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MUNICIPAL INFRASTRUCTURE AND IDP HOUSING REHABILITATION PROJECT

Quarterly Report Year 3: 2nd Quarter (January - March 2013)

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

10 April 2013

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 (<http://www.tetrattech.com>).

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April 10, 2013

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

Re: Quarterly Report Year 3: 2nd Quarter (January - March 2013) for the Municipal Infrastructure and IDP Housing Rehabilitation Project

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 3: 2nd Quarter (January - March 2013) for the Municipal Infrastructure and IDP Housing Rehabilitation Project.

We look forward to your review and welcome your comments and suggestions.

Very truly yours,

A handwritten signature in black ink that reads 'Jeffrey W. Fredericks'.

Jeffrey W. Fredericks, P.E., PhD
Chief of Party
Tetra Tech, Inc.

CC: USAID (George Kokochashvili); MDF (Kartlos Gviniashvili); Tetra Tech (Firouz Rooyani, Dean White, Brian Potvin, Tetra Tech DCC)

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ACRONYMS

BEO	USAID Bureau Environmental Officer
BOQ	Bill of Quantities
BSG	Black Sea Group LTD
CC	Collective Centers
CM	Construction Management
COP	Chief of Party
COR	USAID Task Order Cognizant Technical Officer
CQS	Consultants' Qualification Selection
DB	Design-Build
DCC	Document Control Center
Dm	Station distance along canal
DQC	Design Quality Control
EA	Environmental Assessment
EHS	Environmental, Health & Safety
EOI	Expression of Interest
ERW	Explosive Remnants of War
FBO	Federal Business Opportunities
GEL	Georgian Lari
GMIP	Municipal Infrastructure and IDP Housing Rehabilitation Project (the project)
GoG	Government of Georgia
GUWC	Georgian United Water Company
Ha	Hectare
HO	Home Office
IDP	Internally Displaced Persons
IFB	Invitation for Bid
IL	Implementing Letter
ITQ	Invitation to Quotation
JSC	Joint Stock Company
JV	Joint Venture
KM	Kilometer
LOE	Level of Effort
LTTA	Long Term Technical Assistance
M	Meter
M80	Mshenebeli 80 LTD
MDF	Municipal Development Fund
MRA	Ministry of Refugee Affairs
MRDI	Ministry of Regional Development and Infrastructure
NEO	New Economic Opportunities (USAID Project)
O&M	Operation & Maintenance
PEA	Programmatic Environmental Assessment
PM	Project Manager
PMP	Performance Monitoring Plan
QA/QC	Quality Assurance/Quality Control
QBS	Quality Based Selection
RCO	USAID Regional Contract Officer
RFP	Request for Proposal
RFQ	Request for Quotation
SSEMP	Site Specific Environmental Mitigation and Monitoring Plans
STTA	Short Term Technical Assistance
TOR	Terms of Reference

Tt Tetra Tech, Inc.
USAID United States Agency for International Development
USD United States Dollar
WWT Wastewater Treatment

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; Task Order No: AID-I14-TO-II-00002, Tetra Tech, Inc. (Tt) is responsible for providing support to monitor current processes and practices, identifying and mitigating areas of risk, and carrying out oversight and quality control efforts to ensure that selected municipal and internally displaced persons (IDP) infrastructure projects are implemented effectively and in accordance with U.S. and Georgian standards and regulations.

The original period of performance for the contract was 30 months from 23 May 2011 to 22 November 2013. A contract modification was signed on 1 February 2013 modifying the end date of the Task Order from 22 November 2013 to 21 June 2013 with a new performance period of 25 months.

I.2 Purpose of Report

The purpose of this report is to summarize progress of the major activities during Year 3 Quarter 2 (January - March 2013), 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 Tt'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
 - a. Subcomponent 1: Provide Water And Sanitation Upgrades for IDP Cottage Housing For IDPs from the August 2008 Conflict
 - b. Subcomponent 2: Provide Durable Housing Solutions for IDPs from 1990s Conflict

I.4 Summary

GMIP has completed 22 months of the 25 month contract (88%) and expended U.S. dollars (USD) \$3,282,752 or 69% of the total USD \$4.77 million budget.

Municipal Development Fund (MDF) has disbursed a total of USD \$9,554,130 or 18% of the total MDF budget of USD \$52,399,097; USD \$7,976,521 for implementing letter (IL) one (1) and USD \$1,577,609 for IL two (2).

The end date of the Tt Task Order was modified on 1 February 2013 from 22 November 2013 to 21 June 2013. The modification also realigned the budget, however there was no change to the ceiling amount.

During the reporting period (January – March 2013) Tt concentrated on assisting MDF and USAID in:

General Activities

- Review and approval of all MDF advances and liquidation of these advances for #20, #21, and #22.
- Maintaining Document Control Center (DCC).
- Daily communications and attendance at regular twice-weekly meetings with USAID and MDF.
- Participation at monthly meetings with all contractors.
- Regular visits to all construction sites.
- Accompanying the USAID Task Order Cognizant Technical Officer (COR) and USAID Engineering Specialists on their field visits.

Municipal Infrastructure subprojects

- Engineering oversight and monitoring of the two road Design-Build (DB) contracts for the six (6) road subprojects continued. The roads rehabilitation contract with Black Sea Group LTD (BSG) for the access road to village of Gorijvari; internal roads in towns of Gori, Mtskheta, & Dusheti; and municipal road for Sagolasheni – Dvani is 75% complete. Construction for the Oni internal roads contract with Arnabi 21 is 76% complete. Both contractors demobilized for the winter period. BSG restarted work again on 18 March 2013. Both contractors were given contract extensions until 31 May 2013.
- Bid documents for the Oni Water supply project were issued on 18 March 2013. Bid opening is scheduled for 15 April 2013.
- Environmental Assessment (EA) for Oni Water Supply project was approved on 6 March 2013.

Irrigation subprojects

- Oversight, review, and monitoring of design and construction works for the DB Irrigation contract continued. Designs are 42% complete. Construction works are 30% complete. Contractor is behind schedule. Although the contract runs through 1 November 2013, the irrigation season is scheduled to start in May 2013 and expected to last until October 2013. Major works for the 2012/2013 construction season must be completed before then. Also safety issues have developed because of the discovery of unexploded ordinance and have affected the progress of the work. There have also been quality control issues with the concrete.

Cottage Housing Upgrades For IDPs

- The bid for Improvement of Potable Water Supply in nine (9) settlements and Drainage (storm water) Systems in seven (7) IDP cottage settlements was reissued on 20 February 2013. Bid opening was 5 March 2013. There was one bidder. As of 31 March 2013 the bid is currently under evaluation.
- An expression of interest (EOI) for design services for Improvement of Drainage (10 settlements), Internal Water Supply Hook-Ups (10 settlements), and Sanitary Upgrades (nine settlements) was posted on 4 February 2013. Eleven (11) firms expressed an interest. As of 31 March 2013 the process of evaluating the firms and preparation of the shortlist is on-going.

Durable Housing Solutions for IDPs

- Contracts were signed for the design of the unoccupied eight (8) hospitals (973 apartment units) and 28 occupied collective center buildings (813 apartment units) in March 2013.
- Oversight, review, and monitoring of design and construction works for the DB contract for the rehabilitation of 10 unoccupied IDP buildings (335 apartment units). Contract was to be completed on 1 June 2013. Although the contract time is 80% complete, works are only 26%

complete. Contractor is behind schedule and has requested a four month extension until 30 September 2013.

Training Events

- Procurement Integrity Training was held for 6 members (1 female) of the MDF evaluation committee.

Staffing

- Glen Wills, Construction Advisor, expatriate short term technical assistance (STTA), began a four month assignment on 9 March 2013.
- It has identified a replacement for the Chief of Party (COP) who will depart the project in mid-April 2013.

Reports/Deliverables

- Weekly Status Reports
- Regional Office and Site Visit Reports
- IDP Housing Monthly Progress Report
- GMIP Procurement Schedule Update
- GMIP Quarterly Report (October - December 2012)
- Terms of Reference (ToR) for Performance Monitoring Plan (PMP) Baseline Survey for Irrigation Project
- Review of Full Package of Bidding Documentation for Cottage Water Supply Re-bid
- Review of Full Package of Bidding Documentation for Oni Water Supply
- Review of Invitation for Bid (IFB) for Oni Water Supply Tender
- Review of EOI for Consulting Services of Cottage Settlement Drainage, Internal Water Supply, and Sanitary Improvements
- Bid Evaluation Memo for Cottage Water Supply
- Due Diligence Memo for Cottage Water Supply
- Review of Design Contract for Eight (8) Formal Hospital Buildings
- Review Invitation to Quotation (ITQ) Evaluation Report for Eight (8) Formal Hospital Buildings
- Review of ITQ Evaluation report for 28 Collective Centers (CC)
- Due Diligence Memo for Eight (8) Formal Hospital Buildings and 28 CC Design Contracts
- Review of EOI for Outsourcing Supervision of 28 CC and Eight (8) Formal Hospital Buildings Rehabilitation Works
- Review of EOI for Consulting Services for IDP Participant/Resident Outreach Pilot for 28 CC
- Design reviews for roads, irrigation, and IDP Housing plans for 10 building rehabilitation projects
- Review of variation orders, request for payment, amendments of contract for roads, irrigation, and IDP Housing plans for 10 building rehabilitation

2. PROGRESS OF MAJOR ACTIVITIES/DELIVERABLES

2.1 Component I Municipal Infrastructure

2.1.1 Project Selection

Component I focuses on rehabilitating infrastructure projects in municipalities impacted by the 2008 conflict with Russia. Consistent with the Congressional Notification of 1207 approximately USD \$9.4 million is allocated for activities directly related to infrastructure rehabilitation. In agreement with the Ministry of Regional Development and Infrastructure (MRDI) five municipalities were pre-selected for assistance: 1) Dusheti; 2) Mtskheta; 3) Gori; 4) Kareli; and 5) Oni. The rehabilitated infrastructure is expected to impact at least 60% of the municipal population and contribute to economic growth in these locations.

There were originally nine subprojects identified for implementation. All subprojects were reviewed by Tt. Based on the review, technical feasibility, and budget limitations seven sub-projects remain on the implementation list, six (6) road projects (two contracts) and one (1) water supply project.

2.1.2 Procurement

The procurement phase is on-going. Two contracts are on-going. One project remains to be tendered, the rehabilitation of water supply in Oni. The status of the various Municipal Infrastructure procurement contracts is presented below.

#	Description	Type	Project Costs (USD)	Status
1	Rehabilitation of Access Road of Village Gorijvari, Internal Roads in Towns of Gori, Mtskheta, Dusheti, and Municipal Road Sagolasheni – Dvani. ICB No: USAID/CW/ICB/03-2012	DB	\$7,190,014	Contract Date: 24 Aug 12 to 21 Jan 13; Extended until 31 May 13; on-going
2	Rehabilitation of Internal Roads in Town Oni IFB No: USAID/W/ICB/03-L2/1-2012	DB	\$1,159,492	Contract Date: 11 Sep 12 to 8 Feb 13; Extended until 31 May 13; on-going
3	Rehabilitation works for installation of water metering and regulations valves of 122 Housing in Town Gori, "Kombinati Residence" ICB No: USAID/CW/ICB/04-2012	DB	-	IFB issued 17 Sep 12; Bid opening 22 Oct 12; Procurement cancelled (Nov 6)
4	Improvement of Headworks of Town Oni Water Supplying System ICB No: USAID/CW/ICB/06-2012	Construction	\$516,179	IFB Issued: 18 Mar 13; bid opening: 15 Apr 13; estimated contract dates: May – Aug 2013
5	Preparation of the Detailed Engineering Design, Bidding Documentation Package and Provision of Design Inspection Services for Rehabilitation Works for Dusheti Gorge Flood Protection in Dusheti Town RFP No: USAID/C/QBS/03	Consulting Services Design	-	IFB/RFP reissued 26 Jul 12; Bid opening: 29 Aug 12; Procurement cancelled (9 Oct 12)
	Total		\$8,865,685	

I. Rehabilitation of Access Road of Village Gorijvari, Internal Roads in Towns of Gori, Mtskheta, Dusheti, Oni, and Municipal Road Sagolasheni – Dvani; ICB No: USAID/CW/ICB/03-2012

The contract with BSG for Lots 1 and 3 after clearance by USAID was signed on 24 August 2012. It is a DB contract. The original contract cost was USD \$6,291,679. The contract was amended several times. The latest amended contract cost is USD \$7,190,014. The original completion date was 21 January 2013. A contract amendment was approved extending the completion deadline until 31 May 2013.

2. Rehabilitation of Internal Roads in Town Oni; IFB No: USAID/W/ICB/03-L2/1-2012

The contract with Arnabi 21 Ltd was signed on 11 September 2012. It is a DB contract. The original contract cost was USD \$894,671. The latest amended contract cost is USD \$1,159,492. The original completion date was 08 February 2013. A contract amendment was approved extending the completion deadline until 31 May 2013.

3. Improvement of Headworks of Town Oni Water Supplying System; ICB No: USAID/CW/ICB/06-2012

The designs were prepared by Georgian United Water Company (GUWC) under Government of Georgia (GoG) financing. The works are to be carried out as a construction contract. Invitation for Bid was issued on 18 March 2013. Bid opening will be on 15 April 2013.

2.1.3 Environmental

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

The EA for Oni Water Supply was submitted to USAID on 19 December 2012. It was approved by BEO on 6 March 2013.

2.1.4 Design/Construction Management

Six (6) road subprojects are currently being implemented under two (2) DB contracts. Merab Chiadze was assigned as the MDF Project Manager. Akaka Shubitidze was assigned as the Tt Roads Contract Manager. In March he was replaced by Givi Varduashvili (Tt Senior Civil Engineer). Vasil Apkhazava (Tt Quality Assurance/Quality Control Engineer) and Mamuka Shaorshadze (Tt Environmental, Health & Safety Specialist) are assisting on these contracts. Tt is providing engineering oversight and monitoring through review of designs, review of statement of accomplished works, regular site visits, Environmental, Health & Safety (EHS) compliance, Quality Assurance/Quality Control (QA/QC) inspections and testing, review of all submittals, and other technical assistance as required.

I. Rehabilitation of Access Road of Village Gorijvari, Internal Roads in Towns of Gori, Mtskheta, Dusheti, and Municipal Road Sagolasheni – Dvani (ICB No: USAID/CW/ICB/03-2012) with Black Sea Group LTD

Construction is 75% complete. The contract was originally a five month contract that began in August 2012 and was expected to be completed in January 2013. Due to i) weather limitations; ii) archaeological discovery at Sagolasheni; and iii) hydro-seeding requirement for Gorijvari, the contract was amended extending the completion time until 31 May 2013. Construction works were stopped because of winter weather on 15 December 2012. They were restarted on 18 March 2013.

Monthly meetings were held at MDF on 15 January 2013 and 28 February 2013. Amendment #2 to contract was approved on 7 February 2013.

Status for each of the roads as of 31 March 2013 follows:

Gorijvari Road (1,476 m)

Construction is 89% complete. Electronic version of 95% design was received on 16 October 2012. Construction permit was issued on 16 October 2012. Revised design after comments was received on 29 October 2012. Full permission for construction was given on 14 November 2012. All works have been completed except for hydro-seeding, installation of rock fall catch fences, sealing of concrete pavement, and installation of road signs and road markings.

Mtskheta (12 streets)

Construction is 80% complete. MDF met with the municipality on 26 October 2012 prioritizing streets due to budget limitations. It was decided that the number of streets would be reduced to 11 from 32. Panchulidze Street was later added to the rehabilitation list.

#	Street Name	Length (m)
1	Saakadze	1,035 m
2	Kartli	160 m
3	Kartli dead alley	295 m
4	Saguramo	330 m
5	Guramishvili	470 m
6	Gvinjilia	252 m
7	Gorgasali	770 m
8	Shroma	246 m
9	Narikvavi	672 m
10	Mtkvari	210 m
11	Bagineti	156 m
12	Panchulidze	417m
	Total	5,013 m

Electronic version of 95% design was received on 23 October 2012. Construction permit was issued for 12 streets on 26 October 2012. Progress as of 31 March 2013 on the 12 streets:

- Site clearance 100%
- Leveling layer with sand-gravel 100%
- Arranging of the base crushed rock (0-40) 100%
- Arranging of asphalt binder course 100%
- Arranging of asphalt wearing course 90%
- Arranging of cobbling 100% (Kartli street)
- Arranging of cobbling 60% (Mtkvari street)
- Arranging of cobbling 0% (Bagineti street)
- Arranging of asphalt on sidewalks 85%
- Lifting of existing wells 90%

Pushkin Street (916 m)

Construction is 99% complete. Electronic version of 95% design was received on 11 October 2012. Full permission for construction was given on 11 October 2012. All works have been completed except for road markings.

Dusheti (7 streets)

Construction is 65% complete. Due to budget considerations the number of streets was reduced from eight (8) to seven (7).

No	Street	Length (m)
1	Aragvispireli	220 m
2	Dadiani	322 m
3	Chonkadze	160 m
4	Dadiani Lane	212 m
5	Tamar Mepe	355 m
6	Bachana	285 m
7	Bukhaidze	417 m
Total		1,971 m

Electronic version of 95% design was received on 18 October 2012. Construction permit was issued on 25 October 2012. Contractor was obliged to stop construction works due to local populations' demand to arrange asphalt surface instead of cobble stones. Due to grade issues, concrete not asphalt was approved. Construction permit was granted on 16 November 2012. Progress as of 31 March 2013 on seven (7) streets:

- Milling of existing asphalt 100%
- Leveling layer with mixed sand-gravel 90%
- Arranging of the base (0-40) 100%
- Lifting of existing wells 100%
- Arranging of concrete for box culvert 100%
- Installing of curbs 60%
- Arranging of lower layer of asphalt 100%
- Arranging of upper layer of asphalt 100%
- Arrangement of concrete for road 90%
- Construction of flooding protection cut-off channels 10%
- Sidewalks 0%

Sagolasheni-Dvani (12.46 km)

Construction is 60% complete. Electronic version of 95% design was received on 23 October 2012. Full permission was given on 13 November 2012. On 8 December 2012 at Km location 12+00 an archeological site cemetery was uncovered. Work was stopped at this section pending results of the archeologist's report. Amendment #3 to carry out the archeological works was approved on 02 April 2013. Progress as of 31 March 2013:

- Milling of existing asphalt 100%
- Cleaning site from tree branches 100%
- Excavation 100%
- Installing of pipe culverts 100%
- Arranging crushed 0-40 material 100%
- Prepare of concrete foundation for box culvert 100%
- Inlet – Outlets for pipe culverts 100%
- Concrete for box culvert 100%
- Arranging of macadam 90%
- Arranging of asphalt 80%
- Arranging of shoulders 60%

2. Rehabilitation of Internal Roads in Town Oni (IFB No: USAID/W/ICB/03-L2/I-2012)

Construction is 76% complete. The contract with Arnabi 21 Ltd was originally a five month contract that began in September 2012 and was expected to be completed in February 2013. The contract was amended on 28 February 2013 extending the completion time until 31 May 2013 due to climatic

conditions and extra works, which were added to the contract. Five (5) streets are being rehabilitated.

No	Name	Length (m)
1	Rustaveli	218 m
2	Saakadze	710 m
3a	Tsereteli	480 m
3b	Tsereteli (additional)	215 m
4	Demetre II	280 m
5	Qapianidze (Stalini)	650 m
	Total	2,553 m

Revised designs and site specific environmental mitigation and monitoring plans (SSEMP) were approved 5 October 2012. Permission for construction was given on 11 October 2012. Construction works were stopped on 15 December 2012. Works are expected to restart on 10 April 2013. Monthly meetings were held on 17 January 2013 and 27 February 2013. As of 31 March 2013 on five (5) streets all works have been completed except for:

- Concrete works for channels 15%
- Sidewalks 0%
- Yard entrances 0%
- Crashed material for sidewalks 0%
- Installing of road signs 0%
- Road marking 0%

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 included 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. The critical/significant facilities on Tiriponi main canal, after first crossing with occupied territories, may be added to the originally suggested rehabilitation works if funding is available.

2.2.2 Procurement

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

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

Mshenebeli 80 Ltd (M80) was the lowest evaluated responsive qualified bidder. Contract was signed on 31 May 2012. Due to project budget limits, the final price of the contract was set at USD \$8,100,000. The 17 month contract is scheduled for completion on 1 November 2013.

2.2.3 Environmental

The EA for Irrigation Rehabilitation Activities was submitted on 28 December 2011 and approved by the BEO on 15 March 2012.

2.2.4 Design/Construction Management

The 17 month contract is with M80. Designs are being prepared by the Saktskalproekti Joint Stock Company (JSC) under a sub-contract. Zviad Parkadze was assigned as the MDF Project Manager. MDF have two additional On-Site Construction Management staff. Otar Magalashvili was assigned as the Tt Irrigation Contract Manager. Vasil Apkhazava (Tt QA/QC Engineer), Givi Varduashvili (Tt Senior Civil Engineer), and Mamuka Shaorshadze (Tt EHS Specialist) are assisting. Tt is providing engineering oversight and monitoring through review of designs, review of statement of accomplished works, regular site visits, EHS compliance reviews, QA/QC inspections and testing, review of all submittals, and other technical assistance as required.

Canal closure for the 2012 irrigation season for Tiriponi System was 8 October 2012. Water was stopped on Saltvisi Gravity Canal on 15 October 2012. The late closure had an effect on the progress of the work.

Unexploded mines were found in the Saltvisi Primary Canal project area. Work was stopped on Saltvisi Primary Canal due to safety issues on 1 October 2012. Demining site survey was conducted by ERWCC/DELTA on Saltvisi Primary Canal on 8 October 2012 and Tiriponi Main Canal on 10 October 2012. During October Halo Trust surveyed the Saltvisi Primary and Tiriponi Main Canal to identify the presence of explosive remnants of war (ERW) resulting from the dumping of unexploded ordnance and abandoned ammunition into the canals. Reaches of the canals were categorized as the following:

- Type I: No evidence of ERW within canal; therefore construction can proceed after the construction company staff receives ERW training;
- Type 2: Technical survey required; to be carried out by Halo Trust;
- Type III: ERW contaminated; contaminated material within the canal and its banks to be excavated and inspected.

Halo Trust's *Assessment of ERW Contamination Training* was provided on 2 November 2012. USAID arranged for Halo Trust to conduct the required Technical Survey and to carry out excavation and inspection of the Type III canals. Halo Trust mobilized for ERW clearance for Tiriponi Main Canal on 7 December 2012. Halo Trust will clear 595 m of Tiriponi Main Canal for Type III ERW clearance. The clearance operation is expected to be completed 15 April 2013. Halo Trust began work for clearance of the Saltvisi Primary Canal in January 2013. The clearance operation is expected to be completed 15 May 2013.

Phase II design submittal package was received from MDF on 9 October 2012. The construction permit was issued on 24 October 2012. Special permission was given to begin cleaning Tiriponi Main Canal on 27 December 2012. Drawings and bill of quantities (BoQs) for Phase III were received on 21 March 2013. Tt conducted biweekly site visits and attended regular on-site MDF/Tt/Contractor weekly meetings. Several meetings were also held in February 2013 with Amelioration Company to discuss the project and to prioritize works. Monthly contractor meetings were held on 16 January 2013 and 13 February 2013. Because of slow progress MDF sent a letter to M80 on 28 February 2013 requesting the contractor to fulfill works according to schedules. There have also been problems with the quality of the concrete being mixed and placed by the contractor. MDF signed a contract with a service provider (Torenti) to conduct ultrasound concrete testing. Tests were taken on 9 and 10 February 2013. The contracted report was received on 15 March

2013. Several of the tests showed concrete strength below specification. The results have been accepted. Remedial action is under investigation.

As of 31 March 2013 design is 42% complete.

Irrigation Design Status					
Saltvisi Irrigation System					
#	Description	Length (km)	Topographic Survey	Inventory	Completed Design
1.	G-1	21 km	21.0	-	-
2.	G-2	9.5 km	9.5	5.0 km	4.0 with structures
3.	Saltvisi Primary canal	4.1	4.1	4.1	4.1 with structures
4.	Dzlevijvari canal	6.0	6.0	-	-
5.	Alternative canal	8.2	8.2	8.2	3.8 with structures
6.	Headrace canal	0.92	0.92	0.92	0.9 with structures
7.	G-2 Connecting canal	0.9	0.9	0.9	0.9 with structures
	Sum	50.62	50.62	19.12	13.7
Tiriponi Irrigation System					
1.	Tiriponi Main Canal	15.6	14.2	14.2 Will be done repeatedly after cleaning	14.2 Cleaning works
2.	Structures on Main Canal				
2.1	Backwatering structures			+	+
2.2	Water outlet structures (on Main Canal)	15 units		+	+
3.	G -1	3.5	3.5	3.5	-
4.	G -1-1	1.2	1.2	1.2	-
5.	G -1-2	0.7	0.7	0.7	-
6.	G -2	2.6	2.6	2.6	-
7.	G -3	11	0.61	0.61	0.61
8.	G -3-1	6.0	6.0	6.0	-
9.	G -3-1-6	8.3	8.3	8.3	-
10.	Karbi Headwork	-	+	+	Electrical part Mechanical part Hydro/technical part
11	Connecting canal from Karbi Headwork	0.26	0.26	0.26	0.26
	Sum	49.16	37.37	37.37	15.07

As of 31 March 2013 construction is 30% complete:

- **Saltvisi. Bank protection, lining and road construction for gravity headrace canal from head works.** Headrace canal (920 m) with the retaining wall and access road is to be finished soon. Work is 95% complete.

- **Saltvisi. Connecting canal from Primary Canal to G-2 and construction road from Dm 0+00 to Dm 8+92.** Contractor has concreted the bed and slopes of the connecting canal (892 m). Three (3) inline structures remain to be constructed on the canal.
- **Tiriponi. Karbi Headwork.** Contractor has conducted works on overflow section and on bank protection dam on the left side of the river. Works for constructing water intake structures and concreting the low pressure dam and left side wall are ongoing.
- **Tiriponi. Main Canal Cleaning (15 km).** Cleaning of Tiriponi Main Canal started on 18 December 2012 from Dm 74+56. Works for cleaning trapezoidal canal cut is 95% finished. The only remaining work to be carried out on the canal is the cleaning of Charebula siphon.
- **Tiriponi. Pipe Chute of Distributary G-3 (477 m).** Cleaning of water intake well is to be finished soon. Work is 70% completed. Water intake gate has been installed. Lower section of the stilling well has been concreted. Works for the stilling well is 35% completed. Works for rehabilitating G-3 distributary canal that comes out from the stilling well has been started.

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

2.3.1 Project Selection

Under the IDP durable housing component for cottage settlements, USAID is committed to provide both water and sanitary upgrades to the cottage settlements where feasible and needed. The total USAID budget available for this component is USD \$8,603,449. The current proposal assumes that USAID will fund external water supply improvements for nine (9) communities, improvement of drainage for ten (10) cottage settlements, internal water supply hook-ups for ten (10) settlements, and sanitary upgrades for nine (9) settlements.

On-site waste water treatment alternatives under consideration include:

- (a) Septic tanks with subsurface wastewater infiltration systems
- (b) Package plant biological treatment system (activated sludge, anaerobic filter)
- (c) Dry toilet latrines

#	Location	House holds	Persons	Water Supply	Drainage (external)	Drainage (per cottage)	Waste Water Treatment & Disposal	Inside water connection	Sewage system (network)	Shower & toilet	New bore holes
1	Akhalsopeli	100	350	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Repair
2	Mokhishi	58	220	Yes	No	Yes	Yes	Yes	Yes	Yes	No
3	Skra	86	312	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
4	Karaleti	480	1,644	Yes	Yes	Yes	No	No	Yes(repair)	No	No
5	Berbuki	134	460	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
6	Shavshevbi	177	586	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes
7	Khurvaleti	139	460	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
8	Teliani	54	164	No	Yes	Yes	Yes	Yes	Yes	Yes	No
9	Metekhi	35	128	Yes	No	Yes	No	Yes	No	No	No
10	Tsilkani	400	1,093	Yes	Yes	No	Yes	Yes	Yes	Yes	No
11	Frezeti	300	721	No	Yes	Yes	Yes	Yes	Yes	Yes	No
	Total	1,963	6,138	9	8	10	9	10	10	9	2

2.3.2 Procurement

Separate contracts will be implemented, one (1) for construction for the water supply works and a single set of contracts for design-bid-build and construction supervision for the drainage, household water supply hookups, and the sanitary upgrades. Total costs are estimated at USD \$8,268,424.

Subproject Name	Updated Cost ¹ for Approved Projects: Mar 2013 (USD)	Status
Rehabilitation of Water Supply Systems (in 9 villages) and Drainage (storm water) Systems (in 7 villages)	\$1,503,622	Construction, Under Procurement; IFB re-announced: 21 December 2012; Bid opening: 5 March 2013.
Improvement of Drainage (10 communities), internal water supply hook-ups (10 communities), and sanitary upgrades in nine (9) villages of IDPs	\$6,764,802	Design-Bid-Build Procurement documents for consulting services for design under preparation; EOI issued 4 February 2013. Responses received 18 February 2013. Shortlist under preparation.
Total	\$8,268,424	

Note: ¹ Includes design, construction supervision, and construction costs

1. Construction Contract for Rehabilitation of Water Supply Systems for Nine (9) IDP Cottage Settlements (Gori, Kareli, Kaspi and Mtskheta Districts); ICB No: USAID/CW/ICB/05-1-2012

The water supply improvement designs prepared by HOLINGER International Consultants (Switzerland) were used for the construction procurement. The construction contract will be for six (6) months. The bid documents were prepared by MDF and reviewed by Tt. The IFB was announced on 19 October 2012 and posted on Federal Business Opportunities (FBO). The pre-bid meeting was held at MDF on 9 November 2012. Representative of four (4) companies (three bidders and one potential bidder by that date) attended. Six (6) companies requested bid documents. The bid opening date was 30 November 2012. There was one (1) bidder, a Joint Venture (JV) of Java Ltd and Erisimedi JSC. The bidder did not meet the minimum qualifying criteria under sub-clause 2.2.2 Pending Litigation. Rebid was posted on FBO on 21 December 2012. Bid opening was scheduled for 22 January 2013, however because of the decision to put the external drainage works on hold a suspension of the ongoing bidding was issued on 22 January 2013. On 19 February 2013 the revised IFB was published. The addendum to the bidding documents was delivered to all six (6) participants purchasing the original bid documents. Bid opening was held on 5 March 2013. Only one bid was submitted by JV of Java Ltd and Erisimedi JSC. MDF prepared the draft evaluation report. Tt prepared a due diligence report. As of 31 March 2013 evaluation by MDF is on-going.

2. Preparation of the Detailed Engineering Design and Bidding Documentation Package and Provision of Design Inspection Services for Improvement of Drainage for ten (10) settlements, internal water supply hook-ups for ten (10) settlements, and sanitary upgrades in nine (9) settlements of IDPs (Gori, Kareli, Kaspi and Mtskheta Municipalities)

A draft TOR was prepared by Tt. The Request for Proposals (RFP) and final TOR are currently under review and finalization by MDF.

An EOI for design services was posted on 4 February 2013. Eleven (11) firms submitted expression of interest on 18 February 2013. As of 31 March 2013 the process of evaluating the firms and preparation of the shortlist is on-going.

2.3.3 Environmental

The updated Programmatic Environmental Assessment (PEA) to include consideration of water supply and drainage improvements for IDP cottage settlements was approved by BEO on 19 April 2012.

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

2.4.1 Project Selection

Under the IDP durable housing component 10 unoccupied buildings, eight (8) hospitals and 28 CC have been selected for rehabilitation. The possibility of constructing new apartment buildings is also being considered per GoG request. The works are being implemented under different types of DB and design-bid-build contracts. Total costs allocated for this component are USD \$25,800,745.

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

Building Type	Buildings		Apartments		Total Cost		Cost/ apartment	Total Building Area	Cost/m ²
	#	%	#	%	USD	%	USD	m ²	USD
Collective centers ¹	28	61	973	46	\$10,776,242	42	\$11,075	49,702	\$217
Unoccupied buildings ²	10	22	335	16	\$5,993,190	24	\$17,890	19,743	\$304
Empty Hospitals ³	8	17	813	38	\$8,617,870	34	\$10,600	37,469	\$230
Total	46	100	2,121	100	\$25,387,302	100		106,914	

Note: ¹ Feasibility Cost (GEO LTD) without external works; ² Tender Cost (M80); ³ USD \$230 per m² without external works.

The selection process for identifying potential buildings to be rehabilitated involved an extensive review and evaluation process. It involved assessment of over 205 buildings and more than 36 hospitals.

Criteria used to select buildings for rehabilitation included structural stability, rehabilitation cost, potential for connection to a central sewage and water supply system, government ownership, potential for IDP employment in the surrounding community, and numbers of IDP households requiring durable housing in an area within proximity to the buildings to be rehabilitated.

At the request of USAID, Tt conducted a Concept Study on New Buildings in May 2012. The purpose of the study was to provide USAID and Ministry of Refugee Affairs (MRA) with information on options for construction of new IDP housing. The average cost per building was estimated at \$920,000/building (\$836/m²; \$28,758/apartment). The recommended site for the new construction was Kutaisi. In November, MRA informed that the site for new buildings in Kutaisi had been sold to a private investor and they were searching for an alternative site. Recently MRA has proposed a site in Tbilisi.

2.4.2 Procurement

The procurement phase is on-going.

The status of the various IDP housing procurements is presented below.

#	Description	Type	Updated Cost ¹ Mar 2013 (USD)	Status
I	Rehabilitation Works for IDP Housing IFB No: USAID/W/ICB/01-2011	DB	\$4,965,301	Contract Date: 25 May 12 to 1 Jun 13; on-going
2a	Preparation of the Detailed Engineering	Consulting Services	\$177,821	Contract date: 15

#	Description	Type	Updated Cost ¹ Mar 2013 (USD)	Status
	Design and Bidding Documentation Package and Provision of Design Inspection Services for Rehabilitation Works for IDP Housing for Eight (8) Former Hospital Buildings RFP No: USAID/C/QBS/01	(Design/Design Inspection)		Mar to 12 Aug 13 (Design Phase I & II); on-going
2c	Rehabilitation Works for IDP Housing for Eight (8) Former Hospital Buildings	Construction	\$8,617,870	To be prepared; estimated contract date Sep 2013 to Oct 2014
3a	Preparation of the Detailed Engineering Design, Bidding Documentation Package and Provision of Design Inspection Services for Rehabilitation Works for IDP Housing for 28 Buildings RFP No: USAID/C/QBS/02	Consulting Services (Design/Design Inspection)	\$373,085	Contract date: 25 Mar to 21 Sep 13 (Design Phase I & II); on-going
3c	Rehabilitation Works for IDP Housing for 28 Buildings	Construction	\$10,776,242	To be prepared; estimated contract date Sep 2013 to Nov 2014
4	Construction Services for Rehabilitation Works for IDP Housing for Eight (8) Former Hospital Buildings and 28 Buildings	Consulting Services (Construction Management)	\$969,706	EOI approved by USAID on 27 Mar 13; to be issued. RFP under preparation.
5a	Preparation of the Detailed Engineering Design, Bidding Documentation Package, and Provision of Design Inspection Services for New Buildings for IDP Housing	Consulting Services (Design/Design Inspection)	-	To be prepared
5b	Construction Services for New Buildings for IDP Housing	Consulting Services (Construction Management)	-	To be prepared
5c	New Buildings for IDP Housing Rehabilitation Works for IDP Housing	Construction	-	To be prepared
	Total		\$25,880,025	

1. Rehabilitation Works for IDP Housing; IFB No: USAID/W/ICB/01-2011 (10 Buildings)

The procurement of the Rehabilitation Works for IDP Housing (10 unoccupied buildings) was issued as a DB contract. The contract was signed on 25 May 2012. The contractor is M80. The expected completion date is 1 June 2013 or 12 months after start of the contract. The total contract amount was originally USD \$4,757,422. Amendment #2 was issued on 26 October 2012 for the amount of USD \$4,965,301; an increase of approximately 4%. Amendment #3 is under preparation. It will raise the total cost to USD \$5,993,190 or approximately 26% increase in cost.

2. Rehabilitation Works for IDP Housing for Eight (8) Former Hospital Buildings

The procurement of the Rehabilitation Works for IDP Housing (8 Hospitals) is being done as a design-bid-build. The original design contract was expected to begin in November 2012. However because of cost differences MDF failed to successfully negotiate a contract with either of the two qualified bidders. An ITQ was issued in December 2012. The design contract was signed in on 15 March 2013 with Georeset. The duration of the design component of the contract is five months (12 August 2013). Georeset will also provide design inspection during the construction period. The

design will be done in three (3) Lots. Assuming a 12 month contract for construction with the first construction Lot beginning in September 2013 and the last Lot beginning in October 2013, the construction would be completed in October 2014. The estimated cost for the design and construction procurements is USD \$8,795,691.

a. Preparation of the Detailed Engineering Design and Bidding Documentation Package and Provision of Design Inspection Services for Rehabilitation Works for IDP Housing for Eight (8) Former Hospital Buildings; RFP No: USAID/C/QBS/01

The draft TOR and Scope of Services for consulting services for design were prepared by MDF and reviewed by Tt. The MDF short-listed six (6) firms which possessed relevant qualifications. The RFP was issued to the short-listed firms on 26 July 2012. The proposals submission deadline was 29 August 2012. Three (3) proposals were submitted. The method of selection was Quality Based Selection (QBS). Based on the scoring, one (1) firm was disqualified. However MDF failed to successfully negotiate a contract with either of the two (2) qualified bidders. An ITQ was issued in 10 December 2012 to six (6) local firms. Bid submission was 25 December 2012. Bid opening was held on 26 December 2012. All six (6) firms submitted proposals. Georeset Ltd was evaluated as the lowest substantially responsive consultant and was awarded the contract. The contract was signed on 15 March 2013 with a cost of USD \$177,821. Overall duration of the contract is expected to be 19 months. Overall consulting services period is expected to be 17 months: 5 months for Preparation of Detailed Design and Bidding Documentation Package; 2 months Bidding Period (no involvement of the Consultant); and 12 months from signing of Civil Works Contract for Design Inspection.

3. Rehabilitation Works for IDP Housing for IDP Housing for 28 Collective Centers; RFP No: USAID/C/QBS/02

The procurement of the Rehabilitation Works for IDP Housing for 28 CC is being done as a design-bid-build. The original design contract was expected to begin in November 2012. However because of cost differences MDF failed to successfully negotiate a contract with either of the two (2) qualified bidders. An ITQ was issued in December 2012. The design contract was signed on 25 March 2013 with Artstudio Ltd with a completion date of 21 September 2013. The duration of the design component of the contract is six (6) months. Artstudio Ltd will also provide design inspection during the construction period. The design will be done in three (3) Lots. Assuming a 12 month contract for construction with the first construction Lot beginning in September 2013 and the last Lot beginning in November 2013, the construction would be completed in November 2014. The estimated cost for the design and construction procurements is USD \$11,149,327.

a. Preparation of the Detailed Engineering Design, Bidding Documentation Package and Provision of Design Inspection Services for Rehabilitation Works for IDP Housing for 28 Collective Centers; RFP No: USAID/C/QBS/02

The draft TOR and Scope of Services for consulting services for design were prepared by MDF and reviewed by Tt. The MDF short-listed six (6) firms which possessed relevant qualifications. The RFP was issued to the short-listed firms on 26 July 2012. The proposals submission deadline was 29 August 2012. Three proposals were submitted. The method of selection was QBS. Based on the scoring, one (1) firm was disqualified. However MDF failed to successfully negotiate a contract with either of the two (2) qualified bidders. An ITQ was issued in December to six (6) local firms on 10 December 2012. Bid submission was 24 December 2012. All six (6) firms submitted proposals. GRC Ltd, consultant offering the lowest quotation, could not meet the minimum qualifying threshold and was rejected. Because Georeset Ltd, the next lowest qualified bidder, had been awarded the contract for design of the eight (8) former hospital buildings they withdrew from the tender. Therefore the next lowest evaluated Consultant, Artstudio Project Ltd, was awarded the contract. The contract was signed on 21 March 2013 with a cost of USD \$373,085. Overall duration of the contract is expected to be 20 months. Overall consulting services period is expected to be 18

months: 6 months for Preparation of Detailed Design and Bidding Documentation Package; 2 months Bidding Period (no involvement of the Consultant); and 12 months from signing of Civil Works Contracts, for Design Inspection.

4. Construction Services for Rehabilitation Works for IDP Housing for Eight (8) Former Hospital Buildings and 28 Collective Centers No. USAID/C/CQS/02

This consultancy assignment aims at organizing the day-to-day construction supervision services of the rehabilitation works for the eight (8) former hospital buildings and twenty eight (28) CC for IDP Durable Housing. The tentative duration of the Construction Management and Supervision Services for Rehabilitation Works is 12 months. EOI was approved by USAID on 27 March 2013. MDF will post the announcement. MDF will use the Consultants' Qualification Selection (CQS) method which involves competitive, technical based selection among qualified prospective consultants in accordance with USAID policy. Those firms having the required experience and competence relevant to the assignment shall be assessed and compared, and the best qualified and experienced firms shall be short listed. Only the shortlisted firms will be asked to submit a combined technical and financial proposal. The firm submitting the most responsive and acceptable proposal will be invited to negotiate a contract. The contract should be in place by September 2013.

5. New Buildings for IDP Housing Rehabilitation Works for IDP Housing

The procurement of the new buildings for IDP housing will be done as a design-bid-build. The recommended site for the new construction was Kutaisi. On 20 November MRA informed USAID and MDF that the site for new buildings in Kutaisi had been sold to a private investor. MRA has recently suggested a possible site in Tbilisi. The design contract is planned for a period of five months. Assuming a two month period for bid preparation and contractor selection, the contract for construction is expected to be an eight month contract. Even if the design contract were issued in June 2013 it is unlikely that the new buildings could be completed before August 2014. The estimated cost available for the procurements will depend on the funds remaining for new construction. The estimated cost for the three contracts (design, construction management, and construction) if a single building is constructed would be about USD \$1 million.

a. Preparation of the Detailed Engineering Design, Bidding Documentation Package and Provision of Design Inspection Services for New Buildings for IDP Housing

The draft TOR and Scope of Services for consulting services for design was prepared by Tt home office (HO) in September 2012.

2.4.3 Design/Construction Management

I. Rehabilitation Works for IDP Housing; IFB No: USAID/W/ICB/01-2011(10 Buildings)

The DB contract was signed on 2 May 2012 with M80. The original completion date was 1 June 2013 or 12 months after start of the contract. Zaza Pirtskhalaishvili was assigned as the MDF Project Manager. He is supported by five (5) MDF on-site supervisors. Teimuraz Levanishvili (Housing Rehabilitation Manager) was assigned as the Tt Contract Manager. He is assisted by Koba Tsiramua (Regional Engineer Kutaisi) and Avtandil Baramia (Regional Construction Over-Site Engineer Kutaisi). Vasil Apkhazava was assigned as the Tt QA/QC Engineer and Mamuka Shaorshadze as the Tt EHS Specialist.

The contractor M80 began mobilization in June 2012. Designs (50%) were submitted for three of 10 buildings in early July: Kutaisi Police Building, Tskaltubo Statistic Building, and Vani Vocational School. Construction preparation activities were started on the three building in early July; and Zestaphoni Central Hospitals (two buildings), Terjola Hospital, Marneuli Former Kindergarten Building, and Kareli Vocational School Building in late July 2012. Revised designs for the three buildings (Kutaisi,

Tskaltubo, and Vani) were received in August 2012. Concurrence for starting construction on Kutaisi Police Building and Tskaltubo Statistic Building was given in mid-August. Construction preparation work was stopped at Zestaphoni Central Hospital (two buildings) pending removal of old hospital medical waste to be arranged by MRA. Work on Vani Vocational School, Marneuli Kindergarten and Kareli Vocational School was stopped in mid-August pending the decision on who would fund external sewage connections for the buildings. Designs for Marneuli, Kareli and Terjola were received end of August 2012. Vani construction permit was approved on 5 October 2012. Kareli and Marneuli construction permits were approved with conditions on 13 October 2012. Amendment #2 was approved for five (5) buildings (Kutaisi, Tskaltubo, Vani, Marneuli, and Kareli) on 26 October 2012. Kutaisi Police Building mock-up inspection was held on 8 November 2012. Final approval on the mock-up was not given until 10 January 2013. Revised internal designs for Vani, Terjola, and Tskaltubo were received on 19 November 2012. Terjola design was approved and construction permit was granted on certain works on 17 December 2012. Revised Kareli and Vani drawings were received on 18 December 2012. Marneuli external design was received on 27 December 2012. At the request of USAID updated schedule of all works was received on 27 December 2012. On 28 December the contractor sent a letter requesting the contract date be extended four months to 30 September 2013.

The contractor is behind schedule on all works and is having major difficulty in preparing and submitting designs in a timely manner.

The status as of 31 March 2013:

Rehabilitation works continue in 10 of 10 buildings: Kutaisi former Police Building, Tskaltubo Statistic building, Vani Vocational School, Terjola Hospital, Marneuli Kindergarten, Kareli Vocational School, Zestaphoni Polyclinic/Dental Clinic (two buildings), and Zestaphoni Central Hospital (two buildings).

Kutaisi Former Police Building: (87% complete) M80 site manager and seven (7) workers are on site; roof work is completed; construction of internal partition walls is finished; plastering of internal walls is finished; installation of laminated floor is finished; installation of internal water/sewer pipes is finished; plastering of façade is finished; installation of outside metal-plastic windows is finished; arrangement of ceiling with gypsum plasterboard is finished; setting creaming tiles on the walls in the bathrooms is finished; the concrete paving around the building is finished; installation of entrance and internal doors is finished; new stairway steps and railing are arranged; spackling of the walls is finished; painting of the walls and ceiling is finished; electric work continues (98%); painting of façade continues (95%); outside galvanized window sills installation continues (40%); installation of the WC pans and porcelain wash-stands finished; and bathroom's equipment (receptor) installation continues.

Mock-up: The two-room apartment mock-up is finished.

Tskaltubo Statistic Building: (70% complete) M80 site manager and eight (8) workers are on site; new roof is completed; construction of the internal walls has finished; plastering of internal walls has completed; installation of the gypsum plasterboard on the ceiling is finished; installation of metal-plastic windows is finished; placement of cement/sand mortar on the floor is finished; installation of internal water/sewer pipes is finished; setting ceramic tiles on the walls in the bathrooms is finished; spackling of the walls is finished; plastering of façade is finished; electric work continues inside the building (97%); setting ceramic tiles on the floors continues (90%); painting of the walls and ceiling continues (85%); laminated floors installation continues (95%); sanitary ware items delivered on the site; and renovation of the concrete steps started. Bad quality of the floor tiles installation is corrected. Old floor tiles were removed and new tiles are being installed now. Walls are being aligned where necessary.

Mock-up: The two-room apartment mock-up is finished.

Terjola Hospital: (30 % complete) M80 site manager and 45 workers are on site; scraping off old plaster and demolishing of the internal partition walls is finished; construction of internal walls continues (97%); plastering work continues (90%); electric work continues (90%); plumbing work continues (80%); installation of PVC windows continues (40% finished); sand/cement mortar for the floor continues (75%); spackling work continues (60%); arrangement of ceiling with gypsum board continues (60%); and dismantling of the balconies has started.

Mock-up: Construction of walls is completed; plastering of the walls is finished, electric cable installation is finished; PVC windows installation and plumbing finished; cement/sand covering finished; ceiling gypsum boards installation finished; PVC door installed in the toilet; sparkling is finished; painting is finished; ceramic tiles installed in the kitchen, hallway and bathroom; and laminated floor is finished. Sanitary ware items and plastic coating of the sealing installed.

Vani Vocational School: (38% complete) M80 site manager and 37 workers are on site; construction of the new roof in both buildings is finished; construction of internal walls is finished; strengthening of the door openings with metal frames is finished; electric work continues (97%); installation of PVC window continues (60%); plastering of the walls continues (90%); plumbing work continues (90%); sand-cement mortar for the floor continues (95%); arrangement of ceiling with gypsum board continues (75%); plastering of façade continues (55%); strengthening of the windows and walls continues (25%); tiling of the walls and floors in the bathrooms continues (25%); sparkling of the walls continues (20%); and arrangement of ceiling with plastic board continues (20%). Wrongly installed plastic water pipes have been corrected. Water pipes were demolished and reinstalled again in accordance with construction standards and rules.

Mock-up: In one-room apartment mock-up is finished.

Zestaphoni Polyclinic/Dental Clinic (Unicode: 139-140): (5% complete) M80 site manager and 50 workers are on site; demolition work continues (95%); cleaning of the building from construction waste continues; construction of internal walls continues (45%); electric cable installation continues (35%); plastering works continue (15%); and pouring of the cast-in-place concrete (former ventilation channel's area) has started.

Mock-up: Two-room apartment: construction of walls is finished; plumbing finished, electrical work continues; plastering work continues; and PVC windows installed.

Zestaphoni Central Hospitals (Unicode 137 & 137a):

137a: (35% complete) M80 site manager and 23 workers are on site. Roof work is finished; demolition work is finished; construction of internal walls is finished; electric cable installation continues (95%); plastering work continues (90%); and cement/sand mortar for the floor continues.

Mock-up: One room apartment: construction of walls is completed; plastering of the walls is finished; electric cable installation is finished; ceiling is arranged with gypsum board; and PVC windows are installed.

137: (3% complete) 36 workers are on site. Medical waste was removed from the building on 06 March 2013. Demolition and cleaning work continues; construction of internal walls continues (20%); and demolition of old roof continues (85%). Condition of the existing concrete console slabs of the balconies is bad.

Mock-up: Two-room apartment is identified for mock-up. Electrical wire bonding has started.

Marneuli Kindergarten: (41% complete) M80 site manager and 14 workers are on site; roof work is finished; construction of internal walls is finished; installation of the PVC windows is finished; piping work for internal water supply and sewage system is finished; installation of electric cables is finished; plastering work of internal walls with alabaster is finished; installation of ventilation pipes is

finished; plastering of toilet walls with cement/sand mortar continues (80%); and placement of cement/sand mortar for the floor continues (70%).

Mock-up: Behind schedule. In two-room apartment (for disabled person) construction of walls is finished; plastering work is finished; plumbing work is finished; PVC windows are arranged; installation of electric cables is finished; plastering of walls with alabaster is finished; arrangement of ceiling with plaster board is finished; placement of cement/sand mortar for the floor is finished; installation of ceramic tiles in the bathroom continues.

Kareli Vocational School: (24% complete) M80 site manager and 22 workers are on site. First layer of the soft flat roof has been arranged; metal plastic windows have been installed; construction of the internal walls and partitions is finished; scraping off the old plaster continues (95%); reinforcement of doors' opening with metal profile continues (70%); plastering of internal walls continues (35% finished); installation of electric cables continues (75%); plumbing work continues (75%); and placement of cement/sand mortar for the floor continues (30%).

Mock-up: In two-room apartment construction of walls is finished; PVC windows are arranged; installation of electric cables is finished; plumbing work is finished, plastering of walls is finished; arrangement of ceiling with gypsum board is finished; and placement of cement/sand mortar for the floor is finished.

2. Preparation of the Detailed Engineering Design and Bidding Documentation Package and Provision of Design Inspection Services for Rehabilitation Works for IDP Housing for Eight (8) Formal Hospital Buildings No: USAID/ITQ/01-2012 (Hospital 8 Design)

The design contract was signed on 15 March 2013 with Georeset. Overall duration of the contract is expected to be 19 months. Overall consulting services period is expected to be 17 months: 5 months for Preparation of Detailed Design and Bidding Documentation Package; 2 months Bidding Period (no involvement of the Consultant); and 12 months from signing of Civil Works Contracts, for Design Inspection.

David Jincharadze was assigned as the MDF Project Manager. He will be supported by Anzor Andguladze, MDF Supervisor. Teimuraz Levanishvili (Housing Rehabilitation Manager) was assigned as the Tt Contract Manager. He is assisted by Koba Tsiramua (Regional Engineer Kutaisi) and Avtandil Baramia (Regional Construction Over-Site Engineer Kutaisi). Vasil Apkhazava was assigned as the Tt QA/QC Engineer and Mamuka Shaorshadze as the Tt EHS Specialist.

Pre-work meeting was held on 19 March 2013. Georeset submitted the Design Quality Control (DQC) Plan/Program Schedule on 22 March 2013.

3. Preparation of the Detailed Engineering Design, Bidding Documentation Package and Provision of Design Inspection Services for Rehabilitation Works for IDP Housing for 28 Collective Centers for IDP Durable Housing No: USAID/ITQ/02-2012 (Buildings 28 Design)

The design contract was signed on 25 March 2013 with Artstudio. Overall duration of the contract is expected to be 20 months. Overall consulting services period is expected to be 18 months: 6 months for Preparation of Detailed Design and Bidding Documentation Package; 2 months Bidding Period (no involvement of the Consultant); and 12 months from signing of Civil Works Contracts, for Design Inspection.

David Jincharadze was assigned as the MDF Project Manager. He will be supported by Anzor Andguladze, MDF Supervisor. Teimuraz Levanishvili (Housing Rehabilitation Manager) was assigned as the Tt Contract Manager. He is assisted by Koba Tsiramua (Regional Engineer Kutaisi) and

Avtandil Baramia (Regional Construction Over-Site Engineer Kutaisi). Vasil Apkhazava was assigned as the Tt QA/QC Engineer and Mamuka Shaorshadze as the Tt EHS Specialist.

Pre-work meeting was held on 20 March 2013.

2.4.4 Environmental

The PEA was approved by BEO on 1 March 2012.

2.5 MDF Financial Review

USAID is implementing their agreement with MDF through two (2) ILs. Included in the ILs are the Cash Advance/Liquidation Policies and Procedures to be followed by MDF in receiving and liquidating advances. Under Tt's contract with USAID, Tt is responsible for the review and approval of all MDF advances and liquidation of these advances.

During the report period Tt reviewed and cleared the liquidation for advances #20, 21, and 22. Through the period ending March 2013, a total of USD \$9,554,130 or 18% of the total MDF budget has been disbursed, USD \$7,976,521 for IL 1 and USD \$1,577,609 for IL 2. This includes payment for the four DB contracts of Rehabilitation Works for IDPs Housing Contract (10 Bldgs.) for \$1,322,688 (13.8%), Rehabilitation Works for Tiriponi and Saltvisi Irrigation Systems for USD \$1,992,766 (20.9%), Roads 1&3 USD \$5,047,130 (52.8%), and Oni Roads USD \$828,662 (8.7%). It also includes USD \$362,884 (3.8%) spent on environmental scoping and feasibility studies and operating expenses.

2.6 Training/Workshops/Events

2.6.1 TrainNet

Tt completed and submitted the USAID TrainNet reports each quarter.

2.6.2 MDF Procurement Integrity Training

Procurement Integrity Training was held for 6 members (1 female) of the MDF evaluation committee on 4 February 2013. The purpose of the training was to introduce USAID procurement integrity policies and rules and regulations to be followed under GMIP. Training was conducted by Tt Paralegal/Licensing Specialist (Irakli Kakulia).

2.7 Project Management/Coordination

2.7.1 General

Tt staff have daily communications with USAID (Brad Carr, COR and George Kokochashvili, Engineering Specialist) and MDF (Kartlos Gviniashvili, Program Manager). Gocha Lobzhanidze (USAID) is supporting the USAID team and actively participates in all GMIP construction management and oversight activities. Tt also participates in regular weekly USAID/MDF coordination meetings held two times a week alternately at MDF and Tt offices.

2.7.2 Coordination with Other Donors and Technical Assistance Activities

Tt staff participated in the following meetings/field trips during the reporting quarter:

- Regular monthly coordination meetings are being held with New Economic Opportunities (NEO).
- Tt COP attended the USAID Partners' meeting held on 12 February 2013.
- Tt attended the NEO Vocational Training Graduation on 27 February 2013.
- Tt HO conducted quarterly Project Evaluation and Estimation at Completion review.

2.8 Branding Implementation Plan and Marking Plan

During the reporting period the following branding and marking activities were conducted:

- Photos were taken on all site visits.
- Tt assisted MDF and USAID in review of all construction signage.

2.9 Reports and Deliverables

The following reports and deliverables were submitted during the quarter:

#	Reports and Deliverables for January – March 2013	Date
1.	Weekly Status Reports	Weekly
2.	Regional Office and Site Visit Reports	Weekly
3.	IDP Housing Monthly Progress Reports	Monthly
4.	GMIP Procurement Schedule Update	As required
5.	GMIP Quarterly Report	Jan 10
6.	Amendment to BoQ for Roads Rehabilitation Project (USAID/W/ICB/03-2012)	Jan 21
7.	Amendment to BoQ for Rehabilitation of Internal Roads in Town Oni (USAID/W/ICB/03-L2/I-2012)	Jan 25
8.	Amendment #1 of Contract for Roads Rehabilitation Project (USAID/W/ICB/03-2012)	Jan 25
9.	EOI for Consulting Services of Cottage Settlement Drainage, Internal Water Supply, and Sanitary Improvements	Jan 25
10.	Due Diligence Memo for Eight (8) Formal Hospital Buildings and 28 CC Design Contracts	Jan 31
11.	Variation Orders under Irrigation Contract	Feb 7
12.	Amendment #2 of Contract for Rehabilitation of Internal Roads in Town Oni (USAID/W/ICB/03-L2/I-2012)	Feb 14
13.	Full Package of Bidding Documentation for Cottage Water Supply Re-bid (USAID/CW/ICB/05-I-2012)	Feb 15
14.	Full Package of Bidding Documentation for Oni Water Supply	Feb 21
15.	ITQ Evaluation Report for Eight (8) Formal Hospital Buildings	Feb 22
16.	Design Contract for Eight (8) Formal Hospital Buildings	Mar 5
17.	ITQ Evaluation report for 28 CC	Mar 6
18.	IFB for Oni Water Supply Tender	Mar 14
19.	ToR for PMP Baseline Survey for Irrigation Project	Mar 15
20.	EOI for Outsourcing supervision of 28 CC and Eight (8) Formal Hospital Buildings Rehabilitation Works	Mar 25
21.	EOI for Consulting Services for IDP Participant/Resident Outreach Pilot for 28 CC	Mar 26
22.	Amendment to BoQ for IDP Housing Rehabilitation Contract	Mar 27
23.	Bid Evaluation Memo for Cottage Water Supply	Mar 28
24.	Due Diligence Memo for Cottage Water Supply	Mar 30

3. ACTIVITIES PLANNED FOR NEXT QUARTER

Activities planned for next quarter (April – June 2013) include:

3.1 Component I Municipal Infrastructure

3.1.1 Project Selection

All projects have been identified and there are no new projects planned at this time.

3.1.2 Procurement

The following activities will be carried out during next quarter:

- I. Oni Water Supply Construction Contract:
 - Assist MDF in evaluating and selecting the contractor (April)

Based on the approved projects Tt will assist in finalizing the contract for the following project:

#	Project Type	Contract Name	Contract No.	Contract Type	EOI Issue/ Open	RFP/ IFB	Bid Due	Contract Signed (estimated)
4	Municipal Infrastructure Water Supply	Rehabilitation of Water Supply Head Works in Town Oni	ICB No: USAID/C W/ICB/06 -2012	Construction	N/A	18-Mar	15 - Apr	15-May

3.1.3 Design/Construction Oversight

The following activities will be carried out during next quarter:

- I. For Road DB Contract (Lot 1/3) Rehabilitation of Access Road of Village Gorijvari, Internal Roads in Towns of Gori, Mtskheta, Dusheti, and Municipal Road Sagolasheni – Dvani USAID/CW/ICB/03-2012: Contractor BSG
 - Review of Gorijvari erosion and sediment prevention and control plan (Apr)
 - Review of bike lane options (Apr)
 - Assistance in finishing the contract (May)
 - Preparation of a turnover checklist
 - Review of operation and maintenance (O&M) plans
 - Review and approve as-built drawings
 - Attend walkthrough and prepare list of observed defects and corrective measures
 - Review takeover certification
 - Review final payments
 - Assist in preparing procedures and mitigations during defects liability period
 - Review and approve designs (as required)
 - Monitor environmental compliance (SSEMP) during construction (as required)
 - Attend monthly meetings
 - Review all design changes, payments, etc. (as required)
 - Conduct on site visits and on site testing (as required)

- Review approval for payment (monthly)
2. For Road DB Contract (Oni) Rehabilitation of Internal Roads in Town of Oni USAID/W/ICB/03-L2/I-2012: Contractor Arnabi 2 I
- Assistance in finishing the contract (May)
 - Preparation of a turnover checklist
 - Review of O&M plans
 - Review and approve as-built drawings
 - Attend walkthrough and prepare list of observed defects and corrective measures
 - Review takeover certification
 - Review final payments
 - Assist in preparing procedures and mitigations during defects liability period
 - Review and approve designs (as required)
 - Monitor environmental compliance (SSEMP) during construction (as required)
 - Attend monthly meetings
 - Review all design changes, payments, etc. (as required)
 - Conduct on site visits and on site testing (as required)
 - Review approval for payment (monthly)
3. For Oni Water Supply Construction Contract:
- Mobilize oversight team and procedures (May)
 - Establish DCC (May)
 - Prepare QA/QC Guidelines with appropriate forms (May)
 - Construction Management QA/QC Inspector Training (May)
 - Prepare for Pre-Work Conference (May)
 - Train contractor on EHS procedures (May)
 - Train contractor on QC/DCC procedures (May)
 - Train contractor on cash flow procedures (May)
 - Review contractor preliminary project schedule, QC Plan, and safety plan (May)
 - Support preparation and review of all submittals, site-specific EHS compliance documentation by contractor (May)
 - Attend monthly meetings
 - Review all design changes, payments, etc. (as required)
 - Conduct on site visits and on site testing (as required)

3.1.4 Environmental

The following activities will be carried out during next quarter:

- None at this time

3.2 Component 2: Rehabilitation of Irrigation Infrastructure

3.2.1 Procurement

The following activities will be carried out during next quarter:

New Construction Contract:

- Assist USAID/MDF in decision on terminating current DB contract (May)
- Assist MDF in preparing, reviewing, finalizing and issuing EOI and pre-qualification of a new construction contract (May)
- Assist MDF in preparing, reviewing, finalizing, and issuing the RFP documents (May)
- Assist MDF in evaluating and selecting the contractor (Jun)

3.2.2 Design/Construction Oversight

The following activities will be carried out during next quarter:

- I. Rehabilitation Works for Tiriponi and Saltvisi Irrigation Systems ICB No: USAID/W/ICB/02-2012
 - Review and approve designs (as required)
 - Monitor environmental compliance (SSEMP) during construction (as required)
 - Attend monthly meetings
 - Review all design changes, payments, etc. (as required)
 - Conduct on site visits and on site testing (as required)
 - Review approval for payment (monthly)

3.2.3 Environmental

The following activities will be carried out during next quarter:

- None at this time

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

3.3.1 Procurement

The following activities will be carried out during next quarter:

- I. Rehabilitation of Water supply Systems nine (9) settlements and Drainage (storm water) Systems in seven (7) settlements for IDPs (Gori, Kareli, Kaspi and Mtskheta Districts) ICB No: USAID/CW/ICB/05-1-2012:
 - Assist MDF in evaluating and selecting the contractor (Apr)
2. Preparation of the Detailed Engineering Design and Bidding Documentation Package and Provision of Design Inspection Services for Improvement of Drainage in six (6) settlements, internal water supply hook-ups ten (10) settlements, sanitary upgrades in nine (9) settlements (Gori, Kareli, Kaspi and Mtskheta Municipalities) for Consulting Services for Design USAID/C/CQS/01:
 - Assist MDF in review and preparation of shortlist of qualified contractors for Consulting Services for Design (Apr)
 - Assist MDF in preparing, reviewing, finalizing, and issuing the RFP documents (Apr)
 - Assist MDF in organizing pre-bid meeting (May)
 - Assist MDF in evaluating an selecting the contractor (May)

Based on the approved projects Tt during next quarter will assist in preparing and reviewing the bid documents and contracts for the following projects:

#	Project Type	Contract Name	Contract No.	Contract Type	EOI Issue/ Open	RFP/ IFB	Bid Due	Contract Signed
1	IDP Cottage Settlement Water Supply & Drainage	Rehabilitation of Water Supply Systems (in 9 villages) and Drainage (storm water) Systems (in 7 villages) for IDPs Settlements (Gori, Kareli, Kaspi and Mtskheta Districts)	USAID/C W/ICB/05-1-2012	Construction	N/A	22-Dec-12	5-Mar-13	15-Apr-13
2	IDP Cottage Settlement Sanitary Upgrades	Preparation of the Detailed Engineering Design and Bidding Documentation Package and Provision of Design Inspection Services for Improvement of Drainage (six communities), internal water supply hook-ups (10 communities), sanitary upgrades in nine (9) villages of IDPs (Gori, Kareli, Kaspi and Mtskheta Municipalities)	USAID/C/ CQS/01	Consulting Services (Design)	4-Feb-18-Feb-13	15-Apr-13	10-May-13	9-Jun-13

3.3.2 Environmental

None at this time.

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 identifying new building site in Tbilisi (May)

3.4.2 Procurement

The following activities will be carried out during next quarter:

- I. IDP Participant/Resident Outreach Pilot
 - a. Consulting Services
 - Assist MDF in finalizing, issuing EOI, and review of qualified contractors (Apr)
 - Assist MDF in preparing, reviewing, finalizing, and issuing the ITQ documents (Apr)

- Assist MDF in evaluating and selecting a consultant (May)
- 2. Eight Hospitals
 - a. Construction
 - Assist MDF in preparing, reviewing, finalizing and issuing EOI and pre-qualification of contractors (Apr)
 - Assist MDF in preparing, reviewing, and finalizing RFP documents (May)
 - Assist MDF in reviewing and evaluating contractors (Jun)
- 3. 28 Occupied Buildings
 - a. Construction
 - Assist MDF in preparing, reviewing, finalizing and issuing EOI and pre-qualification of contractors (Apr)
 - Assist MDF in preparing, reviewing, and finalizing RFP documents (May)
 - Assist MDF in reviewing and evaluating contractors (Jun)
- 4. Eight Hospitals and 28 Occupied Buildings
 - a. Consulting Services (Construction Management)
 - Assist MDF in preparing, reviewing, finalizing, and issuing EOI and review of qualified contractors (Apr)
- 5. New Buildings
 - a. Consulting Services (Design)
 - Assist MDF in preparing, reviewing, finalizing, and issuing EOI and review of qualified contractors (Jun)
 - Assist MDF in preparing, reviewing, finalizing, and issuing the RFP documents (Jun)

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

#	Project Type	Contract Name	Contract No.	Contract Type	EOI Issue/ Open	RFP/ IFB	Bid Due	Contract Signed
1	IDP DH Building Rehabilitation	IDP Participant/ Resident Outreach Pilot	USAID/C/C QS/02	Consulting Services	5-Apr/ 19-Apr-13	3-May-13	17-May-13	31-May-13
2	IDP DH Building Rehabilitation	Construction Management Services for Rehabilitation Works for IDP Housing for Eight (8) Former Hospital and 28 Buildings	USAID/C/C QS/02	Consulting Services (CM)	10-Apr/24-Apr-13	10-May-13	9-Jun-13	9-July -13
3a &b	IDP DH Building Rehabilitation	Rehabilitation Works for IDP Housing (Eight (8) Former Hospital and 28 Buildings)	TBD	Construction	15-Apr/29-Apr-13	13-Jun-13	13-Jul-13	12-Aug-13
4	IDP DH New Building	Preparation of the Detailed Engineering Design, Bidding Documentation	TBD	Consulting Services (Design)	1-Jun/22-Jun-13	7-Jul-13	18-Aug-13	17-Sep-13

#	Project Type	Contract Name	Contract No.	Contract Type	EOI Issue/ Open	RFP/ IFB	Bid Due	Contract Signed
		Package and Provision of Design Inspection Services for New Buildings for IDP Housing						

3.4.3 Design/Construction Oversight

The following activities will be carried out during next quarter:

1. DB Rehabilitation Works for IDPs Housing Contract No. USAID/W/ICB/01-2011(10 Buildings)
 - Evaluate request for extension (Apr)
 - Assistance in finishing the contract (May)
 - Preparation of a turnover checklist
 - Review of O&M plans
 - Review and approve as-built drawings
 - Attend walkthrough and prepare list of observed defects and corrective measures
 - Review takeover certification
 - Review final payments
 - Assist in preparing procedures and mitigations during defects liability period
 - Inspect and approve mock-up apartments (as required)
 - Review designs for external works/site plans (as required)
 - Assist with design of water and sewage facilities (as required)
 - Review designs (as required)
 - Review ready for construction drawings (as required)
 - Attend monthly meetings (as required)
 - Review all design changes, payments, etc. (as required)
 - Conduct on-site visits and on-site testing (as required)
2. Design and Design Review for Water Supply and Sewerage External Connections in Support of Rehabilitation Works for Internally Displaced Persons in Support of Building 10 Contract
 - Select consultant and sign purchase order (April)
 - Review and approve the following deliverables:
 - (a) DQC Plan/Project Schedule (Apr)
 - (b) Task #1: External water supply design review report for three (3) Buildings (Apr)
 - (c) Task #2: External water supply Kareli report on alternative sources (May)
 - (d) Task #2: External water supply Kareli Hydrogeological/subsurface field surveys if required (April)
 - (e) Task #2: External water supply Kareli Detailed Design (May)
 - (f) Task # 3 External sewage network design for Kareli and Marneuli (May)
3. Eight Hospitals Design Contract RFP No.: USAID/C/QBS/01
 - Review DQC Plan (Apr)
 - Review Site Investigation/Building Inspection Report - 10% (May)

- Review Lot I Preliminary Design - 35% (May)
 - Review Lot I Draft Detailed Design and Bidding Documentation package - 75% (May)
 - Review Lot I Final Un-Reviewed Detailed Design - 95% (Jun)
 - Review Lot I Final Detailed Design and Bidding Documentation package - 100% (Jun)
 - Attend all design submittal meetings (as required)
4. Twenty eight (28) Occupied Collective Center Buildings Design Contract RFP No.: USAID/C/QBS/02
- Review DQC Plan (Apr)
 - Review Site Investigation/Building Inspection Report - 10% (May)
 - Review Lot I Preliminary Design - 35% (May)
 - Review Lot I Draft Detailed Design and Bidding Documentation package - 75% (May)
 - Review Lot I Final Un-Reviewed Detailed Design - 95% (Jun)
 - Review Lot I Final Detailed Design and Bidding Documentation package - 100% (Jun)
 - Attend all design submittal meetings (as required)
5. IDP Participant/ Resident Outreach Pilot Contract No. USAID/C/CQS/02
- Assist USAID, MDF, and consultant as required (Apr)
 - Review all deliverables as required (May)

3.4.4 Environmental

The following activities will be carried out during next quarter:

- Prepare scoping statement for construction of new buildings for IDP housing (Jun)

3.5 Project Management

The following activities will be carried out during next quarter:

- Replacement of COP (Apr)
- Closeout of Project (Jun)
- Coordination meeting with NEO (monthly)
- Coordination with other donors and technical assistance activities (as required)
- Hire service provider and conduct Performance Monitoring Irrigation Survey (May)

3.6 MDF Financial Review

The following activity will be carried out during next quarter:

- Review and clear monthly MDF advances (monthly)

3.7 Training/Workshops/Events

The following activities will be carried out during next quarter:

- Contract Pre-Work Conference: All Contracts (as required)
- Contractor QC/DCC training (as required)
- Contractor EHS training (as required)

3.8 Reports and Deliverables

The following reports and deliverables are planned per task order for next quarter:

Report	Date
C. Bi-Weekly Meetings and Reporting	As required
E. Quarterly Progress Report	10 April 13
K. End of Activity Report	21 June 13

4. PROBLEMS AND ISSUES

4.1 Technical & Geographical Diversity of the Proposed Projects

GMIP is composed of a wide range and types of subprojects, from roads, domestic water supply and irrigation systems to the rehabilitation of IDP apartment buildings and improved water supply and sanitation for IDP cottage communities. The subprojects are situated over a fairly wide area of Georgia, and travelling from one to another can take several hours by road. Works include:

- Infrastructure improvement projects in five municipalities involving
 - 24 km of road repair for over 27 streets and roads (Gori, Dusheti, Mtskheta, Kareli, Oni)
 - Water supply treatment facility upgrade for 2,000 persons in Oni
- Irrigation rehabilitation in two large schemes with over 100 km of canals
- Water supply and sanitary upgrades for 11 cottage settlements (2,000 cottages) in two regions and five districts
- Rehabilitation of 46 IDP buildings and over 2,100 apartments located in five regions
- Possible construction of new apartment buildings in Tbilisi

Successfully covering engineering and monitoring oversight on all these subprojects is a major challenge. This wide diversity of activities over a wide geographical area presents engineering, management, and site supervision challenges. A Tt regional office was established in Kutaisi to assist with implementation of works in Western Georgia.

4.2 Project Completion Date

The completion date for the MDF ILs is 31 December 2013. The construction period including turnover was expected to be completed by September 2013. Given the slow start-up phase of the project, delays in procurement and start of construction, a number of construction contracts are expected to finish after this date. The latest procurement schedule shows that five construction contracts, totaling over USD \$36 million, are expected to extend beyond November 2013. For example the irrigation contract is scheduled for completion in November 2013. The contract for upgrade of sanitary facilities for cottage settlements is expected to run through June 2014. The contracts for the designs of the eight hospitals and 28 CC building rehabilitation were signed in March 2013. Even though the designs will be done in lots, the final completion data for all designs will be August/September 2013. The construction tendering process will take a minimum of two months and construction 12 months. This results in project completion dates of August/September 2014. If USAID decides to fund additional new building construction for IDP housing this would require a construction period through December 2014. Assuming the construction works will extend past the project completion date, USAID may want to begin thinking on how best to extend the ILs through the end of the project agreement date, December 31, 2014.

4.3 Tetra Tech Contract Budget Realignment and Staffing

At the recommendation of the COR, a letter was sent on 8 November 2012 to USAID informing that Tt would exhaust funds under this task order in June 2013 based on its current burn rate with the addition of an additional expatriate. USAID Regional Contract Officer (RCO) responded recommending to modify the award to reflect this new end date as part of the expatriate approval process. The Tt contract was modified on 1 February 2013 to adjust the Task Order end date from 22 November 2013 to 21 June 2013. This was done to maintain the current local level of effort (LOE) through the end of the project. An

additional Tt expatriate engineer, Glen Wills, was brought on in 7 March 2013 to support the project through June 2013. The current COP will leave the project on 19 April 2013. Marjory O'Brien was approved by USAID as a replacement. Additional STTA needs, expatriate and local, through the end of the Tt Task Order are under review.

4.4 Capacity of MDF

MDF has limited in-house capacity to implement the program. They are stretched very thin and continue to having difficulty in providing the degree of design review and on-site supervision required by USAID.

MDF has a full time Program Manager, Procurement Specialist, and Document Control Specialist/Translator assigned to the USAID project. A Project Manager (PM) has been assigned to each of the contracts and Site Teams placed in the field to directly monitor and supervise the construction activities. Staff from the MDF technical analysis group are assigned to review designs and provide technical support.

A Gap Analysis was conducted during March - May 2012. The analysis confirmed the chief issues or gaps in MDF infrastructure implementation are lack of sufficient full time on-site inspection, written construction management guidelines and/or QA/QC Plans, industry acceptable construction management (CM) procedures and/or processes, and organization and motivation. It was recommended that if MDF could not provide these services GMIP should consider using Georgian consultant engineering firms through MDF subcontracts, working closely with Tt. A number of these recommendations have been implemented. Some still need attention.

MDF is providing the CM for the 10 buildings, roads, and the irrigation contracts. For the newly signed eight (8) hospitals and 28 CC building design contracts MDF has assigned a specially named representative to review documentation packages submitted by the Service Provider.

For the 10 buildings contract MDF has assigned a PM and five (5) on-site supervisors. The PM is providing site supervision for two buildings. MDF has full time presence at Kutaisi Police Building, Tskaltubo Statistic building, Kareli Vocational School, Zestaphoni Polyclinic/Dental Clinic, and Zestaphoni Central Hospital. MDF on-site inspectors are not present on site on a daily basis in Vani Vocational School, Marneuli Kindergarten and Terjola Hospital.

For the roads contracts MDF originally assigned a PM and five (5) on-site supervisors. The roads projects were shut down during the winter period. With the restart of the works it is expected that the site supervisors will return to their on-site supervision.

For the irrigation contract originally MDF had an on-site PM and one (1) on-site supervisor. They were to be supported by staff from the Amelioration Company. Due to transportation and fuel issues this approach was not successful. QA/QC works suffered. At the request of USAID, MDF added one (1) additional on-site supervisor in March 2013. MDF also appointed two (2) technical staff to review designs and provide technical support.

MDF management recognizes these problems. The management is committed to working with USAID to resolve these issues. MDF proposed to outsource part of the CM supervision. USAID agreed to contract out CM services for the 28 buildings and the eight (8) hospital contracts. However for the Oni water supply and water supply and sanitary upgrades at the cottage communities, USAID expects MDF to provide the CM staff. MDF

has identified a PM and four (4) site supervisors for the cottage settlement work. For Oni water supply contract it may be possible to have GUWC assist MDF in the site supervision.

4.5 Procurement Issues

High bid cost proposals, limited number of bidders, and a series of MDF evaluated non-responsive bidders have all affected the procurement process.

During the quarter there were several major procurements under preparation, out for bid, or under evaluation:

1. Rehabilitation of Water Supply Head Works in Town Oni (Construction)
2. Rehabilitation of Water Supply Systems and Drainage for IDPs Cottage Settlements (Construction)
3. Preparation of Detailed Design of Sanitary Upgrades, Household Water Supply and Drainage for 11 IDP Cottage Settlements
4. Preparation of the Detailed Engineering Design, Design Inspection Services for Rehabilitation Works for IDP Housing for Eight (8) Former Hospital Buildings (Consulting Services Design)
5. Preparation of the Detailed Engineering Design, Design Inspection Services for Rehabilitation Works for IDP Housing for 28 Buildings (Consulting Services Design)
6. IDP Participant/Resident Outreach Pilot (Consulting Services)
7. Construction Management Services for Rehabilitation Works for IDP Housing for Eight (8) Hospitals and Twenty-Eight (28) Buildings (Consulting Services for CM)

For the Rehabilitation of Water Supply Head Works in Town Oni (Construction) the IFB was issued on 18 March 2013. The pre-bid meeting was held on 29 March 2013. Bid opening is scheduled for 15 April 2013. Because of the location (Oni) and the small size of the project there is a concern that the number of bidders will be limited. So far six firms have expressed an interest. MDF has contacted several prospective firms to encourage them to bid.

For the original contract on Improvement of Potable Water Supply in Nine (9) Villages of IDPs there was only one bidder. The bidder was found non-responsive due to financial litigation issues. The contract was rebid on 22 December 2012. Six firms expressed an interest. An addendum was issued on 20 February 2013 to include a drainage component. The bid opening was 5 March 2013. Again there was only one (1) bidder. Tt contacted the non-participating bidders. When contacted four of the firms responded that they could not meet the qualification criteria which called for a minimum average annual turnover of Georgian Lari (GEL) \$4,800,000 or equivalent. However when asked if they would participate if the turnover rate requirement were reduced, only one (1) firm, said they would consider participating. The remaining companies said they could not meet other bid requirements or they were involved in other contracts and would not participate. The bid is currently under evaluation and the six (6) month construction contract is expected to be signed in early April 2013.

An EOI was issued for the Detailed Design of Sanitary Upgrades, Household Water Supply and Drainage for 11 IDP Cottage Settlements on 4 February 2013. As of 27 February 2013 11 companies responded expressing interest. MDF is in the process of preparing a shortlist and finalizing the RFP. This procurement is late. Based on the current schedule it is doubtful that the six (6) month construction contract can be issued before November 2013.

The bid proposals for the design contracts for IDP Housing for the Eight (8) Hospitals and 28 CC were received from two (2) international and one (1) local firm on 5 October 2012.

Only the two (2) international firms were evaluated as responsive. The financial proposal for the highest ranked technical proposal was opened on 8 October 2012. After unsuccessful negotiations because of excessive cost, MDF moved to the second bidder. Again because of high costs the negotiations with the second bidder were ended on 16 November 2012. The tender was reissued as an RFQ to six (6) qualified local firms on 11 December 2012. The bid opening was 25 December 2012. All six (6) firms responded to both RFQs. The bid prices were within the engineers estimate. A contract was signed with Georeset for the Eight (8) Hospitals on 15 March 2013 and with ArtStudio for the 28 CC on 25 March 2013. At the suggestion of USAID, to adjust for the delays in signing the design contracts the designs have been separated into priority lots so that the IFB for the construction contracts can be issued within 60 - 90 days after the start of the design contracts. It has also been recommended that the construction contractors be prequalified to streamline the tender process.

The project will renovate around 28 CC, converting them into acceptable apartment flats for resident and/or other IDPs. An important aspect of this work is the communication with and the acceptance of the project by the IDP residents of the CC. The MRA is responsible for the work. To support this effort, USAID has requested MDF to implement an MRA support pilot project, the IDP Participant/Resident Outreach Pilot, to help the MRA develop an effective project communication process and to determine IDP participant/residents acceptance of the rehabilitation of CC component of the project. MDF has been reluctant to issue an ITQ for this procurement without MRA agreement. USAID is working with MDF and MRA to get this agreement.

USAID has agreed to support MDF's proposal of outsourcing Construction Management Services. However at the current time this is to be limited to support for the Rehabilitation Works for IDP Housing for Eight (8) Hospitals and Twenty-Eight (28) Buildings. A draft TOR has been prepared and approved. MDF needs to finalize the EOI and issue the RFP. This contract must be in place before construction works begin on the buildings. MDF is aware of this and is working with USAID and Tt to finalize the procurement.

4.6 Design-Build Contracts

The concept of DB is relatively new to Georgia and MDF. The use of DB contracts was important in getting the first IDP Building Rehabilitation, Irrigation, and Road projects started as soon as possible. The road contracts worked quite well. The contracts for IDP Building Rehabilitation and Irrigation were awarded to a single contractor. Unfortunately these two contracts have had numerous problems. The contractor is a traditional constructor unable to coordinate and manage the DB process. This has caused misunderstandings and frustrations with the contractor that has resulted in delays in design preparation, construction permit approvals, construction progress, and payment approvals. USAID and MDF have agreed that future projects will be issued as more traditional design-bid-build contracts.

4.7 Component I Municipal Infrastructure

The final selection of the municipal infrastructure subprojects is complete. The total budget available for Municipal Infrastructure is USD \$9,496,000. USD \$8,437,343 has been committed to the roads projects which are now under contract. Decisions were made on how to use the remaining USD \$1,000,000. There were three projects under consideration: Dusheti Flood Control (USD \$1,500,000); Gori Water Supply (USD \$1,064,685); and Oni Water Supply (USD \$516,000). MDF board cancelled Dusheti Riverbank Protection and

Gori WS/Metering sub-projects on 14 January 2013. Oni Water Supply Headworks Rehabilitation remains on the list for construction.

Rehabilitation of Access Road of Village Gorijvari, Internal Roads in Towns of Gori, Mtskheta, Dusheti, Oni, and Municipal Road Sagolasheni – Dvani (ICB No: USAID/CW/ICB/03-2012)

Originally MDF hoped to complete the contract by November 2012 before the start of the winter season and limited the contract to a five (5) month period. The DB contract was finally signed on 17 August 2012 with a completion date of 21 January 2013. The contractor demobilized for winter period on 20 December 2012. Request for time extension until 31 May 2013 was approved on 7 February 2013. Several reasons were given including winter weather conditions for all roads, archaeological find at Sagolasheni, and hydro-seeding for Gorijvari. Works were restarted on 18 March 2013.

After receiving final BOQs and related costs the number of streets in Dusheti was cut from eight (8) to seven (7); and from 32 to 12 in Mtskheta. Other issues that have come up during the implementation of the contract include slope stability issues at Gorijvari, an archeologist find on 7 December 2012 on Sagolasheni-Dvani, request by residents to replace cobblestone streets with concrete in Dusheti, decision on location and requirements for bike lanes, quality of concrete in Gorijvari and Dusheti, and additional works proposed by Dusheti and Mtskheta municipalities. The contractor has been fully cooperative and worked closely with MDF and municipalities to solve each of these issues. A contract amendment to cover the additional cost (GEL \$63,612) for the archeologists to clear the Sagolasheni-Dvani road is currently being finalized by MDF. Hydro-seeding for slope stabilization at Gorijvari is expected to start the 1st week in April 2013.

Rehabilitation of Internal Roads in Town of Oni (IFB No: USAID/W/ICB/03-L2/1-2012)

Originally MDF hoped to complete the contract by November 2012 before the start of the winter season and limited the contract to a five (5) month period. The DB contract was finally signed on 11 September 2012 with a completion date of 8 February 2013. The contractor was Arnabi 21. Construction works stopped because of weather on 15 December 2012. An amendment was signed on 28 February 2013 to extend the contract until 31 May 2013. Some issues that have come up during the implementation of the contract include location and requirements for bike lanes and extending several of the streets. The contractor has been fully cooperative and worked closely with MDF and the municipality to solve each of these issues.

Rehabilitation of Water Supply Head Works in Town Oni (ICB No: USAID/CW/ICB/06-2012)

The design and cost data were prepared by GUWC. The project was evaluated and approved by Tt. An environmental scoping statement and EA prepared by Tt was approved. The IFB for construction has been issued. Proposals are due 15 April 2013. There are no problems or issues at this time.

4.8 Component 2: Irrigation Infrastructure

The DB contract was signed with M80 on 31 May 2012. The completion date is 1 November 2013. The bid amount for the contract exceeded the USAID budget ceiling allocated for the irrigation component. Therefore the ceiling for the contract was set at USD \$8.1 million.

Because of the uncertainty of the cost of the hydraulic structures and the feasibility level of the quantity estimates it was recognized by USAID that the extent of the works that could be completed within the allocated budget needed to be re-evaluated and prioritized by the contractor as part of the preliminary design in order to maximize the original benefits to be expected under the project. Unfortunately the contractor has not understood this process and continues to resist providing preliminary designs and cost estimates for all project works at one time. It continues to try to work with the designer, MDF, and Amelioration Company to prioritize works.

Due to the late signing of the contract (31 May 2012) the irrigation season had already started and water was flowing in the canals at the start of the contract. The actual closure dates for Tiriponi Main Canal and Saltvisi Main Gravity Canal were not until 8 October 2012 and 15 October 2012 respectively. The contractor was unable to organize procedures for shutting down parts of the irrigation system or working around this problem during the irrigation season (June-Oct 2012). Therefore during the first four (4) months of the contract, the contractor failed to conduct proper inspection on the condition of the canals and related structures and carry out the canal surveys required for estimating material quantities needed for design. The contractor was also unable to gain access for inspection and survey purposes to several of the lower level canals because of private land ownership. As a consequence several of the lower level canals were dropped from the proposed works.

The initial quality of the designs and construction work did not meet original expectations. It has been working with the contractor to improve this situation through increased coordination with the designer, increased on-site supervision and use of outside material testing. The designer's experience with geographic information systems, electronic drawing standards and modern irrigation performance strategies was also less than originally expected. It took almost four (4) months to get a digital map of the irrigation project. By contract, an O&M plan was to be submitted six (6) months after signing of the contract. The contractor claims they cannot submit the plan until the end of the project. The contract also calls for a canal and structure inventory with associated data base, Irrigation System Flow Measurement Manual, procuring satellite imagery and determination of irrigable area using remote sensing techniques, and preparation of an irrigation operations model. There has been little or no progress on any of these items.

Safety issues have been a major concern. Ordnance (mines and traces of cluster bombs) left over from the 2008 conflict have been uncovered during the construction. The GoG agency responsible for removing and disarming live ordnance was called to assist. They conducted an initial survey and recommended a professional group be hired to clear the danger areas. Halo Trust is conducting this operation on the sections of the Saltvisi Primary and Tiriponi Main canals classified as Type III: ERW contaminated. Special training was given by Halo Trust to the contractor's staff on 2 November 2012 to allow the contractor to continue work on those canal sections classified as Type I: No evidence of ERW within canal. Even after completion of this training the contractor did not start cleaning of the Tiriponi Main Canal until the last week in December 2012. Halo Trust is expected to complete their work on their section of the Tiriponi Main Canal in April 2013 and Saltvisi Main Canal in May 2013. Work on these sections by the contractor will have to wait until the end of the 2013 irrigation season (October 2013). This will affect completion of the project within the contract period.

Concrete quality has also been a major issue. Concrete mix, proper aggregate materials, batch plant operations, placement of rebar, procedures for placing the concrete, concrete

vibration, curing of the concrete, and field and laboratory testing procedures have all been major problems. The contractor is using the Georgian Technical University, Test Laboratory for all their concrete testing. Because of the problems observed in the field the contractor was requested to take in-place concrete cylinder samples. Nine (9) test cylinders were taken by the Georgian Technical University, Test Laboratory in October 2012, three (3) from the Saltvisi bank protection retaining wall and nine (9) from G-2 canal. Only four (4) were suitable for testing. Because of this unsatisfactory performance Tt requested that the contractor prepare a test plan and that additional testing be carried out. The contractor without coordinating with Tt hired Samkharauli Bureau in November 2012. They conducted 14 tests, 2 on the retention wall and 12 on G-2. Five of the 14 tests failed including one (1) test on the retaining wall. Because of the non-responsive attitude of the Bureau and the time it took to get results, Tt requested MDF to hire an independent concrete testing firm. Engineering & Quality Group in Georgia was hired in December 2012. They conducted 10 tests, one (1) for the retention wall, six (6) on G-2, and three (3) for Karbi diversion dam. Three of the tests failed, all in the G-2 canal. Because of the questions on the extent of the problem and the results, a third firm (“Binuli”, Construction Testing Laboratory of “Torenti” Ltd) was hired by MDF to conduct ultrasonic non-destructive testing in February 2013. They took 267 tests, every 15 m along G2 canal (149), 45 points on the retaining wall, six (6) locations at the Saltvisi head race canal, and 40 at Karbi, providing information on homogeneity and strength of the concrete. A total of 23 (9%) tests failed; at least one or more at all locations. It was agreed by all parties that the “Binuli” test results will be considered as primary source for identifying concrete strength and for developing respective remedial actions. The design company (Saktskalproekti) was tasked with reviewing the results and providing remedial actions at locations where failures were identified.

As a result of the problems with the concrete the contractor established a QC team staffed with three (3) persons and headed by experienced professional on 5 January 2013 to operate on site. The QC team conducts slump tests for the concrete at the contractor’s batch plant in Tkviavi. Temporary storage room with thermal insulation for concrete samples is arranged nearby. As usual, each concrete grade has its proper mix design. Samples (“cubes”) are sent to the University laboratory and almost 95% of the samples corresponds with or exceed the design strength.

There is a major concern that the contractor will not be able to complete the required works during the contract period which ends on 1 November 2013. There are less than one month (April) remaining before the start of irrigation season set for 1 May 2013. Construction is less than 30% complete. All Phase III works must be completed by that time. The irrigation season will run through mid-October 2013. Priority works have been set by the Amelioration Company. All surveys and designs should be completed next quarter (31 March 2013). To date the contractor has been unable and/or unwilling to provide an appropriate schedule and procedures for continuing the work during the next several months and through the irrigation season. If the contractor is unable to demonstrate an improved ability to implement the contract within the contract period other possible options should be considered.

4.9 Component 3: IDP Durable Housing Subcomponent I: Water and Sanitation Upgrades for IDP Cottage Housing

There will be two separate construction contracts under this component. One will be water supply for nine (9) cottage settlements and external drainage system upgrades for seven (7) cottage settlements; and the second will be for local drainage improvement for 10 cottage settlements, internal water supply hook-ups for 10 settlements, and sanitary upgrades for nine (9) settlements.

Rehabilitation of Drainage/Storm Water Systems (in 7 Villages) and Water Supply Systems (in 9 Villages) for IDPs Cottage Settlements (Gori, Kareli, Kaspi and Mtskheta Districts) No. USAID/W/ICB/05-I-2012.

The bid proposals for the construction contract were received on 30 November 2012. There was only one (1) bidder. Unfortunately one of the JV partners had pending litigation of more than 30% of its liquid assets. Therefore they did not meet the minimum qualifying criteria under sub-clause 2.2.2 Pending Litigation of the Section III – Evaluation and Qualification of the Bidding Document. The procurement was rebid on 21 December 2012. Six firms expressed an interest. An addendum was issued on 20 February 2013 at the request of USAID to include the external drainage component. The bid opening was 5 March 2013. Again there was only one (1) bidder the same JV partnership that bid on the original tender the partner with the litigation problem was able to provide legal documentation clearing the litigation. The evaluation report is currently under preparation by MDF and the due diligence report is currently being prepared by Tt. No issues seem to be pending at this time.

Water quality testing of the water supply sources by Tt for the nine (9) cottage settlements where improvements in water supply have been planned showed high nitrate concentrations (110 mg/l) in the ground water supply for the cottage community of Shavshevbi. An alternative water source, identified during the original hydrogeological investigation carried out in 2010 was proposed. At the request of USAID, MDF prepared the designs and BOQs for the alternative water source and this was included in the construction contract.

Rehabilitation Works for Sanitary Upgrades, Household Water Supply and Drainage for 11 IDP Cottage Settlements

The decision was made to issue a single design package that included the remaining works for the cottage settlements: drainage, internal water supply connections, and on-site waste water improvements.

It is recognized that it will be difficult for IDPs to cover waste water treatment (WWT) O&M costs. Unfortunately the municipalities were not able or willing to allocate the land required for construction of infiltration fields required for supporting the least cost O&M, central septic tank WWT option. A second but more sophisticated and expensive option of installation of a package activated sludge treatment plant (Biotal) was also proposed. The municipalities have agreed to guarantee a dedicated O&M budget to support these WWT facilities. The designer will be required to review options that includes Septic tanks with subsurface wastewater infiltration systems, package plant biological treatment system (activated sludge, anaerobic filter), and dry toilet latrines.

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 European Union funded contract has installed 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.

Considerable concern has been raised by various donors and USAID on the extent of the mold problem in many of the cottages. It seems to be a universal problem caused by improper construction and inadequate drainage. USAID decided to address the drainage issue under GMIP. Various drainage alternatives including installation of storm drains and gutters for each cottage, and improved local yard drainage will be considered.

4.10 Component 3 IDP Durable Housing Subcomponent 2: Durable Housing

Of the various program components, the IDP durable housing may 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 planning and design stages between MRA, MDF and USAID to identify, anticipate and plan actions required to mitigate risks for all possible issues is 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 very complicated and requires 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 (non-governmental organizations, 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. USAID has been working with MRA to come up with possible solutions that include:

- Preparation of a database of IDPs that will be resettled
- Start of negotiations with IDPs in the CC to resolve any issues prior to the resettlement
- Preparation of the strategy for temporary resettlement and identification of the target group for permanent resettlement

To assist MRA with this effort USAID has requested MDF to contract consulting services to carry out IDP Participant/Resident Outreach Pilot. The objective of the IDP Outreach pilot is to support the MRA in the management of the residents in six (6) CC in Kutaisi, Imeriti that will be rehabilitated under the USAID program to help insure successful renovation of the buildings and handover of finished apartments to the IDP residents. Relevant aspects of the project will be communicated to IDP participants in accordance with MRA approved guidelines and agreements will be obtained from the residents for 1) acceptance of project renovated apartments and 2) willingness to vacate the designated CC during the period of renovation.

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 28 occupied CC). Only those buildings with confirmed government ownership are being considered. However some of the buildings are under partial lease or have not been registered properly. MRA is correcting these inconsistencies.

Availability of water and sewage for the buildings proposed for rehabilitation is also a major problem. USAID will not fund any external sewage facilities. Unless GUWC or the municipalities have existing connections or facilities, will guarantee funds or agree to construct new facilities, USAID will not consider these buildings for rehabilitation. MRA, working with GUWC and the municipalities, is addressing these issues.

Rehabilitation Works for IDPs Houses 10 Unoccupied Buildings; IFB No. USAID/W/ICB/01-2011

The original contract was to be completed on 31 May 2013. As of 31 March 2013, with more than 80% of the contract time completed, only 26% of the construction has been completed. There have been numerous problems/issues that have occurred during implementation of the contract for rehabilitation of the 10 unoccupied buildings. MDF and USAID are aware of these issues and are taking steps to solve them.

- Timely preparation of designs has been a consistent problem. The contractor has continually failed to meet design schedules. Originally all designs were to be prepared and submitted by 12 July 2012. The Terjola internal designs were not approved until December 2012; and the designs for Zestaphoni Central Hospital and Polyclinic/Dental Clinic in March 2013. The contractor was requested on 20 August 2012 to provide site plans for Kutaisi, Tskaltubo and Vani. As of 31 March 2013 the final designs for external works for all buildings including site plans, location of utility connections, playgrounds, etc. still have not been received or approved.
- One issue identified back in October 2012 was the need to expand the boundaries (red lines) of the buildings to accommodate playgrounds and mini-stadiums. The contractor did not present their proposal for extended boundaries until March 2013. In March after receiving the request with the proposed boundaries from MDF, MRA sent letters to the municipalities requesting them to extend the boundaries. As of 31 March 2013 no responses had been received from any of the municipalities.
- Originally five (5) hospitals buildings had medical inventory and medical waste. MRA was able to clear the medical waste from all except the two (2) buildings in Zestaphoni (Central Hospital). MDF through a separate services contract with Ltd. "Sanitary" removed all remaining medical waste on 29 March 2013. Contractor was not allowed to work in these building until the waste had been removed.
- External sewage connections and disposal are problems in three (3) buildings (Marneuli, Kareli, and Vani). Construction permits were delayed pending submittal of letters by GUWC and municipalities committing funds to provide sewage connections or on-site treatment. MRA has agreed to cover the costs to provide sewage connections or on-site treatment. GUWC provided a design for a septic tank for Vani. The municipality plans to issue a tender in January 2013. To date the contractor's designer has not provided the requested designs for Kareli and Marneuli. Because of concerns that this will delay completion of the construction USAID requested Tt to assist in this process. Tt conducted a sewage alignment survey at Kareli and Marneuli from the buildings to the municipal central sewage network collectors. USAID also requested Tt to assist with the preparation of the water supply designs for Kareli and the waste water designs for Kareli and Marneuli. Tt has identified a local firm (Water and Building Engineering) to prepare the designs. The designs are expected to be completed by mid-May 2013.
- Reliable water supply is a problem in several locations. Because of delays by the contractor (M80) in preparing design solutions. USAID requested Tt to assist. Tt conducted well water quality tests at Kareli. Tt has identified a local firm (Water and Building Engineering) to review the water supply designs prepared by M80 and to design a water supply system for Kareli.
- USAID had questions on structural stability for one of the buildings in Zestaphoni (Zestaphoni Polyclinic/Dental Clinic). The contractor was not allowed to proceed until a separate outside expert was hired to review. The outside expert signed off on the building as being structurally sound on 10 September 2012. The contractor did not begin cleaning and demolition works until the beginning of November 2012.

The contractor did not submit design drawings until January 2013. They were reviewed by MDF and Tt and returned for revision in February 2013. Although MDF approved the designs and revised BOQs on 27 February 2013, Tt returned the designs for revision on 4 March 2013. Construction permission was issued on 26 March 2013.

- USAID had questions on structural stability for balcony for the Terjola building. Contractor was requested to investigate in early November 2012. It was agreed to demolish the existing balconies on 21 February 2013.
- All building designs must be in compliance with USAID Policy on Standards for Accessibility for the Disabled. The designer was required to revise several sets of their original designs to comply with these requirements. Contractor's designer has requested additional payment for these designs. USAID position is that because this is a DB contract the designer should make all required changes as part of the existing contract.
- The contractor has consistently had problems in identifying and costing equipment and materials to be used in the buildings. Tt has provided assistance in identifying sources and costs for water heaters, gas stoves, gas heaters, playgrounds, ceramic paints, bathroom mirrors, and disability support equipment.
- The contractor is required to prepare mock-ups in each building. Even though training was provided to MDF and the contractor by Tt and assistance was given in initially setting up a "Phase I" mock-up, there has been resistance to the concept by the contractor. The contractor was informed they would not be given permission to proceed with any internal work unless they complied. The mock-up for Kutaisi was inspected on 8 November 2012 by USAID, MDF, and Tt. A punch list was prepared. The mock-up at the Kutaisi building was not approved until 10 January 2013; and Tskaltubo and Vani on 28 January 2013. As of 31 March 2013 the mock-ups for the remaining buildings have not been approved.
- Use of personal protective equipment continues to be an issue. At the request of Tt and with the participation of Tt a refresher Health and Safety training was given to western Georgia M80 site managers on 9 March 2013. Similar training is planned in April 2013 for Eastern Georgia site supervisors.
- During November and December 2012 the contractor worked with reduced crews on a number of sites. On 9 January 2013 there were a total of 64 persons on all sites. The contractor's claim that this is because of cash flow problems due to late payments. USAID, MDF, and Tt are all aware of the importance of on-time payment. An investigation by Tt showed that on average, the payment process for vendors from submitting an invoice to receipt of the funds takes 26 days; the longest period was 36 days in November 2012 and the shortest - 19 days in January 2013. As of 31 March 2013 the contractor had 242 workers on all sites.
- Instead of focusing on how to complete the works within the remaining contract period (five months), on 28 December 2012 the contractor submitted a request to extend the contract end date from 1 June 2013 to 30 September 2013, an additional four (4) months. This is still under review.

Rehabilitation Works for IDP Housing for Eight (8) Former Hospital Buildings

A recent field survey by USAID showed the following issues:

- A number of the hospitals still have medical wastes and inventory that must be removed. MDF will hire a firm to survey and remove these works.
- Mukhrani Medical Service Building:
 - The building is occupied - formally there are nine (9) IDP families, but actually only four (4) families live there

- The Polyclinic is still operational
- There is no central water system or waste water disposal system
- Building's territory is flooded from a nearby channel during the rainy season
- Main Hospital of Khashuri
 - Since 4 November 2012 the building has been occupied by 20 local poor families
- Regional Hospital of Gurjaani has communication antennas on the roof.

MDF and MRA have been made aware of these issues and they are being addressed.

Rehabilitation Works for IDP Housing for 28 Buildings

USAID is concerned that there could be one or more families in each of the 28 CC proposed for rehabilitation that will not be willing to vacate their current apartments. The families are concerned they will not be able to return to their original apartment, may be given a smaller apartment or will be relocated to a less desirable location. MRA conducted a survey to determine the extent of this problem in August 2012. The results were inconclusive. USAID has stated that even if one family refuses to relocate then this may make the entire building ineligible for rehabilitation under the USAID program. USAID is working closely with MRA to address these issues. One initiative being implemented by USAID to assist MRA to be funded by the project will be the IDP Participant/Resident Outreach Pilot.

New Buildings for IDP Housing Rehabilitation Works for IDP Housing

One alternative being considered by USAID is the construction of new buildings. A concept study was conducted in May 2012 by Tt at the request of USAID. Three (3) locations were reviewed: Batumi, Poti, and Kutaisi. It was determined that Kutaisi was the best location. The cost of a new building was estimated at USD \$591,470 (USD \$836 per m² or USD \$28,758 per apartment). MRA has agreed. However, in November 2012 MRA was informed that the site for the new buildings in Kutaisi has been sold to a private investor. MRA has provided alternative sites in Kutaisi and Tbilisi. As of 31 March 2013 no official site has been confirmed.

5. STAFF LEVEL OF EFFORT

The Tt long term technical assistance (LTTA) and STTA professional, technical, and administrative support staff for the reporting period are presented below:

5.1 Resident Staff

No new staff were hired during the Quarter.

Resident Tt staff are listed below:

Name	Position
Jeffrey Fredericks	Chief of Party
TBD	Infrastructure Manager
Teimuraz Levanishvili	Housing Rehabilitation Manager
Mamuka Shaorshadze	Environmental, Health & Safety 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 (Kutaisi)
Avtandil Baramia	Regional Construction Over-Site Engineer (Kutaisi)
Anna Urotadze	Document Control Manager
Maia Dvali	Translator/Interpreter

5.2 Short Term Staff during the Report Period

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

- Glen Wills

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

- Julie Oakley, Document QA/QC

The following local STTA provided support during the report period:

- Mamuka Gvilava, Environmental Consultant
- Akaki Shubitidze, Road Engineer
- Demna Sakhltkhutsishvili, Financial Management Specialist

5.3 Home Office Staff

The Tt HO management staff supporting the project are listed below:

Name	Position
Firouz Rooyani	A&E IQC Program Manager
Renee Valentino	Contract Manager
Shelly Rice	Subcontract Specialist
Brian Potvin	Task Order Manager & QA/QC
Susan DeMarre	Project Analyst
Brian Bemis	Sr. Administrative Assistant
David Sharashenidze	Home Office Coordinator
Stephanie Coulis	Contracts Administrator

5.4 Other Administrative & Staff Issues

Purchase Orders for local contract services during the quarter included:

- Tt has made arrangements with subcontractor Autorent Ltd for provision of auto services.
- Tt office information technology support is provided by IT Fix Ltd.
- Tt has an agreement with MagtiCom to provide corporate mobile communication service.
- LTD “Caucasus Online” provides GMIP office with high speed internet.
- Tt signed a fixed price agreement with General Partnership Kavtaradze & Partners to provide various legal services to GMIP.
- Tt has made arrangement with Sole Proprietor David Tsagurishvili for the provision of additional vehicle and driver service to the project.
- Tt has an agreement with Rima Boshishvili for the provision of GMIP office cleaning service.
- Mariam Vasadze was hired as office cleaner for Kutaisi regional office and contracted under simplified purchase order.
- Tt has made arrangement with sole proprietor Roland Begiashvili for the provision of additional vehicle and driver service to the project.
- Tt has made arrangement with sole proprietor Besik Abaishvili for the provision of additional vehicle and driver service to the project.
- Tt has an agreement with JSC Insurance Company Aldagi BCI to provide health insurance service for LTTA project staff.
- “Topo Studio” LTD was contracted to perform topographic survey.
- “GAMMA” LTD was contracted to perform water quality testing service in Kareli, Shida Kartli.
- Tt signed agreement with “Yversy” LTD to provide one (1) laptop to GMIP office.
- “Sanitari” LTD was contracted to perform a Medical and Chemical Waste Removal Service in Zestaphoni.
- Tt hired an office cleaner as a temporary substitute for regular Tt Tbilisi office cleaner on a purchase order basis.

6. STATUS OF FINANCES AND EXPENDITURES

GMIP has completed 22 months of the 25 month contract (88%). Invoices have been submitted covering 20 months of the 25 months (80%)

Financial summary for the reporting period January - March 2013 is presented below:

Contract No.: EDH-I-00-08-00027-00
 Order No.: AID-114-TO-11-00002
 Georgia Municipal Infrastructure Project
 Tt EMI
 Reporting Period: Jan - Mar 2013
 Funding to Date: \$4,777,396

Expense Type	Budget	Previous Period (thru Dec 12)	Current Period (Jan-Mar 13)	Cumulative To Date (thru Mar 13)	Balance Remaining	Expended
Salaries Workdays Ordered	\$43,703	\$11,718	\$1,763	\$13,481	\$30,222	31%
Fringe/Overhead	\$38,515	\$10,327	\$1,554	\$11,881	\$26,634	31%
Other Direct Costs/Travel	\$4,751	\$479	\$83	\$562	\$4,189	12%
Intercompany/ Subcontractors	\$4,368,581	\$2,637,821	\$401,474	\$3,039,295	\$1,329,286	70%
G&A	\$9,306	\$2,410	\$363	\$2,773	\$6,533	30%
Subtotal	\$4,464,856	\$2,662,755	\$405,237	\$3,067,992	\$1,396,864	69%
Fixed Fee	\$312,540	\$186,393	\$28,366	\$214,759	\$97,781	69%
Total	\$4,777,396	\$2,849,147	\$433,605	\$3,282,752	\$1,494,645	69%

Source: Tt Voucher # 50663262 (4 April 2013).

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