

## **Railway Reform in Montenegro**

### **Railway Working Group meeting , 8<sup>th</sup> - 9<sup>th</sup> of Jun 2011, Tirana**

In the past eight months, Montenegro has continued the process of railway reform and implementation of measures from Addendum MoU.

We continue with the preparation nearly forty bylaws, according to the Law on Railway Transport Safety, which relate to traffic matters, civil and electro-technical regulations and legislation governing the area of mechanical engineering and trains traction. It is planned that the first group of priorities this bylaws be finish by the end of September this year.

It is planned that by the end of 2011, prepare a new Law on Railways and Amending Law on Railway Transport Safety, which will be transposed relevant European directives, especially the third package directives.

The Railways Directorate began operating in March 2010. This institution as an administrative entity overtakes the role of Licensing body, Regulatory body and previous responsibilities of the Railway Department of the Transport Directorate for example: tenders preparation, concluding contracts for designing technical documentation, construction, regular maintenance, reconstruction and modernization of railway infrastructure, professional control of the quality of works and other tasks.

Under the scope of the Railways Directorate in accordance with to the Law on Railway Transport Safety started to work National Safety Authority, whereas within the MoT will be formed an Independent accident investigation body. MoT is planning to employ one person for these jobs.

In order to achieve the above mentioned tasks, the Ministry of Transport 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 in the Ministry, while the Railway Directorate has eight civil servants. By early 2011 Railways Directorate has improved its administrative capacity for two civil servants. In the future Railways Directorate provided twelve civil servants.

The IPA 2007 project is provided technical assistance for the establishment of the planned functions of the Directorate and the MoT. Thanks to technical assistance experts participated in drafting the first versions Law on Railways and Amending Law on Railway Transport Safety and improving functions Railways Directorate.

The draft Network Statement 2011 is prepared and it will be adopted in this month and published on site Railway Infrastructure.

Realising the Strategy for Restructuring Railways of Montenegro, four railway companies have been formed with majority state ownership, namely:

- Railway Infrastructure of Montenegro AD – Podgorica (Infrastructure Manager) with 72.35% of state ownership
- Railway Transport of Montenegro AD - Podgorica (passenger transport operator) with 85.45% of state ownership
- AD MONTECARGO - Podgorica (freight transport operator) also with 85.45% state ownership
- AD Railway Vehicles Maintenance (company engaged only in maintenance of railway vehicles) with 85.45% of state ownership, established in December 2010.

We thinking about the possible separation of the Sector for Infrastructure Maintenance and Sector for Maintenance of Rolling Stock from the existing companies and the formation of new companies. In this way will seem to be attractive for future privatization.

In March Council of Privatisation and Capital Investments concluded to terminate the negotiations with only bidder Romanian company GRAMPET for the sale of the JSC MONTECARGO. Council plans to announce a new tender by the end of the year for privatization of the JSC MONTECARGO.

The Law on Ratification of the Agreement between the Government of Montenegro and the Government of the Republic of Serbia on Border Control in Railway Transport (Official Gazette of Montenegro – International Treaties 04/09) entered into force in mid-2010, but its implementation has not been launched yet. For the purpose of implementation of this Agreement, four protocols were signed between the border services (police, customs, phytosanitary and veterinary authorities and railway companies) of the two countries at the end of 2010. In the forthcoming period, premises will be provided for border services of the Republic of Serbia in the joint railway station Bijelo Polje. On that occasion the first meeting Joint Border Commission delegation from Montenegro and Serbia to monitor implementation of the Agreement between the Government of Montenegro and the Government of the Republic of Serbia on Border Control in Railway Transport was held in April 2011.

Also, preparation of a new agreement on border crossing control between Montenegro and Albania is in progress. Meeting for the adjustment of the agreement held in March 2011 and SEETO representative was present.

Pursuant to the Law on Railways and the Protocol 4 on land transport of the SAA, Montenegro invests in reconstruction and modernization of railway infrastructure through programmatic annual budgets and relevant credit arrangements. Budgetary expenditures, which present the basis for regular and investment maintenance of infrastructure and transport regulation, are worth € 8,4 million for this year. Besides this, there are investments in railway infrastructure financed through IFIs loans guaranteed by the Montenegrin Government. At present, the rehabilitation project Railways of Montenegro II (2007-2012) is being implemented. Currently is in progress following activities:

- Major rehabilitation of the section of the line Bar – Vrbnica: Trebaljevo - Kolašin 11 km length, began in February 2011, ending December 2011 (IPA fund 2009 - 5 million €);
- The course of a tender for a major rehabilitation of the section of the line Bar – Vrbnica: Mijatovo Kolo - Mojkovac 11 km length, (IPA fund 2010 - 5 million €), tender last July 2011,
- Rehabilitation of landslide and slopes ending June 2011 (financed from EBRD credit - 4 million €);
- Rehabilitation of the tunnel No 182 between stations Kolašin and Kos, began in January 2010, ending August 2011 (financed from EBRD credit - 4.7 million €).

All these activities are on the Route 4 Bar - Belgrade, also continued the Project Electrification and Renewal railway line Nikšić-Podgorica in the length of 56.6 km. Middle of 2010 started work on the 10 tunnels and 20 level crossings in the amount of 14.35 million € loan from EBRD (ending November 2011).

The course of a tender for three electric trains for the local railway transport in Montenegro is publish (financed from EBRD credit - 14.350 million €). Regarding this loan we will get experts for preparation Contract for PSO.

Study on Technical and Economic Feasibility of Works on the Reconstruction of the Railway Line Bar-Beograd has been completed in January and is being implemented in line with the Memorandum signed between the Ministry of Transport, Maritime Affairs and Telecommunications of Montenegro, Ministry of Economic Development of the Republic of Italy and the Ministry for Infrastructure of the Republic of Serbia. Subsequent to the

completion of the Study, both sides, i.e. Montenegrin and Serbian, will have the task of providing funds for the proposed investments within their budgets, credit arrangements and EU funds.

Preliminary solution, studies and spatial planning documentation for the regional railway line Capljina-Trebinje-Niksic is being implemented and carried out in line with the Memorandum signed between the Government of Montenegro and the Government of Bosnia and Herzegovina, and is aimed at providing better transport connection between the two countries, is completed in March. The project is financed out of the CARDS programme for Bosnia and Herzegovina, while the Delegation of the European Commission to Bosnia and Herzegovina is the official contracting authority.

Number of passengers carried in 2010 decreased by 2.9% compared to the number of passengers in the previous year. Transport of goods in 2010 compared to 2009 has increased by 43%.

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