

Kosovo Railway Infrastructure INFRAKOS J.S.C.

Rehabilitation of Southern Part of Railway Route 10

PPR Periodic Project Report

covering the period of 01.01.2025 and 31.12.2025

Rehabilitation of Southern Part of Railway Route 10

- Phase 1 Fushe Kosove – Han i Elezit, from km 246+888.00 to km 313+711.00.
- Phase 2 - Rehabilitation of Southern Part of Railway Route 10, Fushe Kosove - Mitrovica, from km 246+888.00 to km 212+519.00.

Reporting Period 01.01.2025-31.12.2025

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PPR¹ (Periodic Project Report) for 2025

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¹ 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 Infracos 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.

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List of Abbreviations

A list of abbreviations for the terms used in the Project and referenced throughout this report is provided below for the reader's convenience.

AESR	Annual Environmental and Social Report
ALT	Abnormally Low Tender
AIP	Assignment Implementation Plan
BoQ	Bill of Quantities
EBRD	European Bank for Reconstruction and Development
ECMS	Enterprise Content Management System
EIB	European Investment Bank
E&S	Environmental and Social
ESAP	Environmental and Social Action Plan
ESMP	Environmental and Social Management Plan
ESP	Environmental and Social Policy
EU	European Union
FD	Financing Documents
FIDIC	Fédération Internationale des Ingénieurs-Conseils
GCC	General Conditions of Contract
GtP	Guide to Procurement
IMS	Integrated Management System
JV	Joint Venture
LRP	Livelihood Restoration Plan
MESP	Ministry of Environment and Spatial Planning
OCC	Operation Control Centre
O/D	Origin/Destination
PIP	Project Implementation Plan
PIS	Project Implementation Support
PIU	Project Implementation Unit
PP&R	Procurement Policies & Rules
RAP	Resettlement Action Plan
RFP	Request for Proposals
RPF	Resettlement Policy Framework
SC	Steering Committee
SCADA	System Control and Data Acquisition
SE	Supervising Engineer
SEP	Stakeholder Engagement Plan
SCC	Special Conditions of Contract
STD	Support during the preparation of Tender Documents
TD	Tender Documents
ToR	Terms of Reference
TS	Technical Specification
UN	United Nations
VTA	Verification, Test and Approval
WBIF	Western Balkans Investment Framework

1. Executive Summary

This Annual Report presents the status of the Railway Route 10 Rehabilitation Project as of the end of 2025, covering both Phase 1 and Phase 2 Works Contracts. The Project remains strategically significant, supported by a strong IFI-led financing structure and continued stakeholder engagement. However, overall implementation performance has been constrained by a combination of technical, contractual, financial, and managerial challenges. Progress has been achieved in certain civil works components, yet the Project continues to face systemic issues that affect timely completion, cost control, and operational readiness.

From a contractual and schedule perspective, the Project is currently in a “time at large” situation, with no defined Time for Completion following the expiry of granted Extensions of Time. The absence of an updated and approved baseline Programme of Works further limits effective monitoring and planning. Physical progress assessments vary significantly: while the Engineer’s indicators suggest near completion of track works, independent evaluation by the PIS Consultant places overall progress for Phase 1 at approximately 81%, with completion projected around September 2027, subject to resolution of critical issues such as the steel bridges. The ongoing lack of alignment between reported progress and actual operational readiness remains a key concern.

Financially, the Project has experienced notable cost increases, particularly due to the application of price adjustment mechanisms under Sub-Clause 13.8, resulting in increases of approximately 20% and 16% for Phase 1 and Phase 2 respectively. Additional financial exposure has arisen from DAB decisions concerning VAT, excise taxes, and customs duties, which have placed a significant reimbursement burden on the Employer. These factors, combined with prolonged execution periods and low financial absorption rates, highlight the need for strengthened financial control and proactive contract management to mitigate further risks.

The Project has also been characterized by an elevated level of claims and disputes, with numerous DAB proceedings largely decided in favour of the Contractor addressing issues related to delays, design approvals, variations, and changes in legislation. These outcomes point to deficiencies in contract administration, delayed decision-making, and a predominantly reactive dispute management approach. In parallel, critical technical issues, particularly concerning the steel bridge designs under Phase 1, remain unresolved and continue to affect project continuity and future planning.

Across both Phase 1 and Phase 2 of the Works Contracts, the Contractor has submitted a notably high volume of claims, while the number of Employer’s Claims remains comparatively limited. This imbalance reflects a distinctly assertive and claim-driven contract management approach on the part of the Contractor. The pattern observed indicates a tendency to formalize a wide range of contractual and operational matters as claims, including issues that could, in many instances, be more effectively addressed through standard contract administration processes, proactive coordination, and good-faith engagement between the Parties.

This claim-oriented posture has contributed to an increasingly dispute-prone environment, placing considerable pressure on the contract management framework and the dispute resolution mechanisms, including the Dispute Adjudication Board (DAB). The accumulation of claims and referrals risks diverting resources and attention away from the timely and efficient execution of the Works, while also potentially undermining the collaborative and solution-oriented spirit envisaged under the Contract.

Environmental, social, health, and safety performance remains a significant area of concern. Inspections have identified persistent non-compliance with approved management plans, inadequate site practices, and recurring safety violations, posing risks to workers, communities, and the environment. Overall, while the Project retains strong strategic importance and partial operational achievements, its successful delivery will depend on urgent improvements in project governance, contract administration, technical decision-making, and enforcement of compliance measures to restore progress and ensure sustainable implementation.

The PIU Support Consultant has carried out a comprehensive SWOT analysis of the current status of the Works under both Phase I and Phase II. The main findings indicate that, while the Project benefits from a strong financing structure, solid institutional capacity within INFRAKOS, and continued stakeholder engagement, its performance is being constrained by delays in decision-making, weaknesses in contract administration, and a predominantly reactive approach to dispute management. The analysis further highlights opportunities to improve outcomes through capacity building, more effective use of contractual remedies, and leveraging upcoming tender processes. However, significant threats remain, particularly the accumulation of claims and disputes, slow and quality-challenged progress of the Works, and the risk of escalation to arbitration. In addition, notable financial concerns have been identified, including the disproportionate impact of price adjustment mechanisms on the Contract Price and the associated risks related to tax exemptions, which may impose an additional financial burden on the Employer. Overall, the findings point to the need for strengthened project management practices, improved coordination, a more proactive and solution-oriented contract administration approach, and careful management of financial risks to ensure the Project’s sustainability.

2. Project Overview

2.1. Project Information

The Project involves the rehabilitation and upgrading of Rail Route 10 in Kosovo, extending from the Kosovo–Serbia border to the Kosovo–North Macedonia border. Rail Route 10 forms part of a regional railway corridor with an overall alignment from Kraljevo (Serbia) through Pristina (Kosovo) to Gorce Petrov (North Macedonia). Within Kosovo, the railway line has a total length of approximately 148 km, running from Leshak at the northern border with Serbia to Hani i Elezit at the southern border with North Macedonia.

The Kosovo section of Rail Route 10 is part of the Western Balkans core railway network and represents an extension of the Trans-European Transport Network (TEN-T), contributing to the European Union’s broader objective of enhancing regional transport connectivity.

The Government of Kosovo has undertaken a comprehensive railway sector reform programme to align with EU directives. This reform process began in 2005 with the restructuring of the public railway company into a joint stock company (Kosovo Railways JSC), which operated as an integrated entity until 2011. In 2011, the company was unbundled into two separate entities; the infrastructure manager (INFRAKOS) and, the train operating company (TRAINKOS), both of which are operating independently since August 2011.

The Railway Route 10 Rehabilitation Project is designed to enhance the physical and technical condition of the existing railway infrastructure, with the objective of increasing transport capacity, improving operational speeds, and ensuring higher levels of safety and reliability. The scope of the Project encompasses the rehabilitation of the track structure and substructure, the upgrading of signaling and telecommunications systems, and the construction, refurbishment, and modernization of stations and associated railway facilities. Beyond its technical scope, the Project represents a strategic investment in Kosovo’s transport network. The modernization of the railway infrastructure is a critical enabler for more efficient and competitive rail services, facilitating both passenger mobility and freight transport. In this context, the Project is closely aligned with the objectives of Kosovo’s National Development Strategy, supporting enhanced regional connectivity, economic growth, and integration with wider European transport corridors. Ultimately, the successful implementation of the Project is expected to contribute to sustainable economic and social development by improving accessibility, reducing transport costs, and promoting a shift toward more environmentally sustainable modes of transport.

The procurement and implementation of the Project are managed by the Project Implementation Unit (PIU) established within INFRAKOS, acting as the implementing entity.

The Project comprises the rehabilitation and partial upgrading of the north–south railway line across Kosovo (148 km) and is planned to be implemented in three phases:

- (1) Fushë Kosovë – Hani i Elezit (North Macedonia border): 66.823 km (Phase I)
- (2) Fushë Kosovë – Mitrovicë: 34.369 km (Phase II)
- (3) Mitrovicë – Leshak (Serbia border): 48.119 km (Phase III).

The Project is financed through a multi-source, co-financing structure combining sovereign loans from the EBRD and EIB with substantial EU investment grants administered through the WBIF, complemented by national counterpart funding. This blended financing model reduces the fiscal burden on the Government while ensuring compliance with international standards for procurement, environmental and social safeguards, and project governance. The financing structure of the Project, together with updated financial positions as of end of 2025 is as provided in the summary table below²:

Table 1. Financing Structure of the Project

Source of funds	2016 Financing Plan	2023 Financing Plan	Disbursements end of 2025	Expenditures end of 2025	% of expenditures
EBRD Loan	40.000.000	40.000.000	27,521,999.99	27,521,999.99	69%
EIB Loan 1	42.000.000	42.000.000	42.000.000	36,454,711.04	87%
EIB Loan 2		38.000.000	-	-	0%
GBPI	84.200.000	89.000.000	52,470,278.05	52,470,278.05	62%
EBRD Grant	1.700.000		1.700.000	1.700.000	100%
Total	208.000.000	209.900.000			

² All amounts in EUR.

2.2. Project Status

2.2.1. Updated Procurement Plan

The summary table of the most recent Procurement Plan for the Project (December 2025) is presented below. The plan is structured into three main categories:

- (1) Works
- (2) Services (Supervision)
- (3) Services (Design and Technical Assistance)

The total estimated Project cost amounts to approximately EUR 385 million. Of this, around EUR 183 million has been tendered to date, with cumulative payments (expenditures) reaching approximately EUR 125 million as of the end of 2025. The remaining value of Works and Services to be procured is estimated at approximately EUR 202 million.

Table 2. Updated Procurement Plan for the Project

Works					
No	Description	Status	Amount estimated	Contract Amount	Final Amount
1	Works Phase 1	Ongoing since 30.08.2019	63.300.000,00	78.625.639,40	100.000.000,00
2	Works Phase 2	Ongoing since 11.10.2022	42.500.000,00	47.927.505,32	65.000.000,00
3	Works Phase 3	Not tendered	118.704.000,00	-	-
4	Signaling and Telecom Phase 1 and Phase 2	Not tendered	54.724.000,00	-	-
5	Signaling and Telecom Phase 3	Not tendered	22.480.000,00	-	-
Services (Supervision)					
1	Supervision of Works Phase 1	Completed 11.12.2025		1.399.970,00	6.658.445,00
2	Supervision of Works Phase 2	Completed 11.12.2025		1.597.500,00	3.531.490,00
3	Supervision of Works Phase 1 and Phase 2	Ongoing since 11.11.2025		1.291.625,00	-
4	Supervision of Works Phase 3 including Signaling and Telecommunication	Not tendered	4.748.000,00		
5	Supervision of Works Phase 1 and Phase 2 for Signaling and Telecommunication	Not tendered	2.189.000,00		
Services (Design and Technical Assistance)					
1	Detailed Design and Tender Documents for Phase 1	Completed 01.12.2018		1.763.000,00	1.840.000,00
2	Detailed Design and Tender Documents for Phase 2	Completed 01.12.2019		905.000,00	900.000,00
3	Detailed Design and Tender Documents for Phase 3	Ongoing since 25.10.2026		1.300.000,00	-
4	Project Implementation Support for Phase 1	Completed 31.05.2024		600.000,00	750.000,00
5	Project Implementation Support Consultancy	Ongoing since 30.06.2025		823.000,00	-
6	Capacity Building OHS Phase 1	Completed		75.000,00	75.000,00
7	Capacity Building OHS Phase 2	Completed		50.000,00	50.000,00
8	Asset Management Plan and Track Access Charges	Completed 01.03.2019		350.000,00	350.000,00
9	HR Practice - Equal Opportunities	Completed 31.08.2017		135.000,00	135.000,00
10	IFRS Reporting	Completed 30.10.2024		75.000,00	75.000,00

2.2.2. Ongoing Activities and Contracts

The Works and Service Contracts ongoing under the Project as of the cut-off date of this report are presented in the table below. The following remarks are noted:

- The Works Contracts for Phase 1 and Phase 2 remain ongoing. Detailed information regarding their current status, updated programmes, and progress is provided in the relevant sections of this report.
- The Supervision Service Contracts for Phase 1 and Phase 2 were completed in December 2025. Subsequently, supervision activities have been continued under a newly procured Supervision Services Contract covering both phases.
- The Project Implementation Support (PIS) Consultancy services commenced in June 2025.

Table 3. Ongoing and Completed Contracts under the Project in 2025

No	Description	Status	Contract Amount	Total Payments	Financial Progress
1	Works Phase 1	Ongoing since 30.08.2019	78.625.639,40	79.198.514,74	100,73%*
2	Works Phase 2	Ongoing since 11.10.2022	47.927.505,32	28.856.797,42	60,21%*
3	Supervision Phase 1	Completed 11.12.2025	6.658.445,00	6.658.445,00	100,00%
4	Supervision Phase 2	Completed 11.12.2025	3.531.490,00	3.531.490,00	100,00%
5	Supervision Phase 1-2	Ongoing since 11.11.2025	1.291.625,00	0,00	0,00%
6	Phase 3 Design	Ongoing since 25.10.2026	1.300.000,00	0,00	0,00%
7	PIS Consultancy	Ongoing since 30.06.2025	823.000,00	0,00	0,00%

*(Including price adjustment)

2.2.3. Operationalization of the Line

The following issues are highlighted with regards to the operationalization of the line:

- A notable milestone was achieved in August 2025, when a rehabilitated section between Fushë Kosovë and Ferizaj was reopened to traffic, initially with reduced operational speeds.
- The Fushë Kosovë–Ferizaj railway section currently remains operational; however, its level of service remains limited and does not yet reflect full operational readiness. Train services are running at low frequency and under constrained operating conditions, including reduced speeds.

While the reopening represents a positive milestone and demonstrates partial functionality of the rehabilitated infrastructure, the overall operational efficiency, reliability, and service levels remain below expected standards. This situation reflects the ongoing nature of rehabilitation works along the corridor and highlights the need for completion of remaining works, system optimization, and improved operational planning to achieve full functionality.



Figure 1 Operable section of the line between Gures and Fushë Kosovë

Improving the operationalization of the project requires shifting focus from construction completion to system functionality. The key gap lies not only in infrastructure but in signaling, communication, and operational integration systems, which are essential to unlock capacity and reliability. By prioritizing these systems, supported by targeted studies and improved operational planning, the completed sections can

transition from limited, symbolic operation to functional and efficient railway service, thereby enhancing both project performance and public value.

2.3. Key Concerns

Despite the range of issues identified and the need for improvements across multiple aspects of the Project, particularly under the Phase 1 and Phase 2 Works Contracts, the following elements have been identified as the principal areas of concern as of the cut-off date of this Annual Report:

- (1) Contract Price Adjustment under the Works Contracts
- (2) VAT and Excise Tax implications
- (3) Steel bridge works, particularly under Phase 1

These issues represent critical technical and financial challenges with direct implications for project progress, cost control, and overall implementation performance. Each of these topics is therefore assessed in the following sections, together with an overview of their current status, associated risks, and ongoing or proposed mitigation measures.

2.3.1. Works Contracts Price Adjustment

According to the financial status of the Phase 1 and Phase 2 Works Contracts, as presented in Chapters 3.1.1.2 [Payments under Works Contract Phase 1] and 3.1.2.2 [Payments under Works Contract Phase 2] within this report, payments made under Sub-Clause 13.8 [Adjustment for Changes in Cost] of the General Conditions have resulted in an increase of approximately EUR 16 million for Phase 1 and EUR 7.5 million for Phase 2. These adjustments correspond to increases of roughly 20% and 16%, respectively, of the Accepted Contract Amounts, and the adjustment rates are calculated around 25% for Phase 1 and around 35% for Phase 2 Works Contracts.

Although the original Contract structure and documentation did not explicitly provide for price adjustment, and despite uncertainties and differing interpretations regarding the applicability of the 18-month period referenced in the Contract (particularly in light of the 15-month execution period of the Phase 2 Works Contract) it was ultimately decided to apply price adjustment for both Phase 1 and Phase 2 Works Contracts. Accordingly, the adjustment of prices has been based on the Construction Cost Index published by the Kosovo Agency of Statistics with the agreement and approval/no-objection of the relevant board of management and financing institutions.

The application of price adjustment under Sub-Clause 13.8, in the context of significantly extended completion periods for both Works Contracts, raises notable concerns from a project management and financial control perspective. As the duration of the Contracts extends beyond the originally anticipated timelines, the continued application of cost indices over prolonged periods results in substantial increases to the Contract Price. In such circumstances, and particularly where progress rates remain low, there is a risk of creating misaligned commercial incentives, whereby extended durations, irrespective of their underlying causes may lead to increased financial compensation through price adjustment mechanisms.

While price adjustment is intended to fairly compensate for inflationary pressures, its application over extended periods without corresponding progress may reduce the urgency for timely completion and weaken cost control discipline. This situation is of particular concern in the absence of effective programme management, enforcement of contractual milestones, and clear attribution of delays. Accordingly, careful monitoring, strengthened contract administration, and, where appropriate, the application of contractual remedies is essential to ensure that the price adjustment mechanism remains equitable and does not inadvertently incentivize prolonged execution periods to the detriment of the Project's overall objectives.

2.3.2. VAT and Excise Tax Exemption

This issue arose following a decision by the Kosovo Customs Authority to discontinue the application of VAT, excise tax, and customs duty exemptions on fuel and certain other materials used by the Contractor for the Project. In response, the Contractor referred the matter to the Dispute Adjudication Board (DAB) for both Phase 1 and Phase 2, submitting Referral No. 4 (Phase 1) and Referral No. 2 (Phase 2) on 29.10.2024. The Contractor's position is primarily based on Sub-Clause 13.7 [Adjustment for Changes in Legislation], arguing that the measures introduced by the Customs Authority constitute a change in the official or judicial interpretation of the Laws of the Country. The DAB decisions issued for both Phase 1 and Phase 2 have been consistent in their conclusions. In summary, the DAB(s) determined that:

- The situation constitutes a change in law within the meaning of Sub-Clause 13.7 [Adjustment for Changes in Legislation], arising from the Kosovo Customs Authority's decision to revoke and reclaim previously granted exemptions;
- The circumstances also amount to a breach of the representations made by the Employer at the tender stage regarding the applicability of such exemptions; and
- Accordingly, the Employer is liable to reimburse the Contractor for the amounts related to VAT and excise taxes on fuel, as well as customs duties paid on imported materials, together with the applicable interest in accordance with the laws of Kosovo.

The determination of the Employer's liability to reimburse the Contractor for VAT and excise tax exemptions has imposed a significant additional financial burden on the Employer.

2.3.3. Status of Steel Bridges

The steel bridges component under the Railway Route 10 Rehabilitation Project, particularly within the Phase 1 Works Contract has emerged as one of the most complex and critical issues affecting project implementation. The matter encompasses significant technical, contractual, and financial dimensions, including disputes over design compliance, the adequacy of retrofit solutions, responsibility for approvals, and the validity of contractual instructions such as variations and omissions. The situation has been further complicated by prolonged disagreements between the Employer/Engineer and the Contractor, multiple variation instructions, and successive referrals to the Dispute Adjudication Board (DAB), resulting in a fragmented and unresolved decision-making environment.

Following the Contractor's assertions that the retrofit design for the 14 existing steel bridges under the Phase 1 Works Contract was defective or ineffective, Agreement No. 1 was concluded between INFRAKOS and the Contractor. This agreement required the Contractor to submit a proposal for the redesign and reconstruction of the 14 bridges (including abutments and piers) on a lump-sum basis by 30.12.2022. The Contractor subsequently submitted its technical and financial proposal, revised on 14.03.2023 to approximately EUR 8 million. However, the process was marked by ongoing disagreements between the Contractor and the Engineer/Employer regarding the proposed technical solutions, materials, and associated costs. During this period, and in the absence of formal approval, the Contractor proceeded with the fabrication and delivery of two bridges (Nos. 13 and 15) between June and October 2023. As the matter remained unresolved, the Engineer issued Variation No. 26 on 30.08.2024, instructing the omission (descope) of the steel bridge retrofit works from the Contractor's scope.

In response, the Contractor submitted DAB Referral No. 3 on 04.09.2024 under Sub-Clause 20.4, seeking confirmation of the compliance of its bridge design and the cancellation of Variation No. 26. Following the hearing on 24.01.2025, the DAB issued its decision on 26.03.2025. The DAB concluded that the Contractor's foundation design complied with the Employer's Requirements and good engineering practice, and that the Employer and Engineer had unreasonably withheld and delayed approvals. It further determined that the instruction to omit the works was in breach of Sub-Clause 13.1(d) and inconsistent with Addendum No. 4, which restricts omission of works unless they are to be executed by others. While noting that a reversion to the original design could be instructed, the DAB emphasized the need to assess such action in light of safety and seismic considerations. The DAB also established the Employer's liability for delays and the withholding of approvals, with entitlement to additional costs subject to further evaluation.



Figure 2 Steel Bridge near Kacanik

Subsequent to the DAB Decision No. 3, the Engineer issued Variation No. 27 on 28.04.2025, cancelling both Variation No. 22 and Variation No. 26 related to the steel bridges retrofitting scope and requested the Contractor to implement the original design for the retrofit of the steel bridges.

On 17.06.2025, the Contractor submitted DAB Referral No. 5, pursuant to Sub-Clause 20.4, through its letter referenced RKSP1 3529/25, seeking the cancellation of the Engineer's Variation No. 27 concerning the implementation of the steel bridge retrofitting works in accordance with the Contract design. The DAB issued its decision on 18.09.2025. The DAB has provided its final decision on 18.09.2025 concerning the Contractor's Referral No. 5. In summary, the DAB concluded that:

- i) Variation Order No. 27 is illegitimate, ineffective, and impracticable to implement;
- ii) the steel bridge retrofitting design prepared by Obermeyer Hellas Ltd (the Contract design) is flawed, incomplete, and not suitable for execution;
- iii) the Employer and the Engineer failed to provide the necessary design and instructions required for the safe execution of the steel bridge works; and
- iv) the Contractor should not be held responsible for delays arising from such failures and retains the right to pursue claims for time and cost separately.

Following the DAB Decision on Referral No. 5, the Employer issued a Notice of Dissatisfaction (NOD). In parallel, the Engineer outlined potential alternative approaches available to the Employer, including:

- preparation of a new bridge design fully compliant with the Eurocodes;
- acceptance of the Contractor's proposed design; or
- modification of the original design to achieve full compliance with the Eurocodes.



Figure 3 One of the two new Steel Bridges manufactured and delivered by the Contractor

The Engineer, in its letter dated 30.10.2025 and referenced P XK-00005.00/TA/S3281, presented a set of proposed actions for INFRAKOS, outlining basically five alternative approaches, each separately evaluated and commented upon. These alternatives, of which the first two were in fact promoted by the Contractor, are summarized as follows:

- (1) Acceptance of the Contractor's design (Maffeis design);
- (2) Development of a new alternative design by the Employer;
- (3) Instruction by the Employer to proceed with the original superstructure design, combined with revised foundation designs to ensure compliance with Eurocodes (in particular Eurocode 8, as permitted under CEN/TS 17440:2020 for assessment and retrofitting of existing structures);
- (4) A combination of the above approaches;
- (5) Referral to arbitration, including consideration of interim measures.

As of the cut-off date of this report, the issue of the steel bridges, particularly under the Phase 1 Works Contract remains unresolved. The contractual positions of the Employer and the Contractor remain unclear in the absence of a definitive decision and/or mutual agreement between the Parties. While the impact is relatively less pronounced under Phase 2, the identification and implementation of a clear technical, administrative, and operational solution for the bridges is of critical importance for the overall success of the Project, including its implications for both ongoing phases and future Phase 3 developments.

3. Contracts

3.1. Works Contracts

3.1.1. Works Contract Phase 1 Fushë Kosovë-Hani i Elezit

Phase 1 of the Project concerns the rehabilitation of the existing single-track section of Railway Route 10, extending from Fushë Kosovë to Hani i Elezit, between approximately km 246+888 and km 313+711, up to the border with the Republic of North Macedonia.

Table 4. Scope and Type of Works Phase 1

No	Description	Quantity	Notes
1	Railway length main alignment	66,823 km	UIC 60 Rail track and UIC 60 turnouts
2	Other secondary trackwork length	13,857 km	S 49
3	Stations	8	
4	Stop Stations	5	
5	Bridges	34	Total length of bridges is 773 m
6	Tunnels	7	Total length of tunnels is 983 m
7	Level Crossings	36	
8	Culverts	103	77 box culverts and 26 pipe culverts

The Works Contract data for Phase 1 is provided below.

Table 5. Works Contract Data Phase 1

Works Contract Name	Phase 1 - Rehabilitation of Southern Part of Railway Route 10, Fushe Kosove-Hani i Elezit, from km 246+888.00 to km 313+711.00
Contractor	GCF Generale Costruzioni Ferroviarie S.p.A.
Contract Date	06.02.2019
Commencement Date	30.08.2019
Original Duration	730 days
Original Completion Date	29.08.2021
Extension of Time	1.858 days
Revised Completion Date	31.01.2025
Accepted Contract Amount	EUR 78.625.639,40

The following Contract Addenda and Agreements were signed between the Parties.

Table 6. Addenda and Agreements under Works Contract Phase 1

No	Description	Date	Time Effect	Cost Effect	Notes
1	Addendum No. 1	14.01.2020			Change (correction) of Contract Amount
2	Addendum No. 2	14.01.2020		EUR 140.000,00	Allocation of Provisional Sum for DAB Procedures
3	Addendum No. 3	08.12.2021	EoT 488 days		Extension of Time (31.12.2022)
4	Agreement No. 1	21.12.2022			Extension of Time (31.01.2023)
5	Agreement No. 2	30.01.2023			Extension of Time (15.02.2023)
6	Agreement No. 3	15.02.2023			Extension of Time (31.03.2023)
7	Agreement No. 4	11.04.2023			Extension of Time (30.04.2023)
8	Agreement No. 5	19.06.2023			Extension of Time (31.07.2023)
9	Addendum No. 4	12.07.2023	EoT 640 days		Extension of Time (30.09.2024)
10	Agreement No. 6	30.12.2024	EoT 123 days		Extension of Time (31.01.2025)

The following remarks are made:

- The Contractor has issued a suspension notice under GCC Sub-Clause 16.1 on 25.06.2025 [Contractor's Entitlement to Suspend Work] upon alleged non-payment by the Employer.

3.1.1.1. Programme and Progress under Works Contract Phase 1

The Contractor has initially submitted the revision 0 and revision 1 Work Programmes under Contract GCC Sub-Clause 8.3 [Programme] respectively on 27.09.2019 and 21.11.2019.

The Programme was updated mainly at four revisions, apart from routine updates submitted in attachment of the Monthly Progress Reports. The Contractor submitted a Revised Baseline Programme on 31.12.2021, which was accepted on 19.01.2022 despite initial comments by the Engineer. Subsequently, only monthly “as-built” updates were provided. Due to insufficient progress, the Engineer requested an updated Programme under Sub-Clause 8.6 [Rate of Progress] on 25.03.2022; however, the Contractor rejected responsibility for delays and relied on monthly updates, leading to a Notice to Correct under Sub-Clause 15.1, which remained unresolved after repeated inadequate responses. Following Addendum No. 4 signed on 12.07.2023, the Contractor again failed to submit a revised baseline programme as required, resulting in a further Notice to Correct, which also remains outstanding. The Contractor, with his Monthly Progress Report for December 2025 (ref. RKSP1 3633/25 dated 03.12.2025), submitted an as-built Programme with a new completion date of 14.06.2027.

There is no comprehensive or consolidated assessment of the overall physical progress of the Works in the Engineer’s reports up to the end of December 2025. The Engineer’s dashboard indicates a physical progress of 98.20% for primary and secondary track construction; however, this figure is derived solely from the ratio of completed track length (78.16 km out of 79.57 km). While progress indicators are provided for certain individual activities—such as ditches, culverts, channels, and ballast laying—no aggregated or integrated physical progress assessment for the Project as a whole is presented.

According to the latest programme update submitted by the Contractor as part of the December 2025 Monthly Progress Report, the reported physical progress for Phase 1 Works is approximately 84%, with an estimated completion date of 14.06.2027.

In parallel, the PIS (Project Implementation Support) Consultant has undertaken a comprehensive review of the historical progress under the Phase 1 Works Contract. This review includes an independent assessment of the current physical progress, as well as projections for future progress and the anticipated completion timeline. The results of this analysis, including the assessed progress rate and projected completion date, are presented in the graphic below.

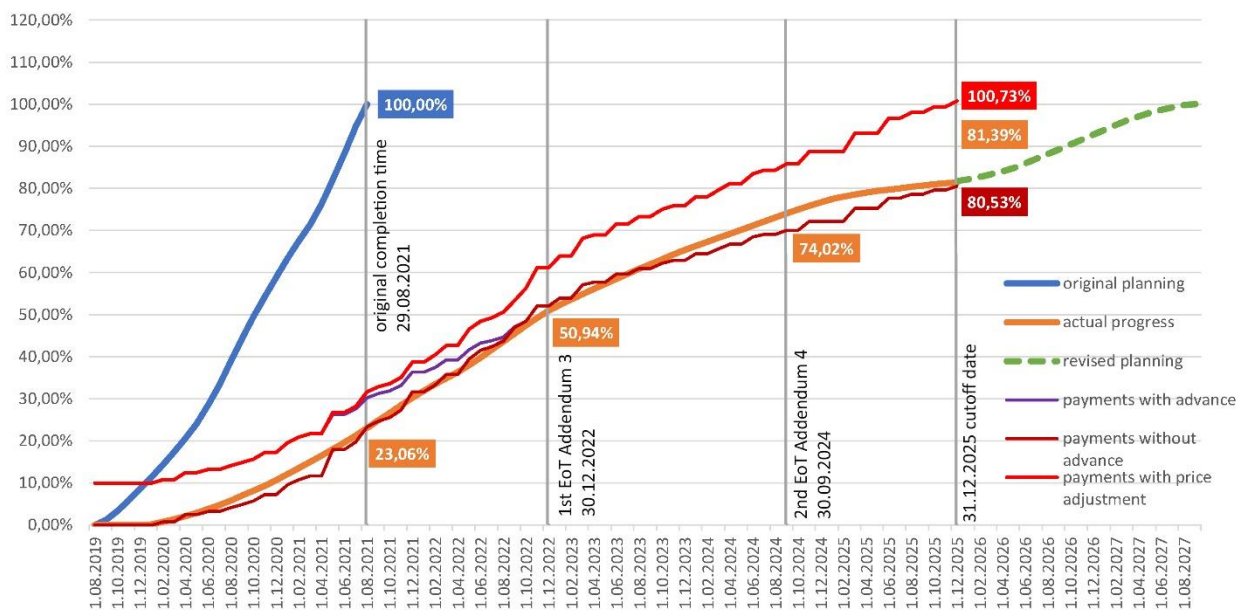


Figure 4 Works Contract Phase 1 Progress Assessment by PIS Consultant

According to the PIS Consultant’s assessment, the current physical progress of the Phase 1 Works Contract is estimated at approximately 81.39%, with the overall Project completion projected for around the end of September 2027. This projection is based on the assumption that the ongoing dispute concerning the steel bridges will be fully resolved by no later than July 2026.

In parallel, it is considered feasible that a substantial portion of the line between Fushë Kosovë and Hani i Elezit could be brought into operation prior to full completion, provided that critical outstanding components particularly signaling and telecommunication systems are advanced in a timely manner and do not depend on the finalization of all remaining works under the Contract.

The following summary information is provided for agreed and formalized Programme and Extensions of Time under Works Contract Phase 1:

Table 7. Works Contract Phase 1 Programme and Extensions of Time

Description	Original Duration	Original Completion Date	Extension of Time	Revised Contract Duration	Revised Completion Date
Original Contract	730 days	29.08.2021			
Addendum No. 3			488 days	1.218 days	30.12.2022
Addendum No. 4			640 days	1.858 days	30.09.2024
Agreement No. 6			123 days	1.981 days	31.01.2025

The following observations are noted:

- Under Agreement No. 6, all contractual actions concerning the Completion Date have been put on hold until 31.01.2025, allowing the parties to negotiate a definitive agreement and finalize the text of the forthcoming Addendum No. 5 to the Contract. The period designated for suspending contractual actions under Agreement No. 6 has lapsed; while negotiations between the parties for a new addendum are in progress, the project is currently at "Time at Large."
- The Contractor has not submitted an updated Baseline Programme, despite repeated requests and Notices to Correct issued by the Engineer since the signature of Addendum No.4 in July 2023.
- The Contractor maintains that the programme updates included in the Monthly Progress Reports are sufficient to meet the Engineer's requirements.

3.1.1.2. Payments under Works Contract Phase 1

A summary of the payments under the Works Contract for Phase 1 is provided within the table below with indication of the IPC Nos., cutoff dates, advance payment and amortization and the payments effected for the price adjustment costs.

Table 8. Works Contract Phase 1 Payments

IPC No.	Cutoff date	IPC Amount including Variations	Cumulative IPCs	Financial Progress	Advance Amount	Price Adjustment	Cumulative Price Adjustment
00	Advance	0,00	0,00	0,00%	7.862.563,94	0,00	0,00
01	29.02.2020	609.120,00	609.120,00	0,77%	0,00	590,23	590,23
02	30.04.2020	1.346.736,82	1.955.856,82	2,49%	0,00	2.485,44	3.075,67
03	30.06.2020	594.571,40	2.550.428,22	3,24%	0,00	-8.489,28	11.564,95
04	31.08.2020	707.554,65	3.257.982,87	4,14%	0,00	-1.745,09	13.310,04
05	30.09.2020	610.680,45	3.868.663,32	4,92%	0,00	-1.689,12	14.999,16
06	31.10.2020	600.052,29	4.468.715,61	5,68%	0,00	3.000,01	17.999,17
07	30.11.2020	1.249.767,90	5.718.483,51	7,27%	0,00	1.198,41	19.197,58
08	31.01.2021	1.818.190,10	7.536.673,61	9,59%	0,00	1.909,06	21.106,64
09	28.02.2021	961.453,93	8.498.127,54	10,81%	0,00	45.398,38	66.505,02
10	31.03.2021	681.150,39	9.179.277,93	11,67%	0,00	8.040,27	74.545,29
11	31.05.2021	4.946.827,90	14.126.105,83	17,97%	-1.311.831,77	300.499,16	375.044,45
12	31.07.2021	1.409.134,10	15.535.239,93	19,76%	-351.584,68	71.222,44	446.266,89
13	31.08.2021	2.796.082,31	18.331.322,24	23,31%	-765.508,29	703.285,61	1.149.552,50
14	30.09.2021	1.094.258,80	19.425.581,04	24,71%	-288.434,66	120.202,91	1.269.755,41
15	31.10.2021	691.821,77	20.117.402,81	25,59%	-190.802,92	111.558,93	1.381.314,34
16	30.11.2021	1.385.040,15	21.502.442,96	27,35%	-364.875,31	151.276,94	1.532.591,28
17	31.12.2021	3.375.060,65	24.877.503,61	31,64%	-875.418,83	310.913,38	1.843.504,66
18	28.02.2022	1.266.476,68	26.143.980,29	33,25%	-426.859,13	530.824,91	2.374.329,57
19	31.03.2022	1.994.780,40	28.138.760,69	35,79%	-545.620,57	302.569,38	2.676.898,95
20	31.05.2022	2.836.536,97	30.975.297,66	39,40%	-951.097,79	1.168.085,28	3.844.984,23
21	30.06.2022	1.685.973,51	32.661.271,17	41,54%	-446.194,91	192.741,92	4.037.726,15
22	31.07.2022	673.003,98	33.334.275,15	42,40%	-210.797,95	214.566,32	4.252.292,47

Table 8. Works Contract Phase 1 Payments (continued)

IPC No.	Cutoff date	IPC Amount including Variations	Cumulative IPCs	Financial Progress	Advance Amount	Price Adjustment	Cumulative Price Adjustment
23	31.08.2022	1.008.682,58	34.342.957,73	43,68%	-338.030,75	414.604,80	4.666.897,27
24	30.09.2022	2.567.300,99	36.910.258,72	46,94%	-671.450,63	259.859,57	4.926.756,84
25	31.10.2022	1.127.235,87	38.037.494,59	48,38%	-124.055,75	1.303.282,55	6.230.039,39
26	30.11.2022	2.878.469,51	40.915.964,10	52,04%		950.765,82	7.180.805,21
27	31.01.2023	1.537.774,38	42.453.738,48	53,99%		653.712,62	7.834.517,83
28	31.03.2023	2.431.952,97	44.885.691,45	57,09%		862.162,46	8.696.680,29
29	30.04.2023	475.743,90	45.361.435,35	57,69%		135.661,84	8.832.342,13
30	30.06.2023	1.547.077,67	46.908.513,02	59,66%		544.005,29	9.376.347,42
31	31.08.2023	1.033.876,00	47.942.389,02	60,98%		360.195,83	9.736.543,25
32	31.10.2023	999.932,55	48.942.321,57	62,25%		344.464,70	10.081.007,95
33	30.11.2023	496.304,31	49.438.625,88	62,88%		181.400,45	10.262.408,40
34	31.01.2024	1.237.605,44	50.676.231,32	64,45%		432.103,08	10.694.511,48
35	31.03.2024	936.764,51	51.612.995,83	65,64%		342.200,08	11.036.711,56
36	30.04.2024	882.414,27	52.495.410,10	66,77%		322.345,93	11.359.057,49
37	30.06.2024	1.326.531,19	53.821.941,29	68,45%		464.707,44	11.823.764,93
38	31.07.2024	482.247,24	54.304.188,53	69,07%		174.291,30	11.998.056,23
39	30.09.2024	790.821,51	55.095.010,04	70,07%		433.725,93	12.431.782,16
40	30.11.2024	1.642.206,01	56.737.216,05	72,16%		645.865,16	13.077.647,32
41	31.03.2025	2.440.815,17	59.178.031,22	75,27%		1.022.799,52	14.100.446,84
42	30.06.2025	1.927.717,44	61.105.748,66	77,72%		839.302,18	14.939.749,02
43	31.08.2025	725.598,29	61.831.346,95	78,64%		356.084,95	15.295.833,97
44	31.10.2025	740.111,29	62.571.458,24	79,58%		302.920,43	15.599.935,66
45	31.12.2025	748.470,86	63.319.929,10	80,53%		303.678,22	15.903.613,88

The following summary information is provided as of the cutoff date until end of year 2025.

Table 9. Summary of Works Contract Phase 1 Payments

No.	Description	Amount (EUR)	Percentage	Notes
A	Accepted Contract Amount	78.625.639,40	100,00%	
B	Total of IPC payments under Contract BoQ Works	52.689.530,56	67,01%	
C	Total Variations (subject to Price adjustment)	9.206.455,65	11,71%	
D	Total (not subject to Price adjustment)	1.423.942,89	1,81%	
E	Total payment for Works	63.319.929,10	80,53%	E=B+C+D
F	Payments for Price Adjustment	15.878.585,64	20,20%	
G	Total payment under Phase 1 Works	79.198.514,74	100,73%	G=E+F

The following remarks are made:

- Advance Payment at the amount of EUR 7.862.563,94 (10% of the Accepted Contract Amount) was paid to the Contractor and the amortization of the advance payment started in IPC No. 11 and finalized at IPC No. 25 at which date to whole advance amount was repaid.
- The overall financial progress (Contract BoQ Works and Variations) is around 80%.
- The price adjustment costs under GCC Sub-Clause 13.8 [Adjustments for Changes in Cost] reached to around 20%.
- Above information excludes data for retention amounts, provisional sum for DAB, Contractor's claims on VAT and excise taxes and claimed interest amounts for late payments.

3.1.1.3. Contractor's Reports under Works Contract Phase 1

The Contractor has submitted the following reports during the annual period of year 2025 under Works Contract Phase 1.

Table 10. Contractor's Reports for Phase 1 in 2025

No.	Subject	Period covered	Issue Date	Reference
065	Monthly Progress Report	01.01.2025-31.01.2025	04.02.2025	RKSP1 3408/25
066	Monthly Progress Report	01.02.2025-28.02.2025	27.02.2025	RKSP1 3422/25
067	Monthly Progress Report	01.03.2025-31.03.2025	02.04.2025	RKSP1 3443/25
068	Monthly Progress Report	01.04.2025-30.04.2025	07.05.2025	RKSP1 3462/25
069	Monthly Progress Report	01.05.2025-31.05.2025	09.06.2025	RKSP1 3513/25
070	Monthly Progress Report	01.06.2025-30.06.2025	03.07.2025	RKSP1 3551/25
071	Monthly Progress Report	01.07.2025-31.07.2025	03.08.2025	RKSP1 3584/25
072	Monthly Progress Report	01.08.2025-31.08.2025	03.09.2025	RKSP1 3596/25
073	Monthly Progress Report	01.09.2025-30.09.2025	02.10.2025	RKSP1 3610/25
074	Monthly Progress Report	01.10.2025-31.10.2025	03.11.2025	RKSP1 3620/25
075	Monthly Progress Report	01.11.2025-30.11.2025	03.12.2025	RKSP1 3633/25
076	Monthly Progress Report	01.12.2025-31.12.2025	09.01.2026	RKSP1 3650/26

The following other reports were submitted under Works Contract Phase 1.

Table 11. Contractor's Compliance Reports for Phase 1

No.	Subject	Rev No.	Issue Date	Reference
001	General Method of Statement	-	27.09.2019	RKSP1 56/19
002	Environmental Management Plan	2	01.11.2019	RKSP1 83/19
003	Quality Control Project (QCP)	-	24.10.2019	RKSP1 179/19
004	Occupational Health and Safety Plan	-	01.11.2019	RKSP1 182/19
005	Environmental Monitoring Plan	3	14.12.2021	RKSP1 666/21
006	Community Health and Safety Plan	7	19.04.2022	RKSP1 1990/22
007	Contractor's Child Labor Policy	1	07.04.2021	RKSP1 1214/21
008	Contractor's Grievance Mechanism	3	04.05.2021	RKSP1 1277/21
009	Waste Management Plan	6	21.05.2021	RKSP1 1303/21
010	Hazardous Materials Management Plan	6	21.05.2021	RKSP1 1304/21
011	Fugitive Dust Control Plan	6	21.05.2021	RKSP1 1305/21
012	Stormwater Management Plan	5	25.09.2021	RKSP1 1467/21
013	Water Crossings Management Plan	2	10.12.2021	RKSP1 1651/21
014	Environmental Annex for Tunnels	2	13.10.2022	RKSP1 2409/22

The following remarks are made:

- The Contractor's Health and Safety, Environmental, and Social compliance reports were submitted and/or revised in line with the Engineer's comments and other applicable requirements during the period 2019 to 2022. All such reports shall now be reviewed and updated to ensure compliance with current legislation, reflect the progress achieved to date, and incorporate any newly applicable requirements.
- The Contractor reports that an internal audit (from the Contractor's Head Office Quality Control Department) was carried out on 24-25 June 2025 and 2-3 July 2025 stated to be related to the Health and Safety, Quality and Environmental Management.

3.1.1.4. Contractor's Resources under Works Contract Phase 1

The Contractor's personnel (human) resources are regularly reported in the Monthly Progress Reports submitted in accordance with Sub-Clause 4.21 [Progress Reports] of the General Conditions of Contract, typically under Annex 1 of each report. Based on a statistical analysis of the monthly personnel data submitted throughout 2025 under the Phase 1 Works Contract, the key findings concerning the Contractor's human resources are presented below in graphical form.

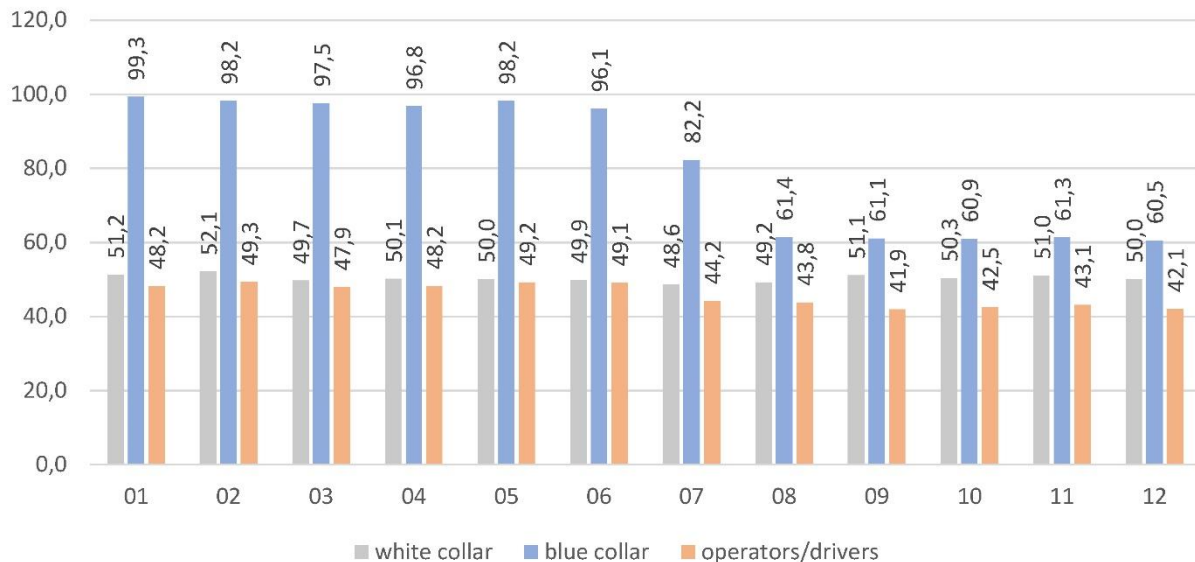


Figure 5 Contractor's Personnel Resources for Phase 1 for year 2025

The following remarks are made:

- The analysis of the Contractor's personnel deployment indicates that the average number of workers was approximately 100 during the first half of 2025, decreasing to around 60 after July 2025. This reduction coincides with the Contractor's declared slowdown end of June 2025 and reflects a noticeable contraction in site-level execution capacity. However, even prior to this reduction, the initial workforce levels appear relatively modest in view of the scale and complexity of works, suggesting that the project may not have been adequately resourced from the outset to sustain an optimal rate of progress.
- In contrast, the number of white-collar personnel remained relatively stable throughout the period at approximately 50 staff. This figure appears comparatively high when assessed against the size of the blue-collar workforce, indicating a potential imbalance between managerial/administrative resources and on-site execution capacity.
- A similar observation applies to the number of operators and drivers, which averaged around 50 in early 2025 and reduced slightly to approximately 40 after July 2025. While railway rehabilitation is inherently equipment- and operator-intensive, the proportion of operators relative to the overall workforce appears elevated, particularly when considered alongside the limited number of blue-collar workers.
- Overall, the personnel distribution suggests a resource allocation that is not fully optimized for the nature of the works. The relatively low number of blue-collar workers, combined with a comparatively high number of white-collar staff and operators, points to an imbalanced workforce structure. This may have contributed to inefficiencies in execution and reduced productivity, especially in the context of an operator-driven scope such as railway rehabilitation.
- A more proportionate allocation, with increased emphasis on site labor resources, would typically be expected to support more effective and timely progress.

In addition to the above, the Contractor's reporting methods and practices can hardly be considered compliant with the requirements of Sub-Clause 6.9 [Contractor's Personnel] and Sub-Clause 6.10 [Records of Contractor's Personnel and Equipment], which require the provision of detailed information on the number of each category of personnel and each type of equipment. This conclusion is based on the following observations:

- The reports do not provide a breakdown of the workforce by specific categories, work activities, or site locations, thereby limiting transparency on resource allocation.
- The reported workforce figures show little to no variation on a day-to-day basis throughout the months, creating the impression that the data may not be based on actual daily monitoring and recording.
- While equipment types and quantities are listed in the resource tables, essential details, such as equipment specifications, assigned tasks, locations of use, and operational hours are not included.

The following tables present information on the subcontractors engaged by the Contractor. Based on the data provided, the following observations and evaluations are made:

- No subcontractors have been identified as nominated subcontractors within the meaning of Sub-Clause 5.5 [Nominated Subcontractors] of the General Conditions of Contract.
- The information submitted by the Contractor regarding subcontractor engagement is incomplete and lacks key details, including but not limited to approval dates, descriptions of the works performed, and the estimated contract value or financial allocation for each subcontractor. The absence of such information limits transparency and hinders effective review and monitoring in line with Sub-Clause 4.4 [Subcontractors].
- In accordance with Particular Conditions (PCC) Sub-Clause 4.4 [Subcontractors], the Contractor is required to obtain the Engineer's prior consent for any proposed subcontractor where the subcontract value exceeds one percent (1%) of the Contract Price, as well as for any replacement of subcontractors named in the Contract.

Table 12. Sub-Contractors under Works Contract Phase 1 (Works)

No	Subcontractor Name (Works)	Works undertaken	Approval date
01	R & Rukolli Sh.p.k.	Civil works	
02	Hexagon Group Sh.p.k.	Ditches and Retaining Walls	
03	Kastrioti O.P.	Gabions and Riverbeds	19.08.2020
03	Kastrioti O.P.	Railway Ballast Bed	19.08.2020
04	Joint Venture REA Sh.P.K. UNICORN Sh.P.K.	Retrofitting Steel Bridges	3.09.2020
05	Anadolu Albania Company	Tunnels	30.10.2020
06	Jehona Sh.p.k.	Civil works	31.08.2021
07	Lirigzoni S Sh.p.k.	Civil works	17.03.2021
08	Megi Bau GmbH Sh.p.k.	Civil works	24.11.2021
09	SOAL	Civil works	
10	Adnan Bislimi B.I.	Civil works	20.05.2022
11	ELSAM Sh.p.k.	Bridges Retrofitting	
12	CONEX	Civil works	11.10.2022
13	Euroteorema Peqin	Civil works	
14	GSA	Steel Bridges	
15	Garden Line Sh.p.K.	Slope Protections	
16	Caja Company	Civil works	
17	Komplast Group	Tunnel No. 5	

Table 13. Sub-Contractors under Works Contract Phase 1 (Engineering)

No	Subcontractor Name (Engineering)	Works undertaken
01	GeoConsult Sh.p.k.	Topographical Survey
02	Gjeodeti Kompani Gjeodezike	Topographical Survey
03	Soil Engineering S.r.l.	Tunnels Design Analysis and Geological Survey
04	GECO-DMC S.r.l.	Tunnels Geophysical Investigation
05	MAFFEIS Engineering S.p.A.	Steel Bridges Retrofitting

Overall, the current level of subcontractor reporting and documentation is insufficient to demonstrate full compliance with contractual requirements. The lack of clarity and completeness in the submitted information restricts the Engineer's ability to properly assess subcontractor engagement, verify approvals, and monitor performance. This situation introduces potential risks related to oversight, quality assurance, and contractual compliance. It is therefore recommended that the Contractor enhances its reporting practices by providing comprehensive, accurate, and up-to-date information on all subcontractors, ensuring full transparency and alignment with the Contract provisions.

3.1.1.5. Claims, Disputes and DAB Procedures under Works Contract Phase 1

The following information is provided regarding the Claims, Disputes, and DAB procedures under the Works Contract for Phase 1:

- The Contractor has submitted a total of 69 Claims in accordance with Sub-Clause 20.1 [Contractor's Claims] of the General Conditions of Contract.
- The Employer has submitted 13 notices under Sub-Clause 2.5 [Employer's Claims].

The notably high number of claims submitted by the Contractor, in contrast with the limited number of Employer's Claims, indicates a pronounced tendency toward an aggressive claims management approach. This pattern suggests a claim-oriented and dispute-prone contractual posture, whereby a broad range of issues, most of which could potentially be addressed through routine contract administration and mutual resolution have instead been formalized as claims. Such an approach risks overburdening the contract management and dispute resolution mechanisms, including the DAB, and adversely affects the efficiency and collaborative spirit expected in the execution of the Works.

As of the cutoff date of this report, there are five (5) disputes referred to Dispute Adjudication Board by the Contractor. The DAB (Mr. Paul Taggart) for Phase 1 Works Contract was appointed by signed agreements between the Parties and the DAB member, which took effect on 23 January 2020. The DAB referrals and corresponding procedures carried out under the Phase 1 Works Contract are the following:

Table 14. DAB Procedures under Phase 1 Works

No.	Referral by	Referral Date	Decision Date	Subject
01	Contractor	19.11.2020	14.01.2021	Removal of Contractor's Representative
02	Contractor	16.08.2022	09.11.2022	Calculation for Price Adjustment Sub-Clause 13.8
03	Contractor	04.09.2024	26.03.2025	Contractor's Design Steel Bridges
04	Contractor	07.11.2024	24.01.2025	Excise Tax, VAT and Customs Duties on fuel and other materials
05	Contractor	17.06.2025	18.09.2025	Employer's Design for the Retrofit of Steel Bridges

The DAB proceedings under the Phase 1 Works Contract have, in the majority of cases, resulted in decisions in favour of the Contractor. A summary of the key outcomes is provided below:

- In relation to DAB Referral No. 1, the DAB determined that the Engineer's instruction dated 16.11.2020 to remove the Contractor's Representative (Mr. Roberto Accinelli) from the Site was unjustified and not warranted.
- DAB Decision No. 2 addressed the revision of the price adjustment calculations applied to Interim Payment Certificates (IPCs) up to IPC No. 28.
- With respect to DAB Referral No. 3, the DAB concluded that the Contractor's steel bridge design complied with the Employer's Requirements and good engineering practice. It further found that the Employer and the Engineer had unreasonably withheld and delayed approvals, and that the omission (descope) of the steel bridges from the Contract scope constituted a breach of Sub-Clause 13.1(d) and was contrary to Addendum No. 4. The Employer was also found responsible for the resulting delays.
- In DAB Referral No. 4, the DAB determined that the Kosovo Customs Authority's decision to impose excise tax, VAT, and customs duties on fuel and other imported materials constitutes a change in law under Sub-Clause 13.7, as well as a breach of the Employer's representations at tender stage regarding tax exemptions. The DAB concluded that the Contractor has incurred (and will continue to incur) additional costs due to these measures, and that the Employer is liable to compensate such costs, quantified at EUR 2,597,081.15 at the time of the decision.
- Regarding DAB Referral No. 5, the DAB found that the original steel bridge retrofitting design prepared by Obermeyer Hellas Ltd., which Variation No. 27 sought to reinstate was flawed, incomplete, and not fit for implementation. Consequently, Variation No. 27 was declared illegitimate, ineffective, and incapable of execution.

Overall, the outcomes of the DAB proceedings under the Phase 1 Works Contract indicate a consistent pattern of decisions largely favouring the Contractor, particularly on matters related to design compliance, contractual interpretation, and entitlement to additional time and cost. These decisions highlight deficiencies in contract administration, including delays in approvals, disputed variation practices, and shortcomings in addressing legislative and technical issues. The cumulative effect of these determinations has significant implications for the Project, notably in terms of increased financial exposure for the Employer, extended completion timelines, and heightened risk of further disputes. This situation underscores the need for strengthened contract management practices, clearer decision-making processes, and a more proactive approach to dispute avoidance and resolution moving forward.

3.1.2. Works Contract Phase 2 Fushë Kosovë-Mitrovicë

Phase 2 of the Project primarily involves the rehabilitation of the existing single-track railway line between Fushë Kosovë and Mitrovicë, extending from approximately km 246+888 to km 212+519, with a total length of 34.37 km. The scope further includes the rehabilitation of secondary tracks at five (5) existing stations and five (5) stops, covering an additional total length of 9.63 km.

Table 15. Scope and Type of Works Phase 2

No	Description	Quantity	Notes
1	Railway length main alignment	34,370 km	UIC 60 Rail track and UIC 60 turnouts
2	Other secondary trackwork length	9,630 km	S 49
3	Stations	5	
4	Stop Stations	5	
5	Bridges	17	Total length of bridges is 773 m
6	Tunnels	7	Total length of tunnels is 983 m
7	Level Crossings	23	

The scope of Works under Phase 2 includes protection measures for the permanent way, comprising primarily approximately 14 km of retaining walls and around 3.2 km of gabion walls, to be constructed along both the right-hand and left-hand sides of the alignment.

Table 16. Works Contract Data Phase 2

Works Contract Name	Phase 2 - Rehabilitation of Southern Part of Railway Route 10, Fushe Kosove- Mitrovica, from km 246+888.00 to km 212+519.00
Contractor	GCF Generale Costruzioni Ferroviarie S.p.A.
Contract Date	08.12.2021
Commencement Date	10.10.2022
Original Duration	455 days
Original Completion Date	08.01.2024
Extension of Time	674 days
Revised Completion Date	12.11.2025
Accepted Contract Amount	EUR 47.927.505,32

The following Contract Addenda and Agreements were signed between the Parties.

Table 17. Addenda and Agreements under Works Contract Phase 2

No	Description	Date	Time Effect	Cost Effect	Notes
1	Addendum No. 1	19.12.2022			Agreement on Provisional Sum
2	Agreement No. 2	05.01.2024	30 days		Completion Date (08.02.2024)
3	Agreement No. 3	09.02.2024	30 days		Completion Date (08.03.2024)

The following remarks are made:

- Following the Employer's failure to effect timely payment of IPC-14C by the due date of 25 June 2025, the Contractor invoked Sub-Clause 16.1 [Contractor's Entitlement to Suspend Work] on 30 June 2025. As the outstanding payment remained unsettled, the Contractor subsequently issued a notice dated 22 July 2025, informing the Employer that, effective 23 July 2025, it would reduce the rate of progress of the Works on Site until full payment is received.
- The Employer made partial payments for IPC-14C and IPC-14D with delay. Following this, the Contractor submitted invoices claiming interest on the delayed payments in accordance with the provisions governing Interim Payment Certificates 14C and 14D.
- By its letter referenced RKSP2 1585/25 dated 07.08.2025, addressed directly to the Employer, the Contractor raised concerns regarding the delayed payments and asserted that the prevailing circumstances entitle it to terminate the Contract under Sub-Clause 16.2 [Termination by Contractor] of the General Conditions of Contract.

3.1.2.1. Programme and Progress under Works Contract Phase 2

The Contractor initially submitted a preliminary cash flow and revised Programme of Works on 01.10.2021. A Baseline Programme (Rev. 0) submitted in June 2022 was rejected by the Engineer due to a unilateral extension of the contract duration. Programme submissions were subsequently suspended by mutual agreement during ongoing negotiations. Revised and “as-built” programmes were later submitted and reviewed; however, no formally approved updated baseline programme has been established, with the Contractor relying instead on monthly updates through Progress Reports.

As of the current reporting period, the Project no longer has a defined Time for Completion. The Extensions of Time granted through the DAB decision and the Engineer’s provisional assessment have expired, resulting in a “time at large” situation under the Contract.

There is no comprehensive or consolidated assessment of the overall physical progress of the Works in the Engineer’s reports up to the end of December 2025. While progress indicators are provided for certain individual activities such as trackwork, ditches, culverts, channels, and ballast laying, and no aggregated or integrated physical progress assessment for the Project as a whole is presented.

According to the latest programme update submitted by the Contractor as part of the December 2025 Monthly Progress Report, the reported physical progress for Phase 1 Works is approximately 64%, with an estimated completion date of 31.05.2027. In parallel, the PIS (Project Implementation Support) Consultant has undertaken a comprehensive review of the historical progress under the Phase 2 Works Contract. This review includes an independent assessment of the current physical progress, as well as projections for future progress and the anticipated completion timeline. The results of this analysis, including the assessed progress rate and projected completion date, are presented in the graphic below.

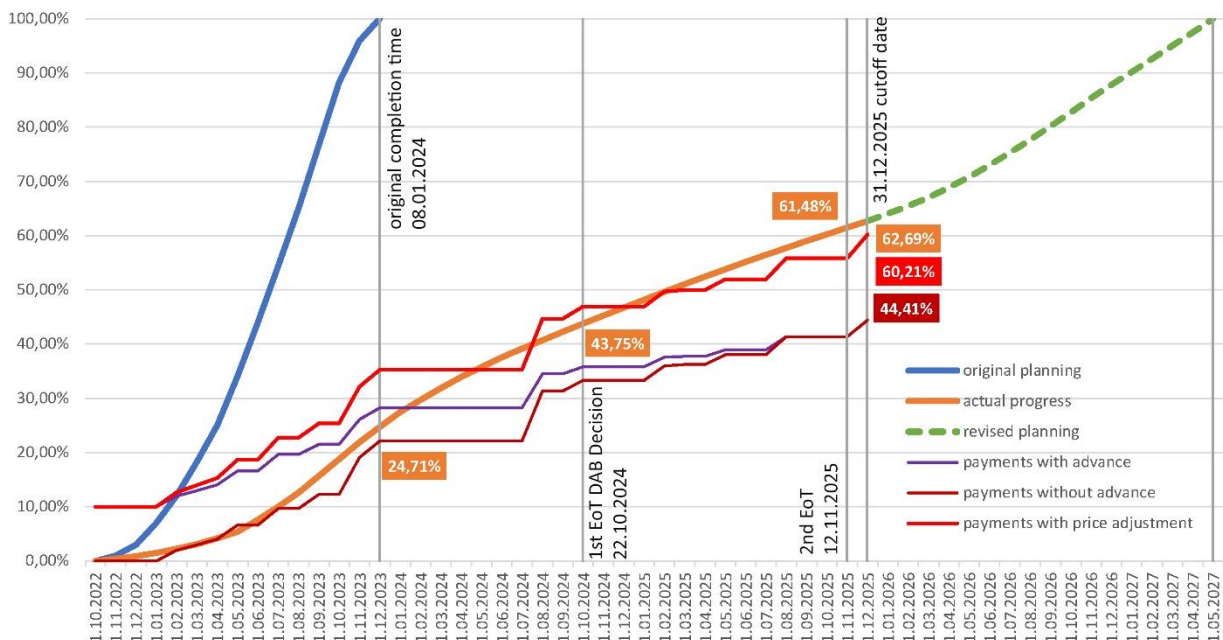


Figure 6 Works Contract Phase 2 Progress Assessment by PIS Consultant

The following summary information is provided for agreed and formalized Programme and Extensions of Time under Works Contract Phase 2:

Table 18. Works Contract Phase 1 Programme and Extensions of Time

Description	Original Duration	Original Completion Date	Extension of Time	Revised Contract Duration	Revised Completion Date
Original Contract	455 days	08.01.2024			
DAB Decision No. 2			288 days	743 days	22.10.2024
Provisional EoT			386 days	1.129 days	12.11.2025

According to the PIS Consultant’s assessment, the current physical progress of the Phase 2 Works Contract is estimated at approximately 62.69%, with the overall Project completion projected for around the end of May 2027. Accordingly, the Contractor’s assessment and projection is found in alignment with PIS Consultant’s studies.

3.1.2.2. Payments under Works Contract Phase 2

A summary of the payments under the Works Contract for Phase 2 is provided within the table below with indication of the IPC Nos., cutoff dates, advance payment and amortization and the payments effected for the price adjustment costs.

Table 19. Works Contract Phase 2 Payments

IPC No.	Cutoff date	IPC Amount including Variations	Cumulative IPCs	Financial Progress	Advance Amount	Price Adjustment	Cumulative Price Adjustment
00	Advance	0,00	0,00	0,00%	4.792.750,53	0,00	0,00
01	28.02.2023	941.897,64	941.897,64	1,97%		314.311,24	314.311,24
02	31.03.2023	487.521,68	1.429.419,32	2,98%		162.685,99	476.997,23
03	30.04.2023	510.624,10	1.940.043,42	4,05%		136.250,50	613.247,73
04	31.05.2023	1.223.533,98	3.163.577,40	6,60%		386.759,09	1.000.006,82
05	31.07.2023	1.470.400,75	4.633.978,15	9,67%		463.990,20	1.463.997,02
06	30.09.2023	1.267.652,00	5.901.630,15	12,31%	-396.526,91	399.563,91	1.863.560,93
07	30.11.2023	3.243.480,67	9.145.110,82	19,08%	-1.016.774,76	1.020.754,03	2.884.314,96
08	31.12.2023	1.458.364,65	10.603.475,47	22,12%	-463.563,35	494.311,93	3.378.626,89
14	31.08.2024	4.436.488,09	15.039.963,56	31,38%	-1.412.351,68	1.496.837,03	4.875.463,92
14A	31.10.2024	927.875,07	15.967.838,63	33,32%	-320.229,80	450.426,54	5.325.890,46
14B	28.02.2025	1.276.156,38	17.243.995,01	35,98%	-419.145,01	489.316,93	5.815.207,39
14C	31.03.2025	119.323,79	17.363.318,80	36,23%	-40.335,36	50.338,18	5.865.545,57
14D	31.05.2025	868.919,86	18.232.238,66	38,04%	-298.436,97	383.900,68	6.249.446,25
14E	31.08.2025	1.592.857,27	19.825.095,93		-425.386,69	689.376,05	6.938.822,30
16	31.12.2025	1.460.589,84	21.285.685,77	44,41%		632.289,35	7.571.111,65

The following summary information is provided as of the cutoff date until end of year 2025.

Table 20. Summary of Works Contract Phase 1 Payments

No.	Description	Amount (EUR)	Percentage	Notes
A	Accepted Contract Amount	47.927.505,32	100,00%	
B	Total of IPC payments under Contract BoQ Works	21.278.599,48	44,40%	
C	Total Variations (subject to Price adjustment)	0,00	0,00%	
D	Total (not subject to Price adjustment)	7.086,29	0,01%	
E	Total payment for Works	21.285.685,77	44,41%	E=B+C+D
F	Payments for Price Adjustment	7.571.111,65	15,80%	
G	Total payment under Phase 1 Works	28.856.797,42	60,21%	G=E+F

The following remarks are made:

- Advance Payment at the amount of EUR 4.792.750,53 (10% of the Accepted Contract Amount) was paid to the Contractor and the amortization of the advance payment started in IPC No. 6 and finalized at IPC No. 14E at which date to whole advance amount was repaid.
- The overall financial progress (Contract BoQ Works and Variations) is around 45%.
- The price adjustment costs under GCC Sub-Clause 13.8 [Adjustments for Changes in Cost] reached to around 16%.
- Above information excludes data for retention amounts, provisional sum for DAB, Contractor's claims on VAT and excise taxes and claimed interest amounts for late payments.

3.1.2.3. Contractor's Reports under Works Contract Phase 2

The Contractor has submitted the following reports during the annual period of year 2025 under Works Contract Phase 2.

Table 21. Contractor's Reports for Phase 2 in 2025

No.	Subject	Period covered	Issue Date	Reference
027	Monthly Progress Report	01.01.2025-31.01.2025	04.02.2025	RKSP2 1314/25
028	Monthly Progress Report	01.02.2025-28.02.2025	04.03.2025	RKSP2 1364/25
029	Monthly Progress Report	01.03.2025-31.03.2025	02.04.2025	RKSP2 1423/25
030	Monthly Progress Report	01.04.2025-30.04.2025	09.05.2025	RKSP2 1468/25
031	Monthly Progress Report	01.05.2025-31.05.2025	09.06.2025	RKSP2 1508/25
032	Monthly Progress Report	01.06.2025-30.06.2025	05.07.2025	RKSP2 1538/25
033	Monthly Progress Report	01.07.2025-31.07.2025	07.08.2025	RKSP2 1583/25
034	Monthly Progress Report	01.08.2025-31.08.2025	10.09.2025	RKSP2 1612/25
035	Monthly Progress Report	01.09.2025-30.09.2025	02.10.2025	RKSP2 1643/25
036	Monthly Progress Report	01.10.2025-31.10.2025	04.11.2025	RKSP2 1675/25
037	Monthly Progress Report	01.11.2025-30.11.2025	03.12.2025	RKSP2 1720/25
038	Monthly Progress Report	01.12.2025-31.12.2025	09.01.2026	RKSP2 1747/25

The following other reports were submitted under Works Contract Phase 2.

Table 22. Contractor's Compliance Reports for Phase 2

No.	Subject	Rev No.	Issue Date	Reference
001	General Method of Statement	-	25.10.2022	RKSP2 0039/22
002	Quality Control Project (QCP)	-	16.02.2023	RKSP2 0169/23
003	Occupational Health and Safety Plan	3	16.03.2023	RKSP2 0097/23
004	Traffic Management Plan	-	03.04.2023	RKSP2 0220/23
005	Environmental Management Plan	4	19.05.2023	RKSP2 0288/23
006	Waste Management Plan	2	15.07.2023	RKSP2 0378/23
007	Community Health and Safety Plan	-	07.09.2023	RKSP2 0470/23
008	Fugitive Dust Control Plan	-	08.09.2023	RKSP2 0476/23
009	Water and Rivers Crossings Management Plan	-	05.10.2023	RKSP2 0532/23

The following remarks are made:

- The Contractor's Health and Safety, Environmental, and Social compliance reports were submitted and/or revised in line with the Engineer's comments and other applicable requirements during the period 2022 to 2023. All such reports shall now be reviewed and updated to ensure compliance with current legislation, reflect the progress achieved to date, and incorporate any newly applicable requirements.
- The Contractor reports that an internal audit (from the Contractor's Head Office Quality Control Department) was carried out on 24-25 June 2025 and 2-3 July 2025 stated to be related to the Health and Safety, Quality and Environmental Management.

3.1.2.4. Contractor's Resources under Works Contract Phase 2

The Contractor's personnel (human) resources are regularly reported in the Monthly Progress Reports submitted in accordance with Sub-Clause 4.21 [Progress Reports] of the General Conditions of Contract, typically under Annex 1 of each report. Based on a statistical analysis of the monthly personnel data submitted throughout 2025 under the Phase 2 Works Contract, the key findings concerning the Contractor's human resources are presented below in graphical form.

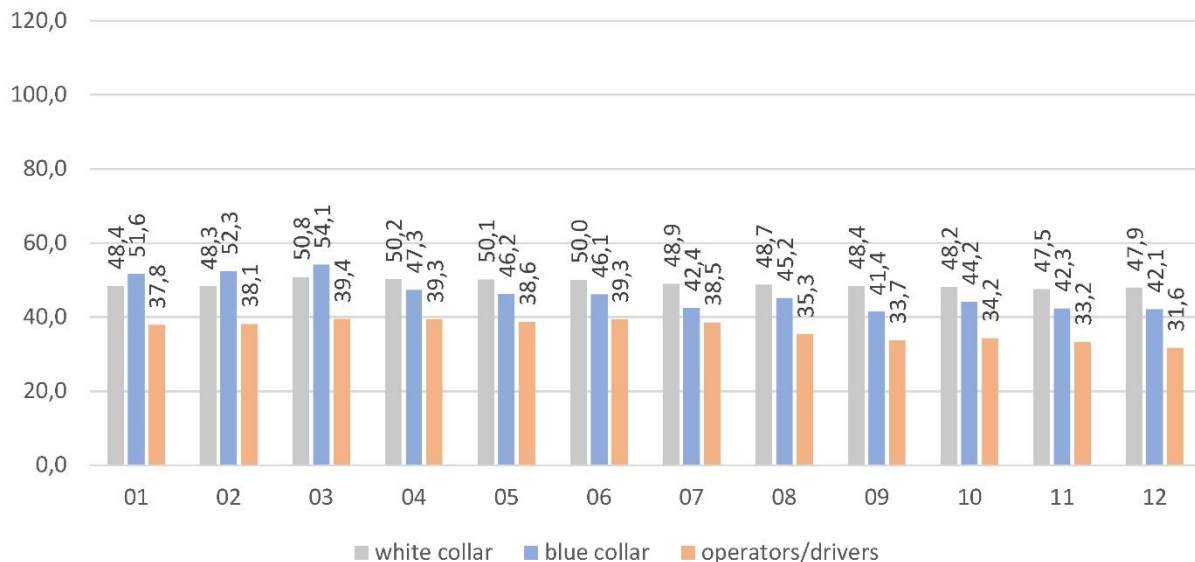


Figure 7 Contractor's Personnel Resources for Phase 2 for year 2025

The following remarks are made:

- The analysis of the Contractor's personnel deployment indicates that the average number of workers was approximately 50 during year 2025. The amount of workforce levels appears remarkably low in view of the scale and complexity of works, suggesting that the project may not have been adequately resourced from the outset to sustain an optimal rate of progress.
- In contrast, the number of white-collar personnel remained relatively stable throughout the period at approximately 50 staff. This figure appears comparatively high when assessed against the size of the blue-collar workforce, indicating a potential imbalance between managerial/administrative resources and on-site execution capacity.
- A similar observation applies to the number of operators and drivers, which averaged around 35 in year 2025. While railway rehabilitation is inherently equipment- and operator-intensive, the proportion of operators relative to the overall workforce appears elevated, particularly when considered alongside the limited number of blue-collar workers.
- Overall, the personnel distribution suggests a resource allocation that is not fully optimized for the nature of the works. The relatively low number of blue-collar workers, combined with a comparatively high number of white-collar staff and operators, points to an imbalanced workforce structure. This may have contributed to inefficiencies in execution and reduced productivity, especially in the context of an operator-driven scope such as railway rehabilitation.
- A more proportionate allocation, with increased emphasis on site labor resources, would typically be expected to support more effective and timely progress.

In addition to the above, the Contractor's reporting methods and practices can hardly be considered compliant with the requirements of Sub-Clause 6.9 [Contractor's Personnel] and Sub-Clause 6.10 [Records of Contractor's Personnel and Equipment], which require the provision of detailed information on the number of each category of personnel and each type of equipment. This conclusion is based on the following observations:

- The reports do not provide a breakdown of the workforce by specific categories, work activities, or site locations, thereby limiting transparency on resource allocation.
- The reported workforce figures show little to no variation on a day-to-day basis throughout the months, creating the impression that the data may not be based on actual daily monitoring and recording.
- While equipment types and quantities are listed in the resource tables, essential details, such as equipment specifications, assigned tasks, locations of use, and operational hours are not included.

The following tables present information on the subcontractors engaged by the Contractor. Based on the data provided, the following observations and evaluations are made:

- No subcontractors have been identified as nominated subcontractors within the meaning of Sub-Clause 5.5 [Nominated Subcontractors] of the General Conditions of Contract.
- The information submitted by the Contractor regarding subcontractor engagement is incomplete and lacks key details, including but not limited to approval dates, descriptions of the works performed, and the estimated contract value or financial allocation for each subcontractor. The absence of such information limits transparency and hinders effective review and monitoring in line with Sub-Clause 4.4 [Subcontractors].
- In accordance with Particular Conditions (PCC) Sub-Clause 4.4 [Subcontractors], the Contractor is required to obtain the Engineer's prior consent for any proposed subcontractor where the subcontract value exceeds one percent (1%) of the Contract Price, as well as for any replacement of subcontractors named in the Contract.

Table 23. Sub-Contractors under Works Contract Phase 2 (Works)

No	Subcontractor Name (Works)	Works undertaken	Approval date
01	R & Rukolli Sh.p.k.	Civil works	Nominated
02	NTP Kastrioti O.P.	Civil works	26.04.2024
03	CONEX	Civil works	11.10.2022
04	JV G3 Engineering, Bavaria and CRON	Buildings	3.03.2023
05	Ar-Tech Company	Buildings	
06	Dino Sh.p.K.	Civil works	10.05.2024
07	Eurondertimi Sh.p.k.	Civil works	
08	Elsam	Steel Bridges	

Table 24. Sub-Contractors under Works Contract Phase 2 (Engineering)

No	Subcontractor Name (Engineering)	
01	GeoConsult Sh.p.k.	Topographical Survey
02	Gjeodeti Kompani Gjeodezike	Topographical Survey

Overall, the current level of subcontractor reporting and documentation is insufficient to demonstrate full compliance with contractual requirements. The lack of clarity and completeness in the submitted information restricts the Engineer's ability to properly assess subcontractor engagement, verify approvals, and monitor performance. This situation introduces potential risks related to oversight, quality assurance, and contractual compliance. It is therefore recommended that the Contractor enhances its reporting practices by providing comprehensive, accurate, and up-to-date information on all subcontractors, ensuring full transparency and alignment with the Contract provisions.

3.1.2.5. Claims, Disputes and DAB Procedures under Works Contract Phase 2

The following information is provided regarding the Claims, Disputes, and DAB procedures under the Works Contract for Phase 2:

- The Contractor has submitted a total of 112 Claims in accordance with Sub-Clause 20.1 [Contractor's Claims] of the General Conditions of Contract.
- The Employer has submitted 3 notices under Sub-Clause 2.5 [Employer's Claims].

The notably high number of claims submitted by the Contractor, in contrast with the limited number of Employer's Claims, indicates a pronounced tendency toward an aggressive claims management approach. This pattern suggests a claim-oriented and dispute-prone contractual posture, whereby a broad range of issues, most of which could potentially be addressed through routine contract administration and mutual resolution have instead been formalized as claims. Such an approach risks overburdening the contract management and dispute resolution mechanisms, including the DAB, and adversely affects the efficiency and collaborative spirit expected in the execution of the Works.

As of the cutoff date of this report, there are two (2) disputes referred to Dispute Adjudication Board by the Contractor. The DAB (Mr. Guillaume Sauvaget) for Phase 2 Works Contract was appointed by signed agreements between the Parties and the DAB member, which took effect on 17 May 2023. The DAB referrals and corresponding procedures carried out under the Phase 1 Works Contract are the following:

Table 25. DAB Procedures under Phase 2 Works

No.	Referral by	Referral Date	Decision Date	Subject
01	Contractor	19.11.2020	29.10.2024	Extension of Time
02	Contractor	07.11.2024	24.01.2025	Excise Tax, VAT and Customs Duties on fuel and other materials

The DAB proceedings under the Phase 2 Works Contract have resulted in decisions in favour of the Contractor. A summary of the key outcomes is provided below:

- With respect to DAB Referral No. 1, the DAB determined that the Contractor is entitled to an Extension of Time of 288 days commencing on 08.01.2024, with a cut-off date of 30.04.2024. Accordingly, the Delay Damages previously applied are to be reimbursed by the Employer.
- In Decision No. 1, the DAB further concluded that the Kosovo Customs Authority's decision dated 08.09.2023 to impose excise tax, VAT, and customs duties on fuel and other imported materials and to reclaim previously granted exemptions together with its confirmation by the Kosovo judicial authorities, constitutes a change in the judicial or official interpretation of the Laws of the Country within the meaning of Sub-Clause 13.7 of the General Conditions. This was also found to represent a breach of the Employer's representations made in the "Clarification Points-Third Set," which form part of the Contract.
- Under DAB Referral No. 2, the DAB determined that the Contractor has incurred, and will continue to incur, additional costs as a result of the measures implemented by the Kosovo Customs Authority. The Employer is therefore liable to compensate such costs, which were quantified at EUR 822.051,82 at the time of the decision.

Overall, the DAB outcomes under the Phase 2 Works Contract confirm the Contractor's entitlement to both time and cost relief, primarily arising from delays and changes in the legal and fiscal environment. The decisions establish the Employer's liability for reimbursing delay damages and compensating additional costs linked to the withdrawal of tax exemptions, thereby increasing the Project's financial exposure. Collectively, these determinations highlight the material impact of external regulatory changes and contractual representations on project performance, while also underscoring the need for strengthened contract administration and proactive risk management to mitigate further disputes and financial implications.

3.2. Consultancy (Service) Contracts

3.2.1. Consultancy Contract for PIU Support

The Consultancy Service Contract referenced 2014232-06 for “Project Implementation Support Services - Railway Route 10 Rehabilitation Project Technical Assistance to PIU in Pristina (Kosovo)” was signed between INFRAKOS JSC and TÜMAŞ Türk Mühendislik Müşavirlik ve Müteahhitlik A.Ş. on 30.06.2025. The effective date of the Contract has been 05.07.2025. An online meeting was held on 25.07.2025 to agree and develop a roadmap for commencement of services, TÜMAŞ offices were established within the INFRAKOS premises and provision of services actually commenced around mid-August 2025. The Contract information is provided below.

Table 26. Information about PIS Consultant Contract

Contract Reference and Date	2014232-06 (30.06.2025)
Contractor	TÜMAŞ Türk Mühendislik Müşavirlik ve Müteahhitlik A.Ş.
Commencement Date	05.07.2025
Original Time for Completion	36 months
Original Completion Date	05.07.2028
Original Contract Price	823.000,00 EUR

The overall objective of the Assignment is to facilitate the timely and effective implementation of the overall Project by providing assistance to the Client. At that context, the PIU Support Consultant is required to fulfill the following obligations:

- Support the Client to complete the procurement necessary for the Project
- Support the Client during the contract administration and implementation of major infrastructure works along Rail Route 10,
- Further develop the technical and administrative capacity within the Client, and monitor, report, and evaluate on compliance of the Project to the “Safeguard Provisions”

3.2.1.1. Organization of Project Implementation Support Consultant

The PIS Consultant’s staff involved in the Project tasks consists of 3 (three) Key Experts, 5 (five) Non-Key Experts and others composing the backstopping team as may be required in order to achieve the project targets. The list of Experts is provided below.

Table 27. PIS Consultant’s Personnel Organization

Key Experts			
Expert No	Position	Name Surname	man-months
KE 01	Project Manager/Team Leader	Soner Batuman	16,00
KE 02	Contracts, Procurement and Claims Manager	Deniz Heperler	9,00
KE 03	Signaling and Telecommunication Expert	Ayhan Kaya	4,00
Total man-months			29,00
Non-Key Experts			
NKE 01	Technical Supervision and Quality Expert	Vladimir Babamov	6,00
NKE 02	Finance/Disbursement Specialist	Bulinë Gashi	4,00
NKE 03	Procurement and Monitoring Specialist	to be nominated	2,00
NKE 04	Environmental and Social Specialist	to be nominated	6,00
NKE 05	Health and Safety Specialist	to be nominated	6,00
Total man-months			24,00

The following remarks are made:

- Due to personal circumstances, the Project Manager/Team Leader of the PIS Consultant is to be replaced. A replacement proposal has been submitted and accepted by INFRAKOS, and the formal procedures for the appointment are expected to be finalized in early 2026.
- Proposals for Non-Key Experts have been submitted and are currently under evaluation by INFRAKOS. In line with the assessed needs, it is proposed to restructure the roles of NKE 01 (Technical Supervision and Quality Expert) and NKE 03 (Procurement and Monitoring Specialist) by dividing their responsibilities among multiple specialists, while maintaining the originally allocated total man-months. The following expert positions are envisaged to be incorporated into the technical assistance contract:
 - Technical Supervision/Monitoring for Tunnels [Tunnels Expert] and Bridges [Bridges Expert]
 - Monitoring of Legal Compliance [Legal Expert].

3.2.1.2. Project Implementation Support Consultant Reports

The Reports (deliverables) to be prepared and submitted under the PIS Consultant's assignment are defined mainly under ToR Section 5 [Reporting and Deliverables]. The main consideration with regard to the deliverables will be to achieve an acceptable level to address in detail all tasks specified under ToR Section 3 [Scope of Work]. The following formal requirements are summarized:

- Unless otherwise agreed, all deliverables and documents will be in English language.
- All deliverables and documents will be submitted both in hard copy (if requested by the Client) and electronically.
- The PIU will review and approve all reports prepared by the Consultant in a three-week timeframe for this review and approval process.
- Throughout the service, the Consultant shall submit periodic reports, or specific reports upon the Client's request, to provide the Client, EBRD, and EIB with relevant information, designs, data, and documentation.
- The Consultant shall document and keep complete and accurate records of all meetings and discussions.

The following deliverables have been identified in ToR Section 5 [Reporting and Deliverables] for submittal by the Consultant.

Table 28. Listing of the Deliverables by the PIS Consultant

No	Description of the Report	Nr. of Copies	Delivery Deadline	Date
01	Inception Report	2	4 weeks after the Mobilization Date	31.07.2025
02	Quarterly Progress Report	2	Every 3 months in 10 working days	10.10.2025
03	Draft Project Completion Report	2	6 weeks after Project Completion	11.08.2028
04	Final Project Completion Report	2	4 weeks after the Client's comments	29.09.2028
05	Specific Reports	2	Within a reasonable time	

The following information is provided with regards to the status of the deliverables to be prepared and submitted by the PIS Consultant:

- Inception Report submitted and approved (final version 15.08.2025).
- Quarterly Progress Report submittals for the annual period of year 2025 as follows:
 - QPR 01 [July-August-September 2025]
 - QPR 02 [October-November-December 2025]
- The first quarterly progress report for year 2026 will be the QPR 03, and will cover the period of [January-February-March 2026].

In addition to the above, the Specific Reports are to be prepared and submitted by the Project Implementation Support Consultant are described in ToR Section 5.4 [Specific Report]. According to the prescriptions of ToR, the Consultant is expected to provide responsive and issue-specific documentation whenever critical developments or bottlenecks arise in areas such as procurement, financial flows, technical execution, or administrative decisions. These reports are often triggered by events, such as a procurement delay, cost overrun, variation order, non-compliance event, or Environmental and Social concerns, and are not necessarily planned deliverables but rather reactive or ad-hoc outputs that support INFRAKOS and PIU decision-making. The following specific and other reports and documents are prepared and provided:

- A presentation has been prepared to summarize PIS Consultant organization and activities and agree on the roadmap for services (August 2025).
- Report and Presentation for the review of the Project Progress, Risk Analysis and Risk Map and proposed mitigation measures (November 2025)
- SWOT Analysis (November 2025).
- Several specific evaluations have been made with regards to the specific subjects and those have been communicated to the PIU via verbal and/or written notices.
- The Consultant has also provided input and comments for the DAB procedures under Phase 1 and Phase 2 and participated to the response, procedures and hearing for DAB Referral No. 5 under Phase 1 which concerned the Steel Bridges.

A summary of the SWOT Analysis carried out by the PIS Consultant is provided below under the next subchapter.

3.2.1.3. SWOT Analysis of the Project by the PIS Consultant

The PIU Support Consultant carried out a SWOT Analysis of the current status of the Works under both Phase I and Phase II and submitted the findings to INFRAKOS on 03.12.2025. The analysis highlights the key strengths, weaknesses, opportunities, and threats affecting project implementation. The identified Strengths of the project organization include:

- (1) A secured financing structure, which provides a strong and reliable foundation for project implementation;
- (2) The institutional capacity and accumulated experience of INFRAKOS, which, if effectively utilized, can significantly support project delivery;
- (3) The continued commitment and active engagement of key stakeholders, particularly the financing institutions and public authorities in Kosovo.

The analysis identifies the following weaknesses:

- (1) Delays in decision-making and approval processes;
- (2) Weaknesses in contract administration practices;
- (3) A predominantly reactive, rather than proactive, approach to dispute management;
- (4) Coordination gaps among project stakeholders.

In terms of opportunities, the analysis emphasizes the potential to leverage existing strengths and address current shortcomings through:

- (1) Capacity building to improve the effective use of contractual remedies and negotiation tools;
- (2) Strengthening the enforcement and application of relevant legislation;
- (3) Utilizing upcoming tendering and contracting processes as a means to address and rectify existing deficiencies.

In this context, particular attention is drawn to the following:

- Greater reliance on contractual remedies and structured negotiation processes is encouraged in place of escalating matters directly to DAB proceedings or other formal dispute resolution mechanisms;
- A review of the national legislative framework, especially in relation to price adjustment provisions, is considered necessary;
- Forthcoming Works and Supervision tenders are seen as opportunities to reinforce project management capacity and support the stabilization of ongoing contracts.

The SWOT analysis further identifies the following key Threats:

- (1) The accumulation of claims, disputes, and DAB decisions;
- (2) Slow progress and concerns regarding the quality of the Works;
- (3) The potential escalation of disputes to arbitration.

The underlying drivers of these threats are assessed as follows:

- The volume and nature of Contractor's claims and disputes are contributing to significant delays in project execution;
- Issues related to price adjustment pose risks to the financial stability and sustainability of the Project;
- Quality concerns are linked both to design deficiencies and to the Contractor's performance;
- More broadly, the identified threats are rooted in shortcomings in project management practices and contract administration.

Overall, the SWOT analysis indicates that the Project is supported by a solid institutional and financial framework; however, its performance is being constrained by operational and managerial inefficiencies. In particular, weaknesses in contract administration and delayed decision-making processes are limiting the effective utilization of available strengths and opportunities. Addressing these internal inefficiencies is essential to unlocking the Project's full potential.

Additionally, for ongoing Works Contracts, the increasing reliance on formal dispute mechanisms (intentionally triggered by the Contractor), rather than early-stage resolution and proactive management, is contributing to an adversarial project environment. This trend not only burdens the dispute resolution framework but also diverts attention from the timely execution of the Works. The PIU Consultant submits that a shift toward preventive contract management, early warning systems, and structured negotiation would significantly reduce dispute escalation and improve overall project performance.

From a strategic perspective, the upcoming tendering processes and institutional support mechanisms present a critical window of opportunity to rebalance the Project. Strengthening supervision arrangements, clarifying contractual frameworks, and enhancing coordination among stakeholders could mitigate current risks and improve both the pace and quality of implementation. Accordingly, while the Project faces substantial challenges, these are not structural in nature but rather stem from correctable deficiencies in management and administration. With targeted interventions focusing on governance, coordination, and contract management practices, the Project can be steered toward a more stable and efficient implementation trajectory.

3.2.2. Supervision Services Contracts

This section provides information about the Supervision Services Contracts for the Project, specifically for the following:

- (1) Supervision Service Contract for Phase 1 (Hill International N.V.)
- (2) Supervision Service Contract for Phase 2 (Hill International N.V. and DB Engineering and Consulting GmbH JV)
- (3) Supervision Service Contract for Phase 1 and Phase 2 (EPTISA Servicios de Ingenieria and ARDANUY Ingenieria SA JV)

3.2.2.1. Supervision Contract for Phase 1

The general information and progress of the Supervision Contract for Phase 1 is described in table below.

Table 29. Information about Phase 1 Supervision Contract

Contract Reference and Date	C41063/624/2648 (29.01.2019)
Contractor	Hill International N.V.
Commencement Date	01.02.2019
Original Time for Completion	48 months (36 months+12 months DNP)
Original Completion Date	31.01.2023
Extensions of Time	48+33 months
Actual Completion Date	30.09.2025
Original Contract Price	1.399.970,00 EUR
Revised Contract Price	6.658.445,00 EUR

There have been 9 Addenda under the subject Supervision Service Contract as described and explained in table below, which have changed mainly the maximum contract amount and completion date.

Table 30. Phase 1 Supervision Service Contract Addenda

No.	Date	Subject
01	29.05.2019	Change of the Contract Article 3.06 [Payment of Fees and Expenses] sub paragraph (c) concerning the Advance Payment.
02	30.09.2021	- The maximum contract amount revised to EUR 2.081.855,00 - Time extension granted until 31.10.2021. - Financing of the Contract was provided by WBIF until the date of 31.03.2021, after this date the financing to be made by EIB loan funds.
03	26.11.2021	Contract amount revised to: EUR 2.780.635,00 and time extension until 15.05.2022.
04	30.06.2022	Contract amount revised to: EUR 3.479.765,00 and time extension until 17.12.2022.
05	02.02.2023	Contract amount revised to: EUR 4.179.475,00 and time extension until 31.08.2023.
06	06.10.2023	Contract amount revised to: EUR 4.879.450,00 and time extension until 25.04.2024.
07	03.05.2024	Contract amount revised to: EUR 5.579.350,00 and time extension until 15.11.2024.
08	06.12.2024	Contract amount revised to: EUR 6.279.335,00 and time extension until 15.05.2025.
09	20.06.2025	Contract amount revised to: EUR 6.658.445,00 and time extension until 30.09.2025.

On 12.11.2025, the PIU formally notified the Engineer, through its letter No. 9/602, that the Supervision Services Contract for Phase 1 would be terminated with effect from 11.12.2025, following the Employer's execution of a new Supervision Engineering Contract with the JV Eptisa–Ardanuy. The Engineer acknowledged this notification and undertook to coordinate the necessary contractual, administrative, and handover arrangements to ensure a smooth and orderly transition of services in accordance with the relevant contractual provisions.

3.2.2.2. Supervision Contract for Phase 2

The general information and progress of the Supervision Contract for Phase 2 is described in table below.

Table 31. Information about Phase 2 Supervision Contract

Contract Reference and Date	20140232-3 (28.09.2021)
Contractor	Hill International N.V. and DB Engineering and Consulting GmbH JV
Commencement Date	28.09.2021
Original Time for Completion	31 months (1+15 months+12 months DNP+3 months closeout phase)
Original Completion Date	28.04.2024
Extensions of Time	31+17 months
Actual Completion Date	30.09.2025
Original Contract Price	1.597.500,00 EUR
Revised Contract Price	3.531.490,00 EUR+41.000,00 EUR for DAB procedures

There have been 4 Addenda under the subject Supervision Service Contract as described and explained in table below, which have changed mainly the maximum contract amount and completion date.

Table 32. Phase 2 Supervision Service Contract Addenda

No.	Date	Subject
01	12.12.2023	Contract amount revised to: EUR 2.254.430,00 and time extension until 10.06.2024.
02	25.07.2024	Contract amount revised to: EUR 2.927.410,00 and time extension until 10.01.2025.
03	27.01.2025	- Contract amount revised to EUR 3.316.105,00 - Time extension granted until 15.05.2025. - A lumpsum amount of EUR 41.000,00 allocated for assistance to the Employer for DAB procedures under the Works Contract.
04	20.06.2025	Contract amount revised to: EUR 3.531.490,00 and time extension until 30.09.2025.

On 12.11.2025, the PIU formally notified the Engineer, through its letter No. 9/602, that the Supervision Services Contract for Phase 2 would be terminated with effect from 11.12.2025, following the Employer's execution of a new Supervision Engineering Contract with the JV Eptisa–Ardanuy. The Engineer acknowledged this notification and undertook to coordinate the necessary contractual, administrative, and handover arrangements to ensure a smooth and orderly transition of services in accordance with the relevant contractual provisions.

3.2.2.3. Supervision Contract for Phase 1 and Phase 2

The Service Contract for the “Supervision services for Rehabilitation and Upgrade of Phase 1 and 2: Hani i Elezit - Fushe and Fushe Kosove - Mitrovice Kosove, 101.20 km” was signed between INFRAKOS JSC and the Consultant EPTISA Servicios de Ingenieria and ARDANUY Ingenieria SA JV on 11.11.2025. The Kick-off Meeting was held on 20th November 2025. On the same day, the first coordination meeting between the previous Engineer (Hill International) and the new Engineer (EPTISA and ARDANUY) was organized and the Engineer role under the Works Contract Phase 1 and Phase 2 was transferred to EPTISA and ARDANUY JV. Starting from 24.11.2025, the Consultant/Engineer (EPTISA and ARFANUY) carried out site inspections to assess the existing conditions of the structures, track works, alignment, buildings, and the progress achieved on site under both works contracts. The following information is provided:

Table 33. Information about Phase 1 and Phase 2 Supervision Contract

Contract Reference and Date	20140232-08 (11.11.2025)
Contractor	EPTISA Servicios de Ingenieria and ARDANUY Ingenieria SA JV
Commencement Date	11.11.2025
Original Time for Completion	24 months (1 month inception+9 months implementation+12 months DNP+2 months closeout phase)
Original Completion Date	10.11.2027
Original Contract Price	1.291.625,00 EUR

The following key findings were identified in the Inception Report prepared and submitted by the Supervision Services Consultant in December 2025:

- For both Works Contracts (Phase I and Phase II), the original contractual completion dates have elapsed. To date, no revised completion dates have been formally agreed, nor have updated Programmes of Works been established.
- Currently, neither contract is supported by a valid and approved Programme of Works reflecting the actual status of implementation. The absence of such updated programmes limits the ability to effectively monitor progress, resource allocation, and compliance with contractual milestones.
- A substantial number of Non-Conformance Reports (NCRs) issued by the previous Engineer remain unresolved, posing a significant risk to both quality assurance and the timely completion of the Works, as detailed below:
 - Phase 1 Works Contract: A total of 735 NCRs have been issued, of which 353 have been closed and 382 remain open.
 - Phase 2 Works Contract: A total of 125 NCRs have been issued, of which 41 have been closed and 84 remain open.

Overall, the findings point to critical deficiencies in project control and contract administration across both phases. The absence of updated completion timelines and approved work programmes, combined with the high volume of outstanding NCRs, indicates limited progress tracking, insufficient quality management, and a lack of structured recovery planning. These issues collectively increase the risk of further delays, cost overruns, and potential disputes. Immediate corrective actions are required, including the preparation and approval of realistic revised programmes, the systematic closure of outstanding NCRs, and the strengthening of supervision and quality assurance mechanisms to restore effective project governance and implementation performance.

4. Visibility and Communication

4.1. Project Visibility Assessment Based on Public Sources

The Railway Route 10 Project remains a strategically significant and internationally recognized infrastructure initiative, forming part of the Trans-European Transport Network (TEN-T) and supported by major international financiers such as the European Bank for Reconstruction and Development, European Investment Bank, and the European Union.

In 2025, the project continued to maintain institutional-level visibility, particularly through official communications, donor frameworks, and contractor-related announcements. However, its public visibility remained relatively limited, with few widely disseminated updates in mainstream media compared to its scale and importance. The following issues are highlighted:

- A notable milestone was achieved in August 2025, when a rehabilitated section between Fushë Kosovë and Ferizaj was reopened to traffic, initially with reduced operational speeds.
- This reopening demonstrated tangible progress and provided a visible outcome for stakeholders, contributing positively to the project's perception.
- The project continues to be framed as a key economic and regional connectivity corridor, reinforcing its importance within the Western Balkans transport network.

Despite above stated these positive developments, several factors have constrained the project's visibility and public perception in 2025:

- Certain sections of the railway, including international connections, remained non-operational or suspended due to ongoing works and delays.
- The prolonged construction timeline and incomplete sections have reduced the project's visibility as a "functioning infrastructure asset," limiting public engagement.
- Visibility is largely confined to technical, institutional, or contractor-level channels rather than broader public communication platforms.

From an overall perspective, the project's visibility in 2025 can be characterized as moderate but uneven. While it maintains strong recognition at institutional and donor levels, its public visibility and perception are constrained by delays, partial operability, and limited communication of progress. The reopening of certain sections provides a positive signal; however, the lack of continuous, structured communication and the absence of full operational functionality reduce the project's visibility impact. Strengthening communication strategies, highlighting interim achievements, and improving delivery performance would significantly enhance both public and stakeholder visibility moving forward.

The Fushë Kosovë–Ferizaj railway section is currently operational following its reopening in August 2025; however, its level of service remains limited and does not yet reflect full operational readiness. Train services are running at low frequency and under constrained operating conditions, including reduced speeds, indicating that the line is functioning in an interim state rather than at its intended performance capacity. While the reopening represents a positive milestone and demonstrates partial functionality of the rehabilitated infrastructure, the overall operational efficiency, reliability, and service levels remain below expected standards. This situation reflects the ongoing nature of rehabilitation works along the corridor and highlights the need for completion of remaining works, system optimization, and improved operational planning to achieve full functionality.

4.2. Visibility and Communication Related Activities

The following visibility and communication related activities can be highlighted:

- Project information billboards were installed at Fushë Kosovë and Ferizaj Stations for Phase 1, and in Fushë Kosovë, Obiliq, Prelluzhë, Vushtrri, and Mitrovicë Stations for Phase 2.
- 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.
- On 05.11.2023 there has been an inauguration ceremony for the two tunnels: Tunnel 6 (262 m) and Tunnel 7 (122 m) with the participation of Kosovo's Prime Minister, key government officials as well as representatives of the European Union Office in Kosovo and the Italian Ambassador in Kosovo³.

The following photos illustrate the project information billboards at some sites.



Figure 8 Examples of Project sign boards of some sites

³ Published news at Transport Community website (07.11.2023): Kosovo Inaugurates Two Tunnels within Line 10 Rehabilitation Project, found at: <https://www.transport-community.org/news/kosovo-inaugurates-two-tunnels-within-line-10-railway-rehabilitation-project/>

5. Monitoring Activities

5.1. Site Visits and Project Audits

The following monitoring activities were recorded during the 2025 annual period:

- On 9 April 2025, a representative of the European Investment Bank, Mr. Piers Vicker, conducted a site visit to the Project, during which he was briefed on the current progress and key outstanding issues. These included the absence of a defined Time for Completion, low financial absorption, quality concerns particularly the “concrete fraud case” and the overall underperformance of the Contractor.
- Subsequently, the European Court of Auditors (ECA), represented by Mrs. Aurelia Petliza and Mr. Alfonso Calles Sanchez, carried out an audit mission to Kosovo from 28 to 30 April 2025 in relation to the WBIF-funded “Rehabilitation of Railway Route 10” Project. During this mission, the auditors were similarly informed of the Project’s progress and the main challenges, including the undefined Time for Completion, low financial absorption, quality issues, the concrete fraud case, and the Contractor’s low performance.
- The National Audit Office of Kosovo conducted a performance audit titled “Efficiency in the Implementation of the Rehabilitation of Railway Line 10: Hani i Elezit – Leshak.” The objective of the audit was to evaluate whether INFRAKOS, together with the Ministry of Environment, Spatial Planning and Infrastructure and the Ministry of Economy, managed the project efficiently. The resulting audit report published in March 2025 is publicly available online⁴.

5.2. Environmental and Social Management Monitoring

According to the Engineer’s assessments for both Phase 1 and Phase 2 Works Contracts, the implementation of Environmental and Social Management Plans remains only partial, and site personnel continue to demonstrate limited awareness of environmental, health, and safety obligations. The Contractor is required to consistently apply approved procedures and adapt them to address deficiencies identified during site inspections. Updated Method Statements and Risk Assessments must be submitted, reviewed, and approved prior to the commencement of any activity. Safety measures particularly for scaffolding, excavation works, and open-site operations must be continuously maintained without exception. The inspection team remains focused on ensuring compliance with Kosovo’s legal framework and the EBRD Environmental, Health, Safety, and Social (EHSS) Performance Requirements.

Comprehensive inspections conducted along the Fushë Kosovë–Mitrovicë railway corridor in November 2025, including both active and inactive construction areas, identified ongoing non-compliance. Persistent environmental and safety deficiencies were observed despite previous written and verbal instructions. These included unmanaged construction waste at Fushë Kosovë Station and the Technical Building, poor housekeeping, and dust accumulation in enclosed workspaces. Flooded excavations at Wall 11R and Culvert 62 highlighted inadequate drainage and the absence of protective barriers, posing risks of contamination and erosion. While minor improvements were noted in localized waste removal, overall conditions remain unsatisfactory.

Health and safety concerns continue to be critical. At Mitrovica Station, scaffolding remains unsafe, lacking guardrails and fall protection systems, while unprotected excavations at Cross Section 195 and Underpass 19 present significant collapse hazards. The absence of proper signage at Level Crossing 31 exposes road users to operational risks. Furthermore, instances of workers operating without appropriate personal protective equipment (PPE) were recorded during concreting, excavation, and reinforcement works.

By the end of the reporting period, these issues reflect systemic and recurring non-compliance. Without the application of strict enforcement measures including penalties, suspension of works, and immediate corrective actions the risks to workers, surrounding communities, and the environment are likely to persist and potentially escalate.

⁴ Performance Audit Report Efficiency in the Implementation of the “Rehabilitation of Railway Line 10: Hani i Elezit-Leshak Project (found at: https://zka-rks.org/cms/ReportFiles/2025_c77b9604-d771-4db0-a601-4db27c919ddd.pdf)

Annex 1 Photos

Mitrovicë



Works related to the station building and platform are progressing at a relatively slow pace. According to the updated design solution, the existing canopy structure is planned to be demolished and replaced with a new independent canopy structure separated from the main station building. The main concerns identified during implementation include:

- Slow progress of construction activities and delays in execution;
- Inadequate implementation of health and safety measures on site, including insufficient compliance with occupational safety requirements;
- Insufficient public protection measures arising from incomplete and missing site hoarding, creating potential safety and accessibility risks for pedestrians and surrounding users.

Vushtri



Station (platforms), track works, and culverts around Vushtri Station are progressing but not yet completed.



Phase II of the Project starts at PK 212+300.00, while Vushtri Station is located between PK 223+309.24 and PK 224+213.15. Along the section between Mitrovicë and Vushtri, the alignment includes two level crossings and one bridge structure. Track works along the line have largely been completed, although certain sections remain unfinished and require finalization. In parallel, the reinforced concrete retaining walls along the railway alignment are mostly completed. The main observations and concerns identified during the site assessment are as follows:

- Insufficient separation and protection measures between the active construction areas and adjacent residential zones, creating potential safety risks for nearby communities;
- Construction materials are not being properly stored, managed, or organized on site, resulting in poor housekeeping conditions and reduced site efficiency;
- Overall construction progress remains slow and below the expected implementation schedule, raising concerns regarding timely completion of the works.

Druar



Druar Station is located between PK 220+370.42 and PK 231+049.32 adjacent to Bridge B13.

- Druar Station and its associated technical building remain fully descoped from the current project scope, with no construction activities executed or currently planned under the present reporting and implementation framework. The Druar platform is currently under construction, with several platform segments already completed as part of the ongoing works.
- UXO findings in the vicinity of Druar Station have affected the execution of nearby earthworks activities. The presence of unexploded ordnance has required the implementation of additional safety procedures, inspections, and clearance measures, resulting in constraints and delays to the planned construction works in the affected areas.

Prelluzhe



Prelluzhe Station is located between PK 236+126.50 and PK 237+039.33. Both Platform No. 1 (right side) and Platform No. 2 (left side) at Prelluzha Station remain subject to the provisions of Sub-Clauses 7.5 (Rejection) and 7.6 (Remedial Works) of the General Conditions of Contract and have been assessed as non-accepted. The non-acceptance is due to the use of unapproved concrete supplied from an unlicensed production facility and supported by falsified concrete consignment delivery slips.

The Prelluzhë station building remains descoped from the current contract scope. Limited progress has been observed on the technical building, with architectural works remaining at approximately 42.09% completion, while MEP installations recorded a slight increase, reaching 18.64% completion. Despite these incremental developments, the overall rate of progress continues to be slow, reflecting ongoing constraints related to manpower allocation and irregularity in the execution schedule.

Plemetin Stop Station



The Plemetin Stop Station platform remains subject to the provisions of Sub-Clauses 7.5 [Rejection] and 7.6 [Remedial Works] of the General Conditions of Contract and has been classified as non-accepted. This determination results from the use of unapproved concrete supplied by an unlicensed production facility and accompanied by falsified concrete consignment delivery documentation.

The reinforced concrete works for the platform remain incomplete, creating a risk of reinforcement corrosion due to prolonged exposure. In addition, the accumulation of waste materials and foreign debris within the unfinished areas further increases the potential for quality deterioration and construction-related defects.

Obiliq





Obiliq Station is located between PK 242+212.00 and PK 243+037.89, adjacent to Level Crossing LC28. Current construction activities at the station are ongoing, with works on Platform 1 progressing, including the continuation of concrete works for the station access ramp and stair structures.

However, Platform No. 2 (right side), the carriage platform, and part of Platform No. 1 (left side) remain subject to the provisions of Sub-Clauses 7.5 [Rejection] and 7.6 [Remedial Works] of the General Conditions of Contract. These works have been assessed as non-accepted due to the use of unapproved concrete supplied from an unlicensed production facility, accompanied by falsified concrete delivery documentation. As part of the quality verification process, core samples were extracted and tested to assess the properties and compliance of the concrete placed using the disputed deliveries.

Fushë Kosovë



Ongoing finishing and retrofit works of Fushë Kosovë station for both interior arrangements and finishings and external façade and roofing.



Construction and rehabilitation activities at Fushë Kosovë Station, including the station building, technical building, and track works, have continued to progress. Track rehabilitation works within the station area have been completed; however, platform rehabilitation works have not yet commenced. Works on the station building accelerated notably during the final months of 2025, on the other hand, the overall progress remained insufficient.

- Architectural works have advanced with the continued installation of drywall on the steel support structure on the first floor, particularly within the restaurant area. These works have contributed to the closure of internal partitions and the preparation of surfaces for final finishing stages.
- On the restaurant terrace, the Contractor has undertaken preparatory works for waterproofing, including surface levelling and treatment, followed by the installation of PVC membrane.
- Electrical cabling has been laid and secured along the terrace area, indicating partial progress in the coordination of external building services.
- Within the auditorium, key activities included the construction of a new brick wall, ceiling preparation works, and installation of the suspended ceiling system. These works support the transition toward final architectural finishing; however, progress has remained somewhat fragmented, reflecting limited and irregular workforce deployment.
- Additional finishing activities include the levelling of parapet structures in the restaurant area, improving readiness for subsequent finishing works and overall preparation for handover stages.

Miradi



Old wooden sleepers and rails removed from the existing railway line have been designated for storage at the Miradi Cargo endpoint. In addition, the establishment of a fuel tank facility at the same location has been agreed. Miradi Cargo is currently being utilized as a storage and logistics area for project-related materials and equipment. However, site organization and management at the storage area remain inadequate. Several deficiencies were observed regarding general housekeeping, material organization, and the handling and disposal of waste and hazardous waste, raising concerns related to environmental management and site safety compliance.

Lypjan



Lypjan Station is located between PK 261+338.54 and PK 261+587.47, adjacent to Bridge B3 and Bridge B4 on both sides. Platform and track works are completed.

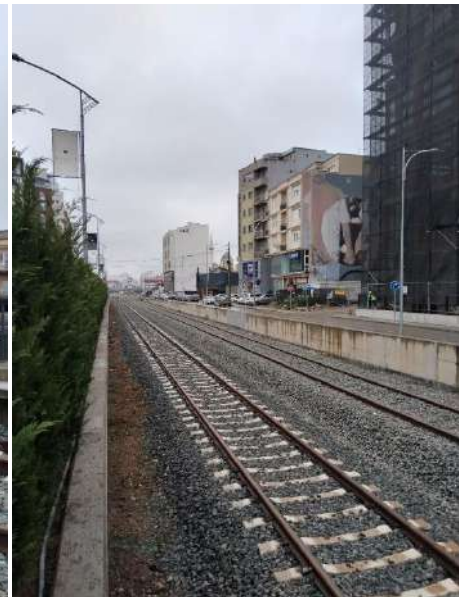
Bablak



Bablaq Station is located between PK 270+859.61 and PK 271+606.00. Within this section of the Phase I works, the platform construction and track rehabilitation activities have been completed.

4 bridges from Bridge B4 to Bridge B7 are located between Lypjan and Bablak Stations. Track works at the bridges area are completed to enable train operation.

Ferizaj



Railway rehabilitation works and station platforms are completed for the section remaining within Ferizaj city. The Ferizaj Station is located between PK 270+731.99 and PK 281+937.13.

Gurez



The design speed is 120 km/h for the section extending from the project Phase 1 start at PK 246+888.00 to Fushë Kosovë Station and continuing up to Gurez Station at PK 289+778.97. An exception applies to curve T8, where constraints related to the existing expropriation boundaries have resulted in a reduced design speed of 110 km/h. From Gurez Station to the end of the project at PK 313+711.00, the line has been designed for a lower operating speed of 70 km/h.

Kacanik



The Kacanik Station is located between PK 299+740.70 and PK 300+608.35.



Photos from Tunnel T3 and bridges near Kacanik Station. 16 bridges Bridge B16 to Bridge B 31, as well as 5 tunnels, Tunnel T3 to Tunnel T7 are located between Kacanik and Hani i Elezhit stations.



Views from the steel bridges and trackworks continued between Kacanik and Hani i Elezit stations along Phase 1 Works Contract.

Hani i Elezit



Hani i Elezit Station is located between PK 311+714.33 and PK 311+954.93 and it is the final station on Phase 1 at the Kosovo-Nort Macedonia border.



Hani i Elezit Station is located at the southern end of Kosovo's Railway Route 10, close to the border with North Macedonia, and represents a key terminal point of the Fushë Kosovë – Hani i Elezit railway corridor implemented under Phase 1 Works Contract. The station plays an important role in cross-border rail connectivity, facilitating both passenger and freight transport between Kosovo and North Macedonia, and further linking the Western Balkans with broader regional and European rail networks.