

## **REPORT**

### **on “Gyumri Urban Roads” Project Implementation Process**

**(Reporting period 01.04-30.06.2019)**

#### **1) General Information**

For the implementation of the project “Gyumri Urban Roads” (hereafter the Project), on May 11, 2016 European Bank for Reconstruction and Development (hereafter the Bank), Republic of Armenia (hereafter the Borrower) and Gyumri cummune (hereafter the Project Entity) have signed “Loan Agreement”, “Grant Agreement Tranche A”, “Project Agreement”, which have been ratified as prescribed by law, and “Project Implementation Agreement” has been signed between the Borrower and the Project Entity (hereafter the above agreements together –the Project Documents) on December 30, 2016:

Taking into account the Project Entity’s responsibilities set out in section 2.08. point (b) of “Project Agreement” , we submit the quarterly report which is noticed in the section 4.04(a)(iv) of Standard Terms and Conditions.

#### **A) The works carried out during the reporting period**

Due to grant means of Technical Cooperation, the “Dorproject Institute” LLC (herefter, the Consultant) and the Project Entity have signed with the first dose “Gyumri Urban Roads-Project Implementation Support, Detailed Design, Construction Supervision, Maintenance Contracts Preparation” consultancy contract (hereafter the Contract 1), on June 7, 2017, in frames of which making design estimate documents of streets provided for Tranche B are in process.

Within the framework of CW-ICB-2018/01 contract the construction works are completed expect street lighting in Komitas street. In order to start street lighting works the contractor waits for the luminaries that should be provided by the Project Entity.

During the reporting period the consultant have prepared and submitted the Variation order N3. By Variation order N3 restoration of sewerage lines has been included in construction works and actual performance of some works have been represented.

The Project Entity made a payment for Interim Payment Certificate N1 in the amount of 217 570.01 Euro.

Within the framework of CW-ICB-2018/02 contract during reporting period replacement of cracked basalt tiles, filling of joints of basalt tiles, constructing additional sidewalks, remedy of defects at carriageways and sidewalks have been implemented.

The consultant many times has warned the contractor that construction works has been performed with defects and do not comply with the requirements of technical specification. But the contractor fails to remedy the defects . Remedy of defects are

in process only in Abovyan street. During the reporting period the consultant has prepared and submitted Variation Order N 1. By Variation Order N 1 the volumes of street lighting works have been reduced and some changes have been done in the volumes of carriageway and sidewalks construction works.

Within the framework of CW-ICB-2018/03 contract earthworks, pothole patching, installation of communication pipelines, installation of lighting poles and electrical cables, installation of curbs on sidewalks, construction of base of the sidewalks, implementation of a/c pavement on sidewalks, installation of drainage pipes, installation of road signs, street lighting works, implementation of a/c pavement on access ramps have been implemented. During implementation of works some issues arose related to the additional volumes, on which calculations have been made and now, after double check, variation orders of additional volumes have been formed and will be submitted to Bank for no objection.

Within the framework of CW-ICB-2018/04 contract construction of the drainage system, cleaning of manholes, sidewalks rehabilitation works, , implementation of sub base of sidewalks, installation of basalt curbs, implementation of a/c pavement on sidewalks, installation of tiles on sidewalks, , installation of communication cables, installation of the lighting poles, remedy of curb defects have been implemented.

Applications for direct payment drawdown for CW-ICB-2018/04 contract's 1<sup>st</sup> and 2<sup>nd</sup> interim payments with amount of correspondingly 79 122.93 euro and 87 637.45 euro from loan have been formed and sent to Bank.

The Project Entity approved the variation order N 1 and 40 082.39 euro will be deducted from contract sum.

The consultant has prepared and submitted Variation Order N 2. By Variation order N2 actual volumes of communication cables have been represented.

Variation Order 2 has been confirmed by the project Entity and 15 630.46 EUR will be deducted from contract sum.

Within the framework of CW-ICB-2018/05 contract installation of communication cables, relocation of gas pipeline, construction of underground drainage, implementation of sub base of sidewalks, installation of basalt curbs, implementation of asphalt pavement on sidewalks have been implemented . Variation Order 1 has been confirmed by the Project Entity and 3 408.51 EUR will be deducted from contract sum. By Variation order N1 actual volumes of gas pipeline relocation works have been represented.

The disbursement request for CW-ICB-2018/05 contract's 1<sup>st</sup> interim payment with amount of 85 970.83 euro from grant has been formed and sent to Bank. The latter however is not in contractor's account yet.

Several discussions on road construction works of "Gyumri Urban Roads" Project have been occurred during reporting period and the representatives of the Project Entity, Contractors, PIT, communication, telecommunication, gas, electricity, water supply participated in it. The phenomena which were problems for construction works have been identified during these discussions and clarifications and solutions have been recommended for them.

During reporting period , in order to check the defects mentioned in the monitoring report formed by Gyumri «Compass» Research, Training and Consultancy Center , criminal case has been instituted against all contractors with the imputation of abuse, according to which the Project Entity has been considered as injured party.

The bank gave no objection to the evaluation report of tender CW-ICB-G-2018/1 announced for Supply of led luminaries and outdoor lighting management equipment. The contract was awarded to the consortium “ALB LED Group” LLC and “ALB” LLC which offered the lowest price (EUR 102 028.40 excluding VAT). However the latter rejected the further cooperation and the contract was not signed.

“ROM Transporting Engineering” company submitted the parking action plan.

**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.**

Contract amendments for deadline extension have been signed with contractors of all contracts -CW-ICB-2018/01, CW-ICB-2018/02, CW-ICB-2018/03, CW-ICB-2018/04 and CW-ICB-2018/05 of Project's Tranche A, setting out the new deadline as June 30, however, the delays of work are because of external influence and because of the fact that the supply works of LED luminaires for street lighting are not completed, so the Project Entity intends to extend the contracts' deadlines again, now the schedules submitted by the contractors are being discussed.

**C) Expected changes in the completion date of the Project**

The prolongation of fulfillment of Consultant and Contractors' obligations which are due to delays set out in the B point of this report may affect the deadlines of The Project closing.

According to schedule set out in the Appendix 1 of the Project Implementation Agreement signed between the Project Entity and the Bank, the Project closing is foreseen December, 2019. However, taking into account the difficulties and delays described in 2-nd point of this report, the Project is expected to be completed in November 2020.

**D) Key personnel changes in the staff of the Project Entity, the PIT, the Consultants or the Contractors**

During the reporting period, no documents have been submitted regarding to the change of data on personnel involved in the tender packages submitted by the Contractor and the Consultant and on change of staff members involved in the implementation phase of the works. What comes to the staff of Project Entity and PIT, significant changes have been

made to them (the latest order of PIT new personnel is attached).

### **E) Matters that may affect the cost of the Project**

Variation orders with separate packages have been submitted to the Bank during the reporting period on the work that caused the project cost change.

### **F) Any development or activity likely to affect the economic viability of any Part of the project**

No development or activity likely to affect the economic viability of any Part of the project has been occurred.

## **2) Column diagram of the implemented work**

Currency *Euro*

N	The description of implemented work	Planned expenditures	Actual expenditures	Timetable		Work processes
				According to the Contract	Actual	
1	<b>Support on Project Implementation: first Contract</b>	84800	-	-	-	-
1.1	Monthly progress Report	64200	-	January-March 2019	April-June 2019	In process
1.2	Work programm report	18000	-	January-March 2019	April-June 2019	In process
1.3	Annual report on environmental, health and safety manner	2600	-	January-March 2019	April-June 2019	In process

2	<b>“Parking Strategy and Action Plan”</b>	52000.0	-	-	-	
2.1	Action plan report on organizing parking	52000.0	-	May-June 2019	June 2019	In process
<b>3</b>	<b>Road and street lighting rehabilitation works</b>	6076490.21	470301.22			
3.1	Road and street lighting rehabilitation works on Komitas street	354378.89	217570.01	April 2018-June 2019	June 2019	In process
3.2	Road and street lighting rehabilitation works on Varpetac, Ghorghanyan, Jivanu, Abovyan streets	365930.71	-	June 2018-June 2019	June 2019	In process
3.3	Road and street lighting rehabilitation works on Yerevan Highway and Mush II Link road	1652911.01	-	June 2018-June 2019	June 2019	In process
3.4	Road and street lighting rehabilitation works on Garegin Njdeh avenue, Tigran Mets avenue, Sayat Nova street, Hayuhu square	1823224.77	166760.38	June 2018-June 2019	June 2019	In process
3.5	Road rehabilitation works on Vazgen Sargsyan street, Gertsen street and Sharl Aznavour square	1880044.83	85970.83	August 2018-June 2019	June 2019	In process

### 3)Financial reports

Currency: *Euro*/Thousand

N	Description	Preliminary estimates of expenditures	Revised estimates of expenditures	Amount of expenditures made during the reporting period	Justifications for difference between made and calculated expenditures	Expenditures calculated for the remaining quarters of year*
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1	Part A. Capital Expenditures . Tranche A	7950.0	6370.5	470.3	The performance acts submitted by Contractors are on stage of discussions or performance acts have not been submitted yet	4441.8
2	Part B. Technical Cooperation	1360.0	1280.0	-	The performance acts of services subject to payment are on stage of discussions	136.8

\* For coming years

#### 4) Brief overview of fulfillment status of the terms provided in agreement

The project Entity Gyumri Municipality has fulfilled all the terms provided in agreement.