

# OFFICE MEMORANDUM

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TO: Dr. E. Wayne Rembert

FROM: L. M. Svoboda

SUBJECT: Iceland - Loan No. 80IC  
End-Use visit to Transmitter Building Project

DATE: June 16, 1955

During my visit to Iceland, June 1 - June 10, I reviewed the status of the radio transmitter building project. A summary of my findings is given below.

## Physical Progress

The project is in an advanced stage of construction and is expected to come into full operation during the latter part of August.

The building proper has been completed except for some finishing work which is now under progress. This includes insulation of the roof, finishing of the outside walls, replacing the temporary windows and some additional levelling, paving and landscaping.

The transfer of the transmitters from the old building will be started as soon as the switchgear and cabling has been completed. As of early June, the switchboard was about 80% complete but further work on this and the remaining electrical installations was interrupted, due to the strike of electricians, now in progress. Mr. Briem, chief engineer of the Post and Telegraph Administration, who is responsible for the execution of the project, was confident that despite the temporary delay due to this strike, the electrical installations would be completed in time to start transferring the transmitters late in June or early July.

The transfer of the transmitters is expected to take about six weeks and will be carried out by the station's own personnel. The antenna will be erected simultaneously. According to this schedule the new transmitter station should be in full operation by the end of August. Some smaller items such as paving, landscaping and general clean up may yet have to be completed after this date but would not affect the operation of the project.

## Financial

As of June 1, I.Kr. 4,002,575 had been spent on the project of which I.Kr. 3,858,699 had been reimbursed from the Bank loan (see table attached). Total cost of the project is now estimated as I.Kr. 4,550,000 as compared to the previous estimate I.Kr. 4,080,000 of September 1954. Most of this increase was due to increased labor costs in connection with the building constructions and installation of the equipment.\* Total funds available from the IBRD loan equal I.Kr. 4,100,000, leaving an uncovered balance of I.Kr. 450,000 requiring additional financing.

\*Contrary to its previous plans, the T & T Administration no longer intends to charge a fee for its services in designing and supervising the project.

Mr. Svoboda's End-Use  
Visit - June 1955.

This matter was brought to the attention of the Development Bank which under the provisions of the Loan Agreement is committed to complete the project. Dr. B. Eirickson, after consultation with the Minister of Finance, agreed to advance to the Telephone and Telegraph Administration the amounts of additional financing currently required for completing the project. The total of these advances will be refunded to the Bank from a budget appropriation in 1956, for which the Minister of Finance intends to submit a request to the Althing during its next session in December.

The T & T Administration has already informed the ICAO about the expected increase in the cost of the project and will furnish them the actual figures of the increase as soon as these have been firmly established. The method of repayment of this additional investment item can then be agreed upon with the Council. The Development Bank has promised to keep us currently informed on further developments regarding this matter.

c.c.--Area Dept.,  
Mr. Jago