



# Technical Assistance Report

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Project Number: 51257-002  
Transaction Technical Assistance (TRTA)  
July 2018

## Georgia: Preparing the North–South Corridor (Kvesheti–Kobi) Road Project

This document is being disclosed to the public in accordance with ADB's Public Communications Policy 2011.

Asian Development Bank

## CURRENCY EQUIVALENTS

(as of 14 July 2018)

Currency unit	–	lari (GEL)
GEL1.00	=	\$0.4098
\$1.00	=	GEL2.4401

## ABBREVIATIONS

ADB	–	Asian Development Bank
CAREC	–	Central Asia Regional Economic Cooperation
km	–	kilometer
TRTA	–	transaction technical assistance

## NOTE

In this report, “\$” refers to United States dollars.

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## TRANSACTION TECHNICAL ASSISTANCE AT A GLANCE

<b>1. Basic Data</b>		<b>Project Name</b>	Preparing the North-South Corridor (Kvesheti-Kobi) Road Project	<b>Department/Division</b>	CWRD/CWTC	<b>Project Number:</b> 51257-002
	<b>Nature of Activity</b>	Project Preparation		<b>Executing Agency</b>	Ministry of Regional Development and Infrastructure of Georgia	
	<b>Modality</b>	Regular				
	<b>Country</b>	Georgia				
<b>2. Sector</b>	<b>Subsector(s)</b>					<b>ADB Financing (\$ million)</b>
✓ Transport	Road transport (non-urban)					0.75
					<b>Total</b>	<b>0.75</b>
<b>3. Strategic Agenda</b>	<b>Subcomponents</b>	<b>Climate Change Information</b>				
Inclusive economic growth (IEG)	Pillar 2: Access to economic opportunities, including jobs, made more inclusive	Climate Change impact on the Project		Medium		
Regional integration (RCI)	Pillar 1: Cross-border infrastructure					
<b>4. Drivers of Change</b>	<b>Components</b>	<b>Gender Equity and Mainstreaming</b>				
Governance and capacity development (GCD)	Institutional development	Effective gender mainstreaming (EGM)		✓		
Knowledge solutions (KNS)	Application and use of new knowledge solutions in key operational areas Knowledge sharing activities					
Partnerships (PAR)	International finance institutions (IFI) Official cofinancing					
<b>5. Poverty and SDG Targeting</b>					<b>Location Impact</b>	
Geographic Targeting	No	Regional		High		
Household Targeting	No					
SDG Targeting	Yes					
SDG Goals	SDG3, SDG9					
<b>6. Risk Categorization</b>	Complex					
<b>7. Safeguard Categorization</b>	Safeguard Policy Statement does not apply					
<b>8. Financing</b>						
<b>Modality and Sources</b>		<b>Amount (\$ million)</b>				
<b>ADB</b>		<b>0.75</b>				
Transaction technical assistance: Technical Assistance Special Fund		0.75				
<b>Cofinancing</b>		<b>0.00</b>				
None		0.00				
<b>Counterpart</b>		<b>0.05</b>				
Government		0.05				
<b>Total</b>		<b>0.80</b>				

## I. THE ENSUING PROJECT

1. The government of Georgia (the government) is investing substantial amounts in the infrastructure needed to take advantage of its strategic location, with emphasis on the country's backbone for transit trade comprised of the East–West and North–South transport corridors. The East–West Highway is being upgraded (approximately 480 kilometers [km]; 40% completed as of end 2017) with the assistance of the Asian Development Bank (ADB), European Investment Bank, Japanese International Cooperation Agency, and the World Bank. The North–South Corridor is a lifeline for Georgian and Armenian economic activities as the only land access to the Russian Federation, with a two-way containerized tonnage of approximately 1.3 million tons in 2015.<sup>1</sup>

2. The proposed project will (i) improve the Kvesheti–Kobi road section on the strategically important North–South Corridor, and (ii) strengthen the capacity of the Roads Department and technical universities on construction, operation, and maintenance of large bridges and tunnels. The Kvesheti–Kobi road section, which carries about 3,000–4,000 vehicles per day (70% of cars and 30% of trucks and buses; 2017), has very difficult geographical and winter maintenance conditions that result in its closure for extended periods during the winter. Further, modern trucks cannot pass simultaneously through the existing galleries on this section due to insufficient clearance. The traffic discontinuity is a major impediment to meeting the increasing transport demand on the North–South Corridor and harnessing the tourism potential of the region (Gudauri ski resort, Kazbegi National Park, etc.).

3. The outcome of the project will be connectivity, access, and safety on the North–South Corridor improved. The project will be aligned with the following impacts: (i) economic growth and regional connectivity supported (Georgia 2020),<sup>2</sup> and (ii) competitive corridors across the Central Asia Regional Economic Cooperation (CAREC) region established (CAREC Program).<sup>3</sup> It is consistent with the strategic objectives of ADB's Country Partnership Strategy 2014–2018 and is included in the Country Operations Business Plan for Georgia, 2018–2020.

4. The project is expected to cost about \$550 million. The government has approached the Asian Development Bank (ADB) and the European Bank for Reconstruction and Development to help finance the project. The government will provide counterpart funding of about \$130 million equivalent to cover taxes and duties, land acquisition and resettlement costs, financing charges, and other miscellaneous costs. The Ministry of Regional Development and Infrastructure will be the executing agency and its Roads Department will be the implementing agency.

## II. THE TECHNICAL ASSISTANCE

### A. Justification

5. The proposed transaction technical assistance (TRTA) will help the government of Georgia (the government) prepare the proposed ensuing project.<sup>4</sup> The TRTA will ensure that the project will be prepared to acceptable technical, safeguards, and procurement standards. The ensuing project is expected to meet the “high readiness” criteria before Board consideration.

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<sup>1</sup> Since January 2015, Armenian exports to the Russian Federation are exempted from any custom duties as it joined the Eurasian Economic Union. The Russian Federation is Armenia's largest trade partner.

<sup>2</sup> Government of Georgia. 2014. *Socio-economic Development Strategy of Georgia, “Georgia 2020”*. Tbilisi.

<sup>3</sup> ADB. 2014. *CAREC Transport and Trade Facilitation Strategy, 2020*. Manila.

<sup>4</sup> The TA first appeared in the business opportunities section of ADB's website on {Day Month Year}.

6. **Due diligence.** The proposed project is very challenging from an engineering and construction perspective. It will include the longest tunnel in Georgia (about 9 km long) and a signature arch bridge that will become a national landmark. Given the project's complexity and safeguards impacts, adequate resources will be required to (i) improve and finalize the safeguard documents that are being prepared under savings of on-going ADB and World Bank projects, (ii) assist with ensuring procurement of the project's civil works and consulting services are carried out efficiently and effectively; (iii) prepare a climate risk assessment and management report, and (iv) assess possible options for tolling of the project road. In addition, the proposed TRTA will help enhance communication and engagement with project beneficiaries and affected people through tailored communication activities and media.

7. **Procurement support.** The Roads Department's portfolio of projects is rapidly increasing with a number of large and complex projects that are being prepared simultaneously. The proposed ensuing project include the procurement of three large contracts for civil works and construction supervision services, with a cumulative value estimated at \$470 million. Timely award of these contracts and commencement of construction will require the support of an international procurement expert who will be based in Tbilisi and work closely with the Roads Department.

8. **Capacity development.** The implementation of the Roads Department's program on highways improvement will lead to a dramatic increase of its assets, which is exemplified by the 50 tunnels that will be added in the next five years to the existing 10 tunnels country-wide. A similar situation will exist with major bridges. Constructing, operating and maintaining these large bridges and tunnels require a skillset that may not exist in the country at the moment. The proposed TRTA will assist the Roads Department in learning from specialized experts and other road agencies how they can effectively manage their expanding asset base of large bridges and tunnels.

## **B. Outputs and Activities**

9. **Output 1: Due diligence on the proposed project carried out.** This output will include preparing safeguards documentation for the environmental and social aspects of the project consistent with ADB's Safeguards Policy Statement 2009, and preparing a gender action plan following ADB's guidelines for such plans. It will also include the preparation and implementation of a project communication strategy and action plan.

10. **Output 2: Procurement support provided.** This output will include assisting the government with advertising the contracts, preparing and managing pre-bid meetings and site visits, receiving bids, evaluating bids, preparing bid evaluation reports for government and ADB approval, and finalizing contract documentation for award.

11. **Output 3: Capacity of the Roads Department assessed.** This output will include (i) the preparation of a training needs assessment for the Roads Department and selected technical universities, (ii) the preparation and delivery of a peer-learning study tour for selected staff from the Roads Department, and (iii) a scoping of the capacity development component envisaged under the proposed project.

## **C. Cost and Financing**

12. The TRTA is estimated to cost \$800,000 equivalent, of which \$750,000 will be financed on a grant basis by ADB's Technical Assistance Special Fund (TASF-other resources). The

government will provide counterpart support in the form of furnished office accommodation in the Roads Department's premises and other in-kind contributions. The key expenditure items are listed in Appendix 1. The government was informed that approval of the TRTA does not commit ADB to finance the ensuing project.

#### D. Implementation Arrangements

13. ADB will administer the TRTA. The Transport and Communications Division of Central and West Asia Department will select, supervise and evaluate the consultants. The implementation arrangements are summarized in Table 1.

**Table 1: Implementation Arrangements**

Aspects	Arrangements		
Indicative implementation period	August 2018–December 2019		
Executing agency	Ministry of Regional Development and Infrastructure		
Implementing agency	Roads Department		
Consultants	To be selected and engaged by ADB		
	Individual consultant selection	International: 24 person-months National: 6 person-months	\$580,000
	Resource persons	International: 2 person-months	\$40,000
Advance contracting	Selection of key individual consultant positions will commence through advance contracting following PAI 2.04. Negotiation and signing of the consulting contracts will only occur after the TRTA becomes effective.		
Disbursement	The TRTA resources will be disbursed following ADB's <i>Technical Assistance Disbursement Handbook</i> (2010, as amended from time to time).		
Asset turnover or disposal arrangement upon TA completion	Equipment procured using TRTA funding will be turned over to the Executing Agency upon TRTA completion.		

ADB= Asian Development Bank, PAI = Project Administration Instructions, TRTA = transaction technical assistance.  
Source: Asian Development Bank.

14. **Consulting services.** ADB will engage the consultants following the ADB Procurement Policy (2017, as amended from time to time) and its associated project administration instructions and/or staff instructions.<sup>5</sup> The consultants will procure the goods and equipment required to undertake the services. The TA will require approximately 24 person-months of international consultants and 6 person-months of national inputs. The consultants will provide expertise in procurement, capacity development, environment, resettlement and social development, and communication. The summary of consultants' required inputs is in Table 2.

15. International consultants will be recruited as individuals with input-based contracts. Two experts in operation and maintenance of large bridges and tunnels will be recruited from a Road Agency from a relevant ADB member country. In addition, two person-months of resource person contracts will be reserved to allow inputs from highly specialized experts, particularly to support the preparation of the climate change assessment and road tolling assessment (para. 6).

<sup>5</sup> Terms of Reference for Consultants (accessible from the list of linked documents in Appendix 2).

**Table 2: Summary of Consultants' Required Inputs**

<b>International Positions</b>	<b>Person-Months</b>
Procurement Specialist	9
Environment Specialist	2
Social Development Specialist	3
Communication Specialist	4
Tunnel and Bridge Specialists (O&M) – 2 positions	4
Resource persons	2
<b>National Positions</b>	
Community Outreach Specialist	6
<b>Total</b>	<b>30</b>

O&M = operation and maintenance.

Source: Asian Development Bank estimates.



**COST ESTIMATES AND FINANCING PLAN**  
(\$'000)

Items	Amount
<b>Asian Development Bank<sup>a</sup></b>	
1. Consultants	
a. Remuneration and per diem	
i. International consultants	554.0
ii. National consultants	26.0
b. Out-of-pocket expenditures	
i. International and local travel	55.0
ii. Surveys	10.0
iii. Training, seminars, and conferences <sup>b</sup>	60.0
iv. Reports and communications	10.0
2. Contingencies	35.0
<b>Total</b>	<b>750.0</b>

<sup>a</sup> Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF-other resources).

<sup>b</sup> Includes workshops and peer-learning study tour (including technical meetings and site visits) to a Road Agency from a relevant ADB member country. The selected Road Agency shall have proven experience in operating and managing large engineering structures (bridges, tunnels, etc.).

Note: The TRTA is estimated to cost \$800,000, of which contributions from ADB are presented in the table above. The government will provide counterpart support in the form of furnished office accommodation in the Roads Department's premises, and other in-kind contributions. The value of government contribution is estimated to account for about 6% of the total TRTA cost.

Source: Asian Development Bank estimates.

**LIST OF LINKED DOCUMENTS**

<http://www.adb.org/Documents/LinkedDocs/?id=51257-002-TARreport>

1. Terms of Reference for Consultants

## TERMS OF REFERENCE FOR CONSULTANTS

### A. Background

1. The Asian Development Bank (ADB) is providing a technical assistance grant to the government of Georgia (the government) for the preparation of the North-South Corridor (Kvesheti–Kobi) Road Project (the project). The project road covers around 23 kilometers (km) of the highway linking the capital Tbilisi with the Russian Federation border at Larsi. The existing Kvesheti to Kobi road section, which the project will replace, is around 35 km long, and crosses the Jvari Pass at an altitude of around 2,400 meters.
2. Reflecting the challenging terrain through which the project road passes, it includes 5 tunnels of total length 10.5 km, one of which is 9 km long, and 6 bridges of total length about 1.6 km, including a high level concrete arch structure. The project scope will also include improvements to several local roads that connect with the project road.
3. The Executing Agency for the project will be the Ministry of Regional Development and Infrastructure (MRDI) and the Implementing Agency will be MRDI's Roads Department. MRDI will be the Employer for the civil works contracts and the client for the project management and contract supervision contract.
4. ADB will engage international consultants to assist ADB and MRDI with preparing the project to the standard required for processing ADB financing. The consultants will be recruited in accordance with ADB Procurement Policy (2017, as amended from time to time) and its associated project administration instructions and/or staff instructions.
5. The individual consultants are expected to be recruited by September 2018. The services will generally be provided in Tbilisi, and at the project location as required. The MRDI/Roads Department will provide the consultants with all reports, documents, and other information that they have reasonably available.

### B. Position-based Terms of Reference

6. The position-based terms of reference (TOR) for each of the international consultants who will undertake the services are presented in the tables below.

Position	<b>Procurement Specialist – International</b> Individual Consultant
Qualifications	Bachelor of Engineering or other relevant qualification, preferably with relevant post-graduate qualifications
Experience	Preferably 15 years of experience or more in the procurement of major civil works contracts (including large tunnels and bridges), with a substantial part of this experience in projects financed by ADB or other similar international funding agencies. Part of this experience should preferably have been in institutional environments similar to those prevailing in Georgia.
Tasks	<ul style="list-style-type: none"><li>• Assist MRDI/RD with obtaining government's and ADB's approval of the bidding documents and request for proposals;</li><li>• Assist MRDI/RD with procuring civil works contracts for the project, including issuing prequalification and bidding documents, preparing and conducting site visits and pre-bid meetings, providing clarifications to potential bidders as necessary, and preparing prequalification and bid evaluation reports;</li></ul>

Position	<b>Procurement Specialist – International</b> Individual Consultant
	<ul style="list-style-type: none"> <li>• Assist MRDI/RD with procuring consultancy contracts for the project, including inviting expressions of interests, preparing short-lists, preparing and issuing requests for proposals, providing clarifications to short-listed firms as necessary, and preparing technical and financial evaluations;</li> <li>• Assist MRDI/RD in finalizing contracts with selected bidders and consultants.</li> <li>• Provide support to address the gaps identified in MRDI/RD's procurement risk assessment, which may include the development of manuals, systems, and procedures.</li> </ul>
Inputs	Person-months: 9 – Full-time

Position	<b>Environment Specialist – International</b> Individual Consultant
Qualifications	Bachelor of Environmental Science or equivalent, preferably with relevant post-graduate qualifications
Experience	Preferably 10 years of experience or more in preparing and implementing environment impact assessments, with a substantial part of this experience in projects financed by ADB or other similar international funding agencies. Part of this experience should preferably have been in institutional and physical environments similar to those prevailing in Georgia.
Tasks	<ul style="list-style-type: none"> <li>• Assist MRDI/RD in finalizing the draft Environment Impact Assessment (EIA) for the project suitable for ADB financing;</li> <li>• Assist MRDI/RD in preparing additional environment surveys and analyses, and conducting additional consultations as necessary;</li> <li>• Assist MRDI/RD and ADB in reviewing the procurement and contractual documentation from an environment perspective;</li> <li>• Provide ADB with environment inputs as required throughout the processing of ADB's ensuing loan;</li> <li>• Liaise with technical, safeguards, and communication experts as directed by MRDI/RD and ADB.</li> </ul>
Inputs	Person-months: 2 – Intermittent

Position	<b>Social Development Specialist – International</b> Individual Consultant
Qualifications	Bachelor of Social Science or other relevant qualification, preferably with relevant post-graduate qualifications
Experience	Preferably 10 years of experience or more in preparing and implementing resettlement plans, social development plans, and gender action plans, with a substantial part of this experience in projects financed by ADB or other similar international funding agencies. Part of this experience should preferably have been in institutional and physical environments similar to those prevailing in Georgia.
Tasks	<ul style="list-style-type: none"> <li>• Assist MRDI/RD in finalizing the draft implementation-ready Land Acquisition and Resettlement Plan (LARP) for the project suitable for ADB financing;</li> <li>• Conduct gender analysis and identify mechanisms to ensure women's and girl's participation in the project including development of a Gender Action Plan (GAP);</li> <li>• Assist MRDI/RD in preparing additional social/gender surveys and analyses, and conducting additional consultations as necessary;</li> <li>• Assist MRDI/RD and ADB in reviewing the procurement and contractual documentation from a social/gender perspective;</li> <li>• Provide ADB with social/gender inputs as required throughout the processing of ADB's ensuing loan;</li> </ul>

Position	<b>Social Development Specialist – International</b> Individual Consultant
	<ul style="list-style-type: none"> <li>• Liaise with technical, safeguards, and communication experts as directed by MRDI/RD and ADB.</li> </ul>
Inputs	Person-months: 3 – Intermittent

Position	<b>Communication Specialist – International</b> Individual Consultant
Qualifications	Bachelor of Communication, preferably with relevant post-graduate qualifications
Experience	Preferably 10 years of experience or more in preparing and implementing communication strategy, plans, and campaigns on infrastructure (preferably road transport). Solid understanding of and ability to apply communication tools and techniques, including the ability to analyze and use research data. Strong facilitation, communication management and planning skills. Knowledge and understanding of socio-political, economic, and cultural background of Georgia. Excellent writing and presentation skills in the English language.
Tasks	<ul style="list-style-type: none"> <li>• Assist MRDI/RD in conducting a Stakeholders' Mapping to identify key stakeholders, their level of influence, communication dynamics, position on road transport issues, stake and interests including barriers and motivation regarding the proposed project. The communication mapping will identify relevant Civil Society Organizations, private sector groups, and other key opinion leaders in the sub-sector and project area.</li> <li>• Assist MRDI/RD in developing a draft Communication Strategy and Action Plan including a roadmap using key inputs and findings from surveys, stakeholders' consultations, and desk reviews; The Action Plan will contain specific communication objectives, and identify messages, communication channels, budgets, platforms, media and frequency of exposure for selected internal and external audiences that would constitute a coordinated communication campaign.</li> <li>• Assist MRDI/RD and ADB in facilitating the implementation of the Communication Action Plan, including but not limited to the following: identify resource people and participants among the stakeholders; prepare presentations and communication materials; assist MRDI/RD in setting-up a tracking system, media monitoring as well as documentation and evaluation mechanisms for key communication activities.</li> <li>• Provide support and guidance to the national community outreach specialist as required (to be recruited under a separate contract).</li> </ul>
Inputs	Person-months: 4 – Intermittent

Position	<b>Tunnel and Bridge Specialists (O&amp;M) – International</b> <b>Individuals - Two positions</b>
Qualifications	Bachelor of Civil Engineering, preferably with relevant post-graduate qualifications
Experience	Preferably 15 years of experience or more in the operation and maintenance of large tunnels and bridges, similar to those of the project road. Part of this experience should preferably have been in institutional environments and geographic conditions similar to those prevailing in Georgia.
Tasks	<ul style="list-style-type: none"> <li>• Assist MRDI/RD in preparing a training needs assessment for the Roads Department and selected technical universities,</li> <li>• Prepare and facilitate a peer-learning study tour for selected staff from the Roads Department including development of contents and organization of technical meetings and site visits;</li> <li>• Assist MRDI/RD in scoping the capacity development component envisaged under the ensuing project including development of terms of reference, cost estimates, implementation plan, and monitoring and evaluation framework.</li> </ul>
Inputs	Person-months: 4 – Intermittent

Position	<b>Community Outreach Specialist – National Individual Consultant</b>
Qualifications	Bachelor of Communication, Social Science or other relevant qualification, preferably with relevant post-graduate qualifications
Experience	Preferably 10 years of experience or more in preparing and implementing public consultations as well as outreach, media, and dissemination plans on infrastructure projects (preferably road transport). Solid understanding of and ability to apply communication tools and techniques, underscored by strong writing skills in English and Georgian. Strong facilitation, communication management and planning skills.
Tasks	<ul style="list-style-type: none"> <li>• Assist MRDI/RD and the international communication specialist (to be recruited under a separate contract) in conducting a Stakeholders' Mapping to identify key stakeholders, their level of influence, communication dynamics, position on road transport issues, stake and interests including barriers and motivation regarding the proposed project.</li> <li>• Assist MRDI/RD and the international communication specialist in implementing the Communication Strategy and Action Plan developed under the project. Apply local knowledge of the country to ensure that all activities are appropriate and culturally sensitive.</li> <li>• Assist MRDI/RD and other government agencies in planning, conducting, and documenting consultation meetings on the project to ensure interested stakeholders are adequately informed and that the general public understands ADB's role in the project.</li> <li>• Assist MRDI/RD in compiling all findings and outcomes of consultations and stakeholder engagement meetings in a report to be shared with ADB and relevant government officials, CSOs, affected people, and any other consultation participants. Coordinate the dissemination of the report ensuring it reaches all relevant stakeholders in a form that is accessible to them.</li> <li>• Provide overall communication support to MRDI/RD and to the project's international communication specialist.</li> </ul>
Inputs	Person-months: 6 – Intermittent