



Monthly Report February 2021

No: 749



Water Supply and Sanitation Adriatic Coast Project phase III

Water Supply and Sanitation Adriatic Coast III commenced by signing loan agreement with KfW on 07 December 2007. In this stage the Project was predominantly focused on wastewater sector and aimed at upgrade and extension of sewage systems in Herceg Novi, Tivat, Kotor and Bar. This stage envisaged construction of the WWTPs in Herceg Novi and Bar with sea outfalls, rehabilitation and replacement of the current sewerage systems, as well as construction of new parts of the system. A smaller part of the Project was related to the water supply upgrade through rehabilitation of current, and construction of new parts of the water supply systems.

Implementation of Phase III commenced in March 2008 and the estimated project value is Euro 89 million. Implementation of Phase III commenced with project preparation and drawing up of design and tender documentation by the consultancy JV DAHLEM/Pecher from FR Germany.

Tivat	
Contract No TV-RB-02 -2010	Construction of: <ul style="list-style-type: none">- 17,6 km of sewage network- 14,6 km of water supply network- 6 large and 6 small pumping stations
Expected result	Systematic upgrade of the water supply and sanitation system and improvement of environmental conditions in the Bay of Tivat
Contract value	€9,491 million
Contract start date and end date	14 December 2011 - 31 December 2014
Employer	The Municipality of Tivat and PE "Water and Sewerage" Tivat
Funding sources	Municipal budget - €3,955 million KfW loan - € 5,379 million KfW grant - €155.750
Role of Vodacom	Project Executing Agency (PEA)
Contractor	Ludwig Pfeiffer, FR Germany
Engineer	Dahlem FR Germany

PROGRESS

Following the Employer's settlement of the IPC No 20, an agreement was signed between the Employer and the Contractor on the method of payment under DAB decision. As stated in this agreement, the amount claimed will be paid in four installments up and including 31/08/2020. The Employer settled the entire amount of their liabilities under DAB decision. After settling all claims, the Contractor was asked to submit the Final Statement and the written discharge. After Contractor's submission of notice to initiate dispute resolution, Employer hired a law office to handle this matter on behalf of Municipality Tivat. The Employer provided its response on 11/01/2021. ICC is in the course of reviewing the documents submitted by Employer and Contractor, after which Employer and Contractor will be informed of the next steps in the procedure.

Herceg Novi	
Contract No HN -YB-2010	Construction of the WWTP for 65.300 PE
Expected result	Systematic upgrade of the sanitation system and improvement of environmental conditions in the Bay of Kotor
Contract value	€9,020 million
Contract start date and end date	24 June 2012 - 12 June 2017
Employer	The Municipality of Herceg Novi and the company "Društvo za izgradnju vodovodne i kanalizacione infrastrukture u opštini Herceg Novi"
Funding sources	Municipal budget - €1,366million GoM contribution - € 1,349 million KfW loan - € 6,304 million
Role of Vodacom	Project Executing Agency (PEA)
Contractor	JV MASS/Gintas (contract terminated on 21/11/2018)
Engineer	Dahlem FR Germany
<p>HN-YB-2010</p> <p>ACTIVITIES Nothing to record.</p> <p>PROGRESS – Status at WWTP The contract with Mass-Gintas was terminated on 17/11/2017, and upon termination of negotiations for the contract reactivation a total of Euro 1.759.594, 93 was charged based on encashment of performance and retention guarantees. The Employer intends to use funds from encashed guarantees to have the remaining works completed by different contractors. There are two contracts completed for the time being, with CMC group, and Biogest International, which have been awarded by a direct award, under the conditions of FIDIC Green Book. Proposal of tender for the remaining works to be executed under the conditions of Pink FIDIC book with elements of Yellow FIDIC book has been prepared as well as one more tender under the conditions of FIDIC Green Book for SCADA system, but the Municipality of HN has not accepted to announce procurement procedure in accordance with the prepared documentation. On 26.02.2021 Employer sent a letter to company Mass (without Gintas) informing them of termination of negotiation for continuation of works contract. The reason for negotiation termination is noncompliance with legal basis for contract continuation. Employer has been informed of all the potential consequences of terminating said negotiation. The Employer sent request to consultant Dorsch GmbH for submitting their proposal for revision of existing tender documents for Green and Pink FIDIC Book for implementation of tender procedure as well as for supervision of the Works, in order to put to function the WWTP for the upcoming tourist season. The mentioned proposal is expected in March. The Employer is still independently operating the plant. Based on the information received from the WWTP operator, the WWTP continuously receives salty water, however with reduced quantities and salinity.</p>	

During the reporting period, there were problems with the following WWTP devices:

- decanter no. 1 of SBR4 reservoir out of operation
- decanter no. 2 of SBR3 reservoir out of operation
- sand trap bridge is out of operation
- overflow valve in alarm mode
- regulating valve in the aeration system SBR4;
- mixer SBR 4 – out of operation

The operator is not able to solve other problems without external support due to lack of spare parts and materials.

GUARANTEES:

- Advance payment Guarantee – repaid advance payment, no guarantee
- Performance Guarantee – **this guarantee has been encashed**
- Retention Money Security – **this guarantee has been encashed**

PAYMENTS

There were no payments during this reporting period.

The total amount paid (including advance payment with VAT):

9,955,055.22€

KfW's loan (Phase III) 2,863,000.00 €

KfW's loan (Phase IV) 3,441,000.00 €

Municipal contribution 711,664.36€

Municipal contribution (VAT) 1,589,462.59€

GoM's grant: 1,349,928.28 €

GB1-HN-2019

Herceg Novi Contract No 1 under FIDIC GB with CMC Group DOO Herceg Novi

BASIC DATA

Initial Accepted Contract Amount (VAT exclusive): Euro 128.620.00

Initial Accepted Contract Amount (VAT inclusive): Euro 155.630.20

Amended Accepted Contract Amount with Addenda excluding VAT: € 158.525,50

Amended Accepted Contract Amount with Addenda including VAT: € 191.815,86

Contract signature date: 09/04/2019

Commencement date: 16/04/2019

Time for Completion:

- For positions C1.21A, C1.22, C1.23, C1.24, C1.25A, C1.25B, and C1.26 – 09 July 2019
- For positions C1.21B 09 August 2019
- Taking-over Date: 09 August 2019

DNP: 365 days

ACTIVITIES

Nothing to record.

PROGRESS

Nothing to record.

CLAIMS

Nothing to record.

PAYMENTS

Nothing to record.

VARIATIONS

Nothing to record.

OTHER

The Consultant's supervision services ceased on 30 November 2019

GB3-HN-2019

Herceg Novi GB Contract No 3 with Biogest International GmbH

GENERAL DETAILS

Initial Accepted Contract Amount excluding VAT: € 86,484.00

Amended Accepted Contract Amount with Addenda excluding VAT: € 100,144.94

Contract Signature Date 14/05/2019

Commencement Date: 26/06/2019

Initial Time for Completion: 85 days

ACTIVITIES

Nothing to record.

PROGRES

Nothing to record.

CLAIMS

Nothing to record.

PAYMENTS

Nothing to record.

VARIATIONS

Nothing to record.

OTHER

The Consultant's supervision services ceased on 30 November 2019

Herceg Novi	
Contract No HN-RB-01-2010	Construction of: – 35,3 km of water and sewage network – 11 pumping stations and a sea outfall
Expected result	Systematic upgrade of the water supply and sanitation system and improvement of environmental conditions in the Bay of Kotor
Contract value	€18,522 million
Revised Accepted Contract Amount up to and including Addendum No 8	€21,392 million
Contract start date and end date	25 August 2012 – 17 February 2015
Employer	The Municipality of Herceg Novi and the company “Društvo za izgradnju vodovodne i kanalizacione infrastrukture u opštini Herceg Novi”
Funding sources	Municipal budget - €0,399 million GoM contribution - € 2,923 million KfW loan - € 17, 914 million KfW grant - €0,155 million
Role of Vodacom	Project Executing Agency (PEA)
Contractor	Celtikcioglu, Turkey
Engineer	Dahlem FR Germany
<p>ACTIVITIES The repair of section HN 3320 to HN 3300 continued - works were reinstated. There was no progress in agreement between contracting parties regarding any of the additional repairs after the end of DNP. At a meeting organized by Employer on 11 February 2021 in Herceg Novi, it was decided to request from the KfW not to disburse funds according to certified Retention until submission of additional supporting documents. Engineer informed the participants that any unjustified delay in payment may lead to application of Article 14.8 (Delay in payment) and damage for the Employer.</p> <p>PROGRES The defect repair at manhole HN 3320 came to a halt. Reinstatement works continued.</p> <p>OTHER Nothing to report. The Consultants' Addendum # 42 services for DNP ended. An extension by means of an amendment was prepared between Vodacom and the Consultant. On 28/12/2020 Vodacom provided KfW with documentation to receive its no-objection, following the approval received from the Municipality of Herceg Novi.</p> <p>GUARANTEES:</p> <ul style="list-style-type: none"> • Payment security- expired on 11/07/2020; for employees it expired on 25/06/2020. 	

- Performance Guarantee - expired 03/09/2020.

VARIATIONS

Nothing to record.

CLAIMS

Nothing to record.

PAYMENTS

The Contractor requested payment of the Retention Money in the amount of EUR 925,896.74. On 28/09/2020 the Engineer certified for payment EUR 887,261.04 after he deducted EUR 38,845.98 due to uncompleted obligations, while the deadline for payment is 26/10/2020.

Payments Executed to Date including Advance Payment (up to and including IPC No 26):

GoM: 2.923.000,00€

KfW's grant 155,750.00€

KfW' s loan (Phase III) 5.876.981,23€

KfW' s loan (Phase IV) 6.083.105,39€

KfW' s loan (Phase V2) 5.028.301,88€

Municipal contribution 399.590,34€

Municipal contribution (VAT) 3.593.427,19€

Total amount including VAT: 24.060.156,01€

Bar	
Contract NoBR-RB-01-2010	Construction of: <ul style="list-style-type: none"> - 5,8 km of water supply network, and - 19.2 km of faecal sewage network - 1km of storm water sewage network - 1 pumping stations with the construction of new sea outfall "Sutomore" - 1 reservoir "Susanj 2" - Additional measures: "New Project Concept in Bar" - Construction of the water supply system for settlements Polje, Zaljevo, St. Ivan and Mala Volujica, and construction of the sewage PS Volujuca with pressure pipeline.
Expected result	Systematic upgrade of the water supply and sanitation system and improvement of environmental conditions
Contract value	€11,191.128 million
Contract start date and end date	26 February 2016 – 26 February 2018 "New Project Concept in Bar" 02/09/2018 to 02/10/2019
Employer	The Municipality of Bar and ViK Bar
Funding sources	Municipal budget - €0,857 million KfW loan for Phase III - € 9,949 million KfW loan for Phase V - € 0,228 million KfW grant - €0,155 million

Role of Vodacom	Project Executing Agency (PEA)
Contractor	MPP Jedinstvo, Serbia
Engineer	Dahlem FR Germany

ACTIVITIES

Main Contract Works

- The Susanj 2 reservoir left chamber leakage repair is completed, water tightness testing is pending.

Section 1:

- Nothing to record during the report period.

Section 2.1:

- Mechanical works continued.
- Electrical works continued.
- Influent collector pipe works continued.
- Technical discussions regarding pipe bracket design

Section 2.2:

- Works are being carried out according to Variation No 21.

PROGRESS

Section 2.1 – Mechanical works continued and Contractor’s submitted system of pipe brackets was approved. Engineer inspected the installed equipment and individual inspection reports will be submitted. Employer organized site visit for relevant authority in order to harmonize details of electrical power supply. It is expected that the final tests will begin by end of May 2021.

VO

Variation Order # 19.1 – Design to extend the water supply pipe coming from Zaljevo Reservoir along the Magistrala – submitted, reviewed and revised. Both Municipality and Employer expressed their joint intention to commence implementation.

Variation Order # 22 – Employer does not want to implement connection of Stari Bar to the collector.

Variation Order # 25 – Instruction for Feeding Power Cables & Transformer Room Ventilation was issued on 04.02.2021. Variation order for power cables and transformer ventilation is in preparatory phase.

Variation Order # 26 – Water Meter proposal submitted by the Contractor, Variation was prepared and submitted to KfW for their No Objection. Instruction has not been issued.

ADDENDA

Nothing to record.

CLAIMS

Contracting parties reached an agreement and decided to solve all pending claims through Contract Addendum No 11, according to which Time for completion for section 2.1 is extended until 15 April 2021 and the implementation of extension of water supply pipeline in Zaljevo, section 3 of the Contract, until 30 April 2021.

Insurance

The Employer issued the notice of damage to the insurer in a letter the wording of which was agreed between Vodacom and the Engineer.

GUARANTEES:

- Payment Guarantee - valid until 03/04/2021.
- Advance payment Guarantee – valid until 01/06/2021.
- Performance Guarantee - valid until 24/01/2022.

PAYMENTS

The Contractor confirmed that final payment for section 2.2 in the amount of € 41.275,94 was made on 09 February 2021, as well as the payment according to IPC 26 in the amount of € 167.366,04 made on 10 February 2021.

Payments executed to date until calculation upon completion for the basic contract:

KfW grant 155,750.00€
KfW loan (Phase III) 9,608.80.08€
Municipal contribution: 647,175.29 €
VAT (to be paid by the Municipality): 135,906.82€
Total with VAT: 10,547,635.19 €

Bar

Project description	Construction of the WWTP:
Expected result	Systematic upgrade of the water supply and sanitation system and improvement of environmental conditions
Contract value	approx. €12,00 million
Employer	The Municipality of Bar and PE "Water and Sewerage" Bar
Funding sources	KfW loan - € 10,0 million (of which € 1,0 million is a grant channeled by MF) MF grant within Phase V2 - €2,0 million
Role of Vodacom	Project Executing Agency (PEA) (Project Management)

Since the Municipality of Bar had previously decided to postpone all activities related to the construction of WWTP on Volujica (68,600 PE, about Euro 12.4 million) due to land ownership problems and some conceptual dilemmas, a new project stage has commenced involving the creation of "the location study for the construction of the WWTP in the Municipality of Bar". KfW has secured a grant provided by the German Government for the development of this document, and it was expected that this Study would help the Municipality in making the final decision on the continuation of investment activities regarding the WWTP.

In accordance with the Report of the Location Study for WWTP Bar a decentralized system has proved to be the most profitable option, envisaging the construction of five WWTPs:

1. Bar WWTP (52.000 PE), approx. 10.8 mil Euro
2. Sutomore WWTP (21,000 PE), approx. 6.55 mil Euro

3. Veliki Pijesak WWTP (7,000 PE), approx. 3.5 mil Euro
4. Canj WWTP (3,500 PE), approx. 2.3 mil Euro
5. Bušat WWTP (3.000 PE), approx. 2 mil Euro

Even after the preparation of the location study, the Municipality of Bar has not made the decision on the priorities regarding investment measures envisaged to be implemented within Phase V, nor did the Mayor sign the on-lending agreement with the MoF.

Due to the above-mentioned, the preparations have started for the shifting of the funds earmarked for Bar (Euro 10 million from Phase V and Euro 2 million from Phase V2).

PHASE IV

Water Supply and Sanitation Adriatic Coast IV encompasses construction of a joint WWTP for Kotor and Tivat for 72 000 PE.

Kotor and Tivat	
Description	Construction of a Joint WWTP for Kotor & Tivat for 72.000 PE
Expected result	Systematic upgrade of the water supply and sanitation system and improvement of environmental conditions
Contract value	€10,266 million
Contract start date and end date	23 January 2015 – 20 June 2016
Employer	PE "Water and Sewerage" Tivat and Kotor
Funding sources	KfW loan Euro 10,198.00 million Municipality's contribution Euro 0,254 mil
Role of Vodacom	Project Executing Agency (PEA) (Project Management)
Engineer	Tractebel GWK GmbH Germany
Employer	WTE, FR Germany

PROGRESS

On 01/07/2020 the contract with the Contractor and the Consultant expired and the management of the Kotor-Tivat WWTP was taken over by PPOV KOTOR-TIVAT. Regarding the Contractor's obligations, there are two outstanding items:

- 1) Conducting of the remaining SCADA training by the Contractor;
- 2) Handover of two vehicles procured for the needs of the WWTP.

A hand-back certificate for the completion of the Contractor's obligations will be issued by the Consultant upon the completion of the above activities by the Contractor. On 21/09/2020 the Consultant submitted the report on the fourth year of the joint WWTP management and maintenance by the Contractor covering the period from 01/09/2019 to 30/06/2020. The company in charge of technical acceptance of the WWTP is reviewing documentation what will be followed by technical acceptance of the WWTP.



WWTP for municipalities Kotor and Tivat

PHASE V

Water Supply and Sanitation Adriatic Coast V is aimed at improving water supply and sanitation system in Ulcinj, implementation of immediate investment measures in Kotor, Tivat, and Herceg Novi, and construction of the sludge solar drying plants for Kotor, Tivat, and Herceg Novi.

Ulcinj- Investment project	
Description	<p>Stage I of the upgrade of water supply and sanitation infrastructure in Ulcinj:</p> <ul style="list-style-type: none"> - Procurement of repair materials <p>Stage II</p> <ul style="list-style-type: none"> - Works by consultant for project implementation (preparatory phase, preparation of design and tender documents) <p>Stage III</p> <ul style="list-style-type: none"> - Implementation of works and supervision
Expected result	Systematic upgrade of the water supply and sanitation system and improvement of environmental conditions
Contract Value	approx. € 20 million
Duration	2012
Funding Sources	KfW loan from Phase V, municipal budget of Ulcinj
Role of Vodacom	Project Management and Partner to the Consultant
PROGRESS	
<p>1. Inception stage - Implementation in Ulcinj</p> <p>Upon the completion of the tender procedure, a contract with the Consultant Hydrophil from Vienna was signed on 3 August 2016 in Ulcinj. The contract start date is 1st of September 2016. The project is envisaged to be implemented in 3 stages. The first and second stage of about 18</p>	

months imply preparation of the detail design for reconstruction and extension of water supply and sewerage infrastructure and implementation of the tender procedure for the engagement of the Contractor. The 2 year long third stage refers to the supervision of the construction works.

As for the water supply system the detail design will include rehabilitation of karst springs and pumping stations, reservoirs and break pressure chambers, construction of reservoirs Djerane, Brajsa, installation of measuring points and SCADA system, construction of new pipelines with a focus on the main and distribution network of Donji Stoj. Smaller amount of funds will be committed to the wastewater system, for the rehabilitation of sea outfall Djerane, and faecal and storm water sewers downtown Ulcinj.

Recognizing the problems and reduced capacity of the Secretariat for the Protection of Property Caused by COVID, at a meeting held on 7 December 2020, the Mayor issued a decision allocating two persons to assist the person in charge of resolving property issues and to assist him in the preparation of offers for the property owners.

From end of December 2020 to end of February 2021 the mentioned team of municipal representatives resolving property issues managed to contact more than 163 owners of 167 cadaster plots which need expropriation. Until end of reporting period the team prepared 74 protocols with owners who are agree with the planned expropriation.

In the period from 18 February until 25 February 2021 the team of Municipality representatives sent the second round of invitations to a meeting to owners of properties which are subject to expropriation, owners who did not respond to the first invitation. New protocol for the meetings on 01, 02, 03, 04 and 05 March 2021 has been devised due to current health situation in the municipality, caused by COVID.

At the end of reporting period, representatives of the Ministry of finances informed Vodacom that the procedure of processing the request from Municipality Ulcinj for right of disposal and servitudes over 10 cadaster plots owned by the state is still underway. The situation with COVID has additionally slowed down the solving of this issue.

At a meeting held in Ulcinj on 16/02/2021, it was agreed to request the first ranked bidder to extend the validity of the bid by two more months (until 02.05.2021) and to inform that, depending on the COVID situation, contract negotiation should start by mid- March. The validity of the bid expires on 02. March 2021.

In February Vodacom continued negotiations with the Consultant in order to prepare for activation of optional item (Stage 3) of the Contract, which refers to the performance of engineering supervision over the execution of works.

PROBLEMS

The independent auditor, Ms. Pfeiffer, engaged by KfW in order to determine fulfillment of project milestones has provided her final report on 3 December 2019 with the following conclusion: "The Milestone 3 is fulfilled regarding operation cost coverage of at least 80% and expenditure for maintenance of 5 EUR/connection. Staff cost have been reduced significantly, but number of staff still above 100. Municipal payments to Vodacom are outstanding ..."

The number of employees in ViK Ulcinj is still more than 120 (122 employees), although the Management Board of ViK Ulcinj adopted their systematization of job positions for 107 employees (whereby the conditions for reduction of No of employees have been achieved) it is certain that without a significant support from the Municipality the condition for reduction of No of employees will not be fulfilled.

From the Programme perspective, the number of employees remains the only project milestone which has not been reached in terms of acquiring necessary conditions for the continuation of the investment programme in Ulcinj. In addition, ViK Ulcinj has been faced with an additional problem: the lack of qualified employees, especially in the technical sector, which brings into

question the ability of ViK to monitor and implement future investments in a high quality manner. In June 2020, the Municipality sent updated requests to the Ministry of Finance related to the transfer of the right of disposal and servitudes over the property owned by the State, on which the construction of water supply and sewerage infrastructure is planned. By the end of the Reporting Period, there are still 10 cadastral parcels owned by the State, for which the Municipality of Ulcinj has not yet received the right of disposal, i.e. the right of servitude.

Due to COVID-19, the capacities have been significantly reduced of the Property management, Secretariat for Property Protection, Secretariat for spatial planning and sustainable development, Secretariat for communal affairs and environmental protection, and thus the frequency of commenced activities has been reduced or even completely stopped: expropriation, revision of design documents (according to UT conditions) and issuance of building permits for some of the project measures.

Municipality Ulcinj planned to start negotiations with the first ranked bidder mid-March 2021, however, final negotiation for defining deadlines, works dynamics and other obligations of Employer and Contractor at the beginning of the project, is still not possible because property issues for a considerable number of project measures need to be resolved beforehand.

As a problem in planning negotiations with the first ranked bidder we point out the fact that the Ministry of finances still has not decided on the reallocation of loan funds from the project in Bar to the project in Ulcinj (2.6 mil Euro). Hence it is not possible to plan the scope of works to be realized. With the currently available funds it will not be possible to realize whole of the project in Ulcinj.

Please note that in order to realize the whole project (mandatory and optional measures) it is necessary to secure an additional amount of 2.6 mill Euro from loan funds.

Until the end of reporting period Reviewer has collected the opinions and approvals from all authorities for technical conditions necessary for 17 (out of a total of 27) project measures done according to UT conditions;

PLANS FOR UPCOMING PERIOD:

Taking into consideration the current situation and the problems caused by the COVID-19 in Montenegro and at a global level, below is a list of activities being realistically possible to be implemented in February 2021:

- The Municipality and the Property management should carry out expropriation for a part of properties being privately owned;
- The MoF is supposed to resolve property issues for the remaining 10 state owned cadastral parcels
- Pursuant to the above, for one part of the project measures, the Employer, i.e. the Secretariat for Communal Services and Environmental Protection, could submit applications for the preparation of construction permits for a certain number of project measures
- The responsible reviewer should complete documentation (opinions and consents of the authorities in charge of technical specifications) for the major part of design measures designed in accordance with UT specifications.
- The Tender Evaluation Committee is to complete questions for contract negotiations with the first ranked bidder;

Kotor, Tivat, Herceg Novi	
Description	Implementation of urgent investment measures for Tivat, Kotor and Herceg Novi
Expected result	Implementation of urgent investment measures in water supply and sanitation system and improvement of environmental conditions
Value	Tivat - Contract with Jedinstvo - €2,320 million; Kotor - Contract with Jedinstvo €0,872 million;
Commencement date and end date	Tivat - 15/01/2018, 456 calendar days, including interruption during the tourist season from 01/06 to 01/09 Kotor - 5/02/2018, 243 calendar days, including interruption during the tourist season from 15/06 to 01/09
Employer	ViK Tivat and ViK Kotor
Funding Sources	Tivat - KfW loan Phase IV in the amount of € 174,171 and Phase V2 in the amount of €2,146,076.97 Kotor - KfW loan Phase IV in the amount of € 615,900 and the own contribution of the Municipality of Kotor in the amount of €256,870.01
Role of Vodacom	Project Executing Agency (Project Management)
Consultant	Fichtner (Germany)
Contractor	MPP Jedinstvo (Serbia)
<p>GUARANTEES LOT 2-Kotor:</p> <ul style="list-style-type: none"> • Payment Guarantee - valid through DNP period • Advance payment Guarantee – repaid. • Performance Guarantee – Performance Certificate issued. <p>PAYMENTS LOT 2-Kotor: Payments made to date: Total paid amount including VAT (including also advance payment): €915,789.72; KfW's loan (Phase IV) €615.900.00; Municipal contribution (excluding VAT) €256.870, 00; Municipal contribution (including VAT) €43,019.72.</p> <p>The works in Kotor came to a close and the taking over certificate has been issued (07/06/2019). It is indicated in the certificate that the works have been taken over and put into operation on 17/04/2019. On 29th April 2020 the Consultant issued the Performance Certificate. The Final Payment Certificate as well as the retention money invoice were issued on 01/07/2020. Upon the Final Payment Certificate, the amount claimed is Euro 0, and the Certificate is accompanied by a statement of termination of obligations by the Contractor MPP Jedinstvo. The retained money amounted to EUR 44,376.07 and this amount was reduced by EUR 16,419.12, which is the amount determined by the Engineer due to project delays. The amount paid to the Contractor based on the retention is EUR 27,956.95. Given that all obligations of the contracting parties have been fulfilled by issuing a statement on termination of obligations and payment of the retention, the contract for phase V-1 Lot 1 Kotor is considered completed.</p>	

GUARANTEES LOT 1-Tivat:

- Payment Guarantee - for works that are in the DNP period, the insurance policy is valid, for works contracted by Addendum No 2, the policy is valid until 31/12/2020.
- Advance payment Guarantee – the advance repaid in full
- Performance Guarantee – Performance Certificate issued.

PAYMENTS LOT 1-Tivat:

Payments made to date after payment of IPC No 7:

KfW's loan (Phase IV) €174,171.33

KfW's loan (Phase V2) €1,664,644.60

Total paid amount (including advance payment): €1.838.815,93:

Municipal contribution (VAT) 0 €

The works in the municipality Tivat are completed and Take over Certificate has been issued (4/2/2021). The Certificate states that works were taken over and commissioned 15/12/2020. In January Contractor sent two payment applications – for Retention and Final Statement. The works defined in Addendum 2 are in the DNP which lasts until 15/12/2021. After the DNP the final payment statement will be issued as well as the written discharge, after which the contract will be deemed completed.

Kotor, Tivat, Herceg Novi

Description	Construction of Sludge Solar Drying Plants for Kotor, Tivat and Herceg Novi
Funding sources	KfW grant for project preparation KfW loan for investments
Consultant	Consultant for project preparation - Dahlem

PROGRESS

The implementation of the SSDF has been postponed for the time being due to lack of cost-effectiveness caused by smaller quantities of sludge produced at the WWTP as compared to the anticipated ones.

PHASE V (Component 2)

Water Supply and Sanitation Adriatic Coast V (Component 2) is aimed at systematic upgrade of the water supply and sanitation system and improvement of environmental protection conditions in Kotor, Tivat, and Herceg Novi.

Kotor, Tivat, Herceg Novi	
Description	Water Supply and Sanitation Adriatic Coast
Expected result	Systematic upgrade of the water supply and sanitation system and improvement of environmental conditions
Project Description	Implementation of long-term investment measures for TV, KO, HN Development of Feasibility Study
Role of Vodacom	PEA-Project Management
Consultant	Consultant for Feasibility Study, Fichtner (Germany)
Start date	July 2014
<p>PROGRESS</p> <p>Implementation of long-term investment measures for TV, KO, HN</p> <p>Following completion of the procurement procedure for the selection of the Implementation Consultant for Phase V2, the contract for the project "Water Supply and Sanitation Adriatic Coast V, Component 2 - Municipalities of Tivat, Kotor and Herceg Novi" was entered into by and between Vodacom and the consulting company Dorsch International Consultants GmbH from Germany, with its partner in a Joint Venture, the consulting company PRO-ING doo from Serbia.</p> <p>The Phase V2 Implementation Consultant will be in charge for development of detailed designs, the tender documents and implementation of the international tender procedure for the selection of contractors (under FIDIC Pink Book) and supervision over the construction.</p> <p>Despite the unfavorable situation caused by the COVID-19 virus pandemic, it was agreed to start consulting services in accordance with the possible conditions for project implementation. Therefore, the Consultant commenced the Inception Stage of Phase V2.</p> <p>In February, the Consultant (Dorsch/Pro Ing) held several online technical meetings with representatives of ViK Kotor and ViK Tivat with the aim of gathering additional information on certain project measures. Also, several conference calls were made between Vodacom and Consultant (Dorsch/ Pro Ing) in continuation of performing their consulting services in line with available conditions for project implementation.</p> <p>The pandemic (COVID-19) considerably slowed down project activities implementation.</p> <p>The Municipality of Kotor, in cooperation with Vodacom, the Ministry of Sustainable Development and Tourism and the German Development Bank KfW, nominated design measure for the construction of the sewage network for settlements Risan and Perast (including also sewerage transmission main towards settlement Muo) for the financial contribution provided from the Western Balkans Investment Framework (WBIF). At the meetings held in 2018 and 2019 by the WBIF Steering Committee it was assessed that the project "Water Supply and Sewerage on the Adriatic Coast - Bay of Kotor" will have a significant impact on the quality of environmental protection in the Bay of Kotor and contribute to its economic development. This project received positive opinion in the screening procedure performed by the European Commission and it was decided to allocate Euro 8.96 million to finance the construction of sewage network for settlements</p>	

Risan and Perast (including also sewerage transmission main towards settlement Muo) and connection of these settlements to the central sewage system of Kotor whereby the priority issue of collection of wastewaters in these coastal settlements will be resolved.

Preparation of design documentation for the Water Supply and Sewerage on the Adriatic Coast - Bay of Kotor has been extracted from the ToR for the Consultant for the implementation of Phase V2 - Long-term measures. At the very beginning of preparation of the project the Employer decided to separate design documentation into 8 design packages (detailed designs) so as to enable phased financing and implementation of the Project.

In February, the Consultant submitted the final versions of several detailed designs.

The Consultant also submitted the final version of Parcellation study. The Reviewer did not have additional comments to the final version of the Parcellation study. The responsible party for the study submitted the studies (for all design volumes) to the relevant authority, the cadaster (Property management) in order to have them certified as soon as possible.

PROBLEMS

Potential problems that may arise during the implementation of the project "Water supply and Sanitation Adriatic Coast - Bay of Kotor" (Risan/ Perast project), relate to obtaining all necessary consents (approval by UNESCO; providing conservation conditions; urban technical conditions, etc.) and resolving property issues.

The National Commission for UNESCO of Montenegro has provided positive opinion for the "Water supply and Sanitation Adriatic Coast - Bay of Kotor".

It is expected that the Cultural property protection management submits the conservation conditions for the Project. After that, it is expected that urban technical conditions will be issue for all design volumes of the Risan/ Perast project.

In addition, resolving of property-legal issues (land expropriation) needs to be commenced, right upon certification of the Land Parcellation Study by the land registry office.

Kotor, Tivat, Herceg Novi

Description of the project	Accompanying Measures: "Sustainable Operation of WWTPs"
Project aim	The long-run proper management of the WWTPs
Value	2 mill. €
Start date	August 2015
Funding sources	KW's grant
Role of Vodacom	PEA

Investment value: 2 mill Euro.

Accompanying measures financed from KfW grant consist of three components:

1. Implementation of the training program for the staff for the O&M of the WWTP and sewerage systems.
2. Support by international experts provided to Municipalities, ViKs, Ministry and Vodacom in connection with urgent aspects related to the sustainable operation of the WWTP, of which the most recognized problem is disposal of the sludge, and defining the operation model for WWTP Tivat/Kotor.

3. Supporting the establishment of the Service for regulated communal activities as a new sector within the Regulatory Agency for electrical energy, and establishment of the proper tariff methodology.

With regard to solving sludge disposal issue from WWTP Tivat/Kotor, the best and the most cost-effective option for WWTP Tivat / Kotor proposed by the Consultant is rehabilitation/recultivation of old landfills:

Unregulated dumpsite Sinjajevo (at the territory of Kotor and Tivat) and closed sanitary landfill Lovanja (territory of Kotor) with the use of sludge and soil.

In order to define following activities regarding the strategy for disposal of sludge, design measure recultivation/rehabilitation of dumpsites by using sludge from WWTP Tivat/Kotor is included as Optional item within the ToR for the Implementation Consultant for Phase V2-Long-term measures. Having considered in detail all relevant facts, representatives of Tivat and Kotor agreed that project measures for recultivation/rehabilitation of dumpsites (unregulated dumpsite Sinjajevo and closed sanitary landfill Lovanja) and construction of the SSDF should not be considered a solution for sludge disposal from WWTP Tivat/Kotor. They believe that alternative long-term solutions need to be found which would be environmentally acceptable and cost-effective for both Municipalities. Therefore, implementation of subject project measures should be excluded from the project phase V2.

Vodacom's activities on capacity development of water utilities

Bar, Herceg Novi, Kotor, Tivat, Ulcinj	
Description	Capacity development of water and sewage utilities
<p>PROGRESS</p> <p>1. Benchmarking</p> <p>In February Vodacom was collecting data to produce the monthly Benchmarking Report for January 2021, which was produced and submitted to the Ministry of ecology, spatial planning and urbanism, Municipalities, ViKs, and benchmarking coordinators for further use.</p>	