



KOSOVO RAILWAY ROUTE 10 REHABILITATION PROJECT

PERIODIC (JANUARY-JUNE 2024) PROJECT REPORT

CUT-OFF DATE OF THE REPORT: 30 JUNE 2024



PRESENTED BY:

Beneficiary (Project Implementing Entity) Details



Client Name: Kosovo Railway Infrastructure INFRAKOS J.S.C	
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<p>I certify that, to the best of my knowledge and belief, the information contained in this report is true, complete and correct in all material respects and does not omit any material fact necessary.</p> <p>Signature:</p> <p>Mr. Nexhmi Rama – Acting Head of PIU</p> <p>Date 30.06.2024</p>	
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Reporting Period: January - June 2024	

Send to

Name	Organisation	Comments
	EBRD	
	EIB	
	MoF	
	MIT	
	CEO, Infrakos	
	NIPAC	

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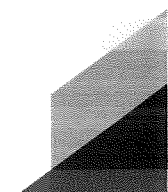
Annex#1 Project Procurement Plan – last not objected update (new update under elaboration)

Annex#2 Status of compliance with each of the Project agreement covenants

Annex#3 Photographic site report

TABLE OF ABBREVIATIONS

BoQ	Bill of Quantities
CA	Contracting Authority
CEO	Chief Executive Officer of INFRAKOS
CFO	Chief Financial Officer of INFRAKOS
EBRD	European Bank for Reconstruction and Development
EC	European Commission
EIA	Environmental impact assessment
EIB	European Investment Bank
EU	European Union
GAF	Grant Application Form
IAS	International Accounting Standards
IFI	International Financial Institutions
InfraKos	Kosovo Railways Infrastructure Company (Employer and Project Final Beneficiary)
Lead IFI	European Bank for Reconstruction and Development
MoE	Ministry of Environment and Spatial Planning
MoF	Ministry of Finance of Kosovo
Mol	Ministry of Infrastructure of Kosovo
M&E	Monitoring and evaluation
NIPAC	National IPA Coordinator
PIE	Project Implementing Entity, InfraKos
PIU	Project Implementation Unit
PoW	Program of Works
PR	PIU Regulation
TA	Technical Assistance
UNDP	United Nations Development Program
VC	Videoconference
VO	Variation order
WBIF	Western Balkan Investment Framework



0 - DOCUMENT INFORMATION

This report is prepared in compliance with the periodic project reporting requirements set forth within the Project Agreement, dated 23 September 2015 between EBRD and Infrakos for the implementation of the **Kosovo Railway Route 10 Rehabilitation Project**. The report aims at providing up-to-date information to the project Financiers, covering all elements of the reporting requirements as per Section 2.07 (b) of the Project Agreement. The current report is issued on a three-monthly basis, thus covering the Financing documents requirements for periodic project reporting and facilitating the project monitoring by the project funders and stakeholders.

Disclaimer: This document has been produced with the financial assistance of the European Western Balkans Joint Fund' under the Western Balkans Investment Framework. The views expressed herein are of its author and can therefore in no way be taken to reflect the official opinion of the Contributors to the European Western Balkans Joint Fund or the EBRD or the EIB, as co-managers of the European Western Balkans Joint Fund.

1 - PROJECT OVERVIEW

The overall project consists of the urgent rehabilitation and upgrading of the Rail Route 10 (Kosovo-Serbia border to Kosovo-North Macedonia border) in Kosovo (the "Project"). Rail Route 10 covers in Kosovo a railway line in total length of 252 km with general orientation Kraljevo (Serbia)-Pristine (Kosovo)-Gorce Petrov (North Macedonia). The railway line is crossing Kosovo at a length of 148 km starting from Leshak at the Serbian border end ending at Hani i Elezit, border with North Macedonia.

The Kosovo rail route 10 project is part of the Western Balkans core railway network, an extension of the Trans-European Transport Networks, which is part of the EU's wider efforts to promote transport connectivity in the Western Balkans.

The Government of Kosovo has engaged in a wide-ranging rail reform programme to bring the sector into compliance with EU directives. A comprehensive railway sector reform and reorganisation was initiated at the end of 2005. The public railway company was converted into a joint stock company (Kosovo Railways JSC) and operated as an integrated railway until 2011. In 2011, the company was split into an infrastructure company (the "Client" or the "Company" or "INFRAKOS") and a train operating company ("TRAINKOS") and these have been operating as separate companies since August 2011.

The procurement and implementation of all project components is carried out by the Project Implementation Unit established by INFRAKOS, the Project implementing entity.

The proposed project consists of the rehabilitation and partial upgrade of Kosovo's north-south railway line, with total length 148km, from the border with Serbia in the North of Kosovo to the border with North Macedonia in the south of Kosovo. The Overall Project will be implemented in three Phases and consists of the rehabilitation and upgrading of the following railway sections:

- i. Fushë Kosovë – FYR Macedonia border (Hani i Elezit station), 66.823 km (Phase I);
- ii. Fushë Kosovë – Mitrovicë, 34.369 km (Phase II);
- iii. Mitrovicë – Serbian border (Leshak station), 48.119 km (Phase III) - (for which to date the funding decision has not yet been taken).

Systems for the above-mentioned sections will be awarded under two separate assignments for Signalling and Communication:

- iv. Signalling and Communication for Phase I and II;
- v. Signalling and Communication for Phase III.



Figure 1 – Project phasing

The works and service contracts that form part of the overall project are presented in the attached Procurement Plan (see Annex #1). The status of fulfilment of the Project agreement covenants is presented in Annex #2.

The overall project status and progress achieved in the Works Contracts in implementation stage as of the cutting date of this report is presented in the sections below. Photographic report is also presented in Annex #3.

2 - PROJECT STATUS

2.1 - Project Actions in Implementation Stage

2.1.1 - Executive Summary

Key issues and risk factors that have a high probability and high impact on the completion of the Project:

A. Works Contract Phase I

- a) At the end of the reporting period, the financial progress is around 70.3 % with 95,00% time elapsed;
- b) The achieved average monthly progress in the reported period is around 1.2%, which is significantly low;
- c) The Parties have signed Addendum no #4 effective from 25.04.2023 stipulating:
 - (i) An EoT until 30.09.2024 at no additional cost for the Employer;
 - (ii) The cost of re-design for 13 new steel bridges with re-enforced abutments is 500 k EUR;
 - (iii) The cost of the additional work will have to be justified by the Contractor;
 - (iv) Defining Milestone Completion Dates to be respected by the Parties;
 - (v) Closing and Settling total of 22 Claims of the Contractor and 6 claims of the Employer.
- d) The Contractor did not submit new baseline PoW as per SC 8.3 and para. 10 of Addendum #4. The Engineer has issued a Notice to correct under SC 15.1, which is still open. The "As-Built program", part of the Contractor's MPR-46 of June 2023, which is considered by the Contractor valid, is already jeopardized and the project is facing significant delays. **The Completion date has been compromised.** The Submission of the Baseline Program of Works as per SC 8.3 and para Nr 10 of Add. 4 is still pending.
- e) The Contractor is failing to respect the Addendum #4 Milestones and continues to fail to deliver contractually compliant designs for the new steel bridges. Employer's claim has been open in that regard.
- f) The violated milestones and the time elapsed are presented in the table below.

Addendum Nr.4 violated milestones.

Milestone Name	Milestone Description	Scheduled Date	Actual Date	Current Delay
Bridges				
MB-A	Completion of Works for Bridge #A (Bridge 13)	30.09.2023	Incomplete	9 months
MB-B	Completion of Works for Bridge #B (Bridge 15)	30.09.2023	Construction has not even commenced	9 months
MB-C	Completion of Works for Bridge #C (unidentified)	30.11.2023	Construction has not even commenced	5 months
MB-d	Completion of Works for Bridge #D (unidentified)	31.01.2024	Construction has not even commenced	5 months

MB-E	Completion of Works for Bridge #E	31.01.2024	Construction has not even commenced	5 months
MB-F	Completion of Works for Bridge #F	31.03.2024	Construction has not even commenced	3 months
MB-g	Completion of Works for Bridge #F	31.03.2024	Construction has not even commenced	2 month
MB-H	Completion of Works for Bridge #H	31.05.2024	Construction has not even commenced	2 month

Tunnels				
MT-6	Completion of Works for Tunnel #6	10 Aug 2023	Construction is on going	11 months
MT-7	Completion of Works for Tunnel #7	30 Sep 2023	Construction is on going	9 months
MT-1	Completion of Works for Tunnel #1	30 Mar 2024	Preliminary works	3 months
MT-2	Completion of Works for Tunnel #2	31 May 2024	Preliminary works	2 Month

- g) For tunnels T7 T5 T3 T2, and T1, the final designs' submission and approval is pending. The tunnels Designs revision integrated the Employer's comments, the missing niches, and the drainage network modification is still pending. During this period, the Contractor submitted the design of tunnel T6 and pending his reply to the Employer's and Engineer's comments, for tunnel T7 the Contractor on 17.05.2024, 3 months after the execution of works, submitted his designer's comments, which are under the Engineer's evaluation. The Contractor hasn't yet submitted any design proposal for tunnel T4. The work's execution is pending.
- h) The quality of works is considered by the Engineer as the one of the critical issues, with total withheld amount under SC 14.6 of over 2,2 mEUR as of the end of the reported period (ref. IPC 36, dated 11.06.2024). The Engineer has expressed his concerns of the Contractor's reaction and has alerted the Employer. Total number of the non-closed NCRs is 464. Quality issues in civil works have become one of the Engineer's most pressing problems. The failure of the Contractor's Quality Assurance plan is obvious. Test results are not communicated as per Contract requirements. The Engineer has alerted the Employer and issued two SC 15.1 [Notice] for quality issues.
- i) On 30.03.2023 EIB raised concerns about the Contractor's compliance with the environmental requirements and local regulations; The Engineer has issued a Notice to correct under SC 15.1 on 31.03.2023, its current status is still open. The Contractor is not respecting the laws regarding the Environment and the use of the PPE is deficient.
- j) Total of thirty-one SC 15.1 [Notice to Correct] have been issued by the Engineer, only five have been complied with, 26 remain open as of the end of the reported period.
- k) The initial contract price has a strong tendency to overrun, that mainly explained by the significant escalation of the Construction Cost Index and application of SC 13.8 Adjustment for Changes in Cost (estimated by the Engineer as 12.6-20.62 mEUR, most likely closer to the upper limit); As a result, the Application of SC 13.8 Adjustment for Changes in Cost together with other contractual

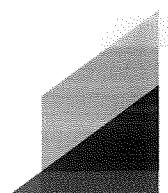
adjustments detailed in Section 2.5.4 above may potentially lead to adjustment of the Accepted Contract Price in 12.6 to 20.62 mEUR. The currently certified and paid amount under SC 13.8 [Adjustment for Changes in Cost] is 11,334,029.25 EUR.

B. Works Contract Phase II

- a) At the end of the reporting period, the total financial absorption is 41.68% including Advance Payment as well as Price Adjustments while the total actual progress is 33.42%, whilst the 138.2% of the time for completion is absorbed. The assessment of the Interim Claim no.19 issued by the Contractor, as a compendium of all the previously submitted 18 Notices of Claim, with the letter dated 19.12.2023. With this assessment no extension of the Time for Completion was granted by the Engineer to the Contractor because all the claims were disapproved and the temporary extensions of time were revoked, according to the relevant clause in the Agreements (dated 18.03.2024). The Claim is under Engineer's assessment.
- c) Application of SC 13.8 Adjustment for Changes in Cost leads to adjustment of the Accepted Contract Price in 18.68 mEUR which is the maximum optimistic forecast since all the Price Adjustments were frozen according to CCI Q4/2023.
- d) The additional 38mEUR loan from EIB is likely to cover the identified additional funding needs for both Phase 1 and 2 Works Contract Price adjustment costs if not further drastic changes in the CCI;
- e) During the reported Environmental & Social Action Plan for Phase 2 was accepted by EBRD and payments with EBRD loan and WBIF funds for Phase 2 Works Contract became possible.

C. Other

- a) The Phase 1 Works Supervision contract I has been extended until 15.11.2024 (Addendum 7). This extension does not cover the anticipated duration of Works Contract for Phase I and further extension will be needed. The Maximum Contract Amount is revised to 5,579,350.00 EUR.
- b) With Addendum No. 2 to the Service Contract, the Phase 2 Engineer's services for the construction period have been extended until 10.01.2025. The Maximum Contract Amount is revised to 2,927,410.00 EUR.



2.1.2 - Phase I, Fushë Kosovë- Border with North Macedonia Railway Section

2.1.2.1 - Scope of Work (Phase I)

Phase I of the Project includes the section that connects Fushë Kosovë, near Prishtina, to the North Macedonian border at Hani i Elezit. This line, 66.823 km long, is the only operational railway link connecting Kosovo's domestic network to the international network. As such, it carries all import and export rail traffic to and from Kosovo. The line was last overhauled 45 years ago and has only had routine maintenance for the last twenty years. It includes seven tunnels, in many of which the linings are in poor condition, endangering the stability of the structures and limiting train speeds to 20 km/h. Design speed is 120 km/h (70 km/h for the last 21 km), axle load 250 kN and the structural gauge, UIC-GC. The main features of Phase I are provided in the Table below.

TABLE 1. MAIN FEATURES OF PHASE 1 WORK CONTRACT

Description	Unit	Value
Length of Project	m	66,823
Length of UIC 60 rail track (CWR)	m	65,717
Length of UIC 60 turnouts	m	1,287
Length of secondary rail tracks	m	13,857
Width between rails (gauge)	m	1.435
Quality of primary rails, UIC 60		R260 & R350HT
Quality of secondary rails, S49		R260
Stations	nr.	8
Stops	nr.	5
Tunnels	nr.	7
Length of Tunnels (incl. T4)	m	983
Bridges	nr.	34
Length of Bridges	m	773

2.1.2.2 - Key Data of the Work Contract (Phase I)

2.1.2.2.1 - Original Key Data. Work Contract (Phase I)

The Key Data of the Work Contract (Phase I) is provided in the Table below

KEY DATA OF THE WORK CONTRACT (PHASE I)

Description	Data
Employer	INFRAKOS Kosovo Railways Infrastructure
Contractor	Generale Costruzioni Ferroviarie S.p.A.
Engineer	Hill International NV
Base Date	23 July 2018
Construction Contract Agreement signing	06 February 2019
Commencement Date	30 August 2019

Description	Data
Time for Completion (Initial)	730 days
Works' Completion Date (Initial)	29 August 2021
Time for Completion (Add.4).	30 September 2024
Defects Notification Period (DNP)	365 days
Accepted Contract Amount (ACA)	78,625,639.40 EUR without VAT ¹
Provisional Sum for Contingencies	4,798,747.94 EUR
Price Adjustment under SC 13.8	11 334 029.25 EUR

2.1.2.2.2 - Addendums to the Work Contract (Phase I)

The list of Addendums to the Work Contract (Phase I) is provided in the Table below.

ADDENDUMS TO THE WORK CONTRACT (PHASE1)

Addendums to the Works Contract				
No.	Title	Bank's no objection	Signed	Remarks
Add. 1	Accepted Contract Amount and Advance Payment	13-12-19	14-01-20	Reduced Advance Payment from foreseen 15% to 10% of the ACA
	Reduced Advance Payment from foreseen 15% to 10% of the ACA			
Add. 2	DAB - Dispute Adjudication Board	13-12-19	14-01-20	Add the fees of the DAB member to the CP
Add. 3	EoT and Regulation of all open contractual issues	24-09-21	08-12-21	EoT up to 30/12/2022
Agrmt. 1	Agreement to suspend the time for completion until 31 January 2023	N/A	21-12-22	EoT up to 31/01/2023
Agrmt. 2	Agreement to suspend the time for completion until 15 February 2023	N/A	30-01-23	EoT up to 15/02/2023
Agrmt. 3	Agreement to suspend the time for completion until 31 March 2023	N/A	15-02-23	EoT up to 31/03/2023
Agrmt. 4	Agreement to suspend the time for completion until 30 April 2023	N/A	11-04-23	EoT up to 30/04/2023
Agrmt. 5	Agreement to suspend the time for completion until 31 July 2023	N/A	19-06-23	EoT up to 31/07/2023
Add.4	EoT and Regulation of all open contractual issues	N/A	12-07-23	EoT up to 30/09/2024

2.1.2.2.3 - Variation Orders (Phase 1)

Detailed description of all instructed VO's is included in Section 9.1.

¹ Works Contract is exempted from VAT based on Laws 05/L-072 and 05/L-111

2.1.2.3 - Works Contract Progress (Phase I)

PROGRESS DURING Q1 & Q2 2024

Description	December 2023	June 2024	Progress	Average Monthly Progress
1	2	3	4 = 3-2	5
Materials on Site	80.4%	84,6%	4.2%	0,7%
Works	50.9%	58.4%	7.5%	1.25%
Total Financial Absorption	64.30%	70.30%	5.2%	0.867%

PHYSICAL PROGRESS Q1 & Q2 2024

Physical progress indicators	Total length	Completed December 2023	Completed June 2023	Progress	Average Monthly Progress
1		2	3	4 = 3-2	5
Primary Rail Track	65.717 km	54.883 km	56.304 km	1.421 km	0.236 km
Secondary Rail Track	13.857 km	11.277 km	12.644 km	1.367 km	0.227 km
Primary and Secondary Rails Tracks	79.574 km	66.159 km	68.948 km	2.789 km	0.464 km

2.1.2.4 - Cost. Work Contract (Phase I)

2.1.2.4.1 - Accepted Contract Price and Actual Financial Progress. Work Contract (Phase I)

The Accepted Contract Price and Actual Financial Progress are presented below:

FINANCIAL PROGRESS OF WORK CONTRACT (PHASE I)

WORKS PROGRESS & COSTS ESTIMATES			
CONSTRUCTION/ENGINEERING CONTRACT		Updated as of:	30.06.2024
		Unit	PH1 Works Contract Contract No45276/06.02.2019
CONTRACTOR		GCF	
	TIME PARAMETERS OF CONTRACT		
A	Commencement date		30.08.2019
B	Original Time for Completion	days/month	730
C = A + B	Original Date for Completion		29.08.2021
D	Extensions of Time for Completion	days	1128
D'	Current Time for Completion	days	1858
E = C + D	Current Date for Completion	date	30.09.2024
	Provisional Date for Completion	date	n/a
	INITIAL FINANCIAL PARAMETERS OF CONTRACT		
G1	Contract Price without Contingency	Eur	73 826 891,46
G2	Contingency	Eur	4 798 747,94
G3	Contingency for VO's	Eur	-
G (G1+G2+G3)	Total Accepted Contract Amount	Eur	78 625 639,40
	CURRENT FINANCIAL PARAMETERS OF CONTRACT		
G1'	Contract Price with Contingency Works Instructed/Approved	Eur	77 334 096,64
G2'	Remaining Contingency	Eur	1 291 542,76
G3'	Adjustmens for changes in costs to date	Eur	11 334 029,25
G' = (G1'+G3')	Contract Price with Contingency Used and Adjustments for changes in costs	Eur	88 668 125,89
	FINANCIAL PROGRESS OF CONTRACT		
K	Amounts Certified for Payment to date	Eur	58 532 006,79
K1	Total Value of Completed Works	Eur	51 574 259,40
K2	Paid advance	Eur	7 862 563,94
K3	Materials on Site	Eur	28 868 715,61
K4	Variation orders carrying adjustmens for changes in costs	Eur	5 568 198,45
K5	Variation orders not carrying adjustments for changes in costs	Eur	921 150,68
K6	Retained money (5%)	Eur	3 095 496,85
K7	Advance payment repayment	Eur	7 862 563,94
K8	Adjustmens for changes in costs	Eur	11 334 029,25
K9	Provisional sum for DAB	Eur	37 226,99
K10	Application of SC 14.6	Eur	2 244 101,79
K11	Delayed Payment financing charges	Eur	4 939,11
P1=K/(G1'+G3')	Progress: % of Current Contract Price with Adjustmens	%	66.01%
M	Time Elapsed	days	1766
N=M/D'	% of elapsed Current Time for Completion	%	95.05%

2.1.2.4.2 - Interim Payment Certificates (IPCs). Work Contract (Phase 1)

IPA-39 was submitted on 11.04.2024 for the works executed during February and March 2024 for the amount of 3,735,458.50 €. IPC 35 was issued on 07.05.2024 at the value of 1,123,160.52 €. Its payment due date is 06.06.2024.

IPA-40 for the works performed during April 2024 submitted on 16.05.2024 for the amount of 3,969,133.33 €, and IPC-36 was issued on 11.06.2024 for the amount of 1,087,559.95 €. Its payment due date is 11.07.2024.

All disbursements under the Phase 1 Works Contract are presented below:

DISBURSMENTS – PHASE I WORKS CONTRACT

2.1.2.4.3 - Planned VS Actual Financial

Phase 1					
Payment Ref.	Certified amount	Cumulative	EBRD	Grant	EIB
IPC 0 - Advance	7,862,563.94	7,862,563.94	4,022,563.94	3,840,000.00	
IPC 1	578,073.77	8,440,637.71			578,073.77
IPC 2	1,281,790.66	9,722,428.37			1,281,790.66
IPC 3	556,778.01	10,279,206.38	278,389.00	278,389.01	
IPC 4	670,519.08	10,949,725.46			670,519.08
IPC 5	578,541.77	11,528,267.23			578,541.77
IPC 6	572,899.68	12,101,166.91	286,449.84	286,449.84	
IPC 7	1,188,418.00	13,289,584.91	594,209.00	594,209.00	
IPC 8	1,745,844.20	15,035,429.11	872,922.10	872,922.10	
IPC 9	958,759.69	15,994,188.80			958,759.69
IPC 10	654,731.13	16,648,919.93			654,731.13
IPC 11	3,673,128.94	20,322,048.87	918,282.24	2,754,846.70	
IPC 12	1,058,504.03	21,380,552.90	264,626.01	793,878.02	
IPC 13	2,558,891.23	23,939,444.13	639,722.81	1,919,168.42	
IPC 14	868,553.97	24,807,998.10	217,138.49		
		24,807,998.10	651,415.48		
IPC 15	572,408.74	25,380,406.84	572,408.74		
IPC 16	1,094,625.93	26,475,032.77	273,656.48	820,969.45	
IPC 17	2,626,256.50	29,101,289.27	656,564.12	1,969,692.38	
IPC 18	1,280,577.38	30,381,866.65	320,144.35	960,433.03	
Ph 2 - IPC 0		30,381,866.65			
IPC 19	1,636,861.72	32,018,728.37	720,219.16	916,642.56	
IPC 20	2,853,293.35	34,872,021.72			2,853,293.35
IPC 21	1,338,584.75	36,210,606.47	334,646.19	1,003,938.56	
IPC 22	632,393.83	36,843,000.30			632,393.83
IPC 23	1,019,031.37	37,862,031.67	254,757.84	764,273.53	
IPC 24	2,014,351.90	39,876,383.57			2,014,351.90
IPC 25	2,184,936.75	42,061,320.32			2,184,936.75
IPC 26	3,272,779.10	45,334,099.42	818,194.78	2,454,584.32	
IPC 27	2,045,250.88	47,379,350.30	616,250.88	1,429,000.00	
IPC 28	2,284,884.21	49,664,234.51	571,221.05	1,713,663.16	
IPC 29	561,780.05	50,226,014.56	140,445.01	421,335.04	
IPC 30	2,000,185.01	52,226,199.57	500,046.25	1,500,138.76	
IPC 31	1,293,986.40	53,520,185.97			1,293,986.40
IPC 32	1,267,147.20	54,787,333.17	316,786.80	950,360.40	
IPC 33	527,268.47	55,314,601.64			527,268.47
Ph 2 - IPC 8		55,314,601.64			
IPC 34	1,006,684.68	56,321,286.32	251,671.17	755,013.51	
IPC 35	1,123,160.52	57,444,446.84	280,790.13	842,370.39	
IPC 36	1,087,559.95	58,532,006.79	271,889.99	815,669.96	
Total	58,532,006.79	58,532,006.79	15,645,411.85	28,657,948.14	14,228,646.80

% from paid
amount

27%

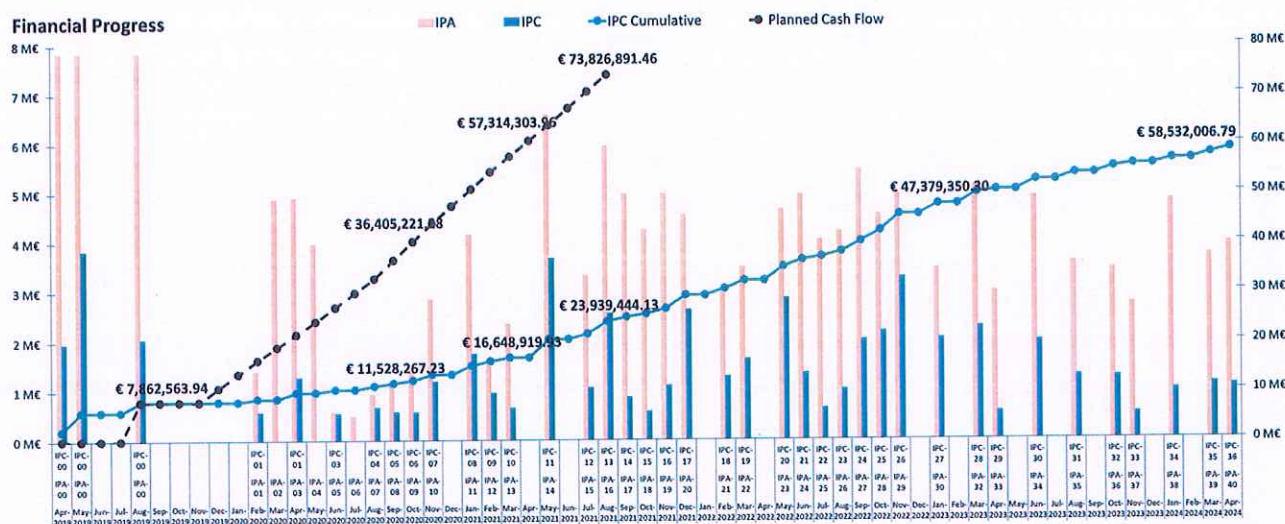
49%

24%

2.1.2.4.4 - Progress. Work Contract (Phase I)

The planned vs. achieved financial progress is presented below:

FIGURE 1. FINANCIAL PROGRESS OF WORK CONTRACT (PHASE I)



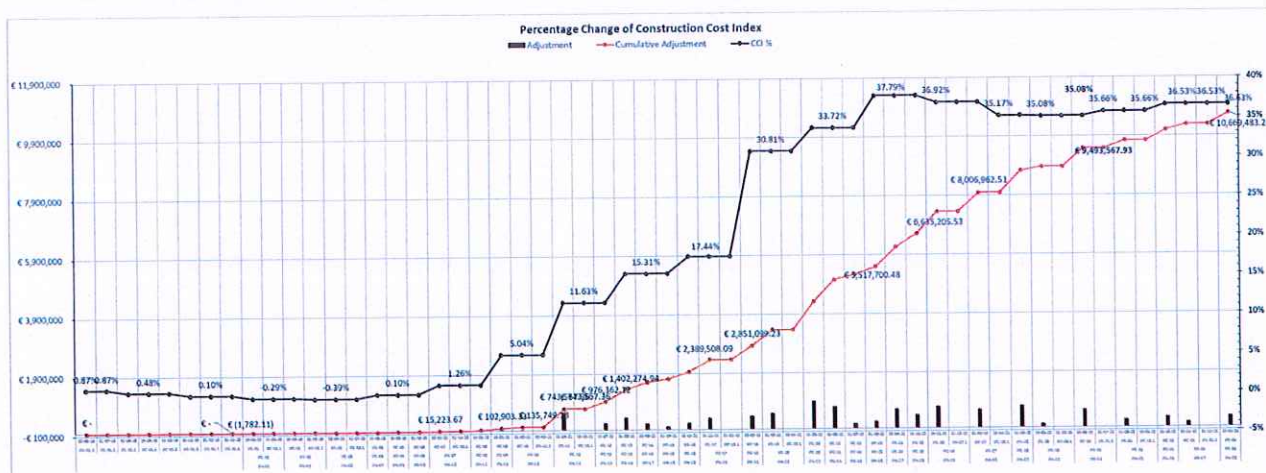
Main reason for the deviation is the Contractor's low progress.

2.1.2.4.5 - Adjusted Contract Price. Work Contract (Phase I)

Due to the considerable increase of the Construction Cost Index (CCI) issued by the Kosovo Agency for Statistics for Q4 of 2023, the current adjustment multiplier is 1.3653 or 36.53%.

As per IPC-36, the cost of price adjustment is at 11.33 M€.

The trend for the CCI throughout the Contract duration is shown in the table below:



2.1.2.4.6 - Anticipated Adjustments of the Contract Price. Work Contract (Phase I)

The tentative forecast of the Final Contract Price is presented below.

FORECASTED FINAL CONTRACT PRICE. WORK CONTRACT (PHASE I)

WORKS PROGRESS & COSTS ESTIMATES			
CONSTRUCTION/ENGINEERING CONTRACT		Updated as of:	30.06.2024
		Unit	PH1 Works Contract Contract No45276/06.02.2019
CONTRACTOR		GCF	
	ADJUSTMENT TO CONTRACT VALUE TO DATE		
S1	Approved estimated cost of contingency	Eur	3 203 550,39
S2	Adjustments for changes in costs	Eur	11 334 029,25
S3	Remaining Provisional sum for Contingency	Eur	1 291 542,76
S4	Delayed Payment financing charges	Eur	4 939,11
P2=S3/G2	% of remaining contingency from the Contract provisional sum, excluding Adjustments for changes in costs	%	27%
S=S1+S2+S4	Total approved/certified to date	Eur	15 829 122,40
	ESTIMATED COST OF EXPECTED VARIATIONS		
T1	Unforeseen costs and Price adjustment (CCI increase)	Eur	9 738 118,21
T2	Corrections for cancelled/replacement activities	Eur	-
T3	Claimed amounts under SC 20.1 with open status	Eur	-
T4	Estimated VO's	Eur	-
T	Total estimated to date	Eur	9 738 118,21
P3=(S+T)/G1	Estimated total % of contingency needed	%	34.63
P3'=G1+S+T-G	Estimated costs beyond the Accepted Contract Amount	Eur	20 768 492,67
V=G1+S	Current contract value, variations and price adjustments to data included	Eur	89 656 013,86
V1=V-S2	Current Contract value without Price Adjustments	Eur	78 321 984,61
V2=V+T	Estimated contract value, variations and price adjustments included	Eur	99 384 132,07
V3=V2-V1	Current estimation of amount needed to cover Price Adjustments costs	Eur	21 062 147,46

The currently anticipated cost, exceeding the Accepted Contract Amount due to the considerable increase of the CPI is exceeding 21,06 mEUR, assuming there will be no significant fluctuations from the current CCI index rate (140.9).

The estimation above does not include information of additional costs of VO related to modification of the technical solution for the new bridges as per Addendum #4 subject to justification by the Contractor.

Fourteen (14) Claims [SC 20.1 Contractor's Claims] are open in total after signing Add. 4, but their detailed submissions per SC 20.1 are pending.

Three (3) claims as per [SC 2.5 Employer's claims] are open in total after signing Add. 4.

2.1.2.5 - Time. Work Contract (Phase I)

2.1.2.5.1 - Programme of Work. Work Contract (Phase I)

Within 28 days from the date signature of the Addendum No.4 the Contractor should have submitted a revised programme as per Clause 8.3 of the Conditions of Contract. This Programme shall include an updated Organization Charts with the names of qualified personnel who upon approval by the Employer shall be appointed to the following position with permanent presence on site (Construction Manager for Civil works, Tunnel Construction Manager, Steel Bridge Construction Manager). This Programme shall respect the Procedure of the Contractor's Design review and Approval and also the Milestones included in the Appendix 3 of the Addendum No. 4 (Clause 10, 11, 12, and 13 of the Addendum No. 4). The Submission of the new Revised Baseline Programme as per SC 8.3, after signing of Addendum No.4, is pending. The Contractor refused to submit the required program of works as per SC 8.3, stating that the as built PoW submitted with the Contractor's MPR of June 23 is valid. The Engineer issued a Notice to correct under SC 15.1, which remains open.

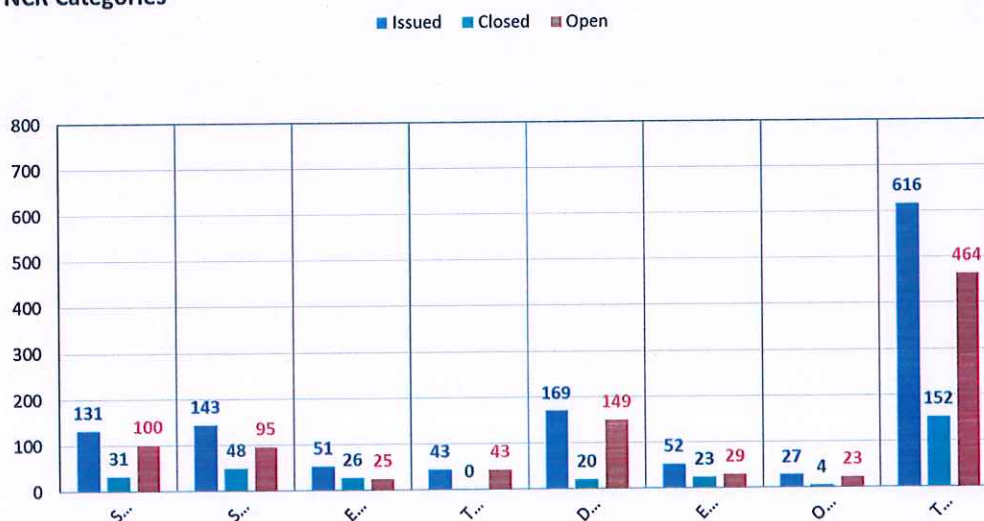
2.1.2.6 - Quality. Work Contract (Phase 1)

2.1.2.6.1 - Non-Conformity Reports. Work Contract (Phase I)

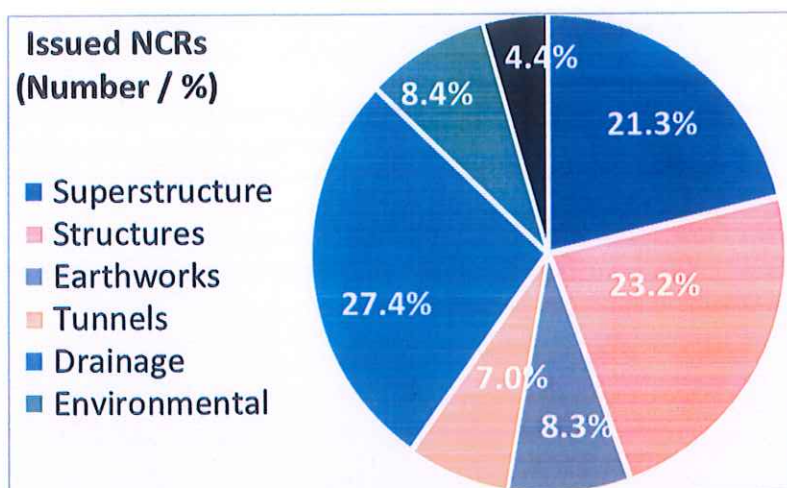
The brief statistic of the issued Non-Conformity Reports (NCRs) extracted from the Engineer's MPR for June 2024 is presented below:

FIGURE 2.NCR. WORK CONTRACT (PHASE I)

NCR Categories



Non-Conformity Categories				
Category	Issued	Closed	Open	%
Superstructure	131	31	100	21.3%
Structures	143	48	95	23.2%
Earthworks	51	26	25	8.3%
Tunnels	43	0	43	7.0%
Drainage	169	20	149	27.4%
Environmental	52	23	29	8.4%
Optic Cables	27	4	23	4.4%
Total	616	152	464	100.0%



The total number of issued NCRs is 616. The total number of closed NCRs is 152. **The total number of the non-closed NCRs is 464.**

2.1.2.6.2 - Notice to Correct. Work Contract (Phase I)

There are twenty-five (25) SC 15.1 [Notice to Correct] issued by the Engineer with open status. Details of all the SC 15.1 Notices are given below:

WORK CONTRACT (PHASE I) – NOTICES TO CORRECT

SC 15.1 - Notice to Correct					Status: June 2024
ID	Description	Notice Date	Reference No	Required Action Date	Status
1	Contractor to instruct the Laboratory to send, immediately upon the completion of the tests and relevant report, the results under one dispatch	20-Aug-20	PXK-00005.00/GP/S0549	Immediate effect	Complied
2	Ballast Deficient Quality Control due to continuous failures in gradation	19-Jan-21	PXK-00005.00/GP/S0971	26-Jan-21	Complied
3	Immediate replacement of the non-approved and non-standard system used to fix the old rails in Gurez between cs 2072 to 2083	04-Mar-21	PXK-00005.00/GP/S1081	10-Mar-21	Complied
4	Culvert C043 excavated material and demolished concrete remaining on Site	05-May-22	PXK-00005.00/VB/S1711	15-May-22	Complied
5	Extension of Advance Payment Guarantee	10-May-22	PXK-00005.00/MZ/S1729	17-May-22	Complied
6	Unsupported Underground Works in Tunnel 6	12-May-22	PXK-00005.00/VB/S1735	22-May-22	Open with Delay
7	Slide to local road	12-May-22	PXK-00005.00/GP/S1741	13-May-22	Open with Delay
8	Application of SC 8.6 [Rate of Progress]	25-May-22	PXK-00005.00/GP/S1784	01-Jun-22	Open with Delay
9	Unapproved Works at collapse in T7, ch 307+646	02-Jun-22	PXK-00005.00/GP/S1801	08-Jun-22	Open with Delay
10	NCRs Remaining Open for Excessive Time	13-Jun-22	PXK-00005.00/GP/S1824	13-Oct-22	Open with Delay
11	Errors in Benchmarks and Geometrical checks	15-Jun-22	PXK-00005.00/VB/S1835	22-Jul-22	Open with Delay
12	Miradi Turnouts 49 and 50	21-Jun-22	PXK-00005.00/GP/S1861	26-Jun-22	Open with Delay
13	Application of SC 8.6 [Rate of Progress]	24-Aug-22	PXK-00005.00/TA/S1948	01-Sep-22	Open with Delay
14	Collapsed section at tunnel T7	12-Sep-22	PXK-00005.00/TA/S1983	16-Sep-22	Open with Delay
15	Steel Bridges retrofitting	16-Sep-22	PXK-00005.00/TA/S1997	23-Sep-22	Open with Delay
16	Tunnel 6	30-Sep-22	PXK-00005.00/TA/S2027	07-Oct-22	Open with Delay
17	Complete interruption INT-11 deadline elapsed	05-Oct-22	PXK-00005.00/TA/S2030	31-Oct-22	Open with Delay
18	Flooded fields - Interference with the Public	18-Oct-22	PXK-00005.00/TA/S2053	25-Nov-22	Open with Delay
19	Missing Key Personnel for tunnel works - Reinforcement of invert at Portals of Tunnel 7	30-Jan-23	PXK-00005.00/CD/S2211	03-Feb-23	Open with Delay
20	Convergences monitoring data for the Tunnels	10-Feb-23	PXK-00005.00/TA/S2230	17-Feb-23	Open with Delay
21	Opening of all tunnels to traffic	21-Feb-23	PXK-00005.00/TA/S2247	23-Feb-23	Open with Delay
22	Environmental and Health&Safety issues	31-Mar-23	PXK-00005.00/ED/S2314	20-Apr-23	Open with Delay
23	Revised Programme Contract Addendum No.4	14-Aug-23	PXK-00005.00/GP/S2461	21-Aug-23	Open with Delay
24	Tunnel T6 Quality control	25-Sep-23	PXK-00005.00/GP/S2509	29-Sep-23	Open with Delay
25	NCRs Remaining Open for Excessive Time	25-Sep-23	PXK-00005.00/GP/S2510	29-Dec-23	Open
26	Tunnel T6 Earthing system missing	26-Sep-23	PXK-00005.00/GP/S2511	30-Sep-23	Open with Delay
27	New Bridges' Deficient Design	29-Sep-23	PXK-00005.00/GP/S2518	05-Oct-23	Open
28	Failure to meet Milestone MI-11	02-Oct-23	PXK-00005.00/GP/S2523	10-Oct-23	Open with Delay
29	Delay in delivery of the ballast test results	27-Dec-23	PXK-00005.00/GP/S2625	28-Dec-23	Open
30	Collapse in the cracked slope area between Gurez and Metalurgija	12-Feb-24	PXK-00005.00/GP/S2670	19-Feb-24	Open with Delay
31	Drainage Manholes covers	07-May-24	PXK-00005.00/GP/S2758	21-Jul-24	Open with Delay

2.1.2.6.3 - Contractor's Claims. Work Contract (Phase I)

Fourteen (14) Notices of Claims [SC 20.1 Contractor's Claims] are open in total after signing Add. 4. for all open claims their detailed submission as per SC 20.1 is pending.

WORK CONTRACT (PHASE I) – CONTRACTORS CLAIM NOTICES WITH OPEN STATUS

No	NOTIFICATION DATE	NATURE OF CLAIM / CHANGE / EVENT	EXCHANGED CORRESPONDENCE	STATUS AND DETAILING
17	01-07-21	SC 20.1 - Purchase fuel at market price inclusive of VAT	GCF: RKS 1358/21 of 01/07/2021 (Notice)	Open Only notification. Contractor has to send a claim with particulars
42	10-05-23	New Rates Unilaterally Instructed by the Engineer	GCF: RKSP1 2758/23 of 10-05-2023 (Notice)	Open Only notification. Contractor has to send a claim with particulars; submitted before Add.4
43	19-05-23	Wall No 34 RHS and Drainage from SC 2711 up to SC 2720 (NOTICE)	GCF: RKSP1 2776/23 of 19-05-2023 (Notice)	Open Only notification. Contractor has to send a claim with particulars; submitted before Add.4
44	07-06-23	Issues Fuel Supplies	GCF: RKSP1 2800/23 of 07-06-2023	Open Only notification. Contractor has to send a claim with particulars; submitted before Add.4
45	22-06-23	Pedestrian Underpass Construction at LC-20, Kaçanik Station	GCF: RKSP1 2828/23 of 22-06-2023	Open Only notification. Contractor has to send a claim with particulars; submitted before Add.4
46	10-08-23	Bridges	GCF: RKSP1 2932/23 of 10-08-2023 HILL: S2464 of 14-08-2023 GCF: RKSP1 2947/23 of 24-08-2023	Open Only notification. Contractor has to send a claim with particulars;
47	18-09-23	Notice of Claim Customs Duties	GCF: RKSP1 3004/23 of 18-09-2023	Open Only notification. Contractor has to send a claim with particulars;
48	02-10-23	Engineer's suspension of the Works for the Bridge No 13	GCF: RKSP1 3020/23 of 02-10-2023	Open Only notification. Contractor has to send a claim with particulars;
49	02-10-23	Interferences from the Customs Authority	GCF: RKSP1 3023/23 of 02-10-2023	Open Only notification. Contractor has to send a claim with particulars;
50	24-10-23	Delays to the Traffic Opening	GCF: RKSP1 3050/23 of 24-10-2023	Open Only notification. Contractor has to send a claim with particulars;
51	14-12-23	Interim Claim Aluminothermic Welds	GCF: RKSP1 3115/23 of 14-12-2023	Open Only notification. Contractor has to send a claim with particulars;
52	27-02-24	Works stopped in Kacanik by residents	GCF: RKSP1 3159/24 of 27-02-2024	Open Only notification. Contractor has to send a claim with particulars;
53	12-04-24	Contractor's Fully Detailed Claim	GCF: RKSP1 3194/24 of 12-04-2024	Open Only notification. Contractor has to send a claim with particulars;
54	10-05-24	Urban Waste in the Right of Way	GCF: RKSP1 3214/24 of 10-05-2024	Open Only notification. Contractor has to send a claim with particulars;

2.1.2.6.4 - Employer's Claims. Work Contract (Phase I)

SC 2.5 - Employer's Claims				Status: June 2024
ID	Description	Notice Date	Correspondence	Status
1	Fiber Optic cable protection	03-12-20	HILL: PXX.00005.00/GP/S0887 of 03/12/2020 GCF: RKS 0951/20 of 04/12/2020	Open (only in respect to third party liability)

Six (6) claims as per [SC 2.5 Employer's claims] were closed by signing Addendum Nr. 4.

There are Three (3) claims as per [SC 2.5 Employer's claims] open after Addendum 4 detailed in the table below.

WORK CONTRACT (PHASE I) – EMPLOYER'S CLAIM NOTICES WITH OPEN STATUS

SC 2.5 - Employer's Claims				Status: June 2024
ID	Description	Notice Date	Correspondence	Status
10	Sub-Clause 2.5 - Contractor's continuous failure to deliver contractually compliant designs for the new steel bridges	27-12-23	HILL: PXX-00005.00/GP/2626 of 07/12/2023	Open
11	Blocked Traffic to the Tunnels B	17-01-24	HILL: 3070	Open
12	Third Party Claims	06-02-24	HILL: PXX-00005.00/GP/2660 of 06/02/2024	Open

2.1.2.7 - Environmental and Social Issues. Work Contract (Phase I)

Following the meeting with the Banks and relevant decisions a SC 15.1 [Notice to Correct] has been issued with letter PXX-00005.00/ED/S2314 "SC 15.1 [Notice to Correct] -Environmental and Health & Safety issues" dated 31.03.2023, for the non-compliances repeated for a long time until now by the Contractor and we notice this haven't changed much. To the Notice to Correct were given deadlines for Contractor to improve Site conditions and submission of documents. Deadlines were set to be fulfilled during April 2023; therefore, Engineer has been waiting for Contractor's action during this reporting period and further actions after issuance of Notice to Correct will be taken in coordination with the Employer and repeated by the Engineer several times to draw the attention of Contractor. Another important development during Q2/2024 was the site visit carried out EBRD monitoring visit which started with joint meeting between EBRD, Employer and Engineer held on 25th June 2024 including representatives of Contractor. Site visit started from the area between Tunnel T6 and T7 and continued to Kaçanik Station, Stop ch.294+900 (Stagove area) and Gurëz Station. On 17th May 2023 was held closing meeting with recommendations for Employer, Engineer and Contractor.

The Engineer consistently advised the Contractor to execute the works with greater attention to environmental and social considerations, while also assuming equal responsibility for health and safety matters. A site visit was arranged by the Health, Safety, Environmental, and Social Engineer on behalf of the Engineer. The visit took place on February 3, 2024, and involved the presence of HSES representatives from both the Employer and the Contractor. The activities were taking place at three different locations. The excursion began at Elez Han station, proceeded through Tunnel 6&7 sites, and concluded at the north side of Tunnel 2, specifically at Bridge 14, the local road connecting Bridge 14 to Bridge 15.

In the presence of the employer, remarks were relayed to the Contractor HSES counterpart subsequent to the collaborative three-part site visit. Since this site visit, no corrective action reflections have been observed on-site, particularly for the issues documented via letters and NCR, addressed by EBRD following the site visit on May 15 and 16, 2023, and most recently observed during a three-part site visit.

The main findings from EBRD site visit during 15 and 16 May of 2023, conclusions and recommendations are presented below:

Personnel: The Contractor nominated Waste Manager during previous reporting period, respectively on 12th April 2023 which is considered as an improvement, but no reflection on working areas and no records as transfer notes are evidenced on site or provided. This was brought into discussion also during three parts site

visit in February/3rd of 2024, especially Waste Manager appointed since 12th April 2023 need to be more proactive and bringing solutions on site and also in documentation. Contractor HSE personnel need to be more often visiting the site and especially following Contractor's and sub/Contractor activity closely.

Trainings: The Contractor is not regularly submitting evidence for HSE Trainings; although it has been duly reminded many times by the Engineer that there is no continuity related to their submission. Training courses should be based on the working type and group of personnel involved. Foremen or site engineers is purely in charge of all activities ongoing on site and do not take into consideration safety measures.

The same level of responsibility is for other issues directly or indirectly impacted from activities during execution of works. Works without proper planning always causes delays and inappropriate results in many disciplines where Environment, Social, and Safety prevail and is considered with high risk due to the cultural approach.

HSE evidence has been included in the Contractor's Monthly Report no.54 for February 2024 and no.55 for March 2024 and isn't included for no.56 April 2024 and neither in the following no.57 May 2024, or 58_CMPR June 2024.pdf; However, the monthly reports from the Contractor side do not cover all aspects as per the document "S1667 (15.12.2021) _RKSP1_1666/21_Environmental Monitoring Plan Rev.3.pdf" and other plans. Giving a clear picture of non-continuity on reporting and mismatching between Plan and CMPR generated from the contractor and submitted monthly.

By EHS, discipline from the Engineer side is taking into consideration another step which will be kept ongoing from now on and relies on transferring knowledge. This is to improve and make contractor as much as it may be feasible aware of EHS issues and consider malpractice as standard activity and procedure.

Waste: Rev.06 of Waste Management Plan has been approved as noted during June 2021 and Contractor was warned to strictly follow this document and start using the Waste Management Plan checklists which have been part of the Plan, despite remarks given by the Engineer their use has not been established yet. This continue to be pending issue caused by Contractor in each working site. Waste infrastructure misses in many working sites. Waste collection is by occasion and separation is never made.

During the Site visits carried out up to June 2024 in all working areas, Engineer noticed that facilities are missing in most of working sites. Waste bins are not provided, wastes found spread or dumped incompliantly on working areas. Some slight improvement is encountered in the tunnel 6&7 where plastic bags are hanged in a working place to collect daily consumables.

During *Environmental Site Visits at different working areas* jointly with GCF representative but not only due to different sub-Contractors involved in the project, remarks are communicated on spot related to waste management has been requested to take corrective action asap for improving the environmental conditions of the Project.

Agreements with Waste Management companies for final disposal of different types of waste have not been submitted by the Contractor despite Engineer's reminders. Since March 2021 only two Agreements of sub-contractor "O.T.P. Kastrioti" have been submitted for domestic Waste Management for Ferizaj and Lypjan Municipality. No records/evidence included in monthly report.

For the nominated subcontractor "R& Rukolli" and main Contractor, no agreements with licensed Waste Management Companies are submitted until end of this reporting period to the Engineer despite issued Notice to correct by end of March 2023. No records/evidence included in monthly report.

Contractor is highly advised to take into consideration Environmental checklists of past and current month and follow case by case and improve situation in the working sites. Records and Evidences after improving can be considered as proactive interaction as optional best practice for changing working culture and better management in working sites.

Contractor is requested to provide documents as listed below:

- **Contract with licensed company and service including frequency of service and handling waste transfer note.**
- **Register for all type of wastes generated and delivered by quantity to the endpoint, landfill is last option to be taken into consideration. Project embrace the 3R practice thus contractor is required to be as compliant as it can be with best practices in waste management.**

Domestic waste: During the Site visits carried out on, February 3rd of 2024 in 3 locations where the activities were ongoing Engineer noticed that waste bins were not placed at segment between bridge 14 and 15 and daily food packages and consumables were spread in working site thus Contractor is not fulfilling this basic requirement related to waste management. Waste bins were placed at Tunnel T6 & T7 area which were not in different colors, nor labelled, thus were not facilitating recycling. At Tunnel T6 & T7 waste bins need emptying frequently. Construction site is generally clean however Contractor must ensure bins must be emptied frequently and not buried on site. In some segments daily working sites are evidences empty water plastic bottles and remaining parts of corrugated pipes should not be buried or left on site. Wastes to be segregated accordingly based on typology of wastes.

Vegetation waste: During the Site visits carried out during last reporting months and also during three parts site visit February/3rd of 2024 and in continuous from January to June 2024 in other working locations was not identified vegetation waste on Site. However, the practice of covering vegetation by disposing excessive material in different sites is not justified.

Despite all efforts by Engineer side, the Contractor it is not considering this type of waste as a separate group of waste which should be properly managed by licensed companies, therefore until now no information was submitted by the Contractor to where is being sent this type of waste.

Signs of burnt vegetation waste have been noticed during the Engineer's Site visits at northern portal of T6 during the Site visit on 10th May 2023. During visit on 16th of June there were also signs of burned vegetation observed and the same has been evidenced during January to June 2024 in different working sites where vegetation has been removed and buried on site via excavators, and in few cases used for fire on site by workers and night guards.

Construction waste: During the implementation of the works the construction waste is being produced mainly from demolition of the concrete structure culverts and bridges which are stocked in piles and then removed from the Site on some occasions and sometimes are being deposited nearby the Site. To the Tunnel T7 and T6 area were also observed from the Engineer significant amount of construction inert material deposits from widening of the Tunnel T6 and T7. Volume of this type of waste is increasing as the works are progressing. The Engineer repeated many times the request in written and verbally that should be informed to where these construction debris are being sent, and lately what is the proposal from Contractor for treating this category and volume of construction waste (concrete debris), no official information from the Contractor side has been received, neither agreement with any licensed company is submitted up to nowadays. During April and May 2023 some parts of the construction waste were thrown into river Lepenc at northern portal of T6. NCR No. 488 was issued by the Engineer for the construction waste thrown into the river Lepenc at T6 area and the same is still open having that Contractor did not propose corrective action. The same site has been checked recently in 2024, early this year and no action has been undertaken from Contractor to remove and free the water flow of Lepenc River.

Since the situation has not been improved for a long time until now, during previous months many letters with remarks have been submitted to Contractor where remarks for construction waste have been addressed such as: demolished concrete debris and surplus of soil. As per construction waste, Contractor is generating some significant quantities of concrete washouts in non-compliance with EBRD, project requirements thus, additional quantities will be by corrective measures (removing). All this volume is considered as construction waste.

During the site visit from three parties in February/3rd of 2024 in tunnel 6&7 and in continuous from January to June 2024, was brought into discussion this issue with Contractor HSE counterpart especially highlighting the fact that waste debris are disposed covering the riprap of Lepenc river (infrastructure been created by Kosovo Authorities and actually are not visible anymore).

Rails – Removal of rails have started from the track near Miradi station and followed afterwards near Nakarade, Hashahaj Stop, Ferizaj Station and area, Bablak Station, Fushe Kosove Station, Lypjan Station, Fuzhlot stop, Gurez Station, Metalurgjia stop, stop ch. 294+900, Kaçanik Station and at Hani i Elezit Station and followed in all working segment in continuous. The dismantled material is intended to be handed over to the Employer from Contractor through protocol with full evidence. At present generally rails are being stored at Miradi Station storage area. Till now Contractor is hosting in their yard and have enough space for storing but is missing the follow up process of handover as final process to the Employer. This is the same as dismantled rails lines from old infrastructure line. All sleepers and rails removed wherever are stockpiled should be stored and placed in safe manner and not scattered in many places within a segment where are removed.

Wooden sleepers – Have to be treated and disposed as Hazardous Waste. Contractor dismantled old wooden sleepers nearby Miradi Station, Nakarade village, Hashahaj Stop, Bablak Station, Ferizaj Station, Fushe Kosovë Station, Lypjan Station, Gurëz Station, Metalurgjia stop, Stop ch. 294+900, Kaçanik Station and Hani i Elezit Station which are being stored to Infrakos premises nearby Miradi Station mainly with intention to be handed over to the Employer through protocol with full evidence.

During this period Engineer observed that were present dismantled parts of old wooden sleepers not removed from the Site as e.g., at Tunnel T6 area, Stop ch. 294+900, Kaçanik Station, Kodrion Stop and Stagove area between chainages 293+240 to 294+230. To the mentioned areas the old sleepers have not been stored properly or left unattended and not at the agreed location with Infrakos.

Based on the decision of GoK, old wooden sleepers dismantled from the railway line which are currently stored at Miradi Cargo area will be handed over from Infrakos to Kosovo Security Forces in order to be re-used for their needs in the Training Center of Kosovo Security Forces. During December 2022 transport of the old wooden sleepers from Miradi cargo area to Kosovo Security Forces premises has already started. On 31st January 2023, with letter RKSP1 2568/23 the Contractor informed Engineer and Employer that until now, 8634 pcs of old wooden sleepers had been handed over to KSF. Even during July 2023 there was no information submitted by the Contractor if wooden sleepers continued to be handed over to KSF.

During previous reporting periods following letters with remarks have been sent to Contractor related to old wooden sleepers which are not removed from Site such as: *PXK-00005.00/ED/S2234 Remarks after Environmental Site Visits at Kacanik Station and Tunnel T2 area*, *PXK-00005.00/ED/S2245 Remarks after Environmental Site Visits at Tunnel T6&T7 area*, *Stop ch.294+900*, *PXK-00005.00/ED/S2283 Remarks after Environmental Site Visits at Tunnel T6 & T7 area, Stagove area and Kaçanik Station* and *PXK-00005.00/ED/S2305 Remarks after Environmental Site Visits at Tunnel T6&T7 area and Stop ch.294+900*. Another issue discussed with Contractor HSE counterpart during third party site visit in February/3rd of 2024 in 3 locations by Engineer was that burning sleepers on site is prohibited by project. In continuous from January to June 2024 in weekly basis a site visit had been performed by Engineers and no change has been observed from contractor side. Wood sleepers are stockpiled at the same site where they are stored initially. So far no burning sleepers is encountered on site.

Ballast – The old ballast has been removed from the Contractor continuously and the same has been reused. The ballast has been removed nearby and at Miradi Station, Nakarade, Hashahaj Stop, Ferizaj Station, Bablak Station and area, Fushe Kosove Station, Lypjan Station and area nearby, Marigona, Gurez Station, Hani i Elezit Station, Kaçanik Station, Metalurgjia and followed in all working segment in continuous. Ballast is being stored in locations nearby and has been reused under the subgrade, mainly for the improvement of the soil and on some occasions also as a subgrade. Current progress is little bit beyond 80%.

However, Engineer emphasized that during joint site visit in February/3rd of 2024 in Bridge 14, ballast has been stored in non-adequate place (initially used for accessing the south side of tunnel 2 by crossing the Nerodime River which during the winter was taken by water". Also in several working areas ballast has been disposed as inert waste just due to miss coordination and properly managing the activities. In continuous from January to June 2024 in weekly basis a site visit had been performed by Engineers and no change has been observed from contractor side. Old ballast has been stockpiled close or within working corridor and reused in shortest time possible at the same site. So far no old ballast had been left behind creating premises for waste.

Hazardous waste – The Engineer replied to Hazardous Material Management Plan Rev.06 with Engineer's letter P XK-00005.00/ED/S1258 and the same has been approved as noted.

So far there is no storage area prepared for the Hazardous waste at Miradi Station nor in other Sites such are Lypjan, Bablak, Ferizaj, Fushe Kosove, Gurez Station, Metalurgjia stop, Marigona area, Hashahaj Stop, "Stop" at chainage 294+900, Kodrion stop, Tunnel T2, T6 and T7 area, Kaçanik Station and Hani i Elezit Station. No information submitted by the Contractor related to any licensed company which will manage, transport, and dispose such waste has been presented, except one local company for managing the waste oils. Despite all Engineer efforts related to this issue chemical are not being stored adequately and not collected-transported from site to any facility and considered as an end point In Tunnel 6&7 during site visit in in February/3rd of 2024. In presence of employer the Engineer discussed with HSE representative of Contractor that, due to the fact that activities have been taking too long for execution in safe manner, significant used oil and other relevant hazardous waste has been generated but never seen any evidence or reported via monthly report about this matter. In continuous from January to June 2024 in weekly basis a site visit had been performed by Engineers and no change has been observed from contractor side.

Drip trays are not being provided to prevent leaks and spillages at any of the Sites where the works are ongoing. Spill kits for environmental emergency situations and preventive measures are evidenced for two subcontractors, especially for Kastrioti and Garden Line. They were equipped with spill kit and spill absorbers/pads that can be used in ground contamination cases and river pollution from contaminants.

Although the Hazardous Material Management Plan has been approved as noted and the Contractor should use the checklists and has been advised to do so, their use has not been established yet on Site.

Oil Spills – Fuel and oil spills are present continuously on Site created mainly from the Contractor's machinery although the Engineer repeatedly asked the Contractor to organize on regular basis the servicing of their machinery by licensed services.

During this reporting period oil spills were observed at Tunnel T6 & T7 area and Kaçanik Station but not only. Letter P XK-00005.00/ED/S2392 has been sent regarding the oil spills created on Site during previous reporting period but not feedback has been in return from the Contractor to reflect on the issue since is repeated in different locations by the same reason of leaking laying sleeper machinery

By letters sent during December 2023 related to oil spills created in Segment between BR18 and BR19, BR13 and BR15,

From January to June 2024 during site visit is observed good practice from subcontractors of Kastrioti and Garden Line. Spill kits for environmental emergency situations and preventive measures are evidenced for two subcontractors, especially for Kastrioti and Garden Line. They were equipped with spill kit and spill absorbers/pads that can be used in ground contamination cases and river pollution from contaminants.

Water: Water & River Crossing Management Plan Rev 02 has been approved as noted by Engineer and PIU on 17th December 2021 with letter P XK-00005.00/ED/S1481. By the end of last year, respectively on 22nd December 2022 Engineer has received from PIU the Water Compliance issued by the *Ministry of Environment, Spatial Planning and Infrastructure* for refurbishment of Culverts and Bridges for whole railway line.

In addition, Contractor has proposed a deviation of the railway line near Tunnel T7, crossing twice Lepenc River, in order to open the line for traffic and continue works inside the Tunnel T7. The consent of the PIU and Engineer was given with condition that Contractor shall obtain related permission from the Authorities. On 13th April 2023 Contractor submitted to the Engineer decision received from Ministry of Infrastructure to which construction of the by-pass nearby Tunnel T7 was not allowed with recommendation that other solutions must be found by the Contractor.

Upon Site visit carried out during previous reporting periods Engineer observed that hoses for taking the water from river Lepenc for Project needs were placed nearby northern portal of T6 and the southern portal of T7 and Contractor has not obtained related permission from Authorities. During this reporting period situation remained unchanged and upon the Site Visits Engineer observed that hoses were still inside the river and Contractor did not obtain permission for water use from the river Lepenc and no any physical and biological analysis sampling test are made by Contractor to justify the reason and compliancy on use.

Rev.06 of the Fugitive Dust Management Plan was submitted and has been replied by the Engineer on 03rd June 2021 with Engineer's letter P XK-00005.00/ED/S1259 and approved as noted.

Due to weather conditions the site has been very dry. Despite very limited movements of trucks, the dust blow up frequently. Spraying water started immediately, 6 and 7 joint yard. The matter of dust has been evidenced by Engineer also during shotcrete process in Tunnel 7 due to no ventilation system in place and has been required to site foremen repeatedly to spray water in entire site for keeping under control dust presence. But in the all cases the situation remains not changed on site.

Wastewater: No concrete plants were placed on Site premises, and the concrete is being supplied from external concrete plants. Concrete washouts have been continuously present on Site and several times Contractor has been warned verbally and in written.

Concrete washouts have been observed at Tunnel T6 and T7 area during previous reporting period, among other one has been created in close vicinity of Lepenc River. During previous reporting period concrete washouts have been created adjacent to river Lepenc, at Ferizaj area from concreting of the ditches and at Kaçanik Station, while during this reporting period concrete washouts have been observed at northern portal of T2.

From January to June 2024 and especially for the works in Tunnel 6&7 activities consisted in widening the tunnel 7 and shotcrete for steel reinforcement. For tunnel 6 works have started for final lean concrete. Most of concrete mixers are washed and discharged into eco pit created especially for this purpose in the south side of the tunnel 6. Water been obstructed from river Lepenc is used for shotcrete process in tunnel 7 despite of repetitive discussion to not use this water for this purpose.

Mobile toilets: In all construction Sites mobile toilets, and other facilities including shelters are missing. Verbal and written remarks have been given many times to Contractor related to this issue, having that are not fulfilled minimal conditions for the workers as required at the chapter GCC 6.7.2. Workers Welfare Accommodation and of Book 14 (ESRSR).

During January till June and in continuous monitoring it was observed that these mobile toilets been placed in the yard of Tunnel 6&7 are not functional at all and does not have proper logbook for maintaining and cleaning. In the other working sites, no sign of mobile toilet been provided for workers on site despite the number of workers which time to time is pretty large due to several working groups performing tasks at the same area.

Rented areas: The Engineer actively followed the situation related to the rented areas and on the occasions of Environmental Site visits these were extended to the nearby areas where the materials are being stored by the Contractor. Repeated reminders have been made verbally and in written while the Contractor did not answer until now fully for this issue. Some rented areas have had the Lease Agreements with the landowners but generally majority of required information were missing.

From the beginning of year 2024 until end of June 2024 in few cases is submitted Lease Agreement by the Contractor nor any has been included in the Contractor's Monthly Report for this period, although the Contractor has been reminded duly in written.

During site visit in in February/3rd of 2024 in presence of employer the Engineer discussed with HSE representative of Contractor about used area in Runjeve several sites and in Hani Elezit, but never seen any evidence or reported via monthly report about this matter.

Community: The Community Health and Safety Plan rev.07 has been submitted and the same approved as noted on 13th May 2022 with Engineer's letter P XK-00005.00/ED/S1747.

During previous reporting period, respectively on 12th January 2023 Engineer received from the Employer information that one complaint from the Community member of village Stagove has been sent to Infrakos, for parcel number P-70917085-00602-0 because of missing Lease Agreement with landowner and the damages created to the property.

Complaints from the Community generally are being submitted to the Employer/Infrakos and at some occasions to the Contractor. In this chapter Engineer can include information for the complaints from the

Community that is usually forwarded by the Employer to the Engineer and at some cases are addressed directly to Engineer team.

Following the issues, mainly created during the development of the project through the Contractor in different work locations, Engineers have addressed this concern directly to the Contractor by sending letters in at least 2 cases for damaged roads and bridges in regards to Community concern and Health and Safety for the community. Especially in October 2023 with letter P XK-00005.00/DZ/S2543 and in February 2024 with letter P XK-00005.00/TA/S2656.

In both cases there has been no reaction from the Contractor to take into consideration and improve the situation as per Health and Safety and community concern.

Boxes for grievance mechanism of the community are placed only at Kaçanik Station but seems to be useless so far.

Damages of local roads: Damages on the local roads and dirty roads have been observed during previous reporting periods throughout the railway line. During previous reporting period dirty roads with damages have been observed at local road of Runjeve used by Contractor and sub/Contractor during execution of works for the segment between bridge 14 and 15, respectively during these period the Runjeve road were dirty in entire segment till Kacanik town.

Complaint received from Municipality of Kaçanik has been sent to Infrakos for damages created to the roads, the issue has been forwarded to the Contractor by the Engineer.

As mentioned above, Engineers have addressed this concern directly to the Contractor by sending letters in at least 2 cases for damaged roads and bridges in regards to Community concern and Health and Safety for the community. Especially in October 2023 with letter P XK-00005.00/DZ/S2543 and in February 2024 with letter P XK-00005.00/TA/S2656.

In both cases there has been no reaction from the Contractor to take into consideration and improve the situation as per Health and Safety and community concern. Since February nothing has changed or received from contractor as corrective action.

Grievance Mechanism for the workers: Although this document has been approved as noted by the Engineer, it is not yet fully implemented by the Contractor on Site. Since the Monthly Report for October 2022, Contractor has included some evidence with workers' signatures that they are aware for existence of this Grievance Mechanism, no other evidences are included in the Contractor monthly reports till now by showing no complaints from workers. Boxes for Workers Grievance generally have not been placed on Site. During this reporting period box for grievances of the workers has not been places at any sites and the one placed in Tunnel 6&7 is placed inside site Engineer room and this is not correct as per privacy thus no one drop a paper into that box. In other working places no.

2.1.2.8 - Key Issues. Work Contract (Phase I)

The following key risks that have a high probability and high impact on the completion of the Contract:

- a) Slow rate of progress of the Contractor – the Time for Completion is already compromised.
- b) The initial Contract price has a strong tendency to overrun, that mainly explained by the significant escalation of the Construction Cost Index and application of SC 13.8 Adjustment for Changes in Cost (currently estimated by the Supervising Engineer as 12.6 -20.62 mEUR). Also, it is still not substantiated what will be the financial impact of the steel bridges re-design, whilst the Contractor continues to fail to deliver contractually compliant designs for the new steel bridges. Employer's claim has been open in that regard.
- c) Problems in quality in civil works have developed as one of the biggest concerns for the Engineer and Employer.

- d) Fourteen (14) Claims [SC 20.1 Contractor's Claims] are open in total after signing Add. 4, no claim particulars yet provided.
- e) The risk of further escalation of the Contract costs is relatively high.
- f) The Contractor's low rate of progress is of concern. The Last Availability Date for Grant Financing is 31 December 2024 and considering the Contractor's average monthly production in the last year, the utilisation of the full amount of the available funds by the last availability date is at risk, unless the Contractor manages to increase his rate of progress.

2.1.3 - Phase II, Fushë Kosovë - Mitrovicë Railway Section

2.1.3.1 - Scope of Work (Phase II)

Phase II of the Project, the section that connects Fushë Kosovë – Mitrovicë, 34,4 km long, is the only operational railway link connecting Kosovo's domestic network to the international network. As such, it carries all import and export rail traffic to and from Kosovo. The line was last overhauled some 30 years ago and has only had routine maintenance for the last twenty years. The Project will secure the long-term future of the line whilst also increasing traffic safety and allowing improvements in the current operating speed.

MAIN FEATURES OF PHASE II WORK CONTRACT

Description	Value
Railway Alignment	34.4 km (main single line) / 9.1 km (stations)
Roads	18 km
Level Crossings	23
Stations	5+1 (Fushë Kosovë station is included only with regard to its platforms and buildings; The Infrastructure works of the Fushë Kosovë Station are part of "Fushë Kosovë – Hani i Elezit" which is being constructed at the moment)
Stops	5
Platforms	16 (new and rehabilitation of existing at Fushë Kosovë)
Railway Bridges	17 (new and rehabilitation of existing)
Road Bridges	1
Culverts	40 box culverts & 23 pipe culverts
Retaining walls	3.66 km
Pedestrian Underpasses	4
Buildings	12 (rehabilitation) & 4 (façades rehabilitation only)
Canopies	36 (new) & 12 (rehabilitation, at Fushë Kosovë)
Fencing	26.5 km approximately

2.1.3.2 - Key Data of the Work Contract (Phase II)

2.1.3.2.1 - Original Key Data. Work Contract (Phase II)

The Key Data of the Work Contract (Phase II) is provided in the Table below

KEY DATA OF THE WORK CONTRACT (PHASE II)

Description	Data
Employer	INFRAKOS Kosovo Railways Infrastructure
Contractor	Generale Costruzioni Ferroviarie S.p.A.
Engineer	JV Hill International NV and DB Engineering and Consulting GmbH
Construction Contract Agreement signing	08 December 2021
Commencement Date	10 October 2022

Description	Data
Time for Completion (Initial)	455 days
Works' Completion Date (Initial)	08 January 2024
Defects Notification Period (DNP)	365 days
Accepted Contract Amount (ACA)	47,927,505.32 EUR without VAT ²
Provisional Sum for Contingencies	2,271,133.60 EUR
Price Adjustment under SC 13.8	4, 215, 780. 00 EUR

2.1.3.2.2 - Addendums to the Work Contract (Phase 2)

The list of Addendums to the Work Contract (Phase 2) is provided in the Table below.

ADDENDUMS TO THE WORK CONTRACT (PHASE 2)

#	Title	Bank's no objection	Signed
Add.1	Adjustment for Changes in Costs (SC 13.8) Commencement Date on 10 October 2022 Withdrawal of the termination notices	Received on 15-12-2022	19-12-2022
Agrmt. 3	Granting provisional extension of the Time for Completion until 08.03.2024.	n/a	Revoked By Engineer (18.03.2024)

2.1.3.2.3 - Variation orders

1 Variation order (no.1) have been issued with a total amount of 7.086,29 €, Relocation of household in vicinity of Prelluzhe Station. (not carrying Adjustment for Changes in Cost [SC 13.8]).

2.1.3.3 - Works Contract Progress (Phase II)

STATUS OF WORK CONTRACT (PHASE II)

Type of work	Progress of work
Survey Works	The Contractor performed survey works followed all construction in segment 16, 17 Upper protective Layer, in segment 18, 19 Upper protective Layer, in segment 23 Subgrade Layer, in segment 22, 23 protective Layer, in segment 27 Subgrade Layer, as well as survey works followed all construction excavation, filling on Bridge 11, Culvert 22, 23, 23A and 23A.1 and Drainage system Mihaliq Stop.
Removal of Existing Ballast	No works related to this activity occurred in the reporting period
Top soil excavation, general excavation	No works related to this activity occurred in the reporting period
Embankment	No works related to this activity occurred in the reporting period

² Works Contract is exempted from VAT based on Laws 05/L-072 and 05/L-111

Type of work	Progress of work
Protective Layer, Upper-protective Layer	The material for the protection layer (sub-ballast) is 0.63 mm and thickness for this layer is 0.20 m. Location of works are in segment: 21, 22, and 23. The material for the upper-protection layer is 0.31 mm and thickness for this layer is 0.10 m. Location of works are in segment: 16, 17 18 and 19.
Subgrade	When tests on improvement layer passed, Contractor continued with laying of subgrade layer (mixed material old ballast and gravel 0-150 mm). Location of works are in the segment: 23, 27.
Permanent Way Ballast	The Contractor supplied and transported on site new Ballast Material 31705.79 ton.
Laying of Ballast Prism	Unloading of track ballast of 25±2cm thickness and width defined by the design on ready embankment. Laying ballast prism have been done at seg. 15, 16, 17, 18. Second layer of ballast have been done 3, 4, 6, 7, 8, 9, 10, 12, 13, 14.
New pre-stressed concrete Sleepers B70	The Contractor delivered on site in stock area in Prelluzhe Station, Druar Stop and Vushtrri Station, New pre-stressed concrete Sleepers B70 (2,60m) and (2,40m) with fastening system installed. Sleepers 2.60m – 19669 pcs and Sleepers 2.40m – 4560pcs.
Laying of Sleepers B70	The Contractor laid Sleepers B70 (2.60m) on Segment 15, 16, 17 and 18.
New Rails – 120m	The Contractor delivered on site New Rails 60E1 (260H) – 8640m and 60E1 (350H) – 4080m. Flash butt rail welding has been done in Segment 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16 and 17.
Turnouts	The Contractor delivered turnouts on site, type S 49-6°-200 – 11pcs and type UIC60 -6° -300 – 11 pcs.
Structures	During the first Quarter of 2024, works continued on structures: Platform no 1 and no 2 in Obiliq Station, Plemetin Stop, Vernica Stop, Culverts C30, C31, C29, C28, C27, C26, C25, C24, C23a&C23a.1, C23, Retaining Wall RW7-Left, Bridge BR08 BR10, BR11, BR12. Apart for pipe culverts: C43, C45, C53, box culvert C44 and inlets of box Culverts C51&C52; all other structures are under the provision of sub-clauses 7.5 (Rejection) & 7.6 (Remedial works) of Contract General Conditions and are rated as non-accepted due to the use of unapproved concrete provided.
Bridges	The Contractor constructed Bridge 08, 10, 11, 12, during the first Half of 2024. Following the case of falsified concrete consignment delivery slips, revealed by the Engineer on February 20, 2024, but spanning almost since the start of the Works, all but 3 Box Culverts and 3 Pipe Culverts and 2 Bridges (Br11 and Br12) are under the provisions of Sub-Clause 7.5 [Rejection] of Contract General Conditions (CGC) and Sub-Clause 7.6 [Remedial Work] of the CGC. The Engineer issued a Notice to Correct for use of unapproved Concrete delivered on Site before and since July 21. 2023 on 20/02/2024.
Utilities	No works related to this activity occurred in the reporting period

Type of work	Progress of work
Buildings	<p><u>Fushë Kosovë station and Technical Building:</u> Rehabilitation activities are ongoing. As of the end of June 2024, the progress of works in Fushë Kosovë station building has reached approximately 42%, while in the Technical Building it is around 9%. Although the building has not been sealed yet (which involves replacing the roof and outer windows and doors), internal rehabilitation activities have continued with demolition, partition walls installation, water supply system installation, heating and cooling system installation, new electrical installations, etc.</p> <p><u>Obiliq Station & Technical Building:</u> Rehabilitation activities are ongoing in the station. The overall progress of rehabilitation works is approximately 20% in the station building and a minor 2% in the technical building. The contractor has recently resumed rehabilitation activities after a longer break. Rehabilitation interventions mainly consist of installing the water supply system, electrical cables, and outer doors and windows. Works in the Technical Building are temporarily descope. During demolition works on July 10th, '24, the contractor discovered asbestos in the ceiling.</p> <p><u>Prelluzhë Station & Technical Building:</u> No rehabilitation activities in the station. As per the Employer's instructions, the Contractor has been directed to immediately descope the works, including the procurement of construction materials since January 8th, 2024. The station building has been temporarily descope due to structural damage, while the technical building is affected by asbestos presence in the ceiling.</p> <p><u>Druar Station & Technical Building:</u> Rehabilitation works in Druar has been cancelled due to the presence of asbestos and structural damage in the technical building. This decision was announced by PIU during the Monthly Progress Meeting held on September 2nd, 2023, and it was reconfirmed on January 8th, 2024 that both buildings are temporarily descope until further notification.</p> <p><u>Vushtri Station & Technical Building:</u> No rehabilitation activities in the station. The Contractor has been instructed by the Employer to immediately descope the works, including procurement of construction materials, as of January 8th 2024. The Station building is being temporarily descope due to structural damage, while the technical building is being descope due to the presence of asbestos in the ceiling.</p> <p><u>Mitrovicë Station & Technical Building:</u> The overall progress of the rehabilitation works has reached approximately 20%. This progress was mainly achieved through demolition works such as flooring and damaged plastering, as well as the installation of new windows in the inhabited part of the building. However, due to concerns about the structural integrity of the building, the Contractor has temporarily stopped rehabilitation works and is awaiting a decision from the Employer regarding whether the building will also be temporarily descope. Furthermore, rehabilitation works in the Technical Building have been temporarily descope after asbestos was discovered in the ceiling during demolition. On May 22nd, 2024, it was communicated by the Employer that there is an intention to descope asbestos removal from affected buildings and issue a negative Variation Order if an exceptional permit cannot be obtained from competent authorities.</p>

Ongoing submissions and review for approval of materials. Many materials are not yet submitted for approval. This may cause delays in timely execution of the Work.

2.1.3.4 - Cost. Work Contract (Phase II)

2.1.3.4.1 - Accepted Contract Price and Actual Financial Progress. Work Contract (Phase II)

The Accepted Contract Price and Actual Financial Progress are presented below:

FINANCIAL PROGRESS OF WORK CONTRACT (PHASE II)

WORKS PROGRESS & COSTS ESTIMATES		Updated as of:	30.6.2024
CONSTRUCTION / ENGINEERING CONTRACT		Unit	Ph2 Works Contract Contract № 8147446-IFT-45276/ 08.12.2021
CONTRACTOR			GCF
TIME PARAMETERS OF CONTRACT			
A	Commencement date		10.10.2022
B	Original Time for Completion	days/month	455
C=A+B	Original Date for Completion		08.1.2024
D	Extensions of Time for Completion	days	
D'	Current Time for Completion	days	455
E=C+D	Current Date for Completion	date	n/a
	Provisional Date for Completion	date	08.03.2024
INITIAL FINANCIAL PARAMETERS OF CONTRACT			
G1	Contract Price without Contingency	Eur	45,422,672.07
G2	Contingency	Eur	2,271,133.60
G3	Contingency for VO's	Eur	233,699.65
G = (G1+G2+G3)	Total Accepted Contract Amount	Eur	47,927,505.32
CURRENT FINANCIAL PARAMETERS OF CONTRACT			
G1'	Contract Price with Contingency Used	Eur	45,429,758.36
G2'	Remaining Contingency	Eur	2,497,746.96
G3'	Adjustments for changes in costs to date	Eur	4,215,780.00
G' = (G1'+G3')	Contract Price with Contingency Used and Adjustments for changes in costs	Eur	49,645,538.36
FINANCIAL PROGRESS OF CONTRACT			
K	Amounts Certified for Payment to date	Eur	12,626,260.13
K1	Total Value of Completed Contract Works	Eur	13,021,449.40
K2	Paid advance	Eur	4,792,750.53
K3	Materials on site	Eur	5,778,461.92
K4	Variation orders carrying adjustments for changes in costs	Eur	0.00
K5	Variation orders not carrying adjustments for changes in costs	Eur	7,086.29
K6	Retained money (5%)	Eur	-825,468.46
K7	Advance payment repayment	Eur	-2,651,912.82
K8	Adjustments for changes in costs	Eur	4,215,780.00
K9	Provisional sum for DAB	Eur	30,860.19
K10	Application of SC 14.6	Eur	-749,956.46
K11	Delayed Payment financing charges [S.C.8.7]	Eur	-5,214,328.53
P1 = K/G'	Progress: % of Current Contract Price with Adjustments	%	25.43%
M	Time Elapsed	days	629
N = M/D'	% of elapsed Current Time for Completion	%	138.24%

2.1.3.4.2 - Interim Payment Certificates (IPCs). Work Contract (Phase II)

IPA / IPC preview table						Contract Amount		€ 47,927,505.32	100%
	IPA			IPC					
up to date	IPA no	received	claimed	IPC no	issued	due to	paid	certified	%
31.01.2022	IPA-00		4,792,750.53 €	IPC-00	24.01.2022		20.05.2022	4,792,750.53 €	10.00%
28.02.2023	IPA-01	15.03.2023	895,771.50 €	IPC-01	12.04.2023	10.05.2023	27.04.2023	1,071,234.01 €	2.24%
31.03.2023	IPA-02	25.04.2023	674,539.02 €	IPC-02	17.05.2023	20.06.2023	05.06.2023	581,518.60 €	1.21%
30.04.2023	IPA-03	22.05.2023	811,543.77 €	IPC-03	19.06.2023	17.07.2023	12.07.2023	615,172.44 €	1.28%
31.05.2023	IPA-04	26.06.2023	1,530,508.10 €	IPC-04	02.08.2023	21.08.2023	22.08.2023	1,405,766.38 €	2.93%
31.07.2023	IPA-05	29.08.2023	1,875,540.12 €	IPC-05	22.09.2023	24.10.2023	17.10.2023	1,775,114.31 €	3.70%
30.09.2023	IPA-06	10.10.2023	1,208,209.09 €	IPC-06	03.11.2023	05.12.2023	30.11.2023	1,159,540.01 €	2.42%
30.11.2023	IPA-07	05.12.2023	3,127,966.66 €	IPC-07	28.12.2023	30.01.2024	02.02.2024	2,747,063.08 €	5.73%
31.12.2023	IPA-08	15.01.2024	1,594,588.15 €	IPC-08	08.02.2024	11.03.2024	14.03.2024	1,380,656.85 €	2.88%
						Total paid up to date		15,528,816.21 €	32.88%
31.01.2024	IPA-09	20.02.2024	1,074,956.76 €	IPC-11	14.03.2024	16.04.2024	withheld	229,642.68 €	0.48%
31.03.2024	IPA-10	11.04.2024	3,076,877.50 €	IPC-11	08.05.2024	06.06.2024	withheld	-3,694,190.59 €	-
31.05.2024	IPA-11	14.06.2024	3,063,778.00 €	IPC-11	\	09.08.2024	withheld	-2,902,556.00 €	-

As presented in the table above, the last three Interim Payment Applications (IPA-09, IPA-10 and IPA-11) were evaluated less than the minimum amount of 500,000.00€ (as stated in the Contract) and the Interim Payment Certificates were withheld:

- In the IPC-09, after late received results of the laboratory tests for the previously delivered ballast material, conditionally approved quantities from IPC-07 & IPC-08 were deducted due to results not in compliance with the requirements in the Technical Specification.
- In the IPC-10 according Notice of Employer's Claim (pursuant to SC 2.5 and SC 8.7) were applied Delay Damages starting from 09 January 2024, as determined in the Appendix to Tender.
- In the IPC-11 according Notice of Employer's Claim (pursuant to SC 2.5 and SC 8.7) were also applied Delay Damages starting from 09 January 2024, as determined in the Appendix to Tender.

The calculation of applied delay damages is presented in the following table:

Applying Delay Damages, SC 8.7

Reference		Employer's letter 8/299-19/03/2024	
A	No.	1	2
B	IPC no.	IPC-10	IPC-11
C	Period up to	31.03.2024	31.05.2024
D	Date issued	08.05.2024	10.07.2024
E	Contract Price (ACA)	€ 47,927,505.32	€ 47,927,505.32
F	Total Price Adjustment	€ 3,270,956.53	€ 4,215,780.00
G	Final Contract Price [E+F+G]	€ 51,198,461.85	€ 52,143,285.32
H	max 10% of the Final Contract Price	€ 5,119,846.19	€ 5,214,328.53
I	Days Delay	121	184
J	0.10% of (ACA) Per Day	€ 47,927.51	€ 47,927.51
K	Calculated Delay Damages	€ 5,799,228.14	€ 8,818,660.98
L	Cumulative Applying Delay Damages	€ 5,119,846.19	€ 5,214,328.53
Payable amount, without delay damages		€ 1,122,924.47	€ 2,311,772.45
Payable amount, after deduction of delay damages		- € 3,996,921.72	- € 2,902,556.08

All disbursements under the Phase II Works Contract are presented below:

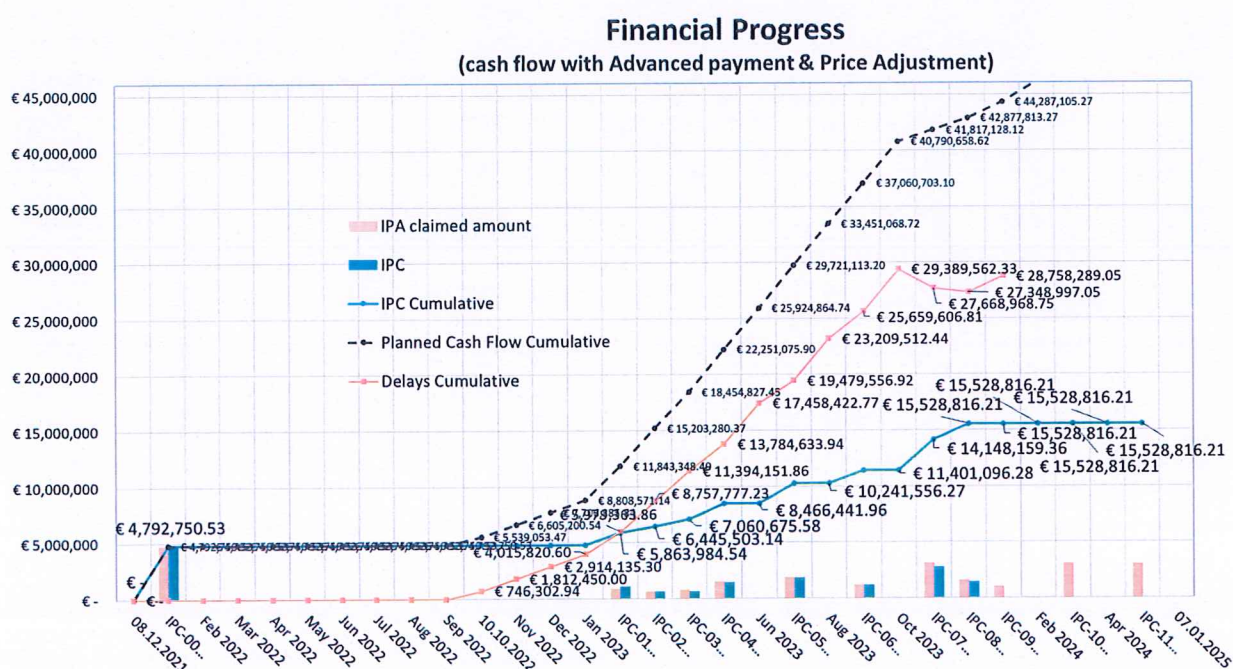
DISBURSMENTS – PHASE II WORKS CONTRACT

Payment Ref.	Paid on	Certified amount	Cumulative	EBRD	Grant	EIB
IPC-00	20.05.2022	4,792,750.53 €	4,792,750.53 €	4,792,750.53 €		
IPC-01	27.04.2023	1,071,234.01 €	5,863,984.54 €			1,071,234.01 €
IPC-02	05.06.2023	581,518.60 €	6,445,503.14 €			581,518.60 €
IPC-03	12.07.2023	615,172.44 €	7,060,675.58 €			615,172.44 €
IPC-04	22.08.2023	1,405,766.38 €	8,466,441.96 €			1,405,766.38 €
IPC-05	17.10.2023	1,775,114.31 €	10,241,556.27 €			1,775,114.31 €
IPC-06	30.11.2023	1,159,540.01 €	11,401,096.28 €			1,159,540.01 €
IPC-07	02.02.2024	2,747,063.08 €	14,148,159.36 €			2,747,063.08 €
IPC-08	14.03.2024	1,380,656.85 €	15,528,816.21 €	345,164.21	1,035,492.64	1,380,656.85 €
Totals:		15,528,816.21 €		4,792,750.53 €	- €	10,736,065.68 €
% from paid amount:				30.9%	0.0%	69.1%

Planned VS Actual Financial Progress. Work Contract (Phase II)

The planned vs. achieved financial progress is presented below:

FIGURE 3. FINANCIAL PROGRESS OF WORK CONTRACT (PHASE II)



2.1.3.4.3 - Adjusted Contract Price. Work Contract (Phase II)

As of the end date of the reporting period, the Accepted Contract Price has been adjusted due to the application of SC 13.8 Adjustments for changes in costs.

Adjusted Contract Price. Work Contract (Phase II) as follows:

ADJUSTED CONTRACT PRICE. WORK CONTRACT (PHASE II)

WORKS PROGRESS & COSTS ESTIMATES			Updated as of: 30.6.2023
CONSTRUCTION / ENGINEERING CONTRACT		Unit	Ph2 Works Contract Contract № 8147446-IFT-45276/ 08.12.2021
CONTRACTOR			GCF
S1	FINANCIAL PROGRESS OF CONTRACT	Eur	-
S2	Approved estimated cost of contingency	Eur	4,215,780.00
S3	Adjustment for changes in costs	Eur	2,497,746.96
S4	Remaining Provisional sum for Contingency	Eur	-
	Delayed Payment financing charges	Eur	100%
P2 = S3/G2'	% of remaining contingency from the Contract provisional sum, excluding	%	
	Adjustments for changes in costs		
P3 = S3-S2+S4	Current shortage/availability of contingency funds, considering paid	Eur	-1,718,033.04
	adjustments for changes in costs		
S = S1+S2+S4	Total approved/certified to date	Eur	4,215,780.00

Due to the considerable increase of the Construction Cost Index (CCI) issued by the Kosovo Agency for Statistics, for Q4 of 2023 the current adjustment multiplier is 1.3298 or 32.98%. The changes during the contractual period can be seen in the table below:

Quarterly and annual changes of Construction Cost Index by year, period and variable & calculated Adjustment Multiplier

Index (2015=100) last update 11.03.2024

	CCI	Quarterly changes [%]	Annual changes [%]	Adjustment Multip. [Pn]
--	-----	--------------------------	-----------------------	----------------------------

2023				
Q4	140.9	0.7	-0.3	1.3298
Q3	140.0	0.4	-1.6	1.3210
Q2	139.4	-0.1	1.0	1.3152
Q1	139.5	-1.3	3.3	1.3161
Annual average	140.0	:	0.6	1.3205

2022				
Q4	141.3	-0.6	16.7	1.3337
Q3	142.2	3.0	19.5	1.3424
Q2	138.0	2.2	19.8	
Q1	135.0	11.5	24.6	
Annual average	139.1	:	20.1	

2.1.3.4.4 - Anticipated Adjustments of the Contract Price. Work Contract (Phase II)

The tentative forecast of the Final Contract Price is presented below.

WORKS PROGRESS & COSTS ESTIMATES			Updated as of: 30.6.2023
CONSTRUCTION / ENGINEERING CONTRACT		Unit	Ph2 Works Contract Contract № 8147446-IFT-45276/ 08.12.2021
CONTRACTOR			GCF
T1	ESTIMATED COST OF EXPECTED VARIATIONS		
T2	Unforeseen costs and Price adjustments (CCI increase)	Eur	10,764,617.25
T3	Corrections of cancelled/replacement activities	Eur	-
T4	Claimed amount under SC 20.1 with open status	Eur	-
T	Estimated VO's	Eur	7,086.29
T	Total estimated to date	Eur	10,771,703.54
P3 = (S+T)/G1	Estimated total % of contingency needed	%	33.00%
P3' = G1+S+T-G	Estimated costs beyond the Accepted Contract Amount	Eur	12,482,650.29
V = G1+S	CURRENT CONTRACT VALUE, VARIATIONS & PRICE ADJUSTMENT TO DATE INCLUDED	Eur	49,638,452.07
	Current Contract Value without Price Adjustment	Eur	45,429,758.36
	ESTIMATED CONTRACT VALUE, VARIATIONS & PRICE ADJUSTMENT INCLUDED	Eur	60,403,069.32
	Current Estimation of amount needed to cover Price Adjustment costs	Eur	14,973,310.96

Note: For the estimated Price adjustment costs, the Price Adjustment Multiplier applied to the remaining non-certified contract price is 1,3298 (CCI = 32,98%), considering the latest available CCI index for Q4 of 2023.

2.1.3.5 - Time. Work Contract (Phase II)

2.1.3.5.1 - Programme of Work. Work Contract (Phase II)

On 07.02.2024, with the letter P XK-00005.02/AM/0735 which had the same subject: Revised Programme, the Engineer pointed out that in the Contractor's "As Built Programme" are tasks without any successors, are excessive use of lags and the remained question how the remaining Scope is connected with the Finish of the Project.

With the letter RKSP2 0882/24 dated 20.02.2024, the Contractor is responding to the Engineer's letter mentioned up. In his letter of response, the Contractor is stating that in the last issue of the Programme rev1.10 from 05.02.2024 he included additional predecessors. At point 4 of the letter, the Contractor is again stating that predecessors and successors are clearly included.

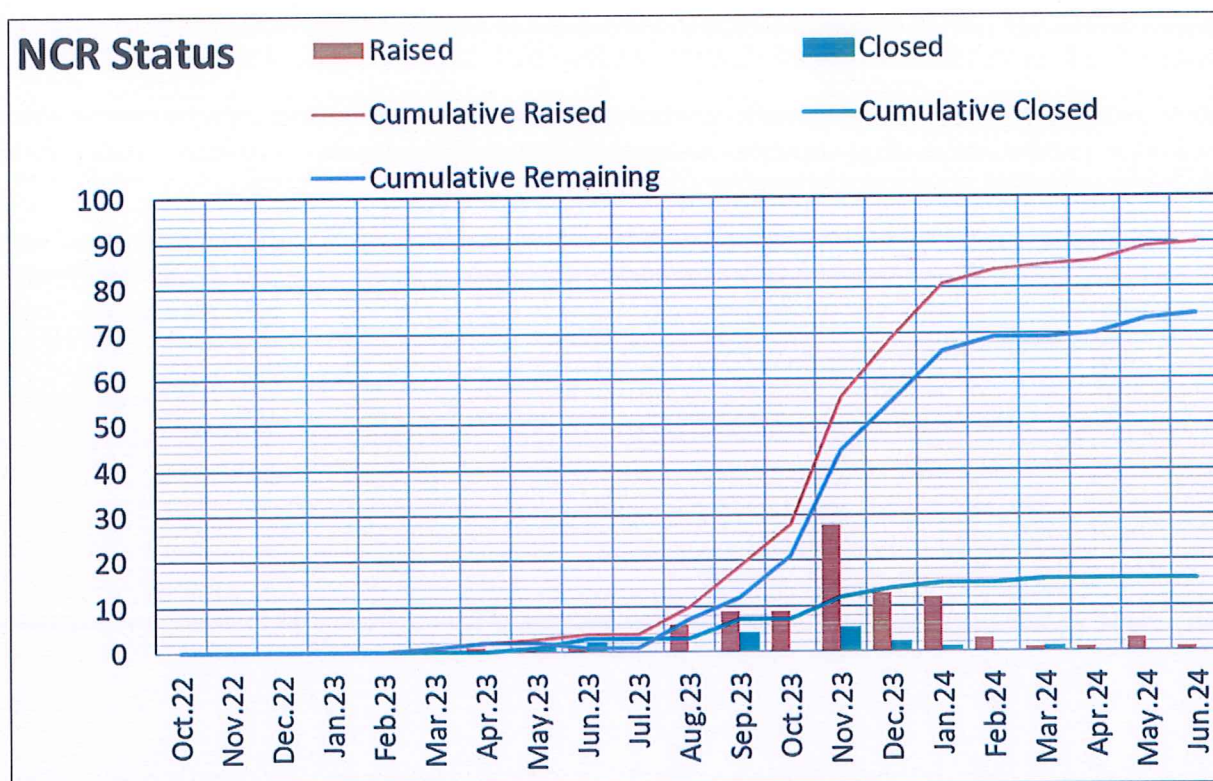
On 29.02.2024 a joint meeting between PIU, the Engineer and the Contractor took place regarding the Revised Programme. In this meeting, according to the agenda, were discussed: the activities relationships, critical path, delay events and general remarks.

On 04.04.2024, the Contractor with the letter RKSP2 0981/24 submitted the Monthly Progress Report no.17 concerning the period up to March 2024. In the aforementioned "As Built Programme", in which the proposed Project's completion date is the March 15th, 2025, the Contractor filled the majority of Blank missing relationships that Engineer for almost 9 months has highlighted numerous times. The outcome of this was that the Contract has a structured "As Built Programme" than ever before. This As built Programme is based in Critical Path method, starting by the Data Date (31.03.2024) and finishing by 15.03.2025.

2.1.3.5.2 - Non-Conformity Reports. Work Contract (Phase II)

The brief statistic of the issued Non-Conformity Reports (NCRs) extracted from the Engineer's MPR for June 2024 is presented below:

FIGURE 4.NCR. WORK CONTRACT (PHASE II)



The total number of issued NCRs is 90. The total number of closed NCRs is 16. The total number of the non-closed NCRs is 74.

2.1.3.5.3 - Notice to Correct. Work Contract (Phase II)

There is four SC 15.1 [Notice to Correct] open by the Engineer, the last one on 12 January 2024 regarding the delay in engaging in the retrofitting of steel bridges Bridge 01, Bridge 05 and Bridge 15 and on 20 February 2024 regarding use of unapproved Concrete on site before and since July 21, 2023. Suspension of Works for Concrete per Sub-Clause 8.8 of CGC.

2.1.3.5.4 - Contractor's Claims. Work Contract (Phase II)

There are total of nineteen (19) claims open by the Contractor. Claim No. 19 was submitted on 19 December 2023 and is for Extension of the Time for Completion, including substantiation of the 18 claim events, notified by the Contractor. The Parties signed Agreement No. 2, effective of 8 January 2024, with a provisional Time for Completion, thus extending the contractual frame for the time needed by the Engineer to issue his determination under Sub-cl. 3.5 of the general Conditions of Contract. The Engineer issued under Sub-Clause 20.1 [Contractor's Claims], dated 15.02.2024, of the GCC the assessment of the Interim Claim no.19 issued by the Contractor, as a compendium of all the previously submitted 18 Notices of Claim, with a letter dated 19.12.2023. With this assessment no extension of the Time for Completion was granted by the Engineer to the Contractor because all the claims were disapproved and the temporary extensions of time were revoked, according to the relevant clause in the Agreements (dated 18.03.2024).

2.1.3.5.5 - Employer's Claims. Work Contract (Phase II)

There are two Employer's claims open.

2.1.3.6 - OHS Issues. Work Contract (Phase II)

The Contractor has submitted the fourth revision of the Occupational Health and Safety Plan, which was accepted as noted.

The Engineer re-raises the issue of missing training evidence in the reports submitted by the Contractor.

Traffic Management Plan has been submitted on 03rd April 2023 by the Contractor and the same was answered by the Engineer with remarks on 27th April 2023. This Plan must be prepared in coordination and cooperation with the Client and local Traffic Police. The same must define and implement measures to reduce accidents at

crossings, particularly communities with high-risk crossings, informal crossings, etc. During May 2023 Traffic Management Plan has not been resubmitted by the Contractor.

Community Health and Safety Plan was developed and submitted by the Contractor with letter reference RKSP2 0470/23 dated 07th September 2023. The Plan was approved with comments with letter reference P XK-00005.02/MA/0479 dated 03rd October 2023.

No incidents or near-miss incidents to be reported.

2.1.3.7 - Environmental and Social Issues. Work Contract (Phase II)

During the reporting period, the following findings have been raised:

Plans/documentation: The Contractor has an obligation to prepare the following plans and documentation: Environmental Management Plan, Organizational Health and Safety Plan, Traffic Management Plan, Procedure for reception, transport and storage of hazardous waste, Workers Grievance Mechanism, Supply Chain Register, Dust Management Plan, Noise Protection Study, Water Management Plan, Waste Management Plan and Community Health and Safety Plan.

The Contractor has prepared Environmental Management Plan. The fourth revision of the Plan was answered by the Engineer on 13 June 2023 with related remarks. Waste Management Plan Rev.03 was re - submitted by the Contractor on 07.09.2023 and it was conditionally approved with some comments on 27.09.2023.

Water and Rivers Crossing Management Plan (1st issue) was submitted on 25th May 2023. The first review was issued on 15.07.2023 while the Engineer gave comments on 14.08.2023.

During this reporting period June 2024 was carried out EBRD monitoring visit which started with joint meeting between EBRD, Employer and Engineer held on 15th May 2023 and followed next day 25th June 2024 by Joint Site visit including representatives of the Contractor. Site visit was carried out at Obiliq Station, Mitrovica station, Culvert 23A and Fushe Kosove Main Station. On 26th June 2024 was held closing meeting with recommendations for Employer Engineer and Contractor and a presentation about the main issues was prepared for them. As per further development on documentation nothing new is submitted by Contractor to Engineer's in regards to ESHS discipline including any proposal for Asbestos waste considered as a major issue for the Environmental Health and Safety point of view.

Personnel: By the end of December 2023 the Contractor has nominated Environmental Officer and Waste Manager and has not yet nominated the Resettlement Liaison Officer.

Trainings: Contractor must organize regular Environmental and Social Trainings as planned by EMP and must keep records of those Trainings and submit to the Engineer and Client upon request. Until end of December 2023 evidence of E&S Trainings has not been submitted by the Contractor. Training should have been organized prior to starting the activities on Site. Contractor had submitted trainings in delay which were performed during March 2024. 10 workforces are trained for HS issues and are sent to Engineer's in the end of July.

Waste management: The Contractor must sign contracts with licensed waste management companies for each type of waste generated on sites (non-hazardous and hazardous waste). Contracts must be prepared with all municipalities where the railway line passes and where the station buildings are located, for collection of communal waste and disposal of construction waste. To the last Contractor's Monthly Progress Report No.06 have been included Agreements with waste management companies as follows:

Sub – contractor "G3 Inxhiniering" SH.P.K. with KRM "Uniteti" for construction waste, operating in Mitrovica Municipality.

Sub – contractor "R & Rukolli" SH.P.K. with Tekno – Konstrukt SH.P.K. for construction waste.

Sub – contractor "R & Rukolli" SH.P.K. with KRM "PASTRIMI" operating at Obiliq Municipality for domestic waste.

Preparation and submission of these contracts by the Contractor is considered as an improvement toward fulfilling his obligations.

In the third review dated 27.09.2023 letter P XK-00005.02/MA/0471 the Engineer gave comments regarding WMP which was conditionally approved. Waste seems to be continuous issue for entire area where the project

passes through. All this due to many resettlements situated in vicinity of the rail line and also due to working culture from works forces by leaving their daily consumables on site.

Asbestos: Management of asbestos waste has been discussed during the meetings held related to Buildings rehabilitation. Asbestos Management Plan was developed by Infrakos as per Book 14 and submitted to the Contractor on 14th July 2023.

Based on the Employer's Plan, the Contractor has developed and submitted Asbestos Management Plan with letter reference (29.08.2023) _RKSP2 0457/23. The Plan has been approved by the Engineer on 19th September 2023 (reference P XK-00005.02/MA/0457) with specific attention on some pointed issues.

In regards of the Contractor's letter reference RKSP2 0523/23 dated 03rd October 2023 for nomination of company AR-TECH SH.P.K. for removal of asbestos, in order to assess company's competences and compliance with National legislation the Engineer request additional documentation (letter reference P XK-00005.02/MA/0495 dated 09th October 2023) considering authorization/license of the company for handling of asbestos hazardous waste as well relevant H&S documentation/certificates as mentioned in Contractor's Asbestos Management Plan (reference RKSP2 0457/23 dated 29th August 2023) and Engineer's letter reference P XK-00005.02/MA/0457 dated 19th September 2023.

In regards of the Contractor's letters reference RKSP2 0523/23 dated 03rd October 2023 and RKSP2 0546/23 dated 10th October 2023 for nomination of company AR-TECH SH.P.K. for removal of asbestos as well submission of additional documentation, the Engineer reminded the Contractor (letter reference P XK-00005.02/MA/0527 dated 23th October 2023) according to the Administrative Instruction No. 01/2020 on the waste management containing asbestos identified in both Employers' and Contractor's Asbestos Management Plans it is clear that company who is managing the waste containing asbestos shall possess appropriate license issued by competent National Authority.

Therefore, the Contractor was instructed to comply with National Legislation as well all other issues stated within Engineer's letter reference P XK-00005.02/MA/0457 dated 19th September 2023.

This issue was also discussed during the Monthly Progress Meeting held on 22nd November 2023 as well 19th December 2023 and MoM will be issued as official record.

With letter reference P XK-00005.02/AMBM/0663 dated 20th December 2023 the Engineer has stated the following:

"With reference to the Contractor's letter RKSP2 670/23 dated 21st November 2023 and following the discussions during the Monthly Progress Meeting held on 19th December 2023 as well considering Engineer's letters reference P XK-00005.02/MA/0457, P XK-00005.02/MA/0495, P XK-00005.02/MA/0527 and P XK-00005.02/BM/0550, hereby the Contractor is once again reminded to submit the license for nominated company AR-TECH SH.P.K., for handling of asbestos hazardous waste in accordance with the applicable National legislation." As per further development in regards to ESHS discipline no solution is provided from contractor including any proposal for addressing Asbestos waste. Asbestos waste is considered as a major issue for the Environmental Health and Safety point of view.

Water and waste water: The Contractor has not provided permits for performance of construction activities near/within water body as well as for water use for technical purposes. It is recommended the procedure for their obtaining to start immediately. In addition, the Contractor should provide permits for discharging of waste water generated on the site. Before discharging of waste water, the same should be treated. In several working sites such are Culvert 23, Culvert 23A, Bridge 10 and 11 is evidenced dirty waters in the surface due to poor solution from contractor in works execution.

Grievances: This Mechanism must be established and boxes where could be placed complaints from the Community/Public must be also placed on the visible part of the Site. One grievance box has been placed at Obiliq Station during this reporting period but was not labelled if it is for workers or community. During the reporting period there is no evidence of any submitted public grievance, but also no evidence of grievance box is seen at any working sites.

Labour and Working conditions: Contractor must keep workers records (evidence) for each person engaged in project realization, whether it comes from the Contractor or other subcontractor. A worker's evidence should include a contract, signed code of conduct, and other evidence set in laws that regulate the working

relationship. Until now Contractor did not submit list of the workers. In all working sites is encountered bad site organisation as per worker's facilities needed. Shelter, potable water and portable toilet, waste bins, spill kit, fire extinguishers, ashtray and guard cabin never seen provided at any working site.

Illegal level crossings: In the Book 14 has been stated that some Illegal level crossings are observed by the Designer, and one has been noticed by the Engineer nearby Plemetin Stop during the Site visit. The Contractor must define and implement measures to reduce accidents at crossings, particularly communities with high-risk crossings, informal crossings. The Client and Contractor will have to organize an Awareness raising programme - Implement a trackside and level crossing public safety awareness raising programme in consultation with other key stakeholders (police, schools, Authorities).

During ESHS Site visit carried out in December Engineer observed that pedestrians including children were passing through the Site e.g. at Plemetin area and Prelluzhë Station.

During November and December 2023, the Contractor has closed an illegal crossing near Obiliq (KEK area). Since that time no action has been taken from contractor to mitigate the negative situation and reduce the risk for locals.

Dirty and damaged roads: At Plemetin area on many occasions situations where adjacent asphalt roads were dirty have been noticed. Remarks for this issue: dirty roads have been sent to Contractor through letter PXX-00005.02/ED/0237.

Locations of storages for waste and new material: In the third revision of WMP regarding the temporary storage of waste it was requested by the Engineer to point out and present on a map the temporary storage locations with specific emphasis on hazardous waste. . From January to June 2024 no action has been taken from contractor to mitigate the negative situation and address the issues in regards with areas needed for storing temporary material or inert waste needed or generated by project activities.

Resettlement: In Station Buildings, particularly in Obiliq, Prelluzhë and Mitrovica currently live families which rent the buildings, while in Fushë Kosovë Station are based some private businesses which also rent parts of the building. As a result of project activities, they may be affected. The Resettlement action plan will be prepared by Infrakos.

One of the Specific points of the Projects was considered to be temporary resettlement of the residents from the Station Buildings during the construction works and of private businesses to the Fushe Kosove Station.

Resettlement Action Plan must be prepared by Infrakos/Employer and the same must be updated accordingly. It is recommended that the planning for the rehabilitation of Station Buildings where currently families are living to be accurately prepared by the Contractor due to the social issues which will be raised and will potentially have financial impact. A meeting with PIU with the aim to organize presentation for the Station Buildings has been held on 23rd January 2023 where the topic of resettlement has been discussed. PIU committed to give answer related to number of the families which are living at the Station and other Buildings, Engineer will be informed duly after elaboration of this issue among them. Until end of April 2023 no updates have been received for the families except the one in Prelluzhe Station (one family is living at one old storage building which is designated to be demolished by the project design.

The resettlement of this family must be foreseen before starting the works and actually there are discussions between Infrakos and the head of resident family to solve the issue within other Infrakos properties). During September 2023 socioeconomic survey was done with the affected family and consent for relocation/move of household on new location (with agreed repair activities) was signed.

Meeting related to Station Buildings was held on 29th March 2023 and the Resettlement issue was discussed among other issues, PIU declared that there is no will from the residents which are actually using the buildings to move during the implementation of the construction works. Therefore, Employer proposed that would be signed a document between residents of the Buildings and Infrakos to stay in the buildings during the works implementation and accept conditions presented by Infrakos for noise, dust, disruption, etc. Until end of April 2023 no updates have been notified by the Employer related to abovementioned documents.

Meeting related to Health Safety Environmental and Social issues in the Station Buildings and on other working sites was held on 18th June 2024 in the Client premises with main Contractor, Employer and Engineer's. Environmental Health and Safety engineer brought into main Contractor attention for the issues encountered on each working site.

Another meeting related to Health Safety Environmental and Social issues in the Engineer's premises was held on 19th June 2024 between Engineers's. Environmental Health and Safety engineer and GCF (main Contractor) for the issues encountered on each working site.

Working hours: Construction works in/or in close vicinity of the settlements will not be permitted during the night; the operations on site shall be restricted in the period 07.00-19.00 h. (Ref. Book 14).

Permits: Permission for demolition of buildings as well as their reconstruction are not provided. It is recommended the PIU to take into consideration the Law on construction 04/L-110 (CHAPTER VI CONSTRUCTION PERMIT) and to provide all required permits. Contractor must obtain Water Permit for working in the vicinity and in the watercourses as per requirements of Book 14. This permit is ministerial level permit and must be calculated time to obtain it.

Requirements for Materials: The Contractor/Subcontractors which produces material that will be used for rehabilitation of the railway has to possess IPPC-Integrated Pollution Prevention and Control Permit or environmental permits for performance of the works.

2.1.3.8 - Key Issues. Work Contract (Phase II)

The following key risks that have a high probability and high impact on the completion of the Contract:

Contractor's Risks:

- a) Slow rate of progress - At the end of the reporting period, the financial progress is only around 33%, whilst over 100% of the Time for Completion is absorbed. Whilst the Engineer is making an assessment of the EoT Claim 19 of the Contractor, it is obvious that the Contractor will need at least one more year to complete the Works, provided that he mobilizes sufficient resources. Based on the Engineer's Determination on Claim 19, the Employer will evaluate the available options to proceed.

Poor mobilization of the Contractor. Lack of qualified personnel and equipment of the Contractor according his offer **Employer's Risks:**

- a) Quality of the Employer's Design;
- b) Initial contract price has a strong tendency to overrun, that mainly explained by the significant escalation of the Construction Cost Index and application of SC 13.8 Adjustment for Changes in Cost. As a result, the Application of SC 13.8 Adjustment for Changes in Cost may potentially lead to adjustment of the Accepted Contract Price in 12 mEUR;
- c) The risk of further escalation of the Contract's costs is relatively high.

2.2 - Project Actions before Implementation Stage

2.2.1 - Orient/East-Med Corridor: General Rehabilitation of Railway Route 10 in Kosovo, Signalling and Telecoms for Phase I and Phase II

2.2.1.1 - Scope of Work (S&T Phase I and Phase II)

Rehabilitation (Signaling & Telecommunication Works) of the Southern Part of Railway Route 10, Section "Hani i Elezit – Mitrovicë" from km 313+711 to km 212+004.

2.2.1.2 - Actual Status (S&T Phase I and Phase II)

The tender documents for S&T Works for Phases I and II were drafted in June 2022.

The set of tender documents and Notice of Tender were submitted to the EBRD for review and No-Objection in November and December 2022.

Due to unsecured funds and the uncertainty with regards to the Completion of Phase I and Phase II Works Contracts, the Tender is not yet launched.

No changes occurred since the previous reporting period.

2.2.2 - Orient/East-Med Corridor: General Rehabilitation of Route 10 Phase III, Mitrovicë – Border with Serbia Railway Section

The project is at its design stage.

Regarding the Technical assistance for preparation of the Detailed Design and Tender Dossier for Phase III - Mitrovicë/Mitrovica - Border with Serbia (Leshak station) detailed design for the Mitrovica-Leshak railway line funded by WBIF Grant (WB15-KOS-TRA-01) progress is as follows:

IPF9 Inception report is approved.

IPF9 has not been able to mobilize the team due to the situation in the north of Kosovo during the last months, even though all the necessary approvals were in place. After discussing these difficulties between IPF9 and the IFI Leader (EBRD) and DG NEAR, as well as taking into account the fact that IPF9 is very close to completion, it has been decided that this Technical Assistance will be reassigned to the IPF11 Consortium.

IPF11 has the time and budget needed to complete the full scope without having to split the project into two Phases (Phases A and B).

IPF9 has been in contact with IPF11 and provided them with all the necessary information/documentation to make this transition as smooth as possible. It should also be noted that Panos Pikrodimitris, who is currently the Chief Transport Expert at IPF11, was the project manager for the initial phase of this project under IPF9, so there is already knowledge transfer to IPF11. During the initial period, IPF9 received from INFRAKOS several documents (hard copy designs). Infrakos have advised IPF9 to give these documents directly to IPF11. However, we feel that this is the best way to efficiently achieve the objectives of the ToR. The Methodology Proposal for the WB15-KOS-TRA-01 after accommodating the comments from EBRD – an email sent by Panos P. 13.09.2023, it has received green light (No Objection) from both of the Banks to start the activities. They will mobilise their team and plan a kick-off meeting in early October. The kick off meeting took place on 26.10.2023 at Infrakos premises. Participants in this meeting were: IPF 11, Infrakos, WBIF, European Commission and EBRD representatives. The Consultant presented a short report regarding key points of the project which included engaged staff, milestones, risks, budgeting and missing funds. However, regarding milestones, it was proposed by Infrakos to be reduced in a max. of 1 year after the kick off meeting, while regarding the funds the WBIF and Infrakos promised that they will do their best to ensure that IPF 11/Cowi has their full support on the procedure of obtaining the missing funds. During November, site visits were performed from the Environmental experts who are preparing the Terms of Reference for procuring the environmental and social studies. The alignment design team has reviewed the existing documentation and has reproduced the railway line alignment at a preliminary design stage, to facilitate the integration of the survey findings. The international tunnel expert has reviewed the available documentation and is preparing his report. The structural design team has scanned and is reviewing the design of the existing metallic bridges to prepare the terms of reference for the visual inspection of the bridges. During December 2023 the ESIA team prepared the reports for the site visits in project area and also the ToR for necessary Environmental and Social surveys. These reports were sent to EBRD for their comments or No Objection. Regarding the key points that were discussed in the Kick-off meeting despite the several requests of Infrakos no measures were taken by IPF11 Consortium especially in the milestones part and the funding of this project.

No changes occurred since the previous reporting period

3 - WORKS PROGRESS AND COSTS ESTIMATES

WORKS PROGRESS & COSTS ESTIMATES		Updated as of:	6/30/2024	6/30/2024	
	CONSTRUCTION / ENGINEERING CONTRACT	Unit	Ph1 Works Contract - Contract №45276/ 06.02.2019	Ph2 Works Contract - Contract № 8147446-IFT-45276/ 08.12.2021	
	CONTRACTOR		GCF	GCF	
	TIME PARAMETERS OF CONTRACT				
A	Commencement date		30/08/2019	10/10/2022	Time for Completion
B	Original Time for Completion	days/month	730	455	
C=A+B	Original Date for Completion		29/08/2021	8/1/2024	
D	Extensions of Time for Completion	days	1128	-	
D'	Current Time for Completion	days	1858	455	
E=C+D	Current Date for Completion	days/month	30/09/2024	n/a	
F=C+D	Current Projected Date for Completion		30/09/2024	n/a	
	INITIAL FINANCIAL PARAMETERS OF CONTRACT				
G1	Contract Price without Contingency	Eur	73,826,891.46	45,422,672.07	Value of Works
G2	Contingency	Eur	4,798,747.94	2,271,133.60	
G3	Contingency for VO's	Eur	-	233,699.65	
G (G1+G2+G3)	Total Accepted Contract Amount	Eur	78,625,639.40	47,927,505.32	
	CURRENT FINANCIAL PARAMETERS OF CONTRACT				
G1'	Contract Price with Contingency Used	Eur	77,334,096.64	45,429,758.36	Value of Works
G2'	Remaining Contingency	Eur	1,291,542.76	2,497,746.96	
G3'	Adjustments for changes in costs to date	Eur	9,349,920.57	4,215,780.00	
G' = (G1'+G3')	Contract Price with Contingency Used and Adjustments for changes in costs	Eur	86,684,017.21	49,645,538.36	
	FINANCIAL PROGRESS OF CONTRACT				
K	Amounts Certified for Payment to date	Eur	52,224,905.01	12,626,260.13	Progress
K1	Total Value of Completed Contract Works	Eur	41,886,956.78	13,021,449.40	
K2	Paid advance	Eur	7,862,563.94	4,792,750.53	
K3	Materials on site	Eur	27,043,279.71	5,778,461.92	
K4	Variation orders carrying adjustments for changes in costs	Eur	4,199,229.05	-	
K5	Variation orders not carrying adjustments for changes in costs	Eur	822,327.17	7,086.29	
K6	Retained money (5%)	Eur	2,751,607.02	-825,468.46	
K7	Advance payment repayment	Eur	7,862,563.94	-2,651,912.82	
K8	Adjustments for changes in costs	Eur	9,349,920.57	4,215,780.00	
K9	Provisional sum for DAB	Eur	37,226.99	30,860.19	
K10	Application of SC 14.6	Eur	1,324,191.69	-749,956.46	
K11	Delayed Payment financing charges	Eur	4,939.11	-5,214,328.53	
K12	Progress: % of Current Contract Price without Adjustments	%	62.42%		
P2=K/G	Progress: % of the Accepted Contract Amount after Adjustments	%	66.42%	25.43%	
M	Time Elapsed	days	1766	629	Variations
N=M/D'	% of elapsed Current Time for Completion	%	95.05%	138.24%	
	ADJUSTMENT TO CONTRACT VALUE TO DATE				
S1	Approved estimated cost of contingency	Eur	3,507,205.18	-	
S2	Adjustments for changes in costs	Eur	9,349,920.57	4,215,780.00	
S3	Remaining Provisional sum for Contingency	Eur	1,291,542.76	2,497,746.96	
S4	Delayed Payment financing charges	Eur	4,939.11	-	
P2=S2/G2	% of remaining contingency from the Contract provisional sum, excluding Adjustments for changes in costs	%	27%	100%	
P3=S3-S2+S4	Current shortage/availability of contingency funds, considering paid adjustments for changes in costs	Eur	- 8,063,316.92	-1,718,033.04	Estimated variations
S=S1+S2+S4	Total approved/certified to date	Eur	12,862,064.86	4,215,780.00	
	ESTIMATED COST OF EXPECTED VARIATIONS				
T1	Unforeseen costs and Price adjustments (CCI increase)	Eur	10,624,182.74	10,764,617.25	
T2	Corrections for cancelled/replacement activities	Eur	-	-	
T3	Claimed amounts under SC 20.1 with open status	Eur	-	-	
T4	Estimated VO's	Eur	-	7,086.29	
T	Total estimated to date	Eur	10,624,182.74	10,771,703.54	
P3=(S+T)/G2	Estimated total % of contingency needed	%	31.81%	33.00%	
P3'=G1+S+T-G	Estimated costs beyond the Accepted Contract Amount		18,687,499.66	12,482,650.29	
V=G1+S	CURRENT CONTRACT VALUE, VARIATIONS AND PRICE ADJUSTMENT TO DATE INCLUDED	EUR	86,688,956.32	49,638,452.07	
	Current Contract Value without Price Adjustment	EUR	77,334,096.64	45,429,758.36	
	ESTIMATED CONTRACT VALUE, VARIATIONS AND PRICE ADJUSTMENT INCLUDED	EUR	97,313,139.06	60,403,069.32	
	Current Estimation of amount needed to cover Price Adjustment costs	EUR		14,973,310.96	

The achieved work progress and cost estimates under the concluded Works Contracts presented above.

Note Phase1

1.	Values are without VAT. Reported contracts VAT exempt.			
2.	Ph. 1 - For the estimated Price adjustment costs, the Price Adjustment Multiplier applied to the remaining non-certified contract price is 1,3508 (CCI = 35,08%), considering the latest available CCI index for Q2 of 2023			
3.	Ph. 2 - For the estimated Price adjustment costs, the Price Adjustment Multiplier applied to the remaining non-certified contract price is 1,3152 (CCI = 31,52%), considering the latest available CCI index for Q2 of 2023			
4.	Ph. 1 - Forecast does not consider the possible outcome of the Addendum 4 to Phase 1 Works for re-design of the new steel bridges with reinforced abutment - Contract Variation of Works at the value of up to 8 M€ (subject to Price Adjustment)			
Ph. 2 base index	102.8			
Q2,22	138			
Q3,22	142.2			
	1.3833			
Q3,22	1.3424			
Q2,23	139.4			
	1.3152			

Note Phase2

- Values are without VAT. Reported contracts VAT exempt.
- Ph. 1 - For the estimated Price adjustment costs, the Price Adjustment Multiplier applied to the remaining non-certified contract price is 1,3566 (CCI = 35,66%), considering the latest available CCI index for Q3 of 2023
- Ph. 2 - For the estimated Price adjustment costs, the Price Adjustment Multiplier applied to the remaining non-certified contract price is 1,3210 (CCI = 32,10%), considering the latest available CCI index for Q3 of 2023
- Ph. 1 - Forecast does not consider the possible outcome of the Addendum 4 to Phase 1 Works for re-design of the new steel bridges with reinforced abutment - Contract Variation of Works at the value of up to 8 M€ (subject to Price Adjustment)

VISIBILITY AND COMMUNICATION ACTIVITIES

Project information billboard for Phase 1 has been installed at Fushë Kosovë Station in front of Station and Ferizaj Station.

Project information billboards for Phase 2 has been installed in Fushë Kosovë Station, Obiliq Station, Prelluzhë Station, Vushtrri Station, Mitrovicë Station.

The ceremony of Inauguration for the beginning with works of the second phase for the rehabilitation of railway line 10 Fushë Kosovë – Mitrovica was held on 19.12.2022.

No other activities to report.

4 - MONITORING ACTIVITIES

Monitoring performed

Regular monitoring meetings have been conducted between PIU and EBRD and EIB via video conference.

EBRD ESIA Team visit to InfraKos premises in Fushë Kosovë and Site visit on 25-26 June 2024

EBRD Board visit to InfraKos central station offices in Fushë Kosovë on 20 June 2024.

Further Monitoring Activities

The Phase I and Phase II Engineer's Monthly Progress Reports are being sent to the IFI's, allowing monitoring of the progress Phase 1 and Phase 2 Works contract status on monthly basis. Infrakos delivers project periodic reports to the IFI's on a three-monthly basis as foreseen in the Project Agreement.

5 - MAIN DIFFICULTIES ENCOUNTERED DURING THE REPORTING PERIOD AND IMPLEMENTED MEASURES

5.1 - Project Overall

- i. Delays in the Project procurement procedures – Signalling and Communications for Phase 1 and 2 Works, PIU Consultant for the overall project.
- ii. Critical delays in the Works Contracts in implementation stage due to Contractors 'slow progress and failure to meet his contract obligations for which a number of Notices to correct under Sub-cl. 15.1 have been issued.
- iii. The FIDIC Red Book Works Contract conditions used in the project transfer the risk for Construction Cost Escalation to the Employer. The upward trend of it in the last year will impact the overall project cost and additional funds will be needed to cover price adjustment costs. Support and guidance are being sought in that respect from MoF and IFI's. Ongoing re-evaluation and re-calculation of the Project Funding Gap by the PIU with latest estimation reaching close to 370 mEUR.

5.2 - Phase I

See Section 2.1.1 above and Chapter Project Risk Assessment – Problems encountered and their solution in the Phase 1 Engineer's MPRs for June 2024.

5.3 - Phase II

See Section 2.1.1 above and Chapter B.9 Project Risk Assessment of the Phase 2 Engineer's MPRs for June 2024.

6 - KEY PERSONNEL CHANGES IN THE STAFF OF THE PROJECT ENTITY, THE PIU, THE CONSULTANTS OR THE CONTRACTORS

6.1 - Employer and PIU

Chief Executive Officer of Infrakos

No changes.

6.2 - PIU Consultant

Team Leader of the PIU Consultant

Mr. Roger Ribeiro has been appointed as the new Team Leader of Egis since February 2023. Egis Contract has expired on 30 June 2024 and we are in the process of assigning a new Technical Assistance.

6.3 - Engineer (Phase I)

Replacement of Environmental Expert and Quantity Surveyor due to changes in Hill Organization are approved by the Banks.

6.4 - Engineer (Phase II)

Mr. Vasileios Bratsis has been mobilized as Resident Engineer/Team Leader as of 29 April 2024.

Ahmet Burak Goktepe was mobilized as Geotechnical Engineer on 12.01.2024.

Mrs. Erdona Demiraj has been mobilized as Environmental Engineer on 03 June 2024.

Contractor (Phase I)

No changes.

6.5 - Contractor (Phase II)

No changes.

7 - MATTERS THAT MAY AFFECT THE COST OF THE PROJECT

Identified issues with possible impact on the overall project cost and duration are:

- Ongoing impact of the effect of the coronavirus pandemic and the war in Ukraine (potentially other ongoing conflicts) on the overall project resourcing and progress, procurement procedures and project costs.
- Delayed procurement process may impact future candidates' price offers due to the increased inflation rate. Ongoing update of estimations and additional funds are being sought to cover the estimated funding gap.
- Phase I - The Contractor has failed to provide designs, compliant with the contract requirements and to meet milestones as per Addendum 4. The costs of design for 13 new steel bridges and cost of the resultant additional work will have to be justified by the Contractor.
- Phase II – risk of Contract termination by the Employer or “time at large” which will affect the overall project calendar and cost.
- Necessary further Addendum to the Phase I Supervision Contract to regulate needed Engineer's team inputs to cover fully the new Time for completion of the Works Contract.
- Necessary Addendum to the Phase II Supervision Contract to regulate needed Engineer's team inputs to cover fully the new Time for completion of the Works Contract.
- Delay of procurement procedures for actions for which there are no sufficient funds secured.

8 - UPDATE ON THE TECHNICAL DESCRIPTION (SIGNIFICANT CHANGES VS. INITIAL SCOPE)

8.1 - Variation orders under the Phase 1 Works Contract

VO or Amendment no.	Date(s)	Description	Reason	Status	Amount
Add.2	14-01-20	Addendum 2 to the Contract	Provisional Sum for Employer's part of DAB's fees and costs	Approved/Instructed	140,000.00*
1	30-09-2019 12-02-2020	Benchmarks	Faulty benchmarks are required to be re-established and handed to the Contractor. 113 out of a total of 429 are unusable, more specifically 22 repers, 83 polygonal points (2nd order) and 8 trigonometrical points (1st order).	Approved/Instructed	25,600.00
2	17-01-2020 05-03-2020	Continuous Welded Rail	The existing Design foresees 14.9 km of jointed rail, ie rails not welded between them to form a continuous rail, but are jointed between them with the use of fish-plates. The Engineer investigated to minimize this jointed rail by the use of different European Standards and maximize the continuous welded rail (CWR) length which increases the riding quality of the line and reduces maintenance costs. This is in line with the Employer's requirements for the track. The saving is estimated to be considerable (over 500 k€).	Approved/Instructed	26,250.00
3	17-01-2020 11-03-2020	Design Support Services	The Project's Design was elaborated without including the Infakos' boundaries therefore design overruns violate private and/or state properties. Employing a designer to be provide real time support to provide design changes is required.	Approved/Instructed	122,682.00
4	30-09-2020 11-03-2020	Geotextile behind Gabions	The Design missed the separation geotextile that is placed behind the gabion baskets to prohibit the mitigation of the fine embankment material through the high voids of the rock material placed inside the gabions and, as such, compromise the embankment's stability.	Approved/Instructed	56,873.50
5	30-09-2020 29-05-2020	Forepoling	The Design of Tunnel no.3 foresees stabilization measures with the method of forepoling using 3,528m of grouted steel tubes with dia 139.7mm and thickness 5mm. However, the Bill of Quantities (BoQ) does not include a relevant item for it hence the calculation of a unit rate in that respect is required.	Cancelled with VO-18	217,324.80
6	02-10-2019 16-09-2020	Upgrade of Concrete Classes	Design concrete classes do not fulfill the requirements as per EUROCODE for freeze and thaw and needs to be upgraded.	Approved/Instructed	386,529.64
7	01-12-2020 30-12-2020	Improvement Layer under Railway Track Bed	Although the Contract Specifications foresee under para 2.3.19 the need for foundation improvement of the railway embankment over soils with poor geotechnical characteristics, the BoQ did not include any such item. Site conditions have shown the need for extensive use of such an improvement layer.	Cancelled/Replaced by VO-7N	1,130,976.00
8	22-12-2020 30-12-2020	CWR Design (VO-2) Revised Quantities	Following the approval of VO-2 design and its instruction to the Contractor, there is a necessity to regulate the new quantities and adjust the Provisional Sums of the Contract. This is a negative VO.	Approved/Instructed	-1,478,411.00
3, Add. 1	05-08-2021 18-08-2021	Design Support Services Extension	Extension of contract for VO-3 Design Support Services is required to complete all remaining issues with design.	Approved/Instructed	125,325.24
9	31-08-21	Various Cancellations	Following several meetings with the Employer, several decisions were taken to mitigate risks as to those assigned on Local Roads, to better define the Scope of the Works and generally to save unnecessary expenditures: 1. LEVEL CROSSINGS 2. LOCAL ROADS/SIDE ROADS 3. HAND-HELD DERAILLERS 4. CANCELLATION OF 2 SWITCHES, INDUSTRIAL LINES AND RELATED WORKS 5. CANCELLATION OF GABIONS km 307+700 – km 308+970 This is a negative VO.	Approved/Instructed	-1,110,438.79
10	31-08-21	Dimpled Membrane	The dimple membrane (DIMPLED MEMBRANE MGP 400-BLACK) was added to the Works to protect double bituminous coating for the reinforced concrete structures. This item was not foreseen in the Tender Design.	Approved/Instructed	140,527.16
11	31-08-21	Sleeper Anchors	The addition refers to the Sleeper Anchor against lateral track displacement. This item was added due to the changed solution from fish plates to CWR and for a better performance of the track in curves with less than 250 m radius.	Approved/Instructed	169,332.40
12	31-08-21	Abutments and Piers Protection	The initial design did not foresee the protection of abutments and piers in those locations where the river may damage the structures in case of floods and subsequent debris flow.	Approved/Instructed	209,639.04
13	31-08-21	Bridge bearings protective system against water ingress	The initial Design did not foresee the protection of the steel bridges' pot bearings in those locations where river splashing and debris may infiltrate to the bearings' seat and cause damage. The best practice provisions and EN 1337-9 recommendations were applied to protect bearings for a freeboard of 1.00 to 1.50 m above the maximum water level.	Approved/Instructed	30,800.00
14	31-08-21	Lepenc river regulations in the areas of Bridges 15 to 29	The construction of Route 6 Motorway regulated extensive lengths of river Lepenc banks rendering not necessary the foreseen in the Design interventions in Bridges 21-29. Moreover, river training works for Bridges 15-20 were redesigned based on the approved by the Mol hydrologic and hydraulic design and practice followed in Route 6. This is a negative VO.	Approved/Instructed	-1,210,079.21
7N	02-09-21	Improvement Layer construction - Update according to Site conditions	Replacement of VO-7, Improvement Layer under Railway Track Bed, instructed to the Contractor on 30/12/2020, with the information of the actual conditions encountered on Site related to construction of improvement layer under subgrade and embankment foundation. This VO will be paid as a Lump Sum item.	Approved/Instructed	506,351.98
15	02-09-21	Revised quantity for QS3 subgrade	Due to the construction of the improvement layer with the use of the old ballast material mix for it, the quantities for subgrade out of clean QS3 layer have to increase since the quantity of the old ballast foreseen in the original BoQ for subgrade construction is no more available.	Approved/Instructed	268,351.29
16	02-09-21	Supply and transportation on site of new ballast material (volumetric control)	The Initial BoQ was foreseen the delivered ballast to be paid in metric tons upon delivery. Due to lack of control means the ballast will be paid in volume m³ of laid to the track line ballast.	Approved/Instructed	180,517.84
17	02-09-21	COVID-19 Expenses	COVID-19 expenses reasonably incurred by the Contractor during the period the Government of Kosovo imposed restrictions for public health, from March 2020 to 01 June 2021	Approved/Instructed	87,916.28
18	09-09-21	Tunnels Redesign and Portal's Slope Protection	The different geological conditions from the Design's assumptions which were identified from Contractor's geological investigations in the tunnels' areas led to the need to redesign the temporary support for the underground part. Moreover, the lack of any slope support measure in the Design at the portals' areas also required the design of these measures and relevant works as per CS para 2.4, Protection measures. This VO Amount is additional to BoQ Group MG-06, Tunnels, with a contractual cost of 3,570,450.28 €. Hence, the total LS of this VO is 6,735,621.38 €.	Approved/Instructed	2,947,846.30
19	27-10-21	VO-19, Road Level Crossings Change	Change of the initial Design material for level crossings STRAIL type to prefabricated rubber elements for level crossings from the UK company Rosehill.	Approved/Instructed	-30,008.15
20	21-01-22	Design change for Culvert C043	The needs of local community around the Site were met by changing the Design from a 3mx3m culvert to a 6mx4m at km 278+940.	Approved/Instructed	14,537.90
21	21-01-22	Provision of facilities for the Demining Team of KSF	After the request of the Employer to the Government, a team from Kosovo Security Force has been engaged to investigate the excavated areas from UXO (unexploded ordnances). This VO is related to the expenses incurred by the Contractor (food, water, utilities) in support to this team.	Approved/Instructed	30,000.00
Addendum nr.4					
22	12-07-23	Cancellation of VO-12 and VO-13	Cancellation of VO-12 and VO-13 due to new scope for Steel Bridges as per Add.4	In progress	-240,439.04
23	N/A	Bridges Contractor's Design	For the redesign of the new steel bridges with reinforced abutments as per Add.4	In progress	500,000.00
24	N/A	Stone wall protection	Stone Masonry Wall Protection (ch.301+425.80 to 301+556.50 +wall 35)	In progress	62,475.99
25	N/A	Culvert C092N	New Culvert C092N 3.00x3.00m – underpass at ch. 299+214.05	In progress	33,069.22
TOTAL SUMS					3,203,550.39

8.2 - Variation orders under the Phase 2 Works Contract

There were no instructed changes during the reporting period.

VO-001 Relocation of household in vicinity of Prelluzhe Station at the value of 7,086.29€ and no time impact was sent for Bank's "No Objection" by e-mail on 09.01.2024.

10. PICTURES DURING THE REPORTED PERIOD PHASE I

Good Practice. Seg. between 309+800 to 310+000.
Soft soil cleared from slope not reaching Lepenci
river.

(8 March 2024)



Bad Practice. Local road crossing the rail line nearby
Elez Han fully covered with mud. No info signs. Road
need to be cleaned preventing any bad result for
local users. (23 April 2024)



Good Practice. Spill kit present close to refueling
tank. (14 May 2024)



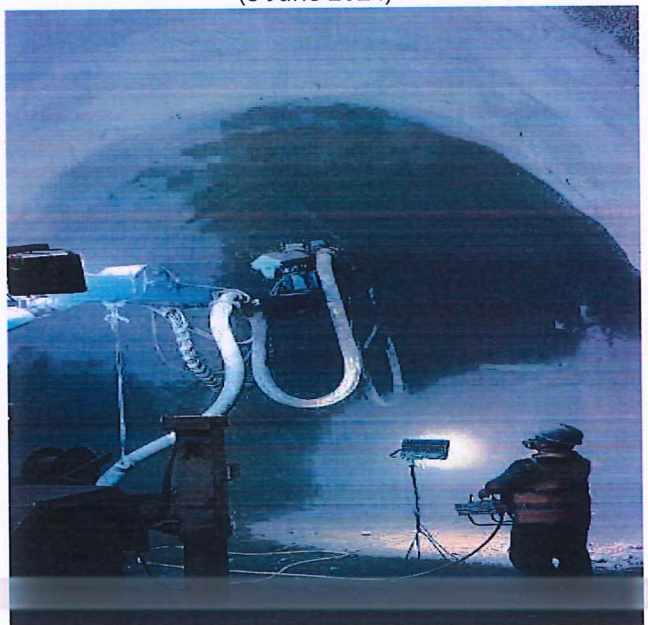
Bad Practice. Elez Han, No facilities on site. Portable
toilet, shelter, potable water. (14 May 2024)



Good Practice. Above tunnel 3, worker performing
drillings for testing working conditions at height.
(8 June 2024)



Bad Practice. Tunnel 7, dust presence seems to be
too height and compromising safer work conditions.
(8 June 2024)

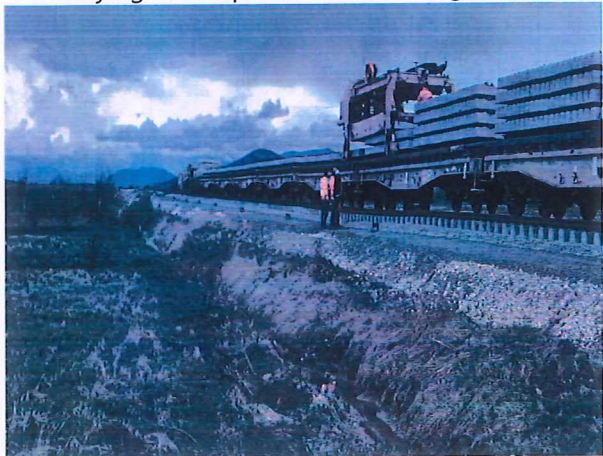


PICTURES DURING THE REPORTED PERIOD PHASE II

Laying of Ballast Prism – Segment 15



Laying of Sleepers and Rails – Segment 16



Rehabilitation Works – Progress in Pictures



May '24



Reahabilitation Works – Progress in Pictures

