



Armenia: Project Management Support to the Ministry of Transport and Communication

Project Name	Project Management Support to the Ministry of Transport and Communication	
Project Number	49126-001	
Country	Armenia	
Project Status	Active	
Project Type / Modality of Assistance	Technical Assistance	
Source of Funding / Amount	TA 8896-ARM: Project Management Support to the Ministry of Transport and Communication	
	Technical Assistance Special Fund	US\$ 225,000.00
	TA 8896-ARM: Project Management Support to the Ministry of Transport and Communication (Supplementary)	
	Technical Assistance Special Fund	US\$ 200,000.00
Strategic Agendas	Inclusive economic growth	
Drivers of Change	Governance and capacity development Knowledge solutions	
Sector / Subsector	Transport - Transport policies and institutional development	
Gender Equity and Mainstreaming	No gender elements	
Description	The objective of the consulting services is to improve the current method of monitoring and reporting used by the supervision consultants and the government to ensure that the funds allocated for civil works are spent according to Armenia's laws, policies, and regulations and the public receives a quality product. To meet this objective, the TA consultants, working closely with the PIU, the supervision consultants, and the contractor, and based on the ADB staff consultants' reports from 2013 and 2015, will provide their services in stages. The consultants' findings and proposals will be checked and endorsed by ADB and the government at the end of each stage before proceeding to the next stage	

Project Rationale and Linkage to Country/Regional Strategy

The government has been encountering contractual difficulties since the start of the project. In 2010, the PIU staff did not have sufficient experience procuring and administering high value contracts. The consultants and the contractors were unfamiliar with certain government procedures. The contract packages were changed after the first round of bidding, and even though the PIU recruited a project management consulting firm, high staff turnover particularly the consultant's team leader and resident engineer reduced the degree of oversight.

The contractor was slow in mobilizing, and since then failed periodically to fully comply with the specifications. Cracks and other defects are now visible on some works completed in 2014. There is disagreement at present between the supervision consultant, the PIU, and the contractor on the acceptability of about 30% of the completed works in approximately 70 km of the project road. Project delivery is late. The road sections financed from Tranche 1, which were scheduled for completion on 24 July 2013 was opened to traffic in 2016.

The Tranche 2 financed section, originally scheduled for completion on 13 June 2016, is now likely to be delivered mid 2018.

The government attributes the delays and quality issues partly to lack of supervision and others to the contractor's inexperience-although some delay is attributable to late granting of site access by the government. The disagreements between the supervision consultant and the contractor are mainly about specifications and construction methods. The government agency that audits public projects together with the PIU's engineers had noted several non-compliances during the early stages of the projects. The government believes that they were not corrected. Consequently, certain payments to the contractor are not approved by the supervision consultant until all the defects are remedied and supporting documents are submitted. However, the contractor believes that they have fulfilled all requirements, and in January 2015 it suspended the works citing payment delays.

Between September 2013 and February 2015, ADB provided intermittent services of three staff consultants to help the government identify the causes of the delays and the defects, and find corrective measures from technical and contractual standpoints. These consultants have helped the government to better understand its position on the actions that can be taken to get quality works and services from the contractor and the consultants. They have also provided separate action plans for the government to consider.

The government is aware that failure to immediately implement some of these action plans may turn the current disagreements into disputes, which will require costly legal teams to resolve and delay project completion even further. It is determined to avoid repetitions of the events in Tranches 1 and 2 when implementing Tranche 3 and future civil works, and is ready to implement two of the actions suggested by the staff consultants: (i) resolving the outstanding claims from and against the contractor; and (ii) streamlining monitoring and reporting based on the draft supervision manual produced by the supervision team of Tranches 1 and 2, but not yet tested. In response to the first suggestion and also train the PIU staff on managing claims, the PIU will recruit an international contract and claims management expert. It has requested ADB's assistance to implement the second suggestion and train the PIU staff to implement some of the other actions suggested by the staff consultants.

Impact	Impact of the project is aligned with: The outcome of the Multitranche Financing Facility and Administration of Cofinancing Republic of Armenia: North_South Road Corridor Investment Program_more efficient, safer, and sustainable transport network. (RRP, September 2009).
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Project Outcome

Description of Outcome	Increased accountability of the contracting parties
Progress Toward Outcome	Consulting services are completed.

Implementation Progress

Description of Project Outputs	<ol style="list-style-type: none"> 1. Increased understanding of the causes of noncompliance with specifications and defects 2. Increased awareness of the responsibilities and the best practices in inspection and assessment of nonconformity with contract specifications
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Status of Implementation Progress (Outputs, Activities, and Issues)	Both Consultants contract are financially completed.
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Geographical Location	
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Summary of Environmental and Social Aspects

Environmental Aspects	
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Involuntary Resettlement	
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Indigenous Peoples	
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Stakeholder Communication, Participation, and Consultation

During Project Design	The project team consulted with the EA and the Ministry of Finance.
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During Project Implementation	The consultants will discuss the issues with government stakeholders such as the Control Chamber.
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Business Opportunities

Consulting Services CWTC recruited an international consultant and a national consultant, according to the individual consultant selection method in the Guidelines on The Use of Consultants by Asian Development Bank and Its Borrowers (March 2013, amended from time to time). The international consultant will provide about six months (180 days) of input and the national consultant will provide about four months (130 days) of input, both in three phases under time-based contracts.

Procurement None.

Responsible Staff

Responsible ADB Officer Herz, Thomas

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Responsible ADB Division Transport and Communications Division, CWRD

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Timetable

Concept Clearance	-
Fact Finding	-
MRM	-
Approval	08 May 2015
Last Review Mission	-
Last PDS Update	29 Mar 2017

TA 8896-ARM

Milestones					
Approval	Signing Date	Effectivity Date	Closing		
			Original	Revised	Actual
08 May 2015	-	08 May 2015	31 Aug 2016	31 Dec 2017	-

Financing Plan/TA Utilization							Cumulative Disbursements	
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
425,000.00	0.00	0.00	0.00	0.00	0.00	425,000.00	08 May 2015	155,363.17

Project Page <https://www.adb.org/projects/49126-001/main>

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