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becon

P.O. BOX 1609 - LEESBURG, VA 22075 - (703) 822-5229

July 16, 1987

Mrs. Julia Taft
U.S. Agency for International Development
Office of Foreign Disaster Assistance
2301 C Street, N. W.
Washington D.C. 20523

USAID Contract No. PDC-0000-C-00-7067-00
Cross Border Feeding Program
Technical Services Contract

Dear Mrs. Taft:

Attached herewith you will find five copies of Becon's Final Report for the subject Contract. We believe that the dispute settlement recommendations contained in the Report will facilitate the near term repair and return to service of the Mercy Corp International LA - 1513 truck fleet. We anticipate a response from Daimler Benz to the settlement procedure on July 31, 1987. Becon is prepared to support OFDA as required, to satisfactorily conclude negotiations with Daimler Benz.

I would like to extend our sincere appreciation to you and your staff, Ken Fries in particular, for the able support and assistance provided to Becon during this complex assignment.

If we can be of assistance in the future please do not hesitate to give me a call.

Sincerely,


George E. Stockton
Contracts Manager

**USAID CONTRACT NO. PDC-0000-C-00-7067-0
CROSS BORDER FEEDING PROGRAM
TECHNICAL SERVICES CONTRACT**

FINAL REPORT

man

**BECON SERVICES CORPORATION
LEESBURG, VIRGINIA**

JULY 16, 1987

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1.0 Introduction

1.1 Definitions

USAID	United States Agency for International Development
OFDA	Office of Foreign Disaster Assistance U.S. Agency For International Development (Cross Border Feeding Program Grantor)
USAID/Khartoum	U.S. Aid Mission Khartoum, Sudan (Cross Border Feeding Program Administrator)
Becon	A Bechtel Group Company (USAID consultant)
MCI	Mercy Corps International (USAID Cross Border Feeding Program Grantee Organization and LA 1513 truck fleet purchaser and owner)
ICRC	International Committee of the Red Cross (MCI fleet operator, 41 trucks)
REST	Relief Society for Tigray (MCI fleet operator, 35 trucks)
LWR	Lutheran World Relief (USAID Cross Border Feeding Program Grantee Organization and LA 3828 & L 1924 truck fleet purchaser and owner)
ERD	Emergency Relief Desk (LWR fleet manager)
ERA	Eritrean Relief Agency (LWR fleet operator)
DB	Dailmer Benz (MCI and LWR truck fleet supplier)
Marrel	Subcontractor to DB (supplier of torsion free platforms to MCI fleet)
JIT	Joint Inspection Team (comprised of Becon, MCI and DB representatives)

1.2 Report Scope Summary

Under its Technical Services Contract (No. PDC-0000-C-00-7067-0), Becon was requested to identify for OFDA and USAID/Khartoum, outstanding technical and operational issues regarding the MCI and LWR Cross Border truck fleets. A summary of Becon's scope responsibilities are provided below for each of the respective fleets.

a. MCI Fleet (LA 1513)

1. Evaluation of the nature, cause and extent of reported defects to the MCI fleet in consultation with truck fleet operators, MCI, ICRC and REST and the truck fleet supplier DB.
2. Performance of field inspections of the MCI fleet in cooperation with MCI, ICRC, REST and DB to verify the nature, cause and extent of reported defects.
3. Evaluation of options for the repair of identified defects to the MCI fleet in cooperation with MCI and DB.
4. Facilitation of an agreement between MCI, and DB for the repair of identified defects and the settlement of claims brought by MCI, or their fleet operators, for damages resulting from these defects.
5. Evaluation of MCI's fleet operations and maintenance support activities under USAID Grant NO. ASB-0000-G-SS-5125-00 in consultation with MCI, LWR, ICRC, REST, ERD and ERA
6. Evaluation of MCI truck fleet reprogramming options in consultation with OFDA and USAID/Khartoum.

b. LWR Truck Fleet (L 3828 and L 1924)

1. Confirmation of LWR's satisfaction with the settlement agreement negotiated by LWR and DB for defects to the LWR fleet in consultation with LWR, ERD and ERA.

2.0 MCI LA - 1513 Truck Fleet Defects

The findings of the JIT confirmed the repeated failure of the Marrel torsion free platform on the MCI LA -1513 trucks. These failures have continued despite the efforts of DB and Marrel to correct the problem through the implementation of six (6) individual repair programs during the May -December 1986 time frame. The structural nature of these defects will dramatically reduce the operating life of the truck fleet if major repairs are not implemented in the near

term. If trucks continue to operate at rated capacities without repair total platform failure could result within six months . Total platform failure would render the trucks useless for cross border food hauling purposes (see Joint Inspection Report Attachment 1).

The repeated repair programs implemented by DB, Marrel and supported by fleet operators did permit the fleets to operate a reduced levels of capacity. ICRC fleet operating records confirm that capacities were reduced by as much as 66% during 1986 as a result of the defects and resultant down time for repairs.

2.1 MCI Position

MCI attributes these failures to the inability of the Marrel platform design to withstand the extreme fleet operating service conditions. This finding is supported by MCI's analysis of the design configuration of the platform, the nature, extent and proximity of the failures to the load bearing surface areas of the platform and DB's repeated unsuccessful attempts to eliminate the reoccurrence of these defects through minor modifications to the platform. Additionally, MCI has suggested that the acceptable performance of other DB trucks with non-torsion free platforms (rigid platforms), operating under identical service conditions supports the design origin of the defects. MCI and its respective fleet operators have lost confidence in the torsion free platform design and favor the conversion of the trucks to a rigid type platform.

In addition to the repair of the trucks MCI and ICRC have prepared claims against DB for recovery of costs associated with the repeated platform repair programs and warranty claim administration. The MCI and ICRC claims total approximately \$81,000 and \$84,000 respectively. No claims for damages by REST were provided to Becon.

2.2 DB Position

DB does not concur with MCI's position and attributes the defects to the high speed and otherwise negligent operation of the trucks by ICRC and REST truck drivers. DB also contends that the terrain in Tigray (the operational theater of the LA -1513 fleet) is the most extreme of all cross border service conditions and has contributed to the platform failures.

DB argues that none of their other trucks which have performed successful have operated in Tigray (this assertion however, has been refuted by certifications to the contrary provided by fleet operators, ICRC and ERD, see Attachment 1).

Further DB does not accept responsibility for consequential damages associated with the platform repair programs or warranty claim administration. DB terms of sale specifically exclude responsibility for consequential damages.

2.3 USAID Position

Both OFDA and USAID/Khartoum have expressed their disappointment over the failure of the fleet to meet the operational objectives of the Cross Border Feeding Program. The MCI and ICRC Grant/Fleet Operating Agreements will expire on August 31, 1987 and December 31, 1987 respectively. Accordingly, USAID is considering options for the reprogramming of the truck fleet with eligible Grantee/Fleet Operators for continued cross border feeding operations or other approved humanitarian uses. The reprogramming cannot take place until the required repairs have been implemented. USAID therefor is supportive of an expeditious settlement of the warranty dispute which will facilitate the repair and return to service of the truck fleet.

2.4 Resolution of Warranty Dispute

Both MCI and ICRC have retained legal counsel and have taken steps to reserve their rights to pursue a settlement of the warranty dispute in German courts.

It is the joint assessment of the parties that resolution of the warranty dispute would involve protracted and costly litigation in German courts. Discussions with MCI legal counsel Dr. Bodo Haggney confirmed these durations to be approximately eighteen months for a lower court decision with an additional twenty four months required for an appellate court decision. Dr. Haggney is of the opinion that the courts would side with MCI and that DB would be obligated to either repair the trucks to the satisfaction of MCI, or reimburse MCI for the full value, or a percentage of the full value of the trucks, if in the opinion of the courts, the defects do not constitute a complete disability of the trucks. Dr. Haggney was not confident that consequential damages for repair costs or warranty claim administration could be recovered through litigation.

The pending expiration dates of the MCI and ICRC Grant/Fleet Operating Agreements are not consistent with the durations required for litigation of the dispute. A decision to litigate would require either extensions of these agreements or assignment by MCI and ICRC of their rights under the warranty to USAID. Litigation would eliminate possibilities for the near term repair and return to service of the truck fleet.

2.5 Recommended Settlement Procedure

Given the desire of the parties to avoid litigation, the pending expiration of both the MCI and ICRC Grant/Fleet Operating Agreements and the necessity of the timely repair and return to service of the fleet, the JIT Report recommends consideration of a DB policy adjustment for the settlement of the dispute. Under the terms of the policy adjustment DB will cover the direct costs of the conversion (ie material, labor and transportation) of the torsion free platforms to rigid type platforms and MCI or their designees under a USAID reprogramming agreement, will be responsible for the design and implementation of the conversions. As consideration for DB's funding of the conversions MCI and its designees, ICRC and USAID will release DB from all responsibilities with respect to these conversions. The estimated material and labor costs of the conversions total approximately \$522,000.

The JIT Report also recommends a procedure for the good faith negotiation and settlement of the MCI and ICRC claims for damages.

The recommendations of the JIT Report were reviewed and approved by both OFDA and USAID/Khartoum prior to their presentation to DB management in Stuttgart.

Becon, MCI, ICRC and OFDA representatives presented the recommendations of the JIT to DB management in Stuttgart on June 29, 1987 and concluded negotiations on a procedure for the implementation of these recommendations on July 1, 1987. Under the terms of the procedure DB will evaluate and submit the truck repair recommendations of the JIT to their board for ratification and approval and will notify MCI and OFDA of their decision on or before July 31, 1987. DB will also evaluate the MCI and ICRC claims and provide settlement offers on or before August 15, 1987. The details of the JIT Report and the settlement procedure are provided in Attachments 1 and 2 of this report.

3.0 MCI Fleet Operations and Maintenance Support Activities

Under the terms of its Grant MCI was responsible for the performance of fleet operations and support activities for both the MCI and LWR fleets. These responsibilities included:

- a. Clearance at port and approval for operation of trucks in Sudan (MCI fleet only)
- b. The transfer of title and ownership of the trucks to a third country private relief agency acceptable to AID, in accordance with terms agreeable to AID (MCI fleet only)

- c. Operation of the trucks by non - U.S. Citizens (MCI fleet only)
- d. Routine Service and preventive maintenance in Sudan under qualified supervision
- e. Monitoring by non - U.S. citizens of truck use (MCI fleet only)

With the exception of the clearance of the trucks through the port due to the imposition of a restraining order by the Sudanese Government, MCI's performance did meet the spirit and intent of the Grant requirements. However, both qualitative and quantitative criticisms of MCI's performance have been voiced by certain fleet operators. MCI's credibility with fleet operators was seriously eroded by the aforementioned restraining order and continued fleet defect problems. MCI's authority and effectiveness were called into question as a result of these two events. This adverse image did not promote an effective integration of MCI and fleet operator resources in the performance of the routine servicing, preventative maintenance and monitoring scope objectives.

MCI was unable to reconcile the finite support considerations of the Grant agreement with the perceptions and expectations of the fleet operator organizations. The support services contemplated in the MCI grant request which provided the basis for the Grant can be characterized as " emergency famine relief " in nature (ie a broad brush application of resources at minimal levels in support of all theaters of operation). The temporary and mobile nature of this support assistance was emphasized in response to rapidly changing political, security and climatic considerations.

Owing to their historical association with protracted wars of liberation, the fleet operators share a decidedly more permanent and longer term view of their relief activities. Accordingly, MCI's support actions were perceived in many cases as insufficient and were not utilized to their fullest advantage by the fleet operators. Containerized work shops were converted to material storage in favor of permanent maintenance facilities. MCI furnished shop tools were characterized as " light utility " and of insufficient capacity for the performance of major overhauls. MCI non -U.S. supervisory personnel were unable to assimilate with the fleet operator organizations and were not fully utilized.

These qualitative and quantitative judgements notwithstanding, MCI did provide support assistance consistent with the requirements of the Grant. Maintenance facilities were erected, electrical and water distribution systems were installed, spare parts and shop tools were furnished and operator/mechanic training was provided.

MCI did provide partial accounting data and commercial invoices to Becon verifying that maintenance and operations support expenditures were incurred on behalf of fleet operators. MCI intends to reconcile these expenditures with Grant program budgets upon completion of their year end accounting. MCI will provide this data to USAID with their final report on the Cross Border Feeding Program Grant.

4.0 MCI Fleet Reprogramming Options

The pending expiration the MCI and ICRC Grant/Fleet Operating Agreements necessitated the reprogramming of the MCI fleet with another organization acceptable to USAID. Several options were reviewed with USAID/Khartoum and OFDA including:

- a. Extension of the MCI and ICRC Grant/Fleet Operating Agreements
- b. Reprogramming of the MCI fleet to LWR for continued cross border feeding operations through fleet operating agreements with ERD and REST.
- c. Reprogramming of the MCI fleet to a Sudanese relief organization such as the Sudan Council of Churches for humanitarian uses.
- d. Reprogramming of the MCI fleet to an agency of the Sudanese Government such as the Plant Protection Department for approved developmental uses.
- e. Retention of the MCI Fleet by USAID/Khartoum for future relief activities.

Of all the options reviewed, the reprogramming of the fleet to LWR provided the greatest assurances that the trucks would be repaired and returned to approved use in a manner consistent with the cost and schedule considerations of the JIT repair recommendation and the use requirements of the original Grant. Extension of the MCI Grant Agreement would involve substantial costs to USAID. ICRC has formally advised OFDA that they are not interested in any extension to their Fleet Operating Agreement.

The ability of other Sudanese relief or government agencies to properly repair, maintain and operate the fleet in a manner consistent with the JIT repair recommendation or the use requirements of the original Grant was considered questionable. USAID/Khartoum does not have the facilities required for the medium term storage and preservation of the fleet.

LWR plans to continue its association with ERD for the continued operation of the LWR truck fleet operated by ERA in Eritrea. ERD is a donor organization of REST which is currently operating 30 of the MCI LA 1513 trucks in Tigray. The reprogramming arrangement would provide for the continued operation of the 30 trucks by REST and the transfer to REST (through LWR/ERD) of the 41 trucks operated by ICRC for continued operations in Tigray. Both LWR and ERD have well established working relationships with DB which will ensure the implementation of the truck repair recommendations of the JIT. LWR and ERD would be named as MCI's designees under the MCI - DB truck repair settlement agreement. All materials and funds provided by DB for purposes of truck repair would be provided to LWR and ERD who would in turn be responsible for the repair of the trucks. ERD and ERA have carried out very similar repairs to the LWR fleet with highly satisfactory results. The details of the proposed reprogramming agreements are provided in Attachment 3 of this report.

5.0 LWR Fleet Defect Settlement Agreement

5.1. L 3828 Platform Defects

The L 3828 fleet was furnished with a Marrel platform of a rigid type design. This platform also suffered from cracks in the horizontal and vertical cross members. These defects were not as significant as those sustained to the LA 1513 fleet however, substantial repairs were required to prevent their reoccurrence. These repairs were undertaken by LWR's fleet operator ERA under a policy adjustment similar in nature to the one proposed for the MCI fleet. Under the terms of the policy adjustment DB agreed to provide LRW , ERD, ERA with a line of credit for spare parts in the amount of \$83,000 as compensation for the expenses incurred by ERA in the repair of the trucks. Actual ERA repair costs total approximately \$140,000. ERA explained that the disparity between the two figures was due to an over run in material costs. The agreement was based on ERA's estimate of the repair cost which did not reflect the actual value of materials. These material cost over runs were taken into consideration in the preparation of the LA 1513 truck repair estimate by the JIT.

ERA representatives expressed concern over the discrepancies in the repair cost and spare parts values however, they recognize that the agreement was based on their estimate of repair costs.

ERD expressed satisfaction with the agreement and stated that an allowance of between ten to fifteen percent was being negotiated to off set DB profit margins.

5.2 L 3828 Spring Support Failures

ERA advised Becon that the L 3828 fleet was also suffering for continued failure of the front and rear leaf spring supports. DB confirmed that this problem was covered under warranty and that DB would provide replacement spring supports free of charge and would compensate ERA for the labor required for the installation of the parts. This agreement is incorporated in the JIT Report provided in Attachment 1 of this report.

5.3 Compatibility of MCI furnished Spare Parts to LWR Fleet

Owing to the varying specifications of the LWR fleet certain of the spare parts furnished by MCI lack universal compatibility to the fleet. It was agreed that ERA would compile a list of these incompatible parts and provide it to DB. DB agreed to evaluate the list and replace any incompatible parts with other compatible parts of equal value. This agreement is incorporated in the JIT Report provided in Attachment 1 of this report.

6.0 Recommendations for Future Truck Fleet Procurements

Grant requests involving major procurements should provide statements of past experience and qualifications of Grantee organizations in the performance of procurements of a similar scope and magnitude. The procurement capability of Grantees should be evaluated for Grant requests involving major procurements.

Grantee organizations should utilize competitive procurement procedures to the greatest extent practicable. Competitive procurement will enable the Grantee to obtain the most advantageous terms of purchase. Technical Specifications outlining the anticipated service conditions and truck performance requirements should be developed and utilized for major truck procurements. Generic specifications utilized in the Commodity Import Program are available from USAID office of Procurement. These specifications could be provided to the Grantee organization for use in procurement activities following the incorporation of conditions of particular application. Adequate fabrication lead times to ensure adherence to the technical specifications should be provided in the bidding documents. Joint pre-shipment and destination inspections should be also be required in conjunction with administrative procedures for the resolution of deficiencies identified during inspections. Liquidated damages should be assessed for failure of supplier to meet required schedules for all schedule sensitive procurements.

All Grants should require the execution of purchase contracts between the Grantee and its major suppliers. These contracts at a minimum should clearly establish USAID's rights of review and approval and outline the responsibilities of the parties with respect to the purchase including the identification of authorized representatives, correspondence control procedures, performance requirements of the trucks furnished, rights of the purchaser under the suppliers warranty and suppliers rights of access to defective trucks under warranty.

Provisional acceptance periods providing for initial and temporary use of the trucks by purchaser prior to final acceptance should be required by the initial bidding documents and by contract. A percentage of total contract value (ie 10% - 20%) should be retained by purchaser until issuance of final acceptance. All deviations to the terms and conditions of the bidding documents and the technical specifications must be justified by the Grantee to USAID prior to contract award.

ATTACHMENT 1
JOINT INSPECTION REPORT

11

CROSS BORDER FEEDING PROGRAM

JOINT INSPECTION REPORT

INTRODUCTION

Becon Services Corporation (a Bechtel Group Company) has been retained by the U.S. Agency for International Development, Office of Foreign Disaster Assistance (U.S.AID/OFDA) to assess the technical problems sustained by the Mercy Corps International (MCI) and Luthern World Relief (LWR) truck fleets furnished by Mercedes Benz (MB) for cross border food operations in Sudan. In meetings in Stuttgart on June 5, 1987 agreement was reached for a joint inspection of these technical problems by Becon, MB, MCI and LWR representatives. The goals of this joint inspection were defined as follows:

1. Review of the procurement methodology utilized in the purchase of these vehicles.
2. Analysis of the actions taken by the parties (buyers and sellers) in the development of technical specifications for use in the procurement of the truck fleets.
3. A review of fleet operating, maintenance and service conditions.
4. Verification of the technical adequacy of the various repair programs initiated by MB and fleet operators.
5. Identification, if necessary, of a final repair proposal(s) for the resolution of open technical problems.

At the insistance of U.S.AID/OFDA, it was agreed that the findings of the joint inspection team would be reviewed with MB management in Stuttgart with the participation of U.S.AID/OFDA, for the purposes of reaching a final agreement outlining the responsibilities of the parties, with respect to any further repairs to the fleet deemed necessary.

The following narrative outlines the principle findings of the Joint Inspection Team.

1.0 Procurement

The trucks were purchased on a negotiated/competitive basis. The details of the procurement process will be discussed in the final Becon Report to OFDA.

2.0 Technical Specifications

A review of available Grant documentation confirms that no formal technical specifications for the purchase of the vehicles was developed by the Grantees. However, terms of reference outlining the performance requirements of the trucks, desired load capacities, optional features and the anticipated service conditions of the fleet were developed by the Grantees and provided to MB for use in the identification of the MB truck type to be furnished. These terms of reference emphasized the off road service conditions of the fleet. It was confirmed that MB was cognizant of these service conditions in their deliberations regarding the truck type and platform best suited for these conditions.

3.0 Fleet Operations, Maintenance and Service Conditions

A review of fleet operating records confirmed the uniform nature of the service and maintenance capabilities of the fleet operators (ie. ICRC, REST and ERA). The capabilities of drivers with respect to proper operating methods of the trucks was also established to be uniform in nature among the aforementioned fleet operators. Confirmations were also obtained (see attachment 1) verifying the operational use of all truck types furnished by MB in similar terrain and service conditions.

4.0 Technical Adequacy of Previous Repair Programs

4.1 MCI - LA 1513 Marrel Torsion Free Platform Design

A review of fleet maintenance records, inspection reports and relevant correspondence and the field inspection of a representative sample of the LA 1513 trucks established that the previous repair programs initiated by ME were not adequate to prevent the reoccurrence of the defects sustained following initial operation of the fleet. The spread sheet show in in Attachment 2 summarizes the nature of the defects sustained, the scope of the various repair programs initiated by MB and the evaluation of the joint inspection team with respect the technical adequacy of these repairs.

4.2 LWR - L 3828 Marrel Ridgid Platform Design

A field inspection of the repairs implemented by ERA to the L 3828 platforms confirmed the technical adequacy of these repairs to meet the intended service conditions of the fleet.

5.0 Recommendations for Additional Repair Programs MCI Fleet

5.1 Option 1 - Maintenance of Torsion Free Design LA 1513

It was concluded that maintenance of the torsion free design through an extensive modification to the truck platform could be achieved. These modifications would include the following:

1. Installation of heavy cross members with gusset plating to the subframe assembly.
2. Increasing the lateral movement of center side fixing bracket bolt through the elongation of center bolt hole.
3. Reinforcing subframe assembly through boxing, by the addition of steel channel for a distance of at least 1.5 meters fore and aft of the center side fixing brackets.
4. Extension of center side fixing bracket bearing area to improve load spread.

5.2 Impediments to Option 1

1. Repeated unsuccessful repairs to the torsion free platforms have reduced the confidence levels of the fleet operators in the torsion free design. Fleet operators are therefore reluctant to accept any solution involving the maintenance of the torsion free design.
2. To implement this solution over the objections of the fleet operators would necessitate a substantial maintenance and fleet support service presence by MB following the completion of the repairs. Fleet operating logistics would prohibit this required support presence by MB due to the remoteness of fleet operating service centers, the lack of reliable communications and the existence of hostilities in the operational theaters of the fleet.
3. High degree of confidence by fleet operators in rigid type platforms on other MB trucks currently operating in their respective fleets.

5.3 Option 1 - Issues for Consideration

1. Can the modifications for maintenance of torsion free design be implemented?

Yes, repairs could be implemented in cooperation with fleet operators.

2. Can fleet operator confidence levels be improved through the implementation of modifications for the maintenance of the torsion free design?

No, fleet operators have a demonstrated preference for non torsional platform concept based on favorable operating experience with other MB trucks and trucks of other makes.

3. Can MB provide post modification fleet service support to gain fleet operator acceptance of torsion free modifications?

No, MB can provide post modification service support to Sudan base camp fleet service centers however, border and cross border service centers and fleet operational theaters can not be adequately serviced due to the extreme distances involved and the periodic inaccessibility of these regions due to rains and the threat of hostilities. Further the overall lack of communications between these remote regions and MB service centers make it extremely difficult to schedule and implement service support activities.

4. Should MB recommend modifications for the maintenance of the torsion free platform?

The preliminary findings of the Becon and MCI Inspection Team members do not support this recommendation based on the factors cited above however, the final decision on this recommendation will be made in consultation with MB management in Stuttgart.

5.4 Option 2 - Conversion to a Rigid Platform

It has been confirmed that a conversion of the Marrel torsion free platform to a rigid type platform could be achieved. these modifications would include the following:

1. Removal of front and rear center bearings, side fixing brackets and other miscellaneous items necessary for the conversion.
2. Removal of center floor cross members and reinforcement of existing longitudinal frame above center side fixing bracket approximately 1.5 meters fore and aft of the center side fixing bracket
3. Installation of additional horizontal and longitudinal support steel in lieu of center side fixing bracket (per attached reference sketch). Final design of support steel to be reviewed with MB engineering in Stuttgart.
4. It is suggested that the first three U bolts on both sides of the frame be replaced with U bolts of a longer and strengthened design fitted with flexible mountings (rubber or steel depending on availability of material) to maintain flexibility requirements of truck chassis.

5.5 Impediments to Option 2

1. Elimination of the torsion free design would terminate the responsibility of Marrel to support continued modifications to the platform under warranty.
2. MB is concerned that rigid platform modifications may reduce the flexibility of the truck chassis.

5.6 Option 2 - Issues for Consideration

1. Can Marrel be held responsible for the conversion to a rigid platform?

No, Marrel does not attribute defects to torsion free design, but rather to extreme service conditions.

2. Can MB design and implement the conversion to a rigid platform?

No, MB is not a designer nor manufacturer of truck super structures or platforms and has reservations regarding the effects to the truck chassis resulting from this conversion.

3. Can the conversion of the torsion free platform to a rigid type platform be implemented?

Yes, the conversion could be implemented by fleet operators as previously demonstrated by the modifications of the L 3828 trucks by ERA which is a repair similar in nature to that contemplated for the LA 1513's.

4. How can the desires of the fleet operators for the conversion of the torsion free platform to a rigid type platform and the reservations of MB regarding this conversion be reconciled?

Given the preference of the fleet operators for rigid platforms and recognizing their ability to carry out these conversions, it is the suggestion of the Joint Inspection Team that MB consider a policy adjustment for the resolution of this issue. Under the terms of the suggested policy adjustment MB would cover the direct costs of the conversion (ie material and labor) and the fleet operators would be responsible for the design and implementation of the conversions. As consideration for MB's funding of these conversions the fleet operators (ICRC, REST), U.S. Grantee organizations (MCI) and U.S. Grantor organizations (U.S.AID/OFDA) will release MB from all responsibilities with respect to these conversions. The estimated direct costs of these conversions are shown in Attachment 3.

6.0 Companion Issues

6.1 LWR Spare Parts Furnished by MCI

The status of the LWR spare parts furnished by MCI for the operation of the ERA fleet was reviewed to determine the compatibility of these parts with the actual trucks purchased by LWR (L 3828, L 1924, and L 1624). Interviews with ERA fleet operators and inspections of ERA maintenance facilities confirmed that the majority of these parts are compatible. It was determined that a portion of the long turnover parts may not be universally compatible with all the trucks in the ERA fleet owing to the varying specifications of the trucks. It was agreed that ERA would prepare a list of these parts and submit same to MB Khartoum by July 1, 1987. To the extent that this non-compatibility can be confirmed by MB, MB agreed to replace these parts with compatible parts of an equal value.

6.2 LWR Spare Parts Received in Settlement of L 3828 Platform Defects

LWR and MB reached an agreement wherein MB would provide ERA with 150,000 DM of spare parts in settlement of ERA's costs of repairs to the L 3828 Marrel platforms. To ensure compatibility of these parts with the ERA truck fleet it was agreed that ERA would review the list of spare parts prior to order.

6.3 LWR L 3828 Spring Support Failures

It was confirmed through discussions with ERA fleet operators, inspections of the fleet and reviews of fleet operating documentation, that the repair programs initiated by MB to remedy this problem have not been effective. MB confirmed the problem is under review by MB engineering in Stuttgart and that the defect is covered under MB warranty. MB further agreed to cover the costs of all materials and labor associated with repair of this defect.

6.4 Settlement of Grantee/Fleet Operator Claims LA 1513 Marrel Torsion Free Platforms

MCI and ICRC have prepared claims against MB for operating costs associated with the LA 1513 Torsion Free Platform failures. MB does not accept any responsibility for these costs, however at the request of U.S.AID/OFDA, MB confirmed that they are prepared to evaluate these claims to determine their validity. Inasmuch as portions of these claim amounts involve U.S.AID Grant funds, U.S.AID/OFDA has formally requested the settlement of any substantiated claim amounts through good faith negotiations between the parties.



COMITÉ INTERNATIONAL DE LA CROIX-ROUGE
INTERNATIONAL COMMITTEE OF THE RED CROSS

اللجنة الدولية للصليب الأحمر

Khartoum, 21.06.1987

No 97 - PBS/cb

Dear Sir,

Following our conversation of yesterday we have pleasure in confirming herein that ICRC's food and non-food deliveries from Sudan into neighboring Ethiopia, more specifically into Tigray, have been made with 10-ton Mercedes Benz trucks, type 1924, as well as 6-ton Mercedes Benz trucks, type LA 1513. The route used by both types of trucks has invariably been the same although unloading took place at different locations inside Tigray without prejudice to the type of truck used.

Moreover we would like to point out that during the eight months period during which our MB 1513 trucks were stranded in Kassala (May to December 1986), the several thousand tons of relief assistance delivered into Tigray by ICRC were transported solely with ICRC's MB 1924 trucks.

Always at your disposal for any additional information you may require, we remain,

faithfully

PBS/cb



Patrick B. Steedman
Deputy head of delegation

George Stockton
Bechtel, Inc., Virginia
Hilton Hotel

KHARTOUM

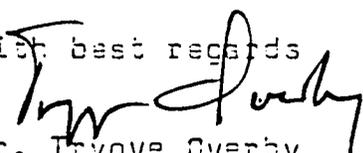
EMERGENCY RELIEF DESK

TO WHOM IT MAY CONCERN

RE: Use of Mercedes trucks of various types inside TIGRAY

Upon request from Mr. Stockton from Bacon I hereby confirm that I during my own visit to TIGRAY in February 1987 and that my expatriate staff during similar trips the last years have seen in operation inside West Tigray many Mercedes trucks of other type than LA 1513, i.e. the ICRC trucks of the 1924 type and REBT's own considerable fleet of 1924s engaged in food transport in a similar fashion as the LA 1513's. There is no doubt that these non-1513 - trucks have been exposed to the same road conditions and situations as the 1513 s .

With best regards


Dr. Trygve Overby
Executive Secretary ERO

EMERGENCY RELIEF DESK

OFFICE

Norwegian Church Aid

P.O. Box 484, Khartoum, Sudan

Telephone: 40 385 / 43 390

Telex: 24061 NCASP SD

Bank: Citi Bank 1000152 - 2

LA 1512 Marrel Torsion Free Platform Repair History

Fix	# of Trucks of Fix	Date	Repairing Agency	Personnel Involved	Type of Repairs	Plate	Bracket	Stops	Bolts/washers	Thrust bearings	"U" bolts	Results of Repairs	Evaluation of Repairs
1	74	May 86	D-HB Marrel ICRC REST	Ringsdorf MB Schmitz-Marrel ICRC REST	weld cracks in longitudinal members on platform-adj 280mm plate to longitudinal member of platform.	280mm	original	original	original	original	n/a	after operating trucks, new cracks appeared in area of repair. Some welds cracked.	inadequate to eliminate recurrence of defects
2	7	June 86	D-HB Marrel	Setzer/Phkert MB Theis Marrel Ringsdorf MB ICRC REST	Modified existing bracket. Added gusset re-weld cracks in area of repair.	280 MM	original with modifications	original	original	original	n/a	cracks appeared at end of gussets & brackets after operation of trucks- cracks began to appear in crossmembers	inadequate to eliminate recurrence of defects
3	1	end of June 86	D-HB Marrel	Theis Marrel Setzer Ringsdorf MB	Removed side bolts & washers-removed stops- added "U" bolt with anchors	280 MM	original with modifications	removed	removed	original	added in front of side brackets	After operating 1 hour, the U bolt broke.	inadequate to eliminate recurrence of defects
4	17	Aug 86 to Dec 86	D-HB Marrel	Theis Marrel Setzer Ringsdorf MB	Changed side bracket to the "formed" bracket. Added longer side bolt. Increased stack from 4 to 5 washers- changed to longer 500mm plate on longitudinal member.	changed to 600mm plate	changed to formed bracket	original	changed to longer bolt from 4 to 5 washers	original	n/a	new cracks apprd at end of new plate(600mm) in area of repair cracks appeared in crossmembers from center out.	inadequate to eliminate recurrence of defects
5	24	Sept 86 to Dec 86	D-HB Marrel	Wittenburg Marrel & above	Removed stops from Chassis. Added spacers to thrust bearings.	600mm	formed bracket	removed	changed to longer bolt from 4 to 5 washers	spacers added	n/a	new cracks appeared at support plate (600 MM) cracks appeared at the crossmembers of the floor structure on two of the crossmembers both fore and aft of the side fixing points.	inadequate to eliminate recurrence of defects
6	1	Nov 86	D-HB Marrel	Shisoo MB Kile Marrel	Same as Fix 05 above Added spring washers to U bolt to front of chassis	600mm	formed bracket	removed	longer bolt from 4 to 5 washers	Same as fix 05 above	Added spring washers to U bolt to front of chassis (1st two)	Truck unavailable for inspection (Ch: # 36010215219646) No documentation on results of this fix available.	Although this fix was inspected, it is doubtful that it would be effective in the elimination of defects observed.

LA 1513 Marrel Platform

Day		Foreman	Mechanic/Welders	Helpers	Painters	Hours	Total Manhours	
1	Remove Platform from Chassis	1	1	2	x	6	= 24	
2	Remove all Necessary components to facilitate this modification.	1	1	2	x	6	= 24	
3 & 4	Fabricate Crossmembers. Clean, grind old wells, ect	1	1	2	x	6	= 48	
5 & 6	Weld crossmembers to platform. Repair any cracks in existing members.	1	1	2	x	6	= 48	
7 & 8	Add longitudinal members to platform. Weld as many as unnecessary.	1	1	2	x	6	= 48	
9 & 10	Make 12 "u" bolts and angle brackets necessary for remount. Paint.	1	1	2	x	6	= 60	
11	Start remount platform to Chassis.	1	1	2	x	6	= 24	
12	Complete platform remount to Chassis. Clean and paint.	1	1	2	x	6	= 24	
					1	x	3	= 3
Total Manhours							303	
Total Manhours at LS 35							10605	
Total Material							7132	
LS 17737							= DM 13303	
							x 71 = DM 944,513	

The labor rates shown on this estimate are at the prevailing rates for customer charges. These rates are common to the workshops in Khartoum such as Harvester and Eng Co. Ltd and Elashi and Sons. The material costs are current prices in the workshops with the exception of the channel steel which must be imported from Germany. This estimate is based on the current labor and shop facilities available in Khartoum.

22

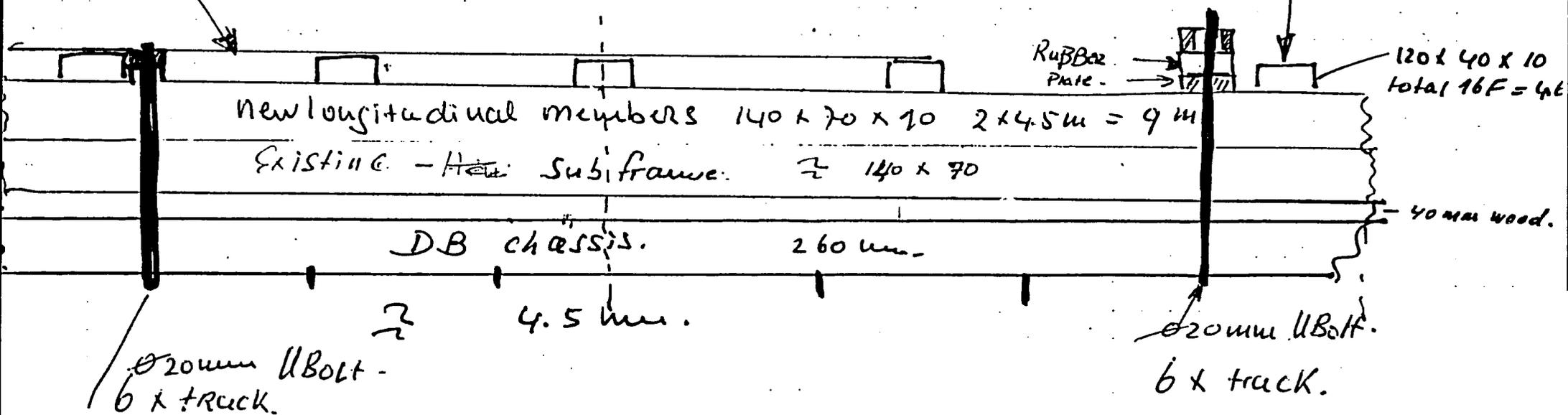
Materials Required for 1 Platform Modification

Item Qty	Item Description	Unit Measurement	Unit Price	LS Total Amount
1	Grinding disk	each	25	25
6	Packet welding rod	each	25	150
12	U BOLT Assemblies	each	60	720
2	Sets of rubbers or springs	set	65	130
5	Kilos Paint	kilo	30	150
* 100'	120 MM Channel Steel	foot	30	3000
40'	Angle Iron	foot	8	320
40'	wood Softner	foot		100
	Land Freight of Steel from Pt Sudan to Khartoum @ LS 140/ton 600kg			84
	Transport costs of trucks from Kassala and Gedaref to Khartoum (fuel @ 3.45 per Gal + 375 Mi @ 8/mpp) (Drivers wages 2 day @ 13 LS/day)			162 26
	MB personnel costs to monitor repair			2400
				----- 7122 *****

* Ocean Freight from Germany to Sudan unknown
Projected cost only-to be adjusted in Germany.

SKETCH - FOR ESTIMATING ONLY.

Existing Structure



Welding Electrode's minimum 70,000 LBS Tensile strength,
 Electrode thickness 4, 5 - 6 mm.

Not to SCALE - for Reference only. ✓



COMITÉ INTERNATIONAL DE LA CROIX-ROUGE
INTERNATIONAL COMMITTEE OF THE RED CROSS

DIVISION DES SECOURS
RELIEF DIVISION

CLAIM

For indemnity of costs occurred to ICRC by extra-work and immobilisation of MB 1513 in Sudan.

Geneva, 26 June 1987
WH/bi

25

1. MODIFICATION OF PLATFORMS

- 44 units modified.
- Each unit by 36 man hours (MH).
- 1 MH = 38.-- SDP (includes 6 % overhead of workshop).
- Material furnished by Marrel.

Summary

44 trucks x 36 MH x 38.-- SDP

SDP 60'192.--
=====

② IMMOBILISATION OF TRUCKS DUE TO POINT 1

- June-December 44 units.
- January 33 units.
- Monthly salary driver 380.-- SDP.
- Monthly salary assistant driver 270.-- SDP.
- July-October rainy season.

Cost per month per 44 units :

$(380.-- \text{ SDP} + 270.-- \text{ SDP}) \times 44 \text{ units} = 28'600.-- \text{ SDP}$

Cost per month for 33 units :

$650.-- \text{ SDP} \times 33 \text{ units} = 21'450.-- \text{ SDP}.$

Summary

3 months (June, November, December) : 44 units.

1 month (January) : 33 units.

3 x 28'600.-- SDP	SDP	85'800.--
1 x 21'450.-- SDP	SDP	21'450.--
		<hr/>
Total	SDP	117'250.--
		=====

3. REPAIR PLATFORMS (WELDING) DURING OPERATION

- Period February-April.
- 148 trips.
- After each trip, 3 MH repair work.
- 1 MH = 38.-- SDP

Summary

148 trips x 3 MH = 444 MH

444 x 38.-- SDP

SDP 16'872.--
=====

4. RADIATORS MODIFICATION

- 41 units modified.
- Each unit by 6 MH.
- 1 MH = 38.-- SDP.
- Material furnished by Mercedes Benz.

Summary

41 units x 6 MH = 246.-- MH.

246 MH x 38.-- SDP

SDP 9'348.--
=====

-29

5. IMMOBILISATION OF TRUCKS DUE TO POINT 4

- 41 units.
- Each blocked 1 working day (WD).
- Monthly salary driver + assistant : 650.-- SDP.
- Covers 22 WD per month.

Summary

Per day : 29.55 SDP.

41 units x 1 WD x 29.55 SDP

SDP 1'211.--
=====

6. SUMMARY POINT 1-5

Point 1	SDP	60'192.--
Point 2	SDP	117'250.--
Point 3	SDP	16'872.--
Point 4	SDP	9'348.--
Point 5	SDP	1'211.--
<hr/>		
Total	SDP	204'873.--
		=====

ICRC therefore claims for SDP 204'873.--

or SDP 204'873.-- = US\$ 83'621.-- (rate June 1987 :
1 US\$ = 2.450 SDP).

or SDP 204'873.-- = SFR 124'972.-- (rate June 1987 :
1 SDP = 0.61 SFR).



CLAIM

A Claim against DBAG
For Direct Costs incurred in Sudan by
MERCY CORPS INTERNATIONAL
Related to Warranty work on seventy five (75)
Mercedes Benz LA1513 Truck Platforms
July 10, 1987

34

MERCY CORPS INTERNATIONAL
3030 SW First Avenue
Portland, Oregon 97201 USA

Basis of Claim:

MCI is seeking a policy adjustment which involves satisfactory DBAG payment of the costs included in this document. This policy adjustment recognizes a difference of opinion between MCI and DBAG concerning the definition of "Direct Costs", and this is a compromise on Direct Costs as previously submitted.

Role of Mercy Corps International

- A) Purchase of 75 LA1513 trucks for food hauling in Eastern Sudan and Northern Ethiopia.
- B) General Management of truck operations to include maintenance supervision, technical assistance, construction of maintenance facilities, and general technical support for REBT and ERA.
- C) Acceptance of warranty work.
- D) Official communication channel to DBAG for normal product support.

MCI Direct Costs Claimed:

Direct costs claimed for warranty problems are:

Hickey's time (page 2)	USD 28,210	
Mechanics' time (page 2)	USD 8,400	
Legal Fees (page 3)		DM 51,674
Travel Expenses to Germany (page 4)	USD 13,849	
Total	USD 50,459	DM 51,674

MCI will only accept payment in Deutschmarks or US Dollars, the currencies in which the expenses were incurred and paid.

11
12

OTTO HICKEY'S ROLE:

General Program Manager. Oversight of truck maintenance, and construction of REST and ERA maintenance facilities. Technical assistance and supervision of MCI training personnel working with REST and ERA.

Time spent on warranty work:

Time projected and budgeted for warranty work: 2.5% of total time.

Time actually spent on warranty work: 50% of total time.

Excess time spent on warranty work: 48.5% of total time.

Direct Costs Claimed:

Monthly Direct cost for Hickey: USD 4,155

Excess monthly direct cost for warranty work:

USD 4,155 X 48.5% = USD 2,015 per month.

May 86 thru June 87 = 14 months X USD 2,015 = USD 28,210.

MECHANICS' ROLE:

MCI employed three mechanics whose role was to work with REST in technical assistance related to truck maintenance, spare parts usage and control, and maintenance trouble shooting. They were available upon demand for ERA technical assistance.

Time spent on Warranty Work:

Time projected and budgeted for warranty work: 0%.

Time actually spent on warranty work: 20% of total time.
(This included actual labor from May 86 thru December 86, and inspection from January 87 thru June 87).

Direct Costs Claimed:

Three Mechanics each at USD 1,000 per month = USD 3,000/month.

USD 3,000/month X 20% = USD 600 per month.

May 86 thru June 87 = 14 months X USD 600 = USD 8,400.

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Legal Costs Incurred in Germany:

Fursuant to MCI's responsibilities as owner of the seventy five (75) LA 1513 Mercedes Benz trucks, on which the platforms failed completely, and on which the DBAG attempted repairs failed completely, MCI engaged the services of a German attorney to assure satisfactory resolution of this issue.

Invoices to MCI from Dr. Bodo Hagdneht:

March and April 1987	DM 32,190.68
May 1987	DM 9,483.16
June 1987 (estimate)	DM 10,000.00

Total	DM 51,673.84

DIRECT COSTS OF TRAVEL TO GERMANY ON WARRANTY ISSUE:

The following costs are for Air Fare, Hotels and Meals for MCI employees trips to Germany on the warranty issue.

July 1986:

Hickey - Khartoum - Germany - Khartoum USD 1,456

December 1986:

Terry Norr & Stan Black, Portland - Germany
- Portland USD 2,634

Hickey & Reed, Khartoum - Germany - Khartoum USD 2,363

April 1987:

Norr, Portland - Germany - Portland USD 2,775

Reed & Hickey, Khartoum-Germany-Khartoum USD 2,821

June 1987:

Norr, Portland - Germany - Portland USD 1,900

Total USD 13,849

The following table is a summary of time spent by Otto Hickey and the MCI mechanics in Sudan on warranty problems. These hours were taken from time records.

	<u>Month</u>	<u>Hickey Hours</u>	<u>Mechanic Hours</u>
Fix # 1	May 86	100	200
Fix # 2& 3	June 86	140	180
Fix # 4	Aug-Dec 86	150	240
Fix # 5	Sep-Dec 86	310	300
Fix # 6	Nov 86	0	0
Total		<u>700</u>	<u>920</u>

May - December 86 = 8 months X 173 working hours per month = 1,384 working hours.

Hickey: 700 hours / 1,384 hours = 51%, round to 50%.

Mechanics: 173 hours/month X 3 mechanics = 519 working hours/ month.
519 hours/month X 8 months = 4,152 hours.
920 hours (above) / 4,152 = 23%, round to 20%

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ATTACHMENT 2
SETTLEMENT PROCEDURE

Daimler-Benz AG
Attn. Mr. Hieber/Mr. Philipowski
P.O. Box 600 202

7000 Stuttgart 60

July 1, 1987

Gentlemen,

Enclosed herewith are two documents for your consideration and for transmittal to appropriate DB authorities for review. The first is a settlement of claims memorandum which reflects our discussions and which we propose to conclude with you today. The second is the inspection report and findings of the June 1987 field inspection which we request you to transmit, along with the proposed settlement agreement, to the appropriate DB authorities.

You must understand the importance of this matter to all of us. We are very serious. Much time has passed in the expectation of effective action by DB to meet its responsibilities for the truck fleet problems. We make this offer to settle the matter only because the truck fleet must be restored to full operational capacity as soon as possible. We reserve our rights to pursue DB's responsibilities as a vendor if this proposed resolution should not be executed or implemented and we would, in that event, consider other appropriate action relating to the participation of DB in future procurements.

Accordingly, we ask you to take positive action in response to this offer.

Sincerely,

Enclosure

MCI: Terry Norr

ICRC: Werner Hafen *Werner Hafen*

US AID: Kenneth Fries *Kenneth Fries*

US AID Consultants: George Stockton *George Stockton*
William Carpenter

SETTLEMENT OF CLAIMS MB LA 1513

In the event, DB advises MCI prior to July 31, 1987 that it concurs with the recommendation of MCI to convert the torsion free platform trucks LA 1513 bought by MCI to rigid platform trucks, the signatories agree as follows:

Despite divergent opinions about the reasons for the difficulties experienced in the operation of the remaining 71 MB LA 1513 in Sudan the signatories have agreed without prejudice to the following solution:

I. Truck Repair Understandings

MCI as the owner of the vehicles and sole contractual counterparty of DB under its sales and purchase contract with DB has recommended that the torsion free platforms to be converted to rigid-type platforms. Despite its reservation concerning this request, DB is prepared to contribute to such conversion by

- a) Supplying free of charge CIF Port Sudan, consigned to MCI or its designee in Sudan, the following materials for platform conversion for each of the 71 vehicles:

- U-channel steel required
- 150 welding electrodes
- 2 cutting discs
- 12 U-bolts
- 6 rubber stops
- 5 kg paint

- b) Bearing the costs in SDL of material to be procured locally for the platform conversion.
- c) Bearing the costs in SDL of labour for the platform conversion.

The costs sub b) and c) shall be paid to MCI or its designee in Sudan. MCI shall advise DB prior to shipment of materials of the name and address of any designee in Sudan.

Material and labour costs associated with the platform conversion are derived from the conceptual design developed by MCI with the assistance of DB. A sketch of this design is attached to this settlement agreement at Tab A. The use and purpose of this conceptual design is limited to the evaluation of the material and labour costs required for such conversion. The estimated evaluated conversion costs are set forth at Tab B.

These estimated costs will be submitted by DB to the appropriate DB authorities for review and ratification before payment. Any variation in the cost estimate suggested by DB shall be submitted to MCI for review and approval.

DB and MCI accept no responsibility for this conceptual design beyond the purpose stated above. Furthermore, DB and MCI shall accept no responsibility for any final design and any implementation of the conversion and any influence thereof on the vehicles. MCI shall advise DB of the name and address of the party responsible for final design and implementation prior to the implementation of the conversion.

II. Claim Settlement Understandings

DB agrees to negotiate with ICRC and MCI, respectively, a reasonable settlement of the claims presented to DB by ICRC and MCI which relate to the operational difficulties of the 71 MB LA 1513 in Sudan. ICRC has substantiated its claim in the amount of Sfr. 124.972,--. MCI undertakes to provide substantiation by July 10, 1987 to DB for its claim of approximately US\$ 75.000,--. DB agrees to evaluate these claims and submit them for approval by appropriate authorities within DB for the purpose of presenting settlement offers to ICRC and MCI, respectively. In the event that DB is not able to communicate such settlement offers by August 15, 1987, DB will notify ICRC and MCI accordingly.

Settlement Understanding

MCI and ICRC agree to release DB of any and all responsibility for warranty associated with the sales and purchase contract between DB and MCI.

The MCI release shall be effective upon acceptance by MCI of the DB claim settlement offer to MCI described in II. above; receipt by MCI or its designee of a bill or bills of lading covering the imported materials described in I. a) above; and receipt by MCI or its designee of the funds contributed by DB for the local materials and labour costs described in I. b) and I. c) above. The ICRC release shall be effective upon acceptance by ICRC of the DB claim settlement offer to ICRC described in II. above.

USAID has no objection to the settlement of claims described above.

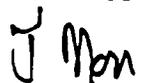
Attachments: Tab A - Sketch
Tab B - Estimated evaluated costs

Stuttgart, 1 July 1987

International Red Cross:


W. Hafen

Mercy Corps International:

T. Norr


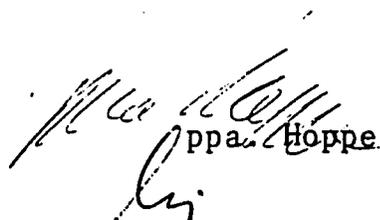
U.S. Agency for International
Development:

K. Fries 

USAID Consultants (Bechtel):

 G. Stockton  W. Carpenter

Daimler-Benz AG:

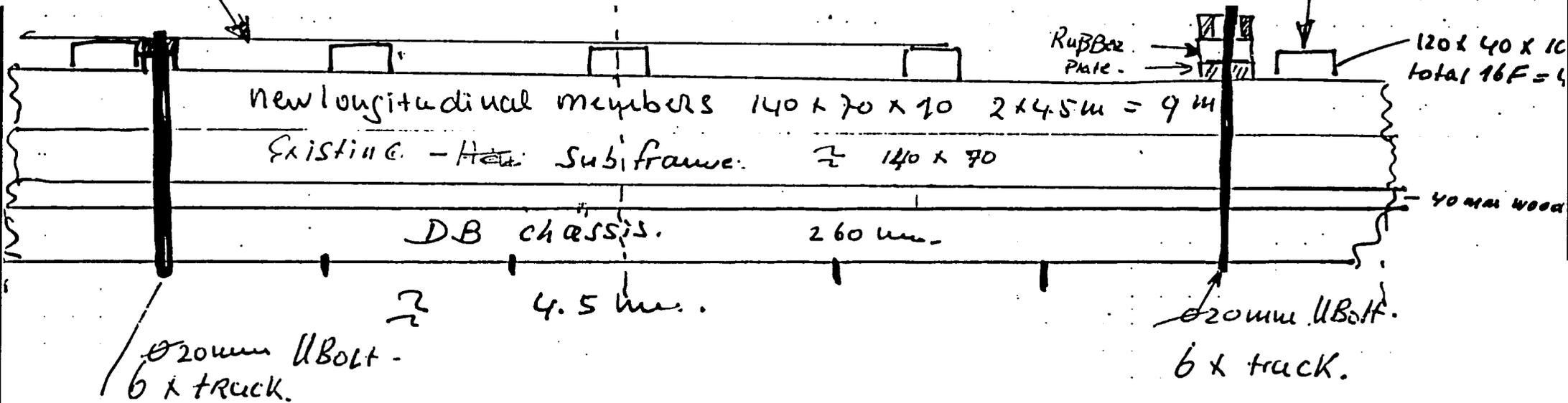

P. Hoppe


Müller-Guntrum

0-42

SKETCH - FOR ESTIMATING ONLY.

EXISTING STRUCTURE



Welding Electrode's minimum 70,000 LBS Tensile strength,
 Electrode thickness 4, 5-6 mm.

Not to SCALE - for Reference only. ✓

ESTIMATED EVALUATED COSTS

LA 1513 Marrel Platform

Day		1 Foremen	1 Mechanic/Welders	2 Helpers	2 Painters	6 Hours	Total Manhours
1	Remove Platform from Chassis	1	1	2	x	6	= 24
2	Remove all Neccessary components to facilitate this modification.	1	1	2	x	6	= 24
3 & 4	Fabricate Crossmembers. Clean, grind old wells, ect	1	1	2	x	6	= 48
5 & 6	Weld crossmembers to platform. Repair any cracks in existing members.	1	1	2	x	6	= 48
7 & 8	Add longitudinal members to platform. Weld as many as unnecessary.	1	1	2	x	6	= 48
9 & 10	Make 12 "u" bolts and aple brackets neccessary for remount. Paint.	1	1	2	x	6	= 60
11	Start remount platform to Chassis.	1	1	2	x	6	= 24
12	Complete platform remount to Chassis. Clean and paint.	1	1	2	x	6	= 24
					1	3	= 3
Total Manhours							----- 303 -----
Total Manhours at LS 35							10605
Total Material							7132

							LS 17737 · DM 13303 450-50000 x 71 = DM 944,513 -----

The labor rates shown on this estimate are at the prevailing rates for customer charges. These rates are common to the workshops in Khartoum - such as Harvester and Eng Co. Ltd and Elashi and Sons. The material costs are current prices in the workshops with the exception of the channel steel which must be imported from Germany. This estimate is based on the current labor and shop facilities available in Khartoum.

ESTIMATED EVALUATED COSTS

Materials Required for 1 Platform Modifications

Item Qty	Item Description	Unit Measurement	Unit Price	LS Total Amount
1	Grinding disk	each	25	25
6	Packet welding rod	each	25	150
12	U BOLT Assemblies	each	60	720
2	Sets of rubbers-or springs	set	65	130
5	Kilos Paint	kilo	30	150
* 100'	120 MM Channel Steel	foot	30	3000
40'	Angle Iron	foot	8	320
40'	Wood Softner	foot		100
	Land Freight of Steel (from Pt Sudan to Khartoum @ LS 140/ton <u>600kg</u>)			84
	Transport costs of trucks from Kassala and Gedaref to Khartoum (fuel @ 3.45 Imp Gal * 375 Mi @ 8/mpg) (Drivers wages 2 day @ 13 LS/day)			162 26
	MB personnel costs to monitor repair			2400
				----- 7132 -----

* Ocean Freight from Germany to Sudan unknown
Projected cost only-to be adjusted in Germany.

ATTACHMENT 3
DRAFT REPROGRAMMING AGREEMENTS

AL/bi

TOP URGENT

From : ICRC GENEVA - 25.06.1987

to : USAID/OFDA / WASHINGTON / TX 710 822 1975

attention : MS. JULIA TAFT

WE HAVE JOINTLY REVIEWED A DRAFT AMENDMENT TO THE MEMORANDUM OF UNDERSTANDING BETWEEN USAID AND ICRC ENTERED IN MAY, 1986, WHICH HAS BEEN PREPARED BY ICRC AND KENNETH FRIES, AID/GC, BASED UPON OUR DISCUSSIONS HERE IN GENEVA WITH MR. FRIES, WITH MESSRS. STOCKTON AND CARPENTER OF BECHTEL, AID CONSULTANTS, AND WITH MESSRS. LENDORFF, HAFEN AND JUNOD, ACTING ON BEHALF OF ICRC. WE BELIEVE THE AMENDMENT PROVIDES A SATISFACTORY BASIS FOR THE RECALL AND TRANSFER OF THE TRUCKS OPERATED BY ICRC UNDER THE MEMORANDUM OF UNDERSTANDING AND WE ARE PREPARED TO EXECUTE IT. IF YOU APPROVE PLEASE INSTRUCT A REPRESENTATIVE OF THE US PERMANENT MISSION IN GENEVA TO SIGN ON YR BEHALF OR ADVISE ICRC HOW YOU WISH TO EXECUTE THE AMENDMENT.

QUOTE

MEMORANDUM OF UNDERSTANDING AMENDMENT NR. 1

IN VIEW OF THE DETERMINATION OF THE INTERNATIONAL COMMITTEE OF THE RED CROSS (ICRC) TO TERMINATE ITS EMERGENCY FOOD TRANSPORT OPERATION FOR THE NEEDY, NON-COMBATANT CIVILIAN POPULATIONS IN ERITREA AND TIGRAY, THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT (AID) AND THE ICRC HEREBY AGREE TO THIS AMENDMENT TO THEIR MEMORANDUM OF UNDERSTANDING OF MAY 1986. THE PROVISIONS SET FORTH BELOW DESCRIBE THE AGREED-UPON PROCEDURES FOR TRANSFER AND DISPOSITION OF THE 45 AID-FINANCED MERCEDES 1513 TEN-TON TRUCKS OPERATED BY THE ICRC IN THE EMERGENCY RELIEF EFFORT :

- 1) DURING THE PERIOD FROM THE DATE OF EXECUTION OF THIS AMENDMENT UNTIL DECEMBER 31, 1987, ICRC WILL RECALL FROM TIGRAY ALL OF THE TRUCKS OPERATED BY ICRC FOR THE PURPOSE OF INVENTORY AND ROUTINE MAINTENANCE. FOR ANY TRUCKS WHICH ARE NOT RETURNED TO ICRC, ICRC WILL PROVIDE A COMPLETE EXPLANATION AND JUSTIFICATION TO AID.
- 2) ICRC WILL PERFORM ROUTINE SERVICING TO THE TRUCKS RETURNED TO IT PRIOR TO FURTHER TRANSFER OF THE TRUCKS AT THE DIRECTION OF AID.
- 3) ICRC WILL PREPARE AND SUBMIT TO AID AN INVENTORY OF THE TRUCKS RECEIVED AND THE AVAILABLE SPARE PARTS, SPECIAL TOOLS, AND SHOP EQUIPMENT PROVIDED TO ICRC BY MERCY CORPS INTERNATIONAL (MCI), SUCH INVENTORY TO BE RECONCILED WITH THE RECEIVING REPORTS PREVIOUSLY EXECUTED BETWEEN ICRC AND MCI.

907,

4/18

- 4) WITH RESPECT TO ANY LOST OR DAMAGED TRUCKS, ICRC WILL CERTIFY THE REASON OR REASONS WHY THE TRUCKS ARE NO LONGER AVAILABLE (TOTAL LOSS DUE TO HOSTILITIES, CONVERSION, THEFT OR OTHER REASON) AND ADVISE AID THE NATURE AND EXTENT OF INSURANCE COVERAGE FOR THE LOSSES IN QUESTION. TO THE EXTENT ICRC RECEIVES ANY INSURANCE PROCEEDS FOR SUCH LOSSES, ICRC WILL PROVIDE WRITTEN CERTIFICATION TO AID THAT IT HAS REPROGRAMMED SUCH PROCEEDS FOR OPERATIONS IN SUDAN WHICH ARE CONSISTENT WITH THE OBJECTIVE OF ASSISTING NEEDY NON-COMBATANT CIVILIAN POPULATIONS IN ERITREA AND TIGRAY.
- 5) WITH RESPECT TO THE OPERATIONAL TRUCKS TO BE INVENTORIED AND SERVICED BY ICRC, ICRC RECOMMENDS THAT AID DIRECT THE TRANSFER OF THE TRUCKS TO REST FOR ITS FAMINE RELIEF OPERATIONS IN TIGRAY UNDER THE SUPERVISION OF ERD. ICRC BASES THIS RECOMMENDATION ON ITS UNDERSTANDING OF THE PRESENT AND CONTINUING NATURE OF THE ERD-REST RELIEF OPERATIONS IN TIGRAY WHICH ARE CONSISTENT WITH THIS AID/ICRC MEMORANDUM OF UNDERSTANDING. AID ACCEPTS THE ICRC RECOMMENDATION ON THIS BASIS AND WILL DIRECT SUCH TRANSFER TO LWR ACTING ON BEHALF OF ERD/REST IN ACCORDANCE WITH THE PROCEDURE OUTLINED IN PARAGRAPH 6 BELOW.
- 6) USAID HEREBY DIRECTS ICRC TO TRANSFER THE TRUCKS, SPARE PARTS, SPECIAL TOOLS AND SHOP EQUIPMENT IN ITS INVENTORY TO LWR'S FLEET OPERATORS ERD/REST, IN EXCHANGE FOR MATERIAL RECEIVING REPORTS EXECUTED BY ERD. THE TRUCKS MAY BE TRANSFERRED INDIVIDUALLY OR IN LOTS AS THEY ARE INVENTORIED AND SERVICED. ICRC WILL SUBMIT SUCH MATERIAL RECEIVING REPORTS TO AID IN FULFILLMENT OF ITS UNDERTAKINGS TO OPERATE AND DISPOSE OF THE TRUCKS SET FORTH IN PARAGRAPH 2 THROUGH 6 OF THE ORIGINAL MAY 1986 MEMORANDUM OF UNDERSTANDING.
- 7) ICRC WILL SUBMIT ITS FINAL REPORT TO AID AS PROVIDED IN PARAGRAPH 7 (B) OF THE ORIGINAL MEMORANDUM OF UNDERSTANDING WITHIN 50 DAYS OF THE FINAL TRANSFER OF MATERIAL TO ERD/REST AND SUBMISSION OF EXECUTED MATERIAL RECEIVING REPORTS TO AID.

UNQUOTE

WITH BEST REGARDS

FRIES/LENDORFF

KCF

M

Outline

MCI/AID Grant Truck Reprogramming Instruction

Re: MCI/AID Grant Agreement No. ASB-0000-G-SS-5125-00

Pursuant to ¶s 5 and 8 of subject grant agreement, AID hereby determines the disposition of the MCI-owned vehicles as follows

- 1) 30 1513s operated by REST will remain with REST for purposes of the grant.
- 2) 41 1513s operated by ICRC will be transferred to LWR/ERD/REST for purposes of the grant in a manner consistent with USAID/ICRC MOV.
- 3) To effect this disposition, upon advice from AID that reprogramming understandings between AID and LWR have been concluded,

c 1/9'

a) MCI will designate LWR, acting on behalf of ERD/REST, its fleet operators, as its designee under the July 1, 1987 Claims Settlement Memorandum and will so advise Daimler Benz. MCI will designee LWR for purposes of receiving funds and materials (CIF Port Sudan) for truck platform conversion and for carrying out the final design and implementation of the MCI/DB⁶ conceptual design for platform conversion.

b) MCI will transfer title to LWR/ERD of the vehicles in the BA 1513 truck fleet.

4) AID/OFDA will consider that MCI, by taking the actions described above, has discharged its responsibilities under the grant agreement to coordinate truck operations under the grant and to return the trucks for disposition by AID.

GC/CCM:KEFries:sep:7/8/87:165P