

REPORT
on “Gyumri Urban Roads” Project Implementation Process
(Reporting period 01.10-31.12.2018)

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 the package of bidding documents for “Supply of led luminaries and outdoor lighting management equipment” has been formed and submitted to the Bank for approval.

During the reporting period the Consultant “Dorproject Institute” LLC accomplished the monthly progress reports for 2 months (October, November), implemented technical supervision of street-building works. According to the reports mentioned above, the consultant of the project “Gyumri Urban Roads” has impelemented everyday supervision on construction sites and has followed major repairs.

On November 8, 2018 a public hearing hearing has been occured in Gyumri Municipality on “Parking strategy in Gyumri administrative area”, during which the final version of the strategic plan was presented by the results of the previous public

hearing. During the first session of 2019 with the Council of Elders, the strategic plan will be submitted to the Elders' approval in accordance with the point 2.01 (a)(4) of the Project Agreement.

Contract under code CW-ICB-2018/01- During reporting period the contractor "Undermoscow" OJSC implemented the following work for road rehabilitation works on Komitas street: earthworks, construction of a/c pavement for the sidewalks, access ramps and carriageway, construction of subbase and base for the sidewalks, access ramps and carriageway, construction of speed bumps, construction of underground drainage system, installation of curb stones, restoration of lighting poles, road markings, installation of road signs. In the course of construction there have arisen a need to perform the following operations which were not included in the project documents: construction of the bridge, construction of underground drainage system, restoration of sewerage lines. The whole construction works of Komitas street, except installation of luminaries and electrical channels for their power, are accomplished. Street lighting works are foreseen to implement next year.

Contract under code CW-ICB-2018/02- During reporting period the contractor "Undermoscow" OJSC implemented the following work for road rehabilitation works on Varpetac, N.Ghorghanyan, Jivanu, Abovyan streets: concrete works for the sidewalks and carriageway, construction of basalt cobblestone pavement on the carriageway and sidewalks, construction of the base of lighting poles, installation of LED luminaries, construction of storm water drainage system, installation of road signs, remedy of recorded defects. The construction works at Abovyan and Ghorghanyan streets have been completed with defects. The consultant many times has given warnings that the works can not be accepted by the technical supervision team until all the recorded defects are rectified.

Contract under code CW-ICB-2018/03- During reporting period the contractor "Undermoscow" OJSC implemented the following work for road rehabilitation works on Yerevan Highway and Mush II Link road: earthworks, pothole patching, implementation of levelling layer, cold milling of a/c pavement, construction of the top coat of a/c pavement, construction of subbase for the carriageway, construction of underground drainage system, installation of curb stones, construction of the base of lighting poles, construction of subbase, base and a/c pavement for the carriageway, sidewalks and access ramps, construction of rainwater manholes, construction of the communication pipelines.

Additional pothole patching and levelling layer has been done, which will cause cost and time overrun. The implementation of a/c pavement dependent upon the weather conditions has been postponed to next year. The Project Entity intends to provide additional time for which the term of contract will be changed.

Contract under code CW-ICB-2018/04- During reporting period the contractor JV "Sisian FPAT" LLC and "Vahagn ev Samvel" LLC implemented the following work for road rehabilitation works on Garegin Njdeh Avenue, Tigran Mets avenue, Sayat Nova street, Hayuhu square: earthworks, installation of basalt curbs, installation of reserve pipelines, repair of underground crossings, construction of the drainage system, installation of the base for lighting poles.

Contract under code CW-ICB-2018/05- During reporting period the contractor JV “A.A.B Project” LLC and “Electroservice” LLC implemented the following work for road rehabilitation works on Vazgen Sargsyan street, Gertsen street and Sharl Aznavour square: earthworks, construction of sub base, installation of basalt curbs and shoulder supports, construction of the base of lighting poles, installation of reserve pipelines, bridge repair works, relocation of gas pipeline.

The mentioned works are in progress and have not been completed yet.

On November 1, 2018 a public hearing has been occurred in Gyumri Municipality on process of Gyumri road construction and on choice of streets which aims at proceeding the Project (Tranche B) . The list of streets which are foreseen for Tranche B have been sent to Bank and received no-objection.

On December 13, 2018 a discussion has been organized in Gyumri Municipality between the representatives of the Project Entity, Contractors and PIT on issues arisen while implementation of Project “Gyumri Urban Roads” which is being implemented through EBRD financial means.

On December 21, 2018 , CW-ICB-G-2018/1 “Supply of led luminaries and outdoor lighting management equipment” tender opening occurred in the administrative building of Gyumri Municipality. 6 tenderers, namely “Svyazinvest” OJSC, “Vizulo Solutions” SIA, “Enersys LLC and Guangdong Mason Technologies Co. Consortium”, “ALB Led Group” LLC, “Consel and IT Smart City Consortium”, “AKLS” LLC submitted tender packages.

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.

Contractors have written a number of notes regarding drainage system, sewerage cleaning, telecommunication cables, all communications’ highlights and locations, which were not outlined by the operators that exploit them. The Project Entity has given appropriate assignments to the Contractors and the Consultant in order to find proper solutions to the issues.

Some complaints have been received written by city residents on unnecessary restrictions of their movement and the slowing down of work. To prevent this, the Project Entity has organized working consultations and obliged contractors to work with residents and business entities adjacent to the construction sites while construction work in order to solve their issues as soon as possible.

Because of the weather conditions, all Contractors have temporarily stopped their work receiving no-objection from the Consultant.

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 the personnel involved in the tender packages and the staff members involved in the implementation phase of the works by the Contractor and the Consultant. What comes to the staff of Project Entity and PIT, no significant changes have been made to them.

E) Matters that may affect the cost of the Project

The matters that may affect the cost of the Project, are the additional costs needed for reconstruction of the bridge which was found in Komitas street, construction of underground drainage systems of the remaining streets, as well as enlargement of the volume of pothole patching of Yerevan Highway, which have not been submitted in the design estimate documents. This will be furthermore presented separately with modification instructions and calculations.

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	Support on Project Implementation: first Contract	-	-	-	-	-
1.1	Environmental and Social Impact Assessment	-	-	-	-	-
1.2	Environmental and Social Action Plan	-	-	-	-	-
1.3	Road safety report	-	-	-	-	-
1.4	Tender documents	-	-	-	-	-
1.5	Monthly progress Report	78200.0	-	October-December	October-December	Submitted partly

				2018	2018	
2	"Parking Strategy and Action Plan"	32000.0	-	-	-	
2.1	Final report on organizing parking	32000.0	-	April-August 2018	August 2018	Accepted

3)Financial report

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*
1	Part A. Capital Expenditures . Tranche A	7950.0	6583.3	-	Contractors did not submit performance acts	5297.82
2	Part B. Technical Cooperation	1360.0	-	64.2	The Consultant has submitted, the	916.66

					Project Entity did not approve yet	
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* 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.