

Project Administration Manual

Project Number: 42414-044

Loan Number: 3273

February 2016

Georgia: Sustainable Urban Transport Investment Program – Tranche 4

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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 Government and Asian Development Bank (ADB) policies and procedures. The PAM should include references to all available templates and instructions either through linkages to relevant URLs or directly incorporated in the PAM.

The Government of Georgia and the Municipal Development Fund are wholly responsible for the implementation of ADB financed projects, as agreed jointly between the borrower and ADB, and in accordance with Government and ADB's policies and procedures. ADB staff is responsible to support implementation including compliance by the Government of Georgia and the Municipal Development Fund 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 Management's approval of the periodic financing request report, 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.

ABBREVIATIONS

ADB	=	Asian Development Bank
EMP	=	environmental management plan
GAP	=	gender action plan
MDF	=	Municipal Development Fund of Georgia
PAM	=	project administration manual
PFR	=	periodic financing request
QCBS	=	quality- and cost-based selection

I. PROJECT DESCRIPTION

1. Project 4 will comprise (i) urban infrastructure improvement, including one subproject: Batumi Coastal Protection; (ii) institutional strengthening, including management information system for MDF; and (iii) project management facility, including incremental administration and consulting services for audit, safeguards monitoring, and feasibility studies and detailed engineering design for sustainable urban transport projects. The government, through the Ministry of Finance, has submitted on 15 April 2015 the periodic financing request for Tranche 4, requesting a loan of \$20 million from ADB's ordinary capital resources. These investments will improve the urban environment, strengthen economic and tourism development, and regional integration.

2. Impact and Outcome

Impact

- Improved urban environment, local economy and better living conditions within urban areas.

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Outcome

- Improved efficiency, reliability and affordability of urban transport infrastructures and services in relevant cities.

3. Outputs

Component A: Infrastructure Improvement

- Batumi Coastal Protection Subproject

Component B: Institutional strengthening

- Set up of Management Information System (MIS) for MDF

Component C: Project Management Facility¹

- Incremental Administration
- Consulting services for financial audit, safeguards monitoring
- Project preparatory activities and detailed engineering design for Kobuleti coastal protection project, recreational area and bicycle lanes
- Project preparatory activities and detailed engineering design for urban transport project(s)

¹ Engineering Procurement Construction Management (EPCM) contract for Batumi Coastal Protection Subproject is financed from SUTIP Tranche 2 and was awarded in November 2014.

II. IMPLEMENTATION PLANS

A. Project Readiness Activities

Indicative Activities	2015					2016					Responsibility	
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan		Feb
Advance contracting actions												ADB, MDF
Retroactive financing actions												ADB, MDF
Establish project implementation arrangements												ADB, MDF
ADB Management approval												ADB
Loan signing												ADB, MOF
Government budget inclusion												MDF, MOF
Government legal opinion provided												MDF, MOF
Loan effectiveness												ADB, MOF

ADB = Asian Development Bank, MDF = Municipal Development Fund of Georgia, MOF = Ministry of Finance.

B. Overall Project Implementation Plan

	2015				2016				2017				2018				2019				2020	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Output																						
1.1 Batumi Coastal Protection																						
Detailed design		■	■																			
Safeguard documents preparation and compliance	■	■																				
LARP implementation (not applicable)																						
Bid documents preparation		■	■																			
IFB			■																			
Evaluation, ADB review, contracts signing			■	■																		
Construction works				■	■	■	■	■	■													
Defect liability									■	■	■	■										
Management Activities																						
Environment Management Plan			■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Gender Action Plan			■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Communication Strategy			■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Loan Review (inc. Loan inception)			■		■		■		■		■		■		■		■		■		■	
Mid-Term Review											■											
Project Completion Report																						■

ADB = Asian Development Bank, IFB = Invitation for bids , LARP = land acquisition and resettlement plan, Q = quarter.
 Sources: Asian Development Bank and Municipal Development Fund of Georgia.

III. PROJECT MANAGEMENT ARRANGEMENTS

A. Project Stakeholders – Roles and Responsibilities

Project implementation organizations

Management Roles and Responsibilities

- | Project implementation organizations | Management Roles and Responsibilities |
|--|--|
| <ul style="list-style-type: none"> • Municipal Development Fund (MDF) supervisory board | <ul style="list-style-type: none"> ➤ Provide overall guidance; ➤ Review investment program performance; ➤ Approve list of candidate subprojects to be financed under tranches; and ➤ Decide on all major issues of the Investment Program management. |
| <ul style="list-style-type: none"> • Executing Agency (MDF) | <ul style="list-style-type: none"> ➤ Provision of strategic guidance on and overseeing the implementation of the investment program; ➤ Preparation of the periodic financing requests (PFRs) for their submission to ADB; ➤ Preparation of annual budget estimates for activities under the investment program for their eventual approval; ➤ Recruitment of additional staff and consultants, as necessary, to prepare and manage the program; ➤ Procurement of services, works, and goods, and approval of disbursements; ➤ Approval of the subprojects and ensuring compliance with safeguards and acquisition of land, and other similar matters with the help of the participating municipalities; ➤ Appraising subprojects; ➤ Undertaking feasibility studies; ➤ Supervising detailed designs; ➤ Procuring the goods and services; ➤ Directing construction supervision; ➤ Overseeing the implementation of the institutional strengthening and capacity development; ➤ Monitoring and evaluating the implementation progress and impact; ➤ Checking and guiding safeguards compliance; ➤ Coordinating among government agencies; and ➤ Consolidating and preparing periodic reports for the investment program. |
| <ul style="list-style-type: none"> • Participating municipalities (MPIT) | <ul style="list-style-type: none"> ➤ Responsible for day-to-day implementation of the subprojects within its perimeter; |

- Asian Development Bank (ADB)
 - Monitor and evaluate the implementation and performance of the project;
 - Monitor timely completion and achievement of project outputs, outcomes, and impact;
 - Review all the documents that require ADB approval;
 - Monitor compliance of all loan covenants;
 - Conduct periodic loan review missions, midterm review, and completion mission;
 - Timely process withdrawal applications and release eligible funds;
 - Monitor the compliance of financial audit recommendations; and
 - Regularly post on ADB website the updated project information documents for public disclosure, and also the safeguards documents as per disclosure provision of the ADB Safeguard Policy Statement (2009).
-

B. Key Persons Involved in Implementation

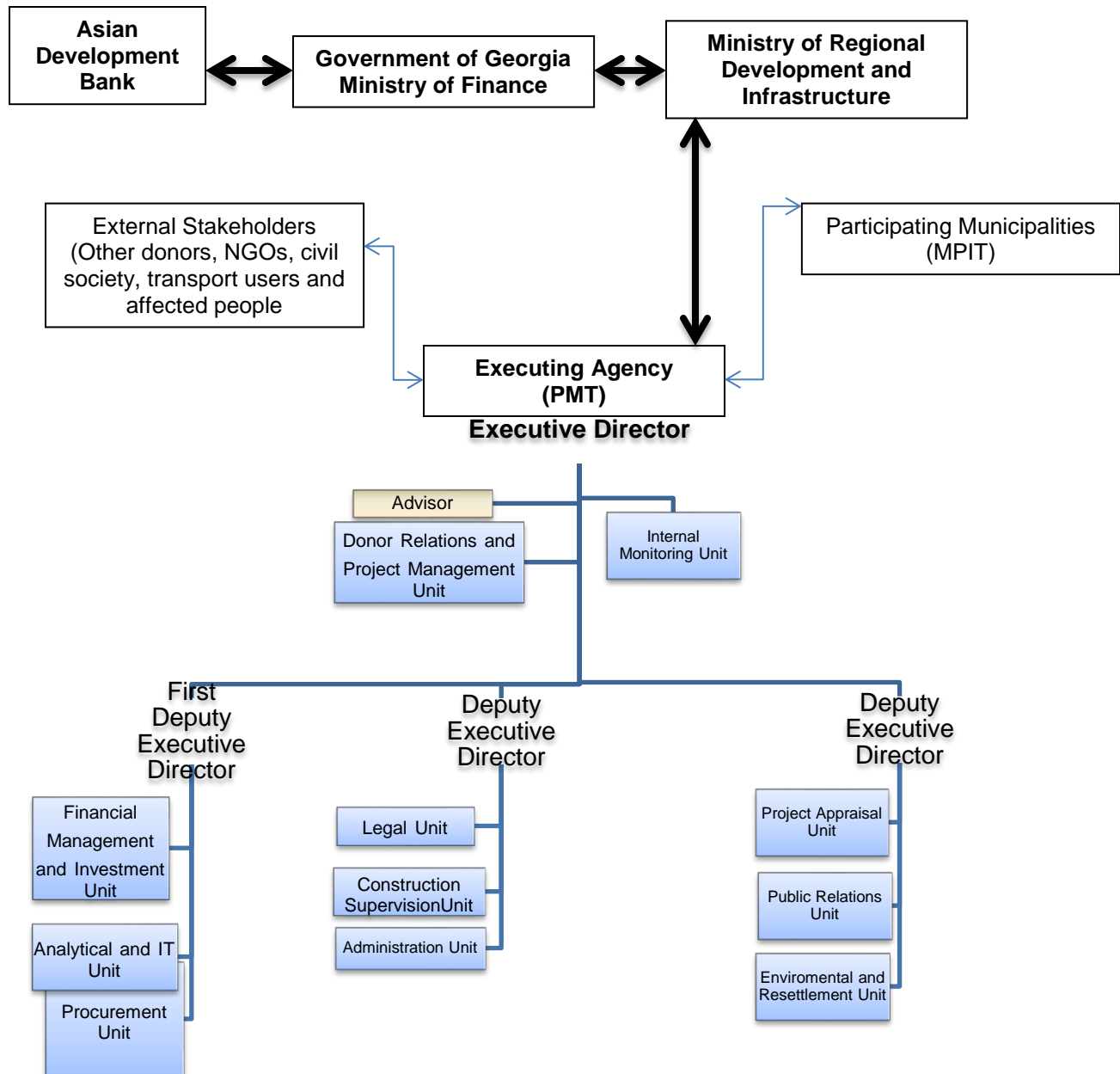
Executing Agency

Municipal Development Fund	Officer's Name	Juansher Burchuladze
	Position	Executive Director
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ADB

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C. Program Organization Structure



PMT = Program Preparation Management Team, MPIT = Municipal Program Implementation Team, NGO = nongovernment organization.

Source: Municipal Development Fund of Georgia.

IV. COSTS AND FINANCING

A. Detailed Cost Estimates by Expenditure Category

(\$ million)

Item	Local Cost	Foreign Exchange	Total Cost	% of Total Base Cost
A. Investment Costs				
1 Civil Works	10.11	0.00	10.11	48.78%
2 Mechanical and Equipment	0.00	3.54	3.54	17.09%
3 Environment and Social Mitigation	0.23	0.00	0.23	1.09%
4 Consultants	0.00	3.38	3.38	16.32%
Subtotal (A)	10.33	6.92	17.26	83.28%
B. Recurrent Costs^a				
1 Salaries and incremental administration	3.04	0.00	3.04	14.67%
2 Equipment Operation and Maintenance	0.00	0.42	0.42	2.05%
Subtotal (B)	3.04	0.42	3.46	16.72%
C. Contingencies^b				
1 Physical	1.60	0.88	2.49	12.00%
2 Price	0.21	0.12	0.33	1.60%
Subtotal (B)	1.82	1.00	2.82	13.60%
D. Financing Charges During Implementation				
1 Interest during Construction	0.27	0.15	0.42	2.03%
2 Commitment charges	0.03	0.02	0.04	0.21%
Subtotal (B)	0.30	0.16	0.46	2.24%
Total Project Cost (A+B+C+D)	15.49	8.51	24.00	115.84%

^a Includes \$0.20 million for consulting services for financial audit.

^b Physical contingencies computed at 12% for civil works and 12% consulting services (items A and B). Price contingencies computed at 2% on foreign exchange costs and 4% on local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

Note: Figures may not tally due to rounding-off.

Sources: Asian Development Bank and Municipal Development Fund of Georgia estimates.

B. Allocation and Withdrawal of Loan Proceeds

(\$ million)

Number	Category	Total Amount Allocated for ADB Financing	ADB Financing percentage and Basis for Withdrawal from the Loan Account
1	Works and Goods	12,007,000	100 percent of total expenditure *
2	Consulting Services and Incremental Administration	5,190,000	100 percent of total expenditure *
3	Interest and Commitment Charge	464,000	100 percent of amounts due
4	Unallocated	2,339,000	
	TOTAL	20,000,000	

* Taxes and duties excluded.

C. Detailed Cost Estimates by Financier

(\$ million)

Item	ADB		Government		Total Cost
	Amount	% of Cost Category	Amount	% of Cost Category	
A. Investment Costs					
1 Civil Works	8.57	84.75%	1.54*	15.25%	10.11
2 Mechanical and Equipment	3.00	84.75%	0.54*	15.25%	3.54
3 Environment and Social Mitigation	0.19	84.75%	0.03*	15.25%	0.23
4 Consultants	2.87	0.00%	0.52*	15.25%	3.38
Subtotal (A)	14.62	84.75%	2.63	15.25%	17.26
B. Recurrent Costs					
1 Salaries and incremental administration	2.58	84.75%	0.46*	15.25%	3.04
2 Equipment Operation and Maintenance	0.00	0.00%	0.42	100.00%	0.42
Subtotal (B)	2.58	74.35%	0.89	25.65%	3.46
C. Contingencies^a					
1 Physical	2.06	83.01%	0.42*	16.99%	2.49
2 Price	0.28	83.01%	0.06*	16.99%	0.33
Subtotal (C)	2.34	83.01%	0.48	16.99%	2.82
D. Financing Charges During Implementation					
1 Interest during Construction	0.42	100.00%	0.00	0.00%	0.42
2 Commitment charges	0.04	100.00%	0.00	0.00%	0.04
Subtotal (D)	0.46	100.00%	0.00	0.00%	0.46
Total Project Cost (A+B+C+D)	20.00	83.34%	4.00	16.66%	24.00

* Government's contribution is for taxes and duties.

^a Physical contingencies computed at 12% for civil works and 12% consulting services (items A and B). Price contingencies computed at 2% on foreign exchange costs and 4% on local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

Note: Figures may not tally due to rounding-off.

Sources: Asian Development Bank and Municipal Development Fund of Georgia estimates.

D. Detailed Cost Estimates by Outputs/Components

(\$ million)

Item	Total Cost	Batumi Coastal Protection		Institutional Strengthening Program Management Facility	
		Amount	% of Cost Category	Amount	% of Cost Category
A. Investment Costs^a					
1 Civil Works	10.11	10.11	100.00%	0.00	0.00%
2 Mechanical and Equipment	3.54	3.54	0.00%	0.00	0.00%
3 Environment and Social Mitigation	0.23	0.23	100.00%	0.00	0.00%
4 Consultants	3.38	0.00	0.00%	3.38	100.00%
Subtotal (A)	17.26	13.87	80.40%	3.38	19.60%
B. Recurrent Costs					
1 Salaries and incremental administration	3.04	0.00	0.00%	3.04	0.00%
2 Equipment Operation and Maintenance	0.42	0.42	100.00%	0.00	0.00%
Subtotal (B)	3.46	0.42	12.27%	3.04	87.73%
C. Contingencies					
1 Physical ^b	2.49	1.72	69.01%	0.77	30.99%
2 Price ^c	0.33	0.23	69.01%	0.10	30.99%
Subtotal (C)	2.82	1.94	69.01%	0.87	30.99%
D. Financing Charges During Implementation^d					
1 Interest during Construction	0.42	0.29	69.01%	0.13	30.99%
2 Commitment charges	0.04	0.03	69.01%	0.01	30.99%
Subtotal (D)	0.46	0.32	69.01%	0.14	30.99%
Total Project Cost (A+B+C+D)	24.00	16.56	69.01%	7.44	30.99%

^a In Q1-2015 prices.

^b Computed at 12% for civil works; and 12% for consulting services (items A and B).

^c Price contingencies computed at 2% on foreign exchange costs and 4% on local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

^d Includes interest and commitment charges. Interest during construction for ADB loan(s) has been computed at the 5-year forward London interbank offered rate plus a spread of 0.5% and applicable maturity premium of 20 basis points. Commitment charges for an ADB loan are 0.15% per year to be charged on the undisbursed loan amount.

Note: Figures may not tally due to rounding-off.

Sources: Asian Development Bank and Municipal Development Fund of Georgia estimates.

E. Detailed Cost Estimates by Year

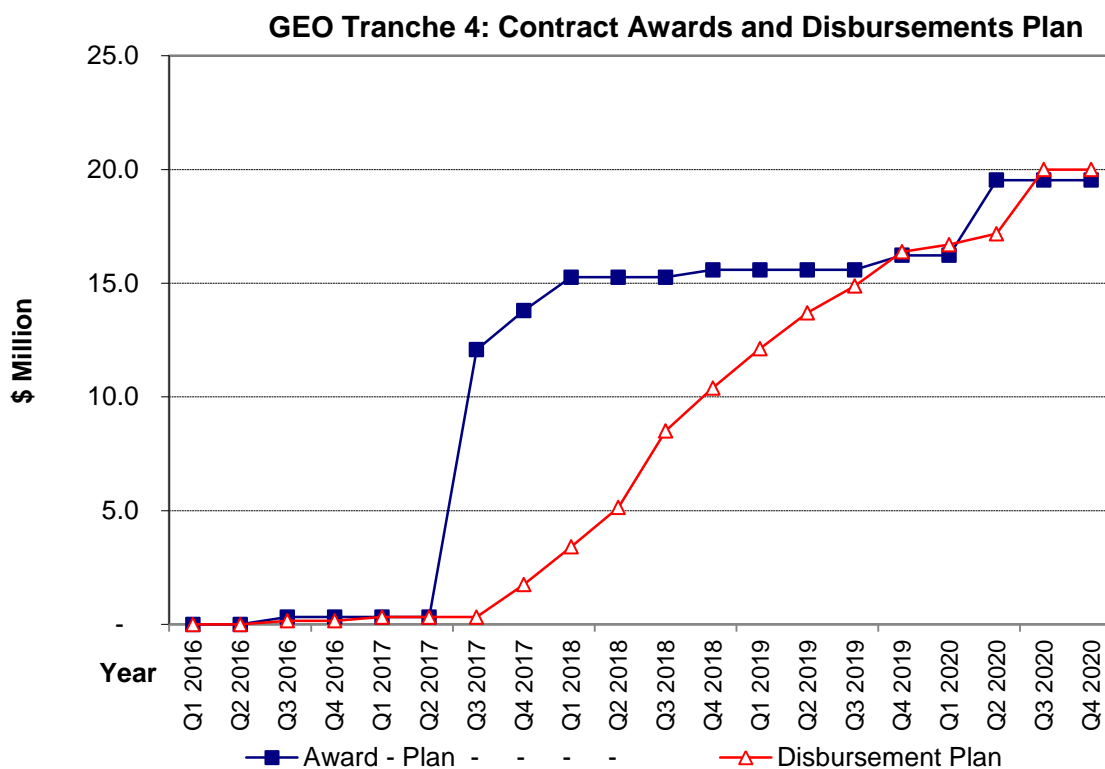
		(\$ million)				
Item		Total Cost	2015	2016	2017	2018
A.	Investment Costs					
1	Civil Works	10.11	1.52	4.04	3.54	1.01
2	Mechanical and Equipment	3.54	0.53	1.42	1.24	0.35
3	Environment and Social Mitigation	0.23	0.22	0.01	0.00	0.00
4	Consultants	3.38	0.51	1.35	1.18	0.34
	Subtotal (A)	17.26	2.77	6.82	5.96	1.70
B.	Recurrent Costs					
1	Salaries and incremental administration	3.04	0.46	1.22	1.06	0.30
2	Equipment Operation and Maintenance	0.42	0.06	0.17	0.15	0.04
	Subtotal (B)	3.46	0.52	1.39	1.21	0.35
C.	Contingencies^a					
1	Physical	2.49	0.37	0.99	0.87	0.25
2	Price	0.33	0.05	0.13	0.12	0.03
	Subtotal (C)	2.82	0.42	1.13	0.99	0.28
D.	Financing Charges During Implementation					
1	Interest during Construction	0.42	0.06	0.17	0.15	0.04
2	Commitment charges	0.04	0.01	0.02	0.02	0.00
	Subtotal (D)	0.46	0.07	0.19	0.16	0.05
Total Project Cost (A+B+C+D)		24.00	3.78	9.52	8.32	2.38
		100%	15%	40%	35%	10%

^a Physical contingencies computed at 12% for civil works and 12% consulting services (items A and B). Price contingencies computed at 2% on foreign exchange costs and 4% on local currency costs; includes provision for potential exchange rate fluctuation under the assumption of a purchasing power parity exchange rate.

Note: Figures may not tally due to rounding-off.

Sources: Asian Development Bank and Municipal Development Fund of Georgia estimates.

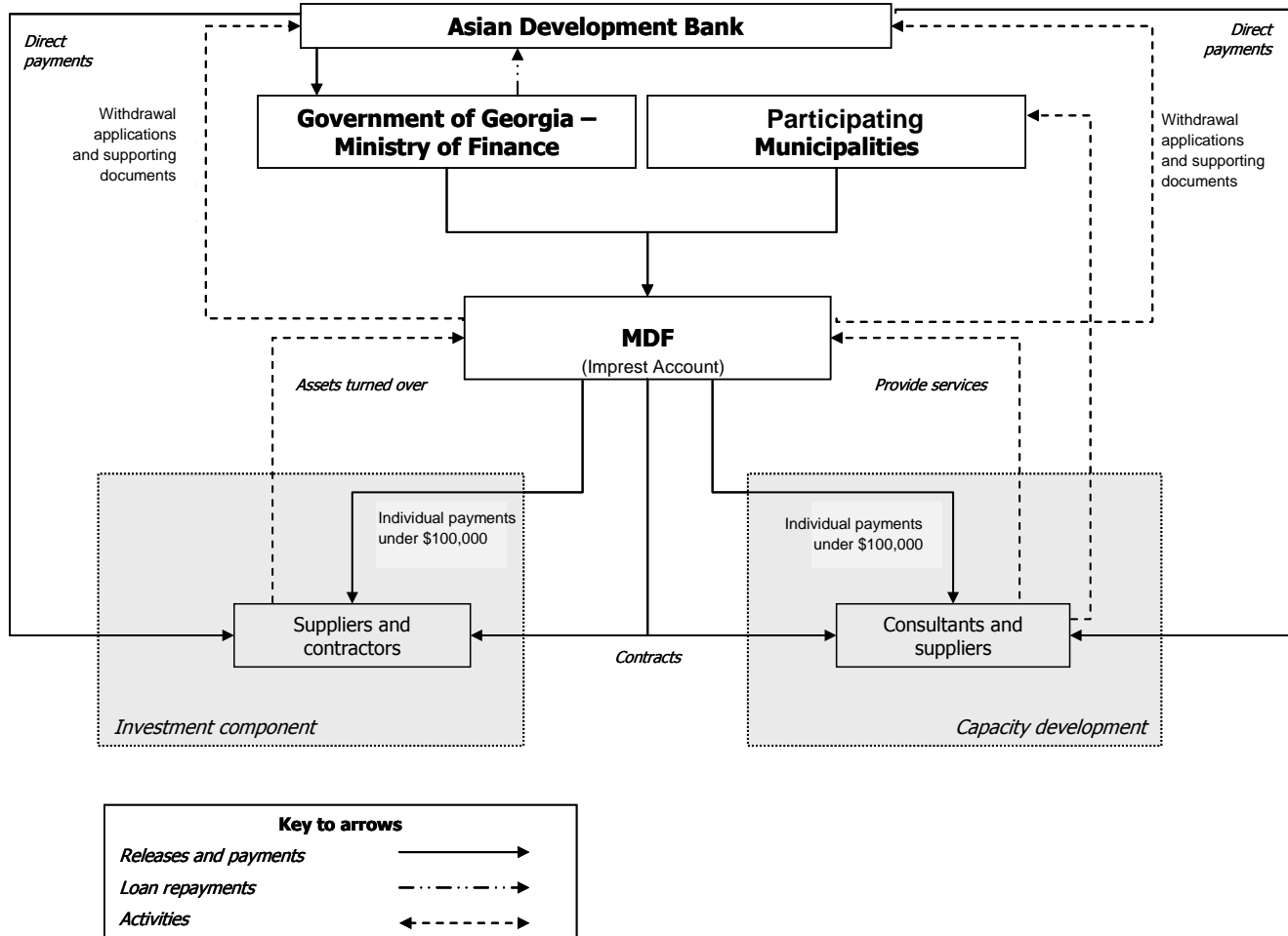
F. Contract Award and Disbursement S-Curve



Baseline Projections

	Contract Awards (in USD million)					Disbursements (in USD million)				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
2015	-	-	-	-	-	-	-	-	-	-
2016	-	-	0.32	-	0.32	-	-	0.16	-	0.16
2017	-	-	11.76	1.72	13.48	0.16	-	-	1.43	1.59
2018	1.47	-	-	0.32	1.79	1.66	1.73	3.37	1.89	8.65
2019	-	-	-	0.64	0.64	1.73	1.57	1.18	1.50	5.98
2020	-	3.31	-	-	3.31	0.32	0.48	2.82	-	3.62
	Total Contract Awards:				19.54	Total Disbursements:				20.00

G. Fund Flow Diagram



ADB:

- verifies invoices
- processes payments
- releases payments to MDF via imprest account replenishment or directly to contractors, suppliers, or consultants

MDF:

- verifies invoices
- prepares withdrawal applications (WAs)
- submits WAs to ADB

Contractors, Consultants, Suppliers:

- submit invoices to MDF

Sources: Asian Development Bank and Municipal Development Fund of Georgia.

V. FINANCIAL MANAGEMENT

A. Financial Management Assessment

1. Financial management assessment of the Municipal Development Fund of Georgia (MDF) has been updated in 2015 (report available upon request). The finance function of MDF is carried out within the Financial Management and Investments Unit (FMIU) and this has eleven members of staff as follows: (i) financial manager who is the head of the unit; (ii) two budgeting specialists; (iii) two financial and economic analysts; and (iii) six accountants. The financial manager reports to the First Deputy Director and Executive Director. Based on the donors' recommendations MDF management is going to increase number of FMIU staff.

2. The FMIU is well run with qualified and experienced financial specialists and accountants. Staff turnover is low. The unit is headed by the financial manager who is assisted by the staff well versed in the procedures and reporting requirements of international funding agencies, including those of the World Bank, European Bank for Reconstruction and Development (EBRD), Kreditanstalt für Wiederaufbau (KfW), European Investment Bank (EIB), ADB and MCG. Based on donors' requirements annual financial statements for all projects, implemented by MDF, are audited each fiscal year in accordance with International Standards on Auditing and separate audit opinion is issued for all of them. These comprise, for the project (i) summary of sources and uses of funds showing the donor and counterpart funds, including contributions in kind, separately as of the end of each fiscal year; (ii) summary of uses of funds by project activities (statement of expenditure detail) as at the end of each fiscal year; (iii) balance sheet; (iv) statements of expenditure withdrawal schedule for each fiscal year; and (v) special account statement for each fiscal year. For MDF: (i) balance sheet as at the end of each fiscal period; (ii) income statement for each fiscal year; (iii) cash flow statement for each fiscal year; and (iv) cash flow statement for each fiscal year. MDF has no difficulties in producing these reports on time.

3. MDF's accounting system is computerized using local software designed based on the suggestions and comments from the projects implementing agencies. The software has consolidated budget, procurement and accounting modules and allows the financial staff to partially produce the reports automatically. Software allows tracking of the each contract individually, which helps the tracking and monitoring the progress of projects.

4. MDF uses commercial, accrual based accounting, has a standard chart of accounts and reports according to International Financial Reporting Standards (IFRS). The accounts are audited annually by an external private auditing company and for the past three years there have been unqualified audit reports. Adequate safeguards are in place to protect the integrity of data. MDF has no cash; all transactions are undertaken electronically through bank transfers. Annual budgets are prepared on time and approved by the Supervisory Board. Monitoring of actual expenditures and budgeted allocations is undertaken quarterly but better linkages are required between physical and financial targets. MDF has no internal audit function. Ministry of Regional Development and Infrastructure has an internal audit function which will conduct internal audit of MDF.

B. Disbursement

5. The Loan proceeds will be disbursed in accordance with ADB's *Loan Disbursement Handbook* (2015, as amended from time to time), and detailed arrangements agreed upon between the government and ADB.

6. Online training for project staff on disbursement policies and procedures is available at: http://wpqr4.adb.org/disbursement_elearning. MDF staff are encouraged to avail of this training to help ensure efficient disbursement and fiduciary control.

7. Direct payment, statement of expenditures, and reimbursement procedures as well as advance payment will be used for this Project. Reimbursement procedures will be applicable under retroactive financing in case payments are covered prior to loan effectiveness.

8. A separate imprest account will be established in the Treasury Account of the Ministry of Finance with National Bank of Georgia and maintained by MDF. The currency of the imprest account is USD. The executing agency may request for initial advance to the imprest account based on an Estimate of Expenditure Sheet² setting out the estimated expenditures for the forthcoming 6 months. Supporting documents should be submitted to ADB or retained by the executing agency in accordance with ADB's *Loan Disbursement Handbook* (2015, as amended from time to time) when liquidating or replenishing the imprest account. The total outstanding advance, in any event, should not exceed the estimate of ADB's share of expenditures to be paid through the imprest account for the forthcoming 6 months. The imprest account is to be used exclusively for share of eligible expenditures. The executing agency who established the imprest account in its name is accountable and responsible for proper use of advances to the imprest account.

9. ADB's statement of expenditure (SOE) procedures may be used for reimbursing eligible expenditures and liquidating of advances to the imprest account. SOE records should be maintained and made readily available for review by ADB's disbursement and review mission or upon ADB's request for submission of supporting documents on a sampling basis, and for independent audit.

10. Before the submission of the first withdrawal application, the Ministry of Finance (MOF) should submit to ADB sufficient evidence of the authority of the person(s) who will sign the withdrawal applications on behalf of the borrower, together with the authenticated specimen signatures of each authorized person. The minimum value per withdrawal is \$100,000 equivalent. Individual payments below this amount should be paid (i) by the borrower and subsequently claimed to ADB through reimbursement, or (ii) through imprest fund procedure, unless otherwise accepted by ADB.

11. Withdrawal applications and other loan disbursement information are available at ADB Controller's Department's website, <http://lfis.adb.org>.

C. Accounting

12. MDF will maintain separate books and records by funding source for all expenditures incurred on the project. MDF will prepare consolidated project financial statements in accordance with international accounting principles and practices.

D. Auditing and Public Disclosure

13. MDF will cause the detailed consolidated project financial statements to be audited in

² Available in Appendix 10B of the *Loan Disbursement Handbook* (2015, as amended from time to time), <http://www.adb.org/sites/default/files/institutional-document/33606/loan-disbursement-handbook.pdf>

accordance with International Standards on Auditing and with the government's audit regulations, by an independent auditor acceptable to ADB. The audited project financial statements will be submitted in the English language to ADB within 6 months of the end of the fiscal year by the executing agency. Consulting services for annual audit are included in the project cost.

14. The annual audit report for the project accounts will include an audit management letter and audit opinions which cover (i) whether the project financial statements present a true and fair view or are presented fairly, in all material respects, in accordance with the applicable financial reporting framework or not; (ii) whether loan proceeds were used only for the purposes of the project or not; (iii) the level of compliance for each financial covenant contained in the legal agreements for the project; and (iv) the use of the statement of expenditure procedure certifying the eligibility of those expenditures claimed under SOE procedures, and proper use of the SOE and imprest procedures in accordance with ADB's Loan Disbursement Handbook and the project documents.

15. 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.

16. The government and MDF have been made aware of ADB's approach on delayed submission, and the requirements for satisfactory and acceptable quality of the audited project financial statements.³ 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.

17. Public disclosure of the project financial statements, including the audit report on the project financial statements, will be guided by ADB's Public Communications Policy (2011).⁴ After review, ADB will disclose the project financial statements for the project and the opinion of the auditors on the financial statements by posting them on ADB's website. The audit Management Letter will not be disclosed.

³ ADB approach on delayed submission of audited project financial statements:

- When audited project financial statements are not received by the due date, ADB will write to the executing agency advising that (i) the audit documents are overdue; and (ii) if they are not received within the next 6 months, requests for new contract awards and disbursement such as new replenishment of imprest accounts, processing of new reimbursement, and issuance of new commitment letters will not be processed.
- When audited project financial statements have not been 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 imprest accounts, processing of new reimbursement, and issuance of new commitment letters. ADB will (i) inform the executing agency of ADB's actions; and (ii) advise that the loan may be suspended if the audit documents are not received within the next 6 months.
- When audited project financial statements have not been received within 12 months after the due date, ADB may suspend the loan.

⁴ Available from <http://www.adb.org/documents/pcp-2011?ref=site/disclosure/publications>

VI. PROCUREMENT AND CONSULTING SERVICES

A. Advance Contracting and Retroactive Financing

18. All advance contracting and retroactive financing will be undertaken in conformity with ADB's Procurement Guidelines (2013, as amended from time to time) and ADB's Guidelines on the Use of Consultants (2015, as amended from time to time). The issuance of invitations to bid under advance contracting and retroactive financing will be subject to ADB approval. The borrower and MDF have been advised that approval of advance contracting and retroactive financing does not commit ADB to finance the project.

19. **Advance contracting.** Advance contracting is requested for works and consulting services. This will include (i) prequalification of contractors, tendering, and bid evaluation for civil works packages; (ii) evaluation of bids; and (iii) recruitment of consultants.

20. **Retroactive financing.** The maximum amount of eligible expenditures (works and consulting services) to be engaged for retroactive financing is up to the equivalent of 20% of the respective ADB loan, to be incurred before loan effectiveness, but not more than 12 months before the signing of the loan agreement

B. Procurement of Works and Consulting Services

21. All procurement of works will be undertaken in accordance with ADB's Procurement Guidelines (2013, as amended from time to time).

22. Before the start of any procurement ADB and the Government will review the public procurement laws of the central and state governments to ensure consistency with ADB's Procurement Guidelines (2013, as amended from time to time).

23. An 18-month procurement plan indicating threshold and review procedures, works, and consulting service contract packages and national competitive bidding guidelines is in Section C.

24. All consultants {and nongovernment organizations (NGOs) if appropriate} will be recruited according to ADB's Guidelines on the Use of Consultants (2013, as amended from time to time). The terms of reference for all consulting services are detailed in Section D.

C. Procurement Plan

Basic Data

Project Name: Sustainable Urban Transport Investment Program – Tranche 4	
Project Number: 42414-044	Approval Number:
Country: GEORGIA	Executing Agency: Municipal Development Fund (MDF) of Georgia
Project Procurement Classification: B	Implementing Agency: MDF
Procurement Risk: Low	
Project Financing Amount: \$20 million ADB Financing: \$20,000,000.00 Cofinancing (ADB Administered): none Non-ADB Financing: none	Project Closing Date: 30 June 2020
Date of First Procurement Plan: 9 June 2015	Date of this Procurement Plan: 9 February 2016

A. Methods, Thresholds, Review and 18-Month Procurement Plan

1. Procurement and Consulting Methods and Thresholds

25. Except as the Asian Development Bank (ADB) may otherwise agree, the following process thresholds shall apply to procurement of goods and works.

Procurement of Goods and Works		
Method	Threshold	Comments
International Competitive Bidding (ICB) for Works	\$5,000,000	
International Competitive Bidding for Goods	\$1,000,000	
National Competitive Bidding (NCB) for Works	Beneath that stated for ICB, Works	
National Competitive Bidding for Goods	Beneath that stated for ICB, Goods	
Shopping for Works	Below \$100,000	
Shopping for Goods	Below \$100,000	

Consulting Services	
Method	Comments
Quality and Cost Based Selection (QCBS)	
Quality Based Selection	
Consultants' Qualifications Selection	
Least-Cost Selection	
Fixed Budget Selection	
Single Source Selection	
Individual Consultants	

2. Goods and Works Contracts Estimated to Cost \$1 Million or More

26. The following table lists goods and works contracts for which the procurement activity is either ongoing or expected to commence within the next 18 months.

Package Number	General Description	Estimated Value ¹	Procurement Method	Review (Prior / Post)	Bidding Procedure	Advertisement Date (quarter/year)	Comments
P42414-S UTIP4-IC B-01-201 6	Batumi Coastal Protection	\$11.757,000	ICB (works)	Prior	1S2E	Q2 2016	Large works, No pre-qualification of bidders and no domestic preference.
tbd	Integrated Management Information System	\$250,000	ICB (goods)	Prior	1S2E	Q1 2017	

¹Exclusive of taxes.

3. Consulting Services Contracts Estimated to Cost \$100,000 or More

27. The following table lists consulting services contracts for which the recruitment activity is either

2. Completed Contracts

Goods and Works								
Package Number	General Description	Estimated Value	Contract Value	Procurement Method	Advertisement Date (quarter/year)	Date of ADB Approval of Contract Award	Date of Completion	Comments

Consulting Services								
Package Number	General Description	Estimated Value	Contract Value	Recruitment Method	Advertisement Date (quarter/year)	Date of ADB Approval of Contract Award	Date of Completion	Comments

D. Non-ADB Financing

31. The following table lists goods, works and consulting services contracts over the life of the project, financed by Non-ADB sources.⁵

Goods and Works				
General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Procurement Method	Comments

Consulting Services				
General Description	Estimated Value (cumulative)	Estimated Number of Contracts	Recruitment Method	Comments

E. National Competitive Bidding**1. General**

32. The procedures to be followed for national competitive bidding shall be those set forth in the Law of Georgia on State Procurement January 1, 2006 with the clarifications and modifications described in the following paragraphs required for compliance with the provisions of the ADB's

⁵ No contracts are financed from Non-ADB sources.

Procurement Guidelines.

2. Eligibility

33. The eligibility of bidders shall be as defined under section I of ADB's Procurement Guidelines, published by ADB; accordingly, no bidder or potential bidder should be declared ineligible to ADB-financed contracts for other reasons than the ones provided by section I of ADB's Guidelines. Bidders must be nationals of member countries of ADB, and offered goods and services must be produced in and supplied from member countries of ADB.

3. Prequalification

34. Normally, post-qualification shall be used unless explicitly provided for in the loan agreement/procurement plan. Irrespective of whether post qualification or prequalification is used, eligible bidders (both national and foreign) shall be allowed to participate.

4. Registration and Licensing

- (i) Bidding shall not be restricted to pre-registered/licensed firms.
- (ii) Where registration or licensing is required, bidders (i) shall be allowed a reasonable time to complete the registration or licensing process; and (ii) shall not be denied registration/licensing for reasons unrelated to their capability and resources to successfully perform the contract, which shall be verified through post-qualification.
- (iii) Foreign bidders shall not be precluded from bidding. If a registration or licensing process is required, a foreign bidder declared the lowest evaluated bidder shall be given a reasonable opportunity to register or to obtain a license without unreasonable cost and additional requirements.

5. Bidding Period

35. The minimum bidding period is twenty-eight (28) days prior to the deadline for the submission of bids.

6. Bidding Documents

36. Procuring entities should use standard bidding documents for the procurement of goods, works and services acceptable to ADB.

37. The term "services" above are applicable to the following: (a) related services (for supply of goods and works) such as transportation, insurance, installation, commissioning, training and initial maintenance, and (b) other services such as drilling, mapping, and similar operations.

7. Preferences

38. No domestic preference shall be given for domestic bidders and for domestically manufactured goods.

8. Advertising

39. Invitations to bid shall be advertised in at least one widely circulated national daily newspaper

or freely accessible, nationally-known website allowing a minimum of twenty-eight (28) days for the preparation and submission of bids.

40. Bidding of NCB contracts estimated at US\$500,000 equivalent or more for goods and related services or US\$1,000,000 equivalent or more for civil works shall be advertised on ADB's website via the posting of the Procurement Plan.

9. Bid Security

41. Where required, bid security shall be in the form of a bank guarantee from a reputable bank.

10. Bid Opening and Bid Evaluation

- (i) Bids shall be opened in public.
- (ii) Evaluation of bids shall be made in strict adherence to the criteria declared in the bidding documents and contracts shall be awarded to the lowest evaluated bidder-who meets the qualifying criteria stated in the bid documents.
- (iii) Bidders shall not be eliminated from detailed evaluation on the basis of minor, non-substantial deviations.
- (iv) No bidder shall be rejected on the basis of a comparison with the employer's estimate and budget ceiling without ADB's prior concurrence.
- (v) A contract shall be awarded to the technically responsive bid that offers the lowest evaluated price and no negotiations shall be permitted.
- (vi) Price verification shall not be applied.

11. Rejection of All Bids and Rebidding

42. Bids shall not be rejected and new bids solicited without ADB's prior concurrence.

12. Participation by Government-owned enterprises

43. Government-owned enterprises in Georgia shall be eligible to participate as bidders only if they can establish that they are legally and financially autonomous, operate under 'law of Georgia on entrepreneurs' and are not a dependent agency of the contracting authority. Furthermore, they will be subject to the same bid and performance security requirements as other bidders.

13. Right to Inspect/Audit

44. A provision shall be included in all NCB works and goods contracts financed by ADB requiring suppliers and contractors to permit ADB to inspect their accounts and records and other documents relating to the bid submission and the performance of the contract, and to have them audited by auditors appointed by ADB.

14. Fraud and corruption

- (i) The Borrower shall reject a proposal for award if it determines that the bidder

recommended for award has, directly or through an agent, engaged in corrupt, fraudulent, collusive, or coercive practices in competing for the contract in question.

- (ii) ADB will declare a firm or individual ineligible, either indefinitely or for a stated period, to be awarded a contract financed by ADB, if it at any time determines that the firm or individual has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for, or in executing, an ADB-financed contract.

45. For purposes of the provisions in (a) and (b) above, the definitions of the terms “fraudulent practice”, “corrupt practice”, “collusive practice”, and “coercive practice” are the definitions given in ADB’s Procurement Guidelines.

15. Conflict of Interest

46. ADB’s rule in respect of “Conflict of Interest” as stipulated in ADB’s Standard Bidding Documents for Procurement of Goods, Civil Works, and Plant-Design, Supply and Install shall be applicable.

16. Disclosure of Decision on Contract Awards

47. At the same time that notification on award of contract is given to the successful bidder, the results of bid evaluation shall be published in a local newspaper, or a well-known freely accessible website identifying the bid and lot numbers and providing information on (i) name of each Bidder who submitted a Bid, (ii) bid prices as read out at bid opening; (iii) name of bidders whose bids were rejected and the reasons for their rejection, and (iv) name of the winning Bidder, and the price it offered, as well as duration and summary scope of the contract awarded. The executing agency/implementing agency/contracting authority shall respond in writing to unsuccessful bidders who seek explanations on the grounds on which their bids are not selected.

VII. SAFEGUARDS⁶

A. Environment

48. The project is categorized as B for environment under ADB's Safeguard Policy Statement (2009) (SPS 2009).

49. The initial environmental examination (IEE) for Batumi Coastal Protection is detailed in Supplementary Appendix 2 of the PFR Report.

50. The environmental management plans (EMP) will be updated as necessary during detailed engineering design and incorporated in bidding documents and civil works contracts.

51. Contractors will be required to prepare site-specific EMPs as needed under the guidance of MDF and the construction supervision consultant. The site-specific EMPs will be endorsed by construction supervision consultant, then approved by MDF and sent to ADB for information.

52. MDF is responsible for overall implementation of the EMP. The contractor is responsible for implementing mitigation measures. Monitoring of environmental quality and implementation of contractor's site-specific EMP is the responsibility of the construction supervision consultant.

B. Land Acquisition and Resettlement

53. The project is categorized as C for land acquisition and resettlement. The project is not expected to include land acquisition and resettlement as defined under the ADB's SPS 2009. In case some unforeseen impacts occur during the project implementation, the land acquisition and resettlement framework would apply.

C. Indigenous Peoples

54. The project is categorized as C for indigenous peoples under ADB's SPS 2009.

55. The project is not expected to affect indigenous peoples as defined under the ADB's SPS 2009.

⁶ Pursuant to ADB's SPS 2009, ADB funds may not be applied to the activities described on the ADB Prohibited Investment Activities List set forth in Appendix 5 of the SPS.

VIII. GENDER AND SOCIAL DIMENSIONS

56. A summary poverty reduction and social strategy is in PFR linked document 4.
57. A gender action plan (GAP) is in Appendix 4.
58. The MFF is categorized as some gender elements (SGE). In line with the GAP preferred under Tranches 1, 2, and 3 gender-specific actions have been listed in a new GAP for Tranche 4. Recommended measures include gender targets for recruitment, consultation, participation and awareness raising on safe mobility and capacity development activities for the executing agency.

IX. PERFORMANCE MONITORING, EVALUATION, REPORTING AND COMMUNICATION

A. Project Design and Monitoring Framework

59. Refer to PFR linked document 2.

B. Monitoring

60. **Project performance monitoring.** Refer to ADB's project performance reporting system.

61. **Compliance monitoring.** To be updated on a semi-annual basis and reflected in the semi-annual progress report. An outline of the semi-annual progress report is in Appendix 1.

C. Safeguards monitoring:

62. Involuntary resettlement: Not applicable.

63. Environment: Environmental safeguard monitoring will be performed as required in the EMPs. MDF will submit to ADB a semiannual environmental safeguards monitoring reports, describing progress of implementation of EMPs and any compliance issues and corrective actions, within 1 month after each reporting period in end of quarter 2 and quarter 4 in the calendar year. Contractor will prepare weekly site inspection sheets as guided by MDF. Based on contractor's reports, the project semi-annual progress reports will include a section on environmental safeguard performance. Construction supervision consultant is required to assist MDF in preparing semi-annual environmental monitoring reports (EMRs). The EMRs will be disclosed both on ADB website and on MDF website.

64. Indigenous peoples: Category C. ADB's SPS 2009 is not likely to be triggered by the Investment Program. Tribal communities existing outside the cultural and legal mainstream are generally not present in the project areas. No indigenous peoples or ethnic minority are located in the project area.

65. Section on safeguards performance and possible corrective actions are also discussed in the semi-annual project progress reports.

66. **Gender and social dimensions monitoring:**

- (i) Labor: Civil works contracts will adhere to applicable labor laws and regulations. Loan assurances will include provisions against differential payment for men and women for work of equal value and against child labor. The investment program will ensure that there are adequate health and safety measures in place during construction.
- (ii) Other Risks and/or vulnerabilities: The project will complement ongoing awareness programs through an information, education, and communication campaign covering HIV/AIDS and sexually transmitted infections for construction workers.
- (iii) GAP: Refer to Appendix 4 for the detailed GAP.

D. Evaluation

67. ADB Loan Review Mission will be conducted twice a year (every 6 months), including midterm reviews. Within 6 months of physical completion of the project, MDF will submit a project completion report to ADB.

E. Reporting

68. MDF will provide ADB with semi-annual progress reports informed by monthly progress reports submitted by the construction supervisors in a format consistent with ADB's project performance reporting system and 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 next 12 months.

69. MDF will also provide a project completion report within 6 months of physical completion of the Project and is to ensure projects continue to be both viable and sustainable, project accounts and the MDF's annual financial statement (AFS), together with the associated auditor's report, should be adequately reviewed.

F. Stakeholder Communication Strategy

70. Stakeholder communication strategy will be conducted in line with ADB's *Public Communications Policy* (PCP) 2011,⁷ which promotes proactive external relations and improved access to information about ADB operations for better development effectiveness. The policy promotes greater transparency and accountability by enabling ADB's stakeholders and especially people affected by development activities to better participate in the decisions that affect them.

71. At design stage, MDF's Head of International Relations is the focal point for communication with other stakeholders. MDF's head of Environment and Resettlement Unit acts as focal point for regular contact with project-affected people. At loan inception, MDF designated Ms. Mariam Mrevlishvili, Head of Safeguards sub-unit (Environment and Resettlement) as focal point for regular contact with project-affected people and other stakeholders.

72. MDF is responsible for implementing and monitoring disclosure and dissemination of Project-related information. MDF will further extend the current mechanisms for feedback during design and implementation (public consultations, brochure, MDF website, press releases). All communications will be made in Georgian language and contact details of MDF's focal point will systematically be informed, whatever the media. In addition to the timely disclosure of Project information, as per ADB requirements (safeguards, procurement, monitoring reports, etc.), MDF will ensure the following activities are performed:

- a. Information meeting/consultation with households of subproject areas, held at least semi-annually. Disclosure of information meetings reports (including minutes of questions and answers) on MDF website.

⁷ <http://www.adb.org/documents/pcp-2011?ref=site/disclosure/publications>

- b. Distribution of brochure on design and work progress, to households of subproject areas, at least semi-annually. Disclosure of brochures on MDF website.
- c. Communicate on subprojects' design and work progress (radio and/or TV) at least quarterly.
- d. Communicate on subprojects' design and work progress in local newspapers at least quarterly.

73. Other key aspects of the communication strategy are listed in the following table.

Project Documents	Means of Communication	Party Responsible	Audience	Frequency
PID	ADB website	ADB	General public	Quarterly updates
RRP	ADB website	ADB	General public	Posted within 2 weeks of loan approval; Always available online
Loan Agreement	ADB website	ADB	General public	Always available online
Initial Environmental Examinations	ADB and MDF websites, public consultations and brochures/leaflets for affected people	ADB, MDF	General public Affected people	Documents always available online at ADB and EA websites; EMP updated regularly
Procurement requirements	ADB website IFB, local newspaper advertisement	ADB	General public potential civil works contracting firms	Available online (current and archive)
Consulting services requirement	ADB website for recruitment notice (CSRN) for expression of interest	ADB	General public consulting firms	When required
	ADB website for list of shortlisted firms	ADB	General public consulting firms	Always available (current and archive)
Project Administration Manual	Request for proposals, public opening	MDF	Potential consulting firms	
	ADB website	ADB	General public project contractors and consultants	Document always available online; updated regularly
Annual Audited Project Accounts and Auditor Opinion	ADB website	ADB, MDF	General public	Within 30 days of date of receipt by ADB from MDF
Overall and updated information on subproject	MDF website	MDF	General public Project	Always available online; updated regularly
Overall information on subproject	MRDI website and other websites as appropriate	MRDI	General public Project	Always available online; updated regularly

ADB = Asian Development Bank, CSRN = consulting services recruitment notice, EA = executing agency, EMP = environmental management plan, IFB = invitation for bids, MDF = Municipal Development Fund of Georgia; MRDI = Ministry of Regional Development and Infrastructure, PID = project information document, RRP = report and recommendation of the President.

74. The communication strategy will be updated on a semi-annual basis and reflected in the semi-annual progress report.

X. ANTICORRUPTION POLICY

75. ADB reserves the right to investigate, directly or through its agents, any violations of the Anticorruption Policy relating to the project.⁸ 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/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.⁹

76. To support these efforts, relevant provisions are included in the Framework Financing Agreement and the bidding documents for the project.

77. In respect with transparency and good governance, MDF will disclose to the public, and update annually: (i) the current status of the project, and (ii) how the proceeds of the Loan are used. For each contract financed under the project, MDF will disclose on its website information on, among others, the: (i) list of participating bidders, (ii) name of the winning bidder, (iii) basic details on bidding procedures and procurement methods adopted, and (iv) list and amount of goods/services, including consulting services contracts procured and awarded.

78. It is MDF's responsibility to conduct due diligence for authenticating information presented in civil works and consulting contracts during bid evaluation. In addition, "No conflict of Interest" declarations will be signed by bid evaluation committees.

⁸ Available at: <http://www.adb.org/Documents/Policies/Anticorruption-Integrity/Policies-Strategies.pdf>

⁹ ADB's Integrity Office web site is available at: <http://www.adb.org/integrity/unit.asp>

XI. ACCOUNTABILITY MECHANISM

79. 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 a good faith effort 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.

XII. RECORD OF PAM CHANGES

Initial PAM — 16 April 2015

Revision 1 - 9 February 2016 (Inception Mission)

SEMIANNUAL PROGRESS REPORT FORMAT

Section A: Implementation Progress

General data on progress in implementation (from project inception up to current progress)
Problems encountered and resolved
Other issues pending
Other information or data relevant for project
Safeguard compliance on projects and corrective actions, if needed
Updated implementation progress (attach excel spreadsheet on implementation plan)
Communication strategy

Section B: Procurement Information

Detailed report on procurement activities

- a) Status of bidding documents
- b) Status of bids in progress
- c) Contracts awarded, and due diligence conducted during bid evaluation
- d) Contracts closed
- e) Contracts with issues

Procurement plan for next semester (or updated procurement plan spreadsheet)

Section C: Financial Information

Disbursement status
Special account status
Loan and Grant commitments
Contract payments
Status of audits
Other financial management issues

Section D: Other Information

Major/minor change in scope

- a) Cost escalations
- b) Revision in cost category
- c) Change in implementation procedures

Major activities planned for next semester

UPDATED PROCUREMENT RISK ASSESSMENT REPORT

EXECUTIVE SUMMARY

1. Overall, the Municipal Development Fund of Georgia (MDF) has strong procurement capacity and well established procurement processes. MDF has a sound procurement track record and is familiar with multilateral development banks' requirements and in particular with ADB procurement guidelines. MDF has been implementing ADB-financed projects since 2008, including two projects (MSDP 1 and MSDP 2) completed ahead of time and rated successful at project completion report and project validation report stages, and three projects currently under implementation (SUTIP 1, SUTIP 2 and SUTIP 3) including multiple civil works, goods, and consulting services contracts using various procurement methods.¹

2. The main challenges are (i) high workload of MDF procurement staff, and (ii) lack of training to keep up with requirements and also for the benefit of new or less experienced staff in the procurement unit. The potential impact might consist of delays in contract execution. The staff would still benefit from better distributed workload and further training in ADB procedures for continued improvement of performance.

3. The main recommendations to further improve MDF procurement capacity and response time are to: (i) provide more training opportunities for continued improvement of performance (under an ongoing procurement regional technical assistance [RETA]); (ii) streamline business processes (through continued consideration by MDF management, as demonstrated during the recent structural reorganization of MDF in 2014) ; (iii) strengthen contract management capacity (with the support and recommendations under the on-going procurement RETA); (iv) recruitment of one additional procurement specialist might also be advisable to strengthen the procurement unit.

I. INTRODUCTION

4. The assessment was prepared in accordance with the Guidelines for Assessing Country, Sector and Project Procurement Risks.

II. PROJECT PROCUREMENT RISK ASSESSMENT

A. Overview

5. The public procurement is governed by the State Procurement Law (20 April 2005) and Regulations of Procurement Law (7 April 2011), which are updated periodically.

6. The procurement law uses a reverse auction system, where post-qualified and compliant bidders can submit three price offers. The lowest price offer is normally accepted. However, this

¹ MDF has implemented two World Bank (WB) loans and projects for Kreditanstalt für Wiederaufbau (KfW), Millennium Challenge Georgia (MCG) and the European Bank for Reconstruction and Development (EBRD): • Municipal Development and Decentralization Project (MDDP) I - WB • MDDP II - WB • Georgian Social Investment Fund (GSIF) I – WB and KfW • GSIF II – WB Regional and Municipal Infrastructure and its Additional financing – (nearly completed) WB and KfW • Regional Infrastructure Development Project – MCG and EBRD. MDF has successfully implemented 2 ADB loans, Municipal Services Development Program (MSDP) I and II. MSDP I and MSDP2 are closed (rated successful at PCR stage). MDF is currently implementing 3 ADB loans (3 tranches of the SUTIP MFF).

system tends to produce a relatively narrow price spread since the estimated price is advertised, so bids start off higher and approach the estimated price. The national procurement law lacks clear complaint and conflict resolution mechanisms, and use of merit point system for all evaluations. The Law does not impose restrictions on the origin of the bidders and it has no domestic preference. However, for ADB-financed contracts, ADB procurement guidelines prevail on these aspects.

7. The procurements are supervised by the State Procurement Agency (SPA). The SPA has the power to stop the procurement if the procuring agency violates the rules and regulations, or it can fine the procuring agency.

8. Introduction of e-procurement through the Georgian electronic Government Procurement (Ge-GP) system is a good example of how strong political will and commitment can be critical in the context of reforming public procurement. Within a year, the SPA designed, developed, and tested the e-procurement system and eventually moved to the mandatory use of e-procurement, fully replacing paper-based tenders.

9. The e-procurement system, which is broadly consistent with best public procurement practices, has increased competition among suppliers. In addition, by bringing processes online, it has made the procurement system more transparent, less bureaucratic, and less discriminative. As a result, the system has significantly minimized corruption risks and brought substantial savings to the government and Georgia's citizens.

10. MDF applies donor procurement rules to donor funded projects. Overall MDF has excellent track record in procurement and implementation of donor funded projects, including ADB projects.

i. Organization and Staff Capacity

11. The MDF Procurement unit currently consists of 9 staff members (Head of Procurement Unit and 8 procurement specialists, including 6 permanent and 2 temporary staff. Out of 8 specialists 2 staff are assigned for government procurement). In addition, the unit is strengthened with 2 full time procurement consultants. During recent reorganization of the unit in December 2014, two teams have been established for donor-funded projects: one team is responsible for bidding/selection process and the other team is responsible for contract administration/management process. It is expected that such functional division will increase the efficiency of the Procurement Unit. In May 2014 the MDF engaged a long-term International Procurement Consultant for ADB-funded projects.

ii. Information Management

12. MDF has a Management Information System (MIS), which enables all MDF staff to access information to each project/contract starting from bid announcement until completion of contract, including: bid announcement date, bid opening date, names of bidders and prices, name of the contractor, contract date, price, duration, amendments, payments, hand-over certificates, amount and validity of bank guarantees (advance and performance securities), number of beneficiaries, etc.

iii. Procurement Practices

13. MDF carries out procurement for goods, works, and consulting services in accordance

with Georgian Law on State Procurement. Depending on the donor financing the project, MDF also follows WB, ADB, MCC, KfW and EBRD procurement rules. The procurement procedures are outlined in the State Law and Regulations, also in the donors procurement guidelines, which are updated time by time.

14. Procurement methods for different types and values of the contracts depend on agreement with the financing donor. For NCB procurement of works and equipment, MDF uses post qualification method and negotiates with lowest cost qualified and technically compliant bidder. For consultant selection, MDF uses mostly QCBS and CQS selection methods. For ADB projects, Procurement Unit uses ADB standard bidding documents and adapts them according to the specifications given by technical departments.

iv. Effectiveness

15. Following the structural reorganization in 2014. The performance of the Procurement Unit improved and for instance 2 civil works contracts were procured in short periods of time, including one ICB (1S2E) of \$42 million in less than 4 months from IFB to contract signing.

B. Strengths

- Qualified procurement staff with experience in donor-funded projects, and improved efficiency and performance since 2014;
- Clear institutional arrangements; and
- Good reference and filing system.

C. Weaknesses

- High workload. Procurement division has high workload. Some staff are significantly more loaded than others due to differences in skillset.
- Contract management. Contract management could be strengthened to avoid delays in contract implementation phase and oversight of important contractual milestones
- Lack of training. Not all procurement specialists are trained in ADB procurement procedures.

D. Procurement Risk Assessment and Management Plan (P-RAMP)

16. Given the above, the ADB's fiduciary risks are considered low. MDF procurement performance is considered satisfactory. However, continued support to the Procurement Unit will be provided under the ongoing procurement RETA, and by a part-time procurement specialist (individual consultant recruited under SUTIP 1), which is considered sufficient.

III. PROJECT SPECIFIC PROCUREMENT THRESHOLDS (NOT applicable)

IV. CONCLUSION

17. The overall conclusion of the Project Procurement Risk Assessment is that the project

arrangements are considered satisfactory. MDF is fully familiar with ADB procurement guidelines and has sound track record. This is anticipated to be continued for SUTIP 4. However, continued support to the Procurement Unit will be provided under the ongoing procurement RETA and by a part-time procurement specialist (individual consultant recruited under SUTIP 1), which will be sustained during SUTIP Project 4 implementation.

OUTLINE TERMS OF REFERENCE FOR CONSULTING SERVICES

I. PROJECT PREPARATION AND ENGINEERING DESIGN FOR KOBULETI COASTAL PROTECTION, RECREATIONAL AREAS AND BICYCLE LANES

A. Background and Objective

1. General Background

1. [to be developed]

2. Description of the Project

2. The project consists of (i) Coastal Protection, (ii) development of recreational areas along the shore line, and (iii) introduction of bicycle lanes in Kobuleti.

B. Scope of Consulting Services

3. The consultants are required to carry out the following main tasks:

Task 1. Undertake concept design, alternatives analysis and prepare feasibility study, including:

- (i) Collect all necessary data and conduct surveys;
- (ii) Hold consultations with all stake holders;
- (iii) Coastal protection: study and compare alternatives, based on modelling, and multi criteria comparison of technical options;
- (iv) Coastal protection: prepare the comprehensive feasibility study and concept design in line with international best practices;
- (v) Recreational areas: prepare the comprehensive feasibility study and concept design in line with international best practices;
- (vi) Bicycle lane network: prepare the comprehensive feasibility study and concept design in line with international best practices;
- (vii) Conduct workshop with stakeholders to present project alternatives and facilitate decision making;
- (viii) Prepare the initial environmental examination (IEE) or environmental impact assessment (EIA) as applicable, along with the relevant environment management plan (EMP), and other documents as required, and conduct the necessary consultations in compliance with the environment assessment and review framework (EARF) approved in 2010 between ADB and the Government of Georgia.
- (ix) Prepare all documents required for the processing of a periodic financing request (PFR), summary project description, economic and financial analysis, due diligence report on land acquisition and resettlement, financial management capacity assessment and procurement capacity assessment of the executing agency, and other documents required for loan processing.

Task 2. Undertake detailed design and prepare bidding documents, including:

- (i) Prepare detailed engineering design including BoQ, and bidding

- documents for construction of the project, and take all necessary actions for getting required approvals and certifications for the prepared detailed engineering designs as prescribed by the Georgian legislation;
- (ii) Prepare terms of reference and bidding documents for the project construction (including prequalification documents if appropriate); and
 - (iii) Assist the Municipal Development of Georgia (MDF) in preparing the bid evaluation reports.

C. Experience and Qualifications Required of the Firm and Specialists

4. The services of an international engineering firm in association with a national engineering firm (collectively called "the Consultant") will be required. The Consultant should have extensive experience design of in coastal protection, recreational areas and bicycle lanes. All specialists should have obtained, at least, a Bachelor's Degree from an accredited university. Experience in Georgia, in Caucasus, or in East European or Central Asian countries for international specialist is preferable.

5. The team leader and at least one other international specialist must have a valid (active) license or membership in a professional organization and recent professional development training related to his or her field. The CV of the specialists should contain information of the assignment they have successfully completed in the last 5 years, with complete names and addresses of the clients and the name and contact information of the immediate supervisors, and the number(s) of the license(s) and membership(s) and the name(s) of the issuing organization(s).

D. Selection Method and Criteria

6. The lead proposing firm is expected to form associations or joint ventures with one or more national firms with an established record of technical and project area experience. All firms will be required to submit a full technical proposal, which will be evaluated according to the quality- and cost-based selection method described in ADB's Guidelines on the Use of Consultants (2013 as amended from time to time). A weighing system of 90% for quality and 10% for cost will be applied.

E. Staffing Requirements

7. Consultant should have extensive experience in design of coastal improvement projects, recreational area and bicycle lanes. Experience in Caucasus East European or former Soviet countries would be an asset. The suggested methodology of executing the assignment would be through a 'task force' approach wherein the Design Engineering Firm (Consultancy Firm) is expected to assemble a task force of specialist engineers and technicians who would be assigned to carry out the required job. The key staff above will also be supported by assistant design engineers, draftsmen, cost estimators, interpreters (with good knowledge of technical terms) and other support staff, as necessary.

- (i) International Team Members
 - Consultants
 - 1. Senior Coastal Engineer/Resident Engineer /Design Team Leader
 - 2. Hydraulic Engineer
 - 3. Soil/Geotechnical Engineer
 - 4. Structural Engineer

6. Environmental Specialist
 7. Architect
 8. NMT specialist
 9. Urban Road engineer
 10. Economist
 11. Contract/Procurement Specialist
- (ii) National Team Members
Consultants
1. Coastal Engineer/Resident Engineer Deputy Team Leader
 2. Hydraulic Engineer
 3. Soil/Geotechnical Engineer
 4. Structural Engineer
 5. Contract/Procurement Specialist
 6. Environmental Specialist
 7. Urban road engineer
 8. CAD specialist
- (iii) Administrative Staff
Consultants
1. Office Administrator and support
 2. Secretary

F. Reporting Requirements

8. The Consultant will prepare all reports in English and Georgian language (MDF, 4 copies in English and 4 in Georgian; and ADB, 2 copies in English). The format and content of each report is to be agreed with MDF and ADB. For each report submitted an electronic copy will be provided. Electronic copies will be in the format used in their preparation with all links, formulas, and fields active. For all reports an executive summary will be included.

II. PROJECT PREPARATION AND ENGINEERING DESIGN FOR URBAN TRANSPORT PROJECTS

A. Background and Objective

1. General Background

9. [to be developed]

2. Description of the Project

10. [to be developed]

11. The project consists of eligible sustainable urban transport projects under Sustainable Urban Transport Investment Program (SUTIP) with focus on public transport and non-motorized transport.

B. Scope of Consulting Services

12. The consultants are required to carry out the following main tasks:

Task 1: Undertake concept design, alternatives analysis and prepare feasibility study, including:

- (i) Collect all necessary data and conduct surveys;
- (ii) Hold consultations with all stake holders;
- (iii) For all project subcomponents, study and compare alternatives, based on modelling, and multi criteria comparison of technical options;
- (iv) Ensure compliance with latest international best practices;
- (v) Conduct workshop with stakeholders to present project alternatives and facilitate decision making;
- (vi) Prepare the IEE or EIA as applicable, along with the relevant EMP, and other documents as required, and conduct the necessary consultations in compliance with the EARF approved in 2010 between ADB and the Government of Georgia; and
- (vii) Prepare all documents required for the processing of a PFR, summary project description, economic and financial analysis, due diligence report on land acquisition and resettlement, financial management capacity assessment, and procurement capacity assessment of the executing agency, and other documents required for loan processing.

Task 2: Undertake detailed design and prepare bidding documents, including:

- (i) Prepare detailed engineering design including bill of quantities (BoQ) and bidding documents for construction of the project, and take all necessary actions for getting required approvals and certifications for the prepared detailed engineering designs as prescribed by the Georgian legislation;
- (ii) Prepare terms of reference and bidding documents for the project construction (including prequalification documents if appropriate); and
- (iii) Assist the Municipal Development Fund of Georgia (MDF) in preparing the bid evaluation reports.

C. Experience and Qualifications Required of the Firm and Specialists

13. The services of an international engineering firm in association with a national engineering firm (collectively called "the Consultant") will be required. The Consultant should have extensive experience in design of public transport and non-motorized transport projects. All specialists should have obtained, at least, a bachelor's degree from an accredited university. Experience in Georgia, in Caucasus, or in East European or Central Asian countries for international specialist is preferable.

14. The team leader and at least one other international specialist must have a valid (active) license or membership in a professional organization and recent professional development training related to his or her field. The CV of the specialists should contain information of the assignment they have successfully completed in the last 5 years, with complete names and addresses of the clients and the name and contact information of the immediate supervisors, and the number(s) of the license(s) and membership(s) and the name(s) of the issuing organization(s).

D. Selection Method and Criteria

15. The lead proposing firm is expected to form associations or joint ventures with one or more national firms with an established record of technical and project area experience. All firms will be required to submit a full technical proposal, which will be evaluated according to the QCBS method described in ADB's Guidelines on the Use of Consultants (2013 as amended from time to time). A weighing system of 90% for quality and 10% for cost will be applied.

E. Staffing Requirements

16. Consultant should have extensive experience in design of coastal improvement projects, recreational area and bicycle lanes. Experience in Caucasus East European or former Soviet countries would be an asset. The suggested methodology of executing the assignment would be through a 'task force' approach wherein the Design Engineering Firm (Consultancy Firm) is expected to assemble a task force of specialist engineers and technicians who would be assigned to carry out the required job. The key staff above will also be supported by assistant design engineers, draftsmen, cost estimators, interpreters (with good knowledge of technical terms) and other support staff, as necessary.

- (i) International Team Members
Consultants
 1. Senior Urban Transport Specialist/Resident Engineer/Design Team Leader
 2. Transport planner
 3. Public Transport specialist
 4. NMT specialist
 5. Structural Engineer
 6. Urban road designer
 7. Architect
 8. Social Safeguards Specialist
 9. Environmental Specialist
 10. Transport Economist
 11. Contract/Procurement Specialist

- (ii) National Team Members
Consultants
 1. Urban Transport Engineer/Resident Engineer/Deputy Team Leader
 2. Road Engineer
 3. Soil/Geotechnical Engineer
 4. Structural Engineer
 5. Contract/Procurement Specialist
 6. Environmental/Social Safeguards Specialist
 7. CAD specialist

- (iii) Administrative Staff
Consultants
 1. Office Administrator and support
 2. Secretary

F. Reporting Requirements

17. The Consultant will prepare all reports in English and Georgian language (MDF, 4 copies in English and 4 in Georgian; and ADB, 2 copies in English). The format and content of each report is to be agreed with MDF and ADB. For each report submitted an electronic copy will be provided. Electronic copies will be in the format used in their preparation with all links, formulas, and fields active. For all reports an executive summary will be included.

III. AUDIT OF ANNUAL FINANCIAL STATEMENTS (AFS) — AUDITOR'S TERMS OF REFERENCE

A. General Background

18. SUTIP - Tranche 4 was developed as the government's response to the transportation problems in urban areas, which include large traffic volumes causing increasing delays, as a result of previous under-investment in infrastructure maintenance and expansion.

19. The Investment Program is financed by ADB under a multitranches financing facility (MFF), and is aimed at promoting a sustainable, integrated, socially-affordable and cost-efficient urban transport system in cities of Georgia, to energize the economy and improve the quality of life of citizens. Projects involve rehabilitation and repair of existing infrastructure (mainly roads and the underground railway), provision of new facilities (roads, tunnels, junctions, bridges, a Metro extension, etc) and capacity building.

20. The MDF is the executing agency of the project, and is responsible for the general coordination and implementation of project, for negotiating with ADB and with appropriate ministries and agencies of the Borrower. MDF is directly responsible for planning, designing, civil works on construction and rehabilitation of all subprojects in the frame of project.

21. MDF coordinates the implementation of project, including procurement of goods, civil work and services. MDF staff includes experts in project implementation sphere, engineering services, financial management, procurement, public participation and capacity development.

22. The project cost is about USD 24 million, out of which ADB financing is about \$ 20 Million and the government financing is the remaining.

23. ADB Management requires auditors to provide audit services for fiscal years 2016-2017-2018-2019 for the Investment Program.

24. The responsibility for the preparation of financial statements including adequate disclosure is that of the management of the executing agency. 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 company. As part of the audit process, the auditor may request from management written confirmation concerning representation made to the auditor in connection with the audit.

25. The executing agency will cooperate fully with the auditor and will make available to the auditor whatever records, documentation and other information is requested by the auditor in connection with the audit. The auditor should be given access to all legal documents,

correspondence, and any other information associated with the project and deemed necessary by the auditor. Confirmation should also be obtained of amounts disbursed and outstanding at ADB.

26. The financial statements, including the audit opinions and management letter should be received by the executing agency for presentation to ADB for the 2016 year not later than 30 June 2017. Extension of the deadline may be granted only on exceptional circumstances.

27. It is highly desirable that the auditor become familiar with the relevant ADB guidelines, which explain ADB's financial reporting and auditing requirements. Please refer to ADB's Handbook for Borrowers on the Financial Management and Analysis of Projects (2006) and Financial Management Technical Guidance Note on Project Financial Reporting and Auditing (2013) which details ADB's audit requirements and project and entity financial statements

28. The financial statements and auditor's opinions thereon shall be submitted in English.

29. The auditor should understand that working papers under ADB projects can be subject to the review by authorized ADB staff.

B. Objectives

30. The objective of the audit of the project financial statement is to enable the auditor to express an opinion on the financial position of the project for the year ending 31 December 2016.

- (i) In addition, the auditor will express opinion on (i) use of loan/grant proceeds, (ii) compliance with financial covenants (where applicable), (iii) compliance with imprest account procedures (where applicable), and (iv) compliance with Statement of Expenditure procedures (where applicable).

31. The projects' accounts (books of account) provide the basis for the preparation of the project financial statements and are established to reflect the financial transactions in respect of the projects as maintained by the implementing agency.

C. Audit Scope

32. The projects' accounts (books of account) provide the basis for the preparation. The auditor will conduct audits of the Investment Program and submit the following to the executing agency:

- (i) audit report,
 - (ii) annual audited project financial statements, and
 - (iii) management letter.
- a. **Auditing Standards and Program.** The audit will be conducted in accordance with International Standards of Auditing (ISA) as published by the International Auditing and Assurance Standards Board (IAASB).
 - b. 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.

- c. **Accounting Policies and Changes.** The auditor should comment on the project's accounting policies, and confirm the extent to which the agreed project accounting policies¹ have been applied. In particular, the auditor should note the impact on the audited project financial statements (APFS) arising from any material deviations from the agreed accounting standards². The auditor should also comment on any accounting policy changes, either during a financial year, or from one year to another.
- d. **Imprest Account.** The Imprest Account reflects: (i) reimbursements received from ADB. The auditor will examine whether the Imprest Account has been maintained in accordance with the provisions of the financing agreement.
- e. The auditor must form an opinion on whether the Imprest Account was used in compliance with required procedures (e.g., those of ADB), and the fairness of the presentation of Imprest 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 Imprest Account in accordance with the financing agreement, and the adequacy of internal controls for this particular disbursement mechanism.
- f. **Statements of Expenditures (SOEs).** The auditor will audit all SOEs used as the basis for the submission of credit withdrawal applications to ADB. These expenditures should be compared for project eligibility with the financing agreements (and with reference to the ADB Report and Recommendation to the President 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 credit disbursement. Annexed to the APFS should be a schedule listing individual SOE withdrawal applications by specific reference number and amount.
- g. **Compliance with Covenants.** Review the compliance with covenants in the financing agreement and with ADB's specific requirements with respect to the financial management of the project in Article IV of the Financing Agreement.
- h. **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 have been provided and used in accordance with the relevant financing arrangements and only for the purpose for which the financing was provided; and

¹ "Agreed project accounting policies" with regard to the preparation of Annual Project Accounts means the International Public Sector Accounting Standard (IPSAS) promulgated by the International Federation of Accountants (IFAC).

² "Agreed auditing standard" means the International Standards on Auditing (ISA) promulgated by the International Auditing and Assurance Standards Board (IAASB).

- Goods and services financed have been procured in accordance with the relevant financing agreements.
- i. **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; (iii) physical observation, including inspecting or counting tangible assets, such as materials, inventory, land buildings, property or equipment; (iv) confirmation, including directly confirming balances or transactions with external third parties, such as cash balances, accounts receivable or accounts payable; (v) sampling, including vouching or examining supporting documentation to determine if balances are properly stated; and (vi) tracing, including tracing journal postings, subsidiary ledger balances, and other details to corresponding general ledger accounts or trial balances.
 - j. **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; (iii) reconciliations with internal and external evidence are performed on a timely basis by the appropriate level of management; (iv) balances can be confirmed with external parties; (v) adequate documentation and an audit trail is retained to support transactions; (vi) transactions are allowable under the agreements governing the project; (vii) errors and omissions are detected and corrected by project personnel in the normal course of their duties, and management is informed of recurring problems or weaknesses; (viii) management does not override the normal procedures and the internal control structure; and (ix) assets are properly accounted for, safeguarded and can be physically inspected.

D. Management Letter

33. At the minimum, this should include:

- (i) a general overview of the internal control systems of the project and the executing agency, or an opinion on the management systems;
- (ii) an identification of material deficiencies or weaknesses in the project or executing agency's internal controls over financial reporting or on the overall system of internal control;
- (iii) the auditor's recommendations for improvements or for rectification of identified weaknesses;
- (iv) the client's comments on the findings and recommendations; and
- (v) follow-up action/s or status to previously identified issues and findings, if any.

E. Project Financial Statements

34. The project financial statements should include:

- (i) a Statement of Sources and Uses of Fund showing comparative figures for the preceding reporting year and cumulative figures to date, and comparison of budget and actual funds received from ADB, and counterpart funds separately and use of funds by main categories of expenditures;
- (ii) an SOE showing comparison of budget and actual expenditures under the main project headings, both for the current fiscal year and accumulated to date;
- (iii) a Balance Sheet showing Accumulated Funds of the Project, bank balances, other assets of the project and liabilities, if any; and
- (iv) Notes to the Financial Statements.

F. Audit Opinions

35. Besides a primary opinion on the project financial statements, the annual audit report should include opinions on (i) the accuracy and correctness of expenditures withdrawn under SOE procedures; (ii) whether the Imprest Account was used in compliance with ADB procedures and the fairness of the presentation of Imprest Account activity and the year-end balance; (iii) confirm or otherwise that loan and grant proceeds were used for purposes intended; and (iv) compliance with financial covenants (where applicable).

G. Statement of Access

36. 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.

37. The auditor will be provided with full cooperation by all employees of MDF and the project implementing units, whose activities involve, or maybe reflected in, the annual financial statements. The auditor will be assured rights of access to banks and depositories, consultants, contractors and other persons or firms hired by the employer.

H. Independence

38. 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 interdependence.

I. Auditor and Audit Staff Competence

39. The auditor must be authorized to practice in the country and be capable of applying the agreed auditing standards (see Terms and Definitions). 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 to the entity whose audit they are to undertake.

40. To this end, the auditor is required to provide CV of the auditors who will provide the options 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.

J. Submission of Proposal and Work Plan

41. 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:

- 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;
- Whether the audit would be conducted as a completed audit (i.e., will the auditors carry out their audit after financial yearend, when the books of account are, or are being, closed);
- 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;
- 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, Imprest Accounts);
- Procedural requirements for certain verification procedures (e.g., checking of stocks, inventories, assets, etc.);
- Specific actions required on the part of the employer (e.g., access to computer systems and records, disclosures);
- Discussions before signing the opinion and report on any matters arising from the audit, and with whom these discussions would be held; and
- The timetable for provision of opinions and reports.

K. Consultant's Qualification and Input

42. The team mobilized by the Consultant should be composed of, but not limited to, the following key experts:

Position	Qualification	Tasks and Responsibilities
Engagement Partner	ACCA and Minimum Master's Degree in Financing/Auditing is required with at least 10 years experience of working with similar assignments financed by the International Donor Organizations	General management of the assignment Audit planning Leading an audit team Implementation of pre-audit procedures Approving the audit programs Reviewing the system of internal controls Reviewing draft audit reports and draft management letters Reviewing final audit reports and final management letters

Audit Manager	ACCA and Minimum Master's Degree in Financing/Auditing is required with at least 8 years experience of working with similar assignments financed by the International Donor Organizations	Implementation of pre-audit procedures Statistical sampling reviewing the system of internal control Auditing financial statements in accordance with ISA and ADB guidelines Reviewing the compliance with accounting principles Summarizing audit works
Auditor (2 persons)	Bachelor's Degree in Financing/Auditing with at least 5 years experience of working with similar assignments financed by the International Donor Organizations	Audit of project financial statements Summarizing audit works Preparation of auditor's report and management letter

GENDER ACTION PLAN (TRANCHE 4)

Activity/Strategy	Performance/Indicator	Rationale/Objective	Responsibility	Timing
Component 1: Infrastructure Improvement				
Introduce gender features in infrastructure planning and construction	<ul style="list-style-type: none"> • Specific needs of women are addressed in all design and construction • Local communities are consulted with 50% women participation • Gender sensitive detailed engineering design for Kobuleti developed by consideration the needs of pedestrians along universal design principles ^{a/} • All jobs advertised publicly and ads include a statement such as “qualified women are encouraged to apply” 	<p>Maximize women access and benefits from the project</p> <p>Access to safe mobility</p> <p>Equal employment opportunities are given to women and men</p>	PMU, executing agency, and relevant municipalities	2015-2018
Component B: Institutional Strengthening				
Gender mainstreaming strategy for urban transport and better outreach to the project beneficiaries	<ul style="list-style-type: none"> • Awareness material to improve safety of pedestrians developed • One public outreach campaign on safe mobility conducted with 50% of participation of women covering issues of safe mobility, road safety among them concerns for women and girls (including sexual harassment and violence) • Gender aspect of MIS for MDF introduced, including sex-disaggregated data and gender indicators wherever relevant 	Increase institutional effectiveness and executing agency and relevant municipalities	Executing agency and relevant municipalities	2016-2017
Component 3: Project Management Facility				
Capacity building of the PMU for effective project implementation	<ul style="list-style-type: none"> • Training session on use of MIS is conducted for 90% of women of MDF • Training session for PMU (technical, procurement, safeguards monitoring and project management) during project implementation with 50% women participation 	To support executing agency and relevant municipalities to gender mainstream in their operation	Executing agency	2015-2018

GAP = gender action plan, MIS = management information system, MDF = Municipal Development Fund, PMU = project management unit.

^{a/} Universal design is defined as design of environments to be usable by all people.