

ACTION MEMORANDUM FOR THE DEPUTY ADMINISTRATOR

THRU: ES

FROM: AA/AFR, Stanley S. Scott

6250501-4  
625-12-225-501  
PD-AAF-245

Problem: To approve an increase of \$400,000, which is more than 25% of the original life of project estimate of \$980,000, in the grant for the Lake Chad Basin Telecommunications Project (625-12-225-501) and to approve a notification to the Congress advising of A.I.D.'s intention to obligate this \$400,000 for the project in FY 1976. 4p.

Discussion: In 1969, an official request was received from the Lake Chad Basin Commission (an international organization established in 1964 by convention between the Governments of Nigeria, Chad, Niger and Cameroon) for A.I.D. assistance in establishing a reliable telecommunications link between Ndjamena, Chad, Kousseri, Cameroon and Maiduguri, Nigeria which would inter-connect the communications systems of the three countries and give Chad access to the international facilities of Cameroon and Nigeria. A feasibility study financed by A.I.D. at a cost of \$47,000 was completed in June 1970. It concluded that the project was technically and economically sound.

In June 1972, A.I.D. and the LCBC entered into a Grant Agreement which obligated \$50,000 to finance the foreign exchange costs of U.S. engineering services to prepare the system's final engineering design and bid documents. This agreement also indicated A.I.D.'s intent to finance the actual installation of the system, which included the procurement of U.S. equipment and U.S. engineering supervision, subject to the availability of funds for this purpose. In June, 1974, A.I.D. authorized an increase in the grant to \$980,000 to cover the system installation. However, because of competing demands for funds in the Selected Development Problems category and delays in the LCBC's compliance with certain conditions precedent to disbursement under the FY 1972 Grant Agreement, FY 1974 funds were not obligated and the earlier \$50,000 was de-obligated. Following the Notification to Congress of September 10, 1974, FY 1975 funding in an amount of \$980,000, covering engineering design and supervision and procurement and installation of the system, was recommitted to the project by subsequent agreement amendment. This amount was based on the estimate of project cost at that time and was assumed to be adequate for its completion. No request for additional funds for this project was, therefore, included in the FY 1976 Congressional Presentation.

In September 1974 A.I.D. entered into a contract with Morcom, Inc. for the preparation of the design and bid documents. In March 1975 this design was accepted by A.I.D. and presented to the LCBC for its approval. ~~At the request of the LCBC, the project cost was re-estimated on the basis of the final system design and found to be \$400,000 higher than the amount earlier estimated and budgeted. The LCBC also sought clarification of certain technical questions related to the system and requested A.I.D. to accept~~

The LCBC sought, and was provided, clarification of a number of technical questions and indicated its desire that the telecommunication link incorporate certain features, equipment and installations not covered by the basic system identified in the grant agreement. The LCBC also requested a re-estimate of the cost of the project on the basis of the final system design which was found to be \$400,000 higher than the amount earlier estimated and budgeted. These developments raised questions as to the basis on which the project was to proceed.

To resolve these issues, the AID delegation to the Commission meeting in early December, 1975, was instructed to seek LCBC financing of the \$400,000 short fall but if necessary to indicate AID's willingness to consider a \$400,000 increase in the ~~past~~<sup>grant</sup> to cover the current estimate of cost of the basic system to which AID was committed by the 1972 agreement. The delegation was further instructed that in no event would AID consider the financing of those supplementary items which AID felt were not vital to the system but which the member states nonetheless desired. These included such items as turbine generators, underground installation of equipment, multiplex terminals~~x~~ equipped with 12 instead of 6 channels, etc. costing approximately \$148,000. On the basis of the negotiations which took place, it was understood that AID would seek to increase its participation by \$400,000 and that the LCBC would finance from its development fund the \$148,000 in supplemental items (in addition to its initial project commitment of \$87,000 for local costs). It was further understood that a \$400,000 increase in the AID contribution would represent the limit of AID's participation and that in the event bids exceeded the current

estimated of cost the LCBC would provide any needed additional financing.

Issues: In review of this proposed funding increase, two issues were given consideration:

- a) The original capital grant paper demonstrated a rather low Internal Rate of Return (10%) and there has not been an attempt to update the IRR on the basis of <sup>the</sup> ~~other~~ higher project cost. It was recognized, however, that the original benefit estimate was admittedly conservative at the time and could not have taken into consideration current prospects for the increase in developmental activity in the area. Moreover, it can be reasonably expected that as costs have increased so have prices at which benefits should be calculated. In any event, given the margin of error to be expected in telephone and telegraph traffic projections in ~~this~~ region of Africa, it was not considered that a detailed recalculation was warranted.
- b) Application of AID resources to a telecommunications infrastructure project was recognized to be currently outside the Agency's legislative mandate. This project, however, represents a long outstanding commitment for which a relatively small FY 1976 <sup>v</sup>increase in felt to be justified even though the project would not be considered de novo.

Recommendations: In view of the following considerations:

- a) The proposed action reflects <sup>a</sup> negotiated understanding which was reached jointly with the LCBC at the December, 1975 meeting as a reasonable basis on which the AID commitment could be fulfilled and, upon approval, the project will be able to move immediately to a request for bids leading to contract award for the construction/installation of the system;
- b) The LCBC has evidenced the <sup>importance</sup> importance which it attaches to the project in agreeing to increase its participations by about \$148,000 and has

made known its keen desire that the project move forward rapidly without further delay; and

c) the LCBC is seen as having a key longer range role in AID's development strategy for the Sahelian Zone in connection with the major resource transfers expected to flow into this region and AID's response to the present issue will have an inevitable bearing on our ability to build the collaborative relationship which is essential to this effort:

*It is recommended that:*

1. You approve the attached Congressional Notification which states the Agency's intention to obligate \$400,000 in Fiscal Year 1976 for the Lake Chad Basin Telecommunications Project, increasing its funding from \$1,027,000 (including the original feasibility study) to \$1,427,000.

2. You sign the attached Capital Assistance Grant Authorization Amendment increasing the grant for the Lake Chad Basin Telecommunications Project by \$400,000 to a new total of \$1,380,000 subject to Congressional acceptance of the increase.

Approved \_\_\_\_\_

Disapproved \_\_\_\_\_

Date \_\_\_\_\_

AFR/SFWA:JMcLaughlin/4/26/76

Clearance:

AFR/SFWA:DShear \_\_\_\_\_

GC/CGladson \_\_\_\_\_

KKammerer \_\_\_\_\_

AA/LEG:DNeill \_\_\_\_\_

DAA/AFR:DBrown \_\_\_\_\_

GC/AFR:EDragon \_\_\_\_\_

AFR/DP:RHusemann \_\_\_\_\_

PPC/RB:GCauvin \_\_\_\_\_

PB:PBirnbaum \_\_\_\_\_

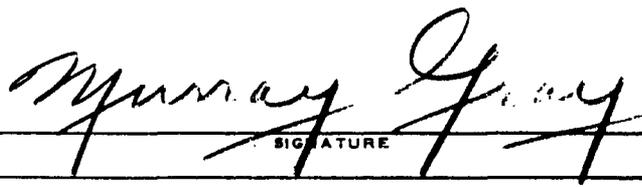
A, not dated - 700  
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PD-AAF-245

AID 1980-1 (8-63)	DEPARTMENT OF STATE AGENCY FOR INTERNATIONAL DEVELOPMENT  PROJECT IMPLEMENTATION ORDER/TECHNICAL SERVICES	<input type="checkbox"/> Worksheet <input checked="" type="checkbox"/> Issuance	PAGE 1 OF 7 PAGES
		1. Cooperating Country CWA Regional	2. PIO/T No. 625-501-3-00019
		3. Project/Activity No. and Title 625-12-225-501 Lake Chad Basin Telecommunications Reconnaissance	

4. Appropriation Symbol 72-1101004	5. a. Allotment Symbol & Charge 054-52-625-00-79-01	5. b. Funds Allotted to: <input type="checkbox"/> AID/W <input checked="" type="checkbox"/> Mission	
6. Obligation Status <input checked="" type="checkbox"/> Administrative Reservation <input type="checkbox"/> Obligation <input type="checkbox"/> Sub-Obligation		7. <input checked="" type="checkbox"/> Original or Amendment No.: _____	
8. No. of Technicians 4	9. Services to Start (Mo., Day, Yr.) Between: 4-10-70    And 5-15-70	10. Duration (Months) a. Of Services: 2    b. Of Financing: 2	
11. a. Type of Action <input checked="" type="checkbox"/> AID Contract <input type="checkbox"/> Cooperating Country Contract <input type="checkbox"/> Participating Agency Service Agreement <input type="checkbox"/> Other			
11. b. Authorized Agent AID/W			
Financing \$1.00 =	A. Previous Total	B. Increase	C. Decrease
12. AID Financing a. Dollars		15,000	15,000
b. U.S.-Owned Local Currency			
13. Cooperating Country Contributions a. Counterpart			
b. Other			

14. Mission References Dakar 1101 4-9-70	15. Objective for which the Technical Services are to be used (Describe)			
	PIO/T 625-501-3-90002 dated May 8, 1969 and Amendment 1 dated July 28, 1969 obligated a total of \$30,000 for a study by Morcom, Inc., of Washington, D.C. to determine the feasibility of providing telecommunications links among three member countries (Chad, Cameroon and Nigeria) of the Lake Chad Basin Commission. The study resulted in a report dated September 1969 and its recommendations were relayed to the Commission.			
	Based on the comments of Commission member countries and new data brought to light, the Commission plans a meeting in May 1970 to discuss the implementation of this project. It has requested A.I.D. to provide the services of Morcom, Inc. at this meeting to present an analysis of the members' comments on the new data and of the economic and technical (continued)			
16. Mission Clearances		Date	Mission Clearances	Date
17. Date of Original Issuance April 16, 1970		18. Date of this issuance April 16, 1970		

19. For the Cooperating Country The terms and conditions set forth herein are hereby agreed to:		20. For the Agency for International Development	
_____ SIGNATURE	_____ DATE	 _____ SIGNATURE	
_____ TITLE	_____ TITLE	_____ TITLE	

601-2243

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**DEPARTMENT OF STATE  
AGENCY FOR  
INTERNATIONAL DEVELOPMENT**

 Worksheet     Issuance

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PIO/T

**PROJECT IMPLEMENTATION  
ORDER/TECHNICAL  
SERVICES**

Cooperating Country  
CWA Regional

PIO/T No.  
625-501-3-00019

Project/Activity No. and Title  
625-12-225-501

Lake Chad Basin Telecommunications  
Reconnaissance

## SCOPE OF WORK

**21. Scope of Technical Services****A. Description**

I. The Contractor shall prepare a supplement to his September 1969 report, "Chad Basin Telecommunications Study" for the purpose of determining the technical and economic feasibility of replacing the recommended Fort Lamy-to-Maiduguri troposcatter connection with a microwave system from Fort Foureau (Cameroon) to Maiduguri and utilizing the proposed Fort Lamy/Fort Foureau cable for access to Chad. In preparing the supplementary report the Contractor shall perform the following tasks:

1. Prepare an amended traffic analysis taking into account Cameroon-Nigeria traffic originating in the Cameroon national telecommunications network, Nigerian interurban traffic from points between the Cameroon/Nigerian border and Maiduguri and any additional Cameroon interurban traffic which would accede to the microwave system.

2. Determine the increase, if any, in channels to cover the amended requirements of I-1 above.

3. Determine the additional technical requirements for the system based on I-1 above. (continued)

**B. Technicians**

(1) (a) Number	(b) Specialized Field	(c) Grade and/or Salary	(d) Duration of Assignment (Man-Months)
1	Telecommunications Engineer		2 man months
1	Telecommunications Economic and Financial Analyst		2 man months
1	Microwave Equipment Specialist		1 man month
1	French Translator		$\frac{1}{4}$ man month

**(2) Duty Post and Duration of Technicians' Services**

Washington - 2 months (all)

Niamey, Niger - 10 days (including travel time) for Telecommunications Engineer.

The duty post may be changed to another member country site at the request of the LCBC.

**(3) Access to Classified Information**

N.A.

(4) Dependents     Will     Will Not    Be Permitted to Accompany Technician

**C. Financing Costs of Technical Services**

(1) By AID - \$ 15,000

(2) By Cooperating Country -



AID 1880-1 (8-63)          <b>PIO/T</b>	<b>DEPARTMENT OF STATE AGENCY FOR INTERNATIONAL DEVELOPMENT</b>  <b>PROJECT IMPLEMENTATION ORDER/TECHNICAL SERVICES</b>	<input type="checkbox"/> Worksheet <input checked="" type="checkbox"/> Issuance	<b>PAGE 4 OF 7 PAGES</b>
		<b>Cooperating Country</b> CWA Regional	<b>PIO/T No.</b> 625-501-3-00019
		<b>Project/Activity No. and Title</b> 625-12-225-501 Lake Chad Basin Telecommunications Reconnaissance	

**25. Reports by Supplier of Services (Indicate type, content and format of reports required, including language to be used if other than English, frequency or timing of reports and any special requirements)**

The Contractor shall provide to A.I.D. a draft supplementary report, in English, in five copies, within 30 days after execution of a Task Order. Not later than 10 days following A.I.D. approval of the draft report, the Contractor shall provide 50 copies of the report in English. Not later than 30 days following A.I.D. approval of the draft report, the Contractor shall provide 100 copies of the report in French.

**26. Availability of Background Information (Additional information useful to Authorized Agent and Prospective Suppliers; if necessary, cross reference Block 21.B(3) above)**

N.A.

**27. Relationships of Supplier to Cooperating Country and to AID.**

**A. Relationships and Responsibilities**

N.A.

**B. Cooperating Country Liaison Official**

**C. AID Liaison Officials**

DEPARTMENT OF STATE  
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PIO/T

PROJECT IMPLEMENTATION  
ORDER/TECHNICAL  
SERVICES

Cooperating Country  
CWA Regional

PIO/T No.  
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Lake Chad Basin Telecommunications  
Reconnaissance

LOGISTIC SUPPORT

28. Provisions for Logistic Support

A. Specific Items (Insert "X" in applicable column at right. If entry needs qualification, insert asterisk and explain below in C. "Comments")

	In Kind Supplied By		From Local Currency Supplied By	
	AID	Cooperating Country	AID	Cooperating Country
(1) Office Space				
(2) Office Equipment				
(3) Housing and Utilities				
(4) Furniture				
(5) Household Equipment (Stoves, Refrig., etc.)		N.A.		
(6) Transportation in Cooperating Country				
(7) Interpreter Services				
Other: (8)				
(Specify) (9)				
(10)				
(11)				
(12)				
(13)				
(14)				
(15)				

B. Additional Facilities Available From Other Sources

N.A.

C. Comments

None

PIO/T

DEPARTMENT OF STATE  
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Cooperating Country  
CWA Regional

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625-501-3-00019

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625-12-225-501  
Lake Chad Basin Telecommunications  
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FINANCIAL AGREEMENT

29. A. Cooperating Country Financing

Pursuant to paragraph \_\_\_\_\_ of the  PROAG or  Other underlying document signed on \_\_\_\_\_ and subject to the amount shown in Block 13.D above, the Cooperating Country will provide all local currencies required for the expenditures within the country, during the period starting on the Date of this Issuance (Block 18 above) and ending on the Final Contribution Date of the [PROAG or other enabling document]: \_\_\_\_\_ authorized under this Project Implementation Order, with the exception of the following types of expenditures, which AID hereby agrees to assume:

N.A.

B. As of the effective date of any contract or agreement executed under this Order, the country will establish in the name of the supplier of the services described herein, a local currency advance in the amount of: \_\_\_\_\_

30. AID Financing

~~Pursuant to the provisions of the PROAG or other enabling document, and subject to the limitation of the Total to Date as shown in Block 12.D above, AID will provide all U.S. Dollar Currencies required for expenditures, during the period starting on the Date of this Issuance (Block 18 above), and ending on the Final Contribution Date of \_\_\_\_\_~~ Pursuant to the provisions of the PROAG or other enabling document, and subject to the limitation of the Total to Date as shown in Block 12.D above, AID will provide all U.S. Dollar Currencies required for expenditures, during the period starting on the Date of this Issuance (Block 18 above), and ending on the Final Contribution Date of December 31, 1970 authorized under this Project Implementation Order, with the exception of the following types of expenditures which the Cooperating Country hereby agrees to assume:

Block 15 - Continued

feasibility of a proposed revised implementation plan for the project. This PIO/T is issued to cover the services of Morcom, Inc., in the review and analyses of the additional data, including Commission member country comments; in using the results of this analysis to determine the feasibility of the proposed changes in the implementation plan relative to the earlier recommendations; to issue a supplementary report in English and provide a French translation; and to provide technicians to attend the LCBC meeting in Niamey, Niger; said technician will present the results of the supplementary report, explain it, reply to LCBC members' questions and advise them on technical aspects relating to project implementation.

Block 21 - Continued

4. Prepare a revision of the microwave investment cost and O&M cost estimates in the original report, based on I-3 above.
5. Determine the increased revenues and other benefits to the system resulting from the proposed change in the implementation plan.
6. Calculate the amended internal rate of return and benefit cost ratio based on I-4 and I-5 above.

II. The Contractor shall, when advised by A.I.D., make available a technical representative fully conversant with the original and supplementary reports and the methods used in their preparation, to appear before a meeting of the Lake Chad Basin Commission in Niamey, Niger to present the results and recommendations of the supplementary report, interpret it to the Commission members, reply to their technical questions on both original and supplementary report, and at their request to advise them on points relative to the implementation of the project in either its originally recommended form or with the proposed modifications.