

**INFORMATION ABOUT THE CANCELLATION  
of Procurement of Construction of motorway Dimitrovgrad bypass - Border crossing  
LOT 3 Tunnels Progon and Przojna Padina**

The construction of tunnels is inherently risky, as the exact conditions that will be faced are not fully known until the digging has started. Good investigation of the proposed site and the geology is a prerequisite and can address some of the uncertainty, but questions will always remain. The challenge is to identify all the risks, and prepare a mitigation strategy in advance of the commencement of construction, to ensure no surprises in the construction face, thereby hopefully ensuring that implementation stays both on schedule and on budget. In addition, the techniques of tunnel construction have developed significantly in recent years, with many specialist design institutes and contractors, focusing entirely on this type of work.

The site visit, and the review of the detailed design, by potential bidders raised a number of substantive questions about the extent of the survey work, its interpretation, the proposed methodology for tunnel construction, and more generally whether all the potential risks had been fully identified and an appropriate mitigation plan prepared. After careful consideration, it was decided by K10DOO, in conjunction with the authorities and the World Bank, that it would be premature to continue the tendering of Lot 3 at this time, and a careful review of the above aspects was necessary.

Accordingly, early next week, a specialist tunnel expert will arrive in Belgrade, supported by the World Bank to undertake, in conjunction with representations from K10DOO, PEPS and the design institute, to undertake a comprehensive review of the survey data, the design, the proposed methodology, and the Risk Management Plan for the implementation of the works. After this review, an action plan will be prepared to strengthen the identified deficiencies, prior to re-opening the bidding for Lot 3.

The careful consideration and subsequent decision to cancel the tender procedure for LOT 3 (tunnels) also engendered a necessary extension of the deadline for bid submission for LOT 1 and LOT 2, to allow prospective bidders sufficient time to amend their bids. The revised submission date for LOTs 1 and 2 is November 26, 2009. It is provisionally expected that the suspension in the tender procedure for LOT3 will last 3 months. It is not expected at this stage that this delay will threaten the scheduled completion date in the first half of 2012 for the entire section of the Dimitrovgrad Bypass.