



KOSOVO RAILWAY ROUTE 10 REHABILITATION PROJECT

PERIODIC PROJECT REPORT

CUT-OFF DATE OF THE REPORT: 31 MARCH 2023



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
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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.	
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Reporting Period: Q1 2023	

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Name	Organisation	Comments
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	EIB	
	MoF	
	MIT	
	CEO, Infrakos	
	NIPAC	

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TABLE OF ABBREVIATIONS

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



0 - DOCUMENT INFORMATION

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

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

1 - PROJECT OVERVIEW

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

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

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

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

The proposed project consists of the rehabilitation and partial upgrade of Kosovo's north-south railway line, with total length 148km, from the border with Serbia in the North of Kosovo to the border with North Macedonia in the south of Kosovo. The 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). 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.

The overall project status and progress achieved as of the cutting date of this report is presented in the sections below. The report contains also an up-to-date estimation of the Phase 1 and Phase 2 funding gap.

2 - PROJECT STATUS

2.1 - Project Actions in Implementation Stage

2.1.1 - Executive Summary

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

A. Works Contract Phase 1

- a) The Time for Completion was elapsed and only 55.5% of financial progress was achieved over the previous 43 months since the Commencement Date;
- b) The achieved monthly progress is around 1.1% as evaluated by the Engineer based on the costs of the certified works and materials;
- c) The Employer and the Contractor are negotiating the changes to the Contract over 3 months out of the preliminary expected new Extension of Time in 12 months. The Parties signed Agreement #4 effective from 01.04.2023 where the following intentions were declared:
 - (i) The suspension of application delay damages is extended until 25.04.2023 and Addendum #4 shall be signed until this date;
 - (ii) An EoT until 30.09.2024 on provided that the Contractor submits by 30.04.2023 the design for the first two bridges and the Employer issues a preliminary approval by 15.05.2023;
 - (iii) The Contractor shall justify the above stated EoT;
 - (iv) The Contractor is not entitled to any claims for prolongation or any other costs related to this EoT
 - (v) The cost of design for 13 new steel bridges is 500 kEUR;
 - (vi) The cost of the additional work will have to be justified by the Contractor
- d) The quality of works is considered by the Engineer as the one of the critical issues;
- e) 30.03.2023 EIB raised concerns about the Contractor's compliance with the environmental requirements and local regulations;
- f) The initial contract price has a strong tendency to overrun, that mainly explained by the significant escalation of the Construction Cost Index and application of SC 13.8 Adjustment for Changes in Cost (currently estimated as 12.6-18.5 mEUR, most likely closer to the upper limit);
- g) Twenty-three (24) Contractor's claims and seven (7) Employer's claims remain open and not quantified. The risk of further escalation of the contract's costs is relatively high;
- h) The risk of Contract termination is high; and
- i) Unsecured financial resources related to the increased project costs (awaited promulgation of Loan agreement with EIB for 38 mEUR which will cover the identified additional funding needs for Phase 1).

B. Works Contract Phase 2

- a) At the end of the reporting period, the financial progress is only around 10%, corresponding to the Advance payment,, whilst the 31% time for completion is absorbed. Absence of the PoW that reasonably demonstrates a Contractor's ability to complete the Works within Time for Completion

supplemented by evidence of mobilization the sufficient resources raises concerns about the completion of the Contract within the time;

- b) Application of SC 13.8 Adjustment for Changes in Cost leads to adjustment of the Accepted Contract Price in 15.2 mEUR which is an optimistic forecast based on the gradual increase of the Construction Cost Indexes over the period 2021-2022 and taking into account the application of the price adjustment mechanism endorsed by the DAB in the Work Contract Phase I; and
- c) Unsecured financial resources related to the increased project cost (awaited promulgation of Loan agreement with EIB for 38 mEUR which is likely to not fully cover the identified additional funding needs, especially in the scenario 2 if the Construction Costs Index, published by the Kosovo Institute of Statistics continues to go upward or maintains at its current level)
- d) EBRD loan and WBIF funds for Phase 2 is not yet possible to be disbursed, pending the acceptance by EBRD of the Environmental & Social Action Plan to be enclosed to the funding agreement.

C. Other

- a) The Supervision contract for Work Phase I has been extended until 30.08.2023. This extension does not cover the anticipated duration of Works Contract for Phase I. An additional addendum with an extension of time and additional budget in the amount that corresponds to a new Extension of Time that potentially will be granted to the Contractor are being considered.

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

2.1.2.1 - Scope of Work (Phase 1)

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

TABLE 1. MAIN FEATURES OF PHASE 1 WORK CONTRACT

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

2.1.2.2 - Key Data of the Work Contract (Phase 1)

2.1.2.2.1 - Original Key Data. Work Contract (Phase 1)

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

KEY DATA OF THE WORK CONTRACT (PHASE I)

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

Description	Data
Time for Completion (Initial)	730 days
Works' Completion Date (Initial)	29 August 2021
Time for Completion (Add.3). <i>Provisionally extended via Agreements #1-#3</i>	30 December 2022 25 April 2023
Defects Notification Period (DNP)	365 days
Accepted Contract Amount (ACA)	78,625,639.40 EUR without VAT ¹
Provisional Sum for Contingencies	4,798,747.94 EUR

2.1.2.2.2 - Addendums to the Work Contract (Phase 1)

The list of Addendums to the Work Contract (Phase 1) is provided in the Table below.

ADDENDUMS TO THE WORK CONTRACT (PHASE1)

#	Title	Bank's no objection	Signed
Add.1	Accepted Contract Amount and Advance Payment Reduced Advance Payment from foreseen 15% to 10% of the ACA	13-12-2019	14-01-2020
Add.2	DAB - Dispute Adjudication Board (Add the fees of the DAB member to the CP)	13-12-2019	14-01-2020
Add.3	EoT and Regulation of all open contractual issues. EoT up to 30/12/2022	24-09-2021	08-12-2021
Agrmt. 1	Conditional suspension of the activities under the Contract and EoT until 31 January 2023	n/a	21-12-2022
Agrmt. 2	Conditional suspension of the activities under the Contract and EoT until 15 February 2023	n/a	30-01-2023
Agrmt. 3	<i>Conditional suspension of the activities under the Contract and EoT until 31 March 2023</i>	n/a	15-02-2023
Agrmt. 4	<i>Conditional suspension of the activities under the Contract and EoT until 25 April 2023 and preliminary agreements for the scope of Addendum 4</i>	n/a	01-04-2023

2.1.2.2.3 - Variation Orders (Phase 1)

See Section 9.1.

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

2.1.2.3 - Works Contract Progress (Phase 1)

PROGRESS DURING Q1,2023

Description	December 2023	March 2023	Quarterly Progress
1	2	3	4 = 3-2
Materials on Site	68.0%	72.6%	12.6%
Works	38.8%	41.4%	2.6%
Total Financial Absorption	53.5%	60.26%	6.76%

PHYSICAL PROGRESS Q1, 2023

Physical progress indicators	Total length	Completed December 2023	Completed March 2023	Quarterly Progress
1		2	3	4 = 3-2
Primary Rail Track	65.717 km	49.180 km	51.233 km	2.053 km
Secondary Rail Track	13.857 km	8.341 km	9.261 km	0.92 km
Primary and Secondary Rails Tracks	79.574 km	57.521 km	60.493 km	2,973 km

2.1.2.4 - Cost. Work Contract (Phase 1)

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

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

FINANCIAL PROGRESS OF WORK CONTRACT (PHASE 1)

WORKS PROGRESS & COSTS ESTIMATES		Updated as of:	31.3.2023
	CONSTRUCTION / ENGINEERING CONTRACT	Unit	Ph1 Works Contract - Contract №45276/ 06.02.2019
	CONTRACTOR		GCF
FINANCIAL PARAMETERS OF CONTRACT			
G1	Contract Price without Contingency	Eur	73 826 891,46
G2	Contingency	Eur	4 798 747,94
G3	Contingency for VO's	Eur	-
G (G1+G2+G3)	Total Accepted Contract Amount	Eur	78 625 639,40
FINANCIAL PROGRESS OF CONTRACT			
K	Amounts Certified for Payment to date	Eur	47 379 350,30
K1	Total Value of Completed Contract Works	Eur	37 926 806,39
K2	Paid advance	Eur	7 862 563,94
K3	Materials on site	Eur	24 727 995,11
K4	Variation orders carrying adjustments for changes in costs	Eur	3 705 605,95
K5	Variation orders not carrying adjustments for changes in costs	Eur	821 326,12
K6	Retained money (5%)	Eur	2 513 161,44
K7	Advance payment repayment	Eur	7 862 563,94
K8	Adjustments for changes in costs	Eur	7 809 490,39
K9	Provisional sum for DAB	Eur	26 000,00
K10	Application of SC 14.6	Eur	1 317 372,07
K11	Delayed Payment financing charges	Eur	4 939,11
P1=(K1+K4+K5+K9)/(G-S6)	Progress: % of current Contract Price after Variations and Addenda	%	55,12%
P2=K/G	Progress: % of the Accepted Contract Amount including price Adjustment	%	60,26%
M	Time Elapsed	days	1309
M'	Estimated Additional Needed Time to Completion	days	640
N=M/D'	% of elapsed Current Time for Completion	%	107,5%

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

IPA-30 for works up to 31/01/2023 was submitted on 03/02/2023 for the amount 3,472,257.32 €.

IPC-27² () was issued on 10/03/2023 for the amount of 2,045,250.88 €. Its payment is due by 03/04/2023.

IPA-31 for the works up to 28/02/2023 was submitted on 20/03/2023 for the amount of 2,305,026.14 € and its under Engineer's evaluation.

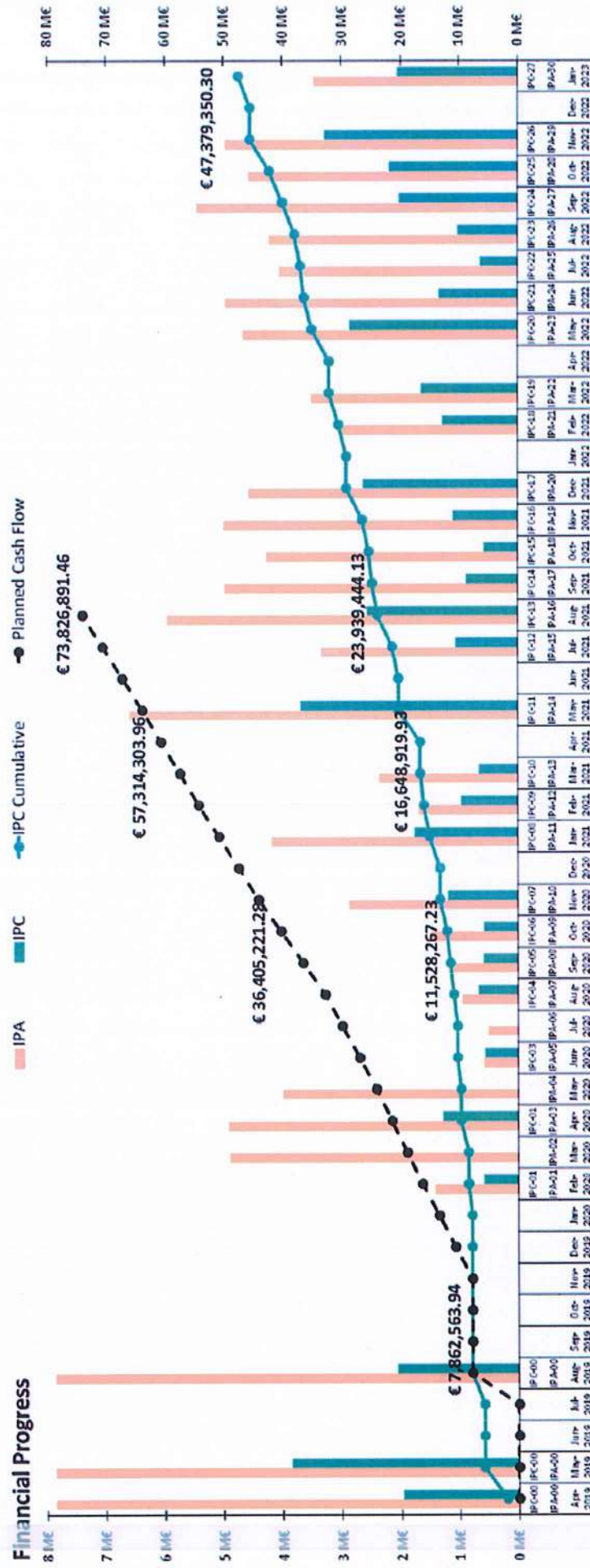
For all disbursements under the Phase 1 Works Contract see Annex#4a Ph 1 Works Contract Disbursements.

2.1.2.4.3 - Planned VS Actual Financial Progress. Work Contract (Phase I)

The planned financial progress of work and actually achieved is presented below:

² Revised version due to arithmetical error discovered in the RFI 4828 for IPC-27 sent with letter PXX-00005.00/MZ/S2279 dated 06/03/2023

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



2.1.2.4.4 - Adjusted Contract Price. Work Contract (Phase 1)

As of the end date of the reporting period, the Accepted Contract Price has been adjusted due to different factors.

ADJUSTED CONTRACT PRICE. WORK CONTRACT (PHASE 1)

WORKS PROGRESS & COSTS ESTIMATES		Updated as of:	31.3.2023
	CONSTRUCTION / ENGINEERING CONTRACT	Unit	Ph1 Works Contract - Contract №45276/ 06.02.2019
	CONTRACTOR		GCF
	ADJUSTMENT TO CONTRACT VALUE TO DATE		
S1	Approved estimated cost of contingency	Eur	2 847 915,42
S2	Adjustment of cancelled activities	Eur	4 939 375,94
S3	Engineer's Determinations or other costs	Eur	259 200,00
S4	Costs for DAB	Eur	140 000,00
S5	Adjustments for changes in costs	Eur	7 809 490,39
S6	Remaining Provisional sum for Contingency	Eur	1 551 632,52
S7	Delayed Payment financing charges	Eur	4 939,11
S8	Certified amount under SC 20.1 / Obtaining DAB Decision [SC 20.4]	Eur	915 715,85
P2=S6/G2	% of remaining contingency from the Contract provisional sum, excluding Adjustments for changes in costs	%	32%
P3=S5-S6+S7	Current shortage of funds, considering paid adjustments for changes in costs	Eur	7 178 512,83
S=S1+S3+S4+S5+S7	Total approved/certified to date	Eur	11 977 260,77

The total approved/certified costs to date are exceeding the available contingency provisional sum with 7,178,512.83 €.

Due to the considerable increase of the Construction Cost Index (CCI) issued by the Kosovo Agency for Statistics for Q4 of 2022, the current adjustment multiplier is 1.3692 or 36.92%.

As per IPC-27, the cost of price adjustment is at € 7 809 490,39 with a CCI that reached 142,2 in Q3 of 2022. The trend for the CCI is for it to remain stable or shift downwards, as registered for Q4 of 2022. The estimated total amount for the price adjustment total cost as reported by the Supervising Engineer is between 12.6 to 18.5 M€, but realistically closer to or will exceed the upper limit.

2.1.2.4.5 - Anticipated Adjustments of the Contract Price. Work Contract (Phase 1)

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

FORECASTED FINAL CONTRACT PRICE. WORK CONTRACT (PHASE 1)

WORKS PROGRESS & COSTS ESTIMATES		Updated as of:	31.3.2023
	CONSTRUCTION / ENGINEERING CONTRACT	Unit	Ph1 Works Contract - Contract №45276/ 06.02.2019
	CONTRACTOR		GCF
	ESTIMATED COST OF EXPECTED VARIATIONS		
T1	Unforeseen costs and Price adjustments (CCI increase)	Eur	11 573 368,89
T2	Corrections for cancelled/replacement activities	Eur	-
T3	Claimed amounts under SC 20.1 with open status	Eur	-
T4	Estimated VO's	Eur	14 500,00
T	Total estimated to date	Eur	11 587 868,89
P3=(S+T)/G2	Estimated total % of contingency needed	%	31,92%
P3'=G1+S+T-G	Estimated costs beyond the Accepted Contract Amount		18 766 381,72
V=G1+S	CURRENT CONTRACT VALUE, VARIATIONS AND PRICE ADJUSTMENT TO DATE INCLUDED	EUR	85 804 152,23
	Contract Value without Price Adjustment	EUR	77 994 661,84
	ESTIMATED CONTRACT VALUE, VARIATIONS AND PRICE ADJUSTMENT INCLUDED	EUR	97 392 021,12

The currently anticipated costs, exceeding the Accepted Contract Amount are around 18,5 mEUR.

This forecast doesn't take into consideration the value of the Contractor's claims (24 open claims) and the Employer's claims (7 open claims) that haven't been quantified.

The forecast does not also consider the possible outcome of the ongoing negotiations with the Phase 1 Works Contractor for Variation at the value of 8 M€ (subject to Price Adjustment) and EoT of 17 months.

2.1.2.5 - Time. Work Contract (Phase 1)

2.1.2.5.1 - Programme of Work. Work Contract (Phase 1)

The Programme of Works submitted by the Contractor since December 2021 have been largely commented by the Engineer, including multiple Notices to Correct as per SC 15.1 [Notice to Correct] that were issued by the Engineer with request for an updated Programme.

The Contract completion date, 31.12.2022 was passed without the Contract being completed, and with the overall progress of the completed work around 54%.

The Employer and the Contractor jointly agreed to postpone the completion date to 25.04.2023 (ref. Agreement no. 4). Addendum #4 that may include an Extension of Time to September 2024.

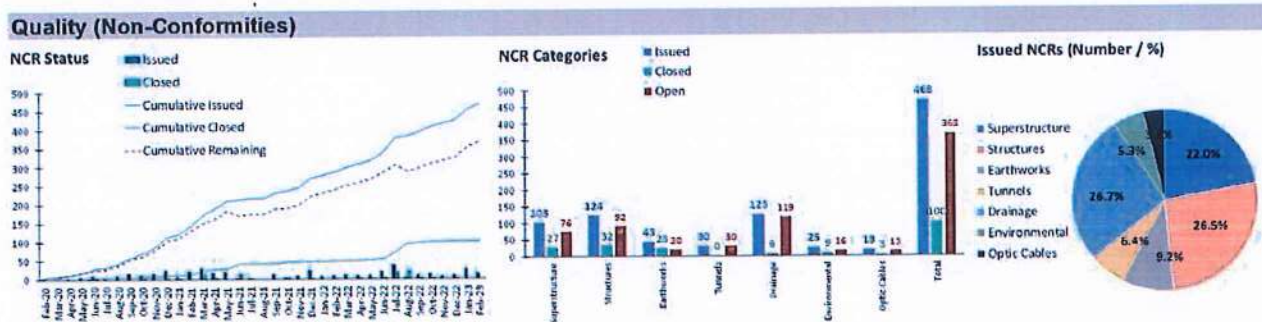
At the end of the reporting period, the Programme of Works that allows reasonable anticipation of the Contract's completion date is not available.

2.1.2.6 - Quality. Work Contract (Phase 1)

2.1.2.6.1 - Non-Conformity Reports. Work Contract (Phase 1)

The brief statistic of the issued Non-Conformity Reports (NCRs) extracted from the Engineer's MPR for March 2023 is presented below:

FIGURE 2.NCR. WORK CONTRACT (PHASE I)



Total number of the non-closed NCRs is 468.

2.1.2.6.2 - Notice to Correct. Work Contract (Phase 1)

At the end of reporting period 16 out of 22 Notice to Correct issued by the Engineer as per Sub-Clause 15.1 are open. One new Notice to Correct related to Environmental and Health & Safety issues was issued in the reporting month.

2.1.2.7 - Notice to Claims. Work Contract (Phase 1)

2.1.2.7.1 - Contractor's Claims. Work Contract (Phase 1)

Twenty-four (24) claims remain open, twenty-three (23) of which were submitted in the period following the signing of Addendum no.3. Their detailed submission as per SC 20.1 is pending. For all open claims their detailed submission as per SC 20.1 is pending. Details are provided in the Engineer's MPR for March 2023.

2.1.2.7.2 - Employer's Claims. Work Contract (Phase 1)

The Employer's PIU decided in the meeting of 23 November 2020 to start issuing claims as per SC 2.5 [Employer's Claims]. With the signing of Add.3 on 08/12/2021, one (1) claim remains open in respect to third party liability and five (5) new ones have been issued thereafter reaching in total six (6) open claims. Details are provided in the Engineer's MPR for March 2023.

2.1.2.8 - Environmental and Social Issues. Work Contract (Phase 1)

On March 29-31, 2023, the Environmental and Social Specialist of the PIU Consultant carried out field mission in Kosovo. The purpose of the mission was inspection of the environmental and social matters on the construction sites which are part of Phase I, implementation of the required measures by the Contractor for protection of the environment, community and workers, discussions with the representatives from the PIU, Engineer from Hill, EBRD and defining the further steps that the Contractor, Engineer and Client should implement in accordance with the contractual requirements and legal obligations, etc.

The main findings, conclusions and recommendations are presented below:

- The Contractor has implemented some measures for organization of the sites as removal of the waste, removal and replacement of materials, equipment, mechanization etc. Although there is some improvement in terms of the management and arrangement of the construction sites, still there are incompliances and immediate measures should be implemented by the Contractor.
- All identified incompliances should be solved during April, 2023, because in the ESAP which is part of the Annual Report for Environmental and Social Matters for 2022, sent to the EBRD, the Client upon sent remarks during March from the EBRD proposed that all identified incompliances will be solved at the end of March and during April, 2023.

- (iii) At Kacanik station and Tunnel 6&7 areas, the Contractor has implemented measures for cleaning up of some fraction of waste and there is some improvement, but the main conclusion is that the waste is still not properly managed on the sites. On the sites, besides present of different fraction of waste, at many places there are residues of concrete, created from washing out of the concrete mixers and disposal of surplus concrete. Immediate cleaning up of the sites from all type of waste, as well as implementation of measures for proper waste management in accordance with the PIU requirements and legal obligations are required.
- (iv) Storage and handling of fuel and oil is still not properly managed on the sites, particularly at the storage area at Tunnel 6&7 area. Immediate measures for improvement the storage conditions and handling with fuel are required.
- (v) At Kacanik station and Tunnel 6&7 areas the Contractor has implemented measures for cleaning up of the spills (fuel and oil), which is more evident at Kacanik Station. Besides implemented measures, spills from fuel and oils from the equipment and mechanization are noted again at the construction sites. Immediate implementation of measures for improvement of the condition on sites by the Contractor and the Engineer are required.
- (vi) There is some improvement of collection of waste water from Tunnel 7, compared to the previous site visit, i.e. waste water is collected in earth ponds, where partial sedimentation is performed prior discharging of the water into the river Lepenec. Because the waste water besides the concrete contains greasy (fuel and oils), the implemented measures for waste water treatment is not appropriate and further improvements is required. The generated waste water at Tunnel 6 and between Tunnel 6&7 generated from concreting activities are discharged without any treatment into the river Lepenec. The Contractor must not carry out these activities on the construction site, without approval of the Engineer for the manner of waste water management and provided permit for discharging of waste water into the river that should be issued by the Ministry of environment. Immediate implementation of measures for proper waste water management in accordance with legal obligations are required by the Contractor and Engineer.
- (vii) Usage of technical water from River Lepenec for Tunnels 6& 7 and discharging of waste water into the River Lepenec is still without required permits, for water use and waste water discharging. Immediate providing of permits from the Ministry of Environment is required.
- (viii) Safety measures for protection of the construction sites and community still are missing, particularly at Kacanik Station. Immediate implementation of measures by the Contractor are required.
- (ix) Grievance mechanism boxes at Tunnel 6 and 7 still are missing and there is a need for immediate providing them by the Contactor.
- (x) Documents and data that were discussed at a meeting with the Contractor and promised to be submitted as soon as possible, they have not yet been fully submitted.
- (xi) The Engineer should continue to deliver letters with remarks and warnings to the Contractor, and if there is no improvement, to take stricter measures.
- (xii) The documents and activities to be prepared and implemented by the Client for Phase I are prolonged. The Client should start with their implementation, because the same are part of contracts with the Banks, as well as requirements of the national legislation.
- (xiii) EBRD expressed their intention to terminate the project because of incompliances related to environmental and social aspects on the sites. EBRD allowed additional time for improvement and solving of identified incompliances and will perform field mission, during May, 2023. EBRD suggested all legal provisions arising from the national legislation related to environmental pollution and caused damages, financial and other types of penalties, inspection from the competent institutions, as well as financial repercussions defined in the contract between the Client and Contractor to be taken as a priority and to be presented to the Contractor. Also, it was concluded that a letter should be sent to the Contactor for contractual provisions and to be proposed time frame to address the noted E&S [incompliances. In addition, the Contractor's staff should be trained by the Client/PIU for environmental and social aspects, in order all incompliances to be overcome.](#)

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

- **Water supplying:** No official answer for water supplying has been submitted to the Engineer. The Contractor is taking water for the Project needs at tunnel's area T6&T7 from the river Lepenc for months, i.e. with hoses placed nearby northern portal of T6 and southern portal of T7 without permission. For this in compliance the NCR No.460 was issued by the Engineer on 20.02.2023 and situation remained unchanged during the end of March.
- **Working activities near or in the riverbed:** On 22.12.2022 the Engineer has received from PIU the Water Compliance issued by the Ministry of Environment, Spatial Planning and Infrastructure for refurbishment of culverts and bridges for whole railway line (the permit No. 5014-3/20 was issued by the Ministry on 21.06.2022).

The Contractor has proposed a deviation of the railway line near Tunnel T7, crossing twice Lepenc river, to open the line for traffic and continue works inside the Tunnel T7. For this issue has been given consent of the PIU and Engineer conditionally. The Contractor will prepare all the related designs, which the Employer will approve. The contractor shall obtain all permission from the Authorities as per Law requirements. Having that, this proposed deviation is passing nearby river Lepenc and must cross this river at two locations Contractor initiated one Meeting for their proposal of deviation at *Ministry of Environment, Spatial Planning and Infrastructure*, since is subject of their approval. This was Joint Meeting with the Contractor, PIU and representatives of the *Ministry of Environment, Spatial Planning and Infrastructure*. During the meeting was concluded that the Contractor must submit all required documents in respective Ministry such as: Design, Certificates of ownership for the land where deviation will pass, Agreements with land owners, etc. The works for deviation of the railway line cannot start before the permission will be obtained by the Ministry. Representatives of the Ministry committed themselves to review the documents as soon as practicable after the Contractor will submit the completed application.

Contractor in his Monthly Report No.40 for December 2022 included information that Water Compliance already issued by the Ministry of Environment, Spatial Planning and Infrastructure is valid also for the planned deviation at Tunnel T7 (one e-mail from Ministry attached). Engineer reacted related to this information with letter P XK-00005.00/ED/S2188 where was clearly stated that Engineer and Employer are not having the same understanding for this issue and the Water Compliance already issued is not covering deviations from the existing railway line.

In the Monthly Report No.41 for January 2023 Contractor has included information related to planned deviation of the railway line at Tunnel T7, where compliances from Municipalities of Hani i Elezit and Kaçanik have been included (in the compliance issued by Kaçanik Municipality, Contractor is advised to obtain also compliance from Ministry of Agriculture, Forestry and rural development). To their Monthly Report for February 2023, Contractor has included Environmental Authorization obtained from Ministry of Environment, Spatial Planning and Infrastructure for construction of temporary bypass near Tunnel T7. The document was presented only in the Albanian language and Engineer requested for the English translation (Letter S2308).

The Contractor was passing with its equipment/machinery through river Nerodime in close vicinity of both portals of Tunnel T2 and a letter with remarks has been sent to the Contractor.

- **Flooded area:** During this reporting period a letter for pending works and flooded fields at Bridge 06&07 was sent with remarks for the flooded private arable lands at Bablak area.
- **Waste water:** Concrete washouts have been also observed at Tunnel T6 and T7 area, among other one has been created in close vicinity of Lepenc river and into the river. The Engineer send letter to the Contractor on 26.01.2023 and NCR No.459 was issued on 20.02.2023 related to this issue. During March 2023 concrete washouts have been created in the adjacent to river Lepenc, at Ferizaj area from concreting of the ditches and at Kaçanik Station. Letters with related were sent to the Contractor related to concrete washouts.

At Tunnel T6&T7 area wastewater collection pit has been created by the Contractor but the discharge wastewater permit has not been obtained yet by the Contractor although was reminded duly by letter PXK-00005.00/ED/S2245 sent during previous reporting period.

- **Mobile toilet:** The construction site in Ferizaj area, Stop ch.294+900, Tunnel T2, T6 and T7, Lypjan Station and Miradi area were not equipped with mobile toilets. At Tunnel T6 and T7 area one improvised toilet has been placed instead of chemical mobile toilet. Contractor was warned many times that this type of improvised toilet it is not acceptable but no action is taken by the end of this reporting period. Letters were sent to the Contractor with remarks for missing mobile toilets on Site.
- **Dust emission:** During January 2023, the Engineer observed that dust was not generated because of winter weather conditions, except for tunnel T2 where the contractor proceeded with the preliminary support measures execution with a dry drilling method. During February, dust emission was observed nearby Stop ch.294+900, Tunnel T6 and T7 area and at Tunnel T2 where the contractor proceeded with the preliminary support measures execution with a dry drilling method. During March, dust was not generated or ongoing activities were not generating dust. But by the end of month dust started to be generated with raised spring temperatures.
- **Noise:** The Contractor uses equipment on site that generate low level of noise. Also equipment has mufflers for noise. There is no evidence of complaints from the local inhabitancies about increased noise level.
- **Rented area:** From the beginning of year 2022 until end of January 2023 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. Lately in the Contractor's Monthly Progress Report for January 2023 submitted during February 2023 has been included one Lease Agreement with private land owner for Tunnel T7 area if potentially the deviation of the railway line will be executed. For the areas which are already in use situation with submission of the Lease Agreements remains unchanged. 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. The quantity of material deposits is significant and no action has been taken by the Contractor for the submittal of his Lease Agreements and Permits required from the Authorities. During this period, letters have been sent to Contractor with remarks related to this issue.
- **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.
- **Domestic waste:** Waste bins were placed at Stop ch.294+900 and Tunnel T6&T7 area, which were not in different colors, thus were not facilitating recycling. At Ferizaj and Ferizaj area, Tunnel T2, Lypjan and Miradi areas waste bins were not placed. At Kaçanik Station different situation has been observed, where waste bins were placed inside workshop container not serving for their purpose. During March 2023 has been observed that bins have not been emptied regularly. Signs of burnt waste on site have been observed nearby workshop container placed in close vicinity of Tunnel T2 area. During this period, many letters have been sent to Contractor with remarks related to this issue.
- **Vegetation waste:** Vegetation waste has been identified at Stop ch.294+900, respectively village Stagove, where vegetation waste was placed in close vicinity of river Nerodime; at Stagove village and the same was thrown at river Nerodime nearby CS 2501; at Kaçanik Station and at Tunnel T6 area northern portal. Despite all efforts by the Engineer, the Contractor it is not considering this type of waste as a separate group of waste which should be properly managed by licensed companies, therefore until now no information was submitted by the Contractor to where is being sent this type of waste.
- **Construction and demolition waste:** During the implementation of the works the construction waste is being produced mainly from demolition of the concrete structure culverts and bridges which are stocked in piles and then removed from the site on some occasions and sometimes are being deposited nearby the site. At the Tunnel T7 and T6 area were also observed significant amount of construction material deposits from widening of the Tunnel T6 and T7. Volume of this type of waste is increasing as the works are progressing. The Engineer repeated many times the request in written

and verbally that should be informed to where these construction debris are being sent, no official information from the Contractor side has been received, neither agreement with any licensed company is submitted. Since the situation has not been improved for a long time until now, letters related to abovementioned issues were sent to the Contractor after the site visits at Kacanik Station and Tunnel T2 area, Tunnel T6&T7 area Stop ch.294+900, between LC24 (289+800.42)&Culvert C069A (291+380.00) have been sent to Contractor related to abovementioned issues.

During March, some parts of the construction waste were thrown into river Lepenc at northern portal of T6. NCR No.488 was issued by the Engineer for the construction waste thrown into the river Lepenc at T6 area and letter with remarks after the site visit at T6&T7 area and Stop ch.294+900.

- **Rails and wooden sleepers:** The old dismantled rails were not removed from site or left unattended have been observed on site in Ferizaj area, Stop ch.294+900, nearby Tunnel T6 and T7 area, Lypjan and Miradi area. The Contractor gave a notice with letter ref. RKSP1 2523/23 dated 05.01.2023, the Employer sold an amount of old rails, for which he was not informed.

Dismantled parts of old wooden sleepers was not removed from the sites as at Tunnel T2, T6 and T7 area, Ferizaj area and Stop ch.294+900, Lypjan area, Kaçanik Station and Miradi area. At these areas the old sleepers have not been stored properly or left unattended and not at the agreed location with Infrakos. In March, many letters with remarks have been sent to the Contractor related to old wooden sleepers which are not removed from Site, after the site visits at Kacanik Station, Tunnel T2 area, Tunnel T6&T7 area, Stop ch.294+900, Stagove area, Kacanik Station.

In January, damaged and burnt old wooden sleepers was observed nearby Stop ch.294+900.

Based on the decision of GoK, old wooden sleepers dismantled from the railway line which are currently stored at Miradi Cargo area will be handed over from Infrakos to Kosovo Security Forces in order to be re-used for their needs in the Training Center of Kosovo Security Forces. During December 2022 transport of the old wooden sleepers from Miradi cargo area to Kosovo Security Forces premises has already started. On 31.01.2023, with letter RKSP1 2568/23 the Contractor informed Engineer and Employer that until now, 8634 pcs of old wooden sleepers had been handed over to KSF. During March it is not submitted information by the Contractor if wooden sleepers continued to be handed over to KSF.

- **Ballast:** The old ballast has been removed from the Contractor continuously and the same has been reused. The ballast has been removed nearby and at Stop ch.294+900, Ferizaj area and Ferizaj Station, Kaçanik Station, Lypjan Station and area nearby, Miradi area and Miradi Station, Nakarade, Hashahaj Stop, Bablak Station and area, Fushe Kosove Station, Marigona, Gurez Station, Hani i Elezit Station, Metalurgjia Stop. Ballast is being stored in locations nearby and has been reused under the subgrade, mainly for the improvement of the soil and on some occasions also as a subgrade.
- **Hazardous waste and chemicals:** There is no storage area prepared for hazardous waste and storage of chemicals. No information is submitted by the Contractor related to any licensed company which will manage, transport and dispose such waste, 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 although the Engineer repeatedly asked the Contractor to organize on regular basis the servicing of their machinery by licensed services. During this reporting period oil spills at Tunnel T6 and T7 area remained unchanged. In addition, upon site visits carried out have been observed extensive oil spills at Tunnel T2, at Lypjan Station, Kacanik Station, at Stop ch.294+900 to the new superstructure and layers. Letters have been sent regarding the oil spills created on site. Letter S2284 was sent related to oil spills created at Kaçanik Station and Tunnel T6&T7 area where was requested by the Contractor to check their equipment for leakages on daily basis and organize their regular services. It was also requested prompt action to clean the area thoroughly. Until end of March 2023, the Contractor did not take action to remedy the areas mentioned. NCRs No. 478 for Kacanik Station and No. 479 for Tunnel T6&T7 area were sued on 06.03.2023 for the numerous and extensive oil spills created on site.

2.1.2.9 - Key Issues. Work Contract (Phase 1)

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

- a) The Time for Completion was elapsed and only 60% of financial progress was achieved over 43 months;
- b) The average monthly progress achieved by the Contractor in March 2023 is only 0.7%;
- c) The issues related to steel bridges' retrofitting design remain open. The preliminary conveyed information indicates that the additional costs of VO related to modification of the technical solution is 8 mEUR with an EOT of 17 months. This information hasn't been justified by the Contractor up to date of issuing the current MPR;
- d) The initial contract price has a strong tendency to overrun, that mainly explained by the significant escalation of the Construction Cost Index and application of SC 13.8 Adjustment for Changes in Cost (currently estimated by the Supervising Engineer as 12.6 -18.5 mEUR). As a result, the Application of SC 13.8 Adjustment for Changes in Cost together with other contractual adjustments detailed in Section 2.5.4 above may potentially lead to adjustment of the Accepted Contract Price in 18,5 mEUR;
- e) The risk of Contract termination is relatively high;
- f) Problems in quality in civil works have developed as one of the biggest concerns for the Engineer and Employer. The failure of the Contractor's quality assurance plan is obvious.
- g) The Contractor is not respecting the laws regarding Environment and the use of the PPE is deficient, thus, the Engineer issued a SC 15.1 on 31.03.2023.
- h) Twenty-four (24) Contractor's claims and seven (7) Employer's claims remain open and not quantified.
- i) The risk of further escalation of the Contract's costs is relatively high.

2.1.3 - Phase 2, Fushë Kosovë- Mitrovicë Railway Section

2.1.3.1 - Scope of Work (Phase 2)

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

MAIN FEATURES OF PHASE II WORK CONTRACT

Description	Value
Railway Alignment	34.4 km (main single line) / 9.1 km (stations)
Roads	18 km
Level Crossings	23
Stations	5+1 (Fushe Kosove station is included only with regard to its platforms and buildings; The Infrastructure works of the Fushe Kosove Station are part of "Fushe Kosove – Hani i Elezit" which is being constructed at the moment)
Stops	5
Platforms	16 (new and rehabilitation of existing at Fushe Kosove)

Description	Value
Railway Bridges	17 (new and rehabilitation of existing)
Road Bridges	1
Culverts	40 box culverts & 23 pipe culverts
Retaining walls	3.66 km
Pedestrian Underpasses	4
Buildings	12 (rehabilitation) & 4 (façades rehabilitation only)
Canopies	36 (new) & 12 (rehabilitation, at Fushe Kosove)
Fencing	26.5 km approximately

2.1.3.2 - Key Data of the Work Contract (Phase 2)

2.1.3.2.1 - Original Key Data. Work Contract (Phase 2)

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

TABLE 2. KEY DATA OF THE WORK CONTRACT (PHASE II)

Description	Data
Employer	INFRAKOS Kosovo Railways Infrastructure
Contractor	Generale Costruzioni Ferroviarie S.p.A.
Engineer	JV Hill International NV and DB Engineering and Consulting GmbH
Construction Contract Agreement signing	08 December 2021
Commencement Date	10 October 2022
Time for Completion (Initial)	455 days
Works' Completion Date (Initial)	08 January 2024
Defects Notification Period (DNP)	365 days
Accepted Contract Amount (ACA)	47,927,505.32 EUR without VAT ³
Provisional Sum for Contingencies	2,271,133.60 EUR

2.1.3.2.2 - Addendums to the Work Contract (Phase 2)

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

ADDENDUMS TO THE WORK CONTRACT (PHASE 2)

#	Title	Bank's no objection	Signed
Add.1	Adjustment for Changes in Costs (SC 13.8) Commencement Date on 10 October 2022 Withdrawal of the termination notices	Received on 15-12-2022	19-12-2022

³ Works Contract is exempted from VAT based on Laws 05/L-072 and 05/L-111

2.1.3.2.3 - Variation orders

No variation orders have been issued.

2.1.3.3 - Works Contract Progress (Phase 2)

PROGRESS DURING Q1,2023

Description	December 2023	March 2023 (estimated)	Quarterly Progress
1	2	3	4 = 3-2
Materials on Site	n/a	n/a	n/a
Works	n/a	n/a	n/a
Total Financial Absorption	10%	10%	0%

IPC-0 for the Advance Payment was issued on 24/01/2022 for an amount of 4,792,750.53 €. The Contractor received Advance Payment on 20.05.2022.

IPA-01 for the period up to 28.02.2023 was received electronically on 09.03.2023 and hard copies of supporting documents received on 15.03.2023 for Works performed for the period up to 28.02.2023 for an amount of € 895.771,50. IPA-01 is under evaluation by the Engineer and IPC-01 is to be issued by 12.04.2023.

The executed Works during the reporting month are summarized in the table below.

STATUS OF WORK CONTRACT (PHASE 2)

Type of work	Progress of work reported by the Engineer
Survey Works	Benchmark relocation from segment 3-14 and Cross section stakeout from segment 6-8. Survey works also followed all construction activities in segment 6-8 as top soil excavation, general excavation, excavation for soil improvement, filling of soil improvement, embankment and subgrade layer
Removal of Existing Ballast	Removal of ballast on segment 6, 7, 8, 9 and 10 from 03.02.2023 till 10.02.2023. Old ballast was deposited in four places (at Kosova B, CS. 1426; near Plemetin, CS. 1430; at Plemetin CS. 1405 and at Prelluzhe Station) and will be re-used in the subgrade layer
Top soil excavation, general excavation	top soil excavation, general excavation and excavation of soil improvement within CS. 1486 – 1336
Embankment	Material used for embankment construction is QS2. Location of works is CS. 1486 – 1336
Filling of Improvement Layer	Material used for filling of improvement layer is gravel 0-150mm with thickness of 40cm. Location of works is in segment 6 and 7, CS. 1486 – 1386
Subgrade	laying of subgrade layer (mixed material old ballast and gravel 0-150 mm). Location of works is CS. 1486 – 1386
Demolition of Existing Structures	The Contractor demolished culvert C51, C52 and C53. Further steps taken after the demolition include excavation, additional excavation for soil improvement (40 cm due to poor conditions of natural soil) and filling of soil improvement.

Type of work	Progress of work reported by the Engineer
	Plemetin platform was demolished on 27.02.2023. The material was transported to stock area near Plemetin (CS. 1430). Further steps were taken after the demolition including the excavation and filling with subgrade layer and laying of lean concrete. Works for Wall 8 Right and Wall 12 Left started on 15.02.2023. Wall 8 Right is L=140.0m (CS. 1390- 1397), L-shaped with height H=1.25m. Wall 12 Left is L=80.0m (CS. 1390- 1394), L-shaped with height H=2.4-2.70m. The excavation is followed by filling with soil improvement and pouring of lean concrete
Bridges	Contractor started excavation of Bridge 07 started on 27.02.2023. This structure is totally new. After excavation, the Contractor proceeded with filling with soil improvement and laying of lean concrete
Utilities	Fiber optic cables between profiles 1474 and 1475 was damaged during excavations. The contractor has rehabilitated the cable and protected optic cables. Electrical line 10kV was protected between profiles 1474 and 1475

2.1.3.3.1 - Materials. Work Contract (Phase 2)

The Engineer continues to work with the review and approval of the materials as requested by the Contractor. No specific issued that may cause delay in progress have been reported.

2.1.3.3.2 - RFIs and NCRs. Work Contract (Phase 2)

Not available in the referring period

2.1.3.3.3 - Claims and VOs. Work Contract (Phase 2)

No Variation Orders were initiated.

Since the Contract Regulation Meeting that was held on 06.10.2022 no claims have been notified

2.1.3.4 - Cost. Work Contract (Phase 2)

2.1.3.4.1 - Accepted Contract Price and Actual Financial Progress. Work Contract (Phase 2)

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

FINANCIAL PROGRESS OF WORK CONTRACT (PHASE 2)

WORKS PROGRESS & COSTS ESTIMATES			31.3.2023
	CONSTRUCTION / ENGINEERING CONTRACT	Unit	Ph2 Works Contract Contract No 8147446-IFT- 45276/ 08.12.2021
	CONTRACTOR		GCF
	FINANCIAL PROGRESS OF CONTRACT		
K	Amounts Certified for Payment to date	Eur	4 792 751,53
K1	Total Value of Completed Contract Works	Eur	
K2	Paid advance	Eur	4 792 751,53
K3	Materials on site	Eur	-
K4	Variation orders carrying adjustments for changes in costs	Eur	-
K5	Variation orders not carrying adjustments for changes in costs	Eur	-
K6	Retained money (5%)	Eur	-
K7	Advance payment repayment	Eur	-
K8	Adjustments for changes in costs	Eur	-
K9	Provisional sum for DAB	Eur	-
K10	Application of SC 14.6	Eur	-
K11	Delayed Payment financing charges	Eur	-
$P1=(K1+K4+K5+K9)/(G-S6)$	Progress: % of current Contract Price after Variations and Addenda	%	10,00%
$P2=K/G$	Progress: % of the Accepted Contract Amount including price Adjustment	%	-
M	Time Elapsed	days	172
M'	Estimated Additional Needed Time to Completion	days	-
$N=M/D'$	% of elapsed Current Time for Completion	%	37,80%

2.1.3.4.2 - Interim Payment Certificates (IPCs). Work Contract (Phase 2)

Accepted Contract Amount is 47,927,505.32 €.

Amount of Advance Payment is 4,792,750.53 € (10% of Accepted Contract Amount).

IPC-0 for the Advance Payment was received on 21/01/2022 and was issued on 24/01/2022.

The Contractor received Advance Payment on 20.05.2022.

For all disbursements under Ph 2 Works Contracts, see Annex#4b Ph 2 Works Contract Disbursements.

2.1.3.4.3 - Planned VS Actual Financial Progress. Work Contract (Phase 2)

In December 2022 the Contractor was requested to update and resubmit the Project's Cash Flow with the revised PoW. At the end of the reporting period this data was not available.

2.1.3.4.4 - Adjusted Contract Price. Work Contract (Phase 2)

As of the end date of the reporting period, the Accepted Contract Price has not been adjusted.

2.1.3.4.5 - Anticipated Adjustments of the Contract Price. Work Contract (Phase 2)

The tentative forecast of the Adjustment for Changes in Cost is presented below.

FORECASTED FINAL CONTRACT PRICE. WORK CONTRACT (PHASE 2)

	CONSTRUCTION / ENGINEERING CONTRACT	Unit	Ph2 Works Contract Contract № 8147446-IFT- 45276/ 08.12.2021
	CONTRACTOR		GCF
	ESTIMATED COST OF EXPECTED VARIATIONS		
T1	Unforeseen costs and Price adjustments (CCI increase)	Eur	15 157 545,67
T2	Corrections for cancelled/replacement activities	Eur	-
T3	Claimed amounts under SC 20.1 with open status	Eur	-
T4	Estimated VO's	Eur	-
T5	DAB Costs	Eur	100 000,00
T	Total estimated to date	Eur	15 257 545,67
P3=(S+T)/G2	Estimated total % of contingency needed	%	33,59%
P3'=G1+S+T-G	Estimated costs beyond the Accepted Contract Amount		12 752 712,42
V=G1+S	CURRENT CONTRACT VALUE, VARIATIONS AND PRICE ADJUSTMENT TO DATE INCLUDED	EUR	45 422 672,07
	Contract Value without Price Adjustment	EUR	45 422 672,07
	ESTIMATED CONTRACT VALUE, VARIATIONS AND PRICE ADJUSTMENT INCLUDED	EUR	60 680 217,74

The currently anticipated costs for Price Adjustment, exceeding the Accepted Contract Amount are around 12,7 mEUR, if there are no significant fluctuations of Construction Cost Index issued by the Kosovo Agency for Statistics.

This forecast doesn't take into consideration a value of the possible Contractor's and Employer's claims.

2.1.3.5 - Time. Work Contract (Phase 2)

2.1.3.5.1 - Programme of Work. Work Contract (Phase 2)

The new Programme of Works elaborated based on the provisions of Addendum #1 was provided on 01.12.2022 and returned to the Contractor on 22.12.2022 with the Engineer's comments.

At the end of the reporting period, the Programme of Works that complies with the Contract was not available.

2.1.3.6 - Quality. Work Contract (Phase 2)

Quality Control Plan (Rev. 0-6) was re-submitted on 20.02.2023 and it is under the Engineer's review

2.1.3.6.1 - Non-Conformity Reports. Work Contract (Phase 2)

Non-Conformity Reports haven't been issued.

2.1.3.6.2 - Notice to Correct. Work Contract (Phase 2)

Notice to Correct hasn't been issued.

2.1.3.7 - Notice to Claims. Work Contract (Phase 2)

2.1.3.7.1 - Contractor's Claims. Work Contract (Phase 2)

Since the Contract Regulation Meeting that was held on 06.10.2022 no claims have been notified.

2.1.3.7.2 - Employer's Claims. Work Contract (Phase 2)

Since the Contract Regulation Meeting that was held on 06.10.2022 no claims have been notified.

2.1.3.8 - OHS Issues. Work Contract (Phase 2)

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

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

The traffic management plan isn't submitted and the Engineer ask for the plan to be prepared in close cooperation with the Client, traffic police, and interested actors. Attention must be given to the traffic management plan at sites considered high-risk, such as level crossings, informal crossings, and stations close to residential areas.

Community Health and Safety Plan isn't yet submitted and this plan must be prepared the soonest.

Reminder for preparation of the Traffic Management Plan and Community Health and Safety Plan has been sent to the Contractor through letter P XK-00005.02/ED/0165.

During site inspections, the Engineer's team noticed that in some cases workers didn't use PPE, and sites were missing H&S signs or information boards.

No incidents or near-miss incidents are reported.

2.1.3.9 - Environmental and Social Issues. Work Contract (Phase 2)

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

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

The Contractor has prepared Environmental Management Plan. The third revision of the Plan was answered by the Engineer and PIU on 10.02.2023 with related remarks.

Waste Management Plan was submitted by the Contractor on 20.02.2023 and the same is under Engineer's review. Letters with reminders and remarks were sent to the Contractor by the Engineer. Because abovementioned Plans/documentation had to be prepared by the Contractor before starting the implementation of the works the Contractor has to provide them as soon as possible (by the end of April, 2023).

Personnel: The Contractor has nominated Environmental Officer, while Resettlement Liaison Officer and Waste Manager are not nominated. Letter for remanding for nomination of the required staff has been send. The Contractor has to provide the required staff as soon as possible (until the middle of April, 2023).

Trainings: The Contractor has not organized regular Environmental Trainings and should conduct training as soon as possible (until the middle of April, 2023).

Waste management: The Contractor must sign contracts with licensed waste management companies for each type of waste generated on sites (non-hazardous and hazardous waste). Contracts must be prepared with all municipalities where the railway line passes and where the station buildings are located, for collection of communal waste and disposal of construction waste.

Nearby Obiliq Station (ch.248+850 km) passes the transport system for coal ash from the Thermal Power Plant (TPP) to the industrial landfill and it was observed that some parts of the ash have fallen in the ground adjacent to the line and the railway line itself. It is recommended the Contractor to sign agreement with the TPP if

during excavation of this part of the alignment there is a coal and contaminated soil caused by the Plant, excavated materials to be disposed on their industrial landfill.

Because the Contractor is obliged to submit copies of demolition, hauling and debris disposal permits and notices for record purposes, it is recommended activities for providing permits to start immediately as well as the Waste manager to be nominated as was recommended above. In addition to provide all required licenses for transport and areas for disposal of construction waste. On the site waste collection bins are missing and should be provided immediately.

The Engineer has noted that management with old wooden sleepers is not in accordance with the PIU protocol as well as noted burning of the wooden sleepers at Fushe Kosove Infrakos storage area. For these issues letter was sent to the Contractor. It is recommended the Contractor to follow the Protocol for this type of waste and to consider that burning of waste, particularly wooden sleepers, is strictly prohibited.

For reuse of ballast, the Contractor should clean the ballast and created wastewater to be treated before its discharging. For discharging of treated waste water, it is recommended the Contractor to provide permits for relevant institutions, depending on the recipients (sewage or surface water body).

The Engineer has noted on the site asbestos waste and has recommended the Contractor to develop procedure for this type of waste. In addition, the Contractor should provide training of workers for management of asbestos waste, as well as to provide disposal area for legal disposal of this waste.

Water and waste water: The Contractor has not provided permits for performance of construction activities near/within water body as well as for water use for technical purposes. It is recommended the procedure for their obtaining to start immediately. In addition, the Contractor should provide permits for discharging of waste water generated on the site. Before discharging of waste water the same should be treated.

For identified discharge points of waste water and very extensive concrete washout from Concrete Plant "Albioni" at Overpass No.05, it is recommended the Contractor to send letter to the Environmental Inspectorate in the Municipality and to ask the same to be removed from the site by the Operator of the plant.

The Contractor has not placed mobile toilets and it is recommended to be placed immediately.

Grievances: On the sites, boxes for grievances of the workers and community are missing. The same should be placed immediately.

Labour and Working conditions: The Contractor has not provided evidence for each person engaged in project realization as it is defined in the Contract. It is recommended the same to be provided by until the middle of April, 2023.

Illegal level crossings: The Client and Contractor will have to organize Awareness raising programme- Implement a trackside and level crossing public safety awareness raising programme in consultation with other key stakeholders (police, schools, Authorities) by the end of April, 2023, in order to be avoided possible accidents.

Dirty and damaged roads: For dirty road at Plemetin area remarks have been sent to the Contractor through letter. It is recommended the Contractor to act as soon as possible according obtained remarks and to maintain the roads in a good condition.

Locations of storages for waste and new material: The Contractor use location for storage of waste and materials and has not provided lease agreements for used areas to the Engineer, besides sent letters with remarks. The Contractor sent to the Engineer Compliance obtained from Obiliq Municipality for use of Municipal land for disposal of materials. It is recommended lease agreements for all storage areas to be sent to the Engineer until the middle of April, 2023.

Resettlement: In Station Buildings, particularly in Obiliq, Prelluzhe and Mitrovica currently live families which rent the buildings, while in Fushe Kosove Station are based some private businesses which also rent parts of the building. As a result of project activities they may be affected. The Resettlement action plan has not yet been prepared by the PIU. It is recommended this Plan to be prepared by independent social expert by the end of April, 2023.

Permits: Permission for demolition of buildings as well as their reconstruction are not provided. It is recommended the PIU to take into consideration the Law on construction 04/L-110 (CHAPTER VI CONSTRUCTION PERMIT) and to provide all required permits.

Requirements for Materials: The Contractor/Subcontractors which produces material that will be used for rehabilitation of the railway has to possess IPPC-Integrated Pollution Prevention and Control Permit or [environmental permits](#) for performance of the works. It is recommended these permits to be provided to the Engineer until the middle of April, 2023.

2.1.3.10 - Key Issues, Work Contract (Phase 2)

Based on the available information the following main risks have been identified:

Contractor's Risks:

- a) At the end of the reporting period, the financial progress is only around 10%, corresponding to Advance Payment, whilst the 38% time for completion is absorbed. Absence of the PoW that reasonably demonstrates a Contractor's ability to complete the Works within Time for Completion supplemented by evidence of mobilization the sufficient resources raises concerns about the completion of the Contract within the time;
- b) Application of SC 13.8 Adjustment for Changes in Cost may lead to adjustment of the Accepted Contract Price in 15,2 mEUR which is a realistic forecast based on the current trend of the Construction Cost Indexes and the price adjustment mechanism and formula as modified in Addendum #1 to the Phase 2 Works Contract;
- c) The need for the Contractor to be mobilised for two contracts at the same time, which creates additional resource deficits and increases planning risks.

Employer's Risks:

- a) Quality of the Employer's Design;
- b) Unforeseeable Physical Conditions that were not properly identified in the Design;
- c) Delay in given the access to the Site;
- d) Delay in payments; and
- e) Unsecured financial resources related to the increased project cost.

2.2 - Project Actions before Implementation Stage

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

2.2.1.1 - Scope of Work (S&T Phase 1 and Phase 2)

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

2.2.1.2 - Actual Status (S&T Phase 1 and Phase 2)

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

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

No changes occurred since the previous reporting period.

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

Current status – Preparation stage

3 - WORKS PROGRESS AND COSTS ESTIMATES

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

WORKS PROGRESS & COSTS ESTIMATES			Updated as of:	31.3.2023
	CONSTRUCTION / ENGINEERING CONTRACT	Unit	Ph1 Works Contract - Contract №45276/ 06.02.2019	Ph2 Works Contract Contract № 8147446-IFT- 45276/ 08.12.2021
	CONTRACTOR		GCF	GCF
	TIME PARAMETERS OF CONTRACT			
A	Commencement date		30.08.2019	10.10.2022
B	Original Time for Completion	days/month	730	455
C=A+B	Original Date for Completion		29.08.2021	08.01.2024
D	Extensions of Time for Completion	days	488	-
D'	Current Time for Completion	days	1218	455
E=C+D	Current Date for Completion	days/month	30.12.2022	08.01.2024
F=C+D	Current Projected Date for Completion		30.12.2022	08.01.2024
	FINANCIAL PARAMETERS OF CONTRACT			
G1	Contract Price without Contingency	Eur	73 826 891,46	45 422 672,07
G2	Contingency	Eur	4 798 747,94	2 271 133,60
G3	Contingency for VO's	Eur	-	233 699,65
G (G1+G2+G3)	Total Accepted Contract Amount	Eur	78 625 639,40	47 927 505,32
	FINANCIAL PROGRESS OF CONTRACT			
K	Amounts Certified for Payment to date	Eur	47 379 350,30	4 792 751,53
K1	Total Value of Completed Contract Works	Eur	37 926 806,39	-
K2	Paid advance	Eur	7 862 563,94	4 792 751,53
K3	Materials on site	Eur	24 727 995,11	-
K4	Variation orders carrying adjustments for changes in costs	Eur	3 705 605,95	-
K5	Variation orders not carrying adjustments for changes in costs	Eur	821 326,12	-
K6	Retained money (5%)	Eur	2 513 161,44	-
K7	Advance payment repayment	Eur	7 862 563,94	-
K8	Adjustments for changes in costs	Eur	7 809 490,39	-
K9	Provisional sum for DAB	Eur	26 000,00	-
K10	Application of SC 14.6	Eur	1 317 372,07	-
K11	Delayed Payment financing charges	Eur	4 939,11	-
P1=(K1+K4+K5+K9)/(G-S6)	Progress: % of current Contract Price after Variations and Addenda	%	55,12%	10,00%
P2=K/G	Progress: % of the Accepted Contract Amount including price Adjustment	%	60,26%	-
M	Time Elapsed	days	1309	172
M'	Estimated Additional Needed Time to Completion	days	640	-
N=M/D'	% of elapsed Current Time for Completion	%	107,5%	37,80%
	ADJUSTMENT TO CONTRACT VALUE TO DATE			
S1	Approved estimated cost of contingency	Eur	2 847 915,42	-
S2	Adjustment of cancelled activities	Eur	4 939 375,94	-
S3	Engineer's Determinations or other costs	Eur	259 200,00	-
S4	Costs for DAB	Eur	140 000,00	-
S5	Adjustments for changes in costs	Eur	7 809 490,39	-
S6	Remaining Provisional sum for Contingency	Eur	1 551 632,52	-
S7	Delayed Payment financing charges	Eur	4 939,11	-
S8	Certified amount under SC 20.1 / Obtaining DAB Decision [SC 20.4]	Eur	915 715,85	-
P2=S6/G2	% of remaining contingency from the Contract provisional sum, excluding Adjustments for changes in costs	%	32%	-
P3=S5-S6+S7	Current shortage of funds, considering paid adjustments for changes in costs	Eur	7 178 512,83	-
S=S1+S3+S4+S5+S7	Total approved/certified to date	Eur	11 977 260,77	-
	ESTIMATED COST OF EXPECTED VARIATIONS			
T1	Unforeseen costs and Price adjustments (CCI increase)	Eur	11 573 368,89	15 157 545,67
T2	Corrections for cancelled/replacement activities	Eur	-	-
T3	Claimed amounts under SC 20.1 with open status	Eur	-	-
T4	Estimated VO's	Eur	14 500,00	-
T5	DAB Costs	Eur	-	100 000,00
T	Total estimated to date	Eur	11 587 868,89	15 257 545,67
P3=(S+T)/G2	Estimated total % of contingency needed	%	31,92%	33,59%
P3'=G1+S+T-G	Estimated costs beyond the Accepted Contract Amount		18 766 381,72	12 752 712,42
V=G1+S	CURRENT CONTRACT VALUE, VARIATIONS AND PRICE ADJUSTMENT TO DATE INCLUDED	EUR	85 804 152,23	45 422 672,07
	Contract Value without Price Adjustment	EUR	77 994 661,84	45 422 672,07
	ESTIMATED CONTRACT VALUE, VARIATIONS AND PRICE ADJUSTMENT INCLUDED	EUR	97 392 021,12	60 680 217,74

4 - VISIBILITY AND COMMUNICATION ACTIVITIES

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

Project information billboards for Phase 2 has been installed in Fushe Kosove Station, Obiliq Station, Prelluzhe Station, Vushtrri Station, Mitrovice Station.

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

Phase 1 and Phase 2 Site Inspection by the CEO Of Infracos, EIB and EBRD representatives is planned to take place in the beginning of May 2023.

5 - MONITORING ACTIVITIES

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 Phase 1 and Phase 2 Engineer's Monthly Progress Reports are being sent to the IFI's, allowing monitoring of the progress Phase 1 and Phase 2 Works contract status on a monthly basis.

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

6.1 - Project Overall

- i. Delays in the Project procurement procedures
- 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.

6.2 - Phase 1

See Section A11 in the Engineer's MPR for March 2023.

6.3 - Phase 2

Ongoing specific project risk identification and assessment.

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

7.1 - Employer and PIU

Chief Executive Officer of Infrakos

A new Chief Executive Officer of Kosovo Railway Infrastructure SHA – INFRAKOS, Mr Naser Krasniqi, has been appointed by the board of directors' decision dated 13.01.2023 with No. 2/58.

Head of PIU

A new Head of PIU, Mr. Nexhmi Rama, has been appointed since 25.01.2023 by order of the new CEO.

7.2 - PIU Consultant

Team Leader of the PIU Consultant

Mr. Roger Ribeiro has been approved by the PIU and the EBRD as the new Team Leader of Egis.

7.3 - Engineer (Phase 1)

No changes have been communicated

7.4 - Engineer (Phase 2)

Replacement of previous Resident Engineer/Team Leader Mr. Vasileios Bratsis is waiting for approval from Infrakos and the Banks. Till then, Project Director Mr. Esat Gashi performs role of Acting Team Leader. Deputy Team Leader Railway is still to be nominated.

7.5 - Contractor (Phase 1)

No changes.

7.6 - Contractor (Phase 2)

No changes.

8 - 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 due to 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.
- Phase 1 - Costs of design for 13 new steel bridges and cost of the resultant additional work will have to be justified by the Contractor.
- 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.
- 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.

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

9.1 - Variation orders under the Phase 1 Works Contract

VO or Amendment no.	Date(s)	Description	Reason	Status	Amount
Add.2	14-01-20	Addendum 2 to the Contract	Provisional Sum for Employer's part of DAB's fees and costs	Approved/Instructed	140,000.00*
1	30-09-2019 12-02-2020	Benchmarks	Faulty benchmarks are required to be re-established and handed to the Contractor. 113 out of a total of 429 are unusable, more specifically 22 repers, 83 polygonal points (2nd order) and 8 trigonometrical points (1st order).	Approved/Instructed	25,600.00
2	17-01-2020 05-03-2020	Continuous Welded Rail	The existing Design foresees 14.9 km of jointed rail, ie rails not welded between them to form a continuous rail, but are jointed between them with the use of fish-plates. The Engineer investigated to minimize this jointed rail by the use of different European Standards and maximize the continuous welded rail (CWR) length which increases the riding quality of the line and reduces maintenance costs. This is in line with the Employer's requirements for the track. The saving is estimated to be considerable (over 500 k€).	Approved/Instructed	26,250.00
3	17-01-2020 11-03-2020	Design Support Services	The Project's Design was elaborated without including the Infakos' boundaries therefore design overruns violate private and/or state properties. Employing a designer to be provide real time support to provide design changes is required.	Approved/Instructed	122,682.00
4	30-09-2020 11-03-2020	Geotextile behind Gabions	The Design missed the separation geotextile that is placed behind the gabion baskets to prohibit the mitigation of the fine embankment material through the high voids of the rock material placed inside the gabions and, as such, compromise the embankment's stability.	Approved/Instructed	56,873.50

VO or Amendment no.	Date(s)	Description	Reason	Status	Amount
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	Approved/Instructed	-1,110,438.79

VO or Amendment no.	Date(s)	Description	Reason	Status	Amount
			5. CANCELLATION OF GABIONS km 307+700 – km 308+970 This is a negative VO.		
10	31-08-21	Dimpled Membrane	The dimple membrane (DIMPLED MEMBRANE MGP 400-BLACK) was added to the Works to protect double bituminous coating for the reinforced concrete structures. This item was not foreseen in the Tender Design.	Approved/Instructed	140,527.16
11	31-08-21	Sleeper Anchors	The addition refers to the Sleeper Anchor against lateral track displacement. This item was added due to the changed solution from fish plates to CWR and for a better performance of the track in curves with less than 250 m radius.	Approved/Instructed	169,332.40
12	31-08-21	Abutments and Piers Protection	The initial design did not foresee the protection of abutments and piers in those locations where the river may damage the structures in case of floods and subsequent debris flow.	Approved/Instructed	209,639.04
13	31-08-21	Bridge bearings protective system against water ingress	The initial Design did not foresee the protection of the steel bridges' pot bearings in those locations where river splashing and debris may infiltrate to the bearings' seat and cause damage. The best practice provisions and EN 1337-9 recommendations were applied to protect bearings for a freeboard of 1.00 to 1.50 m above the maximum water level.	Approved/Instructed	30,800.00
14	31-08-21	Lepenc river regulations in the areas of Bridges 15 to 29	The construction of Route 6 Motorway regulated extensive lengths of river Lepenc banks rendering not necessary the foreseen in the Design interventions in Bridges 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

VO Number	Date	Particulars	Reason	Status	Amount
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 m ³ 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	Approved/Instructed	2,947,846.30

VO No.	Date	Description	Reason	Status	Amount
			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 € .		
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

A new VO is to be issued regarding the removal of a significant quantity of demolition materials in Gurez Area which were blocking the continuation of Works in the area around C065. On 10/02/2022 the PIU coordinated with the Municipality of Kacanik the appointment of a designated deposit area for that debris that must be removed.

9.2 - Variation orders under the Phase 2 Works Contract

No Variation Orders were initiated.

10 - PICTURES RELATED TO Q1 2023

Clearing and grubbing in Kacanik Station

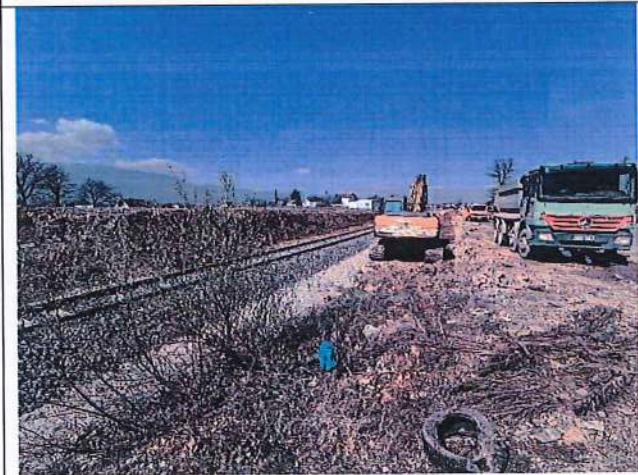


Clearing and grubbing in Stagove area from ch. 296+500 – 297+000.



Clearing and grubbing in Kacanik Station

Clearing and grubbing ch. 284+160 – 284+400



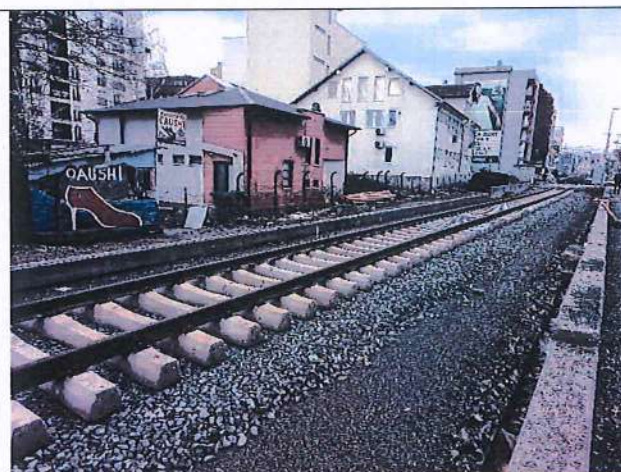
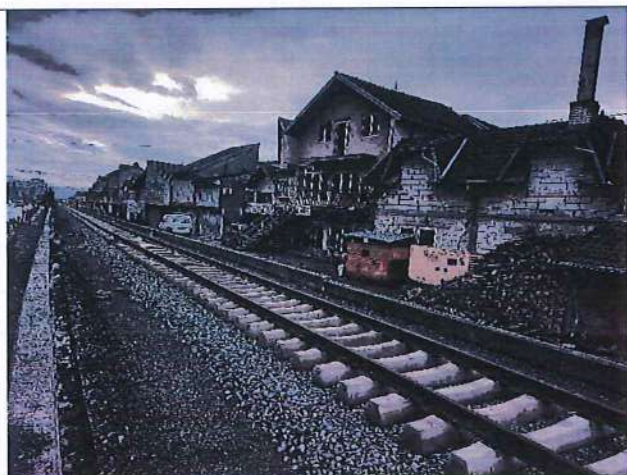
Geometry checks for protective layer, location near Miradi Station

Geometry checks for Soil improvement, location Kacanik Station

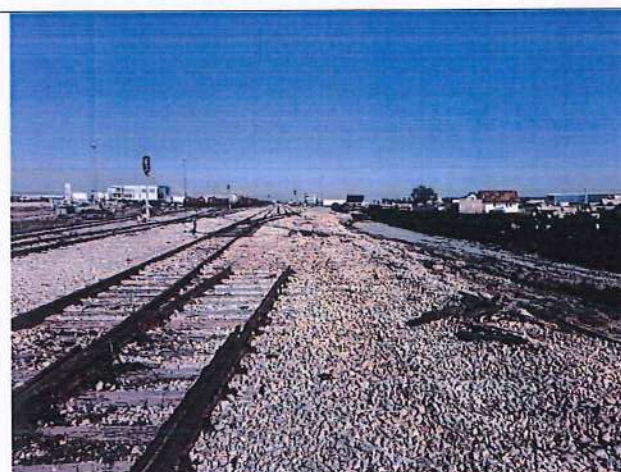


Construction of railway lines in area after Ferizaj station, ch. 281+960 – 283+860

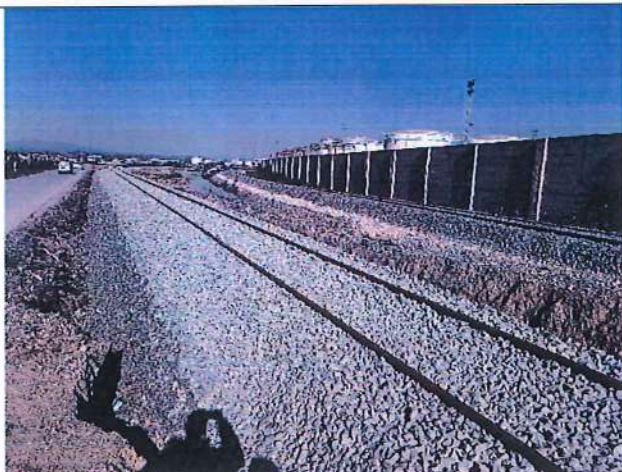
Laying of new rails UIC 60 EI



Dismantling of rails on wooden sleepers



Constructed line



Laying of new rails and installation of turnouts



Laying of new rails and installation of turnouts



Installation of reinforcement and waterstop



Pouring concrete



Constructed culvert body

Construction RHS ditches ch 283+090 – 283+280 and LHS ditches ch. 282+630 – 283+080 in Ferizaj

Construction of side ditches



Construction of subdrain channels in Stagove area



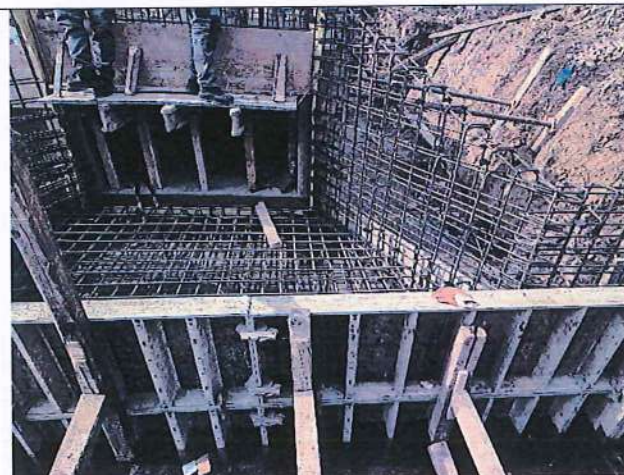
Construction and testion of sil improvement with sand&gravel mixture



Installation of reinforcement and waterstop



Pouring concrete



Constructed culvert body



Installation of waterproofing and protective concrete



Construction RHS and LHS ditches in area after Ferizaj

Excavation



Pouring of concrete



Construction of subdrain channel in Lypjan



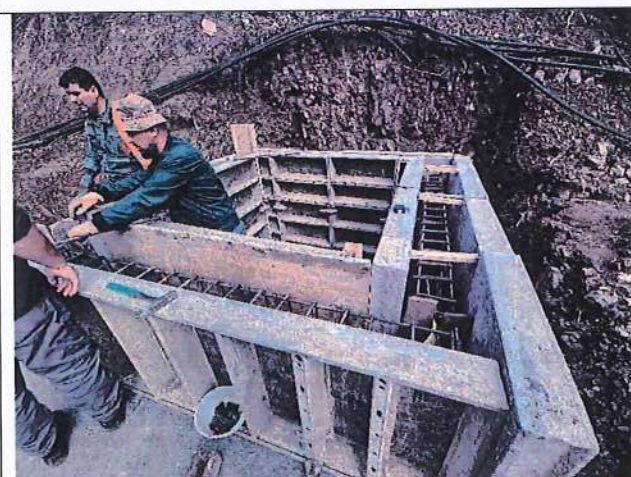
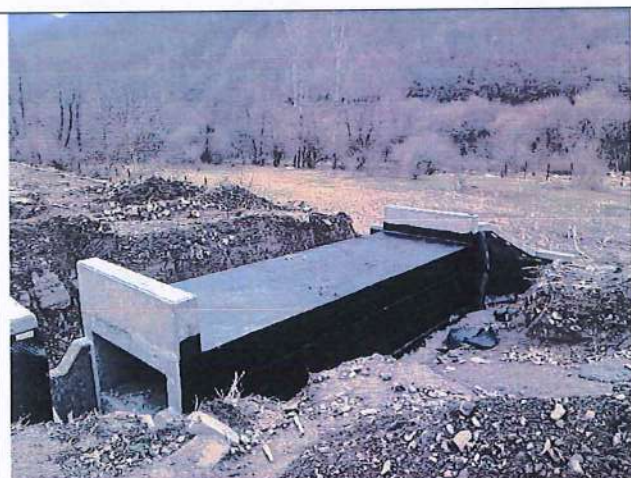
Construction of RHS and LHS ditches in Lypjan Station ch. 262+200 – 262+282



Backfilling



Backfilling



Construction of retaining wall RW 21 Left in Stagove

Installation of reinforcement, waterstop and formworks



Pouring of concrete

Backfilling of the wall



Constructed wall



Double bituminous application and dimple membrane installation



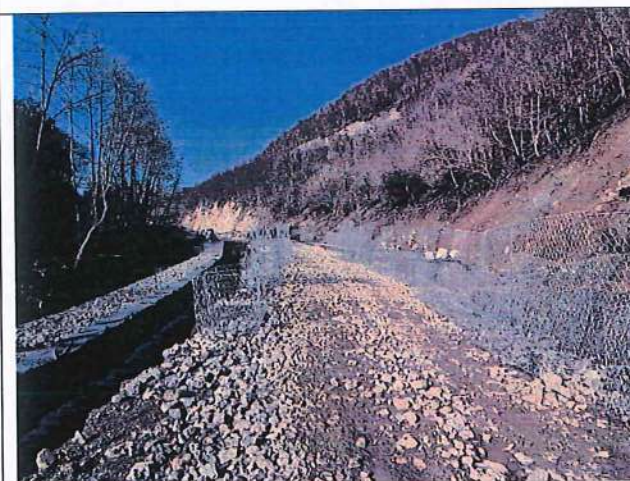
The Contractor continued works for construction of the Gabions in Stagove area ch. 296+220- 296+490.
Gabions ch. 296+220- 296+490

Construction of gabion cages and filling with quarry stones

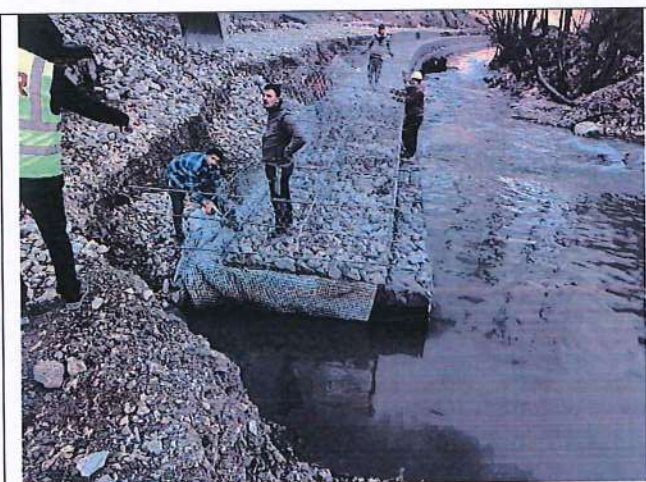


Gabions ch. 296+220- 296+490

Construction of gabion cages and filling with quarry stones



Backfilling of the gabions



Constructed Gabions



Kacanik Station (ch. 299+967.08 – 300+167.08)

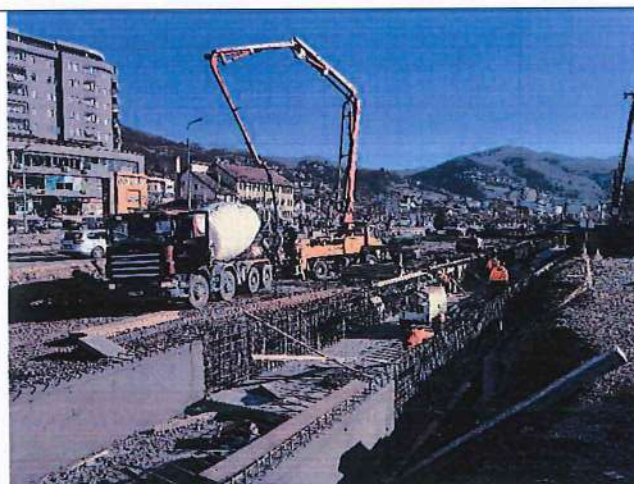
Installation of the reinforcement



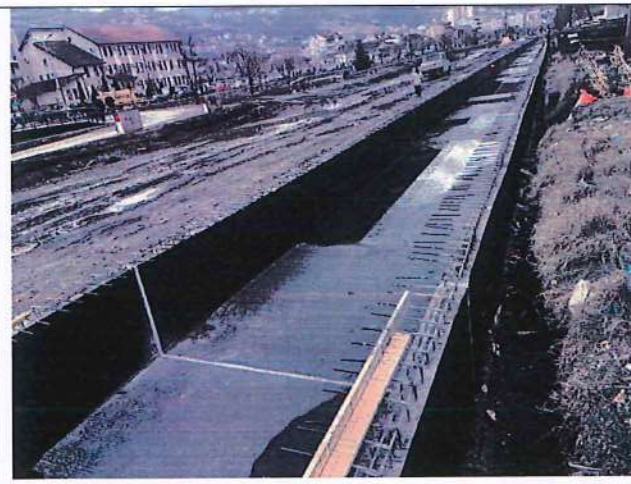
Pouring of concrete for foundation



Pouring of concrete for walls



Double bituminous coating



Construction of the pile-wall (piles $\phi 80$)

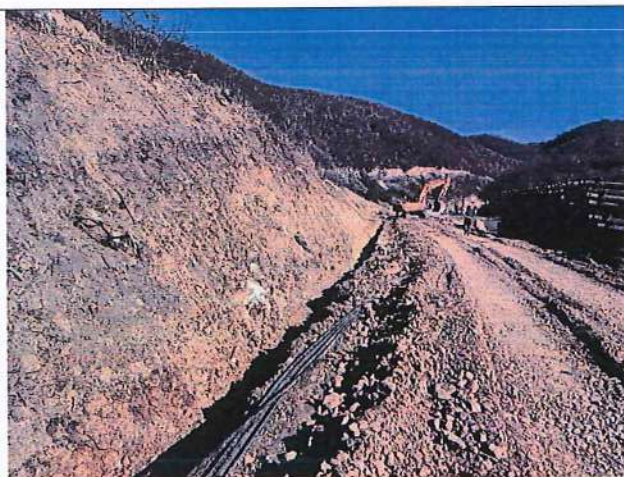
Construction of the pile-wall (piles $\phi 80$)



Construction of Bridges no. 12

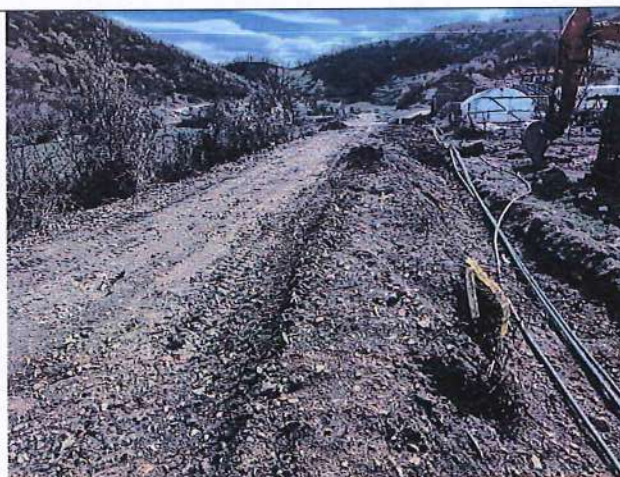


Next to side ditch LHS between C079&C080



High voltage cables encuntered at outlet of C060

Main line Br 13 – C084



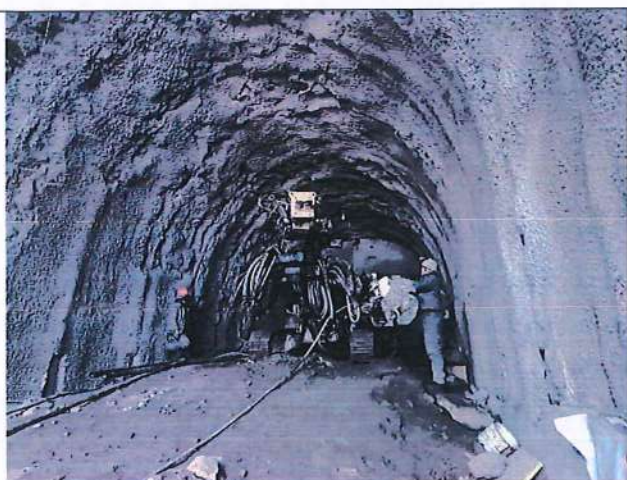
Lipjan Station



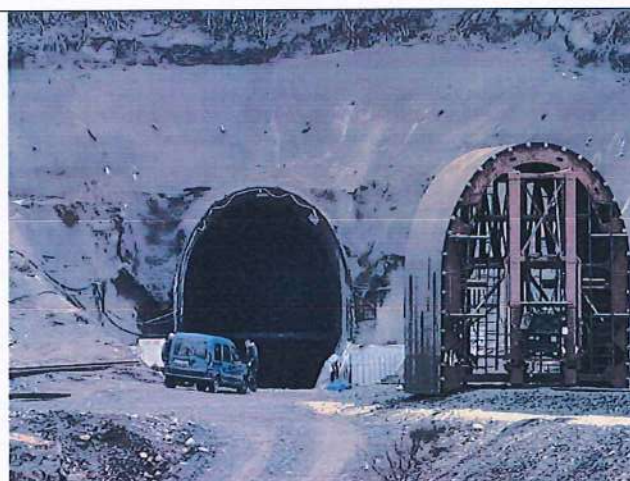
T6 North side – Filling collapsed section



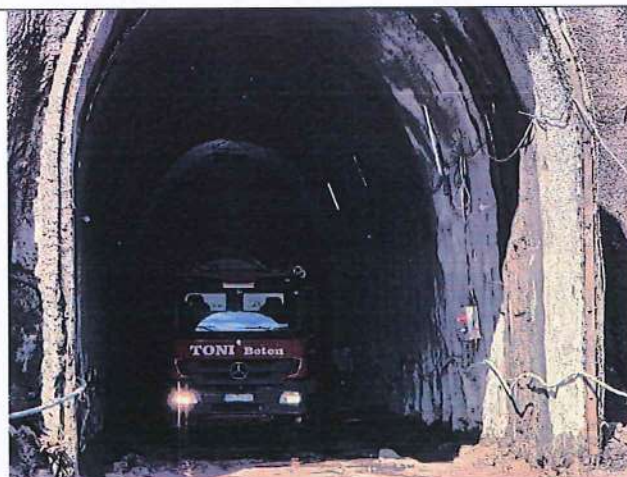
T7 south portal



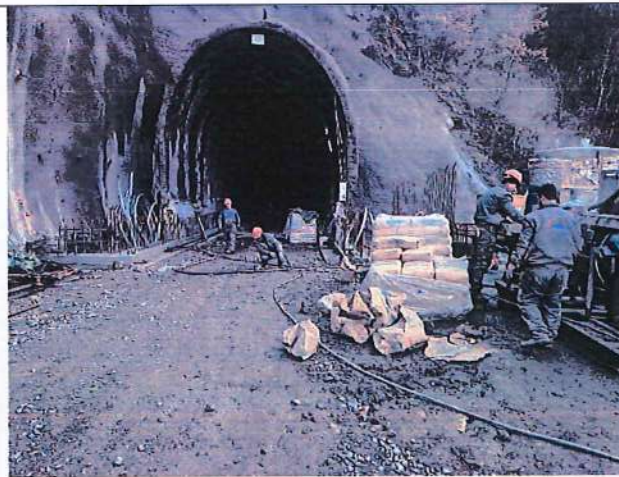
T6 south entrance Rock section shotcreting



T7 north portal



T6 Collapsed section – water linking from grout injections



T2 South portal

