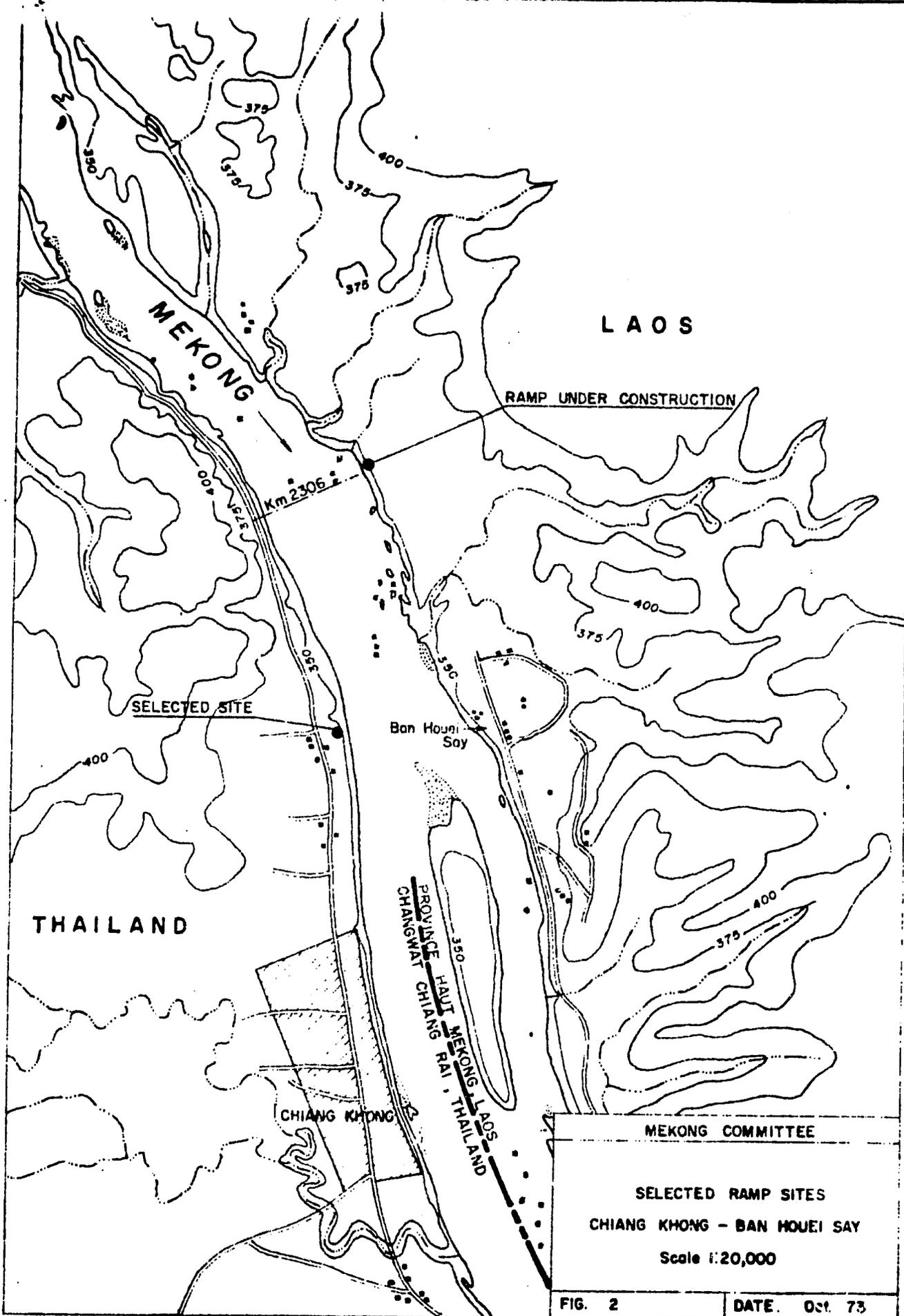


FIG. 2

DATE. Oct. 73



EMBASSY OF THE
UNITED STATES OF AMERICA

220-3034

February 28, 1973

Mr. W. J. van der Oord
Executive Agent
Mekong Coordinating Committee
Pibultham Villa
Bangkok

RECEIVED
MAR 3 1973
A.M. 10:10
LAIRD

Dear Mr. van der Oord:

I am pleased to advise you that in respect to the Mekong Committee Plan of Operations, E/CN.11/WRD/MKG/L.322, dated 07 January 1971, the Government of the United States hereby agrees to grant up to \$50,000 to the Mekong Coordinating Committee to complete the construction, upgrading, and additional bank protection work on the Mekong River Ports and Cargo Handling Facilities and to cover cost overruns which have resulted from inflation and devaluation.

This grant, an addition to the grant of \$215,870 made available by the USG-Mekong Committee Letter of Agreement dated 03 May 1971, is in response to Mekong Secretariat letter to the Regional Economic Development Office of the US Embassy, MP/A2250, dated 24 November 1972, which sets forth by ramp site the amounts of cost overruns and the estimates for the added bank protection deemed necessary by the Mekong Secretariat and the Royal Lao Government to complete this activity.

The funds granted herein may be used for the items in the attached budget (Attachment A) and shall be available for expenditure through 31 December 1974 but not thereafter without the written approval of the Office of Regional Economic Development (RED).

In addition, this grant is made subject to agreement by the Mekong Committee to the following:

1. No line item in the attached budget shall be increased or decreased by more than 15 percent without the prior written approval of the Office of Regional Economic Development.

2. The Mekong Committee shall maintain suitable controls with respect to the administration of these grant funds which shall be maintained in a separate, identifiable account open to inspection, on request, by duly accredited officers of the U.S. Government. The parties to this agreement during the term of the agreement and for three years following final disbursement or deobligation of this grant (whichever takes place last), shall have the right to

inspect and audit any records and accounts with respect to funds herein provided, wherever such records may be located and maintained.

3. During the period for which this grant is made available the Mekong Committee shall submit a quarterly progress report showing the utilization and status of funds provided by this grant. The report shall include the amount of funds granted, funds received, funds expended (by budget line item) prior to the current quarter, funds expended during the quarter (by budget line item) and un-expended balances.

4. Any funds which are not used for the purposes specified in this grant agreement or any funds which remain unused at the end of the period shall be returned to the U.S. Government unless otherwise agreed in writing by the Office of Regional Economic Development. In this connection, by no later than 31 March 1975, the Mekong Committee shall furnish a final consolidated report on the status of funds granted herein and at the same time forward to RED any funds properly returnable to the U.S. Government under the terms of this agreement.

5. Any interest earned on funds made available by this grant shall be held in a separate account for the United States Treasury and shall be returned to the U.S. Government at the time the financial report referred to in paragraph (4) is submitted.

6. International air travel purchased with funds from this grant will be by U.S. carrier at economy rates, unless an American carrier is not available or such travel cannot be carried out expeditiously in relation to project needs. In the event non-U.S. carrier is used or other than economy rates provided, a memorandum explaining the reason will be prepared setting forth the reason for such use.

7. Unless otherwise agreed in writing by A.I.D., any services or commodities paid for with U.S. dollars must be of U.S. source and origin. If it is necessary to obtain locally a limited amount of supplies and commodities under this grant, a request giving the justification must be submitted to RED, and approval received prior to the expenditure of funds. In any event, any commodities will be of free world origin. The United States Government, through RED, may assist in procurement of selected goods or services which require funds provided under this grant and for which it is mutually agreed that such assistance is essential to the achievement of project objectives.

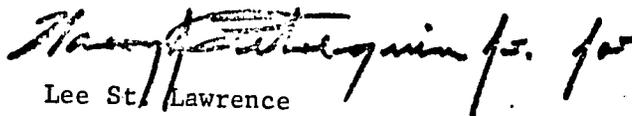
Mr. W. J. van der Oord

-3-

8. Prior to disbursement of the funds granted herein, it will be necessary for the Office of Regional Economic Development to review and approve the construction plans and modifications to construction plans approved heretofore.

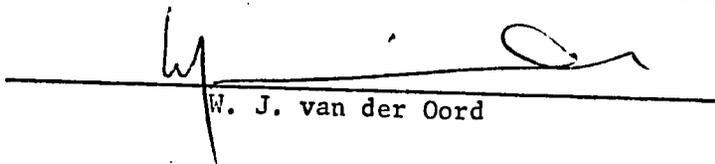
This letter and your acceptance of its terms by signature in the space below will constitute an agreement between Mr. W. J. van der Oord on behalf of the Mekong Committee and the U.S. Government and will be the basis for the transfer of funds to the Mekong Committee as soon as practicable.

Sincerely,



Lee St. Lawrence
Counselor of Embassy
for Regional Affairs

ACCEPTED AND APPROVED FOR THE MEKONG COMMITTEE:



W. J. van der Oord

date: 27 Febr. 1973

Attachment A

<u>Location</u>	<u>Item</u>	<u>Amount</u> <u>(\$ US)</u>
Pakse-Muang Kao	Overrun	\$ 1,794
	Extension of bank protection	1,327
Savannakhet	Overrun	1,102
	Repairs of cracks in the bank protection	934
	Reconstruction and strengthening of toewall	6,000
	Extension of bank protection	4,000
Thakhek	Additional funds needed	2,288
	Extension of bank protection	4,200
Luang Prabang	Additional funds needed	1,613
	Extension of bank protection	5,000
Thadeua (Sayabouri)	20 per cent increase in original estimate	4,000
	Extension of bank protection	5,000
Ban Houei Sai	20 per cent increase in original estimate	3,500
	Extension of bank protection	4,000
	Contingency	<u>5,242</u>
		<u>\$50,000</u>