

633-0074

PD-MA6-787

6330074004901

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR FOR AFRICA

5

FROM: AAA/AFR/DR, ^{John W. Koehring} John W. Koehring

SUBJECT: Project Authorization Amendment - Botswana
Agricultural College Expansion (633-0074)

Problem: Your signature is requested on the attached action memorandum for the Administrator recommending a \$2,000,000 increase in life-of-project funding for the Botswana Agricultural College Expansion Amendment (633-0074). This amendment will increase total AID financing to \$9,149,300. It is planned that a total of \$3,830,000 will be obligated in FY 1980.

Discussion: You authorized the original Botswana Agricultural College Expansion Project for \$7,149,300 on September 28, 1978 based on a delegation of authority from the Deputy Administrator. A \$2,000,000 increase bringing life-of-project funding to \$9,149,300 will help meet an unanticipated funding shortfall in A.I.D. financing available for technical assistance and construction. The requested waivers in this amendment exceed your \$500,000 approval authority granted you in delegation of authority No. 40. Therefore, this amendment is being submitted to the Administrator for authorization.

Recommendation: That you sign the attached action memorandum for the Administrator recommending authorization of the amendment. Also please clear the Project Authorization Amendment (Attachment 2).
Attachment: a/s

Clearance:

- AFR/DR: RStacy (draft)
- AFR/SA: LPompa (draft)
- AFR/SA: MDagata (draft)
- SER/COM/ALI: PHagan (draft)
- GC/AFR: NFrame
- AFR/DR/ENGR: MGould (draft)
- AFR/DR/EHR: WWaffle (draft)
- AFR/DR/ARD: BWhittle (draft)
- AFR/DR/SA: WWolf
- AFR/DR: NCohen

AFR/DR/SA: DKline:agb:9/19/80

Capacity

ACTION MEMORANDUM FOR THE ADMINISTRATOR

19 SEP 1980

THRU: ES *pc*

THRU: AA/PPC, Alexander Shakow *Partillo*

FROM: AA/AFR, Goler T. Butcher *BT*

SUBJECT: Project Authorization Amendment - Botswana
Agricultural College Expansion (633-0074)

Problem: Your approval is required for a grant amendment of \$2,000,000 from the Section 531, Economic Support Fund Appropriation, to Botswana for the Agricultural College Expansion Project (633-0074). This amendment will increase total AID financing to \$9,149,300. It is planned that a total of \$3,830,000 will be obligated in FY 1980.

Discussion: On September 28, 1978, I authorized the Botswana Agricultural College Project (633-0074) for \$7,149,300 pursuant to a delegation of authority from the Deputy Administrator dated September 27, 1978. The project is designed to assist the Government of Botswana alleviate the constraint to development imposed by the extreme shortage of lower and middle level personnel in animal health and agriculture to serve the agriculture sector. Accordingly, the purpose of the project is to establish within the Botswana Agricultural College (BAC) a largely localized training institution capable of serving rural sector needs for low and intermediate level personnel. To assist BAC in the improvement of its capacity to train agricultural manpower, the following inputs are being provided with project funds: (1) the construction of three dormitories, six classrooms, new laboratories, expansion of the library, new dining facilities, office space for faculty, and technicians housing; (2) 19.5 years of long-term technical assistance in vocational administration, extension/agronomy, livestock, range management, and agricultural communications, and 80 person/months of short-term technical assistance in areas such as animal breeding, horticulture, rural sociology, and extension; (3) 41.5 years of long-term training to upgrade BAC's teaching staff and administration; and (4) commodities to equip the expanded facilities.

The seven year project, which is in its second year of implementation, is only slightly behind schedule with Phase I construction now completed and all technical assistance on-board. The additional \$2,000,000 in grant funds for the life-of-project will be used to

finance unanticipated increases in costs for the remaining construction, technical assistance, and commodities. No modifications have been made in the project design. The Project Committee has determined, therefore, that the analyses in the original Project Paper remain valid.

Five hundred thousand dollars were obligated in FY 78, \$2,100,000 were obligated in FY 79, and \$3,830,000 are being requested for obligation in FY 80. The life-of-project funding will be increased by \$2,000,000 from \$7,149,300 to \$9,149,300. The following budget outlines dollar expenditures by component for the project amendment as proposed.

	AID Funding (\$000)		
	<u>FX</u>	<u>LC</u>	<u>TOTAL</u>
A. Construction	\$2273	\$1423.3	\$3696.3
B. BAC Staff & Consultants	4365	---	4365
C. Furnishing & Equipment	464.4	32.7	497.1
D. Training	590.9	---	590.9
E. Other Recurrent	<u>---</u>	<u>---</u>	<u>---</u>
TOTAL	\$7693.3	\$1456.0	\$9149.3

The Government of Botswana will contribute \$3,762,700 to the project, as amended, which will finance the design and supervision of construction, 50% of the infrastructure costs to support new facilities, 50% of the cost overruns for construction, salaries for additional staff required by the expansion, and the costs of building and vehicle maintenance.

It has been concluded from the analyses in the Project Paper that:

1. the project approach is technically and economically sound, socially acceptable, and administratively feasible, and that environmental considerations have been addressed and are incorporated into project implementation;
2. the technical design and cost estimates are reasonable and adequately planned pursuant to Section 611(a) of the Foreign Assistance Act of 1961, as amended;
3. the timing and funding of project activities are appropriately scheduled;
4. sufficient planning has been made for the monitoring and evaluation of project progress; and

5. the GOB can meet the recurrent costs associated with the project.

I approved a negative determination for the Initial Environmental Examination in September, 1978 prior to the authorization of the original project. This negative determination remains valid since no new activities are contemplated under the amended project.

The amended Project Agreement will contain the customary conditions to disbursement which are acceptable to the GOB. Special conditions and covenants in the original agreement will remain in effect. There are no new covenants.

The Amended Project Authorization includes two waivers. The first requires that you increase the waiver for construction materials originally approved for \$1,424,000 by \$475,000 to \$1,899,000. The second requires that you increase the \$1,425,000 waiver approved for construction services by \$425,000 to \$1,850,000. For a justification of the waivers, see Annex 5 of the amended Project Paper (Attachment 3).

The Project Review was held on September 3, 1980. There were no unresolved issues and approval of the Project Amendment was recommended. There are no human rights issues in Botswana.

The Congress was notified of a program change on July 15, 1980. The responsible A.I.D. officer in the field will be Douglas Jones, Food and Agricultural Officer. The AID/W backstop officer will be Douglas Kline, AFR/DR/SA.

Recommendation: That you sign the attached Project Authorization Amendment.

Attachment:

1. Project Authorization Amendment
2. Project Paper Amendment and Original Project Paper

Clearance:

GC: NHolmes KKK for Date: 9/22/80
 AAA/PPC/PDPR: JERIKSSON G.S. Date: 7-23-80
 DAA/AFR: WHNorth _____ Date: _____

AFR/DR/SA: DKline:agb:9/18/80

PROJECT AUTHORIZATION AMENDMENT

Name of Country: Botswana
Name of Project: Agricultural College Expansion
Number of Project: 633-0074

1. Pursuant to Part II, Chapter 4, Section 531 of the Foreign Assistance Act of 1961, as amended, the Agricultural College Expansion Project for Botswana was authorized on September 28, 1978. That authorization is hereby amended as follows:

a. The third paragraph is amended by deleting "seven million one hundred and forty nine thousand three hundred (\$7,149,300)" and substituting therefor "nine million one hundred and forty nine thousand three hundred U.S. dollars (\$9,149,300)".

b. Subparagraph 2. of paragraph d. is amended by 1) deleting the figure "\$1,424,000" and inserting in lieu thereof "\$1,849,000," and 2) deleting the last sentence and substituting therefor the following sentence:

"Exclusion of procurement from free world countries other than the Cooperating Country and countries included in Code 941 would seriously impede attainment of U.S. foreign policy objectives and objectives of the foreign assistance program."

c. The following subparagraph is added to paragraph d:

"5. The requirement set forth in Handbook 1, Supplement B that construction services procured with grant funds for Relatively Least Developed countries must be furnished by suppliers from countries included in A.I.D. Geographic Code 941 (and Botswana) is waived to permit procurement of approximately \$425,000 of construction services from suppliers who have their nationality in countries included in A.I.D. Geographic Code 935. The interests of the United States are best served by permitting the procurement of services from Free World countries other than the Cooperating Country and countries included in Code 941."

Date: _____

Joseph C. Wheeler
Deputy Administrator

Clearances:

GC:NLHolmes KK Date 9/22/51
AA/AFR:GTButcher W Date 8/9/52
AA/PPC:AShakov CF Date 9/23/52

W
GC/AFR:NFrame:my:9/17/80:23808

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SECTION A. RECOMMENDATIONS

Authorization of a grant amendment of \$2,000,000 bringing life-of-project funding to \$9,149,300 subject to the following waivers and approvals.

A procurement source and origin waiver from A.I.D. Geographic Code 941 to Code 935 for approximately \$425,000 of construction materials and \$425,000 for construction services. The waiver justification is included in Annex V.

SECTION B. PROJECT DESCRIPTION

1. The Problem

Botswana is experiencing a manpower shortage in nearly all sectors of its expanding economy. This shortage has been particularly acute for middle level personnel in animal health and agriculture to serve the agricultural sector.

In 1978, when the Botswana Agricultural College Grant was obligated, there were 70 vacant positions at the working levels of the Ministry of Agriculture for agricultural extension demonstrators and veterinary assistants and 85 additional vacancies for such skills in the private and parastatal sectors. At the planning and administrative levels there were some 30 additional vacancies. At that time, it was anticipated that given the current capacity of the Government of Botswana to train individuals in agriculture that there would have been nearly 600 vacancies in the Ministry of Agriculture and in the private and parastatal sectors by 1988.

2. The Project Focus

The Botswana Agricultural College (B.A.C.) Expansion Project which was authorized and obligated in September 1978 addresses this shortage of skilled manpower. The purpose of the project is to establish within the B.A.C. a largely localized training institution capable of serving Botswana rural sector needs for low and intermediate level agricultural personnel. The project contributes to the USAID sector goal of improving the welfare of Botswana's small scale farmers and herders by addressing one of the key constraints to Botswana's agricultural development, namely the critical lack of skilled manpower to serve rural sector needs.

By the end of the project, as a result of USAID/GOB funded inputs, it is anticipated that the Botswana Agricultural College Expansion project will: (a) have doubled its annual number of certificate graduates in animal health and agriculture; (b) have institutionalized a new diploma program in animal health and agriculture graduating 27 students annually; (c) be staffed with

largely localized teaching personnel whose skills have been significantly upgraded through both long- and short-term training programs; (d) be staffed with a localized administration capable of education planning and administration in all key areas; and (e) have established curricula and teaching techniques in skill areas relevant to GOB needs.

3. Project Inputs

To assist B.A.C. in the improvement of its capacity to train agricultural manpower, the following inputs are being provided with project funds:

(1) the construction of three dormitories, six classrooms, new laboratories, expansion of the library, new dining facilities, office space, and technician housing; (2) 19.5 years of long-term technical assistance in vocational administration, extension/agronomy, forest management and agricultural communications, and 80 person/months of short-term technical assistance in areas such as animal breeding, horticulture, rural sociology, and extension; (3) 41.5 years of long-term training to upgrade BAC's teaching staff and administration; and (4) commodities to equip the expanded facilities.

The following table illustrates life-of-project funding when the project was authorized in FY 1978.

	TABLE I			Other*		Total
	AID Funding		Total	GOB Funding		
	FX	LC		LC	FX	
A. Construction	1423.0	1423.3	2846.3	992.0	-	3838.3
B. BAC staff & consultants	3002.0	-	3002.0	290.2	2124.4	5416.6
C. Furnishings & equipment	479.5	32.7	512.2	25.4	-	537.6
D. Training	788.8	-	788.8	82.8	25.6	897.2
E. Other recurrent	-	-	-	1522.3	-	1522.3
TOTAL	5693.3	1456.0	7149.3	2912.7	2150.0	12212.0

*Includes Peace Corps

4. Project Progress-to-Date

(a) Construction

The original B.A.C. project granted to the G.O.B. \$2,846,300 for construction under the project (see Table 1). These funds were intended to finance the estimated cost of: (1) three dormitories to house 180 students; (2) six additional classrooms; (3) new and expanded laboratory facilities for science animal health, and engineering; (4) expansion of the library; (5) construction of new dining facilities to accommodate the increased student body; (6) additional office space for administration and faculty; (7) houses for technical assistance personnel; and (8) 50 percent of the infrastructure costs attributable to this construction. As envisaged in the original project, construction is being divided into two phases with one dormitory, one classroom building, five houses and all the infrastructure for Phase I to have been completed by January 1980, prior to the admission of the enlarged class of certificate level student in March 1980. The remaining construction to accommodate the newly established diploma level course and additional certificate level students is scheduled for completion in early 1981, despite a delay in the GOB's preparation of the final design for Phase II.

Phase I construction was completed in March 1980, three months behind the original schedule but in sufficient time for use by the expanded certificate level program. Obligation of the U.S. contribution for Phase I construction totalled approximately \$1,773,554, leaving an estimated \$1,072,746 for the financing of Phase II construction. In November 1979, when the GOB completed the design for Phase II construction, the costs of Phase II construction were estimated to be \$2,531,867 not including escalation and contingencies (see Annex I), leaving a shortfall of \$1,449,111 plus approximately \$250,000 for inflation and contingencies for a total of \$1,699,121.

Funds needed exceed those estimates in the original PP because of: (a) a three to four month delay in the GOB reservation of funds for final design and a subsequent delay in initiating Phase I; (b) a three-month delay in the GOB preparation for the final design for Phase II and the subsequent delay in initiating Phase II; (c) the reevaluation of the pula by five percent vis-a-vis the U.S. dollar; (d) the cost estimates in the original PP incorrectly included inflation and contingency factors for only one year whereas the period from project approval to completion of construction will be more nearly three years; and (e) higher rates of inflation than originally assumed, especially for petroleum and related items (for more details see Annex I).

The Government of Botswana (see Annex II) has agreed to absorb from its development budget \$850,000 of the \$1,700,000 construction shortfall and has requested that A.I.D. provide the additional \$850,000. In the interim, in order to avoid further delays in Phase II construction, the GOB is providing funding for the entire amount until such time as A.I.D. can provide additional funds.

(b) Technical Assistance/Participant Training

As designed in the original PP, 19.5 person/years of long-term technical assistance and 80 person/months of short-term technical assistance will be provided over the project life. South Dakota State University (SDSU) is providing short- and long-term technical assistance and participant training under the project. SDSU was selected under the Title VII collaborative program to design and participate in the implementation of the BAC program. The project was designed with SDSU's assistance in July 1978. The long-term technicians under the project arrived slightly later than planned in the original PP. The Chief of Party (the vocational education specialist), the extension/agronomy technician and the livestock specialist were scheduled to arrive in January 1979. Signature of the long-term technical assistance contract was delayed until April 6, 1979. Thus, the Chief of Party and the agronomy technician did not arrive in Botswana until April 30, 1979, and the livestock technician until May 1979. The range management specialist arrived on schedule in September 1979 and the agriculture communication specialist arrived in February 1980. To date 24 months of short-term technical assistance has been provided under the project. These technicians have assisted the BAC staff in improving the BAC curriculum in plant pathology, biological science, horticulture, mathematics and animal husbandry.

In the original BAC project A.I.D. provided \$3,002,000 for short- and long-term technical assistance and \$788,800 for participant training. The GOB's contribution totalled \$290,000 for local costs associated principally with local support for long-term technicians. When the technical assistance/participant training contract was signed in April 1979, total contract costs over the four year project life were \$3,888,775. At that time, it was estimated that the amount of money required over the four year life of the contract would exceed funds available by \$98,000. The contract has now been in effect sixteen months. Taking into account funds expended to date and projecting expenditures over the contract life, USAID/Botswana estimates a shortfall in funds available for the technical assistance participant training contract of approximately \$1,165,100.

While funds available for participant training are in excess of funds needed, they differ substantially from those estimates in the original PP due to: (1) higher than anticipated salaries and related expenses for long- and short-term technical staff which in turn has had an effect on the cost of overhead, fringe benefits, and post differential; and (2) substantially increased travel and shipping costs attributed to increases in petroleum prices -- these costs have risen by over 30 percent during the past 12 months and are projected to increase at about the same rate for the duration of the contract. The decrease in the cost of participant training is attributed to the comparatively low cost of tuition and fees at SDSU. The following table estimates the increases in technical assistance and participant training costs over the project life:

TABLE II

B.A.C. Technical Assistance/Participant Training Costs

	<u>Original estimate</u> ^{1/}	<u>Amended estimate</u>	<u>Net Change</u>
1. Salaries & wages	1,238,511	1,458,511	+ 220,000
2. Fringe benefits	285,967	365,967	+ 80,000
3. Indirect costs	506,152	606,152	+ 100,000
4. Different'l/Allowances	370,902	425,902	+ 55,000
5. Travel/transport	786,199	1,186,303	+ 400,104
6. Equipment/materials	59,283	59,283	- 0 -
7. Other direct costs	152,857	262,857	+ 110,000
8. Participant cost	488,904	590,900	+ 101,996
GRAND TOTAL	3,888,775 ^{2/}	4,955,875	1,067,100 + 98,000 (previous shortfall)
		TOTAL	1,165,100

(c) Commodities

The project's original budget includes \$512,200 for equipment. This includes four 4-wheel drive vehicles and furnishings for new classrooms, laboratories, the library, dormitories, eating facilities, and administrative offices. Nearly all of the commodities under the project have been ordered and those intended for use in the buildings constructed under Phase I have arrived. USAID/Botswana now projects the cost of commodities to be procured with project funds to total \$497,100. or \$15,100 less than originally budgeted in the Project Paper. Despite what appears a budgetary surplus in the commodities line item, commodities did cost approximately \$95,000 more than originally budgeted. However, \$110,000 originally programmed for kitchen equipment is being provided and installed by the construction contractor and has, thus, become part of overall construction costs.

SECTION C. REVISED FINANCIAL PLAN

As discussed in Section A above, construction costs under the BAC project exceed original estimates by \$1,700,000. The GOB will finance 50 percent or \$850,000 of the construction cost overrun while A.I.D. has been requested to finance the remaining \$850,000. The total cost of technical assistance and training has risen by \$1,165,100 above original estimates. Finally, the costs of commodities under the Project have been reduced by \$15,100. The total additional amount of money requested is \$2,000,000, bringing A.I.D.'s contribution to life-of-project costs to \$9,149,300.

Total Project Funding - revised

Total revised project costs are \$15,062,000. The GOB's contribution to the project is \$3,762,700 or 25 percent of total project costs.

TABLE III

Total Project Funding Revised

	<u>AID Funding</u>		<u>Total</u>	<u>GOB</u>	<u>Other</u>	<u>Total</u>
	<u>FX</u>	<u>LC</u>		<u>Funding</u>	<u>Donors</u>	
				<u>LC</u>		
A. Construction	2273	1423.3	3696.3	1842	-	5538.3
B. BAC staff & consultants	4.365	-	4.365	290.2	2124.4	6779.6
C. Furnishings & equipment	464.4	32.7	497.1	25.4	-	522.5
D. Training	590.9	-	590.9	82.8	25.6	699.3
E. Other recurrent	-	-	-	1522.3	-	1522.3
TOTAL	7693.3	1456.0	9149.3	3762.7	2150.0	15062

The Mission is requesting that \$3,830,000 be obligated in FY 1980 in order to complete the construction under the project and continue financing the technical assistance.

TABLE IV

Projected AID Obligation by Fiscal Year

<u>FISCAL YEAR</u>	<u>AMOUNT</u>
1978	500
1979	2,100
1980	3,830
1981	1,546
1982	1,173
TOTAL	9,149

SECTION D. IMPLEMENTATION ARRANGEMENTS

The original Project Paper includes waivers for \$1,424,000 of construction materials and \$91,000 of commodities to be procured in Code 935 countries. Both of these waivers were approved by the AA/AFR based on a delegation of authority from the Acting Administrator when the project was authorized in September 1978. The justification for these waivers can be found in Annex IV, B of the original project paper. In May 1979, the AA/AFR approved an additional \$1,400,000 waiver for construction services from Code 935 countries.

This waiver is included in Annex IV of the amended project paper. The Mission has requested that \$850,000 be waived for the construction element of the amended project--(\$425,000 for construction materials and \$425,000 for construction services). This request is based on the justifications as presented in Annex V of the amended project paper.

TELEPHONE

TELEGRAMS FINANCE

REFERENCE 302 11/79



REPUBLIC OF BOTSWANA

MINISTRY OF FINANCE AND DEVELOPMENT PLANNING

PRIVATE BAG 008

GABORONE

best!
with the same...

14th January, 1980.

THE DIRECTOR,
SAID,
P.O. BOX 100,
GABORONE.

Dear Sir,

SUBJECT: AGRICULTURAL COMPLEX EXPANSION.

Reference your letter of November 19th 1979 unreferenced and Chief Architect's letter of 12th December 1979 referenced 302/11/79.

The Government of Botswana accepts that due to unforeseen circumstances the total cost of the project has risen and that a funding shortfall exists of P1 325,123 or 81,690,195 on the original design. In addition to this sum a further 350,000 or 8,446,425 is required to fund design changes requested by SAID to incorporate solar heating.

With reference to your letter of January 8th 1980 to the Chief Architect we are in agreement with rounding the shortfall to \$ 1.7m equally shared between SAID and GOB (Pula equivalent 1,332,870) in addition to which SAID will bear the entire cost of the solar heating costing at approximately 2446,000 (P350,000).

To enable the project to proceed on schedule GOB agree to bridge fund the total amount of shortfall, on the understanding that SAID will reimburse the GOB the amount of approximately 21,296,000.

Yours sincerely,

C. M. M. atambo
Permanent Secretary

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AVAILABLE COPY

c.c. Chief Architect
(attention C. A. Dixon Warren)
Permanent Secretary,
Ministry of Agriculture.

The Grant Agreement for this project stipulates a minimum GOB contribution of US \$935,775 for construction, of which US \$400,000 was estimated for infrastructure, US \$300,000 for design and supervision of construction, and the remainder - US \$205,775 - for BAC staff housing. Taking this into account, the shortfall is about US \$1,243,341.

In reviewing the Building Department estimates, the shortfall is apparently due to the following:

- a. 3-4 month delay in GOB warranting funds for final design and subsequent delay in initiating Phase I;
- b. 3 month delay in architect finalizing design for Phase II and subsequent delay in initiating Phase II;
- c. Revaluation of the Pula by 5% vis-a-vis the US Dollar;
- d. Substitution in Phase II - by USAID's request - of solar heating for conventional heating facilities at higher capital cost;
- e. USAID original cost estimates incorrectly included inflation contingency for only one year (at 15 per cent), whereas the period from project approval to completion of construction will be more nearly 3 years; and
- f. Higher rates of inflation than assumed, especially for petroleum and related items.

The Project Grant Agreement, signed September 29, 1978, states in Section 2.2 that AID's total contribution to the Project will be in an amount not to exceed US \$7,149,300. In Section 3.2 it states, "The Grantee agrees to provide or cause to be provided for the Project all funds, in addition to the Grant, and all other resources required to carry out the Project effectively and in a timely manner."

It is, thus, clear that under the terms of the Agreement, USAID is not liable to fund cost overruns; however, in our mutual interest in completing this project promptly and efficiently, it is equitable for AID to fund those portions of the estimated overrun that are due to our faulty planning (item e, above) and changes in design that we have requested (item d, above), as well as sharing in those increased costs that were beyond either party's control (item f, above). We shall be pleased to discuss with your Ministry how USAID and the GOB should share the burden for total cost overruns and amend our project funding accordingly.

A more pressing problem, though, is the immediacy of contract signature for Phase II construction. Clearly, AID will not have sufficient funds to cover the total estimated costs of that contract minus the present GOB contribution to that contract. Once our contribution to funding

November 19, 1979

the cost overrun is agreed upon, we will have to request a project amendment from AID/Washington, which will take some months to complete. Therefore, in the interim and in order to allow Phase II initiation on schedule, we request the GOB to warrant the funds needed to cover the cost of the full anticipated shortfall. To the extent that AID/Washington eventually concurs in providing us with funds to cover the AID portion of funding the shortfall (as agreed upon by USAID and IFDP), these funds shall be "bridging funds."

Sincerely,



Louis A. Cohen
Director

DIR:LACohen:ala

cc:Mr. David Woolgar, Bldg. Dept.. MMC

TELEPHONE

TELEGRAMS FINANCE

REFERENCE: MB 117/72

MINISTRY OF FINANCE AND DEVELOPMENT PLANNING

PRIVATE BAG 008

GABORONE



REPUBLIC OF BOTSWANA

Great!
Will be your out.
7/2

14th January, 1980.

The Director,
USAID,
1000 G Street,
Washington, D.C.

Dear Sir,

SUBJECT: BOTSWANA AGRICULTURAL COLLEGES EXPANSION

Reference your letter of November 19th 1979 unreferenced and Chief Architect's letter of 12th December 1979 referenced MB/Gr.1.

The Government of Botswana accepts that due to unforeseen circumstances the total cost of the project has risen and that a funding shortfall exists of P1 325,123 or \$1,690,195 on the original design. In addition to this sum a further \$350,000 or £ 146,425 is required to fund design changes requested by USAID to incorporate solar heating.

With reference to your letter of January 6th 1980 to the Chief Architect we are in agreement with rounding the shortfall to \$ 1.7m equally shared between USAID and GOB (Pula equivalent 1,322,810) in addition to which USAID will bear the entire cost of the solar heating; costed at approximately £46,000 (P350,000).

To enable the project to proceed on schedule GOB agree to bridge fund the total amount of shortfall, on the understanding that USAID will reimburse the GOB the amount of approximately \$1,200,000.

Yours sincerely,

MICROFILMED FROM BEST AVAILABLE COPY

C. M. Matambo
AGRICULTURE SECRETARY

c.c. Chief Architect
(attention C. A. Dixon Warren)
Permanent Secretary,
Ministry of Agriculture.

**ACTION
COPY**

UNCLASSIFIED
Department of State

**INCOMING
TELEGRAM**

ANNEX II

PAGE 01 GABORO 01425 231014Z 528Z AID455Z
ACTION AID-35

ACTION OFFICE AIDR-06
INFO AAAF-01 AFSA-03 C-01 CALI-02 CMGT-02 CPP-01 CPS-02
CTR-02 CHS-01 RELJ-01 MAST-01 AFOA-01 /024 A4

INFO OCT-01 036 W -----044601 231032Z /34

R 230758Z APR 80
FM AMEMBASSY GABORONE
TO SECSTATE WASHDC 8100

UNCLAS GABORONE 1:25

AIDAC

FOR DOUG KLINE, AFR/DR/SA

E.O. 12857 N/A
SUBJECT: SAC PP SUPPLEMENT (633-0074)

1. ~~REVISED~~ BUDGET FOR SUBJECT SUPPLEMENT SHOULD INCLUDE
\$ /401,000 FOR COMMODITIES RATHER THAN \$ /555,000 AS INDICATED
DURING YOUR VISIT. THIS CHANGE REFLECTS 80 PERCENT RATHER THAN
120 PERCENT ESTIMATE FOR TRANSPORT COSTS.

TOTAL FOR COMMODITIES IS NOW LOWER THAN IN ORIGINAL PP
\$ /455,700), HOWEVER, THIS IS DUE TO INCLUSION \$ /110,000

COMMODITIES UNDER REVISED CONSTRUCTION LINE ITEM (KITCHEN
EQUIPMENT PROVIDED AND INSTALLED BY CONSTRUCTION CONTRACTOR).

2. PLEASE ADVISE WHEN PP SUPPLEMENT DRAFTED FOR AID/W
APPROVAL.
ADAMS.

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REMARKS:

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Department of State

INCOMING
TELEGRAM

ANNEX III

PAGE 01 CABORO 01958 091354Z

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ACTION AID-35

ACTION OFFICE AFDR-0A
INFO AFSA-03 CHG-01 PPCE-01 PPPB-02 PPEA-01 FM-02 RELO-01
MAST-01 AFDA-01 POPR-01 /030 AI II

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AIDAC

FOR KLINE, AFR/DR/SA

E.O. 12065: N/A

TAGS

SUBJECT: SAC AMENDMENT (633-0074)

REF: KLINE-PIELEMIEER TELECON, JUNE 8, 1980

- I. SAC COST ESTIMATES:
 - A) CONSTRUCTIONS: DOLS 850,000 CORRECT
 - B) TA: AS OF MARCH 1980, SOSU ESTIMATE ADDITIONAL REQUIREMENT WAS DOLS 592,000. WE NOT AWARE OF BASIS FOR APPARENT DECREASE BY EVERETT TO DOLS 493,400. SUGGEST YOU HOLD TO HIGHER FIGURE. ALSO, YOUR TA ESTIMATE DOES NOT REPEAT NOT INCLUDE DOLS 773,300 IN SUPPORT COSTS HANDLED BY USAID PROJECT SUPPORT OFFICE. PLEASE ADD.
 - C) TRAINING: DOLS 6,000 OBLIGATED DIRECTLY BY USAID FOR INSURANCE EARLY PARTICIPANTS AND SHOULD BE ADDED. THEREFORE, SUBTRACT DOLS 197,900, RATHER THAN DOLS 203,900.
 - D) COMMODITIES/EQUIPMENT: YOUR FIGURES DO NOT INCLUDE DOLS 45,000 ALREADY OBLIGATED FOR PROJECT VEHICLES. THEREFORE, SUBTRACT DOLS 9,700 RATHER THAN DOLS 54,700.
 - E) TOTAL INCREASE: DOLS 2,007,700 FOR NEW PROJECT TOTAL OF DOLS 9,157,000.

2. CONCUR THAT AIRGRAM NO. 810 REQUIRES PROJECT AMENDMENT RATHER THAN PROJECT SUPPLEMENT, BUT HOPE VERBAGE NECESSARY CAN BE KEPT TO MINIMUM.

3. ADVISE IF FURTHER INFO REQUIRED.
MCCLELLAN

3

UNCLASSIFIED

MAY 17 1979

ACTION MEMORANDUM FOR THE ACTING ADMINISTRATOR

THRU: ES

THRU: Acting, AA/PPC, Charles Paalillo

FROM: AA/AFR, Goler T. Butcher *G. T. Butcher*

SUBJECT: Waiver of Nationality Requirements for Construction Services for the Botswana Agricultural College Expansion Project (633-0074)

Problem: On September 28, 1978, I approved a \$7,149,300 grant to the Government of Botswana (GOB) to increase the capacity of its agricultural college to train manpower to serve the agricultural sector. I authorized the project pursuant to a delegation of authority from the Deputy Administrator dated September 27, 1978 (copy attached). As authorized, the project included a waiver to procure construction materials from Code 935 countries with an approximate total value of \$1,424,000 and to procure from Code 935 sources, approximately \$91,000 in other commodities. The mission has recently requested an additional waiver of \$1,400,000 for construction services (from Geographic Code 941 to Code 935). The request for this waiver was not included in the original PP.

Country	:	Botswana
Authorizing Document	:	Attached
Project	:	Botswana Agricultural College Expansion
Nature of Funding	:	Security Supporting Assistance
Description of Services	:	Construction services for expansion of facilities (dormitories and classrooms) at the Botswana Agricultural College
Approximate Total Value	:	\$1,400,000
Probable Source	:	Republic of South Africa

Discussion: As discussed in the Project Paper, \$2,846,000 of project funds will be utilized to finance a major expansion of facilities at the Botswana Agricultural College. Facilities to be constructed include three dormitories to house 180 additional students, seven additional classrooms, new and expanded facilities for science, animal health, and engineering, expansion of the library, construction of new dining facilities to accommodate the increased student body, and additional office space for administration and faculty.

When the PP for this project was prepared, the design team was told by the chief architect's office in the Botswana Ministry of Works that construction of these facilities would be handled by local construction firms. Subsequently, USAID has carried out a review of local construction firms by analyzing tender board application forms available at the GOB tender board office and company registration forms located at the GOB registrar of companies. Neither of these forms, nor any other portion of Botswana law, require companies to indicate their beneficial ownership. Ministry of Works officials have indicated, however, that there are no medium to large size construction firms in Botswana that meet AID's definition of a "local" firm.

Primary Justification: No firms which can provide the required services are known to exist in Botswana. Since the cost of the construction contracts will total \$2,846,000 (of which \$1.4 million for materials has already been waived) and no U.S. firms have been interested in similar projects in Southern Africa, it is not expected that U.S. construction firms would be interested in the construction of facilities for this project. The mission has contacted the Flour Corporation, Chicago Bridge and Iron Company, and the Bechtel Corporation (all U.S. firms operating in South Africa) to determine their interest in providing construction services for the Botswana Agricultural College Expansion project. As noted in Gaborone 1489 (attached), because of the small size of the construction activities, none of the firms are interested in providing these services. Additionally, a sufficient number of qualified firms operating in Botswana are available to perform the required construction and permit competitive procurement. However, while these firms are defined as "local" by the GOB and form an integral part of the local economy, they are not local by more restrictive AID definitions (See Gaborone 4338, attached).

ACTION MEMORANDUM FOR THE ASSISTANT ADMINISTRATOR
FOR AFRICA

FROM: AFR/DR, John W. Koehring

SUBJECT: Waiver of Nationality requirements for Construction Services
for the Botswana Agricultural College Expansion Project (633-0074)

Your signature is required on the attached memorandum to the Acting Administrator. The memorandum requests a waiver of nationality requirements for approximately \$1,400,000 in construction services from Code 941 to Code 935 for the Botswana Agricultural College.

Attachment:
Action Memorandum for the Acting Administrator

Clearance:

AFR/DR/SA: GThompson _____
AFR/DR/SA: JPGuedet _____ (draft)
AFR/SA: LPompa _____ (draft)
AFR/DP: DWilson _____ (DW)
CM/ROD/AFR: REohn J.A. ANDERSON *JA*
GC/AFR: JPatterson _____
AFR/DR: NCohen _____
AFR/DP: EDonoghue Ed.

AFR/DR/SA: DKline:agb:5/2/79:X28818

Recommendations:

1. (a) That the requirement set forth in Handbook 1, Supplement B, SAIC, that construction services procured with grant funds for Relatively Least Developed Countries have their source in countries included in AID Geographic Code 941, is waived to permit procurement of \$1,400,000 of construction services which have their source included in AID Geographic Code 935.

(b) That you certify that the interests of the United States are best served by permitting the procurement of services from free world countries other than the cooperating country and countries included in Code 941.

Approved: *[Signature]*

Disapproved: _____

Date: 5/24/79

Clearances

Attachment:
Original Authorization Package

Clearances:

GC: MBall
DAA/AFR: WHNorth
CM/ROD/AFR: ~~AG~~ *J.A. ANDERSON*
PPC/PDPR: BSidman

AFR/DR/SAP: DKline:agb:5/3/79: 28818

I. Waivers and Approvals Required

A procurement source origin waiver from A.I.D. Geographic Code 941 to Code 935 for the procurement of approximately \$425,000 of construction services and \$425,000 of construction materials.

II. Justification for source and origin waiver for construction services and materials

A. Summary Waiver Information

Cooperating Country: Botswana
Authorizing Document: Amended authorization
Project: Botswana Agricultural College Expansion Amendment

Description: Construction materials and services to complete Phase II construction under the Project, Phase II construction includes 5 classrooms, 2 dormitories, new laboratories, an expanded library, and office space for administration and faculty.

B. Discussion and Justification

Construction materials

At the time of Project Authorization (September, 1978), the Assistant Administrator approved a \$1,424,000 waiver for construction materials pursuant to a delegation of authority from the Deputy Administrator, dated September 27, 1978. The waiver justification was based on: (1) the long lead time (1 1/2 to 2 years) required for arrival of materials which would seriously delay project implementation; (2) the fact that private dealers in Botswana are equipped only to service and repair equipment (e.g., plumbing and electrical work) made in the U.K. or South Africa and; (3) that for replacement parts, materials must be compatible with those available locally. (See Annex IV-B, Project Paper).

Phase I of the construction is now complete (one classroom, one dormitory, and five houses). It is essential that materials for Phase II of the project be compatible with materials used in Phase I and with those materials now being procured for Phase II construction. Most of the suppliers have been identified for plumbing and electrical fixtures, steel supports, bricks, etc. These suppliers have provided materials for Phase I and orders have been placed for Phase II construction. It is therefore requested that a waiver be approved to increase the amount of the construction materials waiver by \$425,000 from \$1,424,000 to \$1,849,000.

Construction services

A \$1,400,000 waiver for construction services was approved in May 1979 by the Assistant Administrator based on a delegation of authority from the Deputy Administrator, dated September 27, 1978. When the PP for this project was originally prepared, the design team was told by the chief architect's office in the Botswana Ministry of Works that construction of these facilities would be handled by local construction firms. Subsequently, USAID carried out a review of local construction firms by analyzing tender board application forms available at the GOB tender board office and the GOB registrar of companies. Neither of these forms nor any other portion of Botswana law require companies to indicate their beneficial ownership. The mission requested approval of a waiver based on (1) the fact that no medium to large size construction firms in Botswana met AID's definition of a "local" firm; and, (2) the fact that no U.S. firms would be interested in a construction activity of such a small size. The Mission contacted several U.S. firms operating in South Africa to ascertain their interest in construction of all the project funded facilities at B.A.C. and all stated that they were not interested because the activity was too small (See Annex IV, page 3). Additionally, the mission agreed to advertise in the U.S. (CBD). Phase I was advertised in the U.S. but no firm bid on the project. Based on the same justification, presented in the original waiver, it is requested that the waiver for \$1,400,000 be increased by \$425,000 for a total waiver of \$1,825,000 for construction services. Phase II will also be advertised in the Commerce Business Daily so that U.S. firms, if interested, can bid on the construction.

PROJECT AUTHORIZATION AMENDMENT

Name of Country: Botswana
Name of Project: Agricultural College Expansion
Number of Project: 633-0074

1. Pursuant to Part II, Chapter 4, Section 531 of the Foreign Assistance Act of 1961, as amended, the Agricultural College Expansion Project for Botswana was authorized on September 28, 1978. That authorization is hereby amended as follows:

a. The third paragraph is amended by deleting "seven million one hundred and forty nine thousand three hundred (\$7,149,300)" and substituting therefor "nine million one hundred and forty nine thousand three hundred U.S. dollars (\$9,149,300)".

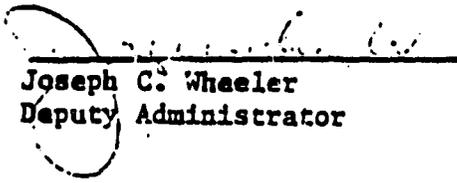
b. Subparagraph 2. of paragraph d. is amended by 1) deleting the figure "\$1,424,000" and inserting in lieu thereof "\$1,849,000," and 2) deleting the last sentence and substituting therefor the following sentence:

"Exclusion of procurement from free world countries other than the Cooperating Country and countries included in Code 941 would seriously impede attainment of U.S. foreign policy objectives and objectives of the foreign assistance program."

c. The following subparagraph is added to paragraph d:

"5. The requirement set forth in Handbook 1, Supplement B that construction services procured with grant funds for Relatively Least Developed countries must be furnished by suppliers from countries included in A.I.D. Geographic Code 941 (and Botswana) is waived to permit procurement of approximately \$425,000 of construction services from suppliers who have their nationality in countries included in A.I.D. Geographic Code 935. The interests of the United States are best served by permitting the procurement of services from Free World countries other than the Cooperating Country and countries included in Code 941."

Date: Aug 24, 1982


Joseph C. Wheeler
Deputy Administrator