

ANNUAL REPORT

on “Gyumri Urban Roads” Project Implementation Process

(Reporting period 15.06.2017-31.12.2017)

1) General Information

For the implementation of the project “Gyumri Urban Roads” (hereafter the Project), in 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) in December 30, 2016:

A) The works carried out during the reporting period

For the effectiveness and Drawdowns of Loan Agreement Tranche A all the preconditions set out in section 5.01 of the mentioned agreement are implemented as of June 15, 2017.

Preliminary studies and a report on Project Feasibility Study have been carried out by "iC" and " BERNARD Ingenieure " Austrian consultancy services selected by the Bank.

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), in June 7, 2017. Within the frames of the Contract The Consultant has drawn and has submitted a report on commencement of Project works and report on Environmental and social action plan during the reporting period, the draft report on

road safety audit has been drawn as well. The works on Detailed design of Komitas, Jivani, Abovyan, Ghorghanyan and Varpetac streets have been accomplished, the documents (design estimate documents) have been coordinated with the structures regulating the aspects as prescribed by law. The package of tender documents of Komitas, Jivani, Abovyan, Ghorghanyan and Varpetac streets has been prepared and submitted to the Bank for approval.

The design estimate documents which are formed by the Consultant for Yerevan Highway, Tigran Mets, Sayat Nova, Garegin Njdeh, Vazgen Sargsyan, Mush 2 link road streets, Hayuhu and Sharl Aznavour Squares have been at the stage of discussions and agreements with the Project Entity. After confirming it with the Bank, a tender was announced for the rehabilitation works of Komitas street.

The German company “ENVIDATEC” chosen by the Bank together with the Armenia Renewable Resources and Energy Efficiency Fund carried out studies on feasibility for modernization of the external lighting network of the project component, within the frames of which the experts of the mentioned organizations visited Gyumri and implemented series of research and expertise works together with the City specialists, the report on research results was at the stage of agreements.

The tender on selection of Consultancy service for implementation the component “Organizing Parking Strategy and Action Plan” was evaluated, as a result of which The Bank negotiated with the winning bidder ROM Transportation Engineering agreeing with the Project Entity. As a result of negotiations, the selected bidder was offered to seal a contract for consultancy services for implementation the component “Organizing Parking Strategy and 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.

During the Project implementation, some delays have been happened related to the implementation of all the preconditions set out in Section 5.01 of the Loan Agreement, particularly with the Consultant selection tender and the process of terms for Contract award, which, in its part, affected the Terms of Project effectiveness. The terms of Project effectiveness have been delayed several times by the mutual agreement.

Also, some date delays have been happened when carrying out feasibility studies on modernization of the external lighting network of city realized by the German company “ENVIDATEC”: till the end of year the company did not formed the final version of the report on mentioned studies, which would be the base for organizational works on modernization of the external lighting network of city. The Bank and the Project Entity realized explanatory works , orgaznized telephone conversations several times.

C) Expected changes in the completion date of the Project

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

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

The Contractors have not been selected in the reporting period yet. Concomitant with the increase of scope of the project works during the reporting period some personnel changes have been in the PIT staff created by the Project Entity: two members left PIT and some people were added.

E)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 during the reporting period have been recorded.

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	613000.0	31460.0			In progress
1.1	Report on commencement of works (including procurement plan and payment forecast)	31460.0	31460.0	June-July 2017	June-July 2017	Done
1.2	Report on Road Safety Audit:Draft	47190.0	–	June-August 2017	June-August 2017	Done
1.3	Environmental and Social Impact Assessment	47190.0	-	June-December2017	June-July 2017	At the stage of agreements
1.4	Environmental and Social Action Plan	31460	–	June-December 2017	June-August 2017	At the stage of agreements
1.5	Report on detailed design works	141570	-	June-December2017	June-December 2017	At the stage of agreements
2	Support on supervision and management of street lighting maintenance contracts	240000.0	–			The report on researches was at the stage of agreements.

3	“Parking Strategy and Action Plan”	160000.0	–			There was a selected tenderer in the Consultant selection tender
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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	6655.0	6655.0	0	No expenditures have been made, so there are not differences	No other expenditures were foreseen for the reporting year
2	Part B. Technical Cooperation	1360.0	1280.0	31.46	Only one invoice is presented till the reporting period	No other expenditures were foreseen for the reporting year

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.