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September 28, 2004

Vladan Raznatovic, CTO
USAID/Montenegro
Krusevac bb,
81000 Podgorica, Montenegro
Email: vraznatovic@usaid.gov

RE: Final Report for Border Crossing Upgrade Program, Award #170-A-00-03-00102-00

Dear Mr. Raznatovic:

CHF International has successfully completed implementation of the above referenced program on time and under budget. Background and results of the program are detailed in the attached final report.

Please contact myself or Country Director Gary Coury should you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Judith Hermanson', written over a faint background of two large, light-colored triangles.

Judith Hermanson
Vice President

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Final Performance Report
for
CHF International
Border Crossing Upgrade (BCU) Program
Cooperative Agreement Award #170-A-00-03-00102-00
Reporting Period: July 1, 2003 - August 9, 2004

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Program Background

In recent years the international community became increasingly concerned about border security in the Balkan region. Trafficking in human beings, the illegal flow of drugs and other contraband, and the movement of war criminals across borders in the region are continuing problems. In June 2003, as a result of the establishment of the Union of Serbia and Montenegro, the Republic of Montenegro assumed full responsibility for management and control of its borders and placed improving border security at the top of its agenda. The United States Government, in response to a request for assistance from the Government of Montenegro, pledged its support for this effort. Through the Border Crossing Upgrade (BCU) program, the United States Agency for International Development (USAID) provided funds to help upgrade the infrastructure of up to ten border crossings in Montenegro.

Border Crossing Upgrade (BCU) Program

The USAID-funded Border Crossing Upgrade (BCU) program is a two-phased program designed to upgrade the public infrastructure at border crossings in six municipalities in the Republic of Montenegro. Phase I involved preconstruction assessments and activities while Phase II involved design and construction activities at nine border sites.

Border Crossing	Border	Municipality
Kobila ²	Croatia	Herceg Novi
Sitnica ¹	Bosnia and Herzegovina – to Croatia	Herceg Novi
Illino Brdo ¹	Bosnia and Herzegovina – to Croatia	Niksic
Vracenovici ¹	Bosnia and Herzegovina	Niksic
Metaljka ¹	Bosnia and Herzegovina	Pljevlja
Rance ¹	Serbia	Bijelo Polje
Dobrakovo ¹	Serbia	Bijelo Polje
Dracenovac ¹	Serbia	Rozaje
Sukobin ²	Albania	Ulcinj

1: These sites are 'typical' in that they all involve construction of new facilities having similar characteristics.

2: These sites involve retrofit of existing structures and/or site-specific facilities.

BCU Phase I Pre-construction Activities

At the request of USAID, the International City County Management Association (ICMA) under USAID's Municipal Infrastructure Support Program (MISP) carried out preconstruction assessments at nine border sites and prepared the deliverables for Phase I of the program, which served as the basis for the work that is being carried out under Phase II. The deliverables included: conceptual designs; site plans; budget estimates; Design Briefs; schedule; Bill of Quantities (BoQ); draft Form of Agreement; Contract Documents; and selection of the Phase II contractor.

Methodology

ICMA recommended a sole source design-build approach to Phase II using a reputable local contractor to expedite commencement and completion of Phase II activities.

Market costs of BoQ items were analyzed and prices received from three local, reputable contracting firms as a cross-check on negotiated values. The Contractor selected, Yu Briv, was responsible for preparing final designs and schedules for approval by relevant ministries and implementing the construction works and upgrades.

Cooperating Partners

The program's principal cooperating partners were the Ministry of Internal Affairs and the six municipalities in which the nine border sites are located: Herceg Novi, Niksic, Pljevlja, Bijelo Polje, Rozaje and Ulcinj. Other key cooperating partners are the Montenegro Customs Department; the Ministry of Agriculture, Forestry, and Water Management; the Department of Public Works; the Department of Real Estate; and the Ministry of Urban Planning and Environmental Protection.

Border Crossing Upgrade Program Phase II

USAID selected CHF International to implement phase II of the BCU program. During the BCU program CHF was (and still is) implementing the USAID-funded Community Revitalization through Democratic Action (CRDA) program in northern Montenegro and has offices in Podgorica, Niksic, Berane and Pljevlja. Phase II involved contracting locally for final design and construction of border facilities, supervising the contract, providing field supervision for all infrastructure upgrading at the selected border crossings and providing on-going oversight during a five-month warranty period for the construction works. The phase II budget was \$1.2 million, with \$1 million earmarked for construction costs and fees based on Phase I pre-construction estimates. The Republic of Montenegro contributed approximately \$600,000 of in-kind construction activities and materials including the construction of some facilities and the provision of electrical services. Initial activities under Phase II started on July 1, 2003 when CHF International hired the BCU Phase I team that performed the preconstruction activities. Full-scale Phase II activities started on July 11, 2003 with the finalization of a Cooperative Agreement between USAID and CHF International to implement Phase II.

BCU Phase II Operations

CHF International was responsible for overall program oversight and financial management of the BCU program. Day to day project implementation and management was handled by a national staff that includes a Chief Engineer, Engineer and Contracts Officer. A US-based Supervisory Project Manager provided support and supervision to the BCU staff and program and spend approximately two weeks every two months in Montenegro. While outside of Montenegro, he communicated regularly with BCU staff by e-mail and telephone and was available for review, guidance, and approvals.

Work Plan

A program work plan, monitoring procedures and reporting forms were developed during the first month of Phase II activities, in July 2003. The work plan was prepared to help implement Phase II in an efficient, effective and timely manner and outlines the procedures and actions required to guide all those involved with the program. Key goals and tasks were identified along with respective objectives and sub-tasks. Key actions and indicators associated with the goals and objectives also have been identified, along

with the personnel responsible for their implementation. This itemized strategy was arranged in a work plan matrix for easy reference.

Forms

A set of forms were developed in conjunction with the work plan to assist with record keeping, project monitoring, and information flow. The forms tracked weekly progress at each work site, status of the design and necessary approvals for each site, and project finances, including the cost impact of changes to the currency exchange rate.

Contracting

During July 2003, CHF International finalized Phase I deliverables, negotiated the construction and VAT costs and executed a Contract Agreement with the contractor, Yu Briv of Kotor, to perform the final design and construction at nine border crossings. The Contract Agreement was signed on July 29, 2003. Pursuant to the Contract Agreement, Yu Briv was required to prepare a schedule for each construction stage, showing the start and completion of work at each border crossing.

Weekly Working Group Meeting

The Ministry of Internal Affairs formed and chairs a working group comprised of the principle, ministry-level program partners to facilitate implementation of the program. The working group met on a weekly basis during the reporting period to address issues that might affect the scheduled implementation of the work plan. At each meeting the CHF BCU team presented a program status report, highlighting issues that required attention. In many cases the working group resolved interagency disagreements or expedited procedures in order to keep the program on schedule. The effectiveness of the working group is further demonstrated by the fact that it addressed issues that are related, but beyond the scope of the BCU program, such as establishing customs agent facilities on or near the crossing points.

Program Progress during the Reporting Period, July 1, 2003 – August 9, 2004

BCU Program Staff Changes

At the end of January 2004, the BCU Chief Engineer was hired away by USAID Montenegro as a Program Monitor based in the USAID office in Budva. By agreement with USAID and the BCU program CTO, the Chief Engineer was available for consultation on an as needed basis averting any negative impact to the program.

Land Acquisition

All land necessary for construction and conducting operations at each border crossing was acquired by the Republic.

Design

For purposes of obtaining prices, approvals and construction monitoring and reporting, the work has been classified into eight primary work elements: house; canopy; potable water reservoir with booster pump; septic tank; traffic gates; lighting; and miscellaneous. All designs for all nine sites were completed during the reporting period.

Construction (Status of construction at each site as of August 9, 2004)

Dobrakovo, 100% completed

Start date: August 15, 2003.

Estimated completion date: March 02, 2004.

House construction- 100% completed.

Installation of septic tank - 100% completed.

Installation of water tank- 100% completed.

Canopy installation- 100% completed.

Public Lighting- 100% completed.

Gates- 100%

Total value of works completed: **104,595.99 EUR**



Dracenovac, 100% completed

Start date: August 25, 2003.

Estimated completion date: March 02, 2004.

House construction- 100% completed.

Installation of septic tank - 100% completed.

Installation of water tank- 100% completed.

Canopy installation- 100% completed.

Public Lighting- 100% completed.

Gates- 100%

Total value of works completed: **106,152.57 EUR**



Rance, 100% completed

Start date: September 11, 2003.

Estimated completion date: March 02, 2004.

House construction- 100% completed.

Installation of septic tank - 100% completed.

Installation of water tank- 100% completed.

Canopy installation- 100% completed.

Public Lighting- 100% completed.

Gates- 100%

Total value of works completed: **76,576.56 EUR**



Metaljka, 100% completed

Start date: September 20th, 2003.

Estimated completion date: April 30, 2004.

House construction- 100% completed.

Installation of septic tank - 100% completed.

Installation of water tank - 100% completed.

Canopy installation- 100% completed.

Public Lighting- 100% completed.

Gates- 100%

Total value of works completed: **87,475.53 EUR**



Illino Brdo, 100% completed

Start date: October 20, 2003.

Estimated completion date: March 23, 2004.

House construction- 100% completed.

Installation of septic tank - 100% completed.

Installation of water tank - 100% completed.

Canopy installation- 100% completed.

Public Lighting- 100% completed.

Gates- 100%.

Total value of works completed: **76,576.56 EUR**



Vračenovići, 100% completed

Start date: November 21, 2003.

Estimated completion date: March 23, 2004.

House construction- 100% completed.

Installation of septic tank - 100% completed.

Installation of water tank - 100% completed.

Canopy installation- 100% completed.

Public Lighting- 100% completed.

Gates- 100%.

Total value of works completed: **75,271.04 EUR**



Sitnica- 100% total

Start date: September 26, 2003.

Estimated completion date: March 23, 2004.

House construction- 100% completed.

Installation of septic tank - 100% completed.

Installation of water tank - 100% completed.

Canopy installation- 100% completed.

Public Lighting- 100% completed.

Gates- 100%.

Total value of works completed: **76,576.56 EUR**



Kobila, 100% completed

Start date: September 20, 2003.

Estimated completion date: April 07, 2004.

House construction- 100% completed.

Installation of septic tank - 100% completed.

Installation of water tank - 100% completed.

Canopy installation- 100% completed.

Public Lighting- 100% completed.

Gates- 100%.

Total value of works completed: **26,820.54 EUR**



