

AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C.

AMENDMENT NO. 1  
to the  
PROJECT MEMORANDUM

NEW INDEPENDENT STATES  
HOUSING SECTOR REFORM PROJECT  
(110-0008)

APPROVED: June 25, 1993



U.S. AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT

JUN 25 1993

**ACTION MEMORANDUM TO ACTING DIRECTOR NIS/TF**

**FROM:** Barbara Turner, Deputy Director *BT*

**SUBJECT:** Authorization Amendment for Housing Sector Reform Project (110-0008)

Problem: Your approval is requested to amend the authorization of the Housing Sector Reform Project (HSRP) to increase the Life-of-Project funding from \$25 million to \$44 million to finance two new initiatives, the Russian Officer Resettlement Initiative (the Initiative) and a joint A.I.D.-World Bank Housing Construction Reform Project, and to create a contingency fund for the overall project. Approval is also requested to waive specific provisions in the Foreign Assistance Act and A.I.D. handbook regulations to allow implementation of the Initiative to proceed immediately.

Background: The Housing Sector Reform Project (110-0008) was authorized March 30, 1992 at an initial life-of-project (LOP) funding level of \$25.0 million. The project objective is to support the development of a private housing market in the NIS.

The Russian Officer Resettlement Initiative was announced jointly by Presidents Yeltsin and Clinton at the Vancouver Summit to respond to the needs of Russian military officers being demobilized and re-integrated into civilian life, with attention to demobilized officers from the Baltic States to the extent that this is politically possible.

The Housing Construction Reform Program, on which A.I.D. and the World Bank will collaborate, responds directly to Russian priorities for restructuring the Russian housing construction industry and the February 1993 request made by Deputy Prime Minister Shokin to the World Bank. In December 1992, the Congress of People's Deputies identified housing policy as Russia's second highest national priority (following defense conversion).

Discussion: The proposed increase in the Project Budget from \$25 million to \$44 million represents a projection of requirements through Fiscal Year 1996. Attachment A provides revised LOP, and planned FY 1993 obligations. Congress has been apprised of this

increase by a Congressional Notification, sent on May 20, 1993, which was prepared in conjunction with this Authorization Amendment. The CN expired on June 4, 1993.

This authorization amendment will:

1. Make \$6 million available for the Russian Officer Resettlement Initiative as announced at the April 1993 Vancouver Summit.
2. Add \$10 million to finance a Housing Construction Reform Project, a joint initiative by A.I.D. and the World Bank endorsed by the National Security Council (NSC).
3. Add \$3 million for contingency purposes.
4. Waive full and open competition for the Officer Resettlement construction activity, and amend existing contracts, by invoking "notwithstanding" authority.
5. Waive the A.I.D. prohibition on contracting with government-owned organizations.
6. Delegate authority to negotiate and execute Memoranda of Understanding to the Mission Director.

#### A. New Initiatives

**Russian Officer Resettlement Initiative.** As jointly agreed to by Presidents Clinton and Yeltsin, \$6 million will be made available for this initiative. The purpose of this initiative is to construct 450 housing units, within 12-16 months of the April 1993 Vancouver Summit, and provide training opportunities to 450 demobilized officers.

This pilot program is a discrete sub-activity within the overall Housing Sector Reform Project, and as such, it has a unique set of objectives, complementary to but distinct from the overall Housing Sector Reform Project objectives. The objective of the Initiative is the rapid construction of 450 housing units for the resettlement of the demobilized military officers. It is not intended to solve the shortage of housing for former military officers in Russia, nor to achieve the larger Housing Sector Reform Project goal of developing private housing markets.

The Initiative is undertaken within the umbrella of the Housing Sector Reform Project, rather than as an activity additional to the Housing Sector Reform project for several reasons:

- a) avoid proliferation of projects within sectors;
- b) maintain a single NIS housing initiative; and

- c) respond to the need identified at the Vancouver Summit by facilitating a practical, quick response.

A preliminary outline of the proposed strategy for the formulation and implementation of this Initiative is provided in Attachment B, Memorandum dated April 28, 1993. A Project Design Team recently returned from the field and developed a Draft Project Implementation Plan which sets out in detail the parameters of the Initiative. A review meeting, chaired by the Acting Director of NIS/TF, was held on June 24, 1993, which addressed key issues in the Implementation Plan. The meeting approved the Implementation Plan with modifications as specified in a guidance cable to the Moscow Mission. The June 24th meeting also provided for a negotiating team which will begin its mission on June 28 to negotiate memoranda of understanding with municipal governments and contracts with construction firms.

Included in the Plan are processes (1) to notify and prequalify municipal and contractor candidates, (2) to select sites, (3) to select builders, (4) to conduct a preliminary environmental assessment for candidate sites, and (5) to identify training options. The Plan includes provision of construction management oversight for the project.

With respect to compliance with A.I.D.'s environmental regulations (Regulation 216) and the Initiative, the draft Initial Environmental Examination is included as Attachment D. The required Environmental Assessment has been drafted and accompanies this memorandum (Attachment E).

The job retraining component, if any, of the Russian Officer Resettlement Initiative is designed to help reintegrate Russian officers into the civilian economy. Initial field work completed May 12 to 28 identified a number of training options. Follow-up field work beginning June 28 will finalize one or more of these options or may confirm that training needs are adequately addressed by other donors, or by the Russians themselves.

**Financing for Housing Construction Reform Project:** Ten million dollars are requested to 1) provide support for the accelerated appraisal and authorization of a World Bank Housing Construction and Reform Project loan for the Russian Federation, and 2) provide A.I.D. technical assistance coordinated with the Housing Construction and Reform Project in the Russian Federation.

A.I.D. will parallel finance pre-feasibility studies and project design. This will allow the World Bank to accelerate preparation of a \$400 to \$800 million project for authorization in mid-1994 rather than as originally scheduled for 1996. Over the next year, the cooperative effort will result in a project appraisal report which leads to the authorization of a World Bank housing sector loan project for core capital costs.

A.I.D. and the World Bank will collaborate on the design and implementation of technical assistance for the Housing Construction and Reform Program. A.I.D. financing for this initiative will leverage both World Bank and potentially other donor aid and/or private investment programs in housing construction.

**Contingency Fund** A \$3 million contingency fund will be created to provide protection against unforeseen risks associated with the above initiatives. To prevent such problems, once identified, from adversely impacting on the activities of the Housing Sector Reform Project, funds may also be used to modify the technical assistance/construction agenda. Finally, this fund will protect against cost over-runs resulting from variable construction costs and infrastructure deficiencies. Although these problems are common to construction projects, they are nearly impossible to diagnose in advance of beginning construction.

#### **B. Waivers and Guidance**

Waivers are sought for timely implementation of the Russian Officer Resettlement Initiative.

**"Notwithstanding" Waiver.** You are requested to exercise statutory "notwithstanding" authority to waive full and open competition, and amend current housing contracts. The Freedom Support Act provides that "funds authorized to be appropriated for fiscal year 1993...may be used to provide assistance under this chapter notwithstanding any other any other provision of law." No other available waiver would provide the flexibility needed by project personnel to deliver the required 450 housing units and provide the retraining within the established time frame.

The FY 1993 obligation for all Initiative activities, \$6 million, is covered by this waiver. This cost figure is subject to change as additional information becomes available during implementation. This waiver will cover any additional obligation for construction activities which may occur related to the Russian Officer Resettlement Initiative. The two uses for notwithstanding which are known at this time are described below.

- 1) Waiver of full and open competition and contracting procedures. This will permit accelerated contracting through the informal process which is described in Attachment C, to allow construction of 450 housing units and training for demobilized Russian military officers in response to President Clinton's housing initiative announced at the Vancouver Summit. Selection of the firm(s) to be awarded contracts for the construction of the housing will be based on objective Builder Selection Criteria (included in Attachment C). Contracts will be entered into with U.S. or Russian firms and/or joint ventures.

2) Waiver to amend existing contracts. Use of notwithstanding authority, will also permit amendment of existing contracts under the Housing Sector Reform Project (0008) to include construction management services in support of the construction and retraining program.

Given the extremely short time period in which the housing units must be constructed and training realized, a fast track approach must be adopted. The Federal Acquisition Regulations (FAR) and other A.I.D. contracting procedures require contracting officers to satisfy relatively time-consuming full and open competition requirements and pre-award contractor reviews, including pre-award surveys, qualification reviews, etc., which are incompatible with the political timetable agreed upon at the Vancouver Summit. Given the urgency of the Initiative, there will be insufficient time to do full and open competition and to complete pre-award process requirements for the award to builders and for construction management. Invoking "notwithstanding" authority will enable contracts to be negotiated for construction and construction management without following the normal contractor selection process mandated by the FAR. Sound contracts will be negotiated in accordance with the FAR and standard contracting principles to the extent practicable.

**Waiver of the Prohibition of Contracting for Goods and Services from Government-Owned Entities.** Section 5D3 of Handbook 1B prohibits the procurement of goods or services from government-owned entities. In order to deliver on the Officer Resettlement Initiative within the established timetable and cost parameters, A.I.D. contractors and grantees may need to procure services from government-owned entities. Because of the structure of the Russian economy, where the vast majority of construction companies and building supply firms are state-owned, it may be necessary to enter into a contract with one or more such entity in order to achieve the project goals.

The grounds for this waiver are a) persuasive political considerations, and b) procurement of locally available services would best promote the objectives of this foreign assistance program.

Under the project, A.I.D. will make payments to some local construction contractors in United States Dollars in order to ensure the availability of responsible contractors.

**Authority:** You have authority to amend this project authorization and to exercise notwithstanding statutory authority by virtue of authorities delegated to you by the Associate Administrator for Operations pursuant to Interim Reorganization Delegation of Authority No. 10, dated March 30, 1992 and authority to waive contracting with government-owned organizations pursuant to Section 5D10d of Handbook 1B.

Recommendation: That by your signature you amend the authorization of the Housing Sector Reform Project increasing the life-of-project funding from \$25 million to \$44 million, subject to the availability of funds; and

1. add a program component to allow for the construction of 450 housing units and training for demobilized Russian officers;
2. add a program component to provide support for the accelerated appraisal and authorization of a World Bank Housing Construction and Reform Project loan for the Russian Federation, including the provision of complementary A.I.D technical assistance;
3. create a contingency fund;
4. exercise statutory "notwithstanding" authority to waive the requirements related to full and open competition in the FAR and AIDAR and waive such other requirements of the FAR and AIDAR related to contracting services as the A.I.D. contracting officers deem necessary to permit contracting for the construction of 450 housing units and training for demobilized Russian military officers;
5. waive the government-owned organization prohibition to permit contracting with such entities by A.I.D. contractors and grantees to avoid impairment of foreign assistance objectives established for the Officers Resettlement Initiative at the Vancouver Summit; and
6. delegate authority to negotiate and execute Memorandum of Understanding with municipalities and appropriate agencies to Mission Director USAID/Moscow or his designee.

Approved *[Signature]*

Disapproved: \_\_\_\_\_

Date: 1.12.153

drafted: SWalsh:5/7/93, 466-7410  
revised: JAllaire-MacDonald:5/13/93, 6/18/93  
Clearances:

NIS/TF/PAC:CPascual	draft	Date	6/25
NIS/TF/PAC:SHudec	draft	Date	6/25
NIS/TF/FM:JWinn	draft	Date	6/25
NIS/TF/FA:BKline	draft	Date	6/25
NIS/TF/EET:DLong	draft	Date	6/25
GC/NIS:TGeiger	<i>20</i>	Date	<i>6/25</i>
S/NIP:HBomberger	draft	Date	6/25
FA/OP/CC/N:JKryschtal	draft	Date	6/25
EUR/ISCA:PKeihl	draft	Date	6/25
PRE/H:PKimm	draft	Date	6/25
PRE/H:MLippe	draft	Date	6/25

Attachment A: Revised LOP Budget  
Attachment B: Memorandum from SWalsh to MButler, April 28, 1993.  
Attachment C: Memorandum from SWalsh, June 4, 1993 re Process and  
Criteria for Participant Selection  
Attachment D: Draft Initial Environmental Examination  
Attachment E: Project Authorization

**ATTACHMENT A**

Revised Summary Budget (\$ Millions)

	<u>ORIGINAL LOP</u>	<u>FY 93</u>	<u>AMENDED LOP</u>
1. Russian Military Officer Resettlement and Retraining:	\$ 0.0	\$ 6.0	\$ 6.0
2. Parallel Financing with World Bank:			
To support accelerated authorization of and technical assistance during the World Bank Housing Sector Reform Project	\$ 0.0	\$ 5.0	\$10.0
3. Housing Sector Reform Project:	\$25.0	\$11.1	\$28.0
	<hr/>	<hr/>	<hr/>
<b>TOTAL BUDGET</b>	\$25.0	\$22.1	\$44.0

April 28, 1993

Memorandum To: Malcolm Butler, Director  
NIS/TF

Through: B. Turner, DD/NIS/TF

From: Sean Walsh, PRE/E/NIS 

Re: Military Officer Housing Program

This memorandum follows up on the NIS/TF meeting of April 21 and outlines the proposed strategy for development and implementation of the Officer Resettlement Initiative announced at the Vancouver summit. The operative criteria for this strategy is construction of 450 housing units within 12 to 16 months from the date of the Vancouver summit. To achieve this goal will require AID waiver certain contracting and procurement regulations to inter alia permit limited competition for construction and A & E services.

An Action Memorandum for the Director/NIS/TF will be prepared in May to amend the existing Housing Sector Reform Project to increase the funding and broaden the scope to include construction of 450 housing units.

Project Design Strategy and Concept: The Project design strategy is for AID in collaboration with the GOR identify several municipalities where U.S. or Russian builders or other project sponsors would build housing for retired military. A AID/USAID Project Design Team will tdy Russia on May 8 to initiate discussions with the GOR, identify sites, sponsors and builders and design the project.

The design team would evaluate potential sites and builders, and select 3 or 4 U.S., Russian, or joint venture builders and an equal number of sites (possibly more) for the construction of 450 housing units. The Team would work with AID/Moscow on the environmental assessments of the building sites selected.

The Embassy/Moscow has also proposed a Housing Fund concept which the team will evaluate as part of its work in Moscow.

The Team will complete its evaluation and make a recommendation to AID on the project design including selection of sites and builders by mid-June.

AID would enter into contracts with the builders by August 1. Construction of the units could be initiated in August and September, with completion targeted for July 1, 1994.

Training: The provision of training for demobilized military

officers will be explored by AID/Moscow and the Design Team during the May visit. The principal focus of this component of the program will be on providing access to training facilities for retired military. This would include: inventorying training possibilities and institutions, counselling to match returned officers and training opportunities, and/or vouchers or other form of payment in return for training. The of selection of delivery of training would be on the officers themselves. The burden of the delivery of training would be on organizations, institutes or programs already in place.

Construction Management: PRE/H, through its existing NIS contractors, will contract for construction management services. U.S. construction managers will be assigned in-the-field for supervision of design and construction, and certification of contractor (builder) payments. Contracting for construction management services will take place in May.

U.S. Builders: To address the issue of U.S. builder interest in this initiative, PRE/H will notify The National Association of Home Builders and all builder/developers who have expressed an interest in the program of the criteria which have been established for participation. Because of the time and cost constraints on this project, it is assumed that only Russian firms and possibly one or two joint venture firms will be able to respond to this Initiative. Interested firms will be told that they can meet with the Project Design Team in Russia during their May visit.

Coordination with Government of Russia: The GOR will be asked to form a ministerial-level Coordinating Committee and to designate a lead agency to assume responsibility for implementation of the program.

U.S./ GOR AGREEMENTS: USAID/Moscow and the Project Design Team will meet with the GOR Coordinating Committee to:

a) Negotiate a Memorandum of Understanding that will outline specific responsibilities of all the parties;

b) Agree on a list of potential participating municipalities (including five municipalities with an existing AID presence, i.e., Moscow, Novosibirsk, Ekaterinburg, Nizhniy Novgorod, and St. Petersburg);

c) Agree on the type, sizes, design specifications and standards to be applied to the housing units to be constructed; and

d) Agree on the timing, the participants and preliminary design of a skills training program.

Project Design Process: The Design Team will visit each of the potential participating municipalities to:

a) evaluate their institutional capacities, identify

building sites, infrastructure capacities, environmental and other site-related conditions; and

b) meet with local and U.S. builders and suppliers to evaluate their capacities to design and construct housing within the specified time and cost constraints.

Upon returning to Moscow, the team will:

a) formally evaluate the potential municipalities, building sites, and builder/developers, and recommend to the GOR Coordinating Committee and AID/Moscow the proposed participants;

b) finalize the Memorandum of Understanding with AID and the GOR; and

c) establish construction and U.S. disbursement schedules.

Contracting Procedures: The Design Team will return to the selected municipalities and enter into contract negotiations with the municipalities and with the builder/developers. An AID/NIS/W contract officer will participate in these negotiations.

Construction: The target is to begin construction of some, if not all housing by August 7, 1993.

Ekaterinburg Initiative: To expedite the start of construction activity we plan to meet with the Mayor of Ekaterinburg next week to discuss a pilot demonstration project for immediate start of construction of 10 units. AID has an ongoing technical assistance with Ekaterinburg and the Mayor of Ekaterinburg will be in Washington, on an AID funded visit May 3rd & 4th.

Preliminary design work has already been completed on demonstration units and sites under the AID contract in Ekaterinburg. Pending results of final design and agreements with the city, we would use the existing AID technical assistance contract to move forward with the construction of several demonstration units with a local builder in Ekaterinburg. These first 10 demonstration units could be completed before the first of the next year and the project could be expanded to up to 50 units. We have not yet discussed this idea with the Embassy or the GOR.

cc: L. Crandall, NIS/TF  
J. Norris, USAID/Moscow

Clearance: T. Geiger, GC  
T. Meyers, NIS/TF  
D. Long, NIS/TF  
J. Winn, NIS/TF  
J. Kryschtal

June 4, 1993

ATTACHMENT C

**MEMORANDUM TO FILE:**

**FROM:** Sean P. Walsh, PRE/H  
**RE:** Russian Officer Resettlement Initiative -  
Process and Criteria for Candidate  
Municipality, Builder Firm(s) and  
Employment Trainer Selection

**INITIATIVE ANNOUNCED**

This memorandum is a follow-up to my April 28 memorandum outlining project design procedures to be followed for this \$6 million Officer Resettlement Project. It also reflects discussions with AID's Contract Office and General Counsel.

Presidents Clinton and Yeltsin announced a joint cooperation agreement at the Vancouver Summit to include a \$6 million initiative 1) to build 450 houses within 12 to 16 months for demobilized Russian military officers returning to Russia, and 2) to provide employment training for the participating officers to facilitate their transition to civilian life.

**IMPLEMENTATION STRUCTURE**

AID/NIS/TF was identified as the implementing office for the Russian Officer Resettlement Initiative. Sean Walsh, PRE/H, was designated Project Director for this initiative. PRE/H was assigned responsibility for processing industry inputs, acceptance of expressions of interest, coordination of effort among departments and agencies, process and project design, participant selection and project implementation.

AID/PRE/H was designated to receive directly and/or be appraised of all incoming expressions of interest relating to building sites, housing construction, and/or employment training directed to U.S. and Russian departments and agencies, including U.S. State Department and GOSTROI.

**INITIATIVE NOTIFICATION**

All firms and individuals having expressed interest to State Department/AID/Commerce Department by telephone, fax or mail were

telefaxed a letter prepared by Project Director Sean Walsh, outlining the broad parameters of the initiative, and inviting those with continuing interest to contact a Project Design Team in Russia during May (See Attachment A).

Representatives of PRE/H met with National Association of Home Builders representative, Ms. Jean Geraghty, on April 21, 1993, to brief the trade association, which represents 160,000 members, on this program and to invite participation of its members.

"Overseas Builder," a newsletter published by The American Building Products Export Council (ABPEC), announced the Russian Officer Resettlement Initiative in its May edition (received by PADCO, May 6, 1993).

As of May 26, a total of over 100 expressions of interest from builder firms and other organizations have been received by PRE/H (See Attachment B). The PRE/H Office continued to receive expressions of interest until the May 31 deadline.

#### **ASSESSMENT PHASE**

Field assessment and project design is proceeding as follows:

1. An Assessment/Design Team went to Russia in early May for approximately six weeks. The Team in collaboration with AID/Moscow and in consultation with the U.S. Embassy/Moscow is assessing the capacity and capability of the Government of Russia, local municipalities, U.S. and Russian builders and joint venturers to facilitate the construction of 450 housing units within a 12 to 16 month time frame and is determining unit costs. The Team includes consultants with housing, construction, management, and environmental expertise. AID personnel will evaluate employment retraining possibilities.

The Team includes the following persons:

Fredrik A. Hansen, Team Leader  
Duane Kissick  
Jack E. Boatright  
Robert H. Grodski  
John J. Lyons  
Ernest Slingsby  
Robert MacLeod

This project was in assessment/design through the month of May. Firms expressing continuing interest have been advised that

expressions of interest and additive materials will be received by the Team through May 31, 1993. No further expressions of interest were accepted after May 31.

2. The Team met with various Government of Russia representatives, including representatives of the Defense Ministry and the State Committee on Construction, Architecture and Housing (GOSTROI). The Government of Russia was requested to identify a lead agency (Project Sponsor).

3. The Design Team conducted a Builders Information Session at the Radisson Slavianskaya Hotel in Moscow on May 12. This meeting was designed to provide those firms with continuing interest with 1) general information about the program, 2) information about current conditions relative to participation in a construction project in Russia, 3) general selection criteria, and 3) an opportunity to provide industry input into the continuing process and project design. (See Attachment C for Information Packet materials distributed at the Builders Information Session.) Consistent with the meeting handouts, other callers expressing continuing interest were advised to specifically document their in-country experience and Russian firm connections and send it to the Team in Moscow.

4. The Team invited private firms, PVOs and all other organizations with continuing interest to meet individually with the Team to present their qualifications and ideas. Team members visited representative housing projects developed by interested firms and inspected potential building sites. Team members continue to be available through the month of May to meet in Russia with interested firms.

5. Throughout the assessment phase, the Team, in collaboration with the Government of Russia and AID Mission/Moscow, has identified municipalities in Russia that are the most likely candidates for participation in this program. Municipalities visited include, but will not be limited to Moscow, St. Petersburg, Nihzny Novgorod, Ekaterinburg, Lipetsk, and Kaluga. Local and/or military entities have been asked to submit detailed proposals including costs and evidence of control of land for residential building purposes.

6. Team members have traveled to identified cities for discussions with local government officials, local builders, and building materials suppliers. They have visited many potential building sites.

7. Firms expressing a continuing interest were advised that the Assessment Period would formally end at close of business May 31, 1993, and that no additional expressions of interest/additive materials will be accepted after May 31.

## EVALUATION/SELECTION PHASE

Evaluation and selection of candidate municipalities/sites and builders will proceed as follows:

1. Beginning on June 1, the Design Team will begin detailed analysis of all builder firm expressions of interest, according to the criteria distributed at the May 12 Builder Information Session and to all others expressing continued interest.
2. Beginning on June 11, the Design Team will begin detailed analysis of all potential candidate municipalities/sites, according to criteria distributed at the May 12 Builder Information Session.
3. The Design Team will rank builder firms and municipalities/sites and present their findings to AID/Moscow.
4. The Design Team findings will be transmitted to the NIS/TF for review.
5. The Team will meet with the Government of Russia to present its findings.
6. The Team members will return to short-listed municipalities. The Team will complete environmental analysis of selected sites.
7. Team members will meet with prequalified firms.
8. Final recommendations will be made to AID by the Design Team.

## CONTRACT PHASE

Contracting will proceed as follows:

1. The Team will submit a final design report and recommendations to USAID/Moscow. A full Project Delivery Plan will describe the project in detail and identify implementation plans and project risks. AID/Moscow will review the plan and cable recommendations to AID/NIS/TF.
2. AID/NIS/TF will decide on the Project Delivery Plan based upon the results of the managed competition and the recommendations of the Design Team.
3. An AID Contract Officer will travel to Moscow to negotiate contracts with builders. AID will negotiate Memoranda of

Understanding with local governments and the republic-level Project Sponsor. Contract documents will be drafted.

4. During the week of June 21, AID/NIS/TF will review final report and recommendations. It will accept or reject the report and recommendations.

5. During the week of July 30, contract negotiations will be completed and Memoranda of Understanding will be signed.

6. Construction will commence the week of August 15.

The foregoing contracting procedures were reviewed with J. Kryschtal, AID/OP/CC/N.

Attachment A: Letter from SWalsh, dated April 29, 1993  
Attachment B: Expressions of Interest  
Attachment C: Handout, Builders Information Session, Moscow, May 12, 1993

Clearance:

TGeiger \_\_\_\_\_ Date \_\_\_\_\_  
JKryschtal \_\_\_\_\_ Date \_\_\_\_\_

cc: J.Norris, USAID/Moscow  
B.Turner, NIS/TF  
P.Kimm, PRE/H



U.S. AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT

April 29, 1993

Dear Sir/Madam:

Thank you for your interest in this very important U.S. Initiative. We appreciate your suggestions and proposal. This letter will provide you with additional information about the program.

As announced by Presidents Clinton and Yeltsin at the Vancouver Summit, \$6 million will be made available for the construction of housing and training for demobilized military officers. The joint announcement calls for the completion of 450 housing units to be constructed under this program by July 1994.

The U.S. Agency for International Development (US/AID) has assembled a team of housing specialists that will be in Russia throughout the month of May 1993. The Team will assess institutional capacities and capabilities and, with the assistance of the Russian Government, will determine where and how this program should be implemented.

Our implementation schedule precludes meeting with interested firms prior to the Team's scheduled departure for Russia during the first week of May; however, the Team would like to meet with you in Russia if you would like to be considered for participation in this program.

The proposed requirements of this Initiative include the following broad parameters:

No. of units to be built:	450
Unit size:	50 - 80 sq.m.
Cost per unit:	\$7,500 (including foundation)
Total number of units per site:	To be determined
Total number of sites:	Pending (probably 5 or 6)
Unit design:	Optional (townhouse, single family, multi-family)
Standards & codes:	Assume BOCA (to be negotiated)
Design and building materials:	Optional
Target construction start date:	July 1, 1993
Target delivery date:	July 1, 1994

April 29, 1993  
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If you have further questions or wish to attend a Builders Information Session in Moscow during May 1993, you should contact the PADCO office in Moscow (contact person: Mr. Ernest Slingsby, telephone: 011-7-095-924-5565 or fax: c/c Vladimir Mukhin, AMTKEL Box No. 2298, 011-7-095-292-6511).

Sincerely,

Sean Walsh  
Assistant Director  
Office of Housing and  
Urban Programs

B

**EXPRESSIONS OF INTEREST  
RUSSIAN OFFICER RESETTLEMENT INITIATIVE**

Pekka Frantti, Marketing Manager  
**ABB Electrification Export**  
SLM Group  
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SF-21531 PAIMIO  
Finland  
358-21-807-402  
358-21-807-444 (Fax)  
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Kathryn Allott  
508-358-5067

Ms. Olga Williams  
Marketing Director  
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**American Real Estate Investment Company, Ltd.**  
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Henry G. Irwig  
Vice President  
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Donald Bersing  
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David Bolotin  
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\*NIS/EE

John Hardy (per Sean Walsh telephone call, 5/3)  
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\*NIS/EE

Jack Aquero  
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202-393-7032 (Fax)

Ralph Stevens  
**California Domes**  
19251 Coyle Springs Road  
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GOVERNMENT OF RUSSIA AND US AGENCY FOR INTERNATIONAL DEVELOPMENT  
Military Housing Program

Goal:

- to provide housing for demobilized Russian military officers;
- to provide training opportunities for the participating officers.

Program Guide Lines:

- Housing and training to be provided for 450 officers by July 1994;
- Housing units can include single family attached, detached, and/or multi-family apartment type units;
- Building material is optional;
- Average unit size is 62 square meters;
- Average unit construction cost including foundations is US\$ 8500;
- Construction start date August 1993;
- Number of units per contractor 50 to 150;
- Fixed price (in US\$) contract with US - AID;
- Construction supervision by USAID contractors;

Program priority rating criteria:

- Ability to complete units before July 1994;
- Unit cost;
- Strong municipal government support;
- Building sites with all utilities and no construction or environmental hazards;
- Builders with experience in Russia;
- Builders with reliable material suppliers and sub-contractors;

May- June Schedule:

- US - AID team will assess interest, capacity, and capability of municipalities, sites and builders to provide housing units within cost and time limitations;

Tentative municipalities:

Moscow, St. Petersburg, Novosibirsk, Ekaterinburg, Nizhny Novgorod.

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## EVALUATION QUESTIONNAIRE

This Evaluation Questionnaire is intended to serve as a format for selection of Project Sponsors, Project Sites, Builders, and Trainers. Priority will be given to those components which are prepackaged -- where two or more of these components have already been combined in planning and preparation -- ie. where the Project Sponsor is also intending to serve as the Training Manager, or where a Builder already has a site(s) planned. Those components which also have already had the greatest planning and preparation will be given first consideration in the evaluation process.

Because of the time constraints of this project, as well as the budgets limitations, builders that are already operating in the Republic of Russia, particularly those with similar projects must be given first consideration.

Those who wish to participate in one or more aspects of this project are requested to submit relevant information and proposals which will answer as many as possible of the questions contained in the appropriate sections of the Evaluation Questionnaire.

## PROJECT SPONSOR

The Project Sponsor is not the Construction Contractor. The Project Sponsor is the Government of Russia agency or Private Voluntary Organization selected by the Ministry of Defence to take lead responsibility for "Reintegration" of the retiring military officers participating in this project. The Project Sponsor will serve as the Russian Counterpart for USAID.

### Sponsor's Identity

- Includes name, Addresses in Moscow, Telephone #s, Contact Persons, Background Information of Company or Organization

### Relationship to this Project

- What especially qualifies this organization for the coordination responsibilities of this Project. Does the firm have an established relationship with the Ministry of Defence, with one of the unions or organizations of the potential Project Sponsor.

### Proposed Management Team

- Proposed Personnel and their relevant experience

### Description of Sponsor's Management Strategy for this Project

- How do they proposed to manage this project: to coordinate selection of beneficiaries with sites and allocation of specific units, actual resettlement, and organization of appropriate training. What are program requirements, time, etc. Sponsor's Project Budget.

### Expectations of Support

- Institution's Own Inputs, Support by Government of Russia/Ministry of Defence and Municipalities, expectations of support of Sponsor's Project Costs by USAID

### Additional Relevant Information

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## PROJECT SITE

Proposals for Project Sites may be submitted by a Project Sponsor, a Municipality or District Authority, a Construction Contractor, or an other governmental agency. The same criteria will be used to evaluate a potential site. Below are the guideline criteria:

### Site Location

- Name of municipality or Oblast. Distance and direction from Moscow or proximity from major city. Actual location within municipality or Oblast

### Number of Units proposed for Site

### Description of Area

- General economic conditions of area. Description should include employment opportunities, or new business opportunities near site
- Access to social infrastructure (public transportation, shopping, schools, vocational training and other facilities)

### Physical Description of Site

- Including distance from access road, public transportation, size and shape, later expansion opportunities, general terrain (lowland or hillside, level or sloping), site drainage, soil conditions, general suitability for construction

### General Environmental Suitability of Site

- (ie, proximity to waste dumps, air, water, or soil contamination or radiation)

### Additional Land Availability for Commercial or Agricultural Uses

### Attitudes of Regulating Authorities to Project (Municipality or Oblast)

- What degree of commitment on the part of the local administration. Evidence of commitment -- written or verbal.
- Detail support regarding Land Transfer to beneficiaries,
- Intentions regarding timely provision of infrastructure (including connections),
- Willingness to expedite the construction permit process, and other assistance either directly to the project or to the resettlement of the beneficiaries within the community.

### City/District Architect Approval

- Actual square meters of construction permitted on this site,
- Full use rights or long term year lease (50 years minimum)
- Status of Land Transfer preparation and approval
- Conformity with General Plan for Area
- Estimated Land Value (Roubles)

#### Detailed Information Regarding Present Infrastructure Status

- Water
- Sewer
- Gas
- Electricity
- Hot Water Supply for Heating (as appropriate)
- Roads

#### Schedules for completion of remaining infrastructure to Site,

- Including start date after site is committed for construction. Who will complete this infrastructure construction. Budget. Availability of funding. (including connections to infrastructure)

#### Type of housing proposed for Site

- Individual farmhouse, duplex, townhouses, or low-rise complex
- Sizes of units -- numbers of rooms and square meters/ size
- Average square meters per unit

#### Preliminary Design Development Status

- Site Plan or Layout preparation
- Conceptual housing plans or floor plans

#### Building Materials and Systems Proposed for this Site

- Those most commonly used in this Area
- General Construction Materials Availability for this Site
- Local Bldg Materials Production Facilities
- Construction Recommendations for this Site

#### Access to Transportation

- Local road conditions
- Local transport vehicle & equipment availability for this project
- Access to rail transport as necessary

## CONSTRUCTION CONTRACTOR

### Contractor Identity ..

Includes name, Addresses in Moscow, Telephone #s, Contact Persons, Background Information of Company or Organization

### Type of Company

- Russian, American, or Joint Venture

### If Russian Firm, describe:

- State or Joint Stock -- open or closed, majority ownership
- Date of establishment or conversion
- Experience of firm in housing, especially recently
- Financial Status
  - access to financing, construction equipment and vehicles, worker housing, other related businesses especially materials production
- Staffing
  - number and qualifications of management staff
  - engineering and technical staff
  - skilled workers, unskilled workers
- Type of housing the firm usually constructs
- Building Materials and Systems normally used for housing
- Equipment on hand to support this type of construction

### If American Firm, describe:

- Principal type of business engaged in Russia
- Date of establishment or registration in CIS
- International and CIS experience of firm in housing
- Financial Status in Russia and in US
  - access to financing, construction equipment and vehicles, worker housing, other related businesses especially materials production
- Staffing
  - number and qualifications of management staff
  - engineering and technical staff
  - skilled workers, unskilled workers
- Type of housing the firm usually constructs
- Building Materials and Systems normally used for housing
- Plan for construction here in Russia --
  - Intentions regarding Building Materials & Systems to be used
  - How construction labor will be obtained and managed
  - Plan for obtaining necessary equipment support
  - Project Management Team

### If Joint Venture, describe:

- Type of partnership, percentages of ownership
- Principal type of business engaged in Russia
- Date of establishment or registration in CIS

- International and CIS experience of firm in housing
- Financial Status in Russia and in US  
access to financing, construction equipment and vehicles, worker housing, other related businesses especially materials production
- Staffing  
number and qualifications of management staff  
engineering and technical staff  
skilled workers, unskilled workers
- Type of housing the firm usually constructs
- Building Materials and Systems normally used for housing
- Plan for construction here in Russia --  
Intentions regarding Building Materials & Systems to be used  
How construction labor will be obtained and managed  
Plan for obtaining necessary equipment support  
Project Management Team

### **For All Contractors**

#### **Geographic Limitations**

- Any Specific Construction Contractor's Limitations regarding ability or willingness to work outside of Moscow or St. Petersburg. Selected Sites may be as far east as Novosibirsk and as far south as Astrachan.

#### **Special Building Materials or Building Systems Proposed for this Project**

- Describe proposed materials or systems to be used, advantages and disadvantages, climatic adaptability, the "R" rating, ease of construction, ease of transport, durability, imported components or manufacture in Russia, estimates of actual cost comparisons, time to construct comparisons.

#### **Pricing**

- The construction contracts for these sites will be a design-build and "turnkey" type of contract. Therefore, contractors will be expected to perform conceptual design for budget purposes. Contractors should submit conceptual plans for two, three, and four room units of 60 to 100 square meters in size and an outline specification. These plans should be the basis for pricing construction by unit size and by square meter average. Pricing should be in US dollars and include all costs to construct exclusive of infrastructure.

## TRAINING COORDINATOR

The Training Coordinator will take primary responsibility for designing and establishing the vocational training component for those retiring military officers participating in this Project.

The training should relate closely to the employment of business opportunities of the selected sites.

Evidence of familiarity with the training needs of these officers will be the first consideration in evaluating a proposal to serve as Training Coordinator.

Relevant experience in vocational training will also be a high priority.

A third consideration will be the ability to establish actual programs in the selected site locations.

INITIAL ENVIRONMENTAL EXAMINATION

- A. PROGRAM COUNTRY: Russia
- B. ACTIVITY: Russian Officer Resettlement Initiative
- C. FUNDING: \$6 million
- D. FUNDING PERIOD: FY 1993 - FY 1994
- E. STATEMENT PREPARED BY: Robert MacLeod, PRE/H, Environmental Advisor
- F. RECOMMENDED ENVIRONMENTAL ACTION: Positive Threshold Decision under AID Environmental Regulation 22 CFR 216.2 (d) (vi) and (vii).
- G. DECISION OF NIS ENVIRONMENTAL

OFFICER:

A.O. M  
Approved

-----  
Disapproved

6/28/93  
Date

H. DECISION OF DIRECTOR, NIS TASK FORCE

*[Signature]*  
Approved

-----  
Disapproved

6/25/93  
Date

## INITIAL ENVIRONMENTAL EXAMINATION

1. Project Location: Russia
2. Project Title: Russian Officer Resettlement Initiative
3. Funding: \$6 million FY93/94
4. IEE Prepared by: Robert MacLeod, PRE/H Environmental Advisor
5. Environmental Action Recommended: Positive Threshold Decision
6. Summary:

In accordance with USAID Environmental Regulation, 22 CFR 216, this Initial Environmental Examination has been prepared to amend the Action Memorandum (dated April 28, 1993) for the Russian Officer Resettlement Initiative. This Initiative is a subproject under the larger USAID Housing Sector Reform Project (110-0008).

This IEE recommends a Positive Threshold Decision pursuant to Regulation 22 CFR 216.2 (d) sections (vi) and (vii) which states that projects that involve new lands development and resettlements are actions that normally have a significant effect on the environment and therefore require an Environmental Assessment or an Environmental Impact Assessment.

### Project Description.

As a result of the Vancouver Summit, USAID has a mandate to construct 450 housing units for retired military officers within a 12 to 16 month period. At this time, the building sites or types of housing to be constructed are unknown. These will be identified during a project design team's tour-of-duty in Russia in May 1993. The objectives of this tour are to identify and evaluate: building sites, builders/developers, municipalities interested in participating in the program, and options for officer retraining. The product of this activity will be a Project Delivery Plan.

### Potential Environmental Consequences of the Project.

There are numerous potential environmental impacts associated with new lands development and resettlement programs. They range from the site-specific (possible destruction of endangered species habitat) to the regional (ability of existing wastewater treatment facilities to accommodate increased flow to prevent water quality degradation). Those impacts most likely to be associated with the Russian Officer Resettlement Initiative are identified on the

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attached Environmental Impact Identification and Evaluation Form. Additional potential impacts will be identified during scoping meetings which will be held in the municipality for each site nominated.

#### Recommended Environmental Action.

As a component of the project design team's evaluation, an environmental analysis for each site will be prepared. The results of these analyses will then become a factor in considering each parcel's suitability for residential development. In addition, the individual site descriptions and environmental analyses will provide the basis for the preparation of an Environmental Assessment of the program. This document will accompany the project design team's Project Delivery Plan.

**ENVIRONMENTAL IMPACT IDENTIFICATION AND EVALUATION FORM\*\***  
(see 2nd page)

**ENVIRONMENTAL IMPACT INDICATOR AREAS**

**A. LAND USE**

- |  |            |
|--|------------|
| 1. Changing the character of the land through:     |            |
| a. Land clearing                                   | <u>U</u>   |
| b. Construction (roads, buildings)                 | <u>H</u>   |
| c. Extraction of minerals                          | <u>N/A</u> |
| d. Creation of Deposits for Unwanted Materials     | <u>H</u>   |
| 2. Alteration of Natural Barriers (dunes, marshes) | <u>U</u>   |
| 3. Foreclosing Important Future Uses               | <u>L</u>   |
| 4. Potential for Endangering Populated Areas       | <u>N</u>   |
| 5. Other Factors                                   |            |

**B. SURFACE AND GROUND WATER**

- |  |          |
|--|----------|
| 1. Effects on Quality                            |          |
| a. Introduction of industrial pollutants         | <u>N</u> |
| b. Introduction of agricultural pollutants       | <u>N</u> |
| c. Introduction of urban/sewage wastes           | <u>M</u> |
| d. Introduction of biomedically important wastes | <u>N</u> |
| e. Potential for Transnational Impacts           | <u>N</u> |
| 2. Effects on Quantity                           |          |
| a. Changes in Water Flow Rates                   | <u>U</u> |
| b. Increasing probability of floods              | <u>U</u> |
| c. Potential for changing Demand/Supply Relation | <u>U</u> |
| d. Potential for Transnational Impacts           | <u>N</u> |

**C. AIR**

- |  |          |
|--|----------|
| 1. Potential for increased NO <sub>x</sub> , SO <sub>x</sub> , HC, CO <sub>2</sub> /CO emissions | <u>N</u> |
| 2. Potential for increased Particulate emissions   | <u>L</u> |
| 3. Potential increase of noxious Odors, Vapors   | <u>L</u> |
| 4. Noise pollution   | <u>L</u> |
| 5. Other factors   | <u>U</u> |

**D. ENERGY**

- |   |            |
|---|------------|
| 1. Potential for Increased Energy Demand    | <u>M</u>   |
| 2. Use of Renewable Energy Sources          | <u>N/A</u> |
| 3. Plans for Energy Efficiency/Conservation | <u>U</u>   |
| 4. Other Factors                            | <u>U</u>   |

- E. COASTAL AND MARINE RESOURCES**
- 1. Introduction of Biological/Chemical Pollutants U
  - 2. Introduction of Agricultural Runoff M
  - 3. Mineral Extractions N/A
  - 4. Impacts on Fish/Shellfish Harvest N/A
  - 5. Impacts to Existing Biota by new Introduced Species N/A
  - 6. Potential for Algal Blooms U
  - 6. Others \_\_\_\_\_
- 
- F. BIOTA**
- 1. Introduction of Exotic Organisms N/A
  - 2. Destruction/Alteration of Critical Habitat U
  - 3. Potential for Impact to Endangered Species L
- G. ANTIQUITIES PROTECTION**
- 1. Potential for Harm to Historic Sites U
  - 2. Increased Access/Use of Historic Sites U
- H. PESTICIDE USE (Required by 22 CFR 216)**
- 1. Will Pesticides be used? N/A
    - a. Are they USEPA registered? \_\_\_\_\_
    - b. Are they "Restricted-Use", Cancelled on under "Special Review"? \_\_\_\_\_
    - c. Are complete plans in place to train and fully protect applicators? \_\_\_\_\_
  - 2. Impacts on wildlife & aquatic organisms \_\_\_\_\_

Form Prepared by: Robert MacLeod PRE/H Environmental Advisor Date 6/21/93

Project Location: Russia  
 Project Title/ID: Russian Officer Resettlement Initiative

Fill the blanks with the following:

- \*\* N- NO perceived environmental impact.
- U- UNKNOWN environmental impact (substantiate).
- L- LITTLE environmental impact (briefly describe).
- M- MODERATE environmental impact (substantiate with cost/benefit analysis).
- H- HIGH environmental impact (substantiate and present possible mitigative actions).
- N/A- Not applicable; YES; or NO.

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**ENVIRONMENTAL ASSESSMENT**

**RUSSIAN OFFICER RESETTLEMENT INITIATIVE**

**JUNE 25, 1993**

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**DRAFT**

**Environmental Assessment  
Russian Officer Resettlement Initiative**

**Table of Contents**

**Executive Summary (to be completed)**

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**List of Preparers**

**DRAFT**

Environmental Assessment  
Russian Officer Resettlement Initiative

Purpose.

The purpose of this document is to satisfy Regulation 22 CFR 216 which stipulates that a positive Threshold Decision made during the Initial Environmental Evaluation (IEE) requires the preparation of an Environmental Assessment or Environmental Impact Statement. Based on the multi-site nature of the proposed project, the Bureau Environmental Coordinator determined that an Environmental Assessment was the preferred documentation vehicle.

Project Description.

The Russian Officer Resettlement Initiative is a demonstration project under the larger USAID Housing Sector Reform Project (110-0008). This initiative is the result of discussions between Presidents Clinton and Yeltsin held at the April 1993 Vancouver Summit. Under the terms of the agreement, USAID's mandate is to construct 450 housing units for retired military officers within 12 to 16 months of the date of the Summit. According to this timeframe, all units are to be ready for occupancy by July 1994. A second component of this initiative is the development of an officers' retraining program (or the creation of other options such as a voucher system) to assist the officers in their search for employment in the civilian economy.

Project Implementation Strategy.

Given the tight project completion date and the short construction season in Russia, a project design team was dispatched to Moscow in May to identify and evaluate: (1) potential building sites, (2) builders/developers, (3) municipalities willing to participate in the program, and (4) training options. The product of this effort was a Project Delivery Plan which specifies how the program will work and where.

As part of the site evaluation process, an environmental analysis of each site was prepared. This was accomplished through the completion of a comprehensive checklist of environmental considerations (Annex A) and through discussions with individuals knowledgeable about the sites, in particular, its previous land uses and associated environmental problems. Overall, environmental analyses were prepared for seven urban sites and three rural sites. For the purposes of this report, only those sites selected as likely candidates for construction activities are addressed in this document.

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## Proposed Action.

The complete recommendations of the design team are outlined in the Project Delivery Plan. To minimize the management burden and to insure proper construction supervision, USAID/Moscow proposed limiting the number of development projects to five sites in four cities as described below:

<u>Municipality</u>	<u>Number/Type of Housing Unit</u>
Nizhny Novgorod	50/single family detached 64/flats in a single high rise building
Ekaterinburg	70/flats in low rise buildings
Volgograd	100/duplex flats
Novosibirsk	118/townhouse (under design)

## Scoping Statement.

Scoping meetings were held in each municipality during site visits. Participants in these discussions varied but usually included local government or Oblast officials, one or more ecology commission representatives, builders or developers, and architects. In the case of Ekaterinburg, additional meetings were held with representatives of the Academy of Sciences and the city's Communal Hygiene Department.

Each of the proposed building sites are located within industrial cities of more than one million inhabitants. These cities share common urban environmental problems like air pollution, supply and quality of potable water, and inadequate disposal of municipal solid wastes and wastewater. Despite these factors, all residential developments proposed under this program will be connected to the existing network of environmental infrastructure and services. Considering the scale of the proposed residential developments (between 50 and 118 housing units per site) it is unlikely that any single development project will have a significant adverse impact on either the immediate or regional natural environment. Confirmation of this assessment can be found in the individual site description and environmental analysis summaries (Annex B).

[The one exception to this claim is the site in Volgograd which lies uphill from a small, spring-fed wetland. Proper construction management can mitigate adverse impacts on this body of water through erosion control during construction. This mitigation

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measure will be incorporated as part of the contract with the builder and compliance insured through U.S. construction supervision.]

Inasmuch as the proposed housing projects are unlikely to have significant adverse impacts on the natural environment, they are equally unlikely to have a significant negative impact on any municipality's social infrastructure such as schools, health care and recreational facilities, transportation systems and police and fire protection. Again, the rationale for this assessment is that these are large cities that can absorb a small increase in their populations without placing undue stress on the city's ability to provide social and other municipal services.

## Significant Issues Associated with the Proposed Action.

Three important issues emerged from the scoping meetings. The first two are soil contamination from heavy metals, particularly from lead, and subsurface contamination from the indiscriminate dumping of toxic or radioactive wastes. Unlike municipal solid wastes that are collected and disposed in city dumps, the disposal of industrial wastes are the responsibility of the industries themselves and therein lies the problem. No one appears to know where these sites are located. There are documented cases of a bread bakery in Moscow and a primary school in Ekaterinburg being built over abandoned industrial waste dumps.

The third issue involves the building site's proximity to any life-threatening industrial activity. For example, one site visited in Ekaterinburg is located within the vicinity of a biological/chemical manufacturing facility. During the site examination it was discovered that in the late 1970's there was an accident at the plant and 43 persons in the immediate neighborhood died from Anthrax. (This localized outbreak of the disease was verified by a team of Harvard University pathologists.) Since the operational status of the plant is unknown, this particular site was eliminated from further consideration.

## Alternatives to the Proposed Action.

To address the significant issues associated with the proposed action, the Memorandum of Understanding between USAID and each participating municipality will stipulate that the GOR certify that each site selected is free from soil and subsurface contamination prior to construction activities. Although it has not been confirmed, it is believed that the city's Department of Communal Hygiene is the authority responsible for providing this certification. Similarly, the city planning department will certify that each residential site is located away from incompatible industrial or other land uses.

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If the GOR fails to comply with the abovementioned certification requirements, one alternative to the proposed action is for USAID to conduct the site contamination analyses and verify that adjacent and nearby land uses are not hazardous to human health through an RFP with a U.S. A&E firm or local purchase order with a competent local firm. (The time and cost estimates for such a task order at the Ekaterinburg site are one month and \$2,000, respectively.) A third alternative is the no action option whereby USAID abandons the building program altogether.

#### The Preferred Alternative.

The preferred alternative is to integrate the requested certification requirements into the Memorandums of Understanding and accept the GOR's capacity to conduct the requested analyses and provide the necessary documentation on demand. Given the program's time constraint plus the fact that this is a relatively small scale demonstration project, an ancillary component of the program should be to monitor and evaluate the GOR's capacity to perform environment-related analyses as requested under this program. (Funding for this activity should be from the construction management contingency.)

#### Environmental Consequences of the Preferred Alternative.

The short-term environmental consequences of the proposed activity are all related to the construction phase of the project. These include but are not limited to: increased noise levels, truck and other construction equipment traffic on local roadways, and dust generation. Proper construction management can minimize but not eliminate these impacts.

If the GOR fails to provide the required certifications to professionally acceptable standards, the long-term consequences of the proposed building program may adversely affect the health of the housing occupants. Unless removed from the site or otherwise rendered inert, soils contaminated with heavy metals may pose a health hazard to children. Similarly, if there is subsurface contamination from industrial wastes, including radioactive wastes, the health of all occupants could be seriously impaired. Lastly, if sites are located downwind from a facility that manufactures toxic substances, there is always the risk of an accident and exposure to airborne toxins.

Proper soil analyses and subsurface core samples plus the safe distancing of each site from hazardous materials producing plants will minimize the threat of these long-term negative impacts. An additional mitigation measure is careful construction supervision to identify and correct any unforeseen environmental problems as they become evident during the excavations for building

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foundations. More detailed, site-specific mitigations measures can be found in the individual environmental analyses found in Annex B. If adopted by USAID, these measures will be incorporated into the MOUs for each city and site.

## Annexes

- A. Sample copy of Environmental Checklist
- B. Individual Site Description and Environmental Analysis

## List of Preparers.

Robert MacLeod, PRE/H Environmental Advisor  
Victoria Mills, PRE/H Environmental Intern  
John Lyons, PADCO Housing Advisor



U.S. AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT

**PROJECT AUTHORIZATION**

Name of Country: Newly Independent States (NIS)  
Name of Project: Housing Sector Reform  
Number of Project: 110-0008

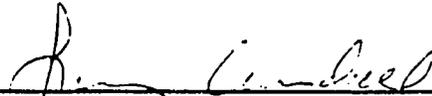
1. Pursuant to Sections 531 and 498B of the Foreign Assistance Act of 1961, as amended (FAA), I hereby authorize the **Housing Sector Reform Project** involving planned obligations of not to exceed \$44,000,000 over a four year period from the date of the first obligation, subject to the availability of funds in accordance with the A.I.D. OYB/allotment process, to help in financing foreign exchange and local currency costs of the project. The planned life of project is through May 31, 1996.

2. The Project consists of technical assistance, training construction and construction services in support of the sustainable transformation of NIS countries from authoritarian, centrally-controlled regimes to pluralistic, democratic countries with market economies.

3. The Project Agreements which may be negotiated and executed by the Officer(s) to whom such authority is delegated in accordance with A.I.D. regulations and Delegations of Authority shall be subject to the following essential terms and covenants and major conditions, together with such other terms and conditions as A.I.D. may deem appropriate.

4. Source and Origin of Commodities, Nationality of Services

Commodities financed by A.I.D. under the project shall have their source and origin in the NIS countries, countries included in A.I.D. Geographic Code 941, or the United States, except as A.I.D. may otherwise agree in writing. Except for ocean shipping, the suppliers of commodities and services shall have the NIS countries, countries included in A.I.D. Geographic Code 941, or the United States as their place of nationality, except as A.I.D. may otherwise agree in writing. Ocean shipping financed by A.I.D. under the project, except as A.I.D. may otherwise agree in writing, shall be financed only on flag vessels of the United States.



\_\_\_\_\_  
Larry Crandall  
Acting Director  
New Independent States Task Force

6/25/93  
\_\_\_\_\_  
Date

Clearances (Project No. 110-0008):

**A.I.D.:**

NIS/TF/PAC:CPascual	<u>cleared</u>	Date	<u>6/25</u>
PRE/H/NIS:SWalsh	<u>SM</u>	Date	_____
NIS/TF/FA:BKline	<u>cleared</u>	Date	_____
GC/NIS:TGeiger	<u>222</u>	Date	<u>6/25</u>
OP/CC/N:JKryschtal	<u>cleared</u>	Date	_____
NIS/OD:BTurner	<u>BT</u>	Date	<u>6/25/93</u>

**STATE:**

STATE/EUR/ISCA:PKiel	<u>cleared</u>	Date	_____
STATE/S/NIS:HBomburger	<u>info</u>	Date	_____

NIS/TF/PAC:JAllaire-MacDonald/auth.008;06/24/93

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