Project Administration Manual

Project Number: 49257-001
Loan and/or Grant Number(s): {LXXXX}
30 August 2018

Georgia: East–West Highway (Khevi–Ubisa Section) Improvement Project
ABBREVIATIONS

ADB – Asian Development Bank
DMF – design and monitoring framework
CQS – consultant’s qualification selection
EIA – environmental impact assessment
EIB – European Investment Bank
EMP – environmental management plan
ETCIC – Eurasian Transport Corridor Investment Center of MRDI or any legal successor thereto
EWH – East-West Highway
FMA – financial management assessment
JICA – Japanese International Cooperation Agency
LARP – land acquisition and resettlement plan
LCS – least-cost selection
MRDI – Ministry of Regional Development and Infrastructure of Georgia
OCB – open competitive bidding
OCR – ordinary capital resources
PAM – project administration manual
QCBS – quality- and cost-based selection
RD – Roads Department of Georgia, under the governance of MRDI
RRP – Report and Recommendation of the President to the Board
SOE – statement of expenditure
TOR – terms of reference
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   FINANCIAL AUDITOR 53
   EXTERNAL MONITORING CONSULTANT (ENVIRONMENT) 60
   SOCIAL MONITORING SPECIALIST 63
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**Project Administration Manual Purpose and Process**

The project administration manual (PAM) describes the essential administrative and management requirements to implement the project on time, within budget, and in accordance with the policies and procedures of the government and Asian Development Bank (ADB). The PAM should include references to all available templates and instructions either through linkages to relevant URLs or directly incorporated in the PAM.

The Ministry of Regional Development and Infrastructure of Georgia (MRDI) and the Roads Department of Georgia (RD) are wholly responsible for the implementation of ADB-financed projects, as agreed jointly between the borrower and ADB, and in accordance with the policies and procedures of the government and ADB. ADB staff is responsible for supporting implementation including compliance by MRDI and the RD of their obligations and responsibilities for project implementation in accordance with ADB’s policies and procedures.

At loan negotiations, the borrower and ADB shall agree to the PAM and ensure consistency with the loan agreement. Such agreement shall be reflected in the minutes of the loan negotiations. In the event of any discrepancy or contradiction between the PAM and the loan agreement, the provisions of the loan agreement shall prevail.

After ADB Board approval of the project's report and recommendations of the President (RRP), changes in implementation arrangements are subject to agreement and approval pursuant to relevant government and ADB administrative procedures (including the Project Administration Instructions) and upon such approval, they will be subsequently incorporated in the PAM.
I. PROJECT DESCRIPTION

1. The proposed project will construct approximately 12 km of new access controlled dual 2-lane carriageway road or a four-lane divided highway, partly on a new alignment, on the East–West Highway (EWH) between Khevi and Ubisa, which is part of Corridor 2 of Central Asia Regional Economic Cooperation (CAREC) program. The project will include a capacity development program to develop an effective road safety program and enhance the government’s capacity in road operations and maintenance (O&M) of the EWH corridor which will include several major bridges and tunnels after completion requiring a new O&M approach.

2. The road network in Georgia extends to about 22,000 km with 6,835 km of international and secondary roads managed by the Road Department (RD) under the Ministry of Regional Development and Infrastructure (MRDI) and about 15,000 km of local roads managed by district administrations. The main highway network comprises the East-West and North-South corridors. The EWH, stretching 410 km from Sarpi on the Black Sea, at the border with Turkey, through the center of the country to the capital Tbilisi and on to the border with Azerbaijan, is a top priority of Government’s transport infrastructure development. The EWH represents about 2% of Georgia’s road network length, one fourth of its international road network and carries over 60% of the country’s foreign trade. The EWH serves 13,000 vehicles per day on average, with a traffic growth rate of over 10% per annum since 2005. The EWH is not only crucial for the connectivity of international trade between the Caspian and Black Seas, but also essential for Georgia’s global market access and socioeconomic development. Developing the EWH is also of great significance to the landlocked countries of Central Asia and will have an important regional impact.

3. To minimize the overall cost of transport and logistics, all bottlenecks constraining traffic capacity on the EWH need to be mitigated. The completed EWH will be an essential link both at national and regional levels. Moreover, a World Bank study\(^1\) shows other impacts as well—the reduction in transportation costs after corridor improvements will be more beneficial for the rural population who are much more reliant on transportation and sensitive to price changes. However, the financial viability is not strong enough to attract private sector for financing and operation of the road, given the high investment costs of the project. So far, the government has constructed and operated the highway network through public sector funding without tolling.

4. Impact and Outcome. The project is aligned with the following impact: Georgia is a regional and logistics hub and more attractive for businesses. The project will have the following outcome: efficiency and safety for road transport along the EWH improved.

5. Outputs. The project has the following outputs:

   (i) **Output 1: 12 km section of EWH between Khevi and Ubisa constructed.** The highway section will be access controlled dual carriageway or 4-lane divided highway, partly on a new alignment.

   (ii) **Output 2: Road safety awareness increased.** A road safety program for highways, with gender-inclusive provisions, will be developed and implemented.

   (iii) **Output 3: Capacity of RD for operation and maintenance and project management improved.** Under a capacity strengthening program developed by

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teams of consultants, (i) the existing O&M system of highways will be reviewed and strengthened, and (ii) training on project management for RD staff will be provided, including mainstreaming gender into these activities.

II. IMPLEMENTATION PLANS

A. Project Readiness Activities

<table>
<thead>
<tr>
<th>Indicative Activities</th>
<th>2018 Q2</th>
<th>2018 Q3</th>
<th>2018 Q4</th>
<th>2019 Q1</th>
<th>2019 Q2</th>
<th>2019 Q3</th>
<th>Responsible Unit</th>
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<tbody>
<tr>
<td>Advance contracting actions</td>
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<td>MRDI, RD and ADB</td>
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<td>Government counterpart funds allocation</td>
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<td>MOF, MRDI and RD</td>
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<td>Retroactive financing actions</td>
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<td>MOF, MRDI, ADB</td>
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<td>Establish project implementation arrangements</td>
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<td>MRDI, RD, and ADB</td>
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<td>Approve and disclose safeguard documents</td>
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<td>MRDI, RD, and ADB</td>
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<td>ADB Board approval</td>
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<td>ADB</td>
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<td>Loan signing</td>
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<td>ADB and Borrower</td>
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<tr>
<td>Government legal opinion provided</td>
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<td>Borrower</td>
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<td>Loan effectiveness</td>
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<td>ADB</td>
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ADB = Asian Development Bank, MOF = Ministry of Finance, MRDI = Ministry of Regional Development and Infrastructure of Georgia, RD = Roads Department of Georgia.
Source: Asian Development Bank estimates.
### B. Overall Project Implementation Plan

6. A Gantt chart recording outputs with key implementation activities on a quarterly basis that is updated annually and submitted to ADB with contract and disbursement projections for the following year.

#### Table 2: Overall Project Implementation Plan

<table>
<thead>
<tr>
<th>Activities</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
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<tbody>
<tr>
<td>A. DMF</td>
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<td>1. 12 km section of EWH between Khevi and Ubisa constructed</td>
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<td>1.1 Detailed engineering design to be completed by June 2019</td>
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<td>1.2 Recruitment of supervision consultant to start in June 2018</td>
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<td>1.3 Tendering for civil works to start in July 2018</td>
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<td>1.4 Civil works contract to be awarded by Nov 2018</td>
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<td>1.5 Payments for compensation and relocation of affected people to be 100% completed by Nov 2018</td>
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<td>1.6 Construction supervision consultant mobilized by Q1/2019</td>
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<td>1.7 Civil works completed by Dec 2021</td>
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<td>2. Road safety awareness increased</td>
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<tr>
<td>2.1 Mobilize consultant and/or NGO(s) to prepare a road safety program along the project road by Q3/2019</td>
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<td>2.2 Implement the road safety program along the project road until Q2/2022</td>
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<td>3. Capacity of RD for operation and maintenance and project management improved</td>
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<td>3.1 Mobilize consultant to prepare a road maintenance sustainability strategy by Q4/2019</td>
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<td>3.2 Implement the road maintenance sustainability strategy until Q2/2022</td>
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<td>3.3 Mobilize consultant to develop a project management training program by Q2/2020</td>
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<td>3.4 Implement the project management training program until Q2/2022</td>
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<td>B. Management Activities</td>
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<td>Procurement plan key activities to procure contract packages</td>
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**Defects Notification Period**
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<tr>
<th>Activities</th>
<th>Q2</th>
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<td>Construction supervision consultant selection process</td>
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DMF = design and monitoring framework, EWH = East-West Highway, km = kilometer, NGO = nongovernment organization, RD = Roads Department.
III. PROJECT MANAGEMENT ARRANGEMENTS

A. Project Implementation Organizations: Roles and Responsibilities

<table>
<thead>
<tr>
<th>Project Implementation Organizations</th>
<th>Management Roles and Responsibilities</th>
</tr>
</thead>
</table>
| Executing Agency: Ministry of Regional Development and Infrastructure of Georgia | ▪ Oversee overall project progress and performance;  
▪ Ensure compliance with all loan covenants and ADB’s guidelines, procedures, and policies;  
▪ Coordinate with all ministries and agencies involved in the project as appropriate;  
▪ Ensure timely provision of counterpart funds for project activities; and  
▪ Ensure that the RD is adequately staffed and functional during the entire period of project implementation. |
| Implementing Agency: Roads Department of Georgia | ▪ Act as focal point for communication with ADB on project related matters;  
▪ Ensure compliance with all loan covenants and ADB’s guidelines, procedures, and policies;  
▪ Recruit and supervise consultants and contractors, including approval of contract variations, suspension and termination of contracts;  
▪ Procurement of civil works and construction supervision consulting services with the assistance of detailed design consultant and project management consultants;  
▪ Evaluate bids and sign contracts;  
▪ Verify and approve specifications and change orders, payments, etc., requested by the construction supervision consultant (the Engineer), submitting progress reports to ADB, taking over the site at completion of works, preparing the Borrower’s project completion report.  
▪ Monitor and evaluate project activities and outputs, including periodic review and preparation of review reports identifying issues and action plans;  
▪ Ensure compliance with the project’s LARP, EIA, and EMP;  
▪ Prepare regular periodic progress reports, and the project completion report, and ensure their timely submission to ADB;  
▪ Administer and manage contracts after signing;  
▪ Assist ADB project review missions;  
▪ Provide necessary office space, equipment, and facilities;  
▪ Involve beneficiaries and civil society representatives in all stages of project design and implementation as appropriate;  
▪ Regularly post on RD’s website the updated project information documents for public disclosure, including safeguards documents, in consultation with ADB; and  
▪ Ensure project’s post-implementation sustainability and report to ADB on the impacts of the project. |
| Financial management agency: Eurasian Transport Corridor Investment Center of MRDI (ETCIC) | ▪ Handle financial management, disbursement, and project accounting with the assistance of RD;  
▪ Establish adequate financial management system and submit timely withdrawal applications to ADB, in coordination with RD;  
▪ Together with RD, arrange timely financial audits as per agreed timeframe and take recommended actions; and |
<table>
<thead>
<tr>
<th>Project Implementation Organizations</th>
<th>Management Roles and Responsibilities</th>
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<tbody>
<tr>
<td></td>
<td>- Together with RD, collect and retain all supporting and reporting documents, including annual audit reports and financial statements.</td>
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</tbody>
</table>
| Ministry of Finance                  | - Sign the project loan agreement;  
- Provide documents and other requirements for loan effectiveness as defined by the Loan Agreement;  
- Timely allocate and release its respective share of funds;  
- Handle disbursement related financial monitoring of the project and provide appropriate coordination and support;  
- Provide ADB with details of the authorized staff with specimen signatures for withdrawal applications processing;  
- Request extensions of the loan closing date if any; and  
- Process and submit to ADB any request, when required, for reallocating the loan proceeds. |
| Asian Development Bank               | - Assist RD in recruiting the CSC;  
- Assist RD and the CSC in providing timely guidance at each stage of implementation in accordance with agreed implementation arrangements;  
- Review all documents that require ADB approval;  
- Conduct an inception mission, periodic loan review missions, a mid-term review, and a project completion mission;  
- Monitor compliance with all loan covenants;  
- Monitor compliance with the project’s safeguards requirements;  
- Monitor compliance with financial audit recommendations;  
- Timely process withdrawal applications and release eligible funds;  
- Regularly update ADB’s project performance review reports with assistance from RD; and  
- Regularly post on ADB website the updated project information documents for public disclosure, including safeguards documents as per disclosure provision of the ADB Safeguard Policy Statement (2009). |

ADB = Asian Development Bank, CSC = construction supervision consultant; MRDI = Ministry of Regional Development and Infrastructure of Georgia; RD = Roads Department of Georgia.

B. Key Persons Involved in Implementation

**Executing Agency**

Ministry of Regional Development and Infrastructure of Georgia (MRDI)  
Mr. Irakli Karseladze  
First Deputy Minister  
Office Address: 12 Kazbegi Avenue, 0160 Tbilisi, Georgia

**Implementing Agency**

Roads Department of Georgia (RD)  
Mr. Levan Kupatashvili  
Deputy Chairman  
Telephone: +995 32 237 62 16  
Email address: info@georoad.ge  
Office Address: 12 Kazbegi Avenue, 0160 Tbilisi, Georgia
Asian Development Bank  
Transport and Communications Division (CWTC), Central and West Asia Department (CWRD)  
Dong-Soo Pyo  
Director  
Telephone: +63 2 632 5167  
Email address: dspyo@adb.org  
Office Address: 6 ADB Avenue, Mandaluyong City, Manila, Philippines  
Valerie Lisack  
Senior Transport Specialist (Project Team Leader)  
Telephone No. +63 2 632 5026  
Email address: vlisack@adb.org  
Office address: 6 ADB Avenue, Mandaluyong City, Manila, Philippines  

C. Project Organization Structure  
7. The project organization structure is as shown in the diagram below.

IV. COSTS AND FINANCING  
8. The project is estimated to cost $429.5 million. The government has requested a regular loan of €255,297,000 ($300.0 million)\(^2\) from ADB’s ordinary capital resources to help finance the project. The loan will have a 26-year term, including a grace period of 11 years; an annual interest rate determined in accordance with ADB’s regular lending facility; a commitment charge of 0.15% per year (the interest and other charges during construction to be capitalized in the loan); and

\(^2\) \(0.850991 = \$1.00\) as of 12 July 2018. The loan will be denominated in Euros.
such other terms and conditions set forth in the draft loan agreement. Based on the straight-line method, the average loan maturity is 18.75 years, and the maturity premium payable to ADB is 0.20% per year. The government will contribute $129.5 million to cover taxes, land acquisition, and resettlement costs.\(^3\) ADB will not finance taxes.\(^4\)

The summary financing plan is in Table 4. ADB will finance the expenditures in relation to civil works and consultancy services.

### Table 4: Summary Financing Plan

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount ($ million)(^a)</th>
<th>Share of Total (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asian Development Bank</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary capital resources (regular loan)</td>
<td>300.0</td>
<td>69.8</td>
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<tr>
<td>Government</td>
<td>129.5</td>
<td>30.2</td>
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<tr>
<td>Total</td>
<td>429.5</td>
<td>100.0</td>
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\(^a\) Figures will be converted to Euro based on exchange rate of USD1 = Euro 0.850991.

Source: Asian Development Bank estimates.

Climate adaptation is estimated to cost $11.5 million. ADB will finance 69.8% of the adaptation costs. The main adaptation measures are (i) reinforcement of bridge structures, (ii) additional slope stabilization, (iii) enhancement of drainage capacity, and (iv) additional tree/shrub planting.

### A. Cost Estimates Preparation and Revisions

The cost estimates were prepared in May 2018 by the project preparatory technical assistance consultants based on market prices for consulting services and civil works. The cost estimates will be updated upon finalization of the detailed design, in August 2018.

### B. Key Assumptions

The following key assumptions underpin the cost estimates and financing plan:

(i) Exchange rate: GEL2.444 = $1.00 (as of 24 May 2018).
(ii) Price contingencies based on expected cumulative inflation over the implementation period are as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign rate of price inflation</td>
<td>1.5%</td>
<td>1.5%</td>
<td>1.5%</td>
<td>1.6%</td>
<td>1.6%</td>
<td>1.5%</td>
</tr>
<tr>
<td>Domestic rate of price inflation</td>
<td>3.5%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
<td>3.1%</td>
</tr>
</tbody>
</table>

Sources: World Bank estimates (foreign rate); Asian Development Bank estimates (domestic rate).

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\(^3\) World Bank’s cofinancing for F1 ($140 million), on a parallel collaborative basis, was confirmed. ADB has also been closely working with the European Investment Bank and JICA, who are financing F3 and F4, respectively. This collaboration will be formally captured through an exchange of letter or similar document, once their respective Boards will approve the funding.

\(^4\) For administrative purposes, ADB will be financing 100% of consulting services costs (including the taxes). The taxes paid in these categories are offset by a proportionately lower ADB financing share in civil works, so that overall project financing balance and principles are maintained.
C. Detailed Cost Estimates by Expenditure Category

Table 6: Detailed Cost Estimates by Expenditure Category ($ million)

<table>
<thead>
<tr>
<th>Item</th>
<th>Foreign Exchange</th>
<th>Local Currency</th>
<th>Total Cost</th>
<th>% of Total Base Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. Investment Costs&lt;sup&gt;c&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Civil works</td>
<td>208.86</td>
<td>139.24</td>
<td>348.10</td>
<td>95.18</td>
</tr>
<tr>
<td>2. Social mitigation&lt;sup&gt;d&lt;/sup&gt;</td>
<td>0.00</td>
<td>4.30</td>
<td>4.30</td>
<td>1.18</td>
</tr>
<tr>
<td>3. Consulting services</td>
<td>7.47</td>
<td>4.89</td>
<td>12.35</td>
<td>3.38</td>
</tr>
<tr>
<td>a. construction supervision consultant</td>
<td>6.60</td>
<td>4.40</td>
<td>11.00</td>
<td>3.01</td>
</tr>
<tr>
<td>b. capacity building</td>
<td>0.87</td>
<td>0.49</td>
<td>1.35</td>
<td>0.37</td>
</tr>
<tr>
<td>Subtotal (A)</td>
<td>216.33</td>
<td>148.43</td>
<td>364.75</td>
<td>99.73</td>
</tr>
<tr>
<td>B. Project Management Support</td>
<td>0.00</td>
<td>0.99</td>
<td>0.99</td>
<td>0.27</td>
</tr>
<tr>
<td>Total Base Cost (A+B)</td>
<td>216.33</td>
<td>149.42</td>
<td>365.74</td>
<td>100.00</td>
</tr>
<tr>
<td>C. Contingencies&lt;sup&gt;e&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Physical</td>
<td>15.74</td>
<td>10.47</td>
<td>26.21</td>
<td>7.17</td>
</tr>
<tr>
<td>2. Price</td>
<td>8.95</td>
<td>6.04</td>
<td>15.00</td>
<td>4.10</td>
</tr>
<tr>
<td>Subtotal (C)</td>
<td>24.70</td>
<td>16.51</td>
<td>41.21</td>
<td>11.27</td>
</tr>
<tr>
<td>D. Financing Charges During Implementation&lt;sup&gt;f&lt;/sup&gt;</td>
<td>22.58</td>
<td>0.00</td>
<td>22.58</td>
<td>6.17</td>
</tr>
<tr>
<td>Total Project Cost (A+B+C+D)</td>
<td>263.60</td>
<td>165.93</td>
<td>429.53</td>
<td></td>
</tr>
</tbody>
</table>

Note: Numbers may not sum precisely because of rounding.

<sup>a</sup> Figures will be converted to Euro based on exchange rate of USD1 = Euro 0.850991.
<sup>b</sup> Includes taxes and duties of $55.0 million to be financed by the government. Such amount does not represent an excessive share of the project cost.
<sup>c</sup> In May 2018 prices.
<sup>d</sup> The estimated cost is for land acquisition and resettlement.
<sup>e</sup> Physical contingencies computed at 7.5% for civil works. Price contingencies computed at average of 1.5% on foreign exchange costs and at average of 3.1% on local currency costs based on projected annual rates over the project’s implementation period.
<sup>f</sup> Includes interest and commitment charges. Interest during construction for the OCR loan has been computed at the 6-month LIBOR rate plus an effective contractual spread of 0.5% and maturity premium of 0.2%. Commitment charges for the OCR loan are 0.15% per year to be charged on the undisbursed loan amount.

Source: Asian Development Bank estimates.

D. Allocation and Withdrawal of Loan Proceeds

Table 7: Allocation and Withdrawal of Loan Proceeds

<table>
<thead>
<tr>
<th>Number</th>
<th>Item</th>
<th>Total Amount Allocated for ADB Financing (€)</th>
<th>Basis for Withdrawal from the Loan Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Works</td>
<td>224,730,000</td>
<td>75.86% of total expenditure claimed</td>
</tr>
<tr>
<td>2</td>
<td>Construction Supervision</td>
<td>9,361,000</td>
<td>100% of total expenditure claimed</td>
</tr>
<tr>
<td>3</td>
<td>Capacity Building and Project Management Support</td>
<td>1,991,000</td>
<td>100% of total expenditure claimed</td>
</tr>
<tr>
<td>4</td>
<td>Interest and Commitment Charges</td>
<td>19,215,000</td>
<td>100% of amounts due</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>255,297,000</td>
<td></td>
</tr>
</tbody>
</table>

13. Except as ADB may otherwise agree, the items of the civil works and consulting services categories shall be financed out of the proceeds of the loan on the basis of the percentages set forth in Table 6. Except as ADB may otherwise agree, the loan proceeds for financing civil works, consulting services and other items shall be disbursed in accordance with ADB’s Loan Disbursement Handbook (2017 as amended from time to time).
14. Notwithstanding the allocation of loan proceeds and the withdrawal percentages set forth in Table 7, (i) if the amount of the loan allocated to any category appears to be insufficient to finance all agreed expenditures in that category, ADB may, in consultation with the Borrower, (a) reallocate to such category, to the extent required to meet the estimated shortfall, amounts which have been allocated to another category but, in the opinion of ADB, are not needed to meet other expenditures, and (b) if such reallocation cannot fully meet the estimated shortfall, reduce the withdrawal percentage applicable to such expenditures in order that further withdrawals under such category may continue until all expenditures thereunder shall have been made; and (ii) if the amount of the loan allocated to any category appears to exceed all agreed expenditures in that category, ADB may, in consultation with the Borrower, reallocate such excess amount to any other category.

E. Detailed Cost Estimates by Financier

Table 8: Detailed Cost Estimates by Financier

<table>
<thead>
<tr>
<th>Item</th>
<th>ADB</th>
<th>Borrower</th>
<th>Total Cost</th>
<th>Taxes and Duties</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>% of Cost Category</td>
<td>Amount</td>
<td>% of Cost Category</td>
</tr>
<tr>
<td></td>
<td>{A}</td>
<td>{A/C}</td>
<td>{B}</td>
<td>{B/C}</td>
</tr>
<tr>
<td>A. Investment Costs</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Civil works</td>
<td>264.08</td>
<td>75.86</td>
<td>84.02</td>
<td>24.14</td>
</tr>
<tr>
<td>2. Social mitigation</td>
<td>0.00</td>
<td>0.00</td>
<td>4.30</td>
<td>100.00</td>
</tr>
<tr>
<td>3. Consulting services</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Construction supervision</td>
<td>11.00</td>
<td>100.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>b. Capacity building</td>
<td>1.35</td>
<td>100.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Subtotal (A)</td>
<td>276.43</td>
<td>75.79</td>
<td>88.32</td>
<td>24.21</td>
</tr>
<tr>
<td>B. Project Management Support</td>
<td>0.99</td>
<td>100.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Total Base Cost (A+B)</td>
<td>277.42</td>
<td>75.85</td>
<td>88.32</td>
<td>24.15</td>
</tr>
<tr>
<td>C. Contingencies</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>0.00</td>
<td>0.00</td>
<td>41.21</td>
<td>100.00</td>
</tr>
<tr>
<td>D. Financing Charges During Implementation</td>
<td>22.58</td>
<td>100.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Total Project Cost (A+B+C+D)</td>
<td>300.00</td>
<td>69.84</td>
<td>129.53</td>
<td>30.16</td>
</tr>
<tr>
<td>% Total Project Cost</td>
<td>69.84</td>
<td>69.84</td>
<td>30.16</td>
<td>30.16</td>
</tr>
</tbody>
</table>

Note: Numbers may not sum precisely because of rounding.

a Figures will be converted to Euro based on exchange rate of USD1 = Euro 0.850991.

b Includes taxes and duties of $55.0 million to be financed by the government. Such amount does not represent an excessive share of the project cost.

c In May 2018 prices.

d The estimated cost is for land acquisition and resettlement.

e Physical contingencies computed at 7.5% for civil works. Price contingencies computed at average of 1.5% on foreign exchange costs and at average of 3.1% on local currency costs based on projected annual rates over the project’s implementation period.

f Includes interest and commitment charges. Interest during construction for the OCR loan has been computed at the 6-month LIBOR rate plus an effective contractual spread of 0.5% and maturity premium of 0.2%. Commitment charges for the OCR loan are 0.15% per year to be charged on the undisbursed loan amount.

Source: Asian Development Bank estimates.

15. ADB financing of civil works will be limited to the amount allocated for Works category of €224,730,000 as stipulated in the loan agreement (see Table 7 above). Any increases to the contract amount to cover the price escalation and physical variations beyond the allocated amount for Works category will be borne by the government.
### F. Detailed Cost Estimates by Outputs and/or Components

#### Table 9: Detailed Cost Estimates by Outputs and/or Components

($ million)

<table>
<thead>
<tr>
<th>Item</th>
<th>Total Cost $</th>
<th>Component 1</th>
<th>Component 2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>% of Cost</td>
<td>Category</td>
</tr>
<tr>
<td><strong>A. Investment Costs</strong></td>
<td>348.10</td>
<td>348.10</td>
<td>100.00</td>
</tr>
<tr>
<td>Civil works</td>
<td>1.</td>
<td>348.10</td>
<td>100.00</td>
</tr>
<tr>
<td>Social mitigation</td>
<td>2.</td>
<td>4.30</td>
<td>100.00</td>
</tr>
<tr>
<td>Consulting services</td>
<td>3.</td>
<td>12.35</td>
<td>89.07</td>
</tr>
<tr>
<td>a. Construction supervision</td>
<td>11.00</td>
<td>11.00</td>
<td>100.00</td>
</tr>
<tr>
<td>b. Capacity building</td>
<td>1.35</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Subtotal (A)</strong></td>
<td>364.75</td>
<td>363.40</td>
<td>99.63</td>
</tr>
<tr>
<td><strong>B. Project Management Support</strong></td>
<td>0.99</td>
<td>0.99</td>
<td>100.00</td>
</tr>
<tr>
<td><strong>Total Base Cost (A+B)</strong></td>
<td>365.74</td>
<td>364.39</td>
<td>99.63</td>
</tr>
<tr>
<td><strong>C. Contingencies</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Physical</td>
<td>1.</td>
<td>26.21</td>
<td>100.00</td>
</tr>
<tr>
<td>Price</td>
<td>2.</td>
<td>15.00</td>
<td>100.00</td>
</tr>
<tr>
<td><strong>Subtotal (C)</strong></td>
<td>41.21</td>
<td>41.21</td>
<td>100.00</td>
</tr>
<tr>
<td><strong>D. Financing Charges During Implementation</strong></td>
<td>22.58</td>
<td>22.50</td>
<td>99.63</td>
</tr>
<tr>
<td><strong>Total Project Cost (A+B+C+D)</strong></td>
<td>429.53</td>
<td>428.10</td>
<td>99.67</td>
</tr>
</tbody>
</table>

Note: Numbers may not sum precisely because of rounding.

- **a** Figures will be converted to Euro based on exchange rate of USD1 = Euro 0.850991.
- **b** Includes taxes and duties of $55.0 million to be financed by the government. Such amount does not represent an excessive share of the project cost.
- **c** In May 2018 prices.
- **d** The estimated cost is for land acquisition and resettlement.
- **e** Physical contingencies computed at 7.5% for civil works. Price contingencies computed at average of 1.5% on foreign exchange costs and at average of 3.1% on local currency costs based on projected annual rates over the project’s implementation period.
- **f** Includes interest and commitment charges. Interest during construction for the OCR loan has been computed at the 6-month LIBOR rate plus an effective contractual spread of 0.5% and maturity premium of 0.2%. Commitment charges for the OCR loan are 0.15% per year to be charged on the undisbursed loan amount.

Source: Asian Development Bank estimates.
### G. Detailed Cost Estimates by Year

#### Table 10: Detailed Cost Estimates by Year ($ million)

<table>
<thead>
<tr>
<th>Item</th>
<th>Total Cost&lt;sup&gt;a, b&lt;/sup&gt;</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A. Investment Costs&lt;sup&gt;c&lt;/sup&gt;</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Civil works</td>
<td></td>
<td>348.10</td>
<td>69.62</td>
<td>48.73</td>
<td>100.25</td>
<td>112.78</td>
<td>8.36</td>
<td>8.36</td>
</tr>
<tr>
<td>2. Social mitigation&lt;sup&gt;d&lt;/sup&gt;</td>
<td></td>
<td>4.30</td>
<td>3.44</td>
<td>0.86</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>3. Consulting services</td>
<td></td>
<td>12.35</td>
<td>0.00</td>
<td>2.16</td>
<td>4.32</td>
<td>5.13</td>
<td>0.30</td>
<td>0.22</td>
</tr>
<tr>
<td>a. Construction supervision</td>
<td></td>
<td>11.00</td>
<td>0.00</td>
<td>1.93</td>
<td>3.85</td>
<td>4.57</td>
<td>0.22</td>
<td>0.22</td>
</tr>
<tr>
<td>b. Capacity building</td>
<td></td>
<td>1.35</td>
<td>0.00</td>
<td>0.24</td>
<td>0.47</td>
<td>0.56</td>
<td>0.08</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Subtotal (A)</strong></td>
<td></td>
<td>364.75</td>
<td>73.06</td>
<td>51.76</td>
<td>104.58</td>
<td>117.91</td>
<td>8.66</td>
<td>8.58</td>
</tr>
<tr>
<td><strong>B. Project Management Support</strong></td>
<td></td>
<td>0.99</td>
<td>0.00</td>
<td>0.18</td>
<td>0.34</td>
<td>0.30</td>
<td>0.10</td>
<td>0.04</td>
</tr>
<tr>
<td><strong>Total Base Cost (A+B)</strong></td>
<td></td>
<td>365.74</td>
<td>73.06</td>
<td>51.93</td>
<td>104.91</td>
<td>118.21</td>
<td>8.76</td>
<td>8.62</td>
</tr>
<tr>
<td><strong>C. Contingencies&lt;sup&gt;e&lt;/sup&gt;</strong></td>
<td></td>
<td>41.21</td>
<td>5.19</td>
<td>4.78</td>
<td>12.12</td>
<td>16.30</td>
<td>2.82</td>
<td>0.00</td>
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<tr>
<td><strong>D. Financing Charges During Implementation&lt;sup&gt;f&lt;/sup&gt;</strong></td>
<td></td>
<td>22.58</td>
<td>0.10</td>
<td>1.47</td>
<td>2.48</td>
<td>3.93</td>
<td>4.77</td>
<td>4.89</td>
</tr>
<tr>
<td><strong>Total Project Cost (A+B+C+D)</strong></td>
<td></td>
<td>429.53</td>
<td>78.35</td>
<td>58.18</td>
<td>119.51</td>
<td>138.44</td>
<td>16.35</td>
<td>13.50</td>
</tr>
</tbody>
</table>

| % Total Project Cost               |                           | 100.00 | 18.24 | 13.55 | 27.82 | 32.23 | 3.81 | 3.14 | 1.21 |

Note: Numbers may not sum precisely because of rounding.

<sup>a</sup> Figures will be converted to Euro based on exchange rate of USD1 = Euro 0.850991.

<sup>b</sup> Includes taxes and duties of $55.0 million to be financed by the government. Such amount does not represent an excessive share of the project cost.

<sup>c</sup> In May 2018 prices.

<sup>d</sup> The estimated cost is for land acquisition and resettlement.

<sup>e</sup> Physical contingencies computed at 7.5% for civil works. Price contingencies computed at average of 1.5% on foreign exchange costs and at average of 3.1% on local currency costs based on projected annual rates over the project’s implementation period.

<sup>f</sup> Includes interest and commitment charges. Interest during construction for the OCR loan has been computed at the 6-month LIBOR rate plus an effective contractual spread of 0.5% and maturity premium of 0.2%. Commitment charges for the OCR loan are 0.15% per year to be charged on the undisbursed loan amount.

Source: Asian Development Bank estimates.
### H. Contract and Disbursement S-Curve

<table>
<thead>
<tr>
<th>Year</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>264.07</td>
<td>264.07</td>
</tr>
<tr>
<td>2019</td>
<td>11.00</td>
<td>0.07</td>
<td>0.10</td>
<td>1.20</td>
<td>12.37</td>
</tr>
<tr>
<td>2020</td>
<td>0.00</td>
<td>0.37</td>
<td>0.00</td>
<td>0.00</td>
<td>0.37</td>
</tr>
<tr>
<td>2021</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>2022</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>2023</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>2024</td>
<td>0.00</td>
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<td>0.61</td>
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<tr>
<td>2025</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>277.42</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
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</tbody>
</table>

Source: Asian Development Bank estimates.
I. Fund Flow Diagram

MOF

Asian Development Bank

Advancing Account

Budget Allocation GoG share

MRDI

IPC: interim payment certificate

ETCIC

Consultants/Contractors

ADB share

Operational budget

Withdrawal Applications

GoG share

Small Payments Via Treasury

Treasury Checks

Invoices

Individual Consultants and service providers

IPC & Invoices

Roads Department

Consultants/Contractors

Direct Payments to Contractors and Consulting Firms

lending

loan repayment

replenishment

account administration

IPC: interim payment certificate

MOF: Ministry of Finance

MRDI: Ministry of Regional Development and Infrastructure of Georgia

ETCIC: Eurasian Transport Corridor Investment Center of MRDI
V. FINANCIAL MANAGEMENT

A. Financial Management Assessment

16. This financial management assessment (FMA) was conducted in May 2018 in accordance with ADB’s current technical guidance:

- Financial Due Diligence: A Methodology Note (issued January 2009).  

17. The assessment process broadly followed the standard FMA Questionnaire (which is part of the ADB Financial Management Technical Guidance Note), covering funds flow arrangements, staffing, accounting and financial reporting systems and procedures, internal and external auditing arrangements, and financial information systems. The assessment process included detailed meetings with the ETCIC Finance Manager and relevant MRDI and RD officials, review of ETCIC’s Financial Management Manual, budgets, financial statements, audit reports, and financial management assessment documents from recent ADB projects.

18. Both Inherent Risk and Control Risk have been assessed as Moderate, and the combined risk assessment is also Moderate. Country-specific risks have been assessed as Moderate on the assumption that the initiatives that have been promoted by ADB in the current Country Partnership Strategy period (2014 – 2018) are judged to have been successful. Financial management procedures are mostly low risk, but there are current concerns relating to internal audit, reporting and monitoring and funds flow. The key financial management risk identified is the potential lack of an analysis of variances between budgeted and actual expenditure that is sufficient for ADB purposes. On previous ADB projects this has been identified as a key risk, and it is therefore included as a condition in the loan agreement. This has also been included in the Action Plan (Table 11).

Table 11: Financial Management Action Plan

<table>
<thead>
<tr>
<th>Key Risk</th>
<th>Action Plan</th>
<th>Responsibility</th>
<th>Timing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variances between budgeted and actual expenditure are not properly reported.</td>
<td>ETCIC will provide the interim unaudited project financial statements including planning, actual, and variance amounts (current and cumulative amounts) upon request by ADB.</td>
<td>ADB (requesting interim financial statements)/ETCIC (providing interim financial statements).</td>
<td>ADB: Contract preparation. ETCIC: During implementation</td>
</tr>
<tr>
<td>Potential increase in externally funded projects in the future leading to staffing issues and a consequential reduction in financial management capacity</td>
<td>ETCIC to recruit additional staff to manage increasing portfolio, if necessary and as agreed with RD and ADB.</td>
<td>ETCIC (requesting additional staff to be financed under the loan, with endorsement from MRDI/RD).</td>
<td>ETCIC: During implementation</td>
</tr>
</tbody>
</table>

ADB = Asian Development Bank, ETCIC = Eurasian Transport Corridor Investment Center of Ministry of Regional Development and Infrastructure of Georgia.
Source: Asian Development Bank estimates.

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19. Subject to this, it is concluded that financial management capacity is sufficient and appropriate for project implementation purposes, with particular reference to the administration of funds, including statement of expenditure (SOE) and advance fund procedures.

B. Disbursement

1. Disbursement Arrangements for ADB Fund

20. The loan proceeds will be disbursed in accordance with ADB’s Loan Disbursement Handbook (2017, as amended from time to time), and detailed arrangements agreed upon between the Borrower and ADB. Online training for project staff on disbursement policies and procedures is available. Project staff are encouraged to avail of this training to help ensure efficient disbursement and fiduciary control.

21. **Advance fund procedure.** An advance account will be opened in the Treasury Service of the Ministry of Finance (MOF) as a sub-account of the Treasury FX account held with the National Bank of Georgia. This will be administered by ETCIC. The currency of the advance account is EURO. The advance account is to be used exclusively for ADB’s share of eligible expenditures. The ETCIC who administers the advance account is accountable and responsible for proper use of advances to the advance account.

22. The total outstanding advance to the advance account should not exceed the estimate of ADB’s share of expenditures to be paid through the advance account for the forthcoming 6 months. The ETCIC may request for initial and additional advances to the advance account based on an Estimate of Expenditure Sheet setting out the estimated expenditures to be financed through the account for the forthcoming 6 months. Supporting documents should be submitted to ADB in accordance with ADB’s Loan Disbursement Handbook (2017, as amended from time to time) when liquidating or replenishing the advance account.

23. **Statement of expenditure procedure.** The SOE procedure may be used for reimbursement of eligible expenditures or liquidation of advances to the advance account. Supporting documents and records for the expenditures claimed under the SOE should be maintained and made readily available for review by ADB’s disbursement and review missions, upon ADB’s request for submission of supporting documents on a sampling basis, and for independent audit.

24. For direct payments, the contractors and consultants will submit their invoices or interim payment certificates as appropriate to the ETCIC who will process them and send with the required withdrawal applications to ADB via client portal for disbursements (CPD).

25. Before the submission of the first withdrawal application, the Borrower should submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the government, together with the authenticated specimen signatures of each authorized person. The minimum value per withdrawal application is stipulated in the Loan

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8 The handbook is available electronically from the ADB website (http://www.adb.org/documents/loan-disbursement-handbook).
10 Estimate of Expenditure sheet is available in Appendix 8A of ADB’s Loan Disbursement Handbook (2017, as amended from time to time).
11 SOE forms are available in Appendix 7B and 7D of ADB’s Loan Disbursement Handbook (2017, as amended from time to time).
Disbursement Handbook (2017, as amended from time to time). Individual payments below such amount should be paid (i) by the RD/ETCIC and subsequently claimed to ADB through reimbursement, or (ii) through the advance fund procedure unless otherwise accepted by ADB. The borrower should ensure sufficient category and contract balances before requesting disbursements.

2. Disbursement Arrangements for Counterpart Fund

26. All disbursements under the Borrower portion of financing will be carried out in accordance with regulations of the Government of Georgia (GOG). Annual GOG funds allocation for the project will be confirmed by State Budget Law for each fiscal year. Common GEL Account of Treasury Service of Georgia opened at the National Bank of Georgia will be used as project account and GOG financing funds will be allocated in accordance with quarterly breakdown prepared by RD and ETCIC, approved by MRDI and accepted by MOF. All changes in GOG share budget figures such as requests for reallocation between quarters, request for additional funds and etc. will be jointly prepared by RD and ETCIC. Through MRDI request for changes will be submitted to MOF, after MOF approval the Treasury Service of Georgia will adjust data in on-line eTreasury System. The MOF, MRDI, RD, and ETCIC will be responsible to provide their respective funds in a timely manner.

C. Accounting

27. The ETCIC will maintain, or cause to be maintained, separate books and records by funding source for all expenditures incurred on the project following International Public Sector Accounting Standard for cash-based accounting with USD as reporting currency. The ETCIC will prepare consolidated project financial statements in accordance with the government’s accounting laws and regulations which are consistent with international accounting principles and practices. During the project implementation, upon ADB’s request, ETCIC will also provide the interim project financial statements (unaudited) including the budget and actual cost comparison.

D. Auditing and Public Disclosure

28. RD will ensure that the ETCIC cause the detailed project financial statements to be audited in accordance with International Standards on Auditing and with the borrower’s audit regulations, by an independent auditor acceptable to ADB. The audited project financial statements together with the auditor’s opinion will be presented in the English language to ADB within 6 months from the end of the fiscal year by the RD.

29. The audit report for the project financial statements will include an audit management letter and auditor’s opinions, which cover (i) whether the project financial statements present an accurate and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting standards; (ii) whether the proceeds of the loan were used only for the purpose(s) of the project; and (iii) whether the borrower or executing agency was in compliance with the financial covenants contained in the legal agreements (where applicable).

30. Compliance with financial reporting and auditing requirements will be monitored by review missions and during normal program supervision, and followed up regularly with all concerned, including the external auditor.

31. The Borrower including the MRDI, RD and ETCIC have been made aware of ADB’s approach to delayed submission, and the requirements for satisfactory and acceptable quality of
the audited project financial statements. ADB reserves the right to require a change in the auditor (in a manner consistent with the constitution of the borrower), or for additional support to be provided to the auditor, if the audits required are not conducted in a manner satisfactory to ADB, or if the audits are substantially delayed. ADB reserves the right to verify the project’s financial accounts to confirm that the share of ADB’s financing is used in accordance with ADB’s policies and procedures.

32. Public disclosure of the audited project financial statements, including the auditor’s opinion on the project financial statements, will be guided by ADB’s Public Communications Policy 2011. After the review, ADB will disclose the audited project financial statements and the opinion of the auditors on the project financial statements no later than 14 days of ADB’s confirmation of their acceptability by posting them on ADB’s website. The management letter and additional auditor’s opinions will not be disclosed.

VI. PROCUREMENT AND CONSULTING SERVICES

A. Advance Contracting and Retroactive Financing

33. All advance contracting and retroactive financing will be undertaken in conformity with the new procurement framework as set out in ADB’s Procurement Policy for the procurement of goods, works, consulting services and non-consulting services (2017) and the Procurement Regulations for ADB Borrowers (2017). The issuance of invitations to bid and consulting services recruitment notices under advance contracting and retroactive financing will be subject to ADB approval. The government has been advised that advance contracting and retroactive financing do not commit ADB to finance the project.

34. Advance contracting. Advance contracting will be undertaken for civil works and consulting services package to facilitate project implementation. The bidding documents and consultants’ TOR of these packages will be prepared by RD and reviewed by ADB before web posting. Under advance contracting, RD can complete the consultant selection process entirely and the bidding process up to the contract award.

35. Retroactive financing. Retroactive financing is specifically agreed by ADB and the Borrower in the loan agreement and only pursuant to the terms of the relevant agreement. The Borrower’s capacity to carry out related contracting and/or disbursement is adequate. The maximum amount of eligible expenditures for retroactive financing of civil works and consulting services will be up to 20% of the total ADB loan, incurred before loan effectiveness, but not more

12 ADB’s approach and procedures regarding delayed submission of audited project financial statements:
   (i) When audited project financial statements are not received by the due date, ADB will write to the executing agency advising that (a) the audit documents are overdue; and (b) if they are not received within the next 6 months, requests for new contract awards and disbursement such as new replenishment of advance accounts, processing of new reimbursement, and issuance of new commitment letters will not be processed.
   (ii) When audited project financial statements are not received within 6 months after the due date, ADB will withhold processing of requests for new contract awards and disbursement such as new replenishment of advance accounts, processing of new reimbursement, and issuance of new commitment letters. ADB will (a) inform the executing agency of ADB’s actions; and (b) advise that the loan may be suspended if the audit documents are not received within the next 6 months.
   (iii) When audited project financial statements are not received within 12 months after the due date, ADB may suspend the loan.


14 This type of information would generally fall under public communications policy exceptions to disclosure. ADB. 2011. Public Communications Policy. Paragraph 97(iv) and/or 97(v).

than 12 months before the signing of the loan agreement. The submission of the audited project financial statements and the audit report will be from the date when expenditures that were approved for retroactive financing were incurred.

B. Procurement of Goods, Works, and Consulting Services

36. The procurement of the works and the selection of consultant services will follow the new procurement framework as set out in ADB’s Procurement Policy for the procurement of goods, works, consulting services and non-consulting services (2017) and the Procurement Regulations for ADB Borrowers (2017). Open competitive bidding (OCB) will be adopted for procurement and recruitment activities.

37. Consulting firms will be selected and engaged using the quality- and cost-based selection (QCBS) method and consultant’s qualification selection (CQS) method, where applicable. Recruitment for construction supervision consultant will use 80:20 quality-cost ratio; and the road maintenance sustainability strategy will use 90:10 quality-cost ratio. A lump sum contract will be used for the external financial auditor which will be selected using the least-cost selection (LCS) method for recruitment.

38. Procurement of one civil works contract for the construction of E60 Highway F2 Khevi-Ubisa Road, with a total length of about 12 km, will follow the single-stage one-envelope bidding procedure. There will be no procurement of goods.

39. An estimated 725 person-months of consulting services, 433 person-months of key experts (249 international and 184 national) and 292 person-months of non-key experts are required for construction supervision. Capacity building packages will require an estimated 73 person-months of consulting services (23 international and 50 national). Individual consultants, including project management, gender specialist, and safeguards consultants, to augment the RD will be engaged using the competitive selection method.

C. Procurement Plan

40. An 18-month procurement plan indicating threshold and review procedures, goods, works, and consulting service contract packages is in Appendix 1.

D. Consultant’s Terms of Reference

41. The draft terms of reference for the construction supervision consultant, financial auditor, external monitoring consultants, and gender specialist are presented in Appendix 2.

VII. SAFEGUARDS

42. ADB’s Safeguard Policy Statement (SPS, 2009) will apply to the project.

43. Environment. The project has been classified as environment category A as the project will have significant adverse impacts that are irreversible and diverse. A draft Environmental Impact Assessment (EIA), including an Environmental Management Plan (EMP) has been prepared to meet the requirements of SPS (2009). The recommended environmental mitigation measures and monitoring activities set out in the EMP cover the pre-construction, construction,

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16 A 90:10 QCBS method is needed to focus on quality of consultants.
and operation stages of the project. The EMP, which also defines the institutional arrangements and responsibilities for its implementation, is to be incorporated into the project’s civil works contract documentation. The approved EIA was posted on ADB’s website on 29 May 2018, which is 120 days before the project is considered by ADB’s Board.

44. The environmental impacts anticipated are largely concentrated in the construction phase and will result from the large scale of the project, and as the road passes through hilly terrain and the vicinity of settlements and water courses, soil erosion, noise, dust, vibration, air quality impacts are likely to be significant. Air quality, noise and vibration impacts are also expected during the operation phase. The environmental management plan (EMP) will include measures to minimize anticipated impacts during both construction and operation. Prior to construction, the EMP will be updated into a specific EMP (SEMP) by the contractors which will include a number of site and topic specific EMPs.

45. No physical works will be allowed prior to approval of the SEMP by the construction supervision consultant and RD.

46. The RD has divisions for resettlement and environmental protection, managed by division heads. Both divisions are staffed with several specialists and project managers for ongoing donor-funded projects. The environment protection division has one specialist dedicated to ADB projects. For this project, due to the fact multi-lender financing is required and there is the potential for cumulative impacts across sections, it is recommended that the RD employ a dedicated safeguard officer. The RD will be assisted by the construction supervision consultant’s environmental specialists during project implementation. The EMP, which also defines the institutional arrangements and responsibilities for its implementation, will be included in the bidding documents, and in the ensuing contracts. The SEMP will be implemented under close monitoring provided by the construction supervision consultant and the environment and resettlement division of the RD. The RD will submit semiannual environmental monitoring reports to ADB for disclosure on the ADB website. The capacity building of the RD environment specialist, the contractors and supervision consultants will also be conducted through CWRD’s ongoing regional TA.

47. A grievance redress mechanism (GRM) has been identified during consultations. Prior to the commencement of works, grievance redress committees (GRCEs) as presented in the EIA will be operational under the project at Municipal level, with due representation from respective affected villages, including the representatives of local government and representatives of affected persons (APs), including women.

48. Involuntary resettlement. The project is categorized as A for involuntary resettlement. As per the preliminary inventory, 307 land parcels will be affected due to land acquisition. Of these, 218 are private registered parcels, 87 are private unregistered (legalizable) parcels and 2 are state owned. Details of the project’s land acquisition and resettlement is set out in the project’s land acquisition and resettlement plan (LARP). In compliance with the SPS requirements on information disclosure and consultation, the draft LARP, and the final implementation-ready LARP was posted on ADB’s website on 21 June 2018.

49. During project preparation stage, community consultations were conducted in accordance with ADB’s SPS (2009), and all requirements of SPS 2009 shall continue to be met during LARP implementation. A GRM has been identified during consultations. The GRM will allow APs to appeal any decision, practice or activity arising from land or other assets compensation. The broad structure, procedure and function of GRM were discussed during public consultation
meetings conducted during draft LARP preparation, where APs were informed about their rights and procedures for addressing complaints. Prior to finalization of implementation-ready LARP, GRCEs will be operational under the project at Municipal level, with due representation from respective affected villages, including the representatives of local government and representatives of APs, including women. Consultation and disclosure activities will continue to be undertaken with the affected households and other concerned groups throughout LARP implementation period.

50. The government and ADB have agreed that no civil works contract will be awarded until the final implementation-ready LARP has been approved by ADB and disclosed. This condition is reflected in the project’s loan agreement.

51. The government, through the RD, shall ensure that, in respect of each discrete portion of the project road, all land acquisition and resettlement activities, including all payments of required compensation and entitlements, and satisfaction of all requirements and actions set out in the LARP, are completed and certified as such by the external monitoring agency appointed for this project before any construction commences on such portion and before any notice to proceed is issued for such portion under the works contract. For the avoidance of doubt, the term “portion” as used in this paragraph means any portion of the project road, and construction may commence on such portion and a notice to proceed may be issued for such portion provided that all land acquisition and resettlement activities have been completed and certified as described in this paragraph.

52. RD must ensure that the approved LARP and any future updates are in accordance with the applicable Georgian laws and regulations, and ADB’s SPS (2009), and:

(i) the final LARP and any future updates are disclosed to displaced persons in the local language and at readily accessible locations;
(ii) the final implementation-ready LARP is submitted to ADB for review and clearance prior to LARP implementation;
(iii) all land and rights of way required for the project are acquired and made available in a timely manner;
(iv) a compliance report produced by an external monitor, certifying that all compensation and resettlement assistance has been provided to all displaced persons, in full accordance with the requirements of SPS (2009), is accepted by ADB prior to handover of land to contractor(s) for commencement of civil works;
(v) efficient grievance redress mechanism is maintained in place and operational to assist displaced persons resolve queries and complaints in a timely manner;
(vi) adequate staff and resources are made available for supervising and monitoring the implementation of the LARP, and reports are submitted to ADB biannually and at the completion of the LARP implementation process.

53. If during implementation of the LARP, any additional resettlement impacts are identified, the LARP is updated and prior approval by ADB and the relevant government agencies is obtained before further implementation of the LARP.

54. The RD resettlement division is well staffed and experienced in preparing and implementing land acquisition and resettlement plans in large and complex road projects, both in rural and urban settings. Land acquisition and resettlement for the Kobuleti and Batumi Bypass projects and the Kharagauli (secondary road) project has been managed by the same RD resettlement team in compliance with SPS 2009. Regular weekly/monthly meetings will be held
by the RD resettlement team and the Engineer’s safeguards specialist to ensure that any safeguards related issues are dealt with in a timely manner. The LARP implementation will be monitored and a compliance report prepared by an external monitor, and the RD will submit semiannual social monitoring reports to ADB for disclosure on the ADB website.

55. **Indigenous peoples.** The project is classified as category C for indigenous people. No indigenous peoples are present in the project area, as defined by the SPS (2009).

56. **Prohibited investment activities.** ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth at Appendix 5 of the SPS (2009).

**VIII. GENDER AND SOCIAL DIMENSIONS**

57. The project is classified as ‘general intervention’, with no direct poverty reduction component. In the long term, the project is expected to help reduce poverty by reducing the cost of transport of goods and people and cutting travel times, thereby improving access to basic services, such as health and education. Easing transport costs and travel times is expected to improve the community’s access to employment and livelihood opportunities. The project will directly benefit local residents and enterprises by creating jobs during construction. The civil works contracts will require contractors to comply with Georgia’s applicable labor laws and related international treaty obligations, such as the prohibition in the use of forced labor and child labor.

58. The project is categorized as ‘effective gender mainstreaming’. It is expected to provide substantial benefits to women by improving their mobility and better ensures their access to basic educational and health services, as well as employment opportunities. Women’s direct benefits from the project will be derived from specific targeted actions such as: (i) access to livelihood opportunities, through explicit preference given in the allocation of marketspaces for women entrepreneurs, (ii) livelihood trainings for residents of surrounding communities, (iii) equal and meaningful participation in all consultation meetings, (iv) improved accessibility for pedestrians, with sheds, zebra crossings, and ample safety signs, (iv) meaningful participation in road safety campaign programs, (v) engendering of the Road Maintenance Sustainability Strategy,17 and National Road Safety Action Plan. A gender specialist will be engaged during project implementation to ensure implementation of the gender action plan.

59. The following is the project’s gender action plan.

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17 Will be finalized based on further discussion between the Borrower and ADB.
<table>
<thead>
<tr>
<th>Actions</th>
<th>Indicators/Targets</th>
<th>Responsibility</th>
<th>Time Frame</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Output 1: 12 km of section of EWH between Khevi and Ubisa constructed</strong></td>
<td></td>
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</tr>
</tbody>
</table>
| 1.1 Ensure women’s meaningful participation in all community consultations on the project | 1.1.1 At least 2 community consultations conducted per year of project implementation, with each community consultation having at least 50% women participation  
1.1.2 Reports on the results of consultations identify which are women’s inputs, and record responses to these inputs (e.g., whether or not these inputs will be incorporated in the ensuing actions) | PIU (esp., social safeguards specialist, as well as the gender specialist)                               | Q4 2018–Q4 2021 |
| 1.2 Construct a rest stop with women-friendly facilities and market spaces for small women entrepreneurs | 1.2.1 A suitable plot accessible to both the old road and new project road, and which can accommodate a rest stop with some commercial facilities, is identified  
1.2.2 Rest stop (permanent structure) built with (i) separate toilets for women and men, and with diaper changing facilities, (ii) well-lit waiting areas with enough seats especially for pregnant women, elderly, and people with special needs, and with safe space for young children, and (iii) 50% market spaces (e.g., for eateries, locally produced goods such as pottery and women’s handicrafts, and local agricultural produce, etc.) allocated for women entrepreneurs | PIU (esp. project engineers); gender specialist to advise on women-friendly facilities | Q1 2019–Q4 2020 |
| 1.3 Conduct livelihood trainings for surrounding communities to maximize their benefits from the project road | 1.3.1 Conduct a market survey to identify viable livelihoods and businesses for surrounding communities  
1.3.2 At least 2 types of livelihood trainings and/or business development trainings conducted for current and potential entrepreneurs in the surrounding communities  
1.3.3 At least 100 individuals (50% women) participated in the livelihood trainings | PIU to engage trainors for specific types of livelihoods; Gender specialist to provide gender inputs and other support as needed | Q2 2019–Q4 2020 |
| 1.4 Install road safety facilities that consider the special needs of women, children, the elderly, and people with disabilities, in both the project road and old road | 1.4.1 Road safety facilities installed such as the following (where needed and feasible): (i) safe, well-lit sheds, (ii) zebra crossings, (iii) traffic lights, (iv) ample safety signs, and (v) paved sidewalks | PIU (esp. project engineers) | Q1 2020–Q3 2021 |
| **Output 2: Road safety awareness increased**                         |                                                                                                                                                                                                                     |                                                                                                          |                  |
| 2.1 Engender road safety programs                                      | 2.1.1 Gender inputs provided to RD to mainstream gender in the National Road Safety Action Plan  
2.1.2 All monitoring reports of road accidents during project implementation include age- and sex-disaggregated data (e.g., number of men/women/children pedestrians hit, men/women/children drivers or passengers injured, men/women/children fatalities, etc.) | Gender specialist to provide inputs to RD | Q1 2019–Q4 2020 |
<table>
<thead>
<tr>
<th>Actions</th>
<th>Indicators/Targets</th>
<th>Responsibility</th>
<th>Time Frame</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1.3 Road safety awareness campaign materials use gender sensitive messages, graphics, and language</td>
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<tr>
<td>2.1.4 At least 3 public outreach campaign activities on road safety carried out with 50% women’s participation</td>
<td></td>
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<tr>
<td>Output 3: Capacity of RD for operation and maintenance and project management improved</td>
<td></td>
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</tr>
<tr>
<td>3.1 Incorporate gender concerns in the Road Maintenance Sustainability Strategy</td>
<td>3.1.1 Road maintenance Sustainability Strategy includes provisions on women’s participation</td>
<td>PIU with advice from EA; Gender specialist to provide gender inputs</td>
<td>Q1 2019–Q4 2020</td>
</tr>
<tr>
<td>3.1.2 Action plan to improve women’s engagement in routine road maintenance developed and presented to RD</td>
<td></td>
<td></td>
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<tr>
<td>3.1.3 At least 30% women participation in at least 2 road maintenance trainings</td>
<td></td>
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</tr>
<tr>
<td>3.2 Enhance gender capacity of RD</td>
<td>3.2.1 Gender diagnostic of RD conducted, i.e., staffing patterns, identification of gender-related programs and trainings</td>
<td>PIU</td>
<td>Q1 2019</td>
</tr>
<tr>
<td>3.2.2 Based on the Gender diagnostic, action plan drafted to improve gender mainstreaming in RD policies and programs, including increasing the number of women employed in technical positions</td>
<td></td>
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</tr>
<tr>
<td>3.3 Ensure implementation and monitoring of project gender actions</td>
<td>3.3.1 A Gender specialist is engaged in the PIU to ensure GAP implementation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.3.2 Project management and information system includes gender indicators and semi-annual updated with sex-disaggregated information</td>
<td></td>
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</tr>
<tr>
<td>3.3.3 Progress of GAP implementation is assessed in all project reviews and reported in all progress reports</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.4 Conduct baseline and end-line studies on women’s and men’s travel patterns in surrounding communities</td>
<td>3.4.1 Report on the results of the baseline study includes quantitative measures of women’s and men’s current travel times, as well as comparative measures of their ease of access to destinations, comfort, and safety</td>
<td>PIU, esp. gender specialist with support from one field researcher</td>
<td>Q1–Q3 2019</td>
</tr>
<tr>
<td>3.4.2 Report on the results of the end-line study includes same measures used in the baseline study, as well as perceptions on the impacts or changes that the project road brought to their lives</td>
<td></td>
<td></td>
<td>Q2–Q4 2021</td>
</tr>
</tbody>
</table>

EA = executing agency, GAP = gender action plan, IA = implementing agency, km = kilometer, PIU = project implementation unit, RD = Roads Department.

*a* Will be finalized following discussions between the Borrower and ADB.
IX. PERFORMANCE MONITORING, EVALUATION, REPORTING, AND COMMUNICATION

A. Project Design and Monitoring Framework

<table>
<thead>
<tr>
<th>Impact the Project is Aligned with</th>
<th>Results Chain</th>
<th>Performance Indicators with Targets and Baselines</th>
<th>Data Sources and Reporting</th>
<th>Risks</th>
</tr>
</thead>
</table>
| Georgia is a regional and logistics hub and more attractive for businesses (The Socio-economic Development Strategy of Georgia [Georgia 2020]). | Efficiency and safety of road transport along the EWH improved. | By 2023:  
  a. Average travel time from Chumateleti to Argveta reduced to 45 minutes (2017 baseline: 71 minutes).  
  b. Road crash rate per 100 million vehicle-km traveled on the EWH reduced by 30% of the existing national road crash rate (2017 baseline: 13.6). | a. Supervision consultant’s annual project progress report.  
  b. RD’s crash data statistics (annually). | Change in government priorities shifts resources away from road maintenance jeopardizing sustainability of road network and preservation of assets. |

<table>
<thead>
<tr>
<th>Outputs</th>
<th>Performance Indicators with Targets and Baselines</th>
<th>Data Sources and Reporting</th>
<th>Risks</th>
</tr>
</thead>
<tbody>
<tr>
<td>By 2021:</td>
<td>1. 12 km section of EWH between Khevi and Ubisa constructed.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1a. 12 km of new access controlled dual carriageway or 4-lane divided highway reconstructed and/or constructed to 80 km/hour design standard, partly on a new alignment, and with at least 3 gender-inclusive features (2017 baseline: 0 km).b</td>
<td>1a. Supervision consultant’s project progress reports (annually).</td>
<td>Despite mitigating measures in place, a small number of affected people may still decline relocation and resort to lengthy disputes outside of the grievance redress mechanism and thereby disrupt construction works.</td>
<td></td>
</tr>
<tr>
<td>By 2022:</td>
<td>2. Road safety awareness increased.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2a. Road safety awareness campaign messages reach at least 70% of the targeted total population, out of which at least 40% are women (2017 baseline: not applicable)</td>
<td>2a. Road safety consultant’s final report, approved by RD.</td>
<td>Increase in global commodity prices beyond projections leads to considerable increases in the cost of construction materials causing delays.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Capacity of RD for operation and maintenance and project management improved.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3a. Road maintenance sustainability strategy, with gender-inclusive provisions, accepted by the MRDI (2017 baseline: no strategy exists).</td>
<td>3a. Strategy signed by MRDI.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3b. At least 20 RD staff, including all qualifying women staff have increased knowledge and skills in procurement, project implementation and project management (2017 baseline: not applicable).</td>
<td>3b. Survey of training participants.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Key Activities with Milestones

**Output 1: 12 km section of EWH between Khevi and Ubisa constructed.**
1.1 Detailed engineering design to be completed by June 2018.
1.2 Recruitment of supervision consultant to start in June 2018.
1.3 Tendering for civil works to start in July 2018.
1.4 Civil works contract to be awarded by November 2018.
1.5 Payments for compensation and relocation of affected people to be 100% completed by November 2018.
1.6 Construction supervision consultant mobilized by Q1/2019.
1.7 Civil works to be completed by December 2021.

**Output 2: Road safety awareness increased.**
2.1 Mobilize consultant and/or NGO(s) to prepare a road safety program for highways by Q3/2019.
2.2 Implement the road safety program until Q2/2022.

**Output 3: Capacity of RD for operation and maintenance and project management improved.**
3.1 Mobilize consultant to prepare a road maintenance sustainability strategy by Q4/2019.
3.2 Implement the road maintenance sustainability strategy by Q2/2022.
3.3 Mobilize consultant to develop a project management training program by Q2/2020.
3.4 Implement the project management training program until Q2/2022.

<table>
<thead>
<tr>
<th>Inputs</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADB: $300.0 million (OCR loan)</td>
</tr>
<tr>
<td>Government: $129.5 million</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Assumptions for Partner Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Investment Bank: sections F1 and F3 of EWH constructed/re-constructed by 2021.</td>
</tr>
</tbody>
</table>

ADB = Asian Development Bank, EWH = East–West Highway, km = kilometer, MRDI = Ministry of Regional Development and Infrastructure, NGO = non-governmental organization, OCR = ordinary capital resources, RD = Roads Department.


b Gender-inclusive features include a rest stop built with women-friendly facilities and commercial spaces out of which at least 50% will be reserved for women’s businesses, zebra crossings and ample safety signs. These features will be constructed on frontage and access roads due to lack of space for such provisions on the project road due to mountainous terrain.


**B. Monitoring**

60. **Project performance monitoring.** RD will require the Engineer to (i) collect additional data from relevant agencies, including local governments and statistics bureaus, (ii) to measure the performance indicators at inception, at completion, and 3 years after project completion; and (iii) report key findings quarterly to ADB through the project’s quarterly project reports.

61. **Compliance monitoring.** RD will provide an annual report on the project’s compliance with legal, financial, economic, environmental, social and other covenants.

62. **Safeguards monitoring.** RD will monitor the implementation of the environment and resettlement action plans. The semi-annual report will include the status of these plans. The EMP will be monitored and reported to ADB bi-annually with the assistance of supervision consultant team, the performance and results of which (through EMP reports) will be uploaded in ADB website. Construction environmental monitoring is a day to day process, which ensures that departures from the EMP are avoided or quickly rectified, or that any unforeseen impacts are quickly discovered and remedied. Specific actions in the EMP that are to be monitored are included in the EIA. These include the preparation of plans for aspects of the work, such as construction camps, borrow pits and quarries, establishing crusher and asphalt facilities, and a site safety plan, which need to be completed and approved during the preconstruction phase. Also included are air, noise, and water quality monitoring parameters as required in the EIA report, and regular monitoring of the condition of the road surface, bridges, culverts, drainage structures and slope protection structures. In addition, information on the locations, type and consequences are included. If there are any unforeseen safeguards impacts or incidents these will be reported to ADB immediately for necessary action. RD will engage individual consultants for periodic inspection and reporting on safeguard matters.

63. **Gender and social dimensions monitoring.** RD, through the supervision consultant, will monitor the impact on gender and social dimensions through regular quarterly reports.
C. Evaluation

64. Within 6 months of physical completion of the project, RD will submit a project completion report to ADB.18

D. Reporting

65. The RD will provide ADB with (i) quarterly progress reports in a format consistent with ADB’s project performance reporting system; (ii) consolidated annual reports including (a) progress achieved by output as measured through the indicator’s performance targets, (b) key implementation issues and solutions, (c) updated procurement plan, and (d) updated implementation plan for the next 12 months; and (iii) a project completion report within 6 months of physical completion of the project. To ensure that projects will continue to be both viable and sustainable, project accounts and the executing agency audited financial statement together with the associated auditor’s report, should be adequately reviewed.

66. The RD will also be responsible for submitting to ADB quarterly safeguards monitoring reports to ADB for approval and disclosure on the RD and ADB websites.

E. Stakeholder Communication Strategy

67. Consultations were conducted at various stages of social and resettlement project preparation including feasibility study, initial environmental examination, cadastral survey of affected lands, land census survey, socioeconomic survey, and targeted consultation meetings with affected people and local stakeholder organizations and individuals. The consultations will continue throughout the project cycle. A resettlement information leaflet containing information on compensation, entitlement, and resettlement management adopted for the project will be made available in the local language(s) and distributed to affected persons. Each affected person will be provided information regarding specific entitlements. Information sharing on LARP entitlement will be shared at the village level through consultation and through formal public consultation during the public hearing. The summary LARP will be translated into the local language (Georgian) and disclosed to affected persons at the local level. A copy of the LARP will be available at RD. The same will be available for the affected persons as and when asked for.

X. ANTICORRUPTION POLICY

68. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the project.19 All contracts financed by ADB shall include provisions specifying the right of ADB to audit and examine the records and accounts of the executing agency and all project contractors, suppliers, consultants, and other service providers. Individuals and/or entities on ADB’s anticorruption debarment list are ineligible to participate in ADB-financed activity and may not be awarded any contracts under the project.20

69. To support these efforts, relevant provisions are included in the loan agreement and the bidding documents for the project.

18 Project completion report format is available at: http://www.adb.org/Consulting/consultants-toolkits/PCR-Public-Sector-Landscape.rar
20 ADB’s Integrity Office web site: http://www.adb.org/integrity/unit.asp
XI. ACCOUNTABILITY MECHANISM

70. People who are, or may in the future be, adversely affected by the project may submit complaints to ADB’s Accountability Mechanism. The Accountability Mechanism provides an independent forum and process whereby people adversely affected by ADB-assisted projects can voice, and seek a resolution of their problems, as well as report alleged violations of ADB’s operational policies and procedures. Before submitting a complaint to the Accountability Mechanism, affected people should make an effort in good faith to solve their problems by working with the concerned ADB operations department. Only after doing that, and if they are still dissatisfied, should they approach the Accountability Mechanism.21

XII. RECORD OF CHANGES TO THE PROJECT ADMINISTRATION MANUAL

71. All revisions and/or updates during the course of implementation should be retained in this section to provide a chronological history of changes to implemented arrangements recorded in the PAM, including revision to contract awards and disbursement s-curves.

---

PROCUREMENT PLAN

Basic Data

<table>
<thead>
<tr>
<th>Project Name:</th>
<th>East-West Highway (Khevi-Ubisa Section) Improvement Project</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project Number:</td>
<td>49257-001</td>
</tr>
<tr>
<td>Approval Number:</td>
<td></td>
</tr>
<tr>
<td>Country:</td>
<td>Georgia</td>
</tr>
<tr>
<td>Executing Agency:</td>
<td>Ministry of Regional Development and Infrastructure of Georgia</td>
</tr>
<tr>
<td>Project Procurement Classification:</td>
<td>Category A</td>
</tr>
<tr>
<td>Project Procurement Risk:</td>
<td>Medium</td>
</tr>
<tr>
<td>Implementing Agency:</td>
<td>Road Department - Ministry of Regional Development and Infrastructure</td>
</tr>
<tr>
<td>Project Financing Amount:</td>
<td>US$ 429,530,000</td>
</tr>
<tr>
<td>ADB Financing:</td>
<td>US$ 300,000,000</td>
</tr>
<tr>
<td>Cofinancing (ADB Administered):</td>
<td></td>
</tr>
<tr>
<td>Non-ADB Financing:</td>
<td>US$ 129,530,000</td>
</tr>
<tr>
<td>Date of First Procurement Plan:</td>
<td>30 August 2018</td>
</tr>
<tr>
<td>Project Closing Date:</td>
<td>31 December 2024</td>
</tr>
<tr>
<td>Date of this Procurement Plan:</td>
<td>30 August 2018</td>
</tr>
<tr>
<td>Procurement Plan Duration (in months):</td>
<td>18</td>
</tr>
<tr>
<td>Advance Contracting:</td>
<td>Yes</td>
</tr>
<tr>
<td>e-GP:</td>
<td>No</td>
</tr>
</tbody>
</table>

A. Methods, Review and Procurement Plan

Except as the Asian Development Bank (ADB) may otherwise agree, the following methods shall apply to procurement of goods, works, and consulting services.

<table>
<thead>
<tr>
<th>Procurement of Goods and Works Method</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Open Competitive Bidding (OCB) for Works</td>
<td>Prior review required.</td>
</tr>
</tbody>
</table>

Consulting Services

<table>
<thead>
<tr>
<th>Method</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultant's Qualification Selection for Consulting Firm</td>
<td>Prior review required.</td>
</tr>
<tr>
<td>Least-Cost Selection for Consulting Firm</td>
<td>Prior review required.</td>
</tr>
<tr>
<td>Quality- and Cost-Based Selection for Consulting Firm</td>
<td>Prior review required.</td>
</tr>
<tr>
<td>Competitive for Individual Consultant</td>
<td>Prior review required.</td>
</tr>
</tbody>
</table>

B. Lists of Active Procurement Packages (Contracts)

The following table lists goods, works, and consulting services contracts for which the procurement activity is either ongoing or expected to commence within the procurement plan duration.

<table>
<thead>
<tr>
<th>Goods and Works Package Number</th>
<th>General Description</th>
<th>Estimated Value (in US$)</th>
<th>Procurement Method</th>
<th>Review</th>
<th>Bidding Procedure</th>
<th>Advertisement Date (quarter/year)</th>
<th>Comments</th>
</tr>
</thead>
</table>
| KURP/CW/OCB-01 | Construction of Khevi-Ubisa Section (E60 Highway Route) | 348,100,000.00 | OCB | Prior | 1S1E | Q3 / 2018 | Advertising: International
No. of Contracts: 1
Prequalification of Bidders: No
Domestic Preference Applicable: No
Advance Contracting: Yes
Bidding Document: Large Works
Comments: Prior review required. |
<table>
<thead>
<tr>
<th>Package Number</th>
<th>General Description</th>
<th>Estimated Value (in US$)</th>
<th>Selection Method</th>
<th>Review</th>
<th>Type of Proposal</th>
<th>Advertisement Date (quarter/year)</th>
<th>Comments</th>
</tr>
</thead>
</table>
| KURP/CS/CQS-01 | Road safety program | 100,000.00               | CQS              | Prior  | BTP             | Q4 / 2018                          | Type: Firm  
Assignment: National  
Advance Contracting: No |
| KURP/CS/CQS-02 | Project management training program | 250,000.00 | CQS               | Prior  | STP             | Q2 / 2019                          | Type: Firm  
Assignment: International  
Advance Contracting: No |
| KURP/CS/QCBS-01 | Construction Supervision Consultant | 11,000,000.00 | QCBS             | Prior  | FTP             | Q2 / 2018                          | Type: Firm  
Assignment: International  
Quality-Cost Ratio: 80:20  
Advance Contracting: Yes  
Comments: Estimated value includes indirect local taxes |
| KURP/CS/QCBS-02 | Road maintenance sustainability strategy | 1,000,000.00 | QCBS            | Prior  | STP             | Q1 / 2019                          | Type: Firm  
Assignment: International  
Quality-Cost Ratio: 90:10  
Advance Contracting: No  
Comments: 90:10 quality-cost ratio will be used to ensure quality outputs |
| KURP-Audit     | Financial Auditor   | 70,000.00                | LCS              | Prior  | BTP             | Q3 / 2018                          | Type: Firm  
Assignment: National  
Advance Contracting: No  
Comments: To be selected from L3520 and will be partly financed from KURP. RFP will be sent to a limited number of national firms: Deloitte&Touche LLC, Ernst&Young LLC, KPMG CIS-Limited Tbilisi Branch, and Pricewaterhouse Coopers Georgia LLC. Lump sum contract |
| KURP-Project Management | Project Management Consultants | 120,000.00 | Competitive  | Prior  | Q1 / 2019       | Type: Individual  
Assignment: International  
Expertise: Various  
Advance Contracting: No  
Comments: International and/or national, expertise and number of contracts |
### Consultant Services

<table>
<thead>
<tr>
<th>Package Number</th>
<th>General Description</th>
<th>Estimated Value (in US$)</th>
<th>Selection Method</th>
<th>Review</th>
<th>Type of Proposal</th>
<th>Advertisement Date (quarter/year)</th>
<th>Comments</th>
</tr>
</thead>
</table>
| KURP-Safeguards-01 | Safeguards Monitoring (Environment) | 99,000.00 | Competitive | Prior | | Q1 / 2019 | Type: Individual  
Assignment: International  
Expertise: Various  
Advance Contracting: No  
Comments: International and/or national, expertise and number of contracts to be determined |
| KURP-Safeguards-02 | Safeguards Monitoring (Resettlement) | 99,000.00 | Competitive | Prior | | Q1 / 2019 | Type: Individual  
Assignment: International  
Expertise: Various  
Advance Contracting: No  
Comments: International and/or national, expertise and number of contracts to be determined |

### C. List of Indicative Packages (Contracts) Required Under the Project

The following table lists goods, works, and consulting services contracts for which procurement activity is expected to commence beyond the procurement plan duration and over the life of the project (i.e., those expected beyond the current procurement plan duration).

#### Goods and Works

<table>
<thead>
<tr>
<th>Package Number</th>
<th>General Description</th>
<th>Estimated Value (in US$)</th>
<th>Procurement Method</th>
<th>Review</th>
<th>Bidding Procedure</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Consulting Services

<table>
<thead>
<tr>
<th>Package Number</th>
<th>General Description</th>
<th>Estimated Value (in US$)</th>
<th>Selection Method</th>
<th>Review</th>
<th>Type of Proposal</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>None</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
DRAFT TERMS OF REFERENCE
CONSTRUCTION SUPERVISION CONSULTANT FOR THE E60 HIGHWAY F2 KHEVI–UBISA PROJECT

A. BACKGROUND

1. Georgia is located south of the Caucasus mountain range, with Russia to the north, Armenia and Turkey to the south, Azerbaijan to the east, and the Black Sea to the west. It has a population of 4.5 million. Georgia, due to its geographic location, provides the shortest transit link between Central Asia and Europe. Hence, transport plays a pivotal role in supporting the national economy, and development of the transport sector is vital to increasing economy of the region through reduced transport costs and increased transit revenues.

2. The project road is based in the Imereti region, one of the main historical, economic, cultural and educational regions of Georgia. It comprises an area of 6,600 sq. km (11% of Georgia) with 700,000 inhabitants (16% of Georgian population). Imereti is divided into two parts: Upper (Zemo) and Lower (Kvemo) Imereti and lies in the central part of Georgia.

3. The government of Georgia has applied for financing from the Asian Development Bank (ADB) towards the cost of the Khevi–Ubisa Road Project and intends to apply part of the proceeds of this financing to procure consulting services for supervision of the construction of the Project. RD now wishes to engage a consulting engineering firm to function as supervision consultant to supervise the construction of Section F2 of the Khevi–Ubisa Road Project The total length of Section F2 is of 12.05 km (Dual Carriageway). The road passes across Kharagauli municipality. The villages located in the Kharagauli municipality, near the highway are: Tsitskiuri, Khunevi, Vertkichava and Boriti.

4. The following Design Standards have been applied:
   (a) Georgian National Standard for Public Motor Roads (SST Gzebi 2009);
   (b) Former Soviet Union Standard (SNiP 2.05.02-85);
   (c) Trans-European North-South Motorway (TEM) Standard, Third Edition February 2002; and
   (d) Other relevant standards as specified in the civil works contract.

5. The main design parameters are:
   (a) Design speed: 80 km/h (100 km/h)
   (b) Number of lanes: 2 X 2
   (c) Lane width: 3.75 m
   (d) Carriageway width: 7.50 m
   (e) Shoulder width: 3.80 m of which 2.50 m paved and 1.30 m unpaved
   (f) Total road width: 27.60 m

6. The Project road includes 9 tunnels on carriageway TA (Tbilisi-Argveta), of which two are existing tunnels to rehabilitate, with total length of 4.3 km and 11 tunnels on carriageway AT (Argveta-Tbilisi) with total length of 5.0 km (including portal and cut and cover tunnels). There are two existing tunnels on carriageway TA, with total length 265 m. This project road also includes 18 bridges on TA carriageway with total length of 4.2 km and 17 bridges on AT carriageway with total length of 4.1 km.
7. The project road is to be constructed through a single civil works contract, procured in accordance with the new procurement framework as set out in ADB’s Procurement Policy for the procurement of goods, works, consulting services and non-consulting services (2017) and the Procurement Regulations for ADB Borrowers (2017). Civil works procurement is proceeding concurrently with finalizing financing for the project’s implementation and with selection of the construction supervision consultant.

8. The Ministry of Regional Development and Infrastructure (MRDI) will be the project executing agency and the Roads Department (RD) will be the implementing agency. The civil works will be carried out in accordance with the detailed engineering design prepared by the Employer (RD).

B. OBJECTIVES OF THE ASSIGNMENT

9. The primary objective of the consulting services is to assist RD to implement the project through:

   (i) Proper management of civil works contract (the Contract) acting as "the Engineer" as defined in the civil works Contract (FIDIC MDB Harmonized 2010 edition), executing all rights and responsibilities of "the Engineer" including but not limited to advising the Employer on all matters concerning contract management (e.g. quality control, work progress, dispute resolution, etc.);

   (ii) Comprehensive supervision of project implementation activities carried out by the contractor to ensure compliance with the drawings, technical specifications and various stipulations contained in the contract documents, with high standards of quality assurance in supervision and in the execution of work;

   (iii) Provision of support to complete the work within the stipulated time for completion and allocated budget as much as practicable.

C. CONTRACT MANAGEMENT FRAMEWORK

10. The civil construction contract will be based on the FIDIC MDB Harmonized Version construction contract (June 2010 version) (hereafter referred to as FIDIC) with appropriate amendments to incorporate local requirements.

11. The Consultant will act as "the Engineer" under FIDIC for the contract. The Consultant will make the necessary measurements and ensure the quality of work. The Consultant shall make all engineering decisions required during the implementation of the contract. However, the Consultant shall seek prior approval of the Employer with regard to the following:

   (i) Approving subletting/subcontracting of any part of the works;

   (ii) Determining an extension of time;

   (iii) Issuing a variation having financial implications (Unless, in the opinion of the Engineer, an emergency occurs affecting the safety or life of any person or the safety of the Works or adjoining property, in which case the Engineer will make his/her own decisions and then seek Employer’s confirmation at first opportunity);

   (iv) Major changes of road design; and
12. The Construction Supervision Consultant (CSC) will be a firm (or a joint venture of firms). The firm's (joint venture's lead partner's) full time Project Director will embody "the Engineer" under the works contract. The Consultant will designate its Team Leader as the “Engineer’s Site Representative” and will notify the contractor and the employer of his/her authority which shall include all matters pertaining to the Engineer’s under FIDIC but for the authority to make “determinations”. However, the Consultant shall be responsible for all actions taken by its Team Leader, and the team.

D. SCOPE OF SERVICES

13. The services to be provided by the Engineer shall cover the following categories:

Part 1: Overall Contract Management, Administration and Planning; Technical Support; Construction Supervision, Testing and Inspection;
Part 2: Monitoring of Environmental Aspects;
Part 3: Monitoring of Gender and Other Social Aspects;
Part 4: Monitoring of Resettlement Aspects.

Part 1: Overall Contract Management, Administration and Planning; Technical Support; Construction Supervision, Testing and Inspection

14. The scope of consulting services will include, but not necessarily be limited to the following:

(i) Act as the ‘Engineer’ in terms of civil works contract to the extent of the authority given to the Engineer under the works contract (in case of discrepancy between requirements of the civil works contract towards the rights and responsibilities of the “Engineer” and current TOR, the latest shall prevail unless otherwise instructed by the Client);

(ii) Assist the Employer in contract administration and management of the project and the civil works contract;

(iii) Interpretation of the Technical Specifications and Contract Documents;

(iv) Review designs, drawings, BOQ provisions and specifications with respect to actual site conditions both for permanent and temporary works within 60 days after submission of such documents and suggest modifications, if required or deemed appropriate. Any realignment, redesign/modification, any additional design of bridges or tunnels desired for completion of the project will be done by Consultant and related approvals from concerned authorities will be obtained by the Consultant, if any suggested, be funded under provisional sum under the Engineer’s contract.;

(v) Ensure that provisions for ensuring road safety during construction, including at pre-opening stage, are put in place by the contractor(s);

(vi) Review and ensure conformity of contractor’s securities with the civil works contract in approved formats and track and ensure validity of these securities;
(vii) Review and ensure conformity of contractor's insurance policies with the civil works contract and track and ensure validity of these insurances;

(viii) Review compliance with the documentation and advance actions requirements, including securing of all statutory clearances and permits as well as handing over of site, and advise on issuing the notice to set the Commencement Date;

(ix) Making a joint assessment with the Contractor of the initial conditions of all access roads and bridges serving the various parts of the site;

(x) Ensure the contractor effects and implements a system for the quality assurance of the works. The system of control of quality of materials and completed works shall also include sampling methods and criteria and acceptance criteria. The sampling methods and the acceptance criteria shall be based on statistical methods and the recommendations of the relevant documentation (as applicable) and international practices;

(xi) Scrutinize the contractor's detailed work programme and related logistics, suggest modifications, if advisable, to the programme after a careful study and ensure the contractor complies at all time with the programme;

(xii) Scrutinize and/or review contractor's superintendence, personnel and suggest modifications, if any;

(xiii) Scrutinize the contractor's mobilization of the contractor's equipment to ensure the nominated plant and equipment is delivered to the site in accordance with the contractor's programme and that permits (where necessary) are obtained in a timely manner;

(xiv) Scrutinize the construction methods proposed by the contractor for carrying out the works to ensure that these are satisfactory with particular reference to the technical requirements, project implementation schedule and environmental aspects as well as safety of works, personnel and the general public;

(xv) Review the horizontal and vertical alignment for the roads based on review of contract drawings and the topographic survey carried out by the contractor. This work will include if required, amending the alignment plan and profile drawings based on the updated topographic surveys;

(xvi) Issue finalized or revised 'Issued for Construction' drawings and prepare and provide additional detailed drawings, if and as necessary, including drainage (inclusive of drainage scheme through the built-up areas), junctions, road signs and markings, safety measures, km stones, protection works etc. based on the contractor's survey and setting out;

(xvii) Ensure that all bridge and tunnel details are complete and modify the design and drawings wherever required as a result of the change in the founding strata or any other reason at the time of execution;

(xviii) Ensure that road safety and traffic safety considerations and requirements resulting from corresponding audits are incorporated in the design
(xix) Scrutinize and approve the contractor’s working drawings based on survey setting out details, and drawings for temporary works, as required under the contract;

(xx) Carry out detailed checking and verification of the setting-out data for the work including lines, levels and layout to ensure conformity with the working drawings;

(xxi) Identify with the contractor, and public utility agencies all utility services (electricity, telecommunication, and water), if any, within the right-of-way that are to be protected and marked to avoid damage, or relocated, as required by the works and monitor the facilities reinstallation plan of gas and water pipeline, telecommunications system, and electricity services to ensure continued public utility services supply during construction;

(xxii) Carry out supervision of all works as per approved method statements of various items of work and ensure proper supervision as per requirement;

(xxiii) Examine contractor’s preparation and the completed portion of work as per ‘requests for inspection’ and promptly advise the contractor;

(xxiv) Monitor closely and regularly the progress of work and advise the contractor about corrective measures;

(xxv) Conduct weekly Contract Site Meetings (technical meetings) and monthly Contract Site Meetings (progress meetings), to be attended by representatives of the Employer and the contractor;

(xxvi) Carry out regular inspection of the contractor’s equipment, plant, machinery, installations, housing and medical facilities etc. and ensure they are adequate and are in accordance with the terms and conditions of the contract;

(xxvii) Direct the contractor to carry out all such works or to do all such things as may be necessary to avoid or to reduce the risk in case of any emergency affecting the safety of the works or the adjoining property, as well as the safety of any person affected by the works and advise the Employer thereof as soon thereafter as is reasonably practicable;

(xxviii) Supervise the contractor in all matters concerning safety and care of the work including environmental aspects and labor welfare;

(xxix) Witness sampling and testing being carried out by staff of the contractor and undertake additional audit tests as necessary to ensure the quality of works and promptly inform the contractor of the results;

(XXX) Review the test results/certificates of all construction materials and/or sources of materials and undertake additional tests as necessary to assess the quality of works;

(XXXI) Review all mix designs proposed by the contractor and approve/suggest modifications in the mix design, laying methods, sampling and testing procedure, and quality control measures, to ensure required standard and consistency in quality at the commencement of items;
(xxxii) Maintain a permanent record of all tests carried out for monitoring the quality of works;

(xxxiii) Prepare updated and additional drawings as required during the contract period and supply them to the contractor in due time;

(xxxiv) Undertake road safety and traffic safety audits during construction and post-construction stages; and on the basis of those audits, direct the contractor to implement such additional works as may be necessary to ensure the completed road meets appropriate internationally-accepted road safety standards;

(xxxv) Measurement of quantities and certification, recording of measurements; verify the contractor’s monthly statements, certify and issue interim and final payment certificate of the contractor based on the conditions of the contract;

(xxxvi) Examine the requests for advances and monthly statements of contractor;

(xxxvii) Maintain a permanent record of all measurements for the work quantities to be paid for and of all payments made;

(xxxviii) Prepare monthly reports fully describing the progress of works including implementation of environment, social and resettlement safeguard requirements and the services rendered by the Consultant during the month under review, indicating also the problem areas and action required to overcome them;

(xxxix) Maintain a day-to-day diary recording all events relevant to the works;

(xl) Review and approve 'as-built' drawings prepared by the contractors and maintain records of all test data and results and also certify “as constructed” drawings for each component of the works furnished by the contractor;

(xli) Inspect the works on completion of the milestone before accepting the work and indicate to Team Leader any outstanding work to be carried out by the contractor before issuing a milestone certificate;

(xlii) Prepare reports and provide assistance, as necessary and as required, to the Dispute Board and during any eventual subsequent arbitration procedures;

(xliii) Develop and implement training programs (including workshops and technical guidelines) for RD staff and national consultants at project site on project management including quality assurance, contract administration, quality control, in-situ and laboratory testing, reporting, monitoring and implementation of environmental and social safeguards, road maintenance plan and other activities as required; and

(xliv) Establish and maintain a project performance monitoring system (PMS) based on the project Design and Monitoring Framework (DMF); ensure that all relevant baseline data (traffic volumes and journey times; freight tariffs and bus fares, environmental impact indicators, socio-economic indicators and social and poverty reduction impact indicators, where relevant, and others) is collected at the beginning of project implementation and measured at an agreed frequency.
15. In addition, or as an extension of the activities and responsibilities required of the Engineer under the civil works contract, the consultant will also undertake additional tasks, including but not limited to the following:

(i) The Consultant should use heavy weight scales (to be provided by the Contractor) to weigh every loaded truck entering the project site. If the Engineer determines that the truck is overloaded (according to Georgian Legislation), it should notify the Patrol Police about this case immediately. Every monthly report should have a separate chapter providing the information about axle-loads of the vehicles and short description of cases where involvement of Patrol Police became necessary;

(ii) Review and approve the contractor’s proposed tunnel excavation methodology, including the contractor’s blasting program for those sections of the tunnels that are to be constructed using drill and blast techniques. In undertaking this task, the Consultant will pay particular attention to ensuring that blasting-related vibrations do not exceed the limits defined in the specification, to avoid damage to residences and other structures located close to the tunnel alignments;

(iii) Develop and implement an innovative technology plan for creating a secure online project management collaboration system to communicate and facilitate project document sharing among project stakeholders (electronic document management system). A project website should be included in this technology plan to communicate project progress to the local communities and their registered residents. In addition, the plan may include utilizing drone technology for photography, video, surveying, asset inspection, and progress monitoring of the project;

Part 2: Environmental Aspects

(i) Review the EIA report and update the Environmental Management Plan (EMP);

(ii) Ensure the contractor implements the EMP and develops their own Site Specific EMP which will require approval by the Supervision consultant;

(iii) Conduct coordination and training workshops on roles and responsibilities on EMP implementation;

(iv) Periodically conduct monitoring activities to verify validity of data collected and methodology used;

(v) Prepare Environmental Monitoring reports based on the EMP monitoring and implementation activities as given in the Appendix to be submitted to ADB (bi-annual reports are required);

(vi) Issue Non-compliances and Non-Conformance reports to the Contractor, review Corrective Action Plans and ensure corrective actions are implemented; and

(vii) Assess and approve temporary construction areas such as camps, laydown areas, dump sites and ensure that Site Specific EMPs are in place for such sites and these are approved.
Part 3: Gender and Other Social Aspects

(viii) Review the gender action plan including other social aspect mitigation plan prepared for the project to understand the gender issues in the project area and the mitigation and monitoring requirements of the project;

(ix) Prepare checklists for periodic monitoring of gender action plan implementation (as necessary);

(x) Support and monitor implementation of the gender action plan including other social aspect mitigation plan on a periodic basis (as necessary) and in doing so complete the monitoring checklists;

(xi) Monitor that implementation of gender design features of construction are followed (rest-areas, male/female toilets, access roads, road signs and other related infrastructure);

(xii) Monitor implementation of the HIV/AIDS, STD prevention and Tuberculosis (TB) awareness program by the Contractor on a periodic basis (as necessary) and in doing so complete the monitoring checklists; Conduct/monitor safety awareness campaigns to communities along the corridor to the pedestrians, drivers, parents, schoolchildren, professional drivers, etc. and ensure 50% of female participation; Ensure integration of gender sensitive language and messages in the road safety awareness campaign;

(xiii) Conduct/monitor HIV/AIDS, STD prevention and TB awareness-raising sessions to communities along the corridor and laborers and ensure high level of female participants;

(xiv) Ensure all affected female headed households are properly assisted and consulted during the implementation of the resettlement plan; and

(xv) Prepare monitoring report on gender action plan including other social aspect mitigation plan and when necessary for submission to RD.

Part 4: Resettlement Aspects

(xvi) Support the RD in matters relating to land acquisition and resettlement including updating the Resettlement Plan, monitoring the implementation of the resettlement plan and providing expert advice in all matters relating to acquisition and resettlement which include, but not necessarily limited to, the following activities:

a. Review and verify the progress in land acquisition/ resettlement implementation and prepare monthly and semi-annual monitoring reports for the Client.

b. Evaluate and assess the adequacy and effectiveness of the consultative process with the affected persons, particularly those who are vulnerable, especially women, including the adequacy and effectiveness of the grievance redressal mechanism and procedures available to the affected persons and dissemination of information about these.

c. Advise the Client on safeguard compliance issues and if necessary a corrective action plan will be prepared to address such issues.
Part 5: Defects Notification Period

(xvii) Inspect the works on completion for the whole of the Permanent Works before accepting the work and indicate to Team Leader any outstanding work to be carried out by the contractor before issuing the completion certificate or during the Defects Notification Period for the Permanent Works;

(xviii) Inspect the works at appropriate intervals during the Defects Notification Period for the Permanent Works (to the extent of the duration of the services) and advise the Client on remedial works, if any;

(xix) Preparation and submission of project completion report along with completion drawings within one month of the completion of the works;

(xx) Review and approve the contractor’s final statement and certify the corresponding final payment certificate;

(xxi) After consultation with the client, issue the performance certificate and assist the client, if necessary, for the release of the contractor’s securities (advance payment bank guarantee, performance security, retention money bank guarantee);

(xxii) Ensure that the contractor clears the site of all remaining materials, equipment, temporary works (camp site) and leave all parts of the site clean and free of any encumbrances;

(xxiii) Ensure that all access roads and bridges serving the various parts of the site are reinstated in the same (or better) conditions as they were at the commencement of the works.

E. OTHER RELEVANT INFORMATION

Project performance monitoring/benefit monitoring and evaluation

16. The consultant will assist the Client to establish a Project Monitoring System (PMS) in accordance with the project framework. For that purpose, the consultant will:

   (i) Identify, based on the project framework (i.e. DMF) developed during project processing, performance indicators to be monitored during the implementation of the Project;

   (ii) Establish systems for collecting data and statistics for such monitoring;

   (iii) Initially collect and analyze a set of indicators for evaluating project performance against project objectives, purposes, and outputs. The indicators set out in project documents will be reviewed and a baseline survey will be conducted at the beginning of project implementation to collect data not already supplied. National consultants will be recruited to conduct follow-up surveys at project completion, and one year after completion. Data collected during and after implementation will be compared with the baseline data and the target values to be established by the Employer and agreed upon with the ADB before the works start;

   (iv) Carry out a baseline survey on performance indicators including (1) economic development and poverty indicators at the municipality level and for each county in the project area; (2) transport costs and time for specific types of vehicles and trips; (3) transport services and charges; (4) air quality; (5) changes in producer prices, and (6) jobs created during construction and maintenance. Where relevant, indicators will be differentiated by gender. The data collection method will consist
of (1) reviewing secondary data from local government statistics; (2) conducting household socioeconomic sample surveys; and (3) developing participatory rural appraisal methods among communities affected by the bypass roads; and

(v) Incorporate findings and supporting data in the project completion report, in accordance with a schedule and terms of reference to be mutually agreed by Client and ADB. **About 24 person-months of national consultants specializing in socioeconomic and transport fields will be required to develop and implement the PMS.**

F. TEAM COMPOSITION FOR KEY EXPERTS AND QUALIFICATION REQUIREMENTS

Table 1: Task / Responsibilities of Key Experts

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<tr>
<th>No.</th>
<th>Position</th>
<th>Task / Responsibilities</th>
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<tbody>
<tr>
<td>1</td>
<td>Team Leader/Highway Engineer</td>
<td>• Provide overall day-to-day guidance and coordination between the consultant team members in delivering the tasks under this consultancy service assignment; • Provide overall quality control on the deliverables and outputs by each consultant team member; • Assist the Employer in the administration of all civil works contracts; • In coordination with relevant consultant team members, interpret the Technical Specifications and Contract Documents; • Obtain related approvals from concerned authorities for any redesign of road realignment, modifications and redesign of bridges and tunnels; • Review the contractor’s securities being in approved format; • Ensure receipt of requisite insurances as per contract requirement; • Review documentations and advance actions for handing over of site and advise on issuing notice to set the commencement date; • Ensure contractor effects and implements Quality Assurance System; • Issue no-objection to the contractor’s detailed work programme, suggest modifications if any, and ensure contractor compliance with the work programme; • Issue approval to the contractor’s superintendence and personnel with modifications if any; • Scrutinize contractor’s mobilization of equipment in accordance with the contractor’s program; • Scrutinize and approve contractor’s construction methods statement; • Issue finalized or revised “Issued for Construction drawings” and additional detailed drawings required for the execution of the work; • Issue to contractor amended alignment plan and profile drawings based on review of tender drawings and updated topographic surveys; • Issue bridge and tunnel details and modified drawings wherever required as a result of change in founding strata or any other reason at the time of execution; • Verify that road safety and traffic safety measures are incorporated in the design and amend design if necessary; • Approve contractors working drawings based on setting out details; • Approve setting out data for the works finalized as a result of ground verification and survey;</td>
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<td>No.</td>
<td>Position</td>
<td>Task / Responsibilities</td>
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| 2   | Highway/Pavement Engineer     | • Ensure utility services installations are protected and services maintained during construction  
• In coordination with relevant team members, monitor supervision of all works and ensure proper supervision as per contract requirement;  
• Monitor closely and regularly the progress of work and advise the contractor about corrective measures;  
• In coordination with relevant team members, conduct regular site meetings with relevant representatives  
• Monitor status of contractor's equipment, plant, machinery installations, housing and medical facilities;  
• Direct and/or advise contractor to avoid and/or reduce the risk in case of any emergency;  
• Advise contractor in all matters covering safety and care of work, environmental aspects and labor welfare;  
• Review the test results / certificate of all construction material and/or sources of materials to ensure quality;  
• Review mix designs proposed by the contractor;  
• Undertake road safety and traffic safety audits during construction and post-construction stages and ensure any necessary additional works are implemented  
• Verify and recommend, if in order, contractor requests for advance and interim payment certificate;  
• In coordination with relevant team members, maintain a permanent record of all payments made to the contractor;  
• Prepare consolidated monthly and quarterly reports;  
• Approve as-built drawings;  
• Inspect the works on completion of each milestone before accepting the work and report to the RD;  
• Inspect works at appropriate intervals during Defect Notification Period and advise the RD;  
• In coordination with the social safeguard specialist, support the RD in the implementation and monitoring of the resettlement plan and all associated activities;  
• In coordination with the environmental specialist, ensure the contractor implements and maintains the environmental monitoring in compliance with the Environmental Management Plans (EMPs);  
• Assist the RD staff to carry out all its duties;  
• Develop a training program for RD staff and relevant national consultant  
• Assist the RD in dispute resolution activities, if necessary, during the duration of the contract;  
• Establish and maintain a Project Performance Management System (PPMS);  
• Assist the RD in preparing withdrawal applications;  
• Prepare Final Completion report  
• Review designs, drawings for the roadway;  
• Suggest modifications, if required as per actual site conditions;  
• Carry out design of any realignment, redesign/modifications of the roadway components, if necessary, as per site conditions;  
• Review horizontal and vertical alignment for the road based on review of tender drawings and topographic survey carried out by the contractor including amending the alignment plan and profile based on updated topographic surveys;  
• Review road safety provisions in the tender drawing and suggest modifications for construction if necessary;  
• Ensure provision of road safety during construction and pre-opening stage by the contractor;  
• With the assistance of National Highway Engineer  
• Review designs, drawings for the roadway;  
• Suggest modifications, if required as per actual site conditions;  
• Carry out design of any realignment, redesign/modifications of the roadway components, if necessary, as per site conditions;  
• Review horizontal and vertical alignment for the road based on review of tender drawings and topographic survey carried out by the contractor including amending the alignment plan and profile based on updated topographic surveys;  
• Review road safety provisions in the tender drawing and suggest modifications for construction if necessary;  
• Ensure provision of road safety during construction and pre-opening stage by the contractor;  |
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| 3   | Bridge Specialist/Structural Engineer | With the assistance of National Structures/Bridge Engineer • Establish the schedule, methods and procedures for the review of detailed engineering design and construction drawings of the bridges, culverts and other structures for the project; • Consider available data on topography (topographic maps, stereoscopic aerial photography), storm duration, rainfall statistics, top soil characteristics, vegetation cover etc. to assess the catchments areas and hydraulic parameters for all existing and proposed drainage provisions; • Obtain information on high flood level (HFL), low water levels (LWL), discharge velocity etc. from available past records, local inquiries and visible signs, if any, on the structural components and embankments to check the design of the bridges and structures; • Ensure that the assessment of the load carrying capacity or rating of existing bridges have been carried out to ensure they are safe for the design axle load; • Review the General Arrangement Drawing (GAD) and Alignment Plan showing the salient features of the bridges and structures proposed to be constructed / reconstructed along the road sections, such as alignment, overall length, span arrangement, cross section, deck level, founding level, type of bridge components (superstructure, substructure, foundations, bearings, expansion joint, return walls etc.); • Ensure that the design finalized is based upon hydraulic and geo-technical studies, cost effectiveness and ease of construction and design of protective works, erosion control measures, snow drift control/snow clearance measures have been included; • Review the submitted documents in accordance with the design standards, criteria and conceptual design provided in the Contract. The Consultant will complete the review within 30 days after submission of the documents to enable finalization and commencement of construction of bridges, culvert to ensure completion of the project in time; • Ensure that the Technical Specifications in the Bid Documents and Georgian’s Road Construction Standards have been duly taken into account in preparation of the design documents provided by RD; and • Provide periodic status reports of the design and review activities as measured against the approved schedule, identify any problems and difficulties encountered and propose solutions. • Review and approval of the detail construction schedule of bridges and culverts in consultation with Team Leader; • Establish schedule, methods and procedures for review of the construction of bridges, culverts and other structures by the contractor; • Review and approve the mix design of concrete of RCC structures submitted by the contractor, and ensure it meet the requirement of the contract specifications; • Review geotechnical investigation requirements of the bridges and other structures in the project; • Review the design of shuttering and scaffolding for its safety during construction of bridges by contractor; • Prepare a suitable organization structure for quality control in consultation with Quality Control Engineer;
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<tr>
<td></td>
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<td>• Preparation of quality control management manual for supervision of construction works;</td>
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<td>• Assist Team Leader with the certification of the due quantity and quality of all works, based on cross-checking of on-site approvals by the field assistant Resident Engineers;</td>
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<td>• Train the national site engineers on bridge construction supervision procedures.</td>
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<td>4</td>
<td>Tunnel Engineer</td>
<td>With the assistance of National Tunnel Engineer</td>
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<td>• Review the tunnel designs;</td>
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<td>• Review and approve the method statement and detailed working drawings of the contractor;</td>
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<td>• Oversee tunnel construction supervision, including reviewing the contractor’s tunnel excavation by blasting program to ensure compliance with vibration limits and other specified environmental aspects of the tunnel works;</td>
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<td>• Review the safety procedures set up by the contractor, in particular with respect to blasting activities and storage of explosives;</td>
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<td>• Train the national engineers on tunnel construction supervision procedures.</td>
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<td>5</td>
<td>Tunnel Electric and Mechanical Engineer</td>
<td>Review of all of contractor’s working drawings for systems/equipment in tunnel;</td>
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<td>• Carry out field inspections including construction method, equipment to be used;</td>
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<td>• Survey and measure the work output performed by the contractors;</td>
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<td>• Carry out the necessary inspection prior to the issuance of a taking-over certificate;</td>
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<td>• Check and certify as-built drawings;</td>
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<td>• Prepare construction completion reports;</td>
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<td>• Prepare the operation and maintenance plan.</td>
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<td>6</td>
<td>Contracts Specialist</td>
<td>Identify the responsibility of the Employer, contractor and consultant in terms of the conditions of contract for compliance by each;</td>
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<td>• Ensure submission of the Contractor’s insurance policies and provide general advice on these policies, in relation to the Contract requirements;</td>
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<td>• Assist Team Leader in administration of the contract agreement under the Conditions of Contract, subject to certain requirements for the Engineer to seek the approval of the Employer, prior to taking action under specified clauses of the Conditions of Contract;</td>
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<td>• Assist Team Leader in assessing and, where appropriate, making recommendations on applications for extension of time, claims for additional payment and other contractual disputes;</td>
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<td>• Assist in issuing variation orders as appropriate;</td>
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<td>• Advise and assist the Employer in adjudication and arbitration procedures, as the case may be.</td>
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<td>7</td>
<td>Geotechnical Engineer</td>
<td>With the assistance of National Geotechnical/Geological Engineer</td>
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<td>• Inspect cut slopes and identify any special measures to ensure stability;</td>
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<td>• Design any supplementary drainage, slope protection and retaining structures;</td>
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<td>• Inspect foundation excavations for embankments, undertake supplementary analysis of stability where required, confirm founding depth for embankments; and</td>
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<td>• Assist the (Materials Engineer) in identifying suitable materials for embankment construction.</td>
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<td>• Inspect base of shallow footings and confirm appropriate bearing pressures;</td>
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| 8   | Material Engineer / Quality Control Specialist | • Oversee detailed testing and inspection of the materials and samples of all construction activities and materials required for the project, to ensure compliance with the contract designs and specifications  
  • Conduct audits of contractor’s works and documentation and shall be able to deal with the non-conformity issues effectively.  
  • Finalize specifications of various construction materials for pavement construction and standard tests on construction materials as well as on completed works;  
  • Assist the Team Leader in establishing effective QC/QA implementation procedures;  
  • Provide certification of the due quantity and quality of all works, based on cross-checking of on-site approvals by the Site Engineers;  
  • Supervise the standardization of tests and quality requirement for all geo-technical and material exploration (both soil and rock) for bridges and drainage crossings, high embankment, cut slope susceptible to erosion/land slide; various laboratory testing of soil samples; and  
  • Review and approve the mix design of concrete cement submitted by the contractor meeting the requirement of the contract specification. |
| 9   | Resettlement and Social Development specialist | • Support the RD in matters relating to land acquisition and resettlement;  
  • Update resettlement plan (RP) if necessary;  
  • Monitor the implementation of RP;  
  • Provide expert advice in all matters relating to acquisition and resettlement;  
  • Monitor the status of the contractor compliance with HIV/AIDS provisions in the contract;  
  • Identify current economic and social development issues that may arise during construction;  
  • Mobilize community participation in the Project and encourage women participation in all related activities per project gender action plan;  
  • Organize and facilitate multi-stakeholder participatory processes and encourage women participation in all related activities;  
  • Develop communication channels with the Stakeholders and reporting;  
  • Ensure, monitor and record women participation in the all project activities per project design and gender action plan;  
  • Perform regular coordination with RD for any matters related to implementation, monitoring and reporting of ADB safeguard policy, including gender aspect. |
| 10  | Environment Specialist                        | • Scrutinize contractor’s construction method statement for its being compliant to environmental aspects;  
  • Review and approve Contractor Site Specific EMPs  
  • Supervise the contractor in all matters concerning environmental aspects; |
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<tr>
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<td>• Monitor compliance with the EMP by the contractor and issue Non-conformances Reports as needed;</td>
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<td>• Review Contractor Corrective Action Plans;</td>
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<td>• Review and approve temporary construction areas use and associated Site Specific EMPs for sites;</td>
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<td>• Assist RD in undertaking and monitoring of environmental safeguards;</td>
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<td>• Identify and report any environmental issues that may arise during construction to the TL and the Employers; and</td>
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<td>• Perform regular coordination with RD for any matters related to implementation, monitoring and reporting of ADB safeguard policy.</td>
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</table>

**Key National Experts**

11 Deputy Team Leader/Highway Engineer

Will assist the international Team Leader in all aspects of management of the supervision assignment, ensuring that Works are executed in accordance with all provisions of the Contracts, and where appropriate, making recommendations on applications for extension of time, claims for additional payment and other contractual disputes.

12 Highway Engineer

Will assist/support the international Highway Engineer in design review relevant to highways and pavement, review the method statements and detailed working drawing of the contractor and implementing the supervision services.

13 Bridge/Structure Engineer

Will support the international bridge engineer to review the bridge designs and any design changes during construction, review and approve the contractor’s method statements and working drawings, oversee the bridge construction supervision, and implement quality control procedures.

14 Tunnel Engineer

Will assist the international tunnel engineer, oversee the tunnel construction supervision, and review tunnel construction procedures set up by the contractor.

15 Health & Safety Expert

Will ensure occupational and community health and safety are maintained. Will provide training to senior staff, regularly inspect the work site for H&S risks, review and approve H&S Plans, analyze risks associated with various construction activities and provide advice to the Contractor on how risks must be mitigated. Collate H&S statistics for submission in quarterly progress reports and bi-annual compliance reports and issue stop works notices in the event of unsafe acts which risks the safety of workers or the community.

16 Road Safety Specialist

Will ensure traffic safety is ensured before, during and after construction period. In addition, will be responsible for road safety audit during the design review phase, and organization of traffic management during construction. The expert shall also prepare relevant traffic management plans and reports and contribute to preparation of progress reports by the Engineer.

**Table 2: Qualifications Requirements for Experts**

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<tr>
<th>#</th>
<th>International Consultants (Key Experts)</th>
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<tr>
<td>1</td>
<td>Team Leader/Highway Engineer</td>
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</tbody>
</table>

Master’s degree in civil engineering with a post-graduate in highways/construction management or related fields. No less than 20 years road project related experience with 10 years latest experience on similar projects involving reviewing of designs and supervision in complex concrete bridge structures, tunneling, and cement concrete pavement construction as resident engineer/project manager. Minimum 5 years of international experience on similar projects and should have 5 years in administration of contracts with ADB/World Bank assistance (FIDIC-type conditions). Familiar with various international construction standards, and preferably be a permanent staff of the consulting firm implementing this consultancy package. Experience of work in Caucasus countries will be an advantage.
<table>
<thead>
<tr>
<th>#</th>
<th>International Consultants (Key Experts)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Knowledge of Gosudarstvenny Standart (GOST) standards and capacity to communicate in Georgian and/or Russian language will be an advantage.</td>
</tr>
</tbody>
</table>
| 2 | Highway / Pavement Engineer  
Civil engineering degree, preferably with relevant post graduate qualification. 10 years of relevant experience in the site management of large scale highway projects, and the supervision of large civil works contracts, especially construction of cement concrete pavement, under FIDIC-type conditions. Experience of work in Caucasus countries will be an advantage. |
| 3 | Bridge Specialist/Structural Engineer  
Civil Engineering degree with post graduate degree in structural engineering. Licensed as a professional engineer with minimum 15 years latest experience in design and construction/construction supervision works with at least 8 years of relevant experience in highway bridge construction supervision. Experience of construction of bridges involving RCC/Pre-stressed concrete, design standards, technical specifications, establishing QA/QC procedures. Knowledge of GOST and ShNK standards will be advantageous. Experience in Caucasus countries and experience of designing bridges on pile/well foundation, in earthquake zones, and in developing countries will also be advantageous. |
| 4 | Tunnel Engineer  
Civil Engineering degree, preferably with post-graduation in related field. 15 years of experience in design and construction/construction supervision works with at least 8 years of experience in tunnel construction supervision. Experience of work in Caucasus countries will be an advantage. |
| 5 | Tunnel Electric and Mechanical Engineer  
Civil engineering degree, preferably with post-graduation in related field. 15 years of relevant experience in supervision of highway/road tunnel electromechanical works on the similar position. Experience of work in Caucasus countries will be an advantage. |
| 6 | Contracts Specialist  
Civil Engineering degree or related field; post graduate degree is preferred. No less than 15 years latest experience as contract specialist on road projects; international experience as contract specialist on various road projects executed under FIDIC conditions of contract, should have handled adjudication or arbitration dispute cases, issuance of variation orders, grant of extension of time, claims and their disposal, etc. Experience of work in Caucasus countries will be an advantage. |
| 7 | Geotechnical Engineer  
Civil Engineering degree, preferably with post-graduation in related field. At least 15 years latest international experience in construction of roads with similar geological environment and terrain, supervision of highway geotechnical works, design experience of bored piles in rock, earthworks and retaining structures, and familiar with current computer design software for geotechnical works, and quality control for road/bridges/building working in similar capacity large size road construction projects. Experience of work in Caucasus countries will be an advantage. |
| 8 | Material Engineer / Quality Control Specialist  
Civil Engineering degree, preferably with post-graduation in related field. At least 10 years latest international experience in construction of roads, quality control for road/bridges/building working in similar capacity large size road construction projects. Experienced in the review of cement concrete pavement designs, establishing QA/QC procedures, setting up laboratories, mix designs and testing procedure, and working in Caucasus countries. Conversant with ISO procedures applicable to quality assurance and management system in construction. |
| 9 | Resettlement and Social Development Specialist  
Bachelor’s degree in civil engineering or other relevant fields. At least 8 years’ experience with 5 years of project related experience in any infrastructure project, preferably in road projects which involved resettlement and land acquisition with ADB/World Bank assistance. Experience of work in Caucasus countries will be an advantage. Georgian and/or Russian command will be an advantage. |
# International Consultants (Key Experts)

<table>
<thead>
<tr>
<th>#</th>
<th>Position</th>
<th>Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>Environment Specialist</td>
<td>Bachelor’s degree in civil engineering, environmental engineering or any other related fields. At least 8 years’ experience with 5 years of project related experience in any infrastructure project, preferably in road projects through environmentally sensitive areas with ADB/World Bank assistance. Experience of work in Caucasus’ countries and Georgian and /or Russian command will be an advantage.</td>
</tr>
</tbody>
</table>

# National Consultants (Key Experts)

<table>
<thead>
<tr>
<th>#</th>
<th>Position</th>
<th>Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>Deputy Team Leader/Highway Engineer</td>
<td>Civil engineering degree, with 10 years of relevant experience in the supervision of large scale highway construction contracts on similar position.</td>
</tr>
<tr>
<td>12</td>
<td>Highway Engineer</td>
<td>Civil engineering degree, with 8 years of relevant experience in the site management of supervision of large highway construction projects, on the similar position.</td>
</tr>
<tr>
<td>13</td>
<td>Bridge/Structure Engineer</td>
<td>Civil engineering degree, preferably with post graduate qualifications, with 8 years of relevant experience in highway bridge construction supervision assignments on the similar position.</td>
</tr>
<tr>
<td>14</td>
<td>Tunnel Engineer</td>
<td>Civil engineering degree, preferably with post graduate qualifications, with 5 years of experience in supervision of tunnels construction/rehabilitation assignments, in similar position.</td>
</tr>
<tr>
<td>15</td>
<td>Health &amp; Safety Expert</td>
<td>Health and Safety expert with at least 5 years operational experience in the construction industry. Must be qualified with NEBOSH, OSHA or other appropriate training and have experience of reviewing H&amp;S plans, identification of H&amp;S risks on a construction site and site auditing.</td>
</tr>
<tr>
<td>16</td>
<td>Road Safety Specialist</td>
<td>Civil engineering degree with 5 years relevant experience in the supervision of large scale highway construction contracts on similar position. Experience in Road Safety Audits and Road Safety Inspections will be an advantage.</td>
</tr>
</tbody>
</table>

# National Consultants (Non-Key Experts)

<table>
<thead>
<tr>
<th>#</th>
<th>Position</th>
<th>Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>17</td>
<td>Various</td>
<td>Minimum 5 years of relevant experience</td>
</tr>
</tbody>
</table>

17. The CVs of non-key experts will not be evaluated at technical proposal evaluation stage.

G. DURATION OF THE ASSIGNMENT

18. The Consultant will provide approximately 725 person-months of consulting services: 433 of Key Experts (249 international & 184 national) and 292 Non-Key Experts (Table 3). The services will be provided over a period of 57 months (including 33 months of construction supervision and 24 months of Defect Notification Period (DNP), commencing tentatively in Q4 2018.

19. Government will finance any expense incurred beyond the loan closing date.
# Table 3: Team Composition and Personnel Inputs

<table>
<thead>
<tr>
<th>Sr.</th>
<th>Key Experts</th>
<th>Input (PM)</th>
<th>Key Expert</th>
<th>Total Input (PM)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.</td>
<td><strong>International Consultants</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Chief Resident Engineer/Team leader/Highway Engineer</td>
<td>33 + 6 DNP</td>
<td>Yes</td>
<td>33 + 6 DNP</td>
</tr>
<tr>
<td>2.</td>
<td>Highway/Pavement Engineer</td>
<td>33</td>
<td>Yes</td>
<td>33</td>
</tr>
<tr>
<td>3.</td>
<td>Bridge Specialist/Structural Engineer</td>
<td>27 + 6 DNP</td>
<td>Yes</td>
<td>27 + 6 DNP</td>
</tr>
<tr>
<td>4.</td>
<td>Tunnel Engineer</td>
<td>27 + 6 DNP</td>
<td>Yes</td>
<td>27 + 6 DNP</td>
</tr>
<tr>
<td>5.</td>
<td>Tunnel Electric and Mechanical Engineer</td>
<td>6</td>
<td>Yes</td>
<td>6</td>
</tr>
<tr>
<td>6.</td>
<td>Contracts Specialist</td>
<td>12</td>
<td>Yes</td>
<td>12</td>
</tr>
<tr>
<td>7.</td>
<td>Geotechnical Engineer</td>
<td>30</td>
<td>Yes</td>
<td>30</td>
</tr>
<tr>
<td>8.</td>
<td>Material Engineer / Quality Control Specialist</td>
<td>33 + 6 DNP</td>
<td>Yes</td>
<td>33 + 6 DNP</td>
</tr>
<tr>
<td>9.</td>
<td>Resettlement and Social Development Specialist</td>
<td>14</td>
<td>Yes</td>
<td>14</td>
</tr>
<tr>
<td>10.</td>
<td>Environment Specialist</td>
<td>10</td>
<td>Yes</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td><strong>Subtotal (A)</strong></td>
<td></td>
<td></td>
<td><strong>249</strong></td>
</tr>
<tr>
<td>B.</td>
<td><strong>National Consultants</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td>Deputy Team Leader/Highway Engineer</td>
<td>33 + 6 DNP</td>
<td>Yes</td>
<td>36 + 6 DNP</td>
</tr>
<tr>
<td>12.</td>
<td>Highway Engineer</td>
<td>33</td>
<td>Yes</td>
<td>36</td>
</tr>
<tr>
<td>13.</td>
<td>Bridge/Structure Engineer</td>
<td>29 + 6 DNP</td>
<td>Yes</td>
<td>32 + 6 DNP</td>
</tr>
<tr>
<td>14.</td>
<td>Tunnel Engineer</td>
<td>29 + 6 DNP</td>
<td>Yes</td>
<td>32 + 6 DNP</td>
</tr>
<tr>
<td>15.</td>
<td>Health &amp; Safety Expert</td>
<td>12</td>
<td>Yes</td>
<td>12</td>
</tr>
<tr>
<td>16.</td>
<td>Road Safety Specialist</td>
<td>30</td>
<td>Yes</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td><strong>Subtotal (B)</strong></td>
<td></td>
<td></td>
<td><strong>184</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Total Key Experts (A+B)</strong></td>
<td></td>
<td></td>
<td><strong>433</strong></td>
</tr>
<tr>
<td>C.</td>
<td><strong>Non-key Experts</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Highway Engineer (1)</td>
<td>36</td>
<td>No</td>
<td>36</td>
</tr>
<tr>
<td>2.</td>
<td>Bridge/Structure Engineer (1)</td>
<td>32</td>
<td>No</td>
<td>64</td>
</tr>
<tr>
<td>3.</td>
<td>Tunnel Engineer (1)</td>
<td>32</td>
<td>No</td>
<td>64</td>
</tr>
<tr>
<td>4.</td>
<td>Geotechnical/Geological Engineer (2)</td>
<td>36</td>
<td>No</td>
<td>108</td>
</tr>
<tr>
<td>5.</td>
<td>Quality Control Specialist (1)</td>
<td>36</td>
<td>No</td>
<td>36</td>
</tr>
<tr>
<td>6.</td>
<td>Environmental Specialist (1)</td>
<td>18</td>
<td>No</td>
<td>18</td>
</tr>
<tr>
<td>7.</td>
<td>Social/Resettlement Specialist (1)</td>
<td>18</td>
<td>No</td>
<td>18</td>
</tr>
<tr>
<td>8.</td>
<td>Quantity Surveyor (2)</td>
<td>36</td>
<td>No</td>
<td>72</td>
</tr>
<tr>
<td></td>
<td><strong>Total Non-Key Experts</strong></td>
<td></td>
<td></td>
<td><strong>446</strong></td>
</tr>
<tr>
<td>D.</td>
<td><strong>Out-of-Pocket Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Travel expenses*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Interpretation expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Office expenses**</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Technical support staff</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Survey costs for social surveys, environmental surveys, baseline surveys and independent laboratory test (if required)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Contingency</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Includes per diem, local transport, and accommodation.

**Includes report preparation, communication, safety equipment costs, etc.
H. REPORTING REQUIREMENTS AND TIME SCHEDULE OF DELIVERABLES

I. Inception Report

20. The Inception Report will illustrate the organization and planning that the Consultant has established for the assignment. It will also describe the staffing and remarks of the Consultant regarding the assignment as deemed appropriate. This Report will outline how the Consultant intends to implement the project, the roles clearly differentiating between the activities for supervision of the construction. The Inception Report must be submitted within one month following the signature of the supervision contract.

II. Design Review Report

21. The supervision consultant shall undertake a detailed engineering review of the design as included in the civil works contract drawings to identify any defects/omissions, which compromise the completeness or consistency of the design. This review shall be carried out immediately after the services commence and a detailed 'Design Review Report' shall be submitted to the Employer within 2 months. This report will set out all findings and recommendations for making good any defects/omissions identified in civil works designs. Notwithstanding the above, the supervision consultant shall also inform the Employer of any defect/omission which may have a substantial impact on the project at the time the defect/omission is uncovered. Where defects in design are noted or designs are inadequate, the Consultant shall prepare revised detail designs suitable for construction in adequate time so as not to delay the contractor.

III. Engineer’s Work Programme Report

22. Within 28 days of issuance of the Engineer’s no-objection to the Contractor’s Work Programme, the Engineer shall submit a report to the Employer (Engineer’s Work Programme Report), which shall include:

(i) Copy of the Contractor’s detailed cash flow estimate, in monthly periods, of all payments to which the Contractor will be entitled under the Contract;

(ii) Copy of the Contractor’s detailed time programme showing the order in which the Contractor intends to carry out the Works, including general description of the methods which the Contractor intends to adopt, and of the major stages, in the execution of the Works and other information as may be deemed necessary and appropriate by the Engineer;

(iii) A supporting report which shall include:

• A list of critical path items and the related Contractor’s estimate of delivery periods, accompanied with the Engineer’s estimate of the latest delivery periods for each critical path item to warrant the completion in accordance with the Contract;

• For the manufacture of each main item of Plant and Materials, the name of the manufacturer, manufacture location and the expected dates of:
  o Commencement of manufacture;
  o Contractor’s and/or the Engineer’s inspections and tests; and
  o Shipment and arrival at the Site;
• The materials and plant selected by the Engineer for inspections and tests including an appropriate specification of the tests to be carried out and the associated arrangements;
• The names and particulars of the Contractor’s representative and other superintendence personnel approved by the Engineer in accordance with the Contract;
• The names of Subcontractors consented by the Engineer in accordance with the Contract and for each Subcontractor the cost and quantity of the subcontracted Works; this section shall include a brief justification for the Engineer’s consent;
• Copies of all notices, consents, approvals, certificates or determinations given or issued by the Engineer within the reported period; and
• other information as may be required by the Employer.

IV. Monthly Reports

23. Not later than the 10th of each month, the Consultants will prepare a progress report summarizing the work accomplished on the project during the preceding month, including problems encountered and recommended remedies. The report should record the status of payment of the contractors' monthly certificates, of all claims for cost or time extensions, and of actions required by employer to permit unimpeded works implementation. A copy of the minutes of the weekly meetings with the contractor will be attached to the monthly reports. Below is a draft outline for the report. The Engineer in the inception report will propose the monthly report format, which is to include but not limited to:

• Physical progress related to program and time;
• Explanations for variances to the above;
• Remedial plans;
• Expenditure related to cash flow forecast and budget;
• Explanations for variances to the above;
• Claims or disputes;
• Human resources, mechanical equipment and materials;
• Testing and quality control;
• Stakeholder issues;
• Environmental management plan and, as appropriate the Land Acquisition and Resettlement Plan
• A revised Cash Flow forecast.
• Annexes, including meeting minutes, site photographs, etc.

V. Quarterly Reports

24. The Engineer will prepare a comprehensive report summarizing all supervision activities at the end of each quarter and not later than the 20th day of the month following the end of the report quarter, including the progress of the Contract, contract variations and change orders, environmental management, H&S and training activities, the status of Contractor claims, if any, brief descriptions of problems encountered and other relevant information. The Engineer will submit a draft format for this report in the inception report.
VI. Monitoring and Due Diligence Reports

25. The Consultants shall submit safeguard monitoring reports and safeguards due diligence reports in compliance with regulation of the Government of Georgia.

26. As required, the Consultants shall submit resettlement monitoring report/due diligence report semi-annually and as necessary, in compliance with the donor agency’s Safeguard Policy. The consultant will also be required to input into bi-annual monitoring reports which are the responsibility of the IA for completion and submission to ADB.

VII. Project Completion Report

27. The Consultant will prepare the Draft Completion Report within 1 month after the completion of all the works. The Draft Completion Report will provide an overview of the project. The Report will be in a format agreed with the Employer and ADB and will include, but not be limited to:

- overall review of the project;
- physical progress related to the original program;
- explanation for variances to the above;
- expenditure related to original budget; and
- Lessons learned and recommendations for future projects.

28. All the reports will be submitted as follows and will also be transmitted to the Employer and ADB by email using an appropriate large file transfer application or a secure online project and document management system.

<table>
<thead>
<tr>
<th>Languages</th>
<th>English</th>
<th>Georgian</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Copy</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Flash Drive</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

I. CLIENT’S INPUT AND COUNTERPART PERSONNEL

29. Not applicable.

J. CLIENT WILL PROVIDE THE FOLLOWING INPUTS, PROJECT DATA AND REPORTS TO FACILITATE PREPARATION OF THE PROPOSALS: (LIST/ SPECIFY/ ATTACH. IF NONE, STATE N/A)

30. Detailed Design for Construction of Khevi–Ubisa Road Section can be downloaded free of charge from the following link: [link to be provided]

31. Consultants to note, that abovementioned detailed design is for information purposes only to be used only by the Consultants who received this RFP from the Roads Department of the Ministry of Regional Development and Infrastructure of Georgia. The document is subject to copyright and may not be used in/for any other means except for preparation of proposals for the subject selection.
DRAFT TERMS OF REFERENCE
FINANCIAL AUDITOR

I. Introduction

1. This terms of reference is prepared in accordance with provisions of the (i) Loan Agreement XXXX-GEO (Loan Agreement) between Georgia and Asian Development Bank (ADB) dated XX XXX XXXX.

II. General Background

2. The loan will finance the construction of a 12 km of new access-controlled dual 2-lane carriageway, partly on a new alignment, on the East-West Highway (EWH) between Khevi and Ubisa, which is part of Corridor 2 of Central Asia Regional Economic Cooperation (CAREC) program. The EWH is the top priority of Government's transport infrastructure development. The project will include a capacity development program to enhance the government's capacity in road operations and maintenance (O&M) and develop an effective road safety program.

3. The executing agency will be the Ministry of Regional Development and Infrastructure of Georgia (MRDI), which is responsible for preparing and implementing unified state policy on development, planning, and scientific and technological progress matters of all international and secondary roads network in the country. It is currently the executing agency for the ongoing road projects and has a sound understanding of ADB policies and procedures. The Roads Department (RD), an agency under MRDI, will be the implementing agency.

4. The responsibility for the preparation of financial statements including adequate disclosure is that of the management of the Eurasian Transport Corridor Investment Center of MRDI (ETCIC). This includes the maintenance of adequate accounting records and internal controls, the selection and application of accounting policies, and the safeguarding of the assets of the entity. As part of the audit process, the auditor will request from Management, written confirmation concerning representations made to the auditor in connection with the audit.

5. The auditor must understand the “purpose for which the funds are intended” in the context of the broad project objectives as well as in terms of the specific project budget.

III. Employment Authority

6. The audit services will be contracted by the ETCIC, with the following contact details:

   | Contact Person: | _____________________ |
   | Designation:    | _____________________ |
   | Address:        | _____________________ |
   | Telephone:      | _____________________ |
   | Facsimile:      | _____________________ |
   | E-mail:         | _____________________ |

IV. Objectives

7. The objective of the Audited Project Financial Statements (APFS) audit is to enable the auditor to express an opinion on the financial position of the project implementation for the fiscal
years ending 31 December 2018 to 31 December 2024 on the funds received and expenditures made within audit year.

V. Audit Scope

8. The auditor's examination should include evaluation of the systems and operating procedures for accounting, custody of assets, control of environment and internal financial control, financial reporting, and related systems. An analysis of explanations submitted to the auditor and all information necessary to support the auditor's opinion and to construct the report of the auditor, will be provided by the ETCIC, RD, MRDI, and the Ministry of Finance of Georgia (MOF).

9. The auditor should obtain an understanding of the project and the RD, MRDI, MOF, including the contents of the Report and Recommendation of the President to the Board of Directors (ADB) (RRP), legal agreements and the ADB’s guidelines, i.e. Financial Management and Analysis of Project, 2005, Loan Disbursement Handbook, Procurement Handbook, etc.

10. Auditing standards and program. The audit will be carried out in accordance with the agreed international auditing standards as specified in the Loan Agreement, including professional or general standards, standards of fieldwork, and reporting standards. The audit program will consider the risk of material misstatements resulting from fraud or error. It should include procedures that are designed to provide reasonable assurance that material misstatements (if any) are detected.

11. Accounting policies and changes. The auditor should comment on the project’s accounting policies, and confirm the extent to which the agreed project accounting policies have been applied. In particular, the auditor should note the impact on the APFS arising from any material deviations from the agreed accounting standards. The auditor should also comment on any accounting policy changes, either during a financial year, or from one year to another.

12. Advance account (or special account). The Advance Account reflects: (i) deposits and replenishment received from financiers, (ii) payments substantiated by withdrawal applications, and (iii) the remaining balance at financial year-end. The auditor will examine whether the Advance Account has been maintained in accordance with the provisions of the relevant financing agreements.

13. The auditor must form an opinion on whether the Advance Account was used in compliance with required procedures (e.g., those of ADB), and the fairness of the presentation of Advance Account activity and the year-end balance. The auditor should examine the eligibility and correctness of financial transactions during the period under review, account balances at the end of the period, the operation and use of the Advance Account in accordance with the financing agreement, and the adequacy of internal controls for this particular disbursement mechanism.

14. Statements of expenditures (SOEs). The auditor will audit all SOEs used as the basis for the submission of loan withdrawal applications to ADB. These expenditures should be compared for project eligibility with the relevant financing agreements (and with reference to the RRP and other project documents for guidance when considered necessary). Where ineligible expenditures are identified as having been included in withdrawal applications and reimbursed against, these should be separately noted by the auditor. The annual audit report should include a separate paragraph commenting on the accuracy and propriety of expenditures withdrawn under SOE procedures, and the extent to which ADB can rely on those SOEs as a basis for loan
disbursement. Annexed to the APFS should be a schedule listing individual SOE withdrawal applications by specific reference number and amount.

15. **Compliance with financial covenants.** The auditor will confirm compliance with each financial covenant contained in the project legal documents. Where present, the auditor should indicate the extent of any noncompliance by comparing required and actual performance measurements for each financial covenant with the financial year concerned.

16. **Use of funds for the purpose intended.** The auditor will confirm, or otherwise, that:

- All external funds have been used in accordance with the relevant financing agreements covering each project, with due attention to economy and efficiency, and only for the purpose for which the financing was provided;
- Counterpart funds, i.e. borrower and/or co-financiers have been provided and used in accordance with the relevant financing arrangements and only for the purpose for which the financing was provided; and
- Goods and services financed have been procured in accordance with the relevant financing agreements.

17. **Record keeping.** The auditor will pay particular attention to whether all necessary supporting documents, records, and accounts have been kept in respect of all project activities, with clear linkages between the accounting records and the APFS. This will include: (i) computation and recalculation, including checking the mathematical accuracy of estimates, accounts, or records; (ii) reconciliation, including reconciling related accounts to each other, subsidiary records to primary records and internal records to external documents; and (iii) tracing, including tracing journal postings, subsidiary ledger balances, and other details to corresponding general ledger accounts or trial balances.

18. **Internal control systems.** The auditor will assess the adequacy of the project financial management systems, including internal controls, including whether: (i) proper authorizations are obtained and documented before transactions are entered into; (ii) accuracy and consistency are achieved in recording, classifying, summarizing, and reporting transactions.

**VI. Team Composition and Qualification Requirements for the Key Experts**

1. **Independence**

19. The auditor will be impartial and independent from any aspects of management or financial interest in the entity under audit. In particular, the auditor should be independent of the control of the entity. The auditor should not, during the period covered by the audit, be employed by, or serve as director for, or have any financial or close business relationship with the entity. The auditor should not have any close personal relationships with any senior participant in the management of the entity. The auditor must disclose any issues or relationships that might compromise their independence.

2. **Auditor and Audit Staff Competence**

20. The auditor must be authorized for practice in Georgia and be capable of applying the agreed auditing standards. The auditor should have adequate staff, with appropriate professional qualifications and suitable experience, including experience in auditing the accounts of entities comparable in nature, size, and complexity with the entity whose audit they are to undertake.
21. To this end, the auditor is required to provide curriculum vitae (CV) of the auditors who will provide the opinions and reports, together with the CVs of managers, supervisors, and key personnel likely to be involved in the audit work. These CVs should include details of audits carried out by these staff, including ongoing assignments.

22. The selection of the auditor will follow ADB Guidelines on the Use of Consultants (2015, as amended from time to time) using the Least-Cost Selection method, with the submission of a Biodata Technical Proposal. The services of the auditor will be carried out by a national firm for XX months.

23. **Qualification requirements.** The Consultant is free to commit resources to suit the working plan. However, the professional staff inputs for key experts are estimated as follows:

**Team Leader/Senior Audit Manager (National – 5 Person-Months)**
- A bachelor’s degree in accounting, finance, or related field. A master’s degree will be an advantage.
- Preferably 12 years of work experience including auditing standards analyses, annual project accounting, accounting policies, internal control systems, record keeping methodology.
- Experience working as a Team Leader in the field of auditing.
- Experience working in Georgia or in the Central Asia region and working with international organization/international agency.

**Tax Manager/Assistant Audit Manager (National – 5 Person-Months)**
- A bachelor’s degree in accounting, finance, or related field. A master’s degree will be an advantage.
- Preferably 10 years of work experience including auditing standards analyses, annual project accounting, accounting policies, internal control systems, record keeping methodology.
- Experience working in Georgia or in the Central Asia region and working with international organization/international agency.

**Auditor (National – 5 Person-Months)**
- A bachelor’s degree in accounting, finance, or related field.
- Preferably 8 years of work experience including auditing standards analyses, annual project accounting, accounting policies, internal control systems, record keeping methodology.
- Experience working in Georgia or in the Central Asia region and working with international organization/international agency.

**VII. Submission of Proposal and Work Plan**

24. You are invited to submit a proposal and a work plan to provide the audit services described in this letter. Proposals should address, among other things:

(i) The extent (if any) that you would not conform to the agreed auditing standards and indicate any alternative standards to which you may (be required to) conform.
(ii) Whether the audit would be conducted as a completed audit (i.e., will the auditors carry out their audit after financial year-end, when the books of account are, or are being, closed).

(iii) Whether an audit carried out after financial year-end would be supplemented by one or more interim audits during a financial year. The principal purpose is to test ongoing systems and internal controls, and to relieve pressure on the staff of the entity and on the auditor at year-end.

(iv) The manner in which the auditor proposes to address any statutory requirements relating to audit (e.g., certifications relating to shareholders’ equity required under the companies’ act) or to which they may be implicitly bound by contractual obligations of the employer (e.g., ADB auditing requirements, Statements of Expenditure, Advance Accounts).

(v) Procedural requirements for certain verification procedures (e.g., checking of stocks, inventories, assets, etc.).

(vi) Specific actions required on the part of the employer (e.g., access to computer systems and records, disclosures).

(vii) Discussions before signing the opinion and report on any matters arising from the audit, and with whom these discussions would be held.

(viii) The timetable for provision of opinions and reports.

VIII. Delivery of Opinions and Reports

25. The auditor will provide the audit opinions on the APFS and Management letters to Management (with copies to ADB), in accordance with the following timeframes:

<table>
<thead>
<tr>
<th>Reports</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Draft Final Report</td>
<td>not later than 1 June 2019</td>
<td>not later than 1 June 2020</td>
<td>not later than 1 May 2021</td>
<td>TBD</td>
<td>TBD</td>
</tr>
<tr>
<td>Final Report</td>
<td>not later than 15 June 2019</td>
<td>not later than 15 June 2020</td>
<td>not later than 15 May 2021</td>
<td>TBD</td>
<td>TBD</td>
</tr>
</tbody>
</table>

26. All reports must be provided in three copies in the English and Georgian languages.

IX. Description of Materials and Timing of Delivery

27. The annual project accounts and supporting documentation will be provided to the auditor within 5 days after the issuance of “Notice of Contract Effectiveness” for 2018 accounts and every 31 March for the succeeding accounts.

X. Audited Project Financial Statements (APFS)

28. The APFS comprise:

   (i) Statement of Accounting/Financial Policies
   (ii) Statement of Cash Flows/Cash Receipts and Payments
   (iii) Statement of Uses of Funds by Project Activity
   (iv) Notes to the Financial Statements
XI. Management Letters

29. On conclusion of the audit, the auditor will prepare a management letter for the audited project, detailing:

(i) Any material weaknesses in the accounting and internal control systems that were identified during the audit, including those regarding SOEs and Advance Accounts;
(ii) Recommendations to rectify identified weaknesses;
(iii) Status of significant matters raised in previous management letters;
(iv) Practical recommendations on the steps that could be taken to become materially compliant with the agreed project accounting policies, together with a time frame for making these changes;
(v) The degree of compliance with each of the financial covenants in the Loan Agreement and recommendations for improvement;
(vi) Matters that have come to the auditor’s attention during the course of the audit which have a significant impact on project implementation;
(vii) Any other matters that the auditor considers should be brought to the attention of the project's management; and
(viii) Significant matters that the auditor considers should be brought to ADB’s attention.

XII. Client’s Input and Counterpart Personnel

30. The Client will provide (i) furnished airconditioned office room in ETCIC/RD office; (ii) relevant project data and reports upon request; and (iii) assist the auditors on coordination for meeting.

XIII. Statement of Access

31. The auditor will have full and complete access, at all reasonable times, to all records and documents including books of account, legal agreements, bank records, invoices, and any other information associated with the project and deemed necessary by the auditor.

32. The auditor will be provided with full cooperation by all employees of ETCIC, RD, MRDI, and MOF, whose activities involve, or may be reflected in, the annual financial statements. The auditor will be assured to have rights of access to banks and depositories, consultants, contractors, and other persons or firms hired by the employer.

XIV. Terms of Definitions

A. Agreed Project Accounting Policies

33. “Agreed project accounting policies” with regards to preparation of Annual Project Financial Statements, means the cash-based International Public Sector Accounting Standard (IPSAS) promulgated by the International Federation of Accountants (IFAC).

B. Agreed Auditing Standards

34. “Agreed auditing standards” means the International Standards on Auditing (ISA) promulgated by the International Auditing and Assurance Standards Board (IAASB).
C. Public Disclosure

35. Following Article IV Section 4.05 (b) of Loan XXXX-GEO Agreement dated XX XXX XXXX, ADB shall disclose the annual audited financial statements for the project and the opinion of the auditors on the financial statements within 14 calendar days of the date of ADB’s confirmation of their acceptability by posting them on ADB’s website. The audit management letter and additional auditor’s opinions will not be disclosed.

XV. Audit Opinion

36. In accordance with the Loan Agreement, the auditor will provide opinions as follows:
A. Introduction

1. The Government of Georgia (GOG) has received a loan (USD XXX million) from the Asian Development Bank (ADB) to finance the construction of a 12 km of new access-controlled dual 2-lane carriageway, partly on a new alignment, on the East-West Highway (EWH) between Khevi and Ubisa, which is part of Corridor 2 of Central Asia Regional Economic Cooperation (CAREC) program. The EWH is the top priority of Government’s transport infrastructure development. The project will include a capacity development program to enhance the government’s capacity in road operations and maintenance (O&M) and develop an effective road safety program.

2. The executing agency will be the Ministry of Regional Development and Infrastructure of Georgia (MRDI), which is responsible for preparing and implementing unified state policy on development, planning, and scientific and technological progress matters of all international and secondary roads network in the country. It is currently the executing agency for the ongoing road projects and has a sound understanding of ADB policies and procedures. The Roads Department (RD), an agency under MRDI, will be the implementing agency.

B. General scope of duties and main responsibilities:

3. The national external monitoring consultant (the Consultant) will help the RD to ensure that all physical works are in compliance with the national environmental laws and regulations and strictly follow environmental management plan (EMP) provided as a part of the environmental impact assessment (EIA) report of the project. Similar assistance to the RD shall be provided, upon demand, for the purposes of implementing all planned and ongoing projects which are at any rate financed by the Asian Development Bank and led by the RD. Carrying out this assignment would imply daily cooperation with the core environmental staff of the RD and will comprise, but not be limited to the following tasks:

- track timely receipt of the monthly environmental monitoring reports from the construction supervision consultant firm hired by the RD, assess these reports and provide recommendations for their improvement as required, prepare reports on a quarterly basis for submission to the Asian Development Bank (ADB), check adequacy of the corrective measures recommended by the supervision consultant in case of EMP violations; track follow-up on the recorded violations and application of the prescribed corrective measures;
- undertake regular field trips to the project sites for verifying relevance and coverage of the factual information provided in the supervision consultant’s reports, and providing RD’s direct oversight of the outstanding and/or high risk environmental issues related to the project implementation;
- participate in carrying out any supplemental site-specific environmental studies and/or developing site-specific EMP and assist RD and its consultants (if relevant) if and as required in the course of the projects’ implementation;
- participate in the FPU’s team work for the development of monthly progress reports on the project implementation through provision of write-up on the status of environmental safeguards compliance;
- closely collaborate with the RD environmental staff to ensure involvement in all current issues and provide relevant assistance;
assist in training of the local specialists and staff, ensure proper transfer of skills and experience and support in every possible way;
- assist RD in review and refinement of EMPs prepared for further projects and accordingly ensure close collaboration and cooperation with the consultants;
- participate in public meetings together with the RD staff; and
- prepare and submit to RD monthly environmental reports (format to be agreed with the Client).

C. Implementation Arrangements

4. The Consultant will report directly to the Deputy Chairman of RD responsible for ADB funded projects and ADB Project Implementation Specialist(s). Close coordination with Environmental Division unit will be required.

D. Reporting Requirements

5. The contract will be signed on a lump-sum basis, with monthly payments tied to delivery and acceptance of monthly environmental monitoring reports on the projects implementation through provision of write-up on the status of environmental safeguards compliance.

6. The Consultant will submit the deliverables in English language in electronic format and hard copies (upon request) along with a cover letter.

E. Modalities of work

7. The Consultant will engage in desk and field work and will be required to spend extensive periods in the project area. For surveys and questionnaires, the Consultant will engage a small team of interviewers whose composition and members will have to be approved by the RD.

F. Qualifications and Experience of the Environmental Consultant

8. The Consultant’s qualifications and experience are as follows:

- shall have post graduate education in the field of natural science;
- shall be a qualified professional in the field of natural science with preferably 8 years of work experience, out of which preferably 5 years shall be similar to the proposed assignment;
- shall have relevant practical skills in environmental management. Hands-on experience in environmental management (preferably supervision assignments) of infrastructure development projects will be an advantage;
- shall have practical experience in carrying out environmental assessments of and management planning for infrastructure development projects, and/or implementing of such plans (practical experience in road projects will be an advantage);
- knowledge of the Georgian environmental law, regulations, and standards;
- experience in environmental related issues under the projects funded by International Financial Institutions is mandatory (experience of working in/for ADB funded projects will be an advantage); and
- strong Georgian and English language skills.
G. Duration of the Consultancy Service

9. The period of the consultancy services shall be 1 year (with possibility of downstream extension, subject to satisfactory performance).

H. Selection Criteria

A. Background

1. The Government of Georgia (GOG) has received a loan (USD XXX million) from the Asian Development Bank (ADB) to finance the construction of a 12 km of new access-controlled dual 2-lane carriageway, partly on a new alignment, on the East-West Highway (EWH) between Khevi and Ubisa, which is part of Corridor 2 of Central Asia Regional Economic Cooperation (CAREC) program. The EWH is the top priority of Government’s transport infrastructure development. The project will include a capacity development program to enhance the government's capacity in road operations and maintenance (O&M) and develop an effective road safety program.

2. The executing agency will be the Ministry of Regional Development and Infrastructure of Georgia (MRDI), which is responsible for preparing and implementing unified state policy on development, planning, and scientific and technological progress matters of all international and secondary roads network in the country. It is currently the executing agency for the ongoing road projects and has a sound understanding of ADB policies and procedures. The Roads Department (RD), an agency under MRDI, will be the implementing agency.

B. Objectives

3. ADB policy requires that external monitoring be carried out in parallel with the implementation of the Land Acquisition and Resettlement Plan (LARP) and its internal monitoring. The main goal of external monitoring is to assess relevance, efficiency, effectiveness and impact of the LAR processes and to suggest any corrective measures, if necessary. The social monitoring specialist (the Consultant) will monitor and verify LARP implementation to determine whether resettlement goals have been achieved, livelihood and living standards have been restored and provide recommendation for improvement, if needed. The consultant’s scope of work will also include analysis of site conditions, compensation disbursement, and grievance redress procedures.

4. The Consultant is expected to submit Quarterly Reports, and LARP compliance reports, the latter to indicate whether the compensation program has been carried out based on the provisions of the LARP, Georgian laws and ADB policy, and with confirmation of displaced persons (DP) satisfaction. The ADB accepted and approved LARP compliance report for any agreed section of the road is a precondition to the commencement of civil works in the section to which it pertains.

5. The objectives of the assignment will be the following:

   (i) verify that resettlement has been implemented in accordance with the approved final LARPs, including any corrective action plans (CAPs) and addendums thereto;
   (ii) ensure that DPs have been able to at least restore their livelihoods and living standards;
   (iii) review the project impacts on vulnerable groups and assess the effectiveness of the mitigation measures adopted; and
   (iv) assess the effectiveness of public consultations and communications with DPs and the management of the grievance redress process.
C. **Scope of Work**

6. The EM will monitor and review the resettlement efforts by the RDMRDI. The major tasks of the Consultant are the following:

   (i) review all compensation tallies and verify that compensation has been provided to all DPs in the amounts defined in the LARP and in the DP contracts;
   
   (ii) review and evaluate the adequacy of compensation given to the DPs as well as livelihood opportunities and incomes and quality of life of DPs;
   
   (iii) evaluate the adequacy and effectiveness of the consultative process with DPs, particularly those vulnerable, including the adequacy and effectiveness of grievance procedures and legal redress available to the DPs, and dissemination of information about these;
   
   (iv) review the information disclosure of LARPs and information pamphlets, verify that the process was conducted as stipulated in the LARP, and assess the satisfaction of the DPs with the information campaign;
   
   (v) conduct a DP satisfactory survey at field level with a 20% random sample of the DPs, including assessment of whether resettlement objectives have been met (sampling procedure to be described);
   
   (vi) conduct a survey of 20% random sample of DPs who registered grievances, and evaluate functioning of the grievance redress process in accordance with the provisions of the LARP (sampling procedure to be described);
   
   (vii) conduct surveys of DPs who incurred damages resulting from construction works under the Project, in order to identify the level of satisfaction with compensation;
   
   (viii) review the legalization process and assess its effectiveness;
   
   (ix) assess of the rehabilitation program for severely affected and vulnerable DPs;
   
   (x) provide a description of lessons learned and recommendations for improvements; and
   
   (xi) in conclusion, provide an overall assessment of LARP implementation and recommendations to ADB regarding the provision of a no objection letter to commence civil works.

D. **External Monitoring Methodology and Procedure**

7. The following research methodologies and procedures are suggested for monitoring and evaluation of LARP preparation, implementation and post-implementation activities:

   (i) desk review (secondary data analysis); and
   
   (ii) field surveys (face to face interviews).

8. The monitoring and evaluation of LARP progress against the targeted performance indicators will be based on data from secondary and primary sources. The Consultant will undertake field visits to conduct interviews with representative samples of the DPs.

9. The LARP implementation review and preparation of LARP Compliance Report will provide assurance to ADB that activities are implemented in accordance with the approved LARP. An evaluation shall be made as to what extent the LARP was able to accomplish its objectives. This evaluation shall be used as basis for issuing the Notice-To-Proceed to Construction Contractor(s). To accomplish this evaluation, the Consultant shall undertake the following tasks:
Appendix 2

(i) **Verification of compliance with LARP.** This includes review of reports prepared by the RDMRDI. The EM shall review and verify in the field the results of the reports prepared by the RDMRDI. The review shall involve a random field verification of payment/compensation records. Field verification will be done through interviews with DPs. The EM shall also review the compliance of compensation process with procedures/methodologies/mechanisms stated in the approved LARP. The EM shall check if the valuation, consultations, disclosure, payments, and related processes have conducted in accordance with the approved LARP.

(ii) **Assessment of the impact of the LARP.** This will be carried out through direct surveys with the DPs. The EM shall conduct a survey of a representative sample of DPs to determine changes that have occurred in the lives of the DPs as a result of the resettlement process. Focus group discussions, conversational open-ended interviews and other unstructured data gathering methods may also be used for DP groups to supplement the findings from the survey.

(iii) **Assess DPs satisfaction.** This includes valuation of assets and entitlements, timing of payments, etc. Through post-LARP survey, the EM shall ascertain the degree of satisfaction of DPs on the valuation of assets, as well as, the scope and timing of assistance provided under the LARP.

(iv) **Conduct a post-LARP evaluation.** This is to determine if the objectives of the LARP have been attained and to assess resettlement efficiency, drawing lessons for future resettlement planning. Should the outcome of the study show that the objectives of the LARP have not been attained; the EM will recommend appropriate supplemental assistance for the DPs.

10. The following data shall serve as the basis for developing the post-LARP evaluation:

(i) communications with DPs and reaction from DPs on entitlements, compensation options, alternatives and relocation timetables, etc.;
(ii) changes in housing conditions and income levels;
(iii) rehabilitation of informal settlers;
(iv) grievance procedures;
(v) disbursement of compensation; and
(vi) level of satisfaction of DPs in the post-resettlement period.

11. **Prepare the LARP compliance report.** That shall demonstrate as to what extent the LARP was able to accomplish its objectives. The LARP Compliance Report will be used as precondition to allow for commencement of the construction works. As part of the LARP Compliance Report, the EM will also assess the status of project affected vulnerable groups, such as households with income below subsistence minimum, households headed by single women, large households with 5 or more children below 18 years, and households with disabled member. Prior to submission of the LARP Compliance Report, the EM shall ensure that informal and formal meetings are held with the men and women DPs, RDMRDI and other key officials and seek feedback on the contents/analysis presented the report. Highlights of these consultations will also be attached as an annex to the LARP Compliance Report, including households (HHs) below the poverty line and single women headed HHs.

E. **Implementation Arrangements**

12. The EM shall report directly to RDMRDI and carry out the works in close collaboration with the RDMRDI’s Resettlement Specialist and other appropriate representatives of RDMRDI. The
EM assignment is on an intermittent basis following the pace of the progress of LARP verification, finalization and implementation for the Project.

F. Reporting Requirements

13. The EM is expected to prepare and submit to the RDMRDI and ADB the following deliverables:

(i) An Inception Report and Detailed Work Plan including draft formats (as appropriate for various outputs, such as questionnaires, guides, etc.) and draft outlines for LARP Compliance Report(s) within 1 month upon signing of the contract;

(ii) LARP Compliance Report(s) presented to RDMRDI, and after review submitted to ADB for comments and approval, to be disclosed on RDMRDI and ADB website; and

(iii) Final Report upon completion of the assignment.

14. The EM shall submit the deliverables in Georgian and English languages in electronic and hard copies along with the cover letter.

G. Consultant Qualifications

15. The EM will have the following qualifications and experience:

- An advanced degree in Sociology, Political Science, Law, Geography, Urban Planning, Engineering, Land Management or similar;
- A minimum of 3 ( Preferably 5) years of experience in developing and implementing LARPs/RAPs on infrastructure projects, including road rehabilitation or reconstruction projects classified as Category A for Involuntary Resettlement as defined by ADB and/or WB;
- Prior experience in conducting external resettlement monitoring for development projects;
- Working knowledge of the ADB Safeguards Policy Statement 2009, and the World Bank Involuntary Resettlement Policy (OP 4.12); and
- Working knowledge of the Georgian land administration/management laws, regulations, and standards.
- Strong oral and written Georgian and English language and communication skills.
- Knowledge of participatory methods and consultation practices, with direct experience in working with the general public.
- Computer skills: Proficiency in standard and specialized desktop computer applications, including Word, Excel, electronic mail.
DRAFT TERMS OF REFERENCE
GENDER SPECIALIST (NATIONAL)

Overall Responsibilities

1. The gender specialist will provide intermittent inputs and oversight to ensure quality implementation of the project gender action plan (GAP) in a timely manner.

Tasks

2. The specific tasks of the gender specialist are:

- Integrate gender concerns and messages in all project orientation seminars provided to communities;
- Ensure significant and meaningful participation of women in all consultations and project orientations, as well as in road safety awareness campaigns;
- Incorporate gender provisions into Government of Georgia’s Road Safety Action Plan and Road Maintenance Sustainability Strategy;
- Provide technical gender advice in the placement of women-friendly facilities, in the construction of rest stop as well as, in road safety;
- Ensure that livelihood and business development trainings are appropriate and feasible for women entrepreneurs and address potential gender issues that could negatively impact on the success of women entrepreneurs;
- Identify gender indicators for the project management information system, and ensure that sex disaggregated data are regularly collected;
- Monitor that women staff are included in technical trainings such as in road maintenance;
- Lead the conduct of the baseline and end-line studies on women’s and men’s travel patterns, including design of the studies and data gathering tools, guiding the field researcher, analysis of data and other findings, and preparing the research reports.

Skills and Experience

Education:
3. Advanced university degree in sociology, gender studies, anthropology and other social sciences or other relevant field.

Experience:
4. The gender specialist will have the following qualifications and experience:

- Minimum of 10 years of progressively responsible experience in mainstreaming gender in project designs, implementation, monitoring and reporting.
- Demonstrated ability to conduct gender-responsive research, using both quantitative and qualitative data gathering methods.
- Ability to engage with government and people in the communities, especially women, on gender issues.
- Excellent English and Georgian speaking and writing skills.