

**REPORT**  
**on “Gyumri Urban Roads” Project Implementation Process**  
**(Reporting period 01.01-31.03.2019)**

**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 the list of streets provided for Tranche B of Project “Gyumri Urban Roads” has been sent to the Project Consultant. The design estimate works have begun.

Till March, 2019 construction works in frames of Project’s Tranche A have been temporarily stopped because of the unfavorable weather conditions, then the works have been continued from March 1. The Project Consultant implemented everyday supervision in the construction sites and supervised the rehabilitation works.

On January 30 and February 5, 2019 consultations have been occurred on the process of road construction works in Gyumri during which discussions have been occurred also on the Project "Gyumri Urban Roads", which was attended by the representatives of Project Entity, Contractors and PIT.

In frames of contracts CW-ICB-2018/01 and CW-ICB-2018/04 interim payment certificates have been formed and submitted to the Project Entity.

The Project Entity has formed and provided withdrawal applications to the Bank with the total amount 217 570.01 Euro by loan (2/3) and grant (1/3) financial means, based on the interim payment certificate and invoice submitted in frames of contract CW-ICB-2018/01.

During the reporting period Gyurmi Council of the Elders approved also the final report on Gyumri parking strategy according to the Project requirements, and the report has been sent to Bank.

The evaluation process of announced tender CW-ICB-G-2018/1 "Supply of led luminaries and outdoor lighting management equipment" has also been occurred during the reporting period. The evaluation report has been sent to Bank for no-objection. According to the preliminary data, the contract will be awarded to the consortium "ALB LED Group" LLC and "ALB" LLC which offered the lowest price (EUR 102 028.40 excluding VAT).

**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. An arrangement has been acquired to carry out the technical supervision in April-June, 2019 as well, together with the construction work. Unfavorable weather conditions affected to the prolongation of construction works, construction and technical supervision works have been stopped in January-March 2019, unexpected problems also arose in the streets being rehabilitated related to the communications'(electricity, water, gas pipelines) locations, height, as well as with the adaptation of the basalt quality standards for usage of streets sidewalk edge. For solving the mentioned problems several discussions has been held with the stakeholders , the issue has also been arisen in the appropriate governmental administration bodies of Armenia (Urban Development Committee, Ministry of Territorial Adminsitration and Development of RA, Shirak regioanl council, deputy Prime Minister), and now intensive works are being carried for solving them, however several problems related to the underground

communications' location and height remain unsolved, which, in its turn, negatively impacts on the Project's work process. Despite the mentioned, some problems have already been solved due to joint efforts.

### **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, the issue on changes of them is being discussed with the Ministry of Territorial Administration and Development of RA and Shirak regional council. Mentioned departments time to time have desire to be engaged in PIT staff, but the issue of forming PIT is under discussion till now.

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

No relevant documents have been submitted 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

in 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	149400.0	149400.0	-	-	-
1.1	Environmental and Social Impact Assessment	-	-	-	-	-
1.2	Environmental and Social Action Plan	-	-	-	-	-
1.3	Road safety report	-	-	-	-	-
1.4	Quarterly report	21000.0	21000.0	April-December 2018	March 2019	Accepted
1.5	Monthly progress Report	128400.0	128400.0	July-December 2018	March 2019	Accepted
2	"Parking Strategy and Action Plan"	32000.0	32000.0	-	-	
2.1	Final report on parking strategy	32000.0	32000.0	April-August 2018	March 2019	Accepted

### 3)Financial reports

Currency: *Euro/*

Thousand

N	Description	Preliminary estimates of expenditures	Revised estimates of expenditures	Amount of expenditures made during reporting period	Justifications for difference between the made and calculated expenditures	Expenditures calculated for the remaining quarters of year*
1	Part A. Capital Expenditures . Tranche A	7950.0	6868.2	-	The performance acts submitted by Contractors are on stage of discussions or performance acts have not been submitted yet	5409.8
2	Part B. Technical Cooperation	1360.0	1280.0	181.4	No services subject to payment have been done yet	675.6

\* 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.