

Standard Summary Project Fiche – IPA centralised programmes

Project fiche: 5

1. Basic information

- 1.1 CRIS Number: 2010/022-154**
- 1.2 Title:** Major rehabilitation of the Main Railway Line Bar-Vrbnica (Miatovo kolo- Mojkovac) section
- 1.3 ELARG Statistical code:** 02.21 – Trans-European Networks
- 1.4 Location:** Montenegro

Implementing arrangements:

- 1.5 Contracting Authority:** Delegation of the European Union to Montenegro
- 1.6 Implementing Agency:** Delegation N.A.
- 1.7 Beneficiary (including details of project manager):**

Ministry of Transport, Maritime Affairs and Telecommunications

Project Manager: Srdjan Vukčević, Deputy Minister

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Alternate:

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Financing:

- 1.8 Overall cost (VAT excluded):** € 12 million
- 1.9 EU contribution:** € 5 million

- 1.10 Final date for contracting:** two years from the date of the conclusion of the Financing Agreement
- 1.11 Final date for execution of contracts:** two years from the final date for contracting
- 1.12 Final date for disbursements:** one year from the final date for execution of contracts

2. Overall Objective and Project Purpose

2.1 Overall Objective:

Increase the attractiveness, performance and reliability of railway transport in Montenegro through improvement of service quality and safety.

2.2 Project purpose:

Major rehabilitation of the Main Line Bar – Vrbnica through restoration of railway superstructure, planned arrangement of section and infrastructure protection in gauge of route section.

2.3 Link with AP/NPAA / EP/ SAA

The European Partnership highlights the importance of transport policy and calls for implementation of the MoU on the development of the South East Europe Core Regional Transport Network including the cooperation in the South East Europe Transport Observatory. In addition, in accordance with the European Partnership it is necessary to ensure sufficient resources for the maintenance of transport infrastructure and institutions, as well as strengthen capacity building, including project preparation for large investments.

According to Article 108 of the SAA, cooperation may notably aim at restructuring and modernising the Montenegrin transport modes, improving the free movement of passengers and goods, enhancing the access to the transport market and facilities, including ports and airports. Furthermore cooperation may support the development of multi-modal infrastructures in connection with the main Trans-European networks, notably to reinforce regional links in South East Europe in line with the MoU on the development of the Core Regional Transport Network. The objective of the cooperation should be to achieve operating standards comparable to those in the Community as well as to develop a transport system in Montenegro compatible and aligned with the Community system and improving protection of the environment in transport.

In addition, it is necessary to reach the level of safety standards of infrastructure and transport respecting the principles of interoperability. This should be developed in line with EU legislation. It is also necessary to strengthen capacity of infrastructure, maintain safety in the railways on the basis of the adopted safety goals and safety management systems

This project is based also on the mid-term priorities defined in the National Programme for Integration (NPI) pursuant to the Law on Railways and the Protocol 4 on land transport of the SAA, Montenegro invests in reconstruction and modernisation of railway infrastructure through programmatic annual budgets and relevant credit arrangements. Current budgetary

expenditures, which present the basis for regular and investment maintenance of infrastructure and transport regulation, are worth EUR 10 million per annum. Besides this, there are investments in railway infrastructure financed through IFIs loans guaranteed by the Montenegrin Government.

2.4 Link with MIPD

One of the objectives and choices defined by the MIPD 2009 – 2011 related to transport is development of a transparent and sustainable system for financing transport infrastructure investment and maintenance is well established and includes the integration of Montenegro's main transport network into the Core Regional Transport Network; safe and secured transport-logistic chain in all modes of transport, for all participants, goods and environment; improved transport services quality with fair prices; existence of inter-modal transport facilities and of infrastructure database, and investment in rehabilitation of the railways system.

In addition, according to the MIPD it is of utmost importance to strengthen the competitiveness of the Montenegrin economy and improving the business environment; encouraging investments in research; sustaining macro-economic stability; supporting the transport sector and the development of regional networks, with special emphasis on railways.

2.5 Link with National Development Plan

N/A

2.6 Link with national/ sectoral investment plans

Transport Development Strategy of Montenegro (adopted by Government of Montenegro in July 2008) set up following goals:

- Improvement of safety and security, in order to save human lives, material values and to preserve state resources;
- Integration in the European Union, through connection to TEN-T and improvement of competitiveness of national transport economy;
- Improvement of transport services quality;
- Stimulation of economic growth through more efficient and less expensive transport;
- Minimization of negative impacts of transport development and traffic infrastructure on environment and society in general.

The Government of Montenegro adopted in September 2007 the Restructuring Strategy of the Railway of Montenegro. The Strategy is harmonized with the Stabilization and Association Agreement and the EU Transport Policy, which envisages the following principles: structural form of organization according to the laws and European directives; promotion of competitiveness and creativity in the improvement of the quality of services; interoperability and technical harmonization with European systems; promotion of international (transit) transportation and co-ordination of the activities from the Government level.

Furthermore, pursuant to the Law on Railways, the Ministry of Maritime, Transport and Telecommunications prepared the Network Statement which has been done in cooperation with the Transport Directorate, Railways Infrastructure and Railways Operations. Network Statement, which is harmonized with Law on Budget for 2009 defines the policy in the area of railway lines access and for the first time in proper manner regulates the relationship between the infrastructure management and operations. This document was prepared and published in March 2009, on site of Railway Infrastructure. Network Statement was elaborated in accordance with adopted general structure by the RailNetEurope association.

Draft Regulation on transport of dangerous goods by rail has been prepared on the basis of the Law on Transport of Dangerous goods, which was passed in January 2008. It is aligned to relevant EU directives and the RID Regulation (Regulations concerning the International Carriage of Dangerous Goods by Rail).

3. Description of project

3.1 Background and justification:

The electrified line Bar-Vrbnica has a length of 167.4 km and was opened to traffic in 1976. Maximum allowable axle weight is 22.5 t (UIC track class D). It is currently the only operational rail line linking Montenegro to the European rail network, via Belgrade.

The realisation of the Bar-Vrbnica line in the 70s was the largest railway construction undertaking in Europe at the time. It was previously renowned as the central-Yugoslavian mountain line: 37% of it is in or on technical infrastructure such as bridges (107), tunnels (106), galleries (11) and culverts (371). Its asset value is estimated at €2.2 billion. €

In terms of maintenance, this means it is the most complex and expensive in Europe, too. In the period of 2007-2008 for maintenance of railway infrastructure, from the State Budget has been funded about € 8.2 million, and in 2009 it is increased to € 9.7 million.

The reconstruction/rehabilitation of the line Bar-Vrbnica is subdivided into numerous tenders and works contracts, largely with funding from EIB, EBRD, IPA and national funds. This involves renewing tracks to increase safety and speed, rehabilitating or reconstructing bridges and tunnels, removing and stabilising landslides as well modernisation of signalling including remote control and maintenance equipment. Currently there are ongoing work on following: three landslides along the Podgorica-Bar railway (two are finished, one will be until mid of November); rehabilitation of four tunnels on location Trebaljevo – Kolašin and Kos – Trebješica (tunnel number 175 and 185 were finished, other two will be finished until the end of this year); as also works on stabilisation and rehabilitation of six slopes and construction of protection galleries at the Vrbnica – Bar railway: Trebješica – Lutovo –Bratonožići – Bioče section (two locations were completely done, other four will be till February 2010.

In addition, in order to increase safety, the Railway Company has started a project of introducing video control. This solution envisages permanent surveillance of particular locations, movement detection in zones dangerous for passengers safety, detection of landslides at particular critical points on the railroad, detection of unlawful stopping at road crossings, etc., therefore, it is certain that finalization of this project will also mean improvement of the safety level.

First tranche of EIB credit, shall be used for reconstruction-rehabilitation of Bar–Bijelo Polje railway (Bjelo Polje-Kruševo-Miatovo Kolo) railway section, which will go parallelly with project IPA 2009.

IPA 2009 funding will support the rehabilitation of the 9.9 km section Trebaljevo – Kolašin. Cofinancing from EIB and EBRD credit (total € 10 milion), shall be used for rehabilitation of 8 steel bridges, and one of the largest tunnel "Ostrovica".

IPA 2010 funding will support section (Miatovo kolo-Mojkovac), which is in mountainous, rugged terrain, as is most of the line. Aforementioned section has 5 tunnels, 4 bridges, 1 gallery, 22 entrances, 19 culverts, and 17 % total length of this section is in curves. Miatovo Kolo- Mojkovac was not repair since 1976, is in very bad conditions and speed is limited on 30 km per hour. Works will include total repair of superstructure, hydroizolation, drainage on bridges, contact line, signalling and safety devices and telecommunication equipment, renewal of ballast bed.

Passenger traffic, particularly internationally to Serbia, varies with the seasons. During winter, there are currently three train pairs per/day to Serbia; in the summer, this increases to seven per/day. Bad track condition in Montenegro and also in Serbia means that trains take at least eight hours between Podgorica and Belgrade (one hour more to Bar), which for a length of 476 km (Bar-Belgrade) is unacceptable. The design speed on the line is 80 km/h, but currently not more than 55 km/h can be achieved for safety reasons – on twelve sections there are major speed restrictions due to lack of regular maintenance and rehabilitation. It is envisaged that the maximum speed can be increased to 80 km/h following reconstruction of the line. There is serious competition with rail, especially given the availability of 3-4 daily flights to Belgrade with duration of approximately 45 minutes. This will increase once the highway Bar-Belgrade is completed. Currently, a trip by car takes about seven to eight hours but would be cut down to some four hours once there is a through highway link to the Serbian capital. As to freight traffic, the line carries up to 5-15 daily trains, annual tonnage is around 270,000t. Future investment in Luka Bar such as a planed inter-modal terminal will improve cooperation between railway and Luka Bar.

3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact

The cross-border impact is major: The line provides the link with Serbia and corridor X, there are traditionally large traffic flows between the countries, it is expected that these will be enhanced. This line is recognized as potentially the most effective link between the Italian ports, through the Port of Bar with the market of South Eastern Europe.

Strategic activities and priority projects are exactly directed toward reconstruction and modernization of the rail from Bar to the border with Serbia. Belgrade-Bar rail gives to the Port comparative advantage of the shortest and the most efficient connection for organization of mass transport between overseas destinations and market of Serbia, Hungary, Romania and others. Moreover, the renewed railways will allow higher speed, security, increase of safety and decrease of unnecessary stops. The overall benefit will have effects on the economic development of the entire region.

3.3 Results and measurable indicators:

Result 1

1. Track section from 313+314 to 321+733 completely restored, in civil and electric parts

Indictors:

Higher throughput, reduce railway traffic accidents by 30%, increase speed of trains by 80%, decreased costs for ordinary and daily maintenance by 20%, increased passengers by 30% and freight tonnage by 100%, reduce maintenance costs on section Miatovo kolo-Mojkovac and reduce the number of employees per km, reduced unnecessary stopping of the trains, better communication train-station.

Result 2

2. Restored 8 steel bridges on line Vrbnica-Bar

Indicators:

Decreased costs for ordinary and daily maintenance by 20%, higher throughput, reduce railway traffic accidents by 30%, increase speed of trains by 80 %,

3.4 Activities:

1.1 Renewal of railway superstructure which include ballast, sleepers, track planum, track bed, renewal of superstructure on the five tunnels, insulation, drainage and hydro isolation on four bridges, arrangement of track grid, etc on section Miatovo Kolo-Mojkovac,

1.2 Revitalization of elements of contact line on the track (connecting to earth), signalling and safety devices and supply of telecommunication equipment

1.3 Supervision of renewal of railway superstructure and revitalization activities, including management and monitoring of technical and financial aspects (electric and civil engineers)

2.1 Rehabilitation works on 8 steel bridges, on concrete pillars and steel structure on Bar-Vrbnica line

2.2. Supervision for rehabilitation works on 8 steel bridges, including management and monitoring of technical and financial aspects; monitoring of civil engineers, electric engineers, technologist for colours controlling, periodically presence of project engineers for of works performance controlling

This project will be delivered through one works contract financed by IPA, two service contracts and one works contract financed by EIB.

The works contract financed under IPA will have FIDIC (red book) as Contractual conditions.

3.5 Conditionality and sequencing:

Railway Infrastructure Company will provide all the conditions in order to implement the activities planned under IPA fund (preparation of the project documentation, preparation of the project main design, full tender dossiers for the works, selecting of the winning bidders, contract supervision and others activities). All the relevant institutions will participate in the above mentioned project activities. Documentation for these projects will be ready in forth quarter of 2009.

In third quarter of 2010 tender for the activity (1) will be published, which is planned to be financed by IPA. In first quarter of 2011, after tender procedures has been finished, a selection for best bidders and realisation of project will start.

Funds from EIB, for supervision and works for rehabilitation of 8 steel bridges will be considered as a project co-financing to be available after third quarter of 2010.

As for IPA 2009 the conditionalities should be the same:

- The Beneficiary has to provide credit line for IFIs contribution for activities
- The Beneficiary has to provide main design for the activity 1 which will be financed by the IPA 2009.
- The construction permit for the works contract financed under IPA will be issue before launching the tender procedure
- The Beneficiary has the obligation to sign the Contract for the supervision before the works contract. The EC Delegation will be consulted regarding the minimum technical capacity to be requested in the tender dossier for the supervision contract. The EC Delegation will be involved in the selection of the supervisor by participating (at least) as an observer in the evaluation committee. The supervision team (at least the Team Leader) will be fluent in English
- In case of privatisation of the infrastructure which will be part of this project during the project implementation period, the project will be cancelled and disbursements recovered.

3.6 Linked activities

Through the CARDS Programme 2005 funds were obtained for strengthening capacities for strategic planning and drafting regulations in the field of railway transport, for restructuring Railways of Montenegro and for establishment of the Project Implementation Unit for Railways.

The Ministry of Maritime, Transport and Telecommunications and the bodies of public administration responsible for railway transport plan to strengthen their administrative capacities. Currently there are four civil servants working on railway transport issues, while the Railway Transport Department in the Transport Directorate has six civil servants. An increase in the number of employees and the organisation of necessary training in this institution (this is already planned through IPA 2007 Programme, first activity) shall create conditions for a more efficient and better work performance in the field of railway transportation. The goal of this project was improving the capacity of the institutions responsible for managing railway transport and continuing the process of harmonization of regulations with the *acquis*, as well as strengthening technical capacities of the PIU in the Transport Directorate and in the Railways. For second activity main project preparation will start at first quarter 2010, which includes the *Preparation of Main Design for Railway Infrastructure Investment. The purpose of the project for the appointed designer is to create the detail design documentation for civil engineering and electro-technical infrastructure including the technical specifications and the bill of quantities for both engineering and electro-mechanical parts.*

The investments in the railway sector foreseen in the Transport Development Strategy amount to approx €164 m and are the following:

- *Reconstruction and rehabilitation of the line Bar-Vrbnica (167.4 km). Amount of project is approx €100m. Financial arrangement has been approved by European Financial Institutions (EBRD, EIB, EAR) in amount of €52 m in the following 6 years. Realization of this project started 2003 and deadline for realization is 10 years. The proposed IPA 2010 support will fund a discrete sub-project of this key infrastructure investment.*
- *Reconstruction and electrification of the line Podgorica-Nikšić (56.6 km). Works in amount of 57 m Euro are financed by Czech Export Bank, the user of the loan is the Railway Infrastructure, payments are guaranteed by the Government of Montenegro. Project is in progress and will be finished in second half of 2009. Infrastructure is in negotiations for another € 11.9 million from EBRD.*
- *Rehabilitation and modernization of the line Podgorica-Tuzi (border with Albania) (27.4 km). Amount of project is €3m. Project not started yet.*

Construction of Terminals for Combined Transport at Railway Stations: Bar, Podgorica and Bijelo Polje cost estimate €3.2 m, completion unclear pending preparation of technical documentation.

The main infrastructure project in the maritime sector (beside the plan to revitalise maritime companies with a total of €36 m) is the construction and reconstruction of infrastructure in the Port of Bar (€34.7 m to be spent over eight years from 2009), this should have a positive impact on tonnage carried over the Bar-Vrbnica rail line, part of which is to be reconstructed under the present project

Rolling stock is very old. Railway company has 16 electric and 20 diesel locomotives, they are on average 35 years old, 4 electric train for local trains are 23 years old, and 83 passenger carriages 36 years on average. Also, company has 749 freight wagons for transport different type of goods.. A rolling stock modernisation effort will soon become urgent, however, so as to ensure the competitiveness of rail with other competing modes of transport – in this case, road and air. It is envisaged that rolling stock is to be purchased under EUROFIMA funds (six new rake of coaches should be purchased)

3.7 Lessons learned

The implementation of different project preparation facilities under the CARDS 2005/06 programme allowed drawing a number of useful lessons.

The CARDS technical assistance project to the railway sector was targeting to support the established rail PIU which monitor implementation of EIB- and EBRD-funded infrastructure rehabilitation programmes. Although it is very important to continue enhancing their effectiveness by recruiting and retaining qualified personnel. At the same time, institutional support is being provided to enhance the process of restructuring within the railway company. This assistance has been completed in September 2007.

Previous CARDS projects included the provision of technical assistance to introduce structural and legislative reform in the Railway Company and the Ministry of Transport and to complement the implementation of IFI-funded programmes in rail transport. The adoption of primary transport legislation has been a slow process. This can be attributed to several factors, principally the need to ensure support for the rationalisation of institutional arrangements from the various organisations and departments that made up the previously fragmented transport administration system. Support was, to a large extent, catalysed by the

conditionality imposed by the IFIs on their financing arrangements. Adoption of primary legislation in line with EU standards was a major step in the right direction, although further secondary legislation is underway to be developed to support the administrative structures required for implementing the *acquis*. It is essential to ensure that the nature and timing of the legislative reform process adequately supports the implementation of institutional reform.

Previous projects have also addressed the need to develop strategic planning capacity. The railway infrastructure company has already successfully launched a number of internationally funded works and investment projects; it is assumed that this experience will facilitate the preparation of the IPA 2010 funded project.

Therefore Montenegrin Railways considers itself competent and able to completely realize the proposed project in accordance with European Standards and national laws.

4. Indicative Budget (amounts in EUR)

			TOTAL EXP.RE	SOURCES OF FUNDING								
				IPA COMMUNITY CONTRIBUTION		NATIONAL CONTRIBUTION					PRIVATE CONTRIBUTION	
ACTIVITI ES	IB (1)	INV (1)	EUR (a) = (b) + (c) + (d)	EUR (b)	% (2)	Total EUR (c) = (x) + (y) + (z)	% (2)	Central EUR (x)	Regional/ Local EUR (y)	IFIs EUR (z)	EUR (d)	% (2)
Activity 1												
contract 1 (activities 1.1-1.2)	X	X		5.000.000	100							–
Contract 2 (activity 1.3)						150.000	100			150.000		
Activity 2												
contract 3 (activity 2.1)	X	X				6.700.000	100			6.700.000		
Contract 4 (activity 2.2)						150.000	100			150.000		
TOTAL IB			300.000			300.000	100					
TOTAL INV			11.700.000	5.000.000	42.74	6.700.000	57.26					
TOTAL PROJECT			12.000.000	5.000.000	41.7	7.000.000	58.3			7.000.000		

Amounts net of VAT

(1) In the Activity row use "X" to identify whether IB or INV

(2) Expressed in % of the **Total** Expenditure (column (a))

5. Indicative Implementation Schedule (periods broken down per quarter)

Contracts	Start of Tendering	Signature of contract	Project Completion
Contract 1 (IPA works) (activities 1.1 + 1.2)	Q3 2010	Q2 2011	Q2 2013
Contract 2 (NC service) (activity 1.3)	Q1 2011	Q2 2011	Q2 2013
Contract 3 (NC works) (activity 2.1)	Q1 2011	Q4 2011	Q4 2013
Contract 4 (NC service) (activity 2.2)	Q1 2011	Q4 2011	Q4 2013

All projects will be ready for tendering in the 1ST Quarter following the signature of the FA

6. Cross cutting issues

6.1 Equal Opportunity

This project does not target women specifically, but any employment opportunities associated with this project will be open to all citizens, including minority groups and women. Further, the transport benefits accruing from this project will enhance opportunities across all genders.

6.2 Environment

Project preparation through environment impact will ensure alignment with EU standards. Beside the facts that Railway Transport is view of transport who less than other transport pollute an environment, it will take care that during realization of works, every standards of EU will be include. Supervision will be in charge for control of standards.

6.3 Minorities

All minorities and vulnerable groups will benefit from this project, as its impact will help ensure a cleaner, safer and quicker transport links. Vulnerable groups tend to suffer disproportionately from poor mobility, and will thus benefit directly from their improvement.

ANNEX I: Logical framework matrix in standard format

LOGFRAME PLANNING MATRIX FOR Project Fiche		Programme name and number	
Major rehabilitation of the Main Line Bar-Vrbnica (Miatovo kolo- Mojkovac) section		Contracting period expires 2 years after signing of Financing Agreement	Disbursement period expires: one year after the final date for execution of the contract
		Total budget : 12 million euro	IPA budget: 5 million euro
Overall objective	Objectively verifiable indicators	Sources of Verification	
Increase the attractiveness, performance and reliability of railway transport in Montenegro through improvement of service quality and safety	Reduced railway traffic accidents for 30 % Increased speed of trains for 80 %, in 2012	Annual infrastructure maintenance program, where implementation, monitoring and controls are in charge of Directorate for Transport Planned Timetable and projected speed for 2009/2010	
Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
Major rehabilitation of the main line Bar – Vrbnica through restoration of railway superstructure, planned arrangement of section and infrastructure protection in gauge of route section	Decreased costs for ordinary and daily maintenance of main line Bar – Vrbnica 20% Increased passengers 30% and freight tonnage 100% Reduce maintenance costs on section Miatovo kolo- Mojkovac and reduce the number of employees per km	Annual program from ordinary maintenance of Railway Infrastructure for 2010/11 which is financed from the budget Timetable One month period , tree month period , and one year period reports from rout section maintainence	Priority investment in railway sector Appropriate level of funding of project documentation and investments Applied procedures in line with integrated border management concept

Results	Objectively verifiable indicators	Sources of Verification	Assumptions
<p>1. Track section from 313+314 to 321+733 completely restored, in civil and electric parts Mitovo Kolo-Mojkovac</p> <p>2. Restored 8 steel bridges on line Vrbnica-Bar</p>	<p>Higher throughput</p> <p>Reduced unnecessary stopping of the trains</p>	<p>Works acceptance reports: Timetable</p> <p>Reports of the execution of Timetable, regulation of transport (by inspector for Railway transport in ministry of Transport)</p> <p>Hitch Diary of infrastructure electro section</p>	<p>Affordable costs of procurement of materials, track tools, ballast, rails, sleepers, switches, petroleum</p> <p>Good co-operation and co-ordination of activities amongst all involved parties</p> <p>Continuous support by the competent ministries and enterprise management for the project implementation</p>
Activities	Means	Costs	Assumptions
<p>1.1 Renewal of railway superstructure which include ballast, sleepers, track planum, track bed, renewal of superstructure on the five tunnels, insulation, drainage and hydro isolation on four bridges, arrangement of track grid, etc on section Miatovo Kolo-Mojkovac,</p> <p>1.2 Revitalization of elements of contact line on the track(connecting to earth), signalling and safety devices and supply of telecommunication equipment.(Miatovo Kolo-Mojkovac)</p> <p>1.3 Supervision of renewal of railway superstructure and revitalization activities, including management and monitoring of technical and financial aspects (electric and civil engineers</p> <p>2.1 Rehabilitation works on 8 steel bridges, on</p>	<p>Works contract (activities 1.1 and 1.2)</p> <p>Service contract (activity 1.3)</p> <p>Works contract (activity 2.1)</p> <p>Service contract (activity 2.2)</p>	<p>IPA (5 mil. euro)</p> <p>EIB loan third tranche (150.000 euro)</p> <p>EIB loan third tranche (6.7 million euro)</p> <p>EIB loan third tranche 150.000 euro)</p> <p>Total: 12 million euro</p>	<p>Timely grant of relevant permits, from competent ministries of Economy and Finance</p> <p>No major geotechnical faults found that will require re-engineering of the bridges</p> <p>Detailed reports done by the Faculty of Civil Engineering, CIP, and railway infrastructure of the priorities concerning bridges</p>

<p>concrete pillars and steel structure on Bar-Vrbnica line</p> <p>2.2. Supervision for rehabilitation works on 8 steel bridges, including management and monitoring of technical and financial aspects; monitoring of civil engineers, electric engineers, technologist for colours controlling, periodically presence of project engineers for of works performance controlling</p>			
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Pre-conditions: Main project to be prepared

ANNEX II: amounts (in M€) Contracted and disbursed by quarter for the project

Contracted	Q1 2011	Q2 2011	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013
Contract 1		5.000.000										
Cumulated		5.000.000										
Disbursed												
Contract 1		500.000	500.000	1.000.000		1.000.000				1.500.000		500.000
Cumulated		500.000	1.000.000	2.000.000		3.000.000				4.500.000		5.000.000

ANNEX III Description of Institutional Framework

The Ministry of Transport, Maritime Affairs and Telecommunications is in charge of railway transport policy. Within the Ministry there is the Department of Maritime and Railway Transport and European Integration with five employees in charge of railway transport - one being the inspector for railway transport and the other the Deputy Minister for Maritime and Railway Transport and European Integration, two officers in charge of railway transport and one officer for the affairs of European integration. According to the Law on Railway Transport Safety and the Law on Inspection Supervision, the inspector for railway transport who works within the competences of the Ministry performs the activities of inspection supervision

Further strengthening of administrative capacities in the Ministry is planned in 2009, meaning employing two officers for railway transport, according to the plan for establishing Investigation Body in charge of investigation in case of railway transport accidents and incidents within the Ministry and two officers for European integration.

According to Action Plan of Restructuring Strategy in July 2008, were formed two separated independent companies: Railway Infrastructure of Montenegro and Railway Transport of Montenegro. In the Jun of 2009, from Railway transport was formed two companies: first, Railway Passenger Transport and second Montecargo (company, for goods transport). Beside that for the first time starting from this year, the Law on Budget for 2009 introduces assistance to passengers' transport through direct budgetary disbursement for this scope according to separate programme. It is also very important to add that the Government of Montenegro decided to take over all the debts and financial obligations accumulated up to 31 December 2008 in order to solve the problem of high indebtedness of the railway system that has impeded regular repayment of financial obligations and burdened the balance sheet of the company for many years. It amounts to app. EUR 155.8 million (out of which EUR 111.1 million in the Railway Infrastructure and EUR 44.7 million in the Railway Transport). In this way financial consolidation of the system and better standing in the process of privatisation shall be ensured. The Government overtook the debts arising from payment of instalments with interests from loans earmarked for financing reconstruction of infrastructure and investment maintenance of vehicles, as well as other unsettled claims for management costs, material and service costs, and financial obligations arising from the financial compensation to the families of the Bioče accident victims. On the basis of overtaking these debts there would be an additional capitalisation, i. e. their conversion into the enlargement of state package of shares in both stock companies

In 2005 the Railways of Montenegro became a member of UIC (International Union of Railways) and CIT (International Rail Transport Committee)

Montenegro is a signatory of the MoU and the MoU Annex for Railway Transport in South-East Europe and is in the process of implementing the provisions from these documents. Montenegro is represented in the Working Group on Railway Transport and Interoperability (RWG) which has been established in the framework of the Regional Secretariat of South East Europe Transport Observatory (SEETO), which represents the European Commission in monitoring the implementation of the MoU Annex. One of the tasks of the RWG was the preparation of the national time table for gradual implementation of six goals stipulated in the MoU Annex. The SEETO Steering Committee, at its session in December 2008, acknowledged individual and a Summary Time Table that will be valid for the whole SEE

region. Their application shall be monitored by the EC. Each signatory state is obliged to implement legislative and institutional framework in order to open the railway transport market of the SEE region through gradually reaching the following aims:

- establishment of necessary institutions in railway sector;
- reorganisation of railway into a market oriented enterprise;
- equal access to market, interoperability and railway safety;
- financial stability and transparency;
- intensification of trans-border cooperation;
- establishment of permanent social dialogue.

On the basis of the Ordinance on Amendments to the Ordinance on the Organization and Operation of Public Administration („Official Gazette of Montenegro” No 32/06), the Transport Directorate was established.

In late 2008 the Government of Montenegro adopted the Amendment of the Decree on Organisation and Manner of Work of Public Administration, according to which the Railway Directorate is to be established and assumes the responsibilities of the Transport Directorate – Railway Transport Department (where currently work 6 officers). The Railway Directorate shall have the following competences: development, construction, reconstruction, maintenance and protection of the Railways of Montenegro; participation in the making of strategies, projects, mid-term programme and annual plans; preparation of tender notices, concluding contracts for: designing technical documentation, construction, reconstruction, regular and investment maintenance; organisation of professional control of the quality of works; initiating procedures of resolving property and legal affairs; obtaining approval for construction, admittance and conferring of constructed railways, record keeping of real estate belonging to railway; preparation of financial documentation and expenditures; giving consent for railway connections and intersections with public roads, installation of infrastructural objects (pipelines, waterworks, sewage system, power, telephone and telegraph lines etc) along rails and protective area; development, modernisation, reconstruction and protection of rails, licensing of enterprises responsible for managing railway infrastructure and issuing certificates on safety for managing railway infrastructure; issuing licences and certificates to carriers for public transport and private transport; issuing permits for railway infrastructure reconstruction and for construction and reconstruction of overpasses above electrified railways; giving consent for construction, reconstruction, maintenance and protection of industrial railways; concluding contracts with carriers performing transport of public interest; authorising transport of special consignments, production of railway vehicle prototypes; issuing permits for using new materials, equipment, parts and vehicles; taking note of development of railway transportation; determining the number of railway wagons that have to possess lock or hand brakes; drafting technical regulations, acts, standards and agreements in the field of railway infrastructure and railway transportation; notified body affairs; keeping standard records as well as other affairs under its competence. Pursuant to this Decree the Railway Directorate shall act as regulatory body and licensing body. The Law on Railway Transport Safety stipulates that the Railway Directorate should have within its structure the National Safety Authority and the Notified Body, while the Ministry of Maritime, Transport and Telecommunications should have the independent accident investigation body. This is expected to be implemented by the end of 2009.

ANNEX IV Reference to laws, regulations and strategic documents:

Railway Transport

- Law on Railways („Official Gazette of the Republic of Montenegro” No 21/2004);
- Law on Railway Transport Safety („Official Gazette of Montenegro” No 04/2008);
- Law on Contracts for Railway Transport (Official Gazette of the Republic of FRY No 26/95);
- Law on Inspection Supervision (Official Gazette of the Republic of Montenegro No 39/03);
- Law on Ratification of Agreements on the Establishment of a High Performance Railway in South East Europe (Official Gazette of the Republic of Montenegro No 44/2007);
- Regulation on the contents and conditions for issuing the certificate on safety for managing railway infrastructure („Official Gazette of Montenegro” No 56/2008);
- Regulation on the contents and conditions for issuing the licence for infrastructure managers („Official Gazette of Montenegro” No 56/2008);
- Regulation on the contents and conditions for issuing the certificates on safety in railway transport („Official Gazette of Montenegro” No 56/2008);
- Regulation on the contents and conditions for issuing the licence for railway transport („Official Gazette of Montenegro” No 56/2008);
- Proposal of the Agreement on Using Railways Infrastructure.
- Restructuring Strategy of the Railway of Montenegro (adopted in September 2007)
- Transport Development Strategy of Montenegro (adopted in mid of 20

Other

- Public procurement law („Official Gazette of the Republic of Montenegro” No 46/06);
- Law on construction facilities („Official Gazette of the Republic of Montenegro” No 55/2000).

Legal Framework

The following provides a summary of the railway background in Montenegro, including legal and institutional basis along with information on the project itself.

The Law on Railways is harmonized with the following EU Directives: 91/440/EC, 95/18/EC and 95/19/EC, 2001/12/EC, 2001/13/EC, 2002/49/EC and 2001/14/EC. This law regulates management of railway infrastructure and operation of railway transport. On the basis of this Law the market of railway transport services is founded on the principle of separation of infrastructure from operations which opens the possibility for other operators in railway transport to enter the market. It is expected to bring new employment as well as the improvement of the quality of services. Based on the Law and the Protocol IV on land transport Montenegro will invest into construction, reconstruction and modernization of infrastructure through the annual programme budget. Investments in infrastructure will also be made on the basis of loans the beneficiary of which will be the railway infrastructure company. The payments and guarantees for the credits will be provided from the budget. Decision on methodology of assessing the criteria for using railway infrastructure and organizing and regulating the transport, according to the Law on Railways, passed in the fourth quarter of 2008.

For the purpose on further completion of legal framework in railway sector, The Ministry of Transport, Maritime Affairs and Telecommunications has prepared four Regulations (adopted in fourth quarter of 2008) , based on the Law on Railways, which regulate the terms and conditions for issuing transport licenses and safety certificates.

The Law on Contracts for Railway Transport provides for the contractual and other obligations relations in the field of transport of passengers and cargo in railway transport. Its provisions refer to the activities of public railway transport of passengers and cargo and railway own-account transport of passengers and cargo. The Law was passed in 1995 and it is harmonized with EU regulations and international conventions from that period. At the end of 2010 the new Law on Contracts on Railway Transport will be passed. as well as by-laws of the Law on Railway Transport Safety.

The Law on Railway Transport Safety was passed in December 2007. This Law regulates the terms and conditions for safe, regular and undisturbed railway transport and functioning of the railway system in the territory of Montenegro. In the drafting process the substantive provisions from the following directives were transposed into the Law: 95/18/EC, 96/487EC, 2001/16/EC, 2004/50/EC and 2001/14/EC.

The Law on Inspection Supervision was passed in June 2003 and provides for the principles of inspection supervision, manner and procedures for performing inspection supervision, obligations and powers of the inspectors and other issues important for performing inspection supervision.

In June 2007 the Parliament of Montenegro adopted the Law on Ratification of Agreements on the Establishment of a High Performance Railway in South East Europe within SEECF (South East European Co-operation Process). This Agreement is the statement of the willingness to use the advantages that railway transport has in comparison with other means of transport and to stop the decrease in the railway transport recorded in the last couple of decades.

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ANNEX V: Details per EU-funded contract :

Contract 1 – Works contract – € 5,000,000 - IPA 2010 is planned to support the renovation of the track superstructure on a section of just less than 8.5 km between the stations of Mojkovac and Miatovo kolo. This will include the replacement of rails, renewal of ballast, sleepers as required along with rehabilitation of the subgrade and insulation against water and drainage on the 9 bridges. The track bed in Miatovo kolo station is also to be repaired (ballast, switches, sleepers, signalling,). Also the electrical part will be renewed, such as contact line, signalling and safety devices, telecommunication equipment Detail design for this contract will be completed by the end of 2009.

Contract 2 – Service contract – € 150,000 from National contribution is planned for supervision for renewal of superstructure, civil and electric part.

Contract 3 – Works contract – € 6,700,000 is planned for the rehabilitation of 8 steel bridges. The main project design will be ready in second quarter 2010.

Contract 4 – Service contract – € 150,000 from National contribution is planed for works supervision for the rehabilitation works on 8 steel bridges.

In order to demonstrate complimentarity of the different projects and their purpose aiming at completely reconstruct the railway line from the border with Serbia to Kolasin, it is necessary to present their different phases and framework for their implementation:

Vrbnica-Bjelo Polje, total repair was done.

Bjelo Polje-Kruševo-Miatovo Kolo, repair will be done from the first tranche EIB, works will be start in Martch 2010 and lest about 8 month.

Miatovo Kolo- Mojkovac, total repair will be done from the IPA 2010 funds.

Mojkovac-Trebaljevo, total repair was done,

Trebaljevo-Kolašin, total repair will be done from IPA 2009 funds.

Wih fonds from IPA 2010, railway line from border with Serbia till Kolašin, will be completely reconstructed, which represent one of the dangerous part of the international railway line Belgrade-Bar.



STEEL BRIDGES WHICH WILL BE REHABILITATED WITH IPA 9 AND IPA 10						
R.b.	Name of the bridge	km	Total lenght (m)	Static system carrying construction	weight (kg)	structures surface (m2)
1.	Most „LIM“ (Vrb. – B. Polje)	289 + 460,48	395,50	Ordinary beam	667.900	8.016
2.	Most „Ijuboviđa“ (K. – M.Kolo)	311 + 510,59	454,00	o.b. + grid (continous beam)	1.485.782	22.900
3.	Most (Kruševo – Mijatovo Kolo)	312 + 557,93	42,00	Elbow with anchored end + ordinary beam (grid)	104.058	1.560
4.	most „RUDNICA“ (M.Kolo – Mojkovac)	320 + 183,86	11,00	o.b	13.457	162
5.	most „TARA I“ (Mojkovac – Trebaljevo)	321 + 953,64	120,00	Two ordinary beam (grid)	391.150	5.865
6.	most (Trebaljevo – Kolašin)	333 + 351,98	48,50	Two ordinary beam (grid)	53.828	648
7.	most „TREBALJEVO“(Treb. - Kolašin)	334 + 673,68	126,00	Elbow with anchored end i two ordinary beam	483.050	7.245
8.	most „SKRBUŠA“ (Kolašin – Kos)	343 + 704,98	157,00	Line of o.b	274.281	3.288
9.	most „TARA III“ (Kolašin – Kos)	346 + 903,46	275,40	Continous beam	597.283	7.164
10.	most „VUČE POTOK“ (Kos – Trebešica)	358 + 076,67	207,00	Continous beam	646.118	7.752
11.	most „kruševački potok“(Tr.-Lutovo)	367 + 421,95	85,20	Continous beam	337.680	4.056
12.	most „DUBOČICA“ Stanica Lutovo	369 + 504,39	109,00	Continous beam	1.038.441	12.456
13.	most „MALA RIJEKA“ (Braton.- Bioče)	385 + 489,39	498,80	Continous grid	2.601.284	42.015
14.	most „KOSORSKI ŽLIJEB“ (Bi.-Pdg)	391 + 846,01	89,50	Elbow	239.704	3.600
15.	most „MORAČA“ (Zeta – Virpazar)	424 + 978,65	81,00	o.b	144.000	2.376
16.	most „TANKI RT“ na Skadarskom jezeru (Zeta – Virpazar).	429 + 284,32	201,70	Ordinary beam and continouos beam	360.000	6.840
		UKUPNO:	2.901,60		9.437.986	135.693