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MUNICIPAL INFRASTRUCTURE AND IDP HOUSING REHABILITATION PROJECT

Quarterly Report Year 2: 2nd Quarter (January - March 2012)

CONTRACT: AID-EDH-I-00-08-00027-00, TASK ORDER: AID-114-TO-11-00002

10 April 2012

This document was produced for review by the United States Agency for International Development. It was prepared by Tetra Tech for the Municipal Infrastructure and IDP Housing Rehabilitation Project, Task Order number AID-114-TO-11-00002 under the USAID Architectural and Engineering (A&E IQC).



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The following document was prepared by Tetra Tech EM, Inc. (<http://www.tetrattech.com>).

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April 10, 2012

Mr. Bradley Carr
Water Irrigation and Infrastructure Advisor
Office of Economic Growth
US Agency for International Development
11 George Balanchine Street
Tbilisi, 0131 Georgia

Re: Quarterly Report Year 2: 2nd Quarter (January - March 2012)

Dear Mr. Carr:

This report is being submitted to you in accordance with the requirements of Task Order no. AID-114-TO-11-00002 of Contract AID-EDH-I-00-08-00027-00. It provides Tetra Tech's Quarterly Report Year 2: 2nd Quarter (January - March 2012) for the Municipal Infrastructure and IDP Housing Rehabilitation Project.

Very truly yours,

A handwritten signature in black ink that reads 'Jeffrey W. Fredericks'. The signature is written in a cursive style and is positioned to the left of a vertical line.

Jeffrey W. Fredericks, P.E., PhD
Chief of Party
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CC: USAID (George Kokochashvili); MDF (Kartlos Gviniashvili); Tetra Tech (Firouz Rooyani, Dean White, Tom Chicca, Ilia Eloshvili)

TABLE OF CONTENTS

TABLE OF CONTENTS..... i
ACRONYMS..... ii
1. **EXECUTIVE SUMMARY**..... 1
2. **PROGRESS OF MAJOR ACTIVITIES/DELIVERABLES** 3
3. **ACTIVITIES PLANNED FOR NEXT QUARTER** 15
4. **PROBLEMS AND ISSUES**..... 20
5. **STAFF LEVEL OF EFFORT** 25
6. **STATUS OF FINANCES AND EXPENDITURES** 27

ACRONYMS

CCN	Cooperating Country National
CFR	Code of Federal Regulations
CO	USAID Contracts Office
COP	Chief Of Party
DB	Design-Build
DBB	Design-Bid-Build
DCOP	Deputy Chief Of Party
DRC	Danish Refugee Council
EA	Environmental Assessment
EC	European Commission
EIA	Environmental Impact Assessment
EPI	Economic Prosperity Initiative USAID Project
ESS	Environmental Scoping Statement
GEL	Georgian Lari
Geo	Geo Ltd
GMIP	Municipal Infrastructure And IDP Housing Rehabilitation Project (the project)
GoG	Government of Georgia
GUWC	Georgian United Water Company
HO	Home Office
ICRC	International Committee of the Red Cross
IDP	Internally Displaced Persons
IL	Implementing Letters
KAV	Kavgiprotransi-Mg Ltd
KfW	Kreditanstalt für Wiederaufbau (German International Development Banking Agency)
LTTA	Long Term Technical Assistance
MDF	Municipal Development Fund
MLHSA	Ministry of Labor Health and Social Affairs
MOA	Ministry of Agriculture
MRA	Ministry of Refugee Affairs
MRDI	Ministry of Regional Development and Infrastructure
NEO	New Economic Opportunities (USAID Project)
NGO	Non-Government Organization
NTP	Notification to Proceed
PE	Licensed Professional Engineer
PEA	Programmatic Environmental Assessment
PMC	Project Management Committee
PMP	Performance Monitoring Plan
SDC	Swiss Agency for Development and Cooperation
SIDA	Swedish International Development Corporation Agency
SOW	Scope of Work
STTA	Short Term Technical Assistance
TBD	To Be Determined
TOCOTR	USAID Task Order Cognizant Technical Officer
Tt	Tetra Tech EM Inc.
UNHCR	United Nations High Commissioner for Refugees
UNTC	United Nations Treaty Commission
USAID	United States Agency For International Development
USG	U.S. Government
WB	World Bank

I. EXECUTIVE SUMMARY

I.1 Authorization

Under the United States Agency for International Development (USAID)/ Caucasus – Municipal Infrastructure and IDP Housing Rehabilitation Project (GMIP) Contract No. AID-EDH-I-00-08-00027-00 Order No: AID-114-TO-I 1-00002, Tetra Tech EM Inc. (Tt) is responsible for providing support to monitor current processes and practices, identify and mitigate areas of risk, and carry out oversight and quality control efforts to ensure that selected municipal and IDP infrastructure projects are implemented effectively and in accordance with U.S. and Georgian standards and regulations.

The period of performance for the contract is May 23, 2011– November 22, 2013.

I.2 Purpose of Report

The purpose of this report is to present the progress of the major activities during Year 2 Quarter 2 (January – March 2012), indicating any problems encountered and steps taken to resolve them or proposing remedial actions as appropriate. The report identifies any problems, delays, or adverse conditions that materially impair Tetra Tech’s ability to meet the requirements of the contract.

I.3 Components

The project includes three major components and two subcomponents:

1. Component 1: Municipal Infrastructure
2. Component 2: Rehabilitation of Irrigation Infrastructure
3. Component 3: IDP Durable Housing
 - Subcomponent 1: Provide Water and Sanitation Upgrades for IDP Cottage Housing for IDPs from the August 2008 Conflict
 - Subcomponent 2: Provide Durable Housing Solutions for IDPs from 1990s Conflict

I.4 Summary

During this reporting period, Tetra Tech concentrated on assisting Municipal Development Fund (MDF) and USAID in:

- Finalizing project selection for the Municipal Infrastructure sub-projects, design review of the Gorijvari road and Gori Internal Water Supply sub-projects, and preparation of the design-build documents for the internal road projects.
- Completing and finalizing the procurement documents for the design-build irrigation contract.
- Finalizing the works to be carried out for water supply upgrades and sanitary improvements for the cottage settlements.
- Identifying and confirming additional hospitals and confirming the status of the hospitals (8) and occupied buildings (26) for rehabilitation as IDP housing.
- Completing and finalizing the procurement documents for the first lot of 10 unoccupied IDP buildings.
- Finalizing the Environmental Assessments for Roads & Irrigation; the scoping statement for Flood/River Bank Protection; and the Programmatic Environmental Assessment for IDP Durable Housing to account for hospitals and water supply & drainage for the cottage settlements.

- Conducting the GAP analysis on GMIP's capacity to carry out construction/project management & supervision

There were several special events including a Procurement Integrity Awareness Presentation for MDF and a Construction Management Support Workshop.

Tetra Tech hired two additional local long term staff: an irrigation engineer and a regional engineer. A regional office was opened in Kutaisi.

Reports/Deliverables for the Reporting Period included:

- Weekly reports
- Quarterly Report Year 2: 1st Quarter (October - December 2011)
- Performance Monitoring Plan
- GMIP Procurement Integrity Summary Report
- Design Review Gorijvari road rehabilitation design
- Benefit Costs Analysis for Gorijvari Road
- Design Review of the "Rehabilitation of Internal Water Supply and Installation of Water Meters in Gori"
- Environmental Assessment for Municipal Road Rehabilitation (Draft)
- Environmental Scoping Statement for Component I Flood/River Bank Protection Activities
- Procurement Documents for Rehabilitation Works for Tiriponi and Saltvisi Irrigation Systems ICB No: USAID/W/ICB/02-2012
- Revised Environmental Assessment for Irrigation Rehabilitation Activities (Draft)
- Review of the Hollinger design for Shavshevbi cottage settlement water network
- Programmatic Environmental Assessment (PEA) for IDP Durable Housing: water supply & drainage for cottage settlements
- Revised Programmatic Environmental Assessment (PEA) for IDP Durable Housing Activity with Hospitals

2. PROGRESS OF MAJOR ACTIVITIES/DELIVERABLES

Activities carried out during the report period included:

2.1 Component I Municipal Infrastructure

2.1.1 Project Selection

The final selection of the Municipal Infrastructure projects (11) has been prepared by MDF. Letters were received from municipalities prioritizing sub-projects. The MDF Supervisory Board met on 28 December 2011 to approve. The list was submitted to Tetra Tech in January 2012. The list was reviewed by Tetra Tech. The list with adjusted MDF costs and current status is presented below:

#	Location	Project Name	Cost Estimate (USD)	Status
1	Dusheti	Installation of River Dushetiskhevi bank protection and restoration-rehabilitation of bridges over the river (1.5 km, 1 bridge; 2 box culvert bridges)	1,522,956	Accepted subject to hydrologic review.
2	Dusheti	Rehabilitation of town of Dusheti streets and storm drains (3 km, 8 streets)	723,045	Accepted
3	Kareli	Rehabilitation of Sogholasheni-Dvani motor road (12 km)	1,733,762	Accepted
4	Mtskheta	Mtskheta Roads (10.4 km, 32 streets) Rehabilitation of roads for development of infrastructure in Mtskheta Municipality	1,253,081	Accepted
5	Oni	Oni Roads (2.4 km, 5 streets) Installation of asphalt paving in Town Oni internal roads	708,083	Accepted
6	Oni	Rehabilitation of water supply head works in town of Oni	205,444	Added; no information available; under design by GUWC
8	Gori	Rehabilitation of internal water supply and wastewater networks and installation of water meters in apartment buildings in Gori (122 buildings; 3765 apartments)	1,025,701	Accepted subject to review of external water supply system
9	Gori	Riverbank protection of 26 May river bank in Gori (750 m)	253,969	Added subject to hydrologic review
11	Gori	Rehabilitation of road to Gorijvari Saint George Church in Gori (1.45 km)	647,306	Added subject to design review
12	Gori	Rehabilitation of pavements and sidewalks of the streets in May 26th, Moscow streets and Railway Settlement in Gori		Dropped; underground utilities need replacement
13	Gori	Railway Settlement Water Supply, Sewerage and Storm Water Systems		Dropped B/C<1
	Total		8,073,347	

The final feasibility study reports and environmental scoping statements on eight municipal infrastructure projects prepared by Ltd Kavpirotrance (KAV) were approved in January. The reports covered the following projects:

#	Location	Project Name	Feasibility Cost Estimate (USD)
1	Dusheti	Installation of River Dushetiskhevi bank protection and restoration-rehabilitation of bridges over the river	1,522,956
2	Gori	Rehabilitation of internal water supply and installation of water meters in apartment buildings in Gori	872,378
3	Kareli	Rehabilitation of Sogholasheni-Dvani motor road	2,353,433
4	Mtskheta	Mtskheta Roads (10.4 km)/ Rehabilitation of roads for development of infrastructure in Mtskheta Municipality	2,311,314
5	Oni	Oni Roads (2.6 km)/ Installation of asphalt paving in Town Oni internal roads	940,920
6	Dusheti	Rehabilitation of Town Dusheti streets and storm drains	1,040,542
7	Gori	Railway Settlement Water Supply, Sewerage and Storm Water Systems	2,497,466
8	Gori	Rehabilitation of Gori Streets	2,918,886
	Total		14,457,895

Assistance was provided to USAID in preparation and compilation of letters on O&M capability of the five municipalities and Georgian United Water Company (GUWC) for a certification memo in accordance with the Section 611(e) of the Foreign Assistance Act of 1961. The section provides that no assistance shall be furnished with respect to any capital assistance project estimated to cost in excess of \$1 million unless there is written certification that the host country can effectively maintain and utilize the project.

Tetra Tech staff (Teimuraz Levanishvili and Mamuka Shaorshadze) carried out site visits to Dusheti and Kareli to verify that all underground utilities along the roads/streets proposed for repair and rehabilitation do not need any rehabilitation or repair.

A cost-benefit analysis was carried out for Gorijvari by a local consultant (Archil Uturashvili, Economist). The results showed a B/C ratio slightly over 1.

2.1.2 Design

Georgian United Water Company prepared detailed designs of the “Rehabilitation of Internal Water Supply and Installation of Water Meters in Apartment Buildings” in Gori. The design drawings were reviewed and returned to MDF for clarification. There continues to be a question on flow rates and pressures in the external water supply system serving the project area.

Designs (Georgian language) were prepared for “Rehabilitation of Road to Gorijvari Saint George Church” in Gori by GEO LTD under contract to the Gori municipality. These were reviewed by Tetra Tech and returned to MDF for clarification and revision.

2.1.3 Procurement

USAID and MDF agreed that the following procurement delivery mechanisms would be used for the rehabilitation works:

Contract	Location	Project Name	Project Type	Contract Type
1	Dusheti/ Oni	Installation of River Dushetiskhevi bank protection and restoration-rehabilitation of bridges over the river/ Riverbank Protection of 26 May River Bank in Gori	Flood/River bank Protection	1.Design Solicitation 2.Construction Tender
2	Oni	Rehabilitation of water supply head works in town Oni	Water Supply	1.Design: GUWC 2.Construction Tender
3	Gori	Rehabilitation of internal water supply and wastewater networks and installation of	Water Supply	1.Design: GUWC 2.Construction

Contract	Location	Project Name	Project Type	Contract Type
		water meters in apartment buildings in Gori		Tender
4	Gori	Rehabilitation of road to Gorijvari Saint George Church in Gori	Road	1.Design: Municipality with GEO LTD 2.Construction Tender
5	Kareli	Rehabilitation of Sogholasheni-Dvani motor road	Road	Design/Build Tender
6	Mtskheta/ Dusheti	Mtskheta Roads/ Dusheti streets and storm drains	Road	Design/Build Tender
7	Oni	Oni Roads (2.6 km)/ Installation of asphalt paving in Town Oni internal roads	Road	Design/Build Tender

Tetra Tech received draft bid documents for a design-build tender for Oni Roads rehabilitation. These were reviewed and returned to MDF for final compilation.

Tetra Tech received draft Bill of Quantities (BOQs) and Employee Requirements (Part 2) for the bid documents for a design-build tender for Rehabilitation of Sogholasheni-Dvani motor road. These documents were reviewed and returned to MDF for final compilation of the bid documents.

Tetra Tech received draft BOQs and Employee Requirements (Part 2) for the bid documents for a design-build tender for Rehabilitation of City Dusheti and City Mtskheta Internal Streets. The BOQs were reviewed and returned to MDF. The review of the Employee Requirements (Part 2) is currently under review by Tetra Tech.

Tetra Tech received Terms of Reference and Scope of Services (TOR) for solicitation of a local firm to conduct surveys and prepare final design documents for the Rehabilitation of Dusheti Flood and Gori 26 May River Bank Protection projects. The TOR is under review by Tetra Tech.

2.1.4 Environmental

In September 2011 USAID Bureau Environmental Office (BEO) confirmed that Environmental Assessments (EA) must be prepared for all municipal projects. To carry out the work Tetra Tech mobilized expat STTA, Jim Gallup and Karen Menczer, supported by Mamuka Gvilava, local STTA.

The Environmental Assessment prepared by Tetra Tech for Municipal Road Rehabilitation was approved by USAID Bureau Environmental Office (BEO) in March 2012.

A single Environmental Scoping Statement (ESS) for the Rehabilitation of Dusheti Flood and Gori 26 May River Bank Protection projects was drafted and submitted on March 31. The Environmental Assessment (EA) for the two projects is under preparation.

2.2 Component 2: Rehabilitation of Irrigation Infrastructure

2.2.1 Project Selection

The proposed works for irrigation rehabilitation under GMIP was approved by the MDF Supervisory Board on 28 December 2011. The works include complete rehabilitation of Saltvisi Irrigation System main and distributary canals (46.6 km) serving 9,722 ha; and rehabilitation of Tiriponi Irrigation System main canal and secondary canals (72 km) including the Karbi head works up to the first crossing of occupied territory serving 8,500 ha. Subject to availability of funding the critical/significant facilities on Tiriponi main canal after first crossing with occupied territories will be added to originally suggested rehabilitation works.

The final feasibility study reports and environmental scoping statements on the two irrigation projects Saltvisi and Tiriponi Systems prepared by Ltd Kavgioprotrance (KAV) were approved in January.

Assistance was provided to USAID and MDF in preparation and compilation of a letter on O&M capability of Ministry of Agriculture. This letter is required to support a USAID certification memo in accordance with the Section 611(e) of the Foreign Assistance Act of 1961 that requires that no assistance shall be furnished with respect to any USAID capital assistance project estimated to cost in excess of \$1 million unless there is written certification on that the host country can effectively maintain and utilize the project.

2.2.2 Procurement

Rehabilitation Works for Tiriponi and Saltvisi Irrigation Systems ICB No: USAID/W/ICB/02-2012

USAID and MDF agreed that a design-build contract would be used for the rehabilitation of the irrigation works.

Because of MDF's limited experience with design-build contracts, they requested assistance from Tetra Tech. The bid documents were cleared by USAID on February 2. The bid was announced on February 6. Pre-bid-meeting and site visits were held March 1-2. Seven firms participated in the site visits. Based on questions received from the pre-bid meeting a clarification letter was sent to all interested bidders on March 16.

The bid opening date was March 26. Two firms submitted proposals: "Mshenebeli 80" Ltd and "Accord Construction - Engineering Corporation". The low bid was submitted by "Mshenebeli 80" Ltd for a total cost of GEL 13,774,634.15 or USD 8,348,263. The bid proposals are currently under evaluation. It is expected that a contract will be signed end of April.

2.2.3 Environmental

In September BEO confirmed that Environmental Assessments must be prepared for the Irrigation projects. To carry out the work Tetra Tech mobilized expat STTA, Jim Gallup and Karen Menczer, supported by Mamuka Gvilava, local STTA.

The Environmental Assessment prepared by Tetra Tech for Irrigation Rehabilitation Activities was approved by BEO on March 15.

2.3 Component 3: IDP Durable Housing Subcomponent 1: Provide Water and Sanitation Upgrades for IDP Cottage Housing

2.3.1 Project Selection

The final selection of the works to be carried out for the cottage housing is still on-going. USAID remains committed to providing both water and sanitary upgrades to the cottage settlements where feasible and needed.

The current proposal assumes that USAID will fund external water supply improvements for 8 communities, drainage for 6 communities, internal water supply hook-ups for 10 communities, shower and toilet systems for 7 communities, and waste water treatments systems and collection systems for 7 communities (only those where groundwater levels >2 meter and septic tank with infiltration fields are technically feasible). The list of cottage communities and proposed works is shown below:

#	Location	# of HH	# of Persons	Water Supply	Drainage	Inside water hook-up	Sewage system (network, septic tank w Infiltration field)	Shower and toilet building	Cost (USD)
1	Akhalsopeli	100	350	Yes	Yes	Yes	Yes	Yes	794,436
2	Mokhishi	58	220	Yes		Yes	Yes	Yes	264,022
3	Skra	86	312	Yes		Yes	Yes	Yes	364,467
4	Karaleti	480	1,644		Yes				106,593
5	Berbuki	134	460	Yes		Yes			44,738
6	Shavshevbi	177	586	Yes		Yes	Yes	Yes	792,057
7	Khurvaleti	139	460	Yes	Yes	Yes	Yes	Yes	630,444
8	Teliani	54	164		Yes	Yes			70,404
9	Metekhi	35	128	Yes		Yes			36,485
10	Tsilkani	400	1,093	Yes	Yes	Yes	Yes	Yes	1,798,729
11	Frezeti	300	721		Yes	Yes	Yes	Yes	1,439,179
	Total	1,963	6,138	8	6	10	7	7	6,341,554

The final GEO LTD deliverables that included the feasibility report and scoping statement on 11 of the cottage communities was reviewed and approved by Tetra Tech in January.

Because of limited O&M funds it was decided to limit the waste water treatment options to on-site treatment using a standard septic tank/infiltration system. Because of high water tables (depth to water table <1 m) two of the cottage communities were excluded. Tetra Tech prepared and submitted to MDF designs and BOQs for the septic tanks and infiltration fields.

Tetra Tech also evaluated and recommended the use of solar instead of electric water heaters for the proposed shower facilities.

Tetra Tech evaluated but did not recommend the use of rain harvesting using runoff from the cottage rooftops for use in the garden plots surrounding the cottages. The limited rainfall during the irrigation season does not make this an economically viable substitute for using the domestic water supply.

Cadastral review of ownership for the infiltration fields for the waste water treatment (WWT) sites based on information from National Agency of Public Registry was completed in January. Tetra Tech also submitted (March 6) cadastral map/site location maps for the proposed infiltration systems to MDF to request allocation of land for construction of the infiltration fields.

Item	Location	# of Cottages	# of Individuals	Design Flow (m ³ /da)	Infiltration rate (lpd/m ²)	Infiltration area/Cottage (m ²)	Infiltration field area (m ²)
1	Akhalsopeli	100	350	18	8	57.0	5,724
2	Mokhishi	58	220	11	50	9.0	540
3	Skra	86	312	16	20	23.2	1,998
4	Shavshevbi	177	586	29	25	18.1	3,300
5	Khurvaleti	139	460	23	8	57.0	7,982
6	Tsilkani	400	1,093	55	20	23.0	9,288
7	Frezeti ¹	300	721	36	8	57.0	17,244

Note: Frezeti will require 2 separate infiltration fields because of topographic conditions

USAID agreed to use GMIP funds to provide external water supply and drainage improvements based on designs prepared under a World Bank/European Union funded contract with HOLINGER

International Consultants (Switzerland). Tetra Tech reviewed and agreed with the Holinger Water Supply design procedures used for Shavshevbi. Tetra Tech also reviewed the option of lining of the surface drainage channels, but it was found economically not feasible.

2.3.2 Procurement

USAID and MDF agreed that a single design-build contract be prepared for all the cottage community projects. Preparation of tender documents was started.

2.3.3 Environmental

The initial draft Programmatic Environmental Assessment (PEA) for IDP Durable Housing including the cottage communities prepared by Tetra Tech was submitted on August 28. After receiving questions and comments from USAID on November 17, the final response to all USAID/BEO comments was submitted on November 23. The PEA was approved in February, 2012.

Because of the addition of the water supply and drainage components USAID requested that the PEA be revised to address these proposed works.

Water quality testing was done at seven of the communities where water supply improvements were proposed by the Holinger design. Results showed possible compliance problems at four settlements: Shavshevbi, part of Akhalsopeli, Mokhisi and Karaleti. The only settlement where compliance may require special measures not included in the Holinger design is Shavshevbi where high nitrate concentration was reported ($\text{NH}_3 > 105 \text{ mg/l}$). Retesting of the water quality at the Shavshevbi water supply well has been requested and the results should be available in early April, 2012.

The revised draft Programmatic Environmental Assessment (PEA) for IDP Durable Housing including consideration of the water supply option for the cottage communities prepared by Tetra Tech (expat STTA, Jim Gallup) was submitted on March 31.

2.4 Component 3 IDP Durable Housing Subcomponent 2: Provide Durable Housing Solutions for IDPs

2.4.1 Project Selection

The current status of the buildings selected for rehabilitation is listed below:

Building Type	Buildings		Apartments		Cost		Cost/ apartment	Total Building Area	Cost/ m ²
	#	%	#	%	Total	%	USD	m ²	USD
Collective centers ¹	26	59	608	34	6,644,752	32	10,929	33,372	199
Unoccupied buildings ²	10	23	348	20	5,613,758	27	16,131	18,220	308
Empty Hospitals ³	8	18	814	46	8,617,870	41	10,587	37,469	230
Total	44	100	1,770	100	20,876,380	100		89,061	

Note: 1- Feasibility Cost (GEO LTD) w/o external works; 2- Tender Cost (Mshenebeli 80 Ltd); 3- USD 230/m² w/o external works

Out of 204 buildings originally identified for rehabilitation by MRA, 161 buildings were screened by GEO LTD (MDF contractor) for structural stability. GEO Ltd then prepared a technical feasibility study that included sketch drawings and BOQs for a subset of 119 buildings. From this subset Ministry of Refugee Affairs (MRA) selected 93 buildings for rehabilitation. The final GEO LTD

deliverables that included the feasibility reports and scoping statement was reviewed and approved by Tetra Tech in January.

USAID and MDF also agreed that only those buildings that were connected to a central sewage and water supply system would be rehabilitated. In November, GUWC provided a letter confirming that based on the list of 93 buildings only 53 buildings were currently connected or were able to be connected. Of the 53 buildings cadastral map/ownership information from the National Agency of Public Registry Collective Centers showed that 7 of the proposed buildings were privatized and not owned by the Government. The remaining list (46 buildings) included 12 unoccupied buildings and 34 occupied (collective centers).

For the first procurement package MRA agreed that only unoccupied buildings (12) should be rehabilitated. This was to allow additional study on procedures for temporarily resettling IDPs from the occupied Community Centers during construction. To confirm the status of these 12 buildings Tetra Tech staff (Teimuraz Levanishvili, Mamuka Shaorshadze, and Koba Tsiramua) revisited each of the sites. The results of the field inspection showed that 3 of the buildings were not structurally sound. An additional unoccupied building was identified from the original list of 93. Therefore the total number of unoccupied buildings selected for the first contract was set at ten (10). A Purchase Order (PO) was also signed with Intelligent Cadastre Group (Kutaisi) to conduct the cadastral survey of the buildings to confirm their ownership status. The cadastral survey showed all of the 10 buildings are owned by the Government. However five of the buildings are under lease and two were occupied by medical staff. It helped draft a letter that USAID sent to MRA. MRA in a response letter to USAID dated 24 March 2012 agreed to resolve all these issues before the signing of a construction contract.

Tetra Tech staff conducted site visits to all of the 34 collective centers (occupied buildings). Eight out of 34 buildings were found structurally unstable and not recommended for rehabilitation. A cadastral survey of the remaining 26 buildings conducted by LTD “Intelligent Cadastre Group” showed that 20 buildings are owned by the Government, 5 buildings are not registered, and 1 is co-owned by State and some unknown owner. Seven of the sites that are state owned are charged with obligations (Tax lien/Mortgage/Right of Use/ Usufruct). One building is co-occupied by non-IDPs.

In late March MRA identified two additional unoccupied buildings that they would like GMIP to consider for rehabilitation. The buildings are under review by Tetra Tech.

To replace the buildings removed from the original list (93 buildings); MRA in November 2011 provided a list of 36 hospitals for consideration for rehabilitation as IDP housing. Of these MDF identified 26 that were structurally stable. Tetra Tech staff (Teimuraz Levanishvili, Mamuka Shaorshadze, and Koba Tsiramua) conducted site visits to all of the 26 identified hospitals. Of the 26 hospitals visited by Tetra Tech, 14 were found suitable for rehabilitation as IDP housing. It recommended rejection of 12 of 26 hospitals; 9 because of structural reasons, 1 was privatized, and 2 were occupied. After review, because of resettlement issues MRA recommended that only 7 of the hospitals be considered for rehabilitation. In a letter dated March 22 MRA recommended going ahead with the seven buildings and adding one of the buildings they had removed from their recommended list (Regional Hospital of Kaspi, 110 Stalini str., Kaspi, Shida Kartli). The cadastral survey conducted by LTD “Intelligent Cadastre Group” of the 8 hospitals showed that 6 of the hospital buildings are owned by the Government and two of the hospitals are owned by Joint Stock Companies (JSC). Both buildings of the JSC buildings are under lease. One of the Government owned building and the two hospital buildings owned by JSCs are occupied and being used for medical services.

2.4.2 Design

Tetra Tech (Givi Varduashvili and Teimuraz Levanishvili) prepared example BOQ volume of works for the outside infrastructure of IDP Buildings for use by MDF as part of the building tender documents for the unoccupied buildings (10).

USAID and MDF agreed that the 10 hospitals would be tendered as a design/bid/build contract. Tetra Tech received a draft of the MDF “Solicitation for Designing the Rehabilitation of the IDP Housing (8 Hospitals) Package # USAID/NS/01-2012” on March 19. The solicitation was reviewed by Tetra Tech Home Office (HO) and returned with track changes and comments on March 31.

2.4.3 Procurement

Rehabilitation Works for IDP’s Housing Contract No. USAID/W/ICB/01-2011

Per request of MRA, it was agreed that the initial tender would be for the 12 unoccupied buildings. Bidding documents for the first lot of 12 unoccupied IDP Buildings were prepared by MDF with major assistance from the Tetra Tech team. The documents went through a rigorous review and approval process by USAID. They were signed off by the Mission Director on December 29. MDF issued the advertisement for tender on January 3.

A pre-bid meeting was held on January 18. Two firms participated.

An adjustment was made to the building list based on the survey conducted by Tetra Tech in December 2011. In mid-January three of the buildings were removed and one building was added. Indicative external works for each of the buildings were also added to the BOQs. Bidders were notified on February 2.

The proposal opening date was February 10. Only one firm, Mshenebeli 80 Ltd, submitted a proposal. The Evaluation Committee met on February 17 to evaluate the technical proposal. Mshenebeli 80 Ltd was determined as technically responsive and met all minimum-qualifying requirements. The Bid Evaluation Report prepared by MDF dated February 27 was reviewed by Tetra Tech and on February 27 USAID approved proceeding with the opening of the cost proposal. The financial proposal was opened publicly on February 27. The Evaluation Committee recommended Mshenebeli 80 Ltd (Georgia) as the lowest evaluated responsive qualified bidder for award of contract for Rehabilitation Works for IDP’s Housing Contract No. USAID/W/ICB/01-2011 for the total Contract amount of GEL 7,849,746 (USD 4,757,422). Tetra Tech reviewed and supported the MDF recommendations as presented in their “Financial Bids Evaluation Report and Recommendation for Award of Contract” dated March 16.

At the request of USAID, Tetra Tech conducted a capability and capacity check of the selected contractor Mshenebeli 80 Ltd. There were no findings that precluded the bid from being awarded by MDF to Mshenebeli 80 Ltd. The recommendation is with USAID for final review and approval by the Mission Director.

2.4.4 Environmental

The initial draft PEA prepared by Tetra Tech was submitted on August 28. After receiving questions and comments from USAID on November 17, the final response to all USAID/BEO comments was submitted on November 23. After MRA suggested the addition of the unoccupied hospitals for rehabilitation as IDP housing, USAID requested that the PEA be revised to consider the hospitals. The PEA was revised by Tetra Tech and submitted to USAID on February 6. The PEA was approved by BEO on March 1.

2.5 MDF Financial Review

USAID is implementing their agreement with MDF through two implementation letters (IL). Included in the ILs are the Cash Advance/Liquidation Policies and Procedures to be followed by MDF in receiving and liquidating advances. Under Tetra Tech's contract with USAID, Tetra Tech is responsible for the review and approval of all MDF advances and liquidation of these advances. Sergo Gviniashvili is the Tetra Tech financial specialist conducting the review.

During the report period Tetra Tech reviewed and cleared advances #9, #7(10), and # 8(11).

Through the period ending March 2012, a total of USD 201,000 or 0.38% of the total MDF budget has been disbursed.

Additionally, MDF has returned to USAID the remaining amount of the vehicle budget USD 24,400 (total vehicle budget is USD 60,000). Because the procurement of the MDF vehicles was postponed, part of vehicle budget was allocated to finance other operational and feasibility study expenses (USD 35,600).

A new MS Excel file format for tracking expenses was introduced.

2.6 Training/Workshops/Events

2.6.1 TrainNet

Tetra Tech completed and submitted the USAID TrainNet quarterly report.

2.6.2 Procurement Integrity Awareness Presentation

A Procurement Integrity Awareness Presentation was carried out on February 6 at MDF for MDF officials by Sergo Gviniashvilia (Tetra Tech STTA Financial Specialist). The goals of the presentation were to: i) understand and be able to describe procurement integrity rules and regulations that pertain to U.S. Government and World Bank purchasing; and ii) understand the procurement integrity and compliance considerations of procuring goods and services with USAID funding. The MDF Tender Evaluation Committee (TEC) members attended. All signed and certified their agreement and compliance with the requirements of the integrity principles that prevent organizational and personal conflict of interests.

2.6.3 USACE Training

US Army Corp of Engineer Caucasus Resident Office conducted a two day training on Construction Quality Management (CQM) for Contractors January 25 -26 at US Embassy, Tbilisi, Georgia. Five TetraTech and one MDF staff attended:

1. Kartlos Gviniashvili (MDF)
2. Ilia Eloshvili (Tt)
3. Givi Varduashvili (Tt)
4. Vasil Apkhazava (Tt)
5. Mamuka Shaorshadze (Tt)
6. Koba Tsiramua (Tt)

2.6.4 Construction Management (Cm) Support Workshop

A Construction Management (Cm) Support Workshop was carried out on March at the Radisson Blu Iveria Hotel, Tbilisi, by Mike McGovern (Tetra Tech STTA Project Management Engineer). The goals of the course were to: i) present relevant Infrastructure Project Management Concepts, Cm principles and points of emphasis related to GMIP; ii) present Tt Cm oversight responsibilities and proposed procedures to manage oversight; iii) present perceived MDF GMIP Cm program needs and proposed alternative approaches to supplement MDF Cm Implementation; iv) suggest process improvements to the overall GMIP Cm program for MDF, Tt, USAID, Contractors and Owners; v)

agree upon any follow meetings and work necessary to finalize GMIP Cm program modalities. There were 28 participants (including 1 woman).

2.7 Project Management/Coordination

2.7.1 General

Tetra Tech staff have daily communications with USAID (Brad Carr, COTR, and George Kokochashvili, Engineering Specialist) and MDF (Kartlos Gviniashvili, project coordinator). Regular weekly meetings were held with the Tetra Tech TA team and the USAID at the Tetra Tech Office. Tetra Tech staff also participate in the regular weekly USAID/MDF coordination meetings held at MDF.

2.7.2 Coordination with Other Donors and Technical Assistance Activities

Tetra Tech staff participated in the following meetings during the quarter:

- Tetra Tech attended a meeting held on January 12 with New Economic Opportunities (NEO) Project at their offices to get a briefing on NEO's progress in IDP housing association component. A follow-up meeting was held on February 27 at Tetra Tech to discuss NEO's role in forming community groups for the cottage settlements
- Tetra Tech COP met with Werner Johannides (OSCE) on January 18 to discuss Shida Kartli irrigation activities.
- A USAID/Tetra Tech/MDF meeting was held on January 25 at USAID to discuss procurement procedures for preparing the bid documents for Irrigation rehabilitation. USAID staff attending the meeting included Jonathan Chappell (RCO), Peter Young (RLO), Brad Carr (COTR) and George Kokochashvili (Engineer). Tetra Tech staff attending included Jeff Fredericks (COP) and Ilia Elovshvili (DCOP). Zurab Baratashvili participated from MDF.
- COP attended the USAID Partners Meeting held on February 29.
- COP attended the Ambassador Reception for Ambassador David Robinson, Acting Assistant Secretary, Bureau of Population, Refugees, and Migration at the Ambassador's Residence on March 6.
- Tetra Tech Staff (Mike McGovern, Jeff Fredericks, Ilia Elovshvili, Teimuraz Levanishvili) attended a seminar sponsored by Ministry of Economy and Sustainable Development of Georgia on "Development of Georgian Construction Norms: an American and European Perspective, Ministry of Economy and Sustainable Development of Georgia" held at Marriott Courtyard Hotel, Tbilisi, on March 21.

2.7.3 Quality Assurance/Quality Control

Firouz Rooyani (Tetra Tech A&E IQC Program Manager), during a visit to Georgia, met for a courtesy visit with Brad Carr (USAID) on January 29. Jeff Fredericks (COP) and Ilia Elovshvili (DCOP) also attended.

COP participated in a teleconference Tetra Tech Home Office project review (PEEAC) on February 15 with Susanne Woods (Vice President), Susan DeMarre (Senior Project Analyst), and Brian (Sr. Administrative Assistant).

At the request of USAID as a follow-up to the Procurement Integrity Training course, Tetra Tech (Sergo Gviniashvili) prepared a Procurement Integrity Plan for use by MDF.

Otar Maghalashvili was hired as Irrigation Engineer and Koba Tsiramua was hired as Regional Engineer. Tetra Tech opened a Regional Office in Kutaisi.

With USAID approval, Tetra Tech ordered the following safety items for each of its staff: safety helmet (hard hat), eye protection glasses, safety vest, work waistcoat, safety reflective jacket, and safety boots

A draft set of GMIP Technical QA/QC Guidelines for Contractors / Sub-Contractors prepared by Vasil Apkhazava, Tetra Tech QA/QC Engineer is currently under review and revision.

A GMIP Quality Assurance Plan (draft) was prepared by Vasil Apkhazava, Tetra Tech QA/QC Engineer. The document is currently under review.

A contractor quality control plan (QC PLAN) was prepared by Vasil Apkhazava, Tetra Tech QA/QC Engineer. The document is currently under review.

The Project Document Control Procedures (draft) prepared by Vasil Apkhazava, Tetra Tech QA/QC Engineer, were sent to MDF for review.

2.7.4 Branding Implementation Plan and Marking Plan

Photos were taken at all pre-bid, site visits, and bid openings for use in preparation of future success stories.

2.8 Reports and Deliverables

The following reports and deliverables were submitted during the quarter:

#	Report	Date
1	Weekly Status Reports	Weekly
2	Trip Assignment Report Nov 11_James	Jan 9
3	Quarterly Report Yr 2 (Oct - Dec 2011) final	Jan 10
4	MDF Approval Letter "GEO" Ltd	Jan 10
5	MDF Approval Letter "Kavgiprotrans-mg" LTD	Jan 10
6	TrainNet Report	Jan 13
7	Hospital Assessment Report	Jan 23
8	Review of the Hollinger design for Shavshvebi Settlement water network	Jan 25
9	Minutes of meeting (28 Jan 12) with Firouz Rooyani (A&E IQC Program Manager)	Jan 30
10	Procurement Documents Rehabilitation Works for Tiriponi and Saltvisi Irrigation Systems ICB No: USAID/W/ICB/02-2012	Jan 31
11	Revised Quarterly Report Yr 2 (Oct - Dec 2011) final	Feb 2
12	Minutes of Meeting Rehabilitation Works for IDP Housing Tech Proposal review	Feb 15
13	Review Gorijvari road rehabilitation design	Feb 16
14	Revised Environmental Assessment for Irrigation Rehabilitation Activities (Draft)	Feb 20
15	Mshenebeli-80 LTD – BID Technical clarification	Feb 21
16	Environmental Inspection Report of medical facilities in Terjola (February 18, 2012)	Feb 21
17	Revised Programmatic Environmental Assessment (PEA) for IDP Durable Housing Activity with Hospitals	Feb 22
18	Draft MRA Letter on Status of Lot #1 10 Buildings with cadastral report	Feb 23
19	Environmental Assessment for Municipal Road Rehabilitation (Draft)	Feb 25
20	Site Visit Report 34 Buildings	Mar 2
21	Memo on Cottage Settlements infiltration field requirements	Mar 2
22	Memo on Cottage Settlement surface drainage	Mar 2
23	Environmental Site Visit Report for proposed Gorijvari road and Gori riverbank protection sites (March 09, 2012).	Mar 12
24	Design Review of the "Rehabilitation of Internal Water Supply and Installation of Water Meters in Gori"	Mar 12
25	Draft MRA Letter on Status of Hospitals with cadastral report	Mar 12
26	Accrued expenses for the period Jan - Mar, 2012	Mar 14
27	Benefit Costs Analysis for Gorijvari Road	Mar 16
28	Annual Work Plan (FY 2011/12) to include the Performance Monitoring Plan	Mar 16
29	Approval Letter on Rehabilitation Works for IDP's Housing Contract No. USAID/W/ICB/01-2011 Evaluation Report	Mar 19
30	Project selection for Component I – Rehabilitation of Municipal Infrastructure (Draft)	Mar 27
31	GMIP Procurement Integrity Summary Report	Mar 30
32	Environmental Scoping Statement for Component I Flood/River Bank Protection Activities	Mar 31
33	Programmatic Environmental Assessment (PEA) for IDP Durable Housing: water supply & drainage for cottage	Mar 31

#	Report	Date
	settlements	

3. ACTIVITIES PLANNED FOR NEXT QUARTER

Activities planned for next quarter include:

3.1 Component I Municipal Infrastructure

3.1.1 Project Selection

There are several new projects still requiring project preparation by MDF. Tetra Tech will conduct site visits and desktop analysis to verify the feasibility and design costs for these projects as soon as they are available. The proposed new projects include:

- Water supply head works in Oni;
- River bank protection in Gori.
- Gorijvari road in Gori

3.1.2 Design

Based on the approved projects Tetra Tech will review the following designs:

- 2 Water supply/sewerage sub-projects being prepared by GUWC: Rehabilitation of Water Supply Head Works in Town Oni design-bid-build (DBB) and Rehabilitation of Internal Water Supply and Installation of Water Meters in Apartment Buildings in Gori (DBB)
- 5 road rehabilitation sub-projects: Gorijvari road rehabilitation/reconstruction, Gori District being prepared by GEO LTD under a contract with Gori Municipality (DBB); Mtskheta Roads Rehabilitation design-build (DB); Rehabilitation of Dusheti streets and storm drains (DB); Oni Roads (DB); Sogholasheni-Dvani motor road (DB).
- 2 Flood/River bank protection sub-projects: Dusheti Flood Protection in Dusheti (DBB) and Riverbank Protection of 26 May River Bank in Gori (DBB).

3.1.3 Procurement

Based on the approved projects Tetra Tech will assist in preparing and reviewing the bid documents for the following projects:

Contract	Project Name	Location	Project Type	Contract Type
1	Installation of River Dushetiskhevi bank protection and restoration-rehabilitation of bridges over the river/ Riverbank Protection of 26 May River Bank in Gori	Dusheti/Oni	Flood/River bank Protection	1.Design Solicitation 2.Construction Tender
2	Rehabilitation of water supply head works in town Oni	Oni	Water Supply	Construction Tender
3	Rehabilitation of internal water supply and wastewater networks and installation of water meters in apartment buildings in Gori	Gori	Water Supply	Construction Tender
4	Rehabilitation of road to Gorijvari Saint George Church in Gori	Gori	Road	Construction Tender
5	Rehabilitation of Sogholasheni-Dvani motor road	Kareli	Road	Design/Build Tender
6	Mtskheta Roads/ Dusheti streets and storm drains	Mtskheta/ Dusheti	Road	Design/Build Tender
7	Oni Internal Roads	Oni	Road	Design/Build Tender

3.1.4 Construction Oversight

For each contract (7):

- Mobilize oversight team & procedures
- Establish DCC
- Prepare QA/QC Guidelines with appropriate forms

- Construction Management QA/QC Inspector Training
- Prepare for Pre-Work Conference
- Attend pre-work start-up meeting
- Attend monthly meetings
- Review all design changes, payments,
- Conduct on-site visits and on-site-testing

3.1.5 Environmental

The following activities will be carried out during next quarter:

- Begin draft EA for Water Supply (April)
- Complete EA for Flood Protection (June)
- Prepare memo for Gorijvari Roads project (April)
- Review of project Site Specific Mitigation & Monitoring Plans (SSMMP) prepared by contractors
- Monitor environmental compliance (SSMMP) during construction

3.2 Component 2: Rehabilitation of Irrigation Infrastructure

3.2.1 Procurement

The following activities will be carried out during next quarter:

- Assist MDF in organizing review of proposals and selecting a Contractor (Apr)

3.2.2 Design/Construction Oversight

The following activities will be carried out during next quarter:

- Mobilize Tetra Tech QA field team (Apr)
- Mobilize oversight team & procedures (Apr)
- Establish DCC (Apr)
- Prepare QA/QC Guidelines with appropriate forms (Apr)
- Construction Management QA/QC Inspector Training (Apr)
- Prepare for Pre-Work Conference (Apr)
- Attend pre-work start-up meeting (May)
- Train Contractor on QC/DCC procedures (May)
- Review Contractor Preliminary Project schedule, QC Plan, and Safety Plan (May)
- Attend monthly meetings (as required)
- Review designs (as required)
- Review all design changes, payments, etc. (as required)
- Conduct on-site visits and on-site-testing (as required)

3.2.3 Environmental

The following activities will be carried out during next quarter:

- Review of project Site Specific Mitigation & Monitoring Plans (SSMMP) prepared by contractors
- Monitor environmental compliance (SSMMP) during construction

3.3 Component 3: IDP Durable Housing Subcomponent 1: Provide Water and Sanitation Upgrades for IDP Cottage Housing

3.3.1 Project Selection:

The following activities will be carried out during next quarter:

- Confirm availability of land to be used for WWTF (Apr)
- Finalize works to be undertaken for cottage settlements (Apr)

3.3.2 Procurement

The following activities will be carried out during next quarter:

- Assist MDF in preparing and reviewing the bid documents for a design-build contract (Apr)
- Assist MDF in finalizing and issuing tender documents (May)
- Assist MDF in organizing pre-bid meeting (May)
- Assist MDF in organizing review of proposals and selecting a Contractor (Jun)

3.3.3 Environmental

The following activities will be carried out during next quarter:

- Resolve the nitrate water quality issue for Shavshevbi water supply (April)
- Respond to BEO questions on PEA for the water supply and drainage component (April)

3.4 Component 3 IDP Durable Housing Subcomponent 2: Provide Durable Housing Solutions for IDP from 1990s Conflict

3.4.1 Project Selection

The following activities will be carried out during next quarter:

- Assist in reviewing cadastral issues on all buildings selected for rehabilitation (April)
- Assist in developing procedures to be used for temporary resettlement of IDPs during rehabilitation of the occupied community center buildings (May)
- Final selection of occupied buildings to be approved by GOG and USAID (May)

3.4.2 Design

The following activities will be carried out during next quarter:

8 hospitals to be rehabilitated for IDP housing:

- Assist MDF in preparation of Design tender and selection of contractor (Apr)
- Attend Pre-design meeting (May)
- Review Design Quality Control (DQC) Plan (May)
- Review Site Investigation/Building Inspection Report (Jun)
- Review Preliminary Design (Jun)
- Review Draft Detailed Design (TBD)
- Review Final Detailed Design (TBD)

26 Occupied Buildings to be rehabilitated for IDP housing:

- Assist MDF in preparation of Design tender and selection of contractor (May)
- Attend Pre-design meeting (Jun)
- Review Design Quality Control (DQC) Plan (Jun)
- Review Site Investigation/Building Inspection Report (Jun)

3.4.3 Procurement

The following activities will be carried out during next quarter:

- Assist MDF in contractor selection and contract approval process for 1st procurement 10 Buildings (Apr)
- Assist MDF in selecting design firm for conducting design of 8 hospitals to be rehabilitated for IDP housing (Apr)
- Assist MDF in selecting design firm for conducting design of Occupied Buildings to be rehabilitated for IDP housing (May)

3.4.4 Construction Oversight

The following activities will be carried out during next quarter:

- Prepare QA/QC Guidelines with appropriate forms (Apr)
- Establish DCC (Apr)
- Mobilize Tetra Tech QA oversight team & procedures (Apr)
- Construction Management QA/QC Inspector Training (Apr)
- Prepare for Pre-Work Conference (Apr)
- Attend pre-work start-up meeting (May)
- Train Contractor on QC/DCC procedures (May)
- Review Contractor Preliminary Project schedule, QC Plan, and Safety Plan (May)
- Assist Contractor in selecting Mock-up site and provide TA on Building Mock up (May)
- Review ready for construction drawings (May)
- Attend monthly meetings (as required)
- Review designs (as required)
- Review all design changes, payments, etc. (as required)
- Conduct on-site visits and on-site-testing (as required)

3.4.5 Environmental

The following activities will be carried out during next quarter:

- Review of project Site Specific Mitigation & Monitoring Plans (SSMMP) prepared by contractors
- Monitor environmental compliance (SSMMP) during construction

3.5 Project Management

The following activities will be carried out during next quarter:

- Finalize GMIP DCC Guidelines and establish GMIP Document Control Center (Apr)
- Finalize Guidelines GMIP Contractor QA/QC Guidelines (Apr)
- Tetra Tech QA Plan (Apr)
- Evaluation of GMIP Construction Management and Supervision Program (Apr)
- Coordination with Other Donors and Technical Assistance Activities, as required

3.6 MDF Financial Review

The following activity will be carried out during next quarter:

- Review and clear monthly MDF advances

3.7 Training/Workshops/Events

The following activities will be carried out during next quarter:

- MDF Site Inspector training (Apr)
- Road Contractor awareness workshop (Apr)
- Signing ceremony for contract award for IDP Buildings and Irrigation (Apr)
- DCC Training (May)
- QA/QC and Mock-up Site Training for 1st IDP Housing Contract (May)
- Irrigation Contractor QA/QC training (May)

3.8 Reports and Deliverables

The following reports and deliverables are planned for next quarter:

Report	Date
C. Bi-Weekly Meetings and Reporting	As required
E. Quarterly Progress Reports	April 10
G. Environmental Assessment (Flood/Bank Protection)	June
H. Performance Monitoring Plan Irrigation Survey	May

4. PROBLEMS AND ISSUES

4.1 Technical & Geographical Diversity of the Proposed Projects

GMIP is composed of a wide range and types of sub-projects, from roads, flood protection works, domestic water supply and irrigation systems to the rehabilitation of IDP apartment buildings and improved water supply and sanitation for IDP cottage communities. The sub-projects are situated over a fairly wide area of Georgia, and travelling from one to another can take several hours by road. There will be works in potentially over 35 IDP apartment buildings located in 5 region; 11 cottage communities in 2 regions and 5 districts; infrastructure improvement projects in 5 municipalities, and irrigation rehabilitation in two large schemes. Successfully covering Quality Assurance (QA) on all these sub-projects will be a major challenge. This wide diversity of activities over a wide geographical area presents engineering, management and site supervision challenges. A Tetra Tech regional office was established in Kutaisi to assist with implementation of works in Western Georgia.

4.2 Roles & Responsibilities of Tetra Tech

Tetra Tech has many and varied roles and responsibilities under the GMIP program, from oversight on project management, construction, procurement, and Quality Assurance and Quality Control, to support in document preparation, environmental and other studies, as well as analyses of studies prepared by others. To assume and prepare for these roles and responsibilities, Tetra Tech has assembled a staff focused on oversight. Tetra Tech has limited long term resident staff available to assume direct design review or direct contract management. Although maximum use of local consultants will be emphasized, arrangements have also been made to for the project to draw on Tetra Tech's cadre of home office engineers as STTA when required.

4.3 Capacity of MDF

MDF has in-house capacity to implement the program. However there is a concern that they are stretched too thin and may not be able to provide the degree of on-sight supervision required by USAID. MDF is currently considering a project management system which would place a Project Manager (PM) over each of the various contracts with a Core Team supporting the PM and a Site Team placed in the field to directly monitor and supervise the construction activities. Tetra Tech continues to assess the capacity of MDF to engage and timely complete its various tasks in support of the GMIP activities. A Gap analysis was conducted during March, 2012. The results showed that additional staff were required if MDF was to satisfy USAID's request for on-site supervision. A total of 34 on-site inspectors would be needed versus the 17 initially proposed by MDF. For the Municipal Infrastructure projects the additional staff may be available from the municipalities. MOA has agreed to provide 4 staff for the irrigation rehabilitation on-site inspection. For the water supply and sanitary upgrades for the cottage communities it should be possible with assistance form the NEO project to identify qualified IDP's living in these communities to assist with the on-site supervision. MDF has indicated that they will be able to provide on-sight inspectors for the building rehabilitation. To ensure high quality on-site supervision training and support will be provided to the onsite inspection teams by Tetra Tech.

4.4 Project Completion Date

The Tetra Tech Contract goes through November, 2013. The MDF IL is through December 2013. The construction period including turnover was expected to be completed by September 2013. Delays in procurement and construction may result in construction contracts that finish after this date. This may require extensions in the Tetra Tech T.O. and/or the MDF IL.

4.5 Contractor Bid Participation

During the Quarter there were two design/build tenders: one for Rehabilitation Works for IDP's Housing Contract No. USAID/W/ICB/01-2011 for 10 buildings and one for Rehabilitation Works for Tiriponi and Saltvisi Irrigation Systems ICB No: USAID/W/ICB/02-2012. The first tender only had a single bidder. The second tender only had two bidders. Both tenders were won by the same contractor, "Mshenebeli-80" Ltd. Tetra Tech is planning to contact the firms that expressed an interest in both tenders, but did not bid to find out the reasons. To encourage the participation of more bidders, Tetra Tech in cooperation with MDF, will conduct a contractor awareness workshop in April to explain the upcoming road design build contracts.

4.6 Component I Municipal Infrastructure

The final selection of the municipal infrastructure sub-projects is still pending. MDF has proposed an additional three new projects: rehabilitation of water supply head works in the town of Oni; rehabilitation of road to Gorijvari Saint George Church in Gori and the protection of 26 May river bank in Gori. Preliminary design and cost data are required from MDF to evaluate these projects before Tetra Tech can recommend final approval.

USAID is required to have 611(e) Certification by the Mission Director to ensure that GoG has documented commitments to maintain and utilize the assets developed or repaired under USAID's investment. This certification is required before any construction contract can be signed. Tetra Tech is working with USAID and MDF to get commitment letters from the municipalities and GUWC.

Road Projects

The Kavgioprotrans-mg" Ltd (KAV) feasibility studies on the 4 road projects failed to investigate the infrastructure plan for each of the municipalities to ensure that all planned works such as sewage, water, power, communication lines, etc. were completed prior to the start of the USAID funded rehabilitation. To avoid having the USAID funded works torn up, USAID should not fund any road repairs unless all other planned infrastructure along the roads has been implemented. Tetra Tech has completed inspection of two of the road projects (Dusheti and Sogholasheni-Dvani). The other two projects will be investigated in April (Mtskheta and Oni).

Dusheti Flood/Gori 26 May River Bank Protection Works

Separate EAs will be needed for the water supply and flood protection projects. This will require additional Tetra Tech LOE. This LOE has been approved by USAID.

Rehabilitation of Road to Gorijvari Saint George Church in Gori

The municipality of Gori through a contract with GEO LTD has prepared a design for the Gorijvari Roads project. The road was reviewed by State expertise and is currently under revision. There are several issues with this sub-project. The rehabilitation involves extensive reconstruction & new construction on steep slopes. Additional environmental investigations are required to make sure any necessary mitigation measures are considered. Depending on the complexity of the design, it may be necessary for review of the final design to be carried out by Tetra Tech Home Office (HO).

Internal Water Supply and Installation of Water Meters in Gori

GUWC has prepared a design for Internal Water Supply and Installation of Water Meters in Apartment Buildings in Kombinaty Settlement in Gori. The external water distribution line for the area was recently rehabilitated. It is reported that there is sufficient water available and pressure at the headworks. However, the pressures in the external line in the project area are only 0.5 -1 ATM

versus a design requirement of 3 ATM. Because of the uncertainty in the external water supply delivery system GUWC has proposed pumps be installed in many of the 122 buildings. Tetra Tech has requested that GUWC conduct field tests on the external supply line and prepare a computer simulation model analysis to determine where and why the water losses are occurring.

4.7 Component 2: Irrigation Infrastructure

USAID is required to have 611(e) Certification by the Mission Director to ensure that GoG has documented commitments to maintain and utilize the assets developed or repaired under USAID's investment. This certification is required before any construction contract can be signed. Any delays in completing this certification may delay the signing of the Irrigation contract and the start of construction. Tetra Tech is working with USAID and MDF to get commitment letters from MOA.

Maintaining flows in the canals during construction is another issue. Any shutdown of parts of the irrigation system during the irrigation season must be managed properly to avoid water shortages that could adversely affect crop yield and income. MDF must ensure proper coordination and scheduling by the Contractor with MOA and the users. The Contractor will be required to prepare a plan agreed upon by MDF that ensures continued flow during the construction period.

4.8 Component 3: IDP Durable Housing Subcomponent 1: Water and Sanitation Upgrades for IDP Cottage Housing

Because no village and only a few cities in Georgia have sewage treatment, MRDI and MDF are reluctant to finance construction of waste water treatment systems at cottage settlements. There is also concern that the municipalities and the cottage settlements will not be able to cover O&M costs. This limits the options that can be used. Currently the only alternative being considered is the use of septic tanks with infiltration fields. Even this option can only be used in locations where the water table is below two meters and sufficient land is available for the infiltration field. Therefore sanitary upgrades will be provided only to those cottage communities that meet the criteria listed above. MDF has been requested to confirm from the municipalities that sufficient land will be allocated for the infiltration fields. This process is on-going. If land is not available alternative solutions are under investigation such as horizontal perforated wells running along roads or within the boundaries of other public land.

One of the sanitary improvements involves the construction of a combined flush toilet/shower facility. Ideally this would be connected directly to each cottage. However, MDF under a separate EU funded contract is currently installing special insulation on the outside of all of the cottages. Construction of any structure that would attach directly to the cottage would require cutting a door through the outside cottage wall. There is concern this would interfere with the integrity of the insulation and potentially place blame on USAID if there were future problems. Alternatives will be considered during the design phase.

Water quality testing of the water supply sources for the cottage communities (9) where improvements in water supply have been proposed showed high nitrate concentrations (110 mg/l) in the ground water supply for the cottage community of Shavshevbi. This was inconsistent with previous water quality tests. Additional water quality tests are being conducted to verify the nitrate concentrations in the potable water supply.

4.9 Component 3 IDP Durable Housing Subcomponent 2: Durable Housing

Of the various program components, the IDP durable housing will be the most complicated component to address. The issues surrounding IDPs and the intense sensitivity of IDPs, their interaction with each other and with broader non-IDP communities, can be complicated and require careful consideration throughout to avoid possible problems during implementation. Cooperation

during the early stages between MRA, MDF and USAID to identify, anticipate and plan actions required to mitigate risks for all possible issues will be essential for final success. IDPs living in the durable housing units that will be rehabilitated will be relocated during and after the construction. Experience has shown this practice of moving the IDPs is a very complicated issue requiring careful and thorough planning. If temporary relocations are implemented without good and regular communication, and without adequate provision for quality of life issues, IDPs will not only fail to support the rehabilitation, but the larger Georgian community (NGOs, politicians, etc.) may fail to support it, and may actively work against the project. Poorly planned and implemented temporary relocation could derail support for the project. Mitigation, in the form of a Resettlement Plan with regular and inclusive communication, will be required to offset any adverse impacts. MRA has taken responsibility for relocating IDPs during construction works. However, no funds have been allocated to date. To provide time to better plan for the relocation process, only unoccupied buildings and hospitals will be rehabilitated as part of the first procurements. It may be necessary for MDF to outsource to a firm preparation and implementation of a proper resettlement plan.

Ownership of the buildings and surrounding area has become a major issue. Of the original 93 buildings identified by MRA for rehabilitation, only 36 buildings are being considered for rehabilitation (10 unoccupied and 26 occupied collective centers). Some of these buildings do not have confirmed government ownership, are under partial lease, or have not been registered properly. Letters have been sent to MRA requesting that they correct these inconsistencies.

The opening of the bids for the first tender for the Rehabilitation Works for IDP's Housing Contract No. USAID/W/ICB/01-2011 for 10 buildings was held on February 10. The MDF Evaluation Committee recommended Mshenebeli 80 Ltd (Georgia) as the lowest evaluated responsive qualified bidder for award of the contract. Tetra Tech reviewed the "Financial Bids Evaluation Report and Recommendation for Award of Contract" and sent its recommendation for approval to USAID on March 16. USAID as part of its approval process requested additional information on the contractor Mshenebeli 80 Ltd. Tetra Tech conducted a capacity and capability review of Mshenebeli 80 Ltd and submitted its recommendations to USAID that MDF should go ahead with the signing of a contract with Mshenebeli 80 Ltd. The review is now with USAID.

MRA continues to identify potential buildings for rehabilitation. At USAID's request Tetra Tech is conducting site visits to determine structural stability and cadastral surveys to try to clarify the ownership status of these buildings.

4.10 Administrative Issues

Tetra Tech may need additional vehicles to support the QA program. At this stage, 3 vehicles are serving the project and one more additional car is planned after the start of construction works.

Additional local long term staff will be required to support the oversight role of Tetra Tech. Because of the poor quality of the buildings rehabilitated by others and to save travel costs, one or two additional staff (Housing Rehab Manager and infrastructure engineer) will be required to support the operations from the Tetra Tech regional office in Kutaisi. A roads engineer will be required to provide design & construction oversight for the 5 road projects. A Document Control Officer will be required to maintain all project records and to train and monitor the document control processes of MDF and more than 10 contracts. It is expected that these persons will be hired not later than May 2012. SOWs are currently under preparation and the search for qualified candidates is on-going.

The original Expat STTA LOE for the environmental program was 128 days. Additional LOE has been required for the Municipal Infrastructure and Irrigation projects. There was also additional

expat STTA required for preparation of the Design/Build bid documents and the Construction management GAP analysis. It is anticipated that preparation of comprehensive O&M documents and turnover inspection and approval for all the works will require Expat STTA. The costs will be presented in the next Work Plan update and can be included in the next budget realignment.

5. STAFF LEVEL OF EFFORT

The GMIP LTTA and STTA professional, technical, and administrative support staff for the reporting period are presented below:

5.1 Resident Staff

Two additional local long term engineering staff were hired during the quarter:

- Otar Maghalashvili, Irrigation Engineer
- Koba Tsiramua, Regional Engineer

Resident Tetra Tech staff are listed below:

NAME	POSITION
Jeffrey Fredericks, P.E. PhD	Chief of Party
Ilia Eloshvili	Infrastructure Manager & DCOP
Teimuraz Levanishvili	Housing Rehabilitation Manager,
Mamuka Shaorshadze	Environmental Specialist
Archil Lezhava	Displaced Person Relations/Outreach
George Nizharadze	Office Operations Manager
Irakli Kakulia	Paralegal/Licensing & Permits
Givi Varduashvili	Senior Civil Engineer
Vasil Apkhazava	QA/QC Engineer
Otar Maghalashvili	Irrigation Engineer
Koba Tsiramua	Regional Engineer
Maia Dvali	Translator/Interpreter

5.2 Short Term Staff during the Report Period

The following expat STTA provided support in Georgia during the report period:

- Michael McGovern, Sr. Construction Manager /Engineer (Mar 1- 31)

The following expat STTA provided support from the home office or from the US during the report period:

- James Gallup, Environmental Specialist
- Karen Menczer, Environmental Specialist
- Mark Jensen, Sr. Water Resources Engineer
- David Beecy, Sr. Civil Engineer
- Zhijian (Jason) Tang, Mid Water Resources Engineer

Since the start of the project, several local staff were hired on STTA basis and their contracts are still ongoing. This includes Otar Maghalashvili, Koba Tsiramua, Ivane Manjgaladze, and Giorgi Avsajanishvili. David Girgvliani and Mamuka Gvilava had their contracts extended.

Short Term Staff during the Report Period are listed below:

NAME	POSITION
James Gallup, P.E. PhD	Environmental Specialist
Karen Menczer	Environmental Specialist
Mark Jensen	Sr. Water Resources Engineer
Michael McGovern	Sr. Construction Manager/Engineer
Sergo Gviniashvili	Procurement/Finance Specialist
Mamuka Gvilava	Environmental Consultant

5.3 Home Office Staff

The Tetra Tech home office management staff supporting the project are listed below:

NAME	POSITION
Firouz Rooyani	A&E IQC Program Manager
Renee Valentino	Contract Manager (EM)
Shelly Rice	Subcontract Specialist (EM)
Thomas Chicca	Task Order Manager & QA/QC (RAI)
Susan DeMarre	Project Analyst (RAI)
William Sontag	Project Analyst (RAI)
Brian Bemis	Sr. Administrative Assistant (RAI)
David Sharashenidze	Home Office Coordinator (ES)

5.4 Other Administrative & Staff Issues

Purchase Orders for local Contract Services during the quarter included:

- “Intelligent Cadastre Group LTD” was contracted to conduct an ownership survey for 12 IDP buildings.
- “Intelligent Cadastre Group LTD” contracted to conduct an ownership survey for 29 IDP buildings.
- “Intelligent Cadastre Group LTD” was contracted to conduct an ownership survey for 14 Hospital buildings.
- Archil Uturashvili, Economic analyst, was contracted to provide an economic analysis support on Gorijvari roads.
- Scientific Research Firm GAMMA was contracted to conduct water quality testing in 7 settlements in Gori and Kareli regions.
- Tetra Tech has made arrangements with subcontractor Autorent Ltd for provision of auto services.
- Tetra Tech has made arrangement with Sole Proprietor “David Tsagurishvili” for the provision of additional vehicle and driver service to the project.
- Tetra Tech has an agreement with Ms. Rima Boshishvili for the provision of GMIP office cleaning service.
- The Tetra Tech office IT support is provided by IT Fix Ltd.
- Tetra Tech has an agreement with MagtiCom to provide corporate mobile communication service.
- Tetra Tech has an agreement with JS Insurance Company “Imedi-L” to provide health insurance service for LTTA project staff.
- LTD “Caucasus Online” provides GMIP office with high speed internet.
- Tetra Tech signed a fixed price agreement with General Partnership “Kavtaradze & Partners” to provide various legal services to GMIP.

6. STATUS OF FINANCES AND EXPENDITURES

GMIP has completed 10 months of the 30 month contract (33%).

Tetra Tech budget realignment was submitted to USAID for approval on February 17, 2012.

Financial summary for the reporting period January – March 2012 is presented below:

Contract No.: EDH-I-00-08-00027-00

Order No. : AID-I14-TO-I1-00002

Georgia Municipal Infrastructure Project

Tetra Tech EMI

Reporting Period: Jan - Mar 2012

Funding to Date: \$2,800,000

Expense Type	Budget	Previous Period	Current Quarter	Cumulative To Date	Balance Remaining	Expended
Salaries Workdays Ordered	\$ 43,703	\$ 4,308	\$ 1,977	\$ 6,286	\$ 37,417	14%
Fringe/Overhead	\$ 38,515	\$ 3,797	\$ 1,743	\$ 5,540	\$ 32,975	14%
Other Direct Costs/Travel	\$ 4,751	\$ 196	\$ 90	\$ 287	\$ 4,464	6%
Intercompany/ Subcontractors	\$ 4,368,581	\$ 557,313	\$ 546,326	\$ 1,103,639	\$ 3,264,942	25%
G&A	\$ 9,306	\$ 888	\$ 408	\$ 1,296	\$ 8,010	14%
Subtotal	\$ 4,464,856	\$ 566,503	\$ 550,545	\$ 1,117,047	\$ 3,347,809	25%
Fixed Fee	\$ 312,540	\$ 39,655	\$ 38,538	\$ 78,193	\$ 234,347	25%
Total	\$ 4,777,396	\$ 606,158	\$ 589,083	\$ 1,195,240	\$ 3,582,156	25%

Source: Tetra Tech Voucher # 50540861 (Feb 24, 12); Estimated for Mar2012.

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