

IPA National Programme 2009 part 1
Bosnia and Herzegovina
Fiche 2 - "Transport Infrastructure"

1. Basic information

1.1 CRIS Number: 2009/021-333

1.2 Title: Improvement of regional transport infrastructure core network in Bosnia and Herzegovina

1.3 ELARG Statistical code: 02.21. Economic Criteria/Trans-European Networks

1.4 Location: Bosnia and Herzegovina

Implementing arrangements:

1.5 Contracting Authority: European Commission

1.6 Implementing Agencies: EC under joint management with:

- (a) EBRD for Component 1 (construction of Mahovljani motorway exchange).
- (b) EIB for Components 2 and 3 (investments on the main railway line on the Corridor Vc Šamac - Ploče, overhaul of the section Čelebići-Raška Gora and on the railway line parallel with Corridor X rehabilitation of safety-signalling systems on the section Jošavka-Kostajnica).

1.7 Beneficiaries:

Ministry of Communications and Transport of Bosnia and Herzegovina

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Financing:

1.8. Overall cost (VAT excluded)¹: EUR 78 200 000

1.9. EU contribution: EUR 14 000 000

1.10. Final date for contracting: Two years following the date of the conclusion of the Financing Agreement

1.11. Final date for execution of contracts: Two years following the end date of contracting

1.12. Final date for disbursements: One year following the end date for the execution of contracts.

2. Overall Objective and Project Purpose

2.1. Overall Objective:

The EC grants contribute to the alleviation of the current financial and economic crisis by improving economic and social development in Bosnia and Herzegovina through linking the national with the regional transport network

2.2. Project purpose:

Improving the core transport network in Bosnia and Herzegovina.

2.3. Link with AP/NPAA/EP/SAA

The project responds to the aims of the SAA between the European Community and Bosnia and Herzegovina.

“The Action Plan for Implementation of the Terms of Interim Agreement and SAA” (adopted at CoM on 29 July 2008) in point 106 reads:

“Co-operation may notably aim at restructuring and modernising the transport modes in BiH ... supporting the development of multi-modal infrastructures in connection with the main TEN, notably to reinforce regional links in South-East Europe in line with the MoU on the development of the core regional transport network ... and improving the protection of environment in transport.”

SAA (Stabilisation and Association Agreement)/Protocol 3 on Land Transport / Rail and Combined Transport includes the following article:

¹ The total cost of the project should be net of VAT and/or other taxes. Should this not be the case, the amount of VAT and the reasons why it should be considered eligible should be clearly indicated

ARTICLE 7

General provision

"The Parties shall adopt the mutually coordinate measures necessary for the development and promotion of rail and combined transport as a mean of ensuring that in the future a major proportion of their bilateral and transit transport through Bosnia and Herzegovina is performed under more environmentally-friendly conditions."

This project directly responds to the priorities in transport sector and railways subsector in European partnership.

European Partnership 2008 (European standards & Sectoral policies/Transport policy) includes the following:

"Continue the implementation of the requirements of the MoU on the Development of the SEE Regional transport Network, including the Addendum on a SEE Rail transport Area Coordinate and consolidate at State and Entities level the transport infrastructure planning in view of a consistent prioritisation of transport project along the South east Core regional Transport Network."

2.4 Link with MIPD 2009 - 2011

The MIPD, under chapter 3.3.1.3 European Standards, Sectoral Policies, reads as follows: "Support the energy and transport sectors ... BiH continues to implement the MoU on the core transport network." The proposed project either links with the core transport network (for the roads component, linking with Corridor X) or actually rehabilitates it (rail investments, Corridor Vc and railway line parallel with Corridor X).

2.5 Link with National Development Plan

Country Development Strategy and Social Inclusion strategy for Bosnia and Herzegovina. The chapter on transport emphasises investments in the Trans-European Corridors and their linkages to the regional network, which are supported by this project. A national development strategy is being elaborated and expected to be finished before June of this year. The National Development Plan – turning the strategy into actions – will take longer to prepare.

2.6 Link with national/ sectoral investment plans

- The BiH Transport Policy is adopted by the Council of Ministers of BiH and focuses on rehabilitation and modernisation of the transport network.
- The Transport Master Plan for Bosnia and Herzegovina envisages the reconstruction and development of the core transport network
- BH Transport Strategy (in draft)

- SEETO transport core network priorities

3. Description of project

3.1. Background and justification:

Activities funded under this project have been selected as part of the anti-crisis package as their preparation is already well advanced. IFI loan funds have been earmarked for these and are topped up with IPA gap funding, this will speed up implementation and help limit the debt burden of Bosnia and Herzegovina in the current difficult economic climate. While preparing the project, close co-ordination took place with EBRD and EIB to ensure the funds contributed by IPA support economically and financially well justified investments, in line with the country's and the EU's strategic priorities (notably as regards the Trans-European Networks and links to the regional transport network).

The purpose of the project is to contribute grants to infrastructure investments which are financed by loans from the EIB and the EBRD. The European Commission will conclude contribution agreements with the EIB and the EBRD, which will use the grants to construct the Mahovljani motorway exchange (EBRD) and for investments on the main railway line on the Corridor Vc Šamac-Ploče for overhaul of the section Čelebići-Raška Gora (EIB) and on the railway line parallel with corridor X rehabilitation of safety-signalling systems on the section Jošavka-Kostajnica (EIB).

The total length of the road network in BiH is about 22600 km, comprising 3800 km of main roads (of which almost 1000 km of "European roads"), 4800 of regional roads and 14000 km of local roads. There is no national road network categorised and in each Entity the main road, regional and local roads are managed by the Road Directorate and Public Enterprise, respectively. At a lower level roads are managed by administrative units established within Cantons (FBiH) and municipalities (RS).

Railway transport and infrastructure are managed at Entity level, with the existence of two vertically integrated railway companies. At state level, the BiH Railways Public Corporation (BHZJK) performs the coordinative role in particular concerning inter-Entity and international railway traffic and infrastructure. BHZJK was established in April 1998 as a joint public Corporation to ensure cooperation between Entities. Its objectives and responsibilities are regulated in the "BHZJK Agreement", which is an extension of Annex 9 of the Dayton Agreement. Financing of the operation of BHZJK does not own any railway assets and is provided by the Entities.

The total length of railway track in BiH accounts for about 1000 km (58 % in FBiH), of which 75% is electrified. The railway infrastructure and the industrial plants being the major clients of rail have been severally affected by the war causing a stop of the traffic until 1995. Several sections are completed or under rehabilitation using the loan funds of the International Financing Institutions.

The future TEN policy in BiH refers to the 2004 Memorandum of Understanding (MOU) on the development of the South East Europe Core Regional Transport Network and to the report of the High Level Group on the TEN-T and the neighbouring countries chaired by Ms. de Palacio (2004-2005).

The MOU promotes the cooperation between the European Union and the Balkans countries on the development of the main and secondary infrastructure on the multimodal South East Europe Core Regional Transport network.

The multimodal Core Transport network in BiH relates to two Pan-European Corridors: the branch Vc Budapest-Sarajevo-Ploce of the Corridor V, and its extension to Banja Luka and the part of the Corridor VII corresponding to the Sava river.

A Transport Observatory, comprising a steering committee, has been set up in order to follow the evolution of the transport in the region.

The report of the High Level Group identifies five major trans-national axes with priority projects, one of them being the South Eastern Axis, including the multimodal connection Budapest-Sarajevo-Ploce (motorway Svilaj-Ploce and railway Šamac-Ploče) and the inland waterway Sava (reconstruction of the waterway Sava, modernisation of ports Brčko and Šamac on the access to Corridor VII– river Danube).

In light of the scope of strategic priorities, the following actions are considered a priority and will be implemented with the support IPA 2009 funds:

1. Construction of Mahovljani motorway exchange
2. Rehabilitation of safety-signalling systems on - Jošavka – Kostajnica railway section
3. Overhaul of the railway section Čelebići – Raška Gora

Component 1 – Construction of Mahovljani motorway exchange (total budget EUR 45 000 000, IPA contribution gap funding of EUR 5 000 000 for one leg of the exchange)

The detailed design for the highway section Gradiška – Mahovljani has been completed by C. Lotti & Associati Roma.

The design also includes exchange in Mahovljani, aiming to enable access to the existing trunk road, future motorway Banja Luka-Doboj (design in final phase of preparation). This exchange shall also enable access to the International Airport Banja Luka.

It should be noted that Banja Luka-Gradiška motorway, which includes the project subject to this EC assistance is already financed by the IFIs, namely the EIB and the EBRD, with the substantial softening of the interest rate subject to the EC granted subsidy. The IFIs involved have committed further financial assistance aiming to enable completion of the exchange at Mahovljani.

The activities outlined for Component 1 in this project fiche will be funded by an EBRD loan to Republika Srpska and IPA grant funds. The contribution of EUR 5 000 000 under IPA would be sufficient to complete one leg of the exchange. It is expected that the EU contribution can be contracted through EBRD within a year of the signature of the contribution agreement.

Component 2 – Rehabilitation of safety and signalling systems on the section Jošavka – Kostajnica of the railway line Dobož – Banja Luka (total budget EUR 3.200.000, IPA contribution gap funding of EUR 2 500 000 for safety system)

At present on the railway line Banja Luka – Dobož, there are six types of station interlocking on the track at present – from complex to the simplest mechanical interlocking. The signalling systems have been severely damaged and/or devastated during the war period, with some of the stations completely unsecured at the moment. In order to improve the level of services (in terms of speed and traffic safety), the EC has provided the design under the project for “Reconstruction of Railway Sections on the Pan European Corridor Vc”. The design is ready for construction and would serve as the basis for this action. The intervention should be viewed within the extended scope of overhaul to be financed through RAILWAYS II financing package of the IFIs. Stations Rudanka, Dragalovci, Ukrina and Stanovi will be transformed into electronic type. Ostružnja, Stanari, Prisoje and Snjegotina will be designed for the adjustment of outdoor signal safety devices. Interstation dependency is being foreseen to be obtained. Four level crossings are to be interlocked. Activities outlined for Component 2 in this project fiche will be funded by an EIB loan to the public railway corporation of BiH and Railways of RS. The IPA contribution of EUR 2 500 000 will be used for the adjustment of outdoor signal safety devices for the adjustment of outdoor signal safety devices in stations Ostružnja, Stanari, Prisoje and Snjegotina. It is expected that the EU contribution can be contracted by the EIB within a year of the signature of the contribution agreement.

Component 3 - Overhaul of the railway section Čelebići – Raška Gora of the railway line Konjic-Mostar (total budget EUR 30 000 000, IPA contribution gap funding of EUR 6 500 000)

Current condition of this particular 50 kilometre long railway section enables very limited speed, 70 km/h for passenger trains and 50 km/h for freight trains. The railway section Čelebići – Raška Gora was built in 1966 and overhauls have never been performed. The war and post-war situation have only deteriorated the state of track, including the signalling systems. With the sections south (Bradina – Čelebići) rehabilitated using the EBRD/EIB loan funds, overhaul of this section would enable systematic completion of the overhaul on the entire railway stretch to Ploče and equalise the standards applied. The design for this section, also provided by the EC, is completed. Activities outlined for Component 3 in this project fiche will be funded by an EIB loan to the public railway corporation of BiH and Railways of FBH. The IPA contribution of EUR 6 500 000 will be used for gap funding, towards the EIB loan of EUR 23 500 000 (10 km overhaul). It is expected that the EU contribution can be contracted by the EIB within a year of the signature of the contribution agreement.

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

Improvement of transport infrastructure in the road and the railway sector would contribute to better connection in the South East Europe Region. Development of transport infrastructure would generate economic benefits through reduction of transport costs, expansion of internal and foreign trade, increase of revenue through providing of transit services, attracting of foreign investments providing of opportunities for creating business in other branches. IPA funds catalyse IFI loans and thus help speed up realisation of these key improvements in Bosnia and Herzegovina's transport infrastructure; they also help limit the country's debt burden in these times of economic crisis.

3.3 Results and measurable indicators:

NB: These results will be achieved on the basis of the contribution agreements with EIB and EBRD respectively; implementation will be through EIB / EBRD procedures.

3.3.1 Results and measurable indicators in relation with activity 1 (EC contribution agreement of EUR 5 000 000 for an overall project volume of EUR 45 000 000):

Intersection "Mahovljani" of highway Banja Luka-Gradiška with highway Banja Luka-Doboj completed including "south leg" as contribution of EC.

Indicators: Intersection constructed, reduced travel times by 50% (from one hour to half an hour) and increased safety by 50% (instead of 161 dead and injured persons in 2008, 80 casualties).

3.3.2 Results and measurable indicators in relation with activity 2 (EC contribution agreement of EUR 2 500 000 for an overall project volume of EUR 3 200 000)

Electronic signalling and safety devices for eight locations on the rail line parallel to corridor X between Doboj and Banja Luka. Four out of eight signal-safety devices rehabilitated by EC contribution, remaining four transformed in electronic type.

Indicators: signals-safety devices at four locations rehabilitated (Ostružnja, Stanari, Prisoje and Snjegotina), signals-safety devices at four locations transformed in electronic type (Rudanka, Dragalovci, Ukrina and Stanovi) within the scope of overhaul will result in increased speed from 80 km/h to 120 km/h

3.3.3 Results and measurable indicators in relation with activity 3 (EC contribution agreement of EUR 6 500 000 for an overall project volume of EUR 30 000 000)

Track on rail corridor Vc between Čelebići-Raška Gora will be rehabilitated. A track of 10 kms length will be rehabilitated by the EC contribution.

Indicators: Track overhaul, on rail Corridor Vc between Čelebići and Raška Gora, will result in increased speed from 70 km/h to 100 km/h.

3.4 Activities:

The European Commission concludes contribution agreements with the EBRD and the EIB to implement infrastructure investments; this will speed up implementation and reduce Bosnia and Herzegovina's debt burden as compared with full loan financing. Below is a summary of activities reflecting, as far as possible, the contribution of EU IPA grant funds to the IFI loan funds:

Component 1 – Mahovljana highway exchange

Activities under Component 1

3.4.1.1. Construction works for the "south leg" of the intersection "Mahovljani" - EC grant managed by EBRD (EUR 5 000 000 works contract)

3.4.1.2. Construction works for the completion of intersection "Mahovljani" - EBRD loan (EUR 40 000 000 works contract)

3.4.1.3. Works supervision –EBRD loan (service contract)

Component 2 - Signalling and safety devices between Jošavka and Kostajnica

Activities under Component 2

NB: The EIB loan and IPA contribution will be merged and managed by EIB to fund the following activities:

3.4.2.1. Installation and upgrading of signalling safety devices on eight locations of the railway section –(supply contract)

Component 3 - Čelebići-Raška Gora rail section rehabilitated

Activities under Component 3

NB: The EIB loan and IPA contribution will be merged and managed by EIB to fund the following activities:

3.4.3.1. Make minor alignment adjustments, take away old rails / switches, sleepers and ballast, level sub-structure, replace ballast, sleepers and rails / switches on the railway section Čelebići-Raška Gora (works contract)

3.4.3.2. Supervision of construction works on the railway section Čelebići-Raška Gora (service contract)

3.5 Conditionality and sequencing:

- A loan agreement between Bosnia and Herzegovina and EBRD is expected to be signed till the third quarter of 2009 for activities under Component 1. For Components 2 and 3 an agreement between Bosnia and Herzegovina and EIB is already signed.
- Construction permits available for activity 1 and for rehabilitation activities 2 and 3 this is not necessary.
- Land expropriation for intersection "Mahovljani"(activity 1) is completed, and for activities 2 and 3 that are rehabilitations of the railway sections Jošavka-Kostajnica and Čelebići-Raška Gora is not required.

- Technical designs for activities 1, 2 and 3 are completed.
- Contribution agreements between EC and EIB/EBRD signed.

3.6 Linked activities

Ministry of Communications and Transport runs activities for preparing project documentation for highway on corridor Vc. The study-project documentation was prepared for all sections on the road Corridor Vc. Preparation of the Main Design for around 150km is ongoing. The Road Directorate FBiH and Motorway Directorate FBiH completed 30km of motorway until now.

Public enterprise "Roads of Republic of Srpska" implements construction of motorway Banja Luka – Gradiška financed by EIB, EBRD and Government of Republic of Srpska. The Main Design for highway Banja Luka-Gradiška including intersection Mahovljani is completed and was financed by Government of Republic of Srpska.

The projects for rehabilitation of the railway sections Jošavka-Kostajnica and Čelebići-Raška Gora build on previous EC assistance in preparation of the project documentation that has been provided for almost all sections of the railway corridor Vc in Bosnia and Herzegovina and on rail line parallel to corridor X that includes Main Design for rehabilitation of the electronic and safety devices for eight locations on railway section Jošavka-Kostajnica and Main Design for rehabilitation of the tracks on the railway section Čelebići-Raška Gora.

The Project Implementation Unit for railway implemented activities in order to re-establish the railway network in Bosnia and Herzegovina financed by EIB and EBRD.

The IPA Infrastructure Project Facility (IPF) provides technical assistance in creating design documentation, feasibility studies, etc. The transport sector is very active from the very start of IPF, where numerous applications for IPF support were submitted and some have been approved.

3.7 Lessons learned

Since 1996 many rehabilitation and reconstruction programs have been implemented in all sectors of transport in Bosnia and Herzegovina. Their realisation has been supported by many IFIs such as WB, EIB, EBRD, EC and other bilateral donors. Implementation has been conducted by local agencies supported by international consultants. All these activities contributed to competence and reliability of local agencies to continue implementing of new projects. The amount of the spent funding is around EUR 500 000 000. All of these projects were evaluated in relation to project success. Data of these evaluations are available in records of local and international implementation agencies. A key lesson learnt has been to fund only those projects that are ready for implementation in terms of available designs / specifications, permits and land ownership issues.

4 Indicative Budget (amounts in EUR)

| | | | SOURCES OF FUNDING | | | | | | | | | |
|--|--------|---------|---------------------|----------------------------|-------|---------------------------|-------|-----------------|-------------------------|--------------|----------------------|-------|
| | | | TOTAL EXP.RE | IPA COMMUNITY CONTRIBUTION | | NATIONAL CONTRIBUTION | | | | | PRIVATE CONTRIBUTION | |
| ACTIVITIES | 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) |
| Component 1 | | X | | | | | | | | | | |
| contract 1 (contribution agr. with EBRD) | - | - | 45 000 000 | 5 000 000 | 11.11 | 40 000 000 | 88.89 | | | 40 000 000 | | |
| Component 2 | | X | | | | | | | | | | |
| contract 2 (contribution agr with EIB) | - | - | 3 200 000 | 2 500 000 | 78.13 | 700 000 | 21.87 | | | 700 000 | | |
| Component 3 | | X | | | | | | | | | | |
| contract 3 (contribution agr with EIB)) | - | - | 30 000 000 | 6 500 000 | 21.67 | 23 500 000 | 78.33 | | | 23 500 000 | | |
| TOTAL IB | | | | | | | | | | | | |
| TOTAL INV | | | 78 200 000 | 14 000 000 | 17.90 | 64 200 000 | 82.10 | | | 64 200 000 | | |
| TOTAL PROJECT | | | 78 200 000 | 14 000 000 | 17.90 | 64 200 000 | 82.10 | | | 64 200 000 | | |

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 | Signature of contract | Project Completion |
|---|-----------------------|--------------------|
| Contract 1 (EBRD - Contribution Agreement). | Q4/2009 | Q3/2012 |
| Contract 2 (EIB - Contribution Agreement) | Q4/2009 | Q3/ 2011 |
| Contract 3 (EIB - Contribution Agreement) | Q4/2009 | Q3/ 2011 |

6 Cross cutting issues

6.1 Equal Opportunity

Equal participation for men and women will be assured in all aspects of project implementation.

6.2 Environment

After taking into consideration recommendations of the EIA for the intersection, an optimal solution that has a minimal environmental impact selected.

The foreseen assignments regarding railways consider predominantly reconstruction interventions, aiming to bring the capacity and the efficiency of the railway transport to pre-war level, as a minimum. As a general principle, re-direction of heavy transport from roads to railway provides for the positive environmental impact.

6.3 Minorities

Participation in the project activities will be guaranteed on the basis of equal access regardless of racial or ethnic origin religion or belief, disability sex or sexual orientation.

ANNEXES

- 1- Log frame in Standard Format
- 2- Amounts contracted and Disbursed per Quarter over the full duration of Programme
- 3- Description of Institutional Framework
- 4- Reference to laws, regulations and strategic documents
- 5- Details per EU funded contract

ANNEX I. Logical framework matrix in standard format

| | | |
|--|--|--|
| LOGFRAME PLANNING MATRIX for Project Fiche | Programme name and number IPA National Programme 2009 part 1 – Bosnia and Herzegovina, "Transport Infrastructure" IPA 2009/021-333 | |
| Improvement of regional transport infrastructure core network in Bosnia and Herzegovina | Contracting period expires: Two years following the date of the conclusion of the Financing Agreement | Disbursement period expires: One year following the end date for the execution of contracts |
| | Total budget : EUR 78 200 000 | IPA budget: EUR 14 000 000 |

| Overall objective | Objectively verifiable indicators | Sources of Verification | |
|---|--|--|---|
| The EC grants contribute to alleviation of the current financial and economic crisis by improving the economic and social development in BiH through linking the national with the regional transport network . | It is expected that around 200 jobs will be created through projects. Increasing of citizen standards expressed in GDP. Increasing of transport scope. | Reports of Statistics Institute and relevant Ministries | |
| Project purpose | Objectively verifiable indicators | Sources of Verification | Assumptions |
| Improving the transport network in Bosnia and Herzegovina . | Reduced travel times by 50% and increased safety by 50% | EU Annual Progress Report Reports of relevant Institutions | Continued State supports to transport sector that will improve attractiveness of transport. |
| Results | Objectively verifiable indicators | Sources of Verification | Assumptions |
| 1. Intersection "Mahovljani" of highway Banja Luka-Gradiška with highway Banja Luka-Doboj completed including "south leg" (IPA contribution) 2. Electronic signalling and safety devices for eight locations on the rail line parallel to corridor X between Doboj and Banja Luka. Four out of | 1.Intersection constructed, reduced travel times by 50% (from one hour to half an hour) and increased safety by 50% (80 casualties instead of 161 in 2008) 2.Signals-safety devices at four locations rehabilitated (Ostružnja, | 1.Certificate of final acceptance of completed works on intersection 2. Inspection certificate 3. Certificate of provisional and final acceptance of completed works on tracks reconstruction and inspection | Financial obligations to Financial Agreement are realised on time. |

| <p>eight signal-safety devices rehabilitated by EC contribution, remaining four transformed in electronic type</p> <p>3. Track on rail corridor Vc between Čelebići-Raška Gora will be rehabilitated. Track of 10 kms length will be rehabilitated by EC contribution</p> | <p>Stanari, Prisoje and Snjegotina), signals-safety devices at four locations transformed in electronic type(Rudanka, Dragalovci, Ukrina and Stanovi) within the scope of overhaul will result in increased speed from 80 km/h to 120 km/h</p> <p>3. Track overhaul, on rail Corridor Vc between Čelebići and Raška Gora, will result in increased speed from 70 km/h to 100 km/h,.</p> | <p>certificate.</p> | |
|---|---|--|---|
| Activities | Means | Costs | Assumptions |
| <p>The only activity for EC services relates to preparing and signing contribution agreements with the IFIs.</p> <p>1.1. Construction works for the "south leg " of the intersection "Mahovljani"</p> <p>1.2 Construction works for the completion of intersection "Mahovljani"</p> <p>1.3. Works supervision</p> <p>2.1. Installation and upgrading of signalling safety devices on eight locations of the railway section Jošanica-Kostajnica</p> <p>3.1. Make minor alignment adjustments, take away old rails / switches, sleepers and ballast, level sub-structure, replace ballast, sleepers and rails / switches on the railway section Čelebići-Raška Gora</p> <p>3.2. Supervision of construction works on the railway section Čelebići-Raška Gora</p> | <p>1.1. Works contract for intersection construction,</p> <p>1.2. Services contract for works supervision,</p> <p>2. Supply contract for signalling reconstruction.</p> <p>3.1. Works contract for overhaul,</p> <p>3.2. Services contract for works supervision,</p> | <p>1. IPA contribution: EUR 5 000 000 out of EUR 45 000 000</p> <p>2. IPA contribution: EUR 2 500 000 out of EUR 3 200 000</p> <p>3. IPA contribution: EUR 6 500 000 out of EUR 30 000 000</p> | <p>Tendering procedure for works successfully completed and contractor for selected-works contracted timely</p> <p>. Tendering procedure for supervision successfully completed and contractor selected-for services contracted timely.</p> <p>Tendering procedure for safety and signalling equipment successfully completed and contractor selected-for supply contracted timely.</p> |
| | | | Pre-conditions |

- Loan agreement between Bosnia and Herzegovina and EBRD is expected to be signed till the third quarter of 2009 for the activity 1 and the activities 2 and 3
- agreement between Bosnia and Herzegovina and EIB is already signed.
- Construction permits available for activity 1 and for rehabilitation activities 2 and 3 is not necessary.
- Land expropriation for intersection "Mahovljani"(activity 1) is completed, and for activities 2 and 3 that are rehabilitations of the railway sections Jošavka-Kostajnica and Čelebići-RaškaGora is not requested.
- Technical designs for activities 1 , 2 and 3 are available.
- Contribution agreement between EC and EIB/EBRD signed.

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

| Contracted | Q4/2009 | Q1/2010 | Q2/2010 | Q3/2010 | Q4/2010 | Q1/2011 | Q2/2011 | Q3/2011 | Q4/2011 | Q1/2012 | Q2/2012 | TOTAL |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Contract 1 (EBRD contribution agreement) | 5 000 000 | | | | | | | | | | | 5 500 000 |
| Contract 2 (EIB contribution agreement) | 2 500 000 | | | | | | | | | | | 2 500 000 |
| Contract 3 (EIB contribution agreement) | 6 500 000 | | | | | | | | | | | 6 500 000 |
| Cumulated | 14 000 000 | 14 000 000 | 14 000 000 | 14 000 000 | 14 000 000 | 14 000 000 | 14 000 000 | 14 000 000 | 14 000 000 | 14 000 000 | 14 000 000 | 14 000 000 |
| Disbursed by EC | | | | | | | | | | | | |
| Contract 1 | | 4 750 000 | | | 250 000 | | | | | | | 5 000 000 |
| Contract 2 | | 2 375 000 | | | 125 000 | | | | | | | 2 500 000 |
| Contract 3 | | 6 175 000 | | | 325 000 | | | | | | | 6 500 000 |
| Cumulated by EC | | 13 300 000 | 13 300 000 | 13 300 000 | 14 000 000 | 14 000 000 | 14 000 000 | 14 000 000 | 14 000 000 | 14 000 000 | 14 000 000 | 14 000 000 |

ANNEX III. Description of Institutional Framework

The institutions in Bosnia and Herzegovina which are competent for road and railway sectors are:

Ministry of Communications and Transport of Bosnia and Herzegovina

Ministry of Traffic and communications of Republic of Srpska

Ministry of Traffic and Communications of Federation BH

Public Enterprise "Roads of R.Srpska"

Public Enterprise "Roads Directorate of Federation BH"

BH Railway Public Corporation (BHZJK)

Railways of Republic of Srpska

Railways of Federation Bosnia and Herzegovina

ANNEX IV Reference to laws, regulations and strategic documents

Each Entity has a law on Road Infrastructure and a law is foreseen at state level.

Law on Traffic Safety on the State level

Guidelines for designing, construction, supervision and maintenance of roads

The new BiH Railway Law, issued in August 2005, comprises 23 articles; It underlines the necessity to follow the EC directives, to split transport services and infrastructure management, to grant a licence and a safety certificate to operators, to set up a Railway Regulatory Board (RRB), which should be in working order end of 2006 and to introduce the concept of access charges to infrastructure. This new Law paves the way to the compliance of the operation of Railway sector with the EU legislation and Acquis.

Reference to AP /NPAA / EP / SAA

The project responds to the aims of the SAA between Community and Bosnia and Herzegovina.

“The Action Plan for Implementation of the Terms of Interim Agreement and SAA” (adopted at CoM on 29 July 2008) in point 106 reads:

“Co-operation may notably aim at restructuring and modernising the transport modes in BiH ... supporting the development of multi-modal infrastructures in connection with the main TEN, notably to reinforce regional links in South-East Europe in line with the MoU on the development of the core regional transport network ... and improving the protection of environment in transport.”

SAA(Stabilisation and Association Agreement)/Protocol 3 on Land Transport / Rail and Combined Transport includes the following article:

ARTICLE 7

General provision

"The Parties shall adopt the mutually coordinate measures necessary for the development and promotion of rail and combined transport as a mean of ensuring that in the future a major proportion of their bilateral and transit transport through Bosnia and Herzegovina is performed under more environmentally-friendly conditions."

This project directly responds to the priorities in transport sector and railways subsector in European partnership.

European Partnership 2008 (European standards & Sectoral policies/Transport policy) includes the following:

"Continue the implementation of the requirements of the MoU on the Development of the SEE Regional transport Network, including the Addendum on a SEE Rail transport Area Coordinate and consolidate at State and Entities level the transport infrastructure planning in view of a consistent prioritisation of transport project along the South east Core regional Transport Network."

Reference to MIPD

The MIPD, under chapter 3.3.1.3 European Standards, Sectoral Policies, reads as follows:

“Support the energy and transport sectors ... BiH continues to implement the MoU on the core transport network.” The proposed project either links with the core transport network

(for the roads component, linking with Corridor X) or actually rehabilitates it (rail investments, Corridor Vc).

Reference to National Development Plan

- Country Development Strategy and Social Inclusion strategy for Bosnia and Herzegovina
- National Strategy in transport sector (draft document, expected to be adopted in 2009)
- Memorandum of understanding on South-East Europe Core Regional Transport Network - Five Year Multi Annual Plan, 2009-2013
- TEM(Trans European Motorway) and TER(Trans European Railway) Master Plan

Reference to national / sectoral investment plans

- The Study on the Transport Master Plan in Bosnia and Herzegovina, 2001
- BH Transport Policy, 2008
- Investment Plan for Railway Development 2005-2009
- Study on TER Compliant Railway Corridor Vc in Bosnia and Herzegovina

ANNEX V Details per EU funded contract

Feasibility study and technical design for activity 1 (Mahovljani interchange) available.

Rate of return: For intersection “Mahovljani”
EIRR 24, 4% - high traffic scenario
EIRR 13, 3% - low traffic scenario

Technical designs for railway rehabilitation activities available.

Compliance with state aids provisions: These are investments in publicly-owned infrastructure

Ownership of assets (current and after project completion):

- Public Enterprise "Roads of Republic of Srpska"
- BH Public Railways Corporation