

PTA 002

PROJECT AUTHORIZATION AMENDMENT NO. 1

Name of Country : Haiti
Name of Project : Secondary Roads Development
Number of Projects : 521-0149

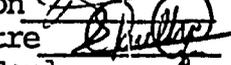
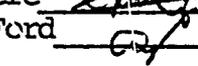
1. Pursuant to Section 103 of the Foreign Assistance Act of 1961, as amended, I hereby amend the Secondary Roads Development Project, No. 521-0149, with the Government of Ha'ti (Grantee). The Amendment provides for a two-year extension of the Project Assistance Completion Date (PACD) from March 31, 1987 to March 31, 1989.

Thus, Paragraph 1 of the original Authorization is amended as follows: the phrase "...over a five-year period..." is replaced by "...over a seven-year period..."

2. Except as expressly amended hereby, the terms and conditions of the original Project Authorization remain in full force and effect.


Gerald Zarr
Director
USAID/Haiti

Date: DEC 22 1986

Clearance:
ENG: D. Smith  12/19/86
DRE: R. Gilson 
ENG: E. Paultre  12/17/86.
A/D/DIR: A. Ford 

Drafted by:
DRE: S. Gregoire  12/19

UNITED STATES GOVERNMENT
memorandum

DATE: November 14, 1986
REPLY TO: Ernest Paultre, ENG *John W. Airhart*
ATTN OF: *for.*
SUBJECT: Action Memorandum for the Mission Director

TO:

Mr. Gerald Zarr, Mission Director

THRU: John W. Airhart, C/ENG *JW*

for Linda E. Morse, D/DIR *LM*

Alfred Ford, DRE *AF*

Problem

To extend the Project Assistance Completion Date (PACD) of the Secondary Roads Development Project (521-0149) from March 31, 1987 to March 31, 1989.

Discussion:

The purposes of the Secondary Roads Development Project are to a) strengthen the GOH institutional capability to rehabilitate, construct and maintain a secondary roads network, b) provide improved access to rural commercial market centers both for farmers and consumers through the rehabilitation/construction of at least 300 kilometers of rural roads by labor intensive, capital saving methods, and c) provide employment for rural un-and under-employed.

The original PACD of the project is March 31, 1987. The Grant funds for the life of the Project are \$12.5 million. To date, only \$8.450 million have been obligated. The Minister of TPTC has requested the extension of the Project and this request is based on the following facts:

- a) Although the Grant Agreement was signed on March 31, 1983, the construction operation began on March 1984, one year later, due to GOH problems in meeting the Conditions Precedent concerning the counterpart funding requirements.
- b) The first project evaluation was carried out in October 1985. The recommendations made during this first evaluation have been implemented only at the beginning of 1986 and a significant improvement of the project has been noted for both the institutional development component and the construction component.
- c) The new equipment ordered for the project will arrive around December, three months before the original PACD March 31, 1987. These procurements were delayed in order to take full advantage of the first project evaluation. Recommendations of that evaluation resulted in a complete rethinking of the use and type of equipment, which should also prove to accelerate project implementation progress.
- d) It was agreed between TPTC and USAID that the project PACD would be extended if the roads are technically acceptable and if the cost/km did not exceed the approved cost/km as determined on a case by case basis. (See attached minutes of April 19, 1984 meeting). It was stated in the project evaluation report that the roads were technically acceptable. The recommendations from the evaluation have improved and will continue to improve field efficiency of the construction operations, thereby reducing the average cost per kilometer.
- e) In order to justify capital investment in roads construction, it is imperative to have a professional and well functioning road maintenance organization. Consequently, in the project paper and the project grant agreement there is provision for support to SEPRRN. In the past two years SEPRRN has been ineffective in maintaining the national road network. Prior to February 7th, the Ministry was not very cooperative concerning this issue. However, after that date there was a change in mind set toward road maintenance. Therefore, it was suggested to the Minister of TPTC that in the context of Louis Berger International Inc. (LBII) contract and through the framework of the project that SEPRRN could receive some technical assistance. The Minister of TPTC made a request for LBII to do an evaluation of SEPRRN, which was approved by the Mission.

LBII has conducted this evaluation and although the report has not been approved by TPTC yet, the recommendations and conclusion have been discussed with USAID and TPTC. These recommendations will be implemented in two districts as pilot projects to demonstrate that the LBII approach to road maintenance is a more realistic, highly implementable and very necessary maintenance approach. Upon completion of these pilot projects, the system will be replicated on a district by district basis until extending the system to the entire SEPRRN.

In order to do this, three long term experts from LBII will be required. This may ultimately require an increase of the LOP Grant funds by approximately \$650,000 (see financial analysis), if current expenditure rates do not change.

In order for the GOH to continue finding donors who will provide funds for road construction, it is a pre-requisite that Haiti have a functioning road maintenance organization. Furthermore, the capital investment already made in road construction in general and particularly through our secondary roads development project will be better protected by the improved capability of SEPRRN to maintain them.

The question of the PACD extension needs to be addressed now to allow complete programming of the FY 1987 Obligation and to allow the continuation of project activities.

Justification

Under LAC Redelelegation of Authorities to the field, (copy of document attached) you have the authority to extend PACD's for a cumulative period not to exceed two years if the total life of project does not exceed 10 years, In this case the cumulative PACD extension will not exceed 2 years and the total life of the project will be six years, both within your authority.

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Recommendation

That you approve an extension of the Secondary Roads Development Project PACD from March 31, 1987 to March 31, 1989.

Approved: Gerald Jan

Disapproved: _____

Date: 12/8/86

Clearance: CONT:CEBrooks DB 12/3/88

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JUSTIFICATION FOR A TWO YEARS EXTENSION

Output No. 1

The institutional capability building of the SRS will have had four full years. We believe that any meaningful development of an institution needs at least this amount of time, coupled with management training programs, to develop the institutional capability of that institution.

Output No. 2

Number of kilometers of road expected to be constructed:

Already constructed up to September 30, 1986	111.82 kms
October to March 1987 (PACD)	<u>49.00 kms</u> (7 brigades)
TOTAL	160.82 kms

2 years extension	84 km/yr X 2years	168.00 kms
TOTAL		328.82 kms

This is more than needed, but give us a little cushion (3 months)
(Number of kms programmed to be constructed 302.00 kms).

FINANCIAL ANALYSIS FOR THE EXTENSION OF THE
SECONDARY ROADS DEVELOPMENT PROJECT.
GRANT FUND

Only the Technical Assistance line item of the project needs additional funds. This line item can be divided into 3 parts):

- A. LBII Technical Assistance to PDRS/SRS.
- B. LBII Technical Assistance to SEPRRN.
- C. Personal Services Contracts (Luangkhhot Contract).

Funds Needed for the Extension of those contracts

<u>Technical Assistance</u>	<u>Foreign Currency</u>	<u>Local Currency</u>
A	\$ 586,414 (Attach.C)	\$ 133,495 (Attach.C)
B	1,254,760 (Attach.D)	100,000 (Attach.D)
C	120,000 (Attach.D)	50,000 (Attach.D)
TOTAL	\$1,961,174	\$ 283,495

Since \$1,330,558 will be available in the grant money (see attachment E), the additional funds required is: \$630,616 rounded to \$ 650,000

NB: The additional local currency funds would come from the PL 480 Title III funds used by the GOH for counterpart funding.

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ATTACHMENT C

AGREEMENT No. 521-0149
CONTRACT LBII FOR PRRS/SRS

I. COST IN DOLLARS U.S. (FC)

	Actual Contract Amount	Expenses Up to 30/6/86	Expenses Projected to 31/3/87	Expenses Projected to 31/3/89	Funds Needed
1. Base Salary in the field	886,966	535,488	749,831	1,113,350	226,384
2. Base Salary Home Office	25,474	16,003	22,503	43,003	17,529
3. Miscellaneous	1,172,485	708,666	992,449	1,485,913	313,428
4. Int'l Trip	131,271	74,351	95,000	140,000	8,729
5. Other Costs	466,279	212,648	315,548	450,456	-15,823
6. Fixed Fees	293,000	174,504	252,129	368,441	75,441
7. Inflation	39,274	-	-	-	-39,274
TOTAL	3,014,749	1,721,660	2,427,460	3,601,163	586,414

II. COST IN LOCAL CURRENCY (LC)

1. Local Pers.	104,160	75,662	103,412	192,212	88,052
2. Other Dir. Costs	541,510	268,833	375,513	586,953	45,443
TOTAL	645,670	344,495	478,925	779,165	133,495

AGREEMENT No. 521-0149
CONTRACT LBII FOR SEPRRN & PSC

B. LBII Technical Assistance to SEPRRN

3 experts: 28 months X 3 = 84 man/months
short term experts 16 man/months

Foreign Currency

Salary	4000 X 84	\$	336.000
Miscellaneous	128.5%		431.760
International Trip			3.000
Mobilization			18.000
Fees			126.000
Short Terms			240.000
Other expenses			100.000
	TOTAL	\$	1.254.760

Local Currency

Lump Sum \$ 100.000

C. Personal Services Contracts

Foreign Currency

Salary \$ 120,000

Local Currency

Lump Sum \$ 50,000

Funds Available in the Grant

Contingency	\$ 888,000
Reduction of spare parts budget	150,000
Saving in the current road construction committed funds*;	\$ 270,000
Kingkham contract	<u>22,558</u>
TOTAL	\$1,330,558

*Funds Obligated, but due to construction under runs, not needed for the segment of roads as originally programmed.