



Cottage Settlements for Georgia's New IDPs: Accountability in Aid and Construction

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OPEN SOCIETY GEORGIA FOUNDATION
ფონდი ღია საზოგადოება საქართველო



Overview

- Assessment of cottage quality
- Overview of construction costs and process
- Government accountability mechanisms
 - MDF
 - Mtskheta municipality



Background

- 3,963 cottages built – 32% MDF, 68% Mstkhta municipality
- 13,876 IDPs
- Built between September and December 2008
- Average cost per cottage: GEL 27,800
- Total cost: GEL 133.3 million (USD 94.5m)
- Financed by World Bank and European Commission



Assessment of Cottage Quality: Methodology

Settlement	Mar 2009	Dec 2009
Karaleti	X	X
Khurvaleti	X	X
Shavshvebi	X	X
Skra	X	
Berbuki	X	
Akhalsopeli		X



Assessment of Cottage Quality: Findings

- Structural integrity of cottages is sound
- March '09: almost all houses had a “non-minor” defect due to fast building pace and use of wet materials in construction
- December '09: problems persisted, therefore not due to fast pace of construction or wet building materials
- Architectural design and short planning period the main cause



Assessment of Cottage Quality: Further findings

- Architectural design elements:
 - Thickness of cottage walls – 20cm
 - Cement “skirt”
 - Rain gutters and overhanging roofs
 - Insulation and preventing mold and moisture
- Energy costs



Construction costs and process

- Who decided to build the cottages?
- Who tendered the architectural design?
- No open tender to select construction companies
- Was this emergency shelter or long-term, durable shelter?



Cottages built by MDF and Mtskheta municipality

	MDF	Mtskheta municipality
# companies contracted	14	1
# cottages built	1,263 (32%)	2,700 (68%)
Average cost per cottage	27,183 GEL	28,200 GEL
Average cottage cost, including infrastructure	29,324 GEL	35,275 GEL
Average settlement size	126	900



Cottage costs: MDF

Settlement	Construction Company	# cottages	Contract amount (GEL)	Cost per cottage (GEL)
Berbuki	Ltd Lazo Invest	134	3,518,450	26,257
Skra	Ltd Nola	86	2,278,602	26,495
Shavshvebi	JSC Tbilmetstvmsheni-3	27	722,752	26,769
	Ltd Oda	30	824,479	27,483
	Ltd RTG	30	813,312	27,110
	Ltd Goni	30	797,793	26,593
	Ltd Imereti-2000	30	809,855	26,995
	Ltd Mshenebeli 80	30	821,933	27,398
Khurvaleti	JSC Samsheneblotresti #3	100	2,672,385	26,724
	Ltd Intermsheeni A&P	39	1,042,230	26,724
Karaleti &	Ltd Akmsheeni	162	4,531,605	27,973
Tsmindatskali	Ltd Planeta	158	4,433,783	28,062
	Ltd Block-Georgia	160	4,505,067	28,157
Teliani	Ltd Planeta	54	1,417,906	26,258
Metekhi	Ltd Planeta	35	919,013	26,258
Akhalsopeli	Ltd Axsisi	100	2,706,824	27,068
Mokhisi	JSC Inzhmsheni	58	1,534,448	26,456

Cottage costs: Mtskheta municipality

Settlement	Construction Company	# cottages	Contract amount (GEL)	Cost per cottage (GEL)
Tserovani	New Energy	2,000	56,400,000	28,200
Tsilkani	New Energy	400	11,280,000	28,200
Prezeti	New Energy	300	8,460,000	28,200



Infrastructure: MDF

Settlement	Construction Company	Contract amount (GEL)	Description of works
Akhalsopeli	CMC, Ltd	50,000	Access Roads
	Tskalcanalremmsheni, Ltd	100,073	Water supply
Berbuki	Lazo-Invest, Ltd	147,837	Access Roads
	El-Rio, Ltd	109,870	Water supply
Karaleti and Tsmindatskali	Akmssheni, Ltd	91,492	Access Roads
	Block Georgia, Ltd	111,475	Access Roads
	Planeta, Ltd	117,436	Access Roads
	El-Rio, Ltd	742,770	Water supply and Sewage
Khurvaleti	El-Rio, Ltd	77,900	Water supply
Metekhi	Planeta, Ltd	32,004	Access Roads
	Tskalcanalremmsheni, Ltd	58,152	Water supply
Mokhisi	Ijhmsheni, JSC	32,773	Access Roads
	Tskalcanalremmsheni, Ltd	63,752	Water supply
Prezeti	Tskalcanalremmsheni, Ltd	470,768	Water supply
Shavshvebi	Imereti, Ltd	244,963	Access Roads
	El-Rio, Ltd	105,030	Water supply
Skra	Nola, Ltd	68,927	Access Roads
	El-Rio, Ltd	78,100	Water supply
Teliani	Planeta, Ltd	34,556	Access Roads
	Tskalcanalremmsheni, Ltd	416,506	Water supply
Tsilkani	Tskalcanalremmsheni, Ltd	264,074	Water supply

Infrastructure: Mtskheta municipality

Settlement	Construction Company	Contract amount (GEL)	Description of works
Tserovani, Tsilkani, Prezeti	New Energy, Ltd	17,300,000	Road infrastructure, designing houses, water supply, sewage system
Tserovani	New Energy, Ltd	800,000	Construction of sewage cleaning building (II stage)



Summary: Cottage and Infrastructure Costs

- Total cottage costs:
 - MDF: GEL 34,350,437
 - Mtskheta municipality: GEL 76,140,000
- Total infrastructure costs:
 - MDF: GEL 2,686,661
 - Mtskheta municipality: GEL 19,098,916
- Combined costs: GEL 110.5m (USD 78.4m)
 - MDF: GEL 37,037,099
 - Mtskheta municipality: GEL 95,328,915



Variation from the mean by cottage

Settlement	Total cost (GEL)	Average cottage cost (GEL)	Managing agency	Difference above/below the mean (%)
Akhalsopeli	2,856,897	28,569	MDF	4
Berbuki	3,668,523	27,377	MDF	-10
Karaleti & Tsmindatskali	14,533,627	30,278	MDF	11
Khurvaleti	3,792,515	27,284	MDF	-5
Metekhi	1,009,170	28,833	MDF	3
Mokhisi	1,630,973	28,120	MDF	-3
Shavshvebi	5,140,117	29,040	MDF	-2
Skra	2,536,309	29,492	MDF	-15
Teliani	1,868,968	34,611	MDF	-2
Tserovani, Tsilkani and Prezeti	95,238,916	35,274	Mtskheta Municipality	18
<i>All settlements</i>	<i>132,276,015</i>	<i>29,888</i>		

Monitoring and accountability mechanisms: MDF

- Supervisory engineer for each contract
- 1-year liability period, ended in Dec 2009
- Defects/signature lists



Liability of construction companies

- 1-year liability period
- Examples:
 - Poor installation of doors and windows
 - Concrete staircases that are crumbling (probably because mix of cement and other materials was badly done)
 - Missing construction materials (i.e. wooden support beams in the floors)
 - Cracks in exterior plaster
 - Leaking roofs
 - Broken door and window handles
- Not liable for problems due to flaws in architectural design, building speed (i.e. interior walls, moisture and damp)



Sample MDF defects/signature list

Act N:

The following act documents that in IDP cottages located in village Khurvaleti (Gori region) all preliminary defects (other than internal walls, ceilings and floor defects) have been fixed.

Date: 3 December 2009

Contractor: "Samsheneblo Tresti N3"

Procured by: Municipal Development Fund

Number of cottages: 100

N	Inhabitant	Defect description	Signature
1	Kakhadze Nugzari	Window surrounding ("sarineli"), broken window	
2	Kobadze Nino	Restoration of staircase, fixing the roof	
3	Tavadze Eteri	There is no damage	
4	Tsereteli Vakhtangi	Restoration of the window	
5	Julakidze Tamari	Minor cracks on the façade, resoration of window surrounding ("sarineli")	
6	Khorquashvili Natela	Fixing windows and doors	
7	Talakhadze Gela	The door of the kichen does not have a glass and the window is cracked, Cracks in the window surrounding ("sarineli"), Windows and Doors need regulation	
	Etc.		

Signed: MDF and Samsheneblo Tresti N3

TI Georgia verification of MDF repairs

House	Construction Company	Actual repairs match those documented by MDF monitors?
1	Construction Trust No. 3	Fully repaired
2	Construction Trust No. 3	Partially repaired (MDF documentation is incorrect)
3	Construction Trust No. 3	Partially repaired
4	Construction Trust No. 3	Partially repaired
5	Construction Trust No. 3	Fully repaired
6	Construction Trust No. 3	Partially repaired
7	Construction Trust No. 3	Fully repaired
8	Construction Trust No. 3	Fully repaired
9	Construction Trust No. 3	Partially repaired
10	Intermsheni A&P, LLC	Partially repaired
11	Intermsheni A&P, LLC	Fully repaired
12	Intermsheni A&P, LLC	Fully repaired







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Summary: MDF accountability and monitoring mechanisms

1. Weak initial documentation and follow-up verification
2. Incomplete work and negligence by construction companies, even after MDF's monitoring
3. Provision of signatures is not a final verification



Monitoring and accountability mechanisms: Mtskheta municipality

- Outsourced monitoring to Experti, Ltd.
 - Two individuals
- Final evaluation commission was not independent:
 - Chief of Staff of MM, 2 reps from MM procurement services, MM's Agency of Economy and Infrastructure Development and Experti Ltd.
- Process for collecting information about defects was more *ad hoc*
- Defects list: documents problems in 389 cottages



Conclusions

- Main problems in the settlements were due to architectural design and short planning period
- Very little information about the process and how/why decisions were made
- Donors, by funding these initiatives, play a large role in promoting greater access to information and transparent decision-making
- Questions about who paid for cottages built by Mtskheta municipality remain

