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UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

CARIBBEAN REGIONAL
INFRASTRUCTURE EXPANSION AND MAINTENANCE SYSTEMS PROJECT
NO. 538-0138

AMENDMENT NUMBER ONE
TO
PROJECT PAPER SUPPLEMENT

ADDING

GRENADA INFRASTRUCTURE REVITALIZATION III SUBPROJECT
538-0138.02

AID/LAC/P -385
CR P-284 P-328 P-356
P-368

Project Number: 538-0138
Subproject Number: 538-0138.02

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PROJECT DATA SHEET

1. TRANSACTION CODE

A = Add
 C = Change
 D = Delete

Amendment Number

5

DOCUMENT CODE

3

2. COUNTRY/ENTITY

REGIONAL DEVELOPMENT OFFICE/CARIBBEAN (RDO/C)

3. PROJECT NUMBER

538-0138

4. BUREAU/OFFICE

LAC

05

5. PROJECT TITLE (maximum 40 characters)

INFRASTRUCTURE EXPANSION & MAINTENANCE SYSTEM

6. PROJECT ASSISTANCE COMPLETION DATE (PACD)

MM DD YY
09 30 93

7. ESTIMATED DATE OF OBLIGATION

(Under 'B.' below, enter 1, 2, 3, or 4)

A. Initial FY 86

B. Quarter 3

C. Final FY 90

8. COSTS (\$000 OR EQUIVALENT \$1 =)

A. FUNDING SOURCE	FIRST FY 86			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total						
(Grant)	(1,100)	(100)	(1,200)	(18,000)	(6,000)	(24,000)
(Loan)	(1,800)	(-0-)	(1,800)	(12,000)	(4,000)	(16,000)
Other U.S.						
1.						
2.						
Host Country	-0-	-0-	-0-	-0-	4,100	4,100
Other Donor(s)	-0-	-0-	-0-	-0-	-0-	-0-
TOTALS	2,900	100	3,000	30,000	14,100	44,100

9. SCHEDULE OF AID FUNDING (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	C. PRIMARY TECH. CODE		D. AUTHORIZATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
		(1) ESF	701	800	800	23,000	5,300	-0-	-0-
(2) DA		800	800	-0-	7,600	259	-0-	259	7,600
(3)									
(4)									
TOTALS				23,000	12,900	259	-0-	24,000 *	16,000 *

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)

11. SECONDARY PURPOSE CODE

12. SPECIAL CONCERNS CODES (maximum 7 codes of 4 positions each)

A. Code

B. Amount

13. PROJECT PURPOSE (maximum 480 characters)

To create an infrastructure environment that will stimulate investment and productive activity in the Eastern Caribbean.

14. SCHEDULED EVALUATIONS

Interim MM YY MM YY Final MM YY
09 88 09 93

15. SOURCE/ORIGIN OF GOODS AND SERVICES

Participating Countries of the Eastern Caribbean

000

941

Local

Other (Specify) Caribbean

16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a 9 page PP Amendment.) The RDO/C Controller hereby concurs with the methods of implementation and financing of the proposed activity, which are in accordance with generally accepted AID policies. Date: 8/27/88

The purpose of this Amendment is to provide justification for adding \$259,000 in grant funds to the Grenada Infrastructure Revitalization III Subproject No. 538-0138.02.

* The IEMS Project has an authorization limitation of \$40.0 million under which individual subprojects are being individually authorized.

17. APPROVED BY

Signature

Alfred Bisset

Title Alfred Bisset
Acting Director

Date Signed

MM DD YY
08 27 87

18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION

MM DD YY
19 17 87

GRENADA
INFRASTRUCTURE REVITALIZATION III SUBPROJECT
AMENDMENT NO. 1 TO PROJECT PAPER SUPPLEMENT
NO. 538-0138.02

TO THE

INFRASTRUCTURE EXPANSION AND MAINTENANCE SYSTEMS PROJECT
NO. 538-0138

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I. RECOMMENDATION AND SUMMARY

RDO/C recommends authorization of an additional \$259,000 in grant funding to the Government of Grenada to finance the completion of the Frequente Industrial Park which is being funded under the Grenada Infrastructure Revitalization III Subproject (538-0138.02) Agreement dated March 13, 1987.

With the addition of this funding, the Infrastructure Expansion and Maintenance Systems (IEMS) cluster project authorization and obligation status is as follows:

<u>Project No.</u>	<u>Project Activity</u>	<u>Amount</u>	<u>Amount</u>
538-0138.00	Core Management	\$ 8,000,000 G	\$ 1,500,000 G
538-0138.00	Small Activities	10,000,000 G	0
538-0138.01	St. Kitts Southeast Peninsula	9,900,000 L	9,900,000 L
		1,000,000 G	790,000 G
538-0138.02	Grenada Infra. III (To be added herein)	4,000,000 G	4,000,000 G
		259,000 G	259,000 G
538-0138.07	St. Vincent Infra.	<u>3,000,000 L</u>	<u>2,000,000 L</u>
	TOTAL GRANT	\$23,259,000 G	\$ 6,549,000 G
	TOTAL LOAN	\$12,900,000 L	\$11,900,000 L

II. THE ORIGINAL SUBPROJECT

The Infrastructure Expansion and Maintenance Systems (IEMS) Project Authorization was amended on March 2, 1987, to provide \$4.0 million in grant funds for the Grenada Infrastructure Revitalization III subproject in Grenada. A Grant Agreement was executed on March 13, 1987, obligating \$4.0 million in grant funds for the project.

The detailed project description contained in Annex I of the Agreement describes a project encompassing the following elements:

- (a) construction of a sewage collection and treatment system for the Grand Anse area and development of the Camerhogne Park area to the extent funding is available;
- (b) partial restoration of Fort George and Fort Frederick, construction of improvements to the Carenage waterfront and selected feasibility and design studies for the Carenage waterfront;
- (c) construction of 42,000 square feet of additional factory space, refurbishing of 29,000 square feet of existing factory space and construction of basic infrastructure for the Frequente Industrial Park;
- (d) a feasibility study to determine the potential for an industrial park near Pearls Airport in northeastern Grenada;

- (e) a road hazard program to alleviate selected hazardous features of Grenada's primary and secondary road system.

III. CIRCUMSTANCES RESULTING IN NEED FOR THIS AMENDMENT

The original design and estimate for the erection of prefabricated buildings and provision of basic infrastructure for the Frequente Industrial Estate included certain items of work which were warranted but could not be included because of budget limitations for the Grenada Infrastructure III Project. Negotiations with the 8(a) firm, J & J Engineering Company which were undertaken subsequent to execution of the Project Agreement, confirmed that funds available for the Frequente element of the project were not adequate to cover the costs of these items.

Elements that were deleted from the project, to be included in possible future funding or to be financed by the factory shell occupants were: two standby generators, interior partitions and toilet facilities for the prefabricated buildings, landscaping, renovation of the police garage into an employee centre, and the office building for the Grenada Industrial Development Corporation (GIDC).

Project Implementation Letter (PIL) Number 9 transferred funds from the Grand Anse Tourism Development component of the subproject to the Frequente Industrial Park component to make available \$57,000 for two standby generators and extra ventilation louvers for the buildings to be refurbished.

After review of the Frequente plans with the GIDC in July 1987, it was determined that similar facilities in Grenada and on other Caribbean islands have toilets provided, and that interior plumbing should have been given a higher priority in the original project design. According to Mr. Knut Myers, Project Development Assistance Program (PDAP) Advisor, the main drawback of the Frequente Industrial Park voiced by potential investors is the fact that toilet facilities are not provided. Mr. Graham, Chairman of the IDC, said he would rather have less factory space with bathrooms, than more space without bathrooms.

Landscaping is also a major concern to investors in the Industrial Park. Abbott Laboratories and Smith/Kline/Beckman have both expressed a willingness to participate financially in landscaping Frequente.

The renovation of the existing police garage into a facility (Park Centre) that would be used by the Park employees represents a broader development approach to the industrial park concept. The interior would be renovated to permit government and private sector concerns to provide accommodations for a daycare center, health clinic, cafeteria, bank, and other services. The exterior would be renovated as necessary. Park Centre will also be the dropoff/pickup point for employees and would, therefore, serve as a central control point for park access.

In addition to funds required for these improvements, a small contingency is needed to cover unforeseen construction problems at the site. For example, excavation for column footings has been substantially in excess of that originally envisioned because of poor fill material used to level the site. The problem creates an additional cost that is not covered in the fixed price contract with the Contractor. A contingency will also provide funds to cover such unforeseen costs as container storage charges for the prefabricated factory shells.

IV. MODIFICATION OF PROJECT RATIONALE AND DESCRIPTION

The project rationale as presented in the original Project Paper Supplement remains valid. It is not necessary to modify the original project description as no new elements have been incorporated.

V. MODIFICATIONS TO COST ESTIMATE AND FINANCIAL PLAN

The revised estimated cost of the subproject, financed solely by USAID, is \$4,259,000 consisting entirely of grant funds.

There are seven components being financed under the subproject. Only one component, the Frequente Industrial Park, will be revised.

A summary of total subproject costs by component showing the current budget and the proposed budget is shown in Table 1. The current budget is as revised in Implementation Letter Number 9 dated May 29, 1987 wherein \$57,000 was transferred from the Grand Anse component to the Frequente component for the installation of ventilation louvres and standby generators.

A revised cost estimate for the Frequente Industrial Park component is shown in Table 2.

VI. REVISED IMPLEMENTATION SCHEDULE

The project implementation schedule for the industrial estate element of the project as presented in the Project Paper Supplement was revised during negotiations with the 8(a) Contractor. The contract specifies that all work at the Frequente site must be completed by March, 1988. The Project Paper implementation schedule shows November, 1987. The additional work contemplated under this Amendment will also be completed by March, 1988.

VII. REVISED MONITORING PLAN

The monitoring plan presented in the original Project Paper Supplement remains valid.

VIII. IMPLEMENTATION ARRANGEMENTS

Bid documents for the interior plumbing work and the Park Centre renovation, including engineering design, will be prepared by the IEMS Contractor. Using AID direct procurement procedures, the work will be awarded to local contractors available in Grenada following formal competitive bidding procedures or to an 8(a) contractor. The IEMS Engineer in Grenada will manage the contracts and supervise construction.

The landscaping will be carried out under a host country contract with a local nursery/landscape firm. The contract will include one year of maintenance to establish the planting in the Park. The contract will be administered and supervised on behalf of the Grenada Industrial Development Corporation by the IEMS Engineer in Grenada.

TABLE 1
SUMMARY OF SUBPROJECT COSTS BY COMPONENT
(US\$)

<u>COMPONENT</u>	<u>BUDGET AS OF IL #9</u>	<u>BUDGET THIS AMENDMENT</u>
1. Grand Anse Tourism	1,443,000	1,443,000
2. Carenage/Ft. George	300,000	300,000
3. Frequente Industrial Park	1,857,000	2,116,000
4. Pearls Industrial Park Study	50,000	50,000
5. Road Hazard Program	300,000	300,000
6. Project Financial Oversight	40,000	40,000
7. Evaluation	<u>10,000</u>	<u>10,000</u>
TOTAL	\$4,000,000	\$4,259,000

TABLE 2
REVISED COST ESTIMATE FOR THE FREQUENTE INDUSTRIAL PARK
(US\$)

<u>ORIGINAL WORK</u>	<u>AMOUNT</u>
1. Park Construction (J&J Engineering)	1,530,000
2. Buildings (Supplied by Construction Products International)	263,695
3. Exterior Electrical (Grenada Electricity Company)	12,025
4. Generators (To be Bid)	50,000
5. Contingency	<u>1,280</u>
SUB-TOTAL	\$1,857,000
 <u>ADDITIONAL WORK</u>	
6. Landscaping (Local Nursery)	30,000
7. Toilets (Local Bid)	120,000
8. Park Centre (Local Bid)	100,000
9. Contingency	<u>9,000</u>
SUB-TOTAL	\$ 259,000
TOTAL	\$2,116,000

TABLE 3

METHODS OF IMPLEMENTATION AND FINANCING

<u>METHOD OF IMPLEMENTATION</u>	<u>METHOD OF FINANCING</u>	<u>AMOUNT (\$ US '000)</u>
1. Grand Anse Tourism (PASA with T.V.A.)	Direct Reimbursement	1,443
2. Carenage/Fort George (PASA with T.V.A)	Direct Reimbursement	300
3. Frequente Industrial Park (AID Direct and Host Country Contracts)	Direct Reimbursement and Letters of Commitment	2,116
4. Pearls Industrial Park Study (AID Direct Contract)	Direct Reimbursement	50
5. Road Hazard Program (Force Account)	Fixed Amount Reimbursement	300
6. Financial Oversight (AID Direct Contract)	Direct Reimbursement	40
7. Evaluation (AID Direct Contract)	Direct Reimbursement	<u>10</u>
	TOTAL	4,259

IX. MODIFIED FINANCIAL/ECONOMIC ANALYSIS

The financial/economic analysis presented in the original Project Paper Supplement remains valid. Recent occurrences should, in fact, improve the financial/economic feasibility outlook. Two of the three new buildings to be built and one of the four buildings to be refurbished have confirmed investors who are ready to move in as soon as construction is finished. There are applications at the IDC for all three of the remaining buildings to be refurbished. Projected utilization plans of the IDC indicate that all facilities will be leased as soon as construction is completed.

X. MODIFICATIONS TO OTHER ANALYSES

All other analyses as presented in the original Project Paper Supplement remain valid.