

**A** ADD  
**C** CHANGE  
**D** DELETE

PP

2. DOCUMENT CODE  
**3**

**PROJECT PAPER FACESHEET**

3. COUNTRY ENTITY  
**BOTSWANA**

4. DOCUMENT REVISION NUMBER

5. PROJECT NUMBER (7 digits)  
**633-0072**

6. BUREAU/OFFICE  
 A SYMBOL **AFR**  
 B CODE **06**

7. PROJECT TITLE (Maximum 40 characters)  
**Botzam Road Paving Design Supervision (Amendment)**

8. ESTIMATED FY OF PROJECT COMPLETION  
 FY **84**

9. ESTIMATED DATE OF OBLIGATION  
 A INITIAL FY **77**  
 B QUARTER **3**  
 C FINAL FY **81** (Enter 1, 2, 3 or 4)

10. ESTIMATED COSTS \$000 OR EQUIVALENT \$1.

A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FY	C. LC	D. TOTAL	E. FY	F. LC	G. TOTAL
AID APPROPRIATED TOTAL						
GRANT	1,365	135	1,500	1,758	250	2,008
LOAN						
OTHER						
U.S.						
HOST COUNTRY						
OTHER DONOR(S) (EEC)				11,152		11,152
TOTALS				15,007	4,416	19,423
				16,765	15,818	32,583

11. PROPOSED BUDGET APPROPRIATED FUNDS (\$000)

A. APPROPRIATION	B. PRIMARY PURPOSE CODE	PRIMARY TECH. CODE		E. 1ST FY <u>77</u>		H. 2ND FY <u>78</u>		K. 3RD FY <u>79</u>	
		C. GRANT	D. LOAN	F. GRANT	G. LOAN	I. GRANT	J. LOAN	L. GRANT	M. LOAN
1) ESF	910	821		1,500					
2)									
3)									
4)									
TOTALS				1,500					

A. APPROPRIATION	N. 4TH FY <u>80</u>		O. 5TH FY <u>81</u>		LIFE OF PROJECT	
	P. GRANT	Q. LOAN	R. GRANT	S. LOAN	T. GRANT	U. LOAN
1) ESF			508		2,008	
2)						
3)						
4)						
TOTALS			508		2,008	

12. IN-DEPTH EVALUATION SCHEDULED  
 MM **11** / YY **084**

13. DATA CHANGE INDICATOR WERE CHANGES MADE IN THE PID FACESHEET DATA BLOCKS 12, 13, 14, OR 15 OR IN PRP FACESHEET DATA BLOCK 2? IF YES ATTACH CHANGED PID FACESHEET

**1** YES

14. ORIGINATING OFFICE CLEARANCE

SIGNATURE  
**Louis A. Cohen**  
 Director, USAID/Botswana

DATE SIGNED

MM **11** / DD **08** / YY **81**

15. DATE DOCUMENT RECEIVED IN AIO # OR FOR AIO/W DOCUMENTS. DATE OF DISTRIBUTION

14751

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11

BOTZAM ROAD PAVING DESIGN SUPERVISION PROJECT (632-0072)

Section A - Recommendations

1. Authorization of a Grant Amendment of \$507,350 from AFR/SA Regional funds (ASF) increasing life-of-project funding to \$2,406,350.
2. Extension of the Project Assistance Completion Date (PACD) from September 30, 1981 to September 30, 1984.

Section B - Description of the Project

1. Background

The Government of Botswana (GOB) has recognized the importance of road transport in its development plans in recent years. The country's network of roads is at an early stage of development and of the estimated 7,000 kilometers of roads which comprise the basic road network of this Texas-sized country, less than five percent are paved.

Historically, the majority of Botswana's international trade has transited the Republic of South Africa (RSA). Due to potential disruptions within the RSA, Botswana has long recognized the need to alleviate its heavy dependence on trade and transit with South Africa and develop alternate supply routes.

Similarly, any disruption or deterioration of transport links through newly-independent Zimbabwe would again force Zambian trade to use Botswana routes exclusively for access to RSA ports. A UN economic embargo against the RSA would also seriously affect Botswana.

The Botzam road project has benefitted both Botswana and Zambia and has received substantial funding over the years from both AID and the European Development Fund (EDF). Funding began in 1967 when the Republic of Zambia retained a consulting firm to undertake a feasibility study of an improved route connection from Francistown, Nata and Kazungula in Botswana to Southern Zambia. The study concluded that improvement of the main road to an all-weather, good-gravel standard was economically feasible.

In November of 1970, AID provided Botswana with a \$850,000 grant (regional funds) to finance the engineering design of the 300-kilometer section between Nata and Kazungula - the Botzam Road. Subsequently, an AID loan of \$12.6 million (633-H-002) was authorized on April 28, 1971, to finance the construction and engineering supervision of the road. Evaluation of the bids for construction resulted in AID providing an additional \$4 million to the project which was authorized as an amendment to the loan agreement on June 13, 1973 (633-H-002A). Construction of the all-weather gravel road, connecting Botswana with Southern Zambia, was completed in 1977. During this same period, other donors constructed the ferry at Kazungula and a paved road from Kazungula to Livingston, Zambia. From Livingston, an all-weather road connects to Lusaka giving access to highway and rail connections to Dar es Salaam, thereby avoiding transit through South Africa.

The gravel Botzam road, however, was designed for only limited traffic and any large-scale diversion of traffic to this road would result in rapid deterioration and very high maintenance costs. In October 1976, the GOB approached the U.S. Government and the European Economic Community (EEC) for economic assistance to upgrade the road to a bitumen surface. On behalf of the EEC, the EDF agreed to finance the construction costs, while AID agreed to finance the final design and engineering supervision. Subsequently, on September 12, 1977, AID authorized the Botzam Road Paving and Design Supervision Project (633-0072) for \$1.5 million, financing the services of the U.S. engineering firm of Tippets, Abbet, McCarthy and Stratton (TAMS) through a host-country contract, for the design and supervision of construction and maintenance of the project.

## 2. Project Focus

The Botzam Road Paving and Supervision Project is providing funds to increase Botswana's transport self-reliance. The 300-kilometer road segment will reduce the GOB's dependence on road transport from South Africa and enhance the possibilities of increased trade and communications with Zambia and other states of central and eastern majority-rule Africa. The project responds directly to the three most recent Botswana National Development Plans (1973-1978, 1976-81 and 1979-85), which emphasize upgrading the country's main roads, principally the North-South Road. In addition, the Botzam road provides an outlet for Zambian trade through RSA should Zimbabwean routes become less reliable. By the end of the project, as a result of USAID, GOB and EDF financing, it is anticipated that the 300-kilometer road from Nata to Kazungula will be bituminously surfaced. The AID-financed portion of the project consists of: (a) design of the road project, preparation of all contract documents and assistance to GOB in the selection of the contractor; and (b) the supervision of paving during the construction period, as well as supervision during the one-year maintenance period.

## 3. Problem

For the reasons described in this paper, project delays have resulted in substantial cost overruns. With respect to AID financing, supervisory cost overruns to date have been due to extra work and delays on preconstruction services, caused primarily by the EEC. <sup>1/</sup> As mentioned previously, AID agreed to utilize its \$1.5 million grant to finance the engineering design and supervision during the construction and maintenance periods. The EDF agreed to provide an \$11.6 million grant and the GOB agreed to a contribution of \$1.4 million, both of which were to finance all construction and/or regravelling work.

<sup>1/</sup> See "Evaluation Report of the Botzam Road", Samuel Lubin, Feb. 1981.

The projected costs of the project, as initially authorized, are summarized below:

Botzam Road Paving and Supervision Project (633-0072)

Septmeber 1977

AID:	Design/Supervision	\$ 1,500,000
EEC:	Construction	11,600,000
GOB:	Construction (Regravelling)	<u>1,400,000</u>
		\$14,500,000

Today, about three years and nine months after authorization, the costs of the project have escalated to \$32.98 million, as recapped below:

July 1981

AID:	Design/Supervision	\$ 2,406,350
EEC:	Construction	19,423,000
GOB:	Construction/Supervision	<u>11,152,000</u>
		\$32,981,350

Despite the above increased cost estimates, this project was listed as both Zambia's and Botswana's first priority transport project at the SADCC donors conference held in Maputo in January 1981. Total construction costs of the project, including engineering support and contingencies are \$30,575,000. Of this amount, the EEC agreed in July 1981 to finance \$19,423,000 (\$7,823,000 over its original contribution). The GOB will cover the balance of \$11,152,000 (\$9,752,000 over its original commitment). AID has been asked to finance the cost overruns associated with the engineering design and supervision (\$507,350).

Section C - Project Progress 1/

1. Consultant's Contract

Delays in negotiating the AID-funded TAMS contract and in opening the Letter of Commitment resulted in a five-month delay over project paper estimates before TAMS was able to start work. Work under the contract was to be carried out in three phases:

1/ "Evaluation of the Botzam Road Paving Project", Samuel Lubin, Feb. 1981  
for details.

Phase A - Preconstruction Services	\$ 206,390 (fully disbursed)
Phase B - Tender Award	43,446 (fully disbursed)
Phase C - Supervision of Construction	<u>1,249,153</u>
Total	\$1,492,989
Rounded	<u><u>\$1,500,000</u></u>

Currently, Phases A and B of the project have been completed. Phase C, the construction supervision services, remains to be completed. The proposed project amendment therefore is directed only at Phase C.

(a) Phase A Services

Phase A preconstruction services were begun in mid-February 1978 and completed in September 1979. The consultant was required to prepare the engineering design, tender documents and an engineer's construction cost estimate and to prequalify contractors for the road-paving work. The contract called for completion of Phase A services in eight months, two months more than had been planned for in the project paper.

Only the engineering design work of Phase A proceeded as planned in the contract. Problems with coordinating EEC, GOB and AID comments on draft tender documents delayed the completion of final tender documents and prequalification of contractors. For example, comments on the draft Advertisement and Prequalifications Questionnaire were due to be submitted to the consultant in March 1978. AID comments were submitted in April 1978 and a joint GOB/EEC redraft was submitted in December 1978. In March 1979, the consultant was informed that it was no longer responsible for pre-qualification of European contractors and the EEC published their Advertisement on March 13, 1979, nearly a year later than had been scheduled in the consultant's contract.

The GOB was aware in late 1977 that EDF funds allocated for the construction (10 million EUA) were not sufficient to pave the complete 300 kms. of road. The GOB hoped for an allocation of additional EDF funds to cover the shortfall, but the FEC could not assure the additional funds until a new Lome Agreement came into effect (July 1981). In March 1979, the consultant was given the final comments on the tender documents, requesting that the project be divided into two stages -- anticipating that funds would be available only for financing the paving of the first 180 kilometers of the road beginning at Nata (Stage I) and that, at a later date, funds would become available, hopefully from the EEC, for financing the remaining 120 kilometers to Kazungula (Stage II). The consultant made the necessary revisions and submitted what was believed to be the final tender documents to the GOB in May 1979. Further EEC comments on the tender documents were received by the GOB in June 1979, were passed on to the consultant in July 1979 and were responded to by the consultant in August 1979. In September 1979, the GOB informed the consultant that the August response was considered the final Phase A action. Phase A was completed ten months later than scheduled in the contract, and seventeen months later than planned in the project paper.

In August 1979, the consultant filed a claim for extra expenses for Phase A services caused by delays beyond their control and for extra work required by the GOB. AID and the GOB negotiated a settlement with the consultant in the amount of \$45,000 for this claim, the settlement being approved by AID in September 1979 (See Table I).

(b) Phase B Services

The consultant informed the GOB in November 1979 that Phase B work would now take six and one-half months instead of the five months scheduled in the original contract. The additional time was needed to make further amendments to the tender document and to evaluate tenders for Stage I (180 kilometers) and Stage I and II (the entire 300 kilometers). The consultant also asked for an increase in the budget and fixed fee for Phase B services. AID and the GOB later negotiated the extra cost with the consultant, and an amount of \$26,662 over the original contract was approved in February 1980 (see Table I). The consultant began Phase B work at that time.

The consultant was able to amend and issue the tender documents, carry out a site visit, receive and evaluate the tenders, prepare a tender evaluation report and discuss the report with the GOB, EEC and AID within the time allotted in the amended contract. One firm was low bidder on Stage I while another firm was low bidder for Stage I and Stage II. In September 1980, the GOB and EEC agreed to award on the basis of Stage I and Stage II tenders. The tender validity dates had been set at October 1980 for Stage I and July 1981 for the entire road -- Stage I and II -- to allow an immediate award for the Stage I, with a later award for the entire project when additional EDF funds became available.

Initial EDF funds, however, were not sufficient for Stage I and the contract award was delayed until December 1980 so that the GOB could arrange to fund the shortfall from its own resources. A contract for Stage I was signed with COGIFAR, an Italian construction company, on December 3, 1980. COGIFAR will be the construction contractor for the entire project and their contract will be amended accordingly, once EDF and/or GOB funds are available to cover all shortfalls.

In September 1980, the consultant asked for additional funds to cover the anticipated delays in contract award. In December 1980, AID agreed to add an additional \$10,000 to the Phase B budget. In May 1981, the consultant submitted invoices for Phase B budgeted amounts and a fixed fee totaling \$85,834. The consultant also requested an additional fixed fee of \$1,572. Completion of Phase B was delayed three months from the original contract and two years and four months from the schedule in the project paper. The cost to AID of Phase B (not including the GOB portion) was \$36,662 greater than the original contract. (See Table I).

(c) Phase C Services

In July 1980, AID and the GOB asked the consultant to make a revised proposal for Phase C -- supervision of construction services, based on the two construction alternatives: (1) Stage I and (2) Stage I and II. Following negotiations between the consultant, the GOB and REDSO/EA (engineer and contract officers), new cost estimates of \$1,713,000 for Stage I and \$2,028,731 for Stage I and II were approved, and the consultant's contract was amended accordingly in December 1980. These revised cost estimates represent increases of \$463,847 and \$779,578, respectively, over the original contract amount. (See Table I).

In February 1981, AID amended its Loan Agreements 690-001 and 001A (Projects Nos. 633-H-002 and 633-H-002A), which financed the initial construction of the Botzam Road (See Section B.1), to permit the unused balance of \$399,000 to be used to cover the partial cost overruns of the TAMS contract. Thus, AID now has \$1,500,000 under the grant, plus the \$399,000 under the earlier loan, for a total of \$1,899,000 to finance the TAMS contract. Even so, AID funds will still be short by \$145,498 for Stage I and by \$461,229 for the entire 300 kilometers. The GOB agreed to bridge-finance the shortfall for Stage I and in January 1981 requested AID to provide the additional \$461,229 required for Stage I and II, the full 300 kilometers, which the GOB and the consultant now estimate is needed to cover all costs of the construction supervision. (See Table I).

Phase C work began in January 1981. The construction contract requires completion of Stage I by January 1983. On July 8, 1981, the EEC provided an additional \$7,823,000 for Stage II. The GOB will cover the balance of \$11,152,000 necessary to complete the full 300 kilometers (Stages I and II). The consultant's Phase C work will extend to the end of the one year maintenance period after the completion of Stage II construction, i.e. until July 1984, two years and eleven months later than scheduled in the Project Paper.

2. Current Status of the Contract

The consultant's contract was amended in December 1980 to permit Phase C construction supervision services for Stage I only. However, the amendment includes an estimated budget for Stage I and II as well as Stage I, as shown below:

	<u>Stage I</u> (180 kms.)	<u>Stage I and II</u> (300 kms.)
Phase A	\$ 251,390	\$ 251,390
Phase B	80,180	80,180
Phase C	<u>1,713,000</u>	<u>2,028,731</u>
TOTALS	\$2,044,498	\$2,360,229
Total AID funding available		1,899,000
Funding shortfall		461,229
Contingency (10%)		<u>46,121</u>
Total funding Shortfall (Amendment Requests)		<u>\$ 507,350</u>

Thus, the project requires additional funding to cover the estimated shortfall in Stage II - \$461,229 - plus a 10% contingency for cost increases that may occur when finalizing the consultants contract for Stage I and II or for unforeseen delays - or a total of \$507,350. The project's PADC must also be extended from the current September 30, 1981 to September 30, 1984 to cover the construction and road maintenance periods (See Section E).

#### Section D - Revised Financial Plan

As previously stated, total project costs of the Botzam Road have increased to \$32,982,000 of which the total AID contribution represents 7 percent. Total costs pertaining to the Botzam Road Paving Design Supervision, which this amendment addresses, have increased from \$1,500,000 to \$2,406,350, a difference of \$906,350 or 60 percent. Table I provides a financial summary of the costs of the project.

TABLE 1

A. TAMS CONTRACT

Original TAMS Contract September 1977)

Amended TAMS Contract (July 1981)

Initial Costs Authorized (Sept. 1977)

Phase A \$	206,390
	<u>    </u>
	206,390
Phase B	43,446
	<u>    </u>
	43,446
Phase C	\$1,249,153
	<u>    </u>
	\$1,249,153
Total Contract Cost	<u>\$1,500,000</u>

	Stage I (180 kms)		Stages I and II (300 kms)
Phase A	\$ 206,390		
Claim	<u>+45,000</u>	\$ 251,390	\$ 251,390
Phase B	\$ 43,446		
Claim	<u>+36,662</u>	80,108	80,108
Phase C	\$1,249,153		\$1,249,153
Overrun	<u>+463,847</u>	\$1,713,000	<u>779,578</u>
Contingency	<u>    </u>		<u>46,121</u>
		<u>\$2,044,098</u>	<u>\$2,406,350</u>

Available Funding

Proposed Funding

AID Grant - Sept. 1977	\$1,500,000	\$1,500,000
AID Loan Agreement (690-001/001A) Amend	<u>399,000</u>	<u>399,000</u>
Approved AID Funding	\$1,899,000	\$1,899,000
GOB Contribution	145,498	---
AID Funding Requested	---	<u>461,229</u>
Contingency (10% of \$461,229)	<u>---</u>	<u>\$2,360,229</u>
		<u>46,121</u>
Total Project Cost:	<u>\$2,044,498</u>	<u>\$2,406,350</u>

Total \$1,500,000

B. Funding Shortfall

Current Revised Project Costs (July 1981)	\$2,360,229
10% Contingency	<u>46,121</u>
Total Revised Project Costs	2,407,350
AID Funds Currently Available	<u>1,899,000</u>
Funding Shortfall (Amendment Request)	<u>\$ 507,350</u>

C. Revised Funding Recap

	<u>Initial Costs</u>	<u>Revised Costs</u>	<u>Shortfall</u>
Phase A	206,390	251,390	45,000 (claim Sept. 77)
Phase B	43,446	80,108	36,662 (claim Feb./Dec. 80)
Phase C	<u>1,249,153</u>	<u>2,074,852</u>	<u>824,688 1/</u>
TOTAL	<u>\$1,500,000 1/</u>	<u>\$2,406,350</u>	<u>\$906,350 1/</u>

1/ Rounded

2/ Covered by \$507,350 amendment request and earlier \$399,000 loan amendment.

SECTION E

REVISED IMPLEMENTATION SCHEDULE

A revised project implementation schedule is found below. As of May 1981 both the construction contractor (COGIFAR) and the engineering contractor (TAMS) have mobilized and a base camp at kilometer 180 (near Pandamatenga) is near completion and both contractors are on the revised schedule.

In order to complete the project on the revised schedule, the PACD must be extended from September 30, 1981 to September 30, 1984.

	PP Plan (or planned as of 5/81)	Actual
EEC Grant Authorization	1/21/78	10/4/79
Prequalification of Contractors	3/1/78	5/16/79
Final Design Completed	3/1/78	7/15/78
Tender Dossier Available	3/15/78	5/14/79
Bid Opening	5/24/78	6/4/80
Engineer's Recommendations	6/10/78	7/28/80
Bid Award	7/10/78	11/10/80
Contract Signing	7/24/78	12/4/80
Contractor on Site	8/24/78	1/18/81
Construction Completed	8/24/80	7/18/83
End of Maintenance Period	8/24/81	7/18/84

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REPUBLIC OF BOTSWANA

27rd January, 1981

M. Louis A. Cohen,  
Director,  
U.S.A.I.D.  
P. O. Box 90,  
Gaborone.

Dear Sir,

Nata-Masungula Road

Refer our conversation on the 21st January, 1981.

It will be recalled that the construction contract for upgrading to bitumen standard of the first 180 km (project A) from Nata towards Masungula also included an option for the entire 300 km stretch (project A + B).

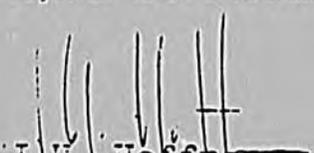
Project A + B implies considerable improved cost-effectiveness compared with project A: 67% more road for only 37% increased construction costs or approximately 195000 per km. road for project A as compared with only 178000 for project A + B.

After the discussions in Moroto recently we believe that the indications of EDF's support for construction of the entire stretch is very good. We have also recently been given the impression that the validity period for option A + B (up to the 30th of July, 1981) will be sufficient to allow EDF to finalise their required procedures.

We now understand that there is at least a fair chance that also USID may be in a position to order support to the extended project. The cost of the additional engineering services has been estimated to some 1250000.

We would be most grateful to have your stance clarified on this matter, at our earliest convenience.

Yours faithfully,



J. V. Hoffmann  
for Permanent Secretary

cc. Chief Roads Engineer  
Permanent Secretary, MTDI (Att. Mr. I. Esderts)

ACTION  
COPY

UNCLASSIFIED  
Department of State

Annex 2

INCOMING  
TELEGRAM

PAGE 01  
ACTION AID-35

GABORO 02228 050944Z

1744 021018 AID0550

ACTION OFFICE AFDR-06  
INFO AAF-01 AFSA-03 AFDP-02 CH6-01 PPCE-01 PCPR-01 PPPB-03  
PEA-01 FM-02 ENGR-02 AFDA-01 RELO-01 DAEN-01 MAST-01  
AFPM-01 028 A3 25

INFO OCT-01 036 W

-----142246. 050944Z /34

P 050740Z JUN 91  
FM AMEMBASSY GABORONE  
TO SECSTATE WASHDC PRIORITY 1552

UNCLAS GABORONE 2228

AIDAC

E. O. 12065: 1/A  
SUBJECT: BOTZAM ROAD PP AMENDMENT

1. USAID HAS NOW RECEIVED LETTER OF APPLICATION FOR PP AMENDMENT FROM MINISTRY OF FINANCE. COPY BEING POUCHED. TEXT OF LETTER FOLLOWS.
2. QUOTE: DEAR LOIS, CONSTRUCTION OF THE NATA-KAZUNGULA ROAD IS NOW UNDERWAY AND IT IS EXPECTED THAT IMPLEMENTATION CAN PROCEED SMOOTHLY UNTO COMPLETION. HOWEVER, IT HAS COME TO MY NOTICE THAT THE LATEST COST ESTIMATES FOR ENGINEERING CONSULTANCY SERVICES INDICATE A SHORTFALL OF US DOLS 507,350 FOR PHASE C (SUPERVISION OF CONSTRUCTION) OF PROJECT A PLUS PROJECT B, THIS BEING INCLUSIVE OF 10PERCENT CONTINGENCY. IN VIEW OF THE FACT THAT USAID HAS BEEN THE FINANCIER FOR THE ENGINEERING CONSULTANCY SERVICES ASSOCIATED WITH THIS PROJECT, AND ACTING IN AN UNDERSTANDING THAT USAID MAY VERY POSSIBLY BE ABLE TO RAISE NECESSARY-ADDITIONAL FUNDS THROUGH AFRICA BUREAU REGIONAL FUNDS, I HEREBY KINDLY REQUEST THAT YOUR GOOD OFFICE MAKES AVAILABLE THIS BALANCE OF US DOLS 507,350. I LOOK FORWARD TO YOUR RESPONSE AT AN EARLY DATE. YOURS FAITHFULLY, B. GAOLATHE, PERMANENT SECRETARY, MINISTRY OF FINANCE AND DEVELOPMENT PLANNING. UNQUOTE.  
DAWSON

JUN 8 1991

UNCLASSIFIED

## Department of State

Annex 3

INCOMING  
TELEGRAMPAGE 01  
ACTION AID-35

GABORO 02738 091431Z

5015 012673 AID1758

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 ACTION OFFICE AFDR-06  
 INFO AAFA-01 AFEA-03 AFSA-03 CMGT-02 CTR-02 ENGR-02 AFDA-01  
 RELO-01 TELE-01 DAEN-01 MAST-01 /024 A4 89  
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INFO OCT-01 AF-10 EB-08 SP-02 /056 W  
 -----244355 091506Z /40

O R 091430Z JUL 81  
 FM AMEMBASSY GABORONE  
 TO SECSTATE WASHDC IMMEDIATE 1949  
 INFO AMEMBASSY NAIROBI  
 AMEMBASSY BRUSSELS

UNCLAS GABORONE 2738

AIDAC

NAIROBI FOR REDSO/EA, BRUSSELS FOR EC

E. O. 12065: N/A

SUBJECT: BOTZAM ROAD PAVING: 633-0072

1. USAID INFORMED TODAY BY EDF RES REP THAT YESTERDAY EDF AGREED TO FUND NORTHERN SECTION OF BOTZAM ROAD PAVING.
2. EDF PROVIDING 5 MILLION EUA FROM FUNDS FOR BOTSWANA AND 1.5 MILLION EUA FROM REGIONAL FUNDS FOR SECTION B PORTION OF ROAD.
3. THIS DOES NOT COVER PULA 6.5 MILLION OF BRIDGE FINANCING PROVIDED BY GOB FOR SECTION A (INCLUDING P1.3 MILLION FOR A & B ENGINEERING SUPPORT). EDF IS APPROACHING VARIOUS ARAB DONOR ORGANIZATIONS TO FUND THIS BALANCE.
4. EARLIER INDICATION EDF WAS TO TURN DOWN FUNDING WAS OFF-SET BY HIGH-LEVEL GOB DELEGATION TO BRUSSELS, HEADED BY FOREIGN MINISTER MOGWE AND INCLUDING ACTING CHIEF ROADS ENGINEER, BONDE.
5. USAID HAS RECEIVED COPY OF GOB LETTER TO EDF CONTRACTOR, INSTRUCTING THFM TO PROCEED ON SECTOR B. WE URGENTLY REQUIRE AUTHORIZATION AND ALLDMENT TO PROVIDE ADDITIONAL FUNDS TO COVER OVER-RUNS TO TAMS CONTRACT IN ORDER TO STAY WITH GOB AND EDF.  
LANDFAIR

10.

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13