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Dear Ismail

Attached please find a memo from Reg, together with the Strategic Transport Links proposal and a cover note.

Regards Linda

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**From:** RHG **Date:** 24 January 1999  
**To:** Ismail **Re:** RHG/lab  
**cc:** Rluckham/Lionel Cliffe

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- A. Herewith the strategic transport links (Berbera-Hargeisa-Border-Addis Corridor) proposal and a cover note to go (with memo) to:
- a. Ministers of Foreign Affairs, Planning, Transport;
  - b. Head of Berbera Port Authority;
  - c. Director Generals of Planning, Transport and Presidency

This cover note is **not** for donors! It makes plain - as proposal per se careful obfuscates - that the whole approach while valid on narrow economic and grounds is so structured as to draw donors (and Ethiopia) out onto the 'slippery slope' to recognition

Cordially

  
Reg

## Cover Note

This proposal - discussed briefly *inter alia* with the Ministers for Foreign Affairs and for Planning and at the First National Reconstruction Conference - is designed to meet very real economic needs in respect of the domestic economy of Somaliland and of the transit trade with Ethiopia sector. The latter goal has the political gain of enhancing Addis-Hargeisa links of value to Ethiopia and therefore its interest in advocating broader recognition (at least *de facto*) of the Republic of Somaliland. While formally seeking to facilitate external fund mobilisation while side-stepping formal recognition, the result of success would be to strengthen the case for, and probably external receptiveness to, recognition.

The Corridor Authority proposals are serious. The approach has worked well in Southern Africa both in terms of planning and operational coordination on the ground and of external financial sources' response. In the Somaliland case it side-steps the formal recognition issue as the Authority is structurally separate from the government of the Republic of Somaliland and one member (Ethiopia) is a government with institutional links (via Lome) to the EU.

The side-stepping of *de jure* recognition issues is a real gain in the short run. In the medium term the more operational links the EU and external governments have with Somaliland - however structured - the more non-recognition becomes a patent absurdity.

Ethiopia would probably have similar concerns. It apparently views open campaigning in the OAU for Somaliland's recognition as imprudent/counterproductive. However it does wish to act with Somaliland to advance mutual interest and to facilitate the maintenance of peace, stability and good governance in Somaliland. Thus the Authority route should be attractive to Addis and the successful building up of the transit corridor and of secondarily SADCC - Corridor Authority - Somaliland relationships a low key way of altering the OAU climate in favour of recognition.

The costings are approximate. The Berbera Port Authority - UNCTAD - Planning can provide more detailed data on the next stage of Berbera rehabilitation/upgrading and - perhaps - on basic rehabilitation of the Berbera-Hargeisa-Ethiopian Border Highway. The second phases e.g. Highway Upgrading Port/Internal Terminal Containerisation, Domestic Capacity Building cannot be costed beyond rough approximations until further detailed studies (proposed) are carried out.

This approach requires early initiatives by the Ministers of Foreign Affairs, Planning and transport to their counterparts in Ethiopia to reach agreement on and set in motion a joint and funding mobilisation programme. Since diplomacy always takes time - especially when including proposals (e.g. the Corridor Authority) not previously canvassed - the earlier this can be done the better.

Ethiopia may well wish to have the initial funding proposal package include some highway, terminal warehouse upgrading or expansion on the Border - Jigjiga - Nazareth - Addis Ababa sector of the Corridor. While it is to be hoped that this will not unduly delay agreeing on and mobilising for the package, the inclusion of Ethiopian components is a plus. It demonstrates Ethiopian seriousness and that the Corridor Authority is a genuine two country sectoral action entity not merely a proxy for Somaliland.

# STRATEGIC TRANSPORT INFRASTRUCTURE REHABILITATION AND MAINTENANCE: a Regional Approach For Somaliland

## I. The Challenge

The strategic port and highway corridor from the Port of Berbera through Hargeisa to the Ethiopian border is crucial to the livestock export, agro pastoral, domestic commercial and transit sectors of the economy of Somaliland and important to the analogous sectors in the Somali and, potentially, Oromia Regions of Ethiopia.

Berbera as well as being the national port of Somaliland is one of the four logical ports for landlocked Ethiopia - Berbera, Djibouti, Assab and Mogadishu. Ethiopia's concerns (economic and political) mean it will wish to utilise all four ports, not concentrate on one while present (and foreseeable future) law and order, security (including against theft) and infrastructural considerations mean Mogadishu is not now useable. While logistically probably not optimal for Addis Ababa itself, Berbera is well placed to serve the Somali and Oromia Regions of Ethiopia and - were its facilities for handling containers and/or ro-ro traffic at least equal to those of Djibouti and Assab - might become competitive for certain traffic to Addis.

The ability of the Berbera Corridor to serve either Ethiopia or Somaliland was reduced radically by the Barre Regime in the 1980's. Bad relations with Ethiopia led to *de jure* (and to a substantial extent *de facto*) halting of transit traffic cutting links going back over a millennium between the Arabian Peninsula and the Ethiopian Highlands via Berbera. The 1988-91 Liberation War resulted in substantial (though far from total) damage to port and highway infrastructure compounded by lack of maintenance and mine laying.

With the collapse of the Barre regime and the expulsion of its occupation forces from Somaliland, rehabilitation of the trading sectors and of trade with Ethiopia and - to a lesser extent - repair and reconstruction of damaged infrastructure began. Transit traffic has probably exceeded previous peak levels while - until the 1998 Saudi ban - livestock exports were also at or above previous peaks.

However, the development of transit trade has been constrained and domestic import/export trade made more expensive by the limited extent of reconstruction. While - with substantial technical and capital assistance via UNCTAD - Berbera has been restored to operability

and a functioning Port Authority created to run it, there are gaps in rehabilitation and limited forward planning toward ro-ro and/or container facilities needed for full scale serviceability as a transit port. While the full route of the highway to Hargeisa and the border is operational the repair work in many sectors is *ad hoc*. Several key bridges have yet to be reconstructed and needed capacity upgrading (e.g. widening the Hargeisa - Boramo - Border segment which is basically the 1950's British built link now carrying at least twice its design capacity) has not been planned strategically, much less implemented. The cost considerations are substantial. For example between Hargeisa and the Ethiopian border three bridges are yet to be repaired/replaced. The probable cost of - say - \$1 million is comparable to the annual costs resulting from delays and excess wear and tear of vehicles bumping through diversions and of interruptions in usability after heavy rains.

Full scale rehabilitation and upgrading has not been possible because Somaliland has lacked the funds and professional expertise to undertake it by itself, while donors have not identified institutional channels acceptable to them for providing adequate technical and financial assistance and have tended to underestimate the degree of stability and of law and order pertaining from mid 1995 throughout the Corridor.

The problems of rehabilitation, reconstruction and strategic development are linked to the present absence of maintenance capacity. Somalia/Somaliland - even by African standards - has a near forty year history of deplorable maintenance resulting in rapid falling into disrepair and subsequent replacement of transport infrastructure. To overcome this requires:

1. budgeting for maintenance and providing the budgeted funds (e.g. out of fuel taxes and licence fees);
2. preparing an overall programme of ongoing and preventative maintenance to channel the budgetary resources;
3. creating a climate of assured expectations of business to be done to encourage enterprises to hire purchase equipment and to employ skilled and professional personnel to carry out maintenance (and construction subcontracts); backed up by
4. provision of hire purchase/leasing facilities for domestic contractors.

## **II. The Problem**

The bottom line problem is lack of rehabilitation, strategic development and of maintenance of key Corridor infrastructure. This flows from limited available financial and technical resources available to the Ministry of Transport of Somaliland and to the Berbera Port Authority and to lack of maintenance and capital works subcontracting capacity by Somaliland (whether domestic or foreign enterprises).

To break the impasse requires additional external support in respect to capital funding and at least initially in respect to technical assistance and enterprise capacity development. From the donors' point of view the preconditions for such augmentation appear to be:

1. confidence in security throughout the corridor;
2. evidence of Ethiopia - Somaliland cooperation and coordination in respect to the Berbera - Border and Border - Addis Ababa segments of the Addis Ababa - Berbera corridor;
3. acceptable institutional arrangements for managing the infrastructural programmes execution and operation endowed with adequate professional and maintenance/operation financial flows for that purpose.

There should be little difficulty in demonstrating that the first criteria is now met. The second does create the need for more formal Addis Ababa-Hargeisa coordination embodied in an Addis Ababa - Berbera Corridor Authority broadly similar to the approaches successfully pursued by the Southern African Development Community - Southern African Transport and Communications Commission - Beira Port Authority.

The third requires initial financial and personnel assistance to build up entities such as the Berbera Port Authority and the Corridor Authority. The Port Authority is now professionally staffed (increasingly by nationals) and fully covers operating and maintenance costs from user charges. Build-up of enterprise maintenance capacity and of revenue - perhaps by government resourcing out of fuel taxes and lorry license fees - could achieve similar results for the Corridor Authority and/or via Ministry of Transport budget allocations.

## **III. Toward A Corridor Authority**

A joint Ethiopia - Somaliland Addis Ababa - Berbera Corridor Authority created as an intergovernmental authority (initially based in Addis Ababa with a second main office in

Berbera) to coordinate and manage coordinated corridor development projects (initially ion transport) would facilitate rapid physical progress as well as fundraising and provide a framework for joint strategic planning and parallel implementation.

Ethiopia's Highway Authority - which has built up very substantial planning, administration, execution, construction and maintenance capacity over fifty years - could provide, via secondment, a core professional staff together with Somaliland engineers now largely in the diaspora.

The Southern African Development Community, its transport arm - the Southern African Transport and Communications Commission and the (Mozambique-Zimbabwe including private enterprise sector) Beira Corridor Authority have over a decade and a half of experience in operating an analogous approach. They could and - given most SADCC Member States' good relations with Ethiopia and Tanzania's concern to facilitate rehabilitation and regional integration in the Horn - would be willing to provide technical assistance (possibly including secondment of a limited number of personnel to the Addis Ababa-Berbera Corridor Authority and of prospective senior officials from it to SATCC and/or BCA) were funding secured.

The proposed Authority would facilitate fundraising in three respects:

1. it would demonstrate the two countries' commitment to a serious coordinated programme of action and
2. provide an institutional focus for routing projects and technical assistance via a professionally competent, umbrella agency;
3. as well as facilitating donor desire to separate rehabilitation and economic development issues from those relating specifically *de jure* diplomatic recognition.

#### **IV. Strategic Proposal**

The substance of the proposal is the rehabilitation and further development of the Berbera-Addis Ababa transit (and domestic) trade corridor. The institutional frameworks proposed is a Somaliland-Ethiopia Corridor Authority initially between the two governments with an enterprise (public and private) consultative committee which might later be merged into the Authority (as in the Beira and Maputo Corridor Authorities). Substantial data on the rehabilitation phase - especially of Berbera - has been collected and analysed by the Port of



Berbera Authority UNCTAD and the relevant ministries and the Ethiopian Highway Authority. Rather more sketchy data and a key rehabilitation needs on the Berbera-Hargeisa-Border highway has been collected by the Somaliland Ministry of Transport/UNCTAD.

The main barriers to rehabilitation are access to long term finance (preferably grant) and to technical personnel for project design/testing, training and supervision of initial operations plus evaluating and awarding contracts to external land contractors and domestic subsidiaries. The second constraint would be eased substantially by the creation of the Corridor Authority. The Ethiopian Ministries of Planning and of Transport and Highway Authority have analytical, strategic advisory, engineering and operational personnel who could be seconded. The Authority (when it secured funding) could establish terms and conditions attracting Somalilanders with relevant professional qualifications from the domestic private sector and the diaspora.

The barriers to securing significant external capital finance have been a perception of endemic insecurity which is now lessening and would be further reduced by the creation of a joint Authority evidencing both Ethiopian good will and confidence. They have also turned on of the issues of acceptable institutions and the status of the Hargeisa Government. The Berbera Port Authority/UNCTAD combination has up to a point proven a successful route to bypassing those issues. The Corridor Authority - a quasi autonomous body one of whose members is a full reorganised state - would mark further progress. In addition the EU - which recognises and works with over 100 Regional offices (largely but not exclusively from Members States) - should be approached to grant Regional status to Somaliland which (in the evident absence of any Central Government to which it could conceivably report) would allow EU-Somaliland DGVIII relations well beyond ECMO relief activities and in particular in respect to the Hora Regional budget line for interstate projects.

The advisory committee of enterprises would provide useful input on commercial and transport sector priorities. It could also lead both to broadened concern with development related to the main infrastructure (e.g. manufacturing, transit warehousing, hotels) and to eventual full incorporation of enterprises into the Authority's decision taking (and financial flow raising and/or coordination) process.

## V. Elements of Proposal

The main elements of the proposal include:

1. Berbera Corridor Authority requiring agreement in principle and on roles, structure, procedures between Ethiopia and Somaliland and needing some external funding for professional personnel (citizen and expatriate) until full domestic financing is possible;
2. Reviewing and perhaps modifying Port of Berbera/UNCTAD project proposals for full rehabilitation;
3. Conducting a containerisation study aimed at proposals for container/ro ro (roll on/roll off lorry transport) capacity at Berbera and 'inland ports' for containers presumably at Hargeisa, JigJiga and Addis Ababa;
4. Reviewing, detailing and completing both rehabilitation and capacity development studies on Berbera-Hargeisa-Border highway capacity. The two studies need to be linked because even during rehabilitation some aspects - notably bridge design - would need to take into account subsequent phases involving broadening some segments (e.g. Hargeisa-Border) and upgrading load carrying capacity (probably more generally);
5. Identification of Border-Addis Ababa transport infrastructure rehabilitation and development projects Ethiopia would wish coordinated and partially or wholly financed through the Authority;
6. A study on transport industry capacity and requirements for development (agreed in consultation with the Enterprise Advisory Committee) to determine capital, personnel and training needs and what government (Authority) action or encouragement of external enterprise action might be needed. This could include a joint venture of Somaliland/Ethiopian financial institutions with an experienced external partner (e.g. the UK's Commonwealth Development Corporation whose remit covers non-Commonwealth poor countries) in a leasing and/or hire purchase company to provide commercial term credit for vehicles and maintenance garages;
7. A related study or highway maintenance and construction capacity to improve prospects of Corridor infrastructure sustainability and to enhance Somaliland and Ethiopian enterprise involvement in maintenance and (as sub-contractors) construction. Again discussion with the Enterprise Advisory Committee should be central to the study. In the case of maintenance national and/or authority units may be deemed desirable as well as

contracting out to domestic enterprise contractors. In respect to the main infrastructure contracts, the need for speed and the absence of identifiable domestic enterprises with adequate capacity and track records suggests focussing on ways and means to secure sub-contracting roles for domestic construction firms. The existence of a leasing/hire purchase firm to enable sub-contractors to build up equipment parks, may well be crucial for this sector as for transport.

8. A financial sustainability study in respect to all aspects of maintenance and of the Authority (as well as the Ministry of Transport in Somaliland and, if desired Ethiopia);
  - a. The Port of Berbera can (as already demonstrated) operate a user charge based budget, but would need to review tariffs in light of cost and volume projections as well as of services provided;
  - b. 'inland port' container terminals could be made self financing on analogous lines based on volume projections and experience elsewhere in Africa;
  - c. highway maintenance (especially in Somaliland) and financing Authority costs (after-say-the first three years to full rehabilitation) should be based on charges/taxes falling on users. Of these four stand out:
    - i. toll charges - probably practicable on the Somaliland sectors, at least to Hargeisa, but posing greater problems (both technically and politically) on the Ethiopian;
    - ii. fuel taxes (motor spirit, gasoil, motor diesel) - presumably uniform nationally, not route specific, and used formally or in practice to finance road and highway maintenance and Authority costs;
    - iii. Corridor transit (crossborder) vehicle licensing for both Ethiopian and Somaliland registered vehicles payable directly to the Authority;
    - iv. General (or Corridor specific albeit the latter might be hard to administer in Ethiopia) bus and lorry license fees related to weight (because wear and tear to highways increases as the square or cube of gross tare weight) payable to the Authority and/or national Treasuries for highway maintenance and Authority Financing
9. A Berbera-Ethiopia transit traffic study on projected future volumes (as well as clearer estimates of present) and on appropriate modalities especially provision of borded/sealed through transit without liability for Somaliland import duty. At present transit traffic is hard to disaggregate from domestic and - barring evasion - bears the same import/export

duties. Once Somaliland develops an effective customs system (even if it also abolishes export duties) this pattern is unlikely to be acceptable to Ethiopia nor competitive with Djibouti and Assab which do offer bonded - sealed - tax exempt modalities.

10. A perspective study both on the future role of enterprises in Authority modalities and processes and on the broader impact of the Corridor on transport related sub sectors: container terminals, transit warehouses, hotels, repair workshops and depots, manufacturing - with a focus on what (if any) facilitating or more active steps the Authority should take.

A number of studies are needed especially for longer term Corridor development. Even with the enhanced personnel capacity and data the Authority can provide, some will require expatriate advisory/consulting personnel. A possible - and proven - conduit would be UNCTAD if bilateral donors and/or the EU agree to fund provision of such services. It should not be assumed that expatriate necessarily means non-African. In particular it is SADC/SATCC and the Beira and Maputo Corridor Authorities whose institutional experience is most likely to be relevant and useful and the same may well be true of Southern (including South) African port and 'inland port' containerisation and ro-ro modalities, infrastructure and financing. The UN family and the EU are both empowered to hire African consultants (from/via enterprises or government entities as well as individually) and should be encouraged to seek them actively while Ethiopia and Somaliland should use their contacts to publicise the studies/posts to be awarded. Otherwise established Northern technical assistance purveyors better communications, closer relations with technical assistance funders, past experience and habit will tend to freeze out African contributions whatever Ethiopia, Somaliland and the donors desire.

## **VI. Possible External Sources of Finance/Personnel**

The probable financing channel preference of most donors would be to the Corridor Authority (and perhaps the Port of Berbera Authority) who would carry out studies, design projects and be involved in tendering/contract award/contractual supervision processes. (The last three require negotiation with donors who, not unreasonably, may also wish to be involved but need to take part in ways which do not destroy Authority accountability by putting specifications, contracts and contractor performance outside its control as was

endemic in the former United Republic of Somalia and is not uncommon elsewhere in Africa).

The main potential sources of capital finance are the European Union (particularly out of its Horn Regional funding allocation), Italy and the United Kingdom. There is a possibility of USA finance (via the Djibouti Embassy), but more likely for technical assistance than for capital account. Technical assistance potential sources include UNCTAD (out of its own programme or as an EU or bilateral implementing agent), the UN Secretariat, the UK (DFID), USA, Italy and the Commonwealth Secretariat. SADC/SATCC/Corridor Authorities and CDC are potential sources of technical assistance but would need to be funded to provide it.

The key to funding is to secure EU support (including for technical assistance delivered by UNCTAD, SADC/SATCC/Corridors) complemented by UK and Italian bilateral provision of resources. The Italian and UK aid programmes' evaluation of the Corridor projects, Corridor Authority and Ethiopia/Somaliland transit/transport cooperation and coordination are likely to be significant influences on DG VIII (development assistance) of EU at both official and ministerial level.

The total financing needed for the Corridor projects is of the order of **\$50 million** including initial container capacity creation as well as physical rehabilitation, Corridor Authority establishment, technical studies and cooperation in facilitating enterprise capacity expansion in transport and construction. That requirement cannot be precise. Until the studies are completed capacity upgrading, containerisation and facilitating hire purchase/leasing finance provision to construction and transport enterprises cannot be evaluated nor, therefore, costed. However, \$50 million over 3 to 4 years (initial studies 1999, initial rehabilitation 2000, project package completion 2002-2003) is not an unusually large sum in respect to a two country transport programme directly relevant to perhaps 10 million people potentially served by the Corridor and up to several hundred thousand tonnes of traffic, annually. Substantially larger commitments have been made (with satisfactory overall results) in Southern Africa's corridor zones (Maputo, Beira, Nacala, Dar es Salaam) and, to a lesser extent, West Africa. Taking the combined populations of Somaliland and Ethiopia \$50 million is about \$2 per capita.

## VII. Programme Component Costing Checklist

### A. Initial Strategic Studies

1. Strategic Study (Economic and Institutional) for Planning - Finance - Transport - Foreign	60,000
2. Strategic and Data Review Study (First Pre Engineering Phase) - Port of Berbera	100,000
3. Strategic and Data Review Study (First Pre Engineering Phase) - Highway	140,000
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<b>Sub Total</b>	<b>\$300,000</b>
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### B. Berbera Corridor Authority

4. Initial Establishment (including equipment/ communications)	500,000
5. Technical Assistance in support of initial operations (3 years) - expatriate staff	1,500,000
6. Assistance for general recurrent costs over initial three years	750,000
7. Technical Assistance Studies	1,250,000
• SATCC/SADC/Corridor Authorities	
• Port Upgrading	
• Highway Capacity Enhancement	
• Containerisation	
• Domestic Transport Enterprise Capacity Enhancement	
• Domestic Construction/Maintenance Enterprise Capacity Enhancement	
• Transit Traffic Facilitation	
• Sustainable Finance Development Port/Highway/Authority (To be provided via or to Corridor Authority by provision of specialist personnel)	

8. Training - 100 artisan/foreman level and 20 professional level training - upgrading course in appropriate African or overseas technical and professional colleges (for Port and Highway Authorities - managed by Corridor Authority). Training institute in Berbera or Jigjiga for middle level maintenance, operational, bookkeeping and similar personnel.	2,000,000
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<b>Sub Total</b>	<b>\$6,000,000</b>
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<b>C. Capital Expenditure</b>	
9. Initial Port Rehabilitation/Development	6,500,000
10. Initial Highway Rehabilitation (Somaliland) (Ethiopia)	2,500,000 2,500,000
11. Containerisation (Port and Internal Container Terminals)	10,000,000
12. Selective Highway Upgrading (Somaliland and Ethiopia) width and foundation design weight)	12,500,000
13. Maintenance Capacity Development - National Unit/ Authority/Investment in Leasing - Hire Purchase Company	2,500,000
14. Transport Enterprise - Capacity Development - Investment in Leasing - Hire Purchase Company	1,000,000
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<b>Sub Total</b>	<b>37,500,000</b>
<b>Contingency (Additional Projects*)</b>	<b>6,200,000</b>
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<b>Programme Total</b>	<b>50,000,000</b>
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**\* Ethiopian Project Input Very Rough Estimate**

While the intended programme scope and duration should be laid out to potential financial supporters from the start the initial commitments sought should be for Strategic Studies, Corridor Authority (including specialist sub-sectoral studies) and the first two (VII - C - 9 and 10) capital items totalling about \$17,800,000. The balance of capital projects cannot be fully designed or costed until the specialist studies are completed or at least well in hand. The initial external supporter commitment to be sought toward them is to consider

favourably viable further rehabilitation and capacity expansion projects arising out of Corridor operations and studies.

The later tranches of capital finance could be more easily (with less difficulty) secured if the budgetary position of Ethiopia, the tax system reconstruction of Somaliland and the development of Corridor operating finance (from national taxes, licences and/or use charges) allowed full maintenance and at least a modest proportion of capital costs to be committed and delivered by Somaliland and Ethiopia.



## ANNEX

### (Notes on Costings)

These notes are exceedingly scrappy except for the initial studies and - perhaps - the Authority.

Planning can from its present data base (and that of Port of Berbera/UNCTAD) provide more detailed cost estimates for the initial phase of part rehabilitation and - perhaps - highway rehabilitation.

The subsequent costings can to a degree be refined from the strategic studies. However, these would focus primarily on nailing down initial rehabilitation and authority costings as well as strategic and institutional issues.

The studies listed under the Authority are needed to determine what is necessary, viable and costs how much. Further the totals cannot be complete until Ethiopian projects for inclusion are known. These could also affect (raise) the initial highway rehabilitation since it would be perfectly reasonable (indeed desirable) for Ethiopia to seek inclusion of - say - \$2.5 million Border - Jigjiga - Addis rehabilitation and upgrading finance. At this initial stage financing parties would probably wish to see a 10% to 20% Ethiopian commitment to capital projects in Ethiopia since Ethiopia's rehabilitation and economic rehabilitation and recovery are more advanced and its fiscal position much more robust than is the case in respect of Somaliland.

#### A. Studies

1. Strategic Study - Macro and Sectoral and Financial Ways and Means	
• Senior Macro Economic Advisor with African Experience 60 days	30,000
• Per Diem and Travel	7,500
• Somalilander Research Officer - 90 days	4,500
• Per Diem and Travel	10,000
• Secretarial/Office/Reproduction Costs	3,500
• Contingency	4,500
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<b>Study Total</b>	<b>60,000</b>
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2. Strategic Study - Engineering, Design, Pre-Feasibility - Port	
• 2 Senior Engineering/Design/Project Costing Consultants 60 days each	60,000
• Per Diem and Travel	16,000
• Somalilander Research Officers (2) - 90 days	9,000
• Secretarial/Office/Reproduction Costs	7,500
• Contingency	7,500
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<b>Study Total</b>	<b>100,000</b>
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3. Strategic Study - Engineering Design, Pre Feasibility - Highways	
• 2 Senior Engineering/Design Project Costing Consultants 60 days each	60,000
• Per Diem and Travel	16,000
• Somalilander Research Officers(2) - 90 days	9,000
• Secretarial/Office/Reproduction Costs	
• <b>Pro Forma</b> - Analogous Study Ethiopian Highway Component	40,000
• Contingency	7,500
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<b>Study Total</b>	<b>140,000</b>
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## B. Berbera Corridor Authority

4. Initial Establishment	Provided by Ethiopia/ Somaliland
• Offices (Addis Ababa, Hargeisa, Berbera)	
• Office Equipment - Data Storage/Processing/etc.	250,000
• Communications System	250,000
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<b>Project Total</b>	<b>500,000</b>
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5. 3 (to 4) Senior Expatriate Staff times 3 years to Corridor Authority	1,500,000
6. Contribution Toward Domestic Costs (including Salaries) over 3 years while sustainable financing system is decided upon and put into operation.	750,000
7. Studies (See Section V) for second stage of Corridor Development (8 studies at \$100,000 to 200,000 each)	1,250,000

8. Training of artisanal and foremen (100) and professional (20) personnel for Port, Highway and Corridor Authorities in African (or overseas) technical and vocational institutions. (Average cost \$5,000 per year times 1/2 years). Training institute for middle/semi skilled tier at Jigjiga	1,500,000
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3,000,000

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### C. Capital Expenditures

9. Initial Port Rehabilitation/Development [From Ministry of Planning Data and Project. Needs to be checked.]	6,500,000
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10. Initial Highway Rehabilitation/Development [Ethiopian Figure wholly speculative. Somaliland needs review as data scrappy.]	5,000,000
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11/14. Other Projects.  
[Depend on outcome of Studies proposed above.  
11-12 are relatively modest.  
13-14 assume training minority stake in leasing company not  
floating new public sector enterprise.]