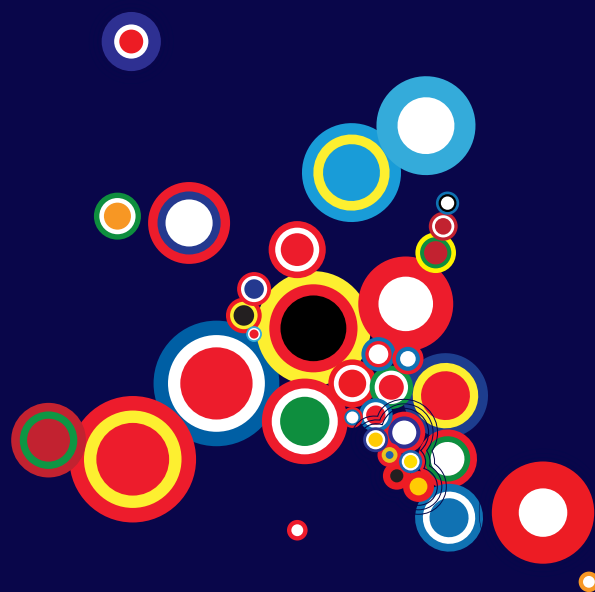




## INSTRUMENT FOR PRE-ACCESSION ASSISTANCE (IPA II) 2014-2020

### MONTENEGRO

#### Rehabilitation of the Railway Section Kos-Trebešica



#### **Action summary**

Rehabilitation of the railway Section Kos-Trebešica (km 351+685.13 – km 358+428.40) is an important action for Montenegro which will contribute in promoting the connection of the Bar-Belgrade railway via combined maritime-railway transport mode. It will improve access of Montenegro to the Balkans and South Central Europe hinterland. The Bar-Belgrade railway is connection to the corridor X, which is very important in the EU transport network.

Objective of this action is to continue with the overhaul of railway line (Kos-Trebešica) in order to increase speed to previously designed level and reduce travel time, and also to increase safety level and development of combined transport.

<b>Action Identification</b>	
<b>Action Programme Title</b>	Action Programme for Montenegro (2014)
<b>Action Title</b>	Rehabilitation of the railway section Kos-Trebešica <i>Railway route Belgrade-Bar (km 351+685,13 – km 358+428,40)</i>
<b>Action Reference</b>	IPA/2014/ 032-803.12/ME/Railway Rehabilitation
<b>Sector Information</b>	
<b>IPA II Sector(s)</b>	Transport
<b>DAC Sector</b>	21030 – Rail transport
<b>Budget</b>	
<b>Total cost</b>	EUR 4.6 million
<b>EU contribution</b>	EUR 4.14 million
<b>Management and Implementation</b>	
<b>Method of implementation</b>	Indirect management
<i>Indirect management:</i> <b>National authority or other implementing body</b>	Directorate for Public Works
<b>Implementation responsibilities</b>	/
<b>Location</b>	
<b>Zone benefiting from the action</b>	Montenegro
<b>Specific implementation area(s)</b>	/
<b>Timeline</b>	
<b>Deadline for conclusion of the Financing Agreement</b>	At the latest by 31 December 2015
<b>Contracting deadline</b>	3 years following the date of conclusion of the Financing Agreement, with the exception of the cases listed under Article 189(2) Financial Regulation
<b>End of operational implementation period</b>	6 years following the date of conclusion of the Financing Agreement.

# 1. RATIONALE

## PROBLEM AND STAKEHOLDER ANALYSIS

Transport sector in Montenegro has been facing difficulties that limit accessibility and mobility at the national level and with the neighbouring countries. 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. Having in mind bad track condition in Montenegro and Serbia, trains usually travel eleven hours between Podgorica and Belgrade (one hour more to Bar), which for a length of 476 km (Bar-Belgrade) is too long. 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 670 000 t. Future investments in the Port of Bar such as a planned inter-modal terminal will improve cooperation between railway and Port of Bar. Montenegro faces the opportunity to promote the connection Bar-Belgrade via combined maritime-railway transport mode in order to give access to the Balkans and South Central Europe hinterland.

The electrified line Bar-Vrbnica (through Montenegro) has a length of 167.4 km and was opened to traffic in 1976. Maximum allowable axle weight is 22.5 t (Union Internationale De Chemins/International Union of Railways - 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. In terms of maintenance, it is the most complex and expensive in Europe, too. In the period of 2007-2008 approximately EUR 8.2 million was invested in maintenance of railway infrastructure from the State Budget, increasing to EUR 9.7 million in 2009.

The reconstruction/rehabilitation of the line Bar-Vrbnica is subdivided into numerous tenders and works contracts, largely funded 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.

Section Kos-Trebešica is one of the eleven sections with the major speed restrictions due to lack of regular maintenance and rehabilitation. The Action (which includes reconstruction of the superstructure, segments of the contact line, telecommunication equipment) will result in the elimination of the existing restrictions affecting negatively the corporate users of the railway infrastructure (Railway Transport of Montenegro Joint Stock Company JSC and Montecargo Joint Stock Company JSC Podgorica) as well as the final users of their services.

## RELEVANCE WITH THE IPA II STRATEGY PAPER AND OTHER KEY REFERENCES

As stated in the *Multi-Country Indicative Strategy Paper for Montenegro (2014-2020)* adopted on 30<sup>th</sup> June 2014 investing in improved transport and energy interconnections within the region and with the EU, to promote sustainable economic growth, jobs, trade and cultural exchange is a very important for improving the regional cooperation in the context of the *EU Enlargement Strategy*, in the context of assistance planning.

The Ministry of Transport and Maritime Affairs of Montenegro has adopted the *Transport Development Strategy of Montenegro* in 2008. The necessity for the existence of such document was enhanced by the need to accelerate economic development of Montenegro, after the economy

stagnation in the last decade of the 20<sup>th</sup> century, as well as by determination of Montenegro to integrate itself in the fastest way into European political, economic, and consequently, transport framework. The Strategy recognises the undeveloped road network, problems existing in the railway sector related to the condition of the infrastructure and outdated vehicles, requirements for more efficient airport operation, and low capacity utilization of the Port of Bar, which do not support sufficiently development of economic activities. In accordance with the obligations arising from the *Stabilization and Association Agreement*, that is, *Protocol IV on Inland Transport*, reciprocally harmonized measures for development and improvement of railway and combined transport through Montenegro under ecologically acceptable conditions will be adopted. Montenegro is constantly investing in improving infrastructure and conditions of the railway network through the state budget and implementation of credit arrangements with international financial institutions, from the state budget. However, taking into consideration that the main goal is overhaul of the whole line from Bar to Serbian border, the insufficient financial resources are the main obstacle for fulfilment and precise determination of the exact deadline. Necessary steps for development of combined transport are to be undertaken.

In the area of Trans-European transport networks, Montenegro has continued to participate in the work under the *Memorandum of Understanding on the Development of the South-East Europe Regional Transport Network*. Upgrading road and rail links included in the South-East Europe Transport Observatory (SEETO) comprehensive network remains a priority (*Montenegro 2013 Progress Report*).

Reconstruction of the railway Section Kos-Trebešica will contribute in meeting the goals defined in the *Transport Development Strategy* by increasing the speed on the section and decreasing the travel time which will make use of the railway transport mode more attractive. Consequently, the achievement of the optimal speed will decrease the power consumption and improve energy efficiency. Increased number of passengers and freight will decrease use of the motorway transport and emission. It will add to promoting the connection Bar-Belgrade (the Bar-Belgrade railway is connection to the corridor X, which is very important in the EU transport network) via combined maritime-railway transport mode. It will improve access of the Montenegro to the Balkans and South Central Europe hinterland and increase the attractiveness, performance and reliability of railway transport in Montenegro through improvement of service quality and safety.

The Action is in line with the *European Strategy for Smart, Sustainable and Inclusive Growth - Europe 2020*, which aims to modernise and decarbonise the transport sector, to develop smart, upgraded and fully interconnected transport infrastructures, and to ensure a coordinated implementation of infrastructure projects, within the EU Core network, which critically contribute to the effectiveness of the overall EU transport system. This is also in line with the Commission's task defined in the document to propose the needed action to develop innovative financing solutions to support *Europe 2020's* objectives.

## **SECTOR APPROACH ASSESSMENT**

. The Ministry of Transport and Maritime Affairs has been recently appointed as the lead institution for the Transport sector within the future IPA II Programming period. Sector Working Group (SWG) includes representatives from MoTMA, Railway Directorate (institution which is under MoTMA competence), Railway Infrastructure of Montenegro (ZICG), Maritime Safety Department, Montenegro Port Authority, Airports of Montenegro, as well as the representatives from the Ministry of Interior (Department for Safety of the Road Transport). SWG is in charge for the overall coordination and reporting role over the implementation of the Action, while relevant bodies and departments are responsible for Action components.

Directorate for Public Works (DPW) has been responsible for all capital investment actions financed by national funds and it is under the competence of Ministry of Sustainable Development and Tourism of Montenegro.

Regarding donor coordination in the railway sector, EBRD, EIB and CEB are financing actively the railway infrastructure projects in Montenegro. Another important tool for donor coordination is trough

the Western Balkans Investment Framework (WBIF) which is used by the railway sector to strengthen coherence and synergies in donors' support, both at national and regional level.

Regarding sector budget support, the Ministry of Transport and Maritime Affairs is responsible for preparation of the Plan of regular investment maintenance, reconstruction and construction of the national roads. The Plan is endorsed by the Government of Montenegro on annual basis (the actual one is adopted in March 2014), and this Plan refers to protection of existing and development of the new national roads, in accordance with the relevant national strategies.

The sector budget support is provided through the *Law on Budget* of Montenegro that is adopted on yearly basis. This law contains precisely the positions of sources of income and expenses on an annual basis. Under the position of expenses, the current and capital expenditures are defined. Expenses or expenditures are allocated by spending units, where as a consumer unit is the Ministry of Transport and Maritime Affairs with other institutions which are under its jurisdiction. Allocated funds for MoTMA are divided into current and capital resources.

Every year the Government of Montenegro adopts Plan for the regular maintenance, reconstruction and construction of railway infrastructure. Holders of the capital budget are the Directorate for Public Works and Directorate for Transportation.

## **LESSONS LEARNED AND LINK TO PREVIOUS FINANCIAL ASSISTANCE**

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 targeted to support the established rail Project Implementation Unit (PIU) which monitor implementation of EIB and EBRD funded infrastructure rehabilitation programmes. It is very important to continue enhancing their effectiveness by recruiting and retaining qualified personnel. At the same time, institutional support has been 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 IFIs 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 in order 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.

The EuropeAid Project *Technical Assistance to the Transport Sector, Montenegro* has been carried in 2010/2011. The project provided technical assistance to the Ministry of Transport and Maritime Affairs of Montenegro, for improving the capacity of the road, railway and civil aviation administrations. It was implemented through the harmonization of transport-related legislation, as well as the assistance to the Railway Infrastructure of Montenegro (Zeljeznička infrastruktura Crne Gore - ZICG) Project Implementation Unit (PIU). The main objective of the project was to enhance economic growth in Montenegro through the improved efficiency and effectiveness of its road, rail and civil aviation facilities, as well as facilitating trade exchange with neighbouring countries.

Related to transport sector issues many training courses and workshops have been held by EU and Montenegrin experts with the aim to strengthen administrative capacity in the field of project cycle management related to EIB and *Practical Guide to Contract Procedures for EU External Actions* (PRAG) procurement rules.

ZICG has already had successfully experience regarding to tender procedures for projects invested by IFIs and EU funds. The ZICG participated in the development of the Terms of Reference for selection

of the Consultants for Preparation of the Technical Documentation for contracting of the *Design and Construction of the New Electric Traction Substation "Trebešica"*. The ZICG has developed a tender documentation for the works contract which will be implemented, under the Indirect Management Mode.

Some obstacles in the implementation of the above mentioned projects such as inadequate response to the procurement notices for the supervision of works were resolved in the shortest possible period of time and will also stimulate the ZICG to undertake preventive measures to avoid even problems like this in the future.

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

## 2. INTERVENTION LOGIC

### LOGICAL FRAMEWORK MATRIX

OVERALL OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS (OVI)	SOURCES OF VERIFICATION	
To improve railway route Bar-Belgrade and its integration in European railway network through fulfilment of interoperability requests, increase of safety level and development of combined transport	LPI – Logistics performance indicator for infrastructure	World Bank	
SPECIFIC OBJECTIVE	OBJECTIVELY VERIFIABLE INDICATORS (OVI)	SOURCES OF VERIFICATION	ASSUMPTIONS
To continue with the overhaul of railway line (Kos–Trebesica) in order to increase speed to previously designed level and reduce travel time	Reduced travel time on the railway section Kos-Trebesica immediately after the Action completion	Timetable and Railway network statement	<p>Receipt of the sufficient number of qualified tenders for civil works within the estimated budget (IPA funds)</p> <p>Rehabilitation works performed according to the technical specifications constituting part of the contract</p> <p>Appropriate traffic organisation and regulation</p>
RESULTS	OBJECTIVELY VERIFIABLE INDICATORS (OVI)	SOURCES OF VERIFICATION	ASSUMPTIONS
<p><b>R1:</b> Superstructure rehabilitated and rails/wooden sleepers/etc. replaced</p> <p><b>R2:</b> Telecommunication equipment and Remote Control Centre(RCC) /connection to earth/ interlocking installed</p>	<p>Length of the rail tracks replaced (km)</p> <p>Increased number of passengers and transport of freight</p>	<p>ŽICG and railway operator's Report on Operations</p> <p>Report from Statistical Office of Montenegro and projections of railway operators</p>	<p>Rehabilitation works performed according to the technical specifications constituting part of the contract</p> <p>Proper traffic organisation and regulation</p> <p>Signature of the FIDIC( International Federation of Consulting Engineers) Engineer's contract is a prerequisite for start of the implementation of the civil works contract</p>
ACTIVITIES	MEANS	OVERALL COST	ASSUMPTIONS

<p><b>R.1 – A.1:</b> Rehabilitation works of the superstructure (replacement of rails, broken stone, track wooden sleepers, elastic fastenings for wooden sleepers, temporary rail joints sets, aluminothermy portions with e moulds and welding of continues welded rail (CWR) tracks, anti-creep devices. etc.; dismantling of the existing track and existing posts and signs, assembling and laying of track and fixing of signs and gradient posts, mechanical lining of track, rail de-stressing and final welding in plain tracks, etc.) delivered</p> <p><b>R.2 – A.1:</b> Interventions on the contact line (installation of RCC- remote control centre and connection to earth)</p> <p><b>R.2 – A.2:</b> Telecommunication equipment installed (cables, grounding phone box, induction telecommunication install system (TIS and TUS CB phone, etc.)</p> <p><b>R.2 – A.2.1</b> Interlocking (signals, switches and derailleurs, isolated sections, auto stop devices)</p>	<p>Service contract</p> <p>Works contract</p>	<p>EUR 4 600 000</p>	<p>Receipt of the sufficient number of qualified tenders for civil works within the estimated budget (IPA funds)</p> <p>Receipt of the sufficient number of qualified tenders for civil works supervision within the estimated budget (Directorate for Public Works/National funds)</p> <p>Signature of the FIDIC Engineer’s contract is a prerequisite for start of the implementation of the civil works contract</p>
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## **ADDITIONAL DESCRIPTION**

Since 2005, ZICG has initiated activities for rehabilitation of the railway network in Montenegro. Main focus was directed on the route Bar-Belgrade in order to improve condition of the railway infrastructure and to increase the safety level.

Works on the section Kos-Trebešica (km 351+685,13 – km 358+428,40) will include rehabilitation of the superstructure, interventions on the contact line, telecommunication equipment and interlocking.

The works on superstructure will include preliminary works, earth works and the works on superstructure and track furniture (procurement, transport, unloading, and installation of rails, broken stone, new track wooden sleepers, elastic fastening, temporary rail joint sets, ant creep devices, dismantling of the existing posts and signs, assembly and laying of track and fixing of sings and gradient posts, mechanical lining of track, rail distressing and final welding in plain tracks, etc.).

Interventions on the contact line will include installation of RCC (Remote Control Centre) and connection to earth.

Interventions related to the telecommunication equipment will include route inspection, locating cables using cable trackers, supply and installation of surface concrete covers on the places where covers of cable conduits are damaged in tunnels, supply and laying of railway signalling and System for the information of participants on traffic STKA telecommunication cables.



### **3. IMPLEMENTATION ARRANGEMENTS**

#### **ROLES AND RESPONSIBILITIES**

The overall responsibility for the development, management and coordination of the transport sector in Montenegro lies with the Ministry of Transport and Maritime Affairs. The Ministry of Transport and Maritime Affairs (MoTMA) is the lead Ministry in the sector which coordinates the work of the Sector Working Group and which will coordinate activities among partners and stakeholders and define the time frame for the implementation of certain activities. Railway Directorate is state authority of Montenegro for sector of railway transport. It was established to carry out work of investment in maintenance, development and modernization of railway infrastructure, regulatory affairs and safety on the railways.

ZICG is joint-stock company, established according to the Strategy of restructuring of the Railways of Montenegro. In the capacity of infrastructure manager, being public wealth in general use and owned by the state of Montenegro, ZICG develops and invests in the railway infrastructure, secures its modernization and maintenance, ensures access and allocates infrastructure facilities to all interested railway transporters (the Railway Passenger Transport of Montenegro JSC and Montecargo JSC for freight transport) that fulfil legal requirements, defines infrastructure access charges, makes and announces timetable, organizes and regulates railway transport.. Directorate for Public Works (DPW), being the Implementing Agency under IPA, bears the sole responsibility for the proper implementation of all contracts in line with the relevant contractual provisions and the requirements governing the indirect management of EU assistance. Sector Working Group (SWG) for Transport will provide support to the DPW whereby ensuring the proper technical implementation of the contract activities. In this regard, the DPW and the SRG for Transport will closely cooperate throughout the contracts implementation process. Particularly for the Action, ZICG will develop the tender documentation for public works according to *Practical Guide to Contract Procedures for EU External Actions* and will submit it to the Directorate for Public Works. The Directorate for Public Works (DPW) has been responsible for all capital investment actions financed by national funds and it is under the competence of Ministry of Sustainable Development and Tourism of Montenegro.

#### **IMPLEMENTATION METHOD(S) AND TYPE(S) OF FINANCING**

Action will be implemented in indirect mode, through one service and one works contract, with total value of EUR 4 600 000. Co-financing will be ensured from the national budget.

#### 4. Performance measurement

##### **METHODOLOGY FOR MONITORING (AND EVALUATION)**

Monitoring and evaluation of the implementation of this Action will be conducted in accordance with the rules of indirect management and respecting the requirements and provisions of IPA II regulations and those that will be laid down in Framework Agreement and in respective Financing Agreement. Achieving of the Action results will be regularly monitored by the Steering Committee and National IPA Coordinator

A Steering Committee (SC) will be established to review the Action progress, comprising of representatives of SWG for Transport, beneficiary institutions, DPW, NIPAC Office and the EUD. The SC may invite other organisations to attend meetings in cases where this will bring added value to discussion, direction and outcomes of the Action. Representatives of the other key stakeholders may also be invited to attend SC meetings. Implementation of this Action will be subject of special attention of IPA Monitoring Committee which shall measure progress in relation to achieving the objectives of the actions and their expected outputs, results and impact by means of indicators related to a baseline situation, as well as progress with regard to financial execution. The Sectoral Monitoring Committee will report to the IPA Monitoring Committee and will make proposals on any corrective action to ensure the achievement of the objectives of the Action and enhance its efficiency, effectiveness, impact and sustainability.

Moreover, in accordance with Article 8 of Commission Implementing Regulation (EU) no 447/2014 NIPAC shall take measures to ensure that the objectives set out in the Action are appropriately addressed during the implementation of EU assistance. Procedures for implementing monitoring activities will be set out in the revised Manuals of Procedures aligned with new IPA regulations. Best practices from the monitoring of implementation of previous actions and recommendations given by external monitoring in this sector will be also taken into consideration.

This Action shall be subject to evaluations, in accordance with Article 30(4) of Regulation (EU, EURATOM) No 966/2012 and with Article 22 of Commission Implementing Regulation (EU) no 447/2014. The results of evaluations shall be taken into account by the IPA Monitoring Committee and the Sectoral Monitoring Committee.

## INDICATOR MEASUREMENT

INDICATOR	DESCRIPTION	BASELINE (2010)	LAST (2014)	MILESTONE 2017	TARGET 2020	SOURCE OF INFORMATION
<b>ISP INDICATOR:</b> Logistics performance Index (LPI) for infrastructure	LPI for infrastructure is focused on the quality of trade and transport related infrastructure	2,45	2,84	2,85 - 3,05	3,05 - 3,25	World Bank
<b>ACTION OUTCOME INDICATOR 1</b> Reduced travel time	The current speed of trains is 50km / h, After the line is repaired, speed will be returned to the projected 75km/h, meaning that the travel time will be reduced.	10 min	10 min	6 min	6 min	Timetable and railway network statement
<b>ACTION OUTPUT INDICATOR 1</b> Increased number of freight	With the reparation of the line, projected speed will be reached and bottlenecks will be removed. Also, the level of the safety and security will be increased, which will contribute in increasing the flow of transported amount of cargo	1.2 million t	1.3 million t	At least 1.4 million t	At least 1.5 million t	Report from Statistical Office of Montenegro and projections of railway operators
<b>ACTION OUTPUT INDICATOR 2</b> Increased number of transport of passengers	With the reparation of the line, projected speed will be reached and bottlenecks will be removed. Also, the level of the safety and security will be increased, which will contribute in increasing the flow of transported amount of passengers	0,8 million	0,9 million	At least 1 million	At least 1,1 million	Report from Statistical Office of Montenegro and projections of railway operators
<b>ACTION OUTPUT INDICATOR 3</b> Length of the rail tracks replaced	Works on the section Kos-Trebesica will include rehabilitation of the superstructure, which will involve replacement of the old rail tracks. This indicator indicates the length of the rail tracks that will be replaced.	0 km	0 km	<u>6,7 km</u>	<u>6,7 km</u>	ŽICG and Railway Operator's Report on Operations

## **5. CROSS-CUTTING ISSUES**

### **ENVIRONMENT AND CLIMATE CHANGE**

Tracking climate finance is to be based on the so called *Rio Markers methodology*. Following the Rio Markers methodology, transport infrastructure actions will take this sensitive issue into account. Railway infrastructure for this Action shall provide elaborates on the assessment of environmental impact in conjunction with the requirements of the Environmental Protection Agency. Also rehabilitation works on the line are recognized as works with the smallest polluting. One of the main activities through *Transport Development Strategy of Montenegro* is implementation of legal regulation, with EU standards related to safety, security and environmental protection. Also Railway Transport is recognized as a mode of transport which has minimal impact on the environment in comparison with other modes of transport. It will be possible to use optimal originally designed speed for trains which will result in decreased consumption of electrical energy and therefore improved energy efficiency. The contractor shall comply will all applicable Montenegro legislation, regulations and specifications with respect to all measures, operations and administrative steps required for the full protection and safeguarding of the environment. The contractor will be responsible for the proper disposal of sewage from all places within the site and shall comply strictly with the regulations of the relevant authorities. The contractor shall comply with the regulations of the employer and the fire fighting authorities and take all necessary precautions throughout the execution and completion of the works to prevent outbreak of fire. During the execution and completion of the works, the contractor shall protect the environment on and off the site from contamination. Accordingly, the contractor shall collect all kinds of waste, including offal, production and communal wastes, and transport them to a waste landfill approved by the FIDIC Engineer. The contractor shall not release, or permit to be released into the air, water and land area at or in the vicinity of the site any toxic or harmful effluent or substance. Where the contractor's activity is subject to regulation under applicable environmental laws, the FIDIC Engineer may require the contractor to submit evidence of his compliance with such laws, including but not limited to, the submission of any required permits, payment of fees, or compliance with any obligatory administrative procedures.

### **ENGAGEMENT WITH CIVIL SOCIETY (AND OTHER NON-STATE STAKEHOLDERS)**

*The Law on Strategic Environmental Assessment (SEA) (Official Gazette of Montenegro, no. 80/05)* which stipulates the conditions, methods and procedures for undertaking of SEA of certain plans or programmes, provides for public participation as one of its objectives (Article 19 Public Debate). *The Law on Spatial Development and Construction of Structures (Official Gazette of Montenegro, No. 51/08)* also provides for the presence of the public in the spatial development proceeding (Article 42 Pubic Debate). The ZICG shall comply with these and other obligations defined by the law, as a prerequisite to commence rehabilitation works.

### **EQUAL OPPORTUNITIES AND GENDER MAINSTREAMING**

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

### **MINORITIES AND VULNERABLE GROUPS**

There are current legislative provisions for the protection of minority rights. The proposed Action will, as far as is practicable, take the required steps to assure that the internal policies, structure or operating procedures of the beneficiary will conform with or promote the minority issues. All minorities and vulnerable groups will benefit from this Action, 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.

## **6. SUSTAINABILITY**

It is expected that, after the action completion, the average speed will be increased from the current 50 km/h to 80 km/h which will result in the decreasing the travel time on the section for 4 minutes. This will add to the attractiveness of the railway compared to other modes of transport. More passengers will travel by train and the volume of freight transport will increase, which will inevitably have positive effects on the ZICG financial standing as well as on the overall Montenegro economy.

The railway section rehabilitation will result in decreased cost aimed for maintenance, before all during the first seven years of the action exploitation. Maintaining of the railway in good technical condition is high on the financial planning priority list of the ZICG, which will provide the necessary funds for future maintenance.

## **7. COMMUNICATION AND VISIBILITY**

Communication and visibility will be given high importance during the implementation of the Action.

The implementation of the communication activities shall be the responsibility of the beneficiary, and shall be funded from the amounts allocated to the Action.

All necessary measures will be taken to publicise the fact that the Action has received funding from the EU in line with the Communication and Visibility Manual for EU External Actions.

The use of *Communication and Visibility Manual for EU External Actions* is compulsory. The contractor shall use the appropriate stationery in letterheads or fax headers sheets and report presentation format, but should add the phrase “*This Action/programme is funded by the European Union*” as well as the EU flag when relevant. Elements of the communication strategy may include: press release, press conferences, leaflets and/or brochures, newsletters, web pages, vehicle panels, promotional items, reports, audio-visual productions. Any supplies or equipment delivered under an EU-funded Action must be clearly identified and must visibly carry the EU logo and the mention “*Provided by the support of the EU*” in the operational language of the EU programme and in the local language.

Visibility and communication actions shall demonstrate how the intervention contributes to the agreed programme objectives and the accession process. Actions shall be aimed at strengthening general public awareness and support of interventions financed and the objectives pursued. The actions shall aim at highlighting to the relevant target audiences the added value and impact of the EU's interventions. Visibility actions should also promote transparency and accountability on the use of funds.

It is the responsibility of the beneficiary to keep the EU Delegation fully informed of the planning and implementation of the specific visibility and communication activities.

The beneficiary shall report on its visibility and communication actions in the report submitted to the IPA Monitoring Committee and the Sectoral Monitoring Committees.