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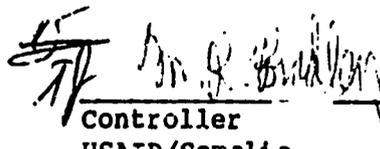
A.I.D. Grant Number ~~649-0114~~

Date: JAN 25 1989

PROJECT GRANT AGREEMENT

between the  
Somali Democratic Republic  
and the  
United States of America  
for the  
Kismayo Port Rehabilitation Project  
Amendment Number Four

Funds available:

  
\_\_\_\_\_  
Controller  
USAID/Somalia

## Kismayo Port Rehabilitation Project

### Amendment Number Four

Dated: January 25, 1989

Amendment Number Four, between the United States of America, acting through the Agency for International Development ("AID") and the Government of the Somali Democratic Republic ("Grantee" or "GSDR").

On September 23, 1982 the Grantee and AID entered into a Project Grant Agreement for the Kismayo Port Rehabilitation Project. The Agreement was amended on August 31, 1983; September 7, 1984; and June 13, 1985. Grantee and AID desire to further amend the Agreement to provide for the financing of the rehabilitation of the Kismayo Water Supply System. The Parties now, therefore, hereby agree that the Agreement is further amended, on the date shown above, as follows:

A. Article 3, Section 3.2(a) "The Project Assistance Completion Date (PACD), which is March 31, 1992, or such other dates as the Parties may agree to in writing, is the date by which the Parties estimate that all services financed under the Grant will have been performed and all goods financed under the Grant will have been furnished for the Project as contemplated in this Agreement."

B. Article 3, Section 3.2(b) is amended to read as follows:

"The resources provided by the Grantee for the Project will be not less than the equivalent of US\$4,400,000, including cost borne on an in-kind basis."

C. Conditions Precedent to Disbursement

The Section entitled "Section 4.1. First Disbursement" in the original Project Grant Agreement is hereby deleted and the following substituted in its stead:

"Prior to disbursement of funds for training, management assistance, and construction services, the GSDR shall furnish to AID in form and substance satisfactory to AID:

(a) Evidence that the Kismayo Water Authority has clear title to the land required for the construction of the presedimentation basins.

(b) A list containing the names of all counterparts. This list shall include mechanics, electricians, plumbers, operators, and senior management personnel.

(c) A letter from the Ministry of Finance and Treasury stating that sufficient foreign exchange will be available to the Kismayo Water Authority for the importation of spare parts and treatment chemicals.

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(d) Evidence that the equivalent of up to U.S. dollars 1,000,000, as determined by the A&E's cost estimate, has been deposited in the USAID Project Trust Fund for funding the local currency costs of the physical rehabilitation work."

Former Article 4, Section 4.3 entitled "Terminal dates for Conditions Precedent" is hereby designated Section 4.4, and a new sub-para (c) thereto added as follows:

"(c) If the condition specified in Section 4.3 as amended has not been met within 90 days of the date of the fourth amendment to the project grant agreement, or such later date as AID may agree to in writing, AID, at its option, may terminate this agreement by written notice to the grantee."

D. To emphasize concerns for proper operation and maintenance of the KWSS and to facilitate the physical rehabilitation program, Special Covenants, Article 5 is amended to add the following:

"Section 5.9. KWSS Operation and Maintenance The Grantee agrees to supplement annually the revenues collected by the Kismayo Water Agency with local currency and foreign exchange as required to properly operate and maintain the Kismayo Water Supply System.

Section 5.10. Land and Storage The Grantee agrees to provide, free of charge, land near the KWSS water treatment facility as determined by the construction contractor and engineer to be necessary for construction of the new presedimentation basins and the contractor's camp. The Grantee also agrees to provide, free of charge, office space and storage facilities for equipment and commodities imported for the Project.

Section 5.11. Importation of Equipment and Commodities The Grantee agrees to allow the Contractor to import in a timely manner, and free of duty and taxes, all equipment and commodities as the Contractor may determine to be necessary for the Project."

E. All other terms and conditions of the Project Grant Agreement mentioned above shall remain in full force and effect.

F. In Annex 1, Amplified Project Description, the following paragraphs are added to "I. Background and Description":

"An essential ancillary facility not yet rehabilitated under this Project is the Kismayo Water Supply System (KWSS). In recognition of the essential nature of a potable water supply in port operations, this Amendment will finance architectural and engineering services, construction, and project management assistance contracts to rehabilitate the physical plant of the KWSS and improve the KWA's management of the water system.

Physical Rehabilitation consists of a comprehensive program to simplify, replace, repair, improve or reconstruct each component of the KWSS. A new intake pump station, presedimentation basins, and chemical feed facilities will be constructed. Pretreatment units, sedimentation basins, sludge handling facilities and filters will be rehabilitated and modified. High lift pumping facilities will be replaced, and the main transmission line to the port will be repaired. Buildings and utility services at the water treatment site will be renovated and diesel generators replaced.

In addition, to improve the KWA's operation and maintenance of the water system, the Project will provide the KWA with the following management assistance:

A two to five year inventory of water treatment chemicals, spare parts, tools, lubricants, seals, bearings and service equipment;

One month start-up and training assistance plus two follow up inspection/training visits at six month intervals;

An operations and maintenance manual which describes functions and design data, process considerations, mode of operation, equipment controls and safety considerations for each treatment process; and

A management study of the water treatment facility which will estimate financial revenues and requirements, recommend sources of funding for recurrent costs, assess the organization and management capabilities of the KWA, recommend operation and maintenance standards, and determine training requirements."

G. In Annex 1, Amplified Project Description, the following paragraphs are added to "II. Responsibilities of the Participants":

"Regarding the rehabilitation of the KWSS, contracts will be let for A&E design and supervision services, and construction services. A.I.D. will contract directly for these services. (All prime contracts for the port rehabilitation are administered directly by A.I.D.) The U.S., Somalia and Geographic Code 941 countries will continue to be eligible source/origin and nationalities for services and commodities.

A&E Services - An A&E firm will be contracted to perform a management study, prepare the final design for construction, invitation for bids (IFB) and supervise the construction. The design will consider appropriate water standards and level of services, the adequacy and reliability of the raw water throughout the year, and system balancing requirements for peak demand and repair downtime periods.

Construction Services - A construction firm will be contracted to supply and import all necessary equipment, commodities and spare parts, rehabilitate the KWSS, test and ensure that the system is operational, and train KWA personnel in operation and maintenance requirements.

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GSDR Role - The Ministry of Public Works and Housing will have overall administrative responsibility for the actual KWSS rehabilitation, including coordination with all necessary GSDR ministries, agencies and local authorities to facilitate the smooth development of the project. The Ministry of Finance and Treasury will be responsible for allocating local currency to the Project and the Ministry of Mineral and Water Resources will be responsible for the technical aspects of the project."

H. The following table is substituted for the table appearing in Implementation Letter No. 12.

Project Financial Plan  
(\$ millions)

<u>Port Rehabilitation</u>	<u>A.I.D.</u>	<u>Grantee*</u>
Base Construction	26.2	2.9
A & E Design	2.7	
Construction Supervision	2.2	0.5
Port Rehabilitation Contingency	0.3	
<u>KWSS Rehabilitation</u>		
Construction	2.6	0.8
Engineering/Management	1.0	
KWSS Rehabilitation Contingency	1.0	0.2
TOTAL	<u>36.0</u>	<u>4.4</u>

Except as amended herein, the Agreement as previously amended remains in full force and effect.

\*The GSDR contribution shall be calculated at the highest rate of conversion not unlawful in the GSDR as of the date the GSDR provides final formal approval of its annual development budget providing for that year's GSDR contribution to this project. The contribution, accordingly, shall be recalculated on an annual basis. The GSDR contribution may be further modified by PILs issued by A.I.D. to maintain the value of the GSDR contribution.

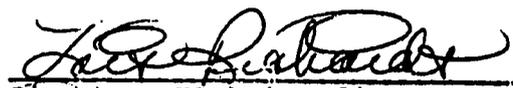
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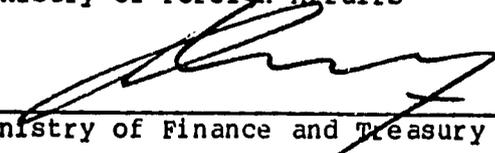
In witness whereof, the Grantee and the United States of America, each acting through its duly authorized representatives, have caused this Agreement Amendment Number Four to be signed in their names and delivered as of the day and year first above written.

SOMALI DEMOCRATIC REPUBLIC

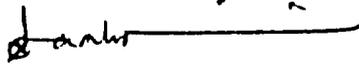
UNITED STATES OF AMERICA

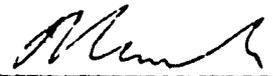
  
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Ministry of Foreign Affairs

  
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Director, USAID, Somalia

  
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Ministry of Finance and Treasury

  
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Ambassador, United States of America  
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Ministry of National Planning and Jubba Valley Development

  
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Ministry of Public Works and Housing

  
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Ministry of Mineral and Water Resources

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