

REPORT

on “Gyumri Urban Roads” Project Implementation Process

(Reporting period 01.04-30.06.2018)

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 Technical Cooperation Grants, 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 services contract (hereafter the Contract 1), on June 7, 2017. Within the frames of the contract the announced tenders’ openings have been organized based on the tender documentation packages of construction works for the 11 streets and 2 squares which are included in the project, which the Consultant had drawn and had submitted to the Project Entity during the last reporting period.

The contractor “ Undermoscow” OJSC of tender under the code CW-ICB-2018/01 “Road rehabilitation and street lighting works on Komitas street” received the advance payment (20%) EUR 85 050.94 fully transferred by loan funds. During the reporting period the contractor commenced the rehabilitation works: dismantled the existing basalt and monolithic concrete curbs, pavement, storm water drainage system, excavated carriageway, then constructed new underground storm water drainage system, excavated trenches, installed storm water pipe, constructed manholes and installed basalt curbstones.

According to the results of the evaluation of tender under the code CW-ICB-2018/02 “Road rehabilitation works on of Jivani, Ghorghanyan, Abovyan and Varpetac streets”, the winner is “Undermoscow “ OJSC with the proposed lowest price of EUR 439 116.84. On May 22 the Contract has been signed with the project Contractor. The contractor received the advance payment (20%) EUR 87 823.37 fully transferred by grant funds. The construction permit and access to site have been given to the contractor. “Undermoscow” OJSC mobilized and started the preparatory works, excavated carriageway and dismantled the existing cobble stone pavement.

On April 16, 2018 in the administrative building of Gyumri Municipality the tender CW-ICB-2018/03 opening occurred announced for the “Road rehabilitation works on Yerevan Highway and Mush II Link road”. 3 tenderers have submitted tenders, namely “Sahakyanshin” CJSC, “Undermoscow” OJSC and JV “Akhuryani Coopshin” Co. Ltd, “JEU Group” LLC, “Electroni” Ltd (The minutes of tender opening have been sent to The Bank).

Then the evaluation process has been held. The tender evaluation report has been formed and sent to The Bank and received No objection.

According to the results of the evaluation the winner is “Undermoscow “ OJSC with the proposed lowest price of EUR 1 983 493.21.

On June 19, 2018 the contract has been signed with the project Contractor, after which the Disbursement request and application for direct payment drawdown for the advance payment have been formed and sent to Bank. It is intended to transfer the payment with the proportion of 2/3 and 1/3, respectively, by loan and grant funds. The advance payment has not been transferred yet. The contractor received the construction permit. The works have not started yet.

On April 17, 2018 in the administrative building of Gyumri Municipality the tender CW-ICB-2018/04 opening occurred announced for the “Road rehabilitation works on Garegin Njdeh Avenue, Tigran Mets avenue, Sayat Nova street, Hayuhu square”.

5 tenderers have submitted tenders, namely JV “Chanaparh” LLC and “Undermoscow” OJSC, JV “Sisian FPAT” LLC and “Vahagn ev Samvel” LLC, JV “A.A.B. Project” LLC and “Electroservice” LLC, “Sahakyanshin” CJSC, JV “Akhuryani Coopshin” Co. Ltd, “JEU Group” LLC, “Electroni” Ltd. (The minutes of tender opening have been sent to The Bank).

Then the evaluation process has been held. The tender evaluation report has been formed and sent to The Bank and received No objection.

According to the results of the evaluation the winner is JV “Sisian FPAT” LLC and “Vahagn ev Samvel” LLC with the proposed lowest price of EUR 2 187 869.73.

On June 26, 2018 the contract has been signed with the project Contractor, after which the Disbursement request and application for direct payment drawdown for the advance payment have been formed and sent to Bank. It is intended to transfer the payment with the proportion of 2/3 and 1/3, respectively, by loan and grant funds. The advance payment has not been transferred yet. The contractor received the construction permit. The works have not started yet.

On April 18, 2018 in the administrative building of Gyumri Municipality the tender CW-ICB-2018/05 opening occurred, announced for the “Road rehabilitation works on Vazgen Sargsyan street, Gertsen street and Sharl Aznavour square”. 5 tenderers have submitted tenders, namely “Hayk-Shin” LLC, JV “Sisiani FPAT” LLC and “Vahagn ev Samvel” LLC, “Undermoscow” OJSC, JV “Akhuryani Coopshin” Co. Ltd, “JEU Group” LLC, “Electroni” Ltd, JV “A.A.B. Project” LLC and “Electroservice” LLC (The minutes of tender opening have been sent to The Bank).

Then the evaluation process has been held. The tender evaluation report has been formed and sent to The Bank and received No objection.

According to the results of the evaluation the winner is , JV “A.A.B. Project” LLC and “Electroservice” LLC with the proposed lowest price of EUR 2 256 053.80.

The Consultant “Dorproject Institute” LLC accomplished the monthly progress reports for 3 months (April, May, June) , implemented technical supervision of street-building works. According to the reports mentioned above, the consultant of the project “Gyumri Urban Roads” has implemented everyday supervision on construction sites and has followed major repairs.

On May 31 , 2018 in the small conference hall of Gyumri municipality a reporting meeting occurred on the implemented work done during 3 months by the project consultant Jewish company “ROM Transporting Engineering” together with the local experts in frames of project “Parking Strategy and Action Plan” .

After discussions it was decided:

1. To organize public discussion during the last ten days of July informing the citizens about the project and exchanging ideas.
2. To organize a council meeting in September and discuss the issue whether the city decides to get income from parking or just cover expenses, as well as to determine how to charge parking fees: to create a special department in the municipality to deal with parking issues or to pass this to a private company?
3. To summarize the information on questions, opinions and complaints raised during the above-mentioned public discussion and council meeting by the end of September.

Gyumri Municipality agreed with the preliminary report on organizing parking formed by the project consultant. On May 31 an amendment of consultancy contract on extension of deadline has been signed with “ROM Transporting Engineering” .

The consultancy services for modernization of the lighting network by the German company “ENVIDATEC” (Consultant 3), which won in the tender, announced by the Bank is in process of implementation. The Consultant 3 made a report on modernization of the lighting network and submitted to The Project Entity for consideration. Several discussions have been organized by initiative of The Bank with Project Entity, Consultant 1 and Consultant 3, as a result of which changes occurred and the report on modernization of the lighting network has been refined.

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.

During the Project implementation, there have been some term delays in frames of Consultancy contract with “Dorproject Institute” LLC, a new deadline was set out as 30.09.2019 in frames of Consultancy contract with “ROM Transporting Engineering”, a new deadline was setting out as 30.09.2018.

There have been also term extension related to the CW-ICB-2018/03 and CW-ICB-2018/04 contract signing days.

C) Expected changes in the completion date of the Project

The delays set out in the B point of this report as well as the extensions of realizing obligations of Consultant 3 set out in Contract 3 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 3 contractors have been selected for 4 contracts: “Undermoscow” OJCS for CW-ICB-2018/02 and CW-ICB-2018/03 , JV “Sisian FPAT” LLC and “Vahagn ev Samvel” LLC for ` CW-ICB-2018/04 and , JV “A.A.B. Project” LLC and “Electroservice” LLC for CW-ICB-2018/05.

According to the tender documents submitted by The Contractor, no significant changes have been made to the data and the personnel included in the implementation of works.

Also, no significant changes have been made to the staff of Project Entity, PIT, consultants staff as well. With the increase of scope of the project works, it is expected to have increase in number of PIT staff members as needed, which will be notified to the Bank.

E) Matters that may affect the cost of the Project

The project is at preliminary stage, so there are not any matters yet which can affect the cost of the Project.

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

As a result of the actual construction works carried out by the contractor of CW-ICB-2018/01 in Komitas Street during the

reporting period, several issues have been raised which require solutions. It was foreseen to make the drainage system by the existing pipes but after the excavation works it proved that they were worn and broken and could not be reused. Besides this, the newly discovered manholes covers are in poor condition, as well as during the underground drain repair at the end of Komitas Street it became clear that it is impossible to use it without capital renovation. The arisen issues will be discussed with the consultant and the client. Relevant drawings and changes should be made by the team's consultant.

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	141570	141570.0			In progress
1.1	Environmental and Social Impact Assessment	47190.0	47190.0	June-December2017	June-July 2017	Is accepted
1.2	Environmental and Social Action Plan	31460.0	31460.0	June-December2017	June-August 2017	Is accepted
1.3	Road safety report	47190.0	47190.0	June-September 2017	April 2018	Is accepted
1.4	Tender documents	15730.0	47190.0	June-January 2017	January 2018	Is accepted
2	"Parking Strategy and Action Plan"	76000.0	76000.0	-	-	In progress

2.1	Diagnostic report	44000.0	44000.0	January-March 2018	March 2018	Is accepted
2.2	Preliminary report on organizing parking	32000.0	32000.0	March-June 2018	May-June 2018	Is 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	6805.0	172.87		6632.13
2	Part B. Technical Cooperation	1360.0	1280.0	141.57		980.86

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.