

RAPLA - PÄRNU AGREEMENT AMENDMENT'S SUMMARY

Agreement

Design and design supervision services for the construction of the new line from Pärnu to Rapla, No 8/2019EE02, dated 29 March 2019 (Agreement).

Amendment's description

This contract change is related to the review of a program (Appendix 3) and will affect payments (Appendix 4) in unpredictable ways by leaving payment terms and amounts unchanged.

Amendments are made under the provisions of Clause 3 and 1 of Section 3 of Article 61 of Public Procurement Law of the Republic of Latvia.

1. Agreement amendments concerning payment schedule updates

The review of Agreement Annex 3 (Programme) was determined by the terms of the existing Agreement. It has been determined that an amendment process will be initiated when both parties need to review and update the program to enable service delivery and maintain contractual terms.

Review of Programme is justified by the occurrence of unforeseen circumstances during the execution of the Agreement, such as:

- i) The changes in relation to construction works implementation strategies of the Rail Baltica project. This was presented in a different manner at the tender stage and required an unexpected modification of initial sequence of design delivery.

This disruption created the prerequisites for initiating changes to the original planned design and its technical solutions and eventually led to changes in construction strategy by introducing update sequences and phases of design components and delivery of design packages. To align construction strategies with available capital and optimal design processes, while avoiding upsetting the economic balance between the parties from what was originally established. Changes in the Programme resulted in changes in the payment schedules. The revised schedule program does not affect the terms and quantities of delivery and payment set forth in the original Agreement.
- ii) Events due to the COVID-19 pandemic. Currently, it has severely disrupted the operation of all organizations, including the operation of IDOM. Due to the national requirements to minimize risk of spreading the pandemic the IDOM personnel was legally required to leave the Baltic countries and suspend field surveys until the aforementioned restriction is lifted. The COVID-19 pandemic and the consequences of previously made changes to the order of deliverables.
- iii) Decisions made during the design process, and prioritization changes, including performance of the duties specified in the Contract, impacts on third parties. Unusual changes in the global building materials market related to the availability of materials and the increasing their prices.
- iv) The payment schedule has been adopted to the Programme where deliverables has been split into packages of the construction objects and introducing more specific order of the deliveries, it does not ensure that Consultant shall be remunerated more often as initially agreed.