



KOSOVO RAILWAY ROUTE 10 REHABILITATION PROJECT

PERIODIC PROJECT REPORT

CUT-OFF DATE OF THE REPORT: 31 OCTOBER 2022



PRESENTED BY:



Beneficiary (Project Implementing Entity) Details	
Client Name:	Kosovo Railway Infrastructure INFRAKOS J.S.C
Client Address:	Sheshi i Lirisë p.n., Fushë Kosovë, 12000
Country:	Kosovo
Client authorized representative: Name: Zijadin Isufi Title: Head of PIU I certify that, to the best of my knowledge and belief, the information contained in this report is true, complete and correct in all material respects and does not omit any material fact necessary.  Signature: [Zijadin Isufi, Head of PIU] Date: 30.11.2022	
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Reporting Period: Q3&October 2022	

Send to

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

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TABLE OF ABBREVIATIONS

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

0 - DOCUMENT INFORMATION

This report is prepared in compliance with the periodic project reporting requirements set forth within the Project Agreement, dated 23 September 2015, the Grant Agreement for Operation No. 45276, dated 4 December 2018, between the Republic of Kosovo (MF) and EBRD and the associated loan agreements with EBRD and EIB 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.

These requirements are summarised underneath with indicated reference to the report section and/or Annex where the respective information can be found. Any recommendations and further requirements to suit the needs of the users of the report will readily be accommodated.

EBRD quarterly periodic reports requirements as per Section 2.07 (b) of the Project Agreement dated 23/09/15

Description	Reference within the report
(1) General project information	<u>Section 1</u>
(A) the physical progress accomplished in the implementation of the Project to the date of report and during the reporting period;	<u>Annex#5</u>
(B) actual or expected difficulties or delays in the implementation of the Project and their effect on the implementation schedule, and the actual steps taken or planned to overcome the difficulties and avoid delays;	<u>Section 2</u>
(C) expected changes in the completion date of the Project;	<u>Annex#5</u>
(D) key personnel changes in the staff of the Project Entity, the PIU, the consultants or the contractors;	<u>Section 5</u>
(E) matters that may affect the cost of the Project; and	<u>Section 6</u>
(F) any development or activity likely to affect the economic viability of any Part of the Project.	<u>Section 2.5</u>
(2) A bar-type progress chart showing the progress in each Part of the Project and including a planned and actual expenditure graph.	<u>Annex#4a and 4b</u>
(3) Financial statements showing details of the expenditures incurred under each Part of the Project and the Drawdowns, together with a statement showing: (A) original cost estimates; (B) revised cost estimates, if any, with reasons for changes; (C) original estimated expenditures and actual expenditures to date; (D) reasons for variations of actual expenditures to date from original estimated expenditures to date; and (E) estimated expenditures for the remaining quarters of the year.	<u>Annex#3, Annex#3a and Annex#5</u>
(4) A brief statement of the status of compliance with each of the covenants contained in this Agreement.	<u>Annex#6</u>

EIB six-monthly project progress reports requirements as per Schedule A, item 3 of the Finance contract, dated 8 December 2015:

Description	Reference within the report
A brief update on the technical description, explaining the reasons for significant changes vs. initial scope;	<u>Section 2</u>
Update on the date of completion of each of the main project's components, explaining reasons for any possible delay;	<u>Annex#2</u>
Update on the cost of the project, explaining reasons for any possible cost increases vs. initial budgeted cost;	<u>Annex#5</u>

Description	Reference within the report
A description of any major issue with impact on the environment;	<u>Section 9</u>
Update on procurement procedures;	<u>Annex#1</u>
Update on the project's demand or usage and comments;	<u>Annex#3</u>
Non-confidential project-related pictures, if available.	<u>Section 8</u>

Grant Agreement for Operation No. 45276, dated 4 December 2018

Description	Reference within the report
Section 5.15 Section 3.07 Project Records and Reports; Examinations	
(a) The Sovereign shall procure that the Project Entity ensures that information furnished to the Bank by the Project Entity, and records maintained by the Project Entity, in compliance with the Project Entity's obligations pursuant to Section 2.07 (Reporting Frequency and Submission Requirements) of the Project Agreement as well as Section 4.04 (Project Records and Reports) and Section 5.02 (Reporting) of the Standard Terms and Conditions:	The form of the reported content is subject to further improvements as from time to time might be required.
(1) includes detailed information concerning the Contracts, the Contractors, Disbursements, the Grant Financing and its use, the Grant Financed Items, as well as the status of compliance with each of the covenants contained in this Agreement in form and substance satisfactory to the Bank;	<u>Annex#2, Annex#6</u>
(2) contains sufficient information to enable tracking of the Grant Financing distinct from the Loan Financing; and	<u>Annex#3, Annex#3a</u>
(3) includes such other information regarding inter alia the Project Entity, the Project and the transactions contemplated in this Agreement as the Bank may from time-to-time reasonably request.	ongoing

The current report is issued on a three-monthly basis, thus covering the Financing documents requirements for periodic project reporting and facilitating the project monitoring by the project funders and stakeholders.

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

1 - PROJECT OVERVIEW

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

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

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

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

The proposed project consists of the rehabilitation and partial upgrade of Kosovo's north-south railway line, with total length 148km, from the border with Serbia in the North of Kosovo to the border with North Macedonia in the south of Kosovo. The investment programme is divided into three phases:

- Phase 1: Fushë Kosovë – North Macedonia border (Hani i Elezit station), 64 km;
- Phase 2: Fushë Kosovë - Mitrovicë, 34.4 km; and
- Phase 3: Mitrovicë – Serbian border (Leshak station), 42 km

As per the Project Procurement Plan Signalling and Telecommunication Works are foreseen to be awarded in two separate contracts – one to cover Phase 1 & Phase 2 and a second one – for Phase 3.



Figure 1 – Project phasing

The works and service contracts that form part of the overall project are presented in the attached Procurement Plan (see Annex #1).

Each Phase consists in works contracts and two separate consultancy assignments for detail design and works supervision.

The overall project status and progress achieved as of the cutting date of this report is presented in the sections below.

The financing of the overall project has been secured with identified constantly rising shortfall due to the unforeseeable circumstances (the effect of Covid-19 and war in Ukraine on construction costs). Additional funds will also be needed to cover adjustments for changes in costs beyond the available Provisional Sum for Phase 1 and potentially Phase 2 if the Construction Costs Index, published by the Kosovo Institute of Statistics continues to go upward.

The components that form part of the project are presented in attached updated Project Procurement Plan (see Annex#1). The contracted activities under the GAF Contribution Request Nos. WB-IG00-KOS-TRA-01, WB-IG01-KOS-TRA-01, WB-IG04-KOS-TRA-02 and WB15-KOS-TRA-01 and respective use of funds are presented in Annex#2.

2 - PROJECT STATUS

2.1 - Project Actions in Implementation Stage

2.1.1 - Phase 1, Fushë Kosovë- Border with North Macedonia Railway Section

Contribution Request Number (same as project number/code in GAF):	WB-IG00-KOS-TRA-01
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THE PROJECT											
Title of the overall Project: (Projects approved at a Steering Committee may result in one or more Actions)	Orient/East-Med Corridor: General Rehabilitation of Route 10 Phase 1, Fushë Kosovë- Border with North Macedonia Railway Section										
Beneficiary Country(ies):	Kosovo										
Responsible Authority(ies):	Kosovo Ministry of Infrastructure										
Implementing entity(ies)	Infrastructure of Kosovo Railways JSC - INFRAKOS										
Sector (please use the same sector name as used in the grant application form) :	Transport - Rail infrastructure										
Sub-Sector/ DAC code (please use the same DAC code and name as used in the grant application form):	Not available										
Total Grant Amount Approved for the Project: (as approved at a Steering Committee)	38,500,000.00										
Date of Project Approval: (Steering Committee Date)	December 2015										
Sources of Funding for the Project: (listing all funding sources as featured in the GAF)	<table> <tr> <th>Source</th><th>Amount (EUR)</th></tr> <tr> <td>European Investment Bank</td><td>21,300,000.00</td></tr> <tr> <td>European Bank for Reconstruction and Development</td><td>19,200,000.00</td></tr> <tr> <td>WBIF Grant</td><td>38,500,000.00</td></tr> <tr> <td>Total</td><td>79,000,000.00</td></tr> </table>	Source	Amount (EUR)	European Investment Bank	21,300,000.00	European Bank for Reconstruction and Development	19,200,000.00	WBIF Grant	38,500,000.00	Total	79,000,000.00
Source	Amount (EUR)										
European Investment Bank	21,300,000.00										
European Bank for Reconstruction and Development	19,200,000.00										
WBIF Grant	38,500,000.00										
Total	79,000,000.00										
Related contracts under this Project: (list of contracts, values and confirmed funding sources)	Refer to Annex #1 and Annex#2										

This ACTION under the EWBJF (financed by the GRANT)	
Title of this ACTION: (same as 'Title of the overall Project' + indication of type of Action, e.g. 'investment grant component' and/or 'technical assistance component')	General Rehabilitation of the Railway Route 10: Phase 1, Fushë Kosovë- Border with North Macedonia Railway Section – Investment grant component
Lead IFI:	EBRD
Value of the Grant: (as approved by the Assembly of Contributors)	€38,5 m
Total amount of Grant/Financing Agreement (between Lead IFI and beneficiary) Signed: Disbursed (cumulative):	Signed: €79 m (€38,5m Grant and €40,5m Loan) - Disbursed: € 37,862,031.67 Grant (€17,775,812.60) Loan €20,086,219.07 (11,878,115.79 EBRD Loan and 8,208,103.28 EIB Loan)
Total amount of contracts under the Grant/Financing Agreement (between beneficiary and final contractors) 1) aggregate amount of contracts signed (cumulative): 2) aggregate amount of contracts disbursed (cumulative): 3) aggregate amount of cost incurred (cumulative):	- Contracts signed: €78,625,639.40 - Contracts disbursed: € 37,862,031.67 - Costs incurred: € 37,862,031.67
Amount to be returned to the EWBJF: (if applicable)	N/A
Completion Date of the Action: (actual/expected)	According to the GAF, Section 33, the actual Completion Date of the Action is 2019. The Original Completion Date after Contract signature was expiring in Q3 2021. Further to a EoT for Covid-19 claim determination and as per Addendum 3 dated 08th of December 2021 which received Bank's prior no-objection the Completion date was extended to 30 December 2022 to cover time needed for implementing necessitated Variation orders. Current status - financial progress achieved 48.15 % vs. time elapsed 95.1% vs. physical progress achieved – around 62% after 36 months of construction, excluding COVID 19 suspension of 2 months.

PROJECT PROGRESS

A. Narrative Section (as the template applies to both TA and INV activities, reporting institutions should adjust the content of their reporting to the nature of the activity. Further guidance is given below when applicable).

1. Project description and Action description: (max 300 words)	Short description of the Project This project concerns the rehabilitation and upgrade of the Railway Route 10 in Kosovo (Fushë Kosovë – border with North Macedonia rail section) and associated railway stations to modern TEN-T standards. The section is part of the Orient/East-Med Corridor which crosses Kosovo from the north to the south on Route 10, from the border with North Macedonia to the one with Serbia, and constitutes Kosovo's connection to the wider region by rail. The general rehabilitation and modernization includes a 148km-long single track, standard gauge (1435 mm) non-electrified rail line in central Kosovo. The rehabilitation will allow operation up to 120 km/hr on most sections of the line along with 22.5 ton axle load in line with EU standards and will achieve an interoperable railway infrastructure based on EU standards through which will support safe railway transport, and railway market opening for domestic, regional and international train operators. Short description of the Action Phase 1: Fushë Kosovë– border with North Macedonia includes: - the rehabilitation and upgrade Works of the existing single railway line of the Railway Route 10 between Fushë Kosovë and Hani i Elezit of circa 67 km - the refurbishment of 8 existing railway stations and 5 existing stops - replacement of 36 level crossing - Rehabilitation of 34 existing bridges out of which 6 structures shall be repaired by minor interventions, 14 bridges shall be replaced with new structures, and 14 bridges shall be strengthened and retrofitted. - Widening of 7 existing tunnels at the southern part of the line, between the Station GURËZ and the Station HANI I ELEZIT of total length of 983.58 m, out of which tunnel 4 shall be reconstructed only at the portals, whilst tunnel No. 5 shall be reconstructed by cut & cover methodology. The second phase contract Fushe Kosove – Mitrovice was signed on 08th of December 2021. The project is part of Route 10 that connects Kosovo's railway network with the regional and European network through Corridor VIII and Corridor X in North Macedonia. This route creates a railway link Belgrade – Lapovo – Kraljevo (in Serbia) – Fushë Kosovë – Skopje (North Macedonia) that runs parallel to railway Corridor X. Phase 2: Fushe Kosove – Mitrovice includes: - The rehabilitation of main single line of the Rail Route 10 line, around 34,4 km long. - Replacement of 23 Level Crossings - Renovation of 6 stations - Replacement of 5 stops - 16 Platforms (New and rehabilitation of existing in Fushe Kosove) - 17 Railway Bridges (New and rehabilitation of existing) - 1 Road Bridge - 40 box culverts & 23 Pipe culverts - 4 Pedestrian underpasses - The rehabilitation of 12 buildings 4 (façades rehabilitation only) - 36 new Canopies and 12 (rehabilitation at Fushe Kosove) - Fencing 26.5 km approximately
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2. Project Context: (max 250 words)	The main objective of general rehabilitation and modernization for Phase 1 is that Kosovo will achieve to have interoperable railway infrastructure based on EU standards through which will support safe railway transport, and railway market opening for domestic, regional and international train operators. Railway Route 10 is part of the SEETO Core Network, which based on EU strategic documents should be integrated in the Trans European Transport Network.(TEN-T). This line is as an alternative line of Pan-European Corridor X, connecting Lapovo (Serbia) – Fushë Kosovë (Kosovo) – Skopje (FYROM). It has an obvious strategic dimension from a regional aspect, for development of the railway transport. The importance of this project is that the project is part of the: • Part III of the Indicative Strategy Paper for Kosovo (2016/2021) • SEETO Strategic Documents (MAPs) • Joint statement WB 6 ministerial held in Pristina in March 2015 • Development Multi Modal Strategy for Kosovo (2015 – 2025) • EBRD and EIB Investment plan
3. Activities carried out during the reporting period under the Action: (max 250 words)	The activities so far implemented for the project on General Rehabilitation of the Railway Route 10 are presented below: • The technical detailed design for Phase 3 (Mitrovica – Leshak – Border with Serbia) including signalling and telecommunication has started in Q4 2021 and the Inception report was accepted, it's under evaluation and it's approved (no objection) by the EBRD bank with a few comments on 27.07.2022. The No Objection from EIB for the mobilization of Topo Surveyer Team and Geoinvestigation team is pending. • The execution of works for Phase 1 has commenced since August 2019. Current progress achieved – 49.354 km of main and secondary track rails are installed out of 79.57 km (62.0%). • Supervision Services Contract for Phase 2 was signed on 29.09.2021 • Signature of Works Contract for Phase 2 was signed on 08.12.2021 Planned activities for the next period: • Launching the open tender for Signalling and Telecom for Phase 1 and Phase 2 and resolving the necessary funding. WBIF funds are secured. The other part of the project financing should be from the Government of Kosovo. Ministry of the Finance support is expected in that respect. For the status of planned activities, See Annex#1 Updated Project Procurement Plan.
4. Actual results: (max 250 words plus table if relevant)	Phase 1 Works Contracts of the Overall Project has been contracted, valued at circa 30% of the updated forecast of the overall project works value, including identified funding gap. Phase 2 Works Contract was signed on 8 December 2021. The Commencement notice, following the Advance Payment, was declined by the Contractor as being without effect. Following negotiations, it was agreed Addendum No. 1 to the Contract of pending signature status, agreeing Commencement Date to be 10 October 2022. The Signalling and Telecom for Phase 1 and Phase 2 is at advanced tender preparation stage. Phase 3 is in a preparation stage.

5. <u>Risk assessment:</u> (max 250 words)	At this stage of the project implementation the risk assessment, proposed mitigations and risk severity remains materially as stated in the GAF, adding to it the COVID-19 crisis that led various organizations to introduce severe measures to control the spread of the virus, with serious implications on contractors, suppliers and consultants and their staff and business partners. COVID-19 pandemic has slowed down the active Phase 1 Works contract to a certain extent and additional time has been awarded. Impacted have been also the procurement procedures. In that respect, the advice provided in <i>Procurement considerations and guidance to clients and tenderers during the Covid 19 crisis</i> of EBRD have been followed. Identified higher rate of construction costs index increase, starting from Q1 of 2021, which for Q2 of 2022 based on data from the Kosovo Agency of Statistics reached 33,72%% in relation to Base Date with considerable impact on the expenditures for adjustment for changes in costs under the Works contract. Considering the remaining Provisional sum amount after the Addendum 3 to the Works Contract, it becomes obvious that additional funds will be needed beyond the foreseen contingency money. A rough estimation of such additional cost beyond the Accepted Contract Amount as a result of the contractually foreseen price adjustment for changes in costs if the Construction Cost Index (CCI), as published by the Kosovo Agency of Statistics maintains without further considerable change at this time reached between 12.6 to 18.5 M€. The Project Beneficiary in a timely manner is consulting and seeking guidance from the MoF and IFI's in order to resolve the funding problem, related to the unforeseen exceptional rate of price escalation in construction costs.
6. <u>Visibility and communication activities:</u> (max 100 words)	INFRAKOS as a beneficiary of the grant until now has implemented all activities foreseen for the development of the project by having direct communication with all parties involved in this project, including: • EBRD and EIB • IFICO as an institution engaged for drafting of TOR • Hill IPF 9 Consortium responsible for drafting of the Project Design. • Ministry of Finance as promoter of the project; and • All other interested parties Project information billboard for Phase 1 has been installed at Fushë Kosovë Station in front of Station and Ferizaj Station. No publicity events took place during the reporting period.
7. <u>Monitoring activities:</u> (max 150 words)	Monitoring performed Regular monitoring meetings have been conducted between PIU and EBRD and EIB via video conference. Further Monitoring Activities The Beneficiary delivers project periodic reports to the IFI's on a three-monthly basis in form and content as prescribed in the legal agreements. Also, the Engineer's Monthly Progress Reports are being sent to the IFI's, allowing monitoring of the progress Phase 1 Works contract status on a monthly basis.

2.2 - Project Actions before Implementation Stage

2.2.1 - Orient/East-Med Corridor: General Rehabilitation of Route 10 Phase 2, Fushë Kosovë-Mitrovicë Railway Section

Supervision Contract for Phase 2 signed on 29.09.2021.

Works Contract for Phase 2 was signed on 08.12.2021. The Commencement Date has been agreed to be 10 October 2022, pending Addendum 1 signature.

Updated Disbursement forecast, based on Contractor Tender Cashflow is provided in Annex 4b.

2.2.2 - Orient/East-Med Corridor: General Rehabilitation of Railway Route 10 in Kosovo, Signalling and Telecoms for Phase 1 and Phase 2

Current status – Advanced tender preparation stage

Refer to Annex#1 Updated Project Procurement Plan

2.2.3 - Orient/East-Med Corridor: General Rehabilitation of Route 10 Phase 3, Mitrovicë– Border with Serbia Railway Section

Current status – Preparation stage

Refer to Annex#1 Updated Project Procurement Plan

[Once in implementation stage GAP reporting template will be used to report the progress under each of the above actions]

3 - WORKS PROGRESS AND COSTS ESTIMATES

The achieved work progress and cost estimates under the concluded Works contracts are presented below:

CONSTRUCTION / ENGINEERING CONTRACT	Unit	Ph1 Works Contract - Contract №45276/ 06.02.2019	Ph2 Works Contract Contract № 8147446-IFT- 45276/ 08.12.2021
CONTRACTOR		GCF	GCF
TIME PARAMETERS OF CONTRACT			
Commencement date		30/08/2019	10/10/2022
Original Time for Completion	days/month	730	455
Original Date for Completion		29/08/2021	08/01/2024
Extensions of Time for Completion	days	488	-
Current Time for Completion	days	1218	455
Current Date for Completion	days/month	30/12/2022	08/01/2024
Current Projected Date for Completion		30/12/2022	08/01/2024
FINANCIAL PARAMETERS OF CONTRACT			
Contract Price without Contingency	Eur	73,826,891.46	45,645,243.16
Contingency	Eur	4,798,747.94	2,282,262.16
Total Contract value	Eur	78,625,639.40	47,927,505.32
FINANCIAL PROGRESS OF CONTRACT			
Amounts Certified for Payment to date	Eur	37,862,031.67	4,792,751.00
Paid advance	Eur	7,862,563.94	4,792,751.00
Materials on site	Eur	20,254,536.77	-
Variation orders	Eur	3,572,312.62	-
Retained money (5%)	Eur	1,949,241.38	-
Advance payment repayment (K-K1)	Eur	7,862,563.94	-
Adjustments for changes in costs	Eur	4,641,869.83	-
Provisional sum for DAB	Eur	26,000.00	-
Progress: % of current Contract Price after Variations and Addenda	%	48.15%	10.00%
Time Elapsed	%	1158	21
Estimated Delay	days	-	-
% of elapsed Current Time for Completion	%	95.07%	4.62%
ADJUSTMENT TO CONTRACT VALUE TO DATE			
Approved estimated cost of contingency	Eur	2,847,915.42	-
Adjustment of cancelled activities	Eur	4,939,375.94	-
Engineer's Determinations or other costs	Eur	259,200.00	-
Costs for DAB	Eur	140,000.00	-
Adjustments for changes in costs	Eur	4,641,869.83	-
Remaining Provisional sum for Contingency	Eur	-3,090,237.31	-
% of approved contingency from the Contract provisional sum, incl. Adjustments for changes in costs	%	164.40%	-
Total approved to date	Eur	7,888,985.25	-
ESTIMATED COST OF EXPECTED VARIATIONS			
Unforeseen costs and Price adjustments (CCI increase)	Eur	14,955,867.20	15,628,931.26
Corrections for cancelled/replacement activities	Eur	-	-
Claimed amounts under SC 20.1 with open status	Eur	-	-
Total estimated to date	Eur	14,955,867.20	15,628,931.26
Estimated total % of contingency needed	%	30.94%	34.24%
Estimated shortage of funds		18,046,104.51	13,346,669.10
Progress % of current Contract price after Vars. & Addenda*	%	46.33%	10.00%
CURRENT CONTRACT VALUE, VARIATIONS AND PRICE ADJUSTMENT INCLUDED			
Contract Value without Price Adjustment		77,074,006.88	45,645,243.16
ESTIMATED CONTRACT VALUE, VARIATIONS AND PRICE ADJUSTMENT INCLUDED		96,671,743.91	61,274,174.42

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

4.1 - Project Overall

- i. Delays in the Project procurement procedures due to the pandemic situation and coronavirus infected personnel of the Beneficiary – the activities have continued, following the “*Procurement considerations and guidance to clients and tenderers during the Covid 19 crisis*” of EBRD have been followed.
- ii. The FIDIC Red Book Works Contract conditions used in the project transfer the risk for Construction Cost Escalation to the Employer. The upward trend of it in the last year will impact the overall project cost and additional funds will be needed to cover price adjustment costs. Support and guidance is being sought in that respect from MoF and IFI's. Ongoing re-evaluation and re-calculation of the Project Funding Gap by the PIU. Latest estimation reflected in Annex 1 and Annex 7 to the report.

4.2 - Phase 1

1.	Timely Payments to Contractor	
	Description	The Project is having three different funding sources and the MoI as a payment intermediate which can disturb a smooth payment process of the Contractor's justified and approved financial requests.
	Impact	The potential contractual consequences from delays on the IPC payments and financing charges under SC 14.8.
	Solution	Since the EIB part is paid through the MoI, coordination with the MoI's relevant Departments has achieved agreement of payment procedure resulting in payments being made within 14 calendar days after IPC submission to MoI, even though MoI several times did not finish the payments in the 14 days, in the letter referred to them Infrakos wrote that it's their responsibility if the payments are not done in time. Payments under the Grant Agreement and EBRD Loan Agreement run almost smoothly as per the Disbursement Handbook provisions, except from the last IPC, IPC 19 which the money disbursed from the grant part were not paid in time to the Contractor. The financial charges for the delayed payment of the IPC-19 and IPC-20 are included in the IPC-23, following the Employer's PIU decision. The Employer has taken all necessary measures to avoid any further delays in payment (operating procedures in place and funds availability).
2.	Excessive increase of price adjustment cost	
	Description	The Construction Cost Index (CCI) issued by the Kosovo Agency for Statistics has excessively increased, lates to 33,72%in relation to Base Date.
	Impact	CCI increase directly affects the cost of price adjustment (Employer's risk)
	Solution	Construction costs worldwide are continuously increasing thus adversely affecting the CCI, hence the price adjustment costs under the Contract. The Employer, supported by the Supervising Engineer, is assessing the additional funds needed in consideration of the ongoing upwards trend and is undertaking necessary steps to secure funds availability for covering the price adjustment costs to be incurred. Availability of Funds continues to be the biggest Employer's concern.

3. Quantities not included in the BoQ		
	Description	Items exist which are not foreseen in the BoQ, the main one being slope stability measures for mainline excavations. Others are anchoring benches in embankments, demolition of concrete elements, riverbank protection gabions.
	Impact	Adverse financial impact to the Project (Employer's risk)
	Solution	VO-3 has addressed several cases by providing updated designs initiated and managed by the Engineer.
4. Low productivity		
	Description	The Works have exhibited considerably lower progress than the foreseen one up to now.
	Impact	Low performance jeopardizes the timely Completion. (Contractor's risk)
	Solution	Addendum No. 3 has provided a new Completion Date. During the reporting period the Primary & Secondary Rail Tracks are completed to 62% of the total (49.354 / 79.574 km), this shows that the critical path no longer goes through earthworks activities but through tunnel activities for which the Contractor has to prove its capacity. The works for the 14 steel bridges' retrofitting still have not commenced and several documents are still missing (method statement, hoisting design, subcontractor's approval, materials submission) although repeatedly requested. Already works on bridges 13-19 are delayed in relation to the Revised Baseline PoW. The highly deficient progress in the construction of ancillary works (6% drainage channels of total 61.4 km, 0% fences, 0% level crossings) can jeopardize the issue of SC 10.1 Taking-Over Certificate. Time for Completion is significantly compromised.
5. Contractor's Commitment to Quality		
	Description	Quality Assurance system of the Contractor does not function and the Contractor's commitment to quality is not observed.
	Impact	The quality of the Works can be compromised (Contractor's risk - long term Employer's risk on maintenance)
	Solution	The quality system of the Contractor does not properly work as the increased number of opened Non-Conformance Reports (NCRs) by the Engineer reveals. The Engineer has to enforce the Contract Specifications and very closely monitor the Works. Since IPC-03 the Engineer has started to retain money for the important NCRs. A further detailed determination on the values upon each NCR is under the Engineer's consideration. The excessive number of open NCRs should close otherwise a delay to issue the SC 10.1 Taking-Over Certificate shall be experienced.

6.	Contractor's tendency to claim	
	Description	Contractor has a tendency to claim. 21 claims are currently open.
	Impact	Increased effort required for proper Contract Management. (Risk allocation is split among Parties depending on the DAB's opinion).
	Solution	Article 9 of Add.3 closes the majority of opportunities for claiming to the expense of the Employer, thus reducing his risk. The Engineer closely monitors all Contractor's activities, keeps contemporary records, and enhances the project control mechanisms. The Engineer's technical staff is properly instructed and consults their senior management related to any instruction given on Site. Early identification of contractual risks, detailed response to all letters to facilitate a third party review and creation of the foundations to rebut any unjustified claim. It is observed increased efforts by the Contractor to claim in order to produce a negotiation basis as to force the Employer to accept a further EoT. From all the submitted new claims up to now, the Engineer does not consider any as critical and the majority are unfounded, still remaining to be substantiated by the Contractor.
7.	Design Overruns (Expropriations)	
	Description	The Design does not have the right-of-way limits on the design. Consultant compared received property line limits with the extent of the design and found out that in several cases expropriation will be needed.
	Impact	If additional land is required for the Works, then the expropriation procedure shall affect the Contractor's PoW and create grounds for EoT claims. Moreover, the Contractor certainly will halt works in any of these places and claim for delays, as he is using any possible chance to reduce his own delays (Employer's risk)
	Solution	Infrakos property limits have been plotted in the Design to investigate areas with insufficient right-of-way. Design modifications are mandatory to limit the required width of the Works in the identified areas. VO-3 Designer commenced its services and is providing the necessary solutions. Due to the extent of the required designs Addendum no.1 to VO-3 was signed on 18/08/2021. VO-3 design has completed the majority of the Project's length.
8.	Permits	
	Description	The Contract requires the Contractor to acquire all necessary permits
	Impact	Absence of required permits may lead to halting of Works and delays (Contractor's risk)
	Solution	Permits are mainly related to environmental issues and have been requested multiple times by the Engineer (18/05/2020, 29/07/2020, 17/08/2020 - notice). The only permit required in a Ministerial level is the Water Permit which takes time to be acquired. All other permits are issued by the relevant Municipalities. The Contractor must comply as soon as possible. Otherwise, SC 15.1 [<i>Notice to Correct</i>] will be issued.

9.	Public relations	
	Description	The Project will interfere with the public as described in points 4 and 5 above, as well as for the uncharted utilities, mainly the private ones.
	Impact	If not properly managed this can create friction or unrest and potential disruption in the smooth sequence of Works and eventually delays. (Employer's risk) If permits are not obtained by the Contractor and proper coordination with the utility owners is done, as required by the CS, unwanted frictions may occur. (Contractor's risk)
	Solution	The Employer must establish public relations team to collaborate with the Contractor. This team should move in front of the Works with their set out to identify problems and negotiate existing ones. The Engineer had already advised the Employer about that and arranged a presentation on 21/11/2019 from the PR manager of BEGP (Route 6 Contractor) of the experience from Route 6 construction. Until now the Employer has managed it's collaboration with the Contractor through the PIU team.
10.	Third Parties	
	Description	Works may affect illegal structures built inside the property of Infrakos which might be difficult to demolish
	Impact	Contractor halts the Works and claims for delays (Employer's risk)
	Solution	Already happened in the Fushe - Kosove area, where walls W1 and W2 demolish Municipality's asphalt roads built inside Infrakos' property. Municipality already reacted negatively to this. Design modifications through VO-3 were made to save time and social impact. Similar problems might occur in other places.
11.	Route 6 Works	
	Description	The topography of the Lepenc gorge has completely changed since the Design's time
	Impact	The Contractor cannot apply the designed works since an updated survey is required (Employer's risk)
	Solution	Through VO-3 several design modifications were instructed to the Contractor on 20/08/2021 mainly related to the riverbed protection works in Bridges 20 to 29. More modifications are expected because of topography change resulting to additional savings. Part of VO 3 Scope.
12.	Demining Survey for unexploded ordnance (UXO)	
	Description	The Contractor has expressed its concerns for the potential presence of unexploded ordnance (UXO) or explosive remnants of war (ERW).
	Impact	Apart from potential health and safety issues, the Contractor can claim for reduction in the rate of excavations hence EoT and cost. (Employer's risk)
	Solution	Since 22 July 2021 KSF team is on Site surveying for UXO the Works, thus limiting the risk to the Employer. Reduced rate of excavation is addressed through Article 10 of Add.3. However, KSF have halted since November 2021 and recommenced on 21 March 2022. No findings since then.

4.3 - Phase 2

The main issue being addressed throughout the reported period was achieving compliance with the Conditions Precedent for the first drawdown under Tranche B under the EBRD Loan Agreement, dated 4 September 2015. With the help of relevant Ministries and EBRD Bank the Employer paid the advance payment on 20.05.2022 and the Notice to Commencement was issued by the Engineer. The Contractor in the interim submitted correspondence (letter refs. RKSP2 22, 022/22 and RKSP2 22, 027/22 within which he is stating that he has contractual grounds to terminate the Contract but is not willing to do so under the condition that the Employer agrees to adjustments in the changes to costs and extension of the time for completion. Eventually after the Commencement Notice was issued. However, via letter ref. RKSP2 0029/22 the Contractor declined the notice as being without effect, claiming that he has already rightfully terminated the Contract. As a result a high level meeting between the Employer, Engineer, Contractor and both Banks (EBRD, EIB) took place on June 3, 2022. The outcome of the meeting was that the following decisions were taken:

- the Contractor to submit his requests, by June 10, 2022;
- the Employer to review the Contractor's requests and counter-propose by June 30, 2022;
- in order to give sufficient time to both sides to negotiate, it was decided both the Employer and the Contractor, to exchange letters, stating that they agree to suspend the validity of the two Notices of Contract Termination, till June 30, 2022.

On the same day, June 3, 2022, the Employer and Contractor exchanged letters stating the suspension of the validity of both Notices of Contract Termination, reference letters 8/92 dated 03.06.2022 and RSKP2 36/22 dated 03.06.2022. Due to the labyrinthine and lengthy communication between the parties, as described above, Employer did not manage to have his own counterproposal ready by June 30, so Employer asked from Contractor to consent to the extension of the suspension of both Notices for Contract Termination validity until July 15, 2022 in order to prepare counterproposal. Contractor accepted the Employer's request for the above mentioned extension of time (extension of the suspension of both Notices for Contract Termination validity until July 15, 2022).

The Employer asked the Engineer to initiate the procedures of negotiations, but it was stated that according to the Red Fidic Contract is beyond of their scope of work. Though that it was asked from the Engineer to be part of initiation of the procedure, the final lead for the negotiations was taken by the Team Leader of Technical Assistance fully supported by the Head of PIU and the Engineer's Team. The first coordination Meeting took place with the participation of Employer (Head of PIU), Employer's Technical Assistant (EGIS), Contractor (GCF) and Engineer (Hill Intl., DB). At this meeting, it was agreed that Contractor should submit a proposal that is in accordance with the two base dates for the calculation of the revisions of the unit prices of the Contract. Contractor, responding to the request of Employer, submitted his proposal with which he once again expressed the need to adjust the unit prices of the Contract (Price Adjustment) as well as the need to extend the time of its completion. The next negotiations Meeting took place with the participation of Employer (Head of PIU), Employer's Technical Assistant (EGIS), Contractor (GCF) and Engineer (Hill Intl., DB). At this meeting, it was agreed by both parties (Employer, Contractor) that Price Adjustment is applicable to this contract (Sub-Clause 13.8 of GCC) and Employer stated that wants to discuss mechanism for change of base date in order to prevent/compensate for liquidated damages. There was a dispute regarding the Notice of Termination of Contract since Contractor stated, for one more time, that the Contract legally terminated by his own notice and Employer stated that the Contract is ongoing. As a conclusion "Contractor confirms that he understands the position of Employer, will discuss internally and will request an update from suppliers on possible schedule of deliveries and, respond asap" in order to evaluate "EoT with a new completion date based on actual delivery dates of the project key materials." By 26 September 2022 it was agreed at the meeting with the Employer, on September 13, 2002 submitted his proposal, which is as follows:

- 1) The Parties agree to definitively withdraw their notices of termination and to waive their termination claims;
- 2) The Employer shall formally agree that Sub-Clause 13.8 applies and that, therefore, the amounts which will become payable to the Contractor shall be adjusted "based on the Construction Cost Index (CCI), as published by the Kosovo Agency of Statistics", applying the contractual Base Date, i.e. May 11, 2020.

After long negotiations, Contract Regulation Meeting was held on 06.10.2022 between Employer, Contractor, Engineer and Technical Support. Among other aspects agreed in the meeting, Parties signed MoM and main agreed issues are:

- SC 13.8 Adjustment for Changes in Cost will apply to the Contract following Construction Cost Index published by the Kosovo Agency of Statistics
- Period from the beginning of June to the end of September 2022 will be excluded from the calculation formula for Price Adjustment
- Commencement Date is 10 October 2022 and time for completion 455 days
- Withdrawal of respective termination notices and to waive any claim related to events occurred prior to the date of this meeting

A draft Addendum 1, recording agreements stated in MoM shall be drafted and submitted for review and approval of the Parties. Parties are in final stage to conclude and sign Addendum 1 to the Contract.

Ongoing project risk identification and assessment.

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

Within the reported period there has been a new appointed Board of Directors of Railway Infrastructure of Kosovo SHA with the decision of the Government of the Republic of Kosovo No. 17/92 dated 10.08.2022 respectively Decision no. 19/96 dated 14.09.2022

The composition of the Board of Directors is as follows:

Edona Nahi, Head of the Board of Directors of Infrakos
Besarta Zuka, Member of the Board of Directors of Infrakos
Shpend Gjugja, Member of the Board of Directors of Infrakos
Genc Hundozi, Member of the Board of Directors of Infrakos

The new Acting CEO from 26.08.2022 is Mr. Uran Mulaj

No other changes to report.

6 - MATTERS THAT MAY AFFECT THE COST OF THE PROJECT

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

- Excessive increase of price adjustment cost due to inflation and respective excessive increase of Price Construction Index issued by the Kosovo Agency for Statistics.
- Ongoing impact of the coronavirus pandemic and the war in Ukraine on the overall project resourcing and progress, procurement procedures and project costs.
- Delayed procurement process and introduced anti-pandemic measures may impact future candidates' price offers due to factoring within the pandemic risks and associated additional costs and time which renders original project expenditures assumption underestimated. Ongoing update of estimations and additional funds are being sought to cover the estimated funding gap.
- Necessary further Addendum to the Phase 1 Supervision Contract to regulate needed Engineer's team inputs to cover fully the new Time for completion of the Works Contract.
- Receiving No Objection from the Banks for Addendum 1 to the Phase 2 Works Contract and its subsequent signature.
- Necessary additional funds for the Phase 2 Works Contract to cover estimated adjustment in cost due to the CCI index increase. Additional funds will also be needed for extending the inputs of the mobilised Phase 2 Supervising Engineer's team.
- Necessary additional funds to cover the overall project cost increase.

7 - DEVELOPMENT OR ACTIVITY LIKELY TO AFFECT THE ECONOMIC VIABILITY OF ANY PART OF THE PROJECT

Nothing to be reported.

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

8.1 - Variation orders under the Phase 1 Works Contract

VO or Amendment no.	Date(s)	Description	Reason	Status	Amount
Add.2	14-01-20	Addendum 2 to the Contract	Provisional Sum for Employer's part of DAB's fees and costs	Approved/Instructed	140,000.00*
1	30-09-2019 12-02-2020	Benchmarks	Faulty benchmarks are required to be re-established and handed to the Contractor. 113 out of a total of 429 are unusable, more specifically 22 repeaters, 83 polygonal points (2nd order) and 8 trigonometrical points (1st order).	Approved/Instructed	25,600.00
2	17-01-2020 05-03-2020	Continuous Welded Rail	The existing Design foresees 14.9 km of jointed rail, ie rails not welded between them to form a continuous rail, but are jointed between them with the use of fish-plates. The Engineer investigated to minimize this jointed rail by the use of different European Standards and maximize the continuous welded rail (CWR) length which increases the riding quality of the line and reduces maintenance costs. This is in line with the Employer's requirements for the track. The saving is estimated to be considerable (over 500 k€).	Approved/Instructed	26,250.00
3	17-01-2020 11-03-2020	Design Support Services	The Project's Design was elaborated without including the Infakos' boundaries therefore design overruns violate private and/or state properties. Employing a designer to be provide real time support to provide design changes is required.	Approved/Instructed	122,682.00
4	30-09-2020 11-03-2020	Geotextile behind Gabions	The Design missed the separation geotextile that is placed behind the gabion baskets to prohibit the mitigation of the fine embankment material through the high voids of the rock material placed inside the gabions and, as such, compromise the embankment's stability.	Approved/Instructed	56,873.50
5	30-09-2020 29-05-2020	Forepoling	The Design of Tunnel no.3 foresees stabilization measures with the method of forepoling using 3,528m of grouted steel tubes with dia 139.7mm and thickness 5mm. However, the Bill of Quantities (BoQ) does not include a relevant item for it hence the calculation of a unit rate in that respect is required.	Cancelled with VO18	217,324.80
6	02-10-2019 16-09-2020	Upgrade of Concrete Classes	Design concrete classes do not fulfill the requirements as per EUROCODE for freeze and thaw and needs to be upgraded.	Approved/Instructed	386,529.64
7	01-12-2020 30-12-2020	Improvement Layer under Railway Track Bed	Although the Contract Specifications foresee under para 2.3.19 the need for foundation improvement of the railway embankment over soils with poor geotechnical characteristics, the BoQ did not include any such item. Site conditions have shown the need for extensive use of such an improvement layer	Cancelled/Replaced by VO-7N	1,130,976.00
8	22-12-2020 30-12-2020	CWR Design (VO-2) Revised Quantities	Following the approval of VO-2 design and its instruction to the Contractor, there is a necessity to regulate the new quantities and adjust the Provisional Sums of the Contract. This is a negative VO.	Approved/Instructed	-1,478,411.00
3, Add. 1	05-08-2021 18-08-2021	Design Support Services Extension	Extension of contract for VO-3 Design Support Services is required to complete all remaining issues with design	Approved/Instructed	125,325.24
9	31-08-21	Various Cancellations	Following several meetings with the Employer, several decisions were taken to mitigate risks as to those assigned on Local Roads, to better define the Scope of the Works and generally to save unnecessary expenditures: 1. LEVEL CROSSINGS 2. LOCAL ROADS/SIDE ROADS 3. HAND-HELD DERAILLERS 4. CANCELLATION OF 2 SWITCHES, INDUSTRIAL LINES AND RELATED WORKS 5. CANCELLATION OF GABIONS km 307+700 – km 308+970 This is a negative VO.	Approved/Instructed	-1,110,438.79
10	31-08-21	Dimpled Membrane	The dimple membrane (DIMPLED MEMBRANE MGP 400-BLACK) was added to the Works to protect double bituminous coating for the reinforced concrete structures. This item was not foreseen in the Tender Design.	Approved/Instructed	140,527.16
11	31-08-21	Sleeper Anchors	The addition refers to the Sleeper Anchor against lateral track displacement. This item was added due to the changed solution from fish plates to CWR and for a better performance of the track in curves with less than 250 m radius.	Approved/Instructed	169,332.40
12	31-08-21	Abutments and Piers Protection	The initial design did not foresee the protection of abutments and piers in those locations where the river may damage the structures in case of floods and subsequent debris flow.	Approved/Instructed	209,639.04
13	31-08-21	Bridge bearings protective system against water ingress	The initial Design did not foresee the protection of the steel bridges' pot bearings in those locations where river splashing and debris may infiltrate to the bearings' seat and cause damage. The best practice provisions and EN 1337-9 recommendations were applied to protect bearings for a freeboard of 1.00 to 1.50 m above the maximum water level.	Approved/Instructed	30,800.00

VO or Amendment no.	Date(s)	Description	Reason	Status	Amount
14	31-08-21	Lepenc river regulations in the areas of Bridges 15 to 29	The construction of Route 6 Motorway regulated extensive lengths of river Lepenc banks rendering not necessary the foreseen in the Design interventions in Bridges 2129. Moreover, river training works for Bridges 15-20 were redesigned based on the approved by the Mol hydrologic and hydraulic design and practice followed in Route 6. This is a negative VO.	Approved/Instructed	-1,210,079.21
7N	02-09-21	Improvement Layer construction - Update according to Site conditions	Replacement of VO-7, Improvement Layer under Railway Track Bed, instructed to the Contractor on 30/12/2020, with the information of the actual conditions encountered on Site related to construction of improvement layer under subgrade and embankment foundation. This VO will be paid as a Lump Sum item.	Approved/Instructed	506,351.98
15	02-09-21	Revised quantity for QS3 subgrade	Due to the construction of the improvement layer with the use of the old ballast material mix for it, the quantities for subgrade out of clean QS3 layer have to increase since the quantity of the old ballast foreseen in the original BoQ for subgrade construction is no more available	Approved/Instructed	268,351.29
16	02-09-21	Supply and transportation on site of new ballast material (volumetric control)	The Initial BoQ was foreseen the delivered ballast to be paid in metric tons upon delivery. Due to lack of control means the ballast will be paid in volume m³ of laid to the track line ballast.	Approved/Instructed	180,517.84
17	02-09-21	COVID-19 Expenses	COVID-19 expenses reasonably incurred by the Contractor during the period the Government of Kosovo imposed restrictions for public health, from March 2020 to 01 June 2021	Approved/Instructed	87,916.28
18	09-09-21	Tunnels Redesign and Portal's Slope Protection	The different geological conditions from the Design's assumptions which were identified from Contractor's geological investigations in the tunnels' areas led to the need to redesign the temporary support for the underground part. Moreover, the lack of any slope support measure in the Design at the portals' areas also required the design of these measures and relevant works as per CS para 2.4, Protection measures. This VO Amount is additional to BoQ Group MG-06, Tunnels, with a contractual cost of 3,570,450.28 €. Hence, the total LS of this VO is 6,735,621.38 €.	Approved/Instructed	2,947,846.30
19	27-10-21	VO-19, Road Level Crossings Change	Change of the initial Design material for level crossings STRAIL type to prefabricated rubber elements for level crossings from the UK company Rosehill.	Approved/Instructed	-30,008.15
20	21-01-22	Design change for Culvert C043	The needs of local community around the Site were met by changing the Design from a 3mx3m culvert to a 6mx4m at km 276+940.	Approved/Instructed	14,537.90
21	21-01-22	Provision of facilities for the Demining Team of KSF	After the request of the Employer to the Government, a team from Kosovo Security Force has been engaged to investigate the excavated areas from UXO (unexploded ordnances). This VO is related to the expenses incurred by the Contractor (food, water, utilities) in support to this team.	Approved/Instructed	29,471.20
				TOTAL SUMS	2,847,915.42

9 - MAJOR ISSUES WITH IMPACT ON THE ENVIRONMENT

The following findings that may have impact on the environment have been noted in the course of Phase 1 Works Contract implementation:

- **Working activities near or in the riverbed:** During this reporting period the Contractor has not performed works in bridges. The water permit is still not provided by the Contractor and for this reason the Engineer has sent the above mentioned letters. The Contractor stated that they have applied for the obtaining of the Water Permit, but have not given further information to which stage the issue has reached. This issue was discussed during the meeting held on 30.09.2022 and Contractor declared that they have applied but the Authorities have not answered to their application.
- **Waste water:** Concrete washouts have been observed at Tunnel T6 and T7, at Bablak area, Ferizaj area, nearby Kodrion stop, village Kosine and Metalurgjia stop and letters with remarks were sent to the Contractor.

The construction sites in Ferizaj Station, nearby Ferizaj Station, Kaçanik Station, at Tunnel T7 and T6 area, Bablak area, Metalurgjia stop and nearby Kodrion Stop are not equipped with mobile toilets. At Tunnel area one improvised toilet has been constructed instead. Verbal and written remarks were given many times to Contractor related to this issue.

- **Rented area:** The Engineer actively followed the situation related to the rented areas and on the occasions of environmental visits on site were also carried out inspections to nearby areas where the materials are being deposited by the Contractor. Continuous reminders have been made verbally and in written, and the Contractor did not answer until now fully for this issue. For some rented areas have been submitted the lease agreements with landowners for the land use with supporting documents, e.g., certificates of ownership, while for several ones only partial information has been submitted as lease agreement only (without parcel number and supporting documents) and for several ones has not been submitted information. From the beginning of 2022 by the end of September 2022, no lease agreement has been submitted by the Contractor nor any has been included in the Contractor's Monthly Report for this period, although the Contractor has been reminded duly in written. Reinstatement of the rented areas is the other issue of concern since usually the Contractor it is not taking action to bring those areas in initial condition. During the reporting period at Hani i Elezit area several soil deposit areas have been identified and among them some in close vicinity of the river Lepenc for which Contractor did not submit lease agreements or permit from respective Municipality. Recently created soil deposits and construction waste deposits have been identified in the vicinity of Tunnel T6 area. Similar situation with soil deposits have been observed at Ferizaj area at two locations and at Metalurgjia stop where deposit material has been placed adjacent to the river Nerodime. Quantity of the materials deposited is significant, but no action has been taken by the Contractor in submitting lease agreements and permits required from the Authorities. During this period several letters mentioned above were sent to the Contractor with related remarks.
- **Waste:** The Contractor has not provided complete information about generated types of waste, waste management (including agreement with authorised company for waste collection), temporary storage or disposal on authorized locations, etc. The Contractor has been reminded again by letter to provide the Contracts with licensed Waste Management Companies.
 - **Domestic waste:** Waste bins were placed at Tunnel T6 and T7 during July and August, 2022. At Ferizaj Station, Bablak area, Kaçanik Station, nearby Ferizaj Station, at Tunnel T6 area (during the site visit in September), Metalurgjia stop, Ferizaj area and nearby Kodrion Stop, village Kosine waste bins were not placed.
 - **Vegetation waste:** This type of waste has been observed at Tunnel 6 area, Metalurgjia stop, nearby Kodrion stop, village Kosine. At the area of Metalurgjia stop, vegetation waste was thrown in the riverbank of Nerodime (letter PXX-00005.00/ED/S2026).
 - **Construction and demolition waste:** At the Tunnel T7 and T6 area were observed concrete debris from the shotcrete and significant amount of construction material deposits from widening of the Tunnel T6 and T7. Quantity of the deposited material from the tunnels is increasing as the works for their widening are progressing. During September 2022, again new quantities of construction debris were observed in

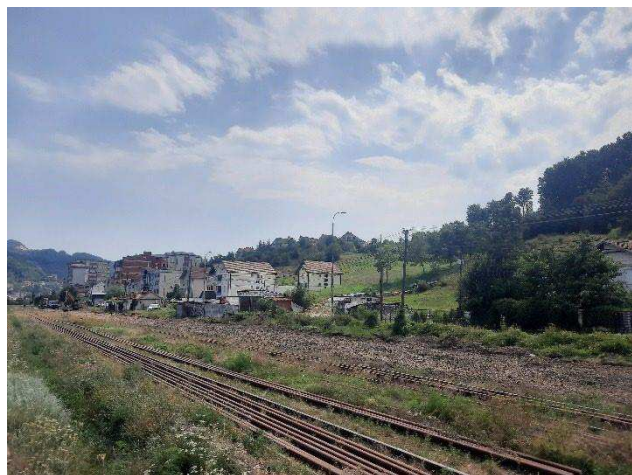
close vicinity of Tunnel T6 and partly the construction waste is placed close vicinity of Lepenc river. The Engineer repeated many times the request in written and verbally that should be informed to where these construction debris are being sent, no official information from the Contractor has been received, neither agreement with any licensed company is submitted. Since the situation has not been improved for a long time until now, during the reporting period many letters with remarks were submitted to Contractor where remarks for construction waste have been addressed such as: demolished concrete debris and surplus of soil.

- ***Rails and wooden sleepers:*** The rails are being stored at Miradi Station storage area, agreed location with Infrakos. Some damaged old wooden sleepers were mixed with other construction debris from the Tunnels, placed nearby northern portal of Tunnel 7. At Kaçanik Station, at Ferizaj area and Metalurgjia stop have been observed numerous old wooden sleepers either damaged or left unattended.
- ***Ballast:*** Old ballast has been removed at Kaçanik Station and has been placed nearby the line with intention to be reused as well as the ballast has been removed at Metalurgjia stop and Ferizaj area.
- ***Hazardous waste and chemicals:*** There is no storage area prepared for hazardous waste and storage of chemicals. No information submitted by the Contractor related to any licensed company which will manage, transport and dispose such waste has been presented, except one local company for managing the waste oils. Drip trays are not being provided to any of the sites to prevent leaks and spillages where the works are ongoing. No response spill kits are available on sites in case an incident occurs.

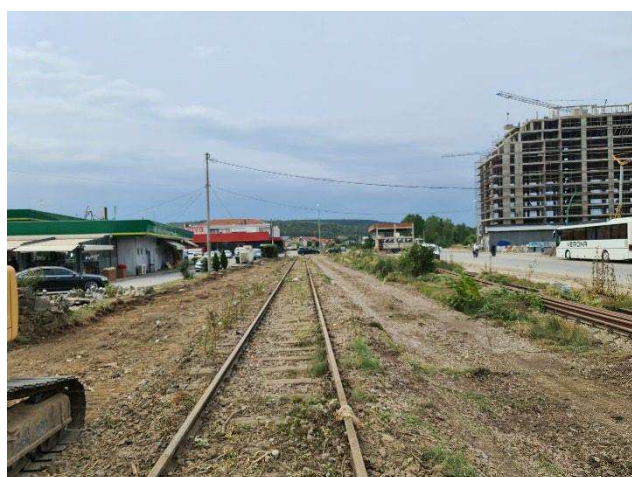
Fuel and oil spills are present continuously on sites, created mainly from the Contractor's machinery. Spills have been created at Ferizaj Station, between Tunnel T6 and T7, nearby Lepenc river. Numerous oil spills were observed at Ferizaj area and extensive ones at Metalurgjia stop. Letters with remarks were sent to the Contractor related to oil spills.

10 - PROJECT-RELATED PICTURES

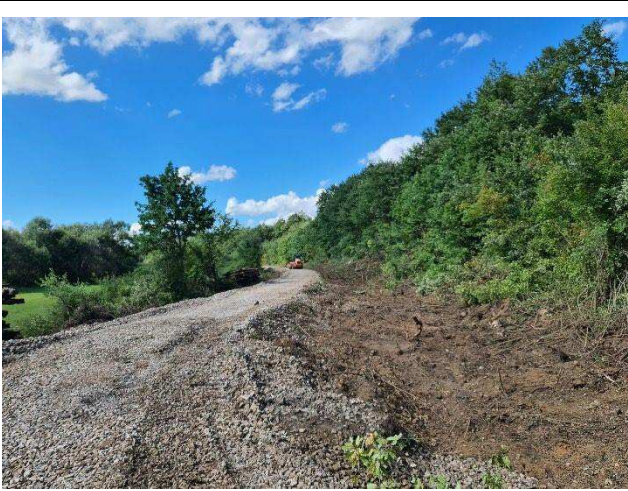
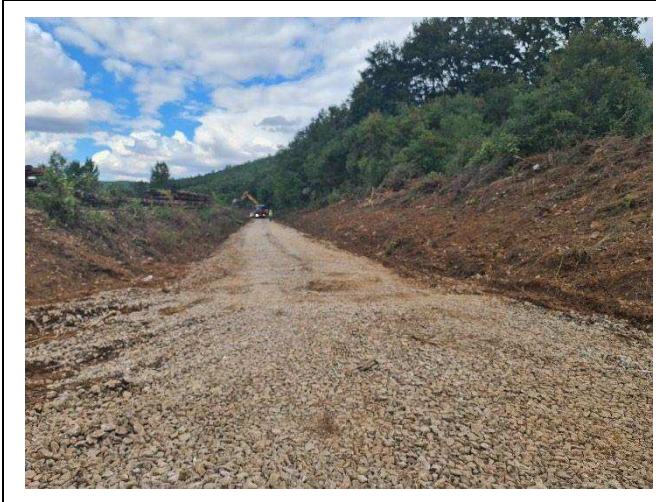
Clearing and grubbing in Kacanik Station



Clearing and grubbing in Ferizaj



Clearing and grubbing in Metalurgjia area



Ballast stock pile in Bablak

Ballast stock pile in Gurez



Sampling of ballast in Gurez Stock

Sampling of ballast in line



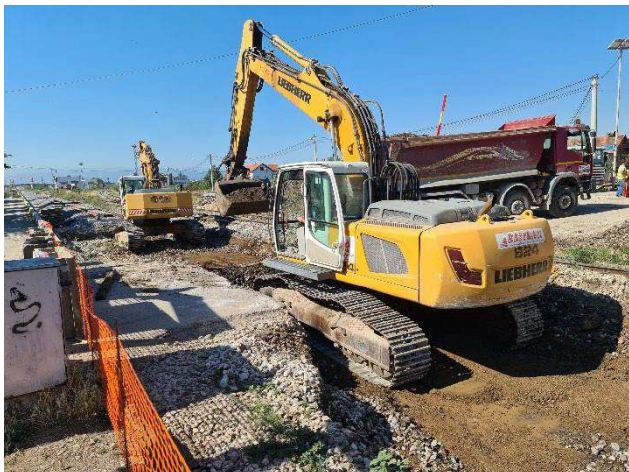
Inspection of geometry zero ground level Location: Kacanik station	Inspection of geometry for subdrain trench Location: near Fushe Kosovo station
	
Inspection of the end of wall 15R Location: Ferizaj	Checking distances from edge of asphalt to the line Location: Kacanik
	
Inspection of the excavation near wall 13 Location: Ferizaj	Inspection of the excavation of channel Location: Lipjan
	
Inspection of the upper protective layer Location: Ferizaj	Inspection of the subgrade layer Location: Stagove

Updated: 31/10/22



Earthworks performed by the Contractor in Hani i Elezit area	
Excavation of the slope	
	
Applying of 5cm of shotcrete	

Updated: 31/10/22

	
Installation of the wire mesh	First layer of the shotcrete
	
Earthworks in Level crossing nr.03 in Fushe Kosove	Construction and testing of soil improvement layer
	
Construction and testing of subgrade layer	Excavation and testing of natural ground Kacanik Station

Updated: 31/10/22



Excavation and testing of natural ground Metalurgjia area



Construction of secondary line in Fushe Kosova
Track axis 4 cs. 123 - 133



Bablak Station

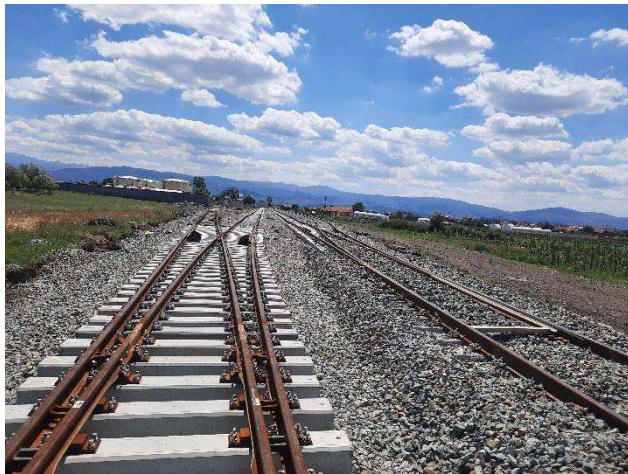
Laying of new ballast, concrete sleepers 2.60m/2.40m and new rails 60 EI/S49



Assembling and mounting of turnouts



Removal of the old ballast Kacanik Station



Dismantling of existing railway S49 on wooden sleepers, Metalurgjia



Dismantling of existing railway S49 on wooden sleepers, Stagove area



Installation reinforcement and pouring of the concrete	Pouring Concrete
	
Demolishing existing culverts	Culverts Joints
	
Installation of reinforcement and waterstop	Double bituminous coating application and dimple membrane

Updated: 31/10/22



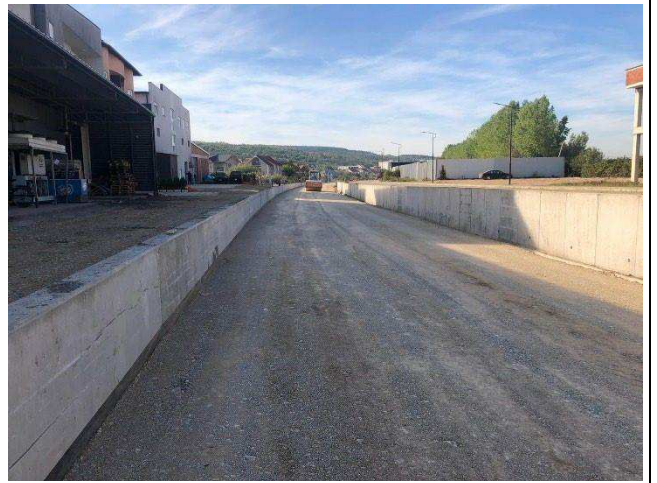
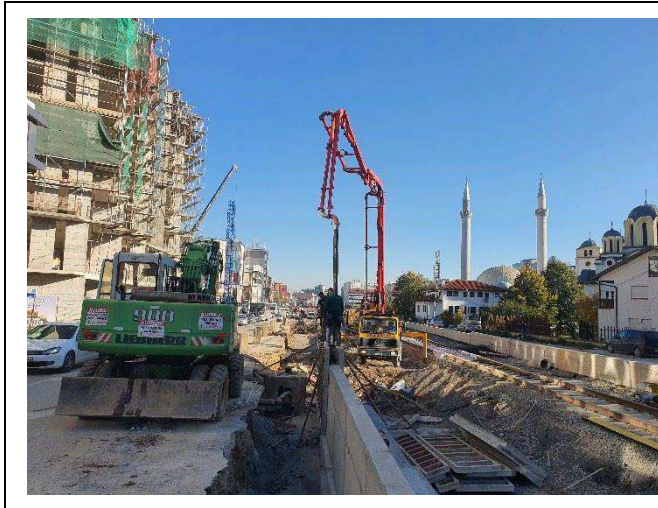
Laying of the preforated pipes and geotextile



Filling with filter gravel material



Construction of retaining walls in Hani i Elezit	
Constructed walls	
	
Installation of the formworks	Removal of the Formworks
	
Installation of reinforcement and waterstop	Constructed wall 25_Right
	
Pouring concrete	Constructed walls 14_Right and 8_Left



Gabions ch. 291+875 – 291+900	
Excavation for construction of gabions	Construction of Gabion cages

Updated: 31/10/22



Filling of gabion cages with quarry stones



Platform in Hani i Elezit Station ch. 311+448.16 - 311+648.59

Installation of reinforcement of the upper slab



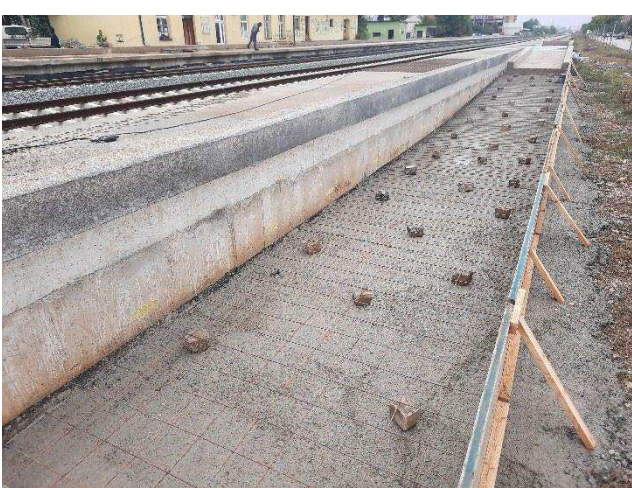
Pouring concrete for upper slab



Double bituminous coating of the Platform

Constructed Platform

Updated: 31/10/22

	
Platform in Lypjan Station	
Installation of reinforcement of the ramps	Construction of the stairs
	

Underground works in Tunnel 6 -North part: (307+136.8-307+150.80)	
Excavation and demolition of existing lining	Sampling of shotcrete



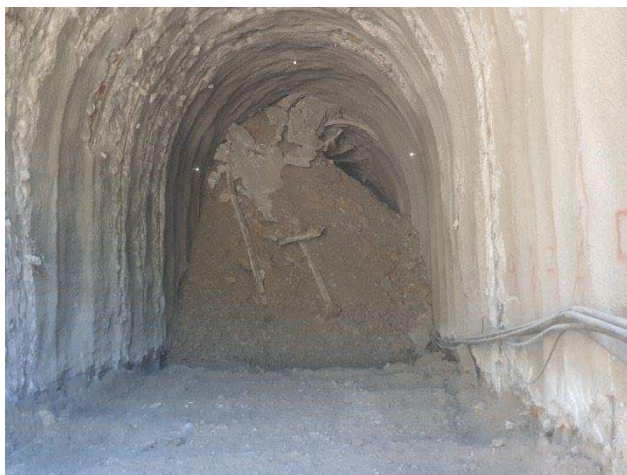
Additional support measures in tunnel 6 (North part)

Installation of radial bolts Ch: 307+110.75 – 307+150.8



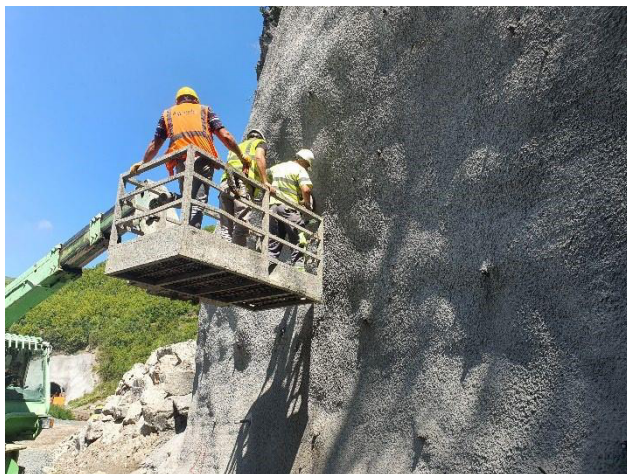
Collapse occurred in tunnel 7 (ch:307+575-307+607)
date 10/09/2022

Geometry correction of the temporary lining,
Tunnel 7

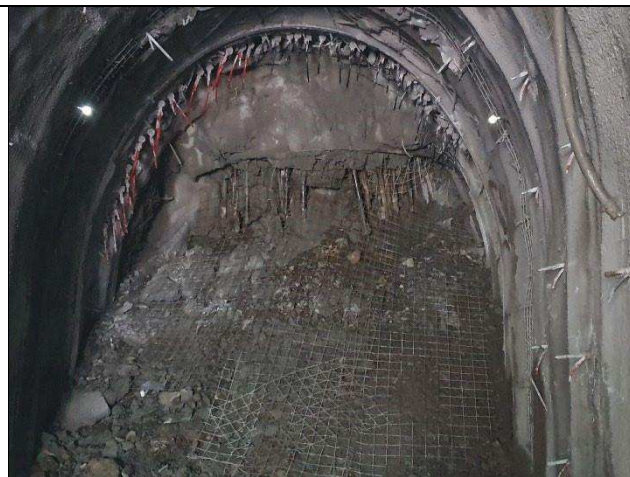


Updated: 31/10/22

Underground works in Tunnel 6 (North part), (307+118.8-307+136.80), L=18.0 m'	
Excavation and demolition of existing lining	Installation of temporary support
	
Testing on North Portal in Tunnel 7	
Marking of points for sampling	Pull out test of permanent rock bolts
	
Taking out the cores	Thickness measurement of samples



Collapse occurred in tunnel 6 (Ch:307+150.8) date 23/09/2022



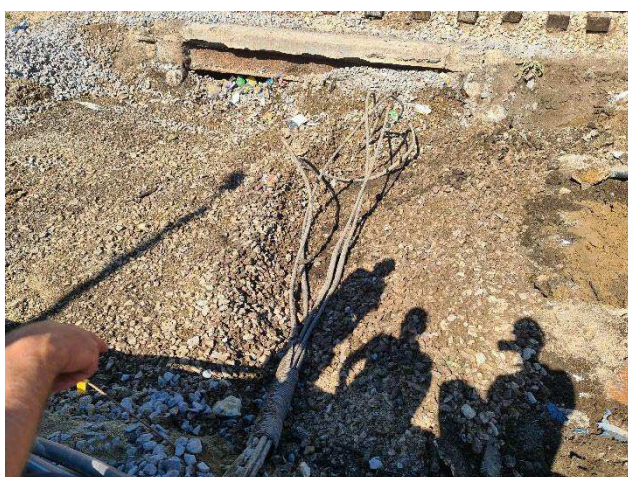
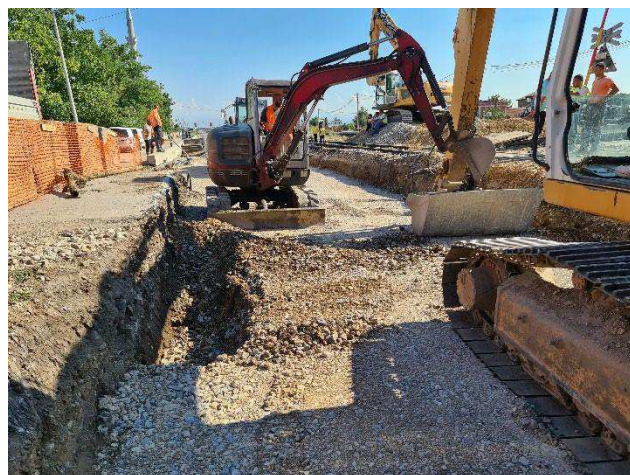
Utilities encountered in Fushe Kosova, ch. 249+505 – 249+545

Crossing pipes for future in Hani I Elezit Station



Updated: 31/10/22

Relocation of optic cables



Crossing pipes in Kacanik Station



Water supply

RW_8 Left cs. 1658 – 1659+10m

Updated: 31/10/22



Sewerage old pipe cs 1666+10m



RW_07 Left cs 1635 - 1648

