



KOSOVO RAILWAY ROUTE 10 REHABILITATION PROJECT

PERIODIC (JANUARY-JUNE 2025) PROJECT REPORT


CUT-OFF DATE OF THE REPORT: 30 JUNE 2025



PRESENTED BY:

Beneficiary (Project Implementing Entity) Details



Client Name: Kosovo Railway Infrastructure INFRAKOS J.S.C	
Client Address: Sheshi i Lirisë p.n., Fushë Kosovë, 12000	
Country:	Kosovo
Client authorized representative:	
Name:	Nexhmi Rama 
Title:	Acting Head of PIU
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.	
Signature:	
Mr. Nexhmi Rama – Acting Head of PIU	
Date 30.06.2025	
Contact Details:	
Telephone: +383 550 550 227 Mobile: +383 44 309 832 E-mail: Nexhmi.Rama@kosovorailway.com	
Reporting Period: January – June 2025	

Send to

Name	Organisation	Comments
	EBRD	
	EIB	
	MoF	
	MIT	
	MoE	
	CEO, Infrakos	
	NIPAC	

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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 fulfillment of the Project agreement covenants is presented in Annex #2.

The overall project status and progress achieved in the Works Contracts in the implementation stage as of the cutting date of this report is presented in the sections below. The 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 79.2 % with 114.7% time elapsed (completion date, 30.09.2024);
- b) The achieved average monthly progress in the reported period is around 1%, which is significantly low;
- c) The Parties have signed Addendum no #4 effective from 12.07.2023 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 500k 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 23 Claims of the Contractor and 6 claims of the Employer.
- d) The Contractor did not submit a 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 was considered by the Contractor valid, already is overdue and the project is facing significant delays. **The Completion date is compromised.** The Submission of the Baseline Program of Works as per SC 8.3 and para Nr 10 of Add. 4 has never been submitted.
- 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. The Contractor submitted a referral No.3 for that purpose. DAB’s decision issued on 25.03.2025. The Employer issued a Notice of Dissatisfaction.
- f) The violated milestones and the time elapsed are presented in the table below.

The Table below presents the Add. 4 violated milestones up to now which have been violated by one to fourteen months.

Addendum Nr.4 violated milestones.

Milestone Name	Milestone Description	Scheduled Date	Actual Date
Bridges			
MB-A	Completion of Works for Bridge #A (<i>Bridge 13</i>)	30.09.2023	Incomplete
MB-B	Completion of Works for Bridge #B (<i>Bridge 15</i>)	30.09.2023	Construction has not even commenced
MB-C	Completion of Works for Bridge #C (<i>unidentified</i>)	30.11.2023	Construction has not even commenced
MB-d	Completion of Works for Bridge #D (<i>unidentified</i>)	31.01.2024	Construction has not even commenced

MB-E	Completion of Works for Bridge #E	31.01.2024	Construction has not even commenced
MB-F	Completion of Works for Bridge #F	31.03.2024	Construction has not even commenced
MB-G	Completion of Works for Bridge #F	31.03.2024	Construction has not even commenced
MB-H	Completion of Works for Bridge #H	31.05.2024	Construction has not even commenced
MB-I	Completion of Works for Bridge #I	31.05.2024	Construction has not even commenced
MB-J	Completion of Works for Bridge #J	31.07.2024	Construction has not even commenced
MB-K	Completion of Works for Bridge #K	31.07.2024	Construction has not even commenced

Tunnels			
MT-6	Completion of Works for Tunnel #6	10 Aug 2023	Construction is Completed
MT-7	Completion of Works for Tunnel #7	30 Sep 2023	Construction is Completed
MT-1	Completion of Works for Tunnel #1	30 Mar 2024	Construction is ongoing
MT-2	Completion of Works for Tunnel #2	31 May 2024	Preliminary works
MT-5	Completion of Works for Tunnel #5	August 2024	Construction is ongoing
MT-3	Completion of Works for Tunnel #3	30 Sep 2024	Construction is Completed

- g) For tunnels T5 T2, and T1, the final designs' submission and approval is pending. The tunnels Designs revision integrated the Employer's comments. During this period, the design of Tunnel T6 and T7 was approved. Also, the Contractor submitted the design of Tunnels T1 and T5, the Engineer's comments were sent for tunnel T5 while pending the review of the Contractor's comments for Tunnel T1. 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 2,8 mEUR as of the end of the reported period (ref. IPC 41, dated 22.05.2025). The Engineer has expressed his concerns of the Contractor's reaction and has alerted the Employer. Total number of non-closed NCRs is 391. 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-eight SC 15.1 [Notice to Correct] have been issued by the Engineer, only five have been complied with, 33 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 14,075,418.60 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 17.51 mEUR which is the total estimated Price Adjustment if Construction Cost Index remains unchanged as per latest published CCI of Q3/2024.
- 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 30.09.2025 (Addendum 9). 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 6,658,445.00 EUR.
- b) With Addendum No. 2 to the Service Contract, the Phase 2 Engineer's services for the construction period have been extended until 15.05.2025. The Maximum Contract Amount is revised to 3,316,105.00 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. The 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
Time for Completion (Initial)	730 days
Works' Completion Date (Initial)	29 August 2021
Time for Completion (Add.4).	30 September 2024

Description	Data
Agreement Nr. 6	31 January 2025
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	14,075,418.60 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
Agrmt. 6	Agreement to suspend the time for completion until 31 January 2025	N/A	30-12-24	EoT up to 31/01/2025

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 and Q2 2025

Description	December 2024	June 2025	Progress	Average Monthly Progress
1	2	3	4 = 3-2	5
Materials on Site	86.30%	88.50%	2.20%	0.4 %
Works	62.90%	71.50%	8.6%	1.43 %
Total Financial Absorption	73.50%	79.20%	5.70%	0.95 %

PHYSICAL PROGRESS Q1 and Q2 2025

Physical progress indicators	Total length	Completed December 2024	Completed June 2025	Progress	Average Monthly Progress
1		3	3	4 = 3-2	5
Primary Rail Track	65.717 km	56.304 km	60.444 km	4.140 km	0.69 km
Secondary Rail Track	13.857 km	13.084 km	13.084 km	0 km	0 km
Primary and Secondary Rails Tracks	79.574 km	69.388 km	73.528 km	4.140 km	0.69 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:	30.06.2025
		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
	Agreement Nr. 6	date	31.01.2025
	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	€ 77,670,080.89
G2'	Remaining Contingency	Eur	€ 955,558.51
G3'	Adjustmens for changes in costs to date	Eur	€ 14,075,418.60
G' = (G1'+G3')	Contract Price with Contingency Used and Adjustments for changes in costs	Eur	€ 91,745,499.49
	FINANCIAL PROGRESS OF CONTRACT		
K	Amounts Certified for Payment to date	Eur	€ 71,014,120.86
K1	Total Value of Completed Works	Eur	€ 58,047,990.15
K2	Paid advance	Eur	€ 7,862,563.94
K3	Materials on Site	Eur	€ 30,248,633.77
K4	Variation orders carrying adjustmens for changes in costs	Eur	€ 8,347,935.00
K5	Variation orders not carrying adjustments for changes in costs	Eur	€ 1,130,041.05
K6	Retained money (5%)	Eur	€ (3,537,143.59)
K7	Advance payment repayment	Eur	€ (7,862,563.94)
K8	Adjustmens for changes in costs	Eur	€ 14,075,418.60
K9	Provisional sum for DAB	Eur	€ 83,303.99
K10	Application of SC 14.6	Eur	€ (2,835,177.41)
K11	Delayed Payment financing charges	Eur	€ 4,939.11
P1=K/(G1'+G3')	Progress: % of Current Contract Price with Adjustmens	%	77.40%
M	Time Elapsed	days	2131
N=M/D'	% of elapsed Current Time for Completion	%	114.69%

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

IPA-45 for the works performed during December 2024, January 2025, February 2025, and March 2025 was submitted on 25.04.2025 for 12,868,526.69€, and IPC-41 was issued on 22.05.2025 for the amount of 7,312,832.07€, including 4.044M€ for customs and taxes as per DAB's Decision Nr.4 for Referral Nr.4. Its payment was due on 20.06.2025.

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

DISBURSMENTS – PHASE I WORKS CONTRACT

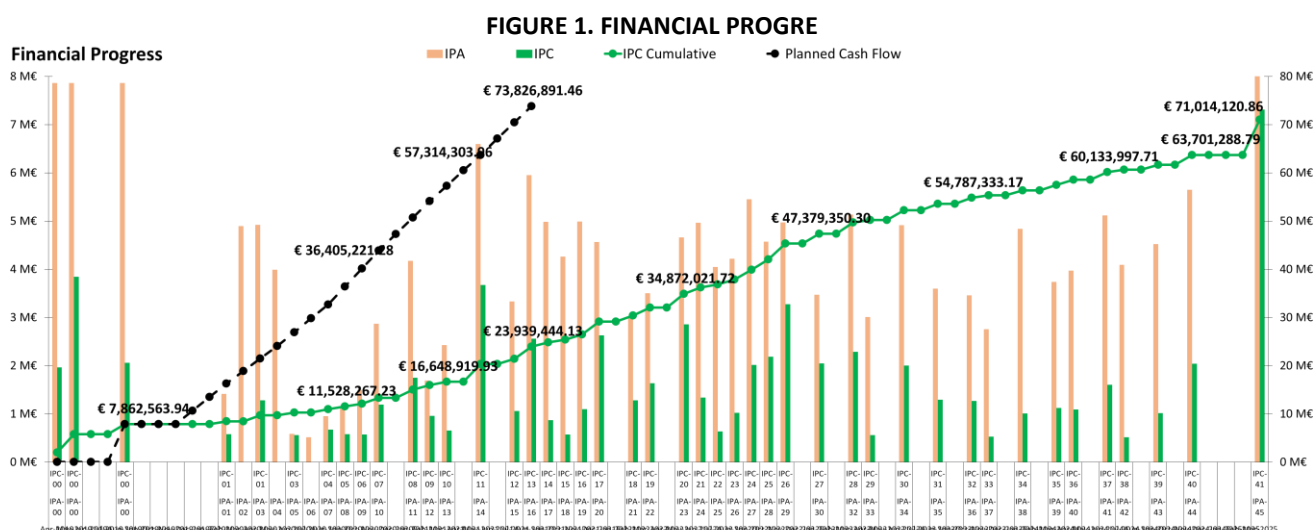
2.1.2.4.3 - Planned VS Actual Financial

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	
IPC-37	1,601,990.92	60,133,997.71	400,497.73	1,201,493.19	
IPC-38	514,011.60	60,648,009.31	514,011.60		
IPC-39	1,011,246.67	61,659,255.98	252,811.67	758,435.00	
IPC-40	2,042,032.81	63,701,288.79	---	--	
IPC-41	7,312,832.07	71,014,120.86	--	--	
Total	71,014,120.86	71,014,120.86			
% from paid amount					
			27%	50%	23%

2.1.2.4.4 - Progress. Work Contract (Phase I)

The planned vs. achieved financial progress is presented below:



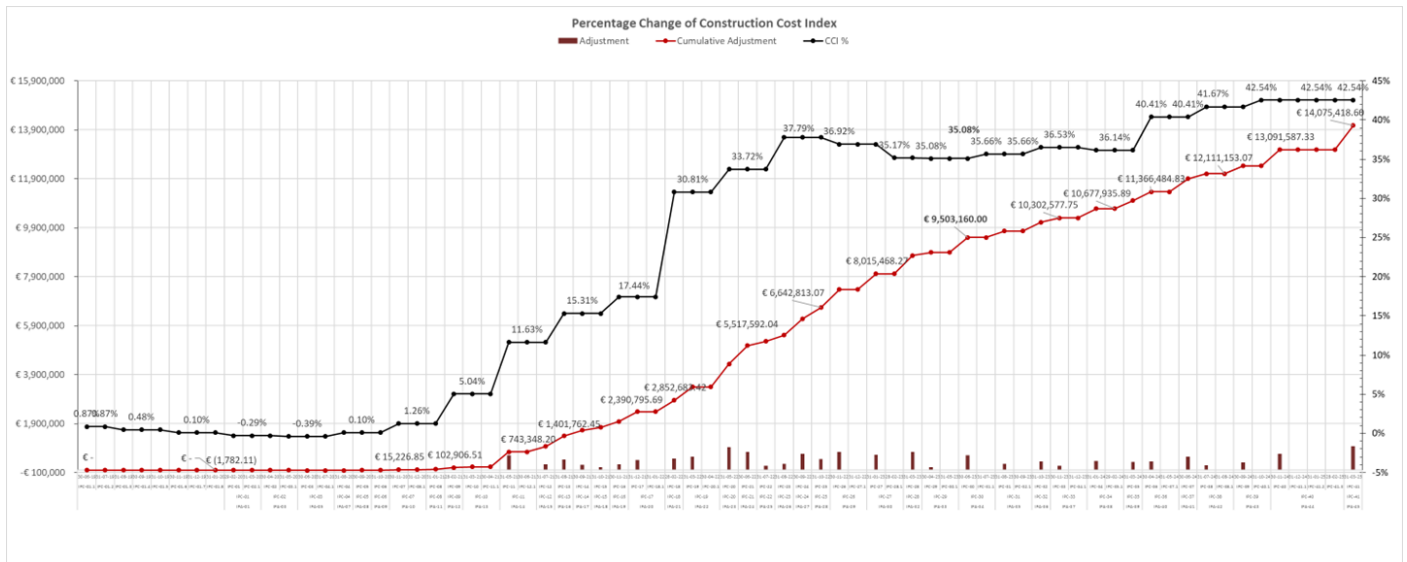
Main reason for the deviation is the Contractor's low progress.

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 Q1 of 2025, the current adjustment multiplier is 1.4254 or 42.54%.

As per IPC-41, the cost of price adjustment is at 14.08 ME.

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:	30.06.2025
		Unit	PH1 Works Contract Contract No45276/06.02.2019
CONTRACTOR		GCF	
	ADJUSTMENT TO CONTRACT VALUE TO DATE		
S1	Approved estimated cost of contingency	Eur	€ 3,843,189.43
S2	Adjustments for changes in costs	Eur	€ 14,075,418.60
S3	Remaining Provisional sum for Contingency	Eur	€ 955,558.51
S4	Delayed Payment financing charges	Eur	€ 4,939.11
P2=S3/G2	% of remaining contingency from the Contract provisional sum, excluding Adjustments foe changes in costs	%	20%
S=S1+S2+S4	Total approved/certified to date	Eur	€ 17,923,547.14
	ESTIMATED COST OF EXPECTED VARIATIONS		
T1	Unforeseen costs and Price adjustment (CCI increase)	Eur	€ 14,075,418.60
T2	Corrections for cancelled/replacement activities	Eur	-
T3	Claimed amounts under SC 20.1 with open status	Eur	€ 4,044,748.96
T4	Estimated VO's	Eur	€ -
T	Total estimated to date	Eur	€ 18,120,167.56
P3=(S+T)/G1	Estimated total % of contingency needed	%	48.82%
P3'=G1+S+T-G	Estimated costs beyond the Accepted Contract Amount	Eur	€ 31,244,966.76
V=G1+S	Current contract value, variations and price adjustments to data included	Eur	€ 91,750,438.60
V1=V-S2	Current Contract value without Price Adjustments	Eur	€ 77,675,020.00
V2=V+T	Estimated contract value, variations and price adjustments included	Eur	€ 109,870,606.16
V3=V2-V1	Current estimation of amount needed to cover Price Adjustments costs	Eur	€ 32,195,586.16

The currently anticipated cost, exceeding the Accepted Contract Amount due to the considerable increase of the CPI is exceeding 32,20 mEUR, assuming there will be no significant fluctuations from the current CCI index rate (149.7).

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.

Nineteen (19) 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.

Four (4) 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)

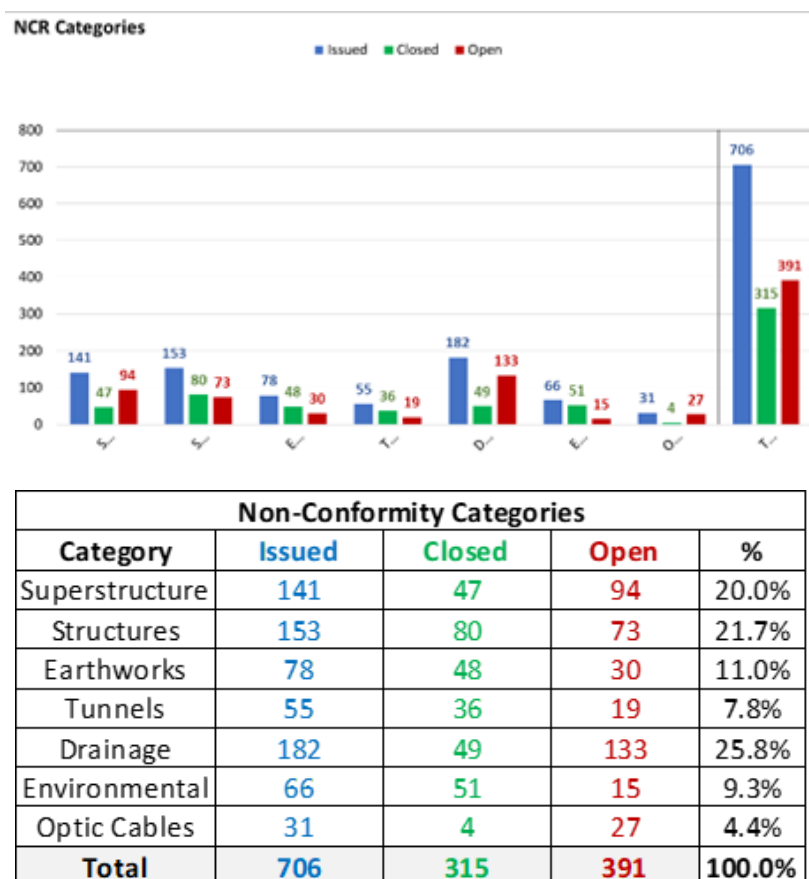
Within 28 days from the date of signature of Addendum No.4 the Contractor should have submitted a revised programme as per Clause 8.3 of the Conditions of Contract. This Programme shall include updated Organization Charts with the names of qualified personnel who upon approval by the Employer shall be 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 Appendix 3 of Addendum No. 4 (Clause 10, 11, 12, and 13 of Addendum No. 4). The Submission of the new Revised Baseline Programme as per SC 8.3, after signing of Addendum No.4, was 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.

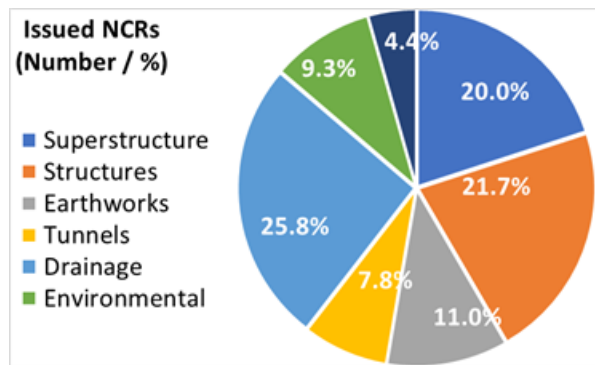
2.1.2.6 - Quality. Work Contract (Phase 1)

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 2025 is presented below:

FIGURE 2.NCR. WORK CONTRACT (PHASE I)





The total number of issued NCRs is 706. The total number of closed NCRs is 315. **The total number of the non-closed NCRs is 391.**

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

There are Thirty-three (33) 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 2025
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	PXX-00005.00/GP/S0549	Immediate effect	Complied
2	Ballast Deficient Quality Control due to continuous failures in gradation	19-Jan-21	PXX-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	PXX-00005.00/GP/S1081	10-Mar-21	Complied
4	Culvert C043 excavated material and demolished concrete remaining on Site	05-May-22	PXX-00005.00/VB/S1711	15-May-22	Complied
5	Extension of Advance Payment Guarantee	10-May-22	PXX-00005.00/MZ/S1729	17-May-22	Complied
6	Unsupported Underground Works in Tunnel 6	12-May-22	PXX-00005.00/VB/S1735	22-May-22	Open with Delay
7	Slide to local road	12-May-22	PXX-00005.00/GP/S1741	13-May-22	Open with Delay
8	Application of SC 8.6 [Rate of Progress]	25-May-22	PXX-00005.00/GP/S1784	01-Jun-22	Open with Delay
9	Unapproved Works at collapse in T7, ch 307+646	02-Jun-22	PXX-00005.00/GP/S1801	08-Jun-22	Open with Delay
10	NCRs Remaining Open for Excessive Time	13-Jun-22	PXX-00005.00/GP/S1824	13-Oct-22	Open with Delay
11	Errors in Benchmarks and Geometrical checks	15-Jun-22	PXX-00005.00/VB/S1835	22-Jul-22	Open with Delay
12	Mira di Turnouts 49 and 50	21-Jun-22	PXX-00005.00/GP/S1861	26-Jun-22	Open with Delay
13	Application of SC 8.6 [Rate of Progress]	24-Aug-22	PXX-00005.00/TA/S1948	01-Sep-22	Open with Delay
14	Collapsed section at tunnel T7	12-Sep-22	PXX-00005.00/TA/S1983	16-Sep-22	Open with Delay
15	Steel Bridges retrofitting	16-Sep-22	PXX-00005.00/TA/S1997	23-Sep-22	Open with Delay
16	Tunnel 6	30-Sep-22	PXX-00005.00/TA/S2027	07-Oct-22	Open with Delay
17	Complete interruption INT-11 deadline elapsed	05-Oct-22	PXX-00005.00/TA/S2030	31-Oct-22	Open with Delay
18	Flooded fields - Interference with the Public	18-Oct-22	PXX-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	PXX-00005.00/CD/S2211	03-Feb-23	Open with Delay
20	Convergences monitoring data for the Tunnels	10-Feb-23	PXX-00005.00/TA/S2230	17-Feb-23	Open with Delay
21	Opening of all tunnels to traffic	21-Feb-23	PXX-00005.00/TA/S2247	23-Feb-23	Open with Delay
22	Environmental and Health&Safety issues	31-Mar-23	PXX-00005.00/ED/S2314	20-Apr-23	Open with Delay
23	Revised Programme Contract Addendum No.4	14-Aug-23	PXX-00005.00/GP/S2461	21-Aug-23	Open with Delay
24	Tunnel T6 Quality control	25-Sep-23	PXX-00005.00/GP/S2509	29-Sep-23	Open with Delay
25	NCRs Remaining Open for Excessive Time	25-Sep-23	PXX-00005.00/GP/S2510	29-12-23	Open
26	Tunnel T6 Earthing system missing	26-Sep-23	PXX-00005.00/GP/S2511	30-Sep-23	Open with Delay
27	New Bridges' Deficient Design	29-Sep-23	PXX-00005.00/GP/S2518	05-Oct-23	Open
28	Failure to meet Milestone MI-11	02-Oct-23	PXX-00005.00/GP/S2523	10-Oct-23	Open with Delay
29	Delay in delivery of the ballast test results	27-Dec-23	PXX-00005.00/GP/S2625	28-Dec-23	Open
30	Collapse in the cracked slope area between Gurez and Metalurgia	12-Feb-24	PXX-00005.00/GP/S2670	19-Feb-24	Open with Delay
31	Drainage Manholes covers	07-May-24	PXX-00005.00/GP/S2758	21-Jul-24	Open with Delay
32	Missing Construction Journals	15-Jul-24	PXX-00005.00/GP/S2832	17-Jul-24	Open with Delay
33	Tunnel T3 Design	02-Oct-24	PXX-00005.00/GP/S2926	07-Oct-24	Open with Delay
34	Unauthorized depositing of excavated material in the access road in the vicinity of a stream near Br.25	26-Nov-24	PXX-00005.00/GP/S2976	08-Dec-24	Open with Delay
35	Slope Protection from ch. 310+600 to 310+673	11-Apr-25	PXX-00005.00/GP/S3096	20-May-25	Open with Delay
36	Reinstatement Slope Between km 306+157 and km 306+20	27-May-25	PXX-00005.00/GP/S3124	03-Jun-25	Open with Delay
37	Notice to Correct for the Contractor's refusal to execute VO-27 Steel Bridges Retrofitting Scope	28-May-25	PXX-00005.00/GP/S3127	16-Jun-25	Open with Delay
38	Tunnel T2 Geotechnical Design Correctness	12-Jun-25	PXX-00005.00/IKM/GP/S3151	16-Jun-25	Open

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

Nineteen (19) 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 AFTER ADDENDUM NR.4

NOTIFICATION DATE	NATURE OF CLAIM / CHANGE / EVENT	EXCHANGED CORRESPONDENCE	STATUS AND DETAILING
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
			Do not included in Addendum Nr. 4
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
			Do not included in Addendum Nr. 4
22-06-23	Pedestrian Underpass Construction at LC-20, Kaçanik Station	GCF: RKSP1 2828/23 of 22-06-2023 (Notice)	Open
		GCF: RKSP1 3009/23 of 22-09-2023	Only notification. Contractor has to send a claim with particulars; submitted before Add.4
02-10-23	Engineer's suspension of the Works for the Bridge No 13	GCF: RKSP1 3020/23 of 02-10-2023 (Notice)	Open
			Only notification. Contractor has to send a claim with particulars;
24-10-23	Delays to the Traffic Opening	GCF: RKSP1 3050/23 of 24-10-2023 (Notice)	Open
		HILL: S2567 of 30-10-2023	Only notification. Contractor has to send a claim with particulars;
27-02-24	Works stopped in Kacanik by residents	GCF: RKSP1 3159/24 of 27-02-2024 (Notice)	Open
		HILL: S2684 of 27-02-2024	Only notification. Contractor has to send a claim with particulars;
		GCF: RKSP1 3161/24 of 29-02-2024	
10-05-24	Urban Waste in the Right of Way	GCF: RKSP1 3214/24 of 10-05-2024 (Notice)	Open
		HILL: S2767 of 14-05-2024	Only notification. Contractor has to send a claim with particulars;
17-07-24	Government decision - Working schedule	GCF: RKSP1 3269/24 of 17-07-2024 (Notice)	Open
		HILL: S2841 of 19-07-2024	Only notification. Contractor has to send a claim with particulars;
		HILL: S2844 of 22-07-2024	
09-08-24	Unforeseeable works carried out by other Contractors at the Tunnel No 2	GCF: RKSP1 3292/24 of 14-08-2024	
		HILL: S2870 of 14-08-2024	
		GCF: RKSP1 3290/24 of 09-08-2024 (Notice)	Open
		HILL: S2872 of 21-08-2024	
		GCF: RKSP1 3294/24 of 22-08-2024	
		HILL: S3088 of 03-04-2025	
		HILL: S3106 of 28-04-2025	
		HILL: S3119 of 14-05-2025	
13-09-24	Flood at the Areas of the Tunnel No 3 and of the Bridges No 19 and No 20	GCF: RKSP1 3484/25 of 22-05-2025	
		GCF: RKSP1 3486/25 of 23-05-2025	
16-09-24	Stoppage of the Contractor's Vehicles	GCF: RKSP1 3305/24 of 13-09-2024 (Notice)	Open
			Only notification. Contractor has to send a claim with particulars;
16-09-24	Stoppage of the Contractor's Vehicles	GCF: RKSP1 3307/24 of 16-09-2024 (Notice)	Open
		HILL: S2919 of 25-09-2024	Only notification. Contractor has to send a claim with particulars;

30-01-25	Sub-Clause 20.1 of the GCC – Tunnel No 7	GCF: RKSP1 3401/25 of 30-01-2025	Open
		GCF: RKSP1 3406/25 of 31-01-2025	Only notification. Contractor has to send a claim with particulars;
		GCF: RKSP1 3407/25 of 04-02-2025	
		HILL: ChD/S3038 of 10-02-2025	
		HILL: ChD/S3039 of 10-02-2025	
		HILL: GP/S3040 of 10-02-2025	
		GCF: RKSP1 3414/25 of 11-02-2025	
		GCF: RKSP1 3416/25 of 13-02-2025	
28-04-25	Unexploded ordnance (UXO), or explosive remnants of war (ERW) at km 296+502	GCF: RKSP1 3451/25 of 28-04-2025	Open
		GCF: RKSP1 3454/25 of 02-05-2025	Only notification. Contractor has to send a claim with particulars;
		HILL: S3125 of 27-05-2025	
02-05-25	Sub-Clause 20.1 of the GCC – Request for Urgent Instructions from the Engineer – Slope Between km 306+158 and km 306+320	GCF: RKSP1 3456/25 of 02-05-2025	Open
		GCF: RKSP1 3465/25 of 09-05-2025	Only notification. Contractor has to send a claim with particulars;
		HILL: GP/S3117 of 14-05-2025	
		GCF: RKSP1 3471/25 of 15-05-2025	
		GCF: RKSP1 3479/25 of 20-05-2025	
		HILL: S3124 of 27-05-2025	
20-05-25	Sub-Clause 20.1 of the GCC – Unexploded ordnance (UXO), or explosive remnants of war (ERW) near Bridge 27	GCF: RKSP1 3477/25 of 20-05-2025	Open
		HILL: S3126 of 27-05-2025	Only notification. Contractor has to send a claim with particulars;
26-05-25	Sub-Clause 20.1 of the GCC – Interim Payment Certificate No 41 for Works up to March 31, 2025	GCF: RKSP1 3489/25 of 26-05-2025	Open
		HILL: S3129 of 29-05-2025	Only notification. Contractor has to send a claim with particulars;
		GCF: RKSP1 3504/25 of 30-05-2025	
30-05-25	Sub-Clause 20.1 of the GCC – Variation VO-27 Steel Bridges Retrofitting Scope	GCF: RKSP1 3505/25 of 30-05-2025	Open
		GCF: RKSP1 3506/25 of 30-05-2025	Only notification. Contractor has to send a claim with particulars;
		HILL: S3136 of 04-06-2025	
		HILL: S3138 of 09-06-2025	
17-06-25	Sub-Clause 20.4 of the GCC - Referral n.5 - VO-27 Steel Bridge retrofitting	GCF: RKSP1 3529/25 of 17-06-2025	Open
		Employer: 9/328 of 20-06-2025	Only notification. Contractor has to send a claim with particulars;
20-06-25	Sub-Clause 20.1 of the GCC – Tunnel No 2 Geotechnical Design Correctness	GCF: RKSP1 3534/25 of 20-06-2025	Open
			Only notification. Contractor has to send a claim with particulars;

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

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

There are Four (4) 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 2025
ID	Description	Notice Date	Correspondence	Status
1	Fiber Optic cable protection	03-12-20	HILL: PKX.00005.00/GP/S0887 of 03/12/2020 GCF: RKS 0951/20 of 04/12/2020	Open (only in respect to third party liability)
2	Sub-Clause 2.5 - Contractor's continuous failure to deliver contractually compliant designs for the new steel bridges	27-12-23	HILL: PKX-00005.00/GP/2626 of 07/12/2023	Open
3	Blocked Traffic to the Tunnels B	17-01-24	HILL: 3070	Open
4	Third Party Claims	06-02-24	HILL: PKX-00005.00/GP/2660 of 06/02/2024	Open
5	Sub-Clause 2.5 - Application of Delay Damages	04-10-24	INFRAKOS: 9/549 of 04/10/2024	Open

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

Following the meeting with the Banks and relevant decisions, SC 15.1 [Notice to Correct] has been issued with letter PKX-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 the Contractor to improve Site conditions and submission of documents. Deadlines were set to be fulfilled during April 2023; therefore, the Engineer has been waiting for the Contractor's action during this reporting period, and further actions after the 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. On 17th May 2023 was held closing meeting with recommendations for Employer, Engineer, and Contractor. Another important development during Q2/2024 was the site visit carried out EBRD monitoring visit which started with a joint meeting between EBRD, Employer and Engineer held on 25th June 2024 including representatives of the 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.

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. Lately continuing in Tunnel 1 north and south sides, tunnel 3 by excavating and removing entire existing tunnel and starting construction of new one in the same position, tunnel 5 in the above part and several segments for canals, slope protection, and rip-rap reconstruction.

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 the EBRD site visit on 15 and 16 May of 2023, conclusions, and recommendations are presented below which remain similar after a joint meeting held with EBRD, Employer, and Engineer held on 25th June 2024 including representatives of the Contractor.

Since last site visit jointly with client presence and later visits from EBRD no signs of presence from HSE officer have been encountered from main contractor side. This evidenced as well in the missing and reflecting information from any working areas in all monthly reports submitted from contractor since September 2024 till June 2025.

Personnel: The Contractor nominated Waste Manager during the 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 the Waste Manager appointed since 12th April 2023 needs 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 the Contractor's and sub/Contractor activity closely.

The absence of HSE officer from main contractor is evidenced as well in the missing and reflecting information from any working areas in all monthly reports submitted from contractor since September 2024 till June 2025.

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 by activities during the 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. 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 the Plan and CMPR generated from the contractor and submitted monthly.

HSE evidence hasn't reflected any improvement in the Contractor's Monthly Report of 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.59_CMPR July 2024.pdf till 70_CMPR June 2025.pdf;

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

The absence of HSE officer from main contractor is evidenced as well in the missing and reflecting information from any working areas in all monthly reports submitted from contractor since September 2024.

Waste: Rev.06 of the 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 continues to be a pending issue caused by the Contractor in each working site. Waste infrastructure is missing in many working sites. Waste collection is by occasion and separation is never made.

During the Site visits carried out up to June 2025 in all working areas, the Engineer noticed that facilities are missing in most of the working sites. Waste bins are not provided, wastes found spread or dumped incompliantly on working areas. Some slight improvement is encountered in tunnel 6&7 where plastic bags are hung in a working place to collect daily consumables.

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

Agreements with Waste Management companies for the final disposal of different types of waste have not been submitted by the Contractor despite the 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 are included in the monthly report.

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

The absence of HSE officer from main contractor is evidenced as well in the missing and reflecting information from any working areas in all monthly reports submitted from contractor since September 2024 till June 2025. This have created trustable concern where wood sleepers are buried in disposal areas (on site) instead of agreement to deliver in the Miradi main yard. Sleepers are evidenced buried on site in disposal area north of Tunnel 1, and north of tunnel 6 and between tunnel 6&7.

The Contractor is highly advised to take into consideration Environmental checklists of past and current month and follow case by case and improve the 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.

The 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. The project embraces 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 joint Site visits with Employer carried out on, February 3rd of 2024 in 3 locations where the activities were ongoing Engineer noticed that waste bins are not placed at the working site in Tunnel 1 north and south sides since the site set up, the same in tunnel 5 in above part and several segments for canals, slope protection and rip-rap reconstruction 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 the last reporting months and also during three parts site visit February/3rd of 2024 and in continuous from January to June 2025 in other working locations was not identified vegetation waste on Site. However, the practice of covering vegetation by disposing of excessive material in different sites is not justified.

Despite all efforts by the 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 the northern portal of T6 during the Site visit on 10th May 2023.

During January to June 2025 in different working sites where vegetation has been cleared and buried on site via excavators, but in none of these areas is evidenced open fire on site by workers and night guards.

Construction waste: During the implementation of the works the construction waste is being produced mainly from the 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.

In 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.

In tunnel 1, since activities started for widening the tunnel, enormous volume of inert waste from concrete demolishes but not only is stored in the main so called camp site and no info from main contractor what will be done and how these volume of inert waste will be handled in proper technical, environmental compliancy.

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 2025, along the year and no action has been undertaken from Contractor to remove and free the water flow of Lepenc River till the river removed all concrete pipes placed by contractor for accessing tunnel 5.

Since the situation has not been improved for a long time until now, during previous months many letters with remarks have been submitted to the Contractor where remarks for construction waste have been addressed such as: demolished concrete debris and surplus of soil. As per construction waste, the 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 tunnels 6&7 and in continuous from January to June 2025, was brought into discussion this issue with Contractor via site inspection reports the malpractice of the Contractor and his subcontractors disposing of excessive material in natural area without any approval or lease agreement impacting negatively the natural environment, natural drainage relief and absolutely in breach of requirements and EBRD standards.

Rails – Removal of rails have started from the track near Miradi station and followed afterward 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 segments in continuously. The dismantled material is intended to be handed over to the Employer from the 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 working sites along the railway project in some yards and have enough space for storing but is missing the follow-up process of handover as the final process to the Employer. This is the same as dismantled rail lines from old infrastructure lines. 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 of as Hazardous Waste. The 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 are 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. Also in the segment nearby Elez Han with location 309+400 are being removed and delivered at Miradi station the sleepers dismantled.

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 January to June 2025 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 2025 in weekly basis a site visit had been performed by Engineers and no change has been observed from contractor side.

In 2 locations we have created trustable concern where wood sleepers are buried in disposal areas (on site) instead of agreement to deliver in the Miradi main yard. Sleepers are evidenced buried on site in disposal area north of Tunnel 1, and north of tunnel 6 and between tunnel 6&7.

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, the 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 2025 in weekly basis a site visit was 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.

During this period is evidenced significantly the reuse practice of ballast to finalize several sections of areas under construction where old ballast is used for sublayers.

Hazardous waste – The Engineer replied to Hazardous Material Management Plan Rev.06 with the Engineer's letter PKK-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 that will manage, transport, and dispose of such waste has been presented, except one local company for managing the waste oils. Despite all Engineer efforts related to these issues chemicals are not being collected-transported, or stored adequately and not from site to any facility and were considered as an endpoint in Tunnels 6&7 during site visit in in February/3rd of 2024. In the presence of the Employer the Engineer discussed with HSE representative of the 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 2025 and in recent reporting period in a weekly basis a site visit was performed by Engineers and no change has been observed from the Contractor side in the working areas of Tunnel 1 north and south sides, tunnel 5 by excavating and stabilizing the slope above for preparing the activities and several segments for canals, slope protection and rip-rap reconstruction.

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 the 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 PKK-00005.00/ED/S2392 has been sent regarding the oil spills created on Site during the 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 2025 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.

From January to June 2025 during site visit is observed bad practice as per spillage caused by old and non-properly maintained mechanically the excavator and preventive measures are evidenced for main contractor causing contamination with hydraulic oil. No reflection has been made to address this situation from main contractor and to repair his equipment for preventing occurring this phenomenon.

Water: Water & River Crossing Management Plan Rev 02 has been approved as noted by Engineer and PIU on 17th December 2021 with letter PKK-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. ***This project is excluded from obligation***

to obtain specific permit. Decision from Ministry of Infrastructure, no: 5014/20 – ZSP – 2022, date 01.06.2022 and extended 06.09.2024.

In addition, the 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 Tunnel T7. The consent of the PIU and Engineer was given with condition that the 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 the Site visit carried out during previous reporting periods Engineer observed that hoses for taking the water from river Lepenc for Project needs were placed near the northern portal of T6 and the southern portal of T7 and the 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 tests are made by the 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 the 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 in the so called camp yard and local access road toward tunnel 1 due to concern of locals.

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 the previous reporting period, among other one has been created in close vicinity of Lepenc River. During the previous reporting period concrete washouts have been created adjacent to river Lepenc, at Ferizaj area from the concreting of the ditches and at Kaçanik Station, while during this reporting period, concrete washouts have been observed at the tunnel 3, br 27.

From January to June 2025 and especially for the works in Tunnel 1, 5, 6&7 activities consisted in widening tunnels and shotcrete for steel reinforcement. Most of the concrete mixers are washed and discharged into site but considered under reconstruction activities. The only eco pit created especially for this purpose is evidenced in the south side of the tunnel 6. Water been obstructed from river Lepenc has stopped due to no further relevant activities in these structures.

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 the Contractor related to this issue, having that are not fulfilled minimal conditions for the workers as required at chapter GCC 6.7.2. Workers Welfare Accommodation and of Book 14 (ESRSR).

During January till June 2025 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 working areas of Tunnel 1 north and south sides, tunnel 3 for constructing new tunnel after removed the entire existing structure, tunnel 5 in above part and several segments for canals, slope protection and rip-rap reconstruction.

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 writing while the Contractor did not answer until now fully for this issue. Some rented areas have had Lease Agreements with the landowners but generally majority of required information were missing.

From January 2025 until end of June 2025 in very 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.

Despite all letters and reminders to contractor to clarify and provide full set of documentation for used areas, during reporting time no feedback has been delivered from main contractor in areas where concern still exist. Such is north side of tunnel 1, so called camp yard for tunnel 1, north side of tunnel 6, between tunnel 6&7, and south side of tunnel 7.

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

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

Complaints from the Community generally are 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 the 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 concerns and Health and Safety for the community. Especially in October 2023 with letter *PXK-00005.00/DZ/S2543* and in February 2024 with letter *PXK-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 seem to be useless so far.

From January to the end of June 2025, no cases of grievance by the Contractor were included in the Contractor's Monthly Reports for this period.

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

Complaint received from the 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 regard to Community concerns and Health and Safety for the community. Especially in October 2023 with letter *PXK-00005.00/DZ/S2543* and in February 2024 with letter *PXK-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 2024 till June 2025 nothing has changed or received from the Contractor as corrective action.

Recently Kacanik municipality is repairing the road from municipality funds due to no corrective action performed by main contractor.

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, the Contractor has included some evidence with workers' signatures that they are aware of the existence of this Grievance Mechanism, no other evidence is included in the Contractor's 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 the grievances of the workers has not been placed at any sites and the one placed in Tunnels 6&7 is placed inside the site Engineer's room this is not correct as per privacy thus no one drop the paper into that box. In other working areas of Tunnel 1 north and south sides, tunnel 3 by replacing existing tunnel with a new one in the same position, tunnel 5 in the above part and several segments for canals, slope protection and rip-rap reconstruction is missing such dedicated box for Grievance Mechanism for the workers.

From January to the end of June 2025, no cases of grievance by the Contractor were included in the Contractor's Monthly Reports for this period.

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. The 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) Eighteen (18) 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
Time for Completion (Initial)	455 days
Works' Completion Date (Initial)	08 January 2024

Description	Data
Granted EoT by DAB Decision (Provisional Extension of Time)	288 days
Revised Completion Date (DAB Decision)	22 October 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	5,865,545.57 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

Four VOs are pending for Bank's "No objection":

VO-2	Unforeseeable Rehandling of Materials
VO-3	Relocation of Benchmarks
VO-4	Descoping of the Buildings
VO-5	Descoping of Overpass 05

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

2.1.3.3 - Works Contract Progress (Phase II)

STATUS OF WORK CONTRACT (PHASE II)

Type of work	Progress of work
Survey Works	<p>The Contractor performed survey works following all constructions works for:</p> <ul style="list-style-type: none"> • Top soil excavation, general excavation in segments: 1, 2, 3, 32, 33. • Embankment in segments: 1, 2, 32, 33. • Subgrade in segments: 2, 3/1, 32, 33/1, 34. • Protective layer in segments: 26, 27, 32, 33/1. • Excavation and filling soil improvement for culverts: C-06, C-09, C-12, C-19, C-15, C-60. • Excavation and filling soil improvement for Bridges: 02, 17, 18. • Excavation and filling soil improvement for Underpass: U-09. • Excavation and filling soil improvement for Walls: W6L, W11R, W13L. • Excavation and filling soil improvement in segment 28 for platform of Frasher Stop (355 to 360).
Removal of Existing Ballast	The Contractor performed works for the removal of ballast on segment: 1, 2, 32, 33
Top soil excavation, general excavation	The contractor started with topsoil excavation, and general excavation at segments: 1, 2, 3, 32, 33.
Embankment	The material used for embankment construction is QS2. The location of the work is in segments: 1, 2, 32, 33.
Protective Layer, Upper-protective Layer	<p>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 segments: 26, 27, 32, 33/1.</p> <p>As per Upper-protective layer, no works related to this activity occurred in the reporting period.</p>
Subgrade	Where tests on improvement layer passed, Contractor continued with laying of subgrade layer (mixed material old ballast and gravel 0-150mm). Location of works are in the segments: 2, 3/1, 32, 33/1, 34.
Permanent Way Ballast New pre-stressed concrete Sleepers B70 Turnouts	<p>The Contractor supplied and transported on site new Ballast Material 3359.40 ton</p> <p>The Contractor delivered on site in stock area Mitrovica Station New Concrete Sleepers B70 2.60m - 946pcs and Sleepers 2.40m - 2103pcs</p> <p>The Contractor delivered 6 turnouts type S49 and 5 turnouts type UIC 60.</p>
Structures	<p>During the reporting period Culverts C09, C12, C14, C19 and C60 and Platforms Pantina, Frashër, Mitrovica and Obiliq were constructed.</p> <p>Out of 40 Box culverts, 17 <u>remain</u> 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 <u>unapproved concrete provided from an unlicensed factory with falsified concrete consignment delivery slips.</u></p> <p><u>Out of the remaining box culverts, two (2) were removed from the scope of works and there was no commencement of works for five (5). Works are ongoing for four (4) box culverts.</u></p> <p>Out of 23 Pipe Culverts, 9 <u>remain</u> 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 <u>unapproved concrete provided from an unlicensed factory with falsified concrete consignment delivery slips.</u></p> <p><u>Out of the remaining pipe culverts, there was no commencement of works for eight (8) and works are ongoing for one (1) pipe culvert.</u></p>

Type of work	Progress of work																																												
	<p>Out of 16 Platforms, 6 remain 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 <u>unapproved concrete provided from an unlicensed factory with falsified concrete consignment delivery slips.</u></p> <p>Out of 23 Retaining Walls, six (6) of them (0.944 km) remain 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 <u>unapproved concrete provided from unlicensed factory with falsified concrete consignment delivery slips.</u></p> <p><u>Out of the remaining platforms, one (1) was removed from the scope of works and there was no commencement of works for four (4) platforms that belong to Vushtrri and Prelluzhë Stations. Works are ongoing for four (4) platforms - Mitrovicë Station (2), Frashër Stop and Druar Station.</u></p>																																												
Bridges	<p>During the reporting period Bridge 18, Underpasses 09 and 19 were constructed.</p> <p>Works are ongoing for Bridges 02 and 17; Underpass 21 commenced construction but no activity aside from excavation was done.</p> <p>Overpass 05 was removed from the scope of work.</p> <p>Out of 22 Bridges (17 bridges, 4 underpasses and 1 overpass), four (4) Concrete Bridges and one (1) underpass remain 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 <u>unapproved concrete provided from unlicensed factory with falsified concrete consignment delivery slips.</u></p> <p>In addition, all three (3) <u>steel bridges remain</u> under sub-clause 15.4 (Notice to Correct) of the Contract General Conditions and Bridge 01 – the concrete part, has been demolished in violation with the design in an unsolicited fashion and without any notification.</p>																																												
Utilities	<p>Contractor have been working on relocation of Sewage Utility Pipeline over the Segment 28 and 29.</p>																																												
Buildings	<p>Railway Station Rehabilitation Works</p> <p>During the first half of 2025, rehabilitation works across the six railway stations continued, with varying degrees of progress and persistent challenges. While certain architectural milestones were reached, overall progress remains below expectations due to poor planning, inadequate coordination, and ongoing issues with asbestos management.</p> <table><tr><th colspan="5">Progress of Works</th></tr><tr><th rowspan="2">Station</th><th colspan="2">Station Building</th><th colspan="2">Technical Building</th></tr><tr><th>Architecture</th><th>MEP</th><th>Architecture</th><th>MEP</th></tr><tr><td>Fushe Kosova</td><td>53.55%</td><td>59.19%</td><td>58.19%</td><td>21.34%</td></tr><tr><td>Obiliq</td><td>100.12%</td><td>47.01%</td><td>27.50%</td><td>5.24%</td></tr><tr><td>Prelluzha</td><td>2.04%</td><td>0.00%</td><td>35.48%</td><td>1.31%</td></tr><tr><td>Druar</td><td>3.54%</td><td>0.00%</td><td>/</td><td>/</td></tr><tr><td>Vushtri</td><td>0.00%</td><td>0.00%</td><td>28.99%</td><td>0.00%</td></tr><tr><td>Mitrovice</td><td>45.07%</td><td>0.42%</td><td>35.34%</td><td>0.98%</td></tr></table> <p>At Fushë Kosovë, steady but delayed advancement was observed. Architectural works in both the station and technical buildings moved forward, with significant interventions including roof insulation, plastering, partition walls, and new window systems.</p>	Progress of Works					Station	Station Building		Technical Building		Architecture	MEP	Architecture	MEP	Fushe Kosova	53.55%	59.19%	58.19%	21.34%	Obiliq	100.12%	47.01%	27.50%	5.24%	Prelluzha	2.04%	0.00%	35.48%	1.31%	Druar	3.54%	0.00%	/	/	Vushtri	0.00%	0.00%	28.99%	0.00%	Mitrovice	45.07%	0.42%	35.34%	0.98%
Progress of Works																																													
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Mitrovice	45.07%	0.42%	35.34%	0.98%																																									

Type of work	Progress of work
	<p>Electromechanical (MEP) installations, especially in the station building, reached approximately 60% completion by June. These included HVAC ducting, electrical conduits, fire safety pipes, and plumbing systems. However, the lack of a detailed work plan from the Contractor continued to obstruct effective oversight, resulting in reactive supervision and disjointed execution. Asbestos-containing materials (ACMs) were identified in both buildings, prompting the Engineer to order encapsulation or exclusion of affected areas, in line with EU regulations.</p> <p>In Obiliq, the architectural rehabilitation of the main station building neared full completion by May, marking a major milestone. Interior and exterior finishes, including ceilings, tiling, door fittings, and façade insulation, were finalized. Conversely, progress in the technical building remained modest, with slow movement in both architectural and MEP areas. MEP works in the station building reached 47%, with initial installations of lighting, HVAC components, and switchgear. However, progress stalled from April onwards, particularly in the technical building, which saw minimal MEP activity. Asbestos was discovered in 193 m² of ceiling material, leading to temporary safety measures and a pause in certain operations.</p> <p>At Prelluzhë, the station building remained officially descoped following the Contractor's admission in early 2024 that they could not implement the original design. No work has taken place on the station since. However, limited progress was made in the technical building during April and May, particularly with roofing, suspended ceiling supports, and partition wall preparations. MEP activities were minimal, restricted to early-stage HVAC installation. Long periods of inactivity persisted, and asbestos identified in the ceiling (172 m²) further complicated the timeline, with the Engineer issuing encapsulation orders as a precaution.</p> <p>The situation at Druar remained unchanged throughout the reporting period. Both the station and technical buildings were officially descoped as of December 2024, following prior suspension instructions. No further works have been carried out or are expected unless the scope is reinstated.</p> <p>Similarly, Vushtrri Station also remained descoped. The technical building, however, saw a short period of progress in April with roof replacement and drainage works, reaching nearly 29% architectural completion. Yet, construction halted again in May and June, and MEP installations had not begun by the end of the period. Asbestos was confirmed in the ceiling (~193 m²), and encapsulation was mandated by the Engineer in accordance with applicable directives.</p> <p>In Mitrovicë, early progress in architectural restoration was severely undermined by a major structural incident in May. Unauthorized demolition works, carried out despite clear instructions to the contrary, led to a partial collapse of the station's central masonry wall. This resulted in significant damage, classified as a Category IV structural failure. Consequently, all works were suspended pending the submission and approval of a revised reconstruction plan. Prior to the collapse, architectural works had reached just over 45%. In the technical building, roofing and drainage works brought progress to about 35%, but these have since stalled. MEP works in both buildings remain negligible due to the structural and asbestos-related constraints. Asbestos was identified in the technical building's ceiling (179 m²), and the Engineer's encapsulation orders remain in effect.</p> <p>In conclusion, while some notable milestones were achieved—particularly in Fushë Kosovë and Obiliq—overall progress remains hampered by systemic issues. The persistent lack of structured planning from the Contractor has delayed critical paths, and</p>

Type of work	Progress of work
	the widespread presence of asbestos continues to obstruct safe and continuous work. Moving forward, substantial improvements in scheduling, coordination, and compliance with safety regulations will be essential to bring the project back on track and ensure timely completion of the remaining scope.

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: 30.06.2025	
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		08.01.2024
D	Extensions of Time for Completion	days	288
D'	Current Time for Completion	days	743
E=C+D	Current Date for Completion	date	n/a
	Provisional Date for Completion	date	22.10.2024
	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	2,383,870.96
G3'	Adjustments for changes in costs to date	Eur	5,865,545.57
G' = (G1'+G3')	Contract Price with Contingency Used and Adjustments for changes in costs	Eur	51,295,303.93
	FINANCIAL PROGRESS OF CONTRACT		
K	Amounts Certified for Payment to date	Eur	24,066,927.02
K1	Total Value of Completed Contract Works	Eur	17,363,318.80
K2	Paid advance	Eur	4,792,750.53
K3	Materials on site	Eur	8,447,453.92
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	-1,141,961.00
K7	Advance payment repayment	Eur	-4,068,926.87
K8	Adjustments for changes in costs	Eur	5,865,545.57
K9	Provisional sum for DAB	Eur	113,876.00
K10	Application of SC 14.6	Eur	-404,654.43
K11	Delayed Payment financing charges [S.C.8.7]	Eur	0.00
P1 = K/G'	Progress: % of Current Contract Price with Adjustments	%	46.92%
M	Time Elapsed	days	994
N = M/D'	% of elapsed Current Time for Completion	%	133.78%

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

The Engineer on 28.05.2025 certified IPC-14C for Works up to 31.03.2025 for an amount of 1,672,488.74€ and payment was due on 25.06.2025. The total payable amount of € 1,672,488.74 includes the calculated Contractor's Claim of € 1,546,978.42 in accordance with DAB Decision No. 2 – Tax Exemption, dated 24 January 2025. VAT, excise tax, and interest have been calculated up to 31 March 2025.

Following the Employer's failure to make timely payment of IPC-14C by 25 June 2025, the Contractor invoked Sub-Clause 16.1 [Contractor's Entitlement to Suspend Work] of the General Conditions of Contract on 30 June 2025.

IPA-18 was submitted for April and May 2025 Works.

The latest IPC-14C was certified for works up to 31.03.2025 and overall IPC status is as follows:

IPA				IPC						
IPA no.	Up to	Received	Claimed	IPC no.	Due Date	Issued	Certified	%	Payment Due	Paid
IPA-00		20-01-22	€ 4,792,750.53	IPC-00	17-02-22	24-01-22	€ 4,792,750.53	10.00%	17-03-22	20-05-22
IPA-01	28-02-23	15-03-23	€ 895,771.50	IPC-01	12-04-23	12-04-23	€ 1,071,234.01	2.24%	10-05-23	27-04-23
IPA-02	31-03-23	25-04-23	€ 674,539.02	IPC-02	23-05-23	17-05-23	€ 581,518.60	1.21%	20-06-23	05-06-23
IPA-03	30-04-23	22-05-23	€ 811,543.77	IPC-03	19-06-23	19-06-23	€ 615,172.44	1.28%	17-07-23	12-07-23
IPA-04	31-05-23	26-06-23	€ 1,530,508.10	IPC-04	24-07-23	02-08-23	€ 1,405,766.38	2.93%	21-08-23	22-08-23
IPA-05	31-07-23	29-08-23	€ 1,875,540.12	IPC-05	26-09-23	22-09-23	€ 1,775,114.31	3.70%	24-10-23	17-10-23
IPA-06	30-09-23	10-10-23	€ 1,208,209.09	IPC-06	07-11-23	03-11-23	€ 1,159,540.01	2.42%	05-12-23	30-11-23
IPA-07	30-11-23	05-12-23	€ 3,118,666.25	IPC-07	02-01-24	28-12-23	€ 2,747,063.08	5.73%	30-01-24	02-02-24
IPA-08	31-12-23	15-01-24	€ 1,594,588.15	IPC-08	12-02-24	08-02-24	€ 1,380,656.85	2.88%	11-03-24	14-03-24
IPA-13	31-08-24	06-11-24	€ 4,014,079.54	IPC-14	04-12-24	11-11-24	€ 4,014,079.54	8.38%	01-01-25	29-11-24
IPA-14	31-10-24	19-11-24	€ 2,117,100.67	IPC-14A	17-12-24	17-12-24	€ 1,560,583.92	3.26%	14-01-25	17-01-25
IPA-15	31-12-24	17-01-25	€ 586,394.68	IPA-15 Review	14-02-25	13-02-25	NA	NA	NA	NA
IPA-16	31-01-25	28-02-25	€ 2,109,641.03	Withdrawn IPA	NA	NA	NA	NA	NA	NA
IPA-16	28-02-25	07-03-25	€ 1,358,583.72	IPC-14B	04-04-25	26-03-25	€ 1,290,958.61	2.69%	02-05-25	11-04-25
IPA-17	31-03-25	30-04-25	€ 2,047,273.10	IPC-14C	28-05-25	28-05-25	€ 1,672,488.74	3.49%	25-06-25	
Total Certified Amount							€ 24,066,927.02	50.22%		
Accepted Contract Amount							€ 47,927,505.32	100%		

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

Phase 2						
Payment Ref.	Certified amount	Cumulative	EBRD	Grant	EIB	Payment due date
IPC-0	4,792,750.53	4,792,750.53	4,792,750.53			5/20/2022
IPC 1	1,071,234.01	5,863,984.54			1,071,234.01	10/5/2023
IPC 2	581,518.60	6,445,503.14			581,518.60	20/06/2023
IPC 3	615,172.44	7,060,675.58			615,172.44	17/07/2023
IPC 4	1,405,766.38	8,466,441.96			1,405,766.38	21/08/2023
IPC 5	1,775,114.31	10,241,556.27			1,775,114.31	24/10/2023
IPC 6	1,159,540.01	11,401,096.28			1,159,540.01	5/12/2023
IPC 7	2,747,063.08	14,148,159.36			2,747,063.08	
IPC 8	1,380,656.85	15,528,816.21	345,164.21	1,035,492.64		
IPC 14	4,014,079.54	19,542,895.75	1,806,335.79	2,207,743.75		
IPC 14A	1,560,583.92	21,103,479.67	390,145.98	1,170,437.94		
	21,103,479.67		7,334,396.52	4,413,674.32	9,355,408.83	

% from
paid
amount

35%

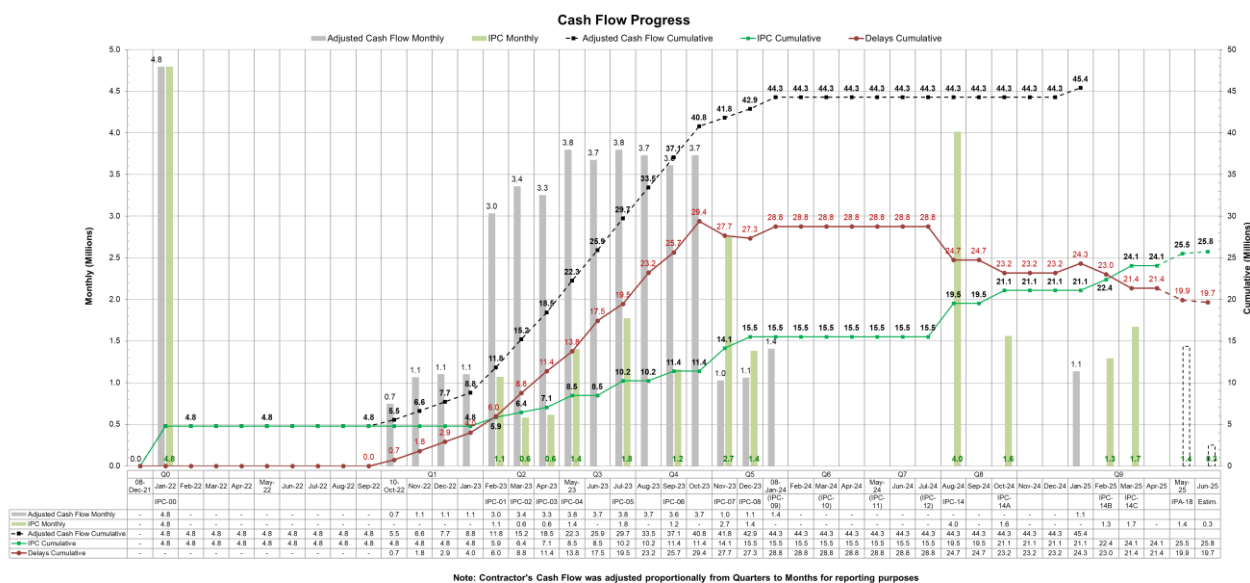
21%

44%

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: 30.06.2025	
CONSTRUCTION / ENGINEERING CONTRACT		Unit	Ph2 Works Contract Contract № 8147446-IFT-45276/ 08.12.2021
CONTRACTOR			GCF
FINANCIAL PROGRESS OF CONTRACT			
S1	Approved estimated cost of contingency	Eur	0.00
S2	Adjustment for changes in costs	Eur	5,865,545.57
S3	Remaining Provisional sum for Contingency	Eur	2,383,870.96
S4	Delayed Payment financing charges	Eur	0.00
P2 = S3/(G2+G3)	% of remaining contingency from the Contract provisional sum, excluding Adjustments for changes in costs	%	95.17%
P3 = S3-S2+S4	Current shortage/availability of contingency funds, considering paid adjustments for changes in costs	Eur	-3,481,674.61
S = S1+S2+S4	Total approved/certified to date	Eur	5,865,545.57

Due to the considerable increase of the Construction Cost Index (CCI) issued by the Kosovo Agency for Statistics, for Q1 of 2025 the current adjustment multiplier is 1.4154 or 41.54%. 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 30.05.2025

	CCI	Quarterly changes [%]	Annual changes [%]	Adjustment Multip. [Pn]
2025				
Q4				
Q3				

Q2				
Q1	149.7	1.7	6.5	1.4145
<i>Annual average</i>	:	:	:	:
2024				
Q4	147.1			1.3901
Q3	146.2	0.9	4.5	1.3813
Q2	144.9	3.2	3.9	1.3687
Q1	140.5	-0.3	0.7	1.3259
<i>Annual average</i>	144.7	:	3.4	:
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
<i>Annual average</i>	140.0	:	0.6	
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	
<i>Annual average</i>	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: 30.06.2025
CONSTRUCTION / ENGINEERING CONTRACT		Unit	Ph2 Works Contract Contract № 8147446-IFT-45276/ 08.12.2021
CONTRACTOR			GCF
T1	ESTIMATED COST OF EXPECTED VARIATIONS		
	Unforeseen costs and Price adjustments (CCI increase)	Eur	12,303,917.78
T2	Corrections of cancelled/replacement activities	Eur	0.00
T3	Claimed amount under SC 20.1 with open status	Eur	1,734,806.99
T4	Estimated VO's	Eur	-908,187.69
T	Total estimated to date	Eur	13,130,537.08
P3 = (S+T)/G1	Estimated total % of contingency needed	%	41.82%
P3' = G1+S+T-G	Estimated costs beyond the Accepted Contract Amount	Eur	16,491,249.40
V = G1+S	CURRENT CONTRACT VALUE, VARIATIONS & PRICE ADJUSTMENT TO DATE INCLUDED	Eur	51,288,217.64
	Current Contract Value without Price Adjustment	Eur	45,422,672.07
	ESTIMATED CONTRACT VALUE, VARIATIONS & PRICE ADJUSTMENT INCLUDED	Eur	64,425,841.01
	Current Estimation of amount needed to cover Price Adjustment costs	Eur	19,003,168.94

Note: For the estimated Price adjustment costs, the Price Adjustment Multiplier applied to the remaining non-certified contract price is 1.4154, considering the latest available CCI index for Q1 of 2025.

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 PXK-00005.02/AM/0735 which had the same subject: Revised Programme, the Engineer pointed that in the Contractor's "As Build 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.

On 10.05.2024, the Contractor with the letter RKSP2 1011/24 submitted the Monthly Progress Report no.18 concerning the period up to April 2024. In the aforementioned "As Built Programme", in which the proposed Project's completion date is the April 26th, 2025, the Contractor filled the majority of Blank missing relationships that Engineer for almost 10 months has highlighted numerous times.

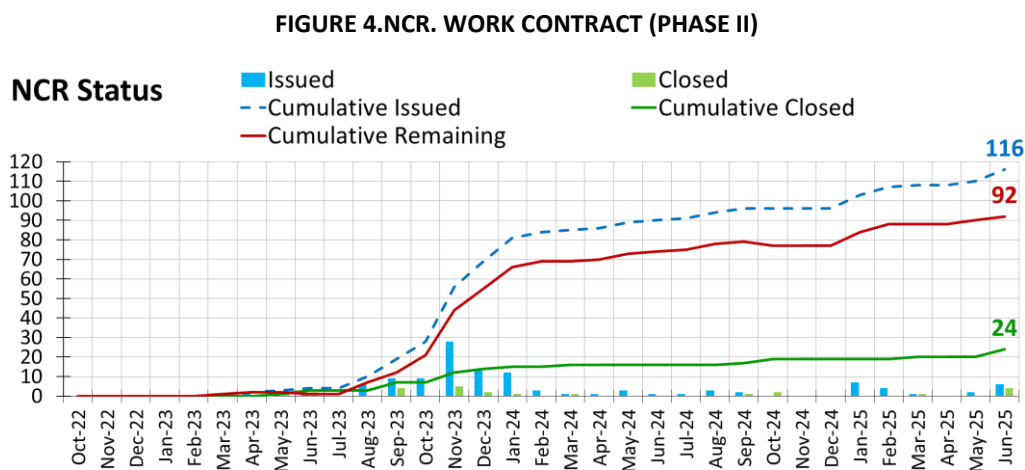
On 07.06.2024, the Contractor with the letter RKSP2 1059/24 submitted the Monthly Progress Report no.19 concerning the period up to May 2024. In the aforementioned "As Built Programme", in which the proposed Project's completion date is the May 27th, 2025, the Contractor filled most Blank missing relationships that Engineer for almost 11 months has highlighted numerous times.

On 23.12.2024, the Engineer issued the letter PXK-00005.02/VB/1004 dated 23/12/2024 "Notice under Sub-Clause 8.3 – Submission of revised Programme of Works" by which a Notice under Sub-Clause 8.3 was given to the Contractor, to submit revised Programme of Works.

Instead, the Contractor on 09.01.2025 with the letter RKSP2 1273/25 submitted the Monthly Progress Report no 26 up to December 2024. In the aforementioned "As Built Programme", in which the proposed Project's completion date is the December 12th, 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 2025 is presented below:



The total number of issued NCRs is 116. The total number of closed NCRs is 24 and remaining open 92 NCRs.

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

Two additional Notices to Correct have been issued: one regarding the collapse of perimetral wall (railway side front) of the main building in Mitrovica Railway Station and the other regarding the unauthorized demolition from the Contractor, of Piers P2, P3 and P4 of concrete part of Bridge 01.

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

The Contractor submitted a claim under Sub-Clause 20.1 [Contractor's Claims] for an extension of the Time for Completion on 29 May 2025, via letter reference RKSP 2 1488/25. Based on events up to the cut-off date of 30 April 2025, the Contractor requested an additional 567 days of Extension of Time (EoT), thereby proposing a revised Project Completion Date of 12 May 2026.

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)

In Phase II consolidates the findings from the ESHS Checklist (January–June 2025) with observations gathered during site visits, Engineer reviews, and joint monitoring by the EBRD and Employer. The report evaluates the Contractor's compliance with Environmental, Health and Safety, and Social (EHSS) obligations under the EBRD Performance Requirements (PRs), national legislation, and project-specific guidelines (Book 14).

The Contractor has faced persistent challenges in meeting these obligations, as highlighted by previous notices, including SC 15.1 [Notice to Correct] (P XK-00005.00/ED/S2314). Despite some improvements in late 2024 at select locations, overall performance remains inconsistent. Major concerns include insufficient site organization, poor waste management, lack of hazardous waste control, inadequate worker welfare, and unresolved resettlement issues.

Key locations observed during this reporting period include Obiliq Station, Mitrovica Station, Fushe Kosove Main Station, Vushtri Station, Pantina Stop, Prelluzhë Station, and multiple culverts (16, 17, 18, 23A), bridges (3, 5, 10, 11), and active construction zones (track sections).

2. Plans and Documentation

The Contractor is required to prepare, maintain, and implement several key management plans and registers, including: Environmental Management Plan (EMP), Organizational Health and Safety Plan, Traffic Management Plan, Procedure for Hazardous Waste Handling, Workers' Grievance Mechanism, Dust and Noise Management Plans, Water Management Plan (WMP), Waste Management Plan (WMP), Community Health and Safety Plan.

Status of Plans: The Environmental Management Plan is in its fourth revision, reviewed by the Engineer on 13 June 2023, with remarks emphasizing the lack of practical on-site implementation. The Waste Management Plan Rev.03 was conditionally approved on 27 September 2023, but many of its recommendations (e.g., designated storage areas and waste tracking) remain unimplemented.

The Water and Rivers Crossing Management Plan, submitted on 25 May 2023, was reviewed on 15 July 2023 and commented on 14 August 2023. Key issues identified include untreated wastewater discharge and unpermitted water use from local rivers.

The Contractor has not updated or submitted new documents related to ESHS disciplines during the first half of 2025, indicating a stagnation in compliance efforts.

Personnel and Training:

The Contractor nominated an Environmental Officer and Waste Manager in December 2023 but has failed to appoint a Resettlement Liaison Officer, despite ongoing displacement and resettlement challenges.

Training efforts remain inadequate. Although some H&S training sessions were conducted in March and July 2024 (covering only 10 workers), there is no evidence of continuous E&S training during January–June 2025. Record-keeping for workforce training, safety inductions, and environmental awareness remains incomplete.

4. Waste Management and Hazardous Materials

Waste management remains one of the Contractor's weakest performance areas. Although agreements with licensed waste companies have been signed—such as G3 Inxhiniering SH.P.K. with KRM “Uniteti” for construction waste in Mitrovica Municipality, and R & Rukolli SH.P.K. with KRM “PASTRIMI” for domestic waste in Obiliq—implementation across sites is inconsistent.

4.1 General Waste Issues

At Mitrovica Station, scattered demolition debris and concrete washout residues were observed.

At Vushtri Station and Pantina Stop, waste bins are missing or misused, with mixed domestic and construction waste left in open areas.

At Fushe Kosove Main Station, debris removal was observed in late 2024, but follow-up inspections show waste accumulation continues.

4.2 Hazardous Waste

Hazardous waste handling remains a critical gap. Oil-stained soil, fuel leaks, and chemical residues were observed at Bridge 5, Tunnel 6, and various culverts. No secondary containment systems or hazardous waste registers are in place.

The Waste Management Plan Rev.03 explicitly requires mapping of hazardous waste storage areas, which remains incomplete. Furthermore, no formal agreements with licensed hazardous waste disposal companies have been provided beyond subcontractor-level arrangements.

5. Asbestos Management

The Asbestos Management Plan (AMP) was submitted by the Contractor on 29 August 2023 (RKSP2 0457/23) and approved by the Engineer with comments on 19 September 2023 (P XK-00005.02/MA/0457). However, implementation has stalled due to unresolved licensing issues with the nominated asbestos removal company AR-TECH SH.P.K. The company has yet to submit proof of authorization as required under Administrative Instruction No. 01/2020.

The Engineer instructed the Contractor to encapsulate asbestos-containing ceilings in technical buildings at Obiliq, Prelluzhë, Vushtri, and Mitrovicë as an interim safety measure. Despite multiple reminders, no offers or work plans for encapsulation have been submitted.

6. Environmental Observations from ESHS Checklist

6.1 Obiliq Station

Obiliq Station remains a hotspot for waste mismanagement, with improper storage of materials and evidence of asbestos debris. Traffic safety measures are inadequate, and no grievance mechanisms are operational on-site.

6.2 Mitrovica Station

On 10 December 2024, inspections revealed exposed electrical wires during excavation and unsafe traffic behavior (speeding of concrete mixer drivers). Concrete washouts and uncollected demolition waste were also noted.

6.3 Fushe Kosove Main Station

Inspections on 29 November and 17 December 2024 noted improvements such as fencing and debris removal. However, waste segregation is still lacking, and spill kits or fire extinguishers are absent.

6.4 Vushtri Station

Vushtri Station lacks fencing and proper traffic signage, posing risks to pedestrians, including children near school zones.

6.5 Pantina Stop

Pantina Stop exhibits disorganized material storage, scattered debris, and missing basic welfare facilities for workers.

6.6 Culverts and Bridges

Culverts (16, 17, 18, 23A) show evidence of standing dirty water due to poor drainage. At Bridge 5, hazardous oil residues were found on structural components.

7. Water and Wastewater Management

The Contractor has not obtained water permits for construction activities near or within water bodies, particularly the Lepenc River. Unauthorized water abstraction and untreated wastewater discharge have been documented at Culvert 23 and other drainage points.

At Bridge 10 and Bridge 11, wastewater from construction sites mixes with stormwater runoff, causing surface contamination.

8. Health and Safety Violations

8.1 PPE and Site Safety

Repeated inspections revealed workers operating without PPE, especially at Culvert 16 and Mitrovica Station. Missing helmets, gloves, and high-visibility vests were common observations.

8.2 Unsafe Practices

Exposed electrical wiring, lack of signage, and improper equipment use (e.g., unchained scaffolds) were observed. Traffic inside construction zones remains unmanaged.

8.3 Lack of Emergency Preparedness

No fire extinguishers, spill kits, or first aid kits are visible across most sites. This non-compliance increases risks in case of accidents or hazardous spills.

9. Grievance Mechanism

The grievance mechanism remains underdeveloped. A single grievance box was found at Obiliq Station, unlabeled and unused. No records of grievances (worker or community) are available, indicating a failure to implement PR10 requirements.

10. Labour and Working Conditions

The Contractor has failed to submit a full list of workers, including contracts and signed codes of conduct. Basic welfare facilities such as shelters, potable water, portable toilets, and guard cabins are missing at key sites like Pantina Stop and Vushtri Station.

11. Illegal Level Crossings and Community Safety

Unauthorized crossings remain unresolved, particularly near Plemetin Stop and Prelluzhë Station. Children and pedestrians were observed crossing tracks in December 2024, highlighting the urgent need for fencing and public safety campaigns.

12. Dirty and Damaged Roads

Frequent reports of dirty roads near Plemetin area (covered with construction debris) continue. Complaints from Kaçanik Municipality remain unresolved, despite official communications (e.g., P XK-00005.02/ED/0237).

13. Resettlement Issues

The Resettlement Action Plan (RAP) requires updating by Infrakos/Employer to address families residing in station buildings (Obiliq, Prelluzhë, Mitrovica, Fushe Kosove). Relocation of families, such as the one at Prelluzhë Station, is still pending despite repeated reminders since April 2023.

14. Permits and Legal Compliance

The Contractor has not secured:

Construction permits under Law 04/L-110,

Water permits for works near watercourses,

IPPC/Environmental permits for material production subcontractors.

15. Corrective Actions and Recommendations

Waste and Hazardous Material Management: Implement WMP Rev.03 requirements, map temporary storage areas, and ensure proper disposal.

Asbestos Control: Submit AR-TECH's license or nominate another certified company, and proceed with encapsulation.

Health & Safety: Enforce PPE use, install emergency equipment, and improve traffic safety.

Worker Welfare: Provide toilets, potable water, and shelters.

Grievance Mechanism: Install clearly labeled boxes at all sites.

Community Safety: Address illegal crossings and road cleanliness.

Permits and Compliance: Secure necessary permits urgently.

Training: Conduct regular E&S training and document attendance.

16. Summary of Improvements and Good Practices

Fushe Kosove Station: Waste removal and fencing upgrades (late 2024).

Bridge 3: Improved PPE compliance.

Mitrovica Station: Initial steps to control concrete washouts.

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:

Slow rate of progress – No submission of revised Baseline Programme of Works: At the end of the reporting period, the financial progress is only around 50%, while Revised Time for Completion after DAB granted EoT of 288 already passed. The Engineer acknowledged this issue and by its letter P XK-00005.02/VB/1004 dated 23/12/2024 "Notice under Sub-Clause 8.3 – Submission of revised Programme of Works." Notice under Sub-Clause 8.3 was given to the Contractor, to submit revised Programme of Works. No response was recorded from the Contractor.

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 18.2 m EUR;
- c) The risk of further escalation of the Contract's costs is relatively high.
- d) Time at Large Contract since DAB granted Extension of Time up to 22nd October 2024 accepted also that certain Delay Events are ongoing.

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 (Signalling & Telecommunication Works) of the Southern Part of Railway Route 10, Section "Hani i Elezit – Mitrovica" 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 II, 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 of 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.

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.

3 - MONITORING ACTIVITIES

Monitoring performed

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

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.

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

4.1 - 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.

4.2 - 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 2025.

4.3 - Phase II

See Section 2.1.1 above and Chapter B.9 Project Risk Assessment of the Phase 2 Engineer's MPRs for June 2025.

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

5.1 - Employer and PIU

Mr. Zyber Gaka was appointed as the Head of Employer's PIU on 18.02.2025.

5.2 - PIU Consultant

Team Leader of the PIU Consultant

We are in the process of assigning a new Technical Assistance.

5.3 - Engineer (Phase I)

No changes.

5.4 - Engineer (Phase II)

Mr. Vasileios Bratsis was demobilized on 13.02.2025.

Mr. Grigorios Zouloumis was Acting RE/Team Leader (14.02.2025 – 15.04.2025), and finally RE/Team Leader (from 16.04.2025).

5.5 - Contractor (Phase I)

No changes.

5.6 - Contractor (Phase II)

No changes.

6 - 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 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.

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

7.1 - 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 repeaters, 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 DERAILERS 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 Portals 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
Add 3		Addendum 3 to the Contract	Provisional Sum for Facilities for Engineer - BoQ items 0.2.1 and 0.2.2	Approved/Instructed	259,200.00*
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 276+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	Approved/Instructed	-240,439.04
23	12-07-23	Bridges Contractor's Design	For the redesign of the new steel bridges with reinforced abutments as per Add.4	Approved/Instructed	500,000.00
24	27-06-24	Stone wall protection	Stone Masonry Wall Protection (ch.301+425.80 to 301+556.50 +wall 35)	Approved/Instructed	62,475.99
25	27-06-24	Culvert C092N	New Culvert C092N 3.00x3.00m – underpass at ch. 299+214.06	Approved/Instructed	33,069.22
26	30-08-24	Decoupling of Steel Bridges retrofitting	Decoupling of Steel Bridges' Retrofitting, with which all Works and Designs related to the 14 steel bridges to be retrofitted are removed from the Contractor's scope. The Works and Designs removed are described in detail in the attachment to this instruction by making reference to the relevant articles from the BoQ.	Approved/Instructed	-3,722,610.84
27	28-04-25	Cancellation of VO22 and VO26 Steel Bridges Retrofitting Scope	With its Decision dated 26 March 2025 given under Sub-Clause 20.4 [Obtaining Dispute Adjudication Board's Decision] pertinent to the Contractor's Referral no.3 regarding the Contractor's design of the 14 steel bridges, the DAB decided that the decoupling of 30 August 2024, instructed through Variation Order no. 26, "is not valid". Moreover, the DAB decided "that the Employer may instruct the Contractor to revert to the original design". Such a revision would constitute, a Variation under the Contract including Addendum No. 4, pursuant to GC Sub-Clause.	Approved/Instructed	3,963,049.88
TOTAL SUMS					3,843,189.43

Following the DAB's Decision No. 3 for Referral No. 3, VO no. 27, *Cancellation of VO22 and VO26 – Steel Bridges Retrofitting Scope*, was instructed to the Contractor on 28/04/2025 (ref. P XK-00005.00/TA/GP/S3107 of 28/04/2025). The Employer instructed the Engineer to proceed to the issuance of VO-27 before Banks' NO.

7.2 - Variation orders under the Phase 2 Works Contract

Four VOs are pending for Bank's "No objection":

VO-2	Unforeseeable Rehandling of Materials
VO-3	Relocation of Benchmarks
VO-4	Descoping of the Buildings
VO-5	Descoping of Overpass 05

DAB - Work Contract (Phase I)

Since 23 January 2020, the DAB is in place. However, the Covid-19 restrictions in movement canceled the DAB's first Site visit and introduction to the Project scheduled for the end of March 2020.

On 04.09.2024, the Contractor submitted with RKSP1 3300/24 dated 04.09.2024, Referral No. 3 as per SC 20.4 regarding the Compliance of the Contractor's Bridge Design. The hearing of Referral No. 3 was held on 24.01.2025. The DAB's decision for Referral No.3 was delivered on 27.03.2025.

DAB's decision for Referral No.3 was delivered on 26.03.2025. A summary of the DAB's decision for referral No. 3, is as follows:

- Regarding the Contractor's requests, the DAB has ruled that the Contractor's Design of the steel bridge foundations met the Employer's requirements and good engineering practice. The Employer and Engineer have been found to have unreasonably withheld and delayed design approvals. The DAB cannot determine the extent of non-compliance with Corten steel due to lack of evidence. The instruction for descoping breaches GC Sub-Clause 13.1(d) and is contrary to Addendum No.4. The DAB determines that the Employer is responsible for delays due to GC Sub-Clause 1.3 and that the Contractor is not responsible. **The DAB also notes that the delivery of unapproved materials was at the Contractor's risk.**
- Regarding the Employer's requests, the DAB ruled that the Employer's rejection of the foundation design was incorrect, and the Employer never approved the use of Corten. The descoping is invalid, and the Contract does not permit variation by omission. **The Employer may instruct the Contractor to revert to the original Design but must check the legality of requiring the original work due to safety issues and earthquake conditions.** The DAB determines the Employer's liability for delay and unreasonable withholding of approvals, with additional costs based on delay and quantum analysis.

On 07.11.2024, the Contractor submitted with RKSP1 3339/24 dated 29.10.2024, Referral Nr. 4 as per SC 20.4 regarding the Tax & Duties Exemption. DAB's decision for Referral No-4, was delivered on 24.01.2024. The Dab decided that: *"there is a change in law within the meaning of GC Sub-Clause 13.7 by reason of the Kosovo Customs' decision to claim back the exemptions obtained, together with the confirmation of the Customs' decision by the Kosovo judicial authorities, as well as a breach of the representation made the Employer at tender stage,"* and that the Employer is to immediately pay to the Contractor the amount corresponding to the VAT and excise tax, for exemptions on fuel used in the Lot 1 Contract, and amount corresponding to custom duties paid on Material imported for the Lot 1, with relevant interest pursuant to Kosovo law.

DAB - Work Contract (Phase II)

The DAB site visit took place on March 17–20, 2025. The DAB communicated to the Parties its Site Visit Report 4th on 01.04.2025.

The Parties agreed for the dates of the 5th DAB's site visit which is scheduled for 14-16th July 2025.

10. PICTURES DURING THE REPORTED PERIOD PHASE I

Good practice. Tunnel 1, no spillage evidenced underneath power generator.
(21 January 2025)



Good practice. C098, Works executed in responsible way, not polluting Lepenci river.
(3 April 2025)



Good Practice. Before T1, work in the river so as not to pollute the water fauna for the upper section.
(3 June 2025)



Bad practice. Before bridge 13, No activities on site. Slope not been stabilized since time.
(14 January 2025)



Bad practice. Before tunnel 6, material disposed earlier not removed but levelled on site NCR 611.
(3 April 2025)



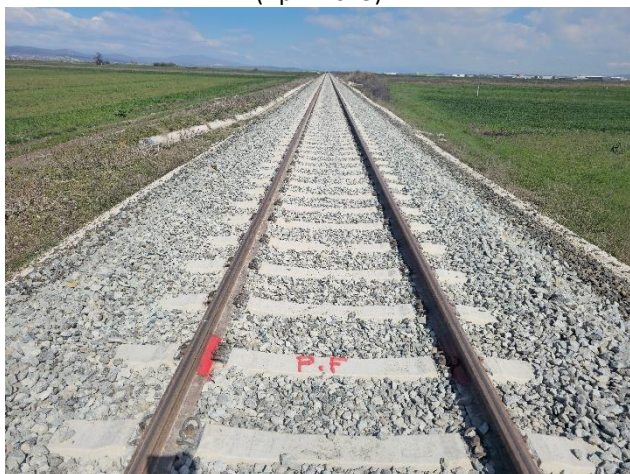
Bad practice. Tunnel 5, site unorganized, daily consumables scattered all around.
(24 June 2025)



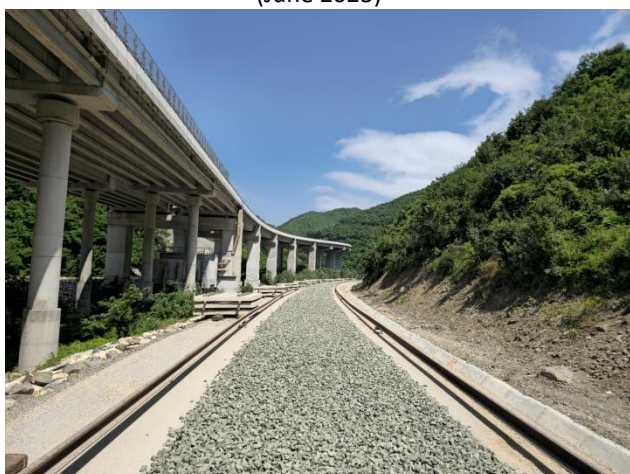
Good practice
 Finnal lining works, Tunnel T7 (January 2025)



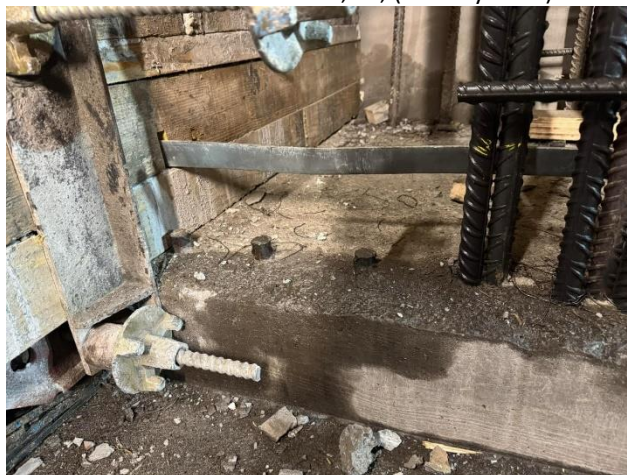
Good practice. Rail distressing between Miradi and Lypjan station (April 2025)



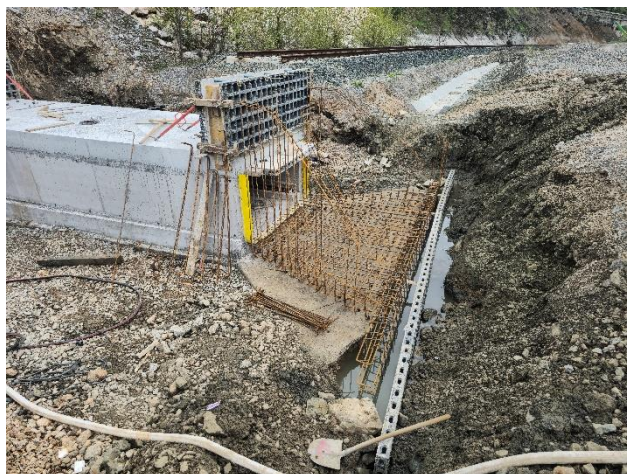
Good practice. Superstructure Works between Br. No. 24 and 28 (June 2025)



Bad practice
 Reinforcement are cuted, T7, (January 2025)



Bad practice, Toe Beam of the outlet in the C103 (April 2025)



Bad practice. Optic Cables left exposed (June 2025)



Good practice. Between bridge 13 and tunnel 2, old rails removed from site and delivered in appointed destination. (8 May 2025)



Bad practice. Slope after bridge 29, maintenance of heavy machineries performed on site. Filters, rags left on site. (8 May 2025)



Good practice. Before tunnel 1, works executed carefully and not disturbing river flow. (8 May 2025)



Bad practice. Before bridge 13, works in the river creating pollution and disturbance to the water fauna. (8 May 2025)



Bad practice. Between Cs 2484 to Cs 2520 old rails left after installation of new one need to be transported to defined place. (15 May 2025)



Bad practice. Cs 2239, Heavy machinery causing contamination due to oil leaks. (15 May 2025)



PICTURES DURING THE REPORTED PERIOD PHASE II

Bad practice. Culvert 18, lubricant containers left on site from the contractor without proper management.
(10 January 2025)



Good Practice. Fushe Kosove Station, fencing is replaced from the contractor in areas where pedestrians are exposed to be injured.
(21 January 2025)



Bad Practice. Fushe Kosove Technical Building, waste was left on site from the workers, contractor must remove them. (04 April 2025)



Bad practice. Segment 28, the municipal road site, inhabitant garden, was filled with the soil excavated to the line for the waste water pipe derange, to be removed immediately from the contractor if it is not borrowed.
(31 January 2025)



Bad Practice. Vushtri underpass, the contractor must limit the use of road signs for heavy machinery in this road segment, due to the high risk that the road may collapse due to overweight.
(21 January 2025)



Good Practice. Fushe Kosove Station, waste is removed and construction site is well organized.
(10 April 2025)



Bad practice. Segment 32, The excavation site lacks protective barriers, posing fall risks. Exposed debris and fallen poles create additional hazards. (04 April 2025)



Bad Practise, Bridge 01, Ensure collapsing from deep excavations, install barriers to prevent access passing above. (10 April 2025)



Bad Practice. Culvert 12, concrete washouts are not managed properly from the Contractor. (11 June 2025)



Attention, **high safety risk!!!** Bad Practice, Mitrovica Station, Severe structural collapse risk at Mitrovica Station endangers six resident families. Unsafe scaffolding and unapproved demolition threaten immediate failure of cantilever slab. Urgent evacuation and engineered stabilization measures are mandatory for safety of inhabitants and workers working on site.



Good Practice, Fushe Kosove Technical Building, portable toilets are cleaned and sanitized. (25 June 2025)



Good Practice, Fushe Kosove Technical Building, scaffolds are well fixed with access/egress for workers movement. (25 June 2025)



New Sleepers B70 2.60m and 2.40m stocked in Mitrovica Station (March 2025)



Turnouts have been delivered and temporary assembled near the Station Vushtrri and Mitrovica. (May 2025)



Removal of existing Ballast at seg. 32



General Excavaton at seg. 2



Filling Soil Improvement at seg. 1



Construction of Embankment at seg. 33



Subgrade Layer at seg. 34



Protective Layer at seg. 26



Underpass 09



Underpass 19



Pantina Platform



Wall 6-Left



Culvert 15



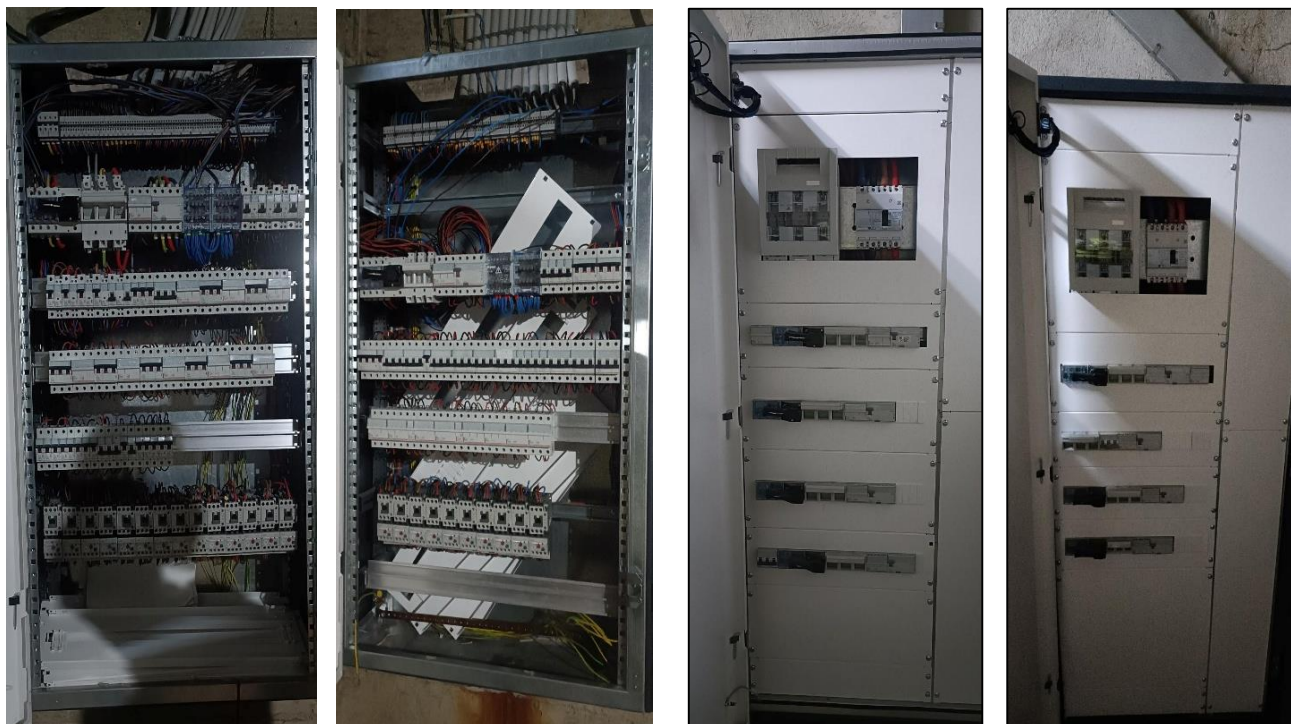
Culvert C19



Fushë Kosovë Technical Building
Façade works



Fushë Kosovë Station Building
Assembling the distribution board (DB) as per the single-line diagram



Prelluzhë Technical Building
Installation of steel support for ceilings and Gypsum Boards



Mitrovica Station Building

Unauthorized demolition of structural masonry - Partial collapse of the eastern wall / railway line side

