

Project: Power Barge "Andrew J. Weber"

Date of Authorization: February 9, 1977

AID Project Number: 999-5004

Related Projects: 999-0002 Power Barge Revolving Fund
999-5003 Power Barge Antilles Diving Service

Brief Project History

Authorization: Section 607(a) of the Foreign Assistance Act of 1961 as amended.

Goal and Purpose: to make the U.S. Army Power Barge Weber available to the Government of the Dominican Republic (GODR) through the Dominican Electric Corporation (Corporacion Dominicana de Electricidad - CDE) to meet the country's emergency power requirements.

Agreement: Because the U.S. Army Corps of Engineers (ACOE) is not authorized to enter directly into agreements with foreign governments, parallel agreements were signed between ACOE and AID, and between AID and the GODR acting through CDE. Both of these agreements were signed on February 9, 1977 and were to remain in force for one year, with provisions for annual renewal. Subsequently, AID extended or renewed its agreement with ACOE prior to extending the agreement with the GODR.

The agreement between ACOE and AID authorized AID to borrow the U.S. Army Power Barge "Andrew J. Weber" and in turn, to lend the barge to the GODR. AID's agreement with the GODR authorized the loan of the WEBER to the GODR, acting through CDE, to assist in meeting the country's temporary shortage of electrical generating capacity.

Under the terms of AID's agreement with the GODR:

- o The USG would loan the Power Barge Weber, with a generating capacity of 22 megawatts, to CDE without charge except for the costs of operation, maintenance, transportation, and repairs.
- o The GODR would establish an initial account in the amount of USD \$382,200 to cover the costs associated with towing the barge to Santo Domingo and with start-up operation and training.
- o The GODR would open a second account in the amount of USD \$200,000 for an Operation and Maintenance Fund.

- o Within 30 days after the end of a fiscal quarter, the GODR would deposit funds equal to the payments made by AID for any additional charges associated with the operation of the barge.

Amendments: There were 12 amendments to the original agreement between AID and the GODR. Since these changes were mirrored by amendments to the agreement between AID and ACOE, only the amendments to AID's agreement with the GODR are reported here.

1 - February 9, 1978 - amended the agreement to require that the tools, repair parts, and consumable operating supplies aboard the WEBER be maintained at inventory levels and those lost or damaged be replaced as soon as possible. The GODR would reimburse AID for items procured by AID.

2- February 9, 1978 - on the same date as the first amendment, a second amendment renewed and extended the agreement to February 9, 1979.

3 - February 9, 1979 - renewed and extended the agreement to February 9, 1980.

4 - February 8, 1980 - renewed and extended the agreement to February 9, 1981, and established an Emergency Procurement account in the amount of RD pesos \$25,000 to cover emergency needs.

5 - October 20, 1980 - amended the agreement to facilitate prompt and effective payment of operating and maintenance costs. The GODR would deposit into the Operation and Maintenance Fund at the beginning of each fiscal quarter, the amount jointly estimated by the GODR and AID to be needed for repairs and operating and maintenance expenses. At the beginning of each fiscal quarter, AID would submit its request for the amount to be deposited into the Fund.

6 - February 9, 1981 - renewed and extended the agreement to February 9, 1982.

7 - February 8, 1982 - renewed and extended the agreement to February 9, 1983.

8 - February 17, 1983 - renewed and extended the agreement to February 17, 1984, and altered the mechanism through which operating and maintenance costs would be financed. Based on an annual budget for operation and maintenance of the WEBER agreed upon by both AID and the GODR, AID's Comptroller would request periodic drawdowns under the letters of credit established by CDE at two Dominican banks. In addition, AID would give the GODR a quarterly statement of actual expenditures.

9 - February 9, 1984 - renewed and extended the agreement to February 10, 1985, and stipulated that the GODR would take corrective action to maintain and repair the hull of the WEBER, with work to be completed by June 15, 1984. (Note: The Antilles Diving Service, a Puerto Rican company contracted by AID, completed the work on the hull by about December 1984.)

10 - February 8, 1985 - renewed and extended the agreement to February 8, 1986, and amended the agreement to require that the GODR "take corrective action with regard to maintenance and repair of the hull of the Weber in accordance with the five provisions of the Weber's Drydocking Plan."

11- August 28, 1986 - renewed and extended the agreement to February 9, 1987, and estimated the costs, in US dollars, to be incurred by the GODR during the period from February 1986 to February 1987. The amendment estimated that the GODR would need:

- o \$1,091,000 - for annual operation and maintenance, and
- o \$2,775,000 - for drydock and overhaul.

12 - February 9, 1987 (signed April 2, 1987) - renewed and extended the agreement to February 9, 1988. (The barge left the D.R. in March 1988.) The amendment estimated the costs to be incurred by the GODR during the period from February 1987 to February 1988 as:

- o \$822,800 - for annual operation and maintenance, and
- o \$2,777,000 - for drydock and overhaul (carried over from the previous year).

Life of Project Amount: Funds for the project were allocated through three accounts, each of which is identified in the Project Inputs section below. Amounts are in U.S. dollars.

Total Obligated or Earmarked: \$6,738,966
 Total Disbursed: \$5,178,235
 Total Remaining: \$1,560,731

Project Inputs

All amounts are in US dollars.

- o **Power Barge CDE**
 Obligated/Earmarked: \$6,424,633
 Disbursed: \$4,863,902
 Unexpended Obligation: \$1,560,731

- o **Revolving Fund**
Obligated/Earmarked: \$274,456
Disbursed: \$274,456

- o **Antilles Diving Service**
Obligated/Earmarked: \$39,877
Disbursed: \$39,877

Counterpart Contribution

A Dominican Navy ocean-going tug towed the Power Barge Weber from Norfolk, Virginia to San Pedro Macoris, D.R., where it was docked. The GODR/CDE provided docking facilities and personnel to operate and maintain the Power Barge Weber. CDE also supplied the fuel oil, distilled water, and other supplies needed to operate the generators. GODR also paid for the insurance on the vessel which was valued at USD \$8,000,000.

Project Accomplishments

The project accomplished its goal of providing assistance to the Dominican Republic to meet its emergency power generating requirements and to raise voltage output levels. The Power Barge Weber produced nearly a billion kilowatt hours of power during the almost 11 years it remained in the country. Docked in San Pedro Macoris, the Weber helped to maintain the voltage levels in the eastern part of the Dominican Republic. It also contributed 22 megawatts of electricity to the country's power supply.

In addition, the project facilitated the transfer of technical training to the Dominican staff assigned to the Weber. While CDE "gave up" personnel to operate and maintain the barge, these technicians in fact received training from the ACOE that enhanced their skills and elevated their qualifications as employees of CDE.

Progress Towards Achievement of Project Purpose

The project fully achieved its goal of providing a stopgap to meet, temporarily, the Dominican Republic's power shortage. However, more than 13 years after the initial agreement to bring the Weber to the Dominican Republic, the country still suffers critical shortages of electricity.

Summary of Lessons Learned

While affording a measure of temporary relief during the emergency energy shortage, the loan of the Weber may have allowed CDE and the GODR to ignore or postpone seeking long-term solutions to the country's electrical energy problems. In 1988, the country's electrical power needs were estimated to be about 400 megawatts to avoid unprogrammed blackouts. The Weber had a generating capacity of only 22 megawatts. At the same time, however, the symbolic value to the GODR and its people of maintaining the Power Barge in the country was considerable, if harder to measure. Unfortunately, more than 13 years after the original agreement authorized the loan of the Weber to the Dominican Republic, the temporary electrical energy "crisis" not only persists but indeed has intensified.

Two other specific problems -- with personnel and financing -- of the Weber project should be noted in the event of future similar projects. CDE frequently lacked the qualified shift supervisors to staff, adequately, all of the barge's operating shifts. The ACOE also reported on numerous occasions that some CDE personnel worked long hours or double shifts. The absence of qualified supervisors combined with the long hours lowered the crew's efficiency and posed potential dangers to the workers and to the entire operation. For future projects that require skilled technicians, AID may need to list, in the Agreement, the minimum qualifications for the personnel to be assigned from the host government or maintain the authority to screen employees before accepting them.

Furthermore, CDE had difficulty in opening the Irrevocable Letters of Credit needed to finance the execution of the agreement. After the peso was devalued mid-way through the project, the difficulties worsened. The problem of unreliable financing for counterpart contributions may well be inherent to governmental institutions that are not economically sound. Recognizing this, future projects may require creative financing arrangements that rely even less on host institutions.

Dec, 11, 1990