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Visibility plan



European
Investment
Bank

The EIB bank

Western Balkans
Investment Framework **WBIF**



European Bank
for Reconstruction and Development

KFW



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**European
Investment
Bank**

The EU bank

1. INTRODUCTION

WHO:

European Investment Bank is the European ion's nonprofit long-term lending institution established in 1958 under the Treaty of Rome.

The European Investment Bank, or EIB, is the European Union's bank, owned by and representing the interests of the European Union Member States. It works closely with other EU institutions to implement EU policy. As the worldwide largest multilateral borrower and lender by volume, it provides finance and expertise for sound and sustainable investment projects which contribute to furthering EU policy objectives. Although more than 90% of our activity is focused on Europe, it supports the EU's external and development policies by supporting projects across the globe.

WHERE:

Montenegro's railway used to be one of its big accomplishments. It was the largest and most expensive infrastructure project in the former Yugoslav federation. But now it has fallen into decay. With help of EIB bank, the railway plans a comeback. The project concerns rehabilitation works across southern, central and northern Montenegro along the Bar – Podgorica - Vrbnica railway line forming part of the Orient/East Mediterranean Extended TEN-T corridor. EIB financing helps Montenegro to meet the EU accession criteria and harmonise with the economic development of the EU.



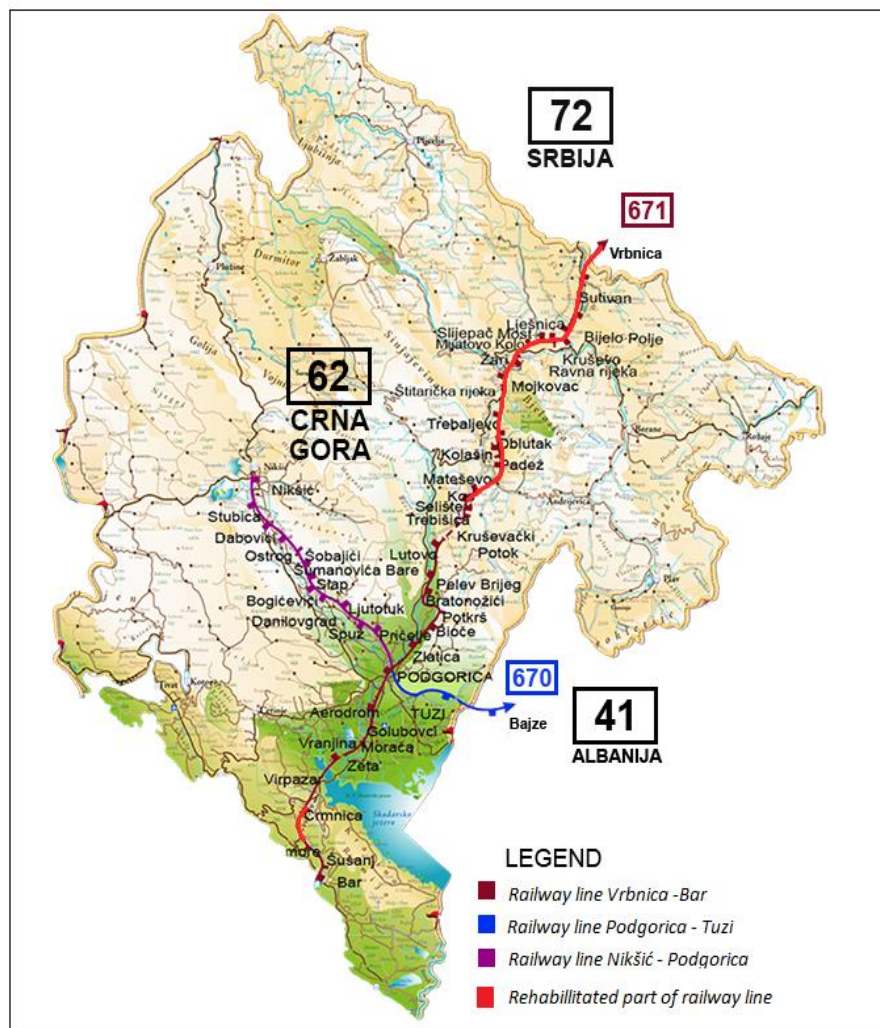
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1.1 EIB MISSION IN MONTENEGRO

WHY:

The project aims to remove speed restrictions, enhance the reliability of infrastructure, reduce infrastructure maintenance costs and enhance safety on the 167 km single track electrified standard gauge line.





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When it opened in 1976, it was a state-of-the-art railway, as modern and comfortable as any other rail network in the world. It's also one of the most beautiful trips in Europe, connecting Serbia's capital Belgrade with Montenegro's main seaport, Bar in the southwest.

Constant underfunding left the railway with big problems, as early as the 1990s. A trip across the railway that once took seven hours now lasts nearly 11. The train has to slow down often because of poor tracks and infrastructure. The Montenegrin part of the railway has suffered extensively from lack of maintenance. The number of passengers dropped from a peak of almost 2 million in 1987 to 1.2 million in 2016. Freight decreased from almost 4 million tonnes to 1.4 million.

The loans and grants are intended to prepare Montenegro for EU membership.

Rail transport in Montenegro is operated by four separate companies, which independently handle railway infrastructure, passenger transport, cargo transport and maintenance of the rolling stock. The four companies were a part of public company Railways of Montenegro. Montenegro is a member of the **International Union of Railways (UIC)**. The UIC Country Code for Montenegro is 62.

Railway Infrastructure of Montenegro is a joint-stock company that handles operation and maintenance of the railway infrastructure in Montenegro.

The total network is 250 kilometres long electrified at 25 kV, 50 Hz AC. Almost 58 km of lines are situated in 121 tunnels. There are also 120 bridges, 9 galleries and 440 culverts. The network consists of three railway lines that converge in Podgorica, making it a junction of Montenegrin X-shaped rail network.[2]

- **Belgrade-Bar railway** is the backbone of the Montenegrin railway system. It opened in 1976, and then was a state-of-the art railway, with features such as Mala Rijeka viaduct (highest railway viaduct in Europe) and the 6.2 km long Sozina tunnel. About one-third of the Montenegrin part of the railway is



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in a tunnel or on a viaduct. It is the first railway corridor in Montenegro that was fully electrified. The railway has suffered from chronic underfunding in 1990s, resulting in it deteriorating and becoming unsafe. This culminated in the 2006 Bioče train disaster, when a passenger train derailed, killing 47 passengers. Efforts are being made to thoroughly reconstruct this railway, with northern section of the railway already being completely overhauled.

- **The Nikšić-Podgorica railway** (56,6 km long) was built in 1948 as narrow gauge railway, and upgraded to normal gauge in 1965. Since 1992, it has been used solely for freight traffic, particularly bauxite from the Nikšić mine to the Podgorica Aluminium Plant, with maximum speed on the railway reduced to 30 km/h. The railway was thoroughly reconstructed and electrified in 2006-2012 period, with passenger service reintroduced. Operating speeds on this railway are now in 75 km/h (47 mph) - 100 km/h (62 mph) range.
- **The Podgorica-Shkodër railway**, which extends to Tirana, has been used exclusively for freight traffic since its opening. Parts in Albania were damaged in 1997, but the connection was restored in 2002. There are plans to reconstruct the railway and introduce passenger traffic, as it is important for interests of both Montenegro and Albania.

1.2 EIB MISSION IN MONTENEGRO

- ➡ Rehabilitation of railway line on section Bijelo Polje – Kruševo – Mijatovo Kolo **COMPLETED**
- ➡ Electrification of VI and VII track in railway station Bijelo Polje **COMPLETED**
- ➡ Development of the Main Design for rehabilitation of 15 steel bridges **COMPLETED**



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Development of the Main Design for rehabilitation of bridge Trebaljevo **COMPLETED**



Bridge Trebaljevo



Rehabilitation of bridge Trebaljevo **COMPLETED**



Urgent measures on rehabilitation of 4 steel bridges:
Ljuboviđa; Skrbuša; Tanki Rt; bridge No. 6 **COMPLETED**



Rehabilitation of steel bridge Morača **COMPLETED**





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2 COMMUNICATION AND VISIBILITY:

Communication should focus on development with the EU as partner and on the achievements and impact of the action, not on administrative or procedural milestones. However, there should also be room in any plan to seize a good opportunity. A good communication reflex and the ability to exploit unexpected opportunities to the benefit of the action will often be as important as more formal efforts and may often be free of cost. Where such opportunities arise, they should be exploited. The communication and visibility plan for any action should seek to maximise synergies with the overall visibility strategy of the EU Delegation

2.1 Key Audiences and Target Groups:

In order to have effectively communication, target audiences should be clearly identified in communication and visibility plans. Contractors, implementing partners and international organisations should focus their communication and

visibility plan on audiences in the beneficiary country, who are the ones for whom the impact of the action will be most apparent and most immediately relevant.

3 TARGET GROUPS:

- **Within the country(ies) where the action is implemented. Montenegro is one of them.**



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Western Balkans Investment Framework **WBIF**

4 ABOUT WBIF:

The Western Balkans Investment Framework offers a new approach of addressing the region's extensive and diverse investment needs. It consists of two key components:

- **Joint Grant Facility (JGF)**, which pools grants from the European Commission's budget, CEB, EBRD, EIB and bilateral donors;
- **Joint Lending Facility (JLF)**, based on loans provided by CEB, EBRD and EIB and increased cooperation with other multilateral development and bilateral financial institutions.

The resources of the Joint Grant Facility are intended to be used primarily to support operations jointly financed by the institutions cooperating in the Joint Lending Facility. The Joint Grant Facility's guiding principles are beneficiary demand, ownership and long-term sustainability. It is governed by a Steering Committee, providing strategic guidance on the WBIF operations and deciding on grant allocations. The Project Financiers' Group is the 'single entry' point for grant support requests. It screens and assesses the requests received from beneficiaries and international financial institutions (IFIs) involved in the WBIF and submits proposals to the Steering Committee for approval. All project applications can be assessed by the technical services of the cofinancing IFIs and can benefit from Technical Assistance supervised by relevant experts.



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5 Results:

- 167 km of electrified railway track between the port of Bar and the Serbian border at Vrbnica become fully functional.
- Modern signalling on approximately 9 km of railway line
- 29 concrete bridges and 20 tunnels (8.5 km) renovated.
- Rehabilitation of 6 slopes, currently impacted by landslides.
- Significant progress with creating a multimodal maritime-rail transport route from the port of Bar to the wider Western Balkans region.

On the 20th of March 2017 European Investment Bank signed contract in the amount of 44,800,000.00 € with the Railway Infrastructure of Montenegro.

Credit from the Bank in the amount of 20,000,000.00 €, EU Grant (Wbif) in the same amount of 20,000,000.00 € and 4,800,000.00 € from other sources.

The project includes 5 components:

- Modernization of Signalling/Interlocking device in station Podgorica;
- Rehabilitation of the railway line from landslides and rock fall along up to 6 slopes, covering a total rail line length of around 2,964 m and overall surface around 59,660 m²;
- Rehabilitation of 29 concrete bridges with overall bridge length around 2,000 m;
- Rehabilitation of up to 39 tunnels (incl. galleries), covering a total rail line length of around 12km, (repairs of the concrete lining, including repair of cracks, measures necessary to prevent detachment of lining or rock, measures to prevent excessive water ingress.
- FIDIC Engineer (Supervision) for above mentioned projects



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Replacement of Signalling/Interlocking device in station Podgorica

Works on site :



Works performed:

Works which were performed are works on replacing the existing relay safety system (Siemens SpDrS-64-JŽ) with an electronic security system, complete replacement of all elements of the signal system (signal, axis counter, railroad-crossings), and complete replacement of the existing cable network and fire protection.

All works were completed on 30 September 2018.

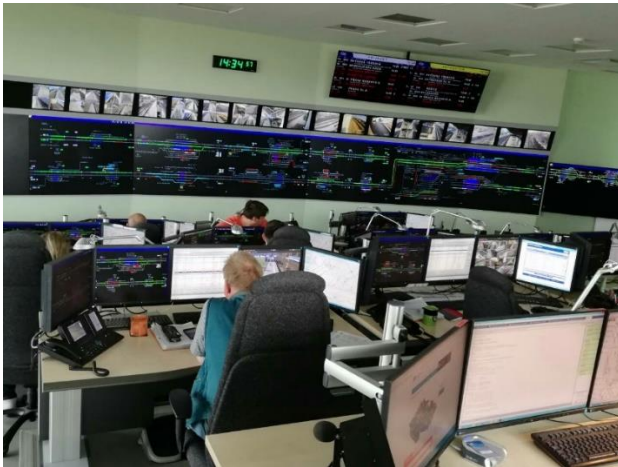



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In order to better manage the new signaling and safety equipment, and as indicated by the Contract, the Railway Infrastructure of Montenegro (ZICG) staff successfully passed the training, which was originally held in Podgorica, and then from 14th to 19th October 2018. in Prague.

Certificate of attendance and successful completion are issued for each completed course.



Result  *Completion of this project resulted in the more safe railway traffic, while at the same time the maintenance costs will be decreased, due to lower number of disturbances and failures, currently existing due to ageing of the existing equipment.*

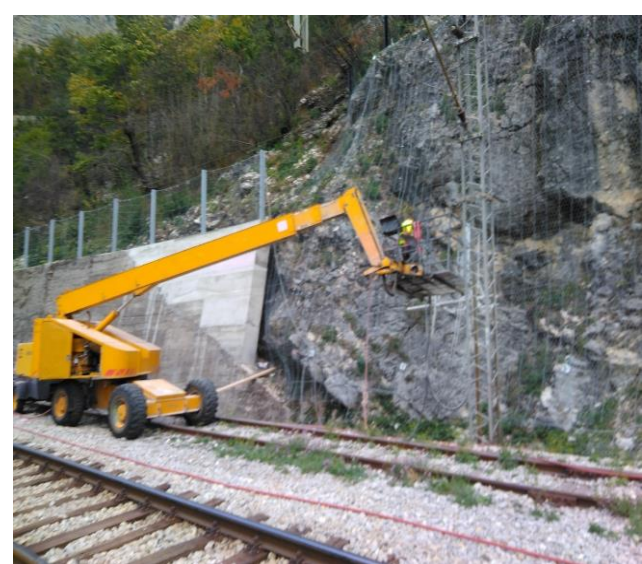


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Rehabilitation of 6 large slopes of the railway line "Vrbnica-Bar" in Montenegro

Works on site :






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Works performed:

The overall goal of the project is rehabilitation of the main railway line Vrbnica - Bar by remediation of critical parts of the railway line (rehabilitation of slopes and construction of galleries or some other protective facilities). The main activities will be to stabilize and secure the track from landfalls, avalanches and landslides. The following results are expected: field stabilization, increased safety in traffic and higher train speeds.

Result  *The implementation of this project is expected to prepare measures aimed at reducing the number of interruptions of rail traffic through landslides, increasing the level of traffic safety and smooth traffic flow according to the planned timetable.*
The expected date for finishing the project is june 2019.

Urgent measures of 5 concrete pre-stressed bridges

Works include:

Development of main design and execution of rehabilitation works of 5 pre-stressed concrete bridges along the section Trebaljevo – Kos.

Bridge No.40 km.332+327,76;

Bridge No.42 km.332+748,66;

Bridge No.47 km.338+952,47;

Bridge No.52 km.344+143,98;

Bridge No.53 km.345+767,98



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Works will include: works on the superstructure; works on the track; works on replacement of deposits; works on substructure; etc.

Rehabilitation of priority tunnels and concrete bridges

Works include:

There are 106 tunnels with a total length of 51.597 km on the line Vrbnica - Bar (167 km).

All the tunnels on the line Vrbnica - Podgorica - Bar are affected by small to large-scale damage, and rehabilitation works of the tunnel lining must be planned and executed in order to avoid rapid deterioration due to water and ice, protect and ensure stability of the tunnels' structure and prevent their partial collapse on tracks and traffic disruption.





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5 ABOUT EBRD:

The EBRD was founded in April 1991 during the dissolution of the Soviet Union by representatives of 40 nations from 3 continents and two European institutions, the European Investment Bank (EIB) and the European Economic Community (EEC, now European Union – EU), after reaching agreement on the bank's charter, size, and distribution of power among shareholders.

The EBRD was founded to support countries of the former Eastern Bloc in the process of establishing their private sectors. To that end, it offers "project financing" for banks, industries and businesses, for new ventures or existing companies. It works with publicly owned companies to support their privatization, as advocated by the WTO since the 1980s and "improvement of municipal services". The EBRD mandates to work only in countries that are "committed to democratic principles". It promotes "environmentally sound and sustainable development", and does not finance "defense-related activities, the tobacco industry, selected alcoholic products, substances banned by international law and stand-alone gambling facilities."



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5.1 EBRD MISSION IN MONTENEGRO

- ⇒ Rehabilitation of 3 landslides: Crmnica/Bujaci; Brca; Ratac/Mrčele **COMPLETED**
- ⇒ Rehabilitation of 2 Tunnels: Tunnel no. 175 and Tunnel no. 185 **COMPLETED**
- ⇒ Rehabilitation of 2 Tunnels: Tunnel no. 171 and Tunnel no. 173 **COMPLETED**
- ⇒ Rehabilitation of 2 slopes: Lutovski potok and Bratonožići **COMPLETED**
- ⇒ Rehabilitation of Tunnel no. 182 – Ostrovica **COMPLETED**
- ⇒ Rehabilitation of railway line on section Kolašin - Kos **COMPLETED**
- ⇒ Rehabilitation of 3 Tunnels:
No. 187; No. 190; No. 193
- ⇒ Supply and installation of switch heaters in stations Nikšić and Ostrog **COMPLETED**
- ⇒ Rehabilitation of Culverts and Bridges **IN PROGRESS**



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Rehabilitation of Tunnel No. 206 **IN PROGRESS**



Contractor: GP Planum, Serbia

Contract amount: 998.876,69 €

Date of contract signature:
September 2018

Expected completion date:
September 2019



Development of main designs for rehabilitation of 10 slopes
along the railway line Nikšić – Podgorica **IN PROGRESS**





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5.2 EBRD + Česká exportní bank



European Bank
for Reconstruction and Development

⇒ Reconstruction and electrification of Nikšić - Podgorica railway line

Source of finance: ČEB 51 mil. + EBRD 13 mil.

Status: **COMPLETED**

Railway has been put into operation in 2012



Railway station Nikšić



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**IPA INSTRUMENT FOR
PRE-ACCESSION ASSISTANCE**

Instrument for Pre-Accession Assistance (IPA)

6 ABOUT IPA:

This unique instrument is conceived as a comprehensive support to the European integration process, both in the area of financial support, as well as in the field of technical and expert support to reforms implemented in the country. The IPA instrument is implemented through several separate parts, ie components, each of which is implemented through individual projects or other forms of support implementation (depending on the component). Each project, besides the IPA funds, must have a certain amount of national co-financing funds. This amount varies depending on the Ipe component, the type of project and the type of contract through which the project is being implemented.



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6.1 IPA MISSION IN MONTENEGRO

The overall objective of the programme "Regional Development" in Montenegro is to improve living standards and the state of environment in Montenegro in accordance with national policies and strategies as well as with EU policies and standards.

6.2 IPA INDICATORS FOR SUCCESSFUL PROGRAMMING IN MONTENEGRO

- ⇒ Development of Main Design for rehabilitation of railway line on section Kolašin - Podgorica – Bar **(IPA 7) COMPLETED**
- ⇒ Rehabilitation of railway line on section Trebaljevo - Kolašin **(IPA 9) COMPLETED**
- ⇒ Rehabilitation of railway line on section Mijatovo Kolo – Mojkovac **(IPA 10)**
- ⇒ Rehabilitation of station tracks in station Trebešica **(IPA 10) COMPLETED**
- ⇒ Preparation of Feasibility study and technical documentation for construction of new EVP **(IPA 10) COMPLETED**
- ⇒ Preparation of Feasibility study and technical **(IPA 2011)** documentation for rehabilitation of 12 slopes **COMPLETED**



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- ⇒ Design and Construction of new EVP Trebešica **(IPA III) COMPLETED**
- ⇒ Rehabilitation of railway line on section Virpazar – Sutomore (Tunnel Sozina) **(IPA III) COMPLETED**
- ⇒ Overhaul of the railway section Kos-Trebešica **IN PROGRESS**



Railway station Kos



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Summary:

So far,

***140 million** were invested in the railway line of Montenegro, of which: **64 million** for Podgorica – Nikšić railway line and **76 million** for Vrbnica – Bar railway line.*



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KfW

7 FUTURE INVESTMENTS

7.1 Cooperation with KfW bank

The KfW, formerly KfW Bankengruppe (banking group), is a German government-owned development bank, based in Frankfurt. Its name originally comes from Kreditanstalt für Wiederaufbau ("Reconstruction Credit Institute"). It was formed in 1948 after World War II as part of the Marshall Plan. As of 2018, it is Germany's third largest bank by balance sheet. KfW banking group covers over 90% of its borrowing needs in the capital markets, mainly through bonds that are guaranteed by the federal government. This allows KfW to raise funds at advantageous conditions. Its exemption from having to pay corporate taxes due to its legal status as a public agency and unremunerated equity provided by its public shareholders allow KfW to provide loans for purposes prescribed by the KfW law at lower rates than commercial banks. KfW is not allowed to compete with commercial banks, but it facilitates their business in areas within its mandate. KfW banking group has three business units with distinct functions, as well as several subsidiaries.

Lending by KfW group's two main business units, accounting for more than 90% of total lending, is in Germany and, to a limited extent, in other European countries.



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However, its largest subsidiary, KfW IPEX Bank GmbH, predominantly lends internationally. A smaller subsidiary, the German Investment Corporation (DEG), and one of the group's smaller business units, KfW Development Bank, are exclusively active in the international arena, each within their particular business areas.

Germany has been active in Montenegro since 1999 and is one of the most important donor countries. Collaboration revolves around bringing Montenegro closer to the European Union. KfW is mainly active in the energy sector (energy efficiency and renewable energy), in municipal infrastructure (water and sewage) and sustainable economic development (promoting micro, small and medium-sized enterprises, municipal credit lines).

In the next year, the new loan arrangement KfW + WBIF is expected to be signed (14 million non-refundable WBIF + 14 million loan debt KfW). Candidate projects of RIoM for financing from the aforementioned loan arrangement are:-

- **Overhaul of the superstructure on the section Lutovo - Bratonožići - Bioče including the Bratonožići and Bioče station;-**
- **Rehabilitation 3 steel bridge:**
 - Kosorski žlijeb - km 391 + 846.06**
 - Rudnica - km 320 + 183.86-**
 - Vujisic bridge - km 312 + 557.93**

Decembar 2018.

Project Implementation Unit of Railway Infrastructure of Montenegro