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AGENCY FOR INTERNATIONAL DEVELOPMENT
UNITED STATES OF AMERICA A. I. D. MISSION
TO EL SALVADOR
C/O AMERICAN EMBASSY.
SAN SALVADOR, EL SALVADOR, C. A.

January 30, 1992

MEMORANDUM FOR THE DIRECTOR

TO: Mr. John A. Sanbrailo, DIR
FROM: *for* J. Michael Deal, DIR/PRJ
SUBJECT: Project Assistance Completion Report. Public Service Restoration
Project No. 519-0279.

I. SUMMARY OF PROJECT

The Loan Agreement of the Public Services Restoration Project No. 519-0279 was signed on November 16, 1981, with an initial obligation of \$5,200,000 and PACD of November 16, 1983, and with two amendments reached a total obligation of \$13,400,000. The Grant Agreement was signed on May 16, 1983, with an initial obligation of \$11,000,000 and a PACD of November 16, 1984, and with 11 amendments reached a total obligation of \$98,233,600. The Life of the Project was further extended to September 30, 1990.

A. Goal and Purpose of the Project

The Project goal was to prevent further deterioration of social and economic conditions in El Salvador. The purpose was to assist the GOES to maintain and restore public services affected by violence in order to prevent further deterioration of social and economic conditions in El Salvador.

B. Background

Sabotage of El Salvador's economic infrastructure (electric power, communications, roads, bridges, railroads, water systems) has been a guerrilla strategy since hostilities began in 1979. The guerrilla leadership has correctly identified the destruction of key infrastructure targets as a potentially effective means to achieve economic and political destabilization. Since early 1979 to September 30, 1990, 3,241 attacks on the approximately 2,076 existing high-tension electrical towers were carried out. Several important rail lines are now only marginally useful due to frequent ambushes and road transportation has been affected by the damage to or destruction of approximately 110 bridges.

The repair or restoration of the country's economic infrastructure required that a quick response capability be established in each of the major public service agencies of the country. Typically this involved specialized personnel trained for rapid response, with tools, equipment, stockpiled replacement parts, and the capability for rapid international procurement of specialized equipment not available in country. The Public Services Restoration Project financed the technical advice, training, tools, repair parts, equipment, and other services needed to develop and sustain such quick-response capability.

Procurement was carried out under Host Country Contracting procedures in which more than 700 contracts were awarded for commodity procurement. Technical services were provided under Direct AID contracts with particular emphasis on damage assessment updating. The conditions that gave origin to the Public Services Restoration Project in El Salvador have not changed. Sabotage to the basic infrastructure continues as a principal military strategy of the guerrillas, and even though the assistance through this project has been completed, a follow-on project continues this support.

C. Project Components

The Project included eleven components as follows:

- 1) Procurement of tools, equipment, parts, and materials by the Lempa River Hydroelectric Executive Commission (CEL), in order to: a) allow rapid damage assessments and immediate repair of the electric system; b) improve the security at key sites of the electric network; c) support the electrical distribution systems managed by CAES, CLEA, CLES, CLESA, DESSEM, and DEUSEM; and d) install redundant power transmission line loops.
- 2) Leasing of helicopter services to carry out reconnaissance and line checks of the Salvadoran electrical distribution system, and transport personnel, tools, parts, and equipment to construction or repair sites.
- 3) Turnkey Purchase by CEL of a gas turbine, standby electric plant for the eastern region of El Salvador.
- 4) Purchase of Bailey bridge structures by the Ministry of Public Works (MOP) for use as temporary bridges on critical sections of El Salvador's highway system.

- 5) Purchase of heavy construction equipment and spare parts, materials, tools, light equipment, and vehicles by the Ministry of Public Works (MOP) to respond to the need for repair and restoration of the existing infrastructure.
- 6) Purchase of heavy equipment, repair parts, rolling stock, and other tools and equipment by the Autonomous Executive Ports Commission (CEPA) for the repair of vital rail lines and equipment.
- 7) Purchase of tools, equipment, and spare parts by the National Administration for Water and Sewage Systems (ANDA), to effect immediate repairs to the nation's water systems.
- 8) Purchase of equipment and spare parts by the National Administration for Telecommunications (ANTEL) for emergency repairs of the national telephone system.
- 9) Program support activities which included damage assessments to public infrastructure, training and technical assistance.
- 10) Purchase of standby emergency generators and parts for their preventive and corrective maintenance to be used by the Ministry of Planning and Coordination for Economic and Social Development.
- 11) Contingencies

II. FINANCIAL REPORT

LOAN

<u>Budget Element</u>	<u>Total Obligation</u>	<u>Total Expenditures</u>
CEL: Equipment	\$ 5,317,000	\$ 5,261,745
CEL: Helicopter Lease	1,757,000	1,753,563
MOP: Bailey Bridges	1,000,000	999,711
MOP: Equipment	627,000	621,200
CEPA: Equipment	1,600,000	1,598,892
ANDA: Equipment	1,500,000	1,499,376
ANTEL: Equipment	400,000	399,095
MIPLAN: Generators	<u>1,199,000</u>	<u>1,198,222</u>
Total	\$13,400,000 <u>1/</u>	\$13,331,804

1/ A de-obligation was made in the amount of \$68,196

GRANT

<u>Budget Element</u>	<u>Total Obligation</u>	<u>Total Expenditures</u>
CEL: Equipment	\$ 38,044,847	\$ 37,861,536
CEL: Helicopter Lease	8,503,452	8,494,377
CEL: Gas Turbine	8,301,800	8,301,800
MOP: Bailey Bridges	2,553,570	2,553,020
MOP: Equipment	18,865,573	18,851,076
CEPA: Equipment	3,996,743	3,996,743
ANDA: Equipment	11,034,086	11,034,086
ANTEL: Equipment	1,245,378	1,245,377
Program Support	1,488,442	1,457,285
MIPLAN: Generators	2,000,000	1,998,726
Contingencies	<u>2,199,709</u>	<u>2,149,160</u>
Total	\$ 98,233,600 <u>2/</u>	\$ 97,943,186
Grand Total	\$111,633,600	\$111,274,990

The only counterpart requirements for the GOES were for the installation of the Gas Turbine at San Miguel and for the repair of Water and Sewer Systems totalling \$2,433,300. However, the GOES was responsible for all the local costs of the restoration activities which included; office space, personnel, fuel, mobilization, installation, administration and other related costs which at the end of the project were estimated at the equivalent of \$81,348,875. The USAID contribution to the project was reviewed several times during the Grant Life of the Project in accordance with the real needs of the implementing agencies, and accordingly 11 amendments to the Project Agreement were issued.

Attachment I presents the Summary Project Financial Report

III. PROJECT ACCOMPLISHMENTS

The project succeeded in providing the implementing agencies with the necessary resources to effect rapid repairs to restore the vital public services. In particular:

- a) 3,241 transmission line repair missions were carried out. A key factor in attaining this accomplishment was the helicopter service procured under the project. The availability of the helicopter (s) and its lifting capacity, coupled with the access to strategic stockpiles of key repair components greatly reduced response time.
- b) A 22.1 megawatt standby generator plant was installed in San Miguel and has provided backup power to cities and towns in eastern El Salvador since mid-1984.

2/ A de-obligation in the amount of \$290,414 will be made accordingly

- c) 104 bridges were repaired and 41 rapid temporary-bridge replacements were built since mid-1982. Project-funded Bailey Bridge components were placed in strategic stockpiles to permit immediate response to emergencies. Three major provisional bridges were built in 1986 at vital crossing points, improving the GOES ability to keep these routes open.
- d) Emergency generators were put in place to provide standby power to hospitals, water pumping stations, telecommunications, and other essential utilities.
- e) Some 242 units of heavy construction equipment were provided to the Ministry of Public Works to replace equipment destroyed by guerrillas and permit rapid response to damaged bridges and highways. Equipment has also been restored to operational status with the purchase of spare parts.
- f) 97 repairs were made to locomotives, including several which were completely rebuilt, as well as 346 repairs to rolling stock.
- g) 118 emergency/backup power systems were installed by the telecommunication authority, in addition to repair of the telephone system.
- h) 288 water supply pumping stations were kept functioning which required more than 350 repairs.

The Project has resolved, or is resolving with the assistance of the follow-on Project 519-0320, the problem of restoring vital public services. Because of its emergency nature, the Project did not involve planned outputs, but rather responded to specific needs for foreign exchange to restore services, as those needs arose.

IV. REMAINING COVENANTS

Because of the continuation of the guerrilla sabotage, the equipment provided under the Project must continue serving that purpose. Project Implementation Letter No. 197 establishes the priorities for its use, with emphasis on supporting the "Public Services Restoration Component" of the follow-on project, Public Services Improvement Project No. 519-0320. The reporting requirements are covered under this follow-on project.

V. POST-PROJECT USAID MONITORING

Since the resources provided under the Project are available for the Public services Restoration Component of Project 519-0320, USAID monitoring continues of end-use of the Project commodities, following the Mission Operation Manual on that subject.

VI. LESSONS LEARNED

Even though the Project did not include a substantial institutional development component, the use of Host Country Contracting for the procurement of the commodities needed for the Project had a significant impact on the GOES agencies in charge of implementation since many officials learned and put into practice contracting procedures based on highly competitive rules. A recent assessment of the implementing agencies on this subject led the Mission Director to certify the capability of a number of these agencies to undertake procurement actions under the follow-on project, 519-0320, following Host Country Contracting procedures.

The Project made a significant contribution by slowing and reducing the impact of continuous interruptions of vital public services by guerrilla activity thus preventing a further deterioration of El Salvador's economy. This gave stability and credibility to the government in its efforts to maintain and improve its democratic initiatives.

Drafted: LReyes, PO/MID	400	Date	1/23/92
Cleared: JWHabron, C/MID		Draft Date	12-19-91
MCMoseley, DDIR/IRD		Draft Date	12-29-91
DArnold, CONT		Draft Date	12-30-91
TMcKee, DPP		Draft Date	01-10-92
SLaFoy, PRJ		Draft Date	01-21-92
JHeard, AD/DIR		Date	1/30/92

423/LR/sdem/vpm

Drafted: LReyes, PO/MID	400	Date	1/23/92
Cleared: JWHabron, C/MID		Date	19 Dec 91
MCMoseley, DDIR/IRD		Date	12/29/91
DArnold, CONT		Date	12/30/91
TMcKee, DPP		Date	1/10/92
(com) SLaFoy, PRJ		Date	(date changed)
JHeard, AD/DIR		Date	

423/LR/sdem/vpm

ATTACHMENT I

HAOS-P081

USAID / EL SALVADOR

DATE : 12/09/91

SUMMARY PROJECT FINANCIAL REPORT BY PROJECT ELEMENT

REPORT PAGE NO.: 7

OPTION NO.: 3

AS OF 11/30/91

MISSION PAGE NO.: 7

COUNTRY CODE: 519

OFFICE CODE: 800

OFFICE NAME : IRC-INFRASTRUCT & P&C DEV

PROJECT NO./ ELEMENT NO.	PROJECT TITLE/ ELEMENT DESCRIPTION	FUND TYPE	START DT/ PACD	LIFE OF PROJ FUND	DELIGATIONS TO DATE	REMARKS TO DATE	COMMITMENTS TO DATE	EXPENDITURES TO DATE	PIPELINE
5190094.00	SPECIAL DEVELOPMENT ACTIVITIES	G	06/11/83	2,960,604	2,962,452	2,962,452	2,962,452	2,708,054	254,398
01	GENERAL/MISC/COMMUNITY DEVEL		12/31/91		2,951,172	2,951,172	2,551,172	2,596,774	254,398
02	TECHNICAL ASSISTANCE				106,520	106,520	106,520	106,520	0
03	LABOR				4,760	4,760	4,760	4,760	0
5190279.00	PUBLIC SERVICES RESTORATION	G	11/16/81	93,233,600	97,943,411	97,943,411	97,943,411	97,943,186	225
01	TOLLS EQUIPMENT & MATERIALS		09/30/90		37,351,761	37,351,761	37,351,761	37,351,536	225
04	HELICOPTER LEASE				8,494,377	8,494,377	8,494,377	8,494,377	0
05	WAS TURBINE & INSTALLATION				8,301,800	8,301,800	8,301,800	8,301,800	0
07	BAILEY BRIDGE STRUCTURE				2,553,020	2,553,020	2,553,020	2,553,020	0
08	HEAVY CONSTR EQUIP & MINOR EQ				18,951,076	18,951,076	18,951,076	18,951,076	0
09	PARTS & EQ RAILROAD SYSTEM REP				3,996,743	3,996,743	3,996,743	3,996,743	0
10	PARTS & EQ WATER SEWER SYSTEM				11,034,036	11,034,036	11,034,036	11,034,036	0
11	PARTS & EQUIP TELCOM SYST REP				1,245,377	1,245,377	1,245,377	1,245,377	0
12	PROGRAM SUPPORT ASSISTANCE				1,457,235	1,457,235	1,457,235	1,457,235	0
21	STANDBY EMERGENCY GENERATORS				1,996,726	1,996,726	1,996,726	1,996,726	0
22	CONTINGENCIES				2,149,160	2,149,160	2,149,160	2,149,160	0
5190279.00	PUBLIC SERVICES RESTORATION	L	11/16/81	13,400,000	13,331,904	13,331,904	13,331,904	13,331,904	0
04	HELICOPTER LEASE		09/30/90		1,753,563	1,753,563	1,753,563	1,753,563	0
13	EL-CRITICAL SYST. MAINT. & REP.				5,261,745	5,261,745	5,261,745	5,261,745	0
14	EMERGENCY GENERATORS				1,198,222	1,198,222	1,198,222	1,198,222	0
15	WATER SYSTEM MAINT. AND REPAIR				1,499,376	1,499,376	1,499,376	1,499,376	0
16	RAILROAD SYST. MAINT. & REPAIR				1,598,892	1,598,892	1,598,892	1,598,892	0
17	BRIDGE REPLACEMENT & REPAIRS				999,711	999,711	999,711	999,711	0
18	TELEPHONE SYSTEM				399,095	399,095	399,095	399,095	0
19	CONSTRUCTION VEHICLE & EQUIP.				396,792	396,792	396,792	396,792	0
20	SPARE PARTS FOR VEHICLES				224,408	224,408	224,408	224,408	0
5190261.00	HEALTH & JOBS FOR DISPL.FAMS.	G	05/12/82	62,135,941	62,135,941	59,616,795	59,642,613	55,023,215	7,052,726
01	EMPLOYMENT GENERATION		05/31/93		34,670,098	34,521,490	34,521,490	34,520,976	149,122
02	HEALTH				2,692,246	2,561,107	2,561,107	2,561,107	132,139
03	NUTRITION - FOOD BASKET				276,000	276,000	276,000	276,000	0
04	RELOCATION OF DISPLACED PERSON				13,953,353	12,402,744	12,392,135	9,975,942	3,977,911
05	PROGRAM MGT SURV & MONITORING				4,365,655	3,569,158	3,529,550	3,233,368	1,132,287
06	INTERNATIONAL TECHNICAL ASSIST				3,554,000	3,140,234	2,990,395	2,151,077	1,402,923
07	EVALUATION/CONTINGENCY				2,523,039	2,453,062	2,371,946	2,364,745	259,344
08	BASELINE SURVEY				0	0	0	0	0
09	FOOD MONITORING				0	0	0	0	0
5190261.02	CEBAD	G	01/23/85	6,625,000	6,686,000	6,686,603	6,683,608	6,234,903	451,197
01	PERSONNEL		05/17/89		1,107,000	1,107,000	1,107,000	1,106,924	76
02	EQUIPMENT & SERVICES				326,000	326,000	326,000	325,220	780
03	MAINTENANCE				410,043	410,043	410,043	406,216	3,827
04	RENTAL				1,181,000	1,181,000	1,181,000	1,108,341	72,659