

PROJECT AUTHORIZATION

1. PROJECT NUMBER 649-52-340-035	3. COUNTRY Somali Republic	4. AUTHORIZATION NUMBER 0106
2. PROJECT TITLE Chisimaio Port		5. AUTHORIZATION DATE July 8, 1970
		6. PROP DATED May 1, 1970

7. LIFE OF PROJECT

a. Number of Years of Funding: 9
Starting FY 19 68 Terminal FY 19 70

b. Estimated Duration of Physical Work
After Last Year of Funding (in Months): 6

FUNDING BY FISCAL YEAR (in U.S. \$ or \$ equivalent)	DOLLARS		P.L. 480 CCC + FREIGHT	LOCAL CURRENCY Exchange Rate: \$1 = 7.1 So. Sh.			
	GRANT	LOAN		U.S. OWNED		HOST COUNTRY	
				GRANT	LOAN	JOINTLY PROGRAMMED	OTHER
Prior through Actual FY 1969	10,727	6,000					
Operational FY 1970	420						
Budget FY							
B + 1 FY							
B + 2 FY							
B + 3 FY							
All Subsequent FY's							
TOTAL	11,147	6,000					

9. DESCRIBE SPECIAL FUNDING CONDITIONS OR RECOMMENDATIONS FOR IMPLEMENTATION, AND LIST KINDS AND QUANTITIES OF ANY P.L. 480 COMMODITIES

10. CONDITIONS OF APPROVAL OF PROJECT

(Use continuation sheet if necessary)

11. Approved in substance for the life of the project as described in the PROP, subject to the conditions cited in Block 10 above, and the availability of funds. Detailed planning with cooperating country and drafting of implementation documents is authorized.

This authorization is contingent upon timely completion of the self-help and other conditions listed in the PROP or attached thereto.

This authorization will be reviewed at such time as the objectives, scope and nature of the project and/or the magnitudes and scheduling of any inputs or outputs deviate so significantly from the project as originally authorized as to warrant submission of a new or revised PROP.

A.I.D. APPROVAL	CLEARANCES	DATE
<i>Samuel C. Adams, Jr.</i> Samuel C. Adams, Jr. SIGNATURE	AFR/ESA, Jerry Knoll	7/2/70
	AFR/DP, David Shear	
	AA/AFR, Philip Birnbaum	7/7/70

7/8/1970

A.I.D. 105-W
Reference Center
Room 1656 NS

UNCLASSIFIED
CLASSIFICATION

For each address check one ACTION

INFO

TO - AID/W

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1970 MAY 6 PM 3 16

DATE REC'D.

DATE SENT

April 30, 1970

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FROM - USAID/MOGADISCIO

SUBJECT - NONCAPITAL PROJECT PAPER (PROP)

REFERENCE -

Country: Somali Democratic Republic

Project No. 649-52-340-035

Submission Date: May 1, 1970

Original Revision

Project Title: CHISIMAI PORT

U.S. Obligation Span: FY 62 through FY 70

Physical Implementation Span: FY 62 through FY 71

Gross life-of-project financial requirements:

U.S. Dollars	a) DL	6,000,000
	b) TC/DG	<u>11,126,000</u>
	Total	\$17,126,000

OTHER AGENCY

com
state
DOD

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ED BY /CGeorge sumj	OFFICE Program	PHONE NO.	DATE 4-29-70	APPROVED BY: Daly C. Laverne, Director, USAID/SEE
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AND OTHER CLEARANCES
APO/SWallace ENGR/LBonkowski

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NONCAPITAL PROJECT PAPER:

CHISIMAIO PORTI. SETTING & ENVIRONMENT

a. Chisimaio's potential as a natural shelter for a port operation had been recognized for a long time. As early as 1936, extensive plans to develop Chisimaio Port along with a highway to open up the hinterland and to provide an outlet for agricultural produce were begun. They were halted at the outbreak of World War II.

b. Based on comprehensive studies conducted by the Corps of Engineers and a Department of Agriculture team which concluded that Somalia's major potential for export expansion is in the southern inter-river area of the country, and in agriculture and livestock, the United States agreed in October, 1961 to finance the construction of a four-ship, medium draft port in Chisimaio.

II. PLANNED TARGETS, RESULTS, AND OUTPUTS

a. The project was divided into two phases. Phase I, which was grant-financed at a cost of approximately \$9 million, including approximately \$1.5 million in Corps of Engineers costs. This phase included construction of a breakwater and mole to provide berthing facilities for four cargo vessels. In addition, paved access roads were constructed to the port from the mainland, a causeway to Serpenti Island and an access road along Serpenti Island, as well as another causeway from the Island to the mole. This phase also included dredging of a turning basin and an entrance channel to a depth of 30 feet below low tide.

The contract for the construction of this phase of the port was awarded to the Paul Smith Construction Company of Florida in May 1962. Construction was started in October 1962 and completed in February 1967. Construction difficulties have given rise to claims by the contractor of some \$9.0 million which are now under review. *History*

b. Phase II began in August 1967 under a loan (\$6.0 million) financed host country contract with the Overseas African Construction Corporation (OACC), a specially created subsidiary of the Reynolds Construction Company.

This phase provides port and municipal facilities to complete the operational capability of the port. This included the construction of a complete fresh water system, with a water treatment plant located on the Giuba River at Ionte, 28 kilometers inland from the port, a 16-inch pipeline, and the municipal and port distribution systems. A complete electrical power system is also provided for the city and port with two 400 KW generators in a central power plant. Operation buildings for the port, which comprise an administration building, cargo shed, conveyor shed, gate house and weighing station also have been constructed.

The contract for this phase was awarded in May 1967. Notice to proceed was issued in August. Mobilization was completed and work commenced in December 1967. Construction was completed in January 1970. Elimination of all deficiencies was completed on April 16, 1970.

c. From the beginning of this project, efforts have been made to implement a training component but this has not been too successful. Although some Somalis have been trained, the number of participants and counterparts have fallen short of needs. Somalis have been given pilot training in Pakistan and training in port accounting and documentation procedures in Nigeria. Two degree engineers are expected to complete their training and return to Somalia this year. Our port advisor has worked with several counterparts. Our two Chisimaio power and water engineers are working with counterparts to train them to operate and maintain the power and water supply systems. An on-the-job training element was to have been included in the remedial repairs contract but the local contractor was not prepared to do it. In sum, the Somalis have not put up sufficient trainees to be adequately prepared to maintain the port with reasonable efficiency.

d. Reduction of shipping and handling costs of Somali bananas, the country's major export and foreign exchange earner.

Handles approximately 110 vessels annually, 100,000 tons of cargo, and generates over \$100,000 in revenues (1968 statistics). However, the number of vessels calling at the port recently has dropped off considerably owing to:

1. Completion of the port. OACC formerly had materials and equipment brought in by ship, but with completion of the contract these ships no longer call.

2. Economic uncertainty stemming from the change in government has currently dampened commercial activity through the port. The number of vessels now using the port facility ranges from 4 to 6 per month. Longer range plans for the development of the agricultural and livestock potentials of the Giuba Basin, however, are predicated upon the capacity utilization of the port facilities for the export of agricultural and livestock products.

III. COURSE OF ACTION

a. In FY 1967 \$603,000 was obligated to perform remedial repairs to Phase I, which the Somali Government imposed as a condition to its acceptance of the port. The repairs were necessitated by storm damage, design and construction inadequacies, and poor GSR maintenance. They are now being done by a contractor.

Repair of the mole and raising of the breakwater have been essentially finished. Modification and repair of the fender pile system have not started owing to non-delivery of materials.

b. Recently it has come to light that additional remedial repairs will be required before we can phase out this project. AID/Washington expects to obligate an additional \$170,000 this fiscal year for this purpose to complete these repairs by December 1970.

A contract for tendon and pile crack repairs amounting to \$62,000 plus \$35,000 of Government furnished materials was finalized on April 25, 1970.

Ship damage repairs estimated to cost \$9,300 has been programmed. Modifications have been issued, but work has not started due to non-delivery of materials.

c. Now that major construction work is completed, emphasis is being directed toward increasing Somali interest in maintenance and training during the remaining 18 months of the project.

d. The authority of the Mogadiscio Water Agency is being extended to make it responsible for the administration of both water and power utilities for the whole country. Accordingly, interim arrangements have been made for the Middle West Service Company to provide technical advisory assistance for the organization and start-up operations of the Chisimio water and power utilities pending formal contract amendment.

