

ASSURANCE REPORT:
Repair of the section of N-01 Kyiv – Znamyanka Road
(km 14+740 – km 43+345)

Head of Assurance Team

A. V. Plesnytskyi

Consultant of Assurance Team

V. V. Stiozhka

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LIST OF ABBREVIATIONS AND TERMS

CoST — Construction Sector Transparency Initiative

1-b Category motor road — a motor road with future-oriented design flow over 14 000 as a fraction of light vehicles, with four or six pathways, 3.75 m wide each.

EDPNOU — National State Registry of Ukrainian Enterprises and Organizations

MSG — Multi-Stakeholder Group established for coordination and monitoring of CoST implementation in Ukraine

MoInf — the Ministry of Infrastructure of Ukraine.

IFI — International Financial Institution(s).

VAT — Value Added Tax.

N-01 Project — Repair of the section of N-01 Kyiv – Znamyanka Road (km 14+740 – km 43+345).

IPC — Interim Payment Certificate

TEJ — Techno-Economic Justification

Ukravtodor — The State Road Agency of Ukraine.

Ukrdiprodor — Ukrainian State Institute of Road Installations Design (Ukrdiprodor State Enterprise).

Ukrdorinvest — Ukrainian Road Investment State Enterprise.

Overhaul — baseline work without road category increase on complex refurbishment or upgrade of motor roads and engineering structures transport performance or reduction of geometrics and specifications of individual elements, taking into account traffic flow and axial loadings increase, to valid regulatory requirements considering road categories and designation.

INTRODUCTION

1.1 About CoST

The purpose of CoST is to create a platform of government, business and civil society collaboration, which will use strong confidence in the public and open practical possibilities to cover transparent and distinct information, public control and verification of data in construction sector.

CoST operation should provide for:

- disclosure and publication of information by procuring entities regarding all construction stages: planning of design and estimate documentation, bidding process, execution of the work, supervision;
- monitoring of management and corruption risks, amplification of equal representation between government, business and public sector for public resources utilization efficiency improvement during construction;
- identification and support of independent expertise required for permanent fulfilment of monitoring procedures and disclosed data assurance in Ukraine;
- utilization of the best international practices in the field of data public disclosure via CoST standards integration, utilization of support and advice provided by specialists of CoST International Secretariat.

“Disclosure” within CoST projects (fig. 1.1) is publication of objective disclosed data provided by procuring entities, which are the owners of construction/repair works.

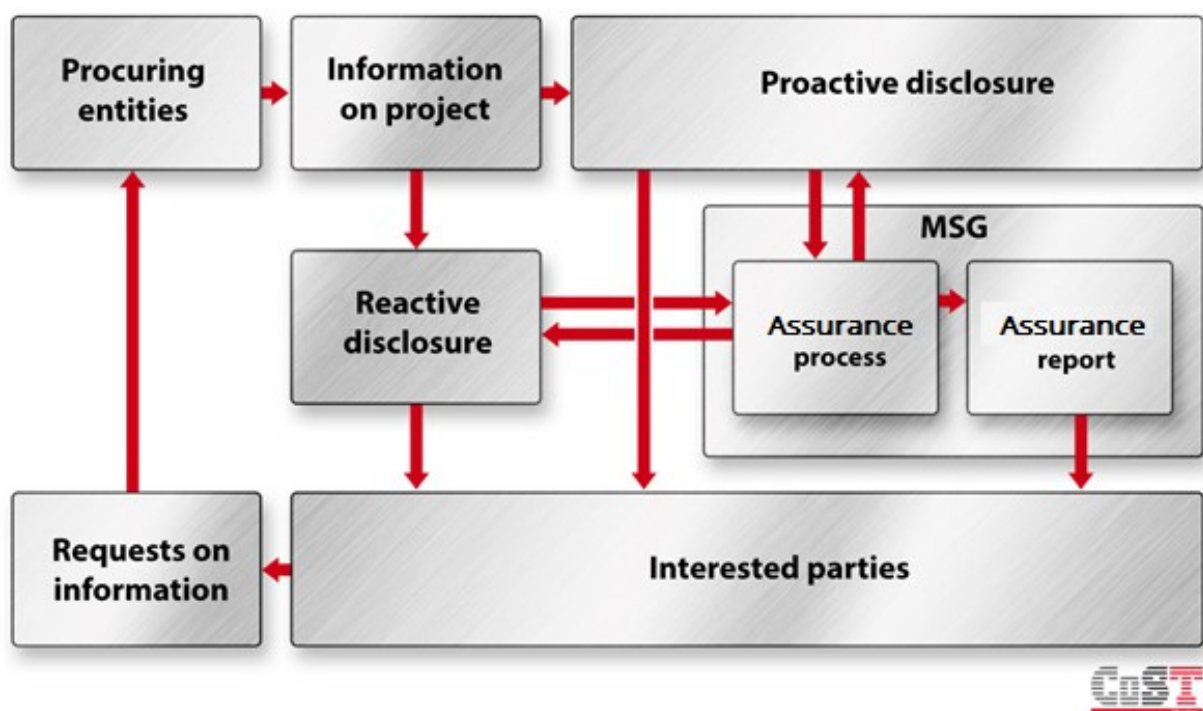


Figure 1.1 – Disclosure within CoST and data assurance

Proactive disclosure (table 1.1) relates to information that procuring entities are required to disclose for all projects and contracts at specified stages during the construction project cycle. The information, in a clear and usable format, is disseminated through a public medium that is open and accessible to a wide range of stakeholders.

Table 1.1 – Proactive disclosure

1. Project phase	Project information	2. Contract phase	Contract information
Project Identification	Project owner	Procurement	Procuring entity
	Sector, subsector		Procuring entity contact details
	Project name		Procurement process
	Project Location		Contract type
	Purpose		Contract status (current)
	Project brief		Number of firms tendering
Project Preparation	Project Scope (main output)		Cost estimate
	Environmental impact		Contract administration entity
	Land and settlement impact		Contract title
	Contact details		Contract firm
	Funding sources		Contract price
	Project Budget		Contract scope of work
	Project budget approval date		Contract start date and duration
Project Completion	Project status (current)	Implementation	Variation to contract price
	Completion cost (projected)		Escalation of contract price
	Completion date (projected)		Variation to contract duration
	Scope at completion (projected)		Variation to contract scope
	Reasons for project changes		Reasons for price changes
	Reference to audit and evaluation reports Project expertise		Reasons for scope and duration changes

Reactive disclosure (table 1.2) involves making the additional information available to the requesting party in a usable form and hosting it on public resources.

Table 1.2 – Reactive disclosure

Project	Contract
Identification and Preparation	Procurement
Multi-year program and Budget	Contract officials and roles
Project brief or Feasibility study	Procurement method
Environmental and social impact evaluation	Tender documents
Resettlement and compensation plan	Tender evaluation results
Project officials and roles	Project design report
Financial agreement	Contract
Procurement plan	Contract agreement and conditions
Project approval decision	Registration and ownership of firms
Completion	Specifications and drawings
Implementation progress reports	Implementation
Budget amendment decision	List of variations, changes, amendments
Project completion report	List of escalation approvals
Project evaluation report	Quality assurance reports
Technical audit reports	Disbursement records or payment certificates
Financial audit reports	Contract amendments

1.2 Information processing and disclosure procedure

For improved readability and the possibility of quantity accounting of share and reliability of disclosed information, consultants (assurance team members) offered the following approach.

Disclosed information is provided in blocks, which consist of the following sections:

- block serial number according to its place in the assurance report;
- block name;
- disclosed information itself in tabular form (table 2.1);
- consultant (assurance team member) conclusion;
- extended explanation from consultant if necessary.

Table 2.1 – Presentation form of disclosed information

Name	Contents	Status
<i>Information field name, for example, the Owner's EDPNOU code</i>	<i>Disclosed information contents, for example, 37641918</i>	1 – confirmed
		2 – rejected
		3 – updated
		4 – not available

SUMMARY

CoST International Initiative

Construction Sector Transparency Initiative (CoST) was established in 2012. In each country, where the Initiative works, it is managed by group of stakeholders (Multi-Stakeholder Group/MSG), which unites common interests of government, business and public for improvement of cost/quality ratio at the stages of designing, construction and care or maintenance of public infrastructure.

CoST focuses on disclosure of public infrastructure information, which allows for further accountability amongst public resources holders represented by procuring entities. Moreover, where feasible and practical, CoST interprets the key information with regard to the most important aspects and in an accessible and understandable format, but CoST operations do not pass on detailed examination or investigation, which is the responsibility of other organisations/initiatives.

CoST in Ukraine

After the United Kingdom, Ukraine is the second country, to become a member of CoST in Europe. Currently, CoST Ukraine's work focuses on the road industry as a pilot. In 2015, with support from the Ministry of Infrastructure of Ukraine, the CoST Ukraine Multi-Stakeholder Group (MSG) was created. The CoST Ukraine National Secretariat has received support from CoST International Secretariat in London, as well as from the World Bank. This has helped the MSG to control the development of projects on disclosure, which were approved by the Ministry of Infrastructure. Considering the Ukrainian context, CoST's global standards define exactly what kind of construction project information should be routinely disclosed to the public and which information should be available upon request via procuring entities (public resources holders).

Assurance reports

Assurance reports are prepared by national engineering consultants before being approved by the MSG, as a periodic expert evaluations regarding completeness, accuracy, as well as potential consequences of disclosed information. They point out trends and issues, which can trigger further consideration. Also, reports set out guidance regarding improvements, which can be used for disclosure procedures specifically; in due course, it is designed to become customary practice of procuring procedures in the field of infrastructure in order to meet the needs of every stakeholder.

CONCLUSIONS

Disclosure completeness

With reference to the Disclosure Standard (CoST IDS – Infrastructure Data Standard), the level of design public disclosure achieved 49%. The reasons offered for non-disclosure included concerns about confidentiality, lack of clarity over credentials for disclosure, as well as non-availability of documentation. The main gaps in disclosure and granting access to information are related to project funding, construction and work documentation development design supervision, technical supervision, execution of the work, information regarding records on the Contractor, The Engineer and the Design Organization selection tenders.

Assurance process of disclosed information

No considerable differences in disclosed data were identified. However, the risk of differences or inconsistencies in design documentation was obvious following the requirement for conformity with not only valid international recommendations regarding procurement, but with corresponding national laws and regulations as well.

Consequences/conclusions of disclosed information

The disclosed data highlights several key points related to procurement efficiency. Particularly:

- **Validation of documents submitted at the bid stage.** Significant amendments were found in the project approved by government and submitted documentation at the bid stage. For example, tender documentation has promised to construct six additional multi-level walkways and two multi-level interchanges. I.e. work volume identified in tender documentation does not meet work volume and scope approved by the Ordinance of the Cabinet of Ministers of Ukraine dated 26/06/2013 No. 454 “Kyiv-Znamianka N-01 motor road overhaul on km 14+740 – km 43+345 section within Kyiv Oblast”.
- **Accuracy of documents submitted at the bid stage.** During execution of the work, limitations in accuracy of the documentation submitted by bid participants became obvious. One of the reasons for this was that in the 4 years that had passed between preliminary designs and construction, new work types were broken (pipes, cables etc.) to be used for provision of new road works.
- **Variation to contract price.** Particularly, contract price escalation is feasible for construction contracts, if, for example, some amendments in work scope become obvious during project implementation only. The main purpose of work scope escalation is to increase road safety. According to the monthly report of the Engineer as of 30/06/2016, the cost of such amendments is equal to EUR 1,160.342. The amendment order is not approved by the Owner. The essential factors include delays between project creation and the works directly, as well as lack of details for this project.
- **Delay in payments to the Contractor.** Under the terms of the contract, the prepayment for the contractor should be performed within 91 days after the Tender Proposal Acceptance Letter is issued or within 63 days of documentation receipt according to Article 4.2 [Contract Assurance] and Article 14.2 [Prepayment]. In reality, actual delays for prepayment stood at 91 days. As a result, the Contractor has the right to demand additional payments. Specific issues can arise from delays in VAT returns to the Contractor.

ANALYSIS AND RECOMMENDATIONS

1. **Disclosure.** Initially, several parties did not feel comfortable with data disclosure according to the CoST Infrastructure Data Standard which is understanding considering that its a change from previous practices. Following intervention from the Ministry, a sufficiently high level of disclosure was achieved under given conditions. To this end, the CoST Ukraine MSG (which rely on the points of view of every stakeholder) is recommended to treat the Disclosure Standard project considering the experience accumulated during the first round of assurance reports. Additionally, it is recommended that the CoST Ukraine standards for disclosure practices are introduced by Ukrdorinvest State Enterprise as part of their standard tender documentation on projects funded by IFI.

2. **Assurance process.** During the assurance process, a group of consultant engineers had access to a large amount of data including information on current pending questions. **To this end, it is recommended** that the technical specification standard for the assurance process should specify that assurance reports are not intended to incorporate comments on pending questions and issues (such as individual demands), which are still in progress and not yet legally resolved within the corresponding contracting procedures.

3. **Documentation duplication.** Requirements relating to project documentation, specifically, the requirement to be in accordance with both international practices as specified by FIDIC contracts, and with national practice, results in obvious risk of wasted efforts, as well as possible inconsistencies. **To this end, it is recommended** to pay attention to the approach correction and apply it so as to prevent any unnecessary duplication.

4. **Explanation on Guidelines Procurement.** EBRD Procurement Guidelines, the associated evaluation method, as well as FIDIC contract form compose together a pattern established for road projects implementation in the environment marked by market competition, exact and efficient regulations, as well as confidence in the independence and expertise of engineers. In the context of Ukraine, these principles are interpreted and applied in such a manner that it is necessary to provide some additional guarantees, integrated into the national approach, for the evaluation of the cost of works and the associated approvals. As a result, there is a risk of “weakening” the Engineer’s status or “blurring” clarity regarding the corresponding regulations and the possibility of reporting relationship confusion. **To this end, it is recommended** to pay attention to review approach itself, which would provide for prevention of such risks or their mitigation.

LIMITATIONS OF THIS REPORT

Before the presentation of this report by the CoST Ukraine Multi-Stakeholder Group, it is necessary to understand that CoST Ukraine is in the initial stages; in order to gain experience, as well as develop the complete skillset needed for efficient application of CoST principles in the context of Ukraine, time is required. Specific limits, of which the CoST Ukraine MSG is aware of and has tried to minimise, include:

- The pilot nature of CoST Ukraine’s standards of disclosure. In its efforts to apply the CoST standard in the context of Ukraine, the CoST Ukraine MSG has undertaken a precautionary approach, which considers judicial concerns, which some parties may have.

- **Professional independence of assurance procedure** During the preparation phase of the national consultants, who expressed interest in the assurance procedure, it was obvious that very few people could be considered as truly independent. Indeed, many of those who successfully passed the training assessment were informed of the possibility of conflicts of interests regarding previous of participation in road work procurement procedures in Ukraine. Rather than attracting international consultants for the execution of the work, the MSG approach was based on the fact that engineering consultants would report on such conflicts honestly/transparently, and during review of reports, the MSG should be confident that they are based on facts represented in official documentation.
- The MSG is willing to learn from the expertise of this report presentation/publication. Should there be Any errors, these will be highlighted after its publication, or proposals will be brought forward regarding how to improve these reports. The MSG is obliged to consider feedback in an appropriate manner.

2 INFORMATION SOURCES

Within assurance report preparation, a variety of documents was processed (table 2.1). Freely available documents are highlighted in **green**, non-public information – in **orange**.

Each document has digital code, for which references within this report are available. For compactness, hereinafter in the report, hyper-links to open data sources are transformed using service <https://goo.gl/>.

Table 2.1 – List of processed documents

Cod e	Name	Data Source	Format and volume	Hyperlink	Notes
2.1	Reports of procuring entities	Ukravtodor, Ukrdorinvest, motor road Service of Kyiv Oblast	*.xls 8 sheets	http://goo.gl/khV5HV	as of 1 st quarter of 2016
2.2	Bid Issue N-01 Project — Kyiv-Znamianka N-01 motor road Repair (km 14 +740 – km 43 +345).	Ukravtodor.	*.doc, 2 sheets.	http://goo.gl/3ZzEt1	as of 02/04/2014
2.3	Announcement on contract award for Kyiv-Znamianka N-01 motor road overhaul (km 14 +740 – km 43 +345).	Ukravtodor. EBRD.	*.doc, 2 sheets.	http://goo.gl/nBptex	as of 11/12/2014
2.4	Contract agreement	Ukravtodor	A4, 4 pages.		as of 03/12/2014
2.5	Tender documentation in three parts with amendments and additions	Ukravtodor. Ukrdorinvest, Ukrdiprodor	*.doc, *.pdf, *. xls over 1000 pages.		as of November 2011
2.6	Expert report considering project documentation review (positive).	motor road Service of Kyiv Oblast.	A4, 1 page.		as of 26/02/2013
2.7	Addition to expert report considering project documentation review.	motor road Service of Kyiv Oblast.	A4, 1 page.		as of 28/03/2015
2.8	Expert evaluation considering road pavement construction during design correction.	motor road Service of Kyiv Oblast.	A4, 3 pages.		as of 28/03/2015
2.9	Monthly report of the Engineer on execution of the work under the contract.	Ukrdorinvest	*.pdf, 29 pages.		No. 14, as of 25/11/2015
2.10	Payment volume sheet.	Ukrdorinvest	A4,		as of

Code	Name	Data Source	Format and volume	Hyperlink	Notes
			1 page.		30/06/2016
2.11	Assignment No. 1877 for the development of design and estimate documentation on Kyiv-Znamianka N-01 motor road overhaul.	motor road Service of Kyiv Oblast.	A4, 3 pages.		as of 04/09/2009
2.12	Addition to assignment No. 1877 for the development of design and estimate documentation on Kyiv-Znamianka N-01 motor road overhaul.	motor road Service of Kyiv Oblast.	A4, 1 page.		as of 21/08/2012
2.13	The Ordinance of the Cabinet of Ministers of Ukraine No. 454-p on approval of Kyiv-Znamianka N-01 motor road overhaul project.	motor road Service of Kyiv Oblast.	A4, 1 page.		as of 26/06/2013
2.14	State Target Economic Programme on general-purpose motor roads development for 2013-2018.	The Cabinet of Ministers of Ukraine		http://goo.gl/oK3FpF	as of 11/07/2013
2.15	The strategy of State Target Economic Programme on general-purpose motor roads development for 2013-2018.	The Cabinet of Ministers of Ukraine		http://goo.gl/rGyocj	as of 03/09/2012
2.16	State Programme on general-purpose motor roads development for 2007-2011.	The Cabinet of Ministers of Ukraine		http://goo.gl/6qGkaH	as of 19/06/2010
2.17	Guidelines Procurement under IBRD Loans and IDA Credits.	The Ministry of Economics of Ukraine		http://goo.gl/rO8kpl	as of 01/10/2006
2.18	EBRD – Supervision of Works for N01 Road Rehabilitation.	Tenders Electronic Daily		http://goo.gl/xT6ggn	as of 17/10/2012
2.19	Procurement Policies and Rules for Products and Services Financed by the European Bank for Reconstruction and Development	the Verkhovna Rada of Ukraine		http://goo.gl/xzgyNV	as of 01/08/2000

Code	Name	Data Source	Format and volume	Hyperlink	Notes
2.20	VAT budget remuneration pattern.	The Ministry of Finance	*.pdf, 2 pages.	http://goo.gl/Ih1GVj	
2.21	Extract from the minutes No. 9 of the State Agency of motor roads of Ukraine Technical Committee dated September 15, 2016.	Ukravtodor	*.pdf, 2 pages.		as of 01/11/2016
2.22	Extract from the minutes No. 6 of the State Agency of motor roads of Ukraine Technical Committee dated June 17, 2016.	Ukravtodor	*.pdf, 1 page.		as of 01/11/2016

Withhold:

- Disclosure regarding tender procedures on the Engineering Consultant selection.
- Bill of quantities (BoQ) with charges;
- All the decisions of Ukravtodor and Ukrdiprodor State Enterprise Technical Committees on the specified project.

(Ukrdorinvest State Enterprise granted access to the part of the information in January 2017, see addition to report in separate files).

3 PROJECT BRIEF

3.1 General information

Within the execution of State Programme on general-purpose motor roads development for 2007-2011 approved by the Order of the Cabinet of Ministers No. 217 dated 14/02/2007 and No. 1027 dated 26/11/2008 “On initiation, preparation and implementation procedure for projects of economic and social development of Ukraine funded by International Financial Institutions”, the State Road Agency of Ukraine (Ukravtodor) had drawn the assignment No. 1877 dated 04/09/2009 for the development of design and estimate documentation on Kyiv-Znamianka N-01 motor road overhaul on km 14+740 – km 43+345 section within Kyiv Oblast. “Kyiv-Znamianka N-01 motor road overhaul on km 14+740 – km 43+345 section within Kyiv Oblast” project was approved by the Ordinance of the Cabinet of Ministers of Ukraine No. 454-p. on June 26, 2016.

N-01 Project is executed based on the State Target Economic Programme on general-purpose motor roads development for 2007-2011 and within execution of the Forth Loan Agreement between Ukraine and EBRD “Improvement of Transport and Operational Conditions of Road Approaches to Kyiv (Pan-European Corridors)” dated November, 2010 (came into force on September 16, 2011) and Financial Agreement between Ukraine and EIB “European roads of Ukraine II (Improvement of Transport and Operational Conditions of Road Approaches to Kyiv)” dated May 27, 2011 (came into force on February 7, 2012).

According to documents, N-01 Project job assignment is executed under a single contract (the Contract 1. km 14+740 – km 43+345) without division into lots.

Kyiv-Znamianka N-01 motor road is a state major highway. Its length equals to 266.4 km. 28.875 km long km 14+470 – km 43+345 section is arranged between Kyiv and Obukhiv boundaries (fig. 3.1). The section was constructed in 80s by 1-b category road parameters and goes through a level terrain.

The road has 4 pathways 3.75 m wide each. The road is grouted with asphalt concrete (km 14+740 – km 21+620; km 38+880 – km 43+345) and cement concrete (km 21+620 – km 38+880). Pedestrian crossings are arranged at single level only. Road lightening is available at individual small sections only. Within the last 20 years, the territory near the road has been intensively built up with suburban settlements, roadside service stations. Over the last years, restaurants and complex shopping and leisure centres have been opened up. Traffic flow increased. At the same time, traffic safety level decreased. Project documentation provides for overhaul of every motor road component including: road pavement, engineering structures, utility systems, erection of new multi-level pedestrian crossings and construction of interchanges.

The following existing engineering structures are included in the project documentation:

- km 16+928,57 – railroad underway flyover;
- km 21+458,85 – a bridge across Siverka river;
- km 25+094 – N-01 road flyover;
- km 40+732,28 – a bridge across Stugna river;
- km 43+095 – N-01 road flyover.

Two multi-level interchange are located at the section:

- km 25+094 – trumpet interchange;
- km 43+095 – fractional clover leaf interchange.

It is expected that according to Work documentation, the project will include **additional works**, which were neglected in Tender documentation, but are actually being executed:

- repairs of underground pedestrian crossing at km 14+890;
- repairs of bridge across Vita river at km 16+470.

Work documentation development is performed with a delay. Information regarding work documentation development progress is not submitted. Repair works on bridge across Vita river at km 16+470 are opened.

Project parties:

- International Financial Institutions — the European Bank for Reconstruction and Development (EBRD) and European Investment Bank (EIB).
- The Owner — The State Road Agency of Ukraine.
- The Engineer — Louis Berger SAS, France.
- The Contractor — ONUR Taahhut Tasimacilik ve Ticaret Ltd., Turkey.
- The Designer — Ukrdiprodor State Enterprise.

Project summary total equals to EUR 47,736,743.58.

Contract signing date — November 20, 2014.

Work commencement — April 9, 2015.

Execution period — 730 days.

Completion date — April 8, 2017.

Discovered defects announcement period — 730 days.

The necessity of motor road overhaul is based on poor technical status of traffic-bearing surface and engineering structures influencing negatively on traffic safety and not allowing to provide its proper performance characteristics.

The repairs will positively effect on transport infrastructure at countrywide, regional and local levels. Plan operations will provide the improvement of traffic, public and environmental safety.



Figure 3.1 – Contract 1. km 14+740 – km 43+345

The list of works according to N-01 Project Tender documentation provides for overhaul of all motor road components including: road pavement, engineering structures (except of underground pedestrian crossing at km 14+890 and bridge across Vita river at km 16+470), utility systems, erection of new multi-level pedestrian crossings and construction of interchanges (table 3.1.2 – 3.1.6).

Table 3.1.2 – Main categories of works provided by technical documentation of N-01 Project.

It. No.	Name	Provided by the Contract
1	Minor modifications of axial arrangement lay of existing road line track	✓
2	Modification of existing longitudinal section: radius increase of concave and convex curves	✓
3	Existing road grading in plan and profile	✓
4	Conduit of reinforcing layer (shaping course) on existing road surface	✓
5	Arrangement of top layers of road pavement	✓
6	Arrangement of roadsides at bus stops and enclosed bus stops	✓
7	Arrangement of lightening, where necessary	✓
8	Protection and isolation of utility systems, where necessary	✓
9	Repairs and installation of cross and	✓

It. No.	Name	Provided by the Contract
	longitudinal drainage	
10	Repairs and expansion of existing culverts	✓
11	Installation of safety fence	✓
12	Installation of road signs	✓
13	Arrangement of road surface marking	✓

Table 3.1.3 – Individual plan indicators according to the bill of quantities provided by N-01 Project in accordance with the Tender documentation.

It. No.	Name	Units	Total
1	Deforestation	pcs	404
2	Dismantling of concrete and reinforced concrete structures	m ³	1448
3	Dismantling of metal engineering structures	t	1832
4	Topsoil excavation	m ³	4329
5	Soil excavation	m ³	35704
6	Back filling	m ³	172262
7	Forest transplanting	pcs	404
8	Hydroseeding	m ²	251499
9	Shaping of existing surface	m ²	458812
10	Dismantling of cement concrete surface	m ²	45550
11	Vibroresonant destruction of cement concrete surface	m ²	293420
12	Base of crushed gravel stone and sand mixture C7 treated with cement up to M-40 grade	m ²	172139
13	Shaping layer of crushed stone and sand mixture C7	m ²	293420
14	Base of crushed stone and sand mixture C5	m ²	193545
15	Base of recycling material	m ²	248345
16	Shaping layer of asphalt concrete	m ²	306740
17	Base layer of open-graded coarse asphalt concrete	m ²	633926
18	Substrate layer of compact graded coarse asphalt concrete	m ²	329177
19	Substrate layer of compact graded fine asphalt concrete	m ²	409149
20	Surface top layer of crushed-stone and mastic asphalt concrete (SMA-20)	m ²	650004
21	Border stone	m	15407
22	Granite border stone	m	3497
23	Road signs	pcs	1024
24	Road signs of individual design	pcs	95
25	Road surface marking	m	223156
26	Construction of enclosed bus stops	pcs	18
27	One-way metal safety fence	m	55037
28	Two-way metal safety fence	m	800

It. No.	Name	Units	Total
29	New Jersey balustrade	m	3017
30	Turnstile barrier	m	1215

Table 3.1.4 – N-01 Project engineering structures

It. No.	Place	Name	According to project documentation
1	14+890	Repairs of underground crossing	additionally
2	15+550	Repairs of crossing over-bridge	additionally
3	15+550	Repairs of crossing over-bridge	additionally
4	16+470	Repairs of bridge across Vita river	additionally
5	16+928	Repairs of railroad underway flyover	project
6	18+335	Underground crossing	project
7	20+400	Crossing over-bridge	project (rejected)
8	20+800	Pedestrian overpass	project
9	21+458	Bridge across Siverka river	project
10	23+432	Pedestrian overpass	project
11	25+093	Crossing over-bridge	project
12	26+039	Pedestrian overpass	project
13	26+574	Pedestrian overpass	project
14	27+700	Pedestrian overpass	project
15	28+610	Pedestrian overpass	project
16	31+475	Pedestrian overpass	project
17	32+549	Pedestrian overpass	project
18	34+575	Pedestrian overpass	project
19	39+000	Crossing over-bridge	project (rejected)
20	40+056	Underground crossing	project
21	40+732	Bridge across Stugna river	project
22	43+093	Crossing over-bridge	project
23	43+600	Underground crossing	project
Total with respect to N-01 project		19 structures according to project documentation, of which: overground pedestrian crossing – 9 pcs; underground pedestrian crossing – 3 pcs; bridges – 2 pcs; flyovers – 3 pcs; flyovers (new interchanges) – 2 pcs. 4 structures according to additional projects, of which: underground pedestrian crossing – 1 pcs; bridges – 1 pcs; flyovers (new interchange) – 2 pcs.	

Table 3.1.5 – N-01 Project utility systems

It. No.	Name	Units	Total
1	Outside lighting supports	pcs	657
2	Electrical networks supports	pcs	9
3	Cables in electrical networks gallery	km	7.332
4	Telecommunication networks rearrangement	km	2.628
5	Noise fencing	m	279
6	Gas networks rearrangement	m	1065
7	Road meteorological stations	pcs	2

3.2 Contract firm

7 proposals were admitted to participation in bidding for contract firm (table 3.2.1).

Table 3.2.1 — Bidders

Application No.	Participant	Country of origin
1	JSC EVRASCON	Azerbaijan
2	GULSAN Insaat Sanayi Turizm Nakliyat ve Ticaret A.S.	Turkey
3	JV LLC Rostdorstroy; PE Dorlder	Ukraine
4	LLC Road Building Altcom	Ukraine
5	JV LLC Avtomagistral-Pivden; PJSC Umanavtodor	Ukraine
6	Todini Costruzioni Generali S.p.A.	Italy
7	ONUR Taahhut Tasimacilik ve Ticaret Ltd. Sti.	Turkey

Table 3.2.2 – Analysis of red-out tender proposals

Application No.	Participant	Red-out, EUR
1	JSC EVRASCON	51,744,581.42
2	GULSAN Insaat Sanayi Turizm Nakliyat ve Ticaret A.S.	66,361,640.32
3	JV LLC Rostdorstroy; PE Dorlder	74,332,118.96
4	LLC Road Building Altcom	51,499,908.30
5	JV LLC Avtomagistral-Pivden; PJSC Umanavtodor	45,602,511.67
6	Todini Costruzioni Generali S.p.A.	82,757,155.67
7	ONUR Taahhut Tasimacilik ve Ticaret Ltd. Sti.	50,742,280.40

Table 3.2.3 – Analysis of estimated tender proposals

Application No.	Participant	Estimated, EUR	Decrease in reference to red-out proposals, %	Comments regarding evaluation
1	JSC EVRASCON	51,705,703.16	0.08%	discounts are not offered

2	GULSAN Insaat Sanayi Turizm Nakliyat ve Ticaret A.S.	56,494,497.09	14.87%	discount — 15% of total cost of all rating and price in Bill of quantities, except unscheduled works including Contingency sums
3	JV LLC Rostdorstroy; PE Dorlider	71,642,235.72	3.62%	discount — 4% of total cost of all rating and price in Bill of quantities, except for Contingency sums
4	LLC Road Building Altcom	51,502,749.33	-0.01%	discounts are not offered
5	JV LLC Avtomagistral- Pivden; PJSC Umanavtodor	45,589,787.99	0.03%	discount 8.5% of total cost of all rating and price in Bill of quantities, except for Contingency sums, is used if prices of other participants are lower than total cost of a candidate proposal.
6	Todini Costruzioni Generali S.p.A.	74,223,756.81	10.31%	discount 8.5% of total cost of all rating and price in Bill of quantities, except for Contingency sums, is used if prices of other participants are lower than total cost of a candidate proposal.
7	ONUR Taahhut Tasimacilik ve Ticaret Ltd. Sti.	47,736,743.58	5.92%	including 6% discount, w/o VAT

The contractor selected [2.3] is ONUR Taahhut Tasimacilik ve Ticaret Ltd. Sti. (Turkey).

Contract total cost equals to 47,736,743.58 (including 6% discount, without VAT) (table 3.3.1).

The contractor with the lowest proposal, specifically, JV LLC Avtomagistral-Pivden; PJSC Umanavtodor (Ukraine) — EUR 45,589,787.99 did not pass post-qualification [2.3].

3.3 Supervision of the work execution. Resident-Engineer's Service.

Information regarding the request on interest expression considering the Engineering Consultant selection and the announcement on contract award for consultancy services on construction supervision is not freely available and was not submitted. Louis Berger (France) was awarded with consultancy services on construction supervision. Information regarding bidders and their proposals price is not freely available and was not submitted. According to the Engineer monthly report for June 2016, [2.9] the Contract value as amended by the Addition No.2 to the Contract, equals to EUR 1,145,600.00. The Addition No.2 is not freely available and also was not submitted.

3.4 Project funding

Table 3.4.1 – N-01 Project construction cost distribution according to bill of quantities.

It. No.	Cost item	Price within the contract, EUR	Ratio
1	General items	3,792,823.26	7.95 %
2	Road works	31,040,727.77	65.02 %
3	Structures and bridges	8,790,670.64	18.41 %
4	Utility systems	4,112,521.91	8.62 %
Total		47,736,743.58	

As tables show (table 3.4.2 and 3.4.3), at the beginning of works on Kyiv-Znamianka N-01 motor road repair (km 14 +740 – km 43 +345), the Contractor received 10% prepayment. The Contractor also submitted its funds flow curve, which shows how the rest of funds are going to be adopted and the sequence of prepayment return.

Table 3.4.2 is submitted by Ukrdorinvest State Enterprise representatives. [2.11] Table 3.4.3 was developed according to the Engineer monthly report data for June, 2016. [2.9]

The following diagrams are made based on tables 3.4.2 and 3.4.3 for more clear presentation of information regarding payment and funds adoption:

- Diagram (3.4.1) shows payment progress for executed works in comparison with funds flow submitted by the Contractor. As diagram shows, the delay on actually executed works equals to 35.19%. This sum does not include deduction amounts and materials at the section.
- Diagram (3.4.2) compares planned funds adoption by the Contractor and actual payment for executed works on a monthly basis. As diagram shows, after prepayment receipt, the Contractor began to execute works with a delay and was paid for the execution of the work appropriately.

It should be noted that during the execution of the work, the Contractor confronted the specific difficulties, which can become reasons for the delay of the execution of the work under N-01 Project, for example, significant differences between project documentation and actual situation on the road (no current engineering structures in the project documentation, situations with contiguous area build-up).

Table 3.4.2 – N-01 Project Payment Sheet

PAYMENTS VOLUMES SHEET

Improvement of Transport and Operational Conditions of Road Approaches to Kyiv. Component 1. Kyiv-Znamianka a/r repairs.

The Contractor: ONUR Taahhut Tasimacilik ve Ticaret Ltd. Sti

Contract No.1 km 14+74- - km 43+345

Cost

47 736 743,58 EUR

Extract as of

30.06.2016

13 712 405,57 EUR

Balance

30.06.2016

34 024 338,01 EUR

IPC No.	Date of receipt	Payment expiration date	Executed works cost	Yet at the expense of Ukravtodor VAT		Paid to the Contractor					
						Out of loan funds				Out of state budget	VAT
						Loan funds source	Date	Total contract extract	Total loan extract		
			EUR	EUR	EUR					EUR	Date
			1	2	the National Bank of Ukraine rate at the end of the day on which IPC was drafted	UAH	4	5	6	9	10
Prepayment			4 773 674,36	954 734,88	08.12.14	18 324 114,85	EBRD	31.12.14	4 773 674,36	20.05.15	18 324 114,85
	16.12.2014	18.02.2015			19.192883						
1	19.06.15	17.09.15	852 709,14	170 541,83	31.05.15	3 911 231,57	EBRD	20.08.15	852 709,14	22.09.15	3 911 231,57
2	16.09.15	30.11.15	996 047,73	199 209,55	22.934148						
3	30.10.15	03.01.16	636 669,70	127 333,94	01.09.15	4 871 625,12	EBRD	24.12.15	996 047,73	07.12.15	4 871 625,12
4	27.11.15	31.01.16	1 808 069,52	361 613,90	24.454777						
5	15.12.15	29.02.16	1 029 100,21	205 820,04	05.10.15	3 005 150,51	EBRD	24.12.15	636 669,70	07.12.15	3 005 150,51
6	25.01.16	03.04.16	1 805 577,64	361 115,53	23.600546						
7	22.03.16	30.05.16	714 638,52	142 927,70	02.11.15	9 160 471,66	EBRD	24.12.15	1 808 069,52	25.12.15	9 160 471,66
8	25.04.16	30.06.16	1 095 918,75	219 183,75	25.332189						
9	27.05.16	15.08.16	1 398 205,02	279 641,00	01.12.15	5 214 384,85	EBRD	24.12.15	1 029 100,21		5 214 384,85
10	01.07.16	01.09.16	1 570 642,00	314 128,40	25.334680						
11	29.07.16	02.10.16	2 167 034,20	433 406,84	04.01.16	9 469 579,13	EBRD	26.02.16	1 805 577,64	27.07.16	9 469 579,13
					26.223129						
					01.03.16	4 216 484,35	EBRD	13.05.16	714 638,52	27.07.16	4 216 484,35
					29.500820						
					01.04.16	6 542 511,54	EBRD	24.05.16	1 095 918,75	27.07.16	6 542 511,54
					29.849437						
					17.05.16	8 041 615,26	EIB		1 398 205,02	27.07.16	8 041 615,26
					28.756925						
					03.06.16	8 804 167,76	EIB		1 570 642,00	29.08.16	8 804 167,76
					28.027290						
					04.07.16	11 978 776,49	EIB		2 167 034,20		11 978 776,49
					27.638642						
Total for 2014			4 773 674,36	954 734,88		18 324 114,85	EBRD		4 773 674,36	0,00	
Total for 2015			5 322 596,30	1 064 519,26		26 162 863,71	EBRD		5 322 596,30		39 272 593,71
Total for 2016			8 752 016,13	1 750 403,22		49 053 134,53	EBRD		3 616 134,91		37 074 358,04
Total by year			18 848 286,79	3 769 657,36		93 540 113,09	EBRD		13 712 405,57		76 346 951,75

Table 3.4.3 – N-01 Project work execution payment progress

Year	PAYMENT PERIOD	PROJECTED AMOUNT OF MONTHLY INTERIM PAYMENTS (INCLUDING DEDUCTION AMOUNTS AND DEDUCTION AMOUNTS RETURN)	AMOUNT OF EXECUTED MONTHLY INTERIM PAYMENTS (INCLUDING DEDUCTION AMOUNTS AND DEDUCTION AMOUNTS RETURN)	PLANNED ESTIMATION		ACTUAL ESTIMATION	
2015		4 773 674,36 €	4 773 674,36 €	4 773 674,36 €	10,00%	4 773 674,36 €	10,00%
	2015 APRIL/ КВІТЕНЬ	585 000,00 €		5 358 674,36 €	11,23%	4 773 674,36 €	10,00%
	MAY/ ТРАВЕНЬ	117 855,87 €	852 709,14 €	5 476 530,23 €	11,47%	5 626 383,50 €	11,79%
	JUNE/ ЧЕРВЕНЬ	934 687,89 €		6 411 218,12 €	13,43%	5 626 383,50 €	11,79%
	JULY/ ЛИПЕНЬ	1 906 248,56 €		8 317 466,68 €	17,42%	5 626 383,50 €	11,79%
	AUGUST/ СЕРПЕНЬ	2 387 915,02 €	996 047,73 €	10 705 381,70 €	22,43%	6 622 431,23 €	13,87%
	SEPTEMBER/ ВЕРЕСЕНЬ	3 773 767,54 €	636 669,70 €	14 479 149,23 €	30,33%	7 259 100,93 €	15,21%
	OCTOBER/ ЖОВТЕНЬ	3 326 117,77 €	1 808 069,52 €	17 805 267,01 €	37,30%	9 067 170,45 €	18,99%
	NOVEMBER/ ЛИСТОПАД	3 198 637,15 €	1 029 100,21 €	21 003 904,16 €	44,00%	10 096 270,66 €	21,15%
	2015 DECEMBER/ ГРУДЕНЬ	0,00 €	1 805 577,64 €	21 003 904,16 €	44,00%	11 901 848,30 €	24,93%
2016	2016 JANUARY/ СІЧЕНЬ	0,00 €		21 003 904,16 €	44,00%	11 901 848,30 €	24,93%
	FEBRUARY/ ЛЮТИЙ	0,00 €	714 638,52 €	21 003 904,16 €	44,00%	12 616 486,82 €	26,43%
	MARCH/ БЕРЕЗЕНЬ	0,00 €	1 095 918,75 €	21 003 904,16 €	44,00%	13 712 405,57 €	28,73%
	APRIL/ КВІТЕНЬ	4 158 723,46 €	1 398 205,02 €	25 162 627,61 €	52,71%	15 110 610,59 €	31,65%
	MAY/ ТРАВЕНЬ	4 182 829,25 €	1 570 642,00 €	29 345 456,87 €	61,47%	16 681 252,59 €	34,94%
	JUNE/ ЧЕРВЕНЬ	4 569 111,09 €	2 167 034,20 €	33 914 567,96 €	71,04%	18 848 286,79 €	39,48%
	JULY/ ЛИПЕНЬ	4 881 741,78 €		38 796 309,74 €	81,27%		0,00%
	AUGUST/ СЕРПЕНЬ	2 932 988,92 €		41 729 298,67 €	87,42%		0,00%
	SEPTEMBER/ ВЕРЕСЕНЬ	1 467 824,37 €		43 197 123,04 €	90,49%		0,00%
	OCTOBER/ ЖОВТЕНЬ	1 121 949,89 €		44 319 072,93 €	92,84%		0,00%
	NOVEMBER/ ЛИСТОПАД	943 426,34 €		45 262 499,28 €	94,82%		0,00%
	2016 DECEMBER/ ГРУДЕНЬ	0,00 €		45 262 499,28 €	94,82%		0,00%
2017	2017 JANUARY/ СІЧЕНЬ	0,00 €		45 262 499,28 €	94,82%		0,00%
	FEBRUARY/ ЛЮТИЙ	0,00 €		45 262 499,28 €	94,82%		0,00%
	MARCH/ БЕРЕЗЕНЬ	0,00 €		45 262 499,28 €	94,82%		0,00%
	2017 APRIL/ КВІТЕНЬ	1 280 824,71 €		46 543 323,99 €	97,50%		0,00%
2019	Defects notification period			46 543 323,99 €	97,50%		0,00%
	Період відповідальності			46 543 323,99 €	97,50%		0,00%
	2019 APRIL/ КВІТЕНЬ	1 193 418,59 €		47 736 742,58 €	100,00%		0,00%

Diagram 3.4.1 – N-01 Project work execution payment schedule Execution percentage for actually executed works equals to 35.19%. This sum does not include deduction amounts and materials at the section, i.e. sums, which do not cover actual work execution.

Total without deduction amounts and materials at the section

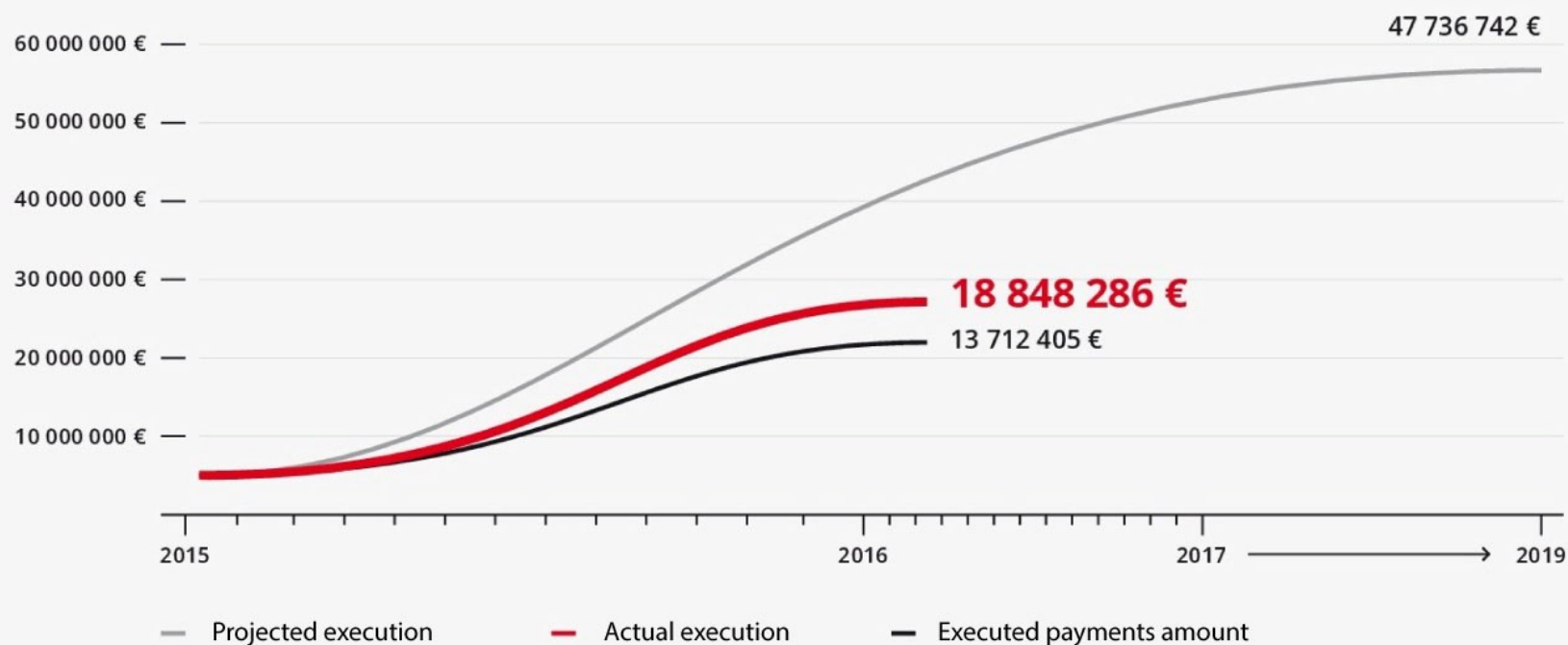


Diagram 3.4.2 – Comparison diagram on N-01 Project payments as of 30/06/2016. Comparison of planned funds adoption by the Contractor and actual payment for executed works on a monthly basis. Actual adoption of funds by the Contractor falls behind the schedule significantly.

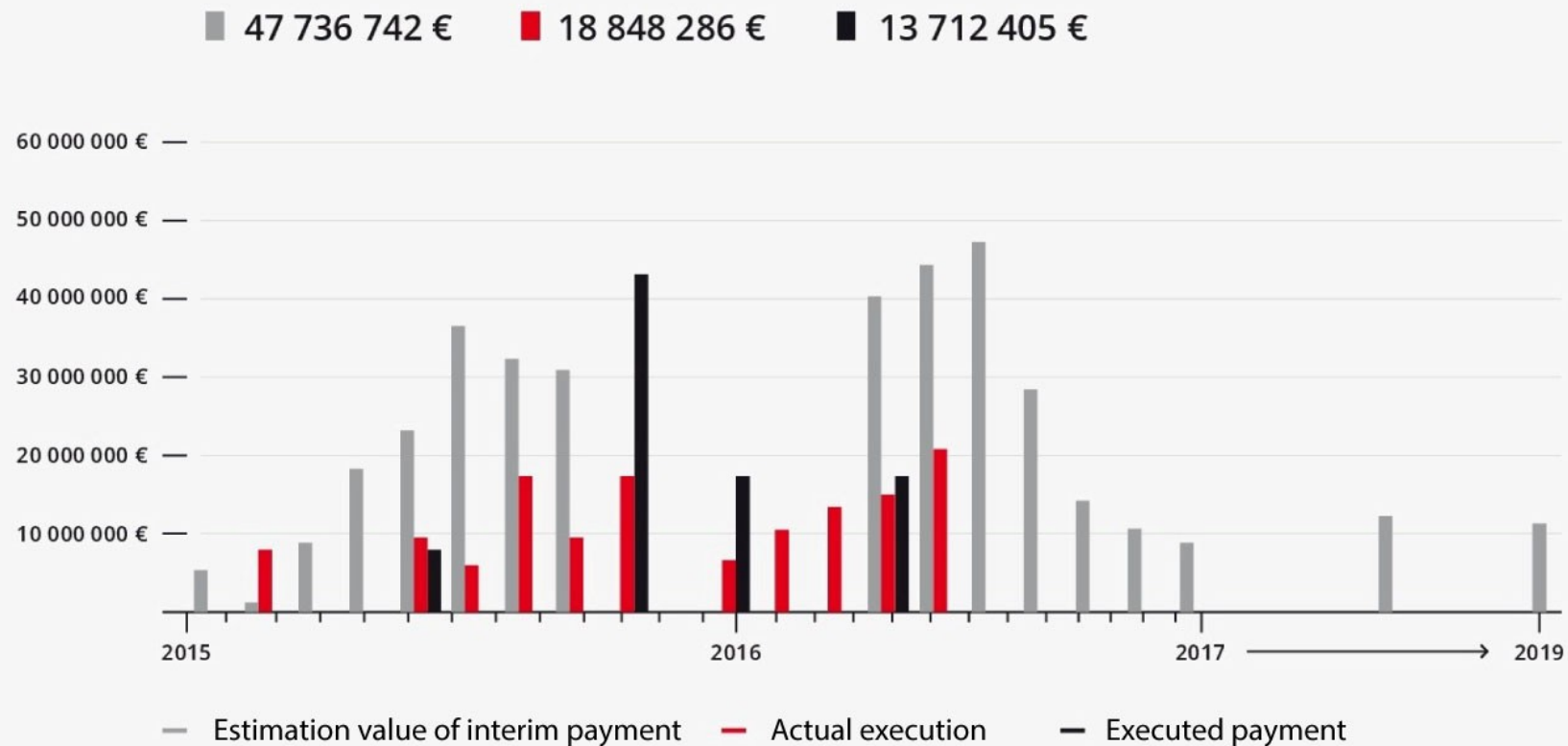


Table 3.4.4 – N-01 Project work execution progress according to IPC No. 11.

Item description	Опис статті	Amount in EURO / Сума, Євро		% up to BOQ %
		As Per BOQ +Variations / По відом. Об'ємів робіт	Cumulated / Всього	
PART 1 (General Items)	ЧАСТЬ 1 Загальні статті	3 792 823,26	1 995 981,08	52,63%
PART 2 (Road Works)	ЧАСТЬ 2 (Дорожні роботи)			
BIII B - GROUND INVESTIGATION	Ведомость В - ТОПОГРАФІЧНІ ВИШУКУВАННЯ	5 790,51		
BIII D - DEMOLITION AND SITE CLEARANCE	Ведомость D - РОЗБИРАННЯ ТА РОЗЧИСТКА НА ДІЛЯНЦІ	87 940,69	17 367,68	19,75%
BIII E - EARTHWORKS	Ведомость E - ЗЕМЛЯНІ РОБОТИ	986 351,07	269 342,55	27,31%
BIII G - ANCILLARY WORK FOR CONCRETE	Ведомость G - ДОПОМІЖНІ РОБОТИ З БЕТОНОМ	209,43		
BIII H - PRECAST CONCRETE	Ведомость H - ЗБІРНИЙ БЕТОН	423,00		
BIII I - PIPEWORKS	Ведомость I - РОБОТИ ПО ВПЛАШТУВАННЮ ТРУБ	38 445,95	6 038,81	15,71%
BIII K - PIPEWORK - MANHOLES AND PIPEWORK ANCILLARIES	Ведомость K - СИСТЕМА ТРУБОПРОВІДІВ - ОГЛЯДОВІ СПОРОДИ	328 101,47	2 406,40	0,73%
BIII L - PIPEWORK - SUPPORTS AND PROTECTION, ANCILLARIES TO LAYING AND EXCAVATION	Ведомость L - СИСТЕМА ТРУБОПРОВІДІВ (ТРУБЧАСТИХ ДРЕНАЖІВ)	22 916,18	4 024,57	17,56%
BIII R - ROADS AND PAVINGS	Ведомость R - ДОРОГИ ТА ДОРОЖНІЙ ОЛІЯГ	24 610 371,86	12 124 877,99	49,27%
BIII U - BRICK WORK, LAYING OF CONCRETE BLOCKS AND MASONRY	Ведомость U - ЦЕГЛЯНА КЛАДКА, КЛАДКА БЛОКІВ ТА БУТОВА КЛАДКА	113 538,84		
BIII W - WATERPROOFING	Ведомость W - ГІДРОІЗОЛЯЦІЯ	2 818,07	127,69	4,53%
BIII X - OTHER WORKS	Ведомость X - ІНШІ РОБОТИ	2 032 010,15		
BIII Y - SEWER AND WATER MAIN RENOVATION AND ANCILLARY WORKS	Ведомость Y - РЕКОНСТРУКЦІЯ ВОДОПРОВЕДЕННЯ ТА КАНАЛІЗАЦІЇ	60 912,00		
BIII Z - SIMPLE BUILDING WORKS INCIDENTAL TO CIVIL ENGINEERING WORKS	Ведомость Z - ПРОСТІ БУДІВЕЛЬНІ РОБОТИ	2 487,24		
Subtotal for PART 2 - Road Works	ПРОМІЖНИЙ РЕЗУЛЬТАТ ЧАСТИНИ 2 - ДОРОЖНІ РОБОТИ	28 292 316,46	12 424 185,69	43,91%
PART 2 - (Road interchange at km 39+000)	ЧАСТИНА 2 - (РОЗВ'ЯЗКА на км 39+000)	2 748 411,31		
PART 3 (Bridge Works)	ЧАСТИНА 3 (Клонструкції і мости)			
Bridge over the Vita River at km 16+470	Ремонт мосту через р. Віта км 16+470	530 267,26	38 954,80	7,35%
Tunnel overpass over the railway at km 16+928,57	Ремонт тунельного шляхопроводу над залізницею на км 16+928,57	480 941,54		
Pedestrian underpass at km 18+335	Підземний перехід на км 18+335	786 655,12	3 069,56	0,39%
Road interchange at km 20+400	Транспортна розв'язка на км 20+400	370 409,41		
Pedestrian bridge at km 20+800	Пішохідний міст на км 20+800	394 615,67		
Bridge at river Siverka at km 21+458,84	Мост через р. Сиверка на км 21+458,84	370 409,41	237 993,04	64,25%
Pedestrian bridge at km 23+432	Пішохідний міст на км 23+432	295 069,03	83 836,76	28,41%
Road interchange at km 25+093,86	Транспортна розв'язка на ПК 25+093,86	449 690,36	290 661,59	64,64%
Pedestrian bridge at km 26+039	Пішохідний міст на км 26+039	370 403,77	2 461,53	0,66%
Pedestrian bridge at km 26+574	Пішохідний міст на км 26+574	370 409,41	2 455,89	0,66%
Pedestrian bridge at km 27+700	Пішохідний міст на км 27+700	370 409,41	55 868,21	15,08%
Pedestrian bridge at km 28+610	Пішохідний міст на км 28+610	370 409,41	2 461,53	0,66%
Pedestrian bridge at km 31+475	Пішохідний міст на км 31+475	370 409,41	259 249,59	69,99%
Pedestrian bridge at km 32+549	Пішохідний міст на км 32+549	370 409,41	81 679,92	22,05%
Pedestrian bridge at km 34+575	Пішохідний міст на км 34+575	1 130 963,24	51 232,03	4,53%
Road interchange at km 39+000. Bridge	Транспортна розв'язка на км 39+000. Мост	478 544,94		
Pedestrian underpass at km 40+056	Підземний перехід на км 40+056	515 975,23	299 895,55	58,12%
Bridge at river Stugna at km 40+732,28	Мість через річку Стугна на км 40+732,28	408 780,00	504 628,30	123,45%
Road interchange at km 43+093,04	Транспортна розв'язка на км 43+093,04	355 898,61	431 470,16	121,23%
Pedestrian underpass at km 43+600	Підземний перехід на км 43+600		33 522,59	
Subtotal for PART 3 - (Bridge Works)	ПРОМІЖНИЙ РЕЗУЛЬТАТ ЧАСТИНИ 3 - КОНСТРУКЦІЇ ТА МОСТИ	8 790 670,64	2 379 441,05	27,07%

PART 4 (Engineering communications)	ЧАСТЬ 4 (Інженерні комунікації)			
<i>External illumination</i>	<i>Зовнішнє освітлення</i>	1 799 533,25		
<i>Reorganization of lines of electricity transmission</i>	<i>Перевлаштування мереж електропостачання</i>	104 913,67		
<i>Reorganization of communication networks</i>	<i>Перевлаштування ліній зв'язку</i>	104 482,63		
<i>Screens for protecting from noise</i>	<i>Шумозахисні екрани</i>	149 931,36		
<i>Frame supports under signs of rout orientation</i>	<i>Рамні опори</i>	446 345,60		
<i>Reorganization of networks of gas-supplying</i>	<i>Перевлаштування мереж газопостачання</i>	971 508,45		
<i>Road weather-stations</i>	<i>Дорожні метеостанції</i>	441 490,73		
<i>Traffic lights objects</i>	<i>Світлофорні об'єкти</i>	94 316,22		
Subtotal for PART 3 - (Engineering communications)	ПРОМІЖНИЙ РЕЗУЛЬТАТ ЧАСТИНИ 3 - (Інженерні комунікації)	4 112 521,91		0,00%
Sub-Total	Всього	47 736 743,58	16 799 607,82	35,19%
Materials on Site (80%)	Матеріали на ділянці (80%)		469 288,93	
TOTAL	ВСЬОГО	47 736 743,58	17 268 896,75	36,18%
<i>Retention 10%</i>	<i>Утримання 10%</i>		1 726 889,68	
<i>Add Mobilization Advances</i>	<i>Плюс аванс на мобілізацію</i>		4 773 674,36	
<i>Less Repayment Mobilization Advances</i>	<i>Мінус повернення авансу на мобілізацію</i>		1 467 394,64	
Net Value of Monthly Payment EURO	Чистая сумма месячного платежа в Евро		18 848 286,79	

As table shows, as of 30/06/2016, works on the road section and engineering structures are mostly paid.

Interim Payment Certificate No. 11 was submitted for work in Ukrdorinvest State Enterprise premise only. Interim Payment Certificate No. 11 copy was not submitted officially.

3.5 VAT return to the Contractor

A request for Interim Payment Certificate in a view of formal note or monthly report is represented by the Contractor to the Engineer in six copies at the end of each month with detailed information regarding sums, for which the Contractor claims.

According to the Specific conditions of the contract the Owner pays the Contractor the first part of pre-payment within 91 day after the Acceptance Letter issue, or within 63 days after the Contractor submits the guarantees in sums and currency according to the pre-payment, whichever is the latest.

After 28 days following the statement or monthly report and supporting documents receipt, the Engineer represents Interim Payment Certificate to the Owner and the Contractor, in which sums are specified given an unbiased assessment by the Engineer.

The Owner pays the Contractor the sum approved in each Payment Certificate within 91 days after the Engineer receives the statement or monthly report and supporting documents from the Contractor.

VAT return to the Contractor is left out of consideration in General and Specific contract conditions.

It should be noted that VAT is compensated to the Contractor by the Owner at the expense of public funds [2.20].

According to the VAT budget remuneration pattern valid from 01/02/2016, the application for VAT budget remuneration is submitted before 20 day of the month next to the reported. Documentary tax audit period is 30 consecutive days. Document audit period is 25 working days (on the availability of circumstances specified in it. 200.11 of Tax Code of Ukraine). And 10 days for the State Fiscal Service to submit the conclusion to the State Treasury Service and transfer of sums to the payer.

Table 3.5.1 (developed based on table 3.4.2) shows the following data:

- outpayments according to Interim Payment Certificates to the Contractor;
- VAT fraction in the currency of the Contract;
- currency rate according to the National Bank of Ukraine rate;
- VAT fraction according to the National Bank of Ukraine rate;
- dates of proposal and VAT payment end dates.

As VAT is partly paid with a delay, according to the Contract provisions it. 14.8 “Payment delay” of the Contract General conditions, the Contractor can lay claim to monthly penalty for VAT delayed payment. According to it. 14.8 “Payment delay”: if the Contractor does not receive payment in accordance with the Clause 14.7 “Payment”, the Contractor has a right to receive monthly penalty for the sum paid with a delay. Delay period is calculated from payment date specified in the Clause 14.7 “Payment”. Such penalty is calculated by yearly rate, which is by 3% higher than discount rate of the Central Bank of payment currency and is paid in the same currency. The Contractor has a right for such payment without formal notice or application, as well as without other rights impairment or remunerations.

According to the Engineer monthly report for June 2016 [2.9], Part 15 of “The Contractor's financial status”, VAT payment delay occurred for pre-payment only and equals to 91 days. As table 3.4.2. submitted by Ukrdorinvest State Enterprise [2.10] and table 3.5.1 developed on its base show, actual delay on VAT payment according to executed works IPC as of 30/06/2016 is greater, specifically:

- Pre-payment — 91 days;
- IPC No. 1 — 5 days;
- IPC No. 2 — 7 days;
- IPC No. 6 — 115 days;
- IPC No. 7 — 58 days;
- IPC No. 8 — 27 days.

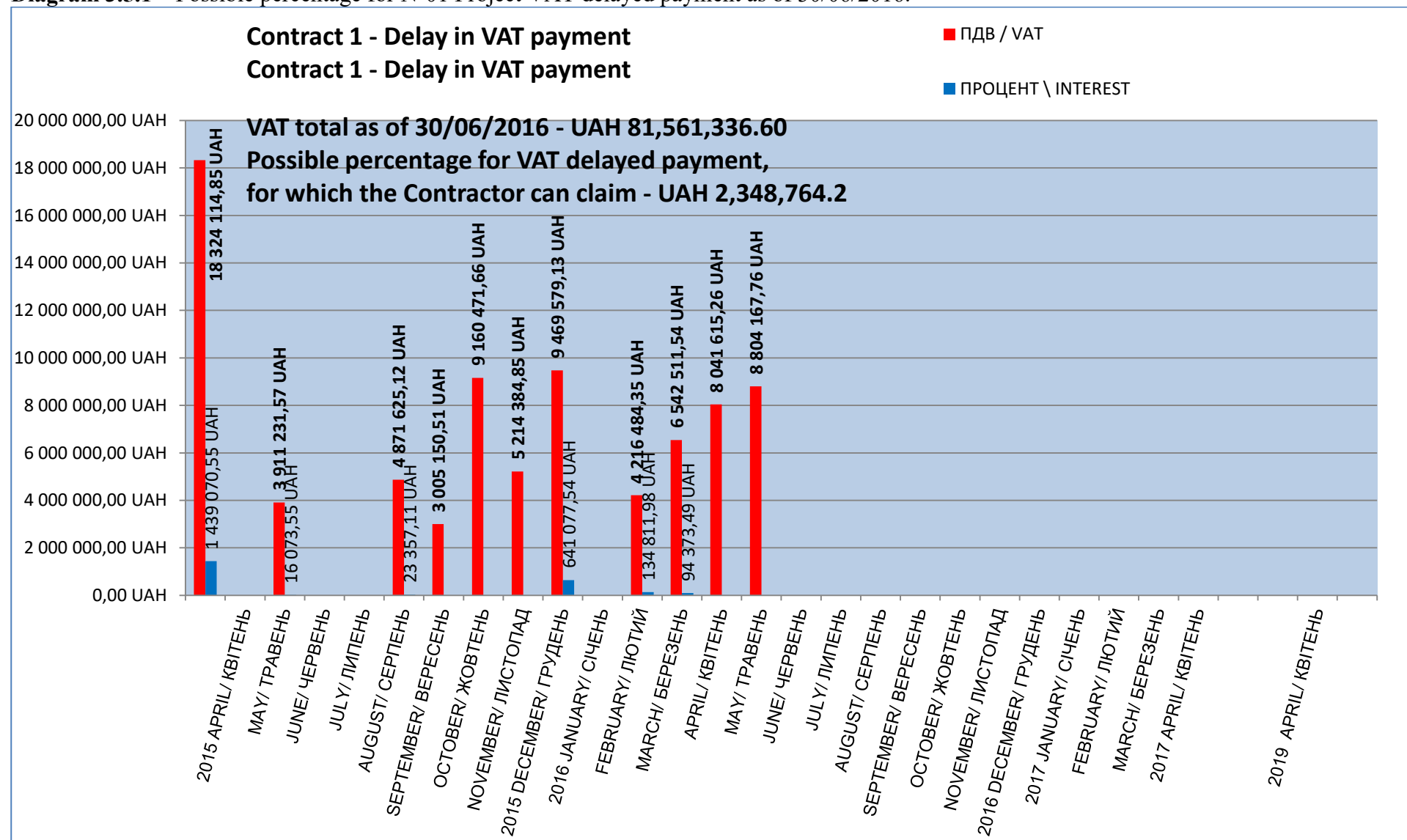
No information regarding the Contractor claim on late VAT return is available. Increasing the amount of contracts due to a penalty is not recorded.

Table 3.5.1 presents calculation for penalty as of 30/06/2016, for which the Contractor may claim. Based on this table, diagram 3.5.1 was developed for visual image of monthly VAT return and penalty for which the Contractor may claim. VAT total as of 30/06/2016 - UAH 81,561,336.60 **Penalty on late VAT return, for which the Contractor may claim according to table 3.5.1 - UAH 2,348,764.2.**

Table 3.5.1 – N-01 Project data for calculation of penalty for late VAT return as of 30/06/2016.

СУМА ВИКОНАНИХ МІСЯЧНИХ ПРОМІЖНИХ ПЛАТЕЖІВ (В ТОМУ ЧИСЛІ СУМИ УТРИМАННЯ ТА ПОВЕРНЕННЯ СУМ УТРИМАННЯ)	ПДВ	КУРС НБУ НА КІНЕЦЬ ДНЯ, Я ЯКОМУ БУЛО СКЛАДЕНО ППС		ПДВ	ДАТА ПОДАЧІ	ТЕРМІН ОПЛАТИ	ДАТІА ВИПЛАТИ	ДАТІА ВИПЛАТИ ПДВ	Затримка оплати ПДВ (дні)	Процент (ПДВ)
VALUE OF EXECUTED PAYMENT (INCLUDING RETENTION MONEY AND REPAYMENT OF ADVANCE)	VAT	CENTRAL BANK EXCHANGE RATE		VAT	SUBMITTAL DATE	PAYMENT DEADLINE	PAYMENT DATE	VAT PAYMENT DATE	Delay in VAT payment (days)	Interest (VAT)
		DATA / DATE	КУРС / EXCHANGE RATE							
4 773 674,36 €	954 734,88 €	08.12.2014	19,192883	18 324 114,85 UAH	16.12.2014	18.02.2015	31.12.2014	20.05.2015	91,00	1 439 070,55 UAH
852 709,14 €	170 541,83 €	31.05.2015	22,934148	3 911 231,57 UAH	19.06.2015	17.09.2015	20.08.2015	22.09.2015	5,00	16 073,55 UAH
996 047,73 €	199 209,55 €	01.09.2015	24,454777	4 871 625,12 UAH	16.09.2015	30.11.2015	24.12.2015	07.12.2015	7,00	23 357,11 UAH
636 669,70 €	127 333,94 €	05.10.2015	23,600546	3 005 150,51 UAH	30.10.2015	03.01.2016	24.12.2015	07.12.2015		
1 808 069,52 €	361 613,90 €	02.11.2015	25,332189	9 160 471,66 UAH	27.11.2015	31.01.2016	24.12.2015	25.12.2015		
1 029 100,21 €	205 820,04 €	01.12.2015	25,334680	5 214 384,85 UAH	15.12.2015	29.02.2015	24.12.2015			
1 805 577,64 €	361 115,53 €	04.01.2016	26,223129	9 469 579,13 UAH	25.01.2016	03.04.2016	26.02.2016	27.07.2016	115,00	641 077,54 UAH
714 638,52 €	142 927,70 €	01.03.2016	29,500820	4 216 484,35 UAH	22.03.2016	30.05.2016	13.05.2016	27.07.2016	58,00	134 811,98 UAH
1 095 918,75 €	219 183,75 €	01.04.2016	29,849437	6 542 511,54 UAH	25.04.2016	30.06.2016	24.05.2016	27.07.2016	27,00	94 373,49 UAH
1 398 205,02 €	279 641,00 €	17.05.2016	28,756925	8 041 615,26 UAH	27.05.2016	15.08.2016		27.07.2016		
1 570 642,00 €	314 128,40 €	03.06.2016	28,027290	8 804 167,76 UAH	01.07.2016	01.09.2016		29.08.2016		
2 167 034,20 €	433 406,84 €									
Total / Разом										2 348 764,22 UAH

Diagram 3.5.1 – Possible percentage for N-01 Project VAT delayed payment as of 30/06/2016.



3.6 Additional works.

3.6.1 Project correction assignment for motor road Service of Kyiv Oblast

Kyiv-Znamianka N-01 motor road overhaul on km 14+740 – km 43+345 section within Kyiv Oblast Project developed by Ukrdiprodor State Enterprise and recommended for approval by Ukrderzhbudekspertisa State Enterprise agreed by the Ordinance of the Cabinet of Ministers of Ukraine dated 26/06/2013 No. 454 [2.13] and had the following main techno-economic characteristics:

- road category — 1-b
- road length — 28.605 km
- two-level interchanges — 3 pcs
- flyovers — 3 pcs
- bridges — 2 pcs
- ground level pedestrian bridges, items — 5 pcs
- underground pedestrian crossings — 1 pcs
- Total estimated cost in 2013 prices — mln UAH 702.2.

At the beginning of 2014, Ukravtodor performed procurement for works on specified section of Kyiv-Znamianka N-01 motor road. ONUR became the successful bidder. 03/12/2014 contract agreement was completed [2.2, 2.3, 2.4]. According to letter on tender proposal acceptance, its cost equals to EUR 47,736,743.58.

Tender documentation provided for certain additional works, which are not included in documentation approved by the Ordinance of the Cabinet of Ministers of Ukraine dated 26/06/2013 No. 454 “Kyiv-Znamianka N-01 motor road overhaul on km 14+740 – km 43+345 section within Kyiv Oblast” namely:

- overground pedestrian crossings — 4 pcs;
- underground pedestrian crossings – 2 pcs;
- multi-level interchanges — 2 pcs

I.e. work volume identified in tender documentation does not meet work volume and scope approved by the Ordinance of the Cabinet of Ministers of Ukraine dated 26/06/2013 No. 454 “Kyiv-Znamianka N-01 motor road overhaul on km 14+740 – km 43+345 section within Kyiv Oblast”.

The procedure for approval of construction projects and conduct their examination approved by the Cabinet of Ministers of Ukraine from 11/05/2011 No. 560 “On approval of the Procedure of construction projects approval and its' expertise execution and recognition as void, certain ordinances of the Cabinet of Ministers of Ukraine”.

According to the Cabinet of Ministers of Ukraine of 11/05/2011 No. 560: *approval of site projects with a total estimated cost of 100 million hryvnias and more (according to the changes made to the Procedure for approval of construction projects and conduct their examination on August 26, 2015. No. 665 mln UAH 400 or more) by the Cabinet of Ministers of Ukraine on the proposal of the central executive authorities of the Autonomous Republic of Crimea, Kyiv and Sevastopol city state administrations and other public authorities and in coordination with the Ministry of Economic Development, Ministry of Finance and Ministry of Regional Development.*

Also, it is provided that in case of changing the design and the corresponding adjustment of the project, re-examination of the construction project should take place.

At this time re-examination was not carried out and, accordingly, any decisions on re-approval of the project “Kyiv-Znamianka N-01 motor road overhaul on km 14+740 – km 43+345 section within Kyiv Oblast” were not approved by the Cabinet of Ministers of Ukraine. No information on the project adjustments is available.

3.6.2 Changes in the project:

- In addition to the two existing traffic interchanges, construction of two multi-level interchanges was planned, which were absent in Tender Documentation: km 20 + 750 (junction in Lisnyky village); km 39 + 000 (junction of Kyiv-Obukhiv R-01 road). According to an extract from the minutes No. 6 of the State Agency of motor roads of Ukraine Technical Committee dated June 17, 2016 (represented by the letter No. 5195/3/9-14-2639/10 dated 01/11/2016), it was decided to approve the options of 17-bearers structure with prefabricated reinforced concrete scheme 17x24 m to km 20 + 750 and 15-bearers structure from prefabricated reinforced concrete scheme 15x24 m to km 39 + 000. After taking all decisions on the design, the final cost and scope of the contract and scope will be determined and specifications if necessary will be amended. The decision of the Technical Committee of Ukravtodor, which clearly pointed to reject the construction of road junctions above, was not provided.

Due to limited existing right-of-way, development and approval on land allotment projects, the issue on traffic organization change at km 20+700 (Lisnyky village), km 23+500 (Khodosiivka village), km 29+000 (Romankiv village), km 39+000 (Tatsenki village) arose. According to the extract from the minutes No. 9 of the State Agency of motor roads of Ukraine Technical Committee dated September 15, 2016, which was submitted by the letter No. 5195/3/9-14-2639/10 dated 01/11/2016 [2.21], traffic organization on above-described sections by arrangement of traffic lights objects was decided to be approved.

- According to the extract from the minutes No. 9 of the State Agency of motor roads of Ukraine Technical Committee dated September 15, 2016, which was submitted by the letter No. 5195/3/9-14-2639/10 dated 01/11/2016 [2.22], additional works on overhaul of interchange at km 15+643 were decided to be included. motor road Service of Kyiv Oblast should make amendments and additions to assignment on project documentation correction.
- Underground pedestrian crossing at km 14+890 repairs (no information in tender documentation). Works are being performed.
- Bridge across Vita river at km 16+470 repairs (no information in tender documentation). At the time of assurance team visited the site, the work was completed by 50%.
- Standardization of road pavement at the main way, roadsides and stopping zones (Resolution on amendments No. 1).

According to the tender documents, at km 14 + 740 - km 21 + 620 and km 38 + 880 - 43 + 345 sections, construction of reinforced roadside consisted of crushed gravel stone and sand mixture (20 cm), crushed gravel stone and sand mixture treated with cement up to M-40 grade (15 cm) and three asphalt layers with a total thickness of 21 cm.

At km 21 + 620 - km 38 + 880 section, construction of reinforced roadside, safety margins and stopping zones consisted of crushed gravel stone and sand mixture (20 cm), crushed gravel

stone and sand mixture treated cement up to M-40 grade (15 cm) and three layers of asphalt a total thickness of 21 cm.

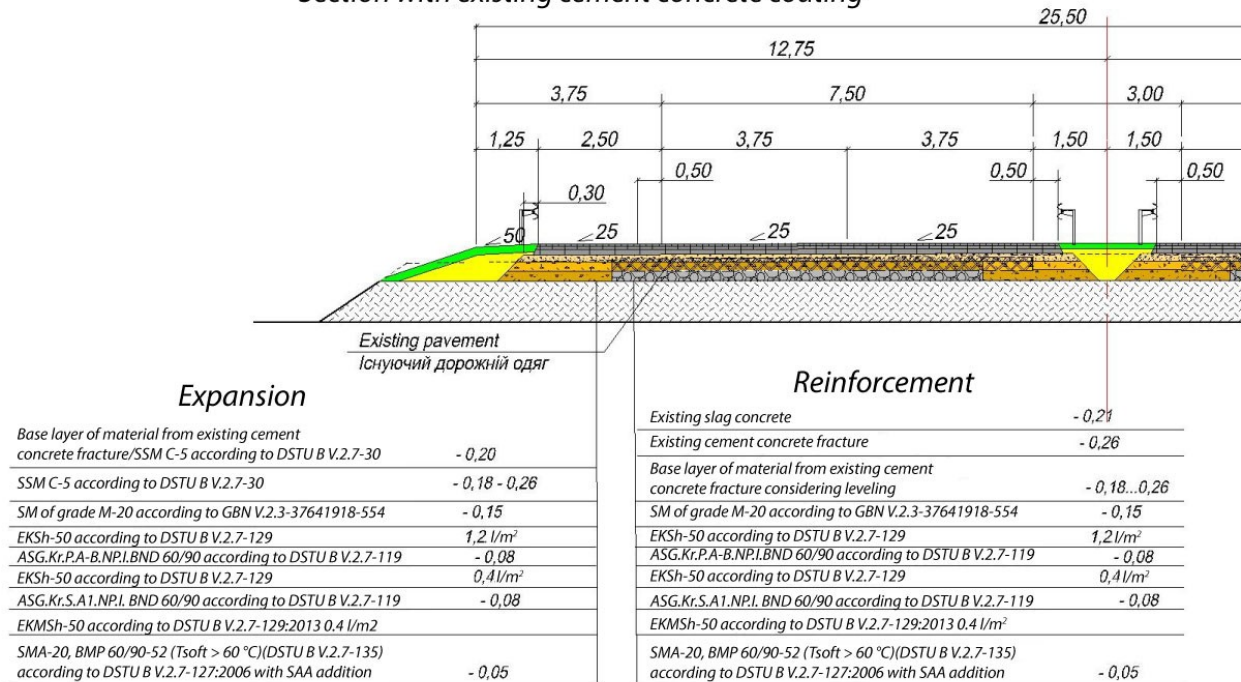
New Ukrainian standards, such as DBN V.2.3-4: 2015 require installation of road pavement design with equal strength on the roadway and the roadside, which resulted in amending accordingly.

Strengthening the construction of pavement was initiated by the Resident Engineer. According to paragraph 13.1 “The right to make changes”, Resolution on amendments may be initiated by the Engineer at any time to issue a certificate of reception and transmission of works by issuing instructions or requirements for the Contractor to submit a proposal.

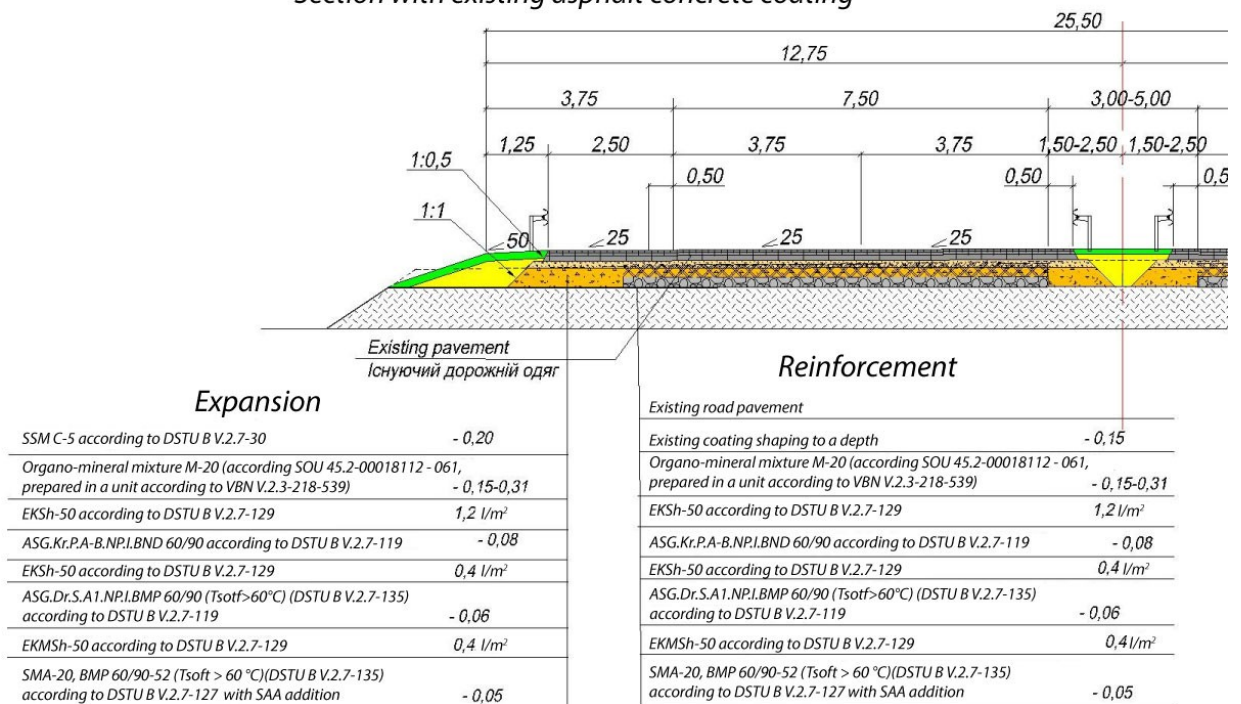
After the standardisation of pavement design, construction of main way, roadside and stopping zones, the method proposed by the Engineer, has been agreed with the Owner (information is missing and needs further study) and provides for:

1. Expansion of each passage to the total width of 10.5 m.
2. Milling of concrete slabs for grading material with 0-70 mm.
3. Laying material obtained with the addition of new material for at least 15 cm leveling layer.
4. Laying the foundations of stone sand mixture reinforced with cement with a thickness of 15 cm.
5. Three layers of asphalt concrete.

Section with existing cement concrete coating



Section with existing asphalt concrete coating



- New prices for the destruction of c/c slabs Resolution on amendments No. 1).
- New price in connection with a reduced content of cement in stone sand mixture reinforced with cement Resolution on amendments No. 1).

New price due to reduced content of cement in stone sand mixture reinforced with cement, namely R154 BIS “Base of stone sand mixture C-7 treated with cement, M-20 according to R5.2 Specifications, thickness of 150 mm” — EUR 3.60 per m² instead of R154 “Base of stone sand mixture C-7 treated with cement, M-20 according to R5.2 Specifications, thickness of 150 mm” — EUR 3.98 per m².

Decision on reduction of cement content in stone sand mixture was commented that the new position according to prices R154 BIS with reduced cement content provides the necessary strength. No documentary evidence for this solution is available.

The necessary decisions of Technical Committee and Resolution on amendments No. 1 were not presented.

According to the monthly report of the Engineer, Resolution on amendments No. 1 would **increase the contract value to EUR 1,160.342**. The text of Resolution on amendments was added to the monthly report for February 2016.

3.6.3 Analysis of the opportunities to develop new rates as of 30/06/2016

According to paragraph 12.3 “Assessment” of the Contract General Conditions, new rates and prices are considered acceptable for work articles if:

- (a) (i) changed number of works differs by more than 25% of works in the Bill of quantities or other bill,
- (ii) this change in quantity multiplied by such specified rates for such work, exceeds 0.25% of an amount of the contract,

(iii) the change in quantity effects directly the change in the unit cost of such an article of more than 1%, and (iv) such paper work is not specified in the contract as “work on fixed rate”;

or

- (b) (i) instruction is received in accordance with Article 13 (Resolution on amendments),

(ii) the rates and prices are not specified in the Contract for this article, and

(iii) there is no relevant rates or prices, as these works have similar nature or are not performed in accordance with such conditions as any paper work is different in the Contract.

Standardisation of road pavement on the main way and roadsides and stopping zones (Resolution on amendments No. 1) has increased the volume of work.

Table 3.6.1 presents items from IPC No. 11, which are compared in accordance with paragraph 12.3 “Assessment” the Contract General Conditions. As of 30/06/2016 working documentation is not yet completed (information on the status of the working documents missing), to evaluate all the changes and additional work is not possible.

Table 3.6.1 – N-01 Project positions according to item 12.3 “Evaluation” as of 30/06/2016.

Number Номер	Item description	Опис статті	Unit	Одиниця	Quantities / Кількість		Unit rate in EURO Одинична розцінка в євро	Amounts EURO / Вартість євро		% up to BoQ / % від ВОР	12.3 Evaluation / 12,3 "Оцінка"	
					As per Contract Згідно Контракту	This period За даний період		As per Contract Згідно Контракту	This period За даний період		More than 25% from the quantity in the BOQ / Змінена кількість робіт відрізняється більше ніж на 25% від кількості робіт в Відомості об'ємів робіт	This change in quantity multiplied by such specified rate for this item exceeds 0.25% of the Accepted Contract Amount / Перевищує 0,25% Прийнятої Суми Контракту
R1	Sub-bases, flexible road bases and surfacing	Нижні шари основи, нежесткі дорожні основи і покриття										
R154	Base made of crushed stone-sandy mixture S-7 treated with cement, M-40, to R5.2 of the Specification, 150mm thickness	Основа из щебеночно-песчаной смеси С-7 обработанной цементом, М-40, согласно статьи R5.2 Спецификации, толщина 150 мм	m ²	m ²	92 088,00	0,00	3,98	366 510,24	0,00	0,00%	378,18%	2,63%
R154 BIS	Base made of crushed stone-sandy mixture S-7 treated with cement, M-20, to R5.2 of the Specification, 150mm thickness	Основа из щебеночно-песчаной смеси С-7 обработанной цементом, М-20, согласно статьи R5.2 Спецификации, толщина 150 мм	m ²	m ²		348260,52	3,60		1 253 737,87	0,00%		
R155	Base made of crushed stone-sandy mixture S-7 treated with cement, M-40, to R5.2 of the Specification, 180 mm thickness	Основа из щебеночно-песчаной смеси С-7 обработанной цементом, М-40, согласно статьи R5.2 Спецификации, толщина 180 мм	m ²	m ²	1 922,00	0,00		0,00	0,00			
R156	Base made of crushed stone-sandy mixture S-7 treated with cement, M-40, to R5.2 of the Specification, 220 mm thickness	Основа из щебеночно-песчаной смеси С-7 обработанной цементом М-40, согласно статьи R05.02 Спецификации, толщина 220 мм	m ²	m ²	78129	0,00					0,00%	0,00%
R2	Sub-bases, flexible road bases and surfacing	Нижні шари основи, нежесткі дорожні основи і покриття										
R224.1	The base made of crushed stone-sandy mixture S-5, according to R4.3 of the Specification, 120 mm	Основа из щебеночно-песчаной смеси С-5, согласно статьи R4.3 Спецификации, толщина 120мм	m2	m2	1 320,00		2,40					
R224.2	The base made of crushed stone-sandy mixture S-5, according to R4.3 of the Specification, 150 mm thickness	Основа из щебеночно-песчаной смеси С-5, согласно статьи P4.3 Спецификации, толщина 150мм	m2	m2	91 918,00	172934,53	3,00	275 754,00	518 803,58	188,14%	188,14%	1,09%
R225.1	The base made of crushed stone-sandy mixture S-5, according to R4.3 of the Specification, 180 mm thickness	Основа из щебеночно-песчаной смеси С-5, согласно статьи P4.3 Спецификации, толщина 180мм	m2	m2	1 198,00	49368,80	3,59	4 300,82	177 233,99	4120,93%	4120,93%	0,37%
R225.2	The base made of crushed stone-sandy mixture S-5, according to R4.3 of the Specification, 200 mm thickness	Основа из щебеночно-песчаной смеси С-5, согласно статьи P4.3 Спецификации, толщина 200мм	m2	m2	9 077,00	87480,38	3,99	36 217,23	349 046,72	963,76%	963,76%	0,73%
R226.1	The base made of crushed stone-sandy mixture S-5, according to R4.3 of the Specification, 220 mm thickness	Основа из щебеночно-песчаной смеси С-5, согласно статьи R4.3 Спецификации, толщина 220мм	m2	m2	4 547,00	14811,65	4,39	19 961,33	65 023,14	325,75%	325,75%	0,14%
R226.2	The base made of crushed stone-sandy mixture S-5, according to R4.3 of the Specification, 240 mm thickness	Основа из щебеночно-песчаной смеси С-5, согласно статьи P4.3 Спецификации, толщина 240мм	m2	m2	1 713,00	14478,00	4,79	8 205,27	69 349,62	845,18%	845,18%	0,15%
R226.3	The base made of crushed stone-sandy mixture S-5, according to R4.3 of the Specification, 250 mm thickness	Основа из щебеночно-песчаной смеси С-5, согласно статьи R4.3 Спецификации, толщина 250мм	m2	m2	82 313,00	28839,49	5,00	411 565,00	144 197,45	35,04%	35,04%	0,30%
R227	The base made of crushed stone-sandy mixture S-5, according to R4.3 of the Specification, 300 mm thickness	Основа из щебеночно-песчаной смеси С-5, согласно статьи P4.3 Спецификации, толщина 300мм	m2	m2	1 210,00	40454,569	5,99	7 247,90	242 322,87	3343,35%	3343,35%	0,51%
R228	The base made of crushed stone-sandy mixture S-5, according to R4.3 of the Specification, 400 mm thickness	Основа из щебеночно-песчаной смеси С-5, согласно статьи P4.3 Спецификации, толщина 400 ММ	m2	m2	249,00	5654,39	7,98	1 987,02	45 122,03	2270,84%	2270,84%	0,09%
R296	The base made of recycled material, to R5.3 of the Specification, 220 mm thickness	Основа из ресайклингового материала, согласно статьи R5.3 Спецификации, толщина 220 мм	m2	m2	11 175,00		2,01	22 461,75				
R297	The base made of recycled material, to R5.3 of the Specification, 220-320 mm thickness, includes leveling layer, average thickness 50 mm	Основа из ресайклингового материала, с учетом выравнивающего слоя средней толщиной 50 мм, согласно статьи R5.3 Спецификации, толщина 220-320 мм	m2	m2	237 170,00	142576,419	2,01	476 711,70	286 578,60	60,12%	60,12%	0,60%
R364.1	Milling of existent pavement in the thickness of 120mm with transportation to 3 km	Фрезерование существующего покрытия из асфальтобетона глубиной 120 мм с транспортировкой на 3 км	m2	m2	4 218,00	93408,00	0,64	2 699,52	59 781,12	2214,51%	2214,51%	0,13%

3.7 Project terms

Under the contractual arrangements, works on N-01 Project started on April 9, 2015 and should last 730 days followed by 730 days warranty period. Completion date — April 8, 2017.

Supervision of the construction is performed by engineering consultants from Louis Berger (France).

There are certain difficulties, which may result in delay of work, namely:

1. In some places there are significant differences between project documentation and the actual situation on the road. No information on works on underground pedestrian crossing at km 14+890 and bridge across Vita river at km 16+470 was available in tender documentation. These changes can affect the life performance. Resolution on amendments have not yet been submitted for approval to the Owner by the Engineer.
2. Changes in the project, namely:
 - According to the extract from the minutes No. 9 of the State Agency of motor roads of Ukraine Technical Committee dated September 15, 2016, which was submitted by the letter No. 5195/3/9-14-2639/10 dated 01/11/2016, additional works on overhaul of interchange at km 15+643 were decided to be included. These changes can affect the life performance. Resolution on amendments have not yet been submitted for approval to the Owner by the Engineer.
 - Traffic organization change at km 20+700 (Lisnyky village), km 23+500 (Khodosiivka village), km 29+000 (Romankiv village), km 39+000 (Tatsenki village). According to the extract from the minutes No. 9 of the State Agency of motor roads of Ukraine Technical Committee dated September 15, 2016, which was submitted by the letter No. 5195/3/9-14-2639/10 dated 01/11/2016, traffic organization on above-described sections by arrangement of traffic lights objects was decided to be approved. These changes can affect the life performance. Resolution on amendments have not yet been submitted for approval to the Owner by the Engineer.
3. VAT remuneration delay. In addition to penalties for late VAT return the Contractor may also submit for the extension of the work. No information regarding the Contractor claim on late VAT return is available. Increasing the amount of contracts due to a penalty is not recorded.

4 PROACTIVE DISCLOSURE

4.1 Project name

Name	Contents	Status
Project name	Kyiv-Znamianka N-01 motor road overhaul on km 14+740 – km 43+345 section	3 – updated Conclusion 4.1

Conclusion 4.1: In documents [2.6, 2.1, 2.11, 2.12], project name is stated as Kyiv-Znamianka N-01 motor road overhaul on km 14+740 – km 43+345 section within Kyiv Oblast.

4.2 Project Owner

Name	Contents	Status
Owner's name	motor road Service of Kyiv Oblast	1 – confirmed
Owner's EDPNOU	26345736	1 – confirmed
Subordination	The State Road Agency of Ukraine	1 – confirmed
Central administration's EDPNOU		4 – not available Conclusion 4.2
Project initiation decision number and date	Assignment dated 04/09/2009 No. 1877	1 – confirmed

Conclusion 4.2: According to portal <https://usr.minjust.gov.ua/ua/freesearch>, The State Agency of motor roads of Ukraine possesses EDPNOU code – 37641918.

4.3 Project implementation location

Name	Contents	Status
Region	Kyiv	1 – confirmed
District	Obukhiv	1 – confirmed
Km correlation	km 14 +470 – km 43 +345	1 – confirmed
Road No.	N-01	1 – confirmed
Additional description		4 – not available Conclusion 4.3

Conclusion 4.3: All data are represented correctly. Additional description is not provided.

4.4 Project brief

Name	Contents	Status
Road significance	national	1 – confirmed
Project mission (reference to the programme)	State Programme on general-purpose motor roads development for 2007-2011 approved by the Ordinance of the Cabinet of Ministers of Ukraine dated February 14, 2007 No. 217. State target programme on preparation and running of the European Football Championship 2012 title game in Ukraine approved by the Ordinance of the Cabinet of Ministers of Ukraine dated February 22, 2008 No. 107. the Ordinance of the Cabinet of Ministers of Ukraine dated 26/11/2008 No. 1027 “On initiation, preparation and implementation procedure for projects of economic and social development of Ukraine funded by International Financial Institutions”. Investment project	2 – rejected Conclusion 4.4.1

Name	Contents	Status
	implementation “Improvement of Transport and Operational Conditions of Road Approaches to Kyiv”	
Project brief	Project decisions regarding motor road overhaul provide for actions, which will allow to: improve local and through-traffic conditions, provide for automobile transport traffic within a year, improve traffic safety and comfort conditions, decrease environmental and social and industrial impact comparing with the existing condition.	1 – confirmed

Conclusion 4.4.1: N-01 project is performed based on the State Target Economic Programme on general-purpose motor roads development for 2013–2018. [2.14].

4.5 Project subject

Name	Contents	Status
Road length	28.61 km	1 – confirmed
Work type	overhaul	1 – confirmed
Road category	1-b	1 – confirmed
Forecast data of work completion according to programme or estimate	21 months	2 – rejected Conclusion 4.5.1
Price (forecast)	Thous. UAH 679,194.094	4 – not available
Project status (current) regarding progress schedule	Falls behind the schedule	1 – confirmed
Project status (current) regarding expired costs	41 %	2 – rejected Conclusion 4.5.3
Completion date (forecast for current date)	08/04/2017	1 – confirmed
Work volume	The project provides for overhaul of five existing engineering structures, complete change of bridge deck at the existing structures, repairs and painting of structures, repairs of transition sections with approaches; construction of pedestrian bridges; construction of underground crossing; the project provides for works on protection of overground and underground systems, electric cables and telecommunications cables, its rearrangement and removing beyond the road project decisions; arrangement and overlay of new road pavement; arrangement of 18 enclosed bus stops, 22 junctions; overhaul of three two-level interchanges.	1 – confirmed
Environmental impact	According to application on environmental	4 – not available

Name	Contents	Status
	footprint and EIA	
Ground and population impact	According to application on environmental footprint and EIA	4 – not available

Conclusions 4.5:

4.5.1 According to [2.3], contract terms equal to 24 months.

4.5.3 According to engineer report [2.9], contract works are fall behind the schedule and as of end of June 2016 equal to 35.3%.

4.6 Contacts of the Owner's person in charge

Name	Contents	Status
Country	Ukraine	1 – confirmed
Region	Kyiv	1 – confirmed
District	. Kyiv	1 – confirmed
Address	Narodnogo Opolchennia str., 11-a	1 – confirmed
Index	03680	1 – confirmed
Full name	Stuliy Olga Mykolayivna	1 – confirmed
e-mail	olha_stuliy@ukr.net	1 – confirmed
telephone	(044) 275-63-22	1 – confirmed
fax		1 – confirmed
web	http://kiev.ukravtodor.gov.ua/	1 – confirmed

Conclusion 4.6: All data are represented correctly.

4.7 Funding

Name	Contents	Status
Government budget funding sum, UAH.		4 – not available
Local budget funding sum, UAH.		4 – not available
Loans from international financial institutions	900 mln	4 – not available
Funding sum: other sources	250 mln	4 – not available
Currency code	EUR	4 – not available
Funding sum in currency	900 mln	4 – not available

4.8 Project design supervision

Name	Contents	Status
Organization name	Ukrdiprodor State Enterprise	1 – confirmed
EDPNOU	05416892	1 – confirmed

Name	Contents	Status
Country	Ukraine	1 – confirmed
Region	Kyiv	1 – confirmed
District	. Kyiv	1 – confirmed
Address	. Kyiv, 39/1, Povitroflotskiy ave.	1 – confirmed
Index	03680	2 – rejected Conclusion 4.8.1
Full name	Fedorets Volodymyr Mykolayovych	1 – confirmed
e-mail	r_soroka@i.ua	1 – confirmed
telephone	249-85-12, 249-85-15	1 – confirmed
fax	249-85-48	1 – confirmed
web	-	3 – updated Conclusion 4.8.2
Reporting periods	-	4 – not available Conclusion 4.8.3
Last issue date	-	4 – not available Conclusion 4.8.3
Issue place		4 – not available Conclusion 4.8.3
Name	Order	4 – not available Conclusion 4.8.3
Number	-	4 – not available Conclusion 4.8.3
Date	30/04/2015	4 – not available Conclusion 4.8.3

Conclusions 4.8:

4.8.1. According to portal <https://usr.minjust.gov.ua/ua/freesearch>, Ukrdiprodor State Enterprise postal index – 03037.

4.8.2. Ukrdiprodor State Enterprise web-page: <http://www.diprodor.com/>.

4.8.3. The contract on design supervision should be made between the Owner represented by motor road Service of Kyiv Oblast and Ukrdiprodor State Enterprise according to the ordinance No. 903 of the Cabinet of Ministers of Ukraine.

4.9 Project technical supervision

Name	Contents	Status
Organization name	Louis Berger SAS	1 – confirmed
EDPNOU		4 – not available
Country	Ukraine	1 – confirmed
Region	Kyiv	1 – confirmed
District	-	1 – confirmed
Address	102, Antonovicha str.	3 – updated Conclusion 4.9.1
Index	03150	1 – confirmed
Full name	Scherbachenko Viktor Mykolayovych	2 – rejected Conclusion 4.9.2
e-mail	shcherba1952@gmail.com	4 – not available

Name	Contents	Status
		Conclusion 4.9.3
telephone	067-312-99-02	4 – not available Conclusion 4.9.3
fax		4 – not available Conclusion 4.9.3
web		4 – not available Conclusion 4.9.3
Reporting periods		4 – not available
Last issue date		4 – not available
Issue place		4 – not available
Name	motor road Service of Kyiv Oblast Order	4 – not available
Number	12	4 – not available
Date	23/02/2015	4 – not available

Conclusions 4.9:

4.9.1. Full address: . Kyiv, 102, Antonovicha str.

4.9.2. According to the engineer monthly report [2.9], chief resident engineer — Michael Nilan.

4.9.3. Chief resident engineer and Louis Berger SAS — no contacts available.

4.10 Engineering consultant project supervision

Name	Contents	Status
Organization name	Louis Berger SAS	1 – confirmed
EDPNOU		4 – not available
Country	Ukraine	1 – confirmed
Region	Kyiv	1 – confirmed
District		1 – confirmed
Address	102, Antonovicha str.	3 – updated Conclusion 4.9.1
Index	03150	1 – confirmed
Full name	Scherbachenko Viktor Mykolayovych	2 – rejected Conclusion 4.9.2
e-mail	shcherba1952@gmail.com	4 – not available Conclusion 4.9.3
telephone	067-312-99-02	4 – not available Conclusion 4.9.3
fax		4 – not available Conclusion 4.9.3
web		4 – not available Conclusion 4.9.3
Reporting periods		4 – not available
Last issue date		4 – not available
Issue place		4 – not available
Name	The Contract between Louis Berger SAS and The State Agency of motor roads of Ukraine	4 – not available

Name	Contents	Status
	“Supervision of the execution of construction work”.	
Number		4 – not available
Date	05/12/2014	4 – not available

Conclusions 4.10: similar to conclusions 4.9.

4.11 Execution of works under the contract

Name	Contents	Status
Initiation date according to “Declaration on work initiation”	May 19, 2015	4 – not available Conclusion 4.11
Progress statement date/ KB-3 for maintenance in operation	31/12/2015	4 – not available
Progress statement number	Invoice No. 5	4 – not available
Final cost on project works	Thous. EUR 453,5	4 – not available
Report of organization/person performing the supervision, publication date and place, reference to electronic version.	Ukrdiprodor State Enterprise	4 – not available
Report of independent organization performing financial audit	Ukrdorinvest State Enterprise	4 – not available
Report of independent organization performing technical audit	Louis Berger SAS	4 – not available

Conclusion 4.11: According to the engineer monthly report [2.9], work initiation date — April 9, 2015.

4.12 The Contract — the Owner

Name	Contents	Status
Owner's name	The State Agency of motor roads of Ukraine	1 – confirmed
Owner's EDPNOU	37641918	1 – confirmed
Subordination	The Ministry of Economics of Ukraine	1 – confirmed

Central administration's EDPNOU		3 – updated Conclusion 4.12
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Conclusion 4.12: According to portal <https://usr.minjust.gov.ua/ua/freesearch>, the Ministry of Infrastructure EDPNOU code should be 37472062.

4.13 The Contract — contract type

Name	Contents	Status
Contract type	Labour contract	1 – confirmed
Contract number	1	1 – confirmed
By work type	overhaul	1 – confirmed
Price type	Dynamic	1 – confirmed
Contract form	According to international regulations	1 – confirmed
Procurement type	Open bidding	1 – confirmed
Contract current status	At the stage of execution	1 – confirmed
Current status description	overhaul. The contract provides for arrangement of new road pavement, repairs and construction of engineering structures, construction and repairs of multi-level interchanges, installation of new road fencing, road signs, meteorological stations, arrangement of noise fencing, outside lighting within agglomeration and accident blackspots, road marking etc.	1 – confirmed

Conclusion 4.13: All data are represented correctly.

4.14 The contract — information on competition/reason for announcement

Name	Contents	Status
Competition announcement date	02/07/2014	1 – confirmed
Competition announcement No.		1 – confirmed
Publication place of competition announcement	http://www.ukravtodor.gov.ua/derzhavni-zakupivli/%D1%81_zaproshehnyya-do-uchasti-u-tenderi-na-remont-avtomobilnoi-dorogi-n01-kii-v-znam%27yanka-%28km-14-%2B740-km-43-%2B345%29.html	1 – confirmed
Qualifying criteria for bidding participation	1. The availability of history on contract breach and/or dispute resolution against the Participant or any JV partner can lead to tender proposal rejection. 2. The Participant should have yearly average turnover as general contractor (identified as bills amount for executed works and works that have been yet executing) within the last five years in an amount of at least mln EUR 60 in the equivalent.	1 – confirmed

Name	Contents	Status
	3. The Participant should demonstrate the availability of access or liquid assets, unencumbered property, credit lines and other financial sources, which allow to attract funds flow under the contract for the period of 4 (four) months, in an amount of at least mln EUR 80, taking into account liabilities of the participant on other contracts. Balances undergone audit for the last five years should be submitted and demonstrate stability of the participant's financial status, long-term profitability. If necessary, the Owner reserves the right to reconfirm with the participants' banks. 4. The Participant should demonstrate the availability of expertise in successful execution of general contractor role during carrying out of at least two projects at the cost of at least mln EUR twenty eight (28) for the last five years, with a nature and complexity correspondent to the contract, for which the contractor claims.	
No. of the document approving competition proposals evaluation method.		1 – confirmed
Name of the document approving competition proposals evaluation method	The evaluation of the Participants' proposals is conducted according to EDRD Policies and Rules, EBRD Standard Evaluation of Tender Proposals and according to qualification criteria covered in Section III. Evaluation and qualification criteria of the Tender documentation, Part 1.	1 – confirmed

Conclusion 4.14: All data are represented correctly. No number for the announcement.

4.15 The contract — record on evaluation disclosure of competition proposals

Name	Contents	Status
Number	29	4 – not available Conclusion 4.15.1
Date	03/11/2014	4 – not available Conclusion 4.15.1
Issue place	http://www.ukravtodor.gov.ua/derzhavni-zakupivli/%D1%81_%D0%86nformatsiya-pro-pidpisannya-kontraktu-na-vikonannya-robot-z-kapitalnogo-remontu-ad-kiiv-znam%27yanka.html	1 – confirmed
Issue date	11/12/2014	1 – confirmed

Conclusion 4.15:

4.15.1. The announcement on contract award [2.3] received for review does not contain number and date.

4.16 The Contract — selected organization/successful bidder

Name	Contents	Status
Organization name	ONUR Taahhut Tasimacilik ve Ticaret Ltd. Sti. (Turkey)	1 – confirmed
EDPNOU	26610196	4 – not available Conclusion 4.16
Country	Turkey/Branch in Ukraine	4 – not available Conclusion 4.16
Region	Kyiv	4 – not available Conclusion 4.16
District	Yagotyn	4 – not available Conclusion 4.16
Address	Yagotyn, 3, Zgurivska str.	4 – not available Conclusion 4.16
Index	07700	4 – not available Conclusion 4.16
Full name	Emre Karaakhmetoglu	1 – confirmed
e-mail	onur.kyiv.znamianka@gmail.com	4 – not available
telephone	0322420592	4 – not available
fax		4 – not available
web		4 – not available

Conclusion 4.16: According to portal <https://usr.minjust.gov.ua/ua/freesearch> according to specified EDPNOU code 26610196, no information available.

4.17 The Contract — information on the contract

Name	Contents	Status
Work period according to the contract	09/04/2015–08/04/2017	1 – confirmed
Contract price	47,736,743.58	1 – confirmed
Currency	EUR	1 – confirmed
Contract subject	Kyiv-Znamianka N-01 motor road overhaul on km 14+740 – km 43+345	1 – confirmed
Detailed description of contract subject	The contract provides for arrangement of new road pavement, repairs and construction of engineering structures, construction and repairs of multi-level interchanges, installation of new road fencing, road signs, meteorological stations, arrangement of noise fencing, outside lighting within agglomeration and accident blackspots, road marking etc.	1 – confirmed
Contract execution place	Kyiv-Znamianka N-01 motor road, km 14+470 – km 43+345	1 – confirmed
Last contract amendments		3 – updated Conclusion 4.17
Last contract		3 – updated

Name	Contents	Status
amendments date		Conclusion 4.17

Conclusion 4.17: According to data specified in the engineer monthly report dated June, 2016 No. 14 [2.9], one from two variants of road pavement structure at km 21+620 – km 38+880 section was selected by the decision of Ukravtodor Technical Committee, but it is still necessary to approve the amended project.

Due to limited existing right-of-way, development and approval on land allotment projects, the issue on traffic organization change at km 20+700 (Lisnyky village), km 23+500 (Khodosiivka village), km 29+000 (Romankiv village), km 39+000 (Tatsenki village) arose. According to the extract from the minutes No. 9 of the State Road Agency of Ukraine Technical Committee dated September 15, 2016, which was submitted by the letter No. 5195/3/9-14-2639/10 dated 01/11/2016 [2.21], traffic organization on above-described sections by arrangement of traffic lights objects was decided to be approved. According to the extract from the minutes No. 9 of the State Road Agency of Ukraine Technical Committee dated September 15, 2016, which was submitted by the letter No. 5195/3/9-14-2639/10 dated 01/11/2016 [2.21], additional works on overhaul of interchange at km 15+643 were decided to be included. motor road Service of Kyiv Oblast should make amendments and additions to assignment on project documentation correction.

Moreover, the report states on the ordinance on amendments to TVC contract No. 1 to the amount of EUR 1,160.342, which is related to standardization of road pavement at the main way, roadsides and stopping zones, and new charges due to decrease of cement content in stone sand mixture, reinforced by cement.

4.18 The Contract — the execution of the contract

Name	Contents	Status
Work initiation date	09/04/2015	1 – confirmed
Project status (current) regarding progress schedule	Falls behind the schedule	1 – confirmed
Project status (current) regarding expired costs	25 %	2 – rejected Conclusion 4.5.3
Actually paid sum under the contract	11901848.3	4 – not available
Final cost on contract works	35834895.28	4 – not available
Actual terms of contract work completion	-	4 – not available

4.19 Supervision — the Owner

Name	Contents	Status
Owner's name	The State Road Agency of Ukraine	1 – confirmed
Owner's EDPNOU	37641918	1 – confirmed
Subordination	The Ministry of infrastructure Ukraine	1 – confirmed
Central administration's EDPNOU		3 – updated Conclusion 4.19

Conclusion 4.19: According to portal <https://usr.minjust.gov.ua/ua/freesearch>, the Ministry of Infrastructure EDPNOU code should be 37472062.

4.20 Supervision — contract type

Name	Contents	Status
Contract type	Supervision	1 – confirmed
Contract number		1 – confirmed
By work type	overhaul	1 – confirmed
Price type		1 – confirmed
Contract form	According to international regulations	1 – confirmed
Procurement type		1 – confirmed
Contract current status	At the stage of execution	1 – confirmed
Current status description	Construction work supervision during Kyiv-Znamianka N-01 motor road overhaul on km 14+740 – km 43+345.	1 – confirmed

Conclusion 4.20: All data are represented correctly.

4.21 Supervision — information on competition/reason for announcement

Name	Contents	Status
Competition announcement date		4 – not available
Competition announcement No.		4 – not available
Publication place of competition announcement		4 – not available
Qualifying criteria for bidding participation		4 – not available
No. of the document approving competition proposals evaluation method		4 – not available
Name of the document approving competition proposals evaluation method		4 – not available

Conclusions 4.21: Failed to confirm or dispose represented data. No information on competition is available.

4.22 Supervision — record on evaluation disclosure of competition proposals

Name	Contents	Status
Number		4 – not available
Date		4 – not available
Issue place		4 – not available
Issue date		4 – not available

Conclusion 4.22: Failed to confirm or dispose represented data. No information available.

4.23 Supervision — selected organization/successful bidder

Name	Contents	Status
Organization name	Louis Berger SAS	1 – confirmed
EDPNOU		1 – confirmed
Country	Ukraine	1 – confirmed
Region	Kyiv	1 – confirmed
District	Kyiv	1 – confirmed
Address	102, Antonovicha str.	1 – confirmed
Index	03150	1 – confirmed
Full name	Scherbachenko Viktor Mykolayovych	3 – updated Conclusion 4.23
e-mail	shcherba1952@gmail.com	3 – updated Conclusion 4.23
telephone	067-312-99-02	1 – confirmed
fax		4 – not available
web		4 – not available

Conclusion 4.23: According to the engineer monthly report [2.9], chief resident engineer — Michael Nilan.

4.24 Supervision — information on the contract

Name	Contents	Status
Work period according to the contract	15/06/2016	4 – not available
Contract price	Thous. 584,2	2 – rejected Conclusion 4.24
Currency	EUR	1 – confirmed
Contract subject	Supervision of the execution of construction works. Kyiv-Znamianka N-01 motor road overhaul on km 14+740 – km 43+345	4 – not available
Detailed description of contract subject	Construction work supervision during Kyiv-Znamianka N-01 motor road overhaul on km 14+740 – km 43+345.	4 – not available
Contract execution	Kyiv-Znamianka N-01, km 14+740 – km 43+345	1 – confirmed

Name	Contents	Status
place		
Last contract amendments		2 – rejected Conclusion 4.24
Last contract amendments date		4 – not available

Conclusion 4.24: According to the engineer monthly report [2.9], the Consultant's services price as amended by the Addition No.2 to the Contract, equals to EUR 1,145,600.00.

4.25 Supervision — the execution of the contract

Name	Contents	Status
Work initiation date	16/12/2014	2 – rejected Conclusion 4.25
Project status (current) regarding progress schedule	According to schedule	4 – not available
Project status (current) regarding expired costs	83	4 – not available
Actually paid sum under the contract	486137.76	4 – not available
Final cost on contract works	98062.24	4 – not available
Actual terms of contract work completion		4 – not available

Conclusion 4.25: According to the engineer monthly report [2.9], the Consultant's expert group started to work at January 12, 2015.

4.26 Bidders (labour contract)

Name	Contents	Status
Number of bidders	7	1 – confirmed
Amount of permitted bidders passed post-qualification	6	1 – confirmed
List of bidders/price	JSC EVRASCON (Azerbaijan) / EUR 51,744,581.42 GULSAN Insaat Sanayi Turizm Nakliyat ve Ticaret A.S. (Turkey) / EUR 66,361,640.32 JV LLC Rostdorstroy; PE Dorlider (Ukraine) / EUR 74,332,118.96	1 – confirmed

	LLC Road Building Altcom (Ukraine) / EUR 51,499,908.3 JV LLC Avtomagistral-Pivden; PJSC Umanavtodor (Ukraine) / EUR 45.602.511,67 Todini Costruzioni Generali S.p.A. (Italy) / EUR 82.757.155,67 ONUR Taahhut Tasimacilik ve Ticaret Ltd. Sti. (Turkey) / EUR 50.742.280,40	
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Conclusion 4.26: One of the candidates, who submitted proposals, did not pass post-qualification, specifically, JV LLC Avtomagistral-Pivden and PJSC Umanavtodor (Ukraine). Information represented in reports of procuring entities [2.1] and the Announcement on contract award for Kyiv-Znamianka N-01 motor road overhaul (km 14 +740 – km 43 +345) [2.3] differs in part “Bidders”, who did not pass post-qualification, specifically: Todini Costruzioni Generali S.p.A. (Italy) instead of JV LLC Avtomagistral-Pivden and PJSC Umanavtodor (Ukraine).

4.27 Subcontractors

Name	Contents	Status
Subcontractors amount	5	4 – not available
Amount of subcontractors, who were labour contract bidders	1	4 – not available
Subcontract total cost (currency)		4 – not available
List of subcontractors	Ukrdiprodor State Enterprise, LLC Avtomagistral-Pivden, motor roads of Ukraine SJSC PJSC Kyiv Regional Road Administration State Enterprise, Mast-bud Enterprise PJSC, Budivelnna Industriya PJSC.	4 – not available

Conclusion 4.27: According to procuring entities reports [2.1], one of the participants of procurement procedure became joint contractor of successful bidder at a later stage, specifically, LLC Avtomagistral-Pivden. According to the Announcement [2.3], this participant and PJSC Umanavtodor (Ukraine) did not pass post-qualification.

5 REACTIVE DISCLOSURE

5.1 Variations.

Name	Contents	Status
Date of proposal	February, 2016	1 – confirmed Conclusion 5.1
Cost increase	EUR 1.160,342	4 – not available

Name	Contents	Status
Status	On approval	4 – not available

Conclusion 5.1: According to the Engineer monthly report, TVC provides for the Contract cost increase for EUR 1,160.342. TVC No. 1 was transferred to the Owner.

6. CONCLUSIONS

- 6.1** During assurance report compilation, 22 documents were processed. 12 of documents (55% of the total amount) have limited access and contain most of information on N-01 Project. During proactive and reactive disclosure, 202 informational indicators were processed (fig. 6.1), on which 26 conclusions were submitted (4.1-4.27, 5.1).

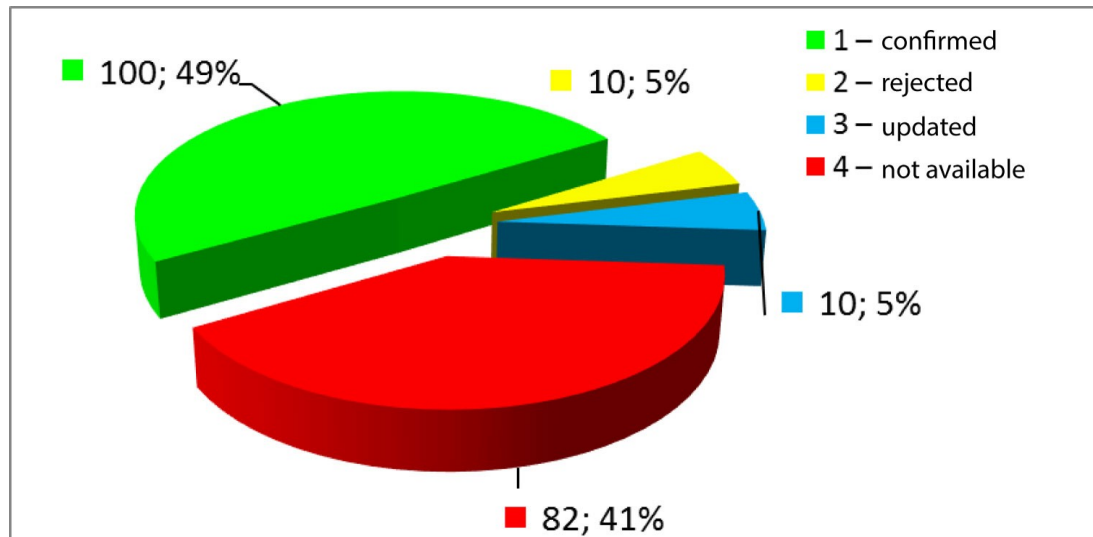


Figure 6.1 – Disclosed information distribution

It should be noted that just 41% of data on N-01 Project failed to be found or received, mostly due to the fact that not every M-03 Project interested party was ready to completely disclose data mentioned in Memorandum (1.4), or did not keep relevant record on it (project works, design supervision etc.).

- 6.2** As of that moment, project correction provided by the procedure in the ordinance of the Cabinet of Ministers of Ukraine dated 11/05/2011 No. 560 “On approval of the Procedure of construction projects approval and its' expertise execution and recognition as void, certain ordinances of the Cabinet of Ministers of Ukraine” was not executed and no decisions regarding additional works were approved by the Cabinet of Ministers.
- 6.3** Due to works, which were not included into Tender documentation, and additional works, which occurred during project implementation, executed works payment does not meet funds flow schedule submitted by the Contractor.
Notwithstanding that it became necessary for general contractor to attract subcontractors for execution of works on engineering structures (Mast-bud Enterprise PJSC, Budivselna Industriya PJSC), the consideration of the necessity of additional engineering structures in tender documentation yet could influence the selection of successful bidder due to significant engineering structures works cost.
- 6.4** As VAT payment to the Contractor for certain Interim Payment Certificates was performed with a delay, The Contractor can claim for monthly penalty on VAT delayed payment, which is compensated by the Owner to the Contractor at the expense of public funds according to the Contract provisions it. 14.8 “Payment delay” of the Contract General conditions.

As table 3.5.1. developed based on table 3.4.2. which was submitted by Ukrdorinvest State Enterprise representatives, as of 30/06/2016 penalty on VAT delayed payment, for which the Contractor **may claim**, reaches UAH 2,348,764.20.

- 6.5 During assurance team work, letters of inquiry were submitted to motor roads Department requesting to provide information on project “Kyiv-Znamianka N-01 motor road overhaul on km 14+740 – km 43+345 section within Kyiv Oblast”. As the State Agency of motor roads of Ukraine did not submit copies of every decision of Technical Committees, verifiers failed to analyse Project amending background.
- 6.6 One of the participants of procurement procedure, specifically, LLC Avtomagistral-Pivden, which took part in the tender with PJSC Umanavtodor (Ukraine), became joint contractor of successful bidder; JV LLC Avtomagistral-Pivden and PJSC Umanavtodor (Ukraine) submitted the lowest proposal (EUR 45,602,511.67), but did not pass post-qualification.
- 6.7 Laboratories of the Engineer and the Contractor are in the same room with the possibility of sharing samples of road construction materials and documentation. According to the laboratory representative of the Contractor, negative test results on cores (cutting) are absent. Accreditation (certification) of a laboratory is optional (Report on site visit).
- 6.8 Additional work, such as repair of the bridge over the Vita river at km 16 + 470, have not been issued in accordance with paragraph 13, “Ordinance on amending” of Contract General Conditions, are executed and paid in the Interim Payment Certificates. As of 30/06/2016, works in the amount of EUR 38,954.8 are included into Interim Payment Certificate No. 11.

7. PROPOSALS

- 7.1** Disclose information regarding tender procedures on the Engineering Consultant selection. Disclose information on bidders and their value propositions.
- 7.2** In announcement on the award, to indicate the reasons for rejection of proposals clearly.
- 7.3** In the shortest time to complete correction and approve corrected design and estimate documentation.
- 7.4** In terms of legislation, to make the decision on ban of the introduction of the approved project documents changes due to the improvement of the legal framework, etc., especially if the process of the project has already started, as this may lead to changes in the timing and costs.
- 7.5** Provide adequate and timely financing of quality design and estimate documentation, according to which construction work must be carried out. Project documentation should be designed so as to minimize the number of changes that significantly affect the timing and cost of construction.
- 7.6** Grant assurance team access to the correspondence between the Contractor, the Engineer and the Owner for better coverage of information on the additional work and construction time increase.
- 7.7** Recommend The State Road Agency of Ukraine to carry out relevant work of the officials responsible for CoST initiative in the road sector, in order to more operational and full provision of the necessary information if it is not confidential.

MAIN PROJECT EVENTS. TIMELINE

1. Assignment No. 1877 for the development of design and estimate documentation on Kyiv-Znamianka N-01 motor road overhaul dated 04/09/2009. According to Programme on general-purpose motor roads development for 2007-2011, State programme on preparation and running of the European Football Championship 2012 title game No. 107 dated February 22, 2008. and the Ordinance of the Cabinet of Ministers of Ukraine dated 26/11/2008 No. 1027 “On initiation, preparation and implementation procedure for projects of economic and social development of Ukraine funded by IFI”.
2. Addition to assignment No. 1877 dated 21/08/2012 for the development of design and estimate documentation on Kyiv-Znamianka N-01 motor road overhaul.
3. EBRD announcement regarding supervision on N-01 a/r rehabilitation works dated 17/10/2012/
4. Expert report regarding project documentation review (positive) No. 28-00001-12 dated 26/02/2013.
5. “Kyiv-Znamianka N-01 motor road overhaul on km 14+740 – km 43+345 section within Kyiv Oblast” project was approved by the Ordinance of the Cabinet of Ministers of Ukraine dated June 26, 2016 No. 454-p.
6. Bid Issue “N-01 Project — Kyiv-Znamianka N-01 motor road Repair (km 14 +740 – km 43 +345)” dated 02/04/2014.
7. Announcement on contract award for Kyiv-Znamianka N-01 motor road overhaul (km 14 +740 – km 43 +345) dated 11/12/2014.
8. Contractual agreement “Kyiv-Znamianka N-01 motor road overhaul at km 14 +740 – km 43 +345 section within Kyiv Oblast” dated 03/12/2014.
9. Letter on tender proposal acceptance under the contract “Kyiv-Znamianka N-01 motor road overhaul at km 14 +740 – km 43 +345 section within Kyiv Oblast” dated 20/11/2014.
10. Expert evaluation regarding road pavement structure during project correction “Kyiv-Znamianka N-01 motor road overhaul at km 14 +740 – km 43 +345 section within Kyiv Oblast” No. 28-0818-15 dated November 25, 2015.
11. Work initiation — April 9, 2015.

ADDITION TO ASSURANCE REPORT

on project: *Repair of the section of N-01 Kyiv – Znamyanka Road
(km 14+740 – km 43+345)*

Foreword.

On January 17, 2017, Ukrdorinvest State Enterprise granted access to the Report on technical evaluation, which allows for review of engineering consultants selection process, criteria and indicators effected reached decisions.

Based on received information, supplement of individual sections of assurance report became possible.

4.21 Supervision — information on competition/reason for announcement

Name	Contents	Status
Competition announcement date	10/10/2012	1 – confirmed Conclusion 4.21
Competition announcement No.		4 – not available
Publication place of competition announcement		4 – not available
Qualifying criteria for bidding participation		4 – not available
No. of the document approving competition proposals evaluation method		4 – not available
Name of the document approving competition proposals evaluation method		4 – not available

Conclusions 4.21: According to engineered estimate report, 10/10/2012 is the date of competition announcement.

Table 4.21.1 – Companies expressed interest in service provision on supervision and implementation of N-01 Project and qualification evaluation.

It. No.	Company name and country of origin	Engineered estimate	Financial estimate	Total
1	JV Spea Ingegneria Europea S.p.A. & TECNIC Consulting Engineers S.p.A. (Italy)	70.08	12.25	82.33
2	JV “IRD Engineering” and “VMV Consulting Engineers” (Italy; Azerbaijan);	68.084	15.082	83.166
3	Mott MacDonald (UK);	65.94	20	85.94
4	Louis Berger SAS (France);	66.554	19.796	86.35
5	KOCKS CONSULT GmbH (Germany)	68.32	11.296	79.616

Table 4.21.2 — Financial estimate

It. No.	Company name and country of origin	Bid price	Financial estimate	Financial estimate (20 points maximum)
1	JV Spea Ingegneria Europea S.p.A. & TECNIC Consulting Engineers S.p.A. (Italy)	1 380 280 EUR	61.25	$61.25 \times 0.2 = 12.25$
2	JV “IRD Engineering” and “VMV Consulting Engineers” (Italy; Azerbaijan);	1 121 180 EUR	75.41	$75.41 \times 0.2 = 15.082$
3	Mott MacDonald (UK);	845 480 EUR	100	$100 \times 0.2 = 20$
4	Louis Berger SAS (France);	854 200 EUR	98.98	$98.98 \times 0.2 = 19.796$
5	KOCKS CONSULT GmbH (Germany)	1 496 980 EUR	56.48	$56.48 \times 0.2 = 11.296$

After announcement of the cost, the best proposals are from Mott MacDonald — EUR 845,480, and Louis Berger SAS — EUR 854,200. This brought them to the first and the second places correspondingly.

Table 4.21.3 — Engineered estimate

It. No.	Company name and country of origin	Engineered estimate	Engineered estimate (80 points maximum)
1	JV Spea Ingegneria Europea S.p.A. & TECNIC Consulting Engineers S.p.A. (Italy)	87.6	$87.6 \times 0.8 = 70.8$
2	JV “IRD Engineering” and “VMV Consulting Engineers” (Italy; Azerbaijan);	85.105	$85.105 \times 0.8 = 68.084$
3	Mott MacDonald (UK);	82.425	$82.425 \times 0.8 = 65.94$
4	Louis Berger SAS (France);	83.193	$83.193 \times 0.8 = 66.554$
5	KOCKS CONSULT GmbH (Germany)	85.4	$85.4 \times 0.8 = 68.32$

Engineered estimate was conducted by evaluation committee consisting of four voting members of the committee.

The estimate was conducted according the following criteria:

1. Consultant experience according to assignment (10 points maximum);
2. Expertise in accordance with work programme and technical specifications (30 points maximum);
 - 2.1 Technical approach (10 points maximum);
 - 2.2 Work programme (10 points maximum);
 - 2.3 Organization and staffing plan (10 points maximum);
3. Qualification and expertise of top specialists (55 points maximum);
 - 3.1 Resident engineer (20 points maximum);
 - 3.2 Head specialist on constructional materials (15 points maximum);
 - 3.3 Head specialist on engineering structures (10 points maximum);
 - 3.4 Project director (5 points maximum);
 - 3.5 Environmental engineer (5 points maximum);
4. Local top specialists within consultant team (5 points maximum).

Table 4.21.4 — Consultant experience according to assignment

It. No.	Committee members	JV Spea Ingegneria Europea S.p.A. & TECNIC Consulting Engineers S.p.A. (Italy)	JV “IRD Engineering’ and ‘VMV Consulting Engineers” (Italy; Azerbaijan)	Mott MacDonald (UK)	Louis Berger SAS (France)	KOCKS CONSULT GmbH (Germany)
1	Evaluator 1	10	10	10	10	9
2	Evaluator 2	10	10	10	10	9
3	Evaluator 3	10	10	10	10	9
4	Evaluator 4	10	10	10	10	9

Table 4.21.5 — Expertise in accordance with work programme and technical specifications. Technical approach (10 points maximum)

It. No.	Committee members	JV Spea Ingegneria Europea S.p.A. & TECNIC Consulting Engineers S.p.A. (Italy)	JV “IRD Engineering’ and ‘VMV Consulting Engineers” (Italy; Azerbaijan)	Mott MacDonald (UK)	Louis Berger SAS (France)	KOCKS CONSULT GmbH (Germany)
1	Evaluator 1	10	9	9	9	10
2	Evaluator 2	10	9	7	10	10
3	Evaluator 3	10	9	9	9	10
4	Evaluator 4	10	9	7	10	10

Table 4.21.6 — Expertise in accordance with work programme and technical specifications. Work programme (10 points maximum)

It. No.	Committee members	JV Spea Ingegneria Europea S.p.A. & TECNIC Consulting Engineers S.p.A. (Italy)	JV “IRD Engineering’ and ‘VMV Consulting Engineers” (Italy; Azerbaijan)	Mott MacDonald (UK)	Louis Berger SAS (France)	KOCKS CONSULT GmbH (Germany)

It. No.	Committee members	JV Spea Ingegneria Europea S.p.A. & TECNIC Consulting Engineers S.p.A. (Italy)	JV “IRD Engineering’ and ‘VMV Consulting Engineers” (Italy; Azerbaijan)	Mott MacDonald (UK)	Louis Berger SAS (France)	KOCKS CONSULT GmbH (Germany)
1	Evaluator 1	10	10	9	10	9
2	Evaluator 2	10	10	9	10	9
3	Evaluator 3	9	10	9	10	9
4	Evaluator 4	9	10	9	10	9

Table 4.21.7 — Expertise in accordance with work programme and technical specifications. Organization and staffing plan (10 points maximum)

It. No.	Committee members	JV Spea Ingegneria Europea S.p.A. & TECNIC Consulting Engineers S.p.A. (Italy)	JV “IRD Engineering’ and ‘VMV Consulting Engineers” (Italy; Azerbaijan)	Mott MacDonald (UK)	Louis Berger SAS (France)	KOCKS CONSULT GmbH (Germany)
1	Evaluator 1	9	9	9	9	9
2	Evaluator 2	9	9	9	10	9
3	Evaluator 3	10	9	9	9	10
4	Evaluator 4	10	9	9	9	10

Table 4.21.8 — Qualification and expertise of top specialists. Resident engineer (20 points maximum)

It. No.	Committee members	JV Spea Ingegneria Europea S.p.A. & TECNIC Consulting Engineers S.p.A. (Italy)	JV “IRD Engineering’ and ‘VMV Consulting Engineers” (Italy; Azerbaijan)	Mott MacDonald (UK)	Louis Berger SAS (France)	KOCKS CONSULT GmbH (Germany)
1	Evaluator 1	17.20	15.60	17.60	14.80	17.20

It. No.	Committee members	JV Spea Ingegneria Europea S.p.A. & TECNIC Consulting Engineers S.p.A. (Italy)	JV “IRD Engineering’ and ‘VMV Consulting Engineers” (Italy; Azerbaijan)	Mott MacDonald (UK)	Louis Berger SAS (France)	KOCKS CONSULT GmbH (Germany)
2	Evaluator 2	17.60	15.20	17.60	17.20	16.40
3	Evaluator 3	17.20	15.60	17.20	14.80	14.80
4	Evaluator 4	18.80	16.00	17.60	14.80	17.20

Table 4.21.9 — Qualification and expertise of top specialists. Head specialist on constructional materials (15 points maximum)

It. No.	Committee members	JV Spea Ingegneria Europea S.p.A. & TECNIC Consulting Engineers S.p.A. (Italy)	JV “IRD Engineering’ and ‘VMV Consulting Engineers” (Italy; Azerbaijan)	Mott MacDonald (UK)	Louis Berger SAS (France)	KOCKS CONSULT GmbH (Germany)
1	Evaluator 1	12.90	13.20	9.00	11.70	13.50
2	Evaluator 2	12.90	13.20	9.30	11.70	14.70
3	Evaluator 3	12.90	13.20	11.10	11.70	13.50
4	Evaluator 4	13.20	13.20	9.00	13.50	13.80

Table 4.21.10 — Qualification and expertise of top specialists. Head specialist on engineering structures (10 points maximum)

It. No.	Committee members	JV Spea Ingegneria Europea S.p.A. & TECNIC Consulting Engineers S.p.A. (Italy)	JV “IRD Engineering’ and ‘VMV Consulting Engineers” (Italy; Azerbaijan)	Mott MacDonald (UK)	Louis Berger SAS (France)	KOCKS CONSULT GmbH (Germany)
1	Evaluator 1	9.20	8.00	8.00	7.80	9.20
2	Evaluator 2	9.40	8.20	8.20	9.00	9.00
3	Evaluator 3	9.20	8.00	6.20	7.80	9.00
4	Evaluator 4	9.40	8.20	8.20	7.80	9.20

Table 4.21.11 — Qualification and expertise of top specialists. Project director (5 points maximum)

It. No.	Committee members	JV Spea Ingegneria Europea S.p.A. & TECNIC Consulting Engineers S.p.A. (Italy)	JV “IRD Engineering’ and ‘VMV Consulting Engineers” (Italy; Azerbaijan)	Mott MacDonald (UK)	Louis Berger SAS (France)	KOCKS CONSULT GmbH (Germany)
1	Evaluator 1	3.80	4.30	4.60	4.70	4.30
2	Evaluator 2	4.40	4.60	4.90	4.60	3.80
3	Evaluator 3	4.30	4.30	4.90	4.50	4.30
4	Evaluator 4	3.80	4.70	4.30	4.70	3.80

Table 4.21.12 — Qualification and expertise of top specialists. Environmental engineer (5 points maximum)

It. No.	Committee members	JV Spea Ingegneria Europea S.p.A. & TECNIC Consulting Engineers S.p.A. (Italy)	JV “IRD Engineering’ and ‘VMV Consulting Engineers” (Italy; Azerbaijan)	Mott MacDonald (UK)	Louis Berger SAS (France)	KOCKS CONSULT GmbH (Germany)
1	Evaluator 1	4.40	4.30	4.10	4.10	4.40
2	Evaluator 2	4.70	4.00	4.00	4.10	4.70
3	Evaluator 3	4.40	4.50	3.10	3.10	4.30
4	Evaluator 4	4.70	4.40	4.10	4.10	4.50

Table 4.21.13 — Local top specialists within consultant team (5 points maximum).

It. No.	Committee members	JV Spea Ingegneria Europea S.p.A. & TECNIC Consulting Engineers S.p.A. (Italy)	JV “IRD Engineering’ and ‘VMV Consulting Engineers” (Italy; Azerbaijan)	Mott MacDonald (UK)	Louis Berger SAS (France)	KOCKS CONSULT GmbH (Germany)
1	Evaluator 1	0	1.43	3.18	0.32	0
2	Evaluator 2	0	1.43	3.18	0.32	0
3	Evaluator 3	0	1.43	3.18	0.32	0

It. No.	Committee members	JV Spea Ingegneria Europea S.p.A. & TECNIC Consulting Engineers S.p.A. (Italy)	JV “IRD Engineering’ and ‘VMV Consulting Engineers” (Italy; Azerbaijan)	Mott MacDonald (UK)	Louis Berger SAS (France)	KOCKS CONSULT GmbH (Germany)
4	Evaluator 4	0	1.43	3.18	0.32	0

It is expected that each evaluator makes an evaluation independently and holds own views regarding consultant qualification by each evaluation criterion including the evaluation of key personnel. Availability of similar points assigned to individual criterion by different evaluator is an additional risk factor.

For example, during the evaluation of key personnel Mott MacDonald, chief engineer got the same point (17.6) from 3 evaluators, commodity engineer and project official — from 2 evaluators. Accordingly, 2 key workers got different points from all of the evaluators.

During the evaluation of key personnel Luis Berger, chief engineer and commodity engineer got the same point from 3 evaluators, bridge conduit engineer and project official — from 2 evaluators. Accordingly, only one key worker got different points from all of the evaluators.

Following the competitive bidding, contract for consultancy services was awarded Louis Berger SAS Company (France).

Price claim of consultancy services equals to EUR 854,200.00.

According to data of the Engineer monthly report for June 2016, the Contract value as amended by the Addition No.2 to the Contract, equals to EUR 1,145,600.00. The Addition No.2 is not freely available and also was not submitted.

Annexes to the report are available through the link:

<https://drive.google.com/open?id=0B1DZp64zpgLbLUgtSExUeUtUTTA>