

PD-AAF-815

388-0018-00-573 (2)

CLASSIFICATION
PROJECT EVALUATION SUMMARY (PES) - PART I

Report Symbol U-447

PROJECT TITLE Karnaphuli Third Unit			2. PROJECT NUMBER 388-0018	3. MISSION/AID/W OFFICE USAID/Bangladesh
5. KEY PROJECT IMPLEMENTATION DATES			4. EVALUATION NUMBER (Enter the number maintained by the reporting unit e.g., Country or AID/W Administrative Code, Fiscal Year, Serial No. beginning with No. 1 each FY) <u>80-3</u>	
A. First PRO-AG or Equipment FY <u>70</u>	B. Final Obligation Expected FY <u>79</u>	C. Final Input Delivery FY <u>81</u>	<input checked="" type="checkbox"/> REGULAR EVALUATION <input type="checkbox"/> SPECIAL EVALUATION	
6. ESTIMATED PROJECT FUNDING			7. PERIOD COVERED BY EVALUATION	
A. Total \$ <u>11,100,000</u>			From (month/yr.) <u>April, 79</u>	
B. U.S. \$ <u>9,500,000</u>			To (month/yr.) <u>April, 80</u>	
			Date of Evaluation Review <u>May 15, 1980</u>	

8. ACTION DECISIONS APPROVED BY MISSION OR AID/W OFFICE DIRECTOR

A. List decisions and/or unresolved issues; cite those items needing further study. (NOTE: Mission decisions which anticipate AID/W or regional office action should specify type of document, e.g., airgram, SPAR, PIO, which will present detailed request.)	B. NAME OF OFFICER RESPONSIBLE FOR ACTION	C. DATE ACTION TO BE COMPLETED
1. Supervise both consultant and contractor during the construction period. Maintain close surveillance over construction and consultants' assignment of personnel.	RDE	Continuing
2. Maintain surveillance over the Power Development Board to insure that the PDB promptly approves the purchase of missing/damaged KTU parts. After parts arrive in country see that the PDB clears the parts through customs in a timely manner.	RDE	Continuing

9. INVENTORY OF DOCUMENTS TO BE REVISED PER ABOVE DECISIONS			10. ALTERNATIVE DECISIONS ON FUTURE OF PROJECT		
<input type="checkbox"/> Project Paper	<input type="checkbox"/> Implementation Plan e.g., CPI Network	<input checked="" type="checkbox"/> Other (Specify) <u>None</u>	A. <input checked="" type="checkbox"/> Continue Project Without Change		
<input type="checkbox"/> Financial Plan	<input type="checkbox"/> PIO/T	<input type="checkbox"/> Other (Specify) _____	B. <input type="checkbox"/> Change Project Design and/or		
<input type="checkbox"/> Logical Framework	<input type="checkbox"/> PIO/C		<input type="checkbox"/> Change Implementation Plan		
<input type="checkbox"/> Project Agreement	<input type="checkbox"/> PIO/P		C. <input type="checkbox"/> Discontinue Project		

11. PROJECT OFFICER AND HOST COUNTRY OR OTHER RANKING PARTICIPANTS AS APPROPRIATE (Names and Titles)		12. Mission/AID/W Office Director Approval	
C. H. Groceman, Dep. Chief, RDE. <u>[Signature]</u>		Signature <u>[Signature]</u>	
E. D. Callahan, Chief, RDE. <u>[Signature]</u>		Typed Name <u>R. L. Podol</u> <u>Acting Director</u>	
L. K. Crandall, PRO <u>[Signature]</u>		Date <u>30 May 80</u>	
M. Sullivan <u>[Signature]</u>			

13. SUMMARY: In the late 1950s, a U.S Contractor, financed by an AID Loan, constructed the Karnafuli Hydro Station at Kaptai, Chittagong Hill Tracts. Included in this construction were a rolled earth dam, tainter gates and a power house with three bays. The contractor installed 40 MW generators in bays 1 and 2 and the third bay was to be used for future installation of a generator.

Vinnell Corp. was awarded the contract to install the third unit. Vinnell's Notice to Proceed was dated January 25, 1979. The contract was in the amount of \$4,846,538 U.S. and 14,458,238 Taka and called for completion of Third Unit within 23 months.

The A/E consulting contract was awarded to Sverdrup & Parcel in the amount of \$1,172,310 and 1,523,000 Taka. These services will be concurrent with construction.

Vinnell has poured concrete around the scroll case up to the level of the turbine room floor and is in the process of installing the turbine. Work is about eight weeks behind schedule. Vinnell has made a proposal to the PDB offering to put on additional shifts to accelerate construction in consideration of some trade-offs by the PDB. This proposal is under study.

14. EVALUATION METHODOLOGY: This evaluation is an annual review. The project is proceeding in accordance with the project design, except for the eight weeks delay in construction.

The data for this PES were gathered during frequent site visits by the USAID Engineer and by a Capital Development Officer.

15. EXTERNAL FACTORS: Not pertinent for this PES period.

16. INPUTS: USAID anticipated slow PDB/BDG action in clearing items through customs and had the PDB set up a Taka account, fully funded, to pay for customs duty as a condition precedent to approving Vinnell's contract. This has worked very well at times. Sometimes, however, the PDB bargains with the customs officials on the per cent of duty to be paid and customs officials refuse to permit clearance if minor documentation is not in order.

A contract between SPA and Vinnell has recently been approved to allow Vinnell to purchase missing/damaged KTU parts. Vinnell and SPA are now setting up the procedures that will allow for prompt purchase and delivery of the parts. An imprest Taka account is already established that allows for Vinnell to pay Customs duty on their procured items.

SPA has been extremely slow in providing and keeping supervisory personnel. To date there has been seven different project managers assigned, three electrical engineers and two civil engineers to fill the three supervisory positions. It has taken until May 1980 for SPA to concurrently fill these positions with permanent staff members.

17. OUTPUTS: Not pertinent at this time.

18. PURPOSE: To increase power generation in the Eastern Grid of Bangladesh. No progress can be made toward this purpose until the 50 MW unit is operational.

19. SUB-GCAL: To contribute towards the improvement of electric power availability for both industrial and residential consumers in the Eastern Transmission Grid.

20. BENEFICIARIES: The direct beneficiaries of the project will be the urban and rural consumers of all classes. Beneficiary effects cannot be measured yet.

21. UNPLANNED EFFECTS: None.

22. LESSONS LEARNED: USAID monitoring of this project has taken a considerable amount of staff time because the PDB/BDG did not make prompt decisions nor take timely action to keep the project proceeding in an orderly manner and SPA did not provide qualified supervisors in a timely manner.

In future projects, a Taka Customs account should be set up in the complete control of the contractor with the BDG entity having after the fact approval of the use of the funds. No other way seems to work in Bangladesh.

Engineering contracts should be structured to allow the proper incentives for attracting qualified personnel to perform the required work.