



Tacis Regional 2000 Traceca Programme

**Rehabilitation of Caucasian
Highways
Azerbaijan Georgia and Armenia**

First Progress Report

(REVISED VERSION)

January – July, 2003

July 27, 2003



This Project is
funded by the
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A technical
Support Project
By Louis
Berger SA

Report Cover Page

Project Title	Rehabilitation of Caucasian Highways Azerbaijan, Georgia and Armenia	
Project Number	EUROPEAID/113179/C/SV/MULTI	
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TACIS Bureau (Task Manager)			
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1 PROJECT SYNOPSIS

Project Title	Rehabilitation of Caucasian Highways Azerbaijan Georgia and Armenia
Project Number	EUROPEAID/113179/C/SV/MULTI
Country	Azerbaijan Armenia Georgia

Wider Project Objectives	<p>The wider objectives are to support the Republics to catch up with their serious backlogs in road maintenance, and to cope with growing Local, and international transport. These include the following</p> <ul style="list-style-type: none"> • The improvement and provision of a better level of service for the travelling public on route corridors; • To reduce costs in road transportation; • To arrest deterioration of pavements by timely intervention; • To reduce costs for road rehabilitation and maintenance; • To strengthen the national road construction and maintenance capabilities through transfer of technology.
Specific Project Objectives	<p>The specific project objectives are to provide consultancy services for three Beneficiaries. These all being the State departments of Roads in their respective Countries namely Azerbaijan, Georgia and Armenia.</p> <p>Azerbaijan:</p> <p>In Azerbaijan there are four subcomponents of the project</p> <ol style="list-style-type: none"> a) Review of Designs and Tender Documents; b) Supervision of Construction of the WB (IDA) financed road sections under the Azerbaijan Highway Project; c) Assistance to the joint Project Implementation Unit (PIU) for the World Bank and the EBRD roads projects; d) Technical supervision of the TACIS project: construction of two bridges / Gasan Su Chay and Shemkir. <p>Duration estimated 24 months.</p> <p>Georgia:</p> <p>In Georgia the main objective is the developing of a Pre-Feasibility Study for modernization of the existing Poti-Tbilisi-Red Bridge road under the standard of the international motorway passing by larger inhabited areas. Determining the deadline for road carrying capacity, based on the dynamics of traffic volume growth at sections of the existing road, and modernizations periods, technical and economic study and comparison of the modernization alternative with the alternative of construction of international motorway (to a SNiP Category I). Also an exchange of technical expertise</p> <p>Duration estimated 10 months, in conjunction with the project in Armenia.</p>

	<p>Armenia:</p> <p>The Project in Armenia covers the investigations, designs, preparation of contract drawings, cost estimates and Tender Documents for 3 tunnels on the road from Vanadzor to the Georgian Border. Also an exchange of technical expertise.</p> <p>Duration estimated 10 months in conjunction with the project in Georgia.</p>
<p>Planned Outputs</p>	<p>Azerbaijan</p> <p>Assistance to the PIU such that they become an experienced unit and fully conversant with the procedures of all the International Funding Institutions (IFI).</p> <p>Supervision of six contracts such that they are all finished in accordance with the International standards and within the programmed time and in accordance with the budget.</p>
	<p>Georgia</p> <p>The production of a Pre-Feasibility study for the road improvements to the Poti to Red Bridge Road. This study will identify areas of roads that require rehabilitation or reconstruction. The study will also highlight the need to protect land reserves for new road alignment. The aim being to assist the Government of Georgia to obtain funding from IFI's.</p>
	<p>Armenia</p> <p>To study the situation regarding the state of the three tunnels and make proposals for the rehabilitation and then to produce all the necessary designs, drawings and Tender Documents.</p>



Project Activities

The Project is set up in the form of separate components all of which form the main basis of the proposed project activities. These are enumerated in the table below.

Component	Location	Services
Component 1	Azerbaijan	Design Reviews, Construction Supervision and Assistance to the Project Implementation Unit in Azerbaijan
Sub-component 1.1		Review of the Design and Contract Documents
Sub-component 1.2		Construction Supervision on Lot 1 from Ganja to Shemkir and Lots 1-4 from Shemkir to Gazakh Road
Sub-component 1.3		Technical assistance to the PIU
Sub-component 1.4		Technical supervision of the Tacis project "Reconstruction of two bridges Gasan Su Chay and Shemkir"
Component 2	Georgia	Pre-Feasibility study of modernisation of Poti-Tbilisi-Red Bridge Road in Georgia
Component 3	Armenia	Design and Preparation of Tender Documents for three Tunnels on the road from Vanadzor to the Georgian Border in Armenia
Project Starting Date		Contract signed 25 th November 2002 Team Leader Mobilised 19 th January 2003 Resident Engineer mobilised 19 th February Highway Engineer mobilised on June 17
Project Duration	2 Years	

2. SUMMARY OF THE PROJECT ACTIVITIES FROM THE START

2.1 INTRODUCTION

The Contract was signed on 25th November 2002. The Team Leader arrived in Baku on 19th January 2003 accompanied by the Project Director. Revised Inception report was produced in April and comments of project partners were attended by June. Project Team Leader has resigned from the project and LBSA Project Coordinator has been replacing him from June 10 up to date.

2.2 COMPONENT 1: DESIGN REVIEWS, CONSTRUCTION SUPERVISION AND ASSISTANCE TO THE PROJECT IMPLEMENTATION UNIT IN AZERBAIJAN

Sub-component 1.1 Reviews of the Design and Contract Documents

By the time of the start of consulting services, two out of six contracts for civil works have already been tendered and contracts awarded. Thus, consultant had no possibility to review documents before tenders. Reviews of contract documents have been taking place during the execution of the contracts. For example, design reviews for two bridges (re-designed by the contractor) are under the completion stage. Designs for Ganja to Gazakh road section have to be improved. Designs and tender documents for Lots 1 – 4 of Shemkir – Gazakh Road Section were requested from the PIU for reviews and the PIU is currently preparing set of documents for consultant's reviews. Status of the sub-component: works are ongoing.

Sub-component 1.2 Construction Supervision of Ganja to Gazakh Road

Civil works contract for Ganja-Shemkir Road Section have started. However, Design (survey) discrepancies have been found and the client (RoadTransService Department) is requested to provide the proper designs to continue civil works. Currently, Consultant is preparing proposal to the client in finding the proper solution in execution of the contract. Tenders for the road section Shemkir to Gazakh (in 4 contract lots) are on the stage of the advertisement. Status of the sub-component: works are ongoing.

Sub-component 1.3 Assistance to the PIU

PIU staff schedule and its members have been approved by the World Bank and Consultant prepared and got approved the PIU budget. Consultant (LBSA) has been providing day-to-day assistance to the PIU, including equipping the PIU, providing salaries, providing a training session on implementation of internationally funded projects.

Sub-component 1.4 Technical supervision of the Tacis project "Reconstruction of two bridges Gasan Su Chay and Shamkir"

Formally, works not started yet. However, contractor continues works on the site and its yard. Works are being done on contractor's own risks, since contract designs have not been yet formally approved by the consultant and GOSSTROY (state committee for construction and architecture). Contractor's work program has not been submitted to Construction Supervision consultant yet.

2.3 COMPONENT 2: PRE-FEASIBILITY STUDY OF MODERNISATION OF POTI-TBILISI-RED BRIDGE ROAD IN GEORGIA

Works started with arrival of LBSA highway engineer to Tbilisi on June 17. Road Traffic counts were carried out for 5 major points along the road. Sub-consultancy agreement has been concluded with Transdorproject. Works now are under the progress.

2.4 COMPONENT 3: DESIGN AND PREPARATION OF TENDER DOCUMENTS FOR THREE TUNNELS ON THE ROAD FROM VANADZOR TO THE GEORGIAN BORDER IN ARMENIA

Works started in May, 2003. Two technical reports have been produced: Site investigations report and Geotechnical Report. Topographic Surveys completed and construction plans are being developed.

3. SUMMARY OF PROJECT PLANNING FOR THE REMINDER OF THE PROJECT

3.1 PROJECT'S DURATION AND TIMING

The Contract duration is 24 months from the date of contract signing (contract was signed on 25th November 2002). Since the practical day-to-day work on the project has started with the Team Leader's arrival in Baku on 19th January 2003, LBSA proposes to define January 15 of 2003 as the project's start date and January 15, 2005 as a project's completion date. However, there have been delays explained below, which are affecting the project's completion date. Estimated project completion date due to delays has been assessed in section 5 of this report.

3.2 PROJECT PLANNING FOR COMPONENT 1: DESIGN REVIEWS, CONSTRUCTION SUPERVISION AND ASSISTANCE TO THE PROJECT IMPLEMENTATION UNIT IN AZERBAIJAN

Sub-component 1.1 Reviews of the Design and Contract Documents

Reviews of contract documents have been taking place during the execution of the two contracts: "Rehabilitation of Ganja-Shemkir Road" and "Reconstruction of two Bridges". Design reviews for two bridges (re-designed by the contractor) are under the completion stage and expected to be finalized in *the second week of August*. Designs for Ganja to Shemkir road section have to be improved due to discrepancies in survey data. Although Transdorservices is kindly requested to provide correct designs, LBSA is currently undertaking topographical surveys jointly with Contractor to overcome the arisen issues *by August 15 2003*. The tender documents for Lots 1 – 4 of Shemkir – Gazakh Road Section was requested from the PIU for reviews and the PIU submitted documentation for 2 lots in July, and is currently preparing the remaining set of documents for consultant's reviews. Design and contract document reviews for Lots 1-4 are expected *to be completed by September 2003*.

Sub-component 1.2 Construction Supervision of Ganja to Gazakh Road

Civil works contract for Ganja-Shemkir Road Section is behind the schedule and completion date most likely will be affected by Design (survey) discrepancies have been found. Despite of delays, *civil works for lot 1 are expected to be completed in 2004*. Tenders for the road section Shemkir to Gazakh (in 4 contract lots) are on the stage of advertisement. Tendering is behind of the original schedule and remaining *contracts are expected to be awarded in IV Quarter of 2003*. Completion of Civil works for Shemkir to Gazakh Road is obviously going to be beyond the project completion date for about 6 months, as described in detail in section 5 of this report.

Sub-component 1.3 Assistance to the PIU

Consultant (LBSA) has been providing day-to-day assistance to the PIU, including equipping the PIU, providing salaries, providing a training session on implementation of internationally funded projects. LBSA will continue assistance as required by the ToR until the project completion date.

Sub-component 1.4 Technical supervision of the Tacis project "Reconstruction of two bridges Gasan Su Chay and Shemkir"

Contractor's work program has not been submitted to Construction Supervision consultant yet. *Contractor intends to complete works in the IV quarter of 2003*. Designs, work program has to be submitted as soon as possible to enable supervision consultant to perform its duties as required.

3.3 PLANNING FOR COMPONENT 2: PRE-FEASIBILITY STUDY OF MODERNISATION OF POTI- TBILISI-RED BRIDGE ROAD IN GEORGIA

Works started with arrival of LBSA highway engineer to Tbilisi on June 17. Inception Report is due in August, Progress Report in October, *Draft final Report in December and Final Report in April 2004*.

3.4 PLANNING FOR COMPONENT 3: DESIGN AND PREPARATION OF TENDER DOCUMENTS FOR THREE TUNNELS ON THE ROAD FROM VANADZOR TO THE GEORGIAN BORDER IN ARMENIA

Works started in May, 2003. Inception Report is due in July, Draft final report in January 2004. Two technical reports have been produced so far, covering partly purpose of the inception report. Inception report in required format is planned to be *submitted by the first week of August*.

4. PROJECT PROGRESS IN REPORTING PERIOD

4.1 LBSA Project Progress Management visit

The project has been visited by LBSA Project Director, Mr. Signor in July 13-20 in order to perform project's progress review and undertake necessary actions to provide smooth implementation of Consultancy Services. Mr. Signor has attended important meetings at the MoT in order to complete identification of the new arrangements concerning the project partner and the client in Azerbaijan. Mr. Signor took part in the project's progress monitoring process conducted by Tacis Monitor, Mr. Tornike Gotsiridze, who arrived to Baku for project reviews on July 14. This helped to receive monitor's valuable recommendations on improvement of the 6th month Project progress report.

4.2 Tacis Monitoring on Project's progress

LBSA has carefully studied comments of the Monitor provided on the project Inception Report. Comments were discussed with Mr. Gotsiridze in Tbilisi Tacis monitoring office, during Acting Project Manager's mission to Georgian Component. Monitoring of Azerbaijan Component was conducted in July in Baku. As results, valuable conclusions were made to improve project performance and the project reporting. For example, it was agreed that Project components should be reviewed in terms of unification of understanding of project's specific objectives. Thus, the updated definition of components was proposed and used in this report. Three Components were proposed by location of activities: Azerbaijan, Georgia and Armenia. LBSA has decided to exclude components of Overall Project management and Training and Technology transfer as separate Components, since planned activities under these former Components have actually become part of Components 1, 2 and 3 (Azerbaijan, Georgia and Armenia).

4.3 Acting Team Leader's Project management mission to Armenia and Georgia

Acting Team Leader performed project management mission to Armenia and Georgia from July 1st to July 7, 2003. During the mission project's progress has been reviewed at the partner organizations and management meetings carried out with LBSA sub-consultants. Mission has helped to analyse project achievements and to program further project activities.

4.4 Project Achievements in comparison with planned results

4.4.1 PROGRESS ON COMPONENT 1: DESIGN REVIEWS, CONSTRUCTION SUPERVISION AND ASSISTANCE TO THE PROJECT IMPLEMENTATION UNIT IN AZERBAIJAN

Administrative changes: new project partner for Azerbaijan Component

Progress of project works on Azerbaijan Component has experienced changes in the in project's administrative bodies – project partners. Presidential Decree of June 10 has liquidated state Concern Azeravtoyol and transferred the road sector's organizations into the responsibility of the Ministry of Transportation (MoT) of Azerbaijan. Unofficial translation of Presidential Decree is attached in the Annex 1. LBSA Team had meetings with the new management of the Road Sector and addressed the letter to the MoT with request to provide clarifications in defining representatives of the Client and confirming Supervision Consultant for civil works contract. MoT management held a meeting, inviting concerned Traceca officials, Tacis Monitors, Contractors and Consultant. MoT issued appropriate letters to Traceca office and to Consultant appointing authorised representatives

of the Client (Mr. Javid Gurbanov) and confirming authority of Consultant (LBSA) and PIU in implementation of the civil works. Letters are attached in the Annex 1.

Progress on Sub-component 1.1 Reviews of the Design and Contract Documents

In consultant's Proposal "Reviews of Designs" were planned for the first 4 weeks of the project. However, the project had its own pace of implementation, different from the schedule reflected in the ToR. For example, two out of six contract packages were tendered and awarded. Thus, Consultant performed design reviews during the execution of the project. Reviews of contract documents have been taking place during the execution of the two contracts: "Rehabilitation of Ganja-Shemkir Road" and "Reconstruction of two Bridges".

Design reviews for two bridges (re-designed by the contractor) are under the completion stage and expected to be finalized in *the second week of August*. Consultant's Expatriate Bridge Engineer Ms. Eleni was fielded in April 30th. Ms. Eleni has produced Draft Design Review Report. Ms. Eleni requested (in June) the Design Developer – Azerkopru to provide comments to her observations (Project Specific Recommendations are attached in the Annex 2). Team Leader and Resident Engineer have discussed necessity of attending Bridge Engineer's comments during the Meeting on June 20 which took place in Azerkopru's head office. However, comments have not been attended yet by the Design developer. LBSA Team intends to hire a local Bridge Engineer to complete the review, and demand satisfactory cooperation of the Design developer in design Reviews. Besides of the Consultant's reviews, appropriate technical reviews and approval of the State Committee for Architecture and Construction (GOSSTROY) is required as per local engineering practices. These reviews are currently under the progress.

Designs for Ganja to Shemkir road section have to be improved due to discrepancies in survey data. Survey data was found incorrect in coordinates and elevations. Surveys of existing ground levels showed that errors vary incoherently up to 75 cm in the first 7 kilometres of the road. From km 7 to km 21 survey data has more or less constant error in elevations. As per consultant's rough estimates, following existing ground levels with no corrections to projected longitudinal profile would lead up to extra 35-40,000 cubic meters of earth works. Civil Works Contractor – Turan addressed (in June 9) its letter notifying Azeravtoyol with existing survey discrepancies and requiring provisions of proper design drawings to execute the civil works. The technical meeting was held (June 20) in Mr. Garaisaev's office, and decision was taken with participation of Contractor and Supervision Consultant on corrections to designs. However, decisions taken in that meeting were interpreted by Consultant and Contractor in different ways and Turan issued a letter of July 8 notifying that decisions of the Technical Meeting of June 20 were not properly understood. The Client – Transdorservice Department (Mr. Javid Gurbanov) issued instructive letter of July 14, requesting Consultant jointly with Contractor to prepare corrections to designs and submit them for Client's approval. Projected longitudinal profile was proposed to modify with no increase in bill of quantities. LBSA is currently undertaking topographical surveys jointly with Contractor to overcome the arisen issues *by August 15 2003*. LBSA is contractually not responsible for re-designing of road sections, but for the project's progress LBSA expressed its readiness to help to Client to overcome of arisen situation. LBSA expects that Transdorservice would provide its design engineer to take part in design corrections as well as to take formal responsibility for design corrections.

The tender documents for Lots 1 – 4 of Shemkir – Gazakh Road Section was requested from the PIU for reviews and the documentation for 2 lots were received in July. PIU is currently preparing the remaining set of documents for consultant's reviews. Design and contract document reviews for Lots 1-4 are expected *to be completed by September 2003*.

Sub-component 1.2 Construction Supervision of Ganja to Gazakh Road

Civil works contract for Ganja-Shemkir Road Section has started. However, Design (survey) discrepancies have been found and appropriate measures are being taken as described above.

Dealing with design discrepancies may eventually affect the civil works completion date. The project data is briefly presented in the table below and for more detailed information the Quarterly progress report is produced by Resident Engineer and distributed to the Client (Transdorservice), Traceca Baku Office and to the World Bank.

Table 4.1 Civil Works Progress Data

Works Contract CW 2002-1	
Works Tender Opened	14 th May 2002
Contract Awarded Article 33.2	30 th December 2002 by IDA
Letter of Acceptance Issued 33.1	24 th March 2003
Contract Agreement Signed Article 33.3	April 9, 2003
Tender Amount	28,749,462,180.50 AZM
Contract Amount Article 15.3	29,903,403,179.00 AZM
Contract Start Date	21 st April 2003
Contract Completion Date	21 st July 2004
Works Programme received	18 th April 2003
Last revision of Works programme	30 th April 2003
Value of Works to date	3,501,084,057.00 AZM
Variations	Nil
Advance Payment Received	5,980,680,936.00 AZM
Repayments made	0%
Delays	Nil
Claims	Nil
Time elapsed to date	71
Time remaining to date	387

Contracts CW 2003-1 to CW 2003-4 Rehabilitation and upgrading of Shemkir – Gazakh Road sections

Tenders are not invited to date. The PIU has prepared tendering schedule as presented below.

Table 4.2 Tendering Schedule

Works	Dates
The agreement of Tender's documents with the W.B	Till 30 th June 2003
Setting up the Tender's Commission	Till 30 th of June 2003
Tenders' statement in the local and foreign newspapers	
The distribution of the statements to the embassies	1 st July 2003
Selling of Tender's document to the Claimants	2 nd July 2003
The latest date of the submitting by the Claimants the Tender's Proposals to the Corporation	2 nd July 2003
Investigating the Tender's Proposals, the agreement of The Estimate Calculation with W.B. and M.C. with a period (60 days)	20 th of August 2003
The signing of the Contractor's Contract. 28 day later after record.	Till 18 th November

Tendering is a bit behind of proposed above schedule, nevertheless, contracts are expected to be signed in IV quarter or by the end of 2003.

Sub-component 1.3 Assistance to the PIU

PIU staff schedule and its members have been approved by the World Bank and Consultant followed the approved PIU budget in funding operations. According to the Terms of reference the PIU should consist of four key staff. These being:

- a) A Highway Engineer, to act as the director;
- b) A financial specialist;
- c) A procurement specialist;
- d) A translator.

Consultant have been providing day-to-day assistance to the PIU, including equipping the PIU, providing salaries, providing a training session on implementation of internationally funded projects. Training session materials are attached in the Annex 3.

The PIU has requested the Consultant to organise English training courses focusing in road terminology for the PIU staff and Local Engineers. Consultant intends to provide such training using available operational funds for training and operations based on hiring English language teacher or sending PIU members to British Council approved courses offered in Baku. Consultant also requested the PIU to provide a status of EBRD project in order to follow up with further assistance if required.

Sub-component 1.4 Technical supervision of the Tacis project “Reconstruction of two bridges Gasan Su Chay and Shemkir”

Formally, works not started yet. However, contractor continues works on the site and its yard. Works are being done on contractor’s own risks, since contract designs have not been formally approved by the consultant and GOSSTROY (state committee for construction and architecture). *Contractor’s work program has not been submitted to Construction supervision consultant yet.* The project data is briefly presented in the table below and for more detailed information the Quarterly progress report is produced by Resident Engineer and distributed to the Client (Transdorservice), Traceca Baku Office and to the World Bank.

Table 4.3 Project Data

Works Contract Euroaid/112944/C/W/AZ	
Works Tender Opened	
Contract Awarded	27 th December 2002
Contract Agreement Signed	27 th December 2002
Tender Amount	€1,424,017.80
Contract Amount	€1,424,017.80
Contract Start Date	10 th March 2003
Contract Completion Date	4 th November 2003
Works Programme received	No
Planned Works to date	Mobilisation 50%
Works complete to date	Mobilisation 50%
Value of Works to date	€0.00
Variations revised bridge design at Contractors cost	Nil
Advance Payment Received	284803.56
Repayments made	0%
Delays	Work not start yet
Claims	Letter of intention – extension of time
Time elapsed to date	116 days
Time remaining	122 days

4.4.2 PROGRESS ON COMPONENT 2: PRE-FEASIBILITY STUDY OF MODERNISATION OF POTI- TBILISI-RED BRIDGE ROAD IN GEORGIA

Works started with arrival of LBSA highway engineer to Tbilisi on June 17. Road Traffic counts were carried out for 5 major points along the road. Sub-consultancy agreement has been concluded with Transdorproject. According to the Consultant's plan, the report will be presented in the following contents:

Table 4.4 Contents of the Pre-feasibility Study Report

Volume	I	Explanatory note and tables of main works
Volume	II	Drawings and photos
Volume	III	Road transport economics
Volume	IV	Conclusions and recommendations

The ToR pre-determines that existing road and alternatives should be compared at the motorway standards. LBSA intends to consider two alternatives:

- The first alternative will be improvement of the existing road to motorway standard.
- The second alternative will try to avoid all settlements (using a new alignment).

For both alternatives cost estimates and economic costs will be calculated.

The ToR requires that the cost estimates must be accurate to within $\pm 10\%$. Since the main layout will be carried out on map of the scale of 1: 50,000, it seems that this requirement will not be achievable. We propose to try to be accurate within $\pm 20\%$, due to restrictions related to scales of available maps.

More detailed information about project's progress will be presented in the Inception Report for Georgian Component by August 15, 2003.

4.4.3 COMPONENT 3: DESIGN AND PREPARATION OF TENDER DOCUMENTS FOR THREE TUNNELS ON THE ROAD FROM VANADZOR TO THE GEORGIAN BORDER IN ARMENIA

Works started in May, 2003. Two technical reports have been produced: Site investigations report and Geotechnical Report. Topographic Surveys completed and construction plans are being developed.

Site investigations report provided conclusions on the type of interventions for rehabilitation of tunnels as described below:

Tunnel 1 (km 25+460): we recommend an extensive rehabilitation of the transport tunnel #1, while maintaining the existing clearance, as well as the radius of the horizontal curve. Rehabilitation will cover carriageway, drainage, lighting, lining, ventilation and fire protection improvements.

Tunnel 2 (km 31+200): we recommend an extensive rehabilitation of the transport tunnel #2, increasing clearance in height by lowering the carriageway. Improvements to drainage system, lighting and decorative lining of the tunnel are also proposed for better safety and easy maintenance.

Tunnel 3 (km 31+910): we recommend an extensive rehabilitation of the transport tunnel #1, while maintaining the existing clearance, as well as the radius of the horizontal curve. Rehabilitation will cover drainage, lighting, ventilation and fire protection improvements.

4.5 DEVIATIONS FROM ORIGINAL PLANNING AND REASONS

Deviations from original planning are occurring in design reviews, construction supervision of Ganja – Gazakh road rehabilitation, and Construction of two bridges. Reasons for these deviations are explained well in the section 4.4.1.

Components in Armenia and Georgia have started in May and June respectively. The delay, in comparison with originally planned start (January, as per original schedule stated in LBSA proposal – the first month of the project), has occurred due to better convenience for field investigations and studies in mountainous conditions.

4.6 SPECIFIC ACTION NEEDED FROM THE LOCAL AUTHORITIES – INCLUDING THE COORDINATING UNIT CONCERNED – AND/OR THE EUROPEAN COMMISSION

Actually, specific actions from the local authorities, Regional Traceca Coordinating unit and EU are being provided to overcome of problems arisen during the project implementation. For example, the EU project manager promptly responded to expected design changes in Construction of Two Bridges and problem was discussed and decision taken without long delays. MoT of Azerbaijan undertook quick action in identification of responsibilities, preventing additional delays in the project implementation in Azerbaijan Component, occurred due to liquidation of Azeravtoyol. Dortransservice, successor of Azeravtoyol, undertook measures to overcome the design discrepancies and issued instructive letter to Supervision Consultant promptly. Regional Traceca office have been providing close assistance in implementation of the project and especially in implementation of Construction of two bridges, organizing technical meetings with Azerkorpu contractor.

However, the project will need the following actions from Project partners in the nearest time:

Component 1: Azerbaijan

Supervision consultant is working on corrections to designs as per Dortransservice's letter of July 14. LBSA is working on corrections, although it is formally not responsible for re-designing road sections. Thus, LBSA is currently discussing with PIU and Dortransservice about involvement of their Design Engineer to attend the works at the completion stage and take formal responsibility for re-designing the road sections performing check ups and confirming new projected alignments. LBSA is ready to assist by all means available at supervision consultant's disposal, including preparation of proposed new vertical alignment and appropriate contract variation order to Client if required. Consultant hopes to overcome of the problem by August 15.

Concerning Reconstruction of two Bridges, Supervision Consultant hopes that Azercorpu (contractor) will observe its contractual obligations by submitting works program, following construction specifications as required (including establishment of the testing facilities at the site, equipping the field office etc).

Component 2: Georgia

LBSA is currently finishing Inception Report with details of further work on the feasibility studies. Consultant expects that Project partner and EU provide their comments on the recommendations of consultant for performing studies for two alternative options: *motorway on a new alignment and upgrading of the existing road up to motorway standards* (two alternative options). Since accuracy for cost estimates is not achievable within +-10% using 1:50,000 scale maps, Consultant suggests approving accuracy at +-20%.

Component 3: Armenia

LBSA is about to submit Inception Report. However, the Technical Report on Tunnel Investigations is ready, where consultant presents the main rehabilitation options by each tunnel. There is a need to review the conclusions of the Technical report and approve the main scope of work proposed for rehabilitation (draft technical report is attached in Annex 4).

FORM 4.2: RESOURCE UTILISATION REPORT

Project title : Rehabilitation of Caucasian Highways		Project number : Europeaid/113179/C/SV/MULTI		Country: Azerbaijan, Georgia, Armenia		Page : 1 of 2	
Planning period January – June 30, 2003		Prepared on : July 27, 2003		EC Consultant: LBSA			
Project objectives							
RESOURCES/INPUTS	TOTAL PLANNED	PERIOD PLANNED	PERIOD REALISED	TOTAL REALISED	AVAILABLE FOR REMAINDER		
PERSONNEL							
International Experts:							
<i>Long Term:</i>							
Team Leader	440	120	120	120	320		
Resident Engineer	440	91	91	91	349		
Highway Engineer	220	11	11	11	209		
<i>Short Term:</i>							
Short term Experts	103	32.8	32.8	32.8	70.2		
Sub-Total International	1203	254.8	254.8	254.8	948.2		
Local Long and Short Term Experts							
Senior	3310	236	236	236	3074		
Junior	2793	230	230	230	2563		
Sub Total Local	6103	466	466	466	5637		
Sub-total	7306	720.8	720.8	720.8	6585.2		
EQUIPMENT AND MATERIAL	Euro 20,000	Euro 20,000	Euro 18,755	Euro 18,755	Euro 1,245		
Sub-total							

FORM 4.3 OUTPUT PERFORMANCE REPORT

Project title : Rehabilitation of Caucasian Highways	Project nr : Europeaid/113179/C/SV/MULTI	Country : Azerbaijan, Georgia, Armenia	Page: 1 of 3
Prepared on : July 27, 2003		EC Consultant: LBSA	
Output results	Deviation original plan + or - %	Reason for deviation	Comments on constrains & assumptions
<p>Component 1: Azerbaijan</p> <p>Subcomponent 1.1: Review of the design and tender documents</p> <p>Road Ganja – Gazakh: Lot 1 Ganja-Shemkir 2002-1 Lot 1 Shemkir-Road Station Lot 2 Road Station-Tovuz Lot 3 Tovus-Road Station Lot 4 Road Station Gazakh</p> <p>Reconstruction of Two Bridges</p> <p>Subcomponent 1.2 Construction Supervision Ganja – Gazakh Road</p> <p>Lot 1 Ganja-Shemkir Mobilisation of Consultant Pre-construction advisory services Construction supervision Progress reports Final Acceptance Lot 1 Shemkir-Road Station Lot 2 Road Station-Tovuz Lot 3 Tovus-Road Station</p>	<p>Behind the schedule for 6 months</p> <p style="text-align: right;">ongoing</p> <p>Behind the schedule Behind the schedule Behind the schedule Behind the schedule Behind the schedule</p> <p>Behind the schedule for 6 months</p> <p>Complete Complete Ongoing, delays expected</p> <p>n/a</p> <p>Behind the schedule Behind the schedule Behind the schedule</p>	<p>Survey discrepancies Documents submitted in July ,2003 Documents submitted in July ,2003 Documents submitted in July 23,2003 Documents submitted in July 23,2003</p> <p>Redesigning at the original contract documents</p> <p>Survey discrepancies</p> <p>n/a</p> <p>Not tendered yet Not tendered yet Not tendered yet</p>	<p>Redesigning alignment</p> <p>Has to be completed in September</p> <p>Consultant's comments are still not attended by design developer</p> <p>Redesigning is going on</p> <p>n/a</p> <p>Contract should be signed IV Quarter of 2003</p>

Lot 4 Road Station Gazakh	Behind the schedule	Not tendered yet	
Subcomponent 1.3: Assistance to the PIU in implementation of the World Bank and EBRD projects	Ongoing		No comments
Set-up of organisation and structure of the PIU	Ongoing		No comments
Review suitable management procedures and systems	Ongoing		No comments
Advise and assist the PIU in the management and implementation of the project	Ongoing		No comments
Advise and assist the PIU to develop and operate procedures and expertise in the financial administration of Contracts	Ongoing		No comments
Provide assistance and liaison to the management of Azeravtoyol and the EBRD and World Bank, as may be necessary	Ongoing		No comments
Provide Administrative support for the PIU, in the form of salaries and payroll cost, office equipment, supplies and running costs, training, and transport	Ongoing		No comments
Sub-component 1.4: Technical Supervision of the TACIS Project: "Construction of two bridges: Gasan Su Cay and Shemkir	Behind the schedule	Design not approved yet, workplan not submitted yet	Design review comments should be attended and designs should be approved at Gosstroy
Mobilisation of the Bridge Design Engineer	Complete		No comments
Review of the Design and Tender/Contract Documents	Comments issued, Approval is behind the schedule		No comments
Technical meeting on the Reviewed Contract Documents	Complete		
Provide the EU and Azeravtoyol with an overall performance schedule	Behind the schedule	Design not approved yet	Comments on design should be followed
Technical Supervision of the Contract	Behind the schedule	Design not approved yet	Gosstroy approval is required

Inspections and Control	Behind the schedule	Design not approved yet	Gosstoy approval is required
Issue Acceptance Certificates	Behind the schedule	Design not approved yet	Gosstoy approval is required
Prepare Financial Documents	Behind the schedule	Design not approved yet	Gosstoy approval is required
Prepare Reports on Project Progress	Ongoing		No comments
Component 2: Pre-feasibility Study for modernization of Poti-Tbilisi-Red Bridge Road in Georgia	Ongoing		No comments
Data Collection and Surveys	Ongoing		No comments
Develop Technical Specifications	Ongoing		No comments
Perform Environmental Assessment	On target		No comments
Assessment of Economic Costs	On target		No comments
Perform Economic Analysis	On target		No comments
Determining Cost Estimates	On target		No comments
Technical Reporting	On target		No comments
Component 3: Design and Tender Documents for three tunnels on the road from Vanadzor to the Georgian Border in Armenia	Ongoing		No comments
Field Investigations	Complete		No comments
Design works	Ongoing		No comments
Determination of Excavation works	On target		No comments
Technical description of Construction and Engineering Process	On target		No comments
Cost estimates	On target		No comments
Preparation of the Tender documents	On target		No comments
Reporting	Ongoing		No comments

5. PROJECT PLANNING FOR THE NEXT REPORTING PERIOD.

5.1 The next reporting period

Next reporting period is July 2003 – December 2003. This section of the report is presenting LBSA's plans for the next reporting period.

5.2 Important observations for the project success

COMPONENT 1: DESIGN REVIEWS, CONSTRUCTION SUPERVISION AND ASSISTANCE TO THE PROJECT IMPLEMENTATION UNIT IN AZERBAIJAN

Sub-component 1.1 Reviews of the Design and Contract Documents

While preparing this report, PIU has submitted the Tender Documents for all remaining road section from Shemkir to Gazakh (Lots 1, 2, 3, and 4). Reviews of contract documents will be important to provide early notices to the Client about any inconsistency in Designs. It will also be important to check geotechnical survey data, selectively for general appropriateness.

Concerning Construction of two bridges (Gasam Su cay and Shemkir), design developer should attend the consultant's comments before passing designs for Gosstroy's revision and approval.

Sub-component 1.2 Construction Supervision of Ganja to Gazakh Road

Civil works contract for Ganja-Shemkir Road Section is behind the schedule and completion date most likely will be affected by Design (survey) discrepancies have been found. Despite of delays, *civil works for lot 1 are expected to be completed in 2004*. Tenders for the road section Shemkir to Gazakh (in 4 contract lots) are on the stage of advertisement. Tendering is behind of the original schedule and remaining *contracts are expected to be awarded in IV Quarter of 2003*. Completion of Civil works for Shemkir to Gazakh Road is obviously going to be beyond the project completion date for about 5 months. The table 4.2 above provides schedule of tendering proposed by PIU and approved by the World Bank. However, this schedule is currently a bit behind as well. In the case that tendering strictly follows the proposed schedule, civil works completion date is going to be behind for about 5 months, taking into account 18 months for implementation of civil works, estimated in the Engineering Report (part of tender documents). LBSA has assessed the impact of the delay on required staff resources and presented in the **Table 5.1 Forecast of impact of delays to required staffing resources (Component 1)**. This table also proposes to unify/change positions required based on actual supervision needs. LBSA also recommends unifying classification of short term and long terming local experts, since for project's interests, LBSA intends to hire long term experts to perform the short term assignments, due to their better knowledge of the project. This unification does not affect the fees, since there is no difference in daily rates for local Long term and Short term experts (the difference is in Senior and Junior staff). By another words, LBSA proposes to cancel classification of local experts to short term and long term experts (throughout of all project components), and just keep classification of senior and junior experts for local experts. Another proposal for consideration is related to days of work per month. In order to ensure coverage of contractor's daily activities by proper supervision, LBSA introduced 6 work days per week schedule for local experts, instead of originally proposed 5 days per week schedule. The impact of delays on requirements

Sub-component 1.3 Assistance to the PIU

Consultant (LBSA) has been providing day-to-day assistance to the PIU, including equipping the PIU, providing salaries, providing a training session on implementation of internationally funded projects. LBSA will continue assistance as required by the ToR until the project completion date. The PIU as well as LBSA team should have a normal working office as soon as possible. LBSA team and PIU has moved to temporary office with the limited space, due to renovation works taking place in the Dortransservice's main building. Renovation works are going at a very high pace and certainly, the PIU and LBSA team will have better working conditions soon. However, there is a good side of moving to limited office space. Due to closer location of offices and tightness, communication between PIU and LBSA team was substantially extended. Consultant intends to help PIU in development of the EBRD financed project as well, as part of the TOR requirements. Thus, Consultant requested PIU to prepare a latest status report and describe required assistance from LBSA for the EBRD project. As per the PIU's official request for training needs, English training courses, focused on road terminology will be organized for PIU members and local experts working in the construction field. The main focus of the assistance to the PIU will be in Tendering and day-to-day contract management and administration.

Sub-component 1.4 Technical supervision of the Tacis project “Reconstruction of two bridges Gasan Su Chay and Shamkir”

Contractor's work program has not been submitted to Construction Supervision consultant yet. *Contractor intends to complete works in the IV quarter of 2003.* Designs, work program has to be submitted as soon as possible to enable supervision consultant to perform its duties as required. This sub-component is progressing very slowly. Some progress was seen lately after a number of management meetings held at the Traceca Regional office, contractors and consultant's offices as well as at the site. The first aim is to complete the Gosstroy's approval along with attending recommendations of design reviews.

Consultant is expecting work program of contractor, and it must be provided as soon as possible.

Planning for component 1 is presented in the Form **5.1 Plan of operations for the next period.**

COMPONENT 2: PRE-FEASIBILITY STUDY OF MODERNISATION OF POTI- TBILISI- RED BRIDGE ROAD IN GEORGIA

Works started with arrival of LBSA highway engineer to Tbilisi on June 17. Inception Report is due in August, Progress Report in October, *Draft final Report in December and Final Report in April 2004.*

Planning for Component 2 is presented in the Table **5.1 Plan of operations for the next period.**

COMPONENT 3: DESIGN AND PREPARATION OF TENDER DOCUMENTS FOR THREE TUNNELS ON THE ROAD FROM VANADZOR TO THE GEORGIAN BORDER IN ARMENIA

Works started in May, 2003. Inception Report is due in July, Draft final report in January 2004. Two technical reports have been produced so far, covering partly purpose of the inception report. Inception report in required format is planned to be *submitted by the first week of August.*

Planning for Component 3 is presented in the Form **5.1 Plan of operations for the next period.**

5.3 Proposals for adjustment of overall planning and their consequences.

As it is described in the section 5.2 there is a delay in sub-component 1.1, which is expected in implementation of construction supervision on Ganja – Gazakh road rehabilitation. Impact of the delay to required staffing resources is provided in the table 5.1.

Start date of Works on Component 2 Georgia and Component 3 Armenia, in June and May respectively, does not effect to the overall project implementation. Being 10 months long, these components will be finalised within the service contract period (24 months).





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